

ABSTRACT

Savings In The
Organisation Of Eastern Caribbean States:
An Empirical Study

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The mobilisation of domestic savings is now a major economic issue within the Caribbean region, moreso, since the decline of foreign capital inflows into this part of the developing world. Caribbean leaders and policy makers alike are aware of the changes in the economic and political environment and the impact on the individual countries and the region as a whole.

The thesis focuses on the issue of savings in the OECS, in which an appropriate model of savings for these states is derived and suitable savings policies are proposed.

Pooled time-series cross-section data are utilised in an attempt to formulate a single saving function for the OECS. Prior to the pooled model building exercise, simple regression analyses are carried out to determine if savings behaviour is homogenous among the seven English speaking Eastern Caribbean micro-states. The results of the Ordinary Least Squares (OLS) regression analyses for the individual country demonstrate that saving behaviour is generally unique for each country.

The pooled models that are empirically investigated are specified as the Least Squares Dummy Variables (LSDV) Model which is a special case of the Fixed Effects (FE) Model and the Pooled Ordinary Least Squares (OLS) Model. Results from the econometric analysis did not support the assumptions of the Pooled OLS model and the special case FE Model, implying that saving behaviour is unique to each country.