



Wirtschaft. Weiter.Denken.

Hans-Matthöfer-Preis für Wirtschaftspublizistik

**Award Ceremony for
Julie Froud, Michael Moran (†),
Sukhdev Johal, Angelo Salento
and Karel Williams**

for their book

“Foundational Economy: The Infrastructure
of Everyday Life”

**Award Ceremony for
Hubertus Bardt, Sebastian Dullien,
Michael Hüther and Katja Rietzler**

for their article

“For a Sound Fiscal Policy: Enabling
Public Investment!”

Berlin, 4 March 2020

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The Hans-Matthöfer-Preis für Wirtschaftspublizistik is awarded by the Hans-und-Traute-Matthöfer-Stiftung within the Friedrich-Ebert-Stiftung.

In keeping with its foundation goals, the Hans-und-Traute-Matthöfer-Stiftung within the Friedrich-Ebert-Stiftung concentrates on promoting and rewarding publications that centre on the fundamental problems of economic and social sciences, the development of technology and its consequences for the humanisation of work and society.

Hans Matthöfer (1925–2009) was a leading German social democrat and trade unionist. He served as a minister in several German governments between 1974 and 1982, including four years as finance minister under Chancellor Helmut Schmidt, who was himself a member of the foundation's advisory council.

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Foreword

Kurt Beck

Former Minister-President of Rhineland-Palatinate, Chairman of the Friedrich-Ebert-Stiftung

In 2013, the Hans-und-Traute-Matthöfer-Stiftung within the Friedrich-Ebert-Stiftung decided to encourage greater plurality in the often one-sided debate on economic policy that was taking place in German academia, politics and press through the launch of an award for economic writing.

The Hans-Matthöfer-Preis für Wirtschaftspublizistik "Wirtschaft.Weiter.Denken." honours economists and social scientists who are searching for and developing new answers to the big economic and social policy challenges of our time – beyond standard economic theory or the macroeconomic mainstream.

The awarding of both the €10,000 main prize and the €5,000 special prize correspond with the goals of the foundation that Hans Matthöfer (1925-2009) – a well-known

SPD politician and trade unionist who was a minister in several German governments between 1974 and 1982 – and his wife Traute initiated. I am very pleased to once again be able to present this award thanks to the financial commitment of the Hans-und-Traute-Matthöfer-Stiftung.

In 2020, the Hans-Matthöfer-Preis is being awarded for the sixth time. Outstanding prize-winners who have provided important contributions to the German economic policy debate in previous years were:

- Mark Blyth (Awardee 2015) for his book *Austerity: The History of a Dangerous Idea*;
- Mariana Mazzucato (Awardee 2016) for her book *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*;



- Oliver Nachtwey (Awardee 2017) for his book *Germany's Hidden Crisis: Social Decline in the Heart of Europe*;
- Branko Milanovic (Awardee 2018) for his book *Global Inequality: A New Approach for the Age of Globalization*;
- Adam Tooze (Awardee 2019) for his book *Crashed: How a Decade of Financial Crises Changed the World*, as well as Harald Schumann and Elisa Simantke (Special Award Winner 2019) for their article *Blackrock: Ein Geldkonzern auf dem Weg zur globalen Vorherrschaft (Blackrock: A Financial Corporation on the Path to Global Domination)*.

During the nomination process that took place last year we received more than fifty nominations – books, blog posts, columns, commentaries, reports and articles in newspapers and journals. In the name of the Hans-und-Traute-Matthöfer-Stiftung and the Friedrich-Ebert-Stiftung, I would like to offer my heartfelt thanks for this lively participation. The large number of submissions and the many positive responses over the past few weeks show that we're on the right track presenting this writing award.

The following submissions made it on to the short list for this year's Hans-Matthöfer-Preis für Wirtschaftspublizistik "Wirtschaft.Weiter.Denken."

- Lea Elsässer's book *Wessen Stimme zählt: Soziale und politische Ungleichheit in Deutschland (Whose Voice Counts: Social and Political Inequality in Germany)*, Campus Verlag, 11/2018;
- Ulrike Herrmann's book *Deutschland, ein Wirtschaftsmärchen: Warum es kein Wunder ist, dass wir reich geworden sind (Germany, an Economic Fairy Tale: Why it's no Miracle That we Became Rich)*, Westend Verlag, 09/2019;
- Lutz Raphael's book *Jenseits von Kohle und Stahl: Eine Gesellschaftsgeschichte Westeuropas nach dem Boom (Beyond Coal and Steel: A Social History of Western Europe After the Boom)*, Suhrkamp Verlag, 05/2019;
- Axel Stommel's, *Basics der Ökonomie: Wirtschaftspolitik, Staat und Steuern (Basics of Economy: Economic Policy, the State and Taxes)*, Büchner Verlag, 03/2019;

- The book by Julie Froud, Michael Moran (†), Sukhdev Johal, Angelo Salento and Karel Williams, *Foundational Economy: The Infrastructure of Everyday Life*, Manchester University Press, 11/2018.

The following members of the independent selection jury:

- Dr. Brigitte Preissl, former editor-in-chief of the journals *Wirtschaftsdienst* and *Intereconomics* at ZBW – Leibniz-Informationszentrum Wirtschaft (Leibniz Information Centre for Economics),
- Professor Dr. Peter Bofinger of the University of Würzburg, former member of the German Council of Economic Experts for Overall Economic Development,
- Thomas Fricke, former chief economist at the *Financial Times Deutschland*, currently chief economist at the European Climate Foundation, Director of the Forum New Economy and columnist at *Der Spiegel*

have, in the course of an intense process of assessment, selected the winners from among the five finalists. I would also like to kindly thank them for their dedication and their contribution.

The 2020 main prize goes to:

- Julie Froud, Michael Moran (†), Sukhdev Johal, Angelo Salento and Karel Williams, for their book *Foundational Economy: The Infrastructure of Everyday Life*.

Furthermore, the jury has decided to award a Special Prize for outstanding and extraordinary economic writing.

The 2020 Special Prize goes to:

- Hubertus Bardt, Sebastian Dullien, Michael Hüther and Katja Rietzler, for their article *Für eine solide Finanzpolitik: Investitionen ermöglichen! (For a Sound Fiscal Policy: Enabling Public Investment!)* published as IMK Report 152/2019 and IW-Policy Paper 10/2019.

The jury based its decision as follows:

The winners of the main prize describe in their book to which degree public infrastructure has, in recent years, only been provided based on the maxim of financial

profit, and show the negative effects of this policy. They call for new forms of cooperation between private and public actors in order to build functioning infrastructures for the economy and society.

The winners of the special prize demonstrate how underinvestment in Germany can be overcome through bold economic policy. In doing so, the economists were able to overcome earlier ideological boundaries between employee and employer interests.

Ms. Brigitte Preissl and Mr. Thomas Fricke will explain in more detail the reasons the jury selected the two awardees in their laudatory speeches.

