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**Institutional Economics: A Sketch of Economic Growth
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**Institutional Economics:
A Sketch of Economic Growth Policy¹**

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Abstract. In the postwar period until today the call for more intensive economic growth, again and again, enjoyed a substantial popularity in the world of politics, in particular with reference to possible current solutions of given economic problems. Here growth considerations and decisions in the past concentrating on some few years will be critically evaluated and found to be inadequate. Since economic growth is a long-term phenomenon, pertaining institutional and organizational precautions for formulating policies must be taken that will embody the preconditions of growth, the infrastructure of the market economy. In this context a proposal will be made on the basis of a well-known constitutional model.

Keywords: Economic growth, growth policy, growth theory, capacity effects, endangering the future, EU-integration, biology, infrastructure, constitutional model (von Hayek), assignment of infrastructural measures

JEL classification: D 78, H 54, J 10, J 24, K 10, O 10, P 11.

After the Second World War and again in recent times the demand for higher economic growth permanently has come up. It has been considered as particularly necessary und desirable in the sense of an important indicator of an increasing quality of life. The justifications superficially indicate, among other things, that stimulated growth will simplify the solution of many economic problems such as the permanent guarantee of employment, the finance of additional government

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expenditures, for example, for education, traffic requirements, public health and old age security, and a more intensive income redistribution in the sense of social agreement. Moreover, more growth will enable easier and quicker compensation of unexpected consequences of wrong economic decisions, without necessarily ensuing basic political adjustments by reforms. Since such considerations are popular, the actual discussion of economic policy issues indulges in an excessive desire for action of presenting manifold measures without a draft of stimulating sustainable economic growth. In the following we shall investigate whether the pertinent economic policy considerations, decisions and activities are capable of bearing. Subsequently, a sketch of growth policy will be proposed. Development oriented and/or country-specific approaches such as land reform or controls of capital movements will be neglected (cf. Chang 2007).

Economic growth will here be understood as trend development of real gross domestic product created under normal realization of the maximum possible production volume, the production potential of the given capacities. This definition will be preferred to other terms such as the increase of real gross domestic product or increase of the long-term consumption level, because it directly refers to the capacity effects of the factors of production. Contrasted with growth the movements of business cycles imply fluctuations of the capacity utilization of the production potential.

Stimulating growth is the objective of growth policy that, as a branch of economic policy, is assigned to institutional economics. According to its subject, growth policy is a future-oriented policy of establishing preconditions for the common good and thus a typical permanent government obligation. The starting points of growth policy draw on the determinants of increasing the social product (in a quantitative view the available inputs of labor, capital (physical capital, human capital) and natural resources (particularly energy as essentially supporting factor) as well as technological progress) and the changes in the structure of economic processes (conditioned by the organizations of markets and institutions) (cf. Kasper/Streit/Boettke 2012, 25). Careful treatment of resources, efficient factor use, increase of production possibilities and restructuring of production conditions (reforms) are included in a qualitative view (cf. Woll 1992, 51-55). In political practice pursuing the growth objective generally occurs at short notice, mostly in a year-by-year approach. Today, when emphasizing the objective as very fundamental und particularly important, it is actually overlooked that this goal predominantly originated in the current policy issues of the immediate postwar time: in the dispute with the communist east, the cold war, and the emerging readiness to support the then so-called "underdeveloped" countries of the world. On this background politics formulated advance aims for aspired economic growth in the future (cf. Werner 1971, 27-30). In this context we shall not neglect that economics as a science has always been conscious of its classic and neoclassic growth

orientation and has resumed political suggestions of the postwar period (cf. Hicks 1966). However, they have clearly been dominated by the discussion of business cycle problems as, for example, the adequacy of investments in the face of a possible stagnation (cf. Keynes 1943, 1980).

In general, the growth objective has no necessary crisis-induced reference to events getting off the lines of the circular flow of a country's income, compared to other macroeconomic goals (full employment, price level stability, balance of payments equilibrium) that are set up in order to solve circular flow problems. Thus economic growth is no economically justifiable objective. The change of gross domestic product over time is the result of economic activities of economic agents during subsequent time periods. "It is not by any means necessary that economics should be growth-minded." (Hicks 1966, 257). Turning to economic growth, economics as a science has been inspired by its history of economic analysis and political aspirations.

