

# SUSTAINABLE BUSINESS DEVELOPMENT AND ECONOMIC GROWTH UNDER SCENARIOS OF ECONOMIC SLOWDOWN

## *Explicit Answers to Implicit Questions*

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**Abstract:** Concerned with employment, this paper deals with doubt regarding widely accepted corner stones of economic theory and measures based thereupon. The author has long doubted some prevailing economic theories as far as publicly discussed and applied. As a result of reflections and own practice as innovator, entrepreneur and consultant, the author draws conclusions, relating contradictory macro economic theories with developments outside of economy: With Human Nature and Culture. Moreover with Diversity of Values and the dealing with qualitative and quantitative information. The paper offers ways to explain, what leading researchers of economic science have admitted not to understand, and draws conclusions regarding cultural elements, which are decisive for the sustainable development of prosperity, social security, self-determination and independence. By offering different interpretations, the author seeks to induce new directions in scientific research. This paper is to be complemented by more detailed presentations of methodology of promotion and sustainable management.

**Key Words:** Values, sustainable, economy, promotion, qualitative, quantitative, Bilbao, science, Uexküll, Baltics.

### **Introduction:**

#### **Roots of Economy - Outside of current Scopes**

Much more than a „scientific“ paper, this paper is a message to scientists. An impulse for new directions in scientific research, aimed at economists. Aimed at academics, who are aware and equally dissatisfied, that economic „science“ is currently basing its ability to predict developments much more upon extrapolations, than upon true understanding of the underlying rules shaping the course. Just like any human cognitive activity, science should aim at not only describing, but at understanding reality in all its forms, developments and sudden twists. By presenting his impressions and findings, the author aims at drawing the attention of the academic community to the fact, that what drives and decides about the course of economies may lie outside of the current focus of today's economic science and its theories: In culture, namely in the ways, how people deal with qualitative values and quantitative criteria.

#### **Method: Hermeneutic Semioses**

The answer to the obligatory question, inherent in science, regarding the combination of methods applied in cognitive processes leading to new findings in all appropriate seriousness, requires a separate chapter, which is under work and would in any case expand this paper beyond the already exceeded quantitative limitations.

Such chapter shall probably also have to include narrative parts from autobiographical notes

In a short and etymologically fitting description, the method could be described as a series of “hermeneutic semioses” regarding economy and society. With such definition, reference to epistemology and Gettier (25) is not avoided, but temporarily circumvented. In further detailing such method at the denominational level, however postponing a more detailed description, it may well be added, that a hermeneutic semiosis, i.e. the interpretation of qualitative information behind developments, as signs, is not strictly related to the observation, interpretation and influencing of complexly intertwined realities as a system of objects, but rather as the observation and understanding of subjects, which means that one

must be aware, that the subjects do alter their characteristics by being observed and conclusions being communicated. Such interdependent influence can not only be shown in examples, such as the effects of publications like the report to the club of Rome upon the course of the world, but also be found in the theoretical writings by Jakob and Gore von Uexküll regarding science and its limited ability to serve more than a description: Understanding, which can hardly be derived from quantitative information alone, but rather requires qualitative information. Thus, the so called “soft” facts are the ones, which create the “hard” facts, if we understand that value is generated by observing values. How much such understanding may lead to and undergo shifts of paradigms, has also been described in great clarity by Thomas S. Kuhn, namely in his dissertation: “The Structure of Scientific Revolutions” (24).

### **Findings are Results of Semiosis and Reflection**

Regarding Macro-Economy and Employment, the recognition of the obvious discrepancies between statements, predictions, measures and outcome has nourished doubt regarding the validity of the „laws” and “rules“ of economic „science“. It also has led to reflections and independent own thought. Some conclusions are offered and outlined here, in order to invite better-prepared scientists of related fields, including the so-called „humanities“, to prove, correct or counter-prove the findings presented.

Under some aspects, this paper may be called a „semiotic“paper. Not because of the specific language and deeper methodology related to that specific interdisciplinary science serving so many disciplines, but as result of a Semiosis, which derives from the fact, that the author, namely since the years 1974- 76, during studies in Italy, has synchronously been exposed to two different “worlds” and their dealing with the same socio-economic facts. Such detailed multifaceted insight then had drawn him to the quick prediction: „We are driving towards new ‘weaver upraises’! This time not due to the use of steam-power, but as a result of computerised automation“. What the world since has started to call „information technology“ has long proven this trend-prediction right.

### **In Command: Real Economy or Finance?**

The immediate objective of this paper shall already be reached, if it leads to new and differently focused thought and research regarding the theses, doubts and alternative explanations outlined in it. This is the primary motivation of the undersigned, when he dares to express and share his observations, reflections and conclusions, by questioning and re-interpreting economic theory - and adding new theory, as a framework correlating existing contradicting theories with variable boundary conditions. Boundary conditions found not in ”economy”, less in “finance”, but in human nature, or: “Culture”. But it may be added at this point, that the purposefully fuzzy term “culture” here also includes the anomaly, that in recent days, and increasingly so, finance is no longer regarded as a side function serving economy, like bookkeeping, but rather tends at dominating and, thus strangling economy, because economy intrinsically must follow its own rules, not primarily driven by quantitative criteria. The abnormality, according to high ranking German bankers, meanwhile has gone further: While formerly at least three quarters of any bank’s transactions have been related to the creation and distribution of goods, this primary activity nowadays only accounts for a quarter of the transactions, while the majority is strictly related to financial products, no longer related to goods, such as doubtful “derivatives”.

### **Invitation to joint Efforts contributing to Success**

More urgent, however, than the invitation extended to the academic world, regarding independent reflections and refocused research, is the immediate recognition and application

of the obvious, namely because the concepts presented are already proven. Having contributed to success stories of entrepreneurship and innovation as well as stable economic developments, both in industry and in the restructuring of depressed regions, the indication, how this has been achieved, and how methods, not solutions, can be adopted and adapted elsewhere, and even improved, the author presents this paper as an open invitation for a concerted action between private initiatives, public administrations and academia, to participating in the application of what works, and to study, why it works so well, how counterproductive hindrances can be overcome, and to share, what others could learn from it.

### **Cognition, Mass Opinions and Independent Thought**

Science and scientists are not entirely free from prejudice. One such prejudice may be seen in the arbitrary definitions of science itself, its methodology and areas of application, resulting from lively discussions a century ago, in which the name v. Uexkuell stands out as worth being remembered and reread. Possibly, not only as far as Jakob v. Uexküll, the outstanding Biologist from the Baltics, but his descendants and those, who continue to make reference to him, such as Kalevi Kull, semiologist from Tartu, Estonia, with his biography of v. Uexküll (1). Jakob's son, Thure, half a century later, at the occasion of his own retirement from Munich's university, in which he offered enlightening references to his father's work, has hinted upon the areas, which science, until today, has remained unable to explain – and which science, with its current narrow focus, may never be able to address and understand. His bold statements in a foreword to a recollection of some of the most important of his father's works, is worth reading for everyone concerned with cognition. (2)

Another comment, slightly more humorous, which returns to mind, when presenting this paper, is dating back nearly equally long: It has been attributed to Alexander v. Humboldt by a source, which the author no longer can ask for confirmation and details. In general lines, v. Humboldt supposedly has suggested: "If someone has found a new theory, better explaining reality, however contradicting currently prevailing theory and teaching, he (or she) better waits with the publication, until the author(s) of the currently prevailing theory have deceased, or at least have retired." Obviously, this comment, by such outstanding and committed researcher and true pioneer of science, refers to the dealing with cognition by his fellow-scientists, and to their being all too human.

