

THE INVISIBLE HAND OF
ECONOMIC GLOBALIZATION:
HOW HUMAN RIGHTS AND
FREEDOMS MOVE ACROSS
BORDERS ALONG WITH GOODS
AND CAPITAL

by

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A thesis submitted in partial fulfillment of
the requirements for the degree of

MA in Economic Analysis.

Kyiv School of Economics

2021

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Kyiv School of Economics

Abstract

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Using trade and foreign direct investments spatial lag variables, I analyze how strengthening financial and trade relationships between countries can influence civil and political human rights development. Obtained results show that the development of empowerment rights and freedom of assembly and association strongly depends on trade connections between countries. The development of freedom of speech institutions depends on both financial and trade relationships. Moreover, the development of physical integrity rights depends on financial connections, though only in low-income countries.

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ACKNOWLEDGMENTS

I want to thank my thesis advisor Solomiya Shpak for patience and valuable commentaries, my sponsor Anastasiia Usacheva for giving me the opportunity to study at Kyiv School of Economics, my loved family, and my dear friends – Vitalii Protsenko, Olena Serhieieva, and Polina Kubakh for constant support and encouragement during these two years.

LIST OF ABBREVIATIONS

ASSN. Assembly and association.

CIRI. Cingranelli-Richards Human Rights Dataset

GDP. Gross Domestic Product.

GMM-SYS. Arellano-Bond estimation.

UDHR. Universal Declaration of Human Rights.

UN. The United Nations.

Chapter 1

INTRODUCTION

One of the fundamental questions of economics akin to the chicken and egg problem is the interaction of economic and political institutions. Is it economic development driving the growth of democracy and human rights, or is democratization and the spread of human rights and freedoms that determine economic development? For instance, the famous paper by Acemoglu and Robinson (2000) summarizes how economic growth depends on the development of political institutions, which, in turn, depends on the distribution of political power in society, namely, on the nature of political institutions.

However, the evidence that political institutions influence long-term economic growth and development does not exclude the opposite dependence - the influence of economic development and integration on political institutions' formation. In particular, the existing evidence shows that globalization can spur economic growth, promote gender equality, and improve human rights (Potrafke 2014, Neumayer 2011). There remain many dimensions in which one can consider the impact of globalization on society and social relations. Specifically, this paper focuses on the effect of globalization on the development of human rights.

Due to the COVID-19 pandemic, there is evidence of another wave of economic deglobalization occurring (Figure 1). Together with deglobalization's direct adverse effects on foreign investments and international trade, it can also have a hidden impact on economies by reducing the spread of norms and institutions internationally and slowing human rights development. Regretfully we cannot study this effect directly from data by now. However, we can be aware of another possible long-term impact of the deglobalization process on economies basing our expectations on the data from past years.

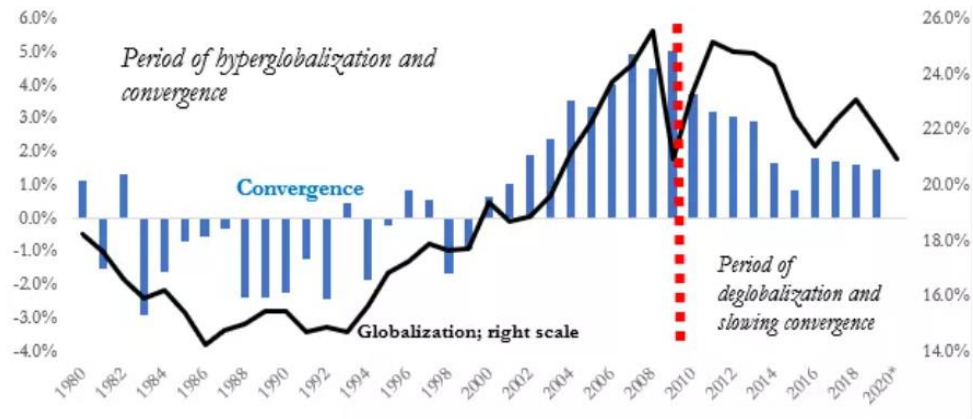


Figure 1. Convergence and Globalization, 1980-2020.

Globalization is measured as the ratio of world merchandise exports to world GDP; convergence is calculated as the difference between the per capita GDP growth of low- and middle-income countries and high-income countries (2020 is estimated). Source: World Economic Forum

Ukraine can also serve as an example of converting economic ties into legal practices. From the very beginning of the country's independence, Ukraine was economically closely linked with Russia. This included a significant volume of foreign trade and financial dependence and, especially, dependence on imports of Russian energy resources. Russia was Ukraine's leading trading partner until 2017, despite its annexation of Crimea and the infliction of hostilities in eastern Ukraine. There are many examples of when the Russian government used economic leverage to achieve its own political or military goals. In particular, in its foreign policy, Russia has often used economic and military leverage to impede the democratization of neighboring countries (Guriev and Treisman 2019).

