

status of having been a colony of European countries, especially of the British Empire, might have strongly influenced welfare levels and growth paths by creating an initial disadvantage (no history of independence, an economy tailored to the needs of the colonial country, too little investment, a misadjusted economic structure with high dependence on resources, few niche strategies). Note further that geographic location or other geographic variables might play a role, since all traditional VSC are located in Europe. The advantages of the larger European market may, however, be offset by the very high risk of being annexed in one of the many European wars during the last centuries. In more or less peaceful times (since 1945) and with the ever-increasing openness of European countries, the advantages of VSC can fully be exploited and the disadvantages are diminished.

Table 5.4 also reveals – as briefly mentioned above – that social homogeneity does not seem to be an important factor for the success of VSC, contrary to our expectations and contrary to arguments raised in many studies of very small countries. Ethnic and linguistic fractionalization in the chosen VSC is sometimes relatively high, especially bearing in mind the small number of inhabitants and/or the small area. It might simply be the case that it is unimportant or more or less unimportant in economic terms to have a homogeneous population with regard to ethnicity and language. A successful VSC is «forced» to be international due to its high dependency on export and imports and due to the lack of possibilities at home, especially in education. Moreover, VSC are often dependent on workers from abroad, like, e.g., Liechtenstein. It is therefore not correct to speak of a VSC's population homogeneity as one of the major advantages of VSC. On the contrary, in most cases its international orientation and its heterogeneity in population seem to be a factor of success.<sup>114</sup>

#### *5.2.2.9.2 Economic structure and specialization*

It is rather astonishing that the distribution of the workforce among the three main sectors is not uniform across the high-income VSC and does

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<sup>114</sup> Unfortunately, we can say nothing about the identification of citizens with VSC. A possibly strong identification might play an important role in the perception of «homogeneity».