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Caminos de la Libertad

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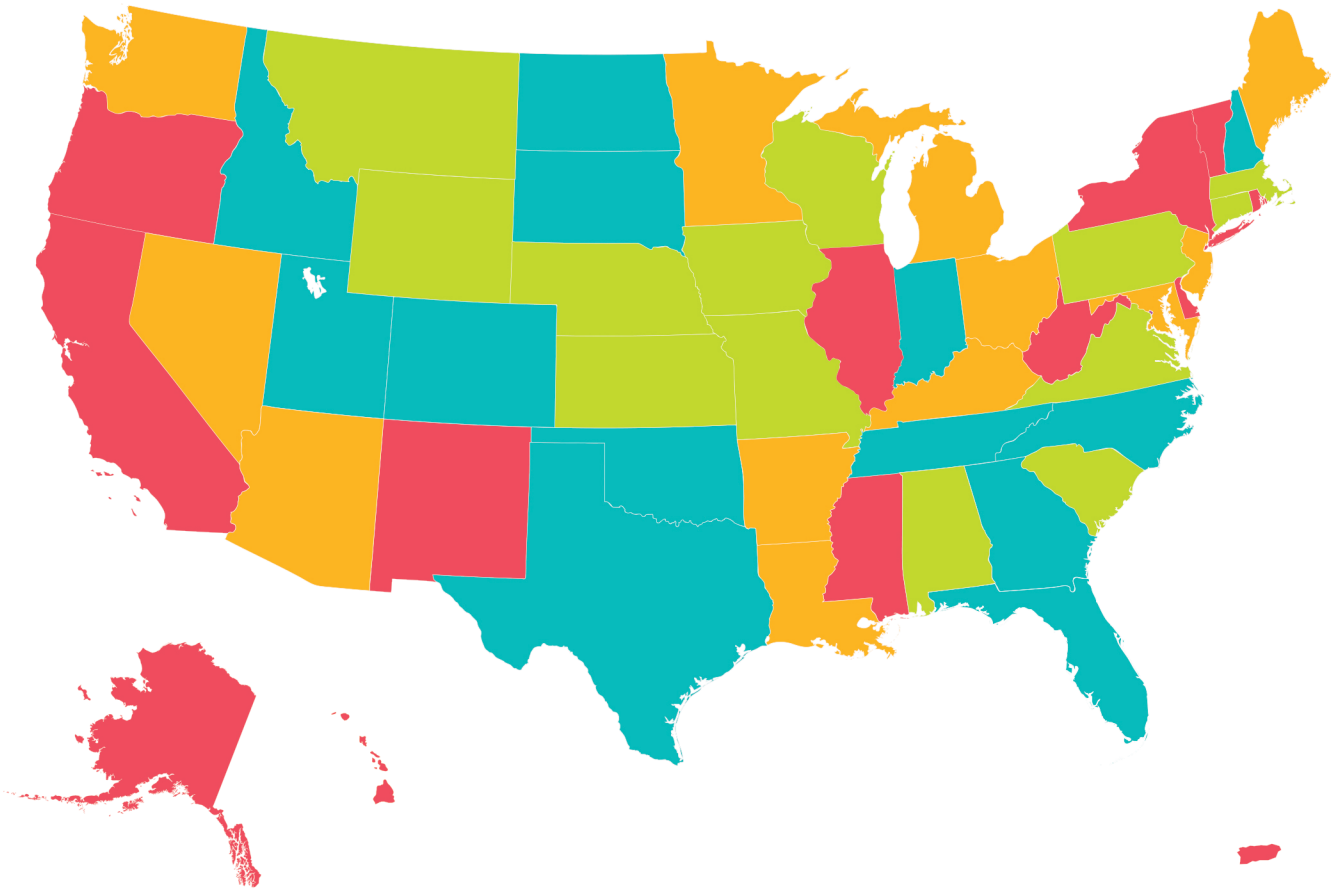
Economic Freedom of North America 2025



The map uses the subnational index.

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

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EXECUTIVE SUMMARY

Economic Freedom of North America in 2023

Economic freedoms are a subset of human freedoms. And when people have more economic freedom, they are allowed to make more of their own economic choices—choices about work, about buying and selling goods and services, about acquiring and using property, and about forming contracts with others.

The indices published in the *Economic Freedom of North America 2025* (EFNA) report measure the degree to which provincial, state, and local governments in North America permit their citizens to make their own economic choices. The report measures the extent of economic freedom in each of the 10 Canadian provinces, 50 US states, the US territory of Puerto Rico, and all 32 Mexican states.

It includes four distinct indices. The all-government index, which includes all 93 jurisdictions, takes account of federal government policies and should be used to compare jurisdictions across all three countries. Three separate subnational indices—one for each country—account for provincial/state and local government policies and these indices should be used to compare jurisdictions within the same country.

In the subnational indices, we measure economic freedom using 10 variables for each provincial/state government. These variables are grouped into three areas: 1) Government Spending; 2) Taxes; and 3) Labor Market Regulation. The all-government index builds on the subnational indices to account for federal policies. To do so, it adds federal spending and taxation in the states and provinces, and it adds six variables from the *Economic Freedom of the World* index that account for nationwide economic freedom.

Results for Canada, the United States, and Mexico

The all-government index

The all-government index should be used to compare jurisdictions across the three countries. In 2023, the latest year for which we have comprehensive data, the top jurisdiction in the all-government index was New Hampshire at 8.18 on the 0 to 10 scale.

New Hampshire is followed by South Dakota and Idaho (tied at 8.11), and Oklahoma and South Carolina (tied at 8.08).

The lowest-ranking jurisdictions are all Mexican states. In last place is Ciudad de México (5.74) at 93rd. Above that are Colima (5.78) and Campeche (5.94).

Alberta (7.94) is the highest-ranking Canadian province, tied for 30th place with West Virginia. The next-highest Canadian province is British Columbia (7.81) which is tied with Rhode Island. Seven of the 10 Canadian provinces rank below all 50 US states in all-government economic freedom.

Puerto Rico (6.62) is in 61st place. The highest-ranked Mexican states are Jalisco (6.48) in 62nd and Estado de México at 63rd (6.46).

The lowest-ranking US state is New Mexico (7.70) in 53rd place. The next-lowest are Hawaii (7.72), Delaware (7.74), and New York (7.77).

The subnational indices

The subnational indices should be used to compare jurisdictions within the same country. There is a separate subnational index for each country. In Canada's subnational index, the most economically free province in 2023 was again Alberta with 6.44, followed by Ontario (5.67) in second place and New Brunswick (4.77). The least free by far was Quebec at 3.10, with the next-lowest being Nova Scotia (3.97).

In the United States subnational index, the most economically free state was New Hampshire at 8.34, followed by Tennessee (8.30) in second, South Dakota (8.18) in third, Texas (8.15) in fourth, and Idaho (7.89) in fifth. Note that since the indices were calculated separately for each country, the numeric scores on the subnational indices are not directly comparable across countries. For the first time in nearly 20 years, New York (at 49th with 4.39) was not the least-free state. That distinction belongs to New Mexico (4.05). The next-lowest was New York (4.39) at 49th, with Hawaii (4.63) at 48th, and California (4.79) at 47th. The US territory of Puerto Rico's score was even lower at 1.74, less than half that of the lowest-ranked state.

In the Mexican subnational index, the most economically free state was Michoacán de Ocampo at 5.99, far ahead of Baja California (5.46) in second, followed by Morelos (5.29) in third, Puebla (5.15) in fourth, and Jalisco (5.09) in fifth. The least free Mexican state was Campeche (2.41). The next-lowest was Zacatecas (2.55) at 31st, Chiapas (3.10) at 30th, Nayarit (3.30) at 29th, and Sonora (3.50) at 28th.

In addition to the tables found in chapter 5, our interactive website at <https://www.freetheworld.com/> contains all the latest scores and rankings for each of the components of the indices as well as historical data on the overall and area scores. The full dataset is also available for download at this same website, and can also be accessed by scanning the following QR code:

Economic freedom and economic well-being at the subnational level

Economically free places tend to prosper. One way to see this is to compare economic freedom with income per person. Among those North American jurisdictions that were in the bottom 25% for all-government economic freedom (averaged from 2014 to 2023) income per person in 2023 was US$3,510. But among those jurisdictions that were in the top 25% on all-government economic freedom, income per person was US$66,367. In other words, incomes in the freest North American jurisdictions were 19 times higher than in the least-free jurisdictions.

Incomes are not only higher in economically free places, but they tend to grow faster in these places as well. From 2014 to 2023 total income in the freest 25% of North American jurisdictions grew 24% after adjusting for inflation. In the least-free jurisdictions, however, inflation-adjusted income rose only 3%.

The same patterns hold when we compare jurisdictions within countries. In those places that were the most-free relative to the rest of their country, incomes were about 6.7% higher than in the rest of the country. But among those places that were the least-free relative to the rest of their country, incomes were 3.4% below the country average.

Among the freest US states, population grew 17.7 times faster than it did in the least-free from 2014 to 2023. Total employment in these states also grew about twice as fast as in the least-free states over this time.

These general patterns have been corroborated by independent scholars using careful statistical analyses that control for possibly confounding factors such as geography, climate, and historical development. There are now over 250 articles by independent

researchers examining subnational economic freedom using the data from Economic Freedom of North America. Appendix C lists some of the most recent ones.

Much of that literature focuses on economic growth or entrepreneurship but the list also includes studies of a variety of topics such as income inequality, eminent domain, and labor markets. The vast majority of the results find higher levels of economic freedom to be correlated with positive outcomes such as economic growth, lower unemployment, reduced poverty, and so on. The results of these studies tend to mirror those found for these same relationships at the country level using the index published in *Economic Freedom of the World.*

Data available to researchers

The full data set, including all of the data published in this report as well as data omitted due to limited space, can be downloaded for free at <https://efotw.org/economic-freedom/dataset>. The data file available there contains the most up-to-date and accurate data for the index published in *Economic Freedom of North America*. Researchers should always use the data from the most recent dataset for *all* years, not just the most recent year, because our data sources often produce revised data that lead to changes in previous years' scores. However, all editions of the report are available in PDF and can be downloaded for free at <www.fraserinstitute.org/studies/economic-freedom>.

If you have difficulty downloading the data, please contact <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 One

Economic Freedom of Canada, the United States, and Mexico in 2023

Economic freedom and the index

The indices published in *Economic Freedom of North America* (EFNA) are an attempt to gauge the extent to which governments in North America permit their citizens economic freedom. The indices published here measure economic freedom at two levels, the subnational and the all-government. There are three separate subnational indices, one each for Canada, the United States, and Mexico. These indices measure the impact of provincial/state and local governments on economic freedom and should be used to compare jurisdictions within the same country. The all-government index builds on the subnational indices to measure the impact of all levels of government—federal, provincial/state, and local—in all three countries. The all-government index should be used to compare jurisdictions across countries. All 10 Canadian provinces, 50 US states, 32 Mexican states (including Ciudad de México), and the US territory of Puerto Rico are included (figures 1.1, 1.2a, 1.2b, and 1.2c). The most recent data available for the report are from fiscal year 2023.

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

Economic freedoms are a subset of human freedoms. They concern economic activity such as transacting, working, acquiring and using property, and contracting with others. When people have more economic freedom, they are allowed to make more of their own economic choices. On one hand, governments can prevent people from making their own economic choices through regulations, taxes, barriers to trade, and manipulation of the value of money. On the other hand, governments can safeguard individual economic choice by protecting persons and their property from fraud or force.

The Fraser Institute has been measuring economic freedom for nearly three decades, beginning with the first *Economic Freedom of the World* (EFW) report, published

in 1996.[1] Since that first publication, independent researchers have used the EFW to conduct about 1,000 studies assessing the relationship between economic freedom and various measures of human well-being. These studies find overwhelming evidence that economic freedom is associated with better outcomes. For example, economic freedom is positively correlated with higher per-capita income, faster economic growth, greater life expectancy, lower child mortality, stronger democratic institutions, better protection of civil and political freedoms, greater tolerance, and more trust.[2] While the goal of the *Economic Freedom of the World* index is to measure the economic freedom of countries on an international basis, the goal of the *Economic Freedom of North America* index is to measure economic freedom across Canadian provinces, US jurisdictions, 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 expands this initial endeavor by including the 50 US states, the 32 Mexican states, and the US territory of Puerto Rico. This latest edition includes data from 1981 through 2023 for all Canadian provinces and US states, data from 2000 through 2023 for Puerto Rico, and data from 2003 through 2023 for all Mexican states.

All jurisdictions are scored on economic freedom at both the subnational (state/provincial and local) and the all-government (federal, state/provincial, and local) levels. This helps isolate the impact of different levels of government on economic freedom in each jurisdiction. The subnational index provides a comparison of how individual jurisdictions within a country measure up against other jurisdictions in that country. The all-government index provides a comparison of how individual jurisdictions in different countries compare to each other.

We examine state- and provincial-level data in three areas of economic freedom: government spending, taxes, and labor-market regulation. 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 It was the Fraser Institute's founder and first president, Michael Walker, who first suggested the idea of measuring economic freedom. To see it to fruition, he worked with Milton and Rose Friedman to organize a series of conferences with dozens of experts, including three Nobel Prize-winning economists.

2 A list of such articles and additional information can be found at <https://www.fraserinstitute.org/economic-freedom/>. For more details on the history of the index and the literature see Lawson (2022) and Mitchell (2024).

For the fourth time, we have included the US territory of Puerto Rico in the report. It was introduced in the subnational index in the 2022 report and into the all-government index in 2023. Chapter 3 details Puerto Rico's economic freedom.

All-government economic freedom

As figure 1.1 on page 8 indicates, in the all-government index, the highest-ranked jurisdiction is again New Hampshire with a score of 8.18, followed by South Dakota and Idaho tied for second (8.11), then Oklahoma and South Carolina tied for fourth (8.08). Alberta is the highest-ranked Canadian province, tied with West Virginia for 30th place with a score of 7.94. British Columbia, the province next highest after Alberta, is tied with Rhode Island at 47th with a score of 7.81. The lowest-ranked Canadian province in the all-government index is Newfoundland & Labrador at 60th (7.58). The next-lowest are Prince Edward Island and Nova Scotia tied at 58th (7.59), and New Brunswick at 57th (7.61). Seven of the 10 Canadian provinces rank below all 50 US states in all-government economic freedom. The lowest-ranked US state, New Mexico, is 53rd with 7.70. The next lowest-ranked states in the United States are Hawaii (52nd, 7.72), Delaware (51st, 7.74), and New York (49th, 7.77).

Thanks to the efforts of Ángel Carrión-Tavárez, three years ago we made a preliminary attempt to include the US territory of Puerto Rico in the US subnational index. Since then, we have included it in the all-government index, made improvements to both the subnational and all-government measures, and expanded them back to 2000. Puerto Rico comes in at 61st in the all-government index with 6.62. This is 0.96 points below the lowest-ranked Canadian province and only 0.14 above the highest-ranked Mexican state.

In the all-government index, the highest-rated Mexican states are Jalisco at 62nd (6.48) and Estado de México at 63rd with 6.46. Jalisco is behind all 50 US states and 10 Canadian provinces, and below the lowest-ranked Canadian province by 1.10. Baja California and Chihuahua (6.45) are next highest, tied at 64th. The lowest rated jurisdiction in North America is Ciudad de México (93rd with 5.74). The next lowest are Colima at 5.78 and Campeche at 5.94. For a more detailed discussion of the Mexican results, see Chapter 2: Economic Freedom of the Mexican States in 2023.

As table 1.1 indicates, the average US state has a higher level of economic freedom on the all-government index than the average Canadian province (7.96 out of 10 compared to 7.69). That margin declined from 0.42 in 2020 to 0.27 in 2023. Averaging across all 93 jurisdictions, all-government economic freedom has fallen by 0.15 since 2018.

Figure 1.1: Summary of 2023 Ratings at the All-Government Level

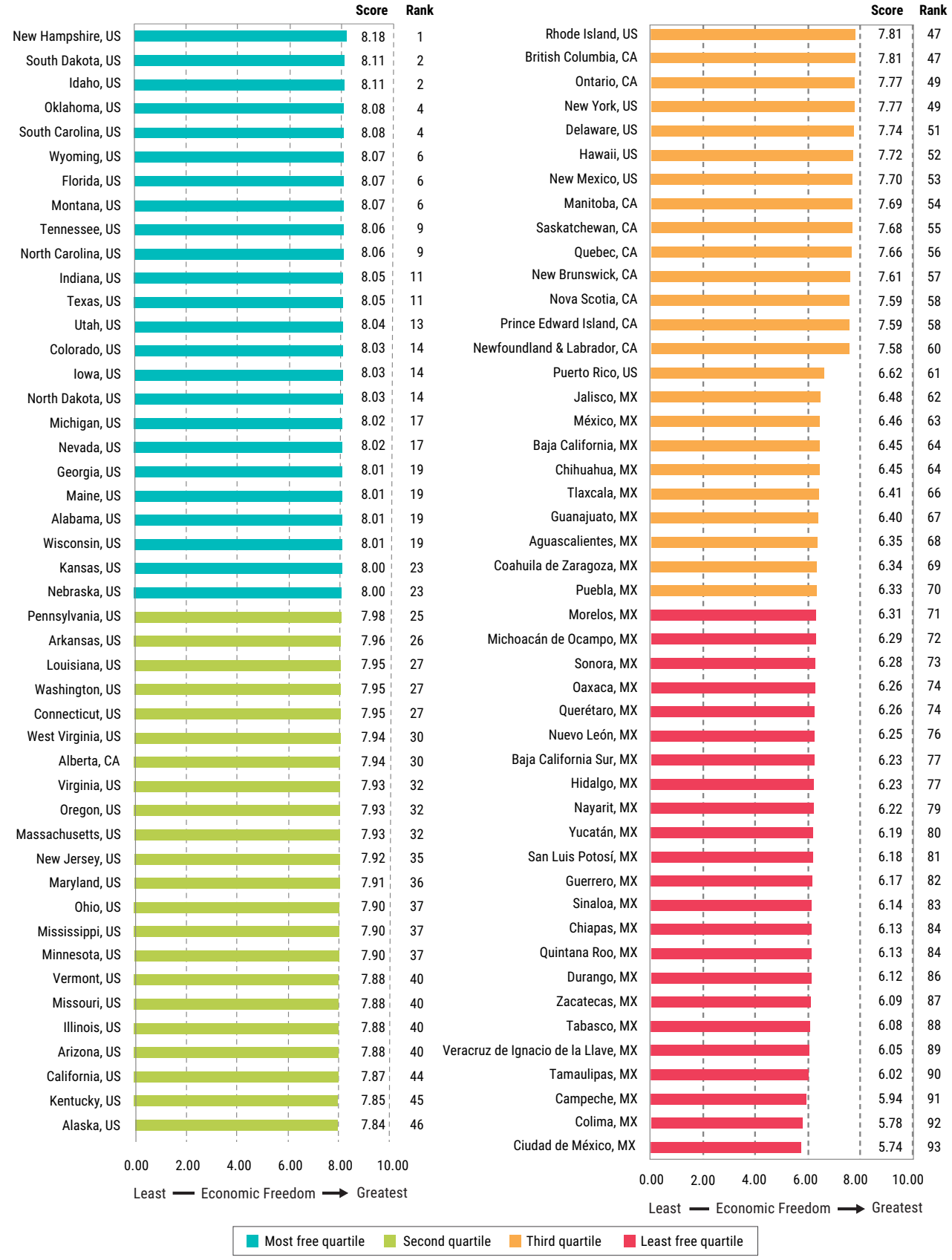


Table 1.1: Average Economic Freedom Scores at the All-Government Level, Selected Years, 2003–2023

	2003	2006	2009	2012	2015	2018	2019	2020	2021	2022	2023
Canada	7.87	7.89	7.79	7.76	7.93	7.76	7.77	7.58	7.59	7.62	7.69
United States	8.33	8.24	7.83	8.10	8.13	8.14	8.12	8.00	7.92	7.88	7.96
Mexico	6.67	6.74	6.26	6.22	6.31	6.33	6.37	6.28	6.36	6.24	6.21
Overall average	7.69	7.67	7.27	7.40	7.46	7.47	7.46	7.35	7.34	7.27	7.32
US minus CAN	0.47	0.35	0.04	0.34	0.19	0.39	0.35	0.42	0.34	0.26	0.27
CAN minus MX	1.19	1.15	1.53	1.54	1.63	1.42	1.40	1.30	1.22	1.38	1.48

Historically, economic freedom had generally been declining in all three countries, though Canada has bucked the trend in the last three years. From 2004 to 2011, the average score across all 93 jurisdictions declined from 7.73 to 7.32, and then rose steadily to 7.46 in 2015. The average then held relatively steady through 2019.

In 2020, the trend reversed as governmental response to the COVID-19 pandemic led to a 0.11 decline in the overall average for all jurisdictions. That was the largest single year decline since the 0.16 decline in 2009 during the Great Recession. Since then, the all-jurisdiction average has fallen even further to 7.32 in 2023 (from 7.46 in 2019). Now, all-government economic freedom in North America is lower than it has been since 2011. We concur with our colleagues who wrote in *Economic Freedom of the World: 2024 Annual Report*:

> We take no position on the efficacy of the various public-health policies designed to deal with the coronavirus pandemic; they very well may have saved millions of lives, or they may have been completely ineffectual. That is a question for epidemiologists and health economists to work out. Our concern is economic freedom, and on that margin, there is no question that government policies responding to the coronavirus pandemic have reduced economic freedom. (Gwartney, Lawson, and Murphy, 2024: 25)

Table 5.1 (pp. 78–80) 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. The longer time series back to 1985 is available in the full dataset published on the Fraser Institute's website <www.fraserinstitute.org/studies/economic-freedom>. The EFW data for countries (used in the all-governments

index) is currently only available at five-year intervals prior to 2000, so our index has that same limitation. Since these data are at the national level, they do not affect calculations of the subnational indices. The subnational indices for Canada and the United States extend back to 1981.

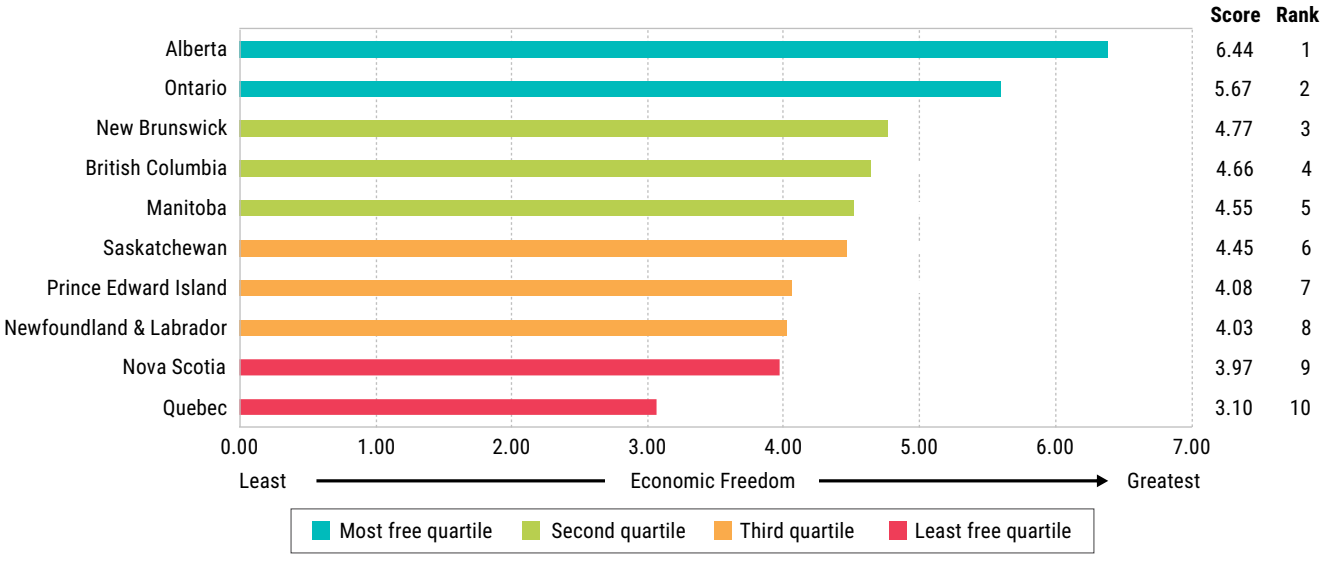
Subnational economic freedom

For comparisons of jurisdictions within the same country, the subnational indices are most appropriate. Figures 1.2a, 1.2b, and 1.2c show the subnational indices for Canada, the United States, and Mexico.

Canada

Alberta, with a score of 6.44, was the most economically free province in Canada in 2023 (figure 1.2a), as it has been for many years. However, since 2014 that lead has shrunk substantially, falling from 2.27 points in 2014 to 0.78 in 2023. The next highest provinces in the subnational index were Ontario at 5.67, followed by New Brunswick (4.77), British Columbia (4.66), and Manitoba (4.55). Quebec was at the bottom of the subnational economic freedom index with 3.10, well below Nova Scotia (3.97), Newfoundland & Labrador (4.03), Prince Edward Island (4.08), and Saskatchewan (4.45).

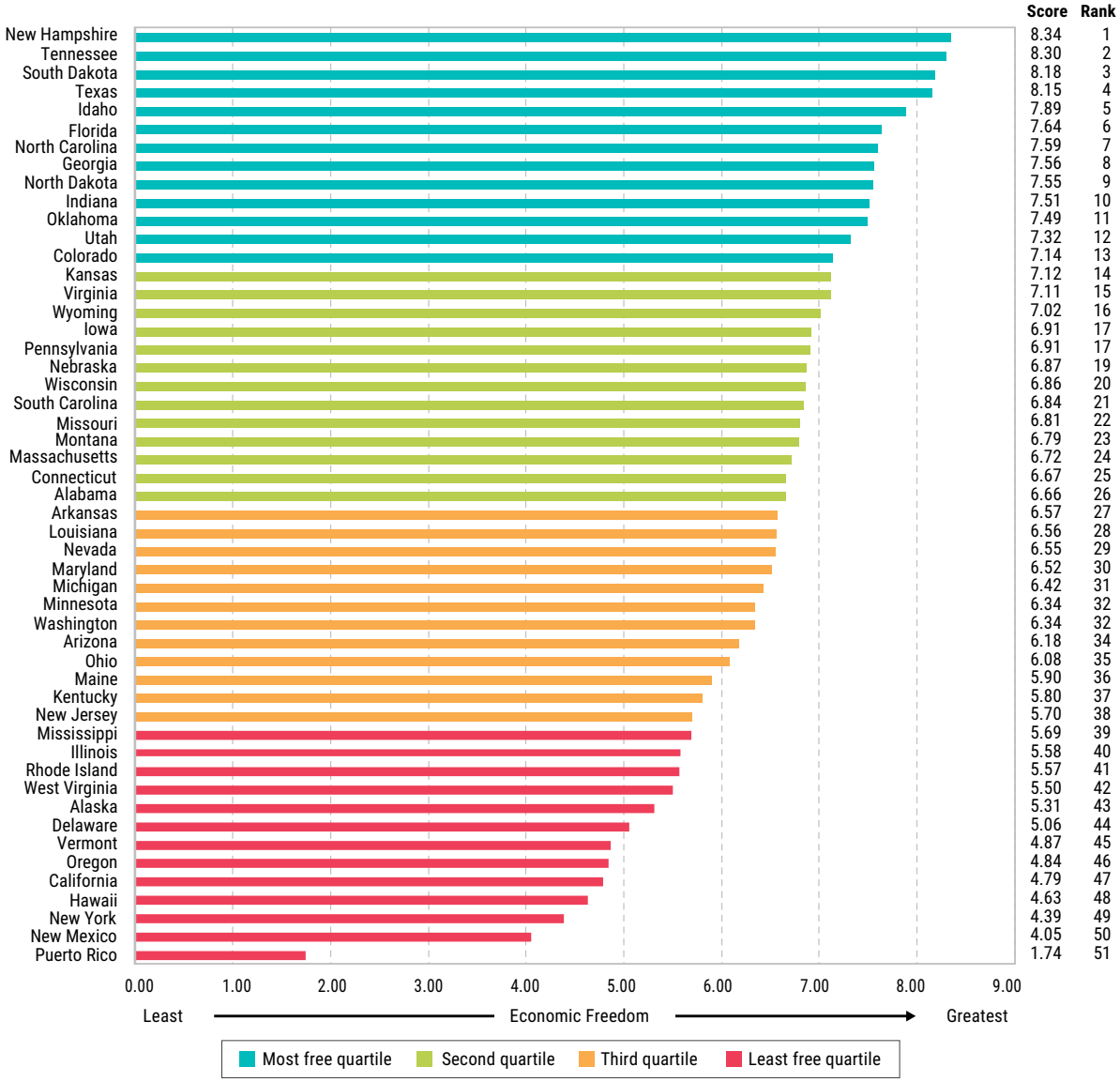
Figure 1.2a: Summary of 2023 Canadian Ratings at the Subnational Level



United States

Figure 1.2b shows the subnational scores for the US states. New Hampshire (8.34) again earned the top spot.[3] Tennessee (8.30) rose to second, and South Dakota fell to third with 8.18, followed by Texas (8.15) and Idaho (7.89). Florida (at 6th with 7.64) fell out of the top 5 for the first time in over 10 years. And for the first time in nearly 20 years, New York (at 49th with 4.39) was not the least-free state, being edged out by

Figure 1.2b: Summary of 2023 US Ratings at the Subnational Level



3 Note that since the indices were calculated separately for each country the numeric scores on the subnational indices are not directly comparable across countries.

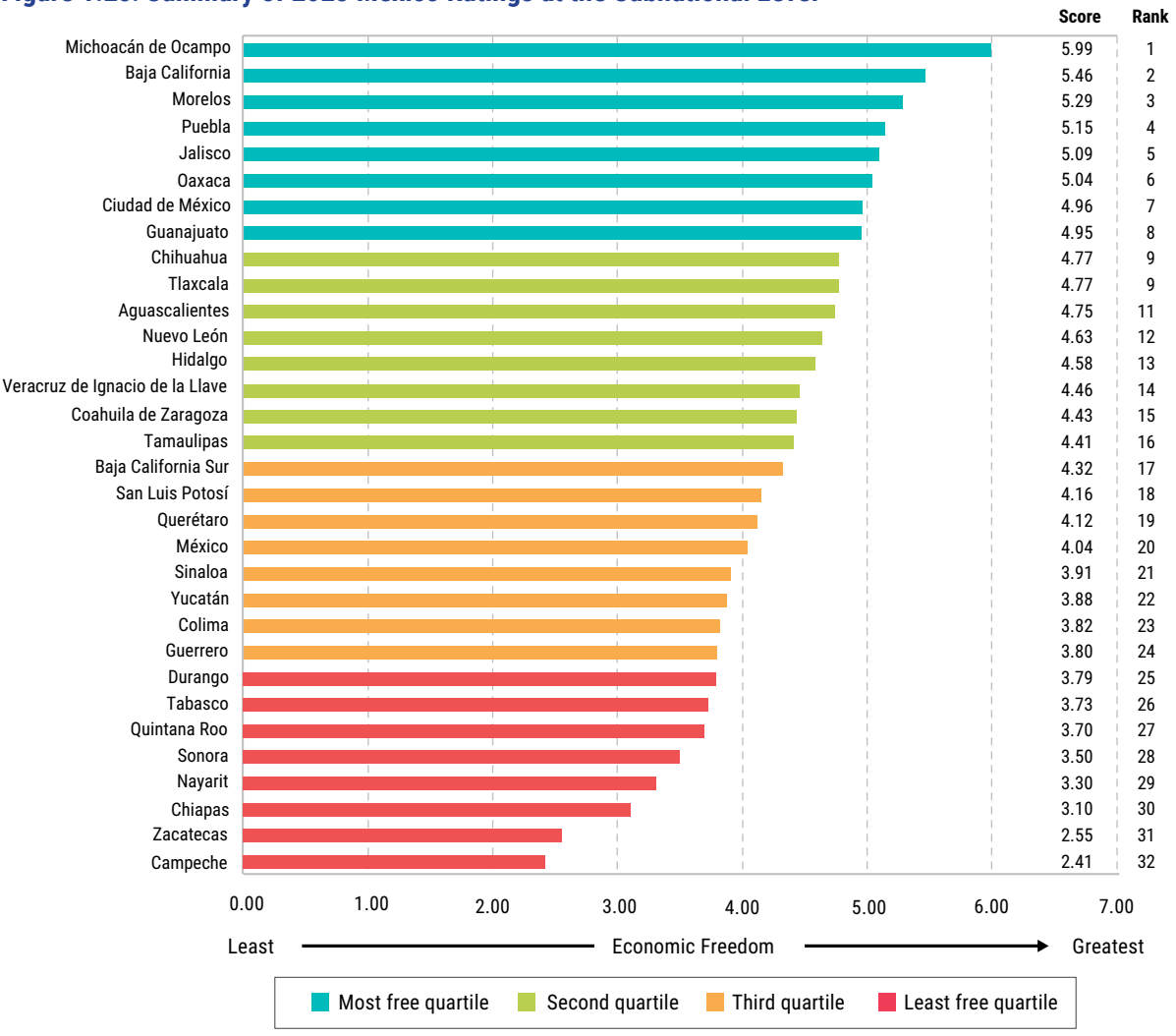
New Mexico at 4.05. Four other states finished with scores below five: Hawaii (4.63), California (4.79), Oregon (4.84), and Vermont (4.87).

The US territory of Puerto Rico again had by far the lowest score, 1.74. The next lowest score was more than twice as high. See chapter 3 for a more detailed discussion of economic freedom in Puerto Rico.

Mexico

The subnational scores for the Mexican states can be found in figure 1.2c. The most economically free state by this measure was Michoacán de Ocampo at 5.99, followed by Baja California at 5.46, and Morelos at 5.29.[4] This year, Campeche was the least-

Figure 1.2c: Summary of 2023 Mexico Ratings at the Subnational Level



4 Mexico has a much more centralized government structure than Canada and the United States. As a result, since the subnational index leaves out the impact of the federal government, it is a less useful measure of the relative level of economic freedom across the Mexican states.

free Mexican state at 2.41, behind Zacatecas (2.55) and Chiapas (3.10). Chapter 2 contains a more detailed discussion of the Mexican index.

Additional resources

In addition to the tables in Chapter 5, all the 2023 scores and rankings for each of the components of the index as well as historical data on the overall and area scores can be found on our interactive website at www.freetheworld.org, where the full dataset is also available for download.

Description of components

The theory of economic freedom is no different at the subnational level than it is at the national level though it is measured differently. The 10 components of the subnational index fall into three areas: 1) Government Spending, 2) Taxes, and 3) Labor Market Regulation. 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.

Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 for each component was constructed to represent the underlying distribution of each of the 10 components in the index. The highest possible score on each component is 10, which indicates a high degree of economic freedom, and the lowest possible score is zero, which indicates a low degree of economic freedom.[5] 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. 109, for more details).

In order to produce comparable tax and spending data for jurisdictions of widely different sizes and income levels, all such variables are standardized by dividing by income (as is the minimum-wage variable). In Canada and Mexico, we use "household income";

5 Because of the way scores for economic freedom are calculated, a minimum-maximum procedure discussed in Appendix A: Methodology (p. 109), a score of 10 is not indicative of perfect economic freedom, but rather the most freedom among the existing jurisdictions.

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

Area 1 Government Spending

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

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

1B Transfers and Subsidies as a Percentage of Income

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

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

1C Insurance and Retirement Payments as a Percentage of Income

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

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[6] and the Income Threshold at Which It Applies

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

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.

6 See Appendix A: Methodology (p. 109) for further discussion of how the rating for the top marginal tax rate and its threshold was derived.

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.[7] The break between revenues and spending is even more pronounced at the all-government level, which includes the federal government. Obviously, what the federal government spends in a state or a province does not necessarily bear a strong relationship to the amount of money it raises in that jurisdiction. Thus, to take examples from both Canada and the United States, the respective federal governments spend more in the province of Newfoundland & Labrador and the state of West Virginia than they raise through taxation in these jurisdictions—while the opposite pattern holds for Alberta and Connecticut. As discussed above, both taxation and spending can suppress economic freedom. Since the link between the two is broken when examining subnational jurisdictions, it is necessary to examine both sides of the government's balance sheet.

Area 3 Regulation

3A Labor Market Regulation

3Ai Minimum Wage

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.

7 Most governments have revenue sources other than taxation and national governments also have international financial obligations so that the relation between taxation and spending will not be exactly one to one, even at the national level. Nevertheless, over time, the relationship will be close for most national governments, except those receiving large amounts of foreign aid.

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

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

Economic freedom decreases for several reasons as government employment increases beyond what is necessary for government's productive and protective functions. Government, in effect, is using expropriated money to take an amount of labor out of the labor market. This restricts the ability of individuals and organizations to contract freely for labor services since employers looking to hire must 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 provides a good or service directly instead of putting it out for a competitive bid, it reduces economic freedom by limiting choice and by typically creating a governmental quasi-monopoly in the provision of services. For instance, the creation of school vouchers may not decrease government expenditures but it would reduce government employment, eroding the 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.

At 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 non-policy factors like manufacturing density. We also wish to exclude the effect of government employment—although it is a policy factor that is highly correlated with levels of unionization—since government employment is already captured in component 3Aii above.

Thus, we ran statistical tests to determine how significant an effect government employment has on unionization. We found it to be a highly significant effect. We therefore hold this factor constant in calculating this component. We also ran tests to determine if the size of the manufacturing sector was significant. It was not and, therefore, we do 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 on the rural vs. urban population 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).[8]

8 The National Right to Work Legal Defense Foundation (2024) provides a reasonable measure of right-to-work laws and when they were established for US states, see <www.nrtw.org/b/rtw_faq.htm>. We considered using this to replace or complement the measure of unionization rates used in the past. However, the benefit of using a measure of unionization rates is that it picks up some of the differences in enforcement and informal freedoms not picked up by the legislation. For instance,

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

Components added for the all-government index

As we have noted above, the all-government index should be used to compare jurisdictions that are not in the same country. The all-government index builds on the subnational indices to account for federal policies in two ways. First, we add federal spending and taxes in the provinces and states to the provincial/state and local totals used in the subnational index. This accounts for the fact that federal policies may differentially affect one state or province relative to another. Second, the all-government index incorporates six variables from the *Economic Freedom of the World* (EFW) index to account for differences in economic freedom between the countries. These include three additions to existing areas: It expands on EFNA's Area 1 to include federal government investment (variable 1C in EFW), Area 2 to include federal top marginal income and payroll tax rates (variable 1Dii in EFW), and Area 3 to include federal credit market regulation and business regulations. It also includes three entire areas taken from the EFW: 4) Legal Systems and Property Rights; 5) Sound Money; and 6) Freedom to Trade Internationally. These additions help capture restrictions on economic freedom that arise from federal policy. We offer more details in Appendix A. Here is a brief description of these components:

1D Government Investment

When government engages in more of what would otherwise be private investment, economic freedom is reduced. This variable, used only in the all-government index because state and provincial government investment data is not widely available, is the country score for variable 1C in *Economic Freedom of the World: 2025 Annual Report.* A detailed description and data sources can be found in that report, available at <https://fraserinstitute.org/ studies/economic-freedom-world-2025-annual-report>.

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.

2Bii Top Marginal Income and Payroll Tax Rates

This variable is the country score for variable 1Dii in *Economic Freedom of the World: 2025 Annual Report*. A detailed description and data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

3A Labor Market Regulation

The EFW allows us to add several components to labor market regulation:

3Aiv Labor Regulations and Minimum Wage

3Av Hiring and Firing Regulations

3Avi Flexible wage determination

3Avii Hours Regulations

3Aviii Costs of Worker Dismissal

3Aix Conscription

3Ax Foreign Labor

3B Credit Market Regulation

Why the regulation of credit and business affects economic freedom is easily understood. When the government limits who can lend to and borrow from whom and puts other restrictions on credit markets, economic freedom is reduced.

3Bi Ownership of Banks

3Bii Private Sector Credit

3Biii Interest Rate Controls / Negative Real Interest Rates

3C Business Regulation

When government limits business people's ability to make their own decisions, freedom is reduced.

3Ci Regulatory Burden

3Cii Bureaucracy Costs

3Ciii Impartial Public Administration

3Civ 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 can limit the economic freedom of the less powerful for their own benefit. The variables for Legal System and Property Rights from the world index are the following.

4A Judicial Independence

4B Impartial Courts

4C Property Rights

4D Military Interference

4E Integrity of the Legal System

4F Contracts

4G Real Property

4H Police and 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 and savers. The variables for Sound Money from the world index are the following.

5A Money Growth

5B Standard Deviation of Inflation

5C Inflation In the Most Recent Year

5D 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 the buyer and seller. The variables for Area 6 from the index in *Economic Freedom of the World* are the following.

