The Human Rights Effects of World Bank Structural Adjustment, 1981–2000

M. Rodwan Abouharb

Louisiana State University

David L. Cingranelli

Binghamton University

Does the implementation of a World Bank structural adjustment agreement (SAA) increase or decrease government respect for human rights? Neoliberal theory suggests that SAAs improve economic performance, generating better human rights practices. Critics contend that the implementation of structural adjustment conditions causes hardships and higher levels of domestic conflict, increasing the likelihood that regimes will use repression. Bivariate probit models are used to account for World Bank loan selection criteria when estimating the human rights consequences of structural adjustment. Using a global, comparative analysis for the 1981–2000 period, we examine the effects of structural adjustment on government respect for citizens' rights to freedom from torture, political imprisonment, extra-judicial killing, and disappearances. The findings show that World Bank SAAs worsen government respect for physical integrity rights.

World Bank and International Monetary Fund (IMF) structural adjustment conditions require loan recipient governments to rapidly liberalize their economies. According to previous research, these economic changes often cause at least short-term hardships for the poorest people in less developed countries. The Bank and IMF justify the loan conditions as necessary stimuli for economic development. However, research has shown that implementation of structural adjustment conditions actually has a negative effect on economic growth (Przeworski and Vreeland 2000; Vreeland 2003). While there has been less research on the human rights effects of structural adjustment conditions, most studies agree that the imposition of structural adjustment agreements (SAAs) on less developed countries worsens government human rights practices (Pion-Berlin 1984; McLaren 1988; Franklin 1997; Camp Keith and Poe 2000). This study focuses on the effects of structural adjustment conditions on the extent to which governments protect their citizens from extra-judicial killing, torture, disappearances, and political imprisonment.

The results of this study suggest that existing theories of repression should be revised to take greater account of transnational causal forces. Previous studies examining variations in the human rights practices of governments have concentrated almost exclusively on state-level characteristics such as wealth, constitutional provisions, or level of democracy (e.g., Mitchell and McCormack 1988; Poe and Tate 1994; Davenport 1996; Poe, Tate, and Camp Keith 1999; Davenport and Armstrong 2004). The dominant theoretical framework underlying this research argues that, other things being equal, "repression will increase as regimes are faced with a domestic threat in the form of civil war or when a country is involved in international war" (Poe, Tate, and Camp Keith 1999; Poe 2002:293; see also Gurr 1986; Davenport 1995). Other international factors besides involvement in international war such as the degree of integration into the global economy, sensitivity to international norms, and involvement with international financial institutions have received much less attention.[1]

Empirically, this study advances our understanding of the human rights consequences of structural adjustment by correcting for the effects of selection. It is possible that the worsened human rights practices observed and reported in previous studies might have resulted from the poor economic conditions that led to the imposition of the structural adjustment conditions rather than the implementation of the structural adjustment conditions themselves. In other words, the human rights practices of loan recipient governments might have gotten worse whether or not a structural adjustment agreement (SAA) had been received and implemented. In addition, as our results will show, some of the factors that increase the probability of entering into a SAA, such as having a large population and being relatively poor, are also associated with an increased probability of human rights violations. For these reasons one must disentangle the effects of selection before estimating the human rights impacts of structural adjustment loans. In order to control for the effects of selection, a two-stage analysis was undertaken. In the first stage of the analysis, the factors affecting World Bank decisions concerning which governments receive SAAs were identified. In the second stage the impacts of entering into and implementing SAAs on government respect for human rights were examined.

The first-stage results demonstrate that the Bank does give SAAs to governments that are poor and experiencing economic trouble, but the Bank also employs a wide variety of non-economic loan selection criteria. The non-economic selection criteria examined in the first stage of the analysis build upon and extend selection models developed in previous research on the economic effects of structural adjustment. This research project is the first to demonstrate that the Bank prefers to give loans to governments that provide greater protection for worker rights and physical integrity rights of their citizens. Earlier research had shown that democracies were at a disadvantage when negotiating a SAA from the IMF (Przeworski and Vreeland 2000; Vreeland 2003), a finding consistent with expectations generated by Putnam's (1988) theory of two-level games. Our findings provide evidence that democracies also are at a disadvantage when negotiating with the World Bank.

After controlling for selection effects and other explanations of respect for physical integrity rights, the findings of the second-stage analysis show that the net effect of World Bank SAAs is to worsen government respect for physical integrity rights. Torture, political imprisonment, extra-judicial killing, and disappearances were all more likely to occur when a structural adjustment loan had been received and implemented. Governments that entered into SAAs with the World Bank actually

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[1] Some scholars have focused on transnational forces affecting human rights practices. For example, increased integration into the international economy has been associated with both worse (Meyer 1996, 1998) and better (Milner 2000; Richards, Gelleny, and Sacko 2001) protection of physical integrity rights by governments. Other studies have discussed the impacts of international nongovernmental organizations (Welch 1995) and even the diffusion of international norms (Keck and Sikkink 1998; Landman 2005) on the human rights practices of governments.

improved their protection of physical integrity rights in the year the loan was received. Governments then reduced the level of respect for the physical integrity rights of their citizens during the years when structural adjustment conditions were imposed. This combination of findings suggests that governments seeking loans from the World Bank initially improved their human rights practices, possibly to impress Bank officials. However, the austerity measures required by the implementation of structural adjustment conditions led to a subsequent worsening of human rights practices by governments in loan recipient countries.

The theoretical argument is that there are both direct and indirect negative effects of the implementation of structural adjustment conditions on government respect for physical integrity rights. Structural adjustment conditions almost always cause hardships for the poorest people in a society, because they necessitate some combination of reductions in public employment, elimination of price subsidies for essential commodities or services, and cuts in expenditures for health, education and welfare programs. These hardships often cause increased levels of domestic conflict that present substantial challenges to government leaders. Some governments respond to these challenges by becoming less democratic as in the case of Peru under President Fujimori in the 1980s (Di John 2005).[2] The results presented here, like those of numerous other studies, have shown that increased domestic conflict and decreased democracy are associated with higher levels of repression (e.g., Poe, Tate, and Camp Keith 1999). The case of Venezuela provides an illustration of the role of structural adjustment in producing increased domestic conflict, a weakened democratic system and repression. As Di John (2005:114) writes:

> A few weeks after the announcement of [structural adjustment] reforms, Venezuela experienced the bloodiest urban riots since the urban guerrilla warfare of the 1960s. The riots, known as the "Caracazo," occurred in late February 1989. A doubling of gasoline prices, which were passed on by private bus companies, induced the outburst. . . . The riots that ensued were contained by a relatively undisciplined military response that left more than 350 dead in two days.

Although Venezuela's democratic system has been maintained, over the period of this study, dissatisfaction with economic policies has played a part in three attempted coups, multiple general strikes, two presidential assassination attempts, and has led to several states of emergency being imposed. Even today, debate over structural adjustment policies in Venezuela remains heated. President Hugo Chavez sustains his popularity largely based on his opposition to the kind of unregulated economic liberalization advocated by the IMF and the Bank (Banks, Muller, and Overstreet 2003).

The findings presented here have important policy implications. There is mounting evidence that national economies grow fastest when basic human rights are respected (Sen 1999; Kaufmann 2004; Kaufmann, Kraay, and Mastruzzi 2005). SAAs place too much emphasis on instituting a freer market and too little emphasis on allowing the other human freedoms necessary for rapid economic growth to take root and grow. By undermining the human rights conditions necessary for economic development, the Bank is damaging its own mission.

Background

While each structural adjustment program is negotiated by representatives of the Bank and representatives of the potential loan recipient country, common provisions include privatization of the economy, maintaining a low rate of inflation and price

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[2] The Shining Path insurgency was another major factor increasing violations of physical integrity rights in Peru during the 1980s.

stability, shrinking the size of its state bureaucracy, maintaining as close to a balanced budget as possible, eliminating and lowering tariffs on imported goods, getting rid of quotas and domestic monopolies, increasing exports, privatizing state-owned industries and utilities, deregulating capital markets, making its currency convertible, and opening its industries and stock and bond markets to direct foreign ownership and investment (Meyer 1998). Good governance emphases of the Bank include eliminating government corruption, subsidies, and kickbacks as much as possible, and encouraging greater government protections of human rights including some worker rights (Sensor 2003; Kaufmann, Kraay, and Mastruzzi 2005).

