

**International Financial Regimes: Structural Adjustment Agreements & Their
Consequences for Democratic Rights in Developing World, 1981-2003**

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Abstract

Does the implementation of a structural adjustment agreement increase or decrease government respect for democratic rights? Neo-liberal theory implies that the economic liberalization required by structural adjustment agreements improve economic performance, generating better human rights practices including stronger protections of democratic rights. Critics contend that the implementation of structural adjustment conditions causes governments to lower democratic rights as a means to maintain control as populations protest the economic policy changes that take place. We conduct a global, comparative analysis for the 1981-2003 period, and use a two-stage model to account for World Bank and IMF loan selection criteria when estimating the democratic rights consequences of structural adjustment. The findings show that implementation of structural adjustment agreements actually improves government respect for democratic rights, and they suggest that more attention should be paid to international forces, especially the effects of international regimes, on governments democratic rights practices.

Introduction

Developing countries are likely to have a higher rate of economic growth if they have democratic political institutions and if their citizens have protections of their civil liberties (Kaufmann 2004; Kaufmann and Pritchett 1997; Sen 1999). Critics of the World Bank and IMF have contended that structural adjustment agreements undermine institutional democracy and protections of civil liberties. There were four main variants to this “undermining democracy” argument. The first three critiques focus on the deleterious effects of structural adjustment on the development of democratic institutions and democratic methods for selecting leaders. We find no evidence in support of this critique. In fact, we find considerable evidence to the contrary. Countries undergoing structural adjustment were more likely to develop democratic institutions and democratic human rights than those not undergoing structural adjustment.

The fourth argument suggesting that the implementation of structural adjustment programs undermines democratic rights is not about procedural democracy. It is about substantive democracy or the extent to which the actual policies produced in a society reflect what most people want. It’s an important contention, and we will return to it later, but it is not an argument that can be tested using the kinds of evidence available for large-scale comparative analysis of the type we have conducted in this project.

The first argument was that the World Bank and IMF allegedly were more willing to negotiate with authoritarian governments than with democratic governments, because authoritarian governments were more likely to implement unpopular policies (Pion-Berlin 1984; 1989; 1997; 2001). Deprived of foreign capital, democratic regimes floundered, and were replaced by more authoritarian regimes. In Latin America, this occurred most often through military coups. Consistent with this argument, previous research had shown that democracies were less likely to receive structural adjustment loans from the IMF (Vreeland 2002; Przeworski and Vreeland 2003). Other studies of the selection biases of the World Bank and the IMF, using different samples of countries, measures of democracy, control variables, and periods of time,

have found a weak, but statistically significant, bias both against and in favor of democracies (Abouharb and Cingranelli 2004a; 2006). These inconsistent findings among studies show that the relationship is not robust to minor variations in research design. Thus, the safest interpretation is that there is no clear pattern of selection bias for or against democracies.

Second, it is commonly alleged that during the cold war, the IMF and World Bank provided assistance to brutal dictatorships as long as they were allied to the United States, the largest contributor to the Bank and Fund, and they were committed to the fight against communism (Berkeley 2001). To examine the validity of this idea, all of the analyses presented were broken down into the period that was part of the cold war (1981-1991) and the period that occurred after the cold war ended (1992-2003). We do not present those results here, because there were no differences in selection criteria or in the effects of structural adjustment on respect for democratic rights that were consistent with this argument. As noted, authoritarian regimes were not more likely to enter into agreements with the Bank and Fund, and the factors that affected the likelihood of entering a structural adjustment agreement did not change much when the cold war ended.

Finally, critics note that major economic changes associated with structural adjustment conditions often caused discontent among the citizens of affected countries. Governments sometimes responded to this discontent with curtailment of democratic rights. President Fujimori of Peru was perhaps the most notorious example of a democratically elected leader, who often behaved in an authoritarian way to put neo-liberal economic reforms into practice. After taking office in 1990, President Fujimori inherited a country in economic crisis and tormented by civil war with the Shining Path. President Fujimori quickly ended the civil war. He also moved rapidly to get the country back into the good graces of the IMF. While some adjustment measures were implemented during the 1980s structural adjustment began in earnest in Peru within two weeks of President Fujimori's inauguration with the introduction of what became known as the "Fujishock" (Pion-Belin 1989).

President Fujimori used many extra-constitutional measures to consolidate his authoritarian regime. In 1992 he used the army to shut down the Congress and five years later he paved the way for re-election by sacking the country's highest court after its justices ruled that he could not run for a third term. The National Intelligence Service (Servicio de Inteligencia Nacional, SIN) was widely blamed for harassing opposition candidates, and manipulating the press, the courts, and the electoral bodies to secure President Fujimori's re-election (Human Rights Watch 2000). Critics contended that the US government generally turned a blind eye to these dictatorial measures, in large part, because of President Fujimori's strong commitment to the structural adjustment programs advocated by the IMF and World Bank (Chossudovsky 1997; Pion-Berin 1991).

In Egypt, the period of structural adjustment also coincided with increased repression of civil liberties. In his book, *The Grand Delusion: Democracy and Economic Reform in Egypt*, Kienle (2001) contends that painful economic reforms necessitated by structural adjustment conditionality have slowed the transition from an authoritarian to a democratic political system. Egypt began its structural adjustment reforms in 1987. According to the annual human rights reports issued by the US Department of State, prior to 1989 the government showed substantial respect for such civil liberties as freedom of assembly and association, and freedom of speech and press. During the structural adjustment period, the government adopted laws making it difficult for new parties to get access to the ballot, interfered with voting at the polling places, engaged in fraudulent vote counts, utilized military courts to get rid of political opponents, and limited freedom of speech and press. When the press became too critical of structural adjustment reforms, some journalists were punished and some periodical publications were put out of business (Kienle 2001). According to Aljazerra, the parliamentary elections of 2005 showed a similar pattern of "violence, allegations of widespread fraud and annulled results" (Al-Atraqchi 2005).

Structural adjustment may even be fuelling the rise of Islamist movements in Egypt and elsewhere in the Middle East where more secular and democratic governments are emerging

(Lubeck 2000). Structural adjustment policies provided a convenient target for Islamist opposition groups who blame their own governments for making agreements with western imperialist institutions that do not serve majority interests in society. The Muslim Brotherhood, the principal opposition group to the government in Egypt, opposes the structural adjustment policies of the government (Kienle 2001). Members of the Brotherhood have been the main target of physical integrity rights abuse by the Egyptian government including torture, political imprisonment, and extra-judicial killing.

