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Economic Rights in Small Economies

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I. Introduction

Economic rights are a lesser-known component of the broad set of human rights. The efforts of economists and other social scientists, and political scientists and legal professionals, often remains apart in international forums. Yet further integration is needed to enhance the rights of citizens in the global economy. Few studies have directly compared the achievement of political and economic rights, and this paper reviews basic needs indicators as an initial step in this process.

Here we provide an overview of economic rights within the broader human rights discussion. The paper sets the context for the achievement of physical basic needs within a market economy, and it borrows upon standard indicators used by international organizations to support attention on economic development. It focuses primarily on the smaller, Spanish-speaking, nations of Latin America (Central America and Caribbean) which share a common heritage and policy focus (i.e. the Caribbean Basin Initiative and the Central America Free Trade Area). These countries, like most of Latin America, experienced a profound shift from a post WWII (World War II) state-led populist approach to economic development to a market-oriented approach including the privatization of some service provision.

We conclude that the achievement of economic rights is highly varied within this context; however, many citizens have secured a partial grouping of rights. Strategies to enhance the fulfillment of economic rights include a continued—and expanded—discussion of worker rights, an inclusion of economic rights measures in the reporting done by human rights monitors, and updated research on the links between democratization and economic development.

II. Economic Rights as Human Rights

The United Nations Universal Declaration of Human Rights passed in 1948 includes articles outlining political and social freedoms, as well as physical basic needs, that humans as human beings should enjoy. Articles 22-26 include ten "economic rights" dedicated to working conditions and the achievement of basic physical needs. Specifically, the Declaration states human beings should be entitled to work—with equal pay for equal work, just and favourable renumeration, membership in trade unions, and reasonable working hours. Additionally the physical basic needs required for human sustenance are outlined as food, clothing, housing, medical care, and social security. Water often is included in the list. No mention is made to whether these needs are to be provided for free or at what cost. The right to free (primary) education as a basic need is outlined. Elsewhere, Article 17 mentions the right to own property without arbitrary deprivation, which could be interpreted as a support for property rights.

Some commentators (Bouvier, 2005) have noted that the achievement of political rights is more advanced than that of economic rights. Yet few studies have presented a comparison of percentages of basic needs achievement and civil and political achievements. Modernization theory suggests that democracy and economic development should go

together; thus a strong focus on political rights has dominanted much of the post WWII human rights discussion. Data on human rights (such as the U.S. Department of State's Country Reports) analyze the individual, civil, political and worker rights listed in the UN Declaration. While some non-governmental agencies address economic rights (such as the focus of Americas Watch on worker rights and Amnesty International's attention to Haitian migrants in the Dominican Republic), a systematic analysis across Latin America is lacking. Below we review publicly-available measures of economic rights as an initial step in that process.

III. Rights and Privileges in the Market Economy

The market-based economic system provides the background in which nation states attempt to secure human rights for their citizens. Apart from Cuba (and for a brief period Nicaragua), all of the Central American-Caribbean countries have relied primarily upon the free market for the exchange of goods and services. Some programs of government-based land reform have represented a non-market method to exchange land among citizens, with Nicaragua's 1981 land reform the most advanced among the smaller nations as it assisted over 30% of the rural households by 1983 (Deere, 1985; Thiesenhusen, 1989). More recent programs of land market activation favor real estate transactions to allocate land access and food production opportunities. In general, the achievement of economic rights has been contingent upon how the market allows individuals to sell goods and services and obtain inputs to achieve their physcial basic needs.

The nature of rights and privileges within a market-based system bears clarification. As Bromley (1989) explains, the market institution includes expectations of behavior among individuals, and, by extension, the legal relations which have emerged. Specifically, a right

is an assurance that a good will be provided; rights to goods and services are entitlements that have defacto or dejure legal support. That is, if a citizen has a *right* to food, he or she can seek legal sanctions to receive it; the state has a *duty* to provide the food. Although international law gives economic rights, ultimately national governments are responsible.

National laws and legal codes have had some role in the distribution of rights and duties within each of the nations of Central America and the Caribbean. A review of each country's constitution gives some guideline as to whether rights exist to the food, water, housing, medicine and other means to achieve physical basic needs. The Comparative Consitutional Study of Georgetown University (2006) has organized constitutional rights for health/housing/food and work, and education separately. A brief review of the Political Database of the Americas suggests that within the smaller countries of Central America and the Caribbean, the state has placed the most emphasis on assuring its citizens the common "public goods" of education and health. Regarding health, several articles of the constitutions discuss the governments' obligation to protect citizen health, with some specific mention (in Nicaragua) of free health in priority programs for others, children, and elderly.

