THE PRICE OF RIGHTS

Understanding the Economic Consequences of Improving Human Rights

Master's Thesis
Copenhagen Business School
M.Sc. International Business and Politics

Supervisor: Mogens Kamp Justesen
Hand-in: 15 September 2020
Standard Pages: 78
Characters: 176,716

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Abstract

This study empirically investigates the effect that improving human rights has on economic growth and on economic development. The research departs from a debate about whether enforcing and improving human rights is simply a cost to states or whether it may bring economic benefits. One group of scholars argue that state interference in human rights goes against the liberal market economy, as it creates inefficiencies and decreases productivity. Meanwhile, another group of scholars argue that enforcing human rights will bring economic gains, as it will increase trade, investment and productivity. The study investigates these opposing claims. To do so, a mixed methods approach is used, combining a quantitative large number analysis with qualitative case study analyses. The quantitative analysis compares the effect of four groups of human rights on economic growth and on economic development. These four groups are basic human rights, civil rights, economic rights and social rights. Economic development is included because little existing research has considered the effect of human rights on development in broader economic terms. From the quantitative analysis it is found that there is a positive effect of economic rights on economic growth. An effect of basic human rights on economic development is also found, though this effect is less significant. The paper then continues with a qualitative analysis, aiming at providing a better understanding of the structures and mechanisms taking place in the relationship between human rights and economic growth or development. This findings should help explain why a positive relationship between human rights and economic growth or development is not necessarily observed in all countries of the world. Furthermore, the qualitative analysis is used to investigate the intermediaries through which scholars have argued that human rights affect economic growth and economic development. More specifically, the intermediaries considered are improvements to trade and investments. This analysis shows that trade may very well be an important intermediary between human rights and economic growth and development. No such connection is found to investments. Finally, the qualitative analysis investigates other country-characteristics that can help contribute to increased levels of human rights, economic growth and economic development. Here, the a generally high level of human rights, low levels of conflict, political stability and low inequality was found to be important mechanisms for generating high levels of human rights, economic growth and economic development. Therefore, policy-makers who want to take advantage of the win-win situation that improving human rights seems to be may do so through a commitment to shared growth, low inequality, and by working towards settling possible conflicts in the country.

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1. Introduction

How states can and should develop economically has been widely discussed over the last 50 years. This debate got a new tone in 2017, when the United Nation's (UN) with the Sustainable Development Goals (SDGs) introduced that development should not only focus on economics development but also on human rights and human development. The SDGs recognize that a number of social and human factors are interconnected and interrelated, both with each other but also with economic growth. They recognize that economic growth may not only lead to human development but that social gains may also lead to economic growth. That thought became the offset for this paper. But rather than studying the SDGs, this paper will focus on human rights. Human rights are not included explicitly in the SDGs, as the UN distinguish between goals and legal rights. Human rights are fundamental legal objectives, outlined in the Universal Declaration of Human Rights (UDHR). And the UDHR is soft law that states should follow. Meanwhile, the SDGs are goals and objectives that states should pursue. Despite the legal characteristic of human rights, many states still fail to fulfil their human rights obligations. Ensuring human rights is generally considered costly and, as a consequences, a challenge to ensure, especially in low-income countries (McKay and Vizard, 2005). But this paper argues that improvements to human rights will bring economic benefits, at least in the medium run. This is not only important for the way states think about human rights. It also has implications for multilateral organizations, that work to help countries develop. If the argument holds, human rights may, for example, gain more importance in the terms of the loans that these organizations offer states. Furthermore, some states may be reluctant to introduce human rights (Donnelly, 2007). They may, for example, fear that these gains to civil society can fuel their political opposition (Blume and Voigt, 2007). To these states, an economic incentive may be what is needed to tip the scale and make them willing to respect human rights.

The relationship between human rights and growth has already been widely discussed. Most have, however, considered how economic growth may lead to improved human rights – not the other way around (Marslev and Sano, 2016). Growth is, among other things, found to improve the provision of public goods and welfare and help the poorest achieve fundamental rights and gain political influence and access to markets (Koob, Jørgensen and Sano, 2017; McKay and Vizard, 2005). Much less agreement exist about the effects of human rights on the economy. Some consider human rights to be only an economic burden on states, while others argue that they bring economic benefits. Little empirical evidence exists that can help settle this debate. Of the existing empirical research, most have studied the effect of just one or two rights. In 2007, Lorenz Blume and Stefan Voigt empirically observed that human rights, broadly speaking, can cause increased productivity and investments (Blume and Voigt, 2007). And by 2017, the Danish Institute for Human Rights proved that civil rights was a driver of economic growth in at least some parts of the world (Koob, Jørgensen and Sano, 2017). But none of these studies have considered the effect of a broad group of rights on economic growth and development directly. This paper wishes to fill this gap and provide a better understanding of the relationship.

First of all, is there an overall economic benefit from ensuring human rights? And if so, are such benefits merely economic, or do human rights also contribute to other developmental factors? And finally, what factors can explain variations in the effect across countries? These considerations are combined in the research question for this study:

To what extent can different human rights drive economic growth and economic development?

This study will consider the economic benefits of four groups of human rights: basic human rights, civil rights, economic rights and social rights. Their potential benefits will be measured in the Gross National Product (GDP) per capita, as well as the Human Development Index (HDI). Based on recent literature, the expectation is that at least some of the groups of human rights will have a positive economic effect. It will not be argued that human rights alone can cause economic growth and development. Rather, the mechanisms through which the effect takes place will be considered. This could, for example, be through increased investments as argued by Blume and Voigt (2007). Nor is it argued that human rights should be the only instrument used for ensuring economic prosperity. It should only be considered another tool for the matter. Finally, it is not necessarily expected that human rights have the same effect on economic growth and economic development. Economic development is not only measured in economic terms but also measures key factors of human development such as health and education. The differences in these relations will, therefore, also be considered. This paper will first introduce existing literature and theory about the relationship between human rights and economic growth. Then the research design and methodology of the cross-country analysis will be explained before it is conducted. Results will then be presented and similarities and differences across countries discussed and compared. This will allow for conclusions about the effect of human rights on economic growth and economic development and the structures and mechanisms found to take part in this relation.

2. Theory

2.1 The Theoretical Effect of Human Rights on Economic Growth

For a long time, a core aim of states has been to ensure economic growth, as it is considered a necessity for social and human development (Sen, 1999). This causal relationship has been investigated greatly and, among other things, economic growth has been found to improve conditions for education, health, employment and welfare (Koob, Jørgensen and Sano, 2017). In this way, economic growth can help states ensure the provision of public goods. Economic growth has also been found to be an important asset for ensuring human rights. For example, McKay and Vizard (2005) argue that protecting and promoting rights and reducing poverty requires economic resources. And Marslev and Sano (2016) argue that economic growth can promote human rights through job generation, better infrastructure and new technologies. Despite this wide agreement about the importance of economic growth, Sen (1999) argues that economic growth should not be the only focus of the state. Rather, he says, the ultimate aim of a state should be ensuring key freedoms for its people (ibid). But the benefits on ensuring such freedoms have been much more contested in literature. The discussion revolves around whether or not it is economically costly or beneficial to ensure human rights. Sen himself has been one of the most prominent contributors to this debate (Koob, Jørgensen and Sano, 2017). He argues that ensuring human rights can contribute to growth (ibid). He states that economic success matters little if basic human rights are compromised (Blume and Voigt, 2007, p. 516). If a state exposes its citizens to harmful behavior, then the citizens will have less trust in the state and, therefore, find investing in the economy more risky (Blume and Voigt, 2007). This is also true for foreign investors (ibid). Protecting basic human rights makes the state a more credible business partner to foreign investors who will become more likely to make investments in the country (ibid). And attracting investments, Sen argues is important as they can increase productivity and ultimately provide economic growth (ibid). Blanton and Blanton (2007) add that this is also the case for trade, which will be more easily attracted in states that protect human rights. Finally, Sen argues that worries about the provision of basic human rights within a population will create fear that can limit innovation - another driver of economic growth (ibid).

Numerous scholars have built on Sen's argument and added other benefits from ensuring human rights. Many of these scholars focus on the economic benefits of ensuring property rights in particular (Blume and Voigt, 2007). Among these are Barro and Posner (in Blume and Voigt, 2007) who argue that property rights are necessary for a thriving market as they will create security, increase foreign investments and, thus, lead to increased incomes (ibid). Barro (in Blume and Voigt, 2007) adds that some social provisions, such as higher schooling levels and health, are important for economic growth (Barro in McKay and Vizard, 2005). And he adds that a fair rule of law also has a positive effect on economic growth (ibid). McKay and Vizard (2005) also contribute with theoretical perspectives about the effect of human rights on economic growth. Their research is based on existing literature in which they have identified three ways that recognizing rights can

have a positive effect on growth (ibid). The first is through the 'equity effects' (ibid). This is the increased political participation of vulnerable groups that human rights can lead to (ibid). This increased participation will allow for them to hold the political elite accountable for their decision-making, forcing them to invest in shared growth rather than initiatives that will benefit only the elite themselves (ibid). The second relation is referred to as the opportunity effects (ibid). These are the effects from a changing institutional environment, emerging when new rights are recognized (ibid). This new institutional environment will improve access to markets and, thus, social opportunities of the people (ibid). Finally, McKay and Vizard (2005) refer to the efficiency effects from recognizing rights. These are the effects from improved access to information that human rights can ensure (ibid). Access to information can ensure a more efficient allocation of resources in a market, strengthen accountability mechanisms and, thereby, also ensure a greater control of the government (ibid). If information is not accessible, decision-making will remain in the hands of the political elite and the general public will have little influence on outcomes from political decision-making (Stiglitz in McKay and Vizard, 2005).

But not all agree that human rights only bring economic benefits. Before introducing these arguments, it become important to distinguish between different definitions of human rights. According to Blume and Voigt (2007), scholars often refer to one of two types of human rights. The first is negative rights, also referred to as freedoms (ibid). These are freedoms from something, for example state interference, torture, and political imprisonment (ibid). The other type of rights are positive rights that include the provision of things, for example the right to food, housing, healthcare and education (ibid). There are some contemplation about whether healthcare and education are human rights or in fact other human development indicators that are improved on the basis of the provision of human rights (McKay and Vizard, 2005). In this study, these two factors will be considered human development indicators rather than fundamental human rights. Human rights will here refer to four groups of human rights introduced and defined by Blume and Voigt (2007). These are basic human rights, civil rights, economic rights and social rights (ibid). These range from negative rights, such as freedom from state interference and freedom of expression, to property rights, fair elections and a fair rule of law and worker, women and minority rights (ibid). The division of human rights into these four group can be seen from Table 1 below. Basic human rights mainly entail freedom from state interference, civil rights the rights to travel and gather despite ones political orientation or interests, economic rights the protection of citizens and their belongings, and social rights mainly positive rights and absence of discrimination.

Table 1: The categorization of human rights introduced by Blume and Voigt (2007).

Group name	*Example of rights included in the group*
Basic human rights	Freedom from state interferences, such as absence of torture, political killings and disappearances.
Civil rights	Rights to participate in political activities, right to travel and absence of censorship.
Economic rights	Private property rights, including a fair rule of law.
Social rights	Rights to food, housing, workers' rights and absence of social discrimination.

The critique surrounding human rights is largely concerned with positive rights. Hayek (in Blume and Voigt, 2007), for example, finds that introducing such rights will be a cost to society with little benefits. He argues for a liberal market economy and, thus, that state financing of such social benefits will be inefficient (ibid). However, he does consider guaranteeing basic human rights, such as freedoms from state interference and property rights, a necessity for growth (ibid). Posner (in Blume and Voigt, 2007) somewhat agrees with Hayek that rights lead to inefficiencies. But he argues that it is the provision of basic human rights that will lead to such inefficiencies and gives the example that gently torturing criminal suspects can lead to more socially optimal outcomes than not doing so (Blume and Voigt, 2007, p. 515). Finally, former Prime Minister of Singapore, Lee Kuan Yew argue that there is in fact a trade-off between human rights and economic growth (Koob, Jørgensen and Sano, 2017). Though most human rights scholars disagree with Lee that there is a negative economic effect of enhancing rights, these opposing arguments emphasizes that there is need for a better empirical understanding of the relationship between rights and growth. Thus, this study will first of all discover the direction of the relationship between human rights and economic growth and development.

2.2 Empirical Studies of the Effect of Human Rights on Economic Growth

Some scholars have begun to test the theoretical propositions about the relationship between human rights and economic growth mentioned above. Blume and Voigt (2007) are among the prominent modern scholars who have investigated this relationship. Their research has looked at the effects that different types of rights have on investment and productivity (ibid). Their research builds on the theoretical perspective of Sen, that ensuring human rights creates certainty and trust in the market, making people more prone to invest (ibid). To test the effects of different human rights, they start off by dividing human rights into the four groups that were summarized in Table 1. They then analyze the effects of each group on investment and productivity (ibid). They find that basic human rights and economic rights direct investment, while social rights have no effect on

investment (ibid). However, social, economic and civil rights are found to have a clear impact on productivity, while basic human rights have no impact on productivity (ibid). Importantly, and contradicting the argument of Lee Kuan Yew, none of the four groups of rights are found to have a negative impact on economic growth (ibid). Assuming that productivity and investment leads to economic growth, an increase in these intermediaries should mean that human rights can contribute to growth.

A more recent study was conducted by scholars from the Danish Institute for Human Rights in 2017 (Koob, Jørgensen and Sano, 2017). This study builds on the theoretical perspective of McKay and Vizard (2005) that enhancing rights can create accountability with policy-makers through institutional mechanisms. But it also recognizes that there may be other, less discovered avenues through which human rights affect growth (Koob, Jørgensen and Sano, 2017). As an example, they propose that economic, social and cultural rights may be especially important for human development (ibid). Nonetheless, their study looks at a more narrow set of rights, namely political and civil rights, which they believe are particularly important for enforcing accountability and good governance (ibid). They investigate the long-term effect of these rights on growth and find that there is a positive relation, mainly driven by freedom of speech, freedom of assembly and association and electoral self-determination (ibid). Furthermore, they discover that there are significant regional differences between the effects of the rights on growth (ibid). The positive effects of political and civil rights are found to be significant in Sub-Saharan Africa, Europe and Central Asia but not in the Middle East and Northern Africa, in South Asia or in the Americas (ibid). There are also small variations in the specific rights that have the largest effect on growth across regions (ibid). For example, the main drivers of growth in Sub-Saharan Africa and Europe are found to be freedom of assembly and association and electoral self-determination, not freedom of speech (ibid). This paper will argue that such regional differences stem from difference in country-characteristics. This means that it is assumed that observed differences stem from other country characteristics either mediating the relationship or influencing human rights, growth and development separately.

2.3 Necessary Conditions for a Positive Effect

Though Sen (1999) was a big advocate of improving human rights, basing his argument largely on the economic benefits of doing so, he also noted that human rights alone cannot ensure economic growth. As described above, Blume and Voigt (2007) found that increased productivity and investment was an intermediary in the relationship between rights and growth. Similarly, other scholars have considered factors that influence these two variables. For example, Marslev and Sano (2016) found that absence of war and conflict was important for both growth prospects and the levels of human rights in a country. And similarly, they argued that absence of conflict and political stability could also create stability and, thus, investments in the economy, just like it should lead to less human rights abuses (ibid). Blume and Voigt (2007) also found

that involvement in war caused a higher level of human rights abuses. Many scholars also mention good governance as important but define this in different ways. McKay and Vizard (2005) argue that good governance is ensuring that economic growth is shared among the population, so that the poorest will also benefit. Strengthening the poorest of the population will, in turn, give them access to resources so that they can participate in the economy and help ensure further growth (ibid). Thus, they argue that low inequality is a necessity for the sustainability of economic growth (ibid). The authors do, however, also recognize that countries, such as the 'East Asian Tigers'[1], have achieved economic growth and poverty reduction without such a commitment to less inequality (ibid). But they argue that if high inequality continues to exist, then it is unlikely that economic growth will continue to lead to poverty reductions and protection of rights (ibid). Koob, Jørgensen and Sano (2017) also agree that there is a need for a government commitment to inclusive growth that distributes the benefits of growth across society.

Other scholars argue that it is the institutional environment, rather than government policies, that is important for human rights and economic conditions. For example, Acemoglu and Robinson (2012) argue that inclusive economic institutions are a prerequisite for shared growth (ibid). According to them, these kinds of institutions ensure a fair and level playing field and, thus, greater participation in the economy (ibid). And the opportunities for participation and security that the institutions ensure will make people willing to invest both their time and money in the economy (Acemoglu and Robinson, 2012). Finally, a third group of scholars argue that it is neither specific political decisions nor the institutional environment that is of importance. Rather, it is the regime type; whether a country is a democracy or not. Acemoglu et al (2014) for example found that higher levels of investments in primary schooling and healthcare were present in a democracy. They argued that these investments ensured greater participation of citizens in the economy and, in that way, greater growth (ibid). Borner et al (in McKay and Vizard, 2005) argued that democracies did better in providing property rights and information for their citizens which in turn created trust and accountability and, thereby, economic. Finally, Blume and Voigt (2007) found that there were less human rights abuses in democracies.

But a group of scholars disagree with the claim that democracy is important for economic growth. They frequently refer to the examples of East Asian non-democratic states that experienced great economic growth between the 1960s and 1980s (Baker, 2014). These states successfully invested in strategic sectors that brought with them growth, and many scholar, including Robert Wade, argue that these sectors would have not grown and thrived in the open market conditions favored in democracies (ibid). Instead, Wade (2018) identified other characteristics of the East Asian states that he says were determinants for their growth. These characteristics revolve around a consensus among policy-makers about key priorities and, in that way, political stability,

[1] The East Asian Tigers refer Hong Kong, Singapore, South Korea, and Taiwan, which all experience exceptional growth between the 1950s and 1980s (Baker, 2014, p. 190).

specific institutional arrangements, and a strict prioritization between investments and industries (ibid). These claims and examples has fueled the debate about the benefits of democracy. While not directly opposing Wade, Haggard (in McKay and Vizard, 2005) argued that democracy at least will not limit growth. Furthermore, he argued that while democracy was not necessarily a determinant for initial growth, it had become important for managing later economic downturns (ibid). Rather than entering the debate whether democracies are necessary for growth in itself, this paper will follow the line of argument by McKay and Vizard (2005) that democracies provide for the redistribution that is necessary for sustaining growth. And it will assume that the findings of Blume and Voigt (2007) that there are less human rights abuses in democracies are correct and, thus, that democracies may contribute to better levels of human rights. This study will, therefore, control for the individual influence of democracies on human rights and growth. It will also consider political stability, as introduced by both Wade (2018) and Marslev and Sano (2016) as an influential factor on rights and growth individually. The factors outlined here may help explain differences in findings across countries in our analysis. They will, at least, be considered when discussing the findings of this study. Furthermore, they will be applied equally to the analysis of the effect of human rights on economic development.

2.4 The Theoretical Framework of This Study

When combining the arguments above, it is expected that at least some groups of human rights should have an effect on economic growth and development. Suggested intermediaries in this relation could be investments and trade, as suggested by Blume and Voigt (2007) and Blanton and Blanton (2007). Other suggested factors that may affect the level of human rights and growth, but not the relationship between the two, are the level of inequality and the political commitment to shared growth, absence of war and conflict, political stability, and the type of regime, more specifically whether it is a democracy or not. Thus, this paper will both investigate the relationship between human rights, growth and development but also make an attempt at discovering what causes the observed relationship. Though some empirical studies about the effects of human rights on economic growth have already been conducted, there is a lack of evidence about the direct and broad effect of different human rights. Blume and Voigt (2007) considered human rights broadly in their study but considered the effects of these on investment and productivity, not on growth directly. Koob, Jørgensen and Sano (2017) did study the effect on economic growth directly. However, they looked at a quite narrow range of rights. And finally, the effect of human rights on economic development, rather than just growth, has been discussed and investigated much less (Blume and Voigt, 2007). Hence, there is a need for more knowledge about these effects, which this study will try to provide. Before doing so, it is necessary to distinguish between economic growth and economic development. Where economic growth is measured only in economic terms, economic development includes a range of social factors. In this paper, it will be measured through the Human Development Index, provided by the United Nations Development Programme (UNDP). Pros and cons for this measure will be discussed further in the next chapter.