Correspondingly, the means of growth policy proposed at present are a mess of very different measures (strategy designs, introduction of specific methods of financing, measures of structural policy, growth pacts etc.) whose concrete content in each case is interpreted arbitrarily and according to the practiced degree of the prevalent desire for action. In this sense the growth objective may also be conceived as a "means-committed" goal that is followed during a short period and that finally proves to be a trivial and superficially selected topic of actual daily politics. In addition, a clear confession to growth is nowadays missing, that is, to understand the predominance of production over distribution; the implied income distribution must be agreed upon in a second step and must not receive priority in all planning and actions as the present clientele policy (upper rent limit, mothers' pensions, minimum wages etc.). Even the advice to consider growth necessary to enable redistribution of the welfare state remains unheard so that the battle for income shares may be mitigated right from the beginning. In daily politics, just farcical you may have found a contradiction whose differences were presented according to the opportunity of the arguments. On the one hand, a comprehensive growth policy was demanded and, on the other hand, a growth-hostile attitude against investors and entrepreneurs was maintained as, for example, given in France under the socialist government of F. Hollande in the past. Similarly, the propagated growth policy turned out to be misguided as, in essence, it came along as nothing but a primitive debt policy. Another example, as practiced in Italy under the government of M. Renzi several times, were the asthmatic tactics of small election gifts that were supported and made possible by the partner countries in the EU and the ECB.

Our situation is characterized by chaotic approaches of thinking, political hotchpotch and above all a lack of seriousness -- a situational policy of consensus. There is a lack of politically creative efforts and, more profound, of knowledge. "Nobody can state exactly what should be done ..." in order to attain a specific growth target " ... and there is ground for doubting whether this problem will ever be resolved." („Niemand kann genau angeben, was getan werden müsste ...“, um ein bestimmtes Wachstumsziel zu erreichen, „und es besteht Anlass, daran zu zweifeln, ob dieses Problem jemals gelöst werden wird.“ (Woll 1968, 25). This statement is supported by the fact that until now it was nearly impossible to derive reliable growth projections for the future (cf. Free Exchange 2016, 64): a permanently lasting situation of general helplessness that fluctuates between the pole of hopes in euphoria (for example, in digitization, cf. Clark 2016) and the pole of far-reaching uncertainty about the future of economic growth (cf. OECD 2016, Buttonwood 2016).

This general criticism of putting growth policy into practice also applies to the political actions of the European Union. Abolishing national exchange rate policy as well as monetary and interest rate policy must be compensated, upholding the macroeconomic objectives valid before union formation. The substitution by national wage policy that should be obliged, in a given case, to guarantee internal real depreciation, and by solid national fiscal policy has only limitedly functioned so that growth policy has been supposed to step in as context-sensitive help which did not succeed due to the given lack of concepts. This deficiency of a growth policy has particularly been illustrated by the investment fund conceived in 2015 (European Fund for Strategic Investments -- EFSI) (cf. Fuest 2015). Its main purpose again has solely been to buy time (cf. Mussler 2014). Essentially, it has been a hardly convincing business cycle project (cf. Kafsack 2016) that has been borne out of a debt-financed shadow budget (cf. Sinn 2015) and until the year 2016 had an effect only on few countries (Great Britain, Italy and Spain) (cf. without author 2016). In a time of a particularly uncertain future, shaped by permanent technological progress (cf. Mokyr/Vickers/Ziebarth 2015), a fundamental growth impulse alone would be initiated by eliminating the uncertainty about the continued existence of the euro, namely by a combination of supranational monetary policy (supported, for example, by improved recapitalization of banks) and national fiscal policies (in the sense, for example, of restrictive budget discipline in each country). Above all, a monetary policy supporting European crisis-states as fiscal policy must be stopped.

