Economic Freedom In the Land of Enchantment

Matthew Mitchell Senior Fellow Centre For Human Freedom















Figure 1: Population Growth in the Southwest (2013-2022)

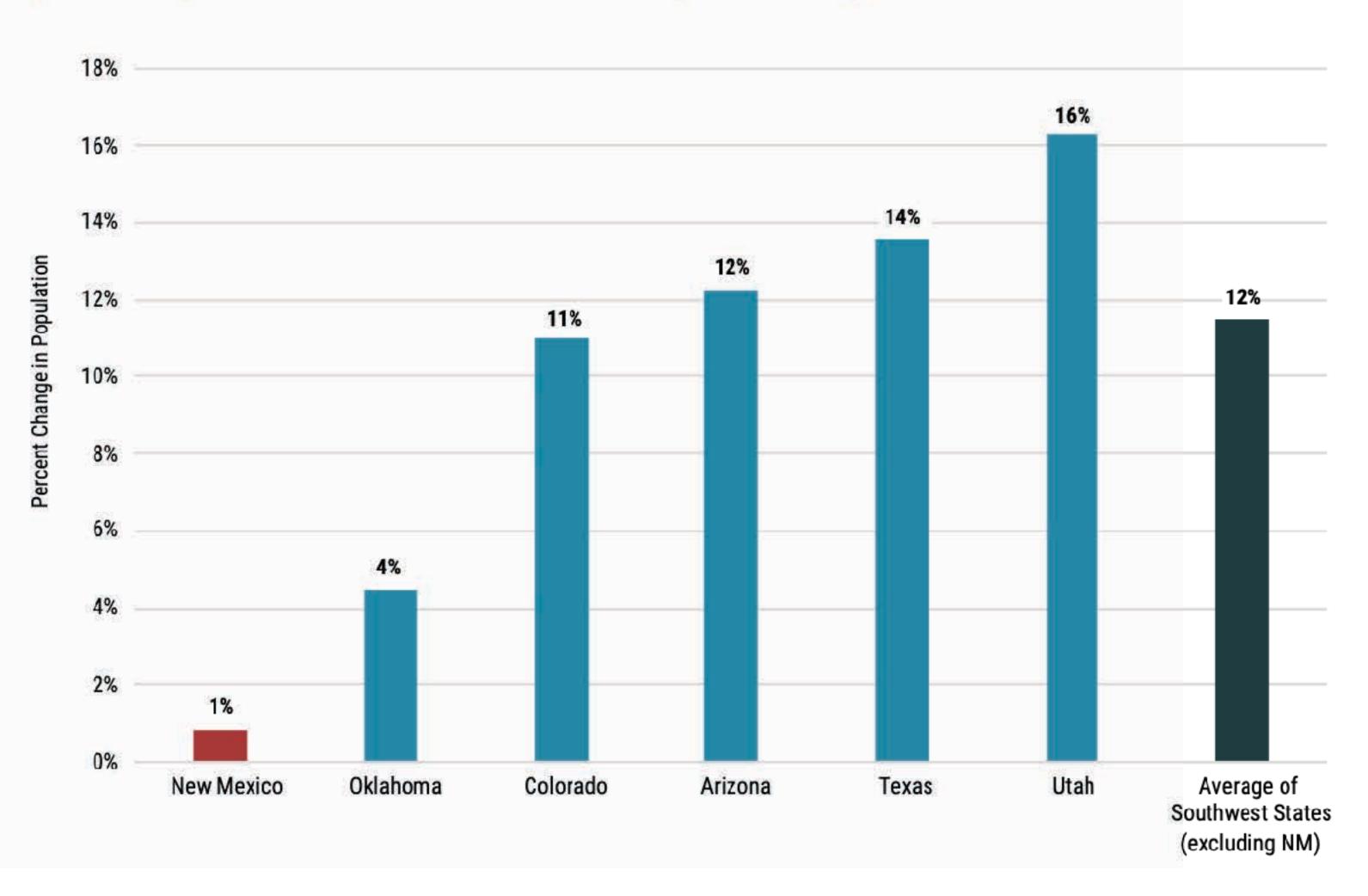








Figure 2: Employment Growth In the Southwest (2013-2022)

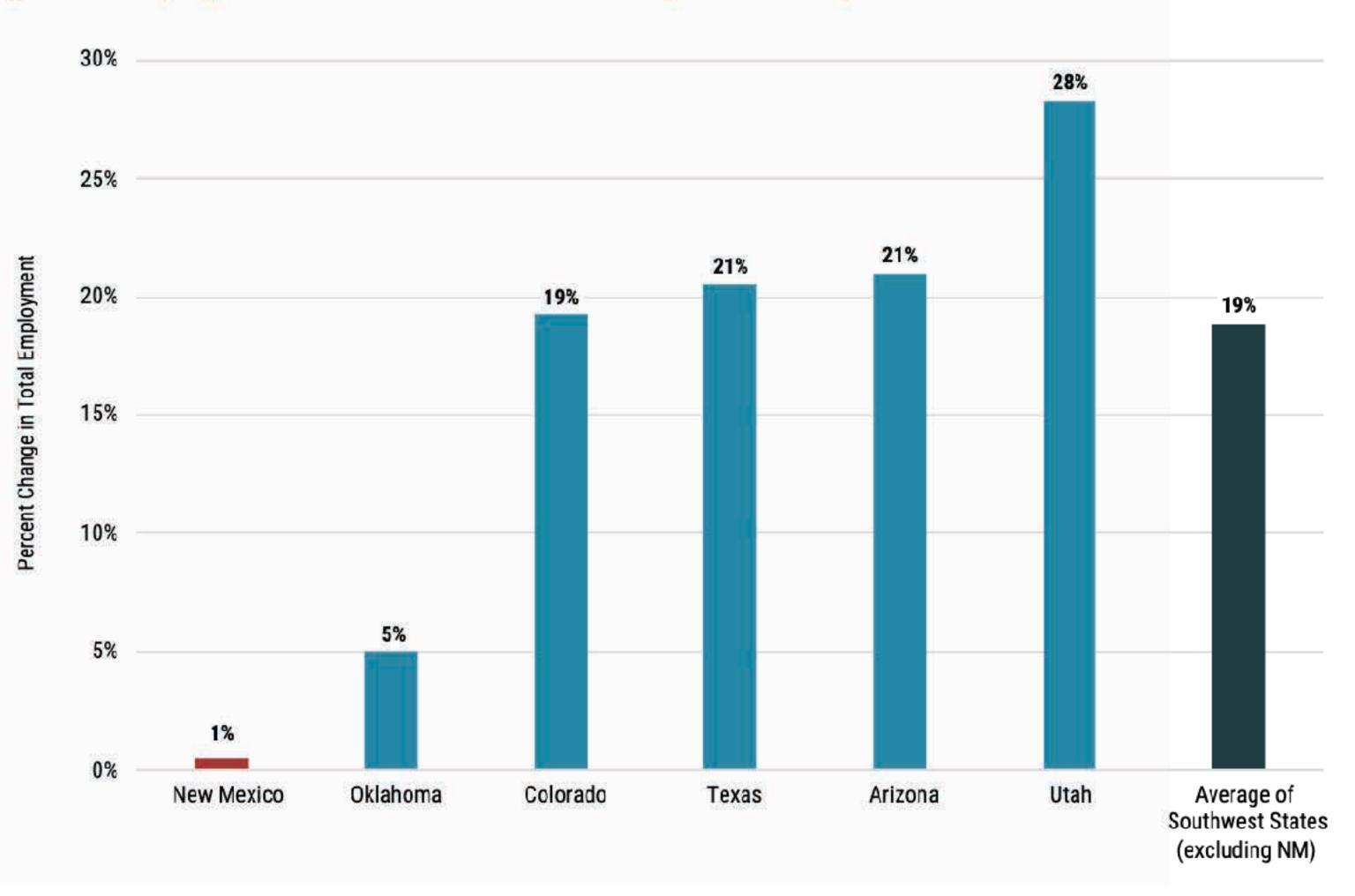








Figure 3: Income Growth in the Southwest (2013–2022)

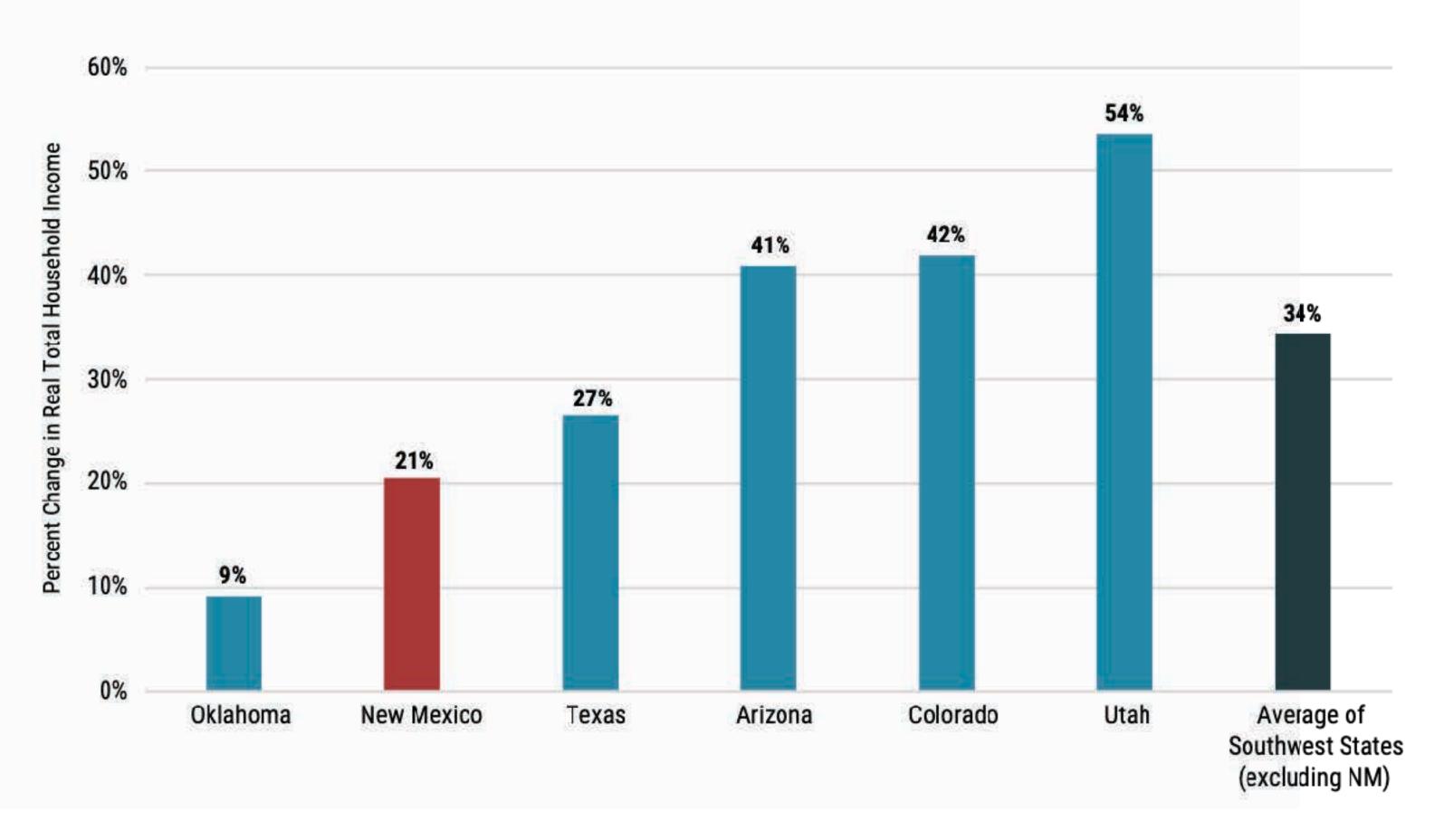








Figure 4: Real GDP Growth in the Southwest (2013-2022)

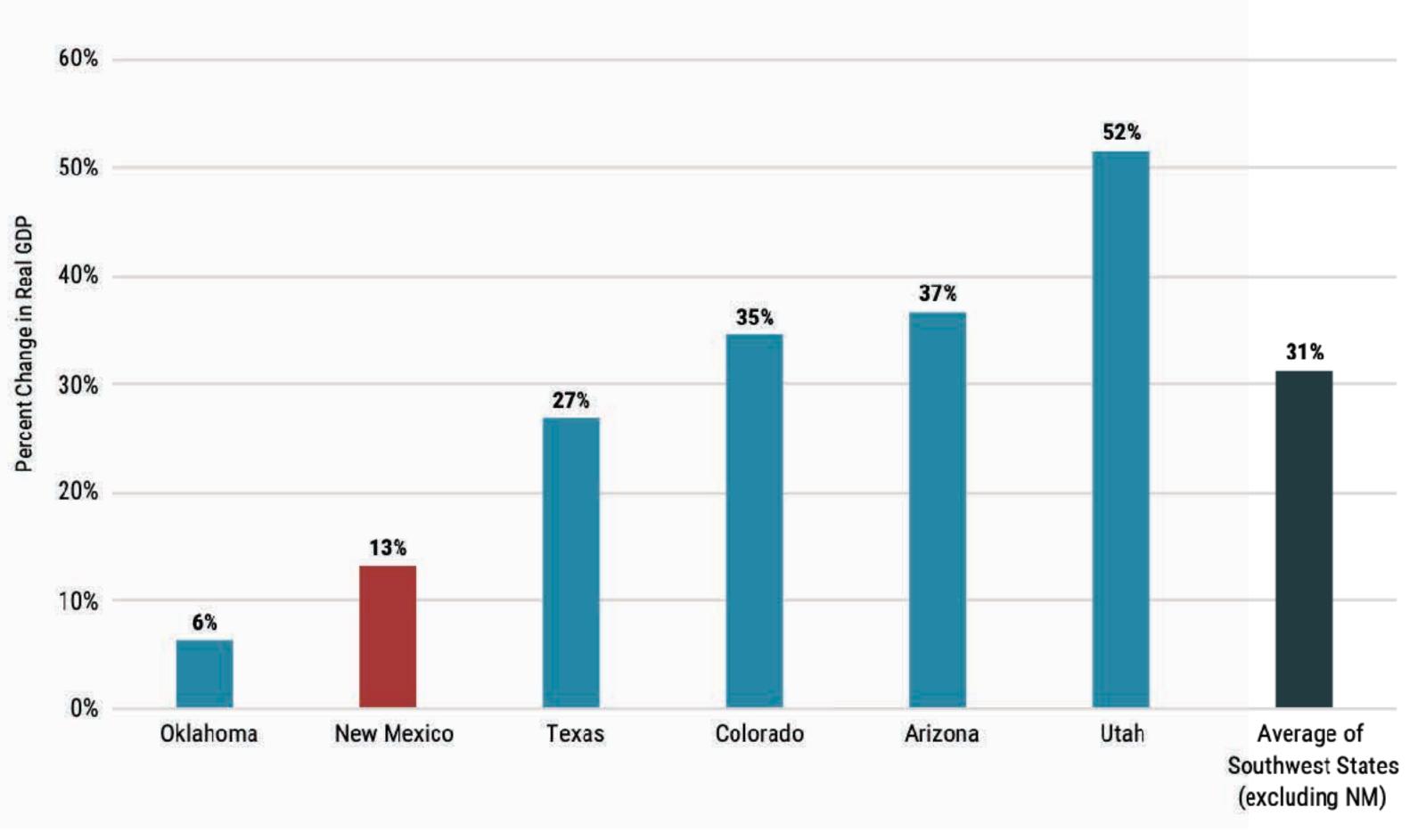








Figure 5: Poverty in the Southwest (2023)