Ukraine's attempts to democratize or strengthen economic relations with the democratic countries of the West led to tremendous pressure from the northeast. In these endeavors, the Russian government, explicitly or implicitly, politically and economically, tried to support Ukrainian politicians, political and social forces who would advance Moscow's agenda in Ukraine. First of all, the anti-liberal one. One such example is coming to power of President Yanukovich's regime, which was utterly loyal to Russia. After the elections in 2010, a rapid increase in total trade with Russia happened (Figure 2). Although Yanukovich was eventually democratically elected, his rule was accompanied by both a rapprochement of Ukraine's political and economic relations with Russia and a gradual increase in the institutional similarity of Ukraine to Russia.

The culmination of this regime was adopting the so-called dictatorial laws of Kolesnichenko-Oliylyk in 2014, which were very similar to several Russian laws declaring people's rights to free assembly (Vuyets 2014). Overall, under this regime, the Liberal Democracy Index for Ukraine fell from 0.43 in 2009 to 0.237 in 2014 (Figure 3).

Perhaps Ukraine is a rather extreme example, where there was a very strong and long historical dependence of one country on another. Nevertheless, it is a very telling example of how economic ties can hold back the spread of liberal institutions, as well as political and legal practices.

Since 2014, following the events of the Revolution of Dignity, Ukraine has gradually increased its economic and political ties with Europe. From 2014 to 2020, the index increased from 0.237 to 0.348.

