



PRESS RELEASE

San Juan, March 11, 2025

Puerto Rico is the worst jurisdiction in the United States in economic freedom for the third consecutive year

The Island moves further away from the United States and is just a few hundredths behind Mexico in the *Economic Freedom of North America 2024* report.

Puerto Rico ranked last for the second consecutive year among the 51 U.S. jurisdictions included in *Economic Freedom of North America 2024*. This report, published by Canada's Fraser Institute, measures the degree of economic freedom in 93 provincial or state governments across Canada, the United States, and Mexico.

The report includes a subnational index for each country, as well as an all-governments index for all three countries combined. In the U.S. subnational index, New Hampshire ranks first as the state with the highest economic freedom, with a score of 8.12 out of 10, followed by South Dakota with 8.05. Completing the top five freest states are Florida (8.03), Tennessee (8.01), and Texas (8.00).

At the lower end of the index, Puerto Rico ranks 51st with a score of 2.13. The lowest-ranked U.S. state is New York, with a score of 4.15—nearly twice that of the Island—followed by California (4.44), Hawaii (4.58), and New Mexico (4.81). The scores are based on 2022 data, the most recent year for which complete information is available.

“Between 2013 and 2022, the Government of Puerto Rico declared itself unable to pay its debt; the U.S. Government established an oversight board to manage the Island’s fiscal crisis; the Government of Puerto Rico filed for bankruptcy; and the Island was struck by two hurricanes, a series of earthquakes, and the COVID-19 pandemic. Yet, Puerto Rico’s overall score was 2.13 at both the beginning and the end of this 10-year period. This suggests that the Island’s low score is more closely tied to the public policies of the Government of Puerto Rico and the regulatory framework it has established than to the net effect of these economic events,” said Ángel Carrión-Tavárez, coauthor of the report.

In addition to ranking below all U.S. states in the all-government index, Puerto Rico scored 1.01 points lower than the lowest-ranked Canadian province (Newfoundland and Labrador) and only

0.03 points higher than the highest-ranked Mexican state (Baja California). This means that, in terms of economic freedom, Puerto Rico is much closer to Mexico than to the United States and Canada.

Economic Freedom of North America 2024 is also co-authored by Dean Stansel, José Torra, and Matthew Mitchell. The report is an offshoot of the Fraser Institute's *Economic Freedom of the World* study, the result of more than a quarter-century of research by over sixty scholars, including three Nobel laureates.

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

"The link between economic freedom and prosperity is clear: people who live in provinces or states that have comparatively lower taxation, lower government, sound regulatory regimes and more flexible labor markets tend, on average, to live happier, healthier and wealthier lives," added Matthew Mitchell, a senior fellow at the Fraser Institute.

Economic Freedom of North America has been cited in more than 400 academic journal articles, policy studies, and books worldwide. In the past three years alone, it has been referenced in approximately 50 publications, underscoring the credibility and prestige of this report in the international community.

Puerto Rico's inclusion in *Economic Freedom of North America* is the result of efforts by the Institute for Economic Liberty (ILE, by its Spanish acronym) to ensure that the Island is represented in key studies and reports used to measure and compare the conditions of various jurisdictions, as well as to inform public policy aimed at improving quality of life.

"Puerto Rico urgently needs public policy reforms to strengthen economic freedom on the Island—that is, to make it easier for people to work, start businesses, and earn a living without undue government barriers or interference," concluded Ángel Carrión-Tavárez, who is also the Director of Research and Policy at ILE.

Contact

Dr. Ángel Carrión-Tavárez | carriona@ilepr.org • 787.478.1000

About the Puerto Rico Institute for Economic Liberty

The Institute for Economic Liberty (ILE) is a 501(c)(3) non-profit, non-partisan, non-governmental organization created with the genuine desire to ensure that everyone on the Island has equal opportunities to unleash their maximum potential and create their own success. We believe that effort and merit should be rewarded and prosperity should be driven by people's creativity, entrepreneurship, and innovation. We want to live in a Puerto Rico where everyone can be empowered to achieve their goals and progress in a free and open society. You can learn more about ILE at institutodelibertadeconomica.org, as well as on Facebook and Instagram @ilepuertorico.