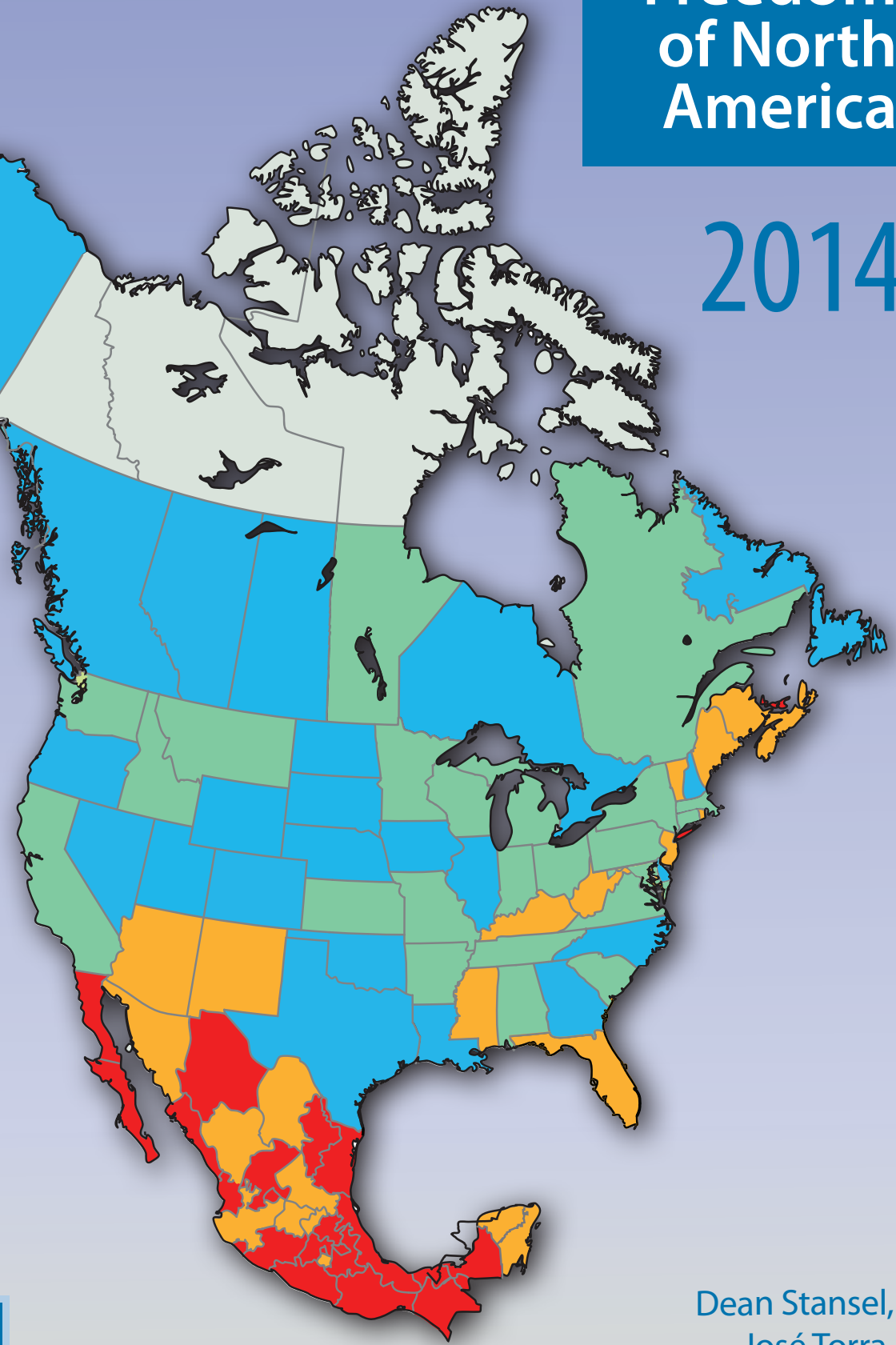


# Economic Freedom of North America

## 2014



Map based on scores to two decimal places derived from the all-government index.



Dean Stansel,  
José Torra,  
and Fred McMahon

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# Foreword

We wish to recognize the achievements of a remarkable young economist, José Torra, who has successfully produced an economic freedom index for the Mexican states that is compatible with the similar indexes for Canada and the United States.

This publication has contained Mexican indexes in previous years. However, we were never able to integrate them into a full North American index because data were either missing or inconsistent with Canadian and US data.

José has done what, frankly, we thought impossible. He found the required data. To do this, he took off his economist's hat and put on his Sherlock Holmes deerstalker. He searched through online sites, yearbooks, and archives. He had to knock on the office doors of many departments at the state and local level. He also had to work through lengthy bureaucratic procedures, personally showing up at government offices to move the process along.

It was a successful investigation. He found all the data required after months of painstaking work. He then put his economist's hat back on and with great ingenuity used the raw data to create variables consistent with those for Canada and the United States—enabling us to publish for the first time ever, a full North American index.

This is valuable not just for this index but as a service to all Mexican economists, creating a wide array of data from many sources, once difficult to find but now available easily through this report.

José's work was initiated and made possible by a number of individuals and organizations in Mexico working for the betterment of the Mexican people: Roberto Salinas León of the Mexico Business Forum; Sergio Sarmiento and Bertha Pantoja of Caminos de la Libertad; and Birgit Lamm and Victor Becerra from the Friedrich Naumann Foundation.

*Dean Stansel and Fred McMahon*

# Summary

## **Economic Freedom of North America in 2012**

This is the tenth edition of the annual report, *Economic Freedom of North America*, in which we measure the extent to which policies of individual provinces and states are supportive of economic freedom—the ability of individuals to act in the economic sphere free of undue restrictions. We provide two indices: one that examines provincial/state and municipal/local governments only and another that in addition examines the federal government. The former, our subnational index, facilitates comparisons of individual jurisdictions within the same country. The latter, our all-governments index, facilitates comparisons of jurisdictions in different countries.

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

In some past editions, we have included a subnational economic freedom index for the Mexican states. However, because the data were often incompatible, we were previously not able to include the Mexican states in the overall all-governments index for North America. This year, for the first time, we have been able to include them. Chapter 2 provides a discussion of that new index for the Mexican states.

## **Results for Canada, the United States, and Mexico**

This year we have expanded our “world-adjusted” all-governments index, which was introduced two years ago. Because Mexico has been included in the index this year, we have dropped the previous unadjusted all-governments index. Since the disparity in both centralization and federal restrictions on economic freedom across Canada, the United States, and Mexico is now even greater, it became problematic to include the unadjusted index to span such a wide disparity among the three countries. These

world-adjusted variables allow us to incorporate more completely the gap between Canada, the United States, and Mexico in the national index published in *Economic Freedom of the World* (Gwartney, Lawson, and Hall, 2014), where for several years now Canada has been ahead of the United States, which is in turn even farther ahead of Mexico.

Thus, in the world-adjusted all-governments index, the top three jurisdictions (and four of the top five) are Canadian, with Alberta at 8.2 in first place and Saskatchewan at 8.0 in second. Newfoundland & Labrador, Texas, and British Columbia are tied for third with 7.7. It is important to understand just how close the scores are in this index. There are 12 jurisdictions tied for 6<sup>th</sup> at 7.6 (11 states and one Canadian province) and 12 more tied for 18<sup>th</sup> at 7.5 (10 states and two Canadian provinces). The highest ranked Mexican state is Coahuila de Zaragoza, tied with 21 other jurisdictions at 30<sup>th</sup> with 7.4. The 18 lowest-ranked jurisdictions are all states in Mexico. There is a tie for last place between Colima and Distrito Federal at 6.1, followed by Chiapas at 6.3. The lowest-ranked Canadian province is Prince Edward Island at 7.1, tied for 65<sup>th</sup> with nine Mexican states. The lowest-ranked states in the United States are Mississippi and Maine at 7.2, tied for 59<sup>th</sup> with four Mexican states.

Historically, economic freedom has been declining in all three countries. Since 2000, the average score for Canadian provinces on the all-governments index has fallen from 7.8 to 7.6; the number for US states was 8.2 to 7.5. We do not have data for the Mexican states prior to 2003, but the average score has fallen from 7.1 to 6.9 since 2003 (compared to 8.0 to 7.5 for the United States and a decline of less than 0.1 in Canada).

For the purpose of comparing individual jurisdictions within the same country, the subnational index is the appropriate choice. In previous years, we had made adjustments for the fact that Canada has a more decentralized government than the United States in our consolidated subnational index. Since this year we have included Mexico, which is very centralized, there are now even larger differences in fiscal centralization across the three countries (see figure 2.3 in Chapter 2). For that reason, we have now separated the subnational index by country, so that there is one subnational index for each country.

In Canada, the most free province was Alberta with 8.8, followed by Saskatchewan with 7.4 and Newfoundland & Labrador at 6.5. The least free was Quebec at 4.1, followed by Nova Scotia and Prince Edward Island, both at 5.0.

In the United States, the most free states were Texas and South Dakota, both at 7.8, followed by North Dakota at 7.7 and Virginia at 7.5. (Note that since the indexes were calculated separately for each country, the numeric scores are not directly comparable across countries.) The least free state was Maine at 5.2, followed by Vermont and Mississippi, both at 5.3. New York was next, ranked 47<sup>th</sup> with 5.5.

In Mexico, the most free state was Guanajuato at 7.7, followed by Coahuila de Zaragoza and Nuevo León, both at 7.6. The least free state was Chiapas at 4.4, followed by Colima and Nayarit, both at 5.0.

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

The jurisdictions in the least free quartile (one fourth) on the world-adjusted, all-government index had, in 2012, an average per-capita GDP of just US\$10,079 (CA\$9,979) compared to US\$57,269 (CA\$56,697) for the most free quartile. On the three subnational indexes, the same relationship holds, with the least free quartiles having an average per-capita GDP substantially lower than the most free quartiles.

In addition, 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. There are now more than 100 articles by independent researchers examining subnational economic freedom using the data from *Economic Freedom of North America*. (Appendix C contains a list of those articles that either use or cite *Economic Freedom of North America*.) Much of that literature discusses economic growth or entrepreneurship but the list also includes studies of a variety of topics such as income inequality, eminent domain, and labor markets. The results of these studies tend to mirror those found for these same relationships at the country level using the index published in *Economic Freedom of the World*.

### Data available to researchers

The full data set, including all of the data published in this report as well as data omitted due to limited space, can be downloaded for free at <<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)>.

### Cite the dataset

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# Chapter 1

## Economic Freedom of Canada, the United States, and Mexico in 2012

### 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. For the first time, we have now been able to include Mexico in the index.

At the subnational level, it measures the impact on economic freedom of provincial and municipal governments in Canada and of state and local governments in the United States and Mexico. At the all-government level, it measures the impact of all levels of government—federal, provincial/state, and municipal/local—in Canada, the United States, and Mexico. All 10 provinces, 50 US states, and 32 Mexican states (including Distrito Federal) are included (figures 1.1, 1.2a, 1.2b and 1.2c).

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

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

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

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

The research flowing from the data generated by the annually published report, *Economic Freedom of the World*, a project the Fraser Institute initiated 30 years ago, shows that economic freedom is important to the well-being of a nation's citizens. This research has found that economic freedom is positively correlated with per-capita income, economic growth, greater life expectancy, lower child mortality, the development of democratic institutions, civil and political freedoms, and other desirable social and economic outcomes.<sup>1</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 both the subnational and all-governments level among the Canadian provinces, US states, and Mexican states.

In 1999, the Fraser Institute published *Provincial Economic Freedom in Canada: 1981–1998* (Arman, Samida, and Walker, 1999), a measure of economic freedom in 10 Canadian provinces. *Economic Freedom of North America* updates and, by including the 50 US states and now the 32 Mexican states, expands this initial endeavor. It looks at the 10 Canadian provinces (Northwest Territories, Nunavut, and Yukon are not included) and the 50 US states from 1981 to 2012 and the 32 Mexican states back to 2003. Each province and state is ranked on economic freedom at both the subnational (state/provincial and local/municipal) and the all-government (federal, state, and local) levels. This helps isolate the impact of different levels of government on economic freedom in Canada, the United States, and Mexico. The subnational index provides a comparison of how individual jurisdictions within a country measure up against other jurisdictions in that country. The all-governments index provides a comparison of how individual jurisdictions in different countries compare to each other.

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

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

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” aspect of the all-governments index, which includes additional variables found in *Economic Freedom of the World*.

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

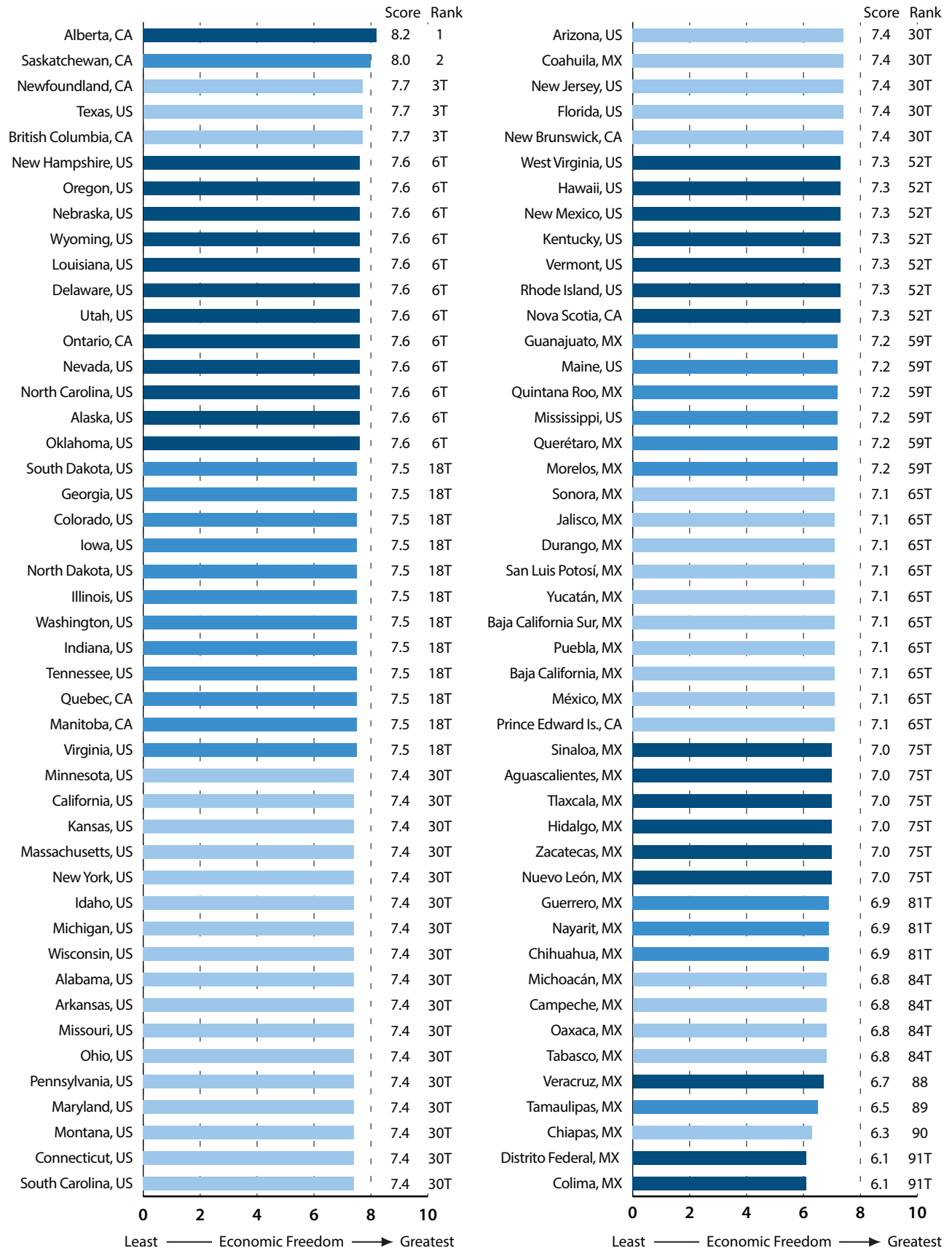
However, in the most recent indexes published in *Economic Freedom of the World*, gaps have widened between the scores of Canada and the United States in these areas. Thus, in the 2012 edition of *Economic Freedom of North America* at the all-government level we created a “world-adjusted” index that 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 expanded on that approach last year by adding two additional areas: sound money and freedom to trade internationally.

With the addition of the Mexican states, we have expanded the “world-adjusted” components further this year by adding eight additional components: government enterprises and investment, top marginal income and payroll tax rate, and the six components of the labor market regulations area from *Economic Freedom of the World*.

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

Thus, as [figure 1.1](#) indicates, in the world-adjusted index the top two jurisdictions are Canadian, with Alberta in first place with a score of 8.2, and Saskatchewan in second with 8.0. There are three areas tied for third with scores of 7.7—Newfoundland & Labrador, Texas, and British Columbia—so four of the top five are Canadian provinces. When the results are rounded to one decimal place, there are 12 jurisdictions tied for sixth place (all but one being US states). The lowest Canadian

**Figure 1.1: Summary of Ratings for Economic Freedom at the World-Adjusted All-Government Level, 2012**



**Table 1.1: Average Economic Freedom Scores at the World-Adjusted All-Government Level, 2000–2012**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Canada	7.8	7.7	7.5	7.6	7.7	7.7	7.7	7.7	7.7	7.6	7.6	7.6	7.6
United States	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.8	7.6	7.4	7.4	7.4	7.5
Mexico				7.1	7.2	7.1	7.2	7.1	7.0	6.8	6.9	6.9	6.9
Canada minus United States	-0.4	-0.4	-0.4	-0.3	-0.3	-0.1	-0.1	-0.1	0.1	0.2	0.1	0.1	0.1
Canada minus Mexico				0.6	0.5	0.6	0.5	0.6	0.7	0.7	0.7	0.7	0.6

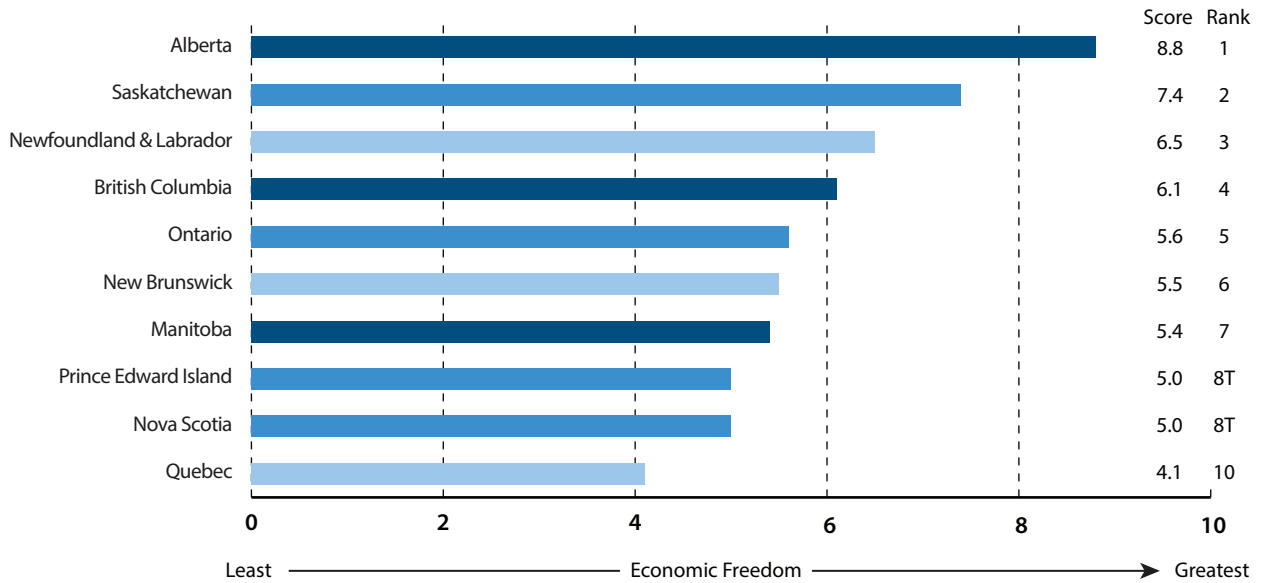
jurisdictions are Prince Edward Island (tied for 65<sup>th</sup> with 7.1) and Nova Scotia (tied for 52<sup>nd</sup> with 7.3); the lowest states are Mississippi and Maine (both tied for 59<sup>th</sup> with 7.2). There are six states tied for 52<sup>nd</sup> with 7.3. (Ties are indicated by use of the same shade in the figures.)

The highest rated Mexican state is Coahuila de Zaragoza (tied for 30<sup>th</sup> with 7.4)—ranking it ahead of eight US states and two Canadian provinces—followed by four states tied for 59<sup>th</sup> with 7.2; the lowest rated are Colima and Distrito Federal (tied for 91<sup>st</sup> with 6.1). The bottom 18 of the 92 areas are all Mexican states. (See the chapter on Mexico for a more detailed discussion of Mexican results.)

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 (7.6 out of 10 compared to 7.5). Unfortunately, this does not mean that Canadian provinces are gaining in economic freedom, but rather that their economic freedom is declining more slowly than that of the US states. On the world-adjusted index, the provinces average score has fallen from 7.8 in 2000 to 7.6 in 2012. The United States over the same period has fallen from 8.2 to 7.5. [Table 3.1](#) (p. 36–37) shows the individual scores for all six areas included in the world-adjusted index. 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, 2014.<sup>2</sup> We are including the adjusted index only for the data-years 2000 to 2012 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.

For comparisons of jurisdictions within an individual country, the subnational indices are most appropriate. [Figures 1.2a](#) to [1.2c](#) show the subnational index for each North American country. As [figure 1.2a](#) shows, with a score of 8.8, Alberta

[2] Data available at <[www.freetheworld.com/2014/Master-Index-2014-Report-FINAL.xls](http://www.freetheworld.com/2014/Master-Index-2014-Report-FINAL.xls)>

**Figure 1.2a: Summary of Canadian Ratings for Economic Freedom at the Subnational Level, 2012**

is far and away the most economically free province in Canada. The next highest is Saskatchewan at 7.4, followed by Newfoundland & Labrador at 6.5. Quebec is at the bottom with 4.1, followed by Nova Scotia and Prince Edward Island tied for eighth with 5.0.

**Figure 1.2b** shows the subnational scores for the US states. Texas and South Dakota are tied at the top with scores of 7.8. (It should be noted that the numeric subnational scores for jurisdictions in each country are not directly comparable to the subnational scores of areas in other countries.) North Dakota was next with 7.7, followed by Virginia with 7.5. The least free state was Maine with 5.2. Vermont and Mississippi were tied for 48<sup>th</sup> with 5.3.

The subnational scores for the Mexican states can be found in **figure 1.2c**. (Chapter 2 contains a more detailed discussion of the new Mexican index.) The most economically free state is Guanajuato at 7.7. Coahuila and Nuevo Leon are tied for second with 7.6. Chiapas is by far the least free state at 4.4. The next lowest are Colima and Nayarit, tied at 30<sup>th</sup> with 5.0.

The theory of economic freedom is no different at the subnational level than it is at the global level, although different proxies consistent with the theory of economic freedom must be found that suit subnational measures. The 10 components of the subnational index fall into three areas: 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 and Mexico in US dollars.

Figure 1.2b: Summary of US Ratings for Economic Freedom at the Subnational Level, 2012

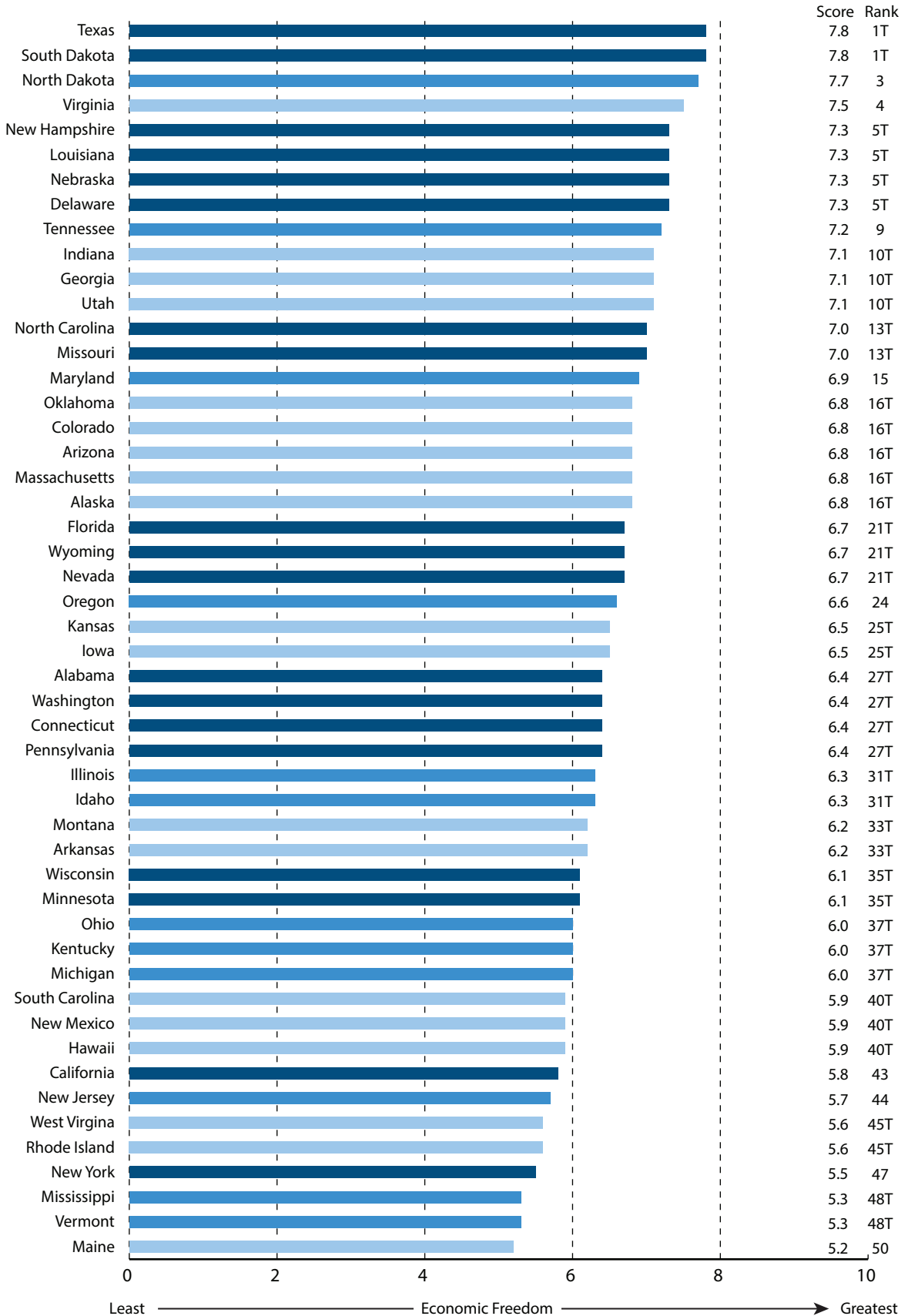
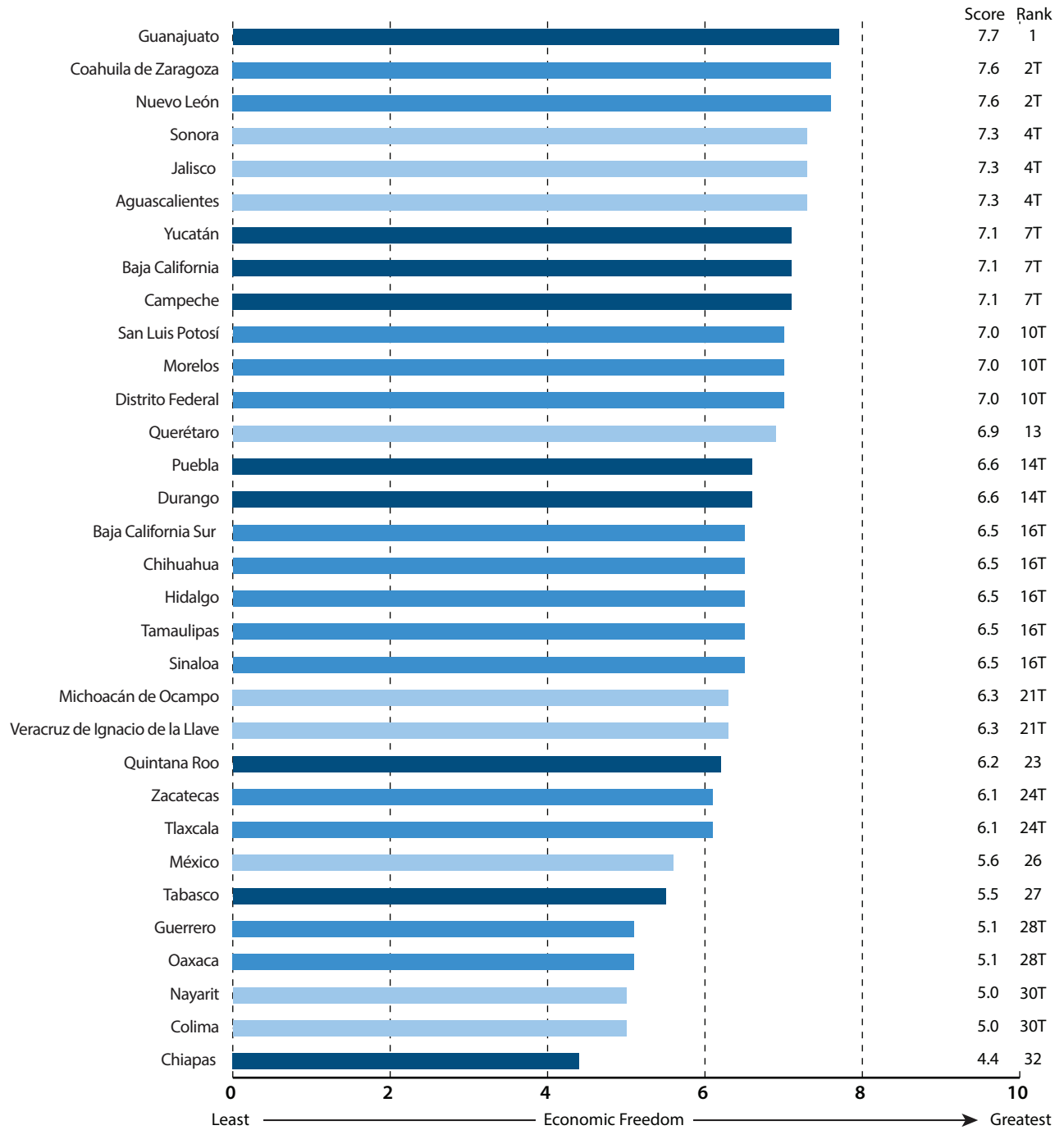


Figure 1.2c: Summary of Mexican Ratings for Economic Freedom at the Subnational Level, 2012





## Description of components

Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 for each component was constructed to represent the underlying distribution of each of the 10 components in the index. The highest possible score on each component is 10, which indicates a high degree of economic freedom and the lowest possible score is 0, which indicates a low degree of economic freedom.<sup>3</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. 65, for more details).

### 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 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 expenditure 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

[3] Because of the way scores for economic freedom are calculated, a minimum-maximum procedure discussed in Appendix A: Methodology (p. 65), a score of 10 is not indicative of perfect economic freedom, but rather the most freedom among the existing jurisdictions.

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. As the amount of such spending increases, the score on this component declines.

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

When government owns what would otherwise be private enterprises and engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index, is the country score for variable 1C in *Economic Freedom of the World: 2014 Annual Report*. A detailed description and data sources can be found in that report, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

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

### **2A Total Tax Revenue 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. This component includes revenue from all taxes, with one exception, and contributions to social insurance plans. Revenue from taxes on natural resources are excluded for three reasons: 1. most areas do not have them; 2. their burden is largely exported to taxpayers in other areas; 3. they can fluctuate widely along with the prices of natural resources (for example, oil), thereby creating outliers that distort the relative rankings.

### **2B Top Marginal Income Tax Rate<sup>4</sup> and the Income Threshold at Which It Applies**

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

This variable, used only in the all-government index, is the country score for variable 1Dii in the *Economic Freedom of the World: 2014 Annual Report*. A detailed description and data sources can be found in that report, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

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

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

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[4] See Appendix A: Methodology (p. 65) for further discussion of how the rating for the top marginal tax rate and its threshold was derived.

Taxes that have a discriminatory impact and bear little reference to services received infringe on economic freedom even more: “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>5</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.

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[5] 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.

