

Human Rights, Governance, and Development

An empirical perspective

BY DANIEL KAUFMANN

IT IS NO SECRET THAT HUMAN RIGHTS, governance, and development may all be linked to each other. Yet the nature and extent of these links have barely been explored empirically, in partly due to the paucity of measurement in the human rights field. Based on recently available data, we embarked on an investigation, focusing on the links between what is often labeled as first generation human rights (political and civil rights, including women's rights and press freedoms, for instance), and second and third generation human rights (socio-economic and development rights).

Indeed, over the past few decades increasing importance has been given to socio-economic and development rights issues. Implicit was the presumption that dramatic progress had already been attained on political and civil rights issues, yet the increasing importance given to socio-economic and development rights also arose because of the increasing emphasis given to socio-economic development by the global community. While the latter is indeed warranted, this research suggests that if insufficient emphasis is being paid to political and civil rights issues, then the pendulum may have swung a bit too far. First, this is because the evidence suggests that protection of political and civil rights (and life protection) remains a major challenge in many countries. Indeed, various indicators show checkered progress at best, since major violations in fundamental physical (and life) protection, as well as in political and civil rights and media freedoms, still prevail in many settings (see Figure 1). And second, as importantly, our analysis also suggests that media freedoms and political and civil rights matter significantly for the attainment of socio-economic developmental rights.

Consequently, a narrow focus on socio-economic developmental rights *per se* may not suffice; instead substantial emphasis in the political and civil rights will also be needed—not only because of its own intrinsic value, but also to further progress in achieving second generation human rights and related developmental objectives.

We also find evidence on the links between rule of law, corruption, and corporate ethics, on the one hand, and civil liberties and related human rights variables, on the other. Through this empirical investigation, we suggest that governance is a central mediating link between political/civil rights issues and socio-economic/development issues, and a significant determinant of development outcomes (see Figure 2). These empirical findings, if corroborated through further research, have important operational implications—summarized at the end of this article—in the areas of human rights and of governance for the donor aid community and emerging economies alike.

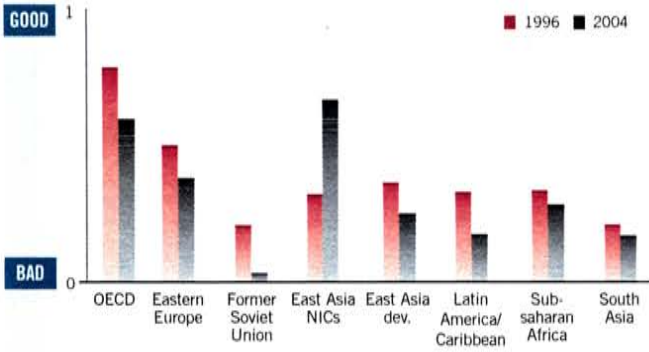
The macro dimension of governance

THE RESEARCH CARRIED OUT with the WBI worldwide governance indicators (part of a comprehensive research program) shows that there are three possible explanations for the strong positive correlation we find between incomes and governance (civil liberties, rule of law, etc): (1) better civil liberties/governance exerts a powerful effect on per capita incomes; (2) higher incomes lead to improvements in governance; and (3) there are other factors that both make countries richer and also are associated with better governance. Consequently, we need a good understanding of the effects of governance on incomes as well as of any feedback mechanisms from incomes to governance that might exist—simply observing a strong correlation between income growth and governance does not suffice.

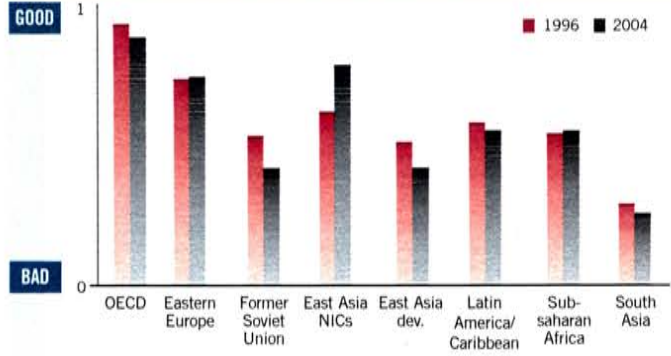
Our work finds that there is a very strong and causal link from improved governance to higher incomes, which is summarized by the '300 percent development dividend': a country that improves governance by one standard deviation—which is a realistic improvement where political will exists—can expect to more or less triple its annual per capita income in the long run. Conversely, we do not find evidence that there is significant causation in the opposite direction, from per capita income to the quality of governance. Merely acquiring higher incomes (say, due to higher oil prices, or infusion of aid), *per se* will not automatically result in improved governance (Kaufmann and Kraay 2002).