The Peru and Egypt examples notwithstanding, the democratic development of most other countries under structural adjustment has been better. The results presented, will show that countries that have been under structural adjustment conditionality the longest have better-developed democratic institutions, have elections that are freer and fairer, have more freedom to form and join organizations, and have more freedom of speech and press than countries with less exposure to structural adjustment conditionality. These things are true after controlling for the effects of selection. Even Bolivia, a country we use as an example of the economic failure of structural adjustment policies, has experienced substantial increases in procedural democracy over the past few decades. The 2005 national elections in Bolivia were widely acknowledged as free and fair. Evo Morales of the Movement Toward Socialism (MAS) Party, won the election with 54% of the vote, an absolute majority. His opponent conceded defeat, and, in January of 2006, Morales was sworn in for a five-year term. His win marks the first election of an indigenous head of state in Bolivia (Democracy Now 2006). He campaigned against the structural adjustment policies of the IMF and World Bank and against the policies of the US government. During the election campaign, he pledged to increase state control over Bolivia's vast natural gas resources and to protect coca plantations. The Bush administration has criticized Morales for his close ties to Venezuelan president Hugo Chavez and Cuban president Fidel Castro as well as his opposition to neo-liberal

economic policies. During the election, Morales appealed to voters, in part, by declaring that his election would be a: nightmare for the United States (Democracy Now 2006).

The final “undermining democracy” critique is not about procedural democracy. According to this perspective, structural adjustment agreements are negotiated between the executive branch of the government of the loan recipient country and representatives of the Bank or Fund. The legislature, the heart of any democracy, is not formally a part of the negotiation process. Thus, the normal democratic process is not used to make some of the most important economic decisions affecting the societies of developing countries. When decisions do not reflect what most people in a society want, there is a lack of “substantive democracy.” The argument that structural adjustment conditions have undermined substantive democracy is one of the main conclusions of the Structural Adjustment Participatory Review International Network (SAPRIN) evaluation of the economic effects of structural adjustment programs (2004). The authors of the SAPRIN study noted that, “while procedural democracy has been promoted”...“real democratic choice for both civil society and governments in the arena of economic policy has been severely limited by the IFIs and their Northern Board members. Governments have been urged to improve their governance, but not so that they will better respond to the interests of their own people...” (2004: 221). Paradoxically, structural adjustment may have led, simultaneously, to advances in procedural democracy and a decline in substantive democracy. The results of this study do not bear upon this argument that structural adjustment programs undermine substantive democracy.

In the remainder of this article, we discuss the elements that are part of procedural democracy. We argue that procedural democracy is a human right. Most, but not all the elements of procedural democracy, are considered directly or indirectly in the analyses we will present later. Countries with high levels of procedural democracy have been shown to provide greater protections of other human rights and economic growth. However, liberal democracy, a special type of procedural democracy, is more important as a facilitator of other human rights protections

and equitable economic development. We briefly review the literature on the correlates of democratic development in order to construct a statistical model that reveals the effect of structural adjustment while controlling for the effects of other plausible explanations of democratic outcomes. Finally, after presenting the results outlined above, we discuss some reasons why structural adjustment has led to higher levels of government respect for procedural democracy in developing countries.

The meaning of procedural democracy

Procedural democracy refers to the method citizens use to choose their leaders and influence government policies. Typically, procedural democracy exists if, at a minimum, citizens are given a choice among rival political leaders who compete for their votes. Between elections, those who were elected, the politicians, make decisions. At the next election, citizens can choose to keep or change their elected leaders. If these institutional arrangements are in place, a country has procedural democracy (Schumpeter 1942) or “government by the people”. Some have argued that this kind of “thin” definition of procedural democracy, when employed by policymakers, can do more harm than good (Herman & Brodhead 1984). We will return to this point later.

As a result of this kind of skepticism and as a way of providing guidance to new democracies, a number of governmental and non-governmental organizations have proposed standards that a government should meet before it should consider itself to be fully procedurally democratic. In 1976, the Commission on Security and Cooperation in Europe (CSCE), an independent US Government agency, was created to address and assess democratic, economic, and human rights developments in the 55 countries participating in the Organization for Security and Cooperation in Europe (OSCE). The Commission consists of nine members of the US House of Representatives, nine from the US Senate, and one member each from the Departments of State, Defense, and Commerce. The CSCE’s Office for Democratic Institutions and Human Rights (ODIHR) is the lead agency in Europe in the field of election observation. It co-ordinates

and organizes the deployment of thousands of observers every year to assess whether elections in the OSCE area are in line with international standards for democratic elections and other democratic political institutions.

The 1990 Copenhagen Document, adopted by the Council for Security and Cooperation in Europe was the first attempt by the international community to stipulate in detail the requirements that should be met in any national political election. Since then, numerous organizations, both regional and international have undertaken the effort including the United Nations, the Organization of American States, the Council of Europe, the Parliamentary Assembly of the Commonwealth of Independent States, the UN Human Rights Committee and other international or regional governmental and non-governmental organizations. The most detailed statement produced thus far was produced by the OSCE (ODIHR 2002). Today, policy makers think in terms of “extent” of procedural democracy, because there is now a much longer list of criteria that must be met before one would argue that full procedural democracy exists.

This list of criteria was needed, because being procedurally democratic has become a condition of membership in important international organizations such as the European Union, the North American Treaty Organization, and the Organization for Economic Co-operation and Development (OECD). Good governance also has become a criterion for the distribution of foreign aid by OECD donor countries. There is a growing international consensus on standards for what constitutes a free, fair, and genuine national political election. The standards are numerous, but realistic, since they were designed to help evaluate democratic elections in countries with a wide variety of institutional arrangements and economic endowments. They distinguish between features that make an election free and features that make an election fair. A “free” electoral

process is one where fundamental human rights and freedoms are respected. Table 1.1 summarizes the international standards for a free political election.¹

(Insert Table 1.1 About Here)

According to international standards for political elections, a “fair” electoral process is one where the contest is reasonably level and accessible to all voters, parties, and candidates. In many countries, elections are free, but unfair. For example, governing political parties in many countries use nonviolent means to gain advantages over challenging parties. The governing party, as an excuse to limit the circulation of opposition newspapers or literature, may restrict access to newsprint or may use unfair advantages to raise an abnormally large campaign fund. Such practices create an unfair election contest. Table 1.2 summarizes the international standards for a fair national political election.

