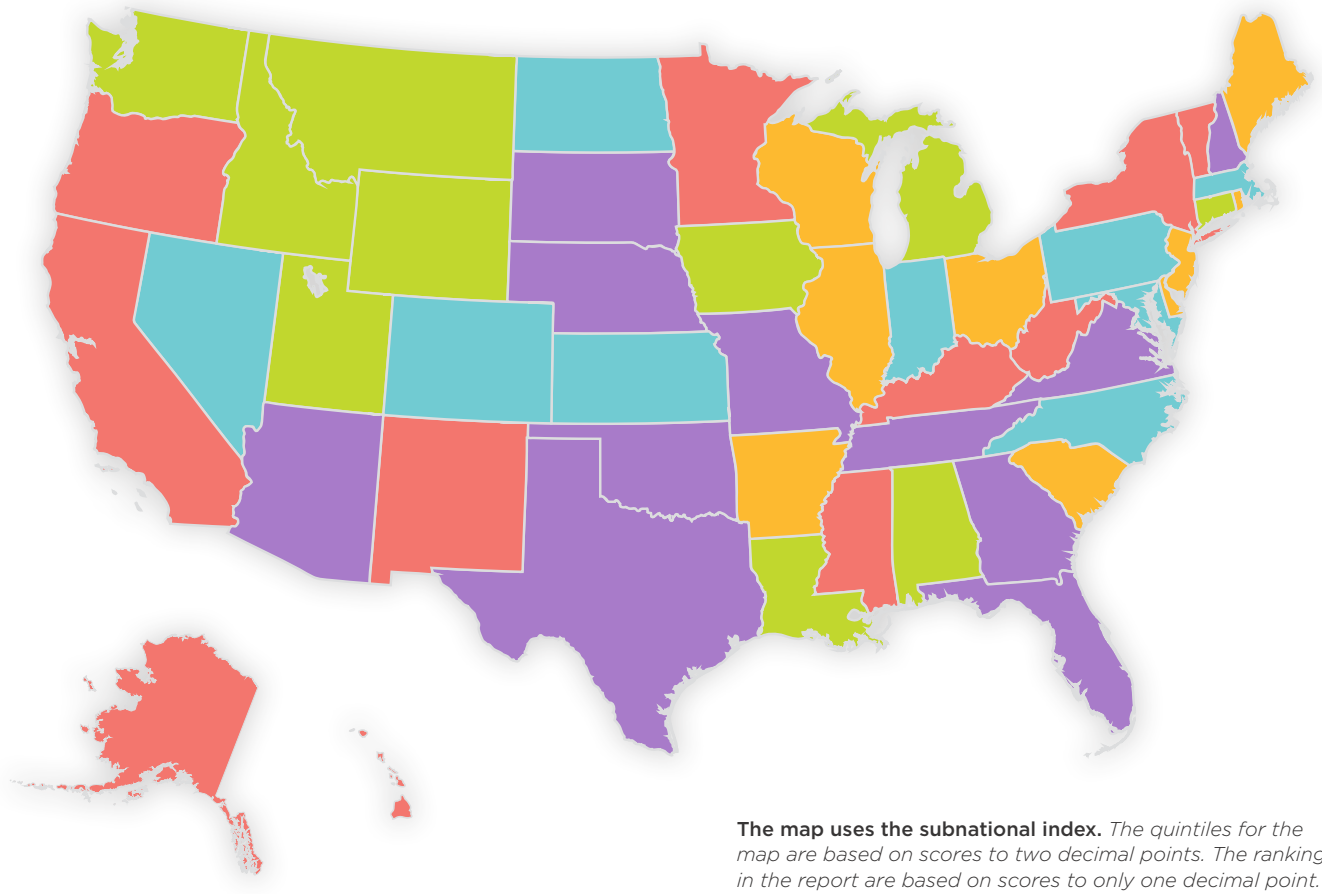
Dean Stansel, José Torra
& Fred McMahon

GRASSROOT INSTITUTE OF HAWAII
Caminos de la Libertad
FRASER INSTITUTE

Economic Freedom of North America 2016



The map uses the subnational index. *The quintiles for the map are based on scores to two decimal points. The rankings in the report are based on scores to only one decimal point. Researchers can find unrounded scores on freetheworld.com.*

MOST FREE | 2ND QUINTILE | 3RD QUINTILE | 4TH QUINTILE | LEAST FREE

Economic Freedom of North America 2016

Dean Stansel, José Torra,
and Fred McMahon

Fraser Institute
2016

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Hawaii Economic Freedom Fact Sheet

Hawaii ranks 46th among the 50 states in economic freedom, which is the same as the year before. The Aloha State's biggest problems are high taxes, and high government spending on workers' compensation, public pensions and social programs. Hawaii also suffers from a high cost of living caused in part by protectionist regulatory policies.

Hawaii's 46th place ranking is worse than it appears, however, as the state is tied with several other states and Canadian provinces for that ranking. Only two states rank worse than Hawaii--California and New York.

Government spending continues to be an issue in the Aloha State. Hawaii ranked 40th in General Consumption Expenditures by Government as Percentage of Income. As government spending increases beyond what is necessary to provide its protective and productive functions, overall economic freedom shrinks.

Again reflecting the issues inherent in Hawaii's unfunded liabilities and unsustainable public pension plan, the state ranked 27th overall in Insurance and Retirement Payments as a Percentage of Personal Income.

Hawaii ranked 49th overall in taxation, dragged down by especially low scores in two areas: top income tax rate (49th) and sales tax revenue as a percentage of personal income. Hawaii ranked last place in tax policy for the state's General Excise Tax, a regressive tax which puts a heavy burden on residents making a low or moderate income.

One area where Hawaii performed well is in Property Tax and Other Taxes as a Percentage of Income (that is, taxes other than income, payroll, and sales taxes). The state has often been praised for low property tax rates, and this year's report was no exception, with Hawaii scoring a ranking of 10th overall in this category.

Hawaii ranked a middling 38th overall in Labor Market Freedom, though that position is likely to decline in the near future. The state's ranking of 13 in Minimum Wage Legislation is probably temporary, given recent changes in the law and the possibility of additional legislative initiatives to change the state's minimum wage. Moreover, Hawaii also ranked 48th in union density, which makes up a large portion of the state's economy.

Highest and lowest ranked states overall

Most free:

- **New Hampshire – 1st**
- **Florida – 2nd**
- **South Dakota – 3rd**
- **Texas – 3rd**
- **Tennessee – 5th**

Least free:

- **New Mexico – 46th**
- **Alaska – 46th**
- **Hawaii – 46th**
- **California – 49th**
- **New York – 50th**

Hawaii's strengths and weaknesses

Strengths:

10th – Low property taxes

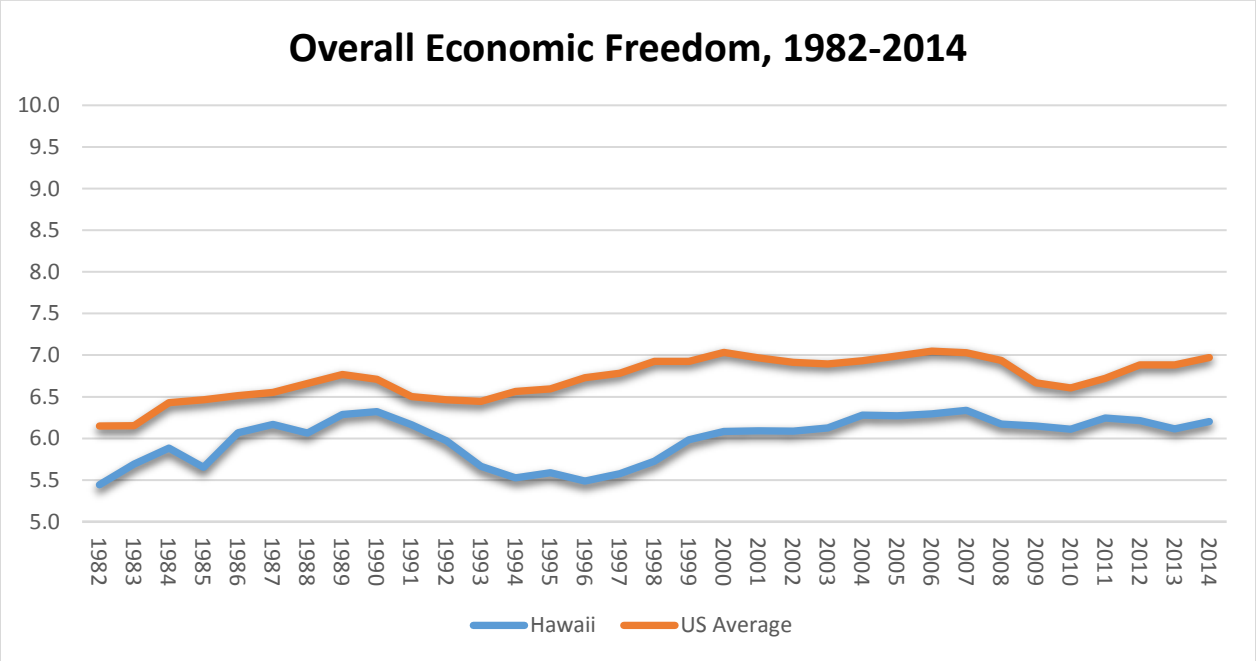
13th – Minimum wage income

Weaknesses:

48th – Union density

49th – Top income tax rate

50th – High Sales or General Excise Taxes



About the rankings

A significant body of research finds that economic freedom is positively correlated with desirable outcomes such as high per-capita income, economic growth and greater life expectancy. This is the twelfth edition of the Fraser Institute's annual Economic Freedom report, which compares 10 variables in 92 state and provincial governments in Canada, Mexico and the United States. The Fraser Institute's report, which provides the most comprehensive overview available of economic freedom in North America, can be downloaded at no cost at www.freetheworld.com. The Grassroot Institute of Hawaii provided additional analysis of the data to highlight economic freedom in the Aloha State. Both think tanks research and advocate free-market economic policies.

Contents

Executive summary / v

Chapter 1 Economic Freedom of Canada, the United States, and Mexico in 2014 / 1

Chapter 2 Economic Freedom of the Mexican States in 2014 / 23

Chapter 3 Detailed Tables of Economic Freedom in Canada, the United States, and Mexico / 33

Appendix A Methodology / 54

Appendix B Explanation of Components and Data Sources / 59

Appendix C Selected Publications Using *Economic Freedom of North America* / 69

About the Authors / 83

Acknowledgments / 85

About the Fraser Institute and Caminos de la Libertad / 86

Our EFNA Network / 87

About this Publication / 93

Supporting the Fraser Institute / 94

Purpose, Funding, and Independence / 94

Peer review—Validating the Accuracy of Our Research / 95

Editorial Advisory Board / 96

Executive summary

Economic Freedom of North America in 2014

Economic Freedom of North America 2016 is the twelfth edition of the Fraser Institute's annual report. This year it measures the extent to which the policies of individual provinces and states were, in 2014, supportive of economic freedom, the ability of individuals to act in the economic sphere free of undue restrictions. There are two indices: one that examines provincial/state and municipal/local governments only and another that includes federal governments as well. The former, our subnational index, is for comparison of individual jurisdictions within the same country. The latter, our all-government index, is for comparison of jurisdictions in different countries.

For the subnational index, *Economic Freedom of North America* employs 10 variables for the 92 provincial/state governments in Canada, the United States, and Mexico in three areas: 1. Government Spending; 2. Taxes; and 3. Labor Market Freedom. In the case of the all-government index, we incorporate three additional areas at the federal level from *Economic Freedom of the World* (EFW): 4. Legal Systems and Property Rights; 5. Sound Money; and 6. Freedom to Trade Internationally; and we expand Area 1 to include government enterprises and investment (variable 1C in EFW), Area 2 to include top marginal income and payroll tax rate (variable 1Dii in EFW), and Area 3 to include credit market regulation and business regulations (also at the federal level). These additions help capture restrictions on economic freedom that are difficult to measure at the provincial/state and municipal/local level.

Results for Canada, the United States, and Mexico

The all-government index

In *Economic Freedom of the World* (Gwartney, Lawson, and Hall, 2016), for several years now Canada has been ahead of the United States, which is in turn even further ahead of Mexico. The inclusion of variables from that report in our all-government index allows us to display more accurately the gap between Canada, the United States, and Mexico. Thus, in the all-government index for 2014 two of the top three jurisdictions were Canadian, with Alberta in first place with a score of 8.1 and British Columbia tied for second with New Hampshire at 7.9. Alberta's hold on first place is not secure, however, as from 2015 its government has been making changes in taxation, spending, and regulation that are likely to have a significant negative effect

on the province's economic freedom. Saskatchewan, Ontario, and Newfoundland & Labrador were tied for fourth (with Florida, Texas, and 14 other US states) at 7.8.

It is important to understand just how close the scores are in this index. In addition to the 19 jurisdictions tied for fourth, there are 23 jurisdictions tied for 23rd at 7.7 (20 states and three Canadian provinces) and 13 more tied for 46th at 7.6 (11 states and two Canadian provinces). The highest ranked Mexican states are Jalisco and Baja California, tied at 61st with 6.5. Those three are behind all 60 of the US and Canadian jurisdictions. The lowest ranked state is Distrito Federal at 5.6, followed by Colima at 5.7 and Campeche at 5.9. The lowest-ranked Canadian provinces are Prince Edward Island and Nova Scotia at 7.6, tied for 46th with California and 10 other states. The lowest-ranked states in the United States are New York and Delaware, tied at 7.5 in 59th place.

Historically, economic freedom has been declining in all three countries. Since 2004, the average score for Canadian provinces on the all-government index has fallen from 7.90 to 7.78; the average score for US states fell from 8.26 to 7.70; and for Mexico, from 6.68 to 6.19. However, economic freedom has increased in all three nations since 2013 when Canadian provinces averaged 7.73, the US states, 7.64, and the Mexican states, 6.09.

The subnational indices

For the purpose of comparing jurisdictions within the same country, the subnational indices are the appropriate choice. There is a subnational index for each country. In Canada, the most economically free province was, in 2014, Alberta with 8.0, followed by British Columbia with 6.4 and Ontario at 6.2. The least free by far was Quebec at 3.9, followed by Nova Scotia and Saskatchewan, tied at 5.2.

In the United States, the most economically free state was New Hampshire at 8.3, followed at 8.1 by Florida. South Dakota and Texas are tied for third at 8.0. (Note that since the indexes were calculated separately for each country, the numeric scores on the subnational indices are not directly comparable across countries.) The least free state was New York at 5.7; California was slightly better at 5.9. Alaska, Hawaii, and New Mexico were tied for 46th at 6.0.

In Mexico, the most economically free state was Baja California at 7.8. Jalisco was second at 7.6, followed by Coahuila at 7.3. The least free Mexican state was Chiapas at 4.3; slightly better were Campeche at 4.5 and Oaxaca at 4.9.

For the first time this year, we have produced for each province and state a one-page summary that contains all the 2014 scores and rankings for each of the components of the index as well as historical data on the overall and area scores. For brevity, these are not included in the report, but they are available at <www.fraserinstitute.org/studies/economic-freedom>, <www.freetheworld.com/efna.html>.

Economic freedom and economic well-being at the subnational level

The jurisdictions in the least economically free quartile (one fourth) on the all-government index had, in 2014, an average per-capita income of just US$2,485 compared to US$43,847 for the most economically free quartile. On the subnational index,

the same relationship holds, with the least-free quartile having an average per-capita income more than 3% below the national average, while the most-free quartile was nearly 5% above it.

In addition, economic freedom at the subnational level has generally been found to be positively associated with a variety of measures of the per-capita size of the economy and the growth of the economy as well as various measures of entrepreneurial activity. There are now more than 200 articles by independent researchers examining subnational economic freedom using the data from *Economic Freedom of North America*. (Appendix C lists some of these articles that either use or cite *Economic Freedom of North America*.) Much of that literature discusses economic growth or entrepreneurship but the list also includes studies of a variety of topics such as income inequality, eminent domain, and labor markets. The results of these studies tend to mirror those found for these same relationships at the country level using the index published in *Economic Freedom of the World*.

Data available to researchers

The full data set, including all of the data published in this report as well as data omitted due to limited space, can be downloaded for free at <www.fraserinstitute.org/studies/economic-freedom> or <www.freetheworld.com/efna.html>. The data file available there contains the most up-to-date and accurate data for the index published in *Economic Freedom of North America*. All editions of the report are available in PDF and can be downloaded for free at <www.fraserinstitute.org/studies/economic-freedom> or <www.freetheworld.com/efna.html>. However, users are always strongly encouraged to use the data from the most recent data file as updates and corrections, even to earlier years' data, do occur.

If you have difficulty downloading the data, please contact Fred McMahon via e-mail to <freetheworld@fraserinstitute.org>. If you have technical questions about the data itself, please contact Dean Stansel via e-mail to <dean.b.stansel@gmail.com>.

Cite the dataset

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Chapter 1
Economic Freedom of Canada, the United States, and Mexico in 2014

Economic freedom and the index

Economic Freedom of North America is an attempt to gauge the extent of the restrictions on economic freedom imposed by governments in North America. The index published here measures economic freedom at two levels, the subnational and the all-government. At the subnational level, it measures the impact on economic freedom of provincial and municipal governments in Canada and of state and local governments in the United States and Mexico. At the all-government level, it measures the impact of all levels of government—federal, provincial/state, and municipal/local—in Canada, the United States, and Mexico. All 10 provinces, 50 US states, and 32 Mexican states (including Distrito Federal) are included (figures 1.1, 1.2a, 1.2b and 1.2c).

What is economic freedom and how is it measured in this index?

Writing in *Economic Freedom of the World, 1975–1995*, James Gwartney, Robert Lawson, and Walter Block defined economic freedom in the following way.

> Individuals have economic freedom when (a) property they acquire without the use of force, fraud, or theft is protected from physical invasions by others and (b) they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others. Thus, an index of economic freedom should measure the extent to which rightly acquired property is protected and individuals are engaged in voluntary transactions. (Gwartney, Lawson, and Block, 1996: 12)

The freest economies operate with minimal government interference, relying upon personal choice and markets to answer basic economic questions such as what is to be produced, how it is to be produced, how much is produced, and for whom production is intended. As government imposes restrictions on these choices, there is less economic freedom.

The research flowing from the data generated by the annually published report, *Economic Freedom of the World* (EFW), a project Michael Walker, who was then executive director of the Fraser Institute, initiated 30 years ago, shows that economic freedom is important to the well-being of a nation's citizens. This research has found that economic freedom is positively correlated with per-capita income, economic growth, greater life expectancy, lower child mortality, the development of democratic institutions, civil and political freedoms, and other desirable social and economic outcomes.[1] Just as *Economic Freedom of the World* seeks to measure economic freedom of countries on an international basis, *Economic Freedom of North America* has the goal of measuring differences in economic freedom at both the subnational and all-governments level among the Canadian provinces, US states, and Mexican states.

In 1999, the Fraser Institute published *Provincial Economic Freedom in Canada: 1981–1998* (Arman, Samida, and Walker, 1999), a measure of economic freedom in 10 Canadian provinces. *Economic Freedom of North America* updates and, by including the 50 US states and the 32 Mexican states, expands this initial endeavor. It looks at the 10 Canadian provinces (Northwest Territories, Nunavut, and Yukon are not included) and the 50 US states from 1981 to 2014 and the 32 Mexican states back to 2003. Each province and state is ranked on economic freedom at both the subnational (state/provincial and local/municipal) and the all-government (federal, state, and local) levels. This helps isolate the impact of different levels of government on economic freedom in Canada, the United States, and Mexico. The subnational index provides a comparison of how individual jurisdictions within a country measure up against other jurisdictions in that country. The all-governments index provides a comparison of how individual jurisdictions in different countries compare to each other.

Because of data limitations and revisions, some time periods are either not directly comparable or are not available. When necessary, we have generally used the data closest to the missing time period as an estimate for the missing data (specific exceptions to this approach are discussed individually in Appendix B). If there have been changes in this component during this period, this procedure would introduce some degree of error in the estimate of economic freedom for the particular data point. However, omitting the component in the cases when it is missing and basing the index score on the remaining components may create more bias in the estimate of overall economic freedom.

We examine state- and province-level data in three areas of economic freedom: government spending, taxes, and labor-market freedom. To account for factors that vary primarily across countries but not subnational jurisdictions, our all-government index includes additional variables found in *Economic Freedom of the World*.

Prior to the 2012 report, we had not included in the North American index data from several areas used in the index published in *Economic Freedom of the World*—in

1. A list of such articles and additional information can be found at <www.freetheworld.com>. See also Easton and Walker, 1997; and De Haan and Sturm, 2000. For the latest summary of literature on economic freedom at an international level, see Doucouliagos and Ulubasoglu, 2006; and Hall and Lawson, 2014.

particular, data for the legal system and property rights, and for regulation of credit and business. There were two reasons for this. Firstly, data in these areas are typically not available at the state/provincial level. Secondly, these are primarily areas of national policy and would vary little from province to province or state to state. Since Canada and the United States had similar scores for these areas in the index of nations and territories covered by the broader world report, that also meant that these factors varied little from province to state and thus it was not essential to include these data in the index of economic freedom in North America.

However, in the most recent indices published in *Economic Freedom of the World*, gaps have widened between the scores of Canada and the United States in these areas. Thus, starting with the 2012 edition of *Economic Freedom of North America* at the all-government level we began including data from the world index for the legal system and property rights and for regulation of credit and business. We later expanded on that approach by adding ten additional components: sound money, freedom to trade internationally, government enterprises and investment, top marginal income and payroll tax rate, and the six components of the labor market regulations area.

With the exception of sound money, freedom to trade, business regulation, and government enterprises, for which Canada and the United States have an almost identical score (and labor market regulations, on which the United States has a slight advantage), the gap that has grown between Canada and the United States in these areas much favors Canada and thus the scores of the provinces significantly increase when these data are included—something that would not have occurred in earlier years when the scores from the world index in these areas were closer.

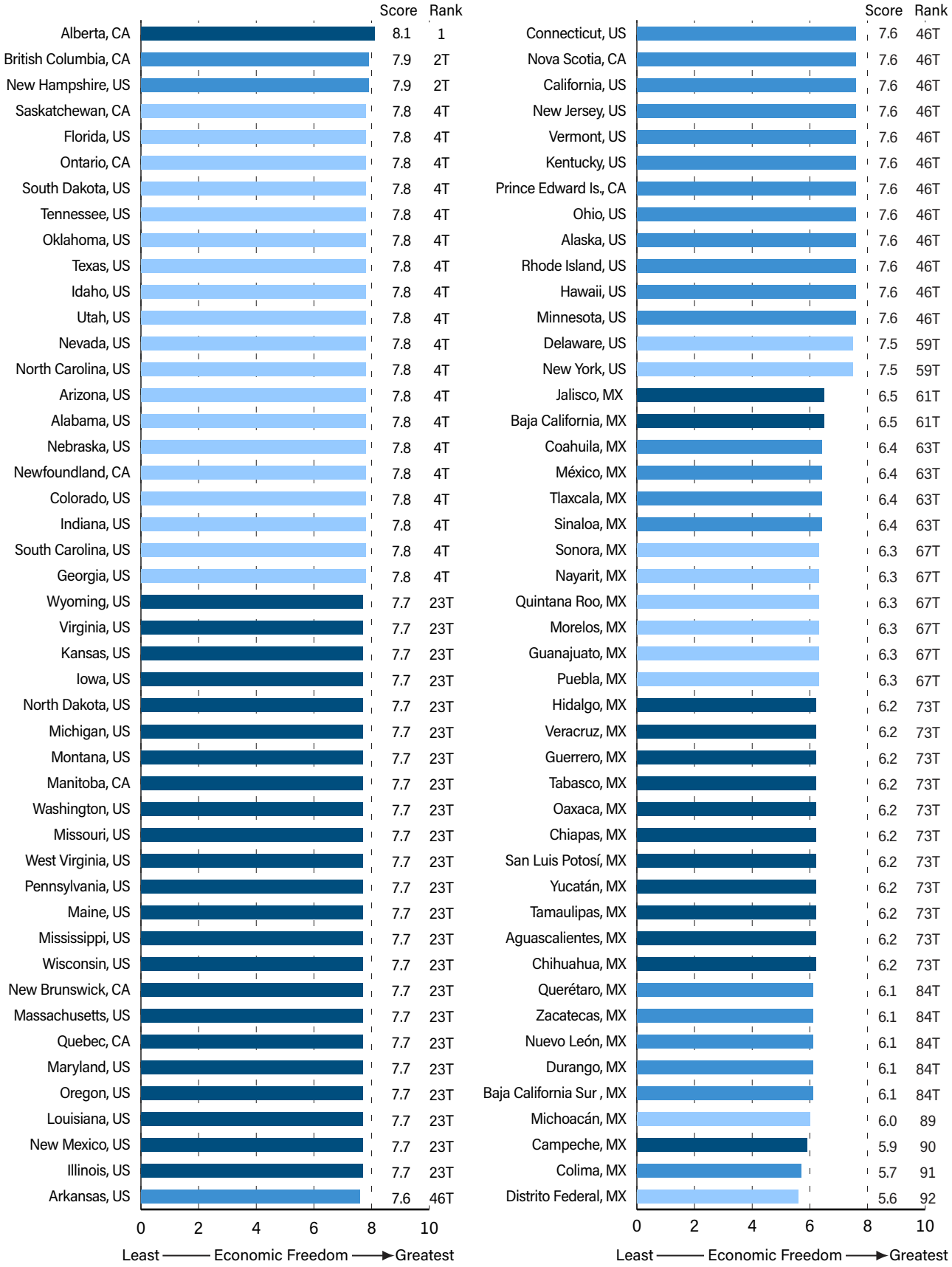
Results on the all-government index

Thus, as figure 1.1 indicates, on the all-government index two of the top three jurisdictions are Canadian, with Alberta in first place with a score of 8.1,[2] and British Columbia tied for second with New Hampshire at 7.9. Saskatchewan, Ontario, and Newfoundland & Labrador are tied for fourth with Florida, Texas, and 14 other US states at 7.8. The lowest Canadian provinces are Prince Edward Island and Nova Scotia (tied for 46th with 7.6); the lowest US states are New York and Delaware (tied for 59th with 7.5).[3]

The highest rated Mexican states are Jalisco and Baja California (tied for 61st at 6.5), though they rank behind all 50 US states and 10 Canadian provinces, behind 60th place by a full point. The lowest rated is Distrito Federal (92nd with 5.6) followed by Colima at 5.7 and Campeche at 5.9. (For a more detailed discussion of Mexican results, see Chapter 2: Economic Freedom of the Mexican States in 2014.)

2. The data for this year's report is from 2014. Beginning in 2015, Alberta's government began making changes in taxation, spending, and regulation that are likely to have a significant negative effect on the province's economic freedom in future years. See research at: <www.fraserinstitute.org/studies/provincial-prosperity>.
3. In the figures, ties are indicated by use of the same shade.

Figure 1.1: Summary of Ratings for Economic Freedom at the All-Government Level, 2014



As table 1.1 indicates, on average, Canadian provinces now have a higher level of economic freedom on the all-government index than US states, but only by less than one tenth of a point (7.78 out of 10 compared to 7.70). Unfortunately, this does not mean that Canadian provinces have had long-term gains in economic freedom, but rather that their economic freedom has declined less than that of the US states. Historically, economic freedom has been declining in all three countries. Since 2004, the average score for Canadian provinces on the all-government index has fallen from 7.90 to 7.78; the average score for US states fell from 8.26 to 7.70; and for Mexican states, from 6.68 to 6.19. However, economic freedom has increased in all three nations since 2013 when Canadian provinces averaged 7.73, the US states, 7.64, and the Mexican states, 6.09.

Table 3.1 (pp. 34–35) shows the individual scores for all six areas included in the all-government index. The calculations for the index and the data sources for the scores are found in appendices A and B. Because of a lack of available data for the Mexican states, the all-government index extends back only to 2003. The subnational indices for Canada and the United States continue to extend back to 1981.

Results on the subnational indices

For comparisons of jurisdictions within the same country, the subnational indices are most appropriate. Figures 1.2a to 1.2c show the subnational index for each North American country. Alberta, with a score of 8.4, was in 2014 far and away the most economically free province in Canada (figure 1.2a).[4] The next highest was British Columbia at 6.4 followed by Ontario at 6.2. Quebec was at the bottom with 3.9, followed by Nova Scotia and Saskatchewan, tied for eighth with 5.2.[5]

4. See footnote 2, above.
5. Our earlier source of government finance data in Canada was discontinued in 2010, with the last year of data being 2009. As a result, in recent years we have used the change in overall aggregates in spending and revenue to produce estimates for the government finance variables in Area 1 and Area 2. The new data series became available in 2015, after the 2015 edition had gone to print. That new data has now been incorporated into the 2016 edition. It goes back to 2007. To smooth the transition between the two series, for 2006 we used the average of that new 2007 data and the 2005 data from the previous data series. The two data series are not identical. There were changes in the way that spending and revenue categories were defined. However, this did not create any major changes in the relative rankings of the provinces, with one exception. While Saskatchewan was ranked 3rd amongst the 10 Canadian provinces in the 2015 report's subnational index, it is ranked 8th of the 10 in this year's subnational index. Note that this discrepancy does not exist in the all-government rankings, which incorporate federal taxes and spending. In that index, Saskatchewan remains in a tie for 3rd place among the 92 states and provinces of North America. One reason for this disparity between the two indices is that, as Saskatchewan has become richer in recent years, it has received smaller amounts of federal spending. At the same time, the province has been increasing its spending at the provincial level. While those changes offset each other on the all-government index, they lower Saskatchewan's score on the subnational index. Indeed, Saskatchewan ranked 2nd amongst the Canadian provinces in Area 1 (government spending) in last year's subnational index. It ranks 8th in subnational Area 1 in this year's report using the new data series.

Table 1.1: Average Economic Freedom Scores at the All-Government Level, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Canada	7.87	7.90	7.83	7.82	7.83	7.83	7.76	7.73	7.67	7.72	7.73	7.78
United States	8.25	8.26	8.09	8.01	8.09	7.99	7.71	7.72	7.66	7.76	7.64	7.70
Mexico	6.63	6.68	6.58	6.67	6.51	6.30	6.30	6.10	6.10	6.14	6.09	6.19
Canada minus United States	–0.38	–0.36	–0.26	–0.19	–0.25	–0.16	0.05	0.01	0.01	-0.03	0.08	0.07
Canada minus Mexico	1.24	1.22	1.25	1.15	1.32	1.53	1.46	1.63	1.57	1.58	1.64	1.58

Figure 1.2a: Summary of Canadian Ratings for Economic Freedom at the Subnational Level, 2014

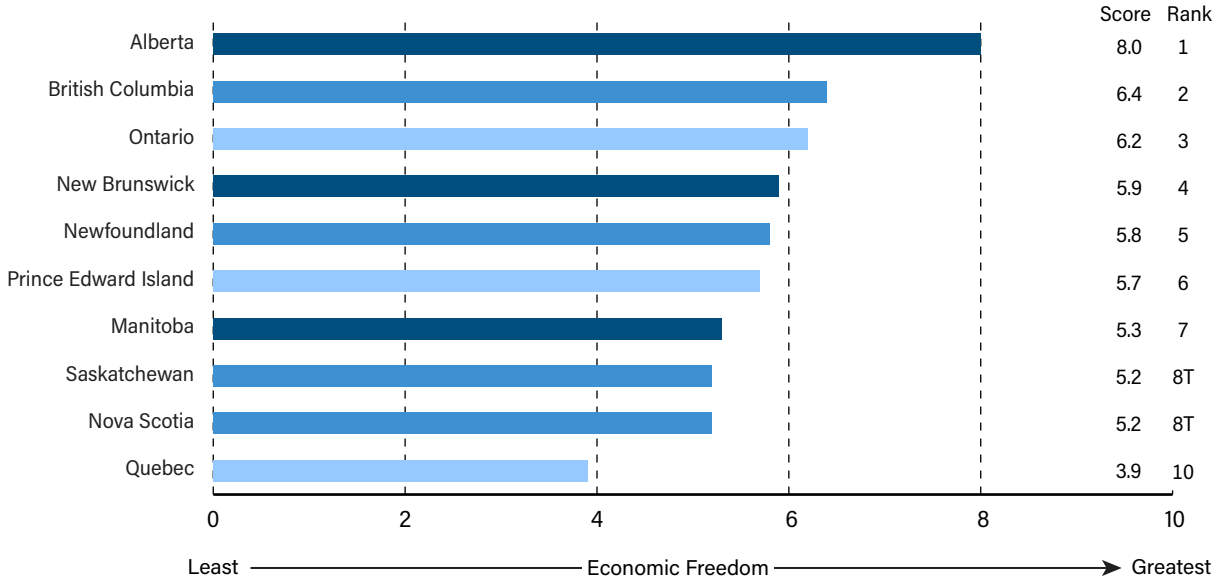


Figure 1.2b shows the subnational scores for the US states. New Hampshire was alone at the top with a score of 8.3, followed by Florida with 8.1. South Dakota and Texas tied for third with 8.0.[6] Tennessee was next with 7.9, and then Virginia with 7.8. The least-free state was New York with 5.7, then California with 5.9. Alaska, New Mexico, and Hawaii were tied for 46th with 6.0.

The subnational scores for the Mexican states can be found in figure 1.2c. (Ch. 2 contains a more detailed discussion of the Mexican index.) The most economically free state was Baja California at 7.8, followed by Jalisco at 7.6, and Coahuila with 7.3. Chiapas was the least-free state at 4.3. The next lowest were Campeche at 4.5 and Oaxaca at 4.9.

6. Note that since the indices were calculated separately for each country, the numeric scores on the subnational indices are not directly comparable across countries.

