Dean Stansel, José Torra
& Fred McMahon

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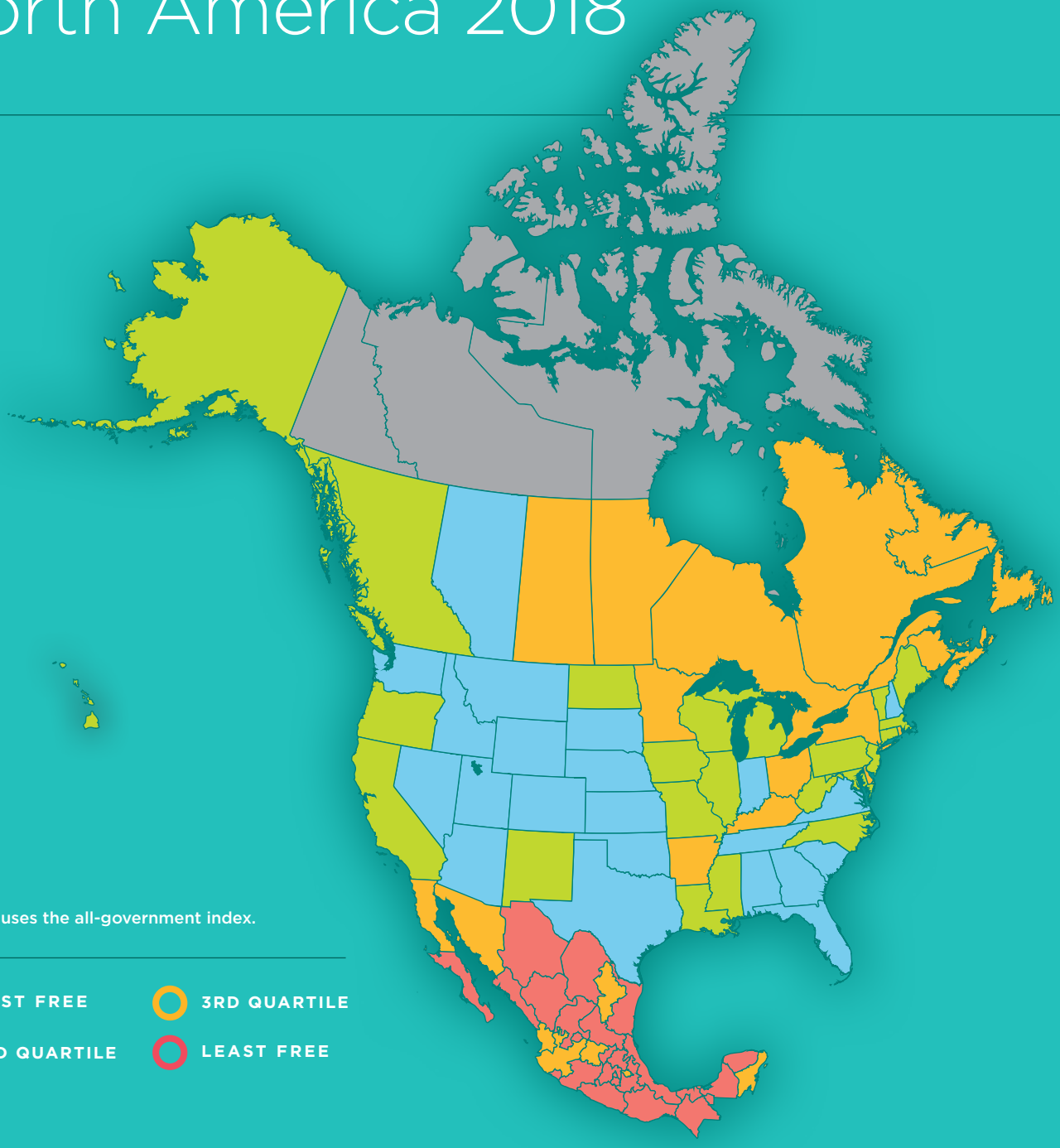
Economic Freedom of North America 2018



The map uses the all-government index.

- MOST FREE
- 2ND QUARTILE
- 3RD QUARTILE
- LEAST FREE

Economic Freedom of North America 2018

Dean Stansel, José Torra,
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Contents

Executive Summary

Economic Freedom of North America in 2016

Economic Freedom of North America 2018 is the fourteenth edition of the Fraser Institute's annual report. This year it measures the extent to which the policies of individual provinces and states were, in 2016, supportive of economic freedom, the ability of individuals to act in the economic sphere free of undue restrictions. There are two indices: one that examines provincial/state and municipal/local governments only and another that includes federal governments as well. The former, our subnational index, is for comparison of individual jurisdictions within the same country. The latter, our all-government index, is for comparison of jurisdictions in different countries.

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

Results for Canada, the United States, and Mexico

The all-government index

In *Economic Freedom of the World* (Gwartney, Lawson, Hall, and Murphy, 2018), for several years Canada has been ahead of the United States, which is in turn even further ahead of Mexico. The United States has once again pulled ahead of Canada, though only by 0.05 points: the United States ranks 6th, Canada, 10th. The inclusion of variables from that report in our all-government index allows us to display more accurately the gap between Canada, the United States, and Mexico. Thus, in last year's report, in the all-government index for 2015 the top jurisdiction was Canadian, with Alberta in first place with a score of 8.0, though tied with New Hampshire. Starting in 2015, however, both Canada and Alberta elected new political leaders who have been making changes in taxation, spending, and regulation that are already having a

significant negative effect on their economic freedom. As a result, after six years in the top position, in this year's index Alberta has fallen to a tie for 6th place at 7.99. The top state is New Hampshire at 8.08, followed closely by Florida at 8.07. The next highest Canadian province, British Columbia, is now down to 22nd at 7.94 (tied with three US states); Saskatchewan and Ontario are tied for 45th (with two US states) at 7.83.

The highest-ranked Mexican state is Nuevo Leon at 61st with 6.63, followed closely by Guanajuato with 6.61. They are nearly a full point behind those ranking lowest in Canada and the United States. The lowest-ranked state is Ciudad de México at 5.54, following Colima at 5.72, and Campeche at 5.88. The lowest-ranked Canadian provinces are all within less than one tenth of a point of each other and behind all 50 US states. Nova Scotia is 60th with 7.58, just behind Prince Edward Island (59th), New Brunswick (58th), and Quebec and Newfoundland & Labrador (tied at 56th). The lowest-ranked states in the United States are New York at 7.67 in 55th place, following Delaware (7.68, 54th) and Kentucky (7.73, 53rd).

Historically, economic freedom had been declining in all three countries until recently. From 2004 to 2013, the average score for all 92 jurisdictions fell from 7.64 to 7.10. Canadian provinces saw the smallest decline, only 0.08, whereas the decline in the United States was 0.58 and in Mexico was 0.63. However, economic freedom has increased in the United States and Mexico since 2013. In Canada, after an increase in 2014, it has fallen back below its 2013 level.

The subnational indices

For the purpose of comparing jurisdictions within the same country, the subnational indices are the appropriate choice. There is a separate subnational index for each country. In Canada, the most economically free province in 2016 was Alberta with 7.29, followed by British Columbia with 6.37, and Ontario at 5.93. However, the gap between Alberta and second-place British Columbia continues to shrink, down from 2.3 points in 2014 to 0.92 in 2016. The least free by far was Quebec at 2.89, following Nova Scotia at 4.06 and New Brunswick at 4.54.

In the United States, the most economically free state was Florida at 7.87, followed by New Hampshire at 7.65 and Texas at 7.52. Tennessee is fourth at 7.43 and South Dakota is fifth at 7.37. (Note that since the indexes were calculated separately for each country, the numeric scores on the subnational indices are not directly comparable across countries.) The least-free state was New York at 3.90, following Kentucky at 4.45. West Virginia was 48th at 4.48, California was 47th at 4.71, and Alaska was 46th at 4.80.

In Mexico, the most economically free state was Guanajuato at 6.71. Nuevo Leon was second at 6.47, followed by Baja California at 6.41. The least free Mexican states were Campeche at 2.29, Tabasco at 2.74, and Chiapas at 3.37.

In addition to the tables found in chapter 3, our new interactive website at www.freetheworld.com contains all the latest scores and rankings for each of the components of the index as well as historical data on the overall and area scores. The full dataset is also available for download at that same website.

Economic freedom and economic well-being at the subnational level

The jurisdictions in the least economically free quartile (one fourth) on the all-government index had, in 2016, an average per-capita income of just US$1,892, compared to US$46,347 for the most economically free quartile. On the subnational index, the same relationship holds, with the least-free quartile having an average per-capita income more than 10% below the national average, while the most-free quartile was over 7% above it.

In addition, economic freedom at the subnational level has generally been found to be positively associated with a variety of measures of the per-capita size of the economy and the growth of the economy as well as various measures of entrepreneurial activity. There are now more than 250 articles by independent researchers examining subnational economic freedom using the data from *Economic Freedom of North America*. (Appendix C lists some of the most recent 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 vast majority of the results correlate higher levels of economic freedom with positive outcomes, such as economic growth, lower unemployment, reduced poverty, and so on. 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 <https://www.fraserinstitute.org/economic-freedom/dataset>. The data file available there contains the most up-to-date and accurate data for the index published in *Economic Freedom of North America*. All editions of the report are available in PDF and can be downloaded for free at <www.fraserinstitute.org/studies/economic-freedom>. However, users are always strongly encouraged to use the data from the most recent data file as updates and corrections, even to earlier years' data, do occur.

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

Cite the dataset

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Publisher Fraser Institute

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Chapter 1
Economic Freedom of Canada, the United States, and Mexico in 2016

Economic freedom and the index

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

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

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

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

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

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

In 1999, the Fraser Institute published *Provincial Economic Freedom in Canada: 1981–1998* (Arman, Samida, and Walker, 1999), a measure of economic freedom in 10 Canadian provinces. *Economic Freedom of North America* updates and, by including the 50 US states and the 32 Mexican states, expands this initial endeavor. It looks at the 10 Canadian provinces (Northwest Territories, Nunavut, and Yukon are not included) and the 50 US states from 1981 to 2015 and the 32 Mexican states back to 2003. Each province and state is ranked on economic freedom at both the subnational (state/provincial and local/municipal) and the all-government (federal, state, and local) levels. This helps isolate the impact of different levels of government on economic freedom in Canada, the United States, and Mexico. The subnational index provides a comparison of how individual jurisdictions within a country measure up against other jurisdictions in that country. The all-governments index provides a comparison of how individual jurisdictions in different countries compare to each other.

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

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

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

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

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

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

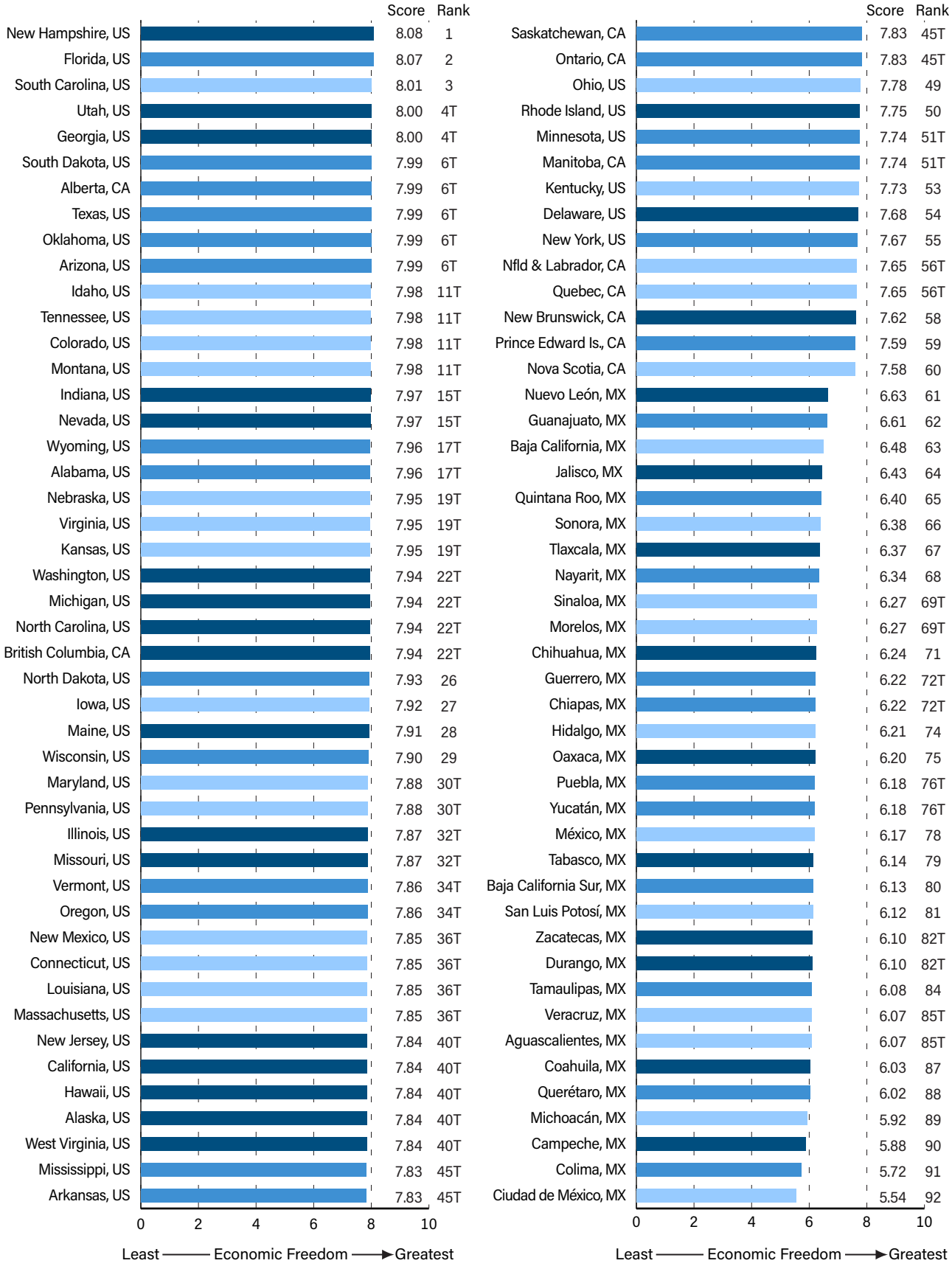
With the exception of sound money, freedom to trade, business regulation, and government enterprises, for which Canada and the United States have very similar scores (and labor market regulations, on which the United States has a slight advantage), the gap that had grown between Canada and the United States in these areas much favored Canada and thus the scores of the provinces significantly increased when these data were included—something that would not have occurred in earlier years when the scores from the world index in these areas were closer. The impact of changes in taxation and spending by the governments of Canada and Alberta has begun to reverse that trend (Clemens, Lau, Palacios, and Veldhuis, 2017).

Results on the all-government index

As figure 1.1 indicates, on the all-government index, after six years in the top position, Alberta is now down to a tie for sixth place at 7.99.[2] New Hampshire takes over the top spot with 8.08, followed closely by Florida with 8.07. South Carolina (8.01), Utah (8.00), and Georgia (8.00) also rank ahead of Alberta. The next highest Canadian province, British Columbia, is now down to 22nd at 7.94 (tied with three US states).[3] Saskatchewan and Ontario are tied for 45th (with two US states) at 7.83. The lowest-ranked Canadian province is Nova Scotia at 60th with 7.58, just behind Prince Edward Island at 59th with 7.59. New Brunswick (7.62) and Quebec and Newfoundland & Labrador (tied at 7.65) are behind the lowest ranked US state, New York at 55th with 7.67. The next lowest-ranked states in the United States are Delaware (54th, 7.68) and Kentucky (53rd, 7.73).

2. The data for this year's report is from 2016. Beginning in 2015, Alberta's government began making changes in taxation, spending, and regulation that are likely to continue to have a further significant negative effect on the province's economic freedom in the coming years. See the research at: <www.fraserinstitute.org/studies/provincial-prosperity>.
3. In the figures, ties are indicated by the use of the same shade.

Figure 1.1: Summary of Ratings for Economic Freedom at the All-Government Level, 2016



The highest-rated Mexican state is Nuevo Leon at 61st with 6.63, behind all 50 US states and 10 Canadian provinces, and below 60th place by just under a full point. Guanajuato is close behind at 6.61, followed by Baja California (6.48, 63rd) and Jalisco (6.43, 64th). The lowest rated is Ciudad de México (92nd with 5.54) following Colima at 5.72 and Campeche at 5.88. (For a more detailed discussion of Mexican results, see Chapter 2: Economic Freedom of the Mexican States in 2016.)

As table 1.1 indicates, on average, US states have a higher level of economic freedom on the all-government index than Canadian provinces (7.90 out of 10 compared to 7.74). That lead has grown since last year's report. Historically, economic freedom had generally been declining in all three countries, though less so in Canada. From 2004 to 2013, the overall average score declined from 7.64 to 7.10. Since then, it has increased to 7.28, rising in both the United States and Mexico, but falling slightly in Canada.

Table 1.1: Average Economic Freedom Scores at the All-Government Level, 2003–2016

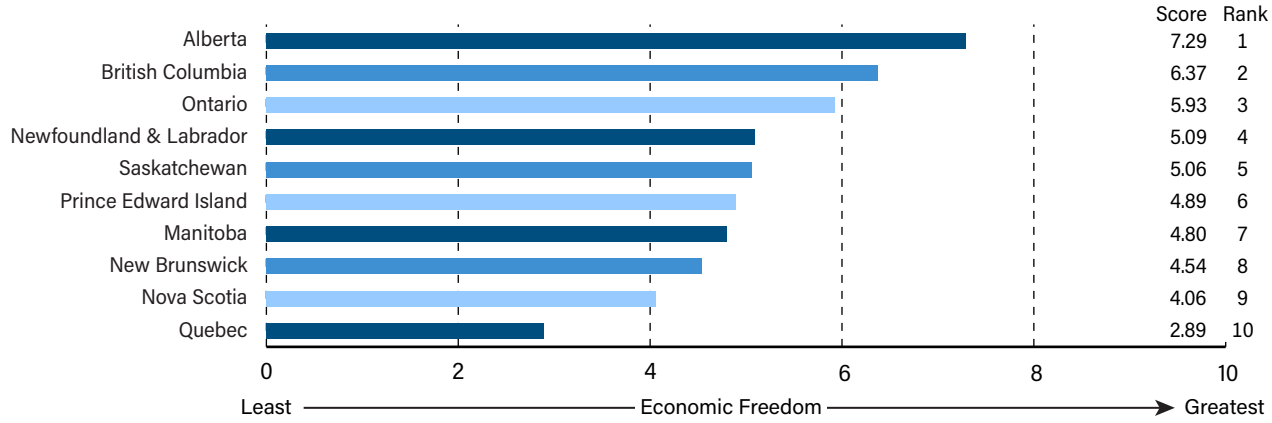
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Canada	7.82	7.85	7.79	7.82	7.82	7.82	7.75	7.77	7.71	7.76	7.77	7.93	7.74	7.74
United States	8.23	8.24	8.07	8.04	8.13	8.06	7.84	7.73	7.68	7.78	7.66	7.73	7.83	7.90
Mexico	6.52	6.63	6.52	6.60	6.43	6.20	6.07	6.04	6.02	6.08	6.00	6.14	6.16	6.18
Overall average	7.59	7.64	7.50	7.51	7.50	7.39	7.22	7.15	7.11	7.19	7.10	7.20	7.24	7.28
United States minus Canada	0.41	0.39	0.28	0.22	0.31	0.24	0.09	–0.03	–0.03	0.02	–0.10	–0.20	0.10	0.16
Canada minus Mexico	1.30	1.23	1.27	1.21	1.39	1.61	1.68	1.72	1.68	1.69	1.77	1.79	1.58	1.56

Table 3.1 (pp. 34–35) shows the individual scores for all six areas included in the all-government index. The calculations for the index and the data sources for the scores are found in appendices A and B. Because of a lack of available data for the Mexican states, the all-government index extends back only to 2003. The longer time series back to 1985 is available at our website <www.fraserinstitute.org/studies/economic-freedom> in the full dataset. We cannot go all the way back to 1981 because the EFW data is currently only available at five-year intervals prior to 2000. Since these data are at the national level, they do not affect calculations of the subnational indices. The subnational indices for Canada and the United States continue to extend back to 1981.

Results on the subnational indices

For comparisons of jurisdictions within the same country, the subnational indices are most appropriate. Figures 1.2a to 1.2c show the subnational index for each North American country. Alberta, with a score of 7.29, was in 2016 by far the most

Figure 1.2a: Summary of Canadian Ratings for Economic Freedom at the Subnational Level, 2016



economically free province in Canada (figure 1.2a), although its lead has shrunk substantially, down from 2.3 points in 2014 to 0.92 in 2016.[4] The next highest province was British Columbia at 6.37 followed by Ontario at 5.93. Quebec was at the bottom with 2.89, following Nova Scotia at 4.06 and New Brunswick at 4.54.

Figure 1.2b shows the subnational scores for the US states. Florida took the top spot with 7.87, followed by New Hampshire (7.65), Texas (7.52), Tennessee (7.43), and South Dakota (7.37).[5] The least-free state was New York with 3.90, then Kentucky (4.45), West Virginia (4.48), California (4.71), and Alaska (4.80).

The subnational scores for the Mexican states can be found in figure 1.2c. (Chapter 2 contains a more detailed discussion of the Mexican index.) The most economically free state was Guanajuato at 6.71, followed by Nuevo Leon at 6.47, and Baja California with 6.41. Campeche was the least-free Mexican state at 2.29. The next lowest were Tabasco (2.74) and Chiapas (3.37).

In addition to the tables in Chapter 3, all the 2016 scores and rankings for each of the components of the index as well as historical data on the overall and area scores may be found on our new interactive website at www.freetheworld.com, where the full dataset is also available for download.

Description of components

The theory of economic freedom is no different at the subnational level than it is at the global level, although different variables consistent with the theory of economic freedom must be found that suit subnational measures. The 10 components of the subnational index fall into three areas: Government Spending, Taxes, and Labor Market Freedom. Most of the components we use are calculated as a ratio of income in each jurisdiction and thus do not require the use of exchange rates or purchasing power

4. See footnote 2, above.
5. Note that since the indices were calculated separately for each country, the numeric scores on the sub-national indices are not directly comparable across countries.

Figure 1.2b: Summary of US Ratings for Economic Freedom at the Subnational Level, 2016

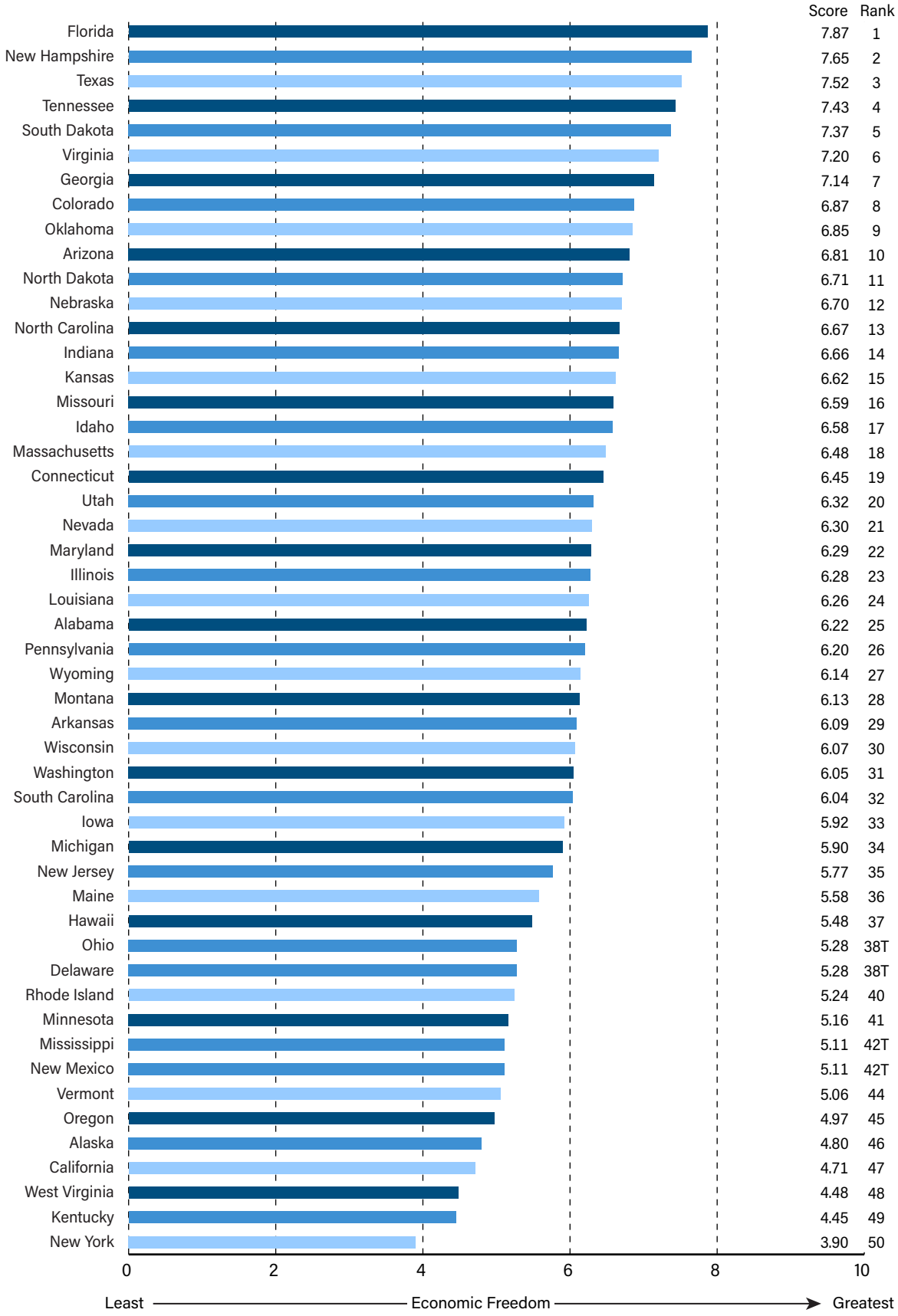
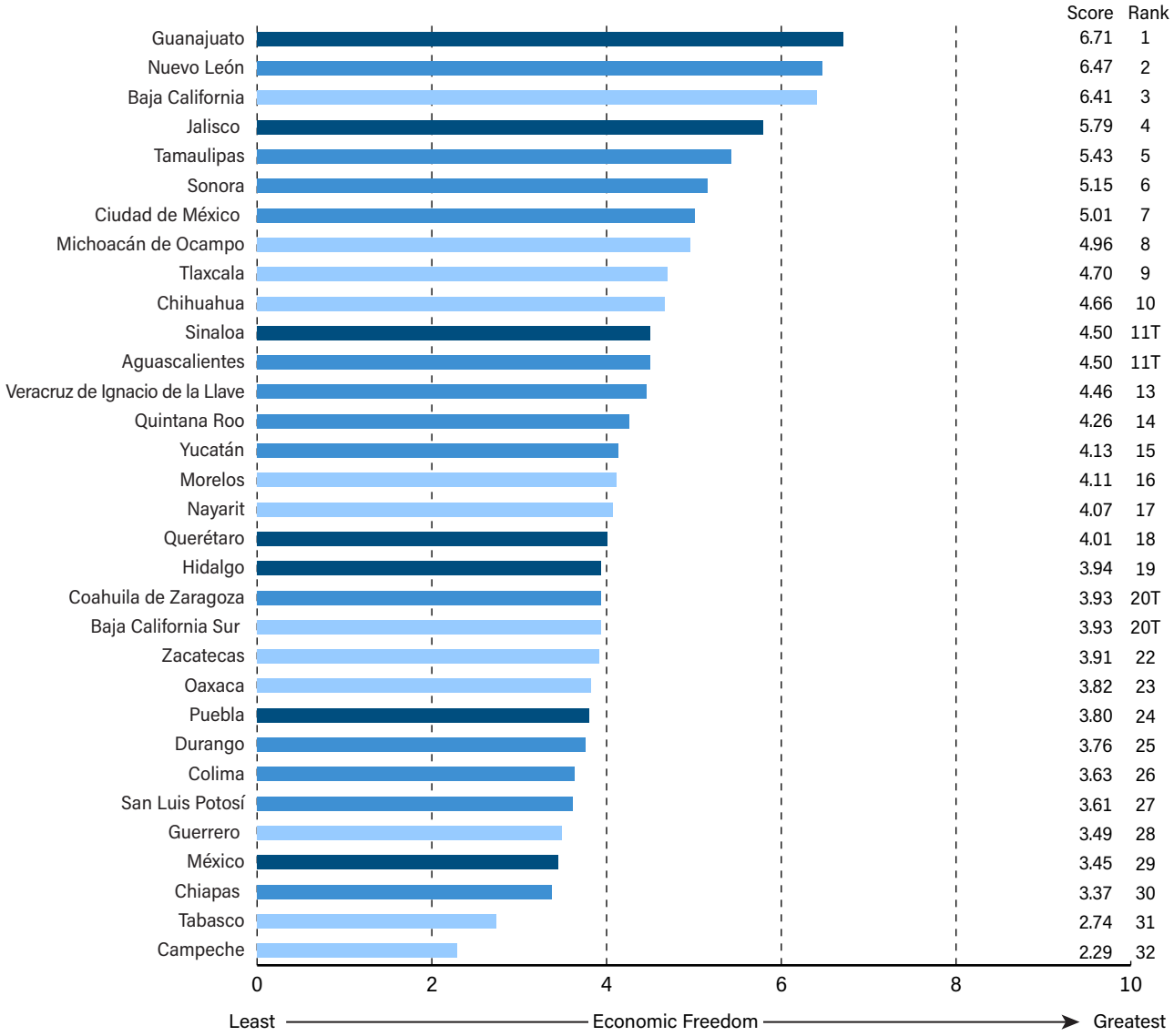


Figure 1.2c: Summary of Mexican Ratings for Economic Freedom at the Subnational Level, 2016



parities (PPP). The exception is component 2B, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, where purchasing power parity is used to calculate equivalent top thresholds in Canada and Mexico in US dollars.

Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 for each component was constructed to represent the underlying distribution of each of the 10 components in the index. The highest possible score on each component is 10, which indicates a high degree of economic freedom and the lowest possible score is 0, which indicates a low degree of economic freedom.[6] Thus,

6. Because of the way scores for economic freedom are calculated, a minimum-maximum procedure discussed in Appendix A: Methodology (p. 54), a score of 10 is not indicative of perfect economic freedom, but rather the most freedom among the existing jurisdictions.

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. 54, for more details).

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

Area 1 Government Spending

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

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

1B Transfers and Subsidies as a Percentage of Income

When the government taxes one person in order to give money to another, it separates individuals from the full benefits of their labor and reduces the real returns of such activity (Gwartney, Lawson, and Block, 1996). These transfers represent the

removal of property without providing a compensating benefit and are, thus, an infringement on economic freedom. Put another way, when governments take from one group in order to give to another, they are violating the same property rights they are supposed to protect. The greater the level of transfers and subsidies, the lower the score a jurisdiction receives.

1C Insurance and Retirement Payments as a Percentage of Income

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

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

When government owns what would otherwise be private enterprises and engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index, is the country score for variable 1C in *Economic Freedom of the World: 2018 Annual Report*. A detailed description and data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

Area 2 Taxes

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

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

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

2Bi Top Marginal Income Tax Rate[7] and the Income Threshold at Which It Applies

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

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

This variable, used only in the all-government index, is the country score for variable 1Dii in *Economic Freedom of the World: 2018 Annual Report*. A detailed description and data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

7. See Appendix A: Methodology (p. 54) for further discussion of how the rating for the top marginal tax rate and its threshold was derived.

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

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

2D Sales Tax Revenue as a Percentage of Income

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

Note about intergovernmental transfers and double counting

In examining the two areas above, it may seem that Areas 1 and 2 create a double counting, in that they capture the two sides of the government ledger sheet, revenues and expenditures, which presumably should balance over time. However, in examining subnational jurisdictions, this situation does not hold. A number of intergovernmental transfers break the link between taxation and spending at the subnational level.[8] 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.

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

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

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

3Aiii Union Density

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

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

Thus, we ran statistical tests to determine how significant an effect government employment had on unionization—a highly significant effect—and held this factor constant in calculating the component. We also ran tests to determine if the size of the manufacturing sector was significant. It was not and, therefore, we did not correct for this factor in calculating the component. It may also be that the size of the rural population has an impact on unionization. Unfortunately, consistent data from Canada, the United States, and Mexico are not available. Despite this limitation, the authors believe this proxy component is the best available at this time. Its results are consistent with the published information that is available (see, for example, Godin, Palacios, Clemens, Veldhius, and Karabegović, 2006).[9]

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

Components added for the all-government index

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

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

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

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, Hall, and Murphy, 2018, for a complete description of these variables.

Area 4 Legal System and Property Rights

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

4A Judicial Independence
4B Impartial Courts
4C Protection of Property Rights
4D Military Interference in Rule of Law and Politics

4E Integrity of the Legal System

4F Legal Enforcement of Contracts

4G Regulatory Restrictions on the Sale of Real Property

4H Reliability of Police

4I Business Costs of Crime

Area 5 Sound Money

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

5A Money Growth

5B Standard Deviation of Inflation

5C Inflation: Most Recent Year

5D Freedom to Own Foreign Currency Bank Accounts

Area 6 Freedom to Trade Internationally

Freedom to trade internationally is crucial to economic freedom because it increases the ability of individuals to engage in voluntary exchange, which creates wealth for both buyer and seller. The variables for Area 6 from the world index are the following.

