

sovereignty. Which parts of national sovereignty should be kept, which can be handed over to the EU level but should be guarded by a right to veto, and which parts should be given up in order to decide relevant issues by majority vote on the supranational level? Of course, VSC differ from larger countries with regard to several aspects, but one can learn a lot from their decisions, because the underlying rationales are similar regardless of country size, and the effects of changes in «effective» national sovereignty are much easier observed in the relatively smaller VSC economies. Moreover, many VSC have already given up a lot of national sovereignty to other countries, and one can conjecture that what remains might be the most important part, the core of sovereignty. Hence, VSC can indicate the future path of international integration and its possible limits.

5.4.1 Pillars of very small economies

Contrary to the widely held belief that VSC economies mainly rely on financial services and even on illegal activities like money laundering, we found that the economic sources of success are much more diverse in reality. Especially the high-income VSC are much more on-shore than off-shore economies. Due to this diversity, it is not easy to find a common denominator for the success stories. Judging from the case studies in Section 5.2, we are however able to obtain some hints as to the best economic strategies for a VSC, bearing in mind a few caveats already mentioned above.

Needless to say, the first advice would be to exploit natural resources if any are existent. It also goes without saying that VSC have to take a closer look at sustainability than larger countries due to their limited size and the vulnerability of their ecosystems. Brunei and Iceland are two excellent examples of VSC with valuable natural resources. Their economic structure clearly reflects the existence of these resources, and they are well adapted to their specific economic situation, which is, of course, a key to economic success. Other resource-abundant VSC are less successful, like, e.g., Nauru, where phosphates are mined. Note however that Nauru is one of the high-income VSC in the Pacific region and its disadvantage may be, to a considerable extent, driven by its remoteness.