

ABSTRACT

Some Alternative Approaches To Modelling Caribbean Economy
With Illustrations From Trinidad and Tobago

AINSLEY PETER CHARLES

Contemporary economic experience of the nations of the Caribbean is to be explained by one or other theoretical formulation, such as the Lewis open unlimited labour supply hypothesis, the Keynesian informed demand driven formulations or various structuralist/radical/dependency formulations such as presented by Seers, Best or Thomas. Initial efforts at industrialization within the region were based on the export of light manufactures supported by various incentives to encourage such activity. This policy derived from the conviction of its proponents of the mutual benefits of classical comparative advantage theory. Subsequent attempts to foster industrialization by displacing imports through the substitution of domestically produced goods were also informed by the structuralist position of dependent underdevelopment. The expansion of State participation in the economy, the dominance of Keynesian theory advocating the paramountcy of State intervention, and the fervent calls for

localization and/or nationalization of the "commanding heights of the economy" by radical political economists made common cause with this economic orientation.

This study poses and attempts to answer the following question: how far has such faith been justified; indeed can alternative constructs better explain the workings of Caribbean economies? To this end the thesis undertakes an empirical investigation of two alternatively specified theoretical models in Chapters IV and V and comments on their results. First a Keynesian-type demand-driven model is developed and estimated. This is seen as an extension of similar work done in the region. Of equal importance is its function as a point of comparison against which an alternative model is presented. This latter export-driven model attempts to show the validity of modelling macro-systems that are seen to work in qualitatively different fashion to the class of demand-led models usually proposed. The presentation of the results of both models in fact constitutes the major quantitative thrust of the study. This follows a re-examination in Chapters II and III respectively of both the major theoretical and quantitative forays into explaining Caribbean Economy. Answers to the central questions posed above and repeated in Chapter I are viewed as critical, moreso in the contemporary crisis reality that these nations face.