

Patterns of Economic Development among the Asian Countries

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Abstract

The purpose of this paper is to identify different patterns of economic development among the Asian countries (52 countries). The economic development was based on economic growth (quantitative) and quality of life (qualitative) respectively. There are several patterns of economic growth: globalized free market-oriented; oil/resource-rich economy; demographically-affected; ethnically- affected, and religious/culturally affected. For the quality of life, three patterns were identified: egalitarian- poor, relative deprivation, and conflict-stricken. The globalized free- market was found to be the dominant pattern of the economic growth, while the egalitarian -poor the dominant pattern of the quality of life. The globalized free-market economic growth was found less egalitarian in the midst of its rather successful economic growth. Those countries are 'rich' with a higher PPP (GDP), yet their distribution of income is not as egalitarian as those egalitarian poor- oriented countries with a lower PPP. Neither the oil-rich nor the demographic, ethnic and religious-cultural ingredients were found significant in determining the economic growth. Globalization, foreign direct investment (FDI), economic freedom, import as well as export alike, global competitiveness, transparency with low corruption, and urbanization were found significant ingredients in patterning the globalized free market economy, which Asian countries with low economic growth should follow suit to catch up with the economically advanced and successful Asian countries when/if they pursue a higher economic growth.

Keywords: Globalization, Egalitarian Poor, Relative Deprivation, Factor Analysis

Introduction

The Asian countries cover North East Asia, South East Asia, South Asia, Central Asia as well as the West Asia/Middle East. Asia is so diverse and heterogeneous, yet it is often treated as a monolithic "Asia." This study argues that the complexity and heterogeneity of Asia need to be analyzed beyond the notion of the monolithic, singular Asia. The purpose of this paper is to identify different patterns of economic development among the Asian countries. The patterns of Asian economic development will be built out of the twenty-five 'common' variables that cut across the 52 countries of Asia. It will analyze how each pattern was built out of the diverse variables deemed relevant to the economic development that encompasses not only economic growth (quantitative) but also quality of life (qualitative). It will assess the effect of the 'growth,' quantitative dimension of economic development, on the 'quality' of life, subjective and objective.

This multivariate approach for the patterning of economic development variables is in contrast with a univariate or bivariate approach for economic development that is based on a single or a few variables. Finally, by comparing between the different patterns, it will

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suggest how the least successful pattern(s) of the development should follow suit to catch up with the most successful pattern.

Many Views of the Development

Economic development is based on the following three ingredients: economic growth, quality of life and human development. Although these three ingredients of economic development are interrelated with each other, differences among the three come from the emphasis placed on each of the three: economic growth is quantitative, while the other two indicate qualitative dimensions of development. Human development (HDI/Human Development Index) is objective while quality of life (QLI/Quality of Life Index) subjective. Many international economic variables affect economic development. Globalization is one of them. There have been pros and cons of the role of globalization¹. Stiglitz (2003) was critical of globalization, while Goklany (2007) argued for a positive effect of economic globalization based on free trade, and demonstrated that the free trade helped to enhance the human well-being. In a globalized world individual economies become increasingly intertwined with the rest of the world.

Resource-based economy depends on natural resources. And the income of those resource-based economy comes from the natural resources. Norway's export of oil and gas forms 45% of total exports and more than 20% of the GDP. More than 80% of Russian exports are oil, natural gas, metals and timber. There are pros and cons of the effect of natural resources on economic growth. Alekseev and Conrad (2009) show the potential—resource wealth has tended to make countries better off. Yet Collier and Goderis (2007) suggest that this may be due only to the income generated by resource rents rather than to the growth of output. They espouse 'resource curse' theory, which suggests that countries with abundant natural resources, such as oil, often fail to democratize because the elite can live off the natural resources rather than depend on popular support for tax revenues. They argue with "natural resources trap" in which countries, particularly in Africa, dependent on oil, gas, and mining have tended to have weaker long-run growth, higher rates of poverty, and higher inequality in comparison with non mineral-dependent economies at similar levels of income. Some countries with natural resources are not necessarily creating the employment opportunities. Even oil and mineral revenues have often fuelled corruption, which has a severely negative impact on a country's development.

