

# TEXIT: A CASE OF KAKISTOSCRYPTOCRACY

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## ABSTRACT

The goals of this study were to compare TEXIT and kakistoscryptocracy, and to investigate the scenarios of official money in Texas based on TEXIT. The study utilized documentary research. The findings found that TEXIT and Kakistoscryptocracy significantly differed in three key areas, including focus, scope, and implication. Two scenarios were the US Dollar and Bitcon. Last, the study suggested that a hypothetical Texas government could utilize "governmental power marketing" to strengthen its position.

**Keywords:** TEXIT, Kakistoscryptocracy

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## INTRODUCTION

Today Texas, annexed into the Union in 1845, is a famous state with a strong economy in the United States. It has found a potential threat from "TEXIT" for nearly two decades, a wordplay of "Texas" and "exit." This term follows an emerging trend of using "exit" with the name of a territory seeking independence, similar to "Brexit" for the UK and "Grexit" for Greece. Daniel Miller as president of the Texas Nationalist Movement (TNM) since 2005 has employed "TEXIT" within the contemporary movement advocating for Texas to secede from the United States and become an independent state. Despite limited support and facing legal challenges, the TEXIT concept obviously reflects high concerns about the national economy's disruptions, political and social fragmentation, and national security compromise (Particularly thanks to Dragland, 2022; Miller, 2018, 2023; Pérez-Boquete & Bello, 2022; Wood, 2019). Furthering its goals, TNM hosted its first TEXIT-related conference, named TEXITCON 2023, in Waco, Texas from 9-12 November 2023, to promote Texas secession movements by officially providing Texans with insights in various key strategic areas as follows: legislative, legal, economic, technological, and grassroots mobilization techniques. TNM invited numerous notable figures to contribute their expertise, including political leaders, academics, and specialists. Among them was Jonathan LaBar, founder and president of the Texas Bitcoin Project (founded in 2022). His project consistently disseminates extensive Bitcoin-related information through its own website to educate and raise awareness among Texans that Bitcoin is a very charming anti-CBDC currency (Particularly thanks to Leland, 2023; TNM STAFF, 2023; LaBar, 2024; The Texas Bitcoin Project, 2024; True Texas Project, 2024). The easy-to-understand presentation by Bitcoin specialist LaBar at the event strongly advocated Bitcoin as a charming alternative to government-based currency, including fiat currency and CBDC. It indicates the emergence of Kakistoscryptocracy within the context of TEXIT, which obviously presents a potential tension within the TNM. TEXIT absolutely centers on Texas, as a state in the United States, leaving the existing union and establishing its governance while kakistoscryptocracy mainly focuses on how active non-state actors like people, firms, or hedge funds usually conduct their affairs, particularly both money supply and money transfer, beyond Texas's conventional jurisdiction (Particularly thanks to Miller, 2018; Gohwong, 2023; LaBar, 2024; The Texas Bitcoin Project, 2024). Within the mentioned paradoxical relationship, a systematic analysis must be done. Therefore, the study's objectives were to compare TEXIT and kakistoscryptocracy to explore the key role of non-state actors under Kakistoscryptocracy that affect TEXIT, as well as to investigate the scenarios of official money in Texas based on TEXIT.

## LITERATURE REVIEWS

### Sovereignty

Sovereignty, as the last component of a modern state in Article 1 of the 1933 Convention on Rights and Duties of States, was the concept that every government had the supreme authority to manage all affairs within its borders, at both internal and external matters. For example, the United States actively participated in diplomacy, the United Nations and other international organizations, as well as international trade, and tightened its own border controls. Moreover, the U.S. government and its Federal Reserve Bank as the U.S. central bank intensively managed its economy and financial systems. Last, they also conducted the supply and management of its own fiat currency, named the U.S. dollar, and did not supply its own CBDC (Particularly thanks to Convention on Rights and Duties of States, 1933; Hague et al., 2016; Krugman & Wells, 2018).

### Kakistoscryptocracy

Kakistoscryptocracy, firstly coined by Srirath Gohwong in 2023, presented the latest threat against the well-known traditional state sovereignty, as directly outlined in Article 1 of the

1933 Convention on Rights and Duties of States, due to the unstoppable rise of underground websites (both deep and dark), non-government-based cryptocurrencies (NGCs) like Bitcoin, Ethereum, and Monero, and pirate organizations. It was an extreme case of lawless phenomena where lots of decentralized IT tools, e.g. blockchain, AI, TOR, and the metaverse, enabled non-state actors such as people, firms, and hedge funds to arbitrarily act as new rulers over these virtual and uncontrolled spaces including metaverse and underground websites through many illicit acts, e.g. tax evasion, terrorism financing, fraud, and cryptojacking. This term, therefore, led to a body of new knowledge in political science that full sovereignty no longer existed in state management. To address this threat properly, two proposed solutions were using tech ambassadors and cooptation with high-skilled cybercriminals (e.g. black hackers, cyberterrorists, and soft digital weapon makers), called corsairs (Gohwong, 2023).

