

# HUMAN RIGHTS, LIMITED GOVERNMENT, AND CAPITALISM

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By and large, there are two distinct intellectual traditions in social theorizing. One is normative. It addresses how people *should* live or how the social order *should* be arranged. Much of the human rights discourse belongs to this tradition. The other tradition attempts to analyze the world as it is. Within this second tradition theories are evaluated according to criteria such as falsifiability, compatibility with known facts, explanatory power, or predictive value. If one is interested in feasibility, and if one links rights with corresponding obligations, then the separation between these intellectual traditions is regrettable. Then it makes little sense to generate long lists of human rights without knowing whether or not they ever can be implemented.

In this article, I argue that a short list of merely “*negative*” or protective human rights, which can be implemented, is preferable to a long list of “*negative*” and “*positive*” or entitlement rights, because the fulfillment of the latter requires an infringement of the former. Indeed, only a narrow focus on negative rights is compatible with a free economy, which alone provides the means to fund the material well-being of the masses—the objective of positive rights. Funding entitlements, however, undermines the viability of a free economy and thus appears self-destructive.

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## Human Rights

In the summer of 2007, the British government insisted that the European Charter of Fundamental Rights, which includes a long list of social rights and was originally intended to become a part of the aborted European Constitution, should have no legal force in the United Kingdom. Although it looks strange that one of the oldest and most stable democracies in Europe should be against better guarantees for human rights, the British position might be more reasonable than the French or German positions with their misplaced pride in the underperforming European social model.

One may distinguish between two kinds of human rights. On the one hand, there are negative or protective rights. On the other hand, there are positive rights or entitlements. Admittedly this classification is not exhaustive. Some very important political rights cannot easily be classified as either negative or positive. The prime example is the right to vote. By and large, it is a positive right and it might contribute to the expansion of other positive rights. But the right to vote may also be used to protect negative rights and to throw socialists out of office.

According to Bueno de Mesquita et al. (2005), broad-based political participation and party competition come close to being prerequisites for governments respecting personal integrity rights. Low levels of democracy do not suffice to improve human rights practice. The ambivalence of the right to vote in my classification makes me neglect this particular right in this article. Without desiring to recommend an alternative political arrangement, I share the scepticism of those writers who see some connection between the vote and the subsequent fight for popularity and redistribution (de Jasay 1985) or who emphasize the need to add constitutional limits to electoral democracy. According to Buchanan (1993: 59),

Private or several property serves as a guarantor of liberty, quite independently of how political or collective decisions are made. The direct implication is, of course, that effective constitutional limits must be present, limits that will effectively constrain overt political intrusions into rights of property, as legally defined, and into voluntary contractual arrangements involving transfer of property. If individual liberty is to be protected, such constitutional limits must be in

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place prior to and separately from any exercise of democratic governance. . . . The tyranny of the majority is no less real than any other, and, indeed, it may be more dangerous because it feeds on the idealistic illusion that participation is all that matters.

### *Negative Rights*

Negative rights serve to protect the individual, his liberty, and his property from coercion and violence. Negative rights prevent others from undertaking some types of actions, but they do not oblige others to help one. In order to safeguard negative rights government has to be limited. The link between negative rights and limited government was already well understood long before the term “human rights” gained currency. In the late 17th century, Locke ([1690] 2003: 161, 189) wrote:

The supreme power cannot take from any man part of his property without his own consent: for the preservation of property being the end of government . . . wherever the power, that is put in any hands for the government of the people, and the preservation of their properties, is applied to other ends, and made use of to impoverish, harass, or subdue them into arbitrary and irregular commands of those that have it; there it presently becomes tyranny, whether those that thus use it are one or many.

