

Does Being Bound Together Suffocate, or Liberate? The Effects of Economic, Social, and Political Globalization on Human Rights, 1981–2005

Indra de Soysa and Krishna Chaitanya Vadlamannati*

I. INTRODUCTION

The question of globalization's effects on human rights conditions across the globe has rapidly become a central concern among scholars, the global business community, policymakers, and the public (Bhagwati 2004; Friedman 1999; Schmitz and Sikkink 2002; Stilwell 2006; Wolf 2004). Several prominent observers have hailed the victory of free-market capitalism over its rivals, and they see markets and democracy complementing social peace and prosperity (Fukuyama 1991; Mandelbaum 2002). Liberals argue that countries engaged in the globalization process are likely to experience higher economic growth, greater affluence, more democracy, and increasingly peaceful conditions at home and abroad (Russett and Oneal 2001). Liberals believe that the globalization process is likely to affect political violence negatively—indirectly as a result of increased material wellbeing, and directly due to the diffusion of market values and norms and other constraints on the organization of costly violence (de Soysa and Fjelde 2010; Mousseau 2002). Thus, countries with higher levels of integration in the global system in terms of more developed markets and market-friendly policies should show less social dissatisfaction and less state repression of dissent. Though there are vast numbers of studies that show a positive relationship between globalization and economic growth (Cline 2004; Dollar and Collier 2001; Frankel and Romer 1999), whether or not it translates into better human rights is highly disputed. Several scholars, including some prominent economists, argue that conditions of globalization

* Indra de Soysa – Director, Globalization Research Program and Professor at Norwegian University of Science and Technology, Norway. Associate Scholar at the Center for the Study of Civil War, Peace Research Institute, Oslo (PRIO). Indra.de.Soyasa@svt.ntnu.no. Krishna Chaitanya Vadlamannati (corresponding author) – Research Associate at Georg-August University Goettingen, Germany, kvadlam@uni-goettingen.de. We thank the editor and several anonymous referees for extremely valuable comments and suggestions. We also acknowledge the generous help of Axel Dreher and Antonio Ciccone. Only we are to blame for any errors.

impose a number of costs on poor countries that can lead to social disarray rather than the spread of communitarian values. Increased economic competition among states will spur a 'race to the bottom' (Rodrik 1997; Stiglitz 2002; UNRISD 1995). This study will examine empirically the theoretical claims of optimists and pessimists about globalization, estimating the net effects of economic factors associated with globalization from the social and political dimensions of global market integration.

There is a large volume of research on human rights and their determinants, but theoretical models and empirical evidence on the effects of globalization on the extent of human rights are sparse. The empirical evidence on this subject that does exist assess very simple dimensions of globalization, typically measures such as the level of trade openness or the penetration of FDI (Hafner-Burton 2005). Instead of these commonly-used proxies of globalization, we use an index that aggregates several factors that in combination capture how globalized a country is along three main dimensions—economic, political, and social globalization (Dreher et al. 2008). As far as we are aware, no study has estimated how differentially these three dimensions of globalization affect government respect for human rights and the degree of political terror, an important normative policy concern as well as a crucial aspect of future socio-political development. We employ panel data for 118 countries for which there is complete data (94 developing and 24 developed countries) over the period 1981–2005 (25 years). Our results are easily summarized: globalization and the disaggregated components along economic, social, and political dimensions predict higher human rights, controlling for a host of other factors. These results are robust to instrumental variables techniques that allow us to assess the endogenous nature of the relationship between human rights and globalization. The results support those who argue that increased globalization could build peace and social progress, net of all the other factors such as democracy and higher levels of income.

The rest of the paper is structured as follows: in the next section we present the various theoretical discussions around how globalization and its progress can affect human rights within countries. Section three introduces the three dimensions of globalization and details of their measurement. Section four discusses method of estimation and data. We report empirical results in section five, and conclude.

II. GLOBALIZATION AND HUMAN RIGHTS PERFORMANCE – THEORETICAL ARGUMENTS

Conventional wisdom suggests that globalization should not have anything to do with human rights. The human rights of people are violated by governments

for many reasons, but the process might be largely internal to these societies—human rights violations are one way in which states respond to threatening social dissent (Poe 2004). Faced with terrorist threats, even Britain and the US have implemented policies that may earlier have been taken to be violations of basic rights. Thus, states under threat of dangerous dissent may take counter measures regardless of how globalization is involved. Of course, states may even violate human rights without effective dissent. Globalization is not a variable that explains this outcome *per se* but a convenient term for explaining a host of simultaneous economic, political, and social processes that in turn may condition how people respond to these processes and outcomes. Indeed, many argue that these processes may in fact generate the conditions that lead to high social dissent. Global processes will matter for individual countries on the basis of the relative exposure of these countries to these processes. Thus, some have simply used trade openness or the exposure to foreign investment as proxies in previous work. These variables, however, may be complementary sometimes as well as substitutes in others, even if both are used to gauge the extent to which a country has contact with ‘global market processes.’ For example, multinational corporations may choose to substitute trade at arms length when political risks to their property are low (Henisz 2000), and they may substitute trade for FDI if the risk of violence to their economic activity in a given location are high. Moreover, most theories about the political effects of globalization are founded on the notion that trade or FDI (or exposure to global market processes) creates winners and losers domestically, which explains the subsequent outcome based on the agency of domestic actors. Other theories look at how global processes constrain domestic agency in ways that either promote good or bad outcomes, such as better or worse human rights conditions. In general, there are two large schools of thought about how exposure to global markets or the interconnectivity of states to one another in the social, economic, and political contexts shape domestic outcomes—namely liberal theories and various forms of neo-marxist and critical theories. We discuss each in turn.

II.1. Liberal perspectives

Liberals argue that globalization provides economic, social, and political benefits leading to increases in state respect for human rights. Going back to Adam Smith’s ‘The Wealth of Nations,’ liberals see people who are free from economic regulations and restraints as spontaneously acting for the common good by solving collective dilemmas like peace and security as if by a ‘hidden hand’ (Smith 1776). Social conflict and violence are seen to be largely the result of state abuse of political power and social distortions attributable to

politically-determined privilege of favored groups rather than due to the operation of free markets. Free markets, after all, are characterized by voluntary exchange and the allocation of goods according to supply and demand, where success and failure in the market is based on effort and talents rather than by politically-determined privileges. These processes obtain social harmony because the power to determine social outcomes rests largely with individuals and communities rather than states—in other words, respect for property rights lead to the dilution of state power and the power of its agents (Stilwell 2006; Torstensson 1994). Moreover, markets are viewed as superior at allocating scarce resources relative to states, and the incentives operating in markets act powerfully to raise individual productivity and wealth (Bjørnskov and Foss 2008; Bilson 1982). Thus, the general liberal view can be divided into two pathways by which human rights are affected—more open markets, through which globalization processes might influence individual countries, directly influence more humane governance by minimizing capricious rule, and it indirectly influences human rights by increasing wealth. Rulers have an incentive not to be capricious because productive individuals form a lucrative tax base, what Mancur Olson has referred to as the social bargain between people and the ‘stationary bandit’ (Olson 1993). Market economies are also contract rich, which lead people to respect the rights of other individuals, no matter their caste, creed, class etc (Mousseau and Mousseau 2008).

The vast majority of empirical studies using large-N statistical methods find that wealthier countries have greater respect for all forms of human rights (de Soysa and Nordås 2007; Landman 2005; Poe et al. 1999). The human rights effects seem to work through industrialization rather than the extraction of natural resources, such as oil, suggesting that modernization, and all the good things associated with the productivity of labor may matter more than simply affluence (de Soysa and Binningsbø 2009; Ross 2008). There is much evidence suggesting that internal conflicts in its various forms occur as a result of economic failure and underdevelopment (Collier et al. 2003; Hegre and Sambanis 2006). Amartya Sen (1999) contends that it is the friendlier economic policies and not repressive political systems that provide economic growth and development. Others suggest that globalization enables peace and prosperity and thereby reinforces peace in a virtuous cycle (Bhagwati 2004; Friedman 1999; Mandelbaum 2002; Weede 2004; Wolf 2004). According to liberals thus, developing countries that make use of the opportunities provided by globalization will gain economically and solve problems related to underdevelopment and the lack of industrialization. Since primary-commodity exporters, who are vulnerable to shocks, could diversify and industrialize faster by being more open, globalization will benefit poor countries, indirectly affecting their human rights (Sachs and Warner 1995). Thus, economic development and industrialization are the main indirect guarantors of state respect for human rights

asserted by liberals, modernization theorists of various sorts, and current supporters of globalization (Apter 2008; Busse 2004).

While economic aspects of globalization are relatively well researched, the political and social aspects of globalization may also matter in terms of the global spread of human rights norms and their subsequent impact on the ground (Finnemore and Sikkink 1998). Aspects of social integration through globalization are often ignored. Greater people-to-people contacts through tourism and immigration; flows of information, exchange of ideas, dissemination of technologies through the medium of telephones, newspapers, radios, cable TV channels and internet; cultural diversity through international cultural exchanges also play a greater role in influencing human rights performance of states. The most important channel through which social integration affects human rights performance of the state is 'public awareness' and the spread of norms and ideals across space. New ideas disseminate from rich places to poor, where attitudes towards human rights, gender rights and other values could change (Bhagwati 2004). Social integration processes also boost the activities of NGOs and other activist who play an important role in bringing attention to human rights problems (Finnemore and Sikkink 1998).

Liberals also argue for a direct effect of globalization (economic, social and political) which works through the process of norm diffusion through contact between the rich, 'modern,' West and the poor, 'traditional' South. Countries exposed to global markets will absorb market culture, where the norms of exchange, cooperation, and understanding will tend to override other traditional mores of discrimination and suspicion (Mousseau and Mousseau 2008). These market norms will bind states to respecting the 'rule of law' where individual rights will be valued over group rights ordained by historical, cultural, or political tradition. Since complicated markets require contracting, the rule of law will become strengthened and gain legality and judicial processes greater prominence than purely political ones. At the same time, others, particularly scholars of international relations, claim that the global norms of respect for human rights have diffused across the globe, making it difficult for states to ignore these norms, or the institutions and regimes that promote the norms, monitor their application or violation, and sanction accordingly (Dreher et al. 2008). Thus, the more connected to global markets countries become, the more likely they will respect global rules to avoid costly sanctions.

Political integration is another dimension of the globalization process that binds states to each other through bilateral contact and as members of international organizations. Greater participation of a country in global politics, closer political ties between governments lead to cooperation around solving collective dilemmas and adopting strategies for preventing adverse outcomes, such as human rights violations. The commonly-heard phrase 'pariah state' is the conscious ostracism of some states by others due to their

bad human rights practices. Notice that there are even high costs for powerful states that violate these norms, such as China. Thus, a state more bound to other states will feel ostracism more deeply than would a less-dependent state. Although political integration of another sort like the European Union (EU henceforth), insist on better human rights before joining is a positive example of this form of interaction. Political integration processes may also have many indirect effects on human rights. First, the extent of closer ties between many states can promote better economic opportunities for its citizens through trade and investments. The political economy literature finds that political globalization associates with economic globalization (de Haan et al. 2006). Second, good political relations between nation-states can also translate into shared preferences for better human rights on paper and in actions, particularly since the costs of ostracism from markets are likelier to be higher for states dependent on them.

