Economic Freedom of North America

2005 Annual Report

Amela Karabegović & Fred McMahon

with

Glenn Mitchell

The Fraser Institute

Canada

National Center for Policy Analysis

United States of America

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About the Participating Institutes

Co-publishers of *Economic Freedom of North America*

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Canada

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Executive Summary

This is the third edition of the annual report, *Economic Freedom of North America*. The statistical results of this year's study persuasively confirm those published in the previous two editions: economic freedom is a powerful driver of growth and prosperity and those provinces and states that have low levels of economic freedom continue to leave their citizens poorer than they need or should be.

Economic Freedom of North America rates economic freedom on a 10-point scale for two indexes. An all-government index captures the impact of restrictions on freedom by all levels of government. A subnational index captures the impact of restrictions by state or provincial and local governments. *Economic Freedom of North America* employs 10 variables in three areas: 1. Size of Government; 2. Takings and Discriminatory Taxation; and 3. Labor Market Freedom.

Not only is economic freedom important for the level of prosperity, growth in economic freedom spurs economic growth. As expected, the impact of economic freedom at the all-government level is greater than the impact at the subnational level since the first index captures a broader range of limitations on economic freedom than the second.

The econometric testing shows that a one-point improvement in economic freedom on the all-government index increases per-capita GDP by US$5,907 for US states and by US$2,975 (C$4,671, using a conversion rate of 1.57) for Canadian provinces. On the subnational index, a one-point improvement in economic freedom increases per-capita GDP by US$4,515 for US states and by US$2,454 (C$3,853) for Canadian provinces.

A 1.00% increase in the growth rate of economic freedom in the all-government index (e.g., from 4.00% per year to 4.04% per year), will induce an increase of 1.05% in the growth rate of per-capita GDP for US states and an increase of 0.54% in the growth rate of per-capita GDP for Canadian provinces. A 1.00% increase in the growth rate of economic freedom in the subnational index will induce an increase of 0.75% in the growth rate of per-capita GDP for US states and 0.49% increase in the growth rate for Canadian provinces.

The econometric results are remarkably stable and consistent through a number of sensitivity tests presented in this paper. The importance of these results is reinforced by their consistency with those of last year, despite the addition of data from a further year (2002) and of a new variable in Area 1, Size of Government, and the removal of a variable from Area 3: Labor Market Freedom. The similarity of results regardless of the structure of the index or year of the tests is quite remarkable.

The results show that, while economic freedom has a powerful impact in Canada, its impact on US states is far greater. This is likely because of Canada's fiscal federalism. This system transfers money from rich to poor provinces. Since economic freedom spurs prosperity and growth, fiscal federalism in effect transfers money from relatively free provinces to relatively unfree provinces, muting the impact of economic freedom and perversely creating incentives for provincial politicians to limit economic freedom and, thus, economic growth since this increases the flow of federal transfers, which are directly controlled by these politicians. This enhances their power and their ability to reward friends and penalize enemies.

Generally, US states have been able to realize the gains economic freedom generates while Canadian provinces have lost opportunity due to weak levels of economic freedom and the structure of Canadian federalism.

All provinces, except Alberta, are clustered at the bottom of the rankings of both the all-government and the subnational economic freedom indexes and also have low levels of prosperity. Alberta is tied for 13th in the subnational index and for 4th in the all-government index. The higher score in the latter index, which includes federal spending, is because Ottawa's expenditures in Alberta are very low, much lower than the tax take from Alberta. This lower level of spending increases economic freedom by leaving more economic space for transactions to which individuals and firms voluntarily agree.

Canada's second freest province, Ontario, ranks 47th in the sub-national index and 45th in the all-government index, ahead of a handful of states in both instances. British Columbia is the only other Canadian province ahead of one state (West Virginia) in both of the indexes in 2002.

The evolution of economic freedom in North America follows the expected pattern. In the United States, at the all-government level, economic freedom increases through the 1980s, the Reagan era. It falls in the early 1990s, following tax increases under the Bush and early Clinton administrations and then begins to rise again. At the subnational level, the pattern is the same but less pronounced. Many states embarked upon Reagan-like government restructuring, but not all, and often not at the same level of intensity, or in the same time frame.

In Canada, through the 1980s, economic freedom remained fairly constant at the subnational level while it increased somewhat at the all-government level, perhaps as a result of a change of federal government, and a resulting change in policy, in 1984. In both indexes, economic freedom falls in Canada in the early 1990s and then begins to rise. In early 1990s, Canadian governments began to address debt and deficit problems but more often through increased taxation than through lower spending. As debts and deficits were brought under control, governments began to reduce some tax rates through the mid-and, particularly, late 1990s. Also in this period, fiscally conservative governments were elected in Canada's two richest provinces, Alberta and Ontario.

Overall patterns in Canada and the United States are similar. However, during the late 1980s and early 1990s, Canadian governments relied on taxes to solve the deficit problem more than US governments did. Thus, the gap between Canada and the United States in economic freedom grew through this period, before returning to about its 1981 level in the late 1990s.

Chapter 1: Economic Freedom & the Index

The index of the *Economic Freedom of North America* is an attempt to gauge the extent of the restrictions on economic freedom imposed by governments in North America. This study employs two indexes. The first is the subnational index, which measures the impact of provincial and municipal governments on economic freedom in Canada and state and local governments in the United States. The second index, called the all-government index, includes the impact of all levels of government—federal, provincial/state, and municipal/local—in Canada and the United States. All 10 provinces and 50 states are included in both indexes.

The study examines the impact of economic freedom on both the level of economic activity and the growth of economic activity. The econometric testing presented in this paper shows that in North America economic freedom fosters prosperity and growth. Economic freedom increases the affluence of individuals. This finding is consistent with other studies of economic freedom.[1] The results are highly significant and remarkably stable through a number of different sensitivity tests.

The majority of US states have high levels of economic freedom and prosperity. Unfortunately, Canadian provinces are poorly positioned to benefit from economic freedom. With the exception of Alberta and, to a lesser extent, Ontario, they are all clustered at the bottom of the economic freedom ratings and are the poorest jurisdictions in North America. (Individual states and provinces will be discussed later in this study; see Appendix B, page 44.) Figures 1 and 2 illustrate economic freedom scores and the large differences between US states and Canadian provinces.

What is Economic Freedom?

Writing in *Economic Freedom of the World, 1975–1995,* James Gwartney and his co-authors defined economic freedom as follows:

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

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

The research flowing from the data generated by the *Economic Freedom of the World* reports,[2] a project The Fraser Institute initiated 20 years ago, shows that economic freedom is important to the well-being of a nation's citizens. This research has found that economic freedom is positively correlated with per-capita income, economic growth, greater life expectancy, lower child mortality, the development of democratic institutions, civil and political freedoms, and other desirable social and economic outcomes. Just as *Economic Freedom of the World* seeks to measure economic freedom on an international basis, *Economic Freedom of North America* has the goal of measuring differences in economic freedom among the Canadian provinces and US 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, improves, and, by including the 50 US states, expands this initial endeavor. This study looks at 10 Canadian provinces—excluding Yukon, the Northwest Territories, and Nunavut—and the 50 US states from 1981 to 2002. Each province and state is ranked on economic freedom at the subnational and all-government levels. This helps isolate the impact of different levels of government on economic freedom in North America.

Figure 1: Summary of 2002 Ratings—All-Government

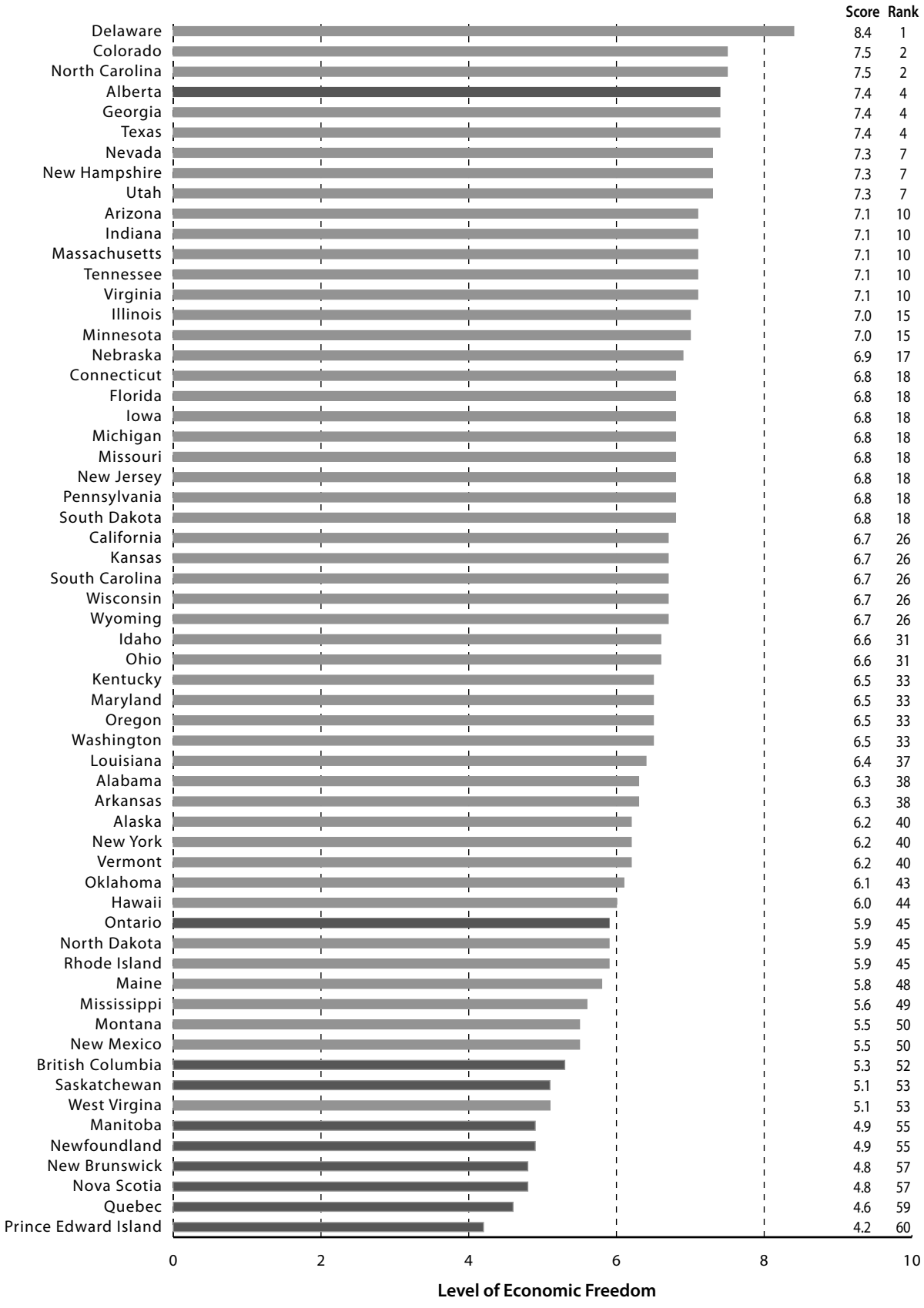
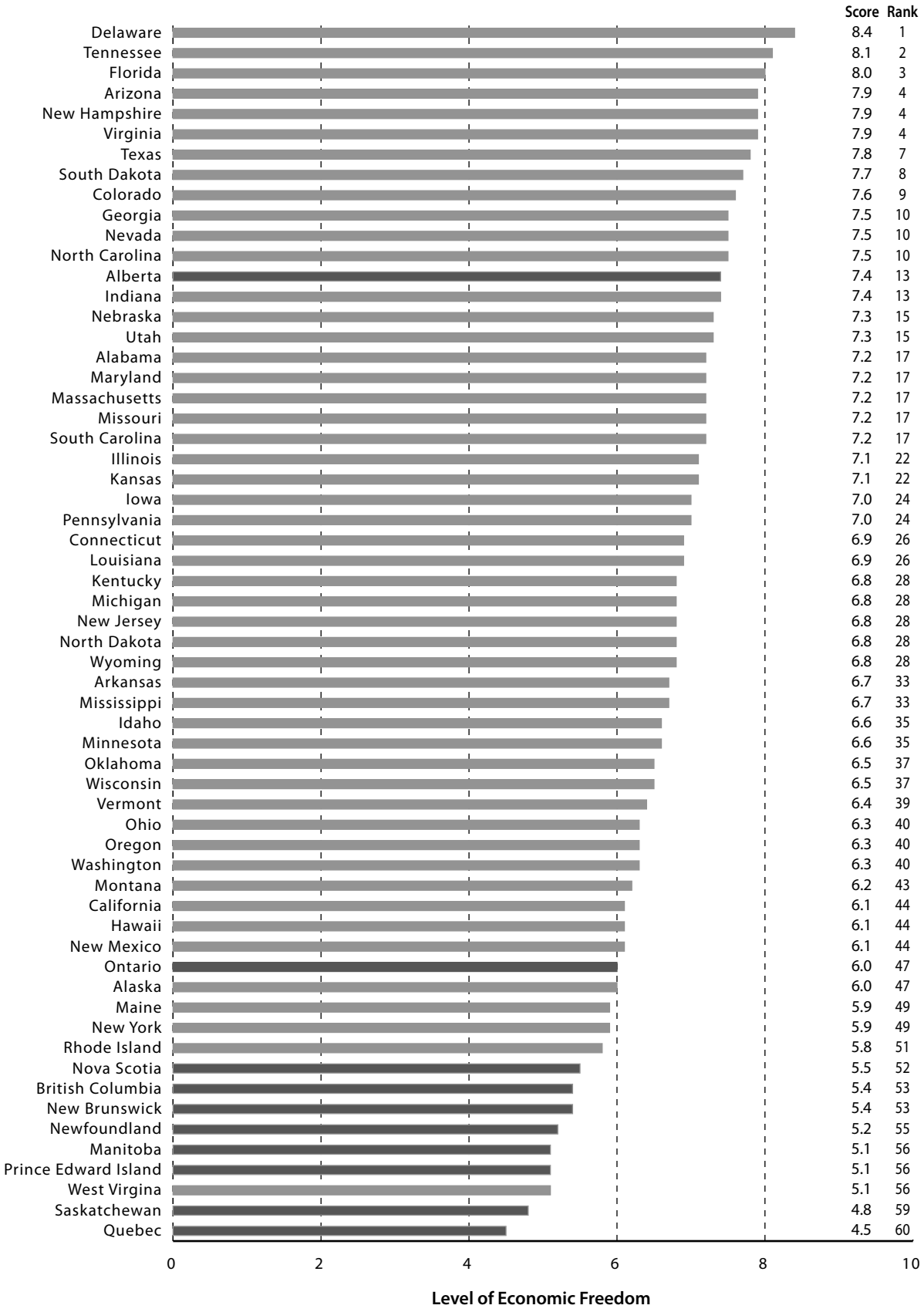


Figure 2: Summary of 2002 Ratings—Subnational



In extending the work on economic freedom, it would seem obvious to include the tried and tested measures used in *Economic Freedom of the World*. This is not as easy as it sounds. Some categories of the world index have too little variance from one North American jurisdiction to another to be measured accurately. For example, the stability of the legal system (one of the areas used in *Economic Freedom of the World*) does not differ much among states and provinces. Variables such as the private ownership of banks, avoidance of negative interest rates, monetary policy, freedom to own foreign currency, the right to international exchange, structure of capital markets, and black-market exchange rates are ineffective for an inquiry into the state of economic freedom within North America, particularly at a subnational level.

However, economic freedom varies across North America in three important aspects, which we attempt to capture in this index: size of government; takings and discriminatory taxation; and labor market freedom. A fourth, potentially important, area of difference, restriction on the movement of goods within North America, had to be left out due to lack of data. This may be particularly important in the Canadian context, since Canada retains a number of internal trade barriers (Knox, 2002).

Data limitations also create difficulties in testing relationships between economic freedom and key economic variables. For example, we are only partly able to construct a growth model. Data on investment for individual states, an important part of any growth model, are not available. Fortunately, as discussed later, the effect of omitting an investment variable on the estimated economic freedom coefficient is likely to be of little quantitative significance. High-school graduation rates are used as a proxy for human capital but in our testing this variable often does not have the expected sign and is seldom significant in the regressions in which it is included.

Due to data limitations and revisions, some time periods are either not directly comparable or are not available. When necessary, we have used the data closest to the missing time period as an estimate for the missing data. If there have been changes in this component during this period, this procedure would introduce some amount of measurement 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.

The *theory* of economic freedom[3] is no different at the subnational and all-government level than it is at the global level, although different proxies consistent with the theory of economic freedom must be found that suit subnational and all-government measures. The 10 variables chosen fall into three areas: Size of Government, Takings and Discriminatory Taxation, and Labor Market Freedom. Most of the variables we use are calculated as a ratio of gross domestic product (GDP) in each jurisdiction and thus do not require translation between exchange rates. The exception is the income-tax rate variable, where the exchange rate is used to calculate equivalent top thresholds in Canada and the United States.

Description of Variables

Using a simple mathematical formula to reduce subjective judgments, a scale from zero to 10 was constructed to represent the underlying distribution of the 10 variables in the index. The highest possible score is 10, which indicates a high level of economic freedom.[4] 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 variables, each area was equally weighted and each variable within each area was equally weighted (see Appendix C: Methodology, page 56, for more details).

The index developed in this paper assigns a higher score of economic freedom when the variable, size of government, is smaller in one state or province relative to another. This would seem to contradict the theory of economic freedom, which does not predict that a government size of zero maximizes freedom. Indeed, important government functions, such as the enforcement of the rule of law, are necessary for economic freedom and freedom more broadly. However, all the theory of economic freedom requires is that governments be large enough to undertake an adequate but minimal level of the "protective" and "productive" functions of government, discussed in the next section. It is unlikely that any government considered in this sample is too small to perform these functions at the minimum required level.

Area 1: Size of Government

1A: General Consumption Expenditures by Government as a Percentage of GDP

As the size of government expands, less room is available for private choice. While government can fulfill useful roles in society, there is a tendency for government to undertake superfluous activities as it expands: "there are two broad functions of government that are consistent with

economic freedom: (1) protection of individuals against invasions by intruders, both domestic and foreign, and (2) provision of a few selected goods—what economists call public goods" (Gwartney et al., 1996: 22).

These two broad functions of government are often called the "protective" and "productive" functions of government. Once government moves beyond these two functions into the provision of private goods, goods that can be produced by private firms and individuals, they restrict consumer choice and, thus, economic freedom (Gwartney et al., 1996). In other words, government spending, independent of taxation, by itself reduces economic freedom once this spending exceeds what is necessary to provide a minimal level of protective and productive functions. Thus, as the size of government consumption grows, a jurisdiction receives a lower score in this component.

1B: Transfers and Subsidies as a Percentage of GDP

When the government taxes one person in order to give money to another, it separates individuals from the full benefits of their labor and reduces the real returns of such activity (Gwartney et al., 1996). These transfers represent the removal of property without providing a compensating benefit and are, thus, an infringement on economic freedom. Put another way, when governments take from one group in order to give to another, they are violating the same property rights they are supposed to protect. The greater the level of transfers and subsidies, the lower the score a jurisdiction receives.

1C: Social Security

We have added a new variable to this area, social security. When private, voluntary arrangements for retirement, disability insurance, and so on are replaced by mandatory government programs, economic freedom is diminished.

Area 2: Takings and Discriminatory Taxation

2A: Total Government Revenue from Own Source as a Percentage of GDP;
2B: Top Marginal Income Tax Rate[5] and the Income Threshold at Which It Applies;
2C: Indirect Tax Revenue as a Percentage of GDP;
2D: Sales Taxes Collected as a Percentage of GDP.

Some form of government funding is necessary to support the functions of government but, as the tax burden grows, the restrictions on private choice increase and thus economic freedom declines. Taxes that have a discriminatory impact and bear little reference to services received infringe on economic freedom even more: "High marginal tax rates discriminate against productive citizens and deny them the fruits of their labor" (Gwartney et al., 1996: 30). In each of variables except 2B, a higher ratio lowers a jurisdiction's score in this component. Top personal income-tax rates are rated by the income thresholds at which they apply. Higher thresholds result in a better score.

Examining the separate sources of government revenue gives the reader more information than just examining a single tax source or overall taxes. Nonetheless, total own-source revenue is included to pick up the impact of taxes, particularly various corporate and capital taxes, not included in the other three variables.

In examining the two areas above, it may seem that Areas 1 and 2 create a double counting, in that they capture the two sides of the government ledger sheet, revenues and expenditures, which presumably should balance over time. However, in examining subnational jurisdictions, this situation does not hold. In the United States, and even more so in Canada, a number of intergovernmental transfers break the link between taxation and spending at the subnational level.[6] The break between revenues and spending is even more pronounced at the all-government level, which includes the federal government. Obviously, what the federal government spends in a state or a province does not necessarily bear a strong relationship to the amount of money it raises in that jurisdiction. Thus, to take examples from both Canada and the United States, the respective federal governments spend more in Newfoundland and West Virginia than they raise through taxation in these jurisdictions. The opposite pattern occurs 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: Labor Market Freedom

3A: Minimum Wage Legislation

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

This component measures the annual income earned by someone working at the minimum wage as a ratio of per-capita GDP. Since per-capita GDP is a proxy

for the average productivity in a jurisdiction, this ratio takes into account differences in the ability to pay wages across jurisdictions. As the minimum wage grows relative to productivity, thus narrowing the range of employment contracts that can be freely negotiated, there are further reductions in economic freedom, resulting in a lower score for the jurisdiction. For example, minimum wage legislation set at 0.1% of average productivity is likely to have small 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. Put another way, a minimum wage requirement of $2 an hour for New York will have little impact but, for a third-world nation, it might remove most potential workers from the effective workforce. The same idea holds, though in a narrower range, for jurisdictions within North America.

3B: 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 potential employers have to bid against their own tax dollars in attempting 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. It may also be that the government is attempting to provide goods and services that individuals would not care to obtain if able to contract freely. It may also indicate that government is engaging in regulatory and other activities that restrict the freedom of citizens. Finally, high levels of government employment suggest government is directly undertaking work that could be contracted privately. When government, instead of funding private providers, decides to provide a good or service directly, it reduces economic freedom by limiting choice and by typically creating a government quasi-monopoly in provision of services. For instance, the creation of school vouchers may not decrease government expenditures but it will reduce government employment, eroding government's monopoly on the provision of publicly funded education services while creating more choice for parents and students and, thus, enhancing economic freedom.

3C: 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 labour market often force workers to join unions when they would rather not, permit unionization drives where coercion can be employed (particularly when there are undemocratic provisions such as union certification without a vote by secret ballot), and may make decertification difficult even when a majority of workers would favor it. On the other hand, with rare exceptions, a majority of workers can always unionize a workplace and workers are free to join an existing or newly formed union.

To this point in time, there is no reliable compilation of historical data about labor-market laws and regulations that would permit comparisons across jurisdictions. In this report, therefore, we attempt to provide a proxy for this variable. 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, size of government employment, and manufacturing density. In measuring economic freedom, our goal is to capture the impact of policy factors, laws and regulations, and so on, not other factors. We also wish to exclude government employment—although it is a policy factor that is highly correlated with levels of unionization—since government employment is captured in variable 3B above.

Thus, we ran statistical tests to determine how significant an effect government employment had on unionization—a highly significant effect—and held this factor constant in calculating the variable. We also ran tests to determine if the size of the manufacturing sector was significant. It was not and, therefore, we did not correct for this factor in calculating the variable. It may also be that the size of the rural population has an impact on unionization. Unfortunately, consistent data from Canada and the United States are not available. Despite this limitation, the authors believe this proxy variable is the best available at the moment. Its results are consistent with the published information that is available (see, for example, Karabegović, Godin, Clemens, and Veldhuis, 2004a and 2004b).

We have eliminated one variable from the Labor Market Freedom area: Occupational licensing. It is true that as the number of regulated occupations increase, labor mobility and freedom declines. However, in occupations that are licensed, the restrictions in the regulations can vary broadly among jurisdictions and, even when the

regulations are similar between two jurisdictions, their interpretations and enforcement can vary.

Most of the variables above exists in the two dimensions we have already mentioned: the subnational and the all-government level. Total revenue from own sources, for example, is calculated first for local/municipal and provincial/state governments, and then again counting all levels of government that capture revenue from individuals living in a given province or state.

Notes

1 See Easton and Walker, 1997; De Haan and Sturm, 2000; and related papers at http://www.freetheworld.com.

2 A listing of many of these books and additional information can be found at http://www.freetheworld.com.

3 See Gwartney et al., 2004. The website, http://www.freetheworld.com, has references to a number of important papers and books that explore the theory of economic freedom.

4 Due to the way variables are calculated, a mini-max procedure discussed in Appendix C: Methodology (page 56), 10 is not indicative of perfect economic freedom.

5 See Appendix C: Methodology (page 56) for further discussion of how the variable for the top marginal tax rate and its threshold was derived.

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

Chapter 2: Overview of the Results

Prior to a detailed discussion of the econometric testing, we will present some simple graphics for illustrative purposes. These charts dramatically demonstrate the important links between prosperity and economic freedom, links that are more fully explored in the econometric testing.

Figure 3 breaks economic freedom into quintiles at the all-government level. For example, the category on the far left of the chart, "Bottom," represents the jurisdictions that score in the lowest fifth of the economic freedom ratings, the 12 lowest of the 60 North American jurisdictions. Eight of these are Canadian provinces—all except Alberta and Ontario. The jurisdictions in this bottom quintile have an average per-capita GDP of just US$21,936 (C$34,440).[1] This compares to an average per-capita GDP of US$38,305 (C$60,138) for the 12 top-ranked jurisdictions.

Figure 4 is the same type of chart as Figure 3 but represents economic freedom at the subnational level. Here, the bottom quintile has an average per-capita GDP of US$24,190 (C$37,978) compared to the top quintile with an average per-capita GDP of US$37,310 (C$58,577). As will be noted in the econometric testing, economic freedom has a smaller impact at the subnational level than at the all-government level. This is expected since only at the all-government level are all government restrictions on economic freedom captured.

Another useful way to review economic freedom is through deviation from the mean. This examines the impact on economic activity of a jurisdiction's being above or below the average ranking of other national jurisdictions, comparing Canadian provinces with the Canadian average and US states with the US average. Here scatter charts help illustrate the point, though a quick visual inspection will show these diagrams could easily be translated into column graphs like Figures 3 and 4.

Figures 5 and 6 relate prosperity to economic freedom, with economic freedom plotted along the horizontal axis and per-capita GDP plotted along the vertical axis. Once again these charts illustrate the connection between economic freedom and prosperity. Here too, as expected, the subnational relationship is weaker than the all-government one.

Figure 3: Economic Freedom at an All-Government Level and GDP per Capita, 2002

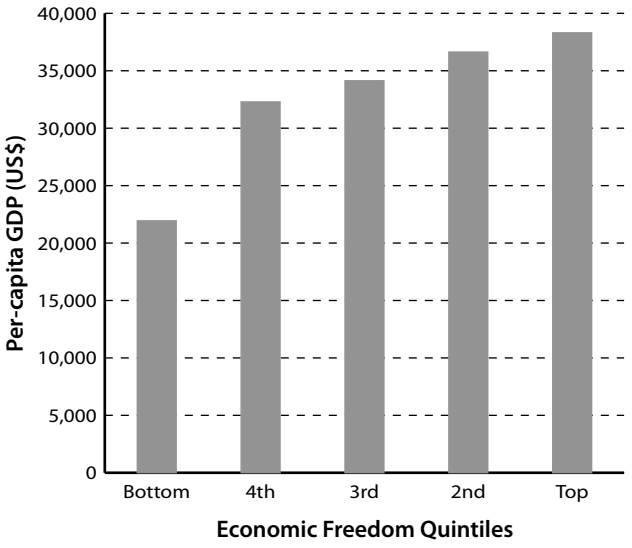


Figure 4: Economic Freedom at a Subnational Level and GDP per Capita, 2002

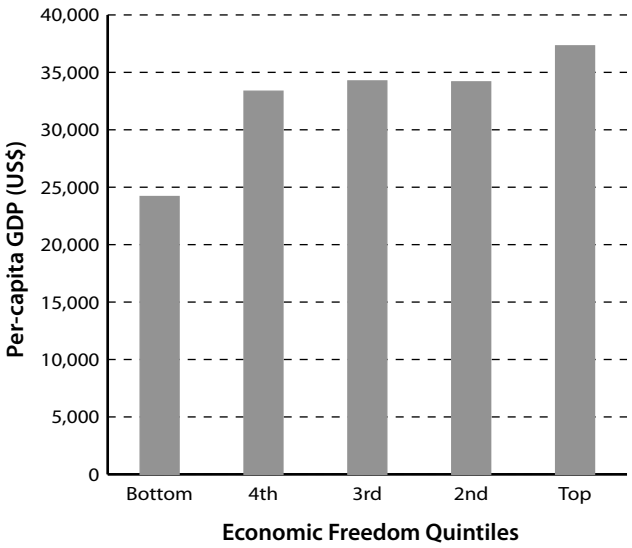


Figure 5: Average GDP per Capita and Average Economic Freedom at an All-Government Level, 1981–2002

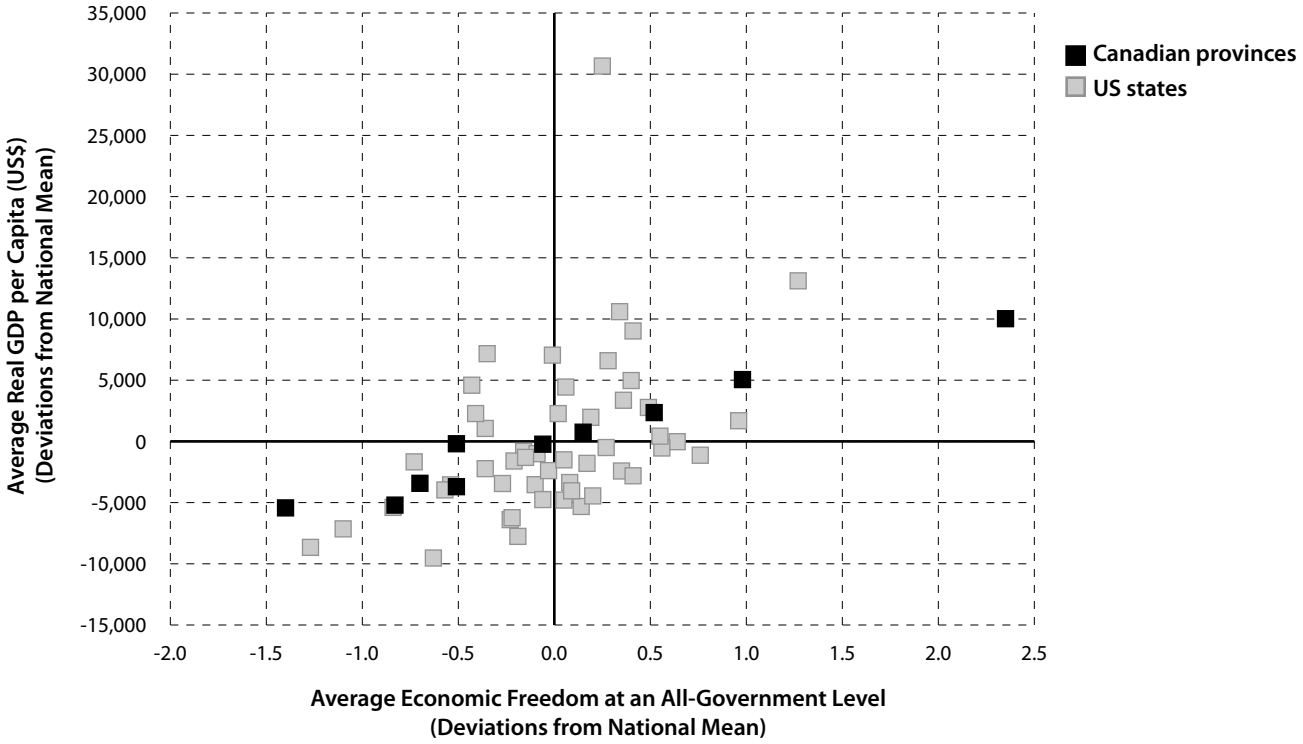
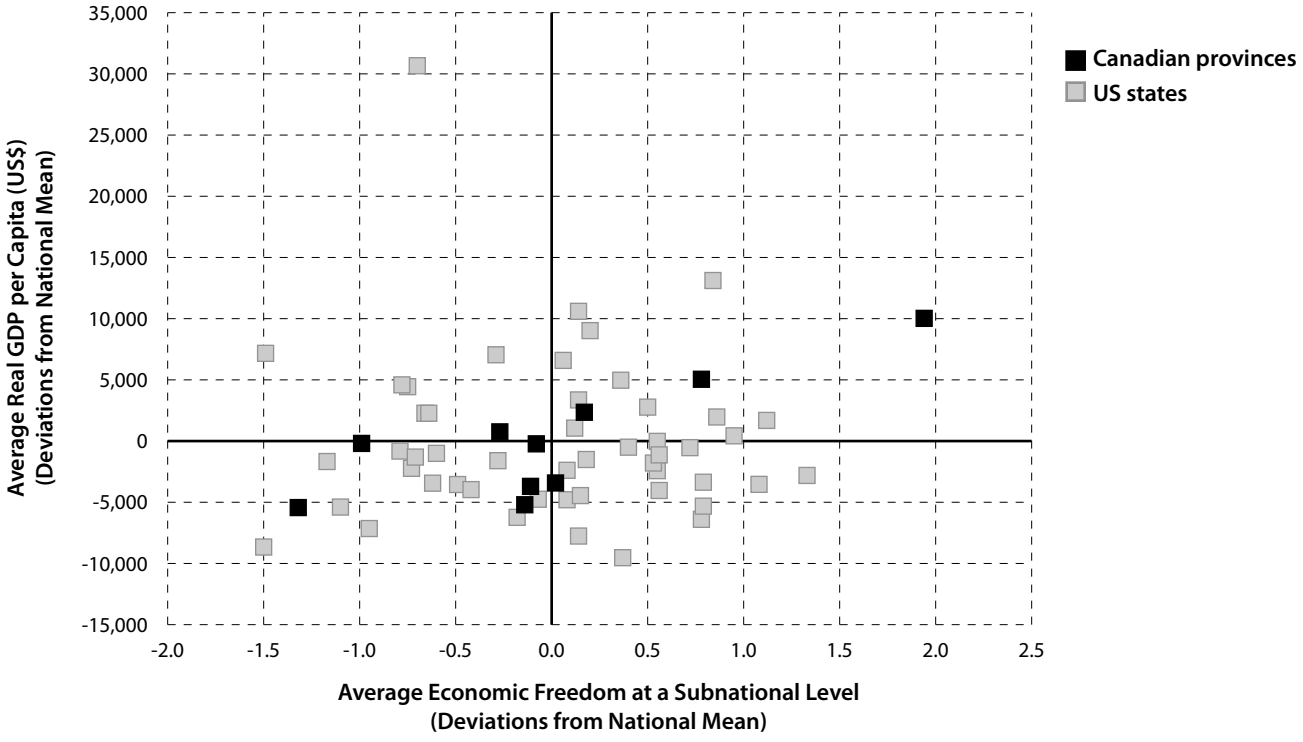


Figure 6: Average GDP per Capita and Average Economic Freedom at a Subnational Level, 1981–2002



Finally, in this illustrative section, we look at the relationship between the growth of economic freedom and the growth of a jurisdiction's economy, another topic more fully explored in the following testing. In Figures 7 and 8, growth in economic freedom is plotted along the horizontal axis while growth in GDP per capita is plotted along the vertical axis. Again, the expected relationships are found, with economic growth strongly linked to growth in economic freedom.

