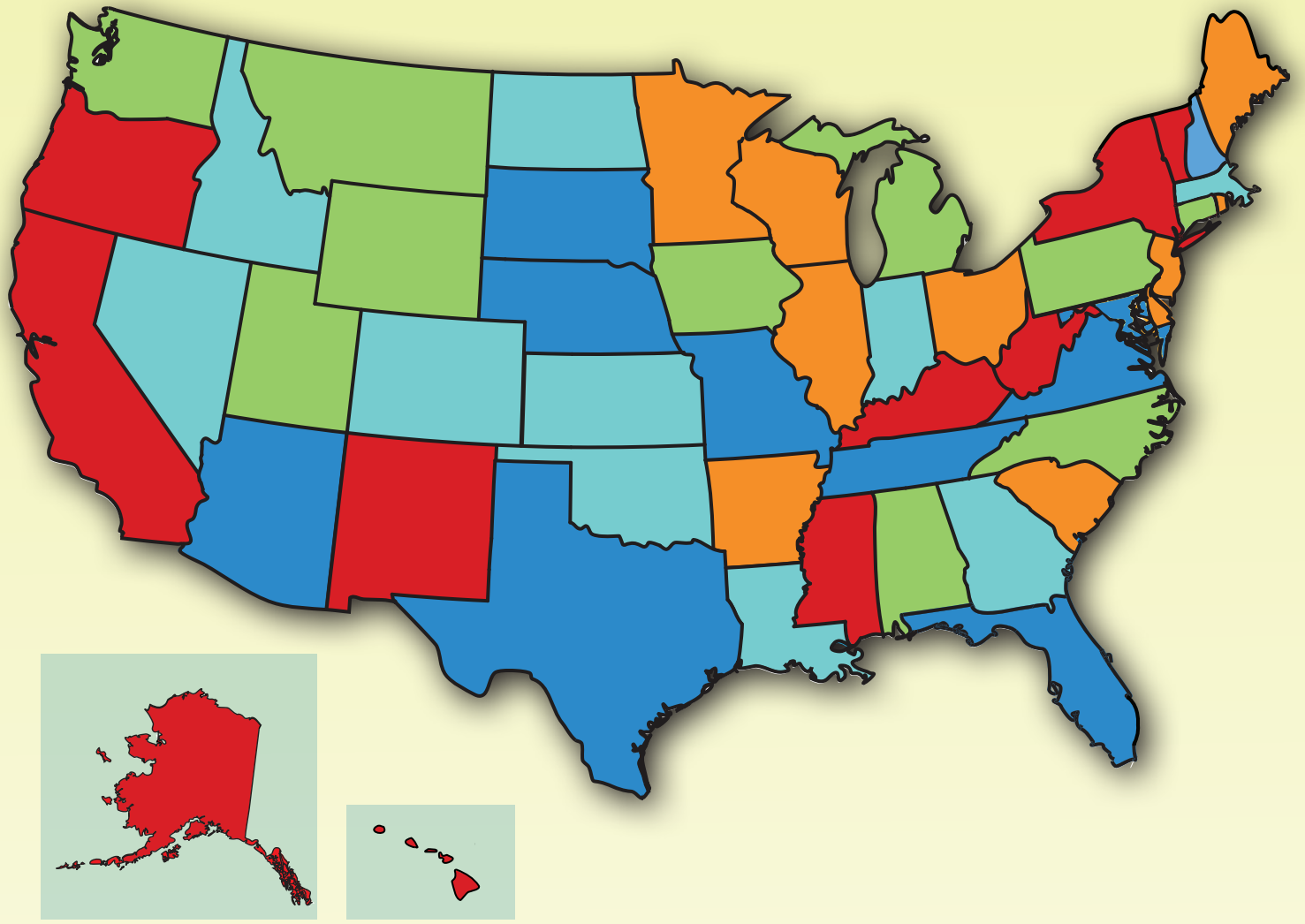
Economic Freedom of North America

2015

The map is based on the ***sub-national*** index.

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

Most Free | 2nd Quintile | 3rd Quintile | 4th Quintile | Least Free



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FRASER INSTITUTE

Caminos de la Libertad

Economic Freedom of North America 2015

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Summary

Economic Freedom of North America in 2013

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

For the subnational index, *Economic Freedom of North America* employs 10 variables for the 92 provincial/state governments in Canada, the United States, and 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 to capture restrictions on economic freedom that are difficult to measure at the provincial/state and municipal/local level.

Before last year, in some past editions we had included a subnational economic freedom index for the Mexican states. However, because the data were often incompatible, we were previously not able to include the Mexican states in the over-all all-government index for North America. Last year, for the first time, we were able to include them. They are included again this year. Chapter 2 provides a discussion of that index for the Mexican states.

Results for Canada, the United States, and Mexico

In *Economic Freedom of the World* (Gwartney, Lawson, and Hall, 2015), for several years now Canada has been ahead of the United States, which is in turn even further ahead of Mexico. The inclusion of variables from that report in our all-government index allows us to incorporate more completely the gap between Canada, the United States, and Mexico.

Thus, in the all-government index, three of the top four jurisdictions are Canadian, with Alberta at 8.1 in first place, British Columbia at 7.9 in second place, and Saskatchewan at 7.8, tied for third with New Hampshire. The next highest states are South Dakota, Florida, Nevada, Oklahoma, and Texas, tied for fifth with six other states at 7.7. It is important to understand just how close the scores are in this index. In addition to the 11 states tied for fifth, there are 26 jurisdictions tied for 16th at 7.6 (22 states and four Canadian provinces) and 15 more tied for 42nd at 7.5 (14 states and one Canadian province). The highest ranked Mexican states are Jalisco, Baja California, and Coahuila de Zaragoza tied at 61st with 6.5. Those three are behind all 60 of the US and Canadian jurisdictions. The lowest ranked state is Distrito Federal at 5.6, followed closely by Colima at 5.7 and Campeche at 5.8. The lowest-ranked Canadian provinces are Prince Edward Island and Quebec at 7.4, tied for 57th with New York. The lowest-ranked state in the United States is Delaware at 7.3 in 60th place. After New York, there are 14 more states at 7.5, including Ohio, New Jersey, California, and Massachusetts.

Historically, economic freedom has been declining in all three countries. Since 2003, the average score for Canadian provinces on the all-government index has fallen from 7.73 to 7.65; the number for US states was 8.24 to 7.59. It was 6.69 to 6.12 in Mexico.

For the purpose of comparing individual jurisdictions within the same country, the subnational index is the appropriate choice. There is a separate subnational index for each country. In Canada, the most economically free province was Alberta with 8.4, followed by British Columbia with 6.9 and Saskatchewan at 6.5. The least free by far was Quebec at 3.6, followed by Manitoba, Nova Scotia, and Newfoundland & Labrador tied at 5.8. In the United States, the most economically free state was New Hampshire at 8.2, followed by South Dakota at 8.1. Texas and Florida were tied for third at 7.9. (Note that since the indexes were calculated separately for each country, the numeric scores are not directly comparable across countries.) The least free state was New York at 5.6, followed by California at 5.8 and Alaska at 6.0. Hawaii and New Mexico were tied for 46th at 6.2. In Mexico, the most economically free state was Baja California at 7.6. Coahuila de Zaragoza and Jalisco were tied for second at 7.5. The least free Mexican state was Chiapas at 4.2; slightly better were Oaxaca at 4.8 and Campeche at 4.9.

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 2013, an average per-capita income of just US$2,767 compared to US$43,102 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 nearly 8% below the national average, while the most-free quartile was nearly 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 130 articles by independent researchers examining subnational economic freedom using the data from *Economic Freedom of North America*. (Appendix C contains a list of those articles that either use or cite *Economic Freedom of North America*.) Much of that literature discusses economic growth or entrepreneurship but the list also includes studies of a variety of topics such as income inequality, eminent domain, and labor markets. The results of these studies tend to mirror those found for these same relationships at the country level using the index published in *Economic Freedom of the World*.

Data available to researchers

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

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

Cite the dataset

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Chapter 1
Economic Freedom of Canada, the United States, and Mexico in 2013

Economic freedom and the index

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

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

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

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

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

The research flowing from the data generated by the annually published report, *Economic Freedom of the World*, a project the Fraser Institute initiated 30 years ago, shows that economic freedom is important to the well-being of a nation's citizens. This research has found that economic freedom is positively correlated with per-capita income, economic growth, greater life expectancy, lower child mortality, the development of democratic institutions, civil and political freedoms, and other desirable social and economic outcomes.[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 2013 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: size of government; takings and discriminatory taxation; 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*.

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

Prior to the 2012 report, we had not included in the North American index data from several areas used in the index published in *Economic Freedom of the World* (EFW)—in particular, data for the legal system and property rights, and for regulation of credit and business. There were two reasons for this. Firstly, data in these areas are typically not available at the state/provincial level. Secondly, these are primarily areas of national policy and would vary little from province to province or state to state. Since Canada and the United States had similar scores for these areas in the index of nations and territories covered by the broader world report, that also meant that these factors varied little from province to state and thus it was not essential to include these data in the index of economic freedom in North America.

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

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

Thus, as figure 1.1 indicates, in the all-government index three of the top four jurisdictions are Canadian, with Alberta in first place with a score of 8.1, British Columbia at second with 7.9, and Saskatchewan tied for third with New Hampshire at 7.8. The next highest states are South Dakota, Florida, Nevada, Oklahoma, and Texas, tied for fifth with six other states at 7.7. The lowest Canadian jurisdictions are Prince Edward Island and Quebec (tied for 57th with 7.4); the lowest US states are Delaware (60th with 7.3) and New York (tied for 57th with 7.4). There are 14 states and one Canadian province tied for 42nd with 7.5 (including New York, Ohio, and California).[2]

The highest rated Mexican states are Jalisco, Baja California, and Coahuila de Zaragoza (tied for 61st at 6.5), though they rank behind all 50 US states and 10 Canadian provinces, behind 60th place by almost a full point. The state of Mexico is close behind at 6.4. The lowest rated is Distrito Federal (92nd with 5.6) followed by Colima at 5.7 and Campeche at 5.8. (See the chapter on Mexico for a more detailed discussion of Mexican results.)

[2] In the figures, ties are indicated by use of the same shade.

Figure 1.1: Summary of Ratings for Economic Freedom at the All-Government Level, 2013

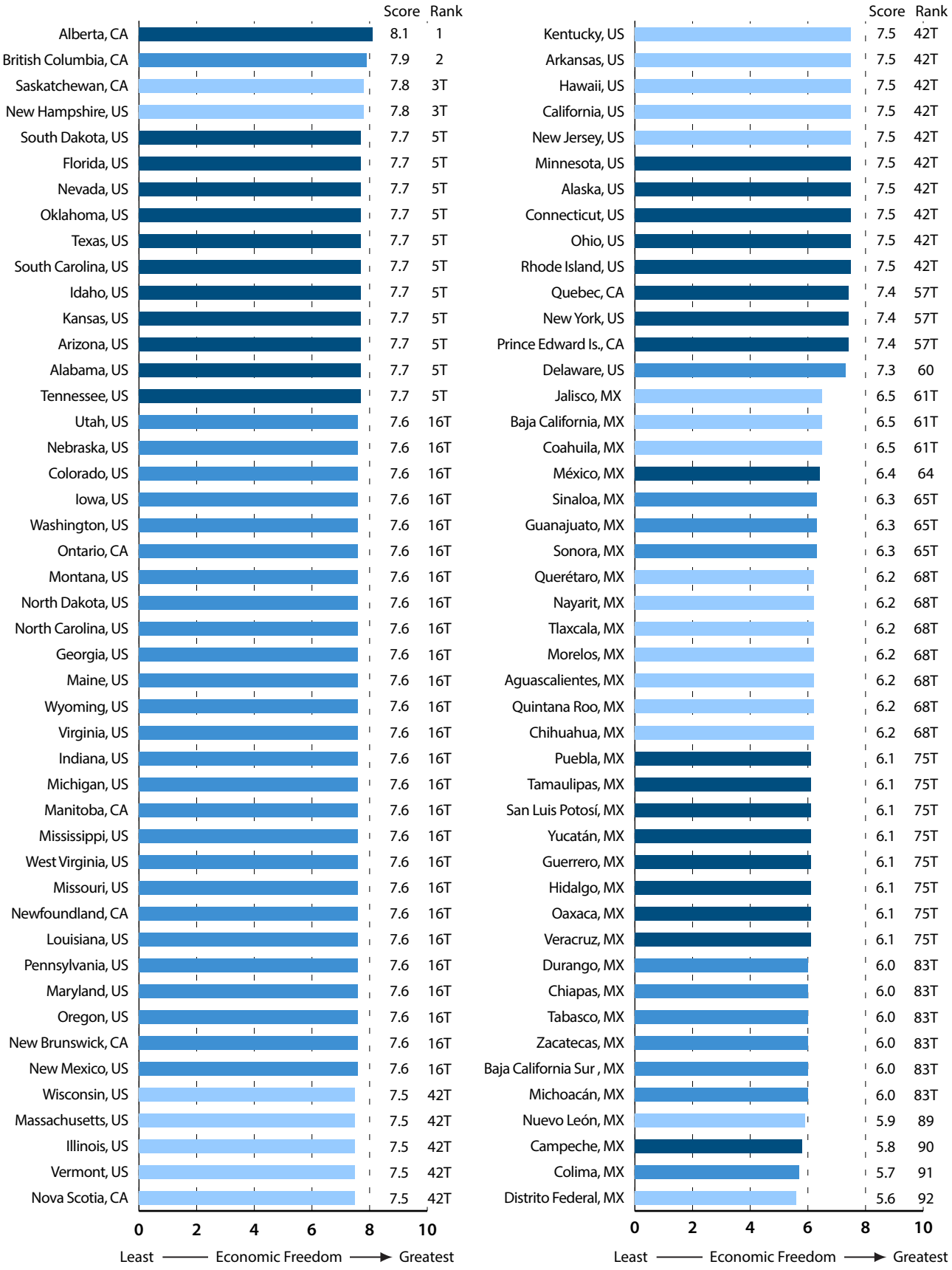


Table 1.1: Average Economic Freedom Scores at the All-Government Level, 2003–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Canada	7.73	7.76	7.70	7.71	7.73	7.73	7.67	7.66	7.58	7.63	7.65
United States	8.24	8.20	8.03	7.94	8.02	7.92	7.65	7.67	7.61	7.71	7.59
Mexico	6.69	6.81	6.75	6.74	6.57	6.32	6.32	6.20	6.17	6.19	6.12
Canada minus United States	–0.51	–0.44	–0.33	–0.23	–0.29	–0.19	0.02	–0.01	–0.02	–0.08	0.05
Canada minus Mexico	1.05	0.95	0.95	0.97	1.16	1.41	1.35	1.46	1.41	1.44	1.53

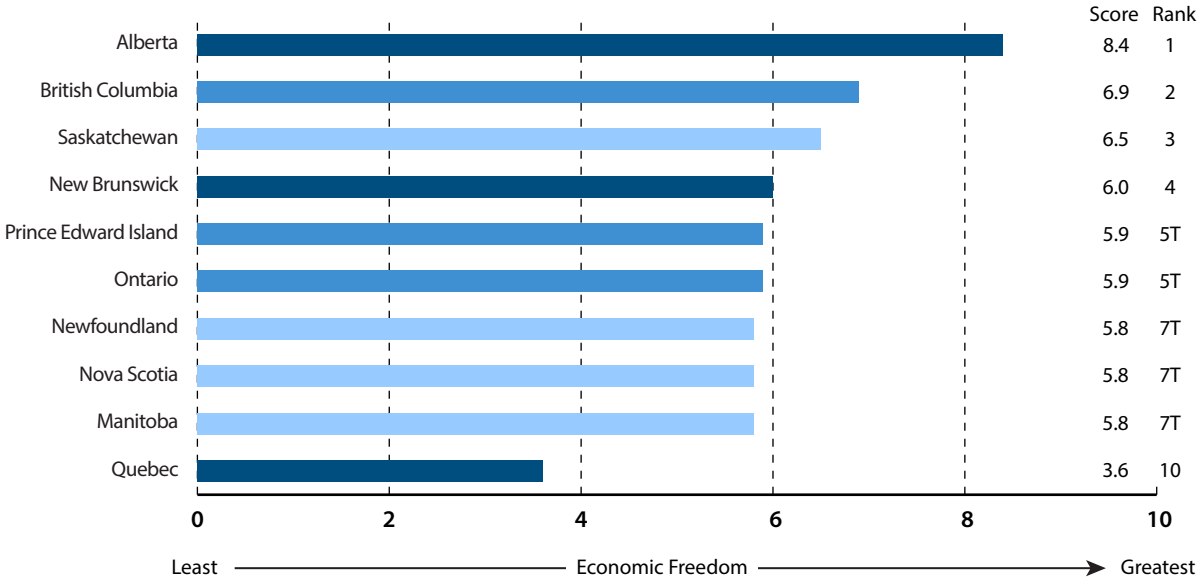
As table 1.1 indicates, on average, Canadian provinces now have a higher level of economic freedom on all-government index than US states, but only by less than one tenth of a point (7.65 out of 10 compared to 7.59). Unfortunately, this does not mean that Canadian provinces are gaining in economic freedom, but rather that their economic freedom is declining more slowly than that of the US states. On the all-government index, the provinces average score has fallen from 7.73 in 2003 to 7.65 in 2013, though it is up slightly from a low of 7.58 in 2011. The United States over the same period has fallen from 8.24 to 7.59.

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 Area 2 on the all-government index, we only include data back to 2003 in this printed report. The longer time series back to 1985 will be available on <www.freetheworld.com> in the first half of 2016. 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.

For comparisons of jurisdictions within an individual country, the subnational indices are most appropriate. Figures 1.2a to 1.2c show the subnational index for each North American country. As figure 1.2a shows, with a score of 8.4, Alberta is far and away the most economically free province in Canada. The next highest is British Columbia at 6.9 followed by Saskatchewan at 6.5. Quebec is at the bottom with 3.6, followed by Manitoba, Nova Scotia, and Newfoundland & Labrador tied for seventh with 5.8.

Figure 1.2b shows the subnational scores for the US states. New Hampshire is alone at the top with a score of 8.2, followed closely by South Dakota with 8.1. (It should be noted that the numeric subnational scores for jurisdictions in each country are not directly comparable to the subnational scores of areas in other countries.)

Figure 1.2a: Summary of Canadian Ratings for Economic Freedom at the Subnational Level, 2013



Texas and Florida were next with 7.9, followed by Tennessee with 7.7, and Virginia with 7.6. The least-free state was New York with 5.6, then California with 5.8 and Alaska with 6.0. Hawaii and New Mexico were tied for 46th with 6.2, followed by West Virginia, Kentucky, and Vermont at 6.3.

The subnational scores for the Mexican states can be found in figure 1.2c. (Chapter 2 contains a more detailed discussion of the new Mexican index.) The most economically free state is Baja California at 7.6. Coahuila and Jalisco are tied for second with 7.5. Chiapas is by far the least-free state at 4.2. The next lowest are Oaxaca at 4.8 and Campeche at 4.9.

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

Description of components

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

Figure 1.2b: Summary of US Ratings for Economic Freedom at the Subnational Level, 2013

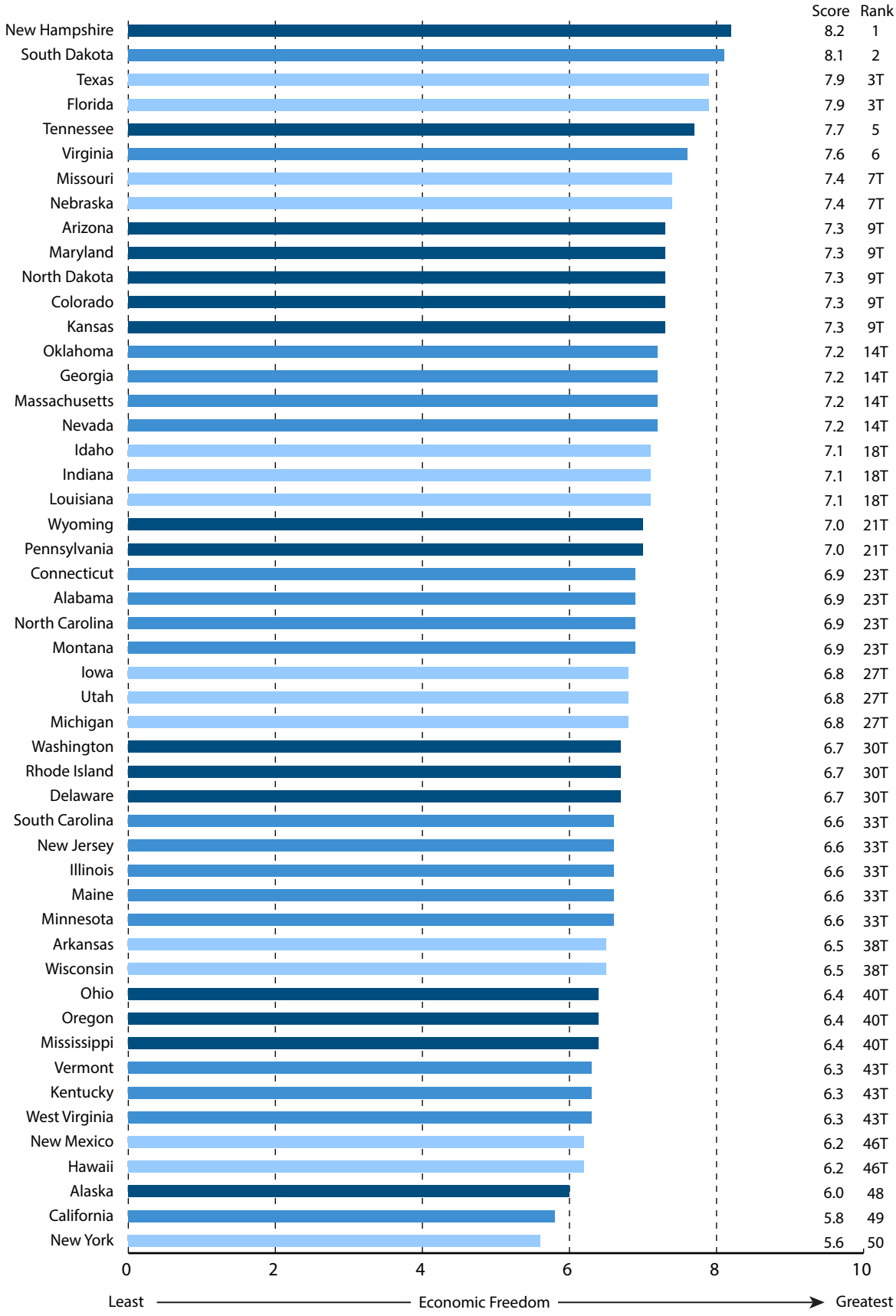
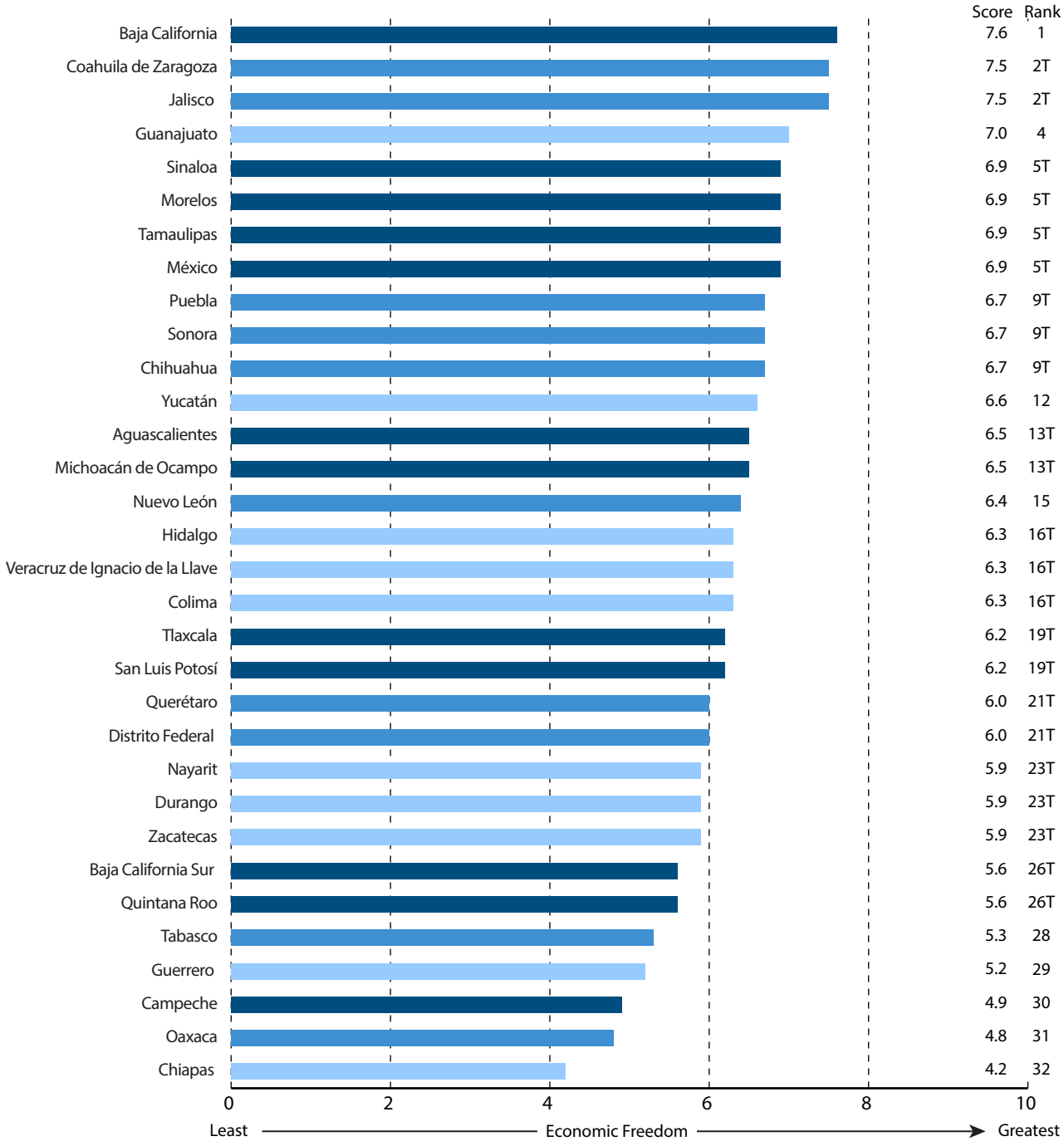


Figure 1.2c: Summary of Mexican Ratings for Economic Freedom at the Subnational Level, 2013



possible score is 0, which indicates a low degree of economic freedom.[3] Thus, this index is a relative ranking. The rating formula is consistent across time to allow an examination of the evolution of economic freedom. To construct the overall index without imposing subjective judgments about the relative importance of the components, each area was equally weighted and each component within each area was equally weighted (see Appendix A: Methodology, p. 63, for more details).

In order to produce comparable tax and spending data for jurisdictions that are of widely different sizes and income levels, all such variables are standardized by dividing by some measure of the economy (as is the minimum-wage variable). In previous issues, we had used gross domestic product. With this report, we switch to income. In Canada and Mexico, we use "household income." In the United States, the comparable concept is called "personal income." Because there are some jurisdictions where there are large levels of economic activity (included in GDP) that do not directly benefit residents, GDP overstates the resources that residents have available to pay the burden of government. For example, due to peculiarities in its tax law, the US state of Delaware has an abnormally high number of corporate bank headquarters. Much of the revenue generated by those operations goes to shareholders outside of Delaware. Those dollars are included in GDP, making taxes and spending seem less burdensome as a percentage of the economy than they actually are. Those dollars are not included in personal income, so using income provides a more accurate measure of the level of economic freedom.[4] As with any methodological change, the scores for all previous years have been updated to reflect this change.

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 et al., 1996: 22). These two broad functions of government are often called the "protective" and "productive" functions of government. Once government moves beyond these two functions into the provision of private goods, goods that can be produced by private firms and individuals, it restricts consumer choice and, thus, economic freedom

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

[4] We are grateful to John Stapleford, president of the Caesar Rodney Institute in Delaware (a member of our new network of state think tanks in the United States), for pointing out this issue's impact on Delaware.

(Gwartney et al., 1996). In other words, government spending, independent of taxation, by itself reduces economic freedom once this spending exceeds what is necessary to provide a minimal level of protective and productive functions. Thus, as the size of government consumption expenditure grows, a jurisdiction receives a lower score in this component.

1B Transfers and Subsidies as a Percentage of 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 et al., 1996). These transfers represent the removal of property without providing a compensating benefit and are, thus, an infringement on economic freedom. Put another way, when governments take from one group in order to give to another, they are violating the same property rights they are supposed to protect. The greater the level of transfers and subsidies, the lower the score a jurisdiction receives.

1C 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: 2015 Annual Report*. A detailed description and data sources can be found in that report, available at <www.freetheworld.com>.

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[5] 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

[5] See Appendix A: Methodology (p. 63) for further discussion of how the rating for the top marginal tax rate and its threshold was derived.

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: 2015 Annual Report*. A detailed description and data sources can be found in that report, available at <www.freetheworld.com>.

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.[6] 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.

[6] 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.

Area 3 Regulation

3A Labor Market Freedom

3Ai Minimum Wage Legislation

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

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

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

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

3Aiii Union Density

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

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

Thus, we ran statistical tests to determine how significant an effect government employment had on unionization—a highly significant effect—and held this factor constant in calculating the component. We also ran tests to determine if the size of the manufacturing sector was significant. It was not and, therefore, we did not correct for this factor in calculating the component. It may also be that the size of the rural population has an impact on unionization. Unfortunately, consistent data from Canada, the United States, and Mexico are not available. Despite this limitation, the authors believe this proxy component is the best available at this time. Its results are consistent with the published information that is available (see, for example, Godin et al., 2006).[7]

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

[7] The National Right to Work Legal Defense Foundation (2011) provides a reasonable measure of right-to-work laws and when they were established for US states (see <http://www.nrtw.org/b/rtw_faq.htm>. 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.

Components added for the all-government index

To reflect the recent divergence in economic freedom between Canada and the United States more closely, and to 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.)

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.

We also include three other areas: Area 4: Legal System and Property Rights (Area 2 from *Economic Freedom of the World*), Area 5: Sound Money (Area 3 from EFW), and Area 6: Freedom to Trade Internationally (Area 4 from EFW). (See Gwartney, Lawson, and Hall, 2015, for a complete description of these variables.)

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

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

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

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

Area 4 Legal System and Property Rights

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

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

Area 5 Sound Money

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

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

Area 6 Freedom to Trade Internationally

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

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

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

More information on the variables and the calculations can be found in Appendices A and B. (For detailed descriptions of the world-adjusted variables, readers can refer to *Economic Freedom of the World: 2015 Annual Report* (www.freetheworld.com). The inclusion of these data from the world index raise the scores for both the Canadian provinces and US states since both Canada and the United States do well in these areas when compared to other nations, as is done in the world index. The effect on the Mexican states tends to be the opposite.

Overview of the results

Following are some graphs that demonstrate dramatically the important links between prosperity and economic freedom. Figure 1.3 breaks the states and provinces into quartiles (or fourths) by economic freedom at the all-government level. For example, the category on the far left of the chart, "Least Free," represents the jurisdictions that score in the lowest fourth of the economic freedom ratings, the 23 lowest of the 92 Canadian, Mexican, and American jurisdictions. The jurisdictions in this least-free quartile have an average per-capita income of just US$2,767. This compares to an average per-capita income of US$43,102 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.[8] Jurisdictions in the most-free quartile had per-capita incomes 6.7% above the national average, while those in the least-free quartile were 7.7% below it. In each case, average per-capita income in the most-free jurisdictions is substantially higher than in those that are the least free.

