ABSTRACT

This study reports on the development of a macro-
ecconomic model of the Trinidad and Tobago economy which is
aptly characterised as an open petroleum economy.

The model is estimated with the aid of both Ordinary
Least Squares (OLS) and Two Stage Least Squares (2SLS)
techniques, with data covering the period 1966-80. The re-
sults of the two estimation procedures have not been found
to be markedly different, and hence OLS may be taken to pro-
vide a reasonable approximation to (the more sophisticated)
2SLS.

The model has been tested by the technique of historical
simulation, and found to provide a reasonably good simulation
of the behaviour of the economy over the period of enquiry.