

Economic Freedom of North America 2015

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Economic Freedom of North America 2015 is the 11th edition of our annual report, in which we measure the extent to which policies of individual provinces and states are supportive of economic freedom—the ability of individuals to act in the economic sphere free of undue restrictions. For researchers, this report has become the most widely used of the North American indexes. That literature includes more than 130 articles; it has tended to find a positive relationship between economic freedom and a variety of measures such as economic growth, income levels, and entrepreneurial activity.

Last year's report, *Economic Freedom of North America 2014*, included Mexico in the integrated index for the first time. In previous editions, Mexico was rated separately from the US states and Canadian provinces due to lack of data and data incompatibility. A strenuous research effort in Mexico overcame this limitation and the 2015 report again includes Mexico.

All states and provinces were rated on a 10-point scale at two levels, the subnational and the all-government. The subnational index captures the impact of restrictions by state or provincial and local governments; the all-government index also includes restrictions by the federal government. The former is the more appropriate measure for comparisons of individual jurisdictions within the same country. The latter facilitates comparisons of jurisdictions in different countries.

Canadian Provinces in a North American Context

In the world-adjusted all-government index, the top three jurisdictions are Canadian, with Alberta at 8.1 in first place

and British Columbia at 7.9 in second and Saskatchewan at 7.8, tied for third with New Hampshire. It is important to note that, when measuring economic freedom, both nationally and sub-nationally, the data is most often lagged at least two years. Our latest *Economic Freedom of North America* report uses data from 2013, the most recent year of available, cross-country data.

Of course, much has changed since 2013, particularly in Alberta. Specifically, in 2015 the Alberta government has announced a slew of policy and regulatory changes which, collectively, have made Albertans much less economically free. While the policy changes are too recent to have informed this year's comparative report, it is clear that once they are integrated into future rankings, they will profoundly impact Alberta's economic freedom.

The lowest-ranked Canadian provinces are Prince Edward Island and Quebec at 7.4, tied for 57th with New York.

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Summary of Ratings for Economic Freedom at the All-Government Level, 2013