Finally, in this illustrative section, we look at the relationship between the growth of economic freedom and the growth of a jurisdiction's economy. In figure 1.5 and figure 1.6, growth in economic freedom is plotted along the horizontal axis while growth in income per capita is plotted along the vertical axis. Again, the expected relationships are found, with economic growth positively correlated with growth in economic freedom whether the latter is measured at the all-government level or the subnational level (the correlation coefficients are 0.523 and 0.421).

Comparing the all-government level and the subnational level

The distribution of government responsibilities between the federal government and subnational governments varies widely across the three nations in North America. For example, in 2012, provinces and local governments accounted for about 80% of government consumption expenditures (variable 1A) in Canada. In the United

[8] 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, 2013

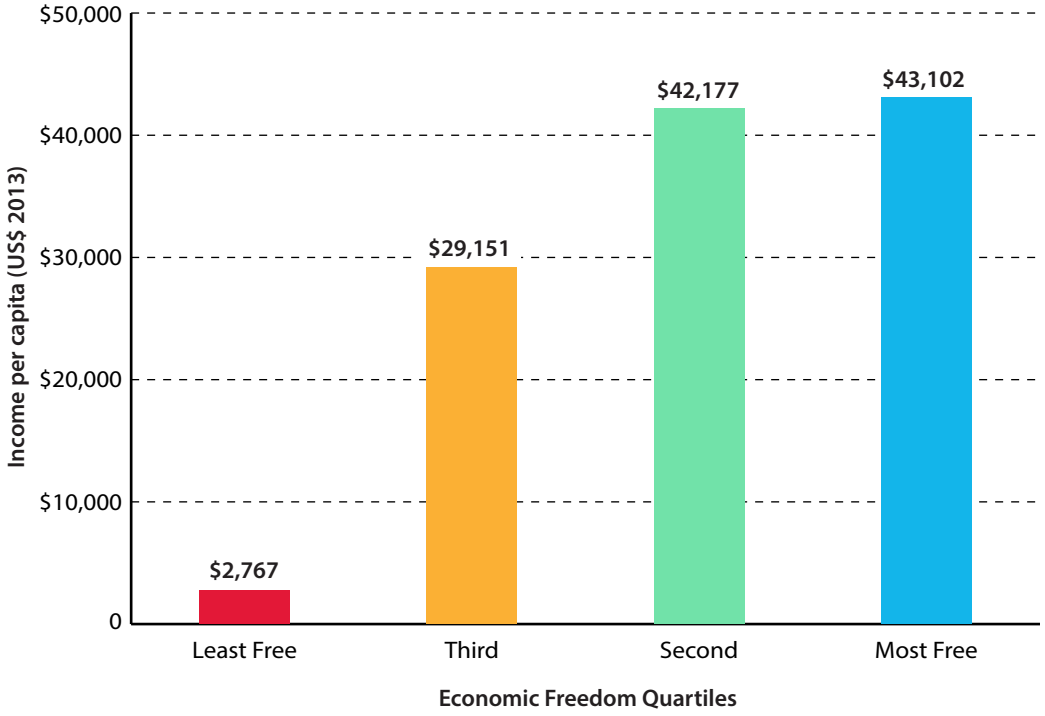


Figure 1.4: Economic Freedom at the Subnational Level and Income per Capita in Canada, the United States and Mexico, 2013

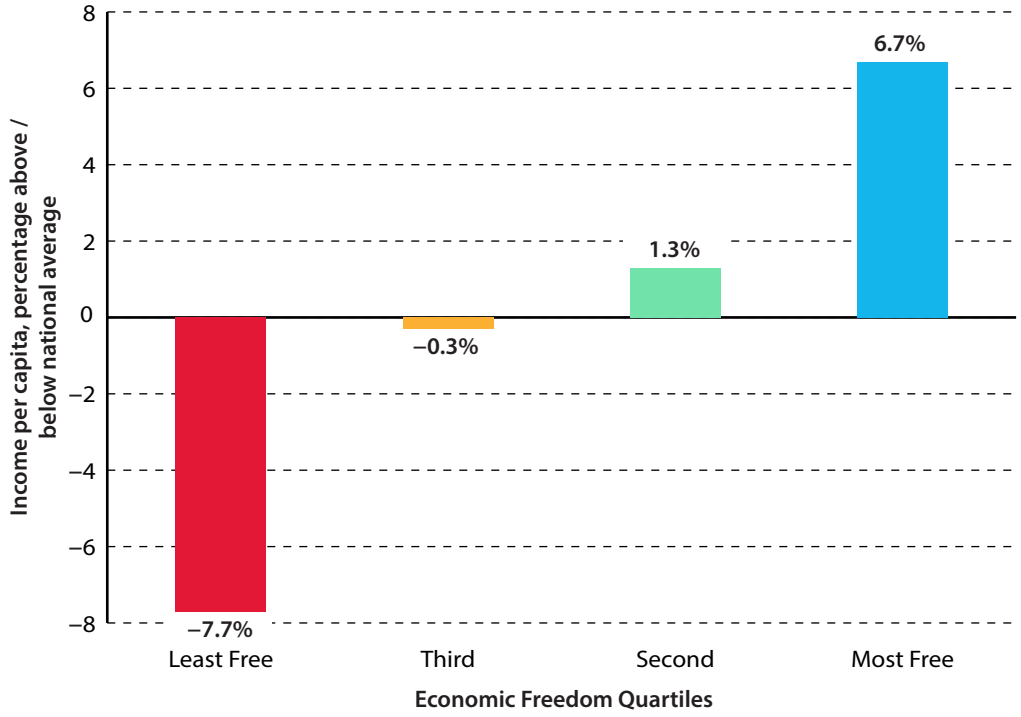


Figure 1.5: Average Growth in Income per Capita and in Economic Freedom at the All-Government Level, 2004–2013

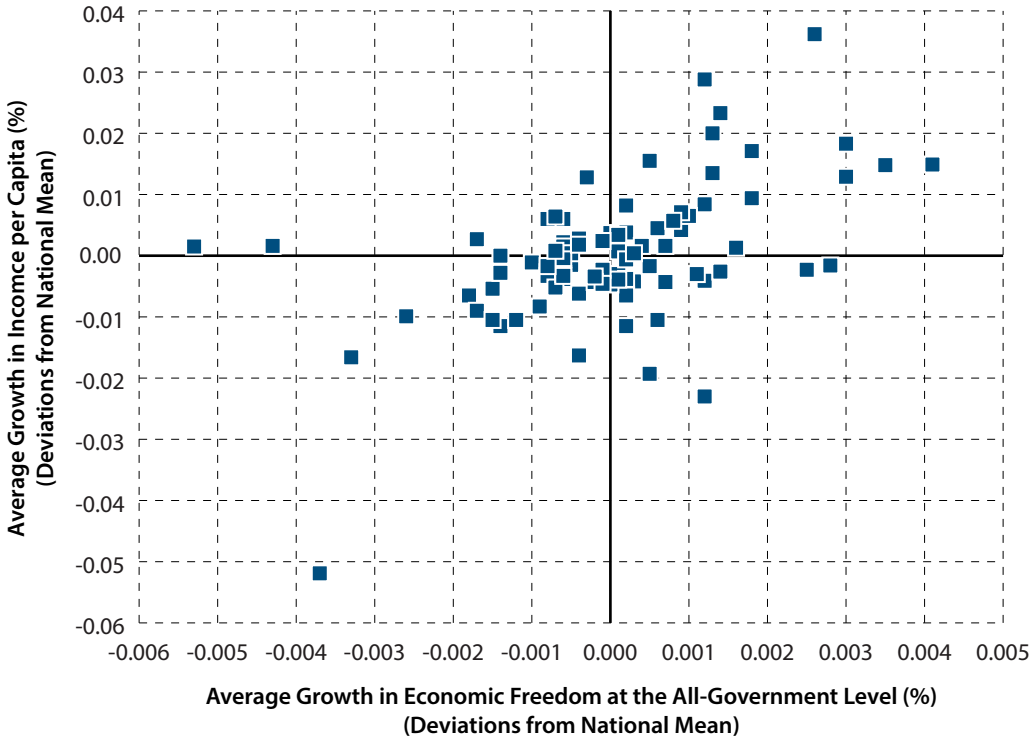
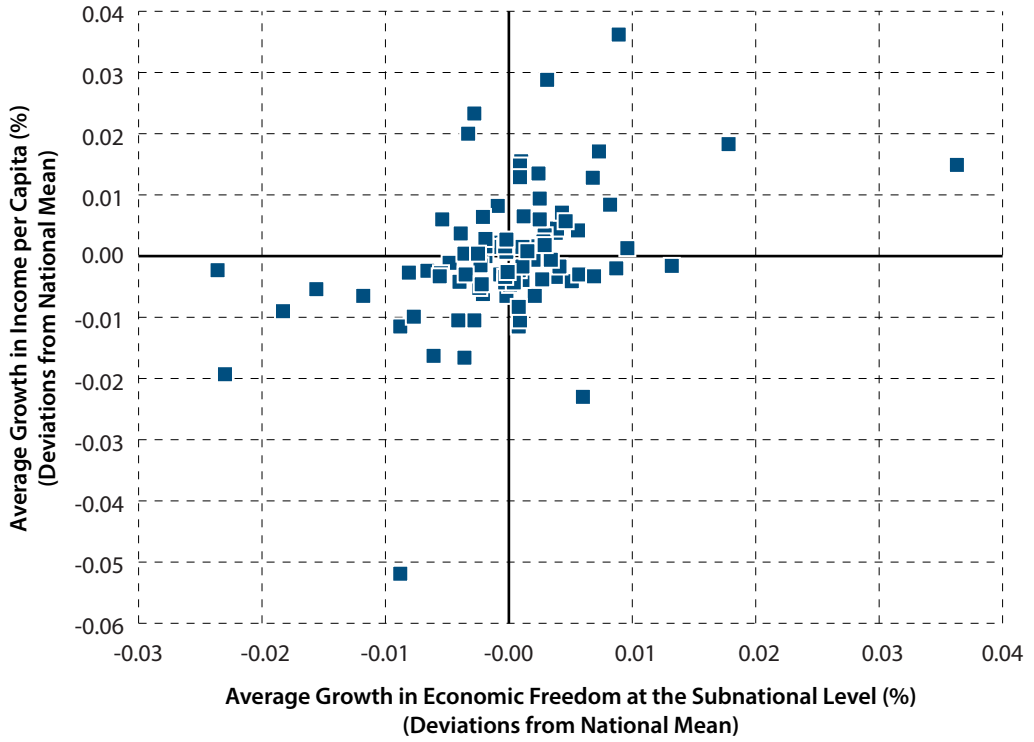


Figure 1.6: Average Growth in Income per Capita and in Economic Freedom at the Subnational Level, 2004–2013



States, state and local governments were responsible for only 57%, and in Mexico the number was 40%. Thus, government spending and taxation patterns cannot be directly compared. In previous years, we have used an adjustment factor to create comparable numbers for the subnational scores for the United States and Canada. The addition of the Mexican states last year has exacerbated the disparity in this area, so we took a different approach for the subnational index. Rather than scoring US states, Canadian provinces, and Mexican states together, we have produced separate subnational indices for each country. This provides a more useful comparison of how individual jurisdictions within each country measure up against other jurisdictions in that same country. As a result of this change, the adjustment previously used is no longer needed.

For those who wish to compare jurisdictions in different countries, the 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 et al., 1996 and per-capita GDP data for 80 countries, their results indicate that, after accounting for education level, investment, and population growth, changes in economic freedom have a significant impact on economic growth.[9]

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.

[9] For a sample of empirical papers investigating the impact of economic freedom, as measured by the index published annually in *Economic Freedom of the World*, and economic prosperity, see <http://www.freetheworld.com>. For the latest summary of literature on the impact of economic freedom at an international level, see Doucouliagos and Ulubasoglu, 2006, and Hall and Lawson, 2014.

Since the publication of the first edition of *Economic Freedom of North America* in 2002, more than 130 academic articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity have appeared.[10]

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.[11] However, the reader may wonder why economic freedom is so clearly related to growth and prosperity—as much of that literature has found. Throughout the twentieth century there was vigorous debate about whether planned or free economies produce the best outcomes. In many ways, this debate goes back to the beginnings of modern economics when Adam Smith famously argued that each of us, freely pursuing our own ends, create the wealth of nations and of the individual citizens.

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

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

[10] For a list of those studies, see Appendix C (p. 81).

[11] A more recent survey can be found in Hall, Stansel, and Tarabar, 2015.

them. Many billions of mutually beneficial transactions occur every day, powering the dynamic that spurs increased productivity and wealth throughout the economy.

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

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

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Chapter 2
Economic Freedom of the Mexican States in 2013

Introduction

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

Before proceeding to the analysis of the data we need to address the problems that had been faced earlier while constructing the index of economic freedom for the Mexican States. There were two main reasons that the data collected for the Mexican economy was not comparable with that of the US states and Canada. First, most of the data for Mexico is incomplete and does not date as far back as the US and Canadian data do. The length of the Mexican time series should not cause too much trouble when the three countries are compared as most data are available for Mexico in a standardized way from 2003. Data from previous years is unreliable since the methods used for measuring aggregates were different than those currently used. These changes made it very difficult to work with long series because the data tend to vary widely from one methodology to another. The only feasible solution was to include only the standardized and trustworthy data for Mexico from 2003 to 2013.

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

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

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

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

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

The data

As previously stated, this year's report includes the complete data for the 10 components of *Economic Freedom of North America* from 2003 to 2013; the data cover the 31 Mexican states and the Federal District (*Distrito Federal*). Though *Distrito Federal* is not a state but a federal district, it is home to the second largest population among Mexican states and has the highest state GSP, and thus not including it in the analysis would leave out a very important portion of the Mexican economy.

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

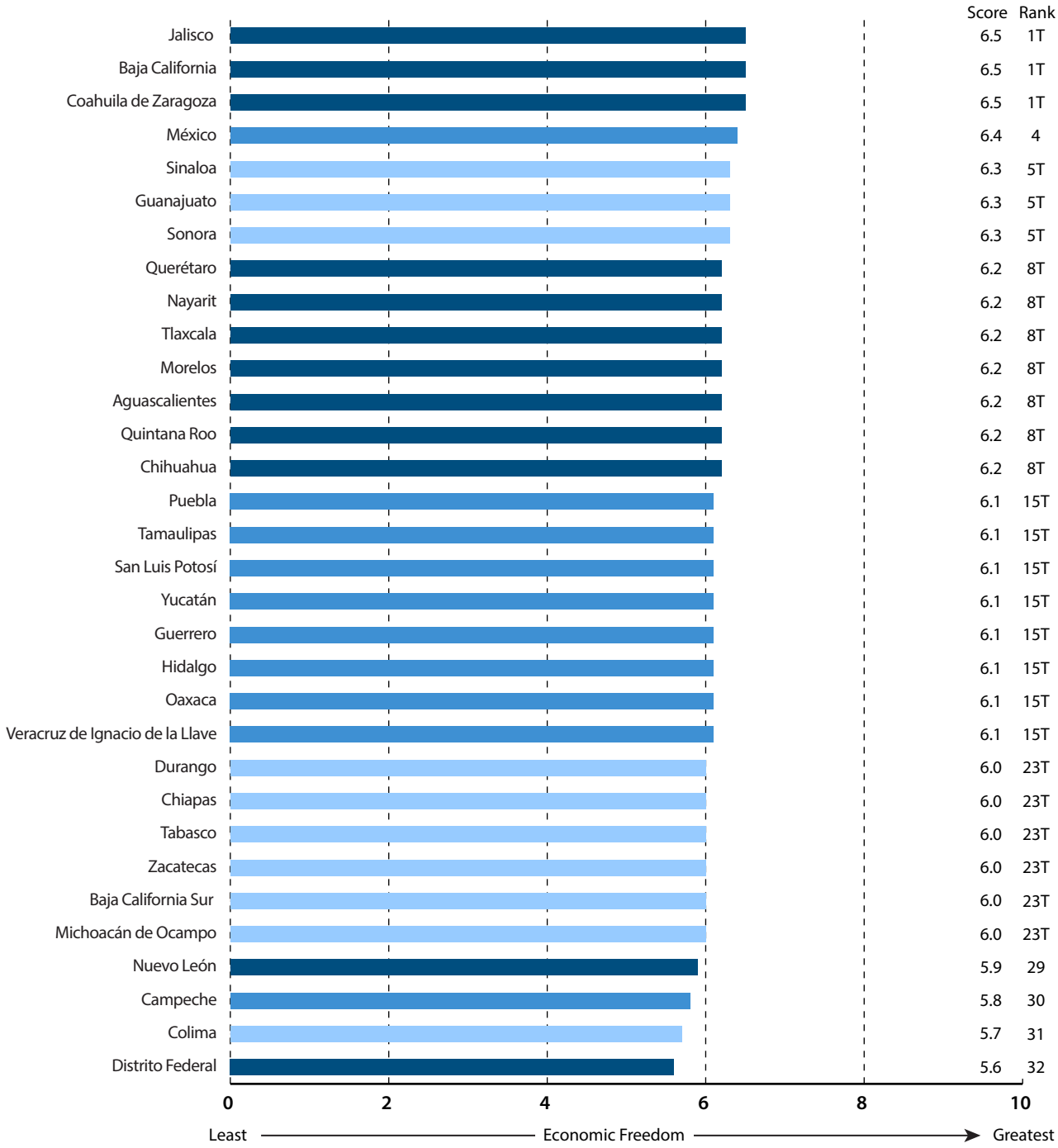
Personal income was estimated from the *Encuesta nacional de ingresos y gastos de los hogares* (National household income and spending poll), using the same formula that the Bureau of Economic Analysis uses for their calculations. It is important to mention that due to the nature of this poll, household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

Results

The economic freedom ranking for the Mexican states in the all-government index for 2013 (figure 2.1) has *Jalisco*, *Baja California*, and *Coahuila de Zaragoza* tied for first place among the Mexican states and for 61st place among all the states and provinces of North America. They are followed by *Mexico,* which ranked 64th in North America. The lowest ranking was that of *Distrito Federal*; *Colima* and *Campeche* had slightly higher rankings.

Even though *Coahuila de Zaragoza* ranks high among Mexican states, its high ranking can be explained by the forced austerity policies that have been applied by its government since the beginning of 2012 after the state went bankrupt in 2011. With these policies, government expenditures were reduced to a great degree. This factor, along with the state's already relatively low level of taxation, are what caused

Figure 2.1: Summary of Economic Freedom Ratings at the All-Government Level for Mexico, 2013



Coahuila to be ranked as high as it has in the last and present reports. *México* owes its fourth place among the Mexican states to the low levels of government consumption spending and to the low amount it receives in transfers and subsidies from the federal government compared to the rest of the states. *Colima* and *Campeche*, on the other hand, score poorly on both Government Spending and Taxes areas. Their high tax revenue and high government spending makes them two of the three least economically free states of North America. The reasons for the low ranking of the

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

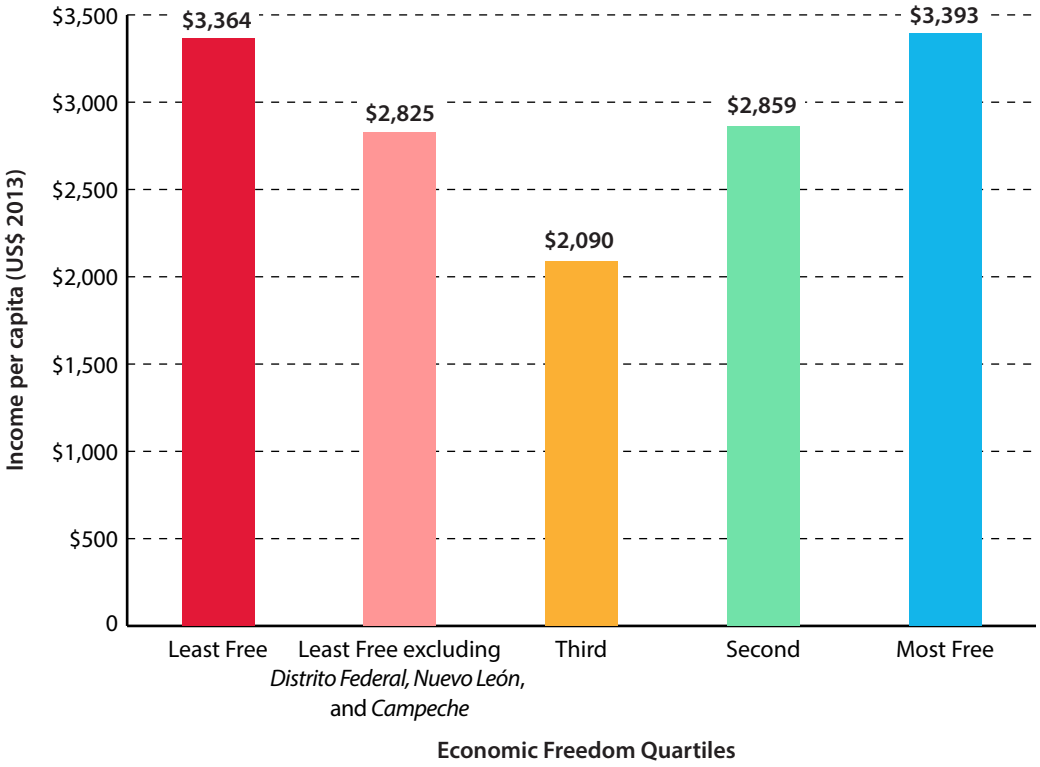
Nuevo León ranked in the 89th position out of 92 among all the states and provinces of North America (figure 1.1). This could seem a bit odd since historically *Nuevo León* is one of the most highly industrialized states and one of the richest, being the third-largest economy of the country. While it ranked 15th on the subnational index (figure 1.2c), the heavy burden of federal taxation places it near the bottom on the all-government ranking. Being a large and mostly formal economy, *Nuevo León* is one of the most heavily taxed in Mexico, ranking in the top three for most revenue from value-added taxes, excise taxes, and income taxes. This heavy taxation reduces their score for Area 2 to 2.17 out of 10 and accounts for the dramatic difference between *Nuevo León*'s ranking on the subnational index and the all-government index and explains why a state so important for the Mexican economy ranks as low as it does in the current report.

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

Economic freedom and well-being in the Mexican States.

In past reports, there has been exhaustive analysis of the correlation between well-being, measured as growth in GSP per capita, and economic freedom. The relationship between these variables has always been positive and it has been concluded that economic freedom has a direct relationship to a state's well-being. The change from GSP to personal income in the current report makes for a better measurement of the well-being of citizens. 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 on the higher quartiles have higher average personal incomes than those in the lower quartiles. The least-free quartile suffers from an anomaly, since it includes *Distrito Federal* and *Nuevo León*, two of the largest state economies in the country, and *Campeche*, where 60% of all

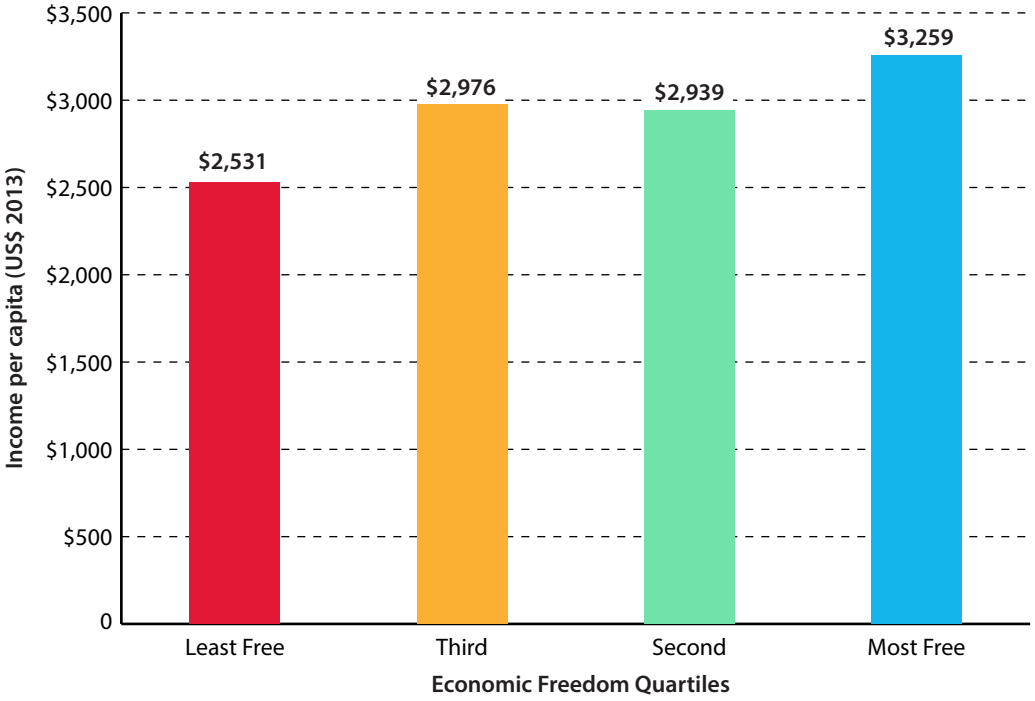
Figure 2.2: Economic Freedom at the All-Government Level and Income per Capita in Mexico, 2013



of PEMEX oil extraction activities occur. These three states' high personal income per capita raises the average and raises the results for the fourth quartile above the second and third. If, however, we adjust the data and the figures for *Distrito Federal*, *Nuevo León*, and *Campeche* are not included in the average personal income per capita of the fourth quartile, its average drops to just below the second quartile. The third quartile includes some of the poorest states in the country, which explains how, even with the correction, the least-free states have a higher average income. The states belonging to the freest quartile average an income of US$3,393 per capita while the least free quartile averages US$3,364. Even when *Distrito Federal*, *Nuevo León*, and *Campeche* are included, the fourth quartile's average personal income does not surpass that of the most free quartile (it falls to US$2,825 without those three states).

When looking into this relationship at the subnational level (figure 2.3), there is a closer relationship between economic freedom and income per capita without any corrections. This occurs because of the high degree of centralization in the Mexican government that causes highly productive states like *Distrito Federal* and *Nuevo León* to carry the heaviest burden of Taxation and Regulations. At the subnational level, the freest states average an income of US$3,259 while the least-free quartile averages an income of only US$2,531. 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.

Figure 2.3: Economic Freedom at the Subnational Level and Income per Capita in Mexico, 2013

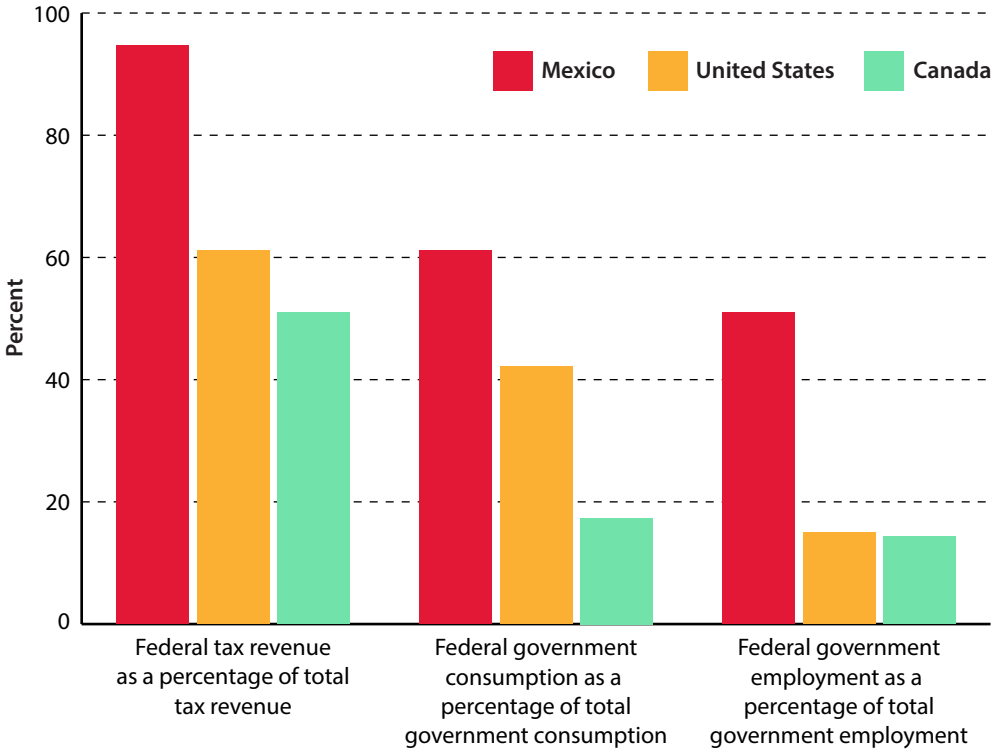


Results at the subnational level

Mexico is a highly centralized country where the federal government is in charge of most of the spending and the taxation (figure 2.4). For example, federal tax revenue for 2012 exceeded 90% of the total taxation. This degree of centralization has an impact on the components we can use for measuring an accurate ranking at the subnational level; there are a number of components that can only be measured at the federal level. The first of these is component 2B, the top marginal income-tax rate. There are no local income taxes in Mexico so its rates apply nationwide and consequently we used only payroll taxes for this component on the subnational scores.

Component 1C poses a similar conflict. Social security in Mexico is almost totally centralized. Less that 10 out of the 31 states have their own Social Security 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 2.4: Centralization of the First Three Areas of *Economic Freedom of North America* in Mexico, the United States, and Canada, 2012



At the subnational level, for 2013 *Baja California*, *Jalisco*, and *Coahuila* were the three states with the highest rankings. All three of them were also at the top of the all-government level so their ranking comes as no surprise as these states have low government spending and low local taxes. *Coahuila* scores poorly in Area 3 due to its high government employment and, as a result, high syndicalism. This gives both *Baja California* and *Jalisco* an edge since they have lower degrees of government employment. As already mentioned, *Nuevo León* is an interesting case of a highly developed state with some of the largest industrial complexes of the country and the third largest economy. Although it has low regulation and one of the lowest levels of government consumption, it is held down by taxes, ranking 27th on the Area-2 average. This situation worsens at the all-government level, where *Nuevo León* sinks from 15th to 29th place among the Mexican states.

For Area 1 at the subnational level, *Distrito Federal* ranked third among the Mexican states. *Distrito Federal* has a significant advantage on this particular area over the states because it has only one level of subnational government. *Coahuila*'s ranking, first for Area 1, is again explained by the forced austerity policies that moved the state from 28th rank in 2011 to first in 2013. The poorest scores for this area belonged to *Chiapas*, *Oaxaca*, and *Guerrero*. These states are some of the least developed in the country, which makes them receivers of large subsidies and transfers, which also account for a high level of government spending.

Tlaxcala, *Oaxaca*, and *Zacatecas* held the top three ranks for Area 2. The high rankings of these three states are the result of their being among the poorest in the country so that a large part of their population works in the informal sector and thus is not registered in the *Registro Federal de Contribuyentes* (Federal Registry of Taxpayers). In addition, 34% of the population in *Oaxaca* is indigenous; 48% of these are self-employed and 14% work without pay for their self-employed relatives. Further, 40% of the working indigenous population of Oaxaca does not receive any kind of income or salary and because of this they do not pay any taxes. *Distrito Federal*, *Queretaro*, and *Quintana Roo* are the three states with the lowest scores.