Savings and economic growth are closely related with each other. Governments of the countries offer a number of saving and investment schemes that are tax exempt in order to promote the practice of saving. The governments in return invest thus earned capital in various development projects of the country, which helps to build a better economy and the growth of economy. The relations between the savings and the economic growth are bilateral as well: the savings increase with the increase in income and the economic growth increases the amount of savings as well. According to the Harrod-Domar growth model, every economy must save a certain proportions of its national income, if only to replace worn-out or impaired capital goods (buildings, equipment, and materials) for the economic growth². The more they can save and invest, the faster they can grow. New investment will bring about corresponding increases in the flow of national output, GNP. The mechanism of economic growth and development, therefore, are simply a matter of increasing national savings and

¹ The globalization based on the KOF globalization index was used in this analysis. The KOF Index of Globalization was introduced in 2002. The KOF Index of Globalization measures the three main dimensions of globalization: economic, social and political. KOF index of globalization is released annually by the KOF Swiss Economic Institute (Dreher, Gaston, and Martens).

² Harrod, Roy F. (1939). "An Essay in Dynamic Theory". *The Economic Journal* 49 (193): 14–33.; Domar, Evsey (1946). "Capital Expansion, Rate of Growth, and Employment". *Econometrica* 14 (2): 137–147.

investment. The main obstacle or constraint on development was relatively low level of new capital formation in most poor countries. (Rostow 1960)

Terms of trade, favorable or unfavorable, could affect economic development. Unfavorable terms of trade will result in a negative or low economic growth particularly in developing countries, as they rely on the export of a single or a few primary commodities (Appleyard et al. 2008). Export-led growth is a trade and economic policy aiming to speed up the industrialization process of a country by exporting goods for which the nation has a comparative advantage. Export-led growth implies opening domestic markets to foreign competition in exchange for market access in other countries. This strategy seeks to find a niche in the world economy for a certain type of export. By implementing this strategy, countries hope to gain enough hard currency to import commodities manufactured more cheaply somewhere else. During 1970 and 80s, the export-oriented industrialization was particularly characteristic of the development of the national economies of the Asian Tigers/Dragons: Hong Kong, South Korea, Taiwan, and Singapore.

The corruption distorts market, undermining development and make business unsustainable. According the World Bank, corruption increases the cost of doing business up to 10% globally. Corruption is regarded as a major obstacle to sustainable development¹. The Global Competitiveness Index (GCI) measures a set of institutions, policies, and factors that sustain current and medium-term levels of economic prosperity. The index assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources².

Relative deprivation is a cause of conflict in developing countries which in particular experience during the transition period from underdeveloped to modern societies in the course economic development. Relative deprivation is the experience of being deprived of something to which one believes oneself to be entitled. It refers to the discontent that people feel when they compare their positions to others and realize that they have less of what they believe themselves to be entitled than those around them. (Gurr 1970; Schaefer 2008)

Types of political system have been argued to affect the quality of life. Democratic political system with market- economy as well as with a higher degree of political freedom enhances the quality of life. Politics affect the wealth and economic growth. Authoritarian political systems turn out to be more conflict-ridden than democratic counterparts and they lower the quality of life. Political liberalizations and reforms, with minimal corruption, are required for sustainable economic growth. Russett (2005) found democracies are considered efficient in generating wealth and economic growth, which also lessen the frequency of internal conflict. Economic freedom based on market economy is considered more helpful in economic growth and development than planned, socialist economy. When inequality of income distribution is related to ethnicity, gender, or geographic region, Clemens (2007) argues that a stronger role for the state (that is, authoritarian political system) is advantageous for equal distribution of income, and the most vulnerable members of societies can be safeguarded by the role of stronger authoritarian government.

Ethnic diversity affects trade. Ethnic diversity could boost trade by involving more ethnic networks: a higher ethnic concentration is associated with a larger trade- enhancing impact of migration. Thicker ethnic networks are proportionally more effective at exploiting the business opportunities across the host and origin countries. It is also argued that ethnic networks have a positive effect on trade, despite the fact that the extent of positive effect could vary across different ethnic groups (Duanmu, Lining and Yilmaz Guney, 2013). Ethnic heterogeneity has been impeding enhancement of quality of life (Collier 1999: 2007).

¹ See the 2012 Global Compact Annual Implementation Survey; UN Global Compact Bulletin, July 2012.

² The Global Competitiveness Report (GCR) is a yearly report published by the World Economic Forum.

