TEXAS NATIONALIST MOVEMENT

A 2026 REASSESSMENT

Can Texas Make It?

How much does Texas actually rely on the federal government, and how would it fare on its own?

8th
largest economy on Earth

$68B
Texas over-pays Washington, a year

$40T
federal debt, this October

TEXAS NATIONALIST MOVEMENT · AN UPDATE OF THE 2015 REPORT · 2026

Every figure traces to a named government source. You are welcome to check every one.

Contents

Every figure here traces to a named source: the U.S. Treasury, the IRS, the Bureau of Labor Statistics, the Bureau of Economic Analysis, the Social Security Administration, the Centers for Medicare and Medicaid Services, the Department of Defense, the Rockefeller Institute of Government, the FDIC, and the Texas Comptroller. Where the federal government no longer publishes a Texas figure, we built an estimate, showed the method, and said so. The full year-by-year tables and sourcing are in the appendices.

A note to fellow Texans

Eleven years ago we published the first version of this report, and in all the time since I have watched our opponents duck the one question it was built to answer: if Texas governed itself, could it pay its own bills? We said yes then, and we showed our work.

Two things have changed since. Texas grew into the eighth-largest economy on the planet. And Washington ran its debt to the edge of forty trillion dollars.

So we rebuilt the whole analysis from the ground up, with six years of fresh data, and we carried it further than we did in 2015. We made the other side's case against ourselves, as hard as the "secession would be a catastrophe" columnists make it, and we kept only the claims that could take the beating. We also put hard numbers on something the 2015 edition left for later: what Washington's debt and its inflation are costing Texans right now. What follows is built to be checked, line by line.

A warning to anyone hoping to wave this away. The numbers here are not ours. They are the federal government's own, pulled from its own tables, and where we estimate we tell you exactly how. You are welcome to check every one. Most of our critics won't, which is rather the point.

Daniel Miller, President, Texas Nationalist Movement

Executive Summary

Texas can pay its own way. Not in theory, but on Washington's own books, which is the only place an argument like this should be settled.

At today's tax levels, with no state income tax and a lighter total tax burden than almost any peer on Earth, Texans already raise enough to fund the full cost of governing Texas. The honest finding is self-sufficiency, a people paying very close to what their government costs. Not a windfall, and we claim none. Whether Texas can afford to govern itself is not in doubt. The real question is what Texans pay to let Washington do it instead.

Every load-bearing number below is the federal government's own.

- **Texas is the eighth-largest economy on Earth by nominal GDP**, ahead of Canada, Russia, and Australia. More than 180 sovereign nations run a complete government on a smaller economy. Whether Texas could stand on its own was never a serious question.
- **"Texas is a taker" is an accounting illusion.** It counts money Washington borrowed, and Texans' own Social Security checks coming home, as gifts. Treat borrowed money as the deferred tax it is, and Texas sends Washington about 68 billion dollars a year more than it gets back, the third-largest net contribution of any state. The dependency runs from Texas to Washington.
- **Staying is the expensive option.** Texans co-sign about 150 billion dollars a year in new federal debt, 72 to 80 billion of it pure interest on the pile, for a government that by its own auditors loses hundreds of billions a year to improper payments and fraud, and has never once passed a financial audit. The federal debt crosses 40 trillion dollars this October, weeks before Texans vote in November.
- **Washington is in the terminal stage of a Ponzi scheme, and its own auditors say so in writing.** The Treasury's audited report stamps the fiscal path "unsustainable," every major agency has now stripped the United States of its top credit rating, and interest on the debt has passed the entire defense budget with Washington borrowing to pay it, new loans to cover the interest on the old. A debt like that ends one of two ways, defaulted on openly or inflated away, and Texans have already felt the second method pull 150 billion dollars from their accounts in a single year. Chained to that balance sheet with no vote, Texas pays for a collapse it never voted to create.
- **The debt Texas is warned it would owe on the way out is an opening demand, not a bill.** No treaty sets the figure, the honest range runs to zero, and Washington cannot even produce an audit of the assets that would offset it.
- **Texans keep their Social Security.** Citizens collect it anywhere in the world, for life. The warning that benefits vanish is a rule for non-citizens. Texas's younger workforce already pays more into the system than Texas retirees draw out, so a Texas-run program begins in the black, answerable to Texas voters rather than a Congress that can cut the promise at will, and is already on course to.
- **The burden falls hardest on the young.** A Texan starting out carries a lien of roughly 100,000 dollars in federal debt, growing by the day, while Texas ships an estimated 12 to 13 billion dollars a year, net, into Social

Security to fund retirements in other states.

- **The inflation tax is real.** One bad year, 2022, quietly drained about 150 billion dollars from Texans' bank deposits alone, taken with no vote and no way to opt out.

None of this rests on a forecast or a model. It rests on the IRS, the Treasury, the Federal Reserve, the GAO, and the Comptroller, and it was handed to a panel of hostile reviewers to break before it was released. The question is not whether Texas can make it. It is how much longer Texas can afford not to.

The full case, and every source, follows.

THE CASE IN NUMBERS

8th
largest economy on Earth, by nominal GDP

$453B
Texans pay in taxes every year

$68B
a year Texas sends Washington beyond what it gets back

$80B
a year in federal interest, for which Texas gets nothing

$40T
federal debt, crossing this October

~$3.2T
Texas's share of that debt, and rising

$35B
to defend Texas, against its share of a $1T military

100%
of load-bearing figures traced to government sources

Methodology

How this was built, stated plainly, so anyone who wants to check it can.

The two questions. The debate usually blurs two. Balance of payments asks whether more federal money flowed into Texas in a year than Texans paid in federal taxes. Fiscal capacity asks whether Texans, taxed as they are now, could pay for the government an independent Texas would actually need. We answer the second, and meet the first in Part IV.

The window. Six most recent fiscal years with complete data, 2019 through 2024, averaged. A six-year average cannot be accused of cherry-picking a good year, and it absorbs the pandemic rather than hiding it. Where a newer figure is published and material, we note it.

The carve-out rule, applied symmetrically. The cost of governing Texas is what an independent Texas would run and pay for: defense, agencies, grants including Medicaid, contracts, veterans' hospitals, and the whole state budget. It excludes the portable benefits that follow a person wherever she lives, Social Security, Medicare, veterans' cash, and federal pensions, because those are obligations to individuals, not the cost of operating a government. And it excludes them from both sides at once: where a benefit comes off the cost side, the payroll tax that funds it comes off the revenue side too. That symmetry is the whole reason the honest finding is self-sufficiency and not a surplus. The apparent surplus is what you get by dropping the benefits from one column and leaving the taxes for them in the other.

COVID. One-time pandemic relief, about 50 billion a year concentrated in 2020 and 2021, is stripped out as the emergency spending it was. We show the result with it out and with it in. The conclusion holds either way.

No double counting. Federal grants that pass through the state budget are counted once, on the federal side, and state spending means state-funded spending with the federal pass-through removed. The waste and regulatory figures in Part III characterize spending already counted. They are never added on top.

Sourcing. Every number that decides the direction of the conclusion is published, primary data: the IRS, Treasury, BEA, BLS, SSA, CMS, the Defense Department, the Rockefeller Institute, the FDIC, the GAO, and the Texas Comptroller. Where Washington has stopped publishing a Texas figure, we built an estimate, showed the method, and labeled it.

What we do not do. This is a snapshot, not a forecast. It measures today's tax flows against today's cost of government and rests on no prediction about the post-independence economy. Where a figure is a model rather than a government tally, we say so and do not lean on it. Anyone who claims to forecast a post-independence economy to the decimal is selling something.

We tested it against ourselves. Before release we put the draft in front of hostile reviewers, an economist, a fact-checker, and a lawyer, and told them to break it, then verified every figure a second time. What that changed, and what it could not, is in the last appendix.

Part I. Reading the numbers honestly

Two different questions hide inside this debate, and almost every argument about it goes wrong by treating them as one. Our opponents lean on one line. "Texas gets back more from Washington than it pays in." By one method of counting, that line is true, and we will not dodge it. We take it apart in Part IV. But it answers a question almost nobody is actually asking.

Here are the two questions, set side by side, because the whole thing turns on keeping them apart.

The first is **balance of payments.** Over a year, did more federal money flow into Texas than Texans paid out in federal taxes? That is a tally of cash moving both directions. Social Security checks dominate it. So does Medicare. So, quietly, does money the federal government borrowed rather than collected.

The second is **fiscal capacity.** Could Texans, taxed the way they are taxed now, pay for the government they would actually need as an independent country?

These are not the same question, and they do not have the same answer. A household can send more to the IRS than it gets back in federal services and still, obviously, afford its own groceries. A state can be a net recipient on paper and still be perfectly capable of funding its own government. The second question decides whether Texas can make it, so that is the one we answer. Where the first question matters, because our opponents weaponize it, we meet it head-on and show why it argues for our side, not theirs.

What belongs on the cost side, and what does not

To find out whether Texas can fund its own government, you count the cost of governing Texas. You do not count things that are not a cost of governing Texas at all. The standard studies get this wrong.

