



Munich Personal RePEc Archive

**IMPACT OF INSTITUTIONAL  
QUALITY ON HUMAN RIGHTS  
ABUSES IN TRANSITION  
ECONOMIES**

Vadlamannati, Krishna Chaitanya and Tamazian, Artur  
University of Santiago de Compostela

23. August 2008

Online at <http://mpra.ub.uni-muenchen.de/10137/>  
MPRA Paper No. 10137, posted 23. August 2008 / 09:47

# IMPACT OF INSTITUTIONAL QUALITY ON HUMAN RIGHTS ABUSES IN TRANSITION ECONOMIES

**Krishna Chaitanya, Vadlamannati**<sup>a, b</sup>, **Artur Tamazian**<sup>a</sup>  
kc\_dcm@yahoo.co.in oartur@usc.es

<sup>a</sup> *University of Santiago de Compostela, Spain*

## ABSTRACT

This purpose of this paper is to examine the direct effects of institutional quality on human rights abuses in transition economies. We make use of an alternative empirical approach for evaluation of institutional system's development in transition economies developed by Chousa et al. (2005). To assess this relationship, along with institutional quality index, which is an operational indicator of institutional system dynamics to observe institutional reforms-economic growth interdependence, we also construct cost of decline in institutional quality and transition from communist to reforms years variables. We also evaluate the effect of institutional quality on human rights abuses conditioned by the level of transition from communist to reforms years. The empirical work reveals that an improvement in institutional quality increases government respect for human rights. While, any decline in institutional quality leads to human rights abuses. The results also show that government respect for human rights are strongly associated with transition towards reforms years.

**Key Words:** Institutional Quality; Human Rights; Transition economies.

**JEL Classification:** P20; P27; Z0

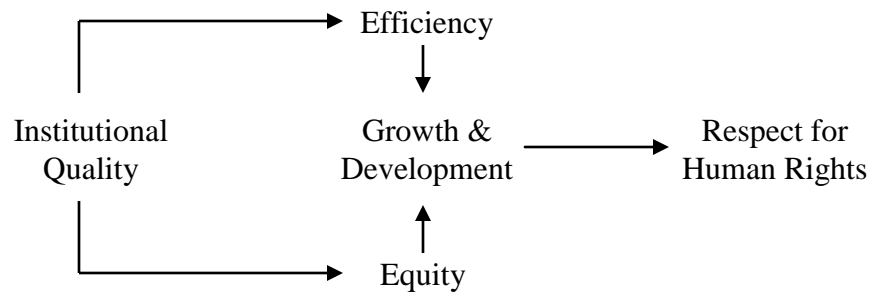
---

<sup>b</sup> Corresponding author. Tel.: (+34) 664516430

## 1. Introduction

Does improvement in institutional quality lead to increase in governments' respect for human rights? This question is important for both practical and theoretical reasons. To begin with, it is an increasingly important policy issue in the field of growth and equity. Eminent experts like Sen (1999) and Khan (1989 & 2004) has advocated for freedom as wherewithal for an institutional settings and formal freedom and deep democracy are virtues of efficiency and equity. Chousa et al. (2005) highlight the role of institutions, institutional reforms and rule of law which leads to creation of innovative systems for economic growth and development. A large number of studies have questioned the importance and contribution of institutional quality on growth and development. This question has been an important debatable topic in the economic literature. There are number of studies which have pointed out the impact of institutional quality on growth and observe that institutional quality as an important prerequisite for growth (Kornai, 2000; Acemoglu et al. 2002; Acemoglu & Johnson, 2003; Johnson et al. 2000; Acemoglu et al. 2004; Bekaert et al. 2004 and Chousa at al., 2005).

Exhibit 1: Institutional Quality & Human Rights



The literature shows that there is a positive impact of development and equity process on human rights (Mitchell & Mc Cormick, 1988; Boswell & Dixon, 1990; Davenport 1995; Blanton, 1999; Frey et al., 1999; Milner, 2002; Richards, Gelleny & Sacko, 2001; Spar, 1999; Kaufmann 2004; Kaufmann, Kraay, & Mastruzzi 2005; Blanton & Blanton, 2006 and Eriksen & de Soysa, 2008). As highlighted in exhibit 1, better institutional quality should lead to increase in efficiency and equity and there by growth and development. Inturn growth and development process leads to higher respect for human rights as development process tends to reduce threats and the likelihood of state repression is less. To assess the impact of institutional quality on human rights in transition economies, we make use of the operational index developed by Chousa at al (2005). They use shadow economy and barter trade volume indicators as proxies to evaluate the total efficiency of the economic institutions in transition economies. From this index, we then construct cost of decline in institutional quality variable to assess the cost associated with decline in institutional quality on human rights. This apart, we also examine the effect of institutional quality on human rights abuses conditioned by the level of transition from communist to reforms years. The rest of the paper is organized as follows: section 2 deals with research design and modelling institutional quality and human rights abuses. Section 3 presents empirical results and section 4 concludes the study.

## 2. Modeling “Institutional Quality & Human Rights Abuses”

To investigate the impact of institutional quality on Human rights abuses, it is convenient to define what we considered by Human Rights abuses. The concept of Human Rights abuses has always been problematic. However, we would like to take into account all those aspects, which in some or the other ways are related to abuses of human rights. Basically, we consider the “integrity of people”, “empowerment rights of people” and “state terrorism”. To capture these three broad issues, we take into account three widely-used indicators dealing with Human rights abuses. These indicators are physical integrity rights, empowerment rights index and political terror scale<sup>1</sup>. Just similar to Dreher, Gassebner & Siemers (2007) we use all the three indices in our study separately.

