

# Impacts of Globalization on Quality of Life: Panel Data Evidence from Developing Countries and the Asia-Pacific<sup>†</sup>

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## Abstract

As modern world economy and society are globalizing more rapidly than ever, 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). This study attempts to analyze the impacts of globalization on QOL in developing countries (DCs) in general and in the Asia-Pacific in particular. The study has three independent analyses using different datasets and methodologies. First, it uses panel data of 126 DCs from 1997 to 2005 and applies the *fixed effect (FE) panel regression model* to evaluate the effects of globalization on human development, gender development and human poverty in DCs. The result shows that globalization not only promotes human and gender development but also reduces human poverty significantly. Second, it uses panel data of 19 Asia-Pacific countries from 1975 to 2005 and applies the *dynamic panel data model* to examine whether human QOL in Asia-Pacific countries is converging, and to assess the impact of globalization on this process. It is found 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. Finally, it 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. 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. In conclusion, this study makes a number of scholarly 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 and some methodological improvements in the analyses.

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