Comparing the Two Indexes

In general, rankings at an all-government level are not drastically different from rankings at a subnational level when US states, as a group, are compared with Canadian provinces, as a group. This is partly due to the way the subnational variable is constructed. Subnational responsibilities in Canada and the United States differ. Thus, government spending and taxation patterns cannot be directly compared. Instead, an "adjustment factor," explained in Appendix D: Adjustment Factors, page 58, is used.

The rankings on both the all-government and the subnational indexes are very similar, with correlation matrixes of 0.89 for the ranks of the two indexes and 0.90 for the scores of the two indexes. (Correlation between two identical data streams is 1.00.)

The Evolution of Economic Freedom in North America

As can be seen from Tables 1 and 2, the evolution of economic freedom in North America follows an expected pattern. In the United States, at the all-government level, economic freedom increases through the 1980s, coinciding with the Reagan era. It then falls in the early 1990s, following tax increases under the Bush and early Clinton administrations and then begins to rise again. At the subnational level, the pattern is the same but less pronounced, again as one might expect. Many states embarked upon Reagan-like government restructuring, but not all, and often not at the same level of intensity, or in the same time frame.[2]

In Canada through the 1980s, economic freedom remained fairly constant at the subnational level while it increased somewhat at the all-government level, perhaps as a result of a change of federal government, and a resulting change in policy, in 1984. In both indexes, economic freedom falls in Canada in the early 1990s and then begins to rise. In early 1990s, federal, provincial, and municipal governments began to address their debts and deficits but typically more through increased taxation than through lower spending. However, as debts and deficits were brought under control, governments began to reduce some tax rates through the mid-, and particularly the late, 1990s. Also in this period, fiscally conservative governments were elected in Canada's two richest provinces, Alberta and Ontario.

Overall patterns in Canada and the United States are similar. Both nations fought debts and deficits in the early 1990s with tax increases. However, Canada raised taxes more aggressively, as can be seen from changes in economic freedom during this period. From 1981 to 2001, the gap between economic freedom in Canada and that in the United States at both the subnational and the all-government level first widened and then narrowed again until the late 1990s, when it was, roughly speaking, what it had been in 1981. The gap has remained more or less the same since then.

Overview of the Results for the United States

Most US states have maintained a high degree of economic freedom and only a handful have consistently not done so. West Virginia has the worst record but Hawaii, Maine, Montana, New Mexico, North Dakota, and Rhode Island also have consistently low levels of economic freedom in both the all-government and sub-national indexes. Their average per-capita GDP was nearly US$4,700 below the US average in 2002 and their total growth from 1981 to 2002 is 13 percentage points below the US average of 39% total growth in real terms. This is particularly remarkable because poorer states under normal conditions will grow faster than rich states due to the well-known and empirically verified "convergence" effect. (See Barro and Sala-I-Martin, 1995 for US and other international results on convergence.)

The states that have consistently strong records in both indexes are Colorado, Georgia, Delaware, North Carolina, New Hampshire, Tennessee, and Texas. Their GDP per capita was US$4,400 above the US average in 2002 and their growth from 1981 to 2002 nearly 20 percentage points higher, a remarkable achievement given that economic theory and evidence shows that richer states should grow more slowly than poorer states due to the convergence effect noted above.

Figure 7: Average Growth in GDP per Capita and Average Growth in Economic Freedom at an All-Government Level, 1982–2002

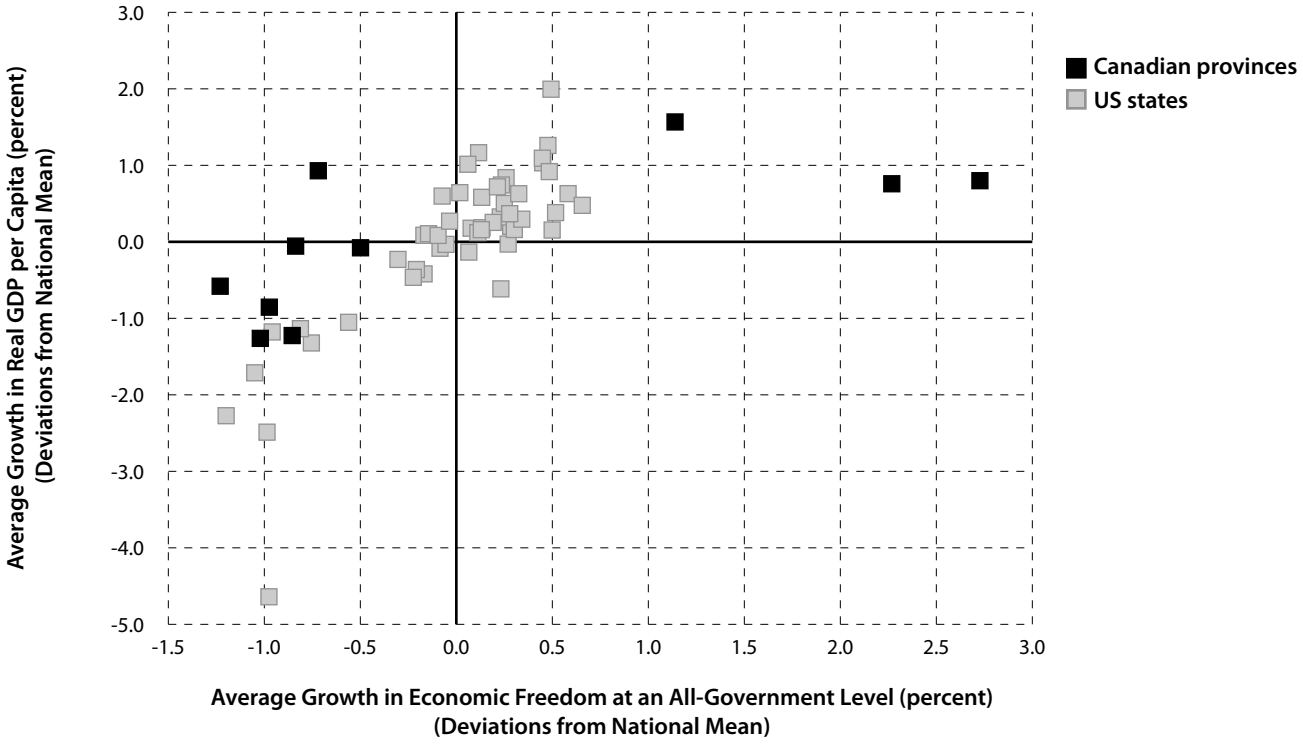


Figure 8: Average Growth in GDP per Capita and Average Growth in Economic Freedom at a Subnational Level, 1982–2002

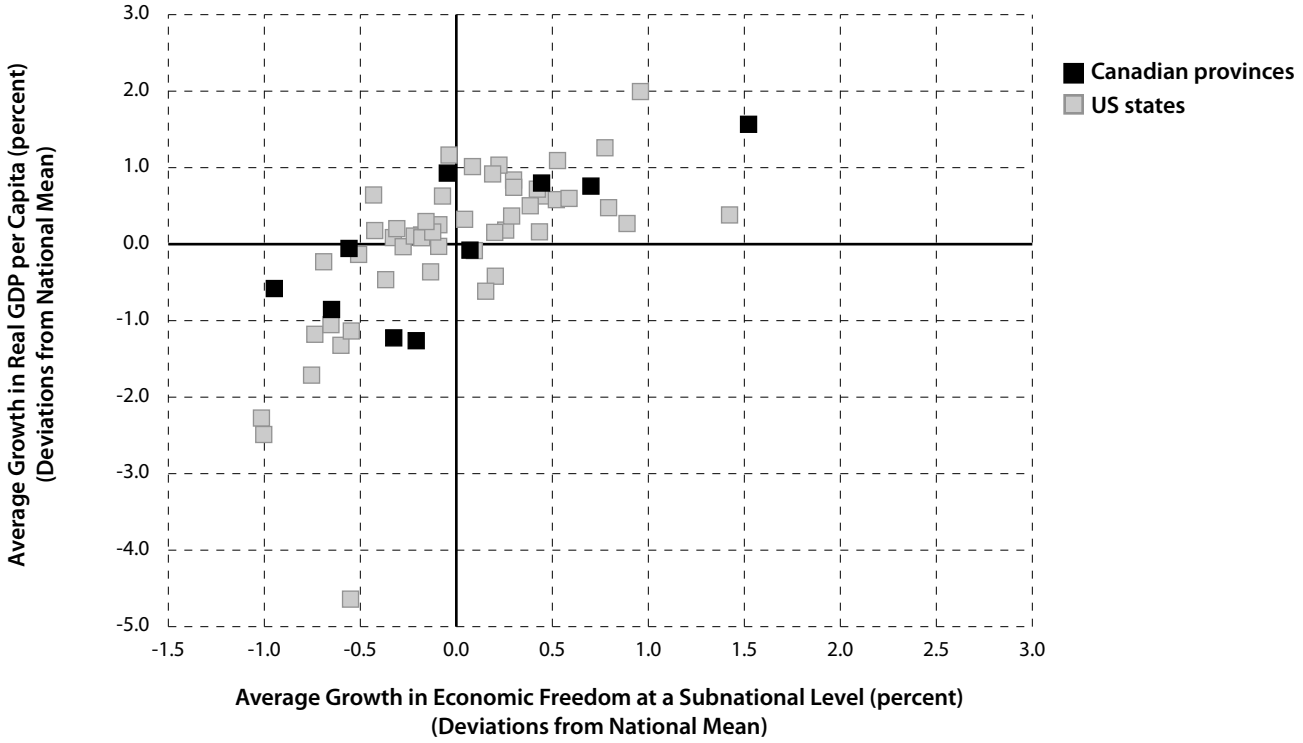


Table 1: Average Economic Freedom Scores at an All-Government Level

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Canada	4.4	4.4	4.4	4.5	4.5	4.5	4.6	4.8	4.9	4.7	4.2	4.1	4.1	4.3	4.5	4.7	4.6	4.7	4.8	5.1	5.1	5.2
United States	5.7	5.8	5.9	6.2	6.2	6.2	6.5	6.9	7.0	7.0	6.6	6.6	6.5	6.5	6.5	6.7	6.6	6.6	6.7	6.6	6.7	6.7
Difference	1.3	1.4	1.5	1.7	1.7	1.7	2.0	2.1	2.1	2.3	2.4	2.6	2.4	2.2	2.0	2.0	2.0	1.9	1.8	1.5	1.5	1.4

Table 2: Average Economic Freedom Scores at a Subnational Level

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Canada	5.0	4.7	4.6	4.7	4.8	4.8	4.8	4.9	5.0	4.8	4.6	4.3	4.4	4.6	4.7	4.9	4.9	5.1	5.3	5.5	5.4	5.4
United States	6.8	6.7	6.7	7.0	7.0	6.9	7.0	7.1	7.1	7.0	6.8	6.7	6.7	6.8	6.8	7.0	7.0	7.0	7.0	7.0	7.0	6.9
Difference	1.9	2.0	2.1	2.2	2.2	2.1	2.2	2.1	2.1	2.3	2.2	2.4	2.3	2.2	2.1	2.1	2.1	2.0	1.8	1.6	1.6	1.5

These indexes measure economic freedom, not growth factors, though the econometric testing does show that economic freedom itself is a powerful growth factor. However, there are exceptions. Among the low-ranked states, Rhode Island and Maine have an average per-capita GDP growth rate that exceeds the national growth rate by almost 20 percentage points. Among the highly rated states, Texas' growth rate lags the national average by nearly 30 percentage points. However, this is at least partly due to the the importance of oil in the Texas economy and the fact that oil prices were extremely high at the beginning of the period under study, 1981, and relatively low at the end of the period under study, 2002.

Overview of the Canadian Results

Canadian provinces consistently have lower scores than US states and thus are clustered near the bottom of the ranking. Alberta is the only province that has consistently done better than at least some states. It ranked 4th at the all-government level and 13th at the subnational level in 2002. Although Alberta's economic freedom declined through the 1980s and early 1990s before recovering after the mid-1990s, in all years it has remained ahead of at least one state, usually West Virginia, in the rankings of both indexes.

Ontario placed ahead of several states at the all-government level in 1981. However, in the late 1980s and early 1990s, Ontario's economic freedom declined sharply. Economic freedom recovered through the mid- and late 1990s but only the scores in 1998 show Ontario regaining the level of economic freedom it had in 1981. Over the same period, average scores in the United States also rose, leaving Ontario further behind the US average than it was two decades ago. Ontario is now behind most of the states in both indexes.

Canadian Fiscal Federalism

The Government of Canada may well be unique in the amount of money it transfers among provinces and regions. For example, in Canada's Atlantic Provinces, the nation's most economically depressed region, *net* federal spending—the difference between federal revenues raised in the region and the amount of federal spending—typically equaled between 20% and 40% of regional GDP during the period under consideration. Although transfers between levels of government occur within the United States, the magnitude of these transfers is much smaller than in Canada.[3]

Inter-regional transfers in Canada create a fiscal drain on "have" regions. This is obvious at the federal level where tax revenues are in effect transferred from "have" to "have-not" provinces but transfers also occur at the provincial level. The federal taxation burden reduces room for provincial taxation in all provinces. This is a significant problem for "have" provinces but not for "have-not" provinces since a considerable portion of federal transfers to "have-not" regions go directly to provincial governments, which are thus more than compensated for the loss of taxation room.

Nonetheless, one would expect—and, indeed, the data confirms—that most of the negative impact of fiscal federalism would be found at the all-government level, which directly includes the impact of federal taxation and transfers. This is unfortunate because it is at the all-government level, which calculates the impact of all governments on economic freedom, where the effects of economic freedom are strongest.

Explaining a Puzzle

Canadian fiscal federalism may help explain a puzzle found in the following discussion of the econometric results. The beneficial effect of economic freedom upon Canadian provinces is considerably weaker than it is upon US states at both the all-government and subnational level. This may be because of the interaction between Canada's fiscal structure, economic freedom, and economic growth. To understand the impact of Canada's fiscal federalism, consider a province that reduces economic freedom by, for example, increasing taxes. This will likely have a negative effect on the provincial economy, as both the following results and international testing show. However, the weaker provincial economy means the province will receive an increase in federal payouts (or a reduction in the fiscal outflow if the province in question is a "have" province). The greater the reduction in economic freedom, the greater the negative impact on the economy and the greater the amount of money the province will receive from the federal government. This inflow of funds will, at least in the short term, partly offset the negative impact on GDP and mute the effect of economic freedom, or its loss, on the economy. (In the longer term, the inflow of funds will also weaken the economy but this effect is likely beyond the time horizon of the tests conducted here.)

On the other hand, if a province increases economic freedom, for example by reducing taxes, and its economy grows, the result is an increased outflow of government revenues to other jurisdictions and a heavier tax burden, given the progressivity of Canadian taxes, which in turn suppresses increases in economic freedom and economic growth. In other words, fiscal federalism mutes the effect of economic freedom in Canada. However, despite the problems created by Canada's fiscal structure, overall, economic freedom still proves to be a powerful stimulant for increasing prosperity in Canada.

Impact of Fiscal Federalism

Unfortunately, Canada's fiscal federalism seems to harm both rich and poor provinces. The discussion above shows how fiscal federalism frustrates the ability of some provinces to improve their economic freedom and, thus, their prosperity. However, the effects are at least as unfortunate in the poorer provinces, where a rich menu of government spending pushes out other economic activity and politicizes the economy. As a result, the rate of convergence of Canada's poorer regions is about a third to a half of the rate of convergence of poor regions in the United States, Europe, and Japan.

The incentives created by fiscal federalism are also damaging. Because fiscal federalism hinders movement towards economic freedom in the provinces and thus weakens the positive impact of economic freedom, the incentive for provinces to increase the freedom of their economies weakens.

Even worse, the elites in "have-not" provinces have incentives to limit economic freedom. Low levels of economic freedom reduce economic activity and increase the flow of federal transfers. These transfers are predominately captured by the political and business elites, meaning they face incentives to keep economic growth low. As well, Canada's system of Employment Insurance (EI) alters the incentives facing many voters, since they can benefit from the structure of the EI system, which also weakens economic growth by removing large segments of the population from the year-round workforce so long as economic activity remains weak.

Notes

1 Note that an exchange rate of 1.57 was used throughout the study.

2 Gwartney and Lawson (2004) show steadily rising scores for Canada and the United States through this period. This is because of variables that can only be examined at the national level, such as price level. Obviously, states and provinces do not have their own independent monetary policy.

3 A discussion of fiscal federalism can be found in McMahon 2000b: chapter 3. The US fiscal structure is discussed in McMahon 2000a: chapter 4.

Chapter 3: The Relationship between Economic Freedom & Economic Well-Being

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

De Haan and Sturm (2000) show that positive and negative changes in economic freedom lead to positive and negative changes in rates of economic growth. Using the index of economic freedom from Gwartney et al. (1996) and per-capita GDP data for 80 countries, their results indicate that, after accounting for education level, investment, and population growth, changes in economic freedom have a significant impact on economic growth. The calculation of the index of the economic freedom of North America allows us to investigate the relationship between economic freedom and prosperity within North America.

To test whether or not there is a positive relationship between economic growth and economic freedom, we use annual observations on each of the variables from 1981 to 2002. We run separate regressions for Canada and the United States to determine if economic freedom has different effects in the two nations. As the data for all US states and all Canadian provinces were used, the study is one of a defined population rather than a random sample of states and provinces, implying that the appropriate estimation technique is the fixed effects, rather than the random effects, model.

Tables 3 and 4 show the regression results of the semi-growth models. Please note that the coefficients on regressions testing the level of GDP and economic freedom represent US dollars. In the regressions for Canadian provinces, these coefficients are translated into Canadian dollars, using the exchange rate in the year 2002.

Average investment share of GDP is missing from the model because investment data for separate US states is not available.[1] The proxy variable for human capital in our model is not statistically significant. Since the investment variable is missing from the model and the proxy variable for human capital is not significant, the data have to be adjusted. The fixed-effects model captures the unobserved or ignorance effects. It does not, however, account for missing relevant variables from a model.

To provide some adjustment for missing relevant variables, the data are transformed into deviations from their national means. In other words, the national mean is subtracted from each of the variables. Although this transformation does not adjust for the omission of the relevant variables completely, to the extent that jurisdictions within a national context are similarly affected by the same economic factors, the transformation—which reveals how each jurisdiction performs in relation to the national average—helps adjust for the impact of the missing relevant variables on other explanatory variables in the model.

The results from the regression analysis in Table 3 indicate that the degree of economic freedom has a substantial impact on per-capita GDP at a subnational and all-government level. As mentioned before, the high-school variable is not significant. The reader should also note the relatively small standard errors for the economic freedom variable, both in the regression results reported here and for those reported in the Sensitivity Analysis section, later in this paper. On the whole, the US results are more statistically significant than the Canadian results, though even the Canadian results typically have a p-value well below 1%, meaning the results, roughly speaking, are statistically significant more than 99 times out of 100. Somewhat lower statistical significance on the Canadian tests may reflect both the nature of Canada's fiscal federalism, which mutes the effects of economic freedom, and the fact there are obviously more data points for 50 states than 10 provinces.

At an all-government level, holding other variables constant, an increase of one point in economic freedom

in a US state will increase that state's per-capita income by US$5,907. An increase of one point in economic freedom in a Canadian province will increase its per-capita GDP by US$2,975 (C$4,671) (we have used 1.57 as the exchange rate). At a subnational level, an increase of one point in economic freedom in a US state will increase its per-capita GDP by US$4,515, whereas an increase of one point in economic freedom in a Canadian province will increase its per-capita GDP by US$2,454 (C$3,853). The earlier discussion on Canada's fiscal federalism—and the negative impact this has on the effects of economic freedom—is a key reason why the effects are stronger in the United States.

For both Canada and the United States, the impact of economic freedom on per-capita GDP is higher at an all-government level than it is at a subnational level. This is the expected result, since the all-government variable captures the impact of restrictions on economic freedom imposed at both the subnational and all-government levels.

While the coefficients may appear quite large, it should be noted that the overall index varies much less than its individual components, so that a one-point overall increase in economic freedom may not be as easy to achieve as might appear at first notice. The difference in scores between the highest and lowest rated state over the full period is only 3.41 points at the all-government level. Thus, a US state would have to improve its score by roughly one third within this range in order to achieve the one point increase required to realize the US$5,907 per-capita gain in income. In Canada, at the all-government level, the range is 4.9. At the subnational level, the range in Canada is 4.4; in the United States, it is 4.0.

Table 4 summarizes the results of the regression analysis used to determine the relationship between growth in economic freedom and growth in per-capita GDP at a subnational and all-government level. The main conclusion of the regression analysis is that growth in economic freedom has a significant impact on the growth in per-capita GDP.

A 1.00% increase in the growth rate of economic freedom in the all-government index (e.g., from 4.00% per year to 4.04% per year), will induce an increase of 1.05% in the growth rate of per-capita GDP for US states and an increase of 0.54% in the growth rate of per-capita GDP for Canadian provinces. A 1.00% increase in the growth rate of economic freedom in the subnational index will induce an increase of 0.75% in the growth rate

Table 3: Level of Economic Freedom and GDP per Capita

Regressions at All-Government Level (ALLG)					*Regressions at Subnational Level (SUBN)*				
Dependent Variable: Real GDP per Capita (1981–2002)					**Dependent Variable: Real GDP per Capita (1981–2002)**				
Method: Pooled Least Squares					**Method: Pooled Least Squares**				
Canada									
Variable	Coefficient	Std. Error	t-Statistic	Prob.	**Variable**	Coefficient	Std. Error	t-Statistic	Prob.
HG	–21.98	44.22	–0.50	0.62	**HG**	–7.98	48.06	–0.17	0.87
ALLG	2975.17	263.57	11.29	0.00	**SUBN**	2454.41	267.76	9.17	0.00
		Adjusted R^2: 0.99					Adjusted R^2: 0.98		
United States									
Variable	Coefficient	Std. Error	t-Statistic	Prob.	**Variable**	Coefficient	Std. Error	t-Statistic	Prob.
HG	38.11	21.24	1.79	0.07	**HG**	17.31	21.83	0.79	0.43
ALLG	5907.23	259.05	22.80	0.00	**SUBN**	4514.67	221.13	20.42	0.00
		Adjusted R^2: 0.98					Adjusted R^2: 0.98		

Notes

Stability testing reveals that regression results in Table 3 are not sensitive to model specification. Exclusion of outliers, Alberta and Alaska, does not change the estimated coefficients on economic freedom or their standard errors significantly.

HG is the number of high school graduates 25 years and older as a percentage of the total population 25 years and older from 1981 to 2002; ALLG is an economic freedom index at an all-government level from 1981 to 2002; SUBN is an economic freedom index at a subnational level from 1981 to 2002.

of per-capita GDP for US states and 0.49% increase in the growth rate for Canadian provinces.

Sensitivity Analysis

In order to determine the stability of the regression results in the Tables 3 and 4, further testing was done using moving averages rather than annual data. These results can be found below. The use of moving averages (reported in Tables 5 and 6) is important. Annual data in regression analysis may lead to misleading results because, depending on the period of study, business cycles may inflate or deflate the estimated coefficients. The data used in the regression analyses in Tables 5 and 6 are smoothed out through use of a moving average, minimizing the impact of business cycles. The variables are the same as before and significance levels remain high. The results are interesting in themselves in that they throw further light on the impact of fiscal federalism and the impact of economic freedom over time.

Results

The results of the regression in Table 5 indicate that the level of economic freedom has a strong impact on per-capita GDP, regardless of period used for calculating the moving averages. Further, the significance of the coefficient stays extremely high, regardless of the number of periods in the moving average, at both subnational and all-government levels. The results are also consistent with the earlier finding that the level of economic freedom has a stronger impact on US states than on the Canadian provinces.

Finally, the pattern differentiating all-government testing from subnational testing remains consistent regardless of period. For both Canada and the United States, the impact of economic freedom at the all-government level is greater than the impact at the subnational level throughout the period under consideration. The regression results in Table 6 indicate that the estimated coefficients on the growth in economic freedom using moving average data are very similar to the regression results using annual data.

Table 4: Growth in Economic Freedom and Growth in GDP per Capita

Regressions at All-Government Level (ALLG)					*Regressions at Subnational Level (SUBN)*				
Dependent Variable: Growth in Real GDP per Capita (1982–2002)					**Dependent Variable: Growth in Real GDP per Capita (1982–2002)**				
Method: Pooled Least Squares					**Method: Pooled Least Squares**				
Canada									
Variable	Coefficient	Std. Error	t-Statistic	Prob.	**Variable**	Coefficient	Std. Error	t-Statistic	Prob.
HGG	–0.07	0.13	–0.59	0.56	**HGG**	0.06	0.14	0.42	0.67
POPG	0.49	0.39	1.24	0.22	**POPG**	0.44	0.36	1.25	0.21
ALLGG	0.54	0.05	11.52	0.00	**SUBNG**	0.49	0.05	9.33	0.00
		Adjusted R^2: 0.43					Adjusted R^2: 0.32		
United States									
Variable	Coefficient	Std. Error	t-Statistic	Prob.	**Variable**	Coefficient	Std. Error	t-Statistic	Prob.
HGG	0.01	0.04	0.33	0.74	**HGG**	0.00	0.04	0.08	0.93
POPG	–0.50	0.10	–4.75	0.00	**POPG**	–0.05	0.11	–0.45	0.66
ALLGG	1.05	0.04	28.02	0.00	**SUBNG**	0.75	0.03	23.92	0.00
		Adjusted R^2: 0.49					Adjusted R^2: 0.42		

Note

Stability testing reveals that regression results in Table 4 are not sensitive to model specification. Exclusion of outliers—New Brunswick, Nova Scotia, and Alaska—does not change the estimated coefficients on economic freedom or their standard errors significantly.

HGG is growth in the number of high-school graduates 25 years and older as a percentage of total population 25 years and older from 1982 to 2002; ALLGG is growth in economic freedom at an all-government level from 1982 to 2002; SUBNG is growth in economic freedom at a subnational level from 1982 to 2002.

The Importance of Economic Freedom

This paper has focused on the measurement of economic freedom and on empirical testing of the impact of economic freedom. However, the reader may wonder why economic freedom is so clearly related to growth and prosperity, a finding not just of this paper but also of many other empirical explorations of economic freedom.

In many ways, this debate goes back to the beginnings of modern economics when Adam Smith famously argued that each of us, freely pursuing our own ends, create the wealth of nations and of the individual citizens. However, the twentieth century was much consumed by a debate about whether planned or free economies produce the best outcomes. The results of the experiments of the twentieth century should be clear. Free economies produced the greatest prosperity in human history for their citizens. Even poverty in these economically free nations would have been considered luxury in unfree economies. This lesson was reinforced by the collapse of centrally planned states and, following this, the consistent refusal of their citizens to return to central planning, regardless of the hardships on the road to freedom. Among developing nations, those that adopted the centrally planned model have only produced lives of misery for their citizens. Those that adopted the economics of competitive markets have begun to share with their citizens the prosperity of advanced market economies.