Most of the previous research has examined the IMF and its impacts, neglecting the role of the World Bank in promoting structural adjustment. Both are important actors, over the period examined in this study, the World Bank entered into 442 SAAs, while the IMF made 414.[3] The remainder of the article briefly reviews previous work on the economic effects of structural adjustment, elaborates on the theory briefly outlined above, discusses the earlier research estimating the impact of structural adjustment on human rights; elaborates upon the need for a selection model, presents some specific hypotheses, and provides evidence supporting those hypotheses. Finally, the theoretical, methodological, and policy implications of these results are discussed.

The Economic Effects of Structural Adjustment

The purpose of structural adjustment programs is to encourage economic growth (e.g., Harrigan and Mosley 1991; Przeworski and Vreeland 2000). According to neoliberal economic theory, structural adjustment programs reduce the size and role of government in the economy. A minimalist state produces and encourages economic growth, which promotes economic and social development (Chenery and Strout 1966). Limited government empowers individuals by giving them more personal freedom, making it more likely that all individuals will realize their potential. The ability to realize one's potential, according to this line of reasoning, leads to individual responsibility and self-reliance. Limited government maximizes individual opportunities, limits the opportunity for corruption and releases talented people into the more efficient private sector (Friedman 1962).

Many scholars have examined the link between structural adjustment policies and economic growth and the weight of the evidence so far is that structural adjustment is not effective (Harrigan and Mosley 1991; Rapley 1996; Przeworski and Vreeland 2000; van de Walle 2001; Vreeland 2003). According to critics, the Fund and Bank use a conception of development that is too focused on economic growth, have misdiagnosed the obstacles to development in less developed countries, have failed to appreciate the value of government interventions into the private economy, and have insisted that structural adjustment reforms be implemented too quickly (Stiglitz 2002). It is possible that developing countries like China have been more successful, both in terms of aggregate economic growth and poverty reduction, because they have avoided SAAs from the IMF and World Bank. Unlike Russia, which has received a number of SAAs, China has avoided a rapid increase in economic inequality (Stiglitz 2002).

Theory: The Human Rights Effects of Structural Adjustment

Direct Effects

Figure 1 depicts the main causal arguments of the conventional neoliberal and more critical views of the direct and indirect effects of structural adjustment on the human rights practices of governments. The direct effects may be theorized as

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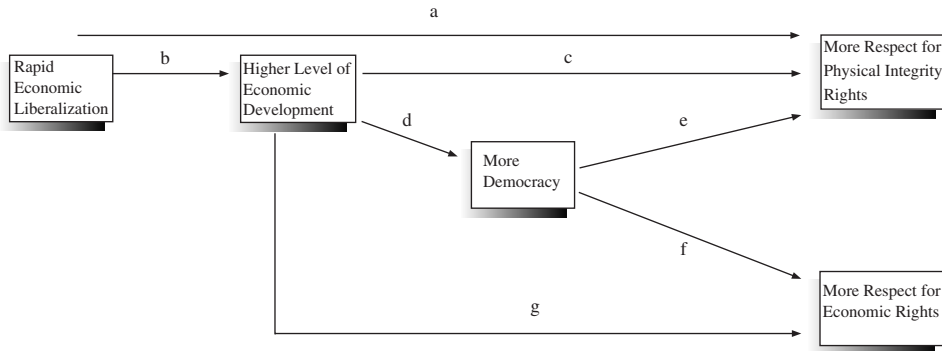[3] The IMF data comes from Vreeland (2003).

FIG. 1. Structural Adjustment and Human Rights: The Neoliberal Perspective

positive or negative. The "positive" argument (linkage "a") is that a relatively limited government as required by SAAs is fundamental to all human freedoms. Limited government reduces barriers to the functioning of the free market, allowing people to enhance their opportunities and better pursue their own interests that are likely to be lost if human freedom is restricted (Friedman 1962; Hayek 1984). Consistent with this line of thought, Cranston (1964) has argued that respect for most human rights, including physical integrity rights (such as the right *not to be tortured*) only requires forbearance on the part of the state.

However, as linkage "h" of Figure 2 indicates, structural adjustment programs also may have the direct effect of worsening government human rights practices, because a substantial involvement of government in the economy is essential for the protection of all human rights (Donnelly 2003). The historical record demonstrates, for example, that a reduced role of the state in capitalist economies has led to less protection of some human rights such as worker rights. From a principal-agent theoretical perspective, reducing the size of government also reduces the ability of principals (government leaders) to constrain the discretion of agents (police and soldiers). More administrative discretion is likely to lead to greater abuse of physical integrity rights (Policzer 2004). Also, in practice, the acceptance of structural adjustment conditions by the governments of less developed countries causes the adoption of new policies and practices. These new policies are designed to produce substantial behavioral changes in the affected populations. Evidence from literature about human learning suggests that people have a natural tendency to resist making substantial changes in their previous behavior (Davidson 2002). One of the tools government may use to overcome such resistance is coercion.

The idea that liberalization and economic development may conflict with respect for some human rights is an enduring theme in the debate over development policy and an implicit element of structural adjustment packages. Loan recipient governments are expected to reduce their efforts to protect the social and economic
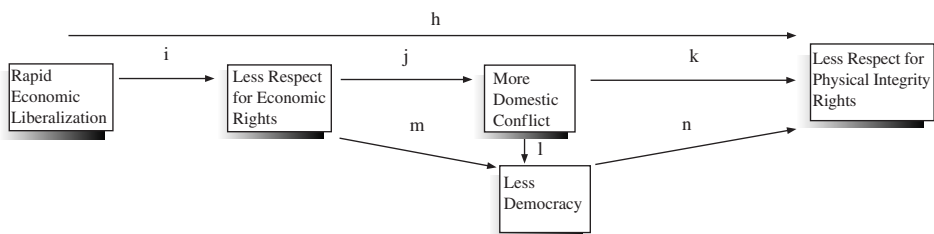

FIG. 2. Structural Adjustment and Human Rights: The Critical Perspective

rights of their citizens in a variety of areas such as housing, health care, education, and jobs at least in the short run, with the expectation that they will be able to make much larger efforts toward these ends later. Civil and political liberties may have to be curtailed in order to ease the implementation of loan conditions (Donnelly 2003:196–199). People opposed to the policies of structural adjustment such as members of the press, trade unionists, leaders of opposition parties, clergy, social activists, and intellectuals may then be subjected to abuse of their physical integrity rights.

Indirect Effects

Figure 1 also depicts the expected indirect effects of structural adjustment on the human rights practices of loan recipient governments. As noted, neoliberal economic theory suggests that structural adjustment will promote economic development (linkage "b" in Figure 1).[4] Many previous studies (e.g., Poe, Tate, and Camp Keith 1999; Milner, Leblang, and Poe 2004) have shown that wealthier states have provided greater levels of respect for a wide variety of human rights including physical integrity rights (linkage "c"). Thus, if the imposition of a SAA increases the level of wealth in a less developed country, then the indirect effect of SAA implementation should be an improvement in the human rights practices of governments.

Despite findings showing that structural adjustment has not led to faster economic growth, the empirical debate over linkage "b" will continue. Thus, it is still important to understand the remainder of the neoliberal argument. As is indicated by linkages "d" and "e" in Figure 1, previous research has shown that wealthier states are more likely to be democratic (e.g., Lipset 1959; Przeworski et al. 2000; Boix 2003; Boix and Stokes 2003), and relatively high levels of democracy are associated with a higher level of respect for most human rights including physical integrity rights (Mitchell and McCormack 1988; Poe, Tate, and Camp Keith 1999; Davenport and Armstrong 2004; Milner, Leblang, and Poe 2004). Therefore, if the imposition of a SAA promotes higher levels of democratic development through increased wealth, then an indirect consequence of SAA implementation should be an improvement in human rights practices.

Neoliberal defenders of the effects of SAAs on government respect for economic human rights have argued that higher levels of economic development caused by the implementation of a SAA will lead to improvements in government respect for economic rights (linkage "g") through what is now commonly referred to as the "trickle down" effect. That is, wealth will accumulate faster under a structural adjustment program, and, once accumulated, will trickle down to help the less fortunate in society. A number of studies have shown that the level of economic development has a strong, positive impact on basic human needs fulfillment (Moon and Dixon 1985; Rosh 1986; Spalding 1986; Park 1987; Milner, Poe, and Leblang 1999; Milner 2000; Milner, Leblang, and Poe 2004). Moreover, as indicated by linkage "f," previous research has shown that democratic governments have been shown to make greater efforts to provide for the economic human rights of their citizens (Moon and Dixon 1985; Milner, Poe, and Leblang 1999; Milner, Leblang, and Poe 2004).