3. Methodology

3.1 The Critical Realist Philosophy of Science

Behind every argument and piece of research are assumptions about what is real and how we acquire knowledge about this reality (Moses and Knutsen, 2012). Therefore, before conducting any research, it is important to be aware of the boundaries of one's own point of departure in terms of philosophy of science. The first section of this chapter will outline the epistemological and ontological beliefs underlying this research, while later sections of this chapter will explain the methods used for the research. This paper draws on the critical realist philosophy of science. Critical realism builds on both parts of the naturalist and the constructivist philosophy of science. Ontology refers to what one considers reality to be (ibid). Similar to naturalists, critical realists consider reality to be 'out there', independent of our interactions with it (ibid). However, where naturalists believe we can observe this reality through experiments, critical realists agree with constructivists that we can never fully grasp the entire reality (ibid). Critical realists believe that reality is made up of three domains of which we can only observe some (Benton and Craib, 2011). These are the empirical domain, the actual domain, and the real domain (ibid). In the actual domain are all events and phenomena of the world, regardless of whether we observe them or not (Buch-Hansen and Nielsen, 2008). Our observations and experiences are instead located in the empirical domain (ibid). And finally, the real domain consists of underlying structures and mechanisms which we cannot observe (ibid).

The three domains are interconnected (Buch-Hansen and Nielsen, 2008). Interactions between structures and mechanisms of the real domain cause and support phenomena and events in the actual domain and, as a consequence, also what we can observe in the empirical domain (ibid). Due to interactions within and between the domains, reality is constantly either being reproduced or changed and we can never grasp the true reality of it (ibid). This is the basis of the critical realist epistemology. Epistemology refers to what we can know about reality (Moses and Knutsen, 2012, p. 4). And critical realists believe that our knowledge and research is bound by the state of reality at the time when it is conducted (Buch-Hansen and Nielsen, 2008). Knowledge is not constant and, therefore, we can only make conclusions about what is true at this moment and with the data and knowledge available today (ibid). Furthermore, we can only observe events and phenomena from the actual domain and, at most, make qualified guesses about the underlying structures from the real domain that may have contributed to these events (ibid). Nonetheless, the scientific focus of critical realists is to try to understand these underlying structures and mechanisms (ibid).

In the context of this research, the real domain includes all the structures and mechanisms in place when states make decisions, for example regarding human rights, economic growth, and development. Such structures may include ideological perspectives or regime specifics. The empirical and actual domain contains interactions between state decision-makers, passing of new laws, conflict, and other events and phenomena that we can

potentially observe. Though also trying to pin down whether there is an effect of improving human rights on growth and development, the ultimate aim of this study is to try to make indications as to through which mechanisms these variables are related. This is done according to the belief that it is important to try to understand the complexity of the reality in which we place ourselves. Conclusions drawn are the best possible representation of reality at this point in time and with the knowledge available at this moment (ibid).

3.2 A Mixed Methods Approach

The critical realist philosophy of science also has an impact on the choice of method. The research will make use of deductive reasoning, where the research builds on existing theoretical perceptions and tests these with the aim of reaching logical conclusions (Moses and Knutsen, 2012). Thus, the first aim of this study is to establish whether or not there is a positive relationship between human rights and economic growth and development respectively, expecting that there is. However, as mentioned, the ultimate goal is to understand this potential relationship better. To do so, a mixed methods approach will be used. First, the relationship will be investigated quantitatively through a regression analysis, testing whether human rights indeed have an effect on economic growth and economic development. Then, a case study analysis will be used to look further into some of the phenomena and events from the actual domain that either influence the state of human rights or work as intermediates in the relationship between human rights and growth or development. The theoretical framework for this research, thus, recognizes the complexity of reality and the presence of intermediaries in the relationship between human rights and economic growth and development. But by mixing quantitative and qualitative methods, qualified predictions are made about underlying structures of the real domain.

The mixed methods approach combines quantitative and qualitative analyses and comes with many benefits. First of all, studying only the quantitative relationship between our independent and dependent variables tells us little about the effects and most influential mechanisms underlying the relationship (Moses and Knutsen, 2012). A case study allows for a greater understanding of some of these underlying structures and mechanisms. Hence, the case studies are used to explain the observed outcome of the quantitative analysis (Bryman, 2006). This allows for a deeper understanding of variations in the quantitative results. Likewise, conducting only a qualitative case study would tell us little about general, global patterns and tendencies. This lack of generalizability is one of the main critiques of the case study approach (ibid). By combining the case study approach with a regression analysis, this weakness can somewhat be overcome, as findings from the case countries can be compared to the large sample quantitative analysis (Lieberman, 2005). Finally, combining quantitative and qualitative analyses allows for triangulation of results, strengthening the credibility of the findings (Bryman, 2006). When analyzing results, there is a risk of a bias in the interpretations. The mixed method approach can account for some of this bias by comparing findings from the quantitative and qualitative analyses. Nonetheless, conclusions drawn should keep in mind this potential bias.

The quantitative study will take the form of a regression analysis, testing the effect of human rights on economic growth and economic development. It is expected that at least some groups of rights will have an effect on economic growth and development but not necessarily the same effect on the two dependent variables. A fixed effects analysis is expected to be the best fit method for discovering such a potential relationship, as it controls for some other variables that may affect the dependent variable (Stock and Watson, 2015). However, an Ordinary Least Squares (OLS) and random effects regression will also be tested to ensure that these are not better fits for the data considered. Once it is established whether there is an overall relationship between the dependent and independent variables, a country-level analysis will take place. Through case studies, the relationship between human rights, economic growth, economic development and potential intermediaries will be explored. This is to better understand between-country variations in the effect. The findings will help understand what conditions can help human rights drive positive economic change. The fixed effects and case study methods will be further explained in later sections of this chapter.

3.3 Data

In order to quantitatively test the relationship between human rights and economic growth and development, data is collected on the state of these three variables across countries and across time. Furthermore, data on a number of control variables is collected and included. Each of the variables are collected annually and their respective data source will be described in detail below. The data makes up an unbalanced panel of 193 UN recognized countries[2] between 1981 and 2011. It is unbalanced as some data entries are missing, for example for years where a country has been involved in war.

3.3.1 Independent Variables

The independent variables for this study are each of the four groups of human rights, outlined in Chapter 2. Multiple scholars and institutions collect data on the state of human rights across countries. Therefore, different data sources have also been considered for this study. These sources and their suitability for this study are summarized in Table 2 below. The first data source considered is Steven C. Poe, C. Neal Tate and Linda Camp Keith's study on human rights across countries between 1976 and 1993 (Blume and Voigt, 2007). However, since the data only contains information up until 1993, findings from analyzing this data would be outdated (Poe, Tate and Keith, 1999). Furthermore, the data only covers a limited set of human rights and it is, therefore, disregarded (ibid). This limited number of human rights represented is a challenge for most of the human rights data available. The Political Terror Scale quantifies basic human rights but lacks information about the remaining three groups of rights (The Political Terror Scale, 2019). The Heritage Foundation provides a

[2] A full list of countries considered in this study can be found in Appendix I.

detailed set of data on economic rights but also lacks data on the other groups (The Heritage Foundation, 2020). Similarly, the Fraser Institute also only collects data on economic freedoms, though with a distinction between the rights of men and women (The Fraser Institute, 2020). And Freedom House combines scores on economic and civil rights but lacks information about basic human rights and social rights (Freedom House, 2020). Furthermore, the sub-indicators of the Freedom House data that would allow for a distinction between economic and civil rights are only available for 2013 and onwards (ibid). Consequently, the Freedom House data cannot be combined with other data sources, containing information on basic human rights and social rights, as these data sources only offer data up until 2003 (The Political Terror Scale, 2019) and 2011 (Cingranelli, Richards and Clay, 2014). The most complete source of data on all four groups of rights is Cingranelli-Richard CIRI Human Rights Data (ibid). The CIRI data is actually the only one of the sources that offer data on social rights (ibid). This source offers data on all four groups of human rights though private property rights are not represented (ibid). Hence, economic rights are only based on information about a country's rule of law (ibid).

Table 2: Data available for measuring the independent variables and the suitability of the different data sources for this research.

Data source	*Countries, n*	*Time periods, T*	*Suitability*
Poe, Tate and Keith (1999)	105	1976-1993	Not recent enough, nor data on all four groups of human rights
Political Terror Scale (2004)	179	1980-2003	Only data on basic human rights
Freedom House (2000)	195	1972-2020 (2013-2020)	Only data on economic and civil Rights
The Heritage Foundation (2000)	183	1995-2020	Only data on economic rights
The Fraser Institute (2000)	54-162	1970-2017	Only data on economic rights
CIRI data by Cingranelli, Richards and Clay (2014)	202	1981-2011	Data on all four groups of human rights; economic rights lacks measure on property rights

The CIRI Data contains human rights data on 202 countries between 1981 and 2011 (CIRI, 2014a). Some data entries are missing, for example where a country has been involved in war or conflict (ibid). Note that only the data set's 193 UN recognized states are included in this study. The CIRI data is based on interpreted and coded human rights reports (Cingranelli and Richards, 2014b, p. 3). This is primarily the United States (US) State

Departments' Country Reports on Human Rights Practices but Amnesty International's Annual Reports are also used to define the so-called "Physical Integrity Rights Index" (ibid). The coding is first of all based on the language or the reports, which weighs higher than counts included (Cingranelli and Richards, 2014b, p. 7). An example is given of a country where it is described that human rights violations are "widespread" but only a few actual cases are outlined (ibid). In this case, the wording is given higher weight than the number of examples given, and the country would get a low score, indicating a bad performance in the given right (ibid). This subjective form of evaluation and interpretations comes with some limitations. One risk is that the coders apply their own bias or background knowledge of a country into the coding process. Most data on human rights is based on surveys, reports, or expert opinions and this challenge is, therefore, difficult to overcome (Blume and Voigt, 2007). However, some well-known concerns are addressed by introducing control variables. A coder may be biased by general or mainstream knowledge about the country of concern. This could, for example, be knowledge about changes to the level of inequality or conflict in the country. Therefore, these factors are added as control variables. How these are measured will be described later in this chapter. In an attempt to overcome some of the potential coders' bias, CIRI has also introduced a Coding Protocol that must be followed in the coding process (Cingranelli and Richards, 2014b, p. 6). The protocol outlines how coders should avoid discussing their work and findings with each other and that they are not allowed to look at other sources of data to judge a country's activities, not even the country's previous CIRI scores (ibid). They may only include information about the country for the year in question in their judgment, and they have to justify their conclusions (ibid).

A second potential bias is not with the CIRI coders but with the US State Department providing the background reports that most of the data is based on. As described in Koob, Jørgensen and Sano (2017, p. 18) "*The US State Department is a political institution and therefore the reports may also be considered as politically biased although neutrality is the ambition"*. But despite the fact that the data collecting agency might be politically bias, the background data in itself should not be. According to the U.S. Department of State (2020), data is collected from a large variety of sources such as diplomats in the particular country, foreign governments, non-governmental and multilateral organizations or academics. Furthermore, once a country report is compiled, the Department asks legal experts for advice and clarification to ensure the right understanding of the issues included (ibid). And finally, they state that their "*guiding principles were that all information be reported objectively, thoroughly, and fairly*" (U.S. Department of State, 2020). Thus, many measured are taken to limit potential bias.

A final risk of the selected data is that the coders apply a different definition or meaning to human rights than what is considered in this study. Glaeser et al (2014) provide an example of such an issue. In a study on the effect of political institutions on economic growth, they argue that most indicators on institutions measure not

whether there is a stable political environment but rather outcomes of policy choices (ibid). In other words, they criticize these studies for focusing on outcomes rather than actual rules and policies (ibid). Not only does this contradict with their definition of institutions (ibid). But policy outcomes, rather than stable institutions, are likely to be dependent on economic growth and development in itself, questioning the direction of the causality (ibid). In this study, human rights measured should be the 'outcome', not the laws. The argument is that securing human rights legally provides little value if these same rights are still violated in practice. Moreover, the study considers only violations involving the government, as we are interested in outlining the economic benefits a government may achieve from improving human rights. CIRI provides the same definition as they measure only human rights practices of governments or agents hired by the government - not policies (Cingranelli and Richards, 2014b).

Each of the four groups of human rights is represented by an index or a combination of variables from the CIRI data. All values from CIRI have been normalized to vary from 0 to 1. In Chapter 2, we defined basic human rights as freedom from state interferences, such as absence of torture, political killings, and disappearance (Blume and Voigt, 2007). This is measured through the CIRI "Physical Integrity Rights Index" (PHYSINT) (Cingranelli and Richards, 2014a). This index adds up the scores of the four CIRI variables: extrajudicial killings, disappearances, torture, and political imprisonment in a country, making it a great fit with this study's definition of basic human rights (Cingranelli and Richards, 2014a, p. 3). Extrajudicial killings are defined as "*killings by government officials without due process of law*" (ibid). Disappearances only entail those where state agents are likely to be responsible but includes cases where someone has disappeared for a period of time but reappears later (Cingranelli and Richards, 2014b, p. 12). Torture is considered as *"inflicting extreme pain, whether mental or physical*" (Cingranelli and Richards, 2014b, p. 17). And political imprisonment refers to the detention of someone due to: "*their speech; their non-violent opposition to government policies or leaders; their religious beliefs; their non-violent religious practices including proselytizing; or their membership in a group, including an ethnic or racial group"* (Cingranelli and Richards, 2014b, p. 21). For all variables, a human rights violation is only coded if conducted by government officials, such as police and security forces, or by groups who are instructed to commit the crime by the government (Cingranelli and Richards, 2014b). Countries are ranked between 0 and 2 where a score of 0 means that the human rights violations take place frequently, while a score of 2 means that no violations were reported (ibid).

Economic rights in the CIRI data does not, as previously mentioned, include private property rights (Cingranelli, Richards and Clay, 2014). Hence, the CIRI variable on Independence of the Judiciary (INJUD) alone represents economic rights in this study (Cingranelli and Richards, 2014b, p. 85). The variable measures whether the judiciary is independent from other agents or institutions, such as the executive, and rates countries between 0 and 2 (ibid). Civil rights, in this study, are defined as the right to participate in political activities,

the right to travel, and an absence of censorship (Blume and Voigt, 2007). It is measured through CIRI's "New Empowerment Rights Index" (NEW_EMPINX), which is an additive measure of freedom of speech, freedom of religion, freedom of domestic and foreign movement, freedom of assembly and association, electoral self-determination, and worker rights (Cingranelli and Richards, 2014a, p. 4). Apart from the inclusion of worker's rights here, this indicator is also a good fit with our definition of civil rights. All seven variables rank between 0 and 2 and the New Empowerment Rights Index is, therefore, between 0 and 14. Freedom of speech measures the degree of government censorship placed on press, speech, music, and other forms of art (Cigranelli and Richards, 2014b, p. 27). Freedom of religion measures whether people of all religions or those with no religion are free to practice their own beliefs, as well as the absence of discrimination on the basis of religion (Cingranelli and Richards, 2014b, p. 31). Freedom of domestic movement and freedom of foreign movement, measure the right to travel internally in a country and across borders for all members of society, including the political opposition, journalists and human rights activists, women and minority groups (Cingranelli and Richards, 2014b, p. 40). It also entails the right to return (Cingranelli and Richards, 2014b, p. 46). And it entails that no punishments are given for this travel, for example the withholding of one's assets (ibid). Freedom of assembly and association is the right to join with others in, for example, political parties and trade unions, and the variable measures whether the government places restrictions on this (Cingranelli and Richards, 2014b, p. 52). Electoral self-determination is defined as "*the right of citizens to freely determine their own political system and leadership*" (Cingranelli and Richards, 2014b, p. 59) both legally and in practice (ibid).

The CIRI worker rights variable entail the freedom of workers to associate at work and participate in collective bargaining with their employers, the absence of forced labor, a minimum working age, and acceptable working conditions, related to working hours, health, and safety (Cingranelli and Richards, 2014b, p. 65). According to the definitions laid out in this study, it is a social right rather than a civil right. Social rights here are defined as the right to food, housing, worker rights, and absence of social discrimination (Blume and Voigt, 2007). The CIRI worker rights variable is, therefore, included in the group of social rights in this study. It is combined with three other CIRI variables to make up the social rights variable used in the quantitative analysis. These are women's economic rights, women's political rights, and women's social rights, measuring whether women have the same rights to, for example, vote, run for government, choose their employment and work, receive equal pay, and the same legal rights (Cingranelli and Richards, 2014b, pp. 71; 77; 93). For worker rights, a country can score between 0 and 2, but for women's rights, the score is between 0 and 3 (Cingranelli and Richards, 2014a, p. 7). A score of 0 indicates that the women's rights were not, a score of 1 that women had some rights, 2 that women's rights were generally respected but some discrimination was in place and 3, that all or nearly all of the women's rights were guaranteed and protected (ibid). When the four CIRI variables are combined, a country can score a maximum of 11 points (ibid). However, if data is missing for one of the

categories, this category is not included and the total possible score will be lower. A complete overview of the CIRI variables included in this study can be found in Table 3 on page 24.

3.3.2 Dependent Variables

The dependent variables of this study are economic growth and economic development respectively. Economic growth is represented by a country's Gross Domestic Product (GDP) per capita and economic development by the country's Human Development Index (HDI). GDP is *"the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products"* (The World Bank, 2020c). The important distinction from Gross National Income (GNI) is that it measures only the value added from production within the country, where GNI also includes income from activities abroad (The World Bank, 2020e). GDP is chosen over GNI, as it is not suspected that activities abroad will depend much on human rights practices in the home country. Rather, these activities are likely to be affected by the human rights standards of the foreign country in which they take place. GDP per capita, rather than a country's total GDP, is chosen for a better comparison of income levels across countries, accounting for differences in population size. The data is collected from the World Bank and measured in current US dollars (The World Bank, 2020c). GDP per capita is measured annually by dividing GDP with the midyear population in a country (ibid). The World Bank sources its data from its own national data accounts as well as the OECD National Accounts (ibid). Between 1981 and 2011, data is available 192[3] countries (The World Bank, 2020a). Some data entries are missing where GDP per capita for a given country in a given year has not been reported. In total, 5,357 out of 5,983 possible data points were available (ibid).

The second dependent variable, economic development, is measured through the Human Development Index, provided by the United Nations Development Programme (UNDP) (UNDP, 2020d). The aim of the HDI is to provide a measure of development that is not only economic (ibid). Instead, it combines indicators of a country's health, education, and standard of living (ibid). All these measures are standardized to values between 0 and 1 by using minimum and maximum values (UNDP, 2019). A dimension index is calculated by using the following equation: $Dimension\ index = \frac{actual\ value - minium\ value}{maximum\ value - minimum\ value}$ (UNDP, 2019, p. 2). The mean of the three dimension indices is then calculated and the resulting score is the HDI (UNDP, 2019). Thus, the HDI measure is also between 0 and 1 (ibid). If estimates are missing, a cross-country regression model is used to produce estimates (ibid). The HDI uses GNI per capita to measure the standard of living for people in a country (ibid). The GNI is measured in constant 2011 purchasing power parity (PPP) terms for all countries where this term is available (ibid). This means that the income-levels of a country are compared to its price levels and then converted into 2011 US dollars for comparison (UNDP, 2020b). For the remaining countries,

[3] GDP per capita data is not available for the Democratic People's Republic of Korea (The World Bank, 2020a).

where GNI per capita in 2011 PPP-terms was not available, the GNI per capita in local currency is converted into the 2011 PPP term (UNDP, 2019). The minimum value for GNI per capita is set at 100 2011-US dollars (ibid). The authors base this on the large amount of informal and unmeasured activities that may take place in some countries (UNDP, 2019, p. 2). The maximum is set at 75,000 2011-US dollars, based on the argument that an income per capita higher than this has little effect on human development (Kahneman and Deaton in UNDP, 2019, p. 2). Before calculating the dimension index for GNI per capita, the natural logarithm is first taken for the actual, minimum and maximum values (UNDP, 2019). This is to account for the diminishing returns of income on health and education (ibid). The GNI per capita data is collected from the World Bank, International Monetary Fund (IMF), and the United Nations Statistics Division (UNSD) (ibid).

