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The Quality of Life Debate in the Context of the Globalization of Third World Economies

Getachew Felleke

近年の開発経済学の仕事、中でもアマーティヤ・センのそれは、開発なるものを測定する尺度として「生活の質」を詳しく取り上げている。「成長（利潤下部社会浸透論）」を選択するか「開発（基本的必要物供給論）」を選択するかという現今の議論において「生活の質」という視点は、経済開発の変らぬ目標である社会的利得、及び経済的利得を巧みに要約しているようである。「生活の質」は開発を測定する尺度であるが、開発が「生活の質」を損なわず行なわれた場合に達成される成果の方向を定め、更にその運動を促進する上で国の政策が果たす役割はこの開発の尺度を普及させる上では見過ごしがたい。しかしながら、現在第三世界に進行しているグローバル化の波は外因的な要素を幾つか導き、「生活の質」という政策とその実行に試練をもたらす結果を招きそうである。本稿はこのような経済政策上のグローバル化が経済開発の重要な一目標として「生活の質」を押し進める力にどれほどの影響力を持ちうるものかを考察してみようと試みるものである。

Recent works in development economics, notably that by Amartya Sen, have given a closer look to the "quality of life" (QL) criterion of development. In the on-going "growth" vs. "development" (or trickle down vs. basic needs) debate, QL seems to encapsulate well the social, as well as economic, gains that should form part of the goal of any successful economic development. Not so subtle in the promotion of a QL criterion of development is the role that purposeful national policies can play in guiding and facilitating a development outcome that is compatible with QL. However, the current pace of globalization of Third World economies is likely to inject several exogenous factors that are likely to present severe tests to the design and implementation of QL policies. This paper is an attempt to explore the impact that such economic globalization can have on the drive to render QL an important component of the goal of economic development.

Introduction

Quality of Life is a concept with some rather broad and subjective meanings whose core point is that gains in economic activities should get reflected in a steady and evenly distributed improvement in people's living conditions. It highlights the importance of developing a social and economic environment that both enables and permits people to make their own life improvement choices.

Basically, we can identify at least two perspectives regarding what constitutes quality of life. One is the physical quality of life index (PQLI). First advanced by Morris D. Morris¹, it sought to encapsulate general human welfare into three quantifiable measures of social and economic progress. These include life expectancy, infant mortality, and literacy rate. A similar approach by the UN agency, United Nations Development Program (UNDP), introduced the "Human Development Index" (HDI). The HDI includes life expectancy, adult literacy, and years of schooling along with levels of real income in measuring human development. Presumably, progress along each one of these criteria of social and economic performances is seen to be indicative of important progress in such other areas as education programs, health services, nutritional quality and quantity, safe living and work environments, etc.

While both indices make important contributions to lending a human welfare focus to the measurement of development, their contributions are somewhat limited in that they tend to be measurements. They merely describe the state of prevailing social and economic conditions in a society, albeit via a few carefully selected criteria for social welfare. They tell us about outcomes without explaining the

processes for improving quality of life. They thus amount to a "you know it is present when you see it" approach to understanding quality of life. Another limitation is that they tend to deal with broad society-wide categories of measures of human welfare. While aggregation is unavoidable in any study of society, still such measures may prove too aggregate to offer a comprehensive picture of life in a given country. For instance, they could fail to adequately reflect the presence of pockets of poverty and other social and economic hardships among groups such as women, children, and other disadvantaged groups within the larger society. This can be an important lapse since any study of quality of life must concern itself with the conditions of these very pockets of poverty. In spite of these limitations, however, the indices still are quite valuable in guiding economic research towards a more human-centered measure of progress.

A second perspective on what quality of life represents is that which is associated with Professor Amartya Sen.² Here, quality of life is treated as an aspect of the development challenge with a special focus on attacking and overcoming the problem of poverty. It seeks to answer the question of what it means to be poor and what it takes for people to overcome their condition of poverty. In Professor Sen's words, "Poverty is not just a matter of being relatively poorer than others in the society, but of not having some basic opportunities of material well-being--the failure to have certain minimum "capabilities"... Poverty, in this view, is not ultimately a matter of incomes at all; it is one of a failure to achieve certain minimum capabilities."³

The preceding two definitions are not in conflict with one another. If there is a difference between the two, it is a modest one of degree of specificity. Professor Sen's contribution offers an operational definition, thus sharpening further our understanding of what "quality of life" means. The stress on raising people's capabilities as a means to tackling poverty also echoes issues that have long accompanied the "Growth" vs. "Development" debate.