Unfortunately, all of indirect neoliberal arguments linking SAAs to better human rights practices depend upon supporting evidence for linkage "b" in Figure 1. Without linkage "b" all of the other indirect causal chains from rapid economic liberalization to better human rights practices by governments are broken. At an earlier point in time, one might have argued that it was too soon to conclude that there was no evidence that the implementation of SAAs led to the accumulation of more wealth by loan recipients, but SAAs were initiated by the World Bank in 1980 and the IMF has had conditionality associated with its loans as far back as 1952

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[4] For a review of literature developing this argument, see Rapley (1996).

(Sidell 1988). If SAAs have had a stimulative effect on economic development, it should be observable by now.

The indirect effects posited by the critical perspective are summarized in Figure 2. There is a large body of research showing that implementation of a SAA has negative effects on government respect for economic human rights (linkage "i"). Rapid economic liberalization, according to many observers, forces loan recipient states to reduce or even stop making efforts to help their citizens enjoy internationally recognized rights to health care, education, food, decent work and shelter, because structural adjustment conditions almost always require reductions on government spending for social programs (World Bank 1992; Chipeta 1993; Sowa 1993; Handa and King 1997; Meyer 1998; Zack-Williams 2000; Fields 2003). Some studies have emphasized the disproportionate negative economic human rights consequences for women (Commonwealth Secretariat 1989; Elson 1990; Buchmann 1996; Sadasivam 1997), for public sector employees and low-wage workers (Daddieh 1995). The poor and those in the public sector have seen their wages fall in real terms (Munck 1994; Daddieh 1995), while at the same time they have faced increased living costs because of the removal of price controls and subsidies for essential commodities (Zack-Williams 2000). The implementation of SAAs also has worsened the relative position of the worst off by increasing income inequality (Daddieh 1995; Handa and King 1997; Friedman 2000).

Less attention has been given to the relationships explicitly linking the implementation of SAAs to subsequent government respect for physical integrity rights.[5] As shown in Figure 2, there are three indirect causal paths that should be considered (linkages "j—k," "j–l—n," and "m–n"). All lead to less respect for physical integrity rights, and all depend upon empirical support for linkage "i," which is plentiful. One line of thinking is that, by causing loan recipients to reduce their respect for the economic human rights of their most vulnerable citizens, externally "imposed" rapid economic liberalization of the type required by a SAA promotes domestic conflict (linkage "j"), which, in turn, leads loan recipient governments to become more repressive (linkage "k"). Acceptance of SAA conditions requires that decision makers in loan recipient countries enact unpopular policies. These policies cause hardships, especially among the poorest citizens, who are most dependent upon social programs (Vreeland 2002). Citizens, often led by organized labor, protest against reductions in social welfare programs and public employment, commonly required in SAAs (Pion-Berlin 1983, 1984). Sometimes the protests become violent (Auyero 2001; Fields 2003). The adjustment process also has intensified regional and ethnic conflicts as groups compete for a "dwindling share of the national cake" (Zack-Williams 2000:64). Increased repression (linkage "k") by the recipient government is one tool by which it can deal with violent protest (Davenport 1995; Fields 2003). However, it is important to distinguish incremental economic liberalization that results from a societal choice without undue external interference and pressure from the kind of rapid economic liberalization required by SAA conditionality. Economic liberalization that is not required by the conditions found within a SAA may not affect or may actually reduce domestic conflict in societies. For example, Hegre, Gissinger, and Gleditsch (2003) examine the impact of economic liberalization and find no discernable impact on the probability of civil conflict.

Other critics of structural adjustment would like the Bank and Fund to give greater attention to the impacts of SAAs on issues such as democratic development (Pion-Berlin 1984; Stiglitz 2002). Increased domestic conflict caused by the implementation of SAAs presents serious challenges to democratic systems (linkage "l"). Also, as indicated by linkage "m," requiring democracies to enact unpopular pol-

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[5] There is a large body of literature from a dependency theory perspective arguing that rapid economic liberalization can worsen government human rights practices. For an excellent review of this literature, see Richards, Gelleny, and Sacko (2001).

icies, the Bank and Fund may be undermining democratic systems (Haggard 1995; Fields 2003). The positive relationship between a state's level of democracy and its respect for all types of human rights (linkage "n"), as noted above, is well established in the literature. Thus, any policy that undermines democracy, undermines government respect for human rights.

Previous Research Linking Structural Adjustment to Human Rights Practices

The results of previous research explicitly focusing on the effects of SAAs on government respect for physical integrity rights are consistent with the expectations of the critical perspective (Franklin 1997; McLaren 1998; Camp Keith and Poe 2000; Fields 2003). Camp Keith and Poe (2000) evaluated the human rights effects of getting a SAA from the IMF by comparing the human rights practices of governments with and without such loans while controlling for other factors reliably associated with good or bad human rights practices by governments. They focused on a global sample of countries between 1981 and 1987, and found some evidence indicating an increase in the level of repression of physical integrity rights during the implementation of a SAA. Using a cross-sectional analysis, Franklin (1997) also found some support for the argument that governments implementing IMF agreements were likely to become more repressive.

Furthermore, Camp Keith and Poe (2000) hypothesized that the very act of negotiating or entering into a loan with the IMF would have a temporary negative impact on the human rights practices of loan recipients. They were not clear about the rationale for this hypothesis, and their findings provided no statistically significant evidence for a "negotiations effect." Others have argued that the involvement of international actors has a moderating effect on domestic conflicts (Grove 2001), which should have the effect of improving government respect for physical integrity rights. There also is a specific reason to expect that negotiating a SAA from the World Bank would have at least a temporary positive impact on the human rights practices of loan recipient governments. The U.S. International Financial Assistance Act in 1977 requires U.S. 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). The size of U.S. contributions to the Bank gives it a strong voice in loan negotiations (Banks, Muller, and Overstreet 2003). Thus, one would expect the World Bank to make SAAs with countries that have good human rights practices.

Previous research has examined the effects of structural adjustment on the overall level of government respect for physical integrity rights but has not disaggregated the effects on torture, political imprisonment, extra judicial killing, and disappearances.[6] However, it is likely that the impacts of negotiating and implementing a structural adjustment program affect government respect for these kinds of physical integrity rights in different ways. In this early stage of the research program designed to develop theories explaining the human rights practices of governments, aggregate measures may mask theoretically important variations in how governments respect the human rights of their citizens (McCormick and Mitchell 1997). Disaggregating the measures of respect for physical integrity rights allows the investigation of whether governments improve or decrease their respect for different types of physical integrity rights to the same extent as a result of making and implementing a SAA from the World Bank.

Existing theories explaining why governments resort to violent forms of political repression conceive of repression as the result of conscious choices by rational, utility maximizing political leaders (Poe and Tate 1994; Gartner and Regan 1996;

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[6] Camp Keith and Poe (2000), for example, used the five-point Political Terror Scale (PTS) to measure the degree of overall violation of those rights.

Poe, Tate, and Camp Keith 1999). Both the domestic and international costs and benefits of violating different types of physical integrity rights vary. Torture and political imprisonment are the most common forms of physical integrity rights abuse by governments (Cingranelli and Richards 1999a). If government decision makers are rational, then policies allowing for the practice of torture and political imprisonment must offer higher net benefits than policies allowing the police or military to make citizens disappear or to kill them without a judicial process. If repression is a rational response to structural adjustment, then torture and political imprisonment should increase the most during the implementation of structural adjustment conditions. Since the end of the Cold War, however, there has been an increase in average worldwide government respect for the right against political imprisonment (Cingranelli and Richards 1999b). This trend indicates that, over time, either the costs associated with this form of repression have increased, the benefits have declined or both.

The Need for a Selection Model

Estimating the human rights effects of structural adjustment requires the use of a two-stage econometric model. As explained by Achen (1986), Heckman (1988), Przeworski and Vreeland (2000), and Vreeland (2002, 2003) issues of endogoneity, selection, and randomization must be accounted for when assessing the impact of any public policy. One needs to disentangle the impacts of the policy from any prior attributes that may also have an impact (Collier 1991). In the context of the present problem, one must be able to distinguish whether the negative effects on physical integrity rights practices found by McLaren (1988) and Franklin (1997), Camp Keith and Poe (2000), were the result of the economic difficulties that 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.