6A Tariffs

6Ai Trade Tax Revenue

6Aii Mean Tariff Rate

6Aiii Standard Deviation of Tariff Rates

6B Regulatory trade barriers

6Bi Non-tariff Trade Barriers

6Bii Costs of Importing and Exporting

6C Black-market exchange rates

6D Controls of the movement of capital and people

6Di Financial Openness

6Dii Capital Controls

6Diii Freedom of Foreigners to Visit

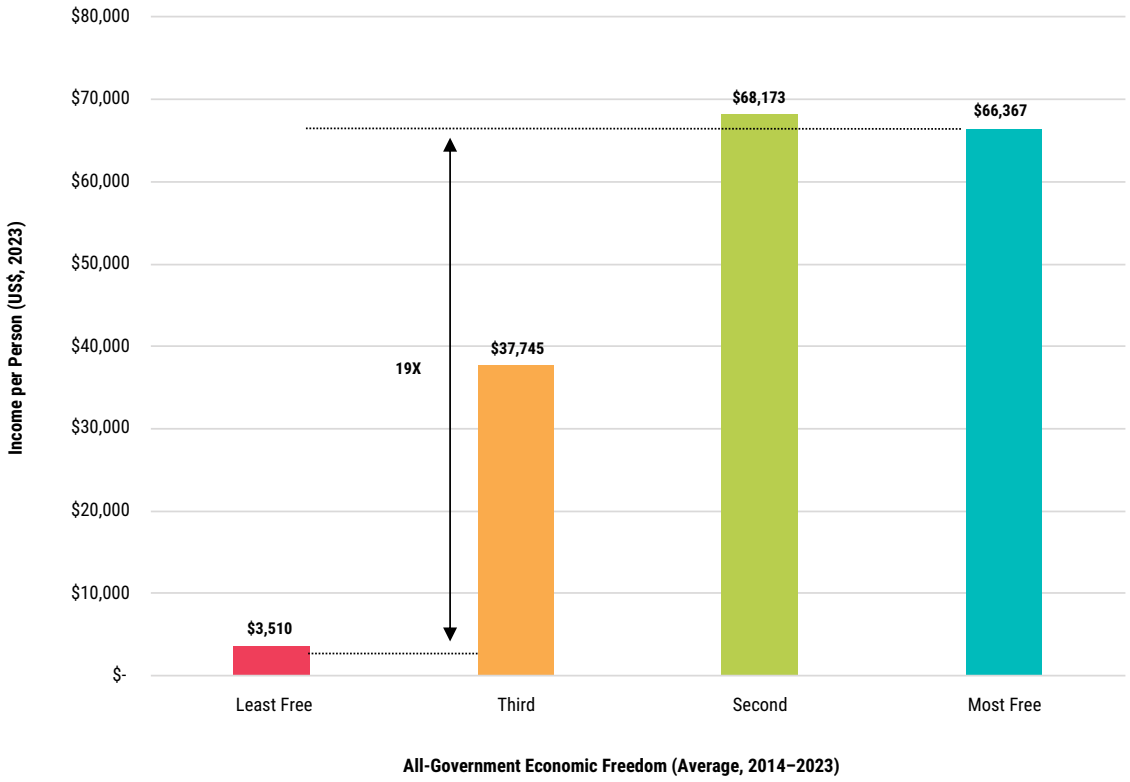
6Div Protection of Foreign Assets

More information on the variables and the calculations can be found in appendices A and B. For detailed descriptions of the country-level variables, readers can refer to Appendix: Explanatory Notes and Data Sources in *Economic Freedom of the World: 2025 Annual Report* (Gwartney, Lawson, and Murphy, 2025). The inclusion of these data from the world index raises the scores for both the Canadian provinces and US states since both Canada and the United States do well in these areas when compared to other nations, as is done in the world index. The effect on the Mexican states tends to be the opposite.

Overview of the results

Following are some graphs that demonstrate the important link 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 (measured as the average over the

Figure 1.3: All-Government Economic Freedom and Income per Person in Canada, the United States, and Mexico in 2023

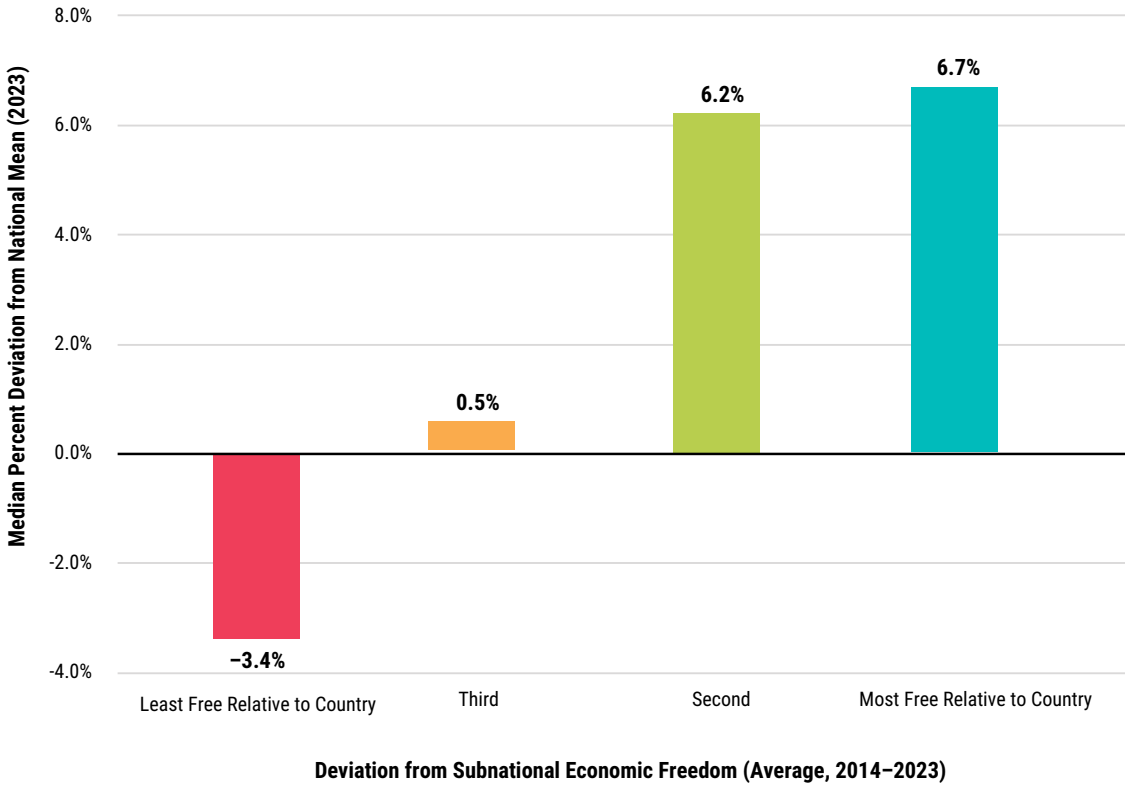


most recent 10 years of our dataset, 2014–2023). For example, the category on the far left of the chart, "Least Free," represents the jurisdictions that score in the lowest fourth of the economic freedom ratings. The jurisdictions in this least-free quartile have an average per-capita income of just US$3,510. This compares to an average per-capita income of US$66,367 for the most-free quartile.

Figure 1.4 is similar to figure 1.3 but it shows economic freedom at the sub-national level and measures it as deviations from the national average, since the three subnational indices are not directly comparable.[9] Among those jurisdictions that were most-free relative to the rest of their country, income per person was 6.7% above the country average (measured at the median of each quartile). In contrast, those that were the least free relative to their countries were 3.4% below the national average. In each index, per-capita income in the most-free jurisdictions is substantially higher than in those that are the least free.

9 Since the subnational index scores are calculated separately for each country, we cannot average the scores of jurisdictions in different countries. Instead, for each jurisdiction we have calculated the deviation of its economic-freedom score from the national average and used that to determine the quartiles.

Figure 1.4: Subnational Economic Freedom and Relative Income per Person in Canada, the United States, and Mexico 2023



Next, we look at the relationship between economic freedom and the growth of a jurisdiction's economy. The states and provinces are again divided into quartiles based on average economic freedom scores over the most recent 10 years. The most-free areas, based on the all-government index, saw total income grow by 24.3% in inflation-adjusted dollars, while the least-free areas saw only a 2.6% increase in real income (figure 1.5). Focusing on the subnational index, on which each country is scored separately, the most-free US states saw employment grow by 18.3%, compared to only 9.4% in the least-free (figure 1.6). The most-free states saw an even bigger advantage in population growth, growing 8.9% over the 10-year period vs. only 0.5% among the least-free US states (figure 1.7).

Finally, we look at the relationship between the *growth* of economic freedom and the growth of a jurisdiction's economy. In figures 1.8 and 1.9, 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.

Figure 1.5: All Government Economic Freedom and Growth in Total Income in all Three Countries

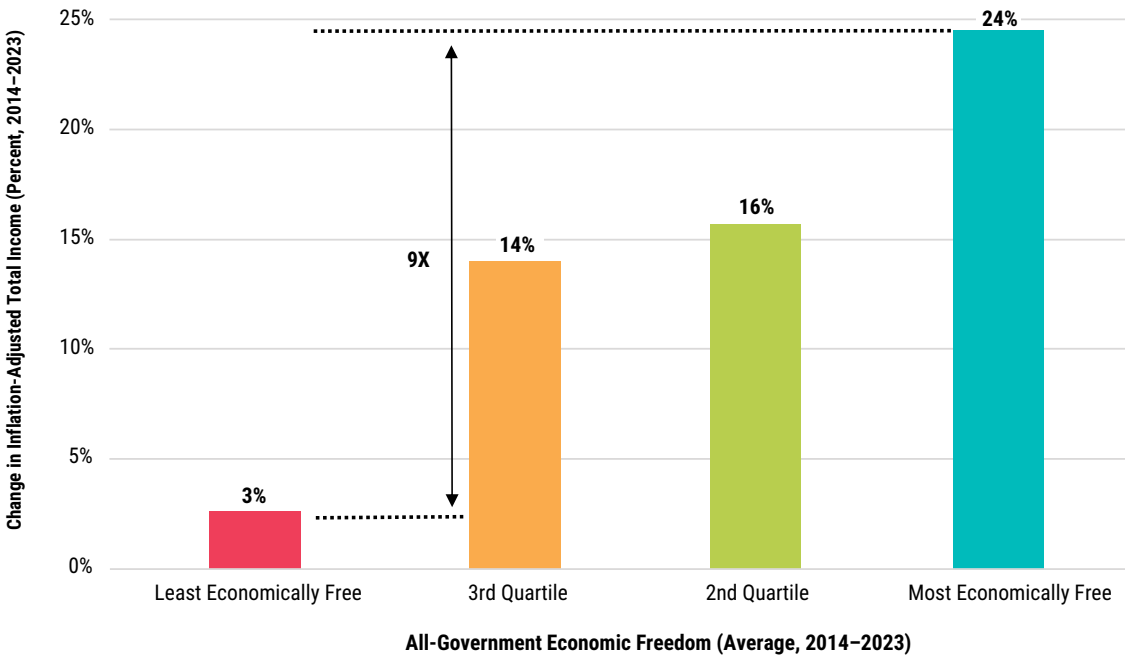


Figure 1.6: US Subnational Economic Freedom and Growth in Total Employment

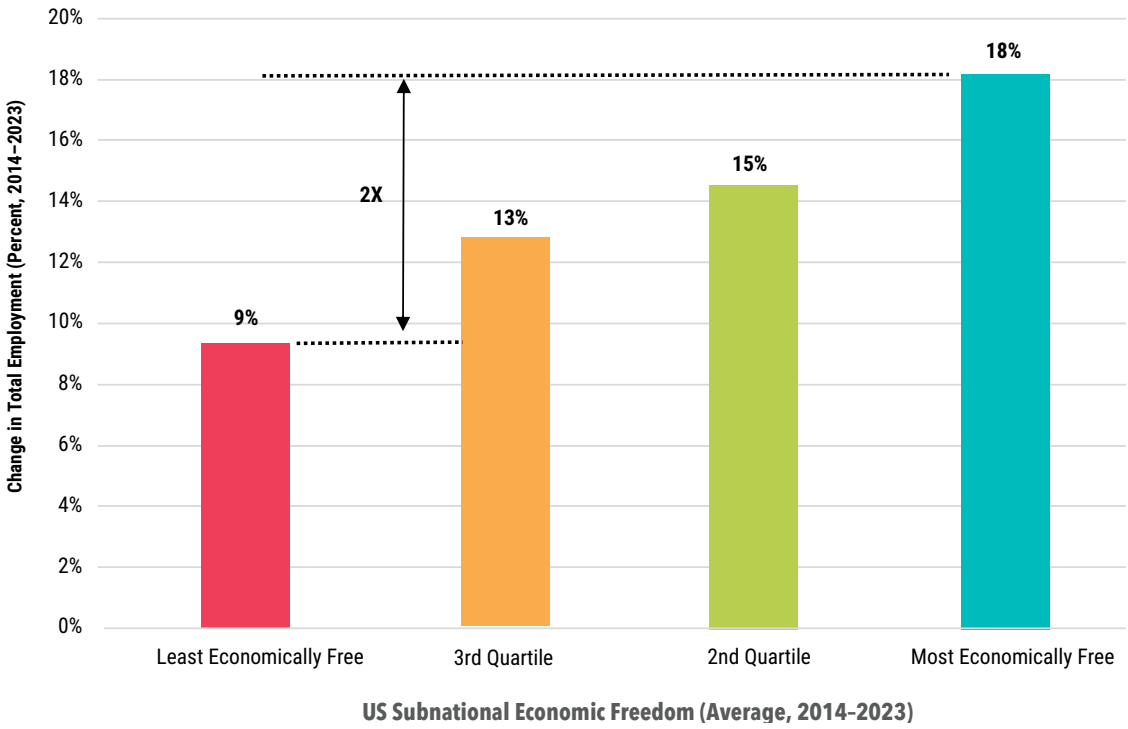


Figure 1.7: US Subnational Economic Freedom and Growth in Population

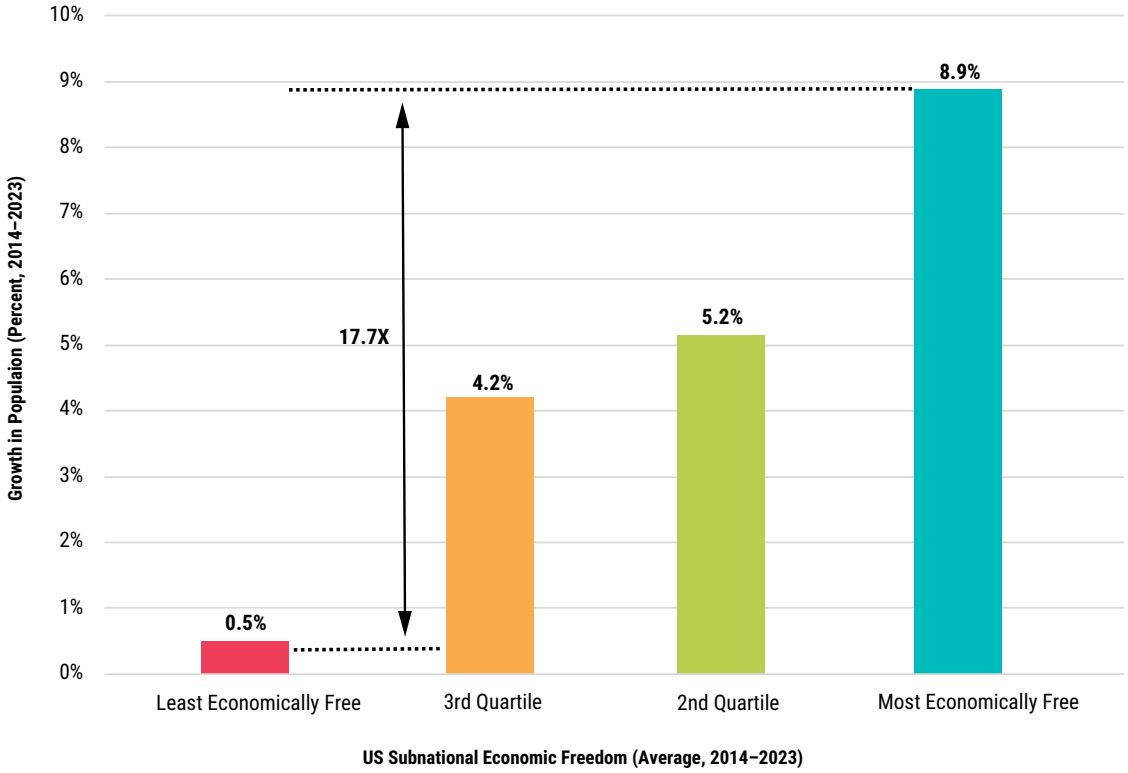


Figure 1.8: Average Growth in per Capita Income and Average Growth in Economic Freedom at the All-Government Level, 2014-2023

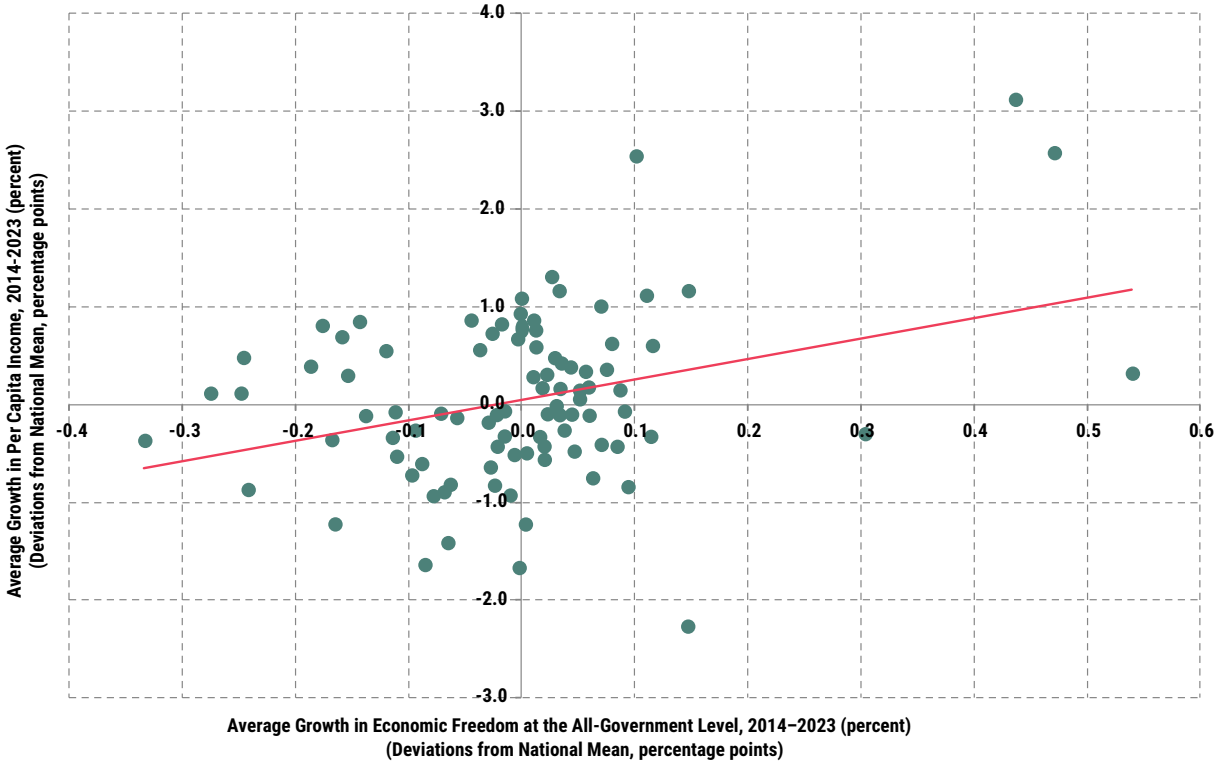
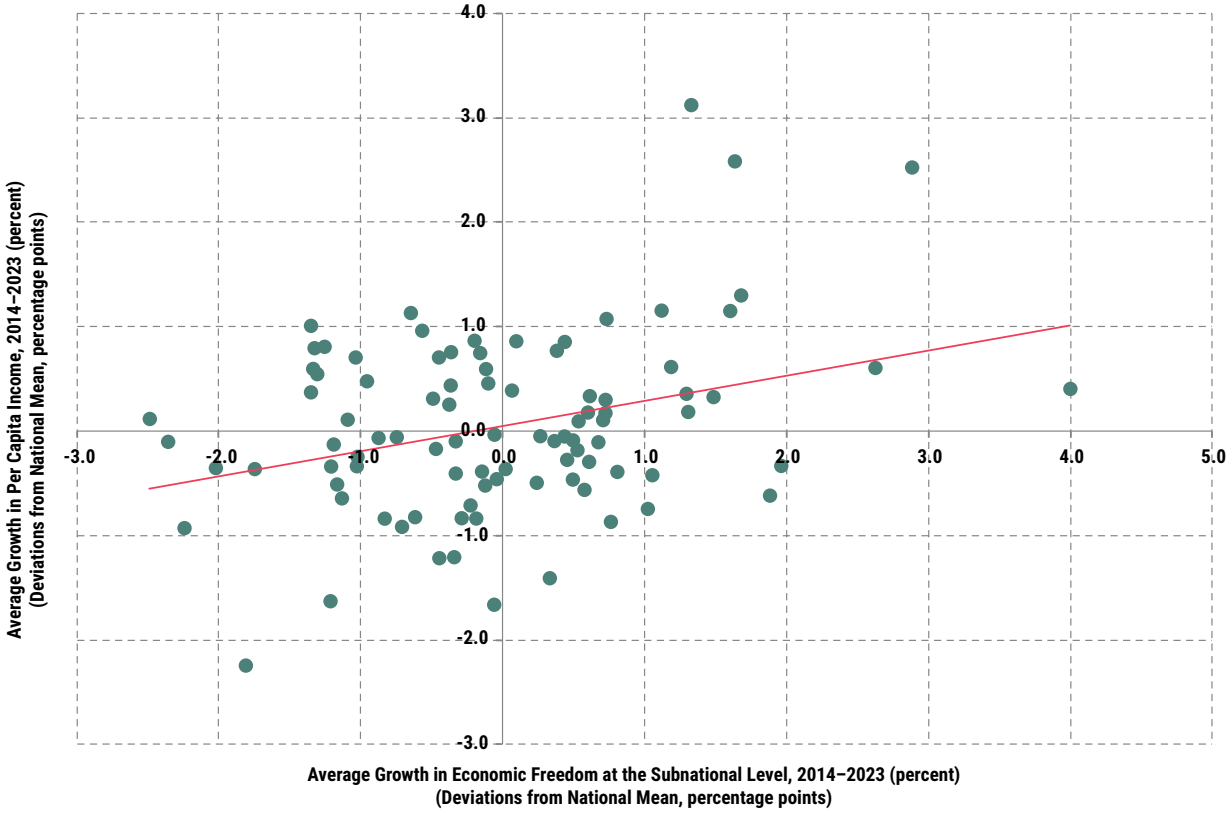


Figure 1.9: Average Growth in Income per Capita and Average Growth in Economic Freedom at the Subnational Level, 2014–2023



Comparing the all-government level and the subnational level

The distribution of government responsibilities between federal governments and subnational governments varies widely across the three nations. For example, in 2023, provinces and local governments accounted for about 62% of total government revenue in Canada. In the United States, state and local governments were responsible for 37%, and in Mexico, for only 5.8%. Thus, subnational government spending and taxation patterns cannot be directly compared across countries. This is why we produce separate subnational indices for each country.

Economic freedom and economic well-being

The economic freedom indices published by the Fraser Institute have spawned a large and ever-growing body of research. According to Google Scholar, *Economic Freedom of the World* has now been cited about 14,000 times. And according to the Social Science Citation Index, it has been used in about one thousand peer-reviewed studies to assess the relationship between economic freedom and human well-being. Most of

this research finds that economic freedom positively correlates with well-being. One recent review of the literature, for example, looked at 721 peer-reviewed studies and found that in a majority of them economic freedom is statistically associated with good outcomes (Lawson, 2022). Among other things, economic freedom is positively correlated with higher incomes, faster growth, increased immigration, more entrepreneurship, better labor outcomes, more investment, cleaner environments, greater trust, more tolerance, less conflict, less corruption, and better protection of human rights (Lawson, 2022; Mitchell, 2024). Moreover, despite what one might think, economic freedom does not seem to be correlated with higher income inequality (Lawson, Miozzi, and Tuszynski, 2024).

Our measure of economic freedom in North America adds to this sizeable literature. Since the publication of the first edition of *Economic Freedom of North America* in 2002, there have been over 450 academic and policy articles exploring the relationship between our measure of economic freedom and other indicators such as economic growth and entrepreneurial activity.[10] Findings have been similar to those using the national index. Among 155 papers using the EFNA, two-thirds associate it with good outcomes such as faster growth and only one associates it with a bad outcome, with the rest finding mixed results (Stansel and Tuszynski, 2018). In one recent example, a 10% increase in economic freedom was found to be associated with a 5% increase in real per-capita gross state product (Hall, Lacombe, and Shaughnessy, 2019).

This evidence matches intuition: it makes sense that when individuals are allowed to make their own economic choices—guided by the market signals and incentives of prices, profits, and loss—they will tend to pursue opportunities that improve their lives.

10 For a selected list of the most recent works, see Appendix C (p. 129).

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Chapter Two

Economic Freedom of the Mexican States in 2023

José Torra

Introduction

Measuring economic freedom in Mexico has always been difficult. Previous efforts to include Mexico in the index published in *Economic Freedom of North America* were successful in measuring the relative positions for economic freedom that Mexican states hold against each other, but the results were not fully comparable with those of the Canadian provinces or the US states. The advancement of those efforts and the adjustments introduced to the methodology in the 2012 and 2013 reports laid the groundwork that made it possible to build an integrated index for North America for the first time in the 2014 report. Since 2014, we have continued to make incremental improvements to the report each year.

Before proceeding to the analysis of the data, we need to address the problems faced earlier while constructing the index of economic freedom for the Mexican States. There were two main reasons that the data collected for the Mexican economy was not comparable to that of the US states and Canadian provinces. First, most of the data for Mexico is incomplete. While the Mexican data does not date as far back as Canadian and US data, 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 onward.

Data from earlier 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 2023. 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 not restricted, requires researchers to have previous knowledge of its existence and of how and where to locate it.

Additionally, some data, such as the social security payments required for component 1C, were not publicly available. To access this information, researchers had to navigate a series of bureaucratic procedures that took months to clear and required personal visits to government offices, making access nearly impossible for most institutions outside the country.[1] We have been able to acquire all the data that had been missing from the previous reports and, while some of the variables used are not identical to those used for the Canadian provinces and US states because of the differences in the methodologies, the differences between them is not so significant to make comparison impossible.

The second reason that the comparison among the three countries was not possible before 2014 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 began 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, was not comparable to the data from the other two countries.

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

1 This has since changed, in part thanks to studies such as ours that pushed for this information to be made public and readily available. Nevertheless, since 2024, there has been a renewed tendency toward opacity on the part of the Federal Government, which, for the first time since 2015, has shown reluctance to release public data on government employment.

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*. Starting with the *Economic Freedom of North America 2015*, however, given the difference in policies on labor regulation between these two countries and Mexico, it was resolved to add 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 2023; the data covers the 32 Mexican states. Several adjustments had to be made in how the data were measured for Mexico.

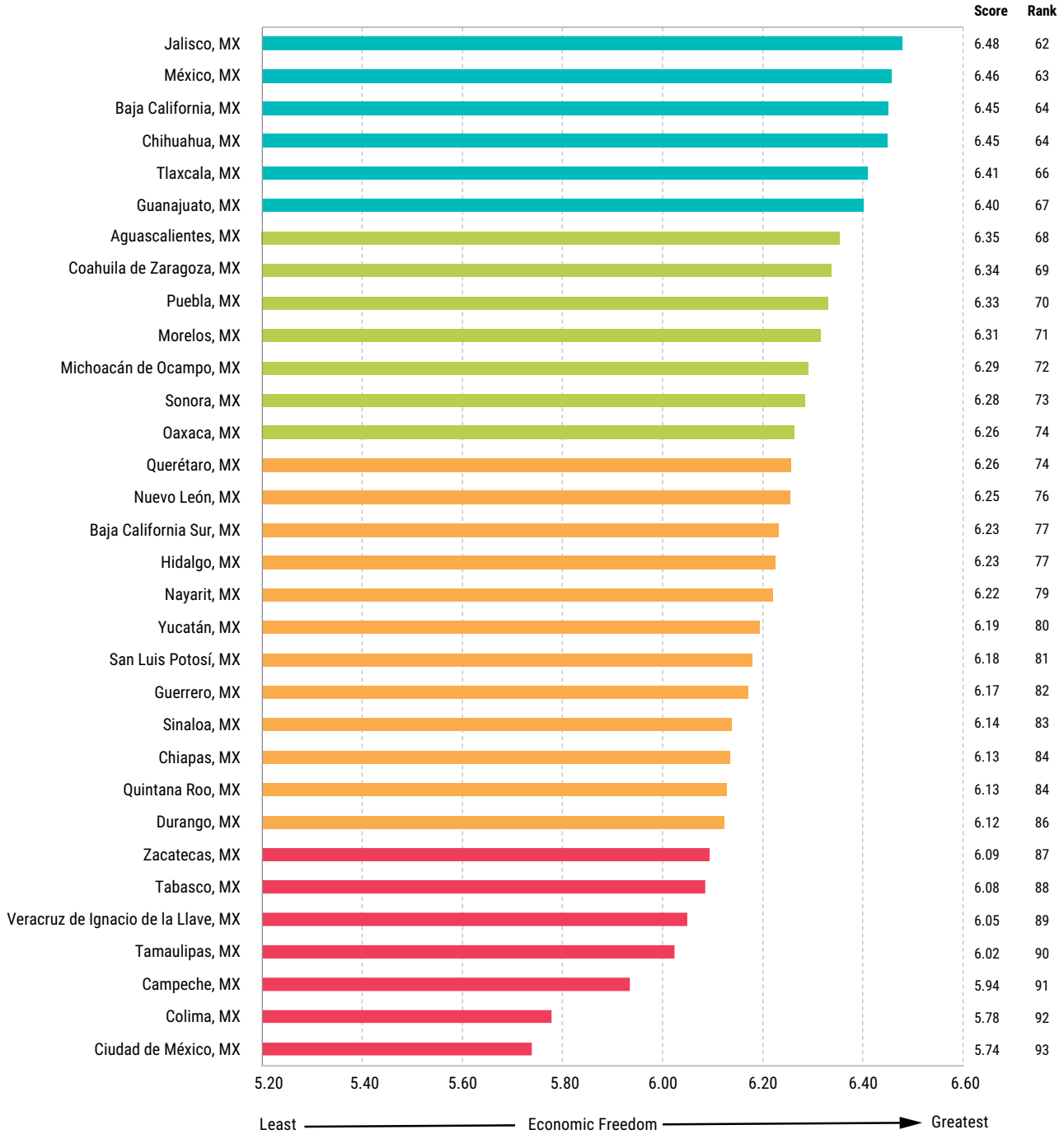
Personal income was estimated from the *Encuesta nacional de ingresos y gastos de los hogares* (National household income and spending poll, ENIGH) (INEGI, 2024), using the same formula that the US Bureau of Economic Analysis uses for their calculations. It is important to mention that because of the nature of this poll, household income tends to be underestimated since the respondents usually choose not to disclose their real income levels out of fear that they could get in trouble for any income they are not declaring to the *Servicio de Administración Tributaria* (Taxation administration service). For 2016, changes were made to the way the ENIGH measured income for the households. These new series were not compatible with the previous one. The National Council for the Evaluation of Social Development Policy (CONEVAL) put out an alternative measurement using a statistical adjustment for the new series in order to make them more comparable.

All-government economic freedom in Mexico

The economic freedom ranking for the Mexican states in the all-government index for 2023 (figure 2.1) has *Jalisco* in first place among Mexican jurisdictions, but 62nd overall. The state of *México, Baja California, Chihuahua,* and *Tlaxcala* ranking 63rd to 66th among all the states and provinces of North America.[2] The lowest ranked Mexican states were *Ciudad de México, Colima, Campeche, Tamaulipas,* and *Veracruz. Colima* and *Ciudad*

2 In previous reports, Mexican states were ranked from the 61st place on, since the addition of Puerto Rico to the index they have been pushed back one place.

Figure 2.1: Mexico All-Government Economic Freedom Ratings, 2023



de México have placed in the bottom two positions since the inclusion of Mexico in the index.

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

reasons for *Ciudad de México's* low ranking is mainly due to its high levels of government consumption and tax revenue, the largest in the country. These factors can be partly explained by *Ciudad de México*'s importance in the economy, and the fact that all federal government departments have their headquarters there. Nonetheless, the high level of government spending crowds out the space for free exchange, and thus, reduces economic freedom.

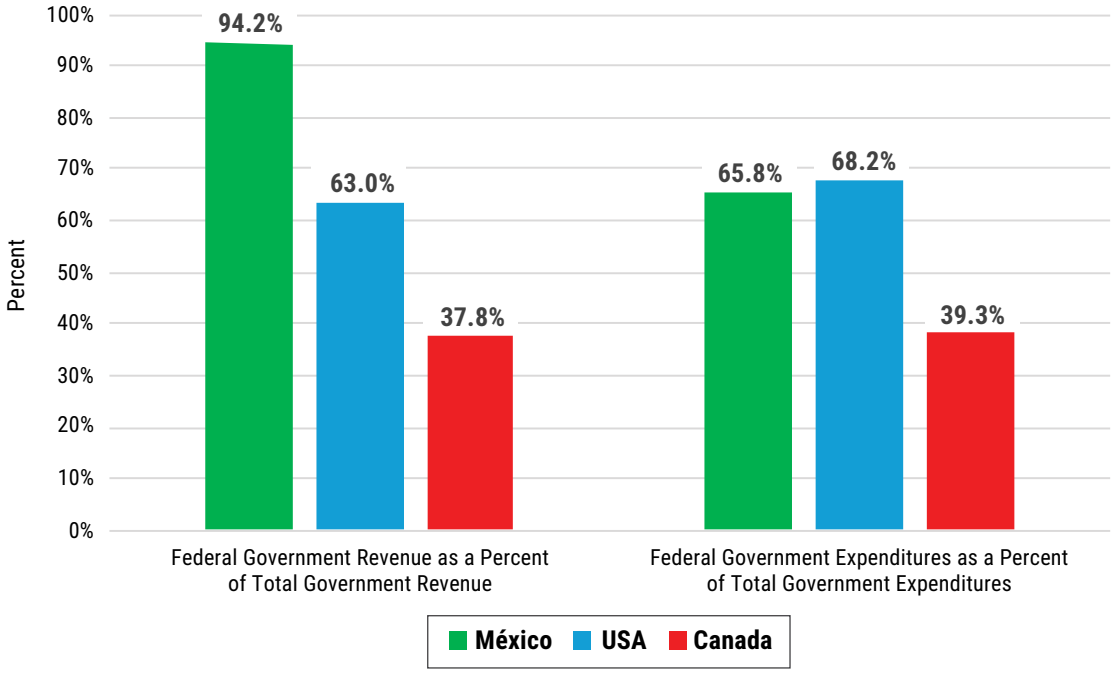
It is important to note that, for all the components of Area 2, there were difficulties when dealing with revenue: certain states such as *Oaxaca* and *Chiapas* reported very low tax revenue because of the large size of their informal sectors. However, most of this income is reported on the income and spending surveys conducted by INEGI, which is reflected in the personal income numbers, and thereby drives up the scores of these states but does not necessarily reflect the status of economic freedom there. This same problem would apply to the states like *Guerrero*, *Sinaloa*, *Michoacán*, *Guanajuato, Tamaulipas, Jalisco,* and *Nayarit,* where drug cartels and fuel-theft mafias are very active. This problem was, however, partially solved by our recent changes in the variables regarding sales and excise taxes and income taxes at the all-government level.[3] (See appendices A and B for a full description of the variables.) These issues also show the need for improvement in the measurement of the rule of law for the Mexican states.

Subnational economic freedom in Mexico

Mexico is a highly centralized country where the federal government is in charge of most of the spending and taxation. For example, as figure 2.2 shows, federal revenue for 2021 was 94.2% of the total revenue at all levels, compared to 63.0% in the United States and 37.8% in Canada. This degree of centralization has an impact on the components we can use to obtain accurate measures of economic freedom at the subnational level; there are a number of components that can only be measured at the federal level. Since there are no state or local income taxes in Mexico, the sub-national index component 2A (income and payroll taxes) contains only payroll taxes and there is no component 2B (the top marginal income-tax rate).

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

Figure 2.2: Centralization of Revenues and Expenditures, 2023



Component 1C poses a similar difficulty. Social security in Mexico is almost totally centralized. Only one of the 32 states has its own Social Security institution, which serves only a minority of their population because the rest are already covered by one of the federal social security institutions (*Instituto Mexicano del Seguro Social* for the private sector or *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 would raise the average ranks of the states that do not, making them appear to be much better off than those that do. We decided therefore 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 bias the rest upward since the amount paid to the local social security agencies is not really significant given the centralization of the social security.

At the subnational level, for 2023 *Michoacán, Baja California,* and *Morelos* were the three states with the highest rankings (figure 1.2c). *Baja California* is also in the top five on the all-government level so their ranking comes as no surprise. *Baja California* also has the highest score for Areas 1 and 3. *Michoacán* has the third highest score among

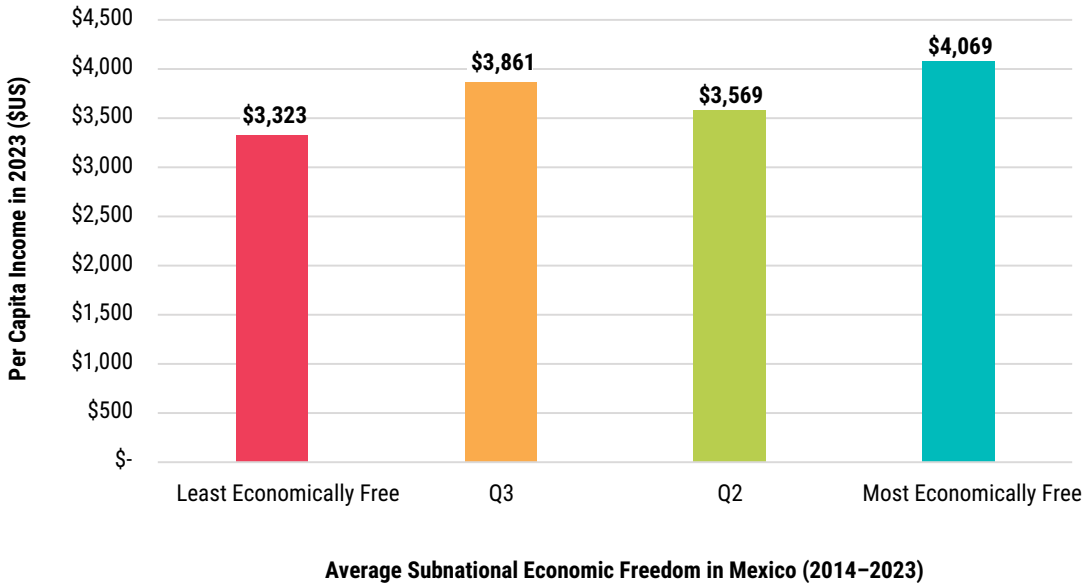
Mexican states for Area 2 and above-average scores for Areas 1 and 3, which accounts for its high ranking at the subnational level.

For Area 1 at the subnational level, *Ciudad de México* ranked third among the Mexican states. *Ciudad de México* has a significant advantage on this particular area over the states because it has only one level of subnational government. The poorest scores for this area belonged to *Chiapas, Guerrero, Campeche, Oaxaca,* and *Zacatecas*. These states are among the least developed in the country, which makes them receivers of large subsidies and transfers; these in turn account for a high level of government spending.

Oaxaca, Tlaxcala, and *Michoacán de Ocampo* held the top three ranks for Area 2. These three states have high rankings for Area 2 mostly because a large part of their populations work in the informal sector because of poverty or the dominance of drug cartels in the area and, thus, are not registered in the *Registro Federal de Contribuyentes* (Federal Registry of Taxpayers) and do not pay any direct taxes. *Queretaro*, *Quintana Roo*, and *Ciudad de México* are the three states with the lowest scores.

Baja California, Ciudad de México, and *Chihuahua* ranked at the top for Area 3. *Ciudad de México,* while having the largest ratio of government employment to total employment, also has the lowest income-weighted minimum wage and ranks at the top in component 3Aiii. The degree to which the minimum wage is binding on labor markets depends on the level of income. In higher income areas, the now unified Mexican

Figure 2.3: Mexico Subnational Economic Freedom and Per Capita Income, 2023



minimum wage is by definition less binding on the labor market in that area. *Ciudad de México* has the highest income amongst the 32 states. *Tamaulipas, Coahuila,* and *Tabasco* had the lowest scores for this area. Figure 2.3 shows the relationship between Mexican subnational economic freedom (averaged over 2014 through 2023) and income per capita in 2023. On average, those in the freest Mexican states earn more than 20 percent more than those in the least free.

Conclusion

This is the tenth 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, Mexico, Baja California, Chihuahua, and *Tlaxcala* were the highest-ranked Mexican states at the all-government level, ranking 62nd to 66th among their North American peers. The lowest rankings were held by *Ciudad de México* (93rd), *Colima* (92nd), and *Campeche* (91st). In the subnational rankings, *Michoacán de Ocampo, Baja California,* and *Morelos,* and were the top-ranked states; *Campeche, Zacatecas,* and *Chiapas* were the lowest ranked.

