



Unraveling Race, Politics, and Gender in Trinidad and Tobago's Economic Development

Jeetendra Khadan · Inder Jit Ruprah

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Introduction: Is Trinidad and Tobago Unique?

1.1 INTRODUCTION

Most of us consciously or not think of our country as unique. Trin-bagonians, at least, may be right. In evaluating the development of a country, analysis typically uses the evolution of performance over time in the country and compares it with other, similar countries. However, there is a problem determining a set of comparator countries for Trinidad and Tobago, TT. The problem stems from the fact that an understanding of the historic and future development of TT needs to consider the ramifications of five critical structural aspects of the country: the small size, high oil and gas dependency, an ex-British colony that was based on an extractive-plantation economic system, high ethnic polarisation, and a democratic political system. The simultaneous existence of these five features makes TT unique. It only shares the first four features with Bahrain (see Fig. 1.1). However, by adding the democracy filter, the country becomes unique as Bahrain is a constitutional monarchy where

the King of Bahrain appoints the government. So, similar countries that share these five characteristics are an empty set.¹

However, TT is neither the smallest, the most energy-dependent, the only ex-British colony, the most ethnically diverse, nor the most democratic. Nonetheless, it is the only country with all five characteristics. The essential point is not that they make the country unique but that these

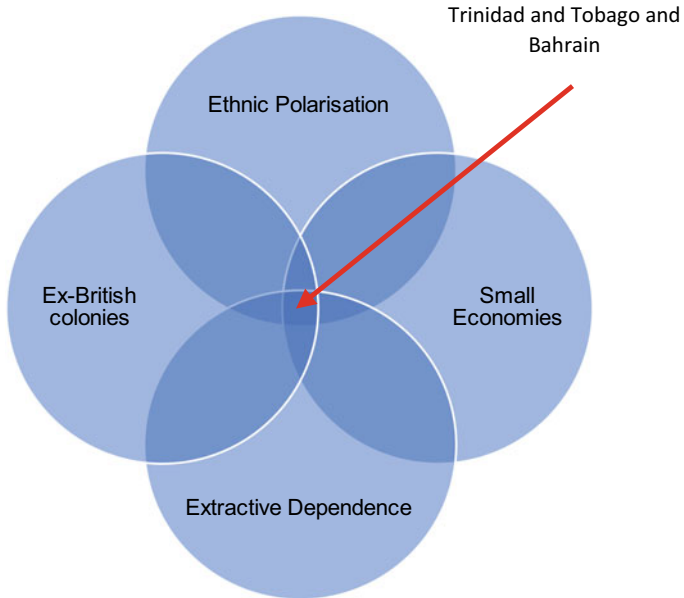


Fig. 1.1 Is TT unique? (*Note* The following filters were used in our database: Extractive dependence if the index value of Montalvo & Reynal-Querol [2005] is above the median; ex-British colony if yes; small if the country has a population of less than 3 million; and ethnic polarisation if the index value of Hailu & Kipgen [2017] is above the median. *Source* Authors' derivations based on data from Hailu & Kipgen [2017]; Montalvo & Reynal-Querol [2005]; World Development Indicators)

¹ However, in 2020 Guyana became an oil exporter, hence joining TT in having these five characteristics but did not do so for most of the period studied. Nonetheless the two countries did share one key characteristic: an ethnically polarised society, see Bissessar and La Guerre (2013).

five features, individually and together, sometimes reinforce each other or act as countervailing forces that underlie much of the country's political, economic, and social dynamics. In addition, the uniqueness makes international comparisons, a means of judging the gravity of the challenges and relative performance, problematic.² Uniqueness suggests that the country would take its own development course. Nonetheless, we compare TT's ranking with countries satisfying each characteristic separately to judge TT's development.

The objective of this chapter is to set the stage for the subsequent chapters of the book. We do so by focusing on three strands. First, numerically define these five features, i.e., quantify the dimensions of size, oil and gas dependency, colonial plantation economy, ethnic diversity, and democracy from an international perspective. Second, review what the existing literature expects regarding development challenges given these features. Third, briefly compare TT's relative development performance using a limited set of indicators: real economic growth, corruption, life expectancy, and a global social development index. However, the development encompasses much more than measured by these three variables; hence, it is explored in more depth and width in subsequent chapters that focus on the country's economic, political, and social development.

Specifically, we delimit the potential answers to the questions: Does the size, oil dependency, ex-British plantation colony, ethnic diversity, and democratic political system, individually and together, matter for socio-economic success, and if so, why and through which channels? We first review these features separately. Their interactions are empirically fleshed out in more detail in the subsequent chapters.

1.2 SIZE

TT is a small country. The definition of the size of a country invokes cut-offs by population, GDP, and landmass or as an index using a combination of the three measures. TT has a population of 1.4 million and is the 65th largest between Estonia and Bahrain. It comprises two islands (Trinidad and Tobago) with a total landmass of 5128 sq. km (90% being Trinidad),

² For alternative criteria for selecting comparators see Nielson (2011) who compares the approaches taken by United Nations Development Programme, World Bank, and the International Monetary Fund (IMF). He finds these are all deficient and proposes a data-driven approach.

the 180th largest globally, between Brunei and French Polynesia. It had a Gross Domestic Product of US\$21,599 million in 2019, the 115th largest in the world. Following Ruprah et al. (2014), this book defines small economies as countries with less than 3 million persons. Currently, 83 countries fit this classification of a small country. Much ado has been made about the disadvantages of being a small country.

So, does size matter for a nation's socioeconomic success, and if so, why, and through which channels?

Yes, because there are economic disadvantages of small size. Small economies have standard intrinsic features that hinder their development that larger economies do not have. Three features are often mentioned: diseconomies of scale, indivisible fixed costs, and often being in "isolated neighbourhoods". For example, Alesina (2003) and IMF (2013) list several disadvantages. Small economies' governments cost more but provide inadequate services regarding the public sector. The per capita costs of many public goods are higher in smaller countries, where fewer taxpayers can pay for them. Alesina and Wacziarg (1998) find that the share of government spending over GDP decreases with GDP; smaller countries have larger governments and more open economies.

Smaller countries cannot provide "insurance" to their sub-regions. Interregional transfers that operate through several fiscal channels and spending programmes can be sizable in large economies. The benefits of this insurance are evident in the case of natural disasters. Large countries can build redistributive schemes from more affluent to poorer regions, therefore achieving redistributions of after-tax income, which would be less available in small economies. However, the limits on insurance and redistributive functions are mitigated in TT, given rents accruing to the public sector from oil and gas. The business sector is also at a disadvantage. The size of the country affects the size of its domestic markets; smaller domestic markets often imply elevated concentration and inferior market competition. Higher fixed costs mean cost disadvantages. Foreign trade does not necessarily overcome these problems because higher fixed costs suggest higher international trade costs exacerbated by low global connectivity, particularly for a small island economy such as TT.

Nonetheless, there are possible advantages to small size. Typically, smaller countries have more homogenous preferences. As nations become larger, the heterogeneity of preferences increases, i.e., their population's diversity of preferences, culture, language, and identity. As heterogeneity