

**ECONOMIC PERFORMANCE: CIVIL RIGHTS VERSES
DEMOCRACY**



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To my Aba Jaan and Dur Bibi

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CERTIFICATE

This is to certify that this thesis entitled: “**Economic Performance: Civil Rights and Democracy**” submitted by Ms. Bramsh Khan is accepted in its present form by the Department of Economics, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree of **Master of Economics**.

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ABSTRACT

Following is a study on the importance of (selectively) two main factors of Economic Performance i.e. Civil Rights and Political Instability. Whereas, Civil Rights have been taken in both formal and informal terms; deciphering the fact that how both forms of the Civil Rights can affect an economies performance. Whereas, political Instability has been shown to abide the standard of HDI i.e. how the increase in polity will would increase the effect on HDI. It was made sure to keep the objective simple enough i.e. either both the variables alone can affect the Economic performances or their need to be a coalition among them.

Chapter 1

INTRODUCTION

Pakistan cuddles the sharp contrasts in her embrace; as on one extreme it tries to enjoy the passion of independent rights and on the other extreme it is fighting to prove its democratic faithful-ness. She, being an Islamic State always tried to provide with best of “equality” and “equity” to her civilians. Yet, in a diverse country like Pakistan the meaning of each economic term starts to differ. Economic performance in Pakistan is starting to divide between its civil liberty and its limped democracy.

However, such case does not only exist in Pakistan but in each portion of our planet. In this 21st century of ours we measure each and every thing in terms of its value in use and in the shape of its expense. We somehow lost the track of our ends. Instead of taking ‘us’ as the ends we gave other material things the status of our final destination. And may be therefore, we are fall behind when it comes to knowing about our rights and duties. We turn backs and started the blame game that ruined the status of democracy in our societies. Yet, there still exist people who as quoted by Mitya are, “one of those who don’t want millions, but an answer to their questions.” So, this study is somehow conducting the fact that how the existence of Civil Rights and Democracy in an economy can influence its economic performance. Because as far as human beings are concerned, life has a meaning for them and according to Browning; “finding their meaning is my meat and drink.” Consequently, gather those meanings and finding their ways towards their goals is somehow the responsibility of each and every individual. Hence, it would not be wrong to state that each and every individual is than the responsibility of the state. This

whole effect is showing the links that are essential to look at so that they could coordinate together to build up a stable and sensible economy.

There was a time when power was a symbol of violence and wealth and now is the time when knowledge is known as the power shifter (as said by Alvin Toffler in Power Shift). It is knowledge that leads to great revolutions and is the cause of immense changes. And that is how, the thirst for knowing, the curiousness and the demand for answers build up a study known as ‘the relations between states’. It made sure to capture the reasons for some states being rich and some poor, the facts behind successful economies and the mistakes behind the developing ones. Thus, even the baby steps became necessary to be quoted down and looked upon.

Hence, in this study we will focus on the steps taken through Civil Rights and Democracy implications and will see how each one of them interact to get the economy speed up! For the fact that for centuries we fought for and against loads of authoritative systems and civilizations just to get a glimpse to a democratic means of living. It was believed to bring a free will to every individual, which will turn each and every one wise enough to get their duties done and have their rewards accordingly. But unfortunately, we found nothing like this even when we won democratic system of ruling. Will Durant, in his book ‘the story of Philosophy’ wrote wonderfully that, ‘what if the government itself is a chaos and an absurdity, if it rules without helping, and commands without leading, how can we persuade the individual, in such a state?’

Accordingly, in this study the performance of government and the ignorance of ‘us’ through the fulfillment of civil rights would be captured to look the combined effect of it on the economy.

1.2. Hypothesis of the Study

The main quest in this study is revolving around the importance of civil rights and democracy in the performance of any economy. How each one of them supports the other, to achieve any respective economic goal, such as, social and political development? Some of the variables for civil rights and democracy are also selected, in order to get a profound picture of each ninety two (92) selected countries that have been selected for this study.

Furthermore, it has also been made sure to dig out the main reasons for a low economic performance along with a low performance in both civil rights imposition and democracy implementation.

Civil rights, in Pakistan got violated due to more military and civilian regimes. (Ahmad Nazeer). As said by Nazeer that somehow, both of the conflicted communities i.e. the military and the civilians damaged the right to life leaving the economy and the democracy of that economy in trauma. Similarly, reasons for low economic performances would be divided among the applications of civil rights and democracy, in order to check each one's contribution during various swings of economic development.

Thus, it can be said that the objectives of the study is to see that whether;

- Can Civil Rights alone affect the Economic Performance of an economy?
- How does the Political Instability alone affect the Economic Performance of an economy?
- How would the Economic Performance of an economy be affected by the interdependence of Civil Rights and Political Instability?

1.3 Contribution or Significance of the Study

The main contribution of this study would be the construction of index of Civil Rights by taking ten different variables from WDI.

Taking the case of Pakistan more closely showed the fact that in Pakistan the problem is not just about the democratic loyalty rather it is a psychological matter also. Pakistan (in her starting days) has been ruled by a general who took power non-constitutionally through a coup against a democratic elected prime minister who was exposed and exiled (Akbar Zaidi, 2006). And that is why, today we are happy but hopeless, we have rights but we are helpless, we have policies yet no consolidation, pacifism is what we support but antagonistic is what we are.

Thus, looking at all these issues along with the studies of other writers and their conclusions, merge to see that whether we need more classified rights to get to our ends or a more promising democratic mean can lead us to our destination? And for answering this quest, many tools (variables) has been selected along with their respective data's to get to a conclusive point. For the fact, that it is only through the participation of the public that lead us to have a perfect society. As, John Stuart Mill writes: "Democracy has no utility in a situation where only a fraction of the electors show any keenness to understand and participate in national affairs." Therefore, our democracy would turn into modernization when it will get politically modernized i.e. through movement from the traditional pole to the modern pole of the continuum (Shaukat Ali, 1979)

1.4. Conclusion

It has been studied by various scholars that the obstacles facing Pakistan since her independence are rather more independent and inherited as described by Jonathan Baker; “If society is fundamentally pluralistic, being divided into distinct cultural groups and definite interest groups, then it becomes difficult to speak of a general relation between society and government.” So, with the help of this statement a comparative study has been done on different economies to see that whether these subjects are really a matter of concern or not.

The reasons of us, being more or less known as a sadist society today, is because of our historic legacies. From the very beginning we were trained to rather compete with our own social groups than to appreciate each other’s work. Therefore, discussion in this context has also been studied upon to see the real reason for any economy to get to a point where they start being judged for their stupid mistakes rather than their actual behavior. Consequently, complying a giant question on economies regarding their civil liberty, democratic loyalty, federation, and the path with the uneven walk towards development.

Chapter 2

LITERATURE REVIEW

In this chapter the variables that affect economic performances had been divided into two factors. And the sub-factors have been extracted in order to check each micro-level impact on the economic performance especially by civil rights and democracy. Then each of those sub-factors had been discussed with the help of other writers work.

2.1. Determinants of Economic Performance

As posed by the topic of this study i.e. ‘Civil rights versus Democracy in Economic Performance’, the determinants of economic performances are thus selected as civil rights and democracy.

It is through the implications of the variables of civil rights that affect the citizen of an economy and so the performance of its citizens. And these performances can become the measure of any swing in economic activity of that period. Just as been described by Mackinnon, ‘what I am saying is, if you are the tree falling in the epistemological forest, your demise doesn’t make a sound if no one is listening [Mackinnon, 1985].’