I hope you enjoy reading the speeches that were held during the award ceremony on March 3, 2020 at the Friedrich-Ebert-Stiftung in Berlin: the ceremonial address by Norbert Walter-Borjans, Leader of the Social Democratic Party of Germany (SPD), the laudatory speeches by Brigitte Preissl and Thomas Fricke, and the acceptance speeches of the prize-winners Julie Froud, Sebastian Dullien and Michael Hüther.

Award Speech

Norbert Walter-Borjans

Chairman of the Social Democratic Party of Germany (SPD)

I am pleased to be given the opportunity to speak about two exciting topics that not only present a challenge for policy and economics, but can also inspire our party to reflect and help us further develop our economic policies.

Both the book *The Foundational Economy (Die Ökonomie des Alltagslebens)* and the subsequent call for a “new infrastructure policy”, and the question of the investment required to ensure a viable future for Germany that lies at the heart of the joint report issued by the Macroeconomic Policy Institute (IMK) and the German Economic Institute (IW), should not only be perceived side-by-side. It is absolutely imperative that they be reflected upon in combination.

I hope that I have aroused your curiosity. Later, I'll tell you what concrete conclusions I have drawn from my reading.

But first – and this is more important – I want to congratulate the prize-winners on their awards. I would like to thank the Friedrich Ebert Foundation for inviting me to speak today. This is because we have two teams of prize-winners and to be able to commend both of them is also a great honour for me. In their work, both teams address issues that preoccupied me long before I became chairman of the Social Democratic Party. The question was always: how can we secure our prosperity in a sustainable manner? How can we ensure or guarantee that this prosperity will benefit as many persons as possible,



if not everyone? And how do we make sure that we are not generating this prosperity at the expense of future generations and at the expense of other regions of the world? Both works show new pathways on which to move forward along with pioneering ideas.

My congratulations go out to the recipients of the Main Prize: Julie Froud, Michael Moran, Sukhdev Johal, Angelo Salento and Karel Williams. They have shown, in a very interesting way in my opinion, what politics – all of us actually – need to confront, if we want to do the right thing and make sure that we have prosperity for all that is designed so that it does not just benefit a single generation.

Of course, I also want to warmly congratulate the winners of the Special Prize: Katja Rietzler, Hubertus Bardt, Sebastian Dullien and Michael Hüther. The fact that people have gathered together here who one would normally expect to be arguing from two different sides underscores that this is not about a particular political direction. Instead, it is about something very fundamen-

tal. If we want to secure our future, then we have to invest – and the state should do so on a very large scale.

I would also like to commend the jury of the Hans-Matthöfer-Preis. Those persons who selected this year's winners had the clever idea of bringing the two teams together and considering them together. Both approaches are causing a stir and will hopefully shift the perspective of many readers and therefore have a major impact. This fits well to the award's namesake and motto: "Wirtschaft. Weiter.Denken" ("Rethinking Economics"). That's what both of these prizes are about: thinking ahead, thinking further, thinking forward. And, more than anything else: thinking outside the box.

Main Prize – foundational economy and a new politics of infrastructure

This year the Hans-Matthöfer-Preis is focused on the foundational economy. What is meant by this is a theoretical approach that centres around the provi-



sion of the infrastructure needed for everyday life. We expect electricity to come out of the socket, water to flow from the tap. If we hurt ourselves, an ambulance arrives – hopefully. A train brings us from the train station to our desired destination – or maybe not. Only when something does not function do we become aware of the conditions essential for modern civilisation.

The development of the foundational economy, the provision of infrastructure – to use modern terminology – began already in the second half of the 19th century, when growing cities built sewage systems and provided clean drinking water. This project was carried out by society as a whole and a moral project through and through that had two things foremost in mind: that measures improved the lives of people in general and at the same time made people more productive. The issue is extremely relevant today. And it's not just about public infrastructure. It's about creating an economy that is oriented primarily towards the common good.

The book provides us with an opportunity to take a different view the things in our daily lives and the infrastructure that lies hidden behind them: it is about the economic preconditions underlying our daily lives. This is what the authors mean by “foundational economy”: those self-evident things in day-to-day life that barely get noticed any more, but that have enormous significance if they are lacking, are hindered or limited or become too expensive.

This economy of everyday life and a new politics of infrastructure make up the core of the book. Its messages are loud and clear:

1. It shows the way out of the trap of profit maximisation and economisation of those things crucial for daily life.
2. When it comes to the infrastructures of daily life, profit maximisation and the primacy of economics must be rejected.
3. What is needed is economics and infrastructure that serve people.



The book is interesting if only because it describes a form of economy that shows the way to the future and allows us to grasp the significance of a well-functioning, affordable infrastructure that is accessible to all. Beyond this, the work is tantamount to a demand that the state again assume more responsibility for the common good and that the economy should serve society.

This book is necessary because in recent years the notion that the foundational economy should be a focus of political action has receded into the background. Instead of serving the public good, it has been subjected to the exigencies of capitalisation. A break took place in the foundational economy when the big wave of privatisation of public services began and state services were “hawked”. The “family silver” was flogged. This often led to higher prices and limits on services, but also resulted in competition and profit-orientation infiltration in more and more areas of our daily lives. No one asks any more whether people and the common good are being served – but instead how profits can be maximised.

Through remunicipalisation and reprivatisation of the gas and water supply, transport infrastructure and housing, painstaking efforts have been made for some years now that have led to a lot of money being expended to buy back infrastructure, the “family silver”. Slowly, another idea is making a comeback: public services are the responsibility of the state and not the playthings of private interests and capital. Investment groups should not have the power to shape and control public services. They should be there for the people and not the other way round.

We’re talking about nothing less than social infrastructure. Some actors have understood this, but unfortunately not all. We’ll need a lot more discussion and have a lot more persuading to do.

Please permit me a comment that is needed to place the book’s content in the proper context: it primarily addresses Britain as a paradigmatic example of this fanaticism for privatisation. We all know the history of that country and how capital’s hunger for privatisation and profit-maximisation eroded and destroyed social cohesion there. In his forward to the book, Wolfgang Streeck rightly calls it a sell-off of the foundations of the communal-civic economy.

We are also familiar from this in Germany, where neoliberalism has been able to leave its mark on political and

economic thought. The privatisation of public housing stock and services like gas and water show that privatisation results in higher prices without necessarily delivering an improvement in quality. In the case of such elemental infrastructure, profit-seeking is worse than destructive. We should therefore see this book as a warning and learn from the negative examples it provides.

Finally, this broaches important questions about the future: are Facebook and Google still private digital media providers? Or are they basically already institutions of the foundational economy that should also fall under public services?

Furthermore, the case for a new infrastructure policy also requires the necessary investment in this infrastructure. This connects both award-winning works. This year’s Special Prize goes to a proposal to invest massively in infrastructure.

Special Prize – Enabling investment!

For me the key to the future of our country is to be found in the word investment. Right now, we have an investment backlog that urgently needs to be tackled. Our infrastructure is crumbling and in need of renewal. These deficits also exist because the principle of fundamental economy has been ignored for too long.

We would therefore be well advised to grapple with this issue. I am very pleased that the trade unions and business both see things this way.