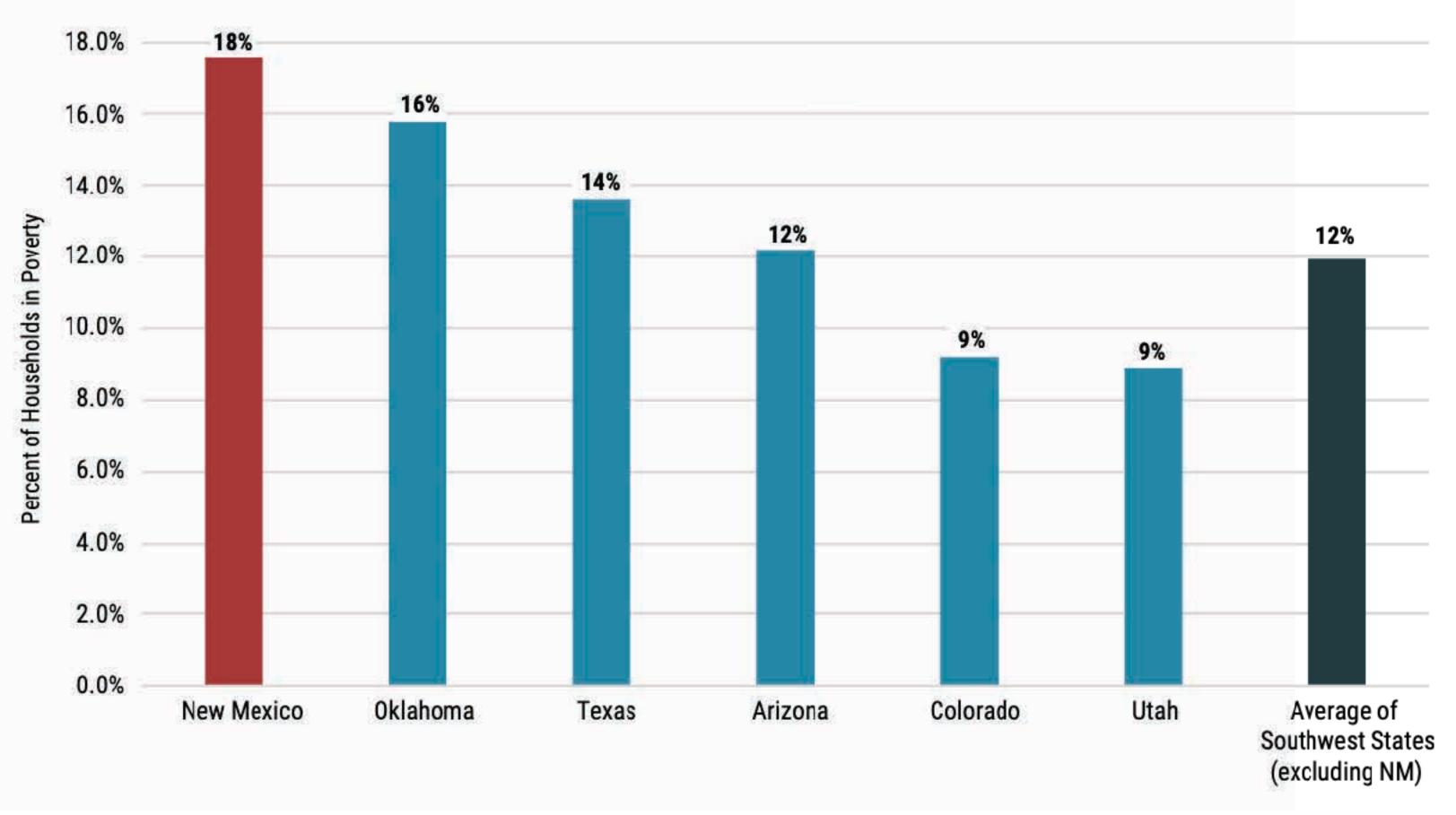
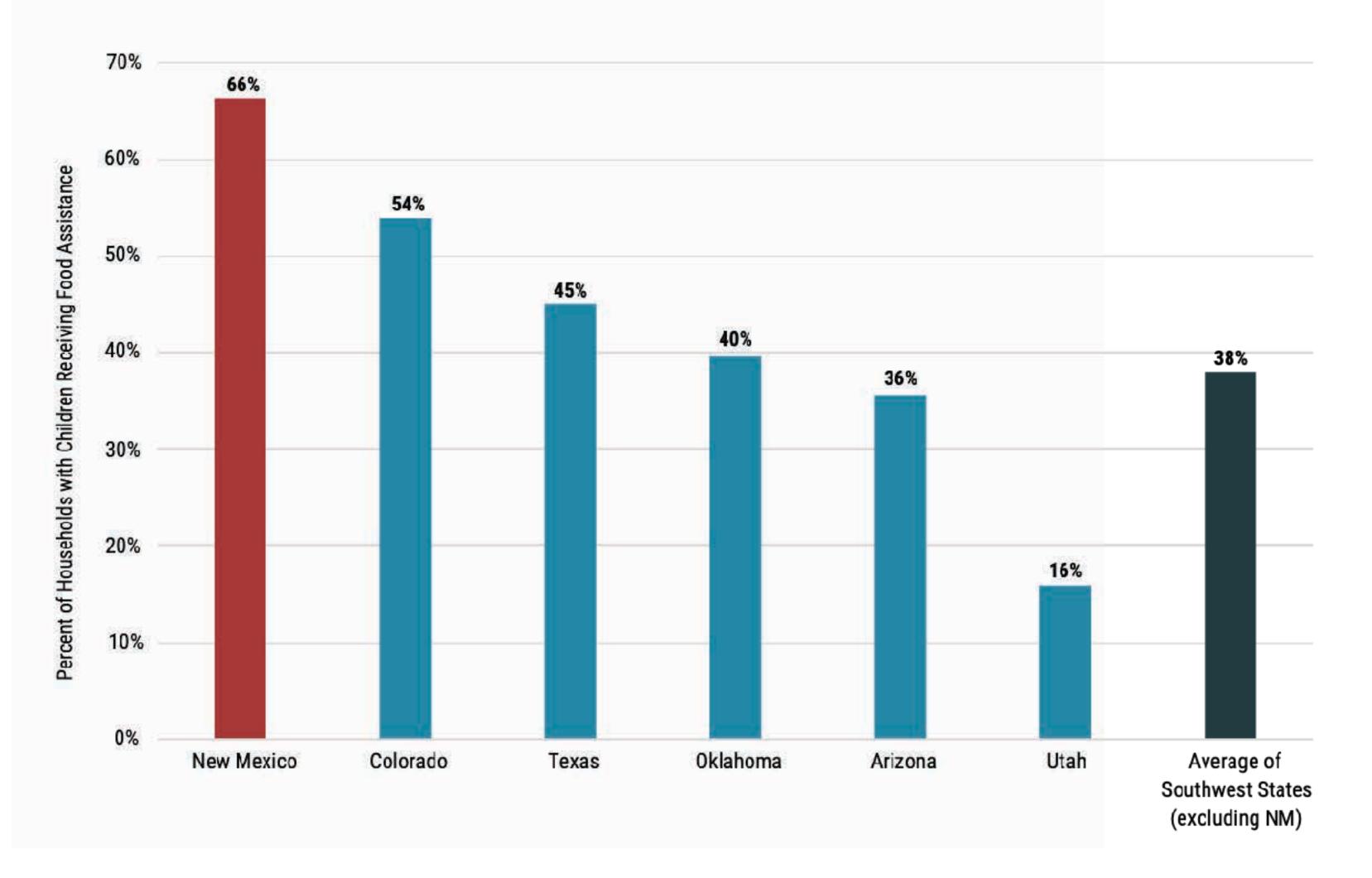








Figure 6: Children Receiving Food Assistance in the Southwest (2024)









Where Does Prosperity Come From?

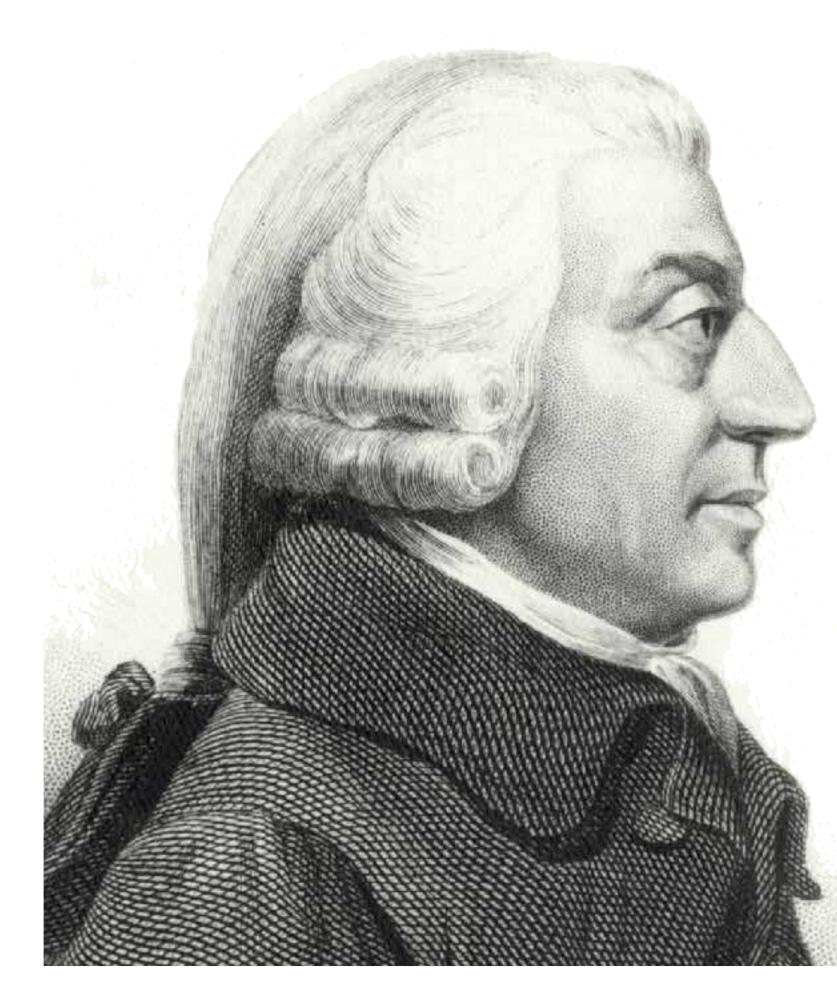
"[with socialism] such an abundance of goods will be able to satisfy the needs of all its members." - Friedrich Engels

"All progress in capitalist agriculture is a progress in the art, not only of robbing the worker, but of robbing the soil" - Karl Marx



- "Capital is dead labour, that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks" - Karl Marx
- "Capitalism has resulted in material well-being but spiritual bankruptcy." - Jeffrey Eugenides





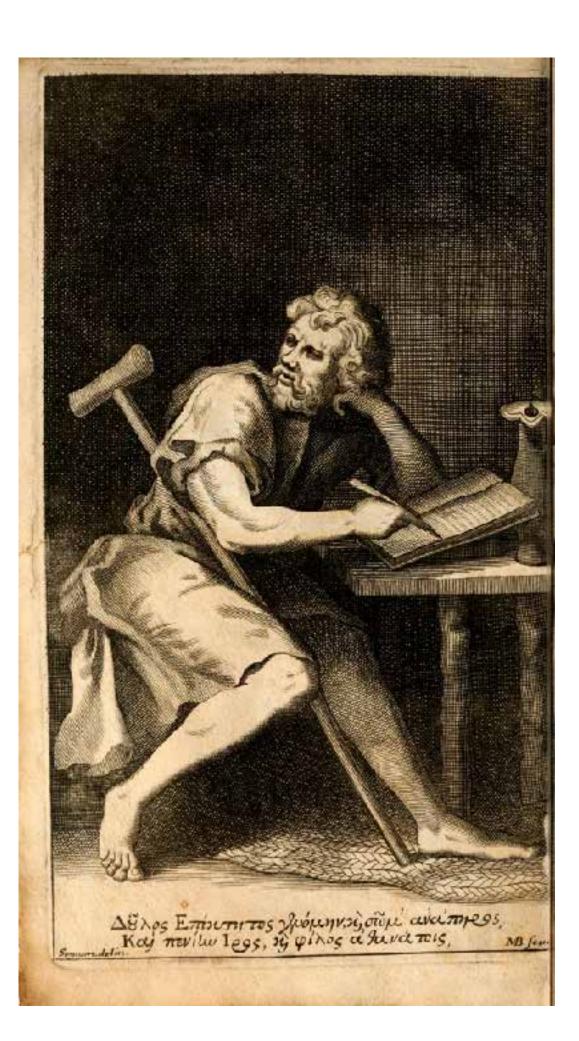




Adam Smith: "NATURAL LIBERTY"

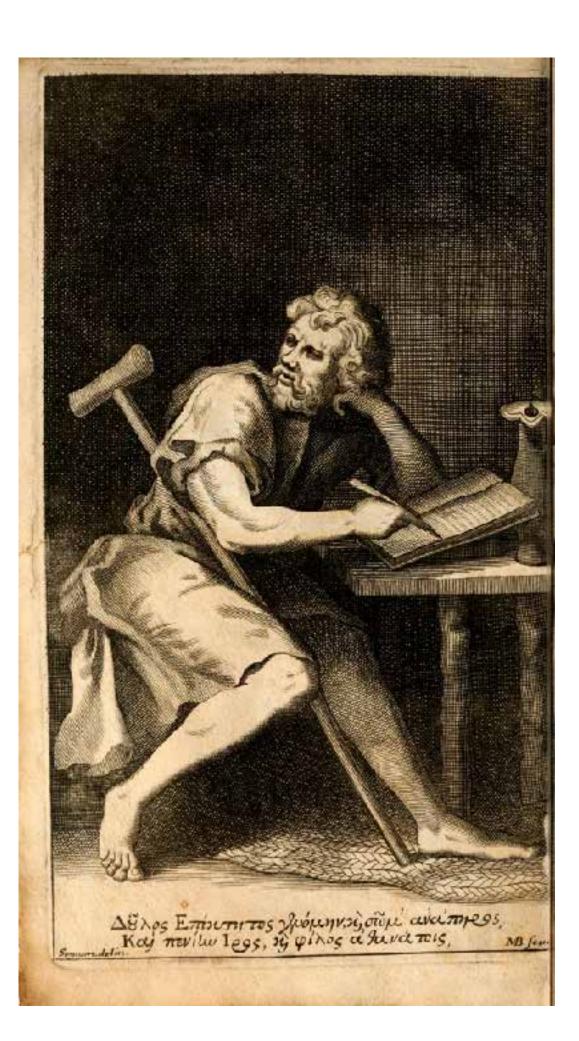
Peace Easy Taxes Tolerable Adm. of Justice







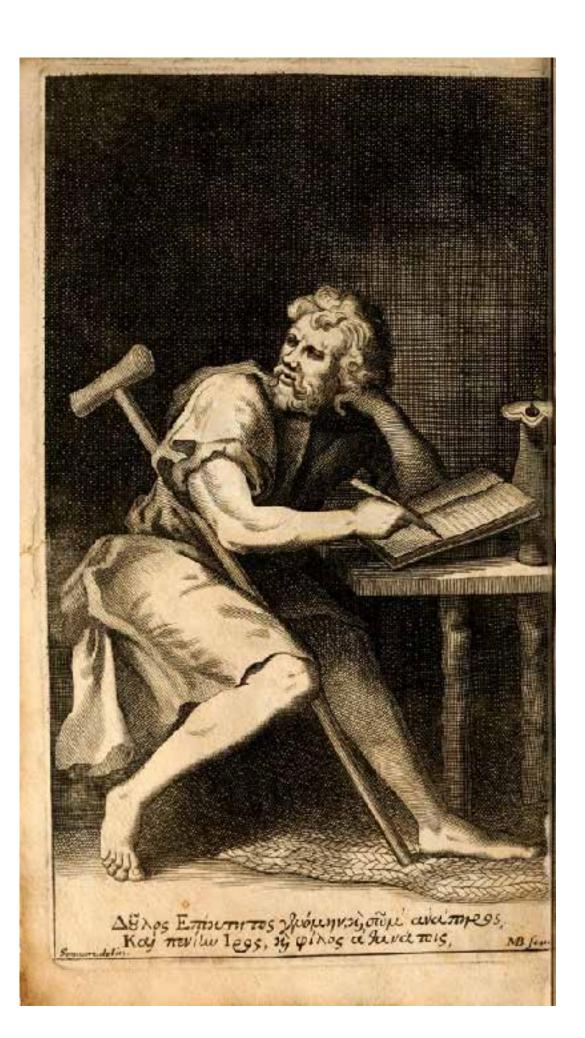






Epictetus: Freedom is "The right to live as we wish."

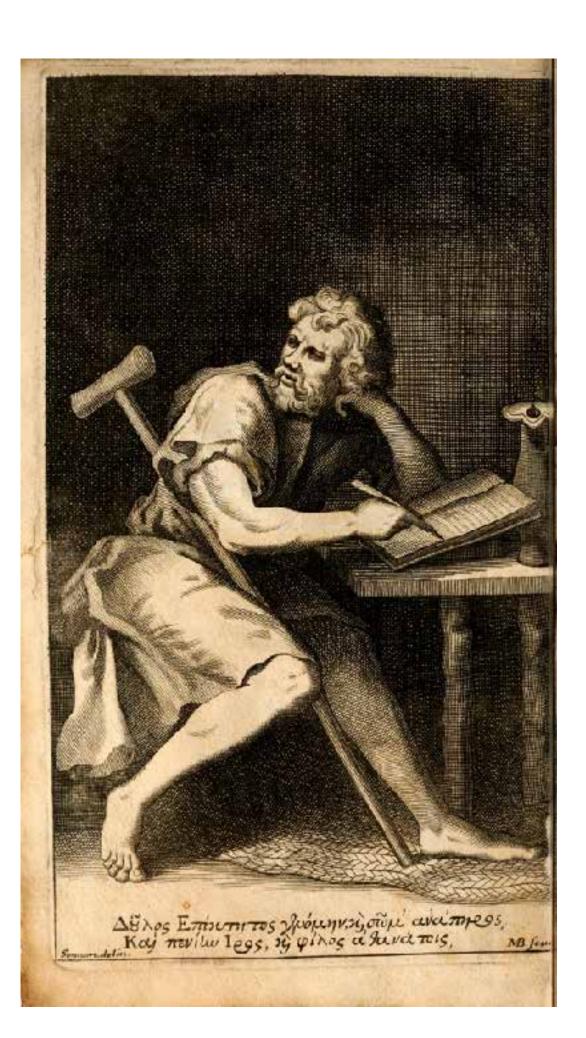
Not "ability"





Freedom is about what others allow us to do. Not what we are capable of doing.

