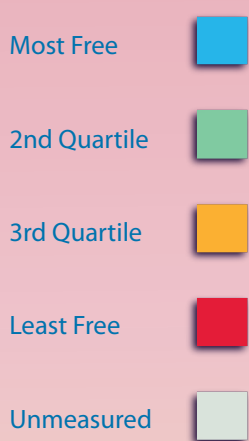


# Economic Freedom of North America

## 2013



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# Contents

Executive Summary	/	iv
Chapter 1 Economic Freedom of Canada and the United States in 2010	/	1
Chapter 2 Detailed Tables of Economic Freedom in Canada and the United States	/	22
Chapter 3 Economic Freedom and Economic Well-Being at the Subnational Level: A Look at the Literature	/	44
Appendix A Methodology	/	51
Appendix B Explanation of Components and Data Sources	/	55
Appendix C Selected Publications Citing <i>Economic Freedom of North America</i>	/	72
About the Authors and Contributor	/	80
Acknowledgments	/	81
About this Publication	/	82
Supporting the Fraser Institute	/	83
Purpose, Funding, and Independence	/	84
About the Fraser Institute	/	85
Editorial Advisory Board	/	86

# Executive Summary

This is the ninth edition of the annual report, *Economic Freedom of North America*. The results of this year's study confirm those published in the previous eight editions: economic freedom is a powerful driver of growth and prosperity. Those provinces and states that have low levels of economic freedom continue to leave their citizens poorer than they need or should be.

## Background

The index published in *Economic Freedom of North America* rates economic freedom on a 10-point scale at two levels, the subnational and the all-government. At the all-government level, the index captures the impact of restrictions on economic freedom by all levels of government (federal, state/provincial, and municipal/local). At the subnational level, it captures the impact of restrictions by state or provincial and local governments. *Economic Freedom of North America* employs 10 components for the United States and Canada in three areas: 1. Size of Government; 2. Takings and Discriminatory Taxation; and 3. Labor Market Freedom.

In some past editions, we have included a subnational economic freedom index for the Mexican states. However, due to issues of data compatibility, we have not been able to include the Mexican states in the overall index for North America. Because of this and the advantages of having the report produced in Spanish, for 2013, in cooperation with the Red Liberal de América Latina (Relial), the Mexico Business Forum, the Friedrich-Naumann-Stiftung für die Freiheit (Latin American office), and Caminos de la Libertad, the index of Mexican states has been published in *Libertad Económica en el Mundo 2013: Edición México*.\*

## Results for Canada and the United States

This year we have expanded our “world-adjusted” index for Canada and the United States at the all-government level, which was introduced last year. This allows us to incorporate more completely the growing gap between Canada and the United States in the index published in *Economic Freedom of the World* (Gwartney, Lawson, and Hall, 2013), where Canada is now well ahead of the United States.

Thus, in the world-adjusted index, the top two jurisdictions (and four of the top seven) are Canadian, with Alberta in first place and Saskatchewan in second. Delaware in third spot is the highest ranked US state; Texas is next in fourth.

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\* See <<http://www.freetheworld.com/regional.html>>.

Nonetheless, Canadian jurisdictions, Prince Edward Island and Nova Scotia, still land in the last two spots, with New Mexico coming in at 58<sup>th</sup> and West Virginia at 57<sup>th</sup>. Interestingly, this means that Canadian provinces hold both the top two and bottom two spots on the adjusted index.

In the subnational index, Alberta is first, followed by South Dakota, Tennessee, Delaware, and Texas. The second Canadian province is Saskatchewan at 27<sup>th</sup>. The bottom five are Canadian (Quebec, Nova Scotia, Prince Edward Island, Manitoba, and New Brunswick); the lowest two states are New York and Vermont.

The jurisdictions in the least free quartile (one fourth) on the world-adjusted, all-government index have an average per-capita GDP of just US\$39,582 (CA\$39,186) compared to US\$57,743 (CA\$57,166) for the most free quartile. On the subnational index, the same relationship holds, with the least free quartile having an average per capita GDP of US\$44,645 (CA\$44,199) compared to US\$51,334 (CA\$50,820) for the most free quartile.

### **Economic freedom and economic well-being at the subnational level**

Chapter 3 of the report provides a new review of what is now a large and rapidly growing body of literature examining subnational economic freedom. Appendix C contains a list of 93 articles that either use or cite *Economic Freedom of North America*. Much of that literature discusses economic growth or entrepreneurship. However, the list also includes work pertaining to diverse topics such as income inequality, eminent domain, and labor markets. Economic freedom at the subnational level has generally been found to be positively associated with a variety of measures of the size of the economy and the growth of the economy as well as various measures of entrepreneurial activity. These results 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 <<http://www.freetheworld.com/efna.html>>. The data file available there contains the most up-to-date and accurate data for the Economic Freedom of North America index. All editions of the report are available in PDF and can be downloaded for free at <<http://www.freetheworld.com/efna.html>>. However, users are always strongly encouraged to use the data from this 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](mailto:freetheworld@fraserinstitute.org)>. If you have technical questions about the data itself, please contact Dean Stansel <[dstansel@fgcu.edu](mailto:dstansel@fgcu.edu)>.

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# Chapter 1

## Economic Freedom of Canada and the United States in 2011

### 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. At the all-government level, it measures the impact of all levels of government—federal, provincial/state, and municipal/local—in Canada and the United States. All 10 provinces and 50 states are included. (See **figures 1.1** and **1.2**.)

In some past editions, we have included a subnational economic freedom index for the Mexican states. However, due to issues of data compatibility, we have not been able to include the Mexican states in the overall index for North America. Because of this and the advantages of having the report produced in Spanish, for 2013, in cooperation with the Red Liberal de América Latina (Relial), the Mexico Business Forum, the Friedrich-Naumann-Stiftung für die Freiheit (Latin American office), and Caminos de la Libertad, the index of Mexican states has been published in *Libertad Económica en el Mundo 2013: Edición México*.<sup>1</sup>

#### What Is Economic Freedom and how is it measured in this index?

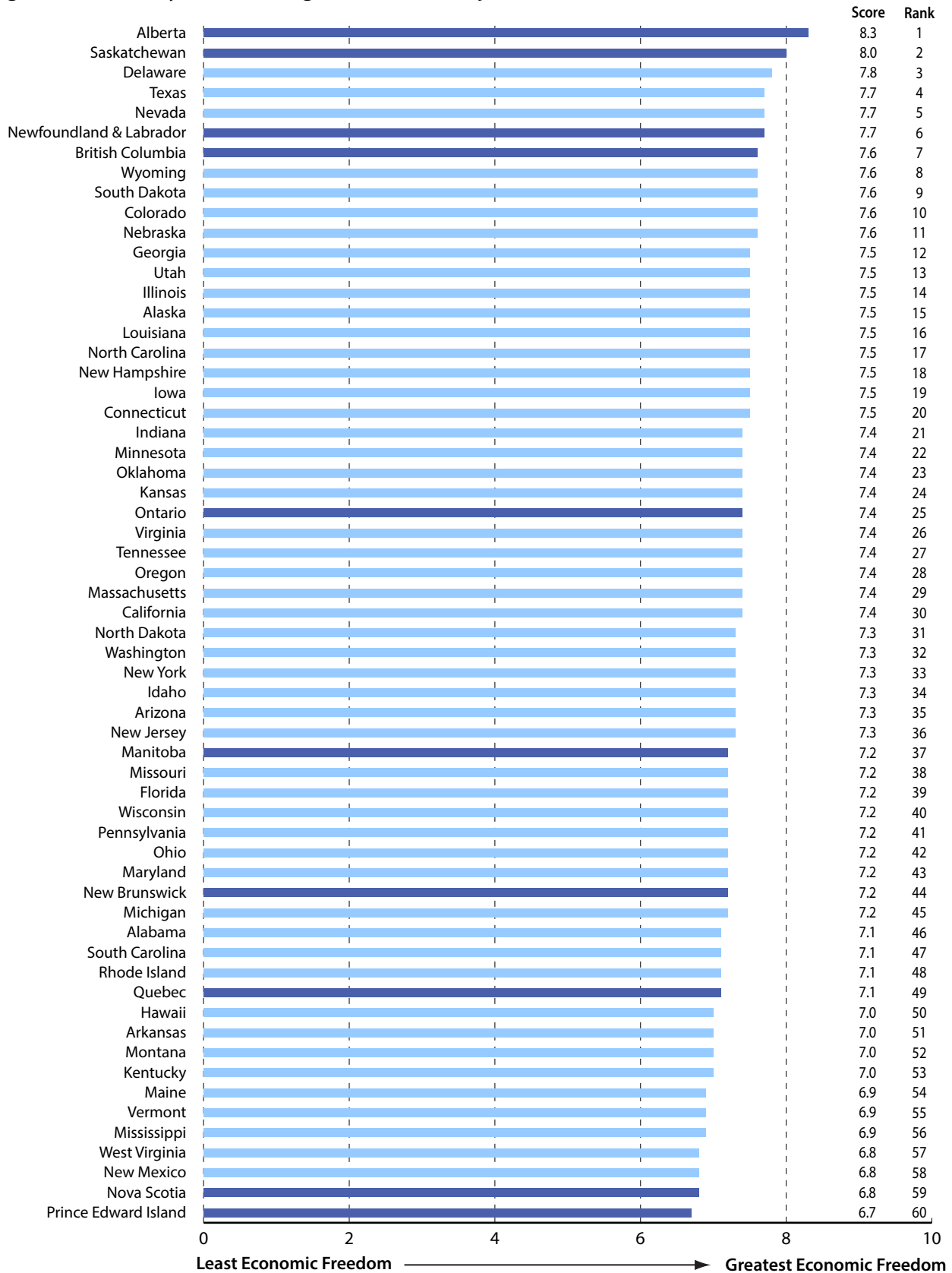
Writing in *Economic Freedom of the World, 1975–1995*, James Gwartney, Robert Lawson, and Walter Block defined economic freedom in the following way.

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. (1996: 12)

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[1] See <<http://www.freetheworld.com/regional.html>>.

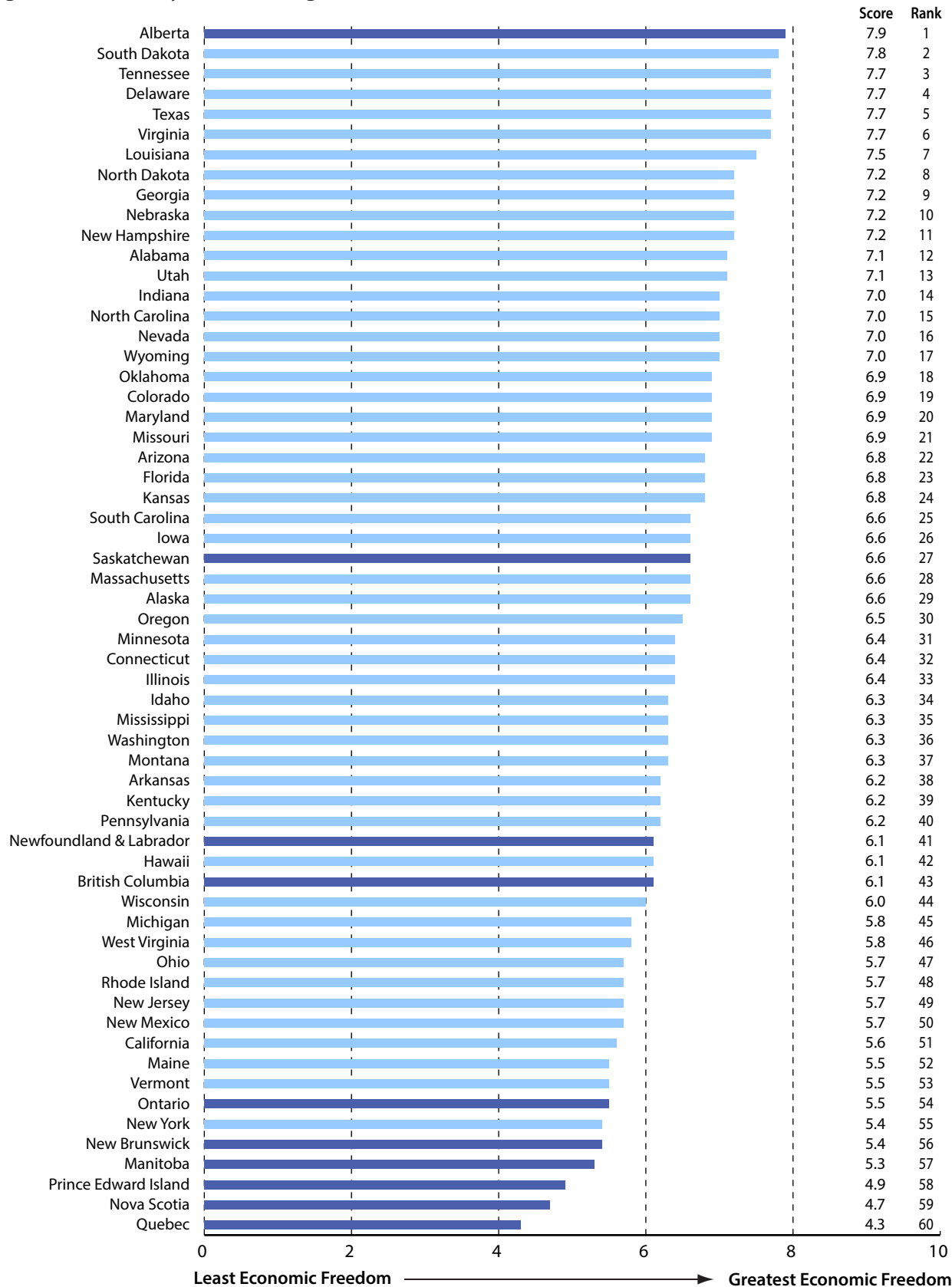
**Figure 1.1: Summary of 2011 Ratings at the World-Adjusted All-Government Level**



Note: For simplicity, we report scores rounded to one decimal while the rankings are based on our unrounded scores. Provinces and states with the same rounded scores will therefore have different rankings.



Figure 1.2: Summary of 2011 Ratings at the Subnational Level



Note: For simplicity, we report scores rounded to one decimal while the rankings are based on our unrounded scores. Provinces and states with the same rounded scores will therefore have different rankings.

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*, a project the Fraser Institute initiated over a quarter century 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.<sup>2</sup> 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 the subnational level among the Canadian provinces and US 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, 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 2011. 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 and the United States. We examine state- and province-level data in three areas of economic freedom: size of government; takings and discriminatory taxation; and labor-market freedom. This year we have expanded on the “world-adjusted” index, introduced last year, that includes additional variables found in *Economic Freedom of the World* (see discussion below).

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 also use federal tax revenue estimates based on

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[2] A list of many of these articles and additional information can be found at <<http://www.freetheworld.com/papers.html>>. 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.

total tax revenue collections in the United States to impute the federal tax burden at the state level beginning in 2006 since the Tax Foundation, the source of the federal tax burden measures, only constructs these measures up to the year 2005.

We have made one important addition to the index this year. Prior to last year, we had not included in the North American index data from several areas used in the index published in *Economic Freedom of the World* (EFW)—in 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 indexes published in *Economic Freedom of the World*, gaps have widened between the scores of Canada and the United States in these areas. Thus, in last year's edition of *Economic Freedom of North America* at the all-government level we created a "world-adjusted" index that has each province's and state's score adjusted by data from the world index for the legal system and property rights and for regulation of credit and business. We have expanded on that approach this year by adding two additional components: sound money and freedom to trade internationally.

With the exception of sound money and freedom to trade, for which each nation has an almost identical score, 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. Thus, in the world-adjusted index the top two jurisdictions are Canadian, with Alberta in first place and Saskatchewan in second. In fact, four of the top seven jurisdictions are Canadian, with the province of Newfoundland & Labrador in sixth and British Columbia in seventh. Delaware, in third spot, is the highest ranked US state, followed by Texas and Nevada. Nonetheless, Canadian jurisdictions, Prince Edward Island and Nova Scotia, still land in the bottom two spots, just behind New Mexico at 58<sup>th</sup> and West Virginia at 57<sup>th</sup>. As **table 1.1** indicates, on average, Canadian provinces now have a higher level of economic freedom on the world-adjusted index than US states, but only by one tenth of a point (7.4 out of 10 compared to 7.3). Unfortunately, this does not mean that Canadian provinces are gaining in economic freedom, but rather that their economic freedom is declining more slowly than in the US states. On the world-adjusted index, the provinces average score has fallen from 7.7 in 2000 to 7.4 in 2011. The United States over the same period has fallen from 8.2 to 7.3, a decline of nearly a full point. On both the unadjusted all-government measure and the subnational measure, the US states continue to hold a lead of about 0.9 points, but that lead has been shrinking in recent years (see **tables 1.2 and 1.3**).

**Table 1.1: Average Economic Freedom Scores at the World-Adjusted All-Government Level**

	2000	2005	2006	2007	2008	2009	2010	2011
United States	8.2	7.8	7.8	7.7	7.5	7.3	7.4	7.3
Canada	7.7	7.4	7.5	7.5	7.5	7.4	7.4	7.4
Difference	0.6	0.4	0.3	0.2	0.0	-0.1	-0.1	-0.1

**Table 1.2: Average Economic Freedom Scores at the All-Government Level**

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011
United States	5.7	6.2	7.0	6.7	6.7	7.0	6.9	6.9	6.7	6.5	6.6	6.6
Canada	4.5	4.6	4.7	4.6	5.1	5.5	5.6	5.7	5.7	5.4	5.5	5.7
Difference	1.3	1.7	2.3	2.1	1.6	1.5	1.3	1.2	1.0	1.1	1.0	0.9

**Table 1.3: Average Economic Freedom Scores at the Subnational Level**

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011
United States	6.7	6.8	6.9	6.7	6.9	7.0	7.0	6.9	6.8	6.6	6.5	6.6
Canada	4.9	4.7	4.7	4.6	5.4	5.7	5.8	5.9	5.9	5.6	5.5	5.7
Difference	1.8	2.1	2.2	2.1	1.5	1.3	1.2	1.1	0.9	1.0	1.0	0.9

Table 2.1B (p. 24–25) shows the scores for these additional areas: for regulation of credit (component 5A in the world index from EFW), the United States in the world index received a score of 7.3 while Canada's was 9.5; for regulation of business (component 5C in the world index), the United States had 7.3 and Canada, 7.7; and for legal system and property rights (Area 2 in the world report), the United States had 7.0 and Canada, 8.1. The calculations for the adjusted index and the data sources for the world scores are found in appendixes A and B. All these scores are taken from Gwartney, Lawson, and Hall, 2013.<sup>3</sup> We are including the adjusted index only for the data-years 2000 to 2011 because the EFW data is only available at five-year intervals prior to 2000. Since these data are at the national level, they do not affect calculations of the sub-national indexes.

The theory of economic freedom<sup>4</sup> is no different at the subnational and all-government level than it is at the global level, although different proxies consistent with the theory of economic freedom must be found that suit subnational and all-government measures. The 10 components of the non-adjusted indexes fall into

[3] Data available at <[www.freetheworld.com/2013/EFWdatabase2013.xls](http://www.freetheworld.com/2013/EFWdatabase2013.xls)>.

[4] See Gwartney and Lawson, 2007. The website, <<http://www.freetheworld.com>>, has references to a number of important papers and books that explore the theory of economic freedom.

three areas: Size of Government, Takings and Discriminatory Taxation, and Labor Market Freedom. Most of the components we use are calculated as a ratio of gross domestic product (GDP) 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 in US dollars.

## Description of Components

Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 was constructed to represent the underlying distribution of the 10 components in the index. The highest possible score is 10, which indicates a high degree of economic freedom.<sup>5</sup> 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. 51, for more details).

The index of economic freedom for Canada and the United States assigns a higher score when component 1A, General Consumption Expenditures by Government as a Percentage of GDP, is smaller in one state or province relative to another. This would seem to contradict the theory of economic freedom, which does not predict that a government size of zero maximizes freedom. Indeed, important government functions, such as the enforcement of the rule of law, are necessary for economic freedom and freedom more broadly. However, all that the theory of economic freedom requires is that governments be large enough to undertake an adequate but minimal level of the “protective” and “productive” functions of government, discussed in the next section. It is unlikely that any government considered in this sample is too small to perform these functions at the minimal required level.

### Area 1 Size of Government

#### 1A General Consumption Expenditures by Government as a Percentage of GDP

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

[5] Due to the way scores for economic freedom are calculated, a minimum-maximum procedure discussed in Appendix A: Methodology (p. 51), a score of 10 is not indicative of perfect economic freedom.

against invasions by intruders, both domestic and foreign, and (2) provision of a few selected goods—what economists call public goods” (Gwartney et al., 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 et al., 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 grows, a jurisdiction receives a lower score in this component.

### **1B Transfers and Subsidies as a Percentage of GDP**

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 et al., 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 Social Security Payments as a Percentage of GDP**

When private, voluntary arrangements for retirement, disability insurance, and so on are replaced by mandatory government programs, economic freedom is diminished.

## **Area 2 Takings and Discriminatory Taxation**

### **2A Total Tax Revenue as a Percentage of GDP**

### **2B Top Marginal Income Tax Rate<sup>6</sup> and the Income Threshold at Which It Applies**

### **2C Indirect Tax Revenue as a Percentage of GDP**

### **2D Sales Taxes Collected as a Percentage of GDP**

Some form of government funding is necessary to support the functions of government but, as the tax burden grows, the restrictions on private choice increase and thus economic freedom declines. Taxes that have a discriminatory impact and bear little reference to services received infringe on economic freedom even more:

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[6] See Appendix A: Methodology (p. 51) for further discussion of how the rating for the top marginal tax rate and its threshold was derived.

“High marginal tax rates discriminate against productive citizens and deny them the fruits of their labor” (Gwartney et al., 1996: 30). In each of components except 2B, a higher ratio lowers a jurisdiction’s score in this component. Top personal income-tax rates are rated by the income thresholds at which they apply. Higher thresholds result in a better score.

Examining the separate sources of government revenue gives the reader more information than just examining a single tax source or overall taxes. Nonetheless, total tax revenue is included to pick up the impact of taxes, particularly various corporate and capital taxes, not included in the other three components.

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. In the United States, and even more so in Canada, a number of intergovernmental transfers break the link between taxation and spending at the subnational level.<sup>7</sup> The break between revenues and spending is even more pronounced at the all-government 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 at the minimum wage as a ratio of per-capita GDP. Since per-capita GDP is a proxy for

[7] 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.



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 both the United States and Canada. 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 3B 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 and the United States are not available. Despite this limitation, the authors believe this proxy component is the best available at the moment. Its results are consistent with the published information that is available (see, for example, Godin et al., 2006).<sup>8</sup>

Most of the components of the three areas described above exist for both the subnational and the all-government levels. Total 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 world-adjusted index**

Since, as discussed above, Canada and the United States have been diverging on scores for business and credit regulation, the world-adjusted 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

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[8] 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 <[http://www.nrtw.org/b/rtw\\_faqs.htm](http://www.nrtw.org/b/rtw_faqs.htm)>). We considered using this as to replace or complement the measure of unionization rates that has been used in the past. We discovered, however, that these laws seem to drive differences in unionization rates among states more strongly than we had originally expected. The benefit of using a measure of unionization rates is that it picks up 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 a suitable, if not superior, measure of workers' freedom.

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.

In addition, to better reflect the recent divergence in economic freedom between Canada and the United States, we have also added three new 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).

The variables from the world index published in *Economic Freedom of the World* are:

### **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*

3Ciii *Starting a business*

3Civ *Extra payments/bribes/favoritism*

3Cv *Licensing restrictions*

3Cvi *Cost of tax compliance*

## **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:

**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:

- 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:

- 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 Appendixes A and B. 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.

## Overview of the Results

Following are some graphs that demonstrate dramatically the important links between prosperity and economic freedom. **Figure 1.3** breaks economic freedom into quartiles at the world-adjusted 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 15 lowest of the 60 Canadian and American jurisdictions. The jurisdictions in this least free quartile have an average per-capita GDP of just US\$39,582 (CA\$39,186).<sup>9</sup> This compares to an average per-capita GDP of US\$57,743 (CA\$57,166) for the 15 top-ranked jurisdictions. **Figure 1.4** is the same type of chart as figure 1.3 but shows economic freedom at the subnational level. Here, the least free quartile has an average per-capita GDP of US\$44,645 (CA\$44,199) compared to the most free quartile, which has an average per-capita GDP of US\$51,334 (CA\$50,820).

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 growth in GDP per capita is plotted along the vertical axis. Again, the expected relationships are found, with economic growth strongly linked to growth in economic freedom (the correlation coefficients are 0.660 and 0.635). For consistency of comparison over time, we use the unadjusted numbers for the all-government comparison. However, **figure 1.7** shows that same relationship is even stronger for the world-adjusted all-government measure (with a correlation coefficient of 0.819).

### Comparing the All-Government Level and the Subnational Level

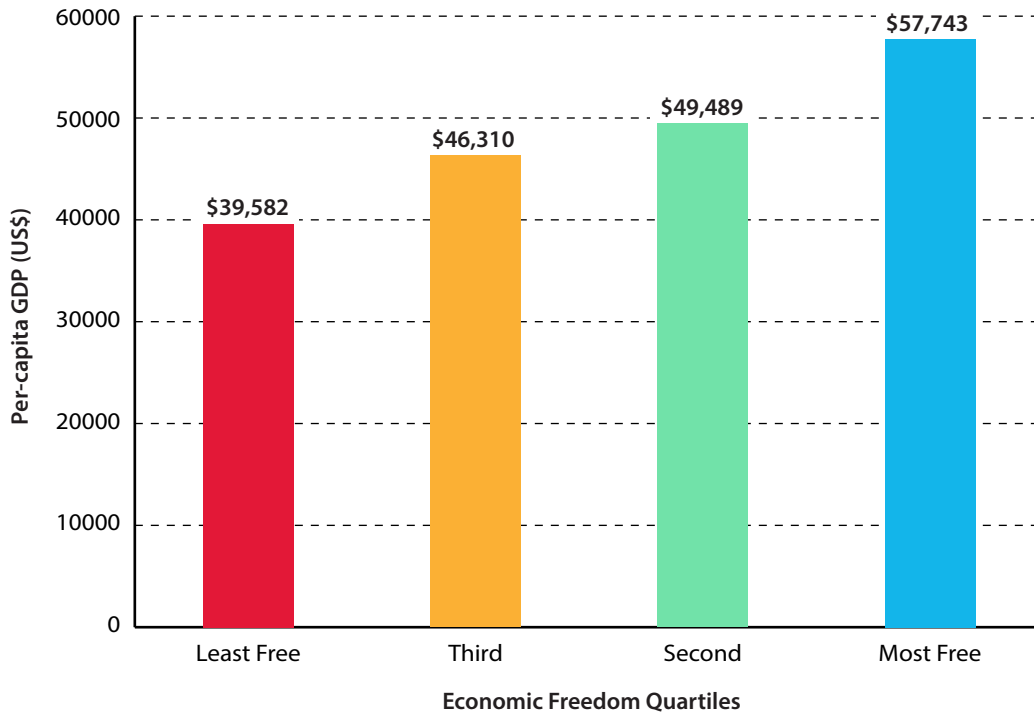
Subnational responsibilities in Canada and the United States differ. Thus, government spending and taxation patterns cannot be directly compared. Instead, we use an “adjustment factor” (see Appendix A: Methodology, p. 51). We should also note that the Canadian provinces do much better in the all-government world-adjusted index than they do in the subnational index since the data that are most favorable to Canada are found at the national level.

### Overview of the Results for the United States

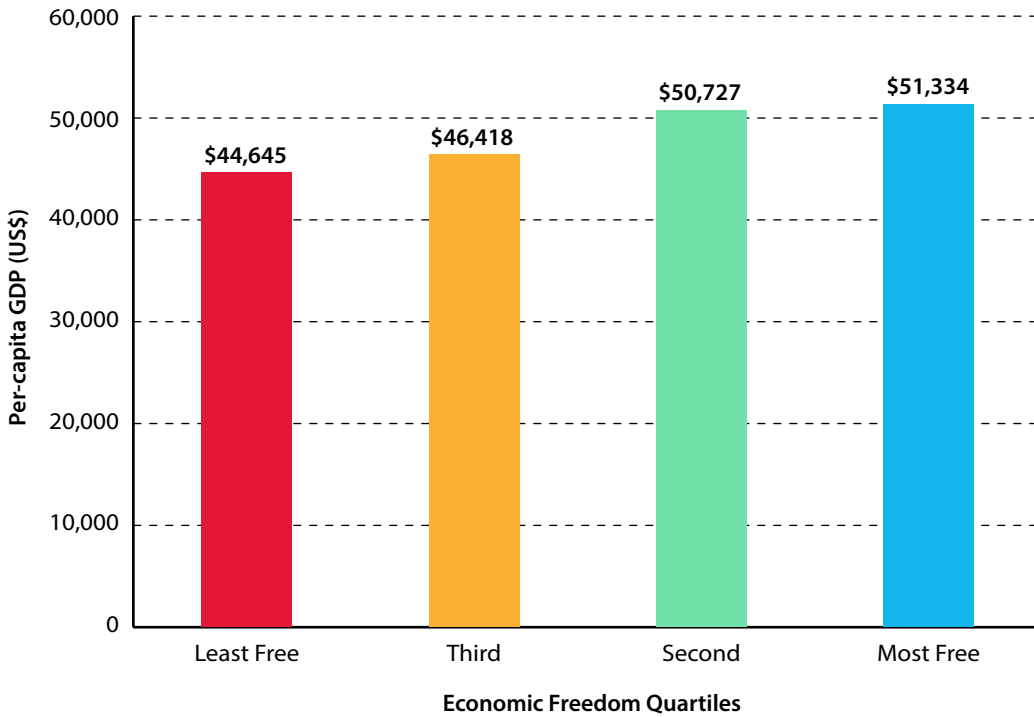
The 10 states at the bottom of the world-adjusted all-government index were New Mexico, West Virginia, Mississippi, Vermont, Maine, Kentucky, Montana, Arkansas, Hawaii, and Rhode Island. Their average per-capita GDP in 2011 was \$40,014 (in constant 2011 dollars) compared to an average of \$49,355 for the other 40 states.

[9] The most recent data available are from 2011 and are converted into 2011 US constant dollars. The average exchange rate for 2011 was US\$1.00 = CA\$0.99 (<<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ07-eng.htm>>, as of November 29, 2013).

