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INDUSTRIALIZATION AND UNDERDEVELOPMENT
IN TRINIDAD AND TOBAGO, 1959-1970

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Anselm London

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ABSTRACT

This study is an evaluation of the development strategy pursued in Trinidad and Tobago during the period 1959-70. It attaches special significance to the way in which the term "development" is defined, and, in its turn, posits a view of development that emphasizes the need to stimulate the internal dynamism of the society. On the basis of this view, the study examines the industrialization by invitation strategy employed in Trinidad and Tobago during the period. Its major conclusion is that while there undoubtedly have been some changes, development, viewed in terms of the degree to which the internal dynamic of the society has been generated, has not occurred, and Trinidad and Tobago remains as externally-propelled, as underdeveloped as before.

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CHAPTER 1

INTRODUCTION TO THE POLITICAL ECONOMY OF TRINIDAD AND TOBAGO [1]

The political unit, Trinidad and Tobago consists of the two most southerly of the Caribbean chain of islands, its closest continental neighbour being Venezuela. Like most of the other West Indian islands, Trinidad and Tobago is, by any reasonable standard, a small country -- in fact, a very small country. The total land mass covers some 1,267,236 acres or about 1980 square miles, with Trinidad comprising almost 95% of that area. [2] The estimated mid-year population in 1970 stood at 1,026,750 with about 97% of this number resident in Trinidad. [3]

Since size is recognized as an important matter as far as the development question is concerned, it may be useful to juxtapose Trinidad and Tobago with some more familiar concepts. The population of Trinidad and Tobago is as large as that of the province of Manitoba. In terms of geographical area, Lake Winnipeg is more than four times larger than Trinidad and Tobago.

The history of these two islands is intimately bound up with European imperialism in the New World. Like most of the other West Indian islands, colonial rivalries, sugar plantations and Negro slavery are essential features of that

history. Tobago at one time became known as the "bone of contention" between British, French and Dutch interests; Trinidad, on the other hand, changing hands between Spain, France and Britain. Both islands finally fell into British hands during the Napoleonic Wars and have remained English speaking ever since.

With the decline of the West Indian sugar industry especially during the last quarter of the nineteenth century [4], and the consequent collapse of Tobago's economy, the British Colonial Office had to find means of securing some form of political and economic continuity in Tobago. An arrangement similar to confederation between Trinidad and Tobago was secured in 1889. This, however, met with strong agitation from the landed and commercial interests in Tobago. Following the report of a Royal Commission of Inquiry established in 1897, the British government, on October 20th, 1898, approved an Order-in-Council that revoked the 1889 confederation and constituted Tobago a ward of Trinidad -- thus the political unit Trinidad and Tobago.

Trinidad and Tobago remained a colony of Britain up until 1962 when on August 31st, it gained political independence. The years up until 1956 witnessed spasmodic and partially successful campaigns by Captain Arthur Cipriani, Uriah Butler and Patrick Solomon to secure a greater degree of local autonomy. With the coming of party-politics in 1956, the nationalist movement accelerated until the victory was finally secured in 1962.

But, though victory on the political front was secured, there remained crucial socio-economic problems to which the nationalist government was to address itself. Indeed, such efforts had begun as early as 1959. We cannot, it should be noted, suggest that these problems are especially peculiar to Trinidad and Tobago. On the contrary they manifest themselves in varying degrees throughout the underdeveloped world. Consequently, it would perhaps be profitable to put Trinidad and Tobago in its proper context by reviewing these general conditions as they exist in the entire underdeveloped world.

Many of today's less-developed countries (LDC's) have been the product of some recent imperial relationship. They do, today, find themselves with de iure political power, itself subject to constant erosion by the forces of social and economic imperialism that may have earlier served to complement political domination. The economies of these less-developed countries are for the main part export-propelled, the major source of foreign exchange being the export of some particular commodity, be it sugar, cocoa, tea, oil, or bauxite; they may well be labelled "low income export monocultures". Unemployment and under-employment are common, rising to levels as high as 30% in some countries. Problems of foreign exchange shortages and inflation frequently arise. The banking and financial sectors, like so

many other aspects of life in the LDC, are for the most part foreign-owned. Per capita levels of national income are low and even when relatively high, there are severe distributional problems. In many instances foreign capital dominates investment as domestic savings are either small or untapped. In addition to these "economic" drawbacks, pressing social problems also exist. Some underdeveloped societies are mixtures of peoples of several different racial and ethnic backgrounds; others find themselves socially disintegrated by tribal connections, and in many instances, vintage social arrangements have been destroyed by previous imperial relationships and the "demonstration effect" has become all the more pernicious. But, perhaps much more depressing are the bold facts of malnutrition, poor housing and recreation, limited educational opportunities and other such social deficiencies which constitute part of the daily experiences of large numbers of the population.

Nevertheless, it is not alleged that this brief comment can sufficiently determine all the socio-economic constraints common to all less-developed societies. Neither is it contended that each characteristic fits every individual country. In fact it may well be argued that there is no such entity as a "typical" underdeveloped country. They all have their peculiarities -- which makes any global

classification difficult. Despite such reservations however, it is beyond doubt that serious "economic" drawbacks exist in varying degrees in these countries -- and indeed socio-political constraints as well. Trinidad and Tobago is a case in point.

Trinidad and Tobago is virtually a cultural and ethnic mosaic. About 40% of the population is African, the descendants of Negro slaves. Slightly less is East Indian, themselves descendants of indentured immigrants. The rest of the society is made up of a few whites, remnants of British colonial rule, some Chinese and of course as in any society such as this, a substantial number of persons of mixed racial origin.

Because of its history, the society remains culturally oriented towards Britain, despite recently increased contact with North America. In many offices, tea (not coconut water) is served. Brilliant young men and women still yearn to go off to Oxford and Cambridge. The senior matriculation examinations are set by Cambridge and London universities. And perhaps to clinch the issue, cricket is a major form of recreation for some six months of the year. The imperial experience has surely left its imprint on the islands!

The economy of Trinidad and Tobago is export-propelled. The petroleum sector contributes close to

25% of gross domestic product and some 80% of total export earnings. Other areas of economic activity are sugar production, tourism and a small petrochemical industry.

Foreign interests control large parts of these industries especially petroleum. Other important features that characterize the economy include a foreign-dominated banking and financial sector, high levels of unemployment and underemployment, a strong demonstration effect and a high propensity to import especially consumer durables. Trinidad and Tobago is indeed a small open, dependent economy.

Even so, it would be imprecise to suggest that there exists only an "economic" problem. On the contrary, serious "human" problems exist, due in part to an economic system that breeds them and as well to socio-political relationships of a previous era. These human problems include the scarcity of housing, inadequate water supply, deficient sanitation and public health, a lack of proper recreational facilities and an educational system that is not only in some cases irrelevant but also unable to satisfy the demands of a rising population. Perhaps the most distressing fact of all is the fact that the society is externally generated at the economic, social and political levels, the most detrimental effect of which is the fact that this has served to frustrate domestic initiative and to continue the tradition of always seeking external solutions to internal problems.

The problems of Trinidad and Tobago must therefore be viewed in both economic and human terms and even then, the terms are not mutually exclusive. We cannot, for example, divorce a reduction in the dependence on the petroleum sector from efforts to promote local initiative or from those to improve public health and recreation. Similarly, the solution to problems of unemployment and inflation become equally important as and crucially dependent upon those measures to increase the level and scope of education. In other words, the development problem is a total societal problem.

The purpose of this thesis is therefore to explore the attempt to find solutions to the economic and non-economic problems of Trinidad and Tobago during the period 1959-1969. Indeed, we intend to examine the crucial elements of the development process during that period so as to determine the degree to which development has taken place. As a condition for such an evaluation, it is necessary to posit a definition, a precise understanding of the term "development"; it is to the evolution of this definition that the sections immediately following address themselves.

Footnotes.

1 The intention here is not to provide a detailed discussion but rather to present some basic background material, relevant to an understanding of the political economy.

2 Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest (Port-of-Spain: Government Printery, 1971), Table 1, p. 1.

3 Ibid, Table 18, p. 17.

4 For an excellent summary of the decline of West Indian sugar, see Eric Williams, History of the People of Trinidad and Tobago. Andre Deutsch Ltd., London, 1964, pp. 151-166.

CHAPTER 2

THE MEANING OF "DEVELOPMENT"

The collapse of the major colonial empires during the post-war period ushered in a new era of decision-making in the former colonies. Now that the all-important political victory had been won, local politicians found it necessary to pursue strenuously equally desirable social and economic goals. "Development programmes", in part influenced by the experiences of the Soviet Union, became a common feature of economic policy in the new nations. "Development" was the panacea and consequently the new nationalist governments sought to "develop" as quickly as possible and apparently at all costs.

But, to understand "development" or to propose strategies for development demands a clear statement of what the crucial term means. It is therefore the purpose of this chapter to review the different ways in which "classical" writers conceive of the problem, and in the end, to present our own view of development -- a synthesis of the classical positions. Even though policy prescriptions emerge naturally from the way in which one conceives of the problem, it would not serve our purpose here to enter into any protracted discussions of policy. Our concern here must be primarily

with the search for an acceptable definition of "development".

One of the over-riding concerns of development theorists has been the seemingly insatiable attraction for matters concerning economic growth. In many instances, economic development is regarded as synonymous with growth -- a position which, as our own definition will attempt to show, is only partially adequate. In fact, those who subscribe to this view of development argue that economic growth is the sine qua non of development. As a natural consequence of the fact that growth is identified with development, the solutions to underdevelopment that are preferred hinge upon increases in the level of gross output. The argument, therefore, seems to be that as long as reasonable growth obtains, development is necessarily assured. A brief review of the literature will serve to clarify this position further.

Though not addressed specifically to today's LDC's (less-developed countries), the Rosenstein-Rodan article of 1943 [1] is regarded as a classic in the study of the economics of development. After all, the author was addressing himself to economic problems of Eastern and South-Eastern Europe, an area of agrarian excess population with about 25% of the population either totally or partially unemployed. [2] Surely many an LDC does suffer from agrarian excess population and high levels of un(der)-employment and

therefore the link seemed logical.

Rosenstein-Rodan saw the reduction of these high levels of un(der)-employment as consistent with economic development and a faster rate of economic growth. Having equated development with industrialization he was thus able to justify the call for accelerated investment spending in the area. This, he regarded as the major cornerstone of any economic policy, as other accomodating policies such as emigration and resettlement were ruled out as having only minimal effectiveness. In Rosenstein-Rodan's view, accelerated investment meant growth in output, which in turn meant development.

However, even if we argue that Rosenstein-Rodan did not address himself to LDC's, it is clear that the large core of post-war writers were specifically concerned with the LDC. Interestingly enough, we find many of these writers embracing a conceptual framework quite similar to that of Rosenstein-Rodan in 1943. Arthur Lewis, for example, seems to have distinct intellectual links with Rosenstein-Rodan.

The Arthur Lewis article of 1954 [3] must be seen as an important contribution to the study for in it Lewis examines the problems of economic development (the universal goal) as it applies to those societies with excess supplies of labour. The study therefore was intended to hold important lessons for most LDC's, so many of which

themselves experience high levels of un(der)employment.

The Lewis position is quite simple. His initial assumption is that in the particular economy, there exists an unlimited supply of labor created by numerous different situations. Among these may be the situation in which "population is so large relatively to capital and natural resources, that there are large sectors of the economy where the marginal productivity of labor is negligible, zero or even negative". [4] Lewis also makes reference to disguised unemployment on family agricultural holdings where "if some members of the family obtained other employment the remaining members could cultivate the holding just as well". [5] Other cases of excess labor supply and disguised unemployment may also be found in the "whole range of casual jobs" [6], petty trading and the like. He cites Barbados as a case in point.

Lewis goes on to equate development with the process of the removal of this excess labor; and industrial activity seemed to be the only mechanism through which these unlimited supplies of labor could be effectively absorbed. He argued,

...it is clear enough that there can be in an overpopulated economy an enormous expansion of new industries

or new employment opportunities without any apparent shortage of unskilled labor becoming apparent in the labor market. [7]

He saw the only real "bottlenecks to expansion" [8] as capital and natural resources.

Lewis is therefore saying that if a sufficient amount of capital and natural resources are available, when "mixed" with the vast supplies of available labor, expansion (and thus development) will take place. Economic expansion becomes identical to economic development, attainable within reasonable limits if and only if the capital can be made available. This overriding principle of the Lewis approach is stated thus,

The central problem in the theory of economic development is to understand the process by which a community which was previously saving and investing 4 or 5 per cent of its national income or less, converts itself into an economy where voluntary saving is running at about 12 to 15 per cent of national income or more. This is the central problem because the central fact of

economic development is rapid capital accumulation (including knowledge and skills with capital). [9]

Like Rosenstein-Rodan, Lewis has opted for a view of development that equates growth or economic expansion with development. They belong to what may adequately be called the "capital school" of economic development that identifies the development process with some form of capital accumulation and increased economic activity as identified by higher growth rates and greater levels of national income. It seems necessary to caution that the controversies that emerge from this conceptualization do not challenge the definition itself; rather they relate to finding those policy instruments that would best achieve growth in output and thus development.

Among these divergent policy issues are the arguments concerning trade versus aid, agriculture versus industry or generally, balanced versus unbalanced growth. Indeed, when Hirschman attacks the balanced growth theories of Nurske, Rosenstein-Rodan and Lewis; [10] or when one considers the classical-dual economy views of Fei and Ranis [11] as opposed to the neoclassical position of Jorgensen, [12] or even to witness the debates on growth through trade between Meier, [13] on the one hand and Singer and Prebisch on the other; [14] there is one common denominator. They all

are, in the final analysis, concerned primarily with aggregate production levels. The disagreement is therefore not on the desired result -- on this they concur -- but rather on technique, that is, the ways in which capital could be most profitably harnessed to secure economic growth and thus development.

This, of course, is not to argue that the above-named authors are so naive as to think that the level of GNP and this alone would guarantee development. Surely, Lewis, as an after-thought had to reckon with the problem as to whether indeed economic growth was at all desirable. [15] Hirschman, too, is mindful of the role of "non market forces", as he describes them. [16] The point is, however, that despite tacit recognition of the existence of important "non market forces", the capital theorists' basic position is one in which capital is the key constraint to growth and thus to development.

An alternative approach to development, though in the final analysis concerned also with output and income levels, conceives of the problem without the reliance on capital deficiency to explain underdevelopment. Capital is no longer seen as the key constraint and the authors refer to what are commonly considered "non economic" or "non-market" forces to explain the process of development.

Supporters of this position include Joseph Schumpeter, Celso Furtado, Paul Baran, and Gunnar Myrdal.

Schumpeter's view of economic development [17] takes us behind the normal aggregate indices of growth and output. He dismisses the mere growth of the economy as measured by the level of national income and similar data as unsuitable indicators of the process of development. He contends that such mere indices call forth "no qualitatively new phenomena, but only processes of adaptation of the same kind as the changes in the natural data". [18] He states,

...(if) the phenomenon that we call economic development is in practice simply founded upon the fact that the data change and that the economy continuously adapts itself to them then we should say that there is no economic development. By this we should mean that economic development is not a phenomenon to be explained economically, but that the economy, in itself without development, is dragged along by the changes in the surrounding world, that the causes and hence the explanation of development must be sought outside the group of facts which are described by economic theory. [19]

Schumpeter therefore conceives of development as the "carrying out of new combinations" [20] or "enterprise" and the individual whose function it is to carry out these new combinations, he calls the "entrepreneur". Schumpeter discounts that view, attributed to Mill, which failed to distinguish between entrepreneur and capitalist and that, attributed similarly to Marshall, which treats entrepreneurship as management and thus does not reveal "the salient point and the only one which specifically distinguishes entrepreneurial from other activities". [21] This salient point is the "carrying out of new combinations".

To Schumpeter therefore, entrepreneurship is the essential ingredient of the development process. Notably, he is not discrediting the role of capital. Rather, he is stressing that for development to take place, capital alone cannot suffice. Rather, it is the entrepreneurial spirit combined with whatever capital or other factors that may be required that eventually secures development.

However, Furtado, in attacking the Schumpeter theory of new combinations, states that the circumstances under which they were originated (pre-World War I conditions) are entirely different now. He argued furthermore that Schumpeter does not "directly concern himself with the possibility of increasing capital intensity or real income

but with the dynamics of the economic process". [22] He believes that the Schumpeter theory of development is too simplistic and loses sight of what he in turn considers to be the "real economic problem of development" -- increasing the physical productivity of labour.

For the moment however, we are left for all intents and purposes with one view of development -- one that synonymizes development with growth. Lewis and Rosenstein-Rodan would, we recall, argue that growth of output regardless of the source is an indicator of development. Furtado, while accepting the growth thesis, believes that such growth can come about only as a result of increased productivity of labour. Schumpeter, on the other hand, sees a particular type of growth, the result of carrying out new combinations as the only indicator of development. We are, nevertheless, left with a view of development that regards the level of output as the almost exclusive measure of development.

Paul Baran, like other contributors mentioned, also measures development in terms of the level of output. But, while Lewis, Hirschman and others seem content to view the problem as one of a scarcity of an essential ingredient, capital, Baran addresses himself to the political constraints to development. [23]

To understand the problem, Baran takes recourse to those predominant forces that have shaped the history of the LDC's. Among these, he cites exploitation by foreign capital, the dependence on a staple export-crop and political, moral and cultural values imported from abroad. In a sense, the Baran study is a forerunner of the Best-Levitt study done for the Caribbean. He sees the problem now of finding a way "to provide for economic growth and to prevent a continuous deterioration of living standards". [24] To him, development also means increases in total output; but the key constraint is neither Lewis' capital, nor Schumpeter's entrepreneurship, nor Furtado's productivity of labor, nor even in a broad sense Myrdal's human resources.

Baran sees obstacles to this increase in output in monopolistic market structures, savings shortages, lack of external economies and most importantly a "divergence between social and private rationalities". [25] Surely, Baran suggests, local governments can introduce as corrective measures a highly progressive tax system, price controls, rationing, diversion of demand from luxury items, exchange control and other such austerity measures. But he retorts,

the economic and political order

maintained by the ruling coalition of owning classes finds itself invariably at odds with all the urgent needs Neither the social fabric that it embodies nor the institutions that rest upon it are conducive to progressive economic development. [26]

Baran's position is that the major impediment to development is the "political and social structure of the governments in power". [27] As a natural consequence of this position, he argues that for development to take place

...the political framework of their (LDC's) existence has to be drastically revamped. The alliance between feudal landlords, industrial royalists and the capitalist middle class has to be broken ... (The LDC's) must sweep away the holdover institutions of a defunct age, must change the political and social climate ... and must imbue their nations with a new spirit of enterprise and freedom. [28]

This is the Baran conceptualization of development.

Gunnar Myrdal's Asian Drama [29], one of the latest attempts to define the term development, is an important

departure from the classical identification of growth with development. Myrdal views the problem in human terms, in contrast to the emphasis to capital given by writers such as Lewis or Rosenstein-Rodan. Development is conceived as a human problem embracing every facet of human activity.

Myrdal recognizes a need to coordinate all policies in all areas. Such action, he says, would mean "jerking the entire social system out of its low-level equilibrium and setting off a cumulative process upwards". [30] Emphasis is therefore to be placed on both the "economic" and the "non-economic" variables. The effects of any given policy would, therefore, depend on those policies pursued simultaneously in other areas, towards changing organizations and habits, attitudes and institutions, religious beliefs and social valuation. The crucial element of this view of development is the emphasis it places on the human variables. Indeed, especially in the light of Myrdal's call for industrial expansion, Myrdal does not ignore the value that may accrue as a result of increased output. The fact is that his approach to development conceives of such growth occurring simultaneous to and as a consequence of increased "investment in man". In the same way, therefore, that Lewis stressed investment in capital goods, Myrdal stresses investment in human goods.

Implicit in each of the references cited is a particular view of development. Clearly, Rosenstein-Rodan and Lewis have both identified the lack of capital as the key constraint and, as such, development becomes necessarily defined in terms of increasing capital accumulation and output. Schumpeter's emphasis on the role of the entrepreneurial function differs in that development can be equated with growth if and only if the increase is due to "new combinations". Furtado gives greatest importance to the productivity of labour. Baran sees political and social conflicts as impeding the growth process, and thus development. Finally, Myrdal returns to the growth theme while stressing the role of institutional and attitudinal forces.

Now, it is not claimed that these authors necessarily represent all the points of view that have been made. Certainly not! However, they represent a broad and sufficiently representative cross-section of the predominant views on economic development, each significant in its own way but evidently too limited to be accepted in its entirety. These explanations of underdevelopment and the implicit definitions of the term "development" that emerge have proven unsatisfactory. We therefore present an alternative understanding of development, a synthesis,

perhaps of the classical positions.

Development redefined is that process by which a society, mainly by its own efforts, increases and maximizes the social, cultural, political, psychological, economic and other dimensions of well-being for all its members. To say "by its own efforts", we are placing emphasis on the "internal dynamic" [31] of the society, that propensity to pull itself up by the bootstraps, to use as much of its own available resources to solve its problems. We say "mainly" because it acknowledges the fact that we do live in an inter-dependent and international economy and that no society, especially a small one can maximize its utility by remaining cut-off from the rest of the world. We have deliberately placed the adjective "economic" last, so as to de-emphasize the concern that is ordinarily given to growth and the level of national income. Furthermore, the definition because of its general nature reduces the rigidity in choosing a particular strategy and provides leeway to each individual LDC as it attempts to solve its particular problems.

The definition acknowledges that increases in the level of gross output are necessary if the average amount of goods and services available to each individual is to rise to acceptable levels. It recognizes the importance of destroying those political, social and other impediments, residua of a past imperial relationship. It also recognizes

the need for proper health, functional education and development of the arts as a means of securing a proper psychological balance to society's members. Indeed, this view of development accords equal priority to increasing the levels of employment as to ensuring local control of the key centers of economic, political and cultural decision-making as to removing the "demonstration effect".

"Development" is here understood to be a total problem, embracing every facet of human activity. In a sense, it is a "balanced" attack on the problem of underdevelopment. We cannot, for example, promote local control of, say, the banking sector and at the same time allow the local culture to be continuously eroded by foreign tastes and habits that will only serve to minimize our efforts in other areas.

This view of development differs significantly from the classical definitions and strategies proffered earlier. It will be recalled that Rosenstein-Rodan and Lewis both posited an "output" view that saw development occurring simultaneously with and consequent upon increased output regardless of whether the increased output was itself induced by the use of more capital or of more sophisticated technology. Furtado's discussion of the role of labor productivity, Baran's call for political activity, and

Schumpeter's entrepreneurial function all consider economic growth as their immediate goal. Only Myrdal was willing to stress sufficiently the role of "non-economic" factors.

