

HUMAN RIGHTS AND ECONOMIC DEVELOPMENT

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In their interesting contributions to this year's Plenary, Professors Kuan Hsin-chi and Ravi Kanbur have brought contrasting perspectives to the place of human rights in economic development (Hsin-chi, 2009; Kanbur, 2009). In many ways their perspectives reflect the contrasting experiences during the past six decades of people in China and India, respectively. Kanbur gives qualified support for a suggestion that extreme poverty should be classified as a violation of human rights. He thinks that if that were done, it would oblige governments to give more attention to poverty eradication because of their signed commitment to the United Nations' Human Rights Charter.

Hsin-chi in contrast offers an account of the idea of human *worth* as it was understood in classical China and uncovers the process by which civil society in China was weakened by the State following the Maoist revolution. He notes that in the Constitution enacted in 1954, the idea of *citizens'* rights was given shape in the form of a catalogue of civil, political and socio-economic rights for citizens. Hsin-chi then points to the re-emergence of civil society in recent years and is guardedly optimistic about the future of human rights in China. If Kanbur supports re-branding extreme poverty as a violation of human rights, Hsin-chi focuses on the place of civil and political liberties in the realm of human rights and locates them at the very centre of that realm.

I agree with Professor Hsin-chi that it's correct to keep civil and political rights separate from socio-economic rights. Food and water, health-care, clothing, and shelter are fundamental human *needs*. There are serious conceptual as well as tactical problems with re-branding an access to those human goods as human 'rights'. Below I try to explain why.

1. POSITIVE AND NEGATIVE RIGHTS¹

Fried (1978) classified *rights* in a binary way. We are to think of *positive* rights as a claim *to* something, a share of material goods or some particular commodity, such as education when young and medical attention when in need. It is to the satisfaction of such needs that we have positive rights, and Fried derived them from the primary morality of respecting the integrity of persons as free, rational, but incorporated beings. A *negative* right, on the other hand, is a right that something *not* be done to one, that some particular imposition be withheld. It is a right not to be wronged intentionally in some specified way. This too is derived from the primary morality alluded to above.

Fried observed that positive rights are asserted to scarce goods and that scarcity implies a limit to their claim. He also suggested that negative rights, for example the right not to be interfered with in forbidden ways, do not to have such natural limitations. ('If I am let alone, the commodity I obtain does not appear of its nature to be a scarce or limited one. How can we run out of people not harming each other, not lying to each other, leaving each other alone?' Fried, 1978: 110.) This is not to say that protection against unauthorized violence doesn't involve material resources. But then the claim to protection from, say, the government against such violence is a positive right, not a negative one.

Fried's distinction is important. The seeming asymmetry in resource costs may even explain the powerful hold negative rights have on our moral sensibilities. It is always feasible to honour negative rights (there are no direct resource costs, remember), but it may not be feasible to honour positive ones: the economy may simply not have sufficient resources to enable all to enjoy adequate nutrition. It is then possible to entertain the idea that negative rights are inviolable, in a way that positive rights are not. For how can a right be inviolable if it is not always possible to protect it?

The asymmetry between positive and negative rights also offers an explanation for why we regard all persons to have *equal* negative rights, even while we eschew the idea of full equality in the distribution of goods to which we have positive rights. Negative rights don't have to be created, they have only to be protected. In contrast, positive rights are produced goods, and in deliberating their distribution we have to care about differences in individual talents *to* produce, we have to worry about incentives

¹ Parts of this section have been taken from Dasgupta (2007a).

and the concomitant notion of obligations (to honour agreements, not behave opportunistically, and so forth), we have to worry about needs, as well as the related matter of deserts. The realization of positive rights involves a resource allocation problem, with all its attendant difficulties. This observation alone tells us to be wary of associating human rights to every human good we happen to identify. Food and water, health-care, clothing, and shelter are *vital human needs*. One cannot survive without them. But one can survive without political freedom. That alone suggests that needs (even the deepest of human needs) and rights do not point to the same set of human goods. I conclude that it is as well to regard political and civil liberties, on the one hand, and economic development, on the other, as separate types of human goods.