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

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

Economic freedom decreases for several reasons as government employment increases beyond what is necessary for government's productive and protective functions. Government, in effect, is using expropriated money to take an amount of labor out of the labor market. This restricts the ability of individuals and organizations to contract freely for labor services since employers looking to hire have to bid against their own tax dollars to obtain labor. High levels of government employment may also indicate that government is attempting to supply goods and services that individuals contracting freely with each other could provide on their own; that the government is attempting to provide goods and services that individuals would not care to obtain if able to contract freely; or that government is engaging in regulatory and other activities that restrict the freedom of citizens. Finally, high levels of government employment suggest government is directly undertaking work that could be contracted privately. When government, instead of funding private providers, decides to provide a good or service directly, it reduces economic freedom by limiting choice and by typically creating a governmental quasi-monopoly in provision of services. For instance, the creation of school vouchers may not decrease government expenditures but it will reduce government employment, eroding government's monopoly on the provision of publicly funded education services while creating more choice for parents and students and, thus, enhancing economic freedom.

*3Aiii Union Density*

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

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

Thus, we ran statistical tests to determine how significant an effect government employment had on unionization—a highly significant effect—and held this factor constant in calculating the component. We also ran tests to determine if the size of the manufacturing sector was significant. It was not and, therefore, we did not correct for this factor in calculating the component. It may also be that the size of the rural population has an impact on unionization. Unfortunately, consistent data from Canada, the United States, and Mexico are not available. Despite this limitation, the authors believe this proxy component is the best available at this time. Its results are consistent with the published information that is available (see, for example, Godin et al., 2006).<sup>6</sup>

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

### **Components added for the world-adjusted all-governments 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 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.)

[6] 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\\_faq.htm](http://www.nrtw.org/b/rtw_faq.htm)>. We considered using this to replace or complement the measure of unionization rates used in the past. However, the benefit of using a measure of unionization rates is that it picks up some of the differences in enforcement and informal freedoms not picked up by the legislation. For instance, some states may have right-to-work laws with weak enforcement while other states that do not have such laws may actually protect labor freedom more in practice. Although we decided not to include a measure for right-to-work legislation, the analysis was fruitful in that it strongly validates the proxy as an appropriate measure of workers' freedom.

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 reflect the recent divergence in economic freedom between Canada and the United States more closely, and to incorporate more accurately the differences in economic freedom in the Mexican states relative to the rest of North America, we also include three other areas: Area 4: Legal System and Property Rights (Area 2 from *Economic Freedom of the World*), Area 5: Sound Money (Area 3 from EFW), and Area 6: Freedom to Trade Internationally (Area 4 from EFW). (See Gwartney, Lawson, and Hall, 2014, for a complete description of these variables.)

The variables from the world index published in *Economic Freedom of the World* are listed below.

### **3A Labor Market Regulation**

3Aiv *Hiring regulations and minimum wage*

3Av *Hiring and firing regulations*

3Avi *Centralized collective bargaining*

3Avii *Hours regulations*

3Aviii *Mandated cost of worker dismissal*

3Aix *Conscription*

### **3B Credit Market Regulation**

3Bi *Ownership of banks*

3Bii *Private sector credit*

3Biii *Interest rate controls/negative real interest rates*

### **3C Business Regulations**

3Ci *Administrative requirements*

3Cii *Bureaucracy costs*

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 the following.

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

#### **Area 5 Sound Money**

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

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

#### **Area 6 Freedom to Trade Internationally**

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



6Ai Revenue from trade taxes (% of trade sector)

6Aii Mean tariff rate

6Aiii Standard deviation of tariff rates

6Bi Non-tariff trade barriers

6Bii Compliance costs of importing and exporting

## 6C Black-Market Exchange Rates

6Di Foreign ownership/investment restrictions

6Dii Capital controls

6Diii Freedom of foreigners to visit

More information on the variables and the calculations can be found in Appendixes A and B. (For detailed descriptions of the world-adjusted variables, readers can refer to *Economic Freedom of the World: 2014 Annual Report* ([www.freetheworld.com](http://www.freetheworld.com)). The inclusion of these data from the world index raise the scores for both the Canadian provinces and US states since both Canada and the United States do well in these areas when compared to other nations, as is done in the world index. The effect on the Mexican states tends to be the opposite.

## Overview of the results

Following are some graphs that demonstrate dramatically the important links between prosperity and economic freedom. **Figure 1.3** breaks 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 23 lowest of the 92 Canadian, Mexican, and American jurisdictions. The jurisdictions in this least-free quartile have an average per-capita GDP of just US\$10,079. This compares to an average per-capita GDP of US\$57,269 for the 23 top-ranked jurisdictions. **Figures 1.4a to 1.4c** are the same type of charts as figure 1.3 but show economic freedom at the subnational level in each country.<sup>7</sup> In each case, average per-capita GDP in the most-free jurisdictions is substantially higher than in those that are the least free.

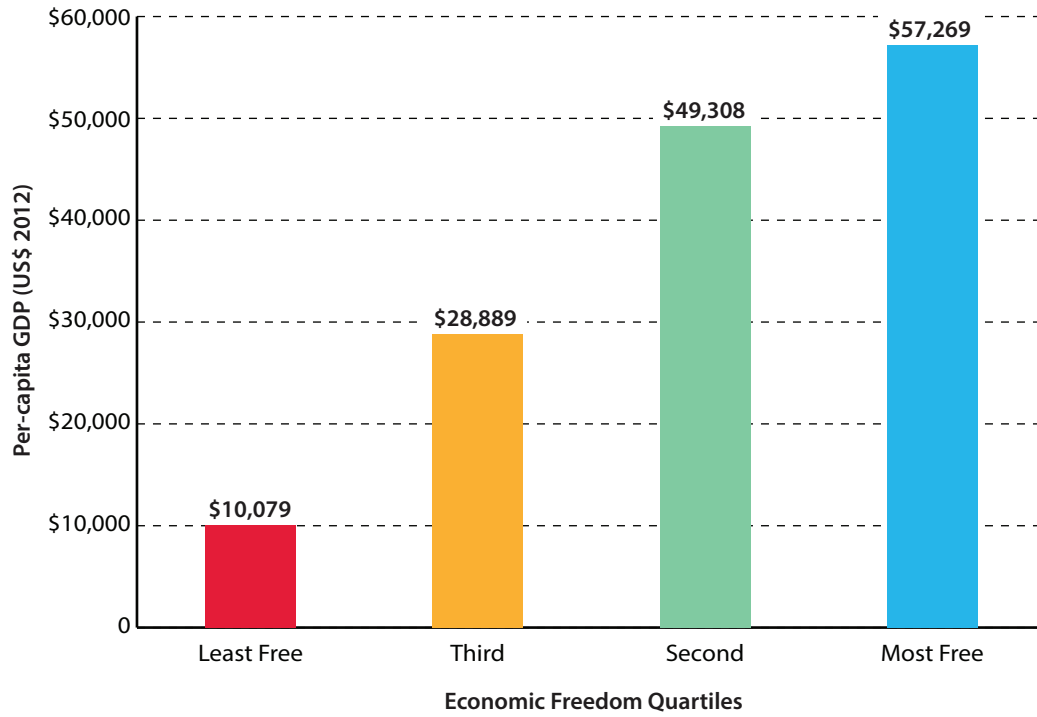
Finally, in this illustrative section, we look at the relationship between the growth of economic freedom and the growth of a jurisdiction’s economy. In **figure 1.5** and **figure 1.6**, growth in economic freedom is plotted along the horizontal axis while

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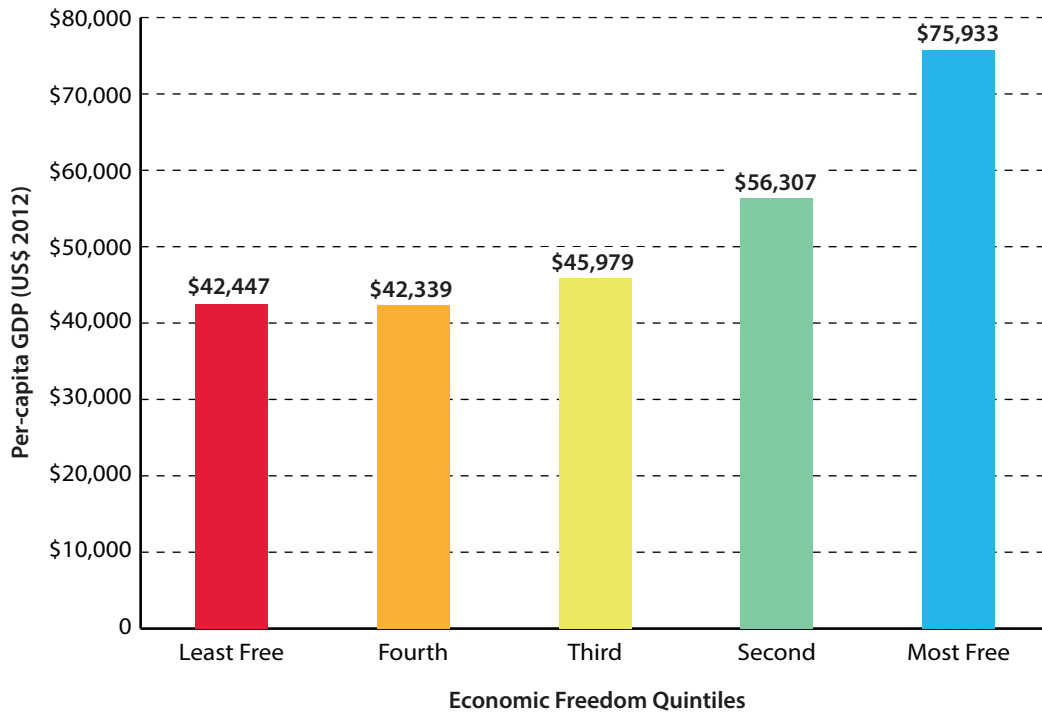
[7] Note that since 10 and 50 are not equally divisible by four, we use quintiles for Canada and the United States. We use quartiles for Mexico because 32 is not equally divisible by five.



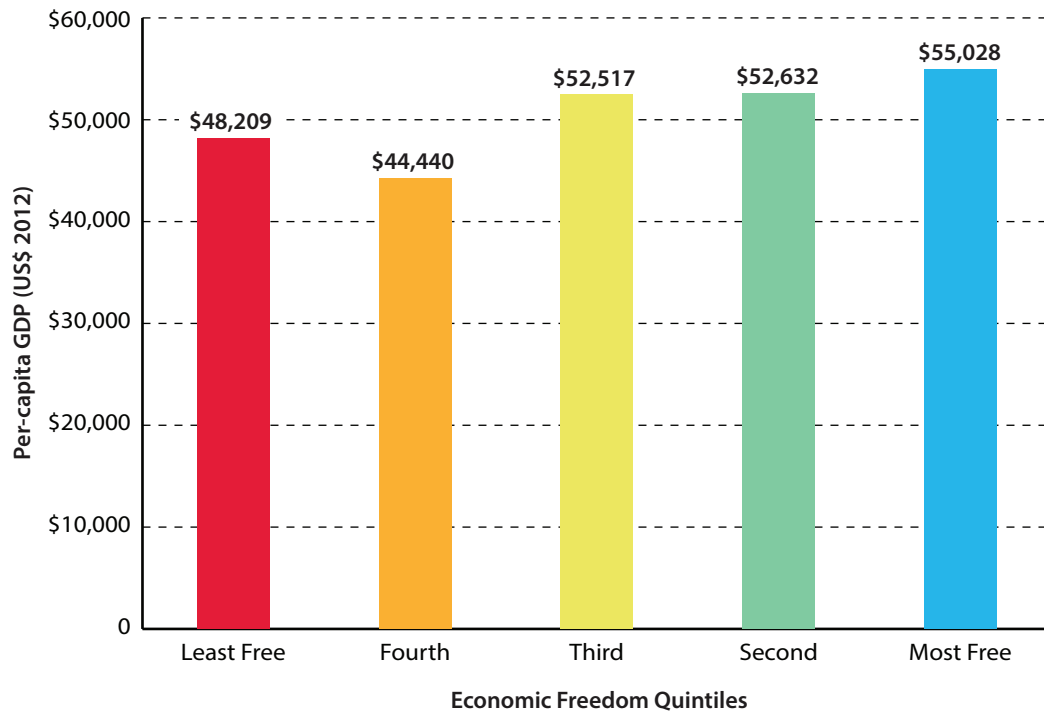
**Figure 1.3: Economic Freedom at the World-Adjusted All-Government Level and GDP per Capita in Canada, the United States and Mexico, 2012**



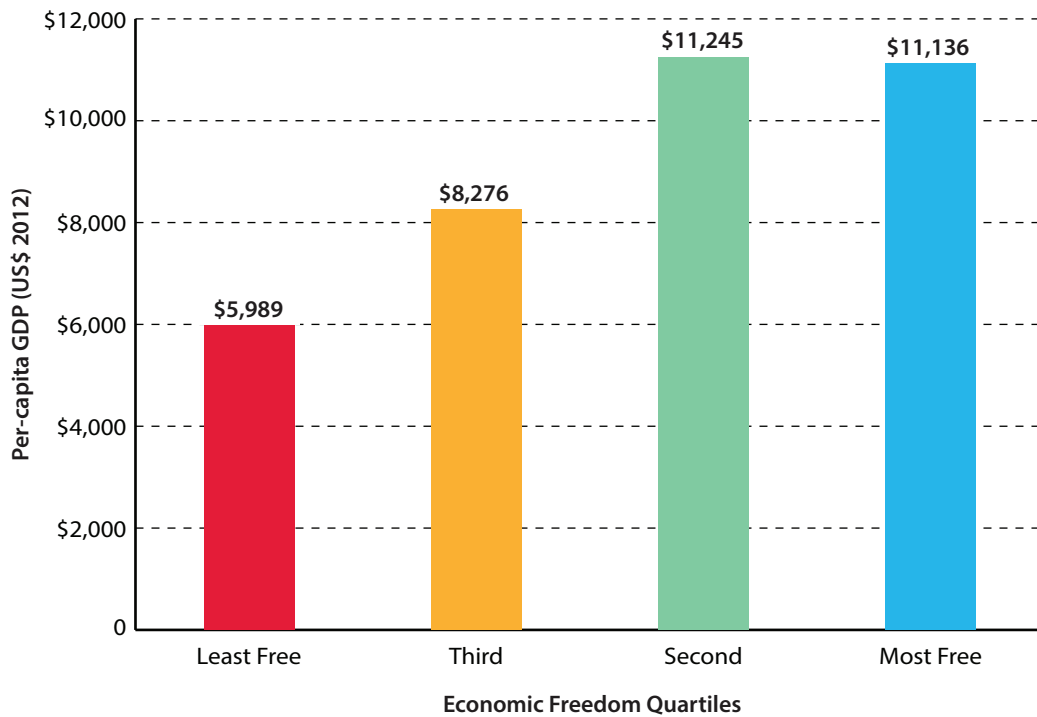
**Figure 1.4a: Economic Freedom at the Subnational Level and GDP per Capita in Canada, 2012**



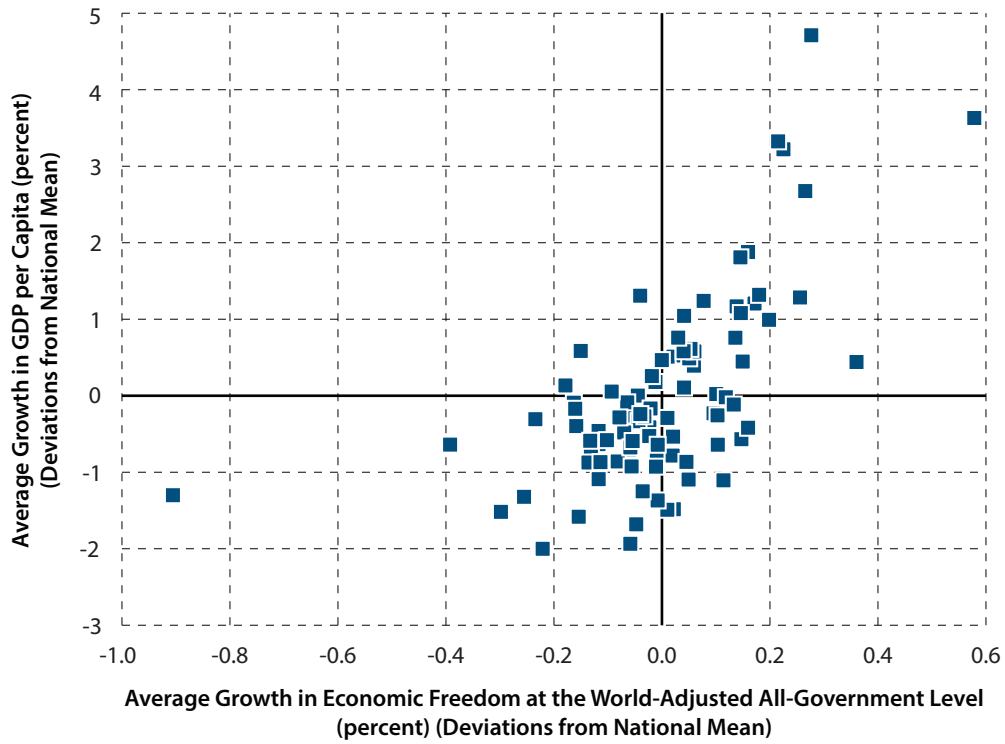
**Figure 1.4b: Economic Freedom at the Subnational Level and GDP per Capita in the United States, 2012**



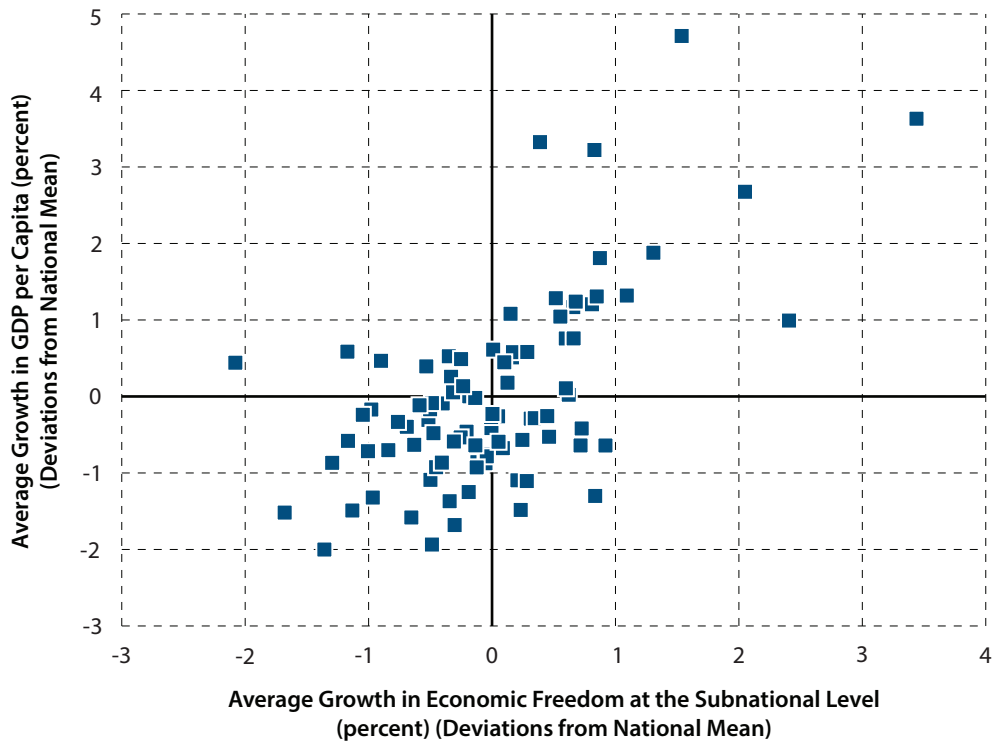
**Figure 1.4c: Economic Freedom at the Subnational Level and GDP per Capita in Mexico, 2012**



**Figure 1.5: Average Growth in GDP per Capita and in Economic Freedom at the World-Adjusted All-Government Level, 2004–2012**



**Figure 1.6: Average Growth in GDP per Capita and in Economic Freedom at the Subnational Level, 2004–2012**



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 whether the latter is measured at the all-government level or the subnational level (the correlation coefficients are 0.621 and 0.615).

### **Comparing the all-government level and the subnational level**

The distribution of government responsibilities between the federal government and subnational governments varies widely across the three nations in North America. For example, in 2012, provinces and local governments accounted for about 80% of government consumption expenditures (variable 1A) in Canada. In the United States, state and local governments were responsible for only 57%, and in Mexico the number was 40%. Thus, government spending and taxation patterns cannot be directly compared. In previous years, we have used an adjustment factor to create comparable numbers for the subnational scores for the United States and Canada. The addition of the Mexican states this year has exacerbated the disparity in this area, so we have taken a different approach for the subnational index. Rather than scoring US states, Canadian provinces, and Mexican states together, we have produced separate subnational indices for each country. This provides a more useful comparison of how individual jurisdictions within each country measure up against other jurisdictions in that same country. As a result of this change, the adjustment previously used is no longer needed.

For those who wish to compare jurisdictions in different countries, the world-adjusted all-governments index continues to be the more appropriate measure. No adjustment factor is necessary at the all-government level because every level of government is counted.

## **Economic freedom and economic well-being**

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

Similarly, De Haan and Sturm (2000) show that positive and negative changes in economic freedom lead to positive and negative changes in rates of economic growth. Using the index of economic freedom from Gwartney 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>8</sup>

The calculation of the index of the economic freedom of Canadian provinces and Mexican and US states allows for the investigation, via econometric testing, of the relationship between economic freedom and prosperity within North America. Since the publication of the first edition of *Economic Freedom of North America* in 2002, more than 100 academic articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity have appeared.<sup>9</sup>

## The importance of economic freedom

In this publication, we have focused on the measurement of economic freedom. In Chapter 3 of last year's report, we discussed 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

[8] 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.

[9] For a list of those studies, see Appendix C (p. 83).

of the spectrum. While sophisticated econometric testing backs up this relationship, examples are also interesting. In the United States, the relatively free Georgia does much better than the relatively unfree West Virginia. While this is hardly the place to review several centuries of economic debate, the mechanics of economic freedom are easy to understand. Any transaction freely entered into must benefit both parties; any transaction that does not benefit both parties would be rejected by the party that would come up short. This has consequences throughout the economy. Consumers who are free to choose will only be attracted by superior quality and price. Producers must constantly improve the price and quality of their products to meet customers' demands or customers will not freely enter into transactions with them. Many billions of mutually beneficial transactions occur every day, powering the dynamic that spurs increased productivity and wealth throughout the economy.

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

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

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# Chapter 2

## Economic Freedom of the Mexican States in 2012

### Introduction

There have been previous efforts to include Mexico in *Economic Freedom of North America*, (Ashby, 2008; Ashby and Bueno, 2010; Ashby, Martinez, and Bueno, 2012) and, even though they were successful in measuring the relative positions for economic freedom that Mexican states hold against each other, these data were not fully comparable with that of the Canadian provinces or the US states. The advancement of those efforts and the adjustments introduced to the methodology in the past two reports laid the groundwork that made it possible to build an integrated index for North America for this year's report.

Before proceeding to the analysis of the data we need to address the problems that had been faced earlier while constructing the Index of Economic Freedom for the Mexican States. There were several reasons that the data collected for the Mexican economy was not comparable with that of the US states and Canada. The first of these reasons is that most of the data for Mexico is incomplete and does not date as far back as the US and Canadian data do. The length of the Mexican time series should not cause too much trouble when the three countries are compared. Most data are available for Mexico in a standardized way from 2003. Data from previous years is unreliable since the methods used for measuring aggregates were different than the ones currently used. This change made it very difficult to work with long series because data tends to vary widely between methodologies. The only feasible solution was to include only the standardized and trustworthy data from 2003 to 2012.

As for the incompleteness of the data, while most of the variables required for the components are available publicly for researchers from the National Institute of Statistics and Geography (INEGI), there is a portion that is scattered around in websites and yearbooks published by different departments of state and states and municipal governments. Access to these data, while it is not restricted, requires that researchers have previous knowledge of its existence and on how and where to locate it. There are also some data, such as the social security payments required for component 1C, that is not available to the public and in order to get access to it

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

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

The absence of variables measuring the legal system had been a huge concern in previous efforts to integrate Mexico into the North American index since Mexico does not enjoy the same degree of protection of property rights and rule of law. The inclusion of the rule of law components from *Economic Freedom of the World* opened the door to including Mexico fully in the North American report by reflecting the large gap between the rule of law in Mexico and that in its two northern neighbors.

Another factor that made it difficult to make a comparison between the three countries was the differences that exist in labor regulations. Mexican law, for example, makes the hiring and firing of workers by the private enterprise a very difficult task. The number of regulations applied to the labor market and its lack of flexibility are a huge impediment for free enterprise. Canada and the United States have much more flexible labor markets. These differences could not be reflected using the earlier methodology. Past reports included components that measured Credit Market Regulations and Business Regulations, both from Area 5 on the world report but, since the results for the labor market were similar for the United States and Canada, the Labor Market Regulation components were left out. For this year's report, however, given the difference in policies on Labor Regulation between these two countries and Mexico, labour market regulations from the world report were added to the index.

## **The data**

As previously stated, this year's report includes the complete data for the 10 components of *Economic Freedom of North America* from 2003 to 2012; the data covers the 31 Mexican states and the Federal District (*Distrito Federal*). Since Distrito Federal is home to the second largest population among Mexican states, and has the highest state GSP, not including it in the analysis would leave out a very important portion of the Mexican economy.

Some adjustments had to be made in how the data was measured for Mexico. GSP measurement includes figures for crude oil extraction and PEMEX, the national oil company, is responsible for all the oil extraction in Mexican territory. This factor creates an asymmetry in the components that are estimated as a percentage of the GSP that favored Campeche and Tabasco, whose oil extraction accounts for 85% of the national total. Since PEMEX is a federal company, its resources and income are not kept in the state in which they are produced but distributed nationally.<sup>1</sup> Scores from the states that are home to oil extracting activities would be distorted and would not be an indicator of the economic development of those states. For this reason, we decided to keep the method of measuring GSP used in the 2012 report, in which oil extraction was excluded.

Also, in Mexico the *Comisión Nacional de Salarios Mínimos* (National Commission for the Minimum Wage) is the institution in charge of dividing the country in geographic zones and defining, annually, the minimum wage that is going to be applied on each zone. Until November 26, 2012, the 2,440 municipalities from the 31 states and the 16 boroughs of the Federal District were classified in three geographic zones A, B, and C. After that date, zone C was eliminated leaving only two zones for the classification. Since the majority of the states are formed by municipalities classified in different geographic zones, there is not a homogenous minimum wage for each state. In order to get a better estimate of the impact of the minimum wage on each state this figure was estimated with a weighted average using the following formula:

$$\text{Weighted Minimum Wage} = (n_A)(x_A) + (n_B)(x_B) + (n_C)(x_C) / N_{EF}$$

where n represents the number of municipalities corresponding to each geographic zone A, B or C; x represents the minimum wage from each geographical zone A, B, or C and; N represents the total number of municipalities that belong to the state being measured.

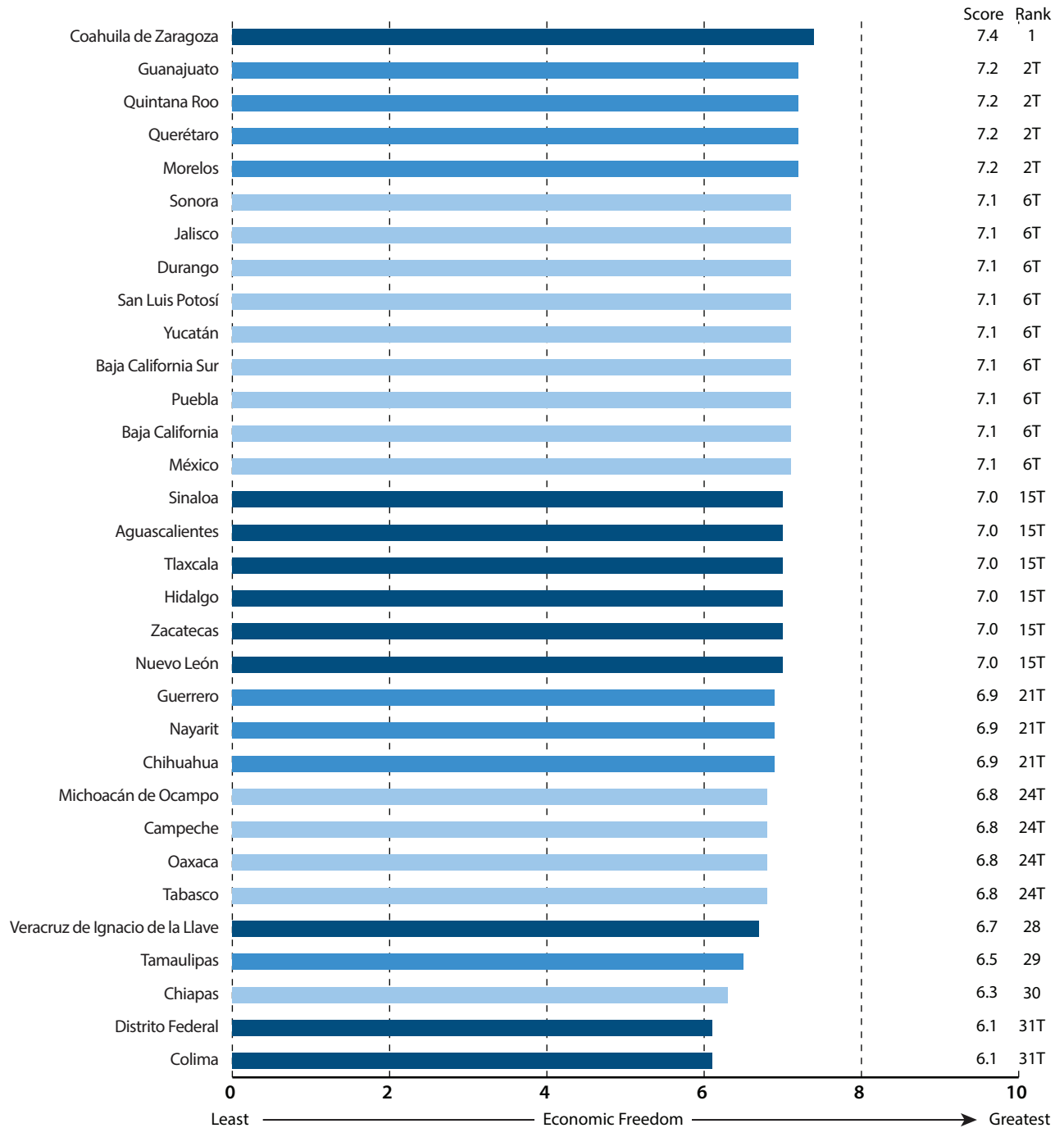
## Results

The economic freedom ranking for the Mexican states at the all-government level for the year 2012 ([figure 2.1](#)) has *Coahuila de Zaragoza* in first place among the Mexican states and tied for 30<sup>th</sup> place (with 21 other areas) among all the states and provinces of North America, followed by *Guanajuato* and *Quintana Roo*, which are tied for 59<sup>th</sup> (along with four other areas) in North America. The lowest rankings were for *Colima* and *Distrito Federal* and *Chiapas*, which were tied for last in the North American rankings.

*Coahuila de Zaragoza's* high ranking can be explained by their low government spending as a result of the austerity policies that have been applied by its government since the beginning of the year 2012. This significantly reduced government

[1] PEMEX's income accounted for an average of 34% of the total revenue of the public sector from 2000 to 2012 (*Redacción de El Economista*, 2012, July 30).

Figure 2.1: Summary of Mexican Ratings for Economic Freedom at the All-Government Level, 2012



expenditures. This factor, along with the state's already relatively low level of taxation, are what caused *Coahuila* to be ranked as high as it did. *Guanajuato* and *Quintana Roo* owe their high rankings to their low tax revenue and their significantly low levels of government employment. *Colima*, on the other hand, scores poorly on almost every component. Its high tax revenue and high government spending makes it the least free state of North America. The reasons for *Distrito Federal's* low ranking are mainly its government consumption and tax revenue, which are the highest

in the country; these are due in part to *Distrito Federal's* size and its importance in the economy and to the fact that all the federal government departments have their quarters there. *Chiapas'* low ranking was to be expected: being one of the poorest states, it receives significant transfers and subsidies and has one of the highest levels of government consumption in Mexico.

