



California second only to New York for lowest freedom

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You might be forgiven for looking at the Democratic and Republican presidential nominees and inferring that American voters don't much care for freedom. Both favor bigger, more invasive government, and neither seems to put a premium on liberty.

But the evidence suggests Americans do care about their own freedom. After all, they have been moving from less free to freer states, according to a new study we just published with the Cato Institute. Americans consistently vote with their feet for freedom, even as they sometimes vote with the ballot box for candidates who want to legislate away the freedoms of others, be they entrepreneurs or workers, religious minorities, those who buy or sell intoxicating substances, and other unpopular groups.

Our study, "Freedom in the 50 States," ranks the American states according to how their public policies affect individual freedoms in the economic, social and personal spheres. We examine state and local government intervention across a wide range of policy categories – from taxation to debt, from eminent domain laws to occupational licensing, and from drug policy to educational choice.

Unfortunately, the Golden State is among those states losing people because of their relative lack of freedom. Our study finds California second only to New York for lowest freedom in the U.S., due to onerous regulation, high taxation and nanny statism. Moreover, since the Census Bureau started collecting statistics on interstate migration in 1990, more Americans have been moving out of California than have been moving into the state despite all of its natural advantages. Since 2000, California has had the fifth-lowest rate of real personal income growth in the country. Yes, part of the reason for these problems is expensive housing due to strict planning and zoning laws, but freer Oregon and Washington are similarly expensive yet have been growing like gangbusters.

California does better than most other states on some personal freedoms, like marijuana laws. Incarcerations and drug arrest rates used to be higher, but have thankfully fallen in recent years. But on other personal freedoms, like gun rights, tobacco use on private property, and school choice programs, California is one of the most restrictive states in the country.

It is fiscal responsibility and economic freedom, however, where California's score really suffers. Despite Proposition 13, California is one of the highest-taxed states in the country with a combined state and local tax burden of 10.8 percent of personal income. Government debt is also high, at 22.8 percent of personal income. California also subsidizes business at a high rate.

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 states' mandatory cancer labeling law (Prop. 65) has significant economic costs. It is one of the worst states for consumer freedom of choice in homeowner's and automobile insurance.

There is a lot that California can do to increase its freedom ranking. Government spending as a share of the economy exceeds the national average significantly in the areas of general administration, housing and community development, and employee retirement. The state could trim these budgets and use the proceeds to reduce debt and tax burdens. It could also reform its occupational licensing regime so that people could more easily earn a living for themselves and their families.

On personal freedom, one area ripe for progress is to expand legal gambling. Legalizing nontribal casinos would require a constitutional amendment, but we find such a change could easily raise California from 16th to 9th on personal freedom.

Californians should reflect on how to make their state freer. Their low freedom ranking isn't just some abstract philosophical label; it translates to tangible, real life disadvantages and an overall lower standard of living. Higher rates of economic and personal freedom means people are wealthier and able to pursue their own happiness by living life without arbitrary constraints.

The states with low freedom rankings tend to be less economically prosperous. They tend to have higher rates of corruption and more lobbyists seeking government rents. Lower labor-market and regulatory freedom typically discourages business investment and raises the cost of living, which then can scare off businesses and individuals from other states looking to relocate.

Freedom really does mean something for your everyday life. And while California has gradually improved on some metrics in recent years, it has to do better.

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