The negative image of practiced growth policy perceived from an economic standpoint has been strained further by many additional aspects of possibly endangering the future. The intellectual opposition (starting with research of the Club of Rome, cf. the first publication by Meadows et al. 1972) against the pretended general growth mentality, particularly of the

political sphere and the economy, refer, on the one hand, to the trilemma of economic growth, energy consumption and climate change (meaning the overutilization of the ecosystems by, for example, landscape destruction, extermination of the abundance of species (biodiversity), acidification of oceans and increase of the greenhouse effect resulting from pollution (global warming) as well as, on the other hand, the excessive use of natural resources and the damage of the factor labor (the physical and mental threats to the health of the working population)(cf. Miegel 2010, Daly 2015).

From the viewpoint of systematizing theoretical economic policy there has been a lack of an economic policy conception for a comprehensive analysis of growth policy. The respective problem situation and the principles of the market economy given, we must record the detailed implications of the growth objective. Correspondingly, we have to specify the measures adequate to the causes of problems. And finally the evaluation of the prevailing problem solution relevant for influencing reality should be prepared.

Such a conception needs a theoretical foundation. However, there have been no grounds for an adequate recourse to the existing growth theory. This area of research has missed, to the greatest possible extent, the reference to the present and future reality of economic policy when we consider the often purely theoretically shaped, not much consistent full analysis of this area and its controversial presentation. Even modern comprehensive depictions are historical-retrospective and then model-oriented conceived (cf. Acemoglu 2008, particularly Part 8, 925-929, 1023-1094; Acemoglu/Robinson 2008). The models formulated for the purpose of deriving quantitatively supported projections often give rise to the supposition of only hiding their extrapolating character. In all, there are some few approaches as exceptions, as, for example, Schumpeter's (1912, 1934) contribution on economic development upheld by dynamic entrepreneurs (cf. also Aghion/Howitt 2015), the apperception of temporarily changing growth barriers to the economic process (cf. Vogt 1964; an economic policy view is indicated by Schröder 1971, Ch. 5) or the insight in the necessity of technology and research policy as considerably supported by neoclassical growth theory (cf. Haas 1995).

Contrasted with the theoretical pathway, we propose here a different growth policy in order to combine empirical knowledge about economic growth processes. Growth is a phenomenon of human life in a natural environment. The growing and ageing man is subject to the laws of biology that have been crowded out of social science for quite some time (cf. Salter 2003, particularly 34). A tree, for example, grows, not influenced in nature, up to its optimal height, in order then to die away in the course of time. During its life-time sprouts can come up from its roots so that a new generation evolves. If measures of regeneration (for example, cutting back specific branches) are taken, the age of the tree may be prolonged. Remaining with this example, we know that it does not make any sense -- and this is the parallel procedure of today's growth policy -- to pull at the branches of the tree in order to stimulate its growth. If this objective is to be realized, we recommend improving the growth conditions of the tree. Experiments (for example, different kinds of manuring) are indispensable. With reference to economic growth this means to improve the conditions of growth (cf. Buhr 2009, 8): not increase of output created in the short run, but long-term improvement of the approaches to economic growth without specifying predetermined results, no impediments to growth as, for example, permanently transplanting the tree. In the sphere of economics such obstacles are, for example, misleading incentives (for example, in tax policy), pensions paid at an early age (pensions after 63 years), lack of equality of opportunities, socialization of particularistic indebtedness and deflation.

The essential point of growth policy is represented by the mobilization of resources released by savings in the form of conscious and regulated creation of additional capacity effects of all resources in the widest sense. The efficacy of these growth effects (considering the corresponding incentive effects particularly on aggregate demand) results above all from (real) investment (including innovations), motivation and efficiency of labor due to education and research, making natural resources accessible as well as reforms of economically relevant institutions, essentially promoting competition (cf. Dürr 1977, 197-280). Neglecting state activities, we need to observe: in a closed economy without cross-border relationships it is valid that, on the one hand, investment turns out to be as big as savings and, on the other hand, investment determines savings what can be of importance in view of the empirical dominance of investment hypotheses (for example, demand or profit dependence of investment). Thus the identity of savings and investment is given. In an open economy,

investment is a subcategory of savings: investment is confronted with net financial assets (net capital exports) of the financial account of the balance of payments which shall not be considered here (cf. Lindner 2015).

