

THE DANISH  
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FREEDOM AND  
PARTICIPATION  
RIGHTS AND  
GROWTH IN GHANA  
AND POLAND

A CASE STUDY

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## FREEDOM AND PARTICIPATION RIGHTS AND GROWTH IN GHANA AND POLAND A CASE STUDY

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# ABBREVIATIONS

CIRI The Cingranelli-Richards Human Rights Index

ERP Economic Recovery Programme

SAP Structural Adjustment Programme

# EXECUTIVE SUMMARY

This study utilises qualitative historical documentation to analyse possible mechanisms behind the positive relationship between freedom and participation rights and economic growth found in Koob, Jørgensen and Sano (2017). It does so by focusing on economic and human rights-related events in two countries: Poland and Ghana. Both countries have been subject to severe violations of freedom and participation rights during authoritarian rule but have also experienced improvements in respect for human rights in more recent times. This allows an analysis of how both positive and negative changes in respect for freedom and participation rights affect economic growth.

## **BACKGROUND**

In their econometric study, Koob et al. (2017) found that for Europe and Central Asia as well as for Sub-Saharan Africa, improvements in freedom and participation rights, measured by the CIRI Empowerment Rights Index, had a positive effect on growth 10-15 years ahead in time. The effects were primarily driven by three of the rights in the Index, electoral self-determination, freedom of assembly and association and freedom of speech and press. For Sub-Saharan Africa, Koob et al. (2017) found that freedom and participation rights affect economic growth by improving government effectiveness, which, in turn, increases growth. For Europe and Central Asia, part of the effect occurred through a positive impact on trade, investments, productivity and government effectiveness, and part of the effect was independent of any of the included control variables. This indicates that freedom and participation rights support economic growth, partly by affecting institutional and economic factors positively.

## **FREEDOM AND PARTICIPATION RIGHTS IN EFFECT**

In the study of Poland and Ghana, we find effects from the rights stressed in Koob et al. (2017), as well as a few of the other freedom and participation rights used in the Index. Firstly, both authoritarian regimes were characterised by suppression of freedom and participation rights, resulting in low accountability, high uncertainty and severe economic mismanagement, harming investments and government effectiveness and ultimately growth. In both countries, the population refused to give up the rights of freedom of assembly and association, which resulted in influential strikes and demonstrations as well as the emergence of strong civil associations that unified different groups in society in support of democracy. The influence of these associations was facilitated by the use of free speech and press.

In Poland, advocacy for human rights and democracy was supported by the strong Catholic Church, representing freedom of religion. The strong associations assisted in the transition to electoral self-determination and democracy. The processes of democratisation in turn entailed higher levels of accountability of government and with that reduced economic mismanagement. The institutionalisation of democracy was furthermore accompanied by an increased focus on policies promoting economic growth.

For Poland, the improved accountability of the democratically elected governments led to improvements in trade, investments and productivity, as suggested by Koob et al. (2017), as well as enhanced government effectiveness in the improved implementation of credible policies. Part of the positive effect on the economy was due to a beneficial international response to the new commitment to human rights and democracy, which included debt-reduction and increased co-operation and trade.

For Ghana, electoral self-determination, increased accountability and transparency resulted in improved economic policies and investments, as the political costs of financial mismanagement grew. Political focus shifted towards growth-promoting policies to ensure public support. However, limited accountability and low government effectiveness remained a problem in Ghana, partly due to institutional legacies and continued limitations on the respect for freedom and participation rights.

As is suggested by Koob et al. (2017), the effects from freedom and participation rights on growth tended to manifest with some lag in time. Influential events occurred from between a few years to decades before significant changes in growth. Especially Poland, and to a lesser degree Ghana, had previous experience with freedom and participation rights and democratic institutions before being subject to the authoritarian regimes analysed in this study. This indicates that effects of human rights and democratic institutions are durable beyond their immediate political existence; as the previous experience with freedoms and democratic institutions provides political actors and agents with visions to pursue, as well as knowledge on how to utilise human rights tools such as demonstrations, strikes, sharing of information and civil advocacy. The familiarity with these activities would influence the political and economic development, even when these rights were not currently being respected by the government.

### **HUMAN RIGHTS CAN BE A FACILITATOR FOR OTHER GROWTH FACTORS**

Freedom and participation rights are by no means the only factors affecting growth, but the two case studies indicate that they facilitate other influential factors, such as the ability of the population to keep the government accountable, political stability, and international cooperation including trade and investments. Despite the importance of human rights, their indirect role of influencing other factors may blur the visibility of their impact.

An additional reason for the lack of attention given to human rights in the literature on growth could be the time lag found in the present case studies as well as in Koob et al. (2017). Since the effects can travel through longer chains of events and intermediate factors, they often take years or decades to materialise. These two characteristics indicate that it is important to pay attention to human rights as a facilitator for other influential factors when assessing the determinants of growth.

# CHAPTER 1

## INTRODUCTION

This paper aims to illustrate connections between freedom and participation rights and economic growth by examining the history and economic development of two countries, namely Poland and Ghana. The study represents a follow-up to an earlier working paper by Koob, Jørgensen and Sano (2017) at the Danish Institute for Human Rights. In their econometric analysis of 167 countries, Koob et al. (2017) reach the conclusion that freedom and participation rights, as measured by the CIRI Empowerment Rights Index, seem to positively affect GDP per capita growth with a time lag of 10-15 years. The Empowerment Index consists of seven sub-indicators, namely freedom of speech and press, freedom of assembly and association, electoral self-determination, workers' rights, freedom of foreign and domestic movement. Of these, Koob et al. (2007) find that, in particular, the first three – electoral self-determination, freedom of assembly and association and freedom of speech – promote economic growth.

The present case studies examine actual historical events that may explain and illustrate the connections between human rights and growth seen in the paper by Koob et al. (2017). It does so by analysing aspects of the economic and human rights history of two countries up to and through the period of 1981-2010, which is the period examined in Koob et al. (2017), with the intention to answer the following questions:

**What linkages do we find between freedom and participation rights and economic growth in Poland and Ghana? And to what extent do these linkages resonate with the results from Koob et al. (2017)?**

The case studies show that, in both countries, the authoritarian regimes were characterised by severe human rights violations and produced low or negative growth, whereas growth was strengthened once the countries returned to democracy and increased respect for freedom and participation rights. Although the authoritarian regimes in both cases violated human rights up until the transition to democracy, the measures used were slightly less oppressive compared to many other authoritarian regimes, allowing for civil movements to emerge that influenced the political process in a democratic direction. It is also likely that previous levels of democracy and freedoms played a role. As the Polish people had experienced political freedoms before the authoritarian takeover, they already had visions to pursue, as well as knowledge on how to utilise human rights tools such as strikes and demonstrations. This experience was likely instrumental in putting



the authorities under pressure, and once democracy was restored, the institutional setup and bureaucracy could relatively easily support growth-supporting policies. For Ghana, rebuilding their own sovereign government after a long history of colonial occupation posed a different set of challenges. The governments following independence were often undemocratic, and the institutions became dominated by patronage and lack of expenditure transparency, which proved difficult to change even when democracy was restored. For both countries, the studies find that freedom and participation rights and advocacy actions affect political accountability by increasing transparency and institutional checks and balances, thereby encouraging financial discipline, growth-promoting policies and private sector activity. More specifically, the studies find the following connections between freedom and participation rights and economic development for the countries respectively:

#### **POLAND:**

1. The authoritarian communist regime between the 1940s and 1980s was characterised by violations of many human rights, including electoral self-determination, freedom of speech and press and the freedom of assembly and association. The oppression resulted in lack of accountability, economic mismanagement and low productivity, culminating in poor economic growth.
2. The communist regime's control was weaker in Poland compared to other countries, and actions relating to freedom and participation rights, such as workers' strikes, demonstrations, underground press and the Church's public resistance further weakened the regime's control. This made room for the emergence of the powerful political trade association Solidarity.
3. The public pressure from demonstrations and from Solidarity made it possible for Poland to re-establish electoral democracy as the first Soviet-controlled country in Eastern Europe. Since the new government had its roots in a democratic movement, it enjoyed popular support and exhibited high levels of accountability. These factors helped prevent elite capture, improved government effectiveness and enabled the government to restructure the economy into a free market with investment-friendly policies that proved to lead to economic growth.
4. The positive development was further supported by a favourable response by the international society. The renewed focus on democracy and human rights resulted in debt-reduction and EU funding for e.g. infrastructure, which both affect growth positively.
5. Experience with freedom and participation rights and democracy from earlier time periods are likely to have affected the development positively, as they provided visions to pursue on how to structure society, knowledge of how to influence the government by exerting rights, as well as institutional heritages that facilitated democracy and good governance.

**GHANA:**

1. The unstable and often authoritarian governments between 1957 and the early 1980s were characterised by a lack of accountability towards the population, not least due to violations of freedom and participation rights such as electoral self-determination, freedom of assembly and association and free media. The lack of accountability fostered mismanagement of public resources, lack of predictability and poor economic policies, thereby harming economic growth through low government effectiveness and poor investment climate.
2. During the early 1990s, several associations advocated for democracy and assisted in the adoption of a new multiparty constitution, leading the way for electoral self-determination in Ghana, reflecting an effect of assembly and association.
3. Once Ghana obtained electoral self-determination, increased political competition caused a modification of the patronage and extractive practices, leading towards more sustainable policies with an improved business climate and conditions for investments and growth.
4. The access to increasingly free media during the 1990s made it easier for the public to hold the government accountable, which in turn helped promote economic growth.
5. Despite the improvements, Ghana's economy continued to suffer from institutional legacies of patronage and an overly large and ineffective public sector, resulting in low government effectiveness. As a part of the explanation, the literature points to continued limitations on freedom and participation rights, indicating that Ghana would have come even further, had these rights been fully respected.

## CHAPTER 2

### METHODOLOGY

#### **2.1 HOW TO ESTABLISH THE CONNECTION BETWEEN HUMAN RIGHTS AND GROWTH**

When analysing the effects of human rights on economic development, one should observe the ways in which they affect the political and economic reality, including when these rights are violated. Human rights do not only become economically and academically relevant when they are fully respected and play a visibly positive role, they are equally relevant when their absence negatively affects the functioning of a country, and thereby harms its growth. Human rights demonstrate the effect of their absence, for example when economic mismanagement and lack of government effectiveness prevail due to the population being unable to keep the leaders accountable and disciplined, lacking the channels to do so via freedoms and elections. This indirect role as a facilitator for the effective functioning of the political and economic institutions may be the reason why human rights often receive little attention in accounts of economic development. In this paper, we analyse how the existing literature links freedom and participation rights to economic development, and we point out links that may have previously gone under the radar in the literature.

#### **The advantage of combining quantitative and qualitative studies**

In this paper we supplement the econometric results from Koob et al. (2017) with historical documentation to increase our understanding of the link between freedom and participation rights and growth. An advantage of the econometric analysis is that it produces results that seem to be generally true by utilising a large number of observations, in this case by including data for many countries over many years. This helps differentiate systematic links between factors from apparent links that are merely coincidental. By including variables on related factors, it is possible to discern the individual importance of each factor, which can sometimes be difficult when looking at a single country with its wide variety of events and conditions. Many societal conditions seem to appear in clusters in the same countries, such as a high level of respect for human rights, good institutions, democracy and high economic development; a country that scores highly on one of these, often scores highly on the rest. By including information on these variables for many countries in an econometric model, it is possible to separate the effect of each individual variable. In this way, Koob et al. (2017) concluded that the tendency to observe high growth in countries with a high level of freedom and participation rights was not just due to other coinciding factors, instead the rights had an individual effect on growth as well as an effect on institutional and economic factors that promote growth.

What the econometric analysis does not offer, are examples of the actual mechanisms by which freedom and participation rights translate into growth. In that respect, a case study can present the real-life events where human rights conditioned economic development, thereby illustrating the underlying mechanisms of the econometric result.

As every country has its unique history, the econometric analysis cannot take into account the full variety of events in each individual country, occurring over centuries or millennia. The fact that the varied histories of many countries can generate general results, despite their differences, speaks for the strength of the econometric method, but it can also overlook links that are particular to just a few countries. The econometric method requires a high level of probability that the estimated results hold true, i.e. statistical significance. More specifically, a correlation will only be considered a reliable result if it is 90-95 pct. certain that it is not just a coincidence, after taking into account other influential factors. As a result, some factors may show up as insignificant for the sample as a whole, but may have de facto importance in certain countries. This means that when looking for links found in an econometric study in a qualitative study, one must be open for the inclusion of factors even if their statistical significance has not yet been established. As will be seen in the analysis, although religious freedom did not have a significant effect in Koob et al. (2017), it did play a role in Poland's path to growth. Analysing the actual history of individual countries will therefore provide us with an understanding of the ways that freedom and participation rights turned out to be essential for their economic development, in some ways very similar to what is predicted in Koob et al. (2017) and in other ways offering connections particular to those countries.

### Connecting quantitative and qualitative studies

In order to trace the results from Koob et al. (2017), the case studies combine quantitative and qualitative elements. First, for each country, we outline what connections we expect to see between freedom and participation rights and economic growth, based on the regional results from Koob et al. (2017). Second, we provide graphs on the most essential parameters used in Koob et al. (2017), namely growth, GDP per capita, the relevant freedom and participation rights and a number of other important factors. Third, we assess the fit between the country's growth and the predictions derived from the econometric model in Koob et al. (2017). Due to the generalised nature of econometric results, not all countries will be an exact fit for the results. Most likely, some countries experience stronger effects of certain rights than the average, and others may experience weaker effects or effects from other rights entirely. To assess how accurately the two countries fit with the model, we provide a comparison between the actual growth data of the two countries and the predicted growth generated by the regional models in Koob et al. (2017). This demonstrates that the countries in the studies fit reasonably well as examples that can shed light on the mechanisms. Fourth, the historical analysis is based on qualitative and secondary material from a range of authors, as well as our own assessments based on the qualitative and quantitative material.

## 2.2 INDICATORS

In order to relate historical events in Poland and Ghana to the variables used in the econometric study by Koob et al. (2017), this section will provide definitions of the concepts that lie behind the data.