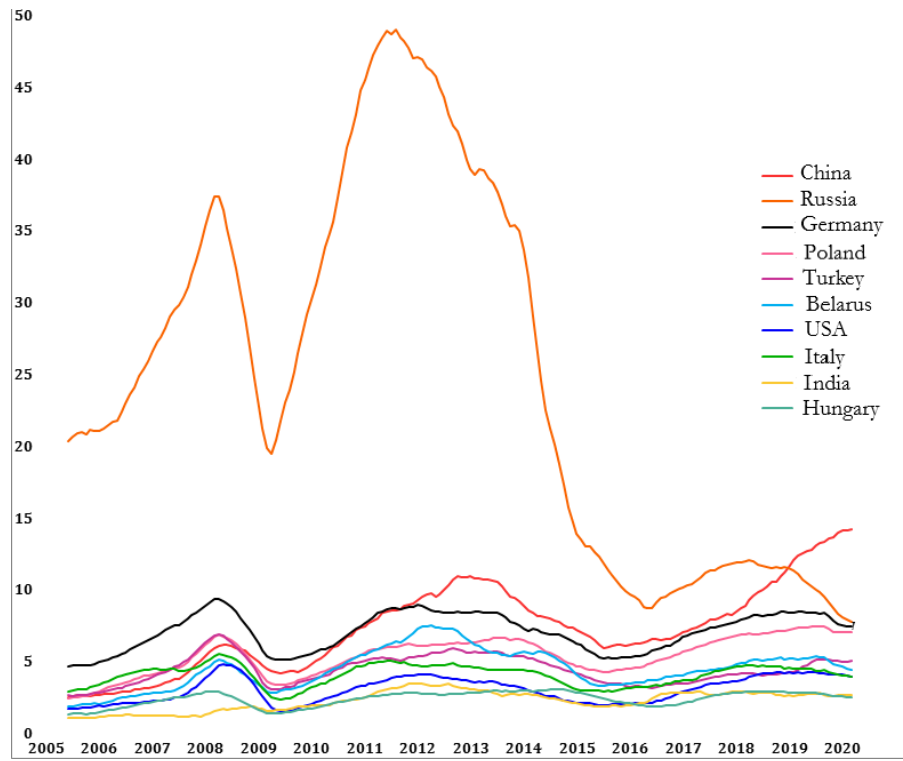


Figure 2. Trading partners of Ukraine for 2005-2020 years

Source: Ukrainian Capital

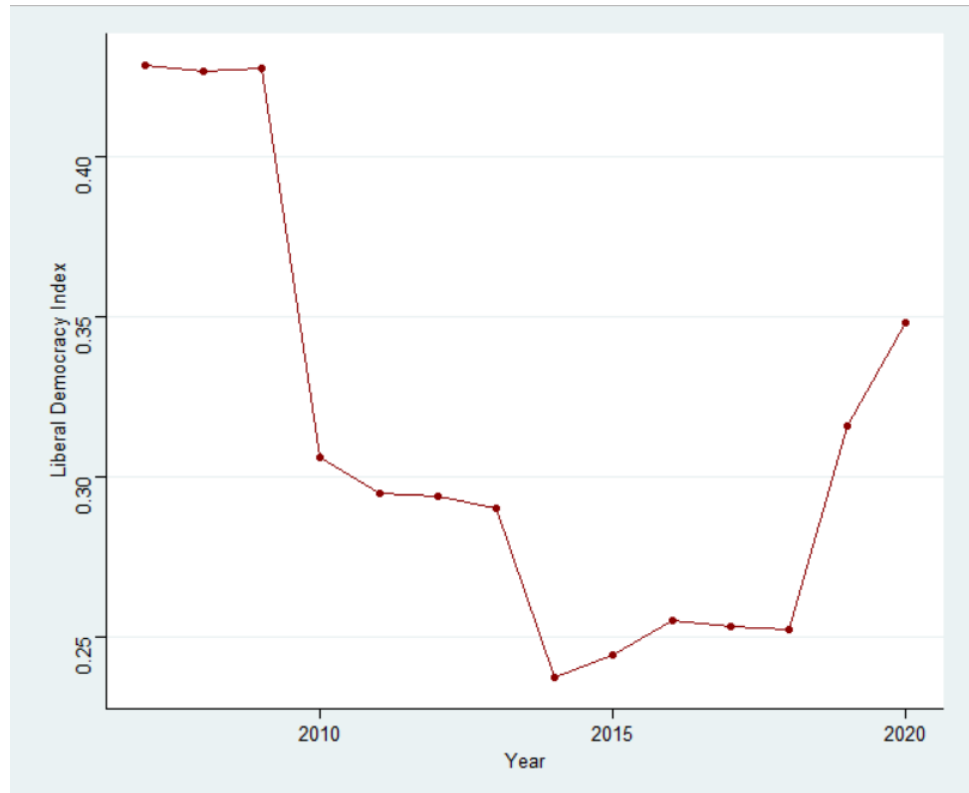


Figure 3. Changes in Liberal Democracy Index for Ukraine in 2007-2020 years
Data Source: V-Dem v. 11

Thus, it is a clear example of how countries' economic and political dependence can lead to the convergence of human rights negatively; it demonstrates how the wrong economic partnership can lead to a deterioration in the conditions for realizing civil and political rights

Therefore, this research aims to develop clear, data-based logic about how changes in a country's economic openness could influence different institutions and develop human rights and freedoms.

The further discussion proceeds as follows. Chapter 2 gives a brief theory of human rights development and analyzes what types of rights we should study in

the context of globalization. Chapter 3 reviews the existing relevant literature. Chapter 4 is the description of the used methodology. Chapter 5 includes a data description. Chapter 6 contains received results, and Chapter 7 concludes.

Chapter 2

A BRIEF DESCRIPTION OF HUMAN RIGHTS THEORY

In 1948, the United Nations adopted the Universal Declaration of Human Rights to prevent the recurrence of the Holocaust and other serious human rights violations. Despite the declarative nature of this document, it later became one of the main ones in international law and the reason for its violation. In this way, governments have become responsible for respecting the rights of citizens not only before local society but also before the world community.

Also, to prevent human rights violations, international non-governmental organizations have been established, such as Amnesty International in 1963, Medecins sans Frontiers in 1973, and Human Rights Watch in 1978. For example, Amnesty International and Human Rights Watch identify human rights violations and provide legal protection for its victims up to today (Honey, 2004).

For the purposes of our study of the impact of globalization on human rights, it is important to distinguish between three generations of human rights:

- civil and political, or first-generation rights
- social and economic, or second-generation rights
- collective rights, or third-generation rights

Ever since the adoption of the UDHR laid the international standard of justice, one of the main tasks of the UN has been the formalization of these rights in the form of international treaties. Despite protests from some countries who feared losing their sovereignty due to such actions, the UN adopted "core documents" of international law in 1966, including the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights. Both covenants were a kind of compromise between the capitalist and

socialist groups of the countries. For example, the Soviet Union focused on ensuring economic and social rights while neglecting the more fundamental rights according to the theory of modern law - civil and political. The United States, which was dissatisfied with the separation of economic and social rights from civil and political, refused to ratify both Covenants. (Golovatiy, 2016)

Thus, from the middle of the XX century, one of the characteristic features of international law alongside the prevention of aggression between countries became the protection of human rights.