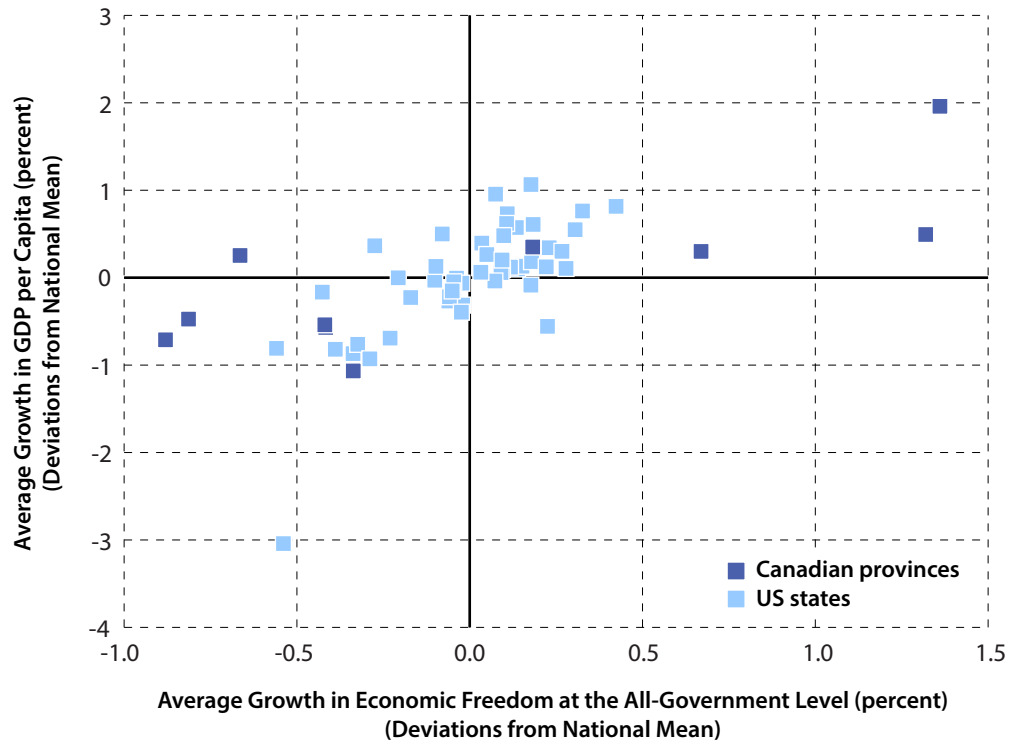
**Figure 1.3: Economic Freedom at the World-adjusted All-Government Level and GDP per Capita, 2011**



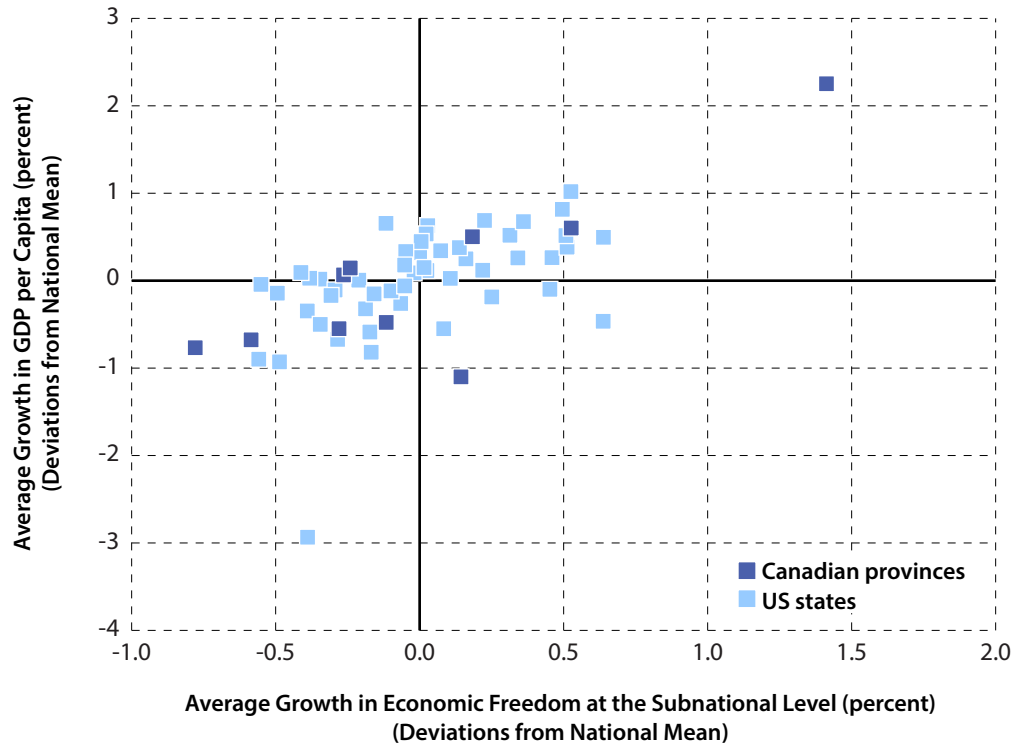
**Figure 1.4: Economic Freedom at the Subnational Level and GDP per Capita, 2011**



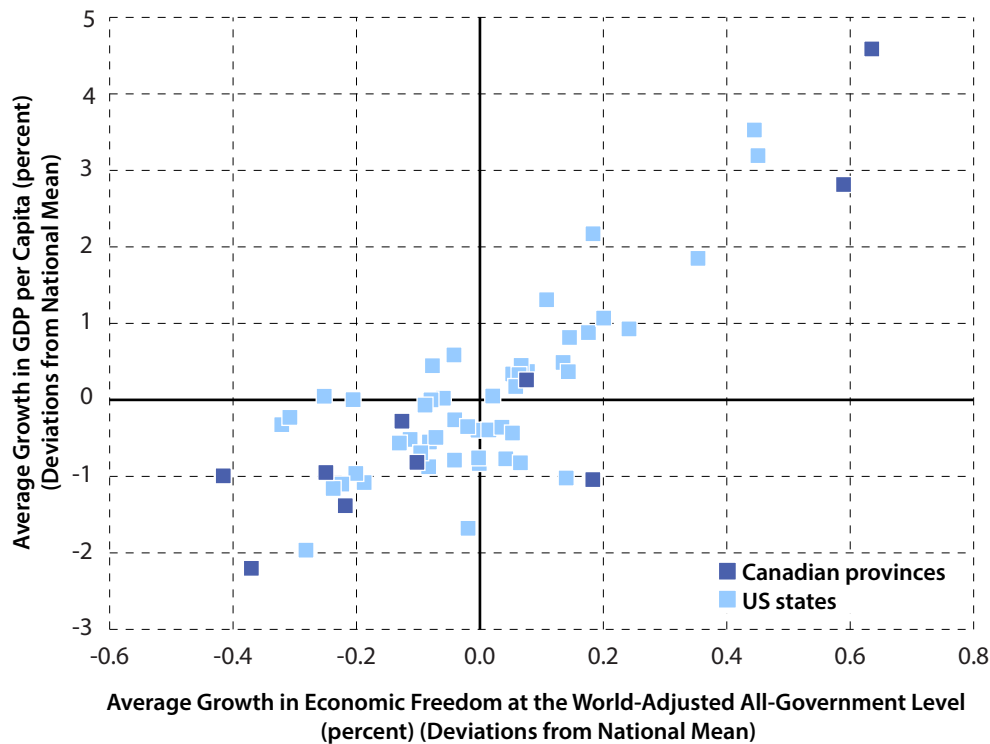
**Figure 1.5: Average Growth in GDP per Capita and Average Growth in Economic Freedom at the All-Government Level, 1982–2011**



**Figure 1.6: Average Growth in GDP per Capita and Average Growth in Economic Freedom at the Subnational Level, 1982–2011**



**Figure 1.7: Average Growth in GDP per Capita and Average Growth in Economic Freedom at the World-Adjusted All-Government Level, 2001–2011**



The top 10 states were Delaware, Texas, Nevada, Wyoming, South Dakota, Colorado, Nebraska, Georgia, Utah, and Illinois. Their average per-capita GDP in 2011 was \$53,077 compared to \$46,089 for the lowest 40 states.<sup>10</sup>

### Overview of the Results for Canada

The average per-capita GDP in 2011 of the top three provinces on the world-adjusted all-government index, Alberta, Saskatchewan, and Newfoundland & Labrador, is \$72,177 (CA\$71,455) compared to \$40,106 (CA\$39,705) for the three lowest provinces, Prince Edward Island, Nova Scotia, and Quebec, with the Canadian average at \$52,251 (CA\$51,729). The top and bottom three were identical on the subnational index. The only difference is that the bottom three reversed order, Quebec was last followed by Nova Scotia and Prince Edward Island.

There is an interesting contrast between Ontario and British Columbia. From 1993 to 2000, economic freedom in British Columbia was growing at a slower pace than that in Ontario at both the all-government and subnational levels. During this period, British Columbia's average annual per-capita GDP growth was just 3.1%, compared to Ontario's 4.7%. British Columbia suffered from relatively weak economic freedom growth while Ontario benefited from relatively strong growth. From

[10] It should be emphasized that this index measures economic freedom, not growth factors. The examples discussed here are for illustrative purposes, providing only a snapshot in time.

2000 to 2011, economic freedom in British Columbia increased from 5.2 to 6.1 while Ontario's fell from 6.0 to 5.5. (Since these are comparisons within Canada, the world-adjusted index is not used.) While both economies were adversely affected by the global economic crisis and slowdown in the latter part of the decade, economically less-free Ontario's average annual per-capita GDP growth has been just 2.4% since 2000 (through 2011), while British Columbia's has been 50% faster (3.6%).

## **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 et al., 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.<sup>11</sup>

The calculation of the index of the economic freedom of Canadian provinces and US states allows for the investigation, via econometric testing, of the relationship between economic freedom and prosperity within North America.<sup>12</sup> Since the publication of the first edition of *Economic Freedom of North America* in 2002, many academic articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity have appeared. For a summary of that literature, see Chapter 3 (p. 44). In previous issues of this report, we have included econometric results for the relationship between economic freedom and the level and growth of per-capita GDP. Those results have supported the findings for *Economic Freedom of the World*, and

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[11] 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 <<http://www.freetheworld.com>>. 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.

[12] Since the publication of the first edition of *Economic Freedom of North America* in 2002, at least 93 academic articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity have appeared. For a list of those studies, see Appendix C (p. 72).



they have been very consistent over the years this report has been produced. This consistency in the results over time is one of the reasons we have ceased to include them starting with this year's report and instead have added a new chapter focusing on the growing volume of work using the results from *Economic Freedom of North America* by other independent researchers published in peer-reviewed journals (see Chapter 3, p. 44).

## The Importance of Economic Freedom

In this publication, we have focused on the measurement of economic freedom. In Chapter 3 (p. 44) we discuss some of the empirical testing of the impact of economic freedom that has been done by other independent researchers. 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. In Canada, British Columbia, where economic freedom has been increasing in recent years, has been experiencing considerably greater growth on a per-capita basis than Ontario, where economic freedom has been decreasing in recent years. In contrast, during the latter half of the 1990s, economic freedom in Ontario increased at a much faster pace than in British Columbia. During that period, Ontario's economic growth outpaced that of British Columbia. As with anything in the real world, exceptions can be found but overall the strength of the statistical fit of this relationship is remarkable.

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 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

## Detailed Tables of Economic Freedom in Canada and the United States

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 and the United States. 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.

### Economic Freedom in Canada and the United States

Tables 2.1a, 2.1b, and 2.2 provide a detailed summary of the scores for 2011. Tables 2.3 to 2.10 provide historical information both for the overall index and for each of Area 1: Size of Government; Area 2: Takings and Discriminatory Taxation; 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 adjusted scores are not included but can be found in *Gwartney, Lawson and Hall, 2013*.<sup>1</sup> All the data included in this report are available on our website, <<http://www.freetheworld.com>>.

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[1] Gwartney, James, Robert Lawson, and Joshua Hall (2013). *Economic Freedom of the World: 2013 Annual Report*. Fraser Institute.

Table 2.1a: Scores at Federal, State/Provincial, and Local/Municipal Levels, 2011

	Overall index	Area 1	Area 2	Area 3	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C
Alberta	8.0	9.0	8.0	7.0	8.8	8.8	9.5	7.8	6.0	9.9	8.3	8.7	7.4	4.8
British Columbia	6.3	7.4	5.8	5.6	6.8	7.4	8.0	5.3	5.0	8.3	4.8	6.4	6.7	3.6
Manitoba	5.2	6.2	5.3	4.1	4.7	5.9	8.0	4.8	4.0	7.9	4.5	5.4	1.9	5.0
New Brunswick	5.1	5.3	5.5	4.6	3.6	6.3	6.1	4.8	5.0	8.0	4.2	5.0	2.9	5.8
Newfoundland & Labrador	6.1	6.7	7.2	4.3	5.7	7.8	6.5	8.2	5.0	9.9	5.7	7.4	0.4	5.2
Nova Scotia	4.3	5.2	3.8	4.0	2.6	6.8	6.1	2.7	2.0	7.4	3.0	4.3	1.5	6.2
Ontario	5.8	6.8	5.2	5.3	5.4	7.1	7.8	3.9	4.0	7.8	5.0	5.5	5.8	4.7
Prince Edward Island	4.0	4.0	4.1	4.0	1.7	5.8	4.3	2.9	4.0	7.6	2.1	4.1	2.5	5.4
Quebec	4.9	6.3	4.1	4.2	5.8	5.6	7.5	2.5	3.0	7.0	4.0	5.1	4.5	2.9
Saskatchewan	6.9	8.2	7.5	5.1	8.0	7.7	9.0	8.6	5.0	9.6	7.0	8.1	1.9	5.2
Alabama	6.1	4.6	6.8	6.8	3.7	7.7	2.5	7.4	7.0	5.5	7.2	6.0	6.3	8.0
Alaska	6.8	5.7	8.2	6.4	3.0	7.2	7.0	8.5	8.0	7.4	8.9	8.8	3.8	6.6
Arizona	6.6	6.1	6.2	7.4	6.0	7.8	4.6	6.7	6.0	5.7	6.2	6.3	8.3	7.7
Arkansas	6.0	5.1	5.7	7.2	5.7	7.0	2.7	6.1	5.0	6.0	5.8	5.8	7.1	8.8
California	6.6	7.1	5.9	7.0	6.7	8.5	6.0	6.1	4.0	6.0	7.5	7.2	8.3	5.4
Colorado	7.2	7.2	6.8	7.7	6.8	8.9	5.9	7.1	6.0	6.3	7.7	7.7	7.7	7.6
Connecticut	6.9	7.0	6.5	7.3	5.6	8.9	6.3	6.1	6.0	5.6	8.1	8.1	8.6	5.3
Delaware	7.9	8.2	7.3	8.0	9.1	8.9	6.7	8.9	6.0	4.7	9.7	9.1	7.8	7.1
Florida	6.5	6.0	6.0	7.5	5.6	8.6	3.8	5.8	8.0	3.6	6.6	6.3	9.2	7.1
Georgia	7.2	6.6	7.2	7.7	6.3	8.4	5.2	8.1	6.0	7.3	7.5	6.8	7.8	8.5
Hawaii	5.9	5.5	5.7	6.4	3.2	8.3	4.9	7.4	4.0	5.7	5.7	7.7	5.5	5.9
Idaho	6.6	5.7	6.8	7.2	5.7	7.7	3.8	8.3	5.0	6.3	7.5	5.8	7.4	8.4
Illinois	7.0	7.2	6.6	7.1	7.6	8.7	5.3	7.0	6.0	5.4	8.2	7.2	8.6	5.4
Indiana	6.9	6.7	6.7	7.3	6.9	8.3	4.9	6.5	7.0	5.9	7.3	6.9	8.2	6.6
Iowa	6.9	6.8	6.8	7.2	7.0	8.1	5.2	7.6	6.0	6.0	7.5	7.4	7.5	6.8
Kansas	6.8	6.5	6.6	7.3	5.9	8.6	5.0	7.1	6.0	6.1	7.0	7.3	6.4	8.1
Kentucky	5.9	4.5	6.1	7.0	3.2	7.4	2.8	6.2	6.0	4.7	7.7	6.2	7.0	7.7
Louisiana	7.1	6.1	7.3	7.8	5.7	7.1	5.6	8.2	7.0	7.5	6.7	7.8	6.4	9.1
Maine	5.8	4.9	5.5	6.9	4.8	6.8	3.1	5.5	5.0	4.2	7.4	6.2	7.9	6.6
Maryland	6.3	5.5	6.2	7.2	3.1	8.1	5.3	5.6	6.0	5.0	8.3	7.9	6.6	7.2
Massachusetts	6.8	6.7	6.2	7.5	6.6	7.8	5.6	5.2	6.0	5.2	8.3	7.9	9.0	5.6
Michigan	6.2	5.6	6.3	6.6	6.0	7.8	2.9	7.0	6.0	5.3	6.9	6.2	8.4	5.3
Minnesota	6.9	7.2	6.1	7.4	7.4	8.5	5.7	6.4	5.0	5.1	7.8	7.9	8.6	5.7
Mississippi	5.6	4.2	5.9	6.6	3.6	6.3	2.6	7.2	6.0	4.3	6.3	5.1	5.4	9.4
Missouri	6.4	5.6	6.6	7.1	5.1	7.7	4.1	6.3	7.0	5.3	7.6	6.7	7.7	6.9
Montana	5.8	4.7	6.3	6.6	5.0	6.2	2.8	6.2	6.0	3.4	9.5	6.2	6.3	7.2
Nebraska	7.2	7.3	6.6	7.6	7.5	8.4	6.1	7.4	6.0	5.1	7.9	7.9	7.3	7.7
Nevada	7.3	7.6	7.2	7.1	8.3	9.2	5.2	8.0	8.0	5.9	7.0	6.7	9.5	5.1
New Hampshire	7.0	7.0	6.5	7.6	7.3	8.7	5.1	5.6	8.0	3.0	9.4	7.5	9.1	6.1
New Jersey	6.5	7.1	5.2	7.4	6.9	9.0	5.3	3.7	5.0	4.0	7.9	8.1	8.4	5.6
New Mexico	5.5	4.1	5.7	6.6	2.3	6.4	3.6	7.4	6.0	3.6	5.9	6.0	4.4	9.4
New York	6.5	6.8	5.9	6.7	6.8	7.9	5.7	5.6	5.0	5.6	7.5	8.4	7.6	4.1
North Carolina	7.1	6.7	6.8	7.8	7.1	8.2	4.8	8.3	5.0	6.3	7.7	7.1	7.1	9.0
North Dakota	6.7	6.3	6.3	7.6	7.0	6.1	5.7	6.9	6.0	4.9	7.3	8.3	5.9	8.7
Ohio	6.3	5.8	6.0	7.0	6.3	7.9	3.3	5.8	6.0	4.9	7.5	6.7	8.3	6.1
Oklahoma	6.8	5.9	7.3	7.1	5.9	7.8	3.8	8.8	6.0	7.4	6.9	6.6	5.8	8.9
Oregon	6.6	6.4	6.8	6.7	7.3	8.0	3.8	7.2	5.0	5.1	9.7	6.7	7.8	5.7
Pennsylvania	6.4	5.7	6.2	7.3	5.4	8.0	3.6	5.8	7.0	4.2	7.8	7.2	9.2	5.4
Rhode Island	6.1	5.7	5.5	7.1	5.9	7.4	3.8	5.0	6.0	3.3	7.7	7.2	9.2	5.0
South Carolina	6.2	5.0	6.2	7.2	4.6	7.8	2.7	7.2	5.0	5.1	7.7	5.8	7.0	8.9
South Dakota	7.2	6.7	7.2	7.7	7.4	7.1	5.7	8.1	8.0	6.0	6.8	7.7	6.7	8.7
Tennessee	6.8	6.0	6.9	7.6	5.9	7.7	4.3	7.3	8.0	6.0	6.3	6.6	8.1	8.2
Texas	7.6	7.5	7.3	7.9	7.2	8.7	6.4	7.8	8.0	5.8	7.4	7.8	7.9	8.1
Utah	7.1	7.1	6.8	7.5	6.6	8.4	6.2	8.0	6.0	5.6	7.6	7.0	6.9	8.5
Vermont	5.8	4.9	5.6	6.9	4.3	5.9	4.3	5.4	5.0	3.7	8.1	6.1	7.9	6.6
Virginia	6.9	6.0	6.8	7.8	3.5	9.1	5.5	7.3	6.0	5.4	8.7	8.0	6.5	9.0
Washington	6.5	6.7	6.2	6.5	6.9	8.3	5.0	6.7	8.0	4.4	5.7	7.0	7.1	5.6
West Virginia	5.4	4.1	6.0	6.2	4.4	6.8	1.3	6.4	6.0	3.9	7.6	5.7	5.5	7.5
Wisconsin	6.4	6.2	5.8	7.2	6.0	8.2	4.4	6.2	5.0	4.5	7.7	7.0	8.4	6.2
Wyoming	7.3	7.3	7.0	7.5	7.4	7.9	6.7	7.6	8.0	5.6	6.8	8.9	3.7	9.9

**Table 2.1b: World-Adjusted Scores at Federal, State/Provincial, and Local/Municipal Levels, 2011**

	Area 1: Size of Government	Area 2: Takings and Discriminatory Taxation	Component 3A: Labor Market Freedom	Component 3B: Regulation of Credit Markets	Component 3C: Business Regulations
Alberta	9.0	8.0	7.0	9.5	7.7
British Columbia	7.4	5.8	5.6	9.5	7.7
Manitoba	6.2	5.3	4.1	9.5	7.7
New Brunswick	5.3	5.5	4.6	9.5	7.7
Newfoundland & Labrador	6.7	7.2	4.3	9.5	7.7
Nova Scotia	5.2	3.8	4.0	9.5	7.7
Ontario	6.8	5.2	5.3	9.5	7.7
Prince Edward Island	4.0	4.1	4.0	9.5	7.7
Quebec	6.3	4.1	4.2	9.5	7.7
Saskatchewan	8.2	7.5	5.1	9.5	7.7
Alabama	4.6	6.8	6.8	7.3	7.3
Alaska	5.7	8.2	6.4	7.3	7.3
Arizona	6.1	6.2	7.4	7.3	7.3
Arkansas	5.1	5.7	7.2	7.3	7.3
California	7.1	5.9	7.0	7.3	7.3
Colorado	7.2	6.8	7.7	7.3	7.3
Connecticut	7.0	6.5	7.3	7.3	7.3
Delaware	8.2	7.3	8.0	7.3	7.3
Florida	6.0	6.0	7.5	7.3	7.3
Georgia	6.6	7.2	7.7	7.3	7.3
Hawaii	5.5	5.7	6.4	7.3	7.3
Idaho	5.7	6.8	7.2	7.3	7.3
Illinois	7.2	6.6	7.1	7.3	7.3
Indiana	6.7	6.7	7.3	7.3	7.3
Iowa	6.8	6.8	7.2	7.3	7.3
Kansas	6.5	6.6	7.3	7.3	7.3
Kentucky	4.5	6.1	7.0	7.3	7.3
Louisiana	6.1	7.3	7.8	7.3	7.3
Maine	4.9	5.5	6.9	7.3	7.3
Maryland	5.5	6.2	7.2	7.3	7.3
Massachusetts	6.7	6.2	7.5	7.3	7.3
Michigan	5.6	6.3	6.6	7.3	7.3
Minnesota	7.2	6.1	7.4	7.3	7.3
Mississippi	4.2	5.9	6.6	7.3	7.3
Missouri	5.6	6.6	7.1	7.3	7.3
Montana	4.7	6.3	6.6	7.3	7.3
Nebraska	7.3	6.6	7.6	7.3	7.3
Nevada	7.6	7.2	7.1	7.3	7.3
New Hampshire	7.0	6.5	7.6	7.3	7.3
New Jersey	7.1	5.2	7.4	7.3	7.3
New Mexico	4.1	5.7	6.6	7.3	7.3
New York	6.8	5.9	6.7	7.3	7.3
North Carolina	6.7	6.8	7.8	7.3	7.3
North Dakota	6.3	6.3	7.6	7.3	7.3
Ohio	5.8	6.0	7.0	7.3	7.3
Oklahoma	5.9	7.3	7.1	7.3	7.3
Oregon	6.4	6.8	6.7	7.3	7.3
Pennsylvania	5.7	6.2	7.3	7.3	7.3
Rhode Island	5.7	5.5	7.1	7.3	7.3
South Carolina	5.0	6.2	7.2	7.3	7.3
South Dakota	6.7	7.2	7.7	7.3	7.3
Tennessee	6.0	6.9	7.6	7.3	7.3
Texas	7.5	7.3	7.9	7.3	7.3
Utah	7.1	6.8	7.5	7.3	7.3
Vermont	4.9	5.6	6.9	7.3	7.3
Virginia	6.0	6.8	7.8	7.3	7.3
Washington	6.7	6.2	6.5	7.3	7.3
West Virginia	4.1	6.0	6.2	7.3	7.3
Wisconsin	6.2	5.8	7.2	7.3	7.3
Wyoming	7.3	7.0	7.5	7.3	7.3

Area 3: Regulation	Area 4: Legal System and Property Rights	Area 5: Sound Money	Area 6: Freedom to Trade Internationally	Overall World- Adjusted Index	Rank
8.0	8.1	9.1	7.6	8.3	1
7.6	8.1	9.1	7.6	7.6	7
7.1	8.1	9.1	7.6	7.2	37
7.2	8.1	9.1	7.6	7.2	44
7.2	8.1	9.1	7.6	7.7	6
7.0	8.1	9.1	7.6	6.8	59
7.5	8.1	9.1	7.6	7.4	25
7.0	8.1	9.1	7.6	6.7	60
7.1	8.1	9.1	7.6	7.1	49
7.4	8.1	9.1	7.6	8.0	2
7.1	7.0	9.3	7.7	7.1	46
7.0	7.0	9.3	7.7	7.5	15
7.3	7.0	9.3	7.7	7.3	35
7.3	7.0	9.3	7.7	7.0	51
7.2	7.0	9.3	7.7	7.4	30
7.4	7.0	9.3	7.7	7.6	10
7.3	7.0	9.3	7.7	7.5	20
7.5	7.0	9.3	7.7	7.8	3
7.4	7.0	9.3	7.7	7.2	39
7.4	7.0	9.3	7.7	7.5	12
7.0	7.0	9.3	7.7	7.0	50
7.3	7.0	9.3	7.7	7.3	34
7.2	7.0	9.3	7.7	7.5	14
7.3	7.0	9.3	7.7	7.4	21
7.3	7.0	9.3	7.7	7.5	19
7.3	7.0	9.3	7.7	7.4	24
7.2	7.0	9.3	7.7	7.0	53
7.5	7.0	9.3	7.7	7.5	16
7.2	7.0	9.3	7.7	6.9	54
7.3	7.0	9.3	7.7	7.2	43
7.4	7.0	9.3	7.7	7.4	29
7.1	7.0	9.3	7.7	7.2	45
7.3	7.0	9.3	7.7	7.4	22
7.1	7.0	9.3	7.7	6.9	56
7.2	7.0	9.3	7.7	7.2	38
7.1	7.0	9.3	7.7	7.0	52
7.4	7.0	9.3	7.7	7.6	11
7.2	7.0	9.3	7.7	7.7	5
7.4	7.0	9.3	7.7	7.5	18
7.3	7.0	9.3	7.7	7.3	36
7.1	7.0	9.3	7.7	6.8	58
7.1	7.0	9.3	7.7	7.3	33
7.4	7.0	9.3	7.7	7.5	17
7.4	7.0	9.3	7.7	7.3	31
7.2	7.0	9.3	7.7	7.2	42
7.2	7.0	9.3	7.7	7.4	23
7.1	7.0	9.3	7.7	7.4	28
7.3	7.0	9.3	7.7	7.2	41
7.2	7.0	9.3	7.7	7.1	48
7.3	7.0	9.3	7.7	7.1	47
7.4	7.0	9.3	7.7	7.6	9
7.4	7.0	9.3	7.7	7.4	27
7.5	7.0	9.3	7.7	7.7	4
7.4	7.0	9.3	7.7	7.5	13
7.2	7.0	9.3	7.7	6.9	55
7.5	7.0	9.3	7.7	7.4	26
7.0	7.0	9.3	7.7	7.3	32
6.9	7.0	9.3	7.7	6.8	57
7.3	7.0	9.3	7.7	7.2	40
7.4	7.0	9.3	7.7	7.6	8

**Table 2.2: Scores at State/Provincial and Local/Municipal Levels, 2011**

	Overall Index	Area 1	Area 2	Area 3	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C
Alberta	7.9	8.6	8.8	6.2	7.9	8.6	9.5	9.4	7.0	9.1	9.6	7.0	6.8	4.8
British Columbia	6.1	6.8	6.4	5.0	5.7	7.8	7.0	5.7	6.5	7.5	5.7	5.2	6.3	3.6
Manitoba	5.3	6.5	5.5	3.8	3.9	7.7	8.1	4.3	5.5	7.1	5.0	4.3	2.1	5.0
New Brunswick	5.4	5.9	5.8	4.4	3.0	7.3	7.4	4.6	6.5	7.4	4.8	4.1	3.5	5.8
Newfoundland & Labrador	6.1	7.0	7.5	3.7	4.7	8.9	7.4	8.1	6.5	9.5	6.0	5.9	0.0	5.2
Nova Scotia	4.7	5.7	4.2	4.1	3.3	8.3	5.6	2.2	4.0	6.8	3.7	3.4	2.7	6.2
Ontario	5.5	6.0	5.4	5.0	4.7	7.2	6.1	3.7	5.5	6.6	5.7	4.4	5.9	4.7
Prince Edward Island	4.9	5.8	4.7	4.2	1.7	7.5	8.1	3.3	5.5	7.6	2.3	3.3	3.9	5.4
Quebec	4.3	5.2	4.0	3.6	4.7	5.2	5.6	0.8	5.5	5.3	4.5	4.1	3.9	2.9
Saskatchewan	6.6	8.1	7.6	4.1	6.9	8.7	8.8	8.1	6.5	8.2	7.4	6.5	0.6	5.2
Alabama	7.1	5.9	7.2	8.2	4.1	8.5	5.2	7.5	8.0	7.1	6.3	10.0	6.5	8.0
Alaska	6.6	4.9	8.6	6.2	2.2	8.2	4.2	9.1	10.0	6.8	8.7	7.1	4.9	6.6
Arizona	6.8	6.8	6.6	7.1	6.0	8.9	5.5	6.8	8.0	6.7	4.9	5.1	8.4	7.7
Arkansas	6.2	5.7	6.0	7.0	4.3	7.2	5.6	6.1	6.0	7.6	4.4	5.4	6.7	8.8
California	5.6	4.8	5.5	6.4	4.9	7.2	2.2	5.2	5.0	5.2	6.7	5.8	8.1	5.4
Colorado	6.9	6.7	6.7	7.2	6.5	9.3	4.4	7.0	7.0	5.9	6.9	6.2	7.8	7.6
Connecticut	6.4	6.5	6.2	6.7	6.5	8.9	4.0	5.3	7.0	4.8	7.5	6.5	8.1	5.3
Delaware	7.7	7.7	8.2	7.3	7.4	8.3	7.4	9.1	6.5	7.3	9.7	7.3	7.5	7.1
Florida	6.8	6.4	6.8	7.1	4.9	8.7	5.7	6.9	10.0	4.9	5.5	5.1	9.1	7.1
Georgia	7.2	6.9	7.1	7.8	6.4	8.5	5.7	8.0	6.0	7.6	6.7	6.8	8.0	8.5
Hawaii	6.1	6.6	5.2	6.5	5.4	9.3	5.0	5.8	4.0	6.7	4.2	6.2	7.2	5.9
Idaho	6.3	6.1	6.1	6.8	4.7	8.6	5.0	6.6	5.0	6.2	6.7	4.7	7.2	8.4
Illinois	6.4	6.3	6.4	6.5	6.4	9.3	3.2	6.3	7.0	4.6	7.7	5.8	8.4	5.4
Indiana	7.0	7.0	7.3	6.7	6.1	8.3	6.6	7.3	8.0	7.6	6.4	5.6	7.9	6.6
Iowa	6.6	6.5	6.7	6.6	5.4	8.2	6.0	6.6	7.5	6.0	6.7	6.0	7.0	6.8
Kansas	6.8	7.2	6.4	6.7	5.8	9.5	6.3	6.7	6.0	6.7	6.1	5.9	6.1	8.1
Kentucky	6.2	5.2	6.8	6.6	4.9	7.4	3.3	6.7	6.5	6.9	7.0	5.0	7.0	7.7
Louisiana	7.5	6.7	7.6	8.4	5.3	9.0	5.8	8.5	8.0	8.1	5.7	10.0	6.0	9.1
Maine	5.5	5.3	4.8	6.5	3.0	7.6	5.2	3.9	5.0	3.5	6.6	5.0	8.0	6.6
Maryland	6.9	6.3	6.9	7.4	5.8	7.0	6.0	5.8	8.0	5.9	7.9	6.3	8.8	7.2
Massachusetts	6.6	6.2	6.5	7.0	6.1	9.1	3.4	5.8	7.0	5.6	7.9	6.4	8.9	5.6
Michigan	5.8	5.0	6.3	6.1	4.3	8.2	2.4	6.0	8.0	5.6	5.8	5.0	8.0	5.3
Minnesota	6.4	6.3	5.9	7.1	5.7	8.2	5.0	5.7	5.5	5.4	7.2	7.3	8.2	5.7
Mississippi	6.3	5.0	5.9	8.1	1.8	8.9	4.2	5.8	7.0	5.8	5.1	10.0	5.0	9.4
Missouri	6.9	6.6	7.3	6.7	5.7	9.1	5.0	7.4	8.0	6.8	6.9	5.4	7.7	6.9
Montana	6.3	5.6	7.0	6.3	3.9	8.7	4.3	6.6	8.0	3.8	9.6	5.0	6.6	7.2
Nebraska	7.2	8.0	6.7	7.0	6.6	9.3	8.0	7.3	6.0	6.2	7.2	6.3	7.0	7.7
Nevada	7.0	6.9	7.3	6.6	7.3	9.1	4.3	7.8	10.0	5.4	6.0	5.4	9.5	5.1
New Hampshire	7.2	7.3	7.3	7.0	5.8	8.7	7.3	6.9	10.0	2.7	9.5	6.0	8.8	6.1
New Jersey	5.7	5.4	5.1	6.8	5.6	8.5	2.1	4.3	6.0	2.9	7.2	6.6	8.1	5.6
New Mexico	5.7	4.6	6.3	6.3	2.0	8.4	3.3	6.5	7.0	7.1	4.4	4.8	4.8	9.4
New York	5.4	5.1	5.1	6.0	4.3	8.4	2.7	3.2	6.0	4.6	6.6	6.8	7.2	4.1
North Carolina	7.0	6.8	6.9	7.2	6.2	8.9	5.4	7.6	5.5	7.6	6.9	5.7	6.8	9.0
North Dakota	7.2	7.2	7.4	7.1	6.5	7.9	7.4	7.9	8.0	7.1	6.5	6.7	5.9	8.7
Ohio	5.7	4.4	6.3	6.5	4.7	7.3	1.1	5.5	8.0	5.1	6.8	5.4	8.1	6.1
Oklahoma	6.9	6.9	7.2	6.7	6.0	8.7	5.8	8.0	7.0	8.0	5.8	5.3	6.0	8.9
Oregon	6.5	5.5	7.7	6.2	5.7	8.8	2.2	7.7	7.0	6.2	9.8	5.4	7.5	5.7
Pennsylvania	6.2	5.2	6.4	6.8	4.9	8.1	2.7	5.6	8.0	5.0	7.1	5.8	9.2	5.4
Rhode Island	5.7	4.8	5.7	6.7	4.5	8.7	1.2	4.5	8.0	3.1	7.0	5.8	9.4	5.0
South Carolina	6.6	4.9	6.5	8.5	3.8	6.4	4.5	7.0	6.0	5.8	7.0	10.0	6.6	8.9
South Dakota	7.8	8.0	8.0	7.3	7.2	9.1	7.8	8.9	10.0	7.2	5.7	6.2	6.9	8.7
Tennessee	7.7	6.9	7.6	8.7	6.0	7.8	6.8	8.1	10.0	7.4	5.0	10.0	8.0	8.2
Texas	7.7	7.8	7.8	7.4	7.2	9.3	6.9	8.6	10.0	6.0	6.6	6.3	7.7	8.1
Utah	7.1	6.7	7.5	7.1	6.5	6.7	6.9	8.2	7.0	8.0	6.8	5.6	7.3	8.5
Vermont	5.5	5.3	4.7	6.4	2.3	7.1	6.4	3.6	6.0	1.5	7.6	4.9	7.9	6.6
Virginia	7.7	7.6	7.6	7.8	7.1	8.3	7.3	8.2	7.0	7.1	8.3	6.4	7.9	9.0
Washington	6.3	6.2	6.7	6.1	6.6	7.8	4.2	6.8	10.0	5.7	4.1	5.6	7.2	5.6
West Virginia	5.8	5.2	6.1	6.0	3.1	7.9	4.6	5.6	6.5	5.5	6.9	4.6	5.8	7.5
Wisconsin	6.0	5.6	5.7	6.6	4.6	8.6	3.7	5.1	6.0	4.6	6.9	5.7	7.9	6.2
Wyoming	7.0	6.5	7.3	7.1	4.3	9.2	5.9	7.9	10.0	5.7	5.7	8.0	3.4	9.9