For both of the regions represented in this study, Sub-Saharan Africa and Europe and Central Asia, the main drivers of the effect from freedom and participation rights are the freedom of assembly and association as well as electoral self-determination. In addition, the historical material indicates that freedom of speech will play a part in Poland and Ghana, and so will the right to religious freedom in Poland. These five indicators are described in further detail below. Three other sub-indicators exist which are used in the Empowerment Index of CIRI, namely workers' rights and freedom of foreign and domestic movement, but since they appear to play a less essential role as drivers of events in the literature, and they do not display the required statistical significance in Koob et al. (2017), they will not be treated further here.

**Freedom of assembly and association** involves the right for citizens to assemble freely and associate with others in political parties, trade unions, cultural organisations or the like. This can mean protesting or demonstrating, as well as forming and being members of associations. The scale used in CIRI covers the values 0-2, where 0 means that the right is severely restricted or denied to all citizens, a score of 1 means that the right is limited for all citizens or severely restricted or denied for certain groups, and a score of 2 means that the right is virtually unrestricted and enjoyed by practically all citizens.

**Electoral self-determination** represents the right of citizens to freely determine their own political system and leadership. Via periodic free and fair elections with universal suffrage, people should both in practice and law have the right and ability to change the laws and officials that govern them. The indicator covers the scale 0-2, where 0 means that the right to free and fair elections is not respected, a score of 1 means it is limited, and the highest score of 2 means that the right is generally respected.

**Freedom of speech and press** measures whether the freedom of speech and press is affected by government censorship or ownership. Censorship can involve denying the population the right to express critique of government policies. On the scale of 0-2, a score of 0 means that the government censorship/ownership of the media is complete, 1 means there is some censorship/ownership, and 2 means there is none.

**Freedom of religion** measures whether people are free to exercise and practise their religious beliefs without government interference. It also means that members of the clergy are allowed to freely express political views and opinions that oppose the government laws. On the scale of 0-2, 0 means that government

restrictions on religious practices are severe and widespread, 1 means they are moderate and 2 means restrictions are practically absent. (Cingranelli, Richards and Clay, 2014).

#### DEFINITIONS OF INTERMEDIATE VARIABLES

Koob et al. (2017) find that freedom and participation rights have their own effect on growth, as well as an effect through a range of intermediate variables defined below.

**Trade**, as used in Koob et al. (2017), measures the sum of exports and imports of goods and services as a percentage of GDP.

**Investment** is measured in percentage of GDP.

**Total factor productivity** denotes the part of production that is not solely inputs, thereby representing the efficiency of the usage of inputs.

**Government effectiveness** captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies (World Governance Indicators).

## CHAPTER 3

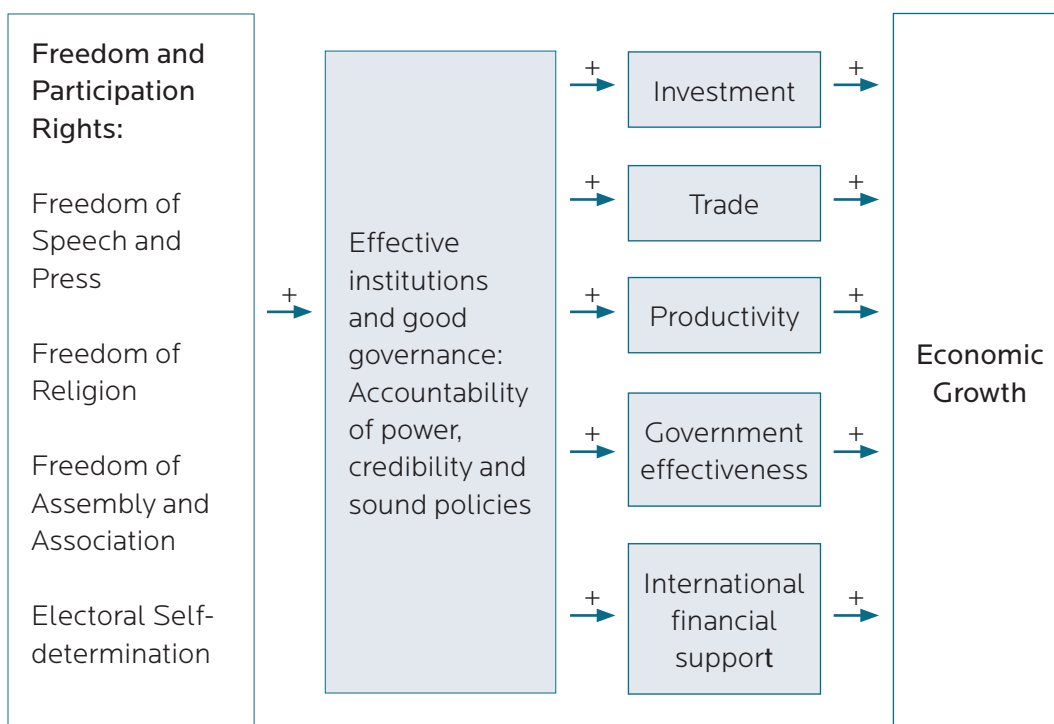
### POLAND

Poland was the first communist country in Europe that managed to overthrow its Soviet-influenced government and replace it with democratic rule. Poland presented its first semi-democratic government in September 1989 and its first fully democratic government in 1991. Before returning to democratic rule, Poland was subject to volatile growth rates, high inflation and high debt, but during the 20 years following the transition, Poland's economy grew more than any other country in Europe (Piatkowski, 2013).

#### **3.1 EXPECTATIONS BASED ON KOOB ET AL. (2017) COMPARED TO THE FINDINGS**

The results from the region of Europe and Central Asia in Koob et al. (2017) suggested that, in particular, electoral self-determination and assembly and association could play a role on Poland's economic growth. The effect was found to occur with a lag of 10-15 years, particularly through trade, productivity and investments, as well as government effectiveness. The connections between freedom and participation that appear in the case study of Poland can be seen in Figure 3.1, and they resonate to a large degree with the expectations. The figure illustrates that freedom and participation rights had a positive effect on institutions and, through these, affected economic factors and finally economic growth. More specifically, events concerning speech, media, religion, association and assembly helped to achieve electoral self-determination in Poland; all these rights contributed to holding the government accountable for its actions. Due to the improved accountability, government effectiveness increased, and the government followed the mandate from the population and pursued policies that increased investment, trade and productivity, which contributed to Poland's economic growth. The democratisation and improved respect for human rights furthermore resulted in growth-promoting financial assistance from the international society.

FIGURE 3.1: OVERVIEW OF CONNECTIONS BETWEEN FREEDOM AND PARTICIPATION RIGHTS AND GROWTH<sup>1</sup>



### 3.2 QUANTITATIVE INDICATORS FOR POLAND

Before entering the historical analysis, we will briefly look at the empirical development of the indicators used in Koob et al. (2017). The analysis contains references to these indicators to show how real-life events translate into the data used in the econometric analysis in Koob et al. (2017).

Figure 3.2 shows the Empowerment Index, which is the indicator for freedom and participation rights used in Koob et al. (2017). The period of 1981-2011 includes all years for which CIRI data are available. The graph also shows GDP per capita growth<sup>2</sup>. Freedom and participation rights exhibit a level shift around 1988 and the growth starts its positive path a few years later after fluctuating close to 0 during the 1980s. Figure 3.3 shows GDP per capita, which demonstrates even more clearly how Poland stagnates economically during the 1980s, followed by a quick increase in the 1990s.

Figure 3.4 shows the development in freedom of assembly and association as well as electoral self-determination, both scoring from 0 to 2. The transition to democracy in 1989 marks a positive development where both indicators seem to exhibit a level shift to the highest level of freedom with a few exceptions during the years.



Freedom of speech and press as well as religious freedom are shown in Figure 3.5. Both indicators see a positive level shift during the late 1980s, but where religious freedom more or less stabilises around the highest level possible, freedom of speech and press seem to be continuously subject to infringements during the 1990s and the 2000s.

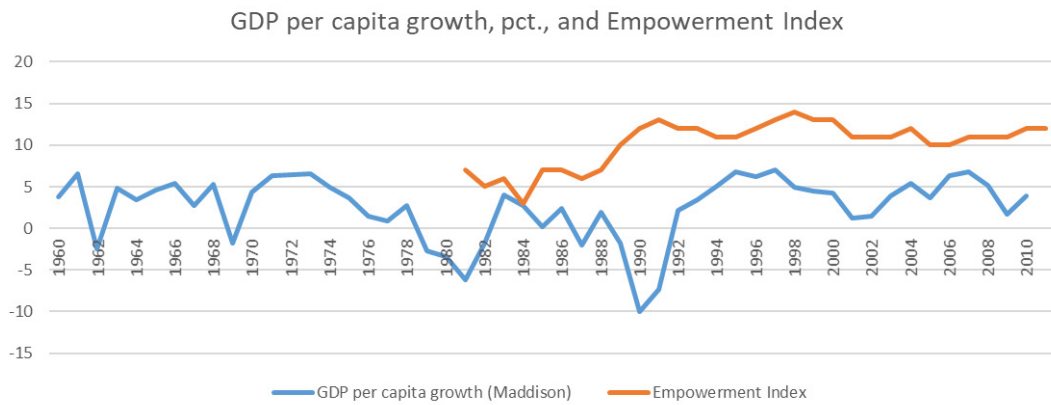
Freedom and participation rights showed independent effects on growth in the region of Europe and Central Asia in Koob et al. (2017), but they also seemed to affect growth through their influence on other important factors, namely trade, investment, productivity and government effectiveness. Trade and investment in pct. of GDP are seen in Figure 3.6. Trade is clearly increasing after the mid-1990s, whereas a clear trend cannot be seen for investments. However, as GDP per capita itself increases markedly from 1993, the absolute level of investments is still increasing despite the negligible changes in its level relative to GDP.

Koob et al. (2017) hypothesise that strong freedom and participation rights provide a good basis for effective institutions and good governance, which in turn promote economic growth. They find that the World Bank's World Governance Indicator for government effectiveness has a statistically significant impact on economic growth in both Europe and Central Asia and Sub-Saharan Africa. The World Governance Indicators only provide data from 1996-2014, which makes it hard to evaluate the effects of improvements in freedom and participation rights during the 1980s and the early 1990s. Instead, these case studies include Williams' indices of, respectively, information transparency and accountability transparency to evaluate the effectiveness of the public institutions, although especially the information transparency relates more to the public's access to information on government performance rather than to a direct measure of the performance itself.

Information transparency reflects the access to general information on the economy of the country that allows individuals and firms to take informed decisions on economic actions, such as GDP, inflation and unemployment rates. It also allows the public to see whether government policies ultimately result in good macroeconomic performance. Accountability transparency<sup>3</sup> reflects transparency of government behaviour within the bureaucratic, legislative and executive areas, such as monetary policy, fiscal information and budgets.

Figure 3.7 shows that information transparency improves only slightly up until 1990, whereas steeper increases appear during the decades following the transition to democracy. The Accountability transparency seems to take a leap around 1983-1984, only to stagnate at a still low level thereafter. From 1990, a sudden increase takes place following the transition to democracy, until the indicator reaches a relatively stable level from 1996 and onward.

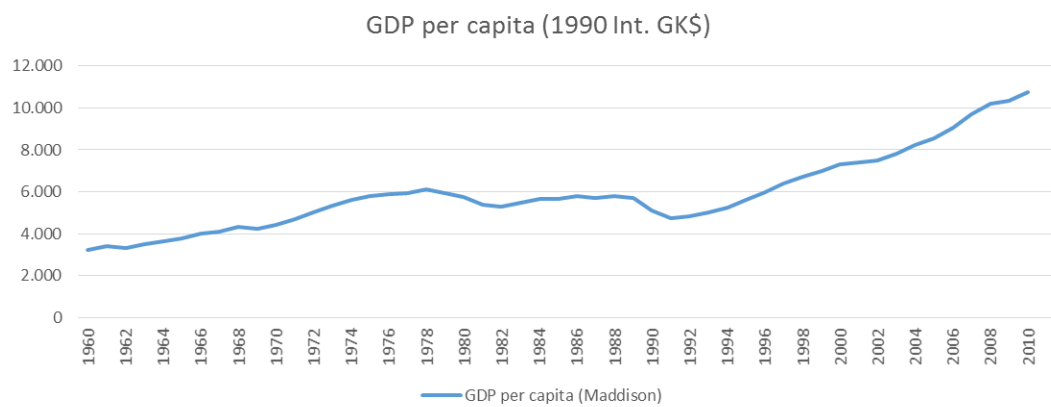
FIGURE 3.2: GROWTH PER CAPITA AND EMPOWERMENT INDEX, POLAND



Note: The scale of the Empowerment Index is 0-14.