Figure 1.2b: Summary of US Ratings for Economic Freedom at the Subnational Level, 2014

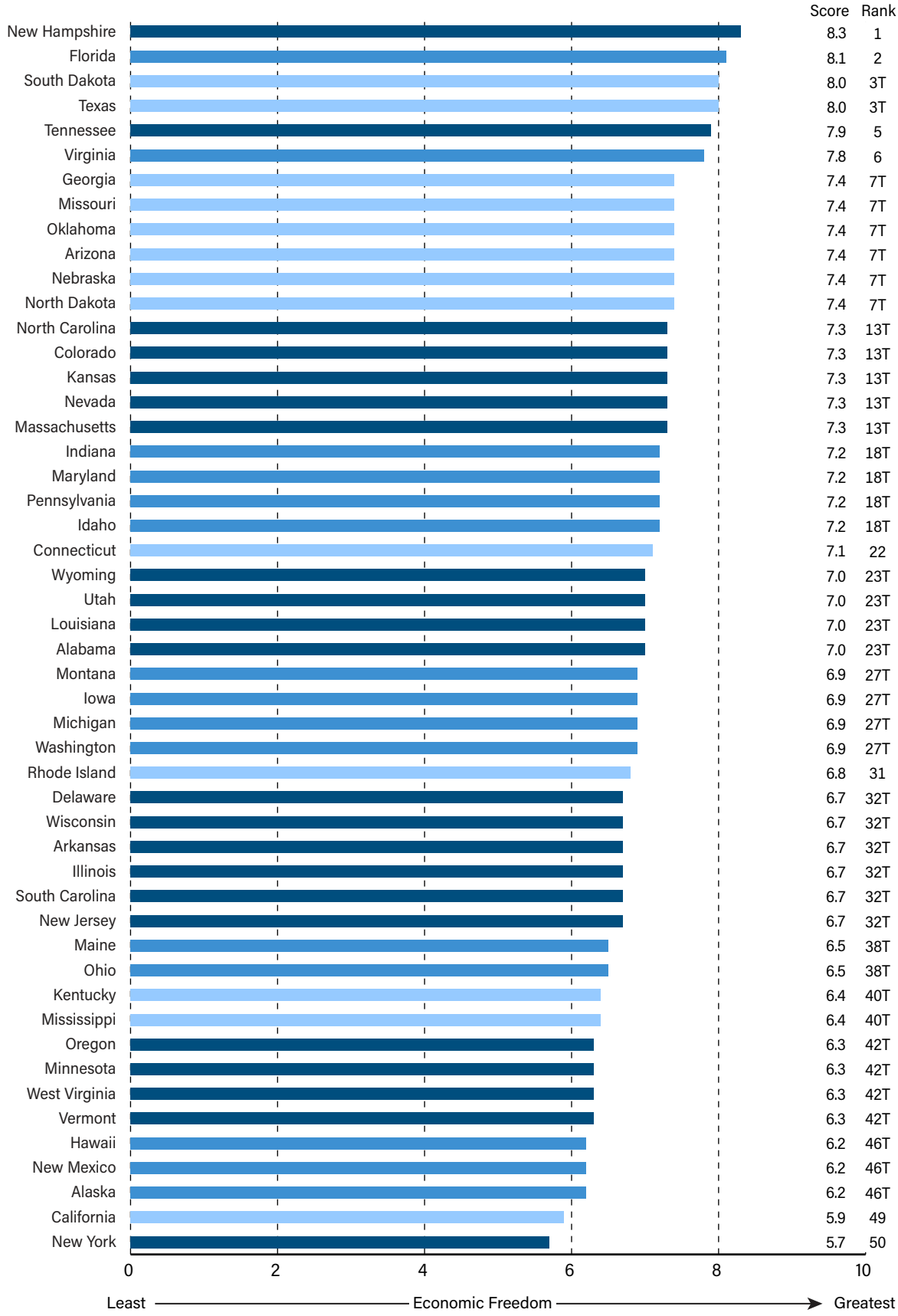
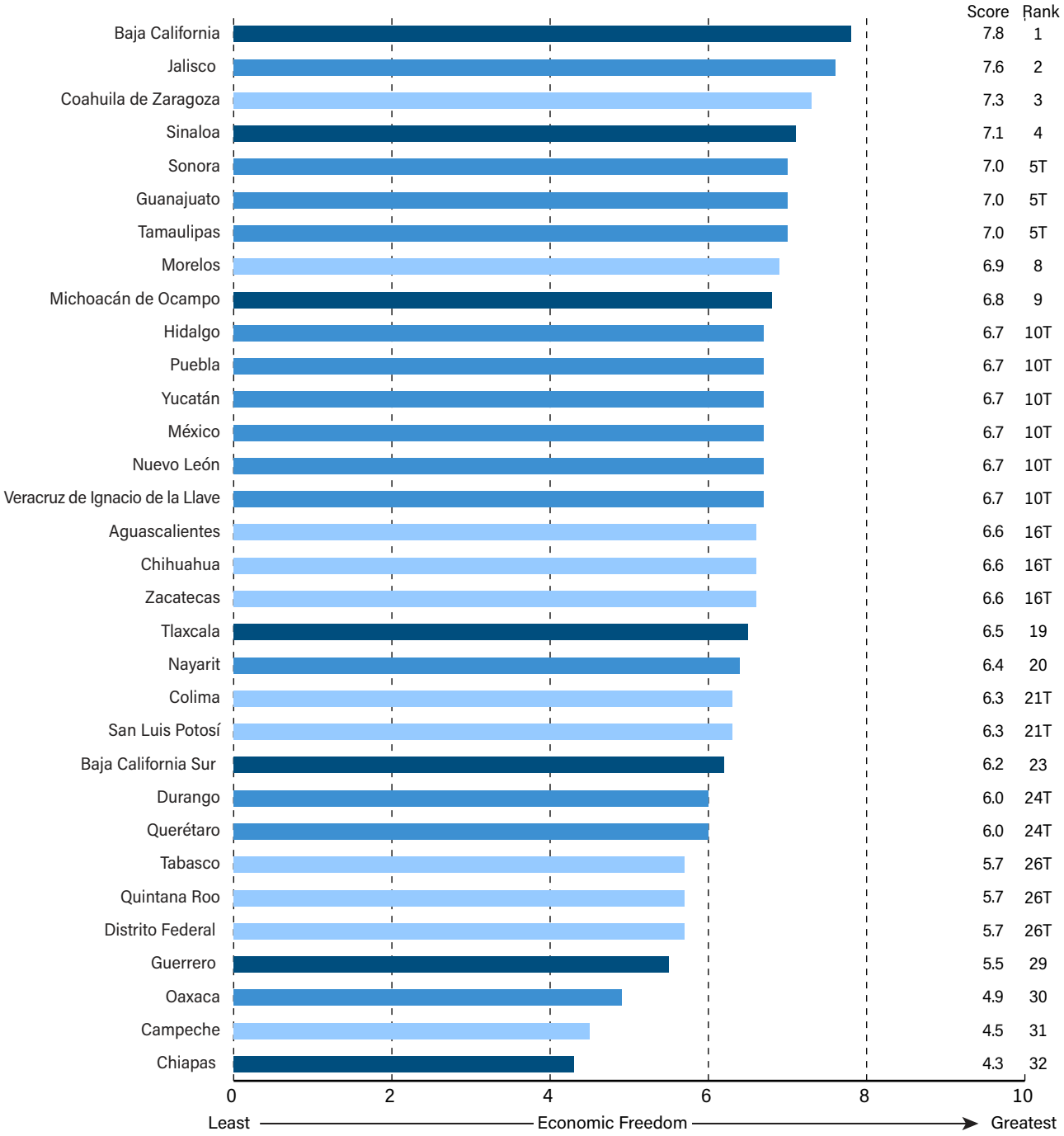


Figure 1.2c: Summary of Mexican Ratings for Economic Freedom at the Subnational Level, 2014



For the first time this year, we have produced for each province and state a one-page summary that contains all the 2014 scores and rankings for each of the components of the index as well as historical data on the overall and area scores. For brevity, these are not included in the report, but they are available at <www.fraserinstitute.org/studies/economic-freedom> or <www.freetheworld.com/efna.html>.

Description of components

The theory of economic freedom is no different at the subnational level than it is at the global level, although different variables consistent with the theory of economic freedom must be found that suit subnational measures. The 10 components of the subnational index fall into three areas: Government Spending, Taxes, and Labor Market Freedom. Most of the components we use are calculated as a ratio of income in each jurisdiction and thus do not require the use of exchange rates or purchasing power parities (PPP). The exception is component 2B, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, where purchasing power parity is used to calculate equivalent top thresholds in Canada and Mexico in US dollars.

Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 for each component was constructed to represent the underlying distribution of each of the 10 components in the index. The highest possible score on each component is 10, which indicates a high degree of economic freedom and the lowest possible score is 0, which indicates a low degree of economic freedom.[7] Thus, this index is a relative ranking. The rating formula is consistent across time to allow an examination of the evolution of economic freedom. To construct the overall index without imposing subjective judgments about the relative importance of the components, each area was equally weighted and each component within each area was equally weighted (see Appendix A: Methodology, p. 55, for more details).

In order to produce comparable tax and spending data for jurisdictions that are of widely different sizes and income levels, all such variables are standardized by dividing by income (as is the minimum-wage variable). In Canada and Mexico, we use "household income"; in the United States, the comparable concept is called "personal income". We use income instead of GDP because there are some jurisdictions where there are large levels of economic activity (included in GDP) that do not directly benefit residents and GDP thus overstates the resources that residents have available to pay the burden of government. For example, due to peculiarities in its tax law, the US state of Delaware has an abnormally high number of corporate bank headquarters. Much of the revenue generated by those operations goes to shareholders outside of Delaware. Those dollars are included in GDP, making taxes and spending seem less burdensome as a percentage of the economy than they actually are. Those dollars are not included in personal income, so using income provides a more accurate measure of the level of economic freedom.

7. Because of the way scores for economic freedom are calculated, a minimum-maximum procedure discussed in Appendix A: Methodology (p. 63), a score of 10 is not indicative of perfect economic freedom, but rather the most freedom among the existing jurisdictions.

Area 1 Government Spending

1A General Consumption Expenditures by Government as a Percentage of Income

As the size of government expands, less room is available for private choice. While government can fulfill useful roles in society, there is a tendency for government to undertake superfluous activities as it expands: "there are two broad functions of government that are consistent with economic freedom: (1) protection of individuals against invasions by intruders, both domestic and foreign, and (2) provision of a few selected goods—what economists call public goods" (Gwartney, Lawson, and Block, 1996: 22). These two broad functions of government are often called the "protective" and "productive" functions of government. Once government moves beyond these two functions into the provision of private goods, goods that can be produced by private firms and individuals, it restricts consumer choice and, thus, economic freedom (Gwartney, Lawson, and Block, 1996). In other words, government spending, independent of taxation, by itself reduces economic freedom once this spending exceeds what is necessary to provide a minimal level of protective and productive functions. Thus, as the size of government consumption expenditure grows, a jurisdiction receives a lower score in this component.

1B Transfers and Subsidies as a Percentage of Income

When the government taxes one person in order to give money to another, it separates individuals from the full benefits of their labor and reduces the real returns of such activity (Gwartney, Lawson, and Block, 1996). These transfers represent the removal of property without providing a compensating benefit and are, thus, an infringement on economic freedom. Put another way, when governments take from one group in order to give to another, they are violating the same property rights they are supposed to protect. The greater the level of transfers and subsidies, the lower the score a jurisdiction receives.

1C Insurance and Retirement Payments as a Percentage of Income

When private, voluntary arrangements for retirement, disability insurance, and so on are replaced by mandatory government programs, economic freedom is diminished. As the amount of such spending increases, the score on this component declines.

1D Government enterprises and investment *(all-government index only)*

When government owns what would otherwise be private enterprises and engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index, is the country score for variable 1C in *Economic Freedom of the World: 2016 Annual Report*. A detailed description and data sources can be found in that report, available at <www.fraserinstitute.org/studies/economic-freedom>.

Area 2 Taxes

As the tax burden grows, the restrictions on private choice increase and thus economic freedom declines. We examine the major forms of taxation separately.

2A Income and Payroll Tax Revenue as a Percentage of Income

This variable includes all personal and corporate income taxes as well as payroll taxes used to fund social insurance schemes (i.e., employment insurance, Workers Compensation, and various pension plans).

2Bi Top Marginal Income Tax Rate[8] and the Income Threshold at Which It Applies

Because marginal income tax rates represent the direct penalty on economic activity, in addition to the revenue variable, we include a variable that incorporates the top tax rate as well as the income level at which that rate applies. Top personal income-tax rates are rated by the income thresholds at which they apply. Higher thresholds result in a better score. More details can be found in Appendices A and B.

2Bii Top marginal income and payroll tax rate (all-government index only)

This variable, used only in the all-government index, is the country score for variable 1Dii in *Economic Freedom of the World: 2016 Annual Report*. A detailed description and data sources can be found in that report, available at <www.fraserinstitute.org/studies/economic-freedom>.

2C Property Tax and Other Taxes as a Percentage of Income

This variable includes all forms of taxation other than income, payroll, and sales taxes (which are already captured in variables 2A and 2D), with one exception. Revenue from taxes on natural resources are excluded for three reasons: 1. most areas do not have them; 2. their burden is largely exported to taxpayers in other areas; 3. they can fluctuate widely along with the prices of natural resources (for example, oil), thereby creating outliers that distort the relative rankings.

2D Sales Tax Revenue as a Percentage of Income

This variable includes all sales and gross receipts taxes (including excise taxes). Such taxes are a major source of revenue for subnational governments.

Note about intergovernmental transfers and double counting

In examining the two areas above, it may seem that Areas 1 and 2 create a double counting, in that they capture the two sides of the government ledger sheet, revenues and expenditures, which presumably should balance over time. However, in examining subnational jurisdictions, this situation does not hold. A number of intergovernmental transfers break the link between taxation and spending at the subnational level.[9] The break between revenues and spending is even more pronounced at the all-government

8. See Appendix A: Methodology (p. 54) for further discussion of how the rating for the top marginal tax rate and its threshold was derived.
9. Most governments have revenue sources other than taxation and national governments also have international financial obligations so that the relation between taxation and spending will not be exactly one to one, even at the national level. Nevertheless, over time, the relationship will be close for most national governments, except those receiving large amounts of foreign aid.

level, which includes the federal government. Obviously, what the federal government spends in a state or a province does not necessarily bear a strong relationship to the amount of money it raises in that jurisdiction. Thus, to take examples from both Canada and the United States, the respective federal governments spend more in the province of Newfoundland & Labrador and the state of West Virginia than they raise through taxation in these jurisdictions while the opposite pattern holds for Alberta and Connecticut. As discussed above, both taxation and spending can suppress economic freedom. Since the link between the two is broken when examining subnational jurisdictions, it is necessary to examine both sides of the government's balance sheet.

Area 3 Regulation

3A Labor Market Freedom

3Ai Minimum Wage Legislation

High minimum wages restrict the ability of employees and employers to negotiate contracts to their liking. In particular, minimum wage legislation restricts the ability of low-skilled workers and new entrants to the workforce to negotiate for employment they might otherwise accept and, thus, restricts the economic freedom of these workers and the employers who might have hired them.

This component measures the annual income earned by someone working full time at the minimum wage as a percentage of per-capita income. Since per-capita income is a proxy for the average productivity in a jurisdiction, this ratio takes into account differences in the ability to pay wages across jurisdictions. As the minimum wage grows relative to productivity, thus narrowing the range of employment contracts that can be freely negotiated, there are further reductions in economic freedom, resulting in a lower score for the jurisdiction. For example, minimum wage legislation set at 0.1% of average productivity is likely to have little impact on economic freedom; set at 50% of average productivity, the legislation would limit the freedom of workers and firms to negotiate employment to a much greater extent. For instance, a minimum wage requirement of $2 an hour for New York will have little impact but, for a developing nation, it might remove most potential workers from the effective workforce. The same idea holds, though in a narrower range, for jurisdictions within Canada and the United States.

3Aii Government Employment as a Percentage of Total State/Provincial Employment

Economic freedom decreases for several reasons as government employment increases beyond what is necessary for government's productive and protective functions. Government, in effect, is using expropriated money to take an amount of labor out of the labor market. This restricts the ability of individuals and organizations to contract freely for labor services since employers looking to hire have to bid against their own tax dollars to obtain labor. High levels of government employment may also indicate that government is attempting to supply goods and services that individuals contracting freely with each other could provide on their own; that the government is attempting to provide goods and services that individuals would not care to obtain if able to contract freely;

or that government is engaging in regulatory and other activities that restrict the freedom of citizens. Finally, high levels of government employment suggest government is directly undertaking work that could be contracted privately. When government, instead of funding private providers, decides to provide a good or service directly, it reduces economic freedom by limiting choice and by typically creating a governmental quasi-monopoly in provision of services. For instance, the creation of school vouchers may not decrease government expenditures but it will reduce government employment, eroding government's monopoly on the provision of publicly funded education services while creating more choice for parents and students and, thus, enhancing economic freedom.

3Aiii Union Density

Workers should have the right to form and join unions, or not to do so, as they choose. However, laws and regulations governing the labor market often force workers to join unions when they would rather not, permit unionization drives where coercion can be employed (particularly when there are undemocratic provisions such as union certification without a vote by secret ballot), and may make decertification difficult even when a majority of workers would favor it. On the other hand, with rare exceptions, a majority of workers can always unionize a workplace and workers are free to join an existing or newly formed union.

To this point in time, there is no reliable compilation of historical data about labor-market laws and regulations that would permit comparisons across jurisdictions for the United States, Canada, and Mexico. In this report, therefore, we attempt to provide a proxy for this component. We begin with union density, that is, the percentage of unionized workers in a state or province. However, a number of factors affect union density: laws and regulations, the level of government employment, and manufacturing density. In measuring economic freedom, our goal is to capture the impact of policy factors, laws and regulations, and so on, not other factors. We also wish to exclude government employment—although it is a policy factor that is highly correlated with levels of unionization—since government employment is captured in component 3Aii above.

Thus, we ran statistical tests to determine how significant an effect government employment had on unionization—a highly significant effect—and held this factor constant in calculating the component. We also ran tests to determine if the size of the manufacturing sector was significant. It was not and, therefore, we did not correct for this factor in calculating the component. It may also be that the size of the rural population has an impact on unionization. Unfortunately, consistent data from Canada, the United States, and Mexico are not available. Despite this limitation, the authors believe this proxy component is the best available at this time. Its results are consistent with the published information that is available (see, for example, Godin, Palacios, Clemens, Veldhius, and Karabegović, 2006).[10]

10. The National Right to Work Legal Defense Foundation (2011) provides a reasonable measure of right-to-work laws and when they were established for US states (see <www.nrtw.org/b/rtw_faq.htm>. We considered using this to replace or complement the measure of unionization rates used in the past. However, the benefit of using a measure of unionization rates is that it picks up

Most of the components of the three areas described above exist for both the subnational and the all-government levels. Total tax revenue from own sources, for example, is calculated first for local/municipal and provincial/state governments, and then again counting all levels of government that capture revenue from individuals living in a given province or state.

Components added for the all-government index

To reflect the recent divergence in economic freedom between Canada and the United States more closely, and to in1corporate more accurately the differences in economic freedom in the Mexican states relative to the rest of North America, we include a number of variables from the world index in our all-government index of North American states and provinces. The index expands the regulatory area to include data on these areas. Labour regulation becomes one of three components of Area 3: Regulation, which comprises 3A: Labour market regulation; 3B: Credit market regulation (Area 5A from *Economic Freedom of the World*); and 3C: Business regulations (Area 5C from EFW). (See Appendix A for a description of how Area 3 is now calculated.)

Why the regulation of credit and business affects economic freedom is easily understood. When government limits who can lend to and borrow from whom and puts other restrictions on credit markets, economic freedom is reduced; when government limits business people's ability to make their own decisions, freedom is reduced.

3A Labor Market Regulation
3Aiv Hiring regulations and minimum wage
3Av Hiring and firing regulations
3Avi Centralized collective bargaining
3Avii Hours regulations
3Aviii Mandated cost of worker dismissal
3Aix Conscription

3B Credit Market Regulation
3Bi Ownership of banks
3Bii Private sector credit
3Biii Interest rate controls/negative real interest rates

3C Business Regulations
3Ci Administrative requirements
3Cii Bureaucracy costs

some of the differences in enforcement and informal freedoms not picked up by the legislation. For instance, some states may have right-to-work laws with weak enforcement while other states that do not have such laws may actually protect labor freedom more in practice. Although we decided not to include a measure for right-to-work legislation, the analysis was fruitful in that it strongly validates the proxy as an appropriate measure of workers' freedom.

3Ciii Starting a business
3Civ Extra payments/bribes/favoritism
3Cv Licensing restrictions
3Cvi Cost of tax compliance

We also inclwude three other areas: Area 4: Legal System and Property Rights (Area 2 from *Economic Freedom of the World*), Area 5: Sound Money (Area 3 from EFW), and Area 6: Freedom to Trade Internationally (Area 4 from EFW). See Gwartney, Lawson, and Hall, 2016, for a complete description of these variables.

Area 4 Legal System and Property Rights

Protection of property rights and a sound legal system are vital for economic freedom, otherwise the government and other powerful economic actors for their own benefit can limit the economic freedom of the less powerful. The variables for Legal System and Property Rights from the world index are the following.

4A Judicial Independence
4B Impartial Courts
4C Protection of Property Rights
4D Military Interference in Rule of Law and Politics
4E Integrity of the Legal System
4F Legal Enforcement of Contracts
4G Regulatory Restrictions on the Sale of Real Property
4H Reliability of Police
4I Business Costs of Crime

Area 5 Sound Money

Provision of sound money is important for economic freedom because without it the resulting high rate of inflation serves as a hidden tax on consumers. The variables for Sound Money from the world index are the following.

5A Money Growth
5B Standard Deviation of Inflation
5C Inflation: Most Recent Year
5D Freedom to Own Foreign Currency Bank Accounts

Area 6 Freedom to Trade Internationally

Freedom to trade internationally is crucial to economic freedom because it increases the ability of individuals to engage in voluntary exchange, which creates wealth for both buyer and seller. The variables for Freedom to trade internationally from the world index are the following.

6Ai Revenue from trade taxes (% of trade sector)
6Aii Mean tariff rate
6Aiii Standard deviation of tariff rates
6Bi Non-tariff trade barriers
6Bii Compliance costs of importing and exporting

6C Black-Market Exchange Rates
6Di Foreign ownership/investment restrictions
6Dii Capital controls
6Diii Freedom of foreigners to visit

More information on the variables and the calculations can be found in Appendices A and B. (For detailed descriptions of the world-adjusted variables, readers can refer to *Economic Freedom of the World: 2016 Annual Report* (www.fraserinstitute.org/studies/economic-freedom). The inclusion of these data from the world index raise the scores for both the Canadian provinces and US states since both Canada and the United States do well in these areas when compared to other nations, as is done in the world index. The effect on the Mexican states tends to be the opposite.

Overview of the results

Following are some graphs that demonstrate dramatically the important links between prosperity and economic freedom. Figure 1.3 breaks the states and provinces into quartiles (or fourths) by economic freedom at the all-government level. For example, the category on the far left of the chart, "Least Free", represents the jurisdictions that score in the lowest fourth of the economic freedom ratings, the 23 lowest of the 92 Canadian, Mexican, and American jurisdictions. The jurisdictions in this least-free quartile have an average per-capita income of just US$2,485. This compares to an average per-capita income of US$43,847 for the 23 top-ranked jurisdictions. Figure 1.4 is similar to figure 1.3 but it shows economic freedom at the subnational level and measures both economic freedom and per-capita income as deviations from the national average, since the three subnational indices are not directly comparable.[11] Jurisdictions in the most-free quartile had per-capita incomes 4.7% above the national average, while those in the least-free quartile were 3.3% below it. In each case, average per-capita income in the most-free jurisdictions is substantially higher than in those that are the least free.

Finally, in this illustrative section, we look at the relationship between the growth of economic freedom and the growth of a jurisdiction's economy. In figure 1.5 and figure 1.6, growth in economic freedom is plotted along the horizontal axis while

11. Since the subnational index scores are calculated separately for each country, we cannot average the scores of jurisdictions in different countries. Instead, we have calculated for each jurisdiction the deviation from the national average for both their economic freedom score and their per-capita income, and based the quartiles on the former.

Figure 1.3: Economic Freedom at the All-Government Level and Income per Capita in Canada, the United States, and Mexico, 2014

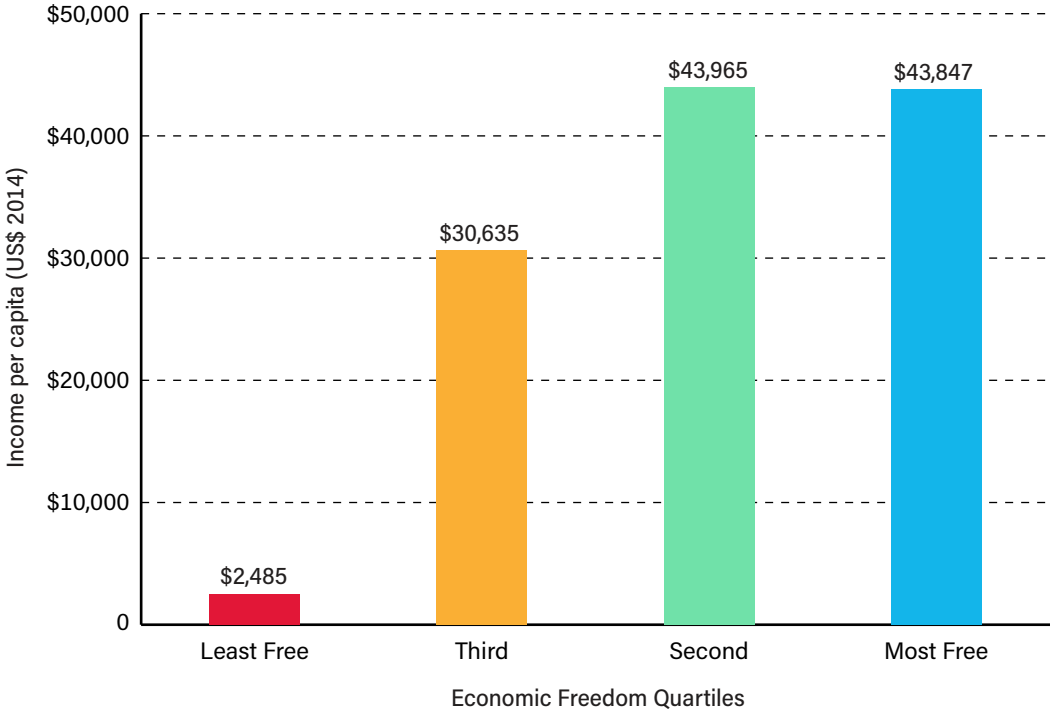


Figure 1.4: Economic Freedom at the Subnational Level and Percentage of Income per Capita above or below the National Average in Canada, the United States, and Mexico, 2014

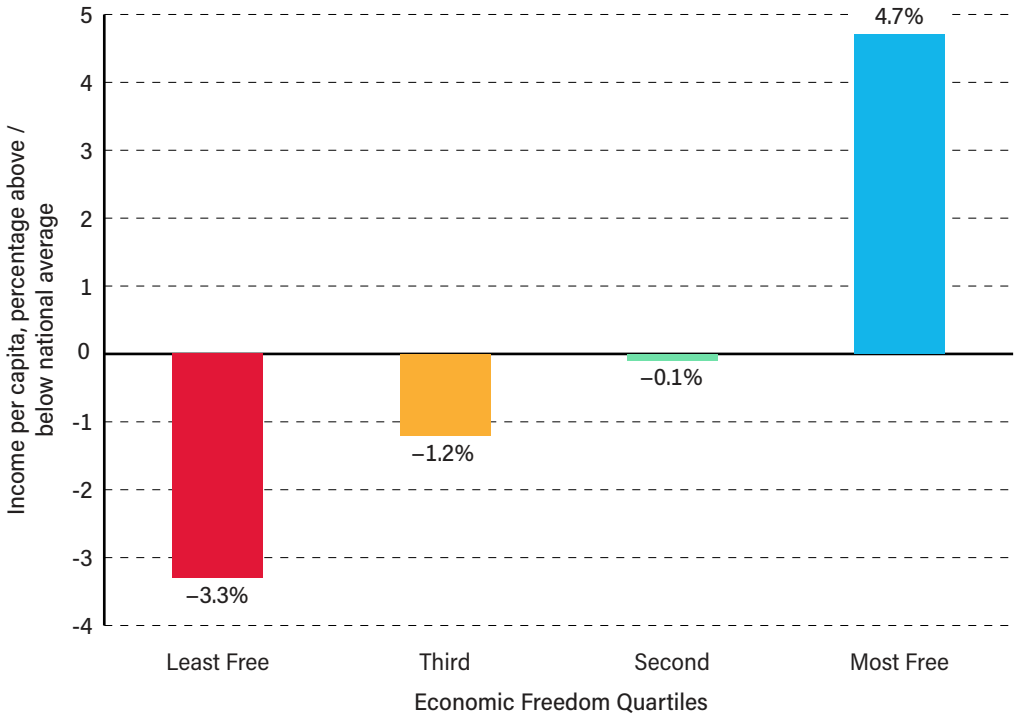


Figure 1.5: Average Growth in Income per Capita and in Economic Freedom at the All-Government Level, 2005–2014

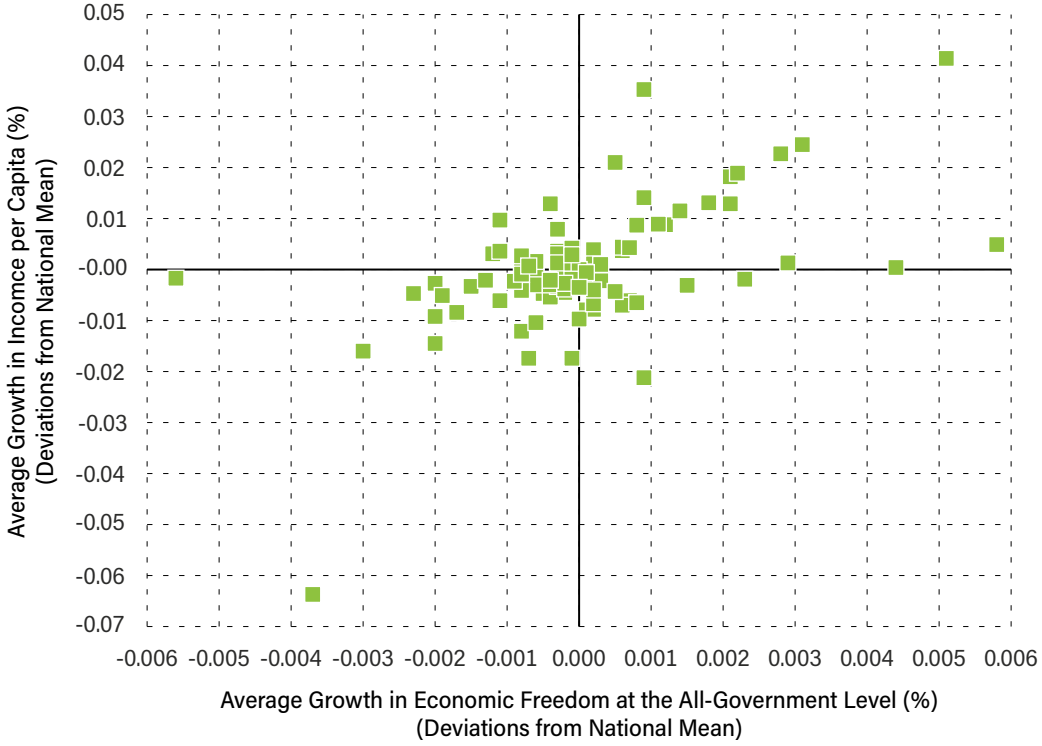
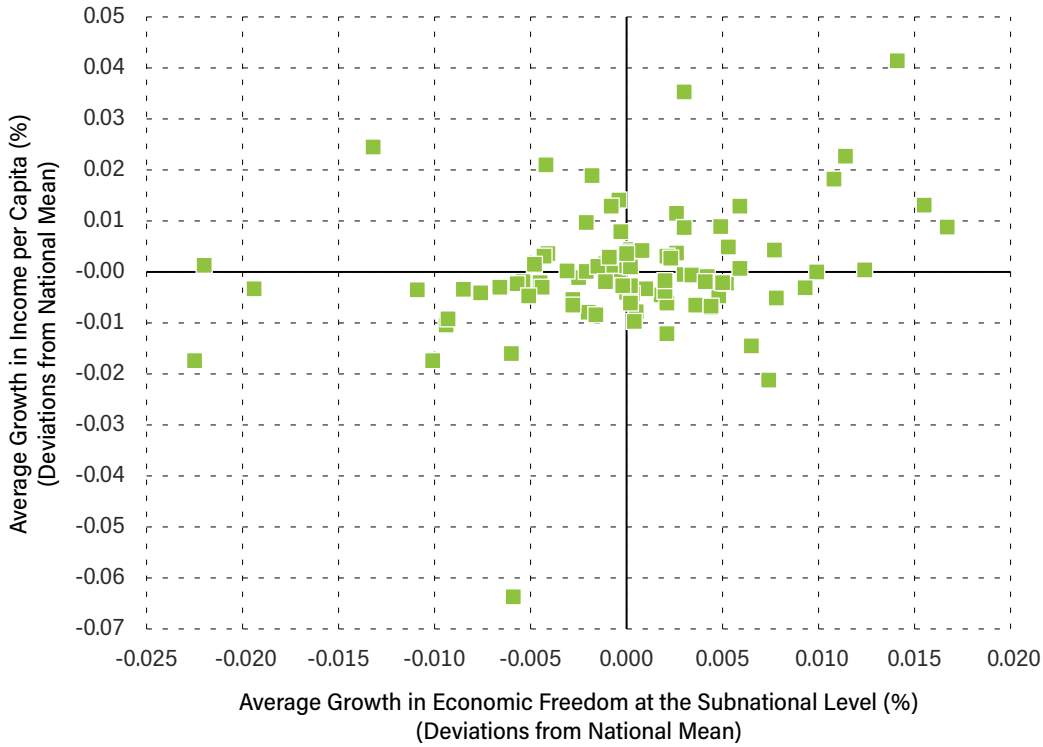


Figure 1.6: Average Growth in Income per Capita and in Economic Freedom at the Subnational Level, 2005–2014



growth in income per capita is plotted along the vertical axis. Again, the expected relationships are found, with economic growth positively correlated with growth in economic freedom whether the latter is measured at the all-government level or the subnational level (the correlation coefficients are 0.549 and 0.291).