All these constitutions state free education is a right or an integral part of human beings, with a particular emphasis on ending illiteracy. Each of the states has attempted to provide minimum public education, with relatively high net enrollment rates (all around 90%) for primary school. However, gaps across gender and income groups result in lower average educational achievement, particularly for Guatemala and Nicaragua (Preal, 2006). Subsidies (or price controls) have existed for water, food, and housing across the countries to varying degrees yet fallen out of vogue during the recent period of market reforms. Conditional cash transfer programs (which may include financial incentives for health clinic

visits and school attendance) were pioneered in Mexico as targetted attempts to increase the incomes and basic needs of the poorest groups of the population. These programs are less widespread in the smaller nations.

Strong work and salary rights exist in the constitutions, although some doubt probably arises due to their enforcement. Most documents state that work is "an individual right and obligation with society". Work and adequate employment remain essential in allowing citizens to secure the income necessary to acquire the food and other goods associated with basic needs. The labor market is the relevant venue in which an individual sells his or her services in exchange for income. The Untied Nations declaration outlines numerous aspects of work—actual employment, free choice, no discrimination, equal pay, just remuneration, and unionization. An analysis of labor markets in Central America is beyond the scope of this paper but in general the labor market offers no guarantees regarding salary achievements. That is, minimum work hours and adequate pay are not rights which the state has a duty to provide in Central America. High rates of (economic) outmigration from Central America and the Dominican Republic speak to the lack of job opportunities within the nations. Constitutions and national laws do establish minimum wage guidelines, yet enforcement and the correlation between the minimum wage level and "just remuneration" (i.e. purchasing power to buy a minimum basket of goods) remains shaky.

Surprisingly few constitutional provisions exist regarding the basic needs of food, water and shelter. This suggests most Central American states do not consider these items to be the inherent right of citizens. The Costa Rican and Panamanian constitutions mention state involvement in the construction of popular housing and food for poor school children, while the Guatemalan and Dominican constitutions urge the state to "watch out" that the

feeding and nutrition of the population meet minimum health needs. The Honduran constitution recognizes the right of citizens to dignified housing through the creation of a Special Housing Fund. Only the 1987 Nicaraguan constitution establishes the strongest protections for food as a basic need; Article 63 states that all Nicaraguans have the right to be "protected against hunger', and it assures the state will promote programs to provide adequate food availability with equitable distribution.

Since legal rights to basic needs are not comprehensive, what most people really use are entitlements. Namely, families access basic needs through their *ability to command* food, water and other items through several channels. According to Sen (1981, cited in Ghatak, 1995) a family's entitlement to food comes through their ability to produce (grow) it or to exchange labor or other products at a favorable rate relative to food prices. A few families can receive inheritances or public transfers involving food. The role of the state is limited to the last channel. In most cases, possession of sufficient income gives a citizen the privilege of acquiring the good. While many people may have a demand for health care, they will not participate in the final quantity sold unless they pay at least the market equilibrium price. Factors such as land access, land yields, employment rates, wage rates, the value of other products sold, food prices and inflation affect basic needs achievement. Namely, loss of employment and/or increases in the price level of goods would clearly reduce the entitlements of citizens and the achievement of basic needs. Thus understanding trends in citizens' ability to pay—essentially trends in their real incomes—factors in to understanding their achievement of their economic rights.

IV. The Achievement of Economic Rights in Central America

We next examine the quantitative indicators used to assess country status on economic rights. Besides authorship of the Universal Declaration of Human Rights, the United Nations also has been the source of most statistical indicators in this regard. The measurement of "basic needs" first came into vogue in the mid-1970s, and refinements of this approach are included in the Indicators of the Millenium Development Goals.

The basic needs approach of the late 1970s developed by Paul Streeten and others specifically focuses on food, education, health, sanitation, water supply and housing (Streeten, 1980; Hicks and Streeten, 1979). This approach not only tried to shift economic thinking away from simple growth numbers but also provided a link to the rights set out in the UN Charter. Specific numbers can be connected to each concept; for instance achieving the right to food could be measured as the population share which has an adequate calorie supply, while education achievement is linked to literacy rates. Health access is often summarized as life expectancy at birth (or physicians per population) with water supply visualized through potable water access. The physical needs of clothing and housing have had few good measures (although some countries still measure persons per room in national surveys).