The reports of the Macroeconomic Policy Institute at the Hans Böckler Foundation and the German Economic Institute clearly highlight the urgency here and spell out the numbers. They call for an additional EUR 450 billion in public investment over the next ten years.

Against the backdrop of the neglect of public investment over the two previous decades, it is now crucial to bring our infrastructure up to the state of the art and work through the investment backlog step by step. Tackling demographic ageing and decarbonisation of the economy will also require a feat of strength in coming years. The infrastructure must be both adapted to the post-fossil era and refitted to provide the structural transformation required by an ageing population.

The authors predict that the initiative could deliver economic benefits for decades. Instead of seeing invest-

ment as a necessary evil, they see it as an economic stimulus programme, a modernisation programme for the future of our economy but also as a stabilising element that will preserve our prosperity.

We are grateful to the authors for their support for the SPD view that we need an investment programme, and also showing how it could work. It is also important to stress that investment is the foundation of innovation.

Innovation secures the prosperity of tomorrow but also serves the cause of environmental and climate protection. Last but not least, investment is central for the social cohesion of this country. As long as we continue to have fundamental inequality between cities and countryside, between particular neighbourhoods in our cities, cohesion won't be able to develop and last.

The money for investment has to come from somewhere. Especially in the face of sluggish growth and a rather bleak economic outlook, this is a banal yet important realisation. Growth forecasts for this and next year point to a significant slowdown. The latest numbers from the German government's annual economic report predict a slight recovery, with 1.1 percent growth this year – following 0.6 percent growth last year. Things should pick up in 2021 at 1.3 percent. Let's wait and see and hope that nothing comes along to put a damper on the optimism.

The investment programme should be set up as a long-term programme, with dynamic growth. The German government has already stepped up its investment for this year. Investment measures earmarked by this year's federal budget are – at EUR 160 billion – already a third higher than between 2013 and 2017. That won't be enough. A balanced budget should not be fetishised and the debt ceiling cannot be allowed to block the way to future prosperity – that's what we decided at our national party conference in December 2019.

In this context I would like to cite the namesake of the prize, Hans Matthöfer, and quote a passage in his 1993 book *Agenda 2000: Vorschläge zur Wirtschafts- und Gesellschaftspolitik (Agenda 2000: Economic and Social Policy Proposals)*: "Enough additional jobs will only be created in the future and existing ones safeguarded if the expenditure side of GDP is restructured in favour of investment, in order to, among other things, thoroughly modernise the economy, to use energy and resources more economically, to better protect the environment,

to boost education and training as well as more humane working conditions."

How far-sighted, even back then.

Even far-sightedness would not have made it possible to foresee the coronavirus and its economic consequences. We simply do not know what effects it will have on global and national economies. The impact could be anything from mild to drastic. International markets are already reeling. The labour market is showing symptoms of infection and some industries are already sounding alarm.

We must be prepared. That's why Olaf Scholz is right to be talking about a stimulus package. The federal government must act.

Conclusions – The SPD's economic policies

What conclusions can we draw from the ideas and demands of the award recipients? At the SPD, how do we imagine a future-oriented economy that is in line with our basic values, that fulfils our conception of social justice, and that ensures sustainability?

It must be our goal to design a progressive Social Democratic economic policy. This involves finding Social Democratic answers to the great challenges of this decade such as digitalisation, climate change, globalisation, demographic change and inequality.

For us, this is also about finding a normative orientation for economic policy after the neoliberal era has been overcome. It's about developing ideas for concrete areas of action such as for a creative state that is willing to invest, for a strategic and ecological industrial policy, for social and inclusive growth, for policies that strengthen mid-sized (digital) companies, for creating conditions for good, sustainable entrepreneurship, for the democratisation of the economy and, finally, for good work.

We made clear why we want these things in our resolution at the national party conference, which focused on our interim review of the grand coalition in December 2019. We specified our goals for the future and laid down our principles. Let me cite a decisive passage from the resolution, to underscore what motivates us: "We want to create progress out of transformation: technical progress, economic progress, ecological progress and social progress. Our objective is sustainable prosperity for the many instead of ever more wealth

for the few. We want people to receive the recognition that they deserve. We would like to use the technological progress that comes with digitalisation and climate protection to improve people's lives."

The common good

Finally, I would like to address an additional point that is especially important for me in this context. It is about making the common good the objective of political-economic action.

For us, this means supporting people that work hard, for example as caregivers, delivery drivers or educators, as firefighters or as policemen and women. These people need to be paid well and given decent working conditions.

For us this means a well-developed infrastructure, mobility for all at fair prices, properly functioning and well-equipped schools and access to high-speed internet everywhere.

For us this means getting the wealthy to contribute more than before in order to ensure our country remains an industrial powerhouse for future generations.

Many businesspeople in our country see things exactly the same way and are assuming responsibility for our society. They feel they have a duty to promote the common good. And that's positive. We are working together with these business individuals – for the future of our country and for the common good.

Our award recipients are calling for the same things. The foundational economy offers ideas about how cooperatives, family enterprises but also big business can make contributions that serve society and that can be implemented to serve people. This is corporate social responsibility in practice. This is the only way that prosperity and social peace can be preserved in our country.

I'll say it again: to achieve this requires investment. This is the only way to enhance the common good.

I hope for the sake of all of the award recipients that their ideas and suggestions will be heard and that they will be implemented by many. I will do everything possible to make this happen.

Laudation

Brigitte Preissl

Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik

The 2020 Hans-Matthöfer-Preis is being awarded to a book that calls for a new policy toward infrastructure. The authors primarily cite examples in Britain and Italy. The tone of the debate has, however, been growing louder and sharper in Germany - an indication that the subject is highly relevant here as well. The discussion about the construction, upkeep and continued development of infrastructures appears in many ways to be stuck at a dead end and threatening to stagnate. What has gone wrong and how do we get out of this situation? This book is both broad-ranging and radically innovative while remaining pragmatically constructive on these issues, provides a valuable impetus in the search for answers.

The book is based upon the work of more than 20 researchers involved in the Foundational Economy Project. Directly involved in producing the manuscript were Professors Julie Froud, Karel Williams and the political scientist Mick Moran (who died in 2018), from the Alliance Manchester Business School, Manchester University; Professor Sukhdev Johal, from Queen Mary University in London, and Professor Angelo Salento, from Università del Salento in Lecce.

This list of names reflects the interdisciplinary approach consistently adopted in the book. The authors' fields of expertise range from financial innovations to management, organisation and business strategy all



the way to political science as well as economic and labour sociology. The international perspective opens our eyes to the differing conditions and implications underlying a fundamental economic strategy in various countries.

The book *Foundational Economy: The Infrastructure of Everyday Life* calls for a resolute policy toward infrastructure oriented towards the common good. At first glance, the approach seems visionary and to a high degree idealistic. But if you open yourself up to the intellectual exercise and follow the bold plans for a fundamentally different conception of public services, the advantages become quickly apparent. The concept aligns perfectly with the aims and objectives of the Hans-Matthöfer-Preis. It actually constitutes a complete rethink of economics. The well-trodden path is abandoned to explore “how things could be better” - with an extremely inspiring effect. The foundational economy is not a purely mental construct. It emanates, rather, from a very concrete analysis of the mistakes of the past and derives on this basis an alternative foundational economy. This is where it gets exciting.