The justification of economic growth with reference to biology meets the requirement of understanding individuals being responsible for economic activities. Their creativity and the application of their knowledge serve their self-realization that materializes in their manifold undertakings such as formation of new capital or increase of their labor productivity. Improving past economic achievements, inventing new economic elements of life are concerns of growth oriented economic policy.

The formulation and statement of measures of a serious growth policy should satisfy the following requirements.

- (1) Growth policy is fundamentally characterized as long-termed so that the short-run outline of actual everyday politics must be supplemented. The basic decision for a long-run economic policy requires the creation of adequate institutions and functioning organizations. When long-term strategies exist, the solution of problems at short notice often proves to be less difficult or these problems do not come up at all.
- (2) The notions about the extent of capacity effects of growth-political measures (supply side) and the pertinent incentive effects (demand side) must be developed, corrected and adjusted again and again, as given in a closed-loop control circuit with feedback.
- (3) The duration of the effectiveness of measures and the necessity of their repetition over time for the continuation of their impacts must be estimated (sustainability of means).
- (4) The measures must be harmonized with regard to their effects. The kind and time-span of the impacts of accompanying and following effects must be discovered as exactly as possible.

We record the emphasis on growth-political measures as stimulants of the prerequisites of economic growth. Essential is the comprehensive and complete implementation of the measures. This objective serves as the substitute for the former general aim of raising

growth. Then economic growth policy turns out to be a strictly means-committed long-term policy.

In the future, research institutions could find their domains in accomplishing the tasks related to the requirements, for example, by pursuing the construction and result of large models that make better projections possible.

In order to clearly define the preconditions of economic growth, we may fall back on the term infrastructure. The infrastructure of a country refers to

- material infrastructure: that part of man-made landscape structure that is represented by immobile capital goods whose outputs serve the satisfaction of physical and social basic needs of economic agents; these goods and services are otherwise not or insufficiently available out of production and cost reasons,
- personal infrastructure: the working population that takes up its activities on the basis of different aspects of human capital in the framework of material infrastructure,
- institutional infrastructure: those rules which, in essence, constrain the course of economic activities and determine the social and public procedures of their implementation.

We may conceive the importance of infrastructure as a scaffold of growth in a market economy, when we look at an individual with its productive capabilities (quantitative and qualitative aspect of personal infrastructure). The well-being of this person must be guarded by material infrastructure against the deficiencies of existential goods and services. Finally, institutional infrastructure determines, with repercussions on personal and material infrastructure, the rules according to which economic agents interact (cf. Buhr 2009, 39f.).

The material, personal and institutional components of infrastructure form a pattern of relations that is characterized by complementarities and conflicts. Moreover, this wickerwork generates manifold connections with variables of the non-infrastructure realm.

Infrastructure policy may fulfill the long-term approach of growth policy. Particular access points may also be found in the design of a post-growth society (cf. Seidl/Zahrnt 2010). The three categories of infrastructure as preconditions of growth create and strengthen the capacity effects of the production factors. For material and personal infrastructure this statement is obvious. With respect to institutional infrastructure some considerations are necessary. For example, reforms aiming at the intensification of competition will increase the national product; a reinforced realization of fundamental values such as peace, freedom and security will grant an improved non-material provision of the population that will have repercussions on growth.

The growth-oriented implementation of individual infrastructure projects needs a substantial time necessary for the execution of different measures to be concluded successfully: design, planning, completion, and first checks of successful operation. Then recurring tests must follow on order in the sense of critically evaluating project success for many years. These tests serve the control and the arrangement of corrections so that partial replacements possibly may be necessary. In addition, these processes raise the problems concerning the necessity of introducing exemptions of user conditions or other regulations. To give an example with reference to institutional infrastructure: Up to now, the impacts of laws have been too rarely checked in Germany.