Comparing the all-government level and the subnational level

The distribution of government responsibilities between the federal government and subnational governments varies widely across the three nations in North America. For example, in 2012, provinces and local governments accounted for about 80% of government consumption expenditures (variable 1A) in Canada. In the United States, state and local governments were responsible for 57%, and in Mexico, for only 40%. Thus, government spending and taxation patterns cannot be directly compared. In previous years, we had used an adjustment factor to create comparable numbers for the subnational scores for the United States and Canada. Adding the Mexican states has exacerbated the disparity in this area, so we now take a different approach for the subnational index. Rather than scoring US states, Canadian provinces, and Mexican states together, we produce subnational indices for each country. This provides a more useful comparison of how individual jurisdictions within each country measure up against other jurisdictions in that same country. As a result of this change, the previous adjustment is no longer needed. For those who wish to compare jurisdictions in different countries, the all-government index continues to be the more appropriate measure. No adjustment factor is necessary at the all-government level because every level of government is counted.

Economic freedom and economic well-being

A number of studies have linked levels of economic freedom, as measured by the index published annually in *Economic Freedom of the World*, with higher levels of economic growth and income. For example, Easton and Walker (1997) found that changes in economic freedom have a significant impact on the steady-state level of income even after the level of technology, the level of education of the workforce, and the level of investment are taken into account. The results of this study imply that economic freedom is a separate determinant of the level of income. The Fraser Institute's series, *Economic Freedom of the World*, also shows a positive relationship between economic freedom and both the level of per-capita GDP and its growth rate.

Similarly, De Haan and Sturm (2000) show that positive and negative changes in economic freedom lead to positive and negative changes in rates of economic growth. Using the index of economic freedom from Gwartney, Lawson, and Block, 1996 and per-capita GDP data for 80 countries, their results indicate that, after accounting for education level, investment, and population growth, changes in economic freedom have a significant impact on economic growth.[12]

12. For a sample of empirical papers investigating the impact of economic freedom, as measured by the index published annually in *Economic Freedom of the World*, and economic prosperity, see

The calculation of the index of the economic freedom of Canadian provinces and Mexican and US states allows for the investigation, via econometric testing, of the relationship between economic freedom and prosperity within North America. Since the publication of the first edition of *Economic Freedom of North America* in 2002, more than 200 academic and policy articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity have appeared.[13]

The importance of economic freedom

In this publication, we have focused on the measurement of economic freedom. In Chapter 3 of the 2013 report, we discussed some of the empirical testing of the impact of economic freedom that has been done by other independent researchers.[14] However, the reader may wonder why economic freedom is so clearly related to growth and prosperity—as much of that literature has found. Throughout the twentieth century there was vigorous debate about whether planned or free economies produce the best outcomes. In many ways, this debate goes back to the beginnings of modern economics when Adam Smith famously argued that each of us, freely pursuing our own ends, create the wealth of nations and of the individual citizens.

The results of the experiments of the twentieth century should now be clear: free economies produce the greatest prosperity in human history for their citizens. Even poverty in these economically free nations would have been considered luxury in unfree economies. This lesson was reinforced by the collapse of centrally planned states and, following this, the consistent refusal of their citizens to return to central planning, regardless of the hardships on the road to freedom. Among developing nations, those that adopted the centrally planned model have only produced lives of misery for their citizens. Those that adopted the economics of competitive markets have begun to share with their citizens the prosperity of advanced market economies.

While these comparisons are extreme examples, from opposite ends of the spectrum of economic freedom, a considerable body of research shows that the relationship between prosperity and economic freedom holds in narrower ranges of the spectrum. While sophisticated econometric testing backs up this relationship, examples are also interesting. In the United States, the relatively free Georgia does much better than the relatively unfree West Virginia. While this is hardly the place to review several centuries of economic debate, the mechanics of economic freedom are easy to understand. Any transaction freely entered into must benefit both parties; any transaction that does not benefit both parties would be rejected by the party that

<www.fraserinstitute.org/studies/economic-freedom>. For the latest summary of literature on the impact of economic freedom at an international level, see Doucouliagos and Ulubasoglu, 2006, and Hall and Lawson, 2014.

13. For a list of those studies, see Appendix C (p. 69).
14. A more recent survey can be found in Hall, Stansel, and Tarabar, 2015.

would come up short. This has consequences throughout the economy. Consumers who are free to choose will only be attracted by superior quality and price. Producers must constantly improve the price and quality of their products to meet customers' demands or customers will not freely enter into transactions with them. Many billions of mutually beneficial transactions occur every day, powering the dynamic that spurs increased productivity and wealth throughout the economy.

Restrictions on freedom prevent people from making mutually beneficial transactions. Such free transactions are replaced by government action. This is marked by coercion in collecting taxes and lack of choice in accepting services: instead of gains for both parties arising from each transaction, citizens must pay whatever bill is demanded in taxes and accept whatever service is offered in return. Moreover, while the incentives of producers in a competitive market revolve around providing superior goods and services in order to attract consumers, the public sector faces no such incentives. Instead, as public-choice theory reveals, incentives in the public sector often focus on rewarding interest groups, seeking political advantage, or even penalizing unpopular groups. This is far different from mutually beneficial exchange although, as noted earlier, government does have essential protective and productive functions.

In some ways, it is surprising the debate still rages because the evidence and theory favoring economic freedom match intuition: it makes sense that the drive and ingenuity of individuals will produce better outcomes through the mechanism of mutually beneficial exchange than the designs of a small coterie of government planners, who can hardly have knowledge of everyone's values and who, being human, are likely to consider first their own well-being and that of the constituencies they must please when making decisions for all of us.

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Chapter 2
Economic Freedom of the Mexican States in 2014

Introduction

There have been previous efforts to include Mexico in *Economic Freedom of North America* and, even though they were successful in measuring the relative positions for economic freedom that Mexican states hold against each other, these data were not fully comparable with that of the Canadian provinces or the US states. The advancement of those efforts and the adjustments introduced to the methodology in the 2012 and 2013 reports laid the groundwork that made it possible to build an integrated index for North America for the first time in the 2014 report. We have continued to make improvements to that index in this year's report.

Before proceeding to the analysis of the data we need to address the problems that had been faced earlier while constructing the index of economic freedom for the Mexican States. There were two main reasons that the data collected for the Mexican economy was not comparable with that of the US states and Canada. First, most of the data for Mexico is incomplete and does not date as far back as the US and Canadian data do. The length of the Mexican time series should not cause too much trouble when the three countries are compared as most data are available for Mexico in a standardized way from 2003. Data from previous years is unreliable since the methods used for measuring aggregates were different than those currently used. These changes made it very difficult to work with long series because the data tend to vary widely from one methodology to another. The only feasible solution was to include only the standardized and trustworthy data for Mexico from 2003 to 2014.

As for the incompleteness of the data, while most of the figures required for the components are available publicly to researchers from the National Institute of Statistics and Geography (INEGI), there is a portion that is scattered around in websites and yearbooks published by different departments of state and states and municipal governments. Access to these data, while it is not restricted, requires that researchers have previous knowledge of its existence and on how and where to locate it. There are also some data, such as the social security payments required

for component 1C, that is not available to the public and in order to get access to it the researcher has to go through a series of bureaucratic procedures that may take months to be cleared and that require the researcher to visit government offices personally, making access impossible for most institutions outside the country. For this year's report, we were able to acquire all the data that had been missing from the previous reports and, while some of the variables used are not identical to those used for the Canadian provinces and US states because of the differences in the methodologies, the differences among them is not significant and allow for comparison.

The second reason that the comparison among the three countries was not possible was that "the index of *Economic Freedom of North America* did not contain components on the rule of law or property rights" (Karabegović and McMahon, 2008: 69). This was because there had been little difference between Canada and the United States on scores for Legal System and Property Rights. However, after 2010 Canadian and US scores had begun to drift apart, making it necessary to modify the methodology in order to measure these changes properly. This issue was solved in 2012 by including variables for the rule of law from *Economic Freedom of the World* in the North American index.

The absence of variables measuring the legal system had been a huge concern in previous efforts to integrate Mexico into the North American index since Mexico does not enjoy the same degree of protection of property rights and rule of law. In previous measurements, additional components taken from publications and polls by other institutions were used to reflect the issues with the legal system in Mexico. Because these components were not available for the US states and Canadian provinces, the Mexican data, while more accurate in itself, could not be compared to the data from the other two countries. The inclusion of the rule-of-law components from *Economic Freedom of the World* opened the door to including Mexico fully in the North American report by reflecting the large gap between the rule of law in Mexico and that in its two northern neighbors.

Another factor that made it difficult to make a comparison among the three countries was the differences that exist in labor regulations. Mexican law, for example, makes the hiring and firing of workers by the private enterprise a very difficult task. The number of regulations applied to the labor market and its lack of flexibility are a huge impediment for free enterprise. Canada and the United States have much more flexible labor markets but these differences could not be reflected using the earlier methodology. Past reports included components that measured Credit Market Regulations and Business Regulations, both from Area 5 of *Economic Freedom of the World*, but, since the results for the labor market were similar for the United States and Canada, the components measuring labor market regulation were left out. Starting with last year's report, however, given the difference in policies on labor regulation between these two countries and Mexico, it was resolved to add as well the components of area 5B from *Economic Freedom of the World* to help reflect the effect of the differences in labor policies on the index and help make a better comparison.

The data

As previously stated, this year's report includes the complete data for the 10 components of *Economic Freedom of North America* from 2003 to 2014; the data cover the 31 Mexican states and the Federal District (*Distrito Federal*). Though *Distrito Federal* is not a state but a federal district, it is home to the second largest population among Mexican states and has the highest state GSP, and thus not including it in the analysis would leave out a very important portion of the Mexican economy.

There are certain adjustments that have to be made in how the data were measured for Mexico. In Mexico, the *Comisión Nacional de Salarios Mínimos* (National Commission for the Minimum Wage) is the institution in charge of dividing the country into geographic zones and defining, annually, the minimum wage that is going to be applied on each zone. Until November 26, 2012, the 2,440 municipalities from the 31 states and the 16 boroughs of the Federal District were classified in three geographic zones, A, B, and C. After that date, zone C was eliminated leaving only two zones for the classification. Since the majority of the states are formed by municipalities classified in different geographic zones, there is no homogenous minimum wage for each state. In order to get a better estimate of the impact of the minimum wage on each state, this figure was estimated with a weighted average.

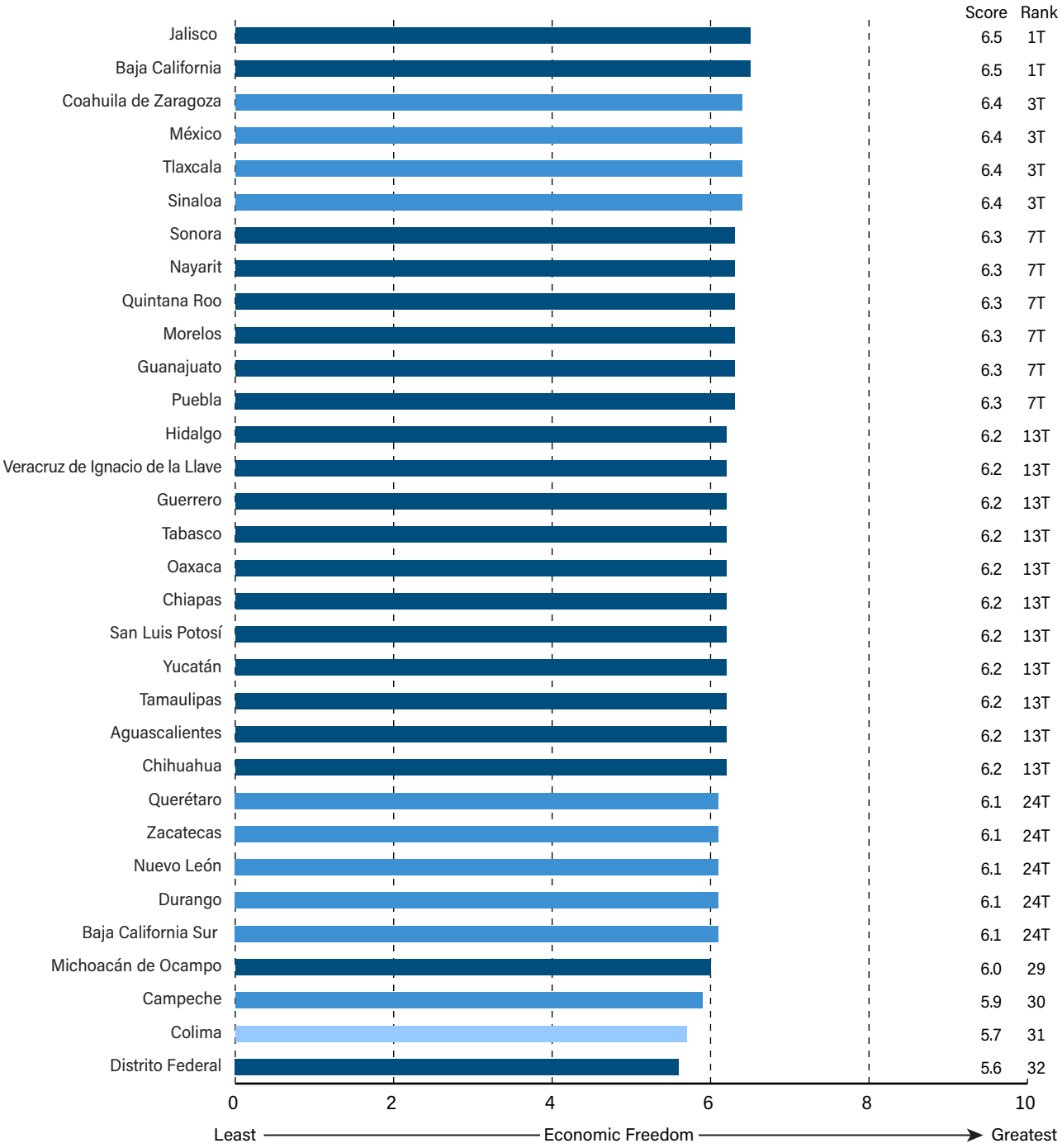
Personal income was estimated from the *Encuesta nacional de ingresos y gastos de los hogares* (National household income and spending poll), using the same formula that the Bureau of Economic Analysis uses for their calculations. It is important to mention that due to the nature of this poll, household income tends to be underestimated since the respondents usually choose not to disclose their real income levels out of fear that they could get in trouble for any income they are not declaring to the *Servicio de Administración Tributaria* (Taxation administration service).

Results

The economic freedom ranking for the Mexican states in the all-government index for 2014 (figure 2.1) has *Jalisco* and *Baja California* tied for first place among the Mexican states and for 61st place among all the states and provinces of North America. They are followed by *Coahuila de Zaragoza*, *Mexico*, *Tlaxcala*, and *Sinaloa*, which ranked 63rd in North America. The lowest ranking was that of *Distrito Federal*; *Colima* and *Campeche* had slightly higher rankings.

Even though *Coahuila de Zaragoza* ranks high among Mexican states, as it has for the past two years, its high ranking is explained by the forced austerity policies that have been applied by its government since the beginning of 2012 after the state's bankruptcy. With these policies, government expenditures were largely reduced. This factor, along with the state's already relatively low level of taxation, are what caused *Coahuila* to be ranked as high as it has in the last and present reports. *México* owes its fourth place among the Mexican states to the low levels of government consumption

Figure 2.1: Summary of Economic Freedom Ratings at the All-Government Level for Mexico, 2014



spending and to the low amount it receives in transfers and subsidies from the federal government compared to the rest of the states. *Colima* and *Campeche*, on the other hand, score poorly on both Government Spending and Taxes areas. Their high tax revenue and high government spending makes them two of the three least economically free states of North America. The reasons for the low ranking of the *Distrito Federal* are mainly its government consumption and tax revenue, which are the largest in the

country; these could be explained in part because of *Distrito Federal*'s size and its importance in the economy and by the fact that all the federal government departments have their quarters there.

Nuevo León ranked in the 84th position out of 92 among all the states and provinces of North America (figure 1.1). This could seem a bit odd since historically *Nuevo León* is one of the most highly industrialized states and one of the richest, being the third-largest economy of the country. While it ranked 10th on the subnational index (figure 1.2c), the heavy burden of federal taxation places it near the bottom on the all-government ranking. Being a large and mostly formal economy, *Nuevo León* is one of the most heavily taxed in Mexico, ranking in the top three for most revenue from value-added taxes, excise taxes, and income taxes. The heavy taxation reduces their score for Area 2 to 4.56 out of 10 and accounts for the dramatic difference between *Nuevo León*'s ranking on the subnational index and the all-government index and explains why a state so important for the Mexican economy ranks as low as it does in the current report.

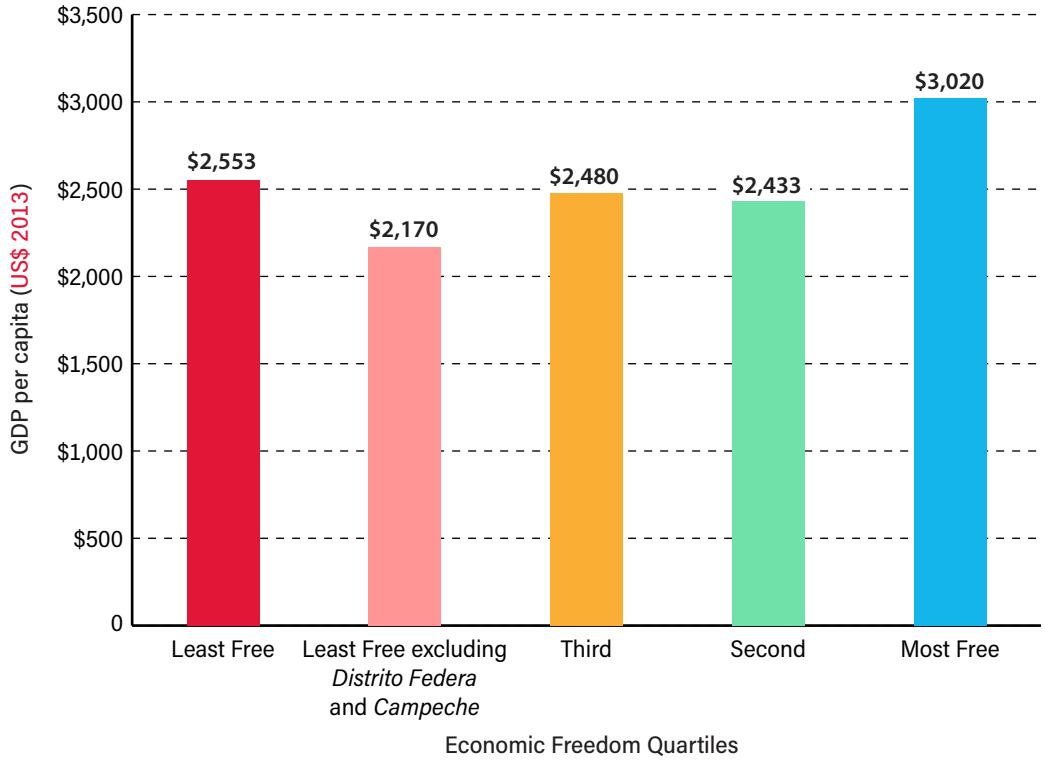
It is important to note that, for all the components of Area 2, there were difficulties when dealing with revenue: certain states such as *Oaxaca* and *Chiapas* reported very low tax revenue because of the large size of their informal sectors. However, most of this income is reported on the income and spending surveys conducted by INEGI, which ends up driving the scores of these states up but does not necessarily mean this reflects the status of economic freedom there. This same problem would apply to the states like *Guerrero*, *Sinaloa*, *Michoacán*, and *Nayarit*, where drug cartels are very active. This problem was, however, partially solved by the changes in the variables regarding sales and excise taxes and income taxes at the all-government level. These issues also show the need of a better measurement of the Rule of Law for the Mexican states.

Economic freedom and well-being in the Mexican States.

In past reports, there has been exhaustive analysis of the correlation between well-being and economic freedom. The relationship between these variables has always been positive and it has been concluded that economic freedom has a direct relationship to a state's well-being. That conclusion has been supported by a large and growing literature produced by independent scholars, now over 200 published articles. (See Appendix C for a list of some of those.) The positive relationship between economic freedom and personal income holds true for the Mexican states' data.

As can be seen in figure 2.2, there is indeed a positive relationship between the scores for economic freedom and the average personal income per capita: the states in the highest quartile of economic freedom have higher average personal income than those in the lowest quartile. The least-free quartile suffers from an anomaly since it includes *Distrito Federal*, one of the largest state economies in the country and home to the federal government, and *Campeche*, where 60% of all of PEMEX oil extraction activities occur. These two states' high personal income per capita raises the average

Figure 2.2: Economic Freedom at the Subnational Level and Income per Capita in Mexico, 2014



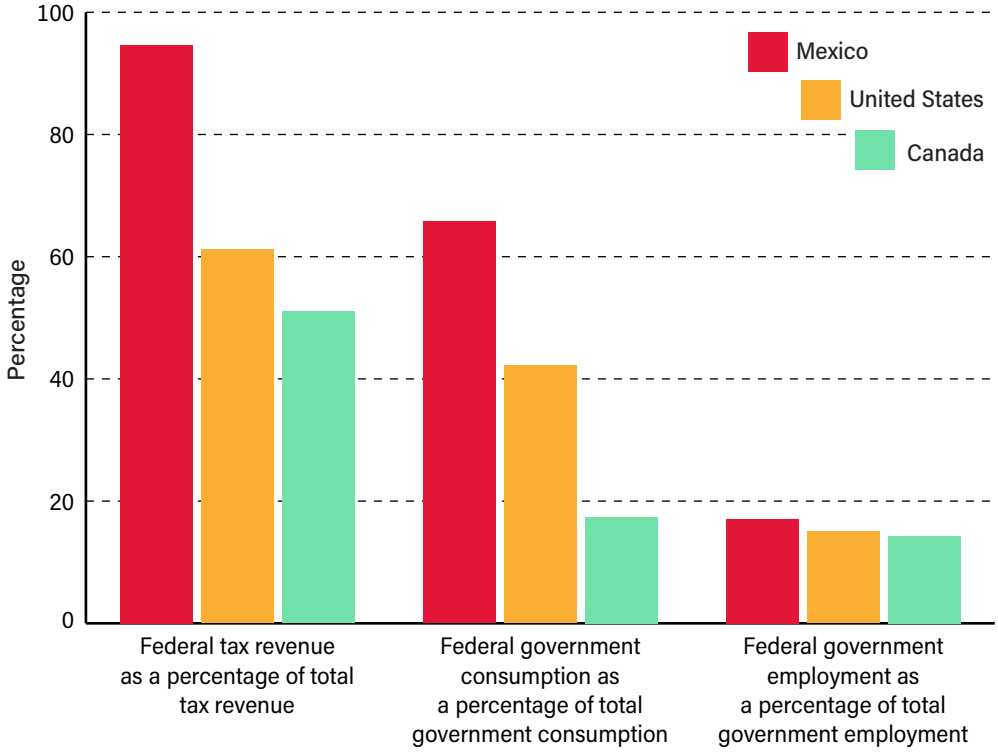
and raises the results for the fourth quartile above the second and third. If, however, we adjust the data, and the figures for *Distrito Federal* and *Campeche* are not included in the average personal income per capita of the fourth quartile, its average drops to well below that of the second and third quartiles. The states belonging to the freest quartile average an income of US$3,020 per capita while the least free quartile averages US$2,553. However, when *Distrito Federal* and *Campeche* are not included, the fourth quartile's average personal income falls to US$2,170. This statistical relationship, while by itself not conclusive of the connection between well-being and economic freedom, seems consistent with past years' econometric analysis on this relationship.

Results at the subnational level

Mexico is a highly centralized country where the federal government is in charge of most of the spending and the taxation (figure 2.3). For example, federal tax revenue for 2012 exceeded 90% of the total taxation. This degree of centralization has an impact on the components we can use for measuring an accurate ranking at the subnational level; there are a number of components that can only be measured at the federal level. The first of these is component 2B, the top marginal income-tax rate. There are no local income taxes in Mexico so its rates apply nationwide and consequently we used only payroll taxes for this component on the subnational scores.

Component 1C poses a similar conflict. Social security in Mexico is almost totally centralized. Less that 10 out of the 31 states have their own Social Security

Figure 2.3: Centralization of the First Three Areas of Economic Freedom of North America in Mexico, the United States, and Canada, 2012



institutions and these local institutions serve only a minority of their population because the rest are already covered by either of the federal social security institutions (*Insituto Mexicano del Seguro Social* for the private sector and *Instituto de Seguridad Social y Servicio de los Trabajadores del Estado* for the public sector); the armed forces and the PEMEX workers also have their own social security institution. The inclusion of component 1C would worsen the ranks of the states that have their own social security institutes and raise the average ranks of the state that do not, making them appear to be much better off than those that do. We decided then not to include component 1C on the grounds that, while its inclusion would make a more accurate measurement of the states with local social security, it would give an unfair advantage to the rest since the amount paid to the local social security agencies is not really significant given the centralization of the social security.

At the subnational level, for 2014 *Baja California*, *Jalisco*, and *Coahuila* were the three states with the highest rankings. All three of them were also at the top of the all-government level so their ranking comes as no surprise as these states have low government spending and low local taxes. *Coahuila* scores poorly in Area 3 due to its high government employment and, as a result, high syndicalism. This gives both *Baja California* and *Jalisco* an edge since they have lower degrees of government employment. As already mentioned, *Nuevo León* is an interesting case of a highly developed state with some of the largest industrial complexes of the country and the third largest economy. Although it has low regulation and one of the lowest levels of government

consumption, it is held down by taxes, ranking 28th on the Area-2 average. This situation worsens at the all-government level, where *Nuevo León* sinks from 14th to 26th place among the Mexican states.

For Area 1 at the subnational level, *Distrito Federal* ranked third among the Mexican states. *Distrito Federal* has a significant advantage on this particular area over the states because it has only one level of subnational government. *Coahuila*'s ranking, second for Area 1, is again explained by the forced austerity policies that moved the state from 28th rank in 2011 to second in 2014. The poorest scores for this area belonged to *Chiapas*, *Oaxaca*, and *Guerrero*. These states are some of the least developed in the country, which makes them receivers of large subsidies and transfers, which also account for a high level of government spending.

Tlaxcala, *Zacatecas* and *Michoacán de Ocampo* held the top three ranks for Area 2. The high rankings of these three states are mostly because a large part of their populations works in the informal sector and thus is not registered in the *Registro Federal de Contribuyentes* (Federal Registry of Taxpayers) and does not pay any direct taxes. *Distrito Federal*, *Campeche*, and *Quintana Roo* are the three states with the lowest scores.

Baja California, *Distrito Federal*, and *Mexico* ranked at the top of Area 3. *Distrito Federal*, while having the largest ratio of government employment to total employment, also has the lowest weighted minimum wage and ranks at the top in component 3Aiii. *Chihuahua* and *Baja California* obtained above-average scores for two of the three components that account for their high rankings. *Tabasco*, *Chiapas*, and *Oaxaca* had the lowest scores, being three of the most underdeveloped states; their respective weighted minimum wages were among the highest of the country, which by itself accounts for their low ranking.

Conclusion

This is the third year that Mexico has been included in the index published in *Economic Freedom of North America*. Since the conception of the index many changes in the methodology were needed to make it possible to reflect not only the circumstantial but the structural differences between legislation and policies in Canada, the United States, and Mexico. Mexico's highly centralized government, excessive regulation, and lack of an effective legal system that protects property rights is still a drag on economic freedom and it is certainly what causes the country's states to rank so low when compared to the Canadian provinces and US states.

Jalisco and *Baja California* were the highest ranked Mexican states at the all-government level, ranking 61st among their North American peers. *Coahuila*, *Mexico*, *Tlaxcala*, and *Sinaloa* were close behind. *Coahuila*, however, owes its ranking to the forced policy of austerity adopted to repair years of reckless spending and irresponsible debt contracting. The lowest rankings were held by *Distrito Federal* (92nd), *Colima* (91st), and *Campeche* (90th). The same three states held the top three for the subnational rankings; however, due to the high levels of centralization, states like

Nuevo León suffered a dramatic drop in its ranking from the subnational to the all-government level, going from 14th place to 26th. Having the second largest per-capita income of the 32 states, *Nuevo Leon*'s case is an example of the great degree of centralization in Mexican government, showing how, even with bearable local and municipal policies, the burden of federal taxes and policies is aggravating the condition of some of the most productive states.

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Chapter 3
Detailed Tables of Economic Freedom in Canada, the United States, and Mexico

The following tables provide more information on economic freedom in the provinces and states as measured by the index of economic freedom in North America at the all-government and the subnational levels. At the all-government level, the index measures the impact of all levels of government—federal, provincial/state, and municipal/local—in Canada, the United States, and Mexico. At the subnational level, it measures the impact of provincial and municipal governments on economic freedom in Canada and state and local governments in the United States and Mexico.

For the first time this year, we have produced for each province and state a one-page summary that contains all the 2014 scores and rankings for each of the components of the index as well as historical data on the overall and area scores. For brevity, these are not included in the report, but they are available at <www.fraserinstitute.org/studies/economic-freedom> or <www.freetheworld.com/efna.html>.

Economic Freedom in Canada, the United States, and Mexico

Tables 3.1 (a, b, c) and 3.2 (a, b, c) provide a detailed summary of the scores for 2014. Tables 3.3 (a, b, c) to 3.10 (a, b, c) provide historical information both for the overall index and for each of Area 1: Government Spending; Area 2: Taxes; and Area 3: Labor Market Freedom. Economic freedom is measured on a scale from zero to 10, where a higher value indicates a higher level of economic freedom.

Detailed data for the world-adjusted scores, taken from the *Economic Freedom of the World: 2016 Annual Report*,[1] are not included; they can be found in that publication. Tables 3.3 (a, b, c) to 3.10 (a, b, c) show data for a selection of years. The full set of data from 1981 to 2014 and all other data included in this report are available at <www.fraserinstitute.org/studies/economic-freedom> or <www.freetheworld.com/efna.html>.

[1] Gwartney, James, Robert Lawson, and Joshua Hall (2016). *Economic Freedom of the World: 2016 Annual Report.* Fraser Institute.