**Table 2.3: World-Adjusted Scores at Federal, State/Provincial, and Local/Municipal Levels, 2000–2011**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
Alberta	8.6	8.4	8.2	8.4	8.4	8.4	8.4	8.4	8.4	8.2	8.3	8.3	1
British Columbia	7.7	7.6	7.5	7.6	7.7	7.6	7.7	7.7	7.7	7.6	7.7	7.6	7
Manitoba	7.6	7.5	7.3	7.4	7.4	7.2	7.4	7.4	7.4	7.3	7.4	7.2	37
New Brunswick	7.5	7.4	7.2	7.3	7.3	7.2	7.3	7.3	7.2	7.1	7.2	7.2	44
Newfoundland & Labrador	7.4	7.2	7.2	7.4	7.5	7.5	7.7	7.9	7.9	7.6	7.6	7.7	6
Nova Scotia	7.4	7.3	7.1	7.3	7.2	7.1	7.1	7.1	7.1	7.0	7.0	6.8	59
Ontario	8.0	7.8	7.6	7.7	7.7	7.6	7.6	7.6	7.5	7.5	7.5	7.4	25
Prince Edward Island	7.1	6.9	6.8	6.9	6.9	6.8	6.9	6.8	6.8	6.8	6.7	6.7	60
Quebec	7.5	7.3	7.2	7.2	7.2	7.1	7.2	7.1	7.1	7.0	7.1	7.1	49
Saskatchewan	7.8	7.5	7.4	7.5	7.6	7.6	7.6	7.7	8.0	7.8	8.0	8.0	2
Alabama	8.0	7.8	7.7	7.7	7.8	7.6	7.6	7.5	7.4	7.1	7.2	7.1	46
Alaska	8.1	7.9	7.9	7.8	8.0	7.9	7.9	7.9	7.9	7.4	7.5	7.5	15
Arizona	8.4	8.2	8.0	8.0	8.0	7.8	7.9	7.8	7.6	7.3	7.4	7.3	35
Arkansas	8.1	7.9	7.7	7.7	7.8	7.6	7.5	7.5	7.3	7.1	7.1	7.0	51
California	8.3	8.1	8.0	8.0	8.0	7.8	7.8	7.7	7.6	7.4	7.4	7.4	30
Colorado	8.5	8.3	8.2	8.2	8.2	8.1	8.0	8.0	7.8	7.6	7.6	7.6	10
Connecticut	8.4	8.2	8.1	8.0	8.1	7.9	7.9	7.9	7.7	7.6	7.5	7.5	20
Delaware	8.8	8.6	8.6	8.5	8.6	8.4	8.3	8.3	8.0	7.9	7.9	7.8	3
Florida	8.2	8.0	8.0	7.9	8.0	7.8	7.7	7.7	7.5	7.3	7.3	7.2	39
Georgia	8.5	8.3	8.2	8.2	8.2	8.0	8.0	7.9	7.8	7.6	7.6	7.5	12
Hawaii	8.0	7.9	7.7	7.7	7.8	7.6	7.6	7.6	7.3	6.9	7.1	7.0	50
Idaho	8.2	7.9	7.8	7.8	7.9	7.8	7.7	7.7	7.6	7.2	7.4	7.3	34
Illinois	8.5	8.3	8.2	8.1	8.2	8.0	8.0	7.9	7.7	7.5	7.6	7.5	14
Indiana	8.5	8.3	8.1	8.1	8.2	7.9	7.9	7.9	7.7	7.4	7.5	7.4	21
Iowa	8.3	8.1	8.0	8.0	8.1	7.9	7.9	7.9	7.7	7.4	7.5	7.5	19
Kansas	8.3	8.1	7.9	7.9	8.0	7.8	7.8	7.8	7.6	7.3	7.5	7.4	24
Kentucky	8.1	7.9	7.8	7.8	7.8	7.7	7.6	7.6	7.2	7.0	7.0	7.0	53
Louisiana	8.3	8.1	7.9	8.0	8.2	8.1	7.8	7.9	7.7	7.4	7.5	7.5	16
Maine	7.9	7.7	7.6	7.5	7.6	7.4	7.4	7.4	7.2	6.9	7.0	6.9	54
Maryland	8.1	8.0	7.9	7.8	7.8	7.7	7.5	7.6	7.4	7.2	7.2	7.2	43
Massachusetts	8.3	8.2	8.1	8.1	8.1	7.9	7.9	7.8	7.6	7.4	7.4	7.4	29
Michigan	8.3	8.1	8.0	7.9	7.9	7.7	7.7	7.6	7.4	7.1	7.2	7.2	45
Minnesota	8.3	8.2	8.1	8.0	8.1	7.9	7.9	7.8	7.6	7.4	7.5	7.4	22
Mississippi	7.8	7.6	7.5	7.4	7.5	7.3	6.9	7.2	7.1	6.8	6.9	6.9	56
Missouri	8.3	8.1	8.0	8.0	8.0	7.8	7.7	7.7	7.5	7.3	7.3	7.2	38
Montana	7.8	7.6	7.5	7.5	7.6	7.5	7.5	7.5	7.3	7.0	7.1	7.0	52
Nebraska	8.3	8.1	8.0	8.0	8.1	7.9	7.9	7.9	7.7	7.5	7.6	7.6	11
Nevada	8.5	8.3	8.2	8.2	8.3	8.1	8.1	8.1	7.9	7.7	7.8	7.7	5
New Hampshire	8.5	8.3	8.3	8.2	8.2	8.0	8.0	7.9	7.7	7.5	7.5	7.5	18
New Jersey	8.3	8.1	8.0	7.9	8.0	7.8	7.8	7.6	7.5	7.3	7.3	7.3	36
New Mexico	8.0	7.7	7.5	7.5	7.7	7.5	7.4	7.3	7.0	6.8	6.9	6.8	58
New York	8.2	8.0	7.9	7.8	7.8	7.7	7.7	7.6	7.5	7.3	7.4	7.3	33
North Carolina	8.5	8.3	8.2	8.1	8.1	8.0	7.9	7.9	7.7	7.5	7.6	7.5	17
North Dakota	7.9	7.7	7.6	7.7	7.8	7.6	7.7	7.7	7.6	7.2	7.4	7.3	31
Ohio	8.3	8.1	7.9	7.8	7.9	7.7	7.8	7.6	7.4	7.2	7.2	7.2	42
Oklahoma	8.1	7.9	7.7	7.7	7.8	7.7	7.7	7.8	7.7	7.4	7.5	7.4	23
Oregon	8.2	8.1	8.0	7.9	8.0	7.9	7.9	7.9	7.7	7.4	7.4	7.4	28
Pennsylvania	8.2	8.0	7.9	7.9	7.9	7.7	7.7	7.6	7.4	7.2	7.3	7.2	41
Rhode Island	7.9	7.8	7.7	7.7	7.7	7.5	7.6	7.4	7.3	7.0	7.1	7.1	48
South Carolina	8.2	8.0	7.9	7.8	7.8	7.6	7.2	7.5	7.3	7.1	7.1	7.1	47
South Dakota	8.3	8.2	8.1	8.1	8.2	7.9	7.8	7.8	7.8	7.5	7.6	7.6	9
Tennessee	8.4	8.2	8.1	8.0	8.1	7.9	7.9	7.8	7.6	7.3	7.4	7.4	27
Texas	8.6	8.4	8.3	8.2	8.3	8.2	8.1	8.1	7.9	7.7	7.8	7.7	4
Utah	8.5	8.3	8.1	8.1	8.1	8.0	8.0	8.0	7.8	7.6	7.6	7.5	13
Vermont	8.0	7.8	7.7	7.7	7.7	7.5	7.4	7.3	7.2	6.9	7.0	6.9	55
Virginia	8.3	8.1	8.0	8.0	8.0	7.9	7.8	7.8	7.6	7.3	7.5	7.4	26
Washington	8.2	8.0	8.0	7.9	7.9	7.8	7.7	7.8	7.5	7.4	7.4	7.3	32
West Virginia	7.6	7.4	7.2	7.2	7.3	7.2	7.3	7.2	7.0	6.8	6.9	6.8	57
Wisconsin	8.3	8.1	7.9	7.9	8.0	7.8	7.8	7.7	7.5	7.1	7.3	7.2	40
Wyoming	8.2	8.0	8.0	8.0	8.1	7.9	7.9	7.9	7.8	7.6	7.7	7.6	8

**Table 2.4: Overall Scores at Federal, State/Provincial, and Local/Municipal Levels, 1981–2011**

	1981	1982	1983	1984	1985	1986	1987	1988	1999	1990	1991	1992	1993	1994	1995
Alberta	6.8	6.7	6.5	6.5	6.7	6.3	6.2	6.6	6.4	6.5	6.1	6.0	6.3	6.6	6.8
British Columbia	5.2	5.0	4.9	5.0	5.2	5.1	5.5	5.8	5.7	5.5	5.0	4.9	4.9	4.9	4.9
Manitoba	5.0	4.6	4.5	4.8	4.7	4.5	4.4	4.6	4.8	4.8	4.3	4.3	4.2	4.4	4.5
New Brunswick	2.7	3.3	3.7	3.9	3.9	4.1	4.3	4.7	4.6	4.3	3.7	3.8	3.9	4.0	4.4
Newfoundland & Labrador	3.3	3.3	3.0	3.1	3.1	3.2	3.3	3.6	3.6	3.3	2.8	2.4	2.5	2.8	3.1
Nova Scotia	2.7	3.3	3.6	3.8	3.6	3.9	4.1	4.4	4.4	4.2	3.9	3.7	3.7	3.7	4.0
Ontario	5.6	5.6	5.7	5.8	5.8	5.7	5.8	6.0	6.0	5.6	5.2	5.0	5.1	5.1	5.3
Prince Edward Island	3.8	3.7	4.0	3.8	3.6	3.8	3.8	4.1	4.1	3.8	3.4	3.4	3.5	3.6	3.8
Quebec	4.2	4.0	4.1	4.3	4.3	4.4	4.5	4.7	4.7	4.6	4.0	3.9	4.0	4.1	4.2
Saskatchewan	5.1	4.9	4.8	4.8	4.8	4.5	4.4	4.6	4.8	4.8	4.3	4.1	4.3	4.7	4.9
Alabama	5.3	5.5	5.7	5.9	5.9	6.0	6.5	6.9	6.9	6.8	6.5	6.5	6.4	6.3	6.4
Alaska	7.0	7.2	7.3	7.4	7.5	6.9	7.6	7.7	7.7	7.7	7.0	7.1	6.9	6.8	7.0
Arizona	5.8	5.9	6.1	6.3	6.3	6.4	6.7	7.0	7.0	6.8	6.6	6.8	6.7	6.8	6.8
Arkansas	5.6	5.6	5.8	6.1	5.9	6.0	6.3	6.9	6.9	6.9	6.6	6.6	6.5	6.5	6.6
California	5.8	5.9	6.0	6.2	6.3	6.4	6.7	7.1	7.1	7.1	6.8	6.7	6.6	6.5	6.6
Colorado	6.3	6.4	6.5	6.7	6.7	6.6	6.8	7.2	7.2	7.2	6.9	7.0	7.1	7.1	7.2
Connecticut	5.9	6.2	6.4	6.7	6.7	6.9	7.2	7.6	7.5	7.6	7.3	7.2	7.0	7.0	7.1
Delaware	6.4	6.5	6.7	7.0	7.1	7.2	7.6	7.9	8.1	8.2	8.0	7.9	7.8	7.9	7.9
Florida	5.4	5.7	5.9	6.2	6.2	6.3	6.8	7.1	7.1	7.0	6.6	6.6	6.6	6.5	6.5
Georgia	5.9	6.0	6.3	6.6	6.7	6.8	7.2	7.5	7.6	7.5	7.3	7.3	7.3	7.2	7.3
Hawaii	5.4	5.5	5.6	5.8	5.8	6.0	6.3	6.7	6.7	6.9	6.6	6.6	6.3	6.2	6.3
Idaho	5.8	5.7	6.0	6.2	6.0	5.9	6.1	6.6	6.7	6.7	6.4	6.4	6.6	6.7	6.7
Illinois	5.8	6.0	6.1	6.6	6.6	6.6	7.0	7.4	7.5	7.4	7.2	7.2	7.1	7.1	7.0
Indiana	5.8	5.9	6.1	6.4	6.4	6.5	6.8	7.3	7.3	7.3	6.9	7.1	7.1	7.0	7.1
Iowa	5.9	5.8	5.9	6.2	6.1	6.1	6.4	6.8	6.9	6.9	6.7	6.7	6.7	6.7	6.7
Kansas	6.0	6.0	6.1	6.3	6.3	6.3	6.6	6.9	7.0	7.0	6.7	6.8	6.6	6.6	6.6
Kentucky	5.8	5.9	6.0	6.3	6.4	6.2	6.7	7.1	7.1	7.1	6.7	6.8	6.8	6.8	6.7
Louisiana	6.9	6.9	6.9	7.2	7.1	6.9	7.2	7.7	7.6	7.7	7.2	6.9	6.8	6.9	7.0
Maine	5.0	5.1	5.3	5.5	5.5	5.7	5.9	6.6	6.5	6.4	6.0	5.9	5.9	5.8	5.9
Maryland	5.0	5.2	5.4	5.7	5.8	6.0	6.4	6.8	6.8	6.8	6.5	6.4	6.4	6.2	6.3
Massachusetts	5.7	5.9	6.1	6.4	6.6	6.7	7.0	7.4	7.4	7.4	7.0	7.0	6.9	6.9	6.9
Michigan	5.4	5.5	5.7	6.1	6.1	6.1	6.5	7.0	7.0	6.8	6.5	6.5	6.5	6.6	6.6
Minnesota	5.9	5.9	6.1	6.4	6.3	6.4	6.6	7.0	7.0	7.0	6.7	6.8	6.7	6.7	6.7
Mississippi	5.0	5.1	5.2	5.5	5.6	5.6	6.1	6.4	6.4	6.4	6.1	6.0	6.1	6.2	6.3
Missouri	5.5	5.6	5.8	6.1	6.1	6.3	6.6	7.2	7.2	7.2	6.9	6.9	6.7	6.8	6.8
Montana	5.6	5.6	5.7	5.7	5.3	5.3	5.6	5.8	5.9	5.8	5.7	5.6	5.6	5.6	5.6
Nebraska	6.0	6.0	6.1	6.5	6.4	6.4	6.6	7.0	7.1	7.2	7.0	7.1	6.9	7.0	7.1
Nevada	5.9	6.1	6.3	6.4	6.4	6.5	7.0	7.5	7.5	7.5	7.1	7.1	7.2	7.1	7.1
New Hampshire	5.9	6.1	6.4	6.7	6.9	7.0	7.5	7.9	7.8	7.7	7.4	7.2	7.2	7.2	7.3
New Jersey	5.5	5.7	5.9	6.2	6.3	6.5	6.7	7.3	7.3	7.3	6.9	6.7	6.6	6.6	6.6
New Mexico	5.6	5.7	5.7	5.8	5.8	5.5	5.7	5.8	6.0	6.0	5.9	6.0	6.2	6.3	6.1
New York	5.4	5.5	5.6	5.8	5.9	6.0	6.3	6.8	6.7	6.8	6.4	6.3	6.2	6.1	6.2
North Carolina	6.3	6.3	6.5	6.8	6.8	7.0	7.2	7.7	7.7	7.7	7.4	7.4	7.3	7.2	7.3
North Dakota	6.1	6.2	6.1	6.2	5.9	5.6	5.6	5.8	6.0	6.2	5.8	6.1	6.1	6.1	6.2
Ohio	5.6	5.7	5.8	6.2	6.1	6.2	6.4	6.9	6.9	6.9	6.6	6.7	6.5	6.6	6.6
Oklahoma	6.4	6.4	6.4	6.7	6.6	6.3	6.6	6.9	6.8	6.8	6.5	6.5	6.4	6.3	6.3
Oregon	5.4	5.4	5.5	5.7	5.7	5.9	6.2	6.6	6.6	6.5	6.3	6.4	6.5	6.4	6.6
Pennsylvania	5.1	5.3	5.4	5.9	5.9	6.0	6.4	6.9	6.8	6.9	6.7	6.6	6.5	6.4	6.5
Rhode Island	5.0	5.1	5.3	5.5	5.8	5.9	6.1	6.7	6.7	6.7	6.1	5.9	6.0	6.0	5.9
South Carolina	5.6	5.6	5.9	6.3	6.2	6.4	6.8	7.2	7.2	7.1	6.8	6.8	6.8	6.8	6.8
South Dakota	5.5	5.7	5.9	6.2	6.1	6.2	6.5	6.8	6.8	7.0	6.8	6.9	6.9	6.8	6.9
Tennessee	5.6	5.9	6.1	6.4	6.4	6.5	6.9	7.3	7.4	7.3	7.1	7.2	7.0	7.0	7.1
Texas	7.0	7.2	7.3	7.4	7.4	7.2	7.4	7.8	7.7	7.8	7.5	7.4	7.4	7.3	7.4
Utah	5.6	5.8	6.0	6.2	6.3	6.2	6.4	6.8	6.8	6.9	6.9	6.9	6.8	6.9	6.9
Vermont	5.4	5.5	5.7	5.9	5.9	6.1	6.4	7.1	7.1	7.2	6.7	6.7	6.7	6.6	6.4
Virginia	5.4	5.5	5.8	6.1	6.2	6.4	6.7	7.0	7.2	7.1	6.9	6.9	6.8	6.8	6.8
Washington	5.3	5.5	5.7	5.9	5.8	5.9	6.3	6.7	6.7	6.7	6.5	6.5	6.5	6.3	6.3
West Virginia	4.5	4.5	4.5	4.9	4.9	4.9	5.1	6.0	6.0	5.9	5.4	5.4	5.4	5.4	5.5
Wisconsin	5.5	5.5	5.6	5.9	5.9	6.0	6.3	6.8	6.8	6.9	6.6	6.7	6.6	6.7	6.7
Wyoming	7.1	7.1	7.0	7.0	6.9	6.6	6.8	7.3	7.3	7.5	7.2	7.1	7.2	6.9	7.1

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
6.9	7.0	6.9	7.0	7.4	7.4	7.3	7.6	7.7	7.9	7.8	7.9	8.0	7.5	7.7	8.0	1
4.9	4.9	4.9	5.1	5.2	5.4	5.4	5.5	5.7	5.9	6.1	6.1	6.2	6.0	6.2	6.3	40
4.7	4.8	4.9	4.8	4.9	5.0	5.0	4.8	4.9	4.9	5.2	5.3	5.3	5.2	5.2	5.2	56
4.4	4.4	4.6	4.8	4.9	5.0	4.9	5.0	5.1	5.1	5.2	5.2	5.0	4.9	5.1	5.1	57
3.1	3.2	3.5	3.9	4.4	4.3	4.8	5.0	5.2	5.7	6.0	6.4	6.4	5.6	5.6	6.1	44
4.1	4.2	4.3	4.4	4.6	4.8	4.8	4.9	4.8	4.8	4.7	4.7	4.8	4.5	4.6	4.3	59
5.4	5.5	5.6	5.8	6.0	6.0	6.0	6.0	6.0	5.9	6.0	6.0	5.9	5.7	5.7	5.8	51
4.0	3.7	3.9	3.9	3.9	3.9	4.1	4.0	4.1	4.1	4.3	4.3	4.2	4.0	3.8	4.0	60
4.3	4.3	4.4	4.5	4.7	4.6	4.7	4.6	4.7	4.7	4.7	4.8	4.8	4.6	4.7	4.9	58
5.1	5.1	5.0	5.1	5.3	5.2	5.2	5.3	5.6	5.8	5.8	6.1	6.6	6.2	6.7	6.9	15
6.5	6.4	6.4	6.4	6.3	6.3	6.4	6.5	6.6	6.6	6.6	6.4	6.3	6.0	6.0	6.1	45
7.1	6.8	6.4	6.3	6.3	6.3	6.4	6.4	6.7	6.9	7.0	7.1	7.2	6.5	6.7	6.8	22
7.0	7.0	7.1	7.2	7.1	7.2	7.2	7.2	7.2	7.2	7.2	7.0	6.8	6.6	6.6	6.6	30
6.6	6.5	6.5	6.5	6.5	6.4	6.4	6.5	6.7	6.6	6.5	6.4	6.3	6.1	6.0	6.0	46
6.7	6.7	6.8	6.8	6.8	6.8	6.8	6.9	7.0	6.9	6.9	6.9	6.7	6.5	6.6	6.6	27
7.3	7.4	7.4	7.4	7.5	7.5	7.6	7.7	7.7	7.7	7.6	7.5	7.4	7.3	7.2	7.2	7
7.2	7.1	7.0	7.0	7.1	7.2	7.1	7.2	7.3	7.2	7.3	7.3	7.0	7.1	6.9	6.9	17
7.9	8.1	8.1	8.1	8.1	8.2	8.2	8.3	8.4	8.4	8.1	8.2	7.7	7.8	7.8	7.9	2
6.6	6.5	6.6	6.7	6.8	6.9	7.1	7.1	7.2	7.1	6.9	6.8	6.7	6.6	6.5	6.5	32
7.3	7.4	7.4	7.5	7.5	7.5	7.6	7.6	7.6	7.6	7.5	7.5	7.4	7.2	7.1	7.2	8
6.2	6.0	5.9	6.0	6.0	6.2	6.1	6.2	6.3	6.3	6.3	6.3	6.0	5.5	5.8	5.9	48
6.7	6.3	6.4	6.5	6.6	6.6	6.5	6.6	6.8	7.0	6.9	6.9	6.8	6.4	6.5	6.6	29
7.1	7.2	7.2	7.2	7.2	7.2	7.3	7.4	7.4	7.2	7.3	7.3	7.1	6.9	7.1	7.0	14
7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.4	7.5	7.3	7.3	7.3	7.0	6.7	6.9	6.9	20
6.9	6.8	6.7	6.7	6.9	6.9	6.9	7.1	7.4	7.3	7.3	7.4	7.0	6.8	6.9	6.9	16
6.8	6.8	6.8	6.8	6.8	6.9	6.9	7.0	7.0	7.0	7.1	7.1	7.0	6.5	6.8	6.8	23
6.8	6.7	6.6	6.8	6.5	6.5	6.6	6.6	6.7	6.7	6.6	6.6	6.1	5.9	5.8	5.9	47
7.1	6.8	6.7	6.8	6.8	6.8	6.7	7.2	7.4	7.7	7.1	7.3	7.2	6.9	7.0	7.1	11
6.0	5.8	5.8	5.9	5.9	6.1	6.1	6.1	6.2	6.1	6.1	6.1	5.9	5.7	5.8	5.8	50
6.5	6.4	6.4	6.5	6.5	6.6	6.7	6.7	6.8	6.7	6.5	6.6	6.5	6.3	6.3	6.3	38
7.0	7.0	7.0	7.1	7.0	7.1	7.2	7.3	7.3	7.2	7.2	7.1	6.8	6.6	6.8	6.8	24
6.7	6.7	6.8	6.9	6.9	6.8	6.8	6.8	6.8	6.8	6.7	6.5	6.2	6.0	6.2	6.2	42
6.8	6.7	6.8	6.9	7.0	7.1	7.1	7.2	7.3	7.3	7.2	7.0	7.0	6.8	6.9	6.9	18
6.2	6.0	6.0	6.0	5.8	5.8	5.8	5.9	6.1	5.9	5.1	5.8	5.7	5.4	5.6	5.6	53
6.9	6.9	6.9	7.0	7.0	7.0	6.9	7.1	7.1	7.0	6.9	6.7	6.7	6.4	6.4	6.4	35
5.7	5.7	5.7	5.5	5.7	5.8	5.8	5.9	6.2	6.4	6.4	6.3	6.1	5.7	5.8	5.8	49
7.2	7.1	7.0	7.0	7.0	7.1	7.0	7.2	7.4	7.3	7.3	7.3	7.1	7.1	7.1	7.2	9
7.1	7.0	7.3	7.3	7.4	7.4	7.5	7.6	7.7	7.7	7.6	7.6	7.5	7.4	7.3	7.3	4
7.5	7.4	7.4	7.4	7.4	7.5	7.6	7.6	7.7	7.6	7.5	7.4	7.0	6.9	7.0	7.0	13
6.7	6.8	6.8	6.8	6.8	6.9	7.0	7.0	7.0	6.9	6.8	6.7	6.5	6.4	6.5	6.5	31
6.2	6.2	5.9	6.0	6.0	6.0	5.8	6.0	6.3	6.2	6.2	6.0	5.6	5.3	5.5	5.5	54
6.4	6.4	6.4	6.5	6.5	6.5	6.5	6.6	6.6	6.5	6.7	6.6	6.5	6.4	6.5	6.5	34
7.3	7.4	7.4	7.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.3	7.2	7.0	7.0	7.1	12
6.6	6.0	6.2	6.0	6.0	6.2	6.2	6.5	6.7	6.7	6.8	6.9	6.9	6.4	6.6	6.7	26
6.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.9	6.5	6.5	6.2	6.3	6.3	39
6.4	6.4	6.3	6.3	6.5	6.5	6.3	6.5	6.8	6.8	6.9	7.0	7.1	6.6	6.7	6.8	25
6.9	6.7	6.7	6.7	6.6	6.7	6.8	6.8	7.0	7.0	7.2	7.1	6.9	6.5	6.6	6.6	28
6.6	6.6	6.7	6.7	6.6	6.8	6.8	6.8	6.9	6.8	6.8	6.6	6.5	6.4	6.4	6.4	37
6.0	6.0	6.0	6.0	6.0	6.2	6.3	6.5	6.5	6.4	6.5	6.3	6.1	5.9	6.0	6.1	43
6.8	6.8	6.8	6.9	6.8	6.8	6.8	6.8	6.8	6.7	5.9	6.6	6.4	6.0	6.1	6.2	41
7.1	6.9	6.9	6.9	7.0	7.1	7.3	7.4	7.5	7.3	7.1	7.2	7.4	7.0	7.2	7.2	6
7.1	7.1	7.2	7.3	7.2	7.2	7.2	7.3	7.3	7.3	7.3	7.2	7.0	6.7	6.8	6.8	21
7.5	7.5	7.5	7.5	7.5	7.6	7.6	7.7	7.9	7.9	7.8	7.9	7.7	7.4	7.5	7.6	3
7.1	7.2	7.3	7.3	7.3	7.3	7.3	7.4	7.4	7.5	7.6	7.6	7.3	7.1	7.0	7.1	10
6.5	6.4	6.4	6.4	6.3	6.3	6.4	6.5	6.5	6.3	6.2	6.0	5.9	5.7	5.7	5.8	52
6.9	6.9	6.9	6.9	6.9	7.1	7.2	7.2	7.3	7.3	7.2	7.2	7.0	6.7	6.9	6.9	19
6.4	6.6	6.6	6.7	6.6	6.6	6.7	6.7	6.8	6.8	6.7	6.8	6.5	6.5	6.5	6.5	33
5.6	5.4	5.5	5.4	5.2	5.2	5.2	5.4	5.5	5.5	5.8	5.6	5.5	5.4	5.4	5.4	55
6.7	6.7	6.7	6.8	6.8	6.8	6.8	7.0	7.1	7.0	6.9	6.9	6.6	6.2	6.4	6.4	36
7.2	6.6	6.4	6.5	6.6	6.7	6.9	7.0	7.2	7.2	7.3	7.2	7.4	7.2	7.3	7.3	5

**Table 2.5: Overall Scores at State/Provincial and Local/Municipal Levels, 1981–2011**

	1981	1982	1983	1984	1985	1986	1987	1988	1999	1990	1991	1992	1993	1994	1995
Alberta	7.0	6.6	6.3	6.3	6.5	5.9	5.8	6.1	6.0	6.1	6.0	5.7	6.1	6.5	6.7
British Columbia	5.0	4.6	4.4	4.6	4.8	4.8	5.2	5.4	5.4	5.2	5.0	4.7	4.7	4.7	4.7
Manitoba	5.4	4.9	4.6	4.9	4.8	4.7	4.4	4.4	4.6	4.6	4.3	4.2	4.1	4.5	4.5
New Brunswick	4.3	4.3	4.2	4.3	4.4	4.5	4.6	4.9	4.9	4.6	4.2	4.3	4.4	4.6	4.8
Newfoundland & Labrador	3.6	3.6	3.1	3.4	3.4	3.6	3.5	3.8	3.8	3.4	3.4	2.9	3.0	3.1	3.3
Nova Scotia	4.3	4.4	4.5	4.6	4.5	4.8	4.9	5.0	4.9	4.8	4.7	4.4	4.4	4.4	4.6
Ontario	5.9	5.6	5.7	5.8	5.8	5.7	5.7	5.7	5.7	5.2	4.9	4.5	4.5	4.8	4.9
Prince Edward Island	4.5	4.5	4.8	4.6	4.6	4.8	4.6	4.7	4.6	4.5	4.4	4.3	4.4	4.5	4.6
Quebec	4.1	3.5	3.6	3.7	3.6	3.9	3.9	4.3	4.3	4.1	3.6	3.2	3.2	3.6	3.6
Saskatchewan	4.9	4.7	4.4	4.5	4.6	4.4	4.4	4.1	4.3	4.2	4.0	3.7	3.9	4.4	4.6
Alabama	7.6	7.6	7.6	7.8	7.7	7.7	7.8	7.9	7.8	7.7	7.7	7.6	7.5	7.6	7.5
Alaska	7.6	7.5	7.3	7.4	7.3	6.4	7.2	6.8	7.2	7.0	6.4	6.4	6.3	6.5	6.4
Arizona	7.7	7.6	7.6	7.8	7.6	7.7	7.5	7.4	7.3	7.2	7.1	7.2	7.2	7.4	7.5
Arkansas	6.9	6.9	6.9	7.2	6.9	7.0	7.0	7.1	7.1	7.1	7.1	6.9	6.9	7.0	7.0
California	5.7	5.7	5.8	6.1	6.0	6.1	6.2	6.3	6.3	6.2	5.9	5.6	5.5	5.7	5.8
Colorado	7.5	7.3	7.2	7.2	7.2	7.1	7.0	7.1	7.1	7.1	7.1	7.1	7.2	7.3	7.3
Connecticut	6.7	6.8	6.9	7.2	7.2	7.4	7.4	7.4	7.3	7.1	6.8	6.5	6.4	6.6	6.6
Delaware	6.6	6.8	7.0	7.1	7.3	7.3	7.5	7.7	7.7	7.7	7.7	7.4	7.5	7.7	7.6
Florida	8.0	7.9	8.0	8.1	8.1	8.0	8.0	7.9	7.8	7.7	7.5	7.4	7.3	7.5	7.5
Georgia	6.8	6.8	6.9	7.3	7.4	7.4	7.5	7.4	7.4	7.3	7.2	7.2	7.2	7.3	7.4
Hawaii	5.7	5.7	5.9	6.2	6.0	6.5	6.6	6.5	6.6	6.7	6.5	6.3	6.0	5.9	5.9
Idaho	6.8	6.5	6.7	6.9	6.7	6.7	6.5	6.8	6.9	6.7	6.5	6.5	6.5	6.6	6.5
Illinois	6.4	6.4	6.3	6.8	6.7	6.8	6.8	7.0	7.1	7.0	6.9	6.8	6.8	7.0	6.9
Indiana	7.1	7.0	6.9	7.2	7.2	7.4	7.3	7.4	7.4	7.4	7.1	7.2	7.3	7.3	7.4
Iowa	7.5	7.0	6.7	7.1	7.0	7.0	7.0	7.1	7.1	6.6	6.5	6.5	6.4	6.6	6.6
Kansas	7.0	7.0	6.9	7.1	7.0	7.0	7.0	6.8	7.0	7.0	7.0	7.0	6.7	6.7	6.8
Kentucky	6.8	6.8	6.7	7.1	7.1	6.9	6.9	7.0	7.1	7.0	6.7	6.7	6.8	6.9	6.8
Louisiana	8.3	7.9	7.6	7.9	7.7	7.5	7.5	7.9	7.6	7.8	7.6	7.4	7.4	7.7	7.6
Maine	5.4	5.5	5.6	5.8	5.9	6.0	6.0	6.2	6.2	6.0	5.6	5.5	5.5	5.7	5.6
Maryland	6.3	6.3	6.5	6.7	6.8	7.0	7.1	7.1	7.1	7.0	6.9	6.8	6.7	6.7	6.8
Massachusetts	5.9	6.2	6.4	6.8	6.9	7.0	7.0	7.0	7.0	6.8	6.5	6.5	6.5	6.8	6.7
Michigan	4.9	4.9	4.9	5.6	5.9	5.7	5.8	5.9	6.0	5.8	5.8	5.9	6.0	6.3	6.4
Minnesota	5.6	5.5	5.9	6.2	6.1	6.2	6.1	6.1	6.3	6.2	6.1	5.9	5.9	6.1	6.0
Mississippi	7.4	7.2	7.1	7.3	7.3	7.2	7.3	7.3	7.2	7.3	7.3	7.3	7.2	7.2	7.2
Missouri	7.0	6.9	7.0	7.3	7.3	7.4	7.4	7.5	7.5	7.5	7.4	7.3	7.2	7.4	7.3
Montana	6.7	6.2	6.2	6.1	5.6	5.6	5.5	5.3	5.6	5.3	5.6	5.3	5.5	5.6	5.5
Nebraska	7.2	7.2	7.0	7.2	7.2	7.2	7.2	7.1	7.1	7.2	7.1	7.1	7.0	7.2	7.1
Nevada	6.8	6.7	6.7	6.9	6.9	7.0	7.1	7.2	7.2	7.1	6.6	6.7	6.8	7.0	6.9
New Hampshire	7.2	7.2	7.3	7.7	7.9	8.0	8.1	8.1	7.8	7.6	7.3	6.8	6.9	7.2	7.4
New Jersey	5.8	5.9	6.1	6.4	6.5	6.7	6.7	6.9	6.8	6.8	6.3	5.9	6.1	6.2	6.1
New Mexico	6.8	6.6	6.5	6.6	6.6	6.4	6.3	6.3	6.3	6.3	6.4	6.3	6.4	6.5	6.4
New York	4.7	4.7	4.8	4.9	5.0	5.1	5.4	5.6	5.6	5.4	5.1	4.9	4.8	4.9	5.0
North Carolina	7.0	6.9	7.0	7.3	7.4	7.4	7.4	7.5	7.5	7.4	7.3	7.2	7.1	7.2	7.2
North Dakota	7.5	7.1	6.6	6.5	6.4	6.2	6.1	5.7	6.0	6.0	6.0	6.1	6.2	6.5	6.5
Ohio	6.1	6.0	5.8	6.4	6.1	6.1	6.3	6.4	6.4	6.3	5.9	5.8	5.7	5.9	5.9
Oklahoma	7.3	7.2	6.9	7.2	7.0	6.6	6.7	6.7	6.7	6.7	6.6	6.5	6.5	6.5	6.5
Oregon	5.4	5.3	5.3	5.6	5.7	5.9	5.8	6.1	6.0	6.0	5.8	6.0	6.1	6.3	6.4
Pennsylvania	5.6	5.6	5.4	6.1	6.2	6.3	6.5	6.7	6.7	6.6	6.5	6.3	6.2	6.4	6.4
Rhode Island	5.0	5.0	4.9	5.3	5.8	5.9	5.9	6.3	6.3	6.1	5.4	5.0	5.1	5.2	5.1
South Carolina	7.5	7.4	7.5	7.8	7.7	7.7	7.7	7.8	7.7	7.6	7.5	7.5	7.4	7.4	7.4
South Dakota	6.7	6.7	6.8	7.1	7.1	7.1	7.2	7.1	7.2	7.3	7.3	7.3	7.4	7.4	7.4
Tennessee	7.9	7.9	7.9	8.2	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	7.7	8.0	8.1
Texas	8.5	8.4	8.2	8.3	8.2	7.9	7.7	7.6	7.6	7.7	7.6	7.5	7.4	7.5	7.6
Utah	6.8	6.7	6.7	7.0	7.0	7.0	6.8	7.0	7.0	7.0	7.0	6.9	6.9	7.2	7.1
Vermont	5.3	5.1	5.6	5.8	5.9	6.0	6.1	6.6	6.7	6.5	6.0	6.0	6.2	6.1	6.0
Virginia	7.2	7.2	7.3	7.6	7.6	7.7	7.7	7.8	7.7	7.7	7.5	7.4	7.4	7.5	7.5
Washington	6.3	6.2	6.2	6.3	6.2	6.2	6.3	6.5	6.4	6.2	6.1	6.0	6.0	6.0	5.8
West Virginia	5.3	5.0	4.5	4.8	4.9	4.9	5.0	5.8	5.7	5.5	5.3	5.2	4.9	5.4	5.5
Wisconsin	5.8	5.7	5.3	5.6	5.6	5.6	5.8	6.0	6.1	6.1	6.0	6.1	6.0	6.2	6.2
Wyoming	8.2	7.4	6.8	6.9	6.8	6.2	6.4	6.9	7.0	7.2	7.2	7.0	7.1	7.1	7.3

