

The Impact of Ratification of Human Rights Treaties on Economic Inequality

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Extended abstract

1 Introduction

A large recent literature emphasized the economic effects that institutions can have on the economic development of a country (see Acemoglu, Johnson and Robinson, 2005, for the discussion of this hypothesis). This work proposes the analysis of a specific case, namely the effect of the diffusion of human rights, which can be considered as proxy for the improvement in institutional quality, on inequality. The fundamental idea is that the ratification of two main United Nations Covenants on Human Rights might have implied the implementation of reforms that, by increasing individuals' freedom and by expanding the possibilities of participation to the social and economic activities of a country, allowed individuals to improve their economic conditions reducing in this way economic inequality.

In particular, we propose an empirical analysis of the effect income inequality, measured by the Gini index, of countries' ratification of the two key treaties (The International Covenant on Civil and Political Rights, ICCPR, and the International Covenant on Economic, Social and Cultural Rights, ICESCR) and of their protocols in the period 1960-2015. Preliminary results

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from a panel data estimation and an instrumental variable panel data estimation, suggest that the ratification of the Covenants had a sizable negative effect on inequality.

2 International Human Rights Treaties: the Two Covenants of 1966

The first international agreement promulgated by the United Nations is Universal Declaration of the Human Rights (UDHR). The Declaration is a list of principles acting to protect the human beings as unique mankind but, however, it was not a normative act. The declaration had no possibility that the rules contained therein could be protected as laws. In order to develop this set of principles as binding obligations, the Human Rights Commission begun drafting different Conventions with the aim of imposing on the signatories the obligation to comply with the principles agreed.

The UN human rights treaties are the core of the international system for the promotion and protection of human rights. Every UN member state is a party to one or more of the nine main important human rights treaties. It is a universal legal system that improves human rights and try to applies it to every child, woman or man in the world (Sieghart, 1984).

The first international agreements promulgated by the United Nations that are based on the subject of the UDHR are the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights (ICCPR and ICESCR), both approved in 1966 by the General Assembly in New York.

The ICCPR was drafted to follow what was a mere statement of intent, namely the UDHR. In particular, the ICCPR defines, promotes and protects specific categories of human rights: (from art. 6 to 27) the rights to physical integrity, the liberty and security of person, procedural fairness and rights of the accused, individual liberties and political rights. In relation to the ICCPR it is necessary to mention the additional protocol. The first optional protocol was drafted at the same time as the convention and established the functioning of the mechanisms of denunciation of human rights violations enshrined in the Convention. Allegations of violations of conventions to the Human Rights Committee have created a far-reaching jurisprudence on the subject.

The second international convention on human rights is the International Covenant on Economic, Social and Cultural Rights (ICESCR). This is a treaty issued by the United Nations General Assembly in 1966. This treaty strongly advocated and promoted by the countries of the socialist block required an agreement on programmatic rights. Indeed, the treaty sets out the economic, social and cultural goals that each signatory country should achieved. The most eminent of the rights included are the labor rights, the right to social security, the right to family life, the right to health, the right to free education, the right to an adequate standard of living, the right to participation in cultural life and the right to have an adequate standard of living. In the first part of the Covenant was established the principle of the "progressive realization" of the goals mentioned in the text. In fact, considered the list of goals set out in the Convention, the principle that each of these "goals" should be achieved step by step in order to enable each individual States to adapt their internal policies to achieve with their own the instruments the rules established by treaty (Sieghart, 1984).

3 Related Literature and Historical Background

The Second World War left the North hemisphere divided into two political blocs with opposites ideologies, while most of the Southern hemisphere was facing a challenging period of post-colonialism, trying to develop the economy and the society. In a such context, the United Nations, a relatively young international organization, playing a challenging role in trying to set a peacekeeping strategy.

The literature stressed the importance to promote a democratic transition in developing countries to support all those democratic institutions to implement the necessary reforms to foster economic development (Barro, 1999; Acemoglu, Naidu, Restrepo and Robinson, 2014). In particular, this literature suggested the idea that in the late '60, it was very important for emerging countries to be part of the international community. Being part of this community also guaranteed being a potential beneficiary of foreign private investment, aid, and capital transfers (Easterly, 2001).

