



THE BUSINESS CASE FOR PROTECTING CIVIC RIGHTS

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THE B TEAM



Business has an impact on the lives and well-being of people everywhere. The choices made by business—where to invest, what to develop and produce, how to grow—matter for workers, consumers and citizens alike. It has long been noted that business can have a negative effect on people, including on their [human rights](#). More recently, however, business has assumed the responsibility to [respect and even support](#) human rights.

Given its far reaching power and influence, how does the business community regard its role in standing up for the rights of people? When individual rights are at risk, especially the basic civil liberties that are at the root of free societies, is it in the interest of companies to step in, speak up or act?

The B Team is engaged with a range of companies who are increasingly focused on defending human rights. We know there are strong [normative arguments](#) that compel business to support civic rights and human rights defenders. There are also [business cases](#) for action, but little economic evidence exists. We sought to explore how economic growth and development are linked to human rights, in this case, specifically how a better business environment is linked to civic rights and freedoms.

What did we find?

Where civic rights are protected, the economy grows

Using data from the [Varieties of Democracy Institute \(V-Dem\)](#), we discovered clear evidence that a healthy environment for business and civic rights go hand in hand. If business is concerned with better economic performance over time, it should equally be concerned with promoting civic rights. This is an important finding and makes a compelling argument: engagement makes business sense when civic rights are under threat, as means to ensure economic growth and better outcomes for people.

This means business and civil society need to work together to find greater common ground in the preservation and advancement of civic rights, such as freedom of expression, assembly and association.

Neither sector can face this loss of essential freedoms and public trust alone. Only by working collaboratively and with government, will we secure a world where both people and business are free to succeed.

The trend toward weakened civic rights

Our focus on civic rights in relation to the economy is no accident. As [many have noted](#), a range of civil liberties have come under significant threat in recent years. Due to damaging government actions, citizens have increasingly been silenced, social movements stifled and media and civil society attacked. Around the world, basic rights such as freedom of expression, association and assembly have been curtailed, putting hard-won rights, citizens and activists at risk. A [recent report](#) from the International Trade Union Confederation found, for instance, that the number of countries that have denied or constrained freedom of speech increased from 50 in 2017 to 54 in 2018.

Governments have also silenced citizens by passing laws that stifle the important work that takes place in civil society. The [International Centre for Non-Profit Law](#) has estimated that from 2015 to 2018, **72 governments have proposed or enacted more than 144 laws** that seek to limit the power of civil society by placing restrictions on the issues they can work on, funding sources and preventing peaceful assembly.¹

What's more, threats and attacks on those who have stood up for these essential civic rights, generally called human rights defenders, are growing at an alarming rate. Since 2015, there have been **1,283 recorded attacks** on human rights defenders working on cases linked to business, with tactics ranging from false judicial prosecutions, to physical and psychological harassment to even killings.

These are worrisome trends.

For business, these trends translate to unpredictable costs, unreliable markets, increased corruption and weakened legislative systems. For example, the Brookings Institution found that Internet shutdowns [cost countries \\$2.4 billion in profit in one year alone](#). In its 2017 [Global Risks Report](#), the World Economic Forum identified “fraying rule of law and declining civic freedoms” as one of the foremost challenges facing the world—one that business cannot ignore. A clampdown on civic rights does not bode well for a fairer, greener and more human economy where business thrives. And no business wants to harm human rights.

Since business has faced growing pressure to articulate and demonstrate respect for civic rights, we wondered: was there broader evidence to support the case for business action.

The research

Until now, there was [little evidence](#) on how the squeeze on civic freedoms has affected the economy. To explore this gap, The B Team partnered with V-Dem to investigate the relationship between respect for civil liberties and economic growth and human development.

Our study used V-Dem's Civil Liberties Index and explored its relationship to [Gross Domestic Product \(GDP\)](#) and human development indicators over time and across countries.² V-Dem's Civil Liberties Index includes indicators such as media censorship, harassment of journalists, freedom of speech, freedom of academic and cultural expression and civil society repression, offering a

¹ International Center for Not-For-Profit Law, “Survey of Trends Affecting Civic Space: 2015-16”, *Global Trends in NGO Law*, Vol 7, Issue 4, September 2016.
² V-Dem's Civil Liberties Index consists of 19 million data points on democracy in 201 countries, covering the period 1900-2016. The data collection for these indicators is done by 3,200 experts who are generally from or based in their country of expertise.