### *a. Physical Integrity Rights Index:*

The physical integrity rights index reported in the Human Rights Database (CIRI data) contain information about the pattern and sequence of government respect for physical integrity rights in addition to the level. Here, the pattern is defined as “*the association of different levels of government respect for several physical integrity rights with a single, overall scale score*” (Cingranelli & Richards, 1999). Sequence is defined as “*the order in which governments have a propensity to violate particular physical integrity rights*” (Cingranelli & Richards, 1999). The CIRI data are based on the human rights practices of governments and any of its agents, such as police or paramilitary forces. The CIRI measure is an additive index constructed from observations on torture, extrajudicial killing, political imprisonment, and disappearances. It ranges from 0, meaning no government respect for these four human rights to 8 which is full government respect for these four human rights.

### *b. Empowerment Rights Index:*

Empowerment rights index is a more general way of defining human rights, which extends beyond state terrorism and includes various other issues related to political and civil rights of the people. The government respect for political rights and civil liberties is a 10-point additive scale constructed using probabilistic cumulative scale analysis (Richards, Gelleny & Sacko 2001). This is an additive index constructed from the Freedom of Movement, Freedom of Speech, Workers’ Rights, Political Participation, and Freedom of Religion indicators. It ranges from 0 which is no government respect for these five rights to 10 that is full government respect for these five rights. The source of information used for coding these five variables was from the U.S. State Department’s annual country reports on Human Rights practices. To check for robustness of our results, we perform sensitivity analysis. For this we run the results by taking into consideration civil liberties constructed by Freedom House (results reported in Annexure – 2).

---

<sup>1</sup> See Carleton & Stohl (1987), Gibney & Dalton (1997), Poe & Meernik (1995), Poe & Tate (1994), Stohl et al. (1984), Cingranelli & Richards (1999), Richards (1999), Zanger (2000), Neumayer (2005), Dreher, Gassebner & Siemers (2007), Eriksen & de Soysa (2008).

### *c. Political Terror Scale:*

Finally, our last measure of human rights abuses deals with political/state terrorism. We use data from the Political Terror Scales (PTS). The PTS data focus on the amount of respect a society gives to personal integrity rights, specifically the freedom from politically motivated imprisonment, torture and murder. This is developed by Gibney (2004), who provides data from 1980 onwards and later extended it back from 1976<sup>2</sup>. The PTS scores include two components. One is based on a codification of country information from Amnesty International's annual human rights reports to a scale from 1 being best to 5 is worst<sup>3</sup>. The other scale is based on information from the U.S. Department of State's Country Reports on Human Rights Practices.

The final codification is as follows:

**Score 1** : Countries under a secure rule of law, people are not imprisoned for their view, and torture is rare or exceptional. Political murders are extremely rare.

**Score 2** : There is a limited amount of imprisonment for nonviolent political activity. However, few persons are affected, torture and beatings are exceptional. Political murder is rare.

**Score 3** : There is extensive political imprisonment, or a recent history of such imprisonment. Execution or other political murders and brutality may be common. Unlimited detention, with or without a trial, for political views is accepted.

**Score 4** : Civil and political rights violations have expanded to large numbers of the population. Murders, disappearances, and torture are a common part of life. In spite of its generality, on this level terror affects those who interest themselves in politics or ideas.

**Score 5** : Terror has expanded to the whole population. The leaders of these societies place no limits on the means or thoroughness with which they pursue personal or ideological goals.

Given the scores from 1 to 5, other major contentious issue is which indicator amongst the two should be used. Before deciding upon the selection, it is noteworthy to highlight the advantages and drawbacks of both these indicators. The study of Poe et al. (2001) points out that the State Department data is biased. They argue that the US State Department reports lower values (1 – best) for the countries which are allies of US on international political and diplomatic front. This effectively means that the Amnesty International data is unbiased. However, Neumayer (2005) point out that Amnesty International data though unbiased, covers only few countries in the early years, leaving aside those countries in which there were no or less human rights abuses. In this indecisive framework, we take the average score of both State Department and Amnesty International data.

---

<sup>2</sup> We thank Dr. Gibney for providing the data for all the three scores of PTS on request.

<sup>3</sup> The data can be found at <http://www.unca.edu/~mgibney>

In the first model Physical Integrity Rights index is considered as dependent, while the second model considers Empowerment Rights index and the third model captures PTS in the same way. The three parsimonious models for Human Rights abuses are specified as follows:

$$\begin{aligned} \text{Physical Integrity Rights} = & \delta_1 + \psi_2 \text{ Institutional Quality}_{it} + \psi_3 \text{ Economic Growth Rate}_{it} + \psi_4 \\ & \log(\text{Economic Development})_{it} + \psi_5 \text{ War years}_{it} + \psi_6 \text{ Pace years}_{it} + \\ & \psi_7 \text{ Political Regime}_{it} + \psi_8 \log(\text{Population})_{it} + \psi_9 \text{ Ethnic} \\ & \text{Fractionalization}_{it} + \psi_{10} \text{ Socialist/British Legal System}_{it} + \psi_{11} \text{ Cost} \\ & \text{of Decline in Institutional Quality}_{it} + \varepsilon_{it} \dots\dots\dots (1) \end{aligned}$$

$$\begin{aligned} \text{Empowerment Rights} = & \phi_1 + \Omega_2 \text{ Institutional Quality}_{it} + \Omega_3 \text{ Economic Growth Rate}_{it} + \Omega_4 \\ & \log(\text{Economic Development})_{it} + \Omega_5 \text{ War years}_{it} + \Omega_6 \text{ Pace years}_{it} + \\ & \Omega_7 \text{ Political Regime}_{it} + \Omega_8 \log(\text{Population})_{it} + \Omega_9 \text{ Ethnic} \\ & \text{Fractionalization}_{it} + \Omega_{10} \text{ Socialist/British Legal System}_{it} + \Omega_{11} \text{ Cost} \\ & \text{of Decline in Institutional Quality}_{it} + \gamma_{it} \dots\dots\dots (2) \end{aligned}$$