  Single-stage models, like those used in previous cross-national studies of the impact of IMF conditionality on human rights practices also implicitly assume a unidirectional causal relationship. That is, structural adjustment loans affect human rights practices. More likely, human rights practices affect the probability of loan receipt, while loans affect human rights practices, which, in turn, affect the subsequent probability of loan receipt. Thus, both SAA receipt and human rights practices are mutually dependent or endogenous variables. 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 these mutually dependent variables.[7]

Which Countries Enter into SAAs?

Through its public policy statements, the Bank has announced some of the criteria it uses to decide which governments should receive SAAs and which should not. The Bank's code of practice recommends that preference be given to applicants that are poor, have a capitalist ideology, have not nationalized private industry without providing fair compensation to the owners, are not able to borrow on the private market, and are creditworthy (Van de Laar 1980). These criteria created a bias against reaching agreements with communist countries, though some communist countries including the formerly communist Yugoslavia and Romania did receive them. In making its decisions, the Bank's Board of Directors must

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[7] 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 U.S. government to transfer arms abroad.

prioritize, sometimes among conflicting criteria, and operationally define terms such as ''capitalist ideology'' and ''creditworthy.''

Conventional wisdom holds that governments accept structural adjustment conditions because they face economic difficulties and need an infusion of foreign capital.[8] This means that they must sacrifice sovereignty over their economic policy (Bird 1996; Krasner 1999; Moyo 2001). There is significant disagreement over the roles of indicators of economic difficulty such as a large balance of payments deficit, while there is more agreement over the impact of other factors like lower foreign currency reserves, overvalued exchange rates, and negative changes in gross domestic product (GDP) which increase the probability of participation in structural adjustment programs (Vreeland 2003:12). Moreover, none of the purely economic explanations do a very good job of explaining participation in structural adjustment programs. Economic factors are part of the explanation of which governments receive SAAs, but they do not provide a complete picture.

Non-Economic Selection Criteria

Besides economic selection criteria, a variety of political, institutional, and social characteristics of potential recipient governments also affect the probability of reaching a SAA (Joyce 1992; Abouharb and Cingranelli 2004a, 2005). The Bank's Board of Directors decides which governments receive World Bank loans. The World Bank uses a weighted voting system for determining which agreements are approved and which are denied. The weights assigned are roughly in proportion to the share of the Bank's development funds contributed by each of the member governments. For the last 25 years, the United States and Japan have been the largest contributors to the Bank (Banks, Muller, and Overstreet 2003), so it is reasonable to assume that the preferences of their country representatives have dominated the preferences of other members of the Bank's Board of Directors. World Bank representatives protest against any allegations that their lending policies are motivated by political considerations, but the internal decision making process of the World Bank privileges the ideological perspectives of some governments over others, allows for logrolling and vote trading, and in all other respects provides fertile ground for what, in any other context, would be called ''politics.''

Despite this potential for politics, non-economic selection criteria have received relatively little attention. Some suggest that, unlike the IMF, the World Bank may prefer to work with governments willing to respect worker 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 suggest that structural adjustment conditions provided indirect incentives to limit worker 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, the governments of 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. Research investigating these competing claims on a large-n comparative basis has found evidence that the Bank is more likely to enter into agreements with countries that have higher levels of respect for worker rights (Abouharb and Cingranelli 2004a, 2005).

Another non-economic factor alleged to increase the probability of participation in World Bank structural adjustment programs is an alliance with the United States

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[8] For other explanations of participation by the governments of developing countries in structural adjustment agreements, see Vreeland (2003).

(Forsythe 1987). Recent work examining IMF selection criteria has argued that countries with policy preferences similar to key Fund contributors were more likely to receive preferential loan conditions (Stone 2004). By implication they also would be more likely to negotiate a SAA with the World Bank. Other work has found that being poor, having a large population (Abouharb and Cingranelli 2004a, 2005), and the end of the end of the Cold War (Williams 1994; Abouharb and Cingranelli 2005) increase the probability of entering into a SAA. The end of the Cold War marked the beginning of a period when international institutions, including international financial institutions, began to play a larger role in international affairs. Involvement in international war and high levels of domestic unrest have been found to reduce the probability of loan receipt (Abouharb and Cingranelli 2004a, 2005).

A Disadvantage for Democracies?

Several studies have found that more democratic governments were less likely to enter into SAAs (Pion-Berlin 1984; Przeworski and Vreeland 2000; Vreeland 2003). Putnam's (1988) theory of two-level games provides an explanation for the finding in the literature that the IMF prefers lending to authoritarian regimes. Putnam suggests that negotiations between an international agency like the World Bank or IMF and the leaders of a nation state can be thought of as a two-level negotiation game. Level I negotiation occurs between the leaders of the Bank and the leaders of the potential loan recipient country. Level II is played between the country leaders and their citizens. At level I, the leaders of the World Bank behave as autonomous, unitary actors in the model. At the risk of oversimplification, the preferences of the Bank are that decision makers in recipient countries agree to a set of economic reforms, these reforms be implemented faithfully, the economy of the recipient country improve, and the loans be paid back in a timely fashion (Williamson 1990).

Domestic opposition makes it harder to reach any agreement. Domestic opposition might arise as a result of interest group efforts and opposition political parties, electoral cycles, and even institutional arrangements requiring legislative approval of international agreements. Putnam (1988) contends that the greater the autonomy of country leaders at level I from influence by their level II constituents, the greater the likelihood of achieving an international agreement. At level I, the leaders of authoritarian states can negotiate with greater authority and independence from domestic forces at level II.

A bias against democracies in the selection processes of the World Bank is, thus, a predicted outcome of the model. Democratic leaders prefer not to lose the support of their constituents, and Bank leaders prefer not to give loans with conditions that may not be implemented by the loan recipient. There is a contrasting theoretical argument suggesting that democracies have an advantage when negotiating international agreements, because their governments can make more credible commitments (Leeds 1999; Martin 2000). According to this perspective, the properties of democratic accountability and institutionalized cooperation afford democracies the ability to send clear and credible signals concerning their ability and willingness to cooperate. Supporting this line of argument, Dollar and Svensson (2000) show that democratic governments are much more likely to fulfill the structural adjustment commitments they make to the World Bank.

Hypotheses

In order to test hypotheses about the human rights impacts of SAAs, one must first account for the effects of World Bank loan selection criteria. As noted, previous research suggests that economic, political, conflict, and human rights factors help

determine the probability of receiving a SAA and also impact subsequent human rights practices. Governments are more likely to enter into a SAA if they have:

H1: *Greater economic difficulty.*
H2: *Greater respect for the human rights of their citizens.*
H3: *An alliance with a major donor to the World Bank.*
H4: *Larger populations.*
H5: *Negotiated after the end of the Cold War.*
H6: *More authoritarian domestic institutions.*
H7: *Lower levels of domestic unrest.*
H8: *Lower levels of interstate conflict.*

Previous research also supports the following second-stage hypotheses concerning the human rights impacts of SAAs:

H9: *The level of respect for physical integrity rights increases during the year a SAA is negotiated (the negotiation hypothesi*s*).*
H10: *The level of respect for physical integrity rights decreases during the years SAAs are implemented (the implementation hypothesis).*
H11: *The practices of torture and political imprisonment will increase more after entering into and implementing structural adjustment conditions than the practices of extra-judicial killing and disappearance (the differential effects hypothesis).*

Other studies have demonstrated that wealthier countries, more democratic countries, and countries with a British colonial experience tend to have governments that provide more respect for the physical integrity rights of their citizens. Countries with military governments, relatively large populations, relatively large population increases, high levels of domestic conflict, and involvement in interstate war tend to have governments that provide less respect for the physical integrity rights of their citizens (Poe, Tate, and Camp Keith 1999; Poe 2002). These factors will be included as control variables in the analysis.

Research Design

This study uses a cross-national, annual time-series data set comprised of all nations of the world having a population of at least 5,000,000 in 1981. The data span the time period from 1981 to 2000. During this period, the World Bank awarded a total of 442 SAAs to countries in our sample, with a GDP per capita as high as $13,200. For this reason, the analysis includes all countries in the world, not just less developed countries. The unit of analysis is the country year. At the human rights impact stage we investigate whether entering into a SAA with the World Bank in a particular year or the implementation of those loan conditions in subsequent years have an impact on the probability of torture, political imprisonment, extra-judicial killing, and disappearances in loan recipient countries.