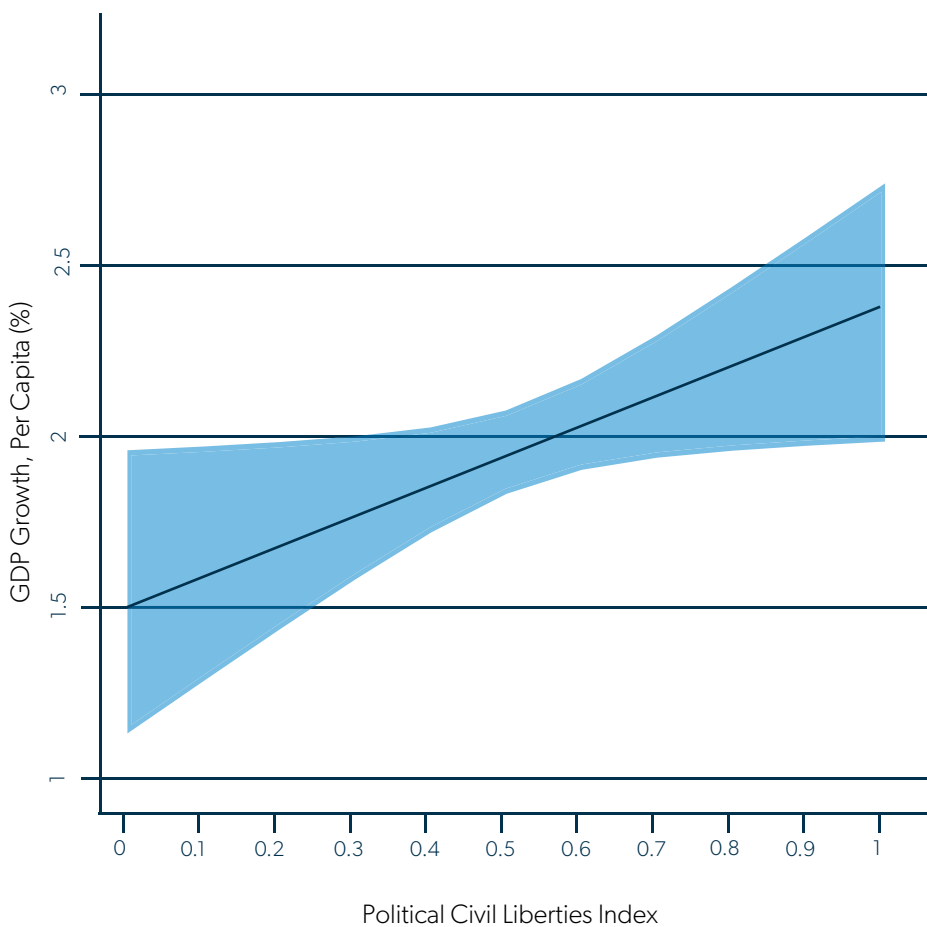
proxy for civic rights. The research covers more than 19 million data points by 3,200 researchers in 201 countries and includes data from 1900 to 2017.

The results are clear: limits on important civic freedoms are linked to negative economic outcomes.

Taking a closer look: civil liberties and economic growth

Countries with higher degrees of respect for civil liberties experience higher economic growth rates. We found a positive relationship between economic growth and specific liberties such as the autonomy of political parties, freedom of discussion, media freedom and civil society autonomy.

CORRELATION OF ECONOMIC GROWTH RATES AND PROTECTION OF CIVIL LIBERTIES



Moving from 0 to 1 on the V-Dem Civil Liberties Index increases GDP per capita by an average of 1.3 percent over a period of five years.