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
6.9	7.1	7.0	7.2	7.4	7.2	7.2	7.5	7.7	7.9	7.9	7.9	7.9	7.5	7.6	7.9	1
4.6	4.6	4.8	5.0	5.2	5.3	5.3	5.4	5.5	6.0	6.2	6.2	6.2	5.9	6.0	6.1	43
4.8	4.8	5.0	4.9	5.1	5.1	5.0	4.9	4.9	5.2	5.5	5.6	5.5	5.4	5.3	5.3	57
4.8	4.8	5.0	5.3	5.4	5.4	5.2	5.3	5.3	5.5	5.6	5.5	5.3	5.4	5.4	5.4	56
3.2	3.5	4.0	4.4	4.9	4.7	5.2	5.3	5.3	5.9	6.1	6.4	6.6	5.6	5.7	6.1	41
4.9	4.9	5.1	5.2	5.4	5.4	5.4	5.4	5.3	5.3	5.4	5.3	5.3	5.0	4.8	4.7	59
5.0	5.3	5.5	5.8	6.0	5.9	5.8	5.7	5.7	5.9	6.0	5.9	5.8	5.6	5.4	5.5	54
4.8	4.7	4.9	5.0	4.9	4.9	5.0	4.9	5.0	5.1	5.3	5.2	5.2	5.1	4.8	4.9	58
3.8	3.9	4.0	4.3	4.5	4.3	4.3	4.2	4.1	4.4	4.5	4.5	4.5	4.2	4.1	4.3	60
4.8	5.0	4.9	4.9	5.2	4.9	4.8	4.9	5.2	5.6	5.7	6.0	6.5	5.9	6.4	6.6	27
7.6	7.6	7.3	7.3	7.2	7.2	7.1	7.2	7.2	7.6	7.6	7.4	7.3	7.1	7.1	7.1	12
6.6	6.3	5.9	6.0	5.9	6.1	6.2	6.1	6.1	6.6	6.7	6.9	6.9	6.5	6.5	6.6	29
7.7	7.8	7.9	8.0	7.9	7.9	7.9	7.8	7.8	7.8	7.7	7.1	6.9	6.9	6.9	6.8	22
7.0	6.9	6.9	6.9	6.9	6.8	6.7	6.8	6.8	6.8	6.8	6.7	6.5	6.5	6.3	6.2	38
5.9	6.1	6.2	6.4	6.4	6.2	6.0	6.0	6.1	6.2	6.2	6.2	5.9	5.8	5.8	5.6	51
7.4	7.4	7.6	7.6	7.7	7.6	7.4	7.5	7.5	7.6	7.6	7.5	7.4	7.2	6.9	6.9	19
6.8	6.7	6.8	6.8	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.1	6.9	6.8	6.7	6.4	32
7.7	7.9	8.0	7.9	8.1	8.1	8.1	8.1	8.2	8.2	8.1	8.1	7.8	7.8	7.7	7.7	4
7.5	7.6	7.7	7.7	7.8	7.8	7.9	7.8	7.7	7.3	7.0	7.0	6.8	6.9	6.8	6.8	23
7.3	7.5	7.6	7.6	7.6	7.5	7.5	7.4	7.5	7.6	7.5	7.4	7.3	7.2	7.2	7.2	9
5.8	5.7	5.8	6.0	6.1	6.2	6.1	6.2	6.3	6.4	6.4	6.3	6.1	6.0	5.9	6.1	42
6.5	6.2	6.3	6.4	6.6	6.6	6.4	6.5	6.6	6.8	6.8	6.9	6.6	6.3	6.3	6.3	34
7.0	7.2	7.2	7.2	7.2	7.2	7.0	7.0	6.9	6.9	7.0	7.0	6.7	6.5	6.5	6.4	33
7.6	7.5	7.6	7.4	7.4	7.4	7.4	7.4	7.4	7.2	7.2	7.4	7.1	6.8	6.8	7.0	14
6.8	6.8	6.9	6.9	6.9	6.8	6.8	7.0	7.2	7.2	7.1	7.1	6.8	6.6	6.6	6.6	26
7.0	7.1	7.2	7.2	7.2	7.1	7.1	7.0	7.0	7.2	7.2	7.3	7.2	7.0	6.6	6.8	24
6.9	6.9	6.9	6.9	6.7	6.7	6.6	6.6	6.6	6.7	6.7	6.6	6.5	6.2	6.1	6.2	39
7.7	7.5	7.4	7.3	7.3	7.2	7.1	7.3	7.5	7.8	7.6	7.5	7.3	7.1	7.3	7.5	7
5.7	5.6	5.6	5.7	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.7	5.6	5.7	5.5	52
6.9	6.9	7.0	7.0	7.0	7.1	7.1	7.1	7.3	7.3	7.1	7.2	7.0	6.8	6.7	6.9	20
6.9	7.0	7.1	7.2	7.3	7.2	7.1	7.0	7.0	7.1	7.1	7.1	6.9	6.6	6.6	6.6	28
6.5	6.6	6.7	6.8	6.8	6.7	6.7	6.5	6.3	6.5	6.4	6.2	6.0	5.8	5.7	5.8	45
6.3	6.3	6.4	6.5	6.5	6.5	6.5	6.6	6.7	6.8	6.7	6.7	6.6	6.5	6.3	6.4	31
7.1	6.9	7.0	6.9	6.8	6.7	6.6	6.7	6.7	6.7	6.6	6.6	6.6	6.5	6.5	6.3	35
7.4	7.3	7.3	7.3	7.3	7.3	7.2	7.2	7.2	7.2	7.2	7.1	7.0	6.9	6.8	6.9	21
5.6	5.8	6.0	6.0	6.0	6.1	6.1	6.2	6.4	6.7	6.7	6.6	6.5	6.1	6.1	6.3	37
7.3	7.1	7.1	7.2	7.2	7.2	7.1	7.1	7.2	7.2	7.2	7.3	7.2	7.1	7.0	7.2	10
7.0	7.0	7.4	7.3	7.5	7.5	7.4	7.5	7.6	7.6	7.6	7.5	7.3	7.1	6.8	7.0	16
7.7	7.7	7.8	7.7	7.9	7.8	7.7	7.7	7.7	7.7	7.7	7.6	7.4	7.2	7.0	7.2	11
6.2	6.5	6.5	6.6	6.7	6.7	6.6	6.5	6.4	6.4	6.3	6.2	6.1	5.7	5.7	5.7	49
6.4	6.5	6.2	6.2	6.2	6.2	6.2	6.2	6.4	6.6	6.5	6.4	6.1	6.0	6.0	5.7	50
5.4	5.6	5.8	5.9	5.9	5.9	5.8	5.8	5.7	5.7	5.8	5.8	5.7	5.5	5.5	5.4	55
7.3	7.4	7.4	7.5	7.5	7.5	7.4	7.3	7.3	7.5	7.5	7.5	7.2	7.1	6.9	7.0	15
6.8	6.4	6.5	6.4	6.5	6.8	7.0	7.0	7.1	7.1	7.3	7.3	7.2	6.9	7.1	7.2	8
6.0	6.4	6.5	6.5	6.5	6.3	6.1	6.1	6.1	6.3	6.2	6.0	5.9	5.7	5.7	5.7	47
6.6	6.7	6.7	6.7	6.9	6.8	6.6	6.8	6.9	7.0	7.1	7.2	7.2	6.8	6.8	6.9	18
6.6	6.4	6.5	6.5	6.3	6.3	6.3	6.3	6.4	6.7	7.0	6.9	6.8	6.4	6.2	6.5	30
6.6	6.6	6.8	6.8	6.9	6.8	6.8	6.8	6.6	6.6	6.6	6.6	6.4	6.3	6.2	6.2	40
5.4	5.4	5.6	5.7	5.8	5.8	5.8	5.9	5.8	5.8	6.0	5.9	5.7	5.6	5.5	5.7	48
7.5	7.5	7.5	7.5	7.4	7.3	7.2	7.1	7.0	7.0	7.0	6.9	6.8	6.6	6.6	6.6	25
7.6	7.5	7.5	7.5	7.7	7.7	7.8	7.9	7.9	7.8	7.9	7.9	7.9	7.7	7.7	7.8	2
8.1	8.1	8.2	8.2	8.2	8.1	8.0	8.0	8.0	8.0	8.0	7.9	7.8	7.7	7.7	7.7	3
7.7	7.8	7.8	7.8	7.9	7.8	7.6	7.6	7.7	7.8	7.9	8.0	7.9	7.5	7.4	7.7	5
7.3	7.3	7.3	7.1	7.2	7.3	7.2	7.2	7.2	7.3	7.4	7.5	7.3	7.1	7.0	7.1	13
6.2	6.2	6.2	6.3	6.2	6.2	6.2	6.1	6.1	5.9	5.9	5.7	5.6	5.3	5.3	5.5	53
7.5	7.6	7.6	7.6	7.7	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.7	7.6	7.6	7.7	6
6.0	6.3	6.5	6.5	6.5	6.4	6.3	6.3	6.3	6.6	6.6	6.6	6.5	6.3	6.2	6.3	36
5.6	5.4	5.6	5.5	5.4	5.1	4.9	5.1	5.4	5.7	6.3	6.2	6.1	6.0	5.8	5.8	46
6.3	6.3	6.5	6.4	6.4	6.4	6.4	6.4	6.4	6.5	6.5	6.5	6.2	5.9	5.9	6.0	44
7.5	7.1	7.0	7.1	7.3	7.0	6.8	6.9	7.1	7.1	7.3	7.2	7.3	6.9	6.9	7.0	17

**Table 2.6: Scores for Size of Government at Federal, State/Provincial, and Local/Municipal Levels, 1981–2011**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	9.1	8.5	7.8	7.7	8.0	7.4	7.4	7.7	7.6	7.7	7.4	7.2	7.6	8.0	8.3
British Columbia	7.8	7.0	6.7	6.8	6.9	6.9	7.1	7.2	7.4	7.2	6.7	6.7	6.9	7.0	7.2
Manitoba	7.3	6.5	6.3	6.6	6.5	6.2	6.1	6.2	6.4	6.3	5.7	5.6	5.5	5.8	6.1
New Brunswick	3.1	3.5	4.6	4.7	4.7	5.2	5.4	5.4	5.3	4.9	4.3	4.3	4.4	4.6	5.2
Newfoundland & Labrador	4.5	4.1	3.7	3.9	3.6	3.9	3.9	3.8	3.9	3.3	3.1	2.4	2.5	2.9	3.6
Nova Scotia	2.6	3.5	4.1	4.3	4.2	4.6	4.8	4.8	4.9	4.6	4.3	4.1	4.0	4.1	4.4
Ontario	8.1	7.7	7.7	7.9	7.9	8.0	8.1	8.2	8.1	7.7	7.1	6.9	6.9	7.2	7.4
Prince Edward Island	4.1	3.6	4.0	3.3	2.8	3.5	3.6	3.7	3.7	3.3	3.1	3.0	3.3	3.6	4.0
Quebec	6.4	6.1	6.2	6.3	6.3	6.5	6.8	6.9	6.8	6.5	6.0	5.7	5.7	6.0	6.2
Saskatchewan	7.5	6.8	6.2	5.7	5.8	5.2	5.1	5.2	5.8	5.7	5.3	5.0	5.6	6.1	6.5
Alabama	6.7	6.7	6.7	6.9	6.8	6.8	7.0	7.1	7.0	6.7	6.5	6.4	6.4	6.4	6.4
Alaska	9.3	9.3	9.3	9.2	9.2	8.0	8.5	8.2	8.3	8.3	7.3	7.2	6.8	6.8	7.2
Arizona	7.3	7.3	7.3	7.6	7.6	7.5	7.4	7.6	7.4	7.1	7.0	7.2	7.1	7.4	7.4
Arkansas	6.5	6.5	6.5	7.0	6.7	6.7	6.8	7.0	7.0	6.9	6.8	6.7	6.5	6.7	6.7
California	7.4	7.4	7.4	7.7	7.7	7.8	7.9	8.1	8.2	8.1	7.7	7.4	7.3	7.3	7.5
Colorado	7.9	7.9	7.9	8.2	8.1	7.8	7.7	7.7	7.7	7.6	7.4	7.5	7.6	7.8	7.9
Connecticut	7.6	7.6	7.6	7.9	8.0	8.2	8.4	8.5	8.3	8.3	8.0	8.0	7.9	7.9	8.1
Delaware	8.3	8.3	8.3	8.5	8.5	8.6	8.8	8.7	8.9	8.9	8.8	8.7	8.6	8.7	8.7
Florida	6.8	6.8	6.8	7.2	7.1	7.2	7.4	7.5	7.4	7.2	6.9	6.7	6.7	6.8	6.8
Georgia	7.6	7.6	7.6	7.9	8.0	8.1	8.2	8.4	8.2	8.2	7.9	7.8	7.8	7.9	8.0
Hawaii	7.2	7.2	7.2	7.4	7.2	7.7	7.9	8.0	8.0	8.2	7.9	7.8	7.5	7.3	7.2
Idaho	7.2	7.2	7.2	7.3	7.0	6.8	6.8	6.9	7.1	7.1	6.8	6.7	7.1	7.3	7.3
Illinois	7.8	7.8	7.8	8.4	8.3	8.3	8.4	8.5	8.5	8.4	8.2	8.1	8.0	8.2	8.1
Indiana	7.7	7.7	7.7	8.0	7.8	7.9	7.9	8.1	8.2	8.0	7.7	7.8	7.7	7.9	7.9
Iowa	7.3	7.3	7.3	7.7	7.3	7.1	7.1	7.1	7.3	7.4	7.3	7.2	7.1	7.3	7.3
Kansas	7.4	7.4	7.4	7.5	7.4	7.4	7.5	7.5	7.6	7.5	7.3	7.3	7.2	7.2	7.3
Kentucky	7.2	7.2	7.2	7.5	7.5	6.9	7.5	7.7	7.5	7.3	7.0	7.1	7.1	7.2	7.0
Louisiana	8.4	8.4	8.4	8.6	8.4	7.9	8.0	8.1	8.0	8.1	7.7	6.9	6.8	7.0	7.1
Maine	6.4	6.4	6.4	6.7	6.4	6.8	6.9	7.3	7.0	6.8	6.1	5.7	5.8	6.0	6.1
Maryland	6.2	6.2	6.2	6.6	6.7	6.9	7.0	7.2	7.3	7.0	6.6	6.4	6.5	6.4	6.5
Massachusetts	7.2	7.2	7.2	7.6	7.7	7.7	7.9	8.1	7.8	7.6	7.2	7.3	7.3	7.4	7.5
Michigan	7.3	7.3	7.3	7.8	7.9	7.8	7.8	7.9	7.9	7.5	7.3	7.2	7.3	7.6	7.5
Minnesota	7.6	7.6	7.6	8.0	7.9	7.8	7.9	7.9	8.0	7.9	7.7	7.7	7.6	7.7	7.8
Mississippi	5.7	5.7	5.7	6.0	6.2	6.0	6.2	6.0	6.1	6.1	5.8	5.5	5.8	6.0	6.0
Missouri	6.5	6.5	6.5	6.9	6.7	7.1	7.3	7.4	7.4	7.2	7.0	7.1	6.9	7.0	7.2
Montana	6.7	6.7	6.7	6.6	5.8	5.7	5.7	5.7	5.7	5.7	5.4	5.4	5.4	5.4	5.3
Nebraska	7.4	7.4	7.4	8.0	7.7	7.4	7.4	7.4	7.6	7.7	7.7	7.7	7.5	7.8	7.8
Nevada	7.8	7.8	7.8	7.9	7.9	7.7	8.1	8.4	8.4	8.4	7.9	7.9	8.0	8.3	8.3
New Hampshire	7.4	7.4	7.4	7.8	8.0	8.3	8.6	8.7	8.5	8.2	7.9	7.5	7.9	7.8	8.0
New Jersey	7.9	7.9	7.9	8.0	8.1	8.2	8.4	8.6	8.5	8.3	8.1	7.7	7.8	7.8	7.8
New Mexico	6.6	6.6	6.6	6.5	6.4	5.8	5.7	5.2	5.6	5.6	5.8	5.5	5.9	6.3	6.1
New York	7.5	7.5	7.5	7.7	7.7	7.8	7.8	8.0	7.9	7.7	7.3	7.1	7.1	7.1	7.0
North Carolina	7.8	7.8	7.8	8.2	8.2	8.2	8.3	8.4	8.4	8.2	7.9	7.9	7.8	7.9	7.8
North Dakota	7.1	7.1	7.1	7.1	6.4	5.7	5.5	5.3	5.6	6.1	5.7	5.9	5.6	5.9	6.1
Ohio	7.2	7.2	7.2	7.7	7.6	7.5	7.6	7.6	7.6	7.5	7.2	7.2	7.1	7.3	7.3
Oklahoma	7.9	7.9	7.9	8.0	7.8	7.2	7.1	7.1	7.1	7.1	6.8	6.5	6.6	6.5	6.4
Oregon	6.8	6.8	6.8	7.1	7.0	7.1	7.3	7.4	7.4	7.3	7.0	6.9	7.0	7.1	7.1
Pennsylvania	6.6	6.6	6.6	7.2	7.1	7.1	7.3	7.5	7.4	7.3	7.1	6.8	6.7	6.8	6.8
Rhode Island	6.3	6.3	6.3	6.7	6.9	7.1	7.1	7.3	7.3	6.9	6.4	5.9	6.2	6.2	6.1
South Carolina	6.8	6.8	6.8	7.3	7.1	7.3	7.5	7.6	7.5	7.2	6.9	6.8	6.8	6.9	6.9
South Dakota	6.7	6.7	6.7	6.9	6.7	6.7	6.6	6.7	6.7	7.0	6.9	7.0	7.0	7.0	7.1
Tennessee	7.1	7.1	7.1	7.5	7.6	7.4	7.7	7.8	7.8	7.6	7.3	7.4	7.5	7.5	7.5
Texas	8.7	8.7	8.7	8.8	8.7	8.3	8.3	8.4	8.4	8.4	8.1	8.0	7.9	8.0	8.0
Utah	7.3	7.3	7.3	7.5	7.6	7.2	7.1	7.4	7.3	7.4	7.4	7.3	7.4	7.7	7.6
Vermont	6.6	6.6	6.6	6.9	7.1	7.3	7.6	7.9	7.8	7.7	7.1	7.2	7.2	7.2	6.9
Virginia	6.3	6.3	6.3	6.9	6.9	7.1	7.0	6.9	7.4	7.1	6.9	6.9	6.8	6.9	6.7
Washington	7.2	7.2	7.2	7.5	7.1	7.4	7.5	7.6	7.7	7.8	7.6	7.4	7.4	7.5	7.2
West Virginia	5.8	5.8	5.8	6.2	6.1	5.7	5.7	6.0	6.0	5.8	5.4	5.1	4.7	5.0	5.0
Wisconsin	7.3	7.3	7.3	7.6	7.5	7.5	7.6	7.7	7.7	7.7	7.5	7.5	7.5	7.6	7.6
Wyoming	8.7	8.7	8.7	8.6	8.5	7.8	7.6	7.9	7.9	8.0	7.8	7.5	7.6	7.4	7.4

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
8.5	8.6	8.4	8.6	8.7	8.5	8.5	8.8	9.0	9.2	9.1	9.2	9.3	9.0	8.9	9.0	1
7.2	7.2	7.1	7.3	7.4	7.2	7.1	7.2	7.5	7.7	7.7	7.7	7.5	7.3	7.2	7.4	6
6.3	6.5	6.5	6.4	6.5	6.5	6.5	6.3	6.4	6.3	6.6	6.7	6.6	6.5	6.3	6.2	31
5.4	5.4	5.3	5.6	5.8	5.7	5.6	5.7	5.8	5.7	5.8	5.7	5.5	5.3	5.1	5.3	48
3.5	3.6	3.9	4.6	5.2	5.0	5.7	6.0	6.2	6.7	6.5	7.3	7.6	6.9	5.9	6.7	23
4.7	4.8	4.9	5.1	5.4	5.4	5.5	5.7	5.6	5.5	5.4	5.3	5.3	5.0	4.9	5.2	49
7.6	7.8	7.8	8.0	8.1	8.0	8.0	7.8	7.9	7.8	7.8	7.7	7.4	7.2	6.7	6.8	18
4.4	4.1	4.3	4.4	4.4	4.1	4.4	4.4	4.6	4.6	4.6	4.5	4.3	4.1	3.5	4.0	60
6.3	6.6	6.6	6.8	6.9	6.7	6.7	6.5	6.6	6.6	6.5	6.5	6.3	6.1	6.0	6.3	30
6.9	6.9	6.7	6.7	6.9	6.6	6.4	6.5	6.8	7.1	7.1	7.4	8.2	7.9	8.0	8.2	2
6.5	6.3	6.3	6.2	6.0	5.8	5.6	5.6	5.7	5.8	5.7	5.5	5.5	4.7	4.6	4.6	55
7.3	6.7	6.1	5.8	5.7	5.5	5.3	5.5	5.6	6.1	6.4	6.6	6.9	5.1	5.7	5.7	40
7.6	7.8	7.8	7.8	7.7	7.5	7.4	7.3	7.2	7.3	7.5	7.5	7.1	6.3	6.1	6.1	34
6.8	6.7	6.7	6.8	6.6	6.3	6.0	6.1	6.2	6.3	6.3	6.2	6.0	5.4	5.1	5.1	50
7.6	7.8	8.0	8.1	8.1	7.9	7.7	7.7	7.7	7.8	7.9	7.9	7.5	6.9	7.1	7.1	12
8.0	8.3	8.3	8.4	8.5	8.3	8.2	8.1	8.1	8.2	8.2	8.2	8.1	7.4	7.2	7.2	11
8.2	8.4	8.4	8.4	8.5	8.3	8.0	8.0	8.0	8.1	8.2	8.3	7.8	7.5	7.0	7.0	16
8.7	9.0	9.1	9.0	9.1	9.0	8.8	8.9	8.9	8.9	8.8	8.8	8.6	8.3	8.2	8.2	3
6.9	7.0	7.2	7.2	7.3	7.2	7.1	7.1	7.1	7.0	7.1	7.2	6.9	6.2	6.0	6.0	36
8.1	8.2	8.3	8.4	8.4	8.1	7.9	7.9	7.9	7.9	7.8	7.6	7.4	6.9	6.6	6.6	26
7.0	6.9	6.8	6.8	6.8	6.7	6.5	6.6	6.7	6.9	6.9	6.9	6.7	4.9	5.5	5.5	47
7.3	6.9	6.9	7.1	7.2	6.8	6.5	6.7	6.9	7.0	7.0	7.0	6.8	5.6	5.7	5.7	41
8.2	8.4	8.4	8.4	8.4	8.2	8.0	8.0	8.0	8.0	8.1	8.0	7.7	7.1	7.2	7.2	10
8.0	8.1	8.2	8.1	8.1	7.8	7.6	7.7	7.7	7.5	7.5	7.4	7.1	6.5	6.7	6.7	22
7.5	7.6	7.4	7.2	7.6	7.2	6.9	7.2	7.5	7.5	7.4	7.6	7.3	6.6	6.8	6.8	19
7.5	7.6	7.6	7.5	7.7	7.4	7.2	7.2	7.2	7.2	7.3	7.4	7.1	6.0	6.5	6.5	27
7.1	7.1	7.0	7.1	6.7	6.5	6.3	6.2	6.2	6.1	6.0	6.2	5.0	4.8	4.5	4.5	56
7.3	7.1	7.2	7.0	7.0	6.8	6.6	6.9	7.2	7.2	5.5	6.8	6.6	6.1	6.1	6.1	33
6.1	6.1	6.1	6.3	6.3	6.2	6.1	6.0	5.8	5.7	5.9	5.8	5.7	4.9	4.9	4.9	52
6.7	6.6	6.7	6.8	6.8	6.8	6.8	6.6	6.4	6.6	6.2	6.6	6.3	5.6	5.5	5.5	46
7.7	7.9	8.0	8.0	8.1	7.9	7.8	7.7	7.6	7.6	7.7	7.6	7.2	6.6	6.7	6.7	25
7.7	7.8	7.9	7.9	7.8	7.6	7.4	7.2	7.1	7.1	7.0	6.8	6.2	5.6	5.6	5.6	45
8.0	8.1	8.2	8.1	8.1	8.0	7.8	7.9	8.1	8.1	8.0	7.7	7.7	7.1	7.2	7.2	9
5.9	5.9	6.0	5.8	5.4	5.1	4.8	4.9	5.0	4.6	2.3	4.5	4.7	4.0	4.2	4.2	57
7.1	7.5	7.5	7.5	7.4	7.2	6.9	6.9	6.9	6.9	6.7	6.6	6.4	5.8	5.6	5.6	44
5.2	5.5	5.4	5.0	5.3	5.1	4.9	5.2	5.5	5.7	5.9	6.0	5.8	4.7	4.7	4.7	54
8.0	8.0	7.9	7.8	7.7	7.5	7.3	7.5	7.7	7.6	7.5	7.7	7.5	7.3	7.3	7.3	7
8.4	8.5	8.6	8.7	8.8	8.6	8.4	8.4	8.5	8.6	8.7	8.7	8.4	7.8	7.6	7.6	4
8.2	8.3	8.3	8.4	8.4	8.2	8.1	8.0	7.9	7.9	7.9	7.7	7.5	7.0	7.0	7.0	15
7.9	8.2	8.2	8.3	8.3	8.2	8.0	8.0	7.9	7.9	7.9	7.9	7.7	7.2	7.1	7.1	13
6.2	6.3	5.9	5.8	5.6	5.3	4.9	5.1	5.3	5.3	5.4	5.2	5.0	4.2	4.1	4.1	59
7.3	7.5	7.5	7.6	7.5	7.4	7.2	7.1	7.1	7.3	7.4	7.5	7.3	6.8	6.8	6.8	17
7.8	8.0	8.0	8.1	8.0	7.8	7.7	7.6	7.6	7.6	7.7	7.7	7.4	6.8	6.7	6.7	24
6.8	5.8	6.2	5.7	5.4	5.3	5.2	5.6	6.1	6.0	6.4	6.6	6.7	6.0	6.3	6.3	29
7.4	7.7	7.7	7.7	7.6	7.3	7.1	7.0	7.0	7.0	6.9	6.4	6.6	5.8	5.8	5.8	39
6.7	6.7	6.6	6.5	6.7	6.4	6.1	6.2	6.4	6.5	6.7	6.7	6.9	5.9	5.9	5.9	38
7.4	7.4	7.4	7.3	7.3	7.1	6.8	7.0	7.2	7.2	7.6	7.5	7.4	6.4	6.4	6.4	28
6.9	7.1	7.2	7.2	7.1	6.9	6.7	6.7	6.6	6.6	6.7	6.6	6.5	5.9	5.7	5.7	43
6.3	6.5	6.7	6.6	6.6	6.6	6.6	6.6	6.6	6.7	6.8	6.7	6.3	5.7	5.7	5.7	42
6.9	7.1	7.1	7.1	7.0	6.8	6.5	6.4	6.3	6.2	6.2	6.1	5.8	5.0	5.0	5.0	51
7.3	7.1	7.2	7.0	7.1	7.0	6.9	7.0	7.2	6.9	6.8	6.9	7.1	6.6	6.7	6.7	21
7.5	7.6	7.6	7.7	7.5	7.3	7.1	7.1	7.0	7.0	7.1	7.0	6.6	5.8	6.0	6.0	37
8.1	8.3	8.3	8.3	8.3	8.2	8.0	8.1	8.1	8.2	8.2	8.3	8.0	7.4	7.5	7.5	5
8.0	8.1	8.2	8.1	8.1	7.9	7.7	7.7	7.7	7.8	7.9	8.0	7.9	7.3	7.1	7.1	14
7.0	7.1	7.0	7.0	6.9	6.7	6.6	6.5	6.5	6.5	6.3	6.1	5.7	5.0	4.9	4.9	53
7.0	7.0	7.1	7.2	7.2	7.1	6.9	6.8	6.8	6.9	6.8	6.7	6.5	5.5	6.0	6.0	35
7.4	7.7	7.8	8.0	7.9	7.7	7.4	7.4	7.4	7.6	7.8	7.8	7.6	7.0	6.7	6.7	20
5.1	4.9	5.0	5.1	4.7	4.4	4.1	4.2	4.3	4.6	5.0	4.8	4.7	4.3	4.1	4.1	58
7.8	7.8	7.9	7.9	7.7	7.6	7.4	7.4	7.4	7.4	7.5	7.4	7.1	5.8	6.2	6.2	32
7.6	7.1	6.9	6.9	7.0	6.9	6.8	6.9	6.9	7.1	7.5	7.6	7.8	7.2	7.3	7.3	8

