Competitive Incentives of Economic Freedom for Bordering States: The Case of Tennessee vs. Kentucky

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Increasing the reach of government into everyday economic interactions, whether through the government as a consumer/producer or as a taker of taxes, is not likely to create an environment in which economic activity will flourish. Improving economic growth requires that individuals and firms make decisions that allow them to combine labor, capital, and technology to produce goods and services. This means that increased government intrusion into the market, onerous regulations, and lack of competition in labor markets all can hinder economic growth.

The questions addressed in this case study are: By comparing Tennessee's record in promoting economic freedom to Kentucky, the authors research the divergent economic directions. Furthermore, what is it that Tennessee is doing to stay at the top and Kentucky at the bottom of the Fraser Institute's Economic Freedom of North America index and the Cato Institute's "Freedom in the 50 States" index?

Keywords: economic freedom, personal freedom, state growth, net migration

INTRODUCTION

The policy of pursuing sound economic freedom can best be illustrated by a growing typical example. David Tepper, the billionaire head of Appalossa Management, moved his company headquarters and personal residence from New Jersey to Florida on January 1, 2016. What is interesting about this move, is that it was immediately noticed by the New Jersey Office of Legislative Services, which reported that the state would be feeling the impact of this one move on their income tax forecast for New Jersey (Dopp, 2016).

The state of New Jersey receives almost 40 percent of its revenue from personal income taxes and more than a third of that 40 percent comes from the top one percent of the taxpayers as fate would have it, Mr. Tepper with a personal fortune of an estimated 10 billion dollars was at the top of that list. David Tepper voted in the most meaningful way possible to the state of New Jersey due to the tax policies and unfriendly business climate – he left and now lives in Florida.

The anecdote here suggests that the quality of institutions (e.g. local government policies such as individual and corporate income tax rates) matters in how it affects individuals, knowledge workers, businesses, industries, and the ability of state governments to enact and carry out particular policy decisions. Overall, there is compelling evidence that states with good institutions – particularly private property, rule of law, freedom of entry and exit into occupations, and freedom to trade – create conditions that foster economic growth and enhanced quality-of-life (Galor, 2011).

Economists largely agree that several crucial factors explain differences in economic growth among states and countries. These factors are labor, capital, and technology, or more generically, knowledge. Just how an economy mixes these necessary ingredients explains why some states and countries experience sustained and unique growth compared to others like states and countries.

Since the 1990s, the literature and research have been paying more attention to the importance of the necessary additional ingredient of quality of institutions and economic freedom. Economic freedom, meaning the degree to which a market economy can combine factors (labor, capital, entrepreneurship, technology) in such a way, that the central components are voluntary exchange, free competition, and protection of person and property. Gwartney and Lawson (Cato.org: April 19,2001) define economic freedom in the following manner,

> *"Modern economic growth is mainly about brain power and sound policy. Investment capital and entrepreneurial talent will flow toward economies with low taxes, secure property rights, sound money, and sensible regulatory policies. In contrast, when these factors are absent, people will find more attractive environments elsewhere. Nations prosper when they provide a climate that encourages their citizens, often in cooperation with foreigners, to discover and adopt better ways of doing things."*

Research, both current and during the past 25 years, has provided evidence of the linkage and connection between economic freedom, economic growth, entrepreneurship, site selection, and migration. Furthermore, states with lower capital and wage tax rates, fewer barriers to entry into markets, the rule of law, along with political stability and good governance, tend to have higher rates of economic growth, employment, migration, entrepreneurship, and other numerous positive economic variables (Goldsmith, 1995; Ali, 1997; Farr et al., 1998; Gwartney, Holcombe, Lawson, 1999; Heckelman & Stroup 2000; Ali & Crain, 2002; Dawson, 2003; Gwartney & Lawson, 2006; Clark & Pearson, 2007; Bergh & Karlsson, 2010; Kuckertz et al., 2016; Stansel, 2019; Melton & Pearson, 2021). With few exceptions, this research suggests that economic freedom is the foundational ingredient to prosperity both at the state and country level.