(Insert Table 1.2 About Here)

Procedural Democracy as a Human Right

The right to free and fair elections is a de facto human right in the modern world. The principle that all national governments should hold democratic political elections was set forth in the Universal declaration of Human Rights in 1948 and the International Covenant on Civil and Political Rights in 1966. While there is no explicit human right to choose leaders through an

¹ The benchmark standards for procedural democracy used in this chapter are based on international standards for free and fair elections that have been developed and promulgated by governmental and non-governmental organizations. See, especially, OSCE (1990), OSCE (2003), and Inter-Parliamentary Union (1994). International Non-Governmental Organizations (INGOs) have promulgated similar principals such as the guidelines developed by the International Foundation for Election Systems (<http://www.ifes.org>); Common Borders (<http://www.commonborders.org>), and the Administration and Cost of Elections Project (<http://www.aceproject.org>). Information about election standards also can be found on the websites of the International Institute for Democracy and Electoral Assistance (IDEA) at www.idea.int; and the National Democratic Institute for International Affairs (NDI) at www.ndi.org.

election, it is implied by the right to participation in government, since there is no other reasonable way to ensure popular participation in national politics other than through a representative government. Many of the components of procedural democracy listed in Tables 1.1 and 1.2 are internationally recognized human rights. The International Bill of Human Rights (IBHR) specifically mentions freedom of opinion and expression, freedom of assembly, freedom of association, the right to participation in government, nondiscrimination, and access to an independent and impartial tribunal. Other rights and freedoms listed in Tables 1.1 and 1.2 such as clearly defined universal suffrage, secrecy of the vote, and an open and transparent ballot counting process are suggested by the implied right to choose leaders through an electoral process. Other human rights, though not explicitly concerned with democratic practices also cover some of the rights and freedoms listed in Tables 1.1 and 1.2. For example, the IBHR guarantees physical integrity rights, and these rights would protect voters from violence, intimidation or coercion during election campaigns.

Procedural Democracy Promotes Respect for Other Human Rights and Economic Growth

Almost every empirical study of human rights practices has shown that more democratic societies have better human rights practices of all types (e.g., Davenport and Armstrong 2004; Mitchell and McCormack 1988; Poe, Tate, and Keith 1999) In previous chapters, our own results have shown that more democratic governments provide greater protection of physical integrity rights, and worker rights. Most previous research has shown that more democratic societies also provide greater protection of economic and social rights (e.g., Poe, Milner and Leblang, 2004). In some respects, this is simply evidence of the interdependence of all human rights. As noted above, there is an implicit right to procedural democracy in the International Bill of Human Rights. Since respect for some rights is dependent upon respect for others, many human rights tend to advance or decline together. The real question is which human rights are the leading indicators of better

human rights practices in other areas. We know more about interdependence than we do about sequence or causal ordering.

A “leading indicator” human right is one that, if government protection is increased or decreased, will cause government protection of other human rights to increase or decrease. There are good theoretical and empirical reasons to believe that procedural democratic rights are leading indicator human rights. When citizens have more procedural democratic rights such as freedom of speech and press, and free and fair elections they are empowered to affect government decision making. Once empowered in this way, they will use their voice to encourage leaders to increase respect for other human rights to such things as education, housing, and health care. They will also use their political power to increase their freedom from abuses of their person, such as torture. Empirically, we know that there is a positive statistical relationship between most indicators of procedural democracy and respect for most other human rights.

However, procedural democracy does not guarantee respect for other human rights. Many procedurally democratic states have poor human rights records. While democratic institutions of all types have been shown to facilitate better respect for human rights than authoritarian institutions, some democratic institutional arrangements are much better than others. The Holocaust showed that democracies can elect evil people to office, and those people can commit terrible human rights violations on a large scale. In fact, there is a lot of variation in the human rights practices of democratic states, so it is clear that democratic institutional arrangements do not ensure good human rights practices (Sobek, Abouharb, and Ingram forthcoming). As Donnelly (2003: 192) writes, “the will of the people, no matter how it is ascertained, often diverges from the rights of individual citizens. Electoral democracies often serve the particular interests of key constituencies. Direct democracy, as Athens dramatically illustrates, can be remarkably intolerant.”

The best type of democracy for the advancement of human rights is liberal democracy (Donnelly 2003). Liberal democracies guarantee that all citizens have equal rights and they limit

the range of democratic decision making to protect individual and minority rights. Schumpeter's thin concept of a procedural democracy did not involve any such guarantees. The modern notion of free and fair elections, which builds upon Schumpeter's original idea, specifies what would be necessary to have full procedural democracy. It requires protections of certain civil liberties such as freedom of speech, association, and press. However, a country where procedural democratic rights are fully respected could still choose by majority vote to violate the rights of the minority. Only a liberal democracy with a bill of rights and an independent judiciary to uphold it can prevent tyranny of the majority.

Unfortunately, many of the democracies formed in the 1990s in less developed countries were not and are not liberal democracies. Some have argued that the end of the cold war has encouraged the creation of too many "illiberal democracies" (Zakaria 1997). These countries appear to be democratic, because they hold regular elections. However, neither the elections, nor the institutions of government are truly democratic, because there are too few constitutional limits on the power of leaders and insufficient guarantees of basic rights and freedoms to the people. These regimes, meeting only the "thin" definition of procedural democracy, even have been called "demonstration democracies" (Herman and Brodhead 1984), because they were allegedly created only to please the United States government, the IMF, and the World Bank. Some of the basic human rights commonly not protected by these new democracies were freedom of speech, a free press, freedom of organization of intermediate groups such as unions, freedom to form political parties and field candidates, and freedom from government-sponsored terror (Herman and Brodhead 1984).

The presence of so many illiberal democracies in the world today is one of the main reasons why there are so many countries, like Egypt and Peru, that meet the minimal definition of procedural democracy, but continue to have significant violations of many other human rights. Though there has been a substantial advance in the number of nations in the world having achieved what most would consider the minimum threshold level of procedural democratic

practices, there has been no similar dramatic advance in the number of nations of the world with good records of protections of physical integrity rights or economic and social rights (Human Security Centre 2005).

Our evidence demonstrates that the implementation of structural adjustment conditions does not simply lead to more “demonstration democracies.” The results show that, besides democratic institutions, countries that have been under structural adjustment conditionality the longest also have elections that are more free and fair, have more freedom to form and join organizations, and have more freedom of speech and press than countries with less exposure to structural adjustment conditionality. These are some of the most important rights one would expect in a fully developed procedural democracy. They are also the types of rights that have been shown in previous work to facilitate economic growth.