The domain of rights has expanded continuously since the United Nations made their Universal Declaration of Human Rights. That may not be unrelated to the fact that the majority of the world's poorest countries have been violating their citizen's *civil* rights with vengeance. As Professor Hsin-chi reminds us, the concept of 'rights' was developed only some 350 years ago in connection with the rights of citizens against the State. Since then the word has become so elastic that it is used today not only in connection with such goods as 'freedom of expression', but also to a '35-hour working week'. That creates obvious problems, because it shades differences between (i) the right to speak freely, (ii) rights based on deep human needs, and (iii) rights that have a purely instrumental value. If all human goods are made into rights, the term loses its force and urgency and is unable to do much for us. Societies inevitably face trade-offs between the human goods we care about and want to protect and promote. We do not have to follow Dworkin (1984) into believing that rights trump all other human goods, but we should applaud him for explaining why civil and political rights matter and why we should expect trade-offs among the multitude of human goods.

It can be predicted with confidence that extreme poverty in the world's poorest nations will not be eradicated in the foreseeable future. Governments will claim (many with justification) that their tax bases are too weak for them to be able to do so. Now suppose the United Nations follow Kanbur by regarding extreme poverty as a violation of human rights. Observing that one kind of human rights can be violated with impunity, governments in poor countries could be tempted even more to violate all others by mixing the entire range of human goods in a common package of 'rights'. So I reach a conclusion that is opposite to Professor Kanbur's: there are tactical

reasons (not just ethical reasons) why it would be as well not to regard extreme poverty as a violation of human rights. Human needs for the material means of survival don't gain any further urgency by the re-assignment Kanbur advocates.

2. POLITICAL AND CIVIL LIBERTIES AND ECONOMIC DEVELOPMENT

Political and civil liberties and economic development are human goods; which is why they are valuable. But are they compatible when countries are poor, or are we faced with trade-offs among them?

You should know that until the early 1990s political and civil liberties sat uneasily in development discourses. Historians of economic thought will not look kindly at professional development economists for that neglect. All sorts of ghastly regimes ruled in sub-Saharan Africa throughout the 1960s-80s, but the only ones development experts denounced were South Africa and Zimbabwe. Textbooks had nothing to say about political and civil liberties. 'Food before Freedom' was a frequent slogan. Given that it *was* a slogan, it must have been taken for granted that there is conflict between freedom and economic development. The latter was taken to mean increases in material well-being (access to food and water, health-care, clothing, and shelter) – crudely speaking GNP. That citizens of many poor countries were ruled by corrupt and predatory governments or suffered under uncivic culture were not of concern.²

It is possible that differences in the development experiences of people in China and India had a lot to do with the viewpoint I have just recalled. In view of their sheer sizes, those two countries can't but dazzle the intellectual eye. In the accompanying table I have summarized contemporary figures for economic performance and political and civil liberties in China and India. The table suggests that societies, at least when they are materially poor, face a cruel choice between economic development on the one hand and political and civil liberties on the other. The last two rows, containing figures for the two types of liberties in the mid-1990s, are taken

² There were outstanding development economists who pointed to the denial of civil liberties in most parts of the poor world, prominent among them being Bauer (1971, 1984). But he was very much an outsider in what may be called, 'official development economics'.

from Freedom House, an organization that publishes such figures annually. Those who are unfamiliar with Freedom House indices, should know that the higher the number awarded to the practice of a given liberty, the worse it is. The indices run from 1 to 7.7 is very bad news while 1 is very good news. Notice that India scores well relative to China, on political and civil liberties. India also does reasonably well in terms of income inequality. However, India lags behind China in all other indices of well-being, including income per head, life expectancy, and literacy. So, there would seem to be a tension between political and civil liberties on the one hand and economic development on the other.