Three phases of growth policy are proposed here that differ from each other by their time horizons, respectively final dates moving over time. Phase duration in the sense of an existing planning horizon is determined by (1) the requirements of the clearly defined infrastructural measures, (2) the time needed to successfully conclude the implementation of measures, and (3) the pertaining validity, working lives and reference periods of projects. Phase 1 includes the time from the present up to 90 years in the future. Above all it refers to the long-term aspects of institutional infrastructure (for example, the duration of constitutions) and personal infrastructure (for example, the time load-bearing capacity of the working population's education). Phase 2 is dedicated to the period from today forward up to 30 years. It has to concentrate on questions of institutional infrastructure (for example, safeguarding the basic principles of the market economy) and material infrastructure (for example, realization and tests of large-scale projects). Phase 3 starts at

the present time and comes to a close after 3 years. It is engaged in infrastructural corrections of the growth processes (for example, public investment).

These assignments and work sequences must be organized. An appropriately consistent inclusion of the indicated characteristics of growth policy into the given political and economic system, for example, of the Federal Republic of Germany seems not to be possible without fundamental changes. Thus we shall demonstrate here a way out of this dilemma. In order to formulate an organization proposal, we shall start from a constitutional model of von Hayek (1981, 145-173) that aims at a stricter separation of legislature and executive and would lead to more social and political security as compared to the present situation. As background cf. von Hayek (1971, Ch. 12). He makes a distinction between a Legislative Assembly and a Governing Assembly (cf. also Erlei/Leschke/Sauerland 2007, 478-485).

The task of the Legislative Assembly would be to pass general enforceable rules of just behavior without recourse to particularistic interests, in particular maintaining the bill of rights against arbitrary restrictions and collective coercion of government. Manifold responsibilities of devising, protecting and implementing derived laws result from these obligations. The limited number of representatives of the Legislative Assembly with distinct public spirit (men and women of the mature age of 45 – 60 years) is to be elected only one time, but for long terms (approximately 15 years), so as to ensure representation independent of party discipline and sectarian interests. A secured living and having stood the tests of daily life are prerequisites of a person's election. The main reason for an individual's readiness to become elected is the reputation of being a member of the Legislative Assembly. Its decisions are scrutinized by a senate that incorporates former body members.

Von Hayek advocates the Governing Assembly's emergence from the periodically selected parties. The executive organ of the Governing Assembly is the government whose activities are subject to the rules of organizing and guiding real government business to carry out public tasks under control of an opposition. The Governing Assembly is bound by the rules of just behavior that were fixed by the Legislative Assembly.

The Legislative Assembly and the Governing Assembly are elected in different ways and not for the same period of time. They represent the electors' views in different respects.

With reference to the pursued sketch of growth policy, the various measures for a successful long-term implementation of infrastructure projects are here suggested to be assigned to the two assemblies according to their specific conception, ordered according to the policy phases. In doing so we should have in mind that the Governing Assembly must stick to the prepared regulations adopted by the Legislative Assembly, and it has to execute them, respectively.

The long-term policy of Phase 1 whose dominant domain is represented by the long-term aspects of institutional and personal infrastructure is to be drafted by the Legislative Assembly (There are good reasons to change the sequence of institutional and personal infrastructure -- a topic not to be discussed here.). The center of attention of institutional infrastructure is given by the higher ranking laws such as the political and economic constitutions to maintain the rule of law, the fundamental laws concerning European integration and the international regulations of environmental and climate protection. Also the general pursuance of the principle of sustainability of measures that does not have to come into conflict with the growth objective is to be established here. With reference to the national political constitution we shall have to discuss derived laws: for example, the revision of the private law, the principles of taxation, the competition law or the law of corporations.