Wotipka and Tsutsui (2008) represent an early study of the drivers of the ratification of treaties on human rights. By framing the adoption process in an event study framework, Wotipka and Tsutsui (2008) find that the ratification is significantly associated to some national

variables, as per capita GDP and the previous disrespect for human rights respectively have a positive and negative effect on the rate of treaty ratification, as well as to some international variables, such as the number of adopters in the world on the region where the country belongs.

These results provide some support to the hypothesis that the more a country aims to be considered part of the international community, the higher the propensity to subscribe to the legal principles included in the United Nations treaties. In fact, the propensity of a country to ratify positively depends on previous ratification by other countries.

The ratification of a treaty on human rights implies that, at certain points, the State has to implement the programmatic norms included in the treaties and, for the binding effects of the ratification, to start conceding the liberties listed in the Covenants. Our hypothesis is that this has consequences on economic inequality of the country that ratified such treaties.

Income inequality received a great deal of attention by economists in recent years (see, e.g. Furceri, Ostry (2019) for an assessment of the robust determinants of inequality). The impact of the ratification of human rights treaties, however, received scant attention.

The only work trying to estimate the effects of the ratification of the human rights treaties on inequality is Cole (2015), who finds that the ratification of the ICESCR is associated to a reduction in income inequality in the countries that ratified the treaty. Our paper is similar in spirit to Cole (2015), but differs in important respects. First of all, we focus on the ratification of both ICCPR and ICESCR as there are good reasons to assume that also the former can have an impact on inequality. Second, we measure the impact in a different way, in particular by considering a dummy variable that, in a panel context, takes the value of one after the treaty is ratified to distinguish the period before and after the ratification of the treaties, much in the spirit of a diff-in-diff analysis, while Cole (2015) uses a continuous variable measuring the years after the adoption of the treaty. Finally, to take into account the likely presence of endogeneity, we suggest an innovative instrument to account for the ratification: namely, the diffusion of television broadcasting. In fact, a large literature suggested the media have various social and economic effects, for example on migration decisions, on crime, as well as on economic development (see in particular Della Vigna and La Ferrara , 2015, for an extensive survey).

Our thesis is that access to television favored the spread of information in the population

(Elkink, 2011) and, in this way, may have directed the attention in developing countries to the opportunities determined by the diffusion and endorsement of several civil and political freedoms by the developed countries, that may have encouraged at the political level the ruling classes to ratify the treaties on human rights. At the same time, the developed countries might have used the same broadcasting effect to strengthen the development of such types of freedoms and rights. As pointed out by Della Vigna and La Ferrara (2015, p. 34), in fact: “Exposure to the media often outlines role models and portrays societies that are particularly different from local behavior. This difference implies that the potential for behavior change is larger.” (see also Bates, 1985).¹

4 Data and Preliminary Results

We estimate the effect of the ratification of ICCPR and ICESCR on income inequality by estimating panel data regressions for 187 countries in the period 1960:2015. The effect of the ratification is estimated by a dummy variable that takes the value of one in the year of ratification and afterwards. To take into account endogeneity, we instrument the adoption of the treaty by the diffusion of tv broadcasting, coded as a dummy variable that takes the value of one in the year a national television system is introduced and in the subsequent years (Wood, 1994). In the regressions, we utilize some control variables that the current literature has identified as robust drivers of income inequality (see Furceri, Ostry, 2019).²

Table 1 contains the results of the estimation of the effect of ratification of the ICCPR on inequality, measured by the Gini index. To mitigate a possible problem of simultaneity, the covariates are lagged one year.

¹Della Vigna and La Ferrara (2015, p. 34) also point out utilizing the spread of media across countries has a high identifying potential as it is often related to idiosyncratic factors, such as geographic factors that can provide sources of natural variation.

²Gini Index is income inequality index - source SWIID 7.1 Database, Solt Frederick, 2020;
 Polity is a score of regime authority spectrum, source Polity IV Project - Marshall et al, 2016;
 Oil Production is crude oil extracted from the ground, source OECD Data;
 GDP is per Capita in Purchasing power parity; Health is Life Expectancy at birth; Literacy is adult literacy rate of people over 15; Trade Openness % of GDP is sum of goods and services exports and imports - source World Bank;

