

of Table 2.1).⁶ Therefore, the two characteristics population and area are, not surprisingly, highly correlated. The Spearman rank correlation coefficient between the ranks of the countries listed in both tables is 0.786 and highly significant.⁷

Area is not as easy to measure as it seems at first sight. There are also problems in quantifying population, which have been neglected in Section 2.1.1, but those are, by and large, not so serious in our context that they have to be considered here. The problems associated with area as a measure of country size, however, deserve some attention.

First, the qualitative aspect of land may play a vital role in determining a country's capacity to produce goods and services. Take, for instance, Iceland, which is generally considered a very small country due to its population. Judging by its area, this classification cannot be confirmed, since Iceland, with its 103,000 km², ranks number 105 among all countries in the world. Still, parts of the country are not inhabited or are even uninhabitable. An objective measure of area for assessing country size from an economic viewpoint should exclude at least uninhabitable regions if not also land that cannot be cultivated.⁸

Second, land is not the only factor that determines an appropriate area measure of a country. Especially small island countries or countries with many archipelagos or atolls may, admittedly, have the disadvantage of smallness in terms of land and fragmentation concerning the settlement structure, but they often have the possibility to establish a 200-mile Exclusive Economic Zone (EEZ)⁹ or a Fisheries Zone of 200 miles. Such a zone obviously increases the radius of influence of a country, although the economic impact of declaring an EEZ depends on the biological pro-

⁶ Bosnia-Herzegovina, Botswana, Central African Rep., Congo Republic, Costa Rica, Croatia, Eritrea, Gabon, Guyana, Iceland, Ireland, Jordan, Kyrgyz Republic, Laos, Latvia, Liberia, Lithuania, Mauritania, Mongolia, Namibia, New Zealand, Nicaragua, Norway, Oman, Panama, Papua-New Guinea, Sahara, Sierra Leone, Suriname, Togo, Turkmenistan, United Arab Emir. and Uruguay have fewer than five million inhabitants, but an area larger than 50,000 km², whereas Burundi, El Salvador, Haiti, Israel, Rwanda, Belgium, China Republic (Taiwan), Denmark, Dominican Republic, Netherlands, Switzerland and Slovak Republic display reverse characteristics and appear, therefore, only in Table 2.2.

⁷ Simple correlation between population and area yields a correlation coefficient of 0.517.

⁸ See Lloyd and Sundrum (1982).

⁹ United Nations Convention on the Law of the Sea (UNCLOS), Part V, Article 55-75; 1982 (1994).