Correlates of Procedural Democracy

The implementation of structural adjustment programs is just one important factor affecting whether a government will be democratic or authoritarian. To isolate and evaluate the effects of structural adjustment on procedural democratic development, one must control for the effects of other important influences. By far, the most important of these is the level of economic development of a state. Lipset’s now famous and often-tested thesis was that: “The more well-to-do a nation, the greater the chances it will sustain democracy” (1954: 319). Besides wealth, literacy, urbanization, and mass media are other factors that facilitate the development of procedural democracy (Lipset 1954). Other factors such as political culture (Huntington 1984), the existence of a middle class (Moore 1966), and transnational factors also affect the probability of democracy. Transnational factors are those forces in the international environment that impinge upon the processes that take place in single countries. These factors include international war, colonialism, international norms, and international financial constraints like structural adjustment.

In one of the most ambitious and methodologically sophisticated studies of transitions from authoritarianism to democracy for all countries of the world from 1940 to 1990, it was found that national wealth, as measured by per capita income, was the most important explanation for the survival of democracies (Przeworski et al. 2000). The authors also found that having a British Colonial experience was associated with a greater likelihood of making the democratic transition. This is probably because the British used a model of indirect rule over their colonies, thus giving colonized populations some limited experience with democratic self-government.

Other studies have demonstrated that wealthier countries, and countries with a British colonial experience tend to have governments that provide more respect for the human rights of their citizens. In contrast, countries with relatively large populations, high levels of civil conflict, and involvement in interstate war tend to have governments that provide less respect for the human rights of their citizens (Poe 2004; Poe, Tate, and Keith 1999). Rapid economic growth has also been theorized to have a disruptive impact on social stability (Olson 1963) negatively impacting government respect for human rights (Poe, Tate, and Keith 1999). These factors will be included as control variables in the analysis.

The Need For A Selection Model

Estimating the democratic rights effects of structural adjustment requires the use of a two-stage econometric model. A variety of previous work has discussed how issues of endogeneity, selection, and randomization must be accounted for when assessing the impact of any public policy (Achen 1986; Heckman 1988; Przeworski and Vreeland 2000; Vreeland 2002; 2003). One needs to disentangle the impacts of the policy from any prior attributes that may also have an impact (Collier 1991). For example, developing countries are more likely to receive structural adjustment programs, but they also tend to have poorer systems of government oversight and labor regulation. Thus, one must be able to distinguish whether effects of SAAs on government

protections of democratic rights were the result of the certain systemic characteristics which made the loan recipient country a good candidate for a SAA in the first place or were they the consequence of the SAA itself. Single-stage models cannot provide an answer to that question. One must account for these indirect selection effects before being able to properly estimate the relationship between structural adjustment agreements and respect for democratic rights. Application of a single-stage model to estimate these theoretical relationships will generate inconsistent parameter estimates (Gujarati 1995). The methodological resolution to this conundrum is found in a variety of two-stage econometric models that disentangle the impact of the direct and indirect effects.¹ Previous research examining the selection criteria of these institutions and the types of countries that enter into these agreements have highlighted a number of different factors: economic, political, human rights and conflict processes.

Economic Determinants

According to IMF policies, a balance of payments deficit or a foreign reserves crisis is the prerequisite for signing an IMF agreement (Przeworski and Vreeland 2000). Even so, previous global, comparative research results have been divided on whether a balance of payments deficit is sufficient to explain whether a government will receive an IMF loan or not (Bird 1996; Edwards and Santaella 1993; Goldstein and Montiel 1986; Knight and Santaella 1997; Przeworski and Vreeland 2000). Przeworski and Vreeland (2000) also conclude that a large balance of payments deficit is not sufficient to explain agreements. Some work has examined the loan selection criteria of the World Bank has also found that economic factors play a role in affecting with which countries it enters into agreements. Poor countries and those with foreign currency shortages were more likely to enter into structural adjustment agreements (Abouharb and Cingranelli 2004a; 2005). Moreover, a number of these articles have also pointed to the importance of politics in the decisions of countries to seek international financial assistance and the decisions of these institutions to agree loans with the respective governments.

Political Determinants

Previous research has found that about a third of governments which entered into structural adjustment agreements with either the World Bank or IMF did not have balance of payments difficulties (Abouharb 2005; Vreeland 2003). There is much work which argues that the leaders of developing countries have no choice but to go to these institutions for external capital necessary for development. However, many believe that some governments enter into IMF or World Bank agreements because they want conditions to be imposed (Bjork 1995; Dixit 1996; Edwards and Santaella 1993; Przeworski and Vreeland 2000; Putnam 1988; Remmer 1986; Stein 1992; Vaubel 1991; Vreeland 1999, 2003). Government leaders may know that some areas of their economy need restructuring to be more efficient and competitive. Yet reform, while possibly necessary and in the long term interests of most people in a particular country, may pose significant electoral hazards for leaders. These leaders need to blame the IMF or World Bank for imposing them. In short, politics matters and may be a key consideration in the determinants of loan receipt. A more controversial version of this argument suggests that governments seeking loans may restrict the rights of some of their citizens in order to make themselves more attractive to international financial institutions (Pion-Berlin 1984).

The existing research has generated a variety of findings about the extent to which democracies are disadvantaged in negotiating structural adjustment agreements with the World Bank and International Monetary Fund. Some cross-national work has examined the effect of regime type on the probability of a government signing IMF agreements and found that “the IMF is more likely to sign with dictatorships” (Przeworski and Vreeland 2000: 394). There is also some case study evidence showing that the IMF has shown a preference for military dictatorships by financially rewarding military governments that overthrew democratically elected administrations (Meyer 1998: 186; Pion-Berlin 1984). In contrast, using a different temporal

sample, other work has found that IMF is more likely to enter into agreements with democracies over the period 1981-1993 (Abouharb and Cingranelli 2004a).

There is some reason to believe that the World Bank in comparison to the IMF may not pay much attention to regime type. Nelson (2000) notes that the World Bank is restricted from becoming involved in political matters. From this perspective the World Bank does not discriminate between democratic and non-democratic regimes and so we would not expect to find a bias with respect to either kind of regime. Existing cross-national studies about the impact of regime types on the probability of entering into a structural adjustment agreement with the World Bank have not found democracies to be less likely to receive these loans over the period 1981-1993 and 1981-2000 providing support for Nelson's contention (Abouharb and Cingranelli 2004a; 2005; 2006).

Population Size

The size of a country's population is another important political determinant of adjustment lending. More populous countries are likely to command greater attention and possibly have greater influence over Bank and Fund policies. More-populous countries tend to have more influence in the international system, even if they are still developing. China is a good example. The previous research has found that populous countries are more likely to enter into structural adjustment agreements with the both the World Bank and International Monetary Fund (Abouharb and Cingranelli 2004a; 2005).