$$\begin{aligned} \text{Political Terror Scale} = & \alpha_1 + \beta_2 \text{ Institutional Quality}_{it} + \beta_3 \text{ Economic Growth Rate}_{it} + \beta_4 \\ & \log(\text{Economic Development})_{it} + \beta_5 \text{ War years}_{it} + \beta_6 \text{ Pace years}_{it} + \beta_7 \\ & \text{Political Regime}_{it} + \beta_8 \log(\text{Population})_{it} + \beta_9 \text{ Ethnic} \\ & \text{Fractionalization}_{it} + \beta_{10} \text{ Socialist/British Legal System}_{it} + \beta_{11} \text{ Cost} \\ & \text{of Decline in Institutional Quality}_{it} + \eta_{it} \dots\dots\dots (3) \end{aligned}$$

Where:

**i t** = country “i” at time “t”

**δ φ α** = Intercept for the equations

**ψ Ω β** = Regression Coefficient for variable “n”

**ε γ η** = error terms for country “i” at time “t”

This empirical analysis covers 20 transition economies (13 former Soviet Union countries and seven East European countries, see annexure 3) for the period 1993 to 2000. We use pooled time-series cross-sectional (TSCS) method. We estimate all models using time dummies to estimate any effects of trending data. The pooled time-series cross-sectional

(TCSC) data may exhibit Heteroskedasticity and serial correlation problems. While these problems do not bias the estimated coefficients as pooled regression analysis in itself is a more robust method for large sample consisting of cross section and time series data. However, they often tend to cause biased standard errors for coefficients, producing invalid statistical inferences. To deal with these problems, we estimated for all the models the Huber-White robust standard errors clustered over countries. These estimated standard errors are robust to both Heteroskedasticity and to a general type of serial correlation within the cross-section unit (Rogers, 1993 and Williams, 2000).

## **2. i. Main Independent variables:**

The main independent variables of the study are three: Institutional Quality index, cost of decline in Institutional Quality and conditional effect of transition towards reforms years from communist period. The description of each of these variables and its computations are defined as under:

### **a. Institutional Quality Index:**

The primary independent variable of this study is the level of institutional quality. Institutional ‘market’ conditions are the starting point for estimating the progress of institutional reforms in transition economies. The institutional market in transition economies is usually analyzed (e.g. Tambovtsev, 1998) in the following three segments: Formal – “white market”, Informal – “Shadow market”, including the “black” one and finally, Inherited – “Socialist market” (Chousa et al., 2005). Using them, we consider the institutional quality variable as defined and developed by Chousa et al. (2005). They construct this operational index which is in the range of 0 and 1. The effective institutional regimes would have the score of 1 and 0 otherwise. According to Chousa et al. (2005) the main advantage of the operational indicator over the simple weighted index is that in their index the “weights” are set by the market itself. Meaning, the need to consider separate components does not arise.

### **b. Cost of Decline in Institutional Quality:**

The other hypothesis variable apart from institutional quality includes “cost of decline in Institutional Quality”. Our presumption is that an improvement in institutional quality leads to decline in human rights abuses. Based on this argument, we assume that any decline in institutional quality would lead to increase in human rights abuses. To capture the effect of cost of decline in institutional quality, we compute this variable in three steps: In the first step, we first name the dummy variable “decline in institutional quality” which take the value 1 whenever the original value of institutional quality declines from its immediate preceding year and 0 otherwise. In the second stage, we compute the rate of growth of institutional quality. In the third and final step, we multiply three indicators to arrive at “cost of decline in institutional quality”, viz., decline in institutional quality, rate of growth of institutional quality and lagged value of original index of institutional quality. Thus, the cost of decline in Institutional Quality:

### *Institutional Quality (t-1) x $\Delta$ Institutional Quality x Reversal in Institutional Quality*<sup>4</sup>

We introduce this variable for each model after the baseline model is performed to examine its impact on human rights abuses.

#### **c. Conditional effects of Transition to Reforms Years:**

We are interested to examine whether the impact of institutional quality on Human rights abuses is conditional to countries transiting from communist rule to reforms period. To capture this effect, we first calculate the ratio of the reforms period and years under communism to reflect the initial conditions of reforms process in transition economies. We then interact this ratio with institutional quality variable to capture the conditional effect. This effectively means that the coefficient values of this interactive variable should not only be positive for physical integrity, empowerment rights and negative for political terror scale, but also should be higher than that of original institutional quality variable.

#### **2. ii. Control Variables:**

Previous research on the violations of human rights has established that there are several key factors that explain why governments violate human rights (Carey & Poe, 2004, Landman, 2005 and Eriksen & de Soysa 2008). The literature shows that there is a positive impact of development and equity on human rights (Mitchell & Mc Cormick, 1988; Boswell & Dixon, 1990; Davenport 1995; Blanton, 1999; Frey et al., 1999; Milner, 2002; Richards, Gelleny & Sacko, 2001; Sen 1999; Kaufmann 2004; Kaufmann, Kraay, & Mastruzzi 2005; Blanton & Blanton, 2006 and Eriksen & de Soysa, 2008). The models control the effects of development and growth by introducing logged value of per capita GDP in US\$ PPP constant terms and the economic growth rate. The data for both these variables come from world development indicators of World Bank 2006.