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

Conclusion

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

Jalisco, *Coahuila*, and *Baja California* were the highest ranked Mexican states at the all-government level, ranking 61st among their North American peers. *Coahuila*, however, owes its ranking to the forced policy of austerity adopted to repair years of reckless spending and irresponsible debt contracting. The lowest rankings were held by *Distrito Federal*, *Colima*, and *Chiapas*, which ranked 92nd, 91st and 90th , respectively. The same three states held the top three for the subnational rankings; however, due to the high levels of centralization, states like *Nuevo León* suffered a dramatic drop in its ranking from the subnational to the all-government level, going from 15th place to the 29th. Having the third largest GSP (second largest per-capita GSP) of the 32 states, *Nuevo Leon*'s case is an example of the great degree of centralization in Mexican government, showing how, even with bearable local and municipal policies, the burden of federal taxes and policies is aggravating the condition of some of the most productive states.

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

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

Economic Freedom in Canada, the United States, and Mexico

Tables 3.1, 3.2a, 3.2b, and 3.2c provide a detailed summary of the scores for 2013. Tables 3.3 to 3.10 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: 2015 Annual Report*,[1] are not included; they can be found in that publication. All the data included in this report are available on our website, <http://www.freetheworld.com>.

[1] Gwartney, James, Robert Lawson, and Joshua Hall (2015). *Economic Freedom of the World: 2015 Annual Report.* Fraser Institute.

Table 3.1: Economic Freedom at the All-Government Level, 2013

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Average for Canada	***7.0***	***6.0***	***7.9***	***8.0***	***9.5***	***7.5***	***7.6***	
Alberta	8.4	6.8	8.1	8.0	9.5	7.5	8.1	1
British Columbia	7.8	6.4	7.9	8.0	9.5	7.5	7.9	2
Manitoba	7.0	5.8	7.8	8.0	9.5	7.5	7.6	16T
New Brunswick	6.5	6.0	7.9	8.0	9.5	7.5	7.6	16T
Newfoundland & Labrador	6.2	6.6	7.8	8.0	9.5	7.5	7.6	16T
Nova Scotia	6.5	5.8	7.9	8.0	9.5	7.5	7.5	42T
Ontario	7.5	5.4	7.9	8.0	9.5	7.5	7.6	16T
Prince Edward Island	5.9	5.4	7.8	8.0	9.5	7.5	7.4	57T
Quebec	6.9	4.8	7.8	8.0	9.5	7.5	7.4	57T
Saskatchewan	7.6	6.6	7.9	8.0	9.5	7.5	7.8	3T
Average for Mexico	***5.1***	***4.6***	***7.2***	***4.4***	***8.1***	***7.2***	***6.1***	
Aguascalientes	5.4	4.8	7.3	4.4	8.1	7.2	6.2	68T
Baja California	6.9	4.8	7.3	4.4	8.1	7.2	6.5	61T
Baja California Sur	4.2	4.5	7.3	4.4	8.1	7.2	6.0	83T
Campeche	4.2	3.9	7.3	4.4	8.1	7.2	5.8	90
Coahuila de Zaragoza	7.0	4.7	7.3	4.4	8.1	7.2	6.5	61T
Colima	4.2	3.1	7.3	4.4	8.1	7.2	5.7	91
Chiapas	4.2	5.3	7.0	4.4	8.1	7.2	6.0	83T
Chihuahua	5.2	4.7	7.2	4.4	8.1	7.2	6.2	68T
Distrito Federal	5.3	1.5	7.3	4.4	8.1	7.2	5.6	92
Durango	4.1	5.2	7.2	4.4	8.1	7.2	6.0	83T
Guanajuato	5.5	5.0	7.3	4.4	8.1	7.2	6.3	65T
Guerrero	4.4	5.2	7.1	4.4	8.1	7.2	6.1	75T
Hidalgo	4.2	5.3	7.2	4.4	8.1	7.2	6.1	75T
Jalisco	6.9	4.9	7.3	4.4	8.1	7.2	6.5	61T
México	6.4	5.0	7.2	4.4	8.1	7.2	6.4	64
Michoacán de Ocampo	4.8	4.0	7.2	4.4	8.1	7.2	6.0	83T
Morelos	5.4	4.9	7.3	4.4	8.1	7.2	6.2	68T
Nayarit	5.1	5.2	7.2	4.4	8.1	7.2	6.2	68T
Nuevo León	6.3	2.2	7.3	4.4	8.1	7.2	5.9	89
Oaxaca	4.1	5.5	7.0	4.4	8.1	7.2	6.1	75T
Puebla	5.1	4.8	7.2	4.4	8.1	7.2	6.1	75T
Querétaro	6.3	4.0	7.3	4.4	8.1	7.2	6.2	68T
Quintana Roo	5.8	4.3	7.3	4.4	8.1	7.2	6.2	68T
San Luis Potosí	4.8	4.9	7.2	4.4	8.1	7.2	6.1	75T
Sinaloa	5.4	5.2	7.3	4.4	8.1	7.2	6.3	65T
Sonora	5.5	5.0	7.3	4.4	8.1	7.2	6.3	65T
Tabasco	4.4	4.8	7.2	4.4	8.1	7.2	6.0	83T
Tamaulipas	5.2	4.6	7.2	4.4	8.1	7.2	6.1	75T
Tlaxcala	4.9	5.5	7.2	4.4	8.1	7.2	6.2	68T
Veracruz de Ignacio de la Llave	4.5	4.9	7.2	4.4	8.1	7.2	6.1	75T
Yucatán	4.4	5.1	7.3	4.4	8.1	7.2	6.1	75T
Zacatecas	4.2	5.0	7.2	4.4	8.1	7.2	6.0	83T
Average for the United States	***7.1***	***6.7***	***8.1***	***7.0***	***9.4***	***7.4***	***7.6***	
Alabama	6.9	7.3	8.0	7.0	9.4	7.4	7.7	5T
Alaska	5.6	7.5	8.0	7.0	9.4	7.4	7.5	42T

Table 3.1 (cont'd): Economic Freedom at the All-Government Level, 2013

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 92
Arizona	7.1	7.0	8.1	7.0	9.4	7.4	7.7	5T
Arkansas	6.8	6.4	8.1	7.0	9.4	7.4	7.5	42T
California	7.0	6.2	8.0	7.0	9.4	7.4	7.5	42T
Colorado	7.2	6.8	8.1	7.0	9.4	7.4	7.6	16T
Connecticut	7.0	6.0	8.1	7.0	9.4	7.4	7.5	42T
Delaware	7.0	5.2	8.1	7.0	9.4	7.4	7.3	60
Florida	7.5	7.0	8.1	7.0	9.4	7.4	7.7	5T
Georgia	7.2	6.7	8.1	7.0	9.4	7.4	7.6	16T
Hawaii	6.7	6.6	8.0	7.0	9.4	7.4	7.5	42T
Idaho	7.2	7.0	8.1	7.0	9.4	7.4	7.7	5T
Illinois	7.2	6.2	8.0	7.0	9.4	7.4	7.5	42T
Indiana	7.3	6.6	8.1	7.0	9.4	7.4	7.6	16T
Iowa	7.3	6.7	8.1	7.0	9.4	7.4	7.6	16T
Kansas	7.4	6.7	8.1	7.0	9.4	7.4	7.7	5T
Kentucky	6.5	6.8	8.0	7.0	9.4	7.4	7.5	42T
Louisiana	6.9	6.7	8.1	7.0	9.4	7.4	7.6	16T
Maine	7.2	6.7	8.0	7.0	9.4	7.4	7.6	16T
Maryland	6.9	6.7	8.1	7.0	9.4	7.4	7.6	16T
Massachusetts	7.1	6.3	8.1	7.0	9.4	7.4	7.5	42T
Michigan	7.1	6.7	8.0	7.0	9.4	7.4	7.6	16T
Minnesota	7.4	5.6	8.1	7.0	9.4	7.4	7.5	42T
Mississippi	6.5	7.3	8.1	7.0	9.4	7.4	7.6	16T
Missouri	7.1	6.7	8.1	7.0	9.4	7.4	7.6	16T
Montana	6.9	7.1	8.0	7.0	9.4	7.4	7.6	16T
Nebraska	7.5	6.5	8.1	7.0	9.4	7.4	7.6	16T
Nevada	7.4	7.0	8.0	7.0	9.4	7.4	7.7	5T
New Hampshire	7.8	7.0	8.1	7.0	9.4	7.4	7.8	3T
New Jersey	7.4	5.7	8.1	7.0	9.4	7.4	7.5	42T
New Mexico	6.3	7.3	8.0	7.0	9.4	7.4	7.6	16T
New York	6.9	5.8	8.0	7.0	9.4	7.4	7.4	57T
North Carolina	7.1	6.8	8.1	7.0	9.4	7.4	7.6	16T
North Dakota	7.2	6.7	8.1	7.0	9.4	7.4	7.6	16T
Ohio	7.0	6.0	8.0	7.0	9.4	7.4	7.5	42T
Oklahoma	7.3	7.0	8.1	7.0	9.4	7.4	7.7	5T
Oregon	6.9	6.7	8.0	7.0	9.4	7.4	7.6	16T
Pennsylvania	7.0	6.6	8.1	7.0	9.4	7.4	7.6	16T
Rhode Island	6.8	6.1	8.0	7.0	9.4	7.4	7.5	42T
South Carolina	7.1	7.1	8.1	7.0	9.4	7.4	7.7	5T
South Dakota	7.4	7.2	8.1	7.0	9.4	7.4	7.7	5T
Tennessee	7.2	6.9	8.1	7.0	9.4	7.4	7.7	5T
Texas	7.5	6.7	8.1	7.0	9.4	7.4	7.7	5T
Utah	7.1	6.9	8.1	7.0	9.4	7.4	7.6	16T
Vermont	6.9	6.5	8.0	7.0	9.4	7.4	7.5	42T
Virginia	6.9	6.9	8.1	7.0	9.4	7.4	7.6	16T
Washington	7.3	6.8	8.0	7.0	9.4	7.4	7.6	16T
West Virginia	6.6	7.2	8.0	7.0	9.4	7.4	7.6	16T
Wisconsin	7.0	6.5	8.1	7.0	9.4	7.4	7.5	42T
Wyoming	7.0	6.9	8.1	7.0	9.4	7.4	7.6	16T

Table 3.2a: Economic Freedom at the Subnational Level in Canada, 2013

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 10
Average for Canada	*5.8*	*6.9*	*6.3*	*5.9*	*4.9*	*6.0*	*4.7*	*6.4*	*5.1*	*7.8*	*6.4*	*5.4*	*6.4*	*6.1*	
Alberta	9.2	8.5	9.7	7.1	7.0	7.0	9.1	9.0	9.1	7.4	9.1	7.5	8.5	8.4	1
British Columbia	8.3	7.5	6.1	8.6	6.0	7.1	4.6	6.8	8.0	5.8	7.3	6.6	6.9	6.9	2
Manitoba	5.0	6.9	7.6	6.0	5.0	5.1	4.2	5.5	3.5	8.1	6.5	5.1	5.7	5.8	7T
New Brunswick	4.5	6.3	6.8	6.3	5.0	6.6	4.2	5.5	5.0	9.4	5.9	5.5	6.6	6.0	4
Newfoundland & Lab.	2.8	9.2	5.0	6.8	6.0	9.1	4.3	6.8	1.3	7.8	5.7	6.5	5.3	5.8	7T
Nova Scotia	5.3	8.9	4.0	5.0	3.0	7.1	3.7	5.5	4.3	10.0	6.1	4.7	6.6	5.8	7T
Ontario	7.0	6.3	4.7	5.0	4.0	3.7	5.2	6.6	7.8	7.4	6.0	4.5	7.2	5.9	5T
Prince Edward Island	4.0	7.5	8.2	5.9	4.0	7.1	2.4	5.1	5.6	8.1	6.6	4.9	6.3	5.9	5T
Quebec	5.7	0.0	3.0	0.2	4.0	1.7	3.7	5.8	5.1	5.1	2.9	2.4	5.3	3.6	10
Saskatchewan	6.7	8.5	7.9	8.1	5.0	4.9	6.0	7.3	1.7	8.5	7.7	6.0	5.9	6.5	3

Table 3.2b: Economic Freedom at the Subnational Level in Mexico, 2013

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 32
Average for Mexico	*6.4*	*5.6*		*6.8*		*5.6*		*6.3*	*7.1*	*6.3*	*6.0*	*6.2*	*6.6*	*6.2*	
Aguascalientes	7.1	5.7		6.2		6.9		7.3	5.7	7.0	6.4	6.5	6.7	6.5	13T
Baja California	8.6	8.2		8.0		4.8		8.2	8.8	6.8	8.4	6.4	7.9	7.6	1
Baja California Sur	8.2	4.4		6.7		1.6		8.0	7.2	4.1	6.3	4.2	6.4	5.6	26T
Campeche	4.7	4.7		0.0		7.5		7.4	5.0	6.7	4.7	3.8	6.4	4.9	30
Chiapas	7.9	9.3		7.7		6.7		8.7	8.6	3.1	8.6	7.2	6.8	7.5	2T
Chihuahua	7.2	5.4		7.2		4.5		7.8	6.4	5.9	6.3	5.8	6.7	6.3	16T
Coahuila de Zaragoza	0.0	1.2		6.5		7.2		0.0	6.9	8.3	0.6	6.9	5.1	4.2	32
Colima	6.9	4.9		6.0		6.3		7.2	8.9	7.8	5.9	6.1	8.0	6.7	9T
Distrito Federal	7.8	8.9		2.4		0.3		9.5	9.0	6.1	8.4	1.4	8.2	6.0	21T
Durango	4.8	6.1		8.5		4.1		5.4	5.6	6.8	5.4	6.3	5.9	5.9	23T
Guanajuato	6.2	7.3		6.4		7.4		5.6	8.9	8.0	6.8	6.9	7.5	7.0	4
Guerrero	5.2	2.3		8.3		5.5		3.4	4.5	6.9	3.8	6.9	4.9	5.2	29
Hidalgo	7.5	3.0		8.2		6.4		5.2	6.6	7.3	5.3	7.3	6.3	6.3	16T
Jalisco	7.8	8.1		7.7		6.0		7.7	8.2	7.2	7.9	6.9	7.7	7.5	2T
México	7.7	6.0		6.5		5.5		6.8	9.6	6.7	6.8	6.0	7.7	6.9	5T
Michoacán de Ocampo	3.6	8.3		7.5		7.0		4.3	7.1	7.3	5.9	7.2	6.2	6.5	13T
Morelos	8.3	4.6		8.0		6.0		6.6	8.5	6.7	6.4	7.0	7.3	6.9	5T
Nayarit	7.3	4.3		7.1		5.0		6.8	5.4	5.3	5.8	6.1	5.8	5.9	23T
Nuevo León	7.2	6.4		4.3		4.9		8.9	9.1	5.5	6.8	4.6	7.9	6.4	15
Oaxaca	3.6	0.0		7.5		8.0		1.3	6.1	7.1	1.8	7.7	4.8	4.8	31
Puebla	6.3	6.1		7.3		6.5		4.4	9.5	7.6	6.2	6.9	7.2	6.7	9T
Querétaro	8.5	5.8		6.4		0.5		7.8	7.7	6.7	7.1	3.4	7.4	6.0	21T
Quintana Roo	6.7	5.5		7.1		0.0		8.1	8.2	5.2	6.1	3.5	7.2	5.6	26T
San Luis Potosí	7.5	4.4		7.1		6.4		5.6	6.2	5.6	6.0	6.7	5.8	6.2	19T
Sinaloa	8.4	5.6		8.7		4.3		7.7	6.9	7.1	7.0	6.5	7.2	6.9	5T
Sonora	7.3	6.3		7.9		4.8		8.2	7.7	5.4	6.8	6.4	7.1	6.7	9T
Tabasco	3.5	6.8		4.1		7.6		6.3	2.0	6.3	5.2	5.9	4.8	5.3	28
Tamaulipas	8.6	6.6		6.3		7.7		7.6	7.8	2.8	7.6	7.0	6.0	6.9	5T
Tlaxcala	5.6	2.7		8.2		9.4		4.1	7.0	5.8	4.2	8.8	5.6	6.2	19T
Veracruz de Ignacio …	3.8	7.2		7.1		6.6		4.6	8.1	6.6	5.5	6.9	6.4	6.3	16T
Yucatán	6.4	6.4		6.7		6.8		6.6	6.4	7.2	6.4	6.7	6.7	6.6	12
Zacatecas	3.4	6.0		8.7		6.8		5.2	4.6	5.6	4.7	7.8	5.1	5.9	23T

No state or local spending in this category.

No state or local income taxes.

No state or local sales taxes.

Table 3.2c: Economic Freedom at the Subnational Level in the United States, 2013

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 50
Avg. for United States	*6.9*	*7.8*	*5.7*	*5.9*	*7.4*	*7.9*	*5.5*	*8.1*	*6.6*	*7.0*	*6.8*	*6.7*	*7.2*	*6.9*	
Alabama	6.6	7.8	6.0	6.9	8.0	9.6	4.8	7.3	5.1	7.6	6.8	7.3	6.7	6.9	23T
Alaska	1.8	6.5	2.9	6.1	10.0	8.7	8.9	8.7	3.5	5.5	3.7	8.4	5.9	6.0	48
Arizona	7.6	8.3	6.4	7.6	8.0	8.4	4.0	6.9	7.4	8.1	7.4	7.0	7.5	7.3	9T
Arkansas	6.7	6.8	6.3	4.5	6.0	9.4	3.5	7.3	5.1	9.1	6.6	5.8	7.2	6.5	38T
California	6.6	6.0	3.7	3.6	3.0	7.7	5.5	8.4	7.9	5.1	5.4	5.0	7.2	5.8	49
Colorado	7.6	9.0	5.4	6.1	7.0	8.1	6.0	8.4	7.1	7.4	7.4	6.8	7.6	7.3	9T
Connecticut	8.0	8.6	5.1	4.2	7.0	6.6	6.2	9.3	7.6	5.8	7.2	6.0	7.6	6.9	23T
Delaware	5.8	5.7	6.3	4.7	6.5	6.4	9.3	8.5	6.8	6.9	5.9	6.7	7.4	6.7	30T
Florida	7.8	8.6	7.3	9.5	10.0	7.7	4.2	7.7	9.2	7.2	7.9	7.8	8.0	7.9	3T
Georgia	7.4	8.5	6.2	6.3	6.0	8.4	5.8	7.5	7.5	8.0	7.4	6.6	7.7	7.2	14T
Hawaii	6.9	8.8	5.7	5.3	4.0	8.6	0.0	8.5	7.4	4.8	7.1	4.5	6.9	6.2	46T
Idaho	7.2	8.8	6.4	5.5	6.0	8.5	6.2	7.2	6.0	8.4	7.5	6.6	7.2	7.1	18T
Illinois	7.4	8.9	3.8	4.6	7.0	6.5	6.2	8.1	7.8	5.4	6.7	6.1	7.1	6.6	33T
Indiana	7.0	7.5	7.3	5.9	8.0	8.5	4.0	7.7	7.3	6.9	7.3	6.6	7.3	7.1	18T
Iowa	6.8	7.4	6.5	5.5	7.5	7.4	5.8	8.5	5.9	6.9	6.9	6.6	7.1	6.8	27T
Kansas	7.6	9.6	6.9	6.1	7.0	8.2	5.0	8.5	4.9	8.2	8.0	6.6	7.2	7.3	9T
Kentucky	6.8	6.1	4.4	4.5	6.5	9.3	5.4	7.2	6.0	6.9	5.8	6.4	6.7	6.3	43T
Louisiana	5.7	8.7	5.4	7.6	8.0	9.5	3.3	8.0	5.9	8.5	6.6	7.1	7.5	7.1	18T
Maine	6.5	8.5	6.2	5.3	5.0	6.5	5.9	7.8	7.1	6.6	7.0	5.7	7.2	6.6	33T
Maryland	7.9	5.8	6.6	3.7	8.0	8.4	7.1	9.4	7.9	7.4	6.8	6.8	8.2	7.3	9T
Massachusetts	7.8	8.8	5.0	4.0	7.0	7.4	8.0	9.2	8.9	5.4	7.2	6.6	7.9	7.2	14T
Michigan	6.5	8.1	4.9	6.0	8.0	7.6	6.0	7.6	7.7	5.3	6.5	6.9	6.8	6.8	27T
Minnesota	7.4	6.5	6.1	3.7	5.5	7.9	5.8	8.8	7.5	5.7	6.6	5.7	7.3	6.6	33T
Mississippi	5.1	8.4	5.1	6.8	7.0	8.4	3.7	6.8	2.8	9.8	6.2	6.5	6.5	6.4	40T
Missouri	7.6	8.8	6.0	6.2	8.0	8.8	6.2	7.9	7.1	7.1	7.5	7.3	7.4	7.4	7T
Montana	6.5	8.3	5.4	4.8	8.0	7.1	9.0	7.3	6.2	6.5	6.7	7.2	6.7	6.9	23T
Nebraska	7.5	9.0	7.9	6.2	6.0	7.4	6.3	8.8	6.2	7.6	8.1	6.5	7.5	7.4	7T
Nevada	8.0	8.3	5.4	9.5	10.0	7.8	1.6	6.9	9.7	4.9	7.2	7.2	7.2	7.2	14T
New Hampshire	8.5	8.8	7.8	8.4	10.0	5.7	9.0	9.1	8.0	6.6	8.3	8.3	7.9	8.2	1
New Jersey	7.6	7.9	4.1	5.0	6.0	5.5	7.2	9.5	7.1	5.5	6.6	5.9	7.4	6.6	33T
New Mexico	5.1	7.8	4.2	6.9	7.0	9.3	3.2	7.0	2.1	9.7	5.7	6.6	6.3	6.2	46T
New York	5.6	7.6	3.4	1.5	6.0	6.3	5.4	9.4	6.6	3.5	5.5	4.8	6.5	5.6	50
North Carolina	6.9	8.1	6.1	5.2	5.5	8.7	6.0	7.7	5.6	8.8	7.0	6.3	7.3	6.9	23T
North Dakota	7.5	7.3	6.7	6.0	9.0	9.2	2.9	9.3	6.5	7.8	7.2	6.8	7.8	7.3	9T
Ohio	6.7	7.2	3.1	4.8	8.0	7.8	5.8	7.5	7.6	6.0	5.7	6.6	7.0	6.4	40T
Oklahoma	7.7	8.4	6.8	6.4	7.0	9.6	5.2	8.1	4.8	8.2	7.6	7.1	7.0	7.2	14T
Oregon	6.3	7.7	3.4	2.8	8.0	7.2	9.5	6.4	7.3	5.9	5.8	6.9	6.6	6.4	40T
Pennsylvania	7.3	7.7	4.9	4.4	8.0	7.9	6.2	8.7	9.1	5.7	6.6	6.6	7.8	7.0	21T
Rhode Island	7.0	8.2	3.4	5.4	8.0	6.3	6.2	8.4	8.9	4.9	6.2	6.5	7.4	6.7	30T
South Carolina	6.7	5.9	5.7	6.6	6.0	7.9	6.3	7.2	5.1	9.0	6.1	6.7	7.1	6.6	33T
South Dakota	8.5	8.9	7.5	9.9	10.0	8.4	4.7	8.6	6.5	8.5	8.3	8.2	7.9	8.1	2
Tennessee	8.0	7.0	7.5	9.0	10.0	8.8	3.9	7.8	7.8	7.5	7.5	7.9	7.7	7.7	5
Texas	8.3	9.0	6.7	9.8	10.0	7.2	4.6	8.4	7.5	7.9	8.0	7.9	7.9	7.9	3T
Utah	6.9	5.2	6.9	5.3	7.0	8.5	5.6	7.3	6.7	8.5	6.3	6.6	7.5	6.8	27T
Vermont	4.9	6.5	7.4	5.7	6.0	6.1	5.5	7.6	6.5	6.7	6.3	5.8	6.9	6.3	43T
Virginia	8.0	7.3	7.3	5.8	7.0	8.1	7.7	8.9	6.8	8.9	7.5	7.2	8.2	7.6	6
Washington	8.0	6.8	5.5	8.8	10.0	7.9	2.2	7.5	5.8	5.4	6.8	7.2	6.2	6.7	30T
West Virginia	5.6	7.8	5.5	5.3	6.5	8.9	4.5	7.1	3.7	7.7	6.3	6.3	6.2	6.3	43T
Wisconsin	6.6	8.5	3.7	4.9	6.0	7.0	6.3	8.3	6.8	6.4	6.3	6.0	7.2	6.5	38T
Wyoming	4.8	8.8	5.4	8.7	10.0	7.1	5.9	9.3	1.4	9.8	6.3	7.9	6.8	7.0	21T

Table 3.3: Economic Freedom at the All-Government Level, 2003–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Average for Canada	***7.7***	***7.8***	***7.7***	***7.7***	***7.7***	***7.7***	***7.7***	***7.7***	***7.6***	***7.6***	***7.6***	
Alberta	8.0	8.1	8.0	8.1	8.1	8.1	8.0	8.0	8.0	8.0	8.1	1
British Columbia	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.8	7.8	7.9	2
Manitoba	7.7	7.7	7.7	7.7	7.7	7.7	7.6	7.6	7.5	7.6	7.6	16T
New Brunswick	7.7	7.7	7.7	7.7	7.7	7.7	7.6	7.6	7.5	7.6	7.6	16T
Newfoundland & Lab.	7.5	7.6	7.5	7.6	7.6	7.6	7.6	7.5	7.4	7.5	7.6	16T
Nova Scotia	7.7	7.7	7.7	7.7	7.7	7.7	7.6	7.6	7.5	7.5	7.5	42T
Ontario	7.8	7.9	7.8	7.8	7.8	7.8	7.7	7.7	7.6	7.6	7.6	16T
Prince Edward Island	7.6	7.6	7.5	7.5	7.5	7.5	7.5	7.4	7.3	7.4	7.4	57T
Quebec	7.6	7.7	7.6	7.6	7.6	7.6	7.6	7.5	7.4	7.5	7.4	57T
Saskatchewan	7.6	7.7	7.6	7.6	7.7	7.7	7.7	7.8	7.7	7.8	7.8	3T
Average for Mexico	***6.7***	***6.8***	***6.8***	***6.7***	***6.6***	***6.3***	***6.3***	***6.2***	***6.2***	***6.2***	***6.1***	
Aguascalientes	6.8	6.9	6.8	6.9	6.7	6.5	6.4	6.3	6.1	6.3	6.2	68T
Baja California	7.0	7.1	7.0	7.0	6.8	6.6	6.7	6.6	6.6	6.5	6.5	61T
Baja California Sur	6.7	6.9	6.8	6.7	6.5	6.2	6.2	6.2	6.2	6.1	6.0	83T
Campeche	6.3	6.6	6.4	6.5	6.4	6.1	6.2	6.1	6.1	6.0	5.8	90
Chiapas	6.9	7.0	6.8	6.9	6.7	6.5	6.5	6.2	6.1	6.4	6.5	61T
Chihuahua	6.0	6.3	6.2	6.2	6.1	5.9	5.9	5.7	5.7	5.7	5.7	91
Coahuila de Zaragoza	6.4	6.6	6.6	6.4	6.4	6.2	6.2	6.1	6.1	6.1	6.0	83T
Colima	6.8	7.0	6.8	6.9	6.8	6.5	6.4	6.2	6.2	6.2	6.2	68T
Distrito Federal	6.2	6.4	6.2	6.2	6.0	5.8	5.8	5.7	5.7	5.6	5.6	92
Durango	6.7	6.7	6.7	6.6	6.5	6.2	6.2	6.1	6.1	6.0	6.0	83T
Guanajuato	6.9	7.0	6.9	6.9	6.8	6.5	6.2	6.1	6.1	6.4	6.3	65T
Guerrero	6.5	6.6	6.6	6.5	6.4	6.2	6.0	5.8	5.7	6.1	6.1	75T
Hidalgo	6.5	6.6	6.5	6.5	6.3	6.1	6.2	6.1	6.0	6.1	6.1	75T
Jalisco	6.9	7.0	7.0	7.0	6.8	6.6	6.7	6.6	6.5	6.5	6.5	61T
México	7.0	7.1	7.0	7.0	6.8	6.6	6.7	6.6	6.6	6.5	6.4	64
Michoacán de Ocampo	6.8	6.9	6.9	6.9	6.6	6.3	6.3	6.2	6.1	6.1	6.0	83T
Morelos	6.8	7.0	6.9	6.9	6.7	6.5	6.5	6.3	6.3	6.4	6.2	68T
Nayarit	6.8	6.9	7.0	6.9	6.5	6.3	6.3	6.1	6.1	6.2	6.2	68T
Nuevo León	6.8	7.0	6.9	6.9	6.7	6.5	6.5	6.5	6.4	6.3	5.9	89
Oaxaca	6.6	6.7	6.6	6.6	6.5	6.2	6.3	6.1	6.1	6.1	6.1	75T
Puebla	6.8	7.0	7.0	6.9	6.6	6.4	6.5	6.4	6.3	6.3	6.1	75T
Querétaro	6.7	6.9	6.8	6.9	6.7	6.5	6.4	6.4	6.5	6.4	6.2	68T
Quintana Roo	6.8	6.9	6.9	6.8	6.6	6.5	6.5	6.4	6.3	6.3	6.2	68T
San Luis Potosí	6.7	6.9	6.9	6.9	6.7	6.3	6.4	6.2	6.2	6.2	6.1	75T
Sinaloa	6.8	6.9	6.8	6.9	6.7	6.4	6.4	6.3	6.2	6.3	6.3	65T
Sonora	6.9	7.0	6.9	6.9	6.7	6.4	6.3	6.3	6.3	6.3	6.3	65T
Tabasco	6.4	6.6	6.5	6.5	6.3	6.2	6.2	6.1	6.2	6.1	6.0	83T
Tamaulipas	6.5	6.6	6.6	6.5	6.3	6.1	6.2	6.1	6.1	6.2	6.1	75T
Tlaxcala	7.0	6.8	6.8	6.8	6.6	6.3	6.4	6.2	6.2	6.3	6.2	68T
Veracruz de Ignacio …	6.5	6.7	6.6	6.6	6.5	6.3	6.3	6.2	6.1	6.1	6.1	75T
Yucatán	6.7	6.9	6.8	6.7	6.6	6.3	6.3	6.2	6.1	6.2	6.1	75T
Zacatecas	6.7	6.7	6.6	6.7	6.6	6.2	6.2	6.1	6.1	6.0	6.0	83T
Avg. for United States	***8.2***	***8.2***	***8.0***	***7.9***	***8.0***	***7.9***	***7.7***	***7.7***	***7.6***	***7.7***	***7.6***	
Alabama	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.8	7.7	7.8	7.7	5T
Alaska	8.1	8.0	7.8	7.7	7.9	7.8	7.4	7.5	7.4	7.5	7.5	42T