Growth vs. Development

The long running debate concerning the growth vs. development issue has taken several forms. At the very basic level is the question whether the two concepts should be separable at all. On one side of the debate are people who hold the mainstream neo-classical economic view that growth, in and of itself, represents development and so regard the dichotomy neither justified nor useful. They argue that the dichotomy is not justified because, as the familiar phrase "trickle down" suggests, benefits from growth would sooner or later accrue to all members of economic society. Once the benefits of growth get so dispersed, all problems of individuals and families, whether these are social, economic, or environmental in nature, will automatically get converted into effective demands that will be addressed within the framework of the normal operations of the market.

Furthermore, the dichotomy is not useful because it could lead to the emergence of goals and programs that are in competition with, and detrimental to, economic growth. Here, development oriented policies and programs that target social and environmental problems are seen to compete for scarce resources that should be allocated to accelerate the growth of the economy. And by so

undermining economic growth, such dichotomizing will bring about economic and social stagnation that, in the end, will undermine prospects for development itself.

This potential clash between growth and development is rooted in the different objectives and mechanisms that are required to achieve each aim. In other words, the measures and outcomes that are chosen in the pursuit of economic growth are not quite the same as those that are chosen in the pursuit of development.

The Growth Alternative

Economic growth is the steady increase in the real potential GNP of an economy over time. To achieve such growth, there must be long-term increases in the available factors of production; and all factors of production must be fully employed. This, according to mainstream economics, is possible when market mechanisms and incentives are allowed to function with minimal restraint. The direction and pace of flow of resources is determined only by the strength of demand and supply forces in the economy. Under such conditions, consumers receive goods and services from which they receive the greatest utility, and suppliers produce goods and services for which they receive the greatest pecuniary reward. This free play of the market in which buyers and sellers complement each other's wants is what drives economic efficiency and growth. To do this successfully, suppliers recognize and respond to only those wants or demands that get expressed effectively (i.e., backed by the buyer's ability and willingness to pay) through the medium of the market. The fulfillment of such wants through the full employment of resources, the steady expansion of production capacity, and the increase in total output while keeping prices stable are the criteria for measuring success in economic growth.

It is hard to dismiss the market's capacity to stimulate growth. Provided that it operates within an institutionally supportive environment, the market can be an effective means for achieving certain economic goals. But what is not so clear is whether it is equally effective in achieving all of society's goals.

While the market has proven a useful device for accommodating human wants that get expressed effectively as market demands, the persistent evidence is that it fails to recognize and deal with many other wants that cannot be expressed in like manner. To the extent that market processes remain disengaged from attending to these wants, economic growth is unlikely to be "the tide that lifts all boats." Viewed in a global context, it has generally led to a growing chasm between the quality of life of the *have* and that of the *have not*. And where the *have not* currently constitute the overwhelming majority of the population in developing countries, it can be rightfully argued that the market, even when it succeeded, only facilitated growth that did not entail development.

The Development Alternative

The study of economic development evolved as a reaction to, and disenchantment with, the limitations of the market system to solve a wide range of social problems found in most developing societies. These limitations seem to persist even in economies that grow at a fairly fast clip. To the disenchantment and dismay of some, an economy that appears to be successful by conventional

measures would at the same time allow worsening poverty and income inequality, the spread of disease, crime and other social problems. One consequence has been that, since the market failed to address these important social problems, policy and program interventions from non-market sources were deemed unavoidable.

However, such interventions tend to target development goals over that of growth, and they may promote programs that do not overtly lend themselves to economic efficiency and rapid increases in income. For these reasons, the very concept of intervening in the workings of the market has long been regarded as anathema to traditional economic thinking with its emphasis on strengthening the growth prospects of an economy. The very tools and methods that are seen as necessary for pursuing the goals of development turn out to be the very same ones that growth enthusiasts shun as useless and counterproductive. These differences constitute the points of conflict between the complex and multifaceted aims of development and the less equivocal goal of economic growth.

What is needed in the Third World: Development or Growth?