Table 3.1a: Economic Freedom at the All-Government Level in Canada, 2014

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average	7.5	5.9	7.8	8.1	9.6	7.8	7.8	
Alberta	8.7	6.6	7.9	8.1	9.6	7.8	8.1	1
British Columbia	8.0	6.0	7.8	8.1	9.6	7.8	7.9	2
Manitoba	7.5	5.7	7.7	8.1	9.6	7.8	7.7	23
New Brunswick	6.9	6.0	7.7	8.1	9.6	7.8	7.7	23
Newfoundland & Labrador	7.0	6.3	7.7	8.1	9.6	7.8	7.8	4
Nova Scotia	6.8	5.8	7.7	8.1	9.6	7.8	7.6	46
Ontario	8.0	5.6	7.8	8.1	9.6	7.8	7.8	4
Prince Edward Island	6.5	6.0	7.7	8.1	9.6	7.8	7.6	46
Quebec	7.6	5.3	7.7	8.1	9.6	7.8	7.7	23
Saskatchewan	7.9	5.9	7.7	8.1	9.6	7.8	7.8	4

Table 3.1b: Economic Freedom at the All-Government Level in Mexico, 2014

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average	4.6	5.8	7.0	4.2	8.1	7.5	6.2	
Aguascalientes	4.5	5.8	7.0	4.2	8.1	7.5	6.2	73
Baja California	6.2	5.9	7.1	4.2	8.1	7.5	6.5	61
Baja California Sur	3.7	5.9	7.0	4.2	8.1	7.5	6.1	84
Campeche	3.0	5.6	7.0	4.2	8.1	7.5	5.9	90
Coahuila de Zaragoza	6.0	5.7	7.0	4.2	8.1	7.5	6.4	63
Colima	3.7	3.9	7.0	4.2	8.1	7.5	5.7	91
Chiapas	4.2	6.5	6.8	4.2	8.1	7.5	6.2	73
Chihuahua	4.4	5.7	7.0	4.2	8.1	7.5	6.2	73
Distrito Federal	4.0	2.9	7.0	4.2	8.1	7.5	5.6	92
Durango	3.6	6.2	6.9	4.2	8.1	7.5	6.1	84
Guanajuato	4.8	6.0	7.0	4.2	8.1	7.5	6.3	67
Guerrero	4.1	6.6	6.9	4.2	8.1	7.5	6.2	73
Hidalgo	4.1	6.5	7.0	4.2	8.1	7.5	6.2	73
Jalisco	6.4	5.9	7.1	4.2	8.1	7.5	6.5	61
México	5.5	6.1	7.0	4.2	8.1	7.5	6.4	63
Michoacán de Ocampo	4.1	5.2	6.9	4.2	8.1	7.5	6.0	89
Morelos	4.7	6.2	7.0	4.2	8.1	7.5	6.3	67
Nayarit	4.5	6.5	7.0	4.2	8.1	7.5	6.3	67
Nuevo León	5.6	4.1	7.1	4.2	8.1	7.5	6.1	84
Oaxaca	4.0	6.6	6.8	4.2	8.1	7.5	6.2	73
Puebla	4.7	6.1	6.9	4.2	8.1	7.5	6.3	67
Querétaro	4.9	5.0	7.0	4.2	8.1	7.5	6.1	84
Quintana Roo	5.4	5.6	7.0	4.2	8.1	7.5	6.3	67
San Luis Potosí	4.4	6.1	6.9	4.2	8.1	7.5	6.2	73
Sinaloa	5.3	6.0	7.0	4.2	8.1	7.5	6.4	63
Sonora	5.1	6.1	7.0	4.2	8.1	7.5	6.3	67
Tabasco	4.5	6.1	7.0	4.2	8.1	7.5	6.2	73
Tamaulipas	4.8	5.6	6.9	4.2	8.1	7.5	6.2	73
Tlaxcala	4.9	6.6	6.9	4.2	8.1	7.5	6.4	63
Veracruz de Ignacio de la Llave	4.6	6.1	6.9	4.2	8.1	7.5	6.2	73
Yucatán	4.2	6.2	7.0	4.2	8.1	7.5	6.2	73
Zacatecas	4.0	6.0	6.9	4.2	8.1	7.5	6.1	84

Table 3.1c: Economic Freedom at the All-Government Level in the United States, 2014

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average	7.3	6.8	8.1	7.1	9.4	7.6	7.7	
Alabama	7.1	7.4	8.0	7.1	9.4	7.6	7.8	4
Alaska	5.9	7.7	8.0	7.1	9.4	7.6	7.6	46
Arizona	7.3	7.1	8.1	7.1	9.4	7.6	7.8	4
Arkansas	7.1	6.6	8.1	7.1	9.4	7.6	7.6	46
California	7.2	6.4	8.0	7.1	9.4	7.6	7.6	46
Colorado	7.4	7.0	8.1	7.1	9.4	7.6	7.8	4
Connecticut	7.3	6.4	8.1	7.1	9.4	7.6	7.6	46
Delaware	7.3	5.8	8.1	7.1	9.4	7.6	7.5	59
Florida	7.7	7.1	8.1	7.1	9.4	7.6	7.8	4
Georgia	7.5	6.8	8.1	7.1	9.4	7.6	7.8	4
Hawaii	6.8	6.7	8.0	7.1	9.4	7.6	7.6	46
Idaho	7.5	7.0	8.1	7.1	9.4	7.6	7.8	4
Illinois	7.3	6.4	8.1	7.1	9.4	7.6	7.7	23
Indiana	7.6	6.8	8.1	7.1	9.4	7.6	7.8	4
Iowa	7.4	6.9	8.1	7.1	9.4	7.6	7.7	23
Kansas	7.5	6.8	8.1	7.1	9.4	7.6	7.7	23
Kentucky	6.7	6.9	8.0	7.1	9.4	7.6	7.6	46
Louisiana	7.0	6.7	8.1	7.1	9.4	7.6	7.7	23
Maine	7.3	6.7	8.1	7.1	9.4	7.6	7.7	23
Maryland	7.1	6.8	8.1	7.1	9.4	7.6	7.7	23
Massachusetts	7.3	6.6	8.1	7.1	9.4	7.6	7.7	23
Michigan	7.4	7.0	8.0	7.1	9.4	7.6	7.7	23
Minnesota	7.5	5.7	8.1	7.1	9.4	7.6	7.6	46
Mississippi	6.7	7.2	8.1	7.1	9.4	7.6	7.7	23
Missouri	7.2	6.9	8.1	7.1	9.4	7.6	7.7	23
Montana	7.1	7.2	8.0	7.1	9.4	7.6	7.7	23
Nebraska	7.7	6.6	8.1	7.1	9.4	7.6	7.8	4
Nevada	7.6	7.0	8.0	7.1	9.4	7.6	7.8	4
New Hampshire	8.0	7.1	8.1	7.1	9.4	7.6	7.9	2
New Jersey	7.5	6.1	8.1	7.1	9.4	7.6	7.6	46
New Mexico	6.6	7.2	8.1	7.1	9.4	7.6	7.7	23
New York	7.2	6.0	8.0	7.1	9.4	7.6	7.5	59
North Carolina	7.4	7.0	8.1	7.1	9.4	7.6	7.8	4
North Dakota	7.4	6.8	8.2	7.1	9.4	7.6	7.7	23
Ohio	7.1	6.4	8.1	7.1	9.4	7.6	7.6	46
Oklahoma	7.5	7.0	8.1	7.1	9.4	7.6	7.8	4
Oregon	7.1	6.8	8.0	7.1	9.4	7.6	7.7	23
Pennsylvania	7.2	6.8	8.1	7.1	9.4	7.6	7.7	23
Rhode Island	7.1	6.4	8.1	7.1	9.4	7.6	7.6	46
South Carolina	7.2	7.1	8.1	7.1	9.4	7.6	7.8	4
South Dakota	7.5	7.1	8.1	7.1	9.4	7.6	7.8	4
Tennessee	7.4	7.1	8.1	7.1	9.4	7.6	7.8	4
Texas	7.7	6.8	8.1	7.1	9.4	7.6	7.8	4
Utah	7.4	7.1	8.1	7.1	9.4	7.6	7.8	4
Vermont	7.1	6.5	8.1	7.1	9.4	7.6	7.6	46
Virginia	7.2	7.1	8.1	7.1	9.4	7.6	7.7	23
Washington	7.4	6.8	8.0	7.1	9.4	7.6	7.7	23
West Virginia	6.9	7.2	8.0	7.1	9.4	7.6	7.7	23
Wisconsin	7.3	6.6	8.1	7.1	9.4	7.6	7.7	23
Wyoming	7.2	7.0	8.1	7.1	9.4	7.6	7.7	23

Table 3.2a: Economic Freedom at the Subnational Level in Canada, 2014

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 10
Average	4.0	7.0	6.5	4.7	5.1	5.4	4.3	6.7	5.4	7.7	5.8	4.9	6.6	5.8	
Alberta	6.8	9.1	9.9	5.2	7.0	5.6	8.9	9.2	9.3	7.3	8.6	6.7	8.6	8.0	1
British Columbia	5.6	9.0	5.2	5.9	5.5	6.3	4.3	7.1	8.2	5.9	6.6	5.5	7.1	6.4	2
Manitoba	2.3	8.9	6.1	4.9	5.0	4.4	3.2	5.8	3.0	8.3	5.8	4.4	5.7	5.3	7
New Brunswick	2.9	6.9	7.1	6.3	5.5	5.8	3.9	5.8	5.2	9.2	5.6	5.4	6.7	5.9	4
Newfoundland & Labrador	2.4	9.1	6.1	5.0	6.0	8.5	3.7	7.4	2.7	7.3	5.8	5.8	5.8	5.8	5
Nova Scotia	2.9	7.0	3.5	4.2	3.5	6.8	3.4	6.1	4.2	9.6	4.5	4.5	6.7	5.2	8
Ontario	5.6	7.2	7.7	4.9	4.5	3.8	4.8	6.6	8.0	7.3	6.8	4.5	7.3	6.2	3
Prince Edward Island	2.7	7.7	6.6	5.1	4.0	7.0	3.0	5.6	6.2	8.0	5.7	4.8	6.6	5.7	6
Quebec	4.4	1.4	5.1	0.2	4.5	2.7	3.2	6.1	4.8	5.3	3.6	2.6	5.4	3.9	10
Saskatchewan	4.2	3.4	7.2	5.5	5.5	3.5	4.4	7.6	2.1	8.3	4.9	4.7	6.0	5.2	8

Table 3.2b: Economic Freedom at the Subnational Level in Mexico, 2014

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 32
Average	6.8	6.0		6.6		5.8		6.3	7.2	6.3	6.4	6.2	6.6	6.4	
Aguascalientes	7.2	6.3		6.3		7.1		7.2	5.9	6.1	6.8	6.7	6.4	6.6	16
Baja California	8.8	8.4		7.5		5.5		8.2	8.8	7.6	8.6	6.5	8.2	7.8	1
Baja California Sur	8.5	5.3		7.2		2.8		7.9	7.0	5.0	6.9	5.0	6.7	6.2	23
Campeche	5.1	4.7		0.0		4.8		7.2	4.8	6.2	4.9	2.4	6.1	4.5	31
Coahuila de Zaragoza	8.2	8.9		6.7		6.7		8.7	8.0	3.2	8.6	6.7	6.6	7.3	3
Colima	7.7	4.9		6.7		5.1		7.8	6.4	6.2	6.3	5.9	6.8	6.3	21
Chiapas	0.0	1.7		6.4		7.5		0.0	6.5	8.6	0.8	7.0	5.0	4.3	32
Chihuahua	7.6	5.8		5.8		5.1		7.1	8.9	7.0	6.7	5.5	7.7	6.6	16
Distrito Federal	7.7	9.0		1.1		0.0		9.5	8.7	6.2	8.4	0.5	8.2	5.7	26
Durango	5.4	6.0		8.6		4.4		5.3	5.7	6.4	5.7	6.5	5.8	6.0	24
Guanajuato	6.4	7.5		6.4		7.3		5.5	9.0	7.0	6.9	6.9	7.2	7.0	5
Guerrero	6.4	1.5		8.5		6.0		3.5	5.0	7.3	4.0	7.2	5.3	5.5	29
Hidalgo	7.8	4.6		7.7		7.1		5.2	6.9	7.5	6.2	7.4	6.6	6.7	10
Jalisco	8.3	8.3		7.5		6.2		7.7	8.2	7.1	8.3	6.9	7.7	7.6	2
México	7.3	6.2		5.5		5.6		6.8	9.7	6.6	6.8	5.5	7.7	6.7	10
Michoacán de Ocampo	4.8	8.2		7.7		7.4		4.2	7.4	7.8	6.5	7.6	6.4	6.8	9
Morelos	8.0	5.8		7.8		5.6		6.5	7.9	6.8	6.9	6.7	7.1	6.9	8
Nayarit	6.6	5.2		8.5		6.0		6.8	5.8	5.3	5.9	7.2	6.0	6.4	20
Nuevo León	8.5	7.1		4.3		4.8		8.9	9.0	4.8	7.8	4.6	7.6	6.7	10
Oaxaca	4.9	0.0		6.5		8.1		1.4	6.7	7.0	2.4	7.3	5.0	4.9	30
Puebla	6.7	6.3		6.3		6.6		4.4	9.5	7.6	6.5	6.4	7.2	6.7	10
Querétaro	8.5	5.8		6.4		0.4		7.7	7.6	6.9	7.1	3.4	7.4	6.0	24
Quintana Roo	7.2	6.4		6.1		0.5		8.0	8.3	5.0	6.8	3.3	7.1	5.7	26
San Luis Potosí	7.6	4.9		6.9		6.7		5.6	6.3	5.2	6.2	6.8	5.7	6.3	21
Sinaloa	9.0	5.4		8.6		5.1		7.8	6.8	6.9	7.2	6.9	7.1	7.1	4
Sonora	7.0	6.8		8.0		5.9		8.2	8.2	5.4	6.9	6.9	7.3	7.0	5
Tabasco	4.8	7.3		5.0		7.5		6.4	2.2	6.2	6.1	6.2	4.9	5.7	26
Tamaulipas	7.6	8.5		6.8		8.0		7.5	7.7	1.7	8.0	7.4	5.6	7.0	5
Tlaxcala	6.6	3.8		8.0		9.3		4.1	7.1	6.1	5.2	8.7	5.8	6.5	19
Veracruz de Ignacio ...	4.9	8.1		7.2		7.2		4.6	7.7	6.4	6.5	7.2	6.2	6.7	10
Yucatán	7.0	6.8		6.2		6.3		6.6	6.5	7.5	6.9	6.3	6.9	6.7	10
Zacatecas	5.1	6.7		8.8		8.4		5.2	4.7	5.8	5.9	8.6	5.2	6.6	16

No state or local spending in this category.

No state or local income taxes.

No state or local sales taxes.

Table 3.2c: Economic Freedom at the Subnational Level in the United States, 2014

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 50
Average	6.6	7.8	6.2	6.2	7.4	8.0	5.6	8.1	6.7	6.9	6.9	6.8	7.3	7.0	
Alabama	6.3	7.7	6.3	7.0	8.0	9.7	4.9	7.5	5.2	7.4	6.8	7.4	6.7	7.0	23
Alaska	0.2	6.7	3.6	7.9	10.0	9.1	9.0	9.1	3.5	5.4	3.5	9.0	6.0	6.2	46
Arizona	7.2	8.3	6.8	7.7	8.0	8.8	4.7	7.0	7.5	7.8	7.5	7.3	7.4	7.4	7
Arkansas	6.2	7.1	6.9	5.9	6.0	9.5	3.2	7.5	5.4	8.6	6.8	6.1	7.2	6.7	32
California	6.7	6.1	4.1	3.6	3.0	8.2	5.7	7.9	8.1	5.0	5.6	5.1	7.0	5.9	49
Colorado	7.5	9.0	5.9	6.1	7.0	8.4	5.9	8.5	7.2	6.9	7.5	6.8	7.5	7.3	13
Connecticut	8.1	8.8	5.9	4.6	7.0	7.2	6.6	9.4	7.6	5.4	7.6	6.3	7.5	7.1	22
Delaware	5.7	5.5	6.9	5.3	6.0	6.6	9.4	8.3	6.9	6.8	6.1	6.8	7.3	6.7	32
Florida	7.7	8.7	7.9	9.6	10.0	8.2	4.8	7.7	9.5	7.0	8.1	8.1	8.1	8.1	2
Georgia	7.6	8.6	6.7	6.3	6.0	8.5	6.3	7.7	7.8	8.2	7.6	6.8	7.9	7.4	7
Hawaii	5.8	8.7	6.2	5.4	4.0	8.9	0.8	8.7	7.3	4.8	6.9	4.8	6.9	6.2	46
Idaho	7.2	8.8	6.9	5.7	6.0	8.6	6.3	7.3	6.2	8.1	7.6	6.6	7.2	7.2	18
Illinois	7.4	8.8	4.0	4.9	7.0	6.9	5.9	8.1	8.0	5.3	6.7	6.2	7.2	6.7	32
Indiana	7.3	7.4	8.1	6.0	8.0	8.9	4.7	7.8	7.5	6.4	7.6	6.9	7.2	7.2	18
Iowa	6.4	7.3	6.8	5.9	7.5	7.7	6.3	8.5	5.9	6.7	6.8	6.8	7.0	6.9	27
Kansas	6.7	9.6	7.4	6.7	7.0	8.3	5.0	8.5	5.2	7.9	7.9	6.8	7.2	7.3	13
Kentucky	6.3	6.2	5.0	4.7	6.5	9.3	5.5	7.5	6.4	6.7	5.8	6.5	6.9	6.4	40
Louisiana	5.7	7.6	5.6	7.5	8.0	9.2	3.4	8.2	6.5	8.0	6.3	7.0	7.6	7.0	23
Maine	5.3	8.6	6.6	5.6	5.0	6.5	5.6	7.8	7.2	6.6	6.8	5.6	7.2	6.5	38
Maryland	7.3	5.9	7.1	3.9	8.0	8.1	6.8	9.4	8.1	7.2	6.8	6.7	8.2	7.2	18
Massachusetts	7.4	8.9	5.6	4.0	7.0	7.4	7.9	9.4	9.0	5.4	7.3	6.6	7.9	7.3	13
Michigan	6.5	8.0	5.5	6.4	8.0	8.0	6.2	7.3	7.9	5.4	6.7	7.2	6.9	6.9	27
Minnesota	6.4	6.8	6.3	3.8	5.0	7.6	4.5	8.5	7.6	5.6	6.5	5.2	7.2	6.3	42
Mississippi	4.8	8.2	5.3	6.9	7.0	8.4	3.7	6.9	3.1	9.6	6.1	6.5	6.5	6.4	40
Missouri	7.1	8.7	6.4	6.4	8.0	8.9	6.3	7.9	7.2	7.2	7.4	7.4	7.4	7.4	7
Montana	6.1	8.3	5.7	4.9	8.0	7.3	9.1	7.3	6.1	6.7	6.7	7.3	6.7	6.9	27
Nebraska	7.2	9.0	8.2	6.2	6.0	7.4	6.3	8.8	6.3	7.5	8.1	6.5	7.6	7.4	7
Nevada	7.6	8.2	6.1	8.8	10.0	8.1	1.9	7.2	10.0	4.7	7.3	7.2	7.3	7.3	13
New Hampshire	8.4	8.8	8.3	8.6	10.0	6.1	9.2	9.3	8.1	6.3	8.5	8.5	7.9	8.3	1
New Jersey	7.4	7.9	5.0	5.3	6.0	5.8	7.2	9.1	7.2	5.2	6.8	6.1	7.2	6.7	32
New Mexico	4.5	8.1	4.4	7.0	7.0	9.1	3.1	7.2	2.3	9.5	5.7	6.6	6.3	6.2	46
New York	6.2	7.4	4.3	1.1	6.0	6.1	5.4	9.1	6.8	3.4	6.0	4.7	6.4	5.7	50
North Carolina	7.1	8.1	7.3	5.4	7.0	9.0	6.1	7.7	5.9	9.0	7.5	6.9	7.5	7.3	13
North Dakota	7.4	7.4	6.9	6.5	9.0	8.7	3.1	9.6	6.6	8.0	7.2	6.8	8.0	7.4	7
Ohio	6.5	6.9	3.1	6.0	8.0	8.0	5.3	7.6	7.7	5.9	5.5	6.8	7.1	6.5	38
Oklahoma	7.6	8.4	7.2	6.7	7.0	9.7	5.3	8.4	4.8	8.6	7.7	7.2	7.3	7.4	7
Oregon	5.3	7.9	3.8	2.7	8.0	7.3	9.4	6.6	7.5	5.3	5.7	6.9	6.5	6.3	42
Pennsylvania	7.0	7.8	5.5	5.3	8.0	8.0	6.3	8.8	9.3	5.6	6.7	6.9	7.9	7.2	18
Rhode Island	6.6	8.1	4.3	5.6	8.0	6.5	6.2	8.4	9.1	5.3	6.3	6.6	7.6	6.8	31
South Carolina	5.9	5.9	6.3	6.8	6.0	8.0	6.5	7.3	5.2	9.2	6.0	6.8	7.2	6.7	32
South Dakota	8.1	8.8	7.8	9.9	10.0	8.1	4.3	8.6	6.6	8.3	8.2	8.1	7.8	8.0	3
Tennessee	7.7	7.1	8.1	9.2	10.0	9.0	4.8	7.9	7.9	7.8	7.6	8.3	7.9	7.9	5
Texas	8.2	8.9	7.5	9.8	10.0	7.8	4.0	8.6	7.7	7.7	8.2	7.9	8.0	8.0	3
Utah	6.6	5.7	7.3	5.4	7.0	8.8	6.0	7.5	6.9	8.6	6.5	6.8	7.6	7.0	23
Vermont	4.4	6.4	7.6	5.7	6.0	5.9	5.5	7.7	6.8	6.5	6.1	5.8	7.0	6.3	42
Virginia	7.9	7.4	7.8	6.0	7.0	8.3	7.9	9.1	6.9	8.8	7.7	7.3	8.3	7.8	6
Washington	7.4	6.9	6.2	8.8	10.0	8.1	2.4	7.7	6.1	5.6	6.8	7.3	6.4	6.9	27
West Virginia	5.4	7.7	5.7	5.5	6.0	8.9	4.8	7.2	3.8	8.0	6.3	6.3	6.4	6.3	42
Wisconsin	6.5	8.2	5.7	5.2	6.0	7.0	6.3	8.4	6.8	6.4	6.8	6.1	7.2	6.7	32
Wyoming	5.0	8.9	5.6	8.6	10.0	7.1	5.4	9.5	1.7	9.3	6.5	7.8	6.8	7.0	23

Table 3.3a: Economic Freedom at the All-Government Level in Canada, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	7.9	7.9	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	7.8	
Alberta	8.2	8.2	8.2	8.2	8.2	8.1	8.1	8.0	8.0	8.0	8.1	8.1	1
British Columbia	8.0	8.1	8.0	8.0	8.0	8.0	7.9	7.9	7.8	7.9	7.9	7.9	2
Manitoba	7.8	7.9	7.8	7.8	7.8	7.8	7.7	7.7	7.6	7.7	7.7	7.7	23
New Brunswick	7.8	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.6	7.7	7.6	7.7	23
Newfoundland & Labrador	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.6	7.6	7.7	7.7	7.8	4
Nova Scotia	7.9	7.9	7.8	7.8	7.8	7.7	7.7	7.6	7.5	7.6	7.6	7.6	46
Ontario	8.0	8.0	7.9	7.9	7.9	7.9	7.8	7.8	7.7	7.8	7.8	7.8	4
Prince Edward Island	7.7	7.7	7.6	7.6	7.7	7.7	7.6	7.6	7.5	7.6	7.6	7.6	46
Quebec	7.8	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.6	7.6	7.6	7.7	23
Saskatchewan	7.8	7.8	7.7	7.7	7.8	7.8	7.8	7.7	7.7	7.8	7.8	7.8	4

Table 3.3b: Economic Freedom at the All-Government Level in Mexico, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	6.6	6.7	6.6	6.7	6.5	6.3	6.3	6.1	6.1	6.1	6.1	6.2	
Aguascalientes	6.7	6.7	6.6	6.7	6.6	6.5	6.5	6.2	6.0	6.2	6.1	6.2	73
Baja California	6.9	6.9	6.8	6.9	6.7	6.5	6.6	6.4	6.5	6.5	6.5	6.5	61
Baja California Sur	6.7	6.7	6.6	6.7	6.4	6.2	6.2	6.0	6.1	6.2	6.0	6.1	84
Campeche	6.1	6.2	6.1	6.3	6.3	6.0	6.1	6.0	6.0	5.9	5.7	5.9	90
Coahuila de Zaragoza	6.7	6.7	6.6	6.7	6.5	6.4	6.4	6.0	5.9	5.9	6.1	6.4	63
Colima	6.0	6.0	6.0	6.2	6.1	5.9	5.9	5.7	5.7	5.6	5.7	5.7	91
Chiapas	6.5	6.5	6.5	6.6	6.5	6.2	6.2	6.1	6.1	6.1	6.1	6.2	73
Chihuahua	6.6	6.7	6.6	6.7	6.6	6.6	6.5	6.1	6.1	6.0	6.0	6.2	73
Distrito Federal	6.0	6.1	5.9	6.0	5.8	5.5	5.6	5.4	5.5	5.4	5.4	5.6	92
Durango	6.7	6.7	6.6	6.6	6.4	6.2	6.1	6.0	6.0	5.9	6.0	6.1	84
Guanajuato	6.8	6.9	6.8	6.9	6.7	6.5	6.2	6.0	6.0	6.4	6.3	6.3	67
Guerrero	6.5	6.6	6.5	6.5	6.4	6.2	6.1	5.9	5.9	6.2	6.1	6.2	73
Hidalgo	6.6	6.6	6.5	6.5	6.3	6.1	6.2	6.0	6.0	6.1	6.1	6.2	73
Jalisco	6.8	6.9	6.8	6.8	6.7	6.5	6.6	6.5	6.4	6.4	6.4	6.5	61
México	7.0	7.0	6.9	7.0	6.8	6.6	6.7	6.6	6.6	6.5	6.5	6.4	63
Michoacán de Ocampo	6.8	6.8	6.8	6.9	6.7	6.4	6.4	6.2	6.1	6.1	6.0	6.0	89
Morelos	6.8	6.9	6.7	6.8	6.7	6.5	6.5	6.3	6.3	6.4	6.2	6.3	67
Nayarit	6.8	6.8	6.9	7.0	6.7	6.2	6.3	6.1	6.1	6.2	6.2	6.3	67
Nuevo León	6.6	6.7	6.6	6.6	6.4	6.3	6.4	6.2	6.1	6.1	5.7	6.1	84
Oaxaca	6.6	6.7	6.5	6.5	6.5	6.3	6.3	6.2	6.2	6.1	6.1	6.2	73
Puebla	6.7	6.8	6.8	7.0	6.7	6.4	6.5	6.4	6.3	6.3	6.2	6.3	67
Querétaro	6.5	6.6	6.5	6.7	6.6	6.4	6.4	6.1	6.3	6.4	6.2	6.1	84
Quintana Roo	6.8	6.7	6.6	6.7	6.5	6.3	6.4	6.3	6.3	6.3	6.2	6.3	67
San Luis Potosí	6.7	6.7	6.7	6.9	6.7	6.4	6.4	6.2	6.1	6.1	6.1	6.2	73
Sinaloa	6.8	6.9	6.7	6.7	6.7	6.5	6.4	6.2	6.1	6.1	6.2	6.4	63
Sonora	6.8	6.9	6.7	6.9	6.7	6.5	6.4	6.1	6.2	6.3	6.2	6.3	67
Tabasco	6.4	6.4	6.4	6.6	6.4	6.2	6.1	5.9	6.1	6.2	6.1	6.2	73
Tamaulipas	6.4	6.4	6.3	6.4	6.2	6.0	6.1	5.9	6.0	6.1	6.1	6.2	73
Tlaxcala	7.1	7.1	6.9	6.8	6.6	6.4	6.4	6.2	6.2	6.3	6.3	6.4	63
Veracruz de Ignacio ...	6.5	6.6	6.5	6.6	6.4	6.3	6.3	6.1	6.1	6.2	6.1	6.2	73
Yucatán	6.7	6.7	6.6	6.7	6.5	6.3	6.3	6.1	6.1	6.1	6.0	6.2	73
Zacatecas	6.7	6.7	6.6	6.7	6.6	6.4	6.2	5.9	5.9	6.0	6.0	6.1	84

Table 3.3c: Economic Freedom at the All-Government Level in the United States, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	8.2	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.6	7.7	
Alabama	8.3	8.3	8.2	8.1	8.1	8.1	7.8	7.8	7.7	7.8	7.7	7.8	4
Alaska	8.1	8.1	7.9	7.9	8.0	7.9	7.5	7.6	7.5	7.6	7.6	7.6	46
Arizona	8.3	8.3	8.2	8.1	8.1	8.0	7.8	7.8	7.7	7.8	7.7	7.8	4
Arkansas	8.2	8.2	8.0	8.0	8.0	7.9	7.7	7.6	7.5	7.7	7.6	7.6	46
California	8.2	8.2	8.0	8.0	8.0	7.9	7.6	7.7	7.6	7.7	7.6	7.6	46
Colorado	8.3	8.3	8.1	8.1	8.1	8.0	7.8	7.7	7.7	7.8	7.7	7.8	4
Connecticut	8.2	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.7	7.6	7.6	46
Delaware	8.2	8.3	8.1	7.9	8.0	7.9	7.7	7.7	7.5	7.6	7.5	7.5	59
Florida	8.4	8.4	8.2	8.1	8.2	8.1	7.8	7.8	7.8	7.9	7.8	7.8	4
Georgia	8.3	8.3	8.1	8.1	8.1	8.0	7.8	7.8	7.7	7.8	7.7	7.8	4
Hawaii	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.6	7.6	7.5	7.6	46
Idaho	8.3	8.3	8.1	8.1	8.1	8.0	7.7	7.8	7.7	7.8	7.7	7.8	4
Illinois	8.2	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.7	7.6	7.7	23
Indiana	8.3	8.4	8.1	8.1	8.2	8.0	7.7	7.7	7.7	7.8	7.7	7.8	4
Iowa	8.3	8.3	8.1	8.1	8.1	8.1	7.8	7.8	7.7	7.8	7.7	7.7	23
Kansas	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.8	7.7	7.8	7.7	7.7	23
Kentucky	8.3	8.3	8.1	8.0	8.1	7.9	7.7	7.7	7.6	7.7	7.6	7.6	46
Louisiana	8.2	8.3	8.0	7.8	8.0	8.0	7.7	7.7	7.6	7.8	7.6	7.7	23
Maine	8.2	8.2	8.0	8.0	8.0	8.0	7.7	7.7	7.6	7.7	7.6	7.7	23
Maryland	8.3	8.3	8.1	8.0	8.1	8.0	7.8	7.8	7.7	7.8	7.6	7.7	23
Massachusetts	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.7	7.6	7.7	23
Michigan	8.2	8.2	8.1	8.0	8.0	7.9	7.7	7.7	7.6	7.8	7.7	7.7	23
Minnesota	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.6	7.7	7.6	7.6	46
Mississippi	8.2	8.2	8.1	7.8	8.0	8.0	7.7	7.7	7.7	7.7	7.6	7.7	23
Missouri	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	7.7	23
Montana	8.2	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	7.7	23
Nebraska	8.3	8.3	8.1	8.0	8.1	8.0	7.8	7.8	7.8	7.8	7.7	7.8	4
Nevada	8.4	8.4	8.2	8.1	8.2	8.1	7.8	7.8	7.7	7.8	7.7	7.8	4
New Hampshire	8.4	8.4	8.3	8.2	8.3	8.1	7.9	7.9	7.8	7.9	7.8	7.9	2
New Jersey	8.2	8.2	8.0	8.0	8.0	7.9	7.6	7.7	7.6	7.7	7.6	7.6	46
New Mexico	8.2	8.2	8.0	8.0	8.0	7.9	7.6	7.7	7.6	7.7	7.6	7.7	23
New York	8.1	8.1	7.9	7.9	8.0	7.8	7.6	7.6	7.5	7.6	7.5	7.5	59
North Carolina	8.3	8.3	8.1	8.1	8.1	8.0	7.8	7.7	7.7	7.8	7.7	7.8	4
North Dakota	8.2	8.2	8.1	8.0	8.1	8.0	7.7	7.8	7.7	7.9	7.7	7.7	23
Ohio	8.1	8.1	8.0	8.0	8.0	7.9	7.6	7.6	7.5	7.7	7.5	7.6	46
Oklahoma	8.2	8.2	8.1	8.0	8.1	8.0	7.7	7.8	7.7	7.8	7.7	7.8	4
Oregon	8.2	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.7	7.6	7.7	23
Pennsylvania	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.7	7.6	7.7	23
Rhode Island	8.1	8.1	8.0	7.9	8.0	7.9	7.6	7.6	7.6	7.6	7.5	7.6	46
South Carolina	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	7.8	4
South Dakota	8.3	8.4	8.2	8.1	8.2	8.1	7.8	7.9	7.8	7.9	7.8	7.8	4
Tennessee	8.3	8.3	8.2	8.1	8.2	8.0	7.8	7.8	7.7	7.8	7.7	7.8	4
Texas	8.3	8.3	8.2	8.1	8.1	8.0	7.8	7.8	7.7	7.8	7.7	7.8	4
Utah	8.3	8.3	8.1	8.1	8.2	8.1	7.8	7.8	7.7	7.8	7.7	7.8	4
Vermont	8.2	8.2	8.1	8.0	8.0	7.9	7.7	7.7	7.6	7.7	7.6	7.6	46
Virginia	8.3	8.3	8.1	8.1	8.1	8.0	7.7	7.8	7.7	7.8	7.7	7.7	23
Washington	8.2	8.3	8.1	8.0	8.1	8.0	7.8	7.7	7.7	7.8	7.7	7.7	23
West Virginia	8.2	8.2	8.1	8.0	8.1	8.0	7.8	7.7	7.6	7.8	7.6	7.7	23
Wisconsin	8.2	8.3	8.1	8.0	8.1	8.0	7.6	7.7	7.6	7.7	7.6	7.7	23
Wyoming	8.2	8.2	8.1	8.0	8.1	8.0	7.6	7.7	7.7	7.8	7.7	7.7	23

Table 3.4a: Overall Scores at the Subnational Level in Canada, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 10
Average	5.6	5.5	5.6	5.7	6.0	6.0	5.9	5.9	5.8	5.5	5.5	5.5	5.6	5.7	5.8	
Alberta	6.4	5.6	6.4	7.2	7.4	8.0	7.9	7.8	7.5	7.4	7.3	7.5	7.6	7.8	8.0	1
British Columbia	5.5	5.8	6.4	5.7	5.8	6.6	6.8	6.9	6.7	6.7	6.7	6.5	6.2	6.5	6.4	2
Manitoba	6.2	5.7	5.5	5.7	5.7	5.5	5.5	5.7	5.5	5.4	5.5	5.2	5.4	5.3	5.3	7
New Brunswick	5.5	5.6	5.9	6.2	6.3	6.2	6.0	5.9	5.6	5.8	6.0	6.1	6.1	6.0	5.9	4
Newfoundland & Lab.	4.2	4.2	4.6	4.8	5.6	5.4	5.3	5.2	5.3	4.9	5.0	5.1	5.3	5.6	5.8	5
Nova Scotia	5.9	5.9	6.4	6.5	6.9	6.4	6.1	5.9	5.7	5.3	5.2	5.0	5.0	5.3	5.2	8
Ontario	6.8	6.7	5.9	5.6	6.6	6.3	6.3	6.3	6.0	5.6	5.4	5.4	6.0	6.1	6.2	3
Prince Edward Island	6.0	6.6	6.2	6.5	6.4	6.5	6.3	6.2	5.9	5.4	5.5	5.6	5.6	5.6	5.7	6
Quebec	4.3	3.9	4.4	4.0	4.5	4.4	4.3	4.2	4.1	3.9	4.0	3.8	3.8	3.9	3.9	10
Saskatchewan	4.7	4.7	4.7	4.8	4.9	4.8	4.7	5.2	5.3	4.8	4.7	4.9	5.0	5.1	5.2	8

Table 3.4b: Overall Scores at the Subnational Level in Mexico, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 32
Average for Mexico	*7.8*	*7.6*	*7.6*	*7.6*	*7.5*	*7.3*	*7.2*	*7.0*	*6.8*	*6.8*	*6.5*	*6.4*	
Aguascalientes	8.0	7.9	7.9	7.8	7.6	7.7	7.4	7.1	6.9	6.9	6.7	6.6	16
Baja California	8.7	8.6	8.5	8.4	8.4	8.3	8.3	8.1	8.1	8.2	7.9	7.8	1
Baja California Sur	7.4	6.9	7.0	6.8	6.3	6.4	6.3	6.4	6.7	6.7	6.2	6.2	23
Campeche	6.6	6.2	6.4	6.5	6.5	6.2	6.6	6.0	5.7	5.7	5.3	4.5	31
Coahuila de Zaragoza	8.0	7.8	7.7	7.9	7.9	7.8	7.7	7.1	6.4	6.7	7.2	7.3	3
Colima	7.8	7.7	7.6	7.7	7.7	7.5	7.6	7.0	6.5	6.3	6.4	6.3	21
Chiapas	7.0	6.6	7.1	7.4	6.7	6.1	5.8	5.7	5.5	5.7	4.8	4.3	32
Chihuahua	7.8	7.6	7.7	7.8	8.1	8.3	7.9	7.3	7.1	6.5	6.8	6.6	16
Distrito Federal	7.6	7.6	7.5	7.6	7.4	7.1	7.2	6.9	6.8	6.3	6.1	5.7	26
Durango	7.7	7.6	7.6	7.3	7.3	7.0	6.5	6.6	6.4	6.1	6.1	6.0	24
Guanajuato	8.6	8.4	8.2	8.2	8.1	7.9	7.7	7.6	7.6	7.9	7.4	7.0	5
Guerrero	6.7	6.6	6.7	6.7	6.7	6.5	6.2	5.9	5.8	5.7	5.6	5.5	29
Hidalgo	7.8	7.6	7.5	7.3	7.0	6.8	6.7	6.5	6.6	6.5	6.5	6.7	10
Jalisco	8.4	8.2	8.2	8.0	8.1	7.9	7.8	8.0	7.9	7.8	7.7	7.6	2
México	8.5	8.4	8.2	8.3	7.9	7.6	7.7	7.6	7.7	7.5	7.2	6.7	10
Michoacán de Ocampo	8.1	8.0	8.3	8.3	8.0	7.9	7.6	7.4	7.2	7.2	6.8	6.8	9
Morelos	8.5	8.4	8.2	8.1	8.0	7.9	7.8	7.7	7.4	7.8	7.1	6.9	8
Nayarit	7.7	7.3	7.8	7.9	7.3	6.4	6.7	6.8	6.6	6.3	5.9	6.4	20
Nuevo León	7.9	7.8	7.8	7.9	7.9	7.9	7.9	7.8	7.4	7.6	7.0	6.7	10
Oaxaca	7.7	7.5	7.5	7.2	7.2	7.2	7.1	7.1	6.6	6.1	5.7	4.9	30
Puebla	8.2	8.2	8.5	8.6	8.1	7.7	7.7	7.9	7.5	7.3	7.1	6.7	10
Querétaro	7.8	7.5	7.4	7.4	7.4	7.4	7.1	6.7	7.2	7.4	6.7	6.0	24
Quintana Roo	7.3	7.0	7.1	7.0	6.7	6.7	6.7	6.8	6.6	6.5	6.1	5.7	26
San Luis Potosí	7.9	7.5	7.8	8.0	7.9	7.6	7.5	7.3	7.0	6.9	6.5	6.3	21
Sinaloa	8.3	8.2	8.0	7.9	7.9	7.9	7.6	7.4	7.0	7.0	7.1	7.1	4
Sonora	8.1	7.9	8.0	7.9	7.9	7.8	7.5	7.0	7.0	7.4	6.9	7.0	5
Tabasco	6.4	6.0	6.2	6.6	6.5	6.2	6.1	5.8	5.6	5.8	5.8	5.7	26
Tamaulipas	7.5	7.4	7.5	7.3	7.2	7.2	7.1	7.0	7.3	7.4	6.8	7.0	5
Tlaxcala	8.4	8.3	8.0	7.3	7.4	7.1	7.1	7.0	6.7	6.6	6.6	6.5	19
Veracruz de Ignacio ...	7.9	7.6	7.9	8.0	7.9	7.6	7.4	7.2	7.2	7.3	6.8	6.7	10
Yucatán	8.1	8.0	7.9	7.8	7.9	7.7	7.5	7.3	7.0	6.8	6.7	6.7	10
Zacatecas	7.5	7.3	7.2	7.1	7.2	7.1	6.6	5.8	5.9	6.0	6.2	6.6	16

Data for Mexico are not available for years 1981–2002.