Lipset (1959) famously observed that growth in GNP per head helps to promote democratic practice. The converse, that democratic practice and civil liberties promote material prosperity, has also been suggested by social scientists. Democracy and civil liberties, including the existence of a free press, have been seen not only as ends in themselves, some have seen them also as the means to economic progress. Understandably, rulers in the world's poorest countries have thought otherwise. That political and civil liberties on the one hand, and economic development on the other, involve trade-offs when countries are poor has been the stated conviction of people in power in most of today's poorest countries. However, in their pioneering empirical work on what they termed 'social capability', Adelman and Morris (1967) saw societal openness to discussions and ideas as a driver of economic progress. Unfortunately, their work had little impact on official development economics.

Matters are different now. Societal transformation in 1989-91 is a big reason. Freedom is now seen as a precondition of economic development. Sen (1999) has even re-labelled development *as* freedom. I don't believe re-branding a concept necessarily illuminates it. In the case of freedom I remain unconvinced it does, because it makes you think that a multi-dimensional object like freedom can be straight-jacketed into an all-purpose human good. And by the time you have reduced every human good into freedom, you have converted it into a sort of fluff. There are intellectuals who don't necessarily go in for re-branding, but who nevertheless see the instrumental worth of freedom everywhere. Kuper (2002) claimed that 'it has been demonstrated repeatedly that non-democratic regimes are unfailingly detrimental to human rights and wellbeing'. If only that was so. There are many counter-examples of recent vintage.

So, the intellectual pendulum has swung enormously in the past two decades. But what if you were a citizen of an arbitrarily chosen country? Sup-

pose you were about to help draft a Constitution. What kind of Constitution would you favour? It's no good pointing to India or China, because they offer only a pair of observations. It seems to me a statistical study is required.

In a crude statistical analysis of what in 1970 were 51 countries with the lowest GNP per head (Dasgupta, 1990), I found that during the period 1970-80 those nations whose citizens had enjoyed greater political and civil liberties had also on average performed better in terms of growth in GNP per head and improvements in life expectancy at birth. (In the case of literacy, the correlation was just the reverse.) The correlation wasn't strong, but it was positive and significant. Of course, correlation isn't causation, but as I was relating *average* figures for political and civil liberties in the 1970s to *changes* in GDP per head, *improvements* in life expectancy at birth and literacy, I believe I was pursuing the right animal.

The findings relating to GDP per head and life expectancy pleased me; the one on literacy, didn't. What I took away from that crude exercise is that political and civil liberties are not luxuries in poor countries; they don't necessarily hinder economic development. Subsequently, several more elaborate investigations were published. They included not only poor nations but rich nations too. The most elaborate among them was Barro (1996), who found that among those nations where freedom was highly restricted, there was a positive correlation between political and civil liberties on the one hand and growth in GNP per head on the other, but that among those where freedom was considerable, there was a negative correlation.³ During the decade of the 1970s, the bulk of the worst offenders of restrictions in citizens' freedom were governments in the world's poorest countries, most of them in sub-Saharan Africa. Barro's findings were therefore consistent with mine.

That said, Barro's and mine are only two empirical studies. Importantly, Freedom House aggregates a multitude of freedoms into a scalar index. When I say a 'multitude', let's remind ourselves that democracy – I'll use that as a shorthand for political and civil liberties – means many things at once: regular and fair elections, government transparency, political pluralism, free press, freedom of association, freedom to complain about the degradation of the environment, and so forth. What if you take them one at a time and relate them to economic development? Aghion *et*

³ Political and civil liberties, even though they are distinct goods, are highly correlated in the contemporary world.

al. (2009) have done that. In a large sample of countries, they have studied the relationship between economic growth and the various components of freedom. They have found that some of the components are positively related, others not so.