The simple and direct answer to this is that the Third World needs both development and growth. There exist an impressive volume of literature that depicts the woeful state of social conditions that afflict Third World countries. Important works by renowned scholars ranging from Gunnar Myrdal to Amartya Sen and many others have insistently drawn our attentions to the abysmal conditions under which a huge segment of the world's population continues to live. Problems of disease, poverty, illiteracy, gender and income inequalities, and environmental degradation are endemic. These problems are as widespread as they have been persistent. Policies and programs designed at alleviating them have generally fallen short of their intended marks. In some instances, these problems have shown signs of worsening in spite of the numerous international campaigns launched to overcome them. It is thus quite apparent that countries in the Third World would have the goal of development very high on their agenda of needs to be met. Apart from differences on methods to be used, there has been little disagreement among academics and policy makers regarding the importance of this fact.

But there is also another important fact to consider. Even when commitments to overcome the various manifestations of poverty and inequality have been strong in the past, it was painfully clear that countries in the Third World often lacked the economic means with which to deliver on promised solutions. Income levels are so low that there can be no spare funds to channel into programs designed to alleviate poverty and other related social ills. The lack of funds translates into declining education opportunities, crumbling health services, unemployment and worsening inequality, etc. Individuals in such societies are mostly too impoverished to take necessary measures to improve their own lots through education or training. Likewise, the state in the Third World is generally too strapped for cash to meet even basic governmental expenses. Reliance on outside sources of finance has had its own drawbacks also. Mounting debts have given rise to international financial obligations which these states are forced to meet by further diminishing their domestic spending on some of their key social programs.

It is tempting, therefore, to see the problems of the Third World as ones that directly result from these economies' inability to generate sufficient income and commit adequate funds with which to deal with their social and economic hardships. Seen in this light, accelerated economic growth seems to promise the only viable way to surmount their predicament. The argument for adopting measures that facilitate the rapid growth of their economies thus becomes at least as compelling as the need to address the pressing social problems that these countries have faced. Accordingly, growth or development is not a viable choice over which these Third World countries can exercise their policy discretions. Rather, they have but one unavoidable choice to make—to undertake with equal urgency measures that facilitate both growth and development. This realization should be an important point of departure as we examine the impact of economic globalization on policies and programs that are oriented towards improving the quality of life of a people. Will the ascendant global economic forces permit policy makers in the Third World sufficient discretion to make the right choice?

Quality of life implies both growth and income distribution

From the definitions provided above, it may be argued that quality of life is enhanced as and when a society has adequate means with which to develop institutions and programs that respond to the multidimensional needs of its people. In the first instance, it must be able to commit resources to build and modernize a range of such services as education, health, public sanitation, child welfare, etc., before it can register positive results on the PQLI scale. Furthermore, these services have to be expanded, modernized, enriched, and made more readily accessible to the widest range of the population. Each one of these services involves considerable investment to mobilize human and material resources. And the investment has to be an on-going one. Given the scope of the tasks, the costs involved are quite large even for treasuries in the developed countries, let alone those in the Third World. The point thus need not be belabored that incomes that result from economic growth play a critical role in helping lift the quality of life of a society.

However, while growth in income may be a necessary condition for improving the quality of life, it certainly cannot be sufficient, in and of itself. There are indeed quite a few examples of countries where the onset of rapid economic growth failed to lead to improvements in the quality of life for a large segment of their populations. Studies indicate that some countries have experienced rapid growth in income accompanied by worsening income inequality.⁴ Severe and persistent cases of income inequality often lead to growing poverty. And a social environment afflicted with endemic and widespread poverty cannot favor improvements in the quality of life of a people. Some other countries have been able to attain rapid growth in income while, at the same time, making significant gains in fostering the development of what Professor Sen calls "certain minimum capabilities" for their peoples. In some very special cases, a country may succeed in achieving gains in quality of life even while experiencing only modest growth in income. The differences seem to lie in the application of carefully designed and executed public policies that are aimed at developing those institutions which have the effect of building individual capabilities through education, training, health services, support for small enterprises, etc. Such policies will have the effect of

improving the capabilities of individuals within a society and thus increase people's ability to make choices and enhance the quality of their lives.

Do policies that favor income distribution impede growth?