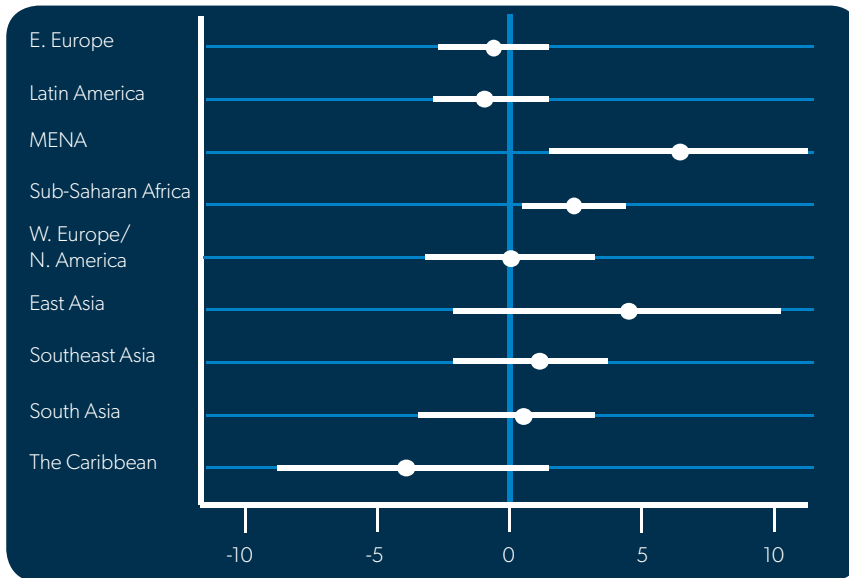
This is significant: a country that increases GDP from 0 to 1.3 percent will double its income level in just over 50 years. This means that the improvement of civil liberties is clearly linked to a substantial increase in income and growth.

Source: V-Dem and The B Team.

These findings hold true even when controlling for oil production, presence of free and fair elections and country-fixed effects. Controlling for “country-fixed effects” means factors that are specific to each country, but constant over time such as culture or language.

Regional Variations

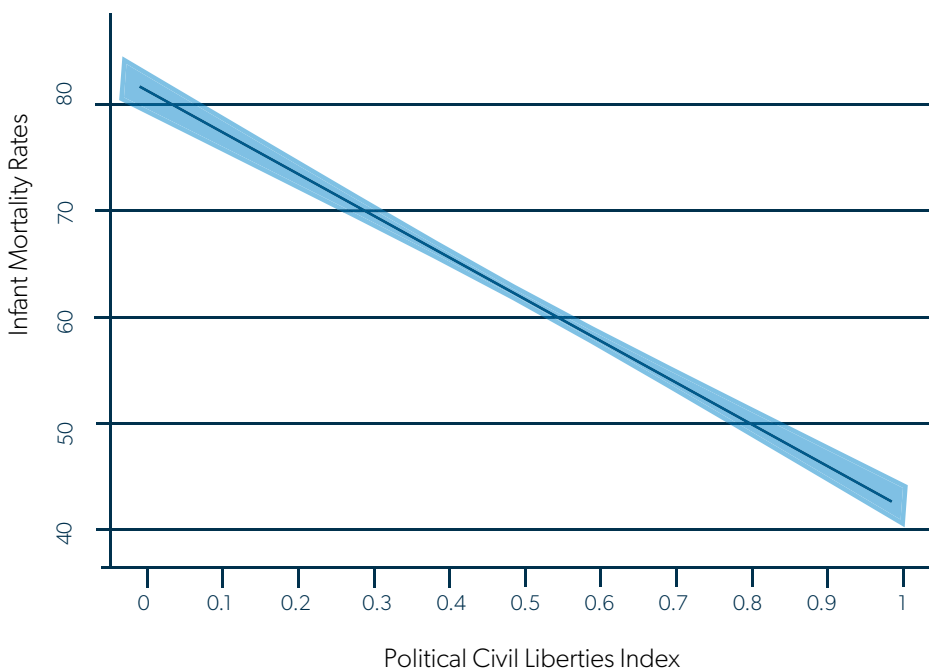
Looking across nine regions, the strongest correlation between protection of political civil liberties and economic growth over time is in the Middle East and North Africa (MENA). A strong relationship between respect for political civil liberties and economic growth is also found in Sub-Saharan Africa and East Asia.