FIGURE 1: HUMAN RIGHTS, POLITICAL/CIVIL RIGHTS DATA TRENDS

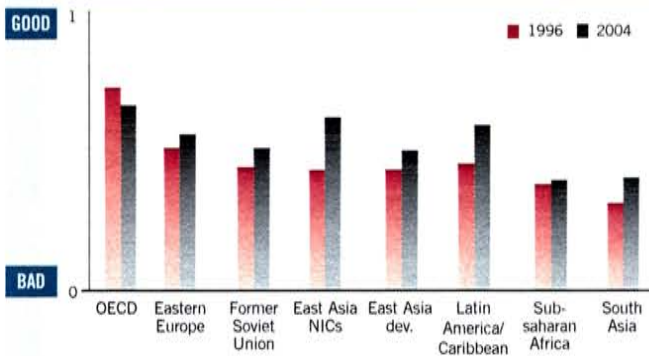
PANEL A: ABSENCE OF TORTURE



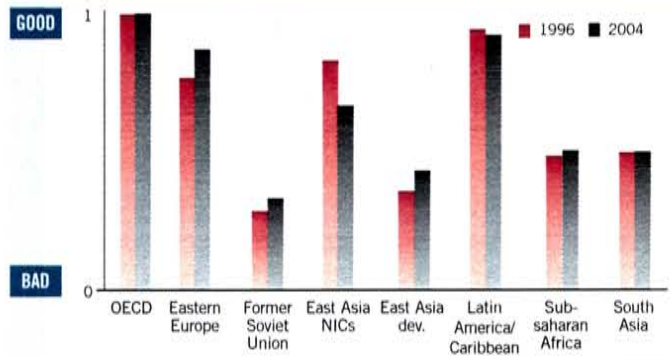
PANEL B: LIFE PROTECTION (COMPOSITE OF ABSENCE OF KILLINGS, ABSENCE OF DISAPPEARANCES, ABSENCE OF TORTURE, AND ABSENCE OF IMPRISONMENTS)



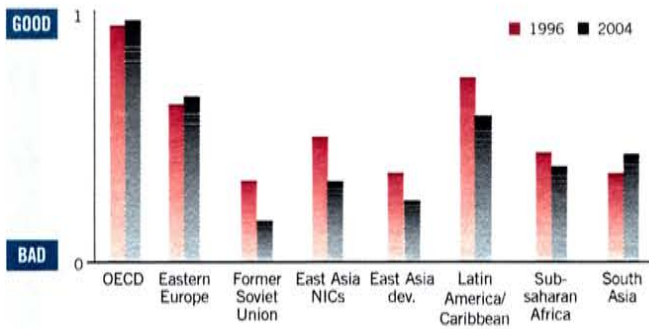
PANEL C: WOMEN'S RIGHTS (COMPOSITE OF ECONOMIC, SOCIAL AND POLITICAL RIGHTS)



