

VSC can be viewed as examples of deeply integrated areas, and many consequences of deep economic integration which can be studied in some European VSC are clearly positive. We are convinced that the lessons larger countries can learn from VSC for integration issues are a promising avenue for further research which touches upon the similarities between international outsourcing and economic integration in greater detail.

In order to assess public sector and economic system peculiarities of VSC comprehensively, it is necessary to analyze the economic implications of sovereignty and the perception of sovereignty. This requires US to leave the safe path of standard economic theory and to dwell upon a subject which has clear and major economic implications, but so far has only been analyzed rudimentarily from an economic viewpoint.

First of all, the populations of VSC do not seem to be less happy than people living in larger countries or do not seem to perceive smallness as a handicap at all. We cannot support this notion with hard facts – at least for a sufficiently large sample of VSC – and even if we could, methodological caveats of happiness comparisons across countries would be huge, and one would have to exercise caution in interpreting such comparisons. Nevertheless, our impression is that smallness is not perceived as negative, especially not, of course, in VSC with very high living standards.

We were, furthermore, surprised to find that the limited extent of real or effective sovereignty of VSC is sufficient to make high levels of wealth possible. As mentioned above, the economic implications of sovereignty have widely been neglected so far, but our results suggest that sovereignty is an important economic concept. However, we can argue in light of our findings that the traditional legal view of sovereignty is not of much help when studying VSC. It is obvious from VSC practice that a very limited extent of law-making authority is the core of economically relevant sovereignty. The shape of the legislative framework (or of parts of it) for the private sector seems to be one decisive factor for enabling VSC to pursue niche strategies which lead to high welfare levels. Our results with regard to this issue do not proceed far enough to arrive at comprehensive and general conclusions, but again we are convinced that we have opened some roads for further research in a field which we deem very important for economics. At the least, we were able to show that an economic theory of sovereignty would be clearly de-