5.3.2 Data and first results

Fortunately, we do not have to gather data for an investigation of these arising issues – given the fact that data are very scarce for such examinations, this is a considerable advantage – because we can follow the lines of the studies of Armstrong and Read (1995) and Armstrong et al. (1998). The first step is to examine how VSC and small autonomous regions (henceforth, SAR) fare in comparison to other regions. It is then possible to compare VSC and SAR in a further step. As a consequence of the diversity of VSC and SAR with regard to remoteness, geographic location and so on, it is not meaningful to compare, e.g. Andorran figures with the average of EU figures on the NUTS 2 level.[119] Armstrong and Read (1995) therefore decided to compare economic indicators of VSC and SAR with the average for adjacent regions, although this approach comes with the problem of choosing appropriate adjacent regions, which is especially problematic for islands.[120]

The results of the comparison are striking and not very difficult to interpret. They rely on data from 15 European VSC and SAR[121] and compare their per capita GDP and unemployment rates with those of adjacent regions. We supplement the qualitative results of Armstrong and Read (1995) by applying non-parametric statistics. With regard to per capita GDP, the majority of the 15 VSC and SAR clearly outperform adjacent regions. The difference is especially pronounced for Andorra and Liechtenstein. Note that there are however several VSC and SAR with lower per capita GDP than in the adjacent regions, namely the Azores, the Isle of Man, Madeira, Malta and San Marino. The Faroes are a special case, since their GDP is higher when per capita GDP is converted to the former European currency unit ECU, but smaller when purchasing power parity is applied. Although per capita GDP is, on average, higher in VSC and SAR than in adjacent regions, a Wilcoxon-

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119 NUTS 2 is a level of geographic aggregation of regional statistics issued by Eurostat and part of the Eurostat REGIO database. There are about 170 NUTS 2 regions in the EU.

120 See Armstrong and Read (1995) for their choice of adjacent regions. Note that their choice is rather arbitrary in the case of island VSC and SAR, but it is difficult to imagine how to arrive at a «correct» choice.

121 Note that the choice of SAR is also arbitrary, and there are numerous other candidates, which Armstrong and Read omitted (1995).