Social Security, Medicare, veterans' cash benefits, and federal pensions are not the cost of running a government in Texas. They are obligations the federal government owes to the individuals who paid in, and they are portable. A retiree's Social Security check follows her to Florida. It would follow her to Portugal. None of it was ever conditional on Texas staying in the Union, any more than a Texan's private pension is conditional on which state she retires to.

When the usual balance-of-payments studies file all of that under "federal spending in Texas," they load roughly 177 billion dollars a year of individual benefits onto a ledger that is supposed to measure the cost of operating a government. Take it back out and you can finally see what governing Texas actually costs. Defense. Federal agencies and the people who staff them. Grants to the state and to local governments. Contracts. The courts, the parks, the border stations.

So here is the rule we apply throughout. The cost side keeps everything an independent Texas would genuinely run and pay for: defense, federal-agency payroll and operations, grants (Medicaid included, because that is means-tested welfare Texas already administers, not an earned benefit), federal contracts, veterans' hospitals, and the entire existing Texas state budget. It excludes the portable individual benefits that follow people regardless of where they live. Part II shows exactly what we removed, line by line.

A note on Washington's books

Here is something that should bother any Texan, whatever they think about independence. The federal government can no longer tell you, in one honest accounting, how much of its spending actually lands in Texas.

It used to. For decades the Census Bureau published the Consolidated Federal Funds Report, federal spending broken out by state and county, alongside an annual Federal Aid to States report. Washington killed both in 2012. The blackout has only spread since.

Medicare spending by state of residence has not been published since 2020. For the largest health program in the United States, there is no current state-level number, so we had to rebuild Texas's from enrollment counts and U.S. per-capita growth. Payroll taxes are never broken out by state at all. A government that pulls in something like 1.7 trillion dollars a year in Social Security and Medicare taxes cannot, or will not, say how much of it comes from Texas. Military-retirement pay by state runs two-plus years behind. The 2023 and 2024 figures still are not out in 2026. Even the IRS's own "collections by state" table carries a printed disclaimer that it shows where taxes are filed, not where the burden falls.

So we stitched together a dozen sources to reconstruct what one honest ledger ought to show. That we had to do this at all is part of the story. A government that spends seven trillion dollars a year and will not account for it by state has already told you how much it cares about answering to the states. Texans are asked to keep funding a system whose own managers will not show them the receipts. Ours are below.

Part II. What Texans pay, and what their government costs

This is the core of it. Two ledgers.

What Texans pay

Texans pay two governments: Washington and Austin. Here is the six-year average.

Source (2019-24 average)	Amount
Federal taxes paid by Texans (IRS gross collections)	$351.9 billion
Texas state taxes and fees (excluding federal funds)	$101.7 billion
Total paid by Texans	**$453.5 billion / year**

That federal number is not a guess. It is the IRS's own "Gross Collections by State," Table 5 of the annual Data Book. Here is what it was made of in fiscal 2024, so you can see there is nothing hidden in it:

Texas federal taxes by type, FY2024 (IRS Data Book Table 5)	Amount
Individual income tax withheld and FICA (reported together)	$266.2 billion
Individual income tax not withheld, plus self-employment tax	$86.5 billion
Corporate income tax	$30.7 billion
Excise taxes	$22.9 billion
Estate and trust income tax	$7.1 billion
Railroad retirement, unemployment, estate, gift	$4.0 billion
Total	**$417.4 billion**

That share holds up two independent ways. Texas is 8.2 percent of federal taxes by the IRS's own where-filed collections, and 8.2 percent again by the residence-based measure USAFacts uses. The reframe in Part III does not hinge on where a return is filed. And the burden keeps climbing: the FY2025 Data Book, published since, puts Texas at 479.5 billion dollars, up almost 15 percent in a single year. We hold to the six-year average throughout, because it is the conservative number and it cannot be accused of catching a good year.

Notice the top line of the FY2024 table. The IRS lumps withheld income tax and payroll taxes (FICA) into one figure and refuses to separate them by state, which is the kind of thing that matters when you get to Social Security. Our best estimate, built from Texas wages and the U.S. payroll-tax ratio, puts the FICA piece at roughly 120 billion dollars a year on average. We come back to it in Part V.

The state number is the Comptroller's. Texas funds itself without an income tax. The sales tax does most of the work, with the rest coming from the franchise (margins) tax, motor-vehicle and motor-fuels taxes, severance taxes on oil and gas production, and a long tail of fees. In fiscal 2024 the state took in 181.1 billion dollars across all funds excluding trust. Strip out the 58.9 billion that was federal money passing through, and about 122 billion was genuinely Texas's own. The six-year average of that own-source revenue is 101.7 billion.

What it costs to govern Texas

Now the harder side, and the one where we are most careful, because this is where the standard studies cheat.

Start with the broadest possible measure of federal spending in Texas: the Rockefeller Institute's, which captures everything, 431.4 billion dollars a year on average. Then take out the portable individual benefits that are not a cost of governing anything, itemized here with their sources:

Removed from the cost side (2019-24 average)	Amount	Source
Social Security (OASDI) benefits to Texans	$82.3 billion	SSA, OASDI by State and County
Medicare (all parts)	$65.9 billion	CMS (2019-20 actual, 2021-24 estimated)
Veterans' cash benefits (compensation, pension, education)	$15.3 billion	VA, Geographic Distribution of Expenditures
Federal civilian and military pensions paid to Texans	$13.4 billion	OPM, DoD Actuary (state share estimated)
Total removed	**$176.9 billion**	

Then strip out the one-time COVID relief, an average of 50.7 billion dollars a year across the window, almost all of it in 2020 and 2021, because no honest person counts emergency stimulus as a permanent cost of government.

What is left is the real cost of governing Texas:

Cost of government in Texas (2019-24 average)	Amount
Total federal spending in Texas (Rockefeller)	$431.4 billion

Cost of government in Texas (2019-24 average)	Amount
less portable individual entitlements (table above)	-$176.9 billion
less one-time COVID relief	-$50.7 billion
Federal cost of governing Texas	**$203.8 billion**
Texas state-funded spending	$91.5 billion
Total cost of government in Texas	**$295.3 billion / year**

What is inside that 203.8 billion of federal government-function spending? The big pieces are defense (about 60 billion a year on average, and we break that down in Part V), federal grants to the state and local governments for Medicaid, highways, and education (on the order of 60 to 70 billion), the payroll of the roughly 155,000 federal civilians who work in Texas, federal contracts beyond defense, and assistance programs like SNAP. These are real costs an independent Texas would carry, and we count every one of them.

And a fair share of that state-spending line is not Texas's free choice. About a fifth of what Texas spends from its own funds, on the order of 20 billion dollars a year, goes to programs Washington mandates and only partly funds, Medicaid most of all. We count every dollar of it as a cost anyway. A government that carries even the mandates it never voted for, and still pays its own way, does not need Washington to balance its books.

The honest result

Set the two ledgers side by side. Texans pay about 453 billion dollars. Governing Texas costs about 295 billion, or 346 billion if you stubbornly insist on treating even the one-time COVID flood as permanent. Either way, the money Texans already generate covers the full cost of their government.

Now the honest follow-up, the one a sharp economist will raise, and we raised it on ourselves. If you take Social Security and Medicare off the cost side, fairness says you also take the payroll taxes that fund them off the revenue side. Do that, net the entire social-insurance system out of both columns, and account for every dollar the same way on both sides, and the picture narrows to something close to break-even.

Here is that arithmetic in the open, because it is the whole reason we do not claim a surplus. Of the 453 billion Texans pay, about 120 billion is the payroll tax that funds Social Security and Medicare, and those benefits are already off the cost side. Take that 120 billion off the revenue side to match, and Texans pay about 333 billion for a government that costs about 295 billion. The gap that looked like 158 billion is really closer to 38, and once the part of Medicare that runs on general taxes is treated the same way, it lands inside 30 billion of break-even in either direction. That is not a surplus anyone should bank on. It is a people paying almost exactly what their government costs, which is all that self-sufficiency ever meant.

So we stay conservative, and precise, which is more than the other side bothers with. Under every internally consistent way of running the accounting, Texas lands within roughly 30 billion dollars of break-even on its current government functions, at current tax levels. No material subsidy in either direction. And it carries that while taxing its people well below the developed-world norm, with the leaner government a sovereign Texas would actually choose still ahead of it. The defensible finding is self-sufficiency, not a giant annual surplus, and we do not claim one. A nation that pays the full cost of its own government, while also helping foot the bill for other states, is by definition nobody's dependent.

That is the floor of the case, not the ceiling. Because the moment you ask why the balance-of-payments studies make Texas look dependent, the whole picture turns over, and the numbers that fall out of it dwarf anything the 2015 edition reported.

	2015 report	2026 update
Total paid by Texans	$336.0B	$453.5B
Cost of government in Texas	$227.9B	$295.3B (COVID-adjusted)
Per Texan	n/a	~$14,500 paid / ~$9,400 cost
Headline finding	"$108B surplus"	Self-sufficiency, plus the four findings below

Look at the per-Texan line. Spread across roughly 31 million people, Texans send up something like 14,500 dollars a head to the two governments, and the cost of actually governing Texas runs around 9,400 a head. Net the social-insurance system out of both sides and that gap tightens toward break-even, as it should. What it never does, under any honest accounting, is invert. Texas is not carried. It carries itself, and then some.