The extent, to which even intelligent personalities, otherwise regarded as examples of "independent thought", like everyone, are inevitably subject of mass psychology and its inclination towards prejudice, is just one more "reason" to re-read and reflect about the writings by Hans Domizlaff, creator of "Brand Techniques" (3).

### **Origins of all Economic Developments: "Culture"**

For the purpose of this paper, such "non-scientific" aspects as identity, values, attitudes, pride, which are the origin of all decisions, in their multitude shaping what we call "economy", can be united under one intentionally fuzzy label: "Culture". Culture is a Key to understanding those micro- and macro-economic developments, which some leading heads of economic science publicly have confessed not (yet) to understand, but to be working at: "...what happened in Japan - and what is now happening in Germany - and in Europe..." (6)

At the centre of economic interest in culture is the way, how people, as customers as well as entrepreneurs, and in any other role as part of any general public, deal with qualitative values and their diversity. Human values, thus, seem to be even far more important, namely for the course of economy, than assumed by authors, such as German industrial association leader, and former head of IBM Europe, Hans Olaf Henkel, (7) who are lately commenting about the lack of human and ethical values in current economic as well as political (and financial!) practice. Below, we shall find some hints upon the reason, why even the most outstanding researchers, fixed upon their areas of probably excessive specialisation, can not

find the origins of economic crisis, and can not fully understand, what decides over structural crisis, possibly crash, as argued to be inevitable by some authors, such as Hamer and Hamer (8), or, rather, the preferable alternative: Prosperity and functioning social security systems. This paper aims at indicating, how the approaching crash can be avoided, rather than be prepared for.

### **Vote for a Concerted Action**

The fact alone, that some economic researchers call for an international “Marshall Plan for the World” ([www.global-marshall-plan.de](http://www.global-marshall-plan.de)) indicates: The world has no time to wait. Or better: Humanity has no time to wait, while the world shall undoubtedly survive humanity, if not else. The global marshal plan initiative itself, however, is misled and misleading by its own overwhelming focus only upon quantitative criteria and, consequently, upon distribution rather than local generation of wealth through own unique culture and offers, in order to overcome the origins of dependence.

Hands-on measures need to address and deal with the roots of the problems more, starting from trying to understand these better. As an entrepreneur, the author intends to indicate, how outstandingly effective and also most efficient measures of economic promotion have been applied (and proven), and how they can be optimised further, in order to be applied elsewhere. But also, how research could and should accompany study and help to fine-tune such hands-on approaches conceived, proven and optimised by practitioners for practise.

In addition, this paper is also intended as a reminder of what the author has pinpointed and questioned already before: Education (8) must widen the scope of people, rather than focusing and limiting it further. Education must lay the groundwork for thorough interdisciplinary co-operation, by providing an overlap of general knowledge of other fields, including the humanities. And education must proactively promote ethics and teach methodology of teamwork – and of understanding and communicating uniqueness and diversity by underlining the importance of understanding, expression and realisation of qualitative difference, in order to be able to cater to (and capitalise upon) human diversity.

### **PART ONE: Basic facts.**

Old and ubiquitous knowledge could easily be overlooked as „common places“. But are those invalid?

What is the difference between “outdated” by fashions or trends and invalid or “wrong”? Revisions of old knowledge and principles under new circumstances, with new methods or additional information may provide additional insight or lead to new interpretations and understanding.

### **Artefacts need an own Reason to Exist!**

The term “artefact”, in the strict sense of the word, is applicable to any and every result of human thought, action and inactivity. Thus, also to ideas, companies, institutions, brands and the like.

Without an own and unique reason to exist, companies and their offers can serve only shortsighted interests while creating harm to competitors and all societies. Comparable offers and their vendors, have a strong reason to seek their own place in the world by embarking upon uniqueness and qualitative distinction, rather than trying to compete through quantitative aspects. Excessive focus upon productivity alone only leads to the contrary of prosperity, pride and freedom: Unemployment.

### **Entrepreneurship, Employment and Societies**

Fulfilling employment is at the heart of prosperity and social security, as well as of self-esteem, identity and pride, leading to “culture” - the unique Being of people - and to further unique offers and innovations. Fulfilling employment, thus, is a result of and leads to sustainable business activity. Fulfilling employment is also a prerequisite of both internal and external peace - and of any functioning democracy, its independence and self-determination. Also, additional prerequisites for the welfare of any community, and their peaceful harmony with other communities, originate from human nature. These may be characterised in terms of cultures, values, attitudes, specific competence, life styles, patterns of use, needs, scarcity, excess, and by many other aspects linked to these and driven by these. This cluster constitutes not only a rich source for innovations and offers catering to the uniqueness of people, groups and offers, but of sustainable politics for any specific region.

### **Job-Motors Entrepreneurship and Innovations**

Entrepreneurship and its Innovations are the single most important sources of employment. Since the seventies, but more pointedly, since the eighties of the past century, responsible and insightful authors, such as Peter Glotz and Uwe Thomas (10), have exposed their detailed understanding and proposed adequate measures aimed at taking this fact into account more appropriately in national and international politics. Much longer, it has been a known and repeatedly proven common place, to state, that most employment, namely in any strong society and country, is provided by companies led by entrepreneurs. This statement, although to a lesser extent, also applies to a slightly different point of view (now a “mass opinion”), under which the same statistics are presented for the category “SMI”, thus by relating steady employment and new employment generated to size of companies alone.

The lack of fine, however significant difference in denomination, has a counterproductive effect upon the understanding of entrepreneurship and the origins of its potentials in comparison with anonymous, capital driven and employee managed entities, which are instead the object of most economic theories and thought, while they are hardly anywhere employing near to 20% of any population, and no where generating more new employment than they themselves destroy.

### **Entrepreneurship vs. Business Administration:**

With regard to the qualitative distinction between values prevailing in entrepreneur-managed companies, and quantitative criteria prevailing in capital driven employee-managed corporations, also in view of theories (22) of managing (unnecessarily) “complex systems” (which prove to be close to superfluous, as long as companies are led by entrepreneurs) it may be the case, to underline the fact, that “cybernetics” regards the leadership as applied to ships, companies and states, based upon cognition and its communication. Such leadership requires responsibility, competence (e.g. the ability to personally instruct and show: how, how precisely), oversight and direct communication. With other words: Entrepreneurship as mentoring, sometimes demanding leadership.

### **Qualitative Distinction and Terminology matter!**

The above may be seen as a hint upon the limited understanding of deeper origins of any complex problem. Whenever statistics are generated by relating facts to quantitative criteria and not to the more significant qualitative values-related categories, the outcome is a result of the limitations of quantitative criteria.

After all, what should matter in research is to understand, why which kind of mindsets, values and attitudes has which effect upon society. By mixing, for example, employee-managed and capital-driven companies with entrepreneur-led enterprises, in categories, like

SMI, relating employment only to size of companies, the effects of values upon employment may stay clear, although they clearly get diluted and less visible. Moreover, their relation to specific mindsets and values could become even more visible, if one went back in history and included also large entrepreneur-led companies into the research.