2.2. Literature for Civil Rights

In macro analysis, civil rights can be taken as the combination/sum of political, social and economic rights of all. Yet, in this study we are more concerned about its micro influences in any economy.

Call it a nature of human or struggle for life, all of us suffered in one way or another. And that gave birth to history, in-fact histories i.e. Proletariat of the world, unite [Marx and Engel, 1848] a labor against the class differences. I have a dream [Luther, 1963] a call to culminate racism, women's empowerment and so much more. For this work, the respective variables of civil rights are focused on micro level. Having it that way, would lead us to be acquainted with the respective loopholes of Pakistan and all other economies.

Therefore, civil rights in macro-manner spread its shadow over political, social and economic rights and duties. That is why, having well defined civil rights is so essential for any democratic society. Taking civil right in micro-perspective then leads to various aisle of fundamental- i.e. -basic rights and duties of all the citizens of the society. Gender inequality, which is one of the variable of civil rights and a burning issue of the world. In Pakistan we can mold this situation in so many ways such as, discrimination in educational measures, professional measures, political entitlement, health and survival etc. And the worst part of it occurs, when none of them stand for their belonging rights.

So, Meng et al, in his study 'Ownership, Economic performance and Corporate Environmental Information Disclosure (EID) in China, tried to explain that how the ownership whether public or private influence the Environmental Information Disclosure in China. For the fact, that information disclosure is one of the basic rights of ours.

The results of their study, states that ownership is an important institution that do influence the Environmental Information Disclosure. It also shows how the EID is related to

cultural and institutional contexts in those areas where state-ownership is still prevalent. It is seen that EID is low in many countries, due to little involvement of stakeholders, yet the voluntary EID can be adopted as a communication mechanism for services to impression management. [Meng et al. 2012]

The article, then expresses the different postures, where the state-owned and non-state-owned firms would behave accordingly with EID. That is, in times of poor economic performance, due to good political relation state-owned firms have the advantage of getting government assistance through taxes, subsidies and permits. Therefore, in these days they get a stringer willingness to disclose information from the general citizens as it would also establish good co-operative image helping to increase the competitive-ness in capital and product market.

Moreover, it has also stated that EID that can be used as a tool favoring non-state-owned firms, as it allows for voluntary disclosure that reflect the company's environmental performance in comparison to social expectations. It also helps to build a good public image and improve competition in the society. Thus, the theoretical implication of this study is that the motivation of EID behavior in different counties should consider the institutional context and regulatory change. [Meng et al., 2012].

Additionally, Catharine A. Mackinnon, in her work discussed about women's discriminated role in industries known as "From pornography, civil rights, and speech" stated how women get suppressed to do the things which they are not willing to do. And all of it happens because of their weak believe on their rights. Showing how they shut their mouths

thinking no one would help them if they figured out their daily routine work. Furthermore, she criticized the upper class; especially the male class, saying it is their way to oppress the victims in such a way that they must look free and independent.

Moreover, she wrote regarding feminism saying no feminism exist in todays' world the world is in the hands of wealthy and strong male who take the advantage of it and hurt female's self-esteem along with their emotions. And thus, concluding in a hope-less manner describing women would never be given the equal status in any state and it is all because how they are made dependent on some issues such as; security and dignity. [Mackinnon, 1985]

Looking at the performances of small businesses also indicates about the work environment and development performance of that society, leading to show the secured rights of labor. Just as EID supported the “to know” fundamental civil right, similarly Medina et al. covered the labor rights by taking the data of 186 pottery craft businesses from three different Mexican states. It also questioned the relationship among poor economic performance and its effect on small businesses in developing countries, which directly dealt with the wage rates and other labor influential factors. According to them, the problem in less developed economies arises because of the fact that their small business owners are rather those ones who are close to the poverty line. Thus, any type of community pressure then bends them down to slow down their production in terms of volume. [Medina et al. 2012; Mensah et al. 2007]

The results of the study showed the importance of environmental regulation in small businesses as a mean of promoting economic performance. It reckoned the fact that the

development of skills associated with environmental management is not confined to large industries. Because even the small size firms in Mexico could give big fruitful results due to developed environment.

Freedom of speech is one of the basic (fundamental) rights of the civilians. Thus, it is through the freedom attained to the media that gives us a perspective about the vulnerability of the citizens, of that society. It also provides a stand point about the boundaries between the rulers and the ruled ones. As said, “If not, a change of modes of production might constitute a new way to arrange the world system and thus race relationship, rather than overthrowing the regime of white supremacy.”[BDIS, 2007]

In this context the most important feature of civil rights, needs the assistance of economic freedom. In accordance to Bennett, ‘Subnational economic freedom and performance in the United States and China’ that economic freedom is positively associated with economic development and labor market outcomes [Bennett, 2016] It further states that the institution and policy reforms with government intervention lead eventually towards reduced economic freedom. Thus, it is through high levels of income per capita and lower rates of unemployment that we can attain sub-national economic freedom.

He firstly, used the Gini co-efficient as a measure of relative income inequality. Along-with that he used variables including; adult four years college attainment rates, share of labor force in manufacturing sector, dependency ratio and so on and so forth to check the ideal

situation of their population. Which showed the outrageous results- that is- economic freedom is associated with modestly more income inequalities.

Nevertheless, social responsibilities are such intuitions that have to believe from one's inside. For the fact that one's duty is another's right. It brightly favors the ethical identity of us. Consequently, it then can guide us about the social norms of that society. Therefore, we also considered it as a variable, and regarding it the study of Epko's study, 'Global Economic Crisis and Africa's Economic Performance' stated that democracy, fiscal balance and life expectancy are positive related to economic growth. It is crucial that growth generates employment, reduces poverty and provides a reasonable mix of goods and services to the majority of citizens. The growth process ought to guarantee that an economy is transforming or transiting from primary production (reliance on agriculture and extractive industries) to manufacturing (industrialization) and finally to high-quality services-based activities. [Ekpo, 2016]

Furthermore, he stated that the impressive performance of Africa so far is because of the impressive management of their macroeconomic tools in the last fifteen years. Although, growth has not transformed itself to development for the reason that it had to attain the years and tough times to go through development both theoretically and practically. Moving on, it indicates the markets (private/public) as instruments that can be used to function the works regarding any economic growth. According to him the road to development; "inclusive development" is industrialization. And the recommended way to it is the commodity based industrialization for the resource rich economics in Africa.

Prudent economic performance is a sign of profundities surrounded in an economy. Speenser, in his writing 'Cuba, new partners and old limits' stated that even though Cuba is facing pressure by its own government in terms of freedom of speech and print, participation in non-territorial networks, still Cuban's economic planners suffer from a lack of foresight along-with the inability to administer bitterly. [Speenser, 2015]. Thus, showing how an educated society is important for generating the spark in its citizen to speak up and make reasonable choices.

Since one of the main character of any democratic society is to have a constitution that could be able to protect its minorities along-with its majorities. For the reason, that each one of us have the right to live a respectful life. Donovan and Bowler, in their paper 'Direct Democracy and Minority Rights: An Extension' also discussed about the similar concept. They stated how (Wald et al. 1996) believed that representative democracy establish the size of jurisdiction and that in returns decides how minorities should be treated.

However, their results clearly showed the fact that minorities are less protected by direct democracy in smaller communities. [Donovan, Bowler, 1998] Therefore, they suggested guaranteeing such policy that while implementing leads to measures that can bring tolerance for minorities.

