

context of political science and international law. Many countries encompass territories with special autonomy rights or special status which go beyond the normal extent of federalism, although these areas or territories are not independent according to international law.<sup>26</sup> Conversely, there are many countries, especially smaller countries, which give up parts of their sovereignty voluntarily and entrust several public tasks or government functions to other states or to a supranational or international organization. All these arrangements, whether they be to gain sovereignty or to assign public functions to agencies outside the country, exhibit a great variety.

For our purpose, those territories which are not fully sovereign but have achieved a considerable degree of sovereignty and a non-negligible degree of autonomous rights, irrespective of the reason, are of special interest, because they allow us to fully analyze the benefits of law-making authority and the advantages of sovereignty. This is due to the fact that their great diversity can give additional information on the degree of sovereignty necessary to exploit possible advantages. It would go beyond the scope of this study to dwell upon this subject in detail, but we will come back to it in Section 5.3.

Some examples of autonomous territories which are in some cases monitored more closely internationally than their size would suggest due to their status as tax havens, are (countries in parentheses): Anguilla (UK), Aruba (Netherlands), British Virgin Islands (UK), Gibraltar (UK), Guernsey/Sark/Alderney (UK), Isle of Man (UK), Jersey (UK), Montserrat (UK), Netherlands Antilles (UK), Niue (New Zealand), Turks and Caicos (UK) and the US Virgin Islands (USA). Obviously, those are only a few of the existing autonomous territories. Additionally, there are a lot of territories in the world which try to obtain greater autonomy like, e.g., Southern Ossetia, Palestine, Corsica or Quebec. Note that almost all of those territories or special status areas are small judging by their size and therefore exhibit astounding similarities with small sovereign countries.<sup>27</sup>

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<sup>26</sup> For an appropriate definition of «full sovereignty» see Section 2.3.2.

<sup>27</sup> From an economic or economic policy point of view there seems to be no general distinction or, at best, minor differences between very small countries and small autonomous regions with limited legal sovereignty, although the latter display a great variety of characteristics with regard to government functions, constitutions and politics.