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Chapter Three

Economic Freedom in Puerto Rico in 2023

Ángel Carrión-Tavárez

Puerto Rico's inclusion in the *Economic Freedom of North America* report was a significant step toward assessing the Island's situation within the broader United States context. This chapter offers an overview of Puerto Rico's performance in the 2025 edition, with particular attention to the indicators of the United States subnational index, and a brief survey of fiscal pressure and tax burden in Puerto Rico. By examining the structural and policy-related constraints that limit individual and business choice, the chapter highlights both the challenges and the opportunities for advancing economic freedom on the Island.

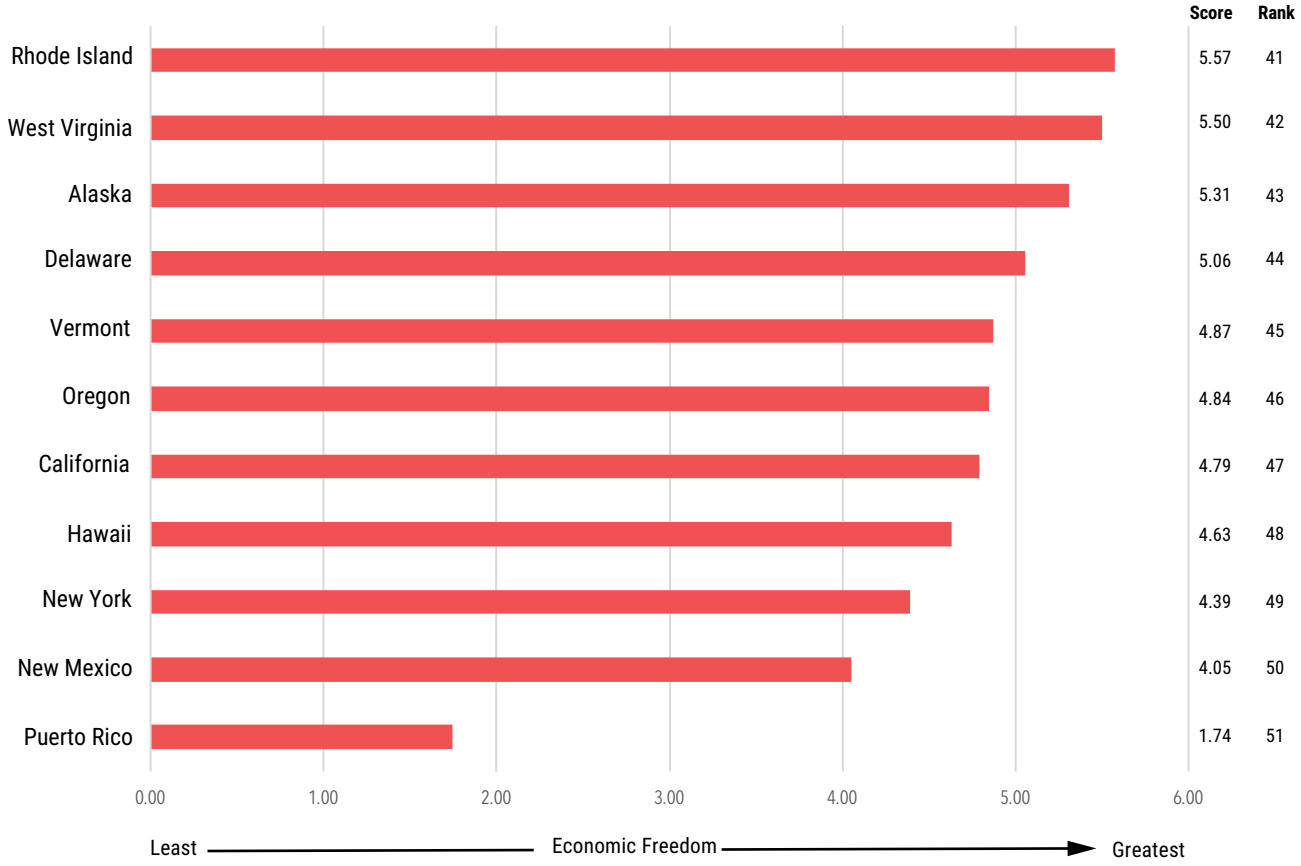
Economic freedom in Puerto Rico is quite limited within the US subnational framework. Research conducted from 2022 to the present, following the report's methodology, provides clear evidence that Puerto Rico's public policies and government intervention in economic activity and private enterprise have constrained individual initiative, discouraged investment, undermined competitiveness, and stifled creativity and innovation. These findings underscore the urgent need to reassess the institutional and regulatory environment to foster a more dynamic and inclusive economy.

Puerto Rico in *Economic Freedom of North America 2025*

In this new edition of the report, Puerto Rico ranks 51st on the United States subnational index for the fourth consecutive year. With a score of 1.74, the Island remains significantly below all other jurisdictions. For comparison, the lowest-ranking US state, New Mexico, scores more than twice as well on the subnational index at 4.05. At the top of the index, New Hampshire scores nearly five times as well, at 8.34. Figure 3.1 shows the ratings of the 10 lowest-ranking US states alongside Puerto Rico.

As shown in table 3.1, Puerto Rico ranks 51st across all three areas of the subnational index. The Island also ranks last—or ties for last—in most of the 10 component variables. It is important to highlight that Puerto Rico's overall score is less than one-third of the US average, and its per-capita income of $29,442 is approximately 42% of

Figure 3.1: Subnational Economic Freedom of the Bottom 10 US States and Puerto Rico, 2023



the US national mean of $69,734 in 2023. Despite these results, no public policy changes have been implemented to improve the limited economic freedom of the people.

Puerto Rico's total personal income declined by $2.65 billion in 2023, in part due to a reduction in the flow of federal funds compared to 2022. This decline was reflected in the Island's score and rank in components 1A ("Consumption spending") and 2C ("Property tax & other tax revenue"), both of which are calculated as a percentage of personal income.[1] Federal funds are a significant factor in Puerto Rico's economy, totaling approximately $39.6 billion[2] in obligations—equivalent to over 40% of the territory's total government budget in 2023.

1 E. R. Ríos comments: "'Personal income' is the denominator, and the result is that it declined. Meanwhile, the numerators—'Consumption spending' and 'Property & other tax revenue'—increased. This produces a higher ratio of government spending and taxation relative to personal income, and therefore, less economic freedom" (personal communication, October 26, 2025).

2 These included $25.2 billion in direct payments, $12.2 billion in grants, and $2 billion in contracts, with additional support through loans and other financial assistance (USAspending.org, 2025). Puerto Rico's reliance on federal funds makes its economy vulnerable to policy shifts, budget cuts, and changes in eligibility criteria at the federal level. This dependence is especially pronounced in healthcare, education, and social services, where federal contributions often exceed local funding.

Table 3.1: Economic Freedom at the Subnational Level in Puerto Rico, 2023

		Data	Score	Rank
Overall Score			1.74	51
Area 1: Government Spending			0.80	51
1A:	Consumption spending, % of personal income	22.8	2.41	48
1B:	Transfers & subsidies, % of personal income	48.6	0.00	50*
1C:	Insurance & retirement payments, % of personal income	6.3	0.00	51
Area 2: Taxes			0.90	51
2A:	Income & payroll tax revenue, % of personal income	10.4	0.00	50*
2B:	Top income tax rate	30.4	0.00	51
	Top income tax threshold	$61,500		
2C:	Property tax & other tax revenue, % of personal income	4.7	2.90	47
2D:	Sales tax revenue, % of personal income	5.8	0.69	48
Area 3: Labor Market Freedom			3.53	51
3Ai:	Minimum wage income, % of per capita personal income	67.1	0.00	51
3Aii:	Government employees, % of total employees	15.9	0.58	51
3Aiii:	Union density, % of total employees	4.0	10.00	1

* Note: Tied for last; no state had a lower score.

Over the past two decades, Puerto Rico has consistently ranked 51st in the United States subnational index, reflecting the lowest level of economic freedom among all jurisdictions. Table 3.2 shows that the Island's scores have remained persistently low, fluctuating between 1.50 and 2.30. Despite modest score increases in select years—such as 2009, 2010, and 2020—Puerto Rico continued to occupy the lowest position in the ranking, suggesting that any gains were either insufficient or outpaced by reforms in other US jurisdictions.

Figure 3.2 illustrates this stagnation by tracing Puerto Rico's overall economic freedom score from 2000 to 2023. While the US average has shown gradual recovery and growth since 2009, Puerto Rico's trajectory has been constrained and erratic. The Island's score peaked in 2009 at 2.30, followed by a decline and volatility through the 2010s, culminating in a sharp drop to 1.50 in 2019. The persistent gap between Puerto Rico and the US average—consistently exceeding four points—illustrates the Island's economic freedom inertia within the US framework.

Table 3.2: Economic Freedom at the Subnational Level in Puerto Rico, 2004–2023

Year	Score	Rank	U.S. Average
2004	1.90	51	6.07
2005	1.99	51	6.16
2006	1.94	51	6.27
2007	1.81	51	6.21
2008	2.17	51	6.05
2009	2.30	51	5.57
2010	2.11	51	5.50
2011	2.01	51	5.68
2012	2.02	51	5.93
2013	2.13	51	5.91
2014	2.07	51	6.10
2015	2.14	51	6.20
2016	2.06	51	6.12
2017	1.97	51	6.16
2018	2.07	51	6.22
2019	1.50	51	6.14
2020	2.22	51	6.40
2021	1.94	51	6.47
2022	2.16	51	6.53
2023	1.74	51	6.5

Figure 3.3 provides further insight into the subcomponents driving Puerto Rico's low scores. Area 1 ("Government Spending") shows relative improvement between 2008 and 2016; however, this progress was not sustained in subsequent years. Area 2 ("Taxes") reveals a more troubling pattern, with scores falling to zero or near zero in multiple years between 2012 and 2019. Area 3 ("Labor Market Freedom"), which remained stagnant for an extended period until 2021, experienced a slight uptick that proved inconsequential to the overall state of economic freedom on the Island.

Figure 3.2: Subnational Economic Freedom, 2000–2023

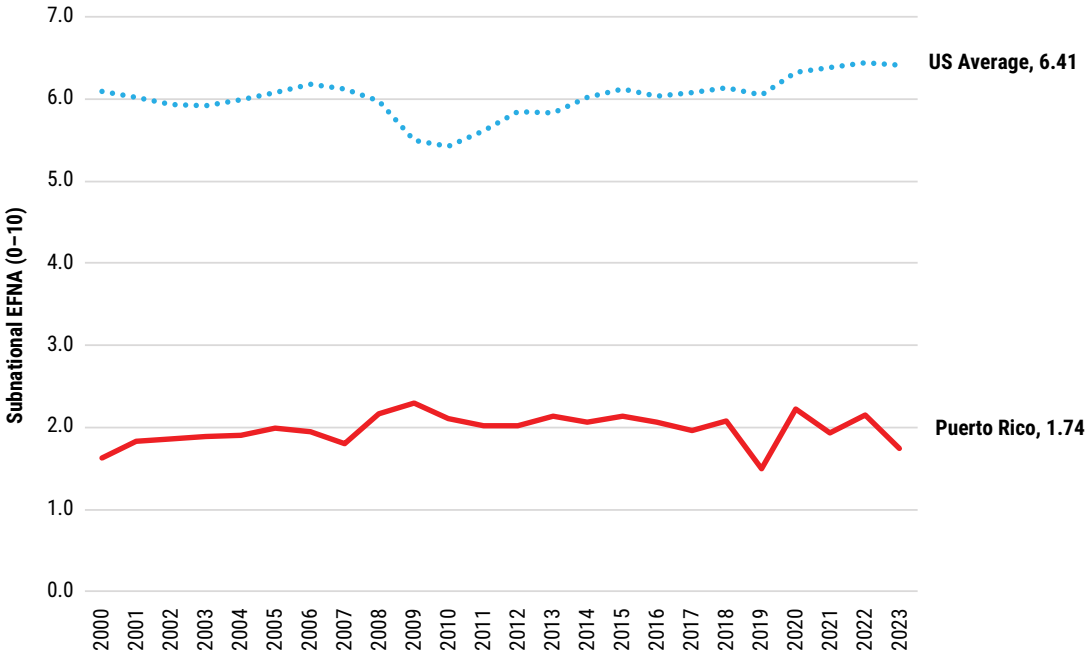
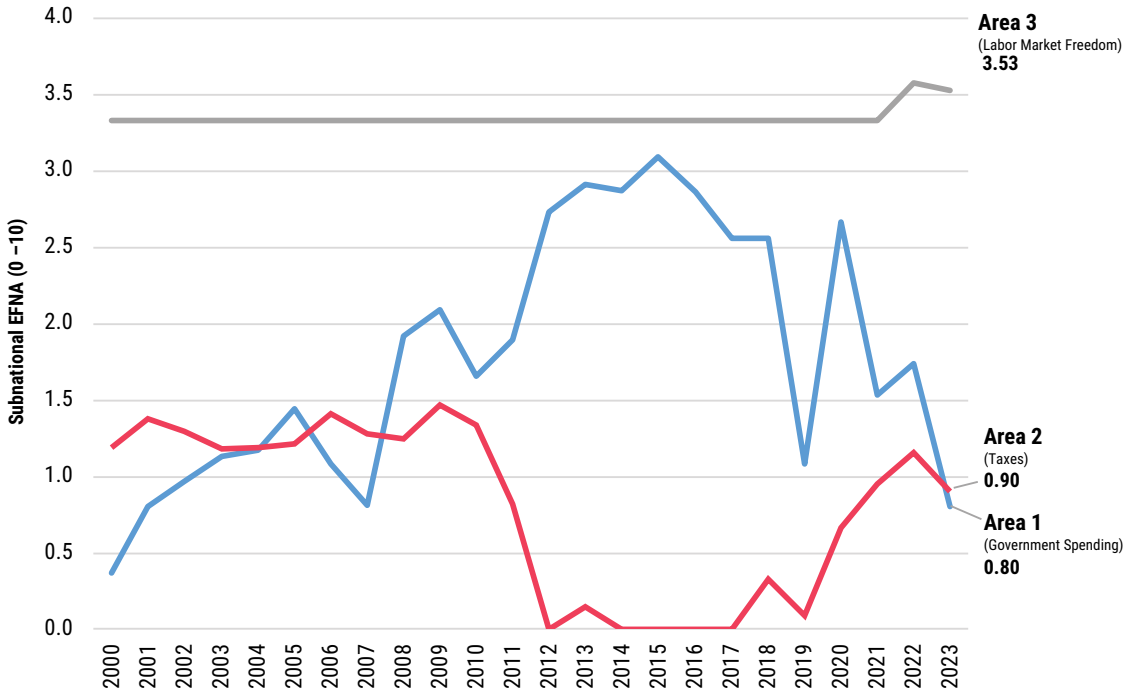


Figure 3.3: Areas of Subnational Economic Freedom in Puerto Rico, 2000–2023



The persistent underperformance of Area 2 ("Taxes") stands out as the most structurally deficient component of Puerto Rico's economic freedom profile. The prolonged weakness in tax-related indicators suggests systemic barriers to reform and a lack of institutional responsiveness. Although numerous tax reforms have been carried out over the years, they have largely focused on fiscal adjustments and changes to tax rates, without addressing the system from a structural perspective. Even less consideration has been given to the impact of the tax system on individuals' right to economic freedom.

Fiscal pressure and tax burden in Puerto Rico[3]

Based on the interpretive guide to tax statistics of the Organisation for Economic Co-operation and Development (2023), Puerto Rico has 10 principal categories of state and local taxes, each with distinct tax bases and encompassing multiple, diverse types of levies. In addition, residents and businesses in Puerto Rico pay federal taxes, including income taxes,[4] payroll taxes, estate taxes, customs duties, telecommunications taxes, and taxes on air transportation, among others. Puerto Rico's residents contribute billions of dollars annually to the U.S. Department of the Treasury—contrary to the widespread and erroneous belief that Puerto Ricans do not pay federal taxes.[5]

Puerto Rico paid $5.39 billion in federal taxes[6] in fiscal year 2023—an amount comparable to Vermont's federal collections that year—constituting 23.2% of total tax revenues collected on the Island. Payments to the state government amounted to $15.58 billion, while collections by the local (municipal) government totaled $2.31

3 The content of this section and the second paragraph of the conclusion are drawn from the report *Taxes in Puerto Rico: Structure, Tax Burden, and Comparison with the United States* (Carrión-Tavárez and Ríos, 2025).

4 Puerto Rico has partial fiscal autonomy with respect to income generated in the territory, allowing such income to be subject solely to Puerto Rico's tax system rather than the U.S. federal tax system. In specific circumstances, however, individuals must pay federal income tax; these include: (a) persons with income from sources outside Puerto Rico (e.g., investments or remote work for U.S. companies); (b) federal government employees and members of the U.S. armed forces stationed in Puerto Rico—a total of 19,500 people in 2023 (Planning Board, 2024); (c) U.S. citizens with dual residency or who reside in Puerto Rico fewer than 183 days per year; and (d) eligible individuals claiming certain refundable federal credits, such as the Child Tax Credit. Publicly available Internal Revenue Service (IRS) data indicate that residents of Puerto Rico have been paying "income taxes" to the federal treasury since at least 1939 (Vargas-Ramos, Lacomba, and Soldevilla-Irizarry, 2024).

5 "Taxation without representation is tyranny" is one of the political slogans used by American colonists living under British rule. This outcry encapsulates the belief that it is unjust to pay taxes to the government of a country of which the taxed individuals are not a part and in which they have no full representation. As Habiger (2023) states, "[a]fter the American colonies broke away from Britain, taxation without representation still existed. Puerto Ricans, for instance, are citizens of the United States, but they are unable to cast ballots in presidential elections, and have no voting representatives in Congress." Information about federal taxes paid in Puerto Rico is available from the IRS and other federal entities.

6 Of this total, $3.67 billion corresponded to contributions to the federal Social Security systems, and $1.72 billion to other tax categories.

billion (66.9% and 9.9%, respectively, of all Island taxes). The combined federal, state, and local taxes paid in Puerto Rico by both resident and non-resident individuals and businesses reached $23.28 billion in 2023. Notably, for every dollar paid in taxes to the local government, approximately $2.33 was paid to the federal government and $6.74 to the state government.

Puerto Rico's distribution of state and local taxes is more concentrated than the average among US states, relying on just two tax categories for 69.6% of revenues: taxes on the consumption of goods and services, and corporate taxes. Corporate taxes show the most pronounced disparity between the territory and US states, with the Island's share being 4.4 times higher. In contrast, the proportion of property taxes is significantly lower in Puerto Rico (7.3%) than the United States average (27.4%), reflecting lower cadastral property valuations, reduced tax pressure on real estate, and a less developed institutional framework for enforcement.[7]

The individual income tax in Puerto Rico accounts for 21.2% of total collections by type. On the Island, this tax is marked by both progressivity and concentration. A revealing indicator is that 495,516 taxpayers—equivalent to 40.1% of returns filed—had no income tax liability in 2023. Those reporting up to $40,000 in earnings (approximately 467,313 taxpayers, or 63.0%) contributed only 9.2% of total income tax revenue. By contrast, filers with incomes above $100,000—representing 7% of returns—contributed more than 62.2% of the total, underscoring the system's structural dependence on this segment.

Economic freedom encompasses the ability of individuals and organizations to determine how they allocate their resources and conduct economic activities without undue governmental interference. The degree of economic freedom in a society can be significantly influenced by its tax burden, as taxation directly affects the amount of disposable income available to individuals and the financial flexibility of enterprises. A higher tax burden may constrain economic choices, while a lighter burden can enhance autonomy in consumption, investment, and production decisions.

The tax burden of a jurisdiction is defined as the percentage ratio between the total taxes paid by residents and their total income. From a macroeconomic perspective, it

7 The Centro de Recaudación de Ingresos Municipales (CRIM), or Municipal Revenue Collection Center, has identified (a) approximately 200,000 real properties outside the registry—either newly built or previously unreported; (b) numerous unappraised improvements, such as terraces, pools, and structural extensions; and (c) undue exemptions that reduce overall collections. On the other hand, nearly 80% of the properties added to the CRIM inventory have been primary residences, many of which qualify for tax exemptions or other forms of exclusion (Pérez, 2025).

reflects the relationship between total tax revenues and the monetary value of goods and services produced within a country's economy. Two principal indicators are used to measure national production: Gross Domestic Product (GDP) and Gross National Product (GNP). Both can be employed to calculate the tax burden, with the choice depending on the structural characteristics of the economy in question.[8]

In 2023, Puerto Rico's GDP ($117.9 billion) exceeded its GNP ($81.55 billion) by 44.6%—a variation substantially greater than that recorded in the United States, where the difference was just 0.3% (Bureau of Economic Analysis, 2025). This gap is primarily attributable to the significant role of foreign companies in Puerto Rico's productive structure.[9] According to accounting methodology, the value added by these companies is included in GDP, as it reflects production within the territory; however, since most of the profits generated are repatriated to the country of origin, those revenues are excluded from GNP, which is based on income generated by factors of production owned by residents.

The profits of foreign companies receive preferential tax treatment and are classified as taxes paid by nonresidents or the external sector. Whether these taxes are included or excluded in calculating Puerto Rico's tax burden has a significant impact. Of the $23.28 billion in taxes paid in Puerto Rico during fiscal year 2023, residents contributed $21.34 billion, while the external sector paid $1.94 billion. When total taxes paid ($23.28 billion) are divided by GDP ($117.9 billion), Puerto Rico's tax burden is 19.7%; nevertheless, if only the taxes paid by residents ($21.34 billion) are divided by GNP ($81.55 billion), the resulting tax burden rises to 26.2%.

The substantial differences among state tax systems carry demographic, economic, business, labor, and productive implications. When businesses and people are mobile across state borders, these disparities can influence the geographical allocation of employers and highly skilled workers. "Many states aggressively and openly compete for firms and high-skilled workers by offering low taxes. Indeed, low-tax states routinely advertise their favorable tax environments with the explicit goal of attracting workers and business activity to their jurisdiction" (Moretti and Wilson, 2017: 1).

8 GDP reflects the value of production generated by domestic or foreign entities, whether resident or nonresident (Gómez-Barroso, 2022). In contrast, GNP represents the monetary value of all final goods and services produced in a year by residents and local companies, regardless of whether the production takes place inside or outside of the country.

9 This particular characteristic of Puerto Rico's industrial sector causes GDP to be significantly higher than GNP—unlike in most countries.

GDP replaced GNP as the principal measure of US production in the 1990s (Bureau of Economic Analysis, 1991). While GNP remains a key aggregate in the national income and product accounts, its state-level breakdown is no longer published. For comparative analysis of Puerto Rico's tax burden relative to the United States as a whole and to each of the 50 states, GDP is used because it is the internationally accepted metric and is available by state; nonetheless, the tax burden of Puerto Rico's residents based on GNP should be considered, as it offers a more accurate representation of their fiscal reality.

Comparing Puerto Rico's tax burden with that of the United States requires establishing homogeneous comparative bases to ensure consistency and analytical validity. Statistics for state and local taxes in the 50 states exclude taxes paid by the external sector, state contributions to Social Security, and federal taxes. Similarly, in comparisons involving federal, state, and local taxes, payments from the external sector and state contributions to Social Security are also excluded; therefore, these components must be excluded from Puerto Rico's total tax collections to enable valid comparisons with the United States.

With these exclusions applied, Puerto Rico's state and local tax burden—whether measured by GDP (13.6%) or GNP (17.3%)—is higher than that of the 50 states. Meanwhile, the total combined burden, including federal, state, and local taxes, amounts to 18.2% based on GDP and 23.9% based on GNP. This latter figure (23.9%) exceeds the tax burden of 12 states, matches that of 2, and is just one percentage point below that of 10 others. Although Puerto Rico is not fully integrated into the federal tax system, the tax burden borne by its residents is higher than or comparable to that of 24 states in which individuals are subject to the full array of federal taxes.[10]

Conclusion

Puerto Rico's inclusion in the *Economic Freedom of North America* report reflects an effort to measure and evaluate the Island's economic freedom within the broader United States and North American context. Its poor performance in the US subnational index reveals significant challenges in public policy—particularly in areas affecting individual liberty, labor market freedom, competitiveness, efficiency, and innovation. These results underscore persistent issues in public spending and the tax and regulatory framework,

10 The federal system provides the Island with a differentiated fiscal treatment; however, the federal taxes paid in Puerto Rico—combined with state and local collections and the actual tax burden imposed on its residents—are in many cases comparable to those of various US states.

suggesting that current policies may be constraining, rather than enabling, economic dynamism.

A comprehensive tax reform is needed to address the structural deficiencies of Puerto Rico's fiscal system. This reform should adopt a systemic approach, recognizing the interaction among different taxes and levels of government, in order to promote a more coherent, efficient, and equitable structure. The reform must be accompanied by a thorough review of public expenditure. The fiscal system encompasses both revenue and spending, and their alignment is essential to achieving equity, efficiency, and sustainability. Expenditure analysis should aim to reduce overall spending while enhancing effectiveness, transparency, and redistributive impact.

Economic freedom is one of the most fundamental rights of free people. Where it is protected, there are greater opportunities, more entrepreneurship, more employment, more prosperity, and less poverty. It is not surprising, then, that Puerto Rico's long-standing social and economic challenges reflect a lack of economic freedom. Addressing these policy constraints may be essential not only to expanding opportunity and fostering prosperity, but also to giving each person the chance to thrive and contribute meaningfully to the sustainable development of Puerto Rican society.

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Chapter Four

Income Mobility Is Promoted by Markets if You Let Them Work

Vincent Geloso and
Pradyot Sharma

Section 1: Introduction

The topic of social mobility—and more specifically, income mobility—is one that has grown in importance in recent years. This is primarily due to the rising focus on inequality.[1] The connection is simple: more unequal societies are perceived as those where people are unable to climb up the socioeconomic ladder. Those born at the bottom stay at the bottom. While growth in living standards can increase for everyone, relative positions are immutable over time. If growth is inegalitarian, then that statement is made worse to bear as it implies that fewer children outearn their parents.

The key idea, often implicit, is that structural factors are at play. For example, people near the top of the ladder are part of elaborate networks that provide access to more opportunities than outsiders, effectively locking in status (Chetty et al., 2022a, 2022b). This access extends to better schooling opportunities as well (Chetty et al., 2024). Moreover, in many countries like the United States, where mass incarceration is a significant social reality, former convicts face substantial and lasting penalties that limit the ability to move up the ladder and partake in wider economic growth.[2]

The quality of early parenting is a key determinant of mobility. Exposure to poor-quality parenting, such as limited word-count interactions with children in early childhood, locks out multiple later opportunities (García and Heckman, 2023). Finally, exposure to "shocks," such as automation in industrial sectors, leads workers in lower-end occupations to be unemployed for some time. This duration may then affect their ability to invest in their children, transmitting the shock to the next generation. These more "structural" factors are frequently discussed because they are tied to a deep sense of inequity, as they are not based on merit or skills but on luck or privilege.

In this chapter, we do not seek to reject these explanations. There are structural factors that matter heavily in determining social mobility. Rather we wish to explain

1 Bozio et al. (2024); Brunori (2017); Chancel et al. (2022); Corak (2013); Knell and Stix (2020).
2 Mitnik Bryant and Grusky (2024); Muller and Roehrkasse (2022); Petach and Alves Pena (2021).

that these factors can be minimized in relative importance. We argue that markets are potent forces for social mobility because they create pathways around existing structures (rendering them obsolete and leading to their abandonment). They also minimize the damages that can be wrought by exogenous shocks to the economy (such as automation, large trade liberalizations, or immigration) by facilitating re-employment or even converting these negative shocks into positive ones.

In section 2, we explain the direct and indirect linkages from economic freedom (i.e., the degree to which markets are left free to work) to social mobility. This section helps explain the "pathways to ascension." In section 3, we review the literature on economic freedom and upward mobility with a key emphasis on sub-national evidence such as the *Economic Freedom of North America* (EFNA). The focus on this sub-national evidence is particularly important because it concentrates on a subset of economic freedoms (mostly regulation and taxes) in countries that are generally quite free because of strong protection of property rights. It highlights how extra economic freedom increases mobility—even in the freest countries. In section 4, we explain the evidence suggesting that economic freedom also minimizes the damages caused by large exogenous shocks. Section 5 discusses limitations and future research. Section 6 concludes.

Section 2: Economic freedom and the pathways to ascension

When sociologists, economists, and political scientists speak of social mobility, they refer to a broad set of concepts.[3] Sometimes the differences are trivial, sometimes they are substantial. However, in all cases, the common denominator is a concern for "something" that speaks to living standards—such as income, occupation, wealth, health, or education. The goal is to assess movements along a hierarchy of these indicators. If it is income, for example, we want to see if a person moves to higher income groups. If it is education, we want to see if children of high school dropouts can earn university degrees. For the rest of the chapter, we will focus on income mobility not only because it is the easiest to comprehend and measure, but also because it is the one for which much ink has been spilt, and thus there is a somewhat clear understanding of what income mobility can speak to and what it cannot speak to.

To measure income mobility, one must first define a starting point. For example, we may compare a person's household income to his parents' income when they were

3 Browne (2005); Chetty et al. (2014); Chetty et al. (2017); Deutscher and Mazumder (2023); Manduca et al. (2024).

of the same age. In such a case, we would be speaking of intergenerational income mobility. If we were comparing a person's household income to his own income from five or 10 years ago, we would be measuring intragenerational income mobility.

Finally, there are two different types of "mobility." The first speaks to "absolute" improvements for a person. This would be akin to asking if, by age 40, one is able to earn more than his parents when they were 40. If the answer is yes, then we say there is absolute mobility which can then be refined by asking questions such as "how much richer is he than his parents?"

Absolute mobility, however, says little about a frequently discussed aspect of social mobility, "relative status." Most people assign importance to the idea that conditions inherited by dint of birth should not determine life paths. If a skilled person is born to low-income parents, he should still be able to rise to the top of the ladder.[4]

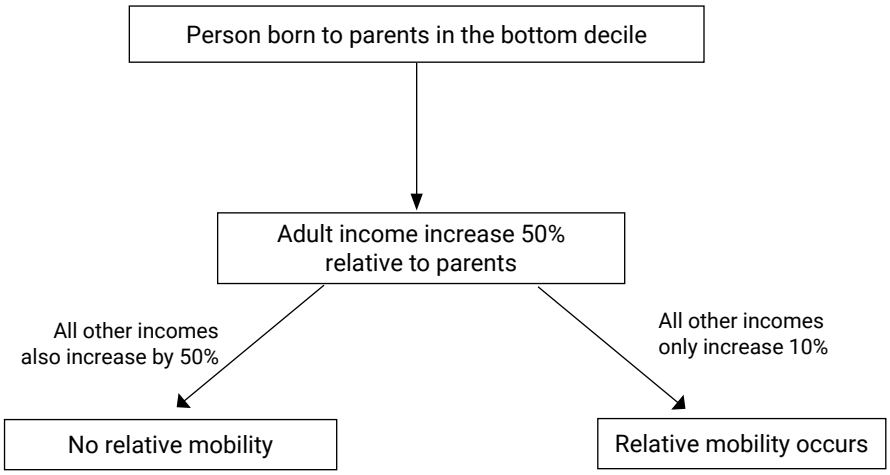
People are often willing to accept significant income inequality if they perceive it as the result of merit and skill. This is especially true when they believe that allowing merit to determine outcomes has led to overall improvements for everyone. In such cases, what they often emphasize is the second type of mobility, "relative mobility," whereby someone's position on a socioeconomic ladder is not determined by his earlier position (for intragenerational mobility) or by his parents' position (intergenerational mobility). In other words, what matters is not whether the entire ladder has shifted (as captured by absolute mobility), but whether individuals can move between its rungs based on their own efforts and abilities.

Figure 4.1 illustrates the case of intergenerational income mobility. Consider a male person born to parents in the bottom decile of the population: as an adult, his inflation-adjusted income is 50% above that of his parents. In this case, he enjoys *absolute* mobility—he's moved to a higher rung. If everyone's income also increased 50%, there would be no relative mobility—everyone stays on the same rung, though higher. However, if upper-decile incomes increase only 10%, then the person whose income increased 50% relative to his parents enjoys relative mobility. Returning to the ladder analogy, this would be akin to saying that, born at the 20th rung of the ladder, he is now at the 40th rung (fictitious numbers).

Most people can agree that more relative mobility *and* more absolute mobility is preferable to less of one or less of both. Exactly how to move to more preferable

4 Bjørnskov et al. (2013); Fehr, Müller, and Preuss, (2024); Heiserman, Simpson, and Willer (2020).

Figure 4.1: Types of Mobility Measures



outcomes is where debates about measurement expand to include debates about the causes and remedies regarding low mobility (see, for example, Mogstad et al., 2024).

Most of the existing literature focuses on "structural factors" of income mobility, which essentially implies birth-related conditions. People born to affluent families are more likely to be embedded in social networks that transmit valuable information to members (job openings, elite schools, career paths, business opportunities). Those born in more disadvantaged backgrounds have access to their own networks, but they provide information that is entirely different and of lower quality in terms of securing outcomes for members.

Two mechanisms underlie this. The first is known as homophily—the tendency to associate with similar individuals. The second is tied to the cost of moving between networks. Each network has its own codes and practices that limit access to the network for outsiders. Failure to signal indicates outsider status. This creates dual networks that cement social status across generations (Bourdieu, 2013; Muñoz, 2024). In other words, wealthy parents not only convey wealth to their children, but they also confer membership to a network in which children of the wealthy benefit from their parents' connections in ways that perpetuate class status over time.[5] Ultimately, this leads to a pattern where inequality today shapes mobility tomorrow, which may be why we observe a negative correlation between inequality and income mobility across generations.[6]

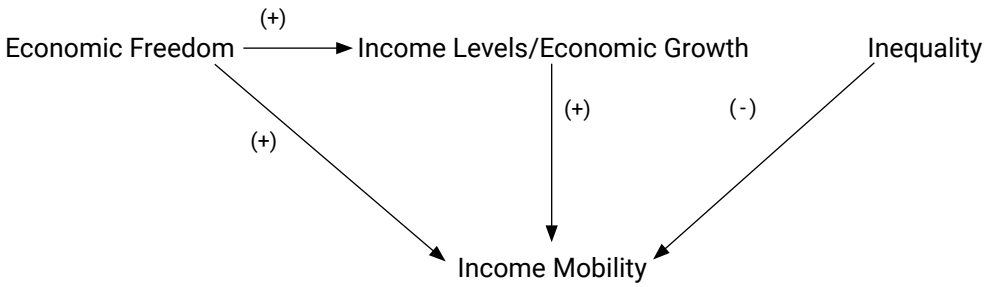
5 Chantarat and Barrett (2012); Jackson (2025); Zimmerman (2019).
6 Bloome (2015); Durlauf, Kourtellos and Tan (2022); Corak (2013).

However, the importance of this relationship has been overstated for multiple reasons. The most important is that societies with heavily segregated social networks are also societies with institutions that tend to promote crony capitalism and rent-seeking.[7] So what is the causal origin? Is it the crony capitalism whereby the state confers privileges—whether through lobbying or other forms of favoritism?[8] Or is it the social networks in which individuals are born? Both can have an independent effect on income mobility but social networks can be created and geared towards lobbying rulers such that the effect of networks independent of economic institutions geared towards cronyism is smaller than thought.

The point we believe this helps highlight is that economic freedom—secure property rights, free trade, limited regulation, small government, and sound money—can not only offset existing "structural forces," it can also create pathways around existing structures rendering them obsolete. In other words, economic freedom is (in the long run) a potential equalizer. To understand the importance of economic freedom, it is necessary to consider the two pathways by which it operates. Both are illustrated in figure 4.2 below. Notice that figure 4.2 depicts inequality in the present, as negatively affecting income mobility (as shown by the arrow from inequality to income mobility).

The first pathway is simple enough. The absence of government privileges to incumbent players implies open markets. Everyone can contest and no one gets special treatment via legislation or regulation. Everyone has a shot. Moreover, no one is cushioned from a fall. For example, firm owners in rich industries that are declining due to foreign competition are not prevented from seeing their wealth decline via subsidies, tariffs,

Figure 4.2: Pathways of Economic Freedom to Income Mobility



Source: Callais and Geloso, 2023.

7 Aligica and Tarko (2014); Faccio (2006); Holcombe (2018); Roback (1984); Roback (1989).
8 See Mitchell (2019) on non-lobbying mechanisms for securing rents.

and entry regulations.[9] While this direct pathway does not eliminate the influence of structural forces, it is important to remember that social networks and cronyism were mutually reinforcing. In contexts where legal (or regulatory) entry barriers and special privileges are absent, the role of social networks in leveraging political power is significantly reduced. In such settings, networks may still matter for information diffusion or support, but they no longer function as exclusive gateways to economic advancement.

Moreover, it is important to add that because there is no privilege to obtain, there are fewer incentives for people to invest in creating networks and limiting access. After all, rent-seeking is not about wealth creation but wealth redistribution (often in a regressive manner). Because some costs have to be incurred to secure redistribution, the rent-seekers must limit political competition against them to prevent a race to the bottom where there are no longer any rents. Social networks secured segregation by limiting the ability of others to enter the race for rent. If institutions exist such that no rents are offered by the state—which is what economic freedom does—this aspect of the social network vanishes, and thus the entire value of the network also diminishes. This promotes income mobility.

The second pathway is more complex, but it is no less important. Economic freedom has been well-documented to increase income levels and economic growth.[10] Increases in economic freedom often lead to substantial income gains, which are frequently—but not always—followed by a faster long-term growth trajectory, even after the initial surge slows down.[11] This is why most studies connecting economic freedom to income growth or income levels show positive results (Lawson, 2022). This phenomenon automatically implies that economic freedom will be associated with *absolute* income mobility across generations. After all, if Gross Domestic Product (GDP) per

9 It is interesting to note a key historical fact here. When newspapers in the late 19th century and early 20th century began listing all the millionaires in America, they also tied wealth to tariffs. The assumption was that a great deal of the wealth of many was generated by the cronyism tied to seeking tariff protection. The newspapers made a subtle distinction between those who got rich by innovation, those who got rich by inheritance, and those who got rich by political privilege. For more on this topic, see Ratner (1953); Rockoff (2012).

10 Alvarez, Geloso and Scheck (2024); Bergh and Bjørnskov (2021); Gwartney, Lawson, and Holcombe (1999); Lawson, Miozzi, and Tuszynski (2024).

11 The qualifier "not always" reflects the reality that countries operating near the technological frontier—such as the United States—often face inherent limitations in sustaining permanently accelerated growth. In such cases, a substantial increase in economic freedom typically generates a temporary surge in growth. Afterward, growth usually reverts to its pre-reform trend. In terms of income, this dynamic can be visualized as an upward trajectory growing at, say, 2% annually, followed by a sharp acceleration to 10% per year over a short period (e.g., five years), and then a gradual return to the original 2% growth path. But that is not always the case; see Adhikari et al. (2018); Billmeier and Nannicini (2013); Grier and Grier (2021); de Abreu Pereira Uhr et al. (2023).

capita increases on average by 5% per year over 40 years, it is nearly impossible for a person at the bottom of the income ladder not to outearn his parents. However, in the process, this may also boost *relative* income mobility. This is because one extra dollar of income may (proportionally) unlock far more opportunities for a poor person than a rich person.

Consider the example of the demand for education. If the demand for education is deemed a normal good—meaning that more income means we demand more schooling—higher income levels should lead to increased investment in education. This is known as the "income elasticity of education." However, there is a tendency to assume that this elasticity is the same for all portions of the income distribution. For example, if an income increase of 1% leads to 2% more spending on schooling, we assume this is true *across* the income ladder. This is *not* true. Empirical evidence suggests that the elasticity is *higher* among lower income groups than high-income groups: a 1% increase in income among lower-income individuals tends to generate a substantially greater increase in educational investment than an equivalent 1% income gain among those at the top of the income distribution.[12]

Interestingly, one of the most famous models in economics regarding growth and inequality—one that can be used to justify massive state investments in education that may increase income mobility—accepts this as fact (Galor and Zeira, 1993). It begins with the insight that the returns to education are higher for the poor than the rich. However, because of credit constraints, many who are close to subsistence level cannot seize these returns. Low income and poor credit access limit their ability to make investments in education. In other words, only once basic subsistence is met and credit constraints are overcome can the poor begin to invest in their human capital. Boosting economic growth thus boosts the ability to make these investments and climb up the ladder.

Another key example is that of specialization. In and of itself, specialization is a way to grow, implying that if you compare two societies, the one that exhibits more specialization is probably the richer one.[13] Importantly, economic freedom—especially free trade—allows greater specialization. Thus, we can draw a connection from economic freedom to specialization and, in turn, to higher income. However, measuring specialization across societies has historically been difficult. A new wave of economic research, though, offers a powerful measure of specialization by employing a great

12 Hashimoto and Heath (1995); Jenkins, Anyabolu, and Bahramian (2019).
13 Barzel (1971); Buchanan and Yoon (2000); Stigler (1951).

deal of data to document the number of intricate trade links between economic agents (and the distance between them) (Hidalgo and Hausmann, 2009). This is highly relevant to income mobility as the density and complexity of trade linkages effectively represent the number of potential pathways to enrichment. In more complex societies, the opportunities for economic advancement multiply; as trade linkages grow exponentially, the set of possible mobility trajectories expands, approaching an unbounded range. Because economic freedom promotes specialization, it also indirectly promotes income mobility.