Empirical evidences have shown that demographic variables such as ethnic composition (Alesina et al. 2003), urbanization and population growth (McNicoll 1995) have significant effects on quality of life. Some even advocate the ability of religion to eradicate poverty and promote private sector development, along with the role of religion in sustainability of nation (Grier 1997; Ogbonnaya 2012). The role of harmony emphasized by Confucianism and Buddhism is taken into account in the business and economic development. For example, silence, connections (guanxi), tolerance and harmony that are educated by the Confucianism and Buddhism are emphasized in the Chinese business community.

A large defense/military spending disproportionate to economic capacity is siphoning off the resources, which otherwise could have been used for economic growth and quality of life (Sivard 1991). Some found the trade-off between the defense spending and economic growth. Beonit (1978), based on the 44 developing countries, argued that there is a positive correlation between military expenditures and economic growth over the period 1950-65. Defense spending was found to still have a significant effect on the level of quality of life during the post-Cold war era. Countries with greater defense burden retain a lower quality of life regardless of population growth, urbanization and ethnic diversity (Kim 1996).

The review of literature indicates the economic development can be classified into two: economic growth and quality of life. One is based on the causes/determinants of the economic growth (quantitative), while the other is based on the effect/consequences of the economic growth, that is, qualitative aspect of the economic growth. Not only the determinant/causes of economic growth but also the effect/consequences of the economic growth will be analyzed in this paper.

Methodology

Based on the review of literature and theories, the following 25 variables were selected. They are again divided into two groups: Economic growth variables (determinant variables) and quality of life variables (effect/consequences variables).

1. Economic growth variables: Determinants of economic growth

Patterns of economic growth are based on the following 18 variables. Each of the 18 variables is operationalized/measured as follows:

1. Economic growth (PPP): Economic growth was based on the per capita GDP PPP (Purchasing Power Parity), which indicates gross domestic product (GDP) at purchasing power parity (PPP) per capita. When comparing cross-national differences in the development, including economic development, a PPP basis is more widely used.

2. Globalization: it is based on the KOF Index of Globalization, which measures the three ('plural') dimensions of globalization: economic, social, and political. The indicators measuring the dimensions fall into five broad categories: openness to trade; capital movement; labor movement; exchange of technology and ideas; and cultural integration.

3. Terms of trade: The value of a country's exports (benefits) relative to that of its imports (costs). It is calculated by dividing the value of exports by the value of imports, then multiplying the result by 100. If a country's terms of trade (TOT) is less than 100%, there is more capital going out (to buy imports) than there is coming in. A result greater than 100% means the country is accumulating capital, that is, more money is coming in from exports.

4. Global competitiveness: the competitiveness is based on Global Competitiveness Index (GCI) that measures a set of institutions, policies, and factors, which sustain current and medium-term levels of economic prosperity. It ranges between 2.97(minimum) and 5.67(maximum). GCI assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources.

5. Corruption/Corruption Perceptions Index (CPI): the Corruption Perceptions Index (CPI) annually ranks countries by the perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI generally defines corruption as the misuse of public power for private benefit. The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt).

6. Ethnic fractionalization/homogeneity: the fractionalization measures are computing the probability that two randomly drawn individuals (from a country) are not from the same group (ethnic-racial)¹

7. Religious fractionalization/homogeneity: measures are computing the probability that two randomly drawn individuals (from a country) are not from the same religious group.

8. Urbanization (%): the measure is based on urban-rural dichotomy; “urban” refers to a group of allegedly nonagricultural pursuits while “rural” to agriculturally oriented employment.

9. Population growth: population growth rate estimates for the period 2005–2013; the natural increase per 1,000 of the population.

10. Types of political system: countries are classified as “not free,” “partly free,” and “free” in terms of the degree of political freedom represented by both political rights and civil liberties. Countries with “not free” were coded as 1 (highly authoritarian), “partly free” as 2 (authoritarian), and “free” as 3 (democratic).

11. Military expenditure/defense spending: the measure is based on military expenditure as a percentage of GDP.

12. Economic freedom: economic freedom Index measures economic freedom of countries based on trade freedom, business freedom, investment freedom, and property rights.

13. Resources (Proven oil reserves/Crude Oil): this is a list of countries by proven oil reserves. Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with a high degree of confidence to be commercially recoverable from a given date forward, from known reservoirs and under current ones.

14. Education: it is based on The Education Index that is calculated from the Mean years of schooling index and the Expected years of schooling index.

15. Foreign direct investment (FDI): This shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors.

16. Gross savings: it is measured by % of GDP. Gross savings are calculated as gross national income less total consumption, plus net transfers/ gross domestic savings percent of GDP.

