

ABSTRACT

The study aims at assessing the economic efficiency of the past and present tax regimes of the OECS member countries. It is based on the experiences of these economies during the 1940's, with a fiscal system in which the taxation of expenditure was the main source of revenue. This system was modified in the 1950's to incorporate a greater dependence on the taxation of income. In the 1970's and 80's there has been a renewed tendency among the OECS member countries to rely on expenditure taxes as their main source of revenue.

In assessing the efficiency of these tax regimes, the salient features of the economies extending from 1940 to 1984 have been highlighted. In particular, emphasis is placed on the evolution of their economic, fiscal and monetary systems and concludes with an examination of the revenue structure of the OECS member countries in the 1980's.

The economic efficiency of these tax regimes is analysed through the use of indicators of which the main ones are: tax burden, buoyancy and regressivity of the tax systems. In light of changes in their fiscal policies pursued in the 1970's and 1980's the tax systems of Antigua and Barbuda, St. Lucia and Grenada are examined as case studies.

After analysing government expenditure patterns, the study concludes with a macroeconomic model aimed at isolating the effect of government expenditure, and in particular the impact of tax financed expenditure on the level of economic activity.