The focus of this research is the connection and differences between economic freedom, personal freedom, state growth, and numerous other economic measurements between Tennessee and Kentucky, two bordering states using index data analysis from 1981 – 2019. We begin with a brief discussion of the Fraser Institute and Cato Institute and their respective indices. We then investigate what these indexes mean for Tennessee as compared to Kentucky for economic variables such as economic freedom, personal freedom, state growth, and net migration, among others variables.

Finally, based on The Fraser Institute, Economic Freedom of North America Index, we offer areas that each state can change to ultimately increase their respective economic freedom and personal freedom for their citizens. This investigation illustrates the effects of sound political and legal systems and sound tax structures that firmly protect property rights, prohibit fraud, theft, and coercion and encourage raising prosperity for Tennesseans.

WHAT ARE ECONOMIC FREEDOM AND PERSONAL FREEDOM

As far as we know, the Fraser Institute's Economic Freedom of States and the Cato Institute's Freedom in the 50 States has not been presented in this manner by comparing two bordering states that are on opposite ends of the spectrum. To encourage improvement in economic freedom, state and local governments should promote an environment consistent with economic freedom, and to do so, they must focus on creating incentives for citizens, growth, and markets rather than more incentives for government, and thus less economic freedom and personal freedom.

The Fraser Institute's *Economic Freedom of North America 2021* is the seventeenth edition of the Fraser Institute's annual report. This index measures the extent to which the policies of individual states were supportive of economic freedom, and the ability of individuals to act in the economic sphere free of undue restrictions. There are two indices: one that examines provincial/state and municipal/local governments only(sub-national) and another that includes federal governments as well(all-government). The former, our subnational index, is for comparison of individual jurisdictions within the same country and in this paper each U.S. state.

For the subnational index used in this research, *Economic Freedom of North America* employs 10 variables for the 92 provincial/state governments in Canada, the United States, and Mexico in three areas: 1. Government Spending; 2. Taxes; and 3. Labor Market Regulation. To compare states in the U.S., the subnational indices are the appropriate choice. The most economically free state was New Hampshire at 7.83, followed closely by Tennessee at 7.82, Florida at 7.78, Texas at 7.75, and Virginia at 7.59. (Note that since the indexes were calculated separately for each country, the numeric scores on the subnational indices are not directly comparable across countries.) The least-free state was New York at 4.33(50), following California at 4.68(49), Vermont at 4.86 (48), West Virginia at 5.00 (47), and New Mexico at 5.01 (46), and Kentucky at 5.6 (37). The calculations for the two indexes are defined in Table 1.

The CATO Institute's "**Freedom in the 50 States**" report provides an in-depth look into personal and economic freedoms on a state-by-state basis. It ranks all 50 states according to how their public policies affect individual freedoms economically, socially, and personally, ranging from taxation to debt, from eminent domain laws to occupational licensing, and from drug policy to educational choice. Updating, expanding, and improving on the five previous editions of *Freedom in the 50 States,* the 2021 edition examines 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.

For this new edition, they have added several more policy variables while improving the way they measure land-use regulation, minimum-wage regulation, and (for the alternative indexes) abortion policy. Their time series now covers 20 years in the period 2000–2019.

"Measuring freedom is important because freedom is valuable to people," the report states, as "a means to their flourishing … and an end in itself. At the very least, it is valuable to those whose choices are restricted by public policy." CATO argues that "Freedom is a moral concept,", and its definition is grounded in individual liberties, arguing, "individuals should not be forcibly prevented from ordering their lives, liberties, and property as they see fit, as long as they do not infringe on the rights of others."

The Cato index encompasses both economic and personal freedoms because the two sets of freedoms are complementary. A state scoring high in economic freedom but not in personal freedom, a hypothetical American Singapore, would not be a free state in the way the liberal tradition understands it. Nor would a state high in personal freedom but low in economic freedom, an American Argentina, provide the liberal conditions necessary for human flourishing in the broadest sense.