17. Import PC: measured by the total import divided by population size.

18. Export PC: measured by the total export divided population size.

2. Variables for the Effects/Consequences of Economic Growth: Quality of Life Variables

The effect variables are based on the following seven, each of which is operationalized/measured as follows:

1. Income distribution: Measured by Gini Coefficient (or Gini Index). This coefficient measures the degree of inequality in the distribution of family income in a country. The coefficient ranges from 0 (perfect equality) to 1 (complete inequality). The Gini index is the Gini Coefficient expressed as a percentage, which ranges 0 to 100 percent.

¹ Alesina, Alberto and Eliana La Ferrara (2003): *developed measures of ethnic, linguistic and religious fractionalization in 190 countries/ethnicity data covered years ranging from 1979 to 2001, depending on the country.*

2. Quality of Life (QOL Index): indicates the general well-being of individuals and societies, reflecting 'subjective' well-being and the psychology of happiness: quality-of-life index is based on a method that links the results of subjective life-satisfaction surveys to the objective determinants of quality of life across countries. It ranges between 0 (minimum) to 10 (maximum)

3. Human development/The Human Development Index (HDI): is a composite statistic of life expectancy, education, and income indices to rank countries into four tiers of human development. Human development reflects objective criteria of quality of life. Human development/The Human Development Index (HDI): is a composite statistic of life expectancy, education, and income. (1.0 is the highest, 0 the lowest)

4. Unemployment: measured by the percent of the labor force that is without jobs.

5. Global Peace/Conflict: measured by The Global Peace Index (GPI). It measures the relative position of nations' and regions' peacefulness. Factors include internal factors such as levels of violence and crime within the country and factors in a country's external relations including wars. It ranges between 1.293 (most peaceful) to 3.440 (least peaceful).

6. Poverty line (%): The poverty threshold, or poverty line, is the minimum level of income deemed adequate in a given country. In practice, like the definition of poverty, the official or common understanding of the poverty line is significantly higher in developed countries than in developing countries.

7. Relative Deprivation Index: Measured by the differences between objective (HDI) and subjective (QLI) quality of life. The wider, the higher the level of relative deprivation; the narrower, the lower the relative deprivation.

Results and Discussions

Fifty-two (52) countries in Asia are used in this analysis. The data cover the 2005-2013 period depending on their availability for each and every of the countries. This study, for that matter, is not amenable to a time-series (longitudinal) analysis but to a cross-national comparative analysis of the Asian countries.

Table 1: Variations among the Asian Countries

	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>SD</i>	<i>CV</i>	<i>Countries (Min/Max)</i>
Globalization	20.69	84.58	54.78	14.20	0.26	<i>Burma/Singapore</i>
Ethnic Fractionalization	0.00	0.75	0.37	0.23	0.62	<i>Yemen, East Timor/ Qatar</i>
PPP(\$)	1300	102800	18184	21858	1.20	<i>Nepal/Qatar</i>
Religious Fractionalization	0.00	0.79	0.39	0.21	0.53	<i>Yemen/Lebanon</i>
Economic Freedom	1.50	89.30	59.43	13.81	0.23	<i>North Korea/Hong Kong</i>
Income distribution/Gini	28.90	53.70	39.25	6.80	0.17	<i>Kazakhstan/Hong Kong</i>
QLI	4.75	7.72	5.96	0.81	0.14	<i>Tajikistan/Singapore</i>
Defense Spending (%)	0.30	10.10	3.16	2.22	0.70	<i>Bangladesh, Japan/Saudi Arabia</i>
Corruption Index	1.40	9.30	3.63	1.91	0.53	<i>Burma, Afghanistan/Singapore</i>
GCI	2.97	5.67	4.36	0.64	0.15	<i>Yemen/Singapore</i>