It is no doubt essential for any democratic society, to check the voting power of its citizens also. Barbara S. Gamble in his work, 'Putting Civil Rights to a Popular Vote' established a hypotheses regarding mechanism of the representative system. That actually stated, how the

direct democracy promotes the oppression as the scope of civil rights. Popular referenda's were used as a method to check the hypotheses.

The results of three decades records were somehow astonishing, as it showed how the citizens in the political majority have repeatedly used direct democracy to put the rights of political minorities to a popular vote. Furthermore, anti-civil rights initiatives had an extraordinary successive record as the voters approved over three-quarters of these. [Gamble, 1997] Yet, these results were all of a developed economy i.e. America and doesn't imply the structure of the whole developed and undeveloped economies.

2.3. Democracy

Can there be a difference between an overweening and wicked democracy? What are the real factors that lead in making of a democracy in a society? And how come the citizens of the society are able to know their veteran nature within themselves?

From the beginning of human development towards their respective profundity, we find statements and claims that satisfies the dictum of having, 'Man as the end rather than the Means'. And that became the reason of the great people in this world to locate their perspectives in different packages and construct modern ways for us to live in a democratic world. But the peace, the toleration, the personal liberties, the moderation of violent passions we hoped would follow in the wake of democracy's advent were almost nowhere in evidence [Agresto, 2012].

John Agresto, further in his article, ‘Was promoting democracy a mistake?’ relegates the performance of democracy by stating that after the succession of democracy in America we forgot a very simple but noteworthy fact; democracy needs to be crafted then just being willed into. For the reason, that democracy is hard to make and requires laborious days and nights for its sustenance. Yet, when searching for the answers regarding ‘every person’s yearning for freedom’ made him meet with the reality of other people who preferred “other goods” as a need rather than democracy. “Indeed, some people would rather be holy than free or safe than free, or be instructed in how they should lead their lives rather than be free.”

Consequently, he figured out the main purpose of failure of democracy in any economy and that was the “people of that economy” itself. Because as he claims: “But if the people are intolerant or rabidly sectarian, if they are accustomed to being told how to live instead of making their own futures, if they see all human exchanges as zero-sum games, with every neighbor’s success a subtraction from their own—or if there’s no patriotism, no real love of neighbor, no willingness to compromise—then it is close to impossible for liberal democracy to take root among that people.”

Abe Greenwald, then responded to Agresto’s work by referring the words of James Q. Wilson, “Freedom-i.e. - Liberalism is more important than democracy, because freedom provides human opportunity.” Similarly, he argues by taking democracy, in two sharp situations—that is, - democracy in best circumstance and democracy in less-than-ideal circumstance. In both the circumstances the performance of democracy differs, such as, in best circumstance democracy is a political expression of a liberal people and in less-than-ideal circumstance,

democracy is the only way to open up a country's politics to the possibilities of liberalism.
[Greenwald, 2012]

While working on democracy and its origin, Amartya Sen, discovered the fact that democracy was first originated in Greece. Many of its workings came into account in the respective governance through Magna Carta 1215. And however, that the idea of democracy became established as the "normal" form of government to which any nation is entitled--whether in Europe, America, Asia, or Africa. [Sen, 1999]

He states that in a democratic society, politics and civil rights give people the opportunity to draw attention forcefully to general needs and the exercise to political rights-i.e. – voting, protesting etc. can make a real difference to the political incentives operating via governments.

In his perspective, democracy can develop the lives of citizens in three ways; i.e. through political freedom as it is a part of human freedom. It means having the political and social participation in one's economy.

Secondly, democracies enhance the hearing of its people to make them confident in supporting their respective claims to their respective political parties. Thirdly, the practice of democracy gives citizens the opportunity to learn from one another. Thus, giving the freedom to attain such civil and political rights is the 'economic need' of any society.

Crenshaw, in 1995 wrote about the ‘democracy and demographic inheritance: the influence of modernity and proto-modernity on political and civil rights, 1965 to 1980’ describing the reality that the survival of huge peasant masses is a definite problem of any democratic society. For the reason, that most of the macro-social economist believe that democracy is a creature of modernity. Yet the main purpose of his paper was to see the relationship between the political democracy and preindustrial social structure.

So, there was seen that the most proto- modern approach to democracies, that could cement their respective unions together would be; noting the ethnic occupational specialization and inter-dependence, superior transportation systems, inter-action between small firms, high level of literacy rate, relatively high standard of living and extremely rapid economic growth. Furthermore, it should not be forgotten that the variables of social development directly influence the performance of democracies, such as, colonial heritage, militarization, and demographic inheritance. That is why; it becomes necessary to have political democracy to prevent any social complexities to re-occur again. [Crenshaw, 1995]

Somehow, looking at all these researches lead us to think about the relationship between the democracy and the violation of human rights-i.e. – civil rights. Davenport and Armstrong II, in ‘Democracy and the Violation of Human Rights: A Statistical Analysis from 1976 to 1996’ researched on the same theme and they find a linear and negative relationship between democracy and the violation of human rights.

According to their study, when democratic systems exist, it is generally expected that the authority's willingness and capacity to violate human rights would be diminished.

He further divides his study into five respective sections; in first section he describes the effects of democracy in repression. Secondly, they used some variable to check relations that can result in negative terms; thirdly, they gave those results some statistical background. Fourthly, they confronted their data with some techniques. And all these sections were given their deserving conclusions in the fifth section.

Thus, the paper then suggested having a renewed interest in social, political, and economic interdependencies we need to influence our polity differently. Consequently, such work will be sensitive enough to activate the complexities to both industrial and preindustrial sources. [Davenport and Armstrong II, 2004]

In the same regard, another ideal work done by JiirgenHabermas, 'democratic and constitutional theory today, and three normative models of democracy' description of how the systematic manner of democracy ruled within the liberal and republican paradigms were explained. Each of the patterns leads to the results of political systems through which civil rights allocation were attained.

It has been stated that according to liberal view, all the democratic process lead by the government are to increase the welfare of the following society. Thus, showing government as a symbol of public administration is rather trying to create such a society that could interact with private person as a market-structured network. Consequently, in such ruling system 'politics'

would reveal the ethical life of its citizens. The very main three sources of social integration under such society are then as follow; hierarchical regulation of the state, decentralized regulations of the market and solidarity. [Harbermas, 1994]

Furthermore, analyzing the political rights in each system i.e. liberal and republican showed the common sphere where both of the ideologies promises the integrity of an autonomous life. Yet the difference can be defined as; in a liberal democracy citizens get their opportunity through the respective political rights like, voting rights and freedom of speech; to emphasize their private concerns. It can be done in many other measures to account the performance of democratic progress in both of the ideologies. Such as; according to liberal view democratic progress can only take place when we start learning to compromise among any competing parties. While in the view of republican, democracy takes place through ethical and political disclosure. [Harbermas, 1994]

The Democracy which we talk about now, has struggled once more than it does today. As observed and researched by Robert Rodgers Korstad, in his work 'Civil Rights Unionism: Tobacco Workers and the Struggle for Democracy in the Mid-Twentieth-Century South'. He explained how history and government worked hand by hand in shaping the landscape of many movements built by the working class. These movements were encouragingly aided sometimes and sometimes got undermined. In North Carolina, RJ Reynolds, of Winston-Salem was the largest manufacturer of tobacco in the 1940s. And the workers it employed were all black male and females, the number can amount to twelve thousands workers. Showing crystal clear period

of racism, yet it describes the movements where they fought to seek improved wages and working conditions through unionism. [Korstad, 2003]

Even though, Winston Salem's ruling class i.e. the manufacturers, bankers, media owners let interracial election take place for a better democratic society. But, White elites did maintained their rules by keeping the poor blacks and white divided, fearful, and unorganized i.e. reflecting a 'racial capitalism' during 1940s in the United States.