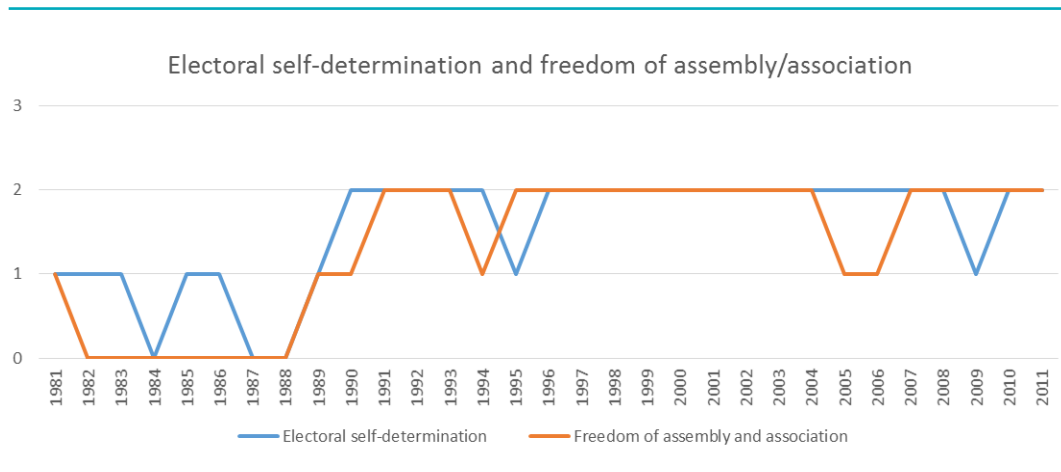
Source: Maddison Project and CIRI

FIGURE 3.3: GDP PER CAPITA, POLAND



Source: Maddison Project

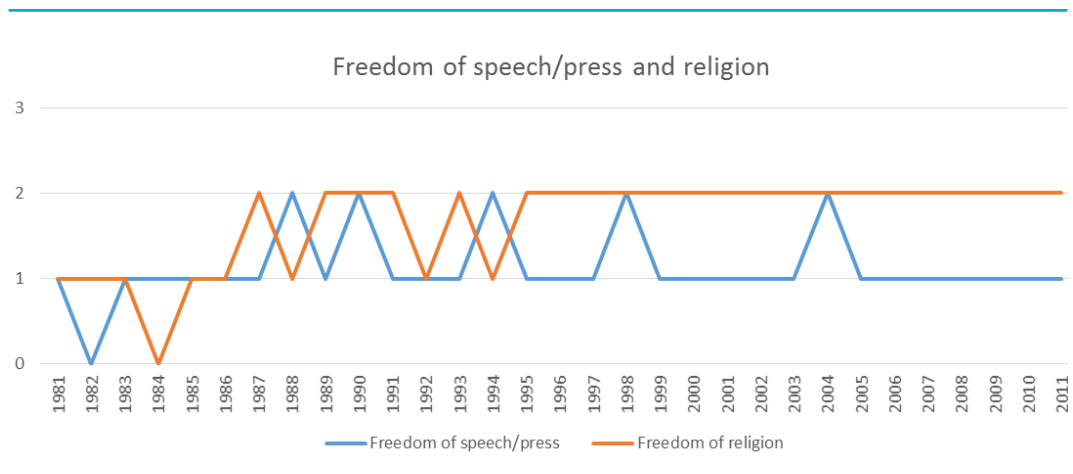
**FIGURE 3.4: ELECTORAL SELF-DETERMINATION AND FREEDOM OF ASSEMBLY AND ASSOCIATION, POLAND**



Note: The scale of each sub-indicator is 0-2.

Source: CIRI

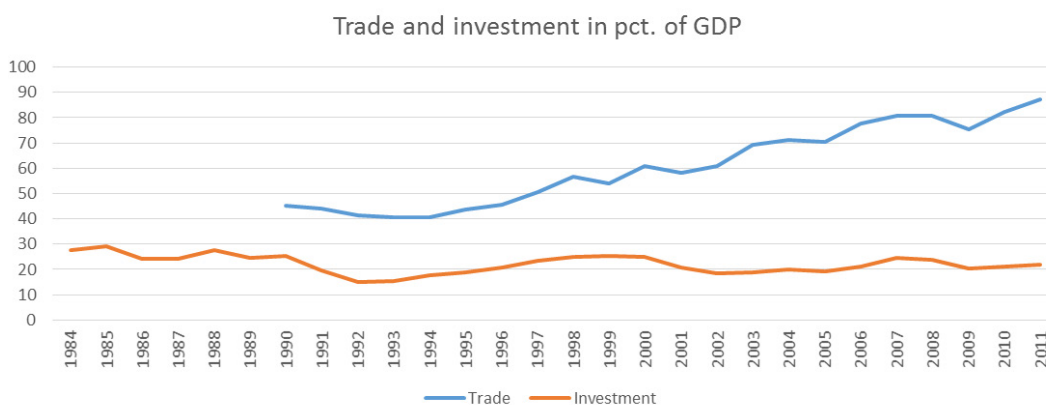
**FIGURE 3.5: FREEDOM OF SPEECH AND PRESS, POLAND**



Note: The scale of each sub-indicator is 0-2.

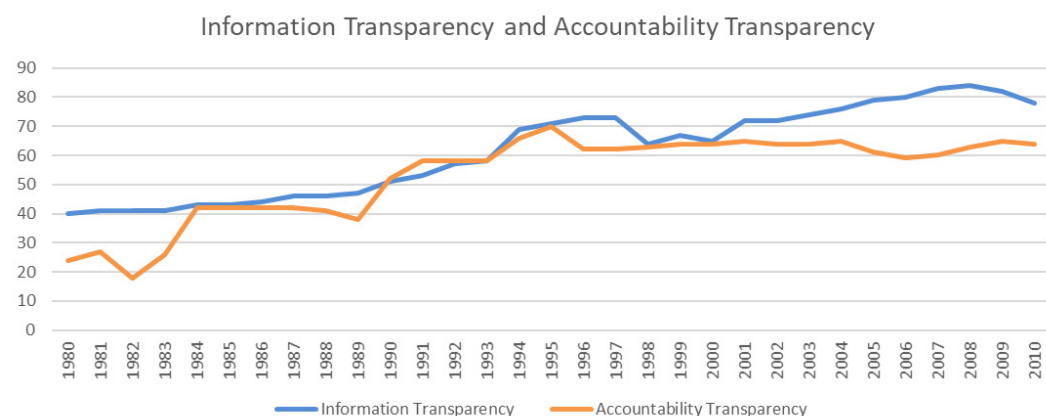
Source: CIRI

FIGURE 3.6: TRADE AND INVESTMENT, POLAND



Source: World Bank and IMF

FIGURE 3.7: INFORMATION TRANSPARENCY AND ACCOUNTABILITY TRANSPARENCY, POLAND

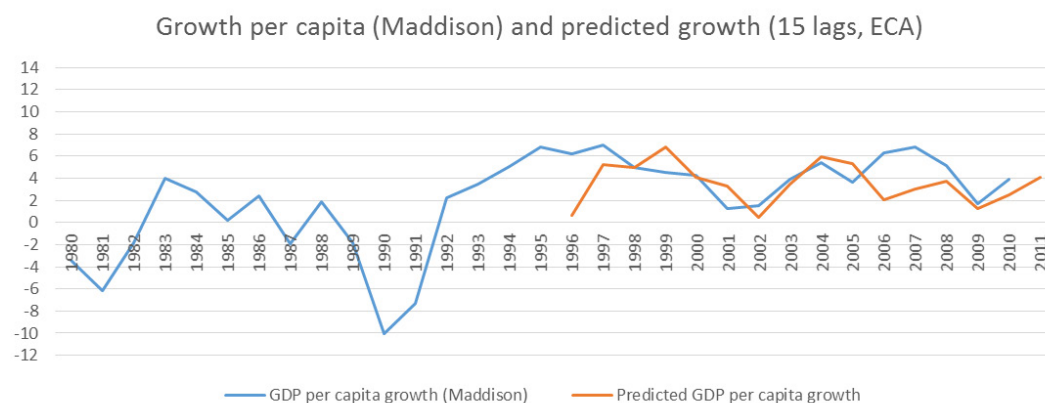


Note: Scale of each indicator is 0-100.

Source: Andrew Williams Indices of Information and Accountability Transparency, 2013

When dealing with the generalised results from an econometric analysis covering 167 countries, individual countries may fit more or less perfectly with the generalisation. A country can experience effects from human rights that are stronger or weaker than the average tendency. Before entering the historical accounts, it is therefore interesting to see how well Poland fits into the econometric model based purely on its quantitative values on the variables used in Koob et al. (2017). Figure 3.8 compares the actual growth experienced by Poland to the growth predicted by the regional version of the econometric model, using only data for Poland on the Empowerment Index, regime type and previous levels of GDP and growth<sup>4</sup>.

FIGURE 3.8: GROWTH PER CAPITA AND PREDICTED GROWTH, POLAND



Note: The econometric model used for the predicted growth is the regional model for Europe and Central Asia (ECA) with 15 lags of the Empowerment Index, controlled for regime and four lags of GDP per capita, based on Maddison Project data for GDP growth and GDP per capita. Since the model used to predict the growth utilises 15 lags of the Empowerment Index, the first available prediction is for the year 1996.

Source: Maddison Project, polity4, CIRI and own calculations.

As it appears, with a few exceptions in year 1996 and 2006/2007, the predicted growth from the econometric model seems to follow the actual economic growth relatively closely with respect to level and volatility, given that the model is quite simple. The prediction has an average absolute deviation from the real growth of 1.8 percentage points. During the same period, the actual growth varies between 1.2 and 7 pct. This indicates that the econometric model from Koob et al. (2017) predicts the growth in Poland to a reasonable extent.

### 3.3 ANALYSIS: POLAND

This section will connect actual events in Poland to the country's economic development, thereby illustrating the econometric connection between human rights and growth with historical examples.

#### 3.3.1 THE 1940S TO THE 1970S: ECONOMIC DECLINE AND CIVIL UNREST

As was the case with many other countries in Eastern Europe, Poland's government was taken over by Moscow-controlled communists after the Second World War. As the new one-party system was introduced, leaving all power to the Polish United Workers' Party, the population's electoral self-determination was effectively suspended. Severe violations of human rights followed during the non-democratic rule, including freedom and participation rights such as freedom of press and speech, assembly and association and religious freedom. On the economic front, a centralised economy was introduced, together with heavy industry and nationalisations of companies and property (Nielsen, 2008). The attempts to forcefully control the population as well as the economy were very similar

throughout the European countries dominated by the Soviet Union, but a range of societal characteristics and movements in Poland weakened the control markedly.

### **Limited economic growth and poor living conditions**

The living conditions for the Polish people were poor during the decades following the authoritarian takeover. The prioritisation of heavy industry above consumer goods meant serious shortages for the population. As seen in Figure 3.3, Poland's GDP stagnated during the late 1970s, actually turning into negative growth. To address the economic problems, the authorities took on substantial loans via the International Monetary Fund and the World Bank and attempted to introduce a few liberalisation measures by opening Poland up to the international economy. Such attempts actually represented a deviance from the Soviet model, but the authorities convinced the Soviet Union that something had to change if Poland was to be kept under their control. As the approach relied too heavily on growth in the Western countries, once an economic crisis hit the West and the banks tightened their conditions (Paldam, 2002) Poland was thrown back into economic turmoil. Only now the country also had a large foreign debt and very high inflation due to its excessive loans. The government tried to address the new problems with additional price regulations, but, as they lacked credibility, their attempts were ineffective and instead gave rise to civil protests (Nielsen, 2008).

### **Human rights suppressed, but some leeway remained**

According to Nielsen (2008), Stalin had from the beginning expressed doubt as to whether it was possible to control Poland in the same way as other Eastern European countries. This initial doubt seemed to create a certain space for Poland to navigate within, as total control was not seen as a viable option. Gomulka, the leader of the Polish Communist Party from 1956 to 1970, promised that if the Soviet Union would reduce the pressure on Poland, he would make sure that the country stayed within the Warsaw Pact, which could not otherwise be guaranteed. This meant that Poland very early on had a certain leverage, which was not bestowed on the other Soviet satellite states, allowing civil society and information flows to continue to some degree.

### **The Catholic Church as an early example of associations in Poland**

One of the liberties that was partly tolerated in Poland was religious freedom. The communist regimes throughout Eastern Europe generally tried to suppress religion. Similar attempts were made in Poland<sup>5</sup>, but the Church was too widely anchored in society for it to be controlled. The Catholic Church in Poland had played a prominent role in Polish society for centuries and served as an anchor of Polish identity in the face of changing national borders (González-Enríquez, 2002). Its unique status as a powerful association with broad public support would turn out to be essential in Poland's later attempts to overthrow the authoritarian rule. The Church would for example continue to function as a forum of public debate during times of censorship, and members of the church were even represented in the Parliament (US State Department, 1980) The Church entered the political debate with a strong human rights stance. When the communist regime in 1975 wanted

to amend the Constitution, which contained fundamental human rights, to instead reflect the ties to the Soviet Union, the Church strongly opposed such moves. As Thomas (1999) writes: “This was just the start of a tacit but historically crucial alliance between the Polish Church and opposition which was consolidated under the human rights banner over the next couple of years.”

### **Censorship of speech and media, but with certain exceptions**

As the media such as television and radio, as well as most books and magazines, were fully controlled and subject to government censorship, the Church enjoyed greater liberty to treat controversial subjects in writing as well as in speech (US State Department, 1980). At a time where political imprisonment was not uncommon and oppositional views could lead to detention, the Catholic Bishops Conference arranged meetings and issued statements that contained sharp criticism of communism and the government policies, which were read aloud from the pulpits in the churches around Poland (US State Department, 1980). The religious sphere thus worked as an arena of debate and criticism of the government. According to Domska (2011), the unusual freedom of speech and access to the media enjoyed by the Church became a crucial point in the later overthrow of the authoritarian regime. Thereby the small degree of freedom of speech and media that did exist, played an important part in Poland’s path towards the political and economic transition.

### **Strikes and demonstrations as powerful examples of assembly**

As internal economic problems increased during the late 1960s, a wave of massive strikes broke out in 1970 following a government announcement of increases in prices on food. The authorities killed 45 of the strikers, but they also realised that the situation was untenable, resulting in a change of leadership in the government. This pinpointed that the civil actions were not without effect: “Since the people have twice forced a change in leadership, the Government is not indifferent to public opinion” (US State Department, 1980). As a consequence, a certain tolerance towards traditional elements of Polish society was deemed necessary, such as the socially active Catholic Church and differences in opinions (US State Department, 1980). This means that events of assembly played a part in weakening the authoritarian regime and forcing them to take into account the demands of the population.

According to Thomas (1999), the fact that Poland stood out on some areas relating to freedom and participation rights contributed to the social mobilisation in the country. In contrast to Czechoslovakia, Poland had a certain history of organised opposition already, and Czechoslovakia had seen a more violent intervention to public protests than was typically seen in Poland, such as the Prague Spring of 1968. Although freedom and participation rights were clearly violated in Poland, and individuals who advocated against the regime faced unlawful punishments, the brutality with which the regime responded was in many cases less severe than in other countries.