Civil and political rights as a legal phenomenon are among the main achievements of the two revolutions of the second half of the XVIII century - the American and French. Based on the doctrine of natural law (according to which people are born free and equal in their dignity and inalienable rights), civil and political rights are the legal expression of the two ideas of freedom. The first is based on ancient democracy and expresses the concept of "collective freedom" - the freedom achieved through the participation of each individual in collective decision-making. The second is the modern, liberal idea of freedom, which is based on the non-interference of society and, above all, the state in a particular personal space of man; that is, it separates man from the community. (Golovatiy, 2016)

Civil and political rights fall into the category of negative liberties. The state's primary function in its implementation is the absence of interference in the personal boundaries of man. Unlike social, economic, or collective rights, the exercise of these rights does not depend on the state's wealth but only on the institutional development within the country.

On the other hand, economic, social, and collective rights fall into positive rights. They fix certain obligations of the state to the citizens of their country to provide them with certain benefits. The realization of positive rights is impossible without

the state having sufficient resources, i.e., their satisfaction directly depends on its wealth.

Therefore, it would be hard to explain the effect of globalization on economic and social rights as the main effect in their development makes mainly increase in country's wealth. That is why it was decided to study economic globalization to develop only civil and political rights and not consider other positive rights.

Chapter 3

LITERATURE REVIEW

Despite empirical studies that say about the positive influence of economic globalization on the development of human rights, there is still a conflict about it, which demonstrates its complexity.

Law (2008) argues that competition for human capital among states can encourage them to promote "race to the top" using improvements in human rights as incentives for skilled migrants and investors. However, he did not show it empirically.

According to Brown (2001), globalization increases NGOs' performance, affecting human rights adoption by states. The other side of the coin is that globalization of capital is suspected of MNCs exploiting foreign workers by paying them unfair wages and further lobbying their interests to representatives of developing countries, as Honey (2004) shows. Controversially Aisbett (2020) finds "suggestive evidence of a wage premium from MNCs, although it is unclear whether this represents rent sharing or a compensating differential for uncertainty over job tenure or other differences between MNCs local firms."

Despite the solid empirical base, these articles' main problem is that they focus only on one specific dimension of the impact of economic globalization on a country's institutional development. Globalization is a complex process that can affect economic systems through various channels, so the overall effectiveness of economic globalization on rights cannot be fully described by showing only separate channels. In contrast, we want to introduce the overall effect of economic globalization on selected human rights by using integrated indices of human social and political rights and freedoms developed by Cingranelli (2011).

For example, Dreher (2010) shows that "physical integrity rights significantly and robustly increase with globalization and economic freedom, while empowerment rights are not robustly affected." Apodaca (2001) states that economic globalization has a positive effect on reducing personal integrity rights abuses.

However, using just integrated indices of economic globalization entails the following problem. Suppose one country increases its trade with another with lower respect to human rights. In that case, there should not be a positive impact on the development of human rights in the initial country due to this total trade increase. However, the integrated globalization index will undoubtedly increase after this "suspicious" trade growth. Therefore, we should develop such economic openness index that would deal with this problem.

Neumayer (2011) uses spatial analysis to study the impact of economic globalization on women's empowerment rights. This kind of analysis deals with both suggested problems. It uses integrated indicators of women's rights and operates with so-called trade-weighted and FDI-weighted spatial lags, which are used to lower the effect of trade with countries with a high level of human rights violations. However, this analysis was used only to describe spur of women rights across borders and have not been used for other types of human rights.

Therefore, spatial analysis for other kinds of human rights remains unstudied in current economic literature, and so this is the subject of interest of this research.

Chapter 4

METHODOLOGY

The purpose of this work is to study empirically how the economic interaction of countries, the dynamics of their economic openness, and the institutional development of their trading partners can influence the development of human rights and freedoms. We assume that the effect may depend both on the nature of trading partners and economic relations with them and also on the type of human rights.

Human rights is a broad area that it is unreasonable to summarize in one general indicator. Although human rights are not always easy to measure, there are already many indicators available in the literature and research that measure the observance of different types of rights in different countries.

This includes the physical dimension, which concerns the protection of people from physical harm in a particular country (Physical Integrity Right), and the rights that empower and empower a person in society (Empowerment Rights) regarding freedom of speech (Freedom of Speech) and freedom of assembly (Freedom to Assembly and Associations). The indices representing these types of rights will be described in detail further in Table 2. Thus, we will be able not only to show the presence of a general influence of globalization on the spread of legal practices (which has already been studied in the previous literature) but also to determine which rights and to what extent globalization affects.