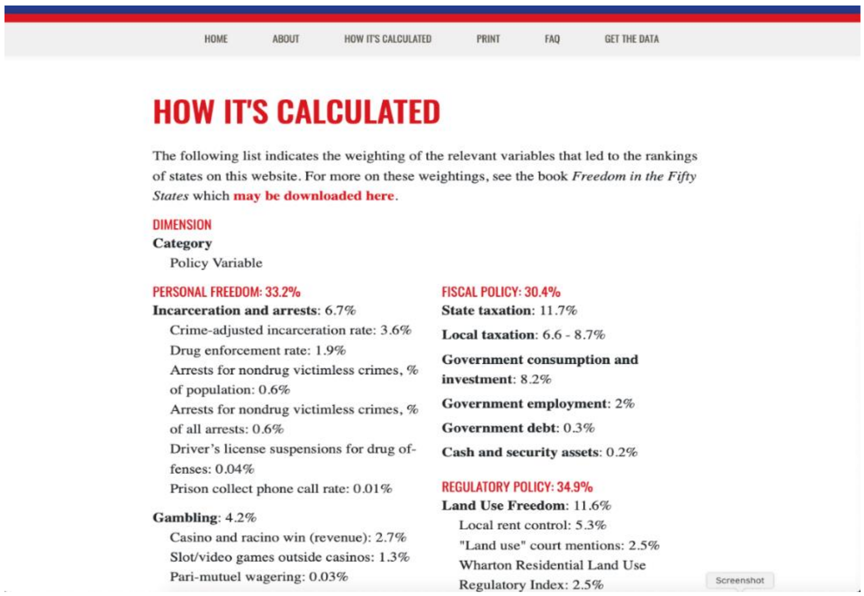
Even to economist Milton Friedman, a mere "economic freedom index" would not be a real freedom index. In his 1962 book *Capitalism and Freedom,* Friedman explores the connection between economic and political freedoms, finding that political freedom in the absence of economic freedom is unlikely to last. He writes, "It is a mark of the political freedom of a capitalist society that men can openly advocate and work for socialism, while a socialist society does not permit the reverse."

TABLE 1
FRASER INSTITUTE'S INDEX COMPONENTS

The Areas and Components of the Economic Freedom of North America Index Subnational Index	The Areas and Components of the Economic Freedom of North America Index All-Government Index
1. Government Spending 1A. General Consumption Expenditures by Government as a Percentage of Income 1B. Transfers and Subsidies as a Percentage of Income 1C. Insurance and Retirement Payments as a Percentage of Income	1. Government Spending 1A. General Consumption Expenditures by Government as a Percentage of Income 1B. Transfers and Subsidies as a Percentage of Income 1C. Insurance and Retirement Payments as a Percentage of Income
2. Taxation 2A. Income and Payroll Tax Revenue as a Percentage of Income 2B. Top Marginal Income Tax Rate and the Income Threshold at Which It Applies 2C. Property Tax and Other Taxes as a Percentage of Income 2D. Sales Taxes as a Percentage of Income	2. Taxation 2A. Income and Payroll Tax Revenue as a Percentage of Income 2Bi. Top Marginal Income Tax Rate and the Income Threshold at Which It Applies 2Bii.Top Marginal Income and Payroll Tax Rate (all-government index only, component 5Bi in EFW) 2C. Property Tax and Other Taxes as a Percentage of Income 2D. Sales Taxes as a Percentage of Income
3. Labor Market Freedom 3Ai. Full-time Minimum Wage Income as a Percentage of Per Capita Income 3Aii. Government Employment as a Percentage of Total State/ Provincial Employment 3Aiii. Union Density	3. Regulation 3A. Labor Market Freedom 3Ai. Full-time Minimum Wage Income as a Percentage of Per Capita Income 3Aii. Government Employment as a Percentage of Total State/Provincial Employment 3Aiii. Union Density 3Aiv. Hiring regulations and minimum wage (all-government index only, component 5Bi in EFW) 3Av. Hiring and firing regulations (all-government index only, component 5Bii in EFW) 3Avi. Centralized Collective bargaining (all-government index only, component 5Bii in EFW) 3Avii. Hours regulations (all-government index only, component 5Biv in EFW) 3Aviii. Mandated cost of worker dismissal (all-government index only, component 5Bv in EFW) 3Aix. Conscription (all-government index only, 5Bvi in EFW) 3B. Regulation of Credit Markets (all-government index only, component 5A in EFW) 3C. Business Regulations (all-government index only, component 5C in EFW) 4. Legal System and Property Rights (all-government index only, Area 2 in EFW) 5. Sound Money (all-government index only, Area 3 in EFW) 6. Freedom to Trade Internationally (Area 4 in EFW)