Table 3.3 (cont'd): Economic Freedom at the All-Government Level, 2003–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Arizona	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	5T
Arkansas	8.2	8.2	7.9	7.9	7.9	7.9	7.6	7.5	7.5	7.6	7.5	42T
California	8.2	8.2	8.0	7.9	7.9	7.8	7.6	7.6	7.5	7.7	7.5	42T
Colorado	8.3	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.8	7.6	16T
Connecticut	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.5	7.6	7.5	42T
Delaware	8.2	8.2	8.0	7.8	7.9	7.8	7.5	7.6	7.4	7.4	7.3	60
Florida	8.4	8.3	8.1	8.0	8.1	8.0	7.8	7.8	7.7	7.8	7.7	5T
Georgia	8.3	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.6	16T
Hawaii	8.2	8.1	8.0	7.9	8.0	7.8	7.5	7.6	7.5	7.6	7.5	42T
Idaho	8.2	8.2	8.0	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	5T
Illinois	8.2	8.2	8.0	8.0	8.0	7.9	7.6	7.7	7.6	7.6	7.5	42T
Indiana	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.7	7.6	16T
Iowa	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.6	16T
Kansas	8.2	8.2	8.0	8.0	8.0	8.0	7.6	7.7	7.7	7.7	7.7	5T
Kentucky	8.3	8.2	8.1	8.0	8.0	7.9	7.6	7.6	7.5	7.6	7.5	42T
Louisiana	8.3	8.2	8.0	7.7	8.0	7.9	7.6	7.6	7.6	7.7	7.6	16T
Maine	8.2	8.1	8.0	7.9	8.0	7.9	7.6	7.7	7.6	7.7	7.6	16T
Maryland	8.3	8.2	8.0	7.9	8.0	7.9	7.7	7.7	7.6	7.7	7.6	16T
Massachusetts	8.2	8.2	8.0	8.0	8.0	7.9	7.6	7.6	7.6	7.7	7.5	42T
Michigan	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.6	7.7	7.6	16T
Minnesota	8.1	8.1	7.9	7.8	7.9	7.8	7.5	7.6	7.5	7.6	7.5	42T
Mississippi	8.2	8.2	8.0	7.8	8.0	7.9	7.7	7.7	7.6	7.7	7.6	16T
Missouri	8.2	8.2	8.1	8.0	8.0	7.9	7.7	7.7	7.6	7.7	7.6	16T
Montana	8.2	8.2	8.0	8.0	8.0	8.0	7.7	7.7	7.6	7.7	7.6	16T
Nebraska	8.3	8.2	8.0	8.0	8.0	7.9	7.7	7.7	7.7	7.8	7.6	16T
Nevada	8.4	8.4	8.2	8.1	8.2	8.0	7.8	7.8	7.7	7.8	7.7	5T
New Hampshire	8.4	8.4	8.2	8.1	8.2	8.1	7.8	7.9	7.8	7.9	7.8	3T
New Jersey	8.2	8.1	7.9	7.9	7.9	7.8	7.6	7.6	7.5	7.6	7.5	42T
New Mexico	8.2	8.2	8.0	7.9	8.0	7.8	7.6	7.6	7.5	7.7	7.6	16T
New York	8.1	8.0	7.8	7.8	7.9	7.7	7.5	7.5	7.5	7.5	7.4	57T
North Carolina	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.7	7.6	16T
North Dakota	8.2	8.2	8.0	7.9	8.0	8.0	7.7	7.7	7.7	7.8	7.6	16T
Ohio	8.2	8.1	7.9	7.9	7.9	7.8	7.5	7.5	7.5	7.6	7.5	42T
Oklahoma	8.2	8.2	8.0	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	5T
Oregon	8.3	8.2	8.0	8.0	8.0	7.9	7.6	7.6	7.6	7.7	7.6	16T
Pennsylvania	8.3	8.2	8.0	8.0	8.0	7.9	7.7	7.7	7.6	7.7	7.6	16T
Rhode Island	8.1	8.1	7.9	7.8	7.9	7.8	7.5	7.6	7.5	7.6	7.5	42T
South Carolina	8.3	8.2	8.1	7.9	8.0	8.0	7.7	7.7	7.7	7.8	7.7	5T
South Dakota	8.3	8.3	8.1	8.0	8.1	8.1	7.8	7.8	7.8	7.9	7.7	5T
Tennessee	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	5T
Texas	8.3	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.7	5T
Utah	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.6	16T
Vermont	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.6	7.7	7.5	42T
Virginia	8.3	8.3	8.1	8.0	8.1	8.0	7.7	7.7	7.7	7.8	7.6	16T
Washington	8.3	8.2	8.1	8.0	8.1	8.0	7.7	7.7	7.6	7.8	7.6	16T
West Virginia	8.2	8.2	8.0	8.0	8.0	8.0	7.7	7.7	7.6	7.7	7.6	16T
Wisconsin	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.6	7.7	7.5	42T
Wyoming	8.2	8.2	8.1	8.0	8.0	7.9	7.6	7.6	7.6	7.7	7.6	16T

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Table 3.4a: Overall Scores at the Subnational Level, Canada, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Average for Canada	*5.6*	*5.5*	*5.2*	*5.4*	*5.5*	*5.6*	*5.6*	*5.7*	*5.8*	*5.7*	*5.5*	*5.4*	*5.5*	*5.5*	*5.7*	*5.7*
Alberta	6.5	6.0	5.5	5.4	5.7	5.6	5.4	6.1	6.2	6.4	6.4	6.3	6.6	6.9	7.2	7.3
British Columbia	5.6	5.6	5.3	5.6	5.9	5.9	6.2	6.2	6.5	6.5	6.3	6.0	5.8	5.7	5.7	5.6
Manitoba	6.3	6.0	5.4	5.9	5.8	5.7	5.3	5.2	5.4	5.5	5.4	5.3	5.4	5.5	5.7	5.7
New Brunswick	5.6	5.5	5.3	5.5	5.7	5.8	5.8	5.9	6.1	6.0	5.7	5.9	6.1	6.1	6.3	6.2
Newfoundland & Lab.	4.3	4.4	3.5	3.9	4.2	4.4	4.6	4.9	4.9	4.6	4.7	4.5	4.7	4.6	4.7	4.6
Nova Scotia	5.9	5.8	5.8	6.0	6.0	6.3	6.4	6.4	6.4	6.4	6.3	6.1	6.2	6.1	6.5	6.7
Ontario	6.9	6.8	6.6	6.7	6.7	6.6	6.4	6.4	6.4	5.9	5.8	5.4	5.5	5.4	5.5	5.5
Prince Edward Island	6.0	6.5	6.5	6.5	6.6	6.8	6.5	6.5	6.3	6.2	6.2	6.2	6.4	6.3	6.5	6.6
Quebec	4.3	3.7	3.7	3.9	4.0	4.1	4.2	4.3	4.5	4.4	4.0	3.8	3.9	3.9	4.0	4.0
Saskatchewan	4.8	5.1	4.4	4.5	4.8	5.2	4.8	4.6	4.9	4.7	4.5	4.4	4.5	4.6	4.8	4.9

Table 3.4b: Overall at the Subnational Level, Mexico, 2003–2013

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

Average for Mexico
Aguascalientes
Baja California
Baja California Sur
Campeche
Chiapas
Chihuahua
Coahuila de Zaragoza
Colima
Distrito Federal
Durango
Guanajuato
Guerrero
Hidalgo
Jalisco
México
Michoacán de Ocampo
Morelos
Nayarit
Nuevo León
Oaxaca
Puebla
Querétaro
Quintana Roo
San Luis Potosí
Sinaloa
Sonora
Tabasco
Tamaulipas
Tlaxcala
Veracruz de Ignacio de la Llave
Yucatán
Zacatecas

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 10
5.7	*5.9*	*5.9*	*6.0*	*5.9*	*5.9*	*5.9*	*6.0*	*6.0*	*6.1*	*6.2*	*6.1*	*5.9*	*5.9*	*6.0*	*5.9*	*6.1*	
7.4	7.7	7.6	7.2	7.0	7.3	7.6	7.9	8.0	7.9	8.1	8.0	7.7	7.9	8.2	8.2	8.4	1
5.3	5.6	5.6	5.7	5.9	6.1	6.2	6.4	6.6	6.9	7.0	7.0	6.8	6.9	6.9	6.7	6.9	2
5.6	5.8	5.4	5.7	5.7	5.7	5.6	5.7	5.6	5.7	5.8	5.8	5.6	5.6	5.5	5.5	5.8	7T
6.0	6.2	6.3	6.4	6.3	6.3	6.3	6.3	6.2	6.2	6.3	6.1	6.0	6.1	5.9	5.9	6.0	4
4.7	5.0	5.1	5.5	5.4	5.5	5.3	5.4	5.3	5.4	5.5	5.5	5.3	5.2	5.2	5.4	5.8	7T
6.6	6.7	6.6	6.8	6.7	6.7	6.7	6.6	6.3	6.3	6.2	6.1	5.9	5.9	5.9	5.8	5.8	7T
5.9	6.1	6.3	6.6	6.5	6.4	6.3	6.4	6.3	6.4	6.4	6.2	6.0	5.9	5.8	5.7	5.9	5T
6.5	6.7	6.6	6.4	6.4	6.6	6.5	6.5	6.4	6.5	6.3	6.4	6.2	6.0	6.0	5.9	5.9	5T
4.1	4.1	4.1	4.4	4.2	4.4	4.2	4.4	4.3	4.2	4.3	4.3	4.1	3.9	4.0	4.0	3.6	10
4.9	4.9	4.9	4.9	4.7	4.3	4.5	4.8	4.9	5.1	5.6	5.7	5.4	6.1	6.1	6.3	6.5	3

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 32
7.5	*7.5*	*7.6*	*7.4*	*7.2*	*6.9*	*6.8*	*6.8*	*6.6*	*6.5*	*6.2*	
7.9	7.7	7.9	7.8	7.6	7.3	6.8	7.0	6.8	6.7	6.5	13T
8.6	8.5	8.4	8.3	8.2	8.1	8.1	8.1	8.1	7.9	7.6	1
7.2	7.1	7.1	6.5	5.8	5.9	5.7	6.5	6.6	6.1	5.6	26T
6.2	6.7	6.4	6.5	6.4	5.7	6.1	5.8	5.5	5.3	4.9	30
7.8	7.8	7.7	7.9	7.9	7.5	7.3	6.7	5.9	7.3	7.5	2T
7.5	8.0	7.8	7.6	7.5	7.2	7.2	6.7	6.0	6.2	6.3	16T
6.6	6.9	7.3	6.6	5.8	5.5	5.2	5.3	5.0	4.9	4.2	32
7.5	7.8	7.7	8.0	8.1	7.7	7.1	6.9	6.7	6.5	6.7	9T
7.4	7.8	7.4	7.3	7.1	6.9	7.0	6.7	6.6	6.0	6.0	21T
7.4	7.0	7.4	7.1	7.1	6.4	5.8	6.3	6.1	5.9	5.9	23T
8.4	8.2	8.2	8.1	8.0	7.5	7.3	7.6	7.5	7.6	7.0	4
6.3	6.2	6.7	6.3	6.3	5.9	5.6	5.3	5.2	5.4	5.2	29
7.5	6.9	7.3	7.1	6.7	6.3	6.2	6.4	6.4	6.3	6.3	16T
8.2	7.7	8.1	7.9	8.0	7.7	7.6	7.8	7.7	7.6	7.5	2T
8.3	8.2	8.2	8.0	7.6	7.4	7.4	7.5	7.5	7.1	6.9	5T
7.8	7.8	8.4	8.0	7.7	7.5	7.1	7.0	6.9	6.8	6.5	13T
8.3	8.2	8.1	8.0	7.9	7.7	7.5	7.4	7.1	7.6	6.9	5T
7.4	7.1	8.0	7.3	6.3	6.3	6.5	6.4	6.1	6.1	5.9	23T
7.7	7.9	7.9	7.8	7.8	7.7	7.7	7.8	7.4	7.3	6.4	15
7.4	7.2	7.2	7.2	7.1	6.8	6.6	6.5	5.9	5.3	4.8	31
8.0	8.3	8.7	8.1	7.5	7.6	7.6	7.7	7.2	6.9	6.7	9T
7.6	7.8	7.6	7.3	7.3	7.0	6.7	7.0	7.3	6.8	6.0	21T
7.1	7.0	7.1	6.8	6.4	6.6	6.5	6.4	6.1	6.1	5.6	26T
7.6	7.6	8.0	7.7	7.6	7.3	7.1	7.0	6.8	6.5	6.2	19T
8.1	8.0	7.9	7.9	7.8	7.5	7.1	7.1	6.8	7.0	6.9	5T
7.9	7.8	8.0	7.7	7.7	7.3	6.8	7.1	7.0	7.2	6.7	9T
5.9	6.2	6.4	6.1	5.9	5.7	5.6	5.8	5.5	5.3	5.3	28
7.3	7.4	7.5	7.2	7.0	6.9	6.7	7.0	7.2	7.3	6.9	5T
8.3	7.0	7.3	7.2	7.2	6.7	6.7	6.5	6.2	6.2	6.2	19T
7.6	7.5	7.9	7.7	7.6	7.2	7.0	7.0	7.0	6.8	6.3	16T
7.8	8.0	7.9	7.6	7.8	7.4	7.1	7.0	6.6	6.7	6.6	12
7.2	6.6	6.9	7.1	7.2	6.2	5.4	5.7	5.7	5.7	5.9	23T

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Table 3.4c: Overall Scores at the Subnational Level, United States, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Avg. for United States	*6.1*	*6.1*	*6.1*	*6.4*	*6.4*	*6.5*	*6.5*	*6.6*	*6.7*	*6.7*	*6.5*	*6.4*	*6.4*	*6.5*	*6.6*	*6.7*
Alabama	6.1	6.2	6.3	6.6	6.6	6.8	6.8	7.0	7.0	7.0	6.8	6.8	6.7	6.8	6.9	7.0
Alaska	4.7	4.9	5.0	5.1	5.1	5.0	5.0	5.0	5.3	5.3	5.1	5.2	4.8	5.3	5.0	5.1
Arizona	6.8	6.7	6.8	7.0	7.0	7.1	7.0	7.0	7.0	6.8	6.6	6.5	6.5	6.7	6.8	7.1
Arkansas	6.3	6.4	6.5	6.8	6.7	6.8	6.8	6.9	7.0	6.9	6.8	6.8	6.7	6.8	6.9	6.9
California	5.5	5.4	5.6	5.8	5.8	5.8	5.9	6.0	6.0	5.9	5.6	5.5	5.4	5.6	5.6	5.8
Colorado	7.0	6.9	6.9	7.0	7.1	7.0	7.0	7.0	7.1	7.1	7.0	7.0	7.1	7.2	7.1	7.3
Connecticut	7.0	7.1	7.0	7.3	7.4	7.5	7.5	7.6	7.5	7.3	7.0	6.7	6.7	6.7	6.6	6.9
Delaware	5.7	5.9	6.1	6.3	6.6	6.7	6.9	7.1	7.2	7.1	7.0	6.7	6.8	6.9	6.8	7.0
Florida	7.6	7.5	7.7	7.8	7.9	7.9	7.9	7.9	7.9	7.8	7.5	7.4	7.4	7.6	7.6	7.7
Georgia	6.3	6.4	6.5	6.8	7.0	7.1	7.1	7.1	7.1	7.0	6.9	7.0	7.0	7.0	7.1	7.0
Hawaii	5.3	5.4	5.7	5.8	5.6	6.0	6.1	6.0	6.2	6.3	6.1	5.9	5.6	5.5	5.6	5.5
Idaho	6.1	6.0	6.2	6.5	6.4	6.4	6.3	6.5	6.7	6.7	6.5	6.5	6.6	6.6	6.5	6.4
Illinois	6.0	6.1	6.0	6.5	6.6	6.6	6.7	6.9	7.0	7.0	6.7	6.8	6.8	6.8	6.8	7.0
Indiana	6.5	6.6	6.5	6.7	6.8	7.0	7.0	7.1	7.1	7.2	6.9	7.0	7.0	7.1	7.2	7.3
Iowa	6.3	6.0	5.9	6.3	6.3	6.3	6.4	6.4	6.5	6.5	6.4	6.4	6.2	6.4	6.5	6.7
Kansas	6.3	6.4	6.3	6.7	6.6	6.7	6.7	6.6	6.9	6.8	6.7	6.8	6.6	6.5	6.6	6.8
Kentucky	5.8	6.1	6.1	6.5	6.5	6.5	6.5	6.7	6.8	6.7	6.4	6.5	6.5	6.6	6.5	6.6
Louisiana	6.2	6.0	5.7	6.1	6.0	6.0	6.0	6.4	6.2	6.3	6.2	6.4	6.4	6.6	6.6	6.7
Maine	5.4	5.5	5.6	5.7	5.8	5.9	6.0	6.2	6.3	6.1	5.7	5.7	5.8	5.9	6.0	6.1
Maryland	6.4	6.5	6.6	6.9	7.0	7.1	7.2	7.2	7.3	7.2	7.1	7.1	7.0	7.0	7.1	7.2
Massachusetts	5.7	6.1	6.3	6.7	6.8	6.8	6.7	6.8	6.8	6.8	6.5	6.6	6.6	6.8	6.8	7.0
Michigan	4.5	4.7	4.4	5.0	5.4	5.4	5.5	5.6	5.9	5.7	5.7	5.8	5.9	6.2	6.3	6.5
Minnesota	5.1	5.2	5.6	5.8	5.7	5.9	5.7	5.7	6.0	6.0	5.8	5.6	5.6	5.8	5.8	6.1
Mississippi	5.8	5.8	5.9	6.1	6.1	6.1	6.2	6.3	6.4	6.4	6.4	6.4	6.4	6.5	6.6	6.6
Missouri	6.8	6.9	6.9	7.2	7.3	7.4	7.4	7.4	7.5	7.5	7.3	7.3	7.3	7.3	7.2	7.3
Montana	6.1	6.0	6.0	6.0	5.7	5.8	5.8	5.6	5.9	5.7	5.9	5.7	5.9	5.9	6.0	6.1
Nebraska	6.4	6.6	6.5	6.7	6.7	6.8	7.0	7.1	7.1	7.2	6.9	6.9	6.9	7.0	7.1	7.2
Nevada	6.8	6.6	6.6	6.8	6.9	7.0	7.1	7.3	7.4	7.3	6.9	7.0	7.0	7.2	7.1	7.3
New Hampshire	7.5	7.6	7.7	8.1	8.3	8.4	8.4	8.4	8.3	8.1	7.8	7.4	7.4	7.8	7.9	8.0
New Jersey	6.1	6.3	6.4	6.6	6.7	6.8	6.8	7.0	7.0	7.0	6.5	6.3	6.3	6.4	6.4	6.5
New Mexico	5.7	5.8	5.8	6.0	6.1	6.1	6.0	6.1	6.1	6.0	5.8	5.7	5.7	5.7	5.7	5.8
New York	4.0	4.1	4.2	4.4	4.4	4.5	4.8	5.1	5.3	5.3	4.9	4.8	4.6	4.7	4.9	5.2
North Carolina	6.4	6.4	6.6	6.9	7.0	7.0	7.0	7.1	7.2	7.1	6.9	6.8	6.8	6.8	6.9	7.1
North Dakota	6.7	6.6	6.3	6.3	6.2	6.3	6.2	5.8	6.1	6.2	6.1	6.2	6.4	6.7	6.6	6.9
Ohio	5.7	5.8	5.6	6.0	5.8	5.8	6.0	6.2	6.3	6.1	5.8	5.8	5.7	5.9	5.9	6.0
Oklahoma	6.6	6.7	6.5	6.8	6.8	6.6	6.6	6.6	6.6	6.6	6.5	6.5	6.4	6.5	6.5	6.7
Oregon	5.2	5.3	5.4	5.6	5.7	5.9	5.8	6.1	6.1	6.1	5.9	6.1	6.1	6.3	6.4	6.4
Pennsylvania	5.6	5.8	5.7	6.2	6.4	6.5	6.6	6.8	6.9	6.9	6.8	6.6	6.6	6.7	6.7	7.0
Rhode Island	5.2	5.3	5.3	5.6	6.0	6.1	6.1	6.5	6.6	6.4	5.8	5.5	5.6	5.7	5.7	5.9
South Carolina	6.3	6.3	6.5	6.9	6.7	6.8	6.8	6.9	7.0	6.9	6.7	6.7	6.6	6.7	6.8	6.8
South Dakota	6.5	6.8	6.9	7.2	7.2	7.2	7.3	7.3	7.4	7.5	7.4	7.5	7.5	7.5	7.5	7.7
Tennessee	6.8	6.9	6.9	7.3	7.3	7.3	7.4	7.5	7.6	7.6	7.5	7.5	7.1	7.5	7.6	7.7
Texas	7.7	7.7	7.6	7.8	7.7	7.6	7.5	7.5	7.5	7.5	7.4	7.3	7.2	7.3	7.4	7.5
Utah	6.0	6.0	6.0	6.4	6.4	6.5	6.3	6.4	6.5	6.5	6.4	6.4	6.4	6.7	6.8	6.9
Vermont	5.3	5.2	5.6	5.9	5.9	6.1	6.1	6.5	6.7	6.5	6.0	6.0	6.2	6.2	6.3	6.5
Virginia	7.0	7.1	7.1	7.4	7.5	7.6	7.6	7.7	7.7	7.6	7.4	7.4	7.4	7.5	7.5	7.5
Washington	6.1	6.0	6.0	6.1	6.1	6.1	6.2	6.3	6.5	6.3	6.1	6.1	6.1	6.2	6.0	6.3
West Virginia	4.6	4.7	4.4	4.6	4.7	4.8	5.0	5.6	5.7	5.6	5.3	5.4	5.2	5.5	5.5	5.7
Wisconsin	5.7	5.7	5.1	5.3	5.4	5.3	5.7	5.8	6.1	6.1	5.9	6.0	6.0	6.2	6.2	6.3
Wyoming	6.7	6.0	5.4	5.5	5.6	5.3	5.3	5.7	6.1	6.2	6.1	6.0	6.2	6.3	6.5	6.6

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (20.3) out of 50
6.8	*6.9*	*6.9*	*7.0*	*7.3*	*6.9*	*7.3*	*6.9*	*7.0*	*7.0*	*7.0*	*6.9*	*6.7*	*6.6*	*6.7*	*6.9*	*6.9*	
7.1	6.8	6.8	6.8	7.0	6.7	7.0	6.8	7.3	7.3	7.2	7.1	6.8	6.7	6.8	6.9	6.9	23T
5.2	5.5	5.5	5.5	6.2	5.7	6.2	5.2	5.5	5.4	5.7	5.8	5.6	5.6	5.7	5.9	6.0	48
7.2	7.4	7.4	7.4	7.7	7.4	7.7	7.4	7.5	7.5	7.3	7.1	7.1	7.0	7.1	7.3	7.3	9T
6.9	7.0	6.9	7.0	7.2	6.8	7.2	6.9	6.9	6.9	6.8	6.8	6.6	6.4	6.4	6.5	6.5	38T
6.0	6.2	6.3	6.4	6.6	6.0	6.5	6.0	6.1	6.2	6.2	5.9	5.8	5.7	5.8	6.1	5.8	49
7.4	7.7	7.7	7.9	8.0	7.6	8.0	7.6	7.6	7.7	7.5	7.5	7.2	7.0	7.1	7.3	7.3	9T
6.9	7.0	7.0	7.2	7.5	7.1	7.5	7.1	7.1	7.3	7.3	7.1	6.9	6.8	6.8	6.9	6.9	23T
7.0	7.1	7.1	7.3	7.6	7.4	7.6	7.3	7.3	7.3	7.2	7.0	6.9	6.7	6.6	6.5	6.7	30T
7.8	7.9	7.9	8.1	8.2	8.0	8.2	8.0	7.8	7.8	7.8	7.7	7.6	7.6	7.7	7.9	7.9	3T
7.1	7.3	7.4	7.4	7.6	7.3	7.5	7.3	7.4	7.4	7.4	7.2	7.0	6.9	7.1	7.2	7.2	14T
5.6	5.7	6.0	6.1	6.5	6.1	6.5	6.3	6.3	6.3	6.3	6.1	6.2	6.1	6.2	6.2	6.2	46T
6.5	6.7	6.7	6.9	7.1	6.8	7.1	6.9	7.0	7.1	7.1	6.9	6.6	6.6	6.7	7.0	7.1	18T
7.1	7.2	7.2	7.3	7.6	7.1	7.6	7.1	7.0	7.1	7.2	7.0	6.7	6.6	6.6	6.6	6.6	33T
7.3	7.5	7.4	7.5	7.6	7.4	7.6	7.4	7.2	7.3	7.3	7.1	6.8	6.7	6.8	7.1	7.1	18T
6.8	7.0	7.0	7.0	7.2	7.0	7.3	7.1	7.1	7.1	7.0	6.9	6.7	6.6	6.8	6.8	6.8	27T
7.0	7.1	7.1	7.2	7.3	7.0	7.2	7.0	7.1	7.2	7.2	7.2	6.9	6.7	6.9	7.0	7.3	9T
6.6	6.7	6.7	6.8	7.1	6.7	7.0	6.6	6.7	6.7	6.6	6.6	6.3	6.1	6.2	6.3	6.3	43T
6.7	6.6	6.5	6.6	6.9	6.4	7.0	6.5	6.6	6.7	6.8	6.7	6.4	6.5	6.7	7.0	7.1	18T
6.1	6.2	6.2	6.3	6.7	6.3	6.6	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.2	6.4	6.6	33T
7.3	7.4	7.4	7.5	7.8	7.5	7.8	7.7	7.7	7.5	7.6	7.4	7.2	7.2	7.3	7.3	7.3	9T
7.1	7.2	7.4	7.5	7.7	7.3	7.7	7.3	7.3	7.4	7.4	7.2	7.0	6.9	7.0	7.2	7.2	14T
6.5	6.7	6.8	6.9	7.2	6.8	7.1	6.6	6.7	6.7	6.5	6.5	6.2	6.1	6.4	6.7	6.8	27T
6.1	6.3	6.4	6.5	6.9	6.4	7.0	6.6	6.6	6.7	6.7	6.6	6.4	6.2	6.4	6.5	6.6	33T
6.5	6.5	6.5	6.5	6.8	6.4	6.8	6.5	6.6	6.6	6.5	6.5	6.3	6.2	6.3	6.4	6.4	40T
7.3	7.3	7.3	7.4	7.6	7.2	7.6	7.3	7.3	7.5	7.4	7.3	7.1	7.1	7.1	7.3	7.4	7T
6.3	6.5	6.5	6.7	7.1	6.7	7.1	6.8	7.0	7.1	6.9	6.9	6.6	6.6	6.8	6.9	6.9	23T
7.1	7.2	7.4	7.4	7.5	7.3	7.5	7.3	7.3	7.3	7.3	7.3	7.1	7.0	7.2	7.4	7.4	7T
7.3	7.7	7.6	7.9	8.1	7.7	8.1	7.9	8.0	7.9	7.7	7.5	7.3	6.9	7.0	7.2	7.2	14T
8.2	8.3	8.3	8.4	8.5	8.3	8.4	8.3	8.3	8.3	8.3	8.1	7.9	7.8	7.9	8.1	8.2	1
6.8	6.9	7.0	7.2	7.5	7.1	7.4	6.9	6.8	6.7	6.7	6.6	6.3	6.3	6.5	6.6	6.6	33T
5.7	5.7	5.7	5.9	6.3	6.0	6.3	6.0	6.3	6.3	6.3	6.1	6.0	5.9	5.9	6.1	6.2	46T
5.4	5.6	5.8	5.9	6.4	5.7	6.3	5.6	5.5	5.6	5.7	5.6	5.4	5.4	5.5	5.7	5.6	50
7.1	7.1	7.1	7.2	7.4	7.0	7.3	6.9	7.2	7.3	7.2	7.1	6.9	6.6	6.7	6.9	6.9	23T
6.5	6.8	6.7	7.0	7.4	7.1	7.4	7.1	7.1	7.2	7.3	7.2	6.9	7.1	7.1	7.6	7.3	9T
6.3	6.4	6.5	6.5	6.9	6.1	6.8	6.1	6.3	6.3	6.2	6.2	6.0	5.9	6.1	6.4	6.4	40T
6.8	6.9	6.9	7.2	7.5	7.0	7.4	7.2	7.2	7.3	7.3	7.3	6.9	7.0	7.2	7.2	7.2	14T
6.3	6.5	6.4	6.4	7.0	6.3	7.0	6.2	6.5	6.6	6.6	6.5	6.1	5.9	6.0	6.2	6.4	40T
7.0	7.2	7.2	7.4	7.7	7.3	7.7	7.1	7.1	7.1	7.1	7.0	6.8	6.7	6.8	7.0	7.0	21T
6.0	6.2	6.2	6.3	6.8	6.2	6.8	6.1	6.1	6.4	6.4	6.4	6.2	6.2	6.5	6.6	6.7	30T
6.8	6.9	6.9	7.0	7.2	6.7	7.0	6.6	6.6	6.8	6.7	6.6	6.3	6.2	6.3	6.6	6.6	33T
7.7	7.8	7.8	7.9	8.1	7.8	8.2	8.0	8.0	8.0	8.0	8.1	7.8	7.8	8.0	8.1	8.1	2
7.7	7.9	7.9	8.0	8.1	7.8	8.0	7.8	7.7	7.7	7.7	7.6	7.4	7.5	7.5	7.6	7.7	5
7.6	7.7	7.7	7.8	8.1	7.7	8.0	7.7	7.9	8.0	8.0	8.0	7.6	7.5	7.7	7.9	7.9	3T
6.9	7.0	6.8	6.9	7.2	7.0	7.2	6.9	7.0	7.2	7.3	7.1	6.7	6.5	6.6	6.7	6.8	27T
6.6	6.7	6.7	6.7	6.8	6.7	6.8	6.5	6.4	6.5	6.5	6.4	6.1	6.1	6.3	6.4	6.3	43T
7.6	7.6	7.6	7.7	8.0	7.8	8.0	7.7	7.7	7.8	7.8	7.7	7.6	7.5	7.6	7.7	7.6	6
6.5	6.7	6.5	6.6	7.0	6.5	7.0	6.6	6.7	6.8	6.8	6.7	6.4	6.3	6.4	6.7	6.7	30T
5.7	5.9	5.8	5.9	6.4	5.5	6.4	5.8	6.0	6.4	6.3	6.3	6.1	5.9	6.0	6.2	6.3	43T
6.4	6.6	6.5	6.6	7.0	6.6	7.1	6.7	6.7	6.7	6.8	6.6	6.2	6.2	6.4	6.6	6.5	38T
6.7	6.8	6.9	7.1	7.4	6.9	7.4	7.0	7.0	7.2	7.1	6.9	6.3	6.3	6.6	6.7	7.0	21T

