



Do Institutions Matter for Prosperity?

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#LetPeopleProsper

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Institutions Matter

Social, Economic, Political

What Supports Human Flourishing?

➤ Smith, Hayek, Buchanan, North, Friedman

➤ Acemoglu and Robinson

Extractive institutions



Inclusive Institutions



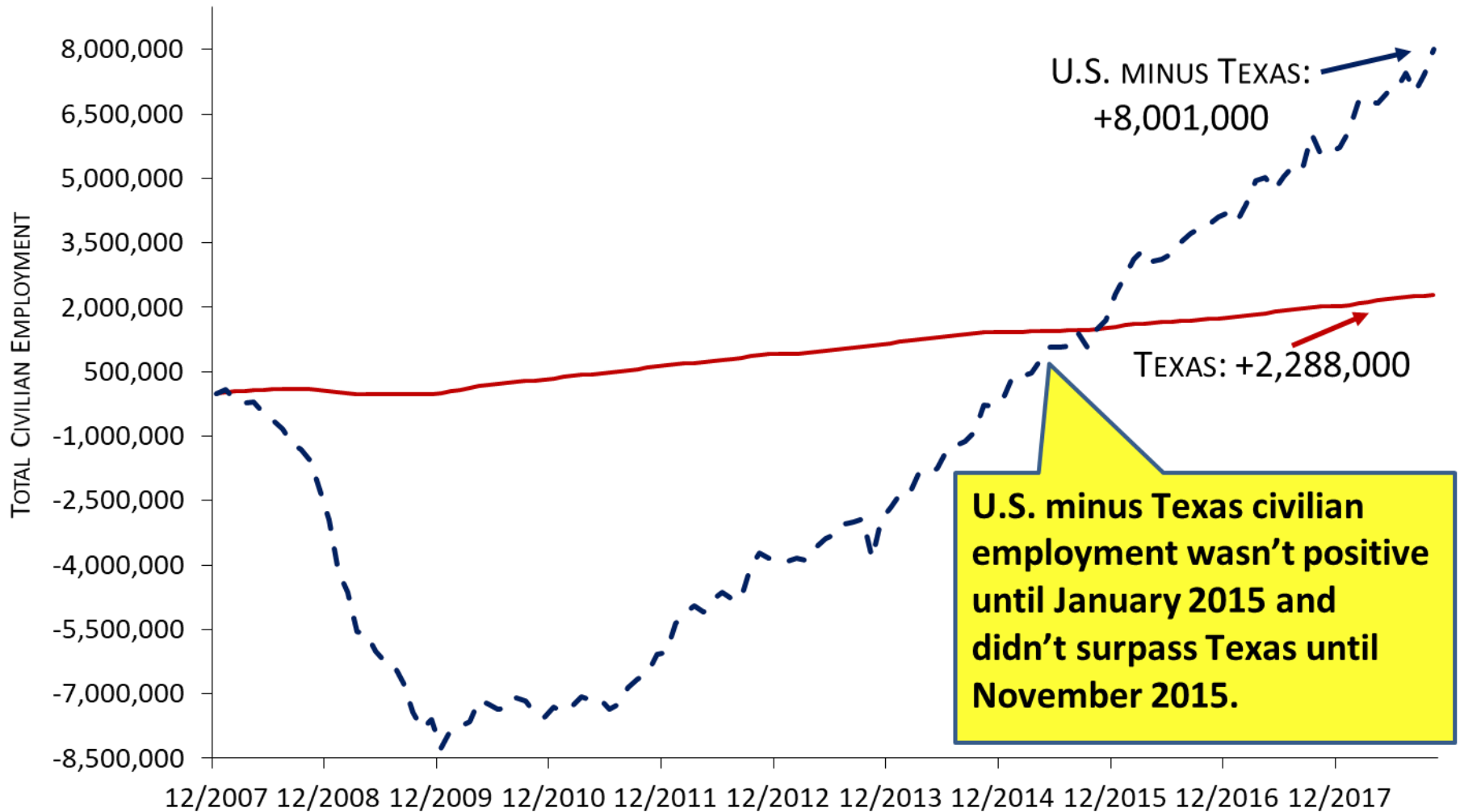
Institutions Matter: Texas Model Works

Measure	U.S.	Texas	Florida	California	New York
Economic Freedom of North America (2018)	6 th (World)	3 rd	1 st	47 th	50 th
State Business Tax Climate Index (2018)	--	15 th	4 th	48 th	49 th
State-Local Spending Burden (2016)	--	37 th	48 th	6 th	3 rd
State-Local Tax Burden (2016)	--	46 th	34 th	6 th	1 st
Exports to Foreign Countries (2017)	--	1 st	8 th	6 th	4 th
Avg. U-3 Unemployment Rate (2000-17)	6.4%	5.8%	6.3%	7.7%	6.2%
Avg. U-6 Underutilization Rate (2003-17)	11.6%	10.5%	12.0%	14.3%	11.1%
Avg. Labor Force Participation Rate (2000-17)	65.0%	66.1%	61.7%	64.6%	62.1%
Avg. Employment-Population Ratio (2000-17)	61.0%	62.3%	58.0%	59.9%	58.3%
Avg. Emp-Pop 25-54 year old Ratio (2000-17)	77.6%	77.3%	77.5%	75.2%	76.1%
Total Civilian Emp (12/07-12/17), exclude TX	+5,723,000	+2,024,000	+979,000	+1,564,000	+132,000
Total Nonfarm Emp (12/07-12/17), exclude TX	+7,424,000	+1,790,000	+728,000	+1,523,000	+804,000
Avg. Top 10% Income Shares (2000-15)	47.8%	47.0%	55.0%	50.2%	57.1%
Supplemental Poverty Measure (2015-17)	14.1%	14.7%	18.1%	19.0%	15.5%

Source: TPDF, [*Do Institutions Matter for Prosperity in Texas and Beyond?*](#)

Texas, America's Jobs Engine

Texas has created 22% of total U.S. employment increase since pre-Great Recession