### 3.3.2 THE 1980S: THE BIRTH OF SOLIDARITY AND THE FIGHT FOR HUMAN RIGHTS

#### Economic stagnation and unsuccessful reforms

During the 1980s, the Polish authorities tried to address the economic problems but without much success. In 1988, inflation reached 70 pct. Several strikes took place as a result of the rising living costs. Attempts to liberalise and rely more on private production were introduced by the government, but implementation was insufficient (US State Department, 1989).

#### Strikes and demonstrations lead the way for the association Solidarity

In the summer of 1980, the poor working and living conditions caused countrywide strikes in Poland from a wide range of industries (US State Department, 1981). Although neither the right to strike nor the right to associate existed in practice at that point, the government negotiated with the striking workers, which among other things resulted in the legalisation of the new independent trade union, Solidarity, which had previously been functioning underground. By 1981, Solidarity reached 10 million members, covering all social strata, and its publication reached 500,000 copies every week (US State Department, 1982). A similar movement was not seen anywhere else in the satellite states. González-Enríquez (2002) mentions the strength of the Catholic Church as a possible reason why a powerful trade union could appear in Poland, thereby indicating the importance of religious freedom and association on Poland's later development.

Thomas (1999) points to another inspiration for Solidarity, namely the international focus on human rights following the Helsinki Final Act of 1975<sup>6</sup>, which the Polish government had signed in the hope of obtaining legitimacy and other advantages from the West. However, once the accord was signed, domestic activist groups in Poland used the Helsinki Act to advocate for the respect for freedom of expression, freedom of association and other human rights. Lech Walesa, who became the leader of Solidarity, claimed that the idea of an independent trade union was strongly inspired by the domestic human rights groups (Thomas, 1999)<sup>7</sup>.

Solidarity's programme included many human rights-related demands, as well as demands of transparency of economic and social conditions in the country (US State Department, 1981, Nielsen, 2008). The pressure from the union resulted in the de facto recognition of the right to assembly, collective bargaining, the right to strike and substantial improvements on free speech and access to radio and TV (US State Department, 1982). When Solidarity held a conference in autumn 1981 to confirm Lech Walesa's leadership, the event was covered by international and Polish media alike, despite the heavy control that had existed on Polish media, possibly increasing awareness of the movement. Solidarity furthermore extended its programme and demanded negotiations with the government, not only focusing on traditional workers' issues, but widening the scope to economic and political matters (US State Department, 1982).



### The regime introduces limitations on human rights in reaction to Solidarity's power

The development of Solidarity and the results the union achieved in a very short time essentially meant a new political landscape, where the Communist Party and the Church were no longer the only powerful political players. The Soviet Union did not take the weakening of its control well. The Polish authorities decided to initiate martial law in December 1981, likely because of strong pressure from the Soviet Union (US State Department, 1982). Soviet troops interfering following democratisation or liberalisation attempts had been seen in other countries, such as in the Prague Spring liberalisation attempt in 1968 in Czechoslovakia (US State Department, 1980), and it is possible that martial law was initiated to avoid a similar invasion. The martial law explicitly limited or suspended the basic rights of citizens defined by the constitution as well as international agreements, such as freedom of speech and press, and the right to associations and demonstrations, thereby unravelling the progress made by the civil movement and Solidarity. Sympathisers and members of Solidarity were heavily harassed or detained. Government officials demanded oaths of loyalty and that the workers renounce Solidarity (US State Department 1982). The development is reflected in Figure 3.4, where the score for assembly and association falls from 1 in 1981 to 0 in 1982 where it remains until the late 1980s. It seems that the effect of the strikes and the outreach of Solidarity had been too much of a threat to the regime. However, according to Garlicki and Kondak (2016), despite the drastic counter move from the government, these first democratisation attempts were strong enough to ensure that the old system could not be completely restored.

Following the introduction of martial law in 1981, the economy suffered, as inequality and unemployment increased. The authorities attempted some privatisation initiatives, but the process was not properly managed and resulted in the transferral of public resources to people in the nomenklatura (Nielsen, 2008).

In July 1983, martial law formally ended, but although several policy areas returned to their pre-martial status, Solidarity remained banned and political activity by trade unions was forbidden by law (US State Department, 1984). The resistance against the authorities did not stop for that reason, as the Church only increased its influence in the face of the banning of Solidarity.

### Censorship of press and speech continuously challenged

Poland still had the least controlled press of any of the Warsaw Pact countries, and the underground press remained active. The Church also continued to criticise government and call for improved human rights conditions: "The Roman Catholic Church, the most powerful institution independent of state control in Poland, fosters human rights and spiritual concerns. The suppression of Solidarity has further enhanced the influence of the Church, which couches its criticism of the Government in moral rather than political terms" (US State Department, 1984). Although the population was restricted on the right to independent media, they

found a way to pass on information and opinions. This is reflected in Figure 3.5, where Poland has a score of 1 for freedom of speech and press during most of the 1980s.

### **Assemblies and associations help obtain the right to electoral self-determination**

Although the authoritarian communist regime attempted to curb civil activism and critique of the authorities, the measures were often less violent and definitive than seen in other authoritarian regimes. This may be a part of the explanation as to why resistance evolved to take such powerful forms in Poland. In 1988, a new countrywide wave of strikes broke out, and the government was forced into action. The authorities agreed to meet Walesa, the leader of Solidarity, as well as other oppositional figures, to discuss the possibility of further negotiations on political and economic issues (US State Department, 1989). These negotiations, the so-called round-table talks, were the beginning of the end for the Soviet-controlled government.

In early 1989, Walesa and the communist government reached a range of agreements that would completely transform Polish society<sup>8</sup>. The Church assisted in the negotiations behind the scenes, advocating for democratisation and human rights, as it had done in civil society for many years (Wesolowski, 1990). The results were remarkable: Solidarity was legalised again, censorship was eased, and oppositional periodicals allowed, access was gained to previously government-controlled TV and radio and judicial independence was regained (US State Department, 1990). Furthermore, it was agreed to create the post of president, as well as to arrange partly free elections consisting of fully free elected seats in the upper house, the Senate, and partly free – 35 pct. – elected seats in the lower house, the Sejm. The two chambers would together choose the president (Gwiazda, 2016). It was expected that the old coalition between the Communist Party and its two supporting parties would win, but things turned out differently.

### **Electoral self-determination regained – Solidarity enters government**

The elections were held in June 1989. The change in electoral self-determination that these events represent is reflected in Figure 3.4, where the score increases from 0 to 1 in 1989. Solidarity participated with candidates for the elections and won an overwhelming victory, with 260 out of 261 possible seats available for elected members. The original plan of the Communist Party forming a government had to be abandoned, and instead members of the opposition formed a coalition under the Solidarity member Tadeusz Mazowiecki (Gwiazda, 2016).

According to Gwiazda (2016), Mazowiecki's main priority was to restore the macroeconomic stability and initiate additional institutional changes. The finance minister Leszek Balcerowicz, who had functioned as an economics expert in Solidarity, presented a reform programme that would transform Poland from a central economy to a market economy, relying on measures such as stabilisation, privatisation and price liberalisation.

In December 1989, further changes were introduced. The political system would be based on political pluralism, the rule of law, and national sovereignty, essentially removing the remaining elements of authoritarian rule. (Gwiazda, 2016).

### 3.3.3 THE 1990S AND 2000S: A DECADE OF CHANGE LEADS TO DECADES OF GROWTH

The first free local government and presidential elections took place in 1990; the latter was won by Walesa. The first fully free election for Parliament took place in October 1991 (US State Department, 1992).

The new democratic government in Poland inherited a country in a poor economic state. Growth had been absent for about a decade, as seen in Figure 3.2, and inflation reached about 250 pct. in 1989. Poland had also accumulated significant debt from the failed rescue attempts in the 1970s (Nielsen, 2008), and the labour productivity was low (US State Department, 1990).

Solidarity had continuously fought for human rights during its existence, but the union was not a liberal project, rather it united a wide variety of groups and social strata with the same main objective. According to Paldam (2002), the primary consensus that drove Solidarity up until the transition, was the opposition to the authoritarian communist rule.<sup>9</sup> Market liberalism had therefore not been the original intent of Solidarity during the 1980s and not even during the round-table discussions (Menil, 2003, González-Enríquez, 2002), but once the movement entered government, a clear policy was introduced. Mazowiecki and Balcerowicz, the two strong forces behind the radical reforms, belonged to the intellectual fraction. They opted for changing the economic system entirely, using the West as a role model. According to Menil (2003) and Paldam (2002), they were supported by the population and had a clear mandate to dismantle the previous regime, something that turned out to be essential to the success of the reforms.

#### **Market reforms – creating a business-friendly environment with popular support**

The new government introduced what Nielsen (2008) described as the deepest reforms introduced globally since the Second World War<sup>10</sup>. The key words were liberalisation combined with budget discipline. Exchange controls were dismantled from the beginning, and the resulting devaluation caused an increase in Polish exports, forcing the Polish companies to increase productivity. Within six months, the state had eliminated monopolies and almost all custom duties (Menil, 2003). Budget discipline was strict, and previous generous loans to non-performing enterprises shut down, allowing even state enterprises to go bankrupt if they did not perform (Nielsen, 2008). A wave of privatisations was introduced the following years (Paldam, 2002). The commitment to budget discipline in combination with the restrictions on loans forced companies to raise productivity. Initially, the rapid changes caused a recession, but quickly thereafter growth turned positive: in 1992, Poland returned to positive growth as the earliest transition economy. First came positive effects from using existing assets from the old enterprises, and from 1995

Poland saw a high increase in domestic investment, followed by foreign direct investments in 1996 (World Bank, 2002). The improvements Poland experienced on central economic indicators correspond closely to the result from Koob et al. (2017), where the effects of human rights improvements translate into growth via trade, productivity and investments. The positive growth would last throughout both the 2000s and the 2010s. Poland had evolved from a critical situation of stagnating development to a front-runner in Eastern Europe.

### **Government effectiveness in social programmes were used to maintain public support**

Another channel through which freedom and participation rights can affect growth according to Koob et al. (2017) is government effectiveness, such as the quality of public and civil services. Firstly, the policies introduced by the new government had much higher credibility and were implemented more effectively than previous attempts, reflecting improved government effectiveness. Second, new social programmes were, at least to some extent, introduced to address social issues. The programmes during the communist era had typically been lacking in substance as well as in fair distribution and failed to ensure the public's living conditions, whereas the new democratic government used programmes effectively enough to keep the public's support. During the period of 1990-1997, inequality in labour market earnings increased considerably, partly due to increased premium for education, which posed a threat to market-oriented reforms. Falling living standards could potentially erode the public support to the government and its policies, but the issue was addressed by ensuring social transfer mechanisms such as pensions, allowing for reforms to continue and ultimately leading the way for increased growth (Keane and Prasad, 2002).<sup>11</sup>

### **Human rights reforms lead to improvements**

Freedom and participation rights were similarly reformed. All censorship was terminated, the print media was privatised, and the rights to association, domestic and foreign travel, and free practice of religion were restored. A few issues remained, as the right to assemble in the form of strikes and demonstrations remained subject to certain limitations, and an article in the Penal Code still allowed for legal action towards anyone who publicly insulted the Polish nation, the political system or its organs (US State Department, 1994). However, the main picture was one of noteworthy improvement. To a very large extent, the freedoms and rights that were obtained during the transition to democracy remained in place during the two coming decades.

### **Rule of law – independence finally obtained in practice**

According to Garlicki and Kondak (2016), the independence of the judiciary, another human rights-related area, was one of the principal objectives during the transition. The right to a fair trial had been formally guaranteed in the 1952 Constitution, but in practice the judiciary had been under political influence of the government during the authoritarian rule (US State Department, 1980).

De Menil (2003) confirms that the legal and institutional infrastructure for markets was essential for the growth after the transition, and the link between a well-functioning judicial system and growth is also stressed by World Bank (2002). Secure property rights and contract enforcement are essential for creating incentives for investments and new enterprises, and therefore also for growth. In that respect, they highlight Poland as one of the countries in the region where the fewest enterprises expressed doubt about the state of property rights. Compared to other countries in transition in Eastern Europe and in the former Soviet Union, Poland was characterised by relatively low insecurity in property rights. While Poland exhibited high costs of litigation compared to the other countries, business enterprises assessed that the quality of the judiciary and the ability of enforcement compared well with, for instance, Estonia, which belonged to in the better rule of law range of neighbouring countries (World Bank, 2002).

The judicial independence also improved the conditions for growth by preventing the abuse of power. Even when political power was concentrated in the hands of a single party, the independent courts played an important part in preventing power from being abused, thereby facilitating the democratic development (Garlicki and Kondak, 2016).

#### **The international society supports the changes, resulting in further growth**

The effects of the liberalisation, judicial independence and human rights improvements were further boosted by the international response that they stimulated. The European Union was aware of the new government's intentions, and, according to de Menil (2003), this caused the EU to engage quickly to negotiate trade and cooperation deals in 1991. The interference of the EU gave credibility to the reform programmes and increased internal support in the country as well as investor confidence – the latter being one of the intermediary factors of growth according to Koob et al. (2017). Investors observed that both society and those in power had the same set of goals concerning EU membership, OECD, NATO and a pluralistic, democratic society (Sowinska, 1998). In addition, Poland became a substantial net beneficiary in the EU. The funds received, which to a large degree were used for infrastructure, became an essential factor in Poland's growth according to Ziemer (2017). Yet another international influence came into play as the international organisations offered to reduce Poland's large international debt by 50 pct. depending on Poland initiating liberal policies (Nielsen, 2008), thereby reducing the threats to growth posed by a large debt.

The accession into the EU also resulted in increased exports, which, according to Molendowski (2015) increased Poland's economic growth. As electoral self-determination as well as standards on many human rights-related areas are prerequisites for entering the EU, the improved freedom and participation rights that the civil movements had achieved, were in themselves necessary for this increased cooperation and trade to take place.