Table 5: Level of Economic Freedom and GDP per Capita (Moving Averages)

Dependent Variable: Real GDP per Capita (1981–2002)

Method: Pooled Least Squares

	2-period backward moving average		3-period backward moving average		4-period backward moving average		5-period backward moving average		6-period backward moving average	
Canada at an All-Government Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HG	−0.03	0.00	5.09	0.13	−68.30	−1.60	76.83	1.61	92.74	2.24
ALLG	3468.02	12.09	2625.72	10.00	2926.14	10.79	2983.91	10.80	2462.92	8.81
	Adjusted R^2: 0.995		Adjusted R^2: 0.998		Adjusted R^2: 0.999		Adjusted R^2: 0.999		Adjusted R^2: 0.999	
Canada at a Subnational Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HG	55.20	1.08	34.65	0.76	−27.41	−0.66	158.97	3.27	118.77	2.84
SUBN	2862.26	8.85	2556.73	9.32	2564.88	9.43	2230.31	7.81	2147.94	7.71
	Adjusted R^2: 0.993		Adjusted R^2: 0.998		Adjusted R^2: 0.999		Adjusted R^2: 0.999		Adjusted R^2: 0.999	
United States at an All-Government Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HG	28.37	1.24	81.29	3.85	40.90	1.58	95.97	5.07	−16.65	−0.72
ALLG	5737.26	21.57	6181.23	23.20	6699.29	22.34	5285.13	21.27	5744.44	19.61
	Adjusted R^2: 0.993		Adjusted R^2: 0.997		Adjusted R^2: 0.997		Adjusted R^2: 0.999		Adjusted R^2: 0.999	
United States at a Subnational Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HG	10.47	0.44	68.75	3.23	−7.53	−0.28	89.84	4.47	−52.78	−2.22
SUBN	4580.70	19.02	4981.18	21.54	5461.23	19.86	3813.06	17.12	4249.36	16.77
	Adjusted R^2: 0.993		Adjusted R^2: 0.997		Adjusted R^2: 0.997		Adjusted R^2: 0.999		Adjusted R^2: 0.999	

Notes

HG is the number of high-school graduates 25 years and older as a percentage of total population 25 years and older from 1981 to 2002; ALLG is an economic freedom index at an all-government level from 1981 to 2002; SUBN is an economic freedom index at a subnational level from 1981 to 2002.

While these comparisons are extreme examples, from opposite ends of the spectrum of economic freedom, a considerable body of research shows that the relationship between prosperity and economic freedom holds in narrower ranges of the spectrum. While sophisticated econometric testing backs up this relationship, examples are also interesting. So, taking for example two peripheral European nations, the relatively free Ireland does much better than the relatively unfree Greece. In the United States, the relatively free Georgia does much better than the relatively unfree West Virginia. In Canada, an unfree Quebec does much worse than its freer neighbour, Ontario. As with anything in the real world, exceptions can be found but overall the strength of the statistical fit of this relationship is remarkable.

While this is hardly the place to review several centuries of economic debate, the mechanics of economic freedom are easy to understand. Any transaction freely entered into must benefit both parties; any transaction that does not benefit both parties would be rejected by the party that would come up short. This has consequences throughout the economy. Consumers who are

Table 6: Growth in Economic Freedom and Growth in GDP per Capita (Moving Averages)

Dependent Variable: Growth in GDP per Capita GDP (1982–2002)

Method: Pooled Least Squares

	2-period backward moving average		3-period backward moving average		4-period backward moving average		5-period backward moving average		6-period backward moving average	
Canada at an All-Government Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HGG	−0.15	−0.95	−0.11	−0.92	−0.20	−1.66	0.06	0.43	−0.02	−0.12
POPG	1.11	2.62	−0.60	−1.03	0.65	1.40	0.88	1.95	0.98	2.08
ALLGG	0.58	10.71	0.41	9.33	0.50	10.14	0.50	10.00	0.50	9.05
	Adjusted R^2: 0.583		Adjusted R^2: 0.760		Adjusted R^2: 0.817		Adjusted R^2: 0.847		Adjusted R^2: 0.843	
Canada at a Subnational Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HGG	−0.06	−0.34	−0.01	−0.09	−0.25	−1.94	0.11	0.73	0.10	0.74
POPG	0.98	2.21	−0.34	−0.64	1.22	3.35	0.93	2.64	0.89	2.54
SUBNG	0.54	8.57	0.37	7.35	0.49	9.29	0.42	8.09	0.43	8.39
	Adjusted R^2: 0.516		Adjusted R^2: 0.727		Adjusted R^2: 0.790		Adjusted R^2: 0.828		Adjusted R^2: 0.847	
United States at an All-Government Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HGG	−0.02	−0.49	0.08	2.49	−0.07	−1.56	0.09	2.48	−0.05	−1.37
POPG	−0.36	−2.46	0.05	0.33	−0.32	−2.29	0.06	0.45	−0.03	−0.02
ALLGG	0.98	25.70	1.04	27.67	1.20	27.85	0.95	23.85	0.92	21.66
	Adjusted R^2: 0.672		Adjusted R^2: 0.813		Adjusted R^2: 0.836		Adjusted R^2: 0.894		Adjusted R^2: 0.901	
United States at a Subnational Level										
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
HGG	−0.06	−1.26	0.09	2.48	−0.11	−2.58	0.14	3.70	−0.08	−2.03
POPG	0.31	2.20	0.51	3.09	0.27	1.85	0.40	2.84	0.40	2.92
SUBNG	0.80	22.16	0.74	22.57	0.74	20.39	0.63	18.05	0.59	16.97
	Adjusted R^2: 0.626		Adjusted R^2: 0.760		Adjusted R^2: 0.786		Adjusted R^2: 0.851		Adjusted R^2: 0.866	

Notes

HGG is growth in the number of high-school graduates 25 years and older as a percentage of total population 25 years and older from 1982 to 2002; ALLGG is growth in economic freedom at an all-government level from 1982 to 2002; SUBNG is growth in economic freedom at a subnational level from 1982 to 2002.

free to choose will only be attracted by superior quality and price. A producer must constantly improve its price and quality to meet customer demands or customers will not freely enter into transactions with the producer. Many billions of mutually beneficial transactions occur every day, powering the dynamic that spurs increased productivity and wealth throughout the economy.

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

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

Conclusion

The worldwide evidence on economic freedom suggests that the Canadian provinces are poorly positioned to take advantage of economic opportunity. The provinces are clustered near the bottom of the rankings in all three areas, indicating that their governments have consumed and transferred more resources, imposed higher tax rates, and created more rigid labor markets than the governments of US states.

The regression analyses indicate that growth in economic freedom and the level of economic freedom have a significant impact on the growth in per-capita GDP and the level of per-capita GDP. Since Canadian provinces have relatively low levels of economic freedom, Canadians are likely to continue to experience lower standards of living relative to American states. Only two provinces, Alberta and Ontario, have high levels of economic freedom in the Canadian context, and their residents have seen the benefits of this.

Note

1 As already mentioned, the omission of the investment variable does not seriously affect the coefficients on economic freedom. We tested the impact of the exclusion of the investment variable from the model of Mankiw, Romer, and Weil (1992) enhanced by a variable for economic freedom from *Economic Freedom of the World*. The exclusion does not change the estimated coefficients on economic freedom nor their standard errors significantly.

Chapter 4: Detailed Tables

The following tables provide more information on economic freedom in the provinces and states at both the all-government and subnational levels. The first two tables provide a detailed summary of the scores for 2002. The remaining tables provide historical information both for the overall index and for each of Area 1. Size of Government; Area 2. Takings and Discriminatory Taxation; Area 3. Labor Market Freedom.

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Detailed Table 1: Scores on All-Government Index (2002)

	Overall Index	Area 1	Area 2	Area 3	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C
Alberta	7.4	8.6	6.9	6.8	8.4	8.3	9.1	6.0	5.5	9.0	7.0	8.4	8.2	3.8
British Columbia	5.3	7.2	4.3	4.5	6.6	7.2	7.8	3.3	4.5	6.3	3.2	4.6	6.7	2.2
Manitoba	4.9	6.6	3.8	4.3	6.0	6.1	7.9	3.1	3.5	5.2	3.4	5.8	3.5	3.5
New Brunswick	4.8	5.7	3.8	5.0	4.7	6.4	5.9	3.2	3.5	5.8	2.7	5.5	5.0	4.6
Newfoundland	4.9	5.7	4.6	4.3	4.8	6.9	5.5	5.0	2.5	8.0	3.1	6.6	3.2	3.0
Nova Scotia	4.8	5.6	3.8	5.1	3.9	6.7	6.3	2.7	3.5	6.1	2.8	5.8	4.8	4.7
Ontario	5.9	8.0	4.0	5.8	7.7	8.0	8.4	2.6	3.5	6.1	3.7	6.5	7.8	3.2
Prince Edward Island	4.2	4.7	3.3	4.6	3.6	5.9	4.7	2.2	3.5	6.5	1.1	5.2	4.1	4.4
Quebec	4.6	6.8	2.7	4.2	6.3	6.4	7.5	1.2	2.5	4.3	3.0	5.3	6.2	1.2
Saskatchewan	5.1	6.5	4.4	4.5	6.2	5.1	8.0	4.0	4.5	5.0	4.1	6.4	3.6	3.5
Alabama	6.3	5.6	6.3	7.0	5.6	7.8	3.5	6.9	5.0	6.3	7.0	6.4	6.8	7.7
Alaska	6.2	5.6	7.3	5.7	4.1	5.6	7.1	8.3	6.0	5.5	9.2	8.4	2.8	6.0
Arizona	7.1	7.3	6.2	7.7	7.6	8.7	5.5	6.8	5.0	7.0	6.1	7.1	8.1	7.9
Arkansas	6.3	5.8	5.7	7.3	6.8	7.0	3.6	6.5	4.0	6.5	5.8	6.0	7.8	8.1
California	6.7	7.6	5.8	6.6	7.4	8.8	6.6	5.7	3.0	7.0	7.3	6.7	8.1	5.1
Colorado	7.5	8.1	6.6	7.9	8.1	9.3	6.9	6.5	5.0	7.6	7.3	8.2	7.8	7.6
Connecticut	6.8	7.9	5.4	7.2	7.9	9.1	6.8	4.1	5.0	4.6	7.8	7.8	8.4	5.2
Delaware	8.4	9.0	8.3	8.0	9.9	9.5	7.6	10.0	4.0	9.4	9.9	9.0	8.4	6.5
Florida	6.8	7.0	5.5	7.8	7.4	9.1	4.5	5.2	6.0	4.4	6.5	7.0	9.0	7.3
Georgia	7.4	7.8	6.6	7.9	8.0	8.9	6.6	7.3	4.0	7.9	7.1	7.7	7.9	7.9
Hawaii	6.0	6.4	5.8	5.9	5.6	8.5	5.2	6.6	4.0	6.9	5.6	7.1	5.6	4.9
Idaho	6.6	6.6	6.0	7.2	6.8	7.9	5.1	6.6	4.0	5.8	7.5	6.5	7.1	8.0
Illinois	7.0	7.9	6.0	7.0	8.5	8.9	6.2	5.9	5.0	5.2	8.0	8.0	8.5	4.6
Indiana	7.1	7.5	6.5	7.3	7.9	8.7	6.0	6.9	5.0	6.4	7.8	7.3	8.8	5.8
Iowa	6.8	6.9	6.3	7.3	7.8	7.4	5.4	7.0	5.0	5.7	7.5	7.4	8.1	6.4
Kansas	6.7	7.1	5.9	7.2	7.4	8.2	5.5	6.4	4.0	6.2	6.9	7.3	6.1	8.3
Kentucky	6.5	6.3	6.1	7.1	6.7	7.9	4.3	6.7	4.0	5.9	7.7	6.8	7.5	7.2
Louisiana	6.4	6.3	5.9	6.9	6.6	7.5	4.9	6.7	5.0	6.3	5.7	6.7	5.8	8.3
Maine	5.8	6.0	4.8	6.7	6.0	7.7	4.2	4.9	4.0	3.1	7.1	6.1	7.9	6.1
Maryland	6.5	6.8	5.7	7.0	5.6	9.1	5.6	4.8	5.0	4.5	8.3	7.9	7.0	6.2
Massachusetts	7.1	7.7	6.4	7.3	8.1	8.7	6.4	5.3	5.0	6.8	8.4	7.5	9.1	5.4
Michigan	6.8	7.4	6.2	6.8	7.8	8.8	5.6	6.3	5.0	6.3	7.2	7.6	8.4	4.3
Minnesota	7.0	7.8	5.9	7.3	8.2	8.6	6.5	6.0	4.0	5.9	7.7	8.2	8.7	5.0
Mississippi	5.6	4.8	5.4	6.6	4.7	6.6	3.2	6.1	5.0	4.6	6.0	5.4	5.6	8.8
Missouri	6.8	6.8	6.3	7.2	7.0	8.1	5.2	6.7	5.0	6.3	7.3	7.3	8.0	6.2
Montana	5.5	4.9	5.2	6.4	6.0	5.5	3.3	5.5	4.0	1.5	9.7	5.9	6.5	6.7
Nebraska	6.9	7.3	6.1	7.4	8.3	7.4	6.1	6.9	4.0	6.1	7.5	7.6	7.5	7.2
Nevada	7.3	8.3	6.1	7.5	8.8	9.6	6.3	6.4	6.0	5.3	6.8	7.9	9.6	4.9
New Hampshire	7.3	8.0	6.2	7.8	8.7	9.0	6.3	5.3	6.0	3.7	9.6	7.8	9.2	6.3
New Jersey	6.8	8.0	5.2	7.2	8.4	9.3	6.4	4.8	4.0	4.0	8.1	8.6	8.4	4.6
New Mexico	5.5	5.0	4.8	6.7	3.7	6.9	4.4	6.1	4.0	3.1	6.1	6.6	4.2	9.5
New York	6.2	7.0	5.1	6.5	7.3	8.0	5.8	4.3	4.0	4.6	7.4	8.3	7.5	3.7
North Carolina	7.5	7.6	7.0	8.0	8.3	8.7	5.9	7.9	4.0	8.0	8.0	7.7	7.4	8.9
North Dakota	5.9	5.0	5.8	7.0	6.4	3.2	5.3	6.6	5.0	3.9	7.5	7.0	5.6	8.5
Ohio	6.6	7.0	5.8	7.0	7.7	8.6	4.8	6.1	4.0	5.5	7.6	7.4	8.3	5.3
Oklahoma	6.1	5.9	5.5	6.9	6.0	7.8	3.8	6.0	4.0	5.2	6.7	6.2	6.5	7.8
Oregon	6.5	6.7	6.4	6.5	7.0	8.5	4.5	6.2	5.0	4.8	9.7	5.9	7.9	5.8
Pennsylvania	6.8	6.8	6.2	7.3	7.2	8.6	4.6	5.9	6.0	5.1	7.8	7.6	9.2	5.1
Rhode Island	5.9	6.4	4.6	6.8	6.9	7.8	4.6	4.9	3.0	2.9	7.4	6.6	9.1	4.8
South Carolina	6.7	6.4	6.1	7.4	6.7	8.3	4.3	7.0	4.0	5.9	7.5	6.7	6.9	8.7
South Dakota	6.8	6.4	6.6	7.6	7.9	5.7	5.6	7.4	6.0	6.1	6.8	7.3	7.0	8.4
Tennessee	7.1	7.1	6.8	7.5	7.4	8.3	5.4	7.6	6.0	7.0	6.4	7.3	8.3	6.9
Texas	7.4	7.9	6.4	7.8	8.1	9.0	6.7	7.0	6.0	5.5	7.2	7.7	7.7	8.2
Utah	7.3	7.6	6.9	7.4	7.3	8.8	6.5	7.7	5.0	8.1	6.8	7.0	6.8	8.4
Vermont	6.2	6.6	4.9	7.0	6.7	7.4	5.7	5.3	3.0	2.9	8.4	6.0	8.3	6.9
Virginia	7.1	6.9	6.7	7.7	5.6	9.3	5.8	6.8	5.0	6.5	8.5	8.1	6.6	8.4
Washington	6.5	7.3	5.8	6.3	7.6	8.8	5.6	5.8	6.0	6.2	5.3	6.5	6.9	5.5
West Virginia	5.1	4.2	4.6	6.4	5.6	7.1	0.0	5.1	4.0	1.9	7.4	5.7	6.4	7.1
Wisconsin	6.7	7.3	5.7	7.2	8.0	8.7	5.4	6.0	4.0	5.3	7.4	7.6	8.5	5.5
Wyoming	6.7	7.1	5.9	7.2	7.4	7.7	6.2	6.2	6.0	4.6	6.7	8.3	4.1	9.2

Detailed Table 2: Scores on Subnational Index (2002)

	Overall Index	Area 1	Area 2	Area 3	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C
Alberta	7.4	7.6	8.4	6.1	6.6	8.3	7.9	7.9	7.0	9.4	9.5	6.8	7.6	3.8
British Columbia	5.4	6.2	6.2	3.9	4.2	7.5	6.9	4.7	6.5	8.3	5.2	3.7	5.8	2.2
Manitoba	5.1	6.6	5.1	3.4	3.8	7.6	8.5	3.3	5.0	7.5	4.8	4.6	2.2	3.5
New Brunswick	5.4	6.0	5.6	4.4	2.9	7.5	7.8	4.3	5.5	8.4	4.2	4.4	4.3	4.6
Newfoundland	5.2	6.4	5.6	3.4	2.2	8.3	8.7	5.1	4.0	9.2	4.2	5.3	2.0	3.0
Nova Scotia	5.5	6.7	5.3	4.6	3.7	8.0	8.4	3.7	4.5	8.4	4.4	4.7	4.6	4.7
Ontario	6.0	7.2	5.5	5.4	6.2	8.0	7.4	4.0	5.0	7.7	5.2	5.2	7.7	3.2
Prince Edward Island	5.1	6.0	4.8	4.4	2.1	7.6	8.3	3.9	4.0	9.1	2.3	4.2	4.5	4.4
Quebec	4.5	5.9	4.2	3.6	4.6	6.3	6.8	1.5	4.0	6.7	4.4	4.3	5.3	1.2
Saskatchewan	4.8	5.8	5.2	3.5	3.5	6.2	7.6	3.6	5.0	6.7	5.5	5.2	1.9	3.5
Alabama	7.2	5.9	7.7	8.0	4.8	6.0	6.9	7.6	8.0	9.2	6.1	10.0	6.4	7.7
Alaska	6.0	4.4	8.4	5.3	1.3	7.2	4.7	7.9	10.0	6.4	9.1	6.8	3.0	6.0
Arizona	7.9	7.8	7.2	8.6	7.1	8.6	7.6	7.1	8.0	9.0	4.7	10.0	7.8	7.9
Arkansas	6.7	6.9	6.5	6.7	5.0	8.5	7.3	6.4	6.0	9.5	4.3	4.9	7.2	8.1
California	6.1	6.1	6.1	6.0	5.6	7.1	5.5	6.0	4.0	8.1	6.4	5.4	7.5	5.1
Colorado	7.6	7.9	7.5	7.3	6.9	9.7	7.1	7.6	7.0	9.1	6.4	6.6	7.7	7.6
Connecticut	6.9	7.4	7.0	6.4	6.9	8.8	6.5	6.4	7.0	7.6	7.1	6.3	7.8	5.2
Delaware	8.4	8.8	9.1	7.2	8.5	9.4	8.5	9.8	7.5	9.3	9.9	7.2	7.8	6.5
Florida	8.0	7.8	7.4	8.7	6.3	9.1	8.0	7.0	10.0	7.2	5.3	10.0	8.7	7.3
Georgia	7.5	7.9	7.4	7.3	7.1	8.8	7.9	7.7	6.0	9.7	6.1	6.2	7.8	7.9
Hawaii	6.1	6.5	6.0	5.7	5.1	8.5	6.0	5.8	5.0	9.3	4.0	5.7	6.6	4.9
Idaho	6.6	6.9	6.4	6.6	5.3	8.7	6.8	6.3	5.0	7.7	6.7	5.2	6.5	8.0
Illinois	7.1	7.2	7.3	6.8	6.9	8.8	5.8	6.7	8.0	7.2	7.5	7.7	8.0	4.6
Indiana	7.4	7.9	7.8	6.6	6.0	9.3	8.4	7.4	8.0	8.7	7.1	5.9	8.2	5.8
Iowa	7.0	7.2	7.2	6.5	5.5	8.7	7.3	6.8	7.5	7.9	6.7	5.9	7.2	6.4
Kansas	7.1	7.4	6.7	7.1	5.9	8.6	7.6	6.6	6.0	8.5	5.9	7.9	5.0	8.3
Kentucky	6.8	6.8	7.0	6.5	5.7	8.5	6.1	6.4	6.0	8.4	7.0	5.4	7.0	7.2
Louisiana	6.9	6.2	6.8	7.6	5.0	7.6	6.0	6.2	8.5	8.5	4.2	10.0	4.7	8.3
Maine	5.9	6.0	5.3	6.2	3.8	7.4	7.0	3.9	5.0	6.1	6.2	4.9	7.7	6.1
Maryland	7.2	7.3	7.2	7.1	6.4	8.4	7.1	5.8	7.0	8.1	7.8	6.3	8.8	6.2
Massachusetts	7.2	7.4	7.5	6.8	7.2	9.1	5.9	6.8	7.0	8.2	7.9	6.0	8.8	5.4
Michigan	6.8	6.9	7.3	6.0	5.5	9.2	6.1	6.6	8.0	8.5	6.3	6.1	7.7	4.3
Minnesota	6.6	6.5	6.6	6.6	5.8	7.9	5.9	6.1	5.5	8.0	7.0	6.7	8.1	5.0
Mississippi	6.7	6.0	6.2	7.8	3.0	8.9	6.2	5.6	7.0	7.7	4.6	10.0	4.6	8.8
Missouri	7.2	7.4	7.6	6.6	6.5	8.5	7.1	7.2	8.0	8.8	6.5	5.9	7.7	6.2
Montana	6.2	6.0	6.7	6.0	3.7	8.5	5.7	5.6	6.5	5.0	9.9	4.8	6.4	6.7
Nebraska	7.3	8.2	6.9	6.7	6.4	9.3	8.8	6.8	6.0	8.0	6.7	6.1	6.8	7.2
Nevada	7.5	8.2	7.4	6.9	7.5	9.7	7.6	7.0	10.0	6.8	5.7	6.3	9.5	4.9
New Hampshire	7.9	8.3	8.4	7.1	7.3	9.0	8.5	7.8	10.0	5.9	9.8	6.2	8.8	6.3
New Jersey	6.8	7.3	6.7	6.5	6.7	9.3	5.9	6.1	6.5	6.8	7.4	6.9	7.9	4.6
New Mexico	6.1	5.7	6.2	6.4	3.6	7.2	6.3	6.0	5.5	8.4	4.8	6.1	3.6	9.5
New York	5.9	5.6	6.1	5.9	4.5	8.1	4.1	4.2	6.0	7.7	6.6	7.3	6.7	3.7
North Carolina	7.5	7.5	7.7	7.3	6.6	8.5	7.4	7.9	6.0	9.4	7.4	6.2	6.7	8.9
North Dakota	6.8	7.2	6.9	6.4	4.6	9.3	7.7	6.2	8.0	6.5	6.8	5.6	5.1	8.5
Ohio	6.3	5.7	6.5	6.6	5.7	7.8	3.8	5.4	6.0	7.6	6.9	6.7	7.8	5.3
Oklahoma	6.5	6.7	6.5	6.4	4.6	9.2	6.5	6.1	6.0	8.4	5.6	5.0	6.3	7.8
Oregon	6.3	5.4	7.5	5.9	4.1	8.7	3.5	6.3	7.0	6.8	9.8	4.7	7.3	5.8
Pennsylvania	7.0	6.7	7.7	6.8	5.8	8.7	5.6	6.6	9.0	7.9	7.2	6.1	9.2	5.1
Rhode Island	5.8	5.3	5.7	6.4	4.8	7.1	4.0	5.0	5.0	6.3	6.6	5.3	9.1	4.8
South Carolina	7.2	6.4	7.0	8.2	4.8	8.3	6.3	7.1	6.0	8.2	6.8	10.0	5.9	8.7
South Dakota	7.7	8.1	8.0	7.0	6.7	9.2	8.2	8.1	10.0	8.1	5.7	5.8	6.8	8.4
Tennessee	8.1	7.7	8.3	8.3	6.4	8.8	8.0	8.7	10.0	9.4	5.1	10.0	8.0	6.9
Texas	7.8	8.0	7.8	7.6	7.2	9.3	7.5	7.7	10.0	7.2	6.2	7.5	7.1	8.2
Utah	7.3	7.2	7.6	7.0	5.8	8.3	7.5	7.3	8.0	9.5	5.7	5.7	6.9	8.4
Vermont	6.4	6.5	6.2	6.5	4.3	7.0	8.2	5.7	5.0	6.1	8.0	4.8	7.9	6.9
Virginia	7.9	8.3	7.9	7.5	7.3	9.2	8.2	7.9	7.0	8.7	8.0	6.5	7.4	8.4
Washington	6.3	6.4	6.9	5.7	6.4	7.8	4.9	6.5	10.0	7.6	3.6	5.2	6.4	5.5
West Virginia	5.1	3.9	5.5	5.9	3.4	8.2	0.0	3.6	6.5	5.2	6.7	4.6	6.1	7.1
Wisconsin	6.5	6.3	6.7	6.5	5.5	8.4	5.0	5.7	7.0	7.6	6.6	6.1	7.8	5.5
Wyoming	6.8	7.0	7.1	6.3	5.1	9.4	6.7	6.4	10.0	6.2	5.6	6.6	3.1	9.2

Detailed Table 3: Overall Scores on All-Government Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	6.9	6.8	6.5	6.5	6.7	6.4	6.3	6.6	6.5	6.5
British Columbia	5.1	4.8	4.7	4.9	5.1	5.1	5.4	5.7	5.6	5.4
Manitoba	5.0	4.5	4.3	4.8	4.6	4.4	4.2	4.5	4.7	4.7
New Brunswick	2.4	3.3	3.7	3.9	3.9	4.1	4.3	4.6	4.6	4.2
Newfoundland	3.4	3.4	3.1	3.2	3.2	3.3	3.3	3.6	3.6	3.3
Nova Scotia	2.6	3.3	3.5	3.7	3.6	3.9	4.1	4.4	4.4	4.2
Ontario	5.5	5.5	5.6	5.7	5.6	5.6	5.6	5.8	5.8	5.4
Prince Edward Island	3.9	3.8	4.1	3.9	3.7	3.9	3.9	4.2	4.2	3.9
Quebec	4.0	3.8	3.9	4.1	4.1	4.2	4.2	4.5	4.5	4.3
Saskatchewan	4.9	4.8	4.7	4.8	4.8	4.5	4.4	4.5	4.7	4.7
Alabama	5.3	5.4	5.7	5.9	5.9	6.0	6.5	6.9	6.8	6.8
Alaska	6.6	6.8	6.9	7.1	7.2	6.6	7.4	7.4	7.5	7.4
Arizona	5.7	5.7	6.0	6.2	6.2	6.3	6.5	6.9	6.8	6.7
Arkansas	5.5	5.5	5.7	6.1	5.9	6.0	6.3	6.8	6.9	6.8
California	5.8	5.8	6.0	6.2	6.2	6.4	6.7	7.1	7.1	7.2
Colorado	6.2	6.3	6.5	6.7	6.7	6.6	6.8	7.1	7.1	7.1
Connecticut	5.7	6.0	6.2	6.5	6.5	6.7	7.0	7.4	7.4	7.6
Delaware	6.5	6.6	6.8	7.0	7.1	7.2	7.5	8.0	8.2	8.2
Florida	5.4	5.7	5.9	6.2	6.2	6.3	6.7	7.0	7.0	6.9
Georgia	6.0	6.1	6.3	6.7	6.8	6.9	7.2	7.6	7.6	7.6
Hawaii	5.3	5.4	5.5	5.7	5.7	5.9	6.2	6.5	6.6	6.8
Idaho	5.7	5.7	5.9	6.1	5.9	5.8	6.0	6.5	6.6	6.6
Illinois	5.8	5.9	6.1	6.5	6.5	6.6	6.9	7.3	7.4	7.4
Indiana	5.8	5.9	6.1	6.3	6.3	6.5	6.8	7.2	7.3	7.3
Iowa	5.7	5.7	5.8	6.2	6.1	6.0	6.3	6.7	6.8	6.8
Kansas	5.9	6.0	6.1	6.3	6.3	6.3	6.5	6.8	6.9	7.0
Kentucky	5.7	5.8	5.9	6.3	6.3	6.2	6.7	7.1	7.1	7.0
Louisiana	7.0	7.0	7.0	7.3	7.3	7.0	7.2	7.7	7.6	7.7
Maine	4.7	4.9	5.0	5.3	5.4	5.6	5.8	6.5	6.4	6.4
Maryland	4.9	5.0	5.3	5.6	5.7	6.0	6.4	6.8	6.8	6.9
Massachusetts	5.5	5.7	5.9	6.3	6.5	6.6	7.0	7.4	7.4	7.4
Michigan	5.2	5.3	5.5	5.9	6.0	6.0	6.3	6.7	6.8	6.7
Minnesota	5.8	5.8	5.9	6.3	6.2	6.3	6.4	6.8	6.8	6.9
Mississippi	5.1	5.1	5.3	5.6	5.7	5.7	6.1	6.4	6.4	6.4
Missouri	5.5	5.7	5.9	6.2	6.2	6.4	6.7	7.2	7.3	7.3
Montana	5.5	5.5	5.6	5.6	5.1	5.2	5.5	5.6	5.7	5.6
Nebraska	6.0	6.0	6.1	6.5	6.4	6.4	6.6	6.9	7.0	7.2
Nevada	5.9	6.1	6.3	6.4	6.4	6.5	6.9	7.4	7.4	7.5
New Hampshire	5.7	6.0	6.2	6.6	6.8	6.9	7.4	7.7	7.6	7.6
New Jersey	5.3	5.5	5.7	6.0	6.1	6.3	6.5	7.1	7.2	7.2
New Mexico	5.7	5.8	5.8	6.0	5.9	5.7	5.8	5.9	6.1	6.0
New York	5.3	5.4	5.5	5.7	5.8	5.9	6.2	6.7	6.7	6.8
North Carolina	6.3	6.3	6.6	6.8	6.9	7.0	7.3	7.8	7.8	7.8
North Dakota	6.0	6.1	6.1	6.2	6.0	5.6	5.6	5.7	5.9	6.1
Ohio	5.5	5.6	5.7	6.1	6.1	6.1	6.4	6.8	6.9	6.9
Oklahoma	6.4	6.4	6.4	6.7	6.7	6.3	6.6	6.9	6.8	6.8
Oregon	5.2	5.2	5.4	5.6	5.6	5.7	5.9	6.4	6.4	6.3
Pennsylvania	5.0	5.2	5.4	5.8	5.9	6.0	6.4	6.8	6.7	6.9
Rhode Island	4.9	4.9	5.1	5.4	5.6	5.7	5.9	6.5	6.5	6.5
South Carolina	5.6	5.7	5.9	6.3	6.3	6.4	6.8	7.3	7.3	7.2
South Dakota	5.5	5.7	5.9	6.2	6.2	6.2	6.5	6.8	6.8	6.9
Tennessee	5.6	5.9	6.1	6.4	6.5	6.5	7.0	7.4	7.4	7.3
Texas	7.0	7.2	7.3	7.5	7.4	7.2	7.4	7.8	7.7	7.8
Utah	5.6	5.8	5.9	6.1	6.3	6.2	6.3	6.7	6.8	6.9
Vermont	5.3	5.4	5.6	5.8	5.8	6.0	6.3	6.9	7.0	7.1
Virginia	5.5	5.6	5.8	6.2	6.3	6.5	6.8	7.1	7.2	7.2
Washington	5.1	5.4	5.6	5.8	5.7	5.7	6.0	6.4	6.4	6.5
West Virginia	4.6	4.6	4.5	4.9	5.0	5.1	5.3	5.9	6.0	5.9
Wisconsin	5.4	5.4	5.5	5.8	5.9	5.9	6.2	6.7	6.7	6.8
Wyoming	7.0	7.0	7.0	6.9	6.9	6.6	6.8	7.3	7.3	7.5