**Table 2.7: Scores for Size of Government at State/Provincial, and Local/Municipal Levels, 1981–2011**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	7.6	6.8	6.2	6.1	6.3	5.3	5.4	6.2	6.2	6.3	6.1	5.6	6.1	7.0	7.4
British Columbia	6.4	5.8	5.5	5.7	6.0	5.8	6.1	6.3	6.7	6.4	5.8	5.5	5.4	5.5	5.5
Manitoba	7.2	6.3	6.1	6.5	6.5	6.3	6.0	5.9	6.1	5.8	5.5	5.1	4.9	5.4	5.6
New Brunswick	5.4	4.6	5.1	5.2	5.3	5.6	5.6	5.7	5.8	5.3	4.9	5.0	5.2	5.4	5.6
Newfoundland & Labrador	4.6	4.2	3.3	4.2	4.4	4.6	4.3	4.7	4.5	3.6	3.8	3.4	3.4	3.3	3.6
Nova Scotia	4.7	4.9	5.5	5.6	5.6	6.0	6.2	6.0	6.0	5.8	5.5	5.2	5.0	5.3	5.3
Ontario	7.4	7.0	7.0	7.2	7.2	7.3	7.1	7.2	7.1	6.4	5.8	5.1	5.0	5.6	5.6
Prince Edward Island	5.0	5.1	5.6	5.0	5.0	5.3	4.9	5.0	4.8	4.5	4.7	4.5	4.4	4.7	4.9
Quebec	5.6	4.9	4.8	4.9	4.9	5.1	5.5	6.0	5.9	5.4	4.8	4.1	3.9	4.3	4.4
Saskatchewan	5.9	5.6	5.0	4.4	4.9	4.8	5.1	4.7	5.3	4.7	4.6	4.0	4.8	5.6	5.7
Alabama	7.9	7.8	7.8	8.3	8.1	8.0	8.2	8.3	8.1	7.9	7.7	7.6	7.5	7.5	7.4
Alaska	8.9	8.9	8.4	8.3	8.3	6.7	7.1	6.5	7.0	7.1	5.9	5.5	5.2	5.0	5.1
Arizona	8.6	8.4	8.3	8.6	8.6	8.6	8.3	8.2	8.0	7.7	7.6	7.5	7.4	7.7	7.8
Arkansas	8.2	8.2	8.2	8.5	8.3	8.3	8.2	8.3	8.3	8.1	8.1	7.9	7.7	7.9	7.8
California	6.7	6.5	6.5	7.0	6.8	6.7	6.7	6.9	6.9	6.6	6.1	5.5	5.3	5.6	5.6
Colorado	8.4	8.2	8.0	8.1	8.2	8.0	8.1	8.1	8.0	7.9	7.8	7.8	7.7	7.9	7.7
Connecticut	7.8	7.9	7.9	8.3	8.4	8.5	8.5	8.5	8.2	7.8	7.3	7.0	6.7	6.8	7.0
Delaware	7.7	8.1	8.5	8.6	8.6	8.6	8.7	8.8	8.7	8.6	8.6	8.3	8.3	8.4	8.4
Florida	8.8	8.6	8.7	8.8	8.9	8.7	8.8	8.7	8.5	8.3	7.9	7.7	7.5	8.1	7.8
Georgia	8.4	8.3	8.3	8.6	8.8	8.7	8.7	8.7	8.6	8.4	8.2	8.1	8.1	8.2	8.1
Hawaii	7.1	7.1	7.3	7.7	6.8	8.0	8.3	8.3	8.3	8.3	8.1	7.7	7.1	6.9	6.5
Idaho	8.1	7.6	7.8	8.1	7.9	7.8	7.8	8.0	8.2	8.1	7.8	7.6	7.7	7.8	7.4
Illinois	7.0	6.9	6.7	7.5	7.5	7.5	7.5	7.8	8.0	7.9	7.6	7.4	7.5	7.6	7.4
Indiana	8.2	8.2	8.0	8.6	8.5	8.5	8.4	8.5	8.6	8.5	8.2	8.1	8.1	8.2	8.2
Iowa	7.9	7.6	7.1	7.6	7.5	7.4	7.6	7.8	7.8	7.8	7.6	7.5	7.4	7.6	7.5
Kansas	8.2	8.2	8.0	8.4	8.5	8.3	8.3	8.2	8.1	8.0	7.9	7.8	7.7	7.7	7.6
Kentucky	7.6	7.8	7.7	8.2	8.2	8.1	8.1	8.2	8.2	8.0	7.6	7.5	7.6	7.7	7.5
Louisiana	8.9	8.7	8.0	8.4	8.2	7.8	7.6	8.1	8.1	8.2	7.9	7.2	7.2	7.5	7.4
Maine	6.7	6.6	6.7	6.8	6.8	6.8	7.1	7.4	7.2	6.8	5.8	5.6	5.7	6.0	6.0
Maryland	7.2	7.2	7.2	7.6	7.7	7.8	7.9	8.0	7.9	7.6	7.2	7.1	7.1	7.0	7.1
Massachusetts	6.6	6.9	7.1	7.6	7.7	7.6	7.6	7.6	7.4	7.0	6.5	6.6	6.6	6.9	6.9
Michigan	5.4	5.2	5.0	6.0	6.4	6.1	6.1	6.2	6.4	5.7	5.7	6.0	6.2	6.7	6.5
Minnesota	7.2	7.0	7.1	7.4	7.2	7.1	7.1	7.2	7.2	7.1	6.7	6.3	6.3	6.5	6.5
Mississippi	7.6	7.4	7.4	7.8	7.7	7.5	7.6	7.5	7.4	7.6	7.5	7.4	7.4	7.5	7.4
Missouri	8.2	8.3	8.4	8.8	8.8	8.8	8.7	8.7	8.7	8.6	8.4	8.2	8.2	8.2	8.2
Montana	7.7	7.3	7.1	6.9	6.4	6.1	6.0	6.1	6.2	5.9	5.9	6.0	5.9	6.0	5.6
Nebraska	9.0	8.7	8.5	8.8	8.6	8.5	8.5	8.7	8.7	8.7	8.6	8.6	8.5	8.6	8.6
Nevada	8.1	7.9	7.7	8.2	8.2	8.0	8.2	8.3	8.3	8.2	7.3	7.3	7.6	8.0	8.0
New Hampshire	8.4	8.4	8.5	9.0	9.2	9.2	9.3	9.3	9.0	8.6	8.2	7.3	7.9	7.8	8.1
New Jersey	6.8	7.0	7.3	7.7	7.7	7.8	7.9	8.1	8.0	7.8	7.6	6.8	6.9	7.0	6.7
New Mexico	8.5	8.2	8.0	8.1	8.0	7.6	7.5	7.4	7.2	7.3	7.3	6.8	7.1	7.2	6.8
New York	6.1	6.2	6.1	6.3	6.2	6.3	6.3	6.6	6.5	6.2	5.6	5.1	4.9	4.9	4.8
North Carolina	8.1	8.1	8.2	8.6	8.7	8.6	8.6	8.7	8.5	8.3	8.0	7.9	7.8	7.9	7.7
North Dakota	8.6	8.3	7.9	7.9	7.6	7.1	7.1	6.9	6.9	6.9	7.0	6.9	6.4	7.0	7.2
Ohio	6.5	6.4	6.1	6.9	6.7	6.7	6.6	6.8	6.8	6.4	6.0	5.8	5.7	6.0	6.1
Oklahoma	8.8	8.7	8.2	8.5	8.4	7.8	7.5	7.7	7.7	7.7	7.5	7.1	7.1	7.1	7.0
Oregon	6.5	6.1	6.3	6.8	6.7	7.0	7.1	7.3	7.3	7.2	6.8	6.5	6.3	6.7	6.5
Pennsylvania	5.9	5.8	5.6	6.6	6.6	6.7	6.9	7.2	7.2	7.0	6.8	6.5	6.2	6.5	6.4
Rhode Island	5.8	5.5	5.7	6.4	6.6	6.7	6.7	6.9	6.8	6.4	5.3	4.4	4.8	5.0	4.9
South Carolina	7.9	7.7	7.9	8.5	8.3	8.3	8.4	8.5	8.3	8.0	7.7	7.5	7.4	7.4	7.4
South Dakota	7.9	8.2	8.3	8.4	8.5	8.4	8.5	8.4	8.4	8.5	8.5	8.4	8.4	8.4	8.3
Tennessee	8.4	8.4	8.4	8.9	8.7	8.7	8.7	8.7	8.7	8.5	8.4	8.3	8.3	8.3	8.2
Texas	9.7	9.6	9.2	9.3	9.2	8.8	8.6	8.8	8.8	8.7	8.6	8.3	8.1	8.2	8.1
Utah	8.0	8.0	7.7	8.4	8.4	8.1	7.8	8.1	7.9	7.9	7.7	7.6	7.7	7.8	7.9
Vermont	6.4	5.0	6.4	6.7	6.9	7.0	7.2	7.4	7.4	7.1	6.4	6.2	6.4	6.6	6.4
Virginia	8.3	8.3	8.5	8.7	8.8	8.8	8.8	8.8	8.8	8.6	8.3	8.1	8.1	8.1	8.0
Washington	7.2	7.2	7.2	7.3	7.0	7.2	7.2	7.4	7.5	7.2	6.8	6.7	6.5	7.0	6.1
West Virginia	6.6	6.8	5.8	6.3	6.2	5.8	5.5	6.2	6.2	6.0	5.7	5.2	4.6	5.4	5.5
Wisconsin	7.3	7.5	6.2	6.7	6.6	6.3	6.5	6.9	7.1	7.0	6.8	6.8	6.8	6.9	6.8
Wyoming	9.5	9.0	8.0	8.2	8.1	7.1	6.8	7.4	7.5	7.7	7.4	7.0	7.1	7.1	7.0



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
7.6	7.9	7.7	7.9	7.9	7.3	7.5	8.0	8.3	8.6	8.6	8.6	8.7	8.5	8.4	8.6	1
5.5	5.3	5.7	6.0	6.2	6.0	6.1	6.2	6.5	7.0	7.3	7.2	7.0	7.0	6.6	6.8	18
5.9	6.2	6.3	6.2	6.5	6.5	6.6	6.3	6.4	6.5	6.9	6.9	6.9	7.1	6.6	6.5	26
5.6	5.5	5.6	5.9	6.2	6.1	6.1	6.1	6.1	6.3	6.4	6.2	5.9	6.3	5.6	5.9	38
3.2	3.8	4.7	5.1	5.8	5.7	6.5	6.6	6.8	7.2	6.7	7.5	7.9	7.0	6.3	7.0	11
5.8	5.8	5.9	6.1	6.5	6.6	6.7	6.8	6.6	6.3	6.2	6.0	5.9	6.1	5.4	5.7	40
5.8	6.5	6.7	7.1	7.3	7.1	7.1	6.9	6.9	7.1	7.2	7.0	6.6	6.8	5.8	6.0	36
5.3	5.3	5.6	5.8	5.5	5.5	5.9	5.8	6.1	6.1	6.3	5.8	5.9	6.4	5.4	5.8	39
4.5	5.1	5.4	5.9	6.0	5.8	5.8	5.5	5.5	5.7	5.8	5.5	5.4	5.6	4.7	5.2	51
6.1	6.6	6.3	6.4	6.6	6.2	5.7	5.9	6.4	7.0	7.3	7.4	8.1	7.8	7.8	8.1	2
7.4	7.3	6.6	6.5	6.4	6.1	5.9	6.0	6.1	7.2	7.1	6.8	6.7	6.2	5.9	5.9	37
5.2	4.4	3.9	3.8	4.0	4.1	4.2	4.0	3.7	5.1	5.2	5.6	5.7	4.7	4.8	4.9	56
8.0	8.2	8.3	8.5	8.0	8.0	8.0	8.0	7.9	7.9	8.0	7.9	7.5	7.1	6.7	6.8	19
7.8	7.7	7.8	7.8	7.6	7.3	7.1	7.1	7.1	7.3	7.3	7.2	7.0	6.6	5.9	5.7	41
5.9	6.3	6.7	7.0	7.0	6.6	6.2	6.2	6.2	6.4	6.5	6.5	6.2	5.6	5.4	4.8	58
7.8	8.2	8.5	8.5	8.6	8.2	7.9	7.9	7.8	8.0	8.0	8.0	7.9	7.4	6.7	6.7	20
7.4	7.6	7.6	7.7	7.9	7.7	7.5	7.6	7.6	7.8	7.9	7.9	7.7	7.3	6.9	6.5	27
8.4	8.7	8.9	8.9	8.9	8.8	8.6	8.6	8.6	8.6	8.5	8.5	8.3	8.1	7.8	7.7	6
7.9	8.0	8.2	8.2	8.3	8.1	7.9	7.8	7.7	7.3	7.4	7.6	7.3	7.0	6.5	6.4	29
8.0	8.2	8.5	8.6	8.5	8.2	8.0	7.9	7.9	8.0	8.0	7.8	7.5	7.3	6.8	6.9	16
6.4	6.4	6.6	6.7	6.8	6.7	6.6	6.9	7.1	7.3	7.4	7.3	7.0	6.6	6.3	6.6	24
7.2	7.1	7.2	7.3	7.6	7.2	6.8	7.0	7.1	7.4	7.3	7.4	7.1	6.3	6.0	6.1	35
7.5	7.7	7.9	7.9	7.8	7.6	7.3	7.2	7.2	7.3	7.4	7.4	7.1	6.6	6.1	6.3	32
8.3	8.5	8.6	8.4	8.4	8.2	8.0	8.0	8.0	7.8	7.8	7.7	7.5	7.1	6.8	7.0	12
7.7	7.7	7.7	7.7	7.6	7.4	7.2	7.4	7.6	7.7	7.6	7.4	7.1	6.7	6.5	6.5	25
7.9	8.1	8.2	8.2	8.1	7.8	7.5	7.6	7.7	7.8	7.8	7.9	7.7	7.2	6.8	7.2	10
7.5	7.6	7.7	7.6	7.4	7.1	6.8	6.6	6.4	6.5	6.4	6.3	6.1	5.5	5.0	5.2	50
7.6	7.4	7.4	7.1	7.0	6.8	6.6	6.9	7.2	7.5	7.3	7.1	6.5	6.2	6.2	6.7	21
6.0	6.0	6.3	6.4	6.2	6.2	6.2	6.1	6.1	6.0	6.0	6.0	5.9	5.5	5.3	5.3	46
7.3	7.3	7.5	7.5	7.5	7.4	7.4	7.4	7.4	7.5	7.3	7.2	7.0	6.5	6.2	6.3	30
7.3	7.5	7.8	7.9	8.0	7.7	7.4	7.3	7.2	7.4	7.5	7.4	7.1	6.6	6.1	6.2	33
6.9	7.2	7.3	7.4	7.5	7.2	7.0	6.7	6.3	6.7	6.5	6.3	6.0	5.3	4.7	5.0	54
6.8	7.0	7.1	7.2	7.1	6.8	6.6	6.7	6.9	7.0	7.1	7.0	6.9	6.3	5.8	6.3	31
7.3	6.8	7.1	7.0	6.7	6.4	6.1	6.1	6.0	6.1	6.0	5.9	6.0	5.4	5.1	5.0	53
8.3	8.3	8.2	8.2	8.1	7.8	7.5	7.5	7.4	7.4	7.6	7.5	7.3	6.8	6.5	6.6	23
5.5	6.2	6.4	6.4	6.3	6.1	6.0	6.1	6.2	6.5	6.5	6.6	6.4	5.8	5.2	5.6	43
8.6	8.4	8.6	8.5	8.5	8.4	8.2	8.2	8.2	8.2	8.2	8.2	8.1	7.9	7.7	8.0	4
8.3	8.4	8.7	8.6	8.9	8.6	8.3	8.5	8.6	8.7	8.7	8.6	8.3	7.5	6.7	6.9	13
8.3	8.4	8.5	8.5	8.7	8.5	8.3	8.2	8.1	8.1	8.2	8.1	7.9	7.5	7.0	7.3	8
6.9	7.4	7.5	7.7	7.7	7.5	7.3	7.1	7.0	7.0	6.9	6.8	6.8	6.1	5.3	5.4	45
6.9	6.9	6.6	6.5	6.4	6.1	5.8	5.9	6.0	6.4	6.3	6.1	5.9	5.4	4.8	4.6	59
5.2	5.6	5.9	6.2	6.2	6.0	5.8	5.7	5.6	5.8	6.1	6.2	6.0	5.5	5.2	5.1	52
7.8	8.0	8.0	8.0	7.9	7.7	7.6	7.4	7.2	7.9	8.0	8.0	7.7	7.2	6.7	6.8	17
7.4	6.8	7.1	6.9	6.8	7.1	7.4	7.4	7.3	7.3	7.6	7.6	7.4	7.0	7.0	7.2	9
6.3	6.7	6.7	6.7	6.6	6.2	5.7	5.7	5.6	5.9	5.6	5.7	5.3	4.7	4.2	4.4	60
7.4	7.5	7.5	7.5	7.7	7.3	7.0	7.1	7.2	7.4	7.5	7.4	7.5	6.8	6.5	6.9	15
6.4	6.3	6.3	6.3	6.2	5.9	5.7	5.8	5.9	6.3	6.8	6.7	6.6	5.7	5.0	5.5	44
6.7	6.9	7.1	7.1	7.1	6.9	6.7	6.6	6.4	6.4	6.5	6.6	6.3	5.8	5.2	5.2	48
5.3	5.7	6.1	5.8	6.0	5.8	5.5	5.6	5.6	5.6	6.1	5.9	5.6	5.2	4.7	4.8	57
7.3	7.4	7.6	7.5	7.4	7.0	6.6	6.3	6.1	6.0	6.1	6.1	5.6	5.1	4.8	4.9	55
8.5	8.5	8.5	8.4	8.4	8.4	8.4	8.4	8.4	8.3	8.4	8.3	8.4	8.1	7.9	8.0	3
8.2	8.2	8.4	8.4	8.3	8.0	7.8	7.8	7.8	7.5	7.6	7.5	7.4	6.9	6.9	6.9	14
8.2	8.4	8.4	8.3	8.4	8.2	8.1	8.1	8.2	8.3	8.4	8.5	8.4	7.9	7.5	7.8	5
8.0	8.0	8.2	7.5	7.6	7.5	7.3	7.3	7.2	7.5	7.6	7.7	7.5	7.0	6.5	6.7	22
6.7	6.8	6.8	6.9	6.7	6.6	6.5	6.4	6.3	6.4	6.4	6.1	5.8	5.2	4.7	5.3	47
7.9	8.2	8.2	8.3	8.2	8.3	8.3	8.2	8.1	8.1	8.1	8.0	7.9	7.7	7.4	7.6	7
6.5	6.9	7.1	7.1	7.0	6.7	6.5	6.5	6.6	7.2	7.4	7.3	7.1	6.5	5.8	6.2	34
5.5	5.5	5.8	5.9	5.6	4.7	3.8	4.4	5.1	6.2	6.8	6.3	6.3	5.9	5.4	5.2	49
7.1	7.1	7.5	7.3	7.0	6.7	6.3	6.4	6.4	6.7	6.8	6.7	6.4	5.5	5.5	5.6	42
7.3	7.0	6.9	7.0	7.1	7.0	6.8	6.9	6.9	7.1	7.5	7.5	7.7	6.9	6.6	6.5	28

**Table 2.8: Scores for Takings and Discriminatory Taxation at Federal, State/Provincial, and Local/**

	1981	1982	1983	1984	1985	1986	1987	1988	1999	1990	1991	1992	1993	1994	1995
Alberta	6.2	6.7	6.8	6.5	6.7	6.5	6.1	6.8	6.6	6.5	5.7	5.6	5.7	5.9	5.9
British Columbia	4.5	4.7	4.6	4.7	4.8	4.4	4.8	5.5	5.2	4.9	4.0	3.8	3.5	3.2	3.2
Manitoba	4.8	4.7	4.4	4.8	4.6	4.2	4.0	4.6	4.7	4.6	3.8	3.8	3.7	3.7	3.7
New Brunswick	3.2	4.6	4.6	4.5	4.2	3.9	4.1	4.7	4.6	4.2	3.2	3.4	3.5	3.3	3.5
Newfoundland & Labrador	4.5	4.8	4.5	4.4	4.2	4.0	3.9	4.7	4.4	4.0	3.0	2.7	2.5	2.7	2.8
Nova Scotia	3.9	4.6	4.7	4.5	4.1	4.1	4.2	4.8	4.8	4.3	3.6	3.6	3.5	3.2	3.5
Ontario	4.3	4.9	5.0	4.7	4.6	4.1	4.3	4.6	4.6	4.0	3.7	3.6	3.7	3.5	3.6
Prince Edward Island	5.0	5.3	5.4	5.0	5.0	4.7	4.5	5.2	5.1	4.8	3.7	3.5	3.5	3.5	3.3
Quebec	3.8	3.7	3.8	3.8	3.7	3.4	3.3	3.7	4.0	3.8	2.8	2.9	3.1	3.1	3.0
Saskatchewan	4.7	5.3	5.2	5.4	5.2	5.0	4.7	4.9	4.9	5.0	4.0	3.6	3.5	3.7	3.9
Alabama	5.2	5.6	5.9	5.8	5.7	5.8	6.7	7.6	7.5	7.6	7.1	7.2	6.9	6.4	6.4
Alaska	6.8	7.4	7.6	7.7	7.9	7.5	8.9	9.4	9.3	9.1	8.2	8.4	8.1	7.8	7.9
Arizona	4.8	5.0	5.3	5.2	5.0	5.0	5.8	6.7	6.5	6.6	6.1	6.5	6.1	5.8	5.8
Arkansas	5.3	5.3	5.6	5.5	5.3	5.4	6.1	7.3	7.2	7.3	6.9	6.8	6.3	6.0	5.9
California	4.9	5.0	5.2	5.2	5.0	5.1	5.9	6.8	6.8	6.9	6.2	6.0	5.9	5.6	5.6
Colorado	5.2	5.3	5.5	5.6	5.5	5.5	6.3	7.2	7.1	7.1	6.6	6.7	6.6	6.3	6.4
Connecticut	4.4	5.2	5.6	5.6	5.6	5.6	6.3	7.3	7.3	7.5	7.1	6.5	6.1	5.9	5.9
Delaware	5.7	5.8	6.1	6.2	6.2	6.1	7.0	7.9	8.2	8.4	8.0	7.9	7.6	7.5	7.4
Florida	4.3	5.0	5.3	5.3	5.1	5.1	6.0	6.8	6.6	6.7	6.3	6.3	6.1	5.5	5.5
Georgia	5.3	5.5	5.8	5.8	5.8	5.8	6.6	7.5	7.4	7.4	7.0	7.1	6.9	6.3	6.3
Hawaii	4.8	5.0	5.1	5.2	5.3	5.3	5.8	6.8	6.8	6.8	6.4	6.6	6.1	5.7	5.8
Idaho	5.3	5.3	5.7	5.5	5.3	5.2	5.9	6.7	6.6	6.6	6.2	6.3	6.2	5.9	6.0
Illinois	4.7	5.1	5.4	5.5	5.5	5.6	6.3	7.3	7.2	7.3	7.0	7.0	6.8	6.3	6.1
Indiana	5.1	5.5	5.8	5.8	5.6	5.7	6.6	7.5	7.4	7.5	7.0	7.1	7.0	6.5	6.5
Iowa	5.1	5.1	5.3	5.4	5.4	5.3	6.0	6.9	6.9	7.1	6.6	6.7	6.5	6.1	6.0
Kansas	5.1	5.2	5.5	5.4	5.4	5.3	5.9	6.7	6.9	7.1	6.6	6.6	6.1	5.8	5.9
Kentucky	5.4	5.5	5.7	5.9	5.9	5.8	6.6	7.6	7.5	7.5	6.9	7.1	6.9	6.4	6.3
Louisiana	6.2	6.5	6.6	6.7	6.5	6.4	7.0	8.2	7.9	8.0	7.3	7.3	7.0	6.9	6.9
Maine	4.7	4.7	4.9	4.9	4.9	4.8	5.3	6.5	6.4	6.7	6.2	5.9	5.7	5.2	5.2
Maryland	4.6	4.7	5.1	5.1	5.0	5.2	6.0	6.9	6.8	7.0	6.6	6.4	6.2	5.7	5.6
Massachusetts	4.9	5.1	5.4	5.6	5.6	5.6	6.4	7.4	7.4	7.6	7.0	6.7	6.5	6.0	5.9
Michigan	4.6	4.8	5.2	5.3	5.2	5.1	5.9	7.1	7.1	7.1	6.6	6.6	6.2	6.0	5.8
Minnesota	5.0	5.0	5.2	5.3	5.3	5.3	5.9	6.7	6.7	6.7	6.3	6.3	6.0	5.6	5.4
Mississippi	5.0	5.0	5.3	5.3	5.3	5.3	6.3	7.1	7.0	7.0	6.6	6.7	6.4	6.0	6.0
Missouri	5.1	5.5	5.8	5.9	5.8	5.8	6.4	7.6	7.6	7.6	7.2	7.2	6.7	6.5	6.4
Montana	5.2	5.2	5.5	5.3	5.1	5.2	5.8	6.4	6.6	6.4	6.5	6.2	5.9	5.6	5.6
Nebraska	5.3	5.3	5.5	5.7	5.7	5.6	6.3	7.2	7.1	7.3	6.8	7.0	6.6	6.3	6.2
Nevada	4.6	5.3	5.5	5.5	5.3	5.4	6.3	7.2	7.1	7.1	6.8	6.8	6.6	6.1	5.9
New Hampshire	4.8	5.5	5.8	5.9	5.9	5.9	6.7	7.7	7.7	7.8	7.3	6.9	6.3	6.4	6.5
New Jersey	4.1	4.5	4.9	4.9	5.0	5.0	5.5	6.9	6.9	7.2	6.4	6.1	5.8	5.6	5.5
New Mexico	5.4	5.5	5.6	5.5	5.4	5.2	5.8	6.5	6.4	6.5	6.3	6.4	6.4	6.1	5.9
New York	4.5	4.6	4.8	4.8	4.7	4.7	5.5	6.4	6.4	6.7	6.2	6.1	5.6	5.4	5.4
North Carolina	5.5	5.5	5.8	5.8	5.6	5.7	6.3	7.5	7.5	7.6	7.2	7.1	6.7	6.4	6.4
North Dakota	5.5	5.8	5.7	5.6	5.6	5.3	5.6	6.4	6.4	6.5	5.8	6.2	6.4	5.9	5.8
Ohio	4.8	5.2	5.2	5.4	5.2	5.2	5.8	7.0	6.9	7.0	6.5	6.6	6.1	5.8	5.8
Oklahoma	5.5	5.6	5.7	5.8	5.8	5.6	6.5	7.2	7.0	7.1	6.6	6.7	6.3	6.0	5.9
Oregon	4.9	5.0	5.1	5.2	5.0	5.0	5.6	6.7	6.6	6.7	6.2	6.6	6.6	6.2	6.3
Pennsylvania	4.4	4.8	5.1	5.2	5.2	5.2	6.0	7.0	6.9	7.1	6.7	6.6	6.4	5.8	5.8
Rhode Island	4.1	4.1	4.3	4.4	4.6	4.5	5.2	6.4	6.5	6.7	5.9	5.6	5.2	5.0	4.9
South Carolina	5.0	5.0	5.3	5.3	5.2	5.3	6.1	7.2	7.1	7.2	6.8	6.9	6.5	6.2	6.2
South Dakota	5.0	5.5	5.8	6.0	6.0	5.9	6.7	7.4	7.4	7.5	7.2	7.3	7.1	6.6	6.6
Tennessee	5.1	5.7	6.0	6.0	5.8	5.9	6.8	7.6	7.6	7.6	7.3	7.3	6.6	6.6	6.6
Texas	5.8	6.3	6.5	6.5	6.4	6.2	7.0	7.8	7.6	7.8	7.3	7.3	7.1	6.6	6.6
Utah	5.3	5.6	5.9	5.8	5.8	5.8	6.3	7.2	7.2	7.3	7.1	7.2	6.8	6.5	6.2
Vermont	4.7	4.7	4.9	4.8	4.7	4.6	5.1	6.7	6.8	7.1	6.4	6.2	6.0	5.4	5.4
Virginia	5.0	5.2	5.5	5.6	5.6	5.7	6.5	7.3	7.3	7.4	7.0	7.0	6.9	6.3	6.3
Washington	4.3	5.0	5.3	5.3	5.2	5.1	5.8	6.7	6.6	6.7	6.2	6.2	6.1	5.6	5.4
West Virginia	4.2	4.2	4.2	4.4	4.4	4.4	5.2	6.8	6.7	6.6	5.9	6.1	6.0	5.6	5.6
Wisconsin	4.5	4.5	4.7	4.7	4.7	4.7	5.4	6.6	6.6	6.7	6.3	6.4	6.0	5.7	5.6
Wyoming	6.0	6.2	6.3	6.3	6.2	5.8	6.9	8.0	7.9	8.2	7.7	7.7	7.5	6.8	7.2

## Municipal Levels, 1981–2011

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
6.0	5.9	5.7	6.0	6.7	7.0	6.7	7.0	7.1	7.2	7.2	7.2	7.6	7.1	7.5	8.0	2
3.2	3.2	3.3	3.6	3.7	4.4	4.6	4.6	4.7	4.7	4.9	4.9	5.3	5.1	5.7	5.8	46
3.9	3.8	3.8	3.8	3.9	4.3	4.2	4.1	4.2	4.3	4.7	4.9	5.1	5.0	5.4	5.3	55
3.4	3.6	4.0	4.1	4.0	4.3	4.1	4.1	4.2	4.3	4.5	4.5	4.6	4.6	5.6	5.5	54
2.7	3.0	3.3	3.5	4.2	4.1	4.7	4.9	5.0	5.5	6.3	6.8	6.9	6.1	6.9	7.2	11
3.5	3.6	3.6	3.6	3.7	4.1	4.0	4.0	3.8	3.8	3.9	4.0	4.3	4.2	4.5	3.8	60
3.5	3.4	3.7	3.7	4.1	4.1	4.3	4.3	4.2	4.2	4.4	4.5	4.6	4.7	5.2	5.2	57
3.2	3.1	3.2	3.2	3.1	3.3	3.5	3.2	3.3	3.2	3.5	3.6	4.0	4.0	4.0	4.1	59
3.0	2.9	2.8	2.9	3.1	3.2	3.2	3.1	3.1	3.1	3.3	3.5	3.6	3.6	4.1	4.1	58
4.1	3.9	4.0	4.3	4.6	4.5	4.8	4.9	5.2	5.3	5.3	5.8	6.6	6.0	7.3	7.5	3
6.4	6.2	6.3	6.3	6.2	6.3	6.7	6.8	7.0	6.7	6.5	6.4	6.3	6.7	6.8	6.8	17
8.1	7.8	7.3	7.4	7.3	7.5	7.9	8.1	8.3	8.3	8.1	8.2	8.2	8.0	8.2	8.2	1
5.8	5.8	6.2	6.3	6.1	6.3	6.4	6.5	6.5	6.3	6.1	5.9	5.9	6.1	6.3	6.2	37
5.9	5.8	5.8	5.9	5.8	5.9	5.9	6.0	6.2	5.7	5.4	5.5	5.6	5.7	5.7	5.7	48
5.5	5.5	5.5	5.6	5.2	5.6	6.2	6.3	6.3	5.8	5.5	5.5	5.6	5.9	5.9	5.9	45
6.4	6.4	6.3	6.3	6.2	6.5	6.8	6.9	7.0	6.8	6.5	6.4	6.4	6.7	6.8	6.8	20
5.7	5.4	5.4	5.6	5.6	5.8	6.1	6.2	6.4	6.0	6.0	5.9	5.9	6.4	6.5	6.5	28
7.3	7.6	7.5	7.7	7.6	7.7	8.0	8.2	8.3	8.1	7.4	7.7	6.7	7.4	7.3	7.3	5
5.4	5.3	5.3	5.5	5.5	5.8	6.3	6.4	6.3	6.0	5.5	5.4	5.4	5.9	6.1	6.0	41
6.3	6.4	6.4	6.4	6.3	6.5	6.9	7.0	7.1	6.8	6.4	6.6	6.9	7.1	7.2	7.2	9
5.6	5.4	5.3	5.4	5.4	5.8	5.9	6.0	6.1	5.9	5.8	5.6	5.1	5.6	5.7	5.7	50
5.9	5.5	5.6	5.7	5.7	5.9	6.0	6.0	6.2	6.1	6.0	6.0	6.1	6.5	6.8	6.8	19
6.2	6.2	6.2	6.2	6.2	6.3	6.7	6.9	7.0	6.6	6.4	6.4	6.5	6.7	6.9	6.6	23
6.6	6.4	6.5	6.6	6.6	6.6	6.7	7.1	7.1	6.6	6.6	6.8	6.6	6.5	6.7	6.7	22
6.2	6.0	6.0	6.1	6.1	6.5	6.5	6.7	7.0	6.7	6.8	6.9	6.6	6.7	6.8	6.8	16
5.9	5.8	5.8	5.9	5.9	6.0	6.1	6.4	6.4	6.2	6.2	6.1	6.2	6.3	6.6	6.6	26
6.3	6.3	6.3	6.3	6.0	6.1	6.5	6.6	6.7	6.5	6.2	6.1	5.9	6.0	6.1	6.1	38
6.9	6.4	6.4	6.5	6.6	6.5	6.5	7.2	7.6	7.9	7.7	7.0	7.0	7.0	7.3	7.3	4
5.1	4.8	4.6	4.9	4.8	5.2	5.5	5.6	5.8	5.4	5.2	5.4	5.1	5.4	5.8	5.5	52
5.9	5.8	5.8	6.0	5.8	6.0	6.1	6.2	6.3	6.0	5.8	5.8	5.9	6.2	6.2	6.2	33
5.9	5.8	5.9	5.9	5.5	6.2	6.6	6.7	6.8	6.3	6.2	6.1	5.9	6.2	6.2	6.2	36
5.9	6.0	6.1	6.1	6.0	6.2	6.3	6.4	6.5	6.2	6.1	5.9	5.9	6.1	6.3	6.3	29
5.5	5.4	5.4	5.8	5.8	6.0	6.2	6.3	6.5	6.1	5.9	5.7	5.7	6.0	6.1	6.1	39
6.0	5.8	5.8	5.7	5.7	5.7	5.8	6.0	6.2	6.0	5.8	5.7	5.3	5.8	6.0	5.9	43
6.5	6.4	6.4	6.4	6.4	6.5	6.6	7.0	7.1	6.7	6.4	6.2	6.4	6.5	6.6	6.6	25
5.7	5.7	5.6	5.7	5.6	5.8	5.9	6.1	6.2	6.3	6.0	6.0	5.9	6.1	6.2	6.3	31
6.3	6.1	6.1	6.1	6.1	6.2	6.4	6.7	6.7	6.4	6.4	6.4	6.1	6.5	6.6	6.6	24
5.9	5.8	6.0	6.1	6.0	6.2	6.6	6.7	6.7	6.5	6.3	6.5	6.8	7.2	7.3	7.2	8
6.7	6.5	6.4	6.4	6.2	6.5	7.1	7.2	7.2	6.9	6.6	6.6	6.0	6.4	6.5	6.5	27
5.4	5.5	5.3	5.3	5.2	5.4	5.9	5.8	5.9	5.5	5.4	4.9	4.7	5.0	5.2	5.2	56
5.9	5.9	5.5	5.9	6.1	6.0	5.8	6.1	6.7	6.3	6.0	5.7	5.0	5.5	5.8	5.7	49
5.5	5.4	5.4	5.6	5.4	5.6	5.8	5.8	5.9	5.6	5.8	5.5	5.6	5.8	6.0	5.9	44
6.4	6.5	6.5	6.7	6.6	6.8	6.9	6.9	6.8	6.7	6.4	6.2	6.3	6.7	6.8	6.8	15
6.2	5.6	5.8	5.6	5.7	6.2	6.4	6.6	6.7	6.5	6.2	6.2	6.2	6.1	6.3	6.3	30
5.8	6.0	6.0	6.0	6.0	6.1	6.1	6.2	6.2	6.0	6.4	6.0	5.8	6.0	6.1	6.0	40
6.0	5.9	5.7	5.9	5.9	6.0	6.0	6.2	6.5	6.4	6.4	6.8	7.0	7.1	7.3	7.3	7
6.5	6.3	6.4	6.3	6.2	6.6	6.8	6.9	7.0	7.0	6.8	6.9	6.4	6.7	6.8	6.8	21
5.9	5.7	5.9	6.0	5.9	6.3	6.5	6.5	6.5	6.2	6.1	5.9	5.8	6.0	6.2	6.2	34
5.0	4.8	4.7	4.8	4.8	5.1	5.3	5.7	5.8	5.4	5.3	4.8	4.9	5.1	5.3	5.5	53
6.1	6.1	6.1	6.1	6.1	6.2	6.3	6.4	6.3	6.1	3.5	5.7	5.8	6.1	6.2	6.2	32
6.8	6.4	6.4	6.5	6.6	6.9	7.4	7.5	7.5	7.1	6.7	6.7	7.0	6.9	7.2	7.2	10
6.5	6.5	6.6	6.7	6.6	6.7	7.1	7.1	7.1	6.9	6.6	6.6	6.5	6.7	6.9	6.9	13
6.7	6.7	6.5	6.6	6.6	6.7	7.1	7.2	7.5	7.3	7.0	6.9	6.9	7.0	7.3	7.3	6
6.4	6.4	6.6	6.6	6.5	6.6	6.8	6.9	7.0	6.8	6.7	6.8	6.2	6.6	6.8	6.8	18
5.3	5.1	5.1	5.1	5.1	5.3	5.5	5.9	6.0	5.5	5.2	4.9	5.2	5.4	5.6	5.6	51
6.3	6.3	6.2	6.2	6.1	6.6	6.8	6.9	7.0	6.8	6.5	6.5	6.4	6.7	6.8	6.8	14
5.4	5.5	5.5	5.5	5.4	5.7	6.3	6.4	6.4	6.3	5.7	5.9	5.4	6.1	6.2	6.2	35
5.6	5.3	5.4	5.2	5.0	5.1	5.2	5.5	5.7	5.4	5.5	5.5	5.5	5.7	6.0	6.0	42
5.6	5.6	5.6	5.7	5.6	5.8	5.9	6.3	6.4	6.1	6.0	5.9	5.4	5.7	5.8	5.8	47
7.0	6.1	5.8	6.0	5.9	6.1	6.6	7.0	7.4	7.0	6.7	6.2	6.4	6.7	7.1	7.0	12