### **Sustainability – Intrinsic Quality of Entrepreneurs**

Among others, the already mentioned Anton Zischka (11) offers deeper insight, leading to the observation, that from the moment, when entrepreneurs, such as Alfred Krupp, have been forced, in this case (among many even more destructive examples) by one specific bank, to change the structure of their companies into publicly traded, share based, and thus capital driven companies with employed managers, not only these companies, but their supportive effects for societies, have been undermined – until they disappeared in nameless conglomerates driven by quantitative criteria alone, and thus neglecting their role in society. On the other hand, the present return of Volkswagen group into a Family Company under a strong and competent entrepreneur as Dr. F. Piëch, promises extremely positive effects for Europe and the world and shows the social responsibility of the Porsche family for European society and its role in the world.

The recently propagated terms of “Corporate Citizenship” and “Corporate Governance” can in no way revive or emulate repressed values, visions and motivations of true entrepreneurs, the responsibility of which, in our days, is also reflected by personalities like George Soros (12). Rather, such terminology must appear as additional “noise” aimed at camouflaging the true origins of problems - and, thus, as sabotage of understanding and taking more fitting measures for a more sustainable course of economies and societies.

Sabotaging effects, which also are reflected in the resulting alterations of entrepreneurial activities, namely in countries, where a jump-started business practice follows century long communist desinformation about “Capitalism” rather than the tradition and example of West-European “Social Responsibility of Capital”, which has helped W-Germany and the EU to be so strong. Here, again, Anton Zischka may be named as a handy and very detailed source of insight. But also the first hand accounts by Helmut Schmidt (13) in his various autobiographical reflections.

### **Origins of Multitudes of Egalitarian Effects?**

The question “Cuio Bono”, e.g. regarding the mentioned counterproductive developments, changes of paradigms, as well as of EU- and international standards, rules and regulations may be left to the appropriate investigation and answer by any interested party. Here, the question “Hony soy, qui mal y pense?” may leave further reflections to the reader and redirect this discourse back to the argument, that terminology (and its etymology) in fact is a Key to understanding complex problems better.

### **Entrepreneurship – Ever understood by Science?**

The effectivity of entrepreneurial companies to generate sustainable employment is closely related to the effectiveness of entrepreneurial enterprises, to generate the unique offers, preferred by target groups for their incomparable properties. Their generation of employment can also be related to their efficiency of inventing and realising the most outstanding technical innovations. Increasingly wide spread mass opinions, however counter such facts by dispersing the ill belief, that innovation would require “size” instead of such different set of values and attitudes, not driven by numbers, but by unique ideas pursued as “causes” founding the indispensable specific Raison d’Etre of any artefact.

### **Entrepreneurs: Powerhouses, Misdemeanors and Paralysed**

The self-understanding of entrepreneurs, how they could be more successful under continuously deteriorating boundary conditions, has been subject of a continuous change of values and paradigms, partly induced, if not enforced, by the rules of accountants, bankers and politicians as well as scientists advising entrepreneurs from external, but also extraneous points of view: (Business-) “Administration” and Finance, not Entrepreneurship.

It might be worthwhile, to question, who is inducing the prejudice and rules of these groups in whose interests?

On the other hand, the author, so far, has not been able to note many successful efforts, to understand the deeper roots of what really makes (or: has made?) entrepreneurs so successful, both in realising their own individual visions and in being the core of any society, not only by continuously generating new fulfilling employment, but by adding pride and sustaining local values, and by contributing in manifold ways to their local and national communities and the local generation of wealth.

### **Science, Administration and Entrepreneurs**

Hans Domizlaff, the mass psychologist, “father” of “Brand Techniques” and successful advisor of leading entrepreneurs and innovators, once stated: “Science and practical Entrepreneurship” (as well as Innovation) are “separated by principally different ways of looking at reality. As a result, the mutual relations nearly always are limited to the exchange of complete results. Only rarely a spirited co-operation in developments appears possible” (13). Such judgement must even be extended to include internal scientific laboratories in direct service of enterprises. But in specific clarity this applies to applied humanities, such as psychology, philosophy and their practical application by Design, as the professional means of translation of qualitative nature and identity into non-verbal language to be perceived as tangible experience.

### **Motivation of Entrepreneurs: Human Nature**

Economy can probably best be described as the “Sum of Individual Transactions based upon and expressing Preferences and Identification”. While catering to human nature may be less the focus of interest of the sciences, it however is the natural focus of Entrepreneurs, and - supposedly - also of politics and public administrations, namely - one should suppose and might request - in free democracies. Not to speak of “Open Societies and its Enemies- ”, as Karl Popper titled his book, first published in 1945. A book, which, like many old books full of wisdom, however based upon an experience based not recently updated, might merit revision in view of current times. And this not only because the subtitle of Volume 2 bears a subtitle translating into: “Wrong Prophets - Hegel, Marx and the Consequences” (14). Consequences, one is tempted to add, which, because of their infiltration of “capitalist” economic theory, are motivating this paper, to induce overdue reflections.

### **Private Initiative at the Service of the Whole**

Sustainability, which the world so badly needs for a sustainable future, can only become a reality - less: as soon, as needed - if the priorities between qualitative human and cultural values and quantitative criteria cease to be interchanged. Not only has Finance to serve Entrepreneurship, instead of controlling or paralysing economy. The catering to human values - and the generation of value based upon human values - has to be understood as the key to economy.

### **Uniqueness: Rise, Fall & Resurrection of Apple**

In recent days, the ousting of Steven Jobs - and the immediate, progressively destructive effects of employed, capital driven “business administration” upon Apple, as well as the last

minute rescue by the returned founder and his “interim” (i-) products, have shown the difference between a strong cause reflected in a unique and unequivocal Corporate Culture and offers - and the contrary: After Mr. Jobs’s departure: Steady descent! Down to 2% (as “much” as IBM in its best days) from over 60% market share in its own self created market: “personal computers”. Some were interested in stopping this Innovation and the New Industry. A former IBM Manager has been especially instrumental in destroying what once had made Apple so overwhelmingly strong. The founder’s return to the helm, so far could revive the spirit and uniqueness, but not make up for the lost ground. Consequences, of which not so much the company or its shareholders suffer, but humanity: Lower levels of interfaces between products and human users have become a “standard”, to which people got used to bow. The results upon culture, mass opinions and attitudes are devastating, because the new “standard” is. Is such destruction of human criteria an example to follow, e.g. in Europe, regarding European innovations and industries based upon the riches of European cultural diversities? And what about cultural resources elsewhere?

### **Social Responsibility of Capital**

An outstanding and acerbically documented, detailed account, regarding entrepreneurship at its best and its working for the best of society, has been provided in various of his works by Anton Zischka, e.g. in “War es ein Wunder?” (Has it been a Miracle?), an enlightening account describing the German economic resurrection after being freed from Fascism and War (10). What Zischka describes as Normality, to our days drives true entrepreneurs: The drivenness to, both, co-operate and to do what is required by oneself, and focusing the efforts of ones workforces to achieve, what is best for the whole and its parts; everyone focused upon one’s own progress as well as for the best of the whole society.

The so called “Social Market Economy”, formulated before WW 2, can be seen as a normal state of healthy economy, which, if entrepreneurship and human values prevail, requires little admonishment, like Ludwig Erhard’s famous “Mass halten!”, to keep the ubiquitous “black sheep” in line, and to let the example of elites work - also, through their continued success. “Cowboy capitalism” and Rowdy behaviour of nouveau-riche “Super capitalists” let loose after the fall of the socialist systems, behaving according to communist text books distorting any notion of “capitalism” and true entrepreneurship, ruins the world. The resulting shift from values to quantitative criteria leads capitalism and market economies to the same collapse as communism, because the intrinsic error of thought, not objectives, is the same: Egalitarianism and the prevailing of quantitative criteria.