Urbanization (%)	12.50	100.00	57.95	25.74	0.44	<i>Papua/Singapore, Hong Kong, Macau</i>
Oil (%)	0.01	13.28	1.68	0.16	1.88	<i>Bangladesh, Philippines, Mongolia, Singapore/Saudi Arabia</i>
Unemployment (%)	0.00	70.00	10.87	14.41	1.33	<i>North Korea, Qatar/Turkmenistan</i>
Political freedom	1.00	3.00	1.71	0.76	0.44	<i>Oman, North Korea/Cypess, Mongolia, Israel, Indonesia,</i>
Export/PC (\$ mil)	16.88	78081.47	8076.11	16428.27	2.03	<i>East Timor/Singapore</i>
Import/PC (\$ mil)	92.26	68749.22	5409.37	12445.25	2.72	<i>Burma/Hong Kong</i>
Terms of Trade	0.09	5.12	1.47	1.22	0.83	<i>East Timor/Kuwait</i>
Population growth (%)	-0.97	4.93	1.24	1.04	0.84	<i>Jordan/Qatar</i>
HDI	0.37	0.91	0.69	0.14	0.20	<i>Afghanistan/Israel</i>
Poverty line (%)	3.80	49.90	24.40	11.90	0.49	<i>Malaysia/East Timor</i>
Relative Deprivation/Index	-0.36	2.09	0.63	0.64	1.02	<i>Bangladesh/Russia</i>
Global Peace	1.29	3.44	2.21	5.22	0.24	<i>Japan/Afghanistan</i>
FDI (\$ mil)	-0.45	13400.67	848.92	2384.45	2.81	<i>Qatar/Hong Kong</i>
Saving (%)	11.00	57.00	29.06	12.58	0.43	<i>Cambodia/Macau</i>
Education (%)	35.40	98.80	81.40	14.10	0.17	<i>Afghanistan/South Korea</i>

Sources: Data from CIA, World Factbook (2007, 2008, 2009, 2010, 2011, 2012, 2013); Encyclopedia Britannica, Inc., The Nations of the World/ Britannica Book of the Year (2007, 2008, 2009, 2010, 2012, 2013);

Diversity among the Asian countries

Table 1 presents means of the 25 variables with their respective coefficient of variations ($CV = \text{Standard Deviation (SD)} / \text{Mean}$), indicating the degree of homogeneity or heterogeneity of each variable among the countries in Asia. FDI (2.81), import/pc (2.72), export/pc (2.03), oil(1.88), unemployment (1.33) and PPP (1.20) were found the largest CVs, indicating there are great degrees of variations/heterogeneity among the Asian countries in the degree of FDI, import/pc, export/pc, oil reserve, unemployment, and PPP. Quality of life/subjective (.14), income distribution/Gini (.17), human development /HDI (.20), economic freedom (.23) were found relatively homogeneous across the countries.

Table 2. Factor Analysis: Patterns of Economic Growth

	Globalized Free Market	Oil-Rich economy	Demographically affected	Religious- culturally affected	Ethnic- Racially affected
	(f1)	(f2)	(f3)	(f4)	(f5)
PPP	.957	.058	.156	.036	-.172
Eco freedom	.931	-.188	.060	.077	.076
Corruption	.944	-.204	.005	.134	-.065
Import/PC	.915	-.021	-.275	.197	.034
Export/PC	.915	.075	.393	.056	.243
FDI	.850	.091	-.376	.219	.121
Globalization	.827	.061	-.144	-.156	.246
GCI	.827	.109	.337	.063	-.209
Urbanization	.818	.161	.420	-.120	-.150
Pol freedom	.202	-.811	.058	-.219	-.103
Terms of Trade	-.031	.797	.093	.090	.057
Oil percent	-.025	.782	.243	-.374	-.148
Defense	.268	.745	-.093	-.463	-.215
Saving/GDP	.230	.640	-.251	.419	-.299
Pop growth	.139	.072	-.809	-.068	-.328
Education	.450	.193	.751	.226	.157
Religious	.306	.048	.226	.811	-.107
Ethnic	-.066	-.090	-.149	-.063	.909
Eigenvalue (%)	(43.4)	(17.4)	(12.4)	(7.3)	(6.5)

Note: The factor analysis is based on the Varimax rotation, significant at .001 level according to the Bartlett's Test of Sphericity.

Table 2 presents a factor analysis, in which loadings of 18 variables, including the economic growth variable (GDP/PPP), are presented. The 18 variables will be classified into several patterns/dimensions via factor analysis. The factor analysis aims to explore and detect 'patterning' of variables. The table shows five factors (patterns) identified. The factor loading

of each variable greater than .50 is considered significant, although that criterion varies from .30 to .40 to .50.

The cutoff points are somewhat subjective, which should be determined by the researcher. Each of the factor loadings significant was underlined. Eigenvalue (%) at the bottom indicates the percent of total variance accounted for by each factor. Factor 1 with the largest 43.4% indicates the most dominant factor/pattern of all in economic growth, followed by Factor 2 (17.4%), Factor 3 (12.4%), Factor 4 (7.3%), and Factor 5 (6.5 %) respectively.