One problem I have with these findings is that they regard economic development to be synonymous with growth in real GDP per head. There is no mention of environmental issues. A recent literature has shown that human well-being is closely related to an inclusive notion of *wealth* (Dasgupta, 2001, 2007b; Arrow *et al.*, 2003). By inclusive wealth I mean wealth that includes not only reproducible physical capital (buildings, roads, machines), but also human capital (education and health), knowledge (the differential calculus), institutions (both social and legal), and natural capital (ecosystems). By *sustainable development* we should mean a path of development along which inclusive wealth per head does not decline. So we should be asking whether political and civil liberties are correlated with sustainable development. I have no idea whether they are. More generally, no one knows which aspects of freedom are most potent in bringing about sustainable development. So, we should be alert to the possibility that there are trade-offs between some components of democracy and those other things we care about. That being the case, a commitment to democracy can't be based on grounds that the latter promotes sustainable development. We should favour democracy because (i) it is innately a good thing, and (ii) it isn't known to hinder economic development and may possibly even help to bring it about.

3. DECENCY, TRUST, AND THE RULE OF LAW

Many thinkers point to the primacy of the rule of law in economic development. The rule of law, however, is consistent with many forms of government. It isn't only a political democracy in the Western mode that can be expected to protect and promote it. Practice of the rule of law, more generally, an expectation of decency in the public domain, creates trust among people, as they go about their daily lives. Mutual trust is the lubricant that makes for economic development. (In my *Very Short Introduction to Economics* (Dasgupta, 2007b), I have tried to explain why it is so). Without trust the millions and millions of transactions that are in principle possible would not be undertaken, so all parties would be worse off than they could otherwise be. Imagine two islands, A and B, which are

visibly identical. For every person in B there is a corresponding person in A and vice versa. And for every piece of capital asset in A there is a corresponding piece in B, and vice versa. Imagine that the property-rights regimes are identical too. Imagine, however, that people in A harbour a mutually consistent set of beliefs that one cannot trust others, while people in B have institutions in place that enable them to maintain a mutually consistent set of beliefs that people can be trusted. Other than beliefs, we are therefore imagining that the islands are to begin with indistinguishable. Nevertheless, the pair of disjointed set of (rational) mutual beliefs and expectations would lead the islands to diverge over time. B would prosper, while A would remain undeveloped.

How does a society tip from one belief system to another? That seems to me to be the fundamental question in the social sciences, to which we economists really do not have much of an answer. What we do know is that mutual trust – and the social norms and laws that buttress that trust – involves a lot of coordination among the actors, whereas mutual distrust doesn't. That is why destroying a society is whole lot easier than rebuilding it. You can establish as fine a set of institutions as you care, but it will all come to nothing if people don't trust one another. The institutions won't work. The deepest question in the social sciences remains unanswered: how do grace and decency establish themselves among wide and disparate groups of people?

CONTEMPORARY CHINA AND INDIA: COMPARATIVE STATISTICS		
	China	India
Population (billions)	1.32	1.17
GDP per head in international dollars (PPP) (For comparison: Sweden: \$40,850)	4,660	2,460
Annual % growth rate in GDP	11	7.8
Gini coefficient of income	0.45	0.33
Literacy rate (male/female) per 100 adults	95/87	73/48
Ratio of girls to boys in primary & secondary schools	1	0.99
Doctors per 1000 people	1.4	0.6
Total fertility rate	1.8	2.5
Life expectancy at birth (years)	73	65
Infant mortality rate (per 1000 infants)	24	76
% of children under 5 underweight	7	43
% of population below \$1 a day	16	35
% of population below \$2 a day	47	81
Corruption index*	0.73	0.48
Media freedom index (rank out of 173 countries)	167	118
Political/Civil liberties index, 1996 (Range: 1-7)	7/7	2/4

* Percentage of private firms who paid bribes to government officials.

Data Sources: (i) *World Development Indicators* (2008), World Bank. (ii) *World Development Report* (2008), World Bank. (iii) Freedom House, 1998.

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