Socially committed private initiative appears to be increasingly repressed and ridiculed by counterproductive trends destining humanity, through a counterproductive interpretation of freedom as “laissez-faire capitalism” (George Soros, 11), to collapse or, as it is called in the financial world, “Crash”.

### **SECOND PART: Questioning Macro Economy**

It may be appropriate to submit economic scientific theory and practice, as well as public and national policies based thereupon, to questions like the following: “When have you last heard implicit or explicit mention of the following theories? And when have you last doubted this theory?” But also to add questions like: “If this Theory were true, what would really be the Consequences? And, if the Contrary were true instead? Have any Measures been argued based upon this Theory, as presumably viable Solutions to known Problems? Are these Measures truly effective? And if not, Why not?” - All in all: Normal questions, as part of independent thought. These questions now may be applied to numerous theses and antitheses always following the same mentioned pattern:

## **What are the Relations between Finance and Economy?**

### **What is the Formula of the Link?**

The continuous presentation of the ups and downs of stock markets, and the ways these are commented, reflects and induces the assumption that stock rates, at least as an indicator, inform the public about the course of economy, that Finance and Economy are basically the same, or more linked, than in reality beneficial. An assumption which would also explain, how so many criteria from the finance-world make it into being applied by decision-makers in the world of economy, and even into changing and substituting the rules, values and attitudes, which make enterprises so powerful as sources of innovations and employment, thus to progressively suffocate economy and its sustainable course by diminishing and repressing its roots.

### **Availability of Money and Purchasing Power:**

#### **If Any, Which is the Relation to employment?**

One way of looking at the links between financial markets and economy is to look at the relation of availability of money, via interest rates and the ability of industrial customers and private consumers. But Availability a true Key to employment? Under which kind of circumstances and in which culture? Here probably another assumption must be questioned, which often is tacitly combined into one logical building of doubtful stability. Where and in which way are economy and finance really and sustainably related, and where instead does unnecessary reciprocal conditioning, or the misinterpretation of Economy and Finance as “one” have counterproductive consequences upon the course of economy and the world? Of course, here the various types and aspects of finance and financing have to be distinguished too. Namely, when analysing entrepreneurial activity and its ability to turn its potentials, for the business and for the community, fully into sustainable reality.

### **Growth of Demand, Sales and GNP and its Influence upon Employment?**

In this context, the often-quoted relations lead to doubt. The initial stimulus for a close mental monitoring of developments over years has been seeded by the obvious contradictions between official statements and the facts observed in different locations and media: Whenever Politicians, Leaders of Administrations and Economists talk about employment, or rather, about fighting unemployment, they quote a supposed relationship between “economy” – or, better: demand, sales or GNP – and new employment.

We already know from other sources, such as Uwe Tomas (10), and repeated studies in many parts of the world: New lasting employment can not be expected from known and comparable main-stream offers, where the similarity automatically leads to price-wars, and, thus, cost competition as decisive Key success factor; this again leading to increased productivity and pressure upon labour cost and unemployment. New employment therefore can only be expected from new, currently unknown offers, so called “innovations”. Where is the link, though?

The relationship between any qualitative information, like the uniqueness of new offers and quantitative information, such as resulting sales or employment, are never cited in such quotes, and, thus, the substance of such “science-based” statements already poses various reasons for questions. The relation thus reiterated appears still interesting enough to question it in itself. The question not only is, whether economic Growth and/or increases of demand serve as a valid indicator for the course of employment, but: In which way, and why? Consequently, the above mentioned set of questions should be applied to the variants presented here below, of which the first rule is the most frequently heard, and often used to argue in favour of (or to justify) financial “gifts” by politicians towards their electorates. It may therefore be called the “thesis”.

**“Thesis”:** **“If Economy picks up, Employment shall pick up.”**

When have you last heard this? When have you last doubted it? And so forth...

Equally old, however much less quoted, is the contra-diction of this thesis, which reads:

**Anti-Thesis:** **“If Economy picks up, additional Demand shall be absorbed and served by growing Productivity. No significant new employment is to be expected!”**

While this “rule” of economy has long appeared much more convincing to the author of this paper, namely because it seemed to reflect much better, what could be observed, since the sixties, but, moreover, since the seventies, in Europe, the author of this paper, lately, since the nineties, has topped this Antithesis by an adjourned variant of his own:

**Anti-Thesis 2:** **“If economy picks up, additional Revenues from growing Demand and Sales shall be allocated and used in order to realise additional Gains in Productivity. Thus, growing Demand leads to more Unemployment.”**

Supposedly, this Antithesis to mainstream mass opinions so far may not have been heard. And if so, the author would love to learn about it and enter into deeper discussion with those, who have formulated or quoted it.

If Antithesis 2 seems to be much more representing, what one can observe in the world today, this not only hints upon the intrinsic error of thought, which has brought down communist economies by proving socialism principally wrong (although, in many aspects, well motivated, i.e. based upon good intentions), but should be alarming any independently thinking individual, because it indicates, that “capitalism” and “market economy”, at least in their currently prevailing, and by some even much acclaimed variants of “cowboy capitalism” from the far west and “rowdy capitalism” from Europe’s East, now is in danger to fall over the same systematic error, which has shaken up the socialist states in the nineties of the past century.

Such danger may even be welcomed by thoughtless leftist ideologists as a late and unexpected verification of Karl Marx’ hope, that capitalism should be made stumble over its own feet, in order to prepare the ground for an otherwise little probable revolution and the definitive establishment of communist dictatorship. The much earlier fall of communism over the same errors not only leaves little to hope for the future of such leftist fascist rule - but also not for free market economies and open societies. Thus, the mentioned warnings by George Soros, e.g. in “The capitalist Threat” (12) do coincide with the observations presented here. Moreover, it is impressive, how George Soros has immediately expressed his clear view, when the author of this paper was still only expressing his impressions of the sudden unholy alliance of “Cowboy”- and “Rowdy”-capitalism from West and East overwhelming Social Market Economy. The committed engagement for a better, free world, by George Soros finds another expression in his speech, held in Brussels 2006: “Europe as a Prototype for a Global Open Society”, which, again coincides with the views exposed here. Beyond such visions, this paper aims at providing the practical tools for such leadership role: Tangible Success based upon High Esteem for Diversity. It shall need strong and convincing proof of the Alternative, in order to be followed more easily. Unless this proof is not produced, Soros’ quote of “legions of European Diplomats”, able to move the world through diplomatic offensives, shall lack the most important ingredient in the eyes of “Have-nots”: Tangible Results; Visible Prosperity.

### **PART THREE: The Roots of the Problems**

#### **Questions regarding Value, Cost and Price**

What is economy other than the sum of transactions executed based upon human preferences? The roots of any problem of economy, thus, are in the satisfaction of such

preferences. Economy, if any, is a human science.

On micro economy, the pattern of questions, as applied earlier, may be useful to stimulate further cognitive processes: When have you last heard implicit or explicit mention of the supposed “rule”, that “price reflects cost”? Is the thesis, reduced to the formula?

**“Price = f (cost)”** right?

And when have you last had a doubt regarding the truth and the implicit and obvious effects of this assumption?

