

There is an amazing number of small countries, when smallness is judged by population figures. Eighty-eight countries out of 193 have fewer than five million inhabitants; 35 have populations of under 500,000, which is about the size of the least populous US state, Wyoming, or, equivalently, slightly smaller than Boston. Nevertheless, if one takes the 30 least populous countries in the world (in the left-hand column of Table 2.1), it is easily discernable that there is no clear-cut picture concerning apparent similarities between them, except, of course, their size.

Some of the smallest countries in the world are highly developed and prosperous; some clearly are not. Some of them have a long history as a sovereign country, like Armenia (interrupted by periods of occupation) and San Marino; others have only recently attained the status of independence. Some are landlocked, some have access to the sea, and some are remote island countries, island groups or archipelagos. There is no continent without small countries, except Australia and Antarctica of course, although most of the small countries are situated in the Pacific, the Caribbean and in Europe. Even these brief considerations show that the heterogeneity among small countries is enormous, perhaps almost too big for meaningful comparisons between them.⁴

Note that the number of inhabitants is intimately related to the cost-side of public good production and provision. Therefore, from a theoretical point of view in public economics, the number of inhabitants is the most apparent proxy for country size in the context of this book.⁵

2.1.2 Size and geographic characteristics

Table 2.2 gives an overview of the smallest countries in the world, when area is taken as a proxy for country size. The correspondence between the countries in Table 2.1 and Table 2.2 is quite high. Nearly 70% of the countries appearing in Table 2.1 are also listed in Table 2.2 (although Table 2.2 comprises only 67 countries in comparison to the 88 countries

⁴ We will nevertheless show in this study that comparisons are both possible and meaningful.

⁵ Section 2.3 dwells upon this subject in detail.