

**This Brief is based on the writings of Professor Dennis Pantin on the Trinidad and Tobago Economy. It is entitled “Missing element for Economic Development” and was published in the Trinidad and Tobago Express Newspaper on July 22<sup>nd</sup>, 2014.**

Trinidad and Tobago is considered the most industrialised economy in the English-speaking Caribbean with its population of 1.3 million spread out over approximately 5,128 km<sup>2</sup>. During the 19th century its economy was primarily based on sugar; but when oil came, it took over. Over the years, although the oil and gas sector has been a significant form of revenue and booster for economic activity, fluctuating energy prices have had negative impacts on the economy.

1950 to 1973 was marked as a period of relatively high growth with stable international oil prices, while the period from 1974 to 1982 showed high growth coupled with high oil prices and in the decade between 1983 and 1993, there was negative (per capita) real growth. During the oil boom at the beginning of the 1980s, the public sector expanded rapidly and this resulted in an increase in government’s recurrent expenditure. The increases in oil revenues also encouraged increases in government’s capital expenditure projects. After the 1980s the economy experienced declines in both oil prices and oil revenue earnings. However, being unable to place constraints on their expenditure, both government and private expenditure continued to rise. During this period, unemployment doubled from ten per cent to 20 per cent, real GDP declined by 28 per cent and the economy was losing millions in foreign exchange reserves.

The late Professor Dennis Pantin compiled an extensive amount of work on the Trinidad and Tobago economy in which he explored the dynamics of Trinidad and Tobago as a natural gas and energy exporting economy. In 1979, Pantin’s dissertation examined “*Depletion Theory and Planning for the Petroleum Sector in a Small Exporting Economy: the Case of Trinidad and Tobago*”. That dissertation evolved out of a concern for the role of the petroleum sector in Trinidad and Tobago and married this concern to the process of Caribbean Regional Integration. Linked to this dissertation, many of his subsequent writings examined the history of petroleum and the natural gas based industrialisation in key periods of the Trinidad and Tobago economy. In the *1988 Vol. 7 of the Asset: Journal of the Trinidad and Tobago Economics Association* Pantin spoke of the Challenge of Job creation which he highlighted was linked to the existence of the highly capital intensive oil and gas sector. This paper was also presented at the fifth Annual Conference on the Trinidad and Tobago Economy.

Although the sector consistently accounts for more than 40 per cent of GDP and 80 per cent of exports, it contributes a mere five per cent to the economy’s employment. According to professor Pantin, Trinidad and Tobago’s heavy dependency on this natural resource in the development of the national economy has often resulted in many macroeconomic problems: foreign exchange debt, poverty, and balance of payments deficits. In his analysis of macroeconomic issues impacting on the local economy he also sought to include policy implications of these issues and

ways in which these negative impacts can be mitigated. Included among the policy prescriptions he advanced were sustainable development practices and economic diversification. Specifically he suggested the need to boost competitiveness in the non-energy sectors in an effort to achieve a more balanced economy.

Ultimately, Pantin saw civil society as having an important role to play in the management of energy resources in Trinidad and Tobago. To facilitate this role he envisioned access to full information on the energy industries. This he considered a critical (but still missing element) for the sustainable development of Trinidad and Tobago's economy.