The conventional economic wisdom on this is that policies aimed at effecting income distribution would slow down growth in income. There is a presumed cost in the form of diminished efficiency whenever resources are channeled into uses other than those endorsed by the market process. As Professor Gunnar Myrdal pointed out, "Traditionally, Western economists for the most part assume...a conflict between economic growth and egalitarian reforms. They take it for granted that *a price has to be paid for reforms* and that often this price is prohibitive for poor countries."⁵ The implication, of course, is that poor countries simply could not afford to concern themselves with problems of income inequality. At any rate, inequality is seen as an inevitable, and even necessary, condition if economies are to experience rapid growth. In the words of Professor Gustav Papanek, "A conflict exists...between the aims of growth and equality...the inequalities in income contribute to the growth of the economy, which makes possible a real improvement for the lower income groups."⁶ The familiar structural transformation model associated with Professor Lewis and others had stable low wages and high investment profits as part of its equation for accelerated growth. The simple logic here is that if investment -a necessary step to achieving growth- is to take place in an economy, there must be surplus funds available for the purpose. Only persons with large income and cumulated wealth can generate such surplus funds and invest on a scale that would speed-up growth. And only people with low income make their labor available at low wages, thus nicely complementing the growth process started by the saving and investment activities of the high-income group.

This presumed trade-off between income equality and income growth has been a source of much controversy and disagreement between development advocates and mainstream economists. While the controversy has been toned down a bit by growing evidence that income can and does grow concomitant with equality,⁷ the view that Third World countries must first concentrate their efforts on achieving growth before they concern themselves with income distribution does still linger. Presently, the growing popularity of direct foreign investment (DFI) in Third World countries may have brought new life to that view. This is because the social and economic institutions that facilitate growth are perceived to share little in common with those that enhance equality. International agents of DFI will be keen on seeing evidence of the former before they commit themselves to investing in a particular country. Thus, in addition to the traditional and mostly domestic sources of resistance to public policies favoring distribution, there now may be added powerful international voices that pressure policy makers to temper institutions and programs designed to bridge the inequality gap. These are voices that leaders in the Third World cannot easily ignore. What bearing will this have on the already tentative measures to improve quality of life in developing societies?

Quality of life is policy mediated

As was already indicated, what seems to determine whether economic growth is accompanied by the enhancement of the quality of life of all groups within a country is the form and strength of public policy that is in place. To be effective in the sense of bringing about a balanced development, such a policy must go beyond promotion of income growth and concern itself with other important social issues as well. Such issues include income inequality, purchasing power of income, safety of work and living environment, and the availability and accessibility of public services such as schools, health dispensaries, cultural and recreational facilities, etc. Such policies may be driven by immediate considerations of social and political benefits, such as enhancing the popularity and political fortunes of a particular party or individual. But the long-term national economic dividends that accrue from a healthier and more educated population are also considerable.

These policies are "transformative" in the sense that they usher in important changes in society. As such, they are more than likely to alter the established rules and practices concerning resource allocations and income distribution. Given their potential threat to existing interests in society, any support for them may have to be garnered in the face of frequently strong resistance from several quarters. Businesses and ideological groups would naturally fear potential risks in most attempts to alter the status quo. At the very basic level, the prospect of higher taxes that such policies will inevitably induce can prove socially divisive and politically troublesome. As a consequence, the initiatives and commitments of political authorities in marshalling domestic forces and resources play important roles both in the adoption and pursuit of the goal to improve the quality of life of groups that are often lacking in political power themselves.

However, there appears to be differences among countries in their promotion of quality of life enhancing policies. Some of these differences may reflect the role that is being played by domestic social and political forces. Some countries, such as Costa Rica or Sri Lanka, have early on developed political constituencies and national policies to pursue egalitarian social and economic goals. Other countries, such as Brazil and several others, do not appear to pursue such goals. But of increasing interest also is the extent to which international economic forces influence the willingness of Third World governments to pursue such policies.

Measuring Commitments

The United Nations Development Program (UNDP) introduced a ranking of countries according to their Human Development Index (HDI). Applying data for the years 1991 and 1992, the index includes GNP per capita at purchasing power parity (PPP), life expectancy, adult illiteracy, and mean years of schooling. Index values for a country may range from a minimum value of 0.0 to a maximum value of 1.0. Using this index, countries are ranked according to their HDI standing relative to one another. In a list that included 127 developing countries, the rankings range from a high of 20⁸ for Barbados, which has an HDI value of 0.894, to a low of 173 for Guinea, with an HDI value of 0.191.