	(1)	(2)	(3)	(4)	(5)
	g_idx	g_idx	g_idx	g_idx	g_idx
log Gdp PPP	0.563 (0.460)	-0.423 (1.087)	-0.447 (1.084)	-0.625 (1.250)	-0.533 (1.204)
log Gdp PPP ²	-0.104*** (0.030)	0.008 (0.061)	0.019 (0.061)	0.097 (0.075)	0.086 (0.070)
Polity II		0.081** (0.031)	0.095** (0.032)	0.201*** (0.052)	0.190*** (0.046)
Oil Prod.		0.000*** (0.000)	0.000*** (0.000)	0.000 (0.000)	0.000 (0.000)
Literacy		-0.022* (0.011)	-0.019 (0.011)	0.007 (0.015)	
Health		-0.049 (0.058)	-0.029 (0.058)	0.120 (0.085)	0.112 (0.081)
Trade Openness		0.007 (0.006)	0.006 (0.006)	-0.004 (0.008)	-0.003 (0.008)
ICCCPR			-1.278** (0.398)	-10.763** (3.369)	-9.764*** (2.604)
constant	41.013*** (1.789)	43.867*** (4.818)	42.650*** (4.820)		
N	2598	1860	1860	1841	1841
R^2	0.041	0.025	0.030		

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

* All covariates are lagged.

Table 1: ICCPR ratification and Inequality.

Model (1) considers the relationship between GDP per capita and inequality only. The relationship is introduced as quadratic to take into account the classical Kuznetz hypothesis, which appears partially confirmed as the coefficient on GDP is positive but not significant, while the quadratic term is negative and significant. Model (2) introduced the covariates. Both coefficients on GDP are not significant, while the only significant variables are the Polity variable, the dummy for oil-producing countries and the literacy rate, with a negative coefficient.

Model (3) introduces the dummy variable for the ICCPR ratification. The estimated coefficient is negative and significant, corroborating the initial hypothesis. Model (4) presents the result of a panel-IV estimation in which the broadcasting dummy is the instrument for the ICCPR ratification dummy. The negative effect is confirmed, but the coefficient is remarkably higher in absolute term. Model (5) considers literacy not as a covariate for inequality, but as an additional instrument for the ICCPR ratification dummy. The results are largely consistent with those of Model (4).

Table 2 presents the results of the effects of the ratification of ICESCR on inequality.

	(1)	(2)	(3)	(4)	(5)
	g_idx	g_idx	g_idx	g_idx	g_idx
log GDP PPP	0.563 (0.460)	-0.423 (1.087)	-0.320 (1.084)	1.142 (1.725)	0.879 (1.459)
log GDP PPP ²	-0.104*** (0.030)	0.008 (0.061)	0.009 (0.061)	0.017 (0.090)	0.010 (0.077)
Polity II		0.081** (0.031)	0.094** (0.031)	0.278** (0.092)	0.228*** (0.062)
Oil Prod.		0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Literacy		-0.022* (0.011)	-0.020 (0.011)	0.020 (0.023)	
Health		-0.049 (0.058)	-0.017 (0.058)	0.425* (0.209)	0.316* (0.144)
Trade Openness		0.007 (0.006)	0.006 (0.006)	-0.012 (0.012)	-0.007 (0.009)
ICESCR			-1.351** (0.421)	-20.455* (8.236)	-15.138** (4.764)
constant	41.013*** (1.789)	43.867*** (4.818)	41.489*** (4.862)		
N	2598	1860	1860	1841	1841
R^2	0.041	0.025	0.030		

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

* All covariates are lagged.

Table 2: ICESCR ratification and Inequality.

Results in Table 2 are consistent with those in Table 1: the ratification of the treaty has a sizable negative effect on inequality. In particular, the effect of the ratification of ICESCR appears even larger than the effect of the ratification of ICCPR.

5 Preliminary Conclusion

In this article we try to estimate the effect of the ratification of human rights treaties on inequality in a large sample of countries.

Indeed, for more than 50 years, the international community embraced and promoted ideals like freedom, peace, social equality, democracy, and development. All these ideals are perfectly combined through the "syntax" of human rights.

Preliminary results suggest that the effect is negative, significant and sizeable. In line with Cole (2015) we find that the ratification of ICESCR is negative and significant, although our methodology differ in important respects from the one adopted by Cole (2015). However, we also find that the ratification of ICCPR has a similar effect, providing in this way a novel contribution to the literature. Finally, the instrument we adopted appears valid and strongly supportive of the importance of the diffusion of media on the process leading to the adoption of treaties promoting the protection of human rights.

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