The literature shows that the level of democracy is a key variable associated with human rights. The democracy scores take shape as a discrete variable taking the value 1 if the polity IV, variable polity II, is greater than 6 on the 10-point scale and 0 if not (Jaggers & Gurr, 1995)<sup>5</sup>. The studies show that democracy affects rights only at very high levels (Davenport & Armstrong, 2004). Thus, we take the polity IV scores to capture for democracy levels. Following other prominent studies in literature we also take into account the log value of total population adapted from world development indicators of World Bank 2006. The countries with higher ethnic fractionalization often face the risk of ethnic wars. To capture this effect, we include the degree of ethnic fractionalization developed by Fearon & Laitin (2003). Prominent studies like Poe and Tate (1994) and Poe, Tate & Keith (1999) Dreher, Gassebner & Siemers (2007) argue that civil war and peace years are important determinants of human rights abuses. Taking these studies as standard, we include the dummy variable 1 if civil war exists in the country and 0

---

<sup>4</sup> Note:  $\Delta$  denotes rate of growth of institutional quality & “t” represents current year.

<sup>5</sup> The data can be accessed from <http://www.colorado.edu/IBS/GAD/spacetime/data/Polity.html>.

otherwise. We also include number of peace years for each country from 1993 to 2000. The peace years variable is included as the number of peace years since every last civil war occurred in a country. The data for both these variables come from the Uppsala database updated version of 2007. Poe and Tate (1994) and Poe, Tate & Keith (1999) argue that countries with British legal system are associated with lower human rights abuses to Socialistic legal system. This would be even more interesting in the context of transition economies as majority of these countries belong to former Soviet Union. We give the value 1 if the country has socialist legal system and 0 otherwise. Finally, we include the ratio of the reforms period and years under communism to reflect the initial conditions of reforms process in transition economies. The data for these ratios are already adapted from study of Chousa et al. (2005).

### **3. Empirical Results & Estimates**

The results of regression estimates in assessing the impact of institutional quality on Human Rights abuses in Transition economies are presented in table 1 and 2. The model 1, 3 & 5 captures determinants of various types of Human rights abuses. They include, Empowerment Rights, Physical Integrity Rights and Political Terror Scale. These are tested against the main hypothesis variable namely, Institutional Quality. This is followed by three other models 2, 4 & 6 explaining the relationship between cost of decline in institutional quality and its effect on various types of human rights abuses. Additionally, the models 7, 8 & 9 take into consideration the interaction effect of institutional quality and reforms years to check whether the impact of institutional quality on human rights abuses is conditional upon transition process from communist period to reforms years. We control for heteroskedasticity using White Heteroskedasticity-consistent standard errors & covariance. Descriptive analysis is presented in annexure 1.

In model – 1 (table 1) we find that institutional quality has significant positive effect on human rights abuses. The empowerment scores suggest that on a scale of 0 to 10, zero represent worst human rights abuses and 10 represent respect for human rights. Therefore the positive effect of institutional quality suggests a reduction in human rights abuses. An increase of 10% in institutional quality contributes to human rights respect by 0.20%. This is statistically significant at 1% confident level. The results are very similar in model 2 (table 1) when we introduce cost of decline in institutional quality variable. We find that for an increase in 10% in cost of decline in institutional quality is increasing in human rights abuses by almost 15%. This is statistically significant at 10% confidence level. The other interesting findings in model 1 (table 1) include that of war and peace years. When we introduce war year dummy, we find a significant negative relationship with human rights. Similarly, when we include number of peace years in the same model we found that it is helping in reducing the human rights abuses. But we could not find any statistical significance for both variables. However, the coefficient values for the both differs as we find that for civil war dummy its slightly higher than peace years, suggesting that the risk of civil war is always detrimental to human rights abuses.

Table 1: Results of Institutional Quality & Human Rights equation

Variables	Model 1 (ER)#	Model 2 (ER)	Model 3 (PIR)#	Model 4 (PIR)	Model 5 (PTS)#	Model 6 (PTS)
Constant	5.121 ** (2.681)	5.126 ** (2.684)	1.374 (2.751)	1.374 (2.761)	1.246 (1.315)	1.245 (1.319)
Institutional Quality	0.002 * (0.001)	0.002 * (0.000)	0.002 ** (0.000)	0.002 ** (0.000)	-0.002 * (0.000)	-0.002 * (0.000)
Economic Growth	0.014 (0.019)	0.013 (0.019)	-0.029 (0.019)	-0.029 *** (0.020)	-0.004 (0.008)	-0.004 (0.008)
Log (Economic Development)	0.441 *** (0.285)	0.432 *** (0.286)	0.788 * (0.264)	0.787 * (0.269)	-0.079 (0.112)	-0.077 (0.112)
Log(Population)	-0.230 *** (0.125)	-0.226 *** (0.126)	-0.193 *** (0.105)	-0.193 *** (0.105)	0.096 *** (0.059)	0.096 *** (0.059)
Democracy	0.116 * (0.025)	0.115 * (0.025)	0.002 (0.025)	0.002 (0.025)	-0.016 (0.011)	-0.015 (0.011)
Ethnic Fractionalization	2.807 * (0.933)	2.817 * (0.932)	0.723 (0.743)	0.724 (0.746)	-0.523 (0.310)	-0.524 *** (0.311)
Socialist Legal System	-0.925 ** (0.413)	-0.947 ** (0.416)	0.519 *** (0.337)	0.517 *** (0.339)	0.007 (0.211)	0.010 (0.213)
Civil War	-0.310 (0.449)	-0.315 (0.450)	-2.628 * (0.394)	-2.629 * (0.396)	1.568 * (0.322)	1.569 * (0.323)
Peace Years	0.014 (0.013)	0.014 (0.013)	0.005 (0.011)	0.006 (0.011)	-0.002 (0.005)	-0.002 (0.005)
Number of Reform Years to Years in communist rule	31.29 * (5.941)	31.35 * (5.952)	15.817 * (4.806)	15.823 * (4.824)	-5.927 * (2.091)	-5.936 * (2.097)
Cost of Decline of Institutional Quality	-----	-0.149 *** (0.088)	-----	-0.011 + (0.053)	-----	0.024 (0.023)
Time	-0.709 * (0.113)	-0.709 * (0.113)	-0.338 * (0.094)	-0.338 * (0.095)	0.179 * (0.041)	0.179 * (0.041)
R-squared	0.694149	0.695640	0.511415	0.511433	0.549676	0.549995
Adjusted R-squared	0.671416	0.670795	0.475101	0.471550	0.516206	0.513260
S.E. of regression	1.486145	1.487550	1.303382	1.307783	0.620162	0.622047
Log likelihood	-284.1829	-283.7918	-263.1872	-263.1842	-144.3494	-144.2926
F-statistic	30.53592	27.99844	14.08322	12.82333	16.42291	14.97193
Prob (F-statistic)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total Observations	160	160	160	160	160	160