The right to life certainly is a fundamental human right. It is a negative right since it only requires that others do not kill one. In this context, one should recall that about 169 million people have been killed by states or their governments in the 20th century (Rummel 1994). Communists and National Socialists established the most murderous regimes. Among the victims of communism, there are tens of millions of deaths from starvation after the coerced collectivization of agriculture in Stalin’s Soviet Union or Mao’s China. Although the 20th century suffered two world wars and other bloody wars, fewer people died on the battlefield or because of bombing campaigns than have been murdered or starved to death by their own governments. Whoever wants to protect human rights should therefore first of all focus on the necessity of protecting people from the state and its abuses of power.

*Positive Rights*

Positive rights or entitlements commit the state and its officials to undertake certain types of action—for example, to guarantee certain minimal standards of material well-being. The American Bill of Rights (1789) is limited to negative or protective rights, while the United Nations General Declaration of Human Rights (1948) and the European Union Charter of Fundamental Rights (2000) encompass both protective rights and entitlements.<sup>1</sup> The trend from short lists of negative rights to long lists of negative and positive rights has been accompanied by a rapid and sustained increase in public spending in the West (Tanzi and Schuknecht 2000).

Classical liberals, in contrast to people called “liberals” in 20th century America and “social democrats” in Europe, demanded the primacy of individual liberty and thereby of protective rights and limited government. Providing people with entitlements forces the state to curtail the negative rights and liberties of individuals. In order to fund entitlements the state has to tax (i.e., to take coercively from) some people in order to provide for others. Entitlements have to rest on coercion and redistribution—that is, on a greater restriction of negative rights or individual liberty than would otherwise be necessary. As the balance of achievements and victims of communism demonstrates, the attempt to provide entitlements did not prevent tens of millions of deaths from starvation. Actually, the attempt to provide more than negative rights resulted in something less: the lack of respect of negative and positive rights. As I shall argue, this association between the attempt to guarantee entitlements by a monopoly of coercion and central planning is causally related to the repeated failure to protect even the right to life.

## Philosophical Principles and Empirical Analysis

In the classical liberal tradition, liberty and property rights cannot be separated; they belong together. This tradition includes the English philosopher John Locke ([1690] 2003), the American Bill of Rights, the Nobel laureate Friedrich Hayek (1960, 1976), and contemporary libertarians like Murray Rothbard (1980). The concept of self-ownership clarifies the intimate connection between liberty and

<sup>1</sup>For criticism of the UN Charter, see Hayek (1976, appendix to chap. 9).

property. Ownership of the fruits of one's labor is derived from self-ownership.

According to Locke ([1690] 2003: 111), "Every man has a property in his own person: this nobody has any right to but himself. The labour of his body, and the work of his hands, we may say, are properly his." Whether one should accept Locke's theory about the legitimate acquisition of land by actually cultivating it, need not concern us here. Since one has to leave "enough, and as good" (Locke [1690] 2003: 114) for others, there might be problems with Locke's approach. Most of contemporary taxation in developed countries, however, is hardly related to land ownership, but strongly related to returns on diligence, hard work, and human capital. Besides, it has been questioned whether rights and limited government or majoritarianism constitute the core of Locke's political philosophy (Shapiro 2003). Since the purpose of this article is to analyze the effects of either a narrow focus on negative rights or a broader focus on *negative* and *positive* rights, which might result from majoritarianism, the "true" interpretation of Locke's view need not concern us here.

From the liberal perspective, taxation has to be a problem. Within this tradition it is disputed whether the state should engage in taxation and redistribution at all, even whether it should exist. The more libertarian an author is, the less willing he is to concede the necessity of a monopoly of coercion and violence. Locke ([1690] 2003), the American Founders, and Mises ([1927] 2005) favored a minimal state. In contemporary terms, one might say that the state should be concerned only with the provision of public goods, but not with the redistribution of private goods. Hayek (1960, 1976) accepts some coerced redistribution for the benefit of those who cannot support themselves. Rothbard (1980) rejects the desirability and legitimacy of establishing a monopoly of coercion and redistribution as well. For reasons of time and space, I do not want to discuss whether or under what conditions taxation may ever become legitimate. For present purposes it may suffice to say that a focus on self-ownership implies strict limits on taxation and a general preference for less rather than more of it. The focus on self-ownership and a conception of human rights built on it has the advantage of compatibility with the most fundamental insight of economics—incentives matter.