On the other hand, the antithesis to such thesis must equally be submitted to such scrutiny:

Is it not rather true, that “prices reflect the value of an offer for the customer or target group – and its purchasing power? Thus, should we not formulate the antithesis, in a different way, abbreviated as:

**“Price = f (value, purchasing power) ≠ f (cost)”**?

A synthesis is to be offered, in order to explain, under which circumstances which of the two theses prevail. And the combination of these Syntheses shall allow to gain some insight upon the factors really driving economy and deciding over Growth and Prosperity – or Downturn, into a rapidly accelerating Vortex - and Crash, as described by Hamer and Hamer.  
(7)

#### **Destructive Focus on Quantitative Criteria:**

The thesis, reflecting the overwhelming excessively one-sided focus upon price and cost alone, which apparently leads to the down turn – and to its acceleration, can be seen as a result of the prevailing of quantitative criteria over qualitative values and preferences. This misleading assumption is therefore in a vicious circle both origin and result of many counterproductive trends leading to totally comparable offers, often even hard to distinguish, none of which makes any target group really happy, but all of which somehow serve a general scope of specific objectives of mainstream markets.

#### **Without Qualitative Diversity: Stagnation**

Where none of the available offers awakes enthusiasm, the reason to substitute a still working product, more or less doing what it should, is minimal. Thus, replacement markets are limited, leading to the effects of market saturation. Who, instead, needs to purchase a product of such category, be it because of a new need or because of urgent replacement needs, shall among the not-exiting offers probably chose the less unfavourable, but for the rest the choice shall to a large extent be made based upon merely quantitative criteria, without considering other, more qualitative aspects. Thus, price, operating cost, vicinity of maintenance and the like are the dominating criteria, while values, attitudes and resulting preferences and unfulfilled desires and objectives remain unattended and dissatisfied.

Vendors, too, not understanding their existing and potential client base better, and probably disinterested in these, also due to trends and counterproductive influences suffocating their interest, awareness and ability, shall seek their competitive advantages also solely in quantitative aspects: End-user Price, Margins for retailers, and, to stay alive in such downward swirl: Cost, Productivity.

The consequences are known and ubiquitous: Unemployment, dislocation of manufacturing and sources, leading to fictitious new (however always both reduced and cheaper) employment elsewhere, while at the same time weakening the own local, regional and national economies.

Where comparable main-stream offers prevail, none of which is effectively aimed or reaching any specific target group, the understanding of - and interest in - qualitative

diversity, however reduced it may have been already before, disappears, and quantitative criteria prevail to an extent, that conscientious people may end up wanting to shake people and shout at them: “Wake up, Customers and Entrepreneurs, it is called Value Added Tax, not Cost Reduction Tax! There is a reason behind such Terminology. Just think what you could gain!”

### **Promotion: No Subsidies for Transfers of Jobs!**

Misunderstood “competition” of public and national administrations, with costly gifts to speculators destroying jobs, is ubiquitous. It appears obvious, that “new employment” elsewhere, in combination with destruction of jobs at any original basis, should never be rewarded by any subsidies at all!

Competition by quantitative criteria being the error, this does not help any world region or nation. It is expensive! Not only for the “Losers” of the employment, but also for the supposed winners: With much less, as a much more effective, efficient and sustainable allocation of their notoriously limited resources, the respective regions and cities could proactively provide advice and support to their own local existing and future entrepreneurs in being very successful on international markets with own unique offers, creating much more fulfilling, increasingly better paid and more long-term employment. Proud awareness of own Identity and Independence would further stimulate lasting local economic development. It is just a matter of awareness; understanding and detailed teaching, to put this into practice and to turn so far unrecognised or disregarded potentials into steady sustainable prosperity and stable reality. And this is possible for every world region.

### **Constructive Effects of Value Diversity**

Whenever people recognise offers, which cater to their so far not precisely realised dreams, desires and needs better, than all other offers known, “spontaneous purchases” are the result. Suddenly, machinery still working well, and other investment goods, are offered as surplus, leading to growing markets for used items (and constituting options for others, to realise what they could not afford before), in order to make room for the new acquisition. Where necessary, priorities of resource allocation undergo swift changes. This applies as much in investment goods and businesses and their tools etc. as it applies to private decision-making and “consumer” markets, both regarding long living items and short lived consumer goods.

In such situations and markets, prices, as long as they appear anywhere reasonable, hardly ever are a matter of discussion, at least not with the vendors. Rather, under these circumstances, price again is a function of the Value for the customer. Consequently, depreciation calculations and resource allocation are much more a topic, than the question, whether or not to purchase. Priorities shall be changed, to be able to pay the just price.

### **Vast Potentials of Latent “New” Markets**

Diversity and uniqueness are, thus, creating new demand and markets, by transforming not precisely satisfied desires from what the undersigned long labels as “latent markets” into new markets, which can stringently be developed from market niches into solid segments. Consequently, so called “New Marketing” actually appears to be the only kind of marketing worth teaching and applying.

What we could call Mainstream- (or “Bookkeeper”-) Marketing, may serve, to create awareness about the ways, in which destructive quantitative thinking works, and to prepare own strategies to fend off plagiarism before it even can reach the market. One such measure, and here quantitative criteria do indeed find their place and role in economy, consists of being ahead not only in functionality and uniqueness of offers, but also in productivity, in order to make it prohibitively expensive for others to follow examples of a specific proprietary innovations.

### **Examples of long, proven Practise**

Entrepreneurship, Innovation and Marketing are thus, in their very principle, concerned with a continuous effort of Bridging between new possibilities and latent, so far not sufficiently served Needs. An objective, which is worth pursuing and standing united for. Now, where are concrete examples? Many “small” ones, to which the author contributed, may sound too special, to convince the unrelated reader. Therefore it may be excused to describe a widely known innovation. Without disclosing secrets of other, actual cases, one such example may be given by hinting upon the large LCD-flat-screen technology, before its first realisation proactively proposed by the undersigned to his long-term client SHARP of Osaka. The client did follow this advice and proactively optimised function, production technology and market approaches. The parallel proactive optimisation at all “fronts” (market, technology and manufacturing technology / productivity) decisively left no void for “fast followers” - the Asian eulogy for plagiarism. As a result, the internal Key-modules of all large flat LCD-screens for computers and TV are made by Sharp or under license by Sharp, on Sharp equipment. The fact, that Sharp has withdrawn from offering finished products for Computers under its own brand must not mislead: Why should Sharp continue to compete with its customers, if these continue to sell the end products cheaper, than Sharp would, in order not to damage its brand? Consequently, Sharp, under its own name, and under Sharp’s own German brand “Loewe”, sells finished Large Screen LCDs only in the TV market. Having contributed to many success stories like these, the author of this paper aims at stimulating such competitiveness, based upon uniqueness and innovation as the result of “bridging between new (or so far unrealised) possibilities and latent markets”, namely in and from Europe.

### **Innovation: Realisation of better Fitting Offers**

The term Innovation, in this and other contexts, is by no means linked or limited to any however defined “High Technology”, namely not to information technology as the currently only publicly noticed high technology.

While the author, for his own entrepreneurial activities, focuses his efforts upon the realisation of extremely energy saving technologies, he also insists upon the fact, that Innovation is not necessarily linked to Technologies at all! Innovation is any successful new and unprecedented offer effectively serving latent needs and preferences better than what has been known before.