### Accountability and legitimacy of the new governments as conditions for successful economic policies

Following the transition in Poland, many other countries overthrew the authoritarian communist regime and managed to insert some form of democracy, but not all experienced the same positive economic development as Poland. According to the literature, the sustained determination at the policy level and the broad-based support of the reforms were keys to the success (de Menil 2003, World Bank, 2002). Why was this positive spiral possible in Poland?

According to de Menil (2003), the fact that the political power in Poland was won by a democratic counter-force, Solidarity, was the reason that Poland could start reforms so early on. Firstly, as Solidarity enjoyed public support, the new government did not have to gain political support by serving narrow interests. Secondly, the new leaders could introduce rapid and deep reforms, even when these meant temporary reductions in the living standards of the population. It is noted in Nielsen (2008) that the living standards of the Polish population fell by around 30 pct. in the years after transition, a much larger decrease than what was ever seen during the communist regime. The population did not react with the same protests as they did for much smaller issues during the authoritarian era. The Polish population believed that economic gains from reforms would not fall into the wrong hands, thereby allowing the reforms to be implemented with little resistance (World Bank, 2002). This credibility had been lacking during the communist era and became an obstacle to the Communist government's attempts to reform.<sup>12</sup> Thirdly, as Poland's reform policies were backed by both the population and by majority governments from both left and right, Poland showed consistency and determination, a strong signal to, for example, investors (de Menil, 2003). Lastly, as the public's interests were already organised, political parties evolved from the trade union, allowing for greater accountability of the new government.

The World Bank emphasises that inclusivity, political competition and accountability seemed to be essential in the post-communist countries:

“The inclusive process for creating these political institutions and the broad range of political groups that could compete for power in the new system enhanced the capacity of governments to make credible commitments that the promised gains of economic reform would not be expropriated or otherwise restricted to particular vested interests. This contributed to a wider social consensus on the main directions of reform, despite differences among parties on the sequencing and pace of reforms. It also led to a greater mobilization of organised interest groups in civil society (such as independent labour unions) that would enhance political accountability throughout the transition” (World Bank, 2002).

The increased accountability of the new democratic government is reflected in Figure 3.7, where both accountability transparency and information transparency improved after the transition, accountability transparency most drastically. This

shows that the population had increased access to information on government policies, as well as on the economic state of the country, allowing them to evaluate the performance of government, and ultimately to respond to the performance when voting.

The nature of political institutions therefore defined the success of the economic reforms. The reforms made possible by the broad-based alliances backing the transition underpinned the efforts to create participatory, accountable and transparent rules that were instrumental in preventing concentrated economic power to prevail (World Bank, 2002).

### **Human rights as a prerequisite for the positive development towards growth**

Although the economic reforms during the transition are typically highlighted as the main driver of growth in Poland, the freedom and participation rights were often instrumental in the events that paved the way for the transition and reforms.

First, the Polish people enjoyed fewer restrictions on many freedom and participation rights compared to other communist countries, which enabled them to foster debate and opposition, something rarely seen in Soviet-controlled states. Second, there was the strength of the Church as an association as well as its unusual access to the media and publications, which allowed religion to be used as a forum for debate and criticism of the authoritarian government. Third, assemblies such as demonstrations and strikes forced the governments to negotiate with Solidarity, paving the way for further political influence and democratic development, ultimately resulting in the transition. Fourth, the civil influence in the new democratic government, partly stemming from Solidarity, kept governments accountable, legitimate and able to succeed with reforms. Finally, the human rights-related improvements following the transition, such as the independent judiciary, prevented abuse of political power.

The results in Koob et al. (2017) suggest that permanent changes in human rights will have effect on growth 10-15 years later. Although Solidarity was only briefly recognised as a legal association in 1980-81, in this case it may have been enough to start a development and allow the movement to gain sufficient ground during the 1980s, despite the lack of formal freedom to associate. This seems to be reflected in Garlicki and Kondak (2016), who stated that the first democratisation attempts had enough impact that the old system could not be restored. The short improvement in the freedom to assembly and association therefore seemingly had an effect on the transition a decade later.

It is possible that human rights and democratic institutions even further back in time have an effect on current events. It is noted by de Menil (2003) that, among the post-communist countries engaging in both budget constraints and rapid liberalisation, all had been under communist rule for a shorter period of time. None of the countries that were a part of the Soviet Union from the 1930s took both those

steps. He notes that the people that spent fewer years under the Soviet rule still had a recollection of the economic and political conditions before communism, and that such countries simply gathered more support for liberalising reforms. This resonates with the findings of Gerring et al. (2005), who argue that rather than considering democracy as a level at one particular point in time, it should be seen as a stock that accumulates over the years and can affect growth positively even centuries ahead. This indicates that the human rights situation in a country may have impacts that last several decades, and also even longer than the period examined in Koob et al. (2017).

### **3.4 CONCLUSION: FREEDOM AND PARTICIPATION RIGHTS IN POLAND**

Poland's path towards high and consistent growth is a story about how freedom and participation rights were instrumental in the transition to democracy and high accountability of government, facilitating the implementation of successful economic reforms.

Economic performance was poor during the period where Poland was under authoritarian Soviet rule. The government was not accountable to the population as there were severe restrictions on freedom and participation rights such as electoral self-determination and free access to the media. Policies did not support economic activity neither locally nor by international trade and the implementation of reforms was lacking due to low legitimacy of the government.

However, from the onset of the Soviet-controlled era in Eastern Europe, Poland stood out in several areas, allowing them to form resistance in reaction to the poor living conditions. Not least the powerful Catholic Church had some level of freedom, such as access to critiquing the government in its venues and an unusual but essential access to press. The Polish people associated in the trade union Solidarity in resistance of the authoritarian regime, and their strikes and demonstrations weakened the regime and forced the authorities to negotiate.

The weakening of the regime and the growing power of the civil movement Solidarity brought about a process of transition to democracy, by which the Polish people regained their rights to electoral self-determination. Members of Solidarity were democratically elected into government, and as they had strong roots in popular movement, they enjoyed broad support as well as high accountability towards the public. On one hand, this reduced the incentive to serve narrow economic interests to gain political power, and, on the other, the legitimacy ensured the successful implementation of weighty economic reforms, as the public trusted that gains from such reforms would not fall into the wrong hands.

As the economic reforms took their effect, Poland's economy grew steadily for the next few decades. The inefficiency in the public enterprises was reduced by reforms, leading to increased productivity. The exports grew, not least when Poland, because of its progress on both economic, legal and human rights areas, joined the



EU. The investments grew, as the business climate improved, something that was further supported by the newly won judicial independence and the ensuing effect on property rights and contract enforcement. Furthermore, social transfers were utilised to keep the negative effects of the reforms from endangering the public support. The transfer policies were handled with a high level of effectiveness and did not, as predicted by some, contribute to the erosion of growth.

Although the drastic increase in respect for human rights happened only a few years before the economic growth manifested itself, rather than the 10-15 years before as suggested by Koob et al. (2017), the early examples of association and assembly during the early 1980s helped pave the way for the transition a decade later. Furthermore, the experience with democracy and human rights from earlier time periods provided the public and the government with visions to pursue, and the inherited bureaucratic structures supported the return to democracy and private sector activity. This may be an example of how freedom and participation rights take time to take effect, as is found in Koob et al. (2017).

Overall, the case of Poland seems to exemplify many of the results seen in Koob et al. (2017). Both freedoms of assembly and association as well as electoral self-determination were prerequisites for the growth that Poland achieved, but also religious freedom and access to free speech and press seemed highly influential. As predicted by Koob et al. (2017), these effects did to some degree travel through productivity, trade and investments, but also government effectiveness and judicial independence facilitated growth. As such, Poland illustrates how freedom and participation rights can affect growth in a way that strongly resembles the econometric results from Koob et al. (2017).

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## CHAPTER 4

### GHANA

Following Ghana's independence in 1957, the country entered a politically unstable period with frequently changing military and democratically elected governments. These governments were typically characterised by low accountability, high levels of patronage, financial mismanagement and violations of freedom and participation rights including freedom of speech and press, electoral self-determination and association and assembly. From 1992, Ghana started its path towards democracy and improved human rights, as well as improved economic development.

#### **4.1 EXPECTATIONS BASED ON KOOB ET AL. (2017) COMPARED WITH THE FINDINGS**

The results from estimations on the Sub-Saharan region in Koob et al. (2017) showed that, in particular, electoral self-determination and assembly and association had a significant effect on economic growth in the region. The effect was found to occur particularly through the level of government effectiveness, and typically with a time lag of 10-15 years. This therefore constitutes the expectations with respect to Ghana. The case study and its analysis of Ghana's history does, to a large extent, reflect similar mechanisms, but it also shows effects from additional variables compared to Koob et al. (2017).

FIGURE 4.1<sup>13</sup>: OVERVIEW OF CONNECTIONS BETWEEN FREEDOM AND PARTICIPATION RIGHTS AND GROWTH

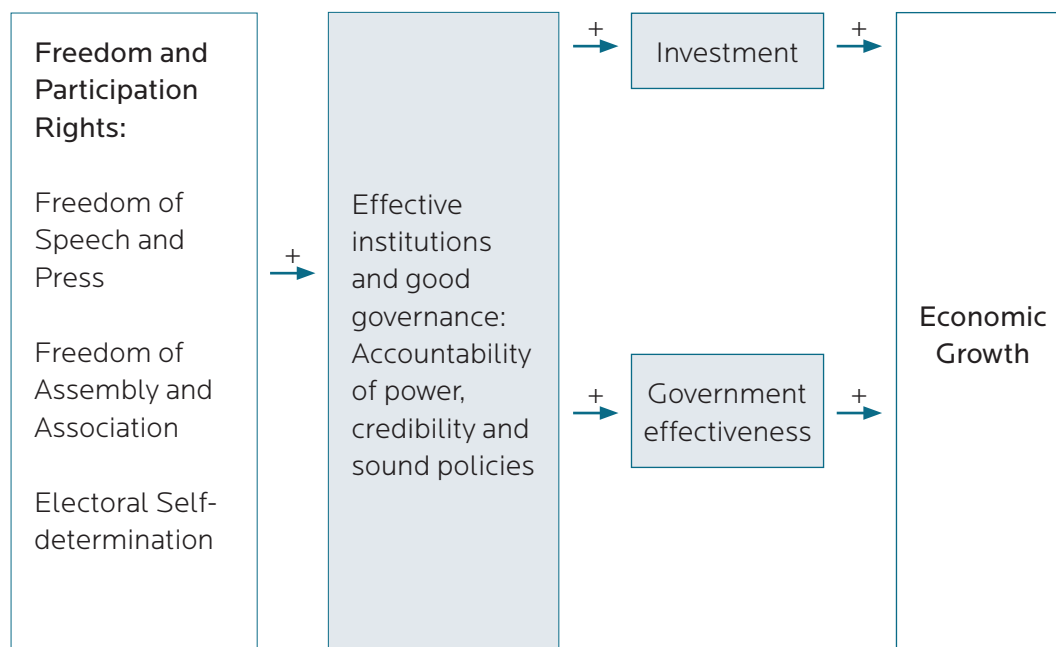


Figure 4.1 illustrates that particularly freedom of association, as well as freedom of speech and press, contributed to the achievement of electoral self-determination in Ghana. These rights then contributed to an improved ability to hold governments accountable for their policies, thereby narrowing the scope for patronage and economic mismanagement. The reduced uncertainty and improved accountability gave rise to increased investments and improved policies, and thereby economic growth. Although the figure displays positive links, the links also reflect that the absence of rights can harm growth, which was the case during Ghana's non-democratic governments where the low accountability and lack of respect for freedom and participation rights had severe negative effects on investments and government effectiveness.

## 4.2 QUANTITATIVE INDICATORS FOR GHANA

Before entering the historical analysis, we take a brief look at the indicators used in Koob et al. (2017). During the analysis, references will be made to these indicators to show how real-life events translate into the data used in the econometric analysis in Koob et al. (2017).

Figure 4.2 shows the CIRI Empowerment Index for the period of 1981-2011, which is the overall indicator for freedom and participation rights used in Koob et al. (2017). This period covers all years for which CIRI data on freedom and participation rights

are available. The Empowerment Index rises from an all-time low of 1 in 1983 to 10 in 1993 and fluctuates between 8 and 12 until 2011. This reflects that although there are clear improvements in human rights protection in Ghana, they never stabilise at the highest possible level of 14. The figure also displays GDP per capita growth<sup>14</sup> from 1960. The growth is very volatile up to 1983, after which there is a fairly steady positive growth in GDP per capita until 2000. The growth increases more sharply in the early 2000s. This increased rate of economic growth occurs 10 years after the increases in electoral self-determination, freedom of assembly and association and freedom of speech in the early 1990s, as will be elaborated on in the coming analysis.

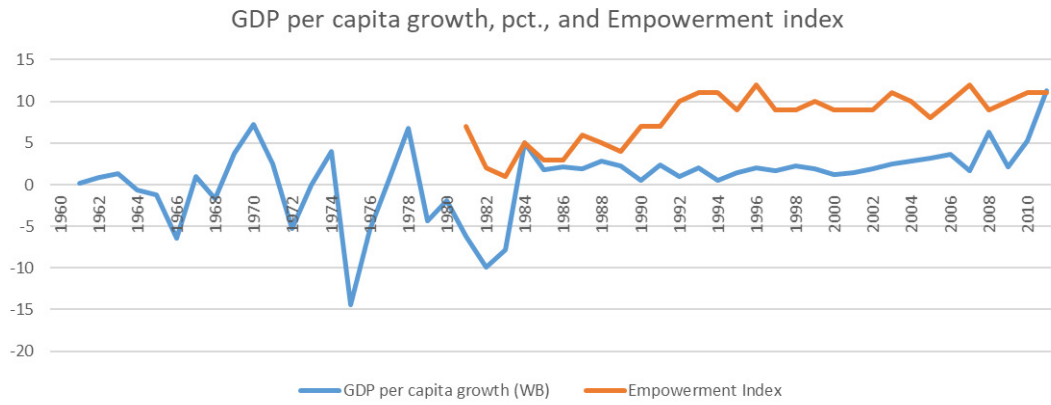
Figure 4.3 displays the GDP level of Ghana since 1960, which shows that Ghana's GDP actually declined from 1960 to 1983, followed by a period of positive growth.