Table 3.4c: Overall Scores at the Subnational Level in the United States, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 50
Average	6.1	6.5	6.7	6.6	7.0	7.0	7.0	7.0	6.9	6.7	6.6	6.7	6.9	6.9	7.0	
Alabama	6.2	6.7	7.0	6.9	6.9	7.3	7.3	7.2	7.1	6.8	6.8	6.8	6.9	6.9	7.0	23
Alaska	4.6	5.1	5.3	4.9	5.4	5.6	5.5	5.8	5.9	5.7	5.8	5.9	6.0	6.0	6.2	46
Arizona	6.8	7.1	6.8	6.8	7.4	7.6	7.6	7.3	7.2	7.1	7.0	7.2	7.3	7.3	7.4	7
Arkansas	6.4	6.8	7.0	6.9	7.1	6.9	6.9	6.9	6.8	6.6	6.4	6.4	6.5	6.5	6.7	32
California	5.5	5.8	5.9	5.6	6.4	6.1	6.2	6.2	5.9	5.7	5.7	5.8	6.1	5.8	5.9	49
Colorado	7.1	7.1	7.1	7.2	7.9	7.7	7.7	7.6	7.5	7.2	7.0	7.1	7.3	7.3	7.3	13
Connecticut	7.0	7.4	7.3	6.6	7.2	7.2	7.3	7.4	7.2	7.0	6.9	7.0	7.1	7.0	7.1	22
Delaware	5.7	6.7	7.2	6.9	7.3	7.3	7.3	7.2	7.0	6.9	6.8	6.7	6.6	6.7	6.7	32
Florida	7.6	8.0	7.8	7.7	8.1	7.9	7.8	7.8	7.7	7.6	7.6	7.7	7.9	8.0	8.1	2
Georgia	6.4	7.0	7.1	7.1	7.5	7.5	7.5	7.4	7.3	7.1	6.9	7.1	7.2	7.2	7.4	7
Hawaii	5.4	5.7	6.3	5.6	6.1	6.3	6.3	6.3	6.2	6.1	6.1	6.2	6.2	6.1	6.2	46
Idaho	6.2	6.4	6.7	6.5	6.9	7.0	7.1	7.2	6.9	6.6	6.5	6.6	7.0	7.1	7.2	18
Illinois	6.0	6.6	7.0	6.8	7.3	7.0	7.2	7.2	7.0	6.7	6.6	6.6	6.6	6.6	6.7	32
Indiana	6.6	6.9	7.2	7.2	7.5	7.2	7.3	7.3	7.1	6.8	6.7	6.9	7.1	7.1	7.2	18
Iowa	6.3	6.3	6.5	6.5	7.0	7.1	7.1	7.0	6.9	6.6	6.5	6.7	6.8	6.8	6.9	27
Kansas	6.3	6.7	6.9	6.7	7.2	7.1	7.2	7.2	7.2	6.9	6.8	7.0	7.1	7.3	7.3	13
Kentucky	5.8	6.6	6.8	6.5	6.9	6.7	6.7	6.6	6.6	6.2	6.1	6.2	6.3	6.3	6.4	40
Louisiana	6.3	6.0	6.3	6.6	6.6	6.6	6.7	6.8	6.7	6.4	6.5	6.7	7.0	7.0	7.0	23
Maine	5.5	5.9	6.1	6.0	6.3	6.3	6.3	6.3	6.3	6.2	6.4	6.2	6.4	6.5	6.5	38
Maryland	6.4	7.0	7.3	7.1	7.6	7.7	7.5	7.6	7.4	7.2	7.2	7.3	7.3	7.2	7.2	18
Massachusetts	5.8	6.8	6.8	6.8	7.5	7.4	7.5	7.4	7.2	7.0	6.9	7.0	7.2	7.2	7.3	13
Michigan	4.5	5.5	5.7	6.3	6.9	6.7	6.7	6.5	6.5	6.1	6.1	6.4	6.7	6.8	6.9	27
Minnesota	5.2	5.7	6.0	5.9	6.5	6.6	6.7	6.7	6.7	6.3	6.2	6.4	6.5	6.6	6.3	42
Mississippi	5.8	6.2	6.5	6.6	6.5	6.6	6.6	6.5	6.5	6.3	6.2	6.2	6.3	6.3	6.4	40
Missouri	6.9	7.4	7.5	7.3	7.4	7.3	7.5	7.4	7.3	7.1	7.1	7.1	7.3	7.4	7.4	7
Montana	6.1	5.7	5.7	6.0	6.7	7.0	7.1	6.9	7.0	6.6	6.6	6.7	6.9	6.8	6.9	27
Nebraska	6.5	6.8	7.2	7.1	7.4	7.3	7.3	7.4	7.3	7.1	7.0	7.3	7.4	7.3	7.4	7
Nevada	6.8	7.0	7.3	7.2	7.9	8.0	8.0	7.8	7.6	7.3	7.0	7.0	7.2	7.2	7.3	13
New Hampshire	7.5	8.3	8.2	7.9	8.5	8.3	8.4	8.4	8.1	7.9	7.8	7.9	8.1	8.2	8.3	1
New Jersey	6.1	6.7	7.0	6.4	7.3	6.8	6.8	6.7	6.6	6.3	6.3	6.5	6.6	6.6	6.7	32
New Mexico	5.7	6.1	6.1	5.8	5.9	6.3	6.3	6.3	6.1	5.9	5.9	5.9	6.1	6.1	6.2	46
New York	4.1	4.4	5.3	4.9	5.9	5.5	5.6	5.7	5.6	5.4	5.4	5.5	5.6	5.5	5.7	50
North Carolina	6.4	7.0	7.1	7.0	7.2	7.3	7.3	7.3	7.1	6.9	6.6	6.7	7.0	6.8	7.3	13
North Dakota	6.7	6.3	6.2	6.6	7.0	7.1	7.3	7.3	7.2	6.8	7.1	7.2	7.6	7.4	7.4	7
Ohio	5.7	5.8	6.1	5.9	6.5	6.2	6.3	6.2	6.2	5.9	5.9	6.1	6.4	6.4	6.5	38
Oklahoma	6.7	6.8	6.6	6.6	7.2	7.2	7.3	7.3	7.4	6.9	7.0	7.2	7.3	7.3	7.4	7
Oregon	5.3	5.7	6.1	6.4	6.4	6.4	6.6	6.5	6.5	6.1	5.8	6.0	6.2	6.3	6.3	42
Pennsylvania	5.7	6.4	7.0	6.7	7.4	7.1	7.2	7.1	7.0	6.8	6.7	6.8	7.0	7.0	7.2	18
Rhode Island	5.2	6.1	6.5	5.7	6.3	6.1	6.4	6.4	6.3	6.2	6.2	6.5	6.6	6.6	6.8	31
South Carolina	6.3	6.8	6.9	6.8	7.0	6.6	6.8	6.7	6.6	6.3	6.2	6.3	6.6	6.6	6.7	32
South Dakota	6.5	7.2	7.6	7.6	8.0	8.0	8.0	8.1	8.1	7.8	7.8	8.0	8.1	8.1	8.0	3
Tennessee	6.8	7.3	7.6	7.7	8.0	7.7	7.8	7.7	7.6	7.4	7.5	7.5	7.6	7.7	7.9	5
Texas	7.7	7.8	7.6	7.4	7.9	7.9	8.0	8.1	8.1	7.7	7.6	7.8	7.9	8.0	8.0	3
Utah	6.1	6.4	6.6	6.9	6.9	7.1	7.2	7.4	7.1	6.7	6.6	6.6	6.8	6.8	7.0	23
Vermont	5.3	6.0	6.5	6.4	6.7	6.4	6.5	6.5	6.4	6.1	6.1	6.3	6.4	6.3	6.3	42
Virginia	7.0	7.6	7.7	7.5	7.7	7.8	7.8	7.9	7.8	7.6	7.6	7.7	7.8	7.7	7.8	6
Washington	6.1	6.1	6.3	6.0	6.7	6.8	6.8	6.8	6.8	6.4	6.3	6.4	6.7	6.8	6.9	27
West Virginia	4.6	4.7	5.6	5.5	5.9	6.0	6.4	6.3	6.4	6.2	6.0	6.0	6.3	6.2	6.3	42
Wisconsin	5.7	5.5	6.2	6.2	6.6	6.7	6.7	6.8	6.6	6.2	6.2	6.4	6.6	6.4	6.7	32
Wyoming	6.8	5.6	6.2	6.5	7.1	7.0	7.2	7.0	6.9	6.3	6.2	6.6	6.7	7.0	7.0	23

Table 3.5a: Scores for Area 1 (Government Spending) at the All-Government Level in Canada, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	7.5	7.6	7.6	7.5	7.5	7.5	7.1	7.1	7.4	7.4	7.5	7.5	
Alberta	8.5	8.6	8.7	8.8	8.7	8.7	8.2	8.2	8.5	8.6	8.7	8.7	1
British Columbia	8.1	8.2	8.2	8.2	8.2	8.1	7.7	7.7	8.0	8.0	8.0	8.0	2
Manitoba	7.6	7.6	7.6	7.6	7.6	7.6	7.2	7.3	7.5	7.5	7.5	7.5	12
New Brunswick	7.1	7.1	7.1	7.0	7.0	6.9	6.5	6.6	6.9	6.9	6.8	6.9	52
Newfoundland & Labrador	6.5	6.5	6.5	6.5	6.5	6.7	6.2	6.3	6.6	6.8	7.0	7.0	50
Nova Scotia	7.3	7.3	7.2	7.1	7.0	6.9	6.5	6.6	6.8	6.7	6.8	6.8	54
Ontario	8.3	8.3	8.3	8.2	8.2	8.1	7.6	7.6	7.9	8.0	8.0	8.0	2
Prince Edward Island	6.6	6.7	6.7	6.5	6.4	6.4	6.0	6.0	6.4	6.4	6.5	6.5	59
Quebec	7.8	7.8	7.8	7.7	7.7	7.6	7.2	7.3	7.6	7.6	7.6	7.6	9
Saskatchewan	7.3	7.4	7.5	7.4	7.6	7.8	7.4	7.3	7.7	7.8	7.9	7.9	5

Table 3.5b: Scores for Area 1 (Government Spending) at the All-Government Level in Mexico, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	6.3	6.0	6.1	6.1	6.2	5.3	4.9	4.6	4.7	4.8	4.6	4.6	
Aguascalientes	6.6	6.1	6.2	6.3	6.4	6.1	5.5	4.7	3.9	4.9	4.6	4.5	76
Baja California	7.7	7.4	7.4	7.3	7.4	6.8	6.6	6.3	6.6	6.8	6.4	6.2	61
Baja California Sur	6.4	5.9	6.3	6.3	5.8	4.9	4.1	3.9	4.4	4.6	4.1	3.7	89
Campeche	3.2	2.8	2.8	3.5	4.5	3.3	3.8	3.3	3.4	3.2	2.9	3.0	92
Coahuila de Zaragoza	6.7	6.4	6.3	6.1	6.4	5.9	5.4	4.1	4.0	4.3	5.2	6.0	62
Colima	4.4	4.1	4.6	5.0	5.4	4.3	4.0	3.6	3.5	3.4	3.4	3.7	89
Chiapas	4.9	4.4	5.1	5.4	5.3	4.1	3.8	3.8	4.0	4.0	3.9	4.2	81
Chihuahua	6.3	6.0	6.3	6.3	7.0	6.8	5.9	4.8	4.6	4.1	4.0	4.4	79
Distrito Federal	5.3	5.2	5.2	5.2	5.2	4.8	4.4	4.3	4.5	4.1	3.9	4.0	86
Durango	6.1	5.9	5.8	5.1	5.3	4.0	3.4	3.3	3.5	3.4	3.3	3.6	91
Guanajuato	7.2	7.0	7.0	7.0	7.1	6.2	5.7	5.5	5.7	5.8	5.2	4.8	71
Guerrero	4.9	5.0	5.0	4.8	4.9	4.4	4.1	4.1	4.1	4.4	4.3	4.1	83
Hidalgo	5.6	5.4	5.0	4.9	4.7	3.8	3.5	3.5	3.8	3.8	3.8	4.1	83
Jalisco	7.5	7.4	7.3	7.1	7.3	6.5	6.2	6.2	6.3	6.3	6.3	6.4	60
México	8.0	7.9	7.9	7.8	7.8	6.8	6.6	6.6	6.9	6.8	6.4	5.5	65
Michoacán de Ocampo	6.9	6.6	7.1	7.3	7.1	6.0	5.4	4.9	4.9	5.0	4.3	4.1	83
Morelos	7.0	6.9	6.8	6.6	6.8	6.2	5.7	5.4	5.3	5.6	4.7	4.7	73
Nayarit	6.9	6.5	7.2	7.4	6.7	4.4	4.4	3.8	3.8	4.3	4.7	4.5	76
Nuevo León	7.1	6.8	7.0	7.0	7.2	6.6	6.3	6.1	6.3	6.1	5.4	5.6	64
Oaxaca	5.8	5.5	5.3	4.8	5.2	4.5	3.9	3.9	4.0	3.9	3.9	4.0	86
Puebla	6.6	6.5	7.2	7.4	7.0	5.4	5.4	5.6	5.5	5.4	4.9	4.7	73
Querétaro	6.2	5.8	6.2	6.6	6.8	6.0	5.6	5.2	5.9	6.5	5.7	4.9	69
Quintana Roo	7.2	6.5	6.7	6.7	6.6	5.8	5.8	5.7	5.6	5.9	5.4	5.4	66
San Luis Potosí	6.3	5.9	6.5	6.8	6.8	5.4	5.0	4.5	4.3	4.5	4.3	4.4	79
Sinaloa	7.1	6.9	6.7	6.3	6.8	6.1	5.1	4.8	4.9	4.8	4.8	5.3	67
Sonora	7.1	6.9	6.7	7.0	7.0	6.0	5.1	4.4	4.7	5.3	5.0	5.1	68
Tabasco	4.5	4.0	4.7	5.0	4.9	4.2	3.6	3.5	4.3	4.5	4.4	4.5	76
Tamaulipas	6.0	5.2	5.5	5.6	5.1	4.6	4.3	3.9	4.3	4.7	4.5	4.8	71
Tlaxcala	8.2	7.9	7.3	6.1	6.2	5.0	4.8	4.3	4.6	4.9	4.6	4.9	69
Veracruz de Ignacio ...	5.7	5.4	5.6	5.5	5.6	5.1	4.7	4.3	4.7	4.6	4.3	4.6	75
Yucatán	6.2	6.0	5.9	5.9	6.3	5.0	4.5	4.2	4.3	4.2	3.8	4.2	81
Zacatecas	6.3	5.8	5.8	5.6	5.9	5.1	3.7	3.3	3.5	3.7	3.6	4.0	86

Table 3.5c: Scores for Area 1 (Government Spending) at the All-Government Level in the United States, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	7.6	7.6	7.6	7.6	7.7	7.6	6.9	6.8	6.9	7.2	7.2	7.3	
Alabama	7.4	7.5	7.5	7.5	7.4	7.5	6.8	6.7	6.8	7.1	7.1	7.1	42
Alaska	6.0	5.9	6.2	6.2	6.5	6.6	5.4	5.7	5.8	6.1	6.0	5.9	63
Arizona	7.7	7.7	7.7	7.9	7.8	7.7	7.0	6.9	7.0	7.3	7.3	7.3	28
Arkansas	7.6	7.6	7.6	7.7	7.7	7.7	7.0	6.8	6.6	7.1	7.1	7.1	42
California	7.6	7.6	7.6	7.7	7.6	7.5	6.8	6.8	6.8	7.2	7.1	7.2	35
Colorado	7.8	7.8	7.9	7.9	7.9	7.9	7.1	7.0	7.0	7.4	7.4	7.4	20
Connecticut	7.8	7.8	7.9	8.0	8.0	7.8	7.2	6.9	6.9	7.2	7.2	7.3	28
Delaware	7.9	7.9	7.9	7.9	7.9	7.9	7.2	7.1	7.0	7.2	7.2	7.3	28
Florida	8.0	8.0	7.9	7.9	8.0	8.0	7.3	7.2	7.2	7.6	7.6	7.7	6
Georgia	7.8	7.8	7.8	7.9	7.8	7.7	7.1	6.9	7.0	7.4	7.4	7.5	12
Hawaii	7.3	7.4	7.4	7.5	7.5	7.4	6.3	6.4	6.5	6.9	6.9	6.8	54
Idaho	7.6	7.7	7.7	7.8	7.8	7.7	6.9	6.9	6.9	7.4	7.4	7.5	12
Illinois	7.8	7.7	7.8	7.9	7.8	7.7	7.0	6.9	7.0	7.3	7.3	7.3	28
Indiana	7.9	7.9	7.8	7.9	7.8	7.8	7.1	7.0	7.1	7.5	7.5	7.6	9
Iowa	7.7	7.8	7.8	7.8	7.8	7.8	7.1	7.0	7.2	7.4	7.4	7.4	20
Kansas	7.8	7.8	7.8	7.9	7.8	7.8	6.9	7.0	7.2	7.5	7.6	7.5	12
Kentucky	7.4	7.4	7.4	7.4	7.5	7.0	6.5	6.3	6.4	6.7	6.7	6.7	56
Louisiana	7.4	7.3	7.2	6.4	7.3	7.2	6.6	6.5	6.7	7.2	7.1	7.0	50
Maine	7.5	7.5	7.4	7.6	7.6	7.6	6.9	6.8	6.8	7.2	7.3	7.3	28
Maryland	7.7	7.6	7.6	7.6	7.7	7.6	6.9	6.8	6.9	7.1	7.1	7.1	42
Massachusetts	7.7	7.7	7.7	7.8	7.8	7.6	6.9	6.8	6.9	7.3	7.3	7.3	28
Michigan	7.7	7.6	7.7	7.7	7.6	7.5	6.8	6.7	6.8	7.3	7.3	7.4	20
Minnesota	7.7	7.8	7.8	7.9	7.8	7.8	7.1	7.0	7.2	7.5	7.6	7.5	12
Mississippi	7.2	7.2	7.1	6.3	7.0	7.1	6.5	6.5	6.5	6.8	6.8	6.7	56
Missouri	7.6	7.6	7.6	7.7	7.6	7.6	6.9	6.8	6.9	7.2	7.2	7.2	35
Montana	7.3	7.3	7.4	7.5	7.5	7.5	6.7	6.6	6.7	7.1	7.1	7.1	42
Nebraska	7.9	7.9	7.9	7.9	7.9	7.9	7.3	7.3	7.4	7.7	7.7	7.7	6
Nevada	8.1	8.2	8.2	8.2	8.2	8.0	7.4	7.1	7.2	7.5	7.5	7.6	9
New Hampshire	8.2	8.2	8.2	8.2	8.2	8.1	7.5	7.5	7.6	7.9	8.0	8.0	2
New Jersey	7.9	7.9	7.9	7.9	7.9	7.8	7.2	7.0	7.1	7.4	7.5	7.5	12
New Mexico	6.9	6.8	6.9	7.0	7.0	6.9	6.1	6.0	6.1	6.5	6.5	6.6	58
New York	7.3	7.3	7.4	7.5	7.5	7.4	6.8	6.7	6.8	7.1	7.0	7.2	35
North Carolina	7.8	7.8	7.8	7.9	7.9	7.8	7.1	6.9	7.0	7.3	7.2	7.4	20
North Dakota	7.1	7.2	7.1	7.4	7.4	7.5	6.7	6.9	7.0	7.5	7.4	7.4	20
Ohio	7.4	7.4	7.4	7.4	7.3	7.4	6.7	6.5	6.6	7.1	7.1	7.1	42
Oklahoma	7.6	7.6	7.7	7.8	7.7	7.8	7.0	7.0	7.2	7.5	7.5	7.5	12
Oregon	7.4	7.3	7.5	7.6	7.6	7.5	6.7	6.5	6.6	7.0	7.1	7.1	42
Pennsylvania	7.6	7.6	7.6	7.7	7.6	7.6	7.0	6.7	6.8	7.2	7.2	7.2	35
Rhode Island	7.4	7.4	7.4	7.5	7.4	7.4	6.7	6.5	6.6	6.9	7.0	7.1	42
South Carolina	7.5	7.5	7.5	7.6	7.6	7.5	6.8	6.7	6.8	7.2	7.3	7.2	35
South Dakota	7.6	7.7	7.6	7.5	7.6	7.7	7.1	7.1	7.3	7.6	7.5	7.5	12
Tennessee	7.7	7.7	7.7	7.8	7.8	7.7	7.0	7.0	7.0	7.3	7.4	7.4	20
Texas	7.8	7.8	7.9	7.9	7.9	7.8	7.2	7.2	7.3	7.6	7.7	7.7	6
Utah	7.7	7.7	7.8	7.8	7.9	7.8	7.1	7.0	7.0	7.3	7.3	7.4	20
Vermont	7.7	7.7	7.7	7.7	7.6	7.5	6.9	6.7	6.9	7.2	7.2	7.1	42
Virginia	7.6	7.6	7.6	7.6	7.6	7.5	6.6	6.8	7.0	7.3	7.2	7.2	35
Washington	7.6	7.7	7.7	7.8	7.9	7.8	7.1	6.9	7.0	7.4	7.5	7.4	20
West Virginia	7.0	7.1	7.3	7.5	7.4	7.5	6.8	6.6	6.5	6.9	6.9	6.9	52
Wisconsin	7.7	7.7	7.7	7.8	7.7	7.7	6.8	6.8	6.9	7.2	7.1	7.3	28
Wyoming	7.3	7.3	7.3	7.5	7.4	7.4	6.6	6.6	6.7	7.1	7.1	7.2	35

Table 3.6a: Scores for Area 1 (Government Spending) at the Subnational Level in Canada, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004	Rank (2014) out of 10
Average	6.9	6.2	6.2	6.5	6.8	6.6	6.3	6.1	5.6	5.2	5.2	5.2	5.5	5.7	5.8	
Alberta	6.4	3.9	6.4	8.0	7.8	8.5	8.4	8.1	7.6	7.6	7.0	7.5	7.8	8.3	8.6	1
British Columbia	7.1	6.9	7.4	6.6	6.2	7.1	7.3	7.4	6.8	6.9	7.0	6.4	6.0	6.5	6.6	3
Manitoba	8.7	7.6	6.8	7.0	6.9	6.5	6.5	6.6	6.2	6.1	6.2	5.6	5.9	5.8	5.8	4
New Brunswick	7.0	6.6	6.5	7.4	6.9	6.4	5.6	5.2	4.7	5.2	5.5	5.9	6.1	5.6	5.6	7
Newfoundland & Lab.	5.4	4.6	4.3	4.9	6.3	5.9	5.4	4.9	5.1	4.2	4.4	4.6	4.8	5.7	5.8	4
Nova Scotia	6.9	7.2	7.6	7.5	8.1	7.0	6.3	5.6	5.0	4.6	4.6	4.3	3.9	4.5	4.5	9
Ontario	8.6	7.9	6.5	6.3	7.5	7.0	6.8	6.7	5.9	5.0	4.6	4.3	6.6	6.6	6.8	2
Prince Edward Island	7.1	7.4	6.3	7.1	6.6	7.3	6.7	6.2	5.5	4.7	5.0	5.5	5.5	5.5	5.7	6
Quebec	6.2	5.0	5.4	4.8	5.7	4.9	4.5	4.0	3.7	3.2	3.5	3.4	3.4	3.5	3.6	10
Saskatchewan	5.7	4.5	4.8	5.6	5.8	5.6	5.3	5.8	5.8	4.8	4.1	4.4	4.8	4.7	4.9	8

Table 3.6b: Scores for Area 1 (Government Spending) at the Subnational Level in Mexico, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 32
Average	*8.4*	*8.2*	*8.3*	*8.2*	*8.0*	*7.5*	*7.2*	*6.9*	*6.7*	*6.8*	*6.5*	*6.4*	
Aguascalientes	8.8	8.6	8.5	8.4	8.3	8.2	7.8	7.5	7.2	7.1	6.9	6.8	14
Baja California	9.6	9.4	9.4	9.3	9.3	9.1	9.1	8.8	8.8	9.0	8.8	8.6	1
Baja California Sur	8.8	8.3	8.5	8.5	7.9	7.8	7.1	7.2	7.3	7.6	7.1	6.9	9
Campeche	6.6	6.1	6.2	6.4	6.7	5.7	6.6	6.0	5.9	5.5	5.3	4.9	29
Coahuila de Zaragoza	9.3	9.1	8.9	8.9	8.7	8.3	8.1	6.8	5.4	7.8	8.4	8.6	1
Colima	7.9	7.7	8.0	8.1	8.1	7.5	7.7	7.4	6.2	6.2	6.6	6.3	21
Chiapas	6.6	6.0	6.7	7.0	5.6	4.5	4.0	3.9	3.2	3.4	1.7	0.8	32
Chihuahua	8.7	8.5	8.6	8.6	8.9	8.9	8.1	7.6	7.1	6.5	6.3	6.7	17
Distrito Federal	9.6	9.5	9.5	9.4	9.2	8.9	8.9	8.7	8.7	8.8	8.4	8.4	3
Durango	8.2	8.2	8.1	7.9	7.6	7.1	6.1	6.1	6.3	6.4	5.9	5.7	27
Guanajuato	9.1	8.9	9.0	8.9	8.9	8.1	7.9	7.9	7.7	7.9	7.2	6.9	9
Guerrero	6.7	6.4	6.8	6.8	6.8	6.0	5.5	4.8	4.6	4.4	4.7	4.0	30
Hidalgo	7.9	7.8	7.5	7.5	6.8	6.4	6.2	6.0	5.8	5.6	5.7	6.2	22
Jalisco	9.4	9.2	9.1	8.9	9.0	8.5	8.3	8.4	8.4	8.3	8.3	8.3	4
México	9.4	9.2	9.0	8.9	8.6	7.9	8.0	7.7	7.7	7.7	7.2	6.8	14
Michoacán de Ocampo	8.5	8.4	8.7	8.8	8.3	7.9	7.5	7.0	6.7	7.0	6.7	6.5	18
Morelos	8.7	8.6	8.4	8.2	8.2	8.0	7.8	7.5	7.0	7.4	6.7	6.9	9
Nayarit	8.3	7.9	8.6	8.8	8.0	6.3	6.5	6.6	6.1	5.5	5.7	5.9	25
Nuevo León	9.3	9.1	9.1	9.0	9.1	8.8	8.7	8.5	8.2	8.2	7.8	7.8	6
Oaxaca	7.5	7.1	7.2	6.7	6.3	6.2	5.6	5.6	4.7	4.2	3.7	2.4	31
Puebla	8.4	8.3	8.8	8.9	8.3	7.6	7.5	7.7	7.5	7.4	6.8	6.5	18
Querétaro	8.6	8.3	8.6	8.7	8.6	8.2	7.9	7.8	8.0	8.5	7.8	7.1	8
Quintana Roo	8.9	8.4	8.4	8.3	7.9	7.4	7.5	7.3	6.7	7.3	6.8	6.8	14
San Luis Potosí	8.1	7.7	8.2	8.4	8.3	7.8	7.4	7.2	6.8	6.5	6.5	6.2	22
Sinaloa	9.0	8.9	8.8	8.4	8.5	8.3	7.6	7.2	7.3	7.1	7.4	7.2	7
Sonora	9.2	8.8	8.9	8.8	8.8	8.4	7.6	7.0	7.0	7.6	6.9	6.9	9
Tabasco	5.8	5.1	5.7	6.3	6.0	5.2	5.0	4.9	5.5	5.8	6.2	6.1	24
Tamaulipas	8.8	8.3	8.6	8.5	8.0	8.0	7.3	7.4	7.7	8.1	7.3	8.0	5
Tlaxcala	9.3	9.2	8.6	7.5	7.4	6.5	6.4	5.8	5.6	5.2	5.2	5.2	28
Veracruz de Ignacio ...	8.5	8.1	8.5	8.4	8.1	7.6	7.1	6.5	6.9	6.5	6.5	6.5	18
Yucatán	8.9	8.8	8.6	8.4	8.5	8.0	7.6	7.4	7.2	7.0	6.8	6.9	9
Zacatecas	8.0	7.6	7.4	7.2	7.1	6.8	5.8	4.2	4.4	4.9	5.7	5.9	25

Data for Mexico are not available for years 1981–2002.