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

More information on the variables and the calculations can be found in Appendices A and B. (For detailed descriptions of the country-level variables, readers can refer to Chapter 1: Economic Freedom of the World in 2016 and Appendix: Explanatory Notes

and Data Sources in *Economic Freedom of the World: 2018 Annual Report* (https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report). The inclusion of these data from the world index raises the scores for both the Canadian provinces and US states since both Canada and the United States do well in these areas when compared to other nations, as is done in the world index. The effect on the Mexican states tends to be the opposite.

Overview of the results

Following are some graphs that demonstrate dramatically the important links between prosperity and economic freedom. Figure 1.3 breaks the states and provinces into quartiles (or fourths) by economic freedom at the all-government level. For example, the category on the far left of the chart, "Least Free", represents the jurisdictions that score in the lowest fourth of the economic freedom ratings, the 23 lowest of the 92 Canadian, Mexican, and American jurisdictions. The jurisdictions in this least-free quartile have an average per-capita income of just US$1,892. This compares to an average per-capita income of US$46,347 for the 23 top-ranked jurisdictions. Figure 1.4 is similar to figure 1.3 but it shows economic freedom at the subnational level and measures both economic freedom and per-capita income as deviations from the national average, since the three subnational indices are not directly comparable.[10] Jurisdictions in the most-free quartile had per-capita incomes 7.3% above the national average, while those in the least-free quartile were 10.5% below it. In each index, average per-capita income in the most-free jurisdictions is substantially higher than in those that are the least free.

Finally, in this illustrative section, we look at the relationship between the growth of economic freedom and the growth of a jurisdiction's economy. In figure 1.5 and figure 1.6, growth in economic freedom is plotted along the horizontal axis while growth in income per capita is plotted along the vertical axis. Again, the expected relationships are found, with economic growth positively correlated with growth in economic freedom whether the latter is measured at the all-government level or the subnational level.

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 2016, provinces and local governments accounted for about 64% of total government revenue in Canada. In the United States, state and local governments were responsible for 35%, and in Mexico, for only 5%. Thus, government spending

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

Figure 1.3: Economic Freedom at the All-Government Level and Income per Capita in Canada, the United States, and Mexico, 2016

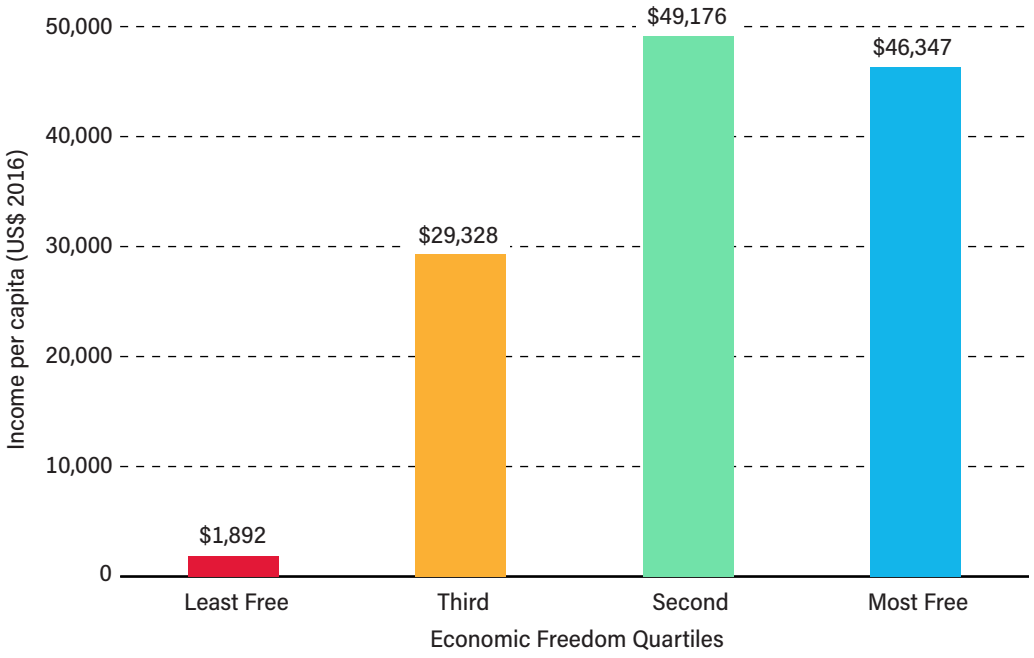


Figure 1.4: Economic Freedom at the Subnational Level and Percentage of Income per Capita above or below the National Average in Canada, the United States, and Mexico, 2016

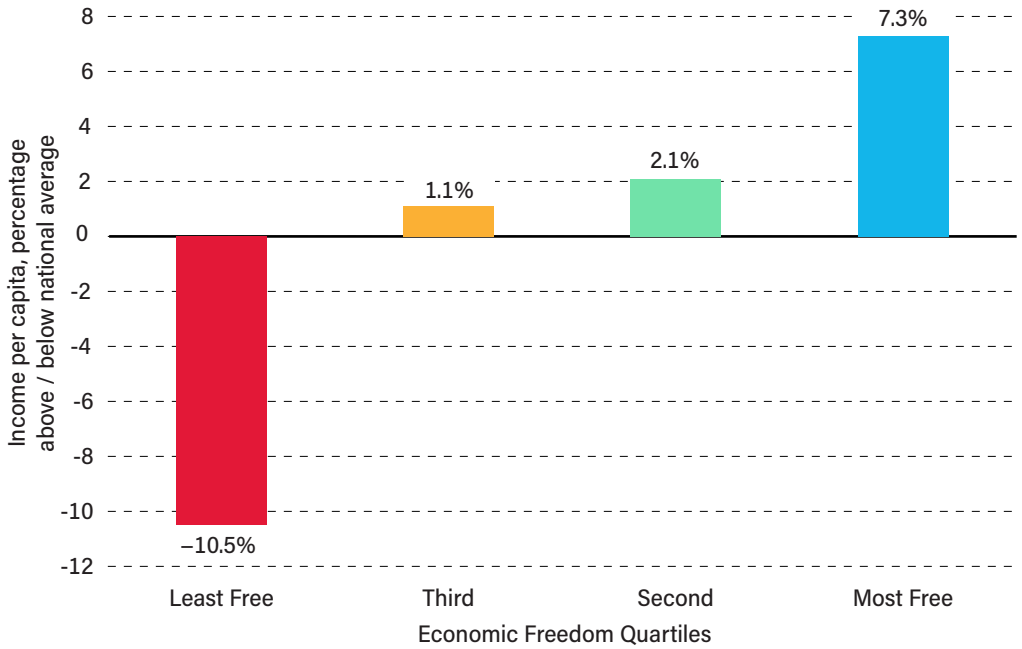


Figure 1.5: Average Growth in Income per Capita and in Economic Freedom at the All-Government Level, 2007–2016

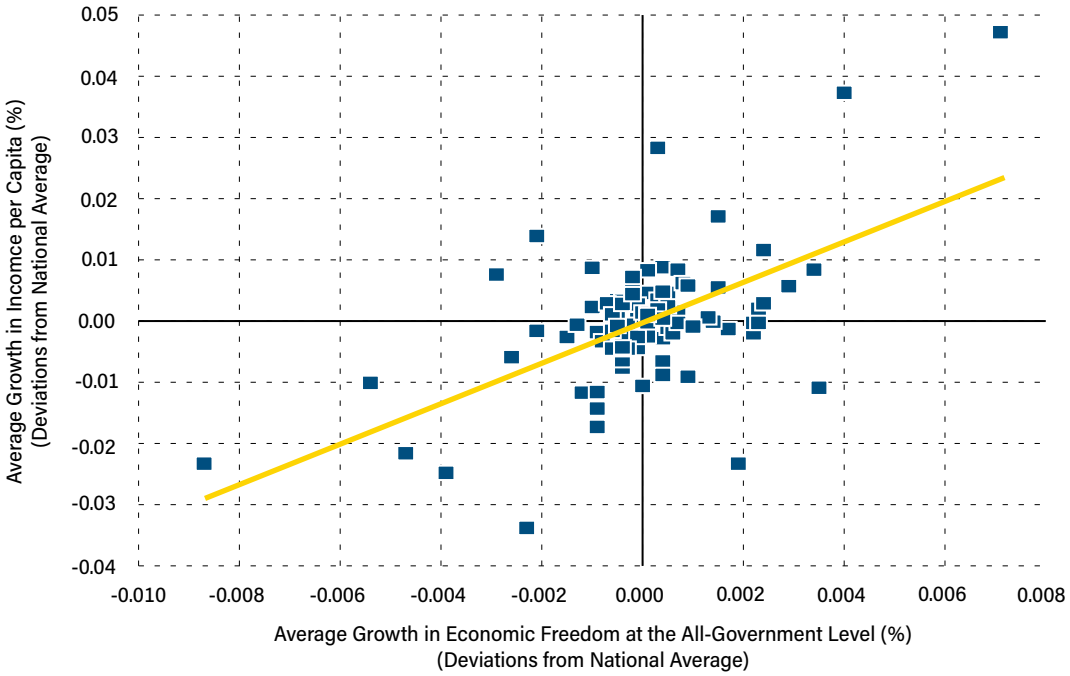
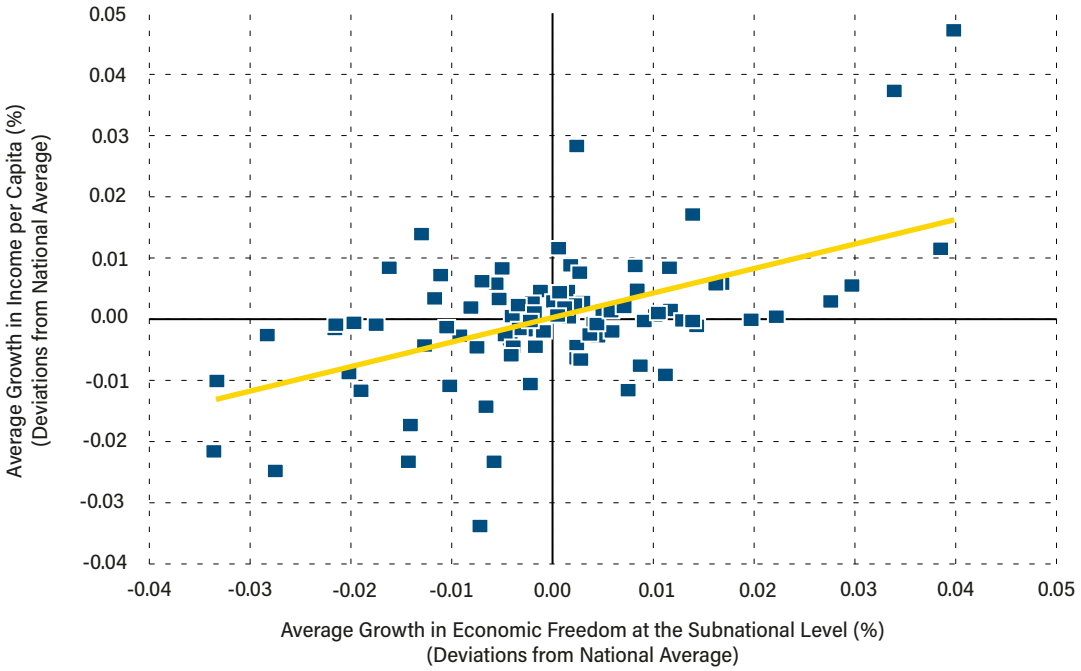


Figure 1.6: Average Growth in Income per Capita and in Economic Freedom at the Subnational Level, 2007–2016



and taxation patterns cannot be directly compared. In previous years, we had used an adjustment factor to create comparable numbers for the subnational scores for the United States and Canada. Adding the Mexican states has exacerbated the disparity in this area, so we now take a different approach for the subnational index. Rather than scoring US states, Canadian provinces, and Mexican states together, we produce subnational indices for each country. This provides a more useful comparison of how individual jurisdictions within each country measure up against other jurisdictions in that same country. As a result of this change, the previous adjustment is no longer needed. For those who wish to compare jurisdictions in different countries, the all-government index continues to be the more appropriate measure. No adjustment factor is necessary at the all-government level because every level of government is counted.

Economic freedom and economic well-being

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

Similarly, De Haan and Sturm (2000) show that positive and negative changes in economic freedom lead to positive and negative changes in rates of economic growth. Using the index of economic freedom from Gwartney, Lawson, and Block, 1996 and per-capita GDP data for 80 countries, their results indicate that, after accounting for education level, investment, and population growth, changes in economic freedom have a significant impact on economic growth.[11]

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 250 academic and policy articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity have appeared.[12]

11. For a sample of empirical papers investigating the impact of economic freedom, as measured by the index published annually in *Economic Freedom of the World*, and economic prosperity, see <https://www.fraserinstitute.org/economic-freedom/citations>. For the latest summary of literature on the impact of economic freedom at an international level, see Doucouliagos and Ulubasoglu, 2006, and Hall and Lawson, 2014.
12. For a selected list of the most recent studies, see Appendix C (p. 69).

The importance of economic freedom

In this publication, we have focused on the measurement of economic freedom. In Chapter 3 of the 2013 report, we discussed some of the empirical testing of the impact of economic freedom that has been done by other independent researchers.[13] 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 in the Soviet sphere. Among developing nations, those that adopted the centrally planned model have only produced lives of misery for their citizens. Those that adopted the economics of competitive markets have begun to share with their citizens the prosperity of advanced market economies.

While these comparisons are extreme examples, from opposite ends of the spectrum of economic freedom, a considerable body of research shows that the relationship between prosperity and economic freedom holds in narrower ranges of the spectrum. While sophisticated econometric testing backs up this relationship, examples are also interesting. In the United States, the relatively free Virginia 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

13. More recent surveys can be found in Stansel and Tuszynski, 2018, and Hall, Stansel, and Tarabar, 2015.

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 2016

Introduction

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

Before proceeding to the analysis of the data we need to address the problems faced earlier while constructing the index of economic freedom for the Mexican States. There were two main reasons that the data collected for the Mexican economy was not comparable with that of the US states and Canadian provinces. First, most of the data for Mexico is incomplete and does not date as far back as the US and Canadian data do. The length of the Mexican time series should not cause too much trouble when the three countries are compared as most data are available for Mexico in a standardized way from 2003. Data from previous years is unreliable since the methods used for measuring aggregates were different than those currently used. These changes made it very difficult to work with long series because the data tend to vary widely from one methodology to another. The only feasible solution was to include only the standardized and trustworthy data for Mexico from 2003 to 2016. As for the incompleteness of the data, while most of the figures required for the components are available publicly to researchers from the National Institute of Statistics and Geography (INEGI), there is a portion that is scattered around in websites and yearbooks published by different departments of state, and states and municipal governments. Access to these data, while it is not restricted, requires that researchers have previous knowledge of its existence and of 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. We have been able to acquire all the data that had been missing from the previous reports and, while some of the variables used are not identical to those used for the Canadian provinces and US states because of the differences in the methodologies, the differences among them is not significant and allow for comparison.

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

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

Another factor that made it difficult to make a comparison among the three countries was the differences that exist in labor regulations. Mexican law, for example, makes the hiring and firing of workers by the private enterprise a very difficult task. The number of regulations applied to the labor market and its lack of flexibility are a huge impediment for free enterprise. Canada and the United States have much more flexible labor markets but these differences could not be reflected using the earlier methodology. Past reports included components that measured Credit Market Regulations and Business Regulations, both from Area 5 of *Economic Freedom of the World*; but, since the results for the labor market were similar for the United States and Canada, the components measuring labor market regulation were left out. Starting with the *Economic Freedom of North America 2015*, however, given the difference in policies on labor regulation between these two countries and Mexico, it was resolved to add as well the components of area 5B from *Economic Freedom of the World* to help reflect the effect of the differences in labor policies on the index and help make a better comparison.

The data

As previously stated, this year's report includes the complete data for the 10 components of *Economic Freedom of North America* from 2003 to 2016; the data covers the 32 Mexican states. *Ciudad de México* was not a state but a federal district (*Distrito Federal*) until 2016, but it is home to the second-largest population among Mexican states and has the highest state GSP. *Ciudad de México*, even prior to its becoming a state, was included in the analysis, as not including it would have left out a very important portion of the Mexican economy.

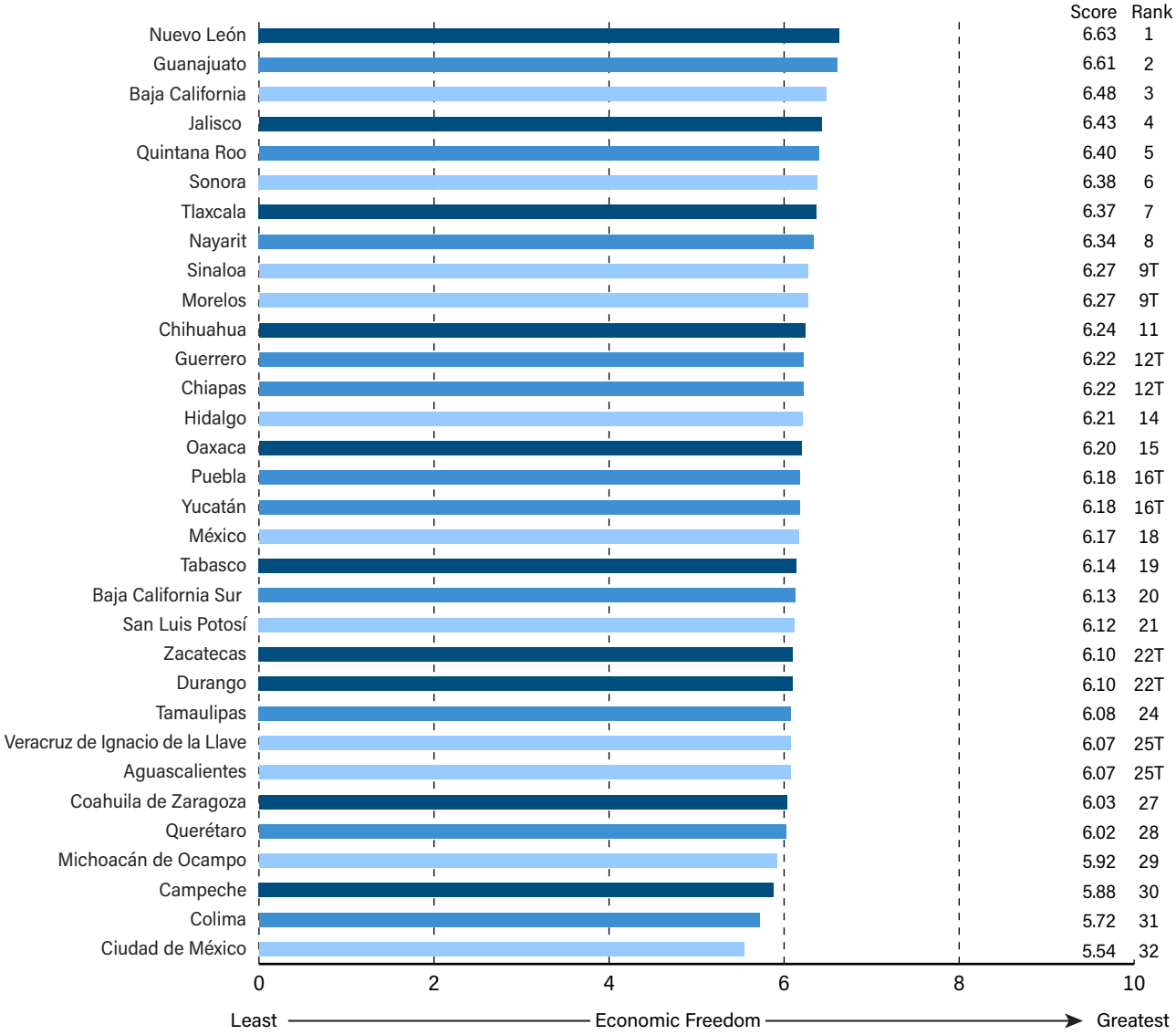
Several adjustments have to be made in how the data were measured for Mexico. In Mexico, the *Comisión Nacional de Salarios Mínimos* (National Commission for the Minimum Wage) is the institution in charge of dividing the country into geographic zones and defining, annually, the minimum wage that is going to be applied on each zone. The 2,440 municipalities from the 31 states and the 16 boroughs of the Federal District were previously classified in three geographic zones, A, B, and C. After November 26, 2012, zone C was eliminated leaving only two zones for the classification. Since the majority of the states contained municipalities classified in different geographic zones, there is no homogenous minimum wage for each state. In order to get a better estimate of the impact of the minimum wage on each state, this figure was estimated with a weighted average of the wages in the various zones (based on municipality populations). Starting in 2016, the zones were eliminated and the minimum wage was unified and set nationwide. This eliminated the need for estimating with weighted averages.

Personal income, from years 2003 to 2014, was estimated from the *Encuesta nacional de ingresos y gastos de los hogares* (National household income and spending poll, ENIGH), using the same formula that the US Bureau of Economic Analysis uses for their calculations. It is important to mention that because of the nature of this poll, household income tends to be underestimated since the respondents usually choose not to disclose their real income levels out of fear that they could get in trouble for any income they are not declaring to the *Servicio de Administración Tributaria* (Taxation administration service). For 2016, changes were made to the way the ENIGH measured income for the households. These new series were not compatible with the previous one. The National Council for the Evaluation of Social Development Policy (CONEVAL) put out an alternative measurement using a statistical adjustment for the new series in order to make them more comparable. For years 2015 and 2016, we estimated the Personal Income using this adjusted new series.

Results

The economic freedom ranking for the Mexican states in the all-government index for 2016 (figure 2.1) has *Nuevo León, Guanajuato*, and *Baja California* in the top three rankings among the Mexican states and in the 61st to 63rd places among all the states and provinces of North America. They are followed by *Jalisco*, *Quintana Roo*, *Sonora*, *Tlaxcala*, *Nayarit*, *Sinaloa*, and *Morelos*, which took the rest of the top ten places for Mexico, and places 64th to 70th in North America. The lowest ranking was that of *Ciudad de México*; *Colima* and *Campeche* had slightly higher rankings.

Figure 2.1: Summary of Economic Freedom Ratings at the All-Government Level for Mexico, 2016



This year's rankings had some dramatic changes from previous years. *Coahuila de Zaragoza* ranked in the top five among Mexican states on reports from 2013 to 2017; its high ranking was explained by the forced austerity policies that had been applied by its government since the beginning of 2012 after the state's bankruptcy. With these policies, government expenditures were significantly reduced. This factor and the state's already relatively low level of taxation are what caused *Coahuila* to be ranked as high as it was in recent reports. This changed for 2016 when the austerity policies were relaxed and the government had the ability to increase spending and taxation: *Coahuila* dropped 26 places from its ranking last year, now taking 87th position out of the 92 states and provinces of North America.

Colima and *Campeche*, two of the lowest ranked states, score poorly on both Government Spending and Taxes areas. Their high tax revenue and high government spending makes them two of the three least economically free states of North

America. The reasons for the low ranking of the *Ciudad de México* are mainly its government consumption and tax revenue, which are the largest in the country; these could be explained in part because of *Ciudad de México*'s size and its importance in the economy and by the fact that all the federal government departments have their headquarters there. Nonetheless, the high level of government spending crowds out the space for free exchange and thus reduces economic freedom.

Nuevo León ranked in the 61st position out of 92 among all the states and provinces of North America (figure 2.1), this means a dramatic jump in the rankings from its former position (80th). *Nuevo León*, which has the third-largest economy of the country, is one of the most highly industrialized states and one of the richest. Being a large and mostly formal economy, *Nuevo León* is one of the most heavily taxed in Mexico, ranking in the top five for most revenue from value-added taxes, excise taxes, and income taxes. Even with this heavy tax burden, *Nuevo León*'s continued growth,[1] particularly in the industrial and services sector, exceeded the growth in government expenditures, reducing the relative level of spending and increasing the space for free exchange. In addition, an increase in private-sector employment of 73,000 jobs while government employment fell by 10,000, enabled the state to increase its score in six out of the 10 variables of the report

The State of *Mexico* also recorded a dramatic lowering of its ranking after being ranked in the top three for the past few years, dropping 17 places from its ranking in last year's report. This was caused by a progressive decline in personal income accompanied by an increase in government spending and taxation, and an increase in government employment that worsened the ratios measured in Area 3, all of which led to a fall in the scores of all but one component of the report.

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

[1] Economic growth was likely spurred by regulatory reform that led to the reduction of the regulatory burden on business.

[2] For the Mexican states, we take the national total of federal sales and excise tax revenue and divide it by the national total for personal income. That resulting ratio is used as the number for all 32 states on variable 2D in the all-government index. A similar approach is taken for the federal corporate income tax in all three countries. We take the national total of federal corporate income-tax revenue and divide it by the national total for personal income. That resulting ratio is used for all 32 states and added to the actual state numbers for individual income and payroll tax revenue as a percentage of personal income in each state to get the total figure for variable 2A in each state.

Economic freedom and well-being in the Mexican States

In past reports, there has been exhaustive analysis of the correlation between well-being and economic freedom. The relationship between these variables has always been positive and it has been concluded that economic freedom has a direct relationship to the well-being of a state's population. That conclusion has been supported by a large and growing literature produced by independent scholars, now over 250 published articles. (See Appendix C for a list of some of the most recent articles.) The positive relationship between economic freedom and personal income holds true for the Mexican states' data.

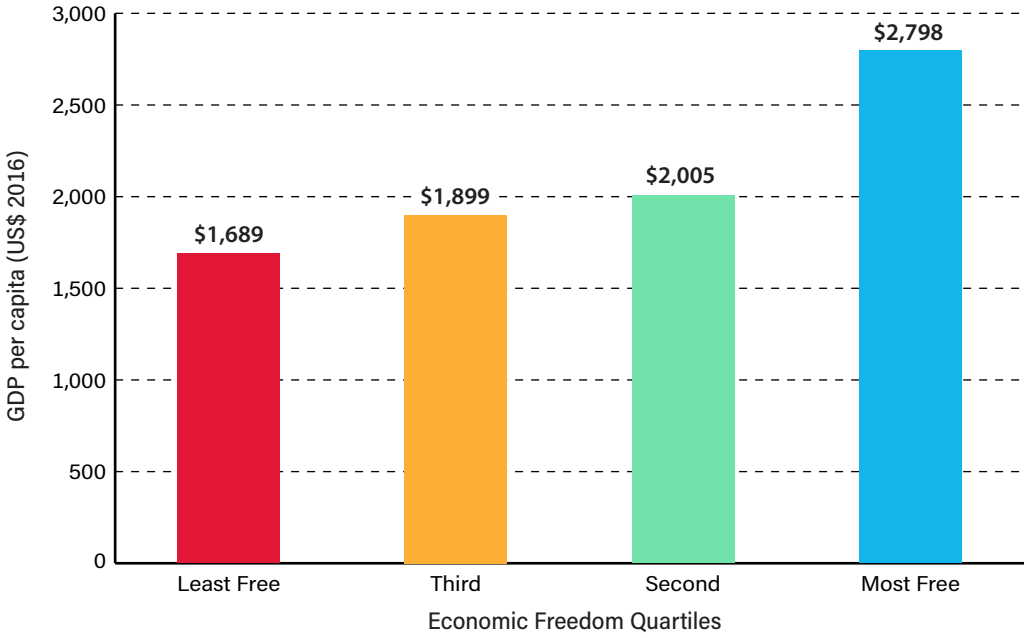
As can be seen in figure 2.2, there is indeed a positive relationship between the scores for economic freedom and the average personal income per capita: the states in the highest quartile of economic freedom have higher average personal income than those in the lowest quartile. The states belonging to the freest quartile have an average income of US$2,798 per capita, about 66% higher than the average income of the least free quartile, US$1,689. This statistical relationship, while by itself not conclusive of the connection between well-being and economic freedom, seems consistent with past years' econometric analysis on this relationship.

Results at the subnational level

Mexico is a highly centralized country where the federal government is in charge of most of the spending and the taxation. For example, as figure 2.3 shows, federal revenue for 2016 exceeded 90% of the total revenue at all levels, compared to 65% in the United States and about 35% in Canada. 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. Since there are no state or local income taxes in Mexico, in the subnational index component 2A (income and payroll taxes) contains only payroll taxes and there is no component 2B (the top marginal income-tax rate).

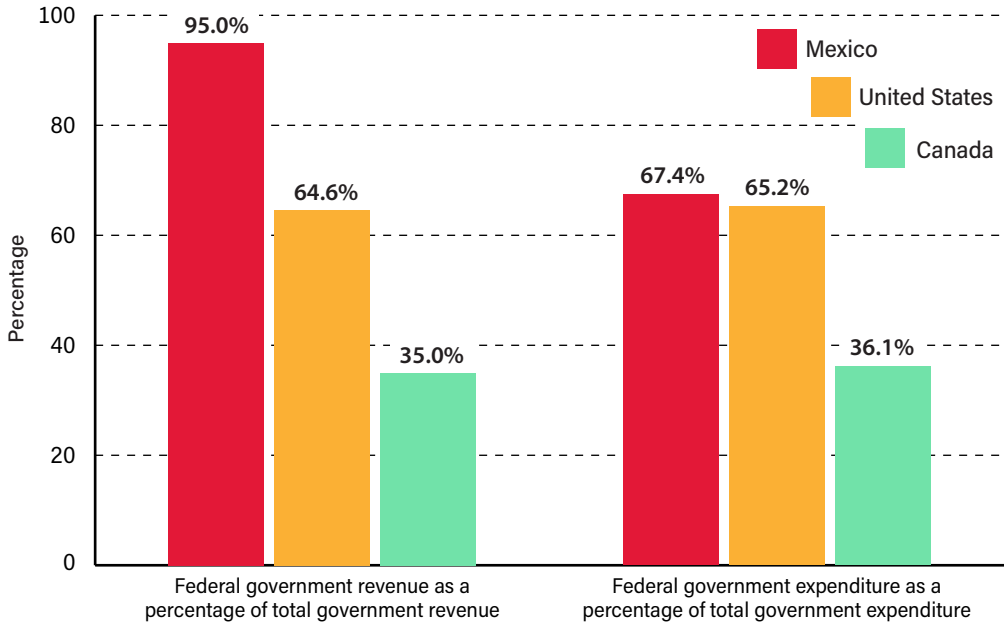
Component 1C poses a similar conflict. Social security in Mexico is almost totally centralized. Only four of the 32 states have their own Social Security institutions and these local institutions serve only a minority of their population because the rest are already covered by either of the federal social security institutions (*Insituto Mexicano del Seguro Social* for the private sector and *Instituto de Seguridad Social y Servicio de los Trabajadores del Estado* for the public sector); the armed forces and the PEMEX workers also have their own social security institution. The inclusion of component 1C would worsen the ranks of the states that have their own social security institutes and raise the average ranks of the state that do not, making them appear to be much better off than those that do. We decided then not to include component 1C on the grounds that, while its inclusion would make a more accurate measurement of the states with local social security, it would give an unfair advantage to the rest since the amount paid to the local social security agencies is not really significant given the centralization of the social security.

Figure 2.2: Economic Freedom at the Subnational Level and Income per Capita (US$ 2016) in Mexico, 2016



Source: Consejo Nacional de Evaluacion de la Politica de Desarrollo Social, Modulo de Condiciones Socioeconómicas, 2016.

Figure 2.3: Centralization of the First Three Areas of Economic Freedom of North America in Mexico, the United States, and Canada, 2016



Sources: Cuenta de la Hacienda Pública Federal, Secretaría de Hacienda y Crédito Público (various years); Instituto Nacional de Estadística y Geografía (INEGI), Estadísticas de Finanzas Municipales y Estatales (various years); Statistics Canada (2018); US Office of Management and Budget (n.d.): table 14.1—Total Government Receipts in Absolute Amounts and as Percentages of GDP: 1948–2017, table 14.2—Total Government Expenditures: 1948–2017.

At the subnational level, for 2016 *Guanajuato, Nuevo León*, and *Baja California* were the three states with the highest rankings (figure 1.2c). The three of them were also at the top of the all-government level so their ranking comes as no surprise as these states have high scores for Areas 1 and 3. *Baja California* and *Nuevo León* score poorly in Area 2 because of high local taxation. *Guanajuato* has above average scores for all three areas, which gives it an edge over the other two.

For Area 1 at the subnational level, *Ciudad de México* ranked fifth among the Mexican states. *Ciudad de México* has a significant advantage on this particular area over the states because it has only one level of subnational government. *Coahuila*'s drop, from first for Area 1 in 2014 to 7th, is again explained by the end of the forced austerity policies that moved the state from 21st rank in 2011 to first in 2015 among the Mexican states. The poorest scores for this area belonged to *Chiapas*, *Oaxaca*, and *Campeche*. These states are some of the least developed in the country, which makes them receivers of large subsidies and transfers, which also account for a high level of government spending.

Tlaxcala, Zacatecas, and *Michoacán de Ocampo* held the top three ranks for Area 2. The high rankings of these three states are mostly because a large part of their populations work in the informal sector and, thus, are not registered in the *Registro Federal de Contribuyentes* (Federal Registry of Taxpayers) and do not pay any direct taxes. *Ciudad de México*, *Queretaro*, and *Mexico* are the three states with the lowest scores.

Baja California, *Ciudad de México*, and *Nuevo León* ranked at the top for Area 3. *Ciudad de México*, while having the largest ratio of government employment to total employment, also has the lowest income-weighted minimum wage and ranks at the top in component 3Aiii. The degree to which the minimum wage is binding on labor markets depends on the level of income. In higher income areas, the now unified Mexican minimum wage is by definition less binding on the labor market in that area. *Ciudad de Mexico* has the highest income amongst the 32 states. *Tabasco*, Zacatecas, and *Guerrero* had the lowest scores for this area.