I do not believe in the value of cataloguing a long list of human rights that stands no chance of ever being realized on earth. Purely normative arguments that disregard feasibility easily become incom-

patible with a philosophical principle according to which “should implies can” (Albert 1991: 91).<sup>2</sup> If one accepts this principle, as I do, then one may criticize normative postulates by appealing to empirical science. In order to become useful for their beneficiaries, a proclamation of human rights has to clarify the corresponding obligations. Proclaiming “freedom from want” as a positive right does not provide society, government, or the courts with the resources to satisfy those wants. Declaring an obligation irrespective of feasibility helps no one. An insistence on negative or protective human rights puts fewer demands on government than the inclusion of positive rights does. Dorn (2007: 27) has outlined the role of the state and government well: “The role of the state is to preserve freedom by preventing injustice, not to pursue some arbitrarily defined notion of ‘social justice’ by violating people’s liberty and property. The essence of liberalism, in the classical sense, is to ‘do no harm’—not to ‘do good’ with other people’s money.”

A parsimonious summary of the insights of three economists is useful to give one an idea about the kind of social order where human rights might prevail. Although such an order focuses on negative or protective rights and limited government, so that the protection of individual life and liberty against aggression becomes the basis for the legitimacy of state and government, I ultimately arrive at a testable and, by Popper’s (1959) criterion of falsifiability,<sup>3</sup> a “scientific” statement. In particular, even the objective behind the desire for positive rights or entitlements (e.g., participation in the material well-being of society) is provided for the greatest number in a free society with limited government—that is, in a state that abandons the pretension of guaranteeing positive rights or entitlements.

Societies need property rights in order to provide incentives for hard work. Most of us prefer to work for our own good, or possibly for the benefit of our families, but not for the government or the poor, some of whom some of us might consider “undeserving.” Adam Smith ([1776] 1976) knew this already in the 18th century; socialists forget it again and again. Institutions should fit the nature of human beings. The state should not even try to improve our morality

<sup>2</sup>This proposition is an old idea. Locke ([1690] 2003: 240), for example, writes: “It is absurd that things should be enjoined by laws which are not in men’s power to perform.”

<sup>3</sup>Popper’s demarcation line between scientific and other types of reasoning is provided by falsifiability.

because the moral quality of political leaders may easily be worse than the morality of average or ordinary self-seeking persons.<sup>4</sup> According to Smith, government should defend the nation against external aggression, prevent aggression between citizens, administer justice, and provide certain public goods such as transportation infrastructure. He also favored public education. Until 1972, U.S. federal expenditures largely accorded with Smith's vision of limited government because welfare spending was still not a major component of the federal budget. Since 1994, however, the share of transfers in the federal budget is at least twice as high as the share of federal expenditures devoted to what Smith would consider legitimate functions of government (Lipford and Slice 2007: 492). Nevertheless, the United States is still closer to Smithean ideals and limited government than Europe, where the tax burden is higher and transfers are more generous (Tanzi and Schuknecht 2000).

The Austrian economist Ludwig von Mises (1920) recognized that economies need private property in the means of production. Without it, a rational allocation of resources is impossible. That is why Mises ([1927] 2005) predicted already in the 1920s that socialism and planning had to end in failure. In more technical terms this insight has been rediscovered by Chinese economists who point out that private, in contrast to public, enterprises prevent "comparative advantage denying" development strategies (Lin, Cai, and Li 2003).<sup>5</sup> When communism expanded into the center of Europe, another Austrian economist, Friedrich Hayek (1945), added that only private property permits decentralized decisionmaking and the mobilization of knowledge that is dispersed across millions of minds and cannot be centralized by a bureaucracy.