Part III. Four things the critics cannot argue away

One: Texas is already the size of a nation-state

Ask whether an economy this size can run a government of its own, and the size answers for you.

Texas GDP reached 2.77 trillion dollars in 2024 and about 2.90 trillion in 2025 (Bureau of Economic Analysis). On its own, Texas would be the eighth-largest economy on Earth by nominal GDP, ahead of Italy, Canada, Russia, South Korea, and Australia. Not eighth among the states. Eighth among the nations. Put it the other way: more than 180 of the world's roughly 193 sovereign states run a complete government of their own on a smaller economy than Texas. Only about seven countries out-produce it.

Countries far smaller than Texas run complete, prosperous governments right now, and they do it for sums Texas's tax base would cover. Look at what a sovereign government actually costs:

Country	GDP	Central-government spending	What it buys
Canada (G7)	~$2.2T	~US$381B federal	Military, central bank, full diplomatic corps, customs, regulators, social insurance
Australia	~$1.75T	~US$484B all-in	Same, plus Medicare and pensions
Israel	~$0.53T	~US$155B	A complete, sovereign country, including a top-tier military fighting an active war
Switzerland	~$0.89T	~US$96B federal	Central bank, diplomacy, customs, regulators (cantons carry the rest)

Texas raises about 352 billion dollars a year in federal-equivalent taxes, squarely on the scale of Canada's entire federal budget, and it keeps its existing state government in Austin besides. This is not a marginal entity wondering whether it can afford a flag. It out-produces most of the countries it would join as a peer.

There is one more way to settle the scale question, and it is the tax burden. Developed democracies tax and spend somewhere between 38 and 44 percent of GDP across all levels of government (Canada about 40.6 percent, Australia about 38 percent, per the IMF and OECD). Texans carry a total state and local tax burden of about 8 percent of their personal income, among the lightest in the United States, and the whole government footprint they live under, Washington's spending included, sits well below the peer band. Texas is not stretched thin. It is lightly governed for its wealth, with enormous room to fund whatever a sovereign Texas chose to fund.

Even the federal workforce makes the point, and here is the full agency breakdown, because specifics are what survive a skeptic:

Federal civilian employees in Texas, by agency (OPM)	2015	2026
Veterans Affairs	23,329	35,739
Homeland Security	26,153	35,582
Defense (Air Force, Army, Navy civilians + other)	50,253	42,345
Justice	6,082	8,599
Treasury	11,875	9,787
Transportation	4,385	4,571
Agriculture	4,236	3,520
NASA	3,046	2,687
Social Security Administration	3,205	2,805
All other agencies	~7,300	~9,800
Total	**139,835**	**155,434**

The 2026 column is OPM's current Federal Workforce Data. It counts Defense duty-station civilians, which a commonly cited Congressional Research Service figure of about 131,000 suppresses, so we use the DoD-inclusive count on both ends to compare like with like.

Federal civilian employment in Texas grew about 11 percent over the decade. But the Texas workforce grew faster, so the federal share of all Texas jobs actually fell, from 1.25 percent to about 1 percent. The two biggest civilian employers in the state are now the VA and Homeland Security, each larger than the civilian workforce of any single military branch. Veterans and the border. Whatever Texas is, it is not a company town for the federal government.

"Too small or too weak to go it alone" is not a claim anyone can make with a straight face about the eighth-largest economy on the planet.

Two: Texas already pays its own way

Part II proved it. At current tax levels, Texans fund the full cost of governing Texas. That holds even when we count the entire current federal footprint, every base and agency and grant and contract, as a cost Texas has to carry, and even before the leaner government a sovereign Texas would actually choose to run.

We count it that way on purpose, because counting the full cost is what makes the finding unarguable. But that conservatism leaves something out. An independent Texas would not run Washington's government. It would run its own, and the gap between what Washington spends in Texans' name and what Texas would actually choose to spend is not a cost of leaving. It is a dividend of it, and Part VI takes it up in full.

We will be honest about one real obligation that does not show up in the in-state spending figures. An independent Texas would have to run the functions Washington currently handles for it from outside its borders: a central bank, a foreign ministry and embassies, a customs and tax service, and its own aviation, drug, financial, and communications regulators. A serious plan budgets for these instead of pretending they are free.

So we costed them, against what comparable nations actually spend. The genuinely new recurring bill runs about 5 to 15 billion dollars a year, and a good share of it pays for itself. A central bank is funded by seigniorage, not taxes. The financial, drug, aviation, and communications regulators run mostly on fees, the way their counterparts do in Australia, Canada, and Ireland. That is one to three percent of Texas's revenue, well inside the headroom from Part II. Defense is not a gap either. A Texas defending Texas benchmarks to Australia, at about 35 billion, comfortably under the roughly 60 billion of defense activity the federal government already runs in the state on average and that Part II already counts as a Texas cost.

There is a deeper reason the new layer is so thin. Texas already runs the machinery of a modern government, and already pays for most of it. Medicaid is roughly a 51 billion dollar program in Texas, and the state funds about 20 billion of that from non-federal money while the Texas Health and Human Services Commission administers the whole thing. Texas already educates special-needs children through the Texas Education Agency and some 1,200 school districts. It already runs its own environmental regulator, the TCEQ, on about seventy percent state money. It already builds its highways through TxDOT and conducts its elections county by county. The agencies, the workforce, and most of the funding are already in Austin. Independence does not conjure a government out of nothing. It puts the narrow slice Washington still controls under the same roof as the government Texans already run and pay for.

And the present arrangement has a sting. On most of these programs Washington writes the rules and pays only part of the bill, and Texas covers the difference whether it agrees or not. Congress promised to fund 40 percent of the added cost of special education and delivers closer to an eighth, a federal shortfall that runs on the order of 2.3 billion dollars a year in Texas alone. Federal law orders every hospital to treat anyone who arrives at an emergency room and sends nothing to pay for it, which cost Texas hospitals about 3.7 billion dollars in stranded, uncompensated care in 2024. The 1995 law that was supposed to curb unfunded mandates pointedly exempts the conditions attached to grant money, so the most expensive ones are the ones it cannot reach. Even the grants are not gifts. The federal money that makes Texas look dependent arrives only after Texas puts up its own first. The Medicaid match unlocks nothing until Texas commits its own 16 to 20 billion, the highway dollars wait on Texas covering its fifth, the welfare and special-education dollars on Texas meeting a federal maintenance-of-effort test. Much of what critics count as Washington's spending in Texas is money Texans paid for twice, once in the federal taxes that fund the grant and again in the state taxes that unlock it, on terms they had no vote in setting.

So Texans already fund Washington's priorities with their own money, and get no say in the terms. Independence does not add that cost. It ends it, and hands the decisions back to Austin.

The same pattern runs deeper than the mandates that carry a price tag. Texas lives under more than a million federal restrictions, the binding "shall," "must," and "may not" commands counted in the Code of Federal Regulations, up from about 400,000 in 1970. Texans elected no one who wrote them and can unseat no one who keeps them. By the industry-weighted measure Mercatus built for exactly this question, Texas ranks sixth of the fifty states in federal regulatory exposure, because the work Texas actually does, pumping oil and gas, running the largest petrochemical complex on the continent, farming and ranching at continental scale, is the work Washington writes the most rules for. Set aside whether any given rule is right or wrong. That is not the argument here. The argument is that the rules are written in a capital where Texas holds a small and shrinking share of the votes, and an independent Texas would write its own. Independence does not deregulate anything by itself. It only changes who holds the pen.

One number we will not bury, because it is the real hurdle, and it is smaller than our opponents think. A sovereign currency has to be backed by foreign-exchange reserves to be credible, on the order of 10 to 30 percent of GDP, which for Texas is several hundred billion dollars. But look at what that is, and what it is not. It is not a yearly expense, and it is not a bill Texas has to pay to leave. Texas would keep using the dollar from day one, so it needs no reserve at all to stand up a currency, because it is not standing one up. Should Texas ever choose its own currency later, the reserve is a one-time holding it would build gradually, an asset Texas owns and earns a return on, funded out of the fiscal headroom already shown and out of Texas's share of federal reserve and gold assets in a separation settlement. The largest financial fact of independence is an asset Texas accumulates, not a check it writes.

Three: the debt Washington bleeds from Texas now, and the debt Texas would owe on the way out

This is the finding our opponents least want examined.

What staying in the Union costs Texans right now

Texans pay about 8.2 percent of all federal taxes, their share of IRS gross collections, verified against USAFacts at 8.2 percent of 5.07 trillion dollars in 2024. Run that share against Washington's books, which are published to the penny by the Treasury:

Texans' share of Washington's debt machine (FY2024)	Amount
New federal borrowing (8.2% of the $1.83T deficit)	~$150 billion / year
of which, interest on the federal debt (8.2% of $882B net interest)	~$72 billion / year

Texans’ share of Washington’s debt machine (FY2024)	Amount
of which, primary deficit (spending above taxes, before interest)	~$78 billion / year
Accumulated federal debt, mid-2026 (8.2% of $39.5T)	~$3.2 trillion

The 72 billion in interest and the 78 billion primary deficit are the two halves of the 150 billion, not amounts on top of it. The primary half financed federal spending, some of it in Texas. The interest half financed nothing. Washington now borrows even to pay it.