The areas in which Mexico performed best were Area 1, Size of Government and Area 2, Takings and Discriminatory Taxation. The average score of the Mexican states for Area 2 was significantly higher than the averages for the United States and Canada. Mexico's tax revenue being the lowest among the 34 members of OECD and the oil dependency of the Mexican government explains the strong ranking. Area 1's relatively high scores may also be explained by the low amount of tax revenue and because the aforementioned fact that a third of the revenue comes from oil production.

## Economic freedom and well-being in the Mexican States.

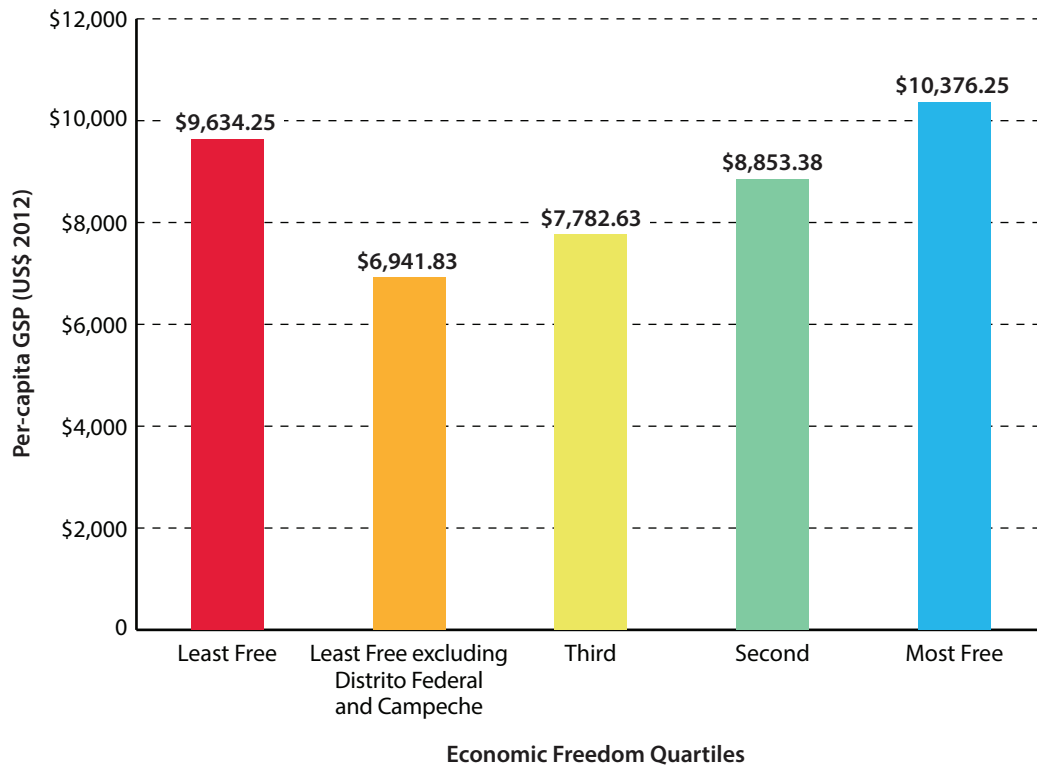
In past reports, there has been exhaustive analysis of the positive correlation between economic freedom and a variety of measures of outcomes such as GSP per capita and economic growth. The relationship between these variables has always been positive, suggesting that economic freedom has a direct relationship to the prosperity of the economy. The data for the Mexican states does not contradict this assertion; as it can be seen in [figure 2.2](#), there is indeed a positive relationship between the scores for economic freedom and the average gross state product (GSP) per capita. The states on the higher quartiles have higher average GSPs per capita than those in the lower quartiles.

The least-free quartile suffers from an anomaly, since it includes *Distrito Federal*, which has the largest state economy in the country and has a GSP boosted by the presence of many government offices and activities, and *Campeche*, where 60% of all of PEMEX oil extraction activities occur. The two states' high GSP per capita are outliers; they raise the average and put the GSP of the least-free quartile above that of the second and third quartiles. However, if the data for *Distrito Federal* and *Campeche* are excluded in the average GSP per capita of the least-free quartile, the positive relationship between economic freedom and GSP per capita is restored.<sup>2</sup>

The states belonging to the freest quartile average a US\$10,377 GSP per capita while the least free quartile averages only US\$6,942. Even when data from *Distrito Federal* and *Campeche* are included, the least-free quartile's average GSP is lower than that of the most free quartile. This statistical relationship, while by itself not conclusive of the connection between well-being and economic freedom, seems consistent with past years' econometric analysis of this relationship. However, those

[2] Note that we did not see the same anomaly in figure 1.4c, the quartiles graph for the subnational index, because in that case the two outliers—*Distrito Federal* and *Campeche*—were in the second quartile rather than the fourth. The reason they rank so much lower on the all-government index is that they are both recipients of a large amount of federal spending, which the subnational index does not include.

**Figure 2.2: Economic Freedom at the All-Government Level and GSP per Capita in Mexico, 2012**



analyses previously conducted use data only for the United States and Canada. Now that data for Mexico has been included in the North American Index, it will be interesting to explore this relationship further in future editions.

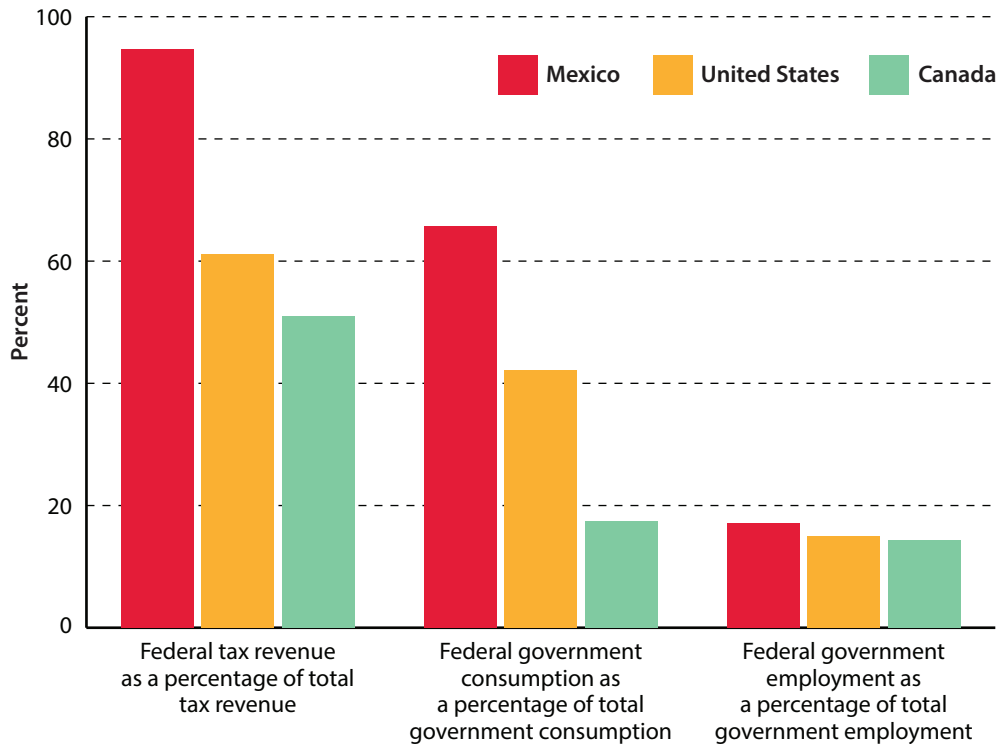
### Results at the subnational level.

Mexico is a highly centralized country; the federal government is in charge of most of the spending and the taxation (figure 2.3). For example, federal tax revenue for 2012 exceeded 90% of total taxation at all levels. This degree of centralization makes it difficult to compare Mexico at the subnational level with Canada and the United States. For this reason, the results at the subnational level for Mexican states will be analyzed by themselves, as is now the practice for Canada and the United States as well.

This degree of centralization has an impact on the components we can use for measuring an accurate ranking at the subnational level; there are a number of components that can only be measured at the federal level. The first of these is component 2B, the top marginal income tax rate. There are no state or local income taxes in Mexico so its rates apply nationwide; consequently we did not include this component on the subnational scores as it would have no effect whatsoever on the rankings.

Component 1C poses a similar problem. Social security in Mexico is almost totally centralized. Less than 10 out of the 31 states have their own social security institutions and these local institutions serve only a minority of their population because the rest are covered by either the federal social security institutions (*Instituto Mexicano*

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



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

As figure 1.2c showed, at the subnational level, for 2012 *Guanajuato*, *Coahuila*, and *Nuevo León* had the highest rankings. *Guanajuato* and *Coahuila* were also the top two at the all-government level so their ranking comes as no surprise. Both states have low government spending and low local taxes. *Coahuila* scores poorly in Area 3, Regulation, due to its high government employment and thus high unionization. This gives *Guanajuato* an edge since it has one of the lowest levels of government employment. *Nuevo León* is an interesting case of a highly developed state—with some of the largest industrial complexes of the country and the third largest economy—that has low regulations and one of the lowest levels of government consumption but is held back by high taxes, ranking 20<sup>th</sup> on Area 2. This situation worsens at the all-government level, in which Nuevo Leon sinks from third place to the 20<sup>th</sup> place among the Mexican states.



As [table 3.6c](#) shows, for Area 1, Size of Government, at the subnational level *Distrito Federal*, *Coahuila*, and *Nuevo León* are ranked as the top three. *Distrito Federal* has a significant advantage in this particular area over the states, since it has only one level of subnational government. *Coahuila*'s ranking is again explained by the forced austerity policies that takes the state from ranking 12<sup>th</sup> in 2011 to second rank in 2012. *Nuevo León*, on the other hand, owes its high ranking to the size of its economy and the low level of government consumption by state and local governments. The worst scores in this area belonged to *Chiapas*, *Oaxaca*, and *Nayarit*. These states are some of the least developed in the country and thus receive large subsidies and transfers, a fact that also accounts for a high level of government spending.

The top rankings for Area 2, Takings and Discriminatory Taxation, were held by *Tlaxcala* and *Oaxaca*; three states are tied for third: *Guanajuato*, *Coahuila*, and *San Luis Potosi* ([table 3.8c](#)). While *Guanajuato*'s score is the result of the low tax rates charged by the state and local governments, *Tlaxcala* and *Oaxaca*'s high rankings have more to do with the fact that those states are among the poorest in the country and therefore a large part of their population works in the informal sector and thus is not registered in the *Registro Federal de Contribuyentes* (Federal Registry of Taxpayers). For *Oaxaca*, 34% of the population is indigenous, of which 48% are self-employed and 14% work without pay for their self-employed relatives. Forty percent of the working indigenous population of *Oaxaca* does not receive any kind of income or salary and because of this they do not pay any taxes. *Distrito Federal*, *Colima*, and *Quintana Roo* are the three states with the lowest scores.

*Distrito Federal* has by far the top score in Area 3, Regulation. *Queretaro*, *Aguascalientes*, and *Baja California* are tied for second ([table 3.10c](#)). *Distrito Federal*, while having the largest ratio of government employment to total employment, also has a lower weighted minimum wage and ranks at the top in component 3Aiii, Union Density. *Queretaro*, *Aguascalientes*, and *Baja California* obtained above-average scores for the three components, which accounts for their high rankings. *Oaxaca* and *Colima* are tied for last place, with *Chiapas* at third lowest. Being three of the most underdeveloped states, their respective weighted minimum wages were among the highest of the country, which by itself accounts for their low ranking.

## Conclusion

After great effort and the work of many researchers, it is finally possible to include the Mexican states in the *Economic Freedom of North America*. Much care was necessary to make it possible to reflect not only the circumstantial but the structural differences existing among the legislation and policies of Canada, the United States and Mexico. While Mexico seems to be freer than Canada and the United States in certain areas such as Size of Government and Taxation, its highly centralized government, excessive regulation and lack of an effective legal system that protects property rights are what causes the country's states to rank below most of the Canadian provinces and US states.



*Coahuila* was the highest ranking Mexican state at the all-government level, tied for 30<sup>th</sup> (along with 21 other jurisdictions) among the 92 North American states and provinces; it owes its ranking to the policies of austerity taken to repair years of reckless spending and irresponsible debt contracting. *Guanajuato* and *Quintana Roo* were tied for 59<sup>th</sup> (along with four other jurisdictions). The lowest rankings were held by *Colima* and *Distrito Federal* (tied for 91<sup>st</sup>), with *Chiapas* ranking 90<sup>th</sup>.

The subnational rankings showed *Guanajuato* as the freest of the 32 Mexican states with *Coahuila* and *Nuevo León* tied for second place. While, as already shown, *Guanajuato* and *Coahuila* also had high rankings at the all-government level, *Nuevo León* suffered a dramatic drop in its ranking from the subnational to the all-government level, dropping from a tie for second place to tied for 15<sup>th</sup>. Having the third-largest GSP second-largest per-capita GSP of the 32 states, *Nuevo León*'s case is an example of the great degree of centralization of the Mexican government, showing how, even with bearable local and municipal policies, the burden of federal taxes and policies is worsening the condition of some of the most productive states.

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# Chapter 3

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

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

### Economic Freedom in Canada, the United States, and Mexico

Tables 3.1, 3.2a, 3.2b, and 3.2c provide a detailed summary of the scores for 2012. Tables 3.3 to 3.10 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 world-adjusted scores, taken from the *Economic Freedom of the World: 2014 Annual Report*,<sup>1</sup> are not included; they can be found in that publication. 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 (2014). *Economic Freedom of the World: 2014 Annual Report*. Fraser Institute.

Note To view tables that appear on two pages, click the yellow button to the left of the title and, in Adobe Reader or Acrobat Pro, turn on View > Page Display > Show Cover Page in Two Page View.

**Table 3.1: World-Adjusted Scores at Federal, State/Provincial, and Local/Municipal Levels, 2012**

	Area 1	Area 2	3A	3B	3C	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank
Alberta	9.1	6.8	7.6	10.0	6.5	8.0	8.0	9.4	7.7	8.2	1
British Columbia	7.7	5.3	7.1	10.0	6.5	7.9	8.0	9.4	7.7	7.7	3T
Manitoba	6.9	5.1	6.8	10.0	6.5	7.8	8.0	9.4	7.7	7.5	18T
New Brunswick	6.5	4.8	7.0	10.0	6.5	7.8	8.0	9.4	7.7	7.4	30T
Newfoundland & Labrador	7.2	6.1	6.9	10.0	6.5	7.8	8.0	9.4	7.7	7.7	3T
Nova Scotia	6.2	4.5	6.8	10.0	6.5	7.8	8.0	9.4	7.7	7.3	52T
Ontario	7.6	5.0	7.2	10.0	6.5	7.9	8.0	9.4	7.7	7.6	6T
Prince Edward Island	5.5	4.2	6.7	10.0	6.5	7.7	8.0	9.4	7.7	7.1	65T
Quebec	7.4	4.6	6.8	10.0	6.5	7.8	8.0	9.4	7.7	7.5	18T
Saskatchewan	8.6	6.7	7.1	10.0	6.5	7.9	8.0	9.4	7.7	8.0	2
Aguascalientes	8.0	7.3	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.0	75T
Baja California	8.1	7.5	6.4	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Baja California Sur	7.3	8.4	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Campeche	5.8	8.3	6.2	9.5	6.2	7.3	4.5	8.1	7.0	6.8	84T
Chiapas	5.0	6.1	6.0	9.5	6.2	7.2	4.5	8.1	7.0	6.3	90
Chihuahua	7.6	6.6	6.3	9.5	6.2	7.3	4.5	8.1	7.0	6.9	81T
Coahuila de Zaragoza	8.6	8.8	6.1	9.5	6.2	7.3	4.5	8.1	7.0	7.4	30T
Colima	5.8	3.9	6.2	9.5	6.2	7.3	4.5	8.1	7.0	6.1	91T
Distrito Federal	6.3	3.5	6.2	9.5	6.2	7.3	4.5	8.1	7.0	6.1	91T
Durango	7.3	8.6	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Guanajuato	8.1	8.3	6.4	9.5	6.2	7.3	4.5	8.1	7.0	7.2	59T
Guerrero	6.0	8.7	6.1	9.5	6.2	7.2	4.5	8.1	7.0	6.9	81T
Hidalgo	6.6	8.6	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.0	75T
Jalisco	8.3	7.7	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
México	7.8	7.8	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Michoacán de Ocampo	7.4	6.8	6.2	9.5	6.2	7.3	4.5	8.1	7.0	6.8	84T
Morelos	7.7	8.4	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.2	59T
Nayarit	6.1	8.5	6.0	9.5	6.2	7.2	4.5	8.1	7.0	6.9	81T
Nuevo León	8.7	6.2	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.0	75T
Oaxaca	5.7	8.5	6.0	9.5	6.2	7.2	4.5	8.1	7.0	6.8	84T
Puebla	7.7	7.9	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Querétaro	8.4	7.7	6.4	9.5	6.2	7.3	4.5	8.1	7.0	7.2	59T
Quintana Roo	8.3	8.1	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.2	59T
San Luis Potosí	7.6	8.3	6.2	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Sinaloa	7.4	7.9	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.0	75T
Sonora	8.0	8.0	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Tabasco	5.6	8.1	6.1	9.5	6.2	7.2	4.5	8.1	7.0	6.8	84T
Tamaulipas	7.4	4.8	6.2	9.5	6.2	7.3	4.5	8.1	7.0	6.5	89
Tlaxcala	6.7	8.6	6.1	9.5	6.2	7.2	4.5	8.1	7.0	7.0	75T
Veracruz de Ignacio de la Llave	6.2	7.2	6.2	9.5	6.2	7.3	4.5	8.1	7.0	6.7	88
Yucatán	7.5	8.3	6.3	9.5	6.2	7.3	4.5	8.1	7.0	7.1	65T
Zacatecas	7.0	8.0	6.0	9.5	6.2	7.2	4.5	8.1	7.0	7.0	75T

Table 3.1 (cont'd): World-Adjusted Scores at Federal, State/Provincial, and Local/Municipal Levels, 2012

	Area 1	Area 2	3A	3B	3C	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank
Alabama	6.2	6.5	8.1	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Alaska	6.1	7.4	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.6	6T
Arizona	6.7	5.8	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Arkansas	6.5	6.1	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
California	6.8	6.1	8.1	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Colorado	6.9	6.4	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.5	18T
Connecticut	6.4	6.1	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Delaware	7.4	6.2	8.4	8.5	6.7	7.8	7.0	9.3	7.7	7.6	6T
Florida	6.6	5.7	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Georgia	6.8	6.6	8.4	8.5	6.7	7.8	7.0	9.3	7.7	7.5	18T
Hawaii	6.2	5.8	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.3	52T
Idaho	6.5	6.2	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Illinois	7.1	6.2	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.5	18T
Indiana	7.0	6.1	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.5	18T
Iowa	6.9	6.4	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.5	18T
Kansas	6.8	6.0	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Kentucky	5.8	6.0	8.1	8.5	6.7	7.8	7.0	9.3	7.7	7.3	52T
Louisiana	6.8	6.8	8.4	8.5	6.7	7.8	7.0	9.3	7.7	7.6	6T
Maine	6.1	5.5	8.1	8.5	6.7	7.7	7.0	9.3	7.7	7.2	59T
Maryland	6.2	6.4	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Massachusetts	6.6	6.2	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Michigan	6.5	6.3	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.4	30T
Minnesota	7.0	5.8	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Mississippi	5.7	5.7	8.1	8.5	6.7	7.8	7.0	9.3	7.7	7.2	59T
Missouri	6.4	6.2	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Montana	6.3	6.4	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.4	30T
Nebraska	7.3	6.5	8.4	8.5	6.7	7.8	7.0	9.3	7.7	7.6	6T
Nevada	7.1	6.5	8.1	8.5	6.7	7.7	7.0	9.3	7.7	7.6	6T
New Hampshire	7.4	6.6	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.6	6T
New Jersey	6.8	5.7	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
New Mexico	5.8	6.0	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.3	52T
New York	6.7	6.1	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.4	30T
North Carolina	6.9	6.6	8.4	8.5	6.7	7.9	7.0	9.3	7.7	7.6	6T
North Dakota	7.0	6.2	8.5	8.5	6.7	7.9	7.0	9.3	7.7	7.5	18T
Ohio	6.5	6.1	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Oklahoma	6.8	6.7	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.6	6T
Oregon	6.9	7.0	8.1	8.5	6.7	7.7	7.0	9.3	7.7	7.6	6T
Pennsylvania	6.4	6.2	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Rhode Island	6.2	5.5	8.1	8.5	6.7	7.7	7.0	9.3	7.7	7.3	52T
South Carolina	6.4	6.1	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
South Dakota	7.1	6.3	8.4	8.5	6.7	7.9	7.0	9.3	7.7	7.5	18T
Tennessee	6.7	6.3	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.5	18T
Texas	7.4	6.8	8.4	8.5	6.7	7.9	7.0	9.3	7.7	7.7	3T
Utah	7.0	6.5	8.3	8.5	6.7	7.8	7.0	9.3	7.7	7.6	6T
Vermont	6.1	5.7	8.1	8.5	6.7	7.7	7.0	9.3	7.7	7.3	52T
Virginia	6.4	6.4	8.4	8.5	6.7	7.9	7.0	9.3	7.7	7.5	18T
Washington	6.9	6.3	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.5	18T
West Virginia	6.0	6.0	8.0	8.5	6.7	7.7	7.0	9.3	7.7	7.3	52T
Wisconsin	6.8	5.9	8.2	8.5	6.7	7.8	7.0	9.3	7.7	7.4	30T
Wyoming	7.0	6.7	8.4	8.5	6.7	7.9	7.0	9.3	7.7	7.6	6T

Table 3.2a: Scores at the Provincial and Municipal Levels in Canada, 2012

	Overall Index	Area 1	Area 2	Area 3	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C
Alberta	8.8	9.4	8.7	8.4	9.4	8.9	10.0	9.4	7.0	8.7	9.6	9.0	8.9	7.1
British Columbia	6.1	5.9	5.9	6.6	5.9	6.4	5.5	5.9	6.0	5.9	5.6	6.0	8.4	5.4
Manitoba	5.4	5.6	5.1	5.6	3.2	6.2	7.4	4.8	5.0	5.7	5.0	5.6	2.8	8.2
New Brunswick	5.5	5.0	5.0	6.4	2.9	5.6	6.6	4.2	6.0	5.4	4.3	4.9	5.6	8.6
Newfoundland & Labrador	6.5	6.8	7.2	5.6	4.6	9.4	6.3	7.9	6.0	9.4	5.6	7.7	0.5	8.5
Nova Scotia	5.0	4.7	4.1	6.1	2.9	7.9	3.3	3.5	3.0	5.7	4.0	4.5	3.8	10.0
Ontario	5.6	5.2	4.5	7.0	5.3	5.6	4.5	4.0	4.0	4.4	5.6	6.1	8.0	7.0
Prince Edward Island	5.0	5.0	4.1	5.8	1.1	6.3	7.7	3.8	4.0	6.5	2.2	4.1	5.2	8.2
Quebec	4.1	3.8	3.5	5.2	5.8	1.5	4.1	2.1	4.0	2.9	4.8	5.4	5.5	4.6
Saskatchewan	7.4	8.8	7.4	6.1	8.3	9.2	8.8	9.0	5.0	8.0	7.5	8.5	1.6	8.0

Table 3.2b: Scores at the State and Local Levels in Mexico, 2012

	Overall Index	Area 1	Area 2	Area 3	1A	1C	1B	2A	2B	2C	2D	3Ai	3Aii	3Aiii
Aguascalientes	7.3	7.4	7.4	7.0	7.7		7.2	6.8		7.2	8.1	7.9	7.6	5.6
Baja California	7.1	8.3	6.0	7.0	8.4		8.2	4.6		5.0	8.6	7.7	8.6	4.6
Baja California Sur	6.5	7.4	5.6	6.6	8.7		6.1	3.2		3.9	9.6	8.7	7.9	3.2
Campeche	7.1	6.7	7.8	6.7	6.8		6.7	4.7		9.2	9.4	8.8	7.7	3.7
Chiapas	4.4	1.0	7.7	4.7	0.9		1.0	7.0		8.9	7.1	0.6	9.1	4.2
Chihuahua	6.5	6.9	5.6	6.9	7.9		6.0	4.0		5.5	7.4	7.2	10.0	3.5
Coahuila de Zaragoza	7.6	9.2	8.4	5.2	8.8		9.6	7.1		8.2	9.9	8.9	6.8	0.0
Colima	5.0	6.4	4.2	4.3	8.0		4.9	4.5		5.2	3.0	7.8	1.5	3.7
Distrito Federal	7.0	9.6	3.1	8.2	9.4		9.8	1.3		3.9	4.2	10.0	5.0	9.5
Durango	6.6	6.8	6.6	6.3	6.0		7.6	5.1		4.8	9.8	6.7	7.9	4.3
Guanajuato	7.7	7.9	8.4	6.8	7.6	No state or local spending in this category.	8.1	6.7		9.2	9.4	6.6	8.6	5.1
Guerrero	5.1	3.5	7.0	4.9	5.5		1.5	5.4		5.8	9.8	2.6	7.8	4.2
Hidalgo	6.5	5.7	7.9	5.8	7.0		4.4	6.7		7.3	9.8	5.5	8.1	3.7
Jalisco	7.3	8.1	7.2	6.6	8.1		8.1	5.9		6.9	8.8	7.4	8.4	3.9
México	5.6	6.0	5.4	5.4	6.8		5.3	2.5		4.7	9.0	5.4	8.9	1.8
Michoacán de Ocampo	6.3	6.1	7.6	5.3	3.8		8.5	7.1		7.9	7.8	4.5	8.2	3.3
Morelos	7.0	6.8	7.9	6.2	8.5		5.1	5.6		8.6	9.6	6.2	8.7	3.6
Nayarit	5.0	3.4	6.5	5.1	4.6		2.1	5.0		4.9	9.7	5.3	7.8	2.3
Nuevo León	7.6	8.9	6.9	6.9	9.4		8.3	6.1		7.3	7.5	9.7	8.6	2.4
Oaxaca	5.1	2.4	8.7	4.3	2.5		2.3	7.9		8.5	9.7	2.3	8.1	2.6
Puebla	6.6	7.0	7.3	5.6	6.6	7.4	5.8		7.0	9.0	5.0	8.7	3.1	
Querétaro	6.9	8.4	5.2	7.0	9.5	7.2	2.9		3.6	9.0	8.6	8.4	4.1	
Quintana Roo	6.2	7.4	4.6	6.7	7.9	7.0	2.2		2.1	9.4	8.8	8.3	3.0	
San Luis Potosí	7.0	6.9	8.4	5.8	8.8	5.0	7.5		8.2	9.5	6.7	8.0	2.7	
Sinaloa	6.5	6.7	6.2	6.4	7.8	5.6	4.8		4.7	9.2	6.7	8.1	4.5	
Sonora	7.3	7.9	7.5	6.7	8.5	7.3	6.6		7.0	9.0	8.5	8.3	3.2	
Tabasco	5.5	3.9	7.1	5.6	1.5	6.2	4.1		7.9	9.3	5.5	6.7	4.6	
Tamaulipas	6.5	8.0	5.5	5.9	7.6	8.4	7.2		9.3	0.0	7.5	8.4	1.9	
Tlaxcala	6.1	3.9	9.5	4.9	5.4	2.4	8.9		9.8	9.7	3.7	7.9	3.0	
Veracruz de Ignacio ...	6.3	6.0	7.3	5.6	4.0	8.0	6.4		7.3	8.1	5.7	8.5	2.6	
Yucatán	7.1	7.3	7.4	6.7	7.2	7.3	5.7		7.2	9.4	6.8	7.9	5.6	
Zacatecas	6.1	5.0	8.1	5.2	3.6	6.3	7.6		7.4	9.4	5.9	7.5	2.1	

Table 3.2c: Scores at the State and Local Levels in the United States, 2012

	Overall Index	Area 1	Area 2	Area 3	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C
Alabama	6.4	5.7	7.4	6.3	3.6	7.8	5.6	6.8	8.0	8.3	6.4	6.1	5.0	7.8
Alaska	6.8	5.0	9.3	6.0	2.5	7.7	4.7	10.0	10.0	8.3	8.8	9.2	3.2	5.6
Arizona	6.8	6.7	6.6	7.1	5.7	8.3	6.1	5.9	8.0	7.8	4.9	6.0	7.2	7.9
Arkansas	6.2	5.5	6.4	6.8	3.5	6.5	6.4	5.7	6.0	9.1	4.8	6.2	5.1	9.0
California	5.8	4.5	6.2	6.7	4.8	5.5	3.2	5.2	5.0	7.5	7.0	7.5	7.5	4.9
Colorado	6.8	6.5	6.6	7.4	5.6	8.9	5.0	5.8	7.0	6.6	6.9	7.6	7.2	7.4
Connecticut	6.4	6.4	5.6	7.1	5.9	8.5	4.7	3.2	7.0	4.8	7.4	8.3	7.6	5.5
Delaware	7.3	6.5	7.9	7.4	5.8	7.1	6.6	8.1	6.5	7.3	9.7	8.7	6.8	6.6
Florida	6.7	6.3	6.6	7.3	3.9	8.2	6.8	5.7	10.0	5.2	5.6	5.8	8.9	7.1
Georgia	7.1	6.6	7.3	7.4	5.4	8.4	6.0	7.5	6.0	8.9	6.7	6.8	7.2	8.2
Hawaii	5.9	6.3	4.7	6.6	4.7	8.8	5.3	3.6	4.0	7.3	4.0	7.7	7.3	4.8
Idaho	6.3	6.0	6.3	6.6	4.0	8.4	5.5	5.4	6.0	7.0	6.7	5.5	5.8	8.4
Illinois	6.3	6.2	5.9	6.8	6.0	8.9	3.7	3.7	7.0	5.0	7.7	7.3	7.8	5.5
Indiana	7.1	6.7	7.5	7.1	5.3	7.5	7.2	6.8	8.0	8.9	6.5	7.1	7.2	6.9
Iowa	6.5	6.2	6.6	6.6	4.6	7.5	6.4	5.4	7.5	6.8	6.7	7.6	5.6	6.7
Kansas	6.5	6.8	6.1	6.7	4.6	9.4	6.5	5.2	6.0	7.5	5.7	7.3	4.8	8.1
Kentucky	6.0	4.6	7.0	6.5	4.1	6.2	3.6	6.0	6.5	8.2	7.1	6.3	6.0	7.1
Louisiana	7.3	6.8	8.0	7.1	5.4	8.8	6.3	8.5	8.0	9.7	5.9	7.9	5.3	8.1
Maine	5.2	4.8	4.4	6.4	1.6	7.7	5.3	2.0	5.0	4.0	6.5	6.0	7.0	6.3
Maryland	6.9	5.8	7.0	7.8	5.3	5.7	6.4	4.9	8.0	6.9	8.0	8.1	7.9	7.4
Massachusetts	6.8	6.1	6.8	7.4	5.0	8.8	4.6	5.4	7.0	6.9	8.0	8.2	8.9	5.0
Michigan	6.0	5.0	6.7	6.3	3.3	7.8	3.8	5.5	8.0	6.8	6.3	6.4	7.3	5.2
Minnesota	6.1	5.5	5.7	7.0	4.5	6.4	5.8	4.2	5.5	5.8	7.2	8.0	7.5	5.7
Mississippi	5.3	4.5	5.7	5.7	0.9	8.2	4.2	4.3	7.0	6.3	5.1	5.0	2.6	9.4
Missouri	7.0	6.4	7.5	7.0	4.8	8.7	5.8	6.7	8.0	8.1	7.0	6.8	7.0	7.1
Montana	6.2	5.5	7.1	6.1	3.5	8.2	4.9	5.9	8.0	4.9	9.6	6.1	6.0	6.1
Nebraska	7.3	7.7	7.0	7.2	6.0	9.1	8.1	6.8	6.0	7.9	7.1	8.0	6.0	7.8
Nevada	6.7	6.3	6.8	6.9	5.5	8.6	4.8	6.3	10.0	5.7	5.4	6.3	9.6	4.7
New Hampshire	7.3	7.3	7.5	7.2	5.8	8.3	7.6	6.9	10.0	3.7	9.5	7.5	7.9	6.2
New Jersey	5.7	5.0	5.1	6.9	4.2	7.7	3.0	3.3	6.0	3.7	7.4	8.3	7.0	5.3
New Mexico	5.9	4.9	6.9	5.9	2.9	7.9	4.1	6.7	7.0	9.3	4.8	6.4	2.1	9.3
New York	5.5	5.0	5.1	6.3	3.9	7.7	3.4	1.9	6.0	5.9	6.9	8.7	6.5	3.7
North Carolina	7.0	6.6	7.2	7.1	5.2	8.5	6.1	7.1	5.5	8.8	7.3	7.1	5.5	8.8
North Dakota	7.7	7.6	7.8	7.7	7.3	7.5	7.9	7.7	9.0	8.8	5.9	9.0	6.4	7.7
Ohio	6.0	4.6	6.7	6.8	4.3	7.2	2.3	5.2	8.0	6.5	7.0	6.8	7.5	5.9
Oklahoma	6.8	6.7	7.2	6.5	5.4	8.3	6.4	6.9	7.0	8.9	5.8	6.9	4.6	8.2
Oregon	6.6	5.7	7.8	6.5	5.1	8.2	3.8	7.3	7.0	6.9	9.9	6.8	7.0	5.5
Pennsylvania	6.4	5.2	6.6	7.3	4.4	7.3	3.8	5.0	8.0	6.2	7.3	7.4	9.1	5.4
Rhode Island	5.6	4.3	5.5	6.9	3.5	8.0	1.6	3.1	8.0	3.6	7.1	7.3	8.9	4.7
South Carolina	5.9	4.8	6.5	6.5	3.6	5.7	5.0	6.2	6.0	6.8	7.1	5.8	5.0	8.8
South Dakota	7.8	7.9	8.1	7.4	7.2	8.8	7.8	8.3	10.0	8.1	5.8	7.7	6.4	8.2
Tennessee	7.2	6.4	7.8	7.4	5.2	6.7	7.2	7.6	10.0	8.4	5.0	6.7	7.6	7.8
Texas	7.8	7.9	7.9	7.7	7.2	9.2	7.4	8.2	10.0	6.9	6.6	8.0	7.3	7.7
Utah	7.1	6.3	7.7	7.3	6.0	5.5	7.3	7.8	7.0	8.9	7.1	7.1	6.6	8.2
Vermont	5.3	4.8	4.6	6.4	1.4	6.0	7.0	2.3	6.0	2.3	7.6	6.0	6.8	6.5
Virginia	7.5	7.1	7.7	7.9	6.5	7.3	7.4	7.4	7.0	8.0	8.4	7.9	6.7	9.0
Washington	6.4	6.1	7.1	6.0	6.0	7.0	5.2	6.7	10.0	7.0	4.6	6.9	5.5	5.5
West Virginia	5.6	5.0	6.2	5.6	2.2	7.6	5.0	4.9	6.5	6.6	6.9	5.7	3.3	7.7
Wisconsin	6.1	6.0	5.7	6.8	4.3	7.8	5.8	4.0	6.0	5.6	7.0	7.2	6.7	6.5
Wyoming	6.7	6.4	7.2	6.6	4.0	9.0	6.4	6.9	10.0	6.4	5.5	9.1	1.3	9.3