If the economy is to work, we require private property of one's capability to work, of useful objects or consumption goods, and of the means of production or factories and land. In other words, we need capitalism and economic freedom for the sake of our material well-being. Only in prosperous societies is it even conceivable to provide for the material well-being of the disadvantaged and poor groups of people. As an empiricist who tries to analyze the world as it is rather

<sup>4</sup>Whoever has doubts about this statement should consider Hitler, Stalin, Mao, and Pol Pot. It even suffices to consider less murderous rulers and petty tyrants like Somoza and Mobutu.

<sup>5</sup>Since they do not quote Mises, and possibly have never seen his work, this might be a genuine rediscovery.

than as one might like it to be, I claim that a primacy of so-called negative rights, of protective rights against state intervention, is a *prerequisite* for funding positive rights or entitlements for those who might need them. The primacy of negative rights over positive rights is needed for another reason, too. Entitlements necessarily undermine the willingness to work hard. If one rewards a lack of economic success by transfer payments, but punishes outstanding success by progressive taxes, then one should not be astonished to get less success and more failure because of that policy.

## Asia and the West

Because there can be no certainty about the possession of the truth in the empirical sciences, and scientists can and do commit errors, the question arises: Why should anyone accept the theory outlined above? In general, scientists accept theories with some explanatory value and predictive power, at least until the theory is falsified or a better theory becomes available. Relying on the theory just outlined one can explain why Europe and European settler colonies in North America or Australasia could overtake the great Asian civilizations—China, India, and Islam—economically, scientifically, and technologically during the last three centuries, and why mass poverty and hunger were overcome in the West much earlier than in Asia. The core component of this explanation refers to the much earlier establishment of comparatively safe private property rights for producers and traders that Western rulers had to concede to their subjects in contrast to more powerful or “absolute” rulers in Asia (Jones 1981; North 1990; Weede 2000, 2008). European rulers did not make these concessions because they were morally superior or kinder than Asian rulers but because the competition between European rulers in the politically fragmented Western civilization forced them to make concessions in order to keep mobile capital and human capital at home rather than to see it invigorating neighboring economies where it might find refuge. Such concessions could be avoided in Asian empires.

Limited government is the Western “invention” that was the prerequisite for Western progress. Or, one might also say: The early establishment of protective or freedom rights contributed to economic growth and widely shared prosperity. At first those rights

were reserved for a small part of the population, but over time most or all of the population enjoyed equal rights.<sup>6</sup>

The same theory can also explain why the Chinese weight in the global economy further declined under Mao Zedong, but why China rose again after Deng Xiaoping's reforms (Maddison 1998; Lin, Cai, and Li 2003) and his "creeping capitalism." The coerced collectivization of agriculture in the 1950s and even more the so-called great leap forward (1959–62) abolished not only private property in land, but for practical purposes also the self-ownership of peasants and, thus, their rights to decide for themselves and to enjoy the fruits of their labor. By abolishing property rights, the Chinese Communist Party reduced incentives to work. Cadre arrogance replaced peasant knowledge. Scarcity prices also were abolished. About 30 to 35 million people died of starvation (Fu 1993; Rummel 1994; Lin, Cai, and Li 2003).

Although Deng Xiaoping's reforms did not return property rights in land to the peasants, at least they became something like sharecroppers who had to deliver some share of their products to the state, but were permitted to keep much of it for themselves or for sale. Because they could again make most of the decisions themselves and enjoy or suffer the consequences of their decisions, peasants once again applied their knowledge and worked hard to improve their lives. Political cadres interfered less frequently and less coercively in peasant decisionmaking. Scarcity prices replaced pricing by command, and, in rural areas, production recovered and rose. Later, there was a stepwise, but tremendously successful reintroduction of capitalist production patterns in industries and big cities.