Conclusion

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

Nuevo León, Guanajuato, and *Baja California* were the highest-ranked Mexican states at the all-government level, ranking 61st to 63rd among their North American peers. *Coahuila,* which had been ranking in the top 3 since 2014 and owed its ranking

to the forced policy of austerity adopted to repair years of reckless spending and irresponsible debt contracting, has now fallen to the 87th position. The lowest rankings were held by *Ciudad de México* (92nd), *Colima* (91st), and *Campeche* (90th).

In the subnational rankings, *Guanajuato, Nuevo León*, and *Baja California* were the top-ranked states as they were in the all-government rankings. *Nuevo León*, which in previous years had low rankings at the all government level, now has risen to the top because of a progressive increase in personal income and small but key policy changes that helped it raise its score on 6 out of 10 components for this index.

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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.

In addition to the tables found in chapter 3, our new interactive website at <www.freetheworld.com> contains all the latest scores and rankings for each of the components of the index as well as historical data on the overall and area scores. The full dataset is also available for download at that same website.

Economic Freedom in Canada, the United States, and Mexico

Tables 3.1 (a, b, c) and 3.2 (a, b, c) provide a detailed summary of the scores for 2016. Tables 3.3 (a, b, c) to 3.10 (a, b, c) provide historical information both for the overall index and for each of Area 1: Government Spending; Area 2: Taxes; and Area 3: Labor Market Freedom. Economic freedom is measured on a scale from zero to 10, where a higher value indicates a higher level of economic freedom.

Detailed data for the world-adjusted scores, taken from the *Economic Freedom of the World: 2018 Annual Report* (Gwartney, Lawson, Hall, and Murphy, 2018), are not included; they can be found in that publication. Tables 3.3 (a, b, c) to 3.10 (a, b, c) show data for a selection of years. The full set of data from 1981 to 2016 and all other data included in this report are available at <www.fraserinstitute.org/studies/economic-freedom>.

Table 3.1a: Canada—Economic Freedom at the All-Government Level, 2016

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average	*7.34*	*5.70*	*8.01*	*7.88*	*9.58*	*7.93*	*7.74*	
Alberta	8.41	5.98	8.16	7.88	9.58	7.93	7.99	6
British Columbia	8.06	6.09	8.08	7.88	9.58	7.93	7.94	22
Manitoba	7.51	5.61	7.93	7.88	9.58	7.93	7.74	51
New Brunswick	6.54	5.78	8.04	7.88	9.58	7.93	7.62	58
Newfoundland & Labrador	6.73	5.83	7.96	7.88	9.58	7.93	7.65	56
Nova Scotia	6.56	5.52	8.01	7.88	9.58	7.93	7.58	60
Ontario	8.03	5.46	8.08	7.88	9.58	7.93	7.83	45
Prince Edward Island	6.29	5.88	7.97	7.88	9.58	7.93	7.59	59
Quebec	7.48	5.13	7.90	7.88	9.58	7.93	7.65	56
Saskatchewan	7.78	5.77	8.02	7.88	9.58	7.93	7.83	45

Table 3.1b: Mexico—Economic Freedom at the All-Government Level, 2016

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average	*4.98*	*5.41*	*7.19*	*4.13*	*8.11*	*7.26*	*6.18*	
Aguascalientes	4.06	5.62	7.22	4.13	8.11	7.26	6.07	85
Baja California	6.56	5.46	7.37	4.13	8.11	7.26	6.48	63
Baja California Sur	4.58	5.43	7.27	4.13	8.11	7.26	6.13	80
Campeche	3.48	5.08	7.20	4.13	8.11	7.26	5.88	90
Coahuila de Zaragoza	4.42	5.12	7.14	4.13	8.11	7.26	6.03	87
Colima	4.05	3.56	7.23	4.13	8.11	7.26	5.72	91
Chiapas	4.67	6.10	7.08	4.13	8.11	7.26	6.22	72
Chihuahua	5.30	5.38	7.28	4.13	8.11	7.26	6.24	71
Ciudad de México	3.51	2.88	7.32	4.13	8.11	7.26	5.54	92
Durango	4.20	5.74	7.16	4.13	8.11	7.26	6.10	82
Guanajuato	6.88	5.97	7.31	4.13	8.11	7.26	6.61	62
Guerrero	4.76	6.02	7.06	4.13	8.11	7.26	6.22	72
Hidalgo	4.78	5.91	7.09	4.13	8.11	7.26	6.21	74
Jalisco	6.39	5.43	7.27	4.13	8.11	7.26	6.43	64
México	4.84	5.50	7.19	4.13	8.11	7.26	6.17	78
Michoacán de Ocampo	4.63	4.27	7.10	4.13	8.11	7.26	5.92	89
Morelos	5.15	5.78	7.17	4.13	8.11	7.26	6.27	69
Nayarit	5.44	5.92	7.18	4.13	8.11	7.26	6.34	68
Nuevo León	7.84	5.11	7.35	4.13	8.11	7.26	6.63	61
Oaxaca	4.49	6.13	7.06	4.13	8.11	7.26	6.20	75
Puebla	5.08	5.42	7.10	4.13	8.11	7.26	6.18	76
Querétaro	4.73	4.60	7.28	4.13	8.11	7.26	6.02	88
Quintana Roo	6.31	5.32	7.27	4.13	8.11	7.26	6.40	65
San Luis Potosí	4.43	5.65	7.11	4.13	8.11	7.26	6.12	81
Sinaloa	5.28	5.59	7.24	4.13	8.11	7.26	6.27	69
Sonora	5.73	5.80	7.25	4.13	8.11	7.26	6.38	66
Tabasco	4.52	5.69	7.13	4.13	8.11	7.26	6.14	79
Tamaulipas	4.73	5.11	7.13	4.13	8.11	7.26	6.08	84
Tlaxcala	5.52	6.18	7.04	4.13	8.11	7.26	6.37	67
Veracruz de Ignacio de la Llave	4.27	5.59	7.05	4.13	8.11	7.26	6.07	85
Yucatán	4.56	5.75	7.25	4.13	8.11	7.26	6.18	76
Zacatecas	4.10	5.92	7.10	4.13	8.11	7.26	6.10	82

Table 3.1c: United States—Economic Freedom at the All-Government Level, 2016

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average	*6.96*	*6.94*	*8.60*	*7.40*	*9.85*	*7.65*	*7.90*	
Alabama	6.66	7.58	8.61	7.40	9.85	7.65	7.96	17
Alaska	6.01	7.65	8.48	7.40	9.85	7.65	7.84	40
Arizona	7.06	7.31	8.64	7.40	9.85	7.65	7.99	6
Arkansas	6.79	6.61	8.67	7.40	9.85	7.65	7.83	45
California	7.00	6.63	8.51	7.40	9.85	7.65	7.84	40
Colorado	7.23	7.13	8.63	7.40	9.85	7.65	7.98	11
Connecticut	7.04	6.61	8.56	7.40	9.85	7.65	7.85	36
Delaware	6.85	5.75	8.58	7.40	9.85	7.65	7.68	54
Florida	7.63	7.21	8.66	7.40	9.85	7.65	8.07	2
Georgia	7.45	6.94	8.69	7.40	9.85	7.65	8.00	4
Hawaii	6.74	6.92	8.48	7.40	9.85	7.65	7.84	40
Idaho	7.18	7.17	8.65	7.40	9.85	7.65	7.98	11
Illinois	7.18	6.56	8.60	7.40	9.85	7.65	7.87	32
Indiana	7.27	7.06	8.61	7.40	9.85	7.65	7.97	15
Iowa	7.11	6.88	8.63	7.40	9.85	7.65	7.92	27
Kansas	7.26	6.95	8.60	7.40	9.85	7.65	7.95	19
Kentucky	6.14	6.89	8.46	7.40	9.85	7.65	7.73	53
Louisiana	6.56	6.94	8.69	7.40	9.85	7.65	7.85	36
Maine	7.09	6.90	8.58	7.40	9.85	7.65	7.91	28
Maryland	6.90	6.84	8.62	7.40	9.85	7.65	7.88	30
Massachusetts	6.92	6.65	8.61	7.40	9.85	7.65	7.85	36
Michigan	7.11	7.10	8.52	7.40	9.85	7.65	7.94	22
Minnesota	7.27	5.74	8.54	7.40	9.85	7.65	7.74	51
Mississippi	6.11	7.40	8.59	7.40	9.85	7.65	7.83	45
Missouri	6.98	6.75	8.60	7.40	9.85	7.65	7.87	32
Montana	6.89	7.52	8.54	7.40	9.85	7.65	7.98	11
Nebraska	7.50	6.70	8.63	7.40	9.85	7.65	7.95	19
Nevada	7.27	7.13	8.53	7.40	9.85	7.65	7.97	15
New Hampshire	7.69	7.23	8.67	7.40	9.85	7.65	8.08	1
New Jersey	7.30	6.25	8.59	7.40	9.85	7.65	7.84	40
New Mexico	6.06	7.56	8.60	7.40	9.85	7.65	7.85	36
New York	6.75	5.95	8.45	7.40	9.85	7.65	7.67	55
North Carolina	6.99	7.03	8.70	7.40	9.85	7.65	7.94	22
North Dakota	6.54	7.40	8.72	7.40	9.85	7.65	7.93	26
Ohio	6.81	6.40	8.55	7.40	9.85	7.65	7.78	49
Oklahoma	7.05	7.30	8.67	7.40	9.85	7.65	7.99	6
Oregon	6.79	6.97	8.48	7.40	9.85	7.65	7.86	34
Pennsylvania	6.87	6.85	8.63	7.40	9.85	7.65	7.88	30
Rhode Island	6.71	6.37	8.50	7.40	9.85	7.65	7.75	50
South Carolina	7.07	7.40	8.70	7.40	9.85	7.65	8.01	3
South Dakota	7.22	7.17	8.65	7.40	9.85	7.65	7.99	6
Tennessee	7.22	7.10	8.68	7.40	9.85	7.65	7.98	11
Texas	7.32	7.00	8.71	7.40	9.85	7.65	7.99	6
Utah	7.22	7.23	8.67	7.40	9.85	7.65	8.00	4
Vermont	7.02	6.67	8.55	7.40	9.85	7.65	7.86	34
Virginia	6.93	7.17	8.73	7.40	9.85	7.65	7.95	19
Washington	7.31	6.95	8.50	7.40	9.85	7.65	7.94	22
West Virginia	6.21	7.46	8.47	7.40	9.85	7.65	7.84	40
Wisconsin	7.01	6.81	8.66	7.40	9.85	7.65	7.90	29
Wyoming	6.72	7.45	8.71	7.40	9.85	7.65	7.96	17

Table 3.2a: Canada—Economic Freedom at the Subnational Level, 2016

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 10
Average	*1.61*	*6.87*	*5.95*	*5.42*	*5.15*	*6.71*	*3.61*	*4.47*	*4.64*	*6.63*	*4.81*	*5.22*	*5.24*	*5.09*	
Alberta	3.41	9.25	9.67	7.06	6.00	5.78	10.00	6.52	7.73	7.43	7.44	7.21	7.23	7.29	1
British Columbia	4.20	9.86	6.11	7.67	6.50	8.07	3.14	5.70	8.67	3.76	6.72	6.34	6.04	6.37	2
Manitoba	0.00	7.68	9.12	5.72	5.00	5.10	2.57	3.10	1.84	7.69	5.60	4.60	4.21	4.80	7
New Brunswick	0.00	6.40	0.00	7.58	5.00	7.71	2.66	3.62	4.67	8.95	2.13	5.74	5.75	4.54	8
Newfoundland & Labrador	0.00	10.00	5.87	4.90	6.00	9.57	1.18	5.79	2.19	5.70	5.29	5.41	4.56	5.09	4
Nova Scotia	0.00	7.32	0.72	2.85	4.00	8.38	2.04	3.59	2.51	9.47	2.68	4.32	5.19	4.06	9
Ontario	4.32	7.87	8.84	5.44	5.00	4.79	3.36	4.37	8.27	5.72	7.01	4.65	6.12	5.93	3
Prince Edward Island	0.00	8.41	5.73	5.74	4.00	8.95	2.93	2.55	6.24	4.90	4.71	5.40	4.56	4.89	6
Quebec	3.66	0.00	3.47	0.00	4.50	3.57	3.02	3.72	4.16	2.70	2.38	2.77	3.52	2.89	10
Saskatchewan	0.55	1.88	10.00	7.22	5.50	5.20	5.16	5.68	0.08	10.00	4.14	5.77	5.26	5.06	5

Table 3.2b: Mexico—Economic Freedom at the Subnational Level, 2016

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 32
Average	*5.21*	*2.60*		*2.74*		*3.47*		*3.98*	*7.12*	*6.96*	*3.90*	*3.10*	*6.02*	*4.34*	
Aguascalientes	6.38	0.00		0.16		8.63		4.67	6.05	6.99	3.19	4.40	5.90	4.50	11
Baja California	8.84	5.93		3.54		2.41		8.02	9.39	9.18	7.38	2.98	8.86	6.41	3
Baja California Sur	6.80	0.85		3.33		0.00		7.81	6.28	4.79	3.82	1.66	6.29	3.93	20
Campeche	1.35	0.46		0.00		2.22		4.12	3.45	6.97	0.91	1.11	4.85	2.29	32
Coahuila de Zaragoza	5.73	6.55		0.00		0.64		5.26	8.12	2.59	6.14	0.32	5.32	3.93	20
Colima	6.32	0.00		3.65		0.00		5.52	6.11	6.08	3.16	1.83	5.90	3.63	26
Chiapas	0.00	0.00		2.27		7.53		0.00	6.24	9.36	0.00	4.90	5.20	3.37	30
Chihuahua	7.97	2.77		0.00		1.56		6.09	9.50	7.88	5.37	0.78	7.82	4.66	10
Ciudad de México	5.39	7.24		0.00		0.00		8.94	9.72	7.53	6.31	0.00	8.73	5.01	7
Durango	3.69	1.86		6.60		0.00		2.94	5.81	6.88	2.78	3.30	5.21	3.76	25
Guanajuato	7.02	6.58		3.88		6.75		6.48	9.04	8.56	6.80	5.31	8.03	6.71	1
Guerrero	2.70	0.00		6.88		2.57		0.00	4.40	8.74	1.35	4.73	4.38	3.49	28
Hidalgo	6.13	0.00		3.85		3.99		0.41	6.44	7.67	3.07	3.92	4.84	3.94	19
Jalisco	7.09	6.50		3.53		2.99		5.84	8.13	7.94	6.79	3.26	7.30	5.79	4
México	6.21	0.49		0.00		0.26		3.24	9.50	7.83	3.35	0.13	6.86	3.45	29
Michoacán de Ocampo	1.32	5.44		5.08		7.29		0.00	7.37	8.53	3.38	6.18	5.30	4.96	8
Morelos	6.48	0.00		3.85		2.40		2.88	7.42	7.64	3.24	3.12	5.98	4.11	16
Nayarit	6.05	0.00		6.92		0.86		3.98	5.66	6.21	3.03	3.89	5.28	4.07	17
Nuevo León	9.68	7.60		1.02		4.13		10.00	9.93	4.67	8.64	2.58	8.20	6.47	2
Oaxaca	1.43	0.00		3.44		7.64		0.00	6.91	8.72	0.72	5.54	5.21	3.82	23
Puebla	4.05	2.52		0.36		2.86		0.00	9.98	9.49	3.28	1.61	6.49	3.80	24
Querétaro	6.66	2.94		0.00		0.00		6.26	7.62	7.81	4.80	0.00	7.23	4.01	18
Quintana Roo	8.36	2.75		0.55		0.00		7.51	8.19	5.14	5.56	0.27	6.95	4.26	14
San Luis Potosí	5.95	0.00		0.78		5.30		1.58	6.34	6.52	2.97	3.04	4.81	3.61	27
Sinaloa	7.85	0.00		6.14		0.00		4.75	6.66	8.13	3.92	3.07	6.51	4.50	11
Sonora	7.27	2.28		5.45		2.72		7.60	7.93	4.28	4.77	4.09	6.60	5.15	6
Tabasco	1.27	1.33		0.00		7.39		2.37	1.11	6.22	1.30	3.69	3.23	2.74	31
Tamaulipas	5.88	6.74		2.77		7.06		5.61	8.31	1.25	6.31	4.92	5.06	5.43	5
Tlaxcala	4.74	0.00		4.05		9.32		0.00	9.06	6.04	2.37	6.68	5.03	4.70	9
Veracruz de Ignacio ...	2.67	6.49		1.28		6.07		0.00	7.70	7.72	4.58	3.67	5.14	4.46	13
Yucatán	5.28	3.17		1.23		2.57		4.20	5.45	9.13	4.23	1.90	6.26	4.13	15
Zacatecas	0.00	2.79		6.99		5.88		1.41	4.04	6.21	1.40	6.43	3.89	3.91	22

No state or local spending in this category.

No state or local income taxes.

No state or local sales taxes.

Table 3.2c: United States—Economic Freedom at the Subnational Level, 2016

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 50
Average	*6.73*	*6.29*	*5.27*	*6.03*	*7.46*	*5.60*	*4.99*	*5.91*	*6.83*	*5.77*	*6.10*	*6.02*	*6.17*	*6.10*	
Alabama	5.90	5.53	5.25	6.92	8.00	9.88	3.96	4.90	5.21	7.58	5.56	7.19	5.90	6.22	25
Alaska	0.64	6.06	0.26	9.15	10.00	2.59	8.84	5.75	3.15	4.38	2.32	7.65	4.43	4.80	46
Arizona	7.08	8.33	6.54	7.71	8.00	7.44	3.52	3.97	7.95	7.44	7.32	6.67	6.45	6.81	10
Arkansas	5.60	5.53	6.56	5.65	6.00	9.44	2.12	5.19	5.56	8.98	5.89	5.80	6.57	6.09	29
California	7.37	3.28	2.24	2.73	3.00	6.52	5.52	5.56	7.89	2.72	4.30	4.44	5.39	4.71	47
Colorado	8.76	8.79	5.10	5.81	7.00	7.33	5.56	6.93	7.26	5.73	7.55	6.42	6.64	6.87	8
Connecticut	9.12	8.44	4.95	4.49	7.00	3.97	6.89	8.49	8.07	2.23	7.50	5.59	6.26	6.45	19
Delaware	5.29	0.55	6.53	4.68	8.00	0.93	9.26	5.95	7.37	4.67	4.12	5.72	6.00	5.28	38
Florida	9.56	8.64	8.28	10.00	10.00	6.27	4.36	5.71	10.00	5.66	8.83	7.66	7.13	7.87	1
Georgia	10.00	7.71	6.47	5.95	6.00	7.04	5.44	5.98	8.14	7.61	8.06	6.11	7.24	7.14	7
Hawaii	6.71	9.01	5.50	5.04	5.00	6.93	0.00	6.23	7.44	1.68	7.07	4.24	5.11	5.48	37
Idaho	7.94	7.79	6.44	5.52	6.00	6.78	5.41	5.12	6.26	7.90	7.39	5.93	6.43	6.58	17
Illinois	9.26	9.24	1.34	5.77	8.00	3.67	4.69	8.38	8.28	3.40	6.61	5.53	6.69	6.28	23
Indiana	7.45	4.47	8.85	5.78	8.00	8.44	4.44	6.27	7.74	5.22	6.92	6.66	6.41	6.66	14
Iowa	5.83	5.49	6.17	5.50	7.50	3.87	4.74	7.09	5.84	6.65	5.83	5.40	6.53	5.92	33
Kansas	7.50	9.18	7.27	7.09	7.00	6.18	3.79	5.38	5.10	7.13	7.98	6.01	5.87	6.62	15
Kentucky	4.90	2.03	3.00	3.72	6.50	8.93	4.67	0.53	6.76	4.96	3.31	5.96	4.08	4.45	49
Louisiana	6.70	4.16	3.84	7.77	8.00	9.59	2.08	6.01	6.58	8.48	4.90	6.86	7.02	6.26	24
Maine	5.68	6.99	6.36	5.42	6.00	1.16	4.85	6.13	7.44	4.52	6.34	4.36	6.03	5.58	36
Maryland	8.22	3.54	6.70	3.16	8.00	6.01	6.25	7.58	8.50	4.46	6.15	5.86	6.85	6.29	22
Massachusetts	7.97	7.40	5.49	3.53	7.00	4.58	7.65	7.20	9.65	3.55	6.95	5.69	6.80	6.48	18
Michigan	6.51	7.07	4.50	6.08	8.00	5.50	5.76	4.45	8.20	3.32	6.03	6.33	5.32	5.90	34
Minnesota	6.66	4.25	5.53	2.96	5.00	5.25	4.69	5.17	7.69	3.75	5.48	4.47	5.53	5.16	41
Mississippi	2.82	6.60	3.34	6.88	7.00	6.66	2.87	3.55	2.93	9.22	4.25	5.85	5.23	5.11	42
Missouri	7.79	8.83	5.20	5.88	6.00	7.85	5.39	5.52	7.53	5.63	7.27	6.28	6.23	6.59	16
Montana	5.94	8.21	4.80	5.17	8.00	4.48	9.16	4.87	6.25	5.03	6.31	6.70	5.38	6.13	28
Nebraska	7.84	9.05	8.41	6.03	6.00	3.46	5.98	5.38	6.35	7.18	8.43	5.37	6.30	6.70	12
Nevada	8.55	6.75	5.17	10.00	10.00	5.55	0.05	4.67	10.00	2.38	6.82	6.40	5.68	6.30	21
New Hampshire	8.78	7.75	8.85	8.78	10.00	0.00	9.08	9.19	8.41	4.98	8.46	6.97	7.53	7.65	2
New Jersey	8.20	6.69	3.73	4.87	6.00	0.46	6.98	8.64	7.88	3.08	6.20	4.58	6.54	5.77	35
New Mexico	2.30	6.97	1.86	6.72	7.00	9.36	2.17	4.21	1.99	9.71	3.71	6.31	5.31	5.11	42
New York	4.56	5.85	1.86	0.00	6.00	0.09	4.58	7.51	7.29	0.00	4.09	2.67	4.93	3.90	50
North Carolina	7.65	5.02	7.53	4.97	7.00	7.67	5.27	6.00	6.13	9.00	6.73	6.23	7.04	6.67	13
North Dakota	5.97	2.18	5.68	7.76	10.00	10.00	3.87	8.99	5.63	8.22	4.61	7.91	7.61	6.71	11
Ohio	5.72	6.85	0.08	5.67	8.00	5.99	3.97	5.24	7.86	4.08	4.22	5.91	5.73	5.28	38
Oklahoma	7.86	6.59	6.19	6.86	7.00	9.73	4.95	6.15	4.47	8.98	6.88	7.14	6.54	6.85	9
Oregon	4.62	7.34	1.44	1.74	8.00	3.96	9.51	2.77	7.61	3.54	4.47	5.80	4.64	4.97	45
Pennsylvania	6.87	5.77	4.26	4.67	8.00	5.11	5.50	8.18	9.63	3.63	5.64	5.82	7.15	6.20	26
Rhode Island	6.86	7.07	2.18	4.81	8.00	1.46	5.57	4.58	9.46	2.09	5.37	4.96	5.38	5.24	40
South Carolina	6.34	2.72	6.15	6.59	6.00	5.89	6.39	5.12	5.39	10.00	5.07	6.22	6.84	6.04	32
South Dakota	9.04	8.56	7.63	10.00	10.00	5.39	3.12	5.53	6.52	7.64	8.41	7.13	6.57	7.37	5
Tennessee	8.92	5.12	8.34	9.47	10.00	7.72	3.29	6.34	8.34	6.92	7.46	7.62	7.20	7.43	4
Texas	8.51	8.39	6.87	10.00	10.00	5.18	3.42	7.12	7.65	7.72	7.92	7.15	7.50	7.52	3
Utah	7.23	2.85	7.35	5.05	7.00	7.88	5.20	5.62	7.43	7.57	5.81	6.28	6.87	6.32	20
Vermont	4.40	4.21	7.97	5.46	6.00	0.00	5.21	4.49	6.78	5.20	5.53	4.17	5.49	5.06	44
Virginia	8.57	5.51	7.76	5.57	7.00	5.90	7.40	8.64	7.17	7.71	7.28	6.47	7.84	7.20	6
Washington	8.47	5.49	5.88	9.23	10.00	5.83	0.83	5.88	6.05	3.29	6.61	6.47	5.08	6.05	31
West Virginia	3.33	4.82	3.94	4.94	6.00	8.01	3.95	0.94	2.98	7.12	4.03	5.73	3.68	4.48	48
Wisconsin	6.11	7.40	4.55	4.82	6.00	4.37	5.82	7.28	6.93	6.65	6.02	5.25	6.95	6.07	30
Wyoming	2.70	8.40	3.08	9.15	10.00	3.78	5.43	9.06	0.80	10.00	4.73	7.09	6.62	6.14	27

Table 3.3a: Canada—Economic Freedom at the All-Government Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*7.82*	*7.85*	*7.79*	*7.82*	*7.82*	*7.82*	*7.75*	*7.77*	*7.71*	*7.76*	*7.77*	*7.93*	*7.74*	*7.74*	
Alberta	8.19	8.25	8.20	8.22	8.18	8.17	8.09	8.11	8.07	8.14	8.14	8.31	8.10	7.99	6
British Columbia	7.99	8.03	7.98	8.02	8.01	7.99	7.92	7.93	7.87	7.91	7.92	8.06	7.88	7.94	22
Manitoba	7.80	7.83	7.77	7.79	7.80	7.80	7.74	7.76	7.68	7.74	7.73	7.89	7.72	7.74	51
New Brunswick	7.76	7.79	7.73	7.74	7.75	7.73	7.67	7.71	7.64	7.69	7.67	7.83	7.56	7.62	58
Newfoundland & Labrador	7.60	7.63	7.57	7.61	7.64	7.66	7.62	7.63	7.59	7.68	7.71	7.88	7.70	7.65	56
Nova Scotia	7.83	7.84	7.77	7.77	7.74	7.73	7.65	7.65	7.56	7.59	7.61	7.77	7.57	7.58	60
Ontario	7.95	7.98	7.91	7.93	7.93	7.90	7.83	7.83	7.77	7.84	7.82	7.98	7.80	7.83	45
Prince Edward Island	7.63	7.65	7.57	7.61	7.62	7.61	7.53	7.57	7.52	7.57	7.58	7.76	7.56	7.59	59
Quebec	7.75	7.79	7.72	7.75	7.74	7.73	7.67	7.67	7.61	7.66	7.65	7.81	7.62	7.65	56
Saskatchewan	7.71	7.76	7.69	7.71	7.80	7.84	7.77	7.78	7.75	7.80	7.84	8.00	7.85	7.83	45

Table 3.3b: Mexico—Economic Freedom at the All-Government Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*6.52*	*6.63*	*6.52*	*6.60*	*6.43*	*6.20*	*6.07*	*6.04*	*6.02*	*6.08*	*6.00*	*6.14*	*6.16*	*6.18*	
Aguascalientes	6.57	6.67	6.55	6.65	6.49	6.37	6.21	6.04	5.87	6.08	6.02	6.12	6.05	6.07	85
Baja California	6.80	6.89	6.75	6.82	6.65	6.46	6.40	6.38	6.44	6.48	6.39	6.42	6.52	6.48	63
Baja California Sur	6.55	6.59	6.55	6.61	6.27	6.06	5.92	5.91	6.01	6.05	5.96	6.04	6.11	6.13	80
Campeche	5.89	5.99	5.85	6.07	6.12	5.76	5.85	5.87	5.87	5.86	5.60	5.80	5.79	5.88	90
Coahuila de Zaragoza	6.59	6.71	6.54	6.60	6.42	6.28	6.18	5.93	5.77	5.82	6.03	6.38	6.20	6.03	87
Colima	5.80	5.96	5.91	6.08	5.96	5.70	5.61	5.62	5.60	5.57	5.58	5.68	5.70	5.72	91
Chiapas	6.41	6.50	6.46	6.51	6.42	6.13	6.02	6.06	6.07	6.08	6.05	6.17	6.19	6.22	72
Chihuahua	6.50	6.63	6.52	6.62	6.56	6.52	6.29	6.06	5.99	5.88	5.89	6.06	6.14	6.24	71
Ciudad de México	5.89	6.02	5.82	5.90	5.68	5.44	5.33	5.38	5.40	5.32	5.30	5.52	5.36	5.54	92
Durango	6.54	6.65	6.51	6.46	6.31	6.09	5.94	5.92	5.92	5.89	5.88	6.02	6.05	6.10	82
Guanajuato	6.75	6.86	6.74	6.82	6.65	6.42	5.95	5.88	5.88	6.32	6.17	6.17	6.48	6.61	62
Guerrero	6.40	6.56	6.44	6.52	6.34	6.20	5.85	5.85	5.76	6.15	6.09	6.20	6.07	6.22	72
Hidalgo	6.41	6.58	6.41	6.48	6.27	6.04	5.98	6.01	5.95	6.02	6.01	6.23	6.16	6.21	74
Jalisco	6.77	6.91	6.76	6.80	6.64	6.43	6.38	6.43	6.39	6.36	6.33	6.48	6.47	6.43	64
México	6.91	7.03	6.90	6.95	6.76	6.52	6.48	6.52	6.54	6.48	6.38	6.28	6.31	6.17	78
Michoacán de Ocampo	6.70	6.80	6.74	6.90	6.62	6.32	6.18	6.08	6.02	5.99	5.79	5.91	5.90	5.92	89
Morelos	6.71	6.84	6.67	6.72	6.58	6.41	6.26	6.24	6.19	6.29	6.06	6.22	6.20	6.27	69
Nayarit	6.67	6.75	6.80	6.94	6.57	6.16	6.09	6.05	6.04	6.13	6.18	6.28	6.31	6.34	68
Nuevo León	6.55	6.66	6.54	6.63	6.42	6.25	6.19	6.18	6.18	6.11	5.71	6.10	6.46	6.63	61
Oaxaca	6.56	6.68	6.54	6.52	6.44	6.26	6.12	6.15	6.10	6.09	6.06	6.17	6.16	6.20	75
Puebla	6.60	6.77	6.78	6.93	6.60	6.24	6.20	6.31	6.20	6.19	6.12	6.25	6.22	6.18	76
Querétaro	6.39	6.50	6.47	6.62	6.48	6.27	6.12	6.06	6.21	6.35	6.08	6.04	6.06	6.02	88
Quintana Roo	6.66	6.67	6.58	6.64	6.41	6.23	6.21	6.25	6.16	6.22	6.05	6.20	6.31	6.40	65
San Luis Potosí	6.53	6.62	6.63	6.79	6.58	6.25	6.13	6.12	6.08	6.09	6.06	6.19	6.16	6.12	81
Sinaloa	6.72	6.84	6.66	6.68	6.58	6.39	6.15	6.15	6.12	6.12	6.13	6.35	6.27	6.27	69
Sonora	6.72	6.82	6.67	6.81	6.63	6.39	6.16	6.01	6.05	6.21	6.12	6.25	6.38	6.38	66
Tabasco	6.19	6.27	6.30	6.49	6.23	6.09	5.94	5.93	5.99	6.04	5.95	6.11	6.12	6.14	79
Tamaulipas	6.26	6.30	6.25	6.34	6.09	5.87	5.80	5.78	5.85	5.97	5.95	6.08	6.13	6.08	84
Tlaxcala	7.00	7.07	6.82	6.64	6.51	6.31	6.24	6.21	6.21	6.27	6.21	6.35	6.35	6.37	67
Veracruz de Ignacio ...	6.41	6.51	6.44	6.53	6.38	6.17	6.07	6.03	5.99	6.06	5.95	6.11	6.11	6.07	85
Yucatán	6.56	6.70	6.54	6.61	6.47	6.21	6.04	6.05	6.00	5.98	5.94	6.13	6.20	6.18	76
Zacatecas	6.59	6.67	6.53	6.59	6.50	6.26	6.01	5.92	5.89	5.95	5.93	6.15	6.12	6.10	82