**Table 3.3: World-Adjusted Scores at State/Provincial and Local/Municipal Levels, 1985–2012**

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alberta	8.0	8.1	8.1	8.4	8.3	8.1	8.2	8.3	8.3	8.3	8.2	8.3	8.1	8.1	8.2	8.2	1
British Columbia	7.1	7.3	7.3	7.6	7.5	7.6	7.7	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	3T
Manitoba	7.5	7.7	7.5	7.8	7.7	7.5	7.6	7.6	7.6	7.6	7.7	7.6	7.5	7.5	7.5	7.5	18T
New Brunswick	7.2	7.4	7.4	7.8	7.6	7.4	7.5	7.6	7.5	7.5	7.5	7.5	7.4	7.4	7.3	7.4	30T
Newfoundland & Labrador	7.1	7.2	7.1	7.7	7.5	7.4	7.6	7.7	7.7	7.8	7.9	8.0	7.7	7.6	7.7	7.7	3T
Nova Scotia	7.2	7.4	7.3	7.7	7.6	7.4	7.5	7.5	7.5	7.4	7.4	7.4	7.3	7.3	7.2	7.3	52T
Ontario	7.7	7.8	7.7	8.0	7.9	7.7	7.8	7.8	7.8	7.8	7.8	7.7	7.6	7.6	7.5	7.6	6T
Prince Edward Island	7.1	7.3	7.2	7.4	7.3	7.2	7.2	7.3	7.2	7.2	7.2	7.2	7.1	7.1	7.1	7.1	65T
Quebec	7.4	7.6	7.5	7.8	7.6	7.4	7.5	7.6	7.5	7.5	7.5	7.5	7.4	7.4	7.4	7.5	18T
Saskatchewan	7.5	7.7	7.6	8.0	7.8	7.6	7.7	7.8	7.8	7.8	7.9	8.0	7.8	7.9	7.9	8.0	2
Aguascalientes							7.1	7.2	7.1	7.2	7.1	7.1	7.0	7.0	6.8	7.0	75T
Baja California							7.2	7.3	7.2	7.3	7.2	7.1	7.0	7.0	7.1	7.1	65T
Baja California Sur							7.2	7.3	7.2	7.3	7.2	7.1	7.0	7.1	7.1	7.1	65T
Campeche							6.9	7.0	7.0	7.2	6.9	6.8	6.7	6.8	6.8	6.8	84T
Chiapas							7.0	7.1	7.0	7.0	6.9	6.8	6.2	6.3	6.3	6.3	90
Chihuahua							7.1	7.2	7.1	7.2	7.1	7.1	6.9	6.8	6.9	6.9	81T
Coahuila de Zaragoza							7.3	7.4	7.3	7.3	7.2	7.1	7.2	7.3	7.3	7.4	30T
Colima							6.2	6.3	6.3	6.2	6.2	6.1	6.1	6.1	6.2	6.1	91T
Distrito Federal							6.2	6.5	6.3	6.5	6.3	6.2	6.1	6.1	6.1	6.1	91T
Durango							7.2	7.4	7.3	7.3	7.2	7.1	7.0	7.0	7.1	7.1	65T
Guanajuato							7.3	7.4	7.4	7.4	7.3	7.2	6.8	6.9	6.9	7.2	59T
Guerrero							7.0	7.1	7.1	7.1	7.0	6.9	6.6	6.6	6.6	6.9	81T
Hidalgo							7.2	7.3	7.2	7.3	7.2	7.0	7.0	7.0	7.0	7.0	75T
Jalisco							7.3	7.4	7.3	7.3	7.2	7.1	7.2	7.3	7.3	7.1	65T
México							7.2	7.3	7.3	7.3	7.2	7.1	7.0	7.1	7.1	7.1	65T
Michoacán de Ocampo							7.2	7.4	7.2	7.3	7.1	7.0	6.9	6.9	6.9	6.8	84T
Morelos							7.2	7.3	7.3	7.3	7.2	7.1	7.0	7.0	7.1	7.2	59T
Nayarit							7.1	7.2	7.2	7.2	7.1	7.0	6.8	6.8	6.8	6.9	81T
Nuevo León							7.1	7.3	7.1	7.2	7.1	7.0	6.9	6.9	7.0	7.0	75T
Oaxaca							7.0	7.2	7.1	7.1	7.0	6.9	6.7	6.8	6.8	6.8	84T
Puebla							7.2	7.3	7.3	7.3	7.2	7.1	7.0	7.1	7.1	7.1	65T
Querétaro							7.2	7.4	7.3	7.3	7.3	7.2	7.0	7.1	7.2	7.2	59T
Quintana Roo							7.3	7.4	7.3	7.4	7.3	7.2	7.1	7.1	7.1	7.2	59T
San Luis Potosí							7.2	7.4	7.3	7.3	7.2	7.1	7.0	7.0	7.1	7.1	65T
Sinaloa							7.2	7.4	7.2	7.3	7.2	7.1	6.9	7.0	7.0	7.0	75T
Sonora							7.3	7.4	7.3	7.3	7.2	7.1	7.0	7.1	7.1	7.1	65T
Tabasco							7.0	7.0	7.0	7.1	6.9	6.8	6.6	6.7	6.8	6.8	84T
Tamaulipas							6.6	6.6	6.6	6.7	6.6	6.5	6.3	6.3	6.5	6.5	89
Tlaxcala							7.2	7.3	7.2	7.3	7.1	7.0	6.9	6.9	7.0	7.0	75T
Veracruz de Ignacio de la Llave							7.0	7.0	7.0	7.0	7.0	6.8	6.7	6.7	6.7	6.7	88
Yucatán							7.2	7.3	7.2	7.3	7.2	7.1	7.0	7.0	7.1	7.1	65T
Zacatecas							7.0	7.1	7.0	7.1	7.0	6.9	6.8	6.9	6.9	7.0	75T

\* Rank out of 92 in 2012.



Table 3.3 (cont'd): World-Adjusted Scores at Federal, State/Provincial, and Local/Municipal Levels, 1985–2012

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alabama	7.9	8.1	8.1	8.2	8.0	7.9	7.9	8.0	7.8	7.7	7.7	7.6	7.3	7.4	7.4	7.4	30T
Alaska	8.2	8.3	8.2	8.1	7.9	7.9	7.9	7.9	7.9	7.8	7.9	7.9	7.4	7.5	7.5	7.6	6T
Arizona	7.8	8.1	8.1	8.3	8.1	8.0	8.0	8.0	7.8	7.7	7.8	7.6	7.3	7.4	7.3	7.4	30T
Arkansas	7.8	8.2	8.1	8.2	8.0	7.9	7.9	7.9	7.8	7.7	7.7	7.6	7.3	7.4	7.4	7.4	30T
California	7.8	8.1	8.0	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.8	7.6	7.4	7.4	7.4	7.4	30T
Colorado	7.9	8.2	8.2	8.4	8.2	8.1	8.1	8.1	7.9	7.8	7.9	7.8	7.5	7.5	7.5	7.5	18T
Connecticut	7.9	8.2	8.1	8.3	8.1	8.0	8.0	8.1	7.9	7.8	7.9	7.7	7.5	7.5	7.4	7.4	30T
Delaware	8.1	8.4	8.4	8.6	8.4	8.3	8.3	8.3	8.1	8.0	8.1	7.8	7.7	7.7	7.6	7.6	6T
Florida	7.9	8.1	8.0	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.7	7.6	7.3	7.4	7.3	7.4	30T
Georgia	8.0	8.2	8.2	8.4	8.2	8.1	8.1	8.1	7.9	7.8	7.9	7.8	7.5	7.6	7.5	7.5	18T
Hawaii	7.7	8.1	8.0	8.1	7.9	7.8	7.8	7.9	7.7	7.6	7.6	7.5	7.1	7.3	7.3	7.3	52T
Idaho	7.8	8.1	8.1	8.2	8.0	7.9	7.9	7.9	7.7	7.7	7.8	7.7	7.4	7.5	7.4	7.4	30T
Illinois	8.0	8.2	8.1	8.3	8.1	8.1	8.1	8.1	7.9	7.8	7.9	7.7	7.5	7.5	7.5	7.5	18T
Indiana	7.9	8.2	8.2	8.4	8.2	8.1	8.1	8.1	7.9	7.8	7.9	7.7	7.4	7.5	7.5	7.5	18T
Iowa	7.9	8.2	8.1	8.3	8.1	8.0	8.0	8.1	7.9	7.8	7.9	7.7	7.4	7.5	7.5	7.5	18T
Kansas	7.9	8.2	8.1	8.3	8.0	8.0	8.0	8.0	7.8	7.7	7.8	7.7	7.3	7.5	7.5	7.4	30T
Kentucky	7.9	8.2	8.1	8.2	8.0	8.0	7.9	8.0	7.8	7.7	7.7	7.5	7.2	7.3	7.2	7.3	52T
Louisiana	8.0	8.3	8.1	8.3	8.0	7.9	8.0	8.1	8.0	7.7	7.8	7.7	7.4	7.5	7.5	7.6	6T
Maine	7.7	8.0	7.9	8.0	7.9	7.8	7.8	7.8	7.6	7.5	7.6	7.5	7.2	7.3	7.2	7.2	59T
Maryland	7.7	8.1	8.0	8.2	8.0	8.0	7.9	7.9	7.8	7.6	7.7	7.6	7.4	7.4	7.4	7.4	30T
Massachusetts	7.9	8.2	8.1	8.3	8.1	8.1	8.1	8.1	7.9	7.8	7.9	7.7	7.4	7.5	7.4	7.4	30T
Michigan	7.9	8.1	8.0	8.3	8.1	8.0	8.0	8.0	7.8	7.7	7.7	7.6	7.3	7.4	7.4	7.4	30T
Minnesota	7.8	8.1	8.0	8.3	8.1	8.0	8.0	8.0	7.9	7.8	7.8	7.7	7.4	7.5	7.4	7.4	30T
Mississippi	7.8	8.0	8.0	8.0	7.8	7.7	7.7	7.8	7.6	7.2	7.5	7.3	7.1	7.2	7.2	7.2	59T
Missouri	7.8	8.2	8.1	8.3	8.1	8.0	8.0	8.0	7.8	7.7	7.8	7.7	7.4	7.4	7.4	7.4	30T
Montana	7.7	7.9	7.9	8.1	7.9	7.8	7.8	7.8	7.7	7.6	7.7	7.6	7.2	7.4	7.4	7.4	30T
Nebraska	7.9	8.2	8.2	8.3	8.1	8.0	8.0	8.1	7.9	7.8	7.8	7.7	7.5	7.6	7.6	7.6	6T
Nevada	7.9	8.2	8.1	8.3	8.1	8.1	8.1	8.1	7.9	7.8	7.9	7.8	7.6	7.6	7.6	7.6	6T
New Hampshire	8.0	8.3	8.2	8.4	8.2	8.2	8.2	8.2	8.0	7.9	7.9	7.7	7.5	7.6	7.6	7.6	6T
New Jersey	7.9	8.2	8.0	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.7	7.6	7.3	7.3	7.3	7.4	30T
New Mexico	7.7	7.9	7.9	8.2	7.9	7.8	7.8	7.9	7.7	7.6	7.6	7.4	7.1	7.2	7.2	7.3	52T
New York	7.7	8.1	7.9	8.2	8.0	7.9	7.9	7.9	7.7	7.7	7.7	7.6	7.4	7.4	7.4	7.4	30T
North Carolina	8.0	8.3	8.2	8.4	8.2	8.1	8.1	8.1	7.9	7.8	7.9	7.8	7.5	7.5	7.5	7.6	6T
North Dakota	7.8	8.0	7.9	8.0	7.9	7.8	7.9	7.9	7.7	7.7	7.7	7.6	7.3	7.4	7.4	7.5	18T
Ohio	7.8	8.1	8.0	8.3	8.0	8.0	7.9	8.0	7.8	7.8	7.7	7.6	7.3	7.4	7.3	7.4	30T
Oklahoma	7.9	8.1	8.0	8.2	8.0	7.9	7.9	8.0	7.8	7.8	7.9	7.8	7.5	7.6	7.6	7.6	6T
Oregon	7.8	8.1	8.1	8.3	8.1	8.0	8.0	8.1	7.9	7.8	7.9	7.7	7.5	7.6	7.5	7.6	6T
Pennsylvania	7.8	8.1	8.0	8.2	8.1	8.0	8.0	8.0	7.8	7.7	7.7	7.6	7.3	7.4	7.4	7.4	30T
Rhode Island	7.7	8.0	7.8	8.1	7.9	7.8	7.8	7.8	7.6	7.6	7.6	7.4	7.2	7.2	7.2	7.3	52T
South Carolina	7.8	8.1	8.1	8.2	8.0	8.0	7.9	7.9	7.7	7.4	7.7	7.6	7.3	7.3	7.3	7.4	30T
South Dakota	7.9	8.2	8.1	8.3	8.1	8.0	8.1	8.1	7.8	7.7	7.8	7.7	7.4	7.5	7.5	7.5	18T
Tennessee	8.0	8.2	8.2	8.3	8.1	8.1	8.0	8.0	7.8	7.8	7.8	7.7	7.4	7.4	7.4	7.5	18T
Texas	8.1	8.3	8.2	8.4	8.2	8.1	8.1	8.1	8.0	7.9	8.0	7.8	7.5	7.6	7.6	7.7	3T
Utah	7.9	8.1	8.1	8.3	8.1	8.1	8.1	8.1	7.9	7.9	8.0	7.8	7.5	7.6	7.5	7.6	6T
Vermont	7.8	8.2	8.0	8.1	7.9	7.9	7.9	7.9	7.7	7.6	7.6	7.5	7.2	7.3	7.2	7.3	52T
Virginia	7.9	8.2	8.1	8.3	8.1	8.0	8.0	8.0	7.8	7.7	7.8	7.6	7.3	7.5	7.4	7.5	18T
Washington	7.8	8.1	7.9	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.8	7.6	7.4	7.5	7.4	7.5	18T
West Virginia	7.7	8.0	7.9	8.0	7.7	7.6	7.7	7.7	7.6	7.6	7.6	7.5	7.2	7.3	7.3	7.3	52T
Wisconsin	7.8	8.1	8.1	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.8	7.6	7.3	7.4	7.4	7.4	30T
Wyoming	8.0	8.3	8.2	8.2	8.0	7.9	8.0	8.0	7.9	7.8	7.9	7.8	7.5	7.6	7.6	7.6	6T

\* Rank out of 92 in 2012.

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pages**Table 3.4a: Overall Canadian Scores at Provincial and Municipal Levels, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	7.5	7.0	6.7	6.8	6.9	6.0	5.8	6.4	6.3	6.5	6.2	6.1	6.6	7.2	7.5
British Columbia	4.9	4.4	4.3	4.6	4.9	5.0	5.5	5.5	5.6	5.4	5.0	4.8	4.8	4.7	4.8
Manitoba	5.8	5.1	4.7	5.2	5.1	4.9	4.6	4.5	4.7	4.6	4.4	4.2	4.3	4.5	4.8
New Brunswick	4.2	4.1	4.2	4.5	4.6	4.8	5.0	5.1	5.1	4.8	4.3	4.5	4.8	5.0	5.3
Newfoundland & Labrador	3.5	3.4	2.7	3.2	3.3	3.5	3.5	3.8	3.7	3.0	3.0	2.6	3.0	3.0	3.3
Nova Scotia	4.1	4.2	4.5	4.7	4.6	5.1	5.3	5.1	5.0	4.9	4.7	4.6	4.6	4.6	5.0
Ontario	6.2	5.9	5.9	6.0	6.0	6.1	5.9	5.9	5.8	5.1	4.9	4.5	4.6	4.8	5.0
Prince Edward Island	4.6	4.7	5.3	5.0	5.0	5.3	4.9	4.9	4.6	4.4	4.5	4.6	4.7	4.8	5.0
Quebec	3.9	3.1	3.2	3.3	3.4	3.6	3.7	3.9	3.9	3.6	3.1	2.8	2.9	3.2	3.3
Saskatchewan	5.1	4.8	4.4	4.5	4.6	4.4	4.4	3.9	4.2	4.1	3.7	3.6	4.0	4.4	4.8

**Table 3.4b: Overall Mexican Scores at State and Local Levels, 2003–2012**

	1981–2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Aguascalientes		8.0	8.1	7.9	7.8	7.7	7.7	7.4	7.5	7.3	7.3	6
Baja California		7.6	7.6	7.6	7.6	7.6	7.4	7.3	7.1	7.1	7.1	8
Baja California Sur		7.3	7.2	6.7	6.3	5.8	6.2	6.3	6.7	6.8	6.5	16
Campeche		7.9	7.9	7.9	8.0	7.6	7.3	7.5	7.2	7.1	7.1	9
Chiapas		6.0	5.8	5.7	5.6	5.2	5.1	4.3	4.5	4.1	4.4	32
Chihuahua		6.6	6.7	6.6	6.9	7.1	7.0	6.6	6.6	6.9	6.5	17
Coahuila de Zaragoza		7.8	7.8	7.6	7.7	7.7	7.6	7.5	7.3	7.1	7.6	2
Colima		6.2	6.2	5.7	5.5	5.5	5.4	5.7	5.0	4.8	5.0	31
Distrito Federal		7.2	7.5	7.2	7.3	7.4	7.3	7.4	7.3	7.3	7.0	12
Durango		7.5	7.7	7.6	7.4	7.3	7.0	6.6	7.1	6.8	6.6	15
Guanajuato		8.2	8.2	7.9	7.9	7.8	7.5	7.2	7.4	7.3	7.7	1
Guerrero		5.6	6.0	5.8	5.6	5.7	5.4	4.9	4.9	4.9	5.1	28
Hidalgo		7.2	7.4	7.2	7.1	6.9	6.8	6.6	6.7	6.8	6.5	18
Jalisco		7.6	7.6	7.5	7.4	7.5	7.3	7.1	7.3	7.5	7.3	5
México		6.7	6.8	6.7	6.5	6.4	6.0	5.9	6.0	6.0	5.6	26
Michoacán de Ocampo		7.1	7.2	7.0	7.0	6.9	6.8	6.5	6.5	6.4	6.3	21
Morelos		7.2	7.2	7.1	6.9	6.8	6.5	6.3	6.4	6.3	7.0	11
Nayarit		6.1	6.1	6.1	5.9	5.4	5.4	5.2	5.2	5.2	5.0	30
Nuevo León		7.7	7.8	7.7	7.7	7.8	7.8	7.7	7.7	7.5	7.6	3
Oaxaca		6.4	6.5	6.6	6.3	5.9	5.6	5.2	5.5	5.2	5.1	29
Puebla		7.1	7.3	7.4	7.2	7.1	7.2	6.8	7.0	6.7	6.6	14
Querétaro		7.5	7.6	7.1	7.0	7.0	7.0	6.8	6.6	6.8	6.9	13
Quintana Roo		7.3	7.1	6.9	6.7	6.3	6.5	6.0	6.0	6.0	6.2	23
San Luis Potosí		7.3	7.3	7.3	7.3	7.2	7.2	7.0	7.0	7.0	7.0	10
Sinaloa		7.3	7.5	7.4	7.2	7.2	7.1	6.8	6.9	6.4	6.5	20
Sonora		7.6	7.6	7.5	7.4	7.5	7.4	7.2	7.3	7.0	7.3	4
Tabasco		6.2	6.2	6.0	6.1	6.1	6.1	5.9	5.9	5.5	5.5	27
Tamaulipas		6.7	6.6	6.8	6.5	6.4	6.4	6.3	6.4	6.5	6.5	19
Tlaxcala		6.8	6.9	6.6	6.6	6.5	6.0	5.9	5.9	5.9	6.1	25
Veracruz de Ignacio de la Llave		7.1	7.0	7.1	7.0	7.1	6.8	6.7	6.7	6.6	6.3	22
Yucatán		7.8	8.0	7.8	7.6	7.8	7.5	7.3	7.3	7.1	7.1	7
Zacatecas		6.2	6.3	6.1	6.1	6.0	5.7	5.9	6.1	6.0	6.1	24

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

\* Rank out of 32 in 2012.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
7.7	8.0	7.9	8.0	8.3	7.8	7.9	8.4	8.7	8.9	8.7	8.8	9.0	8.3	8.6	8.9	8.8	1
4.8	4.7	4.9	5.0	5.4	5.4	5.5	5.8	6.1	6.3	6.5	6.6	6.5	6.1	6.4	6.4	6.1	4
5.0	5.2	5.4	5.1	5.5	5.5	5.6	5.4	5.5	5.5	5.8	5.9	5.8	5.4	5.6	5.5	5.4	7
5.3	5.4	5.5	5.8	5.9	5.8	5.8	5.8	5.9	5.9	5.9	5.9	5.6	5.5	5.7	5.6	5.5	6
3.1	3.6	4.2	4.5	5.3	5.1	5.8	6.0	6.2	6.6	6.6	7.1	7.3	5.9	6.4	6.7	6.5	3
5.3	5.6	5.6	5.7	6.0	6.0	6.1	6.2	6.1	5.8	5.6	5.5	5.4	5.1	5.3	5.1	5.0	9
5.0	5.7	5.9	6.2	6.4	6.3	6.4	6.3	6.4	6.3	6.3	6.2	6.0	5.7	5.8	5.6	5.6	5
5.3	5.2	5.5	5.5	5.3	5.2	5.6	5.5	5.7	5.5	5.6	5.5	5.5	5.4	5.2	5.2	5.0	8
3.4	3.9	3.8	4.1	4.4	4.2	4.3	4.2	4.3	4.2	4.0	4.0	4.0	3.7	3.8	4.2	4.1	10
5.1	5.4	5.3	5.2	5.6	5.1	4.9	5.1	5.6	5.9	5.9	6.4	7.1	6.3	7.0	7.2	7.4	2

\* Rank out of 10 in 2012.

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pages**Table 3.4c: Overall US Scores at State and Local Levels, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alabama	6.2	6.2	6.3	6.7	6.6	6.7	6.9	7.0	6.9	6.8	6.7	6.6	6.5	6.6	6.7
Alaska	7.5	7.3	7.1	7.2	7.2	5.9	7.0	6.5	7.0	6.8	6.0	6.0	5.8	6.0	6.0
Arizona	6.5	6.4	6.5	6.9	6.8	6.9	6.7	6.7	6.5	6.3	6.0	6.2	6.2	6.5	6.7
Arkansas	6.3	6.4	6.4	6.8	6.6	6.6	6.7	6.9	6.9	6.8	6.8	6.6	6.6	6.8	6.8
California	5.3	5.3	5.4	5.8	5.7	5.7	5.9	6.0	5.9	5.9	5.5	5.1	5.1	5.3	5.4
Colorado	7.0	6.8	6.8	6.9	7.0	6.8	6.8	6.9	6.9	6.8	6.7	6.8	6.9	7.0	7.0
Connecticut	6.4	6.6	6.6	7.0	7.1	7.3	7.3	7.3	7.2	7.0	6.6	6.2	6.1	6.3	6.3
Delaware	6.0	6.2	6.5	6.8	7.1	7.1	7.5	7.6	7.7	7.7	7.6	7.4	7.4	7.6	7.6
Florida	6.9	6.8	7.0	7.2	7.3	7.2	7.3	7.2	7.2	6.9	6.5	6.4	6.4	6.7	6.7
Georgia	6.4	6.4	6.6	7.1	7.2	7.3	7.3	7.3	7.3	7.1	7.0	7.0	7.1	7.1	7.2
Hawaii	5.3	5.4	5.6	6.0	5.8	6.3	6.5	6.4	6.6	6.6	6.4	6.1	5.8	5.6	5.6
Idaho	6.1	5.8	6.0	6.3	6.1	6.0	5.9	6.2	6.4	6.4	6.1	6.1	6.2	6.4	6.2
Illinois	5.7	5.7	5.6	6.3	6.3	6.4	6.5	6.7	6.9	6.7	6.5	6.5	6.5	6.6	6.6
Indiana	6.4	6.3	6.3	6.7	6.7	6.9	6.9	7.0	7.0	7.1	6.8	6.8	6.9	7.0	7.2
Iowa	6.3	5.7	5.5	5.9	5.9	5.8	5.9	6.0	6.2	6.2	6.1	6.1	5.9	6.3	6.2
Kansas	6.2	6.2	6.1	6.4	6.4	6.4	6.4	6.4	6.6	6.5	6.4	6.4	6.2	6.2	6.3
Kentucky	6.1	6.2	6.1	6.7	6.7	6.6	6.6	6.8	6.9	6.8	6.4	6.4	6.5	6.7	6.6
Louisiana	7.6	7.1	6.7	7.1	6.9	6.5	6.6	7.0	6.8	7.0	6.7	6.4	6.5	6.8	6.9
Maine	4.9	4.9	5.1	5.3	5.4	5.5	5.6	5.9	5.9	5.6	5.0	4.9	5.0	5.2	5.2
Maryland	5.7	5.8	6.1	6.4	6.5	6.7	6.8	6.9	6.9	6.8	6.6	6.4	6.4	6.4	6.5
Massachusetts	5.4	5.8	6.1	6.6	6.8	6.8	6.8	6.9	6.8	6.6	6.3	6.3	6.3	6.6	6.5
Michigan	4.0	4.0	4.0	4.8	5.3	5.1	5.2	5.4	5.5	5.2	5.1	5.2	5.4	5.8	5.9
Minnesota	5.1	5.0	5.4	5.8	5.7	5.8	5.7	5.7	5.9	5.8	5.6	5.4	5.4	5.7	5.6
Mississippi	5.7	5.5	5.6	5.9	5.9	5.8	6.1	6.1	6.1	6.0	6.0	6.0	6.0	6.2	6.2
Missouri	6.7	6.7	6.8	7.2	7.2	7.3	7.3	7.4	7.5	7.4	7.3	7.2	7.1	7.2	7.1
Montana	6.0	5.5	5.4	5.3	4.8	4.8	4.8	4.6	5.0	4.7	5.0	4.6	4.9	5.0	5.0
Nebraska	6.5	6.5	6.3	6.5	6.6	6.5	6.7	6.8	6.9	7.0	6.8	6.9	6.8	7.0	7.0
Nevada	6.6	6.4	6.4	6.6	6.7	6.8	7.0	7.2	7.2	7.1	6.6	6.6	6.7	7.0	6.9
New Hampshire	6.8	6.8	7.0	7.5	7.8	7.9	8.0	8.1	7.7	7.4	7.1	6.5	6.6	7.0	7.2
New Jersey	5.1	5.3	5.6	6.0	6.1	6.3	6.4	6.6	6.6	6.5	6.0	5.6	5.7	5.8	5.7
New Mexico	6.2	6.1	6.0	6.1	6.1	5.8	5.7	5.7	5.7	5.6	5.7	5.6	5.8	6.0	5.9
New York	4.0	4.0	4.1	4.3	4.3	4.5	4.8	5.1	5.1	4.9	4.4	4.2	4.1	4.2	4.3
North Carolina	6.5	6.5	6.8	7.1	7.2	7.2	7.2	7.4	7.4	7.2	7.0	6.9	6.8	6.9	7.0
North Dakota	7.2	6.7	6.2	6.1	6.0	5.7	5.7	5.2	5.6	5.6	5.5	5.7	5.8	6.2	6.2
Ohio	5.4	5.2	5.0	5.8	5.5	5.6	5.7	5.9	5.9	5.7	5.4	5.4	5.2	5.5	5.5
Oklahoma	7.1	6.9	6.6	6.9	6.7	6.3	6.3	6.3	6.3	6.3	6.2	6.1	6.1	6.1	6.2
Oregon	4.7	4.6	4.7	5.1	5.1	5.4	5.3	5.7	5.6	5.6	5.3	5.5	5.6	5.9	6.1
Pennsylvania	5.0	4.9	4.8	5.6	5.8	5.9	6.1	6.4	6.4	6.3	6.1	5.9	5.9	6.1	6.1
Rhode Island	4.2	4.2	4.3	4.8	5.3	5.5	5.5	5.9	6.0	5.7	4.9	4.4	4.6	4.7	4.7
South Carolina	6.1	5.9	6.2	6.8	6.6	6.7	6.8	6.9	6.9	6.7	6.5	6.5	6.4	6.5	6.6
South Dakota	6.1	6.2	6.4	6.7	6.8	6.7	6.9	6.8	6.9	7.1	7.1	7.1	7.2	7.2	7.3
Tennessee	6.7	6.7	6.9	7.3	7.3	7.3	7.4	7.5	7.5	7.4	7.4	7.4	7.0	7.5	7.6
Texas	8.2	8.1	7.8	8.0	7.8	7.5	7.3	7.4	7.4	7.5	7.3	7.1	7.0	7.2	7.3
Utah	6.4	6.3	6.3	6.6	6.7	6.7	6.5	6.7	6.7	6.8	6.7	6.6	6.6	7.0	6.9
Vermont	4.7	4.4	5.0	5.3	5.4	5.6	5.7	6.2	6.3	6.1	5.5	5.5	5.7	5.7	5.6
Virginia	6.6	6.7	6.8	7.2	7.3	7.5	7.5	7.6	7.5	7.5	7.2	7.1	7.2	7.3	7.3
Washington	5.7	5.6	5.6	5.7	5.6	5.7	5.8	6.0	6.1	5.9	5.7	5.6	5.5	5.6	5.3
West Virginia	4.3	4.2	3.6	4.0	4.1	4.1	4.3	5.2	5.1	4.8	4.5	4.5	4.3	4.8	4.9
Wisconsin	5.4	5.2	4.6	5.0	5.0	4.9	5.2	5.5	5.6	5.7	5.5	5.6	5.6	5.8	5.8
Wyoming	8.0	6.9	6.1	6.2	6.1	5.2	5.5	6.1	6.3	6.6	6.4	6.2	6.4	6.4	6.7