Of course, one has to admit that protective or freedom rights are by no means secure in China. Nevertheless, the step from Mao's to Deng's rule was a qualitative leap toward liberty. Some economic freedom and modest or unreliable respect for protective human rights is certainly better than a persistent lack of respect for human rights and the ubiquity of coercion that prevailed under Mao. Deng permitted the Chinese to work in order to become rich. He tolerated

<sup>6</sup>At the beginning of the Western evolution toward freedom rights, these covered only a tiny group of aristocrats, as the Magna Charta did in early 13th century England (Pipes 1999). The extension of these rights to almost everyone occurred during the 19th and 20th centuries. Afro-Americans had to wait until the 1960s before getting equal protective and freedom rights and the vote all over the United States.

the resulting increase in income inequality. Today, Chinese income per head is about seven times as high in terms of purchasing power parity as it was at the end of Mao's rule (Pei 2006: 2).

Although India became and remained a democracy after its independence, and it never nationalized all the means of production, it nevertheless was inspired by the Soviet model for decades (Lal 1998: 129). As befits a democracy, Indian economic policies were justified by the urgent needs of the poor. Slow growth and persistent poverty were the results of this inspiration (Bhagwati 1993, Luce 2004). Bureaucratic controls and interventions weakened incentives, severely restricted entrepreneurial decisions on hiring and firing, and distorted prices. Import substitution and protectionism contributed to weak competition until the early 1990s.

In a vain attempt to serve the poor, the Indian state granted positive rights or entitlements to them. Although that policy contributed to public deficits—and the inability of the state to fund roads, railways, ports, and airports comparable to China's—only one third of this transfer spending actually benefited the poor (Luce 2006: 89). Likewise, government interference in the labor market has not protected the poor but, instead, generated an aristocracy of labor. In the organized or formal sector of the economy job protection is very strong. But only 35 million out of a labor force of 470 million people belong to this privileged group (Luce 2006: 48–49). Out of these 35 million workers with job security, 21 million work for the government or state enterprises, and merely 14 million for private companies. There is a huge disparity of labor productivity and earnings between the organized sector and the informal or agricultural sector where most Indians have to survive.

Whereas China has generated more than 100 million manufacturing jobs, most of them low-skilled and export-oriented, India has provided only 7 million manufacturing jobs. The well-known Indian economic miracle is centered on information technology, software, back-office processing, and call centers. Unfortunately, those jobs account for less than 1 percent of the Indian labor force. Even though all Indians enjoy negative and positive rights on paper, most Indians can only dream of a job in the organized sector or of the subsidies they are entitled to. If the Indian state could overcome its unrealistic pretensions, it might serve the poor better. India still is “a state that is never absent from your life, except when you actually need it” (Luce 2006: 64).

## Testing the Practicality of Market-Liberal Ideas

One may test econometrically the ideas borrowed from Smith, Mises, and Hayek, as discussed earlier.

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One should expect a positive relation between economic freedom (or an increase in economic freedom) and prosperity (or economic growth)—and that is what one finds (de Haan and Sturm 2000; Doucouliagos and Ulubasoglu 2006; Gwartney and Lawson 2005; Gwartney, Holcombe, and Lawson 2006; Liu 2007; Weede 2006). As expected, economic growth also contributes to important positive rights, such as reducing child hunger (Jenkins, Scanlan, and Peterson 2007).<sup>7</sup> Building on Hayek's (1960: chap. 2) idea that economic freedom does not only improve the lives of those who enjoy it, but also of those who still aspire to it, and that economically unfree societies can benefit from the economic freedom of others, one can provide a deeper explanation of the “advantages of backwardness” than merely by pointing to the transfer of technology from advanced to less developed economies.