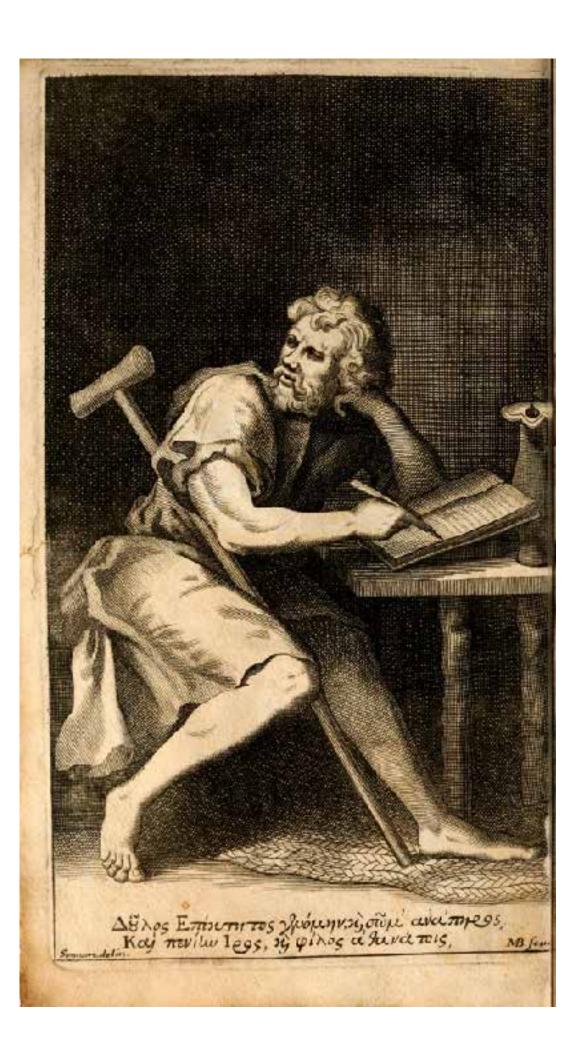






But if everyone is to have freedom, each of us must respect the freedom of others.







And freedom can be more or less constrained...



Less freedom

People are allowed to make fewer choices





When individuals have more freedom, they are allowed to make more of their own choices. But if everyone is to have freedom, each of us must respect the freedom of others.

More freedom

People are allowed to make more choices

Less economic freedom

People are allowed to make fewer economic choices **Rio Grande**



- When individuals have more freedom, they are allowed to make more of their own choices. But if everyone is to have freedom, each of us must
 - respect the freedom of others.

More economic freedom

People are allowed to make more economic choices

Human Freedom Personal Freedom Economic Freedom To have control over one's body To associate with whomever one To trade on any mutually chooses agreeable terms • To use one's To worship or refrain from worship To acquire, hold, and use home as productive property To form whatever relationships a place of that one wants work To refuse transactions To have privacy at home To use To move wherever one wants To leave markets one's body To form personal contracts (like for work marriage) To organize and assemble

- To acquire, hold, and use personal property
 - To express oneself



- To work however one chooses

- To enter markets and compete

- To employ productive resources
- To form commercial contracts
- To save and invest however one chooses

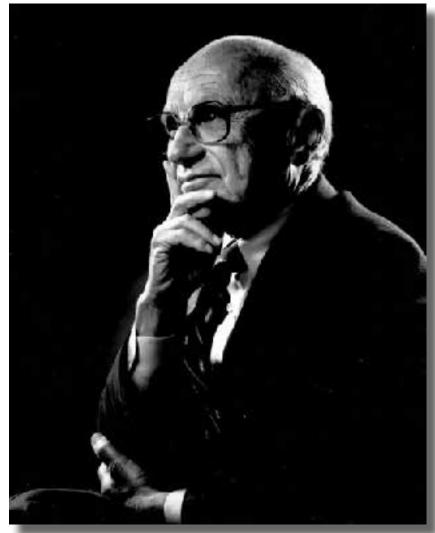


Walker and the Friedmans: Find a way to measure economic freedom











FRASER

Economic Freedom of the World, 2024 Annual Report

James Gwartney, Robert Lawson, and Ryan Murphy

with

Matthew D. Mitchell, Kevin Grier, Robin Grier, and Daniel J. Mitchell





FREEDOM DINOMIC EC







165 jurisdictions

DZ years 1970 - 2000 (every 5 years) 2000 - 2022 (annually)

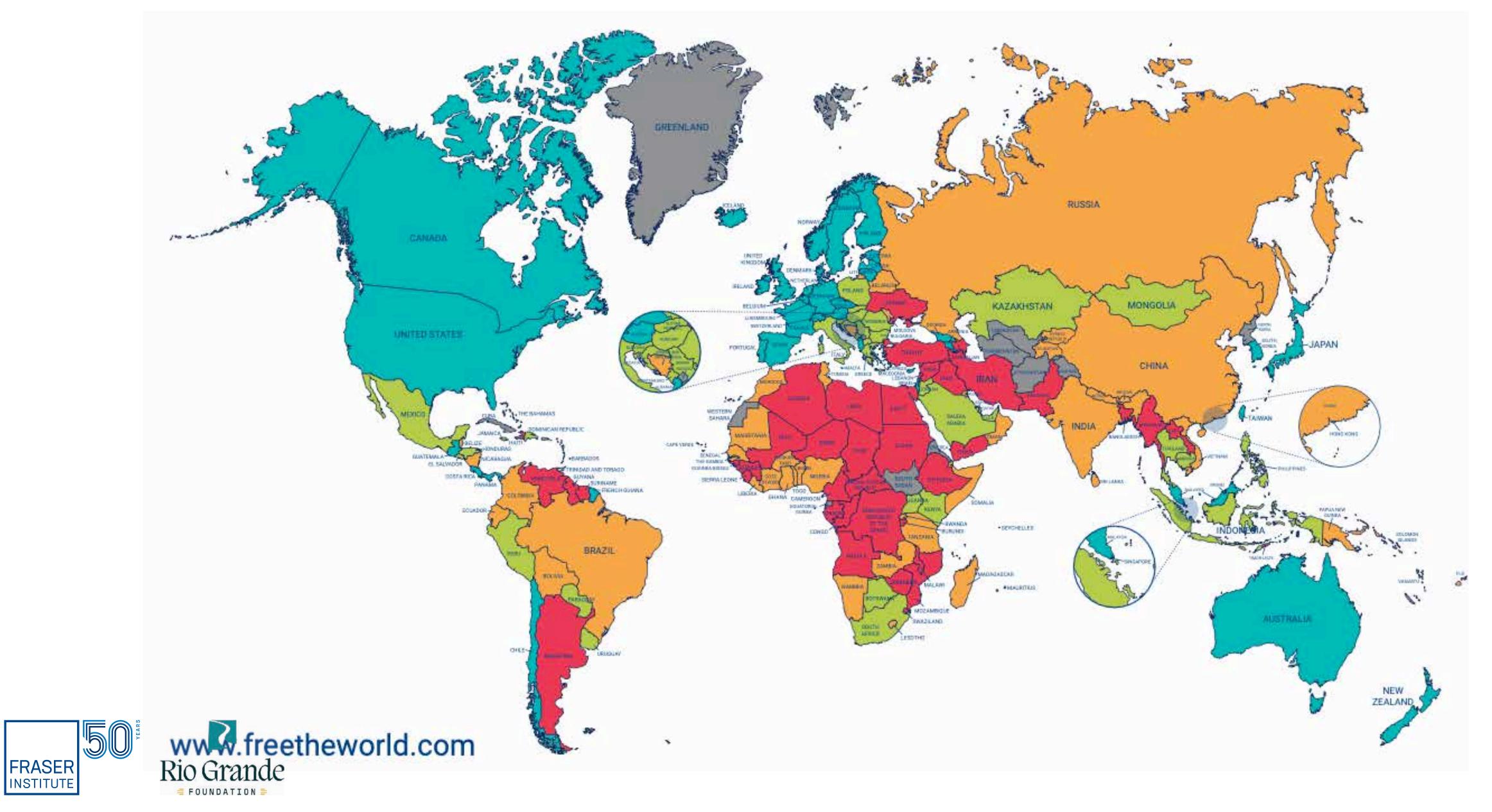


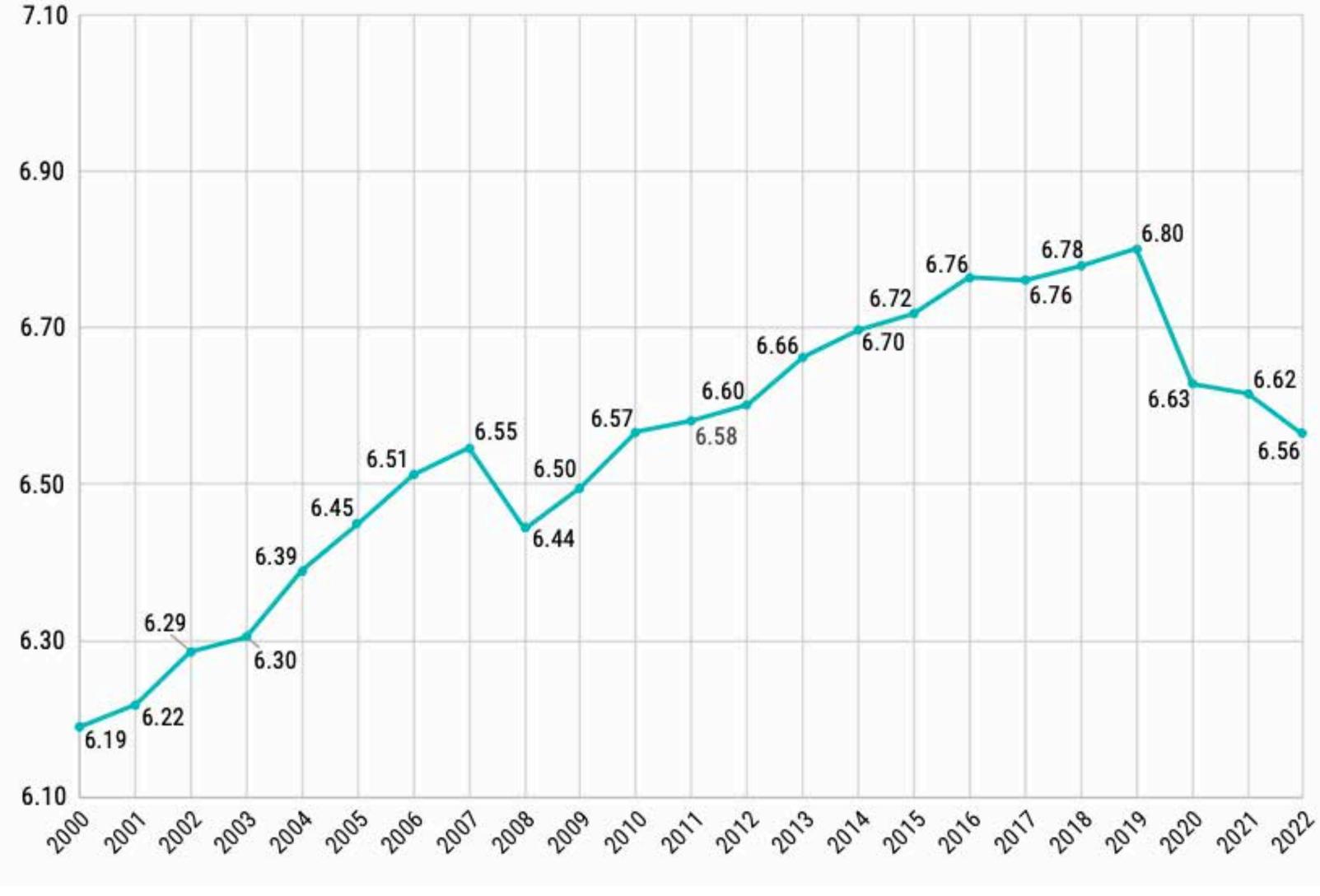


- Size of Government
- Legal System & Property Rights
- Sound Money
- Freedom to Trade Internationally
 - Regulation