But, whereas these authors tend to overemphasize the role of growth in economic development, our position is quite different. It is admitted that growth is a necessary but not sufficient indicator of development since it is clear that rapid growth may or may not exist alongside development. Examples can readily be found of countries that have experienced substantial growth yet remain, according to our definition, undeveloped. We therefore accept the need for more capital as suggested by Lewis and Rosenstein-Rodan; we agree with Furtado on the need to increase the productivity of labor; Schumpeter's "new combinations" thesis approximates our view of the internal dynamic; Myrdal's human resources emphasis is accepted and so too is Baran's discussion of the political constraints.

Our view of development recognizes the value of each of these contributions and may indeed be regarded as a synthesis of these views. To stress the economic dimensions of well-being, we refer to the capital theorists' argument. But in addition, growth in output is also achieved through our efforts to provide for education, political stability, and social and cultural needs. The development of the

internal dynamic not only guarantees growth by inspiring the entrepreneurial spirit but also means that decisions crucial to the economy are made internally, that taste patterns are generated at home, that the domestic market is expanded, above all that the society is internally propelled. Similarly, we cannot generate that internal dynamic without emphasizing important human factors as living conditions (public health, water, sanitation, recreation, education), nor can we if we neglect the importance of political stability or of the need to harness savings for investment. Our conceptualization of development therefore attempts to synthesize the earlier definitions which tend to overemphasize one aspect of the problem to the detriment of other important considerations.

Development is here understood to be a total problem, embracing the entire societal matrix, each sector acting upon and reacting to the other. The concern with the level of output is only partially adequate. Given our own definition of development, we argue that the level of output cannot of itself be a true indicator of development. Our concern must be with the manner in which that output is generated. Surely, increased levels of National Product can result from extensive industrialization alone but similarly from a policy that serves to develop the internal dynamic. What is more important than growth itself is the conditions under which such growth prevailed. To measure development,

even though we must in the end look at the quantified data on national output, it is necessary to go behind such figures to examine both the conditions that gave rise to such output and those that coexist with this output. It is only with this knowledge that we can truly determine whether or not development has taken place.

With this view of development, we can now turn to the theoretical approaches to development in Trinidad and Tobago, in the entire West Indies, for that matter, conscious of those views of development that are intrinsic to the strategies proposed and of the ways in which such views differ from or concur with our own.

Footnotes.

1 P.N. Rosenstein-Rodan, "Problems of Industrialization of Eastern and South-Eastern Europe," Economic Journal, LIII (June, 1943), pp. 202-11.

2 Ibid. p. 202.

3 W. A. Lewis, "Economic Development with Unlimited Supplies of Labour," Manchester School of Economic and Social Studies, XXII (May, 1954), pp. 139-91.

4 Ibid. p. 141.

5 Ibid.

6 Ibid.

7 Ibid. p. 145.

8 Ibid.

9 Ibid. p. 155. My italics.

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CHAPTER 3

THEORETICAL APPROACHES TO ECONOMIC DEVELOPMENT IN THE CARIBBEAN

Trinidad and Tobago, like all the other West Indian territories has had its history rooted in European imperialism, slavery, indentured labour and the sugar plantations. For its part, sugar, the life-blood of the West Indies, has "enjoyed" a dismal performance since the end of the 19th century and despite the discovery during this century of oil in Trinidad and bauxite in Jamaica and Guyana (formerly British Guiana), the structure of all the economies remains virtually unchanged. Therefore, in considering general proposals for economic development and transformation in the West Indies, it is almost axiomatic that such general proposals for the entire West Indian economy can be equally applied to the economy of any particular territory.

With the collapse of the world economy in the 1930's, it is no surprise that eventually the British Colonial Office found it necessary to re-examine the future of the West Indian economies, tied as they were to the metropolitan economy. Royal Commissions were by no means new to the West Indies. It is no accident therefore that

the first attempt at a solution to the underdevelopment in the islands came in the form of yet another Royal Commission of Inquiry appointed by the Colonial Office in 1937.

The Moyne Commission as it is popularly known was formally established

to investigate social and economic conditions in Barbados, British Guiana, British Honduras, Jamaica, the Leeward Islands, Trinidad and Tobago and the Windward Islands, and matters concerned therewith and to make recommendations . [1]

In the light of the declining fortunes of sugar and the socio-political unrests in Trinidad during 1937 [2], the establishment of this Royal Commission was of special significance to the West Indies as a whole and to Trinidad and Tobago in particular. Indeed, except for Trinidad and Tobago, the entire British West Indies depended almost exclusively on export agriculture (mainly sugar) for its survival. Even in Trinidad and Tobago where the petroleum industry was rapidly expanding, the proportion of the labour force engaged in both plantation and peasant agriculture remained high. [3] A further demonstration of the plight of West Indian economy is the fact that West Indian sugar exports had for some time become dependent on the protection

afforded by Imperial Preference. The Moyne Commission, therefore, did indeed have to address itself to vexing social and economic problems.

Even though Moyne's appointed task was not to provide a theory of economic and social development, the final work seemed to suggest otherwise. Indeed, the Commission reviewed extensively the social inequities relating to income levels, to public health and welfare and to education in the British West Indies. It would be naive to suggest those aspects of the problem as unrelated to the entire problem of economic development. On the contrary, they are inextricably connected! However, for discussion of the specific question of the economics (traditionally defined) of the situation, one must turn to the Moyne "blue-print" for future economic development.

The central feature of the Moyne Commission Report as far as the future economic prospects of the West Indies were concerned was its emphasis on export agriculture. Given the assumption that a necessary but not sufficient condition for economic development requires either some clear-cut combination of "industry" and "agriculture" or a choice between the two alternatives, the Commission reasoned that the future economic prospects of the Caribbean lay undoubtedly with export agriculture. The commissioners

stated quite flatly,

Whatever may be done to develop production for the home market in the West Indies, the majority of the population must continue to depend, for a long period, if not indefinitely, on export agriculture ... [4]

The Commission's views on the possible establishment of an industrial sector seemed quite intractable. It is not at all surprising that these colonial officials should, in 1945, find it nigh impossible to convince themselves that a group of small, insignificant islands could successfully engage in any profitable industrial activity. The justification was clear.

We regard it as undesirable that Governments in the West Indies should either conduct or finance speculative industrial enterprises. [5]

The Commission's view of "speculative industrial enterprise" was precise. Given that view, Moyne and his colleagues found it quite easy to reject any government participation in the then-proposed cement factory in Jamaica and the pulp and paper factory in Guyana (then British Guiana). However they were quick to mention that

...the same considerations do not apply to undertakings the primary purpose of which is to improve the market for agricultural products! [6]

It is not that industrialization was not considered. Indeed it was; but was rejected in favour of agriculture.

The Moyne Commission recognised the fact of growing population pressures on the economy tied in with the problem of under-employment in agricultural production. As a remedy, not only did they propose the universal panacea, increased public works, but they also argued for the development of the tourist trade as "another possible means of increasing the volume of employment outside agriculture". [7] However with rising population and the need to find additional openings for those of working age, Moyne and his colleagues return to the familiar theme.

For a long time to come, these openings can only be found in the staple branches of export agriculture. It is thus an urgent and inexorable necessity for most of the West Indian Colonies that they should be enabled somehow to secure an expansion of the volume of their export sales [8]

To the Commission, the issue was therefore quite clear.

The aim must therefore be twofold, to increase the volume of exports of West Indian agricultural commodities, and to

improve the prices at which these commodities are sold. [9]

They arrived at their conclusion after considering certain crucial elements of the West Indian economy. They considered and rejected the possibility of future emergence of an industrial or manufacturing sector. Yet, they were very mindful of the problems that could be and have been created by a rising population, that was unskilled, untrained and under-employed. Despite whatever inroads that may have been made by migration and or tourism, the only reasonable choice seemed to lie naturally with agriculture.

Given its limited horizons in terms of its view of the possibilities for political independence, economic integration or import-substituting industrialization, the Moyne Commission could have foreseen only a future grounded not simply in agriculture for domestic consumption, but in export agriculture. However, it is necessary to understand that these recommendations were merely the makings of colonial officials steeped in the traditions of Empire and all its trappings. It is therefore not surprising to hear the call for what is in fact a continuation of an economic system which, though a spent force, sought to retain traditional economic relationships that left the islands in a totally dependent posture.

Indeed, the Moyne Commission was not concerned with and thus could not foresee any radical structural change in the island economies. Well meaning as they may have been, their solutions served only to entrench the already pernicious status-quo. As far as the commissioners were concerned, the West Indian islands were to remain perpetually externally-propelled, the only source of livelihood dependent on the machinations of international markets that determined the price of their crop, be it sugar or, as in later days, bananas. It was to take the work of a West Indian himself, Arthur Lewis, to propose a theory of development as an alternative to that presented by the Commission.

To grasp the significance of the Lewis model, it is necessary to understand certain essential features of the political economy of the West Indies in 1950. Only with this background information, could one readily recognize why the model generated such tremendous interest among politicians and academics alike. One must, however, caution that in fact the Lewis model was not essentially new in terms of the general philosophy of "industrialization by invitation". Indeed the Lewis model was "born in the (U.S.) State Department and relayed through Puerto Rico". [10] Moreover this was totally in keeping with that traditional

feature of all plantation economies, not least of all the West Indies -- the high propensity to import.

Lewis found three major justifications for his model, the declining yield in West Indian agriculture, a steadily growing labor-force and the consequent problems of unemployment and under-employment.

By 1950, West Indian agriculture was surely in a precarious position. In fact, one may legitimately view the position of West Indian sugar then in terms of the collapse of the industry at the end of the nineteenth century. The fact is that things were not well within the sugar industry.

The years 1940 - 1950 are characterised by pronounced fluctuations in the sugar industry, despite substantial increases in both output and export sales. For example production between 1940 and 1941 rose by 132,604 tons or some 27.53%, only to fall two years later to 503,489 tons, a decline of 18.03%. Export sales showed similar movements moving from 409,949 tons in 1940 to 523,943 tons in 1941 and then back to 448,306 tons a year later. Table I below provides some indication of the performance of the West Indian Sugar Industry.

TABLE I
WEST INDIAN SUGAR INDUSTRY, 1940 - 1950

Year (1)	Total Production Long Tons (2)	Total Exports Long Tons (3)	(3) as % (2)
1940	481,664	409,949	85.1
1941	614,268	523,943	85.3
1942	603,758	448,306	74.3
1943	562,943	506,968	90.0
1944	503,489	495,317	98.4
1945	541,430	460,878	85.1
1946	638,281	528,438	82.8
1947	600,091	538,788	89.8
1948	594,268	476,714	80.2
1949	771,752	689,891	89.4
1950	842,192	724,578	86.0

Source: George C. Abbott, "The West Indian Sugar Industry, With Some Long Term Projections of Supply to 1975," Social and Economic Studies, XIII (March, 1964), Tables 18, 29.

Besides the fluctuating fortunes of the sugar production and exports, the industry had to contend with several important factors. Of crucial importance was the fact that sugar was primarily an export crop whose very existence depended heavily on "Imperial Preference". A high proportion of total production (over 80%) is for the export market. Finally except for Trinidad and Tobago, sugar exports were the chief source of foreign exchange for the islands. Sugar production was, therefore the life-blood of the West Indies, providing the major source of existence for the thousands employed therein.

Professor Lewis also recognised the problems of unemployment and of population pressures. He knew that agriculture itself was the source of much under-employment and that the marginal physical product of labor employed in sugar production, if not zero, was close to zero. He knew too of the existence of large numbers of domestic servants, themselves under employed; of the little shops and parlours that provided employment for some; of those hangers-on and of those openly unemployed. Clearly, there was an unemployment problem.

Lewis therefore faced the problem of increasing the average output in agriculture, of providing meaningful employment for those necessarily released out of agriculture, domestic service, familial support and open

unemployment. The solution to the larger problems in agriculture had, therefore, to be tied in with any solution for the high rates of unemployment and under employment.

The problem was therefore to find suitable employment for an estimated 413,000 over a ten year period.

[11] They were composed thus:

Now unemployed	140,000
Population increase	149,000
Release from agriculture	74,000
Release from domestic service	50,000
Total	413,000

At the same time he had to provide measures that would increase productivity in agriculture. Recognising the declining yield in agriculture and the inability to reclaim large areas of land, Lewis therefore concluded that

...agriculture in the islands will yield a decent standard of living only if the numbers engaged in it are drastically reduced, and this will be possible only if new employment can be created outside agriculture [12]

This was in essence the birth of a new development strategy for the West Indies, a marriage between traditional

agriculture and a new "non-agricultural" sector. Lewis saw the creation of new industries as "an essential part of a programme for agricultural improvement". [13]

Lewis had envisaged a reduction in the number engaged in the present acreage to about 50% [14] Notably the choice was not between agriculture and industry. His solution is a combination of both, taking the excess labor from agriculture and transferring it into industry. In other words, both the agricultural and industrial sectors would serve to reinforce each other. To this effect, Lewis cautions

Those who speak as if the choice in the West Indies lay between agricultural development and industrial development have failed completely to understand the problem. [15]

Development was therefore to be a combination of both agriculture and industry and since agricultural was already set (the major problem being the removal of excess labour), the problem was now to proceed with the strategy of industrialization -- one which, according to Lewis, could not be left to the whims and fancies of individual investors.

Lewis attacked the view that "it ought not really be

necessary for governments to take the initiative in developing manufacturing industry, if such development is really worthwhile". [16] According to Lewis, this view, the "laissez-faire economic philosophy of British West Indian governments" [17], was to be regarded as "the principal obstacle to industrialization of the islands". [18] Indeed Lewis opted for strong government intervention.

This laissez-faire policy of industrialization completely disregarded, in Lewis' opinion, the "gregariousness" of industry -- the fact that industries tend to flock together. Lewis further argued that even though an industry may be potentially possible, no one may know of its profitability or if one knew, one may not know how to run it. Finally, Lewis thought that it may well be in the national interest to start some particular industries even though they are unprofitable.

The step that flows logically from this stage of Lewis' argument is that governments must themselves either engage actively in the investing process or induce others to do so. The first source of such investors would naturally be the domestic market. Lewis rejected this by explaining what may be called the "underdevelopment dichotomy".

Lewis thought that local people could not learn the tricks of the trade and move into agriculture because most

of the land is owned by foreigners who tend to be "clannish and to refuse to sell". [19] A greater chance therefore seems to exist in manufacturing. But, Lewis argues, the local capitalists know very little about industry as they are concerned mainly with the export-import trade and may even be hostile to the establishment of new manufactures.

[20] Lewis therefore concludes

...in all agricultural countries...
the local capitalists are simply not
interested in doing the hard pioneering
of new manufacturing industries....
The minds of capitalists and their
money tend to flow in traditional
directions. [21]

The only remaining source of investment capital must therefore lie with the foreign investor.

Professor Lewis then attempts to rationalize his call for foreign capital. He argued that such capital was needed because "industrialization is a frightfully expensive business quite beyond the resources of the islands". [22] Furthermore, according to the Lewis rationalization, foreign capital increases the level of national income and if people are thrifty, "they can build up savings which in due course will enable them, having learnt the tricks of the trade, to

set up in business themselves". [23]

However, since, at least in the short-run, nationals are unable and maybe as a result, unwilling to engage in industrial investment and because of the natural refusal of manufacturers to go to areas that are not developed, Lewis concludes that

To get them (foreign capitalists) to come, as pioneers, and to put up with the inconveniences of being pioneers, you may have to offer them considerable incentives, such as temporary monopoly rights, or subsidies or a tax holiday, or tariff protection. In the end ... this policy may pay handsomely, and yield economic results greatly exceeding the original sacrifice. [24]

Lewis describes this as the snowball effect.

Lewis, however, recognised the problem of initiating this process of invitation and on this basis justified the proposed establishment of an Industrial Development Corporation. He contends

...the industrialization of a new country cannot just be left to the ordinary forces of the market but demands very positive and very intelligent action by

governments ... the creation of a special agency and the offer of special incentives to overcome the handicap of starting. [25]

Lewis thought that, in addition, an Industrial Development Corporation might establish, own, or lease factories and/or machinery so as to alleviate the initial problems of the investors. He suggested also the creation of a separate Development Bank "to lend money to people starting new industries". [26] Lewis also saw the possibility of making what he considered vital contacts with such organizations as the U.S. Export-Import Bank, the World Bank and the Colonial Development Corporation.

Of course, there was the problem of financing the Industrial Development Corporation and the Development Bank. For this too, Lewis had a solution. He estimated an initial financing of £ 5 million for each. This, he thought could be obtained by harnessing local capital.

Lewis foresaw very little problem in ushering in the new manufactured goods into world markets. Naturally, multi-national firms with various branch-plants would find little difficulty in securing and expanding their markets. Lewis argued

The key to success in United States and United Kingdom markets as in Latin

American markets is not to try to create new distribution channels, but rather to persuade manufacturers who are already selling in these markets to start manufacturing in the islands. [27]

A market was therefore guaranteed.

Lewis had therefore presented his policy for industrial development in the West Indies. Indeed, his was the work of an honest man, sincere in the belief that he had indeed found the answer to the West Indian problem. He concludes his essay thus:

A visit to the British West Indian islands at the present moment is a depressing experience. Everyone seems to be waiting for something to happen, but the traveller is never quite able to discover what it is that they are waiting for. Some key is needed to open the door behind which the dynamic energies of the West Indian people are at present confined. The key has obviously been found in Puerto Rico, where the drive and enthusiasm of the people hitherto as lethargic as the British West Indians, warms the heart and inspires confidence in the

future. The British West Indians can solve their problems if they set to them with a will. But first they must find the secret that will put hope, initiative, direction, and an unconquerable will into the management of their affairs. And this is the hardest task of all. [28]

The Lewis model of "development" was therefore centered around the concern with industrialization seemingly at any price. It viewed industrialization as the sine qua non of development; in fact "industrialization" and "development" became synonymous terms. His model failed to come to grips with the psychological, cultural and attitudinal matrix of a society as backward as the West Indies. In fact, in the same way that Puerto Rico had attempted (and failed) to produce a carbon copy of American industrialization so too did Lewis attempt to foist on the West Indies, the Puerto Rican experience. Nevertheless, Lewis' model was accepted with open arms by West Indian politicians and academics. History was to be the only judge!

During the early sixties, economists began the question both implicitly and explicitly the Lewis model of development which had by then become the underlying

philosophy of policies instituted in Jamaica and in Trinidad and Tobago. Some scholars found it necessary to redefine the issues or to offer alternative explanations of the problem, especially in the light of the Puerto Rican experience. There are four major contributions to the literature on this new approach to the problems of West Indian economic development.

The first of these is the Dudley Seers "Open Petroleum Economy" article of 1964 [29] which is an attempt to provide an alternative (non-Keynesian) approach to economic policy in a country which is an exporter of primary products. His model is "based mainly on the experience of Venezuela up until 1958". [30] He argues however that it is likely that his model will "hold lessons for both Trinidad (and Tobago) and Jamaica, especially the former". [31]

Seers argues that in export-propelled economies such as Venezuela or even Guyana, Jamaica, Trinidad and Tobago, the entire West Indies for that matter, the economic problem should be seen not in terms of income levels but rather in terms of chronic structural unemployment. [32] Notably this view is in direct contrast to that propounded by Professor Lewis in his 1958 article. [33] He demonstrates that the factors influencing the level of employment in the above-listed economies are the difference between trends in

exports and wage rates, the rate of taxation on exports, profit margins in domestic industries, the propensity to import and the balance in the public account.

An export boom, according to Seers, can have severe ramifications on the rest of the economy. Such a boom does, he argues, lead to an increase in wages in the petroleum sector rather than to an increase in the level of employment. This wage raise would introduce a movement of the un(der)employed masses to the cities in search of work. Increased export earnings in turn lead to a rising import bill for food, automobiles and luxury items. Incomes become more unevenly distributed and it becomes very difficult to develop new exports because of rising costs. Devaluation would have practically no effect on foreign earnings. Furthermore pressures from the commercial sectors and from branch-plants would be geared to resisting any move towards devaluation. On the other hand, as Seers argues, a fall in the level of exports and thus of foreign exchange earnings would generate severe social and political conflicts.

Seers makes two important conclusions from his model. He proves that "the lower the profit margin in the private domestic sector ... the faster the growth in employment ... the lower (the propensity to import) is the faster the rate at which employment rises". [34]

The second major contribution to the literature in the sixties is that of William G. Demas, at one time economic adviser to the Prime Minister of Trinidad and Tobago. He tries to examine the problems of economic development in small (however defined) countries with specific reference to the Caribbean. It is interesting to note that Demas is here disaggregating the category of underdeveloped countries to find those that are not only underdeveloped but small. To him, this is an important distinction.

His definition of development is distinctly different to that alluded to by his predecessor Lewis. Demas argues:

... the fundamental criterion of under development is the extent to which an economy has undergone structural transformation and has acquired the continuing capacity to adapt and to apply innovations. [35]

He warns against the use of the usual global aggregates (GDP, X, M, Capital Formation) to measure development. He contends that changes in these categories may be due to non-structural changes such as secular expansion resulting from, say, a rise in exports. [36] Since development requires structural changes these cannot be regarded as

indicators of development.

Demas then suggests what he considers to be the basic elements in the transformation of the structure of production. He notes that the capacity to transform is determined by political and social process and attitudes. Among the "basic elements" he cites the unification of the national market, the shift of production and of labour as between primary, secondary and tertiary sectors of the economy, an increasing degree of interdependence among domestic industries and activities, changes in the importance and compositions of foreign trade, a reduction of dualism in the economy and the development of "appropriate" institutions. [37]

Not less than anyone else, Demas recognised the extent of certain fundamental disequilibrating forces operating in Caribbean economies. He makes reference to

...the obsessive urge for North American standards of consumption; the dichotomy between plantation and peasant agriculture; the dependence of export agriculture on Commonwealth Preference and special marketing-arrangements; the influence exercised by the wage levels in the dominant enclave sectors on the rest of the economy; the peculiar

nature of the public finance system (large recurrent expenditures for education etc. and diseconomies of providing for a small population); and the great dependence on foreign capital. [38]

Indeed, Demas had laid bare the essential features of Caribbean economy.

Size, thought Demas, had become a critical matter in understanding the problem of development and growth. However Demas was able to distinguish certain compensatory features of smallness, a total of seven. [39]

Demas argued that even though overall demand for an export commodity may be price or income elastic, for a small country such a demand may indeed be elastic. Smallness also assists the development of high income-elastic exports as in the case with Swiss watches or Scandinavian furniture. Furthermore, a given volume of foreign resources can do more for small countries than for a large country. Small countries, Demas argues, can break the rules of the game by methods such as discrimination and escape retaliation because of their negligible import-demand. Devaluation may not lead to big deterioration in a small country's commodity terms-of-trade vis-à-vis the rest of the world even though it could very likely expand exports and employment and could

also induce a redistribution of real income.

