

# NEWS RELEASE

## Mexico's northern states lead the way in economic freedom and enjoy greater prosperity

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For Immediate Release

**TORONTO, ONTARIO**—Nuevo Leon is the most economically free state in Mexico, while Chiapas has the least amount of economic freedom, according to a new study from the Fraser Institute, an international economic think tank.

“Economic freedom is one of the main drivers of prosperity and growth. States with low levels of economic freedom reduce the ability of their citizens to prosper economically, leaving people poorer than they need be,” said Nathan Ashby, contributor to the report and assistant professor of economics at the University of Texas at El Paso.

Neuvo Leon is followed by Coahuila de Zaragoza and Campeche in second and third spots among states with the most economic freedom, followed by Chihuahua and Baja California. Among states with the lowest levels of economic freedom, Nayrit, Tlaxcala, Oaxaca, and Colima are ranked just ahead of Chiapas.

“Nuevo León is generally considered the most advanced state in Mexico, so it’s little wonder it has the highest level of economic freedom,” Ashby said.

“Four of the five states with high levels of economic freedom are in the north and border the United States. States with low levels of economic freedom like Chiapas, Nayarit, and Oaxaca are some of the poorest states in Mexico.”

The Fraser Institute’s peer-reviewed study, *Economic Freedom of North America: 2008 Annual Report*, measures the impact of economic freedom on the level of economic activity and the growth of economic activity among US states and Canadian provinces. This year, the report has added a special chapter examining economic freedom among Mexico’s 31 states. The complete study is available as a free PDF download at [www.fraserinstitute.org](http://www.fraserinstitute.org).

The Economic Freedom of North America index is an offshoot of the Fraser Institute’s *Economic Freedom of the World* index, the result of two decades of work by more than 60 scholars, including three Nobel Laureates.

On the most recent international index of economic freedom, the United States and Canada are tied for fifth overall while Mexico is tied for 44<sup>th</sup> with seven other nations: Spain, Georgia, Bahamas, Israel, Mongolia, Guatemala, and Bahrain.

“This is the first attempt to measure economic freedom among Mexican states. However, because of limitations with the data, the results should be considered preliminary. The low level of institutional development in much of Mexico means we cannot compare Mexican states to US states or Canadian provinces,” Ashby said.

While the rankings for US states and Canadian provinces are based on 10 components to create an index, the Mexican rankings utilize seven components based on size of government, taxation, labour market freedom, and legal system and property rights.

Reinforcing the notion that economic freedom leads to greater prosperity, the report estimates the gross Mexican state product (GSP) per capita and finds that in 2003-2004, the most economically free states had a GSP of more than \$98,415 pesos while the least free states had a GSP of just \$40,562 pesos.

(more)

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“Generally speaking, across North America the states or provinces with high levels of economic freedom are those that tend to have lower taxes, smaller government, and flexible labor markets. These conditions create jobs and opportunities leading to economic growth,” Ashby said.

“Until accurate data comparable to that available in the US and Canada is available in Mexico, it will remain difficult to accurately assess the relative levels of economic freedom in Mexico and the progress of its states in building a prosperous economy.”

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