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
6.8	6.8	6.5	6.5	6.5	6.4	6.3	6.5	6.6	7.1	7.1	6.9	6.7	6.3	6.3	6.3	6.4	27
6.2	6.0	5.7	5.7	5.7	5.8	5.9	5.8	5.9	6.6	6.6	7.0	7.1	6.5	6.6	6.8	6.8	20
7.0	7.3	7.4	7.5	7.4	7.3	7.3	7.3	7.3	7.4	7.3	7.0	6.7	6.6	6.6	6.7	6.8	18
6.8	6.8	6.8	6.9	6.9	6.7	6.6	6.7	6.8	6.9	6.8	6.7	6.6	6.4	6.3	6.2	6.2	34
5.6	6.0	6.2	6.4	6.4	6.2	5.9	6.0	6.0	6.2	6.2	6.2	5.8	5.7	5.7	5.6	5.8	43
7.2	7.5	7.8	7.8	7.9	7.7	7.5	7.5	7.6	7.7	7.6	7.5	7.4	7.1	6.9	6.8	6.8	17
6.6	6.7	6.8	6.8	7.0	7.0	6.9	7.0	7.1	7.1	7.2	7.3	7.0	6.7	6.6	6.5	6.4	29
7.7	8.1	8.1	8.2	8.3	8.2	8.1	8.1	8.2	8.1	8.1	8.0	7.6	7.6	7.5	7.4	7.3	8
6.8	7.1	7.2	7.2	7.4	7.4	7.4	7.3	7.3	7.2	7.0	6.9	6.7	6.6	6.6	6.6	6.7	21
7.2	7.4	7.7	7.7	7.8	7.6	7.5	7.5	7.5	7.6	7.5	7.5	7.2	7.1	7.0	7.0	7.1	11
5.5	5.4	5.5	5.8	5.9	6.0	6.0	6.1	6.3	6.4	6.3	6.3	6.0	5.9	5.9	5.9	5.9	42
6.1	6.1	6.2	6.4	6.7	6.5	6.3	6.3	6.4	6.6	6.7	6.8	6.5	6.1	6.1	6.0	6.3	32
6.7	7.0	7.1	7.1	7.2	7.0	6.9	6.9	6.9	6.9	7.0	7.0	6.6	6.4	6.4	6.3	6.3	31
7.3	7.4	7.6	7.5	7.6	7.5	7.4	7.5	7.5	7.2	7.3	7.4	7.1	6.7	6.8	6.9	7.1	10
6.6	6.7	6.8	6.8	6.8	6.7	6.7	6.9	7.1	7.2	7.1	7.0	6.6	6.4	6.4	6.4	6.5	26
6.5	6.8	6.9	6.9	7.0	6.8	6.7	6.6	6.7	6.8	6.9	6.9	6.8	6.4	6.4	6.6	6.5	25
6.6	6.8	6.8	6.9	6.7	6.6	6.5	6.5	6.5	6.6	6.6	6.5	6.3	5.9	5.9	6.0	6.0	38
7.0	6.8	6.7	6.6	6.7	6.5	6.4	6.7	6.9	7.3	7.3	7.1	6.8	6.5	6.9	7.1	7.3	6
5.3	5.2	5.1	5.3	5.4	5.5	5.4	5.4	5.5	5.5	5.4	5.4	5.3	5.2	5.3	5.0	5.2	50
6.7	7.0	7.1	7.1	7.1	7.2	7.2	7.3	7.4	7.5	7.2	7.3	7.1	6.9	6.8	6.9	6.9	15
6.8	7.2	7.3	7.4	7.6	7.3	7.2	7.2	7.2	7.3	7.3	7.3	7.0	6.8	6.8	6.8	6.8	19
6.1	6.5	6.7	6.8	6.8	6.7	6.6	6.5	6.3	6.5	6.3	6.1	5.8	5.4	5.4	5.7	6.0	39
5.9	6.1	6.3	6.3	6.5	6.4	6.4	6.5	6.7	6.7	6.7	6.7	6.5	6.2	6.0	6.2	6.1	36
6.2	5.9	5.9	5.9	5.8	5.6	5.6	5.7	5.8	5.8	5.8	5.6	5.6	5.3	5.2	5.1	5.3	48
7.3	7.4	7.4	7.4	7.4	7.3	7.2	7.2	7.2	7.2	7.3	7.2	7.0	6.9	6.9	6.9	7.0	14
5.1	5.4	5.6	5.7	5.8	5.8	5.9	6.0	6.2	6.5	6.5	6.5	6.3	5.9	6.0	6.2	6.2	33
7.1	7.0	7.1	7.2	7.2	7.1	7.1	7.1	7.2	7.2	7.2	7.2	7.1	7.0	7.0	7.2	7.3	7
7.0	7.1	7.4	7.4	7.7	7.6	7.5	7.6	7.8	7.8	7.8	7.6	7.3	7.0	6.6	6.7	6.7	23
7.6	7.8	7.9	7.8	7.9	7.8	7.7	7.7	7.7	7.7	7.8	7.6	7.3	7.1	7.0	7.0	7.3	5
5.8	6.5	6.4	6.6	6.8	6.7	6.6	6.5	6.4	6.3	6.2	6.1	6.0	5.6	5.6	5.6	5.7	44
6.0	6.4	6.0	6.0	6.1	6.0	6.0	6.1	6.3	6.5	6.4	6.4	6.1	5.9	5.8	5.7	5.9	41
4.8	5.3	5.5	5.7	5.8	5.8	5.8	5.7	5.6	5.6	5.6	5.6	5.4	5.4	5.4	5.3	5.5	47
7.1	7.4	7.3	7.4	7.4	7.3	7.3	7.2	7.1	7.5	7.5	7.4	7.2	7.0	6.7	6.8	7.0	13
6.6	6.1	6.3	6.2	6.4	6.6	6.8	6.9	7.0	7.0	7.2	7.3	7.1	6.8	7.1	7.2	7.7	3
5.7	6.2	6.3	6.4	6.4	6.1	6.0	5.9	6.0	6.2	6.1	5.9	5.8	5.5	5.5	5.7	6.0	37
6.4	6.5	6.5	6.5	6.8	6.6	6.5	6.7	6.9	7.1	7.1	7.2	7.3	6.7	6.8	6.9	6.8	16
6.4	6.3	6.4	6.4	6.3	6.2	6.1	6.2	6.3	6.7	6.9	6.9	6.8	6.5	6.4	6.5	6.6	24
6.4	6.5	6.8	6.8	6.9	6.9	6.9	6.8	6.7	6.7	6.7	6.6	6.5	6.3	6.2	6.2	6.4	30
4.9	5.2	5.5	5.5	5.6	5.5	5.4	5.6	5.5	5.6	5.9	5.7	5.4	5.4	5.3	5.5	5.6	46
6.6	6.7	6.8	6.8	6.8	6.6	6.4	6.3	6.2	6.3	6.3	6.2	5.9	5.6	5.5	5.7	5.9	40
7.5	7.4	7.4	7.4	7.6	7.6	7.8	7.8	7.9	7.8	7.9	7.9	7.9	7.6	7.6	7.8	7.8	2
7.6	7.6	7.8	7.9	7.8	7.7	7.6	7.7	7.7	7.6	7.6	7.4	7.3	7.1	7.1	7.1	7.2	9
7.4	7.6	7.7	7.6	7.8	7.7	7.6	7.6	7.7	7.9	8.0	8.1	8.0	7.5	7.5	7.7	7.8	1
7.1	7.1	7.2	7.0	7.1	7.2	7.2	7.2	7.2	7.4	7.6	7.7	7.3	7.0	7.0	6.9	7.1	12
5.8	6.0	5.9	6.0	5.9	5.9	6.0	5.9	5.8	5.7	5.6	5.4	5.3	4.9	5.0	5.2	5.3	49
7.3	7.6	7.6	7.7	7.7	7.7	7.8	7.7	7.7	7.8	7.7	7.7	7.5	7.5	7.5	7.5	7.5	4
5.6	6.3	6.4	6.4	6.4	6.3	6.2	6.2	6.2	6.6	6.6	6.6	6.5	6.3	6.1	6.2	6.4	28
5.0	5.0	5.1	5.1	5.0	4.7	4.4	4.7	4.9	5.4	6.0	5.9	5.9	5.6	5.5	5.5	5.6	45
5.9	6.2	6.4	6.3	6.4	6.3	6.3	6.3	6.4	6.5	6.5	6.5	6.1	5.7	5.8	5.9	6.1	35
6.9	6.5	6.4	6.5	6.8	6.6	6.5	6.7	7.0	7.0	7.4	7.3	7.5	6.8	6.8	7.1	6.7	22

\* Rank out of 50 in 2012.

**Table 3.5: Scores for Area 1, Size of Government, at Federal, State/Provincial, and Local/Municipal Levels, 1985–2012**

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alberta	8.4	8.2	8.5	8.9	8.8	8.7	8.9	9.0	9.2	9.2	9.2	9.2	8.5	8.5	9.1	9.1	1
British Columbia	7.6	7.8	7.8	8.0	7.8	7.8	7.8	8.0	8.2	8.2	8.2	8.1	7.4	7.3	7.9	7.7	13T
Manitoba	7.4	7.2	7.1	7.5	7.4	7.4	7.3	7.4	7.3	7.5	7.5	7.5	6.8	6.6	7.1	6.9	40T
New Brunswick	6.0	6.1	6.4	6.9	6.8	6.7	6.8	6.8	6.8	6.8	6.9	6.7	6.0	5.9	6.4	6.5	60T
Newfoundland & Labrador	5.2	5.0	5.3	6.4	6.3	6.7	6.9	7.1	7.4	7.3	7.8	8.0	7.0	6.4	7.3	7.2	30
Nova Scotia	5.7	5.9	5.8	6.7	6.7	6.7	6.8	6.8	6.7	6.6	6.5	6.5	5.7	5.7	6.4	6.2	72T
Ontario	8.3	8.1	7.9	8.4	8.4	8.4	8.3	8.3	8.3	8.2	8.2	8.0	7.3	7.0	7.5	7.6	16T
Prince Edward Island	4.8	5.1	5.5	5.9	5.6	5.8	5.8	6.0	5.9	6.0	5.9	5.8	5.2	4.9	5.5	5.5	91
Quebec	7.1	7.3	7.1	7.6	7.5	7.5	7.5	7.5	7.5	7.4	7.4	7.3	6.7	6.6	7.4	7.4	20T
Saskatchewan	7.0	6.9	7.4	7.7	7.5	7.4	7.4	7.7	7.9	7.9	8.0	8.6	7.8	7.8	8.5	8.6	3T
Aguascalientes							7.8	7.8	7.8	8.0	8.2	7.9	7.6	7.7	6.4	8.0	10T
Baja California							8.2	8.3	8.3	8.4	8.6	8.1	7.8	7.7	8.1	8.1	8T
Baja California Sur							7.5	7.7	7.8	7.8	7.9	7.5	7.0	7.2	7.4	7.3	27T
Campeche							5.9	6.0	6.4	7.2	6.5	5.9	5.8	5.7	5.9	5.8	84T
Chiapas							6.3	6.2	6.0	5.8	6.0	5.3	4.3	4.6	4.7	5.0	92
Chihuahua							7.6	7.7	7.8	7.8	8.2	7.7	7.3	7.3	7.6	7.6	16T
Coahuila de Zaragoza							8.5	8.6	8.5	8.6	8.8	8.4	7.9	7.8	8.1	8.6	3T
Colima							6.9	7.1	6.8	6.8	7.3	6.3	6.1	6.2	6.2	5.8	84T
Distrito Federal							6.7	6.9	6.8	6.7	6.7	6.8	6.4	6.3	6.4	6.3	70T
Durango							7.6	7.8	7.7	7.4	7.7	7.0	6.5	6.5	6.9	7.3	27T
Guanajuato							8.3	8.4	8.3	8.3	8.6	8.0	7.6	7.8	8.1	8.1	8T
Guerrero							6.3	6.6	6.4	6.3	6.6	5.9	5.6	5.7	5.9	6.0	82T
Hidalgo							7.3	7.6	7.3	7.3	7.5	6.7	6.5	6.4	6.5	6.6	57T
Jalisco							8.4	8.5	8.5	8.4	8.7	8.2	7.7	7.9	8.2	8.3	6T
México							8.2	8.3	8.3	8.2	8.4	7.8	7.4	7.6	7.9	7.8	12
Michoacán de Ocampo							7.7	7.8	7.8	7.7	7.9	7.4	6.9	6.9	7.3	7.4	20T
Morelos							7.8	7.9	7.9	7.8	8.0	7.5	7.0	7.0	7.3	7.7	13T
Nayarit							6.8	7.1	7.1	7.0	7.1	6.5	6.1	5.4	5.6	6.1	78T
Nuevo León							8.7	8.8	8.8	8.8	9.1	8.7	8.4	8.5	8.8	8.7	2
Oaxaca							6.6	6.8	6.7	6.4	6.5	5.6	5.1	5.1	5.6	5.7	88T
Puebla							7.8	8.0	8.0	8.0	8.2	7.7	7.2	7.4	7.7	7.7	13T
Querétaro							8.1	8.3	8.2	8.3	8.6	8.2	7.8	8.0	8.2	8.4	5
Quintana Roo							8.4	8.4	8.4	8.4	8.6	8.2	7.7	7.7	7.9	8.3	6T
San Luis Potosí							7.8	7.9	7.8	7.8	8.1	7.4	7.0	7.1	7.4	7.6	16T
Sinaloa							7.8	7.9	7.9	7.7	8.1	7.6	7.0	7.2	7.4	7.4	20T
Sonora							8.1	8.2	8.1	8.1	8.4	7.7	7.4	7.6	7.8	8.0	10T
Tabasco							6.4	6.2	6.2	6.3	6.1	5.7	5.1	5.1	5.6	5.6	90
Tamaulipas							7.6	7.4	7.6	7.6	7.6	7.1	6.4	6.4	7.1	7.4	20T
Tlaxcala							7.4	7.5	7.2	7.2	7.3	6.4	6.1	5.9	6.4	6.7	53T
Veracruz de Ignacio de la Llave							7.3	7.4	7.3	7.2	7.6	6.9	6.0	5.8	6.3	6.2	72T
Yucatán							7.5	7.7	7.6	7.6	8.0	7.2	6.9	7.0	7.4	7.5	19
Zacatecas							6.8	6.8	6.9	7.0	7.1	6.4	6.2	6.3	6.6	7.0	34T

\* Rank out of 92 in 2012.

Table 3.5 (cont'd): Scores for Area 1, Size of Government, at Federal, State/Provincial, and Local/Municipal Levels, 1985–2012

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*	
Alabama	7.2	7.2	7.0	7.0	6.8	6.7	6.8	6.8	6.9	6.8	6.7	6.7	5.9	5.9	6.1	6.2	72T	
Alaska	7.7	7.2	6.5	6.0	5.9	5.7	5.8	5.9	6.3	6.5	6.7	6.8	5.4	5.8	6.2	6.1	78T	
Arizona	7.5	7.3	7.4	7.6	7.5	7.4	7.4	7.3	7.4	7.5	7.5	7.1	6.3	6.3	6.6	6.7	53T	
Arkansas	7.3	7.5	7.3	7.4	7.1	6.9	7.0	7.1	7.2	7.3	7.2	7.1	6.5	6.3	6.6	6.5	60T	
California	7.2	7.5	7.1	7.7	7.5	7.3	7.3	7.3	7.4	7.4	7.4	7.2	6.5	6.6	6.7	6.8	46T	
Colorado	7.6	7.3	7.4	7.9	7.7	7.6	7.6	7.6	7.7	7.6	7.7	7.6	6.8	6.7	6.9	6.9	40T	
Connecticut	7.5	7.6	7.5	7.9	7.7	7.6	7.6	7.6	7.6	7.7	7.7	7.4	6.8	6.4	6.5	6.4	65T	
Delaware	7.9	8.0	7.9	8.3	8.1	8.0	8.0	8.0	8.0	8.0	8.0	7.8	7.3	7.2	7.5	7.4	20T	
Florida	7.6	7.6	7.3	7.7	7.6	7.5	7.5	7.5	7.4	7.4	7.4	7.3	6.5	6.3	6.6	6.6	57T	
Georgia	7.6	7.7	7.5	7.9	7.7	7.6	7.6	7.6	7.6	7.6	7.5	7.3	6.8	6.6	6.9	6.8	46T	
Hawaii	7.0	7.6	7.0	7.0	6.9	6.8	6.9	6.9	7.0	7.0	7.0	6.8	5.3	5.8	6.1	6.2	72T	
Idaho	7.2	7.3	7.2	7.4	7.2	7.0	7.1	7.2	7.2	7.3	7.3	7.1	6.1	6.2	6.5	6.5	60T	
Illinois	7.8	7.8	7.6	7.9	7.7	7.6	7.6	7.6	7.6	7.7	7.6	7.3	6.7	6.7	7.0	7.1	31T	
Indiana	7.6	7.8	7.6	7.9	7.7	7.6	7.6	7.6	7.5	7.5	7.5	7.3	6.6	6.8	7.1	7.0	34T	
Iowa	7.4	7.5	7.3	7.6	7.4	7.2	7.4	7.5	7.5	7.5	7.6	7.3	6.6	6.7	7.0	6.9	40T	
Kansas	7.3	7.5	7.3	7.6	7.4	7.3	7.3	7.3	7.3	7.4	7.3	7.2	6.1	6.5	6.9	6.8	46T	
Kentucky	7.6	7.5	7.2	7.3	7.1	6.9	6.9	6.9	6.9	6.9	7.0	6.2	5.8	5.5	5.8	5.8	84T	
Louisiana	7.7	7.6	7.0	7.2	7.1	7.0	7.1	7.2	7.2	6.1	7.0	6.8	6.3	6.3	6.7	6.8	46T	
Maine	6.9	7.1	6.7	7.0	6.9	6.8	6.8	6.7	6.7	6.8	6.7	6.7	5.9	5.9	6.1	6.1	78T	
Maryland	6.9	7.0	6.7	7.1	7.1	7.1	7.0	6.9	7.0	6.8	7.0	6.8	6.1	6.0	6.3	6.2	72T	
Massachusetts	7.3	7.2	7.2	7.8	7.6	7.5	7.4	7.4	7.5	7.5	7.4	7.1	6.4	6.4	6.7	6.6	57T	
Michigan	7.5	7.3	7.3	7.7	7.5	7.4	7.3	7.3	7.4	7.3	7.2	6.8	6.1	6.1	6.5	6.5	60T	
Minnesota	7.5	7.5	7.4	7.7	7.5	7.4	7.5	7.6	7.6	7.6	7.4	7.4	6.7	6.8	7.1	7.0	34T	
Mississippi	6.9	6.9	6.8	6.6	6.3	6.2	6.2	6.3	6.1	4.8	5.9	6.0	5.2	5.4	5.6	5.7	88T	
Missouri	7.0	7.3	7.2	7.5	7.3	7.2	7.2	7.2	7.2	7.2	7.1	6.9	6.3	6.2	6.5	6.4	65T	
Montana	6.6	6.6	6.3	6.5	6.4	6.3	6.4	6.5	6.7	6.8	6.9	6.7	5.8	5.8	6.2	6.3	70T	
Nebraska	7.6	7.6	7.6	7.7	7.5	7.4	7.5	7.6	7.6	7.5	7.6	7.4	7.0	7.0	7.4	7.3	27T	
Nevada	7.5	7.8	7.7	8.1	8.0	7.9	7.9	8.0	8.0	8.0	8.0	7.8	7.1	6.9	7.2	7.1	31T	
New Hampshire	7.7	7.8	7.6	8.0	7.9	7.8	7.8	7.7	7.8	7.8	7.7	7.5	6.9	7.0	7.2	7.4	20T	
New Jersey	7.6	7.7	7.3	7.8	7.7	7.6	7.6	7.5	7.5	7.5	7.5	7.4	6.8	6.6	6.9	6.8	46T	
New Mexico	6.6	6.3	6.5	6.7	6.5	6.3	6.4	6.4	6.5	6.5	6.4	6.3	5.4	5.3	5.6	5.8	84T	
New York	7.3	7.3	6.9	7.4	7.2	7.2	7.1	7.1	7.2	7.2	7.2	7.0	6.5	6.5	6.7	6.7	53T	
North Carolina	7.8	7.8	7.6	7.7	7.6	7.5	7.5	7.5	7.6	7.6	7.6	7.5	6.8	6.6	6.9	6.9	40T	
North Dakota	6.7	6.6	6.6	6.3	6.2	6.2	6.4	6.7	6.6	6.9	6.9	6.9	6.2	6.5	6.8	7.0	34T	
Ohio	7.4	7.4	7.2	7.5	7.3	7.2	7.2	7.2	7.2	7.2	7.2	6.8	7.0	6.2	6.2	6.5	6.5	60T
Oklahoma	7.6	7.4	7.0	7.3	7.0	6.8	6.9	7.1	7.2	7.3	7.3	7.3	6.5	6.5	6.9	6.8	46T	
Oregon	7.2	7.4	7.2	7.4	7.2	7.0	7.1	7.3	7.3	7.5	7.4	7.3	6.6	6.6	6.9	6.9	40T	
Pennsylvania	7.4	7.5	7.0	7.4	7.3	7.2	7.1	7.1	7.1	7.2	7.1	7.0	6.4	6.1	6.4	6.4	65T	
Rhode Island	7.2	7.1	6.6	7.0	6.9	6.9	6.9	6.9	6.9	7.0	6.9	6.7	6.0	5.9	6.2	6.2	72T	
South Carolina	7.3	7.3	7.1	7.4	7.2	7.0	7.0	6.9	6.9	7.0	6.9	6.7	5.9	5.9	6.3	6.4	65T	
South Dakota	7.1	7.3	7.2	7.3	7.2	7.1	7.2	7.3	7.1	7.1	7.2	7.2	6.5	6.6	7.0	7.1	31T	
Tennessee	7.5	7.6	7.4	7.6	7.4	7.3	7.3	7.3	7.3	7.4	7.3	7.1	6.4	6.4	6.7	6.7	53T	
Texas	7.9	7.8	7.5	7.8	7.7	7.6	7.6	7.6	7.7	7.7	7.8	7.6	6.9	7.0	7.3	7.4	20T	
Utah	7.3	7.3	7.3	7.7	7.5	7.4	7.4	7.5	7.6	7.7	7.7	7.6	6.9	6.7	7.0	7.0	34T	
Vermont	7.2	7.5	7.1	7.2	7.1	7.0	7.0	6.9	7.0	6.9	6.8	6.5	5.8	5.7	6.1	6.1	78T	
Virginia	7.1	7.2	6.9	7.3	7.1	7.1	7.0	7.0	7.0	7.0	6.9	6.7	5.7	6.1	6.4	6.4	65T	
Washington	7.1	7.5	7.0	7.7	7.5	7.4	7.4	7.4	7.5	7.6	7.6	7.5	6.8	6.7	7.0	6.9	40T	
West Virginia	7.1	7.0	6.4	6.6	6.3	6.0	6.1	6.2	6.5	6.8	6.6	6.6	6.0	5.8	6.1	6.0	82T	
Wisconsin	7.4	7.5	7.4	7.6	7.4	7.3	7.3	7.4	7.4	7.5	7.4	7.2	6.1	6.3	6.6	6.8	46T	
Wyoming	7.6	7.5	7.1	7.1	7.0	7.0	7.0	7.0	7.2	7.4	7.4	7.5	6.7	6.8	7.1	7.0	34T	

\* Rank out of 92 in 2012.

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pages**Table 3.6a: Scores for Area 1, Size of Government, at the Provincial and Municipal Levels in Canada, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	7.7	6.5	5.9	5.9	5.9	3.9	4.4	5.8	5.8	6.1	5.6	5.2	6.2	7.5	8.1
British Columbia	6.1	5.3	4.9	5.3	5.6	5.3	5.9	5.7	6.0	5.7	5.0	4.8	4.9	4.9	5.1
Manitoba	7.9	6.6	6.3	6.7	6.6	6.3	6.0	5.5	5.8	5.4	5.0	4.6	4.7	5.2	5.7
New Brunswick	4.8	3.9	4.6	4.8	5.0	5.2	5.5	5.1	5.4	4.7	4.2	4.5	5.1	5.4	5.9
Newfoundland & Labrador	4.0	3.2	1.8	3.1	3.1	3.6	3.5	3.8	3.2	1.9	2.0	2.0	2.6	2.2	2.8
Nova Scotia	3.9	4.0	4.9	5.0	5.1	5.8	6.1	5.4	5.2	5.1	4.5	4.4	4.4	4.8	5.2
Ontario	7.4	6.8	6.7	6.9	6.9	6.8	6.6	6.5	6.3	5.2	4.7	3.9	4.3	5.1	5.2
Prince Edward Island	4.8	5.0	6.0	5.2	4.8	5.4	4.5	4.2	3.6	3.4	4.0	3.9	4.1	4.4	4.8
Quebec	5.1	4.0	3.9	3.7	3.9	3.7	4.4	4.9	4.7	3.9	3.1	2.5	2.7	3.1	3.6
Saskatchewan	5.9	5.3	4.4	3.7	4.2	3.9	4.5	3.6	4.4	3.8	3.4	3.1	4.5	5.1	5.5

**Table 3.6b: Scores for Area 1, Size of Government, at the State and Local Levels in Mexico, 2003–2012**

	1981–2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Aguascalientes		7.9	8.1	7.9	7.8	7.8	7.6	7.4	7.8	7.5	7.4	10T
Baja California		8.6	8.6	8.7	8.7	8.7	8.6	8.3	8.0	8.0	8.3	5
Baja California Sur		7.6	7.8	7.8	7.7	7.3	7.6	6.8	7.4	7.4	7.4	10T
Campeche		7.5	7.6	7.6	7.7	7.2	6.4	7.2	7.0	6.9	6.7	19T
Chiapas		4.1	3.7	3.4	3.1	2.0	1.9	1.0	1.8	0.8	1.0	32
Chihuahua		7.5	7.7	7.7	7.7	7.9	7.6	6.9	7.1	7.1	6.9	15T
Coahuila de Zaragoza		9.2	9.2	9.0	9.1	8.9	8.5	8.0	7.5	7.0	9.2	2
Colima		7.4	7.6	7.2	7.1	7.2	6.6	6.8	6.8	6.1	6.4	21
Distrito Federal		9.5	9.7	9.7	9.6	9.6	9.5	9.4	9.4	9.5	9.6	1
Durango		7.3	7.7	7.6	7.5	7.4	6.7	5.8	6.6	6.7	6.8	17T
Guanajuato		8.5	8.6	8.4	8.4	8.4	7.5	7.3	7.7	7.6	7.9	8T
Guerrero		4.5	4.9	5.0	4.6	5.0	4.2	3.6	3.5	3.5	3.5	29
Hidalgo		7.1	7.5	7.1	7.1	6.5	6.4	6.0	6.4	6.2	5.7	25
Jalisco		8.5	8.6	8.4	8.3	8.5	8.0	7.5	7.8	8.1	8.1	6
México		7.7	7.8	7.4	7.2	7.1	6.2	6.1	6.0	6.1	6.0	23T
Michoacán de Ocampo		6.9	7.1	6.9	6.8	6.4	6.3	5.7	5.7	5.6	6.1	22
Morelos		7.3	7.4	7.2	7.0	7.1	6.6	6.1	6.2	5.9	6.8	17T
Nayarit		5.1	5.5	5.7	5.4	5.2	4.7	4.1	4.1	4.0	3.4	30
Nuevo León		9.2	9.3	9.3	9.2	9.4	9.2	8.9	9.0	8.9	8.9	3
Oaxaca		5.0	5.2	5.5	4.8	3.7	3.0	2.1	2.6	2.4	2.4	31
Puebla		7.0	7.4	7.5	7.3	7.1	7.1	6.4	6.8	7.0	7.0	14
Querétaro		8.3	8.5	8.4	8.4	8.4	8.0	7.8	8.0	8.1	8.4	4
Quintana Roo		8.3	8.3	8.1	8.0	7.8	7.3	6.9	6.6	6.4	7.4	10T
San Luis Potosí		7.2	7.3	7.3	7.2	7.3	7.1	6.6	6.8	6.8	6.9	15T
Sinaloa		7.8	8.0	8.0	7.5	7.7	7.4	6.7	6.8	6.9	6.7	19T
Sonora		8.4	8.2	8.3	8.0	8.3	7.8	7.2	7.4	7.3	7.9	8T
Tabasco		4.1	4.0	3.3	3.3	3.6	3.4	3.1	3.5	3.8	3.9	27T
Tamaulipas		8.1	7.9	8.3	7.9	7.5	7.8	6.9	7.4	7.8	8.0	7
Tlaxcala		6.0	6.2	5.8	5.6	5.4	3.9	3.6	3.3	3.9	3.9	27T
Veracruz de Ignacio de la Llave		7.4	7.4	7.6	7.4	7.3	6.7	6.3	6.0	6.4	6.0	23T
Yucatán		7.9	8.1	7.8	7.7	7.9	7.4	7.0	7.2	7.1	7.3	13
Zacatecas		5.4	5.6	5.2	5.4	4.8	4.0	4.2	4.6	4.7	5.0	26

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

\* Rank out of 32 in 2012.



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
8.4	8.7	8.4	8.6	8.4	7.0	7.4	8.5	9.2	9.4	9.1	9.4	9.6	8.6	9.1	9.4	9.4	1
5.2	4.4	5.0	5.1	5.3	5.1	5.2	5.6	6.2	6.6	6.9	7.0	6.6	6.0	6.1	6.3	5.9	4
6.2	6.4	6.4	5.9	6.3	6.3	6.5	6.2	6.4	6.2	6.7	6.8	6.7	6.1	6.0	6.0	5.6	5
6.0	5.5	5.4	5.7	6.0	5.7	5.6	5.8	5.8	5.9	5.6	5.8	5.3	5.0	4.8	4.8	5.0	7
2.4	2.9	4.0	4.4	5.7	5.5	6.6	6.8	7.2	7.4	6.7	7.9	8.3	6.3	6.3	7.0	6.8	3
5.9	6.1	6.0	6.0	6.7	6.7	6.8	7.1	6.8	6.0	5.5	5.2	5.2	4.8	4.8	5.2	4.7	9
5.3	6.5	6.6	7.0	7.0	6.7	6.9	6.6	6.8	6.7	6.7	6.5	6.0	5.5	5.0	5.0	5.2	6
5.5	5.2	5.6	5.7	4.8	4.8	5.6	5.6	6.2	5.9	5.8	5.2	5.4	5.5	4.9	5.1	5.0	8
3.6	4.5	4.5	4.8	5.0	4.5	4.6	4.3	4.4	4.3	3.9	3.8	3.6	3.0	2.9	3.7	3.8	10
6.3	6.8	6.2	6.2	6.5	5.6	4.6	5.3	6.2	7.0	7.3	7.8	8.8	7.8	8.2	8.5	8.8	2

\* Rank out of 10 in 2012.