## TEXIT

Texas was a well-known economic giant in the southern United States. Its history was shaped by numerous Native American tribes (including the Caddo Indians, Wichita Indians, Karankawas, Comanches, Apaches, Kiowas, and Tonkawas), and a few European countries. At first, Spain ruled over Texas in the 16<sup>th</sup> century, followed by France in a very short time. Then, Spain dominated Texas again in the 17<sup>th</sup> century with big burdens in logistics and finance. After that, when Mexico became independent from Spain in 1821, Texas was a part of Mexico, called the Mexican state of Coahuila and Texas. However, Texas fought Mexico, known as the Texas Revolution, in 1836, and won its independence. It became the Republic of Texas. Finally, annexed in 1845, it became part of the union ever since (Particularly thanks to Mora & Ruge, 2017; Newell & Prindle, 2020). The push for TEXIT stemmed in part from a very high dissatisfaction of TNM and its supporters with federal public policies, particularly economic regulations, gun control, and immigration. They perceived that Texas clearly contributed more to the federal government than it received. Consequently, they strongly trusted that Texas needed greater autonomy as an independent entity through a peaceful process according to the U.S. Constitution in its financial management and macroeconomy. Therefore, the TNM's key principles, based on Texas nationalism, were as follows: entrepreneurialism, individualism, resilience and human rights (including indomitability, and inherent rights), Texas' interests as the first priority, Texas's historical significance as the foundation of greatness, cultural and social fabric (including family, and nationhood), and Texans-based political power (Particularly thanks to Dragland, 2022; Miller, 2018, 2023; Texas Nationalist Movement, 2024). As the introduction evidently stated, TNM held TEXITCON 2023 in Texas last year. It invited many famous experts to offer insights into legislative, legal, economic, technological, and grassroots mobilization techniques (TNM STAFF, 2023).

## Governmental Power Market-Ing in the VU-CHAOS World

"Governmental Power Market-Ing in the VU-CHAOS World," written by Jermsittiparsert, Gohwong, Pavapanunkul, and Mahittichatkul in 2023, unquestionably showed the new way of market-ing for gaining and keeping power. The authors did not use common methods in marketing, political science, or Public Administration; they, in turn, elaborately examined how governments used market-ing and communication management to shape people's opinions. They also discussed gerontocracy and clandestine strategies within market-ing, showing that governance inevitably involved power sharing. Therefore, they sharply offered ideas about buying things from governments and suggestions on how governments evidently kept power when people's perceptions changed. In fact, the authors claimed that through market-ing people talked and thought about what they wished them to talk about. There was one method of assessing whether its market-ing worked or not which was called Governmental Power Market-Ing Excellence on Return on Investment (GROI). Furthermore, their concepts gave deep insight into how governments adapted their powers in response to rapid global changes (Jermsittiparsert et al., 2023).

## RESEARCH METHODOLOGY

This study heavily used rich documentary research. Analyzed data were elaborately gathered from a wide range of sources, including scholarly monographs, peer-reviewed journals, relevant laws, credible online materials, etc.

## RESEARCH RESULTS

### The comparison between TEXIT and Kakistoscryptocracy

TEXIT and Kakistoscryptocracy significantly differed without any linkage between them. Three key areas, including focus, scope, and implication, were elaborately investigated here. First, TEXIT mainly concerned Texas's secession. In contrast, Kakistoscryptocracy evidently focused on the non-state actors' use of NGCs beyond the sovereignty. Next, while TEXIT's extent was the management of politics and economy in the upcoming independent Texas, Kakistoscryptocracy's range went beyond the first one in numerous illegal affairs, including tax evasion, cryptojacking, and terrorism financing. Lastly, TEXIT challenged the upcoming independent Texas's capability to manage its new currency, either fiat currency or GC. As an alternative to the first, Kakistoscryptocracy intensively needed a set of innovative algorithms to decrease the illegal movement of non-state actors. However, the LaBar's proposal of Bitcoin as an alternative currency for Texas in the first TEXIT conference obviously established a strong linkage between TEXIT and Kakistoscryptocracy. However, the proposal significantly showed potential tensions in TNM between its supporters in fiat currencies, either the US Dollar or a prospective currency, and Bitcoin (Particularly thanks to Gohwong, 2023; LaBar, 2024; The Texas Bitcoin Project, 2024; Miller, 2018, 2023).