The methodology also assumes that the effect of globalization on the development of human rights in each individual country depends on the development of human rights in its partners. That is, if a country develops external economic relations with partners who are more inclined to respect human rights, we expect that this can affect its internal sphere of rights. And vice versa.

In addition, the empirical strategy of this work took into account the influence of the volume of foreign economic relations with specific partners on the effect of the spread of rights from the country's trading partners to the country.

The human rights determinants discovered in the previous literature will be controlled for in the current model.

It is worth considering the influence of domestic factors and those that could have a longer-term impact on the country's legal environment and determine its trajectory even before globalization (this is discussed in detail in Table 1). In particular, the indicator of living standards expressed in GDP per capita, the general level of a country's openness to trade and investment, and country fixed effects are considered to account for weakly variable country factors that are missed in the model variables.

Hypothesis:

Economic globalization can improve practices of human rights. Although this effect can be different for various types of human rights and depends on trading partners of the observed country

To prove this hypothesis, we will take into consideration the spatial analysis model developed by Neumayer (2011) for women empowerment rights:

$$\begin{aligned}
 Right_{i,t} = & \beta_1 Right_{i,t-1} + \beta_2 \ln(GDPpc_{i,t}) + \beta_3 Democracy_{i,t} + \\
 & \beta_4 \frac{Trade_{i,t}}{GDP_{i,t}} + \beta_5 \frac{FDI_{i,t}}{GDP_{i,t}} + \beta_6 (\text{Trade weighted spatial lag}) + \\
 & \beta_7 (\text{FDI weighted spatial lag}) + (\text{Time Fixed Effects}) + \\
 & (\text{Country Fixed Effects}) + u_{i,t}
 \end{aligned} \tag{1}$$

, where:

- i, t denotes for country and year;
- $Right_{i,t}$ – measure of the development of specific human right;
- $GDPpc_{i,t}$ - GDP per capita
- $Democracy_{i,t}$ – measure of democratic institutions development in the country
- $Trade_{i,t}$ – total trade (sum of total imports and exports)
- $FDI_{i,t}$ – total inward foreign direct investments
- *Trade weighted spatial lag* – specially constructed variable by the formula:

$$\sum_n w_{i,n,t-1}^{Trade} Right_{n,t-1} \quad (2)$$

, where $w_{i,n,t-1}^{Trade}$ – weight of partner country n in total trade of country i ;

- *FDI weighted spatial lag* – specially constructed variable by the formula:

$$\sum_n w_{i,n,t-1}^{FDI} Right_{n,t-1} \quad (3)$$

, where $w_{i,n,t-1}^{FDI}$ – weight of partner country n in total inward foreign direct investments of country i ;

Table 1 contains explanatory variables, reason of inclusion in the model, and expected sign.

Table 1. Explanatory variables, the reason for their inclusion in the model, and expected signs

Explanatory Variable	Reason of inclusion in the model	Expected sign
GDP per capita	Human Rights Determinant suggested by Hoe and Tate (1994)	Positive
Democracy	Human Rights Determinant suggested by Hoe and Tate (1994)	Positive
$\frac{Trade}{GDP}$	The inclusion of these variables will help us to study the poor effect of spatial lag variables on the development of human rights	Different for various kinds of human rights
$\frac{FDI}{GDP}$		
County Fixed Effects	Needed to deal with other not-included country characteristics that can influence the development of human rights (such as culture and religion)	-
Time Fixed Effects	Needed to eliminate the effect of possible common trends	-
Trade-weighted spatial lag	These are the leading globalization indicators in the model. By its estimated signs, we can study the actual effect of economic globalization on the development of human rights. It is taken with a lag of one year because of its simultaneous impact of	Different for various kinds of human rights
FDI-weighted spatial lag		

To model this dependence, we will use the estimation method suggested by Neumayer (2011), the GMM-SYS model (also known as the Arellano-Bond estimator). As it was mentioned in Kukučková and Monteiro (2009), "in order to

account for the endogeneity of several covariates, spatial dynamic panel models should be estimated using GMM-SYS model." As previous research showed, the estimation method deals with the endogeneity problem the best among studied. Also, the main plus of this estimator for our study is the possibility of inclusion of country fixed effects in our model.

Chapter 5

DATA

Suggested rights and freedoms we will study in this research are:

- Right to Physical Integrity
- Empowerment Right
- Freedom of Assembly and Associations
- Freedom of Speech

All dependent variables are categorical and taken from Cingranelli-Richards Human Rights Dataset Project (2011). All variables in this dataset are available for 202 countries for 1981-2011 years. Their descriptions taken from the official codebook can be found in Table 2.