This new foundational economy is marked by two features:

1. First, it includes material and immaterial infrastructural goods that are of essential importance in everyday life, in short “utilities”. These include services that we all need at some point in our lives, such as medical care, education, childcare and old-age provision.
2. Secondly, it refers to goods to which all citizens – regardless of status and income – should have a right, since they are essential to participating in the economy and life in society.

What should be part of the fundamental economic structure is the outcome of the democratic process. Therefore, the new fundamental economy is both a political and an economic project. It presupposes that the provision of fundamental economic services in sufficient quantity and quality is recognised as a basic duty of the state.

The book makes clear that it cannot just be about finally repairing a decrepit bridge or sufficiently funding German Rail so that it is adequately equipped to provide modern transport in light of climate change. Nor is it about the next little pension subsidy for some especially vulnerable group or other. Rather, it’s about

a totally new understanding of the use of collective resources, of a sustainable economy and co-existence in the 21st century.

What went wrong?

Over the past few decades public services have been privatised in many European countries. Complaints about lumbering state bureaucracy and the conviction that a lean state was needed were significant drivers in this process. Belief in the superiority of the market was so widespread among economists, among politicians and in the media that many privatisations were neither carefully monitored within state administrations nor democratically legitimised. “Trade secrets” often prevented effective parliamentary control.

The euphoria – especially among economists – was great, because it was expected that privatisation would lead to increased efficiency, with sinking costs and prices, as well as to a wave of innovation. It is undisputed that productivity gains were made in many areas. Yet the examples provided in *Foundational Economy* show that these gains were neither passed along on the expected scale in the form of declining prices nor used for the necessary investments in infrastructure and service quality. At the end of the day, this was the result of exaggerated profit expectations. So-called “financialisation”, meaning the integration of activities in complex financial products, whose only goal was the growth of the funds employed, led to a disconnect between business strategies and the actual aim of providing services. Whether the services provided were of sufficient quality, whether the type of implementation was appropriate and customer-friendly, whether the working conditions were acceptable, or whether the investment led to better service provision in the long run – played no role in the matter.

How do we get out of this situation?

The team of authors concludes that the activities of the fundamental economy must urgently be harnessed to serve the public good and that the design of services must once again be brought closer to citizens.

The right of society to access services of the fundamental economy are explicitly extended to enterprises, as they must also be able to have trust in and believe that fundamental infrastructural services are available. These must not necessarily be provided by the state it-

self nor be free of charge. It is important, however, that the contracted agents act in the interest of the public good and are appropriately monitored. In addition, funding should be subject to calculations that reflect the costs of service provision plus a negotiated profit margin, which according to the authors should lie at around five per cent, and not profit forecasts for abstract financial products. In this sense, such financial engineering should be replaced by an orientation towards a moral aim which informs the business model.

For the fundamental economy, this produces the following principles:

1. Citizen participation: Citizens vote on how to prioritise services. It is evident that here local and regional matters as well as locally anchored organisational forms will play a greater role than is currently the case. Citizen participation also demands – as the team of authors clearly underscores – a good balance between the rights and duties of participants and a management of demands carried by solidarity.
2. Priority of policy: Policy must regain its ability to shape the services of the fundamental economy. When private contractors are hired, the state must have more influence over their business practices. Secretive contracts void of any democratic control don't fit to this concept.
3. Financing and tax reform: Affordable fees for the use of infrastructure will still be an important source of funding in the future. Furthermore, it is urgent that state investment in material infrastructure, which has been decreasing in nearly all countries, be boosted once again. The planned services of the fundamental economy require significant state support. To make this possible, tax reform is proposed. Fairer taxes on capital income, fighting tax evasion, as well as higher wealth and property taxes offer considerable potential for collecting additional resources.
4. Hybrid alliances: The political class alone will not be able to manage the conceptualisation or the governance of the new system. New kinds of institutional and organisational solutions need to be found. Even if politicians support the concept, one must consider that, due to austerity and the outsourcing, the competencies needed for the renewal of infrastructures often no longer exist. In times of

rigid austerity policies, local administrations also lack the administrative resources to implement complex renewal programmes to strengthen the fundamental economy. Heterogeneity of political and institutional structures in the countries of Europe demands flexible solutions. The authors speak of “hybrid alliances” that must be forged case-by-case in order to find the right mix of centralised and decentralised, cooperative, private or public configuration. Given this, local and regional experiments are proposed to test the feasibility of solutions.

The changes that are needed seem gigantic; the proposed solutions for each country and each element of the fundamental economy must first be analysed and thought through. They should prove themselves on a trial basis and be implemented on different levels of the democratic decision-making process.

All this should not prevent us from listening more closely to the authors when they spell out the decisive questions: how can it be that with all the advances in productivity, continual GDP growth and never-ending technical progress, we are less and less able to afford fundamental economic goods? How can it be that solidarity as a characteristic of a social market economy has such a poor standing even though society as a whole is getting richer? These belong to the questions that the authors of Foundational Economy asked themselves.

Thank you for this book!

This year, alongside the Hans Matthöfer “Wirtschaft. Weiter. Denken.” Prize for Economic Writing, a Special Prize for Extraordinary Economic Writing is being awarded. This prize goes to another team of authors: Hubertus Bardt and Michael Hüther of the German Economic Institute (IW) as well as Sebastian Dullien and Katja Rietzler of the Macroeconomic Policy Institute (IMK). They are to receive the prize for their paper titled *Für eine solide Finanzpolitik: Investitionen ermöglichen! (In Favour of Robust Financial Policy: Enabling Investments!)* This work does away with the misconception that rigidly enforced limits on debt and harsh austerity are necessary for intergenerational justice. Here we find out that precisely the opposite is the case.

First – unsurprisingly – the finger is being pointed at vast underinvestment, not only when it comes to classic infrastructure, transport, telecommunications, research and development, and housing, but also when it comes

to addressing future challenges such as decarbonisation, education and the development of unused labour potential. Political forces have assigned higher priority to the reduction of debt than to the safeguarding, modernisation and sustainability of productive potential. The consequence of this is that future generations will not enjoy the conditions required to take part in the economy efficiently and to be able to maintain living standards already achieved. Even worse: with every year that the renewal of infrastructure capital is neglected, the public capital stock shrinks immensely. The fact that in light of extremely low interest rates, borrowing has no negative effects on state finances and can even have positive ones is a widely recognised given, aside from among ministries of finance and a surprising number of economists (our own minister of finance is currently surprising us with some insights along these lines late in the day).

The empirical evidence presented by the team of authors and their coherent argumentation makes it impossible to ignore the infrastructure debacle. The message is simple: “The state bears a responsibility.”