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pages**Table 3.6c: Scores for Area 1, Size of Government, at the State and Local Levels in the United States, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alabama	7.4	7.3	7.4	7.9	7.7	7.6	7.9	8.0	7.8	7.5	7.3	7.1	7.0	7.0	6.9
Alaska	8.7	8.7	8.1	8.0	8.0	6.1	6.6	5.9	6.5	6.6	5.2	4.7	4.2	4.0	4.2
Arizona	8.3	8.2	8.0	8.4	8.4	8.3	8.0	7.8	7.7	7.3	7.1	7.0	6.9	7.2	7.3
Arkansas	7.8	7.8	7.9	8.2	8.0	7.9	7.9	8.0	8.0	7.7	7.7	7.5	7.3	7.5	7.4
California	5.8	5.6	5.6	6.1	6.0	5.8	5.8	6.0	6.0	5.7	5.0	4.4	4.1	4.5	4.5
Colorado	8.0	7.8	7.6	7.7	7.8	7.6	7.9	7.8	7.6	7.5	7.5	7.4	7.3	7.6	7.3
Connecticut	7.2	7.3	7.3	7.8	7.9	8.0	8.1	8.1	7.8	7.3	6.7	6.3	6.1	6.0	6.3
Delaware	7.2	7.6	8.1	8.2	8.3	8.3	8.4	8.5	8.5	8.3	8.3	8.0	7.9	8.1	8.1
Florida	8.6	8.3	8.4	8.5	8.7	8.5	8.5	8.4	8.2	7.9	7.4	7.2	7.0	7.8	7.3
Georgia	8.1	7.9	7.9	8.3	8.5	8.5	8.4	8.4	8.2	8.1	7.8	7.7	7.7	7.8	7.7
Hawaii	6.2	6.3	6.5	7.1	6.3	7.5	7.9	7.9	7.9	7.9	7.7	7.1	6.5	6.2	5.7
Idaho	7.7	7.2	7.5	7.8	7.6	7.5	7.4	7.8	7.9	7.8	7.5	7.3	7.4	7.5	6.9
Illinois	6.2	6.1	5.9	6.8	6.8	6.8	6.8	7.2	7.4	7.3	7.0	6.9	6.9	7.1	6.8
Indiana	7.8	7.8	7.6	8.2	8.1	8.1	8.0	8.2	8.2	8.1	7.8	7.7	7.6	7.8	7.8
Iowa	7.3	7.0	6.5	7.0	6.9	6.8	6.9	7.2	7.3	7.2	7.0	6.9	6.8	7.1	6.9
Kansas	7.7	7.7	7.5	8.1	8.1	7.9	8.0	7.9	7.7	7.6	7.5	7.5	7.3	7.3	7.2
Kentucky	7.0	7.4	7.3	7.7	7.8	7.7	7.7	7.9	7.8	7.6	7.1	7.0	7.1	7.3	7.0
Louisiana	8.7	8.4	7.7	8.1	8.0	7.4	7.3	7.8	7.7	7.9	7.5	6.7	6.7	7.1	6.9
Maine	5.9	5.7	5.9	6.0	6.0	6.0	6.3	6.7	6.5	6.0	4.9	4.7	4.8	5.1	5.1
Maryland	6.5	6.6	6.6	7.1	7.2	7.3	7.5	7.5	7.4	7.1	6.6	6.5	6.5	6.4	6.6
Massachusetts	5.7	6.1	6.4	7.0	7.1	7.1	7.0	7.0	6.7	6.3	5.7	5.9	5.9	6.2	6.3
Michigan	4.2	4.0	3.7	4.8	5.3	5.0	5.0	5.2	5.4	4.7	4.7	5.1	5.3	5.9	5.8
Minnesota	6.6	6.3	6.4	6.8	6.5	6.3	6.3	6.5	6.5	6.4	5.9	5.3	5.4	5.7	5.7
Mississippi	7.1	6.9	7.0	7.4	7.3	7.0	7.1	7.0	6.9	7.1	7.1	7.0	7.0	7.0	7.0
Missouri	7.8	7.9	8.0	8.5	8.4	8.5	8.4	8.4	8.5	8.3	8.1	7.8	7.8	7.8	7.8
Montana	7.3	6.9	6.6	6.4	5.9	5.5	5.3	5.4	5.6	5.3	5.3	5.4	5.3	5.3	4.9
Nebraska	8.7	8.4	8.2	8.4	8.3	8.1	8.1	8.4	8.4	8.4	8.3	8.3	8.2	8.3	8.3
Nevada	8.0	7.7	7.6	8.1	8.0	7.8	8.1	8.2	8.2	8.0	7.1	7.1	7.3	7.9	7.9
New Hampshire	7.9	8.1	8.1	8.7	9.0	8.9	9.1	9.1	8.7	8.3	7.9	6.7	7.4	7.3	7.7
New Jersey	6.0	6.2	6.7	7.1	7.2	7.3	7.5	7.7	7.6	7.4	7.1	6.3	6.4	6.5	6.2
New Mexico	8.2	7.8	7.6	7.8	7.6	7.2	7.1	6.9	6.7	6.9	6.8	6.2	6.5	6.6	6.1
New York	5.0	5.1	5.1	5.3	5.1	5.3	5.3	5.7	5.6	5.3	4.6	4.0	3.7	3.8	3.7
North Carolina	7.7	7.7	7.9	8.3	8.4	8.2	8.2	8.3	8.2	7.9	7.5	7.5	7.3	7.3	7.2
North Dakota	8.3	8.0	7.6	7.6	7.2	6.6	6.7	6.4	6.4	6.4	6.6	6.4	5.8	6.6	6.7
Ohio	5.8	5.7	5.5	6.2	6.1	6.0	5.9	6.2	6.2	5.7	5.3	5.0	4.9	5.2	5.3
Oklahoma	8.4	8.3	7.8	8.2	8.1	7.4	7.1	7.3	7.2	7.2	7.0	6.6	6.5	6.6	6.5
Oregon	5.8	5.5	5.7	6.3	6.2	6.4	6.6	6.8	6.8	6.8	6.2	5.9	5.7	6.1	5.9
Pennsylvania	4.8	4.6	4.5	5.7	5.7	5.8	6.1	6.4	6.4	6.3	6.0	5.7	5.4	5.7	5.7
Rhode Island	4.6	4.3	4.6	5.5	5.8	5.9	6.0	6.2	6.1	5.6	4.4	3.3	3.8	4.0	4.0
South Carolina	7.4	7.2	7.6	8.2	7.9	7.9	8.1	8.1	8.0	7.7	7.3	7.0	7.0	6.9	6.9
South Dakota	7.3	7.8	7.9	8.0	8.2	8.0	8.1	8.1	8.1	8.1	8.2	8.1	8.1	8.1	8.0
Tennessee	8.1	8.2	8.2	8.7	8.5	8.4	8.4	8.4	8.4	8.2	8.0	7.9	7.9	7.9	7.8
Texas	9.6	9.5	9.1	9.2	9.1	8.6	8.4	8.5	8.5	8.4	8.2	7.9	7.7	7.8	7.8
Utah	7.5	7.5	7.3	8.0	8.0	7.7	7.3	7.7	7.5	7.4	7.3	7.1	7.2	7.4	7.5
Vermont	5.4	3.9	5.4	5.7	6.0	6.2	6.3	6.7	6.6	6.2	5.4	5.2	5.5	5.6	5.5
Virginia	7.9	7.9	8.1	8.4	8.4	8.4	8.5	8.5	8.5	8.3	7.8	7.6	7.6	7.7	7.5
Washington	6.7	6.7	6.7	6.7	6.4	6.6	6.7	6.9	7.1	6.6	6.1	6.0	5.8	6.3	5.4
West Virginia	6.2	6.4	5.3	5.8	5.6	5.1	4.8	5.6	5.6	5.3	5.1	4.5	3.9	4.7	4.7
Wisconsin	6.9	7.1	5.2	5.8	5.7	5.2	5.5	6.0	6.3	6.3	6.1	6.0	6.1	6.3	6.2
Wyoming	9.4	8.9	7.8	8.0	7.8	6.7	6.3	7.0	7.1	7.4	6.9	6.5	6.6	6.6	6.6

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
7.0	6.9	5.9	5.9	5.7	5.4	5.1	5.3	5.4	7.0	6.8	6.5	6.3	5.7	5.4	5.5	5.7	32
4.2	3.6	3.0	3.0	3.3	3.4	3.5	3.3	3.1	4.7	4.9	5.5	5.7	4.5	4.7	5.1	5.0	37
7.6	8.0	8.1	8.3	7.7	7.8	7.8	7.7	7.6	7.6	7.8	7.6	7.2	6.5	6.1	6.4	6.7	10
7.4	7.5	7.5	7.6	7.3	7.0	6.6	6.7	6.8	7.2	7.1	7.0	6.9	6.5	5.9	5.5	5.5	35
4.9	5.7	6.2	6.5	6.6	6.2	5.8	5.8	5.8	6.0	6.0	6.1	5.8	5.2	4.9	4.5	4.5	48
7.4	8.0	8.5	8.4	8.5	8.1	7.7	7.7	7.7	7.9	7.8	7.8	7.7	7.1	6.4	6.5	6.5	15
6.9	7.3	7.3	7.4	7.6	7.5	7.3	7.4	7.5	7.7	7.8	7.9	7.5	7.0	6.5	6.3	6.4	19
8.1	8.6	8.7	8.8	8.8	8.6	8.3	8.3	8.3	8.2	8.1	8.0	7.7	7.5	7.1	6.8	6.5	14
7.5	7.8	8.0	8.0	8.1	7.9	7.7	7.6	7.4	7.0	7.1	7.3	6.9	6.4	5.8	5.8	6.3	21
7.5	7.8	8.3	8.4	8.3	8.0	7.7	7.7	7.6	7.8	7.7	7.6	7.2	7.0	6.4	6.4	6.6	12
5.6	5.8	5.9	6.1	6.2	6.2	6.2	6.5	6.8	7.1	7.2	7.0	6.7	6.2	6.0	6.2	6.3	22
6.6	6.9	7.0	7.2	7.5	7.0	6.6	6.6	6.6	7.0	7.0	7.1	6.7	5.8	5.6	5.6	6.0	29
7.0	7.4	7.6	7.6	7.7	7.4	7.1	7.0	6.9	7.2	7.3	7.2	6.9	6.3	5.8	6.0	6.2	24
7.9	8.4	8.5	8.3	8.3	8.1	7.8	7.8	7.8	7.5	7.5	7.4	7.3	6.7	6.4	6.6	6.7	11
7.3	7.4	7.3	7.3	7.3	7.1	6.8	7.1	7.3	7.4	7.3	7.0	6.6	6.2	5.9	6.1	6.2	25
7.5	7.9	8.0	8.0	7.9	7.5	7.1	7.3	7.4	7.5	7.6	7.6	7.4	6.8	6.4	6.9	6.8	7
7.1	7.2	7.4	7.4	7.1	6.7	6.4	6.2	6.0	6.1	6.0	5.8	5.5	4.8	4.4	4.6	4.6	46
7.2	7.2	7.0	6.7	6.7	6.4	6.1	6.4	6.8	7.2	7.0	6.7	6.1	5.7	6.0	6.4	6.8	8
5.2	5.2	5.5	5.6	5.5	5.5	5.5	5.4	5.4	5.4	5.3	5.2	5.1	4.7	4.6	4.4	4.8	43
6.8	7.2	7.2	7.3	7.2	7.2	7.2	7.3	7.3	7.4	7.1	6.9	6.7	6.2	5.9	5.9	5.8	30
6.8	7.4	7.7	7.8	8.0	7.7	7.4	7.2	7.1	7.4	7.5	7.4	7.0	6.5	6.0	6.2	6.1	26
6.3	7.0	7.0	7.3	7.3	7.1	6.8	6.4	6.1	6.5	6.3	6.0	5.6	4.6	4.1	4.6	5.0	40
6.1	6.4	6.6	6.8	6.7	6.4	6.1	6.3	6.5	6.6	6.7	6.6	6.4	5.7	5.2	5.8	5.5	34
6.9	6.5	6.7	6.5	6.3	5.9	5.5	5.6	5.6	5.7	5.6	5.3	5.3	4.7	4.3	4.2	4.5	49
7.9	8.1	8.0	7.9	7.9	7.5	7.2	7.2	7.1	7.1	7.5	7.3	7.1	6.7	6.4	6.5	6.4	17
4.7	5.6	6.0	6.0	5.8	5.7	5.5	5.6	5.8	6.1	6.1	6.2	6.0	5.4	4.9	5.3	5.5	33
8.3	8.2	8.4	8.3	8.3	8.1	7.9	8.0	8.0	8.0	7.9	7.9	7.8	7.6	7.5	7.7	7.7	3
8.1	8.3	8.5	8.5	8.8	8.5	8.2	8.4	8.5	8.6	8.5	8.4	8.0	7.1	6.2	6.4	6.3	20
7.9	8.2	8.4	8.3	8.4	8.2	8.1	8.0	7.9	8.0	8.0	7.9	7.6	7.1	6.7	6.9	7.3	5
6.4	7.2	7.3	7.4	7.5	7.3	7.1	7.0	6.8	6.8	6.7	6.6	6.5	5.8	4.9	5.0	5.0	38
6.3	6.9	6.4	6.4	6.3	5.9	5.6	5.7	5.8	6.4	6.2	6.0	5.9	5.1	4.5	4.6	4.9	42
4.2	5.1	5.4	5.8	5.9	5.8	5.7	5.5	5.4	5.6	5.8	5.8	5.5	5.3	4.8	4.9	5.0	39
7.3	7.7	7.7	7.6	7.5	7.3	7.1	6.9	6.7	7.6	7.8	7.7	7.4	6.9	6.3	6.4	6.6	13
7.0	6.4	6.6	6.5	6.4	6.8	7.1	7.0	7.0	7.0	7.4	7.3	6.9	6.5	6.5	6.8	7.6	4
5.6	6.2	6.3	6.4	6.3	5.8	5.4	5.3	5.3	5.6	5.3	5.3	4.9	4.2	3.7	4.0	4.6	47
7.0	7.1	7.2	7.1	7.5	7.0	6.6	6.8	7.0	7.3	7.4	7.3	7.4	6.6	6.3	6.7	6.7	9
5.9	6.0	6.0	6.0	6.0	5.6	5.3	5.5	5.7	6.0	6.5	6.4	6.4	5.7	5.1	5.4	5.7	31
6.1	6.5	6.7	6.8	6.8	6.6	6.4	6.3	6.2	6.2	6.2	6.3	6.0	5.5	4.9	5.0	5.2	36
4.5	5.1	5.5	5.3	5.4	5.1	4.8	4.9	5.0	5.1	5.7	5.4	5.0	4.7	4.2	4.3	4.3	50
6.9	7.1	7.3	7.2	7.0	6.6	6.1	5.7	5.4	5.3	5.4	5.4	4.8	4.2	3.8	4.1	4.8	45
8.2	8.2	8.2	8.0	8.1	8.1	8.1	8.2	8.2	8.1	8.2	8.1	8.1	7.6	7.5	7.8	7.9	1
7.8	7.9	8.2	8.2	8.1	7.8	7.5	7.5	7.6	7.0	7.1	6.9	6.8	6.3	6.4	6.3	6.4	18
7.9	8.1	8.2	8.0	8.2	8.0	7.9	7.9	8.0	8.2	8.3	8.4	8.3	7.7	7.4	7.7	7.9	2
7.6	7.6	7.8	7.0	7.1	7.0	7.0	6.9	6.9	7.1	7.4	7.6	7.2	6.5	6.0	6.0	6.3	23
5.8	6.2	6.1	6.2	6.0	5.9	5.8	5.8	5.7	5.9	5.8	5.5	5.1	4.4	4.0	4.6	4.8	44
7.3	7.8	8.0	8.0	7.8	7.9	8.0	7.8	7.6	7.7	7.6	7.6	7.4	7.1	6.9	7.1	7.1	6
5.9	6.6	6.8	6.7	6.6	6.4	6.2	6.2	6.3	7.0	7.2	7.0	6.8	6.2	5.6	5.8	6.1	27
4.9	5.2	5.4	5.6	5.3	4.2	3.2	3.8	4.5	5.8	6.4	5.9	6.1	5.5	5.0	4.8	5.0	41
6.5	6.8	7.2	7.0	6.6	6.3	6.0	6.1	6.1	6.5	6.5	6.5	6.1	4.9	5.1	5.3	6.0	28
6.9	6.6	6.6	6.6	6.8	6.6	6.5	6.5	6.6	7.0	7.5	7.5	7.8	6.7	6.4	6.7	6.4	16

\* Rank out of 50 in 2012.

**Table 3.7: Scores for Area 2, Takings and Discriminatory Taxation, at the World-Adjusted Federal, State/Provincial, and Local/Municipal Levels, 1985–2012**

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alberta	5.9	5.9	5.4	5.8	6.2	6.0	6.2	6.3	6.5	6.5	6.3	6.6	6.4	6.7	7.0	6.8	28T
British Columbia	4.4	4.8	3.6	3.9	4.4	4.5	4.5	4.6	4.8	4.8	4.8	5.0	5.0	5.4	5.4	5.3	83
Manitoba	4.1	4.5	3.8	3.9	4.4	4.3	4.2	4.3	4.5	4.7	4.7	4.9	4.8	5.1	5.0	5.1	84
New Brunswick	3.8	4.2	3.6	4.0	4.4	4.2	4.2	4.3	4.5	4.5	4.5	4.6	4.7	5.3	5.1	4.8	86T
Newfoundland & Labrador	3.8	4.0	3.1	4.1	4.2	4.6	4.7	4.8	5.3	5.8	6.0	6.1	5.6	6.2	6.3	6.1	60T
Nova Scotia	3.8	4.3	3.6	3.8	4.3	4.2	4.2	4.1	4.3	4.2	4.3	4.4	4.4	4.8	4.4	4.5	89
Ontario	4.3	4.2	3.8	4.0	4.3	4.4	4.4	4.4	4.5	4.6	4.6	4.7	4.8	5.2	5.0	5.0	85
Prince Edward Island	4.5	4.6	3.5	3.2	3.6	3.7	3.5	3.6	3.7	3.8	3.8	4.1	4.3	4.3	4.3	4.2	90
Quebec	3.5	4.0	3.4	3.4	3.8	3.8	3.7	3.7	3.8	3.9	4.0	4.0	4.2	4.4	4.7	4.6	88
Saskatchewan	4.6	4.8	4.0	4.4	4.6	4.7	4.7	5.0	5.1	5.1	5.4	5.9	5.7	6.4	6.6	6.7	32T
Aguascalientes							8.4	8.4	7.7	7.7	7.9	7.8	7.9	7.7	7.4	7.3	25
Baja California							8.0	8.2	7.7	7.8	7.8	7.8	7.7	7.7	7.6	7.5	23
Baja California Sur							8.9	8.9	8.3	8.4	8.3	8.4	8.5	8.6	8.4	8.4	8T
Campeche							8.9	8.9	8.5	8.7	8.2	8.4	8.1	8.6	8.4	8.3	10T
Chiapas							9.2	9.2	8.8	8.9	8.9	8.9	6.4	6.4	6.0	6.1	60T
Chihuahua							8.4	8.5	7.8	7.8	7.8	7.9	7.3	7.0	6.7	6.6	35T
Coahuila de Zaragoza							8.6	8.8	7.9	7.9	7.9	7.7	9.0	9.1	8.9	8.8	1
Colima							3.8	3.5	3.5	3.3	3.4	3.4	3.9	3.7	4.0	3.9	91
Distrito Federal							4.0	4.7	3.9	4.6	4.4	4.0	3.7	3.7	3.5	3.5	92
Durango							9.2	9.2	8.9	9.0	9.0	8.9	8.8	8.9	8.7	8.6	3T
Guanajuato							9.0	9.1	8.5	8.7	8.6	8.5	6.7	6.7	6.4	8.3	10T
Guerrero							9.0	9.1	8.7	8.9	8.9	8.8	7.3	7.3	7.0	8.7	2
Hidalgo							9.1	9.2	8.8	8.9	8.9	8.8	8.8	9.0	8.6	8.6	3T
Jalisco							8.6	8.7	7.9	8.0	7.9	7.9	9.0	9.2	8.9	7.7	21T
México							8.5	8.7	8.0	8.1	8.1	8.1	8.2	8.3	8.1	7.8	20
Michoacán de Ocampo							9.1	9.2	8.3	8.4	8.1	7.7	7.8	7.6	7.0	6.8	28T
Morelos							8.8	8.8	8.4	8.6	8.5	8.5	8.4	8.6	8.3	8.4	8T
Nayarit							9.0	9.0	8.6	8.7	8.7	8.7	8.6	8.7	8.5	8.5	6T
Nuevo León							7.5	7.6	6.6	6.6	6.6	6.6	6.4	6.5	6.3	6.2	52T
Oaxaca							9.1	9.1	8.8	8.8	8.9	8.8	8.8	8.9	8.6	8.5	6T
Puebla							8.8	9.0	8.3	8.4	8.3	8.4	8.2	8.3	8.0	7.9	18T
Querétaro							8.6	9.0	8.1	8.1	8.2	8.2	7.9	8.1	7.9	7.7	21T
Quintana Roo							8.6	8.6	8.1	8.3	8.3	8.3	8.3	8.3	8.1	8.1	14T
San Luis Potosí							9.1	9.2	8.5	8.6	8.6	8.5	8.5	8.5	8.3	8.3	10T
Sinaloa							9.0	9.1	8.3	8.4	8.3	8.3	8.1	8.2	7.8	7.9	18T
Sonora							8.9	8.9	8.3	8.3	8.3	8.3	8.2	8.3	8.0	8.0	16T
Tabasco							8.9	8.9	8.6	8.7	8.7	8.6	8.3	8.3	8.1	8.1	14T
Tamaulipas							5.3	5.3	5.0	5.1	5.1	5.0	5.0	5.1	4.8	4.8	86T
Tlaxcala							9.1	9.2	8.8	8.9	8.9	8.9	8.7	8.8	8.6	8.6	3T
Veracruz de Ignacio de la Llave							7.9	7.8	7.4	7.4	7.6	7.5	7.6	7.6	7.2	7.2	26
Yucatán							8.9	9.0	8.4	8.6	8.5	8.4	8.4	8.5	8.3	8.3	10T
Zacatecas							8.8	8.7	8.2	8.4	8.2	8.3	8.1	8.3	7.9	8.0	16T

\* Rank out of 92 in 2012.

**Table 3.7 (cont'd): Scores for Area 2, Takings and Discriminatory Taxation, at the World-Adjusted Federal, State/Provincial, and Local/Municipal Levels, 1985–2012**

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alabama	5.0	6.5	6.0	6.0	6.0	6.2	6.4	6.4	6.2	6.1	6.0	5.9	6.3	6.4	6.4	6.5	39T
Alaska	6.7	7.5	7.1	6.7	6.8	7.0	7.3	7.3	7.3	7.2	7.5	7.4	7.1	7.3	7.4	7.4	24
Arizona	4.4	5.9	5.6	5.9	5.9	6.0	6.1	6.0	5.8	5.7	5.6	5.5	5.7	5.9	5.8	5.8	74T
Arkansas	4.6	6.4	5.7	5.7	5.7	5.7	5.9	5.9	5.7	5.5	5.7	5.6	5.8	5.8	6.0	6.1	60T
California	4.4	6.1	5.6	5.5	5.7	6.1	6.2	6.1	5.8	5.6	5.7	5.6	6.0	6.0	6.0	6.1	60T
Colorado	4.8	6.2	6.0	6.0	6.2	6.3	6.5	6.4	6.3	6.1	6.1	5.9	6.4	6.4	6.4	6.4	43T
Connecticut	5.0	6.5	5.7	5.6	5.8	6.0	6.2	6.2	6.0	6.0	6.1	5.8	6.3	6.4	6.3	6.1	60T
Delaware	5.3	7.2	6.8	7.0	7.0	7.1	7.3	7.2	7.0	6.6	6.8	5.9	7.1	6.9	6.2	6.2	52T
Florida	4.7	5.9	5.3	5.4	5.6	5.9	6.0	5.8	5.6	5.3	5.3	5.2	5.8	5.8	5.7	5.7	77T
Georgia	5.0	6.4	6.0	6.1	6.2	6.4	6.6	6.5	6.3	6.0	6.2	6.2	6.6	6.7	6.7	6.6	35T
Hawaii	4.5	6.0	5.6	5.3	5.6	5.7	5.8	5.8	5.6	5.5	5.5	5.1	5.6	5.8	5.9	5.8	74T
Idaho	4.7	5.9	5.8	5.8	5.9	5.9	6.0	5.8	5.6	5.8	5.8	5.8	6.3	6.6	6.5	6.2	52T
Illinois	4.9	6.4	5.8	6.1	6.1	6.3	6.4	6.4	6.1	6.1	6.2	6.0	6.4	6.6	6.3	6.2	52T
Indiana	5.0	6.5	6.1	6.3	6.3	6.3	6.6	6.5	6.1	6.1	6.3	6.1	6.0	6.2	6.3	6.1	60T
Iowa	4.8	6.3	5.8	6.0	6.1	6.1	6.3	6.4	6.3	6.3	6.4	6.1	6.2	6.4	6.4	6.4	43T
Kansas	4.7	6.2	5.7	5.8	5.8	5.9	6.1	5.9	5.8	5.7	5.8	5.8	5.9	6.2	6.3	6.0	69T
Kentucky	5.1	6.5	6.0	5.9	6.0	6.2	6.3	6.2	6.1	5.9	5.9	5.7	5.8	6.0	6.0	6.0	69T
Louisiana	5.6	6.8	6.3	6.1	6.1	6.0	6.5	6.6	6.9	6.7	6.4	6.3	6.2	6.7	6.7	6.8	28T
Maine	4.3	6.0	5.3	5.0	5.3	5.4	5.6	5.6	5.4	5.2	5.4	5.1	5.4	5.7	5.4	5.5	81T
Maryland	4.6	6.2	5.6	5.9	6.0	6.1	6.2	6.2	6.0	5.8	5.9	5.9	6.4	6.3	6.3	6.4	43T
Massachusetts	4.9	6.6	5.8	5.8	6.1	6.4	6.6	6.5	6.2	6.1	6.2	5.9	6.3	6.3	6.2	6.2	52T
Michigan	4.6	6.3	5.6	5.9	6.0	6.1	6.2	6.1	5.9	5.8	5.9	5.7	5.9	6.2	6.2	6.3	48T
Minnesota	4.7	6.0	5.5	5.7	5.9	6.0	6.2	6.1	5.9	5.7	5.7	5.5	5.9	6.1	6.0	5.8	74T
Mississippi	4.6	6.1	5.7	5.5	5.5	5.5	5.7	5.7	5.7	5.5	5.5	5.0	5.7	5.9	5.9	5.7	77T
Missouri	5.1	6.5	6.0	6.1	6.2	6.2	6.5	6.4	6.2	6.0	6.0	6.0	6.2	6.3	6.2	6.2	52T
Montana	4.6	5.9	5.6	5.7	5.8	5.9	6.0	6.0	6.0	5.8	5.9	5.7	6.0	6.3	6.3	6.4	43T
Nebraska	4.9	6.4	5.9	5.9	6.0	6.1	6.3	6.2	6.0	6.0	6.0	5.7	6.4	6.4	6.8	6.5	39T
Nevada	4.8	6.1	5.6	5.7	5.8	6.1	6.2	6.1	5.9	5.8	5.9	6.0	6.5	6.6	6.6	6.5	39T
New Hampshire	5.3	6.8	6.2	6.0	6.2	6.5	6.7	6.6	6.4	6.2	6.3	5.7	6.4	6.6	6.5	6.6	35T
New Jersey	4.6	6.3	5.5	5.5	5.6	5.8	5.9	5.8	5.5	5.5	5.3	5.1	5.5	5.3	5.5	5.7	77T
New Mexico	4.6	5.8	5.7	6.1	6.0	5.9	6.1	6.3	6.1	5.8	5.8	5.3	5.7	6.0	5.9	6.0	69T
New York	4.2	6.0	5.4	5.7	5.8	5.9	6.0	5.9	5.7	5.7	5.6	5.5	6.0	6.0	6.0	6.1	60T
North Carolina	4.9	6.6	6.1	6.2	6.3	6.4	6.5	6.3	6.2	6.0	6.0	6.0	6.3	6.6	6.6	6.6	35T
North Dakota	4.8	5.9	5.6	5.6	5.9	6.0	6.2	6.2	6.0	5.9	6.0	5.8	5.7	6.1	6.0	6.2	52T
Ohio	4.6	6.2	5.6	5.9	6.0	6.0	6.1	6.0	5.8	6.1	6.0	5.7	5.8	5.9	5.9	6.1	60T
Oklahoma	5.0	6.2	5.7	5.7	5.8	5.8	6.0	6.1	6.0	6.1	6.4	6.5	6.6	6.8	6.9	6.7	32T
Oregon	4.5	6.1	6.1	6.2	6.4	6.5	6.6	6.6	6.5	6.4	6.6	6.2	6.7	6.8	6.8	7.0	27
Pennsylvania	4.7	6.2	5.7	5.8	6.1	6.2	6.2	6.1	5.9	5.9	5.9	5.7	6.0	6.2	6.2	6.2	52T
Rhode Island	4.1	6.0	5.1	5.2	5.3	5.4	5.6	5.6	5.4	5.4	5.1	4.9	5.2	5.4	5.6	5.5	81T
South Carolina	4.6	6.3	5.9	5.9	6.0	6.0	6.1	5.9	5.8	4.1	5.7	5.6	5.9	6.1	6.2	6.1	60T
South Dakota	5.3	6.3	6.1	6.0	6.2	6.5	6.6	6.5	6.2	6.0	6.1	6.1	6.0	6.4	6.5	6.3	48T
Tennessee	5.1	6.4	6.0	6.2	6.2	6.4	6.4	6.3	6.1	5.9	6.0	5.8	6.2	6.2	6.3	6.3	48T
Texas	5.6	6.6	6.1	6.1	6.2	6.4	6.6	6.6	6.5	6.3	6.4	6.3	6.4	6.8	6.9	6.8	28T
Utah	5.0	6.3	5.9	6.1	6.2	6.3	6.5	6.4	6.3	6.3	6.5	5.9	6.3	6.6	6.5	6.5	39T
Vermont	4.2	6.3	5.4	5.4	5.5	5.6	5.9	5.8	5.5	5.3	5.3	5.3	5.5	5.8	5.7	5.7	77T
Virginia	4.9	6.5	6.0	6.0	6.2	6.3	6.5	6.4	6.2	6.0	6.2	5.9	6.4	6.6	6.5	6.4	43T
Washington	4.7	5.7	5.2	5.4	5.6	5.9	6.1	6.0	5.9	5.5	5.8	5.3	6.2	6.3	6.1	6.3	48T
West Virginia	4.0	5.8	5.5	5.2	5.2	5.3	5.5	5.4	5.3	5.4	5.6	5.5	5.8	6.0	6.0	6.0	69T
Wisconsin	4.2	6.0	5.5	5.7	5.8	5.8	6.1	6.1	5.9	5.8	5.8	5.4	5.8	6.0	6.0	5.9	73T
Wyoming	5.5	6.9	6.5	5.7	5.8	6.0	6.4	6.5	6.4	6.3	6.2	6.3	6.4	6.7	7.1	6.7	32T

\* Rank out of 92 in 2012.