II.2. Alternative Perspectives

The skeptics of globalization fear greater human rights repression associated with the factors driving globalization. According to them, globalization hinders economic and social growth in developing countries because it takes away the autonomy of governments to act in the community's interests. Countries and societies will be forced to bend to the dictates of cut-throat competition, forcing states to lower social standards in order to enhance competitive edge. They argue that countries seeking assistance from international financial institutions like the World Bank and IMF in the form of grants/aid/loans are often forced to adopt unsuitable neoliberal policies. These initiatives primarily include reduction in expenditure on social sector and development spending (Meyer 1996). The findings of Franklin (1997) and Abouharb and Cingranelli (2004) show that acceptance of IMF and World Bank programs are associated with a decline in government respect for human rights¹. Thus, many argue that globalization from above causes social disarray (UNRISD 1995). The benefits of globalization, such as increased trade and investment and higher growth, are not reaped by everyone. Rather only certain sections of the society are often the beneficiaries. The majority, such as the poor or particular ethnic and political groupings may benefit while others lose (Chua 2003). As a result, some may find themselves increasingly alienated and challenge state authority, leading to higher levels of political violence and repression.

The anti-globalization criticism is directed mostly towards developed countries because they, according to the critics, exploit the developing and

1. Harrigan and Mosley (1991) and Stiglitz (2002) show that the relationship between World Bank and IMF programs and economic growth is not clear.

least developed countries to secure dominance in an already unequal world. Anti-globalization criticism is most vehement when it comes to multinational corporations. According to them, these big MNCs are perceived to be greedy and are highly indifferent towards the social impact of their operations, driving environmental degradation, bad labor conditions, and unhealthy consumerism. Apparently, powerful MNCs engage in arm-twisting tactics with the local political and governmental elites in order to circumvent costly regulation and democratic control. Statements, such as the following are exemplary of this view:

“..... Neoliberal ‘globalization’ is methodically biased for corporate monopoly profits rather than human well-being and development; the big developed country governments aggressively push anti-developmental economic policies, which underdeveloped country governments tolerate and indeed sometimes even embrace. The end result is that domestic productive and social welfare structures around the world are devastated with severe effects especially on the economically vulnerable parts of populations who are the most numerous “.....” (The Asia Pacific Research Network 2005).² Globalization, thus, is an elite-led, insensitive, profit-motivated process that will destroy communitarian interests, such as decent governance and respect for human rights.

III. MEASURING HUMAN RIGHTS AND GLOBALIZATION

In order to examine the human rights performance of states, we use the Cingranelli and Richards (2006) Human Rights Dataset (CIRI). The index is constructed annually from 1981 to 2007 for 195 countries. The source of information used for coding the index is from the U.S. State Department’s annual country reports on Human rights practices and from Amnesty International annual reports. Another reason for selecting this dataset is its reliability. The coding for each variable for each country year is evaluated by at least two trained coders³. In this paper, we focus on one of the two composite indices capturing basic rights constructed by Cingranelli and Richards (1999) and Richards et al. (2001). We use ‘integrity of physical rights index,’ which is abuses that physically harm people, such as torture, disappearances, imprisonment for political beliefs and political murder. The Physical Integrity Rights index (PIR hereafter) reported in the human rights database (CIRI) contains information about the pattern and sequence of government respect for PIR in

2. Asia Pacific Research Network (2005) The WTO’s Decade of Human Rights Violations, APRN Statement on Human Rights and Trade, Hong Kong, December 10th. See www.aprnet.org/concerns.

3. For more on construction of the dataset and coding rules, please see CIRI Human Rights Data project at: <http://ciri.binghamton.edu/documentation.asp>.

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 and Richards 1999). Sequence is defined as ‘the order in which governments have a propensity to violate particular physical integrity rights’ (Cingranelli and 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, which are state agencies. 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, or full government respect for these four human rights.

III.1. Globalization measurement

Previous studies addressing the issue of globalization and human rights have used proxies such as trade openness, typically measured as total trade to GDP, foreign direct investment flows and stocks, and portfolio investment flows on either the chances of democratization or increases in human rights. The results of these studies have been highly mixed (Apodaca 2001; Blanton and Blanton 2007; Hafner-Burton 2005; Harms and Ursprung 2002; Jakobsen and de Soysa 2006; Li and Resnick 2003; Richards et al. 2001). However, these single indicators capture only very specific aspects of economic globalization that are arguably less than perfect. Trade openness is influenced of course by issues of geography, access to the sea, proximity to major markets, and history of colonization. FDI and trade might sometimes be complements and sometimes substitutes (Henisz 2000). Most poor countries, for example, have such poor capital markets that globalization measured as portfolio investments will bypass much of the developing world. In fact, some studies using extreme bounds analysis find very mixed results for the robustness of various single indicators, such as trade and FDI on human rights (Hafner-Burton 2005).

Taking these drawbacks into consideration, there have been several attempts to quantify globalization. The well known Lockwood and Redoano (2005) discrete index of globalization from 1980–2004, is based on economic, political and social dimensions. Similarly, Andersen and Herbertsson (2005) using trade, finance and other political variables have also developed such indices for 62 countries starting from 2000, to determine the annual rankings of countries on the basis of the Kearney index. The Andersen and Herbertsson index is developed for 23 OECD countries for the period 1979 to 2000. Though these indices all have advantages, we use the KOF measure due to its more comprehensive coverage and other refinements. First, Lockwood and Redoano (2005) globalization index covers only trade and other economic variables

ignoring some of the most important facets of economic globalization like: quantifying trade and investment restrictions. Thus, their index without these important measures becomes just another proxy for trade openness. Likewise, the Kearney index has an arbitrary weighting scheme since it does not adjust for the size of the country on the basis of population. Most importantly, the Kearney index, and others such as Andersen and Herbertsson (2005) and Lockwood and Redoano (2005) indices are not in time-series format, which is a serious drawback.

The KOF globalization index developed by Axel Dreher is the most comprehensive measure of globalization because it also captures political and social dimensions, which are important and are missing in single or bi-dimensional indices. Second, KOF's economic globalization index combines many economic indicators along with 'trade and investment restrictions,' such as hidden import barriers, mean tariff rates, taxes on international trade and capital account restrictions, which no other indices capture as comprehensively. The third advantage is methodological as it uses widely available technique of the principal components method, and is available in time-series format from 1970 onwards.

- a. Economic Globalization:** consists of two dimensions, namely actual capital flows which measure the extent to which a country is exposed to foreign capital and trade with the outside world including income payments to foreign nationals. The second component is restrictions of capital and trade flows which act as significant obstacles to market access.
- b. Social Globalization:** This is classified in three categories viz., Personal contacts, capturing the direct interaction among people living in different countries. Information flows, represents interactions among people from different countries which help to disseminate information and the spread of ideas. Finally, cultural proximity, which measures the influence of external culture.
- c. Political Globalization:** measures the degree of a country's political integration through diplomatic relations with rest of the world and participation in peace missions and international relations in general.

In order to construct the indices, each variable was transformed into an index on a zero to 10 scale. Higher values denote more globalization. When higher values of the original variable indicates higher globalization, the formula $[(V_i - V_{\min}) / (V_{\max} - V_{\min})] \times 10$ was used for transformation. Conversely, when higher values of any indicator denoted less globalization, the formula was $[(V_{\max} - V_i) / (V_{\max} - V_{\min})] \times 10$. For sub indices weights are assigned. These weights are assigned using Principle Component Analysis. Appendix 1 shows the weights allotted to each indicator under each dimension of globalization.

DOES BEING BOUND TOGETHER SUFFOCATE, OR LIBERATE?

Table 1

Bivariate Correlations Among the Three Forms of Globalization

| | Total Globalization | Economic Globalization | Social Globalization | Political Globalization |
|-------------------------|------------------------|---------------------------|-------------------------|----------------------------|
| Globalization | 1.00 | | | |
| Economic Globalization | 0.89 | 1.00 | | |
| Social Globalization | 0.94 | 0.85 | 1.00 | |
| Political Globalization | 0.71 | 0.38 | 0.50 | 1.00 |

Using this methodology, the aggregate measure of globalization is scaled as an index going from 0–100, where 100 means high globalization and 0 means no globalization. The sub-indices are also measured on the same scale of 0–100.

Dreher's (2006) comprehensive measure is a huge improvement on previous measurements of the extent of globalization because of the multiple, theory-driven measurements that improve on single measures, such as trade openness. In other words, it's a more 'valid' measure of the phenomenon being studied. The Dreher index is available for 122 countries from 1970 to 2005 and recently updated⁴. Naturally, the three dimensions of globalization are not independent of each other. As seen in Table 1, however, the three different components that make up the KOF index are only moderately correlated with each other, albeit the economic and social dimensions correlate strongly at $r = 0.85$.

IV. DATA AND METHODS

We estimate pooled Time Series Cross-Section (TSCS) regressions. We have data for 118 countries covering the years 1981–2005. The selection of the countries and time period is dependent entirely on the availability of the KOF globalization measure and CIRI data on human rights. Since some of the control variables are not available for all countries, our panel data is unbalanced. The model to be estimated is specified as follows:

$$PIR_{it} = \phi_1 + \psi_2 PIR_{it-1} + \psi_3 H_{it} + \psi_4 Z_{it} + v_t + \omega_{it} \quad (1)$$

Where PIR_{it} is the Physical Integrity Rights index of country i in year t . H_{it} is hypothesis variable(s) namely, globalization index; economic; social and political globalization indices of country i in year t and Z_{it} is a vector of control variables. v_t are time fixed effects and ω_{it} is well behaved error term. Like others, we also include lagged dependent variable (PIR_{it-1}). There are two

4. These indices can be downloaded from <http://globalization.kof.ethz.ch/>.

reasons for the inclusion of a lagged dependent variable. First, it fixes problems associated with autocorrelation and model dynamic effects of the X variables on Y (Beck and Katz 1995; Wilson and Butler 2007). A lagged dependent variable also captures regional diffusion and spill-over effects (Neumayer 2005). Second, it is theoretically plausible that bureaucratic decisions associated with the organs of state repression use past decisions on whether or not repress in present circumstances, so that this behavior can be quite sticky (Poe et al. 1999). The vector of control variables (Z_{it}) include other potential determinants of human rights which we obtain from the extant literature on the subject. We follow the pioneer studies of Poe and Tate (1994) and Poe, Tate and Keith (1999) and other comprehensive evaluations of these early studies on determinants of repression (Landman 2005).