**Table 2.9: Scores for Takings and Discriminatory Taxation at State/Provincial, and Local/**

	1981	1982	1983	1984	1985	1986	1987	1988	1999	1990	1991	1992	1993	1994	1995
Alberta	8.7	8.7	8.4	8.1	8.4	8.0	7.2	7.4	7.2	7.3	7.1	6.9	7.2	7.3	7.4
British Columbia	5.4	5.2	4.8	4.7	4.9	4.9	5.3	5.6	5.3	5.3	5.2	4.7	4.6	4.4	4.4
Manitoba	5.7	5.5	4.9	5.0	4.9	4.6	4.1	4.3	4.5	4.6	4.3	4.2	4.1	4.4	4.3
New Brunswick	5.3	5.9	5.2	5.0	4.9	4.6	4.7	4.9	4.9	4.6	4.2	4.2	4.2	4.3	4.5
Newfoundland & Labrador	4.9	5.1	4.6	4.4	4.0	4.1	4.0	4.4	4.4	3.8	3.7	3.0	3.1	3.4	3.4
Nova Scotia	5.7	5.8	5.6	5.3	5.0	5.0	4.9	5.0	5.1	4.7	4.7	4.5	4.5	4.1	4.4
Ontario	5.9	5.7	5.6	5.5	5.5	5.1	5.1	5.0	5.0	4.2	4.5	4.1	4.2	4.3	4.4
Prince Edward Island	5.7	5.9	6.0	5.5	5.4	5.5	5.1	5.3	5.2	5.2	5.0	4.6	4.7	4.9	4.5
Quebec	4.5	3.6	3.6	3.7	3.2	3.5	3.3	3.7	3.8	3.7	3.2	2.8	3.1	3.6	3.4
Saskatchewan	6.3	6.2	5.6	6.1	6.0	5.4	4.8	4.3	4.4	4.6	4.1	3.9	3.6	3.9	4.3
Alabama	7.7	7.7	7.7	7.6	7.5	7.6	7.5	7.6	7.4	7.4	7.5	7.5	7.3	7.4	7.3
Alaska	8.7	8.2	8.1	8.3	8.4	7.1	9.0	8.3	8.8	8.3	7.5	7.8	7.8	8.4	8.3
Arizona	6.8	6.6	6.8	6.7	6.4	6.3	5.9	5.9	5.6	5.6	5.4	5.8	5.9	6.2	6.3
Arkansas	7.2	7.2	7.1	7.1	6.7	6.7	6.8	6.9	6.9	6.9	7.0	6.6	6.6	6.5	6.5
California	5.6	5.5	5.7	5.7	5.6	5.6	5.8	5.8	6.0	5.9	5.5	5.2	5.1	5.3	5.4
Colorado	7.7	7.2	7.0	6.9	6.8	6.7	6.3	6.4	6.4	6.4	6.4	6.5	6.6	6.6	6.7
Connecticut	7.2	7.2	7.2	7.2	7.2	7.4	7.2	7.3	7.2	7.1	6.7	5.8	5.8	6.4	6.0
Delaware	6.4	6.3	6.6	6.6	7.1	6.9	7.5	7.6	7.6	7.7	7.9	7.4	7.6	7.6	7.5
Florida	7.4	7.3	7.3	7.3	7.1	7.0	7.0	6.8	6.7	6.5	6.3	6.2	6.1	6.1	6.1
Georgia	6.9	6.9	7.1	7.2	7.2	7.2	7.1	7.1	6.9	6.6	6.7	6.8	6.7	6.8	6.8
Hawaii	5.2	5.3	5.5	5.7	5.8	5.8	5.9	5.7	6.0	5.9	5.7	5.7	5.5	5.2	5.3
Idaho	6.6	6.4	6.5	6.2	6.1	6.0	5.7	5.8	5.8	5.7	5.7	5.8	5.7	5.7	5.6
Illinois	6.7	6.8	6.5	7.0	7.0	7.0	7.1	7.1	7.1	6.9	6.7	6.7	6.6	6.7	6.6
Indiana	7.6	7.5	7.3	7.3	7.1	7.2	7.3	7.3	7.2	7.3	7.1	7.2	7.4	7.3	7.3
Iowa	7.5	6.3	6.1	6.4	6.4	6.1	5.9	5.9	6.1	6.2	6.2	6.2	5.9	6.2	6.0
Kansas	6.5	6.5	6.4	6.1	5.9	6.0	5.8	5.7	6.5	6.5	6.5	6.5	5.7	5.7	5.8
Kentucky	7.1	6.9	6.7	7.2	7.0	6.8	6.7	7.0	6.8	6.8	6.5	6.6	6.5	6.5	6.4
Louisiana	8.9	8.1	7.9	7.9	7.5	7.2	7.3	7.8	7.0	7.2	6.9	7.2	7.3	7.6	7.6
Maine	5.6	5.6	5.7	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.3	4.9	4.8	5.0	4.7
Maryland	6.6	6.7	6.8	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.7	6.5	6.2	6.4	6.3
Massachusetts	6.4	6.6	6.8	7.0	7.0	7.0	7.0	7.1	7.0	6.9	6.7	6.5	6.5	6.6	6.5
Michigan	5.3	5.5	5.4	6.0	6.4	6.1	6.2	6.3	6.3	6.1	6.0	5.9	6.0	6.3	6.4
Minnesota	4.9	4.8	5.7	5.9	5.7	5.9	5.5	5.3	5.6	5.6	5.7	5.7	5.4	5.7	5.4
Mississippi	7.0	6.6	6.5	6.5	6.3	6.2	6.6	6.5	6.4	6.3	6.4	6.5	6.1	6.2	6.0
Missouri	7.9	7.5	7.5	7.6	7.6	7.5	7.5	7.5	7.5	7.4	7.4	7.4	7.2	7.3	7.0
Montana	6.9	6.0	6.2	5.8	5.3	5.4	5.4	4.6	5.0	4.8	5.6	4.7	5.3	5.3	5.2
Nebraska	6.5	6.7	6.2	6.4	6.5	6.3	6.6	6.8	6.7	6.8	6.5	6.7	6.4	6.4	6.3
Nevada	6.9	6.6	6.6	6.6	6.5	6.5	6.7	6.9	6.8	6.5	6.4	6.5	6.3	6.5	6.2
New Hampshire	8.0	7.7	7.8	7.9	8.1	8.1	8.1	8.1	7.8	7.6	7.2	6.5	5.9	7.1	7.3
New Jersey	6.1	6.3	6.3	6.3	6.4	6.4	6.3	6.6	6.4	6.5	5.6	5.3	5.4	5.6	5.4
New Mexico	6.8	6.5	6.4	6.2	6.1	5.9	5.8	5.6	5.7	5.4	5.7	5.9	6.0	6.1	6.1
New York	4.1	4.0	4.0	4.1	4.0	3.9	4.9	5.0	5.0	4.8	4.6	4.4	4.3	4.4	4.5
North Carolina	7.2	7.0	7.2	7.2	7.1	7.1	7.0	7.1	7.2	7.0	7.0	6.8	6.7	6.7	6.7
North Dakota	8.1	7.2	6.2	5.7	5.7	5.6	5.4	4.6	5.0	5.2	4.8	5.4	6.1	6.3	6.1
Ohio	6.6	6.4	5.9	6.6	5.8	5.7	6.2	6.3	6.2	6.1	5.8	5.9	5.5	5.6	5.4
Oklahoma	7.5	7.1	6.9	6.9	6.6	6.2	6.5	6.1	6.2	6.2	6.3	6.5	6.2	6.2	6.1
Oregon	5.3	5.4	5.1	5.2	5.3	5.4	4.9	5.5	5.3	5.4	5.3	5.9	6.3	6.6	6.8
Pennsylvania	6.6	6.5	6.2	6.6	6.7	6.7	6.7	6.9	6.8	6.8	6.6	6.2	6.3	6.4	6.4
Rhode Island	4.5	4.6	4.1	4.3	5.2	5.1	5.1	5.8	6.1	5.8	5.1	4.7	4.4	4.3	4.2
South Carolina	6.7	6.5	6.6	6.7	6.4	6.5	6.5	6.5	6.4	6.3	6.5	6.6	6.4	6.5	6.5
South Dakota	7.2	6.8	7.0	7.3	7.2	7.0	7.1	6.8	7.1	7.2	7.4	7.4	7.5	7.3	7.2
Tennessee	7.8	7.7	7.8	7.9	7.6	7.7	7.7	7.8	7.7	7.6	7.8	7.7	6.5	7.7	7.8
Texas	8.6	8.4	8.2	8.2	7.9	7.5	7.2	7.2	7.2	7.3	7.2	7.1	7.0	7.1	7.2
Utah	7.6	7.1	7.2	7.0	7.0	6.9	6.7	6.9	6.8	6.9	7.1	7.0	6.9	7.3	6.7
Vermont	4.7	5.1	5.1	5.1	5.0	5.1	5.0	5.9	6.3	6.3	5.6	5.3	5.5	5.2	5.1
Virginia	7.2	7.2	7.0	7.2	7.2	7.3	7.2	7.2	7.0	7.0	7.1	7.1	7.1	7.1	7.0
Washington	6.8	6.5	6.2	6.1	6.1	6.0	5.9	6.1	6.0	5.9	5.9	5.7	5.7	5.6	5.3
West Virginia	4.8	4.3	4.0	4.0	4.2	4.5	5.2	6.6	5.9	5.5	5.1	5.3	5.1	5.4	5.4
Wisconsin	5.7	5.2	4.9	5.3	5.1	5.1	5.3	5.4	5.5	5.6	5.5	5.7	5.4	5.5	5.4
Wyoming	8.4	6.6	6.1	6.1	6.0	4.9	6.0	6.9	7.2	7.5	7.6	7.4	7.6	7.3	8.0

## Municipal Levels, 1981–2011

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
7.5	7.5	7.6	7.8	8.1	8.3	8.0	8.3	8.3	8.6	8.9	8.6	8.8	8.2	8.5	8.8	1
4.5	4.6	4.7	5.0	5.2	5.6	5.5	5.5	5.5	6.0	6.2	6.2	6.4	5.9	6.3	6.4	37
4.7	4.4	4.5	4.8	5.0	5.0	4.5	4.6	4.5	5.1	5.5	5.6	5.7	5.3	5.6	5.5	51
4.6	5.0	5.3	5.6	5.6	5.5	4.9	4.9	4.9	5.3	5.5	5.5	5.5	5.3	6.1	5.8	47
3.6	4.0	4.4	4.8	5.3	5.1	5.4	5.6	5.4	6.2	7.1	7.3	7.7	6.6	7.3	7.5	11
4.8	4.8	5.2	5.2	5.3	5.1	4.7	4.7	4.4	4.9	5.2	5.3	5.3	4.7	5.0	4.2	59
4.4	4.4	4.6	4.9	5.3	5.1	4.9	4.9	4.8	5.2	5.4	5.4	5.4	5.1	5.5	5.4	52
4.7	4.5	4.6	4.8	4.8	4.5	4.4	4.2	4.2	4.6	4.8	4.9	5.1	4.7	4.6	4.7	57
3.7	3.5	3.4	3.6	3.7	3.6	3.5	3.6	3.1	3.6	4.0	4.1	4.2	3.4	4.0	4.0	60
4.4	4.5	4.6	4.7	5.1	4.9	4.7	5.0	5.1	5.6	5.8	6.3	7.0	6.1	7.3	7.6	10
7.4	7.3	7.3	7.3	7.2	7.2	7.3	7.4	7.5	7.4	7.3	7.2	7.1	7.2	7.2	7.2	19
8.7	8.4	8.2	8.4	8.0	8.3	8.7	8.6	8.6	8.7	8.6	8.7	8.8	8.6	8.7	8.6	2
6.5	6.8	7.0	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.5	6.3	6.2	6.7	6.9	6.6	31
6.4	6.3	6.3	6.4	6.4	6.3	6.2	6.3	6.4	6.0	5.8	5.8	5.8	5.9	6.1	6.0	44
5.5	5.6	5.7	5.9	5.8	5.7	5.7	5.6	5.4	5.7	5.5	5.6	5.3	5.5	5.6	5.5	50
6.8	6.9	7.1	7.1	7.2	7.1	7.1	7.1	7.1	7.1	7.0	7.0	7.0	6.9	6.9	6.7	27
6.1	5.8	5.9	6.1	6.3	6.4	6.5	6.5	6.4	6.3	6.5	6.5	6.3	6.5	6.7	6.2	41
7.7	8.0	8.0	8.0	8.4	8.4	8.5	8.5	8.5	8.5	8.4	8.5	8.1	8.2	8.3	8.2	3
6.3	6.3	6.4	6.5	6.6	6.8	6.9	6.8	6.7	6.6	6.2	5.9	5.9	6.5	6.8	6.8	25
6.8	7.0	7.1	7.0	7.0	7.0	7.1	7.1	7.1	7.0	6.8	6.7	6.7	6.8	7.1	7.1	21
4.9	4.9	5.0	5.5	5.5	5.6	5.6	5.7	5.8	5.6	5.4	5.2	5.0	5.2	5.2	5.2	53
5.6	5.3	5.3	5.6	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.9	5.8	6.1	6.3	6.1	43
6.7	6.9	7.0	6.9	6.9	6.9	6.8	6.8	6.8	6.6	6.6	6.6	6.5	6.7	6.8	6.4	35
7.5	7.2	7.4	7.4	7.3	7.4	7.4	7.3	7.2	6.7	6.9	7.3	6.9	6.8	7.1	7.3	15
6.4	6.4	6.7	6.8	6.7	6.7	6.7	6.9	7.1	7.0	6.9	7.0	6.8	6.7	6.9	6.7	28
6.0	6.0	6.1	6.4	6.4	6.4	6.4	6.2	6.0	6.2	6.1	6.2	6.2	6.2	6.3	6.4	36
6.5	6.5	6.6	6.6	6.5	6.5	6.5	6.5	6.6	6.7	6.7	6.6	6.6	6.7	6.9	6.8	26
7.6	7.1	7.1	6.9	7.1	6.9	6.8	7.1	7.3	7.5	7.3	7.0	7.0	6.9	7.4	7.6	9
4.7	4.4	4.2	4.6	4.7	4.7	4.8	4.8	4.8	4.7	4.7	4.8	4.7	4.8	5.4	4.8	56
6.5	6.6	6.6	6.8	6.6	6.7	6.8	6.7	6.7	6.8	6.7	6.9	6.7	6.7	6.7	6.9	24
6.6	6.7	6.8	6.9	7.0	7.0	7.0	6.9	6.8	6.7	6.6	6.8	6.7	6.7	6.7	6.5	32
6.5	6.5	6.8	6.8	6.7	6.8	6.8	6.6	6.4	6.3	6.2	6.2	6.0	6.2	6.3	6.3	39
5.6	5.6	5.7	5.9	6.0	6.1	6.1	6.3	6.4	6.3	6.2	6.1	6.1	6.1	6.2	5.9	45
6.0	5.9	5.9	5.7	5.7	5.7	5.7	5.8	5.9	5.9	5.7	5.8	5.8	6.0	6.2	5.9	46
7.2	7.2	7.2	7.2	7.3	7.3	7.2	7.2	7.2	7.1	7.0	7.0	7.0	7.1	7.3	7.3	18
5.6	5.6	5.7	5.9	5.9	6.1	6.2	6.3	6.3	6.7	6.7	6.7	6.7	6.6	6.9	7.0	22
6.4	6.3	6.3	6.5	6.5	6.4	6.3	6.2	6.2	6.1	6.3	6.4	6.3	6.6	6.6	6.7	29
6.3	6.4	6.8	6.8	7.0	6.9	6.9	6.9	6.8	6.9	6.9	6.9	6.7	7.1	7.2	7.3	16
7.7	7.7	7.8	7.7	7.8	7.8	7.7	7.6	7.5	7.5	7.5	7.3	7.3	7.3	7.2	7.3	17
5.4	5.9	5.7	5.9	6.1	6.1	6.0	5.8	5.7	5.5	5.5	5.3	4.9	4.6	5.3	5.1	55
6.0	6.1	5.6	5.8	5.8	6.0	6.1	6.2	6.6	6.8	6.4	6.3	6.0	6.6	6.9	6.3	40
5.1	5.2	5.4	5.6	5.6	5.7	5.8	5.5	5.3	5.3	5.2	5.2	5.1	5.2	5.4	5.1	54
6.9	7.0	7.0	7.1	7.2	7.3	7.2	7.1	7.0	7.1	6.9	6.9	6.8	6.9	6.9	6.9	23
6.5	6.0	6.2	6.1	6.2	6.5	6.8	6.9	7.0	7.0	7.0	7.1	7.1	6.9	7.6	7.4	13
5.5	6.2	6.3	6.2	6.3	6.0	5.9	5.8	5.8	6.0	5.8	5.8	5.9	6.1	6.4	6.3	38
6.2	6.3	6.3	6.3	6.4	6.4	6.4	6.5	6.6	6.6	6.7	6.9	7.1	6.9	7.2	7.2	20
7.1	6.9	7.1	7.1	6.8	6.9	7.0	7.0	6.9	7.5	7.6	7.5	7.5	7.6	7.5	7.7	6
6.6	6.3	6.8	6.9	6.9	7.0	7.0	6.9	6.5	6.4	6.4	6.4	6.3	6.5	6.6	6.4	34
4.4	4.4	4.5	4.8	5.0	5.1	5.2	5.4	5.0	4.9	5.0	5.0	4.9	5.0	5.1	5.7	49
6.6	6.5	6.5	6.5	6.5	6.5	6.6	6.4	6.3	6.3	6.3	6.1	6.3	6.4	6.5	6.5	33
7.4	7.4	7.3	7.4	7.5	7.7	7.9	7.8	7.8	7.8	7.7	7.8	7.9	7.8	8.0	8.0	4
7.7	7.8	7.8	7.9	7.8	7.8	7.9	7.8	7.7	7.7	7.6	7.4	7.4	7.6	7.6	7.6	8
7.4	7.5	7.5	7.5	7.6	7.5	7.3	7.4	7.5	7.6	7.6	7.6	7.7	7.4	7.6	7.8	5
7.0	7.0	6.9	6.9	7.0	7.2	7.3	7.0	7.0	7.0	7.0	7.3	7.0	7.2	7.5	7.5	12
5.2	5.1	5.2	5.3	5.4	5.5	5.5	5.4	5.2	4.9	4.7	4.4	4.6	4.5	4.8	4.7	58
7.2	7.2	7.2	7.3	7.3	7.4	7.4	7.4	7.4	7.3	7.2	7.1	7.2	7.5	7.7	7.6	7
5.6	6.0	6.1	6.4	6.4	6.4	6.5	6.4	6.4	6.5	6.4	6.4	6.4	6.6	6.8	6.7	30
5.4	4.9	5.0	4.8	4.7	4.8	4.8	4.8	4.9	4.7	5.6	5.9	5.9	6.1	6.3	6.1	42
5.5	5.7	5.8	5.8	6.0	6.1	6.2	6.2	6.2	6.1	6.2	6.2	5.7	5.7	5.8	5.7	48
8.0	7.3	7.0	7.2	7.4	7.2	7.0	7.3	7.7	7.1	7.2	7.0	7.0	6.8	7.2	7.3	14

**Table 2.10: Scores for Labor Market Freedom at Federal, State/Provincial, and Local/**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	5.2	5.0	4.9	5.2	5.3	5.1	5.2	5.2	5.1	5.3	5.3	5.2	5.5	5.9	6.1
British Columbia	3.4	3.2	3.3	3.7	3.8	4.1	4.5	4.5	4.6	4.4	4.3	4.3	4.4	4.6	4.4
Manitoba	3.0	2.7	2.6	3.1	3.0	3.1	3.1	3.1	3.3	3.5	3.3	3.4	3.5	3.8	3.9
New Brunswick	1.8	1.9	2.0	2.6	2.8	3.3	3.5	4.0	4.0	3.8	3.6	3.6	3.9	4.1	4.4
Newfoundland & Labrador	0.9	1.0	0.9	1.2	1.5	1.7	2.1	2.3	2.6	2.5	2.5	2.2	2.4	2.7	3.0
Nova Scotia	1.8	1.9	2.0	2.6	2.6	3.1	3.3	3.6	3.4	3.7	3.7	3.5	3.5	3.7	4.1
Ontario	4.5	4.3	4.5	4.7	4.7	5.0	5.1	5.2	5.3	5.1	4.8	4.6	4.6	4.7	4.9
Prince Edward Island	2.4	2.2	2.6	2.9	2.9	3.2	3.4	3.6	3.4	3.4	3.3	3.6	3.9	3.7	4.2
Quebec	2.3	2.1	2.4	2.8	2.9	3.3	3.3	3.4	3.4	3.4	3.1	3.0	3.1	3.4	3.4
Saskatchewan	3.0	2.7	3.0	3.3	3.4	3.3	3.5	3.6	3.7	3.7	3.6	3.7	3.8	4.2	4.3
Alabama	4.1	4.2	4.5	5.1	5.3	5.5	5.8	6.0	6.1	6.1	5.9	5.9	6.0	6.3	6.5
Alaska	4.9	5.0	5.0	5.3	5.3	5.2	5.5	5.4	5.7	5.7	5.6	5.7	5.8	6.0	5.9
Arizona	5.3	5.3	5.6	6.3	6.3	6.6	6.8	6.9	7.0	6.9	6.6	6.8	6.8	7.1	7.3
Arkansas	4.9	5.0	5.2	5.8	5.7	6.0	6.1	6.4	6.5	6.4	6.2	6.4	6.6	6.9	7.0
California	5.1	5.3	5.5	5.9	6.0	6.3	6.4	6.4	6.3	6.5	6.4	6.5	6.6	6.7	6.8
Colorado	5.7	5.9	6.1	6.5	6.5	6.5	6.6	6.8	7.0	6.9	6.8	6.9	7.1	7.2	7.4
Connecticut	5.5	5.7	6.0	6.5	6.6	6.9	7.0	6.9	6.9	7.0	7.0	7.2	7.1	7.2	7.3
Delaware	5.3	5.5	5.8	6.4	6.5	6.7	6.9	7.2	7.3	7.3	7.1	7.1	7.2	7.5	7.7
Florida	5.2	5.4	5.8	6.3	6.4	6.7	6.9	7.0	7.2	7.0	6.7	6.8	7.0	7.1	7.3
Georgia	4.9	5.1	5.4	6.1	6.4	6.6	6.8	6.8	7.0	7.1	6.9	7.0	7.2	7.2	7.5
Hawaii	4.1	4.2	4.5	4.8	5.0	5.2	5.2	5.2	5.4	5.6	5.6	5.4	5.3	5.4	5.8
Idaho	4.7	4.7	5.1	5.8	5.6	5.7	5.7	6.1	6.5	6.4	6.2	6.2	6.4	6.8	7.0
Illinois	5.0	5.1	5.2	5.8	5.9	6.1	6.2	6.5	6.6	6.6	6.4	6.5	6.6	6.8	6.9
Indiana	4.6	4.6	4.8	5.3	5.6	5.9	6.0	6.2	6.3	6.3	6.1	6.2	6.5	6.6	6.9
Iowa	5.2	5.1	5.1	5.6	5.6	5.9	6.1	6.3	6.4	6.1	6.2	6.2	6.4	6.6	6.8
Kansas	5.4	5.4	5.5	6.0	6.1	6.3	6.3	6.5	6.6	6.5	6.3	6.4	6.6	6.6	6.8
Kentucky	4.8	4.9	5.1	5.6	5.7	5.9	6.0	6.2	6.4	6.4	6.2	6.4	6.5	6.8	6.8
Louisiana	5.9	5.8	5.7	6.4	6.5	6.3	6.5	6.7	6.8	7.0	6.7	6.6	6.5	6.8	7.0
Maine	3.9	4.1	4.5	5.0	5.3	5.6	5.6	6.0	6.1	5.9	5.7	6.1	6.3	6.3	6.5
Maryland	4.3	4.5	4.9	5.4	5.6	5.9	6.1	6.3	6.5	6.5	6.3	6.3	6.4	6.5	6.7
Massachusetts	5.0	5.3	5.6	6.1	6.5	6.7	6.7	6.8	6.9	7.0	6.8	6.9	7.0	7.2	7.3
Michigan	4.2	4.2	4.6	5.1	5.3	5.5	5.7	5.8	6.0	5.9	5.7	5.8	6.0	6.3	6.4
Minnesota	5.0	5.1	5.4	5.8	5.9	6.1	6.1	6.3	6.5	6.4	6.2	6.3	6.4	6.7	6.8
Mississippi	4.3	4.4	4.6	5.2	5.3	5.5	5.7	6.0	6.1	6.0	5.8	5.9	6.2	6.5	6.8
Missouri	4.7	4.9	5.1	5.6	5.8	6.0	6.2	6.4	6.6	6.6	6.5	6.6	6.6	6.8	6.9
Montana	4.8	4.8	4.9	5.1	4.8	5.1	5.2	5.3	5.5	5.5	5.2	5.2	5.4	5.7	6.0
Nebraska	5.3	5.4	5.5	5.8	5.9	6.2	6.2	6.3	6.4	6.5	6.3	6.5	6.6	7.0	7.1
Nevada	5.4	5.4	5.6	5.8	6.1	6.5	6.6	6.8	6.9	7.1	6.6	6.7	6.9	7.0	6.9
New Hampshire	5.4	5.6	5.9	6.6	6.8	7.0	7.3	7.3	7.1	7.1	7.0	7.1	7.3	7.3	7.4
New Jersey	4.6	4.8	5.1	5.6	5.7	6.1	6.2	6.4	6.6	6.4	6.3	6.2	6.3	6.3	6.5
New Mexico	4.8	4.9	4.9	5.4	5.5	5.5	5.6	5.7	6.0	5.9	5.8	5.9	6.2	6.4	6.5
New York	4.3	4.4	4.6	5.0	5.2	5.5	5.6	5.9	5.9	5.9	5.6	5.8	5.8	5.9	6.2
North Carolina	5.5	5.6	5.9	6.4	6.7	7.0	7.1	7.2	7.4	7.3	7.1	7.2	7.3	7.5	7.7
North Dakota	5.7	5.7	5.6	5.9	5.9	5.8	5.8	5.8	6.1	6.0	6.0	6.3	6.3	6.5	6.7
Ohio	4.7	4.7	4.9	5.4	5.6	5.8	5.9	6.1	6.3	6.2	6.1	6.2	6.2	6.6	6.7
Oklahoma	5.8	5.8	5.7	6.2	6.2	6.0	6.1	6.4	6.4	6.3	6.1	6.2	6.4	6.5	6.6
Oregon	4.4	4.4	4.7	4.9	5.1	5.6	5.6	5.8	5.8	5.6	5.5	5.7	5.9	6.0	6.3
Pennsylvania	4.3	4.4	4.6	5.2	5.5	5.8	6.0	6.3	6.2	6.3	6.2	6.3	6.5	6.6	6.8
Rhode Island	4.7	4.9	5.2	5.5	5.8	6.1	6.1	6.3	6.4	6.4	6.1	6.2	6.5	6.7	6.6
South Carolina	4.9	5.1	5.4	6.2	6.3	6.5	6.7	6.9	7.0	6.9	6.7	6.8	6.9	7.2	7.3
South Dakota	4.9	4.9	5.1	5.6	5.7	6.0	6.2	6.4	6.4	6.4	6.3	6.4	6.6	6.8	7.0
Tennessee	4.6	4.8	5.1	5.7	5.9	6.1	6.3	6.5	6.7	6.6	6.5	6.8	6.9	7.0	7.3
Texas	6.5	6.6	6.5	6.9	7.0	6.9	7.0	7.1	7.2	7.3	7.1	7.0	7.1	7.3	7.5
Utah	4.4	4.5	4.7	5.3	5.5	5.6	5.7	5.8	6.0	6.2	6.0	6.1	6.3	6.6	6.9
Vermont	5.0	5.2	5.5	5.9	6.0	6.3	6.6	6.7	6.7	6.7	6.5	6.7	6.9	7.1	7.0
Virginia	4.9	5.1	5.4	5.9	6.2	6.5	6.6	6.8	6.9	6.9	6.7	6.6	6.8	7.1	7.3
Washington	4.3	4.5	4.6	5.1	5.2	5.3	5.6	5.7	5.8	5.8	5.8	5.9	6.0	5.9	6.2
West Virginia	3.6	3.7	3.6	4.1	4.3	4.6	4.6	5.0	5.4	5.2	5.1	5.2	5.4	5.7	5.9
Wisconsin	4.7	4.8	5.0	5.3	5.6	5.8	6.0	6.2	6.3	6.3	6.1	6.2	6.4	6.7	6.8
Wyoming	6.6	6.4	6.1	6.2	6.1	6.1	6.0	6.1	6.2	6.3	6.2	6.2	6.4	6.5	6.7