The End of the Cold War

The end of the Cold War also had a significant impact on changing the calculation of decision-makers. The West provided considerable assistance promoting economic development in

former communist countries, which had in practice, been ineligible for World Bank and IMF loans during the Cold War (Van de Laar 1980). Supporting development in these newly independent countries was intended to cement both democratic and pro-Western attitudes (Tarnoff and Nowels 2001). With limited resources being devoted to the formerly communist states other areas of the developing world may have faced greater competition to receive funds from these international financial institutions.

Human Rights (Physical Integrity Rights)

Competing arguments exist about how government respect for the physical integrity rights of their citizens affect the probability of structural adjustment loan receipt from the World Bank and International Monetary Fund. Some have argued that governments will repress in order to show international financial institutions that they are tough enough to put through the necessary but unpopular economic reforms required, thereby improving their chances of obtaining sorely needed financial assistance (Keith and Poe 2000; Pion-Berlin 1984). Empirical studies, however, have provided little evidence for this argument (Keith and Poe 2000; Abouharb and Cingranelli 2004a; 2005; 2006).

Others have argued that the involvement of international actors can have a moderating effect on civil conflicts (Grove 2001), which should indirectly improve government respect for physical integrity rights. There also is a specific reason to expect that both the World Bank and IMF are more likely to lend to governments that respect the human rights of their citizens. The US International Financial Assistance Act in 1977 requires US government representatives on the decision making boards of the World Bank and IMF to use their voices and votes to advance the cause of human rights in loan recipient countries (Abouharb and Cingranelli 2004a). Physical integrity rights are the rights that most non-governmental organizations focus upon, so we think it is reasonable to argue that these are the types of rights people consider most when discussing

human rights. The size of US contributions to the Bank and Fund gives it a strong voice in loan negotiations (Banks, Overstreet, and Muller 2003). Thus, one would expect both the World Bank and IMF to make SAAs with countries that have greater levels of respect for the physical integrity rights of their citizens.

Workers' rights

Some work has argued that the rights afforded to workers are important factors in the decisions made by the World Bank and IMF concerning with which countries they will enter into structural adjustment agreements. Arguments in both directions have been made. Some argue that the IMF prefers to work with governments that are more business friendly and willing to repress labor in order to carry out necessary reforms. Discussing the actions of a military government in Argentina led by General Onganía, Pion-Berlin (1984: 116) contends that the Onganía administration engaged in “preemptive coercion” including the banning of unions, freezing of union accounts, and the use of force to break up strikes to convince the IMF that Argentina was worthy of a loan. He contends that Argentina was quickly rewarded by the IMF for these policies. In yet another case, he describes the IMF’s unwillingness to give loans to the democratically elected government of Isabel Perón. When that government was toppled in a military coup in 1976, he writes that “the international credit came pouring in” including a substantial IMF loan (Pion-Berlin 1984: 118). Each time Argentina was successful in attracting IMF loans, repression of labor, especially organized labor, which rebelled against the new policies, increased dramatically. Referring to the Frondizi administration in 1958, Pion-Berlin (1984: 115) writes that “the government thought that its use of force to end a railroad strike in November would enhance its chances of gaining IMF credit. Apparently it was right.”

More debate concerns those who have written about the World Bank. Some suggest that, unlike the IMF, the Bank prefers to work with governments willing to respect workers’ rights.

Nelson (2000) contends that the Bank has in fact had a long-standing commitment to maintaining labor standards, because Bank officials believe that respect for three core labor standards--against child labor, forced labor, and discrimination in hiring and treatment at work--actually promotes economic growth (Sensor 2003). In contrast others contend that structural adjustment conditions provide indirect incentives to limit workers' rights in order to make countries more competitive internationally. The establishment of export processing zones are encouraged by the World Bank (Klak 1996: 358). In an effort to make these zones as competitive as possible developing countries attempt to keep wages low (Klak 1996: 358). Thus, labor loses out in order to make countries as attractive as possible to international investors.

Previous research investigating these competing claims on a global, comparative basis has found evidence that the Bank is more likely to enter into agreements with countries that have higher levels of respect for workers' rights (Abouharb and Cingranelli 2004a; 2005; 2006; forthcoming), but the IMF prefers to work with governments that repress the rights of their workers (Abouharb and Cingranelli 2004a; forthcoming).

International and Civil Conflict

There is some discussion in the literature that when structural adjustment conditionality is imposed the effect on the recipients of IMF and World Bank loans often leads to increases in domestic unrest (Abouharb and Cingranelli forthcoming; Bello, Cunningham, and Rau 1994; Pion-Berlin 1984; Przeworski and Vreeland 2000). However, much less research has assessed how the likelihood of conflict domestically or internationally affects the probability of getting a loan from either international financial institution. If the Bank and Fund do operate as financial institutions, they would view both domestic and international conflict as factors reducing the probability of a prospective agreement being implemented and existing loans being repaid in a timely manner. Countries in conflict are a poor investment. If there is domestic unrest, a new

government may be installed. Previous agreements made by the government, including those made with the World Bank and IMF, may not be honored. Argentina is a good example where large-scale riots led to a revolving door of presidents, most recently during 2001-2002 period, generating considerable uncertainty about likelihood of IMF loan repayment. Similarly, if a potential recipient is involved in a war with another state, the governments of the warring parties may be conquered and replaced. The previous research on this topic has generated mixed results. International and civil conflict have reduced the probability of entering into a structural adjustment agreement with the World Bank (Abouharb and Cingranelli 2004a; 2005), while conflict, domestic or international, has not played a significant role in the loan determinations of the International Monetary Fund.

Research Methods

Some of the factors that make countries candidates for World Bank and IMF structural adjustment agreements such as experiencing economic difficulty have been shown to impede democratic development in previous research (Lipset 1959; Przeworski et al. 2000). Thus the pool of countries that enters into these agreements is non-random. In order to tease out the consequences of structural adjustment on democracy and democratic rights it is important to account for these underlying selection criteria of the Bank and Fund. To account for these selection issues the analyses used two-stage econometric models. The selection equation was utilized to generate predictions about the likelihood that each country would enter into a structural adjustment loan in a particular year. This probability was then used as an independent variable to control for the selection criteria of these institutions in the equation results reported here. The independent variable is listed as “World Bank and IMF Selection Effects” in the table of findings. The control variables we have used in this chapter are described in Table 1.3.

Institutional Procedural Democracy

One dependent variable in this analysis is a measure of democratic institutional development, the Polity IV score for democracy. This is an eleven-point scale that ranges from “0”, no institutional democratic development, to “10”, full institutional development. This measure indicates how well a government meets Schumpeter’s (1959) thin definition for procedural democracy. If a country gets a score of 10, it has a legislature that has enough power to check the chief executive, political parties have easy access to the ballot, there are at least two competitive parties, and there are regular elections.