Accordingly, the models control the effects of development by including per capita income (logged) in US\$ PPP constant terms and the economic growth rate (WDI 2007). Following others (Landman 2005) we include the log of total population (WDI 2007). To measure political regime, we include regime type data Polity IV constructed by Marshall and Jaggers (2002). We subtract the autocracy score from the democracy score, as is standard when using the Polity data. The democracy score ranges from +10 (full democracy) to -10 (full autocracy). Additionally, we account for the degree of ethnic fractionalization (Fearon and Laitin 2003) and participation in civil war. The civil war dummy codes the value 1 if there is civil war in that particular year and 0 otherwise. The civil war data is from the UCDP dataset (Gleditsch et al. 2002). In addition to these variables, oil export dependency, which is independently related to repression due to the so called 'resource curse,' is also included in the models (de Soysa and Binningsbø 2009). Oil wealth is a dummy taking the value 1 if oil exports exceed $1/3^{\text{rd}}$ of export revenue, and 0 if not. Finally, we also capture effect of legal heritage by including dummy variables which takes the value 1 separately if the country has a British, Socialist, French or German legal heritages and 0 otherwise (La Porta et al 1998)⁵. For more details on data, see data sources in appendix (annex 2).

The models are estimated using the ordered probit method with time fixed effects and robust standard errors initially. We select ordered probit over logit because the scale of PIR is very close to being normally distributed (Long 1997). We do not include country fixed effects because some of the variables (democracy and ethnic fractionalization) are 'time invariant'. Usage of two-way fixed effects will not only be collinear with time-invariant or largely time-invariant regressors, but also generate biased estimates (Beck 2001). We also estimates our models using the Pooled Ordinary Least Squares (POLS henceforth) Newey-West method with time fixed effects which allows us to

5. For theoretical justification, see Poe and Tate (1994) and Poe et al. (1999).

compute an AR1 process for autocorrelation and obtain Huber-White corrected robust standard errors, which are robust to heteroskedasticity (Newey and West 1987). However, in robustness checks we drop the time invariant variables from our models and perform two-way fixed effects because accounting for unit (country) heterogeneity is an additional robustness check since TSCS results can be sensitive to specification (Wilson and Butler 2007). In addition, we also reestimate all our models using Huber-White corrected robust standard errors, a method which is robust to heteroskedasticity and serial correlation (Wiggins 1999). By clustering on country, we assume that the data is correlated within clusters but not across.

IV.1. Endogeneity Concerns

It is quite possible that our key explanatory variable – economic globalization and aggregate globalization index (as it includes economic globalization as subcomponent) – are endogenous to having better human rights. This endogeneity could result from the fact that globalization, especially economic globalization, can also be a result rather than a cause of human rights performance in a state (Blume and Voigt 2007). For example, the expectation of political or regime instability arising out of dissent and uprising could deter investments and trade which could affect economic globalization in turn. The issue is not trivial because those who argue that repression is required for attracting FDI and trade make causal claims about trade and FDI leading to repression. For this reason, we also utilize an instrumental variable (IV) approach using two-stage least squares with IV (2SLS – IV) with time fixed effects, where we instrument for the both aggregate globalization and economic globalization measures.

Perfectly valid instruments are very hard to come by. As our instruments for economic globalization, nevertheless, we make use of two measures. First, we consider average restrictions of trade and investments index⁶ of each region to which that particular country belongs excluding that particular country's restrictions score. The idea of peer effects on the likelihood of liberalizing the economy of an individual country is not new in the international financial literature. Studies by Simmons and Elkins (2003, 2004) highlight the diffusion of international financial policy by individual countries through processes of policy diffusion and emulation. Similarly, Gassebner et al. (2011) find that a country's economic reforms are affected by reforms adopted by other countries. In fact, Eichengreen and Leblang (2008) also follow a similar approach in their study on democracy and openness wherein they instrument capital account

6. This index is a subcomponent of KOF economic globalization index capturing various forms of trade and investments restrictions in a country. For more, see appendix (annex 1).

openness with lagged value of capital account openness of the neighbors. We compute averages for each region namely, South Asia, East Asia, Latin America and Caribbean, OECD, Sub-Saharan Africa, Middle East North Africa and transition countries (Balkans, Central and East European and CIS nations) and subtract each country's index score from their respective region's index. Second, following Neumayer and de Soysa (2006), Eichengreen and Leblang (2008), we consider the geographic size of a country in square-kilometers (logged) as our second instrument since both trade openness and the flow of FDI are sensitive to the size of a country. For the aggregate globalization measure, along with geographic size of a country, we also consider the average globalization index of each region (minus i^{th} country's globalization index).

The validity of the selected instruments depends on two conditions. First, instrument relevance requires that the instrument must be correlated with the explanatory variable in question – otherwise it has no power. Bound et al. (1995) suggest examining the F-statistic on the excluded instruments in the first-stage regression. The selected instrument would be relevant when the first stage regression model's F-statistics is above 10. However, the F test has been criticized in the literature as being insufficient to measure the degree of instrument relevance in the presence of multiple endogenous variables (Stock et al. 2002, Hahn and Hausman 2002, 2003). In this case, a more powerful test is the Cragg-Donald test (Cragg and Donald 1993; Stock et al. 2002). A Cragg-Donald (CD) statistic above the critical value (10% maximal test size) indicates the rejection of weak instruments. Since we use 'robust' option in Stata 11, we also test the weak instrument identification with LM version of the Kleibergen–Paap rk statistic which is robust to heteroskedasticity (Kleibergen and Paap 2006). Second, the selected IV should not vary systematically with the disturbance term in the second stage equation, i.e. $[\omega_{it}|IV_{it}] = 0$. Meaning, it cannot have an independent effect on the dependent variable. As far as our instruments are concerned, we know of no empirical argument linking geographic size, system-wide relaxation of trade and investments restrictions and globalization with human rights performance of an individual government. In other words, the level of globalization in South-East Asia and the geographic size of Burma should not necessarily influence Burma's own human rights performance. While population size, which is controlled in our models, relates to human rights, geographic size does not (Landman 2005). Nevertheless, we use Hansen J-test (Hansen 1982) and test the null-hypothesis of exogeneity, which cannot be rejected at the conventional level of significance.

V. EMPIRICAL RESULTS

The results of regressions estimating the impact of globalization on human rights are presented in Tables 2 and 3. While Table 2 reports the results of POLS

Table 2
Newey-West (OLS) Regressions: Effects of Globalization on Human Rights, 1981–2006

| Variables | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | Full sample Newy-West PIR | Non- OECD Newy-West PIR | Full sample Newy-West PIR | Non- OECD Newy-West PIR | Full sample Newy-West PIR | Non- OECD Newy-West PIR | Full sample Newy-West PIR | Non- OECD Newy-West PIR |
| Constant | 4.533*** (0.407) | 5.757*** (0.525) | 3.602*** (0.388) | 5.597*** (0.568) | 3.997*** (0.397) | 5.355*** (0.528) | 4.632*** (0.484) | 6.073*** (0.605) |
| Lag Dependent Variable | 0.612*** (0.0169) | 0.594*** (0.0189) | 0.624*** (0.0177) | 0.596*** (0.0202) | 0.614*** (0.0171) | 0.599*** (0.0190) | 0.622*** (0.0167) | 0.597*** (0.0189) |
| Globalization | 0.0136*** (0.00233) | 0.00900*** (0.00319) | | | | | | |
| Economic Globalization | | | 0.00632*** (0.00191) | 0.00422* (0.00232) | | | | |
| Social Globalization | | | | | 0.0108*** (0.00194) | 0.00711** (0.00279) | | |
| Political Globalization | | | | | | | 0.00538*** (0.00158) | 0.00385*** (0.00179) |
| Per capita GDP (log) | 0.0187 (0.0349) | – 0.00868 (0.0386) | 0.0750** (0.0348) | – 0.0221 (0.0415) | 0.0387 (0.0357) | 0.00364 (0.0400) | 0.109*** (0.0290) | 0.0376 (0.0322) |
| Per capita GDP growth | 0.0120*** (0.00461) | 0.0141*** (0.00469) | 0.00690 (0.00557) | 0.0107* (0.00580) | 0.0131*** (0.00461) | 0.0149*** (0.00470) | 0.0128*** (0.00458) | 0.0149*** (0.00468) |
| Population (log) | – 0.176*** (0.0164) | – 0.230*** (0.0206) | – 0.130*** (0.0169) | – 0.201*** (0.0220) | – 0.142*** (0.0158) | – 0.205*** (0.0212) | – 0.212*** (0.0235) | – 0.262*** (0.0281) |
| Democracy Index | 0.0290*** (0.00407) | 0.0264*** (0.00427) | 0.0324*** (0.00435) | 0.0301*** (0.00458) | 0.0285*** (0.00408) | 0.0259*** (0.00426) | 0.0304*** (0.00406) | 0.0271*** (0.00429) |
| Oil exports share | – 0.117* (0.0698) | – 0.0692 (0.0754) | – 0.125* (0.0758) | – 0.00463 (0.0848) | – 0.0928 (0.0700) | – 0.0521 (0.0757) | – 0.148** (0.0683) | – 0.0806 (0.0750) |
| Conflicts | – 0.941*** (0.0841) | – 0.985*** (0.0913) | – 0.964*** (0.0886) | – 1.026*** (0.0960) | – 0.947*** (0.0844) | – 0.987*** (0.0911) | – 0.934*** (0.0847) | – 0.988*** (0.0913) |
| Civil Peace years | 0.00320** (0.00151) | 0.00166 (0.00182) | 0.00467*** (0.00151) | 0.00240 (0.00186) | 0.00363** (0.00149) | 0.00180 (0.00181) | 0.00364** (0.00153) | 0.00171 (0.00184) |

Table 2. (Contd)

| Variables | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | Full sample Newy-West PIR | Non- OECD Newy-West PIR | Full sample Newy-West PIR | Non- OECD Newy-West PIR | Full sample Newy-West PIR | Non- OECD Newy-West PIR | Full sample Newy-West PIR | Non- OECD Newy-West PIR |
| Ethnic Fractionalization | 0.182* (0.101) | 0.207* (0.116) | 0.264** (0.105) | 0.248** (0.123) | 0.207** (0.101) | 0.231** (0.116) | 0.212** (0.102) | 0.203* (0.117) |
| British legal heritage | - 0.205*** (0.0683) | - 0.152 (0.130) | - 0.349*** (0.0659) | - 0.256* (0.138) | - 0.235*** (0.0667) | - 0.165 (0.133) | - 0.230*** (0.0740) | - 0.160 (0.133) |
| Socialist legal heritage | - 0.0867 (0.0932) | 0.0652 (0.154) | - 0.264*** (0.0942) | - 0.0116 (0.165) | - 0.133 (0.0894) | 0.0445 (0.154) | - 0.110 (0.0986) | 0.0653 (0.158) |
| French legal heritage | - 0.192*** (0.0634) | - 0.130 (0.134) | - 0.298*** (0.0607) | - 0.170 (0.136) | - 0.212*** (0.0615) | - 0.142 (0.136) | - 0.253*** (0.0660) | - 0.168 (0.133) |
| German legal heritage | 0.0372 (0.0764) | 0.256 (0.161) | - 0.0521 (0.0730) | 0.293* (0.169) | - 0.0434 (0.0736) | 0.207 (0.162) | 0.0199 (0.0786) | 0.270* (0.163) |
| F-Statistic | 368.8*** | 264.4*** | 337.7*** | 239.2*** | 373.0*** | 265.1*** | 366.9*** | 266.5*** |
| Time Effects | YES | YES | YES | YES | YES | YES | YES | YES |
| No. of Countries | 118 | 93 | 118 | 93 | 118 | 93 | 118 | 93 |
| No. of Observations | 2667 | 2115 | 2499 | 1947 | 2643 | 2091 | 2667 | 2115 |

