

No. 95
June 2011

MERCATUS ON POLICY

FREEDOM IN OREGON

By William Ruger and
Jason Sorens



MERCATUS CENTER
George Mason University

WE CREATED *Freedom in the Fifty States* to develop an index of economic and personal freedom in the American states. Specifically, we examine state and local government intervention across a wide range of public policies, from income taxation to gun control, from homeschooling regulation to drug policy. The full index, complete with data and methodology notes, is available at <http://mercatus.org/freedom-50-states-2011>.

This issue of *Mercatus on Policy* focuses specifically on Oregon and how it compares to other states in its fiscal, regulatory, economic, and personal freedom. Oregon shows the greatest improvement by any state over the previous version of this index, leaping up 14 places to become the 8th most free state in the country overall and the freest state in the Pacific Northwest. This gain is due mostly to a big improvement in the quality of the state's court system, a substantial decline in tax collections (from 9.7 to 8.8 percent of personal income), and the enactment of same-sex civil unions. Policy makers from other states seeking to make their states more free would do well to learn from Oregon's example.

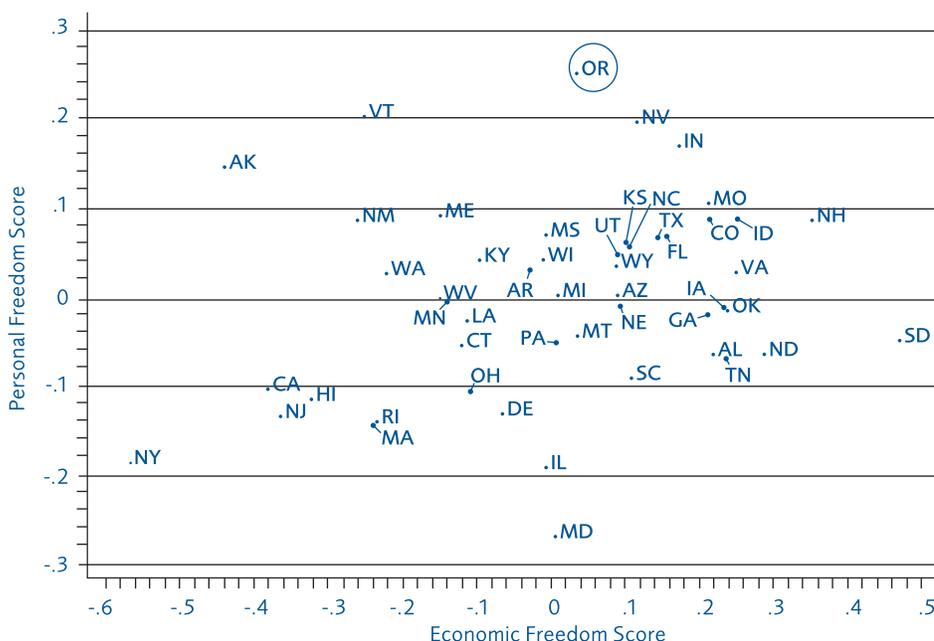
MEASURING FREEDOM

WE GROUND OUR conception of freedom on an individual-rights framework, following the natural-rights liberalism of John Locke, Immanuel Kant, and Robert Nozick while remaining consistent with the philosophy of rights-generating rule utilitarianism. We seek to measure how well American state and local public policies conform to this ideal regime of maximum individual freedom.

For the purposes of this study, we examine three constituent parts of freedom:

fiscal policy: spending and taxation policy

FIGURE 1: FREEDOM IN THE STATES



regulatory policy: regulatory questions including labor regulation, health insurance mandates, occupational licensing, eminent domain, and land use

paternalism: laws on education, marriage and civil unions, gambling, marijuana, alcohol, tobacco, victimless crimes, and firearms

In all, we consider over 100 variables. More information about how these variables are constructed is available in the full study.

Our approach to measuring freedom in the states is unique in three respects: (1) it includes measures of social and personal freedoms such as peaceable citizens’ rights to educate their own children, to own and carry firearms, and to be free from unreasonable search and seizure; (2) it incorporates more than 150 distinct public policies; and (3) it is particularly careful to measure fiscal policies in a way that reflects the true cost of government to the citizen.

WHERE DOES OREGON STAND?

THANKS TO RECENT reforms, Oregon is now the eighth most free state in the country and the most free state in terms of personal freedom. However, it is exactly in the middle of the table for economic freedom, where room for improvement remains.