In these times, black worker unionized RJ Reynolds and elected a black alderman in 1947, to stand up impressively and fight for the right of justice and broaden the vision of justice when it comes to poor working class. And fortunately, this was a bright movement supported by a CIA trade union leftist, thus leading to a great success and impact in the history of black workers. All of it showed how civil rights unionism can dig deeper when it comes to standing up for your fundamental rights. [Korstad, 2003]

Lovise Aalen & Kjetil Tronvoll, in their work known as 'The End of Democracy? Curtailing Political and Civil Rights in Ethiopia' also discuss the same concept that even after loads of struggle Ethiopia is still away from democracy. He started the story of Ethiopian political development from the aftermath of 2005 election. Saying that the election of 2000 and 2008, though were conducted but never challenged Ethiopian People's Revolutionary Democratic Front (EPRDF). Moreover, the human rights remained broken along with increased reported violations of many other human rights.

Thus, it has been observed that Ethiopia in all these kept moving towards the regime of authoritarian. Consequently, showing how the election kept being an instrument of political control over its citizens. It all can be seen from the election of 2000 when right after the Ethiopia-Eritrean war the ruling party won using its cruel methods i.e. controlling the electorates. The same situation happened in 2005 proving to total movement Ethiopia's political system as an authoritarianism one. Yet, in these entire situations only one constituency was left in Ethiopia that politically kept checking and balancing out the government's unaccountable exercise of power. [Aalen and Tronvoll, 2009]

In the words of Karl E. Klare, 'the quest for industrial democracy and the struggle against racism: perspectives from labor law and civil rights law' class and racial domination advises the need of labor and civil rights movements. As all of it will lead to political stability and through using that political stability citizen can raise their voices for justice in all form and ways.

Therefore, according to him the difficulties that arise in this manner can be molded in two ways; i.e. the distinction between the substance and process, and the distinction between public and private. As they then form the models of formal justice and describe the process of class domination. So, the labor of poor or oppressive class can only break out from this slavery or isolation by having alternatives concepts of work, society and politics. Through which they could measure the each other's personal potential and be psychological ready to adopt a new acceptable life. [Klare, 1982]

2.4. Conclusion

So, in the above literatures regarding Civil Rights and Democracy; the beauty of civil rights has been reflected that how it gets itself covered in all spheres of colors. We can see its elegance in cultural, social and political dimensions and for any economy to work it is necessary all these dimensions must be fulfilling their duties according. And the idea of embedded-ness represented by Polanyi's was somehow the same. Thus, it becomes clear that having a civilized, prudent and responsible set of minds is pre-requisite for a stable economy.

Consequently, having a holdup i.e. having politic citizen would save the economy from any disturbance and would automatically move towards a free economic system with free-will as a ruling agenda. Only in such society, under such citizens will democracy work out. Otherwise, having mere policies and implementing them on empty skulls would never work out, in-fact it will only make the situation worse as can be seen now a days.

So, the only way to get politic is having the ability to be patient in hard times, being patient enough to grab any criticism and working upon them with a calm mind. Only then we would be able to construct policies that would fit our society accordingly.

Chapter 3

THEORETICAL FRAMEWORK, METHODOLOGY AND DATA

3.1. Introduction

In order to calculate the impact of civil rights in economic performance, some of the variable of civil rights has been extracted along with their data's. Ninety two countries are taken respectively to be analyzed. And for that purpose, ten variables for each case are selected i.e. for both 'Civil rights and democracy' in order to measure their implications on the real world.

For each country twenty years of data is taken for the reason to measure the effect of those variables in their respective economies; to study them in different manners and dimensions. And to measure how they got the economic performance affected individually.

3.2. Theoretical Framework

While taking the variables of civil rights and democracy for this study, it is being made sure that these variables have some impact on the real factors of the economy. That is, any improvement in these variables must be able to bring improvement in that particular economy and vice versa.

It has also been made sure to choice those variables that would be able to cover the spectrum of each and every blend. Such as; gender equality rating has been constructed to see the equality ratio in an economy. Similarly, labor (female and male) ratios and strength of the incidence in poorest quartile have been taken to check the equal distribution of opportunities and all social protection level. Human development Index (the dependent variable of our study) has been taken to measure the overall performance of the economy.

In order to examine the chunk of liberty given to minorities; data on non-discrimination law mandates have been studied upon. Furthermore, legal rights, Property rights and rules based government rating has also been pulled in, as maintaining such a duty requires a devoted and well informed leader along-with a well-educated society. Finally, data on adequacy of social safety net programs has been collected, to see the safety level of the citizen in that particular economy.

Moreover, a variable such as population density has been extracted to get the measurements of per unit area population. Ethnic heterogeneity has been selected to look for different type of cultures living up in that economy and how they are getting treated. While industrialization has been picked up to get a glimpse of how that economy stands when it comes to a well-manufactured model for others follow countries.

Thus, the respective results for each and every economy have been extracted to be able to run a regression model.

3.3. Regression Model

According to the respective model of this topic; Civil rights and the other variables covering the sphere of democracy are playing the most significant role. They are representing the cards that could change the fate of any economy as they stand as the independent variables affecting the economic performance variously.

In this model, all the variables have been given equal importance, as each one of them is imposing a significant impact on the performance of their particular economy. It should not be forgotten that these variables are actually indirectly affecting the behavior of their particular economy. For the fact, that these variables are actually combining the arrangements that the citizens are getting to get along with their lives'. And with the help of these arrangements (that we have collected in form of data) results have been extracted to get to some ending point.

On the whole, the data collected for different variables, carry the position of that package which can affects the behavior of the individuals of that living state and thus affecting the performance of that particular state.

3.4. Construction of Civil Rights Variables

Each variable that has been taken in this model makes sure to capture the range of rights that is being enjoyed by each citizen. It is therefore, automatically showing the level of responsibility taken by each individual in that economy because, it is only through the fulfillment of one's duty that gets the other one the chance to enjoy his rights.

Hence, the variables in this study is seizing the area of some common ideas such as; gender equality, labor rights, minorities rights and so on and so forth.

It should be noted that each variable used to construct the index of civil rights, firstly got evaluated in a rating from (1 to 6) and then from (0 to 1). Whereas, 0 is showing low rating and 1 is showing a high rating. Moreover, it must also be known that most of countries missed the availability of data; therefore, the column of each variable was filled with a zero in it.

However, the variables that have been selected are discussed below with their respective purposes and findings;

a) CPIA Gender Equality Rating

This variable is used to assess the extent to which the country has installed the gender equality programs and institution and how many of them are in work and enforcing the policies such as; health, education, security and so on.