Three other dependent variables used in the analysis assess other aspects of the modern definition of full procedural democracy as described in Tables 1.1 and 1.2 above. The dependent variables for this part of the study were taken from the Cingranelli and Richards (CIRI) Human Rights Project. Information about these human rights practices of governments was gathered through a content analysis of information in the annual US Department of State’s Country Reports (USSD) on Human Rights Practices. While these measures do not include every criterion listed in Tables 1.1 and 1.2, they are the same variables that were used by Kaufmann (2004) to show that democratic procedural rights were associated with higher rates of economic growth. The dependent variables used include freedom of assembly and association, freedom of speech and press, free and fair elections, and institutionalized democracy. Full descriptions of the coding procedure for each variable are included in the CIRI coding guide.² Brief descriptions follow.

Freedom of Association and Assembly

It is an internationally recognized right of citizens to assemble freely and to associate with other persons in political parties, trade unions, cultural organizations, or other special-interest groups. This variable evaluates the extent to which the freedoms of assembly and association are subject to actual governmental limitations or restrictions (as opposed to strictly legal protections).

² The CIRI coding guide is available at www.humanrightsdata.org.

Despite the international recognition of the right to assembly and association, in some countries, citizens are prohibited by government from joining, forming, and participating in political parties of their choice. Citizens in many countries are prohibited from protesting or publicly criticizing government decisions and actions. In more than a few countries, organizations critical of a government or those that are perceived to have hostile political agendas are not allowed to hold demonstrations, and their activities are severely curtailed and closely monitored by the state. This variable and the other two from the CIRI data set has three values. Coders were asked to characterize the “citizens' rights to freedom of assembly and association as: severely restricted or denied completely to all citizens “0”; limited for all citizens or severely restricted or denied for select groups “1”; or virtually unrestricted and freely enjoyed by practically all citizens “2”. Coders were reminded that it was the actual practices of governments, and not the legal protections that existed, that was being coded.

Freedom of speech and press

Freedom of speech and press indicates the extent of government censorship of communication, including ownership of media outlets. Censorship is any form of restriction placed on freedom of the press, speech or expression. Expression may be in the form of art or music. There are different degrees of censorship. Complete censorship denies citizens freedom of speech, and does not allow the printing or broadcasting media to express opposing views that challenge the policies of the existing government. In many instances the government owns and operates all forms of press and media. Coders were asked to characterize “Government censorship and/or ownership of the media (including radio, TV, Internet, and domestic news agencies)” as: complete “0”, some “1”, or none “2”.

"Some" censorship means the government places some restrictions yet does allow limited rights to freedom of speech and the press. "No" censorship means the freedom to speak freely and to print opposing opinions without the fear of prosecution. It must be noted that "none" in no way

implies absolute freedom, as there exists in all countries some restrictions on information and/or communication. Even in democracies there are restrictions placed on freedoms of speech and the press if these rights infringe on the rights of others or in any way endangers the welfare of others.

Free and Fair Elections

Enjoyment of this right means that citizens have both the legal right and the ability in practice to change the laws and officials that govern them through periodic, free, and fair elections held on the basis of universal adult suffrage. After reading the appropriate section of the Country Reports, coders were asked to determine whether political participation was: very limited “0”; moderately free and open “1”; or very free and open “2”. In a country receiving a score of two, citizens had the right to self-determination under the law, and exercised this right in practice through periodic, free, and fair elections held on the basis of universal suffrage. The electoral process was transparent and fair. There were no allegations of vote tampering, electoral fraud, and official intimidation of citizens/opposition political parties that could be corroborated by independent election observers. Elections were generally described as free, fair, and open.

In a country receiving a score of one, citizens had the legal right to self-determination. However, in practice there are some limitations that inhibited citizens from fully exercising this right. One such limitation (among many possibilities) is a lack of transparency in the electoral process. Lack of transparency in the electoral process includes voter fraud and electoral irregularities (e.g. biased vote counting and tabulation; use of defective polling machines; government manipulation of voter registration lists). Other electorally-based limitations included official intimidation, harassment, physical violence, bribery, or other coercive tactics to prevent citizens from voting in elections or to influence their votes, including government manipulation or control of the media prior to and during elections. Coders were told that instances where government respect for citizens' right to self-determination was described as “somewhat limited,” “partial,” or “not fully guaranteed,” or likewise, also were to be coded as a “one”. Similarly, if the

USSD report stated that there were limitations on procedural democratic practices, but they were not severe and that they did not significantly impinge on citizens' right to self-determination, coders were instructed to code the case as a "one".

In a country receiving a score of "zero", the right to self-determination through political participation did not exist either in law, because it was an authoritarian regime, or in practice, because elections were fraudulent. The government systematically retaliated against citizens who sought to exercise this right through intimidation, threats of (or actual) violence, arrest, detention, and other coercive methods of control. In practice, the government severely restricted all or a significant number of citizens' ability to exercise this right. Coders were instructed to code instances where government respect for the right of self-determination were described as "severely restricted," "routinely denied," "systematically repressed," or "significantly curtailed" as a "zero". They were also told to code instances where the number of citizens' targeted for government restrictions on this right was described as "significant," "many," "numerous," or "a large number" as "zero".

Results

The results indicate a consistent positive impact of structural adjustment implementation on government respect for procedural democratic rights. Governments that had spent longer under structural adjustment conditionality had higher levels of respect for institutionalized democracy, freedom of assembly and association, freedom of speech, and respect for free and fair elections. In three of the four models, the length of the period under structural adjustment was significant at the .05 level of confidence or higher. In the fourth, it was significant at the .10 level of confidence. In this case, controlling for the effects of selection had little effect on the relationship between

structural adjustment implementation spells and either the degree of democratic institutional development or the degree of respect for civil liberties.³

(Insert Table 1.4 & 1.5 About Here)

A number of other factors examined also had consistent impacts on the procedural democratic rights measured, indicated by significance in three or more of the four models estimated. The factors that had the most consistent impact included the physical quality of life index, our indicator of government respect for economic and social rights, which consistently improved government respect for all the procedural democratic rights under examination, significant at the .05 level of confidence or greater. Rebellion was also a significant predictor of government respect for procedural democratic rights. Those countries involved in rebellion, our measure of civil conflict had lower levels of respect for institutionalized democratic rights, freedom of speech, and freedom of assembly and association, the first two significant at the .01 level and the latter two at the .10 level of confidence. These findings support previous research, which found civil conflict lowered levels of respect for physical integrity rights (Carey 2004; Poe, Tate, and Keith 1999). The selection effects of the World Bank and IMF were also found to be significant. Their overall selection criteria tended to favor countries which also had higher levels of respect for procedural democratic rights: respect for institutionalized democracy, freedom of assembly and association, and freedom of speech, significant at the .10 and .05 levels of importance respectively .