**Table 1** the comparison between TEXIT and Kakistoscryptocracy

Issues	TEXIT	Kakistoscryptocracy
Focus	Texas secession and economic/political autonomy.	Rise of non-state actors using NGCs for illicit activities.
Scope	Specific to Texas.	Broader scope (tax evasion, terrorism financing).
Implications	Questions about managing currency post-secession.	Need for solutions to counter non-state actors in virtual spaces.
Interception	Bitcoin as an alternative currency within the context of TEXIT.	Bitcoin as an alternative currency within the context of TEXIT.

Source: Particularly thanks to Gohwong (2023), LaBar (2024), The Texas Bitcoin Project (2024), Miller (2018, 2023)

### The scenarios of official money in Texas after post-TEXIT

Two possible scenarios for official currency in Texas post-TEXIT were Scenario 1, in which Texas sticks with the US Dollar, and Scenario 2, in which Texas adopts Bitcoin as its new currency (Particularly thanks to Dragland, 2022; Gohwong, 2023; Hague et al., 2016; Krugman & Wells, 2018; LaBar, 2024; Leland, 2023; Miller, 2018, 2023; Pérez-Boquete & Bello, 2022; Sigalos, 2022; The Texas Bitcoin Project, 2024; Texas State Securities Board, 2023, 2024; TNM STAFF, 2023; Wood, 2019; True Texas Project, 2024).

Scenario 1, hypothesized Texas government in which Texas sticks with the US Dollar. In this case, Texas kept using the US dollar after TEXIT to preserve its economic stability and maintain market integrity amidst the uncertainties of secession by circumspect negotiation with the United States for a formal currency union post-TEXIT. While Texas had partial autonomy, it mostly must comply with the laws and regulations of the former U.S. monetary system. In this situation, the Texas State Securities Board (TSSB) obviously had a vital role in keeping an

equilibrium between stability and autonomy amidst the post-TEXIT by overseeing all financial activities in Texas following the rules, and protecting investors from fraud, especially concerning NGCs. For non-state actors like the Texas Bitcoin Project, some TNM's backers, and the Texas Blockchain Council consistently pushed for NGCs' widespread adoption in Texas, particularly Bitcoin, even though their efforts may not have directly influenced government policy. The inevitable relation to kakistoscryptocracy drew special high attention to the potential risks of sticking with the US dollar amidst uncontrollable NGCs. NGCs still continued to be considered by TSSB as potential threats, including fraudulence, to Texas sovereignty over its national currency and financial transactions.

Scenario 2, hypothesized Texas government in which Texas adopts Bitcoin as its new currency. In this case, Texas legally adopted Bitcoin as its new currency in a decentralized economy. Supporters of this innovative move, including the Texas Bitcoin Project, some TNM backers, and the Texas Blockchain Council (TBC), as non-state actors, worked vastly to educate Texans and Texas government agencies about the significance of Bitcoin on public finance management. The use of Bitcoin directly offered Texans, as the true holders of sovereignty, an unprecedented opportunity to collectively participate in managing their currency for the first time, including public debts, public spending, and changes in the blockchain protocol, a set of rules for governing any cryptocurrency. Moreover, the Texas State Securities Board (TSSB) became a regulatory agency to protect Bitcoin investors from numerous unregulated illicit activities, such as fraudulence, in some uncontrollable areas such as the dark web, to keep market integrity in the NGCs-dominated capital market. However, the concept of kakistoscryptocracy emphasized the negative impact of NGCs on state sovereignty. Hence, the TSSB, as a Texas government agency, must develop regulatory frameworks and law enforcement measures to limit the illegal use of NGCs. Last, Fort Worth City Council, as a Texas government agency, did a pilot project testing Bitcoin mining in its city hall to understand the technology, which its mining machine donated by TBC, positioning itself as a hub for FinTech innovation, and getting more attention from both media and FinTech companies.

## DISCUSSION & CONCLUSION

In this session, two scenarios are explained by the government power market-ing of hypothesized Texas government under a set of mechanism of the book, titled "Governmental Power Market-Ing in the VU-CHAOS World" (Particularly thanks to Dragland, 2022; Forrer et al., 2014; Gohwong, 2020, 2023; Hague et al., 2016; Jermsittiparsert et al., 2023; Krugman & Wells, 2018; LaBar, 2024; Leland, 2023; Miller, 2018, 2023; Pérez-Boquete & Bello, 2022; Sigalos, 2022; The Texas Bitcoin Project, 2024; Texas State Securities Board, 2023, 2024; TNM STAFF, 2023; Wood, 2019; True Texas Project, 2024; Selznick, 1949).