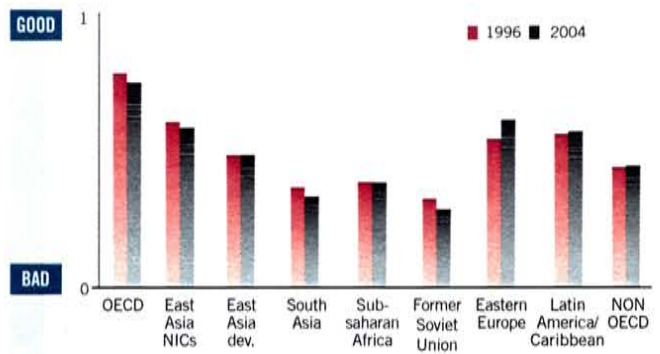
PANEL D: POLITICAL PARTICIPATION



PANEL E: GOVERNMENT CENSORSHIP



PANEL F: VOICE AND ACCOUNTABILITY, 1996/2004

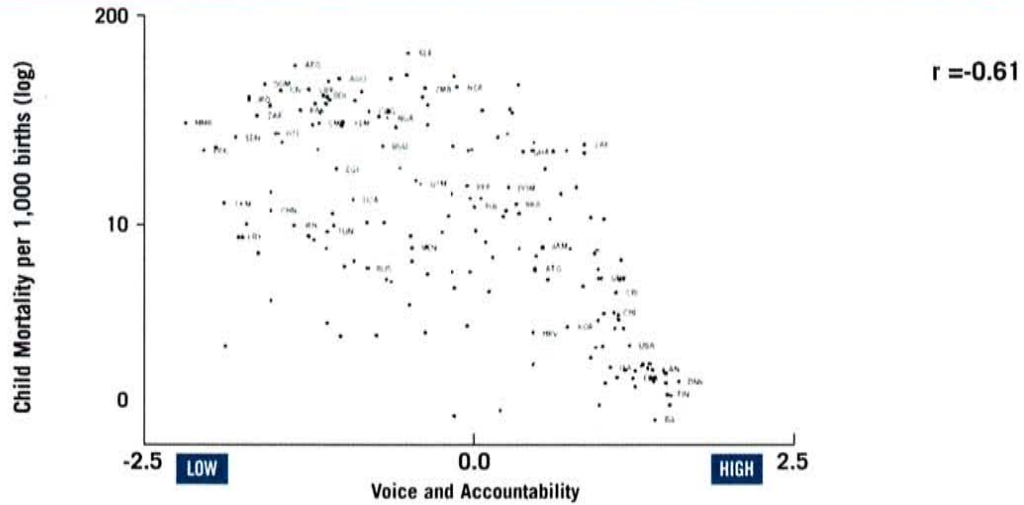


Source for Panels A-E: Cingranelli-Richards dataset—<http://www.humanrightsdata.com>. A high value reflects respect for human rights.
 Source for Panel F: Kaufmann, Kraay, and Mastruzzi, *Governance Matters IV* (2005), <http://www.worldbank.org/wbi/governance/pubs/govmatters4.html>.
 Please note the values are rescaled from the original to 0-1. However, they are not strictly comparable with the other 5 indicators in panels A-E because they are from a different source.

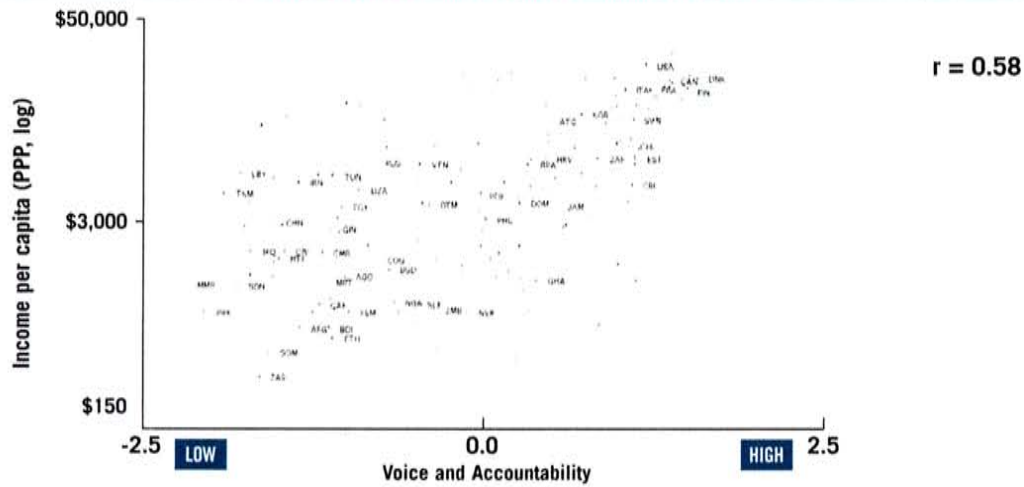
Note that East Asia NIC refers to the Newly Industrialized Countries of East Asia ('tigers'), distinguishing them from the developing countries in East Asia. Similarly, OECD stands for the ('old') industrialized countries of the OECD.