Entering into a World Bank SAA is both a dependent variable in the first stage of the analysis and an independent variable in the second stage. It is a dichotomous measure that indicates whether a country received a World Bank SAA or not in a particular year. It is coded "1" for the years an agreement was made and "0" for all other years. The authors gathered the information necessary for constructing this measure from correspondence with officials at the World Bank.

The measure of implementation of a World Bank SAA, an independent variable in the second stage, was generated by the authors. As most adjustment packages last for 3 years and the World Bank has determined that on average it takes 18 months for implementation to affect the economy, the results of the adjustment process should appear in years 2, 3, and 4 of the loan period (Jayarajah, Branson, and Sen 1996). For this reason, years 2, 3, and 4 after loan receipt were coded as "1" and otherwise as "0." It was assumed that entering into a SAA was followed by

implementation of the negotiated structural adjustment conditions—an assumption that is common in previous research examining the consequences of structural adjustment. However, using private World Bank records, Dollar and Svensson (2000) estimate that about one third of loan recipients do not fully implement the adjustment criteria demanded by the Bank so there is some variation in the effectiveness of implementation practices by loan recipient governments[9] that could not be captured by the measure of implementation used in this study. Even so, there is no reason to believe that the cases "mistakenly" coded as "1" for implementation rather than "0" generates systematic error in the empirical analysis. The measurement error generated creates a bias toward a weaker relationship than might actually exist between implementation and human rights practices of governments, but does not affect the direction of the relationship observed. Another limitation is that there was no information available about the particular structural adjustment conditions associated with each loan. The implementation of some provisions may have had greater human rights impacts than others, but, except for details contained in intensive case studies, the specific conditions imposed on loan recipients are not matters of public record.

The human rights practices of governments are the dependent variables in the second stage. Four physical integrity rights from the Cingranelli and Richards ([CIRI] 2004) human rights data set were used as dependent variables—extra-judicial killings, disappearances, political imprisonment, and torture. The sources of information used to develop this data set were the annual *U.S. State Department Country Reports on Human Rights Practices* and Amnesty International annual reports. Each of the four physical integrity variables was coded on a three-part scale where 0 = frequent violations of the right (50 or more), 1 = some violations (1–49), and 2 = no violations. The correlations among the four physical integrity rights during the 1981–2000 period ranged from a low of 0.27 between torture and disappearances to 0.49 between disappearances and extra-judicial killing. Among the independent variables pairwise correlations indicate no problems of multicollinearity. The highest pairwise correlations are found between worker rights and democracy at 0.62 and GDP per capita and democracy at 0.48. The negotiation and implementation of SAAs are correlated at 0.35.

Tables 1 and 2 provide a summary of the operationalization of the independent variables used in the first and second stages of the analysis. The measure of overall respect for physical integrity rights used in the first-stage analysis is the CIRI physical integrity scale, a nine-point scale, ranging from zero, indicating no respect for physical integrity rights, to eight, indicating full respect for those rights. The worker rights variable used in the first-stage equation also was taken from the CIRI data set. It measures government respect for freedom of association at the workplace, the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and acceptable conditions of work. This list is much the same as the International Labour Organization's list of five core labor rights. This variable also was coded on a three-point scale as follows. Worker rights are (0) not protected by the government, (1) somewhat protected by the government, (2) protected by the government (Cingranelli and Richards 2004).

The theory of how structural programs affect the human rights practices of SAL recipients posits both direct and indirect effects. However, this research design only estimates the direct effects of negotiation and implementation of these programs while controlling for the effects of loan selection and other causal variables (e.g., level of democracy, level of economic development, and level of domestic conflict) in the theoretical model. This specification of the model is consistent with previous

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[9] Also, see Stone (2004).

TABLE 1. Operationalization of World Bank Selection (First Stage) Equation Variables

	Indicator	Source
Dependent Variable		
Entering into a World Bank SAA	Dichotomous "1" If SAA received; "0" if not	Correspondence with World Bank
Independent variables		
Economic		
GDP per capita change	Percentage change in GDP per capita current U.S. $ purchasing power parity (PPP)	World Bank: World Development Indicators CD-Rom (WDI)
Foreign currency reserves	Average government foreign reserves to reflect monthly imports	World Bank: WDI
Exchange rate value	Average annual official exchange rate local currency unit per US $	World Bank: WDI
GDP per capita	GDP per capita current U.S. $ (PPP)	World Bank: WDI
International trade	Trade as a percentage of GDP	World Bank: WDI
Political		
Alliance with the United States	Correlates of war (COW) alliance measure	COW Alliance dataset
Democracy	Democracy–autocracy measure	POLITY IV dataset
Military regimes	Type of regime: civilian or military	Banks (2002)
Population size	Logged midyear country population	U.S. Census: international data base
Cold War	Dichotomous, "0" before 1991; "1" if 1991 or Later	Banks et al. (2003)
Conflict proneness		
Interstate conflict	0 = no interstate conflict, 1 = 1,000 battle deaths or more	Strand et al. (2002)
Domestic unrest	Riots: any violent demonstration or clash of more than 100 citizens involving the use of physical force	Banks (2002)
Human rights		
Respect for human rights	Mokken scale: killing, disappearances, torture, imprisonment	Cingranelli and Richards (CIRI) (2004)
Respect for workers rights	0 = not protected by Government, 1 = somewhat protected by Government 2 = Protected by Government	CIRI (2004)
Temporal dependence		
Cubic splines	Beck et al. (1998) BTSCS method	

SAA, structural adjustment agreement; GDP, Gross Domestic Product.

TABLE 2. Operationalization of Human Rights Practices (Second Stage) Equation Variables

	Indicator	Source
Dependent Variable		
Disappearances	0 = occasional or frequent, 1 = none	Cingranelli and Richards (CIRI) (2004)
Killings	0 = occasional or frequent, 1 = None	CIRI (2004)
Torture	0 = occasional or Frequent, 1 = None	CIRI (2004)
Political imprisonment	0 = occasional or Frequent, 1 = none	CIRI (2004)
Independent variables		
Implementation of structural adjustment agreement	Dichotomous, 1 for the 3 years following SAA receipt & 0 otherwise (constructed)	Correspondence with World Bank
Entering into World Bank structural adjustment agreement	Dichotomous	Correspondence with World Bank
Control variables		
Economic		
Gross Domestic Product (GDP) per capita	GDP per capita current U.S. $ (PPP)	World Bank: world development indicators CD-Rom (WDI)
Increase GDP per capita	Percentage increase in GDP per capita current U.S. $ (PPP)	World Bank: WDI
Political		
Democracy	Democracy–autocracy measure	POLITY IV Dataset
Military regime	Type of regime: civilian or military	Banks (2002)
Population size	Logged midyear country Population	U.S. Census: International database
Population change	Percentage change in yearly population (constructed)	U.S. Census: International database
U.K. dependent/colonial experience	The decision rule of the most recent possessor is used to identify the relationships under examination.	Issues COW Colonial History Dataset
Conflict proneness		
Interstate conflict	0 = no interstate conflict, 1 = 1,000 battle deaths or more	Strand et al. (2002)
Domestic conflict	Ordinal level of civil conflict	Strand et al. (2002)
Temporal dependence		
Cubic splines	Beck et al. (1998) BTSCS method	

research examining the determinants of government respect for human rights. The results allow one to determine whether the effects of structural adjustment add to what has been explained by factors already examined in the literature. An alternate specification estimating indirect effects is possible, but beyond the scope of this study. Not estimating those indirect effects almost certainly leads to an underestimation of the total negative causal effects of structural adjustment on government human rights practices.

Bivariate probit was used to test the hypotheses. The bivariate probit model is a simultaneous equation, multivariate model, which runs two probit models at the same time as a system of equations (Greene 2003). It is an appropriate estimation technique in this case because, as noted, many of the factors affecting whether a country enters into a SAA also have been shown in previous research to impact government respect for physical integrity rights. The technique corrects for these endogenous effects allowing us to examine the impact of structural adjustment on government respect for physical integrity rights. Other estimation techniques such as two-stage least squares or instrumental probit were rejected because the assumptions of those models were seriously violated by our data. Another advantage of bivariate probit is that cubic splines can be used to deal with issues of temporal dependence in both stages (Beck, Katz, and Tucker 1998). The use of cubic splines reduces the probability of creating biased parameter estimates, which is a potential consequence of lagging the dependent variable (Gujarati 1995).

