

Editorial, Bay Area News Group, Sept. 2, 2016: California still lags in economic freedom

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California has regularly placed among the worst states in the nation — often dead last — in terms of its business climate. Now a new study ranks it near the bottom of the barrel in freedom, particularly economic freedom.

These twin failings are not coincidental.

The 2016 edition of the “Freedom in the 50 States” index, published by the libertarian Cato Institute, includes an overall freedom score and measures of states’ freedom in two broad categories — economic freedom and personal freedom — and a number of subcategories.

California ranked 49th in overall freedom, unchanged from the previous edition of the study in 2013. The Golden State performed especially poorly in quite a few categories, ranking 46th in fiscal policy, 48th in regulatory policy and land-use policy, 49th in economic policy and gun rights policy and 50th in labor-market freedom, occupational licensing laws and victimless crime laws.

Among the rare bright spots were personal freedom (16th), incarceration rate (12th) and cable and telecommunications policy (tied for first).

“Regulatory policy is even more of a problem for the state than fiscal policy,” study authors William Ruger and Jason Sorens concluded. “California is one of the worst states on land-use freedom. Some cities have rent control, new housing supply is tightly restricted in the coastal areas and eminent domain reform has been nugatory. Labor law is anti-employment, with no right-to-work law, high minimum wages, strict workers’ comp mandates, mandated short-term disability insurance and a stricter-than-federal anti-discrimination law. Occupational licensing is extensive and strict, especially in construction trades.”

The authors recommended cutting spending — particularly in areas where California exceeds the national average, such as in general administration, housing and urban development and employee retirement — and using the savings to pay down the state’s massive debt.

“Although our belief in limited government and a free society is based on the moral dignity of each human being, empirical evidence suggests that the protection of individual rights tends to foster economic growth and the coinciding improvements in people’s living standards,” Ruger and Sorens added.

In “Capitalism and Freedom,” Milton Friedman wrote about the link between personal and economic freedom, and how the free market protects sellers, consumers and employees alike from coercion without centralized authority.

“Indeed, a major source of objection to a free economy is precisely that it does this task so well. It gives people what they want instead of what a particular group thinks they ought to want,” Friedman noted.

While California performs well in certain categories of personal freedom, such as same-sex marriage and some of its marijuana laws, its nanny-state proclivities prompt it to dictate far too many aspects of its residents’ personal lives, and especially their economic activities. That does not lead to greater prosperity.