However, Demas was surely not attempting to side-step the issue by drawing attention to the above-mentioned compensatory features. He clearly recognises the inherent problems of an LDC with an open economy and a relatively large volume of external as opposed to domestic transactions, [40] a situation common to the West Indian islands. He discusses further the built-in restrictions found in limited opportunities for achieving economies of scale, those natural resource constraints common to small economies, [41] and the constraints imposed in small overpopulated economies on the growth of a manufacturing sector based on export markets, according to Demas, "the most crippling disadvantage of small size". [42]

In an indirect way, Demas had, by referring to some of these structural problems, posited some sort of alternative. More than this however, he seeks to redefine clearly the conditions for development. According to Demas, "development involves a realization of productive potential in all branches and all regions of the national economy". [43]

In addressing himself to the problems of the Caribbean, Demas suggested that economic integration among small underdeveloped countries as "central to the economic growth of such countries". [44] Here he picks up a theme to

be more fully investigated in a later study by Brewster and Thomas. He argues

... the value of regional economic integration in terms of development patterns is that it makes possible a strategy of development based on import substitution rather than export creation and therefore a less "dependent" pattern of development. [45]

Demas also recognizes the need in domestic capital markets "to bring savers and borrowers together on terms considered mutually advantageous". [46] In addition, he recommends some sort of selected investment as in India where certain sectors of the economy are reserved for public investment or in Norway where foreign capital is not allowed in the development of natural resources. [47] Moreover, Demas outlined as the most important goal of planning in an LDC, to be rapid transformation requiring both structural and institutional changes. [48]

The study by William Demas, by looking specifically at small islands, ranked in 1965 as the most comprehensive critique on the problem of West Indian economic development since Arthur Lewis. Clearly, Demas recognizes that the question does not rest simply on the amounts of capital, foreign or domestic, that is invested in the islands. This reaction may have indeed been induced by his recognition of

some of the unexpected and undesirable consequences of the Puerto Rican development programmes. Demas saw institutional and attitudinal forces as being crucial to development. Of this, there is no doubt. However, he does not elaborate sufficiently as to which particular attitudes which institutions stand to be affected. This may indeed be due to the fact that his was a series of lectures and not a political blueprint. However, Demas' study can truly be regarded as a turning-point in the literature on West Indian economic development. This was the beginning of the process of domestication -- finding a theory designed not for the industrialized societies of the North Atlantic, or for India, Kenya or any other LDC for that matter, but one addressed specifically to the West Indies!

The next major contribution to the literature is that outstanding work by Havelock Brewster and Clive Thomas, The Dynamics of West Indian Economic Integration, their major contention being that the future of West Indian economic development must, of necessity, be linked with the concept of economic integration.

The authors first of all reject the Balassa definition of integration as "state or process of suppression of discrimination between economic units or nation states". [49] They contend that Balassa's definition

does not consider the possibility that in the very process of integration as defined by Balassa "new and more severe forms of de facto discrimination may arise between and within nations". [50] They therefore redefine integration as "the diffusion of attributes of strength and weaknesses throughout the integral parts of a system" [51] They state emphatically that "it is through the integration of production that the most important economic gains are to be achieved in the West Indies". [52]

Brewster and Thomas posit the view that the unintegrated state of the West Indies has forced the territories to "engage in competition in incentives to foreign investors ... to the almost exclusive benefit of the foreign investor". [53] Consequently, they argue, "the process of import substitution as it has developed on the basis of national markets in the West Indies has been woefully inadequate to cope with the region's problems". [54] They therefore conclude,

Regional integration, because it presupposes
the unification of the regional market
makes it possible for us to envisage
a dramatic change in the extent and quality
of structural transformation in the area. [55]

Having surveyed the Puerto Rican economic scene, Brewster

and Thomas recognized that the island was "as much the showpiece of industrialization as of unemployment and the maldistribution of wealth and income". [56] It became clear that development à la Arthur Lewis was not the answer. Having surveyed further the market potential in several key industries the authors were firm on the concept of integration. To this end, they proposed the formation of seven institutions as mechanisms to initiate and sustain the integration process.

The first suggestion was the formation of a Regional Commission for Economic Integration whose main tasks would be: [57]

- (i) research in industry and agriculture in order to determine where Integration Activities may exist;
- (ii) the establishment and administration of the terms and conditions under which an Integration Activity may come into existence;
- (iii) detailing and ensuring the effectiveness of supporting policies to be pursued by member countries in relation to each Integration Activity;
- (iv) formalizing the administrative and other criteria which are to guide the location of industries.

The above part of the Commission would be "concerned almost exclusively with the promotion of functional and sectoral integration". [58] Secondly it would be concerned with "the harmonization of existing commercial and industrial practices". [59] Its activities here would include the harmonization of existing commercial and incentive legislation in the region and the coordination of capital market activity. The third function of this Commission would be "to bring the customs union proposals into effect". [60] The suggested targets would be

- (i) common external policies on trade relations with the rest-of-the-world;
- (ii) the conversion of bilateral trade arrangements into regional trade arrangements;
- (iii) the re-negotiation of (Imperial) preferences;
- (iv) a common policy on export promotion;
- (v) a common customs administration of tariffs and quotas;
- (vi) the harmonization (and abolition where necessary) of quasi tariff-quota restrictions to trade.

The authors' second institutional recommendation involved the establishment of a Monetary and Payments Union centering on "evolving a policy of exchange rates and restrictions, a policy of external reserves-holding and a

policy of regional credit". [62] Thirdly, they suggested the formation of a Regional Development Bank "(i) to establish itself as the major institution for providing capital funds for regional development; and (ii) harmonizing and coordinating its own activity with, and that of, existing national development finance institutions". [63]

Fourthly, Brewster and Thomas suggested the formation of a Transport and Allied Services Commission primarily "to obtain funds to invest in a transport intra-structure adequate enough to support the general integration aims". [64] Its other duties would be inter alia: [65]

- (i) harmonizing freight and other transport charges where possible in the region;
- (ii) abolishing discrimination where it might exist in the national use of transport facilities;
- (iii) coordinating national regulations on transport such as insurance, public safety regulations etc.
- (iv) the formation of a regional insurance service and other "invisibles" pool.

The fifth institution suggested is a Committee on Price Stabilization and Coordination whose main duties would

be "the harmonization of national policies in income movements, the control of inflation and the introduction of a policy on agricultural pricing". [66] Another proposed institution, the Regional Monopolies Commission would have as its major function "to examine and to issue directions as regards the pricing of commodities in the region". [67] Finally, they proposed a Regional Commission on the Movement of Persons "empowered among other things to investigate the problems surrounding the movement of persons and to promote as far as practically possible such movements as would aid the general integration process". [68]

Brewster and Thomas have therefore systematically destroyed the Lewis model of development based on the Puerto Rican case, each unit struggling desperately to industrialize, to prostitute itself to the foreign investor, in the long run frustrating its own as well as the development prospects of other West Indian islands. The authors find no alternative therefore than to recommend the creation of a West Indian economy integrated at all levels. They warn however,

... in the West Indies economic integration per se is not a panacea, but should be interpreted as one aspect, a major one, of a general theory of development of the region. [69]

To this end, they refer to the need to break down existing social and political barriers among the islands and also those institutional and attitudinal biases that frustrate development.

As yet the most dramatic, far-reaching and revolutionary commentary on the problems of economic development in the West Indies has been the joint effort by Professors Kari Levitt of McGill University and Lloyd Best of the University of the West Indies, Trinidad. Theirs is an attempt to understand the problem by taking recourse to the history of the West Indies rooted as it is in European imperialism, slavery and plantation export agriculture. They see the entire Caribbean area as a "Plantation Economy".

Best and Levitt claim:

...it is the study of the character of the plantation sectors and its relation both with the outside world and with the domestic economy which provides essential insights into the mechanisms of Caribbean economy. These disappear from view in the conventional aggregative Keynesian models of open economies. [70]

Essentially they have broken down the history of West Indian Plantation Economy into three distinct periods -- recognizable by the character of the imperial

relationships between the metropole and the hinterland. [71]

"Pure Plantation Economy" relates to that early and formative phase belonging to the period of "old mercantilism which started with European exploration and colonization at the end of the 15th century and terminated ... in the middle of the 19th century". [72] "Plantation Economy Modified" refers to the modification of the plantation economy after Emancipation through the creation of a labour market and a residentiary sector. It ended with the collapse of the world economy in the 1930's [73] "Plantation Economy Further Modified" [74] is characterised by active intervention of government in the hinterland economy and the rise of the multinational corporation as the major vehicle of private international capital movement. This period begins with the breakdown of political and economic order in the Caribbean during the late 1930's and extends to the dissolution of political colonial systems and the subsequent establishment of new nation states during the post-war period.

The relationship between hinterland and metropole is based upon four specific "rules of the game". [75] The Muscovado Bias relates to the arrangements whereby primary production is done at one end and distribution of consumer goods at the other end. The Navigation Provision requires that goods travel in the ships of the metropolitan country

with services provided by metropolitan intermediaries. The Metropolitan Exchange Standard makes the hinterland currency fully convertible into metropolitan exchange. Finally Imperial Preference establishes special trading arrangements to protect primary production in the hinterland.

Best and Levitt contend that economic activity in the hinterland is determined by "the level of metropolitan domestic and re-export demand for the staple, and by the share of the market unwanted by the particular hinterland". [76] They also contend that "the basic mechanisms of adjustment of Pure Plantation Economy continue to operate in contemporary Caribbean economy". [77] Hinterland economies, such as Trinidad and Tobago, find themselves "in a new mercantilist relationship of dependence on international corporations and metropolitan governments". [78]

They therefore conclude:

... the Caribbean economy has undergone little structural change in the three hundred years of its existence. By this we mean, the character of the economic process in the region seems not to have been significantly altered over the period. ... Neither the modifications which have been made to the original institutions,

nor the new institutions which have from time to time been incorporated into the economy, have relieved its dependence on external development initiatives. The economy remains as it has always been, primarily responsive to external demand or any external investment, but almost exclusively to metropolitan demand and metropolitan investment [79]

They therefore claim as their central hypothesis that "this plantation legacy represents an endowment of mechanisms of economic adjustment which deprive the region of internal dynamic." [80]

Given their particular view of the development problem, Best and Levitt are naturally dissatisfied with the attempts to develop in the West Indies, and those economic processes that necessarily result from such attempts.

Best and Levitt are intensely critical of foreign corporations and financial institutions existing in the area, especially those involved in the new "plantation sectors". They argue that in many cases the new staples' (oil, bauxite, etc.) share of Gross Domestic Product far exceeds their contribution to employment and are the source of high wage rates, specialized technology and the

continuous shedding of labour in economies where unemployment looms large. [81] They go on to state:

High wage rates in the export sector exert an upward pressure on the governments and residentiary sectors, thus inhibiting employment creation. Furthermore, the expenditure patterns associated with higher wage rates typically imply a rising propensity to import consumer goods and thus depress the level of effective demand directed towards residentiary suppliers. [82]

Furthermore, the authors contend that because of the small share of wage income in total costs and the large share of property income, the retained earnings and those depreciation allowances in the dominant export sector though a substantial part of gross domestic savings, "do not accrue to the national economy but to the parent company". [83] The argument does not rest only on cases in the new plantation sector as such but to the new manufacturing sector, which itself is externally propelled.

Best and Levitt therefore argue that with the present pattern of economic activity the much-desired structural transformation has not really occurred. They

argue that "in point of fact, this strategy of industrialization by invitation does not bring transformation. Rather it reinforces the traditional institutions of plantation economy". [84] The authors see the outcome in the emergence of a residentiary sector engaging in import-replacement rather than in import-displacement -- a situation which results in rigidity in the import bill caused by pressure from wage-earners in the assembly-type industries and in product differentiation fragmenting the market. [85] Notably, they argue, this is no different to conditions existing earlier on in sugar, when sugar was grown in the West Indies and refined in the U.K. Similarly, they claim, today's industries are at one end of the spectrum, engaging in finishing-touch activity and not in the intermediate ranges of manufacturing, where the greatest gains lie.

They reject the Lewis-type import substituting industrialization by reference to the fact that the economy is "burdened with a manufacturing industry producing too many similar products at high unit cost. These industries typically employ few workers, import a large part of their supplies, and contribute little or nothing to government revenues". [86] Other criticisms of the industrialization strategy are weak internal linkages, loss of customs

revenue, reduced corporation taxes, large public subsidies, and a high propensity (both average and marginal) to consume the output of the "manufacturing" sector.

Professors Best and Levitt therefore implicitly present new definitions for the key terms "development" and "structural transformation". In their view, development and consequent structural transformation can only be achieved by generating one's own internal dynamic.

...the price of postponing transformation is the loss of income, employment and internal dynamic which would have resulted had protection been abandoned and if the economy had embarked on a programme of import displacement and diversification. [87]

Best and Levitt therefore suggest that "conditions must be created under which national entrepreneurship can be drawn from the margins to which it has traditionally been confined by the plantation heritage and directed towards the task of economic reconstruction". [88] However, they do not for a moment believe that this task will be easy. They conclude that the act of changing metropolitan affiliation "necessarily disrupts established patterns of supply, taste and techniques of production". [89] They do believe however that the immediate effect of such action would be a

"stimulus to local entrepreneurship". [90]

The authors propose that it is during the export staple boom that the transformation pressures should be imposed. Control over imports, they claim, not only changes the composition of imports but releases resources from consumption to development. Higher food prices will induce increased agricultural output. The rise in price of other consumer goods and the total absence of luxury and semi-luxury imports would provide a form of "forced postponement of consumption". [91] Such action, it is assumed, would provide the necessary pre-conditions for the generation of the vitally important internal dynamic. They argue:

...indigenous entrepreneurship is the key to the internal dynamic of development. Dependence on imported enterprise builds into the economy an assured backwardness vis-à-vis countries whose entrepreneurial dynamic is indigenous. [92]

Best and Levitt then summarize their views on development and structural transformation, newly defined:

To give the economy the internal dynamic necessary to create new linkages, it is necessary to change the pattern of tastes,

to develop residentiary industries with lower import content and larger local purchases, to increase the degree of local processing of agricultural and mineral resources, to reallocate land resources, to halt the brain drain, to restructure financial institutions, to widen the channels of national saving and investment flows, and to breakdown the economic barriers between individual territories within the region In conditions of plantation economy such structural transformation is not possible without breaking the traditional patterns whereby Caribbean economy is incorporated into metropolitan economy. [93]

Without detracting from the efforts of Demas, Brewster and Thomas, clearly the Best-Levitt study is the most all-embracing study yet of West Indian political economy. Surely, it resorts to history to understand the present situations but this is acceptable. Some critics may argue that the imperial relationships do not necessarily apply to all plantation economies; and may not be true of European imperialism in Africa or South-East Asia in the

nineteenth century. Nevertheless, the study is refreshing for its ability to explain the fundamental structural weaknesses of West Indian society -- its appeal to economic, social, political, cultural, historical, institutional and other forces to explain both the past and the present and to chart a new course for the future.

From the crude preliminary statements of the Moyne Commission to the Best-Levitt study, there has indeed developed a comprehensive literature on the problem of finding a strategy for economic development in the West Indies. Mainly, it consists of three parts, each virtually opposed to the other. As Lewis' industrialization by invitation rejects the Moyne formula, so too do Demas, Brewster, Thomas, Best and Levitt reject Lewis' model. The problem for the West Indies, viewed either as units or as an integrated economy, is to select the strategy or parts of separate strategies that ensure a greater degree of success in attaining the often-proclaimed goals of "development" and "structural transformation".

Given our view of development as stated in Chapter II, we can now extract from the three basic models, Lewis, Brewster and Thomas, and Best-Levitt, those sections that conform to our conceptualization of the problem. While one would agree with Lewis that capital is necessary, our view

of development does not permit us to accept the broad suggestion of industrialization by invitation based on the Puerto Rican experience. Indeed, after substantial foreign investment, Puerto Rico still remains underdeveloped. The Lewis model does not stress the human dimensions and it is clear that people do not acquire the "tricks of the trade" as easily as Lewis suggests. Furthermore, this dependence on external forces frustrates the development of the internal dynamic as it brings with it foreign expertise, foreign initiative and foreign wherewithal and leaves the economy more dependent than it was before. We must caution, however, that this is not a total rejection of foreign capital. We recognise that in some areas, for example the petroleum sector, foreign capital may become necessary as the economy may not be able to allocate the large amounts required in that sector. What we must insist upon is that such capital must operate to the best interest of the economy, that is, in keeping with our view of development.

The other two strategies naturally meet with much greater approval, as they themselves reject the Lewis thesis. We accept the Brewster-Thomas view of integrated Caribbean economy. Indeed, we posit here that future development in the area rests on the principle of Caribbean integration. But the policy of integration is seen as

intrinsic to the structuralist approach of Best and Levitt, and not in opposition to the latter view. The Best-Levitt cum Brewster-Thomas approach to development in the Caribbean mirrors our view of development most adequately and will eventually form the basis of our examination and evaluation of the strategy of development employed in Trinidad and Tobago during the period under consideration.

Footnotes.

1 Great Britain, Office of the Colonial Secretary, Report of the West India Royal Commission, Cmd 6607 (London: His Majesty's Stationery Office, 1945), p. 25.

2 E. E. Williams, History of the People of Trinidad and Tobago (London: Andre Deutsch, 1964), p. 233.

3 This is especially true of most of the older plantation economies.

4 Great Britain, Office of the Colonial Secretary, op. cit. p. 252.

5 Ibid. p. 249.

6 Ibid.

7 Ibid. p. 256.

8 Ibid. My italics.

9 Ibid. p. 257.

10 Lloyd Best, "Government and Politics in the West Indies: Trinidad and Tobago," Tapia Pamphlet, IV (June 13, 1971), p. 7.

11 W. A. Lewis, "The Industrialization of the British West Indies," Caribbean Economic Review, II (May, 1950), p. 8.

12 Ibid. p. 7.

13 Ibid.

14 Ibid. p. 6.

15 Ibid. p. 16.

16 Ibid. p. 30.

17 Ibid. p. 34.

18 Ibid.

19 Ibid. p. 39.

20 Ibid. p. 40.

21 Ibid.

22 Ibid. p. 38.

23 Ibid. p. 39.

24 Ibid. p. 37.

25 Ibid. p. 44.

26 Ibid. p. 48.

27 Ibid. p. 34.

28 Ibid. p. 53.

29 Dudley Seers, "The Mechanism of an Open Petroleum Economy," Social and Economic Studies, XIII (June, 1964), pp. 233-242.

30 Ibid. p. 233.

31 Ibid. p. 239.

32 Ibid. p. 237.

33 W. A. Lewis, "Employment Policy in an Underdeveloped Area," Social and Economic Studies, VII (September, 1958), p. 45.

34 For an algebraic formulation of Seers' model and subsequent criticisms, see Appendix 1.

35 W. G. Demas, The Economics of Development in Small Countries with Special Reference to the Caribbean (Montreal: McGill University Press, 1965), p. 6. p. 6.

36 Ibid. pp. 7-8.

37 Ibid. p. 8.

38 Ibid. p. 118.

39 Ibid. pp 80-81.

40 Ibid. p. 126.

41 Ibid. p. 66.

42 Ibid. p. 82.

43 Ibid. p. 14.

44 Ibid. p. 85. Note also that here, Demas sees at least a partial connection between "growth" and "development".

45 Ibid. p. 36. See note to footnote 44.

46 Ibid. p. 30.

47 Ibid. p. 29.

48 Ibid. p. 120.

49 B. Balassa, "Towards a Theory of Economic Integration," Kyklos, XIV (1961), p. 1.

50 H. Brewster and C. Thomas, The Dynamics of West Indian Economic Integration (Jamaica: Institute of Social and Economic Research, 1967), p. 3.

51 Ibid. p. 1.

52 Ibid. p. 24.

53 Ibid. p. 30.

54 Ibid. p. 333.

55 Ibid.

56 Ibid. p. 60.

57 Ibid. pp 29-30.

58 Ibid. p. 30.

59 Ibid.

60 Ibid. p. 31.

61 Ibid.

62 Ibid.

63 Ibid. p. 32.

64 Ibid.

65 Ibid.

66 Ibid.

67 Ibid. p. 33.

68 Ibid. p. 33.

69 Ibid. p. 332.

70 L. Best and K. Levitt, "Export-Propelled Growth and Industrialization," (Montreal and Port-of-Spain: Unpublished Mimeograph, 1967), p. 12.

71 Ibid. pp. 23 et seq.

72 Ibid. p. 23.

73 Ibid. p. 24.

74 Ibid. p. 25.

75 Ibid. p. 33.

76 Ibid. p. 37.

77 Ibid. p. 24.

78 Ibid. p. 26.

79 Ibid. p. 16. My italics.

80 Ibid. p. 32. My italics.

81 Ibid. p. 51.

82 Ibid. p. 55.

83 Ibid. p. 52.

84 Ibid. p. 59.

85 Ibid.

86 Ibid. pp. 59-60.

87 Ibid. p. 43. My italics.

88 Ibid. p. 56.

89 Ibid. p. 46.

90 Ibid.

91 Ibid. p. 57.

92 Ibid. p. 64.

93 Ibid. p. 63.

CHAPTER 4

THE TRINIDAD AND TOBAGO STRATEGY

The government which took office in 1956 not only sought to expand the dimensions of its own political power but also embarked on a policy aimed at accelerating the process of economic development of the country. Consequently, one of that government's initial tasks was to seek expert advice on the possibilities for development. It is no surprise, therefore, that, in the end, it was the conceptualization of development held by these commissioned experts that provided the rationale for government action during the period under review. This view of development and the strategy employed to effect such development bear a distinct Arthur Lewis (1950) trademark. It is therefore the purpose of this chapter first to demonstrate how the conceptualization of development remained virtually unchanged throughout the period and secondly to outline the mechanisms through which development, thus conceived, was to be "accelerated."

It was clear from the start that the development effort was going to mirror the Puerto Rican experience. Not only did the authorities secure the advice of a Puerto Rican expert, Teodoro Moscoso, but, what is more, the theoretical

basis of development, Lewis' strategy outlined in his 1950 article, was itself founded predominantly on the Puerto Rican experience. Undoubtedly development as defined by the authorities and the strategy that necessarily emerges from that view were, for all intents and purposes, going to be Puerto-Rican inspired, that is, development was going to be pursued through a concerted effort at industrialization.

Fourteen separate reports by the experts provided the backbone of the first development plan. Teodoro Moscoso and Hubert Barton of the Puerto Rican Economic Development Administration were invited to make a special study of the possibilities for industrial development. Both Moscoso and Professor Arthur Lewis, the chief architect of this plan, are described in the introduction to the plan as "the two most eminent contemporary authorities on the development of underdeveloped areas." [1] Lewis himself later advised on the priorities to be allocated to the various ministerial proposals commissioned by the Cabinet.

There was every indication that development was going to depend primarily on industrialization. In fact, the first five-year development programme held as a fundamental premise that Trinidad and Tobago "has great potentialities for industrial development -- oil, natural gas, building materials, timber and water and a long tradition of

industrial training and enterprise" [2] Since, the argument went, industrial activity was to become central to the development process, a source of both human and natural resource inputs could be readily mobilized. Such a possibility was seen to exist, and in keeping with Professor Lewis' earlier (1950) strategy for development in the Caribbean, the government stated openly that it was "prepared to accord the highest priority to the establishment of new manufacturing industries". [3]

As industrial expansion came to be regarded as the key to development the government had to ascertain, above all, that investment funds would be forthcoming. And, once more, according to the Lewis formula, a solution to this problem was also at hand. The first five-year plan, steeped as it is in the view of industrialization by invitation, explains,

What the Government has to do is to create a framework which is favourable to investment, and to try to persuade as many persons as possible, here or overseas, to create new employment opportunities. [4]

This was Lewis' article almost to the letter.

