

## ABSTRACT

### Tracing the Generation, Distribution and Use of Income in Trinidad and Tobago in a General Equilibrium Framework

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This dissertation examines the generation, distribution and use of income in Trinidad and Tobago employing data obtained from a Social Accounting Matrix (SAM) to conduct a fixed-multiplier analysis and model simulations of fiscal policy. Using data from the National Accounts data, the Supply and Use Tables (SUT), the Survey of Living Conditions (SLC) and the Household Budgetary Survey (HBS) for Trinidad and Tobago a disaggregated SAM was constructed for Trinidad and Tobago. The study documents the process of constructing the SAM: consisting of 54 activities, 54 commodities, 4 production factors, 14 households, 4 government accounts, 1 enterprises account, 1 savings-investment and 1 rest-of-the-world account. From this a fixed-multiplier model was developed for further analysis. Results of the analysis support the argument for diversification of the economy in Trinidad and Tobago away from the petroleum and energy based industries into areas such as agriculture and tourism. However, it is necessary that adjustments be made to include the output of copyright generating industries and to account for environmental impacts not now measured.

The study then looks at the construction of a static Computable General Equilibrium (CGE) and conducts simulations to determine the impact changes in fiscal policy have on household income distribution and expenditure in Trinidad and Tobago. The results are compared under two different assumptions regarding the mobility of capital. The results show that in terms of their effects on income distribution, fiscal policy interventions are likely to affect households differently. Expenditure patterns are also different for each household group. The degree of effectiveness differs from one policy to the next and the assumptions made regarding the mobility of capital do make a difference in the results obtained.

**Keywords:** Carlos Oswyn Hazel; social accounting matrix; multiplier analysis; computable general equilibrium; fiscal policy.