Table 3.3c: United States—Economic Freedom at the All-Government Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*8.23*	*8.24*	*8.07*	*8.04*	*8.13*	*8.06*	*7.84*	*7.73*	*7.68*	*7.78*	*7.66*	*7.73*	*7.83*	*7.90*	
Alabama	8.31	8.33	8.16	8.13	8.20	8.13	7.93	7.82	7.75	7.85	7.72	7.78	7.89	7.96	17
Alaska	8.02	8.01	7.90	7.86	8.00	7.98	7.67	7.62	7.56	7.67	7.57	7.57	7.74	7.84	40
Arizona	8.29	8.31	8.15	8.13	8.18	8.09	7.89	7.76	7.70	7.81	7.72	7.80	7.91	7.99	6
Arkansas	8.16	8.20	8.00	7.96	8.05	7.99	7.79	7.61	7.54	7.69	7.58	7.66	7.76	7.83	45
California	8.19	8.21	8.02	7.98	8.05	7.95	7.77	7.68	7.60	7.73	7.57	7.65	7.76	7.84	40
Colorado	8.27	8.27	8.12	8.08	8.17	8.08	7.86	7.71	7.67	7.82	7.72	7.81	7.91	7.98	11
Connecticut	8.24	8.23	8.06	8.06	8.16	8.06	7.91	7.76	7.68	7.75	7.60	7.66	7.77	7.85	36
Delaware	8.27	8.26	8.05	7.90	8.01	7.91	7.76	7.67	7.49	7.50	7.42	7.48	7.66	7.68	54
Florida	8.38	8.39	8.18	8.13	8.22	8.15	7.96	7.86	7.82	7.92	7.79	7.87	7.98	8.07	2
Georgia	8.28	8.31	8.14	8.10	8.17	8.10	7.92	7.78	7.74	7.83	7.70	7.79	7.91	8.00	4
Hawaii	8.19	8.13	8.02	7.99	8.06	7.97	7.72	7.65	7.60	7.67	7.56	7.62	7.74	7.84	40
Idaho	8.22	8.26	8.09	8.08	8.17	8.10	7.88	7.78	7.72	7.83	7.75	7.82	7.93	7.98	11
Illinois	8.22	8.23	8.04	8.03	8.12	8.02	7.80	7.70	7.61	7.70	7.59	7.66	7.76	7.87	32
Indiana	8.32	8.34	8.10	8.11	8.20	8.12	7.88	7.77	7.75	7.82	7.71	7.79	7.89	7.97	15
Iowa	8.27	8.31	8.13	8.09	8.20	8.13	7.88	7.77	7.73	7.82	7.69	7.76	7.86	7.92	27
Kansas	8.23	8.22	8.05	8.07	8.15	8.12	7.85	7.77	7.75	7.85	7.77	7.81	7.90	7.95	19
Kentucky	8.24	8.26	8.09	8.03	8.14	8.00	7.81	7.66	7.61	7.70	7.58	7.63	7.72	7.73	53
Louisiana	8.23	8.23	8.02	7.82	8.06	8.01	7.78	7.69	7.64	7.78	7.64	7.67	7.78	7.85	36
Maine	8.20	8.20	8.02	8.01	8.09	8.04	7.83	7.73	7.64	7.76	7.68	7.74	7.84	7.91	28
Maryland	8.28	8.29	8.11	8.05	8.15	8.10	7.91	7.78	7.72	7.81	7.65	7.69	7.80	7.88	30
Massachusetts	8.23	8.23	8.07	8.06	8.14	8.02	7.83	7.71	7.65	7.74	7.63	7.68	7.80	7.85	36
Michigan	8.19	8.22	8.05	8.02	8.06	7.99	7.78	7.67	7.66	7.77	7.68	7.75	7.86	7.94	22
Minnesota	8.10	8.14	7.94	7.91	7.98	7.93	7.71	7.61	7.57	7.68	7.57	7.58	7.68	7.74	51
Mississippi	8.21	8.23	8.06	7.84	8.07	8.03	7.83	7.74	7.67	7.75	7.65	7.70	7.78	7.83	45
Missouri	8.23	8.27	8.10	8.07	8.13	8.07	7.87	7.75	7.69	7.80	7.67	7.72	7.79	7.87	32
Montana	8.18	8.23	8.09	8.07	8.14	8.09	7.85	7.76	7.72	7.82	7.71	7.76	7.87	7.98	11
Nebraska	8.28	8.29	8.09	8.06	8.17	8.09	7.92	7.82	7.80	7.89	7.73	7.80	7.88	7.95	19
Nevada	8.38	8.40	8.22	8.18	8.24	8.14	7.95	7.81	7.76	7.87	7.74	7.80	7.93	7.97	15
New Hampshire	8.45	8.47	8.29	8.27	8.35	8.24	8.07	7.96	7.91	8.02	7.89	7.91	8.02	8.08	1
New Jersey	8.19	8.19	8.00	7.97	8.04	7.95	7.77	7.65	7.59	7.70	7.56	7.62	7.75	7.84	40
New Mexico	8.15	8.18	8.03	8.00	8.07	7.97	7.78	7.67	7.60	7.71	7.60	7.68	7.77	7.85	36
New York	8.04	8.04	7.86	7.86	7.94	7.84	7.65	7.52	7.48	7.59	7.46	7.51	7.60	7.67	55
North Carolina	8.28	8.30	8.14	8.12	8.20	8.14	7.92	7.76	7.71	7.82	7.70	7.79	7.87	7.94	22
North Dakota	8.19	8.21	8.03	8.04	8.15	8.11	7.85	7.82	7.76	7.91	7.75	7.81	7.86	7.93	26
Ohio	8.08	8.08	7.91	7.95	7.96	7.91	7.68	7.56	7.52	7.65	7.52	7.59	7.73	7.78	49
Oklahoma	8.14	8.21	8.05	8.07	8.18	8.15	7.88	7.80	7.77	7.86	7.78	7.84	7.90	7.99	6
Oregon	8.18	8.18	8.06	8.04	8.12	8.01	7.79	7.64	7.59	7.73	7.62	7.67	7.79	7.86	34
Pennsylvania	8.23	8.24	8.07	8.04	8.11	8.05	7.84	7.71	7.65	7.76	7.64	7.71	7.82	7.88	30
Rhode Island	8.10	8.11	7.91	7.91	7.99	7.92	7.69	7.59	7.54	7.63	7.51	7.57	7.69	7.75	50
South Carolina	8.26	8.26	8.10	7.97	8.15	8.10	7.88	7.76	7.72	7.84	7.74	7.81	7.93	8.01	3
South Dakota	8.33	8.37	8.18	8.14	8.26	8.22	7.98	7.92	7.88	7.95	7.81	7.85	7.93	7.99	6
Tennessee	8.31	8.32	8.14	8.11	8.20	8.12	7.93	7.83	7.76	7.85	7.73	7.80	7.91	7.98	11
Texas	8.26	8.26	8.13	8.08	8.17	8.12	7.89	7.81	7.78	7.88	7.75	7.82	7.92	7.99	6
Utah	8.28	8.30	8.12	8.12	8.21	8.12	7.90	7.78	7.73	7.83	7.73	7.82	7.94	8.00	4
Vermont	8.24	8.24	8.04	8.01	8.08	8.03	7.82	7.69	7.67	7.76	7.62	7.66	7.78	7.86	34
Virginia	8.32	8.33	8.15	8.12	8.21	8.14	7.89	7.83	7.79	7.88	7.73	7.79	7.90	7.95	19
Washington	8.21	8.25	8.09	8.05	8.16	8.08	7.88	7.73	7.68	7.81	7.69	7.76	7.87	7.94	22
West Virginia	8.15	8.17	8.04	8.08	8.14	8.09	7.89	7.74	7.66	7.78	7.65	7.71	7.80	7.84	40
Wisconsin	8.21	8.22	8.05	8.03	8.11	8.02	7.75	7.66	7.62	7.73	7.60	7.71	7.84	7.90	29
Wyoming	8.20	8.21	8.07	8.04	8.09	8.03	7.78	7.71	7.71	7.82	7.70	7.81	7.86	7.96	17

Table 3.4a: Canada—Overall Scores at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 10
Average	*4.91*	*4.61*	*4.85*	*4.99*	*5.42*	*5.48*	*5.36*	*5.41*	*5.10*	*4.81*	*4.94*	*4.87*	*4.91*	*5.08*	5.11	5.19	5.09	
Alberta	5.51	4.74	5.88	7.30	7.42	8.55	8.35	8.16	7.59	7.21	7.28	7.72	7.80	7.95	8.01	8.18	7.29	1
British Columbia	5.35	5.65	6.04	4.91	4.75	6.08	6.45	6.59	6.24	6.25	6.33	5.89	5.38	5.77	5.71	6.16	6.37	2
Manitoba	5.70	5.00	4.72	5.03	4.99	4.91	4.86	5.05	4.77	4.80	4.86	4.52	4.73	4.55	4.71	4.93	4.80	7
New Brunswick	5.01	4.68	5.22	5.95	5.99	5.79	5.38	5.38	4.92	5.27	5.72	5.77	5.74	5.60	5.53	4.44	4.54	8
Newfoundland & Lab.	3.47	2.88	2.91	3.49	4.70	4.53	4.58	4.68	4.42	4.39	4.58	4.48	4.60	5.01	5.14	5.47	5.09	4
Nova Scotia	5.03	5.12	6.13	6.40	6.93	6.19	5.60	5.18	4.93	4.27	4.18	3.96	3.91	4.10	4.08	4.06	4.06	9
Ontario	6.41	6.12	5.22	4.53	5.94	5.82	5.72	5.72	5.22	4.79	4.54	4.54	5.47	5.69	5.60	5.89	5.93	3
Prince Edward Island	5.34	5.90	5.48	6.36	6.20	6.28	6.06	5.90	5.56	4.80	5.07	5.09	4.89	5.01	5.03	4.70	4.89	6
Quebec	3.44	2.70	3.52	2.46	3.39	2.87	2.94	2.99	2.79	2.53	2.62	2.47	2.39	2.60	2.54	2.86	2.89	10
Saskatchewan	3.80	3.34	3.35	3.46	3.89	3.82	3.69	4.48	4.55	3.79	4.19	4.26	4.21	4.52	4.73	5.17	5.06	5

Table 3.4b: Mexico—Overall Scores at the Subnational Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 32
Average for Mexico	*6.80*	*6.64*	*6.67*	*6.61*	*6.39*	*6.03*	*5.76*	*5.38*	*5.13*	*5.10*	*4.69*	*4.50*	*4.47*	*4.34*	
Aguascalientes	7.52	7.37	7.39	7.11	6.72	6.87	6.20	5.59	5.29	5.25	4.65	4.45	4.19	4.50	11
Baja California	8.30	8.10	7.96	7.87	7.72	7.50	7.62	7.24	7.26	7.34	6.85	6.43	6.83	6.41	3
Baja California Sur	6.38	5.67	5.63	5.53	5.05	4.98	4.30	4.28	4.60	4.71	4.20	4.17	4.16	3.93	20
Campeche	4.20	4.11	4.25	4.51	4.74	4.28	4.71	3.89	3.77	3.95	3.53	2.42	2.02	2.29	32
Coahuila de Zaragoza	7.30	7.22	7.04	7.25	7.24	7.07	6.82	5.61	4.79	4.71	5.71	5.81	5.15	3.93	20
Colima	6.74	6.83	6.62	6.83	6.67	6.34	6.36	5.23	4.43	4.08	4.02	3.99	3.95	3.63	26
Chiapas	5.55	5.04	5.73	6.09	5.32	4.27	3.91	3.88	3.59	3.90	3.38	3.11	3.30	3.37	30
Chihuahua	6.41	6.29	6.41	6.70	7.04	7.45	6.58	5.46	5.14	3.82	4.35	4.05	4.15	4.66	10
Ciudad de México	6.07	6.14	6.00	6.04	5.80	5.65	5.63	5.64	5.62	5.73	5.44	5.40	4.66	5.01	7
Durango	6.74	6.75	6.70	6.18	6.03	5.45	4.54	4.72	4.29	4.09	3.74	3.53	3.56	3.76	25
Guanajuato	8.19	7.97	7.57	7.48	7.35	6.75	6.43	6.15	6.11	6.58	5.59	4.98	6.18	6.71	1
Guerrero	4.97	5.12	4.90	5.03	4.95	4.77	4.49	4.28	4.04	4.09	3.60	3.86	3.09	3.49	28
Hidalgo	6.51	6.48	6.19	5.97	5.41	5.03	4.79	4.48	4.78	4.51	4.69	4.84	4.63	3.94	19
Jalisco	7.81	7.65	7.53	7.27	7.37	7.03	6.81	7.00	6.85	6.59	6.45	6.23	6.06	5.79	4
México	7.78	7.69	7.53	7.53	6.78	6.10	6.19	6.03	6.04	5.66	5.12	4.12	4.15	3.45	29
Michoacán de Ocampo	7.42	7.38	7.87	7.96	7.40	7.06	6.51	6.03	5.65	5.61	4.97	4.96	5.33	4.96	8
Morelos	7.92	7.80	7.54	7.26	7.13	6.84	6.63	6.37	5.83	6.50	5.15	4.82	4.76	4.11	16
Nayarit	6.77	6.27	7.18	7.39	6.15	4.50	4.86	5.03	4.70	4.51	3.43	4.24	4.56	4.07	17
Nuevo León	6.82	6.78	6.86	6.81	6.86	6.76	6.88	6.54	5.86	6.01	5.05	4.69	5.88	6.47	2
Oaxaca	6.57	6.32	6.30	5.83	5.78	5.79	5.47	5.56	4.92	4.38	4.13	3.48	3.51	3.82	23
Puebla	7.38	7.50	8.13	8.23	7.36	6.41	6.45	6.66	5.89	5.47	5.05	4.23	4.02	3.80	24
Querétaro	6.67	6.50	6.15	6.01	6.00	5.83	5.37	5.08	5.53	5.98	5.13	4.28	4.21	4.01	18
Quintana Roo	5.95	5.55	5.57	5.52	5.34	5.03	5.26	5.27	4.76	5.05	4.39	3.85	4.05	4.26	14
San Luis Potosí	6.85	6.34	7.00	7.28	7.02	6.42	6.20	5.77	5.38	5.18	4.28	3.95	3.96	3.61	27
Sinaloa	7.71	7.68	7.41	7.14	7.13	7.00	6.37	5.79	5.30	5.14	5.29	5.27	4.87	4.50	11
Sonora	7.45	7.20	7.29	7.20	7.16	6.92	6.21	5.31	5.24	5.95	4.93	5.19	5.41	5.15	6
Tabasco	4.37	4.47	4.61	5.30	4.93	4.36	4.15	3.29	3.34	3.58	3.62	3.40	3.02	2.74	31
Tamaulipas	6.19	6.15	6.36	6.29	5.88	5.78	5.61	5.37	5.72	5.99	4.86	5.36	5.42	5.43	5
Tlaxcala	8.17	7.98	7.40	6.12	6.11	5.55	5.70	5.46	5.14	5.12	4.99	4.90	4.53	4.70	9
Veracruz de Ignacio de la Llave	6.91	6.57	7.02	7.16	6.95	6.50	6.05	5.63	5.58	5.28	4.84	4.61	4.50	4.46	13
Yucatán	7.42	7.42	7.24	7.00	7.20	6.81	6.35	5.82	5.09	4.61	4.65	4.47	4.42	4.13	15
Zacatecas	6.50	6.23	5.90	5.75	5.91	5.87	4.87	3.69	3.67	3.79	4.13	4.78	4.38	3.91	22

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

Table 3.4c: United States—Overall Scores at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 50
Average	*5.04*	*5.30*	*5.60*	*5.44*	*6.17*	*6.15*	*6.27*	*6.21*	*6.06*	*5.55*	*5.43*	*5.62*	*5.89*	*5.89*	*6.08*	*6.19*	*6.10*	
Alabama	5.45	5.83	6.27	6.15	5.78	6.82	6.85	6.69	6.43	5.87	5.77	5.82	6.01	5.99	6.08	6.25	6.22	25
Alaska	2.91	3.52	3.69	3.07	3.62	3.67	3.69	4.19	4.46	4.35	4.28	4.33	4.45	4.66	4.49	4.92	4.80	46
Arizona	6.07	6.17	5.83	5.86	6.68	7.09	7.13	6.64	6.39	6.11	5.90	6.10	6.36	6.42	6.66	6.85	6.81	10
Arkansas	5.89	6.05	6.12	6.12	6.41	6.45	6.32	6.23	6.17	5.81	5.36	5.26	5.64	5.58	5.97	6.04	6.09	29
California	4.12	4.61	4.59	4.39	5.26	4.87	4.98	4.92	4.45	4.16	4.17	4.26	4.70	4.29	4.56	4.79	4.71	47
Colorado	5.90	6.00	6.18	6.37	7.64	7.28	7.36	7.08	6.89	6.24	5.81	6.01	6.53	6.56	6.83	6.99	6.87	8
Connecticut	5.64	6.35	6.24	5.32	6.56	6.51	6.74	6.83	6.73	6.51	6.37	6.30	6.41	6.29	6.41	6.44	6.45	19
Delaware	4.25	5.50	6.26	5.79	6.75	6.51	6.54	6.35	5.94	5.77	5.41	5.36	5.03	5.19	5.22	5.41	5.28	38
Florida	6.75	7.11	7.10	6.99	7.71	7.18	7.18	7.13	6.90	6.57	6.68	6.93	7.22	7.18	7.55	7.74	7.87	1
Georgia	5.72	6.17	6.39	6.42	7.04	7.07	7.11	7.01	6.61	6.27	6.00	6.25	6.42	6.39	6.87	7.05	7.14	7
Hawaii	4.40	4.38	5.67	4.00	5.04	5.47	5.49	5.49	5.23	5.13	5.01	5.20	5.25	5.25	5.39	5.39	5.48	37
Idaho	5.38	5.47	5.90	5.46	6.14	6.32	6.49	6.64	6.22	5.54	5.37	5.58	6.14	6.32	6.55	6.74	6.58	17
Illinois	4.50	5.19	5.84	5.62	6.52	5.98	6.21	6.28	5.96	5.32	5.26	5.14	5.28	5.24	5.51	5.83	6.28	23
Indiana	5.74	5.82	6.29	6.35	6.91	6.26	6.51	6.59	6.32	5.76	5.54	5.96	6.32	6.31	6.60	6.75	6.66	14
Iowa	5.00	4.74	5.16	5.16	6.09	6.31	6.40	6.12	5.87	5.34	5.16	5.48	5.68	5.66	5.85	6.01	5.92	33
Kansas	5.03	5.64	5.95	5.80	6.73	6.48	6.75	6.83	6.87	6.30	5.95	6.36	6.70	6.98	6.97	7.01	6.62	15
Kentucky	4.93	5.60	5.76	5.38	6.04	5.79	5.75	5.71	5.61	4.95	4.69	4.85	4.99	4.96	5.15	5.29	4.45	49
Louisiana	5.53	5.01	5.31	5.74	5.71	5.89	6.04	6.19	5.95	5.43	5.57	5.82	6.19	6.23	6.24	6.31	6.26	24
Maine	4.16	4.14	4.50	4.24	4.96	4.85	4.93	4.97	4.95	4.82	4.91	4.74	5.11	5.27	5.42	5.54	5.58	36
Maryland	5.06	5.93	6.51	6.34	7.05	7.34	7.03	7.05	6.93	6.48	6.35	6.52	6.59	6.41	6.41	6.30	6.29	22
Massachusetts	4.23	5.54	5.50	5.62	6.92	6.61	6.85	6.76	6.42	6.11	5.99	6.12	6.31	6.37	6.50	6.73	6.48	18
Michigan	3.27	4.34	4.24	4.99	6.08	5.55	5.44	5.03	5.04	4.40	4.51	4.84	5.36	5.50	5.71	5.94	5.90	34
Minnesota	3.87	4.25	4.51	4.23	5.43	5.64	5.78	5.82	5.67	5.01	4.68	5.12	5.36	5.46	5.33	5.38	5.16	41
Mississippi	5.34	5.44	5.59	5.74	5.57	5.77	5.80	5.63	5.64	5.14	4.97	5.05	5.22	5.17	5.30	5.21	5.11	42
Missouri	6.00	6.39	6.78	6.44	6.81	6.58	7.01	6.73	6.64	6.32	6.18	6.28	6.60	6.60	6.73	6.62	6.59	16
Montana	4.76	4.00	3.97	4.25	5.32	6.11	6.20	5.94	5.98	5.31	5.38	5.62	5.81	5.67	5.85	5.97	6.13	28
Nebraska	5.38	5.57	6.24	6.35	6.86	6.76	6.73	6.85	6.76	6.38	6.30	6.78	6.97	6.76	6.95	6.88	6.70	12
Nevada	5.78	6.08	6.43	6.40	7.37	7.60	7.51	7.07	6.60	5.98	5.42	5.64	5.98	5.97	6.19	6.47	6.30	21
New Hampshire	6.35	7.19	7.29	7.02	7.94	7.91	8.07	7.98	7.62	7.26	7.11	7.25	7.60	7.64	7.64	7.80	7.65	2
New Jersey	4.53	5.68	6.12	4.97	6.53	5.89	5.70	5.59	5.59	5.03	4.99	5.17	5.35	5.44	5.44	5.75	5.77	35
New Mexico	5.18	5.33	5.22	4.58	4.80	5.58	5.49	5.46	5.17	4.81	4.67	4.71	5.01	4.86	5.17	5.09	5.11	42
New York	2.74	3.13	3.81	3.25	4.56	3.82	3.99	4.16	4.03	3.64	3.56	3.76	3.99	3.97	4.06	4.02	3.90	50
North Carolina	5.79	6.19	6.43	6.21	6.54	6.86	7.01	6.98	6.89	6.28	5.67	5.84	6.25	6.04	6.70	6.71	6.67	13
North Dakota	5.79	5.15	4.95	5.53	6.21	6.52	6.76	6.86	6.64	6.01	6.40	6.58	7.25	7.05	7.21	6.86	6.71	11
Ohio	4.36	4.28	4.65	4.25	5.23	4.85	4.91	4.66	4.58	4.25	4.51	4.65	4.99	4.94	5.06	5.52	5.28	38
Oklahoma	5.91	5.94	5.69	5.59	6.55	6.93	7.10	7.03	7.17	6.28	6.28	6.57	6.76	6.92	7.21	7.07	6.85	9
Oregon	3.69	3.97	4.53	4.84	4.88	4.93	5.23	5.17	5.12	4.38	4.25	4.39	4.57	4.65	4.82	5.13	4.97	45
Pennsylvania	4.63	4.98	5.67	5.27	6.43	6.20	6.16	6.04	5.92	5.54	5.40	5.48	5.91	5.95	6.20	6.33	6.20	26
Rhode Island	3.87	4.47	4.81	3.76	4.78	4.55	5.13	5.09	4.94	4.60	4.87	5.11	5.21	5.13	5.42	5.47	5.24	40
South Carolina	5.85	6.08	6.14	5.90	6.27	5.52	5.72	5.66	5.36	4.72	4.52	4.85	5.41	5.35	5.66	5.91	6.04	32
South Dakota	5.38	6.20	6.72	6.76	7.46	7.74	7.95	8.01	8.06	7.42	7.42	7.72	7.75	7.75	7.71	7.52	7.37	5
Tennessee	6.14	6.49	6.90	7.04	7.49	7.03	7.15	7.06	6.92	6.49	6.68	6.73	6.87	6.94	7.24	7.43	7.43	4
Texas	6.93	6.89	6.73	6.53	7.25	7.33	7.55	7.57	7.60	6.81	6.63	7.01	7.31	7.33	7.56	7.67	7.52	3
Utah	5.20	5.42	5.42	5.95	5.78	6.21	6.48	6.65	6.31	5.47	5.06	5.26	5.55	5.66	6.12	6.41	6.32	20
Vermont	4.00	4.28	4.93	4.79	5.46	5.08	5.17	5.18	5.18	4.54	4.43	4.87	5.04	4.95	4.94	5.02	5.06	44
Virginia	6.03	6.69	7.08	6.93	7.40	7.53	7.63	7.65	7.47	7.07	6.98	7.24	7.38	7.15	7.32	7.27	7.20	6
Washington	4.95	4.74	4.88	4.36	5.32	5.62	5.78	5.71	5.68	4.97	4.62	4.95	5.48	5.53	5.87	6.08	6.05	31
West Virginia	3.63	3.21	3.96	3.88	4.70	5.06	5.63	5.36	5.36	5.00	4.68	4.71	5.11	5.00	5.15	4.96	4.48	48
Wisconsin	4.63	3.80	4.64	4.79	5.52	5.58	5.61	5.68	5.51	4.56	4.69	5.01	5.38	5.14	5.75	6.25	6.07	30
Wyoming	5.38	4.24	4.81	5.19	6.39	6.18	6.54	6.24	6.17	5.17	5.14	5.61	5.94	6.23	6.54	6.26	6.14	27

Table 3.5a: Canada—Scores for Area 1 (Government Spending) at the All-Government Level, 1985–2016

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*7.71*	*7.86*	*7.79*	*8.05*	*7.45*	*7.40*	*7.36*	*7.40*	*7.41*	*7.38*	*7.39*	*7.38*	*6.92*	*6.95*	*7.26*	*7.32*	*7.38*	*7.92*	*7.40*	*7.34*	
Alberta	8.47	8.87	8.91	9.20	8.47	8.58	8.57	8.71	8.82	8.88	8.85	8.80	8.29	8.27	8.65	8.75	8.79	9.32	8.74	8.41	1
British Columbia	8.49	8.74	8.65	8.70	8.11	8.05	8.05	8.12	8.22	8.25	8.25	8.14	7.65	7.66	7.95	7.93	7.98	8.52	8.05	8.06	2
Manitoba	8.36	8.25	8.08	8.19	7.68	7.61	7.52	7.51	7.47	7.50	7.60	7.57	7.16	7.24	7.40	7.48	7.47	8.02	7.55	7.51	8
New Brunswick	7.01	7.20	7.22	7.57	6.90	6.86	6.85	6.83	6.80	6.73	6.77	6.74	6.30	6.34	6.65	6.64	6.64	7.20	6.56	6.54	56
Newfoundland & Lab.	6.00	6.12	6.45	6.82	6.27	6.16	6.08	6.15	6.13	6.14	6.19	6.36	5.85	5.99	6.39	6.58	6.77	7.37	6.85	6.73	49
Nova Scotia	7.39	7.63	7.35	7.72	7.19	7.13	7.13	7.11	7.05	6.93	6.83	6.77	6.33	6.35	6.57	6.48	6.56	7.09	6.55	6.56	53
Ontario	9.10	8.95	8.70	9.05	8.48	8.39	8.31	8.34	8.34	8.26	8.22	8.10	7.55	7.54	7.82	7.96	7.95	8.48	8.01	8.03	3
Prince Edward Island	6.43	6.74	6.67	6.94	6.29	6.37	6.29	6.33	6.32	6.19	6.11	6.05	5.60	5.70	6.07	6.11	6.19	6.83	6.26	6.29	60
Quebec	8.03	8.18	7.98	8.37	7.78	7.70	7.65	7.68	7.67	7.63	7.56	7.52	7.10	7.14	7.45	7.48	7.47	7.97	7.47	7.48	10
Saskatchewan	7.84	7.89	7.87	7.95	7.36	7.16	7.15	7.22	7.30	7.33	7.58	7.78	7.34	7.27	7.67	7.77	7.93	8.42	7.91	7.78	5

Table 3.5b: Mexico—Scores for Area 1 (Government Spending) at the All-Government Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*5.83*	*5.71*	*5.86*	*5.86*	*5.95*	*5.04*	*4.61*	*4.24*	*4.35*	*4.49*	*4.25*	*4.31*	*4.42*	*4.98*	
Aguascalientes	5.98	5.67	5.77	5.96	5.99	5.68	5.04	4.05	3.17	4.27	4.12	4.08	3.65	4.06	89
Baja California	7.39	7.18	7.18	7.10	7.19	6.51	6.38	6.00	6.38	6.51	6.08	5.76	6.29	6.56	53
Baja California Sur	5.78	5.41	5.98	5.95	5.31	4.46	3.60	3.34	3.97	4.07	3.92	3.64	3.95	4.58	80
Campeche	1.93	1.82	1.75	2.56	3.90	2.30	3.13	3.02	3.15	2.96	2.62	2.65	2.49	3.48	92
Coahuila de Zaragoza	6.22	6.11	6.03	5.81	6.13	5.57	5.14	3.66	3.22	3.65	4.70	5.57	4.72	4.42	85
Colima	3.50	3.73	4.16	4.64	4.94	3.71	3.41	3.26	3.31	3.20	3.21	3.52	3.48	4.05	90
Chiapas	4.82	4.62	5.05	5.03	5.47	4.11	3.85	3.76	4.00	3.98	3.93	4.13	4.19	4.67	78
Chihuahua	5.81	5.66	5.93	6.02	6.76	6.54	5.60	4.27	3.98	3.56	3.62	3.81	4.24	5.30	69
Ciudad de México	4.89	4.85	4.81	4.81	4.84	4.30	3.87	3.79	3.91	3.38	3.15	3.26	2.41	3.51	91
Durango	5.57	5.45	5.31	4.57	4.75	3.87	3.34	3.12	3.28	3.20	3.06	3.37	3.46	4.20	87
Guanajuato	6.86	6.71	6.83	6.85	6.97	5.93	5.45	5.16	5.36	5.41	4.76	4.20	5.85	6.88	41
Guerrero	4.93	5.11	5.10	5.00	5.04	4.58	4.22	4.23	4.20	4.54	4.40	4.18	3.81	4.76	75
Hidalgo	4.84	5.11	4.87	4.80	4.79	3.80	3.48	3.46	3.70	3.75	3.76	4.24	3.88	4.78	74
Jalisco	7.13	7.20	7.13	6.96	7.07	6.24	5.87	5.93	6.04	5.99	5.91	6.04	6.04	6.39	58
México	7.86	7.81	7.81	7.69	7.70	6.63	6.44	6.31	6.62	6.47	6.09	4.84	5.12	4.84	73
Michoacán de Ocampo	6.52	6.44	6.95	7.20	6.91	5.78	5.09	4.45	4.47	4.59	3.74	3.74	3.97	4.63	79
Morelos	6.58	6.61	6.47	6.30	6.51	5.86	5.29	4.92	4.83	5.20	4.36	4.42	4.26	5.15	71
Nayarit	6.34	6.08	6.95	7.25	6.37	4.51	4.32	3.68	3.76	4.41	4.77	4.59	4.77	5.44	68
Nuevo León	6.65	6.60	6.74	6.77	6.97	6.30	6.05	5.71	5.90	5.73	4.84	5.05	6.56	7.84	4
Oaxaca	5.60	5.61	5.47	4.95	5.42	4.66	4.06	4.04	4.02	4.00	3.86	3.96	3.91	4.49	83
Puebla	6.13	6.27	7.01	7.34	6.79	5.04	5.00	5.26	5.01	4.90	4.77	4.79	4.73	5.08	72
Querétaro	5.41	5.35	5.85	6.23	6.42	5.65	5.15	4.71	5.42	6.12	5.08	4.19	4.39	4.73	76
Quintana Roo	6.72	6.13	6.40	6.35	6.23	5.39	5.50	5.37	5.16	5.44	4.78	4.79	5.41	6.31	59
San Luis Potosí	5.59	5.36	6.11	6.50	6.40	4.94	4.51	4.21	4.23	4.50	4.36	4.38	4.20	4.43	84
Sinaloa	6.67	6.63	6.42	6.04	6.48	5.73	4.63	4.43	4.44	4.42	4.53	5.15	4.76	5.28	70
Sonora	6.71	6.64	6.49	6.79	6.82	5.80	4.80	3.83	4.19	4.88	4.50	4.56	5.28	5.73	66
Tabasco	3.67	3.39	4.22	4.68	4.33	3.99	3.52	3.43	3.78	3.92	3.83	4.03	4.02	4.52	82
Tamaulipas	5.41	4.82	5.13	5.25	4.79	4.00	3.72	3.24	3.60	4.14	3.98	4.23	4.61	4.73	76
Tlaxcala	8.04	7.77	7.07	5.67	5.92	5.03	4.87	4.42	4.70	5.02	4.73	4.94	4.91	5.52	67
Veracruz de Ignacio ...	5.35	5.16	5.41	5.42	5.42	4.68	4.24	3.73	4.18	4.03	3.67	3.91	3.95	4.27	86
Yucatán	5.78	5.77	5.60	5.59	6.01	4.71	4.10	3.74	3.73	3.69	3.40	3.85	4.26	4.56	81
Zacatecas	5.76	5.58	5.66	5.34	5.80	4.84	3.77	3.16	3.37	3.67	3.57	3.98	3.77	4.10	88

Data for Mexico are not available for years 1985–2002.

