

MONETARY POLICY IN TRINIDAD AND TOBAGO

1974 - 1985 *

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In reviewing monetary management in Trinidad and Tobago since the establishment of the Central Bank of Trinidad and Tobago in 1964, it is possible to distinguish three (3) phases. The criterion for the delimitation of the phases is the degree or extent to which policy at the time was defensive and reactive, or aggressive and pro-active. Elements of any of these behaviour can be seen in any of the periods. However, the delimitation reflects the dominant tendency of the period.

The first phase which ran from 1964 to 1973 may be described as the passive phase, which was characterised by defensive manoeuvres and the consolidation of the Central Bank as an institution. The second phase which ran from 1973 to 1981 may be described as the transition

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phase, characterised by largely passive postures, but with occasional active forays and a more or less settled institutional structure, and from 1981, monetary policy entered what may be described as an active phase. This paper examines mainly the transition phase but also looks at the early years of the active phase of monetary policy in Trinidad and Tobago. It therefore falls naturally into two parts, the period 1974 - 1980 and the period 1981 - 1985. Before proceeding to the discussions of these two periods, it is necessary to establish a framework for the analysis of monetary policy.

I. A FRAMEWORK FOR THE ANALYSIS OF MONETARY POLICY

In formulating or reviewing any economic policy it is necessary to account for six (6) factors:-

- (i) the context, in which the policy is undertaken;
- (ii) the theory which underpins the analysis;
- (iii) the objectives of the policy;
- (iv) the instruments of policy and instrument coordination
- (v) the timing, and
- (vi) the systems for policy formulation and forecasting and their management.

(vii) Intiplay of personalities

*Super Press - 1974 ... 1974: change - R of E (Lobley)
V B's perception of institutional development as needed.
Bobb - 1979 Report ... 1986 ... liberalisation of credit control.*

*Bank Rate
6-7.5%*

The context of economic policy, including monetary policy, may have three (3) dimensions. The first is the institutional matrix within which policy is formulated and implemented. These would include the laws, regulations, conventions and practices which govern the conduct of policy. Secondly, there are the domestic economic circumstances existing or impending, including policy measures already in place, and thirdly, there are the international economic and political circumstances, existing or impending.

Theory refers to the set of understandings that policymakers have about the relationship of the key variables and instruments in the policy situation. There may be several competing theories in respect of a particular economic policy. More often than not, policymakers operate

with a fairly simply paradigm and focus on a small sub-set of important variables.

The objectives of policy refer to the set of conditions which the policymakers would wish to have obtain after a certain elapsed time in respect of certain variables or aspects of the economic system. Policymakers may establish certain targets and indicators of policy which would show whether or to what extent the objectives were being achieved.

The nature of the instruments available to the policymakers to achieve their desired objectives is important. Some instruments may simply not be available to policymakers in certain contexts or it may be impracticable or impolitic to use a particular instrument at a given time. Again, the nature of some instruments is such that they may be used only infrequently since their effect is dramatic and coercive. Other instruments are much more subtle, indirect and hortative in their operation and can therefore be used more frequently. An important aspect of the use of policy instruments is instrument coordination which involves putting together an appropriate mix or package of instruments in order to achieve the desired objective.

The timing of a policy action is particularly important and deserves separate and special attention. It is clear that if, in the appropriate context, with the right set of properly coordinated

instruments, and the 'right theoretical model', the timing of the use of the policy action is bad, then the results could at worst be disastrous or at best, fail to achieve the desired objectives.

Finally, an appropriate policy depends critically on the systems which are in place for policy formulation and implementation and the people who operate those systems. If the policymaker's monitoring, analytical and diagnostic capabilities are poor or if his forecasting capability is not well developed or if the policymaker himself, for one reason or another is not up to the problem, the result will inevitably be poor policy and/or poor execution of policy.

In outlining this framework for the analysis of economic and monetary policy in Trinidad and Tobago over the reference period, the elements identified above are not consistently and explicitly identified in the discussion which follows. In particular, the question of theory is implicit throughout the discussion and references to the systems and management of policy formulation is oblique for reasons which should be obvious.