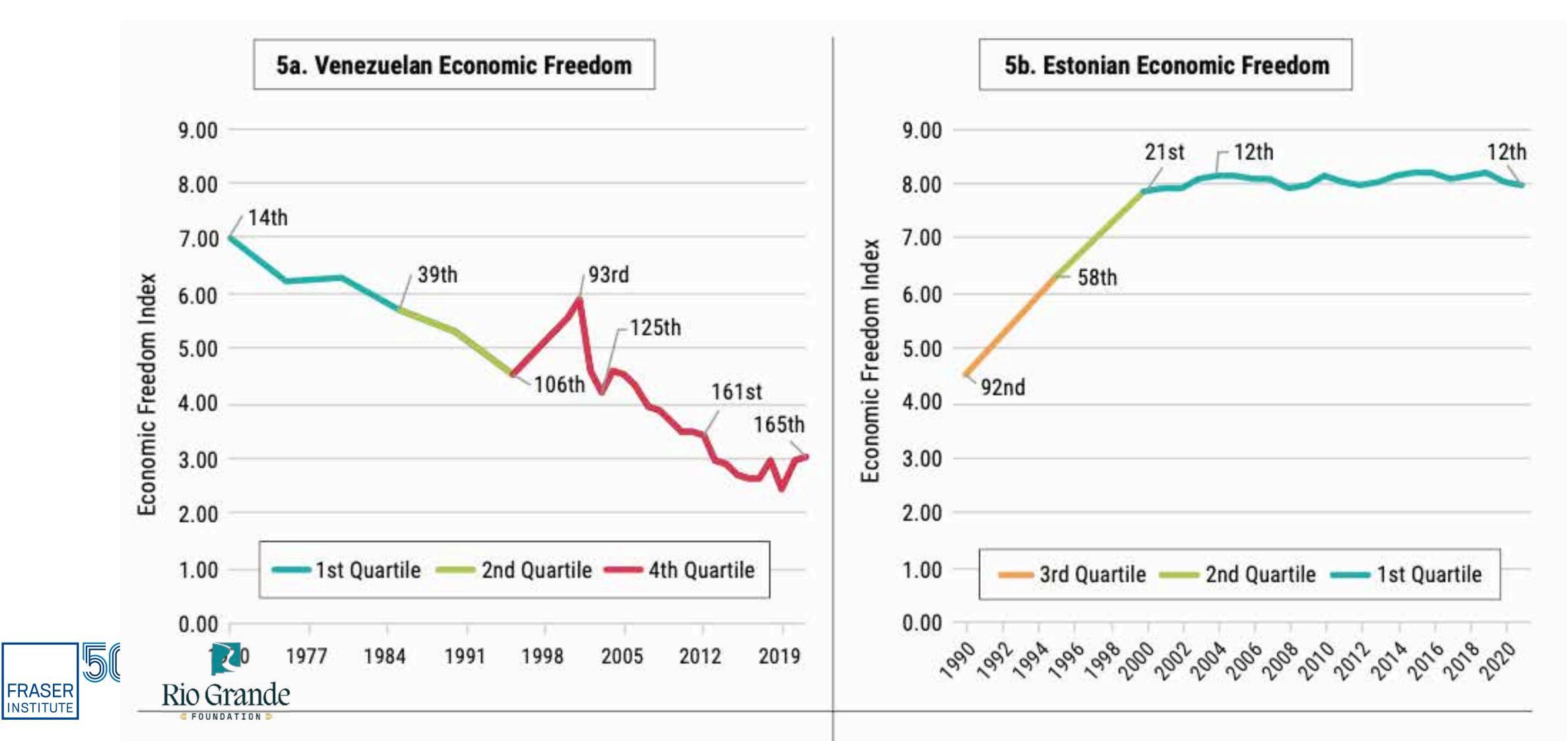




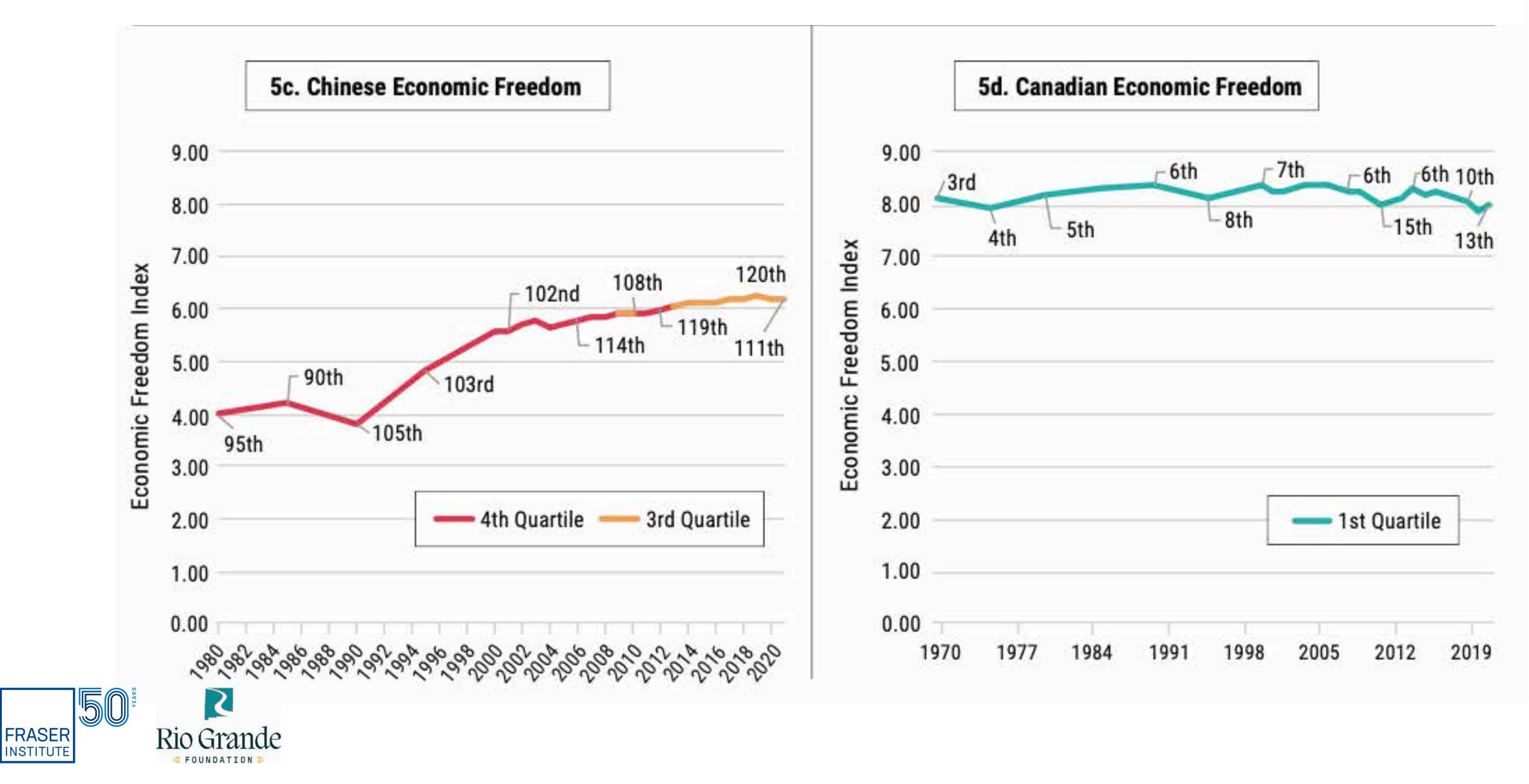


World Measured Economic Freedom Over Time

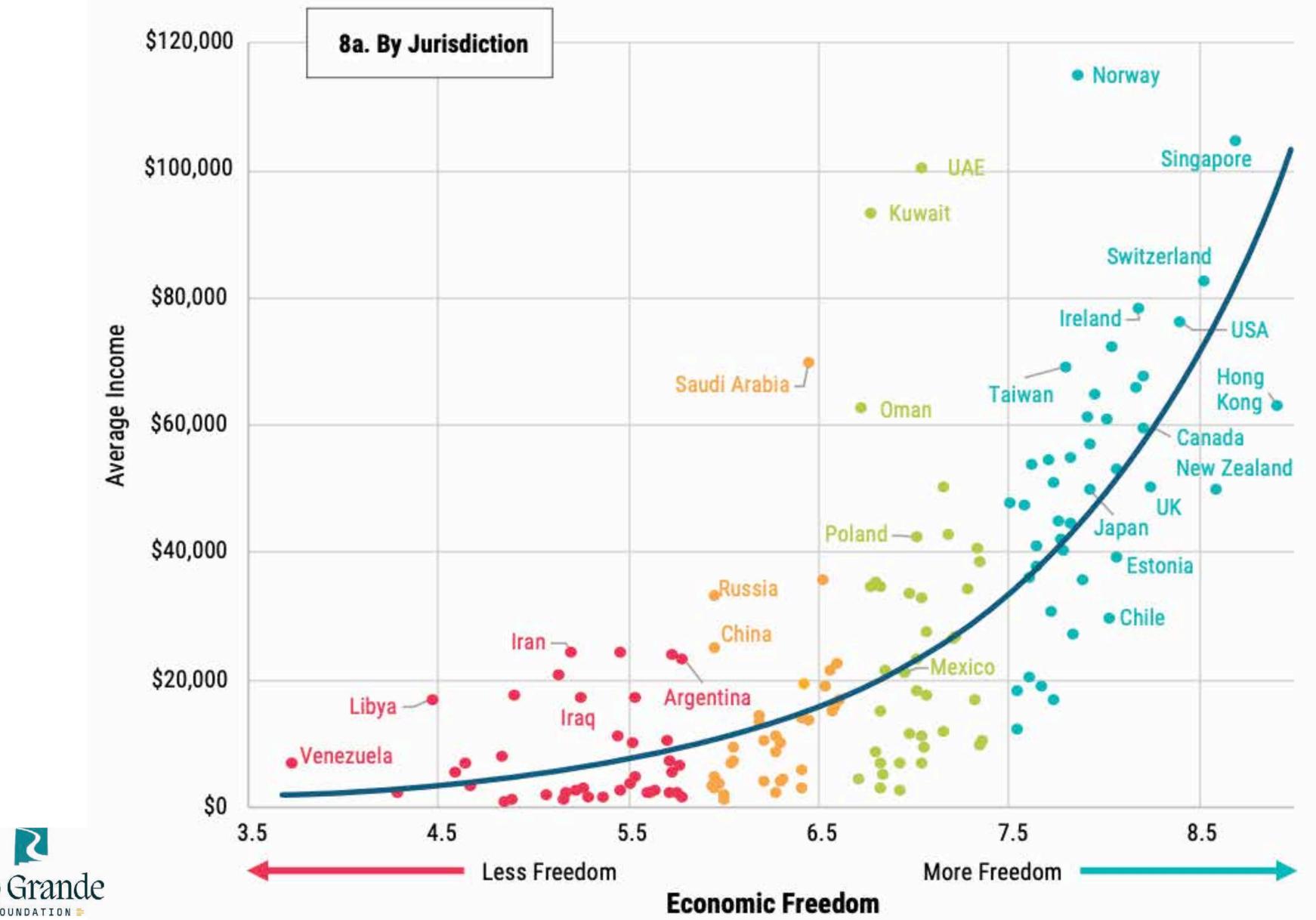














Democracy, Property Rights and Economic Growth

ARTHUR A. GOLDSMITH

Economic Inquiry; Oct 2003; 41, 4; ABI/INFORM Global pg. 639

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The effect of econo

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an important research s

Proxies in the new political economy: Caveat emptor

PROXIES IN THE NEW POLITICAL ECONOMY: CAVEAT EMPTOR

REEDOM. AND GROWTH

JUHN B. HANSON I

ONAL DISTORTIONS, ECONOMIC

Some common professional criteria for criducting economer for political, social, and institutional veriables as regression false sense of security about spectrus results. The highly pulbetween income and economic freedom based on the econo supplied by the Praser Institute, Hentoge Foundation, and E used as illustrations. Because these correlations hear strong r another, most economists would consider them munually support so, implying that matteril resemblance and consistency are not

What does the global surge in democracy and capitalism po for economic growth? The shift toward popular governm predicted by some to accelerate growth, by others to reta Often left out of the equation is property rights as a factor d from democratic rule. Using recent data on 59 less develope transitional countries, this article explores the relationship a institutional factors and growth in the 1980s and early Democratic freedoms and property rights are associated wi dependent variable, suggesting that national income in countries stands to gain from recent efforts to implant institutions.

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Marta Bengoa, Blanca Sancher

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growth: new evidence from L

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This paper explores the interplay between economic flucture, commute proves using panel data analysis for a sample of 18 Is 1898, We find that concernit, therefore in the best economy is a po-

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econometric results, (JEI, B49, C19) icies. Howe owing ore amore POLITICAL AND ECONOMIC FREEDOM, FISCAL POLICY. rimes (i AND GROWTH NEXUS: SOME EMPIRICAL RESULTS FOR FUI rds d **RUKMANI GOUNDER*** Applied Econor This article presents an empirical analysis of the relationship between political and civil liberty, economic freedom, and growth KYKLOS, Vol. 55-2002 - Enst. 3, 403-415 mintary coups in 1987, the delay to resolve the a the implementation of the 1990 Constitution I ECO.

Which Economic Freedoms Contribu-A Comment

Jan-Egbert Sturm, Erik Leertouwer and Jakob de Haan*

I. INTRODUCTION

What connection, if any, is there between economic development and economic liberties? Economic theory indicates that economic freedom affects incentives, productive effort, and the effectiveness of resource use. Indeed, since the time of Adam Smith, if not before, economists and economic historians have argued that the freedom to choose and supply resources, competition in business, trade with others and secure property rights are central ingredients for economic progress. Indeed, using various proxies for economic freedom, an increasing number of recent empirical studies suggest that economic freedom may be important in explaining cross-country differences in economic performance (De Vanssay and Spindler 1994, De Haan and Siermann 1998, Dawson 1998, Nelson and Singh 1998. De Haan and Sturm 2000)1.

In most of the studies referred to above, a single overall measure of eeonomic freedom based on an aggregation of various underlying components is used. Recently, Heckelman and Stroup (2000) rightly criticized these procedures as being ad-hoe. They argue that aggregated measures of economic freedom also include some components which are not, or even negatively, related to growth and that, therefore, it should be possible to find better aggregated measures if an adequate weighting procedure for the various components can be found. Heckelman and Stroup (2000) came up with an alternative aggregation methodology in which aggregation is directly based upon the relevance of each component for growth, as determined by multivariate regression analysis.

Public Choice 69: 197-210, 1991 © 1991 Kluwer Academic Publishers. Printed in the Netherlands.

ZANE A. SPINDLER*

Department of Economics, Simon Frase: University, Burneby, BC, Canada V5A 186

Submitted 29 August 1989; accepted 13 October 1989

The Impact of Intelligence and Institutional Improvements on Economic Growth

Erich Weede and Sebastian Kämpf*

I. INTRODUCTION

Although nothing a truly beyond dispute in the social sciences, economics included, there is farly wide agreement (Barro and Sala-i-Martin 1995, Drèse and Sen 1995, Levine and Renell 1992, Levine and Zervos 1993, World Bark 1991) that human capital formation promotes economic growth. Measures of human capital formation, however, are less than satisfactory. Some of them, like literacy rates, are extremely basic and don't distinguish between skill levels among literate people. Not even rumeracy is part of this human capital indicator. While school enrollment figures permit at least the distinction between primary and secondary school enrolment, they are easily inflated because of incentives for government employees to report exaggerated figures (Drèze and Sen 1995, p. 113). Moreover, school enrollment figures do not take account of student and teacher absenteeism which are severe problems in some country like India or South Africa (Drèze and Sen 1995, p. 125, Economist 2001 b, p. 6) More fundamentally, we should feel uneasy with school enrolment ratios and measures derived from school enrollment data (Barro and Les 1993) because such measures only attempt to assess inputs into the human capital formation process rather that the outputs of it. Unfortunately, we know that some inputs such as favorable teacher student ratios or well paid teachers are at best weakly related to student achievement (Vernon 1979, p. 152, Colemaa 1990). As edacation is a branch of the economy where something fairly smilar to central Ween planning is practiced in many countries of the world, the substitution of an input measure for a more desirable output measure is all the more suspect. Since the demise of the Soviet Union ever fewer economists are ready to argue the inher-

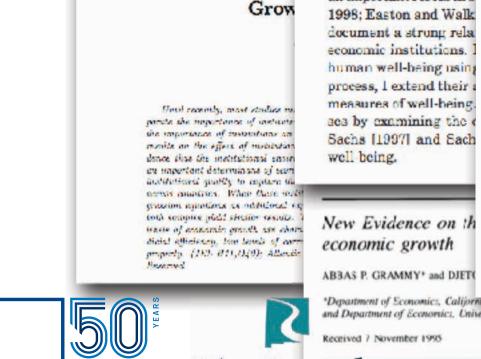
OB DE HAAN*

Groningen, P.O. Box 800, 9700 AV

reedom, it is shown that increases in economic growth. This conclusion holds even taken into account. The level of economic Augus

els through which institutions affect between institutions, investment, and i) free-market institutions have a posaffects growth through both a direct irect effect on investment; (iii) political (iv) an important interaction exists ment; (v) Milton Friedman's conjectures mic freedom are correct; (vi) promoting ward facilitating growth and other types

institutions improve efficiency and accelerate growth. The positive effect of in tional 'quality' is more pronounced with mutually reinforcing support of econo freedom. Our results also indicate that 'good' institutions help developing court grow faster to achieve conditional convergence. We infer from the results tr economic development requires not only physical and human capital formatic growth. A direct comparison of these indexes can then be made as well as a but also freedom to choose and institutional support.



Department of Economics, Californ and Department of Economics, University of Nevado, Las Vegas, Nevada 89154, USA Received 7 November 1995 Rio Grandere results of the Mankiw, Romer and Weil (1992) argmented neeclassical power measures of human capital. Compared with the FOUNDATION Wincselts, our approach increases the explanatory power of the model and the speed of conditional increase convergence.

Economic Freedom

Liberty and development: A further empirical perspective

s of economic freedom to investigate the relationship evelopment for most countries in the world. This relar such economic freedoms as freedom of property and en of association. These findings appear to be indepenliberties, as measured by the Gastil ratings, which have velopment

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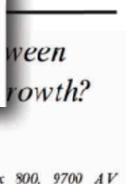
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creates through competitive wth. It allows agents to enjoy a market economy, which has r, frequent changes in governtic methods often lead to shiftthe denial of political freedom can scriously limit economic



THE CONTRIBUTION OF ECONOMIC FREEDOM TO WORLD ECONOMIC GROWTH, 1980-99 Julio H. Cole

Since 1986, a group of researchers associated with the Fraser Institute have focused on the definition and measurement of an internationally comparable index of economic freedom (Easton and

Walker 19 Public Choice 78: 359-372, 1994. resulted in 3) 1994 Kluwer Academic Publishers, Printed in the Netherlands, countries

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Freedom and growth: Do constitutions matter?*

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correlated INTELLECTUAL PROPERTY RIGHTS AND ECONOMIC GROWTH

WALTER & PARK and JUAN CARLOS GINARITE*

This paper studies the relationship between intellectual property rights (IPRs) and commis growth for a crass-section of countries for the partial Web-1990. The analysis focuses on effects of IPRs on growth using a quantitative index of JPRs. The paper finds that JPRs affect accountic growth indirectly by stimulating he accumulation of factor inputs like R&D and physical capital. The positive effects of IPRs on forture accumulation, particularly of R&D capital, are present on when the analysis controls for a more general measure of property rights. (JEL 004, 040)

I INTRODUCTION

Intellectual property protection has been an International policy concern. Owners of intel-lectual property face risks of imitation or piforeign, particularly in less developed, mar-tess. Recent global negotiations have called protection in 60 countries and uses it to deter-

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technological change, such as intellectual property laws. Studying the affects of intellec-tual property rights (IPRs) requires having a quantitative measure of the strength of incelacy not only in demestic markets but also in lectual property rights in a country. This paper



Public Choice 113: 77-96, 2002. © 2002 Kluwer Academic Publishers. Printed in the Netherlands.

Economic freedom, government policy and the trade-off between equity and economic growth *

GERALD W. SCULLY

School of Management, University of Texas at Dallas, Richardson, TX 75083-0688, U.S.A.; e-mail: g~s@utdallos.edu

Accepted 10 February 2001

Abstract. This study investigates the role that economic freedom plays in economic growth and in the distribution in market income, the role of government policy in advancing economic progress and in promoting income equality, and the effect that the rate of economic progress has on the distribution of market income. Structural and reduced form models are estimated that reveal that economic freedom promotes both economic growth and equity, and that there is a positive but relatively small trade-off between growth and income inequality.

grow at three tim efficient as societies in which these freedoms are abridged.

Public Clease 112: 333-544, 2002. Kamer Andrew Patrickers Printed in the Vetersian Economic freedom and growth: Decomposing the effects *

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> Economic Reform, Democracy and Growth during Postcommunist Transition^E

Jan Fidrmue

335

Center for European Integration Studies (ZEI), University of Bonn; CPB Netherlands Bureau for Economic Policy Analysis, The Hague; and Centre for Economic Policy Research (CEPR), London.