Table 3 contains all independent variables, their sources, and short descriptions.

By merging all these datasets, we obtain data for 188 countries for 1981-2007 years.

The computation of spatial lags was used special package for Stata called SPMON, developed by Eric Neumayer and Thomas Plümer.

Descriptive statistics for all variables used in the analysis can be found in Table 4

Table 2. Short description of suggested dependent variables

Dependent Variable	The description taken from CIRI Codebook
Physical Integrity Right Index	"This is an additive index constructed from the Torture, Extrajudicial Killing, Political Imprisonment, and Disappearance indicators. It ranges from 0 (no government respect for these four rights) to 8 (full government respect for these four rights)."
Empowerment Rights Index	"This is an additive index constructed from the Foreign Movement, Domestic Movement, Freedom of Speech, Freedom of Assembly & Association, Workers' Rights, Electoral Self-Determination, and Freedom of Religion indicators."
Freedom of Speech Index	"This variable indicates the extent to which freedoms of speech and press are affected by government censorship, including ownership of media outlets. Censorship is any form of restriction placed on freedom of the press, speech, or expression. The expression may be in the form of art or music."

Table 2 - Continued

<p>Dependent Variable</p>	<p>The description taken from CIRI Codebook</p>
<p>Freedom to Assembly and Associations Index</p>	<p>"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 indicates the extent to which the freedoms of assembly and association are subject to actual governmental limitations or restrictions (as opposed to strictly legal protections). A score of 0 indicates that citizens' rights to freedom of assembly or association were severely restricted or denied completely to all citizens; a score of 1 indicates that these rights were limited for all citizens or severely restricted or denied for select groups, and a score of 2 indicates that these rights were virtually unrestricted and freely enjoyed by practically all citizens in a given year."</p>

Table 3. Short description of dependent variables

Independent Variable	Source	Years available	Number of countries	Description
GDP per capita	EconStats	1960-2008	228	In constant 2010 USD dollars
Bilateral Inward FDI and Total trade Data	Replication Data for Neumayer (2011)	1980-2007	207	In constant 2000 USD dollars
Democracy Index (Polity V Combined Polity Score)	Center for Systemic Peace	1946-2018	195	Index of institutionalized democracy, Categorical, From -10 (pure autocracy) to 10 (democracy)

Table 4. Data summary

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
FDI/GDP	4,689	0.270	2.089	0.000	0.000	0.085	63.417
Log(GDPpc)	4,672	7.615	1.589	4.034	6.283	8.901	11.193
Polity Index	4,019	1.441	7.321	-10.000	-7.000	9.000	10.000
Trade/GDP	4,445	82.883	47.812	1.531	48.961	108.121	462.463
Physical Integrity Rights	4,105	4.867	2.351	0.000	3.000	7.000	8.000
Physical Integrity Rights (FDI-weighted)	3,070	6.295	1.592	0.000	5.804	7.244	8.000
Physical Integrity Rights (Trade-weighted)	4,949	5.798	0.974	0.775	5.208	6.489	7.907
Empowerment Rights	4,122	8.295	4.276	0.000	5.000	12.000	14.000
Empowerment Rights (FDI-weighted)	3,070	11.383	2.568	0.000	11.024	12.897	14.000
Empowerment Rights (Trade-weighted)	4,949	10.557	1.696	2.252	9.679	11.759	13.846
Freedom to Speech	4,136	1.010	0.732	0.000	0.000	2.000	2.000
Freedom to Speech (FDI-weighted)	3,070	1.530	0.492	0.000	1.195	1.951	2.000
Freedom to Speech (Trade-weighted)	4,949	1.421	0.299	0.102	1.238	1.649	2.000
Freedom of ASSN	4,131	1.099	0.845	0.000	0.000	2.000	2.000
Freedom of ASSN (FDI-weighted)	3,070	1.579	0.505	0.000	1.311	1.971	2.000
Freedom of ASSN (Trade-weighted)	4,949	1.486	0.288	0.091	1.311	1.695	2.000

Chapter 6

ESTIMATION RESULTS

Full regression results are shown in tables 3-5. Regressions were estimated in Stata 15.1 using a robust clustering algorithm for countries. In total, variations of all parameters were adjusted for 152 clusters created automatically in the program.

We need to focus only on the signs and significances of parameters near spatial lag variables for proving our hypothesis. Absolute values near the estimated parameters are tough to interpret and do not have much economic sense.

First, we will estimate how trade and financial globalization affect physical integrity rights.