A number of other factors were significant but less consistent in their impacts. GDP per capita, our measure of wealth, increased levels of respect for procedural democratic in two of the four models: freedom of assembly and association, and free and fair elections, significant at least at the .10 level of confidence. It had a positive but insignificant effect in the remaining models. The impact of wealth also supports the findings of previous research about the beneficial impact

³ We include the results for the selection stage in Table 1.3. The findings reflect earlier work about the selection criteria of the Bank and Fund (Abouharb and Cingranelli 2004b; 2005; 2006).

of increased wealth on levels of respect for human rights (Poe, Tate, and Keith 1999). Large positive changes in GDP per capita, our measure of economic growth, had a negative impact on respect for freedom of assembly and association and free and fair elections, significant at least at the .10 level of confidence.

Conclusion

After reading the case study literature on the effects of structural adjustment programs, we expected to find that countries under structural adjustment conditionality the longest would be less democratic than similar countries with less exposure to conditionality. To the contrary, the results presented in this chapter showed that countries under structural adjustment conditionality the longest have better-developed democratic institutions, have elections that are more free and fair, have more freedom to form and join organizations, and have more freedom of speech and press than countries with less exposure to structural adjustment conditionality. These things are true even after controlling for the effects of selection.

These findings show that the World Bank and IMF can improve the human rights practices of developing countries if they choose to do so. We infer from these findings that advancing the human rights to procedural democracy has been a priority of the Bank, the Fund, and the major donors to both international financial institutions. Advancing the other human rights examined in the book has not been a priority. In the next chapter, we will discuss the reasons why the international financial institutions and their major donors have chosen to advance procedural democratic rights around the world while apparently ignoring the impacts of their policies on respect for other types of human rights.

We did not expect these findings. We tried splitting the period of study into the cold war and post-cold war periods. We hypothesized that democracy had been undermined during the cold war. Perhaps democracy promotion through international lending was something that only came about after the cold war had ended. We found, instead, that structural adjustment had improved

procedural democracy even during the cold war. We tried different indicators for the independent variables, different mixes of control variables, even different estimation procedures. These findings are robust to all of those variations in research design. Structural adjustment led to greater respect for variety of important procedural democratic rights. The question is why?

The most important reason, we think, is that the United States government, the most influential donor to the Bank and Fund, has been consistent and sincere in its concern about the promotion of democracy. In the previous chapter, we argued that there is an implied human right to procedural democracy. This has been the view of every US administration for a very long time and certainly has been a view held by every president of the United States during the period covered by this study. Most of the significant legislation on human rights was passed between 1973 and 1980. A then progressive minded Congress pushed it on a reluctant executive branch. Among those laws was the International Financial Assistance Act of 1977, which required that the US representatives on the boards of international financial institutions use their voices and votes to advance the cause of human rights (Forsythe 1988).

While there were indications that the Carter administration was concerned about using the weight of US foreign policy to further the full range of human rights, including democratic procedural rights, the Reagan administration quickly redefined “human rights promotion” to mean “democracy promotion” (Cingranelli 1993: 191-205). This emphasis was clear in the Reagan Doctrine, which stated that the US government must stand by its democratic allies in the developing world. The Reagan and first Bush administrations pursued two tracks in the name of human rights. It made a positive effort to export democracy, and it pursued a negative policy of scolding friends and adversaries alike for abusing their citizens’ rights to procedural democracy. This executive reinterpretation of US human rights policy has remained largely unchanged by succeeding administrations.

The World Bank and the IMF responded to these US initiatives partly because of the influence of the US government as the largest donor to both institutions and partly because

mainstream economists have long recognized the benefits of democratic freedoms for producing economic growth. Sen (1999) made the argument in human rights terms, but Milton Friedman (1980), recipient of the 1976 Nobel Memorial Prize for economic science (with Rose Friedman) made a similar, though narrower, case about democratic rights as a means to economic growth. In their enormously popular and influential book, *Free to Choose*, they discussed the complementarities between political and economic freedom. A procedural democracy accompanied by a free market economy, they contended, was the ideal combination to ensure economic growth and to improve the wellbeing of average citizens.

We conclude with two cautionary messages about these findings. First, as noted, advancing procedural democracy is a good thing, but advancing liberal democracy would be an even better thing for the advancement of other human rights. We have examined the impact of structural adjustment on the development of some civil liberties that are necessary conditions for the existence of a liberal democracy. However, we have not examined the effects of structural adjustment on other defining characteristics of liberal democracy including protections of minority rights and the existence of an independent judiciary. Second, we could not evaluate the argument that structural adjustment has undermined substantive democracy in the arena of economic policy making in developing countries. This is an important argument articulated well by the SAPRIN (2004) study discussed earlier. It has not been refuted by our work and it deserves future attention.

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Table 1.1: International Standards for a Free National Political Election

A Free Political Election is one that protects:

- ❑ freedom from violence, intimidation or coercion;
- ❑ freedom of speech and expression by voters, parties, candidates and the media.
- ❑ freedom of assembly, to hold political rallies and to campaign;
- ❑ freedom of access to and by voters to transmit and receive political and electoral information messages;
- ❑ freedom of access to the polls by voters, party agents and accredited observers;
- ❑ freedom to question, challenge and register complaints or objections without negative repercussions.
- ❑ freedom of association; that is, freedom to form organizations such as political parties and non-governmental organizations;
- ❑ freedom to register as a voter, a party or a candidate; and
- ❑ freedom to exercise the franchise in secret;

Table 1.2: International Standards for a Fair National Political Election

A Fair National Political Election is one that has:

- ❑ an independent, non-partisan electoral organization to administer the process;
- ❑ guaranteed rights and protection through the constitution and electoral legislation and regulations;
- ❑ equitable representation of voters provided through the legislature;
- ❑ clearly defined universal suffrage;
- ❑ secrecy of the vote;
- ❑ equitable and balanced reporting by the media;
- ❑ equitable opportunities for the electorate to receive political and voter information;
- ❑ accessible polling places;
- ❑ equitable treatment of voters, candidates and parties by elections officials, the government, the police, the military and the judiciary; and
- ❑ an open and transparent ballot counting process.