That 72 billion a year in interest buys Texas nothing. Not a road, not a base, not a benefit. It services Washington’s past borrowing, full stop. It has more than doubled since 2019, when it was around 31 billion, and on the FY2025 books it has climbed again, to roughly 80 billion of interest inside a Texas deficit share of about 147 billion. In the federal budget as a whole, interest is now the second-largest line, ahead of all defense and ahead of all Medicare, behind only Social Security. Every Texan works part of every year just to pay the interest on debt somebody else ran up, and most of the fresh borrowing done in their name now goes to exactly that.

And the clock is the story. The federal debt crossed 39 trillion dollars on March 17, 2026. It climbs about 5 to 6 billion dollars a day. On the current pace it passes 40 trillion in October 2026, before Texans vote in November, and there is no debt-ceiling fight to slow it, because Congress raised the limit above 41 trillion in the summer of 2025. Texas’s share of the whole pile is about 3.24 trillion and rising every day the state stays in.

One more thing about that borrowed money, and it is not that Washington wastes it, because every government wastes some. It is that Washington cannot tell you what it did with it. By its own books the federal government made 162 billion dollars in improper payments in fiscal 2024, and about 2.8 trillion since 2003, and the Government Accountability Office, Congress’s own auditor, estimates it loses another 233 to 521 billion dollars a year to fraud. Texas funds about 8.2 percent of all of it, so on the order of 13 billion dollars a year in improper payments, and another 19 to 43 billion in fraud, is borrowed in Texans’ name on money that has to be paid back with interest. None of that is a new cost on top of the figures above. It is simply what a slice of the spending already counted turns out to be. And the Defense Department, the largest single thing those taxes buy, has now failed eight audits in a row and has never once passed, so the books on it cannot be independently verified at all. Texans borrow it, pay the interest on it, fund the part that cannot be audited, and get no vote to change any of it. There is a plain measure of the difference. Texas closed its own most recent books with a clean audit opinion. Washington has never once earned one.

The structure is unsound, and its own auditors say so

Step back from what the debt costs Texas and ask the colder question. Is the thing itself sound? Its own managers have answered in writing. Every year the Treasury publishes an audited Financial Report of the United States Government, and for years now it has carried a section under a heading that is not ours but theirs: an unsustainable fiscal path. The FY2025 edition states it flatly, that current policy is unsustainable because spending and revenue are structurally out of balance, and the Government Accountability Office, which audits the books, calls for urgent and sustained action to change course. When the bookkeeper writes “unsustainable” across the ledger, that is not an opponent’s talking point. It is a confession.

The market reached the same verdict. The United States long carried the top credit rating from every major agency. That era is over. Standard and Poor’s cut it in 2011, Fitch in 2023, and in May 2025 Moody’s, the last holdout, withdrew the Aaa it had granted without interruption since 1917. All three now score the United States below the top, and all three name the same cause, a debt and interest load that keeps rising with no credible plan to stop it.

And the mechanism underneath it has a name most people would recognize in any other setting. In fiscal 2024, for the first time, the interest on the debt cost more than the entire national defense, and by fiscal 2025 that interest was closing on a trillion dollars a year. Washington now borrows to pay it: new loans taken out to cover the interest on the old ones, with no plan that ever pays the balance down. Strip the seal off the Treasury building and that is the mechanic of a Ponzi scheme, the stage where the whole thing runs only as long as fresh lenders keep arriving. The one difference between Washington and a private operator running the identical play is that Washington owns the printing press. But printing dollars to cover a debt is not an escape from default. It is default wearing a different coat, the one the Penn Wharton Budget Model names when it puts the endgame at default “explicitly or implicitly,” through the debt monetization that produces significant inflation. The escape hatch and the collapse are the same door.

So the story does not end in a question mark. The government’s own auditors have stamped the books unsustainable. The government’s own model gives it about twenty years before no tax increase and no spending cut can pull it back. Debt held by the public already runs about the size of the entire economy and breaks its Second World War record inside two years. The arithmetic has already decided the outcome and left open only the year and the form. Washington has shown no capacity to change course, and Texas has no vote to force it. Nor is the form a mystery, because Texans have already sat through the trailer. The debasement in finding four, the roughly 150 billion dollars lifted out of Texans’ bank accounts in a single year with no vote and no way to opt out, was not an accident of one bad year. It was the first installment of the only method Washington has left to make an unpayable debt vanish. There will be more of it, and it will run larger.

Here is what that means for Texas, with the comfort stripped off. Texas is chained to that balance sheet. It banks in the dollar, saves in the dollar, and draws its pensions and paychecks in the dollar, and it holds no vote over a cent of the borrowing done in its name. When the reckoning comes, and it is already coming, it does not announce itself. It arrives as the price of everything outrunning the paycheck, the retirement that buys half of what it promised, the benefit quietly means-tested down to close a gap Texans never opened. The inspectors have all but nailed the condemned notice to the door. So the debate about whether Texas can afford to leave has it exactly backward. The danger was never in leaving. The danger is in still being inside the building, chained to the beam, on the day it comes down and takes every dollar denominated in it down together. Independence is the one door out, onto ground Texas already owns and already knows how to stand on. The Texas Bullion Depository and the sound-money law from finding four are the first planks of that ground, laid while there is still time to lay them. Staying is not the safe choice. Staying is standing under a roof its own inspectors have condemned, betting it holds one more year.

What Texas would owe on the way out

Now the question everyone asks. Would Texas have to leave with 3.2 trillion of that debt strapped to its back?

That number is not a bill. It is an opening demand, and Washington's hand is far weaker than it pretends. Walk through it.

No law sets Texas's share. The only international instrument on the subject is the 1983 Vienna Convention on Succession of States in Respect of State Property, Archives and Debts, and it is barely ratified, having never entered into force the way a settled treaty would. We will be straight about which part of it governs Texas. Its Article 38, the clean-slate rule under which no predecessor debt passes at all, is written for a "newly independent State," which is a decolonization term of art, and Texas is not a former colony. Texas is a "separation" case under Article 40, and we make our argument inside Article 40, where it is strong enough that we do not need the other branch. Article 40 asks only for an "equitable proportion," and it says that proportion must be reached "taking into account, in particular, the property, rights and interests which pass" to the new state. Read that clause. The federal assets on Texas soil, the bases, the land, the reserves, are property that passes, and the treaty's own text says they get netted against any debt. The separation branch of the law helps Texas. It does not hand Washington a formula.

And there is a deeper problem with the invoice, one Washington made for itself. That netting the treaty calls for, assets set against debt, depends on someone being able to put a number on the assets. Washington cannot. The Defense Department has failed eight straight audits and never passed one, so it cannot place a verified value on what it owns any more than it can track what it spends, and much of that property, the bases and the land and the equipment, sits on Texas soil. So Washington can name what Texas owes to the penny and cannot put a defensible number on the largest assets that would offset it. It would hand Texas a precise bill for the liabilities and a blank page for the assets, and the burden of proving the net falls on the party sending the invoice. A government that cannot pass an audit is in no position to demand that Texas accept its arithmetic.

The scholarship that tried to build a formula could not agree on one. Even the starting percentage is a fight. Texas is 8.2 percent of federal taxes paid, about 9.2 percent of the population, and about 9.5 percent of GDP, so the "share" swings by hundreds of billions before anyone argues method (the 3.2 trillion in the table above is the tax-weighted figure, and population and GDP run higher). Daniel Blum's survey in the Case Western Reserve Journal of International Law (1997) is the standard treatment, and he lays out four methods, each of which someone has called "just," each of which lands somewhere completely different:

Apportionment method	What it implies for Texas
Per capita (population share times debt)	~$3.6 trillion (what Washington would demand)
Share of U.S. GDP	~$3.7 trillion (Texas is ~9.5% of U.S. GDP)
Historical benefits (paid in vs received)	As low as $0 for a net contributor
Balance sheet (debt assumed = assets received)	Nets federal land, bases, the gold reserve, and Texans' trust-fund claims against any debt

So the honest range Texas negotiates over runs from roughly 3.7 trillion at the high end all the way to zero, and where inside that range a settlement lands is a matter of bargaining power, not arithmetic. Texas bargains from real strength: its energy, its ports, the federal assets sitting on its soil, and Washington's own overriding interest in not detonating the Treasury market during a separation. And the "you will be locked out of credit markets" threat is a bluff. Markets lend to past defaulters constantly, and the United States itself has effectively defaulted more than once, on its demand notes in 1862, on its gold bonds in 1933, on silver certificates in 1968, and on the gold standard in 1971.