Finally, it is important to add one key nuance before proceeding to the empirical evidence supporting our claims. One might contend that, contrary to our suggestion here that state redistribution tends to be regressive (via crony capitalism), state welfare programs may make redistribution progressive on net. That is certainly possible. And there is a literature suggesting that social spending (especially education-related) does improve income mobility.[14] This creates ambiguity. Indeed, while social spending may promote income mobility, the taxes used to finance it can depress it. For example, high taxes can reduce incentives to acquire skills, experience, or school diplomas. Because they reduce the after-tax returns of potentially risky investments (i.e., one could fail to complete the degree), higher income taxes may discourage investments in education (Judd, 1998; Anderberg and Andersson, 2003). The ambiguity persists as long as we cannot ascertain which dominates—the taxes or the spending on education. Since economic freedom indices rely on the size of government as one of the components, this implies that not all components of an economic freedom index would show the same results.

Section 3: Empirical evidence

A growing body of literature aims to quantify the relationship between economic freedom and income mobility as well as to illustrate the pathways described above. This line of research was pioneered by Christopher Boudreaux (2014), who employed cross-country regression analysis to empirically test the relationship between economic freedom and intergenerational mobility. While limited by the availability of data, Boudreaux found that countries with lower levels of corruption and stronger property rights—as measured by institutional measures of the rule of law, including Area 2 of

14 The best work is that of Lindert (2021).

the index published in *Economic Freedom of the World* (EFW)—tend to exhibit higher intergenerational mobility.

Building on this groundwork, more recent contributions have strengthened and expanded the empirical link between economic freedom and mobility. Callais and Geloso (2023) utilize the EFW index and find that higher levels of economic freedom have both direct and indirect effects on intergenerational income mobility. Specifically, they show that a one-point increase in economic freedom is associated with a 15.5% to 21.3% increase in income mobility, relative to the average value of the income mobility coefficient. They find that the direct and indirect pathways of economic freedom to income mobility are roughly equally large.

Importantly, they identify legal systems and property rights—Area 2 of the EFW index—as a stronger determinant of income mobility than income inequality itself. These findings suggest that the institutional components of economic freedom play a critical role in facilitating the movement of individuals across income levels. However, they also find that the size of government rarely matters to mobility suggesting that the ambiguous effects of taxing and spending policy discussed above may indeed cancel one another out.

Callais, Geloso, and Plemmons (2025) went further and unpacked the linkage between economic freedom, educational mobility, and income mobility. They investigated the relationship between economic freedom and intergenerational educational mobility (one's highest schooling achievement relative to one's parents) and found that economic freedom is also associated with significant improvements in educational mobility. Specifically, a one-point increase in economic freedom corresponds to a 0.6 standard deviation improvement in educational mobility. That educational mobility, in turn, also promoted relative income mobility (people climbing to higher rungs of the income ladder). This reinforces the broader results that economic freedom does not merely impact income outcomes directly but also shapes the conditions—such as access to education—that underpin long-term mobility.

The expanding availability of subnational data has allowed researchers to explore this relationship within countries, offering more granular evidence. This is particularly evident in studies of Canadian and US provinces. At the subnational level, Dean and Geloso (2022) examine the effect of economic freedom on intragenerational income mobility among individuals in the lowest income deciles across Canadian provinces. Consistent with the cross-country literature, they found that economic

freedom—measured by the EFNA index—is positively associated with multiple measures of mobility. Specifically, they find that a one point increase in economic freedom leads to a 2.1% rise in absolute income, a 0.63 percentage point increase in the share of individuals with rising income, and a 0.08 decile improvement in average income mobility. Shifting from Canada to the United States, in a separate article Callais, Geloso, Plemmons, and Wagner (2025) considered intergenerational income mobility in more than 260 metropolitan areas in the United States. They found that people born in high economic freedom areas within the United States (itself a relatively free nation economically) experienced both more relative and absolute income mobility. Interestingly, they set up a horse race between "structural factors" (social networks mentioned above) and economic freedom and found that both mattered in roughly equal proportions.[15] This suggests that economic freedom does indeed have the power to counteract the effect of long-lasting structures.

Complementing the literature on income mobility, Dean and Geloso (2024) examine the relationship between economic freedom and poverty persistence in Canadian provinces. While not directly an income mobility measure, the measurements of the persistence of poverty (something called poverty dynamics) speak to the concept of income mobility for people at the very bottom of the ladder. In other words, it focuses on those whose mobility should be most concerning. Focusing on the duration and recurrence of poverty spells—periods during which individuals remain below the low-income threshold—they found that higher levels of economic freedom, again as measured by the EFNA index, are associated with shorter and less frequent poverty spells. Specifically, individuals in provinces with greater economic freedom are more likely to exit poverty and less likely to reenter it. They also found that in provinces with greater economic freedom, fewer people are persistently (across multiple years) in poverty. These results suggest that economic freedom not only supports upward mobility but also plays a protective role by reducing the likelihood of long-term or chronic poverty. Dean and Geloso (2024) also found that the social spending components of the EFNA did not have strong effects whereas taxes and regulations had strong positive associations with poverty persistence (i.e., higher taxes and regulatory burdens made poverty more persistent).

While much of the existing literature highlights a strong association between economic freedom and income mobility, recent work provides causal evidence supporting

15 Callais, Geloso, Plemmons, and Wagner (2025).

this relationship. Callais, Geloso, and Plemmons (2024) offer a case study of market-oriented reforms following Ralph Klein's ascension as premier of Alberta in 1992 to examine the direct impact of pro-market reforms on income mobility. These reforms included substantial spending cuts, deregulation, privatization, and tax reform—all of which took Alberta from 49th in the EFNA ranking of North American states and provinces in 1990 to first in 2009. Using a synthetic control approach, focusing on individuals in the bottom 10% of the income distribution, they find that, over five-year windows, Alberta experienced significantly greater improvements in income mobility relative to the synthetic counterfactual. At the end of their treatment period, they find that per capita decile mobility for the bottom 10% is 0.48 deciles higher compared to its counterfactual. They also found improvements in absolute mobility measures with average income gains for those in the bottom 10% approximately 1.2 standard deviations higher relative to the counterfactual. The gains mostly emerged over longer time horizons, underscoring the cumulative nature of policy-driven economic opportunity. Furthermore, cuts to government transfers during this period suggests that mobility improvements were driven primarily by expanded market opportunities rather than redistribution. These findings offer robust causal evidence that improvements in economic freedom—achieved through liberalization and fiscal reform—can substantially improve income mobility for those at the bottom of the income distribution.

Section 4: Cushioning against shocks

A pivotal area of research explores how exogenous shocks influence income mobility at the subnational level. Notable examples include the China Shock—the entry of China into world markets and its massive rise in exports to the United States (Autor, Dorn, and Hanson, 2013). The authors find that local US labor markets more exposed to increased import competition experienced persistent declines in labor force participation and employment. Similarly, studies on automation show that increased adoption of industrial robots at the commuting zone level is associated with reduced wages, lower employment, and diminished income mobility (Acemoglu and Restrepo, 2020; Berger and Engzell, 2022).

However, much of this work does not account for the institutional environment, i.e., the regulatory landscape within which these shocks occur. Geloso, Plemmons, and Sharma (2024) address this gap by examining how occupational licensing—a key dimension of economic regulation—interacts with automation to affect income

mobility. Using a shift-share instrument for exposure to automation and detailed state-level data on licensing burdens, they find that more heavily regulated commuting zones experience greater declines in mobility in response to automation shocks.

To demonstrate the impact of deregulation, Geloso, Plemmons, and Sharma (2024) simulate income-mobility outcomes for commuting zones whose occupational-licensing stringency shifts by one standard deviation above or below the state mean, while automation rises by one standard deviation above the mean in both zones. A commuting zone that reduces licensing sees a decline in absolute income mobility that is 94% smaller than the zone that increases licensing by the same amount.

This is consistent with earlier work showing the impact of economic freedom on income mobility for those lower on the income distribution. This is because technology and trade shocks displace jobs that are usually held by individuals at the bottom of the income distribution. Higher labor market regulations are barriers to switching jobs for displaced workers. Deregulating labor markets can thus cushion the adverse effects of these shocks on income mobility. As Geloso and Sharma (2025) point out, economic institutions—particularly regulatory flexibility—play a critical mediating role in shaping the long-term impact of labor market disruptions.

Section 5: Limitations and future research

The works mentioned above suggest that economic freedom is a strong promoter of income mobility. However, it does have key limitations. The first is that little attention has been given to the relative importance of taxation and redistribution. While they cut in different directions, the net effect has been difficult to distinguish. Research efforts in that direction could help us understand how existing welfare states could be reformed in ways that make spending more effective (per dollar) and require lower taxation.

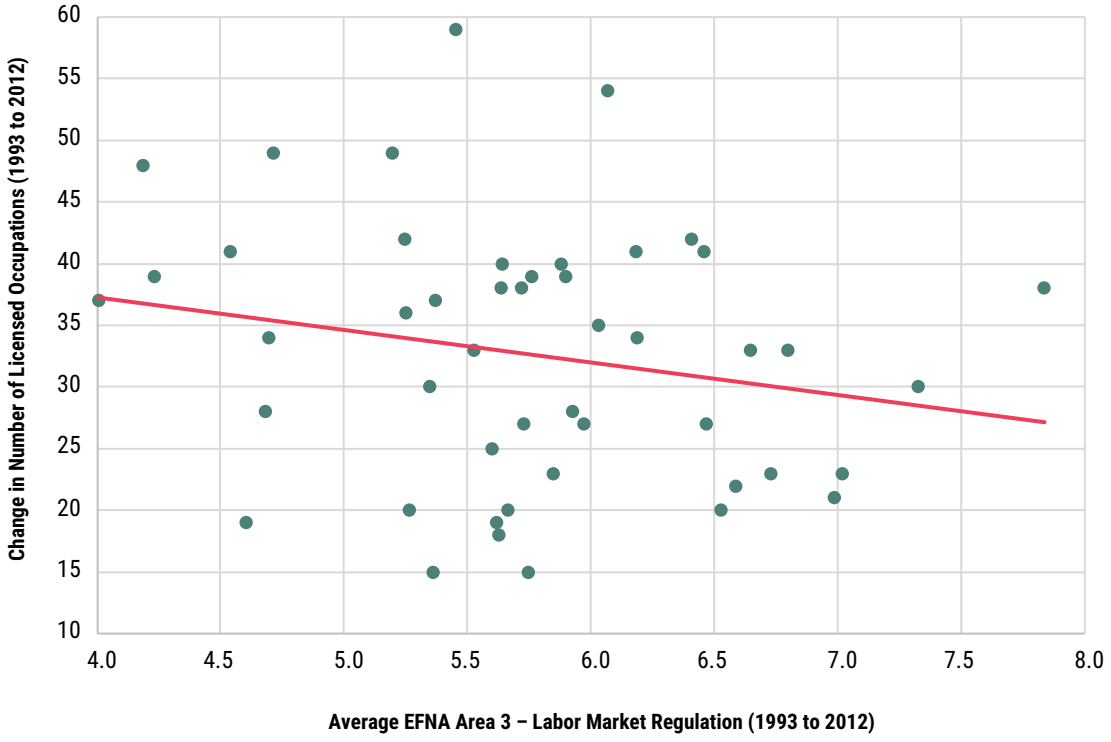
Second, and more importantly, the subnational economic freedom indexes (i.e., EFNA but also derivates like MEFI) have important limitations in what are clearly the most important components. For example, the labor market regulation component of the indices uses government employment, union density, and minimum wages. With the exception of the minimum wage, this is missing key aspects of labor market freedom. Consider, for example, occupational licensing discussed above. As a set of regulations (which have grown more popular in the United States since the 1960s) (Kleiner, 2000) that restrict entry into occupations (and increasingly in low and middle-income jobs) (Timmons et al., 2018), it can depress income mobility quite importantly. The

aforementioned work of Geloso, Plemmons, and Sharma (2024) is highly indicative. Unfortunately, the labor market freedom index does not include such an important component because of data limitations regarding annual continuity of measurements. As such, the labor market freedom component as measured can only capture the perverse effects of occupational licensing via any correlation that occupational licensing intensity has with government employment, union density and minimum wages. While this may seem like a dismissal of earlier results, this is actually an encouragement. Other works have shown that occupational licensing depresses income mobility and depresses the earnings of the poorest (Meehan et al., 2019; Bae et al., 2025). If EFNA (or other indices) were augmented to include occupational licensing, all the results described above would likely be reinforced. In fact, the EFNA authors hope to remedy this problem in future editions of the index.

The problem can be seen in figure 4.3 where occupational licensing increases occurred in areas with low economic freedom. This means that, by not including occupational licensing, the labor market component is understating the variance between more regulated areas and less regulated areas. By logical implication, it means that what is shown in figure 4.4 (the correlation between changes in labor market component score and absolute mobility) probably understates things. Including occupational licensing as a score would push out to the left the low-economic freedom/low mobility observations and push out to the right the high-economic freedom/high mobility observations—thus tightening the relationship. More importantly, this is the one component of EFNA that stands to be best improved. Other components, as can be seen in the comparison of figure 4.5 (showing the taxation component) and figure 4.6 (showing the labor market component), show a stronger correlation with income mobility. Augmenting the labor market component of the index would likely tighten results in the aggregate index.

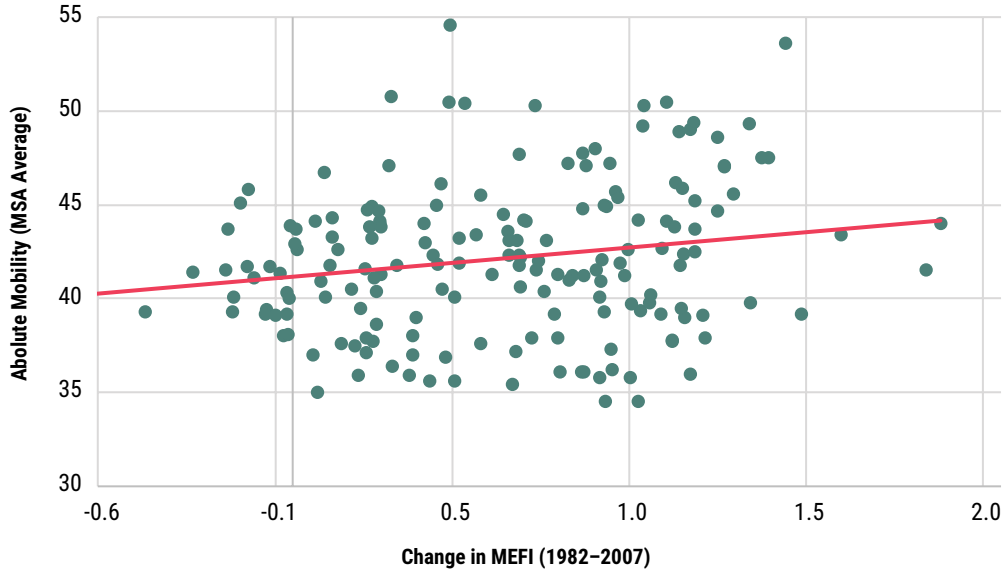
The problem extends to another overlooked dimension of labor market freedom: the ability to move between regions. Land-use regulations, by restricting housing supply in high-opportunity cities, act as a barrier to geographic mobility. As housing costs rise, low-income individuals are effectively locked into low-opportunity areas, unable to relocate to places where upward mobility is more feasible. Since geographic mobility is a key driver of income mobility, these regulations—by deterring migration—ultimately suppress economic advancement (Rothwell and Massey, 2015). Land-use regulation indices are only sporadically available and thus are difficult to include. However,

Figure 4.3: Change in Number of Licensed Low- and Middle-Income Occupations at the State level in the US between 1993 and 2012 and Average EFNA Area 3 Score



Source: Author created using Fraser Institute's *Economic Freedom of North America* (EFNA) and occupational licensing data from Meehan et al., 2019.

Figure 4.4: Absolute Income Mobility 1980–82 Cohort and Change in Metropolitan Area Economic Freedom Index (MEFI) between 1982 and 2007.



Source: Author created using MEFI data from Stansel, 2019, and mobility data from Chetty et al., 2014.

Figure 4.5: Absolute Income Mobility 1980–82 Cohort and Change in Metropolitan Area Economic Freedom Index (MEFI) Area 2 Taxes (1982–2007)

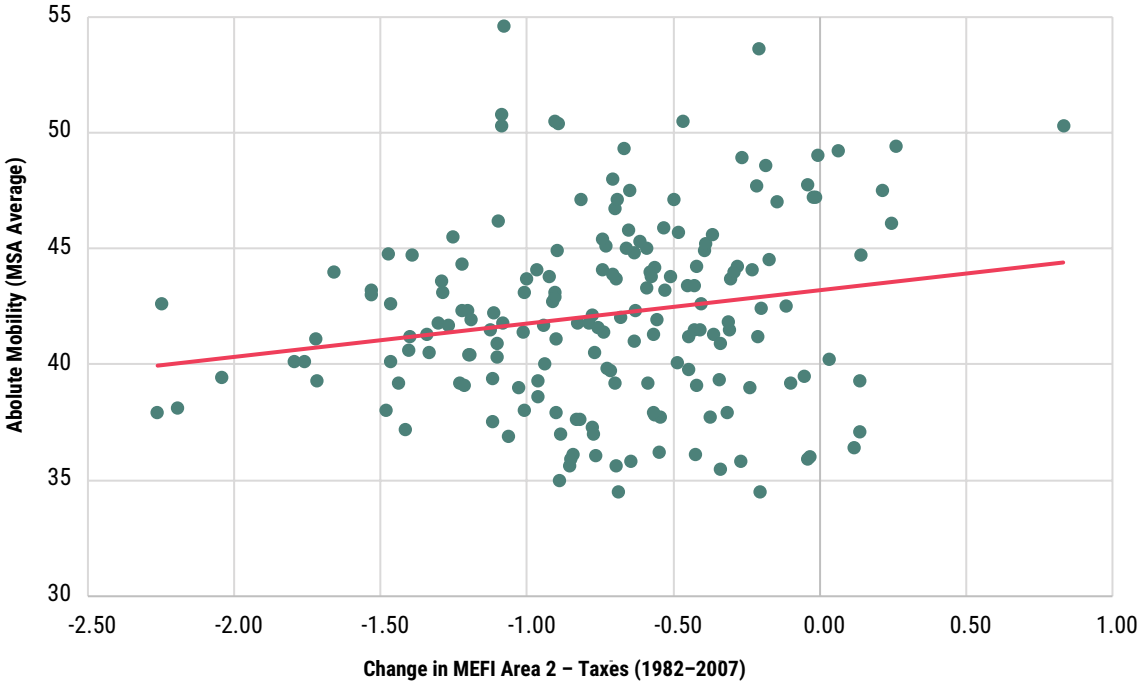
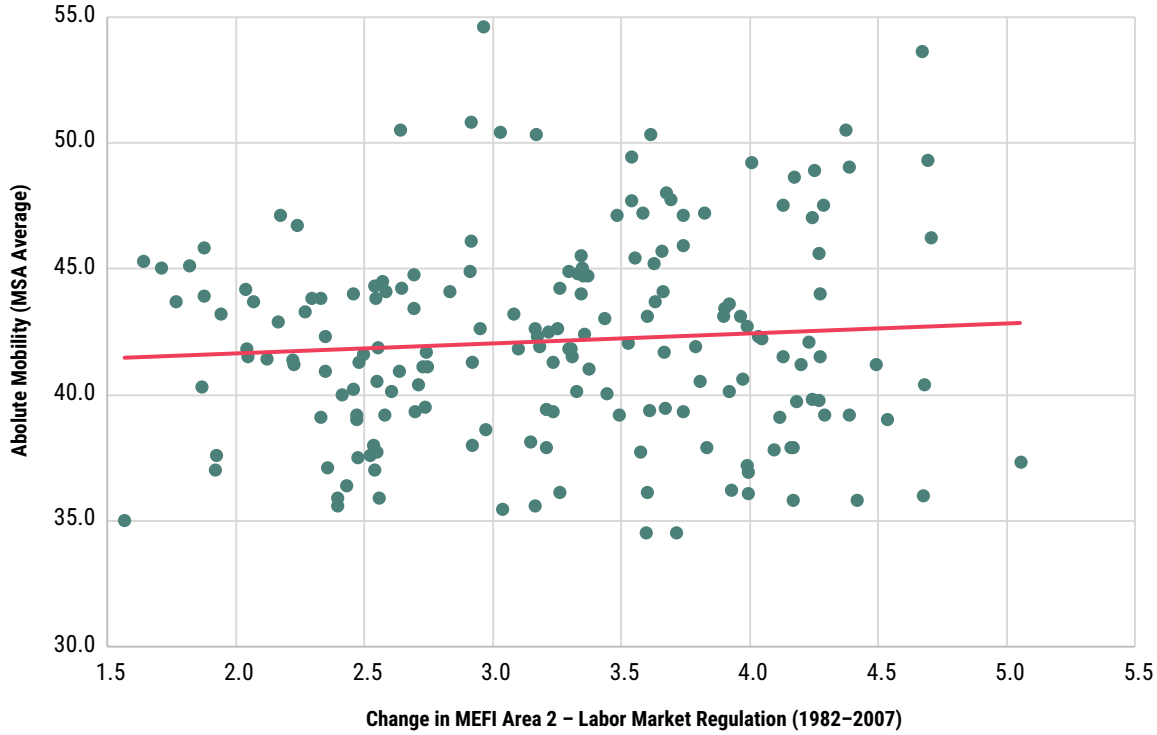


Figure 4.6: Absolute Income Mobility 1980–82 Cohort and Change in Metropolitan Area Economic Freedom Index (MEFI) Area 3 Labor Market Regulation (1982–2007)



Sources: Author created using MEFI data from Stansel, 2019; mobility data from Chetty, et al., 2014.

given the importance of geographic mobility, it is likely that being able to account for the effect of land-use regulations would only heighten the associations and results described above.

Finally, subnational indices of economic freedom typically exclude measures of property rights. This omission rests on the assumption that property rights exhibit relatively little variation within countries compared to across countries—an assumption often deemed sufficient to justify their exclusion. However, work by Ryan Murphy challenges this view, suggesting that subnational variation in property rights may be more substantial and consequential than previously assumed (Murphy, 2020). In other words, current economic freedom indices place too much emphasis on fiscal policy (via taxes and spending) and too little on regulation and property rights. Given that Callais and Geloso (2023) identified property rights and regulation as the two strongest predictors of income mobility across countries, the exclusion of property rights from subnational indices is problematic. If meaningful variation in property rights exists at the subnational level, then empirical results based on indices such as the EFNA—especially those assessing causal impacts of reforms, such as in Alberta—may understate the full influence of economic freedom on income mobility.

Section 6: Conclusion

Economic freedom is a leveling force. While there are social structures that create inherited status by dint of birth, their importance has been overstated. Otherwise, economic freedom would not be shown to be associated (correlatively or causally) with higher income mobility in the potency discussed above. In fact, we believe that the existing literature likely underplays the importance of economic freedom and its ability to cushion against shocks that could amplify historical structures that promote the inheritance of social status.

This, we believe, should cause an important shift in conversations about income mobility narrowly and social mobility more generally, as we show that pro-market reforms can significantly enhance income mobility. They would remove barriers to mobility (relative and absolute) and allow people to individually formulate pathways out of poverty and low-income status that may be yet unknown to us (and unknown to policy makers). This stands in marked contrast to the heavy emphasis currently in vogue on designing plans to change societal structures through top-down efforts to rearrange and construct fairer pathways.

Expanding the research agenda on economic freedom and income mobility could also help highlight simple reforms to the welfare state that could have a light touch and increase the effectiveness of programs while requiring fewer taxes. It could help identify the most effective initial reforms that could be enacted. Doing this would require greater study of the effects of taxation relative to government spending, while considering the types of spending with greater care.

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Chapter Five

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

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

In addition to the tables found in chapter 5, our interactive website at <https://www.fraserinstitute.org/economic-freedom> contains all the latest scores and rankings for each of the components of the index as well as historical data on the overall and area scores. The full dataset is also available for download at that same website.

Economic Freedom in Canada, the United States, and Mexico

Tables 5.1 (a, b, c) and 5.2 (a, b, c) provide a detailed summary of the scores for 2023. Tables 5.3 (a, b, c) to 5.10 (a, b, c) provide historical information both for the overall index and for each of Area 1: Government Spending; Area 2: Taxes; and Area 3: Labor Market Regulation. 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 scores, taken from the *Economic Freedom of the World: 2025 Annual Report* (Gwartney, Lawson, and Murphy, 2025), are not included; they can be found in that publication. Tables 5.3 (a, b, c) to 5.10 (a, b, c) show data for a selection of years. The full set of data from 1981 to 2023 and all other data included in this report are available at <www.fraserinstitute.org/studies/economic-freedom>.

Table 5.1a: Canada—Economic Freedom at the All-Government Level, 2023

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 93 (2023)
Canada Average	**7.96**	**5.45**	**7.44**	**7.91**	**8.85**	**8.53**	**7.69**	
Alberta	8.74	6.01	7.59	7.91	8.85	8.53	7.94	30
British Columbia	8.57	5.50	7.47	7.91	8.85	8.53	7.81	47
Manitoba	7.88	5.58	7.39	7.91	8.85	8.53	7.69	54
New Brunswick	7.49	5.43	7.43	7.91	8.85	8.53	7.61	57
Newfoundland & Labrador	7.34	5.46	7.38	7.91	8.85	8.53	7.58	60
Nova Scotia	7.49	5.32	7.46	7.91	8.85	8.53	7.59	58
Ontario	8.60	5.22	7.53	7.91	8.85	8.53	7.77	49
Prince Edward Island	7.34	5.53	7.37	7.91	8.85	8.53	7.59	58
Quebec	8.24	5.09	7.33	7.91	8.85	8.53	7.66	56
Saskatchewan	7.95	5.38	7.47	7.91	8.85	8.53	7.68	55

Table 5.1b: Mexico—Economic Freedom at the All-Government Level, 2023

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 93 (2023)
Mexico Average	**5.91**	**5.22**	**5.75**	**4.63**	**7.66**	**8.11**	**6.21**	
Aguascalientes	6.53	5.42	5.79	4.63	7.66	8.11	6.35	68
Baja California	7.30	5.07	5.93	4.63	7.66	8.11	6.45	64
Baja California Sur	6.03	5.10	5.86	4.63	7.66	8.11	6.23	77
Campeche	4.16	5.35	5.71	4.63	7.66	8.11	5.94	91
Coahuila de Zaragoza	6.66	5.44	5.61	4.63	7.66	8.11	6.35	68
Colima	5.34	3.25	5.78	4.63	7.66	8.11	5.79	92
Chiapas	4.92	5.72	5.77	4.63	7.66	8.11	6.13	84
Chihuahua	6.88	5.27	5.88	4.63	7.66	8.11	6.40	66
Ciudad de México	5.12	3.02	5.91	4.63	7.66	8.11	5.74	93
Durango	5.13	5.53	5.68	4.63	7.66	8.11	6.12	86
Guanajuato	6.80	5.48	5.73	4.63	7.66	8.11	6.40	66
Guerrero	4.88	6.02	5.73	4.63	7.66	8.11	6.17	82
Hidalgo	5.31	5.92	5.73	4.63	7.66	8.11	6.23	77
Jalisco	7.44	5.20	5.82	4.63	7.66	8.11	6.48	62
México	7.18	5.44	5.72	4.63	7.66	8.11	6.46	63
Michoacán de Ocampo	6.98	4.62	5.74	4.63	7.66	8.11	6.29	72
Morelos	5.91	5.85	5.74	4.63	7.66	8.11	6.31	71
Nayarit	5.73	5.50	5.69	4.63	7.66	8.11	6.22	79
Nuevo León	7.08	4.22	5.83	4.63	7.66	8.11	6.25	76

Table 5.1b: Mexico—Economic Freedom at the All-Government Level, 2023

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 93 (2023)
Oaxaca	5.39	6.04	5.74	4.63	7.66	8.11	6.26	74
Puebla	6.44	5.39	5.76	4.63	7.66	8.11	6.33	70
Querétaro	6.72	4.61	5.82	4.63	7.66	8.11	6.26	74
Quintana Roo	5.78	4.83	5.75	4.63	7.66	8.11	6.13	84
San Luis Potosí	5.47	5.55	5.65	4.63	7.66	8.11	6.18	81
Sinaloa	5.61	5.10	5.71	4.63	7.66	8.11	6.14	83
Sonora	6.13	5.40	5.77	4.63	7.66	8.11	6.28	73
Tabasco	4.73	5.71	5.68	4.63	7.66	8.11	6.08	88
Tamaulipas	5.62	4.61	5.51	4.63	7.66	8.11	6.02	90
Tlaxcala	6.25	6.14	5.67	4.63	7.66	8.11	6.41	65
Veracruz de Ignacio de la Llave	4.94	5.25	5.71	4.63	7.66	8.11	6.05	89
Yucatán	5.58	5.45	5.74	4.63	7.66	8.11	6.19	80
Zacatecas	5.00	5.50	5.67	4.63	7.66	8.11	6.09	87

Table 5.1c: United States—Economic Freedom at the All-Government Level, 2023

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 93 (2023)
US Average*	**7.91**	**7.21**	**7.93**	**7.59**	**9.02**	**8.11**	**7.96**	
Alabama	7.61	7.73	8.00	7.59	9.02	8.11	8.01	19
Alaska	7.22	7.25	7.86	7.59	9.02	8.11	7.84	46
Arizona	7.00	7.62	7.92	7.59	9.02	8.11	7.88	40
Arkansas	7.95	7.12	7.95	7.59	9.02	8.11	7.96	26
California	7.91	6.83	7.79	7.59	9.02	8.11	7.87	44
Colorado	8.13	7.42	7.94	7.59	9.02	8.11	8.03	14
Connecticut	8.09	7.05	7.82	7.59	9.02	8.11	7.95	27
Delaware	7.77	6.01	7.91	7.59	9.02	8.11	7.74	51
Florida	8.31	7.40	7.98	7.59	9.02	8.11	8.07	6
Georgia	8.09	7.21	8.07	7.59	9.02	8.11	8.01	19
Hawaii	7.31	6.60	7.66	7.59	9.02	8.11	7.72	52
Idaho	8.34	7.53	8.06	7.59	9.02	8.11	8.11	2
Illinois	7.92	6.80	7.85	7.59	9.02	8.11	7.88	40
Indiana	8.25	7.34	8.01	7.59	9.02	8.11	8.05	11
Iowa	8.16	7.29	8.02	7.59	9.02	8.11	8.03	14
Kansas	8.05	7.26	7.99	7.59	9.02	8.11	8.00	23
Kentucky	7.09	7.32	7.96	7.59	9.02	8.11	7.85	45

Table 5.1c: United States—Economic Freedom at the All-Government Level, 2023

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall Index	Rank out of 93 (2023)
Louisiana	7.57	7.34	8.06	7.59	9.02	8.11	7.95	27
Maine	8.11	7.39	7.84	7.59	9.02	8.11	8.01	19
Maryland	7.68	7.22	7.87	7.59	9.02	8.11	7.91	36
Massachusetts	8.18	6.78	7.88	7.59	9.02	8.11	7.93	32
Michigan	8.08	7.44	7.87	7.59	9.02	8.11	8.02	17
Minnesota	8.33	6.43	7.89	7.59	9.02	8.11	7.90	37
Mississippi	7.12	7.61	7.96	7.59	9.02	8.11	7.90	37
Missouri	7.86	6.83	7.88	7.59	9.02	8.11	7.88	40
Montana	8.09	7.69	7.90	7.59	9.02	8.11	8.07	6
Nebraska	8.11	7.18	7.96	7.59	9.02	8.11	8.00	23
Nevada	8.25	7.27	7.85	7.59	9.02	8.11	8.02	17
New Hampshire	8.68	7.69	7.99	7.59	9.02	8.11	8.18	1
New Jersey	8.30	6.71	7.81	7.59	9.02	8.11	7.92	35
New Mexico	6.32	7.32	7.86	7.59	9.02	8.11	7.70	53
New York	7.96	6.20	7.74	7.59	9.02	8.11	7.77	49
North Carolina	8.02	7.50	8.10	7.59	9.02	8.11	8.06	9
North Dakota	7.90	7.51	8.03	7.59	9.02	8.11	8.03	14
Ohio	8.04	6.80	7.88	7.59	9.02	8.11	7.90	37
Oklahoma	8.11	7.62	8.03	7.59	9.02	8.11	8.08	4
Oregon	7.79	7.28	7.79	7.59	9.02	8.11	7.93	32
Pennsylvania	8.03	7.23	7.94	7.59	9.02	8.11	7.98	25
Rhode Island	7.69	6.63	7.84	7.59	9.02	8.11	7.81	47
South Carolina	8.01	7.63	8.09	7.59	9.02	8.11	8.08	4
South Dakota	8.27	7.65	8.04	7.59	9.02	8.11	8.11	2
Tennessee	8.31	7.32	8.05	7.59	9.02	8.11	8.06	9
Texas	8.28	7.23	8.07	7.59	9.02	8.11	8.05	11
Utah	8.10	7.39	8.02	7.59	9.02	8.11	8.04	13
Vermont	7.76	7.02	7.80	7.59	9.02	8.11	7.88	40
Virginia	7.59	7.28	8.00	7.59	9.02	8.11	7.93	32
Washington	8.27	6.94	7.76	7.59	9.02	8.11	7.95	27
West Virginia	7.32	7.71	7.92	7.59	9.02	8.11	7.94	30
Wisconsin	8.02	7.28	8.02	7.59	9.02	8.11	8.01	19
Wyoming	8.05	7.61	8.05	7.59	9.02	8.11	8.07	6
Puerto Rico*	4.15	7.37	6.33	4.92	9.02	7.91	6.62	61

*US average does not include the territory of Puerto Rico.

Table 5.2a: Canada—Economic Freedom at the Subnational Level, 2023

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 10
Canada Average	**2.07**	**3.21**	**7.28**	**4.02**	**4.85**	**7.18**	**3.39**	**3.25**	**3.91**	**6.84**	**4.19**	**4.86**	**4.67**	**4.57**	
Alberta	5.02	4.89	8.34	3.83	6.00	6.76	10.00	4.96	7.16	7.68	6.08	6.65	6.60	6.44	1
British Columbia	3.93	3.60	2.92	6.31	5.00	6.61	4.30	3.18	7.09	4.55	3.48	5.56	4.94	4.66	4
Manitoba	0.00	2.51	10.00	6.11	5.00	5.82	4.88	2.51	2.65	6.96	4.17	5.45	4.04	4.55	5
New Brunswick	0.00	5.88	8.72	5.32	5.00	8.71	0.39	1.76	2.93	9.04	4.87	4.86	4.58	4.77	3
Newfoundland & Labrador	0.00	4.07	5.72	4.05	4.00	10.00	1.77	3.57	0.00	8.06	3.26	4.95	3.88	4.03	8
Nova Scotia	0.12	6.14	2.70	1.62	3.50	9.19	1.41	2.52	3.39	9.02	2.99	3.93	4.98	3.97	9
Ontario	5.44	4.99	10.00	3.57	5.00	5.89	3.60	3.28	8.06	5.68	6.81	4.52	5.67	5.67	2
Prince Edward Island	1.14	0.00	9.94	5.09	4.00	9.71	0.74	1.97	5.42	3.55	3.70	4.89	3.65	4.08	7
Quebec	4.26	0.00	4.44	0.00	4.50	5.21	3.24	3.23	2.38	3.85	2.90	3.24	3.15	3.10	10
Saskatchewan	0.81	0.00	10.00	4.25	6.50	3.90	3.58	5.56	0.00	10.00	3.60	4.56	5.19	4.45	6

Table 5.2b: Mexico—Economic Freedom at the Subnational Level, 2023

	1A	1B	2A	2C	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 32
Mexico Average	**6.70**	**3.65**	**1.37**	**3.27**	**0.53**	**8.24**	**7.23**	**5.18**	**2.32**	**5.33**	**4.28**	
Aguascalientes	9.48	3.00	0.19	5.41	0.00	7.59	8.01	6.24	2.80	5.20	4.75	11
Baja California	9.46	6.22	0.00	2.29	2.69	10.00	9.50	7.84	1.15	7.39	5.46	2
Baja California Sur	8.87	3.85	1.75	0.00	3.92	8.07	5.18	6.36	0.87	5.72	4.32	17
Campeche	1.94	2.25	0.00	1.64	0.00	5.21	7.76	2.10	0.82	4.32	2.41	32
Coahuila de Zaragoza	8.15	7.56	1.15	3.44	0.00	9.44	0.00	7.85	2.29	3.15	4.43	15
Colima	8.68	0.77	4.48	0.00	0.00	6.61	6.90	4.73	2.24	4.50	3.82	23
Chiapas	2.24	0.00	0.00	4.76	0.00	7.43	10.00	1.12	2.38	5.81	3.10	30
Chihuahua	8.88	4.18	0.00	1.91	1.81	10.00	8.71	6.53	0.96	6.84	4.77	9
Ciudad de México	7.12	8.44	0.00	0.00	3.43	10.00	7.86	7.78	0.00	7.10	4.96	7
Durango	4.89	4.49	4.44	0.00	0.00	6.68	6.70	4.69	2.22	4.46	3.79	25
Guanajuato	7.07	5.81	0.00	4.28	0.00	10.00	8.84	6.44	2.14	6.28	4.95	8
Guerrero	3.28	0.00	6.58	3.18	0.00	5.78	8.87	1.64	4.88	4.88	3.80	24
Hidalgo	7.49	0.53	1.31	6.56	0.00	8.70	8.72	4.01	3.93	5.81	4.58	13
Jalisco	7.83	7.71	0.32	2.21	0.00	9.37	9.37	7.77	1.27	6.25	5.09	5
México	7.52	3.51	0.00	0.93	0.00	10.00	8.45	5.51	0.46	6.15	4.04	20
Michoacán de Ocampo	6.38	6.66	4.07	7.23	0.00	8.26	9.12	6.52	5.65	5.79	5.99	1
Morelos	8.85	0.83	5.59	4.56	0.00	8.87	8.98	4.84	5.08	5.95	5.29	3
Nayarit	7.74	0.25	2.43	0.00	0.00	7.03	7.09	3.99	1.22	4.71	3.30	29
Nuevo León	7.66	6.37	0.00	1.85	3.44	10.00	4.44	7.02	0.93	5.96	4.63	12

Table 5.2b: Mexico—Economic Freedom at the Subnational Level, 2023

	1A	1B	2A	2C	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 32
Oaxaca	5.50	0.00	5.34	7.94	0.00	7.82	9.38	2.75	6.64	5.73	5.04	6
Puebla	5.67	5.77	0.93	5.17	0.00	10.00	10.00	5.72	3.05	6.67	5.15	4
Querétaro	8.70	3.76	0.00	0.00	0.50	10.00	7.85	6.23	0.00	6.12	4.12	19
Quintana Roo	8.06	4.20	0.00	0.00	0.39	9.59	4.91	6.13	0.00	4.96	3.70	27
San Luis Potosí	7.44	2.59	0.00	6.14	0.00	7.69	5.45	5.02	3.07	4.38	4.16	18
Sinaloa	8.99	0.71	1.70	1.40	0.00	8.25	7.74	4.85	1.55	5.33	3.91	21
Sonora	7.09	2.05	0.00	1.98	0.71	8.82	5.24	4.57	0.99	4.93	3.50	28
Tabasco	3.00	4.13	0.00	8.35	0.00	3.60	6.72	3.57	4.17	3.44	3.73	26
Tamaulipas	6.45	6.90	0.00	7.37	0.00	8.60	0.00	6.68	3.68	2.87	4.41	16
Tlaxcala	7.23	0.00	2.46	8.88	0.00	9.00	6.10	3.61	5.67	5.03	4.77	9
Veracruz de Ignacio de la Llave	3.11	5.51	1.17	6.03	0.00	8.46	7.94	4.31	3.60	5.46	4.46	14
Yucatán	6.84	5.31	0.00	0.00	0.00	7.28	9.39	6.07	0.00	5.56	3.88	22
Zacatecas	2.84	3.50	0.00	1.25	0.00	5.47	6.12	3.17	0.63	3.86	2.55	31

Note: There is no state and local spending on component 1C, nor any state and local income tax (2B) or state and local sales tax (2D).

