

Thema

Trade and Quality of Life -
Empirical Evidence for Sub-Saharan Africa

Dissertation

zur Erlangung des akademischen Grades
doctor rerum politicarum
(Dr. rer. Pol.)

vorgelegt dem
Rat der Wirtschaftswissenschaftlichen Fakultät
der Friedrich-Schiller-Universität Jena

am 23.05.2018

von: M.Sc. Huy Quang Doan
geboren am: 21.01.1987 in: Thai Nguyen, Vietnam

Gutachter

1. Prof. Dr. Andreas Freytag, Friedrich-Schiller Universität Jena
2. PD Dr. Holger Graf, Friedrich-Schiller Universität Jena

Datum der Verteidigung: 25.09.2018

„No nation was ever ruined by trade.“

Benjamin Franklin

(1706 - 1790, US-amerikanischer Politiker, Naturwissenschaftler, Erfinder und Schriftsteller)

TABLE OF CONTENTS

Chapter 1: INTRODUCTION	12
1.1. Motivations of the dissertation	12
1.2. The issue and major contributions	13
1.3. Trade status in Sub-Saharan Africa	18
1.3.1. Imports	18
1.3.2. Exports	20
1.4. Quality of Life and its dimensions.....	23
1.4.1. Concept of Quality of Life	23
1.4.2. Dimensions of Quality of Life.....	25
1.5. Structure of the dissertation.....	28
Chapter 2: HOW DOES TRADE AFFECT FOOD SECURITY IN SUB-SAHRAN AFRICA?	34
2.1. Introduction	34
2.2. Literature review	37
2.2.1. Concepts and measurements of food security	37
2.2.2. Problem of trade indicators in previous studies.....	38
2.2.3. How trade influence food security? Theoretical approaches and hypotheses	39
2.3. Empirical Evidence	45
2.3.1. Model Specification and estimation methods.....	45
2.3.2. Data	48
Composite index for food security	50
2.4. Findings and discussions	54
2.4.1. Trade, real income, agricultural production and food security	54
2.4.2. Trade, Food Prices and Food Security	58
2.4.3. Trade, transportation infrastructure and food security.....	60
2.4.4. Trade, Natural Resources and Food security.....	61
2.5. Conclusions	65
Chapter 3: TRADE, INSTITUTIONAL QUALITY AND INCOME: Empirical Evidence for Sub-Saharan Africa	68
3.1. Introduction	68
3.2. Literature review.....	69

3.2.1. GDP as a measure of income and its constraints.....	69
3.2.2. Trade and income.....	71
3.3. Methodology.....	73
3.3.1. The model specification	73
3.3.2. Data and hypotheses	73
3.3.3. Estimation methods.....	76
3.4. Findings and discussions	78
3.4.1. Static setting	79
3.4.2. Dynamic settings.....	83
3.4.3. Short-term and long-term effects.....	86
3.5. Conclusions	89
Chapter 4: TRADE, INSTITUTION QUALITY AND INCOME DISTRIBUTION: Kuznets' Hypothesis and Moderation Effects	92
4.1. Introduction	92
4.2. Literature review.....	94
4.2.1. Income distribution and Gini limitations	94
4.2.2. How does trade influence income distribution?	98
4.2.3. New theoretical approaches and hypotheses	106
4.3. Empirical approach	109
4.3.1. Model specification and estimation methods	109
4.3.2. Data	111
4.4. Findings and discussions	114
4.5. Conclusions	121
Chapter 5: TRADE AND ENVIRONMENT	123
5.1. Introduction	123
5.2. Literature review.....	126
5.2.1. How trade influences environment quality	126
5.2.2. Previous empirical evidence.....	128
5.3. Theoretical approach.....	130
5.3.1. Pollution haven hypothesis and factor endowment hypothesis.....	130
5.3.2. Race-to-the-bottom and gains-from-trade-hypotheses.....	132
5.3.3. Environmental Kuznet's curve	133
5.3.4. Role of environment regulations	134
5.3.5. Hypothesis	135

5.4. Empirical evidence.....	138
5.4.1. Model specification, estimation strategy and data.....	138
5.4.2. Data Sources.....	139
5.4.3. Empirical results	141
5.5. Conclusions	152
Chapter 6: DOES GLOBALISATION IMPROVE EDUCATION OUTCOMES?	
.....	154
6.1. Introduction	154
6.2. Literature review and theoretical approaches.....	154
6.3. Empirical evidence.....	157
6.3.1. Hypothesis	157
6.3.2. Model Specification and Estimation Procedure	157
6.3.3. Data	158
6.4. Results and Discussion.....	159
6.4.1. Globalisation and Educational Enrolment.....	159
6.4.2. Globalisation and Education Achievements.....	161
6.4.3. Globalisation and the Quality of Instructors	163
6.5. Conclusion.....	164
Chapter 7: CONCLUSIONS.....	166
REFERENCES	170
APPENDIXES	195