Notes: Newey-West standard errors in parentheses

***p < 0.01, **p < 0.05, *p < 0.1

Table 3
Effects of Globalization on Human Rights, 1981–2006: Ordered Probit

| Variables | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | Full sample Ordered probit PIR | Non-OECD Ordered probit PIR | Full sample Ordered Probit PIR | Non-OECD Ordered probit PIR | Full sample Ordered probit PIR | Non-OECD Ordered probit PIR | Full sample Ordered probit PIR | Non-OECD Ordered probit PIR |
| Globalization | 0.0160*** (0.00236) | 0.00767*** (0.00290) | | | | | | |
| Economic Globalization | | | 0.00741*** (0.00194) | 0.00350* (0.00216) | | | | |
| Social Globalization | | | | | 0.0128*** (0.00203) | 0.00620** (0.00262) | | |
| Political Globalization | | | | | | | 0.00565*** (0.00152) | 0.00300* (0.00164) |
| Lag Dependent Variable | 0.533*** (0.0175) | 0.510*** (0.0186) | 0.546*** (0.0183) | 0.513*** (0.0197) | 0.537*** (0.0177) | 0.515*** (0.0187) | 0.543*** (0.0174) | 0.512*** (0.0186) |
| Per capita GDP (log) | 0.00551 (0.0331) | 0.00118 (0.0348) | 0.0817** (0.0350) | – 0.00540 (0.0399) | 0.0233 (0.0343) | 0.00794 (0.0361) | 0.114*** (0.0277) | 0.0424 (0.0299) |
| Per capita GDP growth | 0.0101** (0.00429) | 0.0115*** (0.00426) | 0.00522 (0.00513) | 0.00895* (0.00527) | 0.0112*** (0.00433) | 0.0122*** (0.00430) | 0.0109** (0.00424) | 0.0122*** (0.00424) |
| Population (log) | – 0.160*** (0.0160) | – 0.201*** (0.0189) | – 0.110*** (0.0166) | – 0.179*** (0.0199) | – 0.122*** (0.0156) | – 0.181*** (0.0192) | – 0.195*** (0.0228) | – 0.225*** (0.0259) |
| Democracy Index | 0.0298*** (0.00403) | 0.0247*** (0.00409) | 0.0335*** (0.00429) | 0.0289*** (0.00438) | 0.0296*** (0.00404) | 0.0245*** (0.00411) | 0.0312*** (0.00401) | 0.0253*** (0.00410) |
| Oil exports share | – 0.0890 (0.0679) | – 0.0430 (0.0685) | – 0.0977 (0.0739) | 0.0185 (0.0762) | – 0.0582 (0.0685) | – 0.0276 (0.0689) | – 0.122* (0.0673) | – 0.0515 (0.0684) |
| Conflicts | – 0.719*** (0.0749) | – 0.790*** (0.0773) | – 0.727*** (0.0787) | – 0.814*** (0.0812) | – 0.730*** (0.0752) | – 0.793*** (0.0774) | – 0.718*** (0.0754) | – 0.795*** (0.0775) |
| Civil Peace years | 0.00312** (0.00145) | 0.000255 (0.00165) | 0.00496*** (0.00147) | 0.00109 (0.00170) | 0.00364** (0.00144) | 0.00340 (0.00165) | 0.00362** (0.00147) | 0.000349 (0.00167) |
| Ethnic Fractionalization | 0.227** (0.0979) | 0.207** (0.104) | 0.322*** (0.103) | 0.250** (0.111) | 0.261*** (0.0985) | 0.230** (0.105) | 0.261*** (0.0982) | 0.207** (0.105) |

Table 3. (Contd)

| Variables | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | Full sample Ordered probit PIR | Non-OECD Ordered probit PIR | Full sample Ordered Probit PIR | Non-OECD Ordered probit PIR | Full sample Ordered probit PIR | Non-OECD Ordered probit PIR | Full sample Ordered probit PIR | Non-OECD Ordered probit PIR |
| British legal heritage | - 1.100*** (0.179) | - 0.278** (0.118) | - 1.260*** (0.179) | - 0.393*** (0.123) | - 1.146*** (0.178) | - 0.292** (0.120) | - 1.144*** (0.180) | - 0.291*** (0.120) |
| Socialist legal heritage | - 0.949*** (0.188) | - 0.0494 (0.136) | - 1.143*** (0.188) | - 0.143 (0.144) | - 1.010*** (0.186) | - 0.0670 (0.137) | - 0.996*** (0.190) | - 0.0578 (0.138) |
| French legal heritage | - 1.059*** (0.178) | - 0.239** (0.122) | - 1.183*** (0.177) | - 0.296** (0.124) | - 1.090*** (0.177) | - 0.249** (0.124) | - 1.147*** (0.177) | - 0.277*** (0.121) |
| German legal heritage | - 0.799*** 0.187 | 0.176 (0.158) | - 0.910*** 0.186 | 0.182 (0.165) | - 0.896*** 0.185 | 0.136 (0.159) | - 0.841*** 0.187 | 0.179 (0.159) |
| Pseudo R2 | 0.3306 | 0.2829 | 0.3304 | 0.2825 | 0.3325 | 0.2847 | 0.3282 | 0.2825 |
| Time Effects | YES | YES | YES | YES | YES | YES | YES | YES |
| Log pseudo likelihood | - 3777 | - 3236 | - 3522 | - 2972 | - 3735 | - 3194 | - 3791 | - 3237 |
| No. of Countries | 118 | 93 | 118 | 93 | 118 | 93 | 118 | 93 |
| No. of Observations | 2667 | 2115 | 2499 | 1947 | 2643 | 2091 | 2667 | 2115 |

Notes: Robust standard errors in parentheses
 ***p < 0.01, **p < 0.05, *p < 0.1

with time fixed effects, Table 3 provides the results using ordered probit. In column 1 we find that globalization has a statistically significant positive impact on PIR. The PIR score is a scale stretching from 0 (very low rights) to 8 (very high rights). Therefore the positive effect suggests that higher levels of globalization increase respect for human rights and reduce violations. Contrary to the skeptics of globalization, thus, we find that for every 1 unit increase in globalization, there is a 0.01 increase in human rights. An increase by a standard deviation of the globalization index (18.82, see summary statistics in appendix, annex 4) would increase the PIR score by roughly 0.26, which is 11% of a standard deviation of the average PIR score for the world. We do not find any significant change in this result when we drop some prominent OECD countries from our sample (see column 2; Table 2). In the case of developing countries, we find that an increase by a standard deviation of the globalization index (14.01) would increase the PIR score by roughly 0.13, which is 7% of a standard deviation of the average PIR score for the developing world.

In columns 3 and 4 we also find positive effects of economic globalization on respect for rights in the case of both the full sample and developing countries. This result is also statistically highly significant and the substantive impact is roughly half of the effect of the combined globalization index, but the results suggest that economic globalization has non-negligible direct effects on the level of respect for human rights. Remember that globalization can also have many indirect effects though the income and income growth rates that are held constant in the models. These results certainly question the voluminous pessimistic literature on the effects of global market integration and the deterioration of human rights.

In columns 5 and 6 we test the effects of social globalization on rights. As seen there, social globalization too has positive effects on respect for rights both in the full sample and developing countries. The substantive effects are highly comparable with the full index and are non-negligible. Again, a standard deviation increase in the social globalization index would increase rights by about 10% of a standard deviation in the PIR score. These results suggest that greater contact of a social nature between people and flow of information may also prevent states from harming the rights of individuals. In columns 7 and 8, we enter political globalization in the model. As seen there, this measure too correlates positively with increased rights and is statistically highly significant. Closer political ties between a government and foreign governments induce better respect for rights. Clearly none of the forms of globalization are totally independent of each other. As several point out, political globalization enhances economic globalization, and social globalization is surely a net result of the other two and vice versa (Giavazzi and Tabellini 2004; de Haan et al. 2006).

In Table 3, we estimate the same models but using the ordered probit method. The results do not change meaningfully either in the full sample or in

developing countries. The strong positive effects of globalization and its components remain positive and significant at conventional levels. Thus, our basic results are robust to alternative estimating methods. With respect to control variables, we see positive relationship between economic growth and all forms of human rights suggesting that improvement in quality of life through increases in economic opportunities to reduce economic insecurity, thereby reducing social tensions and unrests in the society (Tables 2 and 3). Our findings on level of economic development also show positive results. Although the results are positive, in some models we could not find any significant impact on PIR. This is due to high colinearity between some globalization measures and per capita GDP (see correlation matrix appendix, in annex 5). Most studies report per capita income to matter positively for rights, but when we enter our globalization measures, per capita income is less robust, which suggests that much of the income effect may relate to market integration, rather than wealth alone, a result also reported by others using different measures of market integration (Mousseau and Mousseau 2008).

Like others, we find that large countries have higher violations of rights. This effect is consistent across both methods displayed in all models (see Tables 2 and 3). Contrary to expectations we find significant positive effects of ethnic fractionalization on PIR in both the methods, results consistent with those who argue that high fractionalization make states safer (de Soysa 2009; Landman and Larizza 2009). Civil wars cause higher violations of human rights as others report too (Poe and Tate 1994; Poe et al., 1999). Likewise, the greater the years of civil peace, the lower the incidence of human rights abuse. With respect to legal heritage, relative to the Scandinavian legal heritage – the omitted variable – respect for human rights is smaller among all other categories – it is lowest in countries with French and British legal origins. Oil exporters showed higher levels of human rights abuses than non-oil exporters. This result is consistent with the findings of Ross (2004) who argues that oil exporters are vulnerable to the ‘resource curse,’ which is often manifested as distorted governance and low democracy. As expected, democracy proved very important for human rights. In all the models, irrespective of POLS with time fixed effects or ordered probit, democracy is positively associated with CIRI. Interestingly, our main results on globalization and its components showed net positive effect on human rights despite the inclusion of several of these highly significant controls.

V.1. Addressing Endogeneity

Next, we examine our models controlling for possible endogeneity between human rights and economic globalization. As discussed earlier, we make use of 2SLS with time fixed effects in which we use the instruments discussed earlier to

control for reverse causality. Table 4 reports our central results. The bottom of each table lists additional statistics that speak to the strength of the instrument. The first-stage F-test, Cragg-Donald statistics and Anderson canon LR statistics report the test statistic used to test the null hypothesis that the parameter estimate for the instrument in the first stage regression is equal to zero. Based on Staiger and Stock (1997) we treat F-statistics greater than 10 as being sufficiently strong. The bottom of Table 4 contains statistical tests related to the first stage regression estimates of the effects of instruments on PIR.