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
6.1	6.0	6.2	6.6	6.8	7.0	7.0	6.9	7.0	7.5	7.5	7.4	4
4.9	4.9	4.8	4.9	4.9	4.8	4.8	4.8	5.0	5.2	5.3	5.3	52
4.1	4.1	4.1	4.3	4.4	4.7	4.7	4.8	4.7	4.8	4.9	4.9	55
3.7	3.7	3.9	4.0	4.3	4.3	4.4	4.6	4.8	4.8	5.0	4.8	57
2.8	2.3	2.4	2.7	3.1	3.0	3.0	3.4	3.8	4.4	4.4	4.9	55
3.9	3.7	3.6	3.6	4.0	4.1	4.1	4.2	4.3	4.6	4.8	4.8	57
5.1	4.9	4.9	5.0	5.2	5.3	5.3	5.5	5.6	5.9	5.9	5.9	45
3.4	3.4	3.5	3.6	3.8	4.0	3.6	3.9	3.9	4.0	4.0	4.2	60
3.8	3.7	3.8	4.0	4.0	4.1	4.1	4.1	4.3	4.5	4.5	4.6	59
4.2	4.0	4.1	4.6	4.8	5.2	5.0	4.9	5.0	5.3	5.2	5.1	53
6.4	6.5	6.4	6.3	6.3	6.5	6.4	6.5	6.4	6.3	6.3	6.3	38
6.5	6.7	6.5	6.5	6.5	6.9	6.7	6.0	6.2	6.3	6.3	6.2	40
6.4	6.6	6.4	6.5	6.6	6.8	6.7	7.1	7.1	7.0	7.1	7.1	10
6.6	6.5	6.4	6.4	6.4	6.6	6.5	6.5	6.4	6.4	6.3	6.3	38
6.8	6.7	6.6	6.5	6.6	6.6	6.6	6.6	6.7	6.6	6.7	6.7	26
6.8	6.9	6.9	6.9	7.1	7.2	7.2	7.4	7.4	7.4	7.5	7.5	2
7.3	7.1	6.9	6.8	6.9	7.0	6.9	6.9	6.8	6.9	6.9	6.8	18
8.0	7.9	7.9	7.9	7.9	8.0	7.9	8.2	8.3	8.3	8.4	8.4	1
6.5	6.5	6.4	6.2	6.3	6.4	6.2	6.4	6.5	6.5	6.6	6.8	18
7.3	7.3	7.2	7.1	7.2	7.3	7.3	7.5	7.5	7.5	7.4	7.4	4
6.6	6.6	6.3	6.1	6.2	6.2	6.0	5.9	6.0	5.9	6.1	6.0	44
6.2	6.3	6.4	6.5	6.6	6.6	6.4	6.3	6.4	6.4	6.5	6.6	31
7.1	7.1	7.0	6.9	6.9	7.0	7.0	7.1	7.1	7.0	7.1	7.0	15
6.9	7.0	7.0	6.9	7.0	7.2	7.1	7.2	7.2	7.2	7.2	7.1	10
6.6	6.6	6.6	6.6	6.5	6.8	6.7	6.7	6.7	6.7	6.8	6.8	18
6.6	6.7	6.5	6.4	6.5	6.7	6.7	6.7	6.7	6.7	6.7	6.7	26
6.6	6.8	6.7	6.7	6.6	6.7	6.6	6.7	6.8	6.5	6.5	6.5	33
7.2	6.9	6.7	6.9	6.9	7.1	7.0	6.6	6.8	6.9	6.7	6.4	37
5.9	5.8	5.7	5.6	5.7	5.8	5.6	5.5	5.7	5.6	5.8	5.8	48
6.5	6.3	6.3	6.1	6.1	6.4	6.2	6.3	6.4	6.3	6.4	6.5	33
7.0	6.9	6.8	6.8	6.8	6.9	6.9	7.0	7.1	6.9	7.0	7.1	10
6.3	6.3	6.3	6.4	6.4	6.5	6.5	6.9	6.9	6.8	6.8	6.8	18
6.5	6.6	6.5	6.5	6.4	6.6	6.6	6.8	6.9	6.8	6.9	7.0	15
6.1	6.0	6.1	6.1	6.1	6.1	6.0	6.0	5.9	5.7	5.7	5.6	49
7.0	6.9	6.7	6.7	6.8	6.8	6.8	6.9	6.8	6.8	6.8	6.8	18
5.5	5.3	5.3	5.2	5.3	5.4	5.3	5.4	5.2	5.4	5.5	5.5	50
6.9	7.0	6.8	7.0	7.0	7.2	6.9	7.0	7.0	6.9	7.0	6.9	17
7.1	7.0	7.0	6.9	6.9	6.9	6.9	7.1	7.1	7.1	7.2	7.3	7
7.3	7.0	7.0	7.0	7.1	7.4	7.3	7.2	7.2	7.0	7.2	7.3	7
6.8	6.5	6.5	6.4	6.5	6.6	6.6	6.6	6.7	6.6	6.7	6.8	18
6.0	6.0	6.2	6.3	6.1	6.2	6.2	5.8	6.0	6.1	5.8	5.5	50
6.4	6.3	6.1	6.1	6.2	6.4	6.3	6.2	6.4	6.3	6.2	6.2	40
7.4	7.4	7.3	7.2	7.3	7.4	7.3	7.4	7.5	7.4	7.5	7.5	2
5.7	5.9	5.9	5.9	5.9	6.5	5.9	6.1	5.8	5.8	5.9	5.9	45
6.5	6.5	6.3	6.4	6.4	6.5	6.6	6.7	6.7	6.7	6.7	6.6	31
6.4	6.5	6.3	6.2	6.2	6.4	6.4	6.2	6.3	6.4	6.3	6.1	43
6.0	6.2	6.3	6.2	6.3	6.7	6.6	6.6	6.6	6.5	6.6	6.5	33
6.6	6.5	6.4	6.3	6.3	6.5	6.4	6.6	6.6	6.5	6.7	6.8	18
6.0	5.7	5.8	5.8	5.7	5.9	5.9	5.8	5.8	5.8	5.9	5.9	45
6.8	6.8	6.7	6.7	6.7	6.8	6.7	6.8	6.9	6.7	6.7	6.7	26
6.7	6.8	6.8	6.7	6.8	7.1	6.8	6.8	6.7	6.8	6.8	6.8	18
7.1	7.1	7.0	7.0	7.1	7.1	7.1	7.2	7.3	7.1	7.2	7.1	10
7.5	7.4	7.4	7.3	7.3	7.5	7.5	7.4	7.4	7.4	7.4	7.4	4
6.8	6.8	6.7	6.8	6.9	7.2	7.1	7.3	7.3	7.2	7.3	7.3	7
6.6	6.6	6.6	6.4	6.3	6.3	6.3	6.2	6.2	6.0	6.1	6.2	40
6.9	6.9	6.9	6.8	6.8	6.9	6.8	6.8	6.8	6.8	7.1	7.1	10
6.2	6.3	6.3	6.1	6.0	6.2	6.2	6.3	6.4	6.3	6.4	6.5	33
5.3	5.4	5.3	5.3	5.4	5.5	5.2	5.4	5.3	5.2	5.2	5.1	53
6.5	6.6	6.5	6.5	6.5	6.6	6.5	6.7	6.7	6.7	6.7	6.7	26
7.2	7.0	7.0	6.8	6.9	7.1	6.8	6.2	6.5	6.4	6.6	6.7	26

Detailed Table 4: Overall Scores on Subnational Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	7.0	6.7	6.3	6.3	6.5	6.0	5.8	6.2	6.2	6.2
British Columbia	5.1	4.7	4.5	4.7	4.9	4.9	5.3	5.5	5.6	5.4
Manitoba	5.5	5.0	4.7	5.0	4.9	4.8	4.5	4.5	4.7	4.7
New Brunswick	4.4	4.3	4.2	4.4	4.5	4.6	4.7	4.9	4.9	4.6
Newfoundland	3.7	3.6	3.1	3.4	3.4	3.6	3.5	3.9	3.9	3.4
Nova Scotia	4.3	4.3	4.5	4.7	4.6	4.9	4.9	5.0	5.0	4.9
Ontario	6.0	5.7	5.8	5.9	5.9	5.9	5.8	5.8	5.8	5.3
Prince Edward Island	4.6	4.6	4.9	4.7	4.7	4.9	4.6	4.8	4.7	4.5
Quebec	4.1	3.6	3.6	3.8	3.7	4.0	4.0	4.3	4.3	4.2
Saskatchewan	5.0	4.8	4.4	4.5	4.7	4.5	4.5	4.3	4.5	4.3
Alabama	7.7	7.6	7.7	7.9	7.8	7.9	7.9	8.0	7.9	7.8
Alaska	6.9	6.8	6.7	6.9	6.9	5.7	6.8	6.4	6.7	6.6
Arizona	7.8	7.7	7.7	7.9	7.8	7.8	7.6	7.6	7.4	7.4
Arkansas	7.0	7.0	7.0	7.3	7.0	7.1	7.1	7.2	7.3	7.2
California	5.8	5.8	6.0	6.3	6.2	6.3	6.4	6.5	6.5	6.4
Colorado	7.7	7.5	7.3	7.3	7.3	7.2	7.1	7.2	7.2	7.2
Connecticut	6.8	6.9	7.0	7.3	7.4	7.5	7.5	7.5	7.5	7.3
Delaware	6.7	6.9	7.1	7.2	7.5	7.5	7.7	7.9	7.9	7.9
Florida	8.3	8.2	8.2	8.3	8.3	8.2	8.3	8.2	8.1	7.9
Georgia	6.9	6.9	7.1	7.4	7.5	7.6	7.6	7.6	7.5	7.4
Hawaii	5.8	5.8	5.9	6.2	6.0	6.5	6.6	6.5	6.7	6.7
Idaho	6.9	6.6	6.8	7.1	6.9	6.8	6.7	6.9	7.1	6.8
Illinois	6.6	6.6	6.5	6.9	6.9	6.9	7.0	7.2	7.2	7.2
Indiana	7.2	7.2	7.1	7.4	7.4	7.5	7.5	7.6	7.6	7.5
Iowa	7.6	7.1	6.9	7.2	7.2	7.2	7.2	7.2	7.3	6.7
Kansas	7.1	7.1	7.0	7.2	7.2	7.2	7.1	6.9	7.1	7.1
Kentucky	6.9	6.9	6.8	7.2	7.2	7.1	7.0	7.1	7.2	7.1
Louisiana	8.3	8.0	7.7	8.0	7.8	7.6	7.6	7.9	7.7	7.8
Maine	5.4	5.5	5.6	5.8	5.9	6.1	6.1	6.4	6.4	6.1
Maryland	6.4	6.5	6.7	6.9	7.0	7.2	7.3	7.3	7.3	7.3
Massachusetts	6.0	6.3	6.5	6.9	7.1	7.1	7.1	7.2	7.1	7.0
Michigan	5.0	5.0	5.0	5.7	6.0	5.9	6.0	6.0	6.1	5.9
Minnesota	5.8	5.7	6.0	6.3	6.2	6.3	6.2	6.2	6.4	6.3
Mississippi	7.5	7.3	7.3	7.5	7.4	7.4	7.5	7.5	7.4	7.4
Missouri	7.2	7.1	7.2	7.5	7.5	7.6	7.6	7.6	7.7	7.6
Montana	6.9	6.5	6.4	6.3	5.9	5.9	5.8	5.6	5.8	5.6
Nebraska	7.3	7.3	7.2	7.4	7.4	7.4	7.4	7.3	7.3	7.4
Nevada	7.1	6.9	6.9	7.2	7.2	7.3	7.4	7.5	7.5	7.4
New Hampshire	7.4	7.4	7.6	8.0	8.2	8.2	8.4	8.3	8.1	7.9
New Jersey	6.0	6.2	6.3	6.7	6.7	6.9	6.9	7.1	7.0	7.0
New Mexico	6.9	6.7	6.6	6.8	6.7	6.6	6.4	6.3	6.3	6.4
New York	4.8	4.9	4.9	5.1	5.1	5.3	5.6	5.8	5.8	5.7
North Carolina	7.2	7.1	7.2	7.5	7.6	7.6	7.6	7.7	7.7	7.6
North Dakota	7.6	7.2	6.7	6.6	6.5	6.3	6.2	5.8	6.0	6.1
Ohio	6.3	6.2	6.0	6.6	6.3	6.4	6.5	6.6	6.6	6.5
Oklahoma	7.5	7.3	7.0	7.3	7.2	6.8	6.8	6.8	6.8	6.8
Oregon	5.6	5.5	5.5	5.8	5.9	6.1	6.0	6.3	6.2	6.2
Pennsylvania	5.9	5.8	5.7	6.4	6.5	6.6	6.7	6.9	6.9	6.9
Rhode Island	5.3	5.2	5.1	5.6	6.0	6.1	6.1	6.5	6.5	6.3
South Carolina	7.7	7.6	7.7	8.0	7.9	7.9	7.9	8.0	7.9	7.8
South Dakota	6.9	6.9	7.0	7.3	7.3	7.3	7.4	7.4	7.4	7.5
Tennessee	8.1	8.0	8.1	8.4	8.3	8.2	8.3	8.3	8.3	8.2
Texas	8.7	8.6	8.4	8.6	8.4	8.2	7.9	7.8	7.8	7.9
Utah	6.8	6.7	6.7	7.0	7.1	7.0	6.8	6.9	7.0	7.0
Vermont	5.6	5.3	5.9	6.1	6.2	6.3	6.4	6.8	6.9	6.8
Virginia	7.4	7.4	7.5	7.8	7.9	8.0	8.0	8.0	8.0	8.0
Washington	6.4	6.3	6.3	6.4	6.3	6.3	6.4	6.5	6.4	6.3
West Virginia	5.5	5.3	4.7	5.1	5.1	5.2	5.4	5.9	5.9	5.7
Wisconsin	6.0	5.9	5.5	5.8	5.8	5.8	6.0	6.2	6.3	6.3
Wyoming	8.3	7.5	6.9	7.0	6.9	6.4	6.5	7.0	7.1	7.3

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank *
6.1	5.8	6.2	6.6	6.8	7.1	7.1	7.1	7.3	7.5	7.4	7.4	13
5.1	4.8	4.8	4.9	4.8	4.8	4.7	4.8	5.1	5.3	5.4	5.4	53
4.5	4.3	4.2	4.5	4.6	4.9	4.9	5.0	5.0	5.1	5.1	5.1	56
4.4	4.3	4.5	4.7	4.9	4.9	4.9	5.1	5.4	5.5	5.5	5.4	53
3.4	2.9	3.0	3.1	3.3	3.1	3.4	4.0	4.4	4.9	4.8	5.2	55
4.8	4.5	4.5	4.6	4.8	5.1	4.9	5.2	5.3	5.5	5.6	5.5	52
5.1	4.7	4.7	5.0	5.0	5.2	5.4	5.6	5.9	6.1	6.0	6.0	47
4.5	4.4	4.4	4.6	4.8	4.9	4.7	4.9	5.1	5.0	4.9	5.1	56
3.8	3.3	3.3	3.7	3.7	3.9	3.9	4.2	4.4	4.6	4.5	4.5	60
4.1	3.8	4.0	4.5	4.6	4.9	5.1	5.0	5.0	5.3	5.1	4.8	59
7.7	7.7	7.6	7.6	7.6	7.8	7.7	7.5	7.5	7.4	7.3	7.2	17
5.8	5.9	5.6	6.0	5.7	6.1	6.0	5.5	5.9	5.9	6.0	6.0	47
7.2	7.3	7.2	7.4	7.5	7.8	7.9	8.1	8.1	7.9	7.9	7.9	4
7.2	7.1	7.0	7.1	7.1	7.1	7.0	7.0	6.9	7.0	6.8	6.7	33
6.1	5.8	5.8	5.9	5.9	6.1	6.3	6.3	6.5	6.5	6.3	6.1	44
7.2	7.2	7.2	7.4	7.3	7.5	7.4	7.8	7.7	7.8	7.7	7.6	9
7.0	6.6	6.5	6.7	6.7	7.0	6.9	6.9	6.9	7.0	7.1	6.9	26
7.8	7.6	7.7	7.8	7.8	7.9	7.9	8.2	8.2	8.3	8.4	8.4	1
7.7	7.6	7.5	7.7	7.6	7.8	7.8	7.9	7.9	8.0	8.0	8.0	3
7.3	7.4	7.4	7.4	7.5	7.5	7.5	7.7	7.7	7.7	7.6	7.5	10
6.6	6.3	6.0	5.9	5.9	5.9	5.8	5.9	6.1	6.1	6.2	6.1	44
6.6	6.6	6.6	6.8	6.7	6.6	6.6	6.5	6.6	6.7	6.7	6.6	35
7.0	7.0	7.0	7.1	7.0	7.2	7.3	7.4	7.4	7.4	7.3	7.1	22
7.2	7.3	7.4	7.4	7.5	7.7	7.6	7.8	7.6	7.6	7.5	7.4	13
6.6	6.6	6.5	6.8	6.7	7.0	7.0	7.1	7.0	7.0	7.0	7.0	24
7.1	7.1	6.8	6.8	6.8	7.1	7.2	7.3	7.3	7.3	7.2	7.1	22
6.8	6.8	6.9	7.0	6.9	7.0	7.0	7.1	7.1	6.9	6.8	6.8	28
7.6	7.4	7.4	7.7	7.6	7.7	7.7	7.4	7.3	7.4	7.2	6.9	26
5.7	5.6	5.6	5.7	5.8	5.9	5.7	5.8	5.8	5.9	5.9	5.9	49
7.1	6.9	6.9	6.9	6.9	7.1	7.1	7.2	7.2	7.2	7.2	7.2	17
6.7	6.7	6.7	7.0	6.9	7.1	7.2	7.3	7.4	7.5	7.3	7.2	17
5.9	6.0	6.1	6.4	6.5	6.6	6.6	6.9	7.0	6.9	6.8	6.8	28
6.1	6.0	6.0	6.2	6.1	6.4	6.5	6.6	6.6	6.6	6.6	6.6	35
7.4	7.4	7.3	7.4	7.4	7.3	7.1	7.1	7.0	6.9	6.8	6.7	33
7.5	7.5	7.4	7.5	7.4	7.5	7.4	7.4	7.4	7.4	7.3	7.2	17
5.8	5.5	5.7	5.7	5.7	5.8	5.9	6.1	6.1	6.2	6.2	6.2	43
7.2	7.2	7.1	7.3	7.3	7.4	7.2	7.3	7.4	7.3	7.3	7.3	15
6.9	7.0	7.0	7.2	7.1	7.2	7.2	7.6	7.5	7.7	7.6	7.5	10
7.6	7.1	7.2	7.5	7.7	8.0	8.0	8.0	8.0	8.0	8.0	7.9	4
6.5	6.2	6.3	6.4	6.3	6.5	6.7	6.8	6.8	6.9	6.9	6.8	28
6.4	6.4	6.4	6.5	6.3	6.4	6.4	6.1	6.3	6.2	6.2	6.1	44
5.3	5.2	5.1	5.2	5.2	5.6	5.8	5.9	6.0	6.0	5.9	5.9	49
7.5	7.4	7.2	7.3	7.3	7.5	7.5	7.5	7.5	7.5	7.5	7.5	10
6.0	6.1	6.2	6.5	6.5	6.9	6.5	6.7	6.5	6.5	6.7	6.8	28
6.1	6.0	5.9	6.0	6.1	6.2	6.5	6.7	6.6	6.6	6.4	6.3	40
6.7	6.6	6.5	6.6	6.5	6.7	6.8	6.7	6.8	7.0	6.8	6.5	37
6.0	6.2	6.2	6.4	6.5	6.7	6.6	6.6	6.6	6.5	6.4	6.3	40
6.7	6.5	6.5	6.6	6.6	6.9	6.8	7.0	7.0	7.0	7.0	7.0	24
5.6	5.2	5.4	5.5	5.4	5.7	5.8	5.9	5.9	6.0	5.9	5.8	51
7.7	7.6	7.5	7.6	7.6	7.6	7.6	7.7	7.6	7.5	7.4	7.2	17
7.5	7.5	7.5	7.5	7.6	7.7	7.7	7.7	7.6	7.7	7.7	7.7	8
8.3	8.2	7.8	8.2	8.3	8.3	8.2	8.4	8.4	8.3	8.2	8.1	2
7.8	7.7	7.6	7.7	7.7	7.9	8.0	8.0	7.9	8.0	7.9	7.8	7
7.0	6.9	6.9	7.2	7.2	7.4	7.3	7.4	7.2	7.3	7.3	7.3	15
6.2	6.2	6.4	6.4	6.3	6.5	6.5	6.4	6.5	6.3	6.4	6.4	39
7.7	7.6	7.6	7.7	7.7	7.7	7.7	7.8	7.8	7.8	7.9	7.9	4
6.1	6.1	6.0	6.1	5.8	6.1	6.2	6.5	6.5	6.5	6.4	6.3	40
5.4	5.4	5.1	5.5	5.6	5.7	5.6	5.8	5.7	5.6	5.4	5.1	56
6.2	6.2	6.2	6.3	6.3	6.5	6.4	6.7	6.6	6.6	6.6	6.5	37
7.2	7.0	7.1	7.1	7.2	7.5	7.3	7.0	7.2	7.2	7.0	6.8	28

Detailed Table 5: Scores for Area 1 on All-Government Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	9.1	8.5	7.8	7.7	8.0	7.5	7.5	7.7	7.7	7.8
British Columbia	7.8	7.0	6.7	6.9	7.0	7.0	7.1	7.3	7.4	7.3
Manitoba	7.4	6.6	6.4	6.7	6.6	6.3	6.2	6.3	6.5	6.3
New Brunswick	3.2	3.7	4.7	4.8	4.8	5.3	5.5	5.4	5.4	5.0
Newfoundland	4.7	4.2	3.8	4.0	3.7	4.0	4.0	3.9	4.0	3.4
Nova Scotia	2.8	3.7	4.3	4.4	4.4	4.8	4.9	4.9	5.0	4.7
Ontario	8.1	7.7	7.7	7.9	7.9	8.1	8.1	8.2	8.1	7.7
Prince Edward Island	4.2	3.7	4.2	3.5	3.0	3.6	3.7	3.8	3.8	3.4
Quebec	6.5	6.2	6.2	6.4	6.3	6.5	6.8	7.0	6.9	6.6
Saskatchewan	7.5	6.8	6.3	5.8	5.8	5.3	5.2	5.3	5.9	5.8
Alabama	6.6	6.6	6.6	6.9	6.8	6.8	6.9	7.1	6.9	6.6
Alaska	9.3	9.3	9.3	9.2	9.2	8.0	8.4	8.2	8.3	8.3
Arizona	7.2	7.2	7.2	7.5	7.5	7.5	7.3	7.5	7.3	7.0
Arkansas	6.4	6.4	6.4	7.0	6.6	6.6	6.7	6.9	6.9	6.8
California	7.4	7.4	7.4	7.7	7.7	7.8	8.0	8.1	8.2	8.1
Colorado	7.9	7.9	7.9	8.1	8.1	7.8	7.6	7.6	7.6	7.6
Connecticut	7.6	7.6	7.6	7.8	7.9	8.1	8.3	8.5	8.2	8.3
Delaware	8.3	8.3	8.3	8.5	8.5	8.6	8.7	8.7	8.9	8.9
Florida	6.8	6.8	6.8	7.2	7.2	7.3	7.4	7.5	7.4	7.2
Georgia	7.5	7.5	7.5	7.9	8.0	8.1	8.1	8.3	8.2	8.1
Hawaii	7.1	7.1	7.1	7.3	7.1	7.5	7.7	7.9	7.9	8.1
Idaho	7.1	7.1	7.1	7.3	6.9	6.7	6.7	6.9	7.1	7.0
Illinois	7.7	7.7	7.7	8.3	8.3	8.3	8.3	8.4	8.4	8.4
Indiana	7.6	7.6	7.6	8.0	7.8	7.8	7.9	8.1	8.1	8.0
Iowa	7.2	7.2	7.2	7.7	7.3	7.1	7.0	7.1	7.3	7.4
Kansas	7.4	7.4	7.4	7.5	7.4	7.4	7.4	7.5	7.5	7.5
Kentucky	7.1	7.1	7.1	7.4	7.4	7.0	7.5	7.6	7.4	7.3
Louisiana	8.4	8.4	8.4	8.6	8.4	7.9	7.8	8.0	7.9	8.0
Maine	6.3	6.3	6.3	6.6	6.4	6.8	7.0	7.4	7.1	6.8
Maryland	6.2	6.2	6.2	6.7	6.8	6.9	7.1	7.3	7.3	7.1
Massachusetts	7.1	7.1	7.1	7.5	7.6	7.7	7.9	8.1	7.8	7.6
Michigan	7.2	7.2	7.2	7.7	7.8	7.7	7.7	7.8	7.8	7.4
Minnesota	7.5	7.5	7.5	7.9	7.8	7.7	7.8	7.8	7.9	7.8
Mississippi	5.8	5.8	5.8	6.1	6.3	6.1	6.3	6.1	6.2	6.1
Missouri	6.6	6.6	6.6	7.0	6.8	7.2	7.3	7.5	7.4	7.3
Montana	6.8	6.8	6.8	6.7	6.0	5.8	5.8	5.8	5.8	5.8
Nebraska	7.4	7.4	7.4	7.9	7.6	7.4	7.4	7.4	7.6	7.7
Nevada	7.8	7.8	7.8	8.0	8.0	7.8	8.2	8.5	8.4	8.4
New Hampshire	7.4	7.4	7.4	7.8	8.0	8.3	8.6	8.6	8.5	8.2
New Jersey	7.9	7.9	7.9	8.1	8.1	8.2	8.4	8.6	8.5	8.3
New Mexico	6.8	6.8	6.8	6.7	6.6	6.0	6.0	5.5	5.8	5.8
New York	7.5	7.5	7.5	7.7	7.7	7.8	7.9	8.0	8.0	7.8
North Carolina	7.8	7.8	7.8	8.2	8.2	8.3	8.3	8.4	8.4	8.2
North Dakota	7.1	7.1	7.1	7.1	6.4	5.7	5.6	5.4	5.6	6.1
Ohio	7.2	7.2	7.2	7.7	7.6	7.5	7.6	7.6	7.6	7.5
Oklahoma	7.9	7.9	7.9	8.0	7.9	7.2	7.0	7.1	7.1	7.1
Oregon	6.8	6.8	6.8	7.1	7.0	7.1	7.3	7.4	7.4	7.3
Pennsylvania	6.7	6.7	6.7	7.2	7.1	7.1	7.3	7.5	7.4	7.4
Rhode Island	6.3	6.3	6.3	6.7	6.9	7.1	7.1	7.3	7.2	6.9
South Carolina	6.9	6.9	6.9	7.3	7.2	7.4	7.5	7.6	7.5	7.2
South Dakota	6.7	6.7	6.7	7.0	6.7	6.7	6.6	6.7	6.7	7.0
Tennessee	7.1	7.1	7.1	7.5	7.6	7.4	7.7	7.8	7.8	7.6
Texas	8.7	8.7	8.7	8.8	8.7	8.4	8.3	8.4	8.4	8.4
Utah	7.4	7.4	7.4	7.5	7.7	7.3	7.2	7.4	7.4	7.4
Vermont	6.7	6.7	6.7	7.0	7.2	7.4	7.7	7.9	7.8	7.7
Virginia	6.5	6.5	6.5	7.1	7.0	7.2	7.2	7.1	7.5	7.2
Washington	7.1	7.1	7.1	7.3	7.1	7.3	7.4	7.5	7.6	7.7
West Virginia	5.9	5.9	5.9	6.3	6.2	6.0	6.0	6.1	6.1	5.9
Wisconsin	7.3	7.3	7.3	7.6	7.6	7.5	7.6	7.7	7.7	7.7
Wyoming	8.8	8.8	8.8	8.7	8.6	8.0	7.8	8.0	8.0	8.1

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
7.4	7.3	7.6	8.1	8.3	8.5	8.6	8.4	8.6	8.7	8.5	8.6	2
6.8	6.8	6.9	7.1	7.2	7.2	7.2	7.1	7.3	7.4	7.2	7.2	23
5.8	5.7	5.6	5.9	6.1	6.4	6.5	6.5	6.5	6.6	6.6	6.6	37
4.5	4.4	4.5	4.7	5.3	5.4	5.4	5.4	5.7	5.9	5.8	5.7	50
3.2	2.5	2.6	3.0	3.7	3.6	3.7	4.0	4.7	5.3	5.1	5.7	50
4.5	4.3	4.1	4.2	4.6	4.8	4.9	5.0	5.2	5.5	5.6	5.6	52
7.2	6.9	6.9	7.2	7.4	7.6	7.8	7.8	8.0	8.1	8.0	8.0	5
3.2	3.1	3.4	3.7	4.1	4.5	4.2	4.4	4.5	4.5	4.3	4.7	59
6.1	5.8	5.8	6.1	6.3	6.4	6.6	6.6	6.8	6.9	6.7	6.8	32
5.4	5.1	5.7	6.2	6.5	6.9	7.0	6.7	6.8	7.0	6.6	6.5	40
6.5	6.4	6.3	6.3	6.4	6.4	6.4	6.4	6.3	6.0	5.8	5.6	52
7.4	7.2	6.9	6.7	7.1	7.2	7.1	6.1	6.0	6.2	5.9	5.6	52
6.9	7.0	6.9	7.1	7.2	7.4	7.6	7.7	7.7	7.6	7.4	7.3	19
6.6	6.6	6.4	6.6	6.6	6.7	6.6	6.7	6.7	6.4	6.1	5.8	49
7.8	7.5	7.3	7.4	7.5	7.6	7.8	7.9	8.0	8.1	7.8	7.6	14
7.4	7.5	7.5	7.7	7.7	7.8	8.1	8.3	8.4	8.5	8.3	8.1	4
7.9	7.9	7.8	7.9	8.0	8.1	8.4	8.3	8.3	8.4	8.2	7.9	8
8.8	8.7	8.6	8.6	8.6	8.6	8.7	9.1	9.1	9.1	9.0	9.0	1
6.9	6.7	6.6	6.7	6.7	6.8	6.9	7.1	7.1	7.2	7.1	7.0	27
7.9	7.7	7.7	7.8	7.9	8.0	8.1	8.3	8.4	8.3	8.0	7.8	11
7.8	7.7	7.4	7.2	7.1	6.9	6.9	6.8	6.8	6.7	6.6	6.4	41
6.7	6.7	7.0	7.2	7.1	7.1	7.1	6.9	7.1	7.1	6.8	6.6	37
8.2	8.1	8.0	8.1	8.1	8.1	8.3	8.3	8.3	8.3	8.1	7.9	8
7.7	7.7	7.6	7.8	7.8	7.9	8.0	8.1	8.0	8.0	7.8	7.5	17
7.2	7.2	7.0	7.2	7.2	7.4	7.5	7.4	7.2	7.5	7.2	6.9	30
7.3	7.2	7.1	7.1	7.1	7.4	7.6	7.5	7.4	7.5	7.3	7.1	24
6.9	7.0	7.0	7.1	6.9	7.0	7.0	7.1	7.2	6.7	6.5	6.3	45
7.6	6.8	6.7	6.9	6.9	7.2	7.3	7.0	7.0	7.0	6.7	6.3	45
6.1	5.8	5.8	5.9	6.0	6.0	6.0	6.1	6.2	6.2	6.1	6.0	47
6.7	6.5	6.5	6.4	6.5	6.7	6.7	6.7	6.8	6.7	6.7	6.8	32
7.2	7.3	7.3	7.4	7.5	7.7	7.8	8.0	8.1	8.2	8.0	7.7	13
7.2	7.1	7.2	7.5	7.4	7.6	7.7	7.9	7.9	7.8	7.6	7.4	18
7.6	7.7	7.5	7.6	7.7	7.9	8.0	8.2	8.1	8.1	7.9	7.8	11
5.9	5.5	5.8	5.9	6.0	5.7	5.9	6.0	5.8	5.3	5.1	4.8	58
7.1	7.1	6.9	6.9	7.1	7.0	7.4	7.4	7.4	7.3	7.0	6.8	32
5.5	5.4	5.4	5.4	5.3	5.2	5.3	5.4	5.0	5.3	5.1	4.9	57
7.7	7.7	7.4	7.8	7.8	8.0	7.9	7.9	7.8	7.6	7.4	7.3	19
7.9	7.9	8.0	8.2	8.2	8.3	8.5	8.6	8.6	8.6	8.4	8.3	3
7.9	7.5	7.9	7.8	8.0	8.2	8.3	8.3	8.3	8.2	8.1	8.0	5
8.1	7.8	7.8	7.8	7.8	8.0	8.1	8.2	8.3	8.2	8.1	8.0	5
5.9	5.6	5.9	6.3	6.0	6.2	6.3	5.9	5.9	5.7	5.4	5.0	55
7.4	7.3	7.2	7.2	7.1	7.3	7.5	7.4	7.5	7.5	7.2	7.0	27
7.8	7.9	7.8	7.8	7.8	7.8	7.8	8.0	8.0	7.9	7.8	7.6	14
5.7	5.8	5.5	5.8	6.0	6.7	5.8	6.3	5.6	5.3	5.1	5.0	55
7.2	7.2	7.1	7.2	7.2	7.3	7.5	7.7	7.6	7.5	7.2	7.0	27
6.7	6.5	6.5	6.4	6.3	6.6	6.7	6.5	6.5	6.6	6.2	5.9	48
7.1	6.9	6.9	7.1	7.0	7.3	7.4	7.4	7.3	7.3	7.0	6.7	36
7.1	6.9	6.8	6.8	6.8	6.9	7.1	7.2	7.1	7.1	6.9	6.8	32
6.4	5.9	6.2	6.2	6.2	6.4	6.7	6.7	6.6	6.6	6.5	6.4	41
6.9	6.8	6.8	6.8	6.9	6.9	7.0	7.1	7.1	6.9	6.7	6.4	41
6.9	7.0	6.9	6.9	7.0	7.2	7.1	7.2	6.9	6.9	6.7	6.4	41
7.3	7.4	7.4	7.5	7.4	7.4	7.5	7.6	7.6	7.4	7.2	7.1	24
8.2	8.0	7.9	8.0	8.0	8.1	8.3	8.3	8.2	8.3	8.1	7.9	8
7.4	7.4	7.4	7.6	7.6	7.9	8.0	8.1	8.0	8.0	7.8	7.6	14
7.1	7.2	7.2	7.2	6.9	7.0	7.2	7.1	7.0	6.9	6.7	6.6	37
7.0	7.0	6.9	6.9	6.8	7.0	7.0	7.1	7.2	7.2	7.0	6.9	30
7.4	7.3	7.3	7.4	7.1	7.3	7.4	7.7	7.9	7.8	7.5	7.3	19
5.4	5.2	4.8	5.0	5.1	5.1	5.1	5.3	5.2	4.9	4.6	4.2	60
7.5	7.5	7.4	7.6	7.6	7.7	7.7	7.9	7.9	7.7	7.5	7.3	19
7.9	7.6	7.6	7.4	7.3	7.6	7.5	7.1	7.1	7.2	7.1	7.1	24