Advancing personal infrastructure is of special importance. This is valid for the development of population as well as for the formation of human capital. In a strict sense, there is only one factor of production, namely qualified labor (cf. Birg 2015, 172f.). The key of economic growth rests on the number and structure of population. For example, increasing ageing of population constitutes an essential impediment of growth, if protection of old-age people is regarded as insufficient. The missing population policy of the Federal Republic of Germany during the past fifty years, particularly the lack of sufficient family protection, was criticized in detail (cf. Birg 2015, 203-210). In addition, the suppression of the obligations of a comprehensive migration policy must be pointed out here. We have to add specific employment problems such as the building up of the employment structure (private versus public employment, creation of public service). In this context the Legislative Assembly must

attend to manifold tasks, for example, in the realm of social safety and health regulations and labor protection laws.

Hardly any growth-relevant variable of the economic circular flow of income is not affected by human capital. On the one hand, this statement is valid for the given capabilities of the working population and its level of knowledge, from which important positive as well as negative incentives result (for example, self-responsibility or lack of responsibility). These capabilities are attached to the factor labor. The efficiency of this combination is controlled by the availability of energy. On the other hand, we address the change of the level of knowledge by education (early child and school education, professional training as well as general economic education) and technical progress (inventions, innovations and dispersion of technological knowledge) (cf. Phelps 2016). An important policy matter for the future of the Federal Republic of Germany must be long-term steadiness of basic principles of the education system, the reason being a failed education policy lasting now for more than fifty years. Cf. Hanushek/Woessmann (2015) on the influence of human capital in the field of internationally comparative research on growth.

In this context, the term knowledge infrastructure is of importance as it is a complementary phenomenon in the realm of infrastructure. We may understand knowledge infrastructure to be a combination of basic research, input of venture capital and implication of organizations that disperse knowledge and support educational systems.

In the medium-term Phase 2 of growth policy the central topic would be that of solidly conceived restructurings (reforms). Here measures enforcing institutional and material infrastructure dominate which must be taken up by both assemblies according to their conception. Whereas the design and the planning of measures should form part of the responsibilities of the Legislative Assembly, the completion and the first test checks of the measures must be in the hands of the Governing Assembly. The more extensive measures -- from the permanent escorting care of the projects to the creation of exemptions -- may again belong to the tasks of the Legislative Assembly.

Concentrating on institutional infrastructure, particularly the resuscitation of the market economies in Europe, seems to be imperative, for instance, by a stricter setting of competition policy (improvement of corporate constitutions, constancy of economic policy, liberalization of markets (for example, in the service sector) and trade liberalization). Special topics are, for example, the solidity of fiscal planning of government budgets, the simplification of tax laws, the revocation of bureaucracies, the transition to flexible labor markets (reduction of dismissal protection, screening of impacts of minimum wage laws, augmentation of working participation), the introduction of flexible age-independent pensions, the liberalization of telecommunications and the stimulation of private capital formation.

In the framework of material infrastructure, it is above all about the realization of megaprojects (as, for example, the planned railway station Stuttgart 21, intercontinental airport BER, fiber-optic networks or 3D-printing) and their maintenance over time (problem of reinvestment; for a good example cf. Al-Douri et al. 2016). Apart from transport projects the following schemes must centrally be ranked: energy provision (construction of storage capacities and distribution networks) and health care (promotion of particularly mental health provision and family doctor systems as well as sufficient supply of personnel and capacities for the ageing society). Realizing large-scale projects we must observe that many years may pass by between the start of their usage and the complete development of their capacity effects, since a comprehensive reorganization of production must take place. Therefore the impact on aggregate productivity is a long time in coming (cf. Marin 2015). This restructuring is supported, amongst other things, by a reduction of transaction costs and an improved transfer of information.

The growth-political design of the relatively short-term Phase 3 (0 – 3 years) is inside the Governing Assembly's sphere of responsibility. During this time magnitudes of the circular flow of income may spontaneously progress owing to favorable framework conditions created by economic policy (e.g., low euro exchange rate, small oil price). The result may be increasing consumption as growth stimulus. Or these variables of the income flow could be directly influenced, also in order to accelerate particular elements of aggregate demand; in this context debt financing should be kept in limits. Emergency measures to remove evident

growth barriers such as the long time neglected repair of long-distance roads and highway bridges in a relatively containable time are legitimate here. Also the stimulation of capital formation (private and public investment) at any time is advisable during this phase, conscientiously supervising the related capacity and incentive effects in the realm of competition, structure and stabilization policy. The careful treatment and formation of scarce resources are permanently given tasks. These obligations make an improved economic education of society necessary. Introducing direct citizen-initiated referendums could be recommended for this purpose.