The first stage results confirm that our instruments for globalization — the average of regional globalization index (excluding i^{th} country's globalization) and geographic size of a country (logged) — are strong and relevant. The endogeneity test, here joint F-statistic allows us to reject the null hypothesis that globalization can be treated as exogenous. The F-statistic from the first stage rejects the null that both the instruments selected are not relevant instruments. In fact, we obtained a joint F-statistic of 143 at 1% significance level. The results related to Cragg-Donald statistics and Anderson canon LR statistics reject the null of weak instruments at 1% level. The Kleibergen–Paap under identification LM test too rejects the null at 1% level, suggesting that our instruments are adequate to identify the equation (see statistics reported at the bottom of Table 4). Further, the Ramsey's error specification test overwhelmingly accepts the null of absence of neglected nonlinearities and the equation is well-specified. Finally, the Hansen J-Statistic shows that the null of exogeneity cannot be rejected at the conventional level of significance in all our 2SLS models.

The second stage regression of our instrumented value of globalization on PIR allows us to reject the null that globalization has no effect (see column 1 and 2, Table 4). Furthermore, controlling for other determinants of PIR, we obtain our first key result that the effect of overall globalization on human rights respect is positive. We repeat this exercise in the second set of models related to economic globalization reported in columns 3 and 4 in Table 4, using average of regional economic and financial restrictions index (excluding i^{th} country's restrictions) and geographic size (logged) as appropriate instruments for economic globalization. We find that economic globalization has significant positive impact on PIR, allowing us to reject the null that economic globalization has no effect (see column 3 and 4, Table 4). The instruments used in this model pass the instrument relevance tests (see F-stat, Cragg-Donald stat and Anderson canon LR stat and Kleibergen–Paap rk stat) and the results remain robust. With these additional tests, we are confident that we have avoided the weak instrument problem and that the results are robust to problems of endogeneity.

The results obtained from this analysis highlight two interesting aspects. First, it is noteworthy that all results support the relevance of the selected

Table 4

Globalization and Human Rights Equation Function – IV Method

| Variables | (1) | (2) | (3) | (4) |
|--|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Full sample 2SLS PIR | Non- OECD 2SLS PIR | Full sample 2SLS PIR | Non- OECD 2SLS PIR |
| Constant | 5.758*** (0.585) | 6.719*** (0.819) | 3.023*** (0.460) | 5.160*** (0.604) |
| Lag Dependent Variable | 0.573*** (0.0185) | 0.586*** (0.0197) | 0.572*** (0.0211) | 0.584*** (0.0200) |
| Globalization | 0.0474*** (0.00707) | 0.0231* (0.0134) | | |
| Economic Globalization | | | 0.0633*** (0.0105) | 0.0229*** (0.00829) |
| Per capita GDP (log) | – 0.323*** (0.0782) | – 0.124 (0.111) | – 0.571*** (0.129) | – 0.216** (0.0928) |
| Per capita GDP growth rate | 0.0123** (0.00486) | 0.0137*** (0.00482) | – 0.00182 (0.00635) | 0.00741 (0.00604) |
| Population (log) | – 0.234*** (0.0210) | – 0.245*** (0.0251) | 0.00818 (0.0321) | – 0.152*** (0.0309) |
| Democracy Index | 0.0256*** (0.00448) | 0.0260*** (0.00450) | 0.0259*** (0.00536) | 0.0285*** (0.00491) |
| Oil exports share | – 0.0478 (0.0776) | – 0.0678 (0.0798) | – 0.0250 (0.0959) | 0.00433 (0.0910) |
| Conflicts | – 0.912*** (0.0869) | – 0.953*** (0.0968) | – 0.860*** (0.0989) | – 0.974*** (0.100) |
| Civil Peace years | – 0.000709 (0.00183) | 0.000594 (0.00211) | 0.00147 (0.00186) | 0.00166 (0.00199) |
| Ethnic Fractionalization | – 0.0624 (0.120) | 0.151 (0.129) | – 0.111 (0.144) | 0.150 (0.134) |
| British legal heritage | 0.174* (0.102) | – 0.351*** (0.120) | – 0.268*** (0.0888) | – 0.621*** (0.122) |
| Socialist legal heritage | 0.295** (0.122) | – 0.143 (0.132) | 0.0837 (0.128) | – 0.305** (0.128) |
| French legal heritage | 0.210** (0.102) | – 0.305** (0.128) | – 0.0300 (0.0905) | – 0.440*** (0.106) |
| German legal heritage | 0.368*** (0.116) | | 0.320*** (0.122) | |
| R-squared | 0.756 | 0.715 | 0.702 | 0.707 |
| Time Effects | YES | YES | YES | YES |
| No. of Instruments | 39 | 38 | 39 | 37 |
| First-Stage F-statistic | 143.8*** | 68.2*** | 48.0*** | 117.5*** |
| Anderson canon LR test | 346.8*** | 127.3*** | 134.6*** | 185.1*** |
| Cragg-Donald Statistic | 370.4*** | 131.2*** | 138.3*** | 194.2*** |
| Kleibergen-Paap <i>rk</i> LM statistic | 227.6*** | 123.8*** | 95.4*** | 166.1*** |
| Hansen J statistic (p-value) | 0.6033 | 0.7562 | 0.6523 | 0.3354 |
| Wu-Hausman F test (p-value) | 0.00 | 0.30 | 0.00 | 0.02 |
| Durbin-Wu-Hausman chi-sq (p-value) | 0.00 | 0.30 | 0.00 | 0.02 |
| Ramsey/Pesaran-Taylor RESET test (p-value) | 0.3696 | 0.0569 | 0.9711 | 0.0593 |
| No. of Countries | 118 | 93 | 118 | 93 |
| No. of Observations | 2667 | 2115 | 2499 | 1947 |

Notes: Robust standard errors in parentheses

***p < 0.01, **p < 0.05, *p < 0.1

instruments. The selected instruments pass additional tests related to instrument relevance as well as instrument restriction criteria. Second, the size of the coefficient for both globalization and economic globalization increased marginally in all IV models compared with Newey-West POLS regressions when the potential feedback effect of PIR on globalization is controlled for. For example, an increase by a standard deviation of the globalization index (18.82, see summary statistics in annex 3) would increase the PIR score by roughly 0.95 in IV-method compared to 0.26 in POLS method, which is about 40% in IV-method to 11% in POLS of a standard deviation of the average PIR score for the world. These effects are phenomenal in the case of economic globalization. We find a standard deviation of economic globalization (20.28, see summary statistics in annex 3) would increase the PIR score by roughly 1.22 in IV-method compared to 0.12 in POLS method, which is about 52% in IV-method to only 6% in POLS of a standard deviation of the average PIR score for the world.

V.2. Checks on Robustness

We examine the robustness of our main findings in the following ways. First, we reestimate our results using the cluster option of Huber-White corrected robust standard errors, a method which is also robust to heteroskedasticity and serial correlation (Wiggins 1999). By clustering on states, we assume that the data is correlated within clusters but not across. Using clustering option, we do not find any remarkable changes in our results with respect to all our results including that of IV method (results provided upon request).

Second, we perform our estimates with country fixed effects by dropping out some time-invariant variables such as ethnic fractionalization and legal origins. We begin with Newey-West POLS method followed by IV estimates using 2SLS. Despite using two-way fixed effects, we do not find major changes in our results, except for political globalization, which turns negative. This is because the index changes slowly by time and is correlated with country dummies. We find these results to be robust for full sample and 93 developing countries sample. These findings suggest that the results are robust not only to size of sample but also to the alternative estimation techniques.

Third, we consider alternative instruments in which we find log distance in kilometers between New York (world's largest financial center) to capital cities of the countries in our sample as replacement for geographic size. The results remain largely unchanged. The instrumented globalization and economic globalization variables remain positive and statistically significant in the second stage regression model.

Fourth, following Dreher and Boockmann (2010) we run all our results with the Political Terror Scale (PTS hereafter), which is an alternative measure of

human rights violations coded differently but using similar empirical material, namely Amnesty and the US State Department reports (Gibney and Dalton 1996). The PTS is coded by the US state department and Amnesty International on a scale of 0–5 with highest value representing worse human rights conditions. The results show that globalization and its components decrease political terror. The results are essentially the same as those reported for the PIR scale and include both full sample and sample consisting of only 93 developing countries. Due to brevity, robustness check results are not shown here but are provided on request.

V.3. Further checks on Robustness – Extreme Bound Analysis

We examine the robustness of our main findings further by employing Extreme Bounds Analysis (EBA hereafter) proposed by Leamer (1983) and Levine and Renelt (1992). The need for robustness of our results is important because of the patchy support found by Hafner-Burton (2005) for various indicators of globalization on the level of human rights within countries. The EBA enables us to examine whether the proposed variables are robust as determinants of human rights, independent of which additional variables are included in the set of control variables. In order to perform EBA estimations we shall use a similar approach in Levine and Renelt (1992) but with a few minor changes. Our sample is 118 and 93 countries respectively for the period 1980–2007. Meaning, unlike Levine and Renelt, our analysis is panel. The general form of the regression which is usually estimated in EBA is:

$$y_{it} = \delta_C C + \delta_E E + \delta_Z Z + \omega \quad (2)$$

Where, y is PIR, vector C includes ‘commonly accepted’ explanatory variables and E is a vector containing the variables of interest. The vector Z contains up to three possible additional explanatory variables (as in Levine and Renelt 1992) which, according to the broader literature, are related to the dependent variable. The error term is ω . Adapted to our purpose for testing the robustness of equation (1) using pooled OLS with time fixed effects, the only variable included in C is the lagged dependent variable. All other explanatory variables viz., including globalization and its components are included in vector E in separate models. Each of these variables are included in the base vector one at a time (i.e., represents the variable in the E vector), while the remaining variables are used in the Z vector. The EBA test for a variable in E states that if the lower extreme bound for δ_E – i.e., the lowest value for δ_E minus two standard deviations – is negative, while the upper extreme bound for δ_E – i.e., the highest value for δ_E plus two standard deviations – is positive,

the variable E is not robustly related to y . This criterion of Leamer (1983) was criticized by McAleer et al. (1985) and Sala-i-Martin (1996, 1997) as being too stringent. Sala-i-Martin et al. (2004) then proposed an alternative criterion based on the cumulative distribution function (CDF) of the estimated coefficients which are significant at the 5% level. If 95% of the estimated coefficients are significant, the effects of the variable is considered to be robust, whereas in Leamer's criterion if the estimated coefficient changes sign once, it is considered to be a fragile variable. Thus, we follow Dreher et al (2009) in reporting the percentage of the regressions in which the coefficient of the variable in vector E is statistically different from zero at the 5%-level (i.e. % sign column). We also report the unweighted parameter estimate of δ_E and its standard error, as well as the unweighted cumulative distribution function, $CDF(0)$. The latter represents the proportion of the cumulative distribution function lying on each side of zero. The $CDF(0)$ indicates the larger of the areas under the density function either above or below zero, i.e., whether this happens to be $CDF(0)$ or $1-CDF(0)$. So $CDF(0)$ always lies between 0.5 and 1.0.

We report the results for globalization and its components (with time fixed effects) in two different panels in the appendix (annex 6). As seen there, in both columns we find globalization and its components to be robust determinants of PIR, with $CDF(0)$ being equal to one. Most of the control variables are strongly related to the PIR. The EBA results provide additional support that the baseline variables chosen for the C-vector on theoretical grounds are well supported in the data.