Table 3.6c: Scores for Area 1 (Government Spending) at the Subnational Level in the United States, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 50
Average	7.5	7.7	7.6	7.0	7.6	7.2	7.3	7.3	7.2	6.6	6.2	6.4	6.7	6.8	6.9	
Alabama	7.8	8.2	8.2	7.6	6.6	7.7	7.5	7.4	7.3	6.8	6.5	6.6	6.8	6.8	6.8	22
Alaska	4.7	4.8	4.0	2.4	2.9	3.3	3.2	3.9	4.1	3.3	3.4	3.7	3.9	3.7	3.5	50
Arizona	8.8	8.8	8.0	7.6	8.0	8.0	8.2	8.1	7.8	7.3	6.9	7.2	7.5	7.5	7.5	14
Arkansas	8.2	8.5	8.3	7.9	7.9	7.6	7.6	7.6	7.5	7.1	6.4	6.1	6.6	6.6	6.8	22
California	6.2	6.3	6.0	5.0	6.9	6.1	6.2	6.3	6.1	5.4	5.2	4.9	5.5	5.3	5.6	48
Colorado	8.2	8.1	7.9	7.6	8.8	8.1	8.1	8.1	8.0	7.5	6.8	7.0	7.4	7.3	7.5	14
Connecticut	7.9	8.3	7.7	6.7	8.0	8.0	8.2	8.3	8.0	7.5	7.1	7.1	7.4	7.3	7.6	9
Delaware	7.3	8.2	8.1	7.4	8.0	7.5	7.4	7.3	7.3	6.9	6.3	6.1	5.9	5.9	6.1	40
Florida	9.4	9.4	8.8	8.4	8.9	7.8	8.0	8.2	8.0	7.5	7.2	7.4	7.9	8.0	8.1	4
Georgia	8.4	8.6	8.3	7.9	8.4	7.9	7.9	7.9	7.6	7.3	6.7	6.9	7.3	7.4	7.6	9
Hawaii	6.5	6.3	7.8	6.0	6.7	7.3	7.4	7.4	7.2	6.8	6.5	6.8	6.9	7.0	6.9	21
Idaho	8.1	8.2	8.4	7.4	8.0	7.7	7.8	7.9	7.5	6.7	6.5	6.7	7.3	7.4	7.6	9
Illinois	6.6	7.2	7.7	7.2	7.9	7.4	7.6	7.6	7.4	6.8	6.2	6.5	6.7	6.6	6.7	30
Indiana	8.2	8.5	8.6	8.2	8.7	7.7	7.8	7.6	7.6	7.1	6.6	6.9	7.2	7.3	7.6	9
Iowa	7.6	7.6	7.8	7.4	7.8	7.6	7.6	7.3	7.3	6.7	6.3	6.7	6.8	6.8	6.8	22
Kansas	8.0	8.5	8.2	7.8	8.5	8.1	8.2	8.2	8.2	7.6	7.2	7.6	7.8	8.1	7.9	6
Kentucky	7.1	8.1	7.9	7.3	7.7	6.6	6.5	6.4	6.3	5.7	5.1	5.4	5.6	5.7	5.8	45
Louisiana	7.5	7.1	7.3	6.9	6.8	6.5	6.5	6.6	6.2	5.9	5.8	6.2	6.7	6.5	6.3	37
Maine	6.8	6.8	6.9	6.1	6.7	6.5	6.5	6.5	6.5	6.2	6.0	6.1	6.6	6.9	6.8	22
Maryland	7.7	8.1	8.0	7.7	8.1	8.1	7.8	7.7	7.6	7.1	6.7	6.9	6.8	6.7	6.8	22
Massachusetts	6.3	7.5	6.8	6.9	8.3	7.7	8.0	7.8	7.6	7.1	6.5	6.8	7.1	7.2	7.3	18
Michigan	4.9	5.7	5.6	6.6	7.8	6.9	6.9	6.7	6.6	5.8	5.2	5.8	6.3	6.5	6.7	30
Minnesota	6.9	6.8	6.8	6.1	7.0	6.7	6.9	7.0	6.9	6.2	5.7	6.4	6.5	6.7	6.5	34
Mississippi	7.4	7.8	7.8	7.6	7.3	6.9	6.8	6.6	6.8	6.3	5.9	6.0	6.1	6.1	6.1	40
Missouri	8.3	8.9	8.7	8.2	8.2	7.5	7.9	7.9	7.8	7.3	6.9	7.1	7.3	7.4	7.4	17
Montana	7.5	6.7	6.4	6.1	7.1	7.0	7.0	7.1	7.0	6.5	6.0	6.4	6.7	6.6	6.7	30
Nebraska	8.8	8.7	8.8	8.6	8.7	8.4	8.2	8.3	8.3	8.0	7.7	8.1	8.2	8.1	8.1	4
Nevada	8.2	8.3	8.2	8.1	9.1	8.8	8.7	8.6	8.3	7.4	6.5	6.8	7.2	7.2	7.3	18
New Hampshire	8.8	9.5	9.0	8.3	9.1	8.6	8.8	8.7	8.5	8.1	7.7	8.0	8.3	8.4	8.5	1
New Jersey	7.1	7.9	8.0	7.0	8.2	7.5	7.4	7.3	7.4	6.7	5.9	6.2	6.4	6.5	6.8	22
New Mexico	7.7	7.7	7.5	6.2	6.3	6.4	6.3	6.2	6.2	5.6	5.0	5.1	5.6	5.5	5.7	46
New York	5.2	5.4	6.0	4.5	6.2	5.6	5.9	6.2	6.0	5.5	5.1	5.3	5.5	5.3	6.0	43
North Carolina	8.0	8.6	8.2	7.5	7.7	7.7	7.9	7.9	7.8	7.2	6.6	6.7	7.1	6.9	7.5	14
North Dakota	7.9	7.6	7.2	7.3	7.4	7.4	7.7	7.6	7.2	6.7	6.7	7.0	7.6	7.3	7.2	20
Ohio	6.4	6.6	6.4	5.8	6.6	5.8	5.7	5.8	5.5	4.9	4.4	4.8	5.4	5.5	5.5	49
Oklahoma	8.2	8.3	7.7	7.2	8.2	7.8	7.9	7.8	7.9	7.2	7.0	7.4	7.7	7.7	7.7	7
Oregon	6.6	7.0	7.6	6.7	6.5	6.2	6.5	6.5	6.4	5.5	4.6	5.0	5.5	5.6	5.7	46
Pennsylvania	5.8	6.7	7.2	6.6	7.6	6.9	7.0	7.1	7.0	6.4	5.9	6.0	6.5	6.6	6.7	30
Rhode Island	5.9	6.7	6.6	5.3	6.4	5.8	6.4	6.4	6.3	5.8	5.4	5.6	5.8	6.0	6.3	37
South Carolina	8.1	8.4	8.2	7.4	7.6	6.1	6.3	6.3	6.0	5.5	5.1	5.4	6.0	6.0	6.0	43
South Dakota	7.7	8.8	8.7	8.4	8.6	8.4	8.5	8.4	8.5	8.1	7.9	8.2	8.3	8.3	8.2	2
Tennessee	8.4	8.8	8.6	8.1	8.5	7.3	7.5	7.4	7.4	6.9	7.1	7.1	7.3	7.5	7.6	9
Texas	9.3	9.0	8.5	7.9	8.3	8.2	8.3	8.3	8.4	7.8	7.4	7.8	8.1	8.1	8.2	2
Utah	7.6	8.1	7.7	7.8	7.2	7.1	7.3	7.5	7.3	6.5	5.9	5.9	6.2	6.3	6.5	34
Vermont	6.3	6.8	6.9	6.4	7.1	6.8	6.9	6.8	6.6	5.9	5.4	6.2	6.4	6.2	6.1	40
Virginia	8.6	9.0	8.8	8.1	8.3	8.1	8.1	8.1	8.0	7.6	7.4	7.7	7.8	7.6	7.7	7
Washington	7.1	6.8	6.9	5.9	6.8	7.2	7.4	7.2	7.1	6.4	5.7	6.2	6.6	6.8	6.8	22
West Virginia	6.7	6.4	6.4	5.7	6.5	6.8	7.3	7.0	7.2	6.6	6.0	6.0	6.4	6.2	6.3	37
Wisconsin	7.6	6.4	7.0	6.9	7.2	6.9	7.1	7.1	7.0	5.7	5.9	6.2	6.5	6.2	6.8	22
Wyoming	8.1	6.6	6.6	6.2	7.3	6.9	7.2	7.0	7.0	5.8	5.4	5.8	6.2	6.2	6.5	34

Table 3.7a: Scores for Area 2 (Taxes) at the All-Government Level in Canada, 1985–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	5.5	5.5	5.6	5.7	5.7	5.8	5.9	6.0	6.0	6.0	6.0	5.9	
Alberta	6.3	6.3	6.4	6.4	6.2	6.3	6.4	6.5	6.5	6.6	6.6	6.6	37
British Columbia	5.9	5.8	5.9	6.0	5.9	6.0	6.2	6.2	6.2	6.2	6.3	6.0	65
Manitoba	5.4	5.3	5.5	5.5	5.5	5.6	5.8	5.8	5.8	5.8	5.7	5.7	79
New Brunswick	5.6	5.6	5.7	5.8	5.8	5.9	6.0	6.2	6.1	6.2	6.1	6.0	65
Newfoundland & Labrador.	5.5	5.5	5.6	5.7	5.9	6.0	6.3	6.2	6.2	6.2	6.3	6.3	54
Nova Scotia	5.7	5.6	5.7	5.8	5.7	5.8	5.9	5.9	5.8	5.8	5.9	5.8	76
Ontario	5.3	5.3	5.4	5.4	5.4	5.6	5.7	5.8	5.8	5.8	5.7	5.6	83
Prince Edward Island	5.4	5.3	5.4	5.6	5.7	5.9	6.0	6.1	6.0	6.1	6.1	6.0	65
Quebec	5.0	5.0	5.1	5.2	5.2	5.3	5.4	5.4	5.4	5.4	5.3	5.3	87
Saskatchewan	5.2	5.2	5.2	5.2	5.4	5.6	5.7	5.8	5.9	5.8	5.9	5.9	72

Table 3.7b: Scores for Area 2 (Taxes) at the All-Government Level in Mexico, 1985–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	6.9	7.0	6.2	6.5	6.2	5.8	5.7	5.5	5.2	5.3	5.0	5.8	
Aguascalientes	7.1	7.3	6.4	6.6	6.4	6.1	6.0	5.7	5.4	5.4	5.2	5.8	76
Baja California	6.9	7.0	6.1	6.4	6.2	5.8	5.8	5.7	5.5	5.5	5.4	5.9	72
Baja California Sur	7.1	7.0	6.0	6.3	5.7	5.4	5.8	5.6	5.5	5.5	5.0	5.9	72
Campeche	7.2	7.1	6.3	6.7	6.4	6.0	5.8	5.8	5.6	5.6	4.2	5.6	83
Coahuila de Zaragoza	6.9	7.0	6.1	6.4	6.0	5.7	5.7	5.3	4.6	4.3	4.4	5.7	79
Colima	5.0	5.0	4.2	4.6	4.4	4.1	4.1	4.0	3.7	3.6	3.6	3.9	91
Chiapas	7.5	7.6	6.8	7.0	6.9	6.5	6.4	6.3	6.1	6.1	5.9	6.5	45
Chihuahua	6.7	7.0	6.0	6.3	6.0	6.1	5.8	5.4	5.3	5.0	5.0	5.7	79
Distrito Federal	3.9	4.1	3.1	3.3	2.8	1.8	1.8	1.8	1.5	1.5	1.5	2.9	92
Durango	7.4	7.6	6.8	7.0	6.8	6.4	6.3	6.0	5.7	5.5	5.6	6.2	55
Guanajuato	7.3	7.4	6.5	6.8	6.5	6.2	4.5	4.0	3.7	5.8	5.4	6.0	65
Guerrero	7.4	7.5	6.7	7.0	6.8	6.5	5.2	4.9	4.4	6.0	5.8	6.6	37
Hidalgo	7.4	7.5	6.7	6.9	6.6	6.3	6.4	6.3	5.6	5.9	5.8	6.5	45
Jalisco	6.9	7.0	6.1	6.4	6.2	5.8	6.2	6.0	5.5	5.4	5.2	5.9	72
México	7.1	7.2	6.4	6.7	6.4	6.1	6.3	6.2	5.9	5.6	5.4	6.1	58
Michoacán de Ocampo	7.4	7.4	6.4	6.9	6.4	5.8	5.9	5.7	5.2	4.8	4.5	5.2	88
Morelos	7.2	7.3	6.4	6.7	6.5	6.2	6.2	6.1	5.7	5.9	5.3	6.2	55
Nayarit	7.4	7.4	6.7	7.1	6.7	6.2	6.3	6.2	6.0	5.9	5.7	6.5	45
Nuevo León	6.2	6.1	5.1	5.3	4.5	4.4	4.6	4.3	3.8	3.6	1.7	4.1	90
Oaxaca	7.6	7.6	6.8	7.1	7.0	6.7	6.7	6.6	6.2	6.2	6.1	6.6	37
Puebla	7.1	7.4	6.6	6.9	6.4	6.2	6.2	6.2	5.7	5.6	5.2	6.1	58
Querétaro	6.5	6.5	5.7	6.1	5.9	5.5	5.3	5.0	5.0	5.0	4.4	5.0	89
Quintana Roo	6.8	6.7	5.9	6.1	5.7	5.5	5.6	5.5	5.1	5.1	4.6	5.6	83
San Luis Potosí	7.2	7.3	6.5	6.9	6.6	6.2	6.2	6.0	5.6	5.4	5.4	6.1	58
Sinaloa	7.3	7.4	6.4	6.6	6.4	6.1	6.0	5.8	5.0	5.2	5.3	6.0	65
Sonora	7.2	7.2	6.4	6.8	6.5	6.1	6.0	5.7	5.5	5.6	5.4	6.1	58
Tabasco	7.2	7.3	6.5	6.9	6.7	6.3	6.0	5.7	5.7	5.7	5.3	6.1	58
Tamaulipas	6.0	6.1	5.4	5.7	5.5	5.0	5.1	5.1	4.9	5.1	5.0	5.6	83
Tlaxcala	7.6	7.7	6.8	7.1	6.9	6.6	6.6	6.5	6.2	6.2	6.0	6.6	37
Veracruz de Ignacio ...	6.9	7.0	6.2	6.5	6.4	6.1	6.1	6.0	5.3	5.6	5.4	6.1	58
Yucatán	7.2	7.4	6.5	6.7	6.3	6.1	5.9	5.8	5.6	5.5	5.5	6.2	55
Zacatecas	7.5	7.4	6.4	7.0	6.8	6.4	6.2	5.9	5.5	5.4	5.5	6.0	65

Table 3.7c: Scores for Area 2 (Taxes) at the All-Government Level in the United States, 1985–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	7.3	7.3	7.2	7.1	7.2	7.1	7.3	7.3	7.4	7.4	6.8	6.8	
Alabama	7.9	7.9	7.8	7.7	7.8	7.7	7.8	7.9	7.9	7.9	7.3	7.4	2
Alaska	8.0	7.9	7.8	7.7	7.9	7.8	7.8	7.8	7.9	7.9	7.6	7.7	1
Arizona	7.4	7.4	7.3	7.3	7.3	7.2	7.4	7.4	7.4	7.5	7.0	7.1	7
Arkansas	7.0	7.0	6.7	6.7	6.8	6.7	6.9	6.7	6.9	7.1	6.6	6.6	37
California	7.2	7.1	6.9	6.8	6.9	6.8	6.9	7.0	7.1	7.2	6.4	6.4	49
Colorado	7.3	7.2	7.2	7.1	7.2	7.1	7.2	7.2	7.3	7.5	6.9	7.0	15
Connecticut	7.1	6.9	6.8	6.9	7.0	6.8	7.0	7.1	7.1	7.1	6.3	6.4	49
Delaware	7.0	6.9	6.7	6.2	6.5	6.3	6.6	6.8	6.3	6.2	5.8	5.8	76
Florida	7.6	7.5	7.4	7.2	7.3	7.2	7.4	7.6	7.7	7.7	7.0	7.1	7
Georgia	7.3	7.2	7.2	7.1	7.2	7.2	7.3	7.4	7.5	7.5	6.8	6.8	25
Hawaii	7.4	6.9	7.1	7.0	7.1	6.9	7.1	7.2	7.3	7.2	6.6	6.7	34
Idaho	7.3	7.2	7.1	7.1	7.3	7.2	7.4	7.5	7.6	7.5	7.0	7.0	15
Illinois	7.1	7.1	6.9	7.0	7.1	7.0	7.1	7.2	7.1	7.0	6.4	6.4	49
Indiana	7.5	7.4	7.1	7.2	7.5	7.3	7.2	7.3	7.4	7.3	6.7	6.8	25
Iowa	7.4	7.4	7.3	7.3	7.4	7.4	7.4	7.4	7.5	7.4	6.8	6.9	22
Kansas	7.2	7.0	7.0	7.0	7.1	7.1	7.1	7.2	7.4	7.3	6.8	6.8	25
Kentucky	7.6	7.5	7.4	7.4	7.5	7.4	7.5	7.5	7.5	7.5	6.9	6.9	22
Louisiana	7.5	7.4	7.2	7.2	7.2	7.2	7.2	7.3	7.4	7.5	6.8	6.7	34
Maine	7.2	7.0	7.0	7.0	7.1	7.0	7.1	7.3	7.2	7.2	6.7	6.7	34
Maryland	7.5	7.4	7.3	7.2	7.3	7.3	7.5	7.5	7.5	7.5	6.8	6.8	25
Massachusetts	7.3	7.1	7.1	7.1	7.2	7.0	7.2	7.2	7.2	7.2	6.6	6.6	37
Michigan	7.2	7.2	7.1	7.1	7.1	7.1	7.2	7.3	7.4	7.4	6.9	7.0	15
Minnesota	6.6	6.6	6.4	6.4	6.5	6.4	6.5	6.6	6.6	6.6	6.1	5.7	79
Mississippi	7.6	7.5	7.5	7.4	7.5	7.4	7.6	7.6	7.7	7.6	7.2	7.2	3
Missouri	7.3	7.3	7.3	7.3	7.4	7.3	7.4	7.4	7.5	7.5	6.9	6.9	22
Montana	7.5	7.4	7.5	7.4	7.5	7.5	7.5	7.6	7.7	7.7	7.2	7.2	3
Nebraska	7.3	7.1	7.0	7.0	7.1	7.1	7.2	7.2	7.3	7.3	6.6	6.6	37
Nevada	7.6	7.5	7.4	7.3	7.4	7.3	7.5	7.5	7.6	7.6	7.0	7.0	15
New Hampshire	7.7	7.7	7.6	7.5	7.7	7.4	7.6	7.6	7.7	7.8	7.1	7.1	7
New Jersey	6.8	6.7	6.6	6.6	6.7	6.4	6.6	6.7	6.7	6.8	6.0	6.1	58
New Mexico	7.6	7.6	7.6	7.5	7.6	7.3	7.6	7.7	7.7	7.7	7.2	7.2	3
New York	6.7	6.6	6.4	6.5	6.6	6.5	6.6	6.6	6.7	6.7	6.0	6.0	65
North Carolina	7.4	7.3	7.2	7.2	7.2	7.1	7.3	7.3	7.4	7.4	6.9	7.0	15
North Dakota	7.6	7.4	7.4	7.3	7.5	7.4	7.4	7.6	7.5	7.6	6.9	6.8	25
Ohio	6.9	6.7	6.6	7.0	6.9	6.7	6.8	6.8	6.9	7.0	6.3	6.4	49
Oklahoma	6.9	7.0	6.9	7.0	7.3	7.2	7.2	7.4	7.6	7.5	7.0	7.0	15
Oregon	7.5	7.4	7.4	7.3	7.5	7.2	7.3	7.3	7.4	7.5	6.9	6.8	25
Pennsylvania	7.4	7.2	7.1	7.1	7.2	7.1	7.3	7.3	7.4	7.4	6.8	6.8	25
Rhode Island	6.9	6.8	6.6	6.7	6.8	6.7	6.8	6.9	7.0	7.0	6.3	6.4	49
South Carolina	7.5	7.4	7.3	6.8	7.4	7.4	7.5	7.6	7.6	7.6	7.1	7.1	7
South Dakota	7.8	7.8	7.7	7.5	7.7	7.7	7.7	7.8	7.9	7.8	7.2	7.1	7
Tennessee	7.6	7.5	7.4	7.3	7.4	7.3	7.5	7.6	7.6	7.6	7.0	7.1	7
Texas	7.2	7.1	7.2	7.0	7.1	7.2	7.2	7.3	7.4	7.4	6.8	6.8	25
Utah	7.5	7.4	7.2	7.3	7.5	7.2	7.4	7.5	7.5	7.5	7.0	7.1	7
Vermont	7.2	7.1	6.9	6.8	6.9	7.0	7.0	7.1	7.1	7.1	6.5	6.5	45
Virginia	7.6	7.5	7.4	7.3	7.5	7.4	7.5	7.6	7.7	7.7	7.0	7.1	7
Washington	7.4	7.3	7.3	7.1	7.3	7.2	7.4	7.5	7.5	7.5	6.8	6.8	25
West Virginia	7.6	7.4	7.4	7.4	7.6	7.5	7.7	7.7	7.7	7.7	7.2	7.2	3
Wisconsin	7.2	7.1	7.0	7.0	7.1	6.9	7.0	7.0	7.1	7.1	6.6	6.6	37
Wyoming	7.4	7.4	7.5	7.3	7.2	7.1	7.0	7.3	7.6	7.5	6.9	7.0	15

Table 3.8a: Scores for Area 2 (Taxes) at the Subnational Level in Canada, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 10
Average	5.7	5.6	5.3	4.7	4.7	4.8	4.8	4.8	5.0	5.0	5.0	5.0	4.9	5.0	4.9	
Alberta	7.0	6.9	6.3	6.2	6.1	6.8	6.8	6.6	6.5	6.5	6.7	6.8	6.6	6.5	6.7	1
British Columbia	5.1	5.4	6.0	4.8	5.0	6.0	6.0	6.0	5.9	5.9	5.9	5.9	5.9	6.0	5.5	3
Manitoba	5.5	5.2	4.8	4.5	4.3	4.6	4.4	4.5	4.6	4.7	4.7	4.6	4.5	4.4	4.4	9
New Brunswick	5.8	5.7	5.7	5.1	5.2	5.2	5.1	5.3	5.3	5.4	5.7	5.8	5.8	5.6	5.4	4
Newfoundland & Lab.	5.4	5.3	5.5	4.8	5.1	4.6	4.8	5.0	5.3	5.6	5.7	5.6	5.6	5.7	5.8	2
Nova Scotia	6.5	6.0	5.8	5.6	5.3	5.0	5.0	5.0	5.1	4.8	4.5	4.4	4.4	4.6	4.5	7
Ontario	5.9	5.7	4.5	3.9	4.6	4.4	4.4	4.4	4.5	4.6	4.7	4.7	4.4	4.5	4.5	7
Prince Edward Island	6.5	7.0	6.4	5.8	5.4	5.0	5.0	4.8	5.1	4.8	5.0	5.0	5.0	4.9	4.8	5
Quebec	3.5	2.9	3.3	2.7	2.4	2.8	2.8	2.7	3.1	3.0	2.9	2.7	2.7	2.6	2.6	10
Saskatchewan	5.3	5.7	4.7	3.7	3.5	3.4	3.5	4.1	4.3	4.2	4.5	4.7	4.4	4.7	4.7	6

Table 3.8b: Scores for Area 2 (Taxes) at the Subnational Level in Mexico, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 32
Average	*8.7*	*8.5*	*8.4*	*8.2*	*8.0*	*7.8*	*7.8*	*7.4*	*7.1*	*6.9*	*6.5*	*6.2*	
Aguascalientes	9.5	9.4	9.3	9.0	8.4	8.5	8.0	7.6	7.5	7.3	6.7	6.7	16
Baja California	8.3	8.0	7.9	7.8	7.6	7.4	7.6	7.4	7.4	7.2	6.9	6.5	19
Baja California Sur	8.2	7.4	6.6	6.1	4.7	5.0	5.7	5.8	6.1	5.8	5.0	5.0	27
Campeche	7.8	7.2	7.4	7.4	7.3	7.1	7.0	5.8	5.0	5.1	4.1	2.4	31
Coahuila de Zaragoza	9.0	8.8	8.7	8.6	8.6	8.5	8.4	7.9	7.6	6.2	6.8	6.7	16
Colima	9.3	9.2	8.7	8.7	8.5	8.3	8.2	6.8	6.4	6.0	6.0	5.9	24
Chiapas	9.1	8.7	9.0	9.1	8.9	8.4	8.1	7.7	7.6	8.0	7.3	7.0	10
Chihuahua	7.3	7.1	7.1	7.1	7.2	7.6	7.3	6.7	6.8	5.5	6.1	5.5	25
Distrito Federal	5.5	5.5	5.3	5.4	5.0	4.6	4.7	3.8	3.4	1.8	1.8	0.5	32
Durango	9.1	9.0	9.0	8.4	8.3	8.2	7.9	7.8	7.0	6.1	6.5	6.5	19
Guanajuato	9.5	9.3	8.5	8.2	8.1	7.9	7.8	7.6	7.6	7.9	7.2	6.9	11
Guerrero	8.5	8.7	8.4	8.4	8.1	7.9	7.5	7.3	7.2	7.3	7.1	7.2	7
Hidalgo	9.1	8.9	8.9	8.7	8.6	7.9	7.8	7.3	7.7	7.4	7.4	7.4	4
Jalisco	8.3	8.1	8.1	8.0	7.9	7.9	7.8	7.7	7.5	7.4	7.1	6.9	11
México	8.5	8.4	8.5	8.4	7.7	7.4	7.5	7.3	7.3	6.7	6.5	5.5	25
Michoacán de Ocampo	9.2	9.1	9.2	9.2	9.0	8.9	8.6	8.5	8.3	8.0	7.4	7.6	3
Morelos	9.1	8.9	8.8	8.7	8.3	8.0	7.9	7.7	7.5	8.6	7.2	6.7	16
Nayarit	9.0	8.5	8.8	8.8	8.0	7.3	7.8	7.6	7.4	7.4	6.3	7.2	7
Nuevo León	7.6	7.4	7.4	7.4	7.3	7.2	7.4	7.2	6.4	6.4	5.1	4.6	28
Oaxaca	9.7	9.6	9.6	9.5	9.5	9.4	9.3	9.4	9.0	8.5	8.1	7.3	6
Puebla	9.2	9.1	9.3	9.1	8.8	8.5	8.5	8.5	7.6	7.1	7.2	6.4	21
Querétaro	8.4	8.0	7.1	6.7	6.5	6.4	6.1	5.0	5.7	5.8	4.6	3.4	29
Quintana Roo	7.3	6.6	6.4	6.1	5.0	5.6	5.5	5.7	5.7	4.8	4.2	3.3	30
San Luis Potosí	9.5	9.1	9.2	9.3	9.0	8.6	8.7	8.4	8.4	7.8	7.1	6.8	15
Sinaloa	8.9	8.8	8.7	8.5	8.3	8.0	8.0	7.7	6.9	6.8	6.6	6.9	11
Sonora	8.6	8.4	8.4	8.4	8.1	8.0	7.9	7.5	7.1	7.3	6.6	6.9	11
Tabasco	9.2	9.1	9.3	9.3	9.1	9.0	8.8	7.8	6.5	6.6	6.3	6.2	23
Tamaulipas	8.3	8.4	8.4	8.3	8.2	8.0	8.2	7.9	8.0	7.8	7.2	7.4	4
Tlaxcala	9.6	9.6	9.5	9.2	9.3	9.2	9.3	9.3	8.8	9.0	8.9	8.7	1
Veracruz de Ignacio ...	8.9	8.6	8.8	8.7	8.7	8.6	8.4	8.4	7.9	7.4	7.3	7.2	7
Yucatán	9.0	8.9	8.9	8.7	8.7	8.5	8.3	7.8	7.1	6.6	6.8	6.3	22
Zacatecas	9.2	9.1	8.9	8.9	8.9	8.9	8.7	8.3	8.3	7.9	7.9	8.6	2

Data for Mexico are not available for years 1981–2002.

Table 3.8c: Scores for Area 2 (Taxes) at the Subnational Level in the United States, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 50
Average	6.7	6.4	6.5	6.3	6.6	6.5	6.5	6.5	6.5	6.6	6.8	6.8	6.8	6.7	6.8	
Alabama	7.4	7.2	7.2	7.2	7.2	7.3	7.2	7.2	7.2	7.3	7.4	7.4	7.4	7.3	7.4	8
Alaska	5.5	6.2	7.0	7.2	7.8	7.9	7.5	7.7	7.7	8.0	8.1	8.1	8.2	8.5	9.0	1
Arizona	7.1	6.6	6.1	6.2	6.9	6.8	6.6	6.4	6.6	7.0	7.1	7.0	7.1	7.0	7.3	10
Arkansas	6.9	6.5	6.6	6.2	6.2	5.8	5.7	5.8	5.9	6.0	6.1	6.1	5.9	5.9	6.1	42
California	5.4	5.3	5.6	5.4	5.5	5.4	5.2	5.3	5.1	5.4	5.4	5.6	5.9	5.0	5.1	48
Colorado	7.6	6.8	6.5	6.6	6.9	6.8	6.8	6.7	6.7	6.8	6.8	6.8	7.0	6.8	6.8	22
Connecticut	7.8	7.5	7.4	6.1	6.4	6.4	6.5	6.5	6.3	6.5	6.6	6.5	6.3	6.1	6.3	39
Delaware	5.5	5.9	6.5	6.1	6.9	7.0	6.9	6.9	6.7	6.9	7.0	6.6	6.7	6.7	6.8	22
Florida	8.2	7.9	7.7	7.4	7.6	7.5	7.3	7.2	7.3	7.6	7.8	7.9	8.0	7.9	8.1	4
Georgia	6.6	6.5	6.2	6.3	6.4	6.5	6.3	6.3	6.4	6.5	6.7	6.8	6.8	6.6	6.8	22
Hawaii	5.0	5.3	5.1	4.8	5.2	5.1	4.9	5.0	4.8	5.2	5.1	5.2	4.9	4.4	4.8	49
Idaho	6.4	6.1	5.8	5.6	5.9	5.9	6.0	5.9	5.9	6.2	6.4	6.3	6.6	6.5	6.6	32
Illinois	7.0	7.2	7.1	6.7	6.9	6.7	6.7	6.7	6.7	6.8	6.9	6.5	6.2	6.0	6.2	41
Indiana	7.6	7.0	7.1	6.9	7.0	6.5	6.6	6.8	6.7	6.5	6.7	6.9	6.8	6.6	6.9	18
Iowa	7.2	6.6	6.3	6.0	6.7	6.7	6.7	6.7	6.8	6.7	6.7	6.8	6.7	6.5	6.8	22
Kansas	6.4	6.0	6.6	6.0	6.4	6.2	6.2	6.1	6.3	6.3	6.4	6.5	6.4	6.6	6.8	22
Kentucky	6.5	6.5	6.3	5.9	6.2	6.4	6.2	6.3	6.3	6.4	6.5	6.5	6.5	6.4	6.5	36
Louisiana	7.5	6.4	6.3	7.1	6.8	6.5	6.3	6.3	6.5	6.5	7.0	7.0	7.1	7.1	7.0	17
Maine	5.9	5.6	5.7	5.5	5.4	5.4	5.4	5.5	5.5	5.7	6.2	5.6	5.6	5.5	5.6	46
Maryland	6.8	6.7	6.6	6.4	6.7	6.7	6.6	6.8	6.6	6.6	6.7	7.0	6.9	6.7	6.7	31
Massachusetts	6.4	6.6	6.6	6.3	6.7	6.6	6.6	6.6	6.6	6.7	6.7	6.6	6.7	6.6	6.6	32
Michigan	5.6	6.2	6.3	6.4	6.6	6.6	6.6	6.6	6.6	6.7	6.8	6.9	7.0	6.9	7.2	14
Minnesota	4.5	5.3	5.4	5.3	5.7	5.8	5.7	5.8	5.8	5.9	5.9	5.8	5.8	5.7	5.2	47
Mississippi	7.0	6.5	6.6	6.2	6.3	6.6	6.4	6.3	6.4	6.6	6.7	6.7	6.6	6.5	6.5	36
Missouri	7.8	7.4	7.2	6.8	7.0	7.0	7.0	7.0	7.1	7.2	7.3	7.3	7.3	7.3	7.4	8
Montana	7.1	6.3	5.9	6.2	6.6	7.0	7.0	6.9	7.0	7.1	7.4	7.4	7.4	7.2	7.3	10
Nebraska	6.3	6.6	6.9	6.3	6.4	6.1	6.1	6.2	6.3	6.4	6.5	6.6	6.6	6.4	6.5	36
Nevada	7.2	6.8	6.7	6.5	7.2	7.1	7.2	7.1	7.0	7.3	7.4	7.4	7.4	7.3	7.2	14
New Hampshire	8.7	8.6	8.4	8.1	8.5	8.3	8.3	8.3	8.2	8.3	8.2	8.2	8.4	8.3	8.5	2
New Jersey	7.1	6.9	6.9	6.1	6.6	6.1	6.1	5.9	5.6	5.4	6.1	6.0	6.1	5.9	6.1	42
New Mexico	6.4	6.3	5.8	5.7	5.8	6.5	6.3	6.2	6.2	6.7	6.9	6.6	6.7	6.6	6.6	32
New York	3.7	3.5	4.8	4.6	5.3	4.8	4.7	4.7	4.7	4.7	4.9	4.9	4.9	4.7	4.7	50
North Carolina	6.7	6.5	6.4	6.2	6.3	6.3	6.2	6.2	6.2	6.3	6.3	6.3	6.5	6.3	6.9	18
North Dakota	7.6	6.0	5.7	6.3	6.6	6.9	6.8	6.9	7.0	6.8	7.4	7.0	7.3	6.9	6.8	22
Ohio	6.9	5.8	6.2	5.5	6.2	5.9	5.9	5.9	6.2	6.4	6.6	6.7	6.7	6.6	6.8	22
Oklahoma	6.9	6.5	6.4	6.2	6.5	6.6	6.6	6.8	7.0	6.9	7.2	7.3	7.1	7.1	7.2	14
Oregon	5.5	5.4	5.6	6.6	6.5	6.7	6.6	6.6	6.7	6.8	6.8	6.7	6.7	6.8	6.9	18
Pennsylvania	7.0	7.0	7.2	6.7	7.2	6.7	6.7	6.7	6.7	6.8	6.9	6.8	6.9	6.6	6.9	18
Rhode Island	5.4	5.7	6.4	5.2	5.7	5.4	5.5	5.6	5.6	5.7	5.8	6.5	6.5	6.4	6.6	32
South Carolina	6.6	6.3	6.2	6.4	6.5	6.5	6.5	6.4	6.7	6.8	6.9	6.9	6.9	6.7	6.8	22
South Dakota	7.8	7.9	7.8	7.7	7.9	8.0	7.9	8.0	8.1	8.0	8.1	8.3	8.2	8.2	8.1	5
Tennessee	7.9	7.7	7.8	7.8	8.0	7.8	7.7	7.6	7.7	7.9	7.9	7.9	8.0	7.9	8.3	3
Texas	8.2	7.9	7.6	7.5	7.8	7.8	7.8	7.8	7.9	7.7	7.9	8.0	8.0	7.9	7.9	6
Utah	6.8	6.1	6.1	6.3	6.4	6.4	6.3	6.6	6.4	6.6	6.8	6.8	6.8	6.6	6.8	22
Vermont	5.1	5.3	6.3	5.8	6.0	5.6	5.6	5.5	5.7	5.7	6.0	5.9	5.9	5.8	5.8	45
Virginia	7.2	7.0	6.9	6.8	6.9	6.9	6.8	6.8	6.9	7.1	7.3	7.3	7.3	7.2	7.3	10
Washington	7.4	6.8	6.7	6.4	7.1	7.0	7.0	7.0	7.1	7.2	7.3	7.2	7.3	7.2	7.3	10
West Virginia	5.0	4.6	5.9	5.7	5.4	5.1	5.7	5.9	6.1	6.2	6.3	6.3	6.4	6.3	6.3	39
Wisconsin	5.6	5.2	5.7	5.4	5.9	6.1	6.2	6.2	6.0	6.1	6.1	6.1	6.1	6.0	6.1	42
Wyoming	7.2	6.0	7.4	7.8	7.9	7.4	7.4	7.1	6.8	6.5	7.0	7.4	7.3	7.9	7.8	7