II. THE 1974-1980 PERIOD

Unlike most other developing countries, particularly its sister islands in the Caribbean, the post-1973 period was one of unprecedented boom in Trinidad and Tobago. Oil prices had quadrupled in the space of a few short months between 1973 and 1974. This, combined with the revision of the Petroleum Taxes Act which was designed to give proportionately more revenues to the Government from the windfall increases in earnings of oil companies, resulted in tremendous increases in the value of exports and corresponding increases in Government's oil revenues. It would be true to say that the size of the windfall in Trinidad and Tobago was so large that the savings and the foreign exchange constraints on growth were simultaneously broken and the constraints to growth became human resources, technology, and bureaucratic and managerial problems.

Inflation was a growing problem in the early years of this period. The Retail Prices index which had risen by 9.3 per cent in 1972, rose by 14.9 per cent in 1973, 22.0 per cent in 1974 and 17 per cent in 1975. Such rates of price increase were unprecedented in Trinidad and Tobago and inflation control therefore became a major policy concern.

Other factors which may have influenced the conduct of monetary policy over this period were, first, the policy of localization of the financial system which had been identified as one of the 'commanding heights' of the economy and which should therefore come increasingly under local control. Perhaps, as a result of this, but certainly aided by the rapid growth of resources in boom conditions, there was a

proliferation of non-bank financial institutions engaged in the taking of deposits and channelling these into the high growth areas of the economy such as construction, property development and consumer lending. Second, the international economy was characterised by generalised floating of the major reserve currencies which began in March 1983. This was attended by considerable volatility in exchange rates. The demise of the sterling area and Trinidad and Tobago's growing economic links with the United States, eventually led to the severing of formal links with the pound sterling and the adoption of a U.S. dollar peg in May 1976.

Generally speaking, commodity prices on international markets were rising over this period and this contributed to rising inflation abroad. The mechanisms put in place by the international financial community to recycle the OPEC surpluses made access to the international capital market extremely easy and caused many developing countries to take on significant external borrowings.

Monetary Policy

The major concerns of economic policy at that time were (i) to effectively control the flood of petrodollars into the economy, (ii) how to channel these new resources into areas of the economy where they would be most effectively utilised, and (iii) the control of inflationary pressures and rising inflationary expectations. The one factor which appeared to dominate official thinking on the management of the economy in the early part of the boom years was that the increase in oil prices

would be short-lived and the authorities were very conscious of the fact that oil was a wasting asset. The Minister of Finance in his 1976 Budget Speech noted:-

We cannot afford to build up recurrent expenditures in a situation in which there is always the possibility that there will be a sudden turn of events that reverses the favourable revenue position created by the energy crisis of late 1973; or ... to encourage new consumption and expenditures which are unsustainable under normal conditions...Any sudden and substantial injection of this increased oil income into the economy will aggravate the already severe rate of inflation which began in mid-1973 and the effects of which Government is attempting to cushion by utilising part of the oil revenues to subsidise certain essential items...Apart from generating inflation, the injection of these funds into the economy will lead to increased expenditures on imports because of the high import content of consumption. This would lead to the erosion of the foreign exchange balances of the country¹.

Initially, therefore, the thrust of economic policy was conservation, attempting to save a significant proportion of the petrodollar surpluses which could then be expended in a gradual fashion for development purposes at a later date.

By 1977, the pressures to spend the windfall income were irresistible. From the government's point of view there was need to improve and expand the infrastructure -- water, electricity, highways, park facilities etc. -- as well as to diversify the economy, using its newly-discovered reserves of natural gas². Capital expenditure rose

1 Budget Speech, 1976.

2 Farrell (1983)

dramatically from \$288 million in 1974 to \$1254 million by 1978, and \$2331 million in 1980, an average annual growth rate of 42 per cent. Recurrent expenditure also began to burgeon rising from \$670 million in 1974 to \$3075 million in 1980, an average annual rate of growth of 29 per cent. The fiscal surplus which was 10.0 and 11.8 per cent of GDP in 1974 and 1975 respectively, fell to a 1.9 per cent surplus in 1978 and a deficit of 1.5 per cent in 1979, before rising to a surplus of 5.2 per cent due to impact of the second oil shock on oil revenues in 1980.