VI. CONCLUSION

The association between globalization and human rights is hotly-debated in popular and academic circles. Liberals have argued that globalization and growing interdependence among nation-states will improve the conditions of peripheral countries. Globalization is seen as a form of liberation of people from the clutches of old ways. The skeptics of globalization contend that globalization leads to the emasculation of states, taking away agency of people and communities, and empowering capitalists over communitarian interests—globalization can suffocate social progress by leading to cycles of resistance and repression (Stiglitz 2002). Most studies on the topic, however, have concentrated on estimating the effects of single variables, such as trade and FDI, as proxies for the spread of globalization. This study uses a comprehensive measure and its components disaggregated into economic, social, and political globalization on the level of human rights. To the best of our knowledge, this is the first such empirical study that looks beyond single measures, which have thus far yielded only patchy support (Hafner-Burton 2005).

Further, economists and political scientists might be accused of paying too much attention on the high political and economic aspects of globalization and not the social consequences of it. Using the KOF-index of globalization and its disaggregate components along with the CIRI human rights dataset, we find positive effects of various forms of globalization and government respect for basic human rights for a sample of 118 countries and a sub-sample of developing countries. For testing the endogeneity of the relationship between human rights and globalization, we also control for potential feedback effects running from human rights to increased globalization using the 2SLS IV method of estimation. Even after controlling for endogeneity, globalization seems to predict better human rights, a result that is robust to changes in specification and testing method. These results confirm the need to consider globalization not just as a single component, economic globalization, but rather as a multifaceted concept by including social and political dimensions as well for empirically addressing similar questions.

The results obtained in our study are the most comprehensive to date on this subject. This is because of three important reasons: first, contrary to other studies in the literature on quantifying globalization processes, we adapt Dreher's globalization index which takes into account three main dimensions of globalization—namely economic, social and political. The economic globalization index captures economic variables as well as trade and investment restrictions, which is missing in those who use actual trade figures. Second, without an appropriate instrumental variables strategy, figuring out the endogenous nature of globalization and human rights may bias conclusions. Our study has tried to address these questions by accounting for these types of biases that plague previous attempts. Nevertheless, our results on basic rights taken together do not find reason to be pessimistic about the integration of societies through processes of globalization. Our results are clear—globalization seems to liberate, not suffocate—and these results are direct effects net of all the other possible avenues through which human rights of people are enhanced, such as income, democracy, and lower propensity for large-scale civil war. Clearly, these more comprehensive measures of globalization need to be used in studies asking similar questions about the different social, political, and economic outcomes of the inexorable forces that are binding countries ever more tightly together (Dreher et al. 2008).

DOES BEING BOUND TOGETHER SUFFOCATE, OR LIBERATE?

APPENDIX

Annex 1

Weights of globalization indicators

| Indices and Variables | Weights |
|---|--------------|
| A. Economic Globalization | [38%] |
| i) Actual Flows | (50%) |
| Trade (percent of GDP) | (19%) |
| Foreign Direct Investment, flows (percent of GDP) | (20%) |
| Foreign Direct Investment, stocks (percent of GDP) | (23%) |
| Portfolio Investment (percent of GDP) | (17%) |
| Income Payments to Foreign Nationals (percent of GDP) | (21%) |
| ii) Restrictions | (50%) |
| Hidden Import Barriers | (21%) |
| Mean Tariff Rate | (29%) |
| Taxes on International Trade (percent of current revenue) | (25%) |
| Capital Account Restrictions | (25%) |
| B. Social Globalization | [39%] |
| i) Data on Personal Contact | (34%) |
| Telephone Traffic | (26%) |
| Transfers (percent of GDP) | (3%) |
| International Tourism | (26%) |
| Foreign Population (percent of total population) | (20%) |
| International letters (per capita) | (26%) |
| ii) Data on Information Flows | (34%) |
| Internet Users (per 1000 people) | (36%) |
| Television (per 1000 people) | (36%) |
| Trade in Newspapers (percent of GDP) | (28%) |
| iii) Data on Cultural Proximity | (32%) |
| Number of McDonald's Restaurants (per capita) | (37%) |
| Number of Ikea (per capita) | (39%) |
| Trade in books (percent of GDP) | (24%) |
| C. Political Globalization | [23%] |
| Embassies in Country | (25%) |
| Membership in International Organizations | (28%) |
| Participation in U.N. Security Council Missions | (22%) |
| International Treaties | (25%) |

Note: Weights may not sum to 100 because of rounding.

Annex 2

Countries under Study

| | | | |
|---------------------------|--------------------|------------------|---------------------|
| Albania | Dominican Republic | Latvia | Russian Federation |
| Algeria | Ecuador | Lithuania | Rwanda |
| Argentina | Egypt, Arab Rep. | Luxemburg | Senegal |
| Australia | El Salvador | Iceland | Sierra Leone |
| Austria | Estonia | Madagascar | Singapore |
| Bahrain | Fiji | Malawi | Slovak Republic |
| Bangladesh | Finland | Malaysia | Slovenia |
| Belgium | France | Mali | South Africa |
| Belize | Gabon | Mauritius | Spain |
| Benin | Germany | Mexico | Sri Lanka |
| Bolivia | Ghana | Morocco | Sweden |
| Botswana | Greece | Myanmar | Switzerland |
| Brazil | Guatemala | Namibia | Syria |
| Bulgaria | Guinea-Bissau | Nepal | Tanzania |
| Burundi | Guyana | Netherlands | Thailand |
| Cameroon | Haiti | New Zealand | Togo |
| Canada | Honduras | Nicaragua | Trinidad and Tobago |
| Central African Republic | Hungary | Niger | Tunisia |
| Chad | India | Nigeria | Turkey |
| Chile | Indonesia | Norway | UAE |
| China | Iran | Oman | Uganda |
| Colombia | Ireland | Pakistan | Ukraine |
| Congo Democratic Republic | Israel | Panama | United Kingdom |
| Congo Republic | Italy | Papua New Guinea | United States |
| Costa Rica | Jamaica | Paraguay | Uruguay |
| Cote d'Ivoire | Japan | Peru | Venezuela, RB |
| Croatia | Jordan | Philippines | Zambia |
| Cyprus | Kenya | Poland | Zimbabwe |
| Czech Republic | Korea, Rep. | Portugal | |
| Denmark | Kuwait | Romania | |

Annex 3

Data sources

| Indicators | Data Sources |
|--------------------------|---|
| Globalization indices | http://globalization.kof.ethz.ch/ |
| PIR index | CIRI dataset (http://ciri.binghamton.edu/) |
| Per capita GDP | World Development Indicators – 2007, http://ddp-ext.worldbank.org/WDI |
| Population | World Development Indicators – 2007, http://ddp-ext.worldbank.org/WDI |
| Political regime | Polity IV (http://www.colorado.edu/IBS/GAD/spacetime/data/Polity.html) |
| Conflicts | UCDP dataset (Gleditsch et al., 2002) |
| Number of peace years | UCDP dataset (Gleditsch et al., 2002) |
| Ethnic Fractionalization | Fearon and Laitin (2003): http://www.stanford.edu/~jfeareon/ |
| legal heritages | La Porta et al. (1998): http://mba.tuck.dartmouth.edu/pages/faculty/rafael.laporta/ |
| Oil Exports dependency | Fearon and Laitin (2003): http://www.stanford.edu/~jfeareon/ |

DOES BEING BOUND TOGETHER SUFFOCATE, OR LIBERATE?

Annex 4

Descriptive Statistics

| Variables | Mean | Median | Maximum | Minimum | Standard Deviation | Total observations |
|--------------------------|----------|--------|---------|---------|--------------------|--------------------|
| PIR index | 5.051453 | 5.00 | 8.00 | 0.00 | 2.35 | 2857 |
| Globalization | 48.36 | 45.72 | 93.65 | 12.18 | 18.82 | 2849 |
| Economic Globalization | 52.59 | 52.45 | 98.54 | 7.53 | 20.28 | 2674 |
| Social Globalization | 43.44 | 39.06 | 95.38 | 2.46 | 22.17 | 2824 |
| Political Globalization | 50.57 | 47.45 | 99.00 | 3.11 | 25.05 | 2849 |
| log (Per capita GDP) | 8.45 | 8.55 | 10.79 | 4.71 | 1.26 | 2849 |
| GDP growth rate | 3.14 | 3.58 | 103.93 | − 50.25 | 5.45 | 2849 |
| log (Population) | 16.16 | 16.08 | 20.99 | 12.12 | 1.58 | 2849 |
| Democracy | 2.91 | 6.00 | 10.00 | − 10.00 | 7.10 | 2782 |
| Conflicts | 0.18 | 0.00 | 1.00 | 0.00 | 0.38 | 2849 |
| No. of peace years | 22.39 | 21.00 | 59.00 | 0.00 | 18.62 | 2849 |
| Ethnic Fractionalization | 0.40 | 0.35 | 0.93 | 0.00 | 0.29 | 2782 |
| British Legal heritage | 0.31 | 0.00 | 1.00 | 0.00 | 0.46 | 2782 |
| Socialist Legal heritage | 0.09 | 0.00 | 1.00 | 0.00 | 0.29 | 2782 |
| Oil exports dummy | 0.14 | 0.00 | 1.00 | 0.00 | 0.34 | 2849 |

Annex 5

Correlation matrix

| | GLO | ECO GLO | SOC GLO | POL GLO | log(PCGDP) | GDP growth | log(Population) |
|--------------------------|-----------|--------------|----------------|----------------|------------------|--------------------|-----------------|
| Globalization | 1.00 | | | | | | |
| Economic Globalization | 0.89 | 1.00 | | | | | |
| Social Globalization | 0.94 | 0.85 | 1.00 | | | | |
| Political Globalization | 0.71 | 0.38 | 0.50 | 1.00 | | | |
| log (Per capita GDP) | 0.82 | 0.76 | 0.82 | 0.49 | 1.00 | | |
| GDP growth | 0.04 | 0.07 | 0.01 | 0.02 | 0.01 | 1.00 | |
| log (Population) | 0.05 | − 0.24 | − 0.12 | 0.57 | − 0.06 | 0.06 | 1.00 |
| Democracy | 0.55 | 0.50 | 0.55 | 0.34 | 0.52 | 0.00 | 0.02 |
| Civil war | − 0.26 | − 0.29 | − 0.28 | − 0.07 | − 0.21 | − 0.01 | 0.26 |
| No. of peace years | 0.49 | 0.42 | 0.47 | 0.35 | 0.43 | − 0.01 | − 0.09 |
| Ethnic Fractionalization | − 0.31 | − 0.27 | − 0.33 | − 0.18 | − 0.48 | 0.03 | 0.05 |
| British Legal heritage | − 0.05 | 0.04 | − 0.04 | − 0.15 | − 0.14 | 0.09 | − 0.05 |
| Socialist Legal heritage | 0.04 | 0.01 | 0.04 | 0.04 | 0.05 | − 0.06 | 0.09 |
| Oil exports dummy | − 0.04 | − 0.02 | − 0.07 | 0.02 | 0.05 | − 0.02 | − 0.01 |
| | Democracy | Civil war | Peace years | Ethnic Frac | British legal | Socialist legal | Oil dummy |
| Democracy | 1.00 | | | | | | |
| Civil war | − 0.09 | 1.00 | | | | | |
| No. of peace years | 0.25 | − 0.51 | 1.00 | | | | |
| Ethnic Fractionalization | − 0.23 | 0.18 | − 0.38 | 1.00 | | | |
| British Legal heritage | 0.01 | 0.04 | − 0.12 | 0.39 | 1.00 | | |
| Socialist Legal heritage | − 0.02 | − 0.09 | 0.10 | − 0.16 | − 0.22 | 1.00 | |
| Oil exports dummy | − 0.21 | 0.04 | − 0.06 | 0.02 | − 0.07 | − 0.05 | 1.00 |

