

Doctoral Dissertation


**The Role of International Cooperation: Motives and Consequences of
Regional Trade Agreements**

(Summary)

YI YI MON

Graduate School for International Development and Cooperation
Hiroshima University

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This dissertation examines the role of international cooperation, emphasizing the motives and consequences of regional trade agreements (RTAs) which are regarded as crucial form of economic cooperation. This dissertation is composed of five chapters. Chapter 1 provides introduction. Chapter 2, 3 and 4 present independent three essays, respectively; chapter 2 and 3 examine the evolution of RTAs, emphasizing the network properties of relational ties and hypotheses are based on network effects, and chapter 4 investigates the relationship between RTAs and within-country income inequality. Chapter 5 conclude with some policy discussion.

RTAs are relational ties between countries, creating the relational networks in the international system. The proliferation of RTA reflects the interdependencies between countries and interaction between foreign policies of countries. Social network analysis allows to address how country choose their prospective partners and how their decisions to enter an international agreement interact with one another. Thus, this dissertation applies social network analysis to examine the dynamics of RTAs which are resulted from the decisions of countries to cooperate for mutual benefits. Specifically, this dissertation employs multiplex form of stochastic actor-oriented model to examine the coevolution of RTAs and PAs as well as the coevolution of bilateral and plurilateral RTAs. All hypotheses regarding the formation of RTAs in this study are related to network effects, particularly structural effects and multiplex network effects. In addition, this dissertation also investigates the consequences of RTAs by employing traditional estimation method.

The first essay presented in Chapter 2, focuses on bilateral free trade agreements (FTAs) and political alliances (PAs) to evaluate the multiplex relations between countries as the consequences of policy alignments among countries. The empirical results suggest countries are likely to establish relational ties (FTAs or PAs) when they share common third party, and the popularity of countries in the networks also matters to the formation of relational

ties. The results also present the existence of multiplex network effects, suggesting interinfluence between countries' decisions to enter bilateral FTAs and PAs.

The second essay presented in Chapter 3, emphasizes the coevolution of bilateral and plurilateral RTAs since countries' decisions to enter bilateral and plurilateral RTAs interact one another ((Menon, 2007;2009; Egger & Larch, 2008). Due to the nature of the network structures and different RTA composition, bilateral and plurilateral RTA networks are treated as one-mode and two-mode networks, respectively. However, the empirical results support all hypotheses related to structural effects, i.e., the tendency of countries to establish a bilateral RTA is higher when they share common partners, countries prefer more active or popular countries to enter bilateral RTAs, and countries participate in one plurilateral RTA tend to participate in another plurilateral RTA. The results also suggest independencies between two networks of bilateral and plurilateral RTAs, i.e., countries are likely to establish plurilateral RTA ties with countries to which their bilateral RTA partners are linked by plurilateral RTA ties.

The third essay presented in Chapter 5, evaluates the relationship between RTAs and income inequality since rising income inequality within country has been a great concern in both developed and developing countries. Specifically, it investigates how bilateral and plurilateral RTAs are related to household income inequality with an emphasis on different development levels of countries by employing country fixed effect model and conducts several robustness tests to confirm the validity of empirical results. The empirical results suggest that bilateral RTAs reduce income inequality in developing countries but less clear evidence in developed countries. The analysis also provides no clear evidence for the relationship between plurilateral RTAs and income inequality, irrespective of countries' development stages.

In conclusion, this dissertation examines the dynamics of RTAs, emphasizing the interaction between policies of countries in the international system and also explore the

relationship between RTAs and within-country income equality. In other words, it attempts to analyse the motives and consequences of RTAs. As a whole, countries must explicitly consider endogenous and exogenous factors upon establishment of the relational ties since their relational ties convey their attributes and attitudes as well as their stance in the international system. Countries must also examine the possible consequences of the relational ties such as RTA ties because they could not expect only positive outcomes from RTAs. In addition, inevitable domestic political pressures should be addressed strategically. Countries could utilize RTAs as strategic tools to integrate with the global economy by balancing the costs and benefits of signing RTAs.