Note: # Dependent Variables: ER = Empowerment Rights; PIR = Physical Integrity Rights; PTS = Political Terror Scale. \* Significant at 1% confidence level; \*\* Significant at 5% confidence level; \*\*\* Significant at 10% confidence level & + Significant at 15% confidence level. The models are controlled for Heteroskedasticity. White Heteroskedasticity-Consistent Standard Errors are reported in parenthesis.

The positive relationship found between economic growth and development suggests that improvement in quality of life through higher growth and development process help reduce economic insecurity thereby reducing social tensions and unrests in the society. Though both bare positive signs, only economic development is statistically significant at

10% confidence level. We also find that an increase in population levels exerts pressure on human rights abuses. We also find that ethnic fractionalization is leading to improvement in human rights abuses and these results are consistent in all the models. We find that an improvement in democracy levels is associated with higher government respect for human rights. A 10% increase in democracy levels is leading to 12% increase in respect for human rights. This shows that democracy levels are associated with lower human rights abuses in comparison to autocratic regimes. But the most important finding of the study related to transition economies is the effect of number of reforms years to communist period. We find that a significant positive association with this variable, suggesting that greater the transition from communist era to reforms period, lower the human rights abuses. An increase of 3129% in human rights respect for every 10% increase in the coefficient value of this variable shows how robust the relationship is. This effect remains the same in model 2 (table 1) with statistical significance at 1% confidence level in both models.

In model 3 and 4 (see table 1) the institutional quality remains constant with 1% significance and coefficient value of 0.20%. We also find statistical significance for economic development and civil war variables, the signs remain the same. Also, the transition from communist years to reforms era has a significant positive impact on human rights respect. In model 4 we introduce cost of decline in institutional quality variable. Though we find negative impact on human rights respect, its significance is weak at 15% confidence level. But nevertheless, the sign shows that decline in institutional quality have an adverse impact on human rights. However the effect of introducing this variable does not change the results of our hypothesis variable, institutional quality, which still remains significant at 1% confidence level.

The results displayed in models 5 and 6 (see table 1) reconfirm significant positive impact of institutional quality on government respect for Human rights. Whereas in model 7, the negative sign suggests that increase in institutional quality help reduce the human rights abuses. This is because the dependent variable is Political Terror Scale which ranges from 1 to 5 points, with 1 suggesting abuse and 5 is respect for human rights. Therefore, a negative value of the coefficient of institutional quality suggest decline in human rights abuses. In all these models we see the move towards reforms period is helping reduce human rights abuses. Though cost of decline in institutional quality bears positive sign suggesting that decline in institutional quality increases human rights abuses, but is not statistically significant (model 6, table 1).

Table 2: Results of conditional effects of reforms years & Human Rights equation

<b>Variables</b>	<b>Model 7 (ER) #</b>	<b>Model 8 (PIR) #</b>	<b>Model 9 (PTS) #</b>
Constant	5.131 *** (2.690)	1.397 (2.752)	1.232 (1.315)
Economic Growth	0.015 (0.019)	-0.028 (0.019)	-0.004 (0.008)
Log (Economic Development)	0.450 ***	0.788 *	-0.080

	(0.284)	(0.264)	(0.111)
Log(Population)	-0.235 *** (0.125)	-0.194 *** (0.104)	0.098 *** (0.058)
Democracy	0.117 * (0.025)	0.003 (0.025)	-0.016 *** (0.010)
Ethnic Fractionalization	2.793 * (0.936)	0.729 (0.742)	-0.523 *** (0.310)
Socialist Legal System	-0.903 ** (0.410)	0.518 *** (0.337)	0.002 (0.211)
Civil War	-0.307 (0.449)	-2.626 * (0.395)	1.566 * (0.322)
Peace Years	0.013 (0.013)	-0.006 (0.011)	-0.002 (0.005)
Number of Reform Years to Years in communist rule	31.167 * (5.947)	15.743 * (4.798)	-5.861 * (2.092)
Institutional Quality X Number of Reform Years to Years in communist rule	0.009 * (0.002)	0.004 ** (0.002)	-0.004 * (0.001)
Time	-0.711 * (0.113)	-0.339 * (0.095)	0.180 * (0.040)
R-squared	0.692973	0.511874	0.549772
Adjusted R-squared	0.670154	0.475594	0.516309
S.E. of regression	1.488998	1.302769	0.620096
Log likelihood	-284.4898	-263.1120	-144.3323
F-statistic	30.36750	14.10911	16.42930
Prob (F-statistic)	0.000000	0.000000	0.000000
Total Observations	160	160	160

Note: # Dependent Variables: ER = Empowerment Rights; PIR = Physical Integrity Rights; PTS = Political Terror Scale; \* Significant at 1% confidence level; \*\* Significant at 5% confidence level; & \*\*\* Significant at 10% confidence level. The models are controlled for Heteroskedasticity. White Heteroskedasticity-Consistent Standard Errors are reported in parenthesis.