The disadvantage of using a bivariate probit model is that it requires the use of a dichotomous dependent variable for both stages. This required collapsing the second stage dependent variables that originally had three values. Each physical integrity dependent variable was dichotomized. A value of "0" indicated at least one recorded violation of that particular human right with a value of "1" indicating no violations of that right during the year. In the tests of robustness section we examine the impact of structural adjustment on governments becoming frequent violators of these rights where a value of "0" indicates at least 50 violations of that particular human right and a value of "1" indicating less than 50 violations during the year.

An alternative that does not require collapsing the second stage dependent variable was to use logit at the first stage and ordered logit at the second. The two models would be linked by using predicted probabilities generated in the first stage as an independent variable in the second stage ordered logit model. This alternative approach was also employed but generated less efficient standard errors increasing the probability of both Type I and Type II errors (Greene 2003). Most important, the findings for all the second stage hypotheses were the same no matter which method of estimation or alternate specification of the dependent variable was used.

Results

The Single-Stage Results

As noted, the only other large-scale, comparative study of the impact of structural adjustment loans on the human rights practices of loan recipients utilized an ordinary least squares, single-stage, cross-sectional, time-series model (Camp Keith, and Poe 2000). Their model which examined annual data on 153 countries from 1980 to 1987, controlled for independent variables shown in previous research to affect the human rights practices of countries around the world (Poe and Tate 1994; Poe, Tate, and Camp Keith 1999). While the Camp Keith and Poe study examined the impact of IMF structural adjustment programs on human rights practices, one would expect similar human rights effects for World Bank structural adjustment programs. The dependent variable in their study was the Political Terror Scale

Table 3. Single-Stage Probit: The Impact of World Bank Structural Adjustment Agreements (SAAs) on Respect for Physical Integrity Rights 1981–2000

Respect for Physical Integrity Rights[†]	Negotiation of SAA	Robust Standard Error	Implementation of SAA	Robust Standard Error
Torture	0.028	0.114	− 0.218**	0.092
Political imprisonment	0.075	0.1	0.051	0.08
Extra judicial killing	0.175*	0.086	− 0.126*	0.07
Disappearance	0.204*	0.092	0.069	0.076

*$p > |z$ .05, **.01, ***.001. One-tailed test (splines to control for temporal dependence).
[†]For each of the human rights dependent variables a value of "1" indicates no violations of that right during the year, a value of "0" indicates at least one recorded violation of that right.

(PTS), a widely used aggregated, five-point measure of government respect for physical integrity rights. Their results indicated that, during the year of negotiation of a loan from the IMF, there was an improvement in the human rights practices of loan recipient governments, but the effect was not statistically significant. Thus, the authors rejected the negotiations hypothesis. However, they did find a worsening of respect for physical integrity rights during the years of implementation of IMF SAAs. This relationship between loan implementation and worsened human rights practices was significant at the .04 level of confidence, and, on the basis of this evidence, they accepted the implementation hypothesis.

For the purpose of comparison with their findings and to illustrate why a selection model is needed, Table 3 presents single-stage probit results of the impact of World Bank SAAs on respect for physical integrity rights over the 1981–2000 period. A positive coefficient between negotiation or implementation of a SAA and any of the dependent variables here and elsewhere in this analysis indicates an improvement in the human rights practices of a loan recipient government. Estimating an equation that included all of the independent variables listed in Table 2 generated these single-stage results. However, since this is just an illustration of the need for a two-stage model, only the eight relationships relevant to assessing the three human rights impact hypotheses (9, 10, and 11) are displayed in Table 3.

The results presented in Table 3 are strikingly similar to those presented by Camp Keith and Poe (2000) regarding the human rights impacts of IMF structural adjustment. The results for the practice of torture are identical—rejection of the negotiations hypothesis but acceptance of the implementation hypothesis. However, if one looks only at the effects of structural adjustment on extra-judicial killing, both the negotiations and implementation hypotheses are confirmed. If one looks only at disappearances, the negotiations hypothesis is confirmed, but the implementation hypothesis is rejected. To complicate matters even further, the probability that a government will engage in political imprisonment is shown to be unaffected by either the negotiation of a World Bank SAA or its implementation. The effects of structural adjustment on human rights are much clearer and more consistent after one has controlled for issues of selection by modeling the determinants of entering into a SAA, as the first stage of a two-stage analysis.

Two-Stage Results

Stage 1 Results: Entering into a World Bank SAA

Table 4 summarizes the first stage results from the bivariate probit model predicting which governments enter into SAAs with the World Bank. Bivariate probit models were estimated for each of the four different physical integrity rights. The dependent variable in the first-stage equation is a measure of whether a government entered

TABLE 4. Summary of First-Stage Results from Bivariate Probit Describing Which Countries Enter
into SAA with the World Bank 1981–2000

Entering into SAA with World Bank	Direction of Coefficient	Number of Models Where Coefficients Significant at $p > |z| \geq .05$
Economic variables		
GDP per capita	−	4
Exchange rate value	+	2
Average foreign currency reserves	−	2
Extent of international trade	−	1
Change in GDP per capita	+	0
Human rights		
CIRI: physical integrity rights index	+	4
Level of respect: workers rights	+	4
International political variables		
Log of population	+	4
Cold War	+	4
Alliance with United States*	+	1
Domestic political variables		
Military regime	+	1
Level of democracy	−	0
Conflict proneness variables		
Domestic unrest	−	3
Interstate conflict	−	0
Constant	−	3

*Alliances with other major contributors to the Bank: Japan, France, and the United Kingdom were found to have an insignificant impact on the probability of entering into a Structural Adjustment Agreement in all four models. SAA, structural adjustment agreement; GDP, gross domestic product. Splines are included to control for temporal dependence.

into a World Bank SAA. The second-stage equation utilized each of the physical integrity rights included in the analysis. In Table 4 the findings of the four first-stage equations are summarized. Once again, a positive sign in column two of Table 4 indicates an increased likelihood of entering into a World Bank SAA. The third column of Table 4 indicates the number of models in which each selection criterion was shown to be statistically significant at the .05 level of confidence or higher.

As shown in the second column of Table 4 the signs of all the statistically significant coefficients in all four models summarized in Table 4 were always in the hypothesized direction. Thus almost all of the selection hypotheses received some support. The results provided substantial support for Hypothesis 1 that economic difficulty increased the probability of entering into a World Bank SAA. Countries with low foreign currency reserves, low GDP per capita, and overvalued exchange rates were more likely to receive such loans. However, having little international trade was found to be statistically significant in only one model predicting entering into a SAA.

The results shown in Table 4 also demonstrate that these economic criteria only tell a small part of the loan selection story. When making SAAs, the Bank considers non-economic attributes of recipients as well. There is strong support for Hypothesis 2 that the World Bank has been more likely to give loans to the governments of countries that protect the human rights of their citizens. The results indicate that greater levels of respect for physical integrity and worker rights increase the probability of governments entering into World Bank SAAs. These results are consistent with the "governance matters" initiative of the Bank in recent years (Kaufmann, Kraay, and Mastruzzi 2005) and with the 1977 U.S. International Financial Assistance Act requiring the U.S. representatives on the Board of the Bank to use their votes and voices to advance human rights in loan recipient countries. Some attributes of the international political system have a significant impact on the

probability of entering into agreements with the World Bank. Hypothesis 3, that countries allied with the United States were more likely to receive SALs garners the least support, being statistically significant in only one of the models. As expected, countries with larger populations were more likely to enter into agreements (Hypothesis 4). Similarly, countries were more likely to enter into agreements after the end of the Cold War (Hypothesis 5).

Though all of the signs of the coefficients are in the predicted direction, these findings only give weak support to the idea that countries with authoritarian institutions had a greater probability of entering into SAAs with the World Bank (Hypothesis 6). Military regimes have had a slight advantage over civilian regimes in negotiating SAAs with the Bank, but this advantage was statistically significant in only one of the four models. The results concerning the effects of democracy presented in Table 4 show a consistent democratic disadvantage in negotiating SAAs from the World Bank, but all are statistically insignificant. While these tests provide little support for the democratic disadvantage hypothesis, as will be explained later, using an alternative measure of democracy as a test of robustness yielded results that provided greater support. The findings provided support for Hypothesis 7 that countries with lower levels of domestic unrest were more likely to enter into SAAs with the World Bank. However, no relationship was found between involvement in interstate conflict and entering into SAAs (Hypothesis 8).