In simple words, it checks the promotion and the successive works done for the gender equality.

b) Law Mandates Nondiscrimination Based on Gender in Hiring (1=yes; 0=no)

This variable has been used because it prevents the hiring based on gender. That will automatically show the behavior of that state towards the citizens of hers. It is being measured on the bases of 1 and 0, that is, 1 is showing a (Yes) towards the nondiscriminatory law mandates while a 0 is representing a (No) towards nondiscriminatory behavior.

c) Nondiscrimination Clause Mentions Gender in The Constitution (1=yes; 0=no)

It shows the same effect as the above variable yet, it describes whether the clauses are mentioned in the constitution of that state or not. Again, 1 poses a Yes towards the availability of clauses in the constitution and a 0 for non-availability.

d) CPIA Property Rights and Rule-Based Governance Rating (1=low to 6=high)

It checks the outspreads of any private property's economic activity which is being supported by an effective legal system and rule based governance. Furthermore, it makes sure that all the contracts must be reliable and be enforced respectfully.

e) Strength of Legal Rights Index (0=weak to 12=strong)

The reason for selecting this as one of the measure for civil rights, is because it measures the degree of protection that is given to the borrower and the lender and seek the level of the facilitation that they got. The closer the rating gets to 12 the stronger the protection level gets and the closer it is to 0 the weaker it gets.

f) Benefits Incidence in Poorest Quintile (%) -All Social Protection and Labor

Taking the indexes of this variable from 1 to 6, lead us to have a background of the situation for all social protection programs run in an economy, whereas , 0 poses the lowest rate and 6 shows the highest rate.

Anyhow, this variable was selected in order to get a significant picture regarding the total labor and social programs received specially by the poorest 20% of the population. Therefore, it would help a lot to get a precise idea about the distribution of various opportunities given to that particular region.

g) Coverage (%) -All Social Protection and Labor

This variable was picked, to check the rights restored for the labors of all types. It works with an agenda of growth in the availability of opportunity given to all types of labors; especially the poor workers in order to reduce poverty and vulnerability rate. And all of it can happen only if all the labors are given social protection and their capabilities are enhanced wildly.

h) Labor Force Participation Rate for Ages 15-24, Female (%) (National Estimate)

The reason for choosing this variable was to see the ratio of young women participating in the activities of an economy. Therefore, this variable plays a very important role in determining the status of civil rights being imposed properly in a particular economy.

i) Labor force Participation Rate for Ages 15-24, Male (%) (Modeled ILO Estimate)

Male participation ratio was taken to compare it along-with the female participation rate. This variable may not fully describe the reason for low female rate participation in some countries yet it may reflect the orthodox of some countries.

j) Adequacy of Social Safety Net Programs (% of Total Welfare of Beneficiary Households)

This variable measures the total investment made on the citizen upon their social safety nets. And for that it runs different programs to merge it as a part of social welfare. Thus, it includes all the total expenditure made upon the beneficiaries such as; pensions, cash transfer programs and much more.

3.5. Construction of Democracy Variables

All the other variables used in the model of this study are checking somewhat the extend of the democratic shape of that economy. As it has been said before that it was made sure that the chosen variable should be the one affecting the economy either in a better or a worse behavior. Thus, the reasons for choosing all those other variables can be formulated below;

i. Human Development Index HDI

It should be noted that HDI is being treated as a dependent variable for this mode, for the fact that it measures the economic development through the statistics findings of the life expectancy, education and per capita income for each country. It can therefore, later on be used for the comparison among countries.

ii. Industrialization

Industrialization, poses that symbol of opportunity for those citizens who would get a chance to enter for some work and stay employ. And it is only through employment that they would get an earning to fulfill their needs and wants.

So, being an industrialized economy and covering a wide region of it gives a good impression to the indicators of economic performance and to the HDI as a whole. It means promotion of technical skills and awareness of the importance regarding education and knowledge.

iii. Social Infrastructure

Having spent more on social infrastructure gives the picture of a successful and sensible path to long run economic development. Maybe, it is reason for calling it a positive externality, as it means spending on social services like; housing communities, hospitals, schools, universities, training centers for labor and so much more. Hence, the growth of all such social service is the true meaning of development that would lead in building a smooth stable economy.

iv. Remittances

In terms of Pakistan, it is commonly dreamt that the youth of it would be wise enough to go to far lands and bring bundles' of money all having a worth more than Pakistani rupee. Therefore, during 1972 to 2003 remittances played a huge role in maintaining the economic performance of Pakistan.

In a research conducted by Andenutsi (2010) also found the fact the remittances pose an optimistic influence on the economic performance. And in his case the study was on eighteen Sub-Saharan countries. Alternatively, in simple words for any recipient country; it will give a rise in its capital accumulation i.e. taming the results of credit worthiness in that economy.

v. Ethnic Heterogeneity

Ethnic heterogeneity, most of the times are taken as a reason for having a slow movement in the economy. For the fact, that it is treated as a rigid variable causing contradictions among many different schools of thought in one economy. Yet, it has been studied and seen that economies with ethnic homogeneity prove to get better levels in human growth. One of the reasons, can be as all of them psychologically taken equal before a common law of theirs'.

vi. Population Density

Population density has been chosen to scale the societies in bases of their population or through the structure of their society's i.e. rural-urban decomposition etc. because they are also among those variable that shows the performance of economic development in a clear position.

vii. Aids

Aids covers up that portion of the economy's dark side that is known as a curse to its progress and growth. As it worsens the condition of economy's own ability to fight until the end because they somehow get a second option of not working in qualitative way, rather it means lending by country and another and falling under many conditions of them. Therefore, it is definitely an indication of economic worsening.

viii. Openness

The fact that openness is taken for the calculation of this model, postures the fact that it will give a clear picture regarding the ratio any country is trading with other economies. It becomes important for the reason that in this century being globalized is also a crucial thing to remember and work for. However, it gets calculated by summing up the exports and imports of one's economy and dividing them up with the Gross Domestic Product of that economy.

ix. Urbanization

Open-ness makes sure to give a glimpse of economy's restriction free zones. Yet, urbanization makes sure to cover all those regions that are currently falling in the region of development in many ways.

It also presents the economy in such a way where the ability of economy to get to its needs i.e. consumption of food, water, energy and land are perceived. As these are those variables that effect the live of us and directly affecting the life of the economy?

x. Share of Natural Resources

Dutch Disease in this regard postulates the fact that countries with a huge amount of natural resources, gradually end up having a climax with human development because of rent-seeking. Yet, it helps in getting the picture for those economies because nevertheless they have a very bright chance of using those resources up and lifting up their economy's fate.

xi. Sub-Saharan Africa

This variable has been used, just to show the fact that the results of ours are rather more general and constructed for all the regions of the world.

Thus, as a whole the model of this study can be written as follows where HDI is the dependent variable while all the other variables are the independent variables.

$$\text{HDI} = f(\text{CR}, \text{CR}*\text{POL}, \text{IND}, \text{POL}, \text{SI}, \text{REM}, \text{EH}, \text{PD}, \text{AIDS}, \text{OPEN}, \text{URB}, \text{S\&P}, \text{SSA})$$

Whereas, the symbols stand for the following concept;

Dependent Variable

HDI = Human Development Index

Independent Variables

CR = Civil Rights

POL = Political Instability

CR*POL = Civil Rights and Political Instability

IND = Industrialization

SI = Social Infrastructure

REM = Remittances

EH = Ethnic Heterogeneity

PD = Population Density

AIDS = Aids

OPEN = Open-ness

URB = Urbanization

S&P = Share of Natural Resources

SSA = Sub-Saharan Africa

3.6. Data

The data has been extracted from World development Indicator (WDI). For each respective country twenty years of data has been collected and in order to compare their performances, averages were taken for separate variables.

The data for making out the index of civil rights; which was not evaluated in index form, was firstly converted into indexes. And for that the averages of the following variables i.e. (Benefits incidence in poorest quintile (%) -All Social Protection and Labor, Coverage (%) -All Social Protection and Labor, Labor force participation rate for ages 15-24, female (%) (National estimate), Labor force participation rate for ages 15-24, male (%) (Modeled ILO estimate) and Adequacy of social safety net programs (% of total welfare of beneficiary households)) were divided by hundred (100) and multiplied by six (6). For the fact, that 6 posed the highest level of

rating and 0 showed the lowest performance in rating. And then once more, they were uniformed in a position up to (0-1); 0 showing the worst performance and 1 postulating the best.