March 2001

Abstract

This paper explores interactions between growth, economic liberalization and democratization during transition. The results can be summarized as follows: (1) Liberilization has a strong positive effect on growth during transition (also when controlling for endogeneity of liberalization in (rowth), (2) Democracy facilitates economic liberalization, (3) Because of its effect on liberalization, democracy has a positive overall effect on growth. Nevertheless, the marginal effect of democracy (after controlling for progress in economic liberalization) is negative during early transition

SYKLOS, Vol. 47-1894-Fatz, 2, 201-247

Property Rights and Economic Growth: An Empirical Study

JOHAN TOPSTENSSON¹

1 INTRODUCTION

in neo-classical models of growth, investment in physical capital is emphasized (see, e.g., Sollow [1956]) More recent models of endogenous growth increadstress the tole of human capital and international trade as sources of growth (see, e.g., ROMER [1985], GROSSMAN and HELPMAN [1991]). These models offer important insights into causes of economic growth, but they implicitly assume that there are well-enforced private preparty rights. In consequence, there are meentives for individuals to engage in productive activities. This may he a useful approximation for quite a few developed countries. However, in prefocular many developing countries lack secure private property rights. Differences in the solucture of property lights is therefore another possible cause of differences in growth rates across countries. The structure of property rights has differed vasily not only across countries but also over times. A number of economic historians have presented important studies stressing the role of changes in property rights for long-iun economic growth (see, e.g., NORTH and THOMAS [1973] and ROSENSERG and BIRDZELL [1986]). They show how more scence property rights have had a strong impact on the use re-prosperity of the Western world

The structure of property rights is difficult to rank or quantity, and only a few studies have attempted to examine the empirical relationship between property.

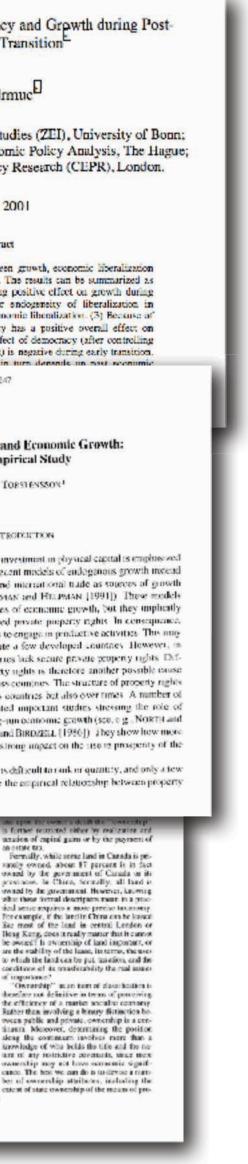
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vanity owned, about 17 percent is in fact owned by the government of Canada or its provinces, in Chira, formally, all hard is owned by the government. However, knowing abut these formal descriptors mean in a proded sense requires a more precise facantions for example, if the landin Orma can be leaved like most of the land in certral London or Heng Kong, does it really matter that it cannot be owned? Is ownership of land important, or are the stability of the lease, its terms, the use to which the land can be put, maction, and the conditions of its transferability the real issue

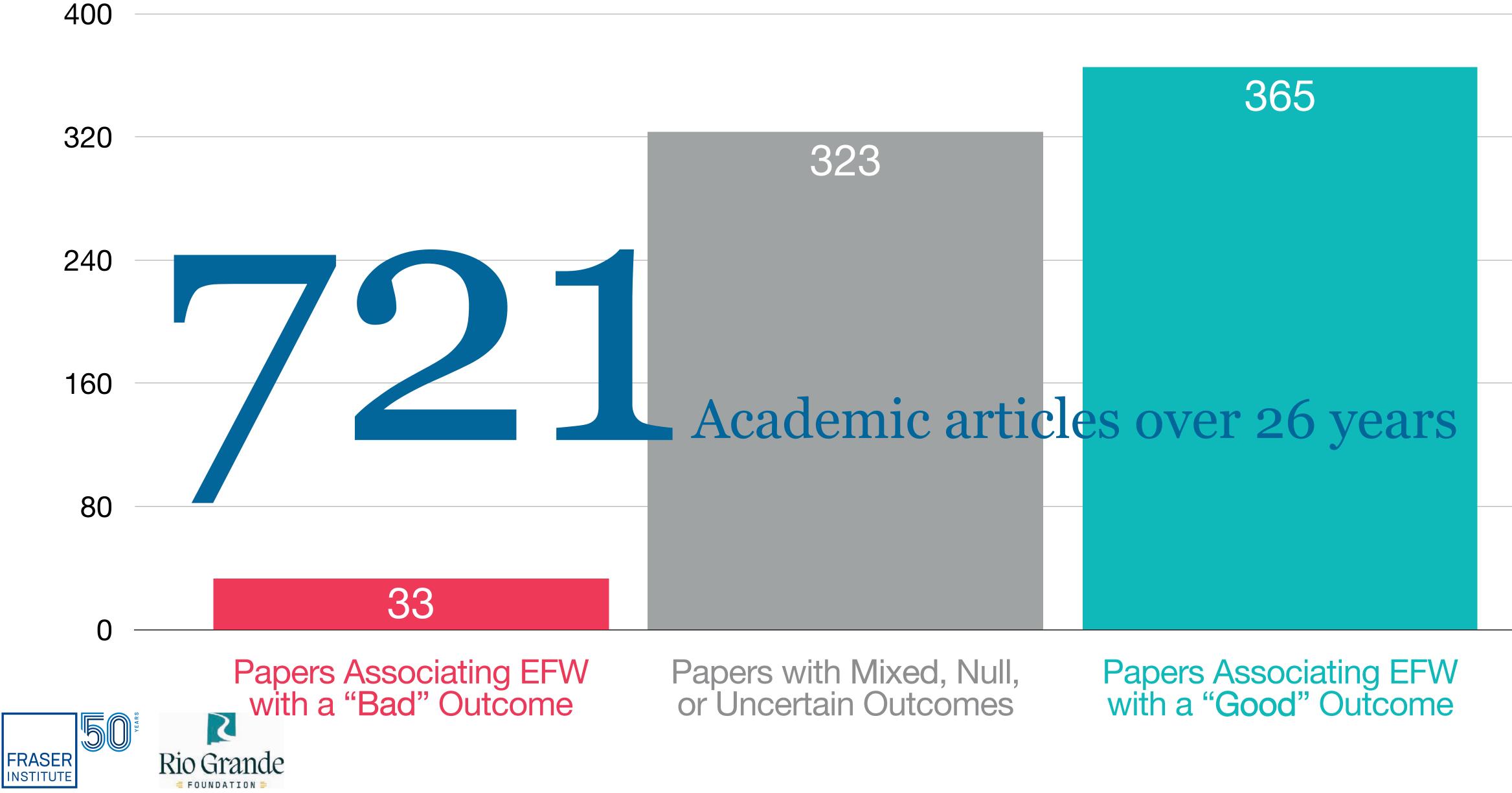
of importance? "Ownership" scan turn of classification is describe out definitive in terms of penceiving the efficiency of a market socialist contemp Rather than involving a binary distinction be ween public and private, overening in our co-vicing public and private, overening the position ideag the continuum involves more than a involvedge of whis before in the tail the ta-are of any rotificities assesses, since meet expecting may not have according signif cance. The best we can do is to devise a nambes of ownership attributes, including the extent of state ownership of the means of pro-

omparison of the resulting growth projections for each country. Our empirical results indicate that some characteristics of economic freedom that are widely

s; Economic Freedom; Growth; Granger causality

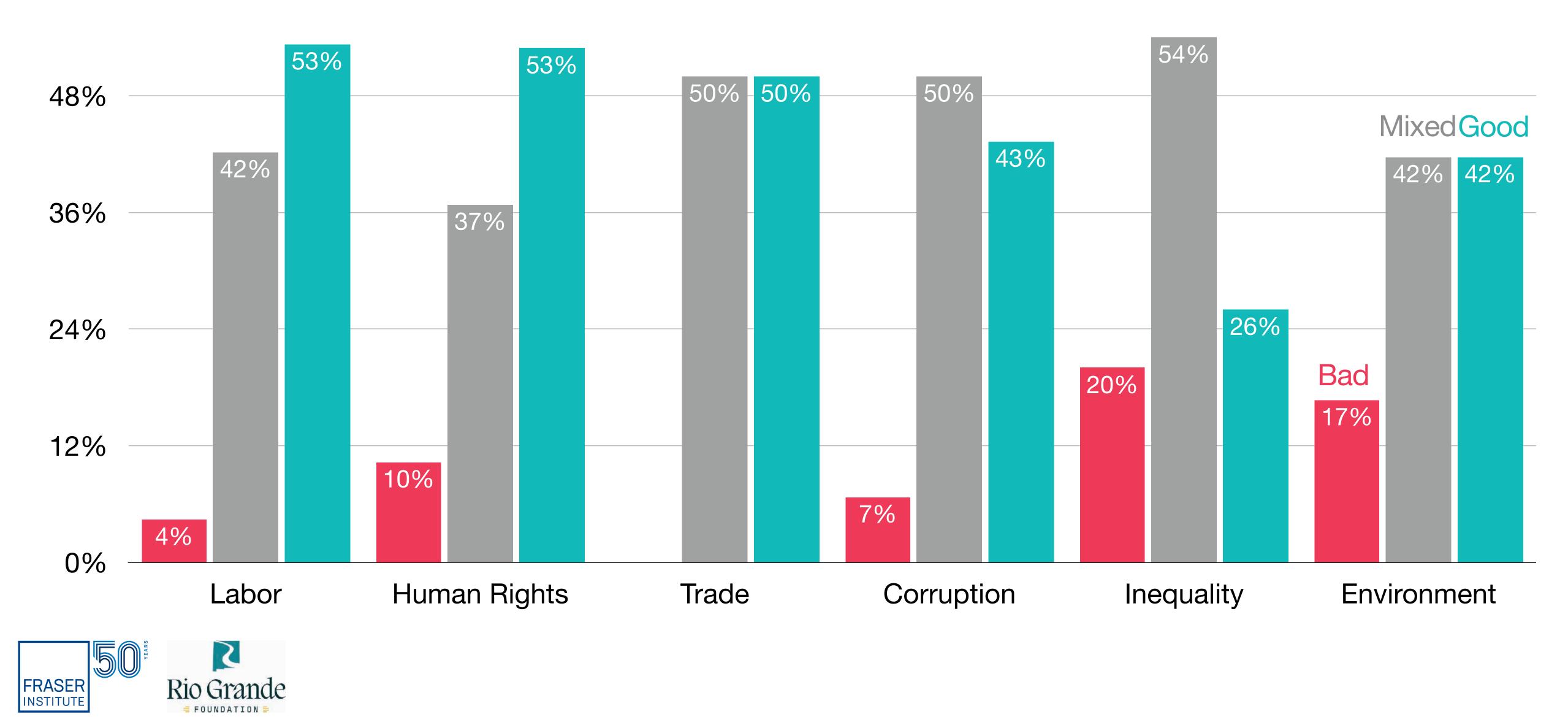








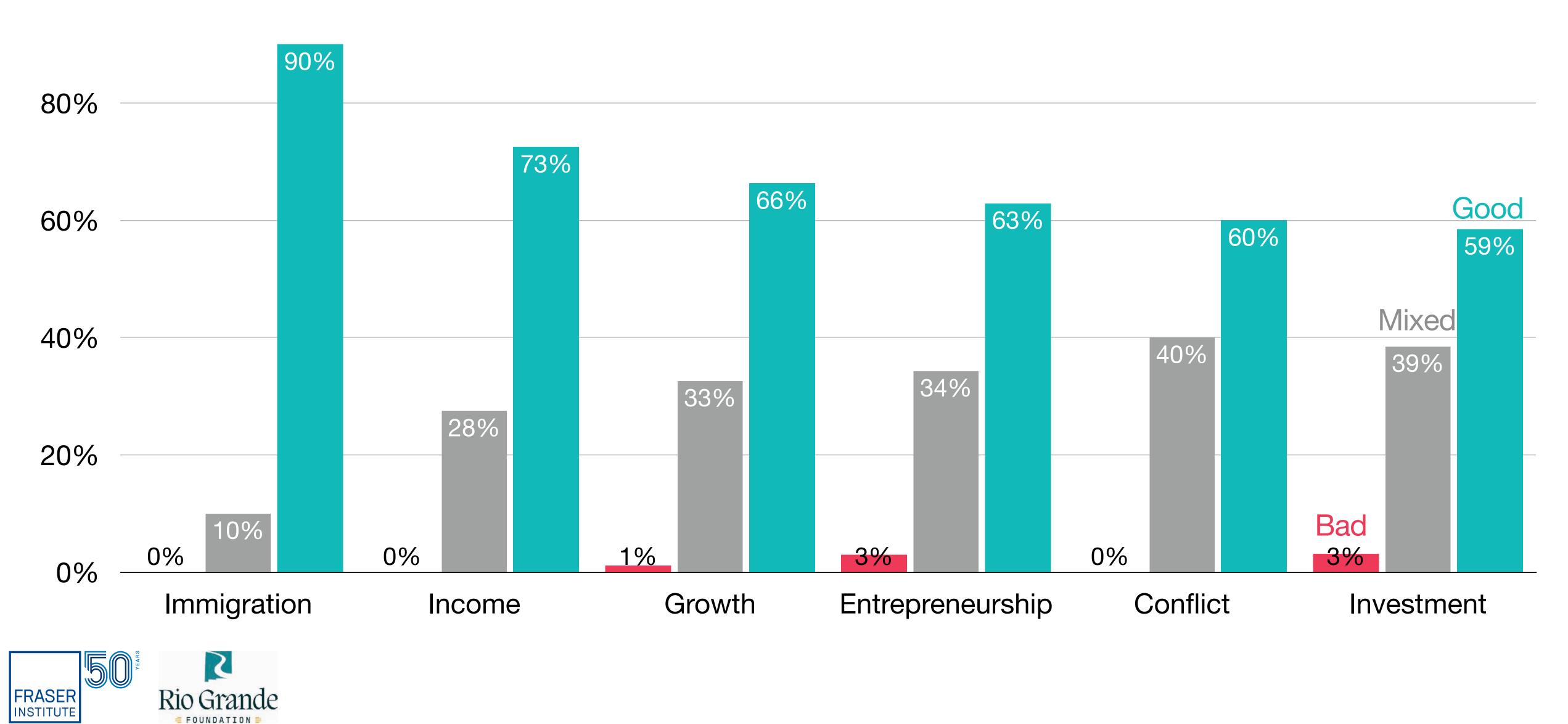
60%





Economic Freedom

100%





Applied Research Quality Life (2018) 13:435-456 DOI 10.1007/sl1482-017-9543-6



Freedom and Happiness in Nations: A Research Synthesis

Amanina Abdur Rahman¹ · Ruut Veenhoven^{2,3}

Received: 10 January 2017 /Accepted: 24 April 2017 /Published online: 14 June 2017 © Springer Science+Business Media Dordrecht and The International Society for Quality-cf-Life Studies (ISQOLS) 2017, corrected publication July/2017

Abstract Freedom is highly valued, but there are limits to the amount of freedom a society can allow its members. This begs the question of how much freedom is too much. The answers to that question differ across political cultures and are typically based on ideological argumentation. In this paper, we consider the compatibility of freedom and happiness in nations by taking stock of the research findings on that matter, gathered in the World Database of Happiness. We find that freedom and happiness are positively correlated in contemporary nations. The pattern of correlation differs somewhat across cultures and aspects of freedom. We found no pattern of declining happiness returns, which suggests that freedom has not passed its maximum in the freest countries.

Keywords Freedom · Happiness · Nations · Synthesis · World Database of Happiness

The original version of this article was revised: modifications have been made to Tables 2, 3, and 4, captions to Figs. 2 and 3, and hyperlinks to the findings pages on the World Database of Happiness in page 11. Fall information regarding corrections made can be found in the erratum for this article.

Ruu: Veenhoven is on the Editorial Policy Board of the Applied Research in Quality-of-Life journal, and one cf the Board of Directors of the International Society of Quality-of-Life Studies.

Amanina Abdur Rahman amanina.abdur.nahman@monash.edu

Ruut Veenhoven veenhoven@esc.eur.nl

- ¹ Department of Economics, School of Business, Morash University Malaysia, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor, Malaysia
- ² Erasmus Happiness Economics Research Organization (EHERO), Erasmus University Rotterdam, P.O. Box 1738, 3000 DR Rotterdam, The Netherlands
- ³ Opentia Research Program, North-West University, Vanderbijlpark, South Africa





Fraser Scholars in 2002: Find a way to measure economic freedom at the state and provincial level.