Annex 6

Results of EBA – Baseline Variables

| Panel 1: Aggregate Globalization and Human rights equation | | | | | | |
|---|--------------|---------------------------|--------|--------|----------------|----------------|
| Variables | Avg. Beta | Avg. Standard Error | %Sign. | CDF-U | lower bound | upper bound |
| Globalization index | 0.0180 | 0.0017 | 1.0000 | 1.0000 | 0.0000 | 0.0287 |
| Per capita GDP (log) | 0.1597 | 0.0223 | 0.8255 | 0.9639 | – 0.1079 | 0.2802 |
| Per capita GDP growth | 0.0087 | 0.0038 | 0.8557 | 0.9859 | – 0.0015 | 0.0196 |
| Population (log) | – 0.1208 | 0.0148 | 1.0000 | 1.0000 | – 0.2018 | 0.0000 |
| Democracy index | 0.0289 | 0.0035 | 1.0000 | 1.0000 | 0.0000 | 0.0499 |
| Conflicts dummy | – 0.7245 | 0.0652 | 1.0000 | 1.0000 | – 0.9686 | 0.0000 |
| Civil peace years | 0.0094 | 0.0014 | 0.9933 | 0.9995 | – 0.0003 | 0.0156 |
| Ethnic Fractionalization | – 0.1289 | 0.0779 | 0.4866 | 0.8705 | – 0.5773 | 0.3931 |
| Oil exports share | – 0.1137 | 0.0606 | 0.5973 | 0.9190 | – 0.3792 | 0.1718 |
| British legal heritage | – 0.1081 | 0.0504 | 0.3121 | 0.8712 | – 1.4127 | 0.1444 |
| Socialist legal heritage | – 0.0784 | 0.0778 | 0.0872 | 0.7927 | – 1.4450 | 0.2673 |
| French legal heritage | – 0.1521 | 0.0477 | 0.7047 | 0.9628 | – 1.4279 | 0.0685 |
| German legal heritage | 0.1866 | 0.0888 | 0.5805 | 0.9189 | – 1.0729 | 0.5876 |
| Panel 2: Globalization components and Human rights equation | | | | | | |
| Variables | Avg. Beta | Avg. Standard Error | %Sign. | CDF-U | lower bound | upper bound |
| Economic globalization index | 0.0134 | 0.0016 | 0.9701 | 0.9968 | – 0.0029 | 0.0209 |
| Social globalization index | 0.0172 | 0.0016 | 1.0000 | 1.0000 | 0.0000 | 0.0239 |
| Political globalization index | 0.0025 | 0.0010 | 0.6397 | 0.9248 | – 0.0059 | 0.0174 |
| Per capita GDP (log) | 0.1383 | 0.0241 | 0.7484 | 0.9417 | – 0.1541 | 0.2809 |
| Per capita GDP growth | 0.0077 | 0.0039 | 0.7399 | 0.9274 | – 0.0084 | 0.0204 |
| Population (log) | – 0.1296 | 0.0160 | 1.0000 | 1.0000 | – 0.3202 | 0.0000 |
| Democracy index | 0.0280 | 0.0036 | 1.0000 | 1.0000 | 0.0000 | 0.0499 |
| Conflicts dummy | – 0.7209 | 0.0658 | 1.0000 | 1.0000 | – 0.9686 | 0.0000 |
| Civil peace years | 0.0093 | 0.0014 | 0.9979 | 0.9998 | – 0.0001 | 0.0156 |
| Ethnic Fractionalization | – 0.1126 | 0.0783 | 0.4136 | 0.8554 | – 0.5773 | 0.3931 |
| Oil exports share | – 0.1186 | 0.0618 | 0.5501 | 0.9220 | – 0.3930 | 0.1718 |
| British legal heritage | – 0.1139 | 0.0499 | 0.4520 | 0.8948 | – 1.4127 | 0.1444 |
| Socialist legal heritage | – 0.0633 | 0.0782 | 0.0661 | 0.7701 | – 1.4450 | 0.3007 |
| French legal heritage | – 0.1288 | 0.0472 | 0.6034 | 0.9069 | – 1.4279 | 0.0969 |
| German legal heritage | 0.1740 | 0.0889 | 0.5736 | 0.9013 | – 1.0729 | 0.5876 |

Notes: Results based on 238 (panel 1) and 470 (panel 2) regression combinations, respectively, using ordered probit time-specific fixed effects. ‘Average Beta’ and ‘Average Standard Error’ report the unweighted average coefficient and standard error, respectively. ‘% Sign.’ refers to the percentage of regressions in which the respective variable is significant at least at the 5% level. ‘CDF-U’ is the unweighted CDF as detailed in the text. The threshold to consider a variable robust is 0.9. ‘Lower Bound’ and ‘upper Bound’ give the lowest and highest value of point estimate minus/plus two standard deviations.

REFERENCES

- Abouharb, M. Rodwan and David Cingranelli (2004). Human Rights and Structural Adjustment: Importance of Selection, in: Sabine C. Carey and Steven C. Poe (Eds.), *Understanding Human Rights Violations: New Systematic Studies*. Ashgate Publishing: Aldershot, England.
- Andersen, T.M. and T.T Herbertsson (2005). Quantifying globalization, *Applied Economics*. 37(10): 1089–1098.
- Apodaca, Clair (2001). Global Economic Patterns and Personal Integrity Rights after the Cold War, *International Studies Quarterly*. 45(4): 587–602.
- Apter, David E. (2008). Some Contrarian Perspectives on the Political Consequences of Globalization, *New Global Studies*. 2(1): 1–27.
- Asia Pacific Research Network (2005). The WTO's Decade of Human Rights Violations, APRN Statement on Human Rights and Trade, Hong Kong, December 10th. <http://www.aprnet.org/concerns>.
- Beck, Nathaniel and Jonathan N. Katz (1995). What to Do (and Not to Do) with Time-Series Cross-Section Data, *American Political Science Review*. 89(3): 634–647.
- Beck, Nathaniel (2001). Time-series cross-section data: What have we learned in the past few years?, *Annual Review of Political Science*. 4: 271–293.
- Bhagwati, Jagdish (2004). *In Defense of Globalization*. Princeton: Princeton University.
- Bilson, John F.O. (1982). Civil Liberty – An Econometric Investigation, *Kyklos*. 35(1): 94–114.
- Bjørnskov, Christian and Nicolai J. Foss (2008). Economic Freedom and Entrepreneurial Activity: Some Cross-Country Evidence, *Public Choice*. 134: 307–328.
- Blanton, Shannon L. and Robert G. Blanton (2007). What Attracts Foreign Investors? An Examination of Human Rights and Foreign Direct Investment, *Journal of Politics*. 69(1): 143–155.
- Blume, Lorenz and Stefan Voigt (2007). The Economic Effects of Human Rights, *Kyklos*. 60(4): 509–538.
- Bound, J., D. Jaeger and R. Baker (1995). Problems with Instrumental Variables Estimation when the Correlation between the Instruments and the Endogenous explanatory variable is weak, *Journal of the American Statistical Association*. 90: 443–450.
- Busse, Matthias (2004). Transnational Corporations and Repression of Political Rights and Civil Liberties: An Empirical Analysis, *Kyklos*. 57(1): 45–65.
- Chua, A. (2003). *World on Fire, How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*. New York: Anchor Books.
- Cingranelli, David L. and David L. Richards (1999). Measuring Level, Pattern and Sequence of Government Respect for Physical Integrity Rights, *International Studies Quarterly*. 43(2): 407–417.
- Cingranelli, David L. and David L. Richards (2006). The Cingranelli-Richards Human Rights Dataset, Version 2008.10.02 <http://www.humanrightsdata.org>.
- Cline, William R. (2004). *Trade Policy and Global Poverty*. Washington, DC: Institute for International Economics.
- Collier, Paul, Lani Elliot, Håvard Hegre, Anke Hoeffler, Marta Reynal-Querol and Nicholas Sambanis (2003). *Breaking the Conflict Trap: Civil War and Development Policy*. Oxford: Oxford University Press.
- Cragg, J.G. and S.G. Donald (1993). Testing identifiability and Specification in Instrumental Variable Models, *Econometric Theory*. 9: 222–240.
- de Haan, Jakob, Susanna Lundström and Jan-Egbert Sturm (2006). Market-Oriented Institutions and Policies and Economic Growth: A Critical Survey, *Journal of Economic Surveys*. 20(2): 157–81.

- de Soysa, Indra (2009). Hell is Other People? Social Fractionalization and State Repression, 1980–2004, *Politischevierteljahresschrift*. 43: 100–127.
- de Soysa, Indra and Hanne Fjelde (2010). Is the Hidden Hand and Iron Fist? Capitalism and the Onset of Civil War, 1970–2005, *Journal of Peace Research*. 47(3): 287–298.
- de Soysa, Indra and Helga Malmin Binningsbø (2009). Devil's Excrement or Social Cement? Oil Wealth and Repression, 1980–2004, *International Social Science Journal*. 57(1): 21–32.
- de Soysa, Indra and Ragnhild Nordås (2007). Islam's Bloody Innards? Religion and Political Terror, 1980–2000, *International Studies Quarterly*. 51: 927–943.
- Dollar, David and Paul Collier (2001). *Globalization, Growth and Poverty: Building an Inclusive World Economy*. Oxford: Oxford University Press.
- Dreher, Axel, Noel Gaston and Pim Martens (2008). *Measuring Globalization, Gauging its Consequences*. New York: Springer.
- Dreher, Axel (2006). Does Globalization Affect Growth? Evidence from a new Index of Globalization, *Applied Economics*. 38(10): 1091–1110.
- Dreher, Axel and Bernhard Boockmann (2010 forthcoming). Do Human Rights Offenders Oppose Human Rights Resolutions in the United Nations?, *Public Choice*.
- Dreher, Axel, Jan-Egbert Sturm and James Vreeland (2009). Global Horse Trading: IMF loans for voting in the UN Security Council, *European Economic Review*. 53: 742–757.
- Eichengreen, Barry J. and David A. Leblang (2008). Democracy and Globalization, *Economics and Politics*. 20(3): 289–334.
- Fearon, James D. and David D. Laitin (2003). Ethnicity, Insurgency and Civil War, *American Political Science Review*. 97(1): 1–16.
- Finnemore, Martha and Kathryn Sikkink (1998). International Norms and Political Change, *International Organization*. 52(4): 887–917.
- Frankel, J. and D. Romer (1999). Does trade cause growth?, *American Economic Review*. 89(3): 379–399.
- Franklin, J. (1997). IMF Conditionality, Threat Perception and Political Repression: A Cross-National Analysis, *Comparative Political Studies*. 30: 576–606.
- Friedman, Thomas L. (1999). *The Lexus and the Olive Tree: Understanding Globalization*. New York: Anchor Books.
- Fukuyama, Francis (1991). *The End of History and the Last Man*. Oxford: Oxford University Press.
- Gassebner, Martin, Noel Gaston and Michael Lamla (2011 forthcoming). The Inverse Domino Effect: Are Economic Reforms Contagious?, *International Economic Review*.
- Giavazzi, F. and G. Tabellini (2004). Economic and Political Liberalizations, *Journal of Monetary Economics*. 52: 1297–1330.
- Gibney, Mark and Matthew Dalton (1996). The Political Terror Scale, in: D.L. Cingranelli (Ed.), *Human Rights and Developing Countries*. Greenwich, CT: JAI Press.
- Gleditsch, Nils Petter, Peter Wallensteen, Mikael Eriksson, Margareta Sollenberg and Håvard Strand (2002). Armed Conflict 1946–2001: A New Dataset, *Journal of Peace Research*. 39(5): 615–637.
- Hafner-Burton, Emilie M. (2005). Right or Robust? The Sensitive Nature of Repression to Globalization, *Journal of Peace Research*. 42(6): 679–698.
- Hahn, J. and J. Hausman (2003). Weak instruments: Diagnosis and Cures in Empirical Econometrics, *American Economic Review*. 93: 118–125.
- Hahn, J. and J. Hausman (2002). A New Specification Test for the Validity of Instrumental Variables, *Econometrica*. 70: 163–189.
- Hansen, Lars Peter (1982). Large Sample Properties of Generalized Method of Moments Estimators, *Econometrica*. 50: 1029–1054.
- Harms, Philipp and Heinrich Ursprung (2002). Do Civil and Political Repression Really Boost Foreign Direct Investments?, *Economic Inquiry*. 40(4): 651–663.