Table 3.5: Scores for Area 1 (Government Spending) at the All-Government Level, 1985–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Average for Canada	***7.0***	***7.1***	***7.1***	***7.2***	***7.2***	***7.2***	***6.7***	***6.6***	***7.0***	***7.0***	***7.0***	
Alberta	8.1	8.2	8.3	8.3	8.4	8.4	7.9	8.0	8.3	8.4	8.4	1
British Columbia	7.7	7.7	7.8	7.9	8.0	7.9	7.4	7.4	7.7	7.6	7.8	3
Manitoba	7.2	7.1	7.1	7.2	7.2	7.2	6.8	6.7	6.9	6.7	7.0	36
New Brunswick	6.7	6.7	6.7	6.7	6.7	6.7	6.2	6.1	6.3	6.5	6.5	59
Newfoundland & Lab.	6.0	6.0	6.0	6.1	6.2	6.3	5.9	5.4	5.8	5.9	6.2	64
Nova Scotia	6.8	6.8	6.7	6.8	6.7	6.7	6.3	6.2	6.7	6.5	6.5	58
Ontario	7.9	7.9	7.9	7.9	7.9	7.8	7.3	7.1	7.3	7.4	7.5	7
Prince Edward Island	6.2	6.2	6.2	6.2	6.2	6.2	5.8	5.4	5.9	5.9	5.9	65
Quebec	7.2	7.3	7.3	7.3	7.3	7.3	6.9	6.8	7.3	7.3	6.9	50
Saskatchewan	6.8	6.8	6.9	7.1	7.2	7.4	7.0	7.2	7.4	7.5	7.6	4
Average for Mexico	***6.5***	***6.4***	***6.6***	***6.4***	***6.5***	***5.5***	***5.1***	***5.0***	***5.2***	***5.3***	***5.1***	
Aguascalientes	6.9	6.5	6.9	7.0	7.0	6.1	5.4	5.6	4.7	5.6	5.4	71
Baja California	8.1	8.0	8.0	7.9	8.0	7.3	7.0	7.0	7.3	7.2	6.9	49
Baja California Sur	6.6	6.8	7.0	6.5	6.1	5.1	4.1	4.9	5.1	4.6	4.2	86
Campeche	4.0	4.6	4.1	4.5	5.3	4.0	4.4	4.0	4.2	4.2	4.2	89
Chiapas	7.4	7.3	7.2	7.1	7.4	6.4	5.8	5.0	5.1	6.7	7.0	34
Chihuahua	4.5	5.5	5.6	5.2	5.6	4.5	4.2	4.0	4.2	4.2	4.2	88
Coahuila de Zaragoza	4.6	4.9	5.5	4.3	4.8	4.2	3.9	3.9	4.2	4.2	4.2	90
Colima	7.0	7.3	7.2	7.3	7.9	6.7	5.6	5.4	5.3	5.5	5.2	74
Distrito Federal	6.2	6.2	6.1	6.0	6.2	5.9	5.5	5.4	5.7	5.3	5.3	73
Durango	6.1	5.3	6.0	5.2	5.4	4.1	3.9	3.9	4.1	4.1	4.1	91
Guanajuato	7.4	7.2	7.4	7.3	7.5	6.3	5.8	6.2	6.4	6.1	5.5	68
Guerrero	4.8	5.0	5.2	4.8	4.9	4.3	4.0	4.0	4.1	4.6	4.4	84
Hidalgo	5.3	4.8	5.0	4.8	4.8	4.2	3.9	3.9	4.2	4.2	4.2	87
Jalisco	7.9	7.5	7.9	7.7	7.9	7.0	6.6	6.7	6.9	7.0	6.9	44
México	8.1	8.0	8.1	7.8	7.8	6.9	6.7	6.8	7.1	6.7	6.4	60
Michoacán de Ocampo	6.7	6.7	7.4	7.0	6.8	5.7	5.0	4.9	5.0	5.2	4.8	80
Morelos	7.1	7.1	7.1	6.9	7.1	6.2	5.7	5.5	5.5	5.9	5.4	72
Nayarit	6.6	6.5	7.6	6.7	5.6	4.9	4.7	3.9	4.2	4.7	5.1	76
Nuevo León	7.8	8.0	8.0	7.9	8.1	7.3	6.9	7.1	7.3	7.0	6.3	62
Oaxaca	5.4	5.4	5.3	5.0	5.3	4.2	3.9	3.9	4.1	4.1	4.1	92
Puebla	6.7	7.1	7.7	7.0	6.5	5.9	5.7	5.7	5.8	5.5	5.1	77
Querétaro	6.8	7.3	7.4	7.3	7.5	6.5	6.0	6.6	7.1	6.9	6.3	63
Quintana Roo	7.4	7.2	7.4	7.3	7.2	6.5	6.3	6.0	5.9	6.3	5.8	66
San Luis Potosí	6.4	6.6	7.2	6.8	6.8	5.3	4.9	4.7	4.7	5.1	4.8	79
Sinaloa	7.0	6.8	6.9	6.7	7.1	5.9	4.8	5.0	5.2	5.5	5.4	70
Sonora	7.2	7.2	7.3	7.1	7.2	5.7	4.7	5.3	5.5	5.8	5.5	69
Tabasco	4.6	4.8	5.0	4.7	4.7	4.2	4.0	4.0	4.7	4.5	4.4	82
Tamaulipas	6.4	6.0	6.3	6.1	5.6	5.1	4.8	4.7	5.0	5.3	5.2	75
Tlaxcala	7.9	6.0	6.4	6.2	6.3	4.9	4.7	4.2	4.6	5.1	4.9	78
Veracruz de Ignacio …	5.6	5.6	5.9	5.6	5.6	5.1	4.8	4.6	5.0	4.7	4.5	81
Yucatán	6.3	6.6	6.4	6.2	6.6	5.1	4.7	4.5	4.6	4.9	4.4	83
Zacatecas	6.0	5.3	5.8	5.9	6.2	4.3	3.9	3.9	4.2	4.3	4.2	85
Avg. for United States	***7.7***	***7.4***	***7.4***	***7.4***	***7.4***	***7.4***	***6.7***	***6.6***	***6.7***	***7.1***	***7.1***	
Alabama	7.5	7.2	7.2	7.3	7.2	7.2	6.5	6.5	6.5	6.9	6.9	51
Alaska	6.3	5.5	5.7	5.8	6.0	6.1	4.8	5.2	5.3	5.7	5.6	67

Table 3.5 (cont'd): Scores for Area 1 (Government Spending) at the All-Government Level, 1985–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Arizona	7.8	7.5	7.6	7.7	7.6	7.5	6.8	6.7	6.8	7.1	7.1	27
Arkansas	7.6	7.4	7.4	7.5	7.5	7.4	6.8	6.6	6.4	6.8	6.8	53
California	7.8	7.4	7.4	7.5	7.5	7.3	6.6	6.7	6.6	7.1	7.0	37
Colorado	8.0	7.7	7.7	7.7	7.8	7.7	7.0	6.8	6.9	7.3	7.2	19
Connecticut	8.0	7.7	7.7	7.8	7.8	7.6	7.0	6.6	6.6	7.0	7.0	39
Delaware	8.0	7.7	7.7	7.7	7.7	7.6	7.0	6.9	6.8	7.0	7.0	33
Florida	8.0	7.8	7.7	7.8	7.8	7.8	7.1	7.0	7.0	7.4	7.5	8
Georgia	7.9	7.6	7.7	7.7	7.6	7.5	7.0	6.7	6.8	7.2	7.2	21
Hawaii	7.4	7.1	7.2	7.2	7.2	7.1	6.0	6.2	6.3	6.6	6.7	54
Idaho	7.7	7.5	7.5	7.6	7.6	7.5	6.7	6.7	6.7	7.2	7.2	18
Illinois	8.0	7.6	7.6	7.7	7.7	7.6	6.9	6.8	6.9	7.2	7.2	23
Indiana	7.9	7.7	7.6	7.7	7.6	7.5	6.9	6.8	6.9	7.3	7.3	16
Iowa	7.8	7.6	7.6	7.6	7.7	7.6	6.9	6.9	7.0	7.3	7.3	17
Kansas	7.8	7.6	7.6	7.6	7.6	7.6	6.7	6.8	7.0	7.3	7.4	9
Kentucky	7.6	7.2	7.2	7.2	7.3	6.8	6.3	6.0	6.1	6.5	6.5	57
Louisiana	7.5	7.1	7.0	6.0	7.0	7.0	6.4	6.3	6.5	7.0	6.9	43
Maine	7.5	7.2	7.2	7.3	7.3	7.3	6.7	6.6	6.6	7.1	7.2	20
Maryland	7.7	7.4	7.4	7.3	7.5	7.4	6.7	6.6	6.7	6.9	6.9	45
Massachusetts	7.9	7.5	7.6	7.7	7.6	7.4	6.7	6.7	6.8	7.1	7.1	28
Michigan	7.8	7.5	7.5	7.5	7.5	7.3	6.6	6.5	6.7	7.1	7.1	25
Minnesota	7.9	7.7	7.6	7.7	7.6	7.6	6.9	6.9	7.1	7.4	7.4	10
Mississippi	7.2	7.0	6.8	5.8	6.7	6.8	6.2	6.2	6.3	6.6	6.5	56
Missouri	7.7	7.5	7.4	7.5	7.4	7.3	6.7	6.6	6.7	7.0	7.1	31
Montana	7.4	7.1	7.1	7.2	7.3	7.2	6.5	6.4	6.5	6.9	6.9	46
Nebraska	7.8	7.7	7.7	7.7	7.7	7.6	7.1	7.1	7.3	7.6	7.5	5
Nevada	8.2	8.0	8.0	8.1	8.0	7.9	7.2	7.0	7.0	7.4	7.4	11
New Hampshire	8.2	8.0	8.0	8.1	8.0	7.9	7.4	7.3	7.4	7.8	7.8	2
New Jersey	8.1	7.7	7.7	7.8	7.8	7.7	7.1	6.9	7.0	7.3	7.4	13
New Mexico	6.9	6.5	6.6	6.7	6.7	6.6	5.8	5.7	5.8	6.3	6.3	61
New York	7.7	7.1	7.2	7.3	7.4	7.3	6.7	6.5	6.6	6.9	6.9	48
North Carolina	7.8	7.6	7.6	7.7	7.7	7.6	6.9	6.7	6.8	7.1	7.1	30
North Dakota	7.0	6.9	6.9	7.1	7.2	7.2	6.5	6.7	6.8	7.3	7.2	24
Ohio	7.8	7.2	7.3	7.3	7.1	7.2	6.5	6.4	6.5	7.0	7.0	38
Oklahoma	7.7	7.4	7.5	7.6	7.5	7.6	6.8	6.8	7.0	7.3	7.3	15
Oregon	7.8	7.2	7.3	7.5	7.4	7.3	6.6	6.4	6.5	6.9	6.9	42
Pennsylvania	7.8	7.4	7.4	7.5	7.4	7.4	6.8	6.6	6.6	7.0	7.0	32
Rhode Island	7.7	7.2	7.2	7.3	7.3	7.2	6.5	6.4	6.5	6.8	6.8	52
South Carolina	7.6	7.3	7.3	7.4	7.3	7.3	6.6	6.5	6.6	7.0	7.1	29
South Dakota	7.5	7.5	7.3	7.3	7.4	7.5	6.8	6.9	7.1	7.4	7.4	12
Tennessee	7.7	7.5	7.5	7.6	7.6	7.5	6.8	6.8	6.8	7.1	7.2	22
Texas	7.9	7.6	7.7	7.7	7.8	7.6	7.0	7.0	7.1	7.5	7.5	6
Utah	7.7	7.5	7.6	7.6	7.7	7.6	6.9	6.8	6.8	7.1	7.1	26
Vermont	7.6	7.4	7.4	7.4	7.4	7.3	6.6	6.5	6.7	7.0	6.9	41
Virginia	7.5	7.3	7.3	7.3	7.3	7.2	6.3	6.6	6.7	7.0	6.9	47
Washington	7.9	7.5	7.6	7.7	7.7	7.6	6.9	6.7	6.9	7.2	7.3	14
West Virginia	7.4	6.8	7.0	7.3	7.2	7.2	6.6	6.3	6.2	6.7	6.6	55
Wisconsin	7.9	7.5	7.5	7.6	7.6	7.5	6.6	6.6	6.7	7.1	7.0	35
Wyoming	7.4	7.1	7.1	7.2	7.2	7.2	6.4	6.4	6.5	6.9	7.0	40

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Table 3.6a: Scores for Area 1 (Government Spending) at the Subnational Level, Canada, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Average for Canada	*7.0*	*6.6*	*6.1*	*6.1*	*6.3*	*6.3*	*6.4*	*6.4*	*6.5*	*6.3*	*6.0*	*5.8*	*6.1*	*6.2*	*6.5*	*6.7*
Alberta	6.5	5.2	4.3	3.9	4.1	3.4	4.0	5.8	6.1	6.5	6.3	5.8	6.5	7.5	8.1	8.3
British Columbia	7.3	7.1	6.5	6.8	7.1	6.7	7.1	6.9	7.4	7.6	7.0	6.7	6.5	6.4	6.6	6.6
Manitoba	8.8	8.1	7.5	7.9	7.7	7.6	7.2	6.6	6.9	6.9	6.7	6.2	6.4	6.6	7.1	7.3
New Brunswick	7.2	6.4	6.4	6.5	6.7	6.7	6.8	6.4	7.0	6.6	6.4	6.7	7.0	7.2	7.4	7.4
Newfoundland & Lab.	5.5	4.9	3.1	4.4	4.7	5.1	5.2	5.5	5.1	4.3	4.6	4.8	5.1	4.6	4.9	4.6
Nova Scotia	7.0	6.8	7.1	7.1	7.3	7.7	8.0	7.5	7.4	7.6	7.0	7.0	7.0	7.2	7.5	8.0
Ontario	8.6	8.3	7.9	8.0	8.0	7.8	7.4	7.4	7.2	6.4	6.2	5.5	5.7	6.1	6.1	6.2
Prince Edward Island	7.2	7.9	8.0	7.6	7.5	7.8	7.1	7.0	6.5	6.4	6.8	6.6	6.7	6.9	7.1	7.4
Quebec	6.4	5.5	5.1	5.0	5.1	4.9	5.4	5.8	5.8	5.5	4.8	4.4	4.5	4.5	4.8	4.9
Saskatchewan	5.9	6.2	4.8	4.0	4.7	5.4	5.3	4.7	5.4	4.9	4.5	4.2	5.1	5.4	5.5	6.0

Table 3.6b: Scores for Area 1 (Government Spending) at the Subnational Level, Mexico, 2003–2013

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

Average for Mexico
Aguascalientes
Baja California
Baja California Sur
Campeche
Chiapas
Chihuahua
Coahuila de Zaragoza
Colima
Distrito Federal
Durango
Guanajuato
Guerrero
Hidalgo
Jalisco
México
Michoacán de Ocampo
Morelos
Nayarit
Nuevo León
Oaxaca
Puebla
Querétaro
Quintana Roo
San Luis Potosí
Sinaloa
Sonora
Tabasco
Tamaulipas
Tlaxcala
Veracruz de Ignacio de la Llave
Yucatán
Zacatecas

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 10
6.6	*6.7*	*6.7*	*6.7*	*6.3*	*6.4*	*6.4*	*6.7*	*6.6*	*6.6*	*6.7*	*6.7*	*6.3*	*6.0*	*6.2*	*6.3*	*6.4*	
8.5	8.6	8.5	7.4	5.9	6.7	7.5	8.3	8.4	8.2	8.9	8.7	8.3	8.6	8.7	9.0	9.1	1
5.4	6.1	6.2	6.2	6.0	6.1	6.4	6.8	7.1	7.5	7.7	7.3	7.0	6.9	7.1	6.9	7.3	3
7.2	7.2	6.6	6.9	6.9	7.0	6.7	6.8	6.6	6.9	7.0	6.9	6.5	6.3	6.3	5.8	6.5	5
6.8	6.7	6.7	7.0	6.6	6.6	6.6	6.5	6.4	6.3	6.4	6.2	5.9	5.6	5.6	6.0	5.9	8
4.8	5.5	5.5	6.1	6.1	6.3	6.1	6.2	5.8	4.9	5.6	5.9	5.5	4.5	4.8	5.0	5.7	9
7.8	7.7	7.6	8.0	7.9	7.9	8.0	7.7	6.9	6.7	6.5	6.4	6.3	6.0	6.6	6.2	6.1	6
7.1	7.2	7.5	7.5	7.2	7.1	6.7	7.0	7.0	7.1	7.0	6.6	6.3	5.5	5.5	5.7	6.0	7
7.2	7.4	7.4	6.6	6.6	7.2	7.1	7.5	7.3	7.1	6.6	6.9	6.8	6.2	6.5	6.5	6.6	4
5.3	5.2	5.3	5.5	5.0	5.0	4.7	4.8	4.7	4.5	4.5	4.5	3.8	3.6	4.3	4.6	2.9	10
6.5	5.9	5.8	5.7	5.1	3.7	4.3	4.9	5.6	6.4	6.9	7.2	6.7	7.1	7.0	7.4	7.7	2

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 32
8.0	*7.9*	*8.2*	*7.8*	*7.5*	*6.8*	*6.4*	*6.4*	*6.1*	*6.2*	*6.0*	
8.5	8.3	8.5	8.3	8.1	7.5	6.9	7.2	6.8	6.7	6.4	12T
9.5	9.4	9.4	9.2	9.2	8.9	8.8	8.7	8.7	8.6	8.4	2T
8.4	8.5	8.6	8.1	7.4	7.2	6.2	7.2	7.3	6.9	6.3	15T
5.7	6.7	6.1	6.2	6.3	4.6	5.7	5.4	5.3	4.7	4.7	27T
9.1	9.0	8.8	8.8	8.5	7.8	7.4	5.9	4.2	8.3	8.6	1
7.4	8.1	8.1	7.8	7.7	6.9	7.1	6.7	5.3	5.9	6.3	15T
5.6	6.2	6.7	5.6	3.6	3.2	2.6	2.9	2.0	1.5	0.6	32
8.4	8.7	8.6	8.7	8.9	8.1	7.1	7.0	6.5	6.4	5.9	20T
9.5	9.7	9.5	9.2	9.0	8.7	8.7	8.6	8.5	8.6	8.4	2T
7.7	7.1	7.8	7.5	7.2	6.1	4.7	5.5	5.6	5.8	5.4	24
8.8	8.6	8.9	8.7	8.7	7.5	7.3	7.6	7.4	7.4	6.8	8T
5.8	5.6	6.7	6.0	6.0	4.9	4.2	3.6	3.3	3.7	3.8	30
7.4	6.7	7.1	6.9	6.0	5.5	5.2	5.6	5.3	5.1	5.3	25
9.2	8.6	9.0	8.7	8.8	8.2	7.9	8.1	8.1	8.0	7.9	4
9.1	9.0	8.9	8.5	8.2	7.5	7.5	7.4	7.4	7.1	6.8	8T
8.0	8.0	8.7	8.3	7.6	7.0	6.5	6.3	5.9	6.3	5.9	20T
8.3	8.3	8.2	8.0	8.0	7.5	7.2	7.0	6.4	6.9	6.4	12T
7.8	7.5	8.7	7.8	6.4	6.0	6.1	5.7	5.2	4.8	5.8	22
9.1	9.2	9.2	8.9	9.0	8.6	8.4	8.4	8.1	7.9	6.8	8T
6.7	6.4	6.6	6.4	5.9	5.1	4.4	4.2	3.1	2.4	1.8	31
7.9	8.3	9.0	8.2	7.2	7.3	7.2	7.2	7.1	6.8	6.2	17
8.3	8.7	8.7	8.6	8.4	7.7	7.3	8.0	8.1	7.9	7.1	6
8.5	8.3	8.4	8.1	7.6	7.1	7.2	6.7	6.0	6.7	6.1	18
7.6	7.7	8.4	7.9	7.7	7.1	6.7	6.6	6.2	5.9	6.0	19
8.7	8.5	8.6	8.3	8.3	7.7	6.8	6.8	6.9	6.9	7.0	7
8.9	8.7	9.0	8.5	8.5	7.6	6.5	6.9	6.8	7.3	6.8	8T
4.6	5.2	5.7	4.9	4.6	3.8	3.6	4.7	5.1	4.8	5.2	26
8.5	8.3	8.6	8.2	7.6	7.4	6.5	7.2	7.6	7.8	7.6	5
9.1	7.1	7.5	7.1	7.0	5.6	5.4	4.7	4.5	4.3	4.2	29
8.0	7.9	8.4	7.9	7.6	6.8	6.3	5.9	6.3	5.5	5.5	23
8.5	8.7	8.5	8.1	8.2	7.4	6.9	6.9	6.5	6.8	6.4	12T
7.4	6.3	6.9	7.1	6.8	5.0	3.2	3.6	3.8	4.1	4.7	27T

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Table 3.6c: Scores for Area 1 (Government Spending) at the Subnational Level, United States, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Avg. for United States	*7.4*	*7.4*	*7.3*	*7.6*	*7.6*	*7.5*	*7.5*	*7.6*	*7.6*	*7.5*	*7.2*	*7.0*	*6.9*	*7.0*	*7.0*	*7.1*
Alabama	7.7	7.7	7.7	8.2	8.1	8.0	8.2	8.2	8.2	8.1	7.9	7.7	7.6	7.6	7.5	7.6
Alaska	4.8	5.6	5.3	5.0	4.9	4.3	3.2	3.1	4.1	4.2	3.5	3.3	2.9	2.8	2.6	2.3
Arizona	8.7	8.6	8.4	8.6	8.7	8.6	8.3	8.2	8.2	7.9	7.8	7.4	7.2	7.5	7.5	7.7
Arkansas	8.1	8.2	8.3	8.5	8.4	8.3	8.2	8.3	8.3	8.2	8.1	8.0	7.8	7.9	7.8	7.8
California	6.2	6.0	6.0	6.4	6.3	6.1	6.1	6.2	6.2	5.9	5.4	5.0	4.8	5.0	5.0	5.4
Colorado	8.1	7.9	7.9	7.9	8.0	7.8	8.2	8.0	7.9	7.8	7.8	7.8	7.7	7.9	7.6	7.7
Connecticut	7.8	7.9	7.7	8.0	8.2	8.2	8.3	8.3	8.2	7.6	7.1	6.9	6.8	6.6	6.7	7.3
Delaware	7.2	7.7	7.9	8.0	8.1	8.1	8.2	8.3	8.2	8.0	7.9	7.5	7.5	7.5	7.4	7.5
Florida	9.2	9.0	9.1	9.1	9.3	9.1	9.1	9.0	8.9	8.7	8.4	8.1	8.0	8.6	8.2	8.3
Georgia	8.3	8.1	8.1	8.3	8.5	8.5	8.4	8.4	8.3	8.2	8.0	7.9	7.9	7.9	7.8	7.5
Hawaii	6.4	6.4	6.7	7.1	6.3	7.4	7.7	7.8	7.8	7.7	7.7	7.1	6.6	6.3	5.9	5.8
Idaho	8.0	7.8	7.9	8.2	8.1	8.0	8.0	8.2	8.3	8.4	8.1	7.9	8.0	7.9	7.4	7.1
Illinois	6.5	6.6	6.4	7.1	7.1	7.0	7.0	7.4	7.6	7.6	7.3	7.3	7.3	7.3	7.1	7.4
Indiana	8.1	8.2	7.9	8.5	8.4	8.4	8.4	8.5	8.5	8.5	8.2	8.1	8.1	8.1	8.1	8.2
Iowa	7.5	7.4	7.1	7.5	7.5	7.4	7.6	7.6	7.7	7.7	7.5	7.4	7.2	7.4	7.3	7.6
Kansas	7.9	8.1	7.9	8.4	8.4	8.3	8.4	8.2	8.1	8.1	8.0	8.0	7.9	7.8	7.7	8.0
Kentucky	7.0	7.6	7.5	7.9	8.0	7.9	7.9	8.0	8.0	7.8	7.4	7.3	7.4	7.4	7.2	7.3
Louisiana	7.5	7.3	6.7	7.2	7.1	6.9	6.6	7.1	7.2	7.3	7.1	6.9	6.9	7.2	6.9	7.1
Maine	6.8	6.7	6.7	6.7	6.8	6.7	7.0	7.3	7.2	6.8	6.0	5.9	6.0	6.2	6.1	6.3
Maryland	7.6	7.8	7.7	8.0	8.0	8.1	8.2	8.2	8.1	7.9	7.7	7.6	7.6	7.5	7.6	7.8
Massachusetts	6.3	6.7	6.9	7.4	7.4	7.3	7.2	7.2	7.0	6.8	6.3	6.5	6.6	6.8	6.8	7.2
Michigan	4.9	4.9	4.3	5.1	5.7	5.5	5.5	5.7	6.0	5.6	5.7	6.0	6.1	6.5	6.6	6.9
Minnesota	6.8	6.7	6.7	7.0	6.7	6.6	6.6	6.6	6.8	6.7	6.3	5.7	5.8	6.0	6.1	6.4
Mississippi	7.4	7.4	7.4	7.7	7.7	7.5	7.5	7.4	7.5	7.7	7.7	7.6	7.6	7.5	7.6	7.5
Missouri	8.2	8.3	8.3	8.7	8.7	8.7	8.6	8.6	8.7	8.6	8.4	8.3	8.3	8.2	8.1	8.2
Montana	7.4	7.3	7.1	7.0	6.7	6.5	6.3	6.4	6.7	6.4	6.6	6.6	6.5	6.4	6.1	6.0
Nebraska	8.7	8.6	8.5	8.7	8.5	8.5	8.6	8.7	8.7	8.7	8.6	8.5	8.4	8.4	8.5	8.5
Nevada	8.1	8.0	7.8	8.3	8.2	8.0	8.1	8.2	8.3	8.2	7.4	7.5	7.6	8.0	8.0	8.3
New Hampshire	8.7	8.8	8.8	9.1	9.3	9.3	9.4	9.4	9.2	8.9	8.5	7.6	8.1	8.0	8.2	8.4
New Jersey	7.1	7.2	7.5	7.8	7.8	7.9	7.9	8.0	8.0	8.0	7.6	7.1	7.2	7.2	7.0	7.2
New Mexico	7.7	7.5	7.5	7.7	7.7	7.5	7.5	7.4	7.2	7.4	7.0	6.5	6.5	6.2	6.1	6.3
New York	5.2	5.3	5.3	5.5	5.3	5.5	5.5	5.9	6.1	6.0	5.3	4.8	4.6	4.6	4.6	5.0
North Carolina	7.9	8.0	8.1	8.4	8.5	8.3	8.3	8.3	8.3	8.1	7.7	7.6	7.5	7.5	7.4	7.6
North Dakota	7.9	7.9	7.7	7.7	7.6	7.4	7.4	7.1	7.2	7.2	7.3	7.1	6.7	7.2	7.2	7.5
Ohio	6.4	6.5	6.1	6.6	6.5	6.5	6.4	6.6	6.7	6.3	5.9	5.7	5.6	5.7	5.8	6.1
Oklahoma	8.1	8.2	7.9	8.2	8.2	7.9	7.6	7.6	7.7	7.6	7.5	7.2	7.2	7.2	7.2	7.5
Oregon	6.6	6.6	6.8	7.1	7.0	7.2	7.3	7.4	7.5	7.5	7.1	6.8	6.5	6.8	6.7	6.4
Pennsylvania	5.7	5.9	5.6	6.5	6.6	6.7	6.8	7.1	7.2	7.1	6.9	6.7	6.4	6.6	6.6	6.9
Rhode Island	5.9	5.7	5.9	6.5	6.7	6.7	6.7	6.9	7.0	6.5	5.6	4.8	5.2	5.2	5.4	5.7
South Carolina	8.0	7.9	8.1	8.5	8.3	8.2	8.3	8.4	8.3	8.1	7.8	7.5	7.5	7.3	7.3	7.4
South Dakota	7.6	8.3	8.4	8.5	8.6	8.4	8.5	8.4	8.5	8.6	8.6	8.5	8.4	8.3	8.3	8.5
Tennessee	8.3	8.5	8.4	8.8	8.7	8.6	8.5	8.5	8.6	8.5	8.3	8.2	8.1	8.1	8.0	8.1
Texas	9.2	9.2	8.9	9.0	8.9	8.6	8.4	8.5	8.4	8.4	8.2	8.0	7.8	7.8	7.8	7.9
Utah	7.5	7.7	7.4	8.0	8.0	7.8	7.6	7.8	7.7	7.6	7.5	7.4	7.5	7.6	7.7	7.7
Vermont	6.2	5.2	6.3	6.5	6.7	6.9	6.9	7.1	7.2	6.8	6.1	5.9	6.1	6.3	6.4	6.7
Virginia	8.5	8.5	8.5	8.8	8.8	8.8	8.7	8.8	8.8	8.7	8.2	8.1	8.1	8.1	8.0	7.7
Washington	7.1	7.0	7.0	6.9	6.8	6.8	6.8	7.0	7.3	6.8	6.4	6.4	6.2	6.7	5.9	6.4
West Virginia	6.7	7.0	6.2	6.5	6.5	6.2	5.9	6.4	6.5	6.4	6.2	5.9	5.4	5.8	5.7	6.0
Wisconsin	7.6	7.8	6.0	6.4	6.4	5.8	6.2	6.5	6.9	7.0	6.8	6.8	6.8	6.9	6.9	7.1
Wyoming	8.1	7.6	6.4	6.6	6.6	6.1	5.5	6.0	6.4	6.6	6.2	5.9	6.1	6.3	6.3	6.4