Table 3.5c: United States—Scores for Area 1 (Government Spending) at the All-Government Level, 1985–2016

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*7.50*	*7.64*	*7.36*	*7.66*	*7.48*	*7.36*	*7.35*	*7.36*	*7.39*	*7.43*	*7.46*	*7.40*	*6.59*	*6.48*	*6.57*	*6.94*	*6.94*	*7.00*	*7.02*	*6.96*	
Alabama	7.50	7.62	7.39	7.48	7.31	7.19	7.20	7.23	7.28	7.30	7.23	7.25	6.49	6.42	6.44	6.77	6.76	6.76	6.77	6.66	52
Alaska	6.52	6.40	6.00	6.07	5.89	5.76	5.56	5.38	5.81	5.85	6.15	6.31	5.07	5.31	5.41	5.75	5.63	5.64	5.76	6.01	65
Arizona	7.76	7.67	7.58	7.85	7.69	7.59	7.55	7.53	7.57	7.70	7.67	7.49	6.70	6.52	6.63	6.99	7.01	7.07	7.11	7.06	29
Arkansas	7.60	7.79	7.51	7.68	7.45	7.28	7.32	7.38	7.45	7.48	7.49	7.46	6.72	6.47	6.20	6.68	6.66	6.81	6.84	6.79	45
California	7.39	7.61	7.21	7.73	7.53	7.38	7.36	7.35	7.40	7.49	7.45	7.26	6.51	6.54	6.45	6.87	6.81	6.95	6.97	7.00	34
Colorado	7.66	7.61	7.56	8.03	7.83	7.68	7.63	7.59	7.66	7.69	7.74	7.66	6.81	6.55	6.66	7.09	7.12	7.25	7.26	7.23	19
Connecticut	7.69	7.86	7.56	8.02	7.87	7.74	7.70	7.67	7.74	7.85	7.87	7.75	7.11	6.75	6.74	7.05	7.00	7.06	7.07	7.04	31
Delaware	7.82	7.99	7.60	8.04	7.93	7.87	7.82	7.79	7.76	7.77	7.75	7.68	6.94	6.79	6.72	6.84	6.85	6.89	6.86	6.85	43
Florida	7.97	8.07	7.80	8.12	7.99	7.92	7.88	7.85	7.73	7.80	7.87	7.82	7.05	6.91	6.99	7.40	7.42	7.51	7.58	7.63	7
Georgia	7.71	7.92	7.65	8.00	7.81	7.67	7.66	7.68	7.70	7.74	7.65	7.51	6.88	6.64	6.72	7.10	7.12	7.27	7.31	7.45	11
Hawaii	6.95	7.70	7.12	7.38	7.24	7.16	7.17	7.19	7.27	7.33	7.29	7.24	6.02	6.16	6.25	6.57	6.63	6.59	6.64	6.74	48
Idaho	7.45	7.64	7.41	7.70	7.51	7.38	7.42	7.48	7.51	7.64	7.61	7.55	6.58	6.51	6.56	7.08	7.15	7.26	7.31	7.18	23
Illinois	7.77	7.96	7.63	7.94	7.76	7.63	7.57	7.53	7.57	7.66	7.63	7.49	6.66	6.53	6.63	6.96	6.97	7.02	7.09	7.18	23
Indiana	7.84	8.07	7.84	8.08	7.90	7.77	7.75	7.76	7.66	7.73	7.67	7.61	6.84	6.76	6.89	7.26	7.28	7.39	7.35	7.27	15
Iowa	7.67	7.79	7.54	7.83	7.60	7.42	7.49	7.57	7.56	7.58	7.66	7.60	6.73	6.70	6.82	7.14	7.13	7.15	7.17	7.11	25
Kansas	7.63	7.81	7.59	7.92	7.72	7.57	7.54	7.54	7.57	7.67	7.68	7.66	6.70	6.76	6.96	7.34	7.45	7.43	7.43	7.26	18
Kentucky	7.63	7.68	7.33	7.56	7.36	7.21	7.18	7.17	7.16	7.14	7.24	6.80	6.18	5.88	5.99	6.31	6.35	6.41	6.35	6.14	62
Louisiana	7.23	7.45	7.07	7.34	7.21	7.14	7.11	7.09	6.94	5.97	7.00	6.98	6.29	6.18	6.38	6.84	6.79	6.70	6.67	6.56	53
Maine	7.33	7.59	7.15	7.51	7.42	7.38	7.32	7.28	7.26	7.40	7.37	7.38	6.59	6.49	6.48	6.97	7.09	7.10	7.18	7.09	27
Maryland	7.48	7.65	7.35	7.72	7.64	7.61	7.52	7.45	7.48	7.38	7.53	7.43	6.70	6.57	6.65	6.87	6.85	6.82	6.86	6.90	39
Massachusetts	7.52	7.52	7.38	7.89	7.69	7.55	7.50	7.47	7.55	7.68	7.60	7.38	6.65	6.51	6.61	6.96	6.97	7.03	7.16	6.92	38
Michigan	7.67	7.55	7.49	7.87	7.67	7.52	7.46	7.42	7.47	7.48	7.41	7.25	6.45	6.25	6.49	6.95	7.01	7.10	7.16	7.11	25
Minnesota	7.56	7.70	7.48	7.76	7.59	7.47	7.53	7.60	7.59	7.65	7.55	7.58	6.77	6.69	6.92	7.25	7.31	7.29	7.34	7.27	15
Mississippi	7.26	7.38	7.16	7.22	7.04	6.91	6.92	6.95	6.84	5.79	6.71	6.84	6.11	6.10	6.13	6.41	6.35	6.34	6.23	6.11	63
Missouri	7.45	7.75	7.53	7.78	7.57	7.42	7.42	7.44	7.44	7.48	7.44	7.36	6.63	6.48	6.59	6.90	6.93	6.95	6.95	6.98	36
Montana	6.85	6.99	6.81	7.16	6.99	6.88	6.94	7.03	7.11	7.24	7.26	7.24	6.38	6.29	6.43	6.83	6.77	6.80	6.84	6.89	40
Nebraska	7.79	7.94	7.80	7.93	7.76	7.64	7.70	7.78	7.72	7.71	7.78	7.69	7.11	7.10	7.26	7.53	7.48	7.54	7.53	7.50	9
Nevada	7.46	7.70	7.61	8.13	8.02	7.95	7.97	8.01	8.05	8.07	8.02	7.86	7.08	6.76	6.86	7.25	7.25	7.34	7.37	7.27	15
New Hampshire	8.03	8.11	7.92	8.22	8.12	8.07	8.06	8.08	8.09	8.16	8.11	8.04	7.37	7.32	7.41	7.78	7.80	7.79	7.80	7.69	6
New Jersey	7.81	7.89	7.51	8.01	7.87	7.76	7.70	7.67	7.67	7.73	7.70	7.65	6.95	6.68	6.78	7.11	7.17	7.24	7.32	7.30	14
New Mexico	6.94	7.01	6.76	6.88	6.71	6.60	6.56	6.54	6.62	6.75	6.69	6.65	5.80	5.63	5.72	6.14	6.07	6.21	6.11	6.06	64
New York	7.35	7.54	7.05	7.45	7.26	7.13	7.07	7.03	7.11	7.21	7.26	7.12	6.41	6.23	6.34	6.69	6.68	6.80	6.79	6.75	47
North Carolina	7.86	7.99	7.71	7.84	7.66	7.53	7.54	7.56	7.63	7.73	7.74	7.71	6.88	6.57	6.63	7.02	6.94	7.14	7.02	6.99	35
North Dakota	6.89	7.06	6.96	6.85	6.69	6.59	6.74	6.92	6.81	7.11	7.17	7.24	6.38	6.61	6.72	7.24	7.16	7.17	7.03	6.54	56
Ohio	7.46	7.53	7.24	7.52	7.29	7.12	7.08	7.06	7.14	7.15	6.99	7.12	6.28	6.12	6.24	6.70	6.75	6.74	6.95	6.81	44
Oklahoma	7.72	7.67	7.27	7.62	7.42	7.27	7.31	7.36	7.47	7.60	7.56	7.66	6.77	6.70	6.86	7.22	7.27	7.32	7.26	7.05	30
Oregon	7.37	7.70	7.36	7.44	7.23	7.08	7.04	7.02	7.18	7.38	7.32	7.23	6.34	6.11	6.22	6.66	6.69	6.78	6.85	6.79	45
Pennsylvania	7.61	7.81	7.35	7.72	7.55	7.43	7.40	7.39	7.41	7.48	7.46	7.41	6.65	6.37	6.42	6.84	6.90	6.95	7.01	6.87	42
Rhode Island	7.48	7.49	6.91	7.39	7.24	7.15	7.12	7.11	7.13	7.22	7.19	7.08	6.24	6.11	6.20	6.51	6.58	6.66	6.74	6.71	51
South Carolina	7.57	7.64	7.39	7.67	7.45	7.28	7.24	7.23	7.22	7.34	7.34	7.27	6.45	6.34	6.46	6.94	6.96	6.99	7.06	7.07	28
South Dakota	7.46	7.69	7.47	7.59	7.37	7.20	7.31	7.44	7.36	7.40	7.51	7.56	6.80	6.87	7.00	7.29	7.27	7.28	7.28	7.22	20
Tennessee	7.69	7.86	7.63	7.87	7.69	7.56	7.54	7.54	7.53	7.64	7.66	7.51	6.78	6.75	6.74	7.03	7.13	7.17	7.23	7.22	20
Texas	7.86	7.89	7.59	7.91	7.76	7.66	7.61	7.59	7.68	7.73	7.78	7.67	6.94	6.89	7.02	7.41	7.41	7.46	7.46	7.32	12
Utah	7.43	7.52	7.53	7.81	7.61	7.46	7.46	7.48	7.56	7.67	7.68	7.66	6.85	6.62	6.69	7.06	7.08	7.19	7.28	7.22	20
Vermont	7.60	7.81	7.49	7.79	7.64	7.55	7.51	7.48	7.51	7.52	7.48	7.34	6.62	6.41	6.69	7.01	6.94	6.94	7.02	7.02	32
Virginia	7.58	7.70	7.43	7.77	7.62	7.52	7.48	7.47	7.51	7.51	7.49	7.42	6.46	6.64	6.78	7.07	6.95	7.00	7.03	6.93	37
Washington	7.22	7.55	7.16	7.69	7.50	7.35	7.38	7.42	7.54	7.68	7.69	7.62	6.78	6.50	6.66	7.10	7.18	7.25	7.29	7.31	13
West Virginia	7.21	7.32	6.82	7.06	6.76	6.52	6.63	6.76	7.03	7.36	7.19	7.24	6.52	6.22	6.12	6.57	6.49	6.51	6.53	6.21	61
Wisconsin	7.64	7.82	7.57	7.79	7.59	7.45	7.44	7.44	7.49	7.58	7.54	7.47	6.37	6.42	6.54	6.91	6.80	7.03	7.13	7.01	33
Wyoming	7.06	7.17	6.97	7.33	7.20	7.12	7.03	6.97	6.99	7.17	7.16	7.14	6.29	6.24	6.41	6.85	6.84	6.99	6.89	6.72	50

Table 3.6a: Canada—Scores for Area 1 (Government Spending) at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004	2015	2016	Rank (2016) out of 10
Average	*6.28*	*5.15*	*5.24*	*5.72*	*6.15*	*5.91*	*5.45*	*5.25*	*4.50*	*4.05*	*4.21*	*4.21*	*4.47*	*4.69*	*4.80*	*4.87*	*4.81*	
Alberta	5.43	2.40	5.44	8.45	8.15	9.40	9.28	8.80	7.77	7.19	6.71	7.69	8.24	8.44	8.49	8.50	7.44	1
British Columbia	6.78	6.48	6.91	5.71	4.97	6.70	7.15	7.35	6.30	6.46	6.63	5.53	4.70	5.39	5.60	6.42	6.72	3
Manitoba	9.29	7.70	6.25	6.74	6.43	5.80	5.66	5.90	5.24	5.65	5.77	4.97	5.29	4.81	5.42	5.74	5.60	4
New Brunswick	6.68	5.89	5.81	7.36	6.58	5.46	4.13	3.82	2.97	4.04	4.84	5.23	5.50	4.79	4.63	2.49	2.13	10
Newfoundland & Lab.	3.73	2.20	1.57	2.85	5.33	4.57	4.48	4.38	3.80	3.22	3.80	3.99	3.60	4.72	4.91	5.13	5.29	5
Nova Scotia	6.37	6.87	7.52	7.50	8.67	6.57	5.14	3.85	3.12	2.39	2.36	2.04	1.89	2.15	2.12	2.57	2.68	8
Ontario	8.12	7.14	6.12	4.91	6.91	6.64	6.13	5.87	4.65	3.62	2.85	2.93	5.93	6.04	6.06	6.69	7.01	2
Prince Edward Island	6.93	7.47	5.33	6.81	5.93	7.24	6.11	5.52	4.57	3.53	4.06	4.54	4.30	4.80	4.66	4.67	4.71	6
Quebec	5.14	3.04	4.63	2.97	4.18	2.77	2.67	2.49	1.90	1.44	1.75	1.81	1.65	2.00	1.94	2.31	2.38	9
Saskatchewan	4.34	2.25	2.85	3.88	4.35	3.95	3.75	4.54	4.68	2.96	3.33	3.33	3.59	3.79	4.17	4.13	4.14	7

Table 3.6b: Mexico—Scores for Area 1 (Government Spending) at the Subnational Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 32
Average	*6.91*	*6.70*	*6.86*	*6.71*	*6.30*	*5.43*	*4.82*	*4.34*	*4.09*	*4.27*	*3.84*	*3.75*	*3.67*	*3.90*	
Aguascalientes	7.52	7.28	7.23	7.01	6.85	6.68	5.88	5.05	4.54	4.45	3.92	3.75	3.42	3.19	20
Baja California	9.20	9.09	9.13	8.99	8.89	8.58	8.47	7.90	7.92	8.25	7.93	7.47	7.86	7.38	2
Baja California Sur	7.43	6.74	7.29	7.15	5.96	5.89	4.15	4.44	4.74	5.22	4.20	3.92	3.79	3.82	15
Campeche	2.88	2.93	3.14	3.52	4.05	2.59	3.62	2.25	2.02	1.38	0.95	0.86	0.05	0.91	30
Coahuila de Zaragoza	8.82	8.71	8.27	8.23	7.87	7.24	6.68	4.19	2.97	6.23	7.28	7.56	6.95	6.14	7
Colima	5.36	5.50	6.03	6.39	6.23	5.24	5.44	4.76	3.20	3.34	3.39	3.23	2.39	3.16	21
Chiapas	3.08	2.35	3.73	4.34	2.81	0.74	0.18	0.81	0.00	0.00	0.00	0.00	0.00	0.00	32
Chihuahua	7.51	7.31	7.57	7.56	8.03	7.97	6.45	5.29	4.36	3.12	2.94	3.53	3.83	5.37	9
Ciudad de México	9.50	9.48	9.45	9.18	8.86	8.29	8.26	7.91	7.82	8.07	7.36	7.21	5.52	6.31	5
Durango	6.36	6.55	6.35	5.96	5.45	4.28	2.28	2.80	3.10	3.18	2.24	1.71	1.44	2.78	25
Guanajuato	8.26	8.01	8.43	8.37	8.30	6.68	6.34	6.15	5.82	6.26	4.94	4.32	5.85	6.80	3
Guerrero	3.19	3.26	3.67	3.72	3.67	3.34	2.94	2.67	2.10	2.21	1.86	2.04	1.60	1.35	28
Hidalgo	5.58	5.58	4.92	4.87	3.55	3.59	3.12	3.34	3.36	2.67	3.09	3.26	2.66	3.07	22
Jalisco	9.04	8.87	8.60	8.26	8.38	7.51	7.02	7.25	7.24	6.92	6.99	6.88	6.89	6.79	4
México	8.97	8.83	8.26	8.01	7.61	6.04	6.20	5.61	5.60	5.62	4.56	3.69	4.15	3.35	17
Michoacán de Ocampo	7.39	7.41	8.01	8.19	7.14	6.28	5.55	4.79	4.14	4.67	4.15	3.71	3.63	3.38	16
Morelos	7.35	7.31	6.97	6.60	6.67	6.13	5.72	5.17	4.21	4.71	3.50	3.83	3.60	3.24	19
Nayarit	6.41	5.94	7.31	7.71	6.06	3.13	3.09	3.28	2.81	2.41	2.08	2.23	2.88	3.03	23
Nuevo León	8.93	8.70	8.66	8.28	8.45	7.86	7.74	7.33	6.76	6.72	5.77	5.83	7.77	8.64	1
Oaxaca	4.77	4.25	4.40	3.38	2.84	2.49	1.54	1.93	1.01	0.70	1.05	0.67	0.02	0.72	31
Puebla	7.02	7.23	8.17	8.33	7.10	5.66	5.49	5.95	5.47	5.16	3.85	3.22	3.46	3.28	18
Querétaro	7.03	6.94	7.39	7.69	7.45	6.70	6.06	5.79	6.16	7.05	5.73	4.22	4.90	4.80	10
Quintana Roo	7.65	7.10	7.08	6.84	5.98	4.97	5.32	4.88	3.78	4.81	3.74	3.82	4.27	5.56	8
San Luis Potosí	6.05	5.49	6.60	6.94	6.66	5.65	4.96	4.38	3.67	3.93	3.19	3.10	3.22	2.97	24
Sinaloa	8.03	7.94	7.85	7.08	7.24	6.89	5.20	4.41	4.73	4.25	4.77	4.37	4.16	3.92	14
Sonora	8.44	7.87	8.14	7.81	7.84	7.01	5.47	4.17	4.25	5.46	4.06	4.09	4.55	4.77	11
Tabasco	1.83	2.28	2.01	3.05	2.40	0.76	0.52	0.34	1.84	2.23	2.90	2.69	1.24	1.30	29
Tamaulipas	7.65	6.94	7.52	7.28	6.34	6.30	5.08	5.00	5.61	6.66	4.78	6.49	6.14	6.31	5
Tlaxcala	8.60	8.40	7.49	5.06	4.75	3.05	2.97	2.28	2.63	2.43	2.22	2.23	2.08	2.37	26
Veracruz de Ignacio ...	7.42	6.84	7.50	7.41	6.77	5.69	4.93	3.62	4.34	3.75	3.67	3.67	3.50	4.58	12
Yucatán	8.01	8.06	7.50	7.12	7.44	6.44	5.62	5.20	4.66	4.37	3.81	4.07	4.15	4.23	13
Zacatecas	5.73	5.15	4.70	4.52	4.08	3.94	1.93	0.00	0.00	0.51	1.88	2.29	1.45	1.40	27

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

Table 3.6c: United States—Scores for Area 1 (Government Spending) at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 50
Average	*7.04*	*7.34*	*7.26*	*6.35*	*7.34*	*6.78*	*6.97*	*6.92*	*6.75*	*5.77*	*5.11*	*5.47*	*5.94*	*5.96*	*6.24*	*6.36*	*6.10*	
Alabama	7.56	8.35	8.39	7.37	5.40	7.61	7.36	7.03	6.90	6.07	5.54	5.60	5.90	5.89	5.92	5.93	5.56	33
Alaska	2.85	2.79	2.34	0.16	0.52	0.00	0.32	1.40	1.87	1.44	1.28	1.39	1.44	1.31	1.64	1.85	2.32	50
Arizona	9.37	9.34	8.00	7.26	7.88	8.14	8.47	8.24	7.75	6.88	6.07	6.54	7.02	7.13	7.38	7.53	7.32	12
Arkansas	8.32	8.89	8.60	7.90	8.05	7.57	7.39	7.42	7.23	6.56	5.33	4.70	5.54	5.45	6.02	6.10	5.89	29
California	5.35	5.38	5.16	4.01	5.85	4.71	4.97	5.19	4.76	3.73	3.34	3.11	3.63	3.38	4.05	4.18	4.30	42
Colorado	8.15	8.03	7.88	7.31	9.51	8.28	8.32	8.41	8.13	6.97	5.67	6.15	6.88	7.05	7.57	7.65	7.55	8
Connecticut	7.10	7.85	7.42	5.59	8.21	8.28	8.55	8.65	8.48	7.82	7.09	7.08	7.32	7.20	7.51	7.59	7.50	9
Delaware	6.57	8.32	8.28	7.12	8.57	7.46	7.36	7.11	6.82	6.14	5.06	4.71	4.08	4.17	4.32	4.17	4.12	45
Florida	9.55	9.80	9.08	8.70	9.68	7.82	8.20	8.43	8.09	7.31	6.83	7.18	7.90	8.01	8.36	8.65	8.83	1
Georgia	8.67	9.09	8.67	7.79	8.71	7.97	8.10	7.94	7.39	6.99	5.92	6.24	6.82	6.97	7.54	7.71	8.06	5
Hawaii	6.13	4.78	7.60	4.25	5.91	7.18	7.44	7.29	6.92	6.30	5.72	6.06	6.36	6.60	6.59	6.78	7.07	15
Idaho	8.21	8.43	8.93	7.02	8.12	7.53	7.67	7.87	7.44	5.98	5.57	5.85	6.89	7.21	7.66	7.84	7.39	11
Illinois	5.34	6.07	7.09	6.51	7.99	7.10	7.41	7.37	7.15	5.96	5.33	5.44	5.72	5.79	5.98	6.29	6.61	21
Indiana	8.09	8.78	8.83	8.52	9.32	7.61	7.78	7.51	7.51	6.68	5.74	6.34	6.85	7.03	7.46	7.31	6.92	17
Iowa	7.19	7.14	7.61	6.95	7.73	7.41	7.47	6.75	6.70	5.71	5.00	5.60	5.92	5.90	5.99	6.10	5.83	30
Kansas	7.77	8.91	8.32	7.73	9.02	8.11	8.43	8.54	8.66	7.71	6.84	7.65	8.13	8.53	8.43	8.41	7.98	6
Kentucky	6.17	8.07	7.84	6.72	7.53	5.58	5.39	5.22	5.13	4.00	3.08	3.48	3.75	3.90	4.22	4.16	3.31	49
Louisiana	7.23	6.50	6.85	6.31	6.06	5.63	5.55	5.80	5.14	4.53	4.31	4.94	5.79	5.54	5.37	5.28	4.90	38
Maine	5.75	5.73	5.96	4.67	5.88	5.55	5.50	5.52	5.60	5.17	4.85	4.86	5.81	6.29	6.36	6.66	6.34	23
Maryland	7.28	7.75	7.81	7.39	8.20	8.27	7.73	7.50	7.31	6.43	5.74	5.98	5.87	5.66	5.69	5.97	6.15	26
Massachusetts	5.36	6.72	5.77	5.88	8.60	7.76	8.14	7.87	7.49	6.71	5.81	6.24	6.68	6.77	7.05	7.58	6.95	16
Michigan	4.25	5.69	4.40	5.50	7.86	6.32	6.13	5.83	5.75	4.34	3.74	4.26	5.22	5.52	5.94	6.21	6.03	27
Minnesota	5.93	5.66	5.72	4.58	6.25	5.69	6.16	6.22	6.14	4.77	3.77	5.09	5.28	5.58	5.59	5.83	5.48	35
Mississippi	7.01	7.71	7.85	7.63	7.09	6.42	6.17	5.88	6.18	5.29	4.70	4.85	5.00	4.89	4.96	4.71	4.25	43
Missouri	8.06	8.98	9.03	8.32	8.41	7.09	8.03	7.95	7.73	6.93	6.33	6.71	7.00	7.12	7.22	7.22	7.27	14
Montana	7.16	5.80	5.32	4.78	6.57	6.55	6.59	6.63	6.65	5.84	4.98	5.57	6.16	5.96	6.10	6.27	6.31	24
Nebraska	8.91	8.79	9.05	9.00	9.33	8.71	8.48	8.59	8.63	8.19	7.85	8.48	8.56	8.38	8.63	8.56	8.43	3
Nevada	8.28	8.48	8.39	8.27	9.69	9.53	9.42	9.13	8.55	7.10	5.52	6.00	6.63	6.69	7.08	7.26	6.82	19
New Hampshire	8.76	9.44	9.44	8.55	9.54	9.40	9.54	9.45	9.25	8.54	7.91	8.33	8.87	8.95	8.90	8.95	8.46	2
New Jersey	6.09	7.57	8.12	6.31	8.47	7.30	7.06	6.94	7.07	5.83	4.62	4.97	5.29	5.53	5.89	6.30	6.20	25
New Mexico	7.58	7.64	7.22	4.75	4.94	5.44	5.15	5.00	5.19	4.15	3.10	3.34	3.98	3.74	4.21	3.93	3.71	48
New York	4.59	4.60	4.48	2.95	5.11	4.01	4.52	4.94	4.56	3.74	3.27	3.58	3.85	3.72	4.32	4.26	4.09	46
North Carolina	8.04	8.94	8.34	7.08	7.35	7.72	8.07	8.24	8.11	6.95	5.62	5.89	6.55	6.28	7.18	6.83	6.73	20
North Dakota	7.98	7.53	6.80	6.98	7.21	7.16	7.67	7.49	6.74	5.97	5.91	6.34	7.38	6.99	7.04	6.50	4.61	40
Ohio	4.81	5.22	4.91	4.02	5.51	4.13	3.90	4.14	3.62	2.86	3.08	3.16	3.97	3.94	3.79	4.82	4.22	44
Oklahoma	7.99	8.44	7.51	6.73	8.37	7.94	8.15	7.93	8.21	6.91	6.39	7.02	7.46	7.70	7.90	7.68	6.88	18
Oregon	5.49	6.38	7.34	5.76	5.41	4.99	5.61	5.51	5.58	4.20	3.76	4.01	4.13	4.00	4.44	4.73	4.47	41
Pennsylvania	5.18	5.59	6.35	5.44	7.42	6.30	6.34	6.55	6.30	5.26	4.48	4.62	5.39	5.66	5.92	6.19	5.64	32
Rhode Island	5.20	5.54	5.34	3.15	5.07	4.24	5.53	5.48	5.15	4.45	4.59	4.64	4.73	4.73	5.15	5.44	5.37	36
South Carolina	8.16	8.79	8.45	7.07	7.48	4.43	4.82	4.96	4.25	3.21	2.65	3.17	4.49	4.49	4.70	5.04	5.07	37
South Dakota	7.09	9.17	9.14	8.79	9.13	8.89	9.21	9.05	9.20	8.41	8.18	8.62	8.75	8.63	8.65	8.66	8.41	4
Tennessee	8.73	9.29	9.14	8.31	8.91	6.74	7.01	6.93	6.89	6.07	6.56	6.47	6.67	7.06	7.27	7.50	7.46	10
Texas	9.59	9.52	8.82	7.84	8.65	8.35	8.62	8.70	8.74	7.83	7.15	7.67	8.20	8.19	8.46	8.47	7.92	7
Utah	7.33	8.20	7.51	7.75	6.33	6.24	6.67	6.98	6.67	5.19	3.84	4.16	4.64	4.85	5.55	6.01	5.81	31
Vermont	5.62	6.06	5.85	5.24	6.39	6.15	6.30	6.16	5.88	4.63	3.75	5.07	5.42	5.17	5.15	5.51	5.53	34
Virginia	8.41	9.00	9.13	8.06	8.52	8.17	8.20	8.27	8.13	7.37	6.86	7.49	7.59	7.25	7.47	7.55	7.28	13
Washington	6.21	5.70	5.80	4.20	5.65	6.66	7.04	6.63	6.48	5.10	3.76	4.60	5.53	5.85	6.26	6.49	6.61	21
West Virginia	5.72	5.27	5.19	3.95	5.74	6.20	7.12	6.44	6.73	5.88	4.75	4.55	5.22	4.92	5.03	5.12	4.03	47
Wisconsin	7.44	5.46	6.19	6.14	6.80	6.31	6.51	6.61	6.38	3.96	4.41	5.00	5.53	4.96	6.09	6.53	6.02	28
Wyoming	8.41	5.74	5.69	5.12	7.03	6.20	6.80	6.41	6.44	4.69	3.91	4.66	5.40	5.32	5.93	5.50	4.73	39

Table 3.7a: Canada—Scores for Area 2 (Taxes) at the All-Government Level, 1985–2016

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*5.30*	*5.79*	*5.35*	*5.13*	*5.61*	*5.61*	*5.55*	*5.51*	*5.61*	*5.69*	*5.68*	*5.84*	*5.99*	*6.04*	*6.02*	*6.04*	*6.01*	*5.95*	*5.69*	*5.70*	
Alberta	5.87	6.21	5.87	5.72	6.37	6.32	6.31	6.32	6.43	6.43	6.19	6.33	6.49	6.60	6.61	6.64	6.58	6.58	6.32	5.98	53
British Columbia	5.40	6.02	5.28	5.11	5.85	6.02	5.95	5.89	5.98	6.04	5.92	6.08	6.24	6.26	6.25	6.28	6.31	6.08	5.87	6.09	51
Manitoba	4.94	5.59	5.25	4.93	5.47	5.41	5.36	5.36	5.52	5.51	5.47	5.64	5.79	5.83	5.83	5.85	5.75	5.70	5.53	5.61	72
New Brunswick	5.24	5.79	5.48	5.34	5.80	5.74	5.66	5.66	5.77	5.82	5.83	5.94	6.11	6.26	6.23	6.27	6.14	6.09	5.44	5.78	62
Newfoundland & Lab..	5.33	5.95	5.37	5.41	5.77	5.70	5.59	5.53	5.66	5.78	5.91	6.03	6.36	6.30	6.27	6.32	6.34	6.29	6.04	5.83	60
Nova Scotia	5.32	6.04	5.82	5.46	5.93	5.85	5.73	5.64	5.77	5.82	5.73	5.88	5.95	5.93	5.87	5.87	5.89	5.87	5.57	5.52	75
Ontario	5.17	5.13	5.03	4.97	5.28	5.29	5.30	5.25	5.33	5.42	5.43	5.58	5.77	5.81	5.80	5.80	5.70	5.63	5.38	5.46	77
Prince Edward Island	6.06	6.35	5.65	5.14	5.54	5.58	5.44	5.35	5.42	5.66	5.77	5.95	6.03	6.14	6.13	6.17	6.12	6.09	5.83	5.88	59
Quebec	4.47	5.11	4.83	4.53	4.98	5.00	4.97	4.95	5.06	5.19	5.16	5.31	5.44	5.41	5.35	5.37	5.35	5.30	5.05	5.13	84
Saskatchewan	5.24	5.65	4.88	4.66	5.09	5.18	5.16	5.19	5.15	5.21	5.41	5.62	5.72	5.83	5.89	5.83	5.91	5.89	5.84	5.77	64

Table 3.7b: Mexico—Scores for Area 2 (Taxes) at the All-Government Level, 2003–2016

Data for Mexico are not available for years 1985–2002.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*6.82*	*7.05*	*6.12*	*6.39*	*6.00*	*5.60*	*5.49*	*5.41*	*4.98*	*5.10*	*4.72*	*5.62*	*5.50*	*5.41*	
Aguascalientes	6.94	7.31	6.32	6.54	6.27	5.90	5.82	5.57	5.24	5.28	4.89	5.71	5.60	5.62	71
Baja California	6.75	7.01	6.04	6.29	5.98	5.51	5.54	5.52	5.28	5.33	5.02	5.69	5.62	5.46	77
Baja California Sur	6.97	7.08	6.06	6.28	5.60	5.26	5.51	5.47	5.19	5.28	4.70	5.67	5.61	5.43	79
Campeche	7.01	7.18	6.24	6.52	6.24	5.70	5.61	5.59	5.22	5.26	3.87	5.19	5.18	5.08	88
Coahuila de Zaragoza	6.89	7.20	6.15	6.44	5.80	5.52	5.60	5.28	4.59	4.48	4.49	5.77	5.49	5.12	85
Colima	4.84	5.05	4.14	4.44	4.17	3.88	3.85	3.79	3.43	3.35	3.20	3.61	3.65	3.56	91
Chiapas	7.32	7.51	6.70	6.79	6.62	6.24	6.10	6.11	5.75	5.75	5.48	6.09	6.02	6.10	50
Chihuahua	6.68	7.05	5.98	6.25	5.90	5.84	5.63	5.39	5.11	4.83	4.72	5.56	5.46	5.38	82
Ciudad de México	3.89	4.16	2.86	3.09	2.52	1.69	1.64	1.75	1.50	1.50	1.50	2.78	2.60	2.88	92
Durango	7.22	7.45	6.64	6.85	6.52	6.17	6.06	5.89	5.53	5.37	5.26	5.91	5.83	5.74	67
Guanajuato	7.18	7.43	6.43	6.70	6.34	6.00	3.91	3.52	3.09	5.61	5.15	5.92	5.96	5.97	54
Guerrero	7.19	7.42	6.58	6.88	6.55	6.17	4.69	4.38	3.72	5.66	5.31	6.23	5.72	6.02	52
Hidalgo	7.22	7.45	6.57	6.81	6.32	6.00	6.20	6.14	5.31	5.60	5.40	6.25	6.08	5.91	58
Jalisco	6.92	7.18	6.18	6.43	6.08	5.68	5.99	5.91	5.38	5.24	4.95	5.86	5.66	5.43	79
México	7.08	7.34	6.41	6.65	6.29	5.92	6.12	6.17	5.77	5.48	5.16	5.88	5.67	5.50	76
Michoacán de Ocampo	7.24	7.39	6.32	6.80	6.20	5.56	5.68	5.48	4.90	4.55	4.06	4.88	4.48	4.27	90
Morelos	7.14	7.37	6.39	6.65	6.32	5.96	5.91	5.87	5.46	5.64	4.95	5.96	5.92	5.78	62
Nayarit	7.18	7.39	6.63	6.92	6.44	5.94	5.97	6.01	5.65	5.57	5.29	6.19	6.05	5.92	56
Nuevo León	6.16	6.34	5.31	5.60	4.88	4.52	4.65	4.66	4.25	3.91	2.27	4.57	5.01	5.11	86
Oaxaca	7.39	7.58	6.75	7.00	6.77	6.41	6.38	6.36	5.91	5.88	5.67	6.28	6.16	6.13	49
Puebla	7.05	7.40	6.55	6.82	6.23	5.94	5.95	6.00	5.42	5.43	4.97	5.86	5.65	5.42	81
Querétaro	6.50	6.67	5.78	6.12	5.79	5.33	5.18	4.98	4.93	4.95	4.29	5.03	4.88	4.60	89
Quintana Roo	6.70	6.82	5.89	6.05	5.55	5.32	5.34	5.39	4.90	4.94	4.38	5.46	5.38	5.32	83
San Luis Potosí	7.20	7.43	6.54	6.87	6.50	5.99	6.00	5.94	5.48	5.25	5.07	5.94	5.81	5.65	70
Sinaloa	7.13	7.37	6.37	6.66	6.34	5.95	5.88	5.80	5.42	5.40	5.19	5.96	5.77	5.59	73
Sonora	7.05	7.23	6.32	6.64	6.29	5.86	5.77	5.61	5.22	5.42	5.10	5.97	5.92	5.80	61
Tabasco	7.17	7.43	6.53	6.91	6.52	6.02	5.88	5.61	5.42	5.49	4.93	5.77	5.74	5.69	69
Tamaulipas	5.81	6.08	5.32	5.54	5.23	4.74	4.83	4.92	4.71	4.88	4.68	5.42	5.18	5.11	86
Tlaxcala	7.39	7.58	6.75	6.94	6.65	6.34	6.31	6.29	5.86	5.85	5.64	6.35	6.28	6.18	48
Veracruz de Ignacio ...	6.75	6.99	6.18	6.46	6.30	5.85	5.90	5.91	5.02	5.39	5.11	5.94	5.79	5.59	73
Yucatán	7.07	7.39	6.45	6.66	6.18	5.93	5.80	5.89	5.44	5.35	5.18	5.97	5.84	5.75	65
Zacatecas	7.32	7.51	6.45	6.89	6.63	6.12	6.04	5.90	5.32	5.27	5.12	6.12	6.03	5.92	56

Table 3.7c: United States—Scores for Area 2 (Taxes) at the All-Government Level, 1985–2016