Table 1.3 Logit Equation: Which Governments Enter Into Structural Adjustment Agreements 1981-2003, All Developing Countries

Entering into a World Bank or IMF Structural Adjustment Agreement	Coefficient	Robust Standard Error
Economic Factors		
<i>Debt as a Proportion of GNP</i>	.097***	.015
GDP Per Capita	-.00004	.00004
Exchange Rate Value	5.01e-07	8.72e-07
Average Foreign Currency Reserves	-.024	.024
<i>Extent of International Trade</i>	-.012***	.003
Change in GDP Per Capita	.0003	.001
Human Rights		
<i>CIRI: Physical integrity Rights Index</i>	.09**	.037
Level of Respect: Workers Rights	-.071	.088
Physical Quality of Life Index	-.001	.005
International Political Factors		
<i>Log of Population</i>	.121**	.048
<i>Cold War</i>	-.178^	.133
Alliance with United States ¹	.011	.142
Domestic Political Factors		
Level of Democracy	.015	.02
Conflict Proneness Factors		
Rebellion	.073	.071
Interstate Conflict	-.082	.152
International Financial Institution Factors		
<i>Number of Countries Under an SAA that Year</i>	.031***	.006
<i>Constant</i>	-3.572***	1.011
N		1673
Pseudo R2		.14

P>|z ns=insignificant .1^ .05*, .01**, .001*** ¹The model also included factors indicating whether a country had a previous colonial or dependent relationship with Japan, France or the United Kingdom. US colonial heritage increased the probability of loan receipt, significant at the .10 level. None of the others colonial indicators were significant. Models are estimated with robust standard errors, with one-tailed significant tests. Cubic splines were used to control for temporal dependence.

Table 1.4 OLS & Ordered Logit Models: The Impact of World Bank & IMF Structural Adjustment Agreements on Government Respect for Procedural Democratic Rights 1981-2003, All Developing Countries ¹

	OLS Model: Respect for Institutionalized Democracy Selection Accounted	OLS Model: Respect for Institutionalized Democracy Selection Not Accounted	Ordered Logit: Respect for Freedom of Assembly & Association Selection Accounted	Ordered Logit: Respect for Freedom of Assembly & Association Selection Not Accounted
<i>Number of Years Under a World Bank or IMF SAA</i>	.008 [^] (.005)	.007 [^] (.005)	.024* (.011)	.032** (.011)
Economic Factors				
GDP Per Capita	.00001 (.00001)	-5.42e-06 (6.62e-06)	.0001* (.00005)	-.00002* (.00002)
Change in GDP Per Capita	.0002 (.0005)	.0003 (.0004)	-.001 [^] (.001)	-.0005 (.001)
Trade as a Proportion of GDP	.0008 (.001)	-.001 (.0006)	-.0002 (.003)	-.003* (.002)
Domestic Political Factors				
Population Density	1.31e-07** (5.54e-08)	8.34e-08 [^] (5.93e-08)	-2.53e-07* (1.40e-07)	-3.07e-07** (1.15e-07)
Physical Quality of Life Index	.007*** (.002)	.008*** (.002)	.01* (.006)	.018*** (.004)
United Kingdom Colonial Heritage	-.049 (.059)	-.039 (.049)	-.05 (.174)	-.027 (.146)
Conflict Proneness Factors				
Interstate Conflict	.015 (.132)	-.019 (.089)	.052 (.155)	-.055 (.123)
<i>Rebellion</i>	-.051** (.023)	-.052** (.023)	-.077 [^] (.053)	-.068 [^] (.05)
Control Variables				
<i>World Bank & IMF Selection Effects</i>	.232 [^] (.156) [^]	-	.631* (.352)	.
<i>Lagged Dependent Var.</i>	.938*** (.011)	.947*** (.009)	2.957*** (.135)	3.098*** (.128)
N	1642	2027	1611	2091
Pseudo R-Squared	(R-Squared).93	(R-Squared).93	.44	.46

P>|z ns=insignificant, .1[^] .05*, .01**, .001***¹ Estimated with robust standard errors, clustered on country, one-tailed significant tests. The constant in the OLS model is not shown for space limitations but was negative and significant at the .01 level.

Table 1.5 Ordered Logit: The Impact of World Bank & IMF Structural Adjustment Agreements on Government Respect for Procedural Democratic Rights 1981-2003, All Developing Countries ¹

	Ordered Logit: Respect for Freedom of Speech Selection Accounted	Ordered Logit: Respect for Freedom of Speech Selection Not Accounted	Ordered Logit: Respect for Free & Fair Elections Selection Accounted	Ordered Logit: Respect for Free & Fair Elections Selection Not Accounted
Number of Years Under a World Bank or IMF SAA	.043*** (.014)	.058*** (.013)	.054*** (.012)	.056*** (.011)
Economic Factors				
GDP Per Capita	.00005 (.00005)	3.38e-06 (.00002)	.0001* (.00006)	-.0000 (.00003)
Change in GDP Per Capita	-.00006 (.0005)	.0006^ (.0005)	-.001* (.0008)	-.0002 (.0006)
Trade as a Proportion of GDP	-.001 (.003)	-.004** (.002)	-.001 (.003)	-.002^ (.001)
Domestic Political Factors				
Population Density	-5.51e-07** (1.95e-07)	-6.39e-07*** (1.78e-07)	-6.92e-08 (1.53e-07)	-1.13e-07 (1.59e-07)
Physical Quality of Life Index	.019** (.006)	.0226*** (.005)	.014* (.007)	.024 (.005)
United Kingdom Colonial Heritage	.049 (.178)	.185^ (.148)	.019 (.18)	-.017 (.15)
Conflict Proneness				
Interstate Conflict	.115 (.109)	.013 (.102)	.024 (.117)	.012 (.106)
Rebellion	-.193** (.065)	-.178*** (.057)	-.049 (.058)	-.016 (.057)
Control Variables				
World Bank & IMF Selection Effects	.593* (.333)	-	.343 (.372)	-
Lagged Dependent Variable	2.136*** (.142)	2.147*** (.129)	2.163*** (.125)	2.297*** (.117)
N	1610	2047	1608	2045
Pseudo R-Squared	.27	.27	.34	.36

P>|z ns=insignificant, .1^ .05*, .01**, .001*** ¹ Estimated with robust standard errors, clustered on country, one-tailed significant tests.

ⁱ Examples of selection models in research on human rights are rare. Blanton (2000) used a Heckman two-stage selection model to determine whether the promotion of human rights and democracy

were important objectives affecting the decisions by the US government to transfer arms abroad.