

share to the economic performance of the unit. Jobs do typically not grow in these areas where a unit does excellently (a fact which is due to productivity gains); they grow in branches where things are done rather «badly». Those things which are done relatively «badly» are not designed to be exported; they are rather services or other «non-tradables» for the citizens of the economic unit, be it a small city or a VSC. Furthermore, we often observe a reinforcing effect. If an economic unit is developing quickly, more and more enterprises emerge because consumption is growing in the economic unit and its vicinity, and more and more enterprises are founded because skilled and trained people are easily available.

The result of a development as described above is an economic unit with a high welfare level and a highly diversified economic structure. Taking a look at VSC and applying these few arguments from economic geography to them, one can easily see that they are in line with empirical findings. Liechtenstein and Luxembourg seem to be perfect examples of a development process which results in a highly diversified economy. The only major difference between a village and a VSC might be the limited growth potential, especially for VSC at the lower scale of population records, due to limited natural resources and habitable land, but larger cities may also be constrained in this respect.

5.3 VSC versus autonomous regions of larger countries

In order to obtain a finer-grained picture of the effects of autonomy and its benefits, we require a comparison across regions with different levels of autonomy or sovereignty. The central question concerns the degree or the kind of autonomy of a region necessary to achieve prosperity and the necessary degree of law-making authority to successfully pursue niche strategies. Fortunately, there are a lot of regions in the world with different levels of autonomy, and this allows us to investigate this issue of sovereignty in greater detail.

Actually, we would be interested in «effective» autonomy or «effective» sovereignty. Using such a concept we would find for example that the U.S.A. has greater autonomy or sovereignty than Switzerland that Switzerland has more autonomous scope of action than Belgium, a member of the EU; that Belgium clearly has greater autonomy than the