The remaining HDI components are measured as follows. Health is measured as the life expectancy at birth, that is the "*number of years a newborn infant could expect to live if prevailing patterns of age-specific mortality rates at the time of birth stay the same throughout the infant's life*" (UNDP, 2020f). The data is collected from the United Nations Department of Economic and Social Affairs (UNDESA) (UNDP, 2019). The minimum value of life expectancy is set to 20, based on the fact that no country has had a life expectancy of less than 20 in the 20th century (UNDP, 2019, p. 2). The maximum value is 85, as this has been found to be a "*realistic aspirational target for many countries over the last 30 years"* (UNDP, 2019, p. 2). The level of education is measured from two variables; the expected years of schooling and mean years of schooling (UNDP, 2020d). The expected years of schooling is defined as the "*number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrolment rates persist throughout the child's life"* (UNDP, 2020a). Data is collected from the UNESCO Institute for Statistics, ICF Macro Demographic and Health Surveys, United Nations Children's Fund (UNICEF) Multiple Indicator Cluster Surveys, and OECD (UNDP, 2019). Mean years of schooling is measured as an average for people aged 25 or more (UNDP, 2020g). It combines the measured educational attainment level with the official duration of this attainment (ibid). The data is collected from the same sources as the expected years of schooling, though adding R. J. Barro and J.-W. Lee's data on educational attainments (UNDP, 2019). For both educational measures, the minimum value is set to 0, as it is argued that a society can exist without formal education (UNDP, 2019, p. 2). For expected years of schooling, the maximum is set to 18, as this is the time it takes to get a master's degree in most countries, while the mean years of schooling maximum is 15, based on 2025 projections (ibid). The two educational measures are weighted equally into the overall educational score (ibid). When combining them, their individual dimension indices are calculated first and the mean of these scores is then found (ibid).

Because HDI does not take into account the distribution of income per se, an alternative index has been developed (UNDP, 2020c). This is the Inequality-adjusted Human Development Index (IHDI), which combines the same factors as the HDI but adjusts each of these according to the country's level of inequality

(ibid). Unfortunately, the IHDI data is only available from 2010 and forward and, therefore, cannot be used along with the CIRI data, which only runs until 2011 (UNDP, 2020e). Finally, as both the HDI data and data on human rights are summarized in indices between 0 and 1. Because the statistical software used only provides results with three decimal places, these very small numbers may be hard to interpret and distinguish from each other. Therefore, the HDI data is multiplied by 100. The HDI data is available for 186 countries[4] (UNDP, 2020d). Furthermore, the index has only been available since 1990 and for some countries entries are missing (ibid). For this reason, only 3,616 data entries are available (ibid).

3.3.3 Control Variables

Despite the fact that the fixed effects method already accounts for time and entity fixed effects that either vary across country but not across time, or vary across time but not across counties, some other factors are introduced as control variables. These are variables that are likely to affect the dependent variables and are correlated with the independent variables. Some of these were briefly mentioned earlier in this chapter as variables that may affect CIRI coders in their categorization of human rights data. Furthermore, Chapter 2 introduced that the level of inequality, absence of war and conflict, and political stability could also be potential influential factors in the relationship between human rights and economic growth (McKay and Vizard, 2005; Blume and Voigt, 2007; Marslev and Sano, 2016). These are not considered to be intermediaries in the relationship like, for example, trade and foreign investment are. For example, the argument is not that improved human rights will lead to less war and conflict and, in turn, growth or development. Rather, they are considered to be external factors that are correlated with human rights and have an effect on economic growth that we, therefore, need to control for. The level of inequality is measured through the GINI index (The World Bank, 2020d). The GINI index measures how far the distribution of income among the population is from a perfectly equal distribution (ibid). This is done by measuring the area between a country's Lorenz curve, plotting "*cumulative percentages of total income received against the cumulative number of recipients"* (The World Bank, 2020d) and the line of perfect equality (ibid). This gives a value between 0 and 100 where 0 represents perfect equality, and 100 perfect inequality (ibid). In this study, the index score has been normalized to vary between 0 and 1. The World Bank themselves collect the data, primarily from household surveys conducted by country-level state agencies (ibid). Data is available for 159 countries[5] but to very varying degrees (The World Bank, 2020a). For some countries, only a few data points are available while others have data for the entire 1981-2011 time period (ibid).

[4] HDI data is not available for the Democratic People's Republic of Korea, the Marshall Islands, Monaco, Nauru, San Marino, Somalia and Tuvalu (UNDP, 2020d).

[5] GINI index data is not available for Afghanistan, Andorra, Antigua and Barbuda, Bahamas, Bahrain, Barbados, Cuba, the Democratic People's Republic of Korea, Dominica, Equatorial Guinea, Eritrea, Grenada, Haiti, Kuwait, Libya, Liechtenstein, the Marshall Islands, Monaco, Montenegro, Myanmar, Nauru, New Zealand, Oman, Palau, Qatar, San Marino, Saudi Arabia, Serbia, the Seychelles, Singapore, Somalia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, and the United Arab Emirates (The World Bank, 2020a).

Absence from war and conflict and political stability are measured collaboratively in the Worldwide Governance Indicators' (WGI) "Political Stability and Absence of Violence/Terrorism" measure (The World Bank, 2020g). This measure is an estimate which measures "*perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism"* (The World Bank, 2020g). It should be noted that this measure does not account for war with foreign countries. However, in most cases, cross-country conflict will result in an absence of human rights data for the time period where the conflict is going on (Cingranelli and Richards, 2014a). Thus, these time periods are likely to not be considered in this study at all. Because the measure is based on perception, there is a potential issue of subjectivity. More specifically, the WGI collects their data through firm and household surveys, subjective assessments of commercial business information, non-governmental and multilateral organizations, and public-sector organs (Kaufmann, Kraay and Mastruzzi, 2010, p. 5). They give different reasons for doing so. The first argument for using perceptions as the basis for their data is that people base their actions on their perceptions (Kaufmann, Kraay and Mastruzzi, 2010, p. 18). For example, firms base their investment decisions largely on their perceptions of the stability and reliability of the local economy (ibid). Their second argument is that there is not necessarily documentation or proof of political instability in public accounts, and, thus, using perceptions may be the only way to obtain knowledge about the state of things (ibid). In relation to this, WGI also argues that where such documentation is available, it will often be based on laws, policies, and promises rather than actual actions (ibid).

The WGI argue that the wide range of sources for their data will help overcome some of the potential subjectivity bias of basing data on perceptions (Kaufmann, Kraay and Mastruzzi, 2010). Furthermore, they explain that their data is sourced fairly equally from across the sources (ibid). And then they argue that any data measuring the political climate would be somewhat imprecise or incomplete due to the lack of documentation (ibid). Their argument is that this should not keep us from investigating the data (ibid). WGI has also addressed the potential systematic bias in the perception of different groups of respondents (ibid). First, they analyzed whether there were significant differences in answers provided by businesses and other types of respondents and found no problem in relation to this (ibid). Secondly, they analyzed whether there were ideological differences in answers from experts in rating agencies under left- or right-wing governments (ibid). Again, evidence of such an ideological bias was not found (ibid). Their final concern was that the different organizations providing the background data dependent on each other for their scoring, making the results correlated (ibid). This issue too has been investigated by comparing results from rating agencies to firm survey results, the argument being that rating agencies are more prone to look at the results of other rating agencies before scoring a country (ibid). The finding was that results from rating agencies were no more correlated than results from firm surveys (ibid). To combine the wide range of data sources, the WGI use a method called the "Unobserved Components Model" (ibid). This standardizes the data into comparable units,

uses a weighted average to construct an aggregate indicator and finally, construct margins of error (Kaufmann, Kraay and Mastruzzi, 2010, p. 2). This provides country scores between approximately -2.5 and 2.5 (Kaufmann, Kraay and Mastruzzi, 2010). In this study, these scores are normalized to vary between 0 and 1. The data is not available for the entire time period considered (The World Bank, 2020a). It has only been measured since 1996 and no data is available for 1997, 1999, and 2001 (ibid). However, data entries are available for all 193 countries (ibid). Thus, the highest potential number of observations is 2,509 but because data for time periods in some countries is not available, only 2,448 observations are collected (ibid).

In Chapter 2, it was described how this paper assumes that democracy is important for long term and sustainable economic growth. It is also argued that democracy may lead to less human rights abuses. Therefore, a measure of regime type will be included as a control variable. This is measured through Polity IV's POLITY score (Marshall and Gurr, 2020). This measure is a combination of two other factors; AUTOC and DEMOC (ibid). These measures are collected by coding authority characteristics of states (ibid). The AUTOC factor measures the degree of autocracy in a country (ibid). Here, the characteristics of autocracy are considered to be restrictions on political participation, selection of chief executives from a political elite, and few institutional constraints on the power of the chief executives (Marshall and Gurr, 2020, p. 15-16). In the coding process, these factors are considered and a country scored between 0 and 10 (ibid). Information on constraints of the chief executives and political participation receive the highest weight (ibid). The DEMOC factor measures the degree of democracy in a country (Marshall and Gurr, 2020). Characteristics considered include institutionalized constraints on executive power, guarantees of civil liberties to all citizens, and opportunity for citizens to "*express effective preferences about alternative policies and leaders*" (Marshall and Gurr, 2020, p. 14). Combined, these are also coded to give a score between 0 and 10, where constraints on the executive and competitiveness in political participation receive the highest weight (Marshall and Gurr, 2020, p. 15). The POLITY score is calculated by subtracting AUTOC from DEMOC (Marshall and Gurr, 2020). The result will be between -10 and 10, where -10 refers to the state being strongly autocratic, and 10 refers to the state being strongly democratic (ibid). These scores are normalized to vary between 0 and 1. The POLITY data is available for the entire 1981 to 2011 time period and for 164[6] countries.

The final control variable is the initial level of GDP per capita. This is included to account for convergence; that poorer economies tend to grow faster than richer ones (Koob, Jørgensen and Sano, 2017). The control variable is introduced by taking the natural logarithm of GDP per capita (referred to as log GDP per capita) and lagging this by the same rate as human rights are lagged (ibid). The lag placed upon human rights will be

[6] POLITY data is not available for Andorra, Antigua and Barbuda, Bahamas, Barbados, Belize, Bosnia Herzegovenia, Brunei Darussalam, Dominica, Grenada, Iceland, Kiribati, Liechtenstein, Maldives, Malta, Marshall Islands, Federal States of Micronesia, Monaco, Nauru, Palau, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Sao Tome and Principe, Seychelles, Tonga, Tuvalu and Vanuatu (CSP, 2020).

explained in the next section (section 3.3.4). If a lag of 5 years is introduced on the four groups of human rights, then a 5-year lag will also be introduced on the log GDP per capita, to account for the initial level of GDP per capita. Like GDP per capita, data on the log GDP per capita is available for the entire 1981-2011 time period and for all 193 countries (The World Bank, 2020). A complete overview of data and sources used in this study can be seen in Table 3 below.

Table 3: The data used to measure each of the four independent variables, two dependent variables and four control variables.

Variable	*Factor(s) representing the variable*	*Data source*	*Number of observations*
Basic human rights	Physical Integrity Rights Index which combines the variables extrajudicial killings, disappearances, torture, and political imprisonment	Cingranelli, Richards and Clay, 2014	4,823
Civil rights	New Empowerment Rights Index which combines the variables freedom of speech, freedom of religion, freedom of domestic and foreign movement, freedom of assembly and association, electoral self-determination and worker rights	Cingranelli, Richards and Clay, 2014	4,841
Economic Rights	Independence of the Judiciary	Cingranelli, Richards and Clay, 2014	4,856
Social rights	Combining the variables worker rights, women's economic rights, women's political rights, and women's social rights	Cingranelli, Richards and Clay, 2014	5,883
Economic growth	GDP per capita (current US$)	The World Bank, 2020a	5,357
Economic development	Human Development Index (HDI)	UNSD, 2020d	5,974
Inequality	GINI index (World Bank estimate)	The World Bank, 2020a	1,674
Absence of war and conflict	Political Stability And Absence Of Violence/Terrorism: Estimate	The World Bank, 2020a	2,448
Democracy	POLITY	CSP, 2020	4,537
Grouped growth	Log GDP per capita lagged by 5 years	The World Bank, 2020a	5,357

3.3.4 Lagged Variables

An important assumption for this study is that an improvement in human rights does not show in the economy right away. Rather, it is expected that it will take some years before a potential improvement is measured in the economy. This may be due to some of the effects outlined in Chapter 2. For example, if an improvement in human rights really does make foreigners more prone to invest in the economy, like it is argued by Sen (in Blume and Voight, 2007) these foreign companies will probably want to observe that the improvement is sustained before they invest. Therefore, the independent variables in this study are all lagged. A 5-year time lag is found to be reasonable. This assumes that it takes five years before an improvement in a government's human rights practices has had a large enough impact on, for example, trade and foreign investments, to create measurable and significant growth and development indicators. When it comes to the effect of human rights on economic development, determining an appropriate time lag with reasoning becomes more difficult. It is assumed that an improvement in certain rights, for example women's rights, may quite quickly affect some of the indicators contributing to HDI, for example the expected years of schooling. But at the same time, it is also expected that it will take some years before a bettering of women's rights show on the GNI per capita, and probably more than five years before it shows in the mean years of schooling actually completed. Five years is found to be a reasonable average time lag. But due to these uncertainties, a 1-year time lag is also tested on both the analysis of human rights and economic development, as well as for the economic growth analysis. For the economic growth dependent variable, the effect of human rights disappears when the time-lag is lowered. This indicates that the relation is not significant in the short run but only in the medium run, which resonates with the findings by Koob, Jørgensen and Sano (2017). For the second analysis, no relationship between human rights and economic development is found. This does not change when the time lag is decreased to 1 year. Therefore, the 5-year time lag is kept for both analyses[7].

Apart from lagged human rights, a measure of lagged economic growth and lagged economic development is also introduced as a separate regressor. This is to account for potential serial correlation in the model (Koob, Jørgensen and Sano, 2017). By adding lagged GDP per capita and lagged HDI on the right side of the equation, the model recognizes that growth and development today is dependent on growth and development in earlier periods. For economic growth, a short time lag is considered. Intuitively, short-run fluctuations in the economy happen all the time and many things are constantly affecting the economy. The argument here is that the economic output today is directly dependent on only what has happened in the last time period. Similarly, economic output in this last time period was also dependent on what the economy was like in the period just before that. The same rationale is applied to HDI, as GNI per capita, like GDP per capita, is only expected to be influenced by what has happened in the previous year. In the same way, though health and educational levels may dependent on reforms or policies introduced in previous decades, the observed levels of health and

[7] Test results with both a 1- and 5-year time lag can be found in Appendix II.

education are only assumed to be dependent upon themselves in the periods that have just passed. A 1-year time lag is, therefore, chosen. For comparison, a 2-year time lag was also tested on the lagged HDI and GDP per capita but this did not improve test results[8].

3.4 The Fixed Effects Method

The purpose of first conducting a quantitative analysis here is to test existing theory and establish whether or not there is a significant and positive relationship between each of the four groups of human rights and economic growth or economic development, across time and across countries. A large amount of data is, therefore, collected and a quantitative method is needed that can account for this. The fixed effects method is among the types of multiple regression analyses that can do exactly this. It measures the country-level average of variables across time and subtract it from the yearly observations in that country (Stock and Watson, 2015). Thus, it looks at the within-country variations (ibid). Furthermore, a fixed effects regression allows us to control for some omitted variables, which are likely to be present in this lengthy cross-country analysis (ibid). The omitted variables that the model can control for are referred to as the fixed effects (ibid). These may either be entity fixed effects, such as a country's culture or geographical location, that vary across countries but not across time (ibid). Or they may be time fixed effects, such as international financial crisis or a pandemic, that vary across time but are constant across countries (ibid). The assumption that such fixed effects are present is the basic assumption of the fixed effects method and expected to be a good fit for the panel data of this study. Nonetheless, a few alternative methods have also been considered, and these are outlined and tested below.

3.4.1 Alternative Methods

If fixed effects are not present, an Ordinary Least Squares (OLS) method can be used to analyze the data instead (Rstudio, no date). A test is, therefore, run to see whether or not fixed effects are present. The null hypothesis is that fixed effects are not present and, thus, that OLS is a better fit method (Torres-Reyna, 2010). The test is run for each of the four groups of human rights on economic growth and economic development respectively. For all eight combinations, the p-value observed was well below 0.01 and, therefore, the null hypothesis could be rejected at a 1 percent significance level[9]. This means that the fixed effects method is more appropriate for our data than an OLS regression (ibid). The significance level refers to the probability that the null hypothesis is rejected even though it is true (Agresti and Franklin, 2013). It is also important to know whether the fixed effects are correlated with the independent variables or not, as it determines whether a fixed effects or random effects method is most appropriate (Rstudio, no date). A Hausman test tests exactly this (ibid). The null hypothesis is that they are not correlated and that the random effects method is a better fit method (ibid). The random effects method is similar to fixed effects but assumes that the unknown effects are

[8] Test restults from the 2-year time lag of GDP per capita and HDI can be found in Appendix III.
[9] The complete test results can be found in Appendix IV.

not correlated with the regressors (Wooldridge, 2013). The test is run for each of four groups of human rights on economic growth and economic development respectively. For all eight combinations, the p-value was well below 0.01 and the null hypothesis was rejected at a 1 percent significance level[10]. This means that there are unknown effects present that are correlated with the independent variables (ibid). This also means that a random effects method is not appropriate for this study (ibid).

3.4.2 Assumptions and Specifics of the Fixed Effects Method

Knowing that the fixed effect method is indeed the best fit for this study and its data set, a few more assumptions and specifics about the fixed effects method will be introduced. When testing which is the better fit between OLS and fixed effects, we found that entity fixed effects were indeed present, and the OLS method, thus, was unsuitable. But the concept of time fixed effects has also been introduced. And, so far, we have not tested for the presence of these. Therefore, a test is run to check whether the fixed effects method with or without the time fixed effects is a better fit for our data. For this test, the null hypothesis is that time fixed effects are not relevant for our data (Torres-Reyna, 2010). The test is run for each of the four groups of human rights against economic growth and development respectively. For both the economic growth and economic development dependent variables, the p-value was well below 0.01 and the null hypothesis was rejected at a 1 percent significance level[11]. This means that we should include time fixed effects in our model. A fixed effects model with both entity and time fixed effects can be written as: $Y_{it} = \beta_1 X_{it} + \alpha_i + \lambda_t + u_{it}$ (Stock and Watson, 2015). Y_{it} and X_{it} are the dependent and independent variables respectively, where *i* represent the i^{th} country and *t* the t^{th} time period (ibid). $\beta_1$is the slope coefficient and is the same for all countries, while it's intercept varies across countries (ibid). α_i absorb the entity fixed effects and is given by the formula: $\alpha_i = \beta_0 + \beta_2 Z_i$ where Z_i is an omitted variable that varies between countries but not across time (ibid). λ_t absorbs the time fixed effects and is given by the formula: $\lambda_t = \beta_0 + \beta_3 S_t$ where S_t is an omitted variable that changes over time but is identical across countries (ibid). Finally, u_{it} is the error term (ibid).

