

# GSAPS THE SUMMARY OF DOCTORAL THESIS

## IMPACTS OF GLOBALIZATION ON QUALITY OF LIFE Panel Data Evidence from Developing Countries and the Asia-Pacific

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The modern world economy and society are globalizing more rapidly than ever (Urata, 2002: 20; Dreher et al., 2008: 1-4). Consequently, the impacts of globalization and its various dimensions have been widely debated and examined by academics, politicians, policymakers, the private sector and even the general public. However, there is no consensus regarding how the benefits of globalization are distributed across and within countries and how globalization does affect quality of life (QOL). Although there are a number of studies that assess the impact of globalization, most proxy it with a specific aspect/s, ignoring its comprehensibility, and focus on its impacts on income or economic achievements (Garrett, 2000; Nyahoho, 2001; Dreher, 2006).<sup>1</sup> Of course, income is an important part of QOL, but health and education are important as well (Stieglitz, 2006); hence, these aspects should also receive similar research efforts.

On this backdrop, this PhD study attempts to narrow the gap in this area of research by offering several analyses of the impacts of globalization on QOL in developing countries (DCs) in general and in the Asia-Pacific in particular.

This thesis is organized into six chapters. **Chapter 1** introduces the thesis with research questions, hypotheses, research approach, and so on. **Chapter 2** reviews the related literature and identifies some specific research gaps on which this study makes some contributions. Chapters 3 to 5 are the main body of this research which is uniquely designed to answer specific research questions.

**Chapter 3** evaluates the effects of globalization on QOL, particularly on human development, gender development and human poverty in DCs. Using panel data from 126 DCs from 1997 to 2005 and applying the *fixed effect (FE) panel regression model*,<sup>2</sup> it is found that globalization not only promotes human and gender development but also reduces human poverty significantly. The outcome of this analysis was presented in the 43<sup>rd</sup> annual conference of the Asian Studies on the Pacific Coast (ASPAC) at Soka University of America in June 2009 and received the *ASPAC Esterline Graduate Student Best Paper Award*. The paper appears in the *E-ASPAC*, a peer-reviewed electronic journal for ASPAC, June 2010.

**Chapter 4** examines whether human QOL in Asian countries is converging (or diverging), and assesses the impact of globalization on the converging (or diverging) process. Using panel data from selected 19 countries from 1975 to 2005 over five-year intervals, and applying the *dynamic panel data model*,<sup>3</sup> it is evident that overall QOL, measured by the Human Development Index (HDI), of most countries in the region is moving closer to that of Japan (the benchmark country) and that globalization has a significant impact on this convergence process. Interestingly, although the income aspect of QOL is found to be diverging

sharply, the shrinking gaps in health and education indicators outweigh the income gap. The outcome of this analysis was presented and won the *Best Paper Award* (2<sup>nd</sup> place) at the 2<sup>nd</sup> Summer Institute organized by the Global Institute for Asian Regional Integration (GIARI), Waseda University and was published in the *Asian Regional Integration Review* 2: 1-28, in March 2010. The revised paper was also presented at the Association of Asian Studies (AAS) Annual Meeting in Philadelphia, March 2010.

**Chapter 5** examines the extent to which the key elements of globalization such as international trade, foreign direct investment, foreign aid, transnational labor migration and tourism have been mainstreamed into the Poverty Reduction Strategy Papers (PRSPs) of low income countries (LICs) in the Asia-Pacific.<sup>4</sup> Using a content analytic framework, it is found that the LICs are moderately open (average score of 1.7 on the 0-3 point scale) towards global society. The outcome of this analysis was presented in the 2<sup>nd</sup> International Development Conference in Toronto, November 2008 and the 10<sup>th</sup> Association of Pacific Rim Universities Doctoral Student Conference in Kyoto, July 2009. The paper is currently being reviewed by *Development in Practice*, a Routledge journal.

In conclusion, this thesis makes a number of contributions to research on the relationship between globalization and QOL by incorporating comprehensive measures and specific elements of both the dependent and explanatory variables with the most recent and a wide coverage of data. In Chapters 2 and 3 it improves existing methodologies and Chapter 5 is the only of its kind. **Chapter 6** summarizes the contribution of each chapter as the conclusion of this thesis. All the research activities, including numerous presentations at international conferences, were generously funded by the Global Center of Excellence Program, Global Institute for Asian Regional Integration (GIARI), Waseda University.

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<sup>1</sup> For details on the impacts of globalization, see World Bank (1993, 2002) and Yusuf (2001).

<sup>2</sup>  $\log Y_{it} = \alpha + \beta_1 \log C_{it} + \beta_2 \log G_{it} + (u_i + \varepsilon_{it})$ , where,  $Y$  is the vector of dependent variables;  $i$  represents country and  $t$  represents time.  $C_{it}$  represents the vector of control variables and  $G_{it}$  represents the measures of globalization.  $\alpha$  is the constant term.  $\beta$  are the coefficient of each explanatory, which are the parameter of interest that explains the strength and direction of impact.  $u_i + \varepsilon_{it}$  is the composite error term, where  $u_i$  is the unobservable country effect fixed over time and  $\varepsilon_{it}$  is an error term.

<sup>3</sup>  $Y_{it} = \alpha + \beta_1 Y_{it-1} + \beta_2 G_{it} + \beta_3 C_{it} + \eta_i + \eta_t + \varepsilon_{it}$ , where, where  $Y_{it}$  represents QOL gap between Japan and country  $i$  at year  $t$ ;  $Y_{it-1}$  is lag of the dependent variable;  $\eta_i$  is the country fixed effect;  $\eta_t$  is the time varying effect; and  $\varepsilon_{it}$  is an error term.

<sup>4</sup> Poverty Reduction Strategy Papers (PRSPs) are the national development planning and policy documents that are prepared by governments in LICs through a participatory process involving domestic stakeholders and external development partners, including the IMF and the World Bank.