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# Texas v. California: The Real Facts Behind The Lone Star State's Miracle

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By Chuck DeVore

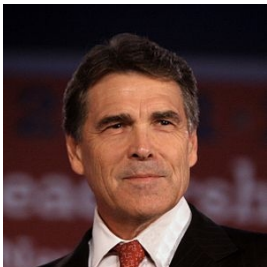
Politicians and economists alike are invested in promoting or debunking the “Texas Miracle”—the contention that Texas is better off economically due to policies that favor lower taxes and less regulation.



(Photo credit: Wikipedia)

New economic data provides more grist for this discussion.

If Texas is doing well and does offer a model to the nation, then one set of policy choices ought to be followed. Or, if Texas isn't doing all that well or does not offer a useful model to follow, then Texas can be ignored in the larger, national discussion of what policies work best for general prosperity.



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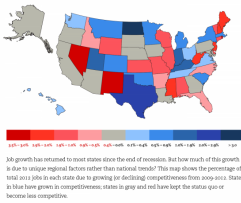
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**JOB GROWTH AND COMPETITIVENESS: STATES THAT LEAD AND STATES THAT LAG**



## States That Lead and Lag in Job Growth and Competitiveness

**Joshua Wright**  
Contributor

What's remarkable about this data showing Texas' prosperity relative to California is how counter it runs to prevailing notions that California, with Silicon Valley and Hollywood, is a land of wealth and opportunity while Texas, part of the South, is mired in low wage poverty. In fact, Silicon Valley, as

There are two arguments frequently deployed against Texas: Texas' economic growth is driven by population increases due to the attractiveness to business of cheap labor and a warm climate; and energy production plays the main role in Texas' economy.

Texas's relative success is best measured against a peer: California.

California and Texas are the most populous states. They both have diverse populations, large numbers of immigrants, abundant energy and natural resources, long coastlines and a border with Mexico.

Most importantly, California and Texas, alike in many ways, have diametrically opposed public policies. California's state and local tax burden ranks as America's 4th-highest compared to Texas at 45th. California taxes a 42 percent larger share of state income than does Texas, California's restrictive energy policies discourage oil extraction, even though it has the largest proven shale oil reserves in the nation; while its industrial electrical rates are 88 percent higher than in Texas.

These policy differences contribute to a divergence in economic performance.

In June, the U.S. Bureau of Economic Analysis released new data on state real per capita gross domestic product for 2012. Performance for 2009-2011 was also revised, with California seeing a downward revision of 2.6 percent and while Texas' performance was revised upward by 0.5 percent. The new figures show that in 2011 Texas surpassed California in real per capita gross domestic product while a separate report showed Texas expanding its lead in real per capita personal income.

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9.8 percent of Texas' GDP in 2012 significantly less than manufacturing's share of 17.7 percent—the Lone Star State's economy is more diversified than its critics claim.

As for job growth, from 2000 to 2012, California grew 11.9 percent more than doubled California's growth at 24.4 percent. The U.S. population expanded 11.3 percent in that time. Much of Texas' growth came from domestic migration, while California lost residents to other states, Texas is the most common destination; this alone should cause pause to

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at migration to Texas is driven by the weather. From January 2000 to 2013, nonfarm payroll grew an anemic 2.6 percent in California as' 19.7 percent. U.S. job growth over that time was 3.6

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pine, Texas is adding jobs simply because it is adding people, jobs added to population increased ought to be roughly the the U.S. as a whole. The data shows the opposite. Texas job for every three people from 2000 to 2013, while the nation r every seven people, meaning that Texas outperformed the U.S. job rate by more than two-to-one. In the same period, California r every 11 new residents.

No amount of taxes will allow one worker to support 11 people indefinitely, no matter how robust the welfare state.

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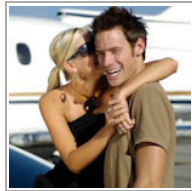
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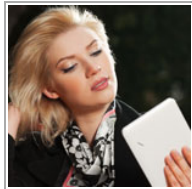
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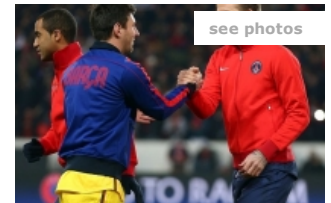
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