The paper does leave the question “how is this supposed to happen?” unanswered. Concerted action that will bring about a sea change in investment is proposed. Investments in infrastructure should be continually financed via an investment fund, independently of cyclical and fiscal motives. Long-term needs planning and the provision of sufficient funds to local authorities are further elements of a “financing of economic reason”. This could provide a way out of the dead-end.

Both prize-winning works argue an urgent need for action in the area of public infrastructure. In many points, they display astonishing similarity. Both point to the lack of perception that it is the responsibility of the policy-making arena to secure the foundations of the economy. While Foundational Economy identifies the cause of the difficulties in radical privatisation, *In Favour of Robust Financial Policy: Enable Investment!* argues that the wrong priorities have been set in German policy. In the former, criticism is directed towards the skewed private economic incentives created by “financialisation”, while demanding an orientation towards the public good; in the latter, the single-minded focus on debt reduction with long-term negative effects on productive potential is decried, while demanding a long-term, future-oriented integration of investment needs into state financial planning. Both argue that novel organisational forms such as public-private part-

nerships are necessary, even if the two proposed models are very different from one another.

The decisive difference lies in that fact that the English-Italian team of writers believes that the provision of the goods and services of the foundational economy by purely market-oriented agents has failed and considers democratic administration through significant civil society participation to be necessary. By opposition, the authors of the IMK and IW continue to assign the decisive role to the market, but demand a reversal in state investment policy. The contents of the policy paper could, assuming the political insight were present, be put into action tomorrow. To redesign the fundamental economy is a far more complex and radical, but perhaps more worthwhile, undertaking. Perhaps we will see whether the two approaches could, despite all their fundamental differences, perhaps cross-fertilize one another.

Laudation

Thomas Fricke

Director of the Forum New Economy, Columnist at *Der Spiegel*, Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik

Many thanks to all of the previous speakers. I would like to add a small detail: naturally for us as the jury – Brigitte Preissl put it very nicely – there are many special reasons to award the Special Prize to the report by the German Economic Institute (IW) and the Macroeconomic Policy Institute (IMK). It is a fantastic source of both data and arguments suggesting that it makes sense to create a long-term investment plan, so that, in the construction industry, for instance, enough new capacity could be developed that was often lacking in the past.

For us, a chief motivation for this choice was that we very consciously wanted to honour the fact that two research institutes with very different backgrounds joined forces, something we didn't necessarily expect of them. I don't know if one can say this, but historically speaking it is without a doubt the first time that one insti-

tute aligned with employers and another one aligned with labour unions have co-authored such a politically germane paper. This is highly relevant in the current situation. And it pays tribute to the values of the Hans-Matthöfer-Preis für Wirtschaftspublizistik "Wirtschaft. Weiter.Denken.", in that it oversteps the boundaries and strictures of old dogmatic notions.

Of course, this is not an end in itself. But it makes sense in a time in which a lot of cherished economic truths are being shaken to the core – and in a time when there is a need to do a lot of rethinking. And when some of the old responses no longer really seem to help. To remain stoic and continue to rely on the much-touted strengths of the market, something which was considered a high art for a long time, does not help, either, if the market itself is obviously not generating crucial long-term invest-



ments – nor is it sufficiently motivating private investors to invest in climate-neutral ways of doing business.

Against this background – and I think it is all right to mention this on this festive occasion – it is an open secret that Michael Hüther did not receive 100 percent unreserved approval for the work that went into this report, to put it diplomatically. On the contrary, letters of protests were even received from business associations.

Therefore, in presenting this prize, I would expressly like to pay tribute and highlight this rejection of standard responses – and this goes for both sides. When the world and its problems are caught up in change, new measures and instruments are called for. We are living in a time of utterly new challenges and new questions, the answers to which can't necessarily be found in the interpretive patterns of economics that have been dominant over the past few decades.

This holds true if we are talking about the enormous need for investment in public infrastructure, but also when it comes to the issue of inequality of income and wealth, or when it comes to the instability of financial markets. Globalisation was in a critical state well before the corona crisis. And: today we are witnessing an enormous loss of trust in both globalisation and in the social market economy. None of this will be solved through the reflexive call for the market. Far above and beyond this, it requires a rethinking about immediate political boundaries.

The example of the immediate post-war era shows that such paradigms can shift across the political spectrum, depending on the historical situation. If you take a look at how the German economy was organised in the post-war era, it seems remarkable from today's perspective: there was a highly regulated banking sector, highly regulated financial markets, a dirigist currency system. A wealth tax was introduced during the "*Wirtschaftswunder*". The highest tax rate was well over 50 percent. According to liberal market thought patterns of the recent past, one would situate all of this at the left edge of the Left Party. According to the standards at that time, none of this was considered particularly leftist. In Germany, these policies were introduced by Konrad Adenauer and Ludwig Erhard, in France by Charles de Gaulle – all conservatives.

What I find so interesting about this is the message that different eras have different standards and paradigms – and need them to some degree – with shifting ideologi-

cal boundaries. In the post-war era people drew lessons from the disasters experienced by market liberalism in the 19th century and its consequences in the 1920s and 1930s. A much more regulatory kind of politics was required and this was crystal clear to the CDU as well. I believe that we are now living in a time in which we are again experiencing such a shift, a time when it is becoming apparent that many recipes that dominated the debate over the last 20-30 years – and that also received the support of the SPD-Green coalition – are no longer tenable.

Exactly this is reflected in the paper that we want to pay tribute to with the Special Prize: the altered conditions, the new challenges facing us that demand new answers which transcend old ideological boundaries. Our aim was to praise precisely the fact that they got together and discussed and fine-tuned their argumentation in order to close the gap between different positions and arrive at a common denominator. In doing so, they showed that it is possible to find new answers for new times in the process. Perhaps this has the potential to influence the political work of the Social Democrats. Another positive effect is that it will ensure that this debate spreads above and beyond the confines of this arena – as it already has. The report has already been jointly presented by the Association of German Industry (BDI) and the German Federation of Labour Unions (DGB).

Congratulations!

Acceptance Speech

Julie Froud

Foundational Economy Collective

Thank you!

It's a great pleasure to accept this prize on behalf of the Foundational Economy Collective. Several of us are here today: my co-authors Leonhard Plank, Angelo Salento and Karel Williams. I will be saying a bit more about the Collective later, but I would also like to remember our friend and co-author Mick Moran, who would have been very pleased to hear we have been awarded this prize.

It's conventional to begin with thank-yous. As there are more than 20 members of the collective and all have mothers, partners, children and so on, we have to be political and aware of time constraints and not try to

name everyone who helped us in our endeavour. With this in mind, we shall limit ourselves here to three thank-yous to our various friends and sponsors, without whom we would not be here today:

First, to the Friedrich Ebert Stiftung and their jury for this honour. Not all surprises are good, but this was indeed a very welcome surprise. We hope that the combination of our book and your award helps to meet our common aim of drawing attention to the infrastructures that our society depends on. We are particularly pleased to win an award that acknowledges an attempt to influence economic and social policy in constructive ways. This underpins the objectives of the Foundational Economy Collective.