The principled case, made plainly. It would be timid, and untrue to the record, to argue only over percentages and never say the harder thing out loud: there is a serious, sourced argument that Texas owes nothing at all. Professor Matt Qvortrup, who studies how new countries are actually formed and wrote the field's practical guide to it, told us, in an interview, that an independent Texas would not be liable for the federal debt, and the scholarship backs the position. The doctrine of "odious debt" runs four centuries deep, from Grotius in 1625 through the jurist Alexander Sack in 1927 to the present, and one of its recognized categories is debt "incurred to suppress secessionist movements." The doctrine is contested and rarely tested in court, its real-world wins negotiated rather than adjudicated, so we do not lean the whole case on it. Several newly independent states, Guinea in 1958 and Algeria in 1962 among them, repudiated colonial-era debts on exactly that principle. Blum's own third method, apportionment by historical benefit, lands at zero for a net contributor. A demand for a "fair share" of a debt the issuer has neither a plan nor the means to ever repay, in a currency built to inflate the obligation away, is not a settlement of anything. It is an exit tax with no warrant in law for the number Washington would name, meant to confiscate, and a free Texas would be right to refuse to pay it.

History is a muddle, and it cuts toward Texas. When the United States seceded from Britain in 1783 it took on none of Britain's debt. When Norway left Sweden in 1905 it apparently took none of Sweden's. Singapore and Bangladesh each assumed some share when they broke away. Russia took the entire Soviet debt in 1992 in exchange for keeping the Soviet foreign assets. South Sudan started debt-free in 2011 because Sudan agreed to keep all of it. Czechoslovakia split its debt two-to-one by population in 1993. There is no single rule here, only a negotiation, and Texas would negotiate from a position of real strength.

One premise underlies all of this, and honesty requires stating it. The exit-debt analysis assumes a negotiated separation. If Washington instead refuses to come to any table, there is no apportionment to argue over, and Texas assumes no debt a departing state cannot be compelled to pay, which is the floor of the range, not the invoice.

So, plainly. That 39 trillion is Washington's debt. A Congress Texans never controlled ran it up, to pay for things Texans never chose. The number Washington would invoice on the way out is not a settled liability. It is the top of a range whose bottom is zero, and Texas would come to the table in good faith, the way honorable nations do, and drive toward the low end by the methods international law actually recognizes. What is not up for negotiation, and needs no negotiation, is the bill Texans are paying right now to stay. Their share of the debt climbs about 150 billion dollars a year, and the hardest part of it, the part that buys nothing at all, is the 72 to 80 billion a year in interest, pure service on a debt that will never be repaid in a dollar that never stops shrinking. Staying is the expensive option.

Four: the hidden inflation tax

The 2015 report pointed to "the benefits of a non-inflationary currency." We can put real numbers on it now.

The dollar has lost about 97 percent of its purchasing power since the Federal Reserve opened its doors in 1913, about 88 percent since Nixon cut the last tie to gold in 1971, and about 22 percent since 2020 alone (BLS Consumer Price Index). That is not bad luck. It is policy. When Washington spends past what it collects, it prints the difference. The money supply (M2) jumped about 40 percent, from 15.45 trillion to 21.70 trillion dollars, between February 2020 and March 2022. The Federal Reserve's balance sheet roughly doubled, from 4.2 trillion to 8.8 trillion, and in the early months of the COVID response the Fed bought close to 90 percent of all the new federal debt the Treasury issued (Committee for a Responsible Federal Budget). Inflation then peaked at 9.1 percent. This is the same deficit from finding three, paid a second time, by quietly draining the value of the money in Texans' pockets. Washington runs the deficit, and Washington is the first to spend the new money. Texans hold the bag.

Economists have a name for it: the inflation tax. The mechanism is older than the Fed. New money reaches the banks, the government, and the large asset-holders first, and they spend it before prices rise. Ordinary Texans get it last, after their wages and savings have already lost value. Richard Cantillon described the effect in the 1700s, and it still works exactly as he said.

Here is the size of it for Texas. The Federal Reserve's own St. Louis bank found that inflation wiped out 1.8 trillion dollars of purchasing power from Americans' bank deposits in a single year, the twelve months ending March 2022. Texans held about 1.45 trillion in bank deposits as of mid-2024, which we pulled straight from the FDIC's Summary of Deposits, all 6,213 branches in the state. That is about 8.3 percent of the U.S. deposit base. Apply that share to the Fed's 1.8 trillion and Texans lost roughly 150 billion dollars of purchasing power on their bank balances alone, in one year, and on the most conservative reading no less than 130 billion. That counts only deposits. The same debasement hit Texans' wages, pensions, and cash too. A one-year haircut on that scale is about the size of the entire annual dividend of independence, taken back invisibly, with no vote and no way to opt out.

Texas is already building the door out, and this is not theory. The Texas Bullion Depository opened in 2018, the only state-run bullion vault in the United States, and any citizen, business, or institution can hold gold in it. HB 1056, signed into law on June 22, 2025, recognizes gold and silver as legal tender in Texas and sets up a metal-backed payment system: deposit gold, spend it by card or app, converted to dollars at the register at the day's price. It phases in across 2026 and 2027, and it passed with overwhelming legislative backing. A bill we backed, HB 4857, would have chartered a state commission to study exactly this fiscal relationship and prepare a contingency currency against a dollar collapse. It drew eight coauthors before dying in committee in the 2025 session. And the idea that a small, disciplined country can hold a stable currency is not speculative. Switzerland and Singapore both run inflation under 1 percent, a fraction of the dollar's recent record. An independent Texas with sound money simply stops paying the inflation tax. It is the largest tax Texans never voted for.

Part IV. “Texas is a taker” is an accounting illusion

Now the opponents’ favorite fact, stated as fairly as we can put it. By the Rockefeller Institute’s balance-of-payments measure, Texas took in about 80 billion dollars more from Washington than it paid in (fiscal 2023). PolitiFact has rated similar claims “Mostly True.” We do not run from it. Set it beside a second reputable source, and the two pull apart.

The Rockefeller Institute, measuring balance of payments, shows Texas as a net recipient of about 80 billion dollars. USAFacts, measuring taxes paid against spending received, shows Texas as a net contributor: by its FY2024 accounting Texas sent about 68 billion dollars more to Washington than it got back.

Both are real. Both are recent. They point in exactly opposite directions, and a reasonable person is entitled to ask how that is possible. The gap is mostly two things: borrowed money, and Texans’ own benefits coming home.

Borrowed money first. Washington spends about 1.37 dollars for every dollar it collects. That 37-cent gap is the deficit, money it borrowed rather than raised, and the recipients’ children will repay it with interest. It is the only reason most states look like they “get back more than they pay.” Here is the proof, in Rockefeller’s own numbers. On that measure no state was a net payer in 2020 or 2021, and only three were in 2023. When 47 to 50 states out of 50 “receive more than they pay,” the measure is not tracking which states are dependent. It is tracking how much money Washington borrowed that year. And within that borrowed-money illusion, Texas still comes in low. Its ratio is 1.21 dollars received for every dollar paid, below Rockefeller’s own 50-state average of 1.32. Measured against the other states, in a system rigged by borrowing to make everyone look subsidized, Texas is among the least subsidized states in the union.

Texans’ own benefits second. Strip the borrowing out and look at what is left of the “receipts.” Most of it is Social Security and Medicare, benefits Texans pre-paid through a lifetime of payroll taxes. Counting a retiree’s own Social Security check as proof that “Texas cannot survive without Washington” is the real sleight of hand. It is her money, on its way back.

Here is the deeper reason, and it closes the case. Borrowed money is not income. It is a tax postponed. Every dollar Washington borrows and spends is a dollar that someone’s taxes, with interest, will one day have to retire. So carry the ledger all the way out. Texans pay their share of federal taxes now, and their share of the taxes that retire this year’s borrowing later, and when you add the two the borrowing cancels and one question is left standing. Does Texas get back its share of what Washington spends, set against its share of what Washington collects? It does not. Texas draws about 7 cents of every dollar the federal government spends and pays about 8 cents of every dollar it raises. Under its weight on the spending, over its weight on the bill. Credit Texas with every last borrowed dollar that lands inside its borders, and it still sends Washington about 68 billion dollars a year more than it gets back, the third-largest net contribution of any state, behind only California and New York. The net recipient is a mirage the deficit paints, and the moment you treat borrowed money as the tax it is, the mirage burns off.

Take out the borrowed money and the returning benefits, and the “net recipient” vanishes. What is left is not money Texas ships off for nothing. Much of the borrowing financed spending, some of it here. The part that financed nothing, that buys not a road or a base or a benefit, is the interest, 72 to 80 billion a year and climbing, pure service on a debt somebody else ran up. That is the number to hold onto.

Part V. The dismissals, answered

A skeptic's whole strategy is to wave this off without engaging it. Here are the waves, and the answers.

"You cherry-picked by leaving out Social Security and Medicare."

It is the opposite of cherry-picking. Those programs are the single largest category of federal spending, and leaving them on the cost side is what would rig the result, because they are individual benefits that follow people regardless of where they live, not a cost of operating a government. We took them off the cost side and, to be fair, off the revenue side too, the payroll taxes that fund them. The conclusion survives both ways. Cherry-picking means your result collapses without the favorable assumption. Ours does not. That is the definition of not cherry-picking.

"But the Rockefeller Institute says Texas is a net recipient."

It does, and we cite it ourselves. That is a balance-of-payments fact, and Part IV explained exactly why it is true and why it is irrelevant to whether Texas can fund its own government. Both things are true at once. A state can receive more than it pays on the federal ledger, because of borrowing and returning benefits, and still pay for its own government with room to spare. The Rockefeller number answers a question we are not asking.