### **Innovation focused upon Target Groups**

The term Innovation, thus, to distinguish it from the more narrow, however not success-related term “invention”, relates to the fact, that something is new and fits so far unsatisfied demand or “latent markets” better than all other hitherto known solutions and offers. Such better fit can in many cases be reached by understanding and catering to qualitative preferences in the areas of “taste”, through different shapes and the like.

For creativity regarding better solutions, also, but not only regarding “taste”, own uniqueness and diversity of cultures, if sensibly taken as a source of creativity and innovation, can lead to unique solutions, but also to offers entirely based upon appearance, underlining the importance of “Design”, as a professional service for enterprises. Design, thus, lends itself as just another, however overly powerful “management tool” to be used soberly and competently by leaders to achieve and assure success. Being such a powerful tool of non-verbal communication, Design, in order to serve organisations at its best, requires leadership and direction through qualitative information. Therefore, in order to be put at the service of companies at its best, and to avoid the otherwise ubiquitous danger, of outsiders and their possibly artsy concepts, instead of management, shaping the identity of an enterprise, Design

requires qualitative information as briefing, and, thus, requires the respective preparation, competence and awareness from and by management. Design, thus, is a matter for the CEO. But it is also a measurement criterion for CEOs, how well they are able to focus upon the important, qualitative matters, and to delegate the urgent, quantitative matters far down, where they belong.

#### **PART FOUR: Synthesis:**

Boundary Conditions Decide! The aforementioned questions and theses have been raised, in order to call for new interpretation and to invoke a sober basic awareness, that Keynes' thesis and the antitheses might altogether be right, just under different circumstances. Thus, it is a matter of the boundary conditions. Now: How can we describe the effects of such cultural boundary conditions upon economy? And how can they be influenced?

As we have seen, the prejudice, that "value", and, moreover, "price", has any prevailing relation to cost, can only dominate businesses and economies, where offers are generally comparable. It is a worthy subject of additional

Consideration, to understand, which are the factors, which like an unholy alliance promote such prejudice, and, more importantly, the trend towards comparable offers rather than a trend towards offers more precisely aimed at specific diverse target groups. Who is interested in this matter is invited to require information and dialogue regarding this specific subject with the author. For the purposes of this paper, it must be sufficient, to show, that, as a vicious circle, such influences paralyse the economy at two fronts:

**Demand** - The public, and all target groups, as customers, who increasingly stop requiring (or expecting) offers more precisely meeting their individual preferences.

**Offers** - Managers and even Entrepreneurs increasingly disregard such diversity of requirements.

#### **A world in order: Value originating from Values**

Where offers are unique, prices reflect the value for the customer much more than cost. Moreover, we can observe that where uniquely fitting offers are insisted upon, both by clientele and by entrepreneurs (and institutions, etc. for that sake) unique sales propositions are more in the focus and lead to an increased allocation of means towards innovation and increased uniqueness. Uniqueness, as well as Diversity, is strictly qualitative. Quantitative aspects, e.g. regarding cost and pricing, only start to become of relevance, both on the side of the target groups as well as on the side of who offers, once the uniqueness of an offer leads to its being preferable; Thus: When a true reason to exist for the offer is constituted. And, thus, also for those, who realise such offer. In markets, where unique offers prevail, competition is intended as competing to try to convince others of one's own Being (Corporate Culture and – Identity, Brand) and the Being of one's offers.

Thus, own Being relates to the Being of target groups and their resulting preferences.

#### **Headed to the Waterfall - All happy aboard?**

In markets, where offers are comparable, the only criterion of selection is reduced to quantitative difference, such as data, price, delivery times etc. Consequently, here competition is misunderstood as competing over price alone. And, in order to survive in the resulting cutthroat business-culture all focus of leadership and all resources are allocated upon productivity alone. The fact that this means lower wages, unemployment, dysfunctions of social security systems and the like, but also paralysis of political independence and self-determination, is often overlooked. Obviously, those who try to benefit as "Winners" from such trends, ridiculing those, who lose the price battles, hardly ever realise, that the course,

which they are so convinced of, that they impose their ways upon others, eventually not only shall lead to zero employment, but also to all “share holder values” resulting as zero.

### **New Courses and their Landmarks**

A turn-around is, thus, overdue. And it is vital, to both understand the mechanics at the roots of economic developments, but also to recur to immediately feasible, proven hands-on measures and methods, like those successfully used and proven by the author, and mentioned in this paper, in order to initiate dialogues leading to their diffusion and ubiquitous availability. Parallel to such direct and proactive implementation of effective as well as most efficient measures, advice and communications must be directed at the importance of those factors, which really can change the boundary conditions in the cultures, in order to counter the destructive trend, which, with another misleading term, is often labelled as “Globalisation”, but rather, more precisely, could be addressed as the “Substitution of human and Cultural Values and their Diversity by Quantitative Criteria”.

### **Value Diversity vs. Quantitative Criteria**

It is worthwhile to relate such reflection to the two Key-words, at the roots of this problem: “Qualitative” and “Quantitative”. While the latter relates to the “how much” question in all its many possible ways, the term “Qualitative” relates to the question “How”, and “how, precisely”? Qualitative information, therefore, is both at the core, and a prerequisite, of all cognition related to being. Of own Being as well as of the Being of all other Beings, both in nature, and of artefacts. Artefacts, in the strict sense of this word, are all results of human thought and actions (or non-actions): Ideas and Desires, Products and Services, Innovations and Cultures, but also Governments, Companies, Institutions, Clubs and Associations as well as Brands and Labels.

### **Turnaround through Education, Media & Example**

The roots of the problem, and thus, of the boundary conditions, are to be found outside of economy, in human nature and culture, namely in attitudes towards uniqueness and diversity of human values and preferences.

This calls for a revision of criteria of business development and management as well as of its teaching in academia and extracurricular instruction. Above all, it calls for a proactive approach of instruction and support of entrepreneurs and management, but also of all official and unofficial “advisors” to enterprises, institutions, administrations and the like. Among these, the media, namely professional periodicals and general press also play an important role, as does education in general. The messages to be presented in ever new cases and stories, not only regard the matters of entrepreneurship as well as of innovations and their realisation in all different fields, to achieve truly unique sales propositions. And they also must not only address human uniqueness in all its diversity and riches, which is an inborn human element and right which requires to be understood, defended and lived, as well as the methods and techniques to understand and address target groups based upon their lifestyles, patterns of use and the like. Moreover the messages must implicitly exercise and explicitly inform about the nature and importance of qualitative information versus the presently prevailing focus of merely quantitative information and the paralysing effects, which this has upon perception, cognition, thinking, creation and living; in private and public life, in business and administration and in the sciences.

### **Process Methodology: Systematic and Systemic**

Multidisciplinary and interdisciplinary co-operation is always the last resource, in cases of emergency. An example is the incredibly efficient methodology called “Value Engineering”, which was conceived in the US during WW 2 in order to overcome resource problems. It

however has seen its wider acceptance much later, since the sixties, namely in Europe, where the author started his initial freelance career by implementing the method and co-ordinating projects in high tech industries. The inclusion of qualitative aspects later has widened the scope and applicability of this Value Engineering-approach. As “Value Design” - Methodology it has led to a “tool-box” of team techniques for different specific matters, but also has been subject of continued discussions, leading to a better understanding of team work as the centre of inclusive holistic processes of innovation.