Second, a big word of thanks go out to our German publisher Suhrkamp and our editor Heinrich Geiselberger. Heinrich backed us as unknown authors with a book just published in English by Manchester University Press, and then, with our colleague Leonhard, put considerable effort into getting every detail of the translation right.

Third and not least, to Wolfgang Streeck, who read the manuscript, provided backing for our ideas and wrote a wonderful foreword for the book, which was important in connecting our ideas with the German audience.

The usual story-line in the case of books or movies is that the meaning and relevance get lost in translation and the attempt to reach out to a new audience. Thanks to Heinrich and Wolfgang our book has gained something in translation, and this prize is theirs' as much as it is ours. So, thank you.

Now for some explanation: who we are and what we were trying to do with the book

Prizes usually go to individuals or institutes, so let me begin by telling you about the Foundational Economy Collective. Internationally we are a largely informal and unfunded group of more than 20 academics from half a dozen European countries who debate and develop our agenda by meeting every year in a different European country, together with local practitioners and politicians, Brussels last year, Cardiff/Wales this year. There were 22 authors credited to the book when it was first published in English in 2018 and the collective has continued to grow since then.

The collective members come from many different disciplinary backgrounds – sociology, socio-economics, critical accounting, political science, economic geography and so on – all of us interested in economics. And you may be wondering how such a disparate group



won the Hans-Matthöfer-Preis for “new answers to major economic and social policy challenges”.

Well, when we wrote a working paper - rather grandly titled the “Manifesto for the Foundational Economy” - in 2013, we had one big idea. Policymakers and other actors had been trying to ‘make the economy work’. But there are multiple economies, including a tradeable competitive economy and a foundational economy of utility pipes and cables, transportation, housing, health, care, education and so on. And these essential goods and services had been neglected and degraded. Our aim was not simply to understand why and how this had happened and what the consequences were. We wanted to think in constructive ways about how to renew this infrastructure of everyday life.

Since then, we have adopted the philosophy of VW with the Golf: keep the product recognisably the same but continually develop it through new models. Thus

the Mark 1 VW Golf in 1974 become the Mark 8 VW Golf in 2020.

So, pursuing this analogy, this year’s Matthöfer-Preis goes to the 2018 model of the Foundational Economy, which like every new model has added features:

- a brief history of how the foundational economy (from piped water and sanitation to universal health care) was invented, roughly between 1880 and 1950. Perhaps we sometime take all this for granted, but it added 20 years to life expectancies.
- a developed accounting argument about how privatisation and outsourcing had degraded the FE by allowing extractive business models; and damaged the expertise and capabilities of the state.
- a political argument about how social citizenship means entitlement to foundational services



- and a speculative last chapter about how foundational renewal going forward would have to be about a new way of doing things

When we wrote this, we hoped that what we wrote would connect with policymakers and people on the ground planning and delivering services.

How does all this relate to the German debate about infrastructure?

Foundational services are owned, organised and accessed by citizens in very different ways across Europe, so it's encouraging to find these ideas resonating in different European countries where, as in Germany or Italy or Spain, translations are very important. As UK citizens, we tend to think that we have led the way in wrecking and devaluing much of our material and social infrastructure. So it's not exactly good news to find that the ideas in our book are resonating in Germany. It seems that in Germany you are in the middle of a national debate about your own neglected infrastructure. This connection is very clear when our fellow prize winners are economists who have reported on infrastructural neglect and concluded it would take EUR 450 billion over 10 years to repair this neglect.

We agree that this focus on infrastructure is important and we are encouraged that this debate is taking place. We also think it is important to recognise a broader, more social definition of infrastructure which is not just built on structures and material systems. From a foundational point of view, our infrastructure includes reliance systems, like care for older citizens, children and others, and it includes social infrastructure like public parks, libraries and community spaces that contribute to public health and well-being.

The choices here have an economic dimension – we can think about them in terms of capital required, business models, supply chains and so on, but they are also about social values. Should adult care be not simply about biomedical needs, but also about social interaction? When we have asked UK citizens about the places where they live, they complain as much about the condition of their local park as they do about transport infrastructure.

The Mathöffer prize is about encouraging pluralism and you are doing that with today's awards. None of us has the answers individually, but through bringing

different perspectives together we are more likely to get more things right.

So, what now/ where next, given that we wrote this book nearly 2 years ago

Where next for foundational thinking and doing? Well that practically depends on planners and politicians in places like Barcelona and Wales who are experimenting with integrating an explicit foundational economy approach into their policies. But what about academic thinkers?

Our approach has been and remains one that does not look back to reconstruct the world that we had. We recognise the achievements of top-down engineering and planning and recognise how the failure to repair and reinvest has caused all kinds of problems for citizens. But, we are also trying to define the problem as one of renewal of our foundational infrastructure in ways that look forward so that we can address climate change, the need to protect nature and bio-diversity and living within planetary limits, while we also recognise that humans are social beings with all kinds of needs. This is a vast political challenge which requires citizen consent and participation. It also needs alliances of all kinds, including between political parties as we change many of the systems in our live/ work communities.

We hope that our collective can help with making these connections between policymakers, politicians, planners, academics, social activists and others who are putting foundational services like housing, transport, food and care at the centre of their plans. And there are encouraging things happening in Vienna, Barcelona, Hamburg and in Wales. We hope that finding a language and a framework in the foundational economy approach will help with this progressive task.

And if that sounds challenging, we are “building the road as we go along” by rethinking the ways in which we measure the economy; but that's for the next book and we conclude by thanking you for appreciating our last book.

Acceptance Speech

Sebastian Dullien

Research Director of the Macroeconomic Policy Institute (IMK) within the Hans-Böckler-Foundation in Düsseldorf and Professor for International Economics at the HTW Berlin – University of Applied Sciences

It is a great pleasure to be here to accept the award of the Hans-Matthöfer-Preis today. I would like to extend a word of thanks to the jury for their decision – including on behalf of my colleague Katja Rietzler, who could not make it here today.

It is a great honour to receive the Hans-Matthöfer-Preis. Hans Matthöfer was one of the most remarkable personalities in the field of German economic policy in the wake of the Second World War. A man of humble origins, he became a successful entrepreneur, an accomplished economist, a trade unionist and served as Federal minister in a series of important ministries in times of great economic insecurity and uncertainty regarding the

right economic policies to steer the Federal Republic's in the right direction. This deserves great respect.

As I see it, it is only fitting that the award we are receiving for our proposal co-authored by the Macroeconomic Policy Institute (IMK) and the German Economic Institute (IW) is named after Hans Matthöfer. What we are proposing is firmly rooted in the tradition of Hans Matthöfer. During his tenure as German Minister of Finance, Hans Matthöfer advocated greater public investment in Germany, firmly believing in progress and convinced that it would propel the country forward. At the same time, from 1980, in the government under Chancellor Helmut Schmidt, he rejected an expansion



of the welfare state by taking on new debt. One of the reasons for this was that interest rates were soaring at the time, which would have made economic expansion financed by social spending unsustainable.