Some may argue that this approach to development and the strategy associated with this approach can be correctly

attributed only to the first plan. However, closer scrutiny of the other two plans reveals otherwise. In challenging the argument, we argue that while the rhetoric within which these two later programmes are couched is distinctly different, the strategy itself remains fundamentally unaltered throughout all three development programmes.

In the second five-year development programme the central idea is framed in terms of "structural transformation", to be secured through industrialization, especially outside the realm of the traditional sector. The plan states emphatically,

economic survival depends on its (the country's) ability to transform its economic structure so as to lessen its dependence on petroleum extraction. [5]

Whereas the first plan called for "expansion of the basic industries" and the creation of a manufacturing sector, the second plan emphasizes "changes in the structure of the economy." But structural changes are conceived in terms distinctly similar to those in which the "expansion of basic industries" is itself conceived.

Such structural transformation is seen as the primary solution to the problem of unemployment. But the planners, mindful as ever of the apparent paradox of high

investment levels and high unemployment as encountered in Puerto Rico are quick to note,

the most intractable and difficult problem facing developing countries in which there is surplus of labor is that it is usually much easier to achieve the economic objectives than the employment objectives [6]

But, as with the first plan, unemployment is again identified as the major problem and once more industrialization based on Lewis' strategy of industrialization by invitation, the solution suggested. The planners combined these two views to argue,

Since a permanent solution of the unemployment problem requires that the size of the modern sector be considerably expanded, a prime objective of the plan is to encourage such an expansion in every possible way....To this end, investment must be greatly increased (and) productivity and incomes must be raised in the traditional sector. [7]

It is clear that despite the introduction of the term "structural transformation" as a stated objective the second plan is undoubtedly identical in its conceptualization of the problem as the first plan. The resultant strategy

therefore remains fundamentally unaltered.

In the third plan, "structural" problems are again identified. But here "structure" seems to be more accurately defined, that is, in an institutional sense, similar to Myrdal's as discussed in Chapter 2. The principal structural problems are seen as the need to diversify the economy, to shift decision making from foreign to locally controlled institutions and to eliminate structural unemployment. In truly institutionalist fashion, the planners correctly state that the structural problems "derive from our history, our geographic situation, our institutions, our inherited educational system, and above all, the psychological attitudes of our people". [8]

Clearly, in terms of our own conceptualization of the problem, developed in Chapter 2, this approach to development is, at least in theory, quite acceptable. However, as we shall demonstrate in discussing the performance of the plans, there undoubtedly is some contradiction between this institutionalist approach to structural transformation and the actual mechanisms through which such transformation was supposed to proceed. Despite the institutionalist flavour of this view of development, the plan places an unexpected emphasis in a particular type of policy that betrays an apparent misunderstanding of the reality of structural change when it argues,

The manufacturing sector is more important

than others because it is the sector on which we have to rely more than any other for the long-run transformation of our country's economic structures....We can only become fully developed by moving along the path of industrialization....The manufacturing sector must be the pivot of our effort at economic transformation. [9]

This conception of the problem takes us back precisely to the initial position, despite the rhetoric about structural transformation. Indeed, the view of development as indicated by the mechanisms suggested to achieve such development is unchanged throughout and the Lewis formula remains intact. The creation of employment opportunities through the development of a large manufacturing sector remains the central aim of industrialization, considered the sine qua non of development. In the end, employment, industrialization and development all seem to be used interchangeably with no clear distinction as to their obviously different meanings. Despite marginal shifts in emphasis in the second and third plans, it was going to be the Lewis approach to the problem that was to prevail. Similarly, the mechanisms through which this view of development was to be actualized, would also bear Lewis' distinct trademark.

In sticking almost to the letter to the Arthur Lewis formula, an Industrial Development Corporation (IDC) was formally established in February, 1959. The ordinance that gives legal recognition to the IDC states,

It shall be the function of the Corporation to stimulate, facilitate and undertake the development of industry in Trinidad and Tobago. [10]

In other words, the IDC, which replaced the Hotels Development Corporation of an earlier era, was to be the primary agent of government's industrialization (development) programme. To facilitate the work of the IDC in encouraging investment, the government once more kept to the Lewis formula and undertook legislative action to encourage the necessary investment.

The incentive legislation in Trinidad and Tobago is not consolidated but consists of several pieces of separate legislation. In addition to explicit incentives, implicit protection is also provided in the form of exchange control, tariffs, quantitative restrictions, export bonuses and the like. However, the entire system of industrial incentives may well be viewed as based on a few key pieces of legislation, supplementary action having been taken only to reinforce the provisions of the major legislation.

The Aid to Pioneer Industries Ordinance, originally

passed in 1950 and amended when the new demands for industrialization arose, was designed for the following purpose:

To encourage the establishment and development of new industries in Trinidad and Tobago and to make provision for the granting of certain relief from Customs Duty and Income Tax to persons establishing factories in connection with such industries and for purposes identical to or connected with any of the foregoing purposes. [11]

To this end, the law grants the following incentives:

- (i) Duty free importation of machinery and materials necessary for establishment, renovation or repairs to the factory for a period of five years.
- (ii) A five year exemption from the payment of corporation tax. This exemption may be extended a further five years, bringing the total possible tax holiday period to 10 years.
- (iii) Shareholders in pioneer companies are also exempt from the payment of income taxes during the tax holiday period and within 2 years after the end of the holiday period.

Special depreciation allowances provided under the Income Tax (in aid of industry) Ordinance are available to all pioneer industries. These include:

- (a) An initial allowance of 40 per cent of the original capital value of plant and machinery as from the end of the tax holiday period;
- (b) an initial allowance of 10 per cent of the original capital value of industrial buildings as from the end of the tax holiday period;
- (c) special allowances on expenditure incurred on the purchase of patent rights, scientific research, housing of workers, the working of mines, oil wells and other sources of mineral deposits of a wasting nature and submarine oil wells.

Pioneer companies are allowed to set off losses incurred in the tax holiday period against income earned during the periods immediately following the tax holiday period.

The Customs Ordinance exempts from import duties a wide range of goods including raw material inputs, and equipment deemed necessary for the pioneer industries to function. These concessions are above and beyond those which

may be offered to a firm under the Aid to Pioneer Ordinance.

Where the capital investment and risk were considered high and the government felt that investors would not be as willing to make a capital outlay as in the case of low-risk industries, special legislation was enacted to provide additional incentives. The industries receiving these concessions are (a) Cement (b) Nitrogenous Fertilizer (c) Lubricating Oils and Greases (d) Petrochemicals. These special concessions include:

- (i) deferment of the factories production day (i.e. the date on which the income tax holiday commences) up to a date not later than 4 years after the construction day of the factories. (The corresponding period under the aid to pioneer industries is 18 months);
- (ii) an outright 10-year exemption from customs duty on building materials tools, plant, machinery and other appliances and materials necessary for and used in constructing or equipping the factory;
- (iii) an outright 10-year income tax holiday;
- (iv) exemption from payment of export duties on petrochemicals manufactured in Trinidad and Tobago by an approved manufacturer;
- (v) exemption, in perpetuo, from customs duties

on containers, fuel, raw materials, chemicals and other ingredients and supplies, which are not manufactured or produced in Trinidad and Tobago at a reasonable price, for use in connection with the manufacture or preparation for sale of approved petrochemicals;

(vi) a 10-year exemption from customs duties for the approved manufacturer or his contractors or agents on various articles not exempted from duties under the Aid to Pioneer Industries Ordinance, including fencing materials, sea and land transport equipment and articles for use in the operation and administration of petrochemical plants, including factory buildings and ancillary facilities for the health, welfare and safety of employees;

(vii) exemption from income tax up to the expiration of the 10-year tax holiday period, of interest in the hands of recipients on certain loans made to the petrochemical manufacturer and employed by him for the purpose of sale by him of approved petrochemicals.

(viii) the right to compulsory acquisition of a "right of user" of land, including the extraction of water and access of land, in connection with the

manufacture of an approved petrochemical, subject to the approval of Government upon its being satisfied as to the desirability of the right of user and that the right of user cannot be acquired by private treaty.

Other forms of industrial incentives also exist. An export allowance is made available to companies which report export sales for the three years prior to their claim. Protective tariff walls are established to protect the new industries from competition from imports. In some cases the importation of particular products is banned outright; in others, import licenses are required before such importation could take place. All these efforts are designed not only to guarantee the domestic market to the new enterprises and thus generate income and employment but also to reward performance in the winning of export markets.

The Industrial Development Corporation itself also provides assistance to industry in the form of industrial estates. In this way, the corporation relieves potential investors of some of the problems and costs associated with providing even a minimal industrial infrastructure. In some special cases, the IDC also provides a measure of industrial financing.

The government authorities have themselves undertaken other forms of implicit protection to industry.

They have provided extensive social overhead capital -- electricity, telephones, roads and external communications. The exchange rate is managed at what some local economists believe is an overvalued rate. They have also attempted to guarantee (at least in the short run) the successful functioning of the programme by providing some degree of political and social stability. For example, in a recent luncheon address to members of the Canadian business community in Toronto, Mr. Bernard Primus, Chairman of the IDC, in dismissing recent political unrest in the country attempts to allay the fears of potential foreign investors with the reminder,

We have, like all modern communities, the vocal and truculent minority who oppose the establishment, that is, the government, big business, both local and foreign...and all that is regarded by the radical university student everywhere as the establishment. They are, fortunately for us, a very small minority which now are on the run. [12]

What clearer guarantee of political stability to enhance industrial incentives could an investor possibly desire! The system of protection and incentives developed by the

government was going to be very thorough. It provided not only economic incentives but in addition found it necessary to guarantee political stability.

It is clear, therefore, that since 1959, the government of Trinidad and Tobago and its agent the Industrial Development Corporation have effectively established a policy of industrialization based primarily on a system of industrial incentives. The rationale for such action is also clear. Development in the country was to follow the Arthur Lewis formula borrowed from Puerto Rico and the U.S. State Department. The argument went thus: to develop, we must industrialize because this would transform the economy and in so doing, we reduce unemployment. But to industrialize we must, in Lewis' words, offer special incentives to overcome the handicaps of starting. Monopoly rights, subsidies, tax holidays or tariff protection are all part of the price we must pay, for in the end, the economic benefits derived from locals learning the tricks of the trade will greatly exceed the original sacrifice. Incentives were to induce industrialization which in its turn would generate development. This was the core of the Trinidad and Tobago strategy.

Only history was to judge whether or not the effort was worthwhile, that is, whether or not the system of

incentives would lure investment which in turn would promote industrialization and reduce the level of unemployment, transform the economy and generally provide the impetus to development. To make those judgements, we must first look at the period to specify those events resulting from or associated with the programme of industrial incentives.

Footnotes

1 Trinidad and Tobago, Ministry of Planning and Development, First Five-Year Development Programm, 1958-62 (Port-of-Spain: Government Printery, 1959), p. 3.

2 Ibid. p. 12.

3 Ibid.

4 Ibid. p. 4.

5 Trinidad and Tobago, Ministry of Planning and Development, Second Five-Year Development Programme, 1964-68 (Port-of-Spain: Government Printer, 1964), p. 64.

6 Ibid. p. 143.

7 Ibid. p. 147.

8 Trinidad and Tobago, Ministry of Planning and Development, Third Five-Year Development Plan, 1967-73 (Port-of-Spain: Government Printery, 1970), p. 4.

9 Ibid. p. 224. My italics.

10 Trinidad and Tobago Statutes, no. 11, 1958.

11 Trinidad and Tobago, Statutes, Aid to Pioneer Ordinances, Ch. 33, no. 3, 1950.

12 Winnipeg Free Press, (Winnipeg: October 4), 1972.

CHAPTER 5

THE STRUCTURE OF INDUSTRIALIZATION

Since 1959 when the quest for development was given formal recognition with the formation of the IDC, tremendous economic activity has undoubtedly taken place in both the public and private sectors. As alluded to in the preceding chapter, incentives came not only in the form of economic protection but also through political guarantees of some sort. Important as these latter considerations must be, our attention must nevertheless be focussed on purely "economic" matters. It is therefore the purpose of this chapter to review the factual evidence of industrialization during the period under review, reserving for subsequent discussion the degree to which such activity aided or frustrated the cause of development in Trinidad and Tobago.

To set the process of development in motion, the government undertook huge expenditures in social overhead capital. Such government investment served two immediate functions. It represented, first of all, a partial fulfilment of earlier political promises. More importantly, though, investment in social overhead capital provided the necessary infrastructure without which industrial activity, deemed necessary by the development strategy, could not be

effectively induced. In other words, government expenditure in this area, successfully combined two important obligations.

Table II provides an indication of the level of "development" expenditures geared towards social overhead capital and to the development of human resources. Such expenditures stood at \$155.3 m. or 71.1% of total expenditures in the first plan, an estimated \$189.1 m. or 62.5% of the second plan and an estimated \$202.0 m. or 53.2% of the third plan, bringing total investment in social overhead and in human resources capital over the period of the three plans to \$546.4m. Disaggregation of the category 'social overhead capital' shows that by far the largest amounts were expended on electricity, transport and communication, and in the field of education.

TABLE II
DEVELOPMENT EXPENDITURES 1958-73

Category	1958-62		1963-69		1969-73	
	\$m	%	\$m	%	\$m	%
Total*	218.5	100.0	302.6	100.0	380.0	100.0
Agr., For., Fisheries	4.8	2.2	40.9	13.5	61.5	16.2
Culture	..	..	..	..	..	..
Drainage & Reclamation	3.0	1.4	7.8	2.6	6.0	1.6
Education & Training	13.3	6.1	21.8	7.2	43.0	11.3
Electricity	38.7	17.7	64.6	21.3	40.0	10.5
Health	24.3	11.1	15.3	5.1	6.4	8.3
Housing	23.4	10.7	29.6	9.8	31.5	6.0
Local Government	13.5	6.1	8.9	3.0	7.0	1.8
Mass Media	..	..	..	..	1.5	0.4
Petroleum	..	..	..	..	10.0	2.6
Public Buildings	6.0	2.7	7.3	2.4	14.0	3.7
Soc. & Comm. Development	2.3	1.1	1.1	0.3	21.5	5.7
Special Works	6.0	2.7	5.0	1.7	..	..
Transport. & Commun.	36.6	16.8	72.5	24.0	80.6	21.2
Water	27.8	12.7	14.9	5.0	33.0	8.7

*Percentage totals may not add to 100% owing to rounding.

.. No expenditure incurred.

Sources: (i) Trinidad and Tobago, Ministry of Planning and Development, Second Five-Year Development Programme, 1964-68 (Port-of-Spain: Government Printery, 1964), p. 3.

(ii) Trinidad and Tobago, Ministry of Planning and Development, Third Five-Year Development Plan, 1967-73 (Port-of-Spain: Government Printery, 1970).

Without doubt, the effort to industrialize -- in the government's view, to develop -- was going to be strenuously pursued and therefore, the huge expenditures cited above were to form an essential part of that overall effort. But these expenditures must not be viewed in isolation, for the real test of government policy was the degree to which both the legislative and fiscal measures provided an incentive to the establishment of new industries, for this was the immediate goal of government policy.

It is important to note, however, that one cannot speak definitively of the "results" of the government's incentive programme. Surely, as we shall soon demonstrate, a marked increase in private investment did occur after 1959. Undoubtedly, some of this must have been due to the system of incentives but to what degree, it is difficult to specify with perfect accuracy. Indeed, one can easily cite examples such as in the oil industry where the opportunity of earning profits had inspired investment many years earlier when no system of fiscal or other incentives existed. To determine cause and effect is always difficult; therefore, one must rely on the probable explanation that increased investment and incentive legislation share at least an associative if not a causative relationship with the pattern of

industrialization that followed during the period.

Between February 1959 and June 1972, investment generated through the Aid to Pioneer Ordinance stood at \$203.4 m. for some 123 industries. Except for the extraordinarily high level of investment of \$93.8 m. in 1964 due to accelerated activity in the petrochemical industry, the annual average is about \$8 m., about 60% above the pre-1959 average of just over \$5 m. On average, the Ordinance provided protection to 9 industries annually, hitting a peak of 14 in 1964 and a low level of only one in 1971. By contrast, the average in the period before 1959 was only 6 industries per year, with an average annual investment of \$4.5 m.. Detailed data on establishments benefitting from assistance under the Aid to Pioneer Ordinance are provided in Table III which follows.

TABLE III.

PIONEER ESTABLISHMENTS

INVESTMENT AND EMPLOYMENT AS AT JUNE 30, 1972

	No.	Estimated Investment	Estimated Direct Employment
A. Period before I.D.C.			
1. Pioneer Establishments in operation before Feb. 1959			
	56	40,242,000	2,713
B. Period since I.D.C.			
2. Establishments which started production during I.D.C.'s period of operation:			
Feb. - Dec. 1959	7	26,229,971	472
1960	9	2,105,000	130
1961	11	4,693,200	290
1962	13	10,987,087	910
1963	9	5,774,400	334
1964	14	93,833,800	827
1965	11	18,431,421	425
1966	13	9,318,000	612
1967	11	3,876,000	915
1968	12	17,430,000	922
1969	13	6,735,000	697
1970	8	3,628,000	777

1971	1	400,000	32
Jan. - June 1972	Nil	Nil	Nil
Total	132	302,441,879	7,343
3. Factories which ceased production at June 30, 1972	14	2,177,000	774
4. Established and in operation as at June 30, 1972 (Total of 1+2-3)	174	241,506,879	9,282
5. Factories under construction as at June 30, 1972	6	7,860,000	407
6. Factories in various stages of planning as at June 30, 1972	5	2,405,000	177
7. Factories under construction/or planned (Total of 5 + 6)	11	10,265,000	584
C. Present and immediately prospective Pioneer Factories			
8. (Total of 4 + 7)	185	251,771,879	9,866
D. I.D.C. Assisted Pioneer Establishments			
9. (Total of 8 - 1)	129	211,529,879	7,153

Source: Industrial Development Corporation, Promotions Unit (Port-of-Spain: Unpublished Mimeograph, 1972).

Besides these pioneer industries, there are the non-pioneer assisted establishments -- those which obtain fiscal or other incentives outside the provisions of the Aid to Pioneer Ordinance. As in the previous incentive scheme, assistance existed before 1959, the 1959 legislation merely extending previous provisions.

Between 1950 and 1959, the time of the initial legislation, there were established 10 non-pioneer industries with a total estimated investment of \$2 m. Between February 1959 and January 1972, a total of 342 such establishments began operation. This represented an estimated investment of some \$49.7 m. There is no clear pattern for the establishment of new industries. Only two firms started business in the 11 months of 1959. This may be due to initial teething problems of the I.D.C. This figure rose to 66 new firms in 1966, falling to 16 in 1969, rising sharply to 50 in 1970 and falling again to 29 in 1971.

Though not specifically related to the character of the discussion of this chapter, it might be interesting to note here that in terms of the employment generating effects, the results have been almost identical, 7,343 for the pioneer industries and 7,139 for the non-pioneer industries. What is more interesting perhaps is the fact that the former employment level required some \$203.4 m. of investment and the latter only \$49.7 m.

Investments in non-pioneer industries are summarized in Table IV which follows.

TABLE IV
NON-PIONEER ASSISTED ESTABLISHMENTS
INVESTMENT AND EMPLOYMENT AS AT JUNE 30, 1972

	No.	Estimated Investment	Estimated Direct Employment
A. Period before I.D.C.			
1. Non-Pioneer Assisted Establishments in operation before Feb. 1959	10	2,000,000	1,000
B. Period since I.D.C.			
2. Non-Pioneer Assisted Establishments which started production during I.D.C.' period of operation:			
Feb. - Dec. 1959	2	58,080	100
1960	11	2,342,500	315
1961	12	802,700	286
1962	11	955,231	274
1963	21	2,694,447	731
1964	21	2,017,180	437
1965	33	3,745,000	629
1966	66	14,642,000	1,146
1967	35	4,545,000	684
1968	15	1,594,000	237
1969	16	1,328,000	220
1970	50	8,757,000	1,233

1971	29	1,439,853	398
Jan. - June 1972	10	4,842,111	449
Total	342	49,763,102	7,139
3. Factories which ceased production	6	1,475,000	142
4. Established and in operation at June 30, 1972 (Total of 1+2-3)	346	50,288,102	7,997
5. Factories under construction at June 30, 1972	16	5,399,768	588
6. Factories in various stages of planning	44	6,025,021	879
7. Factories under construction or planned (Total of 5 + 6)	60	11,424,789	1,377
C. Present immediately prospective assisted factories			
8. (Total of 4 + 7)	406	61,712,891	9,374
D. I.D.C. Assisted Non-Pioneer Establishments			
9. (Total of 8 - 1)	396	59,712,891	8,374

Source: Industrial Development Corporation, Promotions Unit (Port-of-Spain: Unpublished Mimeograph, 1972).

By June 1972, a total of \$253.2 m. of investment, taking advantage of fiscal and other incentives, had taken place. If we assume that no more of such investment takes place before the end of 1973, at that time a total of \$799.6 m. in both public and private investment would have become associated with the specific programme of industrialization and development. For a small country such as Trinidad and Tobago, this is indeed considerable investment. It represents almost the total value of exports of petroleum and petroleum products during 1971, approximately 80% of total exports or 50% of the 1968 Gross Domestic Product at Factor Cost. The fact is that over a 12-year period, substantial investment, partially induced by the government incentive programme, has taken place in Trinidad and Tobago.

The Trincity, Sea Lots and Omera industrial estates, the Amalgamated and Neal and Massy motor assembly plants, the new desulphurization plant of Texaco, Shell's Hydrogenerator complex, all bear testimony to this new era of industrialization. In addition to these larger industries, several smaller-scale industries have also been established, manufacturing, processing or assembling numerous products ranging from tooth-brushes and paper-clips to telephone and telegraph equipment.

The market structure ranges from almost perfect competition in the garment industry to monopoly in the tyre

industry. A recent publication by the I.D.C. lists 192 industries enjoying some form of concession from the incentive programme. Of these 192 industries, 119 may be classified as consumer goods industries, 60 as intermediate goods, 13 as capital goods. Of the 60 intermediate goods industries, many produce goods may themselves be classified as consumer goods. There are 105 cases of outright monopoly, 70 in which there are between two to five firms, and 17 cases of industries with more than five firms. The most "populated" industries at the time of the survey were the woodwork industry in which there were 15 firms, the metal building components industry with 20 firms and the garment industry with 49 firms.

