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Economic Freedom and Regional Economics: An Introduction to a Special Issue

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This special issue of the *Journal of Regional Analysis and Policy* makes the case that the literature on economic freedom is important to many of the questions that regional economists study. Why do people migrate from one region to another? Why are some places rich and others poor? What role does public policy play in regional economic development? These are important questions for which I feel regional economists have good answers, otherwise I would not have gone to West Virginia University in part to study urban and regional economics.

While a graduate student at West Virginia, however, I was also exposed to the large literature that uses measures of economic freedom when trying to empirically answer these questions. Broadly speaking, economic freedom can be thought of as personal choice, the freedom to trade both domestically and abroad, the ability to enter and compete in markets, and the rule of law and protection of private property rights (Gwartney, Lawson, and Hall, 2012). Scholarship in this area took off in the late 1990s following the first publication of the *Economic Freedom of the World* (EFW) index (Gwartney, Lawson, and Block, 1996), which measured economic freedom at five-year intervals for a large number of countries. Updated regularly since its initial publication, data now exists for many countries from 1970 to 2000 at five-year intervals and annually since 2000. A similar measure of economic freedom at the level of U.S. states and Canadian provinces called the *Economic Freedom of North America* (EFNA) is available annually from 1981 to 2010 (Bueno, Ashby, and McMahon, 2012). The full historical data set and all annual reports for both indices are available free online at www.freetheworld.com.

The origins of this special issue, however, began with a research project that culminated in Hall and Lawson (forthcoming). In that paper, Robert Lawson and I provide an accounting of the 402 papers in Social Science Citation Index (SSCI) journals that cite the EFW report in some fashion. In reading through the list of journals that published articles using the economic freedom of the world index, I was very surprised to see only three articles from regional or urban journals. That is as many citations as from the *Journal of Accounting Research*!

I thought this might be due to the fact that many regional scientists focus on regions within the United States. Looking at citations to the EFW might therefore miss citations to the literature that look at U.S. states or Canadian provinces. A Google Scholar search (in order to cast a wider net than the SSCI) of citations to the EFNA (Bueno, Ashby, and McMahon, 2012) yielded only one citation in a regional journal (King, 2005).¹ Even that citation, however, was not due to the regional literature taking notice of the economic freedom literature. Rather, it occurred because the author was a West Virginia University graduate student who also had exposure to both strains of scholarship during graduate school.

This caused me to realize that the problem was *not* that regional scientists were ignoring this literature. Rather, it was that scholars researching in the area of overlap between economic freedom and regional economics did not view themselves as “doing regional” and thus did not submit their work

¹ Although its focus is freedom and migration, Watkins and Yandle (2010) does not come up in this search because it focuses on overall freedom and therefore does not use the EFNA, but instead the more recent index of overall freedom by Ruger and Sorens (2009).

to regional journals where it could be read and noticed by regional scientists. In order to get economic freedom researchers to speak more to regional scientists, I organized two sessions at 2011 meetings of the Association of Private Enterprise Education (APEE) on the topic of economic freedom and regional economics. As a conference that regularly hosts multiple sessions on economic freedom, APEE was the perfect venue to begin this dialogue. The sessions highlighted for many in attendance the extent to which they were already doing regional science without realizing it.

In order to ensure that this scholarship reached the eyes of regional scientists, I organized the special issue that you see here. Rather than devote space to summarizing papers that have abstracts and clear introductions, I will just highlight two points about economic freedom research related to the six papers contained in the issue. First, as a co-author of one of the economic freedom of reports (Gwartney, Lawson, and Hall, 2012), I understand how difficult it is to measure economic freedom. Economists are often too quick to just use the data that is available rather than taking the time to measure what is important. The authors of the first two articles in this issue have undertaken the difficult work of wrestling with how to measure economic freedom for sub-national governments. This work is conceptually difficult and time consuming, and it often has low professional rewards. Yet it benefits the entire research community. So we should thank them for providing what is largely a public good.

The second point that I would like to make is that the majority of the economic freedom literature focuses on economic freedom as a determinant of some other thing about which people care. In Hall and Lawson (forthcoming), we highlight the incredible diversity of dependent variables in this literature. While it is true that there is great diversity, it is also the case that a large percentage of these articles use measures of economic freedom to better understand differences in living standards, migration patterns, happiness/well-being, and inequality. By focusing on these issues, the remaining four articles in the special issue provide readers with an excellent overview and extension of much of the economic freedom literature on these topics.

Finally, I would be remiss if I did not thank everyone involved in this special issue, starting with the authors. I am especially grateful to Richard Cebula for his understanding and assistance regarding this project and to David Sorenson for his hard work and keen eye for detail. Without their efforts, as well as

that of the dozen anonymous referees, the issue that you see here would not exist.

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