The Cato Institute's Freedom index identifies three overarching "dimensions" of freedom and further divides each dimension into categories composed of one or more of the variables used to generate the state scores and rankings. Following their objective weighting system described, variables in the fiscal policy dimension end up with 30.4 percent of the summed freedom values of all variables for the average state, variables in the regulatory policy dimension with 34.9 percent, and variables in the personal freedom dimension with 33.2 percent. Taken individually, the categories may interest readers on core topics of concern, such as taxation, state debt, health insurance regulations, restrictions on alcohol sales, and so on. Together, these categories make up the overall rankings, for the "Freedom in the 50 States" ranking. See Table 2 for a sample of the calculation dimensions.

TABLE 2
CATO INSTITUTE'S INDEX COMPONENTS



HOME ABOUT HOW IT'S CALCULATED PRINT FAQ GET THE DATA

HOW IT'S CALCULATED

The following list indicates the weighting of the relevant variables that led to the rankings of states on this website. For more on these weightings, see the book *Freedom in the Fifty States* which **may be downloaded here**.

DIMENSION
Category
Policy Variable

PERSONAL FREEDOM: 33.2%
Incarceration and arrests: 6.7%
Crime-adjusted incarceration rate: 3.6%
Drug enforcement rate: 1.9%
Arrests for nondrug victimless crimes, % of population: 0.6%
Arrests for nondrug victimless crimes, % of all arrests: 0.6%
Driver's license suspensions for drug offenses: 0.04%
Prison collect phone call rate: 0.01%

Gambling: 4.2%
Casino and racino win (revenue): 2.7%
Slot/video games outside casinos: 1.3%
Pari-mutuel wagering: 0.03%

FISCAL POLICY: 30.4%
State taxation: 11.7%
Local taxation: 6.6 - 8.7%
Government consumption and investment: 8.2%
Government employment: 2%
Government debt: 0.3%
Cash and security assets: 0.2%

REGULATORY POLICY: 34.9%
Land Use Freedom: 11.6%
Local rent control: 5.3%
"Land use" court mentions: 2.5%
Wharton Residential Land Use Regulatory Index: 2.5%

COMPARISONS OF TENNESSEE TO KENTUCKY

According to the Fraser Institute and the Cato Institute, the following are comparisons to how Tennessee compares with its bordering neighbor to the north, Kentucky. As seen in Figure 1, Tennessee is ranked 2nd, and Kentucky 37th.