The data on HDI, that has been taken as a measure of education, health, market condition, working environment and all the global and domestic policies, was actually extracted from Human Development Reports (HDR) reproduced by UNDP.

Variables like industrialization have been used to capital accumulation. So, to make it more accurate for this study, we used the average of industry value added as a percentage of GDP. It basically is the net output of manufacturing sector once we have added and deducted the intermediate goods.

Consequently, another variable affecting the capital accumulation is taken as social infrastructure. The data regarding it has been extracted from the average of education expenditure and health expenditure as a percentage of GDP and had been made sure to keep them as a proxy for social infrastructure. For the scaling of the economy variables like population density, open-ness and area have been used. And the data of all three of the variable has been taken from World Development Indicator.

The average of personal remittances as percentage of GDP has been used in order to acquire the results for remittances. Hence, it means getting the data for all type of current cash

transfer received by inhabitant households from non-inhabitant households. This data is also taken from World Development Indicator. Urbanization has been taken as the average value of urban population as a percentage of total population, with the help of data extracted from World Development Indicator.

Easterly and Levine (1997) has been used as a base for Ethno-Linguistic Fractionalization and the usage of share of natural resources and foreign aid took place to see the impact of Dutch Disease and the Curse of Aid. Whereas, the share of natural resources has been taken as a percent of exports of natural resources in GDP i.e. including all the agricultural, raw material, fuel, food, ore and metal exports. And in order to see the procedure of curse of aid on any economy data of the aids received has been taken from Official Development Assistance (ODA).

For Sub-Saharan African countries, the help of dummy has been taken so that the results of ours could be driven for any particular economy. Hence, 1 was used to represent the Sub-Saharan African countries and 0 for otherwise.

3.6.1. Discussion on Selected Variables

It is already being assumed in this chapter that all the data collected is somehow unique and perfect to be run for OLS method. So, the first step used was to take the averages of each and every country and for the simplicity of work; division of them has been made in some categories.

Those categories are then given their respective titles that would pose a clear picture for each of the country standing in that region.

The division of the categories from the world map of ninety-two (92) of ours can be seen as; Europe, Asia, Sub-Saharan Africa, Neo-Europe and Others. ‘Europe’ is posing the results for eighteen (18) countries like Austria, Greece, Italy, Ireland and many more. Asia is also mothering eighteen countries and some of them can be known as Pakistan, Bangladesh, Vietnam, Oman and etc.

Consequently, ‘Sub-Saharan African’ region is holding the grip for twenty-four (24) countries i.e. Angola, Ghana, Togo, South Africa and so on. ‘Neo-Europe’ is deducing the results for only four (4) countries known as Australia, Canada, New Zealand and United State of America. ‘Others’ however, stand with showing off twenty eight (28) countries listed as; Mexico, Panama, Dominican Republic, Libya and etc.

The true picture of the division of countries is shown ‘Table 1’.

Table 1: Regional Divide of Countries

Regions	No. of Countries	List of Countries
Europe	18	Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom
Asia	18	Bangladesh, Sri Lanka, China, India, Indonesia, Iran, Japan, Kuwait, Malaysia, Oman, Pakistan, Qatar, Saudi Arabia, Vietnam, Syria, Turkey, South Korea, UAE

Sub-Saharan Africa	24	Angola, Botswana, Cameroon, Central African Republic, Chad, Congo Democratic Republic, Ethiopia, Gabon, Ghana, Guinea, Kenya, Madagascar, Mozambique, Niger, Nigeria, Senegal, Sierra Leone, South Africa, Togo, Uganda, Tanzania, Burkina Faso, Zambia, Mali
Neo-Europe	4	Australia, Canada, New Zealand, United States of America
Others	28	Algeria, Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Libya, Mexico, Morocco, Nicaragua, Panama, Papua New Guinea, Paraguay, Peru, Sudan, Trinidad and Tobago, Uruguay, Venezuela, Tunisia, Egypt

3.6.2. Data and Summary Statistics:

The study of the variables are basically depending upon the annual averages of the cross sectional data. For the reason, that each variable has been studied for twenty years. Yet, it must be noted that data of each variable is liable highly on the availability of it, most of the time the variables were missing data that while calculating got an empty cell instead. Therefore, using the cross-sectional data became necessary as accordingly it works out perfectly well with the unbalanced data, i.e. when most of the variables used in any study lack data bases.

‘Table 2’ shows the results of the data averages that have been distributed in a continental manner. As it can be seen in table, each variable has their averages in-front of their continental columns. Before discussing the results, it must be noted that the variables like ‘civil rights and political stability’ has been given the distribution between 0 to 1 where 0 is showing the worst and 1 is showing the best performance of all.

While discussing the results of the world, the number of countries undertaken for study are 92, which are further divided into different categories i.e. Europe, Asia, Sub-Saharan Africa, Neo-Europe and Others.

Table 2: Data Averages of the Variables in Different Regions

Variable	World	Europe	Asia	Sub-Saharan Africa	Neo-Europe	Others
Civil rights	0.008466 (0.002458)	0.007533 (0.001987)	0.007148 (0.002858)	0.008825 (0.002313)	0.009306 (0.00063)	0.009456 (0.002305)
Political stability	0.433533 (0.3188)	0.103722 (0.177854)	0.609889 (0.349536)	0.62837 (0.168288)	0 (0)	0.420696 (0.252713)
Industrialisation	32.2278 (12.35512)	29.37832 (4.710595)	40.49139 (15.37974)	26.5793 (13.27222)	28.16695 (4.350148)	34.01454 (11.04597)
Social infrastructure	7.714418 (3.066043)	11.8651 (2.183375)	5.874894 (2.089055)	5.830992 (1.677777)	12.05811 (1.158211)	7.241113 (1.867306)
Population density	86.06424 (120.945)	140.6128 (116.5179)	163.9365 (198.0247)	35.04791 (31.14108)	11.78099 (12.08827)	56.44991 (70.88798)
Share of Natural Resources	16.51 (13.40)	9.74 (9.771536)	20.56393 (17.83441)	16.01776 (11.40152)	10.24968 (6.288427)	18.89787 (13.00773)
Sub Saharan African	0.23913 (0.42889)	0 (0)	0 (0)	0.956522 (0.208514)	0 (0)	0 (0)
Remittances	1.838815 (2.28775)	0.929445 (1.209957)	1.730493 (2.092901)	1.523198 (1.646896)	0.397042 (0.48129)	3.005619 (3.048855)
Openness	54.38659 (41.13064)	72.00585 (76.52216)	56.95395 (32.3492)	43.14127 (16.71538)	36.14563 (16.21889)	52.40494 (26.56662)
Area	1077567 (2065412)	228956 (184637)	1229018 (2281198)	661932.7 (422863.4)	6955069 (4573963)	1029188 (1687210)
Ethno-Linguistic Fractionalization	0.226281 (0.279807)	0.158602 (0.258186)	0.254636 (0.323996)	0.252867 (0.258315)	0.55747 (0.425881)	0.180025 (0.242264)
Aids	250063311.8 (358863117.7)	95448814.81 (34668480.2)	458633509.6 (549289455.3)	311033243.1 (209037946.1)	0 (0)	204302197.1 (270075296.2)
Urbanization	49.0154 (23.11948)	68.34553 (12.39674)	47.81847 (24.06443)	26.74868 (12.43651)	80.2951 (5.028069)	51.89244 (19.25137)
N	92	18	18	24	4	38

Note: Each entry is the Average of the variable with Standard Deviation in the Parenthesis.