Table 5.2c: United States—Economic Freedom at the Subnational Level, 2023

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 51
US Average*	**5.99**	**7.75**	**5.56**	**5.77**	**7.45**	**7.00**	**5.02**	**7.21**	**7.78**	**5.32**	**6.43**	**6.31**	**6.77**	**6.50**	
Alabama	5.04	6.05	6.09	5.92	8.00	10.00	3.67	8.87	6.10	7.11	5.73	6.90	7.36	6.66	26
Alaska	0.00	10.00	0.26	8.64	10.00	0.00	8.61	7.52	3.92	5.62	3.42	6.81	5.69	5.31	43
Arizona	7.39	0.00	7.12	8.28	9.00	9.29	3.49	2.20	9.72	6.66	4.84	7.52	6.19	6.18	34
Arkansas	6.15	7.52	6.35	6.79	7.00	10.00	2.63	4.53	7.03	7.70	6.68	6.61	6.42	6.57	27
California	4.49	7.46	2.06	3.04	3.00	6.30	5.75	4.53	8.53	2.49	4.67	4.52	5.18	4.79	47
Colorado	8.49	8.19	5.97	6.93	8.00	8.30	5.49	6.08	7.83	6.12	7.55	7.18	6.68	7.14	13
Connecticut	9.84	9.82	4.38	3.90	7.00	6.98	6.55	6.36	9.10	2.16	8.02	6.11	5.87	6.67	25
Delaware	4.15	1.32	6.67	3.04	6.00	0.00	9.79	5.67	8.24	5.33	4.05	4.71	6.42	5.06	44
Florida	8.36	7.76	8.34	10.00	10.00	7.07	4.42	5.76	10.00	4.96	8.15	7.87	6.91	7.64	6
Georgia	7.57	7.80	6.60	5.33	7.00	8.11	6.30	9.84	9.91	6.29	7.32	6.68	8.68	7.56	8
Hawaii	3.06	10.00	4.86	3.92	4.00	5.97	0.00	5.25	8.07	0.00	5.97	3.47	4.44	4.63	48
Idaho	8.14	9.96	6.96	5.53	7.00	9.64	5.43	9.76	8.28	7.20	8.35	6.90	8.41	7.89	5
Illinois	6.33	8.74	1.30	4.37	7.00	5.21	4.67	5.36	9.01	3.50	5.46	5.31	5.96	5.58	40
Indiana	6.25	7.80	9.56	4.84	8.00	9.27	4.21	10.00	8.86	5.40	7.87	6.58	8.09	7.51	10
Iowa	5.48	8.57	6.02	5.60	8.50	6.23	5.08	10.00	5.98	7.13	6.69	6.35	7.70	6.91	17
Kansas	5.85	9.62	7.60	5.15	7.00	8.35	4.73	10.00	5.32	6.74	7.69	6.31	7.36	7.12	14

Table 5.2c: United States—Economic Freedom at the Subnational Level, 2023

	1A	1B	1C	2A	2B	2C	2D	3Ai	3Aii	3Aiii	Area 1	Area 2	Area 3	Overall Index	Rank out of 51
Kentucky	3.16	4.48	3.40	4.04	7.00	9.65	4.74	9.08	7.98	5.02	3.68	6.36	7.36	5.80	37
Louisiana	4.09	6.73	3.79	6.35	8.00	9.63	1.90	9.67	7.66	7.65	4.87	6.47	8.33	6.56	28
Maine	6.06	7.97	6.61	4.89	6.00	5.56	5.24	2.92	8.15	5.12	6.88	5.42	5.40	5.90	36
Maryland	6.26	9.66	6.64	2.30	8.00	6.95	6.14	5.68	9.07	3.80	7.52	5.85	6.18	6.52	30
Massachusetts	7.86	10.00	5.67	2.91	5.00	7.63	7.76	6.45	10.00	2.99	7.84	5.82	6.48	6.72	24
Michigan	6.39	7.15	4.88	6.39	8.00	7.17	5.93	6.48	8.89	3.41	6.14	6.87	6.26	6.42	31
Minnesota	6.85	8.40	5.78	2.66	5.00	8.34	5.45	7.94	8.28	3.74	7.01	5.36	6.65	6.34	32
Mississippi	3.64	5.86	3.15	6.85	7.00	8.00	2.95	7.94	4.69	7.35	4.21	6.20	6.66	5.69	39
Missouri	7.44	8.79	5.11	6.06	8.00	8.81	6.23	4.46	8.69	4.95	7.11	7.27	6.03	6.81	22
Montana	7.49	9.15	4.69	4.04	8.00	5.80	9.29	7.40	7.44	4.63	7.11	6.78	6.49	6.79	23
Nebraska	5.04	8.89	8.22	6.16	6.00	6.23	6.31	7.85	7.04	6.26	7.38	6.17	7.05	6.87	19
Nevada	9.11	6.04	5.81	10.00	10.00	6.85	0.00	6.13	10.00	1.74	6.98	6.71	5.96	6.55	29
New Hampshire	10.00	8.29	9.04	8.39	10.00	3.44	9.86	10.00	9.74	4.23	9.11	7.92	7.99	8.34	1
New Jersey	7.86	7.88	4.14	3.78	4.00	4.83	6.48	5.95	9.11	2.00	6.63	4.77	5.69	5.70	38
New Mexico	0.00	3.30	2.11	5.99	8.00	8.21	0.00	2.55	3.56	8.28	1.80	5.55	4.80	4.05	50
New York	3.77	10.00	2.01	0.00	4.00	2.87	5.04	5.92	7.81	1.05	5.26	2.98	4.93	4.39	49
North Carolina	6.88	6.93	7.82	5.85	7.00	9.19	5.23	10.00	8.17	8.11	7.21	6.82	8.76	7.59	7
North Dakota	4.66	9.81	6.86	7.73	10.00	8.83	4.29	10.00	5.81	7.68	7.11	7.71	7.83	7.55	9
Ohio	6.93	7.44	1.13	6.11	8.50	8.05	4.34	6.55	8.63	3.78	5.17	6.75	6.32	6.08	35
Oklahoma	7.54	8.00	7.16	6.91	7.00	9.52	5.29	9.94	5.51	7.75	7.57	7.18	7.73	7.49	11
Oregon	2.38	9.16	2.02	0.31	6.50	5.23	8.37	3.12	8.15	3.44	4.52	5.10	4.91	4.84	46
Pennsylvania	6.21	9.42	4.90	4.83	8.00	7.07	5.57	10.00	10.00	2.52	6.84	6.37	7.51	6.91	17
Rhode Island	4.97	7.92	2.82	5.03	8.00	4.55	5.00	4.41	9.88	3.20	5.24	5.65	5.83	5.57	41
South Carolina	5.62	4.48	6.84	6.60	6.00	7.34	5.82	9.43	7.11	8.75	5.65	6.44	8.43	6.84	21
South Dakota	9.06	9.80	7.65	10.00	10.00	8.20	3.86	7.71	7.13	8.27	8.83	8.01	7.70	8.18	3
Tennessee	8.85	8.14	8.62	9.46	10.00	9.18	2.86	10.00	9.66	5.82	8.54	7.88	8.49	8.30	2
Texas	7.94	9.52	7.51	10.00	10.00	6.47	3.61	10.00	9.12	6.74	8.32	7.52	8.62	8.15	4
Utah	5.47	8.88	8.29	4.74	7.00	8.83	4.60	10.00	8.58	5.81	7.55	6.29	8.13	7.32	12
Vermont	2.88	4.37	7.77	4.48	6.00	2.77	4.98	4.07	7.31	3.74	5.01	4.56	5.04	4.87	45
Virginia	7.15	8.12	7.86	5.08	7.00	6.60	6.47	6.68	8.17	7.19	7.71	6.29	7.35	7.11	15
Washington	7.65	8.41	6.87	9.33	10.00	6.57	0.82	4.25	7.05	2.80	7.64	6.68	4.70	6.34	32
West Virginia	2.65	6.22	4.37	4.77	7.00	8.40	4.22	6.45	3.68	7.82	4.41	6.10	5.98	5.50	42
Wisconsin	6.68	7.50	4.70	5.22	6.00	7.70	6.20	10.00	7.70	6.34	6.29	6.28	8.01	6.86	20
Wyoming	4.18	10.00	3.73	9.82	10.00	4.95	5.37	10.00	3.16	9.48	5.97	7.54	7.55	7.02	16
Puerto Rico*	2.41	0.00	0.00	0.00	0.00	2.90	0.69	0.00	0.58	10.00	0.80	0.90	3.53	1.74	51

*US average does not include the territory of Puerto Rico.

Table 5.3a: Canada—Economic Freedom at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Canada Average	**7.87**	**7.90**	**7.86**	**7.79**	**7.72**	**7.82**	**7.93**	**7.84**	**7.77**	**7.58**	**7.59**	**7.62**	**7.69**	
Alberta	8.18	8.26	8.17	8.08	8.04	8.14	8.26	8.09	8.02	7.80	7.83	7.88	7.94	30
British Columbia	8.03	8.09	8.03	7.95	7.87	7.96	8.06	8.01	7.91	7.71	7.70	7.73	7.81	47
Manitoba	7.82	7.86	7.82	7.76	7.67	7.76	7.89	7.83	7.75	7.59	7.59	7.62	7.69	54
New Brunswick	7.84	7.87	7.81	7.74	7.68	7.75	7.79	7.74	7.68	7.47	7.51	7.53	7.61	57
Newfoundland & Labrador	7.70	7.74	7.73	7.71	7.63	7.79	7.92	7.72	7.67	7.47	7.49	7.49	7.58	60
Nova Scotia	7.88	7.89	7.80	7.71	7.60	7.69	7.81	7.73	7.66	7.48	7.48	7.51	7.59	58
Ontario	7.97	7.99	7.94	7.85	7.76	7.85	7.97	7.88	7.83	7.64	7.64	7.69	7.77	49
Prince Edward Island	7.72	7.74	7.72	7.63	7.58	7.68	7.81	7.72	7.65	7.45	7.48	7.51	7.59	58
Quebec	7.78	7.82	7.77	7.70	7.60	7.69	7.81	7.76	7.70	7.52	7.53	7.58	7.66	56
Saskatchewan	7.74	7.78	7.81	7.78	7.73	7.86	8.01	7.91	7.81	7.66	7.59	7.64	7.68	55

Table 5.3b: Mexico—Economic Freedom at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Mexico Average	**6.67**	**6.71**	**6.59**	**6.26**	**6.17**	**6.11**	**6.31**	**6.30**	**6.37**	**6.28**	**6.36**	**6.24**	**6.21**	
Aguascalientes	6.74	6.75	6.67	6.41	6.04	6.16	6.23	6.30	6.41	6.29	6.44	6.40	6.35	68
Baja California	6.96	6.95	6.84	6.59	6.58	6.50	6.67	6.57	6.63	6.54	6.63	6.53	6.45	64
Baja California Sur	6.71	6.74	6.46	6.12	6.16	6.08	6.26	6.38	6.37	6.21	6.43	6.31	6.23	77
Campeche	6.15	6.15	6.31	6.06	6.03	5.75	6.00	6.13	6.19	6.07	6.07	5.98	5.94	91
Coahuila de Zaragoza	6.77	6.76	6.62	6.39	5.97	6.19	6.39	6.24	6.29	6.21	6.41	6.37	6.35	68
Colima	5.96	6.10	6.12	5.79	5.75	5.70	5.85	5.84	5.90	5.81	5.92	5.78	5.79	92
Chiapas	6.53	6.61	6.56	6.17	6.18	6.12	6.29	6.27	6.42	6.29	6.37	6.27	6.13	84
Chihuahua	6.68	6.73	6.74	6.48	6.17	6.03	6.31	6.45	6.58	6.59	6.63	6.46	6.40	66
Ciudad de México	6.09	6.05	5.90	5.58	5.60	5.49	5.53	5.71	5.68	5.47	5.69	5.63	5.74	93
Durango	6.69	6.70	6.48	6.13	6.08	6.01	6.20	6.16	6.30	6.29	6.28	6.17	6.12	86
Guanajuato	6.90	6.92	6.82	6.14	6.03	6.28	6.62	6.56	6.49	6.43	6.50	6.42	6.40	66
Guerrero	6.53	6.61	6.49	6.02	5.88	6.16	6.19	6.26	6.32	6.31	6.44	6.27	6.17	82
Hidalgo	6.55	6.59	6.42	6.16	6.09	6.10	6.28	6.33	6.43	6.40	6.51	6.29	6.23	77
Jalisco	6.94	6.95	6.82	6.58	6.54	6.45	6.62	6.56	6.59	6.45	6.53	6.44	6.48	62
México	7.03	7.06	6.91	6.65	6.66	6.46	6.47	6.48	6.44	6.20	6.41	6.34	6.46	63
Michoacán de Ocampo	6.83	6.90	6.77	6.35	6.16	5.91	6.05	6.19	6.39	6.37	6.43	6.30	6.29	72
Morelos	6.85	6.85	6.74	6.44	6.32	6.20	6.37	6.38	6.48	6.39	6.41	6.39	6.31	71
Nayarit	6.80	6.96	6.72	6.27	6.16	6.27	6.44	6.48	6.56	6.50	6.52	6.30	6.22	79

Table 5.3b: Mexico—Economic Freedom at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Nuevo León	6.74	6.75	6.61	6.40	6.35	5.85	6.61	6.50	6.40	6.34	6.37	6.21	6.25	76
Oaxaca	6.68	6.70	6.58	6.27	6.22	6.14	6.28	6.34	6.47	6.40	6.47	6.32	6.26	74
Puebla	6.75	6.95	6.75	6.39	6.34	6.22	6.36	6.35	6.49	6.44	6.51	6.43	6.33	70
Querétaro	6.58	6.68	6.67	6.33	6.38	6.22	6.26	6.23	6.30	6.25	6.34	6.22	6.26	74
Quintana Roo	6.81	6.78	6.59	6.40	6.30	6.17	6.46	6.36	6.33	6.06	6.48	6.11	6.13	84
San Luis Potosí	6.68	6.81	6.74	6.32	6.22	6.17	6.31	6.23	6.33	6.21	6.31	6.19	6.18	81
Sinaloa	6.86	6.84	6.74	6.34	6.26	6.25	6.41	6.38	6.46	6.38	6.46	6.31	6.14	83
Sonora	6.87	6.87	6.79	6.34	6.19	6.22	6.52	6.49	6.50	6.38	6.40	6.30	6.28	73
Tabasco	6.34	6.46	6.38	6.12	6.12	6.04	6.24	6.26	6.30	6.24	6.19	6.11	6.08	88
Tamaulipas	6.43	6.45	6.27	6.00	6.00	6.07	6.28	6.22	6.15	6.07	6.17	6.06	6.02	90
Tlaxcala	7.11	6.98	6.66	6.40	6.33	6.30	6.47	6.52	6.55	6.45	6.50	6.40	6.41	65
Veracruz de Ignacio de la Llave	6.55	6.61	6.53	6.25	6.12	6.05	6.25	6.16	6.23	6.14	6.18	6.16	6.05	89
Yucatán	6.71	6.72	6.63	6.23	6.14	6.05	6.34	6.27	6.38	6.49	6.41	6.19	6.19	80
Zacatecas	6.72	6.71	6.65	6.19	6.04	6.04	6.27	6.15	6.33	6.31	6.20	6.10	6.09	87

Table 5.3c: United States—Economic Freedom at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
USA Average*	**8.33**	**8.23**	**8.25**	**7.83**	**7.99**	**8.05**	**8.13**	**8.15**	**8.12**	**8.00**	**7.92**	**7.88**	**7.96**	
Alabama	8.41	8.32	8.32	7.91	8.06	8.11	8.20	8.21	8.19	8.05	7.98	7.94	8.01	19
Alaska	8.16	8.09	8.14	7.68	7.89	7.98	8.05	8.14	8.12	7.96	7.91	7.92	7.84	46
Arizona	8.40	8.31	8.29	7.86	8.01	8.11	8.20	8.09	8.04	7.93	7.85	7.79	7.88	40
Arkansas	8.27	8.16	8.17	7.77	7.86	7.98	8.06	8.09	8.06	7.95	7.89	7.87	7.96	26
California	8.29	8.18	8.17	7.75	7.91	7.95	8.05	8.08	8.02	7.91	7.80	7.72	7.87	44
Colorado	8.36	8.28	8.29	7.86	8.00	8.11	8.20	8.19	8.18	8.05	8.00	7.94	8.03	14
Connecticut	8.33	8.21	8.26	7.88	7.96	7.96	8.04	8.11	8.09	7.96	7.87	7.85	7.95	27
Delaware	8.36	8.20	8.12	7.73	7.79	7.81	7.96	7.99	7.88	7.75	7.68	7.61	7.74	51
Florida	8.46	8.33	8.32	7.93	8.11	8.16	8.25	8.30	8.26	8.13	8.05	7.98	8.07	6
Georgia	8.38	8.30	8.29	7.90	8.04	8.09	8.21	8.25	8.21	8.09	8.02	7.94	8.01	19
Hawaii	8.29	8.18	8.18	7.69	7.90	7.93	8.01	8.06	7.94	7.84	7.77	7.66	7.72	52
Idaho	8.33	8.25	8.28	7.86	8.03	8.13	8.22	8.26	8.25	8.12	8.05	8.02	8.11	2
Illinois	8.33	8.21	8.25	7.80	7.94	7.99	8.08	8.10	8.10	7.97	7.87	7.79	7.88	40
Indiana	8.42	8.27	8.31	7.86	8.05	8.09	8.18	8.22	8.18	8.07	8.02	7.98	8.05	11
Iowa	8.37	8.29	8.31	7.86	8.03	8.07	8.15	8.17	8.14	8.01	7.95	7.94	8.03	14
Kansas	8.33	8.22	8.26	7.84	8.05	8.14	8.18	8.21	8.15	8.03	7.94	7.89	8.00	23

Table 5.3c: United States—Economic Freedom at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Kentucky	8.35	8.26	8.27	7.80	7.93	7.98	8.03	8.04	8.04	7.90	7.87	7.78	7.85	45
Louisiana	8.36	8.21	8.20	7.78	7.97	8.04	8.07	8.12	8.12	8.01	7.93	7.84	7.95	27
Maine	8.29	8.18	8.21	7.81	7.95	8.06	8.14	8.17	8.10	7.99	7.92	7.92	8.01	19
Maryland	8.38	8.26	8.26	7.87	8.01	8.02	8.08	8.11	8.06	7.91	7.79	7.83	7.91	36
Massachusetts	8.32	8.22	8.25	7.81	7.95	8.01	8.09	8.12	8.07	7.94	7.84	7.80	7.93	32
Michigan	8.29	8.21	8.19	7.78	7.98	8.07	8.17	8.19	8.15	8.06	7.97	7.93	8.02	17
Minnesota	8.21	8.11	8.10	7.70	7.88	7.95	7.97	8.02	7.98	7.87	7.82	7.80	7.90	37
Mississippi	8.32	8.23	8.20	7.83	8.00	8.07	8.10	8.12	8.06	7.95	7.90	7.84	7.90	37
Missouri	8.33	8.26	8.25	7.85	8.00	8.06	8.09	8.11	8.11	8.00	7.92	7.84	7.88	40
Montana	8.28	8.27	8.27	7.85	8.03	8.11	8.19	8.25	8.22	8.10	8.02	7.96	8.07	6
Nebraska	8.38	8.25	8.28	7.90	8.10	8.10	8.17	8.17	8.14	8.02	7.96	7.91	8.00	23
Nevada	8.47	8.36	8.34	7.93	8.08	8.13	8.22	8.24	8.21	8.09	8.02	7.92	8.02	17
New Hampshire	8.52	8.43	8.44	8.03	8.18	8.24	8.30	8.32	8.31	8.19	8.11	8.07	8.18	1
New Jersey	8.27	8.14	8.16	7.74	7.90	7.94	8.04	8.09	8.06	7.94	7.86	7.79	7.92	35
New Mexico	8.26	8.20	8.19	7.78	7.92	8.00	8.08	8.10	8.05	7.95	7.86	7.76	7.70	53
New York	8.15	8.01	8.06	7.65	7.80	7.84	7.89	7.97	7.93	7.80	7.73	7.67	7.77	49
North Carolina	8.38	8.30	8.32	7.90	8.02	8.08	8.17	8.20	8.18	8.06	7.98	7.97	8.06	9
North Dakota	8.32	8.23	8.29	7.86	8.06	8.12	8.12	8.18	8.19	8.07	8.01	8.00	8.03	14
Ohio	8.20	8.09	8.10	7.69	7.85	7.92	8.04	8.07	8.06	7.93	7.85	7.80	7.90	37
Oklahoma	8.26	8.23	8.31	7.88	8.09	8.17	8.20	8.24	8.19	8.07	8.00	8.01	8.08	4
Oregon	8.30	8.24	8.26	7.79	7.92	8.02	8.10	8.14	8.10	7.97	7.87	7.85	7.93	32
Pennsylvania	8.34	8.23	8.23	7.83	7.97	8.03	8.11	8.12	8.11	8.01	7.94	7.90	7.98	25
Rhode Island	8.22	8.09	8.12	7.68	7.87	7.90	7.98	8.00	7.95	7.90	7.80	7.71	7.81	47
South Carolina	8.37	8.27	8.28	7.87	8.04	8.14	8.23	8.26	8.25	8.11	8.05	7.99	8.08	4
South Dakota	8.43	8.34	8.38	7.96	8.17	8.19	8.23	8.20	8.20	8.09	7.99	7.99	8.11	2
Tennessee	8.40	8.29	8.31	7.90	8.06	8.11	8.19	8.22	8.22	8.09	8.00	7.99	8.06	9
Texas	8.37	8.30	8.29	7.88	8.09	8.14	8.20	8.23	8.21	8.07	8.02	7.98	8.05	11
Utah	8.38	8.28	8.32	7.88	8.03	8.11	8.23	8.24	8.20	8.11	8.01	7.96	8.04	13
Vermont	8.33	8.19	8.19	7.79	7.96	7.99	8.06	8.07	8.04	7.94	7.81	7.78	7.88	40
Virginia	8.42	8.30	8.31	7.86	8.07	8.09	8.17	8.20	8.16	8.02	7.92	7.87	7.93	32
Washington	8.32	8.24	8.27	7.86	7.99	8.07	8.15	8.17	8.14	8.01	7.92	7.85	7.95	27
West Virginia	8.28	8.21	8.27	7.88	7.97	8.05	8.11	8.00	8.07	7.98	7.92	7.88	7.94	30
Wisconsin	8.32	8.22	8.24	7.75	7.94	8.00	8.14	8.18	8.15	8.02	7.95	7.92	8.01	19
Wyoming	8.32	8.25	8.23	7.78	8.03	8.09	8.15	8.24	8.23	8.10	7.99	7.95	8.07	6
Puerto Rico*	6.48	6.41	6.41	6.11	6.56	6.71	6.75	6.72	6.67	6.73	6.61	6.65	6.62	61

*US average does not include the territory of Puerto Rico.

Table 5.4a: Canada—Overall Scores at Provincial and Municipal Levels, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 10 (2023)
Canada Average	**5.41**	**5.49**	**5.41**	**4.80**	**4.88**	**5.09**	**5.19**	**4.89**	**4.70**	**4.78**	**4.55**	**4.56**	**4.57**	
Alberta	7.89	8.53	8.14	7.19	7.70	7.94	8.24	7.05	6.47	6.55	6.20	6.50	6.44	1
British Columbia	5.55	6.19	6.67	6.31	5.96	5.80	6.20	6.19	5.67	5.19	4.65	4.60	4.66	4
Manitoba	4.95	4.89	5.02	4.77	4.55	4.58	4.94	4.97	4.92	5.33	4.82	4.95	4.55	5
New Brunswick	5.96	5.79	5.35	5.25	5.75	5.58	4.45	4.18	4.16	4.28	5.32	5.08	4.77	3
Newfoundland	4.59	4.51	4.71	4.40	4.50	5.02	5.44	4.47	4.39	4.63	4.36	3.70	4.03	8
Nova Scotia	6.78	6.18	5.15	4.24	4.00	4.12	4.10	3.95	4.16	4.32	3.89	3.75	3.97	9
Ontario	5.89	5.80	5.70	4.76	4.51	5.72	5.88	5.55	5.40	5.49	5.14	5.31	5.67	2
Prince Edward Island	6.41	6.27	5.88	4.81	5.11	5.05	4.65	4.58	4.11	4.08	3.96	3.98	4.08	7
Quebec	2.95	2.92	3.03	2.53	2.47	2.61	2.84	2.89	2.81	2.91	2.71	3.13	3.10	10
Saskatchewan	3.18	3.80	4.45	3.76	4.25	4.50	5.12	5.03	4.91	5.02	4.49	4.57	4.45	6

Table 5.4b: Mexico—Overall Scores at State and Local Levels, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Mexico Average	**7.01**	**6.78**	**6.50**	**6.04**	**5.53**	**5.11**	**4.85**	**4.48**	**4.32**	**4.12**	**4.44**	**4.47**	**4.28**	
Aguascalientes	7.38	7.21	6.50	6.19	5.42	4.88	4.45	4.67	4.53	4.33	4.67	5.11	4.75	11
Baja California	8.32	7.93	7.74	7.73	7.38	6.99	7.00	6.10	6.03	5.46	5.85	5.67	5.46	2
Baja California Sur	5.86	5.11	4.59	4.00	4.44	4.03	4.04	4.61	4.43	3.55	4.48	4.63	4.32	17
Campeche	4.52	4.38	4.60	4.70	3.87	3.75	2.21	2.61	2.51	2.34	2.86	2.99	2.41	32
Coahuila de Zaragoza	7.02	6.75	7.11	6.82	5.02	5.66	5.02	4.40	4.31	4.15	4.54	4.44	4.43	15
Colima	6.86	6.46	6.43	6.29	4.60	4.12	4.05	4.02	3.74	3.43	3.81	3.96	3.82	23
Chiapas	6.48	6.66	6.25	4.87	4.57	4.35	4.27	3.80	4.32	4.10	4.39	4.67	3.10	30
Chihuahua	6.57	6.48	7.06	6.76	5.61	4.82	4.50	5.07	5.00	5.52	5.52	4.99	4.77	9
Ciudad de México	5.84	5.73	5.58	5.49	5.55	5.46	4.79	5.14	4.83	4.19	4.86	4.81	4.96	7
Durango	6.86	6.83	6.22	4.86	4.91	4.42	4.09	3.69	3.95	4.16	4.06	4.22	3.79	25
Guanajuato	8.78	8.09	7.81	7.05	6.80	6.45	6.69	6.03	4.73	4.58	4.86	4.93	4.95	8
Guerrero	5.75	5.59	5.59	5.38	4.95	4.28	3.89	3.48	3.61	3.71	4.24	4.21	3.80	24
Hidalgo	7.25	6.84	6.01	5.67	5.71	5.49	5.44	4.68	4.52	4.74	4.91	4.43	4.58	13
Jalisco	7.97	7.63	7.46	6.94	7.15	6.71	6.35	6.12	5.75	5.17	5.41	5.34	5.09	5
México	8.08	7.72	6.99	6.53	6.44	5.73	4.68	4.06	3.13	2.71	3.36	3.69	4.04	20
Michoacán de Ocampo	8.15	8.35	7.76	7.15	6.50	5.84	6.26	6.04	5.88	5.69	5.96	6.30	5.99	1
Morelos	8.31	7.88	7.42	7.04	6.33	5.79	5.27	4.51	4.74	4.87	4.95	5.56	5.29	3

Table 5.4b: Mexico—Overall Scores at State and Local Levels, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Nayarit	6.64	6.85	5.91	4.93	4.90	3.96	4.79	4.75	4.53	4.36	4.54	3.96	3.30	29
Nuevo León	6.54	6.57	6.55	6.73	5.76	4.74	5.64	5.53	5.05	5.10	5.16	4.41	4.63	12
Oaxaca	7.49	7.19	6.55	6.28	5.87	5.00	4.42	4.20	4.49	4.35	4.97	5.24	5.04	6
Puebla	8.37	8.76	8.03	7.39	6.82	6.10	5.07	4.26	4.89	4.93	5.42	5.32	5.15	4
Querétaro	6.82	6.17	5.95	5.46	5.64	5.26	4.47	4.18	4.02	3.92	4.08	4.02	4.12	19
Quintana Roo	5.60	5.30	5.16	5.11	4.70	4.43	4.03	3.47	3.30	1.85	3.51	3.62	3.70	27
San Luis Potosí	7.28	7.07	7.01	6.45	5.72	4.78	4.45	4.01	3.82	3.75	4.10	4.06	4.16	18
Sinaloa	7.82	7.46	7.21	6.62	5.65	5.46	5.12	4.53	4.39	3.81	4.24	4.27	3.91	21
Sonora	7.28	7.02	6.90	6.18	5.36	5.17	5.37	5.29	4.57	3.97	4.15	4.01	3.50	28
Tabasco	4.87	4.57	4.85	4.40	3.54	3.68	3.18	2.99	2.92	2.80	2.99	3.47	3.73	26
Tamaulipas	5.89	6.01	5.56	5.55	5.78	5.18	5.28	5.04	4.46	4.13	4.25	4.50	4.41	16
Tlaxcala	7.84	7.35	6.38	6.15	5.77	5.72	5.33	5.01	4.64	4.46	4.65	4.63	4.77	9
Veracruz de Ignacio de la Llave	7.52	7.47	7.40	6.64	6.29	5.62	5.40	4.01	4.00	4.25	4.64	5.13	4.46	14
Yucatán	7.72	7.43	7.36	6.65	5.56	5.10	4.86	4.29	4.11	3.99	4.18	3.88	3.88	22
Zacatecas	6.69	6.06	6.02	5.19	4.28	4.42	4.89	2.87	2.89	3.61	2.41	2.60	2.55	31

Table 5.4c: United States—Overall Scores at State and Local Levels, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
US Average*	**6.00**	**6.16**	**6.22**	**5.57**	**5.69**	**5.91**	**6.20**	**6.16**	**6.14**	**6.40**	**6.47**	**6.53**	**6.50**	
Alabama	5.73	6.83	6.69	5.88	5.87	6.02	6.30	6.31	6.32	6.54	6.62	6.74	6.66	26
Alaska	3.58	3.67	4.20	4.39	4.41	4.72	4.95	5.06	5.16	5.23	5.48	5.89	5.31	43
Arizona	6.91	7.09	6.63	6.07	6.16	6.46	6.82	5.86	5.66	6.07	6.23	6.23	6.18	34
Arkansas	6.25	6.49	6.25	5.82	5.34	5.63	6.07	6.06	5.98	6.26	6.48	6.49	6.57	27
California	4.52	4.73	4.82	4.06	4.23	4.22	4.69	4.74	4.36	4.73	4.53	4.46	4.79	47
Colorado	7.13	7.25	7.08	6.32	6.14	6.60	6.95	6.57	6.46	6.74	6.99	7.11	7.14	13
Connecticut	6.36	6.46	6.79	6.46	6.26	6.15	6.33	6.29	6.31	6.27	6.26	6.49	6.67	25
Delaware	6.78	6.49	6.33	5.75	5.38	5.22	5.49	5.57	5.19	5.34	5.23	5.49	5.06	44
Florida	7.42	7.12	7.08	6.55	6.94	7.19	7.70	7.97	7.85	7.99	7.99	7.87	7.64	6
Georgia	6.81	7.09	7.02	6.26	6.27	6.45	7.14	7.34	7.45	7.60	7.75	7.58	7.56	8
Hawaii	5.17	5.43	5.52	5.09	5.23	5.18	5.27	5.20	4.76	5.03	5.12	4.60	4.63	48
Idaho	5.92	6.32	6.64	5.50	5.63	6.35	6.78	6.90	7.17	7.39	7.61	7.74	7.89	5
Illinois	6.21	6.02	6.29	5.35	5.22	5.31	5.89	5.79	5.94	5.96	5.84	5.64	5.58	40
Indiana	6.77	6.34	6.64	5.79	6.05	6.38	6.82	6.92	6.85	7.21	7.45	7.53	7.51	10
Iowa	6.01	6.30	6.10	5.33	5.51	5.67	6.01	6.06	6.10	6.24	6.48	6.92	6.91	17
Kansas	6.26	6.52	6.84	6.34	6.43	6.99	7.01	6.90	6.87	7.05	7.02	7.06	7.12	14

Table 5.4c: United States—Overall Scores at State and Local Levels, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
Kentucky	5.64	5.84	5.72	4.95	4.90	5.02	5.36	5.17	5.58	5.81	6.11	5.92	5.80	37
Louisiana	5.76	6.01	6.32	5.56	5.96	6.37	6.27	6.36	6.44	6.64	6.77	6.53	6.56	28
Maine	4.88	4.87	4.96	4.86	4.87	5.35	5.60	5.60	5.04	5.28	5.59	5.84	5.90	36
Maryland	7.15	7.36	7.03	6.45	6.51	6.36	6.23	6.45	6.22	6.17	5.74	6.57	6.52	30
Massachusetts	6.33	6.55	6.71	6.05	6.10	6.32	6.70	6.56	6.52	6.72	6.69	6.65	6.72	24
Michigan	5.52	5.56	5.05	4.47	4.91	5.55	5.97	5.86	5.82	6.21	6.34	6.31	6.42	31
Minnesota	5.47	5.67	5.85	5.06	5.22	5.51	5.44	5.43	5.40	5.57	5.70	6.12	6.34	32
Mississippi	5.61	5.80	5.67	5.23	5.20	5.30	5.27	5.26	5.21	5.68	5.94	5.87	5.69	39
Missouri	6.49	6.57	6.70	6.32	6.34	6.65	6.68	6.67	6.57	6.98	6.89	6.85	6.81	22
Montana	5.46	6.15	5.97	5.35	5.69	5.79	6.08	6.27	6.36	6.71	6.77	6.81	6.79	23
Nebraska	6.81	6.83	6.90	6.43	6.89	6.80	6.94	6.59	6.60	6.84	7.09	7.02	6.87	19
Nevada	7.27	7.55	7.07	5.99	5.75	6.04	6.54	6.59	6.63	6.80	6.88	6.75	6.55	29
New Hampshire	7.83	7.89	7.95	7.22	7.25	7.60	7.82	7.77	7.73	7.99	8.02	8.12	8.34	1
New Jersey	6.06	5.78	5.57	4.96	5.14	5.38	5.67	5.84	5.35	5.57	5.68	5.31	5.70	38
New Mexico	4.81	5.58	5.48	4.88	4.78	4.91	5.09	5.08	4.59	5.31	5.31	4.72	4.05	50
New York	4.16	3.68	4.12	3.64	3.80	3.84	3.92	4.22	4.12	4.22	4.29	4.45	4.39	49
North Carolina	6.17	6.87	6.99	6.30	5.91	6.08	6.73	6.83	7.02	7.40	7.53	7.58	7.59	7
North Dakota	6.58	6.59	6.92	6.03	6.63	6.95	6.64	6.80	7.09	7.42	7.47	7.82	7.55	9
Ohio	4.61	4.86	4.66	4.27	4.69	4.98	5.56	5.49	5.69	5.80	5.99	5.95	6.08	35
Oklahoma	6.48	7.05	7.10	6.44	6.75	7.04	7.11	6.96	6.87	7.17	7.30	7.54	7.49	11
Oregon	4.52	4.94	5.19	4.43	4.42	4.65	5.10	5.17	5.00	5.11	4.94	4.90	4.84	46
Pennsylvania	6.28	6.21	6.02	5.52	5.52	5.97	6.33	6.17	6.47	6.84	6.93	6.93	6.91	17
Rhode Island	4.66	4.54	5.07	4.57	5.13	5.07	5.36	5.19	4.89	5.53	5.54	5.32	5.57	41
South Carolina	5.57	5.57	5.71	4.80	4.97	5.45	6.01	6.10	6.42	6.56	6.85	6.75	6.84	21
South Dakota	7.53	7.74	8.00	7.44	7.73	7.79	7.59	7.16	7.36	7.71	7.92	8.30	8.18	3
Tennessee	7.22	7.04	7.06	6.47	6.79	7.01	7.44	7.58	7.79	7.93	7.90	8.35	8.30	2
Texas	7.11	7.41	7.64	6.91	7.18	7.48	7.69	7.59	7.73	7.76	8.02	8.24	8.15	4
Utah	5.94	6.22	6.66	5.51	5.32	5.68	6.46	6.37	6.34	7.10	6.94	7.33	7.32	12
Vermont	5.42	5.09	5.15	4.56	4.96	4.97	5.01	4.82	4.80	5.24	4.79	4.73	4.87	45
Virginia	7.55	7.54	7.61	7.08	7.26	7.14	7.24	7.53	7.48	7.58	7.33	7.27	7.11	15
Washington	5.06	5.55	5.65	4.96	4.98	5.51	6.04	6.00	6.02	6.24	6.31	6.30	6.34	32
West Virginia	4.32	5.12	5.42	5.05	4.82	5.10	5.11	4.30	4.70	5.33	5.48	5.53	5.50	42
Wisconsin	5.44	5.61	5.69	4.59	5.08	5.16	6.28	6.36	6.36	6.49	6.68	6.89	6.86	20
Wyoming	6.24	6.31	6.39	5.29	5.76	6.25	6.24	6.35	6.57	6.82	6.88	6.99	7.02	16
Puerto Rico*	1.88	1.99	1.81	2.30	2.01	2.13	2.14	1.97	1.50	2.22	1.94	2.16	1.74	51

*US average does not include the territory of Puerto Rico.