FIGURE 1

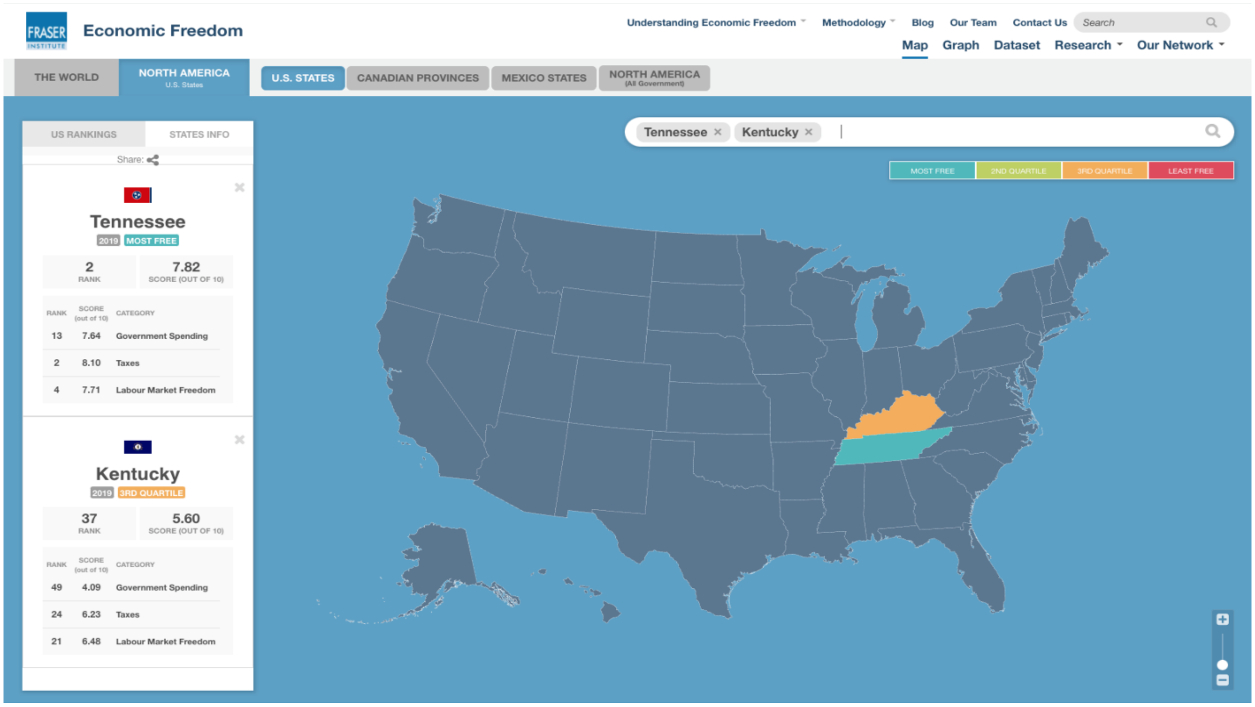
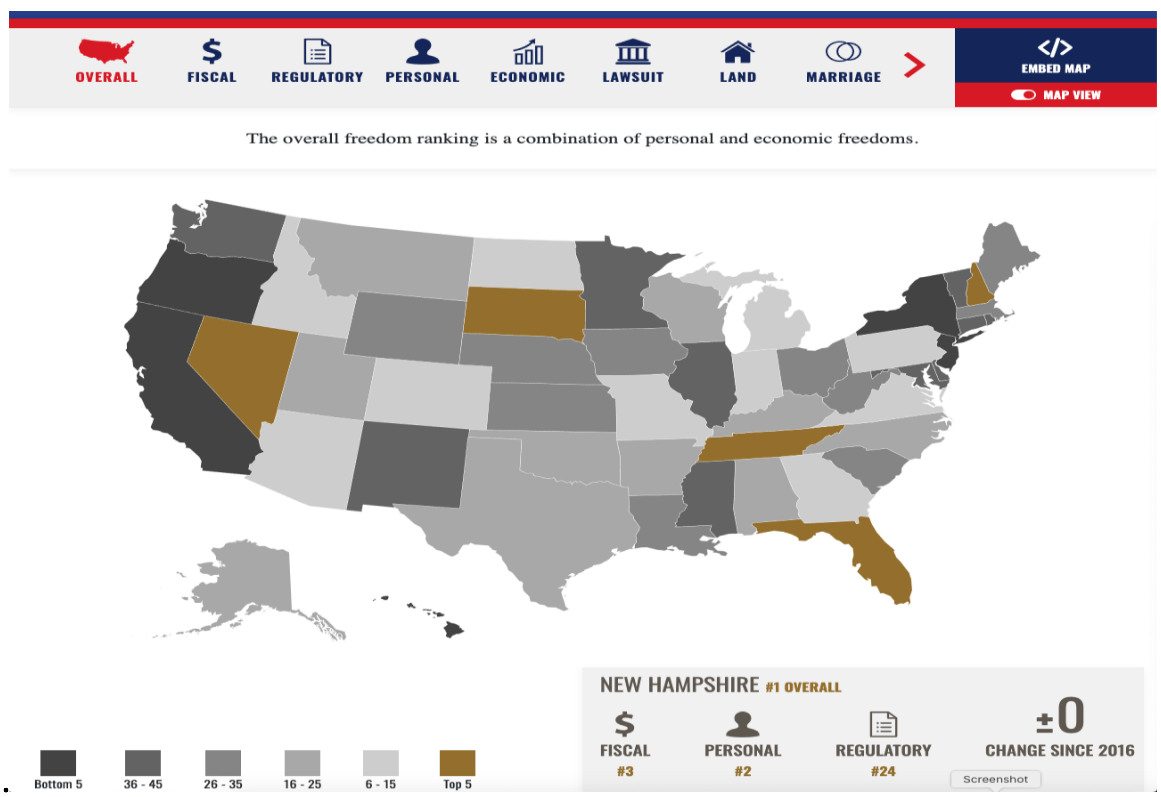


FIGURE 2



With the Cato Institute's ranking, Tennessee's overall ranking is 4th and Kentucky's is 25th in Figure 2.