Our next three models 7, 8 & 9 (see table 2) examine the conditional effects of transition from communist period towards reforms years on human rights buses through institutional quality. In model 7 (table 2) we find that the interaction effect of reforms years and institutional quality is positive and 1% statistically significant. For every 10% increase in the interaction effect variable is leading to an increase of 0.89% respect for empowering rights. Yet, the reforms year variable remains intact as in model 1 with significance level of 1%. In model 8 and 9 we find the results to be same as in previous model. The interaction effect variable exerts a 1% significant positive impact on uplifting the human rights, while the reforms year variable remains positive and significant at 1% confidence level.

Another significant finding of these results is the comparison of the coefficient values of this interactive variable with that of original institutional quality variable presented in models 1 to 6 (see table 1). We find that the coefficients values of this interactive variable are higher than original institutional quality variable. The results from these models

suggest that indeed transition process from communist era towards greater reforms period is helping significantly to improve institutional quality thereby lower human rights abuses in transition economies. In the light of these findings, we feel that it is extremely important for these economies to carry forward the reforms process.

#### **4. Summary & Conclusion**

The results reported in this study have important implications for increasing our understanding of the relationship between institutional quality and government respect for human rights in transition economies. Using pooled regression analysis on a data set comprising 20 transition economies for the period 1993 - 2000, we find systematic evidence of an association between institutional quality and increased government respect for Human rights. Our evidence strongly puts forward the point that better institutional quality always leads to lower human rights abuses. Moreover, the analysis points to the need to consider institutional quality and human rights on a broader scope than is done in the present study. In the first place, we obviously believe that the data series for institutional quality should be extended till 2006<sup>6</sup>. Secondly, the index of institutional quality should be constructed for all the countries across which can then give us correct estimates of its effects of Human rights abuses in general.

Our findings show that improvement in institutional quality is leading to increased government respect for all forms of human rights viz., physical integrity rights, empowerment rights and political terror scale. We find that 10% increase in institutional quality is leading to 0.20% increase in respect for human rights. The results are robust and significant at 1% confidence level across all the models. We also constructed the variable: cost of decline in institutional quality. We find that whenever the cost of decline in institutional quality is on rise, the government respect for human rights would decline. Infact the coefficient value of cost of decline in institutional quality is much higher than that of institutional quality itself. This show how sensitive the human rights abuses are to a slight decline in institutional quality, because the cost associated is higher. We also found that as we increase number of reforms years to communist years, the government respect towards human rights is significantly improving. The coefficients values are highest amongst all the variables and the results are found to be consistent in all the models. In the final three models (table 2), we examined whether the effect of institutional quality on human rights abuses is conditional to increase in number of reforms years to communist years. We find that this conditional effect has a significant positive impact on human rights. Meaning, transition process from communist era towards greater reforms period is helping significantly to improve institutional quality thereby leading towards lower human rights abuses in transition economies. In the light of these findings, we feel that it is extremely important for these economies to carry forward the reforms process.

---

<sup>6</sup> Due to lack of availability of data for “barter trade” indicator, Chousa et al (2005) data ends at 2000.

## 5. References

Acemoglu, D., Johnson, S., Robinson, J (2002): Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth, MIT, Sloan School of Management, Working paper No. 4269-02.

Acemoglu, D., Johnson, S., Robinson, J. (2004): Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth, MIT, Sloan School of Management, Working paper No. 4269-02 (revised version).

Acemoglu, D., Johnson, S. (2003): Unbundling institutions, NBER Working Paper No. 9934.

Axel Dreher & Martin Gassebner & Lars-H. R. Siemers (2007): Does Terror Threaten Human Rights? Evidence from Panel Data, Working papers 07-156, KOF Swiss Economic Institute, ETH Zurich.

Boswell, Terry and William J. Dixon (1990): Dependency and Rebellion: A Cross-National Analysis, *American Sociological Review* 55, pp. 540-59

Bekaert, G., Harvey, C.R., & Lundblad, C. (2005): Does financial liberalization spur growth?, *Journal of Financial Economics*, 57, pp.3-55..

Blanton, Shannon Lindsey (1999): Instruments of Security or Tools of Repression? Arms Imports and Human Rights Conditions in Developing Countries, *Journal of Peace Research* 36 (2), 233-244

Blanton, Shannon Lindsey (2005): Foreign Policy in Transition? Human Rights, Democracy, and U.S. Arms Exports, *International Studies Quarterly* 49 (4), pp. 647-667.

Chousa, Juan Pin~eiro, Khan, Haider A., Melikyan, Davit & Tamazian, Artur (2005): Assessing institutional efficiency, growth and integration, *Emerging Markets Review* 6, pp. 69– 84

Cingranelli, David L. & David L. Richards (1999): Measuring Level, Pattern & Sequence of Government Respect for Physical Integrity Rights', *International Studies Quarterly* 43(2), pp. 407–417

Carlton, David & Michael Stohl, (1987): The Role of Human Rights in U.S. Foreign Assistance Policy, *American Journal of Political Science*. 31 (4), pp. 1002-1018

Davenport, Christian & David A. II Armstrong (2004): Democracy and the Violation of Human Rights: A Statistical Analysis from 1976 to 1996, *American Journal of Political Science* 48 (3), pp. 538–554.