### **Power of Teams: Focused Holistic Optimisation**

“Universal geniuses” have existed and shaped the world for its better before, but are possible also in our days, if not repressed. It may therefore be another aspect to be addressed appropriately, how education can foster, rather than paralyse and expulse people with a naturally wider scope of understanding different topics into their very depth. After all: Does Creativity not consist of the linking of formerly unrelated concepts into a new Whole, which has a reason to exist, by, for instance, solving problems better, or for the first time at all? Because of its significance for invention and innovation, this, again, is a complex, which is mentioned as an invitation for further dedicated dialogues while not elaborated upon here.

The function of “Universal Geniuses”, however, can perfectly be realised by Teams of properly combined persons and applying a methodology, appropriately adapted to the problems at hand. Apart from the mentioned Value Design Methodology, a number of widely known techniques are applied, not only to resolve specific pressing problems, but also in order to include people into processes and, thus, share knowledge. This is beneficial both for the coherence and stringency of Corporate Cultures and Identities, but also for the understanding of long-term objectives, opportunities and threats, thus, of scenarios and strategies based upon these.

It is therefore a requirement, as another hands-on measure, that academic and extracurricular education fosters holism by enabling increased interdisciplinary co-operation in research and application, and by preparing future researchers and business leaders and their personnel better, by a wider scope of teaching, beyond the very boundaries of any specific area of specialisation, and by teaching and exercising the application of the methodical tools of systematic as much as systemic team processes.

Here, also because of its “eye opening” effects upon all senses, and, thus, upon awareness and “vigilance” in its very physiological and psychological sense, it appears indicated to at least mention the only sound method for the formulation of “strategies”, which, thus, sticks out as a supposed “must” for all professions of applied sciences: “Scenario Techniques”. For the text books (17) and teaching, the author gladly indicates Ute von Reibnitz, as the outstanding professional in this field in Europe.

### **Promotion of Economy starts from Entrepreneurs**

All economic development starts from entrepreneurial initiatives and activities, which, at their best, are circled around uniqueness of offers, innovation, concern for target groups and responsibility for the public in general.

It falls into the categories of disentangling and unravelling the manifold inter-relations between finance and economy, which appears to be recommendable, if one underlines the fact, that the currently prevailing “fashion” of “steering” economy through purely quantitative measures, namely through influencing financial boundary conditions, is not only not the only way to achieve objectives of sustainable steady economic development, but rather proves to be an origin of counterproductive effects not taken into account so far. Moreover, steering economy through quantitative criteria and boundary conditions appears to be by far not the most effective and much less the most efficient manner to achieve and maintain sustainable

situations for economy and society and all, what depends upon this: Prosperity, Social Security, Identity, Pride, Self Determination, Independence, Internal and External Peace.

### **Promotion of Economy – Support of Value Diversity**

Effective Promotion of economic development, as proven in practice, starts and ends with what leads each individual business activity to being sustainable. And all business activity, in order to be sustainable, in addition to other prerequisites, needs to be characterised by its very own and very specific reason to exist. Without such own “Raison d’Etre” any business can only be aimed at destroying another one (or more), rather than by creating a proprietary clientele and target group by competing via uniqueness of offers, pleasing customers better, instead of offering the same as others, just cheaper. Competing with me-too-offers can not be called sustainable, because it leads to unemployment and many more counterproductive developments and effects of an increased focus upon price and productivity alone, instead of uniqueness and its world-wide presentation and appreciation by specific target groups.

Efficient Promotion of economic development, beyond the argument raised to explain the basic rule for effective promotion, should channel all notoriously limited, if not scarce public resources to those businesses, which prove to be the most effective columns of any economy: Entrepreneurial companies, i.e. companies managed by owners and their families. Experience from micro-credit lending policies in Asia, based upon their cultural context would even be more pronounced to this extent: With focus upon businesses managed by female owners. While that may have good reasons in some world-regions, and may induce sober critical thought and observation elsewhere, here the more industry-focused argument limits its referral to the following facts: Entrepreneurial companies are the ones, which provide the overwhelming part of any currently existing employment, but also of unique offers and innovations, and, consequently, of new employment!

### **Key to Prosperity: Human Attitudes and Values**

The difference, which decides over crisis or prosperity, lies in the attitudes of individuals, decision makers and society as a whole. This regards attitudes regarding the diversity of people, their dreams, desires, values, attitudes, needs and preferences. This Diversity makes it worthwhile to cater individually, with unique offers, to diverse target groups. Diversity is a natural fact, and respecting and supporting the understanding and importance of diversity leads to Sustainability; just as much in business, economy and politics, as it does, regarding bio-diversity, in environmental matters. Where unique offers are proactively enforced, both by seeking and insisting upon them, and by realising them, the same uniqueness, the better it reaches its target groups, the more leads to full employment, prosperity and the rest.

### **Synthesis: A simple Logical Chain!**

The Synthesis, offering a new understanding for the formerly contradicting theses and antitheses regarding macro economy and business administration is quickly expressed:

“Where uniqueness, and diversity of such uniqueness, prevails (without allowing anyone to superimpose own uniqueness and views over others in a quantitative sense of superiority and use of power) the diversity of ways of Being of human beings shall lead to a Diversity of Demand and to a Diversity of Offers. The Diversity of offers, in turn, in order to be conceived, realised and marketed, requires Human Beings and shall lead to sustainable new employment. Full employment strengthens social security systems and self esteem of societies, along with independence and self determination. All these, if available and implemented everywhere, are a necessary prerequisite, although no sufficient precondition for inner and outer peace.”

In order to achieve this, little is needed: Awareness and Proactive Support - not just Tolerance, but rather: Joyful Encouragement and mutual Support in realising individual and

group-uniqueness as true “Being”. No one should any longer accept totally comparable offers as “choice”, how ever cheap their pricing, but insist upon the precise fulfilment of own individual desires and preferences. Where the fitting offers are not available, communication of each unfulfilled desire as well as own entrepreneurial realisation of such innovations shall both lead to more offers supporting Human Diversity; And to more entrepreneurial companies providing fulfilling employment.

In addition, one may include side-effects of identity, pride etc. into the “equation” and come to a better understanding of what really determines not only economic and financial, but political and national independence and self determination.

Europe, its people and enterprises, and any of its cities, regions, states and nations, by following this route, have all to win and nothing to loose. Moreover, by establishing a widely visible example, Europe can serve to peoples in Africa, the Americas, Asia and elsewhere, in order to follow suit, by taking such examples as landmarks for establishing their very own and diverse peaceful courses towards sustainable prosperity.

### ***SIXTH PART: Concrete Measures to be applied***

“Bilbao Effect”: Result of Holistic Promotion of Entrepreneurship, Uniqueness and InnovationThe effects of a stringent course of promoting economic and social development, strictly based upon local identity and values, and focused upon entrepreneurial companies, uniqueness, and innovation, to which the undersigned had the honour to significantly contribute such views and practice, by personally implementing his proposed measures, can be observed in the Spanish Basque Country.

Here, based upon the initial far sighted ideas by regional politicians, not only to provide financial help, which would evaporate, if alone, but also to provide access to new technologies, and because this also would not be enough, to provide Knowledge and Methodology of Design, the undersigned has implemented his proposals of both methodology and of integrating all these measures into one single concept and package of closely concerted actions. Such efforts, in their practical realisation, at the time have still found numerous obstacles of understanding, integration of competencies and the like. Today, however, the current structure and name of the institution “bai”, then initiated in the rubbles of a long empty building as “DZ”, now, after 25 years, precisely represent all the guidelines then proposed and fought for. And the results of such success can be seen everywhere in and around Bilbao and throughout and beyond the entire Basque Country.