FIGURE 2: POLITICAL/CIVIL RIGHTS AND SOCIO-ECONOMIC/DEVELOPMENT RIGHTS ARE HIGHLY CORRELATED

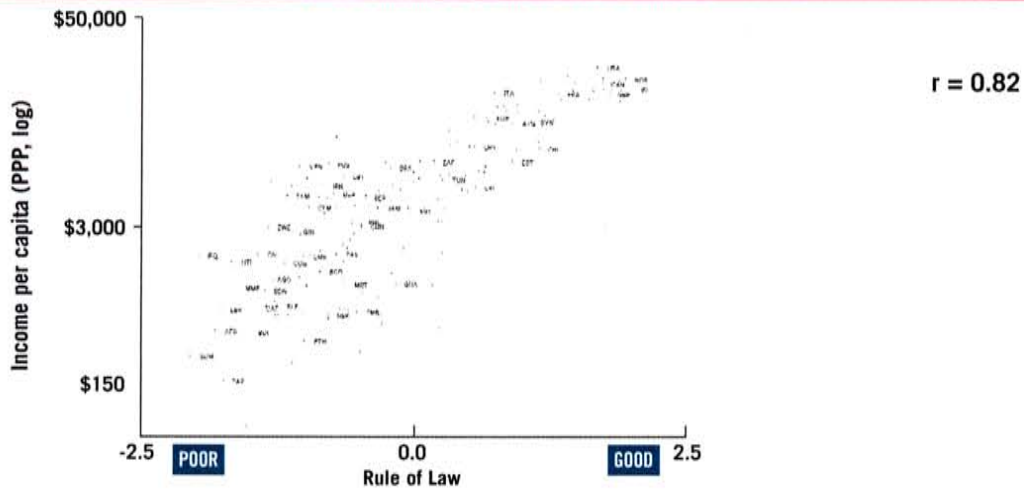
PANEL A: CHILD MORTALITY VS. VOICE AND ACCOUNTABILITY, 2004



PANEL B: INCOME PER CAPITA VS. VOICE & ACCOUNTABILITY, 2004



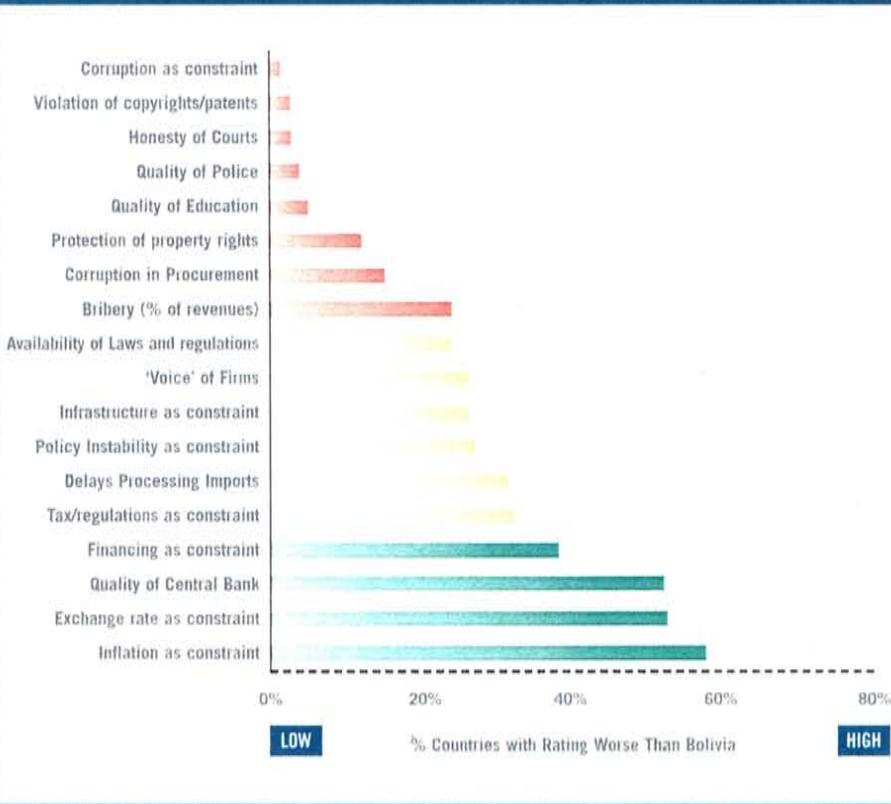
PANEL C: INCOME PER CAPITA VS. RULE OF LAW, 2004