Table 3.9a: Scores for Area 3 (Labor Market Freedom) at the All-Government Level in Canada, 1985–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	8.0	8.4	8.3	8.1	8.1	8.1	8.1	7.9	7.8	7.9	7.9	7.8	
Alberta	8.2	8.6	8.5	8.3	8.3	8.3	8.2	8.1	8.0	8.1	8.1	7.9	51
British Columbia	8.0	8.4	8.3	8.1	8.2	8.2	8.1	8.0	7.9	7.9	8.0	7.8	52
Manitoba	7.9	8.3	8.2	8.0	8.0	8.0	8.0	7.8	7.8	7.8	7.9	7.7	54
New Brunswick	8.0	8.4	8.3	8.1	8.1	8.1	8.1	7.9	7.8	7.9	7.9	7.7	54
Newfoundland & Labrador	7.9	8.3	8.3	8.0	8.1	8.0	8.0	7.8	7.7	7.8	7.8	7.7	54
Nova Scotia	8.0	8.4	8.3	8.1	8.1	8.1	8.1	7.9	7.8	7.9	7.9	7.7	54
Ontario	8.1	8.5	8.4	8.2	8.2	8.2	8.1	7.9	7.9	8.0	8.0	7.8	52
Prince Edward Island	8.0	8.4	8.3	8.1	8.1	8.1	8.0	7.9	7.8	7.8	7.9	7.7	54
Quebec	7.9	8.3	8.2	8.0	8.1	8.0	8.0	7.8	7.8	7.8	7.8	7.7	54
Saskatchewan	7.9	8.3	8.3	8.0	8.1	8.1	8.0	7.9	7.8	7.9	7.9	7.7	54

Table 3.9b: Scores for Area 3 (Labor Market Freedom) at the All-Government Level in Mexico, 1985–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	7.0	7.0	6.9	7.0	6.8	6.8	6.9	6.9	7.0	7.2	7.2	7.0	
Aguascalientes	7.1	7.1	6.9	7.0	6.9	6.9	6.9	6.9	7.0	7.2	7.3	7.0	64
Baja California	7.2	7.2	7.0	7.1	6.9	6.9	7.0	7.0	7.1	7.3	7.4	7.1	61
Baja California Sur	7.1	7.1	7.0	7.0	6.9	6.9	6.9	6.9	7.0	7.2	7.3	7.0	64
Campeche	7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	7.3	7.0	64
Coahuila de Zaragoza	7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	6.9	7.2	7.2	7.0	64
Colima	7.0	7.0	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	7.0	64
Chiapas	6.9	6.9	6.8	6.9	6.7	6.6	6.7	6.7	6.8	7.1	7.0	6.8	91
Chihuahua	7.1	7.1	7.0	7.0	6.9	6.9	7.0	6.9	7.0	7.2	7.2	7.0	64
Distrito Federal	7.1	7.1	7.0	7.0	6.9	6.8	6.9	7.0	7.0	7.3	7.3	7.0	64
Durango	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.8	6.9	7.2	7.2	6.9	82
Guanajuato	7.1	7.0	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	7.0	64
Guerrero	6.9	6.9	6.8	6.9	6.7	6.7	6.8	6.8	6.9	7.1	7.1	6.9	82
Hidalgo	7.0	7.0	6.9	6.9	6.8	6.7	6.8	6.8	6.9	7.2	7.2	7.0	64
Jalisco	7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	7.3	7.1	61
México	7.1	7.1	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.3	7.3	7.0	64
Michoacán de Ocampo	7.0	7.0	6.9	7.0	6.9	6.8	6.8	6.9	6.9	7.2	7.2	6.9	82
Morelos	7.1	7.1	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	7.0	64
Nayarit	7.1	7.0	7.0	7.0	6.9	6.8	6.8	6.9	7.0	7.2	7.2	7.0	64
Nuevo León	7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	7.3	7.1	61
Oaxaca	7.0	6.9	6.8	6.8	6.8	6.8	6.8	6.8	6.9	7.1	7.1	6.8	91
Puebla	7.0	7.0	6.9	7.0	6.8	6.7	6.8	6.9	7.0	7.2	7.2	6.9	82
Querétaro	7.0	7.0	6.9	7.0	6.9	6.9	6.9	6.9	7.1	7.3	7.3	7.0	64
Quintana Roo	7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	7.3	7.0	64
San Luis Potosí	7.0	7.0	6.9	7.0	6.8	6.8	6.8	6.9	6.9	7.2	7.2	6.9	82
Sinaloa	7.1	7.1	6.9	7.0	6.9	6.9	6.9	6.9	7.0	7.2	7.3	7.0	64
Sonora	7.1	7.1	7.0	7.0	6.9	6.9	6.9	6.9	7.0	7.3	7.3	7.0	64
Tabasco	6.9	6.9	6.8	6.9	6.8	6.8	6.8	6.8	6.9	7.2	7.2	7.0	64
Tamaulipas	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.8	6.9	7.2	7.2	6.9	82
Tlaxcala	7.1	7.1	6.9	6.9	6.8	6.7	6.8	6.8	6.9	7.1	7.2	6.9	82
Veracruz de Ignacio ...	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.9	6.9	7.2	7.2	6.9	82
Yucatán	7.1	7.0	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	7.0	64
Zacatecas	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.8	6.9	7.1	7.1	6.9	82

Table 3.9c: Scores for Area 3 (Labor Market Freedom) at the All-Government Level in the United States, 1985–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 92
Average	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	
Alabama	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.8	8.0	8.0	39
Alaska	8.1	8.4	8.3	8.1	8.2	8.0	7.5	7.6	7.6	7.8	8.0	8.0	39
Arizona	8.3	8.6	8.5	8.3	8.3	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Arkansas	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
California	8.2	8.5	8.4	8.2	8.3	8.0	7.6	7.6	7.7	7.8	8.0	8.0	39
Colorado	8.3	8.6	8.5	8.3	8.4	8.1	7.7	7.7	7.8	7.9	8.1	8.1	2
Connecticut	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Delaware	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Florida	8.3	8.6	8.5	8.3	8.4	8.2	7.7	7.7	7.8	7.9	8.1	8.1	2
Georgia	8.3	8.6	8.5	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	8.1	2
Hawaii	8.1	8.4	8.3	8.1	8.2	8.0	7.5	7.6	7.7	7.8	8.0	8.0	39
Idaho	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Illinois	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.0	8.1	2
Indiana	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Iowa	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Kansas	8.3	8.5	8.5	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	8.1	2
Kentucky	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.8	8.0	8.0	39
Louisiana	8.3	8.5	8.4	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	8.1	2
Maine	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.8	8.1	8.1	2
Maryland	8.3	8.6	8.4	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Massachusetts	8.3	8.5	8.4	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Michigan	8.2	8.5	8.4	8.2	8.2	8.0	7.5	7.6	7.7	7.8	8.0	8.0	39
Minnesota	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Mississippi	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Missouri	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Montana	8.2	8.5	8.4	8.2	8.3	8.1	7.5	7.6	7.7	7.8	8.0	8.0	39
Nebraska	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Nevada	8.3	8.6	8.5	8.3	8.3	8.1	7.6	7.6	7.7	7.8	8.0	8.0	39
New Hampshire	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
New Jersey	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
New Mexico	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.1	8.1	2
New York	8.2	8.5	8.3	8.1	8.2	8.0	7.5	7.6	7.7	7.8	8.0	8.0	39
North Carolina	8.4	8.6	8.5	8.3	8.4	8.2	7.7	7.7	7.8	7.9	8.1	8.1	2
North Dakota	8.3	8.5	8.4	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	8.2	1
Ohio	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.0	8.1	2
Oklahoma	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
Oregon	8.2	8.4	8.3	8.2	8.3	8.0	7.5	7.6	7.6	7.8	8.0	8.0	39
Pennsylvania	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Rhode Island	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.8	8.0	8.1	2
South Carolina	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8.1	2
South Dakota	8.3	8.6	8.5	8.3	8.4	8.2	7.7	7.7	7.8	7.9	8.1	8.1	2
Tennessee	8.3	8.6	8.5	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	8.1	2
Texas	8.3	8.6	8.5	8.3	8.4	8.2	7.7	7.7	7.8	7.9	8.1	8.1	2
Utah	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Vermont	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.8	8.1	8.1	2
Virginia	8.3	8.6	8.5	8.3	8.4	8.2	7.7	7.8	7.8	7.9	8.1	8.1	2
Washington	8.2	8.4	8.3	8.1	8.2	8.0	7.5	7.6	7.7	7.8	8.0	8.0	39
West Virginia	8.2	8.5	8.4	8.2	8.3	8.0	7.5	7.6	7.7	7.8	8.0	8.0	39
Wisconsin	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	8.1	2
Wyoming	8.3	8.6	8.5	8.3	8.4	8.2	7.7	7.7	7.8	7.9	8.1	8.1	2

Table 3.10a: Scores for Area 3 (Labor Market Freedom) at the Subnational Level in Canada, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 10
Average	4.1	4.7	5.4	5.9	6.6	6.7	6.7	6.9	6.7	6.3	6.3	6.3	6.3	6.5	6.6	
Alberta	5.8	6.0	6.5	7.4	8.3	8.7	8.7	8.7	8.5	8.0	8.1	8.3	8.3	8.5	8.6	1
British Columbia	4.3	5.1	5.9	5.7	6.1	6.8	7.1	7.3	7.3	7.1	7.2	7.1	6.7	6.9	7.1	3
Manitoba	4.3	4.3	4.8	5.4	5.9	5.6	5.7	5.9	5.7	5.4	5.4	5.4	5.7	5.8	5.7	9
New Brunswick	3.7	4.5	5.5	6.3	6.8	7.0	7.1	7.2	6.9	6.7	6.7	6.5	6.3	6.8	6.7	4
Newfoundland & Lab.	1.9	2.7	4.0	4.6	5.4	5.7	5.7	5.8	5.4	4.9	4.8	5.0	5.4	5.4	5.8	8
Nova Scotia	4.2	4.6	5.9	6.4	7.2	7.1	7.1	7.1	6.9	6.4	6.5	6.3	6.6	6.7	6.7	4
Ontario	6.1	6.4	6.8	6.5	7.7	7.6	7.7	7.7	7.4	7.1	7.0	7.0	7.1	7.3	7.3	2
Prince Edward Island	4.3	5.3	5.8	6.8	7.3	7.0	7.3	7.4	7.1	6.6	6.6	6.4	6.3	6.4	6.6	6
Quebec	3.0	3.9	4.4	4.5	5.5	5.6	5.7	5.8	5.6	5.4	5.5	5.3	5.3	5.5	5.4	10
Saskatchewan	3.2	4.0	4.6	5.2	5.6	5.6	5.4	5.8	5.8	5.3	5.5	5.6	5.7	6.0	6.0	7

Table 3.10b: Scores for Area 3 (Labor Market Freedom) at the Subnational Level in Mexico, 2003–2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 32
Average	*6.3*	*6.2*	*6.3*	*6.4*	*6.6*	*6.7*	*6.7*	*6.7*	*6.7*	*6.8*	*6.6*	*6.6*	
Aguascalientes	5.8	5.7	5.8	6.0	6.2	6.4	6.4	6.2	6.1	6.4	6.7	6.4	19
Baja California	8.3	8.3	8.1	8.1	8.2	8.3	8.3	8.2	8.2	8.4	8.1	8.2	1
Baja California Sur	5.2	5.1	5.8	5.9	6.2	6.5	6.2	6.2	6.6	6.6	6.6	6.7	16
Campeche	5.5	5.3	5.4	5.6	5.7	5.9	6.1	6.1	6.4	6.5	6.4	6.1	22
Coahuila de Zaragoza	5.6	5.6	5.6	6.2	6.5	6.7	6.6	6.6	6.4	6.1	6.5	6.6	17
Colima	6.2	6.2	6.1	6.4	6.5	6.7	6.8	6.9	6.9	6.8	6.6	6.8	15
Chiapas	5.4	4.9	5.7	6.1	5.7	5.3	5.3	5.4	5.6	5.7	5.3	5.0	30
Chihuahua	7.3	7.3	7.3	7.8	8.0	8.4	8.2	7.6	7.4	7.5	7.8	7.7	3
Distrito Federal	7.8	7.7	7.8	7.9	7.9	8.0	7.9	8.2	8.2	8.3	8.2	8.2	1
Durango	5.7	5.6	5.6	5.7	5.9	5.7	5.6	5.8	5.9	6.0	5.9	5.8	24
Guanajuato	7.1	6.9	7.2	7.4	7.3	7.5	7.5	7.5	7.6	7.8	7.6	7.2	9
Guerrero	5.0	4.8	4.8	5.0	5.3	5.4	5.6	5.7	5.6	5.3	4.9	5.3	28
Hidalgo	6.2	6.1	6.0	5.8	5.8	6.0	6.0	6.0	6.3	6.4	6.3	6.6	17
Jalisco	7.5	7.3	7.3	7.1	7.4	7.4	7.4	7.7	7.8	7.6	7.7	7.7	3
México	7.6	7.5	7.2	7.6	7.4	7.5	7.5	7.9	7.9	8.1	7.9	7.7	3
Michoacán de Ocampo	6.6	6.5	6.9	7.0	6.9	6.9	6.8	6.6	6.7	6.6	6.3	6.4	19
Morelos	7.7	7.7	7.5	7.4	7.6	7.9	7.9	8.0	7.9	7.5	7.3	7.1	11
Nayarit	5.8	5.6	6.1	6.2	6.0	5.6	5.8	6.3	6.2	6.1	5.8	6.0	23
Nuevo León	6.7	6.8	7.0	7.1	7.3	7.6	7.7	7.7	7.7	8.0	7.9	7.6	6
Oaxaca	5.9	5.6	5.6	5.4	5.8	6.1	6.3	6.2	6.0	5.6	5.1	5.0	30
Puebla	7.2	7.1	7.3	7.7	7.4	6.8	7.2	7.4	7.3	7.2	7.2	7.2	9
Querétaro	6.3	6.2	6.7	6.8	7.2	7.5	7.4	7.4	7.8	8.0	7.6	7.4	7
Quintana Roo	5.8	6.1	6.4	6.6	7.0	7.3	7.2	7.5	7.4	7.4	7.2	7.1	11
San Luis Potosí	6.0	5.7	6.0	6.2	6.3	6.4	6.3	6.2	6.0	6.2	5.9	5.7	26
Sinaloa	7.1	6.9	6.7	6.9	7.0	7.3	7.2	7.2	6.9	7.0	7.2	7.1	11
Sonora	6.7	6.6	6.6	6.7	6.9	7.2	6.9	6.6	7.0	7.3	7.1	7.3	8
Tabasco	4.0	3.6	3.7	4.4	4.4	4.5	4.5	4.5	4.8	5.0	4.9	4.9	32
Tamaulipas	5.3	5.4	5.3	5.2	5.5	5.7	5.9	5.8	6.1	6.3	6.0	5.6	27
Tlaxcala	6.3	6.1	5.8	5.4	5.4	5.5	5.8	5.8	5.6	5.6	5.7	5.8	24
Veracruz de Ignacio ...	6.2	6.1	6.3	6.8	6.8	6.7	6.6	6.8	6.7	8.0	6.6	6.2	21
Yucatán	6.3	6.1	6.2	6.3	6.5	6.7	6.6	6.7	6.7	6.7	6.6	6.9	14
Zacatecas	5.4	5.3	5.2	5.2	5.7	5.7	5.3	4.8	4.9	5.3	5.1	5.2	29

Data for Mexico are not available for years 1981–2002.

Table 3.10c: Scores for Area 3 (Labor Market Freedom) at the Subnational Level, United States, 1981–2014

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rank (2014) out of 50
Average	4.2	5.3	6.0	6.5	6.9	7.2	7.3	7.3	7.1	6.8	6.8	6.9	7.1	7.2	7.3	
Alabama	3.3	4.7	5.7	6.1	6.7	7.0	7.2	7.2	6.8	6.3	6.4	6.5	6.6	6.6	6.7	42
Alaska	3.7	4.2	4.8	5.2	5.5	5.6	5.7	5.8	5.9	5.9	5.8	5.8	6.0	5.9	6.0	50
Arizona	4.6	5.9	6.5	6.7	7.4	7.8	7.9	7.4	7.2	7.1	7.1	7.3	7.3	7.4	7.4	19
Arkansas	4.0	5.3	6.0	6.6	7.0	7.4	7.3	7.1	7.0	6.8	6.7	6.8	7.1	7.2	7.2	24
California	4.7	5.8	6.2	6.6	6.9	6.8	7.1	6.9	6.5	6.4	6.5	6.7	7.0	7.2	7.0	35
Colorado	5.3	6.4	6.8	7.3	8.0	8.1	8.2	7.8	7.7	7.5	7.6	7.5	7.6	7.6	7.5	16
Connecticut	5.4	6.5	6.9	7.1	7.3	7.2	7.3	7.4	7.2	7.0	7.2	7.2	7.5	7.6	7.5	16
Delaware	4.3	5.9	6.8	7.0	7.1	7.5	7.6	7.4	7.1	7.1	7.1	7.3	7.2	7.4	7.3	21
Florida	5.3	6.6	7.0	7.3	7.8	8.2	8.2	8.1	7.9	7.7	7.8	7.8	7.9	8.0	8.1	3
Georgia	4.1	6.0	6.7	7.2	7.7	8.0	8.1	8.1	7.8	7.3	7.4	7.5	7.6	7.7	7.9	6
Hawaii	4.6	5.4	6.0	6.0	6.3	6.4	6.5	6.7	6.5	6.5	6.7	6.8	6.8	6.9	6.9	38
Idaho	4.0	4.9	5.9	6.5	6.8	7.5	7.6	7.7	7.2	6.8	6.6	6.9	7.0	7.2	7.2	24
Illinois	4.4	5.5	6.3	6.6	7.1	7.0	7.2	7.3	6.9	6.6	6.8	6.8	7.0	7.1	7.2	24
Indiana	3.9	5.1	6.0	6.6	7.0	7.3	7.4	7.4	7.0	6.7	6.7	6.8	7.2	7.3	7.2	24
Iowa	4.1	4.8	5.4	6.1	6.6	7.0	7.1	7.1	6.7	6.5	6.6	6.7	6.9	7.0	7.0	35
Kansas	4.5	5.5	5.9	6.2	6.8	7.1	7.3	7.4	7.2	6.8	6.7	6.8	7.1	7.2	7.2	24
Kentucky	3.9	5.1	6.1	6.4	6.7	7.2	7.2	7.2	7.1	6.6	6.6	6.7	6.8	6.7	6.9	38
Louisiana	3.8	4.6	5.4	5.8	6.2	6.8	7.3	7.4	7.2	6.8	6.9	7.0	7.1	7.5	7.6	12
Maine	3.7	5.2	5.8	6.3	6.8	6.9	7.0	7.0	6.9	6.8	6.9	6.9	6.9	7.1	7.2	24
Maryland	4.7	6.2	7.3	7.3	7.8	8.3	8.2	8.2	8.1	7.9	8.1	8.0	8.2	8.2	8.2	2
Massachusetts	4.6	6.4	6.9	7.3	7.6	7.8	7.8	7.9	7.5	7.3	7.6	7.6	7.7	7.9	7.9	6
Michigan	3.0	4.4	5.3	5.9	6.5	6.6	6.6	6.2	6.2	5.9	6.3	6.4	6.7	6.8	6.9	38
Minnesota	4.1	5.2	5.9	6.2	6.9	7.4	7.4	7.5	7.3	7.0	7.0	7.1	7.3	7.3	7.2	24
Mississippi	3.1	4.2	5.0	5.9	5.9	6.2	6.6	6.5	6.3	5.9	6.0	6.0	6.2	6.5	6.5	44
Missouri	4.5	5.8	6.7	6.8	7.1	7.4	7.6	7.3	7.2	7.0	7.0	7.0	7.3	7.3	7.4	19
Montana	3.7	4.0	4.9	5.7	6.2	7.1	7.2	6.9	6.8	6.1	6.5	6.5	6.5	6.6	6.7	42
Nebraska	4.3	5.1	6.0	6.6	7.2	7.5	7.5	7.6	7.4	6.9	6.9	7.2	7.5	7.5	7.6	12
Nevada	5.0	5.8	7.0	6.9	7.5	8.2	8.0	7.7	7.4	7.0	6.9	6.9	7.1	7.2	7.3	21
New Hampshire	5.2	6.9	7.0	7.3	7.9	8.1	8.1	8.1	7.7	7.4	7.5	7.5	7.7	7.9	7.9	6
New Jersey	4.0	5.3	6.1	6.2	7.0	6.9	6.8	6.9	7.0	6.7	7.0	7.2	7.3	7.4	7.2	24
New Mexico	3.1	4.3	4.9	5.5	5.7	6.0	6.3	6.4	6.0	5.5	5.7	5.9	6.0	6.2	6.3	49
New York	3.2	4.4	5.0	5.5	6.1	6.0	6.1	6.1	6.1	5.9	6.1	6.2	6.5	6.5	6.4	46
North Carolina	4.5	6.0	6.8	7.2	7.6	7.7	7.9	7.7	7.4	7.1	7.0	7.1	7.3	7.3	7.5	16
North Dakota	4.6	5.2	5.6	6.2	7.0	7.2	7.3	7.5	7.5	7.0	7.1	7.4	7.8	7.9	8.0	4
Ohio	4.0	5.0	5.9	6.4	6.8	7.0	7.3	6.8	6.7	6.5	6.7	6.8	7.0	7.0	7.1	34
Oklahoma	5.0	5.6	5.8	6.3	7.0	7.3	7.3	7.3	7.1	6.6	6.7	6.8	7.0	7.0	7.3	21
Oregon	3.7	4.5	5.2	5.9	6.2	6.4	6.6	6.6	6.3	5.8	6.0	6.1	6.3	6.5	6.5	44
Pennsylvania	4.2	5.5	6.5	6.8	7.3	7.7	7.7	7.4	7.3	7.2	7.3	7.4	7.7	7.8	7.9	6
Rhode Island	4.5	5.7	6.3	6.6	6.9	7.1	7.3	7.3	7.2	7.0	7.3	7.3	7.4	7.4	7.6	12
South Carolina	4.3	5.6	6.4	6.6	6.9	7.4	7.5	7.4	7.1	6.6	6.6	6.8	7.0	7.1	7.2	24
South Dakota	4.1	5.1	6.2	6.7	7.4	7.7	7.8	7.9	7.9	7.5	7.5	7.6	7.7	7.8	7.8	11
Tennessee	4.2	5.6	6.5	7.2	7.5	8.0	8.1	8.1	7.8	7.4	7.4	7.5	7.7	7.7	7.9	6
Texas	5.6	6.4	6.7	6.9	7.4	7.8	8.0	8.1	7.9	7.4	7.4	7.6	7.8	8.0	8.0	4
Utah	3.8	5.1	6.0	6.6	7.1	7.8	8.0	8.0	7.7	7.2	7.0	7.1	7.3	7.6	7.6	12
Vermont	4.5	5.8	6.4	6.8	7.0	6.9	6.9	7.0	7.0	6.6	6.8	6.8	6.9	7.0	7.0	35
Virginia	5.3	6.7	7.3	7.7	8.1	8.4	8.6	8.7	8.4	8.1	8.1	8.1	8.2	8.2	8.3	1
Washington	3.8	4.7	5.4	5.7	6.2	6.1	6.1	6.2	6.1	5.8	5.8	6.0	6.2	6.3	6.4	46
West Virginia	2.2	3.1	4.4	5.2	5.7	6.2	6.3	6.1	5.9	5.6	5.6	5.8	6.0	6.1	6.4	46
Wisconsin	3.8	4.8	5.8	6.3	6.7	7.0	7.0	7.0	6.9	6.7	6.7	6.8	7.1	7.1	7.2	24
Wyoming	4.9	4.1	4.6	5.4	6.1	6.8	7.0	7.1	7.0	6.5	6.4	6.5	6.6	6.8	6.8	41

Appendix A Methodology

Calculating the scores

To avoid subjective judgments, objective methods were used to calculate and weight the components. For all components, each observation was transformed into a number from zero to 10 using the following formula: $(V_{max} - V_i)/(V_{max} - V_{min}) \times 10$, where (unless otherwise stated) V_{max} is the largest value found within a component,[1] V_{min} is the smallest, and V_i is the observation to be transformed. For each component, the calculation included all data for all years to allow comparisons over time.

To transform the individual components into specific areas and the overall summary index, multiple categories were created. In the subnational index, Areas 1, 2, and 3 were equally weighted, and each of the components within each area was equally weighted. For example, the weight for Area 1 was 33.3%. Area 1 has three components, each of which received equal weight in calculating Area 1, or 11.1% in calculating the overall index. The all-government index adds the following:

- one additional component to Area 1—1D: Government enterprises and investment (the country score for variable 1C in *Economic Freedom of the World: 2015 Annual Report* [EFW]);

- one additional component to Area 2B—2Bii: Top marginal income and payroll tax rate (the country score for variable 1Dii in EFW);

- eight additional components to Area 3—
  - 3Aiv–ix: the six components of Labor market regulation (variable 5B in EFW),
  - 3B: Credit Market Regulations (variable 5A in EFW), and
  - 3C: Business Regulations (variable 5C in EFW);

[1] For three variables in the all-government index (1A, 2A, and 2C) and one in the US subnational index (2A), there were several states that were large outliers that skewed the standardized scores. To account for this, for two of those variables we used a lower maximum value of the mean plus three standard deviations. (For the other variable, we used a maximum of the mean plus 1.5 standard deviations.) A similar approach is used in *Economic Freedom of the World*.

- Area 4: Legal System and Property Rights (Area 2 in the EFW);
- Area 5: Sound Money (Area 3 in the EFW); and
- Area 6: Freedom to Trade Internationally (Area 4 in the EFW).

Thus, it has six areas. Each area was equally weighted and each of the components within each area was equally weighted. More details on the calculations and data sources for the adjusted index can be found in Appendix B.

Fiscal variables

In order to produce comparable tax and spending data for jurisdictions that are of widely different sizes and income levels, all such variables are measured as a percentage of income, as is the minimum wage variable. In Canada and Mexico, we use "household income". In the United States, the comparable concept is called "personal income".

Income tax

Calculating the income-tax component was more complicated. The component examining the top marginal income-tax rate and the income threshold at which it applies was transformed into a score from zero to 10 using Matrix 1, Matrix 2a, and Matrix 2b. Canadian nominal thresholds were first converted into constant 2014 Canadian dollars by using the Consumer Price Index and then converted into US dollars using the Purchasing Power Parity between Canada and the United States for each year. US nominal thresholds were converted into real 2014 US dollars using the Consumer Price Index. Mexican nominal thresholds were first converted into constant 2014 Mexican Pesos by using the *Indice Nacional de Precios al Consumidor* (National Consumer Price Index) and then converted into US dollars using the Purchasing Power Parity between Mexico and the United States for each year. This procedure is based on the transformation system found in *Economic Freedom of the World: 1975–1995* (Gwartney et al., 1996), modified for this study to take into account a different range of top marginal tax rates and income thresholds. Matrix 1 was used in calculating the score for Component 2Bi, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at the all-government level; Matrix 2a was used to calculate the score for Component 2B at the subnational level for Canada, and Matrix 2b was used for the United States. Since there are no subnational income taxes in Mexico, this variable was not included in the Mexican subnational index.

In setting the threshold levels for income taxes at the subnational level, we faced an interesting quandary. In the United States, most state thresholds were below US federal thresholds in the 1980s and 1990s. In Canada, provincial thresholds were frequently higher than federal thresholds. Whenever the provincial or state threshold was higher than the federal threshold, the federal threshold was used at the sub-national level since, when a provincial threshold is above the national level, the cause is typically the imposition of a relatively small surcharge on those earning high incomes. Because of the structure of these matrixes, this can produce perverse scoring results. For example, in Matrix 2b a jurisdiction gets a score of 2.5 if it has a top marginal income-tax rate of, say, 12.5% for incomes over $60,608. Let us say the jurisdiction imposes a surcharge for income earners above $121,217, increasing the

Matrix 1: Income Tax Matrix for Component 2B at the All-Government Level

Top Marginal Tax Rate	Income Threshold Level (US$2014)		
	Less than $60,608	$60,608 to $121,217	More than $121,217
27% or less	10.0	10.0	10.0
27% to 30%	9.0	9.5	10.0
30% to 33%	8.0	8.5	9.0
33% to 36%	7.0	7.5	8.0
36% to 39%	6.0	6.5	7.0
39% to 42%	5.0	5.5	6.0
42% to 45%	4.0	4.5	5.0
45% to 48%	3.0	3.5	4.0
48% to 51%	2.0	2.5	3.0
51% to 54%	1.0	1.5	2.0
54% to 57%	0.0	0.5	1.0
57% to 60%	0.0	0.0	0.5
60% or more	0.0	0.0	0.0

Matrix 2a: Income Tax Matrix for Component 2B at the Subnational Level in Canada

Top Marginal Tax Rate	Income Threshold Level (US$2014)		
	Less than $60,608	$60,608 to $121,217	More than $121,217
3.0% or less	10.0	10.0	10.0
3.0% to 6.0%	9.0	9.5	10.0
6.0% to 9.0%	8.0	8.5	9.0
9.0% to 12.0%	7.0	7.5	8.0
12.0% to 15.0%	6.0	6.5	7.0
15.0% to 18.0%	5.0	5.5	6.0
18.0% to 21.0%	4.0	4.5	5.0
21.0% to 24.0%	3.0	3.5	4.0
24.0% to 27.0%	2.0	2.5	3.0
27.0% to 30.0%	1.0	1.5	2.0
30.0% to 33.0%	0.0	0.5	1.0
33.0% to 36.0%	0.0	0.0	0.5
36.0% or more	0.0	0.0	0.0

Matrix 2b: Income Tax Matrix for Component 2B at the Subnational Level in the United States

Top Marginal Tax Rate	Income Threshold Level (US$2014)		
	Less than $60,608	$60,608 to $121,217	More than $121,217
1.5% or less	10.0	10.0	10.0
1.5% to 3.0%	9.0	9.5	10.0
3.0% to 4.5%	8.0	8.5	9.0
4.5% to 6.0%	7.0	7.5	8.0
6.0% to 7.5%	6.0	6.5	7.0
7.5% to 9.0%	5.0	5.5	6.0
9.0% to 10.5%	4.0	4.5	5.0
10.5% to 12.0%	3.0	3.5	4.0
12.0% to 13.5%	2.0	2.5	3.0
13.5% to 15.0%	1.0	1.5	2.0
15.0% to 16.5%	0.0	0.5	1.0
16.5% to 18.0%	0.0	0.0	0.5
18.0% or more	0.0	0.0	0.0

top marginal income-tax rate to 13%. In Matrix 2b, even though additional taxes in the form of a surcharge have been imposed, the state's score perversely increases to 3.0 because of the increase in the threshold level.

Our decision to use the federal threshold as the default threshold when the provincial threshold was higher is, frankly, a matter of judgment. Thus, it was important to understand whether this would affect the results significantly. To see whether this was so, we calculated the overall index both ways and found that changes were small and that the overall results were not significantly affected.

Adjustment factors

We faced a common problem in comparing statistics across time, changes in the structure of some series over time. Similarly, some Canadian spending categories were not strictly comparable to those in the United States. This required the use of judgment in some cases. Spending on medical care, for example, is structured as government consumption in Canada and as a set of transfer programs in the United States. Given that the index captures the impact of both government consumption and of transfer programs, we decided the most accurate method of accounting was to reflect the actual nature of the spending, a transfer program in the United States and government consumption in Canada, rather than artificially include one or other in an inappropriate component. The same phenomenon occurs on the revenue side where the entire US Social Security program is funded by a dedicated payroll tax, whereas in Canada part of the similar program, Old Age Security, is funded by general tax revenues. Those revenues are included in variable 2A for US states and in variable 2C for Canadian provinces.

Other adjustments

Our earlier source of government finance data in Canada was discontinued in 2010, with the last year of data being 2009. As a result, in recent years we have used the change in overall aggregates in spending and revenue to produce estimates for the government finance variables in Area 1 and Area 2. The new data series became available in 2015, after the 2015 edition had gone to print. That new data has now been incorporated into the 2016 edition. It goes back to 2007. To smooth the transition between the two series, for 2006 we used the average of that new 2007 data and the 2005 data from the previous data series. The two data series are not identical. There were changes in the way that spending and revenue categories were defined. However, this did not create any major changes in the relative rankings of the provinces, with one exception. While Saskatchewan was ranked 3rd amongst the 10 Canadian provinces in the 2015 report's subnational index, it is ranked 8th of the 10 in this year's subnational index. Note that this discrepancy does not exist in the all-government rankings, which incorporate federal taxes and spending. In that index, Saskatchewan remains in a tie for 3rd place among the 92 states and provinces of North America. One reason for this disparity between the two indices is that, as Saskatchewan has become richer in recent years, it has received smaller amounts of federal spending. At the same time, the

province has been increasing its spending at the provincial level. While those changes offset each other on the all-government index, they lower Saskatchewan's score on the subnational index. Indeed, Saskatchewan ranked 2nd amongst the Canadian provinces in Area 1 (government spending) in last year's subnational index. It ranks 8th in subnational Area 1 in this year's report using the new data series.

The data for the US states comes from the US Census Bureau. The local government data for 2014 was not scheduled to be released until after this report went to press. As a result, the state and local tax and spending totals for 2014 were not available. However, the state government data was available. The change in those state numbers from 2013 to 2014 was applied to the 2013 state and local data to produce a state and local estimate for 2014.

The Tax Foundation calculated the federal tax burden by US state up to the year 2005 using sophisticated techniques but has not issued updates in recent years. As several years of data are now missing, we now use data on federal tax collections within each state directly from the US Internal Revenue Service. Due to data availability issues, we only include data back to 2003 in this printed report.

The data for federal spending in the US states comes from the Consolidated Federal Funds Report, which has now been discontinued. The last year available is 2010. We used the percentage increase in the subnational amounts for 2011, 2012, and 2013 to calculate an estimate for the federal amounts for both 1A and 1B.

Variable 1C measures insurance and retirement payments as a percentage of income. Because there are several US states where retirees form an abnormally large percentage of the population, using federal spending in each state skews the scores on this variable in a way that does not reflect differences in economic freedom (but rather reflects differences in demographics). In the US states, the US total for this variable, as a percentage of total US income, was used as the federal component for this variable (and simply added to the subnational spending for each state as a percentage of their state income). Since that same phenomenon does not exist in Canada, this adjustment was not made for the Canadian provinces.

There is a similar issue in the all-government index with regard to Variable 2A, which measures income and payroll taxes. Because states with low corporate income-tax (CIT) burdens tend to attract corporate relocations, those states may tend to have inordinately large revenue from corporate income tax. At the state level, when a corporation has operations in multiple states, taxable corporate income is apportioned based on activity within each state. At the federal level, there are wide disparities in federal CIT revenue collected in the various states (measured as a percentage of personal income) that cannot be driven by differences in state policy. For that reason, we have used the national average in each country for the federal CIT portion of 2A in each state.