DOES BEING BOUND TOGETHER SUFFOCATE, OR LIBERATE?

- Harrigan, Jane and Paul Mosley (1991). *Evaluating the Impact of World Bank Structural Adjustment Lending: 1980-87 in Contemporary Issues in European Development Aid*. Gower Publishing Co. Ltd.
- Hegre, Haavard and Nicholas Sambanis (2006). *Sensitivity Analysis of Empirical Results on Civil War Onset*, *Journal of Conflict Resolution*. 50(4): 508–535.
- Henisz, Witold J. (2000). The Institutional Environment for Multilateral Investment, *Journal of Law, Economics and Organization*. 16(2): 334–364.
- Jakobsen, Jo and Indra de Soysa (2006). Do Foreign Investors Punish Democracy? Theory and Empirics, 1984–2001, *Kyklos*. 59(3): 383–410.
- Kleibergen, F. and R. Paap (2006). Generalized reduced rank tests using the singular value decomposition, *Journal of Econometrics*. 127(1): 97–126.
- La Porta, R., F. Lopez-de-Silanes, A. Shleifer and R.W. Vishny (1998). Law and finance, *Journal of Political Economy*. 106(6): 1113–1155.
- Landman, Todd (2005). *Protecting Human Rights: A Comparative Study*. Washington, DC: Georgetown University Press.
- Landman, Todd and Marco Larizza (2009). Inequality and Human Rights: Who Controls What, When, and How, *International Studies Quarterly*. 53(3): 715–736.
- Leamer, E.E. (1983). Let's Take the Con Out of Econometrics, *American Economic Review*. 73(1): 31–43.
- Levine, R. and R. David (1992). A Sensitivity Analysis of Cross-County Growth Regressions, *American Economic Review*. 82(4): 942–63.
- Li, Quan and Adam Resnick (2003). Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries, *International Organization*. 57(winter): 175–211.
- Lockwood, Ben and Michela Redoano (2005). CSGR Globalization Index: An Introductory Guide, Centre for Study of Globalization and Regionalization, Working Paper 155/04.
- Long, Scott J. (1997). *Regression Models for Categorical and Limited Dependent Variables*. London: Sage.
- Mandelbaum, Michael (2002). *The Ideas that Conquered the World: Peace, Democracy, and Free Markets in the 21st Century*. New York: Public Affairs.
- Marshall, Monty G. and Keith Jaggers (2002). *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2000*. College Park: University of Maryland, Accessed from: <http://www.cidcm.umd.edu/inscr/polity/>.
- McAleer, M., A.R. Pagan and P.A. Volker (1985). What Will Take The Con Out Of Econometrics?, *American Economic Review*. 75: 293–307.
- Meyer, W.H. (1996). Human Rights and MNCs: Theory versus Quantitative Analysis, *Human Rights Quarterly*. 18: 368–397.
- Mousseau, Michael (2002). Market Civilization and Its Clash with Terror, *International Security*. 27(3): 5–29.
- Mousseau, Michael and Demet Yalcin Mousseau (2008). The Contracting Roots of Human Rights, *Journal of Peace Research*. 45(3): 327–344.
- Neumayer, Eric (2005). Do international human rights treaties improve respect for human rights?, *Journal of Conflict Resolution*. 49(6): 925–953.
- Neumayer, Eric and Indra de Soysa (2006). Globalization and the Right to Free Association and Collective Bargaining: An Empirical Analysis, *World Development*. 34(1): 31–49.
- Newey, Whitney and Kenneth West (1987). A Simple Positive Semi-Definite, Heteroskedasticity and Autocorrelation Consistent Covariance Matrix, *Econometrica*. 55: 703–708.
- Olson, Mancur (1993). Dictatorship, Democracy, and Development, *American Political Science Review*. 87(3): 567–575.

- Poe, Steven C. and C. Neal Tate (1994). Repression of Human Rights to Personal Integrity in the 1980s: A Global Analysis, *American Political Science Review*, 88, 853–900.
- Poe, Steven C., C.Neal Tate and Linda C. Keith (1999). Repression of the Human Right to Personal Integrity Revisited: A Global Cross-National Study Covering the Years 1976–1993, *International Studies Quarterly*, 43(2): 291–313.
- Poe, Steven C. (2004). The Decision to Repress: An Integrative Theoretical Approach to Research on Human Rights and Repression, in: Sabine Carey and Steven Poe (Eds.), *Understanding Human Rights Violations: New Systematic Studies*. Ashgate Publishing.
- Richards, David L., Ronald D. Gelleny and 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): 219–239.
- Rodrik, Dani (1997). *Has Globalization Gone Too Far?* Washington, DC: Institute for International Economics.
- Ross, Michael L. (2004). How Do Natural Resources Influence Civil War? Evidence from Thirteen Cases, *International Organization*, 58: 35–67.
- Ross, Michael (2008). Oil, Islam, and Women, *American Political Science Review*, 102(1): 107–123.
- Russett, Bruce and John Oneal (2001). *Triangulating Peace: Democracy, Interdependence, and International Organizations*. The Norton Series in World Politics. London: W. W. Norton and Company.
- Sachs, Jeffrey D. and Andrew Warner (1995). *Natural Resource Abundance and Economic Growth*. Cambridge, MA: National Bureau of Economic Research.
- Sala-i-Martin, Xavier, Gernot Doppelhofer and Ronald I. Miller (2004). Determinants of Long-term Growth: A Bayesian Averaging of Classical Estimates (BACE) Approach, *American Economic Review*, 94(4): 813–835.
- Sala-i-Martin, Xavier (1996). I Just Ran Four Million Regressions, Mimeo, Columbia University, December.
- Sala-i-Martin, Xavier (1997). I Just Ran Two Million Regressions, *American Economic Review*, 87(2): 178–183.
- Schmitz, Hans Peter and Kathryn Sikkink (2002). International Human Rights, in: W. Carlsnæs, T. Risse and B. Simmons (Eds.), *Handbook of International Relations*. London: Sage.
- Sen, Amartya (1999). *Development as Freedom*. New York: Alfred A. Knopf.
- Simmons, Beth and Zachary Elkins (2003). Globalization and Policy Diffusion: Explaining Three Decades of Liberalization, in: Miles Kahler and David Lake (Eds.), *Governance in a Global Economy: Political Authority in Transition*. Princeton: Princeton University Press, 2003.
- Simmons, Beth and Zachary Elkins (2004). The Globalization of Liberalization: Policy Diffusion in the International Political Economy, *American Political Science Review*, 98(1): 171–189.
- Smith, Adam (1776). *The Wealth of Nations*, reprinted 1999 ed. Vol. Books I–III. London: Penguin Books.
- Staiger, D. and J. Stock (1997). Instrumental Variables Regression with Weak Instruments, *Econometrica*, 65(3): 557–586.
- Stiglitz, Joseph E. (2002). *Globalization and Its Discontents*. London: W.W. Norton.
- Stilwell, Frank (2006). *Political Economy: The Contest of Economic Ideas*, 2nd ed. Oxford: Oxford University Press.
- Stock, J.A., J.H. Wright and M. Yogo (2002). A survey of weak instruments and weak identification in Generalized Method of Moments, *Journal of Business and Economic Statistics*, 20: 518–529.
- Torstensson, Johan (1994). Property Rights and Economic Growth: An Empirical Study, *Kyklos*, 47(2): 231–247.

DOES BEING BOUND TOGETHER SUFFOCATE, OR LIBERATE?

- UNRISD (1995). *States of Disarray: Social Effects of Globalization*. London: Banson, for United Nations Research Institute for Social Development (UNRISD).
- Weede, Erich (2004). On Political Violence and Its Avoidance, *Acta Politica*. 39: 152–178.
- Wiggins, Vince (1999). Comparing XTGLS with Regress Cluster, Stata Corporation, Available at www.stata.com/support/faqs/stat/xtgls_rob.html.
- Wilson, Sven E. and Danial M. Butler (2007). A Lot More to Do: The Sensitivity of Time-Series Cross-Section Analyses to Simple Alternative Specifications, *Political Analysis*. 15: 101–123.
- Wolf, Martin (2004). *Why Globalization Works: The Case for the Global Market Economy*. New Haven, CT: Yale University Press.
- World Development Indicators (2007). World Bank.

SUMMARY

Liberals argue that globalization, or growing interdependence among states, will transform societies towards more liberal values reflected in better respect for human rights. Skeptics of globalization, among them Marxists, critical theorists, and a large portion of the NGO community, see globalization facilitating the exploitation of the weak by the strong, exclusion of the poor from economic gain and political rights, increased inequality and economic insecurity, all of which results in social disarray—in other words, globalization is a ‘race to the bottom.’ Thus, resistance to globalization by ordinary people, they argue, will be met with greater state repression. Previous studies have examined the issue with single indicators, such as trade openness and the level of FDI. We make use of a unique measure of globalization, which gauges globalization along economic, political, and social dimensions, to assess the propositions. Our findings reveal a strong positive association between overall globalization and its disaggregated components on government respect for physical integrity rights between 1981 and 2005 for a large sample of countries, controlling for a host of relevant factors, including the possibility of endogeneity. The results are robust to sample size, alternative data and methods, and when assessing developing countries only. Contrary to the skeptics, our results show that increased exposure to globalization lowers state violations of basic human rights.