"Won't Texans lose their Social Security?"

This is the scare they lean on hardest, and it falls apart on the law, on the arithmetic, and on the negotiating table, in that order.

On the law, Social Security is portable. U.S. citizens collect it anywhere in the world, for life, with only a handful of country exceptions. The "benefits stop after six months abroad" rule that critics quote is a rule for non-citizens. Texans are overwhelmingly citizens and would stay citizens through any transition. On top of that, the United States already maintains about 30 "totalization" agreements with other countries for the express purpose of keeping benefits flowing across borders. A retiree in Lisbon draws her Social Security because the U.S. and Portugal have such an agreement. Continuity is the developed world's norm, not the exception.

On the arithmetic, Texas could run its own system comfortably, and would start ahead. Its workforce is younger than the rest of the union's, a median age of 35.9 against 39.2, with about 14 percent over 65 against 18 percent. Texans already pay an estimated 12 to 13 billion dollars a year more into Social Security than Texas retirees take out, money that currently props up the rest of the union. Keep it home and the system starts in the black. And there is a colder reason not to leave the program in Washington's keeping. In Flemming v. Nestor (1960) the Supreme Court held that no American has a contractual right to a Social Security check. Congress can cut or rewrite benefits whenever it chooses, and on its current path the combined trust fund runs dry in the early 2030s, with the retirement fund alone reaching depletion around 2032. The "guarantee" Texans are warned they would be risking is one Washington can revoke at will, and is already on track to break. A Texas that runs its own system answers to Texas voters, not to a Congress that can means-test the promise away.

On the negotiating table, the benefits are not a weakness. They are Texas's strongest card. These are earned, pre-paid obligations. The Treasury's own FY2025 financial report puts the federal government's unfunded 75-year Social Security and Medicare promise at 88.4 trillion dollars, and Texans funded about 8.7 percent of the system that owes it. In any separation, what each side owes the other gets netted out, so both claims go on the table together.

In a Texas-U.S. settlement	Amount
Texas's share of the federal debt (from Part III)	~$3.2 trillion
Accrued Social Security and Medicare owed to Texans	on the order of $7.7 trillion

Be precise about what that 7.7 trillion is and is not, because our opponents will pounce otherwise. It is not a bank balance sitting in Texas's name. It is Texas's share of a 75-year accrued obligation, and part of it (Medicare's Parts B and D) is funded going forward out of general taxes that Texas would simply keep, so it washes rather than transfers. The Social Security piece alone nets on the order of 2.4 trillion. But here is the point that survives every one of those honest caveats. The benefit obligations Washington owes Texans are large enough that they exceed even the highest debt-apportionment method, the GDP share at about 3.7 trillion. So the direction does not depend on which method Washington picks or how you count. Texas comes to the settlement table holding a claim bigger than the bill, which turns the debt question from a liability Texas carries into a card Texas holds. The honest way to say it is not "the debt disappears." It is that Texas's net position is far better than a naked 3.2 trillion makes it look, and probably reverses. Texans do not lose their Social Security. They hold one of the strongest cards at the table.

"How would an independent Texas pay for defense?"

Defense spending in Texas already runs 47 to 72 billion dollars a year, about 60 billion on the multiyear average. In FY2023 it was 71.6 billion, more than any other state (58.7 billion of contracts, 12.5 billion of military and civilian payroll, the rest in grants). In FY2024 it was 47.4 billion and third among the states. We cite both years on purpose, rather than lean on the peak, because even the down year runs well above the roughly 35 billion dollars Australia spends to field its entire modern military. Lockheed Martin alone accounted for about 38 billion of Texas's defense contracts across the period, led by the F-35 line in Fort Worth and including the F-16 and its Missiles and Fire Control division at Grand Prairie. The state hosts roughly 211,000 defense personnel in all, about 108,000 of them active-duty military, plus Guard, Reserve, and some 49,000 civilian defense workers, across an enormous installed base: Fort Hood, Joint Base San Antonio, Fort Bliss, Naval Air Station Corpus Christi, the B-1B bomber wing at Dyess, and the Air Force training bases at Sheppard and Laughlin, among others (Department of Defense, Office of Local Defense Community Cooperation).

An independent Texas would not try to copy Washington's roughly one-trillion-dollar global-posture budget. It would defend Texas, which benchmarks to capable middle powers. Australia funds its entire military for about 35 billion dollars. A Texas budget at that level, drawn from a 453 billion dollar revenue base, would still outspend all but about eighteen of the world's 150-plus armed forces. And if Texas chose to keep the full 72 billion the federal government spends on defense in the state in its peak year, that would rank around eighth or ninth in the world, in the company of Britain, Germany, and France, and several times Mexico's military budget. The defense base already sitting in Texas is a foundation, not a gap, and it fits comfortably inside Texas's means.

"What about Medicare and veterans?"

Like Social Security, veterans' cash benefits and the earned, payroll-funded core of Medicare (Part A) are portable federal obligations to individuals, and they get handled at the same table and netted the same way. Medicare's Parts B and D are different, and we say so: they are funded about three-quarters out of general taxes, so an independent Texas keeps the taxes and keeps paying the benefit, and it washes rather than moving. Where something is genuinely a service delivered on Texas soil, a VA hospital, for instance, an independent Texas would take it over, and the headroom from Part II pays for it. Medicaid, which is means-tested welfare Texas already co-administers, we count as a cost the whole way through. Texas keeps funding it.

"The economy would crater the moment you seceded."

This is the one honest uncertainty in the whole case, and we treat it as one. A static snapshot cannot forecast a post-independence economy, and we will not pretend otherwise. So we start not with a rosy assumption but with the worst case, and show that even it holds.

Put a hard shock through the numbers, and run it on the honest basis, the symmetric one Part II settled on. Assume Washington is hostile rather than cooperative, trade friction runs high, and independence knocks a full 10 percent off Texas's economy in one blow, more than twice the official estimate of Brexit's long-run cost. On that basis Texans pay about 333 billion dollars for a government that costs about 295. Take 10 percent off the top and Texas comes to roughly break-even on its own government, not a collapse. And the room to absorb even that is already there, because Texas taxes its people well below the developed-world norm, so the shock is met from fiscal headroom Texas leaves unused, not from austerity. The budget does not need a friendly divorce to survive. It survives an ugly one.

Now the likelier case, and why "crater" is a prediction with a thin foundation. Start with what the frightening numbers actually measure. The serious academic models of secession, and the real-world case everyone reaches for, Brexit, do not find that independence wrecks an economy. They find that erecting trade barriers does. Britain's own fiscal watchdog puts Brexit's long-run cost near 4 percent of GDP and says plainly it "largely reflects" new non-tariff barriers between the UK and its biggest market. The academic literature models the cost of secession as, almost word for word, an increase in the cost of trade between the two newly separated economies. That is the entire mechanism, and it is the one variable an independent Texas can hold nearly constant, by keeping free trade with the United States and keeping the dollar.

The record of peaceful separations bears it out. Singapore was thrown out of Malaysia in 1965 with 14 percent unemployment, no resources, and an income a third of Western Europe's. It is now about twice as rich as Western Europe. When Czechoslovakia split in 1993, the forecast disaster never arrived. Both Czechia and Slovakia grew, and the poorer half steadily closed the gap. Norway's exit from Sweden in 1905 and Slovenia's from Yugoslavia in 1991 run the same way, a short adjustment and then decades of growth. No clean case of a peaceful separation produced lasting collapse. The damage tracks how much trade friction the two sides choose to build, not the fact of independence.

Texas is positioned to keep that friction low, and it should be honest that this depends on choices both sides make. It can negotiate a free-trade arrangement with the United States, which is in Washington's interest too, since the rest of the union loses output if it walls Texas off. We will not pretend the counterparty is guaranteed to be reasonable. A Washington that has just lost a tenth of its own economy may be tempted to make an example of Texas to deter other states, and a serious plan prices that risk in, which is exactly why the case leads with the stress test above rather than with anyone's goodwill. Texas can also accede to the WTO, which is open to any "separate customs territory," over time. And it can keep using the dollar from the first day, so there is no new currency to launch, no devaluation, no run on an untested one. Dollarization has a long record of killing inflation cold. Ecuador averaged more than 30 percent inflation in the quarter-century before it dollarized in 2000 and has run about 3 percent since, lately closer to 1.5, though it is fair to note dollarization is smoothest when the issuer does not actively obstruct it.

Then there is the direction Texas is already moving under federal rule. It pulled in more people from other states than any of them, a net gain of about 130,000 in 2023. It has led every state in corporate headquarters relocations for years running, more than 200 between 2018 and 2023, and it took Site Selection's Governor's Cup for the most new and expanded facilities for the fourteenth year in a row in 2025. Capital and labor are voting for Texas right now, and independence would hand Texas the terms of that competition to set for itself.

"Secession isn't even legal. Texas v. White settled it."