Source for Panel A: KK 2004, WDI 2002. Sources for Panel B and C: KK 2004, Heston-Summers & CIA World Factbook.

FIGURE 3: BOLIVIA IN-DEPTH ASSESSMENT—THE PERSPECTIVE OF THE FIRM AND OF THE PUBLIC OFFICIAL

PANEL A: INSTITUTIONAL AND GOVERNANCE ASSESSMENTS BY FIRMS
(% Countries Rating Worse Than Bolivia—WBES)

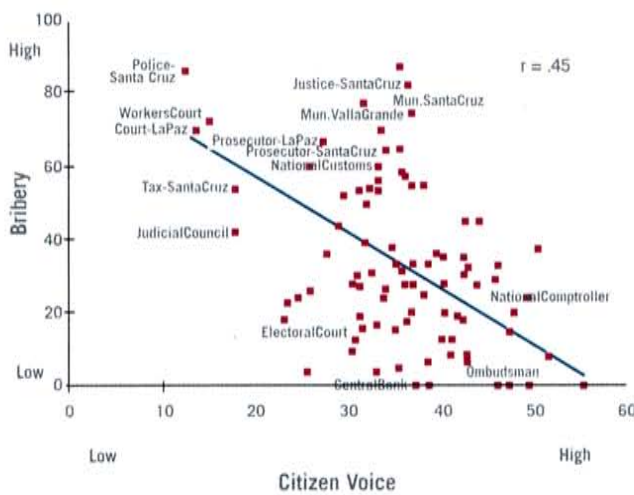


Source: WBES (2000). Based on survey of enterprises in 80 countries.

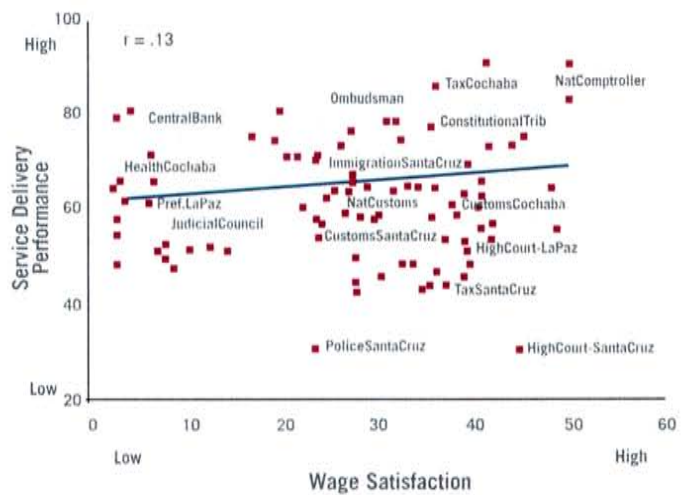
The micro evidence

AS A CONCRETE ILLUSTRATION at a more 'micro' level of the evidence, we have explored in the past the link between civil liberties and the performance of World Bank funded projects. We found that the extent of a country's civil liberties has a substantial impact on the successful implementation of government investment projects financed by the World Bank. This impact of civil liberties may in fact be as substantial as the well known impact of economic distortions on project returns. Given that participatory citizen voice is an important precondition for government accountability and, not coincidentally, that voice is suppressed in the absence of civil rights, this result is perhaps not surprising. This result adds to the evidence for the view that increasing citizen voice and public accountability—through both participation and better governance—can lead to greater efficacy in government action. In fact this line of research challenged the notion that there is a trade-off between liberties and development, since we found the opposite evidence, namely that suppressing liberties is likely to be

PANEL B: BRIBERY AND CITIZEN VOICE IN BOLIVIA'S PUBLIC INSTITUTIONS



PANEL C: SERVICE DELIVERY AND WAGE SATISFACTION IN BOLIVIA'S PUBLIC INSTITUTIONS



Source: Kaufmann, Mehrez, Gurgur (2001). Based on survey of public officials in Bolivia.

inimical to government performance (Isham, Kaufmann, and Pritchett 1997).