On the other hand, this exemplary concept, never completely implemented in Bilbao to the last detail, still offers additional opportunity for further improvement, not only regarding effectivity and efficiency, but regarding speed of such effectivity. A speed, which appears desirable in view of the course of some societies and the world. Moreover, as new free states, having focused upon quantitative criteria only, are reaching the predictable saturation levels soon, the consequences are predictable. To avoid turmoil and repercussions, counterproductive for self determination and peace, one must proactively seek to implement feasible measures immediately. Thanks to the Basque example, the measures are both: Readily Available and Proven. And these measures can not only be adapted, but even be improved and become speedier, as the following example indicates.

### **Open Invitation to a EU-Region: *baltic.spin***

As a first case, aimed at the Baltic Sea Region, as yet another European region often divided by fluctuating borders, however, coherent in the culture and rich variety of its identities, the Private Initiative project *baltics* and the Private Public Partnership project *baltic.spin* are ready to be implemented. The latter being proposed as a flanking measure to boost the swift realisation of the potentials of this uniquely sustainable and promising approach initiated by *baltics*.

More detailed presentations regarding the new project proposals, *baltics* and *baltic.spin*, are subject of separate detailed publications (19) and copies and are available from the author. The same applies to the “re-invention” of Design Promotion and its completion and implementation as the holistic Promotion of Sustainable Entrepreneurial Enterprise and Innovation in the Basque Country (20). Likewise, the methodology, which allows to put qualitative distinction at the disposal and into the practise of entrepreneurs, managers and administrations, and to turn Uniqueness and Design as well as the addressing of Target Groups with means, such as the “Life Style Matrix” and distinct “Patterns of Use” into “Management Tools”, shall be made available upon request.

### **CONCLUSION: Qualitative Diversity matters!**

#### **Human Diversity - Key to Employment!**

Employment, and Unemployment, is probably the most important aspects of any Economy, in order to serve their society. Economy is the sum of individual transactions based upon diverse preferences. Thus: Economy is driven by human beings, groups, and their needs and preferences. As long as humanity exists, not two people have been entirely identical in their needs, likings and preferences. Common denominators of qualitative details, however, serve, to identify and distinguish Target Groups, in order to aim and cater to these more and more precisely. However, it must be recognised and proactively observed and applied, that the definition of such common denominators must address the qualitative aspects of human diversity, far beyond superficial or merely quantitative aspects of needs and desires: Values, Attitudes, Preferences, translated into different Life Styles and Patterns of Use.

#### **Egalitarianism is the Root of Structural Crisis!**

Sustainability is not only a matter of bio-diversity in the environmental field, but of proactively defending, encouraging and supporting qualitative Human Diversity in all its aspects. Egalitarian approaches, independently of their ideological origins, are counterproductive to self-realisation, employment, prosperity, functioning social systems and peace. Moreover, in not considering individual diversity as well as the diversity of communities, egalitarian approaches do undermine the equal right of Identity and Culture. A right, for which efforts currently are under way, to establish an international “charter” to explicit assure it in front of - and by - the world community. A charter, for which, one should think, no need should exist. Existing fierce Opposition against it, makes it all the more important to support its implementation.

#### **Reinvention of Looking at Economic Matters**

Employment undoubtedly is the single most important key indicator of health of societies and their economies.

As unemployment statistics have often been altered, the only valid indicator of Prosperity and a Functioning Economy assuring a healthy society, can be seen in the Number of Persons actively Paying into Social Security from their own ongoing professional activity, for which their employers also pay their full, unsubsidised dues. The misunderstanding of Economy, imposed upon people and practised by exclusively paying attention to quantitative aspects, as if Economy were nothing more than a proper application of arithmetic, or, worse, as if economies, together with their societies, were at the service of Finance, instead of serving customers and societies, leads to structural crisis and, predictably, to local and global Crashes, including - and starting from - the financial world.

Habitual interpretations of ups and downs of demand as cycles, and the presumed Logic of a link between demand and employment, mislead and hinder the recognition and understanding of the origins of a progressive structural crisis, which in Europe is measurable since decades in terms of decreasing employment. Excessive specialisation of the sciences,

moreover, of research regarding economy, and its ill linkage to the world of Finance, hinders the recognition of roots of the course of prosperity or crisis outside of economy.

The same applies to the interpretation of dysfunctions of social security systems only as consequences of demographic developments, while social systems could still function well, with full employment.

Current demographic developments have their origins in the publications of studies, such as the first and second report to the Club of Rome (21). A hint which links the changes of a researched continuum through the results of such research, as mentioned, to the writings by Jakob von Uexküll et al. (1, 2)

### **Holistic Knowledge and its Relation to Peace**

The prejudice, that knowledge ages (or might unnecessarily overfill any brains?) and the consequent limitations of curricula to information of actual usefulness for immediate application, paralyses people, groups and societies, and their ability to create and use Uniqueness and constant Innovation, as a means to maintain functioning sustainable economies and societies. Moreover, it hinders their understanding of the world, their ability to maintain and develop Democracy as a valid method of self determined peaceful rule, and of establishing Peace as the Normality, which it, regrettably, currently is not yet, despite a recent good record in Central Europe. An unprecedented record, which may mislead some to believe, that Peace would already be the desired “Normality” and would not require utmost further Vigilance and Defence Readiness for its continuity and expansion to other world regions.

### **Example: Turnaround of the Basque Economy**

Europe, in all its cultural and ethnical diversity and riches, can serve the world as example, How lived diversity of Values leads to tangible Prosperity and self determined Independence of others (possibly even despite economic downturns or even a potentially imminent financial crash, intentionally or not endangering countries and world regions) administrations and private initiative need to proactively apply and nurture the use of identity and culture. The example developed in the Basque Biscay province provides both, proof and hints upon possible improvement, as reflected in the PI and PPP projects *baltics* and *baltic.spin* proposed for the Baltic Sea Region.

### **Proven Hands-On Measures for Immediate Results:**

In order for Entrepreneurship (not just administration of businesses) to play its unique role in employment and innovation, and, thus, as Creators of additional fulfilling employment, which only entrepreneur-managed companies can play, Entrepreneurs need to be supported in their ways and ethical values, among which social responsibility of capital stands as much out, as does their drive to find and realise, new ways to satisfy needs.

Currently, such entrepreneurship appears more paralysed then ever, by imposing upon companies the merely quantitative thinking and the ways, which are typical of anonymous, capital driven companies - and an economic science not understanding, why and how entrepreneurship is so different from merely materialistic theories, why this difference makes it so successful. And why this difference is of utter importance for the health, prosperity, pride, independence and self determination of societies everywhere around the world.

While it therefore is important, to teach, develop and practise true entrepreneurial spirit, the proposed close co-operation between private sector, experienced mentors and select academic institutions aims at assuring sustainable Growth, employment and development for companies, and for any world region, by turning their potentials, based upon truly unique offers and innovations, into lasting exemplary realities. And right away.

Such mentoring also shall provide the tools and methodology for turning qualitative diversity into success. And the proposed involvement of academic institutions shall lead to new focuses of research and improved of teaching, providing for employees and, eventually, entrepreneurs fully conscious and able to address qualitative diversity and to realise uniqueness in Corporate Cultures, Brand Identities and – most importantly - Offers.

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