Parallel to this, economists have focused on measurements of economic growth (GDP per capita) and absolute poverty as summary statistics of well-being. Gross Domestic Product (GDP) per person represents a measure of the *average* income per person in a country during a calendar year. Theoretically, if a person (or household) has sufficient income, then he or she should be able to purchase a basket of goods to satisfy physical basic needs. Not being able to purchase the basket puts an individual or household in absolute

poverty. Attempts to compare national poverty rates across countries have been frustrated by differences in national exchange rates and purchasing power as well as survey differentials. Thus international organizations commonly convert national aggregate measures to US dollars for comparisons. Thus a person earning less than $2 per day would represent an absolutely poor individual who could not satisfy all his/her basic needs (food, clothing, shelter, etc..) while a person earning less than $1 per day lives in extreme poverty and cannot acquire even a minimum amount of food for sustenance. The World Bank has recently upgraded these measures to $1.25 per person per day as extreme poverty. An additional measure of the poverty gap considers the average shortfall from a poverty line in percentage terms.

The Human Development Index (HDI) was next developed in 1990 as a broader measure of economic development and human capabilities. Across the myriad of social and economic data available regarding health, education, and nutrition, the index creators chose to focus on GDP, adult literacy rates, schooling enrollment rates, and life expectancy as the most relevant indicators. The index is calculated for all world countries, with high human development often linked to high income. Most recently, all of the small economies except Costa Rica tended to fall within the category of Medium Human Development (0.6-0.8), with Guatemala scoring the lowest due to ethnic disparities.

A more recent approach emerged at the turn of the century with the Millenium Development Goals advocated by the United Nations. Currently there are eight overall goals which developing countries (including those of Central America and the Caribbean) are to achieve by 2015. They form the basis for bilateral/ multilateral aid and national policy design throughout the region. The broad goals (and 20 targets) cover poverty and hunger

reduction, universal education, gender equality, child health, maternal health, AIDS reduction, environmental sustainability and global partnerships. Thus they include a partial overlap with the original economic rights outlined in the UN Declaration (UNDP, 2003).

We report many of the basic needs indicators below for each of the smaller countries. Most of these figures are now reported through Millenium Development Goals website portals. The data is mainly derived from household survey and census statistics undertaken by government agencies of national residents. In general we see that between 3-30% of the citizens in each of the countries have not achieved a complete fulfillment of their basic needs and economic rights. Achievements of minimum health (survival) appear widespread with an infant mortality rate below 3% in most cases. Of course a broader range of health quality could ultimately be what citizens desire. The indicators suggest that in the extreme 25% of citizens do not enjoy water or food access. Most citizens achieve some degree of education—as the minimum ability to communicate—with the lowest adult literacy rate (69%) observed in Guatemala.

Costa Rica appears to be the nation with the highest level of economic rights achieved by its citizens. In all tables, this country has the highest score of each indicator (the lowest rate of malnutrition and food provision, the highest rate of literacy and education achievement, the highest percentage of the population accessing water, and the highest life expectancy and health achievement). The importance of public spending priorities appears. Here we report spending on health and education as a percent of total government spending. Tables 2 and 4 suggest Costa Rica's prioritizing social spending has paid off in terms of life expectancy and literacy achievements. Other indicators are reported on a GDP (Gross Domestic Product) scale. Spending on military expenditures and debt service could be

important. Most countries now have small allotments towards the national military (ranging from 0-1% of GDP). Yet debt service obligations vary and could be related to basic needs possibilities. Total debt service represented 13.5% of Panama's GDP in 2005 and grater than 4% in Honduras and Nicaragua. Debt forgiveness has advanced for Honduras but is not assured in the other nations.

Success in the labor market by a country's citizens could lead to improvements in basic needs achievement. Increases in job hours and wages (apart from inflationary rises) should allow citizens to acquire more of the items needed to fulfill physical needs. Regarding employment, we focus on work itself, rather than the conditions within the workplace. Open unemployment rates commonly understate divergences between the formal and informal sector in Latin America; hence the participation rate is perhaps most realistic. This number paints a more sombering story—nearly half of the population in each country are not involved with work, although consitutional provisions state this as a right and duty within society. We find that participation by a greater proportion of a country's citizens is related to declines in underweight babies and infant mortality and increases in youth literacy rates and access to water.