THE EFFECT OF POLITICAL CIVIL LIBERTIES ON GROWTH IN GDP PER CAPITA (IN PERCENT), FOR DIFFERENT REGIONS.

Civic Rights and Human Development

Using V-Dem data, we also explored the relationship between civil liberties and human development, as measured in infant mortality rates, life expectancy and average number of years of education for citizens over 15 years old. We found a positive correlation between protection of political civil liberties and human development outcomes—an even stronger relationship than with GDP growth, in fact.



PREDICTED INFANT MORTALITY RATES AFTER 1950. WITH CONFIDENCE INTERVALS (95 PERCENT).

This means that in countries where political civil liberties are respected, there tends to be higher levels of human development. This holds especially true in countries that also hold free and fair elections. Previous research using V-Dem data has found that free and fair elections are particularly important for outcomes such as life expectancy and infant mortality.³ The presence and protection of civil liberties such as freedom of speech and association further strengthen the impact of free and fair elections on human development.

What Does It All Mean for Business?

Business should be concerned about respect for civic rights. The curtailing of civic rights presents a risk to both markets and society.

It makes intuitive sense that business can't thrive in environments where civil and political rights are exploited: where there is no free press, where there is no news media to investigate and report the truth, where citizens are unable to organise or work together to advance solutions to the problems facing their countries or where employees are arrested for speaking out. Using V-Dem data, we now have evidence that weak civic rights represent a demonstrable economic risk.

Crackdowns on civil liberties are bad for the economy, bad for human development and bad for business.

Companies interested in long-term sustainability are increasingly focused on human development. Since 2015, many companies have committed to championing the human development targets set out in the United Nations Sustainable Development Goals (SDGs). While companies, investors and governments will continue to dedicate private and public resources to reaching the Goals—respect for civic rights should also be a factor in pursuit of sustainable development.

Even more, thriving civil society and business are not mutually exclusive, as is sometimes feared, but their wellbeing is inherently intertwined. In the current environment, with civic rights and human rights defenders under threat around the globe, it is imperative to promote trust-building among citizens, activists and companies. Long-term sustainable development is only possible when business, citizens and governments can act as enabled and respected partners in economic growth.

3 Gerring et al., 2016; Wang et al., 2016

WHAT IS NEXT? BUSINESS ACTION ON CIVIC RIGHTS

Based on these findings, business should feel emboldened to play an increased role in defending civic rights, as follows:

- **Recognising the importance of civic rights to economic growth—and to their own success in thriving societies.**
Utilise this economic case for protecting civic rights to develop, implement and assess corporate policies. Factor in civic freedom as a core value for the company.
- **Speaking out when civic rights are under threat.**
[Act on behalf of civic rights](#) whenever possible. This commitment complements the responsibility to respect human rights, as outlined in the United Nations Guiding Principles on Business & Human Rights.
- **Reviewing freedom of expression, assembly and association when conducting human rights due diligence.**
Factor in civic rights when assessing impact and risk. Ensure that such assessment is a part of standard practice in supply chain management.
- **Contributing to efforts that support civic rights and activists.**
Make use of networks, including the [Business Network on Civic Freedoms and Human Rights Defenders](#), that are available to create collective action in support of civic rights. As a part of community engagement, ensure that the company prioritises protecting and preserving rights for all.



ABOUT THE B TEAM AND CIVIC RIGHTS

The B Team is working with a range of multinational companies in a Business Network on Civic Freedoms and Human Rights Defenders. The Business Network is a collaboration of companies coordinated by The B Team, the Business and Human Rights Resource Centre and International Service for Human Rights. Together, we are creating opportunities for companies to share experiences and encourage best practice in response to civic rights threats. As a result, we are exploring how companies can act, alone or collectively, in situations that put human rights and human rights defenders at risk.

We invite interested businesses to join us. Contact Robin Hodess, Director, Governance and Transparency, The B Team, at rh@bteam.org for more information.