

A summarizing evaluation of law-making authority and sovereignty

Another example would be the reluctance of Luxembourg to give up its strict confidentiality rules in banking in order to enable other EU member countries to tax citizens who shift their money to Luxembourg.

VSC obviously follow a two-fold strategy:

- They defend those parts of sovereignty which are a prerequisite for promoting and protecting their niche strategies.
- They try to protect their key industries and services by many measures, which may be restrictions in trade, but may also be the reluctance to comply with rules of international organizations if they endanger their economic niches.

Note that the extent of the necessary sovereignty is rather small. It first and foremost includes an independent law-making authority which might even be restricted to areas where niche strategies are located. The next two sections are designed to shed more light on the question of the necessary sovereignty.

5.4.2 Which kind of sovereignty?

The comparison of VSC and SAR shows that the differences between the two groups of countries are small with regard to economic performance. One might conclude that this is an indication of autonomous rights and autonomous scope of action not being qualitatively different in VSC and in SAR. The previous section also points in this direction, but one has to exercise caution in interpreting the results.

Summarizing the evidence from Section 5.3, it is difficult to detect differences between VSC and SAR. Many of the SAR have almost the same level of «effective» sovereignty as most VSC. The only major difference is constituted by the lack of international recognition as a sovereign country. Furthermore, SAR normally are not responsible for defense issues, they generally do not have their own currency, they are not represented in international politics and international organizations, and they often lack some infrastructure like universities. This list of missing signs of sovereignty in SAR obviously complies with the list of public goods which are very often (internationally) sourced out by VSC. Hence, VSC voluntarily give up those parts of their sovereignty which SAR do often not have at all. With regard to these governmental tasks