Detailed Table 6: Scores for Area 1 on Subnational Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	7.5	6.8	6.2	6.0	6.3	5.3	5.4	6.2	6.2	6.3
British Columbia	6.4	5.8	5.5	5.7	6.0	5.8	6.1	6.3	6.6	6.3
Manitoba	7.2	6.3	6.1	6.5	6.5	6.3	6.0	5.9	6.1	5.8
New Brunswick	5.3	4.6	5.1	5.1	5.3	5.6	5.6	5.6	5.8	5.3
Newfoundland	4.6	4.2	3.2	4.2	4.4	4.6	4.3	4.7	4.5	3.6
Nova Scotia	4.7	4.8	5.5	5.5	5.6	6.0	6.2	6.0	6.0	5.8
Ontario	7.4	6.9	7.0	7.2	7.2	7.3	7.1	7.2	7.1	6.4
Prince Edward Island	5.0	5.1	5.6	5.0	5.0	5.3	4.9	5.0	4.8	4.5
Quebec	5.6	4.9	4.8	4.9	4.9	5.1	5.5	5.9	5.9	5.4
Saskatchewan	5.9	5.5	4.9	4.3	4.9	4.8	5.1	4.7	5.3	4.7
Alabama	7.8	7.7	7.8	8.2	8.1	8.0	8.2	8.3	8.1	7.9
Alaska	8.9	8.9	8.4	8.3	8.3	6.5	6.9	6.5	7.0	7.0
Arizona	8.5	8.4	8.2	8.5	8.6	8.5	8.2	8.1	7.9	7.6
Arkansas	8.2	8.1	8.2	8.5	8.3	8.2	8.2	8.2	8.2	8.0
California	6.6	6.4	6.5	6.9	6.8	6.7	6.7	6.9	6.9	6.7
Colorado	8.4	8.1	8.0	8.1	8.1	7.9	8.0	8.0	7.9	7.8
Connecticut	7.7	7.8	7.8	8.2	8.3	8.4	8.4	8.4	8.2	7.8
Delaware	7.7	8.1	8.5	8.6	8.6	8.6	8.7	8.8	8.7	8.6
Florida	8.9	8.7	8.7	8.9	9.0	8.8	8.8	8.7	8.5	8.3
Georgia	8.4	8.2	8.3	8.6	8.8	8.7	8.7	8.6	8.5	8.4
Hawaii	7.0	7.0	7.1	7.5	6.6	7.9	8.1	8.2	8.2	8.2
Idaho	8.0	7.5	7.7	8.1	7.9	7.7	7.7	8.0	8.1	8.0
Illinois	7.0	6.9	6.7	7.5	7.5	7.5	7.5	7.8	7.9	7.8
Indiana	8.1	8.1	8.0	8.6	8.4	8.5	8.4	8.5	8.5	8.4
Iowa	7.8	7.5	7.1	7.6	7.5	7.4	7.5	7.8	7.8	7.8
Kansas	8.2	8.2	8.0	8.4	8.4	8.3	8.3	8.2	8.1	8.0
Kentucky	7.5	7.8	7.6	8.1	8.2	8.1	8.1	8.2	8.2	7.9
Louisiana	8.9	8.7	8.0	8.4	8.2	7.7	7.5	8.0	8.0	8.1
Maine	6.6	6.5	6.6	6.8	6.8	6.8	7.1	7.4	7.2	6.8
Maryland	7.1	7.2	7.2	7.6	7.7	7.8	8.0	8.0	7.9	7.6
Massachusetts	6.5	6.8	7.0	7.6	7.7	7.6	7.6	7.6	7.4	6.9
Michigan	5.3	5.1	4.9	5.9	6.3	6.1	6.0	6.1	6.3	5.6
Minnesota	7.2	6.9	7.0	7.3	7.2	7.0	7.0	7.1	7.1	7.0
Mississippi	7.6	7.4	7.5	7.8	7.8	7.5	7.6	7.5	7.4	7.6
Missouri	8.3	8.4	8.4	8.8	8.8	8.8	8.7	8.7	8.7	8.6
Montana	7.7	7.4	7.1	7.0	6.5	6.2	6.1	6.1	6.3	5.9
Nebraska	8.9	8.7	8.5	8.8	8.6	8.5	8.5	8.7	8.7	8.7
Nevada	8.2	8.0	7.8	8.3	8.3	8.1	8.2	8.4	8.4	8.2
New Hampshire	8.4	8.5	8.5	9.0	9.2	9.2	9.3	9.3	9.0	8.5
New Jersey	6.8	7.0	7.3	7.7	7.8	7.8	7.9	8.1	8.0	7.8
New Mexico	8.6	8.3	8.1	8.2	8.1	7.7	7.6	7.4	7.3	7.4
New York	6.0	6.1	6.1	6.3	6.2	6.4	6.3	6.6	6.5	6.3
North Carolina	8.1	8.1	8.2	8.7	8.7	8.6	8.6	8.7	8.5	8.3
North Dakota	8.6	8.3	7.9	7.9	7.7	7.1	7.1	6.8	6.9	6.8
Ohio	6.5	6.4	6.1	6.9	6.8	6.7	6.6	6.8	6.7	6.4
Oklahoma	8.8	8.7	8.2	8.5	8.4	7.8	7.5	7.7	7.6	7.6
Oregon	6.5	6.1	6.3	6.8	6.8	7.0	7.1	7.3	7.3	7.3
Pennsylvania	6.0	5.9	5.7	6.7	6.7	6.8	7.0	7.2	7.2	7.1
Rhode Island	5.8	5.5	5.7	6.4	6.6	6.7	6.7	6.9	6.8	6.3
South Carolina	7.9	7.7	8.0	8.5	8.3	8.3	8.4	8.5	8.4	8.1
South Dakota	8.0	8.2	8.3	8.4	8.6	8.4	8.5	8.4	8.4	8.5
Tennessee	8.4	8.4	8.4	8.9	8.8	8.7	8.7	8.7	8.7	8.5
Texas	9.7	9.6	9.2	9.3	9.3	8.9	8.6	8.8	8.8	8.7
Utah	8.0	8.0	7.7	8.4	8.4	8.1	7.8	8.1	7.9	7.9
Vermont	6.5	5.1	6.5	6.7	7.0	7.1	7.2	7.5	7.5	7.1
Virginia	8.4	8.4	8.5	8.8	8.8	8.8	8.8	8.8	8.8	8.7
Washington	7.1	7.1	7.1	7.1	6.9	7.0	7.1	7.3	7.4	7.0
West Virginia	6.8	6.9	5.9	6.4	6.3	6.1	5.8	6.2	6.3	6.1
Wisconsin	7.3	7.5	6.3	6.7	6.6	6.3	6.5	6.9	7.1	7.0
Wyoming	9.5	9.1	8.1	8.4	8.3	7.3	7.0	7.5	7.6	7.9

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
6.1	5.6	6.1	7.0	7.4	7.6	7.8	7.7	7.9	7.9	7.4	7.6	14
5.8	5.5	5.4	5.5	5.5	5.5	5.3	5.7	6.0	6.2	6.1	6.2	43
5.5	5.1	4.9	5.4	5.6	5.9	6.2	6.3	6.2	6.5	6.5	6.6	35
4.9	5.0	5.2	5.4	5.6	5.6	5.5	5.6	5.9	6.2	6.1	6.0	46
3.8	3.4	3.4	3.3	3.5	3.2	3.7	4.7	5.1	5.8	5.8	6.4	39
5.5	5.2	5.0	5.3	5.3	5.7	5.7	5.9	6.1	6.5	6.6	6.7	32
5.8	5.0	5.0	5.5	5.6	5.8	6.5	6.7	7.1	7.2	7.1	7.2	22
4.7	4.5	4.4	4.7	4.9	5.3	5.3	5.6	5.8	5.5	5.5	6.0	46
4.8	4.1	3.9	4.3	4.4	4.5	5.1	5.4	5.9	6.0	5.8	5.9	51
4.6	4.0	4.8	5.5	5.7	6.1	6.6	6.3	6.4	6.6	6.2	5.8	53
7.7	7.5	7.4	7.4	7.3	7.3	7.3	6.6	6.6	6.4	6.1	5.9	51
5.8	5.4	5.0	4.8	4.9	5.0	4.9	3.7	4.0	4.4	4.4	4.4	59
7.5	7.4	7.2	7.5	7.6	7.8	8.0	8.2	8.4	7.9	7.9	7.8	11
8.0	7.8	7.6	7.8	7.7	7.7	7.7	7.8	7.8	7.5	7.2	6.9	28
6.1	5.6	5.3	5.6	5.5	5.8	6.2	6.6	6.8	6.9	6.5	6.1	45
7.8	7.7	7.6	7.8	7.5	7.6	8.0	8.5	8.4	8.5	8.2	7.9	8
7.2	6.9	6.7	6.6	6.9	7.3	7.6	7.6	7.6	7.7	7.6	7.4	16
8.6	8.3	8.3	8.4	8.3	8.3	8.4	8.9	9.0	8.9	8.9	8.8	1
7.9	7.7	7.5	8.0	7.7	7.8	7.9	8.2	8.1	8.2	8.0	7.8	11
8.2	8.1	8.1	8.1	8.0	7.9	8.1	8.5	8.6	8.5	8.2	7.9	8
8.0	7.5	7.0	6.7	6.3	6.2	6.4	6.5	6.6	6.6	6.6	6.5	36
7.7	7.6	7.6	7.7	7.3	7.1	7.3	7.2	7.3	7.5	7.2	6.9	28
7.6	7.4	7.4	7.5	7.3	7.4	7.6	7.8	7.8	7.7	7.5	7.2	22
8.1	8.1	8.0	8.1	8.1	8.2	8.4	8.6	8.4	8.4	8.2	7.9	8
7.6	7.5	7.3	7.5	7.4	7.7	7.7	7.7	7.6	7.5	7.3	7.2	22
7.9	7.9	7.7	7.6	7.5	7.8	8.0	8.1	8.1	8.0	7.7	7.4	16
7.5	7.4	7.5	7.6	7.4	7.5	7.5	7.8	7.7	7.4	7.1	6.8	31
7.8	7.1	7.0	7.4	7.2	7.4	7.6	7.2	7.0	7.0	6.6	6.2	43
5.8	5.6	5.6	5.9	5.8	5.9	5.9	6.2	6.3	6.1	6.1	6.0	46
7.2	7.0	7.0	6.9	7.0	7.2	7.3	7.4	7.5	7.4	7.3	7.3	20
6.4	6.5	6.6	6.9	6.9	7.3	7.5	7.8	7.9	8.1	7.7	7.4	16
5.6	5.8	6.0	6.5	6.4	6.7	6.9	7.3	7.5	7.5	7.2	6.9	28
6.6	6.2	6.2	6.4	6.4	6.7	6.9	7.2	7.2	7.0	6.7	6.5	36
7.5	7.3	7.3	7.4	7.3	7.2	6.8	7.1	6.9	6.6	6.3	6.0	46
8.4	8.2	8.1	8.1	8.1	8.2	8.2	8.2	8.1	8.0	7.7	7.4	16
6.0	6.0	5.9	5.9	5.5	5.4	6.0	6.4	6.4	6.2	6.1	6.0	46
8.6	8.6	8.5	8.6	8.5	8.5	8.4	8.6	8.5	8.4	8.3	8.2	4
7.3	7.3	7.5	8.0	8.0	8.3	8.4	8.6	8.5	8.8	8.5	8.2	4
8.2	7.3	7.9	7.8	8.1	8.3	8.5	8.5	8.5	8.6	8.4	8.3	2
7.5	6.8	6.9	7.1	6.7	6.9	7.3	7.6	7.6	7.6	7.5	7.3	20
7.3	6.8	7.0	7.1	6.7	6.8	6.9	6.5	6.6	6.4	6.0	5.7	54
5.7	5.2	5.0	5.1	4.9	5.3	5.6	5.8	6.0	6.1	5.8	5.6	56
8.0	7.9	7.8	7.8	7.7	7.7	7.8	8.0	7.9	7.8	7.7	7.5	15
7.0	6.8	6.3	6.9	7.1	7.3	6.8	7.1	6.8	6.7	7.0	7.2	22
6.0	5.8	5.7	5.9	6.0	6.2	6.5	6.7	6.6	6.5	6.1	5.7	54
7.4	7.0	7.0	7.0	6.9	7.2	7.5	7.5	7.4	7.6	7.2	6.7	32
6.8	6.5	6.3	6.6	6.3	6.2	6.3	6.2	6.3	6.2	5.8	5.4	57
6.8	6.5	6.2	6.5	6.4	6.7	6.8	7.1	7.1	7.1	6.9	6.7	32
5.3	4.3	4.8	4.9	4.9	5.3	5.8	6.1	5.8	5.9	5.6	5.3	58
7.7	7.4	7.4	7.3	7.3	7.2	7.3	7.6	7.5	7.3	6.9	6.4	39
8.5	8.4	8.4	8.3	8.3	8.4	8.4	8.4	8.3	8.3	8.2	8.1	6
8.4	8.2	8.3	8.3	8.1	8.1	8.1	8.4	8.3	8.2	8.0	7.7	13
8.6	8.3	8.1	8.2	8.1	8.2	8.4	8.4	8.2	8.4	8.2	8.0	7
7.7	7.6	7.6	7.8	7.9	8.0	7.9	8.1	7.5	7.5	7.4	7.2	22
6.3	6.2	6.4	6.6	6.4	6.7	6.8	6.8	6.9	6.6	6.5	6.5	36
8.3	8.1	8.1	8.1	8.0	7.8	8.1	8.2	8.2	8.2	8.2	8.3	2
6.6	6.5	6.4	6.8	5.9	6.3	6.6	7.0	6.9	6.8	6.6	6.4	39
5.7	5.3	4.7	5.3	5.5	5.5	5.6	6.0	6.0	5.7	4.8	3.9	60
6.8	6.7	6.8	6.9	6.8	7.0	7.0	7.4	7.3	7.0	6.6	6.3	42
7.5	7.0	7.1	7.1	7.0	7.3	7.4	7.0	7.1	7.3	7.2	7.0	27

Detailed Table 7: Scores for Area 2 on All-Government Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	6.3	6.7	6.9	6.5	6.8	6.5	6.1	6.7	6.5	6.4
British Columbia	4.1	4.2	4.2	4.2	4.4	4.0	4.5	5.2	4.9	4.6
Manitoba	4.4	4.3	3.9	4.4	4.2	3.7	3.4	4.0	4.2	4.1
New Brunswick	2.2	4.2	4.2	4.2	3.9	3.6	3.8	4.4	4.3	3.8
Newfoundland	4.5	4.9	4.6	4.4	4.2	4.0	3.8	4.5	4.3	3.8
Nova Scotia	3.1	4.1	4.3	4.1	3.7	3.8	3.9	4.5	4.5	3.9
Ontario	3.8	4.4	4.5	4.3	4.2	3.6	3.7	4.1	4.0	3.3
Prince Edward Island	5.0	5.4	5.6	5.0	5.0	4.8	4.6	5.2	5.2	4.8
Quebec	3.2	3.0	3.2	3.2	3.1	2.7	2.6	3.0	3.2	3.0
Saskatchewan	4.2	4.9	4.9	5.2	5.0	4.9	4.4	4.5	4.5	4.6
Alabama	5.1	5.5	5.8	5.7	5.5	5.7	6.6	7.5	7.3	7.5
Alaska	5.5	6.0	6.3	6.7	7.1	6.6	8.3	8.6	8.3	8.0
Arizona	4.5	4.7	5.1	4.9	4.6	4.7	5.4	6.2	6.0	6.3
Arkansas	5.2	5.1	5.4	5.4	5.2	5.3	6.0	7.1	7.1	7.3
California	4.7	4.8	5.0	5.0	4.9	4.9	5.7	6.6	6.6	6.8
Colorado	5.0	5.1	5.4	5.4	5.4	5.3	6.0	6.8	6.7	6.8
Connecticut	3.9	4.7	5.1	5.1	5.1	5.0	5.7	6.8	6.9	7.5
Delaware	5.7	5.8	6.1	6.2	6.2	6.1	6.9	7.9	8.2	8.5
Florida	4.0	4.7	5.0	5.0	4.8	4.8	5.6	6.4	6.2	6.4
Georgia	5.3	5.4	5.8	5.8	5.8	5.8	6.6	7.5	7.4	7.4
Hawaii	4.7	4.8	5.0	5.1	5.2	5.1	5.5	6.6	6.5	6.7
Idaho	5.1	5.1	5.5	5.3	5.0	4.9	5.5	6.3	6.2	6.2
Illinois	4.5	4.9	5.2	5.3	5.3	5.3	6.1	7.0	6.9	7.2
Indiana	5.0	5.4	5.8	5.7	5.6	5.7	6.5	7.4	7.3	7.5
Iowa	4.7	4.7	4.9	5.2	5.2	5.0	5.6	6.5	6.5	6.8
Kansas	4.9	5.0	5.3	5.3	5.2	5.2	5.7	6.4	6.5	6.8
Kentucky	5.2	5.3	5.5	5.8	5.8	5.7	6.5	7.4	7.2	7.3
Louisiana	6.4	6.7	6.8	6.9	6.9	6.6	7.1	8.3	7.9	8.2
Maine	4.0	4.1	4.3	4.3	4.3	4.3	4.7	6.0	5.9	6.3
Maryland	4.2	4.4	4.8	4.7	4.7	4.9	5.8	6.6	6.5	6.8
Massachusetts	4.4	4.6	5.0	5.3	5.4	5.4	6.2	7.3	7.3	7.6
Michigan	4.2	4.4	4.8	4.8	4.8	4.7	5.4	6.6	6.6	6.7
Minnesota	4.7	4.7	4.9	5.0	5.0	4.9	5.4	6.2	6.2	6.3
Mississippi	4.9	4.9	5.3	5.3	5.3	5.3	6.3	7.0	6.8	6.8
Missouri	5.1	5.5	5.8	6.0	5.9	6.0	6.5	7.7	7.7	7.8
Montana	4.6	4.6	4.9	4.7	4.4	4.5	5.2	5.6	5.7	5.4
Nebraska	5.2	5.2	5.4	5.6	5.7	5.4	6.1	7.0	6.9	7.1
Nevada	4.3	5.0	5.3	5.2	5.1	5.1	5.9	6.8	6.8	6.8
New Hampshire	4.2	4.8	5.1	5.3	5.4	5.4	6.2	7.2	7.1	7.5
New Jersey	3.4	3.8	4.2	4.4	4.4	4.5	5.0	6.4	6.5	6.9
New Mexico	5.3	5.4	5.5	5.5	5.5	5.2	5.8	6.4	6.2	6.2
New York	4.2	4.2	4.4	4.5	4.5	4.4	5.2	6.2	6.1	6.6
North Carolina	5.5	5.5	5.8	5.8	5.6	5.6	6.3	7.5	7.5	7.6
North Dakota	5.2	5.5	5.4	5.4	5.4	5.1	5.2	5.9	5.9	6.0
Ohio	4.5	4.8	4.9	5.1	5.0	5.0	5.6	6.7	6.6	6.8
Oklahoma	5.3	5.4	5.6	5.8	5.8	5.6	6.4	7.0	6.6	6.8
Oregon	4.4	4.4	4.6	4.6	4.4	4.3	4.8	5.9	5.8	6.0
Pennsylvania	4.1	4.4	4.8	4.9	4.9	4.9	5.7	6.6	6.5	6.8
Rhode Island	3.5	3.5	3.7	3.9	4.0	3.9	4.5	5.8	6.0	6.3
South Carolina	4.9	4.9	5.3	5.3	5.2	5.2	6.0	7.1	7.0	7.1
South Dakota	4.8	5.3	5.7	5.9	5.9	5.8	6.5	7.2	7.1	7.2
Tennessee	5.1	5.7	6.0	6.0	5.9	5.9	6.8	7.6	7.5	7.6
Texas	5.7	6.3	6.5	6.5	6.4	6.2	6.9	7.7	7.4	7.7
Utah	4.9	5.2	5.5	5.5	5.5	5.4	5.9	6.8	6.7	6.9
Vermont	4.2	4.2	4.4	4.3	4.2	4.1	4.4	6.1	6.3	6.7
Virginia	4.9	5.1	5.4	5.5	5.6	5.6	6.4	7.2	7.1	7.4
Washington	4.0	4.7	5.1	4.9	4.8	4.6	5.2	6.1	5.9	6.0
West Virginia	4.0	3.9	4.0	4.2	4.3	4.4	5.1	6.5	6.4	6.3
Wisconsin	4.2	4.2	4.3	4.4	4.4	4.3	4.9	6.1	6.1	6.4
Wyoming	5.5	5.7	5.8	5.8	5.8	5.4	6.5	7.5	7.5	7.9

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
5.6	5.4	5.6	5.8	5.9	6.0	5.8	5.6	6.0	6.9	7.1	6.9	4
3.8	3.5	3.1	2.9	3.0	2.9	2.8	2.9	3.2	3.5	4.1	4.3	54
3.3	3.1	3.1	3.0	3.1	3.5	3.2	3.3	3.3	3.5	3.9	3.8	56
2.9	3.0	3.1	2.9	3.2	3.2	3.2	3.7	3.8	3.8	4.1	3.8	56
2.7	2.2	2.1	2.4	2.4	2.4	2.5	2.9	3.1	4.1	4.0	4.6	50
3.4	3.2	3.1	2.8	3.1	3.1	3.1	3.2	3.2	3.4	3.9	3.8	56
3.2	3.0	3.1	3.0	3.1	3.1	2.8	3.2	3.3	3.8	3.8	4.0	55
3.6	3.3	3.2	3.2	3.1	3.0	2.7	2.9	2.9	2.9	3.0	3.3	59
2.3	2.2	2.4	2.4	2.4	2.4	2.1	2.0	2.1	2.5	2.6	2.7	60
3.5	3.0	2.9	3.2	3.5	3.7	3.5	3.5	3.8	4.3	4.2	4.4	53
6.9	7.0	6.7	6.1	6.1	6.1	6.1	6.3	6.2	6.0	6.2	6.3	15
6.5	7.0	6.6	6.6	6.3	6.9	6.7	6.1	6.8	6.8	7.0	7.3	2
5.7	6.0	5.5	5.2	5.2	5.2	5.3	6.1	6.2	5.9	6.1	6.2	18
6.8	6.5	6.0	5.6	5.6	5.6	5.6	5.7	5.5	5.6	5.6	5.7	37
6.1	5.9	5.7	5.4	5.3	5.1	5.1	5.1	5.2	4.7	5.2	5.8	32
6.2	6.3	6.1	5.8	5.9	5.9	5.9	6.1	6.2	5.9	6.3	6.6	8
6.8	6.0	5.6	5.4	5.3	5.1	4.8	4.8	5.0	4.9	5.1	5.4	42
8.1	7.8	7.6	7.4	7.4	7.3	7.3	7.8	8.1	7.9	8.1	8.3	1
5.9	5.8	5.4	4.7	4.8	4.6	4.4	4.6	4.8	4.8	5.2	5.5	40
6.9	7.0	6.7	6.1	6.2	6.1	6.2	6.4	6.5	6.2	6.4	6.6	8
6.3	6.7	6.1	5.6	5.7	5.5	5.4	5.1	5.2	5.0	5.5	5.8	32
5.6	5.8	5.7	5.4	5.5	5.4	5.2	5.3	5.5	5.2	5.6	6.0	26
6.7	6.6	6.4	5.8	5.5	5.7	5.7	5.9	5.9	5.7	5.9	6.0	26
6.8	7.0	6.8	6.2	6.2	6.4	6.2	6.4	6.4	6.4	6.5	6.5	11
6.3	6.4	6.2	5.8	5.6	6.0	5.8	5.8	5.8	5.9	6.2	6.3	15
6.2	6.2	5.7	5.4	5.4	5.6	5.4	5.4	5.6	5.6	5.7	5.9	28
6.7	6.8	6.6	6.1	6.0	6.0	5.9	6.2	6.2	5.8	5.9	6.1	22
7.3	7.1	6.9	6.8	6.7	6.7	6.5	6.0	6.4	6.6	6.2	5.9	28
5.8	5.3	5.1	4.5	4.5	4.4	4.0	3.8	4.2	3.9	4.5	4.8	48
6.3	6.0	5.8	5.2	5.1	5.4	5.2	5.3	5.5	5.3	5.5	5.7	37
6.9	6.4	6.2	5.7	5.5	5.5	5.4	5.6	5.8	5.1	5.9	6.4	12
6.1	6.0	5.6	5.4	5.2	5.4	5.4	6.1	6.1	5.9	6.0	6.2	18
5.8	5.7	5.5	5.0	4.8	4.9	4.8	5.1	5.6	5.3	5.6	5.9	28
6.4	6.5	6.1	5.6	5.5	5.5	5.5	5.5	5.4	5.2	5.3	5.4	42
7.2	7.1	6.6	6.3	6.1	6.2	6.2	6.2	6.2	6.1	6.2	6.3	15
5.7	5.1	4.8	4.5	4.5	4.6	4.5	4.6	4.7	4.7	4.9	5.2	44
6.6	6.8	6.3	6.1	5.9	6.0	5.7	5.9	5.9	5.7	5.9	6.1	22
6.5	6.4	6.1	5.5	5.4	5.3	5.3	5.5	5.7	5.4	5.8	6.1	22
6.9	6.1	5.6	5.7	5.9	6.2	6.0	5.8	5.6	5.1	5.6	6.2	18
6.0	5.6	5.3	5.1	5.0	4.9	4.8	4.7	4.8	4.6	4.9	5.2	44
6.1	6.2	6.2	5.9	5.6	5.6	5.7	5.1	5.8	6.1	5.4	4.8	48
6.1	5.8	5.3	5.1	5.1	5.2	5.0	4.9	5.1	4.9	5.0	5.1	46
7.2	7.1	6.6	6.2	6.2	6.3	6.2	6.4	6.5	6.5	6.7	7.0	3
5.1	5.6	5.7	5.3	4.9	5.6	4.9	5.2	4.9	4.9	5.5	5.8	32
6.2	6.2	5.7	5.3	5.2	5.3	5.5	5.8	5.7	5.8	5.8	5.8	32
6.3	6.5	6.0	5.6	5.5	5.5	5.6	5.2	5.5	5.6	5.5	5.5	40
5.5	5.9	5.9	5.4	5.7	6.0	5.8	6.0	6.0	5.8	6.2	6.4	12
6.4	6.2	5.9	5.3	5.4	5.4	5.1	5.5	5.6	5.5	6.0	6.2	18
5.4	4.9	4.5	4.3	4.3	4.3	4.2	3.9	4.0	4.0	4.3	4.6	50
6.6	6.8	6.3	5.9	5.9	5.8	5.7	5.9	6.0	5.8	6.0	6.1	22
6.9	7.1	6.9	6.3	6.3	6.6	6.1	6.1	5.9	6.2	6.4	6.6	8
7.3	7.2	6.5	6.4	6.5	6.4	6.4	6.6	6.7	6.5	6.6	6.8	6
7.1	7.1	6.9	6.3	6.3	6.4	6.4	6.1	6.3	6.2	6.3	6.4	12
6.7	6.8	6.3	6.0	6.0	6.2	6.1	6.5	6.6	6.4	6.6	6.9	4
5.9	5.7	5.5	4.9	4.8	4.6	4.4	4.3	4.4	4.4	4.6	4.9	47
6.9	6.9	6.7	6.1	6.1	6.1	6.0	5.9	5.9	5.7	6.3	6.7	7
5.5	5.6	5.5	5.0	4.7	4.7	4.6	4.7	4.8	4.7	5.2	5.8	32
5.3	5.6	5.5	5.1	5.0	5.1	4.7	4.9	4.7	4.5	4.6	4.6	50
5.9	6.0	5.5	5.2	5.1	5.1	5.1	5.3	5.5	5.3	5.5	5.7	37
7.3	7.2	6.9	6.2	6.5	6.5	5.9	4.7	5.5	5.1	5.5	5.9	28