Fiscal Policy

DESPITE LOW TAXES, government spending in Oregon remains much too high, resulting in relatively high state debt. Public safety, administration, and environment and housing look particularly ripe for cutting.

Regulatory Policy

PRIVATE- AND HOME-SCHOOL regulations are quite reasonable. Oregon also does quite well in terms of asset-forfeiture law. The state’s cigarette taxes are higher than most, and its smoking bans were recently tightened. Oregon’s spirits tax is the highest in the country and quite extreme (though interestingly, its neighbor Washington is the only other state three standard deviations above the national average). State land-use planning is very advanced. The minimum wage is the second highest in the country when adjusted for average wages. Labor laws are generally poor. Occupational licensing is excessive. However, health-insurance coverage mandates are a bit below the national average.

Paternalism

GUN-CONTROL LAWS ARE a bit better than average. Marijuana possession is decriminalized below a certain level, and there is medical marijuana (cultivation and sale are felonies, though). However, arrests for victimless crimes are surprisingly high (though Oregon’s drug-law enforcement rate has declined markedly since 2007). Oregon is one of the few states to refuse to authorize sobriety checkpoints. It is also the only state besides Washington (and now Montana, which allowed

FREEDOM IN OREGON AT A GLANCE: HOW DOES OREGON COMPARE TO NEARBY STATES?	
Idaho	4th Freest Overall
Nevada	6th Freest Overall
Oregon	8th Freest Overall
Washington	40th Freest Overall
Alaska	44th Freest Overall
California	48th Freest Overall

FREEDOM IN OREGON AT A GLANCE: HOW DOES OREGON COMPARE TO OTHER STATES?	
Fiscal Policy	18th Freest
Regulatory Policy	32nd Freest
Economic Freedom	25th Freest
Personal Freedom	The Freest
Overall Freedom	8th Freest
Change in overall freedom ranking since 2007	+14 (greatest increase in the country)

it after the closing date of our study) to permit physician-assisted suicide.

POLICY RECOMMENDATIONS

OREGON CAN BUILD on its recent improvements and become still more free by employing the following suggestions:

1. Cut spending on the inspection and regulation bureaucracy, natural resources, and government employees' retirement, all of which are above national norms. The state should look for ways to reduce the public debt.
2. Eliminate occupational licensing for massage therapists, funeral attendants, pest-control workers, elevator installers and repairmen, boilermakers, fishers and related fishing workers, agricultural product graders and sorters, farm-labor contractors, and other occupations.
3. Maintain, if not reduce, the minimum wage, even in the face of future inflation.

It is important that Oregon not become complacent: two of its neighboring states (Nevada and Idaho) rank as freer, and the Northwest is one of the freest areas of the country. Eco-

nomics freedom, particularly in the realm of regulation and enforcement, remains relatively low, and the state's fiscal policies could stand improvement. Policy makers should be congratulated, though, for making such significant improvements in such a short time.

CONCLUSION

A READER MIGHT ask if a state's placement in this ranking really matters. After all, variance in liberty at the state level in the United States is quite small in the global context. Even New York, the lowest ranked state in our index, provides a much freer environment for the individual than the majority of countries. There are no Burmas or Zimbabwes among the American states. Still, we do find that our federal system allows states to pursue different policies in a range of important areas. The policy laboratory of federalism has been compromised by centralization but is still functioning.

Two of the most intriguing findings of our complete statistical analysis are that Americans are voting with their feet and moving to states with more economic and personal freedom and that economic freedom correlates with better income growth. As Americans grow richer in future years, quality of life will matter more to residence decisions while the imperative of decent employment will decline by comparison. High-quality information on state legal environments will matter a great deal then to those seeking an environment more friendly to individual liberty and to states interested in attracting such people.



The Mercatus Center at George Mason University is a research, education, and outreach organization that works with scholars, policy experts, and government officials to connect academic learning and real-world practice.

The mission of Mercatus is to promote sound interdisciplinary research and application in the humane sciences that integrates theory and practice to produce solutions that advance in a sustainable way a free, prosperous, and civil society.

William P. Ruger is an affiliated scholar with the Mercatus Center and an assistant professor in the Department of Political Science at the Texas State University - San Marcos. His research interests include international politics, security studies, civil-military relations, U.S. foreign policy, ethics and international relations, and political theory.

Jason Sorens is an affiliated scholar with the Mercatus Center and an assistant professor in the Department of Political Science at the University of Buffalo (SUNY). His research interests include fiscal federalism, secessionism, ethnic violence, and comparative federalism.