Economic Freedom In the States

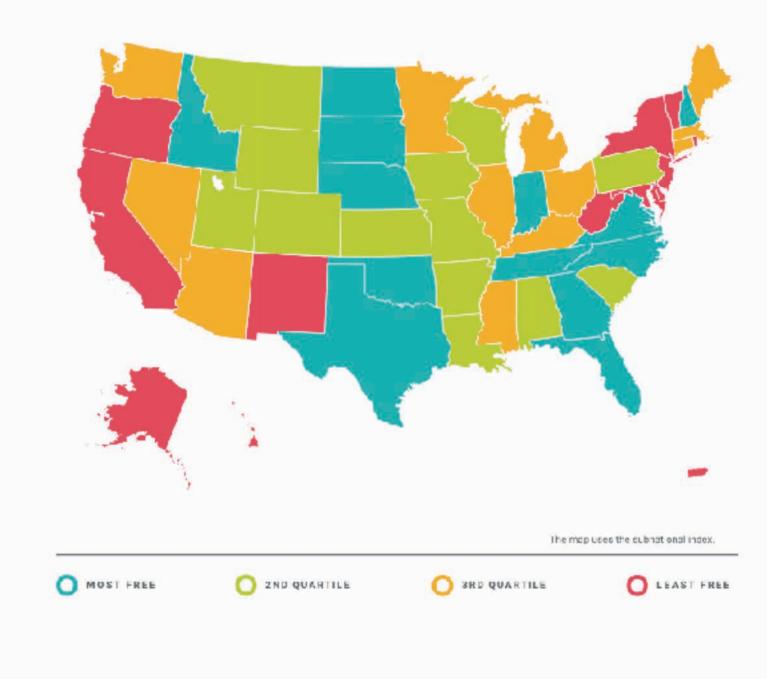
Dean Stansel, José Torra, Matthew Mitchell, & Ángel Carrión-Tavárez



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Economic Freedom of North America 2024



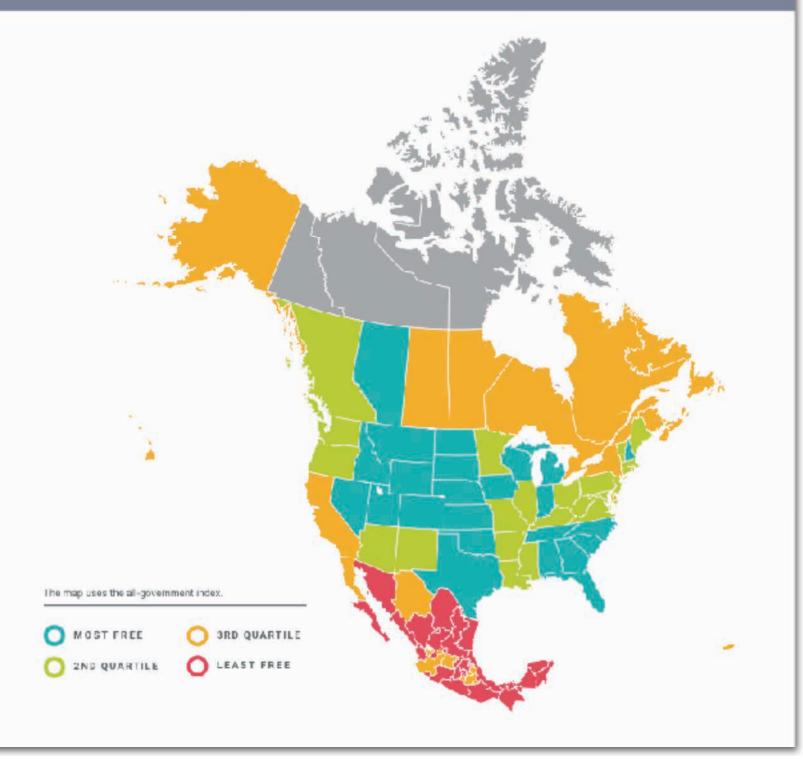






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Economic Freedom of North America 2024



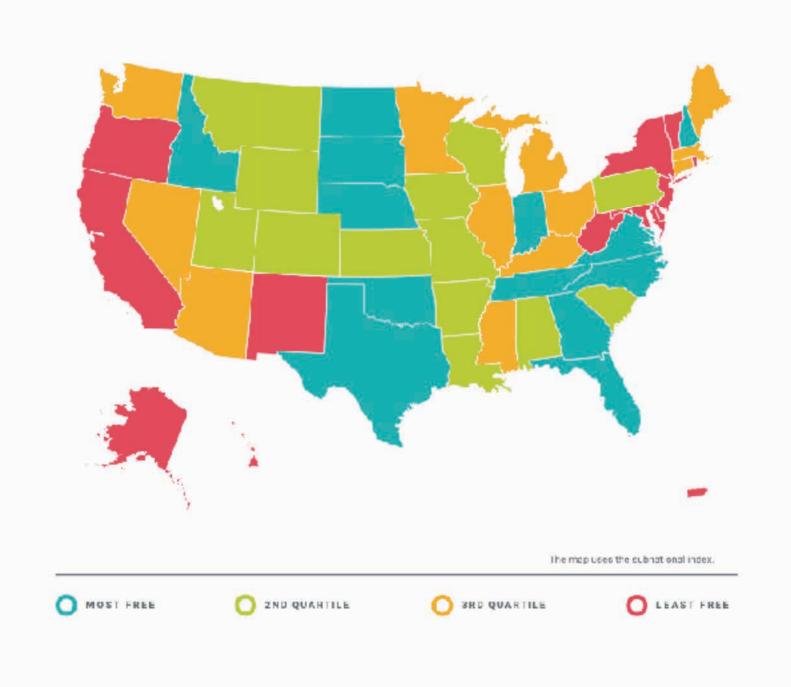
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INSTITUTO DE LIBERTAD ECONÓMICA



Economic Freedom of North America 2024





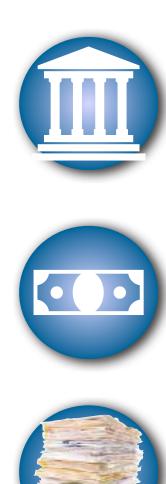


93 jurisdictions 41 years

1981 - 2022 (US states and Canadian provinces)2000 - 2022 (Puerto Rico)

2003 - 2022 (Mexican states)







Government Spending

Taxes



General Consumption Expenditures (% of income)

> Transfers & Subsidies (% of income)

Insurance & Retirement Payments (% of income)



Government Spending

Taxes

Income & Payroll Tax Revenue (% of income)

Top Marginal Income Tax Rate

Income Threshold at Which Top Rate Applies

Property Tax and Other Taxes (% of income)

Sales Tax Revenue (% of income)



Government Spending



Annual Minimum Wage Income (% of Per Capita Income)

> Government Employment (% of Total Employment)

> > Union Density

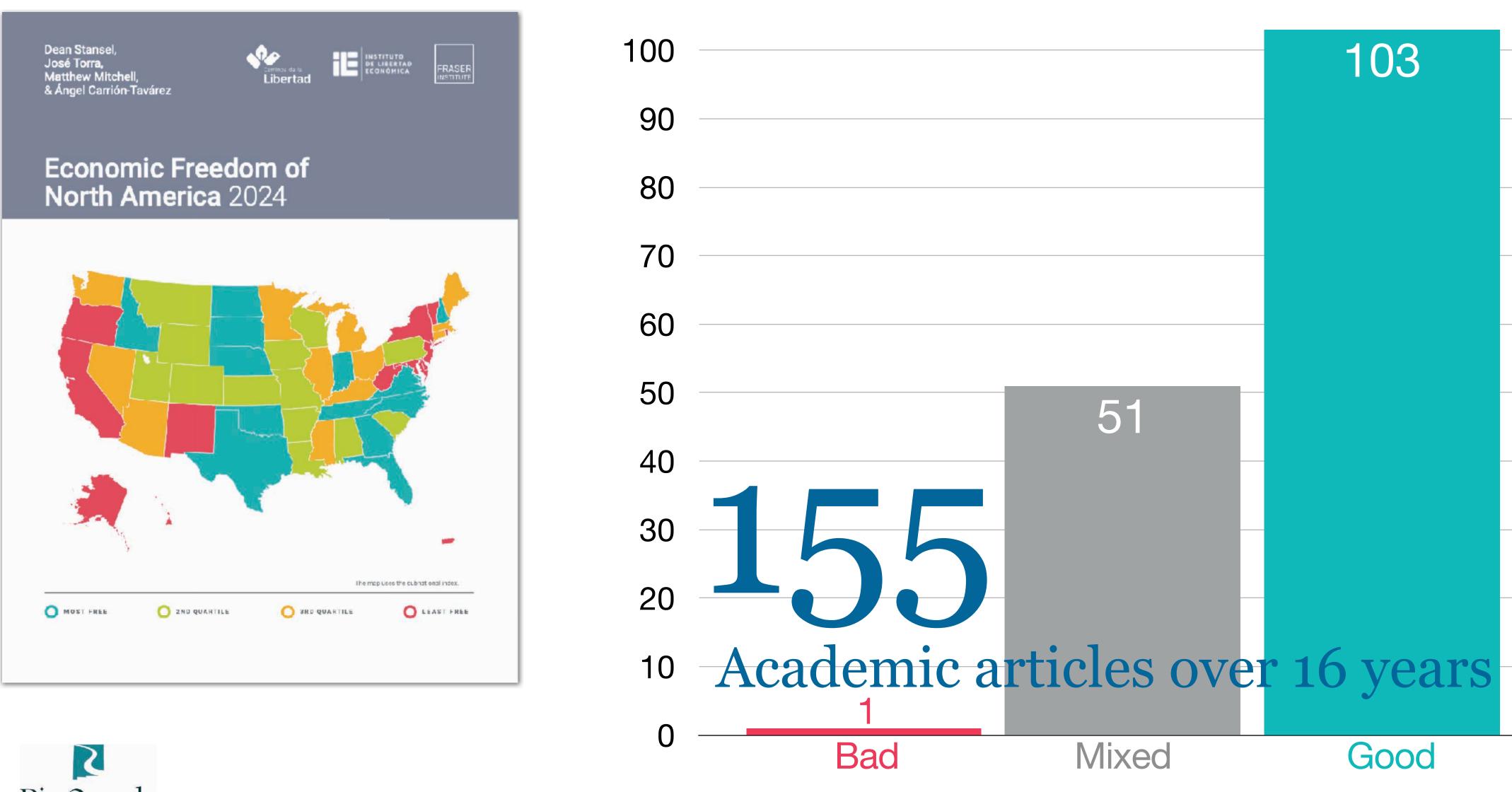




Government Spending

Taxes

110







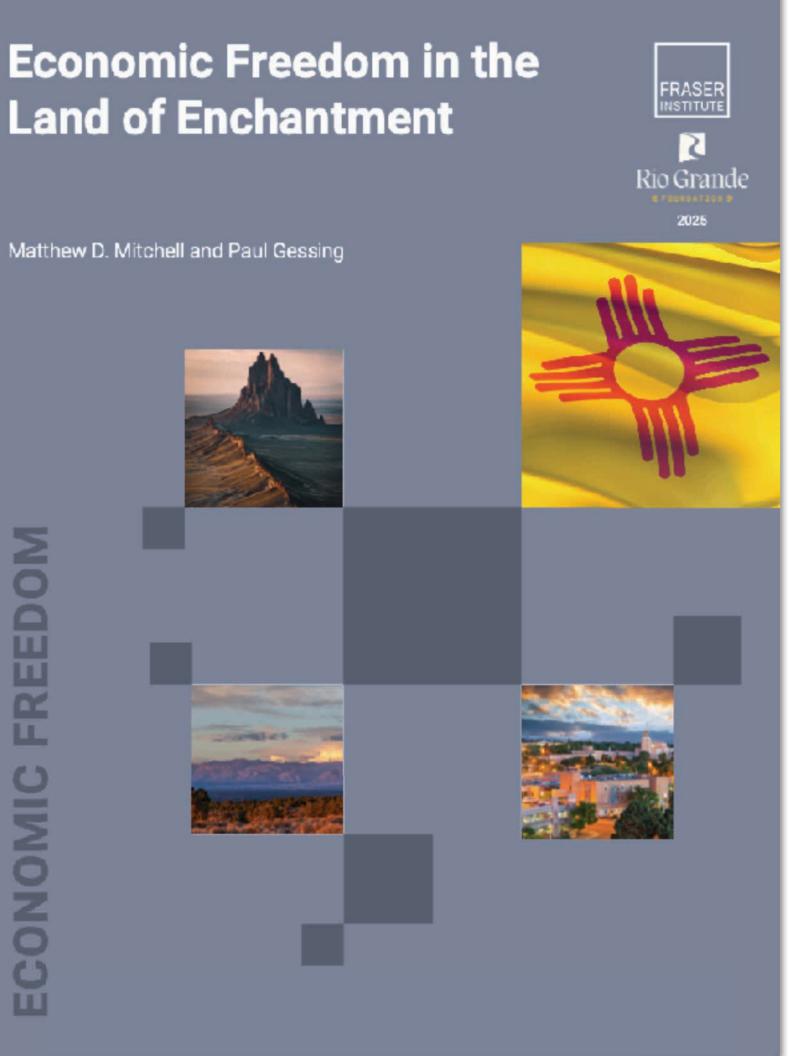
Land of Enchantment

Matthew D. Mitchell and Paul Gessing









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Rio Grande

2025

Economic Freedom in the Land of Enchantment

Matthew D. Mitchell and Paul Gessing



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Figure 7: Economic Freedom in the U.S. States (2022)

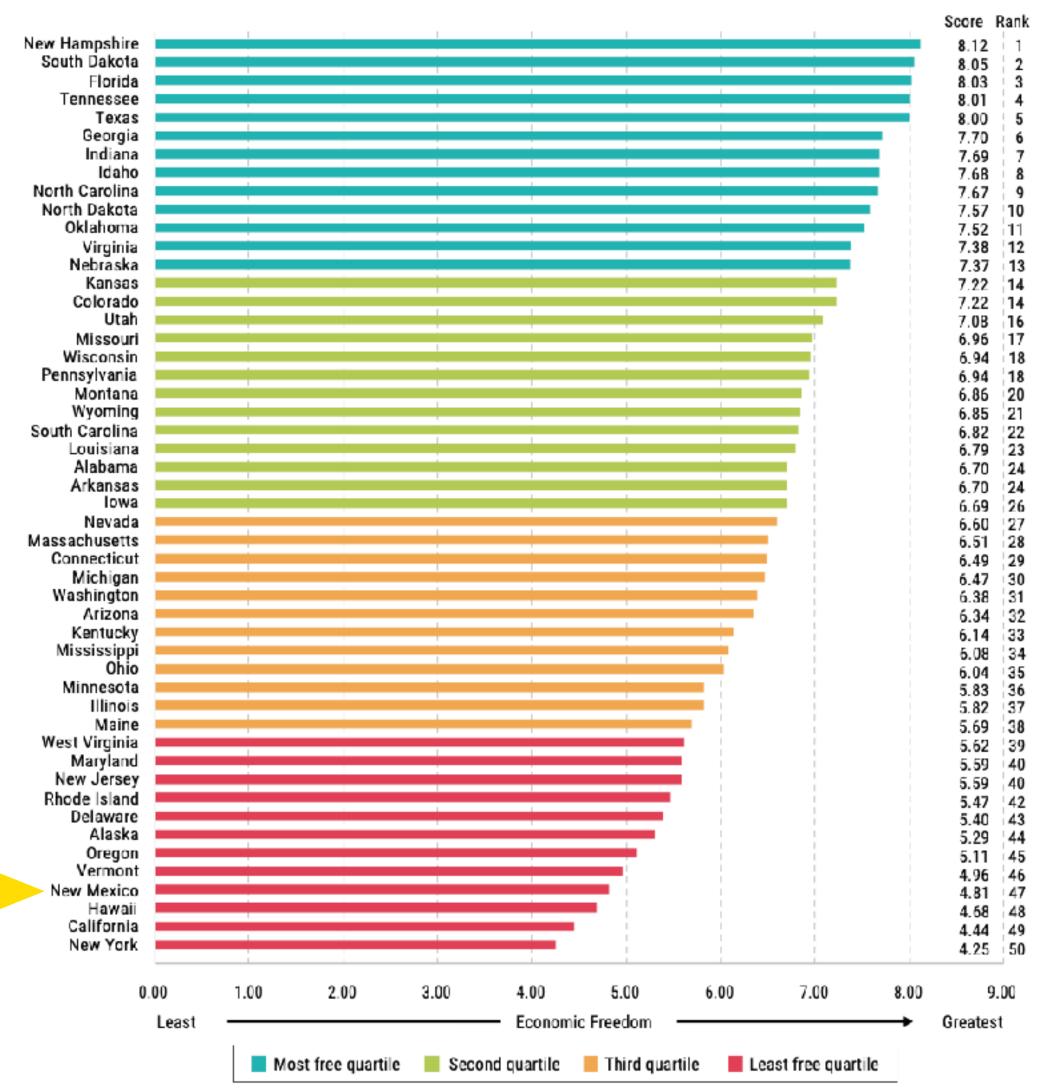


Figure 8: Percent Change in Economic Freedom (1981-2022)

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Michigan Alaska West Virginia Massachusetts New York South Dakota Pennsylvania Minnesota Wisconsin Montana Kansas Idaho Rhode Island Ohio Nebraska Oregon Utah Maine Georgia Indiana lowa North Carolina North Dakota Tennessee Illinois Washington New Hampshire Cklahoma Wyoming Delaware Kentucky Virginia New Jersey Alabama Louisiana Colorado Vermont Florida Missouri South Carolina Texas Connecticut Arkansas Nevada Mississippi Maryland California Hawaii Arizona New Mexico -20%