Increasing the rate of economic growth in Tennessee and Kentucky should be considered one of the top policy priorities. This policy reform to promote growth should be based on evidence of what has worked, and what has not worked in Tennessee and Kentucky. Can we uncover which policies tend to promote prosperity? These are the questions we attempt to address in this paper.

As we see, there is one feature that high-income and fast-growth states generally have in common: they have unleashed capitalism (Sobel and Hall, 2007b, 2009) and backed it up with sound political and legal systems which firmly protect property rights and prohibit fraud, theft, and coercion. By doing so, they have leveled the playing field for prosperity to take root. As economist Dwight Lee (1991) writes:

> *No matter how fertile the seeds of entrepreneurship are, they wither without the proper economic soil. For entrepreneurship to germinate, take root, and yield the fruit of economic progress it has to be nourished by the right mixture of freedom and accountability, a mixture that can only be provided by a free market economy.*

Although Tennessee's economic freedom index is impressive, there is a strong need for policy reforms that will embrace more capitalism and nearly all other national indexes of business climate agrees. Tennessee and Kentucky's rankings in all the major national indices of state business climates are in Table 3.

TABLE 3
TENNESSEE VERSUS KENTUCKY BUSINESS CLIMATE RANKINGS

Small Business Policy Index 2020:	Tennessee 11th, Kentucky 30th
State Business Tax Climate Index 2020:	Tennessee 18th, Kentucky 19th
Fraser Institute's *Economic Freedom Index - NA* 2020:	Tennessee 2nd, Kentucky 37th
America's Top State for Business 2020:	Tennessee 4th, Kentucky 27th
New Economy Index 2020:	Tennessee 30th, Kentucky 39th
State Competitiveness Report 2020:	Tennessee 27th, Kentucky 32nd
National State Technology & Science Index 2020:	Tennessee 40th, Kentucky 44th
Harris *State Liability Systems Ranking Study* 2020:	Tennessee 34th, Kentucky 40th
U.S. Tort Liability Index 2020:	Tennessee 34th, Kentucky 40th
Forbes Best States for Business 2020:	Tennessee 7th, Kentucky 38th

Tennessee's lack of a state income tax on wage income is one of the state's main advantages over other states, especially Kentucky. The Kentucky Chamber of Commerce, "Why Tax Reform: Kentucky's Opportunity for Growth" report, lays out the differences Kentucky taxes have compared to Tennessee (and other neighboring states). One such example many, concludes that Kentucky levies a 5 percent tax on individual and business income. Meanwhile, Tennessee has no individual income tax and the other states that surround Kentucky have lower rates that are approximately 3 percent ("Why Tax Reform", 2022). As these numbers tell, Kentucky needs to build a globally competitive tax code to compete with its next-door states. This report also emphasizes that constant improvement and adaptation to taxes as time passes should be normalized because of economies changing, evolving business strategies, and changing consumer habits. An example of this could include the current inflation where prices of living standards are swiftly going up. The analysis of Kentucky's taxes also can create higher rates of unemployment, migration out of state, and discouraged opportunity for individuals/firms which is currently the situation.

Additional findings from (Why Tax Reforms, 2022) show the following:

- "The economies of no-income-tax states grew 56% faster than states with income taxes between 2010 and 2020".
- "Tennessee's economy grew 60 percent faster than Kentucky's over the past two decades" and "Between 2000 and 2020, no-income tax states saw their economies grow 45.8 percent, on average, vs. 32 percent for states with income taxes".

- “Personal incomes in Kentucky have grown 8 percent slower than personal incomes in Tennessee”.

There is room for improvement on the part of Tennessee and Kentucky. By looking further at key economic performance variables, one can see the disparity between top economic freedom states and bottom states. These Economic Freedom State Comparisons are presented in Table 4.