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 50
7.3	*7.5*	*7.5*	*7.5*	*8.4*	*7.1*	*8.3*	*7.0*	*7.2*	*7.3*	*7.3*	*7.1*	*6.6*	*6.2*	*6.4*	*6.7*	*6.8*	
7.6	6.8	6.6	6.6	7.2	6.0	7.0	6.1	7.6	7.5	7.3	7.3	6.8	6.5	6.6	6.8	6.8	24T
2.4	2.9	2.9	3.1	5.2	3.3	5.3	1.9	3.2	3.1	3.7	3.9	3.2	3.2	3.5	3.8	3.7	50
8.1	8.2	8.4	7.9	8.7	8.1	8.9	7.9	7.9	8.1	8.0	7.7	7.3	6.9	7.1	7.4	7.4	12T
7.9	8.1	8.0	7.9	8.4	7.3	8.2	7.3	7.6	7.5	7.5	7.4	7.1	6.4	6.2	6.6	6.6	29T
5.8	6.4	6.7	6.8	7.7	6.1	7.6	6.1	6.1	6.2	6.3	6.1	5.5	5.3	5.0	5.5	5.4	49
8.1	8.6	8.6	8.7	9.3	8.0	9.2	7.9	8.0	8.1	8.1	8.0	7.4	6.8	7.0	7.4	7.4	12T
7.5	7.5	7.7	8.0	8.8	7.7	8.9	7.7	7.9	8.1	8.1	7.9	7.3	6.9	7.0	7.2	7.2	16T
7.5	7.8	7.9	7.9	8.6	7.7	8.5	7.5	7.4	7.4	7.2	7.1	6.8	6.2	6.0	5.8	5.9	43
8.5	8.7	8.6	8.8	9.1	8.4	8.9	8.1	7.8	8.0	8.1	7.9	7.5	7.2	7.4	7.8	7.9	6
7.8	8.2	8.3	8.3	8.7	7.8	8.5	7.7	7.8	7.9	7.8	7.6	7.3	6.7	6.9	7.3	7.4	12T
6.2	6.4	6.5	6.7	7.9	6.7	8.1	7.1	7.3	7.4	7.4	7.1	6.9	6.6	6.8	7.0	7.1	20
7.5	7.7	7.8	7.9	8.6	7.4	8.4	7.4	7.7	7.7	7.8	7.5	6.8	6.6	6.7	7.3	7.5	8T
7.6	7.8	7.8	7.9	8.8	7.4	8.7	7.2	7.4	7.6	7.5	7.4	6.8	6.2	6.5	6.7	6.7	27T
8.5	8.7	8.5	8.6	8.9	8.1	8.7	8.0	7.7	7.7	7.6	7.6	7.1	6.6	6.9	7.2	7.3	15T
7.7	7.8	7.7	7.7	8.3	7.3	8.4	7.6	7.6	7.6	7.2	7.2	6.8	6.4	6.8	6.9	6.9	23
8.3	8.5	8.4	8.4	8.8	7.7	8.6	8.0	8.0	8.1	8.1	8.1	7.6	7.2	7.6	7.8	8.0	4T
7.3	7.6	7.5	7.6	8.4	7.0	8.1	6.6	6.6	6.5	6.4	6.3	5.7	5.2	5.5	5.7	5.8	44T
7.3	7.3	6.9	6.8	7.8	6.4	7.8	6.5	6.6	6.5	6.6	6.2	5.9	5.8	6.2	6.7	6.6	29T
6.3	6.7	6.8	6.7	7.6	6.6	7.5	6.5	6.5	6.5	6.5	6.5	6.3	6.1	6.1	6.6	7.0	21T
7.8	7.9	8.0	8.1	8.8	8.0	8.9	8.0	8.1	7.8	7.7	7.6	7.1	6.7	6.9	6.8	6.8	24T
7.5	7.8	8.0	8.2	9.1	7.7	8.9	7.4	7.7	7.9	7.8	7.5	7.1	6.6	6.8	7.1	7.2	16T
7.2	7.4	7.6	7.7	8.6	7.2	8.3	6.6	6.9	6.9	6.7	6.6	5.9	5.2	5.8	6.3	6.5	34
6.6	6.9	7.0	7.0	8.0	6.5	7.9	6.7	6.7	6.9	7.0	6.9	6.2	5.7	6.4	6.5	6.6	29T
7.3	7.6	7.4	7.3	8.1	6.9	8.0	6.8	6.9	6.8	6.6	6.8	6.3	6.0	6.1	6.2	6.2	40T
8.2	8.2	8.1	8.1	8.7	7.5	8.5	7.5	7.4	7.9	7.8	7.7	7.3	6.9	7.1	7.3	7.5	8T
6.7	7.1	7.1	7.1	8.1	6.8	8.1	6.9	7.0	7.0	7.0	7.0	6.6	6.1	6.4	6.8	6.7	27T
8.4	8.7	8.6	8.6	8.9	8.3	8.8	8.3	8.3	8.1	8.2	8.2	7.9	7.7	8.0	8.1	8.1	3
8.4	8.7	8.6	9.0	9.5	8.4	9.4	8.6	8.7	8.6	8.5	8.2	7.4	6.5	6.7	7.2	7.2	16T
8.6	8.7	8.8	9.0	9.3	8.6	9.1	8.5	8.5	8.6	8.6	8.4	8.0	7.6	7.9	8.2	8.3	1T
7.6	7.9	8.0	8.1	9.1	7.7	9.0	7.4	7.4	7.3	7.3	7.3	6.7	5.9	6.2	6.4	6.6	29T
6.3	6.3	6.2	6.3	7.3	5.9	7.0	5.6	6.4	6.3	6.2	6.2	5.7	5.1	5.3	5.7	5.7	46T
5.4	5.8	6.1	6.2	7.8	5.9	7.6	5.6	5.7	6.0	6.3	6.1	5.7	5.2	5.4	5.6	5.5	48
7.7	7.8	7.6	7.6	8.2	7.2	8.0	6.8	7.7	7.8	7.9	7.7	7.2	6.6	6.7	7.1	7.0	21T
7.0	7.4	7.3	7.4	8.4	7.5	8.4	7.4	7.4	7.6	7.5	7.2	6.8	6.7	6.9	7.6	7.2	16T
6.5	6.6	6.7	6.6	8.1	5.8	7.9	5.6	5.9	5.7	5.8	5.5	5.0	4.5	4.9	5.5	5.7	46T
7.7	7.9	7.9	8.2	8.9	7.6	8.7	7.7	7.8	7.9	7.7	7.9	7.2	7.0	7.4	7.6	7.6	7
6.3	6.5	6.6	6.5	8.1	6.0	8.1	5.9	6.3	6.6	6.5	6.5	5.7	4.8	5.2	5.7	5.8	44T
7.2	7.4	7.4	7.6	8.6	7.2	8.5	7.0	6.9	7.0	7.1	6.9	6.4	5.9	6.0	6.5	6.6	29T
6.0	6.5	6.3	6.4	7.7	5.9	7.6	5.8	5.8	6.5	6.5	6.3	5.9	5.5	5.8	5.9	6.2	40T
7.5	7.7	7.6	7.6	8.2	6.7	7.7	6.1	6.0	6.3	6.3	5.9	5.5	5.1	5.4	6.0	6.1	42
8.5	8.6	8.5	8.5	9.0	8.2	9.0	8.4	8.3	8.4	8.3	8.4	8.0	7.9	8.2	8.3	8.3	1T
8.1	8.4	8.4	8.4	8.8	7.9	8.6	7.9	7.3	7.4	7.3	7.3	6.9	7.1	7.0	7.2	7.5	8T
8.0	8.2	8.0	8.2	9.0	8.0	8.9	7.9	8.1	8.2	8.2	8.3	7.8	7.4	7.7	8.0	8.0	4T
7.7	7.9	7.0	7.1	7.9	7.0	7.9	6.9	7.0	7.2	7.4	7.2	6.5	5.8	5.9	6.2	6.3	35T
6.9	7.1	7.1	7.0	7.5	6.8	7.4	6.7	6.8	6.9	6.8	6.6	6.0	5.5	6.2	6.4	6.3	35T
8.1	8.2	8.2	8.2	8.9	8.4	8.8	7.9	8.0	8.0	8.0	7.9	7.5	7.3	7.6	7.6	7.5	8T
6.6	6.9	6.7	6.7	8.0	6.5	8.1	6.6	7.2	7.4	7.2	7.0	6.4	5.7	6.2	6.6	6.8	24T
6.3	6.5	6.6	6.6	8.0	5.0	7.8	5.9	6.8	7.3	6.9	7.1	6.6	6.0	6.0	6.4	6.3	35T
7.2	7.7	7.4	7.2	8.2	6.6	8.2	6.7	7.0	7.1	7.1	7.0	5.8	5.9	6.2	6.5	6.3	35T
6.9	7.1	7.1	7.3	8.3	6.9	8.1	6.7	6.9	7.2	7.0	7.0	5.9	5.5	5.9	6.3	6.3	35T

Table 3.7: Scores for Area 2 (Taxes) at the All-Government Level, 1985–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Average for Canada	***5.2***	***5.2***	***5.3***	***5.4***	***5.4***	***5.5***	***5.7***	***6.0***	***5.9***	***5.9***	***6.0***	
Alberta	5.9	5.9	6.0	6.1	6.0	6.1	6.3	6.5	6.7	6.6	6.8	19
British Columbia	5.7	5.6	5.7	5.8	5.7	5.9	6.1	6.4	6.3	6.4	6.4	43
Manitoba	5.1	5.1	5.2	5.3	5.3	5.5	5.6	5.8	5.7	5.8	5.8	52
New Brunswick	5.4	5.4	5.5	5.6	5.6	5.7	5.9	6.3	6.1	6.0	6.0	49
Newfoundland & Lab.	5.3	5.2	5.3	5.9	5.8	5.7	6.1	6.4	6.3	6.1	6.6	36
Nova Scotia	5.4	5.3	5.4	5.5	5.5	5.6	5.8	6.0	5.7	5.8	5.8	53
Ontario	4.9	4.9	4.9	5.0	5.0	5.2	5.5	5.8	5.5	5.5	5.4	60
Prince Edward Island	5.2	5.0	5.1	5.1	5.1	5.3	5.6	5.6	5.6	5.5	5.4	59
Quebec	4.5	4.5	4.6	4.7	4.7	4.9	5.1	5.0	4.8	4.8	4.8	79
Saskatchewan	4.9	4.9	4.9	5.0	5.1	5.3	5.5	6.3	6.2	6.5	6.6	38
Average for Mexico	***7.1***	***7.4***	***6.7***	***6.6***	***6.3***	***5.8***	***5.7***	***5.6***	***5.1***	***5.0***	***4.6***	
Aguascalientes	7.2	7.6	6.8	6.8	6.6	6.0	6.0	5.8	5.4	5.2	4.8	80
Baja California	7.0	7.3	6.6	6.5	6.3	5.7	5.8	5.8	5.4	5.2	4.8	77
Baja California Sur	7.2	7.5	6.7	6.5	5.9	5.4	5.7	5.8	5.4	5.1	4.5	85
Campeche	7.3	7.6	6.8	6.8	6.6	5.9	5.8	5.8	5.3	5.1	3.9	89
Chiapas	7.2	7.5	6.7	6.7	6.1	5.7	5.8	5.4	4.7	4.9	4.7	83
Chihuahua	5.1	5.4	4.6	4.7	4.4	4.1	4.1	3.9	3.5	3.2	3.1	90
Coahuila de Zaragoza	7.6	7.9	7.2	6.9	6.8	6.4	6.3	6.2	5.8	5.6	5.3	62
Colima	7.0	7.4	6.6	6.6	6.3	5.9	5.7	5.5	5.1	4.9	4.7	82
Distrito Federal	4.2	5.0	3.6	3.5	3.0	2.1	2.0	2.0	1.7	1.5	1.5	92
Durango	7.5	7.7	7.1	7.1	6.8	6.3	6.2	6.0	5.6	5.3	5.2	66
Guanajuato	7.4	7.7	6.9	6.9	6.6	6.2	4.0	3.9	3.3	5.4	5.0	72
Guerrero	7.5	7.8	7.1	7.1	6.8	6.4	4.8	4.5	3.7	5.6	5.2	64
Hidalgo	7.5	7.7	7.1	7.0	6.6	6.2	6.4	6.3	5.4	5.5	5.3	61
Jalisco	7.2	7.3	6.7	6.7	6.4	5.9	6.2	6.0	5.4	5.1	4.9	76
México	7.3	7.6	6.9	6.8	6.5	6.1	6.4	6.3	5.9	5.3	5.0	71
Michoacán de Ocampo	7.5	7.7	6.9	7.0	6.4	5.7	5.9	5.6	5.0	4.5	4.0	87
Morelos	7.4	7.6	6.9	6.9	6.6	6.2	6.1	6.0	5.5	5.5	4.9	75
Nayarit	7.5	7.7	7.2	7.0	6.5	6.2	6.3	6.1	5.7	5.5	5.2	65
Nuevo León	6.5	6.8	6.0	5.9	5.3	4.7	4.9	5.0	4.5	3.8	2.2	91
Oaxaca	7.7	7.9	7.2	7.2	7.0	6.6	6.6	6.5	5.9	5.7	5.5	58
Puebla	7.3	7.8	7.1	7.0	6.3	6.2	6.2	6.1	5.5	5.3	4.8	78
Querétaro	6.8	7.2	6.5	6.4	6.1	5.5	5.4	5.4	5.2	4.7	4.0	88
Quintana Roo	7.0	7.2	6.5	6.4	5.9	5.7	5.7	5.6	5.0	4.8	4.3	86
San Luis Potosí	7.5	7.8	7.1	7.1	6.7	6.2	6.2	6.1	5.5	5.1	4.9	74
Sinaloa	7.4	7.7	6.9	6.9	6.6	6.1	6.1	6.0	5.5	5.4	5.2	67
Sonora	7.3	7.5	6.9	6.9	6.5	6.0	5.9	5.9	5.4	5.3	5.0	70
Tabasco	7.4	7.8	7.1	7.1	6.7	6.2	6.1	5.9	5.6	5.3	4.8	81
Tamaulipas	6.2	6.6	6.0	5.8	5.6	4.9	5.1	5.3	4.9	4.8	4.6	84
Tlaxcala	7.7	7.8	7.1	7.2	6.9	6.5	6.5	6.4	5.9	5.7	5.5	57
Veracruz de Ignacio …	7.0	7.3	6.7	6.7	6.6	6.0	6.1	6.1	5.2	5.2	4.9	73
Yucatán	7.3	7.7	7.0	6.9	6.5	6.1	6.0	6.0	5.5	5.3	5.1	68
Zacatecas	7.6	7.8	6.9	7.1	6.9	6.2	6.1	6.1	5.5	5.2	5.0	69
Avg. for United States	***7.2***	***7.1***	***7.0***	***6.9***	***7.0***	***6.9***	***7.1***	***7.2***	***7.3***	***7.3***	***6.7***	
Alabama	7.9	7.8	7.7	7.6	7.7	7.6	7.8	7.9	7.9	7.9	7.3	2
Alaska	7.9	7.8	7.7	7.5	7.6	7.6	7.6	7.7	7.7	7.8	7.5	1

Table 3.7 (cont'd): Scores for Area 2 (Taxes) at the All-Government Level, 1985–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Arizona	7.4	7.3	7.3	7.2	7.2	7.1	7.4	7.4	7.4	7.5	7.0	10
Arkansas	6.8	6.8	6.5	6.4	6.5	6.4	6.6	6.4	6.8	7.0	6.4	44
California	7.1	7.0	6.7	6.5	6.6	6.5	6.8	6.9	6.9	7.1	6.2	46
Colorado	7.0	7.0	6.9	6.8	6.9	6.8	7.1	7.1	7.2	7.4	6.8	22
Connecticut	6.8	6.6	6.5	6.5	6.7	6.3	6.7	6.7	6.7	6.7	6.0	51
Delaware	6.6	6.6	6.3	5.7	5.9	5.8	6.1	6.4	5.8	5.8	5.2	63
Florida	7.5	7.4	7.3	7.1	7.1	7.0	7.4	7.5	7.6	7.7	7.0	14
Georgia	7.1	7.1	7.0	6.9	7.0	7.0	7.2	7.3	7.4	7.4	6.7	30
Hawaii	7.4	6.8	7.0	7.0	7.1	6.8	7.2	7.2	7.3	7.2	6.6	35
Idaho	7.1	7.1	7.0	7.0	7.1	7.0	7.4	7.5	7.6	7.4	7.0	13
Illinois	6.9	6.9	6.7	6.7	6.8	6.7	6.9	7.0	6.9	6.8	6.2	47
Indiana	7.4	7.3	7.0	7.1	7.3	7.1	7.1	7.1	7.3	7.1	6.6	37
Iowa	7.4	7.4	7.2	7.1	7.3	7.2	7.3	7.3	7.5	7.4	6.7	28
Kansas	7.1	6.9	6.8	6.9	6.9	6.9	7.0	7.1	7.3	7.2	6.7	32
Kentucky	7.5	7.4	7.3	7.2	7.3	7.2	7.4	7.4	7.4	7.4	6.8	21
Louisiana	7.5	7.4	7.1	7.0	7.0	7.0	7.0	7.2	7.2	7.4	6.7	34
Maine	7.1	7.0	6.9	6.9	7.0	6.9	7.1	7.2	7.2	7.2	6.7	26
Maryland	7.3	7.2	7.1	7.0	7.1	7.1	7.4	7.3	7.4	7.4	6.7	33
Massachusetts	7.0	6.8	6.8	6.8	6.9	6.7	6.9	6.9	6.9	6.9	6.3	45
Michigan	7.0	7.0	6.9	6.9	6.9	6.9	7.1	7.2	7.3	7.3	6.7	24
Minnesota	6.2	6.2	5.9	5.9	6.0	5.9	6.1	6.2	6.2	6.3	5.6	56
Mississippi	7.6	7.5	7.6	7.4	7.5	7.4	7.7	7.7	7.8	7.7	7.3	4
Missouri	7.2	7.2	7.1	7.1	7.1	7.1	7.2	7.3	7.3	7.4	6.7	27
Montana	7.4	7.4	7.4	7.3	7.4	7.3	7.5	7.6	7.7	7.7	7.1	7
Nebraska	7.1	6.9	6.7	6.7	6.9	6.8	7.1	7.0	7.2	7.2	6.5	40
Nevada	7.6	7.4	7.3	7.2	7.3	7.2	7.5	7.5	7.6	7.7	7.0	11
New Hampshire	7.6	7.6	7.4	7.4	7.5	7.2	7.5	7.5	7.7	7.7	7.0	9
New Jersey	6.5	6.4	6.2	6.2	6.3	6.0	6.3	6.5	6.5	6.5	5.7	55
New Mexico	7.6	7.7	7.6	7.5	7.5	7.3	7.6	7.8	7.7	7.8	7.3	3
New York	6.4	6.3	6.1	6.2	6.3	6.1	6.3	6.4	6.5	6.5	5.8	54
North Carolina	7.2	7.1	7.0	7.0	7.0	6.9	7.1	7.2	7.3	7.3	6.8	20
North Dakota	7.6	7.3	7.3	7.2	7.4	7.4	7.3	7.5	7.5	7.7	6.7	25
Ohio	6.6	6.5	6.3	6.7	6.6	6.4	6.5	6.5	6.6	6.7	6.0	50
Oklahoma	6.9	7.0	6.8	7.0	7.2	7.2	7.2	7.4	7.6	7.5	7.0	12
Oregon	7.3	7.2	7.2	7.1	7.2	6.9	7.2	7.1	7.2	7.4	6.7	29
Pennsylvania	7.2	7.0	6.9	6.9	7.0	6.8	7.1	7.2	7.2	7.2	6.6	39
Rhode Island	6.7	6.6	6.3	6.4	6.5	6.5	6.6	6.7	6.9	6.8	6.1	48
South Carolina	7.5	7.3	7.3	6.5	7.3	7.3	7.5	7.6	7.6	7.6	7.1	8
South Dakota	7.9	7.8	7.6	7.5	7.7	7.7	7.7	7.9	8.0	7.9	7.2	6
Tennessee	7.5	7.4	7.2	7.1	7.2	7.1	7.4	7.5	7.5	7.6	6.9	17
Texas	7.1	7.0	7.1	6.9	7.0	7.0	7.1	7.3	7.4	7.4	6.7	31
Utah	7.5	7.4	7.2	7.2	7.3	7.1	7.3	7.5	7.5	7.5	6.9	16
Vermont	7.1	7.0	6.8	6.7	6.8	6.9	7.0	7.0	7.1	7.1	6.5	42
Virginia	7.5	7.4	7.2	7.1	7.3	7.2	7.4	7.5	7.6	7.6	6.9	15
Washington	7.3	7.3	7.2	7.0	7.2	7.0	7.4	7.4	7.4	7.5	6.8	23
West Virginia	7.6	7.4	7.3	7.4	7.6	7.5	7.7	7.7	7.7	7.8	7.2	5
Wisconsin	7.0	6.9	6.8	6.8	6.9	6.7	6.9	6.9	7.0	7.0	6.5	41
Wyoming	7.4	7.4	7.4	7.2	7.1	7.1	7.0	7.3	7.6	7.5	6.9	18

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Table 3.8a: Scores for Area 2 (Taxes) at the Subnational Level, Canada, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Average for Canada	*5.7*	*6.0*	*5.5*	*5.5*	*5.6*	*5.6*	*5.3*	*5.3*	*5.4*	*5.3*	*5.2*	*5.2*	*5.0*	*4.6*	*4.7*	*4.5*
Alberta	7.0	7.1	6.7	6.4	7.0	7.3	6.0	6.3	6.4	6.3	6.3	6.7	6.5	6.2	6.2	5.9
British Columbia	5.2	5.5	5.0	5.3	5.4	5.6	5.7	5.8	6.0	6.1	6.0	5.6	5.3	4.7	4.9	4.7
Manitoba	5.6	5.6	4.8	5.2	5.2	5.0	4.6	4.5	4.7	4.9	4.9	4.9	4.8	4.4	4.5	4.4
New Brunswick	5.9	6.5	6.1	5.7	5.8	5.6	5.5	5.6	5.7	5.7	5.5	5.5	5.4	5.1	5.1	5.0
Newfoundland & Lab.	5.4	6.0	5.5	5.2	5.3	5.3	5.3	5.6	5.7	5.5	5.4	5.0	4.9	4.8	4.7	4.5
Nova Scotia	6.5	6.6	6.3	6.2	6.0	5.9	5.9	6.1	6.2	5.8	5.9	5.8	5.8	5.3	5.6	5.5
Ontario	5.9	6.1	5.9	5.7	5.7	5.4	5.2	5.0	5.0	4.5	4.7	4.6	4.4	3.8	3.8	3.6
Prince Edward Island	6.6	7.4	7.1	6.8	7.0	7.0	6.5	6.7	6.5	6.4	6.2	6.1	6.2	5.9	5.8	5.5
Quebec	3.6	2.9	2.8	3.0	2.9	3.2	3.1	3.0	3.4	3.4	3.2	3.0	3.1	2.8	2.6	2.7
Saskatchewan	5.4	6.0	5.1	5.8	5.8	5.9	5.0	4.6	4.6	4.7	4.4	4.3	3.7	3.4	3.7	3.3

Table 3.8b: Scores for Area 2 (Taxes) at the Subnational Level, Mexico, 2003–2013

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

Average for Mexico
Aguascalientes
Baja California
Baja California Sur
Campeche
Chiapas
Chihuahua
Coahuila de Zaragoza
Colima
Distrito Federal
Durango
Guanajuato
Guerrero
Hidalgo
Jalisco
México
Michoacán de Ocampo
Morelos
Nayarit
Nuevo León
Oaxaca
Puebla
Querétaro
Quintana Roo
San Luis Potosí
Sinaloa
Sonora
Tabasco
Tamaulipas
Tlaxcala
Veracruz de Ignacio de la Llave
Yucatán
Zacatecas

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 10
4.5	*4.6*	*4.6*	*4.7*	*5.0*	*5.0*	*4.9*	*4.8*	*4.7*	*4.9*	*4.9*	*5.1*	*5.1*	*5.6*	*5.4*	*5.2*	*5.4*	
5.9	6.3	6.3	6.0	6.9	6.8	6.9	6.8	6.8	6.8	6.7	6.8	6.8	7.1	7.4	7.2	7.5	1
4.7	4.8	4.7	5.0	5.8	6.2	6.1	6.0	6.0	6.0	6.1	6.3	6.3	6.7	6.7	6.5	6.6	2
4.0	4.1	4.1	4.3	4.7	4.5	4.5	4.6	4.6	4.7	4.7	4.8	4.8	5.1	5.1	5.1	5.1	6
5.3	5.4	5.3	5.3	5.6	5.5	5.4	5.3	5.2	5.3	5.3	5.3	5.4	6.1	5.8	5.5	5.5	5
4.8	4.9	4.8	5.0	5.1	5.0	4.8	4.5	4.5	5.4	5.0	5.2	5.6	6.3	6.0	5.8	6.5	3
5.5	5.5	5.4	5.3	5.4	5.2	4.9	5.0	5.0	5.0	5.1	5.1	5.1	5.3	4.7	4.8	4.7	8
3.8	4.1	4.1	4.5	4.6	4.6	4.7	4.5	4.3	4.4	4.5	4.6	4.8	5.2	5.0	4.5	4.5	9
5.6	5.5	5.4	5.4	5.5	5.4	5.2	5.1	5.0	5.0	5.1	5.3	5.2	5.2	5.2	5.0	4.9	7
2.5	2.1	2.0	2.3	2.7	2.9	2.8	2.7	2.7	2.5	2.7	3.0	3.0	2.8	2.6	2.4	2.4	10
3.1	3.4	3.5	3.5	3.9	3.8	3.8	3.8	3.4	3.6	4.1	4.3	4.3	5.7	5.6	5.8	6.0	4

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 32
8.5	*8.4*	*8.4*	*8.1*	*7.8*	*7.5*	*7.4*	*7.3*	*7.0*	*6.6*	*6.2*	
9.4	9.3	9.3	9.0	8.4	8.2	7.5	7.5	7.4	7.1	6.5	17T
8.1	7.9	7.8	7.6	7.4	7.1	7.3	7.3	7.3	6.8	6.4	19T
7.9	7.6	6.7	5.6	4.0	4.1	5.0	5.9	6.0	5.1	4.2	28
7.5	7.7	7.6	7.5	7.3	6.8	6.7	5.7	4.8	4.7	3.8	29
8.8	8.7	8.6	8.6	8.5	8.3	8.2	7.7	7.3	6.9	7.2	5T
9.2	9.4	8.8	8.6	8.3	8.1	8.0	6.4	5.9	5.9	5.8	26
8.9	8.9	9.1	8.8	8.5	8.2	7.8	7.5	7.4	7.7	6.9	9T
7.0	7.3	7.1	7.2	7.3	6.8	6.3	6.2	6.4	5.6	6.1	22T
5.0	5.8	5.1	4.8	4.4	4.2	4.3	3.4	3.0	1.3	1.4	32
8.9	8.7	8.9	8.3	8.1	7.8	7.5	7.7	6.8	5.8	6.3	21
9.4	9.2	8.4	8.1	8.0	7.6	7.4	7.5	7.5	7.7	6.9	9T
8.3	8.5	8.4	8.1	7.8	7.6	7.1	6.9	6.8	7.2	6.9	9T
9.0	8.6	8.8	8.5	8.4	7.6	7.5	7.3	7.6	7.3	7.3	4
8.1	7.6	8.0	7.9	7.8	7.7	7.6	7.5	7.3	7.2	6.9	9T
8.3	8.2	8.5	8.1	7.4	7.2	7.2	7.2	7.2	6.2	6.0	24
9.1	9.1	9.2	9.0	8.8	8.7	8.4	8.4	8.1	7.7	7.2	5T
9.0	8.8	8.7	8.5	8.2	7.7	7.6	7.5	7.2	8.4	7.0	7T
8.8	8.3	8.9	8.3	7.0	7.2	7.7	7.2	7.0	7.3	6.1	22T
7.3	7.5	7.4	7.3	7.2	6.9	7.1	7.1	6.3	6.0	4.6	27
9.6	9.6	9.5	9.5	9.5	9.3	9.2	9.3	8.8	8.2	7.7	3
9.0	9.2	9.4	8.8	8.3	8.5	8.4	8.4	7.4	6.8	6.9	9T
8.2	8.3	7.3	6.5	6.3	5.9	5.5	5.4	5.9	4.8	3.4	31
6.9	6.4	6.4	5.8	4.7	5.4	5.2	5.1	5.1	4.1	3.5	30
9.4	9.1	9.3	9.2	8.9	8.4	8.5	8.3	8.2	7.5	6.7	15T
8.7	8.7	8.5	8.4	8.2	7.6	7.6	7.5	6.6	6.8	6.5	17T
8.4	8.3	8.4	8.2	7.9	7.4	7.4	7.6	7.1	7.1	6.4	19T
9.1	9.3	9.4	9.1	9.0	8.9	8.7	7.9	6.5	6.3	5.9	25
8.1	8.4	8.4	8.2	8.0	7.7	7.9	7.9	7.9	7.7	7.0	7T
9.6	9.1	9.2	9.1	9.3	9.1	9.2	9.2	8.6	8.9	8.8	1
8.8	8.5	8.8	8.5	8.5	8.4	8.2	8.3	7.8	7.0	6.9	9T
8.8	9.0	8.9	8.6	8.6	8.3	8.0	7.5	6.8	6.5	6.7	15T
9.1	8.8	8.8	8.9	8.9	8.5	8.2	8.3	8.2	7.8	7.8	2

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Table 3.8c: Scores for Area 2 (Taxes) at the Subnational Level, United States, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Avg. for United States	*6.6*	*6.5*	*6.5*	*6.4*	*6.4*	*6.4*	*6.4*	*6.4*	*6.5*	*6.5*	*6.4*	*6.4*	*6.3*	*6.4*	*6.3*	*6.4*
Alabama	7.3	7.4	7.3	7.3	7.2	7.3	7.1	7.2	7.2	7.2	7.3	7.3	7.1	7.2	7.2	7.2
Alaska	5.5	4.9	5.7	5.9	6.2	6.4	7.4	7.1	6.9	7.0	6.8	7.3	6.4	7.9	7.2	7.7
Arizona	7.1	7.0	7.0	6.8	6.6	6.5	6.2	6.2	6.1	6.1	5.9	6.0	6.1	6.2	6.2	6.5
Arkansas	6.9	6.9	6.7	6.7	6.5	6.5	6.5	6.5	6.5	6.6	6.6	6.4	6.2	6.2	6.1	6.1
California	5.4	5.4	5.6	5.4	5.3	5.3	5.4	5.5	5.6	5.6	5.3	5.2	5.2	5.3	5.3	5.4
Colorado	7.6	7.2	7.1	6.9	6.8	6.8	6.4	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.6	6.6
Connecticut	7.8	7.7	7.6	7.6	7.5	7.5	7.4	7.6	7.6	7.4	7.1	6.2	6.2	6.5	6.1	6.2
Delaware	5.5	5.4	5.4	5.4	6.0	5.9	6.3	6.4	6.4	6.5	6.6	6.2	6.4	6.3	6.1	6.3
Florida	8.2	8.1	8.1	8.0	7.9	7.8	7.8	7.7	7.7	7.6	7.5	7.5	7.3	7.3	7.3	7.4
Georgia	6.6	6.6	6.6	6.6	6.5	6.5	6.4	6.4	6.3	6.2	6.3	6.4	6.3	6.3	6.3	6.3
Hawaii	5.0	5.1	5.3	5.3	5.2	5.2	5.1	4.8	5.0	5.1	4.8	5.0	4.9	4.6	4.8	4.4
Idaho	6.4	6.3	6.3	6.2	6.1	6.1	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.7	5.6	5.6
Illinois	7.0	7.1	6.9	7.1	7.2	7.1	7.1	7.2	7.1	7.0	6.8	6.9	6.8	6.7	6.7	6.8
Indiana	7.6	7.6	7.3	7.1	7.0	7.1	7.1	7.0	6.9	7.1	6.9	6.9	7.0	6.9	6.8	7.0
Iowa	7.2	6.4	6.4	6.6	6.6	6.5	6.3	6.1	6.2	6.2	6.2	6.2	5.9	6.1	6.0	6.3
Kansas	6.4	6.5	6.2	6.1	6.0	6.1	5.9	5.7	6.6	6.6	6.7	6.7	6.0	5.8	6.0	6.1
Kentucky	6.5	6.5	6.3	6.7	6.5	6.3	6.2	6.4	6.3	6.3	6.0	6.1	6.1	6.0	5.8	5.9
Louisiana	7.5	6.9	6.7	6.8	6.4	6.5	6.5	6.9	6.2	6.3	6.3	7.0	7.0	7.2	7.1	7.0
Maine	5.9	5.9	5.7	5.6	5.6	5.6	5.5	5.4	5.6	5.7	5.6	5.4	5.3	5.5	5.5	5.5
Maryland	6.8	6.8	6.8	6.7	6.7	6.7	6.6	6.5	6.6	6.6	6.7	6.7	6.4	6.4	6.4	6.5
Massachusetts	6.4	6.5	6.6	6.7	6.6	6.4	6.5	6.6	6.6	6.6	6.5	6.3	6.3	6.4	6.3	6.3
Michigan	5.6	5.9	5.6	5.7	6.2	6.0	6.1	6.2	6.3	6.3	6.3	6.3	6.1	6.3	6.4	6.4
Minnesota	4.5	4.5	5.4	5.4	5.2	5.6	5.2	4.9	5.4	5.4	5.5	5.5	5.3	5.4	5.2	5.3
Mississippi	7.0	6.9	6.7	6.6	6.5	6.5	6.6	6.6	6.6	6.6	6.6	6.7	6.4	6.3	6.2	6.2
Missouri	7.8	7.5	7.4	7.4	7.4	7.3	7.2	7.1	7.2	7.2	7.2	7.2	7.1	7.1	6.8	6.9
Montana	7.1	6.7	6.8	6.6	6.3	6.6	6.4	5.7	6.0	5.9	6.4	5.9	6.3	6.2	6.2	6.4
Nebraska	6.3	6.7	6.4	6.4	6.6	6.4	6.9	6.9	6.8	6.9	6.4	6.5	6.3	6.2	6.2	6.3
Nevada	7.2	6.9	7.0	6.8	6.8	6.7	6.8	6.9	6.8	6.7	6.8	6.9	6.6	6.7	6.5	6.6
New Hampshire	8.7	8.5	8.6	8.5	8.6	8.7	8.5	8.6	8.5	8.4	8.2	7.7	6.9	8.1	8.1	8.3
New Jersey	7.1	7.2	7.0	6.9	6.9	6.9	6.7	6.9	6.8	6.9	6.1	6.0	6.1	6.1	6.1	6.1
New Mexico	6.3	6.4	6.5	6.2	6.2	6.3	6.0	6.0	6.0	5.8	5.8	5.8	5.7	5.6	5.6	5.6
New York	3.7	3.6	3.6	3.6	3.5	3.4	4.4	4.5	4.7	4.7	4.7	4.5	4.4	4.4	4.5	5.0
North Carolina	6.7	6.6	6.7	6.6	6.4	6.5	6.3	6.4	6.4	6.4	6.4	6.2	6.1	6.1	6.2	6.3
North Dakota	7.6	7.2	6.3	5.9	5.9	6.2	5.9	5.1	5.5	5.7	5.4	5.7	6.7	6.7	6.3	6.6
Ohio	6.9	6.8	6.3	6.6	5.8	5.8	6.1	6.3	6.2	6.2	6.0	6.0	5.7	5.7	5.5	5.5
Oklahoma	6.9	6.6	6.7	6.7	6.5	6.5	6.7	6.2	6.3	6.3	6.3	6.5	6.3	6.3	6.2	6.3
Oregon	5.5	5.7	5.3	5.3	5.4	5.6	5.1	5.7	5.5	5.6	5.6	6.1	6.3	6.4	6.6	6.7
Pennsylvania	6.9	7.0	6.8	6.9	7.0	7.0	7.0	7.1	7.1	7.2	7.0	6.6	6.7	6.7	6.7	6.9
Rhode Island	5.3	5.5	5.0	5.0	5.7	5.6	5.6	6.3	6.5	6.4	5.9	5.6	5.3	5.2	5.2	5.3
South Carolina	6.6	6.5	6.5	6.5	6.3	6.3	6.2	6.2	6.2	6.2	6.4	6.5	6.3	6.4	6.4	6.4
South Dakota	7.8	7.7	7.8	7.9	7.8	7.7	7.7	7.5	7.7	7.8	7.8	7.9	7.8	7.8	7.6	7.8
Tennessee	7.8	7.8	7.8	7.8	7.6	7.6	7.6	7.7	7.7	7.7	7.8	7.7	6.6	7.6	7.7	7.7
Texas	8.2	8.1	8.1	8.1	7.9	7.8	7.6	7.5	7.5	7.6	7.5	7.5	7.4	7.4	7.5	7.6
Utah	6.8	6.4	6.5	6.3	6.1	6.3	6.0	5.9	6.0	6.0	6.1	6.1	6.0	6.3	6.2	6.3
Vermont	5.1	5.6	5.4	5.4	5.3	5.3	5.3	6.1	6.4	6.3	5.8	5.7	5.8	5.6	5.8	5.8
Virginia	7.2	7.2	7.1	7.1	7.0	7.0	6.9	6.9	6.8	6.9	6.9	7.0	6.9	6.9	6.8	6.9
Washington	7.4	7.1	6.9	6.7	6.8	6.6	6.5	6.6	6.7	6.6	6.6	6.5	6.5	6.4	6.3	6.5
West Virginia	5.0	4.6	4.6	4.4	4.5	4.9	5.7	6.5	6.1	5.9	5.6	5.9	5.7	5.8	5.6	5.7
Wisconsin	5.6	5.3	5.2	5.1	5.2	5.2	5.5	5.5	5.6	5.7	5.6	5.7	5.5	5.5	5.4	5.5
Wyoming	7.2	5.9	5.8	5.8	5.9	5.8	6.4	6.9	7.3	7.4	7.6	7.6	7.7	7.6	7.8	7.6