As government expenditures rose at a much faster pace than its domestic or TT dollar revenues, the net domestic budget deficit, which measures the monetary impact of government spending rose from \$108 million in 1973 and \$448 million in 1974 to \$1062 million in 1978 and \$2236 million in 1980. Notwithstanding increasing foreign exchange outflows this led to rapid growth of the stock of base money, the money supply and private sector credit. Between 1974 and 1980, M-0 was growing at 38 per cent per annum, while M-1 and M-2 were growing at 41 per cent per annum and 31 per cent per annum, respectively. Bank credit to the private sector grew at 30 per cent per annum over the same period.

Notwithstanding the rapid growth of these monetary aggregates, measured inflation moderated somewhat between 1975 and 1980 compared with the period 1973 - 1974 owing to rising outflows of foreign exchange which moderated the expansionary effects of the domestic budget deficit. Thus, although base money grew at an annual rate of 38 per cent between 1978 and 1980, the period of strongest growth occurred between 1974 and 1976

when outflows of foreign exchange were still lagging. Between 1976 and 1980, M-0 grew at 18.3 per cent per annum. The lag in the increase in import expenditure was also reflected in the fact that excess liquidity in the banking system rose to 17.6 per cent at the end of 1975 and 17.1 per cent at the end of 1976, and then declined to 6.9 per cent at the end of 1980.

The Central Bank of Trinidad and Tobago raised its reserve requirements from 5 per cent to 7 per cent in February 1973 and from 7 per cent to 9 per cent in November 1974. It reduced the rate paid on special deposits from 3.50 per cent to 3.25 per cent and deactivated its rediscount facility for loans to the agricultural sector in light of the easier liquidity conditions in the banking system and higher export receipts by the sugar sector. The increase in the reserve requirement in 1973 was prompted by the need to do something about inflation control, and focussed on curbing the expansion of commercial bank credit. This measure was supplemented later in 1973 by tighter instalment credit guidelines. The increase in the reserve requirement in 1974 was also directed to inflation control but arising by this time from the higher oil revenues owing to the increase in oil prices.

Between late 1974 and late 1979, however, the Bank took no policy actions whatever. The interest rate on special deposits — a variable of no policy significance — was reduced further to 3 per cent where it remained until 1986. Interest rate levels were declining, the balance of payments and fiscal accounts were healthy, liquidity was at

historically high levels and government and private sector spending were beginning to accelerate. Exchange controls were relaxed and generally, by 1977, the reins of control on the economy — monetary and fiscal — were extremely loose.

Assessment and Critique of Monetary Policy, 1974 - 1980

One of the striking features of monetary policy over the period 1974 - 1979 is a curious inaction, bordering on paralysis. It may have been expected that it would have taken about two (2) years to discernfully what was happening to the economy consequent on the increase in oil prices and to forecast what the effects would have been on aggregate demand, the balance of payments and the rate of inflation. Proceeding on the view that the boom would be temporary and the windfall gains should be largely conserved rather than spent, the appropriate course of action for monetary policy was to slow the rate of credit expansion by raising the reserve requirement and maintaining conservative, if not tight exchange control policies. The increase in the reserve requirement in 1974 was consistent with this, but by the later 1970s, a 9 per cent cash reserve requirement was clearly woefully inadequate to curb credit expansion to the extent required.

There are several possible reasons why monetary policy over this period was inadequate. First, the Central Bank did not have a sophisticated diagnostic and forecasting capability and, more likely than not, was itself affected by the euphoria of the boom and the growing

sentiment that it would be long-lived. Second, the social and political forces then abroad would probably not have countenanced an aggressive countercyclical monetary policy which would have restrained credit expansion sooner and harder and kept interest rates up and the system of exchange controls somewhat tighter. Such a policy would have been difficult to sell in the climate prevailing at the time.

