

## Preface

Very small countries are a fascinating field of research, due both to the variety of existing small countries in the world and if to theoretical ambiguity concerning the economic consequences of smallness. It was furthermore amazing to see that some of the lessons we learn from very small countries and their economic peculiarities can also be applied to larger countries and to federal and/or autonomous regions of larger countries. This is especially true of cases in which larger countries give up effective sovereignty rights to supranational and international organizations. Hence, the study of very small countries is far from being the exotic field of economics it is sometimes considered to be.

This study is not intended to be mainly a theoretical one, although it offers some promising opportunities to bring in new theoretical ideas concerning the economics of very small countries. The focus here, however, is on empirics, with the explicit aim to obtain more stylized facts and information on small economies as a basis for a broader understanding of the peculiarities, the problems and the obvious success of very small countries.

Unfortunately, the analysis of very small countries is strongly constrained by the availability and quality of data, and this study is no exception to this general rule. Indeed, the chosen empirical approaches more than once changed dramatically in the course of this study, although the original question remained, of course, the same. This is nothing special for empirical work in less developed fields, but it always comes with uncomfortable side effects, such as the obligation to search for new data and more suitable methods. The data problems became especially severe in those parts of the study where disaggregated and harmonized data on government expenditure and revenues were required for a sufficiently large set of very small countries. Our results nevertheless appear to be of interest for economics as well as for the economic