Finally, the fixed effects method also comes with a number of assumptions. The first is that there is no omitted variables bias (Stock and Watson, 2015). This is the bias that arises when a variable has been omitted that is correlated with the independent variable and has an effect on the dependent variable (ibid). If this is the case, and then the coefficient of the independent variable in question is likely to be biased, as it will 'catch' some of the effects of the omitted variable (ibid). For example, the absence of war and conflict is likely to be correlated with human rights. This was argued by Blume and Voigt (2007) in Chapter 2, who said that involvement in war will lead to more human rights abuses. Furthermore, it is easy to imagine how involvement in war may have an effect on economic growth or development in a country. We, therefore, need to account for 'absence

[10] The Hausman test results can be found in Appendix V.
[11] The complete test results can be found in Appendix VI.

of war and conflict' in our model, or omitted variable bias will arise. This is done by including absence of war and conflict as a control variable in our model. It is difficult to measure if relevant variables are omitted and, thus, either creating an upward or downward bias on the coefficient of the independent variable in question. However, variables that do not change over time but only across countries are, per the fixed effects definition, captured by the entity fixed effects and, therefore, accounted for (ibid). Furthermore, time fixed effects are also accounted for. We should, therefore, only be concerned with variables that vary across both time and countries. In an attempt to account for these, all variables outlined in theory that are expected to affect both human rights and economic growth are included as control variables.

A second assumption is that variables in one country are independent from the variables of another country (Stock and Watson, 2015). However, variables within a country do not have to be independent (ibid). This means that the level of human rights in one country cannot be dependent on the level of human rights in another country. But human rights in one country at one point in time can be dependent on the level of human rights in that country for another year. If this is the case, then the rights are said to be autocorrelated (ibid). In the same way, the error term can also be autocorrelated (ibid). It is said to be autocorrelated even if just some of the omitted factors are autocorrelated (ibid). We can test for autocorrelation with a Breusch-Godfrey test, which tests for autocorrelation in the error term (Broniecki, 2018). The null hypothesis is that there is no autocorrelation (ibid). For each group of rights, no matter for which of the dependent variables, the p-value was above 0.05[12]. Hence, for none of the groups of rights could the null hypothesis be rejected at a 5 percent significance level and it seems that autocorrelation in the error term was present. We, therefore, have to account for autocorrelation in the standard errors (ibid). But before doing so, two other tests are run.

First, we test for cross-sectional dependence (Broniecki, 2018). This is found when a limited range of countries, for example a geographical region, react to an external shock in the same way (ibid). We test whether cross-sectional dependence is present through a Peasaran test (ibid). Here, the null hypothesis is that it is not present (ibid). For all groups of rights and both dependent variables, the p-value was below 0.01 and the null hypothesis could, therefore, be rejected at a 1 percent significance level[13]. Next, we test for heteroskedasticity. This tests whether the variance in the error term, u_{it}, is constant (Stock and Watson, 2015). If this is the case, then the error term is homoskedastic (ibid). If not, then it is heteroskedastic (ibid). We test this using a Breusch-Pagan test with the null hypothesis that the error term is homoskedastic (Torres-Reyna, 2010). For all human rights against both dependent variables, the p-value was very small and far below 0.01. The null hypothesis was, therefore, rejected at a 1 percent significance level and heteroskedasticity is present[14]. As a consequence, we

[12] The Breusch-Godfrey test results can be found in Appendix VII.
[13] The Peasaran test results can be found in Appendix VIII.
[14] The Breusch-Pagan test results can e found in Appendix IX.

have to account for this in our standard errors (Stock and Watson, 2015). This is because the standard errors provided by default are the homoskedastic standard errors and, because we know the homoskedasticity assumption was false, these were derived under false assumptions (ibid). Instead, we use the Driscoll and Kraay SCC standard errors that can account for both autocorrelation, heteroskedasticity, and cross-sectional dependence (Broniecki, 2018). This correction will be made throughout the statistical analyses. Two final fixed assumptions should also be mentioned. The first is that there is no perfect multicollinearity (Stock and Watson, 2015). Perfect multicollinearity occurs if an independent variable is a perfect linear function of another independent variable (Stock and Watson, p. 246). Mathematically, this creates a division of zero (ibid). Across all independent variables, no multicollinearity was found[15]. The final assumption is that the fixed effects estimator is consistent and normally distributed when the number of observations are large (Stock and Watson, 2015). To check this, a more subjective test is conducted. Here, the residuals across all eight combinations of human rights, growth and development are plotted both alone in a histogram and against in a quantile-quantile plot to see the correlation between the sample and the normal distribution[16] (Endsley, 2016). Both plots of residuals show that the assumption holds and that the normal distribution is present.

3.5 The Case Study Approach

Once the quantitative analysis has established whether there is a significant and positive relationship between human rights and economic growth and development, a case study analysis is conducted. According to Yin (1984, p. 23) a case study "*investigates a contemporary phenomenon within its real-life context"*. This is done to better understand variations in the dependent variable, in this case being specific country characteristics necessary for human rights to be implemented with an economic benefit (Lieberman, 2005). To understand these variations better, four case countries are selected; two focusing on the relationship between human rights and economic growth and two focusing on the relationship between human rights and economic development. The countries are chosen based on their residuals in the given model. For example, if it is found that civil rights do in fact cause economic growth, like it is argued by Koob, Jørgensen and Sano (2017), then case countries will be selected based on residuals in the fixed effects model where civil rights is the independent variable and economic growth is the dependent variable. The residual values, being the distance from a data point to the modelled regression line, are plotted on a graph. If a country's actual observed values are far from the values predicted by the model, then the residual will be large. On the graph, this will be seen as a dot far from 0, as zero indicates that the predicted value and observed value were identical. Thereby, the plot of all residuals will show how close the residuals in a country are to zero. From this graph, one country with small residual, close to zero will be chosen. In such a country, the model did well in predicting outcomes. It will be compared to a country where the model did not do such a good job. Here, the residuals should be large and, thus, generally

[15] The complete test results can be found in Appendix X.
[16] All histograms and qqplots can be found in Appendix XI.

far from 0. The two case countries should be geographically close and similar in their culture, heritage, history, and the like to get rid of differences between the countries that are likely to be irrelevant for the relation between human rights and growth or development

Comparing the intermediaries suggested in Chapter 2 as well as other country characteristics in these case countries will, hopefully, allow us to make some sense of potential factors that are needed for human rights to drive economic growth and development. This type of case study is referred to as a 'generalizing' case study, as well as a combination of the 'theory-confirming' and 'theory-infirming' case study (Moses and Knutsen, 2012). It is used in trying to understand why a given phenomenon takes place while comparing it to a theoretical proposition (ibid). The theory-confirming case study wants to use the case to show how the theoretical proposition is true, while the theory-infirming case study focuses on the weaknesses of the theory (ibid). Hence, by choosing two case countries, this research will discover both strengths and weaknesses of our quantitative model, built on the basis of the theoretical positions outlined in Chapter 2. This should help us provide generalizable answers to the research question. Information about the case countries is obtained primarily from the Freedom House's "Freedom in the World" reports. These will be used to gain a basic understanding of the state of human rights and other institutional factors in the countries. This data source is selected because the report collects information from a number of sources, such as the press, academia non-governmental and multilateral organizations, and on-the-ground researchers (Freedom House, 2020). These sources are analyzed by experts from academia, think tanks and human rights bodies (ibid). This, once again, may lead to bias and subjectivity problems that should be taken into consideration as the reports are referenced. But due to the variety of stakeholders involved in the data collection for Freedom House, it is also considered that individual bias is well accounted for. Furthermore, data banks such as the World Bank and United Nations Statistics Division will be used to access basic figures on, for example, inequality.

4. The Fixed Effects Analysis

4.1 The Relationship Between Human Rights and Economic Growth

According to the theoretical positions previously outlined, it is expected that at least some groups of human rights should have a positive effect on economic growth. Most of the human rights scholars argued that all four groups of rights should have a positive effect on growth. Only Hayek (in Blume and Voight, 2007) and Posner and Barro (ibid) did mention that social rights and basic human rights respectively may also have the opposite, negative effect, while Lee argued that there is a general trade-off between human rights and economic growth (Koob, Jørgensen and Sano, 2017). Therefore, the first analysis conducted here investigates whether each of the four groups of rights, run individually, have a positive effect on economic growth. In this model, X_{it} is replaced by a group of rights in a given country in a given year. The null hypothesis is that human rights has no effect on economic growth. The results from the fixed effects model are summarized in Table 4 below. They show that with a 5-year time lag on human rights, only economic rights have had an effect on economic growth. For basic, civil and social rights, the null hypothesis could not be rejected[17]. Note that the R-squared (R^2) value shows how good the model in question is at predicting the actual relationship between the independent and dependent variables (Agresti and Franklin, 2013). The Adjusted R^2 (Adj. R^2) is similar, except it also accounts for the number of independent variables in the model so that the model cannot be strengthened simply by adding more variables (ibid). The R^2 value used for fixed effects models is the within R^2. It shows how much of the variation over time that can be explained by the time-varying covariates (Endsley, 2019). For all four groups of rights analyzed against economic growth, the R^2 value is quite high, at 0.78.

Table 4: The effect of each group of human rights on economic growth.

	Basic human rights	*Civil rights*	*Economic rights*	*Social rights*
Estimate (Standard error)	-295.19 (521.24)	-1,045.45 (702.24)	1,123.26*** (376.34)	659.45 (1,107.73)
Observations/ Countries	746/ 133	747/ 133	758/ 138	747/ 133
Adj. R^2 (within)	0.78	0.78	0.78	0.78

Notes: The model is a two-ways fixed effect regression implemented using the lfe command in R-studio. The standard errors are corrected using the plm and scc coeftest command in R-studio. The dependent variable is Growth, measured as GDP per capita. The independent variables, the four groups of human rights, are lagged by five years. Control variables are: GDP per capita lagged by one year, log GDP per capita lagged by five years, inequality, regime type, and absence of war and conflict.
** p<0.1; ** p<0.05; *** p<0.01.*

[17] The results of running all four groups of human rights individually against economic growth can be found in Appendix XII.

It is surprising that three groups of rights show no positive and statistically significant effect on economic growth. A number of the theories outlined in Chapter 2 assumed that other groups of rights would be equally effectful in driving growth. For example, Blume and Voigt (2007) argue that basic human rights should also lead to increased investments and, thereby, economic growth, while social and civil rights should create economic growth through an increase in productivity. Nonetheless, both Sen, Barro and Posner (in Blume and Voigt, 2007) have introduced the observed effect of economic rights on economic growth. They argue that economic rights lead to security in a market, creating more incentives for investments and trade (ibid). The state of these potential intermediaries will be explored further in the case studies of the next chapter. When testing all four groups of rights collectively against economic growth, the same pattern appears. Again, only economic rights show a significant, yet strong and positive effect on human rights[18]. The coefficient for economic rights increases to 1,331.17 and the standard error, corrected for heteroskedasticity and autocorrelation, increases to 473.07. The reason for considering all four groups of rights at once is that more often than not some rights from all four groups will be present in a country.

4.2 The Relation Between Human Rights and Economic Development

In the existing theory, the relationship between human rights and economic development has been less investigated than the relationship with economic growth. However, as economic growth is a factors in the HDI, an improvement to growth stemming from human rights is expected to also show off in the HDI. Therefore, the null hypothesis tested here is that human rights have no effect on economic development. In the fixed effects model, X_{it} represents the group of rights in question, in a given country at a given year in time, while Y_{it} represents the independent variable, economic development. When running each of the four groups of rights individually against human rights, no statistically significant results are found and the null hypothesis, therefore, cannot be rejected[19]. We cannot reject that human rights are without effect on development. These results can be seen from Table 5 below. Once again, the adjusted R^2 value is high, at around 0.80.

[18] The results of running all four groups of human rights combined against economic growth can be found in Appendix XIII.

[19] The results of running all four groups of human rights individually against economic development can be found in Appendix XIV.

Table 5: The effect of each group of human rights on economic development.

	Basic human rights	*Civil rights*	*Economic rights*	*Social rights*
Estimate (Standard error)	0.15 (0.14)	-0.28 (0.20)	0.11 (0.13)	-0.12 (0.25)
Observations/ Countries	736/ 132	737/ 132	747/ 137	737/ 132
Adj. R^2 (within)	0.79	0.80	0.79	0.80

Notes: The model is a two-ways fixed effect regression implemented using the lfe command in R-studio. The standard errors are corrected using the plm and scc coeftest command in R-studio. The dependent variable is economic development, measured through the HDI. The independent variables, the four groups of human rights, are lagged by five years. Control variables are: HDI lagged by one year, log GDP per capita lagged by five years, inequality, regime type, and absence of war and conflict.
** p<0.1; ** p<0.05; *** p<0.01.*

Surprisingly, though, when running all four groups of rights collectively against economic development, both basic and civil rights have an effect on economic development, though only at a 10 percent significance level. Furthermore, the observed effect of civil rights is negative[20]. This can be seen from Table 6 below. For economic and social rights it remains that no significant effect is found. The argument for introducing all four groups of rights at once is, that it is highly likely that at least some rights from each of the four groups will be present within a country at the same time. Considering the argument that human rights should lead to an increase in economic development because they cause an increase in economic growth seems not to hold. For only economic rights were only found to cause growth and from this regression analysis it is clear that there is no significant effect of economic rights on development. The R^2 value is high at 0.79.

[20] The results of running all four groups of human rights combined against economic development can be found in Appendix XV.

Table 6: The effect of all four groups of human rights on economic development.

	Basic human rights	*Civil rights*	*Economic rights*	*Social rights*
Estimate (Standard error)	0.28* (0.15)	-0.37* (0.22)	-0.041 (0.14)	0.07 (0.27)
Observations/ Countries		736/ 132		
Adj. R^2 (within)		0.79		

Notes: The model is a two-ways fixed effect regression implemented using the lfe command in R-studio. The standard errors are corrected using the plm and scc coeftest command in R-studio. The dependent variable is economic development, measured through the HDI. The independent variables, the four groups of human rights, are lagged by five years. Control variables are: HDI lagged by one year, log GDP per capita lagged by five years, inequality, regime type, and absence of war and conflict.
** p<0.1; ** p<0.05; *** p<0.01.*

To better understand what drives the effect of basic and civil rights on economic development, we recall that the variables are measured through indices in the CIRI data that combined a range of other variables. Therefore, a new and separate analysis will be run on the sub-indicators underlying basic and civil rights to see if one or more of these are specifically important for the relationship. Though this study is not particularly interested in the negative effect of civil rights, it may have important implications for theory and political decisions-making. Thus, both basic human rights, civil rights and their sub-indicators will be considered.

4.2.1 Basic Human Rights and Economic Development

The CIRI data variable behind the measure of Basic Human Rights is the Physical Integrity Rights Index. This Index is compiled from indicators on torture, extrajudicial killing, political imprisonment, and disappearance (Cingranelli and Richards, 2014a). To see if one or more of these sub-indicators are behind driving the positive relationship, a separate analysis is run. When running each of the sub-indicators individually against economic development, both improvements to the political imprisonment and torture sub-indicators showed a positive effect on economic development, though only at a 10 percent significance level[21]. For the remaining two groups the null hypothesis; that there is no relationship between the independent and dependent variable, could not be rejected. The results can be seen in Table 7 below. When running all four of the sub-indicators collectively, the findings remain. Both political imprisonment and torture had a positive effect on economic development at a 10 percent significance level[22]. However, both coefficients decreased a bit. The new coefficient for political

[21] Results from running the basic human rights sub-indicators individually against economic development can be found in Appendix XVI.
[22] Results from running all four basic human rights sub-indicators combined against economic development can be found in Appendix XVII.

imprisonment was 1.30, with a corrected standard error of 0.77, while the torture coefficient was 1.23 with a standard error of 0.74. The R^2 value remained high at 0.80.

Table 7: The effect of each of the four basic human rights sub-indicators on economic development.

	Disappearance	*Extrajudicial killing*	*Political imprisonment*	*Torture*
Estimate (Standard error)	0.04 (0.80)	-1.02 (0.84)	1.32* (0.78)	1.24* (0.75)
Observations/ Countries	736/ 132	737/ 132	737/ 132	737/ 132
Adj. R^2 (within)	0.79	0.80	0.80	0.80

Notes: The model is a two-ways fixed effect regression implemented using the lfe command in R-studio. The standard errors are corrected using the plm and scc coeftest command in R-studio. The dependent variable is economic development, measured through the HDI. The independent variables, the four sub-indicators of basic human rights, are lagged by five years. Control variables are: HDI lagged by one year, log GDP per capita lagged by five years, inequality, regime type, and absence of war and conflict.
** p<0.1; ** p<0.05; *** p<0.01.*

4.2.2 Civil Rights and Economic Development

Because civil rights were also found to have an effect, though negative, on economic development, this variable will also be explored a bit more. In the CIRI data it is measured through the Empowerment Rights Index. The Empowerment Rights Index combines of measures on foreign and domestic movement, freedom of speech, assembly and association, worker rights, electoral self-determination, and freedom of religion (Cingranelli and Richards, 2014a). Thus, in order to better understand the negative relation between civil rights and economic development, a new fixed effects analysis is run including each of these sub-indicators individually as independent variables. Here, it is found that none of the seven civil rights sub-indicators have a significant effect on economic development[23]. But when running all seven sub-indicators combined against economic development, assuming that they are all present to some degree in an economy, a slight positive effect is found between the right to domestic movement and economic development. This can be seen from Table 8 below. Still, no significant and negative effects are found[24].

[23] Results from running the civil rights sub-indicators individually against economic development can be found in Appendix XVIII.
[24] Results from running all seven civil rights sub-indicators combined against economic development can be found in Appendix XIX.

Table 8: The effect the seven civil rights sub-indicators on economic development when run combined.

	Foreign movement	*Domestic movement*	*Freedom of speech*	*Assembly & association*	*Worker rights*	*Electoral self-determinations*	*Freedom of religion*
Estimate	-0.16	0.21*	-0.06	-0.13	-0.09	-0.01	-0.06
(standard error)	(0.14)	(0.12)	(0.09)	(0.11)	(0.09)	(0.10)	(0.09)
Observations/ countries				737/ 132			
Adj. R^2 (within)				0.80			

*Notes: The model is a two-ways fixed effect regression implemented using the lfe command in R-studio. The standard errors are corrected using the plm and scc coeftest command in R-studio. The dependent variable is economic development, measured through the HDI. The independent variables, the seven sub-indicators of civil rights, are all included at once in the analysis and lagged by five years. Control variables are: HDI lagged by one year, log GDP per capita lagged by five years, inequality, regime type, and absence of war and conflict. * p<0.1; ** p<0.05; *** p<0.01.*

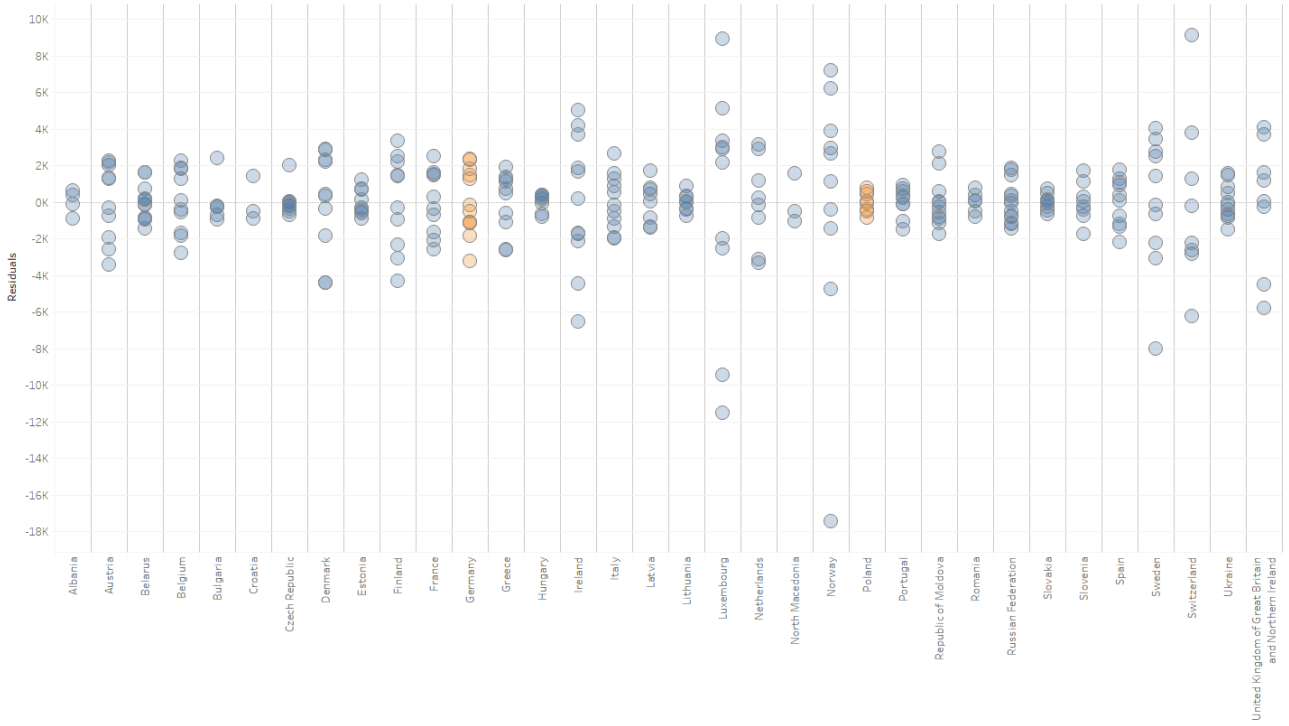
To sum up, a strong and positive relation was found between improving economic rights and a growing economy. However, there were no indications that this effect would in turn lead to economic development. Rather, findings indicate a positive relationship between basic human rights, driven by less political imprisonment and torture, and economic development. Similarly, it was found that there was also some relationship between freedom of domestic movement and economic development. However, the effect of these factors on development was only significant when all human rights were considered present, to some degree, at the same time. This does not seem like an unreasonable assumption but it should be explored further in the case studies of the next chapter.