The experience of monetary policy over this period indicates that the management of a booming economy poses no fewer or more tractable problems than any economy experiencing adjustment. Hindsight provides the observer with 20:20 vision and blinding clarity. However, opportunities missed have consequences for the future, and it seems clear that the failure to exercise sufficient monetary and fiscal restraint over the 1974-1980 period create a legacy of a much more difficult adjustment later on.

III. THE 1981 - 1985 PERIOD

The prodromes or early warning signals of the downturn in economic activity were several and indeed were picked up by certain observers. By 1978/79, the real price of oil had declined. In 1979, a small deficit equivalent to 1.5 per cent of GDP emerged in the overall fiscal balance compared with surpluses in the period 1974-1978. In 1978, the Government, still somewhat uncertain about the longevity of the boom, appointed a Committee under the chairmanship of the then newly-appointed Deputy Governor of the Central Bank, Euric Bobb, to examine government expenditure. The Bobb Committee report adopted a bearish posture in respect of the future course of oil prices and recommended caution in undertaking new or expanded programmes, particularly welfare-type expenditures.³

By the late 1970s, the Central Bank had perhaps convinced itself that positive action needed to be taken to slow the pace of an economy which was clearly overheating, evidenced by skyrocketing real estate prices, shortages of certain critical skills, and substantial inflation, notwithstanding massive subsidies⁴. Its first step in November 1979 was to introduce another selective credit control, restricting

³ Report of the Committee on Government Expenditure (Bobb Report) Government Printery, 1978. p.

⁴ The Imperatives of Adjustment, (Demas Task Force Report), Government Printery, 1983, pp. 2 - 3.

incremental credit for non-business purposes to 25 per cent of total incremental lending with a base date of September 30, 1979. This action was designed to influence the direction of the flow of credit since excessive consumer spending fuelled by easy credit inhibited the development of import-competing industry and raised the level of imports.

The second and more significant step was the introduction of a marginal (variable) reserve requirement in February 1980. This measure required the commercial banks to hold, in addition to the then prevailing 9 per cent cash reserve, a marginal reserve of 15 per cent, making the cash reserve requirement on the incremental dollar of deposits, 24 per cent. The 5 per cent secondary reserve requirement which had been in place since 1968 continued in force.

These positive measures were particularly timely since the second oil shock occurred at just this time (1979/80), raising oil prices still further and partially offsetting the effects of declining crude oil production and refinery throughput. Oil revenues rose by 74 per cent to \$4136 million in 1980 and the government budget swung from a deficit into a surplus equivalent to 5.2 per cent of GDP. More important perhaps, the second oil shock reinforced the view that oil prices would remain high and the boom would persist. The Bobb Committee Report was quietly shelved.

In June 1981, the then Deputy Governor, portended what was to come, and his statement is worth quoting fully. He noted:

...it is very likely that the real price of oil will rise only moderately or even decline in the near future. This, combined with our declining output of crude petroleum and falling refinery throughput - which is itself a reflection of recession in the major economies of the world - will mean, in real terms, declining export receipts and government revenues... Declining receipts from the petroleum sector and hence falling government revenues, together with continued high levels of imports and government expenditure, may open up the prospect of government budget deficits and balance of payments deficits. The high levels of the country's foreign exchange reserves and government's accumulated surpluses will cushion the adverse effects of these deficits for a period of time, but only for a period of time. The adjustment to lower levels of expenditure and income, particularly in an inflationary environment, may be difficult and painful⁵.

Not only did the real price of oil fall, but nominal prices declined as the market price fell from US\$34 per barrel to US\$29 per barrel in 1982. The adjustment has been difficult, indeed traumatic for many sections of the community.

Oil revenues peaked in 1981 at \$4253 million and thereafter began to decline rapidly, falling to \$2472 million in 1985. The contraction of the non-oil economy did not begin until 1983 however, because the economy still had considerable momentum, reflected in a high level of foreign exchange reserves, equivalent to 19.3 months import cover, substantial government savings, substantial private savings and,

⁵ E. Bobb (1981) p.12.

with all of that, easy access to international capital markets. These factors allowed spending to proceed at a level somewhat higher than the country's real income.