Detailed Table 8: Scores for Area 2 on Subnational Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	9.1	9.1	8.9	8.6	8.8	8.5	7.7	7.9	8.0	7.8
British Columbia	6.0	5.8	5.4	5.3	5.5	5.4	5.9	6.1	6.1	5.8
Manitoba	6.3	6.1	5.5	5.6	5.5	5.2	4.7	4.9	5.1	5.2
New Brunswick	5.9	6.4	5.7	5.5	5.4	5.1	5.2	5.4	5.3	5.1
Newfoundland	5.4	5.5	5.1	4.8	4.5	4.5	4.4	4.8	4.8	4.3
Nova Scotia	6.2	6.1	5.9	5.8	5.5	5.5	5.3	5.5	5.6	5.2
Ontario	6.4	6.2	6.2	6.1	6.1	5.6	5.7	5.5	5.5	4.9
Prince Edward Island	6.2	6.4	6.4	5.9	5.9	5.9	5.5	5.7	5.8	5.6
Quebec	5.0	4.2	4.2	4.3	3.9	4.1	3.9	4.3	4.4	4.3
Saskatchewan	6.7	6.7	6.1	6.6	6.5	6.0	5.4	5.2	5.3	5.2
Alabama	8.1	8.1	8.1	8.1	7.9	8.0	7.9	8.0	7.8	7.8
Alaska	7.0	6.5	6.8	7.1	7.3	5.4	8.0	7.3	7.6	7.2
Arizona	7.3	7.1	7.2	7.1	6.8	6.8	6.4	6.4	6.1	6.1
Arkansas	7.5	7.5	7.4	7.5	7.1	7.1	7.2	7.3	7.3	7.3
California	6.1	6.0	6.2	6.2	6.1	6.2	6.3	6.4	6.6	6.5
Colorado	8.2	7.6	7.5	7.4	7.3	7.2	6.8	6.9	6.8	6.9
Connecticut	7.7	7.7	7.7	7.7	7.7	7.8	7.7	7.8	7.8	7.6
Delaware	6.8	6.8	7.0	7.1	7.6	7.5	8.0	8.1	8.1	8.2
Florida	8.1	8.0	7.9	7.9	7.7	7.6	7.6	7.4	7.3	7.1
Georgia	7.4	7.4	7.5	7.6	7.6	7.6	7.6	7.5	7.3	7.1
Hawaii	5.6	5.7	5.9	6.1	6.1	6.1	6.2	5.9	6.2	6.3
Idaho	7.1	6.9	7.0	6.7	6.6	6.5	6.2	6.3	6.3	6.2
Illinois	7.4	7.4	7.2	7.6	7.6	7.6	7.6	7.7	7.6	7.4
Indiana	8.1	8.0	7.8	7.7	7.6	7.7	7.7	7.7	7.6	7.8
Iowa	8.0	6.9	6.6	6.9	6.9	6.7	6.5	6.5	6.7	6.8
Kansas	6.9	6.9	6.8	6.6	6.5	6.5	6.3	6.2	6.9	6.9
Kentucky	7.5	7.3	7.1	7.6	7.4	7.2	7.2	7.3	7.2	7.2
Louisiana	9.1	8.4	8.1	8.3	7.8	7.5	7.5	8.0	7.3	7.4
Maine	5.7	5.6	5.8	5.7	5.7	5.8	5.8	5.8	5.8	5.8
Maryland	7.1	7.2	7.3	7.2	7.2	7.3	7.3	7.2	7.2	7.2
Massachusetts	6.9	7.1	7.3	7.5	7.5	7.4	7.5	7.6	7.5	7.4
Michigan	5.9	6.1	6.0	6.5	6.9	6.6	6.7	6.8	6.8	6.6
Minnesota	5.4	5.3	6.2	6.3	6.2	6.3	6.0	5.8	6.1	6.0
Mississippi	7.5	7.1	7.0	7.0	6.9	6.7	7.1	7.0	6.9	6.8
Missouri	8.4	8.1	8.0	8.1	8.1	8.0	8.0	7.9	8.0	7.9
Montana	7.5	6.7	6.8	6.5	6.1	6.2	6.2	5.4	5.8	5.5
Nebraska	6.9	7.2	6.7	6.9	7.0	6.8	7.2	7.3	7.3	7.3
Nevada	7.7	7.4	7.4	7.4	7.3	7.3	7.4	7.6	7.5	7.3
New Hampshire	8.6	8.4	8.5	8.5	8.8	8.8	8.8	8.8	8.5	8.2
New Jersey	6.9	7.0	6.9	7.0	7.1	7.1	7.0	7.2	7.1	7.1
New Mexico	7.1	6.9	6.8	6.6	6.6	6.3	6.1	5.8	5.9	5.7
New York	4.6	4.6	4.6	4.7	4.6	4.6	5.5	5.7	5.7	5.5
North Carolina	7.7	7.5	7.7	7.7	7.6	7.6	7.5	7.6	7.6	7.5
North Dakota	8.5	7.6	6.5	6.1	6.1	5.9	5.7	5.0	5.3	5.5
Ohio	7.3	7.1	6.6	7.2	6.4	6.4	6.8	6.9	6.8	6.7
Oklahoma	7.8	7.5	7.3	7.4	7.0	6.6	6.9	6.5	6.5	6.6
Oregon	6.0	6.0	5.7	5.8	5.9	6.0	5.6	6.2	6.0	6.1
Pennsylvania	7.3	7.2	7.0	7.3	7.4	7.4	7.4	7.5	7.5	7.4
Rhode Island	5.2	5.3	4.8	5.0	5.8	5.8	5.7	6.4	6.6	6.5
South Carolina	7.2	7.0	7.1	7.2	7.0	7.0	7.1	7.1	7.0	6.9
South Dakota	7.8	7.5	7.7	7.9	7.8	7.7	7.7	7.4	7.7	7.8
Tennessee	8.3	8.2	8.3	8.4	8.1	8.1	8.2	8.2	8.2	8.1
Texas	9.1	8.9	8.7	8.7	8.4	8.1	7.8	7.8	7.8	7.9
Utah	7.7	7.2	7.2	7.0	7.0	7.0	6.6	6.8	6.8	6.9
Vermont	5.4	5.8	5.8	5.8	5.7	5.8	5.7	6.7	7.0	6.9
Virginia	7.8	7.8	7.7	7.8	7.8	7.9	7.8	7.8	7.6	7.6
Washington	7.3	7.0	6.7	6.6	6.6	6.4	6.3	6.5	6.5	6.4
West Virginia	5.4	4.9	4.6	4.7	4.8	5.0	5.9	6.9	6.4	6.0
Wisconsin	6.3	5.8	5.5	5.8	5.7	5.8	6.0	6.1	6.1	6.2
Wyoming	8.6	6.9	6.4	6.5	6.4	5.4	6.4	7.2	7.5	7.8

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
7.6	7.3	7.7	7.7	7.7	7.8	7.8	7.9	8.1	8.4	8.7	8.4	2
5.7	5.2	5.1	5.1	4.9	5.0	5.0	5.1	5.3	5.7	6.0	6.2	43
5.1	4.8	4.7	4.9	4.7	5.2	4.8	4.9	5.2	5.3	5.4	5.1	58
5.0	4.7	4.7	4.8	4.9	5.0	5.3	5.6	5.9	6.1	6.0	5.6	51
4.2	3.5	3.6	3.8	3.8	3.9	4.3	4.7	5.1	5.6	5.4	5.6	51
5.4	5.0	5.0	4.8	5.1	5.2	5.1	5.5	5.5	5.7	5.5	5.3	55
5.1	4.7	4.8	4.9	5.0	4.9	4.8	5.1	5.3	5.6	5.5	5.5	53
5.5	5.0	5.1	5.3	5.2	5.1	4.8	4.9	5.1	5.1	4.8	4.8	59
4.0	3.3	3.6	4.1	3.9	4.2	3.9	4.0	4.1	4.2	4.2	4.2	60
5.0	4.5	4.2	4.4	4.7	4.9	4.9	5.1	5.2	5.5	5.4	5.2	57
7.9	7.8	7.6	7.8	7.7	7.7	7.7	7.8	7.8	7.6	7.7	7.7	10
6.1	6.6	5.9	7.3	6.5	7.3	7.2	7.3	8.2	7.8	8.1	8.4	2
5.9	6.2	6.2	6.5	6.5	6.8	7.1	7.4	7.4	7.3	7.3	7.2	23
7.3	7.0	6.9	6.9	6.9	6.8	6.7	6.8	6.5	6.8	6.7	6.5	39
6.1	5.8	5.8	5.9	5.9	6.0	6.1	6.2	6.4	6.3	6.2	6.1	47
6.9	6.9	6.9	7.0	7.0	7.2	7.2	7.6	7.5	7.6	7.6	7.5	15
7.2	6.4	6.4	6.9	6.6	6.6	6.4	6.5	6.6	6.7	6.9	7.0	27
8.4	8.0	8.1	8.1	8.0	8.2	8.2	8.5	8.6	8.9	9.0	9.1	1
6.9	6.8	6.7	6.6	6.7	6.8	6.8	7.0	7.0	7.1	7.2	7.4	18
7.2	7.2	7.1	7.2	7.2	7.2	7.3	7.5	7.4	7.3	7.4	7.4	18
6.0	6.0	5.9	5.5	5.6	5.3	5.4	5.4	5.9	5.8	5.9	6.0	49
6.2	6.3	6.2	6.1	6.1	6.0	6.0	6.0	6.2	6.2	6.3	6.4	42
7.3	7.3	7.2	7.2	7.1	7.2	7.4	7.5	7.4	7.4	7.4	7.3	21
7.6	7.7	7.8	7.7	7.7	7.9	7.6	7.9	7.9	7.8	7.8	7.8	8
6.8	6.7	6.4	6.7	6.5	6.8	7.0	7.3	7.3	7.2	7.2	7.2	23
7.0	6.9	6.2	6.1	6.2	6.4	6.4	6.5	6.7	6.8	6.8	6.7	34
6.9	7.0	6.9	6.9	6.8	6.8	6.9	7.1	7.1	6.9	6.9	7.0	27
7.2	7.4	7.5	7.8	7.7	7.7	7.6	7.1	7.2	7.3	7.1	6.8	33
5.6	5.2	5.1	5.3	5.3	5.3	5.1	4.8	5.1	5.2	5.3	5.3	55
7.3	7.1	6.8	6.9	6.8	7.0	7.2	7.2	7.3	7.1	7.1	7.2	23
7.3	7.0	7.0	7.1	7.0	7.2	7.2	7.3	7.5	7.6	7.5	7.5	15
6.5	6.4	6.5	6.8	6.9	6.9	6.8	7.4	7.3	7.2	7.3	7.3	21
6.2	6.2	5.9	6.1	5.8	6.1	6.1	6.4	6.4	6.5	6.5	6.6	38
6.9	7.0	6.6	6.6	6.5	6.4	6.4	6.4	6.3	6.1	6.2	6.2	43
7.9	7.8	7.7	7.7	7.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	13
6.3	5.4	6.0	5.9	5.8	6.1	6.0	6.3	6.4	6.4	6.6	6.7	34
7.0	7.1	6.9	6.9	6.8	6.9	6.7	6.9	7.0	6.9	6.9	6.9	30
7.2	7.2	7.0	7.1	6.8	6.9	7.0	7.4	7.3	7.4	7.4	7.4	18
7.9	7.4	6.8	7.9	8.0	8.4	8.5	8.5	8.3	8.4	8.4	8.4	2
6.2	6.0	6.2	6.4	6.2	6.2	6.5	6.5	6.5	6.7	6.7	6.7	34
6.0	6.1	6.2	6.3	6.1	6.1	6.2	5.6	6.1	5.9	6.0	6.2	43
5.4	5.2	5.1	5.2	5.3	5.8	5.9	5.9	6.1	6.1	6.1	6.1	47
7.5	7.2	7.1	7.1	7.2	7.3	7.3	7.4	7.4	7.5	7.7	7.7	10
5.2	5.7	6.4	6.5	6.3	6.7	6.3	6.5	6.4	6.3	6.6	6.9	30
6.4	6.5	6.1	6.1	6.0	6.1	6.6	6.8	6.8	6.8	6.5	6.5	39
6.6	6.8	6.5	6.5	6.4	6.4	6.6	6.5	6.6	6.7	6.6	6.5	39
6.0	6.5	6.8	7.1	7.3	7.6	7.5	7.6	7.6	7.4	7.4	7.5	15
7.3	6.9	7.0	7.0	7.0	7.2	7.0	7.4	7.4	7.4	7.5	7.7	10
5.7	5.4	5.2	5.1	5.0	5.2	5.2	5.3	5.5	5.6	5.7	5.7	50
7.1	7.1	6.9	7.0	7.0	7.0	6.9	7.0	7.0	6.9	7.0	7.0	27
7.9	8.0	8.0	7.8	7.7	7.9	7.9	7.8	7.9	7.9	7.9	8.0	6
8.3	8.2	7.0	8.2	8.2	8.1	8.1	8.2	8.3	8.2	8.2	8.3	5
7.8	7.7	7.6	7.7	7.7	7.9	8.0	7.9	7.9	8.0	7.9	7.8	8
7.0	6.9	6.8	7.1	7.1	7.4	7.3	7.3	7.3	7.4	7.5	7.6	13
6.2	6.0	6.2	5.8	5.8	5.9	5.9	5.9	6.0	6.0	6.1	6.2	43
7.6	7.7	7.6	7.6	7.5	7.7	7.7	7.7	7.7	7.7	7.8	7.9	7
6.3	6.2	6.2	6.0	5.8	6.0	6.2	6.6	6.8	6.8	6.9	6.9	30
5.6	5.9	5.7	6.0	5.9	5.9	5.5	5.7	5.5	5.4	5.4	5.5	53
6.1	6.2	6.0	6.0	5.9	6.0	6.2	6.4	6.4	6.6	6.7	6.7	34
7.8	7.6	7.7	7.4	7.7	7.9	7.6	6.9	7.4	7.3	7.2	7.1	26

Detailed Table 9: Scores for Area 3 on All-Government Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	5.3	5.1	4.9	5.3	5.4	5.2	5.3	5.3	5.2	5.4
British Columbia	3.4	3.2	3.3	3.7	3.9	4.2	4.5	4.6	4.7	4.5
Manitoba	3.1	2.7	2.7	3.2	3.0	3.2	3.1	3.2	3.4	3.5
New Brunswick	1.9	1.9	2.1	2.7	2.9	3.4	3.6	4.0	4.0	3.9
Newfoundland	0.9	1.0	0.9	1.2	1.6	1.8	2.1	2.3	2.6	2.6
Nova Scotia	1.9	2.0	2.0	2.7	2.6	3.2	3.4	3.7	3.5	3.8
Ontario	4.5	4.3	4.6	4.8	4.8	5.1	5.1	5.2	5.3	5.2
Prince Edward Island	2.5	2.2	2.7	3.1	3.0	3.3	3.5	3.7	3.5	3.5
Quebec	2.3	2.1	2.4	2.8	3.0	3.3	3.3	3.5	3.4	3.4
Saskatchewan	3.0	2.7	3.0	3.4	3.5	3.4	3.5	3.7	3.8	3.8
Alabama	4.1	4.2	4.6	5.2	5.4	5.6	6.0	6.1	6.2	6.2
Alaska	4.9	4.9	5.1	5.5	5.4	5.3	5.5	5.5	5.8	5.8
Arizona	5.3	5.3	5.6	6.3	6.4	6.7	6.9	7.0	7.1	7.0
Arkansas	5.0	5.0	5.3	5.9	5.8	6.1	6.1	6.5	6.6	6.5
California	5.2	5.3	5.5	6.0	6.1	6.3	6.5	6.5	6.4	6.6
Colorado	5.8	5.9	6.2	6.6	6.7	6.6	6.6	6.9	7.1	7.0
Connecticut	5.5	5.7	5.9	6.5	6.6	6.9	7.0	6.9	7.0	7.1
Delaware	5.3	5.6	5.9	6.5	6.6	6.8	7.0	7.3	7.4	7.4
Florida	5.4	5.6	5.9	6.4	6.6	6.9	7.1	7.2	7.3	7.2
Georgia	5.1	5.2	5.5	6.2	6.5	6.8	6.9	6.9	7.1	7.2
Hawaii	4.1	4.2	4.4	4.7	4.9	5.1	5.2	5.1	5.4	5.6
Idaho	4.8	4.8	5.2	5.9	5.7	5.8	5.8	6.2	6.6	6.5
Illinois	5.1	5.1	5.3	5.9	6.0	6.1	6.2	6.5	6.7	6.6
Indiana	4.6	4.6	4.8	5.3	5.7	6.0	6.0	6.2	6.4	6.3
Iowa	5.2	5.1	5.1	5.6	5.7	6.0	6.2	6.4	6.5	6.2
Kansas	5.4	5.5	5.6	6.2	6.3	6.4	6.4	6.6	6.7	6.6
Kentucky	4.9	5.0	5.1	5.7	5.7	6.0	6.0	6.2	6.5	6.5
Louisiana	6.0	5.9	5.8	6.5	6.6	6.5	6.6	6.8	7.0	7.0
Maine	3.9	4.2	4.5	5.1	5.4	5.7	5.6	6.1	6.3	6.0
Maryland	4.3	4.5	4.9	5.5	5.7	6.0	6.2	6.4	6.6	6.7
Massachusetts	5.0	5.3	5.6	6.2	6.5	6.8	6.8	6.9	7.0	7.1
Michigan	4.2	4.2	4.6	5.1	5.3	5.5	5.7	5.8	6.0	5.9
Minnesota	5.1	5.2	5.4	5.8	5.9	6.1	6.1	6.4	6.5	6.4
Mississippi	4.5	4.6	4.7	5.3	5.5	5.7	5.8	6.2	6.3	6.2
Missouri	4.8	5.0	5.2	5.7	5.9	6.2	6.3	6.5	6.7	6.7
Montana	4.9	5.0	5.0	5.3	5.0	5.3	5.4	5.5	5.7	5.6
Nebraska	5.4	5.5	5.6	5.9	6.0	6.3	6.3	6.4	6.5	6.6
Nevada	5.5	5.5	5.7	5.9	6.2	6.6	6.7	6.9	7.0	7.2
New Hampshire	5.5	5.7	6.1	6.7	7.0	7.1	7.4	7.4	7.3	7.2
New Jersey	4.6	4.8	5.1	5.7	5.8	6.2	6.3	6.5	6.6	6.5
New Mexico	5.0	5.1	5.1	5.7	5.7	5.8	5.8	6.0	6.2	6.1
New York	4.3	4.4	4.6	5.0	5.3	5.5	5.6	5.9	6.0	5.9
North Carolina	5.7	5.7	6.0	6.6	6.8	7.2	7.3	7.4	7.6	7.5
North Dakota	5.8	5.8	5.8	6.0	6.1	6.0	5.9	5.9	6.2	6.2
Ohio	4.7	4.7	4.9	5.5	5.6	5.9	5.9	6.2	6.4	6.3
Oklahoma	5.9	6.0	5.8	6.3	6.3	6.2	6.3	6.5	6.5	6.4
Oregon	4.5	4.5	4.8	5.0	5.2	5.7	5.7	5.9	5.9	5.7
Pennsylvania	4.4	4.5	4.7	5.3	5.6	5.9	6.0	6.3	6.3	6.4
Rhode Island	4.8	5.0	5.2	5.6	5.9	6.2	6.2	6.4	6.4	6.4
South Carolina	5.1	5.3	5.6	6.3	6.5	6.7	6.9	7.0	7.2	7.1
South Dakota	5.1	5.1	5.2	5.8	5.8	6.2	6.4	6.5	6.5	6.6
Tennessee	4.7	4.9	5.2	5.8	6.0	6.2	6.5	6.7	6.8	6.7
Texas	6.6	6.7	6.7	7.1	7.1	7.0	7.1	7.3	7.4	7.4
Utah	4.5	4.7	4.8	5.4	5.7	5.9	5.8	5.9	6.2	6.3
Vermont	5.2	5.4	5.6	6.0	6.2	6.5	6.7	6.8	6.8	6.8
Virginia	5.0	5.2	5.6	6.1	6.3	6.7	6.8	6.9	7.1	7.0
Washington	4.3	4.4	4.6	5.0	5.1	5.3	5.6	5.7	5.8	5.8
West Virginia	3.9	3.9	3.7	4.3	4.5	4.8	4.8	5.1	5.5	5.4
Wisconsin	4.7	4.8	5.0	5.3	5.6	5.8	6.0	6.3	6.3	6.4
Wyoming	6.8	6.6	6.3	6.4	6.3	6.4	6.2	6.3	6.4	6.5

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
5.3	5.3	5.6	6.0	6.2	6.5	6.5	6.5	6.5	6.8	6.9	6.8	38
4.3	4.4	4.4	4.6	4.4	4.4	4.4	4.4	4.5	4.6	4.6	4.5	56
3.4	3.5	3.6	3.9	4.0	4.4	4.2	4.5	4.2	4.3	4.3	4.3	58
3.6	3.7	4.0	4.3	4.5	4.4	4.4	4.6	4.9	4.8	5.0	5.0	54
2.5	2.2	2.5	2.8	3.1	2.8	2.9	3.2	3.6	3.9	4.1	4.3	58
3.8	3.6	3.6	3.8	4.2	4.5	4.2	4.4	4.6	4.8	5.1	5.1	53
4.8	4.7	4.7	4.8	4.9	5.2	5.2	5.4	5.7	5.8	5.9	5.8	51
3.4	3.7	3.9	3.9	4.3	4.5	4.1	4.3	4.4	4.6	4.6	4.6	55
3.1	3.1	3.1	3.4	3.5	3.7	3.5	3.7	3.9	4.1	4.2	4.2	60
3.7	3.8	3.9	4.3	4.4	4.8	4.5	4.6	4.5	4.7	4.6	4.5	56
5.9	6.0	6.1	6.4	6.6	7.0	6.7	6.7	6.7	6.9	7.0	7.0	30
5.6	5.9	5.9	6.1	6.0	6.4	6.2	5.9	5.9	5.9	6.0	5.7	52
6.7	6.8	6.8	7.1	7.4	7.7	7.4	7.5	7.5	7.6	7.7	7.7	8
6.3	6.5	6.7	7.0	7.1	7.4	7.1	7.0	7.0	7.2	7.2	7.3	16
6.5	6.6	6.7	6.8	6.9	7.2	7.0	6.8	6.9	7.0	6.9	6.6	43
6.9	6.9	7.2	7.3	7.5	7.8	7.5	7.7	7.7	7.8	7.8	7.9	3
7.0	7.2	7.2	7.2	7.3	7.7	7.5	7.4	7.2	7.3	7.4	7.2	22
7.1	7.2	7.4	7.7	7.8	7.9	7.7	7.8	7.7	7.8	7.9	8.0	1
6.8	6.9	7.1	7.2	7.4	7.6	7.4	7.4	7.5	7.6	7.7	7.8	5
7.0	7.1	7.3	7.4	7.7	7.8	7.6	7.7	7.7	7.9	7.8	7.9	3
5.6	5.5	5.3	5.4	5.8	6.2	5.7	5.7	5.9	5.9	6.1	5.9	50
6.3	6.4	6.5	6.9	7.1	7.3	6.9	6.8	6.8	7.1	7.2	7.2	22
6.4	6.6	6.6	6.9	7.0	7.1	7.0	7.0	7.1	7.1	7.2	7.0	30
6.1	6.3	6.5	6.7	7.0	7.3	7.0	7.0	7.0	7.1	7.2	7.3	16
6.2	6.3	6.5	6.7	6.9	7.1	6.8	7.0	6.9	6.9	7.1	7.3	16
6.3	6.5	6.7	6.7	6.9	7.2	7.1	7.1	7.0	7.1	7.1	7.2	22
6.3	6.5	6.6	6.9	6.9	7.1	6.9	6.9	7.0	6.9	7.1	7.1	29
6.8	6.7	6.6	7.0	7.2	7.3	7.1	6.8	6.9	7.0	7.1	6.9	36
5.8	6.2	6.3	6.4	6.6	6.9	6.7	6.7	6.6	6.7	7.0	6.7	41
6.5	6.4	6.5	6.6	6.8	7.1	6.7	6.8	6.7	6.9	7.1	7.0	30
6.9	7.0	7.1	7.3	7.4	7.5	7.3	7.4	7.4	7.4	7.3	7.3	16
5.7	5.8	6.1	6.4	6.4	6.6	6.4	6.7	6.7	6.8	6.8	6.8	38
6.2	6.3	6.4	6.7	6.8	7.0	6.8	7.0	6.9	7.1	7.3	7.3	16
5.9	6.0	6.3	6.7	6.9	7.0	6.6	6.4	6.5	6.5	6.6	6.6	43
6.6	6.7	6.7	6.9	7.0	7.2	7.0	7.0	7.0	7.1	7.2	7.2	22
5.3	5.3	5.5	5.8	6.1	6.3	6.0	6.1	6.0	6.2	6.4	6.4	47
6.5	6.6	6.7	7.1	7.3	7.5	7.2	7.1	7.2	7.3	7.5	7.4	13
6.7	6.8	6.9	7.1	7.0	7.1	6.8	7.2	7.1	7.3	7.4	7.5	11
7.1	7.3	7.5	7.5	7.5	7.8	7.7	7.6	7.6	7.7	7.8	7.8	5
6.3	6.3	6.3	6.4	6.6	6.9	6.8	6.8	7.0	7.1	7.2	7.2	22
6.0	6.1	6.4	6.6	6.6	6.9	6.6	6.3	6.4	6.6	6.7	6.7	41
5.7	5.9	5.9	6.0	6.2	6.6	6.3	6.4	6.4	6.5	6.5	6.5	45
7.3	7.4	7.4	7.6	7.8	8.0	7.8	7.8	7.9	8.0	8.1	8.0	1
6.1	6.4	6.4	6.7	6.8	7.3	6.8	6.9	6.8	7.0	7.2	7.0	30
6.1	6.2	6.3	6.6	6.8	6.9	6.7	6.8	6.9	6.9	7.0	7.0	30
6.2	6.4	6.5	6.6	6.8	6.9	6.8	6.7	6.7	7.0	7.0	6.9	36
5.6	5.8	6.0	6.1	6.3	6.9	6.5	6.6	6.4	6.5	6.5	6.5	45
6.3	6.4	6.6	6.7	6.8	7.1	6.9	7.0	7.0	7.1	7.2	7.3	16
6.1	6.3	6.6	6.8	6.6	6.9	6.7	6.7	6.8	6.7	6.8	6.8	38
6.9	7.0	7.1	7.3	7.5	7.7	7.4	7.4	7.5	7.4	7.5	7.4	13
6.4	6.5	6.7	6.9	7.2	7.4	7.1	7.2	7.3	7.4	7.5	7.6	10
6.6	6.9	7.0	7.1	7.4	7.6	7.3	7.4	7.5	7.4	7.6	7.5	11
7.2	7.2	7.3	7.5	7.6	7.9	7.6	7.7	7.7	7.8	7.9	7.8	5
6.2	6.2	6.4	6.8	7.0	7.3	7.1	7.2	7.3	7.3	7.5	7.4	13
6.6	6.9	7.0	7.2	7.1	7.3	7.2	7.1	7.1	6.9	6.9	7.0	30
6.9	6.8	7.0	7.2	7.5	7.7	7.4	7.5	7.5	7.7	7.9	7.7	8
5.8	6.0	6.0	6.0	6.3	6.6	6.5	6.5	6.4	6.4	6.4	6.3	49
5.2	5.3	5.5	5.8	6.1	6.3	5.9	6.2	6.1	6.1	6.3	6.4	47
6.1	6.3	6.5	6.8	6.9	7.1	6.7	6.8	6.9	7.0	7.1	7.2	22
6.4	6.4	6.6	6.7	6.9	7.3	6.9	6.7	6.9	7.0	7.2	7.2	22

Detailed Table 10: Scores for Area 3 on Subnational Index

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Alberta	4.5	4.2	4.0	4.3	4.5	4.3	4.4	4.4	4.4	4.6
British Columbia	2.8	2.6	2.7	3.1	3.3	3.6	3.9	4.0	4.1	3.9
Manitoba	2.9	2.6	2.5	2.9	2.8	2.9	2.8	2.8	2.9	3.1
New Brunswick	2.0	1.9	2.0	2.5	2.7	3.2	3.3	3.8	3.7	3.6
Newfoundland	1.0	1.0	1.0	1.2	1.5	1.6	1.9	2.1	2.3	2.3
Nova Scotia	2.0	2.1	2.1	2.7	2.7	3.2	3.3	3.5	3.4	3.6
Ontario	4.2	4.0	4.2	4.4	4.4	4.7	4.7	4.8	4.9	4.7
Prince Edward Island	2.5	2.3	2.7	3.2	3.2	3.4	3.5	3.7	3.5	3.5
Quebec	1.9	1.6	1.9	2.2	2.4	2.7	2.7	2.8	2.7	2.8
Saskatchewan	2.3	2.0	2.3	2.6	2.7	2.7	2.9	3.0	3.1	3.0
Alabama	7.1	7.1	7.2	7.5	7.5	7.6	7.8	7.7	7.7	7.8
Alaska	4.9	4.9	5.0	5.3	5.1	5.2	5.4	5.3	5.6	5.6
Arizona	7.6	7.6	7.7	8.1	7.9	8.1	8.3	8.3	8.3	8.3
Arkansas	5.4	5.4	5.4	5.9	5.7	5.9	6.0	6.2	6.2	6.3
California	4.9	5.0	5.2	5.6	5.7	6.0	6.1	6.1	6.0	6.2
Colorado	6.5	6.6	6.5	6.5	6.6	6.5	6.5	6.7	6.8	7.0
Connecticut	5.1	5.3	5.5	6.0	6.1	6.4	6.5	6.4	6.4	6.5
Delaware	5.6	5.8	5.8	6.1	6.2	6.4	6.4	6.7	6.8	6.7
Florida	7.8	7.9	7.9	8.2	8.2	8.3	8.4	8.4	8.4	8.4
Georgia	5.0	5.1	5.4	6.0	6.3	6.5	6.6	6.6	6.8	6.9
Hawaii	4.6	4.6	4.8	5.1	5.3	5.4	5.4	5.3	5.5	5.7
Idaho	5.5	5.5	5.8	6.4	6.2	6.2	6.1	6.5	6.8	6.3
Illinois	5.4	5.4	5.5	5.8	5.6	5.7	5.8	6.0	6.2	6.3
Indiana	5.4	5.3	5.5	5.8	6.1	6.4	6.3	6.5	6.5	6.3
Iowa	7.0	6.9	7.0	7.2	7.1	7.4	7.4	7.5	7.4	5.6
Kansas	6.2	6.1	6.2	6.6	6.7	6.8	6.8	6.4	6.4	6.4
Kentucky	5.8	5.7	5.6	6.0	6.0	6.0	5.8	5.9	6.2	6.3
Louisiana	7.0	6.8	6.8	7.4	7.5	7.5	7.7	7.6	7.8	7.8
Maine	4.0	4.2	4.5	5.0	5.3	5.5	5.5	5.9	6.0	5.7
Maryland	4.9	5.1	5.5	6.0	6.1	6.4	6.6	6.7	6.8	7.0
Massachusetts	4.7	5.0	5.2	5.8	6.1	6.3	6.3	6.4	6.5	6.6
Michigan	3.8	3.8	4.1	4.6	4.8	4.9	5.1	5.2	5.4	5.5
Minnesota	4.8	4.7	4.9	5.3	5.3	5.6	5.5	5.8	5.9	5.8
Mississippi	7.5	7.5	7.4	7.7	7.7	7.8	7.7	7.9	7.9	7.9
Missouri	4.8	4.9	5.1	5.6	5.7	6.0	6.1	6.3	6.4	6.5
Montana	5.5	5.3	5.2	5.5	5.1	5.2	5.1	5.2	5.4	5.3
Nebraska	6.2	6.2	6.2	6.4	6.4	6.7	6.4	5.8	5.9	6.2
Nevada	5.5	5.5	5.6	5.9	6.1	6.5	6.5	6.5	6.6	6.8
New Hampshire	5.3	5.4	5.7	6.4	6.6	6.7	7.0	6.9	6.8	6.8
New Jersey	4.3	4.4	4.7	5.3	5.3	5.7	5.8	5.9	6.0	5.9
New Mexico	5.1	5.0	5.0	5.5	5.5	5.6	5.6	5.7	5.9	6.0
New York	3.8	3.9	4.0	4.4	4.6	4.9	4.9	5.2	5.2	5.2
North Carolina	5.7	5.6	5.7	6.2	6.4	6.7	6.7	6.8	6.9	7.1
North Dakota	5.6	5.6	5.6	5.8	5.9	5.8	5.8	5.7	5.9	5.9
Ohio	5.2	5.2	5.3	5.7	5.8	6.0	6.0	6.2	6.3	6.3
Oklahoma	5.9	5.8	5.6	6.1	6.1	6.0	6.1	6.3	6.3	6.1
Oregon	4.4	4.4	4.7	4.8	5.0	5.2	5.2	5.4	5.5	5.3
Pennsylvania	4.3	4.4	4.5	5.2	5.4	5.7	5.8	6.1	6.0	6.1
Rhode Island	4.9	4.8	5.0	5.3	5.6	5.9	5.9	6.1	6.1	6.1
South Carolina	8.0	8.0	8.0	8.4	8.3	8.3	8.4	8.3	8.4	8.4
South Dakota	5.0	5.0	5.1	5.6	5.6	5.9	6.1	6.2	6.2	6.3
Tennessee	7.5	7.5	7.5	7.8	7.9	7.9	7.9	8.0	8.0	8.1
Texas	7.3	7.3	7.3	7.7	7.6	7.6	7.4	6.8	6.9	7.1
Utah	4.8	4.9	5.0	5.6	5.8	6.0	5.9	6.0	6.2	6.3
Vermont	5.0	5.1	5.4	5.7	5.8	6.1	6.3	6.4	6.3	6.3
Virginia	6.0	6.1	6.4	6.8	7.0	7.3	7.3	7.4	7.4	7.6
Washington	4.8	4.9	5.0	5.3	5.4	5.5	5.8	5.8	5.4	5.5
West Virginia	4.3	3.9	3.5	4.1	4.3	4.5	4.3	4.6	5.1	5.1
Wisconsin	4.4	4.5	4.6	4.9	5.1	5.3	5.5	5.7	5.7	5.8
Wyoming	6.8	6.5	6.3	6.2	6.1	6.3	6.2	6.2	6.2	6.3