5. Case Study Analyses

5.1 Economic Rights and Economic Growth

Based on the findings from the quantitative analysis, the first part of this chapter will compare two countries: one with small residuals that fit the model of economic rights and economic growth well, and one where the residuals were larger, indicating that the actual values of a country were far from the predicted values of the model. To select the two case countries, the residuals of all 138 countries that were included in the model were plotted[25]. From this, two geographically close countries were chosen. The first is Poland, which was chosen because its residuals for all years were fairly close to 0. An attempt was then made to find a country close to Poland that, oppositely, had residuals that were generally larger. Generally, however, the all Eastern European countries all had residuals close to 0. Meanwhile, Northern and Western European countries seemed to have a much larger spread in residuals with many of these being far from zero. This can be seen from Figure 2 below. Keeping in mind that the second country should be as close as possible to Poland both geographically and in its historical heritage, the second case country chosen is Germany. Both Poland and Germany are highlighted in Figure 1 below for a better visualization of the differences in their residuals.

Figure 1: The residuals of European countries from the model analyzing the effect of economic rights on economic growth. Each mark represents the residual for given country in a given year. Poland and Germany are highlighted in orange.



[25] The residual plots for all 138 included countries can be found in Appendix XX.

Before looking into the characteristics of these two countries, it was briefly considered why the Northern and Western European countries had larger residuals than many of the other European countries. From looking at the variables in these countries, it can be seen that they generally had a high and constant level of economic rights and a simultaneously growing economy. This is also the case in Germany. Meanwhile, the Eastern European countries shows much more variety and more frequent fluctuations in the level of economic rights, such that it can also be seen for Poland in Figure 3 below. This may indicate that the model cannot catch the effect of a constant level of human rights on growth. It might better catch the effect of improvements or worsening of the rights on growth. This relationship will also be discussed in Chapter 6. Despite this potential weakness of the model, a statistically significant effect of economic rights on economic growth was still observed. Thus, there is still reason for trying to understand this relationship better.

To get a greater understanding of the state of economic rights and growth in Germany and Poland, these variables are plotted. This can be seen from Figure 2 and 3 below. Note that data on economic growth in Poland is only available from the end of the Cold War and, therefore, the graphs only include the years 1990 to 2011. As it can be seen from the graphs below, while economic rights were high in Germany, at a constant level of 1 between 1990 and 2011, the German economy did not grow throughout the entire time period. Actually, between 1995 and 2001, GDP per capita was falling. Meanwhile, a few fluctuations in the Polish level of economic growth did not show on the Polish economy, which continued to grow. Nonetheless, Germany does show both a higher level of economic rights and a higher average GDP per capita than Poland.

Figure 2: Economic rights in Germany and Poland between 1981 and 2011 (Cingranelli, Richard and Clay, 2014).

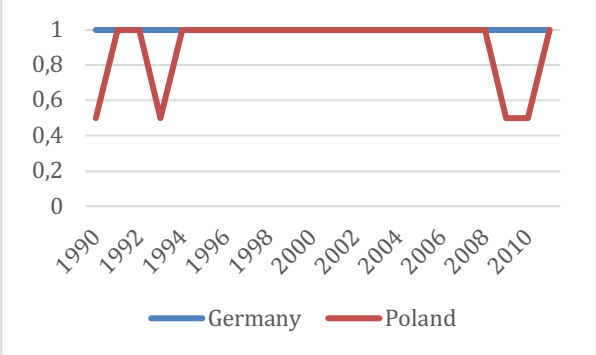
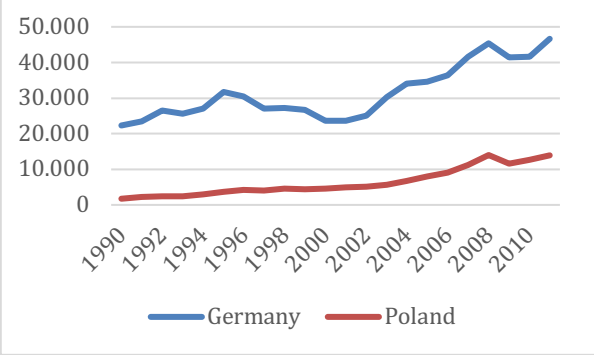


Figure 3: Economic growth in Germany and Poland between 1981 and 2011 (The World Bank, 2020a).



To better understand similarities and differences between the two countries, we will zoom in on the time period between 1990 and 1996. Here, Poland experienced quite a few fluctuations in their level of economic rights. Meanwhile, assuming that it takes five years for human rights to affect economic growth, this is the time period for which economic rights in Germany should have changed in such a way that it contributed to a fall in

economic growth five years later. We do not assume that economic rights alone determine economic output in an economy. But investigating human rights for this time period may still reveal some human rights characteristics in Germany that could have contributed to the fall in growth. Furthermore, similarities and differences between these two countries should help test some of the theoretical propositions about what other factors that have an impact on economic rights and economic growth. More specifically, what factors from these two countries may explain how economic rights affect economic growth? And are there factors that are important for determining the level of human rights, that states should be aware of in future policy- and decision-making? Finally, it will also be considered whether the presence of other rights is necessary for an increase in economic rights to positively affect economic growth. The first section, section 5.1.1, will outline and discuss some of the potential factors that could have an influence on both human rights and economic growth in the two countries. The following section, section 5.1.2, will then look at the general level of human rights in the two countries and discuss whether interactions between different groups of rights can play a role in the economic outcome. Findings from this part of the chapter will be compared to findings from the two other case studies later in this chapter.

5.1.1 The German and Polish Economies Between 1990 and 1996

As the Cold War came to an end, both Germany and Poland experienced significant structural changes. In Germany, the East and West were formally unified in the fall of 1990 (Freedom House, 1991). And in Poland, the communist regime also slowly became a thing of the past, as the country began a transformation towards democracy (ibid). Furthermore, both the previous East Germany and Poland were liberating their economies, for example through great privatization schemes of the many state-owned companies (Freedom House 1991; 1992). In Germany, this had enormous consequences. Already in 1990, the government projected that more than 4 million people living in what had been East Germany would be out of work by the end of the year (Freedom House, 1991, p. 170). Many would lose their job because the previously state-owned companies could not survive under free market conditions (ibid). From 1991 to 1993, the economic decline from the East German liberalization continued with unemployment rates still rising (Freedom House, 1991). At the same time, taxes were increased, causing a slowdown in spending and, thus, the economy overall (ibid). Investors were reluctant to make the investments necessary for the success of the privatization schemes (ibid). Thus, though the economy was growing overall, what had been the East before was hurt and faced with difficult circumstances (The World Bank, 2020). By 1993, the economic challenges led to government wanting to reduce social spending and unemployment benefits (Freedom House, 1994). But finally, in 1994, the German economy started recovering and unemployment were in fast decline (Freedom House, 1995). The economy continued to growth in 1995, but unemployment rates went back up throughout 1995 and 1996 (Freedom House, 1996).

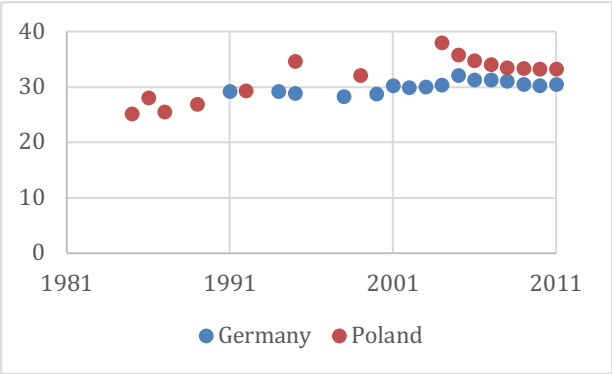
In Poland, 1990 was a year of political conflict, as opposing parties widely disagreed on the future of the country (Freedom House, 1991). Existing laws that did not provide for completely free elections and the fast rate of liberalization was among the main conflicts (ibid). A number of economic reforms were introduced, widely liberalizing the economy, but this came with the initial cost of increasing unemployment rates (ibid). Strict wage controls also caused a drop in living standards, giving rise to protests and strikes (ibid). However, generally the public supported the economic reforms and, as the year passed, new political coalitions were made, settling some of the initial conflict (ibid). By the end of 1990, Poland elected its first non-Communist government (ibid). That was despite the fact the 35 percent of the seats in parliament were still reserved for the former Communist party (ibid). After another year marked by political turmoil, Poland eventually held its first fully democratic elections in 1991 (Freedom House, 1992). Nonetheless, political conflict was still roaring, as the new parliament was fragmented (ibid). Unemployment rates also continued to rise, and it was a difficult task to stabilize the economy (ibid). By 1992, a new coalition government was founded as five parties found common ground (Freedom House, 1993). However, some argued that this government only survived because of the lack of a strong opposition (ibid).

As the years passed, the Polish economy was still troubled by high unemployment rates and a budget deficit, though achieving some of the highest growth rates in Eastern Europe (Freedom House, 1993; 1995). This led to social unrest as well as Eastern Europe's fastest rising crime rates (Freedom House, 1995). In 1994, unemployment rates reached 15 percent (ibid). Still, further privatization schemes were initiated (ibid). As a consequence, the people elected a Communist government in the 1993 parliamentary election (Freedom House, 1994). In the words of the Freedom House report (1994) *"despite sustained economic growth, they wanted to slow the pace of privatization and free-market reforms"*. A majority of voters asked wanted more social security and better health care (ibid). The new government continued democratization and liberalization processes but promised to do so at a slower rate (ibid). But social security was still hard to find, causing for continued demonstrations and strikes (Freedom House, 1995). Some increase to wage levels and decrease in unemployment rates were, however, achieved. Furthermore, the government lobbied for Polish inclusion in multilateral organizations such as the North Atlantic Treaty Organization (NATO) and the European Unions (EU) (Freedom House, 1994; 1995). By 1996, they were admitted into the Organization for Economic Co-operation and Development (OECD) (Freedom House, 1997).

McKay and Vizard (2005) argue that the sustainability of economic growth depends on a governments' commitment to ensure that the growth trickles down through society, for example by ensuring low inequality rates. But it seems from the descriptions above that both the German and Polish governments used their increased income to fund further privatization schemes rather than to provide social security. At the same time, unemployment rates were increasing in both countries. Thus, it seems that both countries achieved high growth

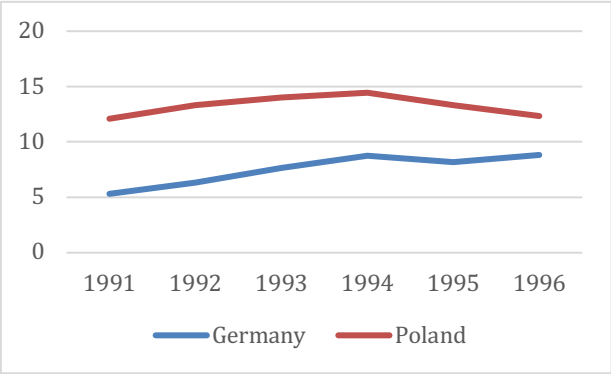
rates without actually ensuring equality. To get a better understanding of the inequality in both countries, the level of inequality and unemployment was considered. Inequality was introduced in the quantitative model as a control variable, as it was assumed to be an external factor correlated with human rights and affecting economic growth. Inequality, in this study, is measured through the GINI index. Between 1990 and 1996, only five data entries about the German and Polish GINI index are available (The World Bank, 2020a). Therefore, rather than only considering these years, Figure 4 below shows the tendencies in GINI index scores in the two countries from 1981 to 2011. This shows that the Polish scores were initially low, indicating a low inequality (ibid). But since the early 1990s, Poland has received a higher score than Germany (ibid). A similar worsening of economic rights and economic growth in Poland is not found. Therefore, no direct causality is found between these variables. Nonetheless, it cannot be rejected that a low level of inequality is generally correlated with the high levels of economic rights and economic growth found in Germany as compared to Poland.

Figure 4: The GINI index in Germany and Poland between 1981 and 2011 (The World Bank, 2020a).



Note: No data is available before 1985 in Poland and 1991 in Germany (The World Bank, 2020a).

Figure 5: Unemployment rates (modelled ILO estimate) in Germany and Poland between 1991 and 1996 (The World Bank, 2020a).



Unemployment rates in both countries were described by Freedom House as skyrocketing for the early 1990s (Freedom House, 1992; 1993; 1994; 1995; 1996; 1997). The World Bank data on unemployment as a percentage of the total labor force confirms these claims (The World Bank, 2020a). As it can be seen from Figure 5 above, unemployment rates in both countries increased until 1994, where they stabilized in Germany and started decreasing in Poland[26] (ibid). In Poland, this was the same year as economic rights stabilized, indicating a potential relation between the two. However, no change in the German economic rights was found

[26] Unemployment rates from 1991 to 2011 for Germany and Poland can be found in Appendix XXI. Note that the unemployment rates are not available before 1991 and unemployment rates for the entire 1981-2011 time period are, therefore, not included (The World Bank, 2020a).

between 1994 and 1995 when their unemployment rates briefly fell. Generally, Germany achieved both lower unemployment rates and better economic rights and economic growth than Poland. Thus, there might be some correlation between these factors.

Apart from low inequality, Marslev and Sano (2016) add that political stability is also important for the state of human rights and for economic growth. Between 1990 and 1996, both Germany and Poland were transforming and democratizing their political systems. Hence, both the institutional and political environment was drastically changing (Freedom House, 1992; 1993; 1994; 1995; 1996; 1997). In Germany, however, the new political direction was met with little opposition (ibid). Furthermore, fraud and corruption was not an issue (ibid). The only issue was the current politicians were found to have been involved with the previous Stasi police (ibid). Investigations were ongoing, and when such connections were revealed, the politicians were asked to step down (ibid). In Poland, the situation was very different. Here, politicians and other high-ranking public officials were regularly faced with bribery charges and, generally, the political landscape of the early 90s was fragmented (ibid). In the country's first free elections in 1991, almost 30 parties were elected into parliament, making it extremely difficult to find common ground for decision-making (Freedom House, 1994). Furthermore, Poland experienced much more disagreement over the future direction of the country (ibid). In 1996, Prime Minister Josef Oleksy stepped down after allegations that he had been collaborating with Soviet and Russian intelligence units (Freedom House, 1997). And by 1998, neither the judicial system nor the media was considered completely independent and free from government influence, though some improvements had been made (Freedom House, 1998). This political instability may explain some of the fluctuations in economic rights in Poland as well as the stable level of these rights in Germany.

Apart from factors that influenced human rights and economic growth separately, it has also been argued that increased investments and trade may be important intermediaries in the relationship between human rights and economic growth (Blume and Voigt, 2007; Blanton and Blanton, 2007). Therefore, the level of these in Germany and Poland will be considered here. Foreign direct investment (FDI) is measured through the World Bank's (2020a) 'Foreign direct investment, net inflows (% GDP)' variable. This measures the new investment inflows in a country, minus disinvestments and only include investments that have "*acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor*" (The World Bank, 2020b). The data is collected from a variety of sources, including the International Monetary Fund (IMF), International Financial Statistics and Balance of Payments databases, World Bank, International Debt Statistics, and World Bank and OECD GDP estimates (ibid). As it can be seen from Figure 6 below, FDI in both countries started off at the same level in 1990 but quickly increased in

Poland[27] (The World Bank, 2020a). Only between 1993 and 1994 did Poland not have growth in investments (ibid). At the same time, Poland experienced an increase in economic rights, which would indicate a negative effect of economic rights on FDI. However, no such relation is found for the rest of the time period nor in Germany. In Germany, FDI remained much lower, though it did increase some between 1992 and 1996 (ibid). This resonates well with Freedom House's description of how Germany had a hard time attracting investments into their economy after the reunification of the East and West (Freedom House, 1991). However, it does not explain the high levels of economic rights and economic growth here.

Figure 6: Foreign direct investment, net inflows as a percentage of GDP in Germany and Poland between 1990 and 1996 (The World Bank, 2020a).

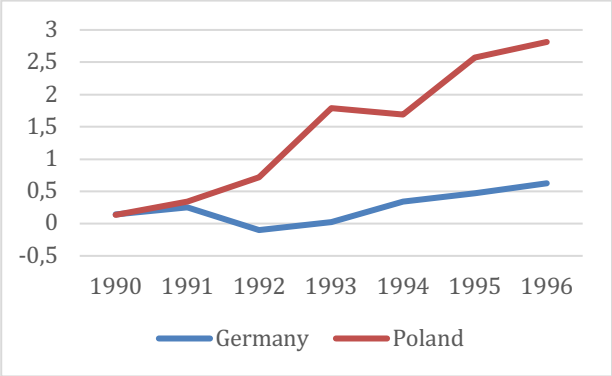
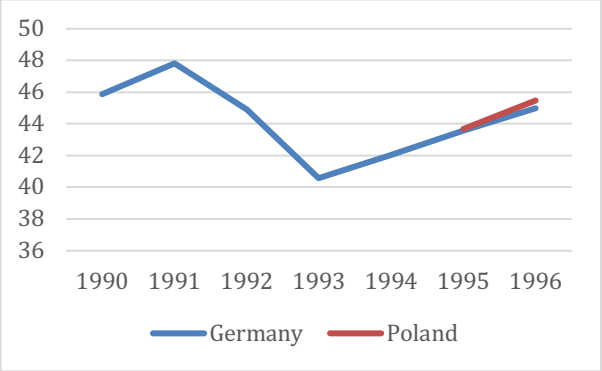


Figure 7: Trade as a percentage of GDP in Germany and Poland between 1990 and 1996 (The World Bank, 2020a).



Note that trade as a percentage of GDP data for Poland is only available from 1995.