As argued earlier, the advanced societies are advanced because they established better institutions and property rights before less developed countries. This institutional head start contributed to technological progress. From this perspective, the Chinese economic miracle beginning with Deng's reforms could be explained by the increase in economic freedom within China, or “creeping capitalism” as well as by the “advantages of backwardness,” which ultimately rest on earlier progress, economic freedom, and capitalism in the West. Our freedom or the West's focus on negative rights in the past is among the drivers of Chinese and Asian growth (Weede 2006, 2008).

<sup>7</sup>According to my reading of their study, it says little or nothing about the impact of other positive rights on child hunger. It says that discrimination against women is harmful. This finding is compatible with the argument made in this article. Not suffering from discrimination by government officials is a protective or negative right. Women deserve it as much as men do. As I use these terms, the prohibition of discrimination by government officials is not a positive or redistributive right. Blume and Voigt (2007: 534), however, do not find the significant negative effect of “emancipatory rights” on economic development that they derive from a Hayekian perspective. Although these findings should certainly encourage future research, the assessment of emancipatory rights in their study is quite narrow. Three out of four of their highest factor loadings refer to women's rights.

To sum up: One may demonstrate historically and econometrically that limited government and economic freedom contribute to prosperity. Only where the state protects the primacy of negative rights or individual liberty, or where it at least moves in the right direction, as China has done since Deng Xiaoping's reforms in the late 1970s or India since the early 1990s, can economies stand a chance of becoming prosperous enough so that positive rights or entitlements can be funded. Obviously, unfunded entitlements are worse than useless.

### *Economic Freedom, Prosperity, and Peace*

Capitalist development contributes not only to prosperity but also to reducing the risk of war. From a human rights perspective, the avoidance of war is a paramount concern because the fog of war has frequently been used as a cover for human rights abuses and war crimes (Apodaca 2001; Harrelson-Stephens and Callaway 2001; Richards, Gelleny, and Sacko 2001).<sup>8</sup> Econometric studies (Gartzke 2005, 2007; Russett and Oneal 2001; Weede 2005) are compatible with the following causal relationships between economic freedom, prosperity, and peace: Whether assessed by financial market openness, trade, or property rights, economic freedom contributes to peace. The more trade there is between two states or the more they are economically interdependent, the less likely military conflict between them becomes.

In addition to this direct effect of economic freedom on the avoidance of war, there is an indirect effect via prosperity and democracy that is well documented (Lipset 1994; Russett and Oneal 2001; Weede 2005). The freer an economy is, the more prosperous it is likely to be. The more prosperous a country is, the more likely it is to be a democracy.<sup>9</sup> Military conflict between democracies is extremely unlikely. Economic freedom and free trade—that is, the global expansion of capitalism and the corresponding catch-up opportunities for poor countries—constitute the beginning of the causal chain

<sup>8</sup>Operationally, this research refers to physical integrity rights and the political terror scale. Moreover, armed conflict and its preparation by military spending also contribute to child hunger (Jenkins, Scanlan, and Peterson 2007)—that is, to what one may conceive of as the denial of a positive right. More generally, there is a vicious circle connecting poverty and underdevelopment on the one hand and armed conflict or state failure on the other hand (Collier 2007).

<sup>9</sup>By definition, democracies deliver negative human rights and the vote.

leading to democracy and peace, at least to peace among prosperous or capitalist democracies. Economic freedom and free trade also exert a direct pacifying impact. Therefore, it is preferable to call this set of pacifying conditions the “capitalist (or market-liberal) peace” rather than the “democratic peace.”