Davenport, Christian. (1995): Multi-Dimensional Threat Perception and State Repression: An Inquiry into Why States Apply Negative Sanctions, *American Journal of Political Science* 39 (3), pp. 683-713.

Davenport, Christian & David A. II Armstrong (2004): Democracy and the Violation of Human Rights: A Statistical Analysis from 1976 to 1996', *American Journal of Political Science* 48(3), pp. 538–554

- Fearon, James D. & David D. Laitin (2003): Ethnicity, Insurgency, and Civil War', *American Political Science Review* 97 (1), pp. 1–16.
- Gibney, Matthew J. (2004): *The Ethics and Politics of Asylum: Liberal Democracy and the Response to Refugees*. Cambridge: Cambridge University Press
- Gibney, Mark & Mathew Dalton (1997): The Political Terror Scale, In *Human Rights & Developing Countries*, edited by D. L. Cingranelli. Greenwich: JAI Press
- Jagers, Keith & Ted R. Gurr, (1995): Tracking Democracy's Third Wave with the Polity III Data', *Journal of Peace Research* 32, pp. 469–482.
- Johnson, S., McMillan, J., Woodruff, C. (2000): Entrepreneurs and the ordering of institutional reform: Poland, Slovakia, Romania, Russia and Ukraine compared, *The Economics of Transition*, 18, pp. 1 – 36.
- Khan, Haider A (1989): Macroeconomic effects of technology choice: multiplier and structural path analysis, *Journal of Policy Modeling* 11 (1), pp.
- Khan, Haider A (2004): Development as Freedom, Discussion Paper No. F-257 CIRJE, Graduate School of Economics, University of Tokyo, Tokyo, Japan.
- Kornai, J (2000): The road to free economy: after ten years, *Voprosi, Ekonomiki* 12, pp. 42– 46.
- Kaufmann, Daniel & Aart Kraay & Massimo Mastruzzi (2004): Governance Matters III: Governance Indicators for 1996, 1998, 2000, and 2002," *World Bank Economic Review*, Oxford University Press, vol. 18(2), pp. 253-287.
- Kaufmann, Daniel (2004): Corruption, Governance and Security: Challenges for the Rich Countries and the World," MPRA Paper 8207, University Library of Munich, Germany.
- Mitchell & Mc Cormick, (1988): Economic & Political Explanations of Human Rights Violations, *World Politics*, 40, pp. 476-498.
- Milner, Wesley T (2002): Economic Globalization and Rights: An Empirical Analysis, In *Globalization and Human Rights*, ed. Alison Brysk. Berkeley: University of California Press.
- Neumayer, Eric (2005): Do International Human Rights Treaties Improve Respect for Human Rights?' *Journal of Conflict Resolution* 49(6), pp. 925–953
- Poe, Steven C. & C. Neal Tate (1994): Repression of Human Rights to Personal Integrity in the 1980s: A global Analysis, *American Political Science Review* 88(4), pp. 853–872.
- Poe, Steven C Tanya Vazquez & Sabine Carey (2001): How are these Pictures Different: Assessing the Biases in the U.S. State Department's Country Reports on Human Rights Practices, *Human Rights Quarterly*, 23, pp. 650-677.
- Poe, Steven C.; Neal Tate & Linda C. Keith (1999): Repression of Human Right to Personal Integrity Revisited: A Global Cross-National Study Covering the Years 1976-1993', *International Studies Quarterly* 43, pp. 291–313.

Poe, Steven C & Meernik, James (1995): US Military Aid in the 1980s: A Global Analysis, *Journal of Peace Research*, 32 (4), pp. 399-411

Richards, David L.; Ronald D. Gelleny & David H. Sacko (2001): Money with a Mean Streak? Foreign Economic Penetration and Government Respect for Human Rights in Developing Countries', *International Studies Quarterly* 45(2), pp. 219–239.

Richards, David, R. Gelleny & D. Sacko (2001): Money with a Mean Streak? Foreign Economic Penetration and Government Respect for Human Rights in Developing Countries, *International Studies Quarterly* 45(2), pp. 219-39.

Richards, David L. (1999): Perilous Proxy: Human Rights and the Presence of National Elections" *Social Science Quarterly* 80 (4), pp. 648-665.

Rogers, William H. (1993): Regression Standard Errors in Clustered Samples, *Stata Technical Bulletin*, 13, pp. 19-23.

Sen, Amartya (1999): Development as Freedom, A. Knopf, NY.

Spar, Debora. (1999): Foreign Investment and Human Rights, *Challenge* 42(1): 55-80.

Silja Eriksen & Indra de Soysa (forthcoming): A Fate Worse Than Debt? International Financial Institutions and Human Rights, 1981–2003, *Journal of Peace Research*

Stohl, Michael, David Carleton & Steven E. Johnson. (1984): Human Rights and US Foreign Assistance from Nixon to Carter, *Journal of Peace Research* 21, pp. 215-26.

Sabine C Carey and Steven C Poe (eds) (2004): Understanding Human Rights Violations: New Systematic Studies, Ashgate, Aldershot

Todd Landman (2005): The Political Science of Human Rights, *British Journal of Political Science*, 35 (3), pp. 549-572

Tambovtsev, V. (1998.): Institutional dynamics in transition economy, *Voprosi Ekonomiki*, 5, pp. 29– 40.