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*5.82*	*7.44*	*6.92*	*6.94*	*7.03*	*7.15*	*7.49*	*7.39*	*7.28*	*7.21*	*7.34*	*7.25*	*7.41*	*7.49*	*7.55*	*7.56*	*6.93*	*6.95*	*6.91*	*6.94*	
Alabama	6.56	8.08	7.53	7.48	7.61	7.75	8.11	8.06	7.95	7.87	7.99	7.86	8.05	8.11	8.14	8.15	7.52	7.59	7.56	7.58	2
Alaska	6.73	8.16	7.68	7.54	7.67	7.95	8.23	8.13	8.06	7.90	8.06	8.00	8.04	8.09	8.13	8.18	7.80	7.51	7.75	7.65	1
Arizona	6.01	7.62	6.97	7.12	7.12	7.23	7.61	7.56	7.52	7.42	7.42	7.35	7.57	7.61	7.61	7.67	7.22	7.29	7.28	7.31	10
Arkansas	5.62	7.37	6.75	6.70	6.75	6.76	7.07	7.05	6.74	6.65	6.82	6.73	6.90	6.70	7.02	7.22	6.64	6.68	6.61	6.61	42
California	5.55	7.32	6.81	6.69	6.69	7.01	7.35	7.27	7.04	6.89	6.98	6.88	7.13	7.21	7.27	7.38	6.55	6.63	6.61	6.63	41
Colorado	5.64	7.29	6.90	6.95	7.01	6.96	7.34	7.24	7.21	7.11	7.24	7.10	7.26	7.21	7.37	7.57	7.08	7.18	7.11	7.13	18
Connecticut	5.74	7.17	6.57	6.69	6.79	6.93	7.21	7.03	6.92	6.96	7.12	6.94	7.30	7.38	7.34	7.25	6.47	6.49	6.49	6.61	42
Delaware	4.95	6.96	6.52	6.61	6.64	6.76	7.23	7.09	6.77	6.04	6.37	6.12	6.53	6.76	6.21	5.95	5.55	5.58	6.01	5.75	65
Florida	6.31	7.68	7.17	7.15	7.25	7.49	7.77	7.66	7.50	7.33	7.40	7.30	7.59	7.76	7.89	7.90	7.16	7.27	7.21	7.21	14
Georgia	5.72	7.38	6.82	6.82	6.93	7.10	7.43	7.38	7.28	7.17	7.30	7.27	7.51	7.57	7.69	7.62	6.92	6.98	6.99	6.94	28
Hawaii	5.71	7.50	6.96	6.90	7.01	7.35	7.64	7.09	7.32	7.23	7.31	7.07	7.38	7.43	7.50	7.39	6.80	6.87	6.85	6.92	30
Idaho	5.71	7.44	6.99	6.89	6.87	7.09	7.36	7.34	7.19	7.22	7.36	7.31	7.65	7.75	7.79	7.68	7.20	7.20	7.17	7.17	15
Illinois	5.65	7.14	6.54	6.60	6.76	6.87	7.23	7.16	6.98	7.02	7.16	7.02	7.17	7.29	7.15	7.09	6.51	6.56	6.48	6.56	44
Indiana	6.12	7.67	7.15	7.17	7.26	7.26	7.65	7.59	7.22	7.35	7.55	7.43	7.38	7.46	7.64	7.46	6.89	6.97	6.96	7.06	22
Iowa	6.01	7.63	7.09	7.09	7.26	7.31	7.59	7.59	7.44	7.40	7.56	7.49	7.51	7.54	7.63	7.58	6.90	6.98	6.91	6.88	33
Kansas	5.55	7.30	6.72	6.67	6.69	6.87	7.26	7.03	6.96	7.09	7.16	7.26	7.31	7.40	7.55	7.51	7.02	6.95	6.90	6.95	26
Kentucky	5.98	7.64	7.16	7.22	7.30	7.46	7.77	7.68	7.60	7.49	7.61	7.50	7.63	7.67	7.71	7.70	7.06	7.00	6.93	6.89	32
Louisiana	6.28	7.59	7.39	7.44	7.35	7.13	7.72	7.59	7.37	7.28	7.30	7.30	7.27	7.44	7.45	7.58	6.87	6.84	6.86	6.94	28
Maine	5.51	7.19	6.76	6.79	6.96	7.07	7.39	7.23	7.16	7.14	7.30	7.22	7.36	7.51	7.43	7.46	6.91	6.94	6.87	6.90	31
Maryland	5.88	7.58	7.06	7.07	7.12	7.25	7.62	7.51	7.38	7.32	7.41	7.42	7.64	7.62	7.68	7.72	6.94	6.90	6.86	6.84	35
Massachusetts	5.62	7.18	6.67	6.71	6.82	7.00	7.36	7.19	7.12	7.13	7.25	7.07	7.31	7.32	7.29	7.28	6.67	6.61	6.58	6.65	40
Michigan	5.52	7.31	6.77	6.79	6.94	7.02	7.28	7.29	7.16	7.16	7.18	7.17	7.33	7.43	7.58	7.60	7.05	7.11	7.07	7.10	20
Minnesota	4.68	6.37	5.86	5.96	6.00	6.13	6.56	6.56	6.33	6.28	6.38	6.31	6.43	6.54	6.55	6.64	5.99	5.79	5.71	5.74	67
Mississippi	6.13	7.76	7.29	7.29	7.46	7.49	7.78	7.72	7.75	7.63	7.72	7.62	7.84	7.90	7.96	7.89	7.45	7.45	7.38	7.40	7
Missouri	5.82	7.21	6.73	6.91	6.93	6.93	7.43	7.46	7.39	7.34	7.41	7.41	7.53	7.57	7.63	7.67	6.98	6.94	6.74	6.75	37
Montana	6.04	7.57	7.20	7.01	7.35	7.42	7.65	7.66	7.70	7.63	7.72	7.68	7.80	7.92	7.99	8.00	7.44	7.44	7.40	7.52	4
Nebraska	5.39	7.25	6.78	6.79	6.82	6.91	7.38	7.19	7.00	6.99	7.18	7.12	7.33	7.37	7.54	7.51	6.71	6.77	6.66	6.70	38
Nevada	6.29	7.80	7.20	7.26	7.32	7.56	7.80	7.66	7.51	7.47	7.49	7.38	7.66	7.75	7.85	7.87	7.18	7.19	7.22	7.13	18
New Hampshire	6.53	7.98	7.44	7.48	7.52	7.77	7.99	7.97	7.83	7.80	7.94	7.65	7.92	7.92	8.02	8.07	7.35	7.24	7.23	7.23	12
New Jersey	5.60	7.05	6.43	6.45	6.51	6.73	6.92	6.79	6.62	6.60	6.65	6.41	6.64	6.81	6.79	6.88	6.08	6.12	6.16	6.25	47
New Mexico	5.98	7.54	7.01	7.24	7.43	7.37	7.78	7.87	7.81	7.67	7.74	7.51	7.86	7.98	7.93	7.96	7.43	7.47	7.44	7.56	3
New York	4.91	6.77	6.31	6.31	6.36	6.46	6.77	6.63	6.44	6.53	6.60	6.40	6.60	6.61	6.70	6.79	6.10	6.00	5.94	5.95	55
North Carolina	6.03	7.73	7.18	7.18	7.19	7.19	7.47	7.40	7.33	7.30	7.39	7.35	7.49	7.48	7.57	7.61	7.07	7.09	7.08	7.03	23
North Dakota	5.73	7.33	7.03	7.10	7.28	7.41	7.80	7.59	7.58	7.48	7.65	7.65	7.60	7.82	7.76	7.89	7.12	7.12	6.92	7.40	7
Ohio	5.36	7.10	6.49	6.45	6.57	6.58	6.90	6.77	6.63	7.00	6.91	6.72	6.84	6.86	6.96	7.03	6.31	6.47	6.40	6.40	45
Oklahoma	5.38	7.06	6.42	6.55	6.63	6.80	6.98	7.16	7.00	7.18	7.49	7.46	7.42	7.62	7.77	7.72	7.25	7.24	7.03	7.30	11
Oregon	5.72	7.52	7.12	7.00	7.22	7.33	7.65	7.49	7.54	7.41	7.57	7.29	7.49	7.44	7.52	7.67	7.02	6.99	6.96	6.97	25
Pennsylvania	5.84	7.37	6.86	6.91	7.11	7.21	7.48	7.37	7.25	7.20	7.31	7.22	7.38	7.48	7.54	7.55	6.86	6.90	6.84	6.85	34
Rhode Island	5.32	7.19	6.59	6.60	6.65	6.78	7.03	6.92	6.68	6.76	6.87	6.81	6.90	7.01	7.16	7.14	6.41	6.43	6.40	6.37	46
South Carolina	5.95	7.68	7.09	7.28	7.36	7.44	7.68	7.56	7.50	6.82	7.53	7.59	7.72	7.77	7.86	7.87	7.33	7.38	7.35	7.40	7
South Dakota	6.61	7.96	7.40	7.29	7.39	7.55	8.02	8.02	7.89	7.79	7.99	7.97	7.92	8.12	8.22	8.10	7.36	7.30	7.19	7.17	15
Tennessee	6.32	7.75	7.23	7.22	7.25	7.40	7.74	7.60	7.46	7.39	7.49	7.42	7.67	7.72	7.79	7.78	7.11	7.15	7.10	7.10	20
Texas	5.98	7.37	6.71	6.80	6.82	7.00	7.33	7.16	7.28	7.10	7.17	7.26	7.27	7.47	7.60	7.58	6.89	6.95	6.89	7.00	24
Utah	6.13	7.47	7.03	7.09	7.26	7.39	7.67	7.57	7.33	7.37	7.55	7.33	7.48	7.66	7.71	7.71	7.14	7.24	7.21	7.23	12
Vermont	5.54	7.43	6.80	6.85	6.92	7.02	7.40	7.28	7.06	6.99	7.09	7.18	7.27	7.31	7.38	7.37	6.72	6.68	6.66	6.67	39
Virginia	6.06	7.64	6.99	7.07	7.25	7.37	7.81	7.69	7.52	7.46	7.63	7.57	7.72	7.80	7.87	7.91	7.20	7.23	7.18	7.17	15
Washington	5.95	7.34	6.75	6.73	6.91	7.21	7.52	7.49	7.40	7.22	7.47	7.29	7.58	7.60	7.60	7.71	7.02	7.02	6.99	6.95	26
West Virginia	5.87	7.78	7.22	7.29	7.39	7.45	7.84	7.65	7.56	7.64	7.80	7.74	7.90	7.93	7.96	7.97	7.39	7.41	7.34	7.46	5
Wisconsin	5.32	7.20	6.70	6.71	6.81	6.93	7.33	7.22	7.10	7.09	7.22	7.00	7.14	7.17	7.26	7.25	6.73	6.81	6.82	6.81	36
Wyoming	6.22	7.52	7.21	7.37	7.04	7.18	7.57	7.50	7.60	7.40	7.30	7.25	7.21	7.51	7.81	7.77	7.13	7.32	7.10	7.45	6

Table 3.8a: Canada—Scores for Area 2 (Taxes) at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 10
Average	*6.45*	*6.28*	*5.90*	*5.21*	*5.07*	*5.17*	*5.16*	*5.26*	*5.41*	*5.41*	*5.58*	*5.57*	*5.39*	*5.35*	5.25	5.24	5.22	
Alberta	7.77	7.82	7.28	7.17	6.69	8.07	7.92	7.50	7.27	7.42	7.84	7.85	7.50	7.34	7.44	7.69	7.21	1
British Columbia	6.02	6.38	6.77	5.35	5.43	6.92	6.98	6.92	6.81	6.88	6.79	6.83	6.69	6.80	6.12	6.10	6.34	2
Manitoba	6.32	5.68	5.59	5.04	4.39	4.82	4.64	4.73	4.92	5.01	5.07	4.97	4.76	4.50	4.45	4.68	4.60	8
New Brunswick	6.86	6.33	6.37	5.62	5.80	5.64	5.61	5.82	5.81	6.04	6.47	6.63	6.66	6.24	6.13	5.13	5.74	4
Newfoundland & Lab.	5.75	6.13	5.95	5.40	5.31	4.73	4.85	5.12	5.45	6.02	6.22	5.86	5.97	6.23	6.18	6.41	5.41	5
Nova Scotia	7.48	6.73	6.66	6.49	5.94	5.47	5.38	5.31	5.51	5.04	4.78	4.63	4.50	4.67	4.59	4.23	4.32	9
Ontario	7.06	6.69	4.76	4.18	4.87	4.52	4.50	4.62	4.79	4.98	5.12	5.16	4.82	4.89	4.64	4.50	4.65	7
Prince Edward Island	6.91	7.13	6.95	6.45	6.05	5.48	5.40	5.41	5.79	5.17	5.50	5.63	5.50	5.22	5.15	5.12	5.40	6
Quebec	3.93	3.25	3.41	2.65	2.76	2.76	2.91	3.01	3.22	3.22	3.13	2.91	2.85	2.76	2.70	2.67	2.77	10
Saskatchewan	6.36	6.66	5.25	3.73	3.50	3.31	3.38	4.20	4.49	4.32	4.90	5.19	4.64	4.84	5.08	5.87	5.77	3

Table 3.8b: Mexico—Scores for Area 2 (Taxes) at the Subnational Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		Rank (2016) out of 32
Average	*7.22*	*6.97*	*6.74*	*6.51*	*6.11*	*5.77*	*5.61*	*4.99*	*4.46*	*4.09*	*3.49*	*3.04*	*3.12*	*3.10*	
Aguascalientes	9.02	8.89	8.83	8.02	6.77	7.00	5.95	5.24	5.05	4.54	3.06	3.02	2.71	4.40	9
Baja California	6.51	6.00	5.83	5.67	5.18	4.75	5.25	4.80	4.80	4.53	3.85	2.92	3.50	2.98	20
Baja California Sur	6.33	5.01	3.42	3.15	2.51	2.13	2.20	1.91	2.08	1.99	1.65	1.74	1.53	1.66	24
Campeche	4.58	4.31	4.26	4.31	4.40	4.17	4.09	3.04	2.58	3.67	2.97	0.19	0.01	1.11	26
Coahuila de Zaragoza	7.79	7.59	7.44	7.27	7.19	7.11	6.94	5.90	5.09	1.98	3.42	3.15	2.48	0.32	28
Colima	8.76	8.70	7.47	7.35	6.87	6.64	6.43	3.57	2.75	1.91	1.81	1.62	2.66	1.83	23
Chiapas	7.95	7.35	7.89	8.04	7.58	6.49	5.82	5.02	4.86	5.78	4.27	3.60	4.07	4.90	7
Chihuahua	4.19	3.95	3.97	4.08	4.30	4.97	4.46	3.12	3.39	0.73	1.91	0.57	0.35	0.78	27
Ciudad de México	0.39	0.65	0.19	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
Durango	8.21	8.15	8.14	6.89	6.66	6.44	5.95	5.70	4.09	3.31	3.31	3.31	3.30	3.30	15
Guanajuato	9.10	8.81	6.88	6.32	6.12	5.70	5.32	4.94	4.90	5.56	4.14	3.42	4.68	5.31	5
Guerrero	7.04	7.47	6.87	6.84	6.27	6.00	5.22	4.73	4.57	4.69	4.32	4.54	2.84	4.73	8
Hidalgo	8.12	7.91	7.81	7.47	7.18	5.79	5.51	4.46	5.19	4.77	4.88	4.73	4.97	3.92	11
Jalisco	6.46	6.20	6.18	6.00	5.81	5.71	5.55	5.39	4.93	4.72	4.13	3.63	3.31	3.26	16
México	6.81	6.70	6.90	6.71	5.20	4.61	4.72	4.42	4.41	3.18	2.75	0.92	0.48	0.13	30
Michoacán de Ocampo	8.50	8.35	8.42	8.29	7.89	7.72	7.12	6.95	6.39	5.81	4.76	5.00	6.62	6.18	3
Morelos	8.41	8.06	7.81	7.58	6.79	6.09	5.91	5.59	5.08	7.09	4.47	3.38	4.00	3.12	17
Nayarit	8.03	7.16	7.79	7.79	6.17	4.88	5.76	5.37	5.01	5.03	2.51	4.53	4.54	3.89	12
Nuevo León	4.69	4.56	4.62	4.68	4.45	4.19	4.59	4.06	2.50	2.59	0.82	0.21	1.34	2.58	21
Oaxaca	9.42	9.38	9.21	9.09	9.02	8.91	8.77	8.93	8.03	6.88	6.02	4.28	5.06	5.54	4
Puebla	8.23	8.29	8.68	8.19	7.40	6.89	6.85	6.82	5.05	4.12	4.26	2.54	1.95	1.61	25
Querétaro	6.85	6.41	4.16	3.34	2.87	2.75	2.13	1.60	1.87	2.02	1.42	0.72	0.00	0.00	31
Quintana Roo	4.32	3.18	2.91	2.72	2.51	2.32	2.68	2.73	2.59	2.46	1.84	0.39	0.37	0.27	29
San Luis Potosí	8.96	8.19	8.47	8.60	8.05	7.11	7.26	6.79	6.64	5.41	3.95	3.34	3.33	3.04	19
Sinaloa	7.71	7.80	7.45	7.09	6.67	6.19	6.15	5.46	3.90	3.77	3.54	3.83	3.28	3.07	18
Sonora	6.99	6.77	6.74	6.72	6.23	5.96	5.85	4.97	4.11	4.55	3.25	3.87	4.18	4.09	10
Tabasco	8.25	8.22	8.53	8.53	8.25	8.06	7.64	5.26	3.44	3.38	3.13	2.72	3.67	3.69	13
Tamaulipas	6.18	6.56	6.67	6.47	6.19	5.72	6.08	5.58	5.62	5.16	4.01	4.39	4.79	4.92	6
Tlaxcala	9.19	9.14	8.89	8.32	8.60	8.36	8.51	8.53	7.56	7.77	7.60	7.19	6.45	6.68	1
Veracruz de Ignacio ...	7.59	7.08	7.40	7.28	7.24	7.11	6.74	6.54	5.75	4.75	4.40	4.27	4.55	3.67	14
Yucatán	7.82	7.86	7.80	7.31	7.33	6.94	6.51	5.51	3.91	2.85	3.34	2.20	1.99	1.90	22
Zacatecas	8.49	8.39	8.02	7.84	7.92	7.90	7.52	6.72	6.64	5.88	5.85	7.20	6.87	6.43	2

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

Table 3.8c: United States—Scores for Area 2 (Taxes) at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 50
Average	*5.89*	*5.63*	*5.60*	*5.31*	*5.75*	*5.58*	*5.55*	*5.56*	*5.60*	*5.64*	*5.82*	*5.87*	*5.92*	*5.76*	*5.95*	*5.94*	*6.02*	
Alabama	7.09	6.98	7.06	6.99	6.92	7.02	6.91	6.85	6.84	6.93	7.04	7.02	7.06	7.03	7.21	7.18	7.19	5
Alaska	4.81	5.79	6.04	5.78	6.42	7.07	6.57	6.75	6.90	7.05	7.18	7.07	7.20	8.06	7.02	8.14	7.65	3
Arizona	6.43	5.85	4.93	5.31	6.09	6.15	5.85	5.61	5.70	6.08	6.21	6.18	6.35	6.29	6.69	6.70	6.67	13
Arkansas	6.65	6.27	6.38	5.87	5.88	5.46	5.33	5.44	5.56	5.58	5.65	5.74	5.47	5.31	5.84	5.84	5.80	33
California	4.84	4.61	4.74	4.42	4.70	4.61	4.27	4.26	3.94	4.24	4.43	4.70	5.13	3.91	4.37	4.37	4.44	46
Colorado	6.97	5.92	5.50	5.81	6.33	6.10	6.04	5.99	5.90	5.57	5.43	5.55	6.20	6.00	6.37	6.36	6.42	17
Connecticut	6.86	6.41	6.19	4.70	5.36	5.17	5.39	5.38	5.37	5.70	5.78	5.62	5.27	4.87	5.15	5.17	5.59	38
Delaware	4.51	4.89	5.48	4.73	5.84	5.71	5.55	5.64	5.38	5.48	5.43	5.29	5.05	5.15	5.27	5.62	5.72	36
Florida	7.84	7.35	6.83	6.35	6.78	6.47	6.11	5.88	5.87	6.21	6.70	7.08	7.24	6.94	7.52	7.59	7.66	2
Georgia	6.14	6.08	5.52	5.58	5.77	5.91	5.69	5.61	5.54	5.80	6.05	6.23	6.15	5.86	6.26	6.31	6.11	25
Hawaii	4.64	4.81	4.74	4.20	4.76	4.64	4.38	4.37	4.17	4.49	4.39	4.51	4.23	3.93	4.14	4.10	4.24	48
Idaho	5.77	5.43	5.04	4.64	4.98	4.93	5.06	5.19	5.19	5.54	5.73	5.61	5.93	5.85	6.04	6.04	5.93	28
Illinois	5.98	6.22	6.02	5.54	5.95	5.51	5.52	5.55	5.49	5.42	5.57	5.14	4.78	4.52	4.90	5.14	5.53	39
Indiana	6.95	6.34	6.53	6.01	6.24	5.16	5.51	6.08	5.86	5.59	5.87	6.34	6.27	5.96	6.52	6.59	6.66	14
Iowa	6.09	5.39	5.03	4.59	5.68	5.62	5.68	5.70	5.75	5.49	5.55	5.63	5.51	5.26	5.73	5.57	5.40	40
Kansas	5.49	5.14	5.64	5.02	5.65	5.08	5.15	5.15	5.45	5.36	5.42	5.70	5.72	5.94	6.06	6.10	6.01	26
Kentucky	6.35	6.28	5.97	5.21	5.70	5.84	5.76	5.83	5.90	5.99	6.11	6.09	6.10	5.96	6.02	5.98	5.96	27
Louisiana	7.70	6.25	5.89	6.76	6.45	6.12	5.95	5.93	6.16	6.09	6.61	6.61	6.80	6.70	6.76	6.75	6.86	11
Maine	4.73	4.40	4.40	3.84	3.89	3.74	3.90	4.00	4.06	4.20	4.65	4.12	4.19	3.97	4.13	4.01	4.36	47
Maryland	6.17	6.05	5.85	5.54	6.02	5.90	5.83	6.02	5.96	5.84	5.90	6.25	6.26	5.93	5.91	5.90	5.86	30
Massachusetts	4.92	5.66	5.59	5.14	5.88	5.54	5.66	5.70	5.64	5.77	5.78	5.67	5.72	5.52	5.52	5.59	5.69	37
Michigan	4.15	4.90	4.93	5.52	5.69	5.32	5.28	5.25	5.33	5.36	5.59	5.89	6.07	5.96	6.26	6.27	6.33	19
Minnesota	3.65	4.18	4.17	3.85	4.64	4.87	4.78	4.79	4.81	4.76	4.84	4.64	4.77	4.69	4.54	4.50	4.47	45
Mississippi	6.75	6.06	5.97	5.59	5.60	5.86	5.64	5.57	5.64	5.81	5.96	5.95	5.89	5.65	5.75	5.57	5.85	31
Missouri	7.39	7.14	6.82	6.10	6.50	6.32	6.36	6.36	6.43	6.55	6.73	6.75	6.82	6.70	6.87	6.31	6.28	21
Montana	5.67	5.03	4.39	4.54	5.19	5.87	5.87	5.81	5.98	5.88	6.34	6.36	6.45	6.07	6.27	6.21	6.70	12
Nebraska	5.30	5.50	5.73	5.05	5.43	4.86	4.86	5.04	5.19	5.25	5.41	5.63	5.63	5.23	5.39	5.31	5.37	41
Nevada	6.40	6.01	5.95	5.75	6.55	6.17	6.19	5.91	5.67	5.95	6.06	6.37	6.47	6.27	6.36	6.61	6.40	18
New Hampshire	7.54	7.49	7.15	6.76	7.33	6.90	7.06	7.02	6.92	6.96	6.90	6.88	7.11	6.90	7.00	7.00	6.97	10
New Jersey	5.80	5.65	5.52	4.43	5.33	4.43	4.41	4.22	3.90	3.80	4.45	4.42	4.47	4.35	4.41	4.43	4.58	44
New Mexico	6.47	6.31	5.54	5.27	5.33	6.16	5.87	5.81	5.52	6.37	6.66	6.30	6.34	6.08	6.20	6.05	6.31	20
New York	2.12	1.92	3.15	2.86	4.08	3.15	3.03	3.13	3.16	3.02	3.03	3.02	3.14	3.05	2.86	2.87	2.67	50
North Carolina	6.25	5.99	5.93	5.61	5.79	5.72	5.58	5.73	5.81	5.81	5.67	5.72	5.94	5.63	6.26	6.29	6.23	23
North Dakota	7.01	5.45	4.80	5.31	5.69	6.04	5.92	6.13	6.30	6.07	6.95	6.61	6.92	6.59	6.62	6.23	7.91	1
Ohio	6.11	5.03	5.36	4.43	5.21	4.80	4.77	4.79	5.13	5.34	5.56	5.73	5.74	5.58	5.95	5.95	5.91	29
Oklahoma	7.04	6.43	5.93	5.65	5.88	6.21	6.34	6.50	6.86	6.52	6.91	7.03	6.88	6.96	7.12	6.86	7.14	7
Oregon	4.02	3.77	3.92	5.30	5.35	5.62	5.53	5.52	5.67	5.70	5.43	5.53	5.56	5.63	5.77	5.82	5.80	33
Pennsylvania	6.06	6.11	6.19	5.55	6.18	5.61	5.59	5.63	5.68	5.82	5.92	5.88	5.98	5.64	5.97	5.90	5.82	32
Rhode Island	4.10	4.57	5.25	3.65	4.35	3.98	4.05	4.13	4.15	4.16	4.35	5.01	5.06	4.82	5.02	5.03	4.96	43
South Carolina	6.20	5.78	5.55	5.58	5.70	5.52	5.60	5.45	5.86	5.83	5.95	6.02	6.09	5.78	6.06	6.01	6.22	24
South Dakota	6.75	6.83	6.91	6.49	7.00	7.31	7.31	7.50	7.62	7.26	7.49	7.66	7.52	7.46	7.27	7.22	7.13	8
Tennessee	7.34	7.26	7.35	7.37	7.50	7.24	7.17	7.00	7.16	7.38	7.42	7.50	7.49	7.40	7.68	7.68	7.62	4
Texas	7.84	7.13	6.53	6.38	6.81	6.56	6.63	6.53	6.84	6.36	6.60	6.88	6.94	6.77	7.03	6.93	7.15	6
Utah	6.15	5.29	5.25	5.49	5.54	5.61	5.58	5.79	5.66	5.75	6.13	6.07	6.10	5.81	6.19	6.31	6.28	21
Vermont	3.82	3.98	4.84	4.14	4.64	3.96	3.93	3.89	4.21	4.09	4.41	4.31	4.38	4.21	4.19	4.13	4.17	49
Virginia	6.74	6.45	6.07	6.03	6.20	6.11	6.03	5.96	6.06	6.27	6.51	6.60	6.68	6.38	6.58	6.51	6.47	15
Washington	6.83	5.96	5.80	5.45	6.13	6.06	6.07	6.10	6.25	6.22	6.35	6.31	6.55	6.35	6.60	6.60	6.47	15
West Virginia	4.27	3.68	5.34	4.90	4.67	4.27	5.04	5.25	5.42	5.60	5.70	5.67	5.75	5.62	5.57	5.49	5.73	35
Wisconsin	4.51	3.79	4.39	3.90	4.75	4.72	4.87	4.90	4.71	4.68	4.66	4.74	4.80	4.68	5.16	5.31	5.25	42
Wyoming	5.46	5.54	6.01	6.48	6.92	5.88	5.93	5.31	5.24	4.90	5.59	6.08	6.01	6.82	6.87	6.45	7.09	9

Table 3.9a: Canada—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, 1985–2016

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*7.59*	*7.73*	*7.72*	*8.03*	*7.73*	*7.86*	*7.85*	*8.24*	*8.18*	*8.16*	*8.12*	*8.07*	*8.08*	*8.15*	*8.09*	*8.19*	*8.21*	*8.04*	*8.03*	*8.01*	
Alberta	8.05	8.11	7.91	8.23	7.94	8.05	8.07	8.47	8.41	8.37	8.33	8.27	8.26	8.35	8.32	8.42	8.45	8.28	8.24	8.16	51
British Columbia	7.45	7.57	7.63	7.94	7.63	7.77	7.79	8.20	8.16	8.17	8.14	8.12	8.14	8.23	8.16	8.22	8.23	8.08	8.08	8.08	52
Manitoba	7.52	7.71	7.66	7.97	7.65	7.80	7.76	8.14	8.08	8.05	8.01	7.97	7.99	8.05	8.00	8.11	8.12	7.95	7.94	7.93	59
New Brunswick	7.67	7.81	7.79	8.07	7.77	7.91	7.91	8.29	8.24	8.21	8.16	8.10	8.12	8.18	8.10	8.20	8.22	8.05	8.04	8.04	54
Newfoundland & Lab.	7.33	7.51	7.60	7.92	7.63	7.78	7.75	8.15	8.11	8.08	8.04	7.98	8.00	8.05	8.00	8.13	8.13	7.98	7.98	7.96	58
Nova Scotia	7.72	7.82	7.79	8.09	7.81	7.95	7.93	8.30	8.23	8.20	8.14	8.10	8.09	8.16	8.08	8.18	8.20	8.02	8.02	8.01	56
Ontario	7.72	7.84	7.81	8.11	7.83	7.94	7.95	8.34	8.25	8.23	8.19	8.14	8.14	8.21	8.15	8.25	8.28	8.10	8.11	8.08	52
Prince Edward Island	7.75	7.83	7.77	8.09	7.77	7.89	7.87	8.22	8.15	8.16	8.11	8.06	8.06	8.13	8.05	8.12	8.13	7.98	7.95	7.97	57
Quebec	7.23	7.43	7.55	7.87	7.58	7.72	7.73	8.12	8.05	8.04	8.00	7.95	7.97	8.04	7.97	8.08	8.09	7.92	7.91	7.90	60
Saskatchewan	7.50	7.65	7.65	7.97	7.67	7.80	7.78	8.19	8.13	8.08	8.07	8.04	8.03	8.11	8.07	8.19	8.21	8.05	8.05	8.02	55

Table 3.9b: Mexico—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 92
Average	*6.95*	*6.95*	*6.85*	*6.89*	*6.76*	*6.74*	*6.78*	*6.97*	*7.04*	*7.28*	*7.30*	*7.05*	*7.15*	*7.19*	
Aguascalientes	7.01	7.02	6.91	6.94	6.82	6.81	6.85	7.00	7.06	7.32	7.38	7.08	7.17	7.22	74
Baja California	7.14	7.14	7.01	7.04	6.91	6.88	6.93	7.12	7.19	7.44	7.48	7.19	7.32	7.37	61
Baja California Sur	7.02	7.02	6.95	6.97	6.84	6.80	6.85	7.02	7.12	7.34	7.44	7.08	7.22	7.27	67
Campeche	6.90	6.91	6.82	6.88	6.77	6.74	6.81	6.99	7.08	7.32	7.36	7.08	7.17	7.20	75
Coahuila de Zaragoza	6.90	6.92	6.80	6.87	6.76	6.74	6.80	6.99	7.01	7.22	7.30	7.08	7.13	7.14	80
Colima	6.96	6.97	6.89	6.95	6.82	6.79	6.83	7.04	7.09	7.29	7.31	7.12	7.20	7.23	73
Chiapas	6.83	6.82	6.70	6.80	6.60	6.57	6.63	6.85	6.92	7.16	7.15	6.94	7.04	7.08	88
Chihuahua	7.01	7.01	6.91	6.98	6.88	6.90	6.93	7.05	7.10	7.32	7.28	7.11	7.24	7.28	65
Ciudad de México	7.06	7.07	6.96	6.99	6.86	6.83	6.89	7.12	7.19	7.44	7.44	7.20	7.25	7.32	63
Durango	6.95	6.95	6.83	6.86	6.73	6.68	6.69	6.89	6.95	7.19	7.23	6.99	7.11	7.16	79
Guanajuato	6.96	6.96	6.86	6.91	6.77	6.76	6.80	6.98	7.07	7.32	7.36	7.03	7.22	7.31	64
Guerrero	6.78	6.78	6.69	6.75	6.62	6.58	6.62	6.81	6.88	7.10	7.10	6.91	7.01	7.06	89
Hidalgo	6.87	6.89	6.77	6.79	6.65	6.62	6.66	6.85	6.95	7.19	7.20	7.02	7.10	7.09	87
Jalisco	7.06	7.06	6.94	6.95	6.83	6.80	6.85	7.08	7.15	7.37	7.40	7.15	7.24	7.27	67
México	6.97	6.97	6.86	6.91	6.76	6.73	6.78	7.01	7.09	7.35	7.32	7.09	7.20	7.19	76
Michoacán de Ocampo	6.92	6.92	6.87	6.93	6.77	6.73	6.75	6.93	6.99	7.21	7.20	6.98	7.05	7.10	84
Morelos	7.01	7.01	6.88	6.89	6.78	6.78	6.80	7.01	7.07	7.29	7.32	7.07	7.14	7.17	78
Nayarit	6.99	6.99	6.93	6.98	6.79	6.67	6.73	6.97	7.03	7.24	7.29	7.04	7.16	7.18	77
Nuevo León	7.00	7.01	6.90	6.94	6.82	6.83	6.88	7.07	7.15	7.42	7.41	7.15	7.30	7.35	62
Oaxaca	6.84	6.83	6.70	6.71	6.64	6.65	6.70	6.89	6.92	7.11	7.12	6.90	7.01	7.06	89
Puebla	6.89	6.90	6.85	6.93	6.74	6.62	6.72	6.96	7.01	7.23	7.24	6.99	7.08	7.10	84
Querétaro	6.93	6.94	6.87	6.91	6.82	6.81	6.86	7.04	7.17	7.44	7.39	7.14	7.23	7.28	65
Quintana Roo	7.00	7.02	6.91	6.95	6.84	6.81	6.88	7.10	7.14	7.37	7.43	7.10	7.22	7.27	67
San Luis Potosí	6.88	6.87	6.82	6.89	6.74	6.72	6.75	6.93	6.98	7.23	7.20	6.97	7.07	7.11	83
Sinaloa	7.02	7.03	6.89	6.94	6.82	6.82	6.85	7.03	7.08	7.32	7.36	7.14	7.21	7.24	72
Sonora	7.02	7.03	6.92	6.96	6.85	6.83	6.84	6.99	7.09	7.36	7.38	7.12	7.23	7.25	70
Tabasco	6.78	6.80	6.77	6.87	6.70	6.66	6.70	6.89	6.99	7.27	7.24	7.02	7.10	7.13	81
Tamaulipas	6.85	6.87	6.75	6.76	6.65	6.63	6.70	6.88	6.98	7.24	7.30	6.97	7.09	7.13	81
Tlaxcala	7.05	7.03	6.85	6.78	6.65	6.63	6.72	6.91	6.95	7.15	7.18	6.92	7.02	7.04	92
Veracruz de Ignacio ...	6.85	6.86	6.78	6.85	6.71	6.67	6.71	6.92	6.99	7.34	7.20	6.96	7.02	7.05	91
Yucatán	6.99	6.99	6.89	6.92	6.80	6.78	6.80	7.00	7.06	7.28	7.34	7.09	7.19	7.25	70
Zacatecas	6.93	6.93	6.80	6.81	6.73	6.73	6.71	6.81	6.90	7.18	7.16	6.96	7.06	7.10	84

Data for Mexico are not available for years 1985–2002.