This objection gives up on the money and retreats to law. That retreat deserves a straight answer, and the movement has given it in full elsewhere. There is no clause in the Constitution that forbids a state from leaving. Article 1, Section 10 is the precise place the Framers listed what a state may not do, and this is nowhere on the list, and the Tenth Amendment reserves to the states and the people every power that was never handed up. Texas v. White does not close that door. The case was a lawsuit about bonds. Its famous line about an "indestructible Union" was a remark the Court did not need in order to decide who owned the bonds, which makes it dictum rather than a holding, and the actual bond ruling the case produced was overruled sixteen years later in Morgan v. United States. The judge who wrote the flourish had personally built the war-finance machine that depended on the Union being permanent. The barrier has never been constitutional. It has been political. The complete argument is set out at usexit.org/texas-v-white and in Daniel Miller's The Tethered Sovereign, and the fiscal case needs none of it, because the numbers answer whether Texas can afford to govern itself, and that question stands on its own whether or not the reader has yet settled the separate question of whether Texas may.

What the arithmetic will not permit is the quiet swap of “may they” for “can they,” as though a doubt about the one were an answer to the other.

“This is just one organization’s spin.”

Then check it. Every load-bearing number here comes from the federal government’s own published tables, named in the appendix, most of them downloadable in an afternoon. And we did something no advocacy report bothers to do. We turned a team of hostile reviewers loose on our own draft, an economist, a fact-checker, a lawyer, and made them try to break it, and we corrected what they broke and disclosed, in Appendix E, what we deliberately do not claim. We do not ask you to trust the Texas Nationalist Movement. We ask you to trust the IRS, the Treasury, the Federal Reserve, the SSA, and the FDIC, and to notice which side of this debate is comfortable showing its sources.

Part VI. What Independence Is For

The defensive case is won. Texas can pay its own way. It will not lose its Social Security. It will not crater. It owes no ransom on the way out. But a people does not rouse itself to a hard and historic thing merely because the thing is survivable. It rouses for what the thing is for. So the real question is not whether Texas can afford to govern itself. It is what Texas would do with the governing once it had it back.

Because that is what independence really is. Not subtraction, the loss of Washington, but addition, the return of choice. Every dollar counted here as a cost of governing Texas, a sovereign Texas would spend on its own terms, for its own reasons, answerable to its own people. Here is what that means, one plain thing at a time.

Its defense. Take the sharpest example first. Texans send about 70 to 80 billion dollars a year, their share of a military that costs close to a trillion, and most of it is not aimed at the defense of Texas. It garrisons roughly 750 bases in 80 countries, keeps 170,000 troops on foreign soil, and sails eleven carrier groups built to reach the far side of the world. That is the budget of a global-reach power, and Texans pay into it without ever being asked. A Texas that defended Texas would need a fraction of it. Australia fields its entire modern military for about 35 billion dollars, and a Texas at that level would still outrank all but about eighteen of the world's armed forces. The choice independence hands back is worth 35 to 45 billion dollars a year, the whole difference between funding a global posture and defending a homeland. And say it plainly, because Texans honor the people who wear the uniform: this is not a retreat from strength. It is a Texas military that answers to Texans, guards Texas, and stops spending their money on wars and garrisons they never chose. Sovereign, Texas would still field one of the strongest forces on earth. It would simply point it at Texas.

Its rules. A free Texas writes its own law. Today it lives under more than a million federal restrictions it had no hand in writing, drafted by agencies in a city that has never understood what Texas does or how it does it. The rules that bind an oil field, a cattle ranch, a chemical plant, a border county, are written by people who have worked none of them, and Texas cannot vote a single one of them out. Independence does not promise fewer rules, or more. It promises Texan rules, made by Texans, fitted to the work Texans actually do, and repealed by Texans when they fail. A people that cannot write the law it lives under is not yet governing itself. A people that can, is.

Its money. Every figure here is, in the end, the same figure seen from a different angle: Texans' money leaving Texans' hands. The 68 billion a year more than they get back. The 72 to 80 billion in interest on a debt they never chose. The tens of billions that fund a global military instead of a Texas one. The inflation that lifts more still from their savings every year. These are not to be added into one grand total, because they overlap, and we do not traffic in inflated numbers. They are four windows onto a single fact. A great deal of what Texans earn is spent by people they did not elect and cannot remove. A sovereign Texas keeps its own and spends it on Texas, not as a windfall, which we have been careful never to promise, but as a decision, made in Austin and answerable at the next Texas election. The question was never whether Texas generates enough. It plainly does. The question is who decides where it goes.

Its energy. Here is the asset no other would-be nation on earth can match, and the one the present arrangement treats as something to be restrained. Texas pumps about 42 percent of America's crude oil and more than a quarter of its natural gas (U.S. Energy Information Administration). Standing alone, Texas would rank as roughly the fourth-largest oil producer on Earth, behind only the United States, Saudi Arabia, and Russia. It already runs its own electric grid, the only state that does, answerable to Texas and not to Washington. Its Gulf Coast anchors the export of American gas to the world. A sovereign Texas is not a poor country hoping to strike it rich. It is an energy giant, already built, that would stop asking permission to power itself and would sell to the world on its own terms. Independence does not create that strength. It unchains it.

Its future. Read the direction Texas is already moving, and read it as destiny rather than defense. More people move to Texas from other states than to anywhere else in the union. More companies move their headquarters to Texas than to any other state, and it has taken the Governor's Cup for the most new and expanded facilities fourteen years running. Given a free choice, capital and labor are choosing Texas right now, under a federal system that taxes and regulates and inflates against them. They are voting with their feet for a place that is younger, freer, and growing while much of the rest of the union ages and stalls. Independence asks a simple thing. Let a people the whole continent is moving toward stop subsidizing the decline of the places they are leaving, and build its own future with its own hands.

Itself. Beneath every one of these is the thing they are all made of. A nation, the men who thought hardest about it concluded, is not a matter of blood or border. It is a people who share a past and choose, together and daily, to share a future, and who claim the right to govern themselves upon their own land. By that measure Texas has been a nation the whole time, waiting on a decision it has not yet made. Independence is that decision. It is not a flag, or an anthem, or a line on a map. It is a free people resuming the oldest and most human of political acts, governing itself, deciding for itself, answering to itself. That is what all the numbers have finally been for. Not to prove that Texas can survive on its own, though it can. To remind Texans that a people able to govern itself, and choosing not to, has set down something it will one day have to explain to its grandchildren.

Part VII. What this means for a young Texan

Every burden counted here falls hardest on the people with the most years left to carry it.

Texas is a young nation. Its median age is 35.9, against 39.2 for the United States. Just 13.9 percent of Texans are over 65, against 18.0 percent across the United States (Census, American Community Survey). That young workforce is doing two jobs for Washington at the same time.

It is bankrolling older states' retirements. Texas pays an estimated 8.7 percent of all U.S. Social Security taxes and draws only 6.7 percent of the benefits, a net 12 to 13 billion dollars a year leaving Texas to fund retirements somewhere else. Across 2019 to 2024 that is roughly 75 billion dollars shipped out, from a young workforce to an aging one, that it will never be repaid.

And it is inheriting the bill for everything else. The 3.2 trillion dollar debt share, growing about 150 billion a year in her name, on which the interest alone runs 72 to 80 billion a year and buys her nothing. The inflation that quietly took about 150 billion in a single bad year. None of that is abstract to a 25-year-old. It is a mortgage written in her name, due over the rest of her working life, and the interest on it buys her nothing at all. Run the debt share alone across the population and it comes to something like 100,000 dollars per Texan, climbing every single day she stays in the Union.

A young Texan's "share" of the federal ledger isn't a check in the mail. It's a lien. Independence is, more than anything else, a decision about whose future Texans' money is going to build. Washington's, or their own.

Part VIII. Staying is the expensive option

The 2015 report asked whether Texas could survive on its own. The answer, with far more data behind it now, is not in doubt.

Texas funds its own government at current tax levels. It is the eighth-largest economy on Earth, larger than the countries that run full, prosperous governments and never wonder whether they can afford a flag. The “Texas is a taker” line is an accounting trick built on borrowed money and Texans’ own benefits cycling home, and by the honest measure the dependency runs from Texas to Washington. The debt our opponents say Texas would owe on the way out is the top of a range whose floor is zero, a number Texas would negotiate down from strength. The benefits they say Texas would lose are a card Texas holds.

What independence really offers is an exit from a treadmill. The one that runs Texans’ money to Washington to service a debt they did not choose, in a currency built to lose value, for a government that hands back less per dollar in Texas than it does for the average state. It is a young woman’s paycheck, taxed to fund a retirement in another state and a debt she never voted for, in dollars worth a little less every year she waits. It is her future, being spent to build someone else’s.

But an exit is only half of it, and the smaller half. The larger half is what waits on the other side. A Texas that defends Texas and not the world. A Texas that writes its own law, keeps its own money, and answers for both at its own ballot box. An energy giant that stops asking permission to power itself. A young nation the whole continent is already moving toward, building its own future instead of paying for someone else’s past. This is not a leap into the dark. It is a people resuming what it was always able to do, and once did, and never stopped being underneath the arrangement that taught it to forget. The case that Texas can make it is closed. What is left is the case that Texas should, and that one Texans will make to themselves.