Our proposal is along the lines of this approach. IMK and IW both argue that, in an environment of record-low interest rates, the state should take on more debt in order to foster the modernisation of Germany's infrastructure and education system, but not to finance an expansion of social services or tax cuts for the rich. Like Hans Matthöfer, we propose a responsible financial policy that gives the country traction going forward while keeping government debt at sustainable levels.

There is another reason why the Hans-Matthöfer-Preis strikes me as a very apt and fitting acknowledgement of this cooperative project between the IMK and IW: Hans Matthöfer stands as an individual symbol for the era of the *Wirtschaftswunder* following the Second World War. A very important element in Germany's economic success over this period was the social partnership between trade unions and employers. On the one hand, this partnership guaranteed social peace in Germany – over decades we had fewer strike days than any other large economy in Europe. On the other hand, broad strata of employees were able to benefit from the surge in prosperity. This combination made possible an astonishing modernisation of the German economy and impressive growth rates in the post-1945 era.

Through our proposal for an investment offensive, our advocacy of key demands being forwarded by the German Federation of Trade Unions (DGB) and the Association of German Industry (BDI), and the impetus this proposal has contributed to the debate in Germany over more government investment, we have shown how in the present day as well the social partners are in a position to influence the discussion in Germany in the hope of bringing about a better future.

Many thanks!

Acceptance Speech

Michael Hüther

Director of the German Economic Institute (IW) in Cologne and Honorary Professor for Economic Policy at the EBS Business School in Oestrich-Winkel

I would like to express my gratitude for being awarded the Special Prize of the Hans-Matthöfer-Preis für Wirtschaftspublizistik and your recognition of the study *Für eine solide Finanzpolitik: Investitionen ermöglichen! (In Favour of Robust Financial Policy: Enabling Investments!)*, which we co-authored along with the Macroeconomic Policy Institute (IMK). It was a stellar example of how productive cooperation can take place without resorting to the norms we economists usually fall back on when we address the public and political sphere. A big word of thanks also goes out to Katja Rietzler, Hubertus Bardt and Sebastian Dullien.

It is also something special for me personally to receive an award named after Hans Matthöfer. During my

years of political socialisation in high school, he was among those the personalities who – alongside Willy Brandt, Hans-Dietrich Genscher, Helmut Kohl, Helmut Schmidt, Franz Josef Strauß, Herbert Wehner, and Richard von Weizsäcker – exemplified and symbolised democratic culture through the strength and conviction of their words and actions.

Hans Matthöfer's speeches were objective and free of emotion, but exhibited a clear line of argumentation. The conflicts he had to deal with were – like those of the present day – not always in a situation where one could clearly stake out a solid, long-term financial policy. His speeches thus parallel the work that is being commended here, though admittedly from a different era and un-



Michael Hüther

der different historical conditions. Please allow me to convey three thoughts that one can use to describe our study in a basic way and which relate to the way that this award has traversed boundaries and limits – to support and encourage the surmounting of boundaries and limits in economics.

On the normativity of economics in economic policy consulting

When economists talk about economic policy, conflict is unavoidable, especially if the issue is a crisis of an economic nature and when analysis of the crisis is founded upon different assessments from diverging perspectives. Underlying it all is the fact that we, despite all our efforts to reduce normative influences in the economic policy debate, cannot deny that we are all guided by this values-based compass. “Value judgements are – in questions of economic policy – unavoidable. It would be a mistake to try to conceal or deny them in the public debate. One stumbles upon them no matter which direction one takes. It is therefore better to show your true colours and openly state where you stand within the matrix of values,” as Herbert Giersch put it.¹

In is along these lines that economic policy research at the German Economic Institute (IW) seeks to be conscious of its normative conditionality when it comes to understanding human nature and the values attached to freedom and (co-)responsibility in both societal and economic life.² Above and beyond these fundamental aspects, however, it should be possible for us to carry out an analysis of specific problems and assess the relevant factors, their interdependencies, ensuing problems and come up with possible economic and financial policy solutions.

Ever since the development of the supply-oriented economic policy by the Council of Experts (initially in the 1976/77 Annual Report), in issues involving public finance the debate has centred on the question of whether (and if so, under which conditions) spending-focused budget belt-tightening measures can stimulate the economy as a whole through a steeper growth trajectory. This view stood in opposition to the Keynesian

argumentation as laid down in the Stability and Growth Act of 1967, which was based on the purportedly reliable recipe of stable full-capacity utilisation of the entire economy.

This divergence of opinion does not have to form a divide in 2019, because the balancing of the public budget achieved in line with the Maastricht criteria of the Eurozone as well as the debt constraints laid down in the German Constitution have shifted the focus to another question: are we adequately prepared for the challenges of structural change that lie before us in the guise of digitalisation, demographic ageing, and decarbonisation of the entire economy? Do we have the strength, the innovation needed or the resources – here we have Mariana Mazzucato’s research in mind³ – to set in motion both the required government action and do we possess the requisite private ingenuity and dynamism?

If one looks at the investment challenges facing the state on the one hand (which have often enough been cited as taken for granted) and at the same time tries to keep an eye on the debt ceiling, a non-ideological analysis would quickly establish that a new path must be staked out in order for state funding to be channelled intelligently. This is all the more the case because for nearly a decade the long-term interest rate on German treasury bonds has been below the nominal GDP growth rate. Assuming forecasts are plausible⁴, this has largely defused the intergenerational conflict. Under different circumstances – that the Maastricht criteria for debt ratios have been met and $r < g$ – different assessments are in order: public investment funded by debt-spending is the primrose path.

This is what it all boils down to when economists do what is expected of them: look at facts and theories free of judgement, make deductions and stake out a correspondingly transparent position. This can only seem like a betrayal of one’s own values if one fails to confront the altered data situation or if even the principles deemed important for solid budgetary policy appear in a new historical light. To take a position after all does not mean that one claims to know the gospel truth, but rather that one is open to a critical discourse. This is be-

1 Giersch, Herbert 2006: Marktökonomik für die offene Gesellschaft (1999), in: Giersch, Herbert: Die offene Gesellschaft und ihre Wirtschaft, Hamburg, p. 54.

2 See IW o. J.: Wissenschaftsverständnis, <https://www.iwkoeln.de/institut/kompetenzfelder.html> (14 May 2020).

3 Mazzucato, Marianna 2014: Das Kapital des Staates: Eine andere Geschichte von Innovation und Wachstum, Munich; awarded the Hans-Matthöfer-Preis in 2016.

4 See von Weizsäcker, Carl Christian; Krämer, Hagen 2019: Sparen und Investieren im 21. Jahrhundert: Die Große Divergenz, Wiesbaden.

cause “a democracy in which there is no conflict is not a democracy,” as Helmut Schmidt once put it. And we economists should be right in the middle of the fray. But this will only work if we “show our true colours”.

