

the level of autonomy which is necessary to ensure that the potential benefits of sovereignty can be exploited properly. Note that a comparison between VSC and larger countries is not that appropriate to answer this question, because the differences in the economic and political systems between VSC and larger countries may be too huge to single out the impact of sovereignty. Finally, Section 5.4 is designed to draw conclusions from the analysis and to arrive at a perception of sovereignty from an economic viewpoint.

5.1 Economic characteristics of very small countries

Economic characteristics of VSC have already been provided in prior chapters. Though we have so far concentrated on the public sectors of VSC, Section 5.1 is, in contrast to that, designed to give some interesting data on macroeconomic and private sector characteristics in order to get an overview of the economic situations in VSC. The picture that emerges from the relevant Tables A.14 and A.15 in the Appendix is rather diverse at first sight, and it seems to be best characterized by a lack of a common pattern.⁹⁸ E.g., GDP per capita ranges from US \$ 1755 (Micronesia) to US \$ 32,063 (Luxembourg). Note that we even excluded some VSC from being listed here, either because their low GDP per capita would have made comparisons like in Chapter 4 impossible (e.g., Salomon Islands, Cap Verde) or because of general problems associated with comparability (e.g., Vatican City). It is easy to conclude that small countries exhibit a great variety of characteristics. A closer inspection of both tables, however, reveals some tentative evidence on common peculiarities.

5.1.1 Some stylized facts

Although there are some obvious caveats associated with the data (different reported years, some comparability problems, etc.), it is clear that there are several countries with a very high GDP per capita. In five VSC,

⁹⁸ Note that data on public sectors of VSC in Table A.14 have not been used to run the regressions in Chapter 3, because they are not harmonized. Table A.14 should therefore only be viewed as a broad-brush picture of VSC economies.