The HDI country value and the HDI country ranking do not, in and of themselves, help us understand how a given country arrived at its particular standing. For instance, the two measures do not reveal whether a country's "human development" standing is a derivative of a rising standard of living that is brought about by growing national income, or a consequence of deliberate and effective public policy that is aimed at lifting up the quality of life. Countries that enjoy vastly differing levels of per capita income do not face the same level of challenge in improving the quality of life of their citizens. A comparison that does not take into account these differences in income will be of limited value to gauge the relative stress that countries have placed on policies and programs of human development. Nor can the impacts of public policy in QL problems be fully appraised and understood. If countries are to be compared with one another, their accomplishments need to be measured in relation to the constraints that their income levels have placed on them.

To get around this problem, the HDI rank of a country is subtracted from its GNP per capita rank. A country that has a low GNP per capita rank is tagged with a large number since ranking is done in a descending order. Likewise, a country with a high HDI rank is tagged with a small number for the same reason. A country will score high when the small number indicating its high HDI rank is subtracted from the large number indicating its low GNP per capita rank. (Table 1-A below.) The high score is evidence that a country has pursued a strong policy that is oriented toward human development. The higher the score that a country obtains, the greater its performance in HDI relative to its level of per capita income. A given ranking in HDI has diminished value if the per capita GNP of the country is relatively high; but an HDI ranking is also enhanced in value if GNP per capita is relatively low. In other words, poor countries that attain a given HDI ranking are given more credit for their human development efforts than are rich countries that attain the same level of ranking. With this adjustment, the difference between a GNP per capita rank and a HDI rank offers an indirect but fairly justifiable basis for comparing quality of life enhancing policies and programs (henceforth "QOLEPP") that a given country may have in place.

To examine the possible impacts of the globalization of Third World economies on their attempts to improve quality of life, it is useful to include here another index of country standings that is currently in use. This is the International Country Risk Guide (ICRG). ICRG is a rating that measures risks that international investors wishing to invest in a particular country are likely to face. It includes political, financial, and economic risk components to arrive at a quantitative rating of risk factors in countries around the world. According to the ICRG scale, rating of 0-50 is high risk, and a rating of above 80 is low risk.

The preceding table contains HDI rankings for the ten highest and the ten lowest ranked developing countries. The countries' ICRG scores are included to observe if human development aims can be compatible with a country's prospects in attracting international investment.

In Table A-1, column 4 lists QOLEPP scores for the ten countries arranged in a descending order of these countries' performances. China, the country listed at the top with a QOLEPP score of 49, has the best quality of life enhancing policies and programs in place. In other words, China has shown the strongest evidence of effective policies and programs that are oriented towards human development. The

other nine countries have also performed well as their QOLEPP scores indicate. The ICRG scores, which indicate the attractiveness to international investors that these countries enjoy, are listed under Column 6. But as indicated under Columns 5 & 6, only in the case of the two countries, Viet Nam (with QOLEPP rank 5 and ICRG rank 5) and Ecuador (with QOLEPP rank #8 and ICRG rank #8), does the QOLEPP rank of a country gets matched by an identical ICRG rank.

Table 1-A
HDI & ICRG scores for the ten highest performing QOLEPP countries

	1	2	3	4	5	6	7
Country	HDI Value	HDI Rank	GNP per Capita Rank	GNP per Capita Rank minus HDI Rank (=QOLEPP score)	QOLEPP Rank (Group of 10)	ICRG Score	ICRG Rank (Group of 10)
China	0.644	94	143	49	1	74.0	3
Colombia	0.813	50	91	41	2	55.3	9
Sri Lanka	0.665	90	128	38	3	62.8	6
Costa Rica	0.848	39	75	36	4	76.5	2
Viet Nam	0.514	116	150	34	5	63.5	5
Nicaragua	0.583	106	139	33	6	53.8	10
Madagascar	0.396	131	162	31	7	64.5	4
Chile	0.848	38	66	28	8	79.5	1
Thailand	0.798	54	82	28	8	62.3	7
Ecuador	0.718	74	102	28	8	61.8	8

Source: HDI data from United Nations Development Programme, *Human Development Report 1994 (1994)*, p. 94.

ICRG data from World Bank, *World Development Report 1998-99 (1999)*, pp. 222-223.