Bank credit to the private sector grew at 13 per cent per annum between 1981 and 1985 and credit to the public sector began to expand appreciably, rising from \$244 million in 1981 to \$849 million in 1985. Lending to central government also doubled over the period from \$171 million to \$383 million. However, excess liquidity in the banking system began to dry up, falling from 5.5 per cent and 5.3 per cent in 1981 and 1982 to 1.2 per cent and 0.8 per cent in 1984 and 1985.

The net domestic budget deficit peaked at \$4614 million in 1982 and then fell steadily to \$2693 million in 1985. However, the decline in imports expenditure was delayed, partly by the ratchet effect, partly by the incentive effect of an overvalued exchange rate and partly by the ability of both government and the private sector to continue spending out of accumulated savings.

As a consequence of the lower fiscal stimulus via the domestic budget deficit and continued high levels of outflows of foreign exchange, the rate of growth of base money fell to 12.6 per cent in 1983 from 41 per cent in 1982, and then contracted by 3.6 per cent and 1.5 per cent in 1984 and 1985. There was a concomitant deceleration and contraction in M-1A, while the rate of growth of M-2 fell from 31 per cent in 1982 to 18

per cent in 1983, 7.5 per cent in 1984 and just 1.1 per cent in 1985. As demand pressures declined, the inflation rate fell from 16.7 per cent in 1983 to 7.7 per cent in 1985.

Credit Policy

The MRR did have the effect of slowing the rate of growth of credit and the money supply after 1980, although the rates of growth of these aggregates continued to be higher than warranted by the economic fundamentals. The concern of policy at this stage was to bring demand into line as smoothly and as quickly as possible with the decline in real income occasioned by the fall in the terms of trade. The accumulated foreign exchange reserves and government and private savings would be used to brake the decline and effect a 'soft landing'.

The MRR alone was insufficient to slow credit expansion especially as fiscal policy was still somewhat expansionary. The loss of reserves was precipitate and it was seen to be necessary that additional administrative controls be put in place in order to effect greater control over the balance of payments than could be accomplished by credit policy alone.

The MRR was already viewed by the banking system as somewhat draconian and it was not politic to seek to increase it still further. This would have been 'leaning against the wind' with a vengeance. In any

event, from the perspective of the Bank, it was having the desired effect in that the annual growth rates of credit, and the monetary aggregates were falling and by 1984, had reached single-digits, although these rates of growth still represented significant real growth in the context of declining economic activity.

By 1984, deposit growth had slowed dramatically, making the variable nature of the MRR increasingly irrelevant. Banks had different reserve requirements depending on their past deposit growth rates and, in the event, the smaller banks were more heavily penalized. The effective cash reserve requirement had risen to 17.3 per cent by November 1984. Moreover, liquidity in the banking system was becoming increasingly tight and while there was little pressure coming from the demand side, tight liquidity made it difficult for some institutions to manage their portfolios. Further, the financial system had been unsettled by the difficulties of some independent finance companies.

These factors were important but were outweighed by the need to avoid relaxing too quickly and putting further pressure on the balance of payments. The Bank removed the MRR but increased the basic cash reserve requirement to 17 per cent, only 0.3 per cent lower than the then prevailing effective reserve requirement.

Interest Rate Policy

The introduction of the MRR and a progressively tightening liquidity situation over the 1980-1985 period saw interest rates begin to move upward. In the earlier part of this period the increase in interest rates reflected both buoyant credit demand and tightening liquidity. In the latter part of the period it reflected tight liquidity in the system and a desire by banks to maximize returns on a shrinking, lower quality loan portfolio. The widening spread between deposit and loan rates supports this conclusion.

