

VSC versus autonomous regions of larger countries

even better than larger countries in economic terms, but it goes without saying that this result has to be interpreted with great caution for several reasons, data availability and harmonization being only two. Remember that we were unable to find a significant negative relationship between country size and GDP per capita in the much more reliable multiple regression approach in Section 5.2.

In Table A.17 in the Appendix we display those VSC with fewer than 500,000 inhabitants and all the SAR listed in Armstrong et al. (1998) and evaluate them again with regard to our focus of comparing VSC and SAR. The regional classification, which is also the basis for regional averages, follows World Bank standards.

The compilation in Table A.17 confirms our regression results. There does not seem to be a disadvantage for VSC, but overall, there is also no advantage with regard to per capita GDP. We obtain 16 VSC which have lower GDP per capita than the regional average, and 11 VSC which have higher GDP per capita than regional average (the difference is not significant). Exactly the same number of SAR's GDP per capita figures are above regional averages as are below (11 versus 11). All in all, 27 VSC and SAR are below regional averages and 22 are above. Needless to say, there is no statistical difference between VSC and SAR in terms of relative per capita GDP.

5.3.4 Regional differences

As can easily be verified from Table A.17, there are some noteworthy regional differences. The Sub-Saharan African VSC and SAR as well as the South Asian and the VSC and SAR in the Middle East and North Africa fare quite well. The picture is also relatively satisfying for the Latin American and Caribbean, Western European and North American VSC and SAR, although the results are characterized by a certain degree of diversity. The region with most of the VSC and SAR, the Pacific region, comes out very badly, with nearly all territories having a lower per capita GDP than regional average. Of course, it is not fair to compare Pacific island economies with some of the Asian «tiger» economies, but the performance of Pacific VSC and SAR is poor in any case. Remoteness and disaster proneness play a vital role in determining the results for this region, but there are several «home-made» problems, like