There should be other forms of correlation between the trends in the physical measures for each country and the summary measures of Table 6. For instance, countries which assure widespread access to potable water should experience reductions in infant mortality. But some divergences appear. Namely, countries which appear to have achieved a higher level of food security (i.e. Nicaragua) appear to still have a large proportion of the population in extreme poverty using the dollar measure. GDP per capita is positively correlated with youth literacy, santiation and water access, life expectancy and physician

availability, while extreme poverty rates are negatively correlated with these measures. This underscores the importance of citizen incomes in the market-based economies of Latin America.

V. Conclusion and New Approaches towards Guaranteeing Economic Rights

In this paper we provide an overview of the economic rights outlined in the United Nations Charter and consider their achievement in several smaller nations of Latin America. These economic rights include food, shelter, water, education, health and employment issues. Our discussion above suggests national legal protection is important to the achievement of rights. Country constitutions provide strong wording not only regarding workplace conditions but also the right to work. Food and water receive less attention. Relevant wording within constitutions and other national laws would mean the state has a duty to protect the right of its citizens to the components of their basic needs. It would offset the trend of a market-based system of allocation in which the privilege of getting food, shelter, and clothing is only for those who have the means to command it through income or other entitlements.

Tracking summary measures of economic well-being (i.e. GDP per capita, absolute poverty rates, and the Human Development Index HDI) offers some information to human rights professionals. These summary measures are usually correlated with the achievement of basic needs and economic rights fulfillment. However, the process behind increases in GDP per capita and decreases in absolute poverty rates remain less clear and widely debated. Thus we return here to the physical measures of basic needs using indicators reported through various portals of international organizations. We find most citizens in Latin America enjoy access to food, water, minimum education and health but lack employment.

Ultimately citizens of the selected nations must depend upon their labor employment to secure food and housing.

This suggests that human rights activists should place greater attention on the enforcement of labor provisions in the nations' constitutions while also undertaking more analysis working of labor markets in Latin America. Labor force participation rates (a statistic not widely-reported) remain an important correlate with the achievement of basic needs. Promotion of job-creating activities within Central America and the Caribbean offers an indirect tool to promote economic rights.

Discussions of how the role of the state can change throughout Latin America and the developing world also are merited. In this regards several nations of South America have embarked upon ambitious changes to provide constitutional guarantees to basic needs. The Venezuela charter in 1999, the new 2008 constitution in Ecuador, and the 2009 Bolivia constitution increase the economic rights granted to citizens (Partlow, 2009). These could guide government populist spending to emphasize programs such as housing construction and water provision aimed at all sub-groups of citizens. However, the new documents again only clarify the price associated with "free" education and health care. The specific pricing of food, water and clothing are still uncertain so that their allocation will be done through a market to those who can afford it.

Finally, the integration of economic rights within the broader discussion of human rights is important. Human rights monitors should report levels of economic rights achievement through website portals, country reports and other venues. Disaggregation by geography, ethnicity and gender would be ideal. Although a direct comparison of the number of citizens achieving political rights and economic rights is likely infeasible, some

linkage would open up a broader discussion of the connections between democracy and economic development. Much of the early modernization literature equated development explored the multi-directional relationship between gross domestic product and political measures. A later strand of the literature examines economic freedoms, economic stabilization, efficiency and international competitiveness and ultimately economic growth (i.e. Feinberg, 2008). But while the policy discourse has recently focused on economic freedom to include measures of "government intervention", treatment of foreign investment, and protection of property rights, this language is fundamentally different than the ideas of economic rights set out by the United Nations. Many practioners in the international community now prefer multidimensional terms of basic needs achievement, human development and capabilities availability in discussions of economic development and well-being. Further research linking economic rights in these terms with political rights and systems is warranted.