The factor loading of each of the variables means: First, it represents not only how the variables are weighted for each factor, but also indicates the correlation coefficient between each variable and each factor on which the variable significantly loads. Secondly, factor loadings can be interpreted like standardized regression coefficients (beta weight), which can compare among the observable/manifest variables in their respective association (correlation) with yet latent/unobserved factor, whose name is to be created. The creation of a new name for the latent factor is based on a 'commonality' that can cut across the variables significantly loaded. Thirdly, the factor loadings of the variables under each factor can be used as correlations between the variables in their respective factor they load on. For example, factor loadings of variable 1 and variable 2 in Factor 1 can be multiplied, which then can be used to indicate the 'strength' of correlation between the two variables. And this computation of the correlation between the variables can follow suit for Factor 2 and Factor 3 and so on. The correlations between the two variables for each of the factors now can be compared for their respective contribution to their respective factor as well. When you have three or more variables, just multiply their respective factor loadings in their respective factor and compare it (correlation) with the counterpart(s) in other factor(s) as well.

Factor 1 documents 9 variables loaded: PPP, economic freedom, corruption, import/pc, export/pc, FDI, globalization, global competitiveness/GCI, and urbanization. This cluster/patterning of 9 variables underlined goes together. The factor loading of the variables indicates the correlation coefficient not only between each variable but also between each variable and their respective factor (pattern). The Asian countries with high economic growth were featured with high economic freedom sustaining market economy as well as high globalization. They feature with both export and import-led industrialization, indicating not only the export but also the import was found to enhance economic growth. It is not necessarily the export only that contributes to the economic growth, but the import also was found to be 'equally' significant in enhancing the economic growth. FDI, inflow of foreign capitals, has positive effect on economic growth. They feature with a high globalization, indicating they sustain a high degree of integration with international economic system. The countries are domestically featured with low corruption along with a high global competitiveness, indicating they are transparent with a low corruption and capable of sustaining effective political/administrative institutions and policies. They are highly urbanized, indicating that the high level of urbanization based on a concentrated geographic region does have positive effect on economic growth as well. The agglomeration effects of urbanization economies contribute to the economic growth. The factor 1 is labeled as a *"globalized free-market economy"* pattern.

Although these countries pursuing the globalized free-market economy retain a high level of economic freedom, yet political freedom is not loaded on this patterning/factor. There is no significant correlation between the political freedom and the economic freedom under the patterning either. And the political freedom, democratic or authoritarian, has no significant effect on the formation of this patterning of economic growth. Economic growth is not necessarily the product of the political freedom as represented by democracy. Regardless of political freedom, democratic or authoritarian, economic freedom was found to

significantly enhance economic growth. The following classification of the 'most' and the 'least' globalized market economy countries is based on the factor score¹.

- Most: Singapore, Japan, S. Korea, Saudi Arabia, Malaysia.
- Least: Bangladesh, Vietnam, Pakistan, India, Azerbaijan.

Factor 2 has five variables loaded: political freedom, terms of trade, oil/resources (crude oil/proven oil reserve), defense spending and savings/GDP, oil/resources variable was found significantly loaded on this factor 2. Yet none of these variables, including the oil, was found to have significant effect on economic growth. The Asian countries with abundant/rich oil resources were found to be able to spend high on defense spending. And they are able to sustain a high ratio of saving per GDP as well. They are more of authoritarian politically. And they enjoy favorable terms of trade. None of these conditions was found to be significantly conducive to the economic growth. Factor 2 is labeled as an *"oil/ resource -rich economy" pattern*.

- Most: Saudi Arabia, Azerbaijan, Russia, China, Kazakhstan.
- Least: Japan, India, Turkey, S. Korea. Bangladesh, Pakistan.

Factor 3 is based on a cluster of two variables: population growth and education. Education was found to affect demographic behavior as measured by the population growth. The low education does increase population growth while high education to lower it. The demographic behavior as shown with the population growth was found to be significantly affected by the level of education development. Yet neither the population growth nor the education development was found to be significantly associated with economic growth. Population growth is not significantly associated with economic growth. High population growth and low education development were found to have no significant detrimental effects on the economic growth. Factor 3 is labeled as a *"demographically-affected" development pattern*.