During the early 1990s, we see a rise in the freedom and participation rights emphasised by Koob et al. (2017): freedom of speech, electoral self-determination and freedom of assembly and association, as can be seen in Figures 4.4 and 4.5. The most influential change in electoral self-determination indicator in Ghana comes with the adoption of the Constitution in 1992. Before that time, the indicator for electoral self-determination fluctuates between 0 and 1, while it fluctuates between 1 and 2 following the adoption of the Constitution. Although all three indicators show a level shift following the adoption of the Constitution, none of them stabilise at the highest score of 2.

While Koob et al. (2017) find that in Europe and Central Asia, freedom and participation rights affect growth through their impact on economic factors such as investment, they do not find this effect in Sub-Saharan Africa. However, the case study finds a relation between freedom and participation rights and investment in Ghana. Therefore, the economic factors from Koob et al. (2007) are displayed in Figure 4.6. Both indicators show an upwards trend from the early 1980s.

As seen in Figure 4.7, the transparency is low during period of 1980-1991, and the accountability transparency is even decreasing during this time. After the transition to democracy in 1992, both indices start to increase during the 1990s, reflecting better access to information about government behaviour and the overall economy.

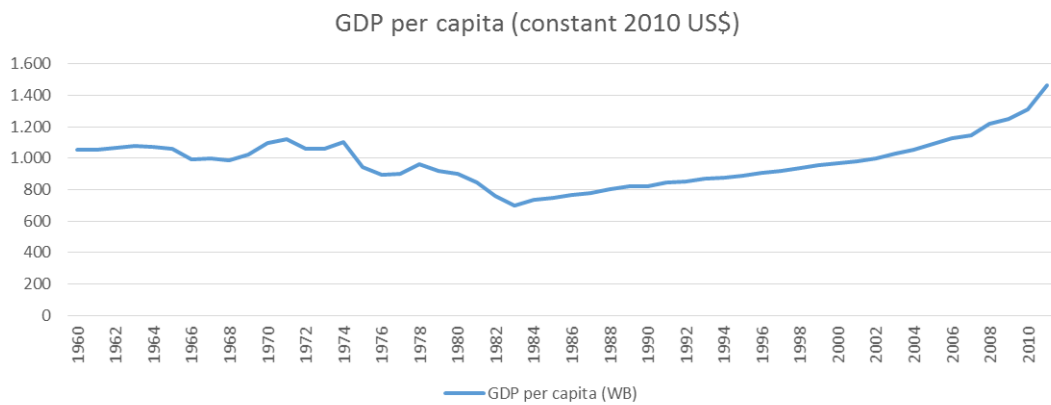
FIGURE 4.2: GROWTH PER CAPITA AND EMPOWERMENT INDEX, GHANA



Note: The scale of the Empowerment Index is 0-14.

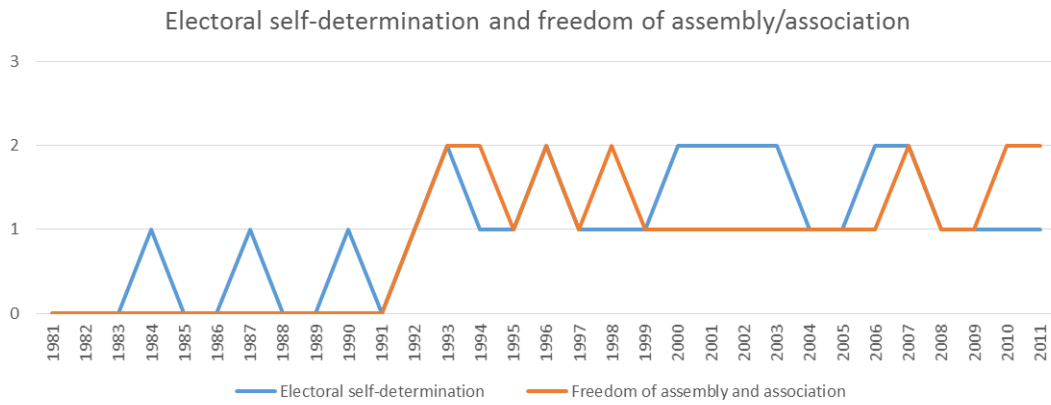
Source: World Bank and CIRI

FIGURE 4.3: GDP PER CAPITA, GHANA



Source: World Bank

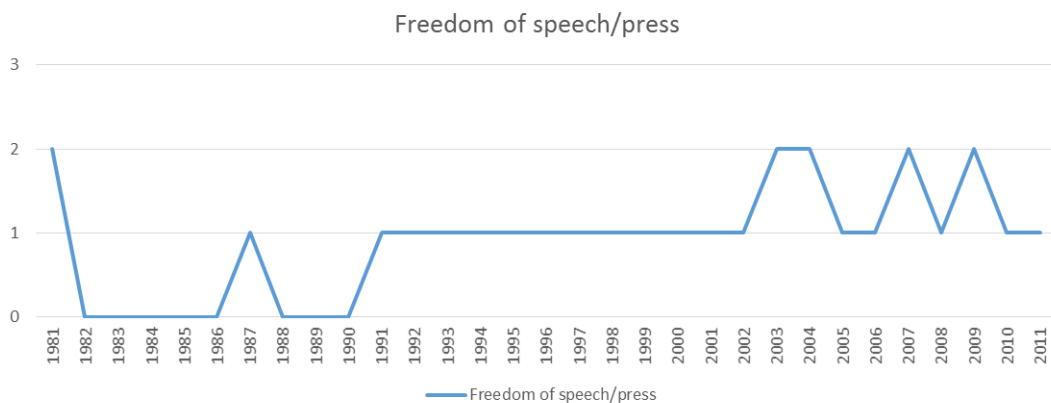
**FIGURE 4.4: ELECTORAL SELF-DETERMINATION AND FREEDOM OF ASSEMBLY AND ASSOCIATION, GHANA**



Note: The scale of each sub-indicator is 0-2.

Source: CIRI

**FIGURE 4.5: FREEDOM OF SPEECH AND PRESS, GHANA**

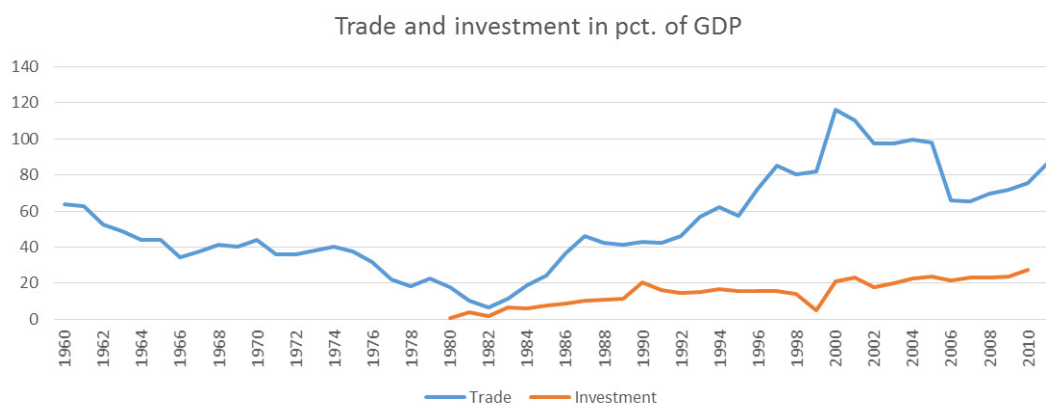


Note: The scale of each sub-indicator is 0-2.

Source: CIRI

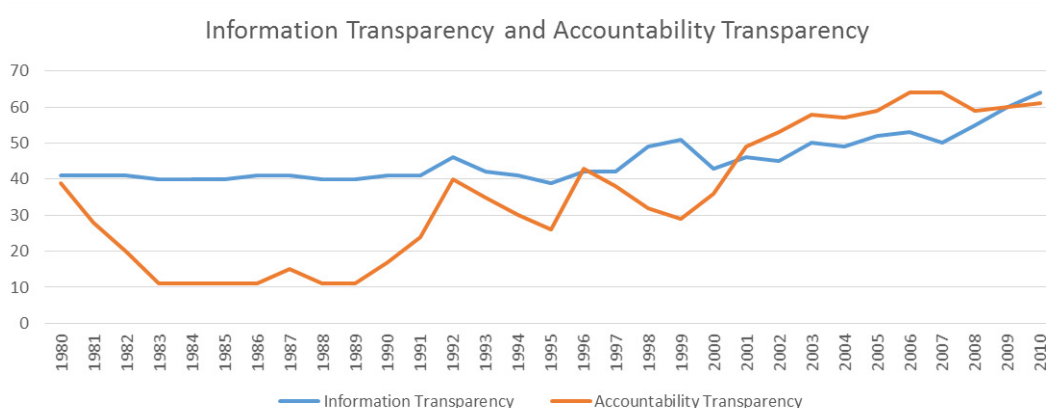


FIGURE 4.6: TRADE AND INVESTMENT IN PCT. OF GDP, GHANA



Source: World Bank and IMF

FIGURE 4.7: INFORMATION AND ACCOUNTABILITY TRANSPARENCY, GHANA

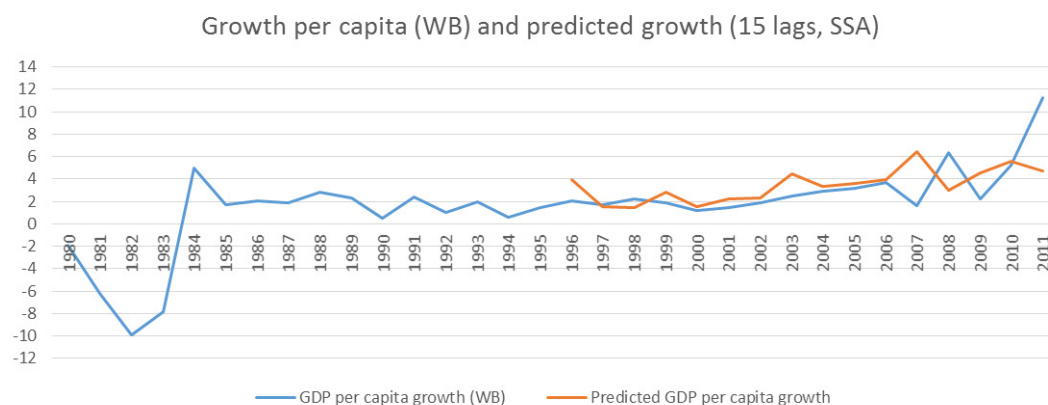


Note: Scale of each indicator is 0-100.

Source: Andrew Williams Indices of Information and Accountability Transparency, 2013

Finally, in order to assess the overall fit of the econometric results in Koob et al. (2017) on Ghana, we compare the actual growth experienced by Ghana to predicted growth based on the regional estimation from Koob et al. (2017). The comparison can be seen in Figure 4.8. The predicted growth seems to follow the real growth relatively closely concerning both level and volatility. The average absolute deviation is 1.6 percentage points, which is a reasonable deviation, given that the predicted values derive from a simple model only containing information on empowerment rights, regime and previous levels of GDP. By comparison, Ghana experienced volatile growth rates between 1.2 and 11.3 pct. during the period. The fit indicates that, based on the data, the relation between growth and human rights is similar in Ghana to what is suggested in Koob et al. (2017)<sup>15</sup>.

FIGURE 4.8: GROWTH PER CAPITA AND PREDICTED GROWTH, GHANA



Note: The econometric model used for the predicted growth is the regional model for Sub-Saharan Africa (SSA) with 15 lags of the Empowerment Index, controlled for regime and four lags of GDP per capita, based on World Bank data for GDP growth and GDP per capita. Since the econometric model used to predict the growth utilises 15 lags of the Empowerment Index, the first available prediction is for the year 1996.

Source: World Bank, polity4, CIRI and own calculations.

### 4.3 ANALYSIS: GHANA

#### 4.3.1 THE 1950S TO THE EARLY 1980S: PATRONAGE, POLITICAL INSTABILITY AND ECONOMIC DECLINE

During the early 1960s, Ghana had one of the highest incomes per capita in Africa and expectations for its future economic performance were high (Yayoh, 2006). However, from the decolonisation in 1957 up until 1982, the political scene was unstable, fluctuating between civilian and military governments, with dire consequences for policies and the economy. Political instability, poor economic policies and mismanagement of public resources all contributed to a severe economic detour. Between 1970 and 1982, GDP per capita fell by 30 pct. (see Figure 4.3) and real wages by 80 pct., the ratio of exports to GDP fell from 21 to 4 pct. and the investment rate fell from 14 to 2 pct. of GDP (World Bank, 1984). Ghana had once been one of the most promising states in Africa (US State Department, 1986), but, when entering the 1980s, Ghana's economy was at an all-time low.

#### Lack of accountability reduced government effectiveness for early governments

Many scholars refer to Ghana in the period up to the start of the 1980s as a "neo-patrimonial state"<sup>16</sup>, where state resources belong to the ruler and his court. The patrimonial state gave little political incentive for the ruler and his court to improve the public good (Killick, 2007, Frimpong-Ansah, 1991, Sandbrook and Oelbaum, 1997). The Acheampong military regime, which ruled between 1972 and 1978, represented the height of the neo-patrimonial era. As resources largely followed patron-client logics, rather than development goals, government effectiveness

was very low. Sandbrook and Oelbaum (1997) point out the many ways in which the economic mismanagement inherent to patronage harms growth. First, the use of resources to reward political insiders encourages rent-seeking behaviour and discourages productive and entrepreneurial activities. Second, the mismanagement of public resources lowers investments in human and physical capital such as infrastructure, education and health care, directly restricting the growth potential of the country. Third, state jobs are distributed to political accomplices rather than by merit, which fosters incompetence and lack of predictability in the civil service. The clientelism embedded in this employment structure also implies an acceptance of corruption. Fourth, neo-patrimonial rule typically results in weakened rule of law, caused by the combination of political instability, lack of discipline in police and other officials, as well as political interference in judicial decisions. According to Killick (2007), the neo-patrimonial state furthermore gives higher priority to public sector jobs which can be distributed for personal gain, compared to private sector development and private sector jobs. This causes the public sector to grow in size without growing in capacity, but it will be unpopular to slim down, due to resistance in the population caused by lack of private sector jobs to pursue.