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table**Table 3.8a: Scores for Area 2, Takings and Discriminatory Taxation, at Provincial and Municipal Levels in Canada, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	8.6	8.5	8.3	8.3	8.6	8.2	7.0	7.1	7.0	6.9	6.6	6.9	6.9	6.9	7.1
British Columbia	4.5	4.2	3.9	4.1	4.4	4.7	5.1	5.3	5.1	5.0	4.9	4.5	4.2	3.8	3.9
Manitoba	5.2	4.7	3.9	4.5	4.4	4.1	3.7	3.8	3.9	3.9	3.6	3.6	3.5	3.3	3.5
New Brunswick	4.6	5.3	4.9	4.7	4.6	4.6	4.7	4.8	4.6	4.5	3.9	4.0	3.9	3.8	4.1
Newfoundland & Labrador	4.4	4.8	4.4	4.1	4.0	4.2	3.9	4.2	4.2	3.7	3.4	2.6	2.7	2.9	2.9
Nova Scotia	5.0	5.1	5.0	5.0	4.7	4.8	4.8	4.9	4.9	4.3	4.4	4.3	4.2	3.6	3.9
Ontario	5.4	5.2	5.2	5.1	5.1	5.0	4.9	4.7	4.4	3.8	3.8	3.6	3.5	3.2	3.4
Prince Edward Island	5.1	5.7	5.8	5.2	5.5	5.7	5.1	5.3	5.1	4.9	4.7	4.6	4.5	4.3	4.2
Quebec	3.5	2.4	2.5	2.7	2.6	2.9	2.8	2.8	3.1	2.9	2.5	2.1	2.2	2.3	2.2
Saskatchewan	5.7	5.9	5.1	5.8	5.6	5.4	4.5	3.8	3.8	4.0	3.4	3.3	2.8	3.0	3.5

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pages**Table 3.8b: Scores for Area 2, Takings and Discriminatory Taxation, at State and Local Levels in Mexico, 1981–2012**

	1981–2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Aguascalientes		9.1	9.1	8.8	8.6	8.4	8.4	7.8	7.7	7.7	7.4	13T
Baja California		7.2	7.0	6.9	6.9	6.7	6.4	6.6	6.3	6.3	6.0	24
Baja California Sur		7.3	6.6	5.3	4.4	3.1	4.3	5.4	6.0	6.2	5.6	25T
Campeche		9.3	9.2	9.2	9.2	8.7	8.7	8.5	7.9	7.5	7.8	9
Chiapas		9.3	9.2	9.1	9.1	9.0	8.8	7.6	7.1	7.0	7.7	10
Chihuahua		6.5	6.7	6.2	6.2	6.2	6.5	6.0	6.0	6.7	5.6	25T
Coahuila de Zaragoza		9.2	9.2	8.8	8.8	8.7	8.6	8.9	8.8	9.0	8.4	3T
Colima		7.3	6.8	6.0	5.4	5.4	5.3	6.2	4.1	4.3	4.2	31
Distrito Federal		4.4	5.2	4.4	4.6	4.7	4.6	4.8	4.3	4.3	3.1	32
Durango		9.1	9.2	9.1	8.5	8.4	8.3	8.1	8.3	7.5	6.6	21
Guanajuato		9.4	9.3	8.7	8.5	8.4	8.2	7.6	7.7	7.7	8.4	3T
Guerrero		7.9	8.4	7.8	7.6	7.3	7.3	6.3	6.3	6.4	7.0	19
Hidalgo		9.2	9.2	9.1	8.8	8.8	8.5	8.4	8.1	8.4	7.9	7T
Jalisco		7.9	7.9	7.6	7.6	7.6	7.6	7.6	7.7	7.7	7.2	17
México		7.7	7.8	7.7	7.4	7.0	6.8	6.8	6.8	6.8	5.4	28
Michoacán de Ocampo		9.1	9.2	8.8	8.9	8.8	8.7	8.4	8.4	8.2	7.6	11
Morelos		8.4	8.2	7.9	7.7	7.4	6.9	6.7	6.8	6.7	7.9	7T
Nayarit		7.9	7.3	7.4	6.9	5.8	6.3	6.6	6.2	6.3	6.5	22
Nuevo León		7.6	7.8	7.4	7.5	7.5	7.4	7.5	7.6	6.9	6.9	20
Oaxaca		9.9	9.9	9.9	9.7	9.6	9.4	9.3	9.5	9.0	8.7	2
Puebla		9.2	9.3	9.2	8.9	8.9	9.1	8.6	8.7	7.8	7.3	15T
Querétaro		7.9	8.0	6.8	6.3	6.1	6.2	5.9	5.2	5.6	5.2	29
Quintana Roo		6.7	6.2	5.8	5.3	4.4	5.4	4.5	4.6	5.2	4.6	30
San Luis Potosí		9.7	9.5	9.3	9.3	9.1	8.9	9.0	8.8	8.9	8.4	3T
Sinaloa		8.3	8.6	8.1	7.9	7.5	7.3	7.5	7.4	6.2	6.2	23
Sonora		8.3	8.3	8.0	8.0	7.8	7.6	7.9	8.0	7.4	7.5	12
Tabasco		9.6	9.6	9.6	9.4	9.3	9.3	9.1	8.5	7.2	7.1	18
Tamaulipas		6.3	6.4	6.3	6.0	5.9	5.8	6.2	5.9	5.8	5.5	27
Tlaxcala		9.6	9.7	9.4	9.4	9.6	9.5	9.5	9.6	9.1	9.5	1
Veracruz de Ignacio de la Llave		8.9	8.5	8.6	8.4	8.5	8.5	8.5	8.5	7.9	7.3	15T
Yucatán		9.0	9.2	9.1	8.8	8.9	8.6	8.4	7.9	7.7	7.4	13T
Zacatecas		8.8	8.8	8.4	8.5	8.3	8.3	8.5	8.7	8.5	8.1	6

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

\* Rank out of 32 in 2012.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
7.1	7.3	7.2	7.6	8.0	8.3	8.0	8.2	8.3	8.6	8.5	8.4	8.7	8.2	8.6	9.0	8.7	1
3.9	4.2	4.2	4.2	4.7	5.2	5.5	5.5	5.6	5.6	5.7	5.7	5.9	5.5	6.2	6.1	5.9	4
3.7	3.7	3.8	3.8	4.3	4.5	4.4	4.3	4.4	4.5	4.8	4.9	5.0	4.8	5.2	5.1	5.1	5
4.1	4.7	4.9	5.0	5.0	5.3	5.0	4.9	4.9	4.9	5.0	5.0	4.9	4.9	5.9	5.5	5.0	6
2.7	3.6	3.9	4.1	4.9	4.8	5.4	5.6	5.6	6.1	6.7	7.1	7.5	6.4	7.6	7.7	7.2	3
4.0	4.5	4.5	4.5	4.7	4.9	4.7	4.6	4.6	4.6	4.4	4.5	4.5	4.3	4.8	4.1	4.1	9
3.3	3.7	4.0	4.2	4.6	4.6	4.8	4.8	4.7	4.7	4.7	4.7	4.7	4.6	5.3	5.0	4.5	7
4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.0	4.1	4.0	4.1	4.1	4.4	4.4	4.4	4.5	4.1	8
2.4	2.6	2.2	2.3	2.7	2.9	3.1	3.0	2.9	2.8	2.6	2.7	2.8	2.8	3.3	3.8	3.5	10
3.5	3.7	3.8	3.9	4.3	4.2	4.2	4.3	4.6	4.6	4.6	5.3	6.3	5.6	6.9	7.2	7.4	2

\* Rank out of 10 in 2012.

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pages**Table 3.8c: Scores for Area 2, Takings and Discriminatory Taxation, at State and Local Levels in the United States, 1981–2012**

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



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
7.5	7.4	7.5	7.5	7.4	7.5	7.5	7.7	7.8	7.7	7.5	7.4	7.3	7.3	7.4	7.4	7.4	14
8.8	8.7	8.4	8.7	8.2	8.6	9.0	8.9	8.9	9.1	9.0	9.3	9.4	9.1	9.3	9.3	9.3	1
6.5	7.0	7.2	7.2	7.2	7.1	7.0	6.9	6.9	7.0	6.6	6.3	6.1	6.5	6.8	6.6	6.6	29
6.5	6.5	6.5	6.6	6.6	6.5	6.3	6.5	6.6	6.3	6.2	6.2	6.3	6.3	6.6	6.5	6.4	35
5.4	5.8	5.9	6.2	6.1	6.0	5.9	5.7	5.6	5.8	5.6	5.6	5.3	5.5	5.7	5.7	6.2	38
6.9	7.1	7.4	7.3	7.5	7.3	7.2	7.2	7.3	7.3	7.2	7.1	7.1	6.9	6.9	6.7	6.6	33
5.9	5.8	6.0	6.1	6.4	6.5	6.7	6.7	6.7	6.6	6.8	6.7	6.4	6.5	6.5	6.3	5.6	44
7.8	8.3	8.2	8.4	8.7	8.7	8.6	8.6	8.7	8.6	8.5	8.5	8.0	8.2	8.2	8.0	7.9	5
6.1	6.4	6.5	6.5	6.7	6.9	7.1	6.9	6.7	6.7	6.2	5.9	5.7	6.3	6.6	6.7	6.6	30
6.9	7.2	7.4	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.0	6.9	6.8	7.1	7.3	7.2	7.3	15
4.8	4.8	4.8	5.4	5.5	5.6	5.7	5.8	5.9	5.7	5.4	5.2	4.9	5.2	5.2	5.1	4.7	48
5.4	5.3	5.4	5.8	6.0	6.0	5.9	5.8	5.7	5.7	5.8	5.9	5.8	6.2	6.4	6.1	6.3	36
6.6	7.0	7.1	7.0	7.0	7.0	7.0	6.9	6.8	6.7	6.7	6.6	6.4	6.6	6.8	6.4	5.9	40
7.6	7.3	7.7	7.6	7.6	7.6	7.6	7.5	7.5	6.8	7.0	7.5	7.1	6.8	7.3	7.5	7.5	11
6.3	6.5	6.8	6.8	6.8	6.8	6.8	7.0	7.2	7.2	7.1	7.1	6.8	6.7	6.9	6.8	6.6	31
6.0	6.2	6.2	6.5	6.5	6.5	6.4	6.2	5.9	6.2	6.1	6.1	6.1	6.0	6.3	6.4	6.1	39
6.5	6.6	6.7	6.7	6.6	6.6	6.6	6.7	6.7	6.8	6.8	6.8	6.7	6.7	7.0	6.9	7.0	23
7.8	7.3	7.2	7.1	7.3	7.1	6.9	7.3	7.5	7.8	7.5	7.2	7.2	7.1	7.8	7.9	8.0	3
4.4	4.2	3.7	4.2	4.4	4.5	4.5	4.5	4.6	4.5	4.5	4.5	4.4	4.6	5.1	4.4	4.4	50
6.4	6.9	6.9	7.0	6.8	6.9	7.0	7.0	7.0	7.1	6.9	7.1	6.9	6.9	7.0	7.2	7.0	22
6.6	6.9	7.0	7.2	7.3	7.3	7.2	7.1	7.0	7.0	6.9	7.1	6.9	6.9	6.9	6.8	6.8	26
6.4	6.8	7.0	7.0	6.9	7.0	7.0	6.8	6.6	6.5	6.4	6.3	6.0	6.0	6.3	6.5	6.7	27
5.5	5.5	5.7	5.9	6.0	6.1	6.2	6.3	6.5	6.4	6.2	6.1	6.0	6.1	6.2	5.9	5.7	41
5.9	5.8	5.8	5.7	5.6	5.6	5.6	5.7	5.8	5.9	5.7	5.6	5.6	5.8	5.9	5.7	5.7	42
7.3	7.4	7.4	7.4	7.5	7.5	7.4	7.4	7.4	7.3	7.3	7.2	7.2	7.4	7.6	7.5	7.5	13
5.2	5.3	5.5	5.6	5.7	5.9	6.1	6.2	6.2	6.6	6.6	6.7	6.6	6.6	7.0	7.1	7.1	19
6.4	6.2	6.4	6.6	6.5	6.4	6.4	6.3	6.3	6.2	6.4	6.4	6.4	6.6	6.8	6.8	7.0	21
6.2	6.3	6.8	6.7	6.9	6.9	7.0	6.9	6.9	6.9	6.9	6.7	6.5	6.9	6.9	7.1	6.8	25
7.6	7.9	8.0	7.8	7.9	7.8	7.8	7.7	7.6	7.6	7.6	7.4	7.3	7.3	7.2	7.2	7.5	12
5.1	5.9	5.7	5.9	6.1	6.1	6.0	5.8	5.7	5.5	5.5	5.2	4.8	4.6	5.2	4.9	5.1	47
6.1	6.7	6.1	6.3	6.4	6.5	6.7	6.7	7.2	7.3	6.9	6.8	6.4	7.0	7.2	6.8	6.9	24
4.8	5.3	5.5	5.7	5.7	5.8	6.0	5.8	5.5	5.4	5.2	5.1	4.9	5.3	5.3	5.1	5.1	46
6.9	7.2	7.1	7.2	7.3	7.4	7.3	7.3	7.2	7.2	7.0	7.0	6.9	7.0	7.0	6.9	7.2	17
6.4	5.9	6.0	5.9	6.0	6.4	6.8	6.9	7.1	7.0	7.1	7.2	7.2	7.0	7.8	7.5	7.8	6
5.3	6.1	6.3	6.3	6.4	6.1	6.0	5.9	5.9	6.1	6.0	5.9	6.0	6.2	6.4	6.5	6.7	28
6.2	6.4	6.3	6.3	6.5	6.5	6.5	6.6	6.7	6.9	7.0	7.3	7.5	7.2	7.6	7.6	7.2	18
7.1	7.0	7.2	7.2	6.9	7.0	7.1	7.0	7.0	7.7	7.7	7.6	7.7	8.0	7.9	8.0	7.8	7
6.4	6.3	6.9	6.9	7.0	7.1	7.2	7.0	6.6	6.5	6.5	6.5	6.4	6.7	6.7	6.6	6.6	32
4.1	4.2	4.5	4.8	4.9	4.9	5.0	5.2	4.9	4.8	4.9	4.7	4.5	4.8	4.9	5.5	5.5	45
6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.5	6.3	6.4	6.3	6.2	6.3	6.4	6.5	6.5	6.5	34
7.5	7.4	7.3	7.4	7.5	7.7	7.9	8.0	8.0	7.9	7.8	7.9	8.0	7.8	8.0	8.2	8.1	2
7.9	8.0	8.1	8.2	8.1	8.1	8.2	8.1	8.0	8.0	7.8	7.5	7.5	7.8	7.8	7.8	7.8	8
7.5	7.7	7.7	7.7	7.8	7.6	7.5	7.5	7.6	7.8	7.9	7.9	8.0	7.5	7.8	8.0	7.9	4
7.0	7.0	7.0	7.0	7.1	7.3	7.5	7.3	7.3	7.3	7.4	7.7	7.3	7.5	7.9	7.7	7.7	9
5.0	5.1	5.0	5.2	5.3	5.4	5.5	5.3	5.2	4.8	4.6	4.2	4.4	4.3	4.7	4.5	4.6	49
7.2	7.4	7.4	7.4	7.4	7.5	7.5	7.5	7.5	7.4	7.3	7.1	7.2	7.6	7.8	7.7	7.7	10
5.4	6.2	6.4	6.6	6.7	6.7	6.7	6.7	6.6	6.8	6.6	6.6	6.6	6.9	7.1	6.9	7.1	20
5.2	4.7	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.4	5.6	5.9	6.0	6.2	6.4	6.3	6.2	37
5.2	5.7	5.7	5.8	6.1	6.1	6.2	6.2	6.3	6.2	6.3	6.2	5.7	5.7	5.8	5.7	5.7	43
8.1	7.4	7.1	7.3	7.6	7.3	7.0	7.4	7.9	7.4	7.7	7.4	7.7	6.9	7.5	8.0	7.2	16

\* Rank out of 50 in 2012.

**Table 3.9: Scores for Area 3, Labor Market Freedom, at the World-Adjusted Federal, State/Provincial, and Local/Municipal Levels, 1985–2012**

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alberta	8.2	7.9	7.9	8.0	7.7	8.1	8.1	8.5	8.4	8.2	8.2	8.2	8.2	8.0	8.0	8.0	1
British Columbia	4.9	4.6	5.7	5.9	5.5	7.9	7.9	8.3	8.3	8.1	8.1	8.1	8.0	7.9	7.8	7.9	2T
Manitoba	8.0	7.7	7.8	7.8	7.4	7.9	7.9	8.2	8.2	8.0	8.0	8.0	7.9	7.7	7.7	7.8	11T
New Brunswick	8.0	7.7	7.8	7.9	7.5	7.9	8.0	8.3	8.3	8.0	8.1	8.0	8.0	7.8	7.7	7.8	11T
Newfoundland & Labrador	7.8	7.5	7.7	7.8	7.4	7.9	7.9	8.3	8.2	8.0	8.0	8.0	7.9	7.7	7.7	7.8	11T
Nova Scotia	8.0	7.7	7.8	7.9	7.5	7.9	7.9	8.3	8.3	8.0	8.0	8.0	8.0	7.8	7.7	7.8	11T
Ontario	8.1	7.8	7.9	7.9	7.6	8.0	8.0	8.4	8.3	8.1	8.1	8.1	8.0	7.9	7.8	7.9	2T
Prince Edward Island	8.0	7.7	7.8	7.9	7.5	7.9	7.9	8.3	8.2	8.0	8.0	8.0	7.9	7.8	7.7	7.7	48T
Quebec	7.9	7.5	7.7	7.8	7.4	7.8	7.8	8.2	8.2	7.9	8.0	8.0	7.9	7.7	7.7	7.8	11T
Saskatchewan	8.0	7.7	7.8	7.9	7.5	7.9	7.9	8.3	8.2	8.0	8.0	8.0	8.0	7.8	7.8	7.9	2T
Aguascalientes							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	61T
Baja California							7.1	7.1	7.0	7.1	6.9	6.9	7.0	7.0	7.1	7.3	61T
Baja California Sur							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	61T
Campeche							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	61T
Chiapas							7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	86T
Chihuahua							7.1	7.1	6.9	7.0	6.9	6.9	6.9	7.0	7.1	7.3	61T
Coahuila de Zaragoza							7.0	7.0	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Colima							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	61T
Distrito Federal							7.1	7.1	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Durango							7.1	7.1	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Guanajuato							7.1	7.1	7.0	7.1	6.9	6.9	7.0	7.0	7.1	7.3	61T
Guerrero							7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	86T
Hidalgo							7.1	7.1	6.9	7.0	6.8	6.8	6.9	6.9	7.0	7.3	61T
Jalisco							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	61T
México							7.1	7.1	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Michoacán de Ocampo							7.1	7.1	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Morelos							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	61T
Nayarit							7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	86T
Nuevo León							7.1	7.1	7.0	7.0	6.9	6.9	7.0	7.0	7.1	7.3	61T
Oaxaca							7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	86T
Puebla							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	61T
Querétaro							7.1	7.1	7.0	7.0	6.9	6.9	7.0	7.0	7.1	7.3	61T
Quintana Roo							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	61T
San Luis Potosí							7.0	7.0	6.9	7.0	6.8	6.8	6.9	6.9	7.0	7.3	61T
Sinaloa							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	61T
Sonora							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	61T
Tabasco							7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	86T
Tamaulipas							7.1	7.1	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Tlaxcala							7.0	7.0	6.9	6.9	6.8	6.8	6.9	6.9	7.0	7.2	86T
Veracruz de Ignacio de la Llave							7.0	7.1	6.9	7.0	6.9	6.8	6.9	7.0	7.0	7.3	61T
Yucatán							7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	61T
Zacatecas							7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.9	7.0	7.2	86T

\* Rank out of 92 in 2012.

**Table 3.9 (cont'd): Scores for Area 3, Labor Market Freedom, at the World-Adjusted Federal, State/Provincial, and Local/Municipal Levels, 1985–2012**

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Alabama	8.4	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Alaska	8.3	8.4	8.2	8.3	7.8	8.2	8.0	8.3	8.1	8.0	8.1	7.9	7.2	7.4	7.6	7.7	48T
Arizona	8.5	8.6	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	7.9	7.2	7.5	7.6	7.8	11T
Arkansas	8.4	8.5	8.2	8.4	7.9	8.3	8.2	8.4	8.3	8.1	8.2	7.9	7.3	7.5	7.6	7.8	11T
California	8.4	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.8	11T
Colorado	8.5	8.6	8.3	8.5	8.0	8.4	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.6	7.7	7.8	11T
Connecticut	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Delaware	8.5	8.6	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	7.9	7.3	7.6	7.7	7.8	11T
Florida	8.5	8.5	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	7.9	7.3	7.5	7.6	7.8	11T
Georgia	8.5	8.6	8.3	8.5	8.0	8.4	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.6	7.7	7.8	11T
Hawaii	8.2	8.3	8.1	8.3	7.8	8.2	8.0	8.2	8.1	8.0	8.1	7.8	7.1	7.4	7.5	7.7	48T
Idaho	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.3	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Illinois	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Indiana	8.4	8.4	8.2	8.4	7.9	8.3	8.1	8.4	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Iowa	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Kansas	8.4	8.5	8.3	8.4	7.9	8.3	8.1	8.4	8.3	8.1	8.2	8.0	7.3	7.5	7.6	7.8	11T
Kentucky	8.4	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Louisiana	8.4	8.5	8.3	8.4	7.9	8.3	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.6	7.7	7.8	11T
Maine	8.3	8.4	8.2	8.3	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.7	48T
Maryland	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Massachusetts	8.4	8.5	8.3	8.4	7.9	8.3	8.1	8.4	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Michigan	8.3	8.4	8.2	8.3	7.9	8.3	8.1	8.3	8.2	8.0	8.1	7.8	7.1	7.4	7.5	7.7	48T
Minnesota	8.4	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Mississippi	8.4	8.4	8.2	8.3	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.8	11T
Missouri	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
Montana	8.3	8.4	8.1	8.3	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.1	7.4	7.6	7.7	48T
Nebraska	8.4	8.5	8.3	8.4	8.0	8.3	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.5	7.6	7.8	11T
Nevada	8.3	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.3	8.1	8.2	7.9	7.2	7.5	7.6	7.7	48T
New Hampshire	8.5	8.5	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	7.9	7.2	7.5	7.6	7.8	11T
New Jersey	8.3	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.8	11T
New Mexico	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.2	8.1	8.2	7.9	7.2	7.5	7.6	7.8	11T
New York	8.3	8.4	8.2	8.3	7.8	8.2	8.1	8.3	8.1	8.0	8.1	7.8	7.2	7.4	7.5	7.7	48T
North Carolina	8.5	8.6	8.3	8.5	8.0	8.4	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.6	7.7	7.9	2T
North Dakota	8.4	8.5	8.2	8.4	8.0	8.3	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.5	7.7	7.9	2T
Ohio	8.3	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.8	11T
Oklahoma	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.4	8.3	8.1	8.2	8.0	7.3	7.5	7.6	7.8	11T
Oregon	8.3	8.4	8.2	8.3	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.4	7.6	7.7	48T
Pennsylvania	8.4	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.8	11T
Rhode Island	8.3	8.4	8.2	8.3	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.7	48T
South Carolina	8.5	8.6	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	7.9	7.3	7.5	7.6	7.8	11T
South Dakota	8.4	8.5	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.6	7.7	7.9	2T
Tennessee	8.4	8.5	8.3	8.4	8.0	8.3	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.5	7.7	7.8	11T
Texas	8.5	8.6	8.3	8.5	8.0	8.4	8.2	8.4	8.3	8.2	8.3	8.0	7.3	7.6	7.7	7.9	2T
Utah	8.4	8.5	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.5	7.6	7.8	11T
Vermont	8.4	8.5	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.7	48T
Virginia	8.5	8.6	8.3	8.5	8.0	8.4	8.2	8.4	8.3	8.2	8.3	8.0	7.3	7.6	7.7	7.9	2T
Washington	8.3	8.4	8.2	8.3	7.9	8.2	8.0	8.3	8.1	8.0	8.1	7.8	7.2	7.4	7.5	7.7	48T
West Virginia	8.3	8.4	8.2	8.3	7.8	8.2	8.1	8.3	8.2	8.0	8.1	7.8	7.1	7.4	7.5	7.7	48T
Wisconsin	8.3	8.4	8.2	8.4	7.9	8.3	8.1	8.3	8.2	8.1	8.1	7.9	7.2	7.5	7.6	7.8	11T
Wyoming	8.4	8.5	8.3	8.4	8.0	8.4	8.2	8.4	8.3	8.2	8.2	8.0	7.3	7.6	7.7	7.9	2T

\* Rank out of 92 in 2012.

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pages**Table 3.10a: Scores for Area 3, Labor Market Freedom, at the Provincial and Municipal Levels in Canada, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alberta	6.3	6.0	5.8	6.2	6.3	6.1	6.2	6.2	6.2	6.3	6.3	6.3	6.6	7.2	7.4
British Columbia	4.1	3.9	3.9	4.4	4.7	5.0	5.4	5.4	5.6	5.3	5.2	5.2	5.3	5.6	5.4
Manitoba	4.4	3.9	3.8	4.4	4.2	4.3	4.1	4.2	4.3	4.5	4.4	4.5	4.6	5.0	5.1
New Brunswick	3.3	3.1	3.3	3.9	4.2	4.7	4.9	5.4	5.3	5.1	4.9	5.0	5.3	5.6	5.9
Newfoundland & Labrador	2.0	2.0	2.0	2.2	2.7	2.8	3.1	3.4	3.6	3.5	3.6	3.2	3.5	3.8	4.2
Nova Scotia	3.4	3.5	3.5	4.2	4.1	4.7	4.8	5.1	5.0	5.2	5.2	5.0	5.0	5.3	5.8
Ontario	5.8	5.6	5.8	6.0	6.1	6.4	6.4	6.5	6.6	6.4	6.0	5.9	5.9	6.1	6.3
Prince Edward Island	3.8	3.5	4.0	4.6	4.6	4.9	5.0	5.2	5.1	5.0	4.9	5.2	5.6	5.7	6.2
Quebec	3.0	2.8	3.1	3.5	3.7	4.0	4.0	4.1	4.0	4.1	3.7	3.6	3.7	4.1	4.3
Saskatchewan	3.6	3.3	3.6	4.0	4.1	4.1	4.3	4.4	4.5	4.5	4.4	4.5	4.6	5.2	5.3

**Table 3.10b: Scores for Area 3, Labor Market Freedom, at the State and Local Levels in Mexico, 2003–2012**

	1981–2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
Aguascalientes		7.0	7.0	7.0	7.0	7.0	7.1	7.1	7.0	6.7	7.0	2T
Baja California		7.1	7.1	7.2	7.3	7.2	7.1	6.9	6.9	6.8	7.0	2T
Baja California Sur		6.9	7.0	7.0	6.8	6.8	6.7	6.7	6.7	6.6	6.6	12T
Campeche		7.0	7.0	7.1	7.1	6.7	6.7	6.7	6.7	6.9	6.7	8T
Chiapas		4.6	4.6	4.5	4.7	4.6	4.7	4.4	4.6	4.6	4.7	30
Chihuahua		5.9	5.9	6.0	6.9	7.1	7.0	6.9	6.8	6.9	6.9	5T
Coahuila de Zaragoza		4.9	5.0	5.0	5.3	5.4	5.6	5.6	5.7	5.4	5.2	25T
Colima		3.9	4.1	3.9	3.8	4.0	4.1	4.1	4.1	4.2	4.3	31T
Distrito Federal		7.7	7.7	7.7	7.8	7.8	7.9	7.9	8.2	8.0	8.2	1
Durango		6.2	6.2	6.2	6.1	6.0	5.9	5.8	6.3	6.1	6.3	15
Guanajuato		6.6	6.6	6.6	6.7	6.7	6.8	6.6	6.7	6.7	6.8	7
Guerrero		4.4	4.6	4.7	4.5	4.8	4.9	4.7	5.0	4.9	4.9	28T
Hidalgo		5.3	5.4	5.5	5.4	5.3	5.4	5.5	5.6	5.7	5.8	18T
Jalisco		6.4	6.4	6.5	6.4	6.4	6.3	6.2	6.5	6.6	6.6	12T
México		4.7	4.8	4.9	4.9	5.0	4.8	5.0	5.2	5.0	5.4	23
Michoacán de Ocampo		5.2	5.3	5.3	5.3	5.5	5.5	5.4	5.4	5.3	5.3	24
Morelos		6.0	6.0	6.1	6.1	6.0	6.0	5.9	6.2	6.2	6.2	16
Nayarit		5.1	5.4	5.4	5.4	5.3	5.2	4.9	5.2	5.2	5.1	27
Nuevo León		6.3	6.3	6.3	6.4	6.3	6.6	6.6	6.7	6.6	6.9	5T
Oaxaca		4.3	4.4	4.5	4.2	4.4	4.4	4.3	4.4	4.3	4.3	31T
Puebla		5.2	5.2	5.4	5.4	5.3	5.3	5.3	5.5	5.5	5.6	20T
Querétaro		6.2	6.2	6.2	6.2	6.5	6.6	6.7	6.7	6.8	7.0	2T
Quintana Roo		6.8	6.7	6.7	6.8	6.8	6.8	6.7	6.7	6.5	6.7	8T
San Luis Potosí		5.0	5.2	5.3	5.3	5.1	5.4	5.3	5.4	5.3	5.8	18T
Sinaloa		6.0	6.1	6.1	6.3	6.4	6.5	6.3	6.5	6.2	6.4	14
Sonora		6.2	6.2	6.3	6.1	6.4	6.6	6.4	6.4	6.3	6.7	8T
Tabasco		5.0	5.0	5.2	5.5	5.4	5.6	5.5	5.6	5.5	5.6	20T
Tamaulipas		5.6	5.6	5.7	5.7	5.6	5.7	5.7	5.8	5.9	5.9	17
Tlaxcala		4.9	4.9	4.7	4.9	4.6	4.6	4.7	4.9	4.8	4.9	28T
Veracruz de Ignacio de la Llave		5.0	5.1	5.1	5.2	5.5	5.3	5.3	5.6	5.4	5.6	20T
Yucatán		6.5	6.6	6.6	6.5	6.7	6.6	6.4	6.7	6.6	6.7	8T
Zacatecas		4.5	4.6	4.6	4.5	4.8	4.7	4.8	5.0	4.9	5.2	25T

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

\* Rank out of 32 in 2012.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
7.7	8.0	8.0	8.0	8.4	8.2	8.3	8.5	8.7	8.8	8.6	8.7	8.6	8.0	8.2	8.4	8.4	1
5.3	5.5	5.6	5.7	6.0	5.8	5.9	6.2	6.4	6.7	6.9	7.0	7.0	6.8	7.0	6.9	6.6	3
5.2	5.5	5.9	5.5	5.8	5.6	5.8	5.6	5.7	5.7	5.8	6.0	5.8	5.5	5.6	5.5	5.6	9
5.9	5.9	6.2	6.6	6.6	6.4	6.7	6.8	6.9	6.9	7.0	7.0	6.6	6.5	6.5	6.3	6.4	4
4.3	4.2	4.6	5.0	5.4	5.0	5.4	5.5	5.8	6.2	6.3	6.4	6.0	5.1	5.3	5.5	5.6	8
5.9	6.1	6.3	6.5	6.8	6.5	6.9	6.9	7.0	6.9	6.8	6.8	6.6	6.1	6.2	6.0	6.1	5
6.5	6.8	7.1	7.3	7.5	7.4	7.6	7.5	7.6	7.4	7.5	7.5	7.2	6.9	6.9	6.9	7.0	2
6.3	6.2	6.7	6.6	6.8	6.7	6.9	6.9	6.7	6.7	7.0	7.1	6.7	6.3	6.4	6.1	5.8	7
4.3	4.5	4.9	5.1	5.4	5.0	5.3	5.2	5.5	5.4	5.4	5.6	5.4	5.2	5.3	5.1	5.2	10
5.5	5.6	5.7	5.6	5.9	5.4	5.7	5.7	6.0	6.0	5.8	6.1	6.2	5.6	5.8	5.9	6.1	6

\* Rank out of 10 in 2012.