- Most: Japan, Russia, S. Korea.
- Least: Bangladesh, Singapore, Pakistan.

Factor 4 indicates a 'cluster' of one variable: religious fractionalization. Religious fractionalization, whether heterogeneous or homogeneous, was found to have no significant effect on economic growth. Diversity in culture associated with different religions has been argued to affect economic growth and development, yet the finding indicates that the argument seems to be untenable. Factor 4 is labeled as a *"religiously/culturally-affected" development pattern*.

- Most: China, Azerbaijan, Kazakhstan, Vietnam, Singapore.
- Least: Saudi Arabia, Turkey, Thailand, India, Pakistan.

Factor 5 is based on one variable: ethnic fractionalization. Like the religious fractionalization, ethnic-racial fractionalization, heterogeneous or homogeneous, has nothing to do with economic growth. What is significant in the determination of economic growth in Asia is not the ethnic-racial ingredients. Factor 5 is labeled as *"ethnic-racially affected" development pattern*.

- The most ethnically fractionalized /heterogeneous countries are: Kazakhstan, Indonesia, Thailand, Pakistan, Malaysia
- Least: Bangladesh, S. Korea, Japan, China, Saudi Arabia.

¹ The factor score was based on the following formula: (factor coefficient) x (Z score). Computer (SPSS) produces the factor score for each of the countries. And the classification of the most and the least countries was based on the size of the factor scores sorted out.

Table 3: Factor Analysis: Quality of Life/Effects of Economic Growth

	<i>Egalitarian</i>	<i>Relative</i>	<i>Conflict-</i>
	<i>Poor</i>	<i>Deprivation</i>	<i>Stricken</i>
	<i>(f1)</i>	<i>(f2)</i>	<i>(f3)</i>
<i>(Variables)</i>			
<i>Poverty level</i>	<u>.841</u>	-.245	.128
<i>Unemployment</i>	<u>.812</u>	.185	-.206
<i>Income Distribution/Gini</i>	-. <u>719</u>	.039	-.230
<i>QLI</i>	-. <u>705</u>	-.400	-.518
<i>Relative Deprivation</i>	.337	<u>.895</u>	.278
<i>HDI</i>	-.362	<u>.872</u>	.220
<i>Conflict</i>	.046	.005	<u>.925</u>
<i>Eigenvalue (%)</i>	42.5	25.4	15.0
at .001 level according to the Bartlett's Test of Sphericity.			

Table 3 shows three factors/patterns are identified based on the following 7 variables: poverty level, unemployment, income distribution, quality of life (subjective quality of life), relative deprivation, human development (HDI: objective quality of life) and conflict/peace.

Factor 1 loads poverty level, unemployment, income distribution, and quality of life (subjective) variables. The patterning/factor out of these four variables indicates that countries suffer from a high poverty level as well as unemployment along with a low subjective quality of life they feel. Yet the income distribution is rather 'egalitarian' while still in 'poor.' The factor is labeled as an *"egalitarian poor-oriented"* (*"non-egalitarian-rich"*) *quality of life pattern*.

- *Egalitarian poor*: Tajikistan, Armenia, Kyrgyzstan, Pakistan, Bangladesh.
- *Non-egalitarian rich*: Thailand, Malaysia, Sri Lanka.

Factor 2 loads relative deprivation and HDI. Although the HDI (objective quality of life) is high, relative deprivation they still feel runs high. This means there are substantial discrepancy between the objective and subjective quality of life, generating a heightened/high sense of relative deprivation. Factor 2 is labeled as a *"relative deprivation-oriented"* (*"collective/absolute deprivation"*) *quality of life pattern*.

- *Relative deprivation*: Russia, Israel, Kazakhstan, UAE, S. Korea, Turkmenistan, Georgia, Iran, Saudi Arabia, Azerbaijan, Bahrain.
- *Collective/absolute deprivation*: Bangladesh, India, Pakistan, Vietnam, Philippines, Indonesia.

Factor 3 loads conflict variable with the quality of life being significant as well. Those countries were experiencing a high frequency of conflict, while low in quality of life/subjective. Factor 3 is labeled as a "*conflict- stricken*" *quality of life pattern*.

- *Conflictual*: Afghanistan, Syria, Iraq, Pakistan.
- *Peaceful*: Japan, Singapore, Qatar, Bhutan, Taiwan, Malaysia, Kuwait, UAE.