The Second Stage Results: The Human Rights Impact of Structural Adjustment

The second human rights impact stage results in Table 5 show the selection corrected effects of SAAs on government respect for physical integrity rights. They show that during the year a government enters into a World Bank SAA, it is likely to reduce its use of torture, political imprisonment, extra-judicial killing and disappearances, confirming Hypothesis 9, the "negotiations" hypothesis. All of these relationships are statistically significant at the .001 level of confidence. During the subsequent 3 years of World Bank SAA implementation, there is a high probability that torture, extra-judicial killing and disappearances will all increase, confirming Hypothesis 10, the "implementation" hypothesis. These relationships are all significant at the .01 or .001 level of confidence. The likelihood that the government will resort to more political imprisonment also increases, but this relationship is only statistically significant at the .11 level of confidence.

In general, the control variables at the second, human rights impact, stage behave as one would have expected given the results of previous research. More specifically, in every case where a control variable showed up as statistically significant in any of the four models examined, the sign was in the expected direction. Moreover, all of the control variables except for interstate conflict were statistically significant in at least one of the four bivariate probit models estimated. Greater government involvement in interstate conflict was not related to physical integrity rights violations examined in any of the second-stage equations.

The ρ statistic indicates the extent to which the error terms in the two equations were correlated. Significant correlation between the two equations indicates that there were unaccounted processes which impact both determinants of SAA receipt and respect for physical integrity rights. While the conceptual and empirical approach taken in this work represents a significant improvement in our understanding of these processes, the large and significant ρ coefficient indicates room for further theoretical development.

Model Predictions and Explanations

The results presented in Table 5 showed that negotiating a SAA had a positive effect while implementation had a negative effect on respect for all four measures of

TABLE 5. Bivariate Probit Models[†] of the Impact of Entering into World Bank SAA and its Implementation on the Respect for Torture, Political Imprisonment, Extra Judicial Killing, and Disappearances 1981–2000[‡]

	Torture	Standard Error	Political Imprisonment	Standard Error	Killing	Standard Error	Disappearance	Standard Error
Respect for physical integrity rights								
Entering into World Bank SAA	1.561***	0.194	1.176***	0.219	1.645***	0.064	1.689***	0.077
Implementation of World Bank SAA	− 0.289***	0.094	− 0.1	0.082	− 0.251***	0.06	− 0.175**	0.067
Control variables								
Economic factors								
GDP per capita	0.00004***	0.000006	0.00004***	0.000007	0.0001***	0.00001	0.00009***	0.000009
Percentage change in GDP per capita	0.001	0.001	0.0002	0.0004	0.0003	0.0005	0.0008	0.0005
Domestic political factors								
Democracy	0.034***	0.006	0.064***	0.006	− 0.006	0.005	− 0.003	0.006
Military regime	− 0.025	0.152	− 0.168	0.143	− 0.206*	0.102	− 0.092	0.108
Log population	− 0.142***	0.028	− 0.202***	0.026	− 0.162***	0.022	− 0.128***	0.023
Percentage change in population	0.006	0.035	0.041	0.027	0.019	0.02	0.023	0.02
U.K. dependent/colonial experience	− 0.034	0.086	− 0.006	0.081	− 0.013	0.071	0.153*	0.075
Conflict proneness								
Interstate conflict	0.126	0.109	0.008	0.101	0.008	0.087	0.08	0.089
Civil conflict	− 0.359***	0.089	− 0.278***	0.063	− 0.158***	0.05	− 0.272***	0.039
Constant	1.857***	0.451	3.01***	0.422	2.39***	0.352	2.294***	0.37
Rho	− 0.827***	0.074	− 0.707***	0.106	− 0.984***	0.009	− 0.975***	0.009
N	1918		1918		1918		1918	

$p > |z$ *.05, **.01, ***.001.
[†]Only the second stages of each model are shown.
[‡]Models are estimated with robust standard errors with one tailed significant tests, splines are included to control for temporal dependence.
SAA, structural adjustment agreement; GDP, gross domestic product.

physical integrity rights. Thus, it was possible that the net effects were negligible. Table 6 shows that entering into SAAs and implementation of structural adjustment conditions had the net effect of increasing the probability that all four physical integrity rights would be violated. It also provides some support for the differential effects hypothesis and shows that the two-stage model presented has considerable explanatory power. Columns I and II in Table 6 present the predicted probabilities of torture, political imprisonment, extra-judicial killing, and disappearances occurring in countries that did not enter into or implement a SAA in a particular year in comparison with the probabilities of violations of those rights when loans were entered into and implemented. Column III shows the absolute change in probability that each right would be violated as a result of entering into and implementing an agreement. The probabilities listed in columns I and II were calculated holding all other independent variables included in the analysis at their mean or modal values. Thus, for example, ceteris paribus, the probability that torture would occur in a country in a year when a SAA was *neither* entered into nor implemented was 5%. The probability that torture would occur in a year when a SAA was entered into and implemented was 31%. As column III indicates, this represents an absolute increase of 26% in the probability of torture taking place.

The differential effects hypothesis posited that the effects of structural adjustment would be greatest on torture and political imprisonment, the most common forms of abuse of physical integrity rights, and that it would be smallest on extra-judicial killing and disappearances, the less frequent forms of abuse. The information contained in column III provides weak support for this hypothesis. As expected, governments that entered into and implemented SAAs substantially increased the use of torture. However, the practice of political imprisonment did not increase much more than the practice of extra-judicial killing.

The coefficients presented in column IV of Table 6 also indicate that all four models have substantial explanatory power. In work using linear regression models, a measure like "adjusted R^2" is often used as a summary measure of the model's explanatory power. Following Long's (1997:106–109) suggestions for evaluating the explanatory power of models with binary dependent variables, the percent of reduction in error of prediction based on the largest marginal (adjusted count R^2) is reported instead. This measure assesses the proportion of correct predictions a model produces. It is an improvement over previous measures like count R^2, which can give a faulty impression of a model's predictive abilities, since in a model with a binary outcome it is possible to correctly predict at least 50% of the cases by simply choosing the outcome category with the largest percentage of observed cases (Long 1997:107). The adjusted count R^2 accounts for this possibility, and produces a result that is the "proportion of correct guesses beyond the number that would be correctly guessed by choosing the largest marginal" (Long 1997:108).

Examining column IV of Table 6 shows that the models reduced the errors in prediction for the practices of torture and political imprisonment by 39% and 26%, respectively. This is the best indication of the substantial power of the models presented. The practices of disappearances and extra-judicial killing are relatively rare occurrences. Thus, one of the marginals in each case is very large. For this reason, the models reduced the errors of prediction based on the largest marginal for disappearance and extra-judicial killing by lesser amounts—10% and 3%, respectively. While not shown in Table 6, the models also reduced the error in predicting selection into SAAs with the World Bank by 23%.

Tests of Robustness

The findings for the two-stage bivariate probit models inform us about the impact of entering into and implementing a SAA on the probability of *at least one* recorded violation of each of the four physical integrity rights. However, they do not tell us if

TABLE 6. Predicted Probabilities and Explanatory Power of Models: World Bank Structural Adjustment and Physical Integrity Rights Violations 1981–2000

Respect for Physical Integrity Rights	Column I Probability of Human Rights Violation Occurring if SAA is Not Entered into or Implemented (%)	Column II Probability of Human Rights Violation Occurring if SAA is Entered into and Implemented (%)	Column III Absolute Change in Probability of Violation Because of Entering into SAA and Implementation (%)	Column IV Percent Reduction in Error of Prediction Based on Largest Marginal (%)
Torture	5	31	26	39
Political imprisonment	5	22	17	26
Extra-judicial killing	<1	18	17.9	3
Disappearance	<1	16	15.9	10

SAA, structural adjustment agreement.

SAAs increased the probability of governments becoming *frequent* violators of human rights. In order to examine this question, an alternate measure of the dependent variable was constructed, where a value of "0" indicated frequent violations of a particular right and a value of "1" indicated occasional or no violations. The findings yielded by this alternative measure mirrored those presented in Table 5. Entering into agreements *reduces* the probability of being classified as among the worst violators across each different type of physical integrity right. However, when governments implement SAAs the probability of becoming classified as among the worst violators *increases* across each measure of the government respect for physical integrity rights.

The negative effects of structural adjustment on human rights practices also was found using the PTS as a measure of overall respect for physical integrity rights. The PTS scale runs from 1 through 5 where 1 indicates the best human rights conditions and five indicates the worst. Two different break points were analyzed. The first test dichotomized the PTS so values of 1, 2, 3 = "1" with values of 4, 5 = "0." This measure separates the worst human rights offenders from the others. Using this break point, receipt significantly increased the probability of better human rights practices, while implementation significantly worsens the situation. If we dichotomize the PTS scale where values of 1, 2 = "1" and 3, 4, 5 = "0," isolating the situations where most human rights are respected from the others the findings are consistent, but weaker. Receipt significantly increases the probability of better human rights practices, while implementation worsens the situation but is not significant.