The Bank made no move to control or direct interest rate movements. Higher loan rates were viewed as helpful in the process of curbing demand and screening out marginal or dubious investment projects. The low level of interest rates on deposits was not viewed as a problem since, by and large, the savings performance of the economy, at least up to 1984, was good. Indeed, as if to show its endorsement of rising interest rates, the Bank raised its rediscount rate which had been dormant since 1974 from 6 per cent to 7.5 per cent in November 1983, even though this interest rate has little or no significance in the market for funds.

Exchange Rate Policy

If endogenous interest rate movements were consonant with the thrust of economic policy, the same could not be said of the exchange

rate. As the inflation differential between Trinidad and Tobago and its trading partners widened over the boom years, the real effective exchange rate had appreciated significantly. However, the sustained high level of reserve inflows had effectively masked the effects of this appreciation. As the balance of payments swung into deficit and the reserves began to decline, the latent problem of an overvalued exchange rate surfaced. Credit policy was constrained for reasons already noted and although the tighter administrative controls were helpful, neither of these policy measures was capable of creating a sufficiently large price incentive on the supply side to restore a measure of competitiveness to the domestic economy.

By the second half of 1984, it was clear that an exchange rate change should be placed high on the agenda of policy actions, partly to increase leverage over the balance of payments and partly to prepare for the stimulation of supply once sufficient compression of demand had been accomplished. In the event, the devaluation of the TT dollar by 33.3 per cent did not take place until December 1985.

Assessment and Critique of Monetary Policy, 1980 - 1985

Between 1980 and 1982, the major concern of monetary policy was to put the brake on the rate of credit expansion in order to effect some control over inflation and inflationary expectations. Between 1983 and 1985, concern shifted from inflation control to the management of the balance of payments. This shift of focus of policy took place because the Bank took the view that inflation was going to be less of a

problem in the light of (i) the compression of demand and the concomitant contraction of economic activity and (ii) declining inflation abroad. On the other hand, the projected rate of loss of reserves was disturbing. The Bank was aware that some loss of reserves was necessary and indeed desirable if the adjustment process was to work smoothly. At the same time, the persistent haemorrhaging of reserves could promote destabilizing speculation, thus putting further pressure on the exchange rate and the reserves, and also lower the country's creditworthiness in international capital markets.

The credit policies which had been put in place in 1979/80 were seen to be as useful and necessary in managing the balance of payments as in inflation/demand management, since the two processes were seen by the Bank to be linked to each other. However, the Bank did not appear to think it prudent to tighten the reserve requirement still further, largely because of the progressive tightening of liquidity and a concern to balance interest rate policy and credit policy, whilst effecting a smooth adjustment to a lower level of activity and demand.

The Bank therefore, in order to increase the likelihood of achieving its primary objective, sought to bring other policy measures into play into order to supplement and reinforce its credit policies. It is in this context that the EC-Zero system of import budgeting, introduced in October 1983, should be viewed, as well as the placing of the exchange rate change on the policy agenda.

TABLE 1
MONEY SUPPLY AND INFLATION RATES
1973 - 1985

Years	Money Supply ¹ (TT\$M)			Inflation Rates %
	M-0	M-1A	M-2	
1973	132.4	208.8	792.5	14.8
1974	167.1 (26.4)	219.2 (5.0)	926.6 (16.9)	22.0
1975	345.0 (106.5)	325.2 (48.4)	1,255.6 (35.5)	17.0
1976	579.8 (68.1)	487.5 (49.9)	1,675.6 (33.5)	11.7
1977	543.1 (-6.3)	614.4 (26.0)	2,089.4 (24.7)	11.7
1978	678.0 (24.8)	812.1 (32.2)	2,669.9 (27.8)	10.2
1979	807.0 (19.0)	1,032.2 (27.1)	3,387.7 (26.9)	14.7
1980	1,136.0 (40.8)	1,738.2 (68.4)	4,601.4 (35.8)	17.5
1981	1,403.9 (23.6)	1,514.2 (-12.9)	4,902.3 (6.5)	14.3
1982	1,985.0 (41.4)	1,946.3 (28.5)	6,414.7 (30.9)	11.4
1983	2,235.8 (12.6)	2,279.2 (17.1)	7,561.6 (17.9)	16.7
1984	2,154.7 (-3.6)	2,125.3 (-6.8)	8,129.8 (7.5)	13.3
1985	2,123.0 (-1.5)	1,916.1 (-9.8)	8,220.4 (1.1)	7.7

SOURCE: Central Bank of Trinidad and Tobago.