Williams, Rick L. (2000): A Note on Robust Variance Estimation for Cluster-correlated Data, *Biometrics*, 56, pp. 645-46.

Zanger, Sabine C (2000): A Global Analysis of the Effect of Political Regime Changes on Life Integrity Violations, 1977-93, *Journal of Peace Research* 37, pp. 213-33.

World Development Indicators (2006): World Bank (online) <http://ddp-ext.worldbank.org/WDI>

Freedom house data, (online) <http://www.freedomhouse.org>.

PTS database (online) <http://www.unca.edu/~mgibney>

POLITY (1V) data (online) <http://www.colorado.edu/IBS/GAD/spacetime/data/Polity.html>

## ANNEXURES

### Annexure - 1

#### Descriptive Statistics

	<b>Institutional Quality</b>	<b>Cost of decline in IQ</b>	<b>PIR</b>	<b>ER</b>	<b>PTS</b>	<b>GDP growth rate</b>	<b>Percapita GDP</b>	<b>Population</b>
Mean	45.65615	-0.114366	5.593750	6.318750	2.100000	0.327123	5779.544	18984512
Median	0.764000	0.000000	6.000000	6.000000	2.000000	2.649999	5757.568	8054267.
Maximum	1089.000	0.000000	8.000000	10.00000	5.000000	11.40000	15450.07	1.49E+08
Minimum	0.272000	-8.133072	1.000000	1.000000	1.000000	-30.90000	1220.020	1369513.
Std. Dev.	210.8897	0.767770	1.799010	2.592616	0.891610	7.746766	3668.704	32108319
Probability	0.000000	0.000000	0.002205	0.024901	0.000105	0.000000	0.004748	0.000000
Sum	7304.984	-18.29859	895.0000	1011.000	336.0000	52.33961	924727.0	3.04E+09
Observations	160	160	160	160	160	160	160	160
Cross sections	20	20	20	20	20	20	20	20

	<b>Democracy</b>	<b>Oil exports dummy</b>	<b>Ethnic Fractionalization</b>	<b>Socialist Legal system</b>	<b>Civil War</b>	<b>Peace Years</b>	<b>Reforms Years</b>
Mean	3.681250	0.150000	0.380624	0.850000	0.081250	11.18750	0.110438
Median	7.000000	0.000000	0.374702	1.000000	0.000000	5.000000	0.099000
Maximum	10.00000	1.000000	0.688474	1.000000	1.000000	54.00000	0.244000
Minimum	-9.000000	0.000000	0.028123	0.000000	0.000000	0.000000	0.013000
Std. Dev.	6.156626	0.358193	0.182067	0.358193	0.274076	16.78955	0.054900
Probability	0.000011	0.000000	0.086688	0.000000	0.000000	0.000000	0.010838
Sum	589.0000	24.00000	60.89988	136.0000	13.00000	1790.000	17.67000
Observations	160	160	160	160	160	160	160
Cross sections	20	20	20	20	20	20	20

Note: ER = Empowerment Rights; PIR = Physical Integrity Rights; PTS = Political Terror Scale

## Annexure – 2

### Results of Sensitivity Analysis

Dependent Variable: Civil Liberties

Variables	Model 1	Model 2	Model 3
Constant	5.890 * (0.958)	5.890 * (0.961)	5.891 * (0.960)
Institutional Quality	-0.001 + (9.85E-0)	-0.001 *** (9.56E-0)	----
Decline in Institutional Quality	----	0.001 (0.015)	----
Economic Growth	-0.011 (0.009)	-0.010 (0.009)	-0.011 (0.009)
Log (Economic Development)	-0.586 * (0.122)	-0.586 * (0.122)	-0.587 * (0.121)
Log(Population)	0.231 * (0.049)	0.230 * (0.049)	0.231 * (0.049)
Democracy	-0.100 * (0.013)	-0.100 * (0.013)	-0.100 * (0.013)
Ethnic Fractionalization	-0.306 (0.382)	-0.306 (0.383)	-0.304 (0.382)
Socialist Legal System	-0.435 ** (0.167)	-0.435 ** (0.167)	-0.438 * (0.166)
Civil War	0.335 *** (0.193)	0.335 *** (0.195)	0.335 *** (0.194)
Peace Years	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)
Number of Reform Years to Years in communist rule	-8.983 * (2.521)	-8.984 * (2.531)	-8.973 * (2.519)
Institutional Quality X Number of Reform years to years in communist rule	----	----	0.175 * (0.054)
Time	0.175 * (0.054)	0.175 * (0.055)	-0.001 + (0.001)
R-squared	0.823314	0.823314	0.823255
Adjusted R-squared	0.810182	0.808891	0.810118
S.E. of regression	0.600048	0.602085	0.600149
Log likelihood	53.28846	53.28841	53.30641
F-statistic	-139.0738	-139.0738	-139.1008
Prob (F-statistic)	62.69498	57.08215	62.66933
Total Observations	0.000000	0.000000	0.000000

Note: \* Significant at 1% confidence level; \*\* Significant at 5% confidence level; & \*\*\* Significant at 10% confidence level. The models are controlled for Heteroskedasticity. White Heteroskedasticity-Consistent Standard Errors are reported in parenthesis.

### Annexure – 3

Transition economies under study

<b>Sl. No.</b>	<b>Countries</b>
01	Armenia
02	Azerbaijan
03	Belarus
04	Bulgaria
05	Croatia
06	Czech Republic
07	Estonia
08	Georgia
09	Hungary
10	Kazakhstan
11	Kyrgyz Rep
12	Latvia
13	Lithuania
14	Moldova
15	Poland
16	Romania
17	Russia
18	Slovakia
19	Ukraine
20	Uzbekistan