The reason a state becomes patrimonial is unlikely to be mono-causal, and a comprehensive debate is beyond the scope of this paper, but Killick (2007) stresses the importance of freedom and participation rights. He notes that competitive politics and a free media are needed to combat patronage, but as both were lacking in the post-independence era, political costs of mismanagement were low, which ultimately harmed Ghana's possibility of pursuing developmental goals. Political parties were even banned for long periods of time (US State Department, 1979, Yayoh 2006), reflecting an attempt to limit political competition and accountability. This means that the lack of respect for freedom and participation rights may have been partly to blame for why corruption and economic mismanagement spiralled out of control in Ghana during this period.

### **Political instability reduced predictability and harmed investments**

Bafo-Arthur (1999) argues that the political instability itself also hindered economic growth in Ghana prior to 1982. Due to frequent coups/regime changes, political parties focused on short-term economic policies that would pay off sooner rather than later as political parties did not want to lose popularity. The frequent coups led to unstable conditions for creating continuity in policies according to Bofo-Arthur (1999), yet another characteristic of low government effectiveness. When a new administration came to power, they would abandon policies set in motion by previous administrations. For example, the Seven Years Development Plan of the First Republic (1957-1966) and the Policy on Rural Development of the Second Republic (1969-1972) were both abandoned by the following administrations. The economic policies led by the governments were characterised by protectionism, excessive public expenditure and lack of inflation control (Aryeetey and Fenny, 2017). Yayoh (2006) stresses that the poor economic policies led by successive governments played a large role in the severe economic

problems Ghana faced by the 1980s. The instability and frequent policy changes drove away external investors, and domestic entrepreneurs experienced seizure of property. The unpredictable policy environment and focus on short-term goals led to high uncertainty and a poor climate for investments (Killick, 2007). According to Sandbrook and Oelbaum (1997), investments in Ghana have furthermore suffered under the lack of judicial independence, something that has plagued Ghana for most of its independence. The uncertainties concerning property rights and contracts were highly detrimental for the incentive to invest. This is reflected in Figure 4.6, where Ghana's investments did not even reach 5 pct. of GDP in the years 1981-1982.

#### 4.3.2 THE 1980S AND THE EARLY 1990S: THE RAWLINGS ERA – AN AUTHORITARIAN RULE TURNS DEMOCRATIC

In 1979, Flt. Lt. Jerry Rawlings attempted to put an end to Ghana's post-independence governmental instability and led a coup against the ruling military junta. Rawlings installed a civilian administration under President Hilla Limann. The Limann administration quickly became unpopular in Ghana and Rawlings worried that the Limann administration was not adequately addressing corruption and economic inequality in Ghana (Ahiakpor, 1991). In 1982, Rawlings led a second coup, taking power himself.

##### **Economic programmes with international support improve the economy**

After coming to power, Rawlings made efforts to improve economic prosperity in Ghana, but the initiatives only came once Ghana was at the edge of economic disaster. Beginning in 1982, Rawlings launched the Economic Recovery Programme (ERP) under the Structural Adjustment Programme (SAP), advised by the World Bank and the International Monetary Fund. The ERP made many changes, including promoting exports<sup>17</sup>, reducing the budgetary deficit by improving tax collection and cutting expenditure, devaluing the cedi, privatising state enterprises and creating infrastructure projects.<sup>18</sup> During the late 1980s, Ghana saw large increases in official development assistance, partly as a response to the ERP (US State Department, 1986). The programme did have positive economic effects, and over the following years, Ghana's economy grew, as can be seen in Figures 4.2 and 4.3 (US State Department, 1990). However, the ERP had a price, as poverty increased following the measures from the programme (Stewart and van der Geest, 1995). Although the ERP is an example of constructive policies initiated by a non-democratic government, it does not change the fact that substantial economic losses had been endured during the largely undemocratic post-independent period.

During the Rawlings administration, there were many allegations of corruption and human rights abuses, and some of the respect for freedoms that had previously existed began to deteriorate. It is therefore more likely that the economic programme initiated under Rawlings carries much of the explanation for growth during the 1980s, rather than human rights improvements. For example, the

restrictions on free speech and media created what has been called “a culture of silence”, characterised by a high level of self-censorship, which reduced the public scrutiny of the government (US State Department, 1990, Sandbrook, 2000)<sup>19</sup>.

#### **Associations lead the way for electoral self-determination**

Rawlings held very tightly to power between 1980 and 1992, but, ultimately, he faced both internal and external pressure to reintroduce democracy. During the 1990s, the Movement for Freedom and Justice (MFJ) was formed, convening a number of pro-democracy organisations such as the National Union of Ghana Students (NUGS), Ghana Bar Association (GBA), the Catholic Bishops' Conference, the Christian Council of Ghana, and the Trade Union Congress (TUC). They were strongly opposed to the pseudo-democratic façade of NDC and the government and demanded real change (Yayoh, 2006). The work performed by these groups facilitated the subsequent adoption of a new multiparty Constitution in 1992. In the country report of 1992, the US Department of State ascribe the process leading to constitutional rule to Rawlings “facing mounting public pressures for reform” (US State Department, 1993). This indicates that the regime change itself was highly influenced by human rights-related civil actions. Yoyoh (2006) writes: “Perhaps, the wave of democratisation blowing across sub-Saharan Africa coupled with persistent pressure from such groups as the MFJ brought the NDC to the realisation that anything short of liberal democracy could set in motion dangerous rippling that could take a long time to settle.” Yayoh (2006) furthermore mentions that external pressures from Western donors also played a role, as democratisation increasingly became the main aim of the financial aid.

The new Constitution contained a system of checks and balances where the executive branch headed by the president was supplemented by a unicameral Parliament, an independent judiciary and a range of autonomous commissions, including a national human rights institution, the Commission for Human Rights and Administrative Justice (US State Department, 1996). These measures worked to constrain the executive authority in Ghana. The Constitution furthermore affirmed freedom and independence of the media, cultural rights, women's rights, children's rights, the rights of disabled persons and the right of self-determination through elections. We see these changes reflected in the CIRI indicators for freedom of speech, electoral self-determination and freedom of assembly and association in Figures 4.4 and 4.5. On April 28 1992, a referendum on the Constitution resulted in 3.7 million Ghanaians voting Yes – an overwhelming number according to Yayoh (2006).

#### **4.3.3 THE LATE 1990S AND THE 2000S: A DEMOCRACY DEVELOPS AND GROWTH INCREASES**

A multiparty election was held in 1992 following the adoption of the new Constitution, but fair and free elections were not immediately achieved. The opposition party, the New Patriotic Party (NPP), did not feel they had enough time to prepare and consequently boycotted the elections, resulting in a continuation

of the Rawlings administration. Multiparty elections continued in Ghana and in the 1996 election the NPP won nearly one-third of the seats in Parliament.

In the 2000 election the National Democracy Congress and Jerry Rawlings were replaced by the NPP and their candidate John Kufuor. The next election, held in 2004, was reported as “peaceful, free and fair” by observers (Marshall and Jagers, 2002). John Kufuor and the NPP kept power in the 2004 elections and, although there were allegations that Jerry Rawlings was planning a coup, no such coup took place; and the tension between the NPP and NDC remained “within the bounds of conventional politics” (Marshall and Jagers, 2002).

### **Electoral self-determination combats patronage**

Following the improvements in electoral self-determination in the early 1990s, particularly the introduction of fair and free elections, we see greater political competition in Ghana according to Booth et al. (2005). Increased political competition forced politicians in Ghana to focus on sustainable changes to Ghana's economy, rather than instituting self-serving changes. Although there was fear that democracy could result in a support for reversal of economic reforms, such as the ERP from 1983 which had increased growth markedly, the opposite was the case. Booth et al. (2005), note that “It seems that as it becomes more institutionalised, democracy is providing more room for consistent pro-growth reforms.” Booth et al. (2005) also note that while the increasingly fair and free elections improved the policy environment, further improvement was needed to attract more investments.

### **Improved freedoms are used to keep the government accountable**

Following the democratisation, the CIRI Empowerment Index increases during the 1990s, as seen in Figure 4.2. After 1990, the Index is consistently above 7. In 1992 the Index rises to 10 and stays above 9 with the exception of 2005. The same is observed for the sub-indicators emphasised by Koob et al. (2017): freedom of speech, electoral self-determination and freedom of assembly and association. Several of these new freedoms are used in the period to keep the government accountable, something that was difficult during the previous era with lack of access to elections, free information and free assembly and association.

Under the Rawlings regime during the 1980s, the media was often censored, and journalists were detained and intimidated (Sandbrook, 2000). The attempts to censor the media continued with the Rawlings administration of 1992, but freedom of speech still improved throughout the 1990s. Although 12 newspapers appeared regularly in Ghana by 1997, the two national dailies, Daily Graphic and Ghanaian Times, were controlled by the government.

The private radio station Radio Eye was created in 1994, after Rawlings refused to grant a broadcasters' licence. The government shut the station down, resulting in an uprising, including demonstrations in the capital, Accra. By 1997, there were 15 radio stations in Ghana, although Ghana Broadcasting Corporation was the only one to reach the entire country (Yayoh, 2006). The government's monopoly on television

ended in the 2000s.

The newly found access to not only domestic but also international media had a positive effect on the political climate, and, according to Sandbrook (2000), the international media generally assisted in creating opposition to inept governments throughout Africa. According to Sandbrook and Oelbaum (1997), the media as well as the Ghana Bar Association also contributed to protecting judicial independence by putting up resistance to unlawful interference from the government. The media played an important role in increasing the political costs of inefficiencies in government spending, thereby modifying the patron-structures of politics and increasing accountability (Killick, 2007). That the increase in freedom of speech and press promoted greater accountability is reflected in Williams' transparency indices in Figure 4.7. In particular, the accountability transparency increases sharply after the transition to democracy, which reflects better access to information on government policies and behaviour.

In the late 1990s, we also see information transparency improving, which reflects increased information on the state of the economy, which can influence the efficiency of the free market in Ghana, as well as the ability to assess government performance.

Although Koob et al. (2017) did not find freedom of speech to have a statistically significant impact on economic growth in Sub-Saharan Africa, it seems that improvements in freedom of speech played a role in Ghana's economic development.

Following the stable growth of the 1990s, Ghana's GDP per capita had recovered by the beginning of the 2000s, reaching the level of GDP per capita prevailing at the end of the colonial regime, and, in the early 2000s, the growth began to increase further<sup>20</sup> (see Figure 4.2). This increased rate of economic growth occurred 10 years after the increases in electoral self-determination, freedom of assembly and association and freedom of speech in the early 1990s. As indicated in the text above, these trends suggest positive linkages between freedoms and economic growth with a time lag in the case of Ghana. The evidence makes it plausible that the arguments forwarded in Koob et al. (2017) are valid and that higher accountability and better governance induced by the restoration of freedom and participation rights and democracy did play a prominent role in engendering economic growth.

In Ghana, investment seems to be an intermediate factor between electoral self-determination, freedom of assembly and association and freedom of speech and economic growth. In Figure 4.6 we see that the investments generally increase after the 1990s, supporting the idea that economic growth in Ghana was affected positively by improvements in freedom and participation rights which reduced uncertainty and created a more amicable environment for investment.

### Room for further improvement

Although Ghana saw improvements in freedom and participation rights as well as growth in the 1990s and 2000s, Killick (2007) stresses that Ghana still faced problems with governance, which prevented the country from advancing even further economically.

Much of the problem seemed to stem from institutional legacies, which still favoured patronage at the expense of public interest (Booth et al., 2005)<sup>21</sup>. Killick (2007) stresses that the high corruption and widespread patronage under the non-democratic regime of Acheampong affects current institutions. This resonates with Koob et al. (2017) in the sense that previous levels of freedom and participation rights – or lack thereof – also matter, as inefficient structures and institutions can take time to change. As the neo-patrimonial state distributes public resources for private and political gains, the public sector tends to expand in size, without matching improvements in civil service (Killick, 2007). This resulted in a large and inefficient public sector in Ghana, which later would seem to suffer from path dependence. Although the political climate improved, it remained difficult to reduce the size of the public sector. The lack of prospects for getting a formal job in the private sector left a large part of the population dependant on public salaries, making reforms aimed at cutting costs and improving efficiency unpopular (Killick, 2007).

Killick pointed out in 2007 that access to information on expenditure even for the policy makers still left substantial room for improvement, despite the increases we saw in Figure 4.7 on accountability transparency. Even something as basic as comparing government budgets to expenditure remained difficult. Corruption, waste and underestimation of public salaries remained symptomatic, indicating suboptimal government effectiveness (Killick, 2007, Ye and Canagarajah, 2002). This lack of expenditure transparency is a characteristic of the neo-patrimonial state, as the state actors have an interest in hiding their mismanagement of the resources from the public (Killick, 2007). As an example, Ye and Canagarajah (2002) find that, in 2000, only 20 pct. of non-salary public health expenditure and only 50 pct. of non-salary public education expenditure reached their target facilities, such as schools and health clinics. An additional issue is the high prevalence of “ghost names” on government payrolls, whereby a salary is paid to employees that do not actually exist. As the resources do not result in an efficient civil service, which is a central part of government effectiveness, the mismanagement prevents successful reforms and new programmes, since their implementation requires reasonable levels of capacity (Killick, 2007).

The weaknesses in governance also continued to harm investments. The large need for credit presented by the public sector created a credit shortage for private sector actors, harming the business environment (Killick, 2007). A further hindrance to private sector activity is stressed by Appiah-Kubi (2001). He states that the continued patronage within a not fully matured political system is the reason



why much of the privatisation in Ghana did not yield the hoped-for results, as the privatisation itself was often used as a tool to gain political support. In relation to the private sector, Killick (2007) also points to the lack of clear property rights, excessive regulations and problems with contract enforcement, all with negative effects on the business climate.