## Municipal Levels, 1981–2011

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
6.3	6.4	6.4	6.4	6.8	6.8	6.8	7.0	7.2	7.3	7.2	7.2	7.1	6.6	6.7	7.0	37
4.2	4.3	4.3	4.5	4.6	4.6	4.6	4.8	5.1	5.3	5.6	5.7	5.7	5.5	5.5	5.6	52
4.0	4.2	4.4	4.1	4.2	4.2	4.2	4.1	4.1	4.2	4.3	4.5	4.3	4.0	4.0	4.1	58
4.3	4.3	4.5	4.8	4.8	4.9	5.0	5.1	5.2	5.3	5.3	5.3	5.0	4.8	4.7	4.6	55
3.0	2.9	3.2	3.5	3.8	3.9	4.2	4.2	4.5	4.8	5.0	5.1	4.8	3.9	4.0	4.3	56
4.2	4.1	4.3	4.5	4.6	4.7	4.9	4.9	5.0	5.0	4.9	4.9	4.8	4.4	4.4	4.0	60
5.0	5.2	5.4	5.6	5.8	5.8	5.9	5.8	5.9	5.8	5.9	5.9	5.6	5.3	5.2	5.3	53
4.2	3.9	4.2	4.1	4.2	4.4	4.5	4.5	4.4	4.5	4.7	4.7	4.4	4.0	4.0	4.0	59
3.4	3.4	3.7	3.9	4.1	4.0	4.2	4.1	4.3	4.3	4.4	4.5	4.3	4.1	4.1	4.2	57
4.4	4.4	4.5	4.3	4.5	4.5	4.6	4.6	4.8	4.9	4.8	5.0	5.1	4.6	4.7	5.1	54
6.7	6.6	6.5	6.6	6.8	6.9	7.0	7.1	7.1	7.3	7.5	7.4	7.1	6.6	6.6	6.8	41
6.1	6.0	5.8	5.7	5.8	6.0	5.9	5.7	6.2	6.2	6.4	6.5	6.5	6.3	6.2	6.4	49
7.5	7.3	7.4	7.4	7.5	7.7	7.7	7.8	7.8	8.0	8.0	7.6	7.4	7.3	7.4	7.4	17
7.2	7.0	6.9	6.9	7.1	7.2	7.3	7.4	7.6	7.7	7.7	7.5	7.4	7.2	7.1	7.2	25
7.0	6.9	6.8	6.8	7.0	6.9	6.7	6.8	7.0	7.2	7.4	7.2	6.9	6.8	6.9	7.0	38
7.6	7.5	7.5	7.6	7.7	7.8	7.9	7.9	8.0	8.1	8.3	7.9	7.8	7.7	7.7	7.7	8
7.6	7.4	7.4	7.2	7.3	7.4	7.2	7.3	7.4	7.4	7.5	7.6	7.4	7.3	7.4	7.3	20
7.7	7.8	7.7	7.6	7.7	7.8	7.9	7.9	8.0	8.1	8.2	8.1	7.7	7.8	7.8	8.0	1
7.4	7.3	7.3	7.4	7.5	7.7	7.8	7.8	8.0	8.2	8.0	7.9	7.7	7.5	7.6	7.5	13
7.5	7.5	7.5	7.6	7.8	7.8	7.9	7.8	7.9	8.1	8.2	8.2	8.0	7.5	7.6	7.7	7
6.0	5.6	5.7	5.9	5.9	6.2	6.0	6.0	6.2	6.2	6.3	6.4	6.2	6.1	6.2	6.4	50
7.0	6.7	6.6	6.7	7.0	7.1	7.1	7.2	7.5	7.8	7.8	7.9	7.4	7.0	6.9	7.2	28
7.0	7.0	7.0	7.1	7.1	7.2	7.1	7.3	7.4	7.2	7.4	7.5	7.1	6.9	7.1	7.1	34
7.1	7.0	6.9	7.0	7.0	7.2	7.3	7.5	7.7	7.7	7.8	7.8	7.4	7.2	7.2	7.3	21
6.9	6.7	6.8	6.8	6.9	7.0	7.3	7.3	7.6	7.6	7.6	7.6	7.2	7.1	7.2	7.2	24
6.9	6.9	7.0	6.9	7.0	7.1	7.3	7.3	7.4	7.6	7.7	7.8	7.6	7.3	7.2	7.3	22
6.9	6.8	6.7	6.9	6.8	7.0	7.1	7.1	7.3	7.4	7.5	7.5	7.3	6.9	6.9	7.0	36
7.0	6.8	6.7	6.8	6.9	7.1	7.0	7.4	7.5	7.9	8.1	8.1	7.9	7.5	7.6	7.8	4
6.7	6.6	6.6	6.5	6.7	7.0	6.8	6.7	6.9	7.0	7.0	7.0	6.8	6.7	6.8	6.9	39
6.8	6.6	6.7	6.7	6.8	7.1	7.1	7.1	7.6	7.5	7.4	7.5	7.4	7.2	7.2	7.2	26
7.3	7.2	7.3	7.3	7.4	7.3	7.3	7.4	7.5	7.6	7.7	7.7	7.3	7.1	7.4	7.5	14
6.5	6.4	6.6	6.7	6.7	6.8	6.8	6.8	6.9	7.0	7.0	6.7	6.5	6.3	6.6	6.6	44
6.9	6.8	6.9	6.9	7.1	7.3	7.3	7.4	7.5	7.7	7.7	7.7	7.5	7.3	7.3	7.4	18
6.7	6.4	6.2	6.4	6.4	6.6	6.7	6.9	7.0	6.9	7.2	7.1	6.9	6.6	6.6	6.6	45
7.0	6.9	6.9	7.0	7.1	7.2	7.2	7.3	7.4	7.6	7.7	7.4	7.2	7.1	7.1	7.1	33
6.0	6.0	6.0	5.9	6.1	6.4	6.4	6.6	6.9	7.1	7.2	6.9	6.8	6.2	6.4	6.6	47
7.3	7.1	7.0	7.1	7.2	7.5	7.4	7.6	7.7	7.8	7.9	8.0	7.7	7.4	7.3	7.6	11
6.9	6.8	7.1	7.1	7.3	7.4	7.5	7.6	7.9	8.0	7.9	7.7	7.4	7.2	7.0	7.1	32
7.6	7.5	7.5	7.5	7.7	7.8	7.8	7.8	7.9	8.0	8.1	8.0	7.6	7.4	7.5	7.6	12
6.7	6.8	6.8	6.9	7.0	7.2	7.2	7.2	7.3	7.3	7.2	7.2	7.2	7.0	7.2	7.4	19
6.6	6.4	6.2	6.2	6.4	6.7	6.7	6.8	7.0	7.0	7.1	7.2	6.8	6.4	6.5	6.6	46
6.3	6.3	6.3	6.4	6.5	6.6	6.6	6.7	6.8	6.6	6.8	6.7	6.6	6.5	6.7	6.7	43
7.7	7.7	7.6	7.8	7.8	8.0	8.0	8.0	8.1	8.2	8.3	8.2	7.9	7.7	7.6	7.8	5
7.0	6.6	6.7	6.7	6.9	7.1	7.1	7.3	7.4	7.5	7.7	7.8	7.7	7.3	7.3	7.6	9
6.8	6.7	6.7	6.8	6.9	7.0	7.1	7.1	7.3	7.4	7.5	7.1	7.0	6.8	7.0	7.0	35
6.7	6.6	6.6	6.6	6.9	7.0	6.9	7.2	7.4	7.6	7.6	7.6	7.4	7.0	7.0	7.1	31
6.7	6.4	6.5	6.3	6.4	6.5	6.6	6.6	6.7	6.8	7.1	7.0	6.8	6.4	6.5	6.7	42
6.9	6.9	6.9	6.9	7.0	7.1	7.3	7.3	7.5	7.6	7.6	7.3	7.2	7.1	7.2	7.3	23
6.7	6.6	6.7	6.7	6.7	6.9	6.9	7.1	7.1	7.2	7.4	7.3	7.1	6.9	7.1	7.1	30
7.4	7.2	7.2	7.4	7.3	7.4	7.4	7.6	7.8	7.9	7.9	7.8	7.5	7.1	7.1	7.2	27
7.1	7.0	7.1	7.2	7.4	7.5	7.7	7.8	7.8	7.8	8.0	8.0	7.9	7.6	7.6	7.7	6
7.3	7.2	7.3	7.4	7.4	7.6	7.5	7.6	7.9	8.0	8.1	8.1	7.8	7.4	7.5	7.6	10
7.6	7.5	7.5	7.6	7.6	7.8	7.9	7.9	8.1	8.2	8.3	8.3	8.1	7.8	7.7	7.9	2
7.0	7.0	7.1	7.2	7.2	7.4	7.4	7.5	7.7	7.9	8.1	8.0	7.7	7.3	7.3	7.5	16
7.0	7.0	7.0	7.0	6.8	6.9	7.0	7.0	7.1	7.0	7.0	7.0	6.9	6.6	6.8	6.9	40
7.4	7.3	7.3	7.4	7.5	7.8	7.7	7.8	8.0	8.1	8.3	8.3	8.1	7.8	7.8	7.8	3
6.4	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.5	6.6	6.6	6.7	6.6	6.3	6.4	6.5	48
5.9	5.8	6.0	5.9	6.0	6.2	6.4	6.4	6.5	6.7	6.7	6.6	6.2	6.1	6.0	6.2	51
6.8	6.7	6.7	6.8	6.9	7.1	7.2	7.2	7.3	7.4	7.3	7.3	7.2	7.1	7.0	7.2	29
6.9	6.6	6.5	6.7	6.8	7.1	7.1	7.2	7.4	7.6	7.8	7.9	7.8	7.5	7.4	7.5	15

**Table 2.11: Scores for Labor Market Freedom at State/Provincial, and Local/Municipal Levels, 1981–2011**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	4.7	4.4	4.3	4.6	4.7	4.5	4.6	4.6	4.6	4.8	4.7	4.7	4.9	5.3	5.5
British Columbia	3.1	2.9	3.0	3.3	3.5	3.8	4.1	4.2	4.3	4.1	4.0	4.0	4.0	4.2	4.0
Manitoba	3.2	2.8	2.8	3.2	3.1	3.2	3.1	3.1	3.2	3.4	3.2	3.3	3.3	3.6	3.6
New Brunswick	2.3	2.2	2.3	2.8	3.0	3.5	3.6	4.0	3.9	3.8	3.6	3.6	3.8	4.0	4.2
Newfoundland & Labrador	1.4	1.4	1.4	1.6	1.9	2.0	2.3	2.5	2.6	2.6	2.6	2.3	2.5	2.6	2.9
Nova Scotia	2.4	2.4	2.5	3.0	3.0	3.4	3.6	3.8	3.7	3.9	3.8	3.6	3.6	3.8	4.1
Ontario	4.4	4.2	4.3	4.5	4.6	4.8	4.8	4.9	5.0	4.9	4.5	4.4	4.4	4.5	4.6
Prince Edward Island	2.7	2.5	2.9	3.4	3.4	3.6	3.7	3.9	3.7	3.7	3.6	3.8	4.0	4.0	4.4
Quebec	2.2	2.0	2.3	2.6	2.7	3.0	3.0	3.1	3.0	3.1	2.8	2.7	2.7	3.0	3.0
Saskatchewan	2.6	2.4	2.6	2.9	3.0	3.0	3.2	3.3	3.3	3.3	3.2	3.3	3.3	3.7	3.8
Alabama	7.2	7.2	7.2	7.5	7.5	7.6	7.7	7.7	7.7	7.9	7.7	7.7	7.7	7.8	7.9
Alaska	5.3	5.2	5.2	5.5	5.3	5.3	5.6	5.6	5.8	5.8	5.7	5.9	5.9	6.0	5.9
Arizona	7.6	7.6	7.7	8.1	7.9	8.1	8.3	8.2	8.3	8.3	8.2	8.3	8.2	8.3	8.4
Arkansas	5.4	5.4	5.4	5.9	5.7	5.9	6.0	6.2	6.2	6.3	6.2	6.3	6.4	6.5	6.6
California	5.0	5.1	5.2	5.6	5.8	6.0	6.1	6.1	6.0	6.1	6.1	6.1	6.2	6.3	6.4
Colorado	6.5	6.6	6.4	6.5	6.5	6.5	6.6	6.7	6.9	7.0	7.0	7.1	7.2	7.3	7.4
Connecticut	5.1	5.4	5.6	6.0	6.1	6.4	6.5	6.4	6.4	6.5	6.5	6.6	6.6	6.6	6.7
Delaware	5.7	5.9	5.8	6.1	6.2	6.3	6.4	6.6	6.7	6.7	6.5	6.6	6.7	7.0	7.0
Florida	7.8	7.8	7.9	8.1	8.1	8.3	8.3	8.3	8.3	8.3	8.2	8.3	8.3	8.3	8.5
Georgia	5.0	5.1	5.4	6.0	6.2	6.4	6.6	6.6	6.8	6.8	6.6	6.8	6.9	6.9	7.2
Hawaii	4.7	4.7	4.9	5.2	5.4	5.5	5.5	5.5	5.7	5.8	5.8	5.6	5.4	5.5	5.9
Idaho	5.6	5.6	5.8	6.4	6.2	6.2	6.2	6.5	6.8	6.3	5.9	6.0	6.1	6.5	6.6
Illinois	5.5	5.5	5.5	5.8	5.6	5.7	5.8	6.0	6.2	6.3	6.2	6.4	6.4	6.6	6.7
Indiana	5.4	5.4	5.5	5.8	6.1	6.3	6.3	6.5	6.5	6.4	6.0	6.2	6.4	6.5	6.8
Iowa	7.1	7.0	7.0	7.2	7.2	7.4	7.5	7.5	7.4	5.6	5.7	5.7	5.9	6.1	6.2
Kansas	6.2	6.2	6.3	6.7	6.7	6.8	6.8	6.4	6.4	6.5	6.4	6.6	6.7	6.7	6.8
Kentucky	5.8	5.7	5.6	6.0	6.0	6.0	5.8	6.0	6.2	6.3	6.1	6.1	6.2	6.4	6.4
Louisiana	7.1	7.0	6.9	7.4	7.5	7.6	7.7	7.7	7.8	7.9	7.9	7.9	7.7	7.8	7.9
Maine	4.1	4.3	4.6	5.0	5.3	5.5	5.5	5.8	6.0	5.7	5.6	5.9	6.0	6.0	6.2
Maryland	5.0	5.2	5.5	5.9	6.1	6.3	6.5	6.7	6.7	6.9	6.7	6.7	6.8	6.8	6.9
Massachusetts	4.8	5.1	5.3	5.8	6.1	6.3	6.3	6.4	6.5	6.5	6.4	6.5	6.5	6.8	6.8
Michigan	3.9	3.9	4.2	4.7	4.9	5.0	5.2	5.3	5.5	5.5	5.6	5.6	5.9	6.1	6.2
Minnesota	4.9	4.8	5.0	5.3	5.4	5.6	5.6	5.8	5.9	5.9	5.8	5.8	5.9	6.2	6.2
Mississippi	7.5	7.5	7.5	7.7	7.7	7.8	7.8	7.9	7.9	7.9	7.9	7.8	8.0	8.1	8.3
Missouri	4.8	4.9	5.1	5.5	5.7	5.9	6.0	6.2	6.4	6.4	6.3	6.3	6.3	6.5	6.6
Montana	5.6	5.3	5.3	5.5	5.1	5.1	5.1	5.2	5.4	5.3	5.1	5.1	5.3	5.5	5.8
Nebraska	6.2	6.2	6.3	6.4	6.5	6.8	6.4	5.8	6.0	6.2	6.0	6.0	6.1	6.4	6.6
Nevada	5.5	5.5	5.6	5.8	6.1	6.4	6.4	6.4	6.5	6.6	6.2	6.3	6.4	6.6	6.4
New Hampshire	5.2	5.4	5.7	6.3	6.5	6.6	6.8	6.8	6.7	6.7	6.5	6.7	6.8	6.8	6.9
New Jersey	4.3	4.5	4.8	5.3	5.3	5.7	5.8	5.9	6.1	6.0	5.8	5.8	5.8	5.8	6.0
New Mexico	5.1	5.0	5.0	5.5	5.5	5.6	5.6	5.7	5.9	6.1	6.1	6.2	6.2	6.2	6.2
New York	4.0	4.0	4.2	4.5	4.7	5.0	5.1	5.3	5.3	5.3	5.1	5.2	5.2	5.3	5.6
North Carolina	5.7	5.5	5.6	6.1	6.3	6.6	6.7	6.8	6.9	7.0	7.0	6.9	6.8	7.0	7.1
North Dakota	5.7	5.7	5.6	5.8	5.8	5.8	5.8	5.7	5.9	6.0	6.0	6.0	6.0	6.2	6.3
Ohio	5.2	5.2	5.3	5.7	5.8	6.0	6.0	6.2	6.3	6.3	5.7	5.7	5.8	6.1	6.2
Oklahoma	5.8	5.8	5.6	6.0	6.1	5.9	6.1	6.3	6.2	6.1	6.0	6.0	6.2	6.3	6.4
Oregon	4.5	4.5	4.7	4.9	5.0	5.3	5.3	5.5	5.5	5.4	5.3	5.5	5.6	5.6	5.9
Pennsylvania	4.3	4.4	4.5	5.1	5.4	5.6	5.8	6.0	6.0	6.1	6.0	6.1	6.2	6.3	6.4
Rhode Island	4.9	4.8	5.0	5.3	5.6	5.8	5.9	6.0	6.1	6.1	5.8	5.9	6.2	6.4	6.2
South Carolina	8.0	8.0	8.0	8.4	8.3	8.3	8.3	8.3	8.4	8.4	8.3	8.3	8.3	8.4	8.5
South Dakota	4.9	5.0	5.1	5.6	5.6	5.9	6.1	6.2	6.2	6.3	6.1	6.2	6.3	6.5	6.7
Tennessee	7.5	7.5	7.6	7.8	7.8	7.8	7.9	7.9	8.0	8.1	8.1	8.2	8.2	8.1	8.3
Texas	7.3	7.3	7.3	7.6	7.6	7.5	7.3	6.8	6.8	7.0	7.0	7.0	7.0	7.2	7.3
Utah	4.8	4.9	5.1	5.5	5.8	5.9	5.9	6.0	6.2	6.3	6.1	6.1	6.2	6.4	6.7
Vermont	4.9	5.1	5.3	5.7	5.7	6.0	6.2	6.3	6.3	6.3	6.1	6.3	6.5	6.7	6.6
Virginia	6.0	6.1	6.3	6.7	6.9	7.2	7.2	7.3	7.4	7.5	7.1	7.0	7.0	7.2	7.4
Washington	4.9	5.0	5.1	5.5	5.5	5.5	5.9	5.9	5.5	5.6	5.5	5.6	5.6	5.6	5.8
West Virginia	4.3	4.0	3.7	4.1	4.3	4.4	4.3	4.7	5.0	5.1	5.0	5.0	5.1	5.4	5.6
Wisconsin	4.5	4.5	4.6	4.9	5.2	5.3	5.5	5.7	5.7	5.8	5.7	5.7	5.9	6.1	6.3
Wyoming	6.8	6.6	6.3	6.3	6.3	6.4	6.3	6.3	6.3	6.5	6.5	6.6	6.7	6.8	7.0



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Rank out of 60 (2011)
5.6	5.8	5.8	5.8	6.1	6.1	6.1	6.2	6.4	6.5	6.4	6.4	6.3	5.9	5.9	6.2	46
3.9	4.0	3.9	4.1	4.2	4.2	4.2	4.4	4.7	4.9	5.1	5.1	5.1	4.9	5.0	5.0	52
3.6	3.8	4.0	3.7	3.8	3.9	3.9	3.8	3.8	3.9	4.0	4.1	4.0	3.8	3.8	3.8	58
4.2	4.0	4.2	4.5	4.5	4.5	4.7	4.8	4.9	4.9	4.9	4.9	4.6	4.5	4.4	4.4	54
2.9	2.7	2.9	3.2	3.5	3.4	3.6	3.7	3.9	4.2	4.4	4.4	4.1	3.4	3.4	3.7	59
4.2	4.2	4.3	4.4	4.5	4.5	4.7	4.7	4.8	4.8	4.7	4.7	4.5	4.2	4.2	4.1	57
4.8	4.9	5.1	5.3	5.4	5.5	5.5	5.4	5.5	5.4	5.4	5.4	5.2	5.0	4.9	5.0	53
4.4	4.2	4.5	4.4	4.5	4.7	4.8	4.8	4.6	4.7	5.0	5.0	4.7	4.3	4.3	4.2	55
3.1	3.1	3.3	3.5	3.7	3.5	3.6	3.6	3.8	3.8	3.8	4.0	3.8	3.6	3.6	3.6	60
3.9	3.9	3.9	3.7	3.9	3.8	3.8	3.9	4.1	4.1	4.0	4.2	4.3	3.8	3.9	4.1	56
8.1	8.2	8.2	8.1	8.2	8.3	8.2	8.2	8.2	8.2	8.3	8.3	8.2	7.9	8.1	8.2	4
6.0	6.0	5.7	5.7	5.7	5.9	5.7	5.7	6.1	6.1	6.2	6.3	6.2	6.1	6.0	6.2	47
8.5	8.5	8.6	8.5	8.6	8.7	8.7	8.7	8.6	8.7	8.6	8.7	8.6	6.9	7.0	7.1	19
6.8	6.7	6.5	6.5	6.7	6.7	6.8	6.9	7.1	7.2	7.2	7.0	6.8	6.8	6.9	7.0	21
6.5	6.4	6.3	6.3	6.5	6.4	6.2	6.3	6.5	6.6	6.8	6.6	6.3	6.3	6.3	6.4	42
7.5	7.1	7.2	7.2	7.3	7.3	7.4	7.4	7.5	7.6	7.7	7.4	7.3	7.2	7.2	7.2	12
6.9	6.8	6.7	6.5	6.6	6.8	6.6	6.7	6.7	6.8	6.9	6.9	6.7	6.6	6.7	6.7	32
7.1	7.1	7.0	6.9	7.0	7.2	7.2	7.2	7.3	7.4	7.5	7.4	7.1	7.1	7.1	7.3	10
8.5	8.5	8.6	8.6	8.6	8.6	8.7	8.7	8.7	7.9	7.5	7.4	7.3	7.1	7.2	7.1	15
7.2	7.1	7.1	7.2	7.4	7.4	7.4	7.4	7.5	7.6	7.7	7.8	7.7	7.5	7.6	7.8	7
6.1	5.7	5.7	6.0	6.0	6.1	6.0	6.1	6.2	6.2	6.3	6.4	6.2	6.2	6.2	6.5	40
6.6	6.4	6.3	6.3	6.6	6.7	6.7	6.7	6.9	7.2	7.2	7.3	6.9	6.6	6.5	6.8	25
6.7	6.9	6.9	7.0	7.0	7.1	6.9	7.1	6.8	6.7	6.8	6.9	6.6	6.3	6.5	6.5	37
6.9	7.0	6.8	6.5	6.5	6.7	6.8	6.9	7.0	7.0	7.1	7.1	6.8	6.6	6.6	6.7	29
6.3	6.2	6.3	6.2	6.3	6.4	6.6	6.6	6.9	6.9	6.9	6.9	6.6	6.5	6.5	6.6	35
7.0	7.1	7.2	7.1	7.1	7.2	7.3	7.3	7.4	7.5	7.6	7.7	7.6	7.5	6.6	6.7	30
6.5	6.6	6.5	6.5	6.4	6.6	6.7	6.6	6.8	6.9	7.0	7.0	6.8	6.5	6.5	6.6	36
7.9	8.0	7.9	7.8	7.9	8.0	7.9	8.0	8.0	8.2	8.3	8.4	8.3	8.1	8.3	8.4	3
6.3	6.3	6.3	6.2	6.3	6.6	6.4	6.4	6.6	6.6	6.6	6.6	6.5	6.4	6.5	6.5	38
7.0	6.9	6.9	6.9	7.0	7.2	7.2	7.3	7.7	7.6	7.5	7.5	7.4	7.3	7.4	7.4	8
6.8	6.8	6.8	6.8	6.9	6.8	6.8	6.9	7.0	7.1	7.1	7.1	6.8	6.6	6.9	7.0	23
6.2	6.0	6.0	6.1	6.2	6.1	6.2	6.1	6.2	6.4	6.4	6.1	6.0	5.8	6.1	6.1	48
6.4	6.4	6.3	6.3	6.5	6.7	6.7	6.8	6.9	7.0	7.0	7.0	7.0	7.0	7.0	7.1	17
8.2	8.1	8.0	8.0	7.9	8.1	8.1	8.2	8.2	8.0	8.2	8.1	8.1	8.0	8.1	8.1	5
6.6	6.5	6.5	6.5	6.7	6.7	6.8	6.8	6.9	7.0	7.2	6.9	6.8	6.7	6.7	6.7	31
5.8	5.7	5.8	5.7	5.9	6.1	6.2	6.3	6.6	6.8	6.8	6.5	6.4	5.9	6.1	6.3	44
6.7	6.7	6.4	6.6	6.7	6.9	6.9	7.0	7.1	7.2	7.3	7.3	7.0	6.8	6.7	7.0	20
6.4	6.3	6.6	6.6	6.8	6.9	7.0	7.1	7.3	7.4	7.3	7.1	6.8	6.7	6.6	6.6	33
7.1	7.0	7.0	7.0	7.1	7.2	7.2	7.2	7.3	7.4	7.4	7.4	7.0	6.8	6.9	7.0	22
6.2	6.2	6.3	6.4	6.5	6.6	6.6	6.6	6.6	6.6	6.5	6.5	6.6	6.4	6.6	6.8	26
6.4	6.3	6.2	6.2	6.4	6.6	6.7	6.5	6.6	6.6	6.7	6.8	6.4	6.1	6.3	6.3	43
5.8	5.8	6.0	6.0	5.9	5.9	5.9	6.0	6.1	6.0	6.1	6.0	6.0	5.8	6.0	6.0	50
7.2	7.3	7.1	7.3	7.3	7.4	7.4	7.4	7.5	7.6	7.7	7.5	7.3	7.1	7.0	7.2	13
6.6	6.3	6.4	6.3	6.6	6.8	6.7	6.9	7.0	7.0	7.2	7.3	7.2	6.8	6.8	7.1	16
6.3	6.4	6.4	6.5	6.6	6.7	6.7	6.7	6.9	6.9	7.1	6.6	6.5	6.3	6.5	6.5	39
6.4	6.3	6.3	6.3	6.6	6.7	6.6	6.9	7.0	7.2	7.2	7.1	6.9	6.6	6.6	6.7	27
6.2	6.0	6.0	5.9	6.0	6.1	6.2	6.1	6.3	6.3	6.6	6.5	6.3	5.9	6.1	6.2	45
6.5	6.5	6.6	6.5	6.6	6.7	6.8	6.9	7.0	7.1	7.1	6.8	6.7	6.7	6.7	6.8	24
6.4	6.3	6.3	6.4	6.4	6.5	6.5	6.7	6.7	6.8	7.0	6.9	6.7	6.6	6.7	6.7	28
8.5	8.5	8.4	8.5	8.4	8.4	8.4	8.4	8.6	8.7	8.6	8.6	8.4	8.3	8.4	8.5	2
6.8	6.7	6.8	6.8	7.0	7.1	7.3	7.4	7.4	7.4	7.5	7.5	7.5	7.2	7.2	7.3	11
8.4	8.4	8.5	8.5	8.4	8.5	8.4	8.5	8.6	8.7	8.7	8.8	8.7	8.5	8.6	8.7	1
7.4	7.5	7.6	7.6	7.6	7.6	7.3	7.3	7.5	7.6	7.7	7.7	7.5	7.2	7.2	7.4	9
6.8	6.7	6.8	6.9	6.9	7.1	7.1	7.2	7.3	7.5	7.7	7.6	7.4	7.0	6.9	7.1	14
6.6	6.6	6.6	6.6	6.4	6.5	6.6	6.6	6.6	6.5	6.6	6.6	6.5	6.2	6.4	6.4	41
7.4	7.3	7.3	7.3	7.5	7.7	7.6	7.7	7.8	7.9	8.1	8.1	7.9	7.7	7.7	7.8	6
6.0	6.0	6.1	5.9	6.0	6.0	5.9	5.9	6.0	6.1	6.2	6.2	6.1	5.9	6.0	6.1	49
5.7	5.8	5.9	5.7	5.7	5.9	6.1	6.1	6.1	6.3	6.4	6.3	6.0	5.8	5.7	6.0	51
6.3	6.1	6.2	6.2	6.3	6.5	6.6	6.6	6.7	6.7	6.7	6.7	6.6	6.4	6.4	6.6	34
7.1	7.1	7.1	7.1	7.2	6.7	6.6	6.6	6.8	7.0	7.1	7.2	7.2	7.1	7.0	7.1	18

# Chapter 3

## Economic Freedom and Economic Well-Being at the Subnational Level—a Look at the Literature

For many years, economists and other researchers have been investigating the relationship between economic freedom and a wide variety of outcomes. Since the country-level indexes, like the Fraser Institute’s annual report, *Economic Freedom of the World* (EFW), were developed first, most of the research has taken place with those. Two of the current authors of EFW recently produced a comprehensive survey of the literature that uses that economic freedom index (Lawson and Hall, 2014). They found over 400 articles in the Social Science Citation Index (SSCI) that have cited EFW, nearly 200 of which used the EFW index as an independent variable. In addition to the work finding a positive relationship between economic freedom and measures of economic output such as GDP and GDP growth, researchers have also found a relationship between economic freedom and a host of positive outcomes like lower unemployment, lower inequality, cleaner environments, higher literacy, higher life expectancy, more political freedom, and more civil liberties.

*Economic Freedom of North America* (EFNA) is newer. It was first produced in 2002 and has been published annually since 2010. This 2013 report is the ninth edition and it contains annual data back to 1981. In addition to EFNA, the Fraser Institute has published or cooperated in publishing reports on regional or subnational economic freedom in eight other areas of the globe.<sup>1</sup> Thanks to those efforts, there is now a large and rapidly growing body of literature examining subnational economic freedom, and there is now even an index of economic freedom at the local level (Stansel, 2013), which is based on the methodology used in EFNA.<sup>2</sup> The *Journal of Regional Analysis and Policy* recently devoted an entire issue to “Economic Freedom and Regional Economics.”<sup>3</sup>

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- [1] Electronic copies are available at: <http://www.freetheworld.com/regional.html>.
- [2] It should be noted that the Mercatus Center at George Mason University has published three editions of its *Freedom in the 50 States* report (2013, 2011, and 2009), most recently Ruger and Sorens, 2013. However, that report focuses only on the US states; it does not include the Canadian provinces.
- [3] Guest editor, and EFW co-author, Joshua Hall provided an excellent introductory article for that issue (Hall, 2013).

We have conducted an exhaustive search for articles that explicitly cite EFNA. We found about 20 articles in the Social Sciences Citation Index (SSCI) that have cited the EFNA. That number leaves out many articles that used and/or discussed EFNA but failed to list it as one of their references. A broader search using Google Scholar and the search term “Economic Freedom of North America” produced over 200 citations.<sup>4</sup> Appendix C (p. 72) contains a list of 93 articles that we can confirm either use or cite EFNA. Much of that literature pertains to economic growth or entrepreneurship. However, like the EFW literature, it also includes work pertaining to diverse topics such as income inequality, eminent domain, and labor markets.

The 2002 EFNA report (Karabegović, McMahon, and Samida, 2002) was the first effort to measure economic freedom in the US states and Canadian provinces. In addition, the authors examined the relationship between economic freedom and economic growth. They found that the *level* of economic freedom was positively and significantly associated with the *level* of per-capita GDP and that the *growth* of economic freedom was positively and significantly associated with the *growth* of per-capita GDP. These results have been updated in subsequent EFNA reports over the years, and the findings have been quite consistent over time. This consistency in the results over time is one of the reasons we have ceased to include them starting with this year’s report and instead have added this new chapter focusing on the growing volume of work by other researchers published in peer-reviewed journals.

### **Economic freedom and growth**

Clark and Pearson (2007) examined economic growth and found results similar to those described above: a positive relationship between economic freedom and the growth of per-capita state product as well as net population migration in US states. More recently, Compton, Giedeman, and Hoover (2011) found similar results for the level of freedom and the growth of per-capita GSP, but they were not robust to alternative econometric techniques. The authors did, however, find a robust, statistically significant, positive relationship between the *growth* of economic freedom and the growth of per-capita GSP.

Garrett and Rhine (2011) found that economic freedom was positively associated with employment growth in US states for three time periods. When the EFNA’s three components were examined separately, the authors found that the Areas for size of government and labor market freedom were more strongly associated with growth than the tax component. Hafer (2013) examined the relationship between entrepreneurship and state economic growth, using economic freedom as a control variable. Hafer found no statistically significant relationship between economic freedom and the growth of real per-capita gross state product, real per-capita personal income, total employment, and non-farm employment in US states.

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[4] That number is overstated, because some of those “citations” are the various EFNA reports themselves as well as unpublished working papers. On the other hand, it does include some of those papers that used EFNA but were not captured by the SSCI search because the authors did not cite the report in their article’s list of references.

Basher and Lagerlof (2008) found that the level of per-capita gross state product was positively related to economic freedom for both Area 1 (size of government) and Area 2 (taxation) of the index. Ashby, Bueno, and Martinez (2013) developed an economic freedom index for states in Mexico. They found that economic freedom had a statistically significant positive relationship with average wages in Mexican states and that the growth of freedom was positively associated with growth of wages.

Ashby (2007) examined population migration between states. Using spatial econometric methods, he found a positive relationship between economic freedom and the inflow of population from other states. Heller and Stephenson (2014) examined labor market conditions and found that economic freedom in US states was positively associated with the labor force participation rate and the employment-to-population ratio and negatively associated with the unemployment rate.

### **Economic freedom and entrepreneurship**

A high level of economic freedom is widely viewed as creating the environment necessary for entrepreneurs to thrive. That greater level of entrepreneurial activity is in turn the mechanism by which freedom can be thought to increase growth. As a result, many of the first papers to use the EFNA index as an explanatory variable focused on that latter, more direct, relationship with entrepreneurship, rather than with economic growth.

Kreft and Sobel (2005) found that economic freedom was positively and significantly associated with the growth rate of sole proprietorships in US states. When they examined the three components of the EFNA index separately (size of government, taxation, and labor market freedom), they found that only the taxation variable remained statistically significant for the all-government index and only the labor market freedom variable did so for the state and local index. Campbell and Rogers (2007) found similar results for the relationship between the overall index and new business starts as did Campbell, Heriot, and Rogers (2007/2008). The latter article also found that higher economic freedom was associated with more business failures, presumably due to greater competition. Campbell, Fayman, and Heriot (2011) found that same positive relationship for the number of businesses. Hall and Sobel (2008) used the Kauffman Index of Entrepreneurial Activity (KIEA) (Fairlie, 2006a) and found it to be positively associated with economic freedom. They found similar results using spatial econometric techniques.

Sobel (2008) examined five measures of entrepreneurial activity (per-capita venture capital investment, patents per capita, sole proprietorship growth rate, total establishment birth rate, and large firm establishment birth rate) and found that economic freedom was significantly and positively associated with all five of them. He also found that economic freedom was negatively related with “unproductive entrepreneurship”. That is, states with higher economic freedom tended to have less lobbying activity. Gohmann, Hobbs, and McCrickard (2008) found some support for that latter result. They examined growth in employment and the number of firms in various segments of the service industry and found a negative relationship with economic freedom for membership organizations (which includes lobbyists),

legal services, health services, and social services, each of which would tend to see increased demand when government grows (and when economic freedom contracts). The previous findings of a positive relationship between economic freedom and entrepreneurial activity were supported for business services (the second largest category by number of employees) and personal services.

Goetz and Rupasingha (2009) found that economic freedom was positively associated with the rate of self-employment and proprietorship formation. Campbell et al. (2012) examined firm deaths and found no significant relationship with the overall EFNA score, but a negative relationship with Area 1 (size of government) and a positive relationship with Area 3 (labor market freedom). Campbell, Mitchell, and Rogers (2013) examined five measures of entrepreneurial activity (the Kauffman Index of Entrepreneurial Activity (KIEA), patents per employee, non-farm sole proprietors per employee, growth rate of number of firms, and jobs created by new firms). Their findings differed from most of the previous literature in that they failed to find a consistent positive relationship between economic freedom and entrepreneurial activity.

### **Economic freedom and income equality**

One of the common criticisms of capitalism is that it allegedly increases income inequality. There is a growing body of literature at the country level that shows otherwise. There has been some state-level work as well. Ashby and Sobel (2008) examined income inequality. They found that both the level and growth of income in the lowest income quintile was positively associated with the growth in economic freedom. They found similar results for the middle quintile and the highest income quintile, but in the latter group only income *growth* (not income *level*) was statistically significant. They also found that the growth of economic freedom was negatively associated with the ratio of the highest income quintile's income share to the lowest income quintile's income share, meaning that increased freedom was associated with less income inequality.

Webster (2013) found a negative relationship between income inequality (measured by the Gini index) and the growth of economic freedom. The change in the Gini index was also found to be negatively associated with the level of economic freedom at the beginning of the period examined, but it was positively associated with the level at the end of the period. Bennett and Vedder (2013) also examined Gini coefficients as their measure of income inequality. They found that the lagged growth of economic freedom was associated with a lower level of income inequality and with reductions in income inequality over time. They also found evidence of a parabolic (rather than linear) relationship between freedom and inequality. For very low levels of economic freedom, increased freedom was associated with greater inequality, but starting at about 1% above the mean value of economic freedom, increases in freedom were associated with less inequality. Finally, Apergis, Dincer, and Payne (2014) also found a negative relationship between economic freedom in US states and inequality (measured by the Gini index). However, their results show that there is bidirectional causality so that, while higher economic freedom may be

thought to reduce inequality, higher inequality may also reduce economic freedom (by encouraging politicians to increase redistribution, which reduces freedom). This could explain why some states seem to be caught in an unending cycle of lower economic freedom (via greater redistribution) and greater inequality.