Product differentiation is a common feature of the new industries as more and more investors cash in on the incentives offered. There are, for example, four motor assembly plants operating in the country. In 1971, there were 16 different types of vehicles assembled incorporating some 35 different models. This pattern of market arrangement is not peculiar to the auto industry and applies equally well in those industries producing refrigerators, television sets, radios and other consumer durables.

Whether wholly or partially induced by incentives offered by the government, an unparalleled level of

industrial activity has undoubtedly taken place between 1959 and 1969 and in fact continues to do so. The present level of both private and public investment far exceeds anything to which the Trinidad and Tobago polity was accustomed. With this investment has come domestically "manufactured" goods. Many goods now proudly bear the "Made in Trinidad and Tobago" label. Employment is now to be sought (in theory at least) not only in the oil and sugar industries or in the distributional trades but also in "industry". Surely the 1959-69 period has all the external trappings of industrialization and, as some would of necessity argue, development.

But, sound analysis must go beneath these outward manifestations of progress to discover underlying situations critical to the process of industrialization. Indeed, all that glitters may very well not be gold. We must know whether or not the policy of creating industrial incentives has secured or is securing its oft-stated goals. Most importantly, we must know whether or not the unemployment rate fell and the employment level rose; we must know whether or not "structural transformation" occurred; above all, we must know whether or not development, defined both in Arthur Lewis' terms as the strategy would require and in our terms as posited in Chapter II, has occurred. This chapter has attempted to present merely the preliminary statistical backbone upon which these judgements will be

made. The making of those judgements is the task of subsequent chapters.

CHAPTER 6

AN EVALUATION OF THE STRATEGY.

It has so far been argued that during the period under review, a particular development strategy, inspired by Professor Lewis' 1950 article, and by the Puerto Rican "model" and founded on a particular conceptualization of the development problem, was being pursued in Trinidad and Tobago. To support this strategy, the government, along with the Industrial Development Corporation undertook an extensive system of incentives which during the period came to be associated with a marked increase in private investment. Both the view of development and the strategy that emerges from that view are mirrored in the overall objectives of the three separate development programmes. It is therefore the purpose of this chapter to restate briefly these development objectives and to evaluate the programmes' effectiveness in the light of both the stated objectives and the overall view of development that emerged in Chapter 2.

It is beyond question that the most important problem to which the development strategy addressed itself was that of unemployment and "structural transformation", both inextricably tied to each other. A solution to unemployment was to become part and parcel of the broader

policy of structural transformation. This approach to development is stated with increasing clarity in all three development plans.

The first five-year development programme identified a need to create some 35,000 jobs [1] and saw activity in the traditional sector as essential to the creation of those jobs. The plan stated quite explicitly,

The expansion of the basic industries is fundamental to the development of the entire economy...to achieve the necessary increases in employment, in development of resources and in productivity. [2]

Of some 35,000 required jobs, these basic industries, petroleum, manufacturing, tourism and agriculture were to provide 17,000. [3] Development was therefore intended to incorporate both the expansion of these "basic" industries and a simultaneous reduction in unemployment levels.

In the second plan, the link between unemployment and structural transformation is more effectively cemented. Indeed, the government had by this time reaffirmed its view that unemployment was one of "the most intractable and difficult problem(s) facing developing economies". [4] In readdressing itself to this problem, the plan explains,

Since a permanent solution of the unem-

ployment problem requires that the modern sector be considerably expanded, a prime objective of the plan is to encourage such an expansion in every possible way.... To this end investment must be greatly increased...productivity and incomes must be raised in the traditional sector. [5]

Unemployment was once more identified as the serious problem that it is, and a solution was going to be found only through transforming the economy, that is, through the creation of a manufacturing sector and through the reduction of the excessive dependence on the petroleum and sugar industries.

By the time of the third plan, unemployment still loomed large and "structural transformation" continued to be viewed as the key solution to unemployment. The plan admits that despite the efforts to industrialize, "unemployment remained the most serious and intractable economic and social problem facing the country at the end of the Second Five-Year Plan". [6] The third five-year plan grudgingly admits,

While the domestic product of this (manufacturing) sector improved, only

relatively few jobs were created, little local raw materials were used, tax payments were little and outflow of profits, dividend and interest relatively large. [7]

In other words, whatever structural transformation that had taken place through the expansion of the manufacturing sector had left the unemployment problem practically unsolved. But despite any indication to the contrary, the important features of the strategy would remain fundamentally unaltered. Unemployment, the plan insisted, would be solved only through structural transformation and the manufacturing sector was going to be "the pivot of our efforts at economic transformation", [8] the "sector on which we have to rely more than any other for the long-run transformation of our country's economic structure". [9]

It is beyond doubt that the development programmes employed in Trinidad and Tobago over the period 1959-69 were intended to encourage a transformation of the economy from one dependent primarily on oil and sugar to one in which "manufacturing" comprised a larger share of economic activity. Complementary to the development of this new sector would be a reduction in the level of unemployment. The degree to which these problems were solved would

therefore indicate the degree to which the development strategy was successful.

However, before this evaluation of the strategy proceeds, it seems necessary to reply to one probable objection. Some may argue that a ten or twelve year period is an insufficient time within which the fruits of the strategy could be realized and that therefore an evaluation at this time would be based on too few "facts" as trends have not yet been established. Surely a ten or twelve year period is short; this we do not deny. Indeed an evaluation after twenty or thirty years would probably prove more rewarding. However, we argue that a time-span of ten or twelve years does provide sufficiently significant indicators of the direction in which the economy is headed. Secondly, given the grave social, political and economic consequences that may arise because of unemployment, it seems reasonable to expect the strategy to have some impact three or four years after implementation, let alone ten or twelve years. If only on these two grounds, an evaluation at this time is deemed perfectly legitimate, sufficient to provide satisfactory indicators of the strategy's performance.

Since "structural transformation" is the general aim of the strategy, let us first of all determine the degree to

which the economy's structure has been "transformed" within the period. It is important to note however that structural transformation is viewed here essentially in a physical sense -- as it relates to the production of goods and services as this seems to have been the primary concern of the government.

Table 1 of the Appendix shows that Gross Domestic Product at Factor Cost (GDPFC) in the manufacturing sector more than doubled during the period under review, rising from \$103.1 m. in 1959 to \$260.0 m. in 1968. At the same time, the petroleum sector's contribution rose from \$261.4 m. to only \$366.0 m. in the same period. Agricultural output fluctuated during the period from \$99.0 m. in 1959 to \$115.7 m. in 1963, to \$101.8 m. in 1964 and \$127.0 m. in 1968. Over the entire period, GDPFC almost doubled, rising from \$799.1 m. in 1959 to \$1,527.5 m. in 1968.

Similar patterns prevailed in the percentage distribution of GDPFC as shown in Table 2. From a contribution of only 12.89% in 1959, the manufacturing sector rose to 17.02% in 1968. By contrast, the contribution of the petroleum sector fell considerably (26.9%) from 32.67% in 1959 to 23.90% in 1968. The table also indicates a continued decline in the contribution of the agricultural sector, from 12.39% in 1959 to 8.31% in 1968, a fall of

32.9%.

Tables 1 and 2, therefore, confirm the view that some degree of transformation, measured in terms of the composition of Gross Domestic Product at Factor Cost has in fact taken place. This is demonstrated by the rise in percentage contribution of the manufacturing sector and the decline of the petroleum sector's contribution. The tables also indicate a decline in agricultural production suggesting a possible bias against agriculture in the incentive programmes and, with population increases, the likelihood of an increasing per capita import food bill over the period.

Table 3 introduces the question of employment and per capita income levels. The table indicates a continuous rise (except for 1962-3) in real per capita income between 1960 and 1968. What is disturbing is that despite the rise in per capita incomes and in GDPFC, as mentioned above, the employment problem is apparently as intractable as before. In fact, even with increasing migration over the period, unemployment actually rose to an official level of 15%.

The combined results of Tables 1, 2 and 3 show that the development strategy employed was not successful in solving the unemployment problem and that after more than ten years of substantial industrialization, the problem

persists, despite some degree of "transformation". However, this criticism of the development effort's failure to meet the stated goals ought not to be understood as an indictment of the general philosophy of economic transformation; such "failure" can be more adequately explained by directing the criticism to the particular type of "transformation" pursued. It is therefore necessary to analyze critically the industrialization process itself and its attendant circumstances to obtain a broader view of the strategy's performance.

One of the major contributions to the continued existence of the unemployment problem has been the high capital-intensity of the industrialization. Table II in Chapter 5 showed that over the period February, 1959 to June, 1972, \$203.4 m. of investment by pioneer industries was needed to create 7,343 jobs -- indeed a high capital-labor ratio, especially in the light of a pressing unemployment problem. Even if we take into account the official estimate of a 1:1 relationship between direct and indirect employment resulting from the new investment, the capital-labor ratio is still too high. [10]

In addition to the high capital-intensity of the industries, as a factor contributing to the negligible inroads on unemployment, is the existence of very few

domestic linkages. A survey of the principal firms [11] in the major industries confirms precisely this view. The results of this survey are summarized in Table V where

K/L = Capital-labour ratio,

M/I = Import Coefficient,

X/Y = Exports as % of Total Output,

FLC = Forward Linkage Coefficient,

C/Y = Final-Demand Coefficient.

TABLE V
SURVEY OF IMPORT-SUBSTITUTING INDUSTRIES

Industry	K/L \$m	M/I %	X/Y %	FLC %	C/Y %	
Agr. Chemicals	202,665.9	14.3	89.3	nil	100	
Batteries	773.7	52.5	nil	n.a.	n.a.	
Hsld. Appliances	11,074.7	91.5	45.8	nil	100	
Meat Processing	13,888.8	94.8	nil	nil	100	
Metal Containers	7,668.7	n.a.	8.6	100	nil	
Metal Furniture	1,562.5	n.a.	4.2	nil	100	
Motor Vehicles	11,885.7	97.0	nil	nil	100	
Paints	44,090.6	n.a.	2.3	n.a.	n.a.	*
Radiators	15,178.6	80.3	nil	n.a.	n.a.	**
Refrig. Units	5,783.1	96.0	1.7	nil	100	
Tyres and Tubes	31,277.9	78.2	7.2	nil	100	

* Close to zero.

** Close to 100%.

Except in the case of the metal-container and radiator industries, forward linkages are virtually non-existent as the industries are geared primarily towards final demand, following the pattern established in other countries [12] where import substitution takes the form of "screw-driver" industries, merely replacing former imports and using very little, if any, domestic resources. Not surprisingly, imported inputs, except in the case of the agricultural chemicals industry which obtains its inputs from the petroleum industry, comprise a large percentage of total inputs. The effect of this has been to reduce the level of domestic value-added and to increase the rate of effective protection to industry.

The establishment of an industry that obtains most of its inputs from abroad and which produces only final goods necessarily reduces possible linkages within the domestic economy and is thus able to make only a marginal contribution to employment. This pattern of industrialization provides an explanation for the simultaneous existence of increased investment and high unemployment in Trinidad and Tobago. Given this absence of linkages, it is not surprising for Trinidad and Tobago to have experienced reasonably large increases in the contribution of the manufacturing sector to GDPFC as

indicated in Tables 1 and 2, existing side by side with the high unemployment shown in Table 3.

Even if these new industries stimulated greater domestic linkages, it seems doubtful, nevertheless, that they are taking advantage of economies of scale. Four firms produced a mere 6,781 radios and 10,828 television sets in 1971. There were, in 1971, four auto assembly plants producing only 7,036 assembled units. Economies of scale are surely not realized under such a system of fragmented production.

Moreover, the fact that investment has been largely in the consumer goods industries has had severe implications for the economy. It has already been noted that imports constitute a large percentage of total inputs and that there are few domestic linkages. Perhaps of greater significance is the fact that credit for the consumption of these commodities is easily available and the combined data of Tables 7, 8 and 9 show that such credit has been increasing steadily.

Taking 1968 as the base year, instalment credit undertaken through all financial institutions rose from 106.4 in December, 1963 to 199.7 in April, 1972. Business of finance houses indicates a rise from 101.0 in December, 1963 to a high of 154.7 in September, 1970, and a decline to

115.9 in April, 1972. The index for commercial banks (most of which are foreign-owned) over the same period rose from 109.3 to a record 243.6. The fact is that more and more credit was being made available to consumers.

Of still greater importance is the distribution of this new business. Motor vehicles on the average account for over 35% of all new business. Next is the category "Furniture and Furnishings", accounting for approximately 20% of all new business. This is the very category that includes the radios, television sets, refrigerators and other consumer durables whose inputs are for the main part imported. The "Other" category refers in part to repayment loans and probably the distribution here is similar to that of the aggregate.

The most disturbing fact about the instalment credit data is the clear demonstration that credit is made increasingly available to support the import-substituting industries despite their heavy dependence on imports for their inputs, the lack of domestic linkages and the consequent failure of such industrialization to generate sufficient employment opportunities. The appearance of prosperity as indicated by the credit data only clouds the real issues and forestalls the realization of the wasteful character of the industrialization strategy pursued and the

credit policy that supports it.

Agriculture, as one would expect, has suffered as a result of a pattern of economic transformation unduly biased toward industrial activity. While the percentage of GDPFC due to manufacturing rose during the period, the fall in agriculture that accompanies this pattern of import-substituting industrialization is not peculiar to Trinidad and Tobago and has been found to be the case in other countries, for example, Pakistan -- a country that has adopted a pattern of industrialization similar to that pursued by Trinidad and Tobago. The bias against agriculture may also be observed from the credit data which show new business in agricultural plant and machinery averaging less than 5%. Surely investment is not likely to take place in this sector when adequate incentives are not offered or when problems of marketing etc. persist. Given the priorities of the development strategy, it is therefore natural to expect this decline in the agricultural sector.

The trade data in Table 10 confirm this decline of agriculture. Total food imports rose from \$66.2 m. in 1959 to \$113.9 m. in 1971. Per capita food imports rose from \$82.56 to \$110.33 in the same period. The decline in the percentage distribution of food imports, as shown in Table 13, is surely not due to any overall decline in per capita

food imports but instead to the increasingly large imports of crude petroleum over the period. Table 11 shows further the increasing inability of the agricultural sector to satisfy domestic demand. Between 1960 and 1971, beef imports rose from \$3.6 m. to \$6.3 m., mutton from \$0.5 m to \$0.8 m., pork from \$0.6 m. to \$1.6 m. and dried milk from \$4.6 m. to \$6.1 m. Even though imports of eggs and poultry did decline substantially over the period, imports of animal feed, on the other hand, rose from \$3.8 m. in 1960 to \$7.0 m. in 1971.

There is no doubt that one of the consequences of the push to enlarge the manufacturing sector has been a bias against agriculture. As a natural consequence of this bias, there have been shortages of milk, rice and other essential foods, and a continuous rise in food prices generally, especially after 1966 -- a rise which has been only partially checked by government price controls.

The industrialization programme, designed as it was in effect to cater to the domestic market, has made only a minimal contribution to foreign exchange earnings. Manufactured goods comprise only a small percentage (about 2%) of total exports. Indeed the easy access to world markets of which the Lewis strategy spoke so confidently has not materialized. On the contrary, as Table 15 indicates,

between 1961 and 1970, there has been a persistent deficit in the balance of trade. In 1965 alone, this deficit rose to \$116.0 m.

Private capital movements have also become associated with the development strategy during the period. Table 16 shows that a substantial amount of private capital inflows took place over the period. At the same time however, factor income payments abroad were usually higher and the available data show a net outflow for each year between 1959 and 1966 except for 1960. Table 17 shows net factor income payments abroad rising to its highest yet, \$132.0 m. in 1968. Even though more and more locally-owned firms are taking advantage of the incentives offered, the more profitable areas of investment are controlled outside of Trinidad and Tobago -- hence the high factor income payments outflow.

Table 18 of the Appendix demonstrates yet another unfavourable by-product of the process of industrialization. As a direct consequence of the system of tax incentives extending to periods of up to ten years and, because of the policy that allows the remission of customs duties to industry, two important sources of government revenue have been effectively cut off. While we concede that tax collection measures have improved over the period, this

alone does not explain the bias as demonstrated by the huge increases in individual taxes as opposed to milder increases for corporation taxes.

Between 1959 and 1970, personal income taxes rose from \$9.6 m. to \$42.4 m. a rise of 341%. During the same period taxes paid by corporations rose from \$44.2 m. to \$84.2, or by 90%. Notably this occurred despite increased private investment over the period. If these tax payments were measured in real terms, to account for increases in the price level, corporation income taxes would be seen to have virtually stagnated between 1959 and 1967 with personal income taxes still showing a marked increase. In spite of the increased collection of personal income taxes, sales taxes, ranging from 33 1/3% to as high as 65% have been imposed on major essential consumer durables, the product of the assembly industries. The industrial strategy has therefore resulted in consumers having to bear an increasingly large part of the tax burden as shown through the increasing contribution of personal direct and indirect taxes to total government revenue.

To summarize, let us therefore weigh the successes and failures of the strategy, using as our general guideline the philosophy of structural transformation as outlined by the government in the development programmes.

It is clear that in terms of the composition of the Gross Domestic Product, some transformation has taken place. The data have shown a growing contribution of the manufacturing sector and a decline in the petroleum sector. If, as the strategy explained in the development programmes would have us believe, the growth of the manufacturing sector is in itself a good indicator of development, then, over the period, Trinidad and Tobago has undoubtedly developed. And, by this same criterion, structural transformation has also been observed. But alas, even with development defined in the restricted quantitative growth sense, further analysis reveals that, after all, development may not have taken place.

Despite the appearance of structural transformation, there has been no improvement in the level of employment and as the authorities readily admit, unemployment is as "intractable" as before. This has occurred, may we add, despite substantial migration, especially during the last five years. The industrialization policy has generated few domestic linkages as the economy becomes increasingly dependent on foreign supplies of raw materials and food. The program has been not only devoid of economies of scale but has also had to depend for much of its support on a credit system that seems to emphasize the purchase of consumer

rather than capital goods. In the meantime, adverse balance of payments problems have arisen, in part, because of high factor income payments abroad. It has also been demonstrated that because of the system of incentives through tax concessions and customs duty remissions, government revenue has had to be supported increasingly by consumer taxes and by increases in the public debt.

Some may argue that the pattern of industrialization has introduced new techniques or has contributed to the development of an "efficient, technically-sophisticated" labour force. True as this may be, we argue that such benefits, whenever they arise, are small and, on the contrary, could have been greatly multiplied had the pattern of industrialization been able to generate greater domestic linkages. To those who argued that it is too early to make an analysis, we reply that present indicators and the experience of other countries which have conducted similar policies and programmes are sufficient to alarm even the more conservative analyst. Indeed, using a system of evaluation based on the growth-oriented criteria which the government explicitly holds, the strategy of industrialization by invitation and the development process associated with that strategy have resulted in serious economic shortcomings during the period under review.

But, as was argued in Chapter 2, it is also necessary to confront the bare "results" of the strategy with the criteria for assessing development that were formulated in that chapter and which viewed development and structural transformation from a much broader perspective. In other words, the answers to the general question of whether or not development took place must be provided by reference not only to the usual aggregates of output and employment (as we have already done) but also to those institutional forces that have acted upon or have become associated with the development process during the period. The principal determinants of change will no longer reside simply with the level and composition of the Gross Domestic Product or with employment levels, but instead with "structural transformation" conceived within the context of our earlier definition of development.

It is interesting to note that when some analysts speak of structural transformation in the Trinidad and Tobago context their attention seems to be focussed invariably on the degree to which a manufacturing sector grows or that to which the petroleum sector loses its prominence. [15] Unfortunately, such mere indices cannot reveal whether or not transformation, conceived within our broader frame of reference, has taken place. On the

contrary, we argue, such changes can and do occur without structural transformation.

Structural change can be viewed through the creation of new linkages, through changes in taste patterns, the development of a residential sector with greater domestic linkages, increases in the degree of local processing and manufacturing of resources, the reallocation of land resources, a halt to the brain drain, a restructuring of financial institutions, widening of the channels of national saving and investment flows and the breakdown of barriers between communities within the nation. [16] But all such changes relate to a particular conceptual framework that specifies the degree of stimulation of the "internal dynamic" of the society as the key parameter of development and structural transformation. We therefore argue that regardless of what happens to GDPFC or to imports, exports, taxes or to any of the other conventional indices of economic activity, the important question to be brought to bear on the discussion must now be whether or not this internal dynamism has been generated in Trinidad and Tobago during the period under review.

Therefore, to specify whether or not development, so defined, has taken place, different kinds of questions must be asked. We must determine whether or not the economy

remains as externally-propelled as before, whether or not foreign life-styles continue to determine the pattern of everyday life, and whether or not the social, cultural and political institutions have been remoulded in response to those new demands that "development" necessarily places on any society. Only answers to these questions can indicate whether or not structural transformation and thus, development, have taken place.

A review of the economic structure of Trinidad and Tobago after twelve years or so of "development" highlights one significant fact -- the predominance of external control. The mainstay of the economy, the petroleum sector, remains, despite recent attempts at public participation, virtually under the exclusive control of foreign interests, as the Texaco, Shell and Amoco oil companies predominate. The banking and financial sectors have themselves undergone only token "localization". The Royal Bank of Canada, for example, has become The Royal Bank of Trinidad and Tobago, a wholly-owned subsidiary of the parent company in Montreal. In other spheres, Federation Chemicals, manufacturers of fertilizer and Trinidad Cement Ltd. are still owned and controlled abroad. Ironically, only in the sugar industry (an apparently losing and inefficient proposition) has there been effective localization. It is evident that in spite of

some public sector participation, control of the major sectors of economic activity continues to rest outside the domestic economy, leaving the country as dependent on external economic agents as before.

After ten years or so of industrialization, Trinidad and Tobago depends excessively on its foreign-controlled petroleum sector for some 80% of its foreign-exchange. Not only does it depend on external sources for a large proportion of the inputs of its "industries", but, as we have shown, it pursues credit policies which cater to these industries and to the business carried on by the foreign-owned financial institutions. In other words, the fate of the economy is not determined domestically, but rests almost entirely in the hands of foreign interests.

In recent times, the pattern of external propulsion has been even more pronounced. For example, the fact that the currency remains tied to the British pound (another hangover of colonial days) has made necessary two passive devaluations since 1967. Similarly, the frequent model changes in the auto industry are made not in consideration of domestic development needs and ambitions but as a result of corporate considerations in Detroit, Tokyo or London. What this means is that decisions that are decidedly important to the economy's performance continue to be made

externally, depriving the local economy of the freedom to make those choices that it might deem more suitable to its own peculiar situation.

The entire domestic economy is therefore married to a metropolitan sector in a relationship in which it is not an equal partner. It is marriage of this sort that effectively mirrors the failure to develop the internal dynamic of the economy. Exclusive dependence on foreign sources of supply, on foreign capital, on foreign technology and foreign expertise cannot create structural transformation or generate the internal dynamism of the society. Rather it entrenches and reinforces the political, social and economic stranglehold that metropolitan powers have held in Trinidad and Tobago for over three hundred years. Therefore, in spite of some attempts to "domesticate" the economy, external propulsion persists -- external propulsion that is in direct conflict with our criteria that established the generation of the internal dynamism of the society as the essential ingredient of development. Given these criteria and faced with the fact of continued external propulsion of the economy, the conclusion is inescapable that at least in the "economic" realm, Trinidad and Tobago has not developed during the period under review.