TABLE 4
ECONOMIC FREEDOM’S ECONOMIC RECORD

	Economic Freedom Index 2019		Economic Performance Measures						
	Score	Rank	Real Per Capita Personal Income	Percent Change in Real GDP	Net Migration	Poverty Rate (percentage)	Unemployment rate	Minimum Wage	Change in Fortune 500 (1997-2019)
Top 5 States:									
Florida	7.87	1	$41,623	3.8	216,956	13.30	3.60	$8.05	16
New Hampshire	7.65	2	$47,837	3.7	1,777	6.50	2.50	$7.25	0
Texas	7.52	3	$43,148	3.7	125,800	13.60	3.90	$7.25	52
Tennessee	7.43	4	$43,960	3.1	32,274	13.20	3.50	$7.25	9
South Dakota	7.37	5	$49,243	3.6	1,282	12.40	3.00	$8.55	0
					378,089				
Bottom 5 States:									
Alaska	4.80	46	$47,831	1.0	-5,122	13.50	6.60	$9.75	0
California	4.71	47	$44,562	3.5	-122,123	13.20	4.20	$10.00	54
West Virginia	4.48	48	$37,906	0.0	-9,001	17.70	5.30	$8.75	0
Kentucky	4.45	49	$40,161	2.1	-3,449	14.80	4.30	$9.50	5
New York	3.90	50	$46,416	2.8	-192,976	12.60	4.10	$9.00	52
					-332,671				
	Average Top Five States		$45,162.20	3.58	75,618	11.80	3.30	$7.67	77
	Average Bottom Five States		$43,375.20	1.88	-66,534	14.36	4.90	$9.40	111
	Difference (Top minus Bottom		1787.00	1.70	142,152	-2.56	-1.60	-$1.73	

Citizens of both Tennessee and Kentucky should pause and truly consider the value of policies that advance economic and personal freedom. Greater voluntary and peaceful association, protection of property rights, and less burdensome taxes are three such policies that can improve the lives of all citizens in a state or country.

The vast majority of the results presented correlate with higher levels of economic freedom and personal freedom with positive outcomes, such as economic growth, lower unemployment, reduced poverty, and so on. Following are data that compare Tennessee to Kentucky given the current level of economic and personal freedom for each state:

Median Income:	Tennessee	Household: $54,833, Individual: $30,859
	Kentucky	Household: $50,589, Individual: $29,123
Poverty Rate:	Tennessee	13.6%
	Kentucky	14.9%
Life Expectancy	Tennessee	75.6 years
	Kentucky	75.5 years

(www.census.gov : quickfacts)

Tennessee and Its Neighbors

So how does Tennessee compare to its neighbors? Another, important element of economic growth and development that is often overlooked, however, is the freedom movement. Acemoglu et al., (2005) suggest that population change, including and largely as a result of migration, is both a signal of and a causal factor in local institutional practices through Tiebout (1956) migration (i.e., "voting with their feet" just a David Tepper did) and the resulting compositional mix of local populations. Below illustrates the net migration for all the bordering states for Tennessee. Included are the two least economically free states, and it is no surprise they both have the greatest negative net migration rates.

State:	EF Rank:	Cato Rank:	Cato PF:	Net Migration:
Tennessee	2nd	4th	39th	61,390
Kentucky	37th	25th	45th	10,222
Virginia	5th	13th	38th	-8,995
Georgia	6th	8th	34th	50,632
North Carolina	10th	16th	16th	88,673
Missouri	17th	11th	15th	14,861
Alabama	29th	22nd	37th	22,136
Arkansas	31st	23rd	44th	16,016
Mississippi	40th	40th	36th	-4,246
New York	49th	50th	50th	-352,185
California	50th	48th	26th	-367,299

The availability and affordability of housing in Tennessee are another factor driving migration to our state. Housing in Tennessee in recent years is more affordable, as compared to places such as Illinois, California, and New York, which are dealing with skyrocketing real estate prices, since Tennessee puts relatively few restrictions on residential and commercial builds. However, some communities are seeing a growing increase in limits on homeowners to use AirBnb and VRBO.

While Tennessee and Kentucky compare geographically, recreationally, and culturally, the factors largely driving net migration to Tennessee are land-use regulations, economic freedom, and sound fiscal policy. People on the move are fleeing states such as Kentucky, California, New Jersey, and New York, with unmanageable debt and mounting unfunded liabilities, as these portend reduced government services and higher taxes in the future.

WHAT AREAS SHOULD TENNESSEE AND KENTUCKY WORK ON?