Reading out the results, as regard of each variable one by one, showed the fact that the countries in Neo-Europe and Others stood out for having a better performance in civil rights implications. However, when it came to political stability Neo-Europe and Europe stood in worst positions.

While Asia stands with a moderate level of realized civil rights because certitude showed that the performance of Sub-Saharan African regions are better than the performance of Asian countries. And the same statement can be used to highlight the fact that Sub-Saharan African regions won the political stability region also from the Asian category.

Similarly, Neo-Europe again stood up with having a highest average in social infrastructure and urbanization; on the other hand, it is Asia that is carrying out a better Performa in industrialization. Maybe it is due to the fact that in these centuries Asian tigers i.e. Taiwan, Hong Kong, Singapore and South Asia are emerging on more industrial activities along with other Asian countries like India, China etc. Yet, population density is higher in Asia and Europe compare to all the other areas of the world.

Furthermore, Asia with the areas falling under the label of ‘others’ are naturally rich in resources as they are having the highest averages in that category along with the category named as remittances.

3.7. Conclusion:

In this chapter, the basic focus was to discover the economies with some highest and lowest features. And those features were made associated with ten selected variables of civil rights.

It was made sure that the calculation of these variables should represent the real situation of each and every country's civil rights imposition. These calculations thus, would help out to agree upon some basic issues in the coming chapters of this study. Furthermore, a table for summary of the definitions and sources of variables has been constructed known as 'Table 3' that is as follow;

Table 3: Summary of the Definitions and Sources of Variables

Variable	Definition	Source
Civil Rights	Data has been extracted for around ten (10) variables i.e. gender equality, benefits incidence in poorest quintile, hiring on gender bases, coverage for all social protection and labor and etc. Their averages has been extracted and were managed from an index from scale 1 to 0. Whereas, 1 describing the highest performance and 0 showing the worst. It was made sure that the data must be f twenty years.	World Development Indicators, World Bank
Political Instibility	Polity IV project data on Polity=democracy-autocracy. It is constructed such that it ranges from 1(Extreme Dictatorship) to 0(Ideal democracy), averaged from 1964-2009, depending upon availability.	Polity IV, (Marshall and Jaggers, 2000)
GDP Per Capita	This is taken as the GDP per capita of the initial available year for a country and is taken in terms of constant 2000 \$.	World Development Indicators, World Bank
Population	This is taken as the total population of the initial available year for a country from 1960 onwards.	World Development Indicators, World Bank
Openness	It is measured as the sum of imports and exports of goods and services as percentage of GDP. It is averaged from 1960 to 2010.	World Development Indicators, World Bank
Area	Total Area in Square Kilometers	World Development Indicators, World Bank
Aid Per Capita	Total aid Received by a Country. It represents Official Development Assistance (ODA) and other official aid received in constant US dollars, taken as average from 1960 to 2010	World Development Indicators, World Bank
Asia, Europe and Africa	Dummies, takes the value of 1 if a country belongs to a particular Continent, 0 otherwise.	Self-Calculated
Natural Resources Rents	It is measured as the per cent share of natural resources exports (including agricultural and raw material exports, fuel exports, food exports, and ores and metals exports) in GDP, averaged from 1960 to 2000.	World Development Indicators, World Bank
Ethno-Linguistic Fractionalization	. It is the probability that the two randomly selected individuals from a given country will not belong to the same ethno-linguistic group. The greater probability implies more ethno-linguistically diverse society.	Easterly and Levine (1997)

Urbanization	Average of urban population as percentage of total population from 1960 to 2010.	World Development Indicators, World Bank
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Note: GDP per capita is taken for the initial available year in order to take into account the implications of human capital for economic growth and thereby, avoid the endogeneity of GDP. Similarly, in most of the applied microeconomic studies, it is shown that more educated people raise fewer children. Therefore, to avoid the endogeneity of population, we take the population of the initial year for each country.

Chapter 4

RESULTS AND DISCUSSIONS

4.1. Introduction

In this chapter it has been made sure to discuss regarding all the models i.e. equations that have been run using the Ordinary Least Square (OLS) method. For the very best reason, that in the end we are always concerned with the results that it can cause to the welfare of ours. In this regard, all the variables that have been described on the previous chapter got a numerical presentation on this one.

Consequently, a tabulated presentation for each of the work has been done in order to discuss them accordingly and thoroughly. It was made sure that each of the results of OLS be clear to define with each of the new variable added in the model.

4.2. Empirical Results and Discussion

The discussions of the models are summarized in table 4 (shown in below). Their estimation took place through Ordinary Least Square (OLS) where Human Development Indicator (HDI) was taken as the dependent variable. HDI has been taken as the regressed, variable for the fact that it stances the structure of GDP growth in our model by covering the portion of economic development. And it would not be wrong to state that, it is posing the face of development of each economy.

It should not be forgotten that the whole study is conducted just to have some indications of how the implications of civil rights and democracy both individually and interactively would affect the economy. And by economy it means the individuals living up there along with their desire; and just to fulfill those desires they work hard enough i.e. increasing their demands and supplies respectively. Therefore, HDI is playing the role of some serviceman that is capturing the aggregate effect of each member of the house.

However, the composition of table 3 took place by summing up the variables that in our study are able to affect the HDI in either direct or indirect manner. It was made sure that each and every variable gets its share of attention equally, because the variable chosen are those ones that in one way or another contribute in destroying the peace of the economy.

The rows of table 3 is indicating the models that are being studied for estimation, while the columns of the table are showing the variables used in estimation of those models. And as it can be seen the variables are listed with the following names; civil rights, political stability, industrialization, social infrastructure, population density, urbanization, area, civil rights*political instability (posing the interdependence of both variables together on HDI), ethnolinguistic fractionalization, remittances, aid and share of natural resources.

In the results, political instability is causing a negative impact on HDI. It would not be wrong to interpret the equation as when political instability would rise it will adversely affect the HDI by lessening (0.18) index of HDI. The rest of the factors of the equation i.e. social infrastructure, industrialization and population density are highly significant and contributing

much to HDI, maybe for the reason that social infrastructure and industrialization pose a positive effect on the Human nourishment and that is how it gives positive effect on the HDI overall. Yet the open-ness remained insignificant in influencing the HDI. In a net shell, all the standard descriptive variables are explaining 70 percent of the variation in HDI as per indicated by the R square value.

In column II all the factors/variables are same except the new variable that is civil rights, and in column IV we merged the civil rights and political instability variable, in order to see the inter-dependence of both variables on each other. Though in column II and III civil rights standing alone makes no significant effect on HDI, perhaps having civil rights without any support from the political background remain helpless and unheard of. As stated by Crenshaw, it is democracy that gives the public the ability to open up in a better and confident way.

However, in column IV when checking the inter-dependence of civil rights and political instability we get significant results with a negative sign on it. It gets us to the conclusion that poor implication of both can severely affect the HDI by a reduction of (16.8) index in HDI. While the description variables shown with the help of R square; are explaining 81 percent of the variation in HDI.

In column V, we add one more new variable known as remittances which poses an insignificant result to the HDI and it is maybe due to the collinear relationship between remittances and population density.

Furthermore, adding urbanization in column VI, share of natural resources in column VIII and Sub-Saharan Africa in column X posed a significant result on HDI. For the fact that all these variable affect the performance of HDI suggestively because increase in urbanization means increase in the living standard of the general public, same goes for the increase in the share of natural resource.