### **Conclusion**

In conclusion, economic freedom at the subnational level has generally been found to be positively associated with a variety of measures of the size of the economy and the growth of the economy. It has also been found to be positively related to numerous measures of entrepreneurial activity. The findings on income inequality have been less conclusive, but they have generally supported the idea that greater economic freedom is associated with *less*, not more, inequality. These results tend to mirror those found for these same relationships at the country level using the index published in *Economic Freedom of the World*.

This was not intended to be an exhaustive discussion of all of the literature that has cited *Economic Freedom of North America*. We have focused primarily on the areas with the highest volume of publications. There are many other good quality papers that have used the index published in *Economic Freedom of North America* over the years to examine all sorts of empirical relationships. For example, there has been some interesting work done on the relationship between economic freedom and a wide variety of political outcomes. Their exclusion from this brief summary is not meant to be an indication of a lower level of importance. A more exhaustive list of articles citing EFNA is provided in Appendix C (p. 72).

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# 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  $V_{\max}$  is the largest value found within a component,  $V_{\min}$  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 areas and the overall summary 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 world-adjusted index adds two additional components to Area 3 (3B: Credit Market Regulation and 3C: Business Regulations) as well as three additional Areas: Legal System and Property Rights; Sound Money; and Freedom to Trade Internationally. Thus it has six areas, each of which was equally weighted and each of the components within each area was equally weighted except for the regulation section. Regulation in the world-adjusted index has three components: labor, credit, and business, the latter two of which are added from the world index. Each of the components is equally weighted when calculating regulation and each variable is equally weighted in calculating the score for each component. More details on the calculations and data sources for the adjusted index can be found in Appendix B.

### 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 and Matrix 2. Canadian nominal thresholds were first converted into constant 2011 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 2011 US dollars using the

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

Top Marginal Tax Rate	Income Threshold Level (US\$2011)		
	Less than \$57,588	\$57,588 to \$115,176	More than \$115,176
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 2: Income Tax Matrix for Component 2B at the Subnational Level

Top Marginal Tax Rate	Income Threshold Level (US\$2011)		
	Less than \$57,588	\$57,588 to \$115,176	More than \$115,176
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

Note: The range of the top marginal tax rates in Matrix 1 and Matrix 2 should be written "27.00% to 29.99%" or "1.50% to 2.99%" and so on but for convenience we have written them as "27% to 30%" or "1.5% to 3.0%."

Consumer Price Index. 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 2B, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at the all-government level; Matrix 2 was used to calculate the score for Component 2B at the subnational level.

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 2 a jurisdiction gets a score of 2.5 if it has a top marginal income-tax rate of, say, 12.5% for incomes over \$57,588. Let us

say the jurisdiction imposes a surcharge for income earners above \$115,176, increasing the top marginal income-tax rate to 13%. In Matrix 2, 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

Due to constitutional differences and variations in policy, in the United States subnational jurisdictions take a proportionately smaller share of overall government spending than in Canada. In 2002, for instance, provinces and local governments accounted for about 79% of government consumption in Canada while in the United States state and local government are responsible for 63% of government consumption, just 80% of the level in Canada ( $0.63/0.79 = 0.80$ ). This is what we term the adjustment factor:  $R_U/R_C$ , where  $R_U$  is the percent of total government spending at the state level in the United States, and  $R_C$  is the percent of total government spending at the provincial level in Canada. Because of this difference in government structure in the United States and Canada, a direct comparison would not be appropriate. Instead, we use this adjustment factor, multiplying provincial and local government consumption in Canada by 0.80 so that it will be comparable to US data. The adjustment factor itself is adjusted every year to the relative differences in spending patterns between Canada and the United States.

At the subnational level, similar adjustment factors are calculated for each year for each component in Areas 1 and 2 as well as for sub-component 3Aii: Government Employment as a Percentage of Total State/Provincial Employment. For example, the adjustment factor for 2A: Total Tax Revenue as a Percentage of GDP at the subnational level is calculated as the percentage of total government revenue at a state level in the United States divided by the percentage of total government revenue at a provincial level in Canada. No adjustment factor is necessary at the all-government level because every level of government is counted. Note that Component 2D: Sales Tax Collected as a Percentage of GDP is not adjusted because the United States does not have a federal general sales tax and Canada does.

We faced another 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.

A further complication arose in applying the adjustment factor to the income-tax component at the subnational level. To construct this adjustment factor, the Canadian top marginal tax rates at the subnational level are multiplied by the ratio of (a) the percentage of total personal tax revenue at a state level in the United States; and (b) the percentage of total personal tax revenue at a provincial level in Canada. For example, in 2002, in Canada, provinces collected 37% of the income-tax revenue raised in Canada. In the United States, states collected 19% of all income taxes. Thus,  $\frac{19}{37}$  equals 51%. In Ontario, for example, the top marginal rate in 2002 was 17.4%. This is reduced to 8.9% when the adjustment factor is applied.

### **Other adjustments**

Many data sources that are used to calculate tax burdens and government expenditures are not available for every year for Canada and the United States. In some cases these data are available at the subnational level but not at the federal level or vice versa. When this is the case, we generally use the values for the most recent year available (specific exceptions to this approach are discussed individually in Appendix B).

The primary source of the detailed Canadian provincial and local government finance data, by province, was terminated by Statistics Canada, with 2009 being the last year available. Since there were two years of missing data, rather than using the previous year's data, we constructed an estimate for the 2010 and 2011 data using the less-detailed public accounts data from the Canadian Department of Finance. We calculated the percentage change in "total program expenditures" and "own-source revenues" for 2009/2010 and 2010/2011. Those percentage changes were used with the 2009 data from Statistics Canada to calculate estimated values for 2010 and 2011 for the spending and revenue variables.

The Tax Foundation has calculated the federal tax burden by US state up to the year 2005 using sophisticated techniques but these have not been updated in recent years. We impute the federal tax burden by using the federal tax collections by US state provided by the Internal Revenue Service. We calculate the percentage change in tax revenues between each year after 2005 up to 2011 and assume that the tax burden increased by this same percentage. Using the data provided by the Tax Foundation in 2005, we are able to estimate the federal tax burden for 2006 to 2011. It should be noted that tax revenues are not conceptually identical to the tax burden. As a simple illustration, an income-tax rate of 100% would certainly cause a significant tax burden but would yield virtually no tax revenue. We analyzed the correlation of tax revenues from the IRS and the tax burden from the Tax Foundation in years when both were available and found the correlation to be high. Given this finding, the method discussed herein is considered to be a reasonable, albeit imperfect, method of estimating the tax burden until updated data are provided by the Tax Foundation or another entity.

# Appendix B

## Explanation of Components and Data Sources

### Area 1 Size of Government

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

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.

##### *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, 2012* • Statistics Canada, Public Institutions Division, Financial Management System, 2005, 2007, 2008 • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <<http://www.fin.gc.ca/frt-trf/2012/frt-trf-1204-eng.asp>>.

##### *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 (2013). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2011)*. <<http://www.census.gov/govs/local/>> • 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. <<http://www.bea.gov/>>.

#### Component 1B Transfers and Subsidies as a Percentage of GDP

Transfers and subsidies include transfers to persons and businesses such as welfare payments, grants, agricultural assistance, food-stamp payments (US), housing assistance, and so on. Foreign aid is excluded. Data for Quebec is adjusted for Quebec abatement at the subnational level.

#### *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, 2012* • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <<http://www.fin.gc.ca/frt-trf/2012/frt-trf-1204-eng.asp>>.

#### *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 (2013). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2011)*. <<http://www.census.gov/govs/local/>> • 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, <<http://www.bea.gov/>>.

### **Component 1C Social Security Payments as a Percentage of GDP**

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, 2012* • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <<http://www.fin.gc.ca/frt-trf/2012/frt-trf-1204-eng.asp>>.

#### *Sources for the United States*

Special request from US Census Bureau, Governments Division (December 14, 2007) • US Census Bureau (2013). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2011)*. <<http://www.census.gov/govs/local/>> • US Department of Commerce, Bureau of Economic Analysis, <<http://www.bea.gov/>>.

## **Area 2 Takings and Discriminatory Taxation**

### **Component 2A Total Tax Revenue as a Percentage of GDP**

Total Tax Revenue is defined as a sum of income taxes, consumption taxes, property and sales taxes, contributions to social security plans, and various other taxes. Note that natural resource royalties are not included. Data for Quebec is adjusted for Quebec abatement at the subnational level.

#### *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, 2012* • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <<http://www.fin.gc.ca/frt-trf/2012/frt-trf-1204-eng.asp>>.

#### Sources for the United States

- US Census Bureau (2013). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2011)*. <<http://www.census.gov/govs/local/>> • US Department of Commerce, Bureau of Economic Analysis, <<http://www.bea.gov/>> • Internal Revenue Service (2012, March). Table 5 (“Total Internal Revenue collections”), *Internal Revenue Service Data Book, 2011* (and previous editions). Publication 55B. <<http://www.irs.gov/pub/irs-soi/11databk.pdf>> • Tax Foundation (Washington, DC), <<http://www.taxfoundation.org/research/show/22685.html>> (December 19, 2007).

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

See Matrix 1 and Matrix 2 in Appendix A for information on how the final scores were calculated. Data for Quebec is adjusted for Quebec abatement at the sub-national 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*.

#### Sources for the United States

- Tax Foundation, *Facts and Figures on Government Finances* (various editions) • Tax Foundation (Washington, DC). [website], <<http://www.taxfoundation.org/data>> (Oct. 1, 2003; December 21, 2007; December, 2009) • Tax Foundation (Washington, DC). *U.S. Federal Individual Income Tax Rates History, 1862-2013*. <<http://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, 2000-2013*. <[http://taxfoundation.org/article\\_ns/state-individual-income-tax-rates-2000-2013](http://taxfoundation.org/article_ns/state-individual-income-tax-rates-2000-2013)> • US Department of Labor, Bureau of Labor Statistics, <<http://www.bls.gov/cpi/>> • US Census Bureau (2012). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2010)*, <<http://www.census.gov/govs/estimate/>>.

## Component 2C Indirect Tax Revenue as a Percentage of GDP

Indirect tax revenue includes property taxes, contributions to social security insurance (i.e., Employment insurance, Workers Compensation, and various pension plans), and various other taxes. Income-tax revenue, sales-tax revenue, and natural resource royalties are not included in this component.

### *Sources for Canada*

Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <<http://www.fin.gc.ca/ftr-trf/2012/ftr-trf-1204-eng.asp>>.

### *Sources for the United States*

Tax Foundation, *Facts and Figures on Government Finances* (various editions) • Tax Foundation (Washington, DC), <<http://www.taxfoundation.org/research/show/22685.html>> (December 19, 2007) • US Census Bureau (2013). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2011)*. <<http://www.census.gov/govs/local/>>.

## Component 2D Sales Taxes Collected as a Percentage of GDP

Sales tax revenue includes revenue from general sales tax as well as revenue from liquor and tobacco taxes.

### *Sources for Canada*

Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <<http://www.fin.gc.ca/ftr-trf/2012/ftr-trf-1204-eng.asp>>.

### *Sources for the United States*

Tax Foundation, *Facts and Figures on Government Finances* (various editions) • US Census Bureau (2013). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2011)*. <<http://www.census.gov/govs/local/>>.

## 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 GDP. For the Canadian provinces, provincial minimum wage was used to compute both of the indices (subnational and all-government). For US states, we used state minimum wage at the subnational level whereas at the all-government level federal minimum wage was used whenever the federal minimum wage was higher than the state minimum wage.



*Sources for Canada*

Human Resources Development Canada, <<http://srv116.services.gc.ca/dimt-wid/sm-mw/menu.aspx?lang=eng>> (May 24, 2011) • Statistics Canada, *Provincial Economic Accounts, 2012*.

*Sources for the United States*

Division of External Affairs, Wage and Hour Division, Employment Standards Administration, US Department of Labor, <<http://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 2013”. <<http://www.dol.gov/whd/state/stateMinWageHis.htm>> (April, 2013) • Special requests from various state Labor Departments • US Department of Commerce, Bureau of Economic Analysis, <<http://www.bea.gov/>> (May 11, 2012).

**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), <<http://www5.statcan.gc.ca/cansim/pick-choisir?lang=eng&searchTypeByValue=1&id=1830002>>.

*Sources for the United States*

Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, <<http://www.bea.gov/regional/index.htm>> • US Department of Labor, Bureau of Labor Statistics, <<http://www.bls.gov/lau/>>.

**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 3B. 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 the government sector proved highly significant. Thus, the scores were determined holding public-sector employment constant. Specifically, 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,  $\alpha$ , 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), <<http://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*, <<http://www.unionstats.com/>> • Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, <<http://www.bea.gov/>> • US Dept. of Labor, Bureau of Labor Statistics, <<http://www.bls.gov/lau/>>.

**Note Data in Area 3 added for the world-adjusted index**

The data used for the world-adjusted index is from *Economic Freedom of the World: 2013 Annual Report* (Gwartney, Lawson, and Hall, 2013), which is also published by the Fraser Institute. The following information about the sources of data used is quoted directly from that report. Minimum-maximum calculations are based on the 152 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 sub-national level, this does provide an appropriate measure of the difference between Canada and the United States. The world data are available at <[www.freetheworld.com/2013/EFWdatabase2013.xls](http://www.freetheworld.com/2013/EFWdatabase2013.xls)>.

**Area 3 Regulation (world-adjusted index)**

Since, as discussed above, Canada and the United States have been diverging on scores for business and credit regulation, the world-adjusted 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.)

**Component 3B Regulation of credit markets (component 5A in the world report)***3B1 Ownership of banks*

Data on the percentage of bank deposits held in privately owned banks were used to construct rating intervals. Countries with larger shares of privately held deposits received higher ratings. When privately held deposits totaled between 95% and 100%, countries were given a rating of 10. When private deposits constituted

between 75% and 95% of the total, a rating of 8 was assigned. When private deposits were between 40% and 75% of the total, the rating was 5. When private deposits totaled between 10% and 40%, countries received a rating of 2. A zero rating was assigned when private deposits were 10% or less of the total.

#### Sources

James R. Barth, Gerard Caprio, Jr., and Ross Levine (various years), *Bank Regulation and Supervision* • James R. Barth, Gerard Caprio, and Ross Levine (2006), *Rethinking Bank Regulation: Till Angels Govern*.

#### 3Bii Private sector credit

This sub-component measures the extent to which government borrowing crowds out private borrowing. If available, this sub-component is calculated as the government fiscal deficit has a share of gross saving. Since the deficit is expressed as a negative value, higher numerical values result in higher ratings. The formula used to derive the country ratings for this sub-component was  $(-V_{\max} - V_i) / (V_{\max} + V_{\min})$  multiplied by 10.  $V_i$  is the deficit to gross investment ratio, and the values for  $V_{\max}$  and  $V_{\min}$  are set at 0 and  $-100.0\%$  respectively. The formula allocates higher ratings as the deficit gets smaller (i.e., closer to zero) relative to gross saving.

If the deficit data are not available, the component is instead based on the share of private credit to total credit extended in the banking sector. Higher values are indicative of greater economic freedom. Thus, the formula used to derive the country ratings for this sub-component was  $(V_i - V_{\min}) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the share of the country's total domestic credit allocated to the private sector and the values for  $V_{\max}$  and  $V_{\min}$  are set at 99.9% and 10.0% respectively. The 1990 data were used to derive the maximum and minimum values for this component. The formula allocates higher ratings as the share of credit extended to the private sector increases.

#### Sources

World Bank, *World Development Indicators* (various issues) • International Monetary Fund, *International Financial Statistics* (various issues).

#### 3Biii Interest rate controls/Negative real interest rates

Data on credit-market controls and regulations were used to construct rating intervals. Countries with interest rates determined by the market, stable monetary policy, and positive real deposit and lending rates received higher ratings. When interest rates were determined primarily by market forces and the real rates were positive, countries were given a rating of 10. When interest rates were primarily market-determined but the real rates were sometimes slightly negative (less than 5%) or the differential between the deposit and lending rates was large (8% or more), countries received a rating of 8. When the real deposit or lending rate was persistently negative by a single-digit amount or the differential between them was regulated by the government, countries were rated at 6. When the deposit and lending rates

were fixed by the government and the real rates were often negative by single-digit amounts, countries were assigned a rating of 4. When the real deposit or lending rate was persistently negative by a double-digit amount, countries received a rating of 2. A zero rating was assigned when the deposit and lending rates were fixed by the government and real rates were persistently negative by double-digit amounts or hyperinflation had virtually eliminated the credit market.

#### Sources

World Bank, *World Development Indicators* (various issues) • International Monetary Fund, *International Financial Statistics* (various issues).

### Component 3C Business regulations (component 5C in the world report)

#### 3Ci Administrative requirements

This sub-component is based on the Global Competitiveness Report question: “Complying with administrative requirements (permits, regulations, reporting) issued by the government in your country is (1 = burdensome, 7 = not burdensome).”

#### Source

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

#### 3Cii Bureaucracy costs

This sub-component is based on the Global Competitiveness Report question: “Standards on product/service quality, energy and other regulations (outside environmental regulations) in your country are: (1 = Lax or non-existent, 7 = among the world’s most stringent).”

#### Source

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

#### 3Ciii Starting a business

This sub-component is based on the World Bank’s *Doing Business* data on the amount of time and money it takes to start a new limited-liability business. Countries where it takes longer or is more costly to start a new business are given lower ratings. Zero-to-10 ratings were constructed for three different variables: (1) time (measured in days) necessary to comply with regulations when starting a limited liability company, (2) money costs of the fees paid to regulatory authorities (measured as a share of per capita income) and (3) minimum capital requirements, i.e., funds that must be deposited into a company bank account (measured as a share of per capita income). These three ratings were then averaged to arrive at the final rating for this sub-component. The formula used to calculate the zero-to-10 ratings was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the variable value. The values for  $V_{\max}$  and  $V_{\min}$  were set at 104 days, 317%, and 1017% (1.5 standard deviations above

average) and 0 days, 0%, and 0%, respectively. Countries with values outside of the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or ten accordingly.

*Source*

World Bank, *Doing Business* (various issues), <<http://www.doingbusiness.org/>>.

**3Civ** *Extra payments/Bribes/Favoritism*

This sub-component is based on the *Global Competitiveness Report* questions: “In your industry, how commonly would you estimate that firms make undocumented extra payments or bribes connected with the following: A - Import and export permits; B - Connection to public utilities (e.g., telephone or electricity); C - Annual tax payments; D - Awarding of public contracts (investment projects); E - Getting favourable judicial decisions. Common (=1) Never occur (=7)”; “Do illegal payments aimed at influencing government policies, laws or regulations have an impact on companies in your country? 1 = Yes, significant negative impact, 7 = No, no impact at all”; and “To what extent do government officials in your country show favouritism to well-connected firms and individuals when deciding upon policies and contracts? 1 = Always show favouritism, 7 = Never show favouritism.”

*Source*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

**3Cv** *Licensing restrictions*

This sub-component is based on the World Bank’s *Doing Business* data on the time in days and monetary costs required to obtain a license to construct a standard warehouse. Zero-to-10 ratings were constructed for (1) the time cost (measured in number of calendar days required to obtain a license) and (2) the monetary cost of obtaining the license (measured as a share of per capita income). These two ratings were then averaged to arrive at the final rating for this sub-component. The formula used to calculate the zero-to-10 ratings was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the time or money cost value. The values for  $V_{\max}$  and  $V_{\min}$  were set at 363 days and 2763% (1.5 standard deviations above average) and 56 days (1.5 standard deviations below average) and 0%, respectively. Countries with values outside of the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or ten accordingly.

*Source*

World Bank, *Doing Business* (various issues), <<http://www.doingbusiness.org/>>.

**3Cvi** *Cost of tax compliance*

This sub-component is based on the World Bank’s *Doing Business* data on the time required per year for a business to prepare, file and pay taxes on corporate income, value added or sales taxes, and taxes on labor. The formula used to calculate the zero-to-10 ratings was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents

the time cost (measured in hours) of tax compliance. The values for  $V_{\max}$  and  $V_{\min}$  were set at 892 hours (1.5 standard deviations above average) and 0 hours, respectively. Countries with values outside of the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or ten accordingly.

*Source*

World Bank, *Doing Business* (various issues), <<http://www.doingbusiness.org/>>.

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

### 4A Judicial independence

This component is from the *Global Competitiveness Report* question: “Is the judiciary in your country independent from political influences of members of government, citizens, or firms? No-heavily influenced (=1) or Yes-entirely independent (=7).” The question’s wording has varied slightly over the years. All variables from the *Global Competitiveness Report* were converted from the original 1-to-7 scale to a 0-to-10 scale using this formula:  $EFW_i = ((GCR_i - 1) \div 6) \times 10$ .

*Source*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

### 4B Impartial courts

This component is from the *Global Competitiveness Report* question: “The legal framework in your country for private businesses to settle disputes and challenge the legality of government actions and/or regulations is inefficient and subject to manipulation (=1) or is efficient and follows a clear, neutral process (=7).” The question’s wording has varied slightly over the years.

*Note*

The “Rule of Law” ratings from the World Bank’s *Governance Indicators Project* have been used to fill in country omissions in the primary data source since 1995.

*Sources*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>> • World Bank, *Governance Indicators* (various years), <<http://www.worldbank.org/wbi/governance/govdata/>>.

### 4C Protection of property rights

This component is from the *Global Competitiveness Report* question: “Property rights, including over financial assets, are poorly defined and not protected by law (=1) or are clearly defined and well protected by law (=7).”



*Note*

This replaces previous *Global Competitiveness Report* question on protection of intellectual property.

*Source*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

**4D Military interference in rule of law and the political process**

This component is based on the *International Country Risk Guide* Political Risk Component G. Military in Politics: “A measure of the military’s involvement in politics. Since the military is not elected, involvement, even at a peripheral level, diminishes democratic accountability. Military involvement might stem from an external or internal threat, be symptomatic of underlying difficulties, or be a full-scale military takeover. Over the long term, a system of military government will almost certainly diminish effective governmental functioning, become corrupt, and create an uneasy environment for foreign businesses.”

*Note*

The “Political Stability and Absence of Violence” ratings from the World Bank’s *Governance Indicators Project* have been used to fill in country omissions in the primary data source since 1995.

*Sources*

PRS Group, *International Country Risk Guide* (various issues), <<http://www.prsgroup.com/ICRG.aspx>> • World Bank, *Governance Indicators* (various years), <<http://www.worldbank.org/wbi/governance/govdata/>>.

**4E Integrity of the legal system**

This component is based on the *International Country Risk Guide* Political Risk Component I for Law and Order: “Two measures comprising one risk component. Each sub-component equals half of the total. The ‘law’ sub-component assesses the strength and impartiality of the legal system, and the ‘order’ sub-component assesses popular observance of the law.”

*Source*

PRS Group, *International Country Risk Guide* (various issues), <<http://www.prsgroup.com/ICRG.aspx>>.

**4F Legal enforcement of contracts**

This component is based on the World Bank’s *Doing Business* estimates for the time and money required to collect a clear cut debt. The debt is assumed to equal 200% of the country’s per-capita income where the plaintiff has complied with the contract and judicial judgment is rendered in his favor. Zero-to-10 ratings were

constructed for (1) the time cost (measured in number of calendar days required from the moment the lawsuit is filed until payment) and (2) the monetary cost of the case (measured as a percentage of the debt). These two ratings were then averaged to arrive at the final rating for this sub-component. The formula used to calculate the zero-to-10 ratings was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the time or money cost value. The values for  $V_{\max}$  and  $V_{\min}$  were set at 725 days and 82.3% (1.5 standard deviations above average) and 62 days (1.5 standard deviations below average) and 0%, respectively. Countries with values outside of the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or 10, accordingly.

*Source*

World Bank, *Doing Business* (various issues), <<http://www.doingbusiness.org/>>.

#### 4G Regulatory restrictions on the sale of real property

This sub-component is based on the World Bank's *Doing Business* data on the time measured in days and monetary costs required to transfer ownership of property that includes land and a warehouse. Zero-to-10 ratings were constructed for (1) the time cost (measured in number of calendar days required to transfer ownership) and (2) the monetary cost of transferring ownership (measured as a percentage of the property value). These two ratings were then averaged to arrive at the final rating for this sub-component. The formula used to calculate the zero-to-10 ratings was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the time or money cost value. The values for  $V_{\max}$  and  $V_{\min}$  were set at 265 days and 15% (1.5 standard deviations above average) and 0 days and 0%, respectively. Countries with values outside of the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or 10, accordingly.

*Source*

World Bank, *Doing Business* (various issues), <<http://www.doingbusiness.org/>>.

#### 4H Reliability of Police

This component is from the *Global Competitiveness Report* question: "To what extent can police services be relied upon to enforce law and order in your country? (1 = Cannot be relied upon at all; 7 = Can be completely relied upon)".

*Source*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

#### 4I Business costs of crime

This component is from the *Global Competitiveness Report* question: "To what extent does the incidence of crime and violence impose costs on businesses in your country? (1 = To a great extent; 7 = Not at all)".



*Source*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

## Area 5 Sound Money

### (Area 3 in Economic Freedom of the World)

#### 5A Money growth

The component measures the average annual growth of the money supply in the last five years minus average annual growth of real GDP in the last ten years. The M1 money-supply figures were used to measure the growth rate of the money supply. The rating is equal to:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the average annual growth rate of the money supply during the last five years adjusted for the growth of real GDP during the previous ten years. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively. Therefore, if the adjusted growth rate of the money supply during the last five years was zero, indicating that money growth was equal to the long-term growth of real output, the formula generates a rating of 10. Ratings decline as the adjusted growth of the money supply increases toward 50%. When the adjusted annual growth of the money supply is equal to (or greater than) 50%, a rating of zero results.

*Sources*

World Bank, *World Development Indicators* (various issues) • International Monetary Fund, *International Financial Statistics* (various issues).  
United Nations National Accounts.

#### 5B Standard deviation of inflation

The component measures the standard deviation of the inflation rate over the last five years. Generally, the GDP deflator was used as the measure of inflation for this component. When these data were unavailable, the Consumer Price Index was used. The following formula was used to determine the zero-to-10 scale rating for each country:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the country's standard deviation of the annual rate of inflation during the last five years. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 25%, respectively. This procedure will allocate the highest ratings to the countries with least variation in the annual rate of inflation. A perfect 10 results when there is no variation in the rate of inflation over the five-year period. Ratings will decline toward zero as the standard deviation of the inflation rate approaches 25% annually.

*Sources*

World Bank, *World Development Indicators* (various issues) • International Monetary Fund, *International Financial Statistics* (various issues).

**5C Inflation: most recent year**

Generally, the CPI was used as the measure of inflation for this component. When these data were unavailable, the GDP deflator inflation rate was used. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the rate of inflation during the most recent year. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively—the lower the rate of inflation, the higher the rating. Countries that achieve perfect price stability earn a rating of 10. As the inflation rate moves toward a 50% annual rate, the rating for this component moves toward zero. A zero rating is assigned to all countries with an inflation rate of 50% or more.

*Sources*

World Bank, *World Development Indicators* (various issues) • International Monetary Fund, *International Financial Statistics* (various issues).

**5D Freedom to own foreign currency bank accounts**

When foreign currency bank accounts were permissible without restrictions both domestically and abroad, the rating was 10; when these accounts were restricted, the rating was zero. If foreign currency bank accounts were permissible domestically but not abroad (or vice versa), the rating was 5.

*Source*

International Monetary Fund, *Annual Report on Exchange Arrangements and Exchange Restrictions* (various issues).

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

**6A Tariffs***6Ai Revenue from trade taxes (% of trade sector)*

This sub-component measures the amount of tax on international trade as a share of exports and imports. The formula used to calculate the ratings for this sub-component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the revenue derived from taxes on international trade as a share of the trade sector. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 15%, respectively. This formula leads to lower ratings as the average tax rate on international trade increases. Countries with no specific taxes on international trade earn a perfect 10. As the revenues from these taxes rise toward 15% of international trade, ratings decline toward zero. (Note that, except for two or three extreme observations, the revenues from taxes on international trade as a share of the trade sector are within the 0%-to-15% range.)

### Sources

International Monetary Fund, *Government Finance Statistics Yearbook* (various issues)  
 • International Monetary Fund, *International Financial Statistics* (various issues).

#### 6Aii Mean tariff rate

This sub-component is based on the unweighted mean of tariff rates. The formula used to calculate the zero-to-10 rating for each country was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the country's mean tariff rate. The values for  $V_{\min}$  and  $V_{\max}$  were set at 0% and 50%, respectively. This formula will allocate a rating of 10 to countries that do not impose tariffs. As the mean tariff rate increases, countries are assigned lower ratings. The rating will decline toward zero as the mean tariff rate approaches 50%. (Note that, except for two or three extreme observations, all countries have mean tariff rates within this range from 0% to 50%.)

### Source

World Trade Organization, *World Tariff Profiles* (various issues).

#### iii Standard deviation of tariff rates

Compared to a uniform tariff, wide variation in tariff rates exerts a more restrictive impact on trade and, therefore, on economic freedom. Thus, countries with greater variation in their tariff rates should be given lower ratings. The formula used to calculate the zero-to-10 ratings for this component was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the standard deviation of the country's tariff rates. The values for  $V_{\min}$  and  $V_{\max}$  were set at 0% and 25%, respectively. This formula will allocate a rating of 10 to countries that impose a uniform tariff. As the standard deviation of tariff rates increases toward 25%, ratings decline toward zero. (Note that, except for a few very extreme observations, the standard deviations of the tariff rates for the countries in our study fall within this 0%-to-25% range.)

### Source

World Trade Organization, *World Tariff Profiles* (various issues).

## 6B Regulatory trade barriers

#### 6Bi Non-tariff trade barriers

This sub-component is based on the *Global Competitiveness Report* survey question: "In your country, tariff and non-tariff barriers significantly reduce the ability of imported goods to compete in the domestic market". The question's wording has varied slightly over the years.

### Source

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

**6Bii Compliance costs of importing and exporting**

This sub-component is based on the World Bank's *Doing Business* data on the time (i.e., non-money) cost of procedures required to import a full 20-foot container of dry goods that contains no hazardous or military items. Countries where it takes longer to import and export are given lower ratings. Zero-to-10 ratings were constructed for (1) the time cost to export a good (measured in number of calendar days required) and (2) the time cost to import a good (measured in number of calendar days required). These two ratings were then averaged to arrive at the final rating for this sub-component. The formula used to calculate the zero-to-10 ratings was:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the time cost value. The values for  $V_{\max}$  and  $V_{\min}$  were set at 62 and 80 days (1.5 standard deviations above average) and 2 days (1.5 standard deviations below average) and 0 days, respectively. Countries with values outside the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or ten accordingly.

*Source*

World Bank, *Doing Business* (various issues), <<http://www.doingbusiness.org/>>.

**6C Black-market exchange rates**

This component is based on the percentage difference between the official and the parallel (black) market exchange rates. The formula used to calculate the zero-to-10 ratings for this component was the following:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the country's black-market exchange-rate premium. The values for  $V_{\min}$  and  $V_{\max}$  were set at 0% and 50%, respectively. This formula will allocate a rating of 10 to countries without a black-market exchange rate—that is, those with a domestic currency that is fully convertible without restrictions. When there are controls on the exchange rate and a black market exists, the ratings will decline toward zero as the black-market premium increases toward 50%. A zero rating is given when the black-market premium is equal to, or greater than, 50%.

*Source*

*MRI Bankers' Guide to Foreign Currency* (various issues).

**6D Controls of the movement of capital and people****6Di Foreign ownership/investment restrictions**

This sub-component is based on the following two *Global Competitiveness Report* questions: "How prevalent is foreign ownership of companies in your country? 1 = Very rare, 7 = Highly prevalent"; and "How restrictive are regulations in your country relating to international capital flows? 1 = Highly restrictive, 7 = Not restrictive at all".

*Source*

World Economic Forum, *Global Competitiveness Report* (various issues), <<http://www.weforum.org/en/initiatives/gcp/index.htm>>.

**6Dii Capital controls**

The International Monetary Fund reports on up to 13 types of international capital controls. The zero-to-10 rating is the percentage of capital controls not levied as a share of the total number of capital controls listed multiplied by 10.

**Source**

International Monetary Fund, *Annual Report on Exchange Arrangements and Exchange Restrictions* (various issues).

**6Diii Freedom of foreigners to visit**

This component measures the percentage of countries for which this country requires a visa from foreign visitors. It reflects the freedom of foreigners to travel to this country for tourist and short-term business purposes. The formula used to calculate the zero-to-10 ratings was:  $(V_i - V_{\min}) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the component value. The values for  $V_{\max}$  and  $V_{\min}$  were set at 47.2 (1 standard deviation above average) and 0. Countries with values outside the  $V_{\max}$  and  $V_{\min}$  range received ratings of either zero or 10 accordingly.

**Source**

Robert Lawson and Jayme Lemke, *Travel Visas*, *Public Choice* (2011), <<http://www.springerlink.com/content/n0n2x00164v74123/>>.

# Appendix C

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Fred McMahon is the Dr. Michael A. Walker Chair of Economic Freedom Research at the Fraser Institute. He manages the Economic Freedom of the World Project and examines global issues, such as development, trade, governance, and economic structure. He coordinates the Economic Freedom Network, an international alliance of independent think tanks in nearly 90 nations and territories. Mr McMahon is the author of numerous research articles and several books, including *Looking the Gift Horse in the Mouth: The Impact of Federal Transfers on Atlantic Canada*, which won the Sir Antony Fisher International Memorial Award for advancing public policy debate, *Road to Growth: How Lagging Economies Become Prosperous*, and *Retreat from Growth: Atlantic Canada and the Negative Sum Economy*. He has written for numerous publications, including the *European Journal of Political Economy*, the *SAIS Journal* (School of Advanced International Studies, Johns Hopkins University), the *Wall Street Journal*, *Policy Options*, *National Post*, *Time* (Canada), *Globe & Mail*, *Ottawa Citizen*, and most other major Canadian newspapers. He has an M.A. in Economics from McGill University, Montreal.

### Dean Stansel

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