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 50
6.4	*6.5*	*6.5*	*6.6*	*6.7*	*6.7*	*6.6*	*6.6*	*6.5*	*6.5*	*6.5*	*6.5*	*6.6*	*6.8*	*6.8*	*6.8*	*6.7*	
7.2	7.3	7.2	7.2	7.3	7.3	7.3	7.4	7.2	7.2	7.1	7.1	7.3	7.3	7.3	7.3	7.3	8T
7.8	8.1	8.2	7.8	8.1	8.4	8.2	8.0	7.8	7.4	7.6	7.6	7.9	7.9	7.9	8.0	8.4	1
6.7	6.9	6.8	6.8	6.8	6.8	6.7	6.8	6.8	6.6	6.4	6.5	6.9	7.1	7.0	7.0	7.0	16
6.0	6.1	6.1	6.2	6.2	6.1	6.1	6.1	5.8	5.7	5.8	5.9	6.0	6.1	6.1	5.9	5.8	44T
5.4	5.5	5.6	5.4	5.5	5.5	5.4	5.3	5.4	5.2	5.3	5.0	5.4	5.4	5.6	5.9	5.0	48
6.6	6.9	6.8	6.9	6.9	6.8	6.8	6.8	6.8	6.8	6.7	6.7	6.7	6.7	6.7	7.0	6.8	19T
5.9	6.1	6.2	6.3	6.6	6.6	6.4	6.4	6.3	6.4	6.4	6.1	6.4	6.5	6.4	6.1	6.0	41T
6.3	6.3	6.4	6.9	7.0	7.1	7.0	7.1	7.0	6.8	6.9	6.7	6.8	6.9	6.6	6.6	6.7	22T
7.4	7.5	7.5	7.6	7.7	7.8	7.6	7.6	7.5	7.3	7.1	7.2	7.5	7.8	7.9	8.0	7.8	7
6.3	6.4	6.3	6.3	6.4	6.5	6.5	6.5	6.5	6.3	6.3	6.3	6.5	6.7	6.8	6.7	6.6	24T
4.6	4.6	5.1	5.2	5.2	5.3	5.2	5.3	5.1	4.9	4.9	4.8	5.2	5.1	5.2	4.8	4.5	50
5.5	5.8	5.8	5.8	6.0	6.1	6.0	6.0	5.9	6.0	5.9	5.8	6.2	6.4	6.3	6.6	6.6	24T
6.9	7.0	6.9	6.9	7.0	7.0	6.9	6.9	6.7	6.7	6.7	6.7	6.8	6.9	6.5	6.2	6.1	40
6.7	7.0	7.0	7.0	7.1	7.1	6.9	6.9	6.5	6.6	6.8	6.7	6.5	6.7	6.8	6.8	6.6	24T
6.4	6.7	6.7	6.7	6.7	6.8	6.7	6.9	6.7	6.7	6.7	6.7	6.7	6.7	6.8	6.7	6.6	24T
6.1	6.2	6.4	6.4	6.5	6.4	6.2	6.1	6.2	6.2	6.1	6.2	6.2	6.3	6.4	6.3	6.6	24T
5.9	6.0	6.0	6.2	6.2	6.2	6.2	6.3	6.3	6.2	6.3	6.3	6.4	6.5	6.5	6.5	6.4	37
6.7	6.8	6.6	6.8	6.8	6.7	6.6	6.6	6.5	6.3	6.3	6.5	6.5	6.9	7.0	7.1	7.1	14T
5.4	5.2	5.3	5.4	5.5	5.5	5.5	5.6	5.4	5.4	5.5	5.5	5.7	6.2	5.6	5.7	5.7	46T
6.6	6.6	6.7	6.7	6.7	6.7	6.7	6.8	6.7	6.6	6.9	6.7	6.7	6.7	7.0	6.9	6.8	19T
6.3	6.4	6.6	6.7	6.8	6.8	6.7	6.6	6.6	6.6	6.6	6.5	6.7	6.7	6.6	6.7	6.6	24T
6.4	6.6	6.5	6.6	6.7	6.7	6.7	6.6	6.6	6.5	6.6	6.5	6.7	6.8	6.9	7.0	6.9	17T
5.3	5.5	5.5	5.6	5.8	5.8	5.9	5.9	5.8	5.7	5.7	5.8	5.8	5.9	5.8	5.8	5.7	46T
6.3	6.3	6.2	6.2	6.4	6.4	6.4	6.5	6.5	6.4	6.3	6.3	6.6	6.7	6.7	6.6	6.5	34T
6.8	6.9	6.8	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.2	7.3	7.3	7.3	7.3	8T
6.4	6.5	6.6	6.6	6.8	6.8	6.8	6.8	7.0	7.0	6.9	7.0	7.1	7.4	7.4	7.4	7.2	10T
6.2	6.4	6.5	6.4	6.4	6.4	6.3	6.2	6.1	6.1	6.2	6.3	6.4	6.5	6.6	6.6	6.5	34T
6.7	7.1	7.0	7.2	7.2	7.2	7.1	7.2	7.1	7.1	7.0	7.0	7.3	7.3	7.3	7.3	7.2	10T
8.4	8.4	8.4	8.5	8.5	8.4	8.3	8.3	8.2	8.3	8.3	8.2	8.2	8.2	8.2	8.4	8.3	2
6.4	6.4	6.4	6.6	6.6	6.5	6.3	6.2	6.0	6.0	5.9	5.5	5.4	6.0	6.0	6.1	5.9	43
5.5	5.4	5.6	5.7	6.0	6.1	6.0	6.3	6.5	6.3	6.2	6.1	6.7	6.9	6.6	6.7	6.6	24T
5.1	5.2	5.3	5.3	5.4	5.3	5.1	5.1	4.9	4.8	4.7	4.7	4.8	4.9	4.9	4.9	4.8	49
6.3	6.3	6.3	6.3	6.5	6.5	6.4	6.4	6.3	6.2	6.2	6.1	6.3	6.3	6.3	6.5	6.3	38T
6.3	6.5	6.4	6.6	6.7	6.9	7.0	6.9	6.9	6.8	6.9	7.0	6.8	7.4	7.0	7.3	6.8	19T
6.1	6.2	6.1	6.2	5.9	5.9	5.8	5.7	5.9	5.9	5.9	6.2	6.4	6.6	6.7	6.7	6.6	24T
6.3	6.4	6.3	6.5	6.6	6.5	6.5	6.6	6.6	6.6	6.8	7.0	6.9	7.2	7.3	7.1	7.1	14T
6.5	6.7	6.7	6.5	6.6	6.8	6.6	6.4	6.7	6.6	6.6	6.7	6.9	6.8	6.8	6.7	6.9	17T
6.7	7.0	7.0	7.1	7.2	7.3	7.1	6.8	6.7	6.7	6.7	6.7	6.8	6.8	6.8	6.9	6.6	24T
5.2	5.4	5.6	5.7	5.7	5.8	5.9	5.6	5.4	5.5	5.6	5.6	5.7	5.8	6.5	6.5	6.5	34T
6.4	6.4	6.4	6.5	6.5	6.6	6.4	6.4	6.4	6.5	6.4	6.7	6.8	6.8	6.8	6.9	6.7	22T
7.8	7.8	7.9	7.9	7.9	7.9	8.0	8.0	7.9	7.8	7.9	8.1	8.0	8.1	8.3	8.2	8.2	3
7.7	7.9	7.9	7.9	8.0	8.0	7.9	7.8	7.8	7.7	7.6	7.7	7.8	7.9	7.9	7.9	7.9	4T
7.7	7.7	7.7	7.8	7.8	7.7	7.6	7.6	7.8	7.8	7.7	7.9	7.7	7.8	8.0	8.0	7.9	4T
6.3	6.3	6.3	6.3	6.6	6.7	6.3	6.4	6.3	6.3	6.5	6.3	6.5	6.8	6.7	6.7	6.6	24T
5.8	5.9	5.9	6.0	6.1	6.1	6.0	5.9	5.6	5.6	5.5	5.7	5.7	5.9	5.9	5.9	5.8	44T
6.9	6.9	6.9	6.9	7.0	7.0	7.0	7.0	6.9	6.8	6.7	6.8	7.1	7.2	7.3	7.3	7.2	10T
6.7	6.9	6.9	7.0	7.0	7.0	7.0	7.1	7.0	6.9	7.0	7.0	7.1	7.2	7.2	7.3	7.2	10T
5.4	5.5	5.2	5.4	5.5	5.5	5.5	5.5	5.1	5.7	5.9	6.0	6.2	6.3	6.3	6.3	6.3	38T
5.6	5.6	5.6	5.9	6.1	6.2	6.2	6.3	6.1	6.2	6.2	6.0	6.1	6.0	6.1	6.1	6.0	41T
7.7	7.7	7.8	7.9	7.7	7.5	7.7	7.8	7.4	7.4	7.0	6.8	6.5	7.0	7.4	7.3	7.9	4T

Table 3.9: Scores for Area 3 (Labor Market Freedom) at the All-Government Level, 1985–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Average for Canada	***8.0***	***8.3***	***8.3***	***8.1***	***8.1***	***8.1***	***8.0***	***7.9***	***7.8***	***7.9***	***7.9***	
Alberta	8.1	8.5	8.5	8.2	8.3	8.2	8.2	8.0	8.0	8.0	8.1	26
British Columbia	7.9	8.3	8.3	8.1	8.1	8.1	8.1	7.9	7.9	7.9	7.9	53
Manitoba	7.9	8.3	8.2	8.0	8.0	8.0	7.9	7.8	7.7	7.8	7.8	58
New Brunswick	8.0	8.4	8.3	8.1	8.1	8.1	8.0	7.9	7.8	7.9	7.9	55
Newfoundland & Lab.	7.9	8.3	8.2	8.0	8.0	8.0	7.9	7.7	7.7	7.8	7.8	60
Nova Scotia	8.0	8.4	8.3	8.1	8.1	8.1	8.0	7.9	7.8	7.8	7.9	56
Ontario	8.0	8.4	8.3	8.1	8.2	8.1	8.1	7.9	7.9	7.9	7.9	52
Prince Edward Island	8.0	8.3	8.3	8.0	8.1	8.0	8.0	7.8	7.8	7.8	7.8	57
Quebec	7.9	8.3	8.2	8.0	8.0	8.0	8.0	7.8	7.7	7.8	7.8	59
Saskatchewan	7.9	8.3	8.2	8.0	8.0	8.0	8.0	7.8	7.8	7.9	7.9	54
Average for Mexico	***7.0***	***7.0***	***6.9***	***7.0***	***6.8***	***6.8***	***6.8***	***6.9***	***7.0***	***7.2***	***7.2***	
Aguascalientes	7.1	7.0	7.0	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	67
Baja California	7.2	7.2	7.0	7.1	6.9	6.9	7.0	7.0	7.1	7.3	7.3	61
Baja California Sur	7.1	7.1	7.0	7.0	6.9	6.9	6.9	6.9	7.0	7.2	7.3	64
Campeche	7.0	7.1	6.9	7.0	6.8	6.8	6.9	6.9	7.0	7.2	7.3	73
Chiapas	7.0	7.0	6.9	7.0	6.8	6.8	6.9	6.9	6.9	7.2	7.3	74
Chihuahua	7.0	7.1	7.0	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	72
Coahuila de Zaragoza	6.9	6.9	6.9	6.8	6.7	6.6	6.7	6.7	6.8	7.0	7.0	92
Colima	7.1	7.1	7.0	7.0	6.9	6.9	6.9	6.9	7.0	7.3	7.2	79
Distrito Federal	7.1	7.1	7.0	7.0	6.9	6.8	6.9	7.0	7.0	7.3	7.3	69
Durango	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.8	6.9	7.2	7.2	81
Guanajuato	7.0	7.0	6.9	7.0	6.8	6.8	6.9	6.9	7.0	7.2	7.3	75
Guerrero	6.9	6.9	6.8	6.8	6.7	6.7	6.7	6.8	6.8	7.1	7.1	90
Hidalgo	7.0	6.9	6.9	6.9	6.8	6.7	6.8	6.8	6.9	7.2	7.2	84
Jalisco	7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	7.3	65
México	7.1	7.1	6.9	7.0	6.8	6.8	6.9	6.9	7.0	7.3	7.2	77
Michoacán de Ocampo	7.0	7.0	7.0	7.0	6.8	6.8	6.8	6.9	6.9	7.2	7.2	85
Morelos	7.1	7.1	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	76
Nayarit	7.0	7.0	7.0	7.0	6.8	6.8	6.8	6.9	7.0	7.2	7.2	80
Nuevo León	7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.1	7.3	7.3	63
Oaxaca	6.9	6.9	6.8	6.9	6.8	6.7	6.8	6.8	6.9	7.1	7.0	91
Puebla	7.0	7.0	7.0	6.9	6.8	6.8	6.8	6.9	6.9	7.2	7.2	82
Querétaro	7.0	7.1	7.0	7.0	6.9	6.8	6.9	7.0	7.1	7.3	7.3	71
Quintana Roo	7.1	7.1	7.0	7.0	6.9	6.9	6.9	7.0	7.0	7.3	7.3	62
San Luis Potosí	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.9	6.9	7.2	7.2	86
Sinaloa	7.1	7.1	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.3	7.3	68
Sonora	7.1	7.1	7.0	7.0	6.9	6.8	6.9	6.9	7.0	7.3	7.3	66
Tabasco	6.9	7.0	6.9	6.9	6.8	6.7	6.8	6.9	7.0	7.2	7.2	83
Tamaulipas	7.0	7.0	6.9	6.9	6.8	6.7	6.8	6.9	6.9	7.2	7.2	78
Tlaxcala	7.1	6.9	6.8	6.9	6.8	6.7	6.8	6.8	6.9	7.1	7.2	89
Veracruz de Ignacio …	7.0	7.0	6.9	6.9	6.8	6.8	6.8	6.9	6.9	7.2	7.2	87
Yucatán	7.0	7.1	6.9	7.0	6.9	6.8	6.9	6.9	7.0	7.2	7.3	70
Zacatecas	7.0	6.9	6.9	6.9	6.8	6.7	6.7	6.8	6.9	7.1	7.2	88
Avg. for United States	***8.3***	***8.5***	***8.4***	***8.2***	***8.3***	***8.1***	***7.6***	***7.6***	***7.7***	***7.8***	***8.1***	
Alabama	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.0	41
Alaska	8.1	8.4	8.3	8.1	8.2	8.0	7.5	7.5	7.6	7.7	8.0	51

Table 3.9 (cont'd): Scores for Area 3 (Labor Market Freedom) at the All-Government Level, 1985–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 92
Arizona	8.3	8.6	8.5	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	28
Arkansas	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	12
California	8.2	8.5	8.4	8.2	8.3	8.0	7.5	7.6	7.7	7.8	8.0	37
Colorado	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	13
Connecticut	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	15
Delaware	8.3	8.5	8.4	8.3	8.3	8.1	7.6	7.7	7.7	7.9	8.1	20
Florida	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	10
Georgia	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	16
Hawaii	8.1	8.4	8.3	8.1	8.2	8.0	7.5	7.6	7.6	7.8	8.0	50
Idaho	8.3	8.5	8.4	8.3	8.4	8.1	7.6	7.6	7.7	7.9	8.1	22
Illinois	8.2	8.5	8.4	8.2	8.3	8.0	7.5	7.6	7.7	7.8	8.0	40
Indiana	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.9	8.1	30
Iowa	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.9	8.1	25
Kansas	8.3	8.5	8.4	8.3	8.4	8.1	7.6	7.7	7.7	7.9	8.1	11
Kentucky	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.0	42
Louisiana	8.3	8.5	8.4	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	7
Maine	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.0	34
Maryland	8.3	8.6	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	21
Massachusetts	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	18
Michigan	8.2	8.4	8.3	8.2	8.2	8.0	7.5	7.6	7.7	7.8	8.0	43
Minnesota	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	31
Mississippi	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.1	32
Missouri	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	29
Montana	8.2	8.5	8.4	8.2	8.3	8.1	7.5	7.6	7.7	7.8	8.0	44
Nebraska	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	8
Nevada	8.3	8.5	8.4	8.2	8.3	8.1	7.5	7.6	7.7	7.8	8.0	45
New Hampshire	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	6
New Jersey	8.2	8.5	8.4	8.2	8.3	8.0	7.6	7.7	7.7	7.9	8.1	24
New Mexico	8.2	8.5	8.4	8.2	8.3	8.1	7.5	7.6	7.7	7.8	8.0	35
New York	8.2	8.4	8.3	8.1	8.2	8.0	7.5	7.6	7.6	7.8	8.0	47
North Carolina	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	9
North Dakota	8.3	8.5	8.4	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	1
Ohio	8.2	8.5	8.4	8.2	8.3	8.0	7.5	7.6	7.7	7.8	8.0	39
Oklahoma	8.3	8.5	8.4	8.3	8.4	8.1	7.6	7.7	7.7	7.9	8.1	27
Oregon	8.2	8.4	8.3	8.2	8.2	8.0	7.5	7.6	7.6	7.8	8.0	48
Pennsylvania	8.3	8.5	8.4	8.2	8.3	8.1	7.6	7.7	7.7	7.9	8.1	23
Rhode Island	8.2	8.5	8.4	8.2	8.3	8.1	7.5	7.6	7.7	7.8	8.0	38
South Carolina	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.7	7.9	8.1	19
South Dakota	8.3	8.6	8.5	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	2
Tennessee	8.3	8.6	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	14
Texas	8.3	8.6	8.5	8.3	8.4	8.2	7.6	7.7	7.8	7.9	8.1	5
Utah	8.3	8.5	8.4	8.3	8.4	8.1	7.6	7.6	7.7	7.9	8.1	17
Vermont	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.8	8.0	36
Virginia	8.3	8.6	8.5	8.3	8.4	8.2	7.7	7.7	7.8	7.9	8.1	3
Washington	8.2	8.4	8.3	8.1	8.2	8.0	7.5	7.6	7.6	7.8	8.0	49
West Virginia	8.2	8.4	8.3	8.2	8.2	8.0	7.5	7.6	7.6	7.8	8.0	46
Wisconsin	8.2	8.5	8.4	8.2	8.3	8.1	7.6	7.6	7.7	7.9	8.1	33
Wyoming	8.3	8.5	8.5	8.3	8.4	8.1	7.6	7.7	7.8	7.9	8.1	4

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Table 3.10a: Scores for Area 3 (Labor Market Freedom) at the Subnational Level, Canada, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Average for Canada	*4.1*	*4.1*	*4.0*	*4.5*	*4.7*	*5.0*	*5.1*	*5.3*	*5.3*	*5.4*	*5.3*	*5.3*	*5.4*	*5.7*	*5.9*	*5.9*
Alberta	5.8	5.6	5.4	5.7	6.0	6.1	6.2	6.3	6.3	6.5	6.6	6.5	6.7	7.2	7.4	7.6
British Columbia	4.3	4.3	4.3	4.8	5.1	5.4	5.8	5.8	6.0	5.9	5.8	5.8	5.7	5.9	5.7	5.6
Manitoba	4.4	4.2	3.9	4.5	4.3	4.5	4.3	4.3	4.5	4.8	4.7	4.9	5.0	5.3	5.4	5.4
New Brunswick	3.8	3.7	3.5	4.2	4.5	5.0	5.1	5.7	5.7	5.5	5.4	5.5	5.7	6.0	6.3	6.1
Newfoundland & Lab.	1.9	2.1	1.8	2.1	2.7	2.8	3.3	3.6	3.9	4.0	4.1	3.7	4.0	4.3	4.6	4.7
Nova Scotia	4.2	4.1	4.0	4.6	4.6	5.2	5.3	5.7	5.6	5.9	5.9	5.6	5.7	6.0	6.4	6.5
Ontario	6.1	6.0	6.1	6.3	6.3	6.6	6.6	6.7	6.9	6.7	6.4	6.2	6.2	6.3	6.4	6.6
Prince Edward Island	4.3	4.4	4.4	5.2	5.3	5.5	5.7	5.9	5.8	5.7	5.6	5.9	6.2	6.3	6.8	6.8
Quebec	3.0	2.9	3.2	3.6	3.8	4.2	4.1	4.2	4.2	4.4	4.1	4.0	4.0	4.3	4.4	4.4
Saskatchewan	3.2	3.2	3.3	3.8	4.0	4.3	4.2	4.5	4.6	4.6	4.6	4.6	4.6	5.0	5.1	5.3

Table 3.10b: Scores for Area 3 (Labor Market Freedom) at the Subnational Level, Mexico, 2003–2013

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

Average for Mexico
Aguascalientes
Baja California
Baja California Sur
Campeche
Chiapas
Chihuahua
Coahuila de Zaragoza
Colima
Distrito Federal
Durango
Guanajuato
Guerrero
Hidalgo
Jalisco
México
Michoacán de Ocampo
Morelos
Nayarit
Nuevo León
Oaxaca
Puebla
Querétaro
Quintana Roo
San Luis Potosí
Sinaloa
Sonora
Tabasco
Tamaulipas
Tlaxcala
Veracruz de Ignacio …
Yucatán
Zacatecas

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 10
6.0	*6.3*	*6.3*	*6.5*	*6.3*	*6.5*	*6.5*	*6.6*	*6.6*	*6.7*	*6.8*	*6.6*	*6.2*	*6.2*	*6.2*	*6.2*	*6.4*	
8.0	8.2	8.0	8.2	8.2	8.3	8.4	8.7	8.7	8.6	8.7	8.5	8.0	8.1	8.3	8.3	8.5	1
5.7	5.8	5.9	6.1	5.9	6.0	6.2	6.5	6.7	7.1	7.2	7.3	7.1	7.2	7.0	6.7	6.9	3
5.6	6.0	5.6	5.9	5.6	5.7	5.6	5.6	5.6	5.7	5.8	5.6	5.3	5.3	5.3	5.6	5.7	8
6.1	6.5	6.8	6.8	6.6	6.9	7.0	7.1	7.0	7.1	7.1	6.8	6.6	6.6	6.4	6.2	6.6	4T
4.5	4.8	5.1	5.3	5.0	5.2	5.1	5.4	5.6	6.0	5.8	5.3	4.8	4.7	4.9	5.3	5.3	9T
6.5	6.7	6.9	7.1	6.8	7.1	7.1	7.1	7.1	7.1	7.0	6.8	6.3	6.4	6.2	6.5	6.6	4T
6.9	7.2	7.4	7.7	7.6	7.6	7.6	7.7	7.5	7.6	7.6	7.3	7.0	6.9	6.9	7.0	7.2	2
6.7	7.1	7.0	7.2	7.1	7.3	7.3	7.0	7.0	7.3	7.4	7.0	6.5	6.5	6.3	6.2	6.3	6
4.5	4.9	5.1	5.4	5.0	5.3	5.2	5.5	5.5	5.6	5.8	5.6	5.4	5.4	5.2	5.2	5.3	9T
5.3	5.5	5.3	5.5	5.2	5.4	5.4	5.6	5.6	5.4	5.7	5.7	5.2	5.4	5.5	5.6	5.9	7

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 32
6.2	*6.2*	*6.4*	*6.4*	*6.5*	*6.5*	*6.5*	*6.7*	*6.7*	*6.8*	*6.6*	
5.7	5.6	5.9	6.0	6.2	6.2	6.1	6.3	6.1	6.4	6.7	15T
8.2	8.3	8.0	8.0	8.1	8.2	8.2	8.2	8.2	8.2	7.9	3T
5.1	5.2	5.9	5.8	6.2	6.3	6.0	6.3	6.6	6.4	6.4	18T
5.4	5.8	5.7	5.8	5.7	5.8	6.0	6.2	6.4	6.4	6.4	18T
5.5	5.6	5.6	6.3	6.6	6.5	6.5	6.5	6.3	6.7	6.8	14
6.0	6.5	6.3	6.3	6.4	6.6	6.6	6.8	6.8	6.8	6.7	15T
5.2	5.6	6.1	5.6	5.2	5.2	5.2	5.5	5.6	5.5	5.1	28T
7.2	7.5	7.4	8.0	8.1	8.1	7.8	7.5	7.3	7.6	8.0	2
7.7	7.8	7.8	7.8	7.8	7.9	7.9	8.2	8.2	8.3	8.2	1
5.5	5.1	5.6	5.7	5.9	5.5	5.3	5.8	5.9	6.0	5.9	24
7.0	6.8	7.2	7.4	7.3	7.4	7.3	7.6	7.7	7.6	7.5	7
4.7	4.7	5.0	4.9	5.2	5.2	5.4	5.5	5.4	5.4	4.9	30
6.0	5.6	6.1	5.7	5.7	5.8	5.8	6.2	6.4	6.5	6.3	21
7.3	7.0	7.3	7.1	7.4	7.3	7.3	7.6	7.8	7.6	7.7	5T
7.4	7.5	7.3	7.5	7.2	7.4	7.5	7.9	8.0	7.9	7.7	5T
6.4	6.5	7.1	6.8	6.7	6.7	6.5	6.5	6.6	6.5	6.2	22
7.6	7.6	7.5	7.3	7.6	7.8	7.8	7.9	7.8	7.5	7.3	9
5.6	5.5	6.2	5.8	5.4	5.7	5.8	6.2	6.0	6.1	5.8	25T
6.6	6.9	7.0	7.1	7.3	7.5	7.6	7.7	7.8	7.9	7.9	3T
5.7	5.5	5.5	5.6	5.9	5.9	6.1	6.0	5.7	5.3	4.8	31T
7.0	7.4	7.6	7.3	6.8	7.0	7.3	7.4	7.2	7.1	7.2	10T
6.2	6.5	6.9	6.8	7.2	7.4	7.3	7.6	8.0	7.8	7.4	8
5.7	6.2	6.5	6.6	7.0	7.3	7.2	7.4	7.3	7.3	7.2	10T
5.8	5.9	6.2	6.0	6.1	6.2	6.2	6.1	5.9	6.2	5.8	25T
6.9	6.8	6.6	6.9	7.0	7.1	7.0	7.1	6.9	7.2	7.2	10T
6.5	6.6	6.7	6.6	6.8	6.9	6.6	6.7	7.1	7.3	7.1	13
3.8	4.1	4.1	4.2	4.1	4.3	4.4	4.8	5.0	5.0	4.8	31T
5.2	5.5	5.4	5.1	5.5	5.5	5.8	6.0	6.2	6.3	6.0	23
6.1	4.8	5.2	5.4	5.4	5.4	5.7	5.6	5.4	5.5	5.6	27
6.0	6.2	6.5	6.6	6.7	6.6	6.4	6.8	6.8	7.8	6.4	18T
6.2	6.3	6.3	6.3	6.5	6.5	6.4	6.7	6.6	6.8	6.7	15T
5.3	4.7	5.1	5.3	5.8	5.2	4.7	5.0	5.1	5.3	5.1	28T

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Table 3.10c: Scores for Area 3 (Labor Market Freedom) at the Subnational Level, United States, 1981–2013