Variable 2D measures sales and gross receipts taxes. Several Mexican states with large ports have abnormally high values for this variable, in some cases exceeding 100% of personal income. Because that revenue goes to the federal government, we have instead used the same national total for this variable, as a percentage of personal income, for the federal component of this variable for each Mexican state. This adjustment was not necessary for Canada or the United States.

Appendix B
Explanation of Components and Data Sources

Area 1 Government Spending

Component 1A General Consumption Expenditures by Government as a Percentage of Income

General consumption expenditure is defined as total expenditures minus transfers to persons, transfers to businesses, transfers to other governments, and interest on public debt. Data for Quebec is adjusted for Quebec abatement at the subnational level. On the all-government index, there were several Mexican states that were far outliers for this variable and therefore skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 1.5 standard deviations. (A similar approach is used in the annual reports of *Economic Freedom of the World*.)

Sources for Canada

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008* <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, Public Institutions Division, Financial Management System, 2005, 2007, 2008 • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2014*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

Sources for the United States

Special request from US Census Bureau, Governments Division, Federal Programs Branch (February 2, 2005) • Special request from US Census Bureau, Governments Division (December 14, 2007) • US Census Bureau (2015). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2013)*. <www.census.gov/govs/local/> • US Census Bureau (2016). *2014 Annual Survey of State Government Finances*. <www.census.gov/govs/state/> • US Census Bureau, *Consolidated Federal Funds Report* (various editions) • US Census Bureau, *Statistical Abstract of the United States* (various editions) • US Department of Commerce, Bureau of Economic Analysis. <www.bea.gov/>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (July 2014) • *Anexo estadístico del 1er Informe de Gobierno de Enrique Peña Nieto 2012-2013* (Statistical Appendix from Enrique Peña Nieto 1st "State of the Unión Address" 2012–2013) <www.presidencia.gob.mx/>. • *Anexo estadístico del 2do Informe de Gobierno de Enrique Peña Nieto 2013–2014* and *Anexo estadístico del 3er informe de Gobierno de Enrique Peña Nieto 2014–2015* (Statistical Appendices from Enrique Peña Nieto's 2nd and 3rd "State of the Union Address").

Component 1B Transfers and Subsidies as a Percentage of Income

Transfers and subsidies include transfers to persons and businesses like welfare payments, grants, agricultural assistance, food-stamp payments (US), housing assistance. Foreign aid is excluded. Data for Quebec is adjusted for the Quebec abatement at the subnational level. On the all-government index, there were several Mexican states that were far outliers for this variable and therefore skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean +1.5 standard deviations. A similar approach is used in *Economic Freedom of the World*.

Sources for Canada

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November, 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008*. <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2014*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

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Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (August 2016) • Cuenta de la Hacienda Pública Federal, Secretaría de Hacienda y Crédito Público, <www.shcp.gob.mx/EGRESOS/contabilidad_gubernamental/Paginas/cuenta_publica.aspx>.

Component 1C Insurance and Retirement Payments as a Percentage of Income

Payments by Employment Insurance, Workers Compensation, and various pension plans are included in this component.

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008* <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2014*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

Sources for the United States

Special request from US Census Bureau, Governments Division (December 14, 2007) • US Census Bureau (2015). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2013)*. <www.census.gov/govs/local/> • US Census Bureau (2016). *2014 Annual Survey of State Government Finances*. <www.census.gov/govs/state/> • US Department of Commerce, Bureau of Economic Analysis, <www.bea.gov/>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (July 2016) • Private Sector—special request from Instituto Mexicano del Seguro Social: Total de Cuotas de Trabajadores Seguridad Social por estado (July 2016) • Public Sector—special request from Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado: Ingresos por entidad federativa de cuotas de los ejercicios 2003–2013 (July 2016).

Component 1D Government Enterprises and Investment *(all-government index only)*

When government owns what would otherwise be private enterprises and engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index, is the country score for variable 1C in *Economic Freedom of the World: 2016 Report*. A detailed description and the data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2016-annual-report>.

Area 2 Taxes

Component 2A Income and Payroll Tax Revenue as a Percentage of Income

Income and Payroll Tax Revenue is defined as the sum of personal income taxes, corporate income taxes, and payroll taxes used to fund social-insurance schemes (i.e., employment insurance, Workers Compensation, and various pension plans). Data for Quebec is adjusted for the Quebec abatement at the subnational level. On the all-government index, there were several Mexican states that were far outliers for this

variable and skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 3 standard deviations. The same thing was done for the US subnational index on account of several outliers for Alaska. A similar approach is used in *Economic Freedom of the World*.

Sources for Canada

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November, 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008* <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2014*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

Sources for the United States

US Census Bureau (2015). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2013)*. <www.census.gov/govs/local/> • US Census Bureau (2016). *2014 Annual Survey of State Government Finances*. <www.census.gov/govs/state/> • US Department of Commerce, Bureau of Economic Analysis, <www.bea.gov/> • Internal Revenue Service, Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2013* (and previous editions). <www.irs.gov/uac/SOI-Tax-Stats-Gross-Collections,-by-Type-of-Tax-and-State,-Fiscal-Year-IRS-Data-Book-Table-5>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (August 2016) • Instituto Nacional de Estadística y Geografía, *El ingreso y el gasto público en México*, <www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf> • Special Request from Servicio de Administración Tributaria: Recaudación bruta federal por entidad federativa (various years) (July 22, 2015).

Component 2Bi Top Marginal Income Tax Rate and the Income Threshold at Which It Applies

See Matrix 1, Matrix 2, and Matrix 3 in Appendix A (pp. 63–68) for information on how the final scores were calculated. Data for Quebec is adjusted for Quebec abatement at the subnational level.

Sources for Canada

Baldwin, John, and Ryan Macdonald (2010). *PPPs: Purchasing Power or Producing Power Parities?* Economic Analysis Research Paper Series. Cat. 11F0027M. No. 058. Statistics Canada • Canadian Tax Foundation, *Canadian Tax Journal*, Provincial Budget Roundup (2003, 2002, 2001, 2000), by Deborah L. Ort and David B. Perry • Canadian Tax Foundation, *Finances of the Nation* (various issues) • Palacios,

Milagros (2008). *Purchasing Power Parity, United States and Canada, 1981–2005*. Fiscal Studies, Fraser Institute • Statistics Canada, CANSIM, 2012 • Statistics Canada, *National Economic Accounts, 2012* • Statistics Canada, *Provincial Economic Accounts, 2012*. • Canada Revenue Agency, <www.cra-arc.gc.ca/formspubs/prioryear/t1/2012/menu-eng.html>.

Sources for the United States

Tax Foundation (Washington, DC). *The 2014 Tax Brackets*. <taxfoundation.org/article/2014-tax-brackets> • Tax Foundation (Washington, DC). *U.S. Federal Individual Income Tax Rates History, 1862–2013*. <taxfoundation.org/article/us-federal-individual-income-tax-rates-history-1913-2013-nominal-and-inflation-adjusted-brackets> • Tax Foundation (Washington, DC). *State Individual Income Tax Rates, 2000–2014*. <taxfoundation.org/article/state-individual-income-tax-rates> • US Department of Labor, Bureau of Labor Statistics, <www.bls.gov/cpi/>.

Sources for Mexico

Servicio de Administración Tributaria. *Tarifa para el cálculo del impuesto sobre la renta anual*.<www.sat.gob.mx/informacion_fiscal/tablas_indicadores/Paginas/tarifas_ISR_anteriores.aspx> • Secretaría de Gobernación, *Diario Oficial de la Federación*, <www.dof.gob.mx/nota_detalle.php?codigo=702618&fecha=03/02/2003>; <www.dof.gob.mx/nota_detalle.php?codigo=789412&fecha=07/03/2005>; <www.cpware.com/mancera/sitio/uftarifas/tablas_anuales2004.php>.

Component 2Bii Top Marginal Income and Payroll Tax Rate *(all-government index only)*

This variable, used only in the all-government index, is the country score for variable 1Dii in *Economic Freedom of the World: 2016 Annual Report*. A detailed description and data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2016-annual-report>.

Component 2C Property Tax and Other Taxes as a Percentage of Income

Property and Other Tax revenue consists of total tax revenue minus income and sales tax revenues (which are already included in 2A and 2D). Natural resource royalties and severance taxes are not included in this component. On the all-government index, there were several Mexican states that were far outliers for this variable that skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 3 standard deviations. (A similar approach is used in *Economic Freedom of the World*.)

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2008* <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2014*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

Sources for the United States

US Census Bureau (2015). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2013)*. <www.census.gov/govs/local/> • US Census Bureau (2016). *2014 Annual Survey of State Government Finances*. <www.census.gov/govs/state/> • Internal Revenue Service. Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2013* (and previous editions). <www.irs.gov/uac/SOI-Tax-Stats-Gross-Collections,-by-Type-of-Tax-and-State,-Fiscal-Year-IRS-Data-Book-Table-5 >.

Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (July, 2014) • Instituto Nacional de Estadística y Geografía, *El ingreso y el gasto público en México*, <www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf> • Special Request from Servicio de Administración Tributaria: Recaudación bruta federal por entidad federativa (various years) (July 22, 2015).

Component 2D Sales Tax Revenue as a Percentage of Income

Sales tax revenue includes revenue from all sales and gross receipts taxes (including excise taxes). On the all-government index, there were several Mexican states that were far outliers for this variable and skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean +1.5 standard deviations. A similar approach is used in *Economic Freedom of the World*.

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008*. <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007-2014*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

Sources for the United States

US Census Bureau (2015). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2013)*. <www.census.gov/govs/local/> • US Census Bureau (2016). *2014 Annual Survey of State Government Finances*. <www.census.gov/govs/state/> • Internal Revenue Service. Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2014* (and previous editions). <www.irs.gov/uac/SOI-Tax-Stats-Gross-Collections,-by-Type-of-Tax-and-State,-Fiscal-Year-IRS-Data-Book-Table-5>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía, *El ingreso y el gasto público en México*, <www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf> • Special Request from Servicio de Administración Tributaria: Recaudación bruta federal por entidad federativa (various years) (July 22, 2015).

Area 3 Regulation

Component 3A Labor Market Freedom

3Ai Minimum Wage Legislation

This component was calculated as minimum wage multiplied by 2,080, which is the full-time equivalent measure of work hours per year (52 weeks multiplied by 40 hours per week) as a percentage of per-capita income. For the Canadian provinces, provincial minimum wage was used to compute both of the indices (subnational and all-government). For US states, the federal minimum wage was used for both indexes because the federal minimum wage supersedes state minimum wages when it is higher.

Sources for Canada

Human Resources Development Canada, <srv116.services.gc.ca/dimt-wid/sm-mw/menu.aspx?lang=eng> (August 3, 2016).

Sources for the United States

Division of External Affairs, Wage and Hour Division, Employment Standards Administration, US Department of Labor, <www.dol.gov/whd/state/state.htm> (May 24, 2011) • Division of External Affairs, Wage and Hour Division, US Department of Labor, *Changes in Basic Minimum Wages in Non-Farm Employment under State Law: Selected Years 1968 to 2016*, <www.dol.gov/whd/state/stateMinWageHis.htm> (August 2016) • Wage and Hour Division, US Department of Labor, *Minimum Wage Laws in the States - August 1, 2016*, <www.dol.gov/whd/minwage/america.htm>.

Sources for Mexico

Comisión Nacional de los Salarios Mínimos, *Tabla de salarios mínimos generales y profesionales por áreas geográficas*, <www.conasami.gob.mx/t_sal_mini_prof.html> (July 2015).

3Aii Government Employment as a Percentage of Total State/Provincial Employment

Government employment includes public servants as well as those employed by government business enterprises. Military employment is excluded.

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* • Statistics Canada, Public Institutions Division, Financial Management System (various years) • Statistics Canada, table 183-0002: Public Sector Employment, <www5.statcan.gc.ca/cansim/pick-choisir?lang=eng&searchTypeByValue=1&id=1830002> • Statistics Canada, CANSIM table 282-0078, *Labour Force Survey Estimates (LFS), Employees by Union Coverage, North American Industry Classification System (NAICS), Sex and Age Group, Annual (Persons x 1,000)*, <www5.statcan.gc.ca/cansim/a05?lang=eng&id=2820078&pattern=2820078&searchTypeByValue=1&p2=35>.

Sources for the United States

Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, <www.bea.gov/regional/index.htm>.

Sources for Mexico

Instituto Nacional de Geografía y Estadística, Banco de información económica, *Indicadores macroeconómicos del sector público*, <www.inegi.org.mx/sistemas/bie/> • ISSSTE (Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado) *Statistical Yearbooks* (various years), <www2.issste.gob.mx:8080/index.php/mder-int-finanzas-anuarios> • Instituto Mexicano de Seguridad Social, *Memoria Estadística 2014*, <www.imss.gob.mx/conoce-al-imss/memoria-estadistica-2013> • Special request to Comisión Federal de Electricidad: "Number of employees by state 2003–2013 (July 2015).

3Aiii Union Density

For this component, our goal was to determine the relationship between unionization and public policy, other than the level of government employment, which is captured in 3Aii. We regressed union density on the size of the government sector. Data were not available to allow a regression on rural compared to urban populations. The government sector proved highly significant. Thus, the scores were determined holding public-sector employment constant: we calculated the union score by regressing the unionization rate on government employment for each given year using the following equation: $Unionization_i = \alpha + \beta\ Government_i + residual_i$. Then, we took the estimated intercept, α, and we added it to the residual. We found that this accounts for the decline in unionization rates through time and that the average union scores increase through time to reflect that decline.

Sources for Canada

Statistics Canada, *CANSIM, 2011* • Statistics Canada, *Labour Force Historical Review 2010* (CD-ROM) • Statistics Canada, *Provincial and Territorial Economic Accounts, 2011* • Statistics Canada, Public Institutions Division, Financial Management System (various years) • Statistics Canada, table 282-0078: Labour Force Survey Estimates, <www5.statcan.gc.ca/cansim/a05?lang=eng&id=2820078&pattern=2820078&searchTypeByValue=1&p2=35>.

Sources for the United States

Barry T. Hirsch and David A. Macpherson, *Union Membership and Coverage Database from the Current Population Survey*, <www.unionstats.com/> • Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, <www.bea.gov/>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía, *Encuesta Nacional de Ocupación y Empleo*, <www.inegi.org.mx/est/contenidos/proyectos/encuestas/hogares/regulares/enoe/default.aspx> • Instituto Nacional de Estadística y Geografía, *Encuesta Nacional de Ingresos y Gastos de los Hogares*, <www.inegi.org.mx/est/contenidos/proyectos/encuestas/hogares/regulares/enigh/default.aspx>.

Note Data in Area 3 added for the all-government index

The additional data used for the all-government index is from *Economic Freedom of the World: 2016 Annual Report* (Gwartney, Lawson, and Hall, 2016), which is also published by the Fraser Institute. Minimum-maximum calculations are based on the 157 nations and territories covered by the world report. This is not ideal, since the minimum-maximum calculations for other components are based on data from the states and provinces. However, since the data were not typically available at the subnational level, this does provide an appropriate measure of the difference in economic freedom among Canada, the United States, and Mexico. The world data are available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2016-annual-report>.

Area 3 Regulation *(components used in all-government index only)*

Since, as discussed above, Canada and the United States have been diverging on scores for business and credit regulation, the all-government index expands the regulatory area to include data on these areas. Labour regulation becomes one of three equally weighted components of Area 3: Regulation, which comprises 3A: Labour market regulation; 3B: Regulation of credit markets; and 3C: Business regulations. (See Appendix A for how Area 3 is now calculated.)

The individual descriptions and sources can be found in *Economic Freedom of the World: 2016 Annual Report*, which is available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2016-annual-report>.

Component 3A Labor Market Freedom (component 5B in *Economic Freedom of the World*)

- *3Aiv Hiring regulations and minimum wage*
- *3Av Hiring and firing regulations*
- *3Avi Centralized collective bargaining*
- *3Avii Hours regulations*
- *3Aviii Mandated cost of worker dismissal*
- *3Aix Conscription*

Component 3B Regulation of credit markets (component 5A in *Economic Freedom of the World*)

- *3Bi Ownership of banks*
- *3Bii Private sector credit*
- *3Biii Interest rate controls / negative real interest rates*

Component 3C Business regulations (component 5C in *Economic Freedom of the World*)

- *3Ci Administrative requirements*
- *3Cii Bureaucracy costs*
- *3Ciii Starting a business*
- *3Civ Extra payments / bribes / favoritism*
- *3Cv Licensing restrictions*
- *3Cvi Cost of tax compliance*

Area 4 Legal System and Property Rights (Area 2 in *Economic Freedom of the World*)

The individual descriptions and sources can be found in *Economic Freedom of the World: 2016 Annual Report*, available at <https://www.fraserinstitute.org/studies/economic-freedom>.

4A Judicial independence
4B Impartial courts
4C Protection of property rights
4D Military interference in rule of law and politics
4E Integrity of the legal system
4F Legal enforcement of contracts
4G Regulatory restrictions on the sale of real property
4H Reliability of police
4I Business costs of crime

Area 5 Sound Money (Area 3 in *Economic Freedom of the World*)

The individual descriptions and sources can be found in *Economic Freedom of the World: 2016 Annual Report*, available at <https://www.fraserinstitute.org/studies/economic-freedom>.

5A Money growth
5B Standard deviation of inflation
5C Inflation: most recent year
5D Freedom to own foreign currency bank accounts

Area 6 Freedom to Trade Internationally (Area 4 in *Economic Freedom of the World*)

The individual descriptions and sources can be found in *Economic Freedom of the World: 2016 Annual Report*, available at <https://www.fraserinstitute.org/studies/economic-freedom>.

6A Tariffs
6Ai Revenue from trade taxes (% of trade sector)
6Aii Mean tariff rate
6Aiii Standard deviation of tariff rates

6B Regulatory trade barriers
6Bi Non-tariff trade barriers
6Bii Compliance costs of importing and exporting

6C Black-market exchange rates

6D Controls of the movement of capital and people
6Di Foreign ownership / investment restrictions
6Dii Capital controls
6Diii Freedom of foreigners to visit

Appendix C
Selected Publications Using *Economic Freedom of North America*

Agarwal, Sumit, David Lucca, Amit Seru, and Francesco Trebbi (2014). Inconsistent Regulators: Evidence from Banking. *Quarterly Journal of Economics* 129, 2: 889–938.

Anderson, John E. (2012). State Tax Rankings: What Do They and Don't They Tell Us? *National Tax Journal* 65, 4: 985-1010.

Andersson, David E., and James A. Taylor. (2012). Institutions, Agglomeration Economies, and Interstate Migration. In David Emanuel Andersson, ed., *The Spatial Market Process* (Advances in Austrian Economics, vol. 16, Emerald Group Publishing): 233–263.

Apergis, Nicholas, Oguzhan Dincer, and James Payne (2012). Live Free or Bribe: On the Causal Dynamics between Economic Freedom and Corruption in the U.S. States. *European Journal of Political Economy* 28, 2: 215–226.

Apergis, Nicholas, Oguzhan Dincer, and James E. Payne (2014). Economic Freedom and Income Inequality Revisited: Evidence from a Panel Error Correction Model. *Contemporary Economic Policy,* 32, 1: 67–76.

Ashby, Nathan J. (2007). Economic Freedom and Migration Flows between U.S. States. *Southern Economic Journal* 73, 3: 677–697.

Ashby, Nathan J., Avilia Bueno, and Deborah Martinez (2013a). Economic Freedom and Economic Development in the Mexican States. *Journal of Regional Analysis and Policy* 43, 1: 21–33.

Ashby, Nathan J., Avilia Bueno, and Deborah Martinez (2013b). The Determinants of Immigration from Mexico to the United States: A State-to-State Analysis. *Applied Economics Letters* 20: 638–641.

Ashby, Nathan, and Mark Gillis (2007). Reduce Labor Restrictions: From School Choice to Right to Work. In Russell S. Sobel, ed., *Unleashing Capitalism: Why Prosperity Stops at the West Virginia Border and How to Fix It* (Public Policy Foundation of West Virginia): 147–167.

Ashby, Nathan J., and Russell S. Sobel (2008). Income Inequality and Economic Freedom in the U.S. States. *Public Choice* 134, 3–4: 329–346.

Basher, Syed, and Nils-Petter Lagerlof. (2008). Per-capita Income Gaps across US States and Canadian Provinces. *Journal of Macroeconomics* 30, 3 :1173–1187.

Baughn, C. Christopher, Kent E. Neupert, and Jeffrey S. Sugheir (2013). Domestic Migration and New Business Creation in the United States. *Journal of Small Business & Entrepreneurship* 26, 1: 1–14.

Belasen, Ariel R., and H.W. Hafer (2012). Well-being and Economic Freedom: Evidence from the States. *Intelligence* May-June: 306–316.

Belasen, Ariel R., and R.W. Hafer (2013). Do Changes in Economic Freedom Affect Well-Being? *Journal of Regional Analysis and Policy* 43, 1: 56–64.

Bennett, Daniel L. (2016). Subnational Economic Freedom and Performance in the United States and Canada. *Cato Journal* 36: 165–185.

Bennett, Daniel L., Richard J. Cebula, and Robert Boylan (2015). An Exploratory Study Regarding Whether Greater Labor Freedom Reduces New Home Prices. In Richard J. Cebula, Joshua C. Hall, Franklin G. Mixon, Jr., and James E. Payne, eds., *Economic Behavior, Economic Freedom, and Entrepreneurship* (Edward Elgar): 115–123.

Bennett, Daniel L., and Richard K. Vedder (2013). A Dynamic Analysis of Economic Freedom and Income Inequality in the 50 U.S. States: Empirical Evidence of a Parabolic Relationship. *Journal of Regional Analysis and Policy* 43, 1: 42–55.

Berger, Thomas (2012). An Overview and Analysis on Indices of Regional Competitiveness. *Review of Economics & Finance* 2: 17–33.

Berggren, Niclas, and Therese Nilsson (2016). Tolerance in the United States: Does Economic Freedom Transform Racial, Religious, Political and Sexual Attitudes? *European Journal of Political Economy*, forthcoming.

Bezmen, Trisha L., and Craig A. Depken II (2006). Influences on Software Piracy: Evidence from the Various United States. *Economics Letters* 90: 356–361.

Bjørnskov, Christian (2015). Does Economic Freedom Really Kill? On the Association between "Neoliberal" Policies and Homicide Rates. *European Journal of Political Economy* 37: 207–219.

Bjørnskov, Christian, and Niklas Potrafke (2012). Political Ideology and Economic Freedom across Canadian Provinces. *Eastern Economic Journal* 38: 143–166.

Bjørnskov, Christian, and Niklas Potrafke (2013). The Size and Scope of Government in the U.S. States: Does Party Ideology Matter? *International Tax and Public Finance* 20, 4: 687–714.

Bologna, Jamie (2015). A Spatial Analysis of Entrepreneurship and Institutional Quality: Evidence from U.S. Metropolitan Areas. *Journal of Regional Analysis and Policy* 44, 2: 109–131.

Bologna, Jamie (2016). Corruption, Product Market Competition, and Institutional Quality: Empirical Evidence from the US States. *Economic Inquiry*, forthcoming.

Bologna, Jamie, and Amanda Ross (2015). Corruption and Entrepreneurship: Evidence from Brazilian Municipalities. *Public Choice* 165, 1-2: 59–77.

Bologna, Jamie, Andrew T. Young, and Donald J. Lacombe (2015). A Spatial Analysis of Incomes and Institutional Quality: Evidence from U.S. Metropolitan Areas. *Journal of Institutional Economics* 12, 1: 191–216.

Calcagno, Peter, and Justin D. Benefield (2013). Economic Freedom, the Cost of Public Borrowing, and State Bond Ratings. *Journal of Financial Economic Policy* 5, 1: 72–85.

Calcagno, Peter T., and Lauren Heller (2014). Primary Voting Systems and Economic Freedom: An Analysis of US States. *Journal of Public Finance and Public Choice: Rivista quadrimestrale in lingua inglese sull'economia delle scelte pubbliche*, 32, 1-3: 23–44.

Calcagno, Peter, and Edward Lopez (2011). Divided We Vote. *Public Choice* 151, 3–4: 517–536.

Campbell, Noel D., Alex Fayman, and Kirk Heriot (2010). Including U.S. State Government Regulation in the Economic Freedom of North America Index. *Journal of Private Enterprise* 25, 2: 165–186.

Campbell, Noel, Alex Fayman, and Kirk Heriot (2011). Growth in the Number of Firms and the Economic Freedom Index in a Dynamic Model of the United States. *Journal of Economics and Economic Education Research* 12, 2: 51–64.

Campbell, Noel D., Alex Fayman, and Tammy M. Rogers (2014). The Impact of Government Imposed Market Frictions on U.S. Bank Portfolio Allocations. *American Journal of Management* 14, 3: 51–63.

Campbell, Noel D., K.C. Heriot, and A. Jauregui (2008). Housing Prices and Economic Freedom. *Journal of Private Enterprise* 23,2: 1–17.

Campbell, Noel, Kirk C. Heriot, Andres Jauregui, and David T. Mitchell (2012). Which State Policies Lead to U.S. Firm Exits? Analysis with the Economic Freedom Index. *Journal of Small Business Management* 50, 1: 87–104.

Campbell, Noel D., K.C. Heriot, and Tammy M. Rogers. (2007/2008). The Economic Freedom Index as a Determinant of Firm Births and Firm Deaths. *Southwest Business & Economics Journal* 16: 37–51.

Campbell, Noel, and David T. Mitchell (2011). U.S. State Governments are not Leviathans: Evidence from the Economic Freedom Index. *Social Science Quarterly* 92, 4: 1057–1073.

Campbell, Noel, David Mitchell, and Tammy Rogers (2013). Multiple Measures of US Entrepreneurial Activity and Classical Liberal Institutions. *Journal of Entrepreneurship and Public Policy* 2, 1: 4–20.

Campbell, Noel D., and Tammy M. Rogers (2007). Economic Freedom and Net Business Formation. *Cato Journal* 27, 1: 23–36.

Capehart, Robin C., and Pavel Yakovlev (2007). Three Specific Tax Reforms for Increasing Growth. In Russell S. Sobel, ed., *Unleashing Capitalism: Why Prosperity Stops at the West Virginia Border and How to Fix It* (Public Policy Foundation of West Virginia): 83–95.

Cebula, Richard. (2014). The Impact of Economic Freedom and Personal Freedom on Net In-Migration in the US: A State-Level Empirical Analysis, 2000 to 2010. *Journal of Labor Research* 35: 88-103.

Cebula, Richard J. (2015). Economic Freedom, Economic Behavior, and Settlement Patterns: Preliminary Evidence for 2010 for the Case of Undocumented Immigrants. In Richard J. Cebula, Joshua C. Hall, Franklin G. Mixon, Jr., and James E. Payne, eds., *Economic Behavior, Economic Freedom, and Entrepreneurship* (Edward Elgar): 134–144.

Cebula, Richard, and Gigi Alexander (2015). An Explanatory Empirical Note on the Impact of Labour Market Freedom on the Female Labour Force Participation Rate in the US. *Applied Economics Letters* 22, 8: 632–636.

Cebula, Richard, and J.R. Clark (2011). Migration, Economic Freedom, and Personal Freedom: An Empirical Analysis. *Journal of Private Enterprise* 27, 1: 43–62.

Cebula, Richard J., Maggie Foley, and Joshua C. Hall (2015). Freedom and Gross In-Migration: An Empirical Study of the Post-Great Recession Experience. *Journal of Economics and Finance* 40, 2: 402–420.

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Troy, Alabama • business.troy.edu/JohnsonCenter/1manuel-h-johnson-center.aspx

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Anchorage, Alaska • www.alaskapolicyforum.org

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Tucson, Arizona • freedomcenter.arizona.edu

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Tempe, Arizona • research.wpcarey.asu.edu/economic-liberty/

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Conway, Arkansas • uca.edu/acre

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Oakland, California • www.independent.org

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Denver, Colorado • www.i2i.org

Florida *James Madison Institute*

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Tallahassee, Florida • www.jamesmadison.org

Hawaii *Grassroot Institute of Hawaii*

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The Public Interest Institute is a non-profit, non-partisan, public-policy research organization. The Institute promotes the importance of a free-enterprise economic system and limited government in society based upon individual freedom and liberty.

Mount Pleasant, Iowa • www.limitedgovernment.org

Kentucky *Schnatter Center for Free Enterprise at the University of Louisville*

The mission of the John H. Schnatter Center for Free Enterprise is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing the well-being of society.

Louisville, Kentucky • business.louisville.edu/schnattercenter

Louisiana *Pelican Institute*

The Pelican Institute is a non-partisan research and educational organization—a think tank—and the leading voice for free markets in Louisiana. The Institute's mission is to conduct scholarly research and analysis that advances sound policies based on free enterprise, individual liberty, and constitutionally limited government.

New Orleans, Louisiana • www.pelicaninstitute.org

Michigan *Mackinac Center for Public Policy*

The Mackinac Center for Public Policy is a non-partisan research and educational institute dedicated to improving the quality of life for all Michigan residents by promoting sound solutions to state and local policy questions.

Midland, Michigan • www.mackinac.org

Minnesota *Center of the American Experiment*

The Center of the American Experiment is Minnesota's leading public-policy organization. The Center researches and produces papers on Minnesota's economy, education, health care, the family, employee freedom, and state and local governance. It also crafts and proposes creative solutions that emphasize free enterprise, limited government, personal responsibility, and government accountability.

Golden Valley, Minnesota • www.americanexperiment.org

Nebraska *Institute for Economic Inquiry at Creighton University*

The Institute for Economic Inquiry supports research and education programs analyzing, and initiating conversations about, the institutions that promote human well-being. Through the Institute, social scientists and practitioners work together to define the characteristics of a free society, and then critically examine the impact of policy on human flourishing. The Institute supports research that compares and contrasts economic and social outcomes from the perspectives of economics, ethics, and entrepreneurship and their diverse methodologies.

Omaha, Nebraska • www.creighton.edu/instituteforeconomicinquiry

New Hampshire *Granite Institute*

The Granite Institute is a 501(c)(3) non-profit, non-partisan research and educational organization based in Concord. We envision New Hampshire as the freest state in the union, where families thrive because of access to high-quality education choices, a growing economy that attracts entrepreneurs, and a financially viable system to care for our elderly.

Concord, New Hampshire • www.graniteinstitute.org

New Mexico *Rio Grande Foundation*

The Rio Grande Foundation is a research institute dedicated to increasing liberty and prosperity for all of New Mexico's citizens. We do this by informing New Mexicans of the importance of individual freedom, limited government, and economic opportunity.

Albuquerque, New Mexico • www.riograndefoundation.org

North Carolina *John Locke Foundation*

The John Locke Foundation was created in 1990 as an independent, non-profit think tank that would work "for truth, for freedom, and for the future of North Carolina". The Foundation is named for John Locke, an English philosopher whose writings inspired Thomas Jefferson and the other Founders. The John Locke Foundation is a 501(c)(3) research institute and is funded solely from voluntary contributions from individuals, corporations, and charitable foundations. The John Locke Foundation envisions a North Carolina of responsible citizens, strong families, and successful communities committed to individual liberty and limited, constitutional government.

Raleigh, North Carolina • www.johnlocke.org

Ohio

Buckeye Institute

The Buckeye Institute was founded in 1989 as an independent research and educational institution—a think tank—to formulate and promote free-market solutions for Ohio's most pressing public-policy problems.

Columbus, Ohio • www.buckeyeinstitute.org

Pennsylvania

Commonwealth Foundation

The Commonwealth Foundation transforms free-market ideas into public policies so all Pennsylvanians can flourish.

Harrisburg, Pennsylvania • www.commonwealthfoundation.org

South Carolina

Palmetto Promise Institute

Founded in 2013 by a visionary group of entrepreneurs, scholars, philanthropists, and public servants, Palmetto Promise Institute promotes a flourishing South Carolina where every citizen has the opportunity to reach their full potential. We strive to be a beacon of aspiration in a sea of negativity, inspired by South Carolina's state motto: "While I breathe, I hope". With a core focus on education, health care, tax, and energy policy research, PPI is the Palmetto State's trusted champion of free enterprise and human flourishing.

Columbia, South Carolina • palmettopromise.org

South Dakota

Great Plains Public Policy Institute

The mission of the Great Plains Public Policy Institute is to formulate and promote free enterprise solutions to public-policy problems based on the principles of individual responsibility, limited government, privatization, and traditional American values.

Sioux Falls, South Dakota • www.greatplainsppi.org

Tennessee

Beacon Center of Tennessee

The Beacon Center of Tennessee empowers Tennesseans to reclaim control of their lives, so that they can freely pursue their version of the American dream.

Nashville, Tennessee • www.beacontn.org

Texas

O'Neil Center for Global Markets and Freedom at Southern Methodist University

The O'Neil Center for Global Markets and Freedom was established to study the impact of competitive market forces on freedom and prosperity in the global economy. The Center offers training for today's forward-looking individuals who recognize the importance of globalization in changing the business environment in which we are all operating.

Dallas, Texas • oneil.cox.smu.edu

Texas Public Policy Foundation

The Texas Public Policy Foundation is a non-profit, non-partisan research institute. The Foundation's mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public-policy debate with academically sound research and outreach.

Austin, Texas • www.texaspolicy.com

Washington

Washington Policy Center

The Washington Policy Center is an independent, non-profit think tank that promotes sound public policy based on free-market solutions.

Seattle, Washington • www.washingtonpolicy.org

West Virginia

Public Policy Foundation of West Virginia

The Public Policy Foundation of West Virginia is a non-profit research and education organization that conducts scholarly research and analysis of state and local issues. The Foundation's mission is to advance sound policies in West Virginia based on the principles of free enterprise, individual liberty, limited government, and traditional American values.

Wheeling, West Virginia • www.ppfwv.org

Cardinal Institute

The Cardinal Institute for West Virginia Policy is a 501(c)(3) non-profit founded in 2014 dedicated to research, develop, and communicate effective conservative economic public policies for West Virginia.

Charleston, West Virginia • www.cardinalinstitute.com

Wisconsin

MacIver Institute

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Madison, Wisconsin • www.maciverinstitute.com

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