The preceding statements are compatible with the basic ideas of complexity economics. “Complexity economics takes the economy as a complex adaptive system and applies insights and methods of complexity science or complexity theory in economics.” (“Die Komplexitätsökonomik versteht die Wirtschaft als komplexes adaptives System und wendet Einsichten und Methoden der Komplexitätswissenschaft (complexity science) oder Komplexitätstheorie in der Wirtschaftswissenschaft an.”) (Roos 2015, 381f.). The characteristics of complexity economics are, amongst other things, the origins in cybernetics, artificial intelligence research, chaos theory and sociologic system theory; agents-based models; nonlinear dynamics (processes of self-reinforcement, irreversibilities, path dependence, unpredictability of sequences of events); processes of self-organization; disequilibria. For economic policy and thus also for economic growth policy we find (cf. Bruno et al. 2016; Roos 2015, 387-389; Colander/Kupers 2014 and Kirman 2016):

- political prescriptions are bound to space and time, according to the sociological starting point, respectively,
- there are fundamental uncertainties about future development that are open and not purposeful,
- theoretically supported projections of future events are only partially possible, if not impossible at all,
- a plea for an economic policy in a decentralized set-up is implied, that is, at the same time many agents seek solutions of similar problems within a correspondingly designed institutional framework.

At present the following measures capable of stimulating economic growth in Europe seem to be directly advisable (cf. Stelter 2014, 127-1347):

- stop creating growth on credit, in the end with the goal of restructuring debts in order to reduce debts,
- defusing the population problems by increasing the number of working hours, immigration of well qualified persons and higher working participation of women,
- stimulation of private investment, reorganization of planning and implementation of public investment,
- rescue operations of financial systems by higher equity capital requirements of banks, stricter banking regulation, rectification of bad bank debts,
- normalization of monetary policy in the direction of changing monetary systems.

From today's point of view the changes of economic and political convictions and attitudes rank first insofar as economic policy must declare its support for an active planning of the future in the sense of provisioning and thus the introduction and safeguarding of long-term economic thinking will be indispensable. "One of the greatest problems in concerted action of politics and economy today is that politicians enforce very short-term solutions under the pressure of the general public." ("Eines der größten Probleme im Zusammenspiel von Politik und Wirtschaft heute besteht darin, dass die Politiker unter dem Druck der Öffentlichkeit sehr kurzfristige Lösungen erzwingen.") (Meltzer 2015, 160). In view of the growth problem we must think about long-term strategies; the exclusive dominance of myopic politicking must be broken. Nowadays long-term strategies are suggested by, for example, climate change, environmental damages such as the contamination of the sea, the emergency situation of nursing and the downgrading of teaching in education. However, we should not undervalue that short-term and long-term projects must be harmonized so that the advantages of both approaches come forward and the disadvantages will be minimized (cf. Schumpeter 2014, Budish/Roin/Williams 2015). This insight may be served by organizational protection thanks to the sketched establishment of the Legislative Assembly and Governing Assembly. Then the dominance of institutions in Europe and thus of the law must be reinforced (cf. Kirchhof 2012) so that the basic ideas of European integration can fully be revitalized. On this basis the preconditions of economic growth could be created, according to the insight that economic growth cannot directly be generated by political action.

Long-term oriented action makes the strengthening and change of public and private infrastructure possible, as the growth scaffold of market processes. The permanently necessary reorganization of the framework conditions of the market economy (e. g., the adaptation of competition law to online market transactions) stimulates the incentives to initiate actions of people's representatives, politicians and economic agents in the correspondingly necessary political organizations. The presented statements are not restricted to a national and federal reference field, but are also valid multi-regionally and globally.

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