¹ The figures in paranthesis represent the percentage change over the average for the previous year.

TABLE II
FINANCIAL SYSTEM SELECTED DATA (TT\$M)
1973-1985

PERIOD	C O M M E R C I A L B A N K S				NON-BANKING FINANCIAL INSTITUTIONS			NET DOMESTIC BUDGET DEFICIT	EXCESS LIQUIDITY %
	AVERAGE DEPOSITS	DOMESTIC CREDIT		AVERAGE DEPOSITS	DOMESTIC CREDIT				
		PRIVATE SECTOR	PUBLIC SECTOR		PUBLIC SECTOR	PRIVATE SECTOR			
1973	707.9	546.9	77.1	72.6	51.5	-	72.9	108.4	+5.1
1974	840.0	631.5	70.5	99.9	67.8	-	78.9	448.2	+0.6
1975	1,141.8	796.5	70.1	113.2	85.4	-	85.3	431.8	+17.6
1976	1,850.1	1,073.7	60.5	87.3	147.2	15.2	145.2	689.9	+17.1
1977	1,892.8	1,560.7	48.2	111.7	191.5	1.5	215.9	1,008.2	+9.1
1978	2,411.7	2,014.3	50.1	145.3	429.0	-	-478.6	1,061.6	+3.6
1979	3,051.1	2,600.1	96.0	156.9	552.3	0.7	671.0	1,734.8	+10.3
1980	4,175.5	3,102.0	189.2	150.3	754.0	2.3	849.4	2,235.6	+6.9
1981	4,406.1	3,675.9	243.5	171.3	1,013.1	1.6	1,170.1	2,211.9	+3.4
1982	5,789.2	4,570.9	386.7	180.4	1,461.2	5.3	1,365.4	4,614.2	+7.5
1983	6,807.7	5,441.3	617.7	266.3	2,004.2	5.4	1,965.5	4,038.5	+2.2
1984	7,385.5	5,899.2	749.0	369.1	2,138.1	13.0	2,218.6	3,001.6	-0.4
1985	7,518.7	5,988.3	848.5	382.5	2,317.8	15.9	2,389.9	2,693.3	+0.2

SOURCE: Central Bank of Trinidad and Tobago.

TABLE III
CENTRAL GOVERNMENT REVENUE AND EXPENDITURE (TT\$M)
1973-1985

Years	Current Expenditure	Capital Expenditure	Oil Revenue	Non-Oil Revenue
1973	447.7	108.5	115.9	278.3
1974	670.4	287.5	889.1	408.8
1975	847.6	353.5	1,254.8	553.7
1976	1,073.4	797.5	1,447.8	804.9
1977	1,296.4	960.5	1,770.5	1,205.0
1978	1,639.1	1,253.5	1,733.5	1,319.2
1979	2,567.2	1,623.7	2,371.1	1,651.2
1980	3,075.0	2,391.3	4,136.5	2,065.9
1981	3,493.8	3,181.1	4,253.0	2,565.6
1982	5,893.5	3,583.6	3,274.2	3,550.5
1983	6,242.9	2,540.0	2,461.4	3,977.4
1984	6,297.1	2,010.8	2,759.7	3,788.8
1985	5,921.8	1,621.8	2,471.9	3,828.5

SOURCE: (1) The Auditor General's Annual Report on the Accounts of Trinidad and Tobago.

(2) Ministry of Finance: Review of Fiscal Measures in the 1980-1984 Budget and Review of the economy 1980-1984.

5. Government of Trinidad and Tobago
Tobago Report of the Committee to Review Government Expenditure. (The Bobb Report 1978).

6. Trinidad and Tobago (TT) Central Bank Annual Reports 1974-1985