Trade is measured through the World Bank's (2020h) 'Trade (% GDP) variable and defined as the sum of a country's exports and imports of goods and services measured as a share of gross domestic product. Their data is collected from their own national accounts data and OECD National Accounts data files (ibid). Once again, the available data makes it hard to draw conclusions about trade as an intermediary. For Poland, data is only available from 1995 but the available data shows that the two countries had approximately the same level of trade[28]. This can be seen from Figure 7 above. Thus, it does not seem that the higher levels of economic rights in Germany had an effect on trade and, subsequently, economic growth. Furthermore, there was a drop in trade rates in Germany between 1991 and 1993, but this drop does not seem to have been offset by a drop in economic rights. It could, however, be an influential factor for the drop in German economic growth five years later.

[27] The level of FDI as a percentage of GDP for the entire 1981-2011 time period for both Germany and Poland can be found in Appendix XXII. Note that FDI data for Poland is not available before 1990 (The World Bank, 2020a).
[28] The level of trade as a percentage of GDP for the entire 1981-2011 time period for both Germany and Poland can be found in Appendix XXIII. Note that FDI data for Poland is not available before 1995 (The World Bank, 2020a).

5.1.2 Human Rights in Germany and Poland Between 1990 and 1996

According to the Freedom House reports, there was generally a high level of human rights in both countries (Freedom House, 1992; 1993; 1994; 1995; 1996; 1997). In Germany, the previous East German population now enjoyed a wide range of rights that they had before been deprived of, such as freedom of religion and movement (Freedom House, 1991). They could also freely elect their government (ibid). Generally, Germans were free in most aspects, except in using Nazi symbols or in forming non-democratic parties (ibid). However, neo-Fascist parties functioned freely (ibid). Germans were free join and meet in interest groups, labor organizations, political parties and the like, and protests and strikes were equally permitted (ibid). The press was free from executive interference and the government committed to improving women's rights (Freedom House, 1991; 1995). Among the most pressing human rights issues were how to treat the estimated 85,000 full-time agents and half a million other informants that had helped the Stasi secret police (Freedom House, 1991). Another issue was the rising crime against foreigners as a consequence and riot against lose asylum laws (Freedom House 1992; 1993; 1994). Generally, Germany experienced high levels of all four groups of human rights, but from 1990 to 1996, civil rights were actually falling[29] (Cingranelli, Richards and Clay, 2014). This can be seen from Figure 8 below. Looking into the civil rights sub-indicators, it seems that the fall was caused mainly by a fall in freedom of speech and freedom of religion, which both fell and remained low after 1992 and 1993 respectively[30] (ibid). Worker rights were also fluctuating for this time period (ibid). Finally, both basic human rights and social rights also took a dip in 1993 (ibid). Thus, though no description of these issues appear in the Freedom House reports, it is possible that these fluctuations also contributed to the fall in economic growth five years later.

Figure 8: Basic, civil and social rights in Germany from 1990 - 1996 (Cingranelli, Richards and Clay, 2014).

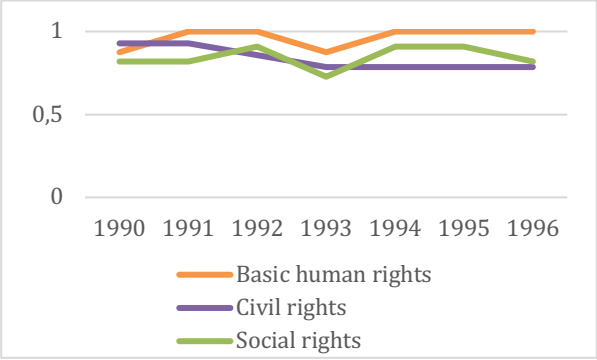
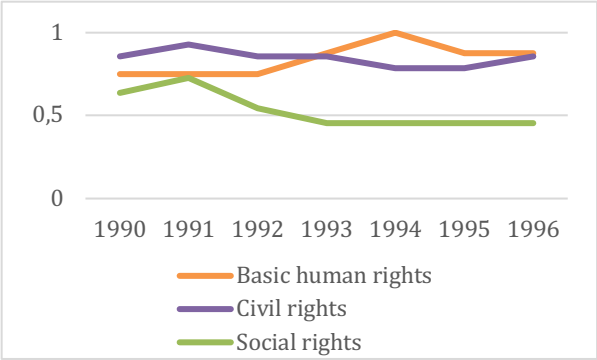


Figure 9: Basic, civil and social rights in Poland from 1990 - 1996 (Cingranelli, Richards and Clay, 2014).



[29] The level of basic human rights, civil rights, and social rights in Germany and Poland for the entire 1981-2011 time period can be found in Appendix XXIV.
[30] Germany's scores in the civil rights sub-indicators can be found in Appendix XXV.

In Poland, Freedom House reported a high level of freedom of domestic and foreign movement, assembly and association, worker rights, as well as an independent and fair rule of law (Freedom House, 1991). But they also reported some human rights issues. First of all, as mentioned previously, elections were not completely free in the beginning of the period and in 1994, the Polish president was accused of abusing his control over the military and media (ibid). There was also generally a large amount of corruption in the Polish public administration (Freedom House, 1997). Among other issues was compromising behavior regarding freedom of expression, more specifically within the press. In 1991, multiple accusations were made against the government, blaming them for using television broadcasters to further their own political agenda (Freedom House, 1992). Furthermore, in 1993 two students were convicted for discrediting the president (Freedom House, 1994). Thus, freedom of speech was not completely fulfilled. There was generally freedom of religion in Poland throughout the period, but some were concerned that the Catholic church was gaining too much influence (Freedom House, 1993; 1994). Finally, there were also problems of discrimination against women in the labor market, as well as challenges regarding violence and increasing crime rates (Freedom House, 1991; 1994; 1995). There was also a widespread discrimination and violence against the Roma minority (ibid).

These are all issues related to civil rights sub-indicators. Therefore, special attention was paid to the levels of civil rights reported by CIRI for this period. As it can be seen in Figure 9 above, the civil rights issues were also reflected in the CIRI data, where civil rights were decreasing between 1991 and 1994 (Cingranelli, Richards and Clay, 2014). But even though civil rights were decreasing, the general level of civil rights in Poland was not low (ibid). Looking at the civil rights sub-indicators, the fall was mainly caused by a fall in worker rights from 1993[31] (ibid). However, freedom of religion was also fluctuation throughout the period, and freedom of speech, assembly and association, and electoral self-determination also experienced occasional dips in scores (ibid). Meanwhile, the government's prioritization of repaying foreign debt and investing in privatization rather than investing in social infrastructure and worker rights is also reflected in the somewhat low and declining social rights (ibid). Only basic human rights were increasing for most of the period considered (ibid). Though it could seem like the fall in German civil rights could have an influence on the economic outcome five years later, no corresponding pattern was found in Poland. Therefore, clear conclusions can be drawn about the relevance of other human rights for the relationship between economic rights and economic growth.

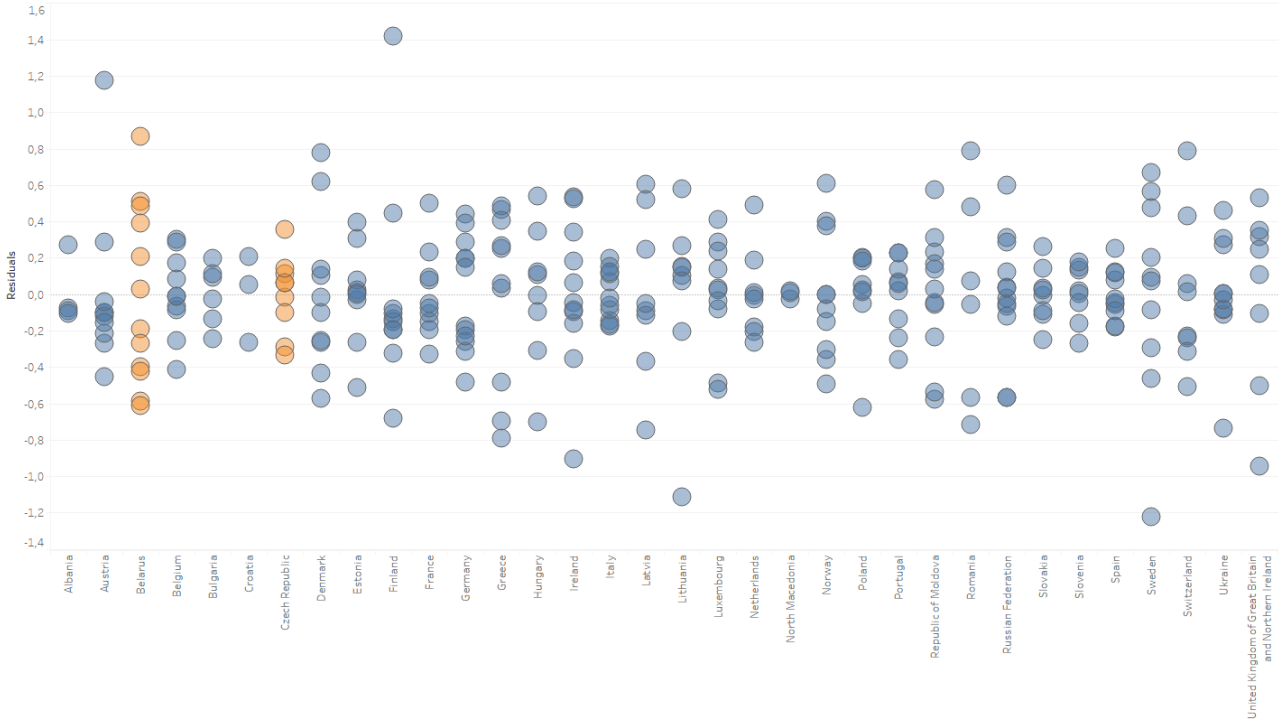
5.2 Basic Human Rights and Economic Development

In Chapter 4, it was found that there was some effect from basic human rights and freedom of domestic movement on economic development. This chapter will first of all focus on basic human rights where the effect was most apparent. Similarly to the first two case countries, the case countries here are selected by looking at

[31] Poland's scores in the civil rights sub-indicators can be found in Appendix XXVI.

residuals in the model of basic human rights and economic development. Generally, residuals in Latin American countries were quite large. However, this tendency across countries made it hard to find a country with low residuals within the same region that could be used for comparison[32]. Once again, Europe seemed to be the best region for finding both one country large residuals and another with small ones. The residual plot for the European countries can be seen in Figure 10 below. Each mark represents the residual for the given country in one year. From this graph, the Czech Republic was chosen as it was among the countries with the smallest residuals, most of which were close to 0. Belarus was chosen for comparison, as it was the country within closest proximity to the Czech Republic that showed large residuals.

Figure 10: The residuals of European countries from the model analyzing the effect of basic human rights on economic development. Each dot represents the residual for given country in a given year. Belarus and the Czech Republic are highlighted in orange.



As a starting point, the level of basic human rights and economic development in both countries was plotted. This was to get a better overview of the state of these factors and the direction of a potential relationship. The plots can be seen from Figure 11 and 12 below. Note that for the Czech Republic, HDI data was only available from 1990 while data on the country's basic human rights could only be collected since its split with Slovakia in 1993 (Cingranelli, Richards and Clay, 2014; UNDP, 2020d). For Belarus, HDI data was available from 1995 and onwards, while information about their basic human rights could be collected from 1992 (ibid). Therefore, the graphs only show the years 1995-2011 for which the complete data for both countries is available.

[32] The residual plots for all 132 included countries can be found in Appendix XXVII.

Figure 11: Basic human rights in Belarus and the Czech Republic between 1995 and 2011 (Cingranelli, Richard and Clay, 2014).

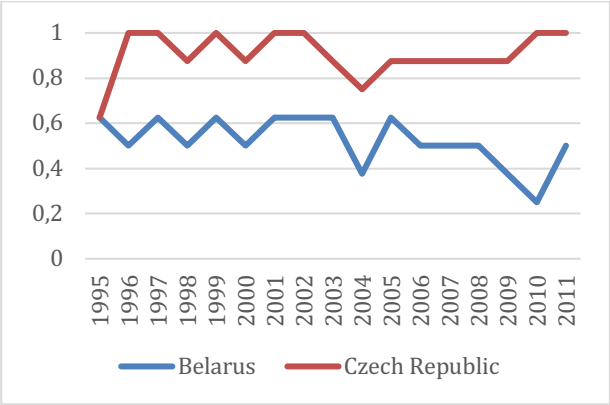
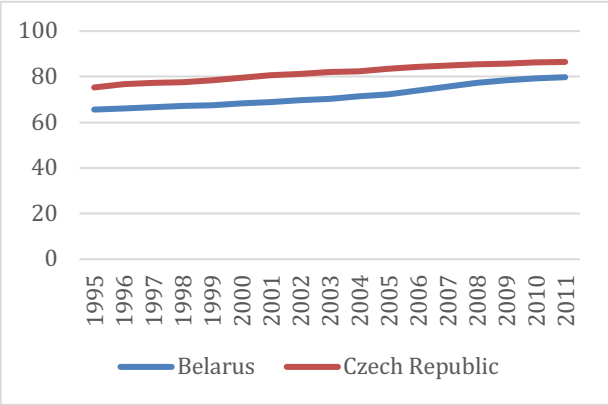


Figure 12: Economic development in Belarus and the Czech Republic between 1995 and 2011 (The World Bank, 2020a).



Note that due to a limited availability of data, the two graphs only show the years 1995-2011.

As it can be seen from the two graphs above, Belarus and the Czech Republic experienced a very similar level of HDI between 1995 and 2011 (UNDP, 2020d). Between 2005 and 2008, Belarus, who received slightly lower HDI scores than the Czech Republic, caught up a little (ibid). For the remaining years, the two countries' scores grew at very similar rates (ibid). If the model holds and HDI is affected by changes in human rights five year previous, then this increase in HDI growth should be set off by basic human rights between 2000 and 2003. This is actually the only time period for which basic human rights in Belarus had increased and then stayed at their highest for a while (Cingranelli, Richards and Clay, 2014). All other increases only lasted for one year before basic human rights then dropped again (ibid). For the Czech Republic, a steady increase in basic human rights was found between 2004 and 2011, but this did not offset an extraordinary growth in HDI between 2009 and 2011 (Cingranelli, Richards and Clay, 2014; UNDP, 2020d). Rather, the level of HDI for these years was quite stable (UNDP, 2020d). Generally, the Czech Republic received higher scores in both basic human rights than Belarus, and also experienced higher levels of economic development.

To better understand the potential effect of the 2000-2003 stabilization of basic human rights in Belarus and subsequent high growth in HDI between 2005 and 2008, the time period between 2000 and 2003 will be the focus of this section. In the same period, the Czech Republic experienced an initial increase in basic human rights but between 2002 and 2003, these dropped quite a bit (Cingranelli, Richards and Clay, 2014). The same drop in basic human rights was seen in Belarus one year later, in 2004 (ibid). Therefore, 2004 will also be included to potentially explore factors that caused these drops in basic human rights. The first section, section 5.2.1, will outline and discuss factors that may have affected the level of human rights and economic

development in the two countries. The next section, 5.2.2, will then go on and look at the level of other human rights in the two countries. Findings will be compared to the findings from the first two case studies.

5.2.1 The Belarusian and Czech Economies Between 2000 and 2004

Both Belarus and the Czech Republic had been under Soviet rule but by the year 2000, the two countries were on significantly different paths. While the Czech Republic had introduced democratic reforms, liberalized large parts of their market, joined NATO and were working hard to fulfill requirements from the EU for gaining membership, Belarus remained under Soviet-like economic conditions and were on a path to join forces with Russia (Freedom House, 2001; 2002; 2003; 2004; 2005). In the Czech Republic, the economy was thriving and the government was now introducing some of the last plans for privatizing remaining state assets (ibid). For years, the country had worked to re-join forces with central Europe, distancing themselves from the East, and by 2004, they successfully became members of the EU (ibid). However, some structural problems remained that the EU also highlighted the need for reforming (Freedom House, 2000). The greatest issue was a long-lasting culture of corruption, briberies and fraud among policy-makers and within the public administration (Freedom House, 2002). Though the government took some steps towards dealing with this in 2001, these anticorruption efforts were ineffective, and the scandals continued throughout the rest of the period (Freedom House, 2002; 2003; 2004; 2005). Related to this was also a high level of crime, which the government was yet to get under control (ibid). In 2001, they took action to identify and shut down criminal networks but, like it was with corruption, the issues remained (ibid). Finally, the Czech Republic was also marked by a great amount of political struggle (Freedom House, 2001). The country's Prime Minister and President often opposed the other's ideas (Freedom House, 2001; 2002). These disputes often ended in the eye of the public. For example, in 2000, the Prime Minister contested the new Head of the National Bank, that had been appointed by the President (Freedom House, 2001). Though it was the president's job to do so, the Prime Minister claimed that the appointment had not received his approval (ibid).

Nonetheless, these political disputes and corruption charges seem small when compared to the political landscape of Belarus. Here, President Aleksandr Lukashenko was still in office, despite the fact that his mandate expired in 1999 (Freedom House, 2001). And the claims that have been made within the last month about fraudulent elections and dictatorship in Belarus was also an issue 20 years ago (Freedom House, 2001; 2002; 2003; 2004; 2005). Already in 1996, President Lukashenko had extended his presidential term without the courts' approval (ibid). Consequently, most Western countries stopped recognizing him as a legitimate leader (Freedom House, 2001). Before the 2000 legislative elections, opposition parties outlined four demands that had to be met for them participation and accept the elections (ibid). They wanted transparency, equal access to media, freedom to express themselves and oppose the government without risks, and more duties for the parliament (Freedom House, 2001, pp. 81-82). Their terms were not met and another election passed where

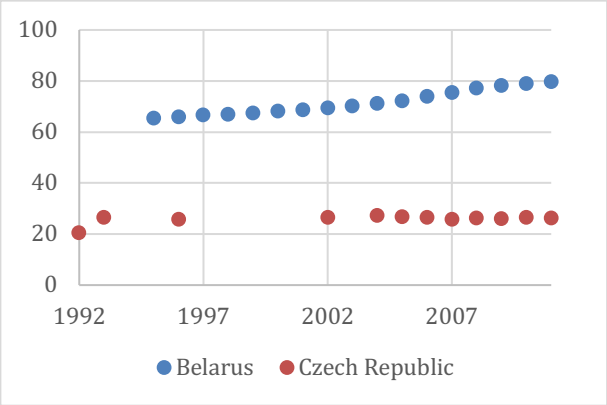
opposition parties and foreign countries criticized the format and failed to accept the results (ibid). Lukashenko had also systematically shut down the opposition's communication channels, protests and gatherings, raided their headquarters, and disqualified opposition candidates using his control of security forces and media to his own advantage (ibid). Similar tendencies were the case in the 2001 Presidential elections that Lukashenko won despite the fact that all opposition parties had collectively pointed at one alternative candidate only (Freedom House, 2002). Once again, claims were made that results were falsified (ibid). By 2004, a vote permitted President Lukashenko another term in office (Freedom House, 2005). But the actuality of the voting results were, once again, questioned (ibid). Despite its internal political conflict, the Belarusian economy is doing well. Though Freedom House claims that living standards under the Soviet-like economic model are in decline, they also find a low level of unemployment and high public spending on health and education (Freedom House, 2001; 2002; 2003; 2004; 2005).