Overall, several of the remaining challenges in Ghana seem to stem from institutional inheritances from previous non-democratic regimes characterised by human rights violations and low accountability. The literature thereby exemplifies how the violation of freedom and participation rights in the past has been complicit in the creation of a state which is still characterised by low government effectiveness and suboptimal investment climate with negative effects on growth, resonating with the conclusions from Koob et al. (2017). Booth et al. (2005) emphasise human rights-related developments as an essential part of the solution to these problems, such as intensified political competition, growth in the civil society as well as improved information flows. All this can, according to Booth et al. (2005), help counter the patron-client tendencies that still exist in Ghana. Political competition, civil society and improved information require electoral self-determination, the right to assembly and association and free speech and press respectively. As was seen in Figure 4.4, these rights had yet to stabilise at the highest level, reflecting significant room for improvement on all indicators. This means that although the improved freedom and participation rights helped Ghana revive its growth, Ghana may have progressed much further if the rights had been fully respected and consistently supported by the changing governments.

#### **4.4 CONCLUSION: FREEDOM AND PARTICIPATION RIGHTS IN GHANA**

The case of Ghana illustrates how renewed respect for freedom and participation rights can improve business climate and government effectiveness, but it also illustrates how violations of freedom and participation rights can rob the population of tools to hold the government accountable, allowing inefficient institutions to form.

Firstly, many of the post-independence governments lacked accountability towards the population, reflected by the absence of free speech and electoral self-determination in the form of free and fair elections. As the population had few mechanisms through which they could discipline the government for economic mismanagement, public resources were used for personal and political gain whereas social programmes and business-friendly policies were neglected. Instead, the public sector became large and inefficient, hampering investments, public service and economic growth for many years. This period serves as an example of how the lack of freedom and participation rights and the accountability mechanisms embedded within, can harm economic growth.

Secondly, associations such as the Movement for Freedom and Justice pressured for a regime change and facilitated the adoption of a new constitution in 1992,

which involved better protection of freedom and participation rights as well as checks and balances to constrain the power of the executive. The reintroduction of electoral self-determination reduced uncertainty and changed the focus of the politicians from resource extraction for personal gain, towards increasingly sound policies with a positive effect on growth. In particular, the increased freedom of speech and press contributed to keeping the government accountable, as political costs of inefficiencies and economic mismanagement increased. Although not removing the problems completely, the improvements mitigated the patron-client mechanisms of the state and reduced the uncertainty, thereby affecting growth positively through a better climate for business and investments.

Thirdly, the literature emphasises that Ghana could have progressed further if the respect for freedom and participation rights had not only improved, but been fully unfolded, as these rights are prerequisites for improved growth in Ghana. Patronage still affects business climate negatively and prevents the reform of the inefficient public sector, and this continues to hamper Ghana's economic and social development. The literature points to areas in need of improvement such as increased political competition, a more active civil society and a more effective press, the fulfilment of which require electoral self-determination, freedom of assembly and association as well as freedom of speech and press.

In summary, freedom and participation rights have played a similar role in Ghana to what is suggested in Koob et al. (2017). This is particularly the case with respect to electoral self-determination and freedom of association and assembly. Even though freedom of speech and media was only a statistically significant determinant of economic growth in the global estimation and not in the Sub-Saharan region in Koob et al. (2017), freedom of speech and media did seem to play an important role in Ghana's development. As suggested by Koob et al. (2017), the effect of these rights seems to a large degree to take place through government effectiveness and accountability. Although the economic variables did not appear as intermediate variables the Sub-Saharan estimation in Koob et al. (2017), in the case of Ghana, it also seems that the level of freedom and participation rights affected the business climate, such as conditions for investments. Lastly, the case of Ghana seems to underline how inefficient institutions stemming from a lack of accountability can affect the performance of government and thereby the economy many years into the future, which resonates with Koob et al. (2017) finding a time lag between changes in freedom and participation rights and their effects on growth.

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## CONCLUSION

This paper aims to illustrate and exemplify mechanisms behind the econometric findings of Koob et al. (2017), by using historical accounts to assess the economic effects of freedom and participation rights in two countries, Poland and Ghana.

The paper finds that the effects suggested by Koob et al. (2017) are to a large degree reflected in the two countries, and their individual stories show the many ways in which freedom and participation rights can affect growth.

The two countries seem to have certain human rights mechanisms in common. Poland and to a lesser degree Ghana had some experience with democracy and higher levels of freedom and participation rights before the political scene turned authoritarian, leaving the public with some knowledge of how to use these rights as a political tool. The authoritarian regimes in the two countries had, compared with many other countries under similar regimes, a weakened control with the population and used less invasive and violent measures to remain in power. The two countries saw the emergence of demonstrations and associations, related to freedom and participation rights, that pushed for electoral self-determination and government accountability. The literature suggests that once the electoral self-determination was achieved, the increased political competition affected the governance and economy positively in both countries. Higher political costs of financial mismanagement meant that policies started to revolve more around social and economic development. Freedom of speech and press also had importance in both cases, reflecting how the spread of information was beneficial in achieving political and economic changes. Correspondingly, as shown especially in the case of Ghana, we see how economic and political mismanagement can go unnoticed when the lack of effective media fails to provide transparency. Both cases illustrate in their own way how the absence of human rights hindered growth, whereas the economy improved once the human rights conditions improved. Despite religious freedom not being significant in the econometric analysis by Koob et al. (2017), the literature points to this right as essential for the development in Poland. The Catholic Church was a powerful political player that could not be suppressed, and it became a forum for political debate and an avid advocate for human rights.

In both the cases presented in this study, effects of events relating to freedom and participation rights sometimes manifested decades into the future. Civil associations needed to gain sufficient power to affect the political agenda, and

changes in political institutions and policies needed time to take effect. The studies suggest that previous experiences with freedom and participation rights can provide the public with political visions and knowledge on how to resist political suppression. Historical levels of respect for these rights can also affect the development of institutional structures and to what degree these facilitate transparency and efficiency, and thereby economic growth. This offers a potential explanation as to why Koob et al. (2017) found a 10-15 year lag between freedom and participation rights changes and their effects on the economy.

Looking at the factors through which freedom and participation rights affected growth in the two countries, the case studies also find similarities to those found in Koob et al. (2017). As transparency, accountability and credibility improved, Poland saw effects from economic variables such as trade, investment and productivity, as well as government effectiveness. The case of Poland also shows how international support through increased co-operation, trade, aid and reduction of debt can support economic growth in a country that complies with international standards on democracy and human rights. Ghana saw some improvements in government effectiveness, but this area also continued to suffer from inefficiencies partly due to the rights not being fully respected. Ghana furthermore saw effect through investments, despite Koob et al. (2017) not finding a significant effect from this variable in their econometric study.

Lastly, there are also cautionary elements. For Ghana, the incomplete unfolding of freedom and participation rights continues to hamper the efforts to achieve its full economic potential, as resources are still not used in a transparent or efficient way.

The literature typically pays little attention to the link between human rights and economic development. The above findings may partly explain why. First, events concerning freedom and participation rights may take place many years before the growth materialises, making the link less obvious. Second, freedom and participation rights may facilitate growth through their effect on other factors, such as accountability, predictability and political legitimacy and support, which in turn affect more obvious growth-improving indicators such as business-friendly policies, trade, investment, productivity and government effectiveness.

It is the hope that this paper has shed further light on the link between freedom and participation rights and economic growth. Firstly, by using historical events to exemplify what mechanisms that could lie behind the econometric results in Koob et al. (2017). Secondly by illustrating how to identify connections between human rights and economic growth, even when the impact manifests through its effect on other more conventional factors, such as institutions or economic policies. Freedom and participation rights are by no means the only explanation for why a country experiences growth or a lack thereof, but they can be important facilitators in allowing other growth-improving changes to take place.

# NOTES

- 1 The chart illustrates the connections found in this study and does not show the full set of variables treated in Koob et al. (2017).
- 2 Koop et al. (2017) use growth data from World Bank, but since that data series only contains data for Poland from 1991, for the sake of the case study we use growth data from the Maddison Project. Note that as the two sources use a different benchmark for prices, the GDP per capita levels for Poland and Ghana displayed in Figures 3.3 and 4.3 are not directly comparable.
- 3 Accountability transparency contains two elements from CIRI, freedom of speech and assembly and association. It also contains elements of constraints on the executive. This constitutes a certain overlap of concepts and data source, an incident not uncommon when dealing with operationalisation of macroeconomic theory. Although not a perfect measure, we still believe it provides insight into the functioning of public institutions, in addition to what can be derived from the CIRI indicators alone.
- 4 The growth data used for the predicted values are from the Maddison Project since creating the predicted values requires a longer data series than was available in the World Bank data used in Koob et al. (2017).
- 5 One such attempt was the arrest of the Polish Archbishop, in 1953-1956 (Nielsen, 2008).
- 6 The Helsinki Final Act established human rights as a norm binding every state in Europe, and the Eastern Bloc had faced significant pressure from Western countries to sign it. Most countries had already signed the Universal Declaration of Human Rights in 1948 following the Second World War, but the Declaration of 1948 included no means to monitor or enforce these rights, and the concept of non-interference in the domestic affairs of other countries took priority. This changed with the Helsinki Final Act, which established that human rights conditions in a country would be a legitimate subject in diplomatic relations between countries (Thomas, 1999).
- 7 Thomas (1999) includes the reactions to the Helsinki Act, as well as the following pushback from the regime, into a larger five-phase framework called "the spiral model". In this model, which Thomas argues applies for Poland, international human rights norms spark a mobilisation that can ultimately force an otherwise authoritarian regime to implement human rights. In the first phase, international human rights norms result in domestic mobilisation in the country in question. In the second phase, the regime denies the applicability of the rights to that particular country. In the third phase, the regime makes tactical



concessions. In the fourth phase, domestic mobilisation expands, leading to the fifth and final phase, where the human rights are implemented by the regime. As we wish to explore the effects of freedom and participation rights on growth in general, we do not aim to explore the spiral theory in particular, but we see the theory as an interesting contribution on the role of human rights.

- 8 In addition to the efforts of Solidarity, the civil society and the Church, the international scene also seemed to present a window for action, as the Soviet Union was already undergoing changes under Gorbachev. This was a big contrast to Solidarity's early attempts to negotiate in the beginning of the 80s when more conservative forces were in charge, and the resistance to change was stronger. (Nielsen, 2008).
- 9 Once the main goal was obtained, the differences embedded in an organisation covering so many social strata caused internal disagreements on the future direction of Solidarity, and this ultimately resulted in its fragmentation (Nielsen, 2008).
- 10 Recently Acemoglu et al. (2019) found in their econometric study that democracy is conducive to economic reforms and to growth: "In all specifications we find that democracy increases the likelihood of economic reforms, tax revenue as percentage of GDP, and enrollment in primary and secondary education and reduces child mortality" (...)."
- 11 Although the quality of public and civil services seemed to improve, the inequality resulting from the rapid reforms was not fully addressed. As Nielsen (2008) points out, as active labour market policy was unfamiliar to the governments at the time, little effort was made to create new options for the people who lost their jobs. Furthermore, not all public institutions can be expected to produce an immediate surplus, education being an example. The one-sided focus on liberalisation and capitalism left many Poles without options for employment once the big state-supported firms closed down. Nielsen (2008) indicates that this possibly contributed to the political instability Poland would subsequently see. As large parts of the population did not have a political left wing to represent their socio-economic struggles due to the history of the Communist Party, they turned to far-right parties and populism that offered easy solutions to complex issues. The lack of social concern during the rapid reforms can very well have resulted in social and economic costs on a longer term.
- 12 A contrast to Poland's positive development was seen in Romania, which transitioned from communism shortly after Poland. The new Romanian government did not emanate from a public movement like in Poland, neither did they enjoy the same popular support as the new governments in Poland. The Romanian government's lack of democratic grounding in the general population meant that policies after the transition aimed to ensure political support from the groups benefitting immediately, rather than serve long-term goals and development as in Poland. The Romanian government shied away from unpopular reforms and kept many inefficient control mechanisms in effect, as well as expanded credits and social transfers, thereby worsening the budgets. By not utilising the momentum from the regime change, the Romanian

- government left time for powerful special interests to form, which would later oppose reforms and keep Romania from entering a proper economic transition.
- 13 The chart illustrates the connections found in the case study of Ghana and does not show the full set of variables treated in Koob et al. (2017).
  - 14 In contrast to the Poland case, the World Bank data for growth are available for the entire period for Ghana. The Ghana analysis therefore uses the same data source for growth as Koob et al. (2017).
  - 15 Studies on countries where this match is less accurate would also be interesting, as they can bring us closer to understanding under which circumstances freedom and participation rights are more or less effective in promoting growth.
  - 16 The “neo” in neo-patrimonialism indicates that the state is a hybrid of two conflicting systems, the informal patronage system and the rational-legal bureaucratic system.
  - 17 Exports and trade generally play a smaller role in this study, as they typically receive less emphasis in the literature compared to investments, when dealing with consequences of events related to freedom and participation rights.
  - 18 Other factors such as foreign investment and revenues from natural resources also played a role in the rise in GDP per capita during this period.
  - 19 Although this is not theorised in the literature used for this study, it is possible that this culture of silence could have negatively affected the tradition of a critical media, which Sandbrook (2000) otherwise states was relatively highly developed in Ghana. Following the logic of Koob et al. (2017), such a negative development can harm conditions for growth the coming decade, for example by creating norms of self-censorship or halting public participation in political debates, which could later reduce the effectivity of an otherwise free press.
  - 20 New oil fields were discovered in Ghana in 2007, but the upwards trend in the growth is only reduced slightly when accounting for oil's contribution to GDP in the 2000s, based on data from World Bank.
  - 21 As in the Poland case, this is similar to the findings of Gerring et al. (2005), who argue that rather than seeing democracy as a level, it should be seen as a stock, where previous levels affect the current situation.



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