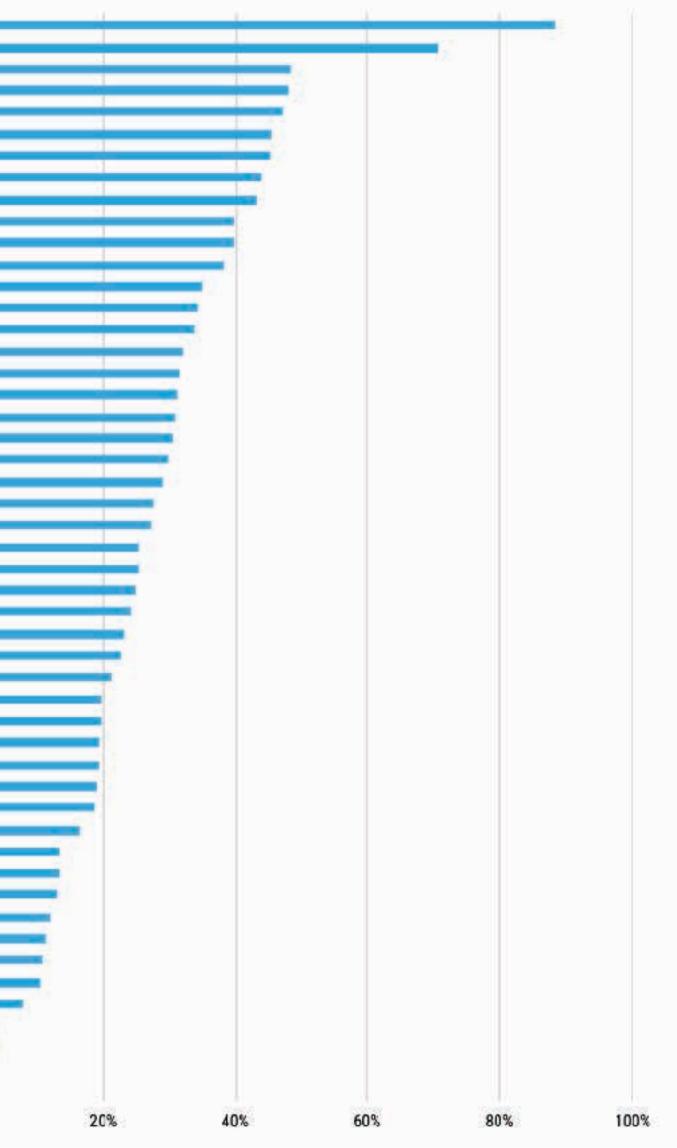


Figure 15: Areas of Economic Freedom in the Southwest (2022)

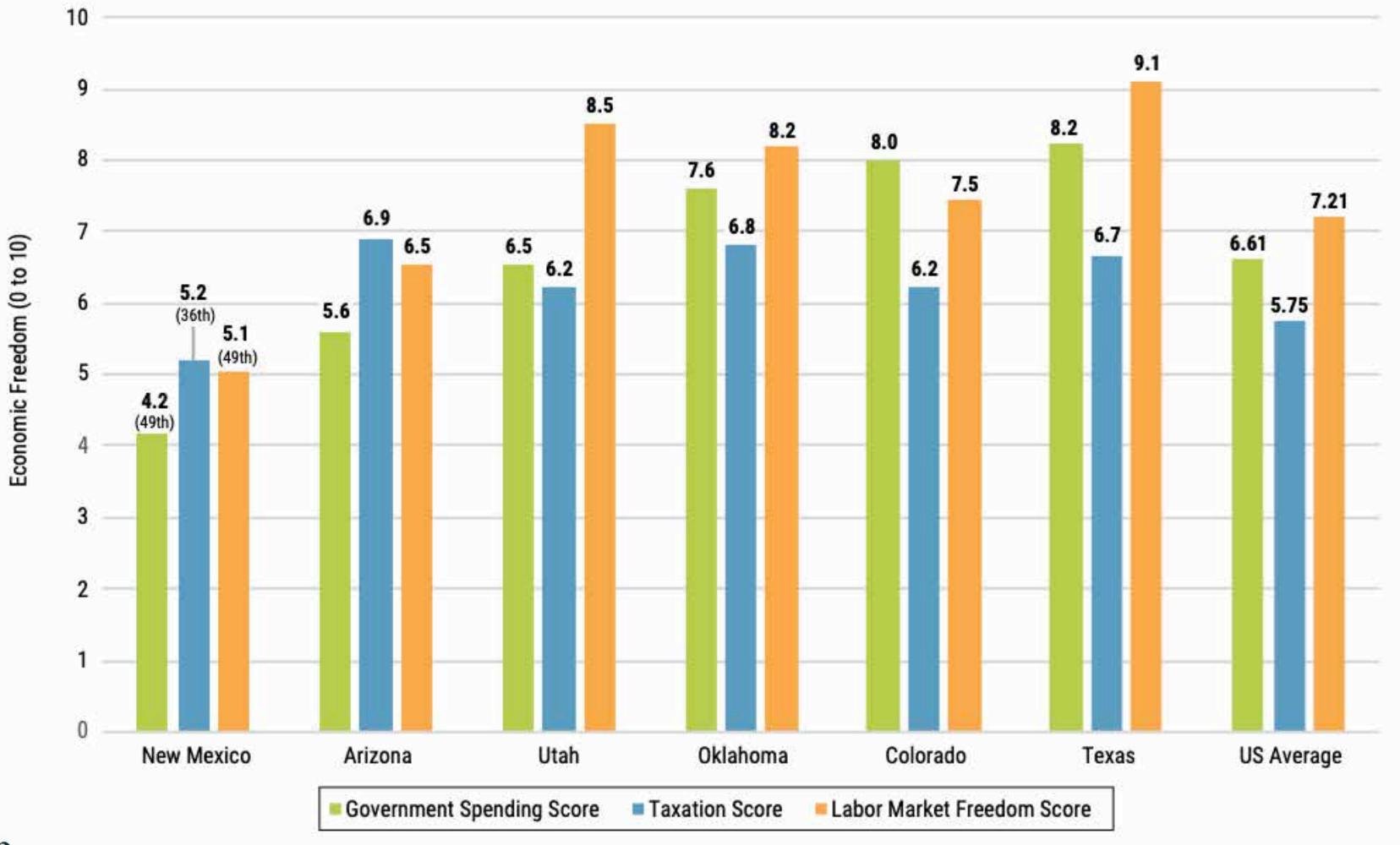






Figure 9: Economic Freedom and Change in Population (2013–2022)

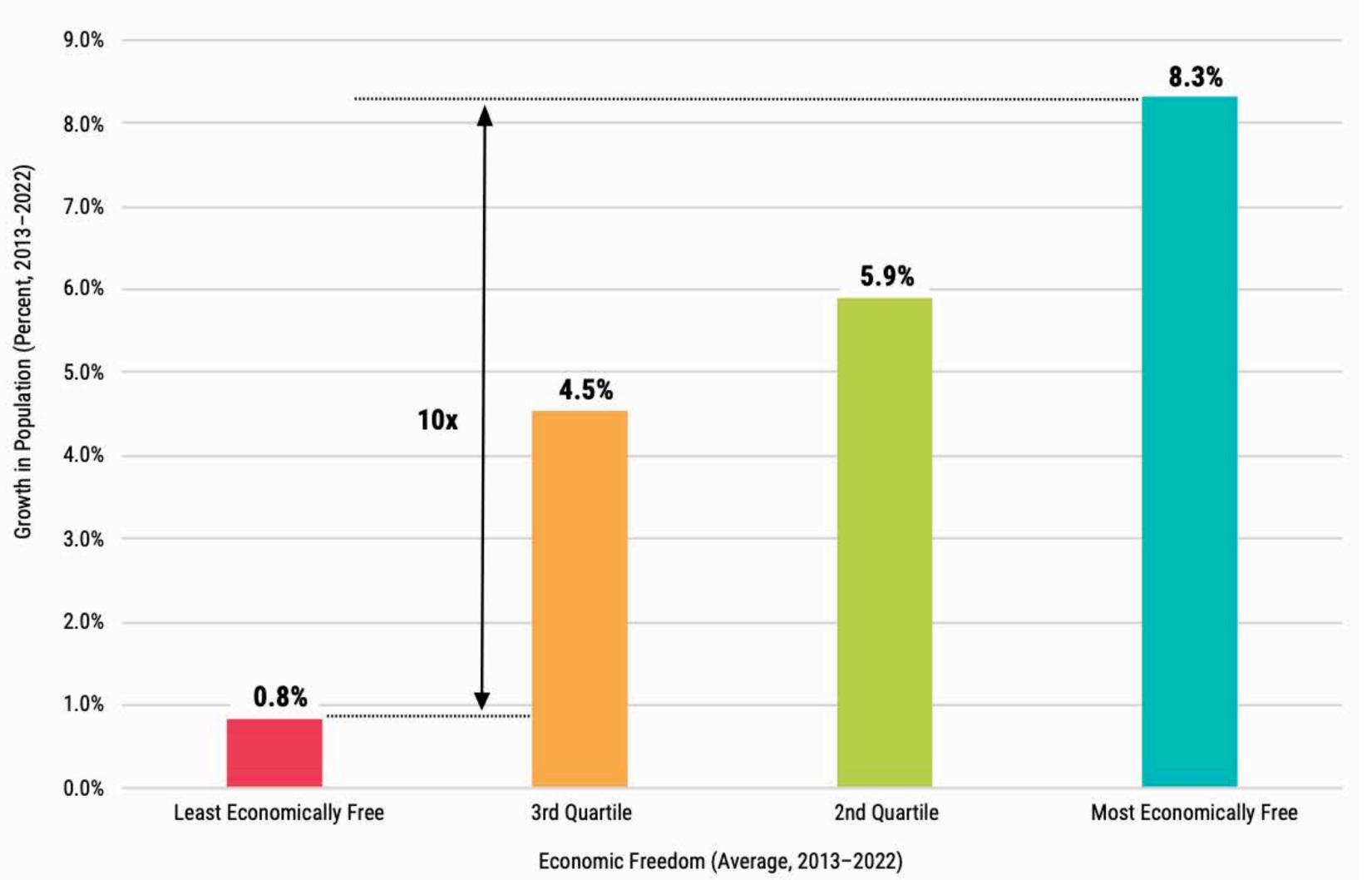
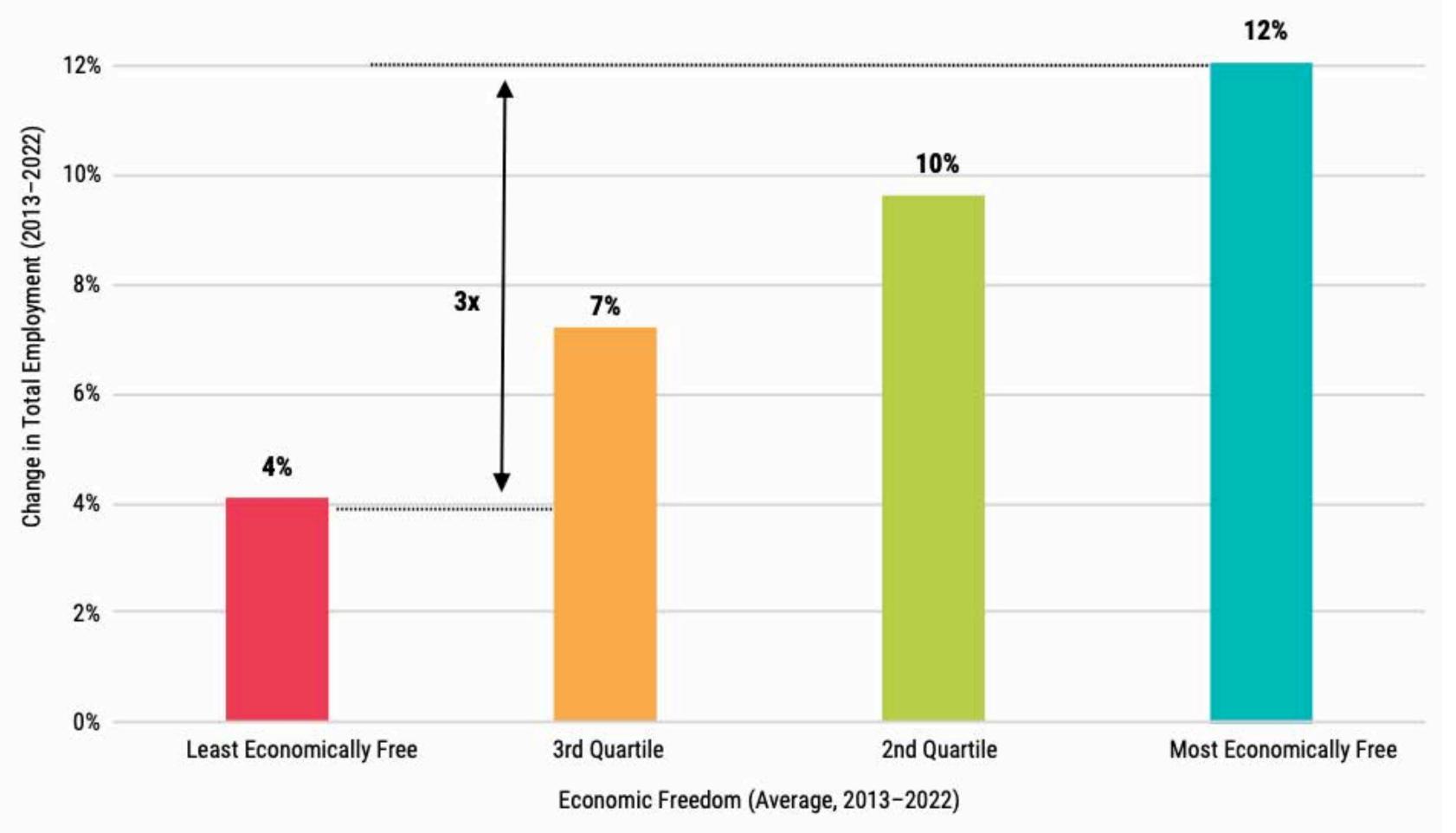








Figure 10: Economic Freedom and Change in Total Employment (2013-2022)