LIST OF TABLES

Table 1: Variables, weights and description of KOF indexes.....	16
Table 2: Institutional quality indicators	17
Table 3: Import Partner by Country in 2015.....	18
Table 4: Import Partner by Region 2015	19
Table 5: Import by Product Group 2015.....	19
Table 6: Top 5 Import Products in 2015.....	20
Table 7: Export Partner 2015 by Region	21
Table 8: Export Partner by Region 2015	21
Table 9: Export by Product Group 2015.....	22
Table 10: Top 5 Export Products in 2015.....	23
Table 11: Variable and symbol definitions	52
Table 12. Descriptive statistics	53
Table 13: Simultaneous equation models with 3SLS Fixed Effect Estimations <i>(Dependent variable: Food Security Index).....</i>	55
Table 14: Food Security Model with Food Price (Instrumental Variable Random-Fixed Effect with Baltagi-Chang Estimator)	58
Table 15: Food Security Model with Transportation Infrastructure (Instrumental Variable Random-Fixed Effect with Baltagi-Chang Estimator).....	60
Table 16: Food Security Model with Footprint of Consumption (Instrumental Variable Random-Fixed Effect with Baltagi-Chang Estimator)	62
Table 17: Food Security Model with Biological Capacity (Instrumental Variable Random-Fixed Effect with Baltagi-Chang Estimator)	63
Table 18: Import and Export Productions of Sub-Saharan Africa 2015.....	65
Table 19: Variable and symbol definitions	75
Table 20. Descriptive statistics	76
Table 21: Augmented Dickey-Fuller and Phillips–Perron stationarity test	77
Table 22: The Westerlund error-correction-based panel cointegration tests	78
Table 23: The effect of trade liberalisation on real income per capita in a static setting	79

Table 24: The effect of trade liberalisation on real income per capita in a dynamic setting.....	84
Table 25: The effect of trade liberalisation on real income per capita in short-term and long-term.....	87
Table 26: Variable and symbol definitions	113
Table 27. Descriptive statistics	114
Table 28: Income Inequality Model Estimations (Pooled OLS, Random Effect and Fixed Effect) with Clustered robust standard errors.....	115
Table 29: Income Inequality Moderation Model Estimations (Pooled OLS, Random Effect and Fixed Effect) with Clustered robust standard errors.....	119
Table 30: Variable Definitions	140
Table 31. Descriptive Statistics	141
Table 32: Impacts of trade on CO2 Emission (Simultaneous equation models with 3SLS Fixed Effect).....	142
Table 33: Impacts of trade on N2O Emission (Simultaneous equation models with 3SLS Fixed Effect).....	146
Table 34: Impacts of trade on CH4 Emission (Simultaneous equation models with 3SLS Fixed Effect).....	148
Table 35: Impacts of trade on Renewable Energy Consumption (Simultaneous equation models with 3SLS Fixed Effect)	150
Table 36: Variable Definitions	158
Table 37. Descriptive Statistics	159
Table 38: Estimation's results of Education Enrolment Model.....	160
Table 39: Estimation's results of Education Achievement Model.....	161
Table 40: Estimation's results of Teacher Qualification Model.....	163
Table 41. Correlation matrix for food security models (chapter 2).....	196
Table 42. Durbin-Wu-Hausman endogeneity test for lnGDPPC in Food Security model	198
Table 43. Durbin-Wu-Hausman endogeneity test for lnAP in Food Security model..	198
Table 44. Correlation matrix for income models (chapter 3).....	199
Table 45. Correlation matrix for income distribution models (chapter 4)	200
Table 46. Correlation matrix for environment models (chapter 5).....	201
Table 47. Correlation matrix for education models (chapter 6)	203

LISTS OF FIGURES

Figure 1: Proposal comprehensive impacts of trade on food security..... 45

LIST OF ABBREVIATIONS

QoL	Quality of Life
FDI	Foreign Direct Investment
IMF	International Monetary Fund
GDP	Gross Domestic Product
KOF	Konjunkturforschungsstelle
UNDP	United Nations Development Programme
FAO	Food and Agriculture Organization of the United Nations
SEMs	Simultaneous Equation Models
GMM	Generalized Method of Moments
IFAD	International Fund for Agricultural Development
WFD	World Food Programme
MDG	Millennium Development Goals
WTO	World Trade Organization