In scenario 1, the situation is that Texas will continue using the US dollar, as the official legal tender even post-TEXIT. It will be the consecutive use of conventional macroeconomics under the traditional sovereignty of classical political science. The hypothesized Texas government will be the center of new public management (NPM) in Texas, particularly public financial management. The use of US dollar as currency in Texas will be the preservation of contemporary public sector's setting, including government bodies (such as TSSB), laws, and regulations to highly promote the advantages of economic stability and market integrity with the US dollar. This situation could be explained by "Governmental Power Market-Ing in the VU-CHAOS World". These advantages are the use of good incentives as a tactic in market-ing strategies that make Texans easily accept the old fiat currency like the US dollar. The US dollar will be utilized by hypothesized Texas government to assure Texans of the suitability of market-ing programs to strengthen the governmental power of Texas. First, it is the use of modernization by promoting "nation competitive intelligence via a national economic and

social plan for integrating all changes from social to people living" that intentionally uses the old public financial management to convince Texans of the economic growth of Texas due to the continuation of the US dollar use. Next, it is in the first strategic of "strategies of governmental power market-ing." The focus on economic stability and market integrity with the US dollar is the use of package (with good image of the US dollar) and promotion (with the US dollar's stability for making trust of Texans), price (with low volatility of the US dollar price, better than Bitcoin's price). Last, it is about economic influences as a factor of governance environmental factors. With the familiar and trusted money like the US dollar, the Texans will trust in the use of old money in a new independent state like Texas.

Unlike in Scenario 1, Scenario 2 argues that Texas will use Bitcoin as a new currency, replacing the US Dollar. This situation will directly lessen the sovereignty of the hypothesized Texas government as a new independent state, particularly in currency and public finance management. With this situation, the hypothesized Texas government will set up cross-sector collaboration to manage Bitcoin with a cross-sector partnership among key players, such as the Texas government (e.g., hypothesized government), the Texas State Securities Board (TSSB), and the Fort Worth City Council, some TNM backers (as a political organization), and the Texas Bitcoin Project and the Texas Blockchain Council (TBC) (as two non-profit organizations). This partnership will diminish the effect of gerontocracy and kakistocracy by diminishing serious tension between the elders, including politicians, business people, civil servants, and the youngers as a new generation of Texas. Under the application of governmental power marketing, the hypothesized Texas government could use the first strategic of "strategies of governmental power marketing." The promotion of economic freedom and transparency of digital money like Bitcoin is the use of a package (with a good image of Bitcoin as a part of inTech), passion (with an independent currency from the US Dollar), personate (with the foundation of cross-sector collaboration among key players in the separated Texas), place (such as the Bitcoin mining pilot project in the city hall of Fort Worth City Council), promotion (the application of Selznick's cooptation in cross-sector collaboration), and the product (with the use of Bitcoin for increasing data governance in the public sector, good governance, and information security). Next, the use of Bitcoin as a new currency is the use of the second strategy: generation power marketing elements and popular cultural power. According to Scenario 2, Bitcoin is not only a currency but also an asset (investment), seen in the movement of TNM, TBC, and the Texas Bitcoin Project. The hypothesized Texas government can use the tactics of Generation X, Y, Z, Alpha, LGBT, and Generation Solopreneurship to promote the use of Bitcoin, both as currency and asset, particularly Gen Z, Gen Alpha, and Gen Solopreneurship. Later, the hypothesized Texas government can use economic influences (with the digital investment of Bitcoin), legal influences (with legalization in selling and buying Bitcoin), political climate matter influences (with the conference with TNM, etc.; Fort Worth City Council's pilot project testing Bitcoin mining in its city hall), technological influences (with the use of Bitcoin, instead of the US Dollar as fiat currency).

In conclusion, TEXIT has emerged a movement in the US state of Texas. In the study, tis goals were to compare TEXIT and kakistoscryptocracy, and to investigate the scenarios of official money in Texas based on TEXIT. Though it differed from kakistoscryptocracy in three issues (including focus, scope, and implications), they had similarity by considering Bitcoin as an alternative currency. In addition, there were two scenarios for the hypothesized Texas-the US Dollar as currency and Bitcoin as currency. Last, both two scenarios could be explained by government power market-ing to increase the hypothesized Texas government power.

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