The link between corruption and human rights

FURTHER, WE EXPLORED and found evidence about the link between the prevalence of corruption in a country and the absence of political and civil rights. This finding applies to corporate ethics as well as misgovernance on the part of public institutions. Some powerful elite firms engage in grand forms of corruption such as capture of the laws, regulations, and policies of the state for their benefit. We find that such capture of the state, in turn, appears to be the result of low levels of political contestability and 'voice'—often the result of the violation of political and civil rights by government.

Such a situation works to the detriment of socio-economic and development rights and becomes an impediment to the implementation of sound economic policies and socio-economic rights. Yet, despite this evidence, the covenants and declarations on Human Rights do not include freedom from corruption (and the new anticorruption conventions do not explicitly encompass human rights either). This implies that a key mechanism bridging first and second generation issues—namely corruption as a mediating link—is explicitly omitted from coverage by human right conventions, declarations, and, often in the human rights field generally. While there may be legal reasons for such omission, it does have significant implications in terms of strategies and prospects for progress on human rights.

An empirical case study: Bolivia

CIVIL LIBERTIES, voice, and participation mechanisms are thus not only very important because of their fundamental value, but also due to their instrumental value as key to socio-economic development outcomes. This finding also applies in general at the project level (the 'micro' dimension, as suggested above), as well as in concrete in-depth country case studies, as illustrated by the case of Bolivia.

Following half a century of acute political instability and numerous autocratic governments coupled with economic mismanagement, Bolivia embarked on a radical macro-economic reform program in the mid-eighties—at a time of restoration and electoral democracy. A semblance of democratic political stability was then in place for about fifteen years, during which time Bolivia also stayed the course in the implementation of economic reforms, implementing trade liberalization, and an ambitious privatization program, while maintaining macro-economic stability. Yet, economic growth was disappointing, poverty alleviation was scant, and social indicators did not improve significantly. Consequently, Bolivia, at an estimated per capita income of about US\$ 1,000, continued to be one of the poorest countries in the hemisphere.

In our studies we utilized in-depth country diagnostic tools in order to address the question of why such disappointing developmental results (and thus socio-economic and development rights) have taken place in Bolivia. In addition to the

long-standing challenge of ethnic exclusion, we found that 'voice' and governance factors (including corruption in particular) have been a weak link in Bolivia's development (see Figure 3). Patronage, 'clientelism,' corruption, and political capture have played an important role in shaping the institutional framework under which many public institutions operate. And for improving the effectiveness and integrity of public agencies in Bolivia, we found that citizen 'voice' is more important than traditional public sector management measures. In fact, as this country study illustrates, similar results are suggested from studies for other countries.

Some conclusions

SEVERAL CONCLUSIONS can be drawn from this preliminary discussion. First, success in socio-economic development is dependent in great measure on an environment where there is control of corruption, transparency, rule of law, and corporate ethics. Therefore, it requires particular focus on governance and integrity issues. These issues, in turn, are dependent in part on voice and civil liberties, as well as on domestic politics. Future analysis and diagnosis for successful program design ought to integrate a better understanding, within a deeper and more integrated framework, of these political and civil liberty issues, including women rights and press freedoms, for instance—not only because they are important rights on their own, but also for enhancing aid effectiveness.

Second, it is misplaced to wait for governance and civil liberties improvements to come automatically when a country has an income windfall or an infusion of aid. Good governance is not a "luxury good," to which a country automatically graduates into when it becomes wealthier. Instead, the focus ought to be on sustained interventions to improve governance and civil liberties in countries where there are lacking, which in turn would be expected to help improve socio-economic and development rights.

Third, we now know that increased attention to the 'demand side' of governance and accountability (civil liberties, voice, media freedoms, etc.) is crucial for controlling corruption, which in turn would help socio-economic and development rights. Thus, focus on political and civil rights is important for enhancing the demand side of governance, for corruption control, and socio-economic and development rights.