Considering political stability, both countries had significant issues of corruption and, in Belarus, also of an extremely controlling executive power (Freedom House, 2001; 2002; 2003; 2004; 2005). But while the Czech Republic enjoyed free and fair elections and only dealt with internal disagreements among the political leaders, Belarus lacked the freedoms to even oppose the political power with risking for their own safety (ibid). And since no improvements were made to the political situation in Belarus between 2000 and 2004 or, for that matter, until today, it is difficult to see that political stability should be a contributing factor to the increasing basic human rights and economic growth observed in Belarus, like it was argued by Marslev and Sano (2016). The Czech Republic did, however, experience both more political stability and a higher level of basic human rights. In terms of social factors, it seems, from the Freedom House reports, that both countries did quite well. Both countries are described as investing heavily in the public sector, for example in health and education, and they are also successfully achieving low levels of unemployment. However, the World Bank data on unemployment does not completely match these statements. As it can be seen from Figure 14 below, the unemployment levels in the Czech Republic actually started off at a quite high rate in 2000, though they declined for the rest of the period[33] (ibid). Meanwhile, unemployment rates in Belarus actually rose after 2002 (ibid). Therefore, there seems to be no apparent correlation between the unemployment rates and basic human rights or development in Belarus. Nor does the higher level of unemployment in the Czech Republic correspond well with their higher levels of basic human rights and economic development, as compared to Belarus. In terms of inequality, however, the Czech Republic performed significantly better than Belarus. This can be seen from Figure 13 below. As only two data entries are available for the Czech Republic between 2000 and 2004, the graph shows all available data for the two countries up until 2011. Though there is no indication

[33] Unemployment rates from 1991 to 2011 for Belarus and the Czech Republic can be found in Appendix XXVIII. Note that the unemployment rates are not available before 1991 and unemployment rates for the entire 1981-2011 time period are, therefore, not included (The World Bank, 2020a).

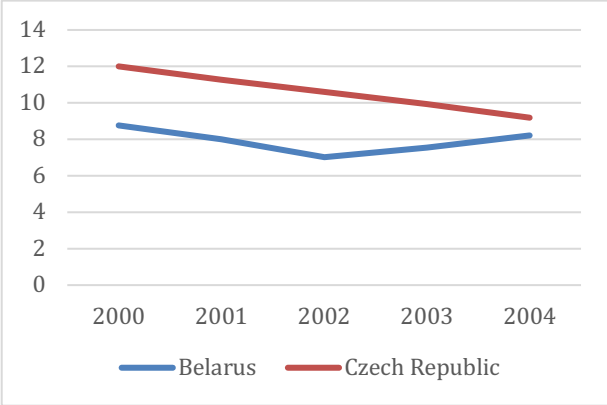
that the increasing inequality levels in Belarus affect basic human rights or HDI in a negative way, it is expected that there is a relation between the high levels of inequality here and generally lower scores in basic human rights and HDI.

Figure 13: The GINI index in Belarus and the Czech Republic between 1992 and 2011 (The World Bank, 2020a).



Note: No data is available before 1992 in the Czech Republic and 1995 in Belarus (The World Bank, 2020a).

Figure 14: Unemployment rates (modelled ILO estimate) in Belarus and the Czech Republic between 2000 and 2004 (The World Bank, 2020a).



Finally, it should be considered how the suggested intermediaries of investment and trade appear in these two case countries. The Czech Republic generally experienced a higher level of FDI as a percentage of GDP than did Belarus[34] (The World Bank, 2020a). However, between 2002 and 2003, the level of FDI fell from above 10 perfect of GDP to just around 2 percent (ibid). At the same time, Belarus experienced a small fall in FDI. This can be seen from Figure 15 below[35]. This fall may have been due to the global economic conditions following the burst of the dot-com bubble. Or it could, as argued by Blume and Voigt (2007), be due to a worsening of human rights. But the Czech Republic experienced a stable level of at least basic human rights between 2002 and 2003 (Cingranelli, Richards and Clay, 2014). Thus, the suggested effect of human rights on FDI is not apparent here. Similarly, the Czech Republic experienced a fall in basic human rights between 2003 and 2004 but an increase in FDI. If anything, the relationship, therefore, seems reverse. Furthermore, an increase in FDI should lead to an increase in economic growth and development. We know that the growth of HDI in Belarus speeded up between 2005 and 2008 (UNDP, 2020d). But there was only an increase in FDI between 2001 and 2002 – not for any of the remaining years. Thus, like in the analysis of Germany and Poland,

[34] The level of FDI as a percentage of GDP for the entire 1981-2011 time period for both Belarus and the Czech Republic can be found in Appendix XXIX. Note that FDI data is not available for Belarus before 1992 and for the Czech Republic before 1993 (The World Bank, 2020a).

no proof was found that FDI is an intermediate between human rights and growth or development. And though the Czech Republic did perform better in terms of both FDI, basic human rights and economic development, no such relation was found between Germany and Poland. Here, Poland showed a higher level of HDI and a lower level of rights and growth.

Figure 15: Foreign direct investment, net inflows as a percentage of GDP in Belarus and the Czech Republic between 2000 and 2004 (The World Bank, 2020a).

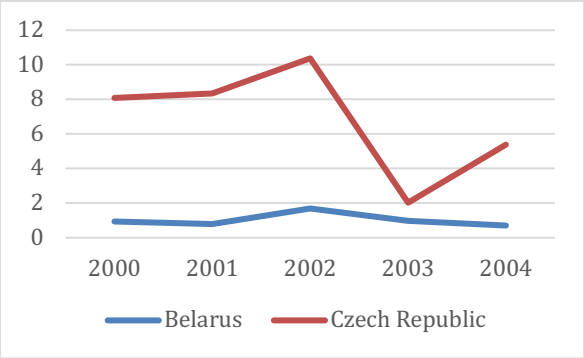
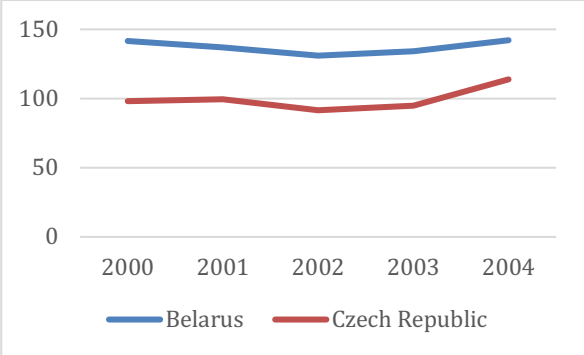


Figure 16: Trade as a percentage of GDP in Belarus and the Czech Republic between 2000 and 2004 (The World Bank, 2020a).



Surprisingly, Belarus has a higher level of trade as a percentage of GDP than the Czech Republic (The World Bank, 2020a). This can be seen from Figure 16 above. Similarly to FDI, no clear relation between trade and the level of economic development is found. Between 2000 and 2003, when both countries experienced rising levels of basic human rights, there was no growth in the level of trade in either of the two case countries[36] (ibid). Furthermore, from 2003, basic human rights in both countries fell while the level of trade rose (Cingranelli, Richards and Clay, 2014; The World Bank, 2020a). In Germany, some indications were found that the effect of trade on economic growth took up to five years. But this does not seem to hold for these case countries either, as the 2005-2008 increase in HDI growth rates in Belarus does not show as an increase in trade between 2000 and 2003. Rather, the country's trade as a percentage of GDP was falling in this period. Thus, the effect of trade as an intermediary between human rights and economic growth and development is strongly questioned.

5.2.2 Human Rights in Belarus and the Czech Republic between 2000 and 2004

According to Freedom House, there was generally a quite high level of and respect for human rights in the Czech Republic (Freedom House, 2001; 2002; 2003; 2004; 2005). In terms of basic human rights, the Freedom House reports mention no incidents related to disappearances, torture, or political imprisonment in the Czech

[36] The level of trade as a percentage of GDP from 1990 to 2011 both Belarus and the Czech Republic can be found in Appendix XXX. Note that no data is available prior to 1990 (The World Bank, 2020a).

Republic (ibid). There was, however, one case where an investigative journalist was attempted murdered (Freedom House, 2004). In 2003, a the former secretary general of the foreign ministry was convicted for this (ibid). Apart from this, extrajudicial killings does not seem to be the norm and the fluctuations in basic human rights seen from the CIRI data cannot be explained by events in the Freedom House reports. Apart from having ensured basic human rights and free and fair elections, the Czech Republic did face challenges in ensuring many other human rights. The country legally ensured freedom of expression - also for the media (Freedom House, 2001). But in practice, there was quite a bit of tension between government and media (ibid). For example, they disagreed about the extent to which journalists could protect their sources (ibid). And in 2001, the Prime Minister sued a newspaper for criticizing the government's attempt to fight corruption (Freedom House, 2002). Similarly, the country had legally ensured freedom of religion for its citizens, but religious leaders and the government continued to disagree over registration law and administrative burdens (Freedom House, 2002; 2005). Generally, though, people were free to practice their religious beliefs (ibid).

Another significant issue was the treatment of the country's Roma minority (Freedom House, 2001; 2002; 2003). This group continued to face discrimination, for example in their access to housing, healthcare, social benefits and employment as well as violence and crime against them (ibid). Though legally, the Czech government did try to improve the Roma's conditions some, the discrimination continued (ibid). Note, though, that minority rights are not reflected in the CIRI data (Cingranelli and Richards, 2014a). In terms of women's rights, the Czech Republic had initiated quite a few programs to improve conditions for women in, for example, workplaces (Freedom House, 2001; 2003; 2004). In practice, however, the country still had some way to go before equality was reached (ibid). A few issues were also found relating to freedom of assembly and association, and worker rights. People were free to join and form organizations, political parties, trade unions and the like (Freedom House, 2001). The only exception was that public workers could not take part in collective bargaining and that judges, prosecutors, and those in the armed forces and policy could not strike (Freedom House, 2002). This was criticized by external labor organizations (ibid). Nonetheless, as it can also be seen from the CIRI data plotted in Figure 18 below, the country did quite well in terms of civil and social rights[37] (Cingranelli, Richards and Clay, 2014). Finally, the judiciary was found to be independent from the executive and the Czech Republic had a fair rule of law (Freedom House, 2001). The only criticism was over the sometimes lengthy trials and poor prison conditions (ibid). Indeed, the CIRI data also shows a high level of economic rights for the time period considered here (Cingranelli, Richards and Clay, 2014).

[37] All available data on the level of civil, economic and social rights in Belarus and the Czech Republic up until 2011 can be found in Appendix XXXI.

. *Figure 17: Civil, economic and social rights in Belarus from 1990 to 1996 (Cingranelli, Richards and Clay, 2014).*

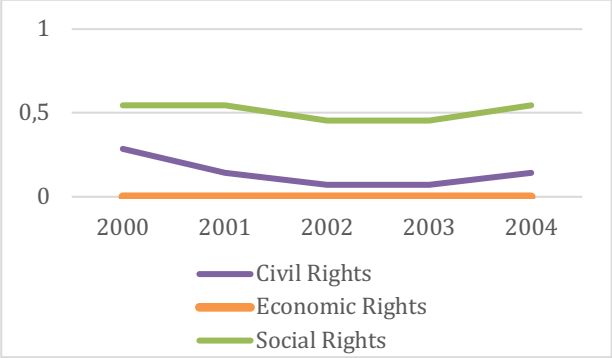


Figure 18: Civil, economic and social rights in the Czech Republic from 1990 to 1996 (Cingranelli, Richards and Clay, 2014).

In Belarus, the recorded level of human rights was much lower than in the Czech Republic (Cingranelli, Richards and Clay, 2014). This can be seen from Figure 17 above. The first sentence about Belarus in the 2001 Freedom House report reads that "*the Belarusian government continued its assault on basic political rights and civil liberties*" (Freedom House, 2001, p. 81) and this very well sets the scene for the years investigated here. As mentioned earlier in this chapter, the country had no free and fair elections, despite this being a constitutional rights (Freedom House, 2001). In terms of basic human rights, the Freedom House reports do include cases that violate all four sub-indicators: torture, disappearance, extrajudicial killings and political imprisonment (Cingranelli and Richards, 2014a). For example, in 2000 a camera man went disappearing presumably because he had politically harming footage on his camera (Freedom House, 2001). And in 2002, an opposition leader was detained simply because of a meeting with the US ambassador (Freedom House, 2003). Similarly, there were reports of harassment against the political opposition, such as beatings and torture (Freedom House, 2005). Generally, most restrictions were placed on the political opposition and its supporters. Media outlets sending 'the wrong message' were harassed, for example by imposing financial burdens onto them or seizing their equipment (Freedom House, 2001; 2003). Furthermore, President Lukashenka had control over state media and severely restricted the private press (ibid). By 2003, media controls were so tight that all radio stations had to provide a daily plan over their playlists and news (Freedom House, 2004).

Another pressing issue was the lack of a fair and independent judicial system in Belarus. Technically, the courts were supposed to be free from interference, but in reality they were under pressure and control from the executive and his accomplices (Freedom House, 2001). This can been seen also from the CIRI data in Figure 17, where economic rights are given the score 0, meaning that they are frequently violated (Cingranelli, Richards and Clay, 2014). The constitution also provides for freedom of religion but in 2002, amendments to religious laws banned unregistered religious activities, leading to a massive level of disturbance of religious ceremonies and gatherings, especially against other faiths than the Belarusian Orthodox Church (Freedom

House, 2001; 2003). Other gatherings and the right to free assembly and association were also widely restricted (ibid). Protesting required permissions, which was often not granted and even if it was, protests were still frequently shut down (Freedom House, 2001; 2002). The restrictions on gatherings and organizing as a political opposition were tightened throughout the period (Freedom House, 2002; 2004). This is also reflected in the very low levels of civil rights registered in the CIRI data (Cingranelli, Richards and Clay, 2014). Even workers' rights to organize were largely restricted (Freedom House, 2001; 2005).

The only positive note about Belarusian human rights that can be found in the Freedom House reports is that women are not "*specifically targeted for discrimination*" (Freedom House, 2004, p. 69). However, the reports also outline large differences in income levels between men and women, a poor representation of women, and widespread trafficking of Belarusian women (ibid). Generally, however, social rights entailing women and worker rights in the CIRI data, did perform the best out of the four groups of rights in Belarus (Cingranelli, Richards and Clay, 2014). Finally, the Belarusian people were also greatly restricted in their property rights and the freedom of domestic movement, where an internal passport system controlled their whereabouts as well as their place of residence (Freedom House, 2001). Overall, no improvements are found in human rights between 2001 and 2003 that may explain the quick growth in HDI in Belarus five years later, between 2005 and 2008. If anything, human rights seemed to be worsening over the years investigated and economic rights remained at an absolute low (Cingranelli, Richards and Clay, 2014). The same goes for the Czech Republic. However, here rights are generally much higher and especially civil and social rights were stable at high levels throughout the time period considered. Thus, there could be some relationship between a high level of human rights and the positive effect that basic human rights had on economic development.

6. Discussion

The scholars introduced in Chapter 2 discussed whether the effect of human rights on economic growth and development was positive or negative. In other words, would improving human rights be an economic cost or benefit to states? From the quantitative analysis in Chapter 4, it was found that economic rights did indeed have a positive and statistically significant effect on economic growth. Furthermore, it was found that basic human rights and freedom of domestic movement, a civil rights sub-indicator, had a positive effect on economic development. However, these human rights only had an influence on economic development where other human rights were also present. This assumption seems reasonable, as it is considered rather unlikely to find a country where these rights are the only human rights present. This was, however, investigated further in the case study analyses of Chapter 5. These findings will be discussed in the first part of this chapter. Furthermore, the case study analyses also investigated the relationship between other factors outlined in theory that were assumed to influence the level of human rights, economic growth or both. The second part of this chapter will discuss these findings. It was assumed that the same factors that would influence economic growth would also, to some extent, influence economic development, as the Human Development Index used to measure economic development also includes economic growth.

6.1 The Importance of Other Rights

Findings from this paper indicate that a high general level of human rights is important, if economic rights and basic human rights are to have a positive effect on economic growth and development. When the effect of economic rights on economic growth was tested, a slightly higher coefficient was found when the presence of the remaining three groups of rights was assumed. Similarly, the case study analysis found a high level of all four groups of human rights and of economic growth in Germany than in Poland. In the second analysis, considering the effect of basic human rights on economic development, it was found that the positive effect was only present if other groups of rights were also to some degree respected. The related case study analysis found than human rights were much higher in the Czech Republic than in to Belarus. Similarly, economic development was also higher in the Czech Republic. Most fluctuations in human rights levels could, however, not be measured directly on economic output. For example, civil rights did decrease in Germany five years prior to the observed economic downturn. But in Poland, a similar decrease in civil rights did not lead to changes in economic growth. Therefore, it is assumed that it is the general level of other human rights in a country, not a specific group of rights, that may determine whether an economy benefits from improvements in economic rights and basic human rights. The next sections will investigate this claim further. In Table 9 below is an overview of the 10 countries that received the highest average score of economic rights between 1981 and 2011. The table shows their average GDP per capita for the period, as well as their average score in each of the four groups of rights for the period. In Table 10, below it, are the corresponding values for the 10 countries that received the lowest scores of economic rights between 1981 and 2011.

Table 9: The 10 countries with the highest average score of economic rights between 1981 and 2011, ranked from best to worst.

Country	*Average GDP per capita (current US dollars) between 1981 and 2011*	*Average level of basic human rights between 1981 and 2011*	*Average level of civil rights between 1981 and 2011*	*Average level of economic rights between 1981 and 2011*	*Average level of social rights between 1981 and 2011*
Finland	27,446.52	0.97	0.97	0.94	1.00
Sweden	31,639.32	0.95	0.96	0.92	1.00
Denmark	33,468.76	0.98	0.97	0.87	1.00
New Zealand	17,621.80	0.98	0.99	0.86	1.00
Canada	25,423.27	0.91	0.92	0.86	1.00
Norway	42,249.27	0.99	0.93	0.85	1.00
Netherlands	28,604.12	0.99	0.98	0.84	1.00
Luxembourg	52,189.50	1.00	0.99	0.83	1.00
Germany	26,016.27	0.93	0.81	0.83	1.00
Iceland	31,424.18	1.00	0.97	0.81	1.00

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Table 10: The 10 countries with the lowest average score of economic rights between 1981 and 2011, ranked from worst to best.

Country	*Average GDP per capita (current US dollars) between 1981 and 2011*	*Average level of basic human rights between 1981 and 2011*	*Average level of civil rights between 1981 and 2011*	*Average level of economic rights between 1981 and 2011*	*Average level of social rights between 1981 and 2011*
Saudi Arabia	10,799.99	0.50	0.05	0.02	0.40
Iran (Islamic Republic of)	3,077.75	0.13	0.12	0.07	0.06
Afghanistan	331.66	0.15	0.14	0.11	0.00
Kuwait	22,065.48	0.68	0.29	0.11	0.68
Brunei Darussalam	19,864.70	0.88	0.28	0.17	0.63
Yemen	677.89	0.27	0.29	0.18	0.03
United Arab Emirates	31,850.25	0.84	0.10	0.20	0.60
Qatar	31,357.48	0.89	0.27	0.21	0.48
Pakistan	542.90	0.24	0.32	0.22	0.29
Oman	9,069.43	0.88	0.16	0.22	0.55

From the tables above, it is quite clear that the 10 countries with the highest levels of economic rights also performed really well in the remaining groups of rights. None of the countries had an average below 0.81 for any group of rights. For the 10 countries with the lowest levels of economic rights, the degree to which other rights were respected varied much more. Generally, countries with higher incomes also seemed to have a greater respect for basic human rights and social rights. For civil rights, all 10 countries received quite low scores, with Pakistan receiving the highest score of 0.32. Income levels in these 10 countries also varied greatly, from Pakistan who had an average GDP per capita of 542.90 current USD dollars in the period, to Qatar with an average of 31,357.48 current USD dollars. Combined their average GDP per capita was 12,963.75 US dollars – well below the 31,608.30 current US dollars that was the average for the 10 countries with the highest economic rights scores. This not only underlines the positive correlation between higher economic rights and higher economic growth. It also supports the proposition that a high level of human rights is important for the relationship between economic rights and economic growth seems to hold.