There were some other variables also that did not give a significant impact on HDI like area in column VII, aid in column IX and ethno-linguistic in column XI. Maybe because the change in time brought a change in peoples' mind set and difference in culture is not a factor to affect them much.

4.3. Conclusion

The above discussion regarding the results made it somehow clear; that there are a lot of the factors that can be improved for the development in HDI. Economies can take a glimpse of those results respectively and make their policies accordingly by choosing those variables that would give promising and significant results.

Furthermore, it should be kept in mind that the problem of endogeneity does lies in this study. Yet, the case would be resolved in coming studies

Table 4: OLS Regressions for

Dependent Variable: Human Development Indicator

Explanatory Variables	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
constant	0.289508 (0.0567)	0.130154 (0.0677)	0.336425 (0.081459)	0.284587 (0.062187)	0.290919 (0.064216)	0.259814 (0.047987)	0.047987 (0.0632)	0.290870 (0.06141)	0.285560 (0.07342)	0.400643 (0.05435)	0.4071 (0.091)
Civil rights		0.5468 (4.69)	-3.5878 (4.46)								
Political instability	- 0.1776** * (0.0456)		-0.186*** (0.047)								
Industrialization	0.0070** * (0.00086)	0.00638** * (0.00095)	0.0068*** (0.000894)	0.00596*** (0.00087)	0.00586*** (0.00091)	0.0030*** (0.00076)	0.0059** * (0.00087)	0.00703** * (0.00103)	0.0062*** (0.0009)	0.0044*** (0.00076)	0.0049*** (0.0016)
Social infrastructure	0.0271** * (0.0045)	0.0390*** (0.0036)	0.026*** (0.004649)	0.0298*** (0.0045)	0.0296*** (0.0045)	0.0171*** (0.0038)	0.0298** * (0.0045)	0.027*** (0.00468)	0.0219** (0.007)	0.0247*** (0.0038)	0.0229*** (0.0064)

Population density	.00015** (9.06)	0.00027** * (9.34)	0.00014 (9.18)	0.00018** (9.18)	0.00019** (9.43)	0.00021** (7.08)	0.00019* * (9.29)	0.00012 (9.72E-05)	0.00022* (0.00013)	6.49E-05 (7.79E-05)	9.37E-05 (0.00011)
Sub-Saharan Africa										- 0.1509*** (0.0234)	
Urbanization											
Population							0.0037*** (0.000486)				
Openness	-0.00016 (0.0003)	-0.000216 (0.00028)	-0.000186 (0.00026)	-0.000189 (0.00026)	-0.000173 (0.0003)	-0.00015 (0.0002)	-0.00013 (0.00027)	0.00029 (0.00037)	-0.00012* (0.00056)	-0.00014 (0.00022)	-0.00013 (0.000299)
Area							5.20E-09? (5.23E-09)				
Civil rights* Political stability				-16.818*** (5.21)	-16.477*** (5.30)	-9.442** (4.12)	-16.06** (5.27)	-16.57*** (5.145)	-8.582 (6.075)	-11.73*** (4.37)	-26.28*** (8.56)
Ethno-Linguistic Fractionalization											-0.00189 (0.0532)
							-0.0021				

n	(0.00502)										
Remittances											
	-										
	0.0024***										
Share Of	(0.00131)										
Natural											
Resource											
	-2.96E-11										
	(3.93E-11)										
Aid											
R^2	0.6995	0.6467	0.701	0.684	0.685	0.8152	0.688	0.6972	0.523	0.788	0.692
F-Statistic	40.04***	31.48***	33.34***	37.36***	30.86***	62.53***	31.29***	32.62***	11.51***	52.71***	13.8***
N	92	92	92	92	92	92	92	92	92	92	92

Note: * Significant at 10%; ** Significant at 5%; *** Significant at 1%. Robust Standard Errors in the Parenthesis. There are no significant differences between estimation with dictatorship1 and dictatorship2; therefore we use dictatorship1 in all the sensitivity specifications.

Chapter 5

CONCLUSIONS AND POLICY RECOMMENDATIONS

It is said by Plato that justice would have been a simple matter of fact, if only human being were simple enough to understand. No doubt that Plato described today's situation in this statement wonderfully, because in this world no matter how dynamic our theories get yet we always miss that certain part which always craves for more attention.

In 'story of philosophy' it has been stated wonderfully the reasons why we never i.e. till yet saw any example of a paradise country known as Utopia? It is for the fact that men always wanted a life for them 'complicated' which turned them into ambitious, competitive and jealous ones; they soon get tired of the things they have and start bragging for the ones they do not have, in-fact, the demand of it starts when they see the things with others. Thus, as a result we get groups ready to invade the territory of others, which generates the heat for war, eventually leading to trade and finance ending upon bringing new class divisions.

This study was also about finding out the facts that whether the fulfillments of civil rights and democracy would ever get us to have a state known as Utopia! But as it is said; democracy also ruins itself by excess of democracy. And for it to work properly it is important that the statesmen's are wise enough to know about their rights and duties and be able to execute perfect public policies.

This study along with many of the studies made it clear that democracy is that vision which is pleasurable to dream about yet it brings about the most catastrophic results because the citizens on which it is relying are not fully equipped with the chief learning of it. So, it would not be wrong to say that democracy is a technique and to make it able to bring about social changes we must be able to revolutionize ourselves internally.

However, if democracy is not maintained the way it should be maintained then, the history of Rome poses a perfect example when an uneducated and uncivilized democracy turned into a tyranny and autocracy.

So, to understand any economy we must understand the nature of men living in that economy because as it is said; 'like man, like state.' No state can be a perfect picture of developed economy if its people are not developed within. This understanding would not only lead to the pleasure of knowing the worth of each other, it would also help out to make a perfect matching abstract for that economy.

Hence, the treatments for such kind of state are rather more hard and harsh to carry on. As they require more hard works and daily fulfillment of their home works. The transformation for us will have to start from within and as said by Polanyi's the dynamic social change would only bring surplus to us if we will be able enough to cope p with the external changes. We must have healthy brains to get them go along with healthy life. And it would not be easy because

mixing up pleasure of civil rights along with democracy needs a society where people's philosophy of life is simple to grab and deterministic to implement.

So, the first and the foremost things; are getting courageous enough to accept the change and legislating those theories and policies which poses perfect example for a dynamic economy. Because human nature is not constant so how come any static theories and policies would be able to cover up the holes of the changing economy. This all goes for the solution of having an educated society with civilized and wise people. Yet, the solution for democracy still remains untold.

If we look at the precise definition of democracy; one of the common phrases used for democracy is 'democracy to the people, for the people and by the people.' It means that democracy simply means having that authority which will make sure to get each and every individual their equal rights of shares and duties. It further means that no man would be getting more than what he desires and no more than what is necessary for him. For the fact, that this kind of distribution would bring about the gaps of every class division existing in an economy and would help out to maintain a normal living standard for at least every citizen of the society. Once these highlights are followed then the administrators would be fair enough to lead a fair economy because they are educated and know about the worth of each other. Similarly, they also become patient enough to hear out the divergent ideas and bring about the equilibrium solution of each problem wisely.

Therefore, it is the sparks of both civil rights and democracy that gives rise to a perfect state otherwise one without other is hopeless and useless. And in order for it to improve the HDI of ours it is important that all the instrument of both the variables i.e. civil rights and democracy must be utilized and used properly like the social infrastructure, urbanization, industrialization and share to natural resources must be given more preferences.

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