There is one last reason the question is how much longer, and not whether. The ledger Texas helps fund is the one its own auditors have already stamped unsustainable, and the arithmetic on it runs one way. It ends in default, paid openly or inflated away, on a clock the government’s own model measures in a couple of decades. A Texas still chained to that ledger when it breaks pays for the break in the price of everything, in benefits cut to the bone, in savings quietly emptied, and it gets no vote on any of it. Independence is how Texas gets out while getting out is still a choice it makes and not a fate it suffers.

Texas can make it. The harder question, the one our opponents never answer, is how much longer it can afford not to.

Appendix A. The ledger, year by year ($ billions)

	2019	2020	2021	2022	2023	2024	Avg
Federal taxes from Texans (IRS)	292.3	275.5	312.1	400.9	413.0	417.4	351.9
State taxes and fees (excl. federal)	86.0	83.5	88.6	110.6	119.1	122.3	101.7
Total paid by Texans	378.4	358.9	400.6	511.5	532.1	539.7	**453.5**
Total federal spending in TX (Rockefeller)	286.8	456.2	492.5	429.3	458.6	~465*	431.4
less portable entitlements	-148.5	-155.2	-165.0	-178.8	-199.2	-214.5	-176.9
less transient COVID relief	-0	-115.8	-131.1	-32.8	-16.7	~-8	-50.7
State-funded spending	81.9	84.5	79.3	86.1	101.2	116.0	91.5
Cost of governing Texas (COVID-adj.)	220.2	269.7	275.7	303.8	343.9	358.5	**295.3**

* The 2024 Rockefeller figure is estimated, because their report covering it was not out as of mid-2026, and it will be revised on publication. The conclusions do not move on it. Rockefeller also revises prior years across editions, so each year above is the figure from that year's edition (the headline balance-of-payments citation is the 2025 report, covering federal fiscal year 2023).

A note on rounding: every figure is rounded to the nearest 0.1 billion, and all averages and totals are computed from the unrounded source data. A row's printed cells may therefore not appear to sum exactly to its average or total. Entries marked

"~" or "est." (Medicare for 2021-24, the 2024 Rockefeller figure, and the federal-pension state shares) are estimates, explained in Appendix D.

Appendix B. The carve-outs, by year ($ billions)

What we removed from the cost side, because it is portable individual benefits and not the cost of governing Texas.

	2019	2020	2021	2022	2023	2024	Avg	Source
Social Security (OASDI)	69.0	72.8	75.9	83.2	93.9	~99.0	82.3	SSA
Medicare (all parts)	55.7	57.6	~63.0	~66.0	~72.0	~80.0	65.9	CMS (2021-24 est.)
VA cash (comp., pension, education)	11.8	12.5	13.6	16.3	18.1	19.4	15.3	VA GDX
Federal pensions (civilian + military)	11.9	12.3	12.5	13.3	14.7	15.5	13.4	OPM/DoD (state share est.)
Total removed	148.5	155.2	165.0	178.8	199.2	214.5	**176.9**	

Appendix C. Sources

- IRS Data Book, Table 5, gross collections by state (FY2024 and FY2025): irs.gov
- Texas Comptroller, Annual Cash Report: comptroller.texas.gov. Texas LBB Fiscal Size-Up: lbb.texas.gov
- Rockefeller Institute, Balance of Payments, 2025 report covering federal fiscal year 2023: rockinst.org
- USAFacts, state federal revenue and spending: usafacts.org
- U.S. Treasury Fiscal Data, Monthly Treasury Statement and Debt to the Penny: fiscaldata.treasury.gov. OMB Historical Tables: whitehouse.gov/omb
- U.S. Treasury and Peterson Foundation interest tracker, net interest on the federal debt: fiscaldata.treasury.gov
- Department of Defense / OLDCC, Defense Spending by State (FY2023 and FY2024): oldcc.gov
- SIPRI Military Expenditure Database, countries' defense budgets and rankings: sipri.org
- Social Security Administration: OASDI Beneficiaries by State and County, Payments Outside the U.S., Totalization Agreements, and the 2026 OASDI Trustees Report: ssa.gov
- CMS, National Health Expenditures by State of Residence: cms.gov
- VA, Geographic Distribution of Expenditures: va.gov/vetdata
- BEA Regional GDP: bea.gov. BLS, QCEW and CPI: bls.gov. Census, ACS and population estimates: data.census.gov
- OPM, federal civilian employment by state and agency, Federal Workforce Data: opm.gov
- FDIC, Summary of Deposits, Texas deposit base ($1.45T, 2024): banks.data.fdic.gov
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- Qvortrup, M., "I Want to Break Free: A Practical Guide to Making a New Country" (Manchester University Press, 2022), and his remarks on Texas debt liability and on Texas v. White in a Q&A interview with the author on the Texas Nationalist Movement's YouTube channel: youtube.com/watch?v=YEggPKoVoAQ, from the 20:18 mark
- Texas HB 1056 (89th Leg., 2025, enacted) and HB 4857 (89th Leg., 2025, died in committee): capitol.texas.gov
- U.S. Census Bureau, Consolidated Federal Funds Report, federal spending by state, discontinued in 2012: census.gov

- U.S. Treasury, Financial Report of the U.S. Government, Statements of Social Insurance (75-year Social Security and Medicare unfunded obligation, $88.4T, FY2025): fiscal.treasury.gov
- Comparative benchmarks and precedents: OECD and IMF (government spending by country). The budget offices of Australia, Canada, Ireland, and Israel. UK Office for Budget Responsibility (Brexit). University of Glasgow Centre for Inclusive Trade Policy (secession trade-cost modeling). Flemming v. Nestor, 363 U.S. 603 (1960)
- Unfunded and underfunded federal mandates: KFF and Texas HHSC (Texas Medicaid federal and state shares, $51B total / ~$20B state, FY2024). Texas Education Agency, NEA, and Congressional Research Service (IDEA special-education funding gap). Texas Hospital Association (EMTALA uncompensated care, 2025 report). Federal Highway Administration (federal-aid highway match). CRS and GAO (Unfunded Mandates Reform Act of 1995 scope): kff.org, tea.texas.gov, congress.gov, gao.gov

Appendix D. What we estimated, and why

Published, primary, high confidence: federal taxes (IRS). State revenue and even-year expenditure (Comptroller, LBB). Social Security benefits (SSA). Total federal spending in Texas (Rockefeller, 2019-23). Defense (OLDCC). VA (GDX). The deficit, interest, and debt (Treasury, OMB). Demographics, wages, GDP (Census, BLS, BEA). Federal employment by agency (OPM). The FDIC deposit base. The status of HB 1056 and HB 4857 (Texas Legislature).

Estimated and labeled, and estimated only because Washington stopped publishing the data: total Medicare by state for 2021 through 2024 (CMS dropped the state-of-residence series after 2020, and three independent methods land within about 3 percent of each other, and it is not decisive to the result). Texas FICA, about 120 billion a year on the 2019-24 wage-based average, never published by state, which drives the self-sufficiency margin and the young-Texan figure. Applying Texas's tax share to the national payroll-tax total instead lands nearer 140 to 148 billion, and the self-sufficiency finding holds across that whole range. Texas's share of the inflation hit, anchored to the FDIC's actual 1.45 trillion Texas deposit total. Federal pensions by state, which the DoD reports two-plus years late.

The COVID carve-out: we identified one-time pandemic relief inside the Rockefeller spending totals (the 2020-21 CARES, PPP, expanded unemployment, and stimulus flows, tapering through 2022-23) and removed it, because it is emergency spending and not a permanent cost of government. We show the ledger both with it stripped and, in the "or 346 billion" figure, with it left in. The conclusion holds either way.

Genuinely uncertain, or out of scope: the dynamic economic effects of independence, which run both ways. The one-time cost of standing up sovereign functions. And the exact outcome of any debt or benefit negotiation.

What we deliberately do not claim: a large static annual "surplus." The honest finding is self-sufficiency, plus the four findings in Part III. Every number that decides the direction of the conclusion is published government data, and you are invited to check it.

Appendix E. How we red-teamed ourselves

This case was built to be attacked, so we attacked it first. Before release, we put the draft in front of a panel of hostile reviewers, a public-finance economist, a professional fact-checker, an international-law skeptic, and a unionist policy critic, and asked each one to break it. Then we verified every checkable figure against its primary source a second time.

What that process changed, in the open: we dropped any claim of a static annual "surplus" in favor of the more defensible finding of self-sufficiency. We stopped comparing Texas's all-in revenue to another country's federal-only spending, and compare federal-equivalent to federal-equivalent instead. We reframed the Social Security offset as a bargaining position rather than a claim that "the debt disappears." We corrected the debt-succession argument to the branch of international law that actually governs a separation. And we present the exit-debt share as a negotiated range from zero to the high end, not as a settled figure.

What survived unchanged is the spine: the two ledgers, the carve-out rule, the deficit-burden reframe, and the finding that Texas funds its own government at current tax levels. No single reviewer, and no combination of them, could fell it. That is why we publish the method alongside the conclusion. A reader who distrusts us is invited to argue with the Treasury.

Texas can make it.
The only question left is how much longer it can afford not to.

We do not ask you to trust the Texas Nationalist Movement. We ask you to trust the IRS, the Treasury, the Federal Reserve, the SSA, and the FDIC, and to notice which side of this debate is comfortable showing its sources.

TEXAS NATIONALIST MOVEMENT

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