Rejecting simple truths, taboos and clichés

The challenge facing creative political-economic analysis can only be met if we – as argued in the foregoing – do not shy away from identifying our normative foundations. But another key element is that we have the strength to revise our own opinions, that we do not look for salvation in simple “truths” or reinforce clichés out of the fear of breaking taboos. As researchers, we can never accept taboos because they are tantamount to prohibiting thought, and suggest that there are no alternatives to certain arguments and decisions. But there are always alternatives. The question is: what they are going to cost?

Clichés and stereotypes are often invoked because this makes it easier to reject positions instead of evaluating them critically and objectively. In this regard, it is interesting to look at Matthöfer’s response in a 1999 interview regarding the question of the meaning of the terms “left” and “right”: “I don’t understand them. Instead, I always ask if something is rational. Admittedly, different people have different conceptions of what is rational, but I really don’t ask myself whether a particular perspective can be characterised as left or right. Instead, I ask what the impact of a certain decision will be, whether this is reasonable and, above all, whether the outcome from a particular decision is really also the outcome that one is aiming for.”⁵

In times past, the Council of Experts argued along similar lines: “The rationale of the Council of Experts is not that preconceived opinions should be summed up in a report, but that differing positions should be examined for possibilities to collate them and that they should be evaluated in line with the rules of scholarly debate in view of the political-economic objectives that legislation lays down for the Council of Experts. (...) Scholarly work depends on factual knowledge, estimates and logic. The fact that value judgements come into play just about everywhere is indisputable. But scholars and researchers – if they are prepared to discuss a problem to

its culmination – can push one another to reduce their differences of opinion to differences of estimation.”⁶

Rationally speaking, anyone would say that’s the way it should be. But unfortunately that’s not the way it is – on all ends of the political and societal spectrum. Willingness and ability to put aside intellectual taboos is a less common phenomenon than claimed. If the whole point is to posture with long-rehearsed positions as an indentifying feature of one’s personality, there’s little room left for change and progress. Norbert Lammert recently drew attention to this phenomenon in another context: “What is at work here is the very understandable human condition where people doggedly stick to positions once they have adopted them.”⁷ Scholars working in the field of policy advice should be encouraged to boldly think outside the box.

We are facing – or so we are constantly told – the greatest structural transformation of our economy for some time. The drivers in these epic changes – digitalisation, demographic ageing and decarbonisation – clearly underscore this. What is needed are courage and energy. At any rate, we don’t need to timidly fold before fear of the new. Economic policy needs to forge ahead, trying out and testing new approaches, fine-tuning the direction along the way. What other choice do we have? What holds true for businesspersons in these times holds truer than ever before for policy advice and policy-making.

Embracing debate, taking a stance, upholding and affirming independence

What follows from what I have said so far is that out-of-the-box thinking is needed more urgently than ever before. The arguments for this on the one hand include that in light of growing complexity and interconnectedness there is less and less cause to hope for simple truths and recipes. On the other hand, more than ever, what is needed is humility and an understanding of the limits of our own knowledge. Outside-the-box approaches also constitute an attempt to deal with rising complexity. Today we are beset by greater doubt and less certainty.

⁵ See Alpha – ARD Bildungskanal 2011: Hans Matthöfer im Gespräch mit Klaus Kastan (1999), <https://www.br.de/fernsehen/ard-alpha/sendungen/alpha-forum/hans-matthoefer-gespraech100.html> (14 May 2020).

⁶ Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 1981: Jahresgutachten 1981/82: Investieren für mehr Beschäftigung, <https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/download/gutachten/0901061.pdf> (14.5.2020), S. III f.

⁷ See Roßmann, Robert 2020: Lammert kritisiert Merkels Widerstand gegen Corona-Bonds, in: Süddeutsche Zeitung, 7 April 2020, <https://www.sueddeutsche.de/politik/norbert-lammert-corona-bonds-merkel-1.4871400> (14 May 2020).

Who explained to us back during our university studies that an era of monetary policy lay ahead, an era in which expansive monetary intervention would be the most effective response to the financial markets? Who told us to expect an era in which, instead of a capital shortage, we would see an excess of capital due to demographics, with the consequence being spectacularly low interest rates? Who could have expected that ongoing globalisation would end up discrediting globalisation instead of generating guarded praise of its advantages? Who would have guessed that digital transformation would cast fundamental doubt on business models and increasingly impede incremental improvement and innovation?

In short: both the dynamic and the quality of the structural change that we are witnessing are remarkable. We are called upon to seek new, unconventional insights and solutions along a broad front. More than anything else, what is required is a real willingness to engage in open, constructive and critical discourse. If we begin the

game of unavoidable normative mudslinging with one another in economic policy debates, we will not succeed. We should call for complete transparency in our values and for economists to “openly show our colours and (...) state where we stand in the matrix of values.”

If this happens, the debate can lead in a positive direction, not because economists adopt intransigent positions, but because they reach out, opening windows through argumentation, entering new realms in search of solutions. Admittedly, this is associated with the risks that arise from simplification, ignorance or a lack of ability and willingness to differentiate. This would cause the debate to be dragged down into positive and negative categories, when what is really required is independent thinking and argumentation. Hans Matthöfer, as demonstrated by the citation, stood for an autonomous, objective debate. How else can we move forwards and pave the way for new possibilities?

Thank you very much!



From left to right: Peter Bofinger, Michael Hüther, Hubertus Bardt, Norbert Walter-Borjans, Sebastian Dullien, Kurt Beck, Julie Froud, Karel Williams, Thomas Fricke, Angelo Salento, Brigitte Preissl

Award Ceremony Programme - 4 March 2020

Presentation of the Hans-Matthöfer-Preis für Wirtschaftspublizistik "Wirtschaft.Weiter.Denken." 2020 to

**Julie Froud, Michael Moran (†), Sukhdev Johal, Angelo Salento and
Karel Williams**

for their book "Foundational Economy: The Infrastructure of Everyday Life"

Hubertus Bardt, Sebastian Dullien, Michael Hüther and Katja Rietzler

for their article "For a Sound Fiscal Policy: Enabling Public Investment!"

- 10:30 am Musical Introduction *clair obscur*
- 10:35 am **Welcome Address**
Kurt Beck, former Minister-President of Rhineland-Palatinate, Chairman of the Friedrich-Ebert-Stiftung
- 10:45 am **Award Speech**
Norbert Walter-Borjans, Chairman of the Social Democratic Party of Germany (SPD)
- 11:15 am **Laudation on the Main and the Special Prize**
Brigitte Preissl, Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik
Thomas Fricke, Director of the Forum New Economy, Columnist at *Der Spiegel*, Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik
**Presentation of the Main and the Special Prize of the Hans-Matthöfer-Preis für Wirtschafts-
publizistik "Wirtschaft.Weiter.Denken." 2020 to the Award Winners**
- 11:35 am **Acceptance Speeches**
For the Main Prize: **Julie Froud**, Foundational Economy Collective
For the Special Prize: **Sebastian Dullien**, IMK Düsseldorf and **Michael Hüther**, IW Köln
- 11:55 am Musical Conclusion *clair obscur*
- 12:00 pm End of the Award Ceremony