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pages**Table 3.10c: Scores for Area 3, Labor Market Freedom, at the State and Local Level in the United States, 1981–2012**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Alabama	3.3	3.3	3.7	4.3	4.5	4.7	5.1	5.3	5.4	5.4	5.1	5.1	5.2	5.4	5.8
Alaska	4.9	5.0	4.9	5.2	5.0	4.8	5.3	5.2	5.5	5.3	5.3	5.4	5.5	5.6	5.4
Arizona	4.3	4.3	4.7	5.5	5.7	6.0	6.2	6.3	6.4	6.1	5.8	6.0	5.9	6.2	6.5
Arkansas	3.9	4.0	4.3	5.0	5.0	5.3	5.4	5.7	5.9	5.7	5.5	5.7	5.9	6.1	6.4
California	4.5	4.7	4.9	5.4	5.6	5.8	6.0	6.0	5.9	6.0	6.0	5.9	6.0	6.1	6.3
Colorado	5.2	5.5	5.6	6.1	6.2	6.2	6.2	6.5	6.7	6.6	6.4	6.5	6.8	6.9	7.1
Connecticut	4.9	5.2	5.4	6.0	6.2	6.5	6.6	6.5	6.6	6.6	6.5	6.7	6.6	6.6	6.8
Delaware	4.3	4.5	5.0	5.6	5.9	6.1	6.4	6.7	6.9	6.8	6.6	6.6	6.7	6.9	7.2
Florida	4.5	4.7	5.1	5.7	6.0	6.2	6.3	6.5	6.6	6.4	6.0	6.1	6.3	6.4	6.7
Georgia	4.1	4.3	4.7	5.5	5.9	6.2	6.3	6.3	6.6	6.6	6.3	6.5	6.7	6.7	7.1
Hawaii	4.4	4.5	4.8	5.1	5.3	5.5	5.6	5.5	5.8	5.9	5.9	5.6	5.3	5.4	5.8
Idaho	3.9	3.7	4.2	4.8	4.6	4.6	4.7	5.2	5.7	5.6	5.3	5.3	5.6	6.0	6.2
Illinois	4.2	4.2	4.4	5.1	5.2	5.4	5.5	5.9	6.1	6.0	5.8	5.9	5.9	6.2	6.4
Indiana	3.7	3.6	3.9	4.4	4.8	5.1	5.2	5.5	5.7	5.7	5.4	5.5	5.8	5.9	6.4
Iowa	4.1	3.9	3.9	4.4	4.5	4.8	5.0	5.2	5.4	5.2	5.2	5.2	5.4	5.7	5.9
Kansas	4.3	4.4	4.6	5.2	5.3	5.3	5.5	5.6	5.7	5.6	5.3	5.4	5.5	5.6	5.9
Kentucky	4.0	4.2	4.4	5.0	5.1	5.3	5.4	5.6	5.9	5.9	5.6	5.8	5.9	6.2	6.3
Louisiana	4.8	4.7	4.4	5.1	5.2	4.9	5.2	5.4	5.6	5.7	5.4	5.2	5.3	5.6	5.9
Maine	3.2	3.5	3.9	4.4	4.8	5.1	5.1	5.6	5.7	5.3	5.1	5.4	5.7	5.7	5.9
Maryland	4.0	4.2	4.8	5.4	5.7	6.0	6.3	6.5	6.7	6.7	6.5	6.4	6.5	6.6	6.8
Massachusetts	4.3	4.7	5.0	5.7	6.1	6.4	6.4	6.5	6.6	6.6	6.4	6.6	6.7	6.9	7.0
Michigan	2.8	2.8	3.2	3.9	4.2	4.4	4.6	4.8	5.0	4.9	4.7	4.7	5.0	5.4	5.6
Minnesota	4.0	4.1	4.4	4.9	5.0	5.3	5.3	5.6	5.7	5.7	5.4	5.4	5.5	5.9	6.0
Mississippi	3.1	3.1	3.4	4.0	4.0	4.3	4.4	4.8	4.9	4.7	4.5	4.6	5.0	5.4	5.7
Missouri	4.3	4.5	4.7	5.3	5.5	5.8	5.9	6.1	6.4	6.4	6.2	6.2	6.2	6.4	6.6
Montana	3.8	3.7	3.8	4.1	3.7	3.9	4.1	4.3	4.6	4.5	4.3	4.2	4.5	4.9	5.2
Nebraska	4.2	4.2	4.4	4.8	4.9	5.2	5.3	5.3	5.6	5.7	5.5	5.6	5.7	6.2	6.4
Nevada	4.9	4.8	5.0	5.3	5.7	6.1	6.4	6.6	6.8	6.9	6.3	6.2	6.5	6.7	6.7
New Hampshire	4.5	4.8	5.2	6.0	6.4	6.6	6.9	6.9	6.7	6.5	6.3	6.5	6.7	6.8	6.9
New Jersey	3.4	3.7	4.1	4.8	4.9	5.4	5.5	5.7	5.9	5.7	5.5	5.4	5.4	5.5	5.8
New Mexico	3.7	3.8	3.8	4.3	4.4	4.3	4.4	4.7	4.9	4.7	4.6	4.7	5.0	5.3	5.4
New York	3.1	3.3	3.5	3.9	4.2	4.5	4.5	4.8	4.9	4.7	4.4	4.7	4.7	4.8	5.2
North Carolina	4.5	4.6	5.1	5.7	5.9	6.3	6.4	6.5	6.7	6.6	6.3	6.5	6.5	6.8	7.1
North Dakota	5.0	5.0	5.0	5.1	5.1	4.9	5.0	4.9	5.3	5.3	5.3	5.5	5.6	5.8	6.0
Ohio	3.7	3.7	3.9	4.6	4.8	5.1	5.2	5.4	5.7	5.5	5.3	5.4	5.5	5.9	6.1
Oklahoma	5.2	5.3	5.0	5.5	5.5	5.2	5.4	5.7	5.7	5.5	5.3	5.4	5.6	5.7	5.9
Oregon	3.3	3.2	3.6	3.9	4.1	4.6	4.6	4.9	5.0	4.8	4.7	4.9	5.1	5.2	5.6
Pennsylvania	3.7	3.8	4.0	4.7	5.1	5.4	5.6	6.0	5.9	6.0	5.9	6.0	6.1	6.3	6.5
Rhode Island	3.9	4.1	4.4	4.8	5.3	5.6	5.7	5.9	6.0	5.9	5.5	5.7	5.9	6.2	6.1
South Carolina	4.0	4.1	4.5	5.4	5.4	5.6	5.8	6.0	6.2	6.1	5.7	5.7	5.9	6.1	6.4
South Dakota	3.9	3.9	4.2	4.8	4.8	5.1	5.5	5.6	5.7	5.9	5.7	5.8	6.0	6.2	6.5
Tennessee	4.1	4.2	4.5	5.2	5.4	5.6	5.9	6.2	6.3	6.3	6.2	6.3	6.5	6.6	7.0
Texas	6.1	6.1	6.0	6.4	6.5	6.3	6.4	6.5	6.6	6.6	6.4	6.3	6.4	6.5	6.8
Utah	3.9	4.0	4.2	4.9	5.1	5.3	5.3	5.5	5.8	5.8	5.6	5.5	5.7	6.1	6.5
Vermont	4.1	4.4	4.7	5.2	5.4	5.7	6.0	6.1	6.1	6.1	5.8	6.1	6.3	6.5	6.5
Virginia	4.8	5.0	5.4	5.9	6.3	6.7	6.8	6.9	7.1	7.0	6.7	6.7	6.8	7.1	7.3
Washington	3.6	3.7	4.0	4.4	4.5	4.6	5.0	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.5
West Virginia	2.1	2.2	2.0	2.5	2.8	3.0	3.0	3.5	4.0	3.9	3.7	3.8	4.1	4.5	4.9
Wisconsin	3.6	3.6	3.8	4.2	4.5	4.7	5.0	5.2	5.3	5.4	5.2	5.3	5.5	5.8	6.0
Wyoming	5.9	5.4	4.7	4.8	4.7	4.5	4.5	4.7	4.7	4.9	4.8	4.8	5.1	5.2	5.5

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Rank*
6.0	6.0	6.0	6.0	6.3	6.2	6.3	6.4	6.5	6.7	6.9	6.8	6.5	5.9	6.0	6.1	6.3	43
5.6	5.7	5.5	5.4	5.5	5.5	5.3	5.3	5.8	5.8	6.0	6.1	6.1	6.0	5.9	6.0	6.0	46
6.8	6.9	7.0	7.1	7.2	7.2	7.2	7.3	7.3	7.6	7.6	7.2	6.9	6.7	6.8	6.9	7.1	20
6.6	6.6	6.5	6.5	6.8	6.6	6.7	6.9	7.0	7.2	7.1	6.9	6.8	6.5	6.5	6.6	6.8	28
6.5	6.5	6.5	6.5	6.7	6.4	6.1	6.3	6.6	6.7	6.9	6.7	6.3	6.3	6.4	6.5	6.7	31
7.3	7.3	7.5	7.5	7.7	7.6	7.7	7.7	7.8	7.8	7.9	7.6	7.5	7.3	7.4	7.3	7.4	8
7.1	7.0	7.0	6.8	7.0	6.9	6.7	6.8	6.9	7.0	7.1	7.1	6.9	6.7	6.8	6.8	7.1	16
7.2	7.4	7.4	7.3	7.4	7.3	7.4	7.5	7.6	7.6	7.7	7.6	7.2	7.2	7.3	7.3	7.4	9
6.9	7.0	7.1	7.2	7.3	7.3	7.5	7.6	7.8	7.8	7.8	7.7	7.4	7.2	7.2	7.2	7.3	13
7.2	7.2	7.3	7.4	7.7	7.5	7.6	7.5	7.6	7.8	7.9	7.8	7.5	7.1	7.2	7.3	7.4	6
6.0	5.7	5.8	6.0	6.1	6.1	6.0	6.1	6.3	6.3	6.4	6.6	6.3	6.3	6.4	6.5	6.6	33
6.3	6.1	6.1	6.1	6.6	6.5	6.5	6.6	6.8	7.1	7.3	7.4	6.9	6.4	6.3	6.5	6.6	34
6.5	6.6	6.7	6.8	6.9	6.8	6.7	6.9	7.0	6.8	7.0	7.1	6.6	6.4	6.6	6.5	6.8	26
6.6	6.6	6.5	6.6	6.8	6.7	6.8	7.0	7.2	7.2	7.2	7.2	6.8	6.5	6.7	6.7	7.1	19
6.1	6.1	6.3	6.2	6.3	6.3	6.5	6.5	6.9	6.9	6.9	6.9	6.5	6.3	6.4	6.4	6.6	32
6.1	6.3	6.4	6.3	6.5	6.4	6.5	6.5	6.6	6.8	7.0	7.0	6.8	6.5	6.4	6.5	6.7	30
6.4	6.4	6.3	6.5	6.4	6.4	6.6	6.6	6.8	6.9	7.0	6.9	6.8	6.3	6.4	6.4	6.5	39
5.9	5.9	5.8	5.9	6.1	6.1	6.1	6.5	6.6	6.9	7.3	7.3	7.1	6.7	6.9	7.0	7.1	18
6.1	6.2	6.2	6.1	6.4	6.5	6.3	6.3	6.5	6.5	6.6	6.5	6.4	6.3	6.4	6.3	6.4	40
6.9	7.0	7.1	7.1	7.3	7.3	7.4	7.5	8.0	7.9	7.7	7.8	7.7	7.5	7.7	7.6	7.8	2
7.0	7.1	7.2	7.3	7.4	7.1	7.1	7.3	7.5	7.5	7.5	7.6	7.2	7.0	7.3	7.3	7.4	7
5.7	5.8	6.0	6.1	6.2	6.0	6.1	6.1	6.2	6.4	6.3	5.9	5.8	5.5	5.9	6.0	6.3	42
6.2	6.2	6.4	6.4	6.7	6.7	6.8	6.9	7.0	7.2	7.2	7.2	7.0	6.8	6.8	6.8	7.0	21
5.7	5.5	5.3	5.4	5.5	5.4	5.5	5.7	5.9	5.8	6.2	6.1	5.8	5.4	5.5	5.4	5.7	49
6.6	6.6	6.7	6.7	6.9	6.7	6.8	6.9	7.0	7.2	7.3	7.0	6.8	6.7	6.8	6.7	7.0	22
5.4	5.4	5.5	5.4	5.7	5.8	6.0	6.1	6.5	6.7	6.8	6.5	6.4	5.7	6.1	6.1	6.1	45
6.6	6.5	6.5	6.7	6.9	6.9	6.9	7.0	7.2	7.3	7.3	7.4	7.1	6.8	6.7	7.0	7.2	14
6.7	6.7	7.0	7.0	7.3	7.3	7.4	7.5	7.9	8.0	7.8	7.5	7.2	6.9	6.8	6.7	6.9	24
7.2	7.3	7.3	7.3	7.4	7.4	7.4	7.4	7.6	7.7	7.7	7.6	7.1	6.9	7.0	7.0	7.2	15
6.0	6.2	6.3	6.4	6.6	6.6	6.6	6.6	6.6	6.6	6.5	6.5	6.6	6.4	6.6	6.8	6.9	25
5.6	5.6	5.4	5.4	5.7	5.6	5.8	5.8	6.0	6.0	6.2	6.3	5.9	5.5	5.6	5.7	5.9	48
5.4	5.5	5.6	5.7	5.8	5.7	5.8	5.9	6.0	5.8	5.9	5.9	5.8	5.7	5.9	6.0	6.3	44
7.2	7.2	7.2	7.4	7.4	7.3	7.4	7.4	7.5	7.6	7.7	7.5	7.3	7.0	6.9	7.0	7.1	17
6.4	6.1	6.2	6.2	6.6	6.6	6.6	6.8	6.9	7.0	7.2	7.3	7.3	6.8	6.9	7.2	7.7	3
6.2	6.2	6.3	6.5	6.6	6.4	6.6	6.6	6.8	6.8	7.0	6.6	6.5	6.2	6.5	6.6	6.8	29
6.0	6.1	6.1	6.2	6.6	6.4	6.3	6.7	6.9	7.0	7.0	7.0	6.9	6.3	6.4	6.5	6.5	36
6.1	6.0	6.1	5.9	6.0	5.9	6.0	6.0	6.3	6.3	6.5	6.5	6.3	5.9	6.2	6.2	6.5	38
6.6	6.7	6.8	6.8	7.0	6.9	7.0	7.1	7.3	7.4	7.4	7.1	7.0	6.9	7.0	7.0	7.3	12
6.3	6.2	6.4	6.5	6.5	6.4	6.5	6.7	6.7	6.9	7.1	6.9	6.7	6.6	6.9	6.8	6.9	23
6.5	6.5	6.5	6.6	6.6	6.5	6.6	6.7	7.0	7.1	7.1	7.0	6.7	6.2	6.2	6.4	6.5	37
6.7	6.6	6.7	6.8	7.1	7.0	7.3	7.4	7.4	7.4	7.6	7.7	7.6	7.2	7.2	7.3	7.4	5
7.0	7.0	7.2	7.3	7.3	7.3	7.2	7.4	7.6	7.8	7.8	7.8	7.5	7.1	7.1	7.2	7.4	10
6.9	7.0	7.1	7.2	7.3	7.3	7.3	7.3	7.6	7.7	7.9	8.0	7.8	7.3	7.3	7.5	7.7	4
6.7	6.7	6.8	7.0	7.0	7.1	7.2	7.3	7.4	7.7	7.9	7.9	7.6	7.1	7.1	7.1	7.3	11
6.5	6.7	6.7	6.7	6.6	6.4	6.6	6.7	6.7	6.5	6.5	6.5	6.4	6.1	6.3	6.3	6.4	41
7.5	7.5	7.6	7.6	7.8	7.8	7.7	7.8	8.0	8.1	8.3	8.3	8.1	7.8	7.8	7.8	7.9	1
5.7	6.0	6.0	5.9	6.0	5.8	5.7	5.7	5.8	5.9	6.0	6.1	5.9	5.7	5.7	5.8	6.0	47
4.9	5.0	5.2	5.1	5.3	5.3	5.6	5.6	5.7	5.9	5.9	5.8	5.5	5.2	5.2	5.4	5.6	50
6.1	6.1	6.1	6.3	6.4	6.4	6.6	6.6	6.8	6.8	6.7	6.8	6.6	6.4	6.4	6.5	6.8	27
5.8	5.6	5.5	5.6	5.9	5.9	6.1	6.2	6.5	6.7	7.0	7.1	7.1	6.6	6.6	6.5	6.6	35

\* Rank out of 50 in 2012.





# Appendix A

## Methodology

### Calculating the scores

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

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

The world-adjusted all-government index adds the following:

- one additional component to Area 1—1D: Government enterprises and investment (the country score for variable 1C in *Economic Freedom of the World: 2014 Annual Report* [EFW]);
- one additional component to Area 2B—2Bii: Top marginal income and payroll tax rate (the country score for variable 1Dii in EFW);
- eight additional components to Area 3—
  - 3Aiv–ix: the six components of Labor market regulation (variable 5B in EFW),
  - 3B: Credit Market Regulations (variable 5A in EFW), and
  - 3C: Business Regulations (variable 5C in EFW);
- Area 4: Legal System and Property Rights (Area 2 in the EFW);
- Area 5: Sound Money (Area 3 in the EFW); and
- Area 6: Freedom to Trade Internationally (Area 4 in the EFW).

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[1] For two variables (1A and 2D), there were several large outliers that skewed the standardized scores. To account for this, we used a max for those two variables of the mean plus three standard deviations. A similar approach is used in *Economic Freedom of the World*.

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

### Income tax

Calculating the income-tax component was more complicated. The component examining the top marginal income-tax rate and the income threshold at which it applies was transformed into a score from zero to 10 using [Matrix 1](#), [Matrix 2a](#), and [Matrix 2b](#). Canadian nominal thresholds were first converted into constant 2012 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 2012 US dollars using the Consumer Price Index. Mexican nominal thresholds were first converted into constant 2012 Mexican Pesos by using the *Indice Nacional de Precios al Consumidor* (National Consumer Price Index) and then converted into US dollars using the Purchasing Power Parity between Mexico and the United States for each year. This procedure is based on the transformation system found in *Economic Freedom of the World: 1975–1995* (Gwartney et al., 1996), modified for this study to take into account a different range of top marginal tax rates and income thresholds. Matrix 1 was used in calculating the score for Component 2Bi, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at the all-government level; Matrix 2a was used to calculate the score for Component 2B at the subnational level for Canada, and Matrix 2b was used for the United States. Since there are no subnational income taxes in Mexico, this variable was not included in the Mexican subnational index.

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

Top Marginal Tax Rate	Income Threshold Level (US\$2012)		
	Less than \$58,780	\$58,780 to \$117,560	More than \$117,560
27% or less	10.0	10.0	10.0
27% to 30%	9.0	9.5	10.0
30% to 33%	8.0	8.5	9.0
33% to 36%	7.0	7.5	8.0
36% to 39%	6.0	6.5	7.0
39% to 42%	5.0	5.5	6.0
42% to 45%	4.0	4.5	5.0
45% to 48%	3.0	3.5	4.0
48% to 51%	2.0	2.5	3.0
51% to 54%	1.0	1.5	2.0
54% to 57%	0.0	0.5	1.0
57% to 60%	0.0	0.0	0.5
60% or more	0.0	0.0	0.0

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

Top Marginal Tax Rate	Income Threshold Level (US\$2012)		
	Less than \$58,780	\$58,780 to \$117,560	More than \$117,560
3.0% or less	10.0	10.0	10.0
3.0% to 6.0%	9.0	9.5	10.0
6.0% to 9.0%	8.0	8.5	9.0
9.0% to 12.0%	7.0	7.5	8.0
12.0% to 15.0%	6.0	6.5	7.0
15.0% to 18.0%	5.0	5.5	6.0
18.0% to 21.0%	4.0	4.5	5.0
21.0% to 24.0%	3.0	3.5	4.0
24.0% to 27.0%	2.0	2.5	3.0
27.0% to 30.0%	1.0	1.5	2.0
30.0% to 33.0%	0.0	0.5	1.0
33.0% to 36.0%	0.0	0.0	0.5
36.0% or more	0.0	0.0	0.0

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

Top Marginal Tax Rate	Income Threshold Level (US\$2012)		
	Less than \$58,780	\$58,780 to \$117,560	More than \$117,560
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

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 3 a jurisdiction gets a score of 2.5 if it has a top marginal income-tax rate of, say, 12.5% for incomes over \$58,780. Let us say the jurisdiction imposes a surcharge for income earners above \$117,560, increasing the top marginal income-tax rate to 13%. In Matrix 3, 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 2012, for instance, provinces and local governments accounted for about 80% of government consumption expenditures (variable 1A) in Canada while, in the United States, state and local governments were responsible for 57% of government consumption expenditures. In previous years, we have used an adjustment factor to create comparable numbers for the subnational scores. The addition of the Mexican states this year (where state and local governments accounted for only 40% of government consumption expenditures) has exacerbated the disparity in this area. Therefore, we have taken a different approach for the subnational index. Rather than scoring US states, Canadian provinces, and Mexican states together, we have produced separate subnational indexes for each country. This provides a more useful comparison of how individual jurisdictions within each country measure up against other jurisdictions in that same country. As a result, the adjustment previously used is no longer needed. For those who wish to compare jurisdictions in different countries, the world-adjusted all-governments index has always been the more appropriate measure. No adjustment factor is necessary at the all-government level because every level of government is counted.

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.

### **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 financial data, by province, was terminated by Statistics Canada, with 2009 being the last year available. Since there were three years of missing data, rather than using the previous year's data, we constructed an estimate for the 2010, 2011, and 2012 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 2009/10, 2010/11, and 2011/12. Those percentage changes were used with the 2009 data from Statistics Canada to calculate estimated values for 2010, 2011, and 2012 for the spending and revenue variables.

The data for the US states comes from the US Census Bureau. The local government data for 2012 was not scheduled to be released until November 2014. As a result, the state and local tax and spending totals for 2012 were not available. However, the state government data was available. The change in those state numbers from 2011 to 2012 was applied to the 2011 state and local data to produce a state and local estimate for 2012.

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 federal tax collections between each year after 2005 up to 2012 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 2012. 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.

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

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

# 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. On the all-governments index, when the Mexican states were added, there were several large outliers for this variable that skewed the standardized scores. To account for this, we used a max of the mean plus three standard deviations. (A similar approach is used in the annual reports of *Economic Freedom of the World*.)

##### *Sources for Canada*

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 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/fpt-trf/2013/fpt-trf-1304-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 (2014). *2012 Annual Survey of State Government Finances*. <<http://www.census.gov/govs/state/>> • US Census Bureau, *Consolidated Federal Funds Report* (various editions) • US Census Bureau, *Statistical Abstract of the United States* (various editions) • US Department of Commerce, Bureau of Economic Analysis. <<http://www.bea.gov/>>.



*Sources for Mexico*

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <<http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx>> (July 2014) • *Anexo estadístico del 1<sup>er</sup> Informe de Gobierno de Enrique Peña Nieto 2012-2013* (Statistical Appendix from Enrique Peña Nieto 1<sup>st</sup> “State of the Unión Address” 2012–2013) <<http://www.presidencia.gob.mx/descarga-el-resumen-ejecutivo-del-primer-informe/>> .

**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/2013/frt-trf-1304-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 (2014). *2012 Annual Survey of State Government Finances*. <<http://www.census.gov/govs/state/>> • US Census Bureau, *Consolidated Federal Funds Report* (various editions) • US Census Bureau, *Statistical Abstract of the United States* (various editions) • US Department of Commerce, *Bureau of Economic Analysis*, <<http://www.bea.gov/>>.

*Sources for Mexico*

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <<http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx>> (July 2014) • Cuenta de la Hacienda Pública Federal, Secretaría de Hacienda y Crédito Público, <[http://www.shcp.gob.mx/EGRESOS/contabilidad\\_gubernamental/Paginas/cuenta\\_publica.aspx](http://www.shcp.gob.mx/EGRESOS/contabilidad_gubernamental/Paginas/cuenta_publica.aspx)>.

**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/2013/frt-trf-1304-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 Census Bureau (2014). *2012 Annual Survey of State Government Finances*. <<http://www.census.gov/govs/state/>> • US Department of Commerce, Bureau of Economic Analysis, <<http://www.bea.gov/>>.

*Sources for Mexico*

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <<http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx>> (July 2014) • Private Sector—special request from Instituto Mexicano del Seguro Social: Total de Cuotas de Trabajadores Seguridad Social por estado (May 25, 2014) • Public Sector—special request from Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado: Ingresos por entidad federativa de cuotas de los ejercicios 2003–2012 (August 13, 2014).

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

When government owns what would otherwise be private enterprises and engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index, is the country score for variable 1C in *Economic Freedom of the World: 2014 Report*. A detailed description and data sources can be found in that report, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

**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/2013/frt-trf-1304-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 Census Bureau (2014). *2012 Annual Survey of State Government Finances*. <<http://www.census.gov/govs/state/>> • US Department of Commerce, Bureau of Economic Analysis, <<http://www.bea.gov/>> • Internal Revenue Service, Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2012* (and previous editions). <<http://www.irs.gov/pub/irs-soi/12databk.pdf>> • Tax Foundation (Washington, DC), <<http://www.taxfoundation.org/research/show/22685.html>> (December 19, 2007).

*Sources for Mexico*

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <<http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx>> (July 2014) • Instituto Nacional de Estadística y Geografía, *El ingreso y el gasto público en México*, <[http://www.inegi.org.mx/prod\\_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf](http://www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf)> • Special Request from Servicio de Administración Tributaria: Recaudación bruta federal por entidad federativa (various years) (July 7, 2014).

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

See Matrix 1, Matrix 2, and Matrix 3 in Appendix A (pp. 65–70) for information on how the final scores were calculated. Data for Quebec is adjusted for Quebec abatement at the subnational level.

*Sources for Canada*

Baldwin, John, and Ryan Macdonald (2010). *PPPs: Purchasing Power or Producing Power Parities?* Economic Analysis Research Paper Series. Cat. 11F0027M. No. 058. Statistics Canada • Canadian Tax Foundation, *Canadian Tax Journal*, Provincial Budget Roundup (2003, 2002, 2001, 2000), by Deborah L. Ort and David B. Perry • Canadian Tax Foundation, *Finances of the Nation* (various issues) • Palacios, Milagros (2008). *Purchasing Power Parity, United States and Canada, 1981–2005*. Fiscal Studies, Fraser Institute • Statistics Canada, CANSIM, 2012 • Statistics Canada, *National Economic Accounts, 2012* • Statistics Canada, *Provincial Economic Accounts, 2012*. • Canada Revenue Agency, <<http://www.cra-arc.gc.ca/formspubs/prioryear/t1/2012/menu-eng.html>>.

*Sources for the United States*

Tax Foundation (Washington, DC), *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/>>.

*Sources for Mexico*

Servicio de Administración Tributaria. *Tarifa para el cálculo del impuesto sobre la renta anual*. <[http://www.sat.gob.mx/informacion\\_fiscal/tablas\\_indicadores/Paginas/tarifas\\_ISR\\_antiguas.aspx](http://www.sat.gob.mx/informacion_fiscal/tablas_indicadores/Paginas/tarifas_ISR_antiguas.aspx)> • Secretaría de Gobernación, *Diario Oficial de la Federación*, <[http://www.dof.gob.mx/nota\\_detalle.php?codigo=702618&fecha=03/02/2003](http://www.dof.gob.mx/nota_detalle.php?codigo=702618&fecha=03/02/2003)>; <[http://www.dof.gob.mx/nota\\_detalle.php?codigo=789412&fecha=07/03/2005](http://www.dof.gob.mx/nota_detalle.php?codigo=789412&fecha=07/03/2005)>; <[http://www.cpware.com/mancera/sitio/uftarifas/tablas\\_anuales2004.php](http://www.cpware.com/mancera/sitio/uftarifas/tablas_anuales2004.php)>.

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

This variable, used only in the all-government index, is the country score for variable 1Dii in *Economic Freedom of the World: 2014 Report*. A detailed description and data sources can be found in that report, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

**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/frt-trf/2013/frt-trf-1304-eng.asp>>.

*Sources for the United States*

Tax Foundation (Washington, DC), *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/>> • US Census Bureau (2014). *2012 Annual Survey of State Government Finances*. <<http://www.census.gov/govs/state/>> • Internal Revenue Service. Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2012* (and previous editions). <<http://www.irs.gov/pub/irs-soi/12databk.pdf>>.

*Sources for Mexico*

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <<http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx>> (July, 2014) • Instituto Nacional de Estadística y Geografía, *El ingreso y el gasto público en México*,

<[http://www.inegi.org.mx/prod\\_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf](http://www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf)> • Special Request from Servicio de Administración Tributaria: Recaudacion bruta federal por entidad federativa (various years) (July 7, 2014).

## 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. On the all-government index, when the Mexican states were added, there were several large outliers for this variable that skewed the standardized scores. To account for this, we used a max of the mean plus three standard deviations. (A similar approach is used in *Economic Freedom of the World*.)

### 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/2013/ftr-trf-1304-eng.asp>>.

### Sources for the United States

Tax Foundation (Washington, DC), *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/>> • US Census Bureau (2014). *2012 Annual Survey of State Government Finances*. <<http://www.census.gov/govs/state/>> • Internal Revenue Service. Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2012* (and previous editions). <<http://www.irs.gov/pub/irs-soi/12databk.pdf>>.

### Sources for Mexico

Instituto Nacional de Estadística y Geografía, *El ingreso y el gasto público en México*, <[http://www.inegi.org.mx/prod\\_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf](http://www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/sociodemografico/igpm/2012/IGPM-2012.pdf)> • Special Request from Servicio de Administración Tributaria: Recaudacion bruta federal por entidad federativa (various years) (July 7, 2014).

## 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, the federal minimum wage was used for both indexes because the federal minimum wage supercedes state minimum wages when it is higher.<sup>1</sup>

*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).

*Sources for Mexico*

Comision Nacional de los Salarios Minimos, *Tabla de salarios mínimos generales y profesionales por áreas geográficas*, <[http://www.conasami.gob.mx/t\\_sal\\_mini\\_prof.html](http://www.conasami.gob.mx/t_sal_mini_prof.html)> (July 12, 2014).

**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>>.

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1 Because of a methodological error in previous editions, states with no minimum wage or a minimum wage below the US federal minimum wage had been incorrectly assigned a minimum wage of \$0 or that lower number, respectively. According to the US Department of Labor, “[f]ederal minimum wage law supersedes state minimum wage laws where the federal minimum wage is greater than the state minimum wage. In those states where the state minimum wage is greater than the federal minimum wage, the state minimum wage prevails” <<http://www.dol.gov/whd/minwage/america.htm>>. Currently there are four states with minimum wages below the federal minimum and five states with no state minimum wage.

*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/>>.

*Sources for Mexico*

Instituto Nacional de Geografía y Estadística, Banco de información económica, *Indicadores macroeconomicos del sector público*, <<http://www.inegi.org.mx/sistemas/bie/>> • ISSSTE (Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado) *Statistical Yearbooks* (various years), <<http://www2.issste.gob.mx:8080/index.php/mder-int-finanzas-anuarios>> • Instituto Mexicano de Seguridad Social, *Memoria Estadística 2013*, <<http://www.imss.gob.mx/conoce-al-imss/memoria-estadistica-2013>>.

**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 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/>>.

*Sources for Mexico*

Instituto Nacional de Estadística y Geografía, *Encuesta Nacional de Ocupación y Empleo*, <<http://www.inegi.org.mx/est/contenidos/proyectos/encuestas/hogares/>>



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

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

The data used for the world-adjusted all-government index is from *Economic Freedom of the World: 2014 Annual Report* (Gwartney, Lawson, and Hall, 2014), which is also published by the Fraser Institute. 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 subnational level, this does provide an appropriate measure of the difference in economic freedom among Canada, the United States, and Mexico. The world data are available at <<http://www.freetheworld.com/2014/Master-Index-2014-Report-FINAL.xls>>.

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

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.) The individual descriptions and sources can be found in *Economic Freedom of the World: 2014 Annual Report*, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

**Component 3A Labor Market Freedom**

*3Aiv Hiring regulations and minimum wage*

*3Av Hiring and firing regulations*

*3Avi Centralized collective bargaining*

*3Avii Hours regulations*

*3Aviii Mandated cost of worker dismissal*

*3Aix Conscription*

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

*3B1 Ownership of banks*

*3Bii Private sector credit*

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

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

**3Ci** *Administrative requirements*

**3Cii** *Bureaucracy costs*

**3Ciii** *Starting a business*

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

**3Cv** *Licensing restrictions*

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

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

The individual descriptions and sources can be found in *Economic Freedom of the World: 2014 Annual Report*, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

**4A** **Judicial independence**

**4B** **Impartial courts**

**4C** **Protection of property rights**

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

**4E** **Integrity of the legal system**

**4F** **Legal enforcement of contracts**

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

**4H** **Reliability of Police**

**4I** **Business costs of crime**

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

The individual descriptions and sources can be found in *Economic Freedom of the World: 2014 Annual Report*, available at <[www.freetheworld.com](http://www.freetheworld.com)>.

**5A** **Money growth**

**5B** **Standard deviation of inflation**

**5C** **Inflation: most recent year**

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



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

The individual descriptions and sources can be found in *Economic Freedom of the World 2014*, available at [www.freetheworld.com](http://www.freetheworld.com).

**6A Tariffs**

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

*6Aii Mean tariff rate*

*6Aiii Standard deviation of tariff rates*

**6B Regulatory trade barriers**

*6Bi Non-tariff trade barriers*

*6Bii Compliance costs of importing and exporting*

**6C Black-market exchange rates**

**6D Controls of the movement of capital and people**

*6Di Foreign ownership/investment restrictions*

*6Dii Capital controls*

*6Diii Freedom of foreigners to visit*



# Appendix C

## Selected Publications Using *Economic Freedom of North America*

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

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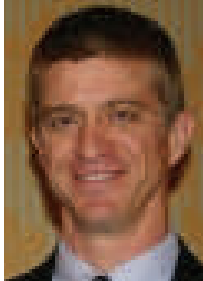
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Dean Stansel is an Associate Professor of Economics at Florida Gulf Coast University in Fort Myers. He earned a B.A. in Economics and Political Science from Wake Forest University in 1991 and a Ph.D. in Economics from George Mason University in 2002. Prior to entering academia, Stansel worked for seven years at the Cato Institute, where he was the author (or coauthor) of more than 60 publications, including op-eds in the *Wall Street Journal*, *Washington Post*, *Investor's Business Daily*, and *Chicago Tribune*, and the first four editions of the institute's biennial "Fiscal Policy Report Card on America's Governors". His academic research focuses on a variety of issues in public economics and urban economics. It has been cited in numerous publications including the *Wall Street Journal*, *New York Times*, *San Francisco Chronicle*, and *Atlanta Journal-Constitution*. Stansel was selected in late 2011 by the Economic Freedom Project to help publicize the findings of the various economic freedom reports, and the virtues of economic freedom in general, through a variety of media interviews (nearly 100 in 2013). In 2013, he published "An Economic Freedom Index for U.S. Metropolitan Areas", the first local economic freedom index. Stansel is married and has two young children.



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Nous envisageons un monde libre et prospère, où chaque personne bénéficie d'un plus grand choix, de marchés concurrentiels et de responsabilités individuelles. Notre mission consiste à mesurer, à étudier et à communiquer l'effet des marchés concurrentiels et des interventions gouvernementales sur le bien-être des individus.

Nuestra visión es un mundo libre y próspero donde los individuos se benefician de una mayor oferta, la competencia en los mercados y la responsabilidad individual. Nuestra misión es medir, estudiar y comunicar el impacto de la competencia en los mercados y la intervención gubernamental en el bienestar de los individuos.

## Peer Review—Validating the Accuracy of Our Research

The Fraser Institute maintains a rigorous peer review process for its research. New research, major research projects, and substantively modified research conducted by the Fraser Institute are reviewed by a minimum of one internal expert and two external experts. Reviewers are expected to have a recognized expertise in the topic area being addressed. Whenever possible, external review is a blind process.

Commentaries and conference papers are reviewed by internal experts. Updates to previously reviewed research or new editions of previously reviewed research are not reviewed unless the update includes substantive or material changes in the methodology.

The review process is overseen by the directors of the Institute's research departments who are responsible for ensuring all research published by the Institute passes through the appropriate peer review. If a dispute about the recommendations of the reviewers should arise during the Institute's peer review process, the Institute has an Editorial Advisory Board, a panel of scholars from Canada, the United States, and Europe to whom it can turn for help in resolving the dispute.

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