Table 3.9c: United States—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, 1985–2016

	1985	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2019	Rank (2016) out of 92
Average	*8.31*	*8.45*	*8.24*	*8.47*	*8.14*	*8.38*	*8.23*	*8.49*	*8.39*	*8.48*	*8.66*	*8.60*	*8.52*	*7.88*	*7.98*	*8.16*	*8.34*	*8.35*	*8.53*	*8.60*	
Alabama	8.31	8.44	8.23	8.48	8.13	8.39	8.25	8.48	8.39	8.50	8.68	8.60	8.50	7.86	7.96	8.13	8.30	8.30	8.50	8.61	24
Alaska	8.12	8.26	8.12	8.33	7.99	8.23	8.03	8.31	8.20	8.30	8.49	8.47	8.43	7.76	7.87	8.03	8.20	8.22	8.41	8.48	45
Arizona	8.46	8.58	8.31	8.55	8.22	8.46	8.31	8.55	8.46	8.54	8.66	8.60	8.55	7.90	8.01	8.17	8.36	8.36	8.55	8.64	18
Arkansas	8.40	8.50	8.25	8.51	8.16	8.42	8.28	8.54	8.45	8.53	8.68	8.63	8.58	7.92	8.03	8.23	8.40	8.40	8.56	8.67	10
California	8.26	8.36	8.19	8.43	8.06	8.27	8.13	8.40	8.31	8.42	8.58	8.49	8.45	7.81	7.91	8.08	8.28	8.26	8.46	8.51	42
Colorado	8.49	8.64	8.35	8.59	8.24	8.49	8.33	8.58	8.48	8.58	8.71	8.66	8.59	7.96	8.04	8.21	8.39	8.38	8.58	8.63	19
Connecticut	8.42	8.54	8.26	8.49	8.17	8.37	8.22	8.47	8.36	8.46	8.66	8.60	8.54	7.91	7.99	8.19	8.38	8.36	8.50	8.56	35
Delaware	8.40	8.51	8.26	8.49	8.16	8.42	8.26	8.50	8.40	8.51	8.67	8.57	8.55	7.91	8.02	8.17	8.37	8.36	8.54	8.58	33
Florida	8.51	8.62	8.34	8.57	8.23	8.48	8.32	8.59	8.47	8.55	8.73	8.66	8.59	7.97	8.05	8.20	8.39	8.39	8.56	8.66	14
Georgia	8.51	8.61	8.33	8.58	8.23	8.48	8.31	8.57	8.49	8.59	8.77	8.70	8.60	7.95	8.06	8.21	8.38	8.42	8.60	8.69	7
Hawaii	7.90	8.12	8.09	8.30	7.97	8.22	8.04	8.30	8.19	8.27	8.48	8.42	8.38	7.76	7.86	8.02	8.20	8.22	8.40	8.48	45
Idaho	8.35	8.48	8.25	8.51	8.18	8.42	8.26	8.53	8.46	8.54	8.74	8.64	8.55	7.88	8.01	8.19	8.38	8.38	8.56	8.65	16
Illinois	8.24	8.38	8.21	8.43	8.10	8.33	8.20	8.45	8.31	8.41	8.62	8.53	8.45	7.83	7.91	8.10	8.28	8.29	8.48	8.60	27
Indiana	8.25	8.36	8.20	8.42	8.11	8.36	8.23	8.49	8.38	8.48	8.66	8.58	8.51	7.86	7.96	8.17	8.35	8.33	8.53	8.61	24
Iowa	8.23	8.43	8.21	8.43	8.10	8.38	8.21	8.50	8.39	8.48	8.66	8.57	8.51	7.87	7.97	8.16	8.35	8.35	8.54	8.63	19
Kansas	8.47	8.59	8.29	8.52	8.18	8.44	8.27	8.52	8.44	8.54	8.74	8.68	8.60	7.94	8.03	8.22	8.41	8.40	8.56	8.60	27
Kentucky	8.23	8.35	8.21	8.44	8.12	8.38	8.20	8.48	8.39	8.48	8.67	8.62	8.52	7.87	7.96	8.12	8.29	8.29	8.49	8.46	49
Louisiana	8.39	8.47	8.25	8.49	8.15	8.40	8.27	8.50	8.44	8.56	8.76	8.71	8.61	7.97	8.06	8.21	8.42	8.42	8.59	8.69	7
Maine	8.25	8.42	8.19	8.42	8.12	8.33	8.17	8.44	8.33	8.42	8.60	8.54	8.50	7.86	7.95	8.11	8.30	8.32	8.49	8.58	33
Maryland	8.35	8.52	8.26	8.50	8.17	8.41	8.25	8.56	8.43	8.49	8.69	8.64	8.58	7.95	8.03	8.21	8.38	8.38	8.55	8.62	23
Massachusetts	8.35	8.48	8.27	8.49	8.12	8.36	8.21	8.48	8.38	8.48	8.67	8.57	8.51	7.91	8.00	8.16	8.36	8.37	8.54	8.61	24
Michigan	8.05	8.27	8.14	8.38	8.02	8.28	8.11	8.37	8.28	8.36	8.49	8.46	8.38	7.79	7.88	8.06	8.26	8.25	8.43	8.52	41
Minnesota	8.18	8.37	8.19	8.44	8.10	8.35	8.21	8.46	8.38	8.46	8.65	8.58	8.52	7.87	7.97	8.15	8.34	8.32	8.47	8.54	38
Mississippi	8.33	8.41	8.24	8.45	8.13	8.37	8.25	8.51	8.38	8.51	8.67	8.62	8.54	7.89	7.98	8.17	8.36	8.37	8.53	8.59	31
Missouri	8.27	8.42	8.22	8.47	8.12	8.37	8.22	8.48	8.40	8.50	8.64	8.59	8.54	7.89	7.97	8.17	8.35	8.36	8.53	8.60	27
Montana	8.15	8.32	8.13	8.38	8.06	8.31	8.17	8.47	8.38	8.47	8.59	8.54	8.43	7.84	7.93	8.07	8.27	8.28	8.47	8.54	38
Nebraska	8.39	8.48	8.28	8.52	8.19	8.43	8.29	8.55	8.45	8.54	8.73	8.65	8.57	7.91	8.05	8.24	8.41	8.42	8.57	8.63	19
Nevada	8.09	8.39	8.18	8.43	8.10	8.36	8.23	8.51	8.40	8.47	8.61	8.53	8.45	7.79	7.87	8.04	8.23	8.24	8.43	8.53	40
New Hampshire	8.49	8.57	8.33	8.57	8.25	8.47	8.31	8.58	8.46	8.56	8.74	8.64	8.58	7.95	8.04	8.21	8.41	8.40	8.59	8.67	10
New Jersey	8.19	8.36	8.21	8.44	8.12	8.36	8.20	8.45	8.34	8.40	8.59	8.57	8.50	7.89	8.00	8.16	8.35	8.32	8.51	8.59	31
New Mexico	8.26	8.37	8.20	8.42	8.11	8.34	8.23	8.49	8.39	8.47	8.66	8.57	8.49	7.86	7.97	8.14	8.33	8.35	8.53	8.60	27
New York	8.05	8.25	8.13	8.35	8.00	8.26	8.12	8.36	8.22	8.32	8.50	8.45	8.38	7.76	7.86	8.05	8.22	8.20	8.36	8.45	50
North Carolina	8.61	8.68	8.40	8.61	8.27	8.49	8.35	8.61	8.51	8.61	8.77	8.71	8.63	7.96	8.07	8.24	8.41	8.44	8.62	8.70	5
North Dakota	8.35	8.52	8.27	8.54	8.20	8.42	8.28	8.53	8.44	8.54	8.75	8.69	8.59	7.97	8.08	8.28	8.46	8.49	8.65	8.72	2
Ohio	8.15	8.31	8.17	8.40	8.06	8.33	8.17	8.45	8.33	8.45	8.58	8.53	8.46	7.84	7.94	8.11	8.29	8.29	8.48	8.55	36
Oklahoma	8.34	8.47	8.25	8.52	8.17	8.39	8.27	8.55	8.47	8.55	8.73	8.68	8.58	7.94	8.03	8.19	8.38	8.42	8.59	8.67	10
Oregon	8.08	8.28	8.12	8.35	8.01	8.27	8.10	8.35	8.25	8.36	8.54	8.47	8.37	7.74	7.83	8.02	8.22	8.20	8.41	8.48	45
Pennsylvania	8.24	8.39	8.20	8.43	8.09	8.36	8.22	8.48	8.39	8.47	8.60	8.55	8.50	7.87	7.97	8.15	8.35	8.36	8.53	8.63	19
Rhode Island	8.16	8.34	8.18	8.38	8.05	8.30	8.16	8.40	8.30	8.41	8.59	8.53	8.46	7.85	7.94	8.09	8.28	8.30	8.46	8.50	43
South Carolina	8.51	8.59	8.33	8.55	8.22	8.45	8.30	8.58	8.49	8.58	8.74	8.67	8.58	7.91	8.03	8.21	8.39	8.42	8.62	8.70	5
South Dakota	8.44	8.58	8.33	8.57	8.23	8.46	8.33	8.57	8.47	8.57	8.76	8.72	8.63	7.99	8.09	8.25	8.44	8.45	8.58	8.65	16
Tennessee	8.40	8.56	8.32	8.52	8.20	8.41	8.28	8.56	8.47	8.56	8.75	8.68	8.59	7.96	8.06	8.22	8.38	8.41	8.59	8.68	9
Texas	8.50	8.63	8.35	8.57	8.25	8.48	8.32	8.58	8.49	8.59	8.78	8.72	8.62	7.96	8.07	8.24	8.44	8.44	8.63	8.71	3
Utah	8.36	8.51	8.29	8.50	8.18	8.42	8.27	8.54	8.45	8.56	8.74	8.66	8.55	7.88	8.00	8.18	8.39	8.41	8.59	8.67	10
Vermont	8.40	8.51	8.28	8.47	8.11	8.38	8.22	8.46	8.32	8.42	8.62	8.57	8.49	7.86	7.96	8.12	8.31	8.30	8.46	8.55	36
Virginia	8.61	8.70	8.39	8.63	8.30	8.51	8.35	8.62	8.53	8.64	8.83	8.76	8.67	8.02	8.12	8.28	8.45	8.46	8.64	8.73	1
Washington	8.14	8.30	8.12	8.36	8.00	8.25	8.08	8.34	8.23	8.32	8.51	8.46	8.38	7.74	7.85	8.03	8.21	8.24	8.43	8.50	43
West Virginia	8.08	8.32	8.13	8.37	8.04	8.33	8.16	8.40	8.30	8.38	8.56	8.48	8.42	7.77	7.89	8.08	8.26	8.29	8.41	8.47	48
Wisconsin	8.17	8.33	8.19	8.41	8.10	8.36	8.20	8.45	8.34	8.42	8.61	8.56	8.50	7.85	7.97	8.16	8.33	8.35	8.57	8.66	14
Wyoming	8.42	8.53	8.30	8.52	8.21	8.43	8.30	8.56	8.47	8.57	8.77	8.72	8.63	7.99	8.09	8.26	8.47	8.47	8.63	8.71	3

Table 3.10a: Canada—Scores for Area 3 (Labor Market Freedom) at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 10
Average	*1.99*	*2.41*	*3.40*	*4.04*	*5.04*	*5.37*	*5.48*	*5.73*	*5.39*	*4.97*	*5.02*	*4.84*	*4.88*	*5.19*	*5.27*	*5.46*	*5.24*	
Alberta	3.33	3.99	4.90	6.29	7.43	8.17	7.86	8.16	7.73	7.01	7.28	7.64	7.67	8.06	8.11	8.36	7.23	1
British Columbia	3.25	4.10	4.46	3.68	3.85	4.63	5.21	5.52	5.61	5.41	5.55	5.33	4.75	5.12	5.40	5.95	6.04	3
Manitoba	1.49	1.60	2.32	3.30	4.16	4.11	4.27	4.51	4.13	3.74	3.72	3.61	4.14	4.36	4.26	4.39	4.21	9
New Brunswick	1.50	1.81	3.49	4.86	5.60	6.27	6.41	6.50	5.97	5.74	5.84	5.45	5.05	5.77	5.83	5.70	5.75	4
Newfoundland & Lab.	0.94	0.31	1.20	2.21	3.48	4.29	4.40	4.55	4.01	3.94	3.73	3.60	4.23	4.07	4.32	4.87	4.56	7
Nova Scotia	1.23	1.76	4.21	5.21	6.20	6.53	6.28	6.37	6.14	5.39	5.41	5.21	5.32	5.48	5.53	5.40	5.19	6
Ontario	4.06	4.52	4.78	4.49	6.03	6.29	6.52	6.67	6.22	5.76	5.65	5.53	5.66	6.14	6.08	6.48	6.12	2
Prince Edward Island	2.18	3.09	4.16	5.81	6.61	6.12	6.68	6.78	6.32	5.70	5.66	5.09	4.88	5.00	5.28	4.32	4.56	7
Quebec	1.25	1.80	2.51	1.75	3.22	3.07	3.25	3.48	3.25	2.94	2.98	2.68	2.67	3.03	2.98	3.61	3.52	10
Saskatchewan	0.70	1.09	1.95	2.77	3.83	4.21	3.95	4.71	4.50	4.09	4.34	4.27	4.41	4.91	4.95	5.50	5.26	5

Table 3.10b: Mexico—Scores for Area 3 (Labor Market Freedom) at the Subnational Level, 2003–2016

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 32
Average	*6.27*	*6.26*	*6.40*	*6.62*	*6.76*	*6.90*	*6.85*	*6.81*	*6.84*	*6.93*	*6.76*	*6.69*	*6.60*	*6.02*	
Aguascalientes	6.01	5.95	6.11	6.31	6.55	6.94	6.78	6.49	6.29	6.76	6.97	6.58	6.45	5.90	16
Baja California	9.20	9.21	8.92	8.95	9.09	9.17	9.14	9.02	9.05	9.25	8.76	8.91	9.12	8.86	1
Baja California Sur	5.39	5.25	6.19	6.29	6.68	6.91	6.55	6.49	6.97	6.93	6.73	6.84	7.17	6.29	13
Campeche	5.15	5.07	5.36	5.69	5.78	6.08	6.43	6.37	6.72	6.80	6.66	6.21	6.00	4.85	27
Coahuila de Zaragoza	5.28	5.36	5.40	6.24	6.67	6.87	6.84	6.73	6.31	5.91	6.44	6.73	6.00	5.32	18
Colima	6.10	6.29	6.36	6.76	6.90	7.14	7.20	7.36	7.34	6.98	6.86	7.12	6.79	5.90	16
Chiapas	5.61	5.43	5.58	5.89	5.58	5.59	5.74	5.82	5.90	5.92	5.85	5.71	5.83	5.20	23
Chihuahua	7.55	7.60	7.68	8.45	8.78	9.42	8.83	7.98	7.68	7.63	8.20	8.05	8.27	7.82	5
Ciudad de México	8.31	8.29	8.38	8.52	8.55	8.65	8.64	8.99	9.03	9.11	8.97	8.99	8.45	8.73	2
Durango	5.65	5.55	5.60	5.69	5.98	5.62	5.40	5.66	5.69	5.78	5.67	5.56	5.93	5.21	21
Guanajuato	7.20	7.09	7.40	7.76	7.62	7.87	7.63	7.35	7.62	7.91	7.69	7.21	8.02	8.03	4
Guerrero	4.67	4.63	4.16	4.53	4.93	4.96	5.32	5.44	5.46	5.37	4.62	4.99	4.82	4.38	30
Hidalgo	5.83	5.95	5.83	5.57	5.49	5.71	5.73	5.63	5.79	6.09	6.11	6.54	6.25	4.84	28
Jalisco	7.93	7.89	7.80	7.55	7.93	7.87	7.87	8.34	8.39	8.14	8.24	8.18	7.97	7.30	6
México	7.55	7.55	7.44	7.85	7.53	7.64	7.64	8.05	8.11	8.18	8.05	7.76	7.82	6.86	9
Michoacán de Ocampo	6.37	6.38	7.17	7.39	7.17	7.18	6.85	6.35	6.43	6.35	6.01	6.17	5.73	5.30	19
Morelos	7.99	8.04	7.84	7.60	7.91	8.30	8.26	8.36	8.20	7.69	7.47	7.25	6.67	5.98	15
Nayarit	5.88	5.71	6.43	6.68	6.23	5.50	5.74	6.45	6.27	6.09	5.72	5.95	6.26	5.28	20
Nuevo León	6.85	7.06	7.29	7.47	7.69	8.22	8.31	8.23	8.33	8.73	8.54	8.05	8.53	8.20	3
Oaxaca	5.52	5.33	5.31	5.01	5.49	5.98	6.09	5.83	5.71	5.55	5.31	5.49	5.46	5.21	21
Puebla	6.90	6.98	7.56	8.18	7.59	6.67	7.01	7.21	7.15	7.13	7.03	6.93	6.63	6.49	12
Querétaro	6.13	6.15	6.90	7.02	7.68	8.03	7.92	7.84	8.54	8.88	8.23	7.88	7.73	7.23	7
Quintana Roo	5.89	6.38	6.72	7.01	7.54	7.81	7.78	8.22	7.90	7.90	7.60	7.35	7.52	6.95	8
San Luis Potosí	5.56	5.34	5.93	6.32	6.35	6.52	6.39	6.15	5.83	6.21	5.69	5.39	5.33	4.81	29
Sinaloa	7.38	7.31	6.93	7.26	7.48	7.93	7.76	7.49	7.27	7.40	7.57	7.60	7.18	6.51	11
Sonora	6.92	6.97	6.99	7.05	7.42	7.77	7.31	6.79	7.37	7.84	7.47	7.63	7.50	6.60	10
Tabasco	3.03	2.90	3.30	4.32	4.13	4.28	4.31	4.28	4.73	5.14	4.84	4.78	4.16	3.23	32
Tamaulipas	4.74	4.96	4.89	5.12	5.12	5.32	5.66	5.52	5.94	6.15	5.80	5.20	5.32	5.06	25
Tlaxcala	6.73	6.40	5.83	4.98	4.99	5.24	5.62	5.56	5.23	5.16	5.16	5.26	5.05	5.03	26
Veracruz de Ignacio ...	5.73	5.79	6.14	6.78	6.84	6.71	6.47	6.72	6.65	7.34	6.45	5.89	5.44	5.14	24
Yucatán	6.44	6.35	6.43	6.56	6.84	7.06	6.91	6.75	6.69	6.62	6.80	7.14	7.13	6.26	14
Zacatecas	5.28	5.16	4.98	4.90	5.72	5.78	5.16	4.35	4.39	4.97	4.65	4.86	4.82	3.89	31

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

Table 3.10c: United States—Scores for Area 3 (Labor Market Freedom) at the Subnational Level, 1981–2016

	1981	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Rank (2016) out of 50
Average	*2.19*	*2.95*	*3.95*	*4.66*	*5.43*	*6.11*	*6.30*	*6.15*	*5.83*	*5.25*	*5.36*	*5.53*	*5.82*	*5.94*	*6.06*	*6.27*	*6.17*	
Alabama	1.71	2.17	3.37	4.09	5.04	5.83	6.27	6.18	5.56	4.63	4.73	4.85	5.05	5.05	5.12	5.64	5.90	32
Alaska	1.06	2.00	2.68	3.29	3.91	3.93	4.18	4.41	4.62	4.56	4.39	4.55	4.70	4.61	4.81	4.78	4.43	48
Arizona	2.42	3.32	4.57	5.00	6.07	6.99	7.06	6.06	5.73	5.36	5.43	5.59	5.70	5.85	5.92	6.32	6.45	24
Arkansas	2.69	2.98	3.38	4.59	5.32	6.32	6.25	5.82	5.71	5.28	5.10	5.35	5.90	5.97	6.05	6.18	6.57	19
California	2.18	3.84	3.88	4.75	5.23	5.28	5.70	5.29	4.64	4.49	4.73	4.98	5.34	5.58	5.26	5.83	5.39	38
Colorado	2.59	4.06	5.17	6.00	7.09	7.45	7.74	6.84	6.65	6.18	6.34	6.34	6.51	6.62	6.56	6.96	6.64	17
Connecticut	2.97	4.79	5.11	5.67	6.10	6.07	6.27	6.45	6.33	6.01	6.24	6.21	6.64	6.80	6.56	6.55	6.26	28
Delaware	1.67	3.30	5.01	5.52	5.84	6.36	6.70	6.30	5.63	5.70	5.73	6.07	5.96	6.24	6.06	6.44	6.00	31
Florida	2.87	4.18	5.38	5.92	6.66	7.25	7.23	7.09	6.75	6.20	6.51	6.53	6.51	6.60	6.78	6.98	7.13	8
Georgia	2.35	3.33	4.98	5.88	6.65	7.33	7.53	7.48	6.88	6.01	6.03	6.27	6.30	6.34	6.81	7.13	7.24	5
Hawaii	2.42	3.55	4.67	3.54	4.44	4.59	4.66	4.82	4.60	4.61	4.91	5.04	5.15	5.22	5.45	5.29	5.11	44
Idaho	2.16	2.56	3.74	4.71	5.33	6.49	6.75	6.86	6.02	5.10	4.82	5.30	5.62	5.90	5.97	6.34	6.43	25
Illinois	2.20	3.28	4.40	4.82	5.61	5.34	5.69	5.92	5.23	4.58	4.89	4.85	5.33	5.42	5.64	6.06	6.69	16
Indiana	2.18	2.35	3.51	4.53	5.18	6.01	6.25	6.19	5.58	5.01	5.01	5.20	5.82	5.94	5.82	6.35	6.41	26
Iowa	1.70	1.68	2.84	3.95	4.86	5.89	6.06	5.91	5.18	4.82	4.94	5.22	5.63	5.83	5.84	6.37	6.53	23
Kansas	1.83	2.88	3.88	4.66	5.53	6.25	6.65	6.81	6.51	5.82	5.61	5.73	6.26	6.46	6.41	6.53	5.87	33
Kentucky	2.26	2.44	3.48	4.22	4.89	5.96	6.10	6.07	5.81	4.87	4.88	4.98	5.12	5.03	5.20	5.73	4.08	49
Louisiana	1.66	2.29	3.17	4.15	4.61	5.92	6.64	6.84	6.55	5.66	5.79	5.90	6.00	6.45	6.59	6.90	7.02	10
Maine	2.01	2.27	3.15	4.20	5.11	5.27	5.40	5.40	5.20	5.10	5.23	5.25	5.34	5.54	5.77	5.95	6.03	30
Maryland	1.71	3.99	5.88	6.10	6.93	7.84	7.52	7.62	7.52	7.17	7.40	7.33	7.65	7.63	7.64	7.02	6.85	13
Massachusetts	2.41	4.24	5.13	5.83	6.29	6.53	6.74	6.72	6.13	5.84	6.37	6.44	6.53	6.83	6.92	7.04	6.80	15
Michigan	1.41	2.43	3.38	3.96	4.68	5.01	4.92	4.02	4.04	3.51	4.20	4.35	4.79	5.01	4.91	5.33	5.32	41
Minnesota	2.04	2.90	3.66	4.25	5.41	6.36	6.38	6.44	6.05	5.50	5.43	5.63	6.02	6.11	5.86	5.80	5.53	36
Mississippi	2.27	2.54	2.95	4.00	4.02	5.02	5.60	5.43	5.08	4.32	4.26	4.33	4.76	4.96	5.19	5.34	5.23	43
Missouri	2.54	3.05	4.49	4.91	5.53	6.34	6.64	5.88	5.75	5.49	5.48	5.39	5.99	5.97	6.11	6.33	6.23	29
Montana	1.43	1.17	2.20	3.42	4.19	5.92	6.14	5.38	5.30	4.20	4.83	4.93	4.83	4.99	5.19	5.45	5.38	39
Nebraska	1.94	2.41	3.95	5.01	5.84	6.70	6.84	6.93	6.45	5.70	5.64	6.23	6.71	6.66	6.84	6.78	6.30	27
Nevada	2.66	3.74	4.96	5.17	5.88	7.10	6.90	6.17	5.59	4.90	4.66	4.56	4.83	4.95	5.14	5.54	5.68	35
New Hampshire	2.76	4.63	5.27	5.75	6.96	7.42	7.59	7.48	6.69	6.27	6.51	6.53	6.81	7.08	7.00	7.45	7.53	3
New Jersey	1.71	3.82	4.73	4.17	5.78	5.92	5.61	5.61	5.81	5.45	5.90	6.12	6.28	6.44	6.02	6.51	6.54	21
New Mexico	1.50	2.04	2.88	3.72	4.13	5.15	5.45	5.57	4.78	3.91	4.24	4.48	4.71	4.76	5.10	5.30	5.31	42
New York	1.50	2.89	3.79	3.95	4.49	4.30	4.43	4.42	4.39	4.18	4.38	4.69	5.00	5.13	5.00	4.93	4.93	46
North Carolina	3.07	3.63	5.01	5.93	6.48	7.14	7.39	6.97	6.74	6.08	5.74	5.92	6.25	6.22	6.65	7.02	7.04	9
North Dakota	2.38	2.48	3.25	4.30	5.72	6.37	6.67	6.98	6.89	6.00	6.34	6.78	7.47	7.55	7.96	7.85	7.61	2
Ohio	2.16	2.60	3.68	4.30	4.98	5.63	6.06	5.04	4.98	4.54	4.88	5.07	5.25	5.30	5.43	5.78	5.73	34
Oklahoma	2.71	2.95	3.62	4.41	5.41	6.65	6.81	6.67	6.45	5.43	5.53	5.66	5.95	6.10	6.61	6.66	6.54	21
Oregon	1.57	1.74	2.34	3.45	3.87	4.19	4.54	4.47	4.12	3.24	3.57	3.62	4.00	4.32	4.25	4.84	4.64	47
Pennsylvania	2.65	3.23	4.48	4.82	5.69	6.69	6.55	5.94	5.78	5.55	5.79	5.93	6.37	6.56	6.72	6.90	7.15	7
Rhode Island	2.32	3.32	3.84	4.48	4.92	5.42	5.81	5.66	5.51	5.19	5.67	5.68	5.84	5.84	6.07	5.94	5.38	39
South Carolina	3.20	3.68	4.43	5.05	5.62	6.61	6.76	6.56	5.98	5.13	4.97	5.36	5.66	5.80	6.21	6.68	6.84	14
South Dakota	2.30	2.60	4.12	5.00	6.24	7.02	7.33	7.48	7.36	6.60	6.61	6.88	7.00	7.14	7.20	6.70	6.57	19
Tennessee	2.36	2.91	4.21	5.43	6.06	7.10	7.26	7.27	6.71	6.01	6.06	6.23	6.45	6.36	6.78	7.11	7.20	6
Texas	3.36	4.01	4.84	5.36	6.28	7.07	7.40	7.48	7.22	6.23	6.13	6.47	6.78	7.03	7.20	7.62	7.50	4
Utah	2.11	2.77	3.49	4.62	5.46	6.78	7.18	7.17	6.60	5.48	5.20	5.54	5.92	6.31	6.63	6.91	6.87	12
Vermont	2.57	2.81	4.10	4.98	5.36	5.14	5.29	5.48	5.45	4.90	5.15	5.24	5.33	5.48	5.48	5.43	5.49	37
Virginia	2.94	4.62	6.02	6.71	7.49	8.31	8.66	8.72	8.23	7.58	7.58	7.64	7.86	7.80	7.90	7.73	7.84	1
Washington	1.80	2.56	3.03	3.45	4.18	4.13	4.23	4.40	4.32	3.59	3.75	3.93	4.36	4.40	4.75	5.14	5.08	45
West Virginia	0.90	0.68	1.34	2.78	3.70	4.70	4.72	4.40	3.94	3.53	3.59	3.92	4.36	4.46	4.84	4.25	3.68	50
Wisconsin	1.94	2.15	3.33	4.34	5.01	5.70	5.44	5.52	5.45	5.03	5.00	5.29	5.80	5.78	5.99	6.90	6.95	11
Wyoming	2.26	1.44	2.73	3.96	5.23	6.46	6.88	6.99	6.84	5.93	5.91	6.08	6.41	6.56	6.82	6.83	6.62	18

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, V_{min} is the smallest, and V_i is the observation to be transformed. The 2005 data were used to derive the maximum and minimum values for each variable. In some cases, there were severe outliers that skewed the scores substantially, so we chose a lower maximum or higher minimum, typically the mean plus or minus between one and four standard deviations (see Appendix B and *Economic Freedom of the World*, which uses a similar approach). When an observation exceeds the 2005 maximum, it is given a score of 0; when it falls below the 2005 minimum, it is given a score 10. For each component, the calculation was performed for all data for all years to allow comparisons over time.

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

- one additional component to Area 1—1D: Government enterprises and investment (the country score for variable 1C in *Economic Freedom of the World: 2018 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).

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

Fiscal variables

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

Income tax

Calculating the income-tax component was more complicated. The component examining the top marginal income-tax rate and the income threshold at which it applies was transformed into a score from zero to 10 using Matrix 1, Matrix 2a, and Matrix 2b. Canadian nominal thresholds were first converted into constant 2016 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 2016 US dollars using the Consumer Price Index. Mexican nominal thresholds were first converted into constant 2016 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, Lawson, and Block, 1996), modified for this study to take into account a different range of top marginal tax rates and income thresholds. Matrix 1 was used in calculating the score for Component 2Bi, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at the all-government level; Matrix 2a was used to calculate the score for Component 2B at the subnational level for Canada, and Matrix 2b was used for the United States. Since there are no subnational income taxes in Mexico, this variable was not included in the Mexican subnational index.

In setting the threshold levels for income taxes at the subnational level, we faced an interesting quandary. In the United States, most state thresholds were below US federal thresholds in the 1980s and 1990s. In Canada, provincial thresholds were frequently higher than federal thresholds. Whenever the provincial or state threshold was higher than the federal threshold, the federal threshold was used at the sub-national level since, when a provincial threshold is above the national level, the cause is typically the imposition of a relatively small surcharge on those earning high incomes. Because of the structure of these matrixes, this can produce perverse scoring results. For example, in Matrix 2b a jurisdiction gets a score of 2.5 if it has a top marginal income-tax rate of, say, 12.5% for incomes over $61,446. Let us say the

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

Top Marginal Tax Rate	Income Threshold Level (US$2016)		
	Less than $61,446	$61,446 to $122,891	More than $122,891
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$2016)		
	Less than $61,446	$61,446 to $122,891	More than $122,891
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$2016)		
	Less than $61,446	$61,446 to $122,891	More than $122,891
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

jurisdiction imposes a surcharge for income earners above $122,891, increasing the top marginal income-tax rate to 13%. In Matrix 2b, even though additional taxes in the form of a surcharge have been imposed, the state's score perversely increases to 3.0 because of the increase in the threshold level.

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

Adjustment factors

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

Other adjustments

Our earlier source of government finance data in Canada was discontinued in 2010, with the last year of data being 2009. As a result, in recent years we had used the change in overall aggregates in spending and revenue to produce estimates for the government finance variables in Area 1 and Area 2. The new data series became available in 2015, after the 2015 edition had gone to print. That new data was first incorporated into the 2016 edition. It goes back to 2007. To smooth the transition between the two series, for 2006 we used the average of that new 2007 data and the 2005 data from the previous data series. The two data series are not identical. There were changes in the way that spending and revenue categories were defined. However, this did not create any major changes in the relative rankings of the provinces.

The data for the US states comes from the US Census Bureau. The local government data for 2016 was not scheduled to be released until after this report went to press. As a result, the state and local tax and spending totals for 2016 were not available. However, the state government data *was* available. The change in those state numbers from 2015 to 2016 was applied to the 2015 state and local data to produce a state and local estimate for 2016.

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

The historical data for federal spending in the US states comes from the Consolidated Federal Funds Report, which has now been discontinued. The last year available is 2010. We used the percentage increase in the subnational amounts for 2011, 2012, 2013, 2014, and 2015 to calculate an estimate for the federal amounts for both 1A and 1B.

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

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

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

Appendix B
Explanation of Components and Data Sources

Area 1 Government Spending

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

General consumption expenditure is defined as total expenditures minus transfers to persons, transfers to businesses, transfers to other governments, and interest on public debt. Spending on fixed capital is also excluded. Data for Quebec is adjusted for Quebec abatement at the subnational level. On the all-government index, there were several Mexican states that were far outliers for this variable and therefore skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 2 standard deviations. (A similar approach is used in the annual reports of *Economic Freedom of the World*.)

Sources

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Component 1B Transfers and Subsidies as a Percentage of Income

Transfers and subsidies include transfers to persons and businesses like welfare payments, grants, agricultural assistance, food-stamp payments (US), housing assistance. Foreign aid is excluded. Data for Quebec is adjusted for the Quebec abatement at the subnational level. On the all-government index, there were several Mexican states that were far outliers for this variable and therefore skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 2 standard deviations. (A similar approach is used in *Economic Freedom of the World*.)