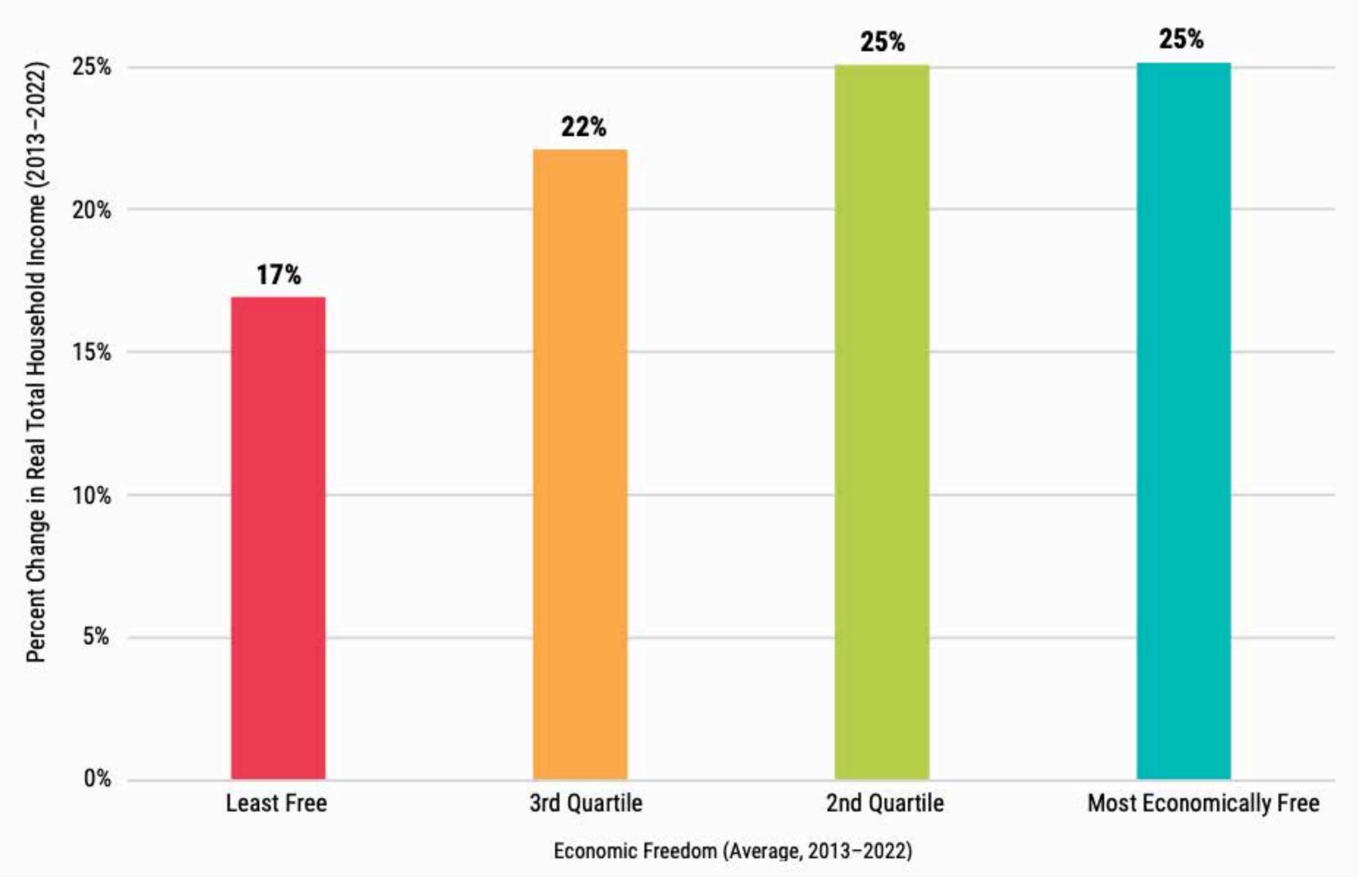




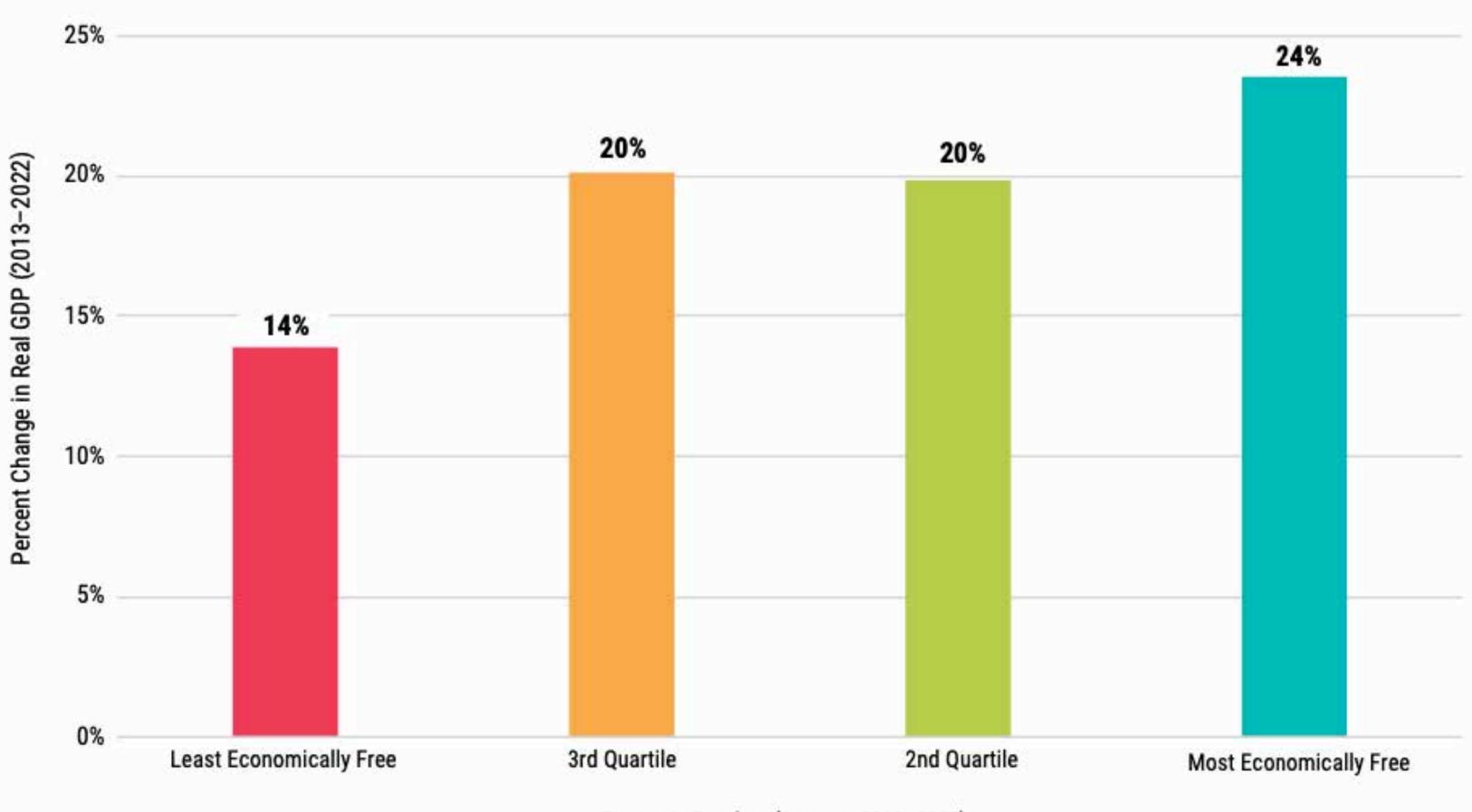




Figure 11: Economic Freedom and Change in Total Income (2013–2022)



Figure 12: Economic Freedom and Change in Real GDP (2013–2022)



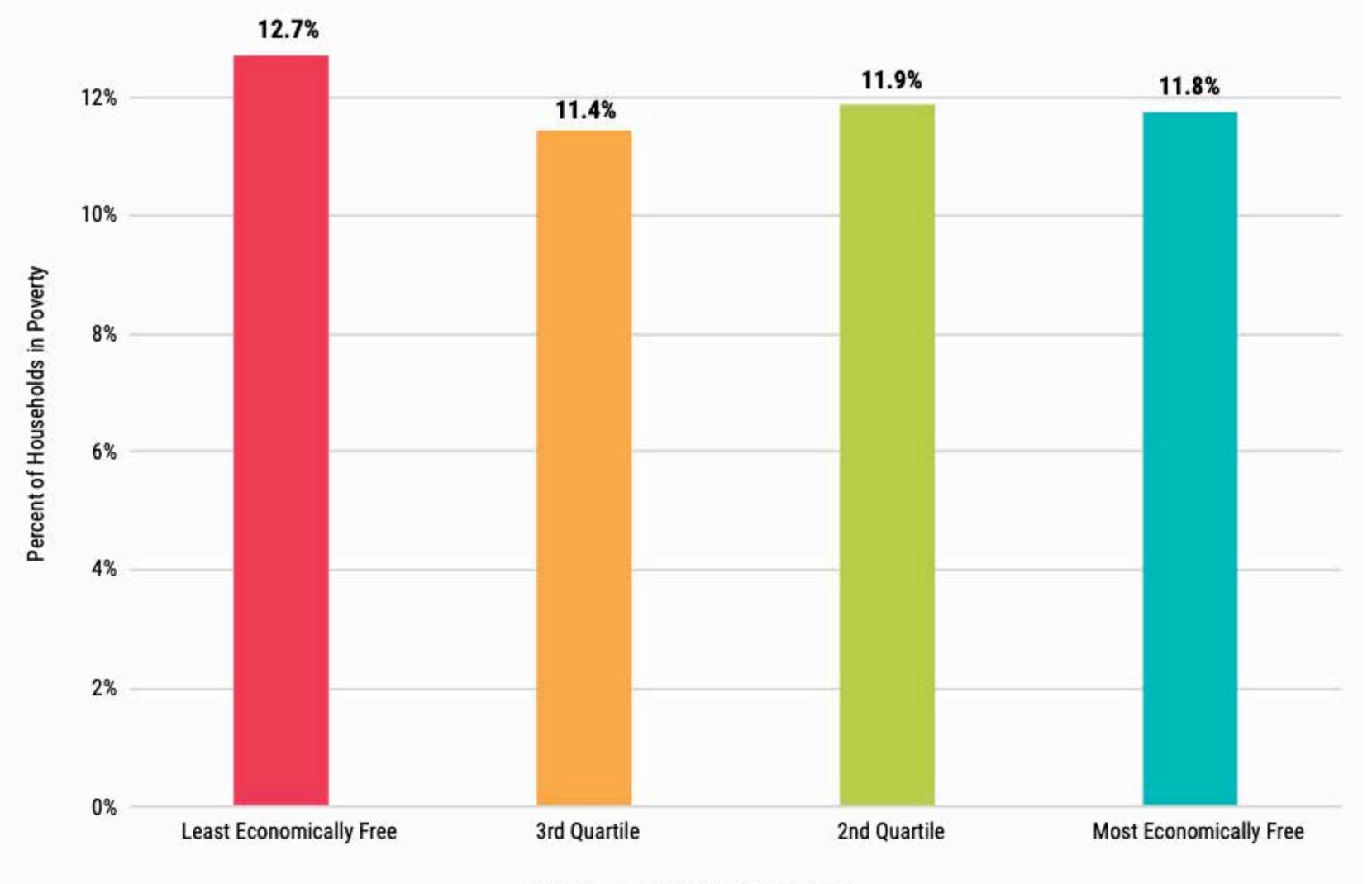




Economic Freedom (Average, 2013-2022)



Figure 13: Economic Freedom and Poverty (2023)





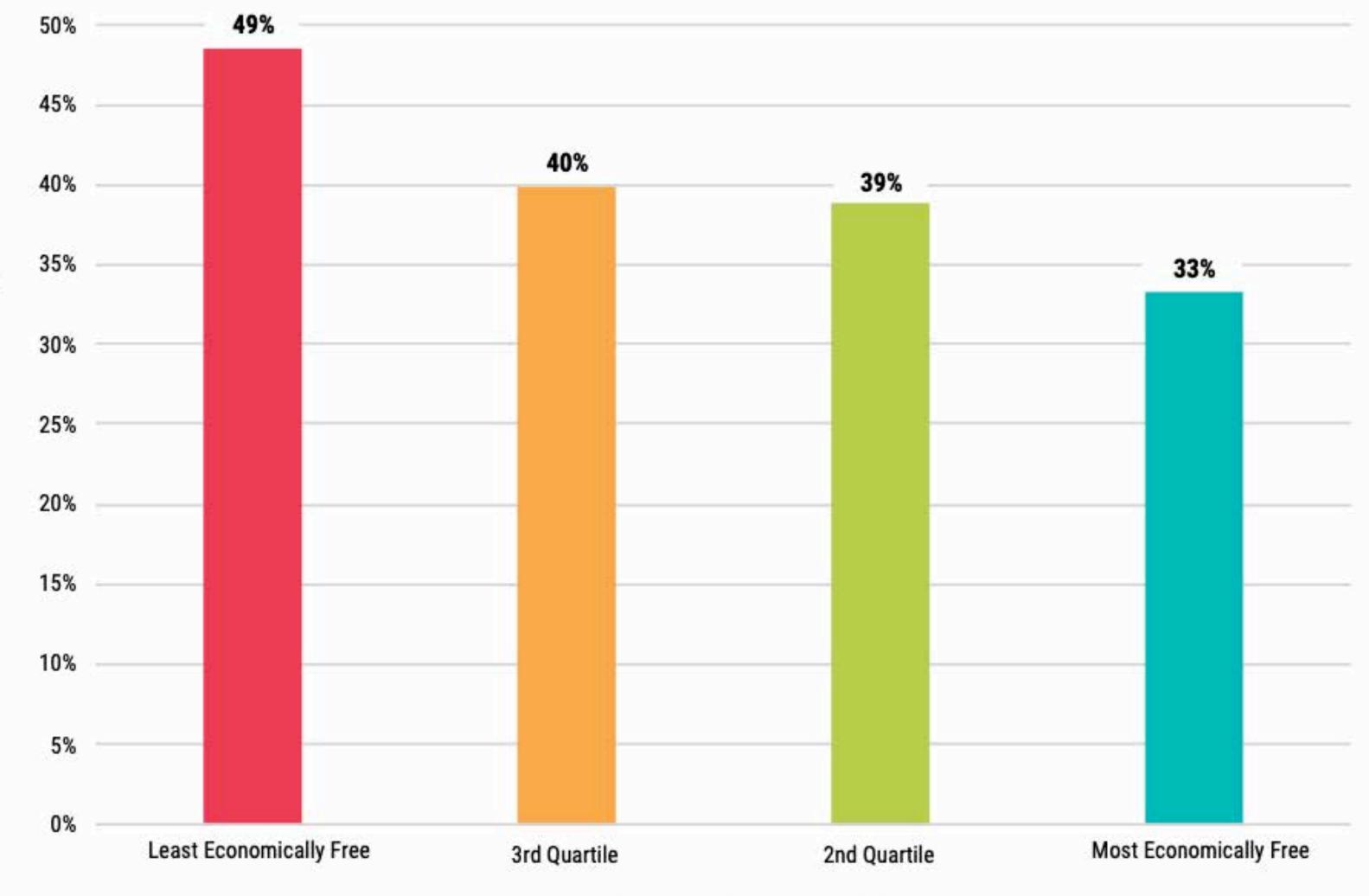


Economic Freedom (Average, 2013-2022)

Percent of Households with Children Receiving Food Assistance



Figure 14: Economic Freedom and Children Receiving Food Assistance (2024)







Economic Freedom (Average, 2013-2022)

CONTEMPORARY ECONOMIC POLICY

ECONOMIC FREEDOM AND INCOME LEVELS ACROSS U.S. STATES: A SPATIAL PANEL DATA ANALYSIS

JOSHUA C. HALL[®], DONALD J. LACOMBE and TIMOTHY M. SHAUGHNESSY

There is a large literature estimating the effect of economic freedom on economic growth or income levels. Most studies examine the relationship between economic freedom and growth or income levels for countries, while a few examine the relationship for U.S. states. Absent in the state-level literature is consideration of the presence of spatial spillovers affecting the freedom-income relationship. Neglecting to account for spatial autocorrelation can bias estimation results and therefore inferences drawn. We find evidence of a spatial pattern in real per-capita gross state product (GSP) that affects nonspatial estimates of the freedom-income relationship. Taking into account the direct and indirect effects of economic freedom on real per-capita GSP, we find a 10% increase in economic freedom is associated with a 5% increase in real per-capita GSP. (JEL E02, O47, R11)

I. INTRODUCTION

The role that market-oriented institutions play in determining long-run economic prosperity has recently come to the forefront of the economics profession. In recent years the development of cross-country measures of institutions, such as the Economic Freedom of the World (EFW) index (Gwartney, Lawson, and Hall 2015), has allowed scholars to analyze the relationship between institutions and growth using panel data methods over more recent and shorter time frames. Important early works in this literature include Easton and Walker (1997) and Dawson (1998), who largely find that economic freedom is positively associated with income levels or economic growth. The creation of the Economic Freedom of North America (EFNA) index (Stansel, Torra, and McMahon 2014) has allowed scholars to test the economic freedom-growth/income relationship within the United States and these studies find similar

- Hall: Associate Professor, Department of Economics, Center for Free Enterprise, College of Business and Economics, West Virginia University, Morgantown, WV 26506-6025. Phone 304-293-7870, E-mail Joshua Itall@mail.wvu edu Lacombe: Associate Professor, Personal Financial Planning, Texas Tech University, Lubbock, TX 79409, Phone 806-834-2005, Fax 806-724-5022, E-mail donald.lacombe@ttu.edu
- Shanghnessy: Associate Professor, Department of Economics, Louisiana State Shreveport, LA 71115, Phone 318-797-5334. E-mail timothy.shanghnessy@laus.edu

Contemporary Economic Policy (ISSN 1465-7287) Vol. 37, No. 1, January 2019, 40–49 Online Early publication. March 25, 2018 results (Compton, Giedeman, and Hoover 2011; Wiseman and Young 2013).

A critical survey of the economic freedomgrowth/incomes relationship by De Haan et al. (2006, 157) concluded that "there are strong indications that liberalization, i.e., an increase in the EF index, stimulates economic growth." In terms of economic freedom and income levels, papers by Cebula, Clark, and Mixon Jr (2013), Cebula and Clark (2014), Bennett (2016), and Foley and Clark (2016) find the same positive relationship between economic freedom and income levels controlling for a diverse set of factors and over varying time periods for countries and U.S. states. Given the consistency of

ABBREVIATIONS

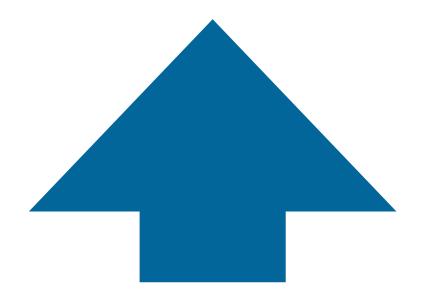
BEA: Bureni of Economic Analysis EFNA: Economic Freedom of North America EFW: Economic Freedom of the World GMM: Generalized Method of Moments GSP: Gross State Product LM: Lagrange Multiplier LR: Likelihood Ratio MSA: Metropolitan Statistical Area NAICS: North American Industry Classification System OLS: Ordinary Least Squares SAR: Spatial Autoregressive SDM: Spatial Durbin Model SEM: Spatial Error Model SEC: Standard Industrial Classification

40

doi:10.1111/coep.12287 40.2018 Western Economic Association International

10% Greater Economic Freedom





5% Greater Real GDP / Person





10% Greater **Economic Freedom Than New Mexico**



Economic Freedom In the Land of Enchantment

Matthew Mitchell Senior Fellow Centre For Human Freedom