Interstate conflict remained an insignificant predictor of both entering into a SAA and of government repression of physical integrity rights regardless of the alternative measures used. Instead of the scale indicating whether an interstate conflict with at least 1,000 battle deaths occurred, a dummy variable indicating an interstate conflict when there were 25 or more battle deaths was specified. Even with this much lower threshold than the usual 1,000 battle deaths, interstate conflict was an insignificant predictor at both stages of the model.

Using a different measure of democracy produced more support for the democratic disadvantage hypothesis. First, the 0–20 point democracy–autocracy variable was replaced with a 0–10 democracy measure taken from the POLITY IV data set.[10] The previous democracy–autocracy measure had generated coefficients that were in the hypothesized direction, but insignificant in all models predicting entering into a SAA. The 0–10 measure also showed that more democratic states were disadvantaged in their negotiations with the World Bank and was significant at the .05 level or higher in two out of the four models. After also dropping the variable measuring whether a government was military or civilian from the first-stage equation, a democratic disadvantage in entering into a SAA was found in all four models at the .05 level of confidence or higher. On the basis of these additional tests, the democratic disadvantage hypothesis should be accepted.

The finding that domestic unrest was a significant factor predicting entering into a SAA also was sensitive to alternative measures. The original operationalization, which recorded the number of annual riots within a country was replaced separately with instances of guerilla warfare, demonstrations and strikes, all taken from the Banks (2002) Cross National Times Series data set. Each alternative measure was found to be an insignificant predictor of entering into a SAA in three of the four models. These additional tests weaken our confidence in the domestic unrest selection hypothesis.

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[10] For an analysis of the relative merits of the two measures see Gleditsch and Ward (1997).

Discussion

The most important substantive finding of this study is that receiving and implementing a SAA from the World Bank had the net effect of worsening government respect for all types of physical integrity rights. This finding is generally consistent with the findings of previous comparative and case study research on the human rights effects of IMF SAAs. It supports one of the main hypotheses in our research—that there would be a higher probability of physical integrity rights violations during the years a SAA was implemented. It is stronger, but generally supportive of the finding reported by Camp Keith and Poe (2000) regarding the effects of IMF structural adjustment conditions. The direction of our findings for political imprisonment were consistent with this hypothesis but were only statistically significant at the .11 level of confidence. It was hypothesized that the practices of torture and political imprisonment would be most affected by entering into and implementing SAAs. While the results did not provide strong support for this "differential effects hypothesis," the variation in the effects of SAAs across the four dependent variables examined did illustrate the usefulness of using disaggregated measures of physical integrity rights violations as advocated by McCormick and Mitchell (1997). Consistent with Putnam (1988), the findings also indicated that democratic governments had a disadvantage in negotiating SAAs with the Bank.

These findings concerning the effects of World Bank structural adjustment conditions on the human rights practices of loan recipients, with small differences, also pertain to the effects of negotiating and implementing a SAA with the IMF. In separate tests we have examined the impact of IMF conditionality and the joint effects of structural adjustment loans by the IMF and/or the World Bank (Abouharb and Cingranelli 2004b, 2004c). No matter how the structural adjustment intervention is operationalized, the net effects on government human rights practices are found to be negative. We do not present all of those results in this paper mainly because of space limitations. However, there is also a void in the literature concerning the World Bank. While there have been numerous studies of the economic impacts of SAAs issued by the IMF, and Camp Keith and Poe (2000) and Franklin (1997) have conducted research on the human rights impacts of the IMF, there has been no previous global, comparative, cross-national research on the economic and human rights impacts of SAAs issued by the World Bank. As the number of SAAs issued by the World Bank and the IMF has been about the same over the period of this study, both international financial institutions have been about equally important in promulgating structural adjustment reforms. This paper, by focusing on the World Bank, begins to redress an unjustified imbalance in the literature.

Though it is clear that structural adjustment policies have negative human rights consequences for loan recipients, these bad outcomes probably have been unintended. First, the World Bank has been public in its commitment to good governance, including good human rights practices, as a way to promote economic development (Kaufmann 2004; Kaufmann, Kraay, and Mastruzzi 2005). Second, the selection stage findings indicated that the Bank has been more likely to give loans to governments with relatively good records of protection of physical integrity rights and worker rights. Third, the loan selection practices of the World Bank were not found to be strongly affected by the political interests of the major donors. Having an alliance with the United States or another major donor to the Bank had little effect on whether or not a country received a loan. Fourth, the findings showed that human rights practices improved during the years new SALs were negotiated. One might infer that these improvements were designed to please Bank officials. Finally, there is no evidence that suggests that the Bank is aware of the negative human rights effects of structural adjustment.

In fact, in some very public ways, the World Bank has seemed concerned about advancing human rights, especially in recent years (Blackmon 2005). James

Wolfensohn, in speeches he gave as the former World Bank President, even came close to using a human rights framework in his discussion of the poverty reduction efforts of the Bank (World Bank 2005). This evidence of concern about human rights can be seen elsewhere in the Bank's activities. Since 1994, the World Bank's Governance Project has emphasized the role of good governance as a precondition for development. The Director of the Project has even argued that respect for human rights is a necessary condition for economic growth (Kaufmann 2004). However, despite this apparent concern about promoting good human rights practices, the World Bank continues to use the tool of structural adjustment as its principal way to promote economic development, and there is no evidence that the provisions of the SAAs negotiated by the World Bank have changed in recent years or are different from those negotiated by the IMF.

The contributions of this study are theoretical and empirical, while the findings have important policy implications. This study contributes to efforts to build a theory of repression by providing additional evidence that transnational forces such as globalization and transnational actors including international financial institutions affect the human rights practices of governments. In contrast, previous studies have focused mainly on state-level characteristics such as their wealth or level of democracy. The results of this study also provide evidence supporting the critical theory argument that rapid, externally imposed economic liberalization does not stimulate economic development and worsens government human rights practices.

Empirically, this study makes several contributions. This is the first large scale comparative study to examine the human rights impacts of World Bank structural adjustment agreements, and the time period examined in this work (1981–2000) nearly triples the time period examined in any other study of the human rights effects of structural adjustment. It is also one of the few studies that disaggregate the analysis of government respect for physical integrity rights. Cubic splines were used to account for temporal dependence. Perhaps, most important, the relationship between structural adjustment and respect for physical integrity rights was reconceptualized to recognize that some of the factors which affect the likelihood of entering into a SAA also affect government human rights practices. This reconceptualization led to the use of a two-stage equation model to correct for the World Bank's selection criteria when estimating the human rights consequences of structural adjustment. The empirical results of the two-stage model differed from the single-stage results in important ways. The single-stage findings did not provide much support for either the neoliberal or critical theoretical perspective. The two-stage results provided strong support for most of the findings of the case study literature and for the critical theoretical perspective that provides the foundation of most of that work.

When coupled with the body of research showing that structural adjustment programs do not stimulate economic growth (Przeworski and Vreeland 2000; Vreeland 2003), the findings presented here cast serious doubt upon the wisdom of insisting upon rapid neoliberal structural adjustment as the main condition for providing loans. The Bank's structural adjustment policies were shown to lessen the four human freedoms examined in this study. Most likely, protecting these and other human freedoms is critical to the promotion of economic growth (Sen 1999; Kaufmann 2004). Thus, structural adjustment programs as presently conceived and implemented undermine the Bank's mission to alleviate poverty around the World, and instead generate conditions for its perpetuation. Besides expanding market freedom, the World Bank should insist upon improvements in respect for other human rights as a condition for receiving new structural adjustment loans.

Future research on the human rights effects of structural adjustment should examine the consequences for other types of human rights such as worker rights and women's rights. Future work also should focus on developing improved measures of structural adjustment loan implementation. New measures would allow for

a closer examination of the direct and indirect effects of the speed and types of economic liberalization on democratization, domestic conflict and ultimately on government respect for human rights. Economic liberalization may not have inevitable negative consequences for the human rights practices of governments. However, the results of this research demonstrate that the rapid, externally imposed economic liberalization of the type insisted upon by the World Bank has led to increased government violations of physical integrity rights.

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