The same approach was used for looking at the relationship between basic human rights and economic development. The findings from the 10 countries with the highest average performance in basic human rights between 1981 and 2011 can be seen in Table 11 on the next page, and below it, the findings from the 10 countries with the lowest average performance can be seen in Table 12. Note that HDI data is note available for all countries[38]. For the 10 countries with the highest score of basic human rights, civil rights were also very high, averaging between 0.79 and 0.99. For economic and social rights, the 10 country's scores varied more but were still significantly higher than the 10 countries that performed the worst in terms of basic human rights. In these 10 countries, the spread in civil rights scores was large. Here, six of the countries scored quite poorly, ranging from 0.01 to 0.21. But the remaining four countries scored between 0.60 and 0.81. For economic and social rights there was a similar large spread in the performances across the group of countries. Worst off is Afghanistan, the Democratic People's Republic of Korea and Iran, while India, Colombia, the Philippines and Sri Lanka generally score above the other countries. On average, the first group of countries, with high levels of basic human rights, had an HDI of 79.22 against the other group's 54.57. Again, this underlines the relationship between high HDI and high basic human rights but also the relationship between high basic human rights and other human rights.

[38] Of the countries considered here, HDI data is note available for Monaco, Nauru, San Marino, Tuvalu and the Democratic People's Republic of Korea.

Table 11: The 10 countries with the highest average score of basic human rights between 1981 and 2011, ranked from best to worst.

Country	*Average HDI between 1981 and 2011*	*Average level of basic human rights between 1981 and 2011*	*Average level of civil rights between 1981 and 2011*	*Average level of economic rights between 1981 and 2011*	*Average level of social rights between 1981 and 2011*
Andorra	81,21	1,00	0,89	0,54	0,39
Iceland	86,04	1,00	0,97	0,81	1,00
Kiribati	58,28	1,00	0,89	0,48	0,74
Liechtenstein	88,70	1,00	0,92	0,72	0,63
Monaco	-	1,00	0,79	0,73	0,61
Nauru	-	1,00	0,84	0,42	0,84
Palau	75,88	1,00	0,88	0,64	0,55
San Marino	-	1,00	0,99	0,80	0,65
Tuvalu	-	1,00	0,84	0,42	0,68
Luxembourg	85,19	1,00	0,99	0,83	1,00

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Table 12: The 10 countries with the lowest average score of basic human rights between 1981 and 2011, ranked from worst to best.

Country	*Average HDI between 1981 and 2011*	*Average level of basic human rights between 1981 and 2011*	*Average level of civil rights between 1981 and 2011*	*Average level of economic rights between 1981 and 2011*	*Average level of social rights between 1981 and 2011*
Iraq	60,43	0,08	0,11	0,34	0,28
Democratic People's Republic of Korea	-	0,09	0,01	0,36	0,11
India	50,50	0,09	0,68	0,49	0,69
Colombia	66,64	0,09	0,78	0,44	0,52
Iran (Islamic Republic of)	67,63	0,13	0,12	0,07	0,06
Afghanistan	36,95	0,15	0,14	0,11	0,00
Philippines	63,32	0,18	0,81	0,53	0,50
Democratic Republic of the Congo	36,10	0,18	0,21	0,27	0,14
Sudan	40,61	0,19	0,17	0,25	0,10
Sri Lanka	68,93	0,19	0,60	0,47	0,89

6.2 Possible Intermediaries in the Relationship

As outlined in Chapter 2, scholars have identified a wide range of factors that could potentially influence human right, economic growth, economic development or the relationship between these. Furthermore, a few social characteristics that could also have an influence were discovered in the case study analyses of Chapter 5. All of these will be discussed here. First of all, Blume and Voigt (2007) and Blanton and Blanton (2007) argued that improvements to human rights would lead to increased investments and trade (Blume and Voigt, 2007; Blanton and Blanton, 2007). But no clear patterns supporting these arguments were found from the case studies. In terms of investments, measured as foreign direct investments, Poland attracted more than German despite the fact that Germany generally performed better in terms of human rights. But in the second case study, this was exactly opposite. Here, the Czech was found to perform better in terms of both FDI and human rights. Considering instead the two groups of countries with either the best performance in basic and economic rights or the worst performance, the best performing countries had an average level of FDI of 3.91percent, while the worst performing countries on average had an FDI of 1.46 percent. The higher investment levels in the first group of countries was, however, driven mainly by a few countries. This can be seen from Figure 19 and 20 below. For the remaining countries, FDI was not much higher than in the worst-performing countries.

Figure 19: Average FDI (% GDP) between 1981 and 2011 in the countries that had the highest scores in basic human rights and economic rights respectively (The World Bank, 2020a)

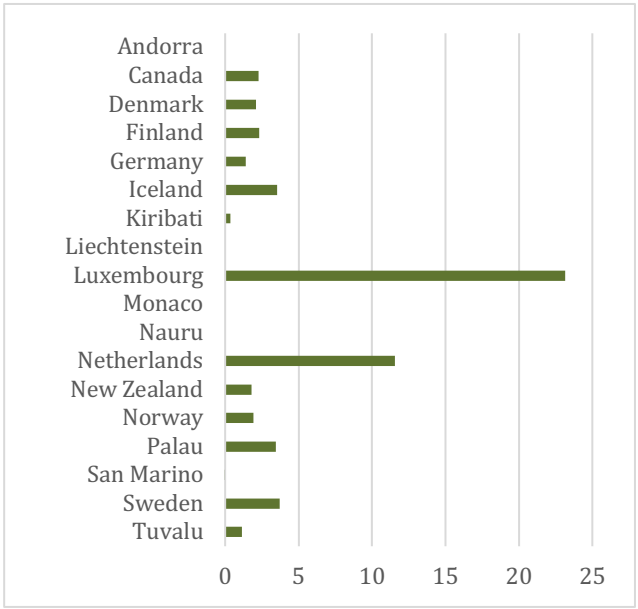
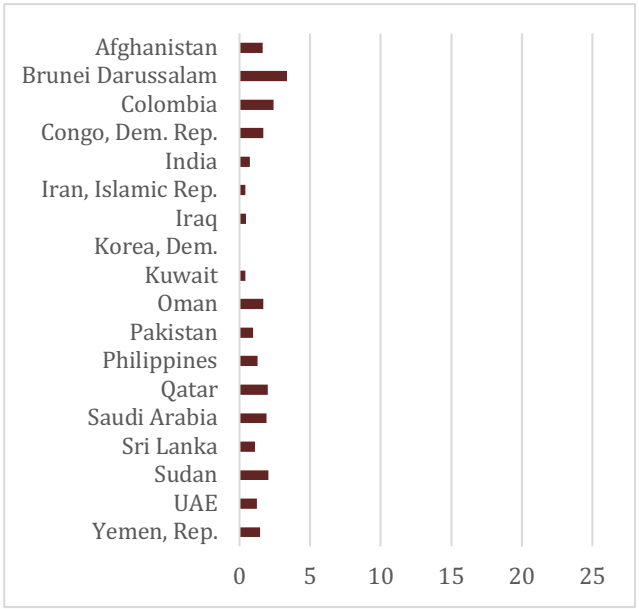


Figure 20: Average FDI as a percentage of GDP between 1981 and 2011 in the countries that had the lowest scores in basic human rights and economic rights respectively (The World Bank, 2020a)



Note that data on FDI as a percentage of GDP is not available for Andorra, Liechtenstein, Monaco, Nauru and the Democratic People's Republic of Korea (The World Bank, 2020a). Furthermore, countries that are repeated in both the analysis of economic rights and of basic human rights are only included one time here.

From the figures above, no pattern is found between high levels of human rights and a high level of FDI. Thus, Blume and Voigt's (2007) argument that FDI is an intermediary in the relationship between human rights and economic growth or economic development seems not to hold. When considering trade as an intermediary, no conclusions could be made from the case studies alone. Belarus showed a higher level of trade than the Czech Republic, despite the fact that the Czech Republic received higher scores in terms of human rights. And in the other case studies, Germany and Poland traded at similar rates, meaning that there was no pattern of high levels of human rights leading to high levels of trade and, thus, economic growth. This claim was, however, also tested across the groups of best-performing and worst-performing countries in terms of basic human rights and economic rights. Here, it did seem like the best-performing countries in Figure 21, on average, traded a bit more than the worst-performing countries in Figure 22. On average, the high-performing countries had a level of trade of 95.95 percent of their GDP, while the worst-performing countries' average was 65.76 percent. Thus, it seems that a country may actually be able to trade more, if respecting human. Future research should investigate this relationship in-depth.

Figure 21: Average trade as a percentage of GDP between 1981 and 2011 in countries the that had the highest scores in basic human rights and economic rights respectively (The World Bank, 2020a)

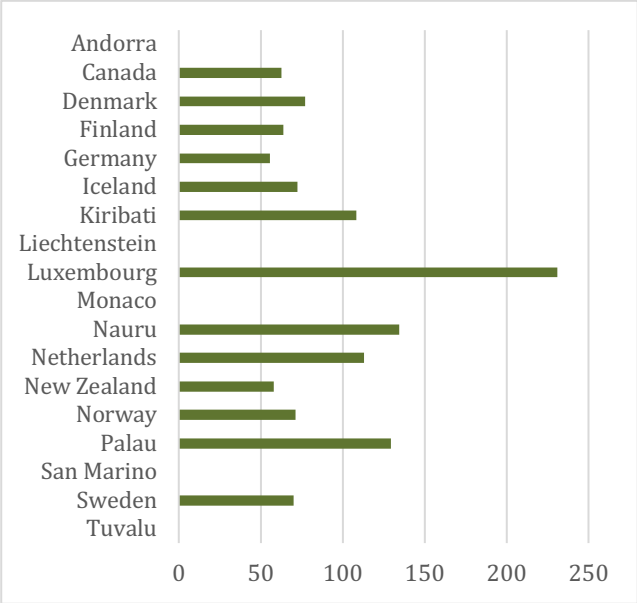
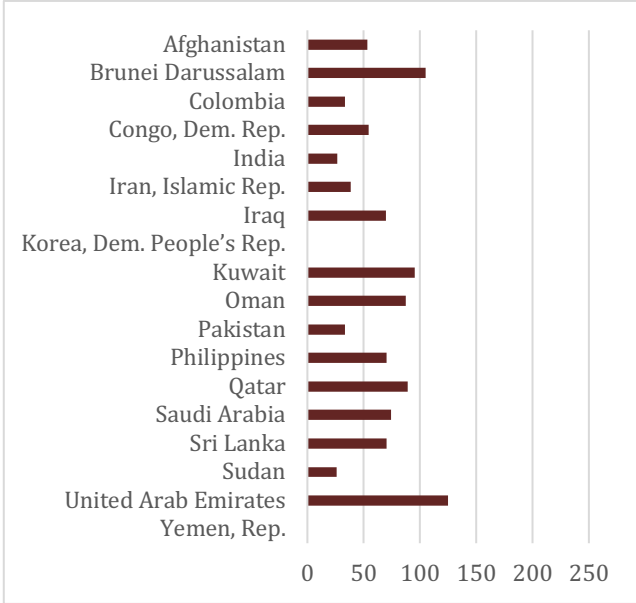


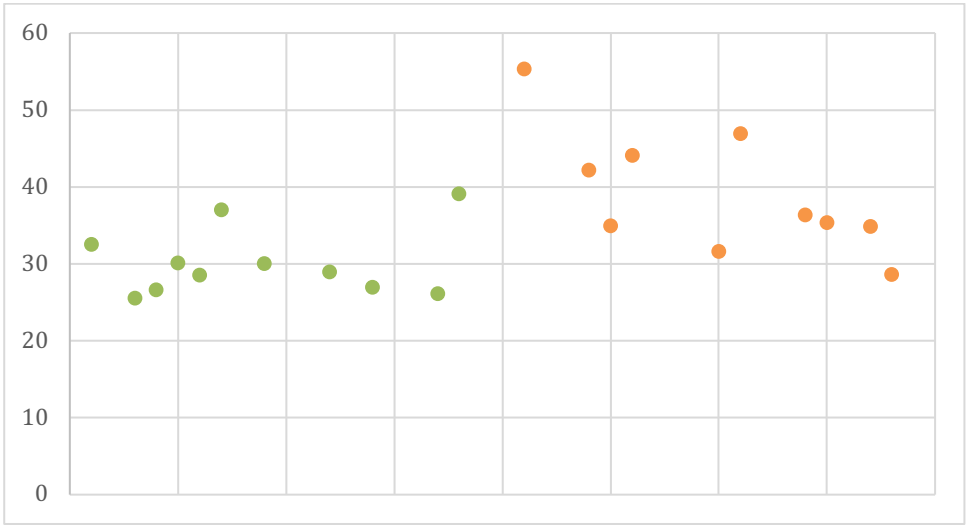
Figure 22: Average trade as a percentage of GDP between 1981 and 2011 in the countries that had the lowest scores in basic human rights and economic rights respectively (The World Bank, 2020a)



Note that data on trade as a percentage of GDP is not available for Tuvalu, San Marino, Monaco, Liechtenstein, Andorra, Yemen and the Democratic People's Republic of Korea. Furthermore, countries that are repeated in both the analysis of economic rights and of basic human rights are only included one time.

Overall, this study has proven wrong those arguing that there is an economic trade-off between human rights and economic growth and development. There has been no indications in either the quantitative or qualitative analyses that introducing and enhancing human rights is harmful to the economy or a country's development. But this study has also underlined that human rights alone do not drive growth and development. From the case studies it was seen how there no direct correlation was present between variations in the level of human rights and variations in economic growth or development. Nor were we expecting to find such indications. The case studies also supported the argument by Marslev and Sano (2016) that countries with more political stability seemed to do better in terms of human rights and growth or development, though political stability did not work as an intermediary between the variables. The case study of Belarus further indicated that a non-democratic dictatorship perform worse in terms of human rights, supporting the argument of Blume and Voigt (2008). However, this case study stands alone and this finding should, therefore, be further investigated in the future, comparing more cases. Finally, inequality also seemed to be a potentially important determinant for the level of human rights in all case studies, like it was argued by McKay and Vizard (2005) and Koob, Jørgensen and Sano (2016). In all cases, the countries with the lowest level of inequality did also perform better in human rights. This also seems to be the case for the 20 countries discussed in this chapter. As it can be seen from Figure 23 below, where the green marks indicate the countries performing best in terms of basic human rights and economic rights and orange marks indicate those countries performing worst, the worst-performing countries generally had a higher level of inequality, measured through the GINI index.

Figure 23: The average GINI index score between 1981 and 2011 in the countries that had the highest and lowest scores in basic human rights and economic rights (The World Bank, 2020a)



Note that GINI data was not available for Andorra, Liechtenstein, Monaco, Nauru, Palau, San Marino, Brunei Darussalam, Afghanistan, the Democratic People's Republic of Korea, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (The World Bank, 2020a). Furthermore, countries that are repeated in both the analysis of economic rights and of basic human rights are only included one time here..

No conclusion could be made about the effect of war on human rights, as none of the case countries were involved in war during the time period considered. In terms of conflict, however, it did seem that absence of such could be important for rights. In Germany, no significant conflict was present and they performed much better than Poland in terms of human rights. Oppositely, Poland was dealing with high levels of corruption, bribery, fraud and high crime rates. In Belarus, the dictatorship also led to much instability and conflict, while the situation in the Czech Republic was mostly stable. Absence of conflict, at least internally could, therefore, very well influence the level of human rights in a country. This confirms the theoretical arguments by Marslev and Sano (2016) and Blume and Voigt (2007). Finally, the first case study comparing Germany and Poland gave some indications that social thriving, for example measured through low unemployment and the availability of social benefits, could also be an explanatory factor for the higher levels of human rights and economic growth observed in Germany. However, in the second case study these findings were not repeated. Here, the Czech Republic experienced higher unemployment rates despite the fact that they performed much better in their human rights and also surpassed Belarus in economic development. Thus, either social welfare has a differentiated effect on economic growth and economic development or no significant connection is present. This study has not collected data on the social welfare and social spending across countries and this should, therefore, be investigated further in a separate study.

To sum up, this chapter has found that whether human rights are generally well-established may determine whether an increase in economic rights or basic human rights can successfully lead to an increase in economic growth or economic development. If these findings hold across more than the 20 selected countries from this chapter and the two case countries of Chapter 5, then it could have great policy implications, as it indicates that once a certain level of fundamental rights is reached, then further improvements to human rights bring economic benefits. This seems like a win-win situation and could be of great importance to policy makers who are concerned with the price of enforcing human rights. These patterns and relations between different types of human rights should be mapped to a greater extent in future research. Combined, these findings add a great deal of importance to the way we think about development politics, as the findings here indicate a quite low-cost way of promoting both human rights and economic development at once. The findings could also have great implications for the terms of loans to developing countries provided by agents such as the IMF, as these organizations have been provided a new avenue for ensuring development in human rights, while also ensuring development in economic terms and, thus, eventually the ability to repay the loan. But most of all, these findings should be considered by policy-makers with direct control over human rights in a country. Hopefully, they will provide an incentive for more states to fulfill their human rights obligations, as outlined in the Universal Declaration of Human Rights. Finally, it should be noted that this study does not argue that human rights alone can ensure a thriving economy. It is merely a contributing factors, and existing theory about other drivers of growth should not be disregarded for this reason.

7. Conclusion

This study has used deductive reasoning to gain knowledge about the effects of different human rights on economic growth and economic development respectively. It was not expected that human rights would have the same effect on economic growth and economic development and the differences between these two relations were, therefore, considered. Four groups of human rights were investigated, and in a quantitative analysis, it was found that there was great differences in their effects. Only economic rights, here representing a fair and independent rule of law, seemed to have an influence on economic growth. This influence was positive and significant. Furthermore, only basic human rights and the rights to domestic movement was found to have an effect on economic development. This effect was also positive. These findings are important for states that are reluctant to improve and enforce human rights. But they are also important for the field of study, as they disregard the proposition that there is a trade-off between improvements to human rights and economic growth or development. Only civil rights hinted at having such an effect on economic development, but when the specific rights included in the group of civil rights were considered, none of these had a negative effect on economic development. Finally, the quantitative study has contributed with new knowledge about a potential way of improving economic development.

To better understand why countries may experience differences in the effect that human rights have on economic growth and development, case study analyses were used. These helped make qualified predictions about the underlying structures and mechanisms that influence the relationship between human rights and growth or development. The findings, first of all, indicated that the quantitative model had a hard time measuring the positive effect of a high but stable level of human rights. Countries that showed a stable and high level of human rights and at the same time experienced economic growth or development seemed to have higher residuals. But this study argued that high and stable human rights could be just as effective in ensuring economic benefits. Therefore, the case studies and the subsequent discussion set out to discover if there was a tendency that countries with high levels of human rights also generally had higher economic growth and development. Here, it was not only found true that countries performing well in term of human rights also had more economic benefits. It was also found that these countries generally had a higher level of all human rights. It was, therefore, suggested that future research attempt to map the relations between different types of rights and the effect they have on each other. In relation to this, it was considered whether economic and basic human rights could only produce economic benefits because investments had already been made to ensure other groups of rights. There was some indications that this was true for basic human rights and economic development, as basic human rights only had a positive effect on development if other groups of rights were present. However, economic rights also positively affected economic growth even if no other rights were provided.

The case study also set out to test theories about intermediaries in the relationship between human rights and economic growth and development. From theory, the suggested intermediaries were investments and trade. But no clear relation was found between human rights, foreign direct investment and economic growth or development. Furthermore, there was no clear indication that countries with a higher level of human rights also had higher levels of FDI. Trade seemed more likely to be an intermediary between human rights and economic growth or development, as it was found that countries with higher levels of human rights generally also traded more. This was, however, not the findings from the case study analyses and it is, therefore, suggested that future research tests this relationship further. Finally, a few other factors were found to influence the level of human rights, growth and development in a country, though not necessarily the relationship between these factors. The first of these was political stability. The two case countries with less political dispute also were the countries with the highest levels of human rights, growth or development. More research, however, needs to be conducted of the global tendencies of this finding. Furthermore, absence of conflict in society overall seemed to have the same positive effect in the case countries. Finally, it was found that countries with high levels of human rights generally also had a lower level of inequality. Therefore, it was suggested that a government commitment to low inequality could be a starting point for improving rights, which in turn should then improve economic conditions. The relationship between inequality and human rights should, however, also be investigated on a larger scale, for example in a quantitative analysis.

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