What appears to be a more common occurrence is a pronounced mismatch between the QOLEPP and ICRG ranks of several of the countries listed. In a few of these countries, the two scores come out poles apart. As an example, Colombia's very high QOLEPP rank of #2 is mismatched with a disappointing ICRG rank of #9, while Chile's weak QOLEPP rank of #8 (lowest in the group) is matched with the highest ICRG rank of #1. A similar outcome is suggested by the data contained in Table 1-B below.

Table 1-B shows the ten worst performing countries arranged in an ascending order of performance according to their QOLEPP scores (column 4). Within this group, Gabon is the worst performing and Singapore is the best performing.

The mean QOLEPP score for the ten highest QOLEPP performing countries is 34.6. And the mean ICRG score for the ten countries with the highest QOLEPP scores is 65.4. As it is already indicated that only ICRG scores that are above 80 are considered low risk, the mean score of 65.4 for the ten highest performing QOLEPP countries thus falls far below what they should have to attract international investors.

Table 1-B
HDI & ICRG scores for the ten worst performing QOLEPP countries

Country	1 HDI Value	2 HDI Rank	3 GNP per Capita Rank	4 GNP per Capita Rank minus HDI Rank (=QOLEPP score)	5 QOLEPP Rank (Group of 10)	6 ICRG Score	7 ICRG Rank (Group of 10)
Gabon	0.525	114	42	-72	10	69.3	7
Oman	0.654	92	38	-54	9	76.0	4
UA Emirates	0.771	62	10	-52	8	78.5	3
Guinea	0.191	173	129	-44	7	61.5	9
Namibia	0.425	127	84	-43	6	78.8	2
Saudi Arabia	0.742	67	31	-36	5	73.5	5
Angola	0.271	155	120	-35	4	45.3	10
South Africa	0.650	93	60	-33	3	72	6
Senegal	0.322	143	114	-29	2	64.5	8
Singapore	0.836	43	21	-22	1	90.0	1

Source: HDI data from United Nations Development Programme,
Human Development Report 1994 (1994), p. 94.
ICRG data from World Bank, *World Development Report 1998-99 (1999)*, pp. 222-223.

Average QOLEPP score for the ten highest QOLEPP performing countries: 34.6
Average ICRG score for the ten highest QOLEPP performing countries: 65.4

Average QOLEPP score for the ten lowest QOLEPP performing countries: -42.0
Average ICRG score for the ten lowest QOLEPP performing countries: 70.94

Table 1-C
Averaged QOLEPP and ICRG Scores by Country Groups

Country Groups with:	ICRG Scores
High QOLEPP	Low
LOW QOLEPP	High

Do the ten lowest QOLEPP performing countries face similar ICRG handicaps? In other words, does a low QOLEPP score jeopardize a country's prospects to attract international investment? The mean QOLEPP score for the ten lowest performing countries is -42.0 (or 66.6 points below the highest performing group). Yet, the mean ICRG score for this same group is 70.94, which is above that for the highest QOLEPP performing group. A number of individual countries in this group also fall well within the range of what the ICRG would rank as low risk and, therefore, attractive for international investors. One interpretation of these numbers is that developing countries that expend their efforts on improving the quality of life of their citizens are not necessarily the same ones that instill confidence and trust within the ranks of international investors.

Globalization of Third World Economies and Quality of Life: A new Trade-off?

That the aims of international investment and those of improving quality of life diverge is predictable. Governmental policies that seek to create a favorable investment climate are at times in conflict with those that place emphasis on laying the foundation for social and economic development by first enhancing the wellbeing and capabilities of individuals. The ideal investment climate is one where a government is least encumbered by public spending, and investors are faced with the least financial obligations. External pressures are, therefore, for debt repayment, deregulation or roll-back of laws that protect workers' rights, regressive tax structures, reductions in public spending on social related programs, relaxation of laws that safeguard the environment, etc. And to the extent that external economic factors are more growth oriented than development oriented, the globalization of the Third World economies may cause public policy to favor the more traditional concerns with growth.

One possible impact of such globalization of Third World economies is that it would lead to the undermining of policy crafted (as opposed to market driven) and development oriented goals and promote the *growth only* approach as the dominant model once again. There could result a re-alignment of social and economic forces within the Third World country that will push aside pressures to adopt quality of life enhancing policies and measures. Programs that are aimed at alleviating poverty and addressing problems of inequality may be abandoned if they are seen to impede efficiency and economic growth.