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TABLES

TABLE 1: FOOD
(MDG 1: eradicate extreme poverty and hunger)

	Children under weight for age (% under 5) 1996-2005	Undernourished people (% population) 2002-04	Consumer price index % change 2004-2005 (1990-2005)	Share of Ag Exports in Total Exports % 2002
Costa Rica	5	5	13.8 (13.5)	30.1
Dominican Republic	5	29	4.2 (10.5)	
El Salvador	10	11	4.7 (5.9)	15.1
Guatemala	23	22	8.4 (8.6)	54.7
Honduras	17	23	8.8 (15)	39.7
Nicaragua	10	27	9.4 (18.9)	62.5
Panama	8	23	3.3 (1.0)	32
LAC mean	9.22	15.48		

Sources: UN Human Development Report 2003: Milennium Development Goals; World Bank World Development Indicators online country statistics and Food and Agriculture Organization

TABLE 2: EDUCATION
(MDG 2: Achieve universal primary education)

	Youth literacy rate % 1995-2005	Adult literacy rate % 1995-2005	Children reaching grade 5 % 2004	Public expenditure on education (%total govt exp) 2002-05
Costa Rica	97.6	94.9	87	18.5
Dominican Republic	94.2	87	86	9.7
El Salvador	88.5	80.6	69	20
Guatemala	82.2	69.1	68	13
Honduras	88.9	80	70	..
Nicaragua	86.2	76.7	54	15
Panama	96.1	91.9	85	8.9
LAC Mean	96	95	..	15

Sources: UN Human Development Report 2003: Milennium Development Goals; UN Human Development Report 2007 and World Bank World Development Indicators online country statistics

TABLE 3: WATER, SANITATION (Shelter) (MDG 7: Ensure Environmental Sanitation)				
	Total population with access to improved sanitation % 2004	Total population with access to improved water % 2004	% Difference in water access urban-rural 2000	Electrification rate % 2004
Costa Rica	92	97	7	99
Dominican Republic	78	95	12	93
El Salvador	62	84	27	80
Guatemala	86	95	10	79
Honduras	69	87	14	62
Nicaragua	47	79	32	69
Panama	73	90	20	85
LAC Mean	78	91	..	..
Sources: UN Human Development Report 2003: Milennium Development Goals; UN Human Development Report 2007 and World Bank World Development Indicators online country statistics				

TABLE 4: HEALTH (MDG 4-5: Reduce Child Mortality, Improve Maternal Health)				
	Infant Mortality (per 1000 live births) 2005	Life expectancy at birth (years) 2000-2005	Physicians per 100,000 people (2000-04)	Public expenditure on health % total govt.expenditure 2002-2005
Costa Rica	11	94.9	132	22
Dominican Republic	26	70.8	188	11
El Salvador	23	71.3	124	14
Guatemala	32	69.7	90	16
Honduras	31	69.4	57	16.5
Nicaragua	30	71.9	37	12.5
Panama	19	75.1	150	10.5
LAC Mean	23	72	..	..
Sources: UN Human Development Report 2003: Milennium Development Goals; UN Human Development Report 2007 and World Bank World Development Indicators online country statistics				

TABLE 5: EMPLOYMENT				
	Unemployment rate total % 1996-2005	Youth unemployment% 2003-2004	Participation rate total (% of population ages 15-64) 2005	Real minimum wages (index 2000=100) 2005
Costa Rica	6.6	15	58.8	97.8
Dominican Republic	17.9	..	55.9	96.4
El Salvador	6.8	11	52.4	91.1
Guatemala	3.4	..	..	115.9
Honduras	4.1	8	50.9	121.2
Nicaragua	12.2	13	53.8	118.1
Panama	10.3	29	63.6	104.3
LAC Mean	..		70	..
Sources: UN Human Development Report 2007 and World Bank World Development Indicators online country statistics, ECLAC Economic Commission for Latin America and the Caribbean, Economic Survey of LAC, Statistical Appendix July 2007				

TABLE 6: SUMMARY MEASURES				
	HDI value 2005	Poverty gap ratio % 1900-2001	% Population < $1 per day 1990-2005	GDP per capita $ PPP (current 2005)
Costa Rica	0.846	3.4	3.3	9,008
Dominican Republic	0.779	<0.5	2.8	5,415
El Salvador	0.735	7.9	19	5,167
Guatemala	0.689	4.6	13.5	4,075
Honduras	0.70	11.6	14.9	3,298
Nicaragua	0.710	52.2	45.1	2,311
Panama	0.812	2.9	7.4	9,197
LAC mean	0.802	..	9.5	8,330
Sources: UN Human Development Report 2003: Milennium Development Goals; UN Human Development Report 2007 and World Bank World Development Indicators online country statistics				