## Conclusion

Let us turn back to human rights. At the beginning of this article, I distinguished between negative or protective rights, including economic freedom, and positive rights or entitlements. I then outlined a theory in which protective or freedom rights in general, and economic freedoms in particular, are identified as determinants of prosperity and peace. In this theoretical perspective, the realization of negative rights becomes a prerequisite for fulfilling the objectives of positive rights for the majority of the population. One may support this perspective, and therefore the primacy of protective rights and freedoms over entitlements, by reference to historical and economic evidence. Still, the desirability of adding positive rights to negative rights needs discussion. Skepticism about positive rights is based on the tension between positive and negative rights. Since positive rights or entitlements need funding, the attempt to provide positive rights requires an infringement of negative rights, especially of the right to enjoy the fruits of one’s labor. Based on empirical evidence (Lindbeck and Nyberg 2006, Heinemann 2007), one has to concede that entitlements and the welfare state endanger incentives and the readiness to work hard and diligently as well as the will to educate children accordingly. The welfare state, therefore, decreases prosperity.

In addition, when negative rights are eroded in developed countries, people in underdeveloped countries will suffer, because of the loss of liberal institutions in the West. Countries that have become rich by a focus on negative rights and economic freedom also promote the chances of ill poor and underdeveloped countries to catch up and to overcome mass poverty and hunger. They generate the prerequisites for meeting the objectives of the adherents of positive rights for a rapidly growing proportion of mankind—not by interventionism and planning, but by *laissez faire*. Already globalization or the global expansion of capitalism or the establishment of the primacy of protective rights over entitlements has taken hundreds of mil-

lions of people, in particular Asians, out of bitter poverty. Globalization even contributed to the recent egalitarian trend in the size distribution of income among human beings (Bhalla 2002; Sala-i-Martin 2007; World Bank 2005).

Currently, there are attempts to globalize the welfare state. Those who argue in favor of significantly increasing development aid (Sachs 2005) feel that people in rich countries are morally obliged to transfer some of their income to the inhabitants of poor countries. Whether development aid is effective is controversial (Easterly 2006). One advocate of development aid (Collier 2007: 103) even admits that as much as 40 percent of it might end up in financing African military establishments. Whereas the advantages of backwardness, which are a “gift” from rich countries to poor countries, are robustly supported in econometric studies, support for the effectiveness of aid is inconsistent, negligible, and controversial.

The critics of capitalism and the proponents of positive rights tend to forget an insight that has been well expressed by a Nobel Prize winning economist: “Too much concern for ‘justice’ acts to insure that ‘growth’ will not take place” (Buchanan 1999: 440). One may even argue that an exaggerated focus on positive or welfare rights in Continental Europe has to be blamed for the poor growth performance of France, Germany, and Italy. Since the advantages of backwardness have been exhausted, these economies need more entrepreneurship, more radical innovation, and Schumpeterian “creative destruction” in order to achieve better productivity growth (Baumol, Litan, and Schramm 2007). As is already the case in the United States, Europe needs to make it easy to establish new businesses, close them down, and fire workers who are no longer needed or unqualified for the job. Interest groups and their rent-seeking activities should be discouraged rather than served by government and policy. Antitrust laws and open borders should reinforce competition. Only temporary rents based on innovation and intellectual property rights deserve governmental and judicial protection.

The global expansion of capitalism to developing countries has rescued hundreds of millions of people from dire poverty, especially in Asia, and also has helped increase respect for human rights. Cross-national studies support the propositions that globalization—that is, trade openness or foreign direct investment—promotes human rights in less developed countries, including free association and collective bargaining rights, women’s economic rights, and the avoidance of child labor as well as of

forced labor (Apodaca 2001; Harrelson-Stephens and Callaway 2001; Neumayer and de Soysa 2005, 2006, 2007; Richards, Gelleny, and Sacko 2001). Since human rights also promote trade (Blanton and Blanton 2007), there seems to be a virtuous circle in which some human rights—negative or physical integrity rights in contrast to welfare rights—and international trade reinforce each other.

There is no perfect market or perfect government, but evidence shows that improving market institutions contribute to improving people's economic and personal freedoms. Political reform is still necessary in China and other authoritarian regimes if human rights are to be protected and enhanced. Retreating from globalization and market-liberal principles, however, would be a step backwards. According to econometric studies, globalization does not undermine human rights but serves to spread them beyond the Western world.

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