Fourth, it would be tantamount to a virtual 'fig leaf' for any institution to claim that much is being contributed to enhancing human rights in a country simply because development projects—such as on water or rural roads—are being funded. Traditional development projects, say in enhancing access to safe water, are obviously of high importance, and may in fact further the attainment of socio-economic and development rights. However, successful execution of such projects in particular, and attainment of socio-economic and development objectives in general, may in large measure be dependent on paying attention to the improvement of some key dimensions of political and civil rights and governance. Thus, emphasizing these political and civil rights and governance issues is paramount for development effectiveness and for socio-economic and development rights.

**COMMENTS ON THE EMPIRICAL LINK
BETWEEN HUMAN RIGHTS AND DEVELOPMENT**

Presented at
The Conference on Human Rights and Development
New York University
March 2004

BY MORTON WINSTON

"... It is very nice to find there is empirical evidence to support the argument that good governance does not somehow magically arise from economic development.

It would be very useful if the World Bank Group, particularly the IFC, were to adopt a policy that required all of the companies receiving loans to adhere to the Publish What You Pay guidelines and enforce compliance with them through their loan Covenants, and it would also be useful to study the results of the Government Accountability Project's analysis of "whistle-blower" protection policies at the Multilateral Development Banks, which have rated them ...

The preliminary conclusions Kaufmann reaches certainly do deserve further study and confirmation, particularly additional country-specific case studies that will provide nuance and detail to the causal linkages that his work has revealed. It seems to me that his data confirm the view of the 1993 Vienna World Congress on Human Rights Declaration and Programme of Action which held in Article 5 that both first generation and second generation human rights are equally important."

Morton Winston is Chairman of the Board of Directors (Emeritus), Amnesty International USA and Professor of Philosophy, The College of New Jersey. He delivered his comments (excerpted here) on Daniel Kaufman's paper that served as the basis for the present article at the NYU Conference: "Human Rights and Development: Towards Mutual Reinforcement," March 1, 2004.

Prof. Winston's full comments are at:
www.worldbank.org/wbi/governance/pdf/winstoncomments.pdf

Fifth, there are implications, both for the corporate and public sectors, for further integration between the fields of governance, rule of law, and corruption, on the one hand, and human rights, on the other. Contrasting the independent tracks that the respective fields (and their international conferences and conventions) have taken in human rights, in corporate governance, and in corruption, instead we find evidence of close links between these three important strands. This link therefore requires further analytical and operational attention, and challenging the 'silo' approaches that these fields have taken so far. It also relates to the paramount importance of promoting transparency initiatives for improving governance and corruption control.

Finally, there are implications on the 'power of data' for the field of human rights. Insufficient attention has been given to the development of reliable and periodic databases on human rights worldwide, in contrast with other governance areas. Nowadays, thanks to rigorous statistical tools, improved survey techniques, and in-depth empirical analysis, countries and institutions are regularly monitored on many dimensions of governance and investment climate, including corruption. Such data monitoring has become a potent tool for activism by civil society and for reformists in governments worldwide.

Indeed, similar progress is feasible and warranted in the human rights field. Investing in further empirical work in the human rights field would help validate, challenge, or expand upon the initial findings reported here. Further, potential synergies can be exploited between the existing in-depth country diagnostic tools for governance and corruption, integrating relevant and measurable human right dimensions into these ongoing surveys and indicators. Measurement empowers and furthers evidence-based decision-making on policy and institutional reforms. The power of data would also enable monitoring the differences in progress between types of human rights (civil/political vs socio-economic development) and also deepen our understanding of which dimensions are crucial determinants of development outcomes. ♣

Daniel Kaufmann is Director of Global Programs, The World Bank Institute.

This updated article is based on a longer paper presented at the Conference on Human Rights and Development, New York University, March 2004. The paper has subsequently been published in the volume *Human Rights and Development: Towards Mutual Reinforcement*, edited by Philip Alston and Mary Robinson, Oxford University Press, 2005.

The full paper, as well as the presentation given at the Human Rights Conference in Copenhagen on June 26, 2006, are available at:
www.worldbank.org/wbi/governance/pubs/humanrights.html

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