Sources

Canada Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (August, 2018) • Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008*. <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2016*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

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

Payments by Employment Insurance, Workers Compensation, and various pension plans are included in this component. As explained in Appendix A, for the US states, the federal component of insurance and retirement payment spending (as a percentage of US income) that we use is the same for every state.

Sources

Canada Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008* <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2016*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

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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: 2018 Report*. A detailed description and the data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

Area 2 Taxes

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

Income and Payroll Tax Revenue is defined as the sum of personal income taxes, corporate income taxes, and payroll taxes used to fund social-insurance schemes (i.e., employment insurance, Workers Compensation, and various pension plans). As explained in Appendix A, the federal component of corporate income tax revenue that we use is the same for every state within the same country. Data for Quebec is adjusted for the Quebec abatement at the subnational level.

Sources

Canada Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (August, 2018) • Statistics Canada, *Provincial and Territorial Economic Accounts, 1981–2008* <www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, *Provincial and Territorial Economic Accounts, 2007–2016*. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3840047>.

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

See Matrix 1, Matrix 2a, and Matrix 2b in Appendix A (pp. 54–58) for information on how the final scores were calculated. Data for Quebec is adjusted for Quebec abatement at the subnational level.

Sources

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

This variable, used only in the all-government index, is the country score for variable 1Dii in *Economic Freedom of the World: 2018 Annual Report*. A detailed description and data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

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

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

Sources

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Component 2D Sales Tax Revenue as a Percentage of Income

Sales tax revenue includes revenue from all sales and gross receipts taxes (including excise taxes and value-added taxes). As explained in Appendix A, we use the same national average percentage for every state in Mexico. Data for Quebec is adjusted for the Quebec abatement at the subnational level. On the all-government index, there were several Mexican states that were far outliers for this variable and skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 1.5 standard deviations. A similar approach is used in *Economic Freedom of the World*.

Sources

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Area 3 Regulation

Component 3A Labor Market Freedom

3Ai Minimum Wage Legislation

This component was calculated as minimum wage multiplied by 2,080, which is the full-time equivalent measure of work hours per year (52 weeks multiplied by 40 hours per week) as a percentage of per-capita income. For the Canadian provinces, provincial minimum wage was used to compute both of the indices (subnational and all-government). For US states, the federal minimum wage was used for both indexes (when it is higher than the state minimum wage) because the federal minimum wage supersedes state minimum wages when it is higher. On all three subnational indexes, there were several states that were far outliers for this variable and therefore skewed the standardized scores. To account for this, in calculating those scores, we used a

lower maximum value of the mean plus 3 standard deviations for Canada, the mean plus 4 standard deviations for the United States, and the mean plus 2 standard deviations for Mexico. (A similar approach is used in *Economic Freedom of the World*.)

Sources

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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

Canada Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* • Statistics Canada, Public Institutions Division, Financial Management System (various years) • Statistics Canada, table 183-0002: Public Sector Employment, <www5.statcan.gc.ca/cansim/pick-choisir?lang=eng&searchTypeByValue=1&id=1830002> • Statistics Canada, Table 14-10-0070-01, *Labour Force Survey Estimates (LFS), Employees by Union Coverage, North American Industry Classification System (NAICS), Sex and Age Group, Annual (Persons x 1,000)*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410007001>.

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3Aiii Union Density

For this component, our goal was to determine the relationship between unionization and public policy, other than the level of government employment, which is captured

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

Sources

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 14-10-0070-01, *Labour Force Survey Estimates (LFS), Employees by Union Coverage, North American Industry Classification System (NAICS), Sex and Age Group, Annual (Persons x 1,000)*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410007001>.

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

Mexico Instituto Nacional de Estadística y Geografía, *Encuesta Nacional de Ocupación y Empleo*, <http://www.beta.inegi.org.mx/proyectos/enchogares/regulares/enoe/> • Instituto Nacional de Estadística y Geografía, *Encuesta Nacional de Ingresos y Gastos de los Hogares*, <http://www.beta.inegi.org.mx/proyectos/enchogares/regulares/enigh/nc/2016>.

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

The additional data used for the all-government index is from *Economic Freedom of the World: 2018 Annual Report* (Gwartney, Lawson, Hall, and Murphy, 2018), which is also published by the Fraser Institute. Minimum-maximum calculations are based on the 157 nations and territories covered by the world report. This is not ideal, since the minimum-maximum calculations for other components are based on data from the states and provinces. However, since the data were not typically available at the subnational level, this does provide an appropriate measure of the difference in economic freedom among Canada, the United States, and Mexico. The world data are available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

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

Since, as discussed above, Canada and the United States have been diverging on scores for business and credit regulation, the all-government index expands the regulatory area to include data on these areas. Labour regulation becomes one of three

equally weighted components of Area 3: Regulation, which comprises 3A: Labour market regulation; 3B: Regulation of credit markets; and 3C: Business regulations. (See Appendix A for how Area 3 is now calculated.)

The descriptions and sources for these components and subcomponents can be found in *Economic Freedom of the World: 2018 Annual Report*, which is available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

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

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

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

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

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

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

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

The descriptions and sources for these components can be found in *Economic Freedom of the World: 2018 Annual Report*, which is available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

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

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

The descriptions and sources for these components can be found in *Economic Freedom of the World: 2018 Annual Report*, which is available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

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 descriptions and sources for these components and subcomponents can be found in *Economic Freedom of the World: 2018 Annual Report*, which is available at <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2018-annual-report>.

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 Recent Publications* Using *Economic Freedom of North America*

Alexeev, Michael, and Yao-Yu Chih (2017). *Oil Price and Economic Growth in the US*. Research Working Paper No. 2017-011. Center for Applied Economics and Policy.

Barnatchez, Keith, and Robert Lester (2017). The Relationship between Economic Freedom and Economic Dynamism. *Contemporary Economic Policy* 35, 2: 358–372.

Bastani, Hamsa, Joel Goh, and Mohsen Bayati (2018). Evidence of Upcoding in Pay-for-Performance Programs. *Management Science*, forthcoming.

Bennett, Daniel L., and Jason T. Long (2018). *Is It the Economic Policy, Stupid? Economic Policy, Political Parties & the Gubernatorial Incumbent Advantage*. Research Working Paper 2018-05. John F. Baugh Center for Entrepreneurship and Free Enterprise.

Bennett, Daniel L., and Boris Nikolaev (2017). On the Ambiguous Economic Freedom–Inequality Relationship. *Empirical Economics* 53, 2: 717–754.

Beland, Louis-Philippe, and Bulent Unel (2017). *Politics and Entrepreneurship in the US*. Working Paper No. 2017-05. Louisiana State University.

Bjørnskov, Christian (2017). Growth, Inequality, and Economic Freedom: Evidence from The US States. *Contemporary Economic Policy* 35, 3: 518–531.

Bologna, Jamie 2017. Corruption, Product Market Competition, and Institutional Quality: Empirical Evidence from the US States. *Economic Inquiry* 55, 1: 137–159.

* The list given in Appendix C comprises publications from 2017 and the first half of 2018. For a more comprehensive list that includes older publications, see Appendix C in *Economic Freedom of North America 2017* or see *Citations in Professional Literature of the Fraser Institute's Economic Freedom Research* at <https://www.fraserinstitute.org/economic-freedom/citations>.

Bundrick, Jacob (2017). State Taxes and Manufacturing Productivity: A Case Study of Arkansas. *Journal of Regional Analysis & Policy* 47, 1: 12–28.

Calcagno, Peter, and Frank L. Hefner (2018). *Targeted Economic Incentives: An Analysis of State Fiscal Policy and Regulatory Conditions*. Working Paper. Mercatus.

Carpenter, Craig Wesley, and Scott Loveridge (2017). Immigrants, Self-Employment, and Growth in American Cities. *Journal of Regional Analysis & Policy* 47, 2: 100–109.

Cebula, Richard, John Connaughton, and Caroline Swartz (2017). Factors Influencing Inter-Regional Living-Cost Differentials: Panel Data Analysis for the Case of the US. *Economia Internazionale/International Economics* 70, 3: 281–300.

Cebula, Richard, James E. Payne, Donnie Horner, and Robert Boylan (2017). The Impact of Labor Freedom on Geographic Cost of Living Differentials: Controlling for Economic and Quality of Life Factors. *Journal of Entrepreneurship and Public Policy* 6, 3: 385–395.

Cebula, Richard J., and Gigi M. Alexander (2018). Is There an Impact of Labor Market Freedom on the Elderly Female Labor Force Participation Rate in the US? An Exploratory Study. *Economics Bulletin* 38, 1: 30–40.

Chen, Mei-Ping, Chien-Chiang Lee, and Yi-Chung Hsu (2017). Investor Sentiment and Country Exchange Traded Funds: Does Economic Freedom Matter? *North American Journal of Economics and Finance* 42: 285–299.

Collins, Courtney A. (2017). *Poverty Rates, Demographics, and Economic Freedom across America*. Working paper. Texas Public Policy Foundation.

Crowley, George R., John A. Dove, and Daniel Sutter (2017). Voter Preferences, Institutions, and Economic Freedom. *Contemporary Economic Policy* 35, 1: 76–92.

Davidsson, Michael, and Bienvenido Cortes (2017). The Role of the Housing Supply and the Regulatory Environment in Economic Growth of Micropolitan Statistical Areas. *Journal of Regional Analysis & Policy* 47, 1: 44–56.

DeGennaro, Ramon P., and Michael B. McDonald IV. (2017). The State of Research and the Economic Environment in Small-Firm Finance. In Benton E. Gup, ed., *The Most Important Concepts in Finance* (Edward Elgar Publishing): 301–316.

Deskins, John, and Amanda Ross (2018). Economic Freedom and Racial Differences in Entrepreneurship: Evidence from US States. *Public Finance Review* 46, 2: 177–204.

Detotto, Claudio, and Bryan C. McCannon (2017). Economic Freedom and Public, Non-Market Institutions: Evidence from Criminal Prosecution. *Economics of Governance* 18, 2: 107–128.

Dove, John (2017). The Relationship between Local Government Economic Freedom and Bond Ratings. *Journal of Financial Economic Policy* 9, 4: 435–449.

Dove, John A. (2017). Judicial Independence and US State Bond Ratings: An Empirical Investigation. *Public Budgeting & Finance* 37, 3: 24–46.

Dove, John A., and Daniel Sutter (2018). Is There a Tradeoff between Economic Development Incentives and Economic Freedom? Evidence from the US States. *Review of Regional Studies* 48, 1: 55–69.

Estrada, Juan Salvador Navarro (2017). The Trans-Pacific Partnership: Understanding the Economic Impact for Mexico and Canada. *México y la Cuenca del Pacífico* 5, 13: 27–55.

Ghosh, Sriparna, and Bryan C. McCannon (2017). Growth-Enhancing Economic Freedom. *Journal of Financial Economic Policy* 9, 02: 209–224.

Ginn, Vance, Talmadge Heflin, and Melissa Schlosberg (2017). *Reducing the Burden of Texas' State Liabilities on Current and Future Generations*. Policy Perspective. Texas Public Policy Foundation.

Ginn, Vance, Elliott Raia, and Dayal Rajagopolan (2018). *People Prosper from Free Trade: NAFTA and Texas*. Working Paper. Texas Public Policy Foundation.

Gu, Ji, Ryan A. Compton, Daniel C. Giedeman, and Gary A. Hoover (2017). A Note on Economic Freedom and Political Ideology. *Applied Economics Letters* 24, 13: 928–931.

Hall, Joshua C., Brad R. Humphreys, and Jane E. Ruseski (2018). Economic Freedom and Exercise: Evidence from State Outcomes. *Southern Economic Journal* 84, 4: 1050–1066.

Hall, Joshua C., Brad R. Humphreys, and Jane E. Ruseski (2018). Economic Freedom, Race, and Health Disparities: Evidence from US States. *Public Finance Review* 46, 2: 276–300.

Hall, Joshua C., Donald J. Lacombe, and Timothy M. Shaughnessy (2018). Economic Freedom and Income Levels across US States: A Spatial Panel Data Analysis. *Contemporary Economic Policy* (forthcoming). <https://doi.org/10.1111/coep.12287>.

Hoover, Gary A., Ryan A. Compton, and Daniel C. Giedeman (2018). More on the Impact of Economic Freedom on the Black–White Income Gap. *Public Finance Review* 46, 2: 205–223.

Jackson, Jeremy J. (2017). Economic Freedom and Social Capital: Pooled Mean Group Evidence. *Applied Economics Letters* 24,6: 370–373.

Jackson, Jeremy J. (2017). Free to Be Happy: Economic Freedom and Happiness in the U.S. States. *Journal of Happiness Studies* 18, 4: 1207–1229.

McCann, Stewart J.H. (2018). US State Resident Big Five Personality and Work Satisfaction: The Importance of Neuroticism. *Cross-Cultural Research* 52, 2: 155–191.

Millsap, Adam A. (2018). The Role of Economic Freedom in Intercity Competition: A Framework and Some Evidence from U.S. Metropolitan Areas. *Journal of Regional Analysis and Policy*, 48, 2: 89–106.

Millsap, Adam A., Bradley K. Hobbs, and Dean Stansel (2017). *Local Governments and Economic Freedom: A Test of the Leviathan Hypothesis*. Working Paper. Mercatus.

Mitchell, Matthew, Daniel Sutter, and Scott Eastman (2018). The Political Economy of Targeted Economic Development Incentives. *Review of Regional Studies* 48. 1: 1–9.

Murphy, Ryan H., and Alex Nowrasteh (2018). The Deep Roots of Economic Development in the US States: An Application of Putterman and Weil (2010). *Journal of Bioeconomics* 20, 2: 227–242.

Naghshpour, Shahdad, and Edward Nissan (2018). State and Regional Convergence in Economic Freedom of North America. *Journal of Regional Analysis & Policy* 48, 2: 48–53.

Onafowora, Olugbenga, and Oluwole Owoye (2017). A Panel Vector Auto Regression Analysis of Income Inequality Dynamics in Each of the 50 States of USA. *International Journal of Social Economics* 44, 6: 797–815.

Ouellet, Richard, and Maxence Messier (2017). Renegotiating NAFTA under a Trump Presidency: Tweak, Tear, or Think Again? A Legal Perspective from Québec. *Quebec Studies* 64: 123–140.

Padilla, Alexandre, and Nicolás Cachanosky (2018). The Grecian Horse: Does Immigration Lead to the Deterioration of American Institutions? *Public Choice* 174, 3-4: 351–405.

Shumway, J. Matthew (2018). Economic Freedom, Migration and Income Change among US Metropolitan Areas. *Current Urban Studies* 6, 01: 1–20.

Snyder, Thomas, and Saliou Ouattara (2018). Occupational Licensure and Property Crime. *Journal of Regional Analysis & Policy* 48, 1: 92–98.

Sobel, Russell S., and J. Brandon Bolen (2017). The Process of Economic Growth. In Brandon N. Cline, Russell S. Sobel, and Claudia R. Williamson, eds., *Promoting Prosperity in Mississippi* (Institute for Market Studies at Mississippi State University): 15–34.

Stankov, Petar (2017). *Economic Freedom and Welfare before and after the Crisis*. Springer.

Stansel, Dean, and Meg Patrick Tuszynski (2018). Sub-National Economic Freedom: A Review and Analysis of the Literature. *Journal of Regional Analysis & Policy* 48, 1: 61–71.

Tanin, Tauhidul Islam, and Mansur Masih (2017). *Does Economic Freedom Lead or Lag Economic Growth? Evidence from Bangladesh*. MPRA Paper No. 79446.

Turnbull, Geoffrey, Robert Salvino, and Michael Tasto (2018). Using Eminent Domain for Economic Development: Does It Increase Private Sector Employment? *Review of Law & Economics*, forthcoming.

Tuszynski, Meg, and Dean Stansel (2018). Targeted State Economic Development Incentives and Entrepreneurship. *Journal of Entrepreneurship and Public Policy* 7, 3: 235–247.

Walsh, Anthony (2017). *Taboo Issues in Social Science: Questioning Conventional Wisdom*. Vernon Press.

Wiseman, Travis (2017). Economic Freedom and Growth in US State-Level Market Incomes at the Top and Bottom. *Contemporary Economic Policy* 35, 1: 93–112.

Wiseman, Travis (2018). Mississippi Shadow Economies: A Symptom of Over-Regulated Markets and Measure of Missed Opportunities. In Brandon N. Cline, Russell S. Sobel, and Claudia R. Williamson, eds., *Promoting Prosperity in Mississippi* (Institute for Market Studies at Mississippi State University): 107–120.

Yakovlev, Pavel A., and Saurav Roychoudhury (2017). The Role of Public Policy in Entrepreneurship and Migration. In Gregory M. Randolph, Michael T. Tasto, and Robert F. Salvino Jr., eds., *Public Policy, Productive and Unproductive Entrepreneurship: The Impact of Public Policy on Entrepreneurial Outcomes* (Edward Elgar): 26–42.

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and the Negative Sum Economy. He has written for numerous publications, including the *European Journal of Political Economy*, the *SAIS Journal* (School of Advanced International Studies, Johns Hopkins University), the *Wall Street Journal*, *Policy Options*, *National Post*, *Time* (Canada), *Globe & Mail*, *Ottawa Citizen*, and most other major Canadian newspapers.

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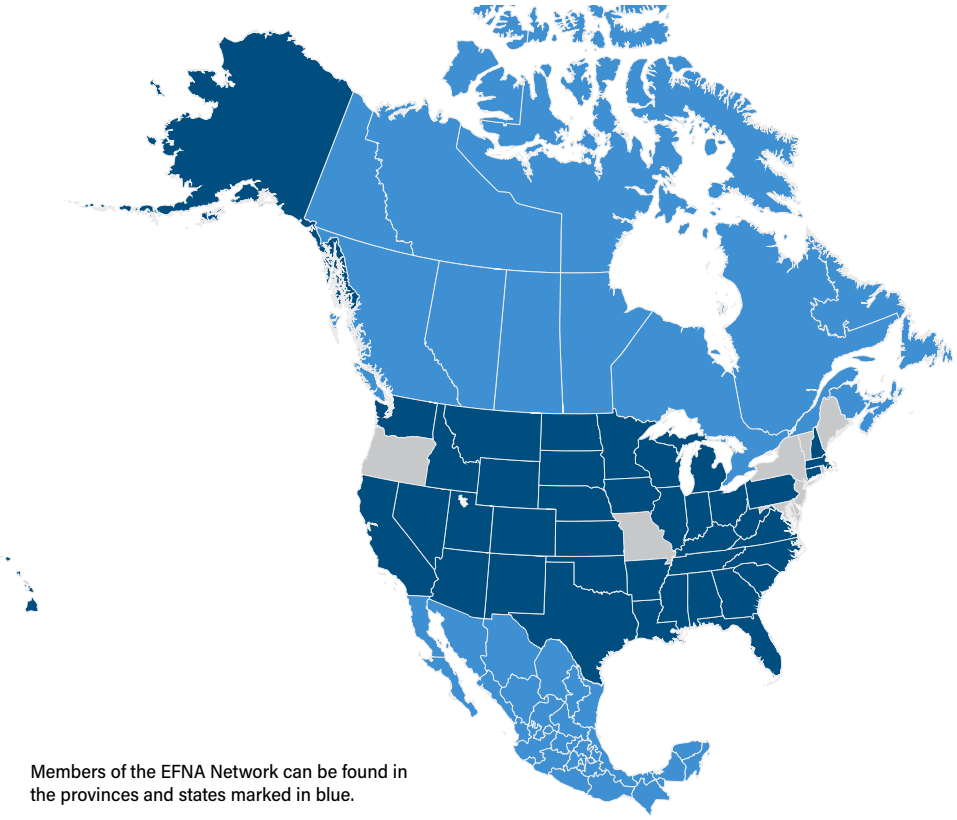

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Vancouver, Canada • fraserinstitute.org

Mexico

Mexico

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Caminos de la Libertad seeks to promote discussion and reflection about the different aspects of freedom. We strive to generate critical thinking and policies as well as creating awareness among those who have not yet realized the value of their own freedom. Caminos de la Libertad has become an international effort that includes competitions, symposiums, conferences, and round-table discussions emphasizing the importance of freedom. With our different activities, we try to introduce academics, politicians, youth, and the general society to the liberal perspective.

Mexico City, Mexico • caminosdelalibertad.com

United States

Alabama

Manuel Johnson Center for Political Economy at Troy University

The Manuel H. Johnson Center for Political Economy at Troy University provides a dynamic and rigorous education program focused on the moral imperatives of free markets and individual liberty, as well as relevant policy research on current and local issues.

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

Alaska

Alaska Policy Forum

The Alaska Policy Forum conducts timely, relevant, and accurate research and provides free-market, Alaskan solutions in the most effective means possible to policy makers at the state and local level. We believe that individual freedom and private property are inextricably linked. We believe that government should be limited, transparent, and accountable. We believe in responsible, sustainable development. We believe that free markets offer better solutions than government planning.

Anchorage, Alaska • www.alaskapolicyforum.org

Arizona

Center for the Philosophy of Freedom at the University of Arizona

The Center's mission is to promote the understanding and appreciation of the ideals of freedom and responsibility along four dimensions: published research, undergraduate education, graduate education, and community outreach.

Tucson, Arizona • freedomcenter.arizona.edu

Center for the Study of Economic Liberty at Arizona State University

Committed to the study of the role economic liberty and the free-enterprise system play in increasing opportunity and improving well-being, the Center for the Study of Economic Liberty seeks to advance our understanding through independent thinking, scholarly debate, factual argument, and clear, honest communication of research and policy findings. The Center is a non-partisan academic unit within the W. P. Carey School of Business at Arizona State University; our scholars enjoy academic freedom

and share with each other a basic commitment to a freer, more prosperous world. Founded in 2014, the Center for the Study of Economic Liberty is dedicated to serving students and the public through research, education, and community outreach on the most pressing national and international economic policy issues.

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

Arkansas

Arkansas Center for Research in Economics at the University of Central Arkansas

The vision and hope of faculty, staff, and supporters of the Arkansas Center for Research in Economics (ACRE) is greater human well-being—a society in which everyone lives the best, most rewarding life possible, as defined by each individual. ACRE's four primary areas of economic research are regulations that inhibit earning a living, transparency and efficient governance, unleashing entrepreneurship, and public education.

Conway, Arkansas • uca.edu/acre

California

Independent Institute

The Independent Institute is a non-profit, non-partisan, public-policy research and educational organization that shapes ideas into profound and lasting impact. The mission of Independent is to boldly advance peaceful, prosperous, and free societies grounded in a commitment to human worth and dignity. Applying independent thinking to issues that matter, we create transformational ideas for today's most pressing social and economic challenges. The results of this work are published as books and other publications and form the basis for numerous conference and media programs. By connecting these ideas with organizations and networks, we seek to inspire action to unleash an era of unparalleled human flourishing at home and around the globe.

Oakland, California • www.independent.org

Colorado

Independence Institute

The mission of the Independence Institute is to empower individuals and to educate citizens, legislators, and opinion makers about public policies that enhance personal and economic freedom.

Denver, Colorado • www.i2i.org

Woodford Foundation for Limited Government

We are a private foundation located in Colorado Springs. Our primary interest is to be persuasive in restoring the "Opportunity Society" by (a) promoting a gradual and significant reduction in the size and scope of both federal and state governments, (b) working as part of the Bastiat Society to influence business owners to be "Principled Wealth Creators," and (c) encouraging business and the general electorate to endorse both our Profit Sharing and Vouchers for Delivery of Social Services and Free Enterprise and True Responsible Capitalism statements.

Colorado Springs, Colorado • woodfordfoundation.org

Connecticut *Yankee Institute for Public Policy*

The Yankee Institute develops and advances free-market, limited-government solutions in Connecticut. As one of America's oldest state-based think tanks, Yankee is a leading advocate for smart, limited government; fairness for taxpayers; and an open road to opportunity.

Hartford, Connecticut • yankeeinstitute.org

Florida *James Madison Institute*

The James Madison Institute is a Florida-based research and educational organization engaged in the battle of ideas. The Institute's ideas are rooted in a belief in the US Constitution and such timeless ideals as limited government, economic freedom, federalism, and individual liberty coupled with individual responsibility. The Institute's mission is to keep the citizens of Florida informed about their government and to shape our state's future through the advancement of practical free-market ideas on public-policy issues.

Tallahassee, Florida • www.jamesmadison.org

Georgia *Georgia Public Policy Foundation*

The Georgia Public Policy Foundation is a 501(c)(3) non-profit, non-partisan research institute. Our mission is to improve the lives of Georgians through public policies that enhance economic opportunity and freedom. We believe good public policy is based upon fact, an understanding of sound economic principles, and the core principles of our free-enterprise system—economic freedom, limited government, personal responsibility, individual initiative, respect for private property and the rule of law.

Atlanta, Georgia • georgiapolicy.org

Hawaii *Grassroot Institute of Hawaii*

The Grassroot Institute of Hawaii is an independent, non-profit, research and educational institution devoted to promoting the principles of individual liberty, free markets, and limited and accountable government throughout the state of Hawaii and the Pacific Rim.

Honolulu, Hawaii • grassrootinstitute.org

Idaho *Idaho Freedom Foundation*

Our goal is to hold public servants and government programs accountable, expose government waste and cronyism, reduce Idaho's dependency on the federal government, and inject fairness and predictability into the state's tax system.

Boise, Idaho • idahofreedom.org

Illinois *Illinois Policy Institute*

Illinois Policy is an independent organization generating public-policy solutions aimed at promoting personal freedom and prosperity in Illinois. We believe Illinois should be a place where people of all talents, interests, and cultural backgrounds can

succeed with hard work and ingenuity. We want families to feel confident in planting their roots in Illinois soil. And, we want to live in a state where communities flourish and good opportunities abound.

Springfield/Chicago, Illinois • illinoispolicy.org

Indiana *Sagamore Institute*

The Sagamore Institute is an Indianapolis-based non-profit, non-partisan, public-policy research organization—or think tank. It is our mission to research, analyze, and respond to difficult issues, to serve as a meeting place for disparate groups, and to offer wise counsel for a world in progress.

Indianapolis, Indiana • www.sagamoreinstitute.org

Iowa *Tax Education Foundation of Iowa*

The Tax Education Foundation educates the general public about the tax and spending practices of state and local government in Iowa. We also compile research on fiscal topics and provide state by state comparative data. The Tax Education Foundation distributes this research through publications, social media, speaking engagements, and our website.

West Des Moines, Iowa • taxeducationfoundation.org

Kansas *Kansas Policy Institute*

Kansas Policy Institute is an independent think tank guided by the constitutional principles of limited government and personal freedom. We specialize in student-focused education and tax and fiscal policy at the state and local level, empowering citizens, legislators, and other government officials with objective research and creative ideas to promote a low-tax, pro-growth environment that preserves the ability of governments to provide high-quality services.

Wichita, Kansas • kansaspolicy.org

Kentucky *Pegasus Institute*

Our mission is to provide public-policy research and solutions that help improve the lives of all Kentuckians. Pegasus Institute operates as an independent, non-partisan, privately funded research organization focused on state and local policies. We believe that Kentucky has the potential to emerge as a national leader and a beacon of the New South. That potential can be unlocked with data-driven public-policy solutions based in free-market principles, individual liberty and responsibility, and effective, limited, and accountable government.

Louisville, Kentucky • pegasuskentucky.org

Center for Free Enterprise at the University of Louisville

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

Louisville, Kentucky • http://business.louisville.edu/freeenterprise/

Louisiana

Pelican Institute

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

New Orleans, Louisiana • www.pelicaninstitute.org

Massachusetts

Pioneer Institute

Pioneer Institute is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civic discourse and intellectually rigorous, data-driven public-policy solutions based on free-market principles, individual liberty and responsibility, and the ideal of effective, limited, and accountable government.

Boston, Massachusetts • pioneerinstitute.org

Michigan

Mackinac Center for Public Policy

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

Midland, Michigan • www.mackinac.org

Minnesota

Center of the American Experiment

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

Golden Valley, Minnesota • www.americanexperiment.org

Mississippi

Institute for Market Studies at Mississippi State University

The Institute for Market Studies supports the study of markets and provides a deeper understanding regarding the role of markets in creating widely shared prosperity. The Institute brings together leading scholars in economics, finance, and international business. Research interests include analysis of the market process, corporate control, bureaucracy and regulation theory, shadow economies, and informal institutions. Research questions are motivated by current economic and financial issues.

Mississippi State, Mississippi • http://www.ims.msstate.edu

Mississippi Center for Public Policy

The Mississippi Center for Public Policy (MCPP) is an independent, non-profit, public-policy organization based in Jackson, Mississippi. MCPP works to promote and protect the concepts of free markets, limited government, and strong traditional families.

Jackson, Mississippi • mspolicy.org

Montana

Montana Policy Institute

The mission of the Montana Policy Institute is to form, equip, and mobilize a network of citizens dedicated to securing a free and prosperous future for Montana. We believe Montana should be a place where Montanans can live, work, and prosper, and that pro-liberty policies are the best and surest route to achieving this goal.

Helena, Montana • mtpolicy.org

Nebraska

Institute for Economic Inquiry at Creighton University

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

Omaha, Nebraska • www.creighton.edu/instituteforeconomicinquiry

Platte Institute for Economic Research

The Platte Institute's mission is to advance policies that remove barriers to growth and opportunity in Nebraska.

Omaha, Nebraska • platteinstitute.org

Nevada

Nevada Policy Research Institute

The Nevada Policy Research Institute is a non-partisan, non-profit think tank that promotes policy ideas consistent with the principles of limited government, individual liberty and free markets. NPRI is an independent source of objective research and liberty-minded commentary focused on helping the citizens of Nevada understand the fundamental value of a free society, the inseparability of personal economic freedom and the comprehensive benefits of free market policy solutions.

Las Vegas, Nevada • npri.org

New Hampshire

Granite Institute

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

Concord, New Hampshire • www.graniteinstitute.org

New Mexico

Rio Grande Foundation

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

Albuquerque, New Mexico • www.riograndefoundation.org

North Carolina

Center for the Study of Free Enterprise at Western Carolina University

Our mission is to provide economics research and thought leadership on issues pertaining to economic development in North Carolina, the region, and beyond, by conducting scholarly inquiry, policy analysis, educational activities, and community outreach on the role of free enterprise in a flourishing society

Cullowhee, North Carolina • affiliate.wcu.edu/csfe

John Locke Foundation

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

Raleigh, North Carolina • www.johnlocke.org

North Dakota

Center for the Study of Public Choice and Private Enterprise at North Dakota State University

The Center for the Study of Public Choice and Private Enterprise (PCPE) engages in research and educational programs to uncover the institutions and policies that encourage and enhance human well-being. The Center seeks to advance knowledge of the sources and causes of human well-being and the distinctive roles of entrepreneurship, free markets, philanthropy, private enterprise and public policy in achieving it.

Fargo, North Dakota • ndsu.edu/centers/pcpe

Ohio

Buckeye Institute

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

Columbus, Ohio • www.buckeyeinstitute.org

Oklahoma

E Foundation for Oklahoma

E Foundation is a goal-driven, non-profit organization dedicated to creating actionable long-range strategic planning to grow Oklahoma's economy and improve its citizens' quality of life.

Oklahoma City, Oklahoma • efoundationok.org

Pennsylvania

Commonwealth Foundation

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

Harrisburg, Pennsylvania • www.commonwealthfoundation.org

South Carolina

Palmetto Promise Institute

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

Columbia, South Carolina • palmettopromise.org

South Dakota

Great Plains Public Policy Institute

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

Sioux Falls, South Dakota • www.greatplainsppi.org

Tennessee

Beacon Center of Tennessee

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

Nashville, Tennessee • www.beacontn.org

Texas

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

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

Dallas, Texas • oneil.cox.smu.edu

Texas Public Policy Foundation

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

Austin, Texas • www.texaspolicy.com

Utah

Libertas Institute

Libertas Institute envisions a legal system that protects each person's pursuit of happiness not just in word, but in deed. A society governed by such a system will embrace personal responsibility, use persuasion rather than force to achieve important goals, and understand the importance of free markets, property rights, personal freedom, and equal justice.

Lehi, Utah • libertasutah.org

Virginia

Virginia Institute for Public Policy

The Virginia Institute for Public Policy is an independent, non-partisan, education and research organization committed to the goals of individual opportunity and economic growth. Through research, policy recommendations, and symposia, the Institute works ahead of the political process to lay the intellectual foundation for a society dedicated to individual liberty, free enterprise, private property, the rule of law, and constitutionally limited government.

Abingdon, Virginia • virginiainstitute.org

Washington

Washington Policy Center

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

Seattle, Washington • www.washingtonpolicy.org

West Virginia

Public Policy Foundation of West Virginia

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

Wheeling, West Virginia • www.ppfwv.org

Cardinal Institute

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

Charleston, West Virginia • www.cardinalinstitute.com

Wisconsin

MacIver Institute

The John K. MacIver Institute for Public Policy is a Wisconsin-based think tank that fights for free markets, individual freedom, personal responsibility, and limited government. Our namesake believed that ideas are the most powerful force in politics and our democracy. In John's honor, the MacIver Institute works every day to produce the next generation of ideas that will move Wisconsin and our country forward.

Madison, Wisconsin • www.maciverinstitute.com

Wyoming

Wyoming Liberty Group

Founded in 2008 with the purpose of inviting citizens to prepare for informed, active and confident involvement in local and state government, Wyoming Liberty Group provides a venue for understanding public issues in light of constitutional principles and governmental accountability. We believe in the values of individual dignity and personal liberty, and we encourage appreciation of our state constitution and the historical/cultural values that are the very source of our liberty.

Cheyenne, Wyoming • wyliberty.org

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