The repercussions of a rapid globalization of Third World economies may have other detrimental effects as well. The development and use of new technologies has led large international companies to reach further out to exploit the natural resources of the globe. Their efficient production and distribution technology combines with an ever-growing global market to make their use of the earth's resources more intense. One finds such developments in different industries ranging from forestry products to fruit and vegetable plantations and to fishing. Such intensified resource exploitation has been profitable for these international companies. But the practice has also threatened to place these resources out of the reach of traditional harvesters and consumers, thus denying livelihood and needed supplies to large groups of peoples around the world. As an example, the practice of large-scale commercial fishing, complete with the use of drift nets and factory ships, has already rendered traditional fishing life in some parts of the world obsolete and impractical. This has placed both fishing and the fish out of the reach of many that have depended on them for generations. Similarly, large multinational companies have bought out farmlands from small Third World farmers and turned the land into large-scale commercial plantations and the farmers into low wage laborers. The net effect of such a development can only be diminished quality of life for many communities in the Third World.

Another long recognized impact of globalization has been the changes in people's tastes and preference that it has introduced around the world. Some changes are mostly benign, and they may have been adopted voluntarily because people are attracted to new ways of doing things. Other changes may be neither benign nor adopted so voluntarily. There can be several explanations as to how and

why this occurs. Aggressive advertisement campaigns to promote new products have played an important role. Policies of economic "liberalization" that permit and encourage imports of goods and services have paved the path on which such changes arrive. Once adopted, the changes will influence the consumption practices of people throughout society. While often much higher in prices, the products so purchased and consumed may even prove inferior to the locally produced traditional alternatives in both value and benefits. This is particularly the case for such products as foods and medicines. The higher prices that people pay will have the effect of reducing the purchasing power of their incomes, and the inferior products that they now consume are unlikely to enhance their overall sense of wellbeing. In the case of smoking or alcoholic drinking, consumers of such imported practices will incur multiple costs. In addition, such imported products lead to the elimination of jobs and livelihoods for a large number of local suppliers of traditional products.

Conclusion

The globalization of Third World economies is in full progress, albeit with differing paces in different regions of the world. The challenge to improve the quality of life of the large majority of people in the Third World is also still very much with us. The campaign to raise the quality of life of the poor has never been a favored agenda of policy makers. Where it has been attempted, it required a strong and determined leadership that is able to move against domestic political currents. What the rapid globalization of these economies has done is to inject a new source of influence in their social and economic policies. And such policies will ultimately affect the lives of their citizens. The preceding discussions highlighted some of the ways in which globalization may have influenced the quality of life of people in the Third World. Even when they are predisposed to improve the quality of life of their citizens, policy makers in the Third World may get caught in a dilemma of whether to invest in programs that enhance quality of life or to present themselves to the world as leaders that are friendly to foreign investors. It is possible to argue that the latter may be a necessary step for accomplishing the former. But past experiences of several Third World economies show that the link between the two can be, at best, tenuous. The more immediate effects of the attempts to accommodate the requirements of global economic forces will be the neglect of policies and programs that have proven essential for enhancing the quality of life of peoples in developing countries.

Notes

¹ Morris D. Morris, *Measuring the Condition of the World's Poor: The Physical Quality of Life Index*, London: Frank Cass, 1979

² Amartya Sen, "Public Action and the Quality of Life in Developing Countries," *Oxford Bulletin of Economics and Statistics*, Vol.43 No.4.

³ Amartya Sen, "A Sociological Approach to the Measurement of Poverty: A Reply to Professor Peter Townsend," *Oxford Economic Papers* (December 1985): 669-70.

⁴ M. S. Ahluwalia, N. Carter, and H. Chenery, "Growth and Poverty in Developing Countries," *Journal of Developing Economies* 6 (September 1974).

⁵ Gunnar Myrdal, *The Challenge of World Poverty*, New York: Pantheon Books, 1970 p. 50

⁶ (Gustav Papanek in "Pakistan's Development: Social Goals and Private Incentives [Cambridge: Harvard Univ. Press, 1967], pp. 178, 242] quoted in Myrdal, *The Challenge of World Poverty*, p. 52

⁷ S. Anand and S.M.R. Kanbur, "The Kuznets Process and the Inequality-Development Relationship," *Journal of Development Economics* (February 1993)

⁸ This means that, at number 20, Barbados is the highest ranked country. The countries ranked 1 through 19 fall in the developed countries group.

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