Table 5. Estimation results for physical integrity rights

	All countries	Developing countries only	Low-income countries	Middle-income countries
Lag of physical integrity rights index	0.58*** (.046)	0.6*** (0.04)	0.625*** (0.05)	0.655*** (0.04)
Log (GDP per capita)	0.24*** (0.049)	0.111** (0.056)	-0.258** (0.127)	0.289*** (0.099)
Polity V index	0.03*** (0.01)	0.024*** (0.009)	0.022 (0.017)	0.026*** (0.01)
Trade/GDP	0.005*** (0.001)	0.006*** (0.001)	0.01*** (0.002)	0.005*** (0.001)
FDI/GDP	0.098** (0.054)	0.068 (0.049)	0.029 (0.042)	0.062 (0.221)
FDI-weighted spatial lag	0.047 (0.036)	0.064 (0.041)	0.071* (0.039)	0.062 (0.054)
Trade-weighted spatial lag	0.059 (0.081)	0.031 (0.093)	-0.135 (0.111)	-0.036 (0.099)
Number of countries	152	131	58	66
Number of observations	2233	1769	713	994

Note. Robust standard errors are in parentheses

From these results, we can observe that FDI-weighted lag has a significant effect only in low-income countries for physical integrity rights. Trade-weighted spatial lag does not influence it. So, we can observe only financial, spatial dependence for physical integrity rights and only in low-income countries. For all estimations, the Hansen test indicates robust estimation results but weakened by many instruments.

The lag of the physical integrity rights index has a significant coefficient in each model, which indicates the high temporal stability of the indicator. Growth in GDP per capita is associated with improved physical integrity rights for all types of countries, except for low-income countries. This is an unexpected result, which, however, may have a good explanation. For example, multiple low-income countries suffer from the resource curse or have heavily entrenched dictatorships. This may contribute to the fact that GDP growth, and hence an increase in the amount of the regime's resources, can enhance their ability to strengthen their power. For example, this can happen through an increase in funding for the security forces and the army, which can subsequently be used to suppress protests and other actions that lower the physical integrity rights index

The Polity V index is also positively associated with improved rights for all types of countries, except for low-income countries, for which it is statistically insignificant. This can also be partly explained by the fact that authoritarian regimes that are not electoral democracies are stable, so their Polity V index may have low variability. The Trade / GDP ratio has positive and significant effects on physical integrity rights, which is consistent with the effect of the main variable. It follows from this that trade openness is associated with the improvement of rights, in particular in the area of the physical safety of citizens. More open regimes and their bodies (including economically) are less inclined to use violence against citizens.

Table 6. Estimation results for empowerment rights

	All countries	Developing countries only	Low-income countries	Middle-income countries
Lag of empowerment rights index	0.623*** (0.039)	0.614*** (0.04)	0.748*** (0.037)	0.610*** (0.039)
Log (GDP per capita)	0.07** (0.039)	0.003 (0.058)	-0.149 (0.111)	0.203** (0.08)
Polity V index	0.164*** (0.018)	0.167*** (0.019)	0.097*** (0.023)	0.174*** (0.021)
Trade/GDP	0.0004 (0.001)	0.001 (0.001)	0.004** (0.0020049)	0.0009 (0.002)
FDI/GDP	0.131** (0.053)	0.087** (0.047)	0.079** (0.037)	0.334* (0.182)
FDI-weighted spatial lag	-0.008 (0.022)	0.006 (0.025)	-0.001 (0.027)	0.044 (0.0378128)
Trade-weighted spatial lag	0.158*** (0.051)	0.172*** (0.055)	0.058 (0.057)	0.186*** (0.049)
Number of countries	152	131	58	66
Number of observations	2234	1770	709	999

Note. Robust standard errors are in parentheses

For empowerment rights, we can see that trade-weighted spatial lag has a positive effect on the development of empowerment human rights in general and for developing and middle-income countries in particular. FDI-weighted spatial lag does not influence it for any of the subgroups. So, we can observe trade spatial dependence for empowerment rights for developing and middle-income countries. For all estimations, the Hansen test indicates robust estimation results but weakened by many instruments.

GDP per capita has positive effects only for all countries in general and for Middle-income countries. In this specification, the Polity V index has a significant and positive effect for all types of countries, including low-income countries (although the effect is lower). Consequently, for all types of countries, income growth is associated with improved opportunities for citizens, including increased public participation. Trade openness in this specification is positive and significant only for low-income countries, while financial openness and investment volumes are associated with improved opportunities for citizens in all types of countries.