Moreover, this reliance on external agents is not

limited to the economic sphere but extends beyond, to every other theatre of life, and the penchant for a foreign modus vivendi that characterizes life in Trinidad and Tobago becomes all the more powerful.

Recent migration (see Table 19), especially to North America, has been not merely a reflection of the overall failure to come to grips with the development problems in its social and especially, political and economic terms. It has meant much more. Such migration has meant a realization of the cultivated desires for the foreign way of life and has also meant that returning and temporary-stay migrants can influence those behind of the "wonders" of life abroad and further inculcate those foreign tastes, habits, speech, etc. that one comes to associate with a returning migrant. The worst fears of Nurske's "demonstration effect" thesis become increasingly apparent. [17]

Examples of the "demonstration effect" are present everywhere. In speech, all the slangs of the "brothers on the block" and other aspects of North American urban subculture have crept into local use. Indeed, to the uninitiated, words such as "funk", "jive", "flick", and "groove" would prove to be difficult tests in comprehension. But this should be expected in a country in which "Love American Style" and "The Flip Wilson Show" and other

assorted trivia of North American television, are offered on the local state-owned television station as entertainment, or similarly in a country where it is difficult to say with certainty that the calypsonian, Mighty Sparrow, is held in as much esteem as, say, James Brown or Aretha Franklin.

These are all symptoms of the general malaise -- continued external propulsion of the society. Just as the Texacos or the Royal Banks dominate the economic aspects of life, so too does the foreign way of life in the cultural and social sense. Given our view of development, redefined, the existence of this form of external propulsion makes inevitable the conclusion that development in this realm has not been taking place.

It is important to caution, however, that this approach to the development problem should not be interpreted as a move to promote xenophobia. We concede that, especially in today's interdependent world, it is fruitless and clearly unwise to try to excommunicate oneself entirely from the mainstream of international interaction. However, the question becomes a matter of grave concern when external contact transforms itself into an excessive preoccupation with foreign ways of doing things. When a country has to depend on external sources of supply for its cultural distractions, let alone its economic wherewithal,

then surely one cannot say that such a country is developing. It is therefore our contention that, given the criteria previously established, the apparent failure to generate the internal dynamism of the society as evidenced by increasing dependence on foreign patterns of taste, speech, fashions and the like is anathema to the development process.

In evaluating further the degree to which development has taken place we could, for example, look at the way in which political institutions have "developed" over the period. The most dominant feature of politics in Trinidad and Tobago is the high degree of centralization. No effective system of local control has emerged, and all must look to Port-of-Spain and the politicians there for guidance at both the local and national levels.

In effect, such centralization is no different from that which prevailed in colonial times. Just as the colony looked to the metropole for solutions to all its problems, so too do the villages and townships, from Charlotteville in the north-east to Cedros in the south-west, look to Port-of-Spain and more specifically to Whitehall for solutions to matters affecting every aspect of their lives.

Such a system of political organization is inimical to the development of the country because it effectively prevents people in their local communities from deciding on their own particular local priorities, from establishing

meaningful local government, in effect from having a greater degree of local control over their destinies, and from learning to shoulder the new responsibilities that such control necessarily involves. Over-centralization of government activity reduces the scope for effective popular participation in decision-making, and thus tends to frustrate the development process by limiting the opportunities for learning to make decisions -- an essential ingredient of the process of structural change.

It is important to note, however, that while we stress local control as a means of generating the internal dynamic, we recognize that a central government must necessarily coordinate national policies as approved by the communities and that there are certain functions that may be more efficiently performed by that central authority. What we oppose is the concentration of all decision-making in Whitehall, just as we opposed the control of economy in the far-off metropole, for it is clear that such concentration of power is not conducive to the release of latent energies that one identifies with a strategy aimed at the stimulation of the internal dynamic of the society. It entrenches a pattern of political and economic organization that requires people to look beyond themselves, as a matter of course, for answers to all their problems, just as was the custom in

colonial times when the colony looked to the mother country. A political system that stresses dependence on external agents, cannot be said to be in keeping with a view of development that stresses the generation of the internal dynamic. In this respect, therefore, Trinidad and Tobago has not developed.

In the realm of education, though, it must be readily acknowledged that some advancement has undoubtedly taken place, especially in terms of government's efforts to expand educational opportunities over the period. The several new secondary schools, the John Donaldson Technical School and the University of the West Indies Campus at St. Augustine all bear testimony to this fact. Indeed, in the period under review, the number of primary and intermediate school places increased from 190,557 in 1961 to 224,343 in August, 1969. [18] At the secondary level, the number of students registered in government and assisted schools rose from 10,639 in 1959 to 27,435 in July, 1969. [19] Similar trends also appear for the number of trained primary teachers and secondary teachers with university education.

Commendable as these efforts undoubtedly are, it is also true that the state has so far been unable to provide secondary education to all students. Of far greater significance is the fact that, apart from the limited

educational opportunities, the goals of education have not been redefined to blend with the needs of a changing society. The educational system in Trinidad and Tobago remains, for all intents and purposes, the same today as it was in 1959.

It is common knowledge that in many schools the subjects, agricultural science and woodwork continue to be set aside for those students in the lower divisions of forms whereas the higher divisions are expected to concentrate on the more "academic" Chemistry, Mathematics or Spanish, and to be more familiar with Shakespeare, Keats and Burns (important though they are) than with Naipaul and Walcott. Moreover, despite the emergence of the University of the West Indies, the senior matriculation examinations continue to be conducted through Cambridge and London universities.

It is important to note that while these criticisms are not intended to suggest that the islands should terminate all external links, we challenge the view that certain links, patently unnecessary and "subversive", should continue to be maintained. What we do want to emphasize is the fact that there has been no systematic attempt to determine the educational requirements demanded by "development" and to restructure the system to accord with these new demands. Consequently, an educational system

acquired in the colonial past but in many ways unsuitable to the needs of a new dynamic society envisaged in our view of development continues to be maintained. Like the economic structure and the social fabric, the system of education is seen as unnecessarily acted upon by external agents, and therefore incapable of accepting that role of catalyst that a policy aimed at the stimulation of the internal dynamic would naturally ascribe to it. On the basis of our previously-established criteria, it would therefore seem reasonable to conclude that in the realm of education, development has once more not occurred.

Finally, a note on some other human aspects of the development problem. In spite of "development" efforts, Port-of-Spain has become a very good example of the dualism and socio-economic inertia of modern urbanization. Nationally, water supply is deficient or non-existent in many areas, a housing crisis persists, recreational facilities are few and nutritional standards are low for a large segment of the population. It should be no surprise, therefore, that within the last two years, the country has been visited by polio and typhoid epidemics.

While it cannot be claimed that these are the results of deliberate government policy or that solutions can be found overnight, we argue that given our view of

development, their continued presence intensifies the human dimensions of the development problem -- that of providing the framework within which the internal dynamism of the society can be effectively stimulated.

In summary, therefore, the crucial problem must be to determine precisely, whether or not development, defined both in the official and in our own terms, has taken place. Using the official criteria, we have shown that while some "transformation", measured in terms of the Gross Domestic Product, has taken place, the problem of unemployment still looms large. Measured in these terms, the development effort has been only partially successful. By the broader criteria implicit in our view of development, we have shown that despite marginal shifts in the pattern of production, certain important structural impediments to development persist. We have argued that these impediments include foreign control of the largest sectors of the economy and thus the important centers of economic decision-making, the existence of a strong demonstration effect, political over-centralization, an unadjusted educational system and dubious social-welfare policies.

We therefore contend that by concentrating its efforts on a high-import industrialization programme, by tacitly permitting and implicitly condoning the continuation

of foreign social, cultural and economic control of the society, by maintaining a system of government notable for excessive centralization, by failing to restructure its educational system to serve the needs of development or to provide reasonable standards of public health, nutrition and recreation -- thus failing to provide the framework within which "new combinations" can be successfully generated, the approach to development adopted during this period has been unable to release the latent energies of the people. It has failed to generate the internal dynamic of the society. The development of Trinidad and Tobago was seriously handicapped during the period under review.

Footnotes

1 Trinidad and Tobago, Ministry of Planning and Development, First Five-Year Development Programme, 1958-62 (Port-of-Spain: Government Printery, 1959), p. 6.

2 Ibid.

3 Ibid. pp. 3-4.

4 Trinidad and Tobago, Ministry of Planning and Development, Second Five-Year Development Programme, 1964-68 (Port-of-Spain: Government Printery, 1964), p. 143.

5 Ibid. p. 147.

6 Trinidad and Tobago, Ministry of Planning and Development, Third Five-Year Plan, 1969-73 (Port-of-Spain: Government Printery, 1970), p. 11.

7 Ibid. p. 13

8 Ibid. p. 224.

9 Ibid.

10 Indeed this problem of high investment and high unemployment had so perplexed Professor Lewis that in 1964, he made a public statement expressing his concern. Furthermore, the official figures do not adequately account for disguised unemployment nor for those unemployed who have ceased looking for work.

11 The survey excludes firms in the petroleum sector despite their size and importance, since government action seemed to be directed outside of that sector. Investments of the firms surveyed totalled \$143.1 m. or 56% of total private investment that has come to be associated with the incentive programme.

12 High import content is common to the import substitution industries of many other underdeveloped countries viz -- Jamaica, Pakistan, Chile.

13 The banks are not now all foreign owned. Since the February Revolution, 1970, a state bank, the National Commercial Bank of Trinidad and Tobago and the Workers Bank have been established. Despite "localization" of the

metropolitan banks, effective control still rests abroad.

14 For the Pakistan case see:

(i) Khan, T. M. and Bergman, A. "Measurement of Structural Change in Pakistan Economy." Pakistan Development Review, VI (Summer, 1966), 163-208.

(ii) Power, J. H. "Industrialization in Pakistan: A Case of Frustrated Take-Off." Pakistan Development Review, III (Summer, 1963), 191-207.

15 See, for example,

Rampersad, F. "Growth and Structural Change in the Economy of Trinidad and Tobago, 1951-61." CSO Research Papers, I (Dec., 1963), 82-176.

16 Lloyd Best and Kari Levitt, op. cit. p. 63.

17 Ragnar Nurske, Problems of Capital Formation in Underdeveloped Countries, (New York: Oxford University Press, 1970), pp. 58-70.

18 Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest 1970 (Port-of-Spain: Government Printery, 1971), Tables 67 and 68, p. 68.

19 Ibid., Table 73, p. 77.

CHAPTER 7

CONCLUSION

The discussion has so far attempted to provide explanations for the failure of development to occur in Trinidad and Tobago during the period under review. While our purpose is not to present a detailed alternative strategy, it seems appropriate in review, to present the broad outlines of an alternative, based on both the lessons drawn from the Trinidad and Tobago experience and the theoretical framework developed in earlier sections.

We have witnessed the emergence over the period of a view that identified unemployment and the lack of industrialization as the principal constraints to development. In addressing itself to these problems the government undertook as its major strategy, a policy of industrialization by invitation that had been employed for some time in Puerto-Rico. We have witnessed the creation of a wide system of industrial incentives (invitations) which became later associated with substantial increases in both public and private investment. It is also clear that after ten or twelve years or so of such investment, unemployment remains high and whatever economic transformation that has taken place has been marginal, as traditional sources of

dependence (oil and sugar) continue to predominate. If, as is the official tendency, we equate development with a reduction in unemployment and some critical minimum level of economic transformation, even within these narrow limits, it is abundantly clear that development has not taken place.

We argue further, however, that this failure to develop must not be understood in such limited terms but rather should be related to the particular conceptualization of development that bred the industrialization by invitation strategy upon which the whole development effort is based. Indeed a view of development that establishes industrialization and growth as its major priority necessarily fails to come to grips with what we consider to be the most important feature of development, its human dimensions. To generalize, we insist that it is the failure of governments to understand the development problem in its institutional or structural dimensions and to take the painful remedial steps that will always be necessary, that has contributed significantly to the apparent inability of less-developed countries to reach the take-off stage, let alone to become air-borne.

Clearly, it is that narrow view of development that overemphasizes the role of industrialization and growth in contrast to broader structural factors that explains the frustrations and unrealized ambitions of many a development planner. In those instances where planners happen to

conceive of the structural roots of the problem, they hesitate and eventually refuse to take action for fear of upsetting the traditional order. But it is this very traditional order, the traditional way of doing things, that embodies the structural constraints to development.

We can now understand why Trinidad and Tobago, like so many other LDC's, had embarked on a policy of import-replacement rather than import-displacement. The former fits neatly into the established organizational stream, the latter necessarily requires a disruption of established patterns. Indeed, this is not to argue that growth is unimportant; instead, we emphasize that what is equally if not more important is the particular type of setting within which such growth or industrialization comes about -- the structural framework.

The next question seems to be, how do we go about promoting this institutional or structural changes that are necessary conditions for development? George Beckford submits,

...the precondition of all preconditions for change and transformation is a structuring of the minds of people to accomodate the change. [1]

Indeed, Beckford's view confirms the earlier call for

policies designed towards changing organizations and habits, attitudes and institutions, religious beliefs and social valuation. It is precisely in these terms that the "internal dynamic" of Best and Levitt must be understood.

In other words, conscious action must be taken by the society to break down the institutionalist forces of underdevelopment and so to release the energies of the entire society. This involves changing the structure and goals of education, replacing foreign control of the economy with domestic control, insulating the economy from the demonstration effect, providing avenues for cultural and artistic expression, generating incentives for the development of domestic enterprise, in general, recapturing those large segments of the society that have been for so long under de iure or de facto foreign control.

It cannot be over-emphasized that this approach to the problem does not mean that a developing country should abandon all forms of external contact. on the contrary, we believe that some forms of contact (trade, communications, etc.,) are essential especially to small developing societies such as Trinidad and Tobago. What we do reject, however, is the overwhelming influences that external forces have had on the society and the psychological dependence that is bred by such control.

The problem is, therefore, one of translating this broad vision of the development problem to the narrower limits of Trinidad and Tobago. In so doing, we state categorically that the central purpose of any new development strategy or combination of strategies must necessarily be designed to release the full energies of the society as soon as possible -- to generate the internal dynamic of the society. Above all this means a severing of the unnecessary links that have tied the country, in economic, social and political terms, to the metropole for over 300 years.

In the economic realm, a new approach to development must be based on domestication of the economy. De facto or de iure forms of external control must be destroyed, foreign enterprises operating only on terms compatible with an appropriately defined "national interest". The new view of development involves providing assistance and incentives to local producers and designers to give expression to their creative and productive talents; and with controls on foreign supplies, there would be ample opportunity for such expression. The alternative approach would mean, for example, developing the agricultural sector from the field to the cannery, thus reducing food imports, abandoning inefficient import-substitution industries, localizing the

banking and financial sector, abandoning unnecessary obligations to international organizations such as the IMF, and in the meantime increasing economic relationships with other Caribbean countries. In other words, the changes envisaged will remove all forms of unnecessary external economic relationships on the one hand, and on the other, guarantee the institutional and structural framework within which the energies of the population at large could be effectively released for productive effort. Only by taking these and similar steps and not by further continuance of the outdated policy of industrialization by invitation can the authorities ever hope to solve the pressing problems of unemployment and economic transformation.

Similar structural changes would also be required on the political and social fronts. In politics, the primary efforts should be directed towards the decentralization of government activity. In the same way that we call for localization of the economy, so too we argue, that there must be a greater degree of local participation in both local and national decision-making. The Westminster model of government, already weakened by attacks on all sides must be replaced by an alternative system more appropriate to the history and present needs of Trinidad and Tobago. Above all, politics must be divorced from the racialism to which it has

always been subjected and strive to remove those inequities which people have come to regard as inevitable. On the social welfare front, we also identify a need for structural changes. These changes require the revamping of the entire educational system to suit the new development needs of the country. This means in addition to Chemistry and Mathematics, Agriculture, woodwork, fishing and business would be made integral parts of school curricula. It means replacing overseas examinations with ones administered by The University of the West Indies, itself structurally reformed, establishing an efficient system of adult education that emphasizes training and retraining to suit the new situation, providing avenues of expression for local musicians, actors, painters, etc. Above all, cultural transformation must involve insulation of the economy from the demonstration effect that characterize all phases of human activity in Trinidad and Tobago and the rest of the Caribbean.

That such structural changes would be difficult to implement, at least in the initial stages, cannot be denied. Any attempt to undertake radical structural changes will undoubtedly be opposed by vested interests within the society. But, difficulty must not be synonymized with impossibility or even improbability. In fact we posit the

view that it is the obsession with the difficulties that are linked to structural transformation that has induced many a planner to opt for easier and apparently ill-fated alternatives. The choice facing society has to be between further accommodation of these vested interests or the painful actions towards sweeping the economy out of its structural disequilibrium. That choice is clear. Whereas underdevelopment is manifested through this very structural disequilibrium, the development effort necessarily requires changing the structure of the society, uprooting it from its traditional mould, releasing the latent energies of its people and propelling a cumulative effort towards greater self-sufficiency and independence. This is the task to which Trinidad and Tobago, in fact the entire underdeveloped world, must address itself in the years ahead.

Footnotes

1 George Beckford, Persistent Poverty, (New York: Oxford University Press), 1972, p. 233.

APPENDIX 1

THE SEERS' MODEL OF AN OPEN PETROLEUM ECONOMY

Major Assumptions.

1. Exports consist only of petroleum.
2. Government revenue is obtained only through petroleum taxes.
3. All imports are bought by the private domestic sector.
4. Government expenditures are on wages and salaries only.

	Export Sector	Government Sector	Private Sector
Labor Incomes	L_x	L_g	L_d
Profit (net of tax)	P_x	..	P_d
Taxes	T_x	..	..
Exports, Imports	X	..	M

Assuming further that the budget and foreign payments are in balance

$$L_x + P_x + T_x = X \quad (\text{Export Sector}) \quad (1)$$

$$L_g = T_x \quad (\text{Government Sector}) \quad (2)$$

$$M + L_d + P_d = L_g + L_x + L_d + P_d \quad (\text{Private Domestic Sector}) \quad (3)$$

$$X = M + P_x \quad (\text{Rest-of-world Account}) \quad (4)$$

Assuming

e^x = rate of expansion of exports;

e^w = rate of expansion of wage-rates;

oX = level of exports in base year;

oL_x = level of total petroleum wages in base year;

t = time period;

then,

$$X = oXe^{xt} \quad (5)$$

$$L_x = oL_x e^{wt} \quad (6)$$

Given that pre-tax profits are divided between revenue and profits in an unknown way, then tax revenue can be expressed as a constant fraction of post-tax profits. Thus,

$$T_x = 1/\alpha \cdot P_x \quad (7)$$

Assuming further that imports absorb a constant proportion of private domestic demand,

$$M = \beta (L_g + L_x + L_d + P_d) \quad (8)$$

Profit margins are assumed constant in the private domestic sector, thus,

$$L_d = 1/\pi \cdot P_d \quad (9)$$

From (1), (2) and (7),

$$\begin{aligned} L_g &= T_x \\ &= X - L_x - T_x \\ &= \frac{X - L_x}{1 + \alpha} \end{aligned} \quad (10)$$

From (3), (8) and (9),

$$\begin{aligned} L_g + L_x &= M \\ &= \beta (L_g + L_x + L_d + \pi L_d) \end{aligned}$$

so that

$$L_d = \frac{(L_g + L_x)(1 - \beta)}{\beta(1 + \pi)} \quad (11)$$

But

$$L_g + L_d = \text{Total wages paid outside the export sector.}$$

Assuming

$$W_{g+d} = \text{Average wages in non-export sector;}$$

$$M_{g+d} = \text{Level of employment in non-export sector;}$$

but,

$$W_{g+d} = \omega W_{g+d} e^{wt} \quad (12)$$

Simplifying equations (10), (11) and (12),

$$U_{g+d} = \frac{\omega X_e^{(x-w)t} \cdot (1 + \pi\beta) - \omega L_x (\pi\beta + \alpha\beta + \beta - a)}{\omega W_{g+d} \cdot \beta (1 + \pi) (1 + \alpha)} \quad (13)$$

$$\frac{dU_{g+d}}{dt} = \frac{(x-w)\omega X_e^{x-wt} (1 + \pi\beta)}{\omega W_{g+d} \cdot \beta (1 + \pi) (1 + \alpha)} \quad (14)$$

The five influences on domestic employment are X , W , α , β and π . Seers therefore concludes that if α , β , and π are constant, employment will grow only if exports increase more quickly than average wages; the smaller is α , the faster will employment rise.

Writing $\frac{1 + \pi\beta}{\beta(1 + \pi)}$ as $\left[1 + \frac{1 - \beta}{\beta(1 + \pi)} \right]$ Seers shows

that the lower the profit margin in the private domestic sector (i.e. the lower is π) the faster the growth in employment; the lower β (the propensity to import), the faster the rate at which employment expands.

The Seers' model has come under criticism from Havelock Brewster. Brewster argues that if we divide equation (14) by L , the labor force, the result would be an expression of the growth in employment measured as a fraction of the labor force. Setting this expression equal to the rate of growth of the labor force as a fraction of the labor force, if there is a backlog of unemployed persons, labor would have to be absorbed at a rate faster than the increase in the labor force. This, Brewster believes, makes the Seers' model somewhat tautological. Brewster in turn constructs a model that makes the rate of absorption of labor an integral part of that model.

APPENDIX 2

A SUMMARY OF THE THREE DEVELOPMENT PROGRAMMES

The main thrust of the first five-year plan was directed to two broad target areas. The plan focussed primarily on employment creation and economic diversification. In addition, it extended its scope to include programmes aimed at the elimination of such pressing social problems as poor housing and limited educational opportunities.

Since the reduction of unemployment was regarded as dependent on the creation of a diversified economic structure, the plan's main objective was the provision of an infrastructure deemed necessary for such diversification to take place.

The principal goals of the first plan were therefore,

- the establishment of an Industrial Development Corporation;
- the creation of 35,000 new jobs, 17,000 of which would come from expansion of the "basic industries" (petroleum, manufacturing, tourism and agriculture) and the remainder from new investment projects;

- increased generating capacity of power plants;
- increased water supply;
- accelerated road construction and renovation of existing ones (viz - Lady Young Road, Beetham Highway, North Coast Road (Las Cuevas) North Coast Road (Tobago);
- the provision of more adequate housing to low and middle-income groups through low-cost self-help construction and through government mortgage financing;
- increase in the number of available school places through the construction of new primary and secondary schools.

Actual expenditures on the plan totalled \$218.5 m. Even though some external financing was available, the plan relied heavily on domestic finances generated through higher income and sales taxes.

The second plan (1964-68) continued those efforts that had been initiated in the first plan. It also sought to accelerate the growth of the manufacturing sector, which, by then, had begun to respond to efforts undertaken during the first plan.