* Rank out of 60 for year 2002.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2002 Rank*
4.5	4.5	4.7	5.2	5.4	5.7	5.7	5.8	5.7	6.1	6.1	6.1	42
3.7	3.8	3.8	4.0	3.9	3.8	3.8	3.8	3.9	4.0	4.0	3.9	56
2.9	3.0	3.0	3.3	3.4	3.7	3.5	3.8	3.5	3.6	3.6	3.4	59
3.3	3.4	3.6	3.8	4.0	3.9	3.8	4.1	4.3	4.3	4.4	4.4	54
2.2	1.9	2.0	2.3	2.5	2.3	2.3	2.5	3.0	3.3	3.3	3.4	59
3.5	3.4	3.4	3.6	3.9	4.2	4.0	4.1	4.2	4.4	4.6	4.6	53
4.4	4.2	4.2	4.4	4.5	4.8	4.8	5.0	5.2	5.4	5.5	5.4	51
3.2	3.6	3.8	3.8	4.2	4.3	4.0	4.2	4.2	4.4	4.4	4.4	54
2.4	2.4	2.4	2.6	2.7	3.0	2.8	3.1	3.3	3.5	3.5	3.6	57
2.9	3.0	3.0	3.4	3.5	3.9	3.6	3.7	3.6	3.7	3.6	3.5	58
7.7	7.7	7.6	7.8	7.9	8.3	8.2	8.2	8.0	8.2	8.2	8.0	5
5.5	5.7	5.8	5.9	5.7	6.1	5.9	5.6	5.5	5.5	5.5	5.3	52
8.2	8.3	8.2	8.4	8.5	8.8	8.5	8.6	8.6	8.6	8.7	8.6	2
6.2	6.3	6.3	6.5	6.6	7.0	6.8	6.5	6.5	6.7	6.6	6.7	23
6.1	6.1	6.2	6.3	6.4	6.6	6.4	6.3	6.3	6.4	6.3	6.0	43
7.0	7.1	7.2	7.3	7.5	7.6	7.1	7.2	7.2	7.3	7.3	7.3	10
6.5	6.7	6.6	6.6	6.6	7.1	6.8	6.7	6.5	6.6	6.7	6.4	35
6.5	6.6	6.7	7.0	7.1	7.2	7.0	7.1	6.9	7.0	7.2	7.2	13
8.2	8.3	8.4	8.4	8.5	8.7	8.6	8.7	8.6	8.6	8.7	8.7	1
6.6	6.8	6.9	7.0	7.2	7.3	7.2	7.2	7.2	7.4	7.3	7.3	10
5.7	5.5	5.3	5.4	5.8	6.2	5.6	5.6	5.8	5.8	6.0	5.7	49
5.9	5.9	6.1	6.5	6.6	6.8	6.4	6.3	6.2	6.5	6.6	6.6	25
6.2	6.4	6.4	6.6	6.7	6.9	6.8	6.9	7.0	7.0	7.0	6.8	20
6.0	6.1	6.4	6.5	6.8	7.1	7.0	6.9	6.5	6.5	6.6	6.6	25
5.6	5.7	5.9	6.1	6.2	6.4	6.2	6.3	6.2	6.2	6.3	6.5	30
6.3	6.5	6.7	6.6	6.8	7.1	7.1	7.2	7.0	7.0	7.0	7.1	14
6.0	6.1	6.2	6.4	6.4	6.7	6.6	6.5	6.5	6.4	6.5	6.5	30
7.8	7.8	7.6	7.8	7.9	8.0	7.9	7.8	7.8	7.8	7.8	7.6	7
5.5	5.9	6.0	6.0	6.2	6.5	6.3	6.3	6.1	6.3	6.5	6.2	41
6.8	6.7	6.8	6.9	7.0	7.2	6.9	7.0	6.9	7.0	7.1	7.1	14
6.4	6.5	6.6	6.8	6.8	7.0	6.8	6.8	6.9	6.9	6.8	6.8	20
5.5	5.6	5.8	6.0	6.1	6.3	5.9	6.0	6.1	6.1	6.1	6.0	43
5.7	5.7	5.8	6.1	6.2	6.4	6.4	6.4	6.3	6.5	6.6	6.6	25
7.9	7.8	8.0	8.2	8.3	8.3	8.1	7.9	7.9	7.9	7.9	7.8	6
6.3	6.4	6.3	6.5	6.6	6.8	6.5	6.5	6.5	6.6	6.6	6.6	25
5.0	5.0	5.2	5.4	5.7	5.9	5.7	5.7	5.6	5.8	6.0	6.0	43
6.0	6.0	6.1	6.4	6.6	6.9	6.6	6.4	6.5	6.6	6.8	6.7	23
6.3	6.3	6.5	6.6	6.5	6.6	6.3	6.7	6.6	6.8	6.9	6.9	19
6.6	6.7	6.9	6.9	7.0	7.2	7.1	7.0	7.0	7.1	7.2	7.1	14
5.8	5.8	5.8	5.8	6.1	6.3	6.2	6.3	6.3	6.4	6.5	6.5	30
6.0	6.2	6.1	6.2	6.1	6.5	6.2	6.2	6.1	6.3	6.4	6.4	35
4.9	5.2	5.1	5.3	5.5	5.9	5.8	5.9	5.9	5.9	5.9	5.9	46
7.0	7.0	6.8	7.0	7.2	7.5	7.3	7.1	7.2	7.3	7.3	7.3	10
6.0	5.9	5.9	6.2	6.2	6.7	6.3	6.4	6.2	6.5	6.6	6.4	35
5.7	5.7	5.8	6.1	6.2	6.4	6.3	6.4	6.5	6.5	6.6	6.6	25
5.9	6.0	6.1	6.2	6.3	6.5	6.3	6.3	6.3	6.6	6.5	6.4	35
5.2	5.4	5.5	5.6	5.8	6.3	6.0	6.1	5.9	6.0	6.0	5.9	46
6.0	6.1	6.3	6.3	6.5	6.7	6.5	6.6	6.6	6.6	6.7	6.8	20
5.8	5.9	6.2	6.4	6.3	6.5	6.3	6.4	6.4	6.4	6.5	6.4	35
8.3	8.3	8.3	8.4	8.5	8.7	8.5	8.5	8.5	8.4	8.3	8.2	4
6.1	6.1	6.3	6.5	6.7	7.0	6.7	6.8	6.8	7.0	7.0	7.0	17
8.1	8.2	8.2	8.2	8.4	8.6	8.4	8.5	8.5	8.4	8.5	8.3	3
7.1	7.1	7.1	7.2	7.4	7.6	7.5	7.6	7.6	7.6	7.7	7.6	7
6.1	6.1	6.2	6.5	6.7	7.0	6.7	6.8	6.9	6.9	7.0	7.0	17
6.1	6.4	6.6	6.7	6.7	6.8	6.7	6.7	6.6	6.4	6.4	6.5	30
7.2	7.1	7.1	7.3	7.5	7.7	7.4	7.4	7.3	7.5	7.6	7.5	9
5.4	5.5	5.5	5.5	5.8	6.1	5.9	6.0	5.8	5.9	5.8	5.7	49
5.0	4.9	5.0	5.3	5.6	5.8	5.7	5.8	5.6	5.7	5.9	5.9	46
5.7	5.7	5.9	6.1	6.3	6.4	6.1	6.2	6.2	6.3	6.4	6.5	30
6.3	6.4	6.6	6.7	6.9	7.3	7.0	7.0	7.0	7.1	6.5	6.3	40

Appendix A: Comparison of Economic Freedom Indexes

This past year the *U.S. Economic Freedom Index: 2004 Report* (Huang et al., 2004) was published by the Pacific Research Institute (PRI). It differs from the index published in *Economic Freedom of North America* in that it does not include the Canadian provinces and covers only two years, 1999 and 2004. For those two years, however, correlations between the *Economic Freedom of North America* and the *U.S. Economic Freedom Index* are very low, suggesting the two indexes may not be measuring the same thing.

Economic Freedom of North America includes 10 variables, all with high relevance to economic freedom. The *U.S. Economic Freedom Index* begins with 143 different variables. Three sets of problems confront this selection of variables: many lack clear relevance to economic freedom; many are duplicative, which can lead to overweighting areas that are covered by a number of similar variables; and many others are affected by a range of miscellaneous problems.

One or more of these difficulties trouble over half the menu of variables. Variables of suspect relevance to economic freedom include the Attorney-General's salary, the number of legislators per million population, and the number of government units. Duplicative measures include two variables for tobacco taxes, several variables on purchasing preferences for various types of recycled products, two variables for taxes on alcoholic drinks, and several variables on workers' compensation. Finally, there are problem variables. For instance, a variable on per-capita tobacco revenues will penalize states with a high percentage of residents who choose to smoke as well as states with high tobacco taxes. In fact, depending on elasticity, high rates of tobacco tax can reduce tobacco revenues. A variable on land owned by the federal government penalizes states with large military bases. A variable on high healthcare costs will penalize states with an aging population.

The selection from this menu of variables for inclusion in the *U.S. Economic Freedom Index* seems to have been determined rather oddly, based on their statistical relationship to migration. In other words, the selection process for these variables—like many of the variables themselves—is not based on economic freedom, what the index is supposed to be measuring. Economic freedom may motivate migration but so do many other factors including climate, generosity of welfare (a counter indication of economic freedom), and resource endowment, to name a few. That Saudi Arabia has attracted many migrant workers does not attest to its economic freedom. Not surprisingly, basing the selection of variables on a statistical relation to migration has the effect of excluding some variables, like the capital-gains tax rate, that are relevant to economic freedom while including variables, like two that use the qualifying age for a driver's license, with questionable relevance.

Finally, the variables are weighted by principal component analysis, a method once used in *Economic Freedom of the World* but abandoned several years ago (Gwartney et al., 1996; Gwartney and Lawson, 2004). This approach increases the weight of individual variables based not on their relationship to economic freedom but rather on differences in variation—if only three variables are used, for example, the two variables that follow the most similar pattern will have the lowest weight; the outrider will have increased weight. This was less of a problem in *Economic Freedom of the World*, where all variables had a clear relation to economic freedom, than it is for the *U.S. Economic Freedom Index*, where not all variables have such a clear relation and where the heavily weighted outriders may well have the least relation to economic freedom.

To conclude, the *U.S. Economic Freedom Index* contains duplicative variables, many of which have little relation to economic freedom or provide flawed measures. Neither the selection nor the weighting of variables is based on economic freedom. Given all this—the lack of any relationship between economic freedom and many variables, the index's selection process, and its weighting procedure—it is unlikely that the *U.S. Economic Freedom Index* actually measures economic freedom. Thus, it should be no surprise that its correlation with the *Economic Freedom of North America* is extremely low.

Appendix B: The Economic Health of the Provinces and States

Canada

Alberta

For a Canadian province, Alberta had high levels of economic freedom at the opening of the 1980s. However, through the 1980s and early 1990s, Alberta's policy mix shifted and the level of economic freedom declined. The province's economy weakened and unemployment rose to a national level, sometimes exceeding the national rate of unemployment. After a dozen years of decline, Alberta's economic freedom began to grow in 1994. At the same time, the gap between per-capita GDP in Alberta and the rest of Canada, which had been shrinking, once again started to grow in Alberta's favour and Alberta's unemployment fell to significantly below the national average. In Area 1: Size of Government, which examines government spending, at the all-government level, Alberta typically scores highly because it has a very low level of federal expenditures. This helped propel Alberta into the top five economically free jurisdictions in the all-government index in 2002.

British Columbia

British Columbia's economic freedom score fell in the early 1990s on both the all-government and subnational indexes. This also reflected a period of economic weakness for the province that, for the first time, became classified as a "have-not" province and began to receive equalization payments. British Columbia's relative affluence also declined sharply over the period, from 16% above the national average in 1993 to a virtual tie with the national average. Even though migration to British Columbia fell off sharply through the 1990s, the unemployment rate rose relative to the national average. Economic freedom rose in the early years of this new century. In the past few years, both economic and employment growth have been much stronger in British Columbia.

Manitoba

Manitoba significantly reduced its economic freedom in both indexes from 1981 to the early 1990s. Economic freedom recovered somewhat from the early to mid-1990s onward but Manitoba's score in 2002 was below its score in 1981 on both indexes. Over the period, Manitoba's GDP per capita fell from just above the national average to more than US$1,000 below. However, Manitoba's unemployment rate remained below the national average throughout the period, though this may be partially due to significant emigration from the middle of the 1980s onward. Manitoba's downward trend in economic freedom is more or less consistently reflected across the subindexes.

New Brunswick

Among the provinces, New Brunswick, along with Nova Scotia, had the strongest gains in economic freedom at an all-government level over the full period. Gains were reflected in both indexes though, between 1989 and 1993, New Brunswick did suffer some declines in economic freedom. After 1993, gains were consistent and large. However, because its score was initially so low, New Brunswick's score at the end of the period remained below the Canadian average in the all-government index. Nonetheless, just as New Brunswick significantly closed the economic-freedom gap with other provinces over the period, it also closed the income gap, rising from less than 70% of average provincial per-capita GDP in 1981 to 84% in 2002.

Newfoundland

Newfoundland began the period close to the bottom of the heap in both indexes and remained there until the late 1990s. Although Newfoundland's score improved over the 1990s, it was only keeping pace with improvements in other provinces. However, between 1998 and 2002, Newfoundland made substantive improvements and its ranking rose somewhat. Newfoundland rapidly gained on the rest of Canada in per-capita GDP at the end of the 1990s. But, Newfoundland's economy is small and undiversified. Thus, if key sectors suffer external shocks, it becomes difficult to disentangle general economic trends from the impact of these shocks. Both the oil and fishing industries are sensitive to exogenous shocks such as wide fluctuations in the price of oil or a depletion of resources, like the collapse of the northern cod stocks.

Nova Scotia

Among the provinces, Nova Scotia, along with New Brunswick, had the largest gains in economic freedom at an all-government level. Nova Scotia's scoring and ranking improved substantially in both indexes. It began the period third last in the subnational index and rose to third best among provinces. Nova Scotia's per-capita GDP also climbed significantly relative to the national average as well.

Ontario

Between 1989 and 1993, Ontario's economic freedom dropped dramatically. In 1981, Ontario had higher levels of economic freedom than at least some states in both indexes. Through to 2000, Ontario's score climbed in both indexes but then stagnated in 2001 and in 2002 was the fourth worst performer among Canadian provinces. Ontario's per-capita GDP declined significantly against the Canadian average between 1989 and 1993 but has remained largely stable since.

Prince Edward Island

In 1981, Prince Edward Island had the fourth worst performance at a subnational level among the provinces and ended dead last in 2002. At an all-government level, Prince Edward Island was in the middle of the pack among Canadian provinces throughout the full period. However, in 1981, it led Nova Scotia, Newfoundland and New Brunswick in the all-government index. In the subsequent years, its score declined before rising somewhat in the 1980s. From 1981 to 2002, Prince Edward Island's per-capita GDP was below the national average, although the gap decreased over time. Furthermore, its unemployment rate was higher than the national average throughout the full period.

Quebec

Over the period, Quebec improved its score slightly in both the all-government and subnational indexes but not at the same pace as other provinces or states. In 1981, Quebec was in the middle of the pack among Canadian provinces at an all-government level but finished second last in 2002. At a subnational level, Quebec was either worst or second worst performer among the Canadian provinces throughout the period. Over the same period, Quebec's per-capita GDP improved slightly relative to Canadian average but, as with economic freedom, the improvements were not significant enough to catch up with the rest of the Canada.

Saskatchewan

Saskatchewan has been consistently in the middle of the Canadian ranks in the all-government index through most of the period under examination and, in 2002, was the third-freest province. In both 2001 and 2002, it declined in both indexes. At a sub-national level, Saskatchewan started in the middle of the pack but ended being the second-worst performer among the Canadian provinces. In 1981, Saskatchewan's per-capita GDP was US$3,000 above the Canadian average but over time the gap decreased to about US$500.

The United States

Alabama

Alabama ranked 38th overall in terms of economic freedom at the all-government level for the third straight year, and was 17th in the subnational index, from which it has barely deviated for the same period. The state was undone primarily by its rankings in size of government, where it was 52nd in the all-government group and 51st subnational. Alabama matched previous recent all-government rankings in takings and taxation at 15th and was 10th in the state and local group. The all-government labor market freedom ranking of 30th was a mild improvement over the previous several years but, at a subnational level in more than 20 years of data, it has never been out of single digits and in 2002 was 5th for the seventh consecutive year. Another bit of good news: only a handful of states had a lower effective state and local tax burden (9.1% compared to the national average of 10%), and Alabama was 49th out of the 50 states when the federal tax burden was added. The Yellowhammer State has a relatively low general sales and use tax (4%), one of the lowest cigarette taxes in the country (16.5¢ per pack of 20), and a gasoline tax tied at seventh-lowest in United States at 16¢ per gallon.

Alaska

After holding a strong, single-digit position throughout most of the 1980s, Alaska began a slide in the measurements of overall economic freedom, ranking 40th in 2002 in the all-government area. It has never been a player at the state and local level, where its 47th place showing is actually an improvement over two years earlier. Despite a number one ranking for size of government in the first five years of data beginning in 1981, Alaska was 52nd of all states and provinces in 2002 in the all-government rankings, 59th subnational (after four years at 60th). And in labor market freedom it ranked 52nd in both categories. The results are far better in takings and taxation, where the state was 2nd in all-government and state and local alike. Not surprisingly, Alaska is last among the states in the size of its tax burden, both state and local and after federal taxes are figured in. There is no state-level sales tax and an extremely low gasoline tax (8¢). However, the spirits and beer taxes are on the high end and the table wine tax of $2.50 per gallon is the highest in the country.

Arizona

Arizona maintained the gains it began making in the mid- and late 1990s, finishing 10th all-government and 4th in the subnational area in the overall rankings. The Grand Canyon State showed little change over the past few years in the three major measurements: it finished 19th all-government and 11th subnational in size of government; 18th and 23rd in takings and taxation; and 8th and 2nd in labor market freedom. At the subnational level, Arizona has never been rated worse than 3rd in labor market freedom over the past two decades. The state has moved up to 20th in its combined state and local tax burden of 10%. It is about in the middle of the pack with its 5% general sales and use tax.

Arkansas

Arkansas placed 38th overall in the all-government category and 33rd in the state and local comparisons. Its best showing was in state and local labor market freedom, where it ranked 16th and as compared to 23rd in all-government. Otherwise, the state fell into the bottom half in takings and taxation (37th in all-government and 39th in state and local); and size of government area, where it ranked 28th and 49th in all-government (a measurement where it has never been higher than 41st). Its effective state and local tax burden of 9.8% is right in the middle of the 50 states but, when federal taxes are added, its burden drops to 39th.

California

Overall, California's rankings have remained relatively consistent over the past several years, now standing at 26th for the all-government level and 44th state and local. This gap is also reflected in two of the three areas of measurement. The state ranked relatively high (14th) in terms of government size at the all-government level but fared worse at the subnational level (45th). Similarly, all-government placed higher in takings and discriminatory taxation (32nd) than state and local (47th). Both labor market freedom measurements were 43rd. California's state and local tax burden has improved, dropping down to the middle of the states, but its state-level sales tops the country at 7.25%.

Colorado

Colorado continues to play its role as one of the stars of economic freedom, holding on to 2nd in all-government overall and maintaining single digit status in the subnational rankings at 9th. With one exception—the state and local measurement for takings and taxation, where it ranked 15th—Colorado was in the top 10 in all comparisons. For size of government, it ranked 4th in the all-government list for the fifth straight year and dropped slightly to 8th in state and local. In labor market freedom, it finished 3rd in the all-government group and 10th in state and local. Its all-government takings and taxation ranked Colorado at 8th. The state's general use and sales tax (2.9%) remains the lowest in the country for those states that have one. Only 10 states have a lower effective state and local tax burden. And Coloradoans can celebrate their good fortune cheaply: only three states have a lower tax on beer and most have higher cigarette taxes.

Connecticut

Connecticut places 18th overall in the all-government ratings and 26th in the state and local comparison. Its size of government ranking has been in single digits in the all-government measurement since the 1980s (now standing at 8th) and it has been slowly improving in the subnational group to 16th. The 2002 ratings confirmed the fall-off in the state's one-time strong suit, labor market freedom, dropping seven places to 22nd all-government and 12 places to 35th subnational. The takings and taxation results were not much help to Connecticut's overall standings: 42nd all-government, 27th state and local. Its general sales and use tax is at the high end at 6%. Its gasoline tax of 25¢ per gallon is tied for sixth highest in the country. The effective state and local tax burden has dropped slightly to 9th highest in the country (from 6th) but its total tax burden (32.3% with federal taxes added) remains the worst.

Delaware

Delaware continues to go from strength to strength, placing 1st in overall economic freedom in both the all-government (an unbroken streak since 1986) and state and local rankings (a category where it began an undistinguished 33rd in 1981). In terms of government size, it was rated 1st both in all-government (another unbroken post-1986 run) and state and local (five years running). It was 1st in both measurements of takings and taxation (the all-government record stretching back to 1990) and moved into 1st in labor market freedom at all-government level. The only double-digit blemish came in Delaware's state and local labor market freedom ranking at 13th. Delaware has no general sales and use tax. Its effective state and local tax burden is lower than all but two other states (adding the federal burden moves it up to 33rd on the list).

Florida

Florida made a major improvement in its overall all-government economic freedom ranking, jumping from 31st to 18th. It has been in single digits in the subnational measurement since 1981 and in 2002 was 3rd. When size of government was taken into consideration, it ranked considerably higher in the state and local comparisons than in the all-government group, 11th as compared to 27th. That pattern held true in taxation and takings (18th subnational and 40th all-government) and labor market freedom (1st—and never below 2nd in the last 21 years—and 5th). Its effective state and local tax burden of 8.8% puts it near the bottom among the states. Florida's general sales and use tax is at the high end (6%). Once the nation's-lowest, its gasoline tax has moved up to fourth lowest in the United States.

Georgia

Georgia has solid ratings on most measurements of economic freedom, placing 4th overall in the all-government area and 10th in state and local. Its rankings for size of government were 11th all-government and 8th subnational; in takings and taxation, Georgia ranked 8th and 18th. Its best showing was in the all-government rankings for labor market freedom, where it was 3rd, making 13 straight years in the top five. It was 10th in the state and local comparison. Georgia is one of several states tied for the second-lowest state-level sales tax (4%) among those that have one and its gasoline tax is the lowest in the country at 7.5¢. Its effective state and local tax burden (10%) is exactly the national average.

Hawaii

Hawaii may bask in the sunshine but the light doesn't brighten the picture much where economic freedom is concerned. The state was 44th in both overall rankings and never cracked 30th in any of the three major areas of comparison. The best showing came in size of government, where the state ranked 41st all-government and 36th subnational. Takings and taxation stood at 32nd and 49th, respectively, with labor market freedom ranking 50th and 49th. Hawaii's combined state and local tax burden is tied for third highest with Ohio, although when combined with the federal tax burden, the state is about average. On the other hand, at 4%, the state-level sales tax is tied at second lowest of the states that impose one, and only seven states have a lower gasoline tax. What beer drinkers save on gas tax, though, they'll need for suds: Hawaii's beer tax of 93¢ is by far the highest in the country.

Idaho

Idaho has shown little change over the past several years in its overall rankings, which in 2002 were 31st in all-government and 35th for the fourth straight year in the subnational area. It ranked 37th in all-government and 28th in the state and local size of government comparison, and 26th and 42nd in the takings and taxation category. The best showing came in labor market freedom, where it ranked 22nd all-government and 25th state and local. Idaho may not be setting the world alight but at least it is consistent—none of the eight measurements changed more than three places from 2001. The state has one of the higher combined state and local tax burdens at 10.4% and a high state-level sales tax at 6%.

Illinois

Most of Illinois' rankings fell slightly from 2001. In the overall all-government measurement, it dropped three spots to 15th, and in state and local from 16th to 22nd. Takings and taxation were also slightly off, to 26th all-government and 21st subnational. There was a bigger drop of 11 places to 30th in all-government labor market freedom, while state and local ranked 20th. Illinois' best showing for years has been in the size of government national area (single digits since 1984, 8th in 2002), while it ranked 22nd subnational. The combined state and local tax burden is slightly below the national average at 9.7% but, at 6.25%, its state-level sales tax is among the nation's highest.

Indiana

Indiana, like its neighbor Illinois, was off somewhat in the overall measures for economic freedom—it just fell from a higher place, dropping slightly to 10th all-government and 13th in the subnational rankings. In the size of government area, it was down to 17th and 8th, respectively; in takings and taxation, it was 11th all-government (after three years at 7th) and repeated in the subnational rankings at 8th. Labor market freedom is historically Indiana's weak suit but the all-government numbers continued their slow rally to 16th, although the subnational rankings repeated at 25th. Indiana's combined state and local tax burden has increased slightly to 10.1%, just topping the national average. Its 6% state sales tax puts it at the high end among states that impose one. The Hoosier State's 15¢ per gallon gasoline tax is toward the low end of the scale, as is its beer tax of 12¢ per gallon.

Iowa

Iowa's overall rankings on economic freedom are up slightly to 18th in the all-government area and 24th subnational, and most of its numbers are in the middle range. In terms of government size, Iowa fell to 30th all-government and was almost unchanged at 22nd in the subnational area, while takings and taxation showed little movement at 15th and 23rd. Historically, labor market freedom was a reliable area. After being either 8th or 9th all through the 1980s, however, its subnational ranking of 30th in 2002 was the best since 1990, while the all-government ranking made a substantial move up to 16th. The state and local tax burden is just below the national average at 9.8%, although when the federal burden is added to the mix, only eight states tax less than Iowa.

Kansas

Kansas is another state in which economic freedom is neither supreme nor defeated: it ranked 26th in all-government overall and 22nd in the subnational grouping. Its best showing was in size of government, state and

local, where it rated 16th (national was 24th). Takings and taxation finished 28th in all-government and 34th in state and local. The state's labor market freedom ranking jumped six places to 22nd in the all-government area, while the subnational ranking has been the state's strongest for several years, now standing at 14th. Kansas ranks a shade below the national average in terms of combined state and local tax burden at 9.9%. At 24¢ per gallon, its gas tax is slightly on the high side but the ghost of Carry Nation no longer stalks the Kansas prairie: taxes on spirits, table wine, and beer are among the country's lowest.

Kentucky

Kentucky rates 33rd overall in the all-government list (confirming its drop-off there over the past several years) and 28th subnational, a slight uptick. Both size of government measurements have fallen off, all-government to 45th, state and local to 31st; takings and taxation were ranked at 22nd and 27th. Labor market freedom rankings confirmed the state's middle-of-the-pack status at 29th and 30th, in both cases close to rankings of recent years. The effective state and local tax burden has risen somewhat to reflect the national average of 10% but, with the federal tax burden included, Kentucky drops to 36th nationally. While the state sales tax is high at 6%, sin continues to avoid being heavily taxed: Kentucky's 3¢ cigarette tax is now the country's lowest, beer is tied for 3rd lowest, and table wine is comparatively lightly taxed.

Louisiana

What's happened to Louisiana? A state that was in low single digits a decade ago in both overall groups has slid over the past 10 years to stand at 37th all-national and 26th subnational. With one exception, each of the six area breakdowns reflects the same woeful slide. The single good showing is in the state and local labor market freedom ranking, where it has been 7th since 1996. However, the all-government number has slipped eight places to 36th. The government size ranking in the all-government measurement hit an all-time low of 45th, with the state and local an equally bottom-scraping 43rd. Takings and taxation—no worse than 4th as late as 2000, and frequently 1st or 2nd—stood at 28th in 2002 all-government and 33rd subnational, also both all-time worst. Louisiana's state and local sales tax burden, just below the national average, gets a break when the federal burden is added (7th lowest). Also on the bright side, although "bright" is relative, the state-level sales tax is tied for second lowest among states that have one, the spirits tax is low, the gas tax at 20¢ is about in the middle of national range, and the state tax on table wine is still the lowest in the country at 11¢ per gallon. That's gallon.

Maine

Maybe it's the winters but Maine continues to give a cold shoulder to economic freedom's sunny overtures. The state has never been above 40th in either of the overall categories and, in 2002, stood at 48th all-government and 49th subnational. The breakdowns were unrelievedly gloomy: size of government 47th and 46th, respectively, takings and taxation 48th and 55th; and labor market freedom was 41st in both measurements. Only New York hits residents with a higher state and local tax burden, at 12.3% a full percentage point above number-three Ohio (the state has the sixth-highest tax rate when the federal burden is added). At 5%, the state sales tax is below that of the top-tier states (6% and above).

Maryland

The Old Line State's overall numbers both show modest improvement from two years ago, the all-government ranking moving from 38th to 33rd, the subnational from 24th to 17th. The same two-year period improvement holds for government size (42nd to 32nd, all-government, 28th to 20th subnational). Changes in the other two major areas were less dramatic. All-government takings and taxation actually dropped to 37th while the state and local ranked 23rd. Labor market freedom all-government also went down slightly to 30th while the subnational ranking, the state's best-performing measurement over the last decade, was 14th. Like a number of states, Maryland hovers around the national average for combined state and local tax burden at 9.9% but is at number 15 on the overall tax list after the federal burden is folded in. Its various alcohol taxes are at or below average, especially beer at 11¢.

Massachusetts

Over 20 years, Massachusetts has gradually worked its way into solid top-20, if not yet spectacular top-10, status in most areas—although it did reach 10th on the all-government overall list (it was 17th subnational). Both of its government size rankings tailed off (13th all-government, 16th state and local) while labor market freedom edged up slightly (16th and 20th, respectively.) Its big gain came in takings and taxation, where it was stable in the subnational area at 15th, but in all-government moved to 12th from 22nd in 2001 and 36th in 2000. Not surprisingly, Massachusetts's combined state and local tax burden is below the national average at 9.4% (although once the federal tax burden is added only three states have a bigger bill). Its cigarette and spirits taxes are relatively high, although the state tax on beer is among the lowest.

Michigan

Michigan is typical of states that have become gradually hospitable to economic freedom since the 1980s. If the current rankings aren't yet top-10 material it's because the state had so far to come. Until the mid-1990s, Michigan's overall numbers were in the 30s and 40s. In 2002, its all-government ranking was 18th, subnational 28th. In government size, in the all-government area, it's been 18th four years running. And while 28th is still below the halfway point in the state and national rankings, Michigan spent the period from 1981 to 1991 (sometimes deep) in the 50s. In takings and taxation, the state was 18th in the national and 21st subnational. The one area in which it has yet to catch fire (that is, rarely broken into the top-40) is labor market freedom. In 2002, its ranking was 38th in all-government and 43rd subnational. Michigan's state and local tax burden is slightly above the national average at 10.2% and the state sales tax is among the highest at 6%.