Table 7. Estimation results for freedom of assembly and association

	All countries	Developing countries only	Low-income countries	Middle-income countries
Lag of Freedom of ASSN index	0.42*** <i>(0.043)</i>	0.412*** <i>(0.044)</i>	0.42*** <i>(0.046)</i>	0.515*** <i>(0.041)</i>
Log (GDP per capita)	0.018 <i>(0.012)</i>	0.009 <i>(0.019)</i>	-0.027 <i>(0.047)</i>	0.047* <i>(0.024)</i>
Polity V index	0.042*** <i>(0.004)</i>	0.043*** <i>(0.004)</i>	0.04*** <i>(0.006)</i>	0.035*** <i>(0.004)</i>
Trade/GDP	-2.42e-06 <i>(0.0004)</i>	0.0001 <i>(0.0005)</i>	0.001** <i>(0.001)</i>	-0.0002 <i>(0.0006)</i>
FDI/GDP	0.035** <i>(0.016)</i>	0.029* <i>(0.015)</i>	0.034* <i>(0.019)</i>	0.007 <i>(0.059)</i>
FDI-weighted spatial lag	0.024 <i>(0.044)</i>	-0.004 <i>(0.048)</i>	0.051 <i>(0.065)</i>	0.014 <i>(0.054)</i>
Trade-weighted spatial lag	0.229** <i>(0.116)</i>	0.289** <i>(0.129)</i>	0.023 <i>(0.126)</i>	0.334*** <i>(0.121)</i>
Number of countries	152	131	58	66
Number of observations	2243	1779	715	1002

Note. Robust standard errors are in parentheses

The estimation results for freedom of assembly and association are similar to results for empowerment rights. Here we can observe trade spatial dependence between countries and the absence of finance spatial dependence. For all estimations, the Hansen test indicates robust estimation results but weakened by many instruments.

Table 8. Estimation results for freedom of speech

	All countries	Developing countries only	Low-income countries	Middle-income countries
Lag of Freedom of Speech index	0.329*** (0.047)	0.283*** (0.044)	0.373*** (0.045)	0.335*** (0.047)
Log (GDP per capita)	0.033** (0.015)	0.017 (0.017)	0.028 (0.034)	0.023 (0.027)
Polity V index	0.036*** (0.003)	0.038*** (0.003)	0.03*** (0.005)	0.037*** (0.005)
Trade/GDP	-0.0005 (0.0004)	0.0003 (0.0005)	0.0008 (0.0009)	0.0004 (0.0006)
FDI/GDP	0.086*** (0.024)	0.095*** (0.03)	0.063*** (0.015)	0.285*** (0.082)
FDI-weighted spatial lag	0.153*** (0.048)	0.184*** (0.047)	0.175*** (0.062)	0.054 (0.056)
Trade-weighted spatial lag	0.205* (0.124)	0.309** (0.13)	0.048 (0.123)	0.394*** (0.139)
Number of countries	152	131	58	66
Number of observations	2243	1779	715	1002

Note. Robust standard errors are in parentheses

We observe both financial and trade spatial dependence between countries for freedom of speech, although the effect of trade spatial lag is higher for all countries. For all estimations, the Hansen test indicates robust estimation results but weakened by many instruments.

CONCLUSIONS AND POLICY RECOMMENDATIONS

It follows from this work that improved trade and financial relations between countries can bring not only the classical economic fruits such as faster income growth or better consumer goods but also the development of various types of human rights.

For developing countries, financial connections bring the convergence of freedom of speech institutions. At the same time, trade connections bring empowerment rights, freedom of speech, and freedom of assembly and association institutions convergence. This means that people in these countries can receive not only an increase in the standard of living in the economic dimension but also better opportunities in society and a greater ability to influence its fate, which is ultimately essential for both economic prosperity and personal development.

For low-income countries, financial connections with other countries can be essential to promote physical integrity rights and freedom of speech institutions. Perhaps this is because the sphere of physical security of the population and freedom of speech are pretty basic parameters of a democratic society, which many developing countries are deprived of, so they may first be more influenced in this regard. From the data available, we do not see any trade spatial dependence for these countries.

For middle-income countries, trade connections play a more critical role in developing human rights, such as freedom of speech, freedom of assembly and associations, and empowerment rights overall. For the data available, we do not see any financial, spatial dependence for these types of countries. From the results, it can be concluded that a good strategy of a developing country such as Ukraine can

be increasing trade with countries that have more developed institutions and better human rights practices.

For example, the beginning of Ukraine's external economic integration with the EU and other countries with developed liberal democracy, in the long term, may be beneficial not only for the development of economic institutions and the acceleration of growth. It can also bring significant benefits for the development of political institutions, as well as for the development of the legal environment and the involvement of Ukraine in better practices in the field of human rights.

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