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Avg. for United States	*4.2*	*4.4*	*4.6*	*5.1*	*5.3*	*5.5*	*5.7*	*5.9*	*6.1*	*6.0*	*5.8*	*5.9*	*6.0*	*6.2*	*6.5*	*6.6*
Alabama	3.3	3.5	3.8	4.5	4.7	4.9	5.3	5.5	5.7	5.7	5.4	5.4	5.5	5.7	6.1	6.3
Alaska	3.7	4.1	4.1	4.4	4.2	4.4	4.6	4.6	5.0	4.8	4.9	5.1	5.2	5.3	5.2	5.3
Arizona	4.6	4.6	5.0	5.7	5.9	6.2	6.5	6.6	6.7	6.5	6.1	6.2	6.1	6.4	6.6	7.0
Arkansas	4.0	4.2	4.5	5.2	5.3	5.5	5.6	6.0	6.1	6.0	5.7	6.0	6.2	6.4	6.6	6.8
California	4.7	4.9	5.2	5.7	5.8	6.1	6.2	6.2	6.1	6.2	6.2	6.2	6.3	6.4	6.6	6.8
Colorado	5.3	5.6	5.8	6.3	6.4	6.4	6.4	6.7	6.9	6.8	6.7	6.7	7.0	7.1	7.3	7.5
Connecticut	5.4	5.6	5.7	6.3	6.5	6.7	6.9	6.8	6.9	6.9	6.7	7.0	7.0	6.9	7.0	7.4
Delaware	4.3	4.6	4.9	5.6	5.9	6.0	6.3	6.7	6.9	6.8	6.5	6.5	6.6	6.8	7.0	7.1
Florida	5.3	5.5	5.8	6.3	6.6	6.8	6.9	7.0	7.2	7.0	6.6	6.7	6.9	7.0	7.3	7.4
Georgia	4.1	4.4	4.8	5.6	6.0	6.2	6.4	6.4	6.7	6.7	6.4	6.6	6.8	6.8	7.2	7.3
Hawaii	4.6	4.6	4.9	5.2	5.4	5.5	5.6	5.5	5.9	6.0	5.9	5.7	5.4	5.5	6.0	6.2
Idaho	4.0	4.0	4.4	5.1	4.9	5.0	5.0	5.5	6.0	5.9	5.7	5.7	5.9	6.3	6.5	6.5
Illinois	4.4	4.6	4.7	5.3	5.5	5.6	5.8	6.1	6.3	6.3	6.0	6.2	6.2	6.5	6.6	6.7
Indiana	3.9	3.9	4.1	4.6	5.1	5.4	5.5	5.7	5.9	6.0	5.7	5.8	6.1	6.2	6.6	6.8
Iowa	4.1	4.1	4.2	4.7	4.8	5.2	5.3	5.4	5.7	5.4	5.4	5.5	5.6	5.8	6.1	6.3
Kansas	4.5	4.7	4.8	5.5	5.5	5.6	5.8	5.9	6.0	5.9	5.6	5.7	5.9	5.9	6.2	6.4
Kentucky	3.9	4.3	4.4	5.1	5.1	5.3	5.5	5.7	6.1	6.1	5.8	6.0	6.0	6.3	6.4	6.5
Louisiana	3.8	3.8	3.7	4.4	4.6	4.5	4.8	5.0	5.3	5.4	5.2	5.3	5.3	5.6	5.8	5.9
Maine	3.7	4.0	4.3	4.8	5.2	5.5	5.4	5.9	6.1	5.8	5.5	5.9	6.1	6.2	6.3	6.5
Maryland	4.7	5.0	5.4	6.0	6.2	6.5	6.8	7.0	7.2	7.3	7.0	7.0	7.1	7.1	7.3	7.5
Massachusetts	4.6	5.0	5.3	6.0	6.4	6.6	6.6	6.7	6.9	6.9	6.7	6.9	7.0	7.2	7.3	7.3
Michigan	3.0	3.1	3.4	4.1	4.4	4.6	4.9	5.1	5.3	5.3	5.1	5.1	5.3	5.7	5.9	6.0
Minnesota	4.1	4.3	4.6	5.0	5.2	5.4	5.5	5.7	5.9	5.9	5.6	5.7	5.7	6.1	6.2	6.4
Mississippi	3.1	3.3	3.5	4.1	4.2	4.4	4.5	4.9	5.2	5.0	4.8	4.8	5.2	5.6	5.9	5.9
Missouri	4.5	4.8	5.0	5.6	5.8	6.0	6.2	6.4	6.7	6.7	6.4	6.5	6.6	6.7	6.8	6.8
Montana	3.7	3.8	4.0	4.3	4.0	4.3	4.5	4.7	5.0	4.9	4.8	4.7	5.0	5.3	5.7	5.8
Nebraska	4.3	4.4	4.6	5.0	5.1	5.5	5.6	5.6	5.9	6.0	5.7	5.8	6.0	6.3	6.6	6.8
Nevada	5.0	5.0	5.1	5.4	5.8	6.2	6.5	6.8	6.9	7.0	6.5	6.4	6.7	6.9	6.9	6.9
New Hampshire	5.2	5.5	5.8	6.6	6.9	7.1	7.3	7.3	7.2	7.0	6.8	7.0	7.2	7.2	7.3	7.5
New Jersey	4.0	4.3	4.6	5.2	5.3	5.8	5.9	6.0	6.3	6.1	5.8	5.8	5.8	5.8	6.1	6.3
New Mexico	3.1	3.4	3.6	4.1	4.3	4.5	4.6	4.9	5.1	4.9	4.7	4.8	5.0	5.2	5.4	5.6
New York	3.2	3.4	3.7	4.1	4.4	4.6	4.7	5.0	5.2	5.0	4.7	5.0	5.0	5.1	5.5	5.7
North Carolina	4.5	4.7	5.1	5.7	6.0	6.3	6.5	6.6	6.9	6.8	6.5	6.6	6.7	6.9	7.2	7.4
North Dakota	4.6	4.8	4.9	5.2	5.2	5.3	5.3	5.1	5.6	5.6	5.7	5.8	5.9	6.1	6.2	6.6
Ohio	4.0	4.1	4.2	4.8	5.0	5.3	5.4	5.7	6.0	5.9	5.6	5.7	5.8	6.2	6.4	6.5
Oklahoma	5.0	5.2	5.0	5.6	5.6	5.5	5.7	5.9	6.0	5.8	5.6	5.7	5.9	6.0	6.3	6.3
Oregon	3.7	3.7	4.1	4.3	4.5	4.9	5.0	5.2	5.4	5.2	5.0	5.3	5.4	5.5	5.9	6.3
Pennsylvania	4.2	4.4	4.6	5.2	5.5	5.9	6.0	6.4	6.4	6.5	6.4	6.5	6.6	6.7	6.8	7.0
Rhode Island	4.5	4.7	5.0	5.3	5.7	6.0	6.1	6.3	6.4	6.3	6.0	6.1	6.4	6.6	6.6	6.7
South Carolina	4.3	4.4	4.8	5.6	5.6	5.8	6.0	6.2	6.5	6.4	5.9	6.0	6.1	6.3	6.6	6.7
South Dakota	4.1	4.3	4.5	5.1	5.1	5.4	5.8	5.9	6.0	6.2	5.9	6.0	6.1	6.4	6.7	6.9
Tennessee	4.2	4.4	4.6	5.3	5.6	5.7	6.0	6.3	6.5	6.5	6.4	6.5	6.7	6.7	7.2	7.2
Texas	5.6	5.8	5.8	6.3	6.4	6.3	6.5	6.6	6.7	6.7	6.4	6.4	6.5	6.6	6.9	7.0
Utah	3.8	4.0	4.2	4.8	5.1	5.3	5.4	5.5	5.9	5.9	5.7	5.7	5.8	6.2	6.6	6.8
Vermont	4.5	4.9	5.1	5.6	5.8	6.1	6.3	6.3	6.4	6.4	6.1	6.4	6.6	6.8	6.8	6.9
Virginia	5.3	5.5	5.8	6.3	6.7	7.0	7.2	7.3	7.4	7.3	7.1	7.0	7.2	7.4	7.7	7.8
Washington	3.8	4.0	4.1	4.5	4.7	4.8	5.2	5.3	5.4	5.4	5.4	5.5	5.5	5.4	5.7	6.0
West Virginia	2.2	2.4	2.3	2.8	3.1	3.4	3.4	3.9	4.4	4.4	4.2	4.4	4.6	4.9	5.2	5.3
Wisconsin	3.8	4.0	4.1	4.5	4.8	5.0	5.3	5.5	5.7	5.7	5.5	5.6	5.8	6.1	6.3	6.4
Wyoming	4.9	4.6	4.0	4.1	4.1	4.2	4.1	4.3	4.5	4.6	4.5	4.6	4.9	5.1	5.4	5.7

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Rank (2013) out of 50
6.6	*6.7*	*6.7*	*6.9*	*6.9*	*6.9*	*7.0*	*7.1*	*7.2*	*7.3*	*7.3*	*7.1*	*6.8*	*6.8*	*6.9*	*7.1*	*7.2*	
6.3	6.4	6.4	6.7	6.6	6.7	6.8	6.8	7.0	7.2	7.2	6.8	6.3	6.4	6.5	6.6	6.7	41T
5.5	5.5	5.4	5.5	5.4	5.4	5.1	5.6	5.5	5.7	5.8	5.8	5.8	5.7	5.7	5.9	5.9	50
7.0	7.1	7.2	7.4	7.4	7.4	7.5	7.6	7.8	7.9	7.4	7.2	7.1	7.1	7.2	7.3	7.5	14T
6.8	6.8	6.7	7.0	6.9	7.0	7.2	7.3	7.4	7.3	7.1	7.0	6.8	6.7	6.8	7.1	7.2	25T
6.7	6.7	6.7	6.9	6.6	6.3	6.5	6.7	6.8	7.0	6.9	6.5	6.4	6.5	6.7	6.9	7.2	25T
7.5	7.7	7.7	8.0	7.9	7.9	7.9	8.0	8.1	8.2	7.8	7.7	7.5	7.6	7.5	7.6	7.6	12T
7.3	7.3	7.1	7.2	7.2	6.9	7.0	7.1	7.2	7.3	7.4	7.2	7.0	7.1	7.1	7.4	7.6	12T
7.1	7.1	7.0	7.1	7.1	7.3	7.3	7.4	7.4	7.6	7.4	7.1	7.1	7.1	7.2	7.2	7.4	18T
7.4	7.6	7.6	7.8	7.8	7.9	8.0	8.2	8.2	8.2	8.1	7.9	7.7	7.8	7.8	7.9	8.0	3
7.3	7.4	7.4	7.7	7.6	7.7	7.6	7.8	8.0	8.1	8.1	7.8	7.3	7.4	7.5	7.6	7.7	10T
5.9	6.0	6.2	6.3	6.3	6.2	6.2	6.4	6.4	6.5	6.7	6.5	6.5	6.7	6.8	6.8	6.9	37T
6.4	6.5	6.4	6.8	6.8	6.9	6.9	7.2	7.5	7.6	7.7	7.2	6.8	6.6	6.9	7.1	7.2	25T
6.8	6.9	6.9	7.1	7.0	6.9	7.1	7.2	7.0	7.2	7.3	6.9	6.6	6.8	6.8	7.0	7.1	32T
6.7	6.7	6.8	7.0	7.0	7.0	7.2	7.3	7.3	7.4	7.4	7.0	6.7	6.7	6.8	7.2	7.3	22T
6.3	6.5	6.4	6.6	6.5	6.8	6.7	7.0	7.0	7.1	7.1	6.7	6.5	6.6	6.7	6.9	7.1	32T
6.6	6.7	6.6	6.8	6.7	6.8	6.8	6.9	7.1	7.3	7.4	7.2	6.8	6.7	6.8	7.1	7.2	25T
6.4	6.4	6.6	6.7	6.7	6.9	6.8	7.0	7.2	7.2	7.2	7.1	6.6	6.6	6.7	6.7	6.7	41T
5.9	5.9	5.9	6.2	6.2	6.2	6.5	6.5	6.8	7.3	7.4	7.2	6.8	6.9	7.0	7.1	7.5	14T
6.6	6.7	6.6	6.8	6.9	6.7	6.7	6.9	6.9	7.0	7.0	6.9	6.8	6.9	6.9	7.0	7.2	25T
7.4	7.6	7.5	7.8	7.8	7.9	7.9	8.4	8.3	8.2	8.2	8.1	7.9	8.1	8.0	8.2	8.2	1T
7.3	7.4	7.5	7.6	7.4	7.4	7.5	7.7	7.8	7.8	7.9	7.5	7.3	7.6	7.6	7.7	7.9	4T
6.0	6.2	6.3	6.5	6.3	6.3	6.3	6.5	6.6	6.6	6.2	6.2	5.9	6.3	6.4	6.7	6.8	39T
6.4	6.6	6.6	6.9	6.9	7.0	7.1	7.2	7.4	7.4	7.5	7.3	7.0	7.0	7.1	7.3	7.3	22T
5.8	5.7	5.8	5.9	5.9	6.0	6.1	6.3	6.2	6.6	6.5	6.3	5.9	6.0	6.0	6.2	6.5	45T
6.8	6.9	6.9	7.1	7.0	7.1	7.1	7.3	7.4	7.6	7.3	7.2	7.0	7.0	7.0	7.3	7.4	18T
5.8	6.0	5.8	6.2	6.3	6.5	6.5	6.9	7.1	7.2	6.9	6.8	6.1	6.5	6.5	6.5	6.7	41T
6.7	6.7	6.9	7.2	7.2	7.1	7.3	7.4	7.5	7.5	7.6	7.3	6.9	6.9	7.2	7.5	7.5	14T
6.8	7.2	7.1	7.5	7.5	7.6	7.8	8.1	8.2	8.0	7.7	7.4	7.0	6.9	6.9	7.1	7.2	25T
7.6	7.6	7.7	7.9	7.9	7.8	7.8	8.0	8.0	8.1	8.1	7.6	7.4	7.5	7.5	7.7	7.9	4T
6.5	6.6	6.7	7.0	7.0	7.0	6.9	7.0	6.9	6.8	6.9	7.0	6.7	7.0	7.2	7.3	7.4	18T
5.3	5.3	5.3	5.7	5.7	5.9	5.8	6.0	6.0	6.3	6.5	6.0	5.6	5.8	5.9	6.1	6.3	47
5.7	5.8	5.9	6.1	5.9	5.9	6.1	6.2	6.0	6.1	6.1	6.1	5.9	6.1	6.2	6.5	6.5	45T
7.3	7.3	7.5	7.6	7.5	7.5	7.5	7.6	7.7	7.9	7.7	7.4	7.1	7.0	7.1	7.3	7.3	22T
6.3	6.6	6.5	7.0	6.9	6.8	7.0	7.1	7.2	7.3	7.5	7.5	7.0	7.2	7.4	7.9	7.8	8T
6.4	6.5	6.6	6.8	6.7	6.8	6.8	7.0	7.0	7.2	6.8	6.7	6.5	6.7	6.8	7.0	7.0	35T
6.4	6.5	6.5	7.0	6.9	6.8	7.1	7.2	7.3	7.3	7.3	7.1	6.6	6.7	6.8	7.0	7.0	35T
6.1	6.2	6.1	6.2	6.2	6.2	6.2	6.3	6.4	6.6	6.6	6.3	5.8	6.0	6.1	6.3	6.6	44
7.1	7.2	7.1	7.3	7.3	7.4	7.5	7.6	7.7	7.7	7.4	7.3	7.2	7.3	7.4	7.7	7.8	8T
6.6	6.8	6.8	6.9	6.9	6.9	7.0	7.0	7.1	7.3	7.3	7.2	7.0	7.3	7.3	7.4	7.4	18T
6.7	6.7	6.8	6.9	6.8	6.8	7.0	7.3	7.4	7.5	7.4	7.1	6.6	6.6	6.8	7.0	7.1	32T
6.9	7.0	7.1	7.4	7.3	7.4	7.6	7.6	7.7	7.8	7.9	7.9	7.5	7.5	7.6	7.7	7.9	4T
7.2	7.4	7.5	7.5	7.5	7.4	7.6	7.8	8.0	8.1	8.1	7.8	7.4	7.4	7.5	7.7	7.7	10T
7.0	7.2	7.2	7.4	7.5	7.5	7.5	7.6	7.8	8.0	8.1	7.9	7.4	7.4	7.6	7.8	7.9	4T
6.8	6.9	7.0	7.1	7.2	7.3	7.4	7.5	7.8	8.0	8.0	7.7	7.2	7.0	7.1	7.3	7.5	14T
7.0	7.1	7.1	7.0	6.9	7.0	7.1	7.1	6.9	6.9	7.0	7.0	6.6	6.8	6.8	6.8	6.9	37T
7.8	7.8	7.8	8.1	8.1	8.0	8.1	8.3	8.4	8.6	8.7	8.4	8.1	8.1	8.1	8.2	8.2	1T
6.1	6.2	6.0	6.2	5.9	5.9	5.8	6.0	6.1	6.1	6.2	6.1	5.8	5.8	5.9	6.1	6.2	48T
5.3	5.6	5.5	5.7	5.8	6.1	6.1	6.1	6.2	6.3	6.1	5.9	5.6	5.6	5.7	6.0	6.2	48T
6.3	6.4	6.5	6.7	6.7	6.9	6.9	7.0	7.0	7.0	7.0	6.9	6.7	6.7	6.8	7.1	7.2	25T
5.7	5.7	5.9	6.1	6.1	6.3	6.4	6.6	6.8	7.0	7.1	7.0	6.5	6.4	6.5	6.6	6.8	39T

Appendix A Methodology

Calculating the scores

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

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

The all-government index adds the following:

- one additional component to Area 1—1D: Government enterprises and investment (the country score for variable 1C in *Economic Freedom of the World: 2015 Annual Report* [EFW]);
- one additional component to Area 2B—2Bii: Top marginal income and payroll tax rate (the country score for variable 1Dii in EFW);
- eight additional components to Area 3—
  - 3Aiv–ix: the six components of Labor market regulation (variable 5B in EFW),
  - 3B: Credit Market Regulations (variable 5A in EFW), and
  - 3C: Business Regulations (variable 5C in EFW);

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

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

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

Fiscal variables

In order to produce comparable tax and spending data for jurisdictions that are of widely different sizes and income levels, all such variables are measured as a percentage of income, as is the minimum wage variable. In Canada and Mexico, we use "household income". In the United States, the comparable concept is called "personal income". In previous editions, we had instead used GDP as our denominator. Because there are some jurisdictions where there are high levels of economic activity (included in GDP) that do not directly benefit residents, GDP overstates the resources that residents have to pay the burden of government. For example, due to peculiarities in its tax law, the US state of Delaware has an abnormally high number of corporate bank headquarters. Much of the revenue generated by those operations goes to shareholders outside of Delaware. Those dollars are included in GDP, making taxes and spending seem less burdensome as a percentage of the economy than they actually are. Those dollars are not included in personal income, so using income provides a more accurate measure of the level of economic freedom.[2] As with any methodological change, the scores for all previous years have been updated to reflect this change.

Some changes were made to the tax revenue variables in Area 2 of the indices to eliminate some double-counting. Variable 2A was changed from an overall tax revenue variable to a measure of income and payroll taxes. Variable 2D was expanded to include all revenue from sales and gross receipts taxes (including all excise taxes). Variable 2C was changed to a measure of all other taxes. This methodological change has boosted the scores of jurisdictions with low or no income taxes. Specific details are provided in Chapter 1 and in Appendix B.

Income tax

Calculating the income-tax component was more complicated. The component examining the top marginal income-tax rate and the income threshold at which it applies was transformed into a score from zero to 10 using Matrix 1, Matrix 2a, and Matrix 2b. Canadian nominal thresholds were first converted into constant 2013

[2] We are grateful to John Stapleford, president of the Caesar Rodney Institute in Delaware (a member of our new network of state think tanks in the United States), for pointing out this issue's impact on Delaware.

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

Top Marginal Tax Rate	Income Threshold Level (US$2013)		
	Less than $59,641	$59,641 to $119,282	More than $119,282
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

	Income Threshold Level (US$2013)		
Top Marginal Tax Rate	Less than $59,641	$59,641 to $119,282	More than $119,282
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

	Income Threshold Level (US$2013)		
Top Marginal Tax Rate	Less than $59,641	$59,641 to $119,282	More than $119,282
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

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 2013 US dollars using the Consumer Price Index. Mexican nominal thresholds were first converted into constant 2013 Mexican Pesos by using the *Indice Nacional de Precios al Consumidor* (National Consumer Price Index) and then converted into US dollars using the Purchasing Power Parity between Mexico and the United States for each year. This procedure is based on the transformation system found in *Economic Freedom of the World: 1975–1995* (Gwartney et al., 1996), modified for this study to take into account a different range of top marginal tax rates and income thresholds. Matrix 1 was used in calculating the score for Component 2Bi, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at the all-government level; Matrix 2a was used to calculate the score for Component 2B at the subnational level for Canada, and Matrix 2b was used for the United States. Since there are no subnational income taxes in Mexico, this variable was not included in the Mexican subnational index.

In setting the threshold levels for income taxes at the subnational level, we faced an interesting quandary. In the United States, most state thresholds were below US federal thresholds in the 1980s and 1990s. In Canada, provincial thresholds were frequently higher than federal thresholds. Whenever the provincial or state threshold was higher than the federal threshold, the federal threshold was used at the sub-national level since, when a provincial threshold is above the national level, the cause is typically the imposition of a relatively small surcharge on those earning high incomes. Because of the structure of these matrixes, this can produce

perverse scoring results. For example, in Matrix 2b a jurisdiction gets a score of 2.5 if it has a top marginal income-tax rate of, say, 12.5% for incomes over $59,641. Let us say the jurisdiction imposes a surcharge for income earners above $119,282, 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

Many data sources that are used to calculate tax burdens and government expenditures are not available for every year. For example, the primary source of the detailed historical Canadian provincial and local government financial data, by province, was terminated by Statistics Canada, with 2009 being the last year available. Since there were four years of missing data, rather than using the previous year's data, we constructed an estimate for the 2010, 2011, 2012, and 2013 data using the less-detailed public accounts data from the Canadian Department of Finance. We calculated the percentage change in "total program expenditures" and "own-source revenues" for 2009/10, 2010/11, 2011/12, and 2012/13. Those percentage changes were used with the 2009 data from Statistics Canada to calculate estimated values for 2010, 2011, 2012, and 2013 for the spending and revenue variables. Statistics Canada is producing a new consolidated data series that is expected to be available in time for next year's report.

The data for the US states comes from the US Census Bureau. The local government data for 2013 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 2013 were not available. However, the state government data was available. The change in those state numbers from 2012 to 2013 was applied to the 2012 state and local data to produce a state and local estimate for 2013.

The Tax Foundation calculated the federal tax burden by US state up to the year 2005 using sophisticated techniques but these have not been updated in recent years. Because there are now eight years of missing data, we have dropped that data this year and instead use data on federal tax collections within each state directly from the US Internal Revenue Service. Due to data availability issues, we only include data back to 2003 in this printed report. We will post the complete time series back to 1981 on <www.freetheworld.com> in the first half of 2016.

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

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

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

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

Appendix B
Explanation of Components and Data Sources

Area 1 Government Spending

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

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

Sources for Canada

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* <http://www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Statistics Canada, Public Institutions Division, Financial Management System, 2005, 2007, 2008 • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <http://www.fin.gc.ca/frt-trf/2014/frt-trf1404-eng.asp>.

Sources for the United States

Special request from US Census Bureau, Governments Division, Federal Programs Branch (February 2, 2005) • Special request from US Census Bureau, Governments Division (December 14, 2007) • US Census Bureau (2014). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2012)*. <http://www.census.gov/govs/local/> • US Census Bureau (2015). *2013 Annual Survey of State Government Finances*. <http://www.census.gov/govs/state/> • US Census Bureau, *Consolidated Federal Funds Report* (various editions) • US Census Bureau, *Statistical Abstract of the United States* (various editions) • US Department of Commerce, Bureau of Economic Analysis. <http://www.bea.gov/>.

Sources for Mexico

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

Component 1B Transfers and Subsidies as a Percentage of Income

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

Sources for Canada

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November, 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* <http://www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <http://www.fin.gc.ca/frt-trf/2014/frt-trf-1404-eng.asp>.

Sources for the United States

Special request from US Census Bureau, Governments Division, Federal Programs Branch (February 2, 2005) • Special request from US Census Bureau, Governments Division (December 14, 2007) • US Census Bureau (2014). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2012).* <http://www.census.gov/govs/local/> • US Census Bureau (2015). *2013 Annual Survey of State Government Finances*. <http://www.census.gov/govs/state/> • US Census Bureau, *Consolidated Federal Funds Report* (various editions) • US Census Bureau, *Statistical Abstract of the United States* (various editions) • US Department of Commerce, *Bureau of Economic Analysis*, <http://www.bea.gov/>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (August 2015) • Cuenta de la Hacienda Pública Federal, Secretaría de Hacienda y Crédito Público, <http://www.shcp.gob.mx/EGRESOS/contabilidad_gubernamental/Paginas/cuenta_publica.aspx>.

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

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

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* <http://www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <http://www.fin.gc.ca/frt-trf/2014/frt-trf-1404-eng.asp>.

Sources for the United States

Special request from US Census Bureau, Governments Division (December 14, 2007) • US Census Bureau (2014). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2012)*. <http://www.census.gov/govs/local/> • US Census Bureau (2015). *2013 Annual Survey of State Government Finances*. <http://www.census.gov/govs/state/> • US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>.

Sources for Mexico

Instituto Nacional de Estadística y Geografía (INEGI), *Estadísticas de Finanzas Municipales y Estatales* (various years). <http://www.inegi.org.mx/est/contenidos/proyectos/registros/economicas/finanzas/default.aspx> (July 2014) • Private Sector—special request from Instituto Mexicano del Seguro Social: Total de Cuotas de Trabajadores Seguridad Social por estado (May 25, 2014) • Public Sector—special request from Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado: Ingresos por entidad federativa de cuotas de los ejercicios 2003–2013 (August 13, 2014).

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

When government owns what would otherwise be private enterprises and engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index, is the country score for variable 1C in *Economic Freedom of the World: 2015 Report*. A detailed description and data sources can be found in that report, available at <www.freetheworld.com>.

Area 2 Taxes

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

Income and Payroll Tax Revenue is defined as the sum of personal income taxes, corporate income taxes, and payroll taxes used to fund social-insurance schemes (i.e., employment insurance, Workers Compensation, and various pension plans). Data for Quebec is adjusted for the Quebec abatement at the subnational level. On the

all-government index, there were several Mexican states that were large outliers for this variable and skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 3 standard deviations. The same thing was done for the US subnational index. (A similar approach is used in *Economic Freedom of the World*.)

Sources for Canada

Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division (November, 2007) • Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* <http://www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <http://www.fin.gc.ca/frt-trf/2014/frt-trf-1404-eng.asp>.

Sources for the United States

US Census Bureau (2014). Annual Survey of State and Local Government Finances and Census of Governments (1981–2012). <http://www.census.gov/govs/local/> • US Census Bureau (2015). *2013 Annual Survey of State Government Finances*. <http://www.census.gov/govs/state/> • US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/> • Internal Revenue Service, Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2013* (and previous editions). <http://www.irs.gov/uac/SOI-Tax-Stats-Gross-Collections,-by-Type-of-Tax-and-State,-Fiscal-Year-IRS-Data-Book-Table-5>.

Sources for Mexico

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

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

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

Sources for Canada

Baldwin, John, and Ryan Macdonald (2010). *PPPs: Purchasing Power or Producing Power Parities?* Economic Analysis Research Paper Series. Cat. 11F0027M. No. 058. Statistics Canada • Canadian Tax Foundation, *Canadian Tax Journal*,

Provincial Budget Roundup (2003, 2002, 2001, 2000), by Deborah L. Ort and David B. Perry • Canadian Tax Foundation, *Finances of the Nation* (various issues) • Palacios, Milagros (2008). *Purchasing Power Parity, United States and Canada, 1981–2005*. Fiscal Studies, Fraser Institute • Statistics Canada, CANSIM, 2012 • Statistics Canada, *National Economic Accounts, 2012* • Statistics Canada, *Provincial Economic Accounts, 2012*. • Canada Revenue Agency, <http://www.cra-arc.gc.ca/formspubs/prioryear/t1/2012/menu-eng.html>.

Sources for the United States

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

Sources for Mexico

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

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

This variable, used only in the all-government index, is the country score for variable 1Dii in *Economic Freedom of the World: 2015 Annual Report*. A detailed description and data sources can be found in that report, available at <www.freetheworld.com>.

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

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

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* <http://www.statcan.gc.ca/pub/13-018-x/13-018-x2011001-eng.htm> • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts*. <http://www.fin.gc.ca/frt-trf/2014/frt-trf-1404-eng.asp>.

Sources for the United States

US Census Bureau (2014). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2012).* <http://www.census.gov/govs/local/> • US Census Bureau (2015). *2013 Annual Survey of State Government Finances.* <http://www.census.gov/govs/state/> • Internal Revenue Service. Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2013* (and previous editions). <http://www.irs.gov/uac/SOI-Tax-Stats-Gross-Collections,-by-Type-of-Tax-and-State,-Fiscal-Year-IRS-Data-Book-Table-5 >.

Sources for Mexico

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

Component 2D Sales Tax Revenue as a Percentage of Income

Sales tax revenue includes revenue from all sales and gross receipts taxes (including excise taxes).

Sources for Canada

Statistics Canada, *Provincial and Territorial Economic Accounts, 2012* • Department of Finance, Canada, *Provincial and Territorial Governments Public Accounts.* <http://www.fin.gc.ca/frt-trf/2014/frt-trf-1404-eng.asp>.

Sources for the United States

US Census Bureau (2014). *Annual Survey of State and Local Government Finances and Census of Governments (1981–2012).* <http://www.census.gov/govs/local/> • US Census Bureau (2015). *2013 Annual Survey of State Government Finances.* <http://www.census.gov/govs/state/> • Internal Revenue Service. Table 5: Total Internal Revenue collections, *Internal Revenue Service Data Book, 2013* (and previous editions). <http://www.irs.gov/uac/SOI-Tax-Stats-Gross-Collections,-by-Type-of-Tax-and-State,-Fiscal-Year-IRS-Data-Book-Table-5>.

Sources for Mexico

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

Area 3 Regulation

Component 3A Labor Market Freedom

3Ai *Minimum Wage Legislation*

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

Sources for Canada

Human Resources Development Canada, <http://srv116.services.gc.ca/dimt-wid/sm-mw/menu.aspx?lang=eng> (August 3, 2015).

Sources for the United States

Division of External Affairs, Wage and Hour Division, Employment Standards Administration, US Department of Labor, <http://www.dol.gov/whd/state/state.htm> (May 24, 2011) • Division of External Affairs, Wage and Hour Division, US Department of Labor, *Changes in Basic Minimum Wages in Non-Farm Employment under State Law: Selected Years 1968 to 2013*, <http://www.dol.gov/whd/state/stateMinWageHis.htm> (April, 2013) • Wage and Hour Division, US Department of Labor, *Minimum Wage Laws in the States - January 1, 2015*, <http://www.dol.gov/whd/minwage/america.htm>.

Sources for Mexico

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

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

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

Sources for Canada

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

Sources for the United States

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

Sources for Mexico

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

3Aiii Union Density

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

Sources for Canada

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

Sources for the United States

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

Sources for Mexico

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

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

The additional data used for the all-government index is from *Economic Freedom of the World: 2015 Annual Report* (Gwartney, Lawson, and Hall, 2015), 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 <http://www.freetheworld.com/2015/economic-freedom-of-the-world-2015-dataset.xlsx>.

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

Since, as discussed above, Canada and the United States have been diverging on scores for business and credit regulation, the all-government index expands the regulatory area to include data on these areas. Labour regulation becomes one of three equally-weighted components of Area 3: Regulation, which comprises 3A: Labour market regulation; 3B: Regulation of credit markets; and 3C: Business regulations. (See Appendix A for how Area 3 is now calculated.) The individual descriptions and sources can be found in *Economic Freedom of the World: 2015 Annual Report*, available at <www.freetheworld.com>.

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

3Aiv Hiring regulations and minimum wage

3Av Hiring and firing regulations

3Avi Centralized collective bargaining

3Avii Hours regulations

3Aviii Mandated cost of worker dismissal

3Aix Conscription

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

3Bi *Ownership of banks*

3Bii *Private sector credit*

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

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

3Ci *Administrative requirements*

3Cii *Bureaucracy costs*

3Ciii *Starting a business*

3Civ *Extra payments / bribes / favoritism*

3Cv *Licensing restrictions*

3Cvi *Cost of tax compliance*

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

The individual descriptions and sources can be found in *Economic Freedom of the World: 2015 Annual Report*, available at <www.freetheworld.com>.

4A Judicial independence

4B Impartial courts

4C Protection of property rights

4D Military interference in rule of law and politics

4E Integrity of the legal system

4F Legal enforcement of contracts

4G Regulatory restrictions on the sale of real property

4H Reliability of police

4I Business costs of crime

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

The individual descriptions and sources can be found in *Economic Freedom of the World: 2015 Annual Report*, available at <www.freetheworld.com>.

5A Money growth

5B Standard deviation of inflation

5C Inflation: most recent year

5D Freedom to own foreign currency bank accounts

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

The individual descriptions and sources can be found in *Economic Freedom of the World: 2015 Annual Report*, available at <www.freetheworld.com>.

6A Tariffs

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

6Aii Mean tariff rate

6Aiii Standard deviation of tariff rates

6B Regulatory trade barriers

6Bi Non-tariff trade barriers

6Bii Compliance costs of importing and exporting

6C Black-market exchange rates

6D Controls of the movement of capital and people

6Di Foreign ownership / investment restrictions

6Dii Capital controls

6Diii Freedom of foreigners to visit

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bologna, Jamie (2015). A Spatial Analysis of Entrepreneurship and Institutional Quality: Evidence from U.S. Metropolitan Areas. *Journal of Regional Analysis and Policy* 44, 1: 109–131.

Bologna, Jamie, and Amanda Ross (forthcoming). Corruption and Entrepreneurship: Evidence from Brazilian Municipalities. *Public Choice*, forthcoming.

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

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

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

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

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

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

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

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

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

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

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

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Dallas, Texas • oneil.cox.smu.edu

Texas Public Policy Foundation
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