As evidenced by looking at numerous comparisons of data for both Tennessee and Kentucky, Tennessee has fared quite well for years compared to Kentucky. Tennessee has made tremendous headway over the past years in protecting important labor reforms like the right to work and curbing collective bargaining by government unions while cutting more than $2 billion in taxes (Tennessee became the second state in U.S. history to repeal an income tax with the Hall Tax phase-out).

While there are lots of features to brag about in Tennessee, there are areas that Tennessee needs to improve to maintain and possibly raise its economic freedom. Occupational licensing continues to be a drag on occupational labor mobility within our state and into our state. It tends to discourage migration to Tennessee. One of the most significant areas in need of reform, however, is personal freedom. According to the Cato Institute's "Freedom in the 50 States," Tennessee ranks 39th as compared to Kentucky at 45th. Improving personal freedoms in Tennessee would entail expanding school choice and charter schools, and eliminating our notoriously unjust civil asset forfeiture laws. Additionally, it would mean reducing our unreasonably high taxes and distribution constraints on beer, liquor, and wine.

Finally, despite having the lowest debt per capita in the nation, Tennessee has substantial wealth transfer programs, including Medicaid (the largest single state budget item accounting for nearly one-third of our state budget), corporate welfare, and entitlement programs. And we rely heavily on the federal government to make ends meet, more than any other state except Louisiana and Mississippi.

The question of why Kentucky has not kept pace with its competitor state Tennessee is complex. Still, there's a critical difference between Tennessee and Kentucky. As compared to Kentucky, Tennessee adheres more closely to the principles of limited government, and economic freedom, whereas Kentucky continually clings to a long history of centralized, progressive redistribution.

The evidence of this distinction is clear. According to data compiled by Pew Charitable Trusts, average state government spending in Kentucky over 20 years was 10.5 percent of personal income compared to only 7 percent in Tennessee. Additionally, figures from the Kaiser Family Foundation show Kentucky not only spends at a higher rate per capita than Tennessee but also more than New Jersey, Illinois, and California.

In 2020, the BLUEGRASS INSTITUTE for Public Policy Solutions published its report: Economic Freedom: best path to make Kentucky competitive again", and this report looked back over the past 40 years to demonstrate how Kentucky has fallen short in creating robust economic growth generated by competitor states such as Tennessee. "The Lost Decades: Kentucky's Economic Underperformance 1980 – 2020" by visiting Policy Fellow Andrew McNeill contrasts the Bluegrass State's sluggish progress in creating higher standards of living with four benchmark states – Alabama, Indiana, Tennessee, and North Carolina – and provides overwhelming evidence that Frankfort's favoring of progressive redistribution over economic freedom has and will continue to hold the state back for generations.

"The question of why Kentucky couldn't keep pace with its competitors is complex," said McNeill. He went on to say, "a critical distinction can be drawn between Kentucky and these other states. Their embrace of limited government and fiscal responsibility has created greater wealth and opportunity for their residents. Kentucky remains a laggard, as this report shows." As compared to Kentucky, Tennessee adheres more closely to the principles of limited government, and economic freedom, whereas Kentucky continually clings to a long history of centralized, progressive redistribution.

CONCLUSION

Adam Smith held that "the obvious and simple system of natural liberty" is the key to producing the natural justice of properly-structured and properly regulated competitive free markets that produce economic prosperity. Within this context of a "system of natural liberty", economic and personal freedom indices are a meaningful way to quantify how close economies come to meeting this "system".

There is a continuing rally and mantra claiming "Kentucky is moving forward" in much of the research; however, this statement of progress is very misleading- data show that 40 years ago, Kentucky was essentially as wealthy as Tennessee. Tennessee's growth, however, has outpaced Kentucky. Anyone visiting Nashville can see the difference in the economic growth of Tennessee which has outpaced the economic growth of Kentucky.

If Tennessee can only rein in Medicaid spending through block grants, curb corporate handouts and enact welfare reforms, then Tennessee would see a future of self-sustainability and further independence. With these changes, Tennessee would further reduce reliance on the federal government. These changes would allow Tennessee to remain at the top of the Fraser Institute's Economic Freedom index and make strides in raising their Personal Freedom as measured by the Cato Institute's Freedom in the 50 States, which will lead to greater prosperity for all Tennesseans.

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