

ABSTRACT

Dutch Disease in the Two Sector Model with Emphasis on Premature
Deindustrialization and the Dutch Disease in Small Island Developing States
(SIDS)

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Manufacturing plays a pertinent role in the development of both developed and developing countries. Limited research exists in the arena of manufacturing pertaining to SIDS. This thesis analyses the impact of the Dutch Disease and premature deindustrialization in SIDS. The thesis would investigate the situation in the manufacturing sector amongst SIDS and determine if they are prone to becoming prematurely deindustrialized.

The paper progresses from the “normal” process of deindustrialization into premature deindustrialization and its consequences. The paper will undertake a detailed examination of the factors contributing to deindustrialization in countries according to their size and mineral endowments. The thesis also investigates whether a devaluation in SIDS is likely to work. The Marshall-Lerner conditions and J-curve effect in SIDS are investigated through the use of an Auto-Regressive Distribution Lagged (ARDL) Model. The potential for import substitution and export concentration in these countries are also examined. The thesis also gives an in-depth analysis into the manufacturing sector of the mineral producing Small Island Developing State; Trinidad and Tobago using Revealed Comparative Advantage (RCA), Transitional Probability Matrices, Harmonic Mass Index and TradeCAN methodologies.

Keywords: Leera Amrita Boodram; manufacturing; deindustrialization and premature deindustrialization; Dutch Disease; Small Island Developing States.