Table 5.5a: Canada—Scores for Area 1 (Government Spending) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2022)
Canada Average	**8.21**	**8.26**	**8.18**	**7.69**	**7.91**	**8.20**	**8.21**	**8.03**	**8.06**	**7.26**	**7.66**	**7.89**	**7.96**	
Alberta	9.13	9.34	9.32	8.75	9.01	9.31	9.29	8.90	8.94	8.01	8.45	8.70	8.74	1
British Columbia	8.79	8.95	8.89	8.31	8.51	8.72	8.76	8.69	8.74	7.92	8.37	8.57	8.57	4
Manitoba	8.25	8.21	8.28	7.81	7.94	8.21	8.25	8.12	8.11	7.37	7.71	7.89	7.88	40
New Brunswick	7.86	7.82	7.71	7.22	7.46	7.65	7.59	7.41	7.45	6.66	7.16	7.42	7.49	50
Newfoundland & Labrador	7.29	7.34	7.30	6.93	7.28	7.79	7.85	7.48	7.48	6.63	7.06	7.18	7.34	53
Nova Scotia	8.04	7.98	7.73	7.23	7.36	7.55	7.54	7.41	7.46	6.75	7.12	7.34	7.49	50
Ontario	8.96	9.00	8.84	8.20	8.36	8.64	8.68	8.57	8.63	7.80	8.22	8.51	8.60	3
Prince Edward Island	7.42	7.48	7.24	6.71	7.06	7.35	7.39	7.26	7.28	6.46	7.02	7.22	7.34	53
Quebec	8.42	8.46	8.27	7.80	8.04	8.24	8.24	8.19	8.30	7.48	7.93	8.13	8.24	15
Saskatchewan	7.91	8.04	8.22	7.93	8.13	8.57	8.53	8.27	8.18	7.50	7.60	7.92	7.95	35

Table 5.5b: Mexico—Scores for Area 1 (Government Spending) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Mexico Average	**6.39**	**6.36**	**6.24**	**4.98**	**4.81**	**4.93**	**5.20**	**5.50**	**5.57**	**5.45**	**6.22**	**6.05**	**5.91**	
Aguascalientes	6.63	6.35	6.37	5.49	3.75	4.93	4.62	5.23	5.65	5.38	6.46	6.68	6.53	69
Baja California	7.99	7.74	7.58	6.78	6.85	6.76	7.08	6.97	7.12	7.00	7.68	7.66	7.30	57
Baja California Sur	6.40	6.51	5.77	4.06	4.46	4.56	4.74	5.72	5.38	4.88	6.76	6.52	6.03	74
Campeche	3.09	2.93	4.33	3.64	3.72	3.55	3.64	4.37	4.40	4.12	4.33	4.30	4.16	92
Coahuila de Zaragoza	6.96	6.72	6.62	5.66	4.01	5.63	5.74	5.35	5.32	5.25	6.59	6.77	6.66	68
Colima	4.11	4.66	5.21	3.77	3.83	3.93	4.27	4.49	4.47	4.41	5.40	5.23	5.34	83
Chiapas	5.19	5.32	5.56	4.05	4.27	4.39	4.72	4.84	5.22	5.14	5.81	5.50	4.92	89
Chihuahua	6.54	6.57	7.14	6.00	4.63	4.45	5.18	6.28	6.61	6.83	7.47	7.15	6.88	65
Ciudad de México	5.71	5.57	5.46	4.64	4.74	4.27	3.32	4.24	4.03	3.60	4.65	4.94	5.12	86
Durango	6.08	5.79	5.05	3.73	3.81	3.83	4.25	4.44	4.78	4.96	5.47	5.27	5.13	85
Guanajuato	7.39	7.29	7.25	5.81	5.82	5.41	6.55	6.62	6.06	6.05	6.80	6.86	6.80	66
Guerrero	5.34	5.44	5.23	4.49	4.50	4.83	4.47	4.78	4.81	5.01	6.06	5.43	4.88	90
Hidalgo	5.30	5.26	5.02	3.81	4.07	4.28	4.52	5.12	5.31	5.50	6.41	5.57	5.31	84
Jalisco	7.77	7.67	7.45	6.35	6.53	6.59	6.83	7.01	7.02	6.59	7.27	7.44	7.44	52
México	8.27	8.15	7.85	6.68	6.89	6.55	5.96	6.38	5.99	5.27	6.46	6.50	7.18	59
Michoacán de Ocampo	6.95	7.29	7.07	5.37	4.86	4.43	4.80	5.57	6.35	6.40	7.21	7.22	6.98	64
Morelos	7.07	6.92	6.76	5.61	5.23	5.15	5.14	5.48	5.73	5.64	5.96	6.28	5.91	75
Nayarit	6.75	7.28	6.54	4.62	4.11	5.31	5.40	6.01	6.14	6.16	6.57	6.06	5.73	77
Nuevo León	7.40	7.41	7.43	6.55	6.51	5.69	7.38	7.37	6.66	6.65	7.04	6.97	7.08	62

Table 5.5b: Mexico—Scores for Area 1 (Government Spending) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Oaxaca	5.95	5.79	5.53	4.23	4.28	4.35	4.54	5.05	5.40	5.28	6.04	5.78	5.39	82
Puebla	6.69	7.40	6.99	5.32	5.43	5.33	5.40	5.70	6.07	6.08	6.91	6.75	6.44	70
Querétaro	6.18	6.51	6.85	5.64	6.00	5.92	5.44	5.77	5.86	5.71	6.62	6.67	6.72	67
Quintana Roo	7.28	6.96	6.63	5.89	5.60	5.45	6.20	5.93	5.76	4.30	6.97	5.46	5.78	76
San Luis Potosí	6.15	6.57	6.65	4.85	4.70	4.98	5.00	5.09	5.14	4.99	5.76	5.53	5.47	81
Sinaloa	7.15	6.86	6.73	5.00	4.90	5.17	5.50	5.72	5.83	5.70	6.45	6.20	5.61	79
Sonora	7.25	7.04	7.06	5.16	4.66	5.13	5.97	6.19	6.03	5.71	6.22	6.40	6.13	73
Tabasco	4.21	4.56	4.50	3.84	4.13	4.32	4.61	4.85	4.88	4.85	4.86	4.84	4.73	91
Tamaulipas	6.06	5.73	5.20	4.19	4.15	4.70	5.42	5.42	5.06	4.82	5.86	5.67	5.62	78
Tlaxcala	8.38	7.38	6.10	5.09	5.00	5.24	5.50	6.12	6.04	5.82	6.34	6.18	6.25	72
Veracruz de Ignacio de la Llave	5.83	5.79	5.61	4.56	4.54	4.24	4.67	4.56	4.71	4.62	5.06	5.34	4.94	88
Yucatán	6.30	6.08	6.28	4.46	4.18	4.05	4.98	4.91	5.34	6.29	6.07	5.44	5.58	80
Zacatecas	6.17	6.07	6.00	4.08	3.86	4.23	4.53	4.35	5.02	5.21	5.50	5.03	5.00	87

Table 5.5c: United States—Scores for Area 1 (Government Spending) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
US Average*	**8.25**	**8.45**	**8.31**	**6.91**	**7.46**	**7.71**	**8.02**	**8.04**	**8.05**	**8.02**	**8.19**	**8.09**	**7.91**	
Alabama	8.07	8.31	8.07	6.79	7.30	7.53	7.81	7.78	7.74	7.72	7.86	7.80	7.61	47
Alaska	6.69	7.03	7.11	5.48	6.41	6.56	6.87	7.22	7.28	7.22	7.41	7.49	7.22	58
Arizona	8.41	8.59	8.49	6.97	7.49	7.75	8.05	7.27	7.23	7.19	7.34	7.19	7.00	63
Arkansas	8.23	8.49	8.34	7.01	7.14	7.47	7.85	7.99	7.93	7.97	8.20	8.03	7.95	35
California	8.28	8.48	8.34	6.87	7.40	7.63	8.00	8.07	7.98	7.95	8.15	8.04	7.91	38
Colorado	8.52	8.72	8.60	7.15	7.60	7.89	8.23	8.19	8.22	8.14	8.42	8.27	8.13	18
Connecticut	8.56	8.76	8.69	7.37	7.58	7.70	8.02	8.28	8.27	8.21	8.39	8.28	8.09	23
Delaware	8.65	8.76	8.55	7.20	7.57	7.62	7.88	7.95	7.91	7.88	8.03	8.03	7.77	43
Florida	8.67	8.73	8.64	7.28	7.79	8.09	8.47	8.61	8.52	8.47	8.67	8.47	8.31	7
Georgia	8.51	8.72	8.47	7.16	7.58	7.87	8.30	8.41	8.35	8.31	8.50	8.28	8.09	23
Hawaii	8.06	8.30	8.13	6.29	7.13	7.36	7.60	7.78	7.72	7.71	7.77	7.49	7.31	56
Idaho	8.31	8.54	8.44	6.88	7.44	7.88	8.29	8.35	8.34	8.30	8.52	8.48	8.34	5
Illinois	8.51	8.68	8.53	7.05	7.62	7.84	8.19	8.19	8.23	8.15	8.31	8.15	7.92	37
Indiana	8.58	8.67	8.48	7.11	7.73	7.98	8.29	8.31	8.29	8.27	8.54	8.39	8.25	13
Iowa	8.39	8.62	8.50	7.04	7.67	7.87	8.15	8.20	8.14	8.09	8.31	8.37	8.16	17
Kansas	8.42	8.61	8.51	6.99	7.79	8.13	8.34	8.32	8.28	8.21	8.39	8.23	8.05	27
Kentucky	8.11	8.27	8.15	6.55	6.94	7.21	7.43	7.39	7.45	7.41	7.66	7.36	7.09	61

Table 5.5c: United States—Scores for Area 1 (Government Spending) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Louisiana	8.07	8.08	7.91	6.65	7.29	7.59	7.70	7.89	7.81	7.78	7.92	7.67	7.57	49
Maine	8.18	8.29	8.19	6.89	7.37	7.84	8.16	8.25	8.23	8.20	8.40	8.31	8.11	19
Maryland	8.36	8.49	8.32	6.93	7.44	7.54	7.79	7.95	7.94	7.84	7.82	7.92	7.68	46
Massachusetts	8.38	8.58	8.44	6.96	7.51	7.73	8.13	8.15	8.13	8.09	8.28	8.31	8.18	16
Michigan	8.37	8.55	8.31	6.85	7.46	7.81	8.18	8.23	8.15	8.14	8.36	8.22	8.08	26
Minnesota	8.46	8.67	8.43	7.12	7.80	8.06	8.34	8.41	8.35	8.29	8.51	8.50	8.33	6
Mississippi	7.85	7.93	7.61	6.46	7.08	7.22	7.35	7.30	7.29	7.30	7.58	7.34	7.12	60
Missouri	8.30	8.48	8.27	6.93	7.46	7.69	7.96	8.00	7.97	7.95	8.15	8.01	7.86	41
Montana	7.89	8.23	8.16	6.75	7.35	7.60	7.91	8.09	8.15	8.12	8.29	8.17	8.09	23
Nebraska	8.56	8.75	8.59	7.36	8.04	8.15	8.47	8.46	8.41	8.41	8.58	8.31	8.11	19
Nevada	8.79	9.02	8.81	7.38	7.80	8.03	8.37	8.42	8.36	8.33	8.51	8.39	8.25	13
New Hampshire	8.83	9.03	8.85	7.57	8.15	8.42	8.70	8.73	8.69	8.64	8.80	8.78	8.68	2
New Jersey	8.58	8.72	8.58	7.26	7.71	7.97	8.32	8.45	8.37	8.35	8.58	8.36	8.30	9
New Mexico	7.48	7.70	7.58	6.17	6.68	6.94	7.19	7.20	7.36	7.28	7.39	7.02	6.32	71
New York	8.04	8.23	8.18	6.82	7.32	7.50	7.84	7.99	7.94	7.92	8.16	8.15	7.96	34
North Carolina	8.41	8.65	8.56	7.17	7.52	7.70	8.00	8.06	8.10	8.09	8.28	8.18	8.02	31
North Dakota	7.80	8.02	8.12	6.81	7.59	7.87	7.96	7.97	8.10	8.10	8.22	8.18	7.90	39
Ohio	8.12	8.31	7.96	6.74	7.27	7.64	8.07	8.06	8.05	8.01	8.21	8.14	8.04	29
Oklahoma	8.23	8.56	8.42	7.11	7.74	8.01	8.23	8.18	8.20	8.12	8.31	8.26	8.11	19
Oregon	8.07	8.36	8.28	6.79	7.27	7.56	7.92	8.00	7.96	7.93	8.10	7.97	7.79	42
Pennsylvania	8.32	8.48	8.32	6.99	7.36	7.69	8.02	7.90	7.98	8.05	8.31	8.21	8.03	30
Rhode Island	8.09	8.26	8.13	6.67	7.21	7.44	7.80	7.81	7.85	7.87	7.98	7.79	7.69	45
South Carolina	8.16	8.31	8.21	6.79	7.37	7.75	8.06	8.12	8.16	8.12	8.34	8.18	8.01	33
South Dakota	8.22	8.42	8.37	7.10	7.79	7.99	8.27	8.08	8.16	8.14	8.28	8.43	8.27	11
Tennessee	8.37	8.53	8.45	7.01	7.56	7.84	8.17	8.26	8.23	8.17	8.32	8.45	8.31	7
Texas	8.50	8.72	8.61	7.22	7.86	8.14	8.40	8.38	8.39	8.28	8.45	8.45	8.28	10
Utah	8.32	8.57	8.48	7.12	7.51	7.78	8.22	8.24	8.27	8.25	8.41	8.35	8.10	22
Vermont	8.31	8.48	8.26	6.88	7.48	7.61	7.93	7.90	7.89	7.96	7.99	7.85	7.76	44
Virginia	8.29	8.47	8.25	6.66	7.53	7.61	7.93	7.99	7.96	7.89	8.09	7.86	7.59	48
Washington	8.31	8.60	8.52	7.11	7.58	7.93	8.25	8.40	8.44	8.37	8.55	8.44	8.27	11
West Virginia	7.68	8.11	8.06	6.83	7.04	7.30	7.59	6.72	7.49	7.43	7.66	7.48	7.32	55
Wisconsin	8.38	8.58	8.43	6.74	7.46	7.65	8.14	8.22	8.09	8.06	8.25	8.17	8.02	31
Wyoming	7.98	8.11	8.06	6.66	7.32	7.60	7.89	7.94	8.08	8.06	8.02	8.12	8.05	27
Puerto Rico*	3.94	4.18	3.95	3.19	3.86	4.37	4.70	4.52	4.20	4.80	4.73	4.70	4.15	93

*US average does not include the territory of Puerto Rico.

Table 5.6a: Canada—Scores for Area 1 (Government Spending) at the Provincial and Municipal Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 10 (2023)
Canada Average	**5.66**	**5.93**	**5.26**	**4.05**	**4.21**	**4.70**	**4.82**	**4.66**	**4.39**	**4.29**	**4.23**	**4.14**	**4.19**	
Alberta	7.70	9.39	8.79	7.18	7.67	8.44	8.60	7.07	6.26	6.68	5.79	5.86	6.08	2
British Columbia	5.67	6.90	7.49	6.59	5.66	5.51	6.52	6.91	5.92	4.21	3.52	3.66	3.48	7
Manitoba	6.08	5.79	5.89	5.64	4.96	4.79	5.69	6.04	6.18	6.50	5.64	5.58	4.17	4
New Brunswick	5.76	5.48	3.82	4.03	5.23	4.78	2.36	2.08	2.08	2.24	5.49	5.81	4.87	3
Newfoundland & Labrador	5.21	4.56	4.37	3.19	3.97	4.71	5.12	4.57	4.16	4.45	4.27	2.35	3.26	8
Nova Scotia	8.57	6.58	3.85	2.38	2.03	2.14	2.46	2.38	3.26	3.34	3.02	2.49	2.99	9
Ontario	6.13	6.63	5.85	3.61	2.92	6.03	6.56	6.57	6.53	6.21	5.79	6.10	6.81	1
Prince Edward Island	6.88	7.25	5.51	3.51	4.53	4.79	4.44	4.43	3.04	3.19	3.50	3.58	3.70	5
Quebec	2.88	2.79	2.50	1.45	1.82	2.02	2.30	2.45	2.69	2.72	2.32	2.45	2.90	10
Saskatchewan	1.68	3.93	4.52	2.93	3.33	3.77	4.15	4.07	3.79	3.38	2.93	3.57	3.60	6

Table 5.6b: Mexico—Scores for Area 1 (Government Spending) at the State and Local Level, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Mexico Average	**6.91**	**6.86**	**6.30**	**4.82**	**4.09**	**3.92**	**3.67**	**4.08**	**4.38**	**4.24**	**5.36**	**5.63**	**5.18**	
Aguascalientes	7.52	7.23	6.85	5.88	4.54	3.92	3.42	4.00	5.16	5.07	6.30	6.69	6.24	11
Baja California	9.20	9.13	8.89	8.47	7.92	7.92	7.86	7.30	7.71	7.20	7.92	8.40	7.84	2
Baja California Sur	7.43	7.29	5.96	4.15	4.74	4.13	3.79	5.28	5.37	5.10	6.66	7.04	6.36	10
Campeche	2.88	3.14	4.05	3.62	2.02	1.24	0.05	1.46	1.64	1.31	3.03	3.59	2.10	30
Coahuila de Zaragoza	8.82	8.27	7.87	6.68	2.97	7.19	6.95	6.12	6.60	6.34	7.40	7.90	7.85	1
Colima	5.36	6.03	6.23	5.44	3.20	3.32	2.39	3.51	3.66	3.63	4.35	4.87	4.73	20
Chiapas	3.08	3.73	2.81	0.18	0.00	0.00	0.00	0.00	1.38	1.06	1.89	1.85	1.12	32
Chihuahua	7.51	7.57	8.03	6.45	4.36	2.64	3.83	6.15	5.75	6.45	7.30	7.17	6.53	7
Ciudad de México	9.50	9.45	8.86	8.26	7.82	7.64	5.52	6.58	6.39	6.04	7.25	7.73	7.78	3
Durango	6.36	6.35	5.45	2.28	3.10	2.50	1.44	2.30	4.00	4.62	4.90	5.20	4.69	21
Guanajuato	8.26	8.43	8.30	6.34	5.82	5.33	5.85	6.03	5.44	5.57	6.55	6.78	6.44	9
Guerrero	3.19	3.67	3.67	2.94	2.10	1.60	1.60	1.66	1.85	1.56	2.68	2.55	1.64	31
Hidalgo	5.58	4.92	3.55	3.12	3.36	3.22	2.66	3.25	3.49	3.72	4.77	4.82	4.01	24
Jalisco	9.04	8.60	8.38	7.02	7.24	6.84	6.89	7.08	7.22	6.55	7.51	7.82	7.77	4
México	8.97	8.26	7.61	6.20	5.60	5.13	4.15	4.16	3.18	2.26	4.15	5.06	5.51	16
Michoacán de Ocampo	7.39	8.01	7.14	5.55	4.14	4.09	3.63	4.78	5.75	5.82	6.66	6.93	6.52	8
Morelos	7.35	6.97	6.67	5.72	4.21	3.95	3.60	3.30	4.08	4.26	4.34	5.69	4.84	19
Nayarit	6.41	7.31	6.06	3.09	2.81	3.14	2.88	4.02	3.77	4.14	4.99	5.03	3.99	25
Nuevo León	8.93	8.66	8.45	7.74	6.76	4.96	7.77	7.31	6.93	7.00	7.64	7.04	7.02	5

Table 5.6b: Mexico—Scores for Area 1 (Government Spending) at the State and Local Level, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Oaxaca	4.77	4.40	2.84	1.54	1.01	1.02	0.02	1.30	1.78	1.51	3.30	3.23	2.75	29
Puebla	7.02	8.17	7.10	5.49	5.47	4.06	3.46	4.41	5.29	5.46	6.38	6.23	5.72	15
Querétaro	7.03	7.39	7.45	6.06	6.16	5.82	4.90	5.03	5.17	5.19	6.22	6.37	6.23	12
Quintana Roo	7.65	7.08	5.98	5.32	3.78	3.76	4.27	3.34	4.18	1.10	5.82	6.43	6.13	13
San Luis Potosí	6.05	6.60	6.66	4.96	3.67	3.45	3.22	3.25	3.60	3.66	4.95	5.23	5.02	17
Sinaloa	8.03	7.85	7.24	5.20	4.73	4.41	4.16	4.39	4.48	4.37	5.44	5.73	4.85	18
Sonora	8.44	8.14	7.84	5.47	4.25	4.69	4.55	4.88	4.54	4.43	5.25	5.61	4.57	22
Tabasco	1.83	2.01	2.40	0.52	1.84	2.83	1.24	1.77	1.64	1.67	2.62	3.35	3.57	27
Tamaulipas	7.65	7.52	6.34	5.08	5.61	5.87	6.14	6.39	5.82	5.80	6.54	7.00	6.68	6
Tlaxcala	8.60	7.49	4.75	2.97	2.63	2.05	2.08	3.20	3.30	3.18	3.64	3.67	3.61	26
Veracruz de Ignacio de la Llave	7.42	7.50	6.77	4.93	4.34	3.73	3.50	2.84	2.96	3.02	4.57	5.51	4.31	23
Yucatán	8.01	7.50	7.44	5.62	4.66	3.77	4.15	4.48	5.43	4.85	6.52	6.16	6.07	14
Zacatecas	5.73	4.70	4.08	1.93	0.00	1.37	1.45	1.09	2.48	3.57	3.98	3.33	3.17	28

Table 5.6c: United States—Scores for Area 1 (Government Spending) at the State and Local Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
US Average*	**6.12**	**6.23**	**6.28**	**5.74**	**5.80**	**6.00**	**6.27**	**6.26**	**6.24**	**6.56**	**6.58**	**6.52**	**6.52**	
Alabama	4.59	7.65	7.05	6.09	5.69	5.97	6.04	5.68	5.78	5.88	5.73	5.82	5.73	34
Alaska	0.00	0.00	1.38	1.47	1.43	1.35	1.87	2.41	2.90	2.81	3.00	3.59	3.42	49
Arizona	8.30	8.16	8.27	6.85	6.63	7.18	7.45	5.14	5.40	5.52	5.60	5.15	4.84	42
Arkansas	7.05	7.64	7.48	6.60	4.83	5.54	6.16	6.40	6.38	6.70	6.98	6.50	6.68	28
California	4.52	4.53	5.08	3.59	3.07	3.26	4.01	4.17	4.04	4.02	4.28	4.28	4.67	43
Colorado	8.18	8.26	8.43	7.09	6.33	7.13	7.63	7.21	7.64	7.52	7.99	7.59	7.55	14
Connecticut	7.86	8.24	8.62	7.79	7.04	7.02	7.48	7.70	7.80	7.77	7.83	7.98	8.02	7
Delaware	8.00	7.44	7.09	6.11	4.74	4.20	4.22	4.29	4.33	4.38	4.39	4.69	4.05	47
Florida	8.73	7.77	8.39	7.29	7.19	8.02	8.62	9.00	8.73	8.70	8.82	8.19	8.15	6
Georgia	7.83	8.02	7.98	7.00	6.29	7.07	7.84	8.02	7.97	7.96	8.10	7.46	7.32	18
Hawaii	6.40	7.16	7.30	6.26	6.11	6.53	6.65	6.95	6.92	7.03	6.77	6.10	5.97	32
Idaho	7.06	7.54	7.89	5.94	5.93	7.28	7.92	7.91	8.12	8.14	8.40	8.40	8.35	4
Illinois	7.01	7.16	7.40	6.01	5.53	5.89	6.38	6.01	6.42	6.31	6.34	5.84	5.46	36
Indiana	8.44	7.72	7.58	6.74	6.47	7.14	7.42	7.21	7.47	7.58	8.17	7.77	7.87	8
Iowa	7.19	7.41	6.72	5.71	5.64	5.92	6.11	5.97	6.00	5.97	6.27	7.02	6.69	27
Kansas	7.78	8.17	8.57	7.79	7.76	8.57	8.44	8.18	8.29	8.21	8.29	7.87	7.69	11
Kentucky	5.95	5.64	5.23	3.97	3.54	4.01	4.29	3.67	4.08	4.12	4.69	3.95	3.68	48

Table 5.6c: United States—Scores for Area 1 (Government Spending) at the State and Local Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
Louisiana	5.52	5.81	5.92	4.67	5.16	5.75	5.22	5.60	5.56	5.61	5.56	4.76	4.87	41
Maine	5.75	5.57	5.50	5.22	5.03	6.39	6.75	6.92	7.07	7.14	7.31	7.14	6.88	25
Maryland	8.23	8.33	7.50	6.40	5.99	5.61	5.89	6.57	6.87	6.47	5.00	7.70	7.52	16
Massachusetts	7.39	7.70	7.82	6.65	6.23	6.72	7.56	7.46	7.64	7.66	7.76	7.92	7.84	9
Michigan	6.38	6.34	5.85	4.43	4.37	5.60	6.28	6.19	6.13	6.29	6.56	6.14	6.14	31
Minnesota	5.61	5.73	6.27	4.84	5.23	5.66	5.93	6.02	5.95	5.91	6.22	6.91	7.01	23
Mississippi	6.29	6.49	5.95	5.41	5.06	5.07	4.79	4.39	4.55	4.76	5.19	4.51	4.21	46
Missouri	7.29	7.09	7.94	6.94	6.81	7.21	7.31	7.19	7.27	7.33	7.49	7.18	7.11	20
Montana	6.03	6.60	6.67	5.91	5.68	6.13	6.44	6.61	7.13	7.20	7.27	7.01	7.11	20
Nebraska	8.90	8.81	8.66	8.27	8.63	8.45	8.66	8.33	8.35	8.51	8.58	7.69	7.38	17
Nevada	9.28	9.50	9.16	7.11	6.14	6.76	7.35	7.18	7.18	7.19	7.14	6.98	6.98	24
New Hampshire	9.44	9.40	9.43	8.51	8.35	8.92	9.04	8.79	8.79	8.80	8.84	8.95	9.11	1
New Jersey	7.53	7.17	6.92	5.73	4.96	5.46	6.22	6.54	6.21	6.52	7.01	5.88	6.63	29
New Mexico	3.95	5.44	5.03	4.26	3.46	3.83	3.94	3.66	4.43	4.35	4.19	3.10	1.80	50
New York	4.14	3.80	4.86	3.74	3.62	3.53	4.10	4.55	4.55	4.70	5.11	5.38	5.26	37
North Carolina	6.20	7.76	8.28	7.00	5.99	6.33	6.86	6.84	7.26	7.37	7.54	7.28	7.21	19
North Dakota	7.44	7.25	7.56	6.02	6.44	6.89	6.22	6.27	7.06	7.23	7.12	7.50	7.11	20
Ohio	3.85	4.11	4.11	2.87	3.20	4.00	4.90	4.62	4.89	4.80	4.96	4.92	5.17	39
Oklahoma	7.56	8.12	8.04	7.14	7.29	7.89	7.76	7.25	7.61	7.48	7.59	7.59	7.57	13
Oregon	4.28	4.92	5.48	4.20	4.07	4.01	4.69	4.81	4.93	4.98	5.08	4.70	4.52	44
Pennsylvania	6.57	6.32	6.53	5.23	4.68	5.69	6.21	5.38	6.06	6.71	7.13	6.97	6.84	26
Rhode Island	4.24	4.20	5.43	4.43	4.67	4.69	5.33	5.09	5.64	5.86	5.71	5.16	5.24	38
South Carolina	5.25	4.51	5.05	3.33	3.35	4.62	5.17	5.04	5.63	5.64	6.01	5.54	5.65	35
South Dakota	8.76	8.91	9.06	8.45	8.66	8.71	8.76	7.91	8.36	8.28	8.23	8.94	8.83	2
Tennessee	7.95	6.77	6.94	6.05	6.57	7.17	7.54	7.63	7.72	7.59	7.46	8.53	8.54	3
Texas	8.24	8.47	8.80	7.98	7.90	8.38	8.51	8.14	8.42	8.21	8.25	8.46	8.32	5
Utah	6.12	6.27	7.01	5.26	4.26	4.91	6.12	5.78	6.56	6.73	6.52	7.57	7.55	14
Vermont	6.06	6.15	6.13	4.67	5.20	5.20	5.52	4.96	5.19	5.69	5.16	4.71	5.01	40
Virginia	8.59	8.19	8.25	7.40	7.54	7.27	7.55	8.22	8.19	8.04	8.20	7.88	7.71	10
Washington	5.38	6.59	6.55	5.09	4.65	5.83	6.46	7.18	7.82	7.69	7.74	7.62	7.64	12
West Virginia	3.79	6.30	6.52	5.96	4.71	5.07	5.29	2.84	4.88	4.84	5.09	4.58	4.41	45
Wisconsin	5.83	6.35	6.63	4.01	5.10	4.99	6.59	6.59	6.27	6.31	6.47	6.35	6.29	30
Wyoming	6.30	6.36	6.59	4.89	4.86	5.32	5.44	4.96	5.78	5.87	5.40	5.78	5.97	32
Puerto Rico*	1.13	1.44	0.81	2.09	1.89	2.92	3.09	2.56	1.08	2.66	1.53	1.74	0.80	51

*US average does not include the territory of Puerto Rico.

Table 5.7a: Canada—Scores for Area 2 (Taxes) at the All-Government Level, Selected Years, 1985–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Canada Average	**5.56**	**5.62**	**5.69**	**6.00**	**6.03**	**6.02**	**5.69**	**5.60**	**5.49**	**5.82**	**5.51**	**5.38**	**5.45**	
Alberta	6.32	6.43	6.19	6.49	6.61	6.58	6.34	6.08	6.02	6.34	6.14	6.00	6.01	54
British Columbia	6.00	6.04	5.96	6.27	6.29	6.34	5.86	5.91	5.63	5.90	5.46	5.34	5.50	64
Manitoba	5.36	5.52	5.47	5.79	5.83	5.76	5.51	5.53	5.42	5.82	5.55	5.45	5.58	60
New Brunswick	5.67	5.78	5.83	6.12	6.24	6.14	5.47	5.63	5.52	5.74	5.49	5.32	5.43	72
Newfoundland & Labrador	5.59	5.66	5.91	6.36	6.27	6.34	6.03	5.53	5.51	5.81	5.59	5.34	5.46	68
Nova Scotia	5.74	5.78	5.74	5.96	5.87	5.90	5.63	5.51	5.42	5.69	5.41	5.28	5.32	78
Ontario	5.31	5.33	5.43	5.78	5.80	5.71	5.34	5.23	5.22	5.57	5.21	5.12	5.22	81
Prince Edward Island	5.45	5.43	5.78	6.04	6.13	6.13	5.85	5.70	5.62	5.86	5.60	5.48	5.53	62
Quebec	4.99	5.07	5.17	5.45	5.36	5.36	5.05	5.10	5.01	5.41	5.08	4.99	5.09	85
Saskatchewan	5.17	5.15	5.41	5.72	5.89	5.91	5.84	5.79	5.56	6.02	5.60	5.47	5.38	76

Table 5.7b: Mexico—Scores for Area 2 (Taxes) at the All-Government Level, Selected Years, 1985–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Mexico Average	**6.82**	**6.11**	**5.99**	**5.48**	**4.98**	**4.72**	**5.50**	**5.39**	**5.36**	**5.31**	**5.43**	**5.31**	**5.22**	
Aguascalientes	6.93	6.31	6.26	5.81	5.24	4.89	5.60	5.56	5.51	5.39	5.58	5.60	5.42	73
Baja California	6.74	6.03	5.97	5.53	5.28	5.03	5.62	5.31	5.24	5.12	5.35	5.25	5.07	86
Baja California Sur	6.96	6.05	5.60	5.50	5.19	4.70	5.62	5.55	5.47	5.44	5.24	5.10	5.10	83
Campeche	7.00	6.23	6.23	5.60	5.22	3.87	5.18	5.48	5.49	5.44	5.65	5.52	5.35	77
Coahuila de Zaragoza	6.89	6.14	5.79	5.59	4.59	4.49	5.49	5.21	5.23	5.16	5.42	5.48	5.44	70
Colima	4.83	4.13	4.16	3.84	3.43	3.20	3.65	3.57	3.59	3.49	3.54	3.34	3.25	92
Chiapas	7.31	6.69	6.61	6.09	5.75	5.48	6.02	6.01	6.13	5.67	5.92	5.96	5.72	58
Chihuahua	6.67	5.97	5.89	5.62	5.12	4.72	5.46	5.38	5.48	5.56	5.57	5.38	5.27	79
Ciudad de México	3.89	2.85	2.52	1.63	1.50	1.50	2.61	2.96	2.63	2.16	2.83	2.59	3.02	93
Durango	7.22	6.63	6.52	6.05	5.53	5.26	5.83	5.63	5.79	5.80	5.74	5.67	5.53	62
Guanajuato	7.17	6.42	6.33	3.91	3.09	5.15	5.96	5.72	5.61	5.57	5.67	5.56	5.48	67
Guerrero	7.18	6.57	6.54	4.68	3.72	5.31	5.72	6.03	6.00	5.99	6.11	6.08	6.02	53
Hidalgo	7.21	6.56	6.31	6.19	5.31	5.40	6.08	5.97	6.05	5.99	6.17	6.06	5.92	56
Jalisco	6.92	6.17	6.07	5.98	5.39	4.95	5.66	5.29	5.15	5.09	5.28	5.10	5.20	82
México	7.07	6.40	6.28	6.11	5.77	5.16	5.67	5.56	5.39	5.06	5.51	5.46	5.44	70
Michoacán de Ocampo	7.23	6.31	6.19	5.67	4.91	4.06	4.48	4.62	4.72	4.88	4.86	4.47	4.62	88
Morelos	7.13	6.38	6.31	5.90	5.46	4.95	5.92	5.86	5.87	5.83	5.99	5.99	5.85	57
Nayarit	7.17	6.62	6.43	5.96	5.65	5.29	6.05	5.92	5.90	5.96	6.02	5.72	5.50	64
Nuevo León	6.15	5.30	4.87	4.64	4.25	2.27	5.01	4.52	4.36	4.33	4.56	4.16	4.22	91

Table 5.7b: Mexico—Scores for Area 2 (Taxes) at the All-Government Level, Selected Years, 1985–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Oaxaca	7.38	6.74	6.76	6.37	5.91	5.67	6.16	6.22	6.27	6.23	6.32	6.02	6.04	52
Puebla	7.05	6.54	6.22	5.94	5.42	4.97	5.65	5.49	5.68	5.64	5.65	5.71	5.39	75
Querétaro	6.50	5.77	5.79	5.17	4.93	4.29	4.88	4.55	4.55	4.69	4.77	4.55	4.61	89
Quintana Roo	6.69	5.88	5.55	5.33	4.90	4.38	5.38	5.20	4.93	5.12	5.34	5.14	4.83	87
San Luis Potosí	7.19	6.53	6.49	5.99	5.48	5.07	5.81	5.40	5.61	5.48	5.70	5.58	5.55	61
Sinaloa	7.12	6.36	6.33	5.87	5.42	5.20	5.77	5.57	5.61	5.57	5.70	5.58	5.10	83
Sonora	7.05	6.31	6.28	5.76	5.22	5.10	5.92	5.76	5.62	5.61	5.63	5.33	5.40	74
Tabasco	7.16	6.52	6.51	5.87	5.42	4.93	5.74	5.85	5.69	5.75	5.89	5.79	5.71	59
Tamaulipas	5.81	5.31	5.23	4.83	4.72	4.68	5.18	5.03	4.70	4.82	4.85	4.80	4.61	89
Tlaxcala	7.39	6.74	6.64	6.30	5.86	5.65	6.28	6.19	6.16	6.07	6.23	6.18	6.14	51
Veracruz de Ignacio de la Llave	6.74	6.17	6.29	5.89	5.02	5.11	5.79	5.58	5.54	5.34	5.54	5.51	5.25	80
Yucatán	7.06	6.44	6.17	5.79	5.44	5.18	5.84	5.71	5.64	5.72	5.82	5.60	5.45	69
Zacatecas	7.31	6.44	6.62	6.03	5.32	5.12	6.03	5.76	5.83	5.84	5.32	5.55	5.50	64

Table 5.7c: United States—Scores for Area 2 (Taxes) at the All-Government Level, Selected Years, 1985–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
US Average*	**7.49**	**7.27**	**7.33**	**7.41**	**7.57**	**6.93**	**6.90**	**6.98**	**7.13**	**7.34**	**7.26**	**7.02**	**7.21**	
Alabama	8.12	7.94	7.98	8.05	8.16	7.53	7.58	7.59	7.81	7.89	7.83	7.63	7.73	1
Alaska	8.26	8.07	8.06	8.05	8.17	7.84	7.76	7.84	7.98	8.04	8.07	7.96	7.25	31
Arizona	7.63	7.51	7.41	7.55	7.62	7.22	7.26	7.37	7.53	7.77	7.69	7.41	7.62	7
Arkansas	7.08	6.74	6.82	6.90	7.05	6.66	6.62	6.62	6.86	7.05	7.03	6.99	7.12	37
California	7.34	6.99	6.95	7.09	7.25	6.52	6.57	6.62	6.69	6.96	6.67	6.27	6.83	41
Colorado	7.31	7.18	7.23	7.29	7.41	7.09	7.09	7.07	7.31	7.49	7.44	7.19	7.42	15
Connecticut	7.17	6.87	7.08	7.27	7.31	6.38	6.42	6.58	6.77	7.00	6.85	6.72	7.05	38
Delaware	7.22	6.74	6.35	6.51	6.22	5.56	6.03	6.10	5.78	5.98	5.96	5.45	6.01	54
Florida	7.75	7.46	7.36	7.57	7.88	7.15	7.17	7.23	7.43	7.59	7.50	7.14	7.40	16
Georgia	7.44	7.28	7.29	7.50	7.69	6.94	7.02	7.08	7.25	7.47	7.41	7.09	7.21	35
Hawaii	7.64	7.30	7.30	7.36	7.51	6.77	6.80	6.92	6.64	6.91	7.00	6.53	6.60	48
Idaho	7.37	7.18	7.35	7.64	7.81	7.21	7.19	7.26	7.53	7.67	7.59	7.39	7.53	11
Illinois	7.24	6.98	7.15	7.18	7.18	6.54	6.50	6.58	6.84	7.04	6.87	6.49	6.80	43
Indiana	7.66	7.25	7.56	7.39	7.67	6.92	6.98	7.11	7.18	7.43	7.45	7.23	7.34	20
Iowa	7.58	7.43	7.54	7.50	7.64	6.90	6.90	6.90	7.07	7.24	7.20	7.04	7.29	25
Kansas	7.25	6.96	7.15	7.32	7.58	7.01	6.89	7.00	7.01	7.23	7.12	6.95	7.26	30
Kentucky	7.78	7.61	7.60	7.62	7.72	7.08	6.95	6.99	7.18	7.30	7.44	7.12	7.32	22

Table 5.7c: United States—Scores for Area 2 (Taxes) at the All-Government Level, Selected Years, 1985–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Louisiana	7.77	7.41	7.33	7.30	7.51	6.93	6.84	6.85	7.25	7.52	7.47	7.07	7.34	20
Maine	7.40	7.16	7.29	7.37	7.47	6.93	6.89	6.97	6.99	7.25	7.18	7.11	7.39	17
Maryland	7.64	7.38	7.40	7.62	7.67	6.92	6.83	6.81	6.90	7.01	6.89	6.98	7.22	34
Massachusetts	7.32	7.08	7.21	7.27	7.28	6.64	6.55	6.70	6.76	6.94	6.73	6.42	6.78	45
Michigan	7.28	7.16	7.18	7.35	7.61	7.07	7.08	7.12	7.32	7.63	7.46	7.27	7.44	14
Minnesota	6.56	6.33	6.38	6.45	6.59	6.01	5.74	5.89	6.03	6.33	6.41	6.17	6.43	49
Mississippi	7.79	7.76	7.74	7.87	8.01	7.48	7.40	7.48	7.51	7.73	7.66	7.49	7.61	9
Missouri	7.42	7.38	7.38	7.52	7.65	7.00	6.76	6.73	7.18	7.41	7.28	6.92	6.83	41
Montana	7.63	7.71	7.72	7.81	8.01	7.48	7.44	7.55	7.66	7.85	7.78	7.46	7.69	3
Nebraska	7.38	7.02	7.19	7.34	7.59	6.72	6.68	6.68	6.85	7.04	7.03	6.91	7.18	36
Nevada	7.78	7.46	7.47	7.65	7.88	7.18	7.23	7.17	7.40	7.60	7.55	7.01	7.27	29
New Hampshire	7.98	7.80	7.90	7.90	8.01	7.32	7.24	7.25	7.55	7.76	7.69	7.45	7.69	3
New Jersey	6.84	6.55	6.63	6.60	6.76	6.04	6.12	6.26	6.53	6.71	6.63	6.29	6.71	46
New Mexico	7.80	7.81	7.74	7.88	7.96	7.45	7.45	7.53	7.45	7.79	7.73	7.47	7.32	22
New York	6.75	6.38	6.57	6.60	6.71	6.04	5.88	6.16	6.29	6.43	6.37	5.89	6.20	50
North Carolina	7.48	7.33	7.39	7.49	7.59	7.08	7.07	7.11	7.26	7.49	7.38	7.33	7.50	13
North Dakota	7.80	7.60	7.66	7.60	7.78	7.07	6.82	7.11	7.39	7.54	7.63	7.54	7.51	12
Ohio	6.91	6.62	6.90	6.84	6.97	6.33	6.42	6.49	6.78	6.93	6.87	6.58	6.80	43
Oklahoma	7.03	7.06	7.51	7.48	7.84	7.30	7.04	7.32	7.29	7.54	7.54	7.53	7.62	7
Oregon	7.62	7.52	7.56	7.49	7.53	7.02	6.95	7.06	7.22	7.38	7.25	7.13	7.28	26
Pennsylvania	7.49	7.24	7.29	7.37	7.55	6.86	6.84	6.92	7.11	7.34	7.23	7.02	7.23	32
Rhode Island	7.03	6.67	6.85	6.87	7.16	6.38	6.35	6.42	6.42	7.01	6.86	6.45	6.63	47
South Carolina	7.70	7.51	7.55	7.74	7.89	7.36	7.37	7.45	7.61	7.73	7.70	7.45	7.63	6
South Dakota	7.99	7.87	7.97	7.92	8.21	7.37	7.20	7.17	7.42	7.65	7.44	7.26	7.65	5
Tennessee	7.74	7.45	7.47	7.65	7.80	7.13	7.09	7.11	7.39	7.58	7.45	7.18	7.32	22
Texas	7.37	7.31	7.19	7.31	7.67	6.95	6.88	7.01	7.15	7.34	7.41	7.14	7.23	32
Utah	7.68	7.33	7.55	7.50	7.73	7.15	7.23	7.23	7.25	7.60	7.43	7.18	7.39	17
Vermont	7.41	7.05	7.07	7.28	7.41	6.73	6.66	6.71	6.88	7.09	6.92	6.76	7.02	39
Virginia	7.82	7.51	7.60	7.72	7.87	7.19	7.16	7.18	7.31	7.41	7.27	7.12	7.28	26
Washington	7.51	7.36	7.43	7.57	7.61	7.00	6.97	6.91	7.07	7.19	7.10	6.69	6.94	40
West Virginia	7.83	7.58	7.82	7.92	7.99	7.42	7.37	7.49	7.43	7.83	7.81	7.68	7.71	2
Wisconsin	7.33	7.10	7.21	7.15	7.28	6.74	6.83	6.91	7.17	7.34	7.26	7.10	7.28	26
Wyoming	7.60	7.65	7.36	7.27	7.86	7.13	7.08	7.46	7.61	7.76	7.72	7.34	7.61	9
Puerto Rico*	5.54	5.40	5.46	5.51	7.27	6.94	6.75	6.66	6.82	7.39	7.27	7.47	7.37	19

*US average does not include the territory of Puerto Rico.