Table 4: Correlations between the Patterns of Economic Growth and Quality of Life (QLI)

	<i>(Patterns/Economic Growth)</i>				
<i>(Patterns/QLI)</i>	Globalized Free-Market	Oil-Rich	Demographic	Religious/Cultural	Ethnic
Egalitarian poor	-0.637	0.108	-0.448	0.077	-0.323
Relative deprivation	0.351	0.576	0.682	0.047	-0.023
Conflict-stricken	-0.55	0.189	-0.11	-0.33	0.225

Table 4 indicates correlations between the economic growth pattern (five patterns) and quality of life pattern (3 patterns). The correlation coefficients indicate how each of the different patterns of economic growth correlates with each of the different patterns of quality of life. Globalized free-market pattern of the economic growth is significantly correlated with the egalitarian- poor and the conflict-stricken patterns of the quality of life respectively, while it is not significantly correlated with the relative deprivation pattern of the quality of life. This indicates that countries pursuing the globalized free- market economic growth experience 'anti- egalitarian' (inequitable) income distribution while sustaining a low conflict-oriented quality of life. Those countries are 'rich' with a higher PPP, yet their distribution of income is not as egalitarian as those egalitarian-poor oriented countries. Although they are rich (not poor), their income distribution among the people is not egalitarian, and there is a great inequality in income distribution among people. Those countries with the globalized free-market pattern of economic growth turn out to experience a low conflict, internal as well as external. There is no significant correlation between the relative deprivation and the globalized open-market pattern, indicating that this pattern of economic growth, despite its income inequality, does not generate a high sense of relative deprivation among the people in the midst of high/successful economic growth.

Oil- rich pattern, unlike the globalized free-market, is significantly correlated with the relative deprivation, indicating that those countries with abundant oil/natural resources were still found unable to narrow/decrease the relative deprivation the 'have-nots' people indeed feel in comparison with other 'haves.' And this oil-rich pattern has already shown that it does not contribute to the economic growth either. While still in oil-richness, that richness cannot alleviate the sense of relative deprivation people experience. People do not deserve they feel they should in the midst of the oil-richness. The demographic pattern was also found to be

positively correlated with the relative deprivation. This indicates that countries experiencing with a high population growth, which is affected by a low education development, are more likely to suffer a high sense of relative deprivation among the people as well.

Neither the religious/cultural nor the ethnic pattern of the Asian countries was found to be significantly correlated with any one of the three patterns of the quality of life. Religious-cultural as well as ethnic fractionalization, heterogeneous or homogeneous, were found not only insignificant in determining economic growth (quantitative) but also in affecting the quality of life (qualitative) either. The quality of life, egalitarian or non-egalitarian as well as relative or absolute deprivation, in Asia is more likely to be affected by the economic functions of the globalized free market, oil-rich, as well as population growth rather than religious-cultural and ethnic factors.

Conclusion

Asian countries are diverse and heterogeneous. They were found having many different patterns of economic development, quantitative and qualitative. The most dominant pattern of economic growth was found to be the globalized free market-economy, while the egalitarian-poor the dominant pattern of the quality of life. Neither religious-cultural nor ethnic/racial factors were found significant in patterning not only the economic growth but also the quality of life in the Asian economic development.

Regardless of political freedom, authoritarian or democratic, economic freedom is still found to be the significant determinant of economic growth. Both import and export are equally important in the determination of economic growth. This is regardless of terms of trade, favorable or unfavorable. What is important in the economic growth is not the terms but the amount of trade, import and export. FDI and globalization rather the amount of oil-rich as well as the savings the oil-rich can bring are significant determinant of the economic growth. Population growth as well as the defense spending, which are generally argued to significantly affect economic growth, positive or negative, were found insignificant in the economic growth. Institutions and polices as well as transparency with a low corruption were found to attract a high FDI, all of which contribute to the economic growth. Economic freedom coupled with domestic global competitiveness and transparency was conducive to the economic growth.

The globalized free- market economy is most important and successful mode of economic strategy conducive to the economic growth, despite its inability to equitably distribute income. Yet the pattern was found to significantly alleviate conflict, domestic or regional/international, in Asia. Countries in Asia featured with 'diseconomies' based on the patterns other than the globalized free-market need to follow suit to catch up with the most successful pattern of economic growth. Each of the variables out of which the pattern of the open globalized free- market economy was built should be cross-national comparatively examined for their respective strengths when/if the countries with the patterns of diseconomy in Asia pursue economic development.

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