The major physical targets of this plan were:

- 5.1% annual average growth in real G.D.P.;

- 7.1% annual average growth in manufacturing;
- development of 100 acres of new industrial sites;
- an additional 160 megawatts of generating capacity;
- 28 miles of new main road;
- 12 million additional gallons of water per day;
- 384 new urban apartments;
- \$12.8 m. in additional public-housing loans;
- 11,500 new primary and secondary school places;
- 2,000 university places.

The plan involved an estimated expenditure of \$302.6 m., to be financed as follows,

Local Sources	\$95.0 m.
Chaguramas Agreement	50.5 m.
International Money Markets	66.0 m.
Foreign Grants and Long Term Loans	91.0 m.

Actual expenditures finally totalled \$299.5 m., or 94% of the original estimate.

The third plan (1969-73) is sometimes considered as a modified version of the second plan. However, as was

demonstrated earlier while the conceptualization of development changed, the development strategy remained the same. Thus the third plan was shown to be a continuation of a process that had begun ten years earlier.

Its principal physical targets were:

- the creation of 48,000 new jobs;
- 4.5% annual average growth in real G.D.P.;
- 6% annual average growth in manufacturing;
- 5% annual average growth in agriculture;
- 21 million additional gallons of water per day;
- 80 additional megawatts of power capacity;
- 24 miles of new highway;
- 100% increase in non-petroleum industrial exports;
- 51,250 new primary and secondary school places, in addition to 9,000 vocational places;
- 2,900 new housing units.

Estimated expenditure for this plan stood at \$380.0 m. and were to be financed thus,

Public Sector Savings	\$125.0 m.
Capital Receipts and Other Internal Borrowing	88.0 m.
Foreign Loans and Grants	140.5 m.
Uncovered Balance	26.4 m.

APPENDIX 3

TABLES

TABLE 1
COMPOSITION OF GROSS DOMESTIC PRODUCT 1952-68
(\$ 000,000)

Industry Group	1952	1953	1954	1955	1956	1957	1958	1959	1960
Agriculture, Forestry Fisheries and Quarrying	61.0	69.3	76.9	83.6	84.1	93.6	98.5	99.0	108.4
Oil and Asphalt, including mining and refining	98.3	121.2	120.1	138.9	187.1	237.1	233.3	261.4	263.4
Manufacturing	46.8	50.8	54.6	69.4	61.2	67.9	91.3	103.1	108.2
Construction	9.3	8.1	10.1	14.1	17.0	20.7	32.3	36.3	40.6
Wholesale and Retail Trade*	34.3	35.1	37.0	54.3	72.6	85.9	97.2	109.3	117.2
Government	36.2	40.7	47.9	48.6	51.2	52.6	63.4	70.8	82.5
Other	57.5	61.1	63.9	67.2	83.1	101.3	103.4	119.2	145.6
Gross Domestic Product at Factor Cost	343.4	386.3	410.5	476.1	556.3	659.1	719.4	799.1	865.9
Gross Domestic Product at Market Prices	364.3	408.0	436.0	505.6	589.9	695.2	763.5	846.2	918.3

TABLE 1 -- Continued
(\$ 000,000)

Industry Group	1961	1962	1963	1964	1965	1966	1967	1968
Agriculture, Forestry Fisheries and Quarrying	112.5	108.3	115.7	101.8	105.5	107.3	111.6	127.0
Oil and Asphalt, including mining and refining	286.3	291.5	296.9	301.0	294.1	313.6	350.4	366.0
Manufacturing	119.5	132.1	160.0	161.8	179.2	198.4	218.6	260.0
Construction	49.7	55.3	64.4	57.3	58.6	58.2	53.2	65.0
Wholesale and Retail Trade*	126.1	132.7	175.9	193.0	211.7	235.2	240.8	273.0
Government	93.1	100.5	104.3	115.2	118.6	132.4	139.6	162.6
Other	167.6	183.3	158.9	193.9	208.2	239.8	253.7	272.9
Gross Domestic Product at Factor Cost	954.8	1005.7	1076.1	1124.0	1175.9	1284.9	1377.9	1527.5
Gross Domestic Product at Market Prices	1002.8	1061.7	1103.8	1149.6	1181.9	1349.9	1437.3	1627.6

* After 1962, this category also includes Transportation.

Sources: (i) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1952-62, (Port-of-Spain: Government Printery, 1964) Acc. 1, pp. 1-2.

(ii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, (Port-of-Spain: Government Printery, 1955-70), No. XII, Table 130, p. 157; No. XVI, Table 135, p. 116; No. XX, Table 136, p. 128.

TABLE 2

PERCENTAGE COMPOSITION OF GROSS DOMESTIC PRODUCT 1952-68

Industry Group	1952	1953	1954	1955	1956	1957	1958	1959	1960
Agriculture, Forestry and Quarrying	17.78	17.88	18.73	17.65	15.11	14.26	13.77	12.39	12.47
Oil and Asphalt, including mining and refining	28.57	31.35	29.20	29.30	33.63	35.96	32.41	32.67	30.37
Manufacturing	13.70	13.21	13.38	14.50	10.97	10.32	12.66	12.89	12.47
Construction	2.62	2.07	2.43	2.94	3.06	3.18	4.45	4.51	4.73
Wholesale and Retail Trade (a)	9.91	9.07	9.00	11.34	13.13	13.05	13.49	13.64	13.51
Government	10.50	10.62	11.68	10.29	9.17	8.04	8.76	8.89	9.58
Other	16.91	16.58	15.57	14.08	14.93	15.33	13.22	14.89	16.86
Total Gross Domestic Product (b)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE 2 -- Continued

Industry Group	1961	1962	1963	1964	1965	1966	1967	1968
Agriculture, Forestry, and Quarrying	11.83	10.74	10.78	9.07	9.01	8.33	8.13	8.31
Oil and Asphalt, including mining and refining	29.95	29.03	27.60	26.78	25.00	24.44	25.40	23.90
Manufacturing	12.57	13.12	14.87	14.41	15.22	15.41	15.89	17.02
Construction	5.24	5.47	5.95	5.07	5.02	4.51	3.85	4.25
Wholesale and Retail Trade (a)	13.19	13.42	16.36	17.17	18.03	18.29	17.49	17.87
Government	9.74	10.04	10.23	10.23	10.12	10.27	10.89	10.67
Other	17.59	18.19	14.78	17.26	17.69	18.68	18.43	17.87
Total Gross Domestic Product (b)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) After 1962, this category also includes Transportation.

(b) Totals may not add owing to rounding.

Calculated from: Table 1.

TABLE 3

PER CAPITA INCOME, EMPLOYMENT AND PRICE LEVELS 1960-68

	1960	1961	1962	1963	1964
Mid Year Population Levels	827,957.0	854,337.0	884,577.0	913,127.0	937,287.0
National Income (\$ million) (Nominal)	683.7	742.0	779.4	837.8	901.1
National Income (Real)	683.7	773.9	767.9	775.0	826.7
Per Capita Income (Nominal)	826.7	868.5	881.1	956.9	961.4
Per Capita Income (Real)	826.7	859.0	868.1	848.7	882.0
Retail Price Index (1960=100)	100.0	1101.1	104.1	108.1	109.0
Level of Unemployment (%)	..	..	..	14.0	14.0

TABLE 3 - Continued

	1965	1966	1967	1968
Mid Year Population Levels	959,457.0	977,337.0	990,057.0	1,001,987.0
National Income (\$ million) (Nominal)	992.2	1,062.5	1,138.4	1,291.7
National Income (Real)	831.6	919.9	965.6	1,012.3
Per Capita Income (Nominal)	961.1	1,087.1	1,149.8	1,289.1
Per Capita Income (Real)	866.7	914.2	975.3	1,010.3
Retail Price Index	110.9	115.5	117.9	127.6
Level of Unemployment (%)	14.0	14.0	15.0	15.0

Sources: (i) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, (Port-of-Spain: Government Printery, 1955-70), No. XII, Table 125, p. 154; No. XX, Table 136, p. 128; Table 163a, p. 159.

(ii) Trinidad and Tobago, Central Statistical Office, (Unpublished Data).

TABLE 4

PRODUCTION AND DISPOSAL OF RADIOS AND TELEVISION SETS 1969-71
(units)

PERIOD	RADIOS				TELEVISIONS			
	Production	Local	S A L E S Export	Total	Production	Local	S A L E S Export	Total
1969	13,987	9,571	2,883	12,454	5,594	5,889	985	6,874
1970	11,657	11,601	1,197	12,798	7,869	7,688	288	7,971
1971	6,781	12,598	427	14,025	10,828	10,303	569	10,872
<u>1972</u>								
January	433	515	..	515	594	329	..	329
February	1,870	1,695	240	1,925	583	495	..	495
March	1,630	1,555	75	1,630	2,037	1,345	..	1,345
April	197	488	..	488	1,616	1,379	55	1,434

Source: Trinidad and Tobago, Central Bank of Trinidad and Tobago, Statistical Digest, V (June, 1972), Table 45 (Mimeographed).

TABLE 5
 PRODUCTION AND DISPOSAL OF ASSEMBLED MOTOR VEHICLES 1969-71
 (units)

PERIOD	PRODUCTION			SALES		
	Passenger Cars	Commercial Vehicles	Total	Passenger Cars	Commercial Vehicles	Total
1969	4,861	745	5,606	4,378	576	4,954
1970	5,435	879	6,314	5,548	956	6,504
1971	6,074	962	7,036	6,833	1,285	8,118
<u>1972</u>						
January	512	48	560	460	129	589
February	1,041	128	1,169	682	126	808
March	683	88	771	645	139	784
April	685	81	766	514	126	720

Source: Trinidad and Tobago, Central Bank of Trinidad and Tobago, Statistical Digest, V (June, 1972), Table 44 (Mimeographed).

TABLE 6

PRODUCTION AND DISPOSAL OF GAS COOKERS AND REFRIGERATORS 1969-71
(units)

PERIOD	GAS COOKERS				REFRIGERATORS			
	Production	Local	S A L E S Export	Total	Production	Local	S A L E S Export	Total
1969	14,725	6,370	9,346	15,716	9,713	6,893	2,792	9,685
1970	11,613	6,710	3,988	10,698	8,540	7,765	1,612	9,377
1971	21,858	9,763	11,913	21,676	15,641	10,659	6,214	16,873
<u>1972</u>								
January	1,628	326	340	666	613	306	..	306
February	2,654	498	1,324	1,822	1,124	436	541	977
March	3,240	445	1,775	2,220	1,930	659	1,115	1,814
April	1,171	687	1,000	1,687	1,562	854	486	1,400

Source: Trinidad and Tobago, Central Bank of Trinidad and Tobago, Statistical Digest, V (June, 1972), Table 46 (Mimeographed).

TABLE 7

INSTALMENT CREDIT: INDICES OF CREDIT OUTSTANDING
1963-71
(September 1968 = 100)

End of Period	Financial Institutions (1)	Commercial Banks (2)	Finance Houses (3)
1963	106.4	109.3	101.0
1969	139.4	143.4	131.7
1970	166.8	178.9	143.6
1971	180.8	214.1	117.0
<u>1972</u>			
January	185.6	222.5	114.8
February	185.9	223.3	114.2
March	192.7	234.1	113.5
April	199.7	243.6	115.9

Source: Trinidad and Tobago, Central Bank of Trinidad and Tobago, Statistical Digest, V (June, 1972), Table 27 (Mimeographed).

TABLE 8
 INSTALMENT CREDIT: NEW BUSINESS AND REPAYMENTS
 OF FINANCIAL INSTITUTIONS 1969-71
 (\$ 000)

PERIOD	TOTAL		COMMERCIAL BANKS		FINANCE HOUSES	
	New Business (1)	Repayments (2)	New Business (3)	Repayments (4)	New Business (5)	Repayments (6)
1969	66,652	50,016	43,656	33,693	22,996	18,323
1970	72,768	60,587	52,878	42,518	19,890	18,068
1971	83,345	77,146	68,741	58,483	14,604	18,664
<u>1972</u>						
January	6,638	4,504	5,471	3,011	1,167	1,494
February	8,960	8,820	7,500	7,274	1,460	1,556
March	8,107	5,052	6,779	3,603	1,328	1,444
April	7,984	4,911	6,286	3,543	1,698	1,368

Source: Trinidad and Tobago, Central Bank of Trinidad and Tobago, Statistical Digest, V (June, 1972), Table 27 (Mimeographed).

TABLE 9

INSTALMENT CREDIT: TOTAL VALUE AND PERCENTAGE DISTRIBUTION
OF NEW BUSINESS 1969-71

PERIOD	New Business \$000	Cars Including Motor Cycles %	Commercial Vehicles %	Agri. Plant and Machinery %	Indust. Bldg. Plant and Machinery %
1969	84,684	36.4	5.5	4.2	2.1
1970	97,390	37.1	5.6	0.9	2.8
1971	112,574	33.8	6.6	1.6	3.0
<u>1972</u>					
January	8,855	37.1	9.1	0.4	3.5
February	11,124	35.6	9.0	1.2	13.6
March	10,576	36.0	6.0	0.7	7.3
April	9,898	38.6	8.4	0.4	4.5

TABLE 9 -- Continued

PERIOD	Furniture and Furnishings %	Travel %	Medical Expenses %	Education %	Home Improvement %	Other %
1969	20.2	2.5	1.5	1.5	7.3	18.8
1970	19.5	2.5	0.9	1.2	8.1	21.4
1971	18.1	2.1	1.0	1.2	9.5	23.1
<u>1972</u>						
January	14.6	1.3	1.0	0.8	7.7	24.5
February	10.3	1.2	0.7	0.7	8.7	19.0
March	12.9	1.3	1.1	0.6	9.9	24.1
April	10.9	2.0	0.8	0.9	11.2	22.3

Source: Trinidad and Tobago, Central Bank of Trinidad and Tobago, Statistical Digest, V (June, 1972), Table 29 (Mimeographed).

TABLE 10
 VALUE OF IMPORTS 1959-71
 (\$ 000)

Commodity	1959	1960	1961	1962
Food	66,207.2	70,559.3	73,102.8	76,410.4
Beverages and Tobacco	7,391.7	8,190.0	7,837.3	7,085.7
Crude Material, Inedible (except fuels)	7,503.9	8,954.5	8,148.5	9,524.1
Mineral Fuels	144,416.1	171,146.4	217,737.5	278,570.3
Animal and Vegetable Oils and Fats	1,777.2	2,623.2	2,698.2	1,895.2
Chemicals	20,774.1	22,728.3	22,987.2	23,765.9
Manufactured Goods	83,725.7	90,463.8	86,235.4	92,474.9
Machinery and Transport Equipment	80,817.7	89,075.6	73,843.8	78,477.6
Miscellaneous Manufactured Articles	32,176.8	36,685.7	34,147.4	34,893.8
Miscellaneous Transactions	3,847.4	4,163.9	3,869.7	3,272.5
Total	448,637.7	504,509.6	584,607.7	606,370.7

TABLE 10 -- Continued

(\$ 000)

Commodity	1963	1964	1965	1966
Food	78,047.4	84,961.8	87,588.3	89,747.3
Beverages and Tobacco	6,089.9	5,890.8	6,366.3	6,407.9
Crude Material, Inedible (except fuels)	8,505.8	10,436.1	9,778.4	12,457.7
Mineral Fuels	302,943.2	371,706.7	401,051.3	391,263.8
Animal and Vegetable Oils and Fats	2,671.0	2,781.9	4,069.2	3,760.5
Chemicals	25,473.2	29,023.0	34,556.5	32,844.1
Manufactured Goods	89,264.2	90,509.7	103,507.5	98,961.6
Machinery and Transport Equipment	95,619.0	95,699.9	129,136.9	102,745.9
Miscellaneous Manufactured Articles	33,472.3	36,003.2	38,298.5	35,737.8
Miscellaneous Transactions	5,100.1	4,404.6	3,477.9	4,684.9
Total	647,186.1	731,417.7	817,830.7	778,611.4

TABLE 10 -- Continued

(\$ 000)

Commodity	1967	1968	1969	1970	1971
Food	86,986.1	87,577.1	106,178.6	103,448.9	113,870.9
Beverages and Tobacco	6,450.7	5,245.7	6,392.4	8,079.0	10,845.1
Crude Material, Inedible (except fuels)	10,728.8	12,135.4	12,746.0	13,032.1	13,071.1
Mineral Fuels	355,817.7	468,556.4	512,171.0	578,473.6	665,412.6
Animal and Vegetable Oils and Fats	3,542.3	3,654.1	5,406.2	8,971.8	8,122.2
Chemicals	35,296.9	35,807.0	40,253.5	47,415.8	50,883.1
Manufactured Goods	91,929.7	99,810.2	121,518.6	139,447.9	190,553.5
Machinery and Transport Equipment	95,685.3	103,822.9	112,103.9	135,356.5	196,490.3
Miscellaneous Manufactured Articles	34,216.6	35,143.4	44,896.3	46,259.4	59,172.2
Miscellaneous Transactions	4,688.1	4,721.4	6,811.3	6,485.4	5,789.8
Total	725,342.1	855,473.6	968,477.8	1006,969.8	1314,210.8

Source: Trinidad and Tobago, Central Statistical Office, Monthly Overseas Trade Report, VI-XX (Port-of-Spain: Government Printery, 1956-71).

TABLE 11

VALUE OF SELECTED IMPORTS 1960-71

Commodity	SITC Code	Value of Imports c.i.f. (\$ 000)			
		1960	1961	1962	1963
Beef - Veal (Fresh, Frozen)	011-01000	3,659.9	3,851.7	3,310.8	3,539.7
Mutton - Lamb "	011-02000	455.6	455.6	436.2	528.3
Pork "	011-03000	574.9	798.7	703.1	731.2
Meat N.E.S. "	011-09090	406.4	356.5	302.0	362.9
Dried Milk	022-02010	4,560.5	4,909.5	4,531.4	4,337.6
	022-02020	396.3	491.8	486.2	740.2
Animal Feed	081	3,798.1	4,212.1	4,536.0	4,501.6
Pitch Pine	243-02020	2,887.1	1,805.5	1,953.5	1,766.8
Western Red Cedar	243-02040	1,174.3	908.2	1,004.6	1,007.3
Perfumes and Cosmetics	552-01	2,417.7	2,255.0	2,624.8	2,940.6
Paper and Paperboards	641	4,541.6	4,502.3	4,206.2	6,625.0
Textile Fabrics	653	8,718.6	7,677.9	8,850.7	8,805.5
Footwear	851	6,394.6	6,750.8	7,430.4	6,547.6

TABLE 11 -- Continued

Commodity	SITC Code	Value of Imports c.i.f. (\$ 000)			
		1964	1965	1966	1967
Beef - Veal (Fresh, Frozen)	011-01000	4,689.9	4,279.1	4,632.7	3,524.5
Mutton - Lamb "	011-02000	640.3	567.0	630.1	493.6
Pork "	011-0 000	935.7	978.6	874.4	353.2
Meat N.E.S. "	011-09090	503.9	356.5	698.3	632.2
Dried Milk	022-02010	4,634.7	5,197.3	5,380.3	5,195.1
	022-02020	1,029.2	1,268.2	1,304.7	1,624.3
Animal Feed	081	4,726.6	6,300.1	6,025.7	6,623.0
Pitch Pine	243-02020	2,555.9	2,342.3	2,597.5	1,951.1
Western Red Cedar	243-02040	1,743.5	910.1	1,557.3	1,324.1
Perfumes and Cosmetics	552-01	3,171.6	3,294.7	3,455.6	3,599.0
Paper and Paperboards	641	5,650.9	6,625.0	7,962.2	9,649.8
Textile Fabrics	653	9,030.4	10,343.0	10,974.9	11,351.9
Footwear	851	7,185.2	7,348.6	8,065.6	7,198.3

TABLE 11 -- Continued

Commodity	SITC Code	Value of Imports c.i.f. (\$ 000)			
		1968	1969	1970	1971
Beef - Veal (Fresh, Frozen)	011-01000	3,607.8	5,760.2	6,415.4	6,319.5
Mutton - Lamb "	011-02000	468.4	786.7	908.7	762.7
Pork "	011-03000	3.9	266.6	1,4000.0	1,634.7
Meat N.E.S. "	011-09090	501.1	704.8	921.9	807.4
Dried Milk	022-02010	5,265.8	4,869.9	4,783.6	6,055.7
	022-02020	1,322.9	1,309.0	1,362.6	2,622.6
Animal Feed	081	8,345.9	6,164.8	8,699.6	6,972.1
Pitch Pine	243-02020	2,093.7	3,353.7	3,035.4	4,072.2
Western Red Cedar	243-02040	1,914.2	1,542.7	1,544.0	1,139.1
Perfumes and Cosmetics	552-01	3,104.2	2,680.5	3,145.9	3,317.9
Paper and Paperboards	641	11,826.5	14,913.1	15,937.7	19,218.7
Textile Fabrics	653	14,103.8	19,714.8	20,986.4	23,250.0
Footwear	851	5,965.7	9,112.6	8,138.7	9,159.1

Source: Trinidad and Tobago, Central Statistical Office, Monthly Overseas Trade Report, VI - XX (Port-of-Spain: Government Printery, 1956-71).

TABLE 12
 VALUE OF EXPORTS 1959-71
 (\$ 000)

Commodity	1959	1960	1961	1962
Food	50,491.8	55,853.6	60,012.3	53,641.4
Beverages and Tobacco	3,307.1	3,485.4	3,648.9	3,186.2
Crude Material, Inedible (except fuels)	4,212.6	6,189.1	4,779.2	4,817.5
Mineral Fuels	364,472.4	392,909.5	494,247.8	494,750.3
Animal and Vegetable Oils and Fats	232.5	123.4	250.7	235.2
Chemicals	3,655.0	9,732.2	10,563.5	15,053.5
Manufactured Goods	5,546.3	5,194.5	3,048.3	4,393.6
Machinery and Transport Equipment	168.6	216.7	17.2	29.3
Miscellaneous Manufactured Articles	2,633.3	2,634.2	2,878.5	3,477.1
Miscellaneous Transactions	139.1	97.1	101.2	123.5
Total	434,908.7	476,435.8	579,547.7	579,657.5

TABLE 12 -- Continued

(\$ 000)

Commodity	1963	1964	1965	1966
Food	69,633.8	65,107.5	58,384.3	54,943.2
Beverages and Tobacco	2,828.3	3,489.3	3,417.8	3,420.5
Crude Material, Inedible (except fuels)	4,212.8	5,198.6	4,763.9	5,366.3
Mineral Fuels	526,178.5	574,244.9	563,726.1	582,050.0
Animal and Vegetable Oils and Fats	187.3	216.0	168.4	232.8
Chemicals	12,588.8	27,261.5	35,990.5	57,397.0
Manufactured Goods	4,450.1	5,138.0	5,803.8	7,015.7
Machinery and Transport Equipment	25.0	26.0	142.9	316.1
Miscellaneous Manufactured Articles	4,377.3	5,334.0	5,743.2	6,240.2
Miscellaneous Transactions	235.4	238.1	172.5	188.4
Total	624,717.2	686,253.6	678,313.5	717,170.2

TABLE 12 -- Continued

(\$ 000)

Commodity	1967	1968	1969	1970	1971
Food	57,604.1	75,320.4	77,174.1	79,041.2	77,141.0
Beverages and Tobacco	3,875.5	2,428.9	2,510.4	2,817.7	3,103.6
Crude Material, Inedible (except fuels)	4,921.5	4,963.0	4,766.5	6,731.3	4,968.8
Mineral Fuels	594,402.6	738,970.6	733,178.5	743,667.6	804,831.8
Animal and Vegetable Oils and Fats	208.9	530.4	1,268.1	1,010.3	371.1
Chemicals	77,490.1	81,421.7	88,917.5	74,600.7	71,164.2
Manufactured Goods	7,266.0	0,030.4	11,981.6	16,349.5	16,892.2
Machinery and Transport Equipment	348.1	679.8	857.8	937.0	986.8
Miscellaneous Manufactured Articles	6,946.1	10,313.2	14,817.5	17,609.6	20,921.3
Miscellaneous Transactions	210.0	210.3	294.7	366.6	599.4
Total	752,673.1	923,868.3	935,766.7	944,131.5	1000,940.1

Source: Trinidad and Tobago, Central Statistical Office, Monthly Overseas Trade Report, VI-XX (Port-of-Spain: Government Printery, 1956-71).