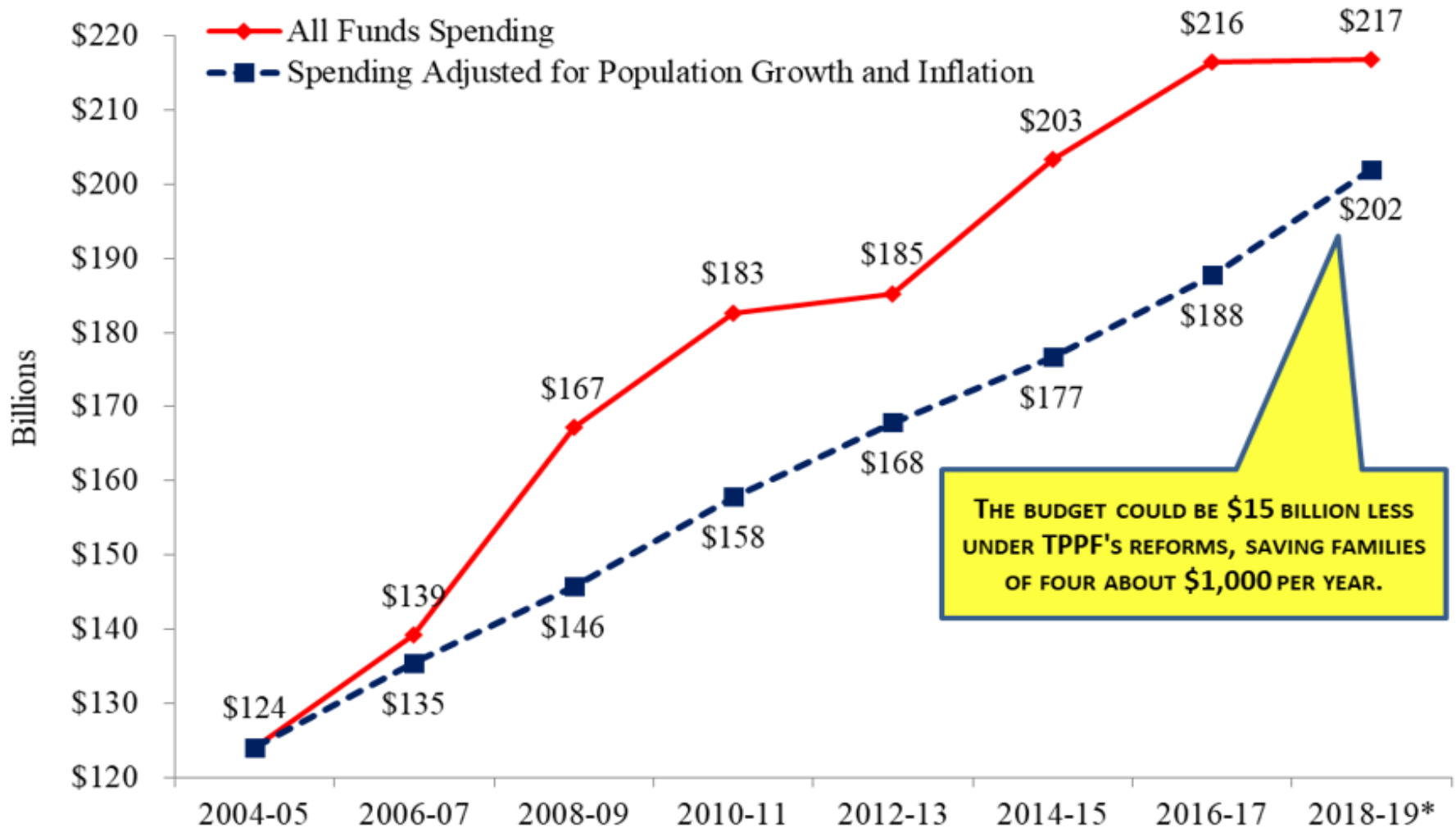


Data are Cumulative Monthly Total Civilian Employment from the [U.S. Bureau of Labor Statistics](https://www.bls.gov/) from 12/2007 to 10/2018.

BUT...Texas has Challenges

- TPPF's [Texas Prosperity Promise](#)
 - Eliminate Property Taxes: Start with school M&O
 - Education: Student-centered funding, Freedom
 - Spending: State & local spending limitations
 - Accountability: End tax-funded lobbying & government collection of union dues
 - Self Governance: Prioritizing civics education

State Spending Problem



Local Spending Problem: Eliminate Taxes Property Taxes

- 1) Limit Spending: State 4% biennial & Local 2.5% annual
- 2) Buydown School M&O Property Taxes

1996-2016

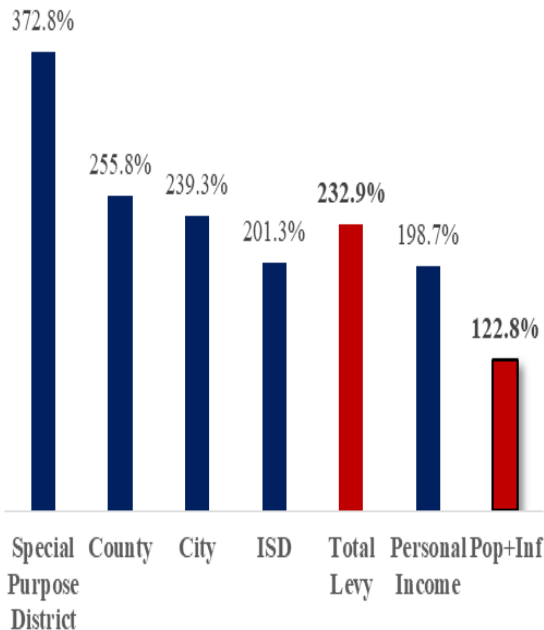


Table 3. 11-Year school property tax replacement scenario (thousands of \$)

	2020-21	2022-23	2024-25	2026-27	2028-29	2030-31
GRR Revenue (10.08% increase)	118,146,662	130,055,845	143,165,475	157,596,555	173,482,287	190,969,302
New GRR Available for State Spending (4% increase)	4,293,120	4,464,844	4,643,438	4,829,176	5,022,343	5,223,236
New GRR Property Tax Replacement Payment	5,872,988	7,287,203	8,348,291	9,476,542	10,724,704	12,109,870
Property Tax Replacement %	11.5%	16.1%	21.9%	31.8%	52.6%	100%
School M&O Property Taxes	45,402,951	38,115,747	29,767,455	20,290,913	9,566,208	0

18 Groups in Conservative Texas Budget Coalition Legislative Priorities for Prosperity

- Pass another Conservative Texas Budget
- Strengthen tax and expenditure limit
- Eliminate property taxes—Start with school M&O
- Eliminate business margins tax
- Create a Tax Relief Fund
- Increase budget transparency
- More at conservativetexasbudget.com

Excessive taxes and debt are always & everywhere a government spending problem. Limit spending to let people prosper.

**Taking these steps will secure that the
American Dream is not dead – it has simply
moved to the **Lone Star State**.**



Takeaways: Let People Prosper

- Institutions Matter
- Reduce the Size and Scope of Government
- Key: Limit government spending

"The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design."

Friedrich Hayek, "The Fatal Conceit: The Errors of Socialism" 1988



"Practical men who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist."

John Maynard Keynes, "The General Theory of Employment, Interest and Money" 1936





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