Table 5.8a: Canada—Scores for Area 2 (Taxes) at the Provincial and Municipal Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 10 (2023)
Canada Average	**5.48**	**5.17**	**5.27**	**5.41**	**5.58**	**5.39**	**5.28**	**4.92**	**5.05**	**5.54**	**4.87**	**4.48**	**4.86**	
Alberta	8.24	8.03	7.46	7.38	7.80	7.30	7.71	7.35	7.26	7.69	7.42	6.80	6.65	1
British Columbia	7.07	7.00	6.96	6.91	6.85	6.83	6.30	6.05	6.07	6.70	5.51	4.93	5.56	2
Manitoba	4.78	4.79	4.69	4.96	5.05	4.58	4.70	4.54	4.64	5.55	4.95	4.80	5.45	3
New Brunswick	5.98	5.62	5.79	6.00	6.59	6.20	5.26	5.05	5.14	5.31	4.83	4.20	4.86	6
Newfoundland & Labrador	5.13	4.70	5.21	6.10	5.94	6.31	6.24	4.70	4.79	5.04	4.55	4.06	4.95	4
Nova Scotia	5.38	5.44	5.28	5.02	4.73	4.77	4.49	4.19	4.46	4.92	4.11	3.62	3.93	9
Ontario	5.19	4.49	4.59	4.94	5.12	4.98	4.56	4.00	4.48	5.10	4.18	4.18	4.52	8
Prince Edward Island	5.84	5.44	5.37	5.25	5.71	5.31	5.19	4.77	5.07	5.12	4.65	4.38	4.89	5
Quebec	3.13	2.90	3.14	3.24	2.92	2.77	2.63	2.70	2.90	3.49	3.13	3.14	3.24	10
Saskatchewan	4.08	3.27	4.15	4.28	5.13	4.80	5.71	5.85	5.65	6.46	5.36	4.65	4.56	7

Table 5.8b: Mexico—Scores for Area 2 (Taxes) at the State and Local Level, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Mexico Average	**7.22**	**6.74**	**6.11**	**5.61**	**4.46**	**3.49**	**3.12**	**3.11**	**2.89**	**3.04**	**2.99**	**2.75**	**2.32**	
Aguascalientes	9.02	8.83	6.77	5.95	5.05	3.06	2.71	3.56	2.98	2.88	2.91	3.90	2.80	12
Baja California	6.51	5.83	5.18	5.25	4.80	3.85	3.50	1.98	1.92	1.30	1.59	1.32	1.15	21
Baja California Sur	6.33	3.42	2.51	2.20	2.08	1.65	1.53	1.84	1.31	0.96	1.58	1.40	0.87	25
Campeche	4.58	4.26	4.40	4.09	2.58	2.97	0.01	1.53	1.50	1.82	1.92	1.12	0.82	26
Coahuila de Zaragoza	7.79	7.44	7.19	6.94	5.09	3.42	2.48	2.11	2.06	2.26	2.74	2.35	2.29	14
Colima	8.76	7.47	6.87	6.43	2.75	1.81	2.66	2.19	1.85	2.18	2.36	2.53	2.24	15
Chiapas	7.95	7.89	7.58	5.82	4.86	4.27	4.07	6.13	6.12	5.86	6.26	6.40	2.38	13
Chihuahua	4.19	3.97	4.30	4.46	3.39	1.91	0.35	0.83	1.27	2.09	1.66	1.26	0.96	23
Ciudad de México	0.39	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29
Durango	8.21	8.14	6.66	5.95	4.09	3.31	3.30	3.35	3.19	3.02	3.09	3.04	2.22	16
Guanajuato	9.10	6.88	6.12	5.32	4.90	4.14	4.68	4.30	2.45	2.21	2.08	2.03	2.14	17
Guerrero	7.04	6.87	6.27	5.22	4.57	4.32	2.84	4.57	5.02	5.44	5.89	5.75	4.88	5
Hidalgo	8.12	7.81	7.18	5.51	5.19	4.88	4.97	5.15	4.90	5.22	5.19	3.11	3.93	7
Jalisco	6.46	6.18	5.81	5.55	4.93	4.13	3.31	3.65	2.95	2.58	2.66	2.14	1.27	19
México	6.81	6.90	5.20	4.72	4.41	2.75	0.48	0.63	0.00	0.00	0.00	0.04	0.46	28
Michoacán de Ocampo	8.50	8.42	7.89	7.12	6.39	4.76	6.62	7.15	6.02	5.96	6.42	6.21	5.65	3
Morelos	8.41	7.81	6.79	5.91	5.08	4.47	4.00	3.92	4.17	4.68	5.03	5.45	5.08	4
Nayarit	8.03	7.79	6.17	5.76	5.01	2.51	4.54	4.41	4.42	5.09	4.28	2.68	1.22	20
Nuevo León	4.69	4.62	4.45	4.59	2.50	0.82	1.34	0.84	0.76	1.96	1.50	1.01	0.93	24

Table 5.8b: Mexico—Scores for Area 2 (Taxes) at the State and Local Level, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Oaxaca	9.42	9.21	9.02	8.77	8.03	6.02	5.06	6.08	6.36	6.64	6.83	7.08	6.64	1
Puebla	8.23	8.68	7.40	6.85	5.05	4.26	1.95	1.64	2.87	2.94	3.74	3.35	3.05	11
Querétaro	6.85	4.16	2.87	2.13	1.87	1.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29
Quintana Roo	4.32	2.91	2.51	2.68	2.59	1.84	0.37	0.00	0.00	0.00	0.00	0.00	0.00	29
San Luis Potosí	8.96	8.47	8.05	7.26	6.64	3.95	3.33	3.75	3.51	3.85	4.00	2.92	3.07	10
Sinaloa	7.71	7.45	6.67	6.15	3.90	3.54	3.28	2.48	2.66	1.98	2.05	1.93	1.55	18
Sonora	6.99	6.74	6.23	5.85	4.11	3.25	4.18	3.78	2.59	2.54	2.28	1.92	0.99	22
Tabasco	8.25	8.53	8.25	7.64	3.44	3.13	3.67	3.75	4.03	4.33	4.09	4.08	4.17	6
Tamaulipas	6.18	6.67	6.19	6.08	5.62	4.01	4.79	3.62	3.54	3.81	3.53	3.72	3.68	8
Tlaxcala	9.19	8.89	8.60	8.51	7.56	7.60	6.45	6.42	5.85	5.75	5.92	5.62	5.67	2
Veracruz de Ignacio de la Llave	7.59	7.40	7.24	6.74	5.75	4.40	4.55	3.79	3.75	3.90	4.34	4.65	3.60	9
Yucatán	7.82	7.80	7.33	6.51	3.91	3.34	1.99	2.27	1.53	2.45	1.59	0.31	0.00	29
Zacatecas	8.49	8.02	7.92	7.52	6.64	5.85	6.87	3.73	2.95	3.52	0.10	0.71	0.63	27

Table 5.8c: United States—Scores for Area 2 (Taxes) at the State and Local Level in the, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
US Average*	**6.12**	**6.23**	**6.28**	**5.74**	**5.80**	**6.00**	**6.27**	**6.26**	**6.24**	**6.56**	**6.58**	**6.52**	**6.52**	
Alabama	7.06	7.02	6.85	6.94	7.06	7.06	7.22	7.17	7.09	7.14	7.01	6.79	6.90	12
Alaska	7.43	7.10	6.77	7.12	7.19	8.13	8.19	8.23	7.97	8.19	8.43	8.24	6.81	16
Arizona	6.02	6.15	5.60	6.07	6.23	6.31	6.67	6.77	6.70	7.18	7.13	7.09	7.52	7
Arkansas	5.82	5.48	5.45	5.59	5.80	5.35	5.86	5.96	5.90	6.37	6.53	6.38	6.61	22
California	4.51	4.49	4.18	4.18	4.67	3.85	4.28	4.45	3.90	4.68	3.88	3.46	4.52	48
Colorado	6.08	6.06	5.97	5.65	5.68	6.04	6.32	6.20	6.06	6.42	6.35	6.40	7.18	10
Connecticut	5.37	5.10	5.32	5.65	5.57	4.72	5.06	5.07	4.86	5.16	4.95	5.06	6.11	35
Delaware	6.12	5.70	5.63	5.48	5.33	5.20	5.80	5.94	4.87	5.11	4.57	4.62	4.71	46
Florida	6.63	6.44	5.83	6.22	7.10	6.96	7.55	7.57	7.55	7.81	7.90	7.65	7.87	4
Georgia	5.92	5.93	5.61	5.80	6.25	5.92	6.37	6.48	6.61	6.93	6.88	6.42	6.68	20
Hawaii	4.89	4.60	4.48	4.47	4.55	3.89	4.03	4.20	3.17	3.82	3.86	3.08	3.47	49
Idaho	5.07	4.92	5.18	5.51	5.65	5.88	6.08	6.04	6.30	6.47	6.43	6.22	6.90	12
Illinois	5.82	5.55	5.57	5.48	5.24	4.60	5.21	5.18	5.26	5.46	5.23	4.76	5.31	43
Indiana	6.11	5.25	6.12	5.63	6.42	6.02	6.65	6.82	6.11	6.71	6.64	6.45	6.58	23
Iowa	5.59	5.61	5.68	5.50	5.66	5.29	5.59	5.48	5.35	5.66	5.76	5.70	6.35	28
Kansas	5.19	5.12	5.16	5.41	5.77	5.95	6.10	6.02	5.64	6.09	5.85	5.86	6.31	29
Kentucky	5.68	5.86	5.82	5.98	6.12	6.00	6.03	6.08	6.20	6.45	6.52	6.16	6.36	27

Table 5.8c: United States—Scores for Area 2 (Taxes) at the State and Local Level in the, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
Louisiana	6.37	6.23	6.13	6.30	6.73	6.82	6.72	6.42	6.58	6.94	6.95	6.33	6.47	24
Maine	3.97	3.79	4.01	4.26	4.26	4.08	4.10	4.58	3.95	4.42	4.57	4.61	5.42	41
Maryland	5.94	5.91	5.99	5.81	6.24	5.88	5.84	5.84	5.81	5.97	5.95	5.56	5.85	37
Massachusetts	5.66	5.46	5.63	5.71	5.66	5.47	5.55	5.75	5.75	5.96	5.85	5.30	5.82	38
Michigan	5.66	5.34	5.28	5.45	5.98	6.02	6.32	6.39	6.22	6.94	6.67	6.49	6.87	14
Minnesota	4.97	4.89	4.81	4.81	4.74	4.74	4.57	4.69	4.48	5.06	4.93	4.72	5.36	42
Mississippi	5.77	5.91	5.63	5.90	6.09	5.77	5.65	5.88	5.51	6.23	6.08	5.89	6.20	33
Missouri	6.42	6.31	6.32	6.55	6.79	6.75	6.35	6.39	7.00	7.38	7.06	7.00	7.27	9
Montana	5.47	5.90	5.84	5.94	6.44	6.19	6.31	6.62	6.12	6.76	6.68	6.38	6.78	17
Nebraska	5.23	4.94	5.08	5.31	5.75	5.29	5.39	5.30	5.12	5.45	5.53	5.52	6.17	34
Nevada	6.15	6.10	5.92	5.98	6.48	6.34	6.67	6.57	6.60	7.03	7.28	6.65	6.71	19
New Hampshire	7.04	6.89	6.98	6.95	6.90	6.88	7.00	7.13	6.74	7.35	7.47	7.14	7.92	2
New Jersey	4.79	4.31	4.20	3.76	4.39	4.31	4.38	4.51	4.18	4.28	4.28	3.69	4.77	45
New Mexico	5.80	6.16	5.83	6.44	6.36	6.13	6.07	6.20	4.59	6.33	6.96	6.06	5.55	40
New York	3.67	3.03	3.13	3.07	3.09	2.94	2.83	3.30	3.38	3.34	3.16	2.74	2.98	50
North Carolina	5.70	5.72	5.73	5.83	5.77	5.66	6.29	6.39	6.13	6.88	6.74	6.52	6.82	15
North Dakota	6.24	6.10	6.18	6.10	6.66	6.51	6.04	6.76	6.72	7.27	7.58	7.81	7.71	5
Ohio	4.75	4.80	4.79	5.36	5.78	5.63	6.00	5.98	6.27	6.46	6.53	6.26	6.75	18
Oklahoma	5.99	6.31	6.55	6.64	7.16	7.05	6.89	7.06	6.32	7.03	7.03	6.99	7.18	10
Oregon	5.33	5.58	5.49	5.69	5.58	5.64	5.80	5.83	5.53	5.86	5.37	5.09	5.10	44
Pennsylvania	6.13	5.63	5.62	5.81	5.93	5.66	5.91	5.97	5.96	6.38	6.14	5.97	6.37	26
Rhode Island	4.39	3.99	4.12	4.15	5.05	4.78	4.98	5.14	4.09	5.81	5.59	5.23	5.65	39
South Carolina	5.58	5.57	5.51	5.91	6.11	5.86	6.09	6.27	6.20	6.41	6.46	6.03	6.44	25
South Dakota	7.11	7.31	7.48	7.29	7.67	7.51	7.28	6.93	7.07	7.58	7.92	7.78	8.01	1
Tennessee	7.35	7.27	7.00	7.37	7.55	7.46	7.69	7.79	7.94	8.10	7.97	7.71	7.88	3
Texas	6.53	6.67	6.61	6.48	7.05	6.92	6.96	7.00	6.76	6.97	7.32	7.22	7.52	7
Utah	5.61	5.61	5.79	5.79	6.13	5.84	6.35	6.22	5.05	6.66	6.26	5.95	6.29	30
Vermont	4.66	3.99	3.87	4.12	4.44	4.27	4.17	4.15	4.02	4.62	4.10	3.89	4.56	47
Virginia	6.30	6.09	5.91	6.28	6.61	6.37	6.49	6.42	6.11	6.30	6.26	6.01	6.29	30
Washington	6.06	6.01	6.07	6.24	6.36	6.35	6.59	6.48	6.50	6.70	6.72	6.27	6.68	20
West Virginia	4.75	4.33	5.30	5.64	5.76	5.70	5.71	5.88	4.55	6.20	6.04	5.84	6.10	36
Wisconsin	4.99	4.76	4.92	4.74	4.83	4.72	5.36	5.46	5.57	5.81	5.89	5.96	6.28	32
Wyoming	6.53	6.04	5.50	4.98	6.26	6.86	6.46	7.26	6.97	7.59	7.96	7.46	7.54	6
Puerto Rico*	1.18	1.21	1.28	1.47	0.82	0.15	0.00	0.00	0.09	0.67	0.95	1.16	0.90	51

*US average does not include the territory of Puerto Rico.

Table 5.9a: Canada—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Canada Average	**7.42**	**7.65**	**7.52**	**7.21**	**7.42**	**7.76**	**7.81**	**7.84**	**7.59**	**6.98**	**7.35**	**7.45**	**7.44**	
Alberta	7.65	7.89	7.74	7.41	7.67	8.02	8.03	7.97	7.68	7.04	7.42	7.59	7.59	51
British Columbia	7.37	7.64	7.54	7.28	7.50	7.79	7.85	7.90	7.63	7.00	7.39	7.47	7.47	53
Manitoba	7.32	7.54	7.40	7.12	7.33	7.67	7.71	7.78	7.52	6.92	7.30	7.39	7.39	57
New Brunswick	7.49	7.71	7.56	7.26	7.44	7.78	7.82	7.86	7.62	7.02	7.42	7.45	7.43	56
Newfoundland & Labrador	7.31	7.57	7.43	7.13	7.32	7.67	7.76	7.76	7.55	6.96	7.32	7.41	7.38	58
Nova Scotia	7.50	7.70	7.54	7.22	7.41	7.75	7.80	7.86	7.60	7.01	7.36	7.47	7.46	55
Ontario	7.52	7.73	7.60	7.28	7.49	7.84	7.90	7.93	7.64	7.03	7.43	7.51	7.53	52
Prince Edward Island	7.44	7.62	7.51	7.19	7.38	7.68	7.72	7.81	7.56	6.94	7.30	7.38	7.37	59
Quebec	7.29	7.51	7.38	7.09	7.30	7.63	7.67	7.72	7.45	6.83	7.21	7.35	7.33	60
Saskatchewan	7.35	7.59	7.46	7.16	7.41	7.76	7.82	7.84	7.64	7.01	7.37	7.47	7.47	53

Table 5.9b: Mexico—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023
Mexico Average	**6.37**	**6.49**	**6.42**	**6.37**	**6.42**	**6.30**	**6.25**	**6.43**	**6.31**	**6.11**	**5.90**	**5.84**	**5.75**	
Aguascalientes	6.43	6.55	6.47	6.44	6.44	6.40	6.28	6.49	6.36	6.17	5.97	5.85	5.79	69
Baja California	6.57	6.65	6.57	6.52	6.57	6.50	6.43	6.61	6.49	6.32	6.13	6.04	5.93	62
Baja California Sur	6.43	6.58	6.49	6.43	6.49	6.45	6.32	6.52	6.41	6.14	5.99	5.98	5.86	65
Campeche	6.32	6.46	6.42	6.39	6.46	6.37	6.27	6.43	6.30	6.05	5.83	5.83	5.71	83
Coahuila de Zaragoza	6.31	6.43	6.41	6.39	6.38	6.29	6.22	6.34	6.21	6.04	5.81	5.69	5.61	92
Colima	6.38	6.53	6.47	6.42	6.47	6.32	6.31	6.48	6.36	6.13	5.95	5.87	5.78	70
Chiapas	6.20	6.35	6.27	6.18	6.26	6.11	6.10	6.29	6.21	6.09	5.86	5.89	5.77	71
Chihuahua	6.43	6.54	6.54	6.53	6.48	6.29	6.35	6.55	6.46	6.32	6.10	5.98	5.88	64
Ciudad de México	6.47	6.59	6.51	6.47	6.56	6.44	6.35	6.56	6.46	6.24	6.07	5.99	5.91	63
Durango	6.37	6.47	6.39	6.28	6.33	6.25	6.22	6.41	6.28	6.13	5.86	5.81	5.68	87
Guanajuato	6.39	6.50	6.43	6.40	6.45	6.38	6.33	6.52	6.31	6.12	5.93	5.84	5.73	79
Guerrero	6.18	6.33	6.28	6.22	6.25	6.11	6.07	6.23	6.16	6.03	5.84	5.85	5.73	79
Hidalgo	6.30	6.41	6.31	6.26	6.34	6.21	6.21	6.40	6.26	6.06	5.84	5.83	5.73	79
Jalisco	6.48	6.58	6.49	6.45	6.53	6.41	6.35	6.53	6.41	6.21	5.99	5.87	5.82	67
México	6.39	6.50	6.41	6.37	6.47	6.32	6.31	6.46	6.27	6.05	5.84	5.83	5.72	82
Michoacán de Ocampo	6.35	6.52	6.44	6.35	6.38	6.22	6.16	6.42	6.33	6.13	5.90	5.86	5.74	75
Morelos	6.43	6.52	6.44	6.40	6.45	6.33	6.25	6.43	6.30	6.06	5.87	5.84	5.74	75
Nayarit	6.40	6.56	6.44	6.31	6.40	6.29	6.27	6.44	6.33	6.04	5.90	5.79	5.69	86
Nuevo León	6.40	6.53	6.47	6.47	6.52	6.42	6.40	6.58	6.43	6.22	6.02	5.88	5.83	66

Table 5.9b: Mexico—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023
Oaxaca	6.28	6.35	6.30	6.30	6.31	6.08	6.07	6.26	6.19	6.05	5.85	5.85	5.74	75
Puebla	6.33	6.50	6.40	6.33	6.40	6.25	6.19	6.38	6.24	6.08	5.86	5.85	5.76	73
Querétaro	6.35	6.51	6.47	6.45	6.54	6.39	6.33	6.54	6.41	6.25	6.02	5.86	5.82	67
Quintana Roo	6.41	6.55	6.49	6.46	6.51	6.44	6.32	6.50	6.32	6.11	5.93	5.81	5.75	74
San Luis Potosí	6.30	6.46	6.40	6.33	6.35	6.21	6.18	6.36	6.24	5.99	5.78	5.76	5.65	91
Sinaloa	6.45	6.53	6.48	6.44	6.46	6.37	6.32	6.49	6.37	6.17	5.96	5.84	5.71	83
Sonora	6.44	6.56	6.50	6.42	6.47	6.38	6.33	6.52	6.38	6.14	5.92	5.84	5.77	71
Tabasco	6.21	6.41	6.35	6.29	6.37	6.24	6.20	6.37	6.25	6.00	5.79	5.80	5.68	87
Tamaulipas	6.25	6.37	6.29	6.28	6.35	6.31	6.18	6.35	6.17	5.94	5.69	5.62	5.51	93
Tlaxcala	6.46	6.48	6.30	6.31	6.33	6.19	6.13	6.31	6.17	6.00	5.79	5.77	5.67	89
Veracruz de Ignacio de la Llave	6.27	6.41	6.37	6.30	6.37	6.21	6.14	6.30	6.17	6.08	5.83	5.83	5.71	83
Yucatán	6.42	6.53	6.46	6.40	6.44	6.36	6.31	6.47	6.35	6.13	5.93	5.84	5.74	75
Zacatecas	6.35	6.44	6.39	6.31	6.28	6.16	6.17	6.31	6.19	6.02	5.77	5.79	5.67	89

Table 5.9c: United States—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
US Average*	**7.66**	**7.91**	**8.04**	**7.16**	**7.55**	**7.98**	**8.13**	**8.25**	**8.04**	**7.46**	**7.42**	**7.97**	**7.93**	
Alabama	7.68	7.91	8.06	7.14	7.52	7.93	8.11	8.28	8.06	7.51	7.49	8.03	8.00	16
Alaska	7.44	7.70	7.86	7.04	7.41	7.82	7.99	8.12	7.92	7.33	7.31	7.88	7.86	37
Arizona	7.75	7.99	8.04	7.19	7.58	8.01	8.16	8.25	7.98	7.43	7.39	7.95	7.92	27
Arkansas	7.73	7.98	8.08	7.23	7.60	8.06	8.17	8.28	8.06	7.47	7.43	7.98	7.95	24
California	7.55	7.81	7.95	7.07	7.46	7.91	8.05	8.17	7.93	7.36	7.29	7.83	7.79	46
Colorado	7.76	8.00	8.09	7.24	7.61	8.03	8.18	8.26	8.02	7.48	7.44	8.01	7.94	25
Connecticut	7.64	7.87	8.03	7.16	7.54	8.01	8.09	8.19	8.00	7.37	7.33	7.88	7.82	43
Delaware	7.69	7.91	8.04	7.18	7.59	8.01	8.14	8.26	8.06	7.47	7.43	7.98	7.91	29
Florida	7.75	7.99	8.11	7.24	7.62	8.03	8.17	8.34	8.11	7.54	7.49	8.06	7.98	20
Georgia	7.74	8.02	8.16	7.24	7.63	8.03	8.22	8.37	8.17	7.57	7.54	8.10	8.07	3
Hawaii	7.45	7.67	7.84	7.00	7.40	7.81	7.98	8.06	7.79	7.22	7.19	7.73	7.66	50
Idaho	7.70	7.98	8.13	7.19	7.58	8.03	8.17	8.33	8.13	7.57	7.54	8.09	8.06	5
Illinois	7.62	7.82	8.00	7.07	7.46	7.91	8.07	8.21	8.00	7.41	7.34	7.89	7.85	39
Indiana	7.66	7.90	8.04	7.15	7.53	7.99	8.13	8.29	8.09	7.53	7.47	8.05	8.01	15
Iowa	7.63	7.90	8.03	7.14	7.53	7.98	8.14	8.32	8.12	7.53	7.50	8.05	8.02	12
Kansas	7.70	7.96	8.13	7.24	7.59	8.05	8.16	8.29	8.10	7.51	7.46	8.00	7.99	18
Kentucky	7.64	7.92	8.05	7.16	7.53	7.92	8.09	8.21	8.07	7.51	7.46	8.01	7.96	21

Table 5.9c: United States—Scores for Area 3 (Labor Market Freedom) at the All-Government Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 93 (2023)
Louisiana	7.71	7.97	8.15	7.26	7.64	8.07	8.20	8.35	8.14	7.56	7.53	8.09	8.06	5
Maine	7.59	7.84	7.98	7.13	7.51	7.94	8.09	8.17	7.89	7.29	7.28	7.88	7.84	41
Maryland	7.67	7.94	8.06	7.20	7.58	8.01	8.15	8.27	8.00	7.41	7.37	7.91	7.87	35
Massachusetts	7.63	7.89	8.04	7.13	7.55	7.99	8.13	8.23	8.00	7.44	7.37	7.91	7.88	32
Michigan	7.52	7.78	7.86	7.01	7.43	7.88	8.02	8.13	7.94	7.36	7.33	7.88	7.87	35
Minnesota	7.62	7.89	8.02	7.15	7.52	7.97	8.07	8.18	7.99	7.38	7.33	7.91	7.89	31
Mississippi	7.69	7.90	8.06	7.19	7.56	8.02	8.14	8.27	8.05	7.50	7.47	8.03	7.96	21
Missouri	7.64	7.91	8.02	7.18	7.53	7.99	8.14	8.27	7.98	7.46	7.39	7.92	7.88	32
Montana	7.59	7.90	7.97	7.05	7.49	7.90	8.07	8.20	8.02	7.44	7.39	7.96	7.90	30
Nebraska	7.72	7.98	8.12	7.20	7.61	8.05	8.18	8.27	8.06	7.48	7.48	8.04	7.96	21
Nevada	7.65	7.91	7.98	7.08	7.43	7.86	8.03	8.20	7.98	7.40	7.37	7.93	7.85	39
New Hampshire	7.74	7.98	8.12	7.21	7.59	8.04	8.19	8.30	8.11	7.54	7.47	8.02	7.99	18
New Jersey	7.61	7.83	7.95	7.12	7.54	7.97	8.09	8.22	7.95	7.38	7.31	7.88	7.81	44
New Mexico	7.67	7.91	8.04	7.13	7.53	7.98	8.14	8.26	8.01	7.45	7.36	7.88	7.86	37
New York	7.52	7.70	7.85	6.99	7.39	7.82	7.93	8.06	7.85	7.27	7.20	7.78	7.74	49
North Carolina	7.79	8.04	8.16	7.28	7.64	8.06	8.24	8.37	8.19	7.61	7.57	8.13	8.10	1
North Dakota	7.72	7.96	8.14	7.23	7.65	8.09	8.25	8.36	8.16	7.59	7.53	8.07	8.03	10
Ohio	7.59	7.85	7.96	7.10	7.50	7.92	8.08	8.21	8.00	7.42	7.39	7.91	7.88	32
Oklahoma	7.71	8.00	8.12	7.23	7.61	8.02	8.20	8.32	8.11	7.55	7.51	8.07	8.03	10
Oregon	7.53	7.78	7.92	7.01	7.39	7.85	8.00	8.14	7.90	7.30	7.22	7.79	7.79	46
Pennsylvania	7.64	7.90	7.98	7.13	7.52	7.98	8.12	8.28	8.07	7.48	7.43	7.98	7.94	25
Rhode Island	7.58	7.81	7.97	7.08	7.49	7.90	8.05	8.14	7.89	7.30	7.27	7.81	7.84	41
South Carolina	7.75	8.03	8.13	7.23	7.61	8.05	8.24	8.36	8.18	7.60	7.58	8.14	8.09	2
South Dakota	7.76	7.99	8.15	7.28	7.66	8.09	8.19	8.31	8.10	7.56	7.53	8.09	8.04	9
Tennessee	7.71	8.00	8.14	7.24	7.63	8.03	8.20	8.34	8.16	7.60	7.54	8.09	8.05	7
Texas	7.76	8.02	8.17	7.27	7.65	8.09	8.25	8.37	8.18	7.59	7.57	8.12	8.07	3
Utah	7.71	7.98	8.13	7.19	7.58	8.04	8.21	8.35	8.15	7.59	7.53	8.06	8.02	12
Vermont	7.65	7.84	8.00	7.12	7.52	7.94	8.05	8.20	7.98	7.39	7.30	7.86	7.80	45
Virginia	7.79	8.06	8.22	7.32	7.69	8.09	8.24	8.39	8.19	7.62	7.50	8.06	8.00	16
Washington	7.49	7.74	7.87	7.00	7.40	7.83	8.01	8.08	7.83	7.29	7.23	7.79	7.76	48
West Virginia	7.59	7.82	7.94	7.05	7.45	7.89	8.02	8.15	7.98	7.41	7.38	7.95	7.92	27
Wisconsin	7.62	7.85	7.99	7.13	7.52	7.97	8.18	8.32	8.12	7.53	7.49	8.07	8.02	12
Wyoming	7.73	8.00	8.16	7.28	7.66	8.11	8.24	8.38	8.15	7.56	7.53	8.08	8.05	7
Puerto Rico*	5.92	6.10	6.26	5.40	5.78	6.18	6.33	6.47	6.39	5.85	5.87	6.43	6.33	61

*US average does not include the territory of Puerto Rico.

Table 5.10a: Canada—Scores for Area 3 (Labor Market Freedom) at the Provincial and Municipal Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 10 (2023)
Canada Average	**5.10**	**5.37**	**5.70**	**4.95**	**4.85**	**5.20**	**5.46**	**5.08**	**4.66**	**4.51**	**4.56**	**5.05**	**4.67**	
Alberta	7.72	8.17	8.16	7.00	7.64	8.09	8.41	6.74	5.90	5.28	5.39	6.84	6.60	1
British Columbia	3.91	4.69	5.56	5.43	5.36	5.08	5.79	5.61	5.02	4.66	4.93	5.20	4.94	5
Manitoba	3.98	4.10	4.46	3.70	3.64	4.35	4.43	4.35	3.92	3.93	3.86	4.47	4.04	7
New Brunswick	6.14	6.27	6.46	5.72	5.45	5.76	5.72	5.41	5.27	5.28	5.62	5.24	4.58	6
Newfoundland & Labrador	3.45	4.28	4.55	3.92	3.58	4.06	4.97	4.14	4.21	4.39	4.26	4.68	3.88	8
Nova Scotia	6.37	6.52	6.31	5.34	5.24	5.44	5.35	5.29	4.75	4.72	4.55	5.15	4.98	4
Ontario	6.36	6.28	6.65	5.73	5.51	6.17	6.53	6.08	5.20	5.15	5.47	5.65	5.67	2
Prince Edward Island	6.52	6.11	6.75	5.66	5.10	5.04	4.31	4.55	4.21	3.93	3.73	3.98	3.65	9
Quebec	2.82	3.07	3.46	2.91	2.66	3.05	3.60	3.50	2.85	2.52	2.66	3.80	3.15	10
Saskatchewan	3.77	4.19	4.69	4.07	4.29	4.92	5.51	5.15	5.29	5.21	5.17	5.48	5.19	3

Table 5.10b: Mexico—Scores for Area 3 (Labor Market Freedom) at the State and Local Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Mexico Average	**6.91**	**6.74**	**7.08**	**7.68**	**8.03**	**7.91**	**7.77**	**6.26**	**5.68**	**5.10**	**4.97**	**5.04**	**5.33**	
Aguascalientes	5.61	5.56	5.89	6.75	6.67	7.65	7.23	6.44	5.45	5.05	4.81	4.73	5.20	19
Baja California	9.25	8.84	9.14	9.46	9.44	9.21	9.65	9.03	8.45	7.89	8.04	7.27	7.39	1
Baja California Sur	3.82	4.62	5.30	5.66	6.48	6.30	6.79	6.72	6.61	4.59	5.19	5.46	5.72	15
Campeche	6.11	5.74	5.35	6.38	7.01	7.05	6.57	4.83	4.39	3.89	3.63	4.27	4.32	28
Coahuila de Zaragoza	4.44	4.53	6.26	6.85	7.00	6.38	5.62	4.97	4.26	3.84	3.48	3.07	3.15	31
Colima	6.46	5.90	6.18	7.00	7.85	7.22	7.09	6.36	5.72	4.49	4.72	4.50	4.50	25
Chiapas	8.41	8.37	8.37	8.60	8.85	8.78	8.75	5.27	5.46	5.37	5.02	5.77	5.81	11
Chihuahua	8.01	7.90	8.85	9.37	9.09	9.91	9.32	8.24	7.98	8.02	7.60	6.53	6.84	3
Ciudad de México	7.62	7.57	7.87	8.21	8.82	8.75	8.84	8.84	8.11	6.54	7.34	6.68	7.10	2
Durango	6.02	6.00	6.55	6.36	7.54	7.45	7.52	5.42	4.66	4.83	4.20	4.42	4.46	26
Guanajuato	8.98	8.97	9.00	9.50	9.69	9.88	9.54	7.76	6.28	5.95	5.95	5.97	6.28	5
Guerrero	7.01	6.22	6.84	7.98	8.19	6.93	7.23	4.21	3.97	4.12	4.14	4.33	4.88	23
Hidalgo	8.04	7.78	7.30	8.38	8.57	8.36	8.68	5.64	5.17	5.29	4.78	5.37	5.81	11
Jalisco	8.42	8.11	8.19	8.24	9.27	9.17	8.85	7.64	7.09	6.39	6.06	6.07	6.25	6
México	8.46	8.01	8.14	8.66	9.30	9.32	9.40	7.38	6.20	5.87	5.95	5.98	6.15	7
Michoacán de Ocampo	8.55	8.61	8.24	8.78	8.96	8.68	8.53	6.19	5.86	5.30	4.79	5.77	5.79	13
Morelos	9.17	8.87	8.80	9.47	9.72	8.97	8.20	6.32	5.96	5.68	5.48	5.52	5.95	10
Nayarit	5.48	5.46	5.50	5.94	6.89	6.23	6.96	5.82	5.39	3.85	4.35	4.18	4.71	24
Nuevo León	6.00	6.41	6.76	7.86	8.01	8.43	7.81	8.45	7.47	6.35	6.34	5.18	5.96	9

Table 5.10b: Mexico—Scores for Area 3 (Labor Market Freedom) at the State and Local Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 32 (2023)
Oaxaca	8.28	7.96	7.81	8.52	8.57	7.97	8.19	5.22	5.34	4.90	4.77	5.40	5.73	14
Puebla	9.85	9.43	9.60	9.81	9.93	9.98	9.81	6.73	6.52	6.39	6.14	6.37	6.67	4
Querétaro	6.59	6.95	7.53	8.19	8.88	8.53	8.52	7.52	6.88	6.57	6.01	5.69	6.12	8
Quintana Roo	4.84	5.92	7.00	7.34	7.73	7.69	7.43	7.09	5.73	4.46	4.70	4.42	4.96	21
San Luis Potosí	6.83	6.15	6.31	7.12	6.85	6.92	6.80	5.03	4.35	3.72	3.35	4.04	4.38	27
Sinaloa	7.73	7.09	7.73	8.50	8.32	8.42	7.93	6.73	6.03	5.09	5.24	5.14	5.33	18
Sonora	6.39	6.18	6.63	7.23	7.71	7.58	7.39	7.21	6.60	4.94	4.93	4.50	4.93	22
Tabasco	4.55	3.16	3.88	5.04	5.34	5.07	4.63	3.45	3.09	2.39	2.26	2.99	3.44	30
Tamaulipas	3.84	3.85	4.14	5.49	6.10	5.68	4.91	5.12	4.02	2.77	2.69	2.79	2.87	32
Tlaxcala	5.72	5.68	5.78	6.96	7.11	7.50	7.45	5.39	4.78	4.44	4.40	4.61	5.03	20
Veracruz de Ignacio de la Llave	7.54	7.52	8.20	8.25	8.77	8.73	8.17	5.41	5.28	5.82	5.02	5.25	5.46	17
Yucatán	7.33	6.99	7.31	7.82	8.12	8.20	8.45	6.13	5.36	4.68	4.42	5.18	5.56	16
Zacatecas	5.85	5.45	6.06	6.12	6.22	6.03	6.36	3.79	3.23	3.75	3.15	3.75	3.86	29

Table 5.10c: United States—Scores for Area 3 (Labor Market Freedom) at the State and Local Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
US Average*	**6.12**	**6.23**	**6.28**	**5.74**	**5.80**	**6.00**	**6.27**	**6.26**	**6.24**	**6.56**	**6.58**	**6.52**	**6.52**	
Alabama	5.53	6.23	6.28	5.74	5.80	6.00	6.27	6.08	6.08	6.60	7.12	7.61	7.36	18
Alaska	3.31	3.92	4.46	4.58	4.61	4.67	4.79	4.53	4.62	4.68	5.00	5.85	5.69	41
Arizona	6.41	6.95	6.00	5.29	5.63	5.88	6.33	5.66	4.89	5.51	5.98	6.43	6.19	33
Arkansas	5.87	6.34	5.82	5.27	5.40	6.00	6.20	5.82	5.66	5.71	5.93	6.59	6.42	29
California	4.54	5.17	5.20	4.41	4.95	5.54	5.77	5.60	5.15	5.48	5.42	5.64	5.18	44
Colorado	7.13	7.41	6.82	6.22	6.41	6.64	6.92	6.30	5.70	6.27	6.63	7.35	6.68	24
Connecticut	5.85	6.03	6.42	5.96	6.17	6.70	6.46	6.10	6.27	5.88	6.00	6.42	5.87	39
Delaware	6.21	6.34	6.28	5.66	6.07	6.25	6.46	6.48	6.38	6.54	6.73	7.16	6.42	29
Florida	6.90	7.16	7.01	6.15	6.52	6.59	6.93	7.35	7.26	7.48	7.24	7.78	6.91	23
Georgia	6.69	7.31	7.46	5.97	6.28	6.38	7.19	7.50	7.77	7.90	8.26	8.87	8.68	2
Hawaii	4.20	4.53	4.77	4.56	5.03	5.13	5.14	4.44	4.18	4.25	4.74	4.63	4.44	50
Idaho	5.64	6.49	6.84	5.04	5.31	5.89	6.33	6.74	7.10	7.55	7.99	8.61	8.41	6
Illinois	5.79	5.34	5.91	4.57	4.88	5.43	6.06	6.18	6.14	6.12	5.96	6.31	5.96	37
Indiana	5.78	6.06	6.21	5.01	5.25	5.97	6.38	6.75	6.96	7.35	7.55	8.35	8.09	9
Iowa	5.26	5.87	5.89	4.79	5.21	5.80	6.34	6.75	6.95	7.11	7.40	8.02	7.70	14
Kansas	5.81	6.26	6.79	5.82	5.76	6.44	6.49	6.50	6.67	6.83	6.92	7.46	7.36	18
Kentucky	5.29	6.02	6.12	4.88	5.04	5.05	5.75	5.77	6.47	6.88	7.13	7.65	7.36	18

Table 5.10c: United States—Scores for Area 3 (Labor Market Freedom) at the State and Local Level, Selected Years, 2003–2023

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2020	2021	2022	2023	Rank out of 51 (2023)
Louisiana	5.41	6.00	6.90	5.71	5.98	6.55	6.87	7.08	7.17	7.38	7.80	8.48	8.33	7
Maine	4.92	5.26	5.37	5.10	5.31	5.57	5.96	5.29	4.10	4.28	4.89	5.75	5.40	43
Maryland	7.27	7.84	7.60	7.13	7.31	7.59	6.95	6.94	5.98	6.08	6.25	6.44	6.18	34
Massachusetts	5.94	6.48	6.67	5.79	6.41	6.77	6.98	6.48	6.18	6.52	6.45	6.73	6.48	28
Michigan	4.52	5.02	4.03	3.54	4.38	5.02	5.32	5.02	5.12	5.39	5.80	6.30	6.26	32
Minnesota	5.83	6.37	6.46	5.52	5.68	6.12	5.83	5.57	5.77	5.75	5.96	6.73	6.65	26
Mississippi	4.78	4.99	5.44	4.37	4.44	5.05	5.37	5.51	5.57	6.06	6.56	7.22	6.66	25
Missouri	5.76	6.31	5.83	5.46	5.42	6.00	6.36	6.43	5.44	6.24	6.12	6.37	6.03	35
Montana	4.87	5.95	5.40	4.21	4.96	5.06	5.50	5.59	5.83	6.17	6.37	7.05	6.49	27
Nebraska	6.31	6.74	6.96	5.71	6.29	6.66	6.79	6.15	6.33	6.55	7.17	7.85	7.05	22
Nevada	6.37	7.03	6.14	4.87	4.64	5.01	5.60	6.03	6.12	6.19	6.22	6.61	5.96	37
New Hampshire	7.03	7.38	7.43	6.20	6.49	7.01	7.43	7.40	7.65	7.83	7.74	8.25	7.99	11
New Jersey	5.86	5.87	5.59	5.38	6.07	6.38	6.41	6.45	5.67	5.91	5.76	6.35	5.69	41
New Mexico	4.68	5.14	5.57	3.94	4.52	4.77	5.27	5.37	4.76	5.24	4.80	5.00	4.80	48
New York	4.66	4.22	4.37	4.12	4.68	5.04	4.82	4.82	4.44	4.60	4.60	5.25	4.93	46
North Carolina	6.61	7.13	6.95	6.07	5.96	6.24	7.05	7.26	7.66	7.94	8.31	8.93	8.76	1
North Dakota	6.07	6.42	7.02	5.98	6.80	7.46	7.67	7.38	7.51	7.76	7.72	8.14	7.83	12
Ohio	5.23	5.66	5.07	4.57	5.08	5.30	5.77	5.89	5.90	6.14	6.48	6.66	6.32	31
Oklahoma	5.89	6.73	6.70	5.53	5.80	6.19	6.69	6.56	6.68	7.00	7.29	8.05	7.73	13
Oregon	3.96	4.32	4.61	3.39	3.63	4.30	4.81	4.88	4.52	4.49	4.38	4.91	4.91	47
Pennsylvania	6.15	6.70	5.91	5.51	5.93	6.54	6.86	7.18	7.38	7.43	7.50	7.84	7.51	17
Rhode Island	5.34	5.43	5.65	5.14	5.66	5.73	5.78	5.35	4.94	4.91	5.33	5.58	5.83	40
South Carolina	5.88	6.64	6.59	5.16	5.44	5.88	6.77	6.99	7.43	7.63	8.09	8.67	8.43	5
South Dakota	6.70	7.00	7.47	6.57	6.86	7.16	6.73	6.63	6.65	7.26	7.62	8.19	7.70	14
Tennessee	6.34	7.08	7.24	5.97	6.26	6.39	7.09	7.31	7.72	8.09	8.27	8.82	8.49	4
Texas	6.55	7.10	7.51	6.27	6.59	7.12	7.62	7.64	8.01	8.09	8.48	9.03	8.62	3
Utah	6.07	6.79	7.18	5.50	5.58	6.31	6.92	7.12	7.42	7.91	8.05	8.46	8.13	8
Vermont	5.54	5.12	5.45	4.90	5.26	5.44	5.34	5.35	5.19	5.40	5.10	5.59	5.04	45
Virginia	7.76	8.34	8.68	7.55	7.64	7.77	7.69	7.95	8.13	8.41	7.54	7.92	7.35	21
Washington	3.73	4.06	4.33	3.54	3.92	4.35	5.07	4.33	3.73	4.34	4.47	5.02	4.70	49
West Virginia	4.41	4.73	4.43	3.55	3.98	4.51	4.33	4.20	4.67	4.96	5.32	6.17	5.98	36
Wisconsin	5.50	5.73	5.53	5.03	5.32	5.77	6.89	7.04	7.24	7.37	7.67	8.36	8.01	10
Wyoming	5.89	6.53	7.08	5.99	6.15	6.57	6.82	6.84	6.95	7.00	7.27	7.72	7.55	16
Puerto Rico*	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.58	3.53	51

*US average does not include the territory of Puerto Rico.

