



PRESS RELEASE

San Juan, January 17, 2023

Puerto Rico is included for the first time in the prestigious report *Economic Freedom of North America.*

Florida is the most economically-free state and Puerto Rico, the least-free jurisdiction in the United States.

The Fraser Institute, an independent non-partisan Canadian public policy research and educational organization, recently released the *Economic Freedom of North America 2022* report, which measures the degree of economic freedom in various jurisdictions in Canada, the United States of America, and Mexico. This year, it included Puerto Rico for the first time.

Economic freedom defined as the ability of individuals to act in the economic sphere free of undue restrictions is fundamental to prosperity; consequently, *Economic Freedom of North America* measures government spending, taxation, and labor market restrictions, to assess economic freedom in different places.

In the United States' subnational index (which compares individual jurisdictions within the same country), Florida scored 7.94 out of 10 as the most economically free state, followed by New Hampshire at 7.84, in second place. Rounding out the top five freest states are South Dakota, 7.75 (3rd), and Texas and Tennessee, 7.66 (tied for 4th).

At the other end of the index, Puerto Rico is the least-free jurisdiction with 2.04; the least-free state's score was more than twice as high. New York is once again the least-free state (4.25) for eighth consecutive year, followed by California (4.59), Hawaii (4.65), Vermont (4.70), and Oregon (4.92). Scores are based on data from 2020, the latest year of available comparable data.

"These results show the gap between Puerto Rico and the United States in terms of economic freedom. Instead of a convergence with the freest states, a divergence is observed—a distancing of the Island even from the least free states—", said Ángel Carrión-Tavárez, director of Research and Policy at the Instituto de Libertad Económica.

The co-authors of *Economic Freedom of North America 2022* are Dean Stansel, José Torra, Fred McMahon, and Ángel Carrión Tavárez. This report is an offshoot of the Fraser Institute's *Economic*

Freedom of the World index, the result of more than a quarter century of work by more than 60 scholars including 3 Nobel laureates.

“Hundreds of independent studies have produced overwhelming evidence that higher levels of economic freedom are associated with more opportunity, more prosperity, greater economic growth and more jobs,” said Dean Stansel, Research Associate Professor, at Bridwell Institute for Economic Freedom, Cox School of Business, Southern Methodist University.

Economic Freedom of North America 2022 includes an entire chapter on Puerto Rico, which explains the process of incorporating the Island into the report. It also presents how Puerto Rico compares poorly with all U.S. states in the components and variables used in the subnational index, to the detriment of all in the Island.

“Puerto Rico’s per-capita income of \$13,318 in 2020, its 43.4% poverty rate, its notorious low labor-force participation rate, the wage gaps between the Island and the U.S. states, and the outbound net migration of the Island demonstrate that the lack of economic freedom stands at the center of many of the socioeconomic issues facing Puerto Rico,” added Carrión-Tavárez.

Economic Freedom of North America has been cited in more than 340 academic journal articles and public policy studies around the world. In the last 18 months, it has been cited more than 55 times, demonstrating the credibility and prestige of this publication in the international community.

The inclusion of Puerto Rico in *Economic Freedom of North America 2022* was the result of the efforts being made by the Instituto de Libertad Económica, so that the Island has a presence in the main indices and reports used to measure and compare the situation of diverse jurisdictions and establish the policy necessary to improve people’s lives.

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About the Instituto de Libertad Económica

Created in 2019, the Instituto de Libertad Económica (ILE) is a non-profit, non-governmental organization registered as a 501(c)(3) non-partisan entity. In its role as a developer of ideas, ILE has the goal of identifying and removing barriers in the public sector, to provide opportunities and enable the prosperity of all residents of Puerto Rico in a market economy. Through multisectoral and participatory collaboration, ILE seeks to develop economic public policy supported by scientific research; promote principles, ideas, and solutions based on free-market principles; find answers from the government about actions that interfere with the potential of the individual and the free market in Puerto Rico; educate and engage the people of Puerto Rico in reforms that create opportunity. Learn more at institutodelibertadeconomica.org or on Facebook and Instagram at @ilepuertorico.