TABLE 13
PERCENTAGE DISTRIBUTION OF IMPORTS 1959-71

Commodity	1959	1960	1961	1962	1962	1964
Food	14.8	14.0	12.5	12.6	12.1	11.6
Beverages and Tobacco	1.6	1.6	1.3	1.2	0.9	0.8
Crude Material, Inedible (except fuels)	1.7	1.8	1.4	1.6	1.3	1.4
Mineral Fuels, Lubricants and Related Materials	32.1	33.9	46.5	45.9	46.8	50.8
Animal and Vegetable Oils and Fats	0.4	0.5	0.5	0.3	0.4	0.4
Chemicals	4.6	4.5	3.9	3.9	3.9	4.0
Manufactured Goods Classified Chiefly by Material	18.7	17.9	14.8	15.3	13.8	12.4
Machinery and Transport Equipment	18.0	17.7	12.6	12.9	14.8	13.1
Miscellaneous Manufactured Articles	7.2	7.3	5.8	5.8	5.2	4.9
Miscellaneous Transactions and Commodities N.E.S.	0.9	0.8	0.7	0.5	0.8	0.6

TABLE 13 -- Continued

(%)

Commodity	1965	1966	1967	1968	1969	1970	1971
Food	10.7	11.5	12.0	10.2	10.9	9.5	8.7
Beverages and Tobacco	0.8	0.8	0.9	0.6	0.7	0.7	0.8
Crude Materials, Inedible (except fuels)	1.2	1.6	1.5	1.4	1.3	1.2	1.0
Mineral Fuels, Lubricants and Related Materials	49.0	50.3	49.1	54.8	52.9	53.2	50.6
Animal and Vegetable Oils and Fats	0.5	0.5	0.5	0.4	0.6	0.8	0.6
Chemicals	4.2	4.2	4.9	4.2	4.2	4.4	3.9
Manufactured Goods Classified Chiefly by Material	12.7	12.7	12.7	11.7	12.5	12.8	14.5
Machinery and Transport Equipment	15.8	13.2	13.2	12.1	11.6	12.5	15.0
Miscellaneous Manufactured Articles	4.7	4.6	4.7	4.1	4.6	4.2	4.5
Miscellaneous Transactions and and Commodities N.E.S.	0.4	0.6	0.7	0.5	0.7	0.6	4.4

Calculated from: Table 11.

TABLE 14

PERCENTAGE DISTRIBUTION OF EXPORTS 1959-71

Commodity	1959	1960	1961	1962	1963	1964
Food	11.4	11.6	10.3	9.2	11.0	9.4
Beverages and Tobacco	0.8	0.7	0.6	0.6	0.4	0.5
Crude Materials, Inedible (except fuels)	1.0	0.3	0.9	0.8	0.7	0.7
Mineral Fuels, Lubricants and Related Materials	81.1	80.0	83.2	83.5	82.1	82.1
Animal and Vegetable Oils and Fats	0.1	0.1	0.1	0.1	0.1	0.1
Chemicals	1.9	2.1	1.9	2.6	2.1	4.0
Manufactured Goods Classified Chiefly by Material	1.6	1.6	1.0	1.2	1.1	1.0
Machinery and Transport Equipment	0.8	1.2	0.9	0.9	1.0	0.7
Miscellaneous Manufactured Articles	0.9	0.7	0.7	0.7	0.8	0.9
Miscellaneous Transactions and Commodities N.E.S.	0.4	0.7	0.4	0.4	0.7	0.6

TABLE 14 -- Continued

(%)

Commodity	1965	1966	1967	1968	1969	1970	1971
Food	8.6	7.6	7.6	8.1	8.3	8.5	7.7
Beverages and Tobacco	0.5	0.5	0.5	0.3	0.3	0.3	0.3
Crude Material, Inedible (except fuels)	0.7	0.7	0.7	0.5	0.5	0.7	0.5
Mineral Fuels, Lubricants and Related Materials	81.6	79.1	77.6	78.1	77.2	77.2	77.5
Animal and Vegetable Oils and Fats	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Chemicals	5.4	8.0	10.2	8.7	9.5	7.9	7.0
Manufactured Goods Classified Chiefly by Material	1.1	1.3	1.3	1.2	1.5	2.0	1.9
Machinery and Transport Equipment	0.7	1.0	0.6	1.5	0.6	1.0	2.7
Miscellaneous Manufactured Articles	0.9	1.0	1.0	1.2	1.7	2.0	2.1
Miscellaneous Transactions and and Commodities N.E.S.	0.4	0.7	0.4	0.3	0.3	0.3	0.3

Calculated from: Table 12.

TABLE 15

EXTERNAL TRANSACTIONS -- CURRENT ACCOUNT 1959-68
(\$ 000,000)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Export of Goods and Services	506.5	551.7	697.7	699.2	746.1	825.5	834.5	887.1	903.8	947.1
Net Factor Income Payments Abroad	117.6	89.0	114.3	113.6	110.7	116.2	96.4	100.3	122.3	132.0
Current Receipts	387.9	461.1	576.9	501.7	632.7	701.1	749.4	790.0	754.4	815.0
Imports of Goods and Services	487.6	562.2	648.9	688.6	705.8	785.6	865.4	834.3	940.2	853.3
Current Account Deficit	99.7	101.1	72.0	98.9	73.1	84.5	116.0	48.3	37.6	38.3

Source: (i) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1952-62, (Port-of-Spain: Government Printery, 1964) Account 6a,b, pp. 8-9.

(ii) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1963-66, (Port-of-Spain: Government Printery, 1968), Account 6, (Mimeographed)

(iii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, (Port-of-Spain: Government Printery, 1970), No. XX, Table 140, p. 130.

(iv) Trinidad and Tobago, Central Statistical Office, (Unpublished Data).

TABLE 16
PRIVATE CAPITAL MOVEMENT 1956-66
(\$ 000,000)

Year	Private Capital Inflow	Net Factor Payments Abroad	Net Flow of Private Capital Inflow (+) Outflow (-)	Net Factor Income Payments as Proportion GDP Factor Cost
1956	48.3	68.7	-20.4	0.12
1957	100.6	108.6	- 8.0	0.16
1958	69.6	89.2	-19.6	0.12
1959	109.2	117.6	- 8.4	0.15
1960	91.6	89.0	+ 2.6	0.10
1961	63.9	114.3	-50.4	0.12
1962	74.2	113.6	-39.6	0.11
1963	100.7	110.7	-10.0	0.10
1964	57.7	116.2	-58.5	0.10
1965	107.4	96.4	-11.0	0.08
1966	42.6	100.3	-57.7	0.08

Sources: (i) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1952-62, (Port-of-Spain: Government Printery, 1964), Account 6a, b pp. 8-9.

(ii) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1963-66, (Port-of-Spain: Government Printery, 1968), Account 6, (Mimeographed).

(iii) Trinidad and Tobago, Central Statistical Office, (Unpublished Data).

TABLE 17
 IMPORT AND EXPORT COEFFICIENTS 1956-68
 (\$ 000,000)

	1956	1957	1958	1959	1960	1961
G.D.P. Factor Cost	556.30	659.10	719.10	799.10	865.90	954.80
Imports of Goods and Services	328.20	391.00	446.10	487.60	562.20	680.60
Net Factor Income Payments Abroad	68.70	108.60	89.20	77.60	89.00	114.30
Export of Goods and Services	370.60	445.00	482.00	506.50	551.70	697.70
Private Capital Inflows	48.30	100.60	69.60	109.20	91.60	63.90
Net Import Coefficient	0.71	0.76	0.74	0.76	0.75	0.80
Export Coefficient	0.75	0.83	0.77	0.77	0.74	0.80

TABLE 17 -- Continued

(\$ 000,000)

	1962	1963	1964	1965	1966	1967	1968
G.D.P. Factor Cost	1,005.70	1,094.20	1,148.60	1,188.20	1,326.50	1,377.90	1,527.50
Imports of Goods and Services	680.60	705.80	792.10	875.50	845.90	794.40	853.10
Net Factor Income Payments Abroad	113.60	110.70	116.20	96.40	100.30	122.30	132.00
Export of Goods and Services	699.20	746.10	814.50	815.10	867.00	879.00	947.10
Private Capital Inflows	74.20	100.70	57.70	107.40	42.60	n.a.	n.a.
Net Import Coefficient	0.79	0.75	0.79	0.82	0.71	0.67	0.64
Export Coefficient	0.77	0.77	0.76	0.78	0.69	n.a.	n.a.

Calculated from: Tables 1 and 15.

TABLE 18
 SOURCES OF GOVERNMENT REVENUE 1956-70
 (\$ 000,000)

	1956	1957	1958	1959	1960	1961	1962
1. Property and Entrepreneurship Income	15.6	19.9	22.9	23.0	24.6	26.8	29.0
2. Indirect Taxes	39.1	41.4	50.7	53.7	59.3	57.7	66.2
3. Corporation Taxes	28.5	37.9	49.8	44.2	43.6	43.5	52.0
4. Personal Income Taxes	7.1	5.0	8.4	9.6	14.0	15.5	13.2
5. Current Revenue	89.4	103.8	127.4	128.5	138.2	139.1	158.1
6. (2) as % (5)	43.7	39.6	39.8	41.8	42.9	41.5	41.9
7. (3) as % (5)	31.9	36.5	40.0	34.4	31.6	31.3	32.9
8. (4) as % (5)	7.9	4.8	6.6	7.5	10.1	11.4	8.4

TABLE 18 -- Continued
(\$ 000,000)

	1963	1964	1965	1966	1967	1968	1969	1970
1. Property and Entrepreneurship Income	38.7	38.6	39.0	28.7	30.3	41.5	35.0	35.0
2. Indirect Taxes	79.2	82.1	85.9	85.2	83.9	98.9	110.7	118.5
3. Corporation Taxes	49.7	57.6	51.3	49.0	57.6	70.8	95.2	84.2
4. Personal Income Taxes	19.5	22.8	24.0	29.7	22.9	30.6	32.5	42.4
5. Current Revenue	184.8	203.8	206.2	214.3	226.8	268.0	n.a.	n.a.
6. (2) as % (5)	n.a.	n.a.	n.a.	39.8	37.0	37.0	n.a.	n.a.
7. (3) as % (5)	26.9	n.a.	24.9	22.9	25.4	26.4	n.a.	n.a.
8. (4) as % (5)	10.6	n.a.	11.6	13.9	13.2	11.4	n.a.	n.a.

Sources: (i) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1952-62, (Port-of-Spain: Government Printery, 1964), Acc. 5, pp. 6-7.

(ii) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago 1963-66, (Port-of-Spain: Government Printery, 1968), Account 5, (Mimeographed).

(iii) Trinidad and Tobago, Ministry of Planning and Development, Third Five Year Plan, (Port-of-Spain: Government Printery, 1970), Table XIV, Appendix IV, p. 415.

(iv) Trinidad and Tobago, Central Statistical Office, (Unpublished Data).

TABLE 19
INTERNATIONAL MIGRATION 1959-70

Year	Net Arrivals	Net Departures	Net gain (+) or loss (-)
1959	198,323	193,478	+ 4,845
1960	224,941	225,081	- 140
1961	215,806	215,413	+ 393
1962	224,744	222,224	+ 2,520
1963	221,651	219,329	+ 2,322
1964	225,439	227,465	- 2,116
1965	249,810	252,860	- 3,050
1966	276,930	282,070	- 5,140
1967	274,260	283,220	- 8,960
1968	306,180	315,380	- 9,060
1969	366,710	384,570	- 17,860
1970	390,420	397,630	- 7,210

Sources: (i) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XII (Port-of-Spain: Government Printery, 1962), Table 30, p. 43.

(ii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XX (Port-of-Spain: Government Printery, 1970), Table 30, p. 34.

TABLE 20

CONTRIBUTION OF OIL INDUSTRY TO REVENUE
OF TRINIDAD AND TOBAGO 1956-68
(\$ 000,000)

	1956	1957	1958	1959	1960	1961
Income Tax and Withholding Tax	19.6	27.7	36.8	29.8	29.8	29.1
Royalties and Dead Rents	10.5	13.9	16.0	16.9	18.1	19.8
Others: Customs Duties	1.4	2.3	2.4	2.0	2.9	1.4
Harbour Dues	1.1	1.0	1.4	1.5	1.8	2.3
Oil Impost	..	..	0.1	..	0.1	0.1
Miscellaneous	0.6	0.6	0.7	0.7	0.6	0.6
Total Petroleum Revenue	33.2	45.5	57.4	50.7	52.3	53.3
Total Petroleum Revenue as % of Total Government Revenue	37.1	43.8	45.1	29.5	37.8	38.3

TABLE 20 -- Continued

(\$ 000,000)

	1962	1963	1964	1965	1966	1967	1968
Income Tax and Withholding Tax	34,5	35,3	36,4	33,6	30.4	33.2	50.7
Royalties and Dead Rents	20.8	21.2	21.8	20.8	22.5	26.4	35.1
Others: Customs Duties*	1.8	1.8	1.7	1.6	1.5	1.3	
Harbour Dues*	2.3	2.7	3.0	3.4	3.8	4.2	8.3
Oil Impost	0.1	0.1	0.1	0.2	0.4	0.8	
Miscellaneous*	1.4	1.1	1.3	1.4	1.6	1.7	
Total Petroleum Revenue	60.9	62.2	65.6	61.0	60.2	67.6	94.1
Total Petroleum Revenue as % of Total Government Revenue	38.5	33.7	32.3	29.6	28.1	29.8	35.1

* Estimate 1963-68.

Source: Trinidad and Tobago, Ministry of Planning and Development, Third Five Year Plan, (Port-of-Spain: Government Printery, 1970), Table III, Chapter XII, p. 167.

TABLE 21
 SELECTED VISIBLE COSTS OF INDUSTRIALIZATION 1959-69
 (\$ 000,000)

	1959	1960	1961	1962	1963	1964
Import Duties Foregone	n.a.	n.a.	3,200.0	5,200.0	9,700.0	7,800.0
Assistance to Industry	n.a.	n.a.	15.0	255.0	503.2	173.1
Development of Industrial Sites	60.0	640.0	582.2	466.5	515.2	344.5
Industrial Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
I.D.C. Administration	132.6	402.4	632.5	695.8	723.2	819.3

TABLE 21 -- Continued

(\$ 000,000)

	1965	1966	1967	1968	1969
Import Duties Foregone	12,800.0	12,400.0	14,000.0	n.a.	n.a.
Assistance to Industry	28.3	61.8	159.7	230.6	511.8
Development of Industrial Sites	258.5	222.9	150.0	172.5	n.a.
Industrial Financing	n.a.	462.6	1,055.6	719.8	n.a.
I.D.C. Administration	916.9	901.2	837.1	827.0	n.a.

Source: Industrial Development Corporation, The Trinidad and Tobago Industrial Development Corporation 1959 to 1969, (Port-of-Spain, 1969), pp. 33-39.

TABLE 22

EMPLOYMENT IN SELECTED LARGE ESTABLISHMENTS
BY INDUSTRY GROUPS 1961-68

Establishment	1961	1962	1963	1964
Manufacture of Sugar -- Factories	4,244	4,098	4,050	4,150
Manufacture of Sugar -- Estates	10,788	9,986	10,300	10,800
Manufacture of Textile and Wearing Apparel	1,960	2,130	2,500	2,650
Other Manufacturing	7,577	7,311	7,500	7,600
Petroleum and Asphalt	15,026	14,617	13,950	14,600
Distribution	12,711	12,235	12,300	12,850
Construction	4,553	4,501	5,750	5,750
Government Services (Central and Local)	43,491	39,607	49,500	47,650
Banks and Financial Institutions	2,067	2,206	2,300	2,650
Public Utilities	2,565*	2,299*	3,700*	3,850*

TABLE 22 -- Continued

Establishment	1965	1966	1967	1968
Manufacture of Sugar -- Factories	4,200	1,900	1,800	1,700
Manufacture of Sugar -- Estates	9,800	9,700	9,100	9,100
Manufacture of Textile and Wearing Apparel	3,050	3,300	3,200	3,200
Other Manufacturing	8,850	8,400	8,800	9,700
Petroleum and Asphalt	13,050	14,400	12,700	11,800
Distribution	13,300	15,500	15,000	15,500
Construction	5,150	2,600	2,800	3,300
Government Services (Central and Local)	49,200	48,900	49,200	47,900
Banks and Financial Institutions	2,750	2,300	2,400	2,600
Public Utilities	4,900*	13,300	13,300	13,400

* Electricity only.

Sources: (i) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XII (Port-of-Spain: Government Printery, 1962), Table 37, p. 51.

(ii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XX (Port-of-Spain: Government Printery, 1970), Table 39, p. 39.

TABLE 23

SELECTED GROWTH INDICES 1956-68*

Year	Crude Oil Production	GDP Factor Cost	Government Revenue	Exports of Goods and Services	Imports of Goods and Services
1956	100	100	100	100	100
1957	118	118	116	120	119
1958	129	129	143	130	140
1959	141	144	144	137	149
1960	146	156	155	149	171
1961	158	172	156	188	198
1962	169	181	177	189	207
1963	168	193	207	201	215
1964	172	202	228	220	241
1965	169	211	231	220	267
1966	192	231	240	234	258

TABLE 23 - Continued

Year	Crude Oil Production	GDP Factor Cost	Government Revenue	Exports of Goods and Services	Imports of Goods and Services
1967	225	248	254	237	242
1968	231	275	300	256	260

* 1956 = 100

Calculated from: (i) Tables 1, 10, 12, and 18.

(ii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XII (Port-of-Spain: Government Printery, 1962), Table 121, p. 151.

(iii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XX (Port-of-Spain: Government Printery, 1970), Table 132, p. 125.

TABLE 24

INDEX OF RETAIL PRICES 1963-70
(September 1960 = 100)

Year	January	Febru- ary	March	April	May	June	July	August	Septem- ber	October	Novem- ber	Decem- ber
1963	106.7	107.0	107.9	107.9	107.4	108.2	108.2	108.5	108.9	108.1	108.7	109.1
1964	109.0	108.6	108.1	107.8	107.9	109.1	108.7	109.4	109.7	109.7	109.7	109.9
1965	110.4	110.2	110.7	110.5	110.6	110.8	110.9	110.9	111.0	111.1	111.7	112.3
1966	113.3	113.5	113.9	114.0	114.7	115.6	116.5	118.1	116.5	116.2	116.3	117.0
1967	117.4	117.3	118.1	117.0	117.1	117.2	116.6	116.8	117.9	119.3	119.4	121.1
1968	122.8	123.8	125.8	127.2	127.1	128.3	127.8	128.5	130.0	130.4	129.8	130.1
1969	129.9	130.0	129.7	130.3	130.4	130.6	130.9	130.4	130.7	131.0	132.3	132.8
1970	132.4	132.3	132.3	133.7	133.2	133.3	133.8	134.4	135.7	135.6	135.5	137.4

Source: Trinidad and Tobago: Central Statistical Office, Annual Statistical Digest, XX (Port-of-Spain: Government Printery, 1970), Table 163a, p. 159.

TABLE 25

BALANCE OF VISIBLE TRADE 1961-70
(\$ 000)

PERIOD	Domestic	Exports Foreign	Total	Imports	Balance of Visible Trade
1961	579,527.8	13,926.3	593,454.1	583,977.6	+ 9,476.5
1962	579,621.7	12,372.4	591,994.2	605,571.3	- 13,577.2
1963	624,630.1	16,065.8	640,695.9	646,363.2	- 5,667.2
1964	686,190.8	12,824.8	699,015.6	730,579.7	- 31,564.0
1965	678,238.1	12,220.0	690,458.1	817,031.3	- 126,573.2
1966	717,089.2	18,014.7	735,103.8	777,687.9	- 42,584.1
1967	752,491.1	10,901.5	763,392.5	723,916.5	+ 39,476.0
1968	923,687.8	19,613.4	943,301.1	854,470.9	+ 88,830.2
1969	935,547.5	12,196.5	947,744.0	966,368.7	- 18,624.7
1970	943,836.0	16,506.6	960,342.6	1,084,817.1	- 124,474.5

Source: Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, XX (Port-of-Spain: Government Printery, 1970), Table 154, p. 141.

TABLE 26

DOMESTIC CAPITAL FORMATION 1956-66
(\$ 000,000)

		1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Public Sector *	(1)	18.80	21.60	33.20	41.80	47.00	47.60	64.30	69.50	71.80	67.10	52.80
Private Sector	(2)	53.10	73.00	90.70	98.20	119.60	125.40	123.80	206.30	202.50	258.50	239.80
Change in Stock	(3)	+4.70	+11.20	+10.60	+6.70	+17.60	-2.50	+2.80	-4.10	+4.50	+1.80	+1.30
Gross Domestic Capital Formation	(4)	125.50	172.50	206.20	249.30	285.90	256.30	298.20	271.70	278.80	327.40	293.90
(1) as % (4)		14.98	12.52	16.10	16.77	16.44	18.57	21.56	25.58	25.75	20.49	17.97
(2) as % (4)		42.31	42.32	43.99	39.39	41.83	48.93	41.52	75.93	72.63	78.96	81.59

* Includes capital formation by publicly-owned enterprises.

Sources: (i) Trinidad and Tobago, Central Statistical Office, National Income of Trinidad and Tobago, 1952-62, (Port-of-Spain: Government Printery, 1964), Acc. 3, pp. 4-5.

(ii) Trinidad and Tobago, Central Statistical Office, Annual Statistical Digest, (Port-of-Spain: Government Printery, 1971), XX, Table 136, p. 128.

(iii) Trinidad and Tobago, Central Statistical Office, (Unpublished Data).

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