Appendix A
Methodology

Calculating the scores

To avoid subjective judgments, objective methods were used to calculate and weight the components. For all components, each observation was transformed into a number from zero to 10 using the following formula: $(V_{max} - V_i)/(V_{max} - V_{min}) \times 10$, where (unless otherwise stated) V_{max} is the largest value found within a component, V_{min} is the smallest, and V_i is the observation to be transformed. The 2005 data were used to derive the maximum and minimum values for each variable. In some cases, there were severe outliers that skewed the scores substantially, so we chose a lower maximum or higher minimum, typically the mean plus or minus between one and four standard deviations (see Appendix B and *Economic Freedom of the World*, which uses a similar approach). When an observation equals or exceeds the 2005 maximum, it is given a score of 0; when it equals or falls below the 2005 minimum, it is given a score 10. For each component, the calculation was performed for all data for all years to allow comparisons over time.

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

For the all-government index, we add federal government data (on spending, revenue, and government employment) to the exact same variables used in the subnational index. We also include data from several areas used in the country-level index published in *Economic Freedom of the World:*

- One additional component to Area 1—1D: Government Investment (the country score for variable 1C in *Economic Freedom of the World: 2025 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);
- Three additional components to Area 3—
  - 3A: Labor Market Regulation (variable 5B in EFW),
  - 3B: Credit Market Regulations (variable 5A in EFW), and
  - 3C: Business Regulations (variable 5C in EFW);
- Area 4: Legal System and Property Rights (Area 2 in the EFW);
- Area 5: Sound Money (Area 3 in the EFW); and
- Area 6: Freedom to Trade Internationally (Area 4 in the EFW).

Thus, it has six areas. Each area was equally weighted and each of the components within each area was equally weighted. This enables us to produce a more comparable measure of the jurisdictions across the three countries with relatively diverse federal economic policies. More details on the calculations and data sources for the adjusted index can be found in Appendix B.

Fiscal variables

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

Income tax

Calculating the income-tax component was more complicated. The component examining the top marginal income-tax rate and the income threshold at which it applies was transformed into a score from 0 to 10 using **Matrix 1**, **Matrix 2a**, and **Matrix 2b**. Canadian nominal thresholds were first converted into constant 2023 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 2023 US dollars using the Consumer Price Index. Mexican nominal thresholds were first converted into constant 2023 Mexican Pesos by using the Índice Nacional de Precios al Consumidor (National Consumer Price Index) and then converted into US dollars using the

Purchasing Power Parity between Mexico and the United States for each year. This procedure is based on the transformation system found in *Economic Freedom of the World: 1975–1995* (Gwartney, Lawson, and Block, 1996), modified for this study to take into account a different range of top marginal tax rates and income thresholds. Matrix 1 was used in calculating the score for Component 2Bi, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at the all-government level; Matrix 2a was used to calculate the score for Component 2B at the subnational level for Canada, and Matrix 2b was used for the United States. Since there are no subnational income taxes in Mexico, this variable was not included in the Mexican subnational index.

In setting the threshold levels for income taxes at the subnational level, we faced an interesting quandary. In the United States, most state thresholds were below US federal thresholds in the 1980s and 1990s. In Canada, provincial thresholds were frequently higher than federal thresholds. Whenever the provincial or state threshold was higher than the federal threshold, the federal threshold was used at the sub-national level since, when a provincial threshold is above the national level, the cause is typically the imposition of a relatively small surcharge on those earning high incomes. Because of the structure of these matrixes, this can produce perverse scoring results. For example, in Matrix 2b a jurisdiction gets a score of 2.5 if it has a top marginal income-tax rate of, say, 12.5% for incomes between $78,009 and $156,017. Let us say the jurisdiction imposes a surcharge for income earners above $156,017, 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

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

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

Income Threshold Level (US $2023)			
Top Marginal Tax Rate	**Less than $78,009**	**$78,009 to $156,017**	**More than $156,017**
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 for Canada

Income Threshold Level (US $2023)			
Top Marginal Tax Rate	**Less than $78,009**	**$78,009 to $156,017**	**More than $156,017**
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 for the United States

Income Threshold Level (US $2023)			
Top Marginal Tax Rate	**$78,009 to $156,017**	**$78,009 to $156,017**	**More than $156,017**
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

exceptions to this approach are discussed individually in Appendix B). If there have been changes in a 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.

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

Other adjustments

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

The fiscal data for the US states comes from the US Census Bureau.

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

The historical data for federal spending in the US states comes from the Consolidated Federal Funds Report, which has been discontinued. The last year available is 2010. We use the annual percentage increases in the subnational amounts for the years since 2010 to calculate annual estimates for the federal amounts for both 1A and 1B for those years.

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

There is a similar issue in the all-government index with regard to Variable 2A, which measures income and payroll taxes. Because states with low corporate income-tax

(CIT) burdens tend to attract corporate relocations, those states may tend to have inordinately large revenue from corporate income tax. At the state level, when a corporation has operations in multiple states, taxable corporate income is apportioned based on activity within each state. At the federal level, there are wide disparities in federal CIT revenue collected in the various states (measured as a percentage of personal income) that cannot be driven by differences in state policy. For that reason, we have used the national average in each country for the federal CIT portion of 2A in each state or province.

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

Appendix B
Explanation of Components and Data Sources

Area 1 Government Spending

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

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

Sources

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Component 1B Transfers and Subsidies as a Percentage of Income

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

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

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

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

When government 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: 2025 Annual Report.* A

detailed description and the data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

Area 2 Taxes

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

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

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

See **Matrix 1**, **Matrix 2a**, and **Matrix 2b** in Appendix A (pp. 112–113) for information on how the final scores were calculated. Data for Quebec is adjusted for Quebec abatement at the subnational level.

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Component 2Bii Top Marginal Income and Payroll Tax Rates (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: 2025 Annual Report.* A detailed description and the data sources can be found in that report, available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

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

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

Sources

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Component 2D Sales Tax Revenue as a Percentage of Income

Sales tax revenue includes revenue from all sales and gross receipts taxes (including excise taxes and value-added taxes). As explained in Appendix A, we use the same national average percentage for every state in Mexico. Data for Quebec is adjusted for the Quebec abatement at the subnational level. On the all-government index, several

Mexican states were far outliers for this variable and skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 1.5 standard deviations. A similar approach is used in *Economic Freedom of the World.*

Sources

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Area 3 Regulation

Component 3A Labor Market Regulation

3Ai Minimum Wage

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 the United States, the federal minimum wage supersedes state minimum wages when it is higher so, for those states, the higher federal wage is used instead. On all three subnational indexes, there were several states that were far outliers for this variable and therefore skewed the standardized scores. To account for this, in calculating those scores, we used a lower maximum value of the mean plus 3 standard deviations for Canada, the mean plus 4 standard deviations for the United

States, and the mean plus 2 standard deviations for Mexico. A similar approach is used in *Economic Freedom of the World.*

Sources

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PUERTO RICO Puerto Rico Department of Labor and Human Resources (2024). *Minimum Wage Analysis Puerto Rico General Minimum Wage.* <https://www.trabajo.pr.gov/docs/Avisos/General%20Minimum%20Wage%20Report.pdf>.

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

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

Sources

CANADA Statistics Canada, Provincial and Territorial Economic Accounts, 2012 • Statistics Canada, Public Institutions Division, Financial Management System (various years) • Statistics Canada, Table 183-0002: Public Sector Employment. <www5.statcan.gc.ca/cansim/pick-choisir?lang=eng&searchTypeByValue=1&id=1830002> • Statistics Canada (August, 2025). Table 14-10-0070-01, Labour Force Survey Estimates (LFS), Employees by Union Coverage, North American Industry Classification System (NAICS), Sex and Age Group, Annual (Persons x 1,000). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410007001>.

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3Aiii Union Density

For this component, our goal was to determine the relationship between unionization and public policy, other than the level of government employment, which is captured in 3Aii. We regressed union density on the size of the government sector. Data were not available to allow a regression on rural compared to urban populations. The government sector proved highly significant. Thus, the scores were determined holding public-sector employment constant: we calculated the union score by regressing the unionization rate on government employment for each given year using the following equation: $\text{Unionization}_i = \alpha + \beta\ \text{Government}_i + \text{residual}_i$. 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

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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: 2025 Annual Report,* which is also published by the Fraser Institute. Minimum-maximum calculations are based on the 165 nations and territories covered by the world report. This is not ideal, since the minimum-maximum calculations for other components are based on data from the states and provinces. However, since the data were not typically available at the subnational level, this does provide an appropriate measure of the difference in economic freedom among Canada, the United States, and Mexico. The world data are available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

Area 3 Regulation

(components used in all-government index only)

Since, as discussed above, Canada and the United States have been diverging on scores for business and credit regulation, the all-government index expands the regulatory area to include data on these areas. Labour regulation becomes one of three equally weighted components of Area 3: Regulation, which comprises 3A: Labour market regulation; 3B: Regulation of credit markets; and 3C: Business regulations. (See Appendix A for how Area 3 is now calculated.) The descriptions and sources for these components and subcomponents can be found in *Economic Freedom of the World: 2025 Annual Report,* available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

Component 3A Labor Market Regulation

(component 5B in *Economic Freedom of the World*)

3Aiv Labor Regulations and Minimum Wage

3Av Hiring and Firing Regulations

3Avi Flexible wage determination

3Avii Hours Regulations

3Aviii Costs of Worker Dismissal

3Aix Conscription

3Ax Foreign Labor

Component 3B Credit Market Regulation

(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 Regulatory Burden

3Cii Bureaucracy Costs

3Ciii Impartial Public Administration

3Civ Tax Compliance

Area 4 Legal System and Property Rights

(Area 2 in *Economic Freedom of the World*)

The descriptions and sources for these components and subcomponents can be found in *Economic Freedom of the World: 2025 Annual Report,* available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

4A Judicial Independence

4B Impartial Courts

4C Property Rights

4D Military Interference

4E Integrity of the Legal System

4F Contracts

4G Real Property

4H Police and Crime

Area 5 Sound Money

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

The descriptions and sources for these components and subcomponents can be found in *Economic Freedom of the World: 2025 Annual Report,* available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

5A Money Growth

5B Standard Deviation of Inflation

5C Inflation: Most Recent Year

5D Foreign Currency Bank Accounts

Area 6 Freedom to Trade Internationally

(Area 4 in *Economic Freedom of the World*)

The descriptions and sources for these components and subcomponents can be found in *Economic Freedom of the World: 2025 Annual Report,* available at <https://www.fraserinstitute.org/studies/economic-freedom-world-2025-annual-report>.

6A Tariffs

6Ai Trade Tax Revenue

6Aii Mean Tariff Rate

6Aiii Standard Deviation of Tariff Rates

6B Regulatory Trade Barriers

6Bi Non-tariff Trade Barriers

6Bii Costs of Importing and Exporting

6C Black-market Exchange Rates

6D Controls of the Movement of Capital and People

6Di Financial Openness

6Dii Capital Controls

6Diii Freedom of Foreigners to Visit

6Div Protection of Foreign Assets.

Appendix C

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

Akinlo, Anthony E., and Charles O. Okunlola (2025). The Effect of Economic Freedom on Quality of Life: Exploring the Role of Political Risk Factors in Africa. *Journal of Interdisciplinary Economics* 37, 1: 42–68.

Akter, Mansura, Shahriar Akter, Mahfuzur Rahman, and Constantinos V. Priporas (2023). Mapping the Barriers to Socio-Economic Freedom in Internationalization of Women-Owned SMEs: Evidence from a Developing Country. *Journal of International Management* 29, 6: 101067.

Andersson, David Emanuel (2023). Political Individualism. In *The Future of the Post-Industrial Society: Individualism, Creativity and Entrepreneurship* (Springer Nature Switzerland): 107–138.

Arif, Imran (2023). Institutions and Industry-Level Employment Creation: An Empirical Analysis of the US Metro-Level Data. *Journal of Institutional Economic*s 19, 6: 868–892.

Awan, Fouzia (2025). Economic Freedom and Entrepreneurship: Dynamic Modeling. *Journal of Regional Analysis & Policy* 55, 3: 49–70.

Blizard, Zachary D. (2023). The Interaction Effect of Economic Freedom and Economic Development on Corruption in US States. *Journal of Private Enterprise* 38, 2: 17–37.

Callais, Justin T., Vincent J. Geloso, Alicia M. Plemmons, and Gary A. Wagner (2025). Institutions Matter: Economic freedom and income mobility. *Economic Modelling*: 107351.

Campbell, David A. (2023). Migration Impacts of State Policy. In Ali Farazmand (ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance* (Springer International Publishing): 8127–8133.

Cardazzi, Alexander, and Robert A. Lawson (2023). Economic Freedom and One-Way Truck Rental Prices: An Empirical Note. *American Journal of Economics and Sociology* 82, 4: 313–318.

* There have been over 450 academic journal articles, public policy studies, and books that have cited Economic Freedom of North America. The list given in Appendix C comprises selected publications from 2023, 2024, and the first half of 2025. For a more comprehensive list that includes older publications, see Appendix C in *Economic Freedom of North America 2017* or see Citations in Professional Literature of the Fraser Institute's Economic Freedom Research at <https://efotw.org/economic-freedom/citations>.

Carrión-Tavárez, Ángel (2024). *Economic Freedom Actions for a Just and Prosperous Puerto Rico*. Institute for Economic Liberty. <https://doi.org/10.53095/13584014>.

Carrión-Tavárez, Ángel (2024). *Acciones de libertad económica para un Puerto Rico justo y próspero*. Instituto de Libertad Económica. <https://doi.org/10.53095/13584013>.

Carrión-Tavárez, Ángel (2025). *Perspectives on Economic Freedom in Puerto Rico*. Institute for Economic Liberty. <https://doi.org/10.53095/13582016>.

Carrión-Tavárez, Ángel (2025). *Perspectivas sobre la libertad económica en Puerto Rico*. Instituto de Libertad Económica. <https://doi.org/10.53095/13582017>.

Carrión-Tavárez, Ángel, and Edwin R. Ríos (2025). *Taxes in Puerto Rico: Structure, Tax Burden, and Comparison with the United States*. Institute for Economic Liberty. <https://doi.org/10.53095/13584019>.

Carrión-Tavárez, Ángel, y Edwin R. Ríos (2025). *Los impuestos en Puerto Rico: estructura, carga tributaria y comparación con Estados Unidos*. Instituto de Libertad Económica. <https://doi.org/10.53095/13584018>.

Carrión-Tavárez, Ángel, Dick M. Carpenter II, and Edward J. Timmons (2024). *Unleashing Potential. The Burdens of Occupational Licensing and How It Can Be Reformed in Puerto Rico*. Institute for Economic Liberty. <https://doi.org/10.53095/13584009>.

Carrión-Tavárez, Ángel, Dick M. Carpenter II, y Edward J. Timmons (2024). *Liberar el potencial. Las cargas de las licencias ocupacionales y cómo se pueden reformar en Puerto Rico*. Instituto de Libertad Económica. <https://doi.org/10.53095/13584010>.

Cebula, Richard J. (2024). Economic Freedom, Budget Deficits, and Perceived Risk from Larger National Debt-to-GDP Ratios: An Exploratory Analysis of Their Real Value. *Journal of Risk and Financial Management* 17, 3: 89: 1–8.

Cebula, Richard J. (2024). The Tiebout-Tullock Hypothesis Re-Examined Using Tax Freedom Measures: The Case of Post-Great Recession State-Level Gross In-Migration. *Public Choice* 199, 1: 65–81.

Cebula, Richard J., Christopher M. Duquette, and G. Jason Jolley (2023). An Exploratory Study of the Impact of Tax Freedom on Geographic Living-Cost Differentials. *American Journal of Economics and Sociology* 82, 4: 365–375.

Cebula, Richard J., Maggie Foley, John Downs, and Douglas Johansen. (2024). Examining Small Bank Failures in the United States: An Analysis Using (Coarsened Exact Matching) CEM. *Journal of Financial Economic Policy* 16, 2: 162–175.

Cebula, Richard J., and G. Jason Jolley (2024). Economic Dynamism: Interrelationships Among Entrepreneurship-Friendly Environments, Geographic Mobility, and Labor Market Freedom. *American Business Review* 27, 2: 640–656.

Chairassamee, Nattanicha, Oudom Hean, and Parker Jabas (2023). The Financial Impact of State Tax Regimes on Local Economies in the US. *Journal of Risk and Financial Management* 16, 10: 419.

Chambers, Dustin, and Colin O'Reilly (2025). A Practical Measure of Red Tape. *Regulation & Governance* 19, 1: 7–23.

Choudhury, Sanchari (2023). The Causal Effect of Regulation on Income Inequality Across the US States. *European Journal of Political Economy* 80: 1–27.

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Dean, James, and Vincent Geloso (2024). Poverty Spells and Economic Freedom: Canadian Evidence. *Journal of Economic Behavior & Organization* 224: 82–296.

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Dove, John A., and Noah J. Trudeau. (2024). Occupational Licensing Restrictions and Early-Stage Entrepreneurship: A US State-Level Analysis. *Applied Economics Letters*: 1–6.

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Hankins, William B. (2025). Economic Freedom and Firm Dynamism. *Journal of Regional Analysis and Policy* 55, 1: 16–52.

Hean, Oudom, and Parker Jabas (2024). Bank Competition and Business Formation in the US Midwest. *Journal of Financial Economic Policy* 16, 1: 120–134.

Heller, Lauren, Dean Stansel, and E. Frank Stephenson (2025). Economic Freedom and Labor Market Conditions in U.S. Metropolitan Areas. *Journal of Regional Analysis and Policy* 55, 2: 43–49.

Jackson, Jeremy, and Scott Beaulier (2023). Economic Freedom and Philanthropy. *Journal of Economic Behavior & Organization* 214: 148–183.

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Lacombe, Donald J., and Timothy Shaughnessy (2025). Economic Freedom and Presidential Elections: A Bayesian Spatial Probit Hierarchical Modeling Approach. *American Journal of Economics and Sociology* 84, 3: 497–502.

Mackey, David A. (2025). An Examination of the Opioid Crisis in the "Live Free or Die" State. In *Opioids 360: A Multidisciplinary Examination* (Rowman & Littlefield): 105–116.

McCaffrey, Matthew (2024). Mr. Smith Goes to Flatland: Institutions, Public Policy, and the Bossless Company. *Journal of Entrepreneurship and Public Policy* 13, 1: 94–110.

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Miozzi, Vincent J., and Benjamin Powell (2023b). The Pre-Pandemic Political Economy Determinants of Lockdown Severity. *Public Choice* 197: 167–183.

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ÁNGEL CARRIÓN-TAVÁREZ is a professor and transdisciplinary researcher whose work bridges academic inquiry, public policy, and international collaboration. He was the founding editor of the economic and policy magazine *Panorama 21*; managing editor of the business weekly *Caribbean Business*; and editor-in-chief of the peer-reviewed journal *Forum Empresarial*. He has served as professor of regional and business geography; academic coordinator of the Certificate in Editing and Publishing Arts; and director of the Center for Business Research at the University of Puerto Rico. Over the course of his career, Carrión-Tavárez has lectured at universities in Germany, Spain, the United States, Mexico, Colombia, Brazil, Peru, and Chile. His research has been featured in major international media outlets, including *The Wall Street Journal*, *Newsweek*, *Forbes*, National Public Radio, Univision, Radio France Internationale, and Al Jazeera. He holds a B.A. in social sciences from the University of Puerto Rico, an M.A. in humanities from California State University, and a Ph.D. in integration and economic and territorial development from Universidad de León.

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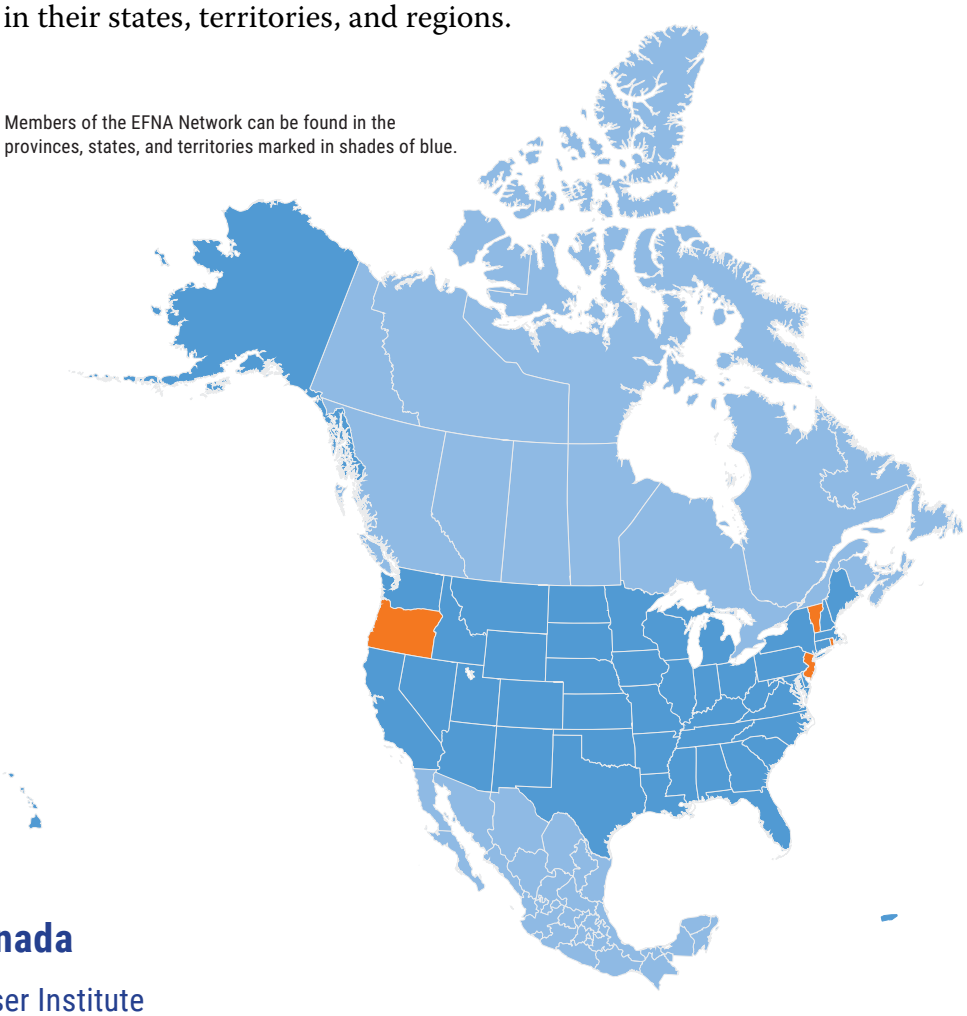
Our EFNA Network

The Fraser Institute is proud to partner with a network of organizations across North America to promote the *Economic Freedom of North America* (EFNA) report in the United States, Canada, and Mexico. Our EFNA Network partners co-publish the report, host EFNA-related events, use the report in their own research and publications, and disseminate the report to engaged citizens, policymakers, and media outlets in their states, territories, and regions.

Members of the EFNA Network can be found in the provinces, states, and territories marked in shades of blue.



Canada

Fraser Institute
Vancouver, Canada | fraserinstitute.org

Our mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship, and choice on their well-being. Founded in 1974, we

are an independent research and educational organization with locations throughout North America and international partners in over 90 countries. Our work is financed by tax-deductible contributions from thousands of individuals, organizations, and foundations. In order to protect its independence, the Institute does not accept grants from government or contracts for research.

Mexico

Caminos de la Libertad
Mexico City, Mexico | caminosdelalibertad.com

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

United States of America

Alabama

Manuel Johnson Center for Political Economy at Troy University
Troy, Alabama
troy.edu/academics/colleges-schools/business/johnson-center/index.html

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

Alaska

Alaska Policy Forum
Anchorage, Alaska | alaskapolicyforum.org

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

Arizona

Center for the Philosophy of Freedom at the University of Arizona
Tucson, Arizona | freedomcenter.arizona.edu

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

Center for the Study of Economic Liberty at Arizona State University
Tempe, Arizona | csel.asu.edu

Committed to the study of the role economic liberty and the free enterprise system play in increasing opportunity and improving well-being, the Center for the Study of Economic Liberty seeks to advance our understanding through independent thinking, scholarly debate, factual argument, and clear, honest communication of research and policy findings. The Center is a non-partisan academic unit within the W. P. Carey School of Business at Arizona State University; our scholars enjoy academic freedom and share with each other a basic commitment to a freer, more prosperous world. Founded in 2014, the Center for the Study of Economic Liberty is dedicated to serving students and the public through research, education, and community outreach on the most pressing national and international economic policy issues.

Arkansas

University of Central Arkansas Center for Research in Economics
Conway, Arkansas | uca.edu/acre

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

California

Independent Institute
Oakland, California | independent.org

The Independent Institute is a non-profit, non-partisan, public policy research and educational organization that shapes ideas into profound and lasting impact. The mission of Independent is to boldly advance peaceful, prosperous, and free societies grounded in a commitment to human worth and dignity. Applying independent

thinking to issues that matter, we create transformational ideas for today's most pressing social and economic challenges. The results of this work are published as books and other publications and form the basis for numerous conference and media programs. By connecting these ideas with organizations and networks, we seek to inspire action to unleash an era of unparalleled human flourishing at home and around the globe.

Colorado

Independence Institute
Denver, Colorado | i2i.org

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

Woodford Foundation for Limited Government
Colorado Springs, Colorado | woodfordfoundation.org

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

Connecticut

Yankee Institute for Public Policy
Hartford, Connecticut | yankeeinstitute.org

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

Delaware

Caesar Rodney Institute
Newark, Delaware | caesarrodney.org

The Caesar Rodney Institute is an independent, non-profit, non-partisan public policy research institute committed to protecting individual liberty.

Florida

James Madison Institute
Tallahassee, Florida | jamesmadison.org

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

Stavros Center for Economic Education at Florida State University
Tallahassee, Florida | https://cosspp.fsu.edu/stavros/

The mission of the Stavros Center is to further free enterprise and economic education in schools and the broader community. The Center develops and disseminates innovative ideas and materials that will help make economics more interesting and understandable. It seeks to help instructors at all levels become great teachers of economics.

Georgia

Georgia Public Policy Foundation
Atlanta, Georgia | georgiapolicy.org

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

Georgia Center for Opportunity
Peachtree Corner, Georgia | foropportunity.org

The mission of the Georgia Center for Opportunity is removing barriers to ensure that every person—no matter their race, past mistakes, or the circumstances of their birth—has access to a quality education, fulfilling work, and a healthy family life.

Hawaii

Grassroot Institute of Hawaii
Honolulu, Hawaii | grassrootinstitute.org

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

Idaho

Idaho Freedom Foundation
Boise, Idaho | idahofreedom.org

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

Illinois

Illinois Policy Institute
Springfield/Chicago, Illinois | illinoispolicy.org

Illinois Policy is an independent organization generating public policy solutions aimed at promoting personal freedom and prosperity in Illinois. We believe Illinois should be a place where people of all talents, interests and cultural backgrounds can succeed with hard work and ingenuity. We want families to feel confident in planting their roots in Illinois soil. And we want to live in a state where communities flourish and good opportunities abound.

Indiana

Sagamore Institute
Indianapolis, Indiana | sagamoreinstitute.org

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

Institute for the Study of Political Economy at Ball State University, Muncie, Indiana
bsu.edu/academics/centersandinstitutes/institute-for-the-study-of-political-economy

The Institute for the Study of Political Economy (ISPE) approaches the study of political economy as an analysis of governance. We examine what it means to have good public

and private governance. We analyze which institutions and institutional rules are likely to lead to good governance, and how governance—good and bad—impacts outcomes. We are particularly interested in wealth and income, economic growth, health, freedom and liberty, and quality of life in the American Midwest. In order to positively impact outcomes, we communicate the lessons learned from rigorous academic analysis to students, citizens at large, private organization leadership, and elected and appointed officials.

Iowa

Iowans for Tax Relief Foundation
West Des Moines, Iowa | itrfoundation.org

ITR Foundation is not your traditional public policy think tank. Our goal is to ensure every Iowan can achieve the American dream by fostering a pro-growth tax code, a friendly business climate, and education system that prepares responsible leaders and citizens for the workforce.

Kansas

Kansas Policy Institute
Wichita, Kansas | kansaspolicy.org

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

Kentucky

Bluegrass Institute
Louisville, Kentucky | https://www.bluegrassinstitute.org/

Established in 2003 by Christopher J. Derry in Bowling Green, Kentucky, the Bluegrass Institute is a donor-supported nonprofit, nonpartisan organization dedicated to transforming the commonwealth into a beacon of freedom and opportunity for all Kentuckians. Our mission is to engage, educate, empower and inspire Kentuckians to make Kentucky the fastest-growing, most-innovative state in America.

Center for Free Enterprise at the University of Louisville
Louisville, Kentucky | business.louisville.edu/the-center-for-free-enterprise

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

Louisiana

Pelican Institute
New Orleans, Louisiana | pelicaninstitute.org

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

Maine

Maine Policy Institute
Portland, Maine | mainepolicy.org

Maine Policy Institute is a 501(c)(3) nonprofit, nonpartisan organization that conducts detailed and timely research to educate the public, the media, and lawmakers about public policy solutions that advance economic freedom and individual liberty in Maine.

Massachusetts

Pioneer Institute
Boston, Massachusetts | pioneerinstitute.org

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

Maryland

Free State Foundation
Potomac, Maryland | freestatefoundation.org

The Free State Foundation is a non-profit, nonpartisan think tank. Its purpose is to promote, through research and educational activities, understanding of free market, limited government, and rule of law principles at the federal level and in Maryland.

Michigan

Mackinac Center for Public Policy
Midland, Michigan | mackinac.org

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

Minnesota

Center of the American Experiment
Golden Valley, Minnesota | americanexperiment.org

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

Mississippi

Institute for Market Studies at Mississippi State University
Mississippi State, Mississippi | ims.msstate.edu

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

Mississippi Center for Public Policy
Jackson, Mississippi | mspolicy.org

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

Missouri

Hammond Institute for Free Enterprise at Lindenwood University
St. Charles, Missouri | hammondinstitute.org

The John W. Hammond Institute for Free Enterprise is a research and education center in the Plaster School of Business and Entrepreneurship at Lindenwood University. Its mission is to foster free enterprise and civil and religious liberty through the examination of market-oriented approaches to economic and social issues. This mission is based on the view that a limited government, such as that laid out in the Constitutional foundation of the United States, is a necessary component of a just and prosperous society.

Montana

Frontier Institute
Helena, Montana | frontierinstitute.org

Montana's Frontier Institute elevates powerful stories and sound policy solutions to break down government barriers so all Montanans can thrive.

Nebraska

Menard Family Institute for Economic Inquiry at Creighton University
Omaha, Nebraska | creighton.edu/instituteforeconomicinquiry

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

Platte Institute for Economic Research
Omaha, Nebraska | platteinstitute.org

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

Nevada

Nevada Policy Research Institute
Las Vegas, Nevada | npri.org

The Nevada Policy Research Institute is a non-partisan, non-profit think tank that promotes policy ideas consistent with the principles of limited government, individual

liberty and free markets. NPRI is an independent source of objective research and liberty-minded commentary focused on helping the citizens of Nevada understand the fundamental value of a free society, the inseparability of personal economic freedom and the comprehensive benefits of free market policy solutions.

New Hampshire

Josiah Bartlett Center for Public Policy
Concord, New Hampshire| jbartlett.org

The Josiah Bartlett Center for Public Policy is New Hampshire's free-market think tank. The Bartlett Center's mission is to develop and advance practical, free-market policies that promote prosperity and opportunity for all. The center is a 501(c)(3) non-profit educational organization.

New York

Economic Freedom Institute at Manhattanville College
Purchase, New York | mville.edu/programs/economics/economic-freedom-institute

EFI (economic.freedominstitute@mville.edu) provides a forum for the study, analysis, and discussion of the nature of economic freedom and its implications. It fosters the exchange and development of ideas concerning policies and programs of importance in regional, national, and international arenas. Open to a variety of viewpoints and philosophies, participants in EFI include scholars, corporate executives, and officials from labor unions, non-profit institutions, and various levels of government.

Empire Center
Albany, New York | empirecenter.org

The Empire Center for Public Policy is an independent, non-partisan, nonprofit think tank based in Albany, New York. Its mission is to make New York a better place to live and work by promoting public policy reforms grounded in free-market principles, personal responsibility, and the ideals of effective and accountable government.

New Mexico

Rio Grande Foundation
Albuquerque, New Mexico | riograndefoundation.org

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

North Carolina

John Locke Foundation
Raleigh, North Carolina | johnlocke.org

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

Center for the Study of Free Enterprise at Western Carolina University
Cullowhee, North Carolina | affiliate.wcu.edu/csfe

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

North Dakota

Challey Institute for Global Innovation and Growth
Fargo, North Dakota | ndsu.edu/challeyinstitute

The Challey Institute for Global Innovation and Growth aims to advance understanding in the areas of innovation, trade, institutions, and human potential to identify policies and solutions to increase economic opportunity and flourishing.

Ohio

Buckeye Institute
Columbus, Ohio | buckeyeinstitute.org

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

Oklahoma

Institute for the Study of Free Enterprise at Oklahoma State University
Stillwater, Oklahoma | fe.okstate.edu

The mission of the Institute for the Study of Free Enterprise is to promote economic

freedom, competitive markets, private ownership, and individual choice. We work to facilitate campus-wide discussions on those issues as they relate to value creation in society, personal liberty, and human flourishing. In addition, we coordinate OSU courses related to free enterprise, sponsor the Free Enterprise Society, provide scholarships and fellowships for students from all disciplines who are interested in free enterprise principles, and support faculty and student research.

Pennsylvania

Commonwealth Foundation
Harrisburg, Pennsylvania | commonwealthfoundation.org

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

Puerto Rico

Instituto de Libertad Económica
San Juan, Puerto Rico | ilepr.org

The Instituto de Libertad Económica (ILE) is a 501(c)(3) education and research think tank devoted to improving the lives of all residents of Puerto Rico through initiatives that increase freedom and economic opportunity. We advocate public policies based upon data, facts, and the pillars of the free-market system—individual liberty, rule of law, property rights, and limited government. The ILE seeks to influence and enrich the public and academic discussion by producing publications and sponsoring conferences on the principles of economic freedom. We work to remove barriers to individual initiative and ensure that everyone has equal opportunities to prosper.

South Carolina

Palmetto Promise Institute
Columbia, South Carolina | palmettopromise.org

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

South Dakota

Great Plains Public Policy Institute
Sioux Falls, South Dakota | greatplainsppi.org

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

Tennessee

Beacon Center of Tennessee
Nashville, Tennessee | beacontn.org

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

Center for Economic Education at the University of Tennessee at Chattanooga
Chattanooga, Tennessee
utc.edu/gary-w-rollins-college-of-business/probasco-distinguished-chair-of-free-enterprise-new/cee

The Center for Economic Education offers programs for teachers and students to provide a better understanding of the theory and practice of capitalism, and the positive relationship between private enterprise and economic prosperity.

Center for Regional Economic Research at the University of Tennessee-Chattanooga
Chattanooga, Tennessee
utc.edu/gary-w-rollins-college-of-business/center-for-regional-economic-research

The Center for Regional Economic Research (CRER) is a think tank that conducts high-quality, data-focused economic research, analysis, and visualization on Chattanooga and the regional economy. The CRER seeks to be a leading resource for economic research, development, and entrepreneurship in Chattanooga and the surrounding region. The Center connects the Gary W. Rollins College of Business with the local community and serves an academic mission to educate students and energize research on local economic issues by mentoring graduate and undergraduate students in real-world projects.

Texas

Bridwell Institute for Economic Freedom at SMU
Dallas, Texas | smu.edu/cox/Centers-and-Institutes/Bridwell-Institute

The mission of the Bridwell Institute is to foster the scholarly study and intellectual discussion of the nature, consequences, and causes of economic freedom in our

local, state, national, and international communities. In support of this mission, the Bridwell Institute seeks to: influence the academic debate by generating and sponsoring high-quality, peer-reviewed scholarship related to the nature, consequences, and causes of economic freedom; become a leader on the SMU campus by engaging students about the ideas of economic freedom through reading groups and related programs; elevate and enliven the discussion and debate about economic freedom in the wider Dallas-Fort Worth community; and encourage teaching about free enterprise and its benefits in schools in Texas and beyond through our economic education programs.

Texas Public Policy Foundation
Austin, Texas | texaspolicy.com

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

Utah

Libertas Institute
Lehi, Utah | libertas.org

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

Virginia

Virginia Institute for Public Policy
Abingdon, Virginia | virginiainstitute.org

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

Washington

Washington Policy Center
Seattle, Washington | washingtonpolicy.org

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

Washington, DC

Archbridge Institute
Washington, D.C. | archbridgeinstitute.org/

Our mission is to lift barriers to human flourishing. Through rigorous academic research, sound public policy solutions, and fostering a holistic vision of human flourishing, the Archbridge Institute works to empower individuals to achieve better, richer, and fuller lives by identifying and removing the barriers that constrain their potential and encouraging the aspirations and actions that cultivate their capabilities.

West Virginia

Cardinal Institute
Charleston, West Virginia | cardinalinstitute.com

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

West Virginia University Knee Regulatory Research Center
Morgantown, West Virginia | csorwvu.com

The mission of the Knee Regulatory Research Center is to produce high-quality research on the effects of government regulation and to communicate the results broadly to inform real-world change.

West Virginia University Center for Free Enterprise
Morgantown, West Virginia
business.wvu.edu/research-outreach/center-for-free-enterprise

The mission of the Center for Free Enterprise is to advance teaching, research, and outreach on the free enterprise system and how it relates to increased prosperity and quality of life in West Virginia and the world.

Wisconsin

MacIver Institute
Madison, Wisconsin | maciverinstitute.com

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

Wyoming

Wyoming Liberty Group
Cheyenne, Wyoming | wyliberty.org

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

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Individuals are more economically free when they are allowed to make more of their own economic choices.

Economic Freedom of North America 2025 is the 21st edition of this report. The indices published here are the most widely used measures of economic freedom in North America. They have been cited in over 450 academic studies, books, and policy papers, and have been used in more than 250 peer-reviewed studies assessing the relationship between economic freedom and human well-being.

The indices measure the extent of economic freedom in each of the 10 Canadian provinces, 50 US states, the US territory of Puerto Rico, and all 32 Mexican states. The report includes four distinct indices, all of which are on a 10-point scale.

Three separate subnational indices—one for each country—account for provincial/state and local government policies, and these indices should be used to compare jurisdictions within the same country. The all-government index, which includes all 93 jurisdictions, builds on the subnational indices and takes account of federal government policies. The all-government index should be used to compare jurisdictions across all three countries.

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.

https://www.fraserinstitute.org/economic-freedom/dataset

TOP AND BOTTOM

The subnational indices should be used to compare jurisdictions within the same country. The most recent data available are from 2023. In the United States, the most economically free state was New Hampshire at 8.34, followed by Tennessee at 8.30. South Dakota is third at 8.18; Texas is 4th at 8.15; and Idaho is 5th at 7.89. The US Territory of Puerto Rico came in last with a score of 1.74. The least-free state was New Mexico at 4.05. The next-lowest are New York (4.39), Hawaii (4.63), and California (4.79).

The highest-ranked Mexican states in that country's subnational index are Michoacán de Ocampo with 5.99, followed by Baja California with 5.46, Morelos in third with 5.29, and Puebla in 4th with 5.15. The lowest-ranked Mexican state is Campeche at 2.41. The next-lowest are Zacatecas in 31st place with 2.55, Chiapas in 30th with 3.10, and Nayarit in 29th with 3.30.

On Canada's subnational index, the highest-ranked province is Alberta with 6.44, followed by Ontario in second with 5.67, and New Brunswick in third with 4.77. The lowest-ranked Canadian province is Quebec at 3.10. The next-lowest are Nova Scotia in 9th place at 3.97 and Newfoundland & Labrador in 8th at 4.03.

In those places that were the most free relative to the rest of their country, incomes were about 6.7% higher than in the rest of the country. But among those places that were the least free relative to the rest of their country, incomes were 3.4% below the country average.

Among the freest US states, population grew 17.7 times faster than it did in the least-free states from 2014 to 2023. And total employment in the freest states grew about two times faster than in the least-free states over this time.

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