Minnesota

Minnesota improved its overall rankings slightly from 2001 to 15th all-government and 35th subnational—although even 35th represents the highest ever ranking in that area. The state shows other wide variations between the two measurements. The all-government rank for government size is 11th; for state and local, it's 36th. Labor market freedom rankings are 16th in the national and 25th subnational; takings and taxation are 28th and 38th. Minnesota's tax burden is relatively high—10th for combined state and local, 12th after federal taxes are added. At 6.5%, its state sales tax is tied as the nation's fourth highest. Its spirits tax is also high, although taxes on table wine (30¢) and beer (15¢) are among the lowest.

Mississippi

Mississippi's competitive score in the subnational labor market freedom measurement (6th; all-government was 43rd) was about the only high point for a state whose rankings have either never impressed or have fallen markedly over the past several years. In the overall measurements of economic freedom, the all-government ranking has never topped 42nd and is now 49th. The subnational, 14th in 1995, is now 33rd. The all-government ranking for takings and taxation (consistently in the 20s until 1998) was 42nd in 2002; state and local has gone down almost yearly for a decade to 43rd. The subnational size of government ranking has also dropped to 46th, while the all-government (which had a best-ever showing of 49th) now stands at 58th, better than only Prince Edward Island and West Virginia. The federal tax burden at least doesn't add to Mississippi's woes; the state is number 45 on the local/state/federal tax-bite list. But Mississippi imposed its own 7% sales tax, only a quarter-point behind the highest in the nation. At 18¢ each, the gasoline and cigarette taxes are among the lowest in the country.

Missouri

Missouri ranks 18th overall in the all-government rankings and 17th in state and local, with respectable scores in both takings and discriminatory taxation (15th and 13th) and somewhat lower ones in labor market freedom (22nd and 25th). The state fares worst in the all-government measurement for size of government, coming in 32nd, although in the state and local rankings it placed 16th. It has one of the lowest state sales taxes among the states that charge one, at 4.25%. It's in the bottom quintile on the gas tax, has one of the lowest table wine taxes (30¢), and the second lowest tax nationally on beer (6¢). In the rankings where citizens want their state to finish far down the line, effective state and local tax burden, Missouri is below the national average at 9.3%.

Montana

Montana was 50th in the overall all-government rankings, which is about where it has languished since 1985. The subnational ranking has fought its way up to 43rd. Takings and taxation rankings are 44th and 34th (the latter the best showing in any area for the state), while labor market freedom rankings were 47th and 43rd. The all-government measure for government size dropped to the mid-50s in 1985 and is now 57th, while the subnational ranking for the category is 46th. The combined state and local tax burden is just below the national average at 9.8% and the state is one of the five that imposes no state sales tax. Driving to a more economically friendly state will be pricey—only five states have a higher gasoline tax.

Nebraska

Nebraska's overall rankings for economic freedom have spent most of their time in the 'teens and did again in 2002: 17th in the all-government rankings and 15th in the state and local. After briefly peaking in the mid-1990s, the all-government measure of size of government settled in at 19th, although the subnational figure—number one for seven consecutive years starting in 1990—repeated at 4th. Takings and taxation ranked 22nd all-government, 30th subnational; in labor market freedom the state was 13th and 23rd. Nebraska is slightly over the national average for its state and local tax burden (10.2%), and the gasoline tax is relatively high at 24.6% (although it is adjusted periodically).

Nevada

Nevada was a solid performer across the board, not falling below 22nd in any of the eight areas of measurement. In terms of overall economic freedom the state ranked 7th in all-government and 10th in the state and local measurement. Size of government provided the best showing, with Nevada finishing 3rd in the all-government rankings (it hasn't been below 5th since 1988), and coming in 4th in state and local. In takings and taxation, Nevada was 22nd and 18th, respectively, while in labor market freedom it was 11th and 19th. Nevada is below the national average for the combined state and local sales tax, although the addition of the federal tax burden moves it to 9th on the most-taxed list. Nevada's state sales tax is near the top at 6.5%

New Hampshire

New Hampshire has had the occasional stumble over the past 20-plus years but usually recovers quickly. In its welcoming of economic freedom, it has been a sound performer, finishing 7th overall in the all-government rankings and 4th in the state and local, and topping that in the government size area at 5th and 2nd. The closest New Hampshire came to a let-down was in the all-government measurement of takings and taxation, where it finished 18th (though 2nd in the subnational). The state was ranked 5th and 14th for labor market freedom. Only Alaska has a lower state and local tax burden than New Hampshire's 7.5%, and there is no state sales tax.

New Jersey

New Jersey's modest improvements gave the state its highest rankings in overall economic freedom in a number of years, 18th in the all-government area and 28th in the subnational. Size of government provided the best showing at 5th all-government and 20th subnational. It finished 22nd and 30th in the labor market freedom measurement. Takings and taxation has always been the state's trouble spot, at least in the all-government rankings, where it has been as low as the high 50s and in 2002 finished 44th, with a state and local ranking of 34th. New Jersey is only ⅒ of a point above the national average for state and local tax burden but, once the federal boom is lowered, the state is the third most taxed in the country and imposes a high 6% state sales tax. On the other hand, the 10½¢ gasoline tax is bested by only two states.

New Mexico

New Mexico's climate for economic freedom has worsened steadily over the past two decades, to the point that, by 2002, its overall all-government ranking was 50th, while the subnational was 44th for the fifth straight year. Size of government helped sink the overall ratings, coming in at 55th all-government and 54th state and local. Takings and taxation provided no help, coming in at 48th all-government (in free fall since finishing 12th just

two years earlier) and 43rd subnational. In the labor market freedom area, it was ranked 41st and 35th. At 9.7%, its state and local tax burden is a bit below the average as is the gasoline tax at 17¢. And don't try drowning your sorrows; all three alcohol-related taxes are among the nation's highest.

New York

New York ranks 40th in the all-government figures for economic freedom and 49th in the subnational area, and little in any of the major measurements suggests a breakout is in the offing. In terms of government size, the state ranks 27th all-government, tying its worst showing ever, and, in the subnational area, it's a dismal 56th (and has never topped 47th). In takings and taxation, the state has tumbled to 46th all-government and is 47th subnational; in labor market freedom, New York ranked 45th and 46th. Part of the sluggishness could be tax-related: the Empire State's 12.9% state and local tax burden is the nation's highest and, when the federal tax burden is added, only Connecticut's citizens pay more. Its other tax rates are all over the board: a low 4.25% sales tax (due to go to 4% in mid-2005) and a beer-friendly 11¢ per gallon tax on suds, but the highest gasoline tax in the country at 32.7¢ and the third-highest tax on spirits.

North Carolina

North Carolina has never been out of single digits in its all-government ranking of overall economic. In 2002, it was 2nd (only Delaware rated higher), while also finishing 10th in the subnational area. Its size of government rankings were 14th and 15th, respectively, and that's about as bad as the news gets for North Carolina. In takings and taxation the state finished 3rd in the all-government group and tied a best-ever 10th state and local. Measuring labor market freedom, North Carolina finished 1st all-government for the 14th time in the last 17 years, and 10th in the subnational group. The state and local tax burden is below the national average and even the federal add-ons still leave more than 30 states with higher total tax hits. The Old North State's sales tax is low at 4.5% and the cigarette tax, at a nickel, is the second lowest in the country, although only a handful of states have a higher gasoline tax.

North Dakota

North Dakota ranks 45th in the all-government numbers for overall economic freedom and a considerably higher 28th in the state and local area. The disparity can be explained in part by its showing in government size where, despite the subnational ranking snapping back to 22nd (its best showing in 20 years), the all-government ranking was 55th for the fourth year in a row. Takings and taxation were 32nd all-government and 30th subnational, and labor market freedom not dissimilar at 30th and 35th. The state and local tax burden was below the national average, the federal additions were low enough that the overall burden was only 42nd among the states. The state sales tax was below that of the highest group of taxing states at 5%.

Ohio

Ohio dropped to 31st overall in the all-government rankings of economic freedom after spending a half-decade in the mid-20s. Its subnational rankings has never topped 34th and in 2002 stood at 40th. The rest of the groups follow that same just-below-average pattern. The government size rankings are 27th all-government and a brutal 54th in the state and local comparisons; and takings and taxation were 32nd and 39th. Its labor market freedom rankings were 30th all-government and 25th subnational. Ohio suffers the third highest state and local tax burden at 12.3%. It has had a high 6% sales tax, although it is scheduled to revert to 5% in mid-2005. Only a handful of states have a higher tax on gasoline.

Oklahoma

If this were the 1985 report, looking back on the first four years of data, Oklahoma would be one of the country's stars. What a difference two decades make. Then, the state was in the mid-'teens or better in all eight measurements. In 2002's overall measurements of economic freedom, the state's all-government ranking was 43rd and it came in at 37th in the subnational group. Size of government yielded a 48th all-government and 32nd state and local, while takings and taxation both dropped to 40th and 39th. The labor market freedom numbers were simi-

larly close and undistinguished: 36th and 35th. And the state isn't fighting a killer tax bill: its combined state and local tax burden of 9.2% puts it closer to the bottom than the top, and it fouls off the federal inside pitch, coming in as the 46th most-taxed state. Furthermore, its state sales tax is low at 4.5%, the gasoline tax is among the handful of lowest states at 16¢, and the cigarette tax is lower than most states.

Oregon

Unlike Oklahoma, which started out golden and turned to lead, Oregon began far down the lists of economic freedom and has fought its way up to semi-respectability: 33rd in the overall all-government rankings (from a first decade spent in the 40s) and 40th subnational (a relapse from the period when it reached the 30s). "Relapse" sums up the state's size-of-government experience, doing better earlier, now sitting 36th at all-government and 57th subnational. Labor market freedom doesn't provide the good news with its predictable 45th all-government and 46th subnational. The overall boost comes from the state's numbers in takings and taxation, a steady climb over time to 12th all-government and 15th state and local (the latter was off the scale at 52nd in the late 1980s). The state's 9.5% state and local sales tax burden is below the national average and the federal additions aren't that hurtful. There's no state sales tax, the alcohol-related taxes are low (especially beer at 8¢ per gallon). Only a few states have a higher gasoline tax at 24¢ per gallon.

Pennsylvania

Pennsylvania, like Oregon, has been on an improving track regarding economic freedom but has put on a more concerted push the last five years, ranking 18th all-government and 24th subnational in the overall measurements (and this from a state that in 1981 was in the 40s in most categories). The state isn't doing it on its size of government showing (32nd in both indices), but the scores pick up with labor market freedom (16th and 20th all-government and subnational) and are even a bit better in takings and taxation, where Pennsylvania ranked 18th and 10th, respectively (the latter measurement has always been its strongest). The state and local tax burden is below-average 9.4%, the sales tax a top-tier 6%. But few states say "get in the car and drive" like Pennsylvania with its third-lowest 12¢ gasoline tax and beer is at the bottom as well with the state's membership in the 8¢-a-gallon club.

Rhode Island

Rhode Island just refuses to improve: 51st overall in the all-government measurement in 1981, 45th in 2002; 51st subnational then, 51st now. Its size of government rankings bear out the overall assessment: 41st all-government, 58th state and local (and never better than 51st in the past decade-plus). Takings and taxation are a mostly-50s nightmare since 1981, finishing in 2002 at 50th in both areas. When a state's high points are in the mid-to-low 30s, it's a sign of trouble, and that's where Rhode Island is with labor market freedom: 38th all-government and 35th state and local. The state has the fifth highest state and local tax burden (11.1%) and is also number five when federal taxes are added. At 7%, its state sales tax (along with Tennessee's) is second only to California's as the nation's highest, and it also ties for second at 30¢ for the highest gasoline tax. Table wine and beer taxes are on the cheap side. Otherwise, reach for your wallet.

South Carolina

South Carolina is an example of a state where a single excellent rating can nudge so-so numbers up to a decent overall position. The state ranks 26th overall in the all-government category and 17th in the state and local measurements (a drop from a 15-year single-digit run through 1995). Both size of government ratings dropped from the previous year to 41st all-government and 39th subnational—a five- and six-place drop, respectively; takings and taxation finished at 22nd and 27th. South Carolina's ace in the hole has always been labor market freedom. It ended its long single-digit run in the all-government area, but still came in at 13th in 2002. In the subnational measurement, the state was number one except two years at number two every year from 1981 through 1995. It's now at its all-time low of 4th. South Carolina's state and local tax burden is a low 9% and only three states are more lightly taxed when the federal burden is added. The sales tax is down from the top tier at 5%, the gasoline tax low at 16¢, and the cigarette tax is the nation's third lowest at 7¢.

South Dakota

As has been noted here before, what a difference an adjective makes. The difference may not be quite as pronounced this year, but North Dakota still may have something to learn about economic freedom from its southern neighbor. South Dakota ranks 18th all-government and 8th subnational in the overall measurements. Its rankings would be higher but for one of the six area measurements, size of government, where the all-government ranking fell back to 41st (although the subnational rating continued a 13-year single-digit run to finish 6th). Otherwise, the state was 8th all-government in takings and taxation and 6th for the fourth year in the state and local group. Labor market freedom has slowly rounded into form over the years to reach 10th all-government and 17th subnational. The state and local tax burden is a full percentage point under the national average and South Dakota is only the 43rd most-taxed state when federal taxes are folded in. State sales and gasoline taxes are both low at 4¢ and 16¢.

Tennessee

Tennessee continues to display solid economic freedom credentials across the board, placing 10th overall in the all-government category and repeating at 2nd subnational, where it had an unbroken number one streak from 1988 to 2000. Once the state gets past size of government (24th all-government, 13th subnational) it is clear sailing: 6th and 5th, respectively, in takings and taxation, 11th and 3rd in labor market freedom. In the subnational measurement for labor market freedom, Tennessee has been either 3rd or 4th every year since 1981, one of the few long, unbroken streaks of exemplary performance. Only three states have a lower state and local tax burden and only two are worse off when the federal burden is folded in. The Volunteer State pulls it off despite being tied to the second highest state sales tax, although its gas, beer, and cigarette taxes are on the low side.

Texas

When a state's overall ratings for economic freedom draw attention by dropping to 4th all-government and 7th subnational, it can be forgiven for not breaking into a cold sweat just yet. That's where Texas finds itself. It has never been out of single digits in either overall category since 1981, putting it in the longest-streak pantheon with Delaware and Tennessee. As for the three major measurements, pick a category, any category: in size of government, Texas ranks 8th all-government and 7th state and local; in takings and taxation, it's 12th and 8th (the latter another post-1981 single-digit streak); in labor market freedom, its 2002 rankings were 5th and (another single-digit run since 1981) and 7th. Texas does this with a high 6.25% state sales tax, but with moderate gasoline and sin taxes (including the third-lowest table wine tax). Its state and local tax burden is higher than only four other states, although, when the federal onus is added, it moves to the middle of the pack of 50 states.

Utah

Utah ranked 7th in the all-government group overall for the third consecutive year in 2002 and 15th in the state and local index, its best showing ever in that measurement. It was a solid, if not spectacular, performer in all categories, beginning with size of government, where it pulled a 14th ranking all-government and 22nd state and local. In labor market freedom, it has chipped away at low scores over the years to reach 13th all-government and 17th subnational. Its best numbers come in takings and taxation, 4th and 13th, respectively. Utah has done it with the seventh highest state and local tax burden of 10.8%, although it settles into the middle of the states with the federal taxes added. The sales tax is low at 4.75%, the gasoline tax on the high side at 24.5¢.

Vermont

Vermont rallies periodically only to fall back in terms of economic freedom. In the overall measurement, it flirted with the 20s more than a decade ago in the all-government group, but finished in 2002 at 40th. It managed a 39th in the subnational area. Another flurry years ago in the size of government category faded and the state's all-government ranking was 37th (the subnational caught an updraft this time to 36th). Takings and taxation, never a strength, yielded a 47th and a 43rd. In labor market freedom, Vermont is trying to recapture once-respectable numbers, moving up to 30th in both the all-government and subnational rankings. The local and state tax burden is over the national average by 0.4% and it's number 16 on the most-taxed list after federal taxes are added. Its sales tax is high at 6%.

Virginia

In its overall rankings for economic freedom, Virginia has marched steadily over the long haul to the top-10 in the all-government ranks (10th in 2002). It's been there in single digits since 1983 in the subnational rankings and in 2002 moved up to the number-4 spot. Historically, its state and local numbers have trended higher but most of the rankings in the three major subgroups meet in or near the top 10. In 2002, it was 7th in both measurements for takings and taxation and 8th in all-government (a drop from the number-2 spot) and 9th in subnational (for the sixth straight year) in labor market freedom. The all-government showing for government size was the only flaw at 30th, although that was almost a historical low. The state and local ranking jumped to 2nd overall. Virginia's state and local tax burden is below the national average at 9.3% and its state sales tax is 5%. The 17.5¢ gasoline tax is lower than most states.

Washington

The Evergreen State ranks 33rd and 40th overall in the all-government and subnational rankings for economic freedom and those below-average showings reflect most of the sub-categories. To lead with its best foot (size of government), Washington ranks 19th (close to its best all-time) all-government and 39th subnational. Takings and taxation struggled out of years in the 40s to 32nd all-government and came in at 30th state and local. The 40s have been home for its labor market freedom scores for a long time and Washington didn't leave home, ranking 49th in both measurements. Washington's state and local tax burden is just under the national average but, in this case, the federal additions are killers, moving Washington up to seventh on the most-taxed list. The state sales tax is among the nation's highest at 6.5%, the gasoline tax is the fourth highest at 28¢ per gallon, and only a few states make it more expensive to smoke.

West Virginia

If there is an economics version of life support, it's time to put West Virginia on it. Let's start with the good news: in labor market freedom, the state has bulled its way to 47th all-government and 46th subnational. Now that we've dispensed with the good news, West Virginia's overall rankings for economic freedom were 53rd all-government and a record low 56th state and local. Takings and taxation were 50th and 53rd. The size of government ranking, always bad, is now last at 60th in both categories. West Virginia is the eighth most taxed with a state and local burden of 10.6%, although it dodges the federal bullet to fall to the 38th most-taxed. The state sales tax is high at 6%.

Wisconsin

Wisconsin finished 26th in the national and 37th in the subnational ratings for overall economic freedom and in the size of government area was 19th and 42nd, respectively. The same split has held historically for labor market freedom, and came through again in 2002, with the all-government ranking at 22nd and the state and local at 30th. Takings and taxation were closer, both having fought back from historically higher scores to 37th and 34th. Wisconsin has the sixth highest state and local tax burden in the nation at 11.1% and slaps the third highest tax on gasoline at 28.5%. On the other hand, wine and beer taxes (the latter the country's third lowest) are a bargain.

Wyoming

The economic freedom data show that 20 years ago Wyoming was one of the star performers but, as occasionally happens, times change. In 2002, the state had to rally to make 26th on the overall all-government list and slipped slightly to 28th in the subnational measurement. Its early 1980s single-digit rankings for government size have been replaced by a 24th all-government and 27th subnational. A similar fate befell labor market freedom, now at 22nd and 40th. In takings and taxation, Wyoming's glory days are much more recent, though today's results are the same: 28th all-government (from 5th as recently as 1996) and 26th state and local (4th in 1996). The state has a very low state and local tax burden at 8.9% but no other state is hit with a bigger jolt when federal taxes are added in, rocketing Wyoming to the eighth most-taxed spot in the national rankings. The 4% state sales tax is as low as it gets among states that have one, and only two states charge a lower gasoline tax than Wyoming's 14¢. The nation's lowest tax on beer is so small they needn't bother: 2¢.

Appendix C: Methodology

To avoid subjective judgments, objective methods were used to calculate and weight the variables. For all variables, 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 V_{max} is the largest value found within a variable, V_{min} is the smallest, and V_i is the observation to be transformed. For each variable, the mini-max calculation included all data for all years to allow comparisons over time.

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

Calculating the income-tax variable was more complicated. The variable examining the top marginal income-tax rate and income threshold at which it applies was transformed into a score from zero to 10 using Matrix 1 and Matrix 2. Canadian nominal thresholds were first converted into constant 2002 Canadian dollars by using the implicit chain-price index and then converted into US dollars using the average US/Canada exchange rate for each year. US nominal thresholds were converted into real 2002 US dollars using the Chain-type Quantity Index. This procedure is based on the transformation system found in *Economic Freedom of the World: 1975–1995* (Gwartney et al., 1996), modified for this study to take into account a different range of top marginal tax rates and income thresholds.

Matrix 1 was used in calculating the score for Area 2B, Top Marginal Income Tax Rate and the Income Threshold at Which It Applies, at an all-government level; Matrix 2 was used to calculate the score for Area 2B at a sub-national level.

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 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 a 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 high-income earners. Because of the structure of these matrixes, this can produce perverse scoring results. For example, in Matrix 2 a jurisdiction gets a score of 2.5 if it has a marginal income tax rate of, say, 12.5% for incomes over $50,000. Let us say the jurisdiction imposes a surcharge for income earners above $100,000, increasing the marginal rate to 13%. In Matrix 2, 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 judgement. 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. (Results of the tests are posted on our website, www.freetheworld.com.)

Matrix 1: Income Tax Matrix for Area 2B at an All-Government Level

	Income Threshold Level (US$2001)		
Top Marginal Tax Rate	**Less than $50,000**	**$50,000 to $100,000**	**More than $100,000**
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 2: Income Tax Matrix for Area 2B at a Subnational Level

	Income Threshold Level (US$2001)		
Top Marginal Tax Rate	**Less than $50,000**	**$50,000 to $100,000**	**More than $100,000**
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

Note: The range of the top marginal tax rates in Matrix 1 and Matrix 2 should be written "27.00% to 29.99%" or "1.5% to 2.99%" and so on but for convenience we have written them as "27% to 30%" or "1.5% to 3.0%."

Appendix D: Adjustment Factors

Due to constitutional differences and differences in policy, in the United States subnational jurisdictions take a proportionately smaller share of overall government spending than in Canada. In 2002, for instance, provinces and local governments accounted for about 79% of government consumption in Canada while, in the United States, state and local government are responsible for 63% of government consumption, just 80% of the level in Canada to be precise: 0.63/0.79 = 0.80. This is what we term the adjustment factor or, put more precisely, R_U/R_C, where R_U is the percent of total government spending at the state level in the United States, and R_C is the percent of total government spending at the provincial level in Canada. Because of this difference in government structure in the United States and Canada, a direct comparison would not be appropriate. Instead, we use this adjustment factor, multiplying provincial and local government consumption in Canada by 0.80 so that it will be comparable to United States data.

At the subnational level, similar adjustment factors are calculated for each year for each variable in Areas 1 and 2 as well as for variable 3B: Government Employment as a Percentage of Total State/Provincial Employment. For example, the adjustment factor for 2A: Total Tax Revenue as a Percentage of GDP, at a subnational level is calculated as total government revenue at a state level as a percentage of total government revenue at all-government levels in the United States divided by total government revenue at a provincial level as a percentage of total government revenue at all-government level in Canada.

No adjustment factor is necessary at the all-government level because every level of government is counted. Note that 2D: Sales Tax as a Percentage of GDP is not adjusted because the United States does not have a federal general sales tax and Canada does.

We faced another common problem in comparing statistics across time, changes in the structure of some series over time. Similarly, some Canadian spending categories were not strictly comparable to those in the United States. This required the use of judgment in some cases. Spending on medical care, for example, is structured as government consumption in Canada and as a set of transfer programs in the United States. Given that the index captures the impact of both government consumption and of transfer programs, we decided the most accurate method of accounting was to reflect the actual nature of the spending, a transfer program in the United States and government consumption in Canada, rather than artificially include one or other in an inappropriate variable.

A further complication arose in applying the adjustment factor to the income-tax variable at the subnational level. To construct this adjustment factor, the Canadian top marginal tax rates at a subnational level are multiplied by the ratio of (a) personal-tax revenue at a state level as a percentage of personal-tax revenue at an all-government level in US; and (b) personal-tax revenue at a provincial level as a percentage of personal-tax revenue at an all-government level in Canada. For example, in 2002, in Canada, provinces collected 38% of the income-tax revenue raised in Canada. In the United States, states collected 19% of all income taxes. Thus, $^{19}/_{38}$ equals 50%. In Ontario, for example, the top marginal rate in 2002 was 17.4%. This is reduced to 8.7% when the adjustment factor is applied.

Appendix E: Explanation of Variables & Data Sources

Area 1: Size of Government

1A: General Consumption Expenditures by Government as a Percentage of GDP

General consumption expenditure is defined as total expenditures minus transfers to persons, transfers to businesses, transfers to other governments, and interest on public debt.

Sources for Canada

Statistics Canada, *Provincial Economic Accounts, 2004*; Statistics Canada, Public Institutions Division, Financial Management System, 2004; special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division.

Sources for the United States

US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004); US Census Bureau, <http://www.census.gov/> (as of Nov. 30, 2004); US Census Bureau, *Statistical Abstract of the United States* (various editions); US Census Bureau, *Consolidated Federal Funds Report* (various editions).

1B: Transfers and Subsidies as a Percentage of GDP

Transfers and subsidies include transfers to persons and businesses such as welfare payments, grants, agricultural assistance, food-stamp payments (US), housing assistance, etc. Foreign aid is excluded.

Sources for Canada

Statistics Canada, Provincial Economic Accounts, 2004; Special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division;

Sources for the United States

US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004); US Census Bureau, <http://www.census.gov/> (as of Nov. 30, 2004); US Census Bureau, *Statistical Abstract of the United States* (various editions); US Census Bureau, *Consolidated Federal Funds Report* (various editions); special request from US Census Bureau, Governments Division, Federal Programs Branch.

1C: Social Security Payments as a Percentage of GDP

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

Sources for Canada

Statistics Canada, *Provincial Economic Accounts, 2004.*

Sources for the United States

U.S. Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004); US Census Bureau, <http://www.census.gov/> (as of Nov. 30, 2004); special request from US Census Bureau, Governments Division, Federal Programs Branch.

Area 2: Takings and Discriminatory Taxation

2A: Total Tax Burden as a Percentage of GDP

Total Tax Burden is defined as a sum of income taxes, consumption taxes, property and sales taxes, contributions to social security plans, and other various taxes. Note that natural resource royalties are not included.

Sources for Canada

Statistics Canada, *Provincial Economic Accounts, 2004*; special request from Finance Canada, Federal-Provincial Relations and Social Policy Branch, Federal-Provincial Relations Division;

Sources for the United States

US Census Bureau, <http://www.census.gov/> (as of Nov. 30, 2004); US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004). Sagoo, Sumeet (2004), *Federal Tax Burdens and Expenditures by State* (Special Report, December), Washington, DC: Tax Foundation, <http://www.taxfoundation.org/taxingspending.html> (as of January 17, 2005); note that the data was downloaded from the website rather than the report, which does not contain historical data.

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

See Matrix 1 and Matrix 2 in Appendix C for information on how the final scores were calculated.

Sources for Canada

Canadian Tax Foundation, *Finances of the Nation* (various issues); Canadian Tax Foundation, *Canadian Tax Journal, Provincial Budget Roundup (2003, 2002, 2001, 2000)* (by Deborah L. Ort and David B. Perry); Statistics Canada, *Provincial Economic Accounts, 2004*; University of British Columbia, Sauder School of Business, PACIFIC Exchange Rate Service, <http://fx.sauder.ubc.ca/> (as of Dec. 30, 2004).

Sources for the United States

Tax Foundation, *Facts and Figures on Government Finances* (various editions); US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004).

2C: Indirect Tax Revenue as a Percentage of GDP

Indirect tax revenue includes property taxes, contributions to social security insurance (i.e., Employment insurance, Workers Compensation, and various pension plans), and other various taxes. Note that income-tax revenue, sales-tax revenue, and natural resource royalties are not included in this component.

Sources for Canada

Statistics Canada, *Provincial Economic Accounts, 2004.*

Sources for the United States

US Census Bureau, <http://www.census.gov/> (as of Nov. 30, 2004); US Department of Commerce, Bureau of Economic Analysis (as of Dec. 15, 2004); Tax Foundation, *Facts and Figures on Government Finances* (various editions).

2D: Sales Taxes Collected as a Percentage of GDP

Sales tax revenue includes revenue from general sales tax as well as revenue from liquor and tobacco taxes.

Sources for Canada

Statistics Canada, *Provincial Economic Accounts, 2004.*

Sources for the United States

US Census Bureau, <http://www.census.gov/> (as of Nov. 30, 2004); US Department of Commerce, Bureau of Economic Analysis <http://www.bea.doc.gov/> (as of Dec. 15, 2004); Tax Foundation, *Facts and Figures on Government Finances* (various editions).

Area 3: Labor Market Freedom

3A: Minimum Wage Legislation

This variable was calculated as minimum wage multiplied by 2,080, which is the full-time equivalent measure of work hours per year (52 weeks multiplied by 40 hours per week) as a percentage of per-capita GDP. For the Canadian provinces, provincial minimum wage was used to compute both of the indices (subnational and all-government). For US states, we use state minimum wage at a subnational level whereas at an all-government level federal minimum wage was used whenever the federal minimum wage was higher than the state minimum wage.

Sources for Canada

Human Resources Development Canada, <http://www110.hrdc-drhc.gc.ca/psait_spila/lmnec_eslc/eslc/salaire_minwage/report2/report2a_e.cfm> (as of Nov. 26, 2004); Statistics Canada, *Provincial Economic Accounts, 2004*.

Sources for the United States

US Department of Labor Employment, Standards Administration, Wage and Hour Division, <http://www.dol.gov/esa/minwage/america.htm> (as of July 14, 2003) and special requests from various state Labor Departments (see <http://www.dol.gov/esa/contacts/state_of.htm> for a list of State Labor Offices); US Department of Commerce, Bureau of Economic Analysis <http://www.bea.doc.gov/> (as of Dec. 15, 2004).

3B: Government Employment as a Percentage of Total State/Provincial Employment

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

Sources for Canada

Statistics Canada, Public Institutions Division, Financial Management System (various years); Statistics Canada, *Provincial Economic Accounts, 2004*.

Sources for the United States

US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004); US Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/lau/> (as of June 24, 2004).

3C: Union Density

For this component, our goal was to determine the relationship between unionization and public policy, other than the level of government employment, which is captured in 3B. We regressed union density on the size of the manufacturing sector and on the size of the government sector. Data were not available to allow a regression on rural compared to urban populations. The manufacturing sector did not prove significant while the government sector proved highly significant. Thus, the scores were determined holding public-sector employment constant.

Sources for Canada

Statistics Canada, CANSIM; Statistics Canada, *Labour Force Historical Review 2003* (CD-ROM); Statistics Canada, Public Institutions Division, Financial Management System (various years); Barry T. Hirsch and David A. Macpherson (2003), "Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review* 56, 2 (January): 349–54, <http://www.unionstats.com/> (as of Nov. 26, 2004).

Sources for the United States

US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004); US Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/lau/> (as of June 24, 2004).

Data Sources for Other Variables

Sources for Canada

Statistics Canada, *Provincial Economic Accounts, 2004*; University of British Columbia, Sauder School of Business, PACIFIC Exchange Rate Service, <http://fx.sauder.ubc.ca/> (as of Dec. 30, 2004); Statistics Canada, *Labour Force Historical Review*, 2001 and 2003 (CD-ROM).

Sources for the United States

US Department of Commerce, Bureau of Economic Analysis, <http://www.bea.doc.gov/> (as of Dec. 15, 2004); US Census Bureau, Population Division, Education & Social Stratification Branch, <http://www.census.gov/population/www/socdemo/educ-attn.html> (as of January 20, 2005).

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