



WIRTSCHAFT.WEITER.DENKEN.

Hans-Matthöfer-Preis für Wirtschaftspublizistik

Award Ceremony for Adam Tooze

for his book

“Crashed: How a Decade of Financial
Crises Changed the World”

Award Ceremony for Harald Schumann and Elisa Simantke

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“Blackrock – A Finance Corporation
on the Path to Global Domination”

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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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Berlin, 5 April 2019

Foreword

Kurt Beck

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

It has become obvious, at the latest since the financial and economic crisis hit in 2007/2008, that the models of conventional economic theory, especially the so-called neoclassical mainstream and the economic policies grounded on it, have reached their limits. Leading economists did not see the financial and economic crisis coming and their economic-policy recommendations seem to have done little to bring about a swift and sustainable resolution of the crisis, especially in Europe.

It seems to many observers that the neoclassical mainstream is unable to provide adequate answers and permanent solutions to the many problems and challenges of our time, including financial market stability, high unemployment in Europe, increasing inequality of income and wealth, globalisation, digitalisation and climate change.

With this background in mind, the Hans-und-Traute-Matthöfer-Stiftung within the Friedrich-Ebert-Stiftung decided in the course of 2013 to encourage more plurality in the increasingly one-sided economic-political debate in Germany's academia, political sphere and press by offering an award for writing on economics. Only greater theoretical diversity, a pluralism of methods and an interdisciplinary approach can guarantee scientific competition over the best economic ideas, models and political recommendations on a sustainable organisation of the economy and society.

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 Hans-Matthöfer-Preis für Wirtschaftspublizistik is being awarded for the fifth time this year. Previous prominent prize winners from abroad who have stimulated the German economic policy debate include:

- Mark Blyth (winner 2015), Professor of International Political Economy at Brown University in Providence, Rhode Island (USA), for his book *Austerity – The History of a Dangerous Idea*;
- Mariana Mazzucato (winner 2016), Professor in the Economics of Innovation at the University of Sussex in Britain, for her book *The Entrepreneurial State – Debunking Public vs. Private Sector Myths*;
- Oliver Nachtwey (winner 2017), Fellow at the Institute for Sociology at the Technical University Darmstadt and at the Institute for Social Research at the University of Frankfurt, for his book *Germany's Hidden Crisis – Social Decline in the Heart of Europe*.
- Branko Milanović (winner 2018), Professor and Director at the Graduate Center of the City University of New York, for his book *Global Inequality: A New Approach for the Age of Globalization*.

The Hans-und-Traute-Matthöfer-Stiftung within the Friedrich-Ebert-Stiftung, besides supporting historical and contemporary research, concentrates on the publication and funding of books and texts that address the economic and social sciences, the development of technology and its consequences for the humanisation of work and society. The significance of societal actors, especially the labour unions, the study of the aspects of globalisation and contributions to the development of the theory of social democracy are additional thematic guidelines for the selection of the foundation's projects.

The awarding of the 10,000 euro "Wirtschaft.Weiter.Denken." prize for writing on economics is in concordance with the goals of the foundation that was founded by Hans Matthöfer (1925–2009) – a well-known SPD politician and trade unionist who was a minister in several federal governments between 1974 and 1982 – and his wife Traute. I am very happy that this year we can once again celebrate this award thanks to the financial commitment of the Hans-und-Traute-Matthöfer-Stiftung.

During the nomination process in autumn of last year, we received more than 50 suggestions – books, blog

pieces, columns, commentaries, reportage, articles in newspapers and specialist journals. In the name of the Hans-und-Traute-Matthöfer-Stiftung and the Friedrich-Ebert-Stiftung, I would like to express my thanks for this vibrant participation. The large number of submissions and the many positive responses show that we're on the right track in awarding this prize.

Of the submissions, the following publications made it onto the short list for this year's Hans-Matthöfer-Preis für Wirtschaftspublizistik "Wirtschaft.Weiter.Denken.":

- Norbert Häring's book *Schönes Neues Geld: PayPal, WeChat, Amazon Go – Uns droht eine totalitäre Weltwährung*, published by Campus Verlag, Frankfurt/New York, 08/2018;
- Kate Raworth's book *Doughnut Economics*, published in German as *Die Donut-Ökonomie* by Carl Hanser Verlag, Munich, 03/2018;
- Stephan Schulmeister's book *Der Weg zur Prosperität*, published by Ecowin Verlag, Wals bei Salzburg, 05/2018;
- Harald Schumann's and Elisa Simantke's article *Blackrock – Ein Geldkonzern auf dem Weg zur globalen Weltherrschaft*, published in *Tagesspiegel*, Berlin, 08.05.2018; and
- Adam Tooze's book *Crashed: How a Decade of Financial Crises Changed the World*, published in German as *Crashed – Wie zehn Jahre Finanzkrise die Welt verändert haben* by Siedler Verlag, Munich, 09/2018.

The members of the independent selection jury were,

- Dr Brigitte Preissl, former editor-in-chief of the journals *Wirtschaftsdienst* and *Intereconomics*, at Leibniz Information Centre for Economics;
- Prof Dr Peter Bofinger of the University of Würzburg, former member of the German Council of Economic Experts for Overall Economic Development, and
- Thomas Fricke, former chief economist of the *Financial Times Deutschland*, today chief economist at the European Climate Foundation and a columnist for *Spiegel Online*.

Following an intensive process of assessment that jury selected the winner from the five finalists. I would like to sincerely thank them for their dedication and their involvement.

two prize-winners, and also the acceptance speeches by Adam Tooze and by Harald Schumann and Elisa Simantke.

The 2019 Hans-Matthöfer-Preis für Wirtschaftspublizistik "Wirtschaft.Weiter.Denken." was awarded, for the first time, to the authors of two publications:

- Adam Tooze, for his book *Crashed: How a Decade of Financial Crises Changed the World*, published in German as *Crashed – Wie zehn Jahre Finanzkrise die Welt verändert haben* by Siedler Verlag, Munich, 09/2018, and
- Elisa Simantke and Harald Schumann, for their article *Blackrock – Ein Geldkonzern auf dem Weg zur globalen Vorherrschaft* (*Blackrock – A Finance Corporation on the Path to Global Dominance*), published in *Tagesspiegel* and other media outlets in 14 European countries. Together with Maria Maggiore, who launched the Blackrock project, they accepted the prize on behalf of the team of journalists at *Investigate Europe*.

The jury based its decision on the view that the two publications have contributed equally, albeit in very different ways, to the economic policy debate in Germany and Europe.

Adam Tooze documents the recent financial crisis and the subsequent crisis management in previously-unattempted detail. With considerable perspicacity he analyses the radical changes in the global economy that have arisen from it. This provides both a brilliant assessment of economic history and an exceptional basis for further critical analyses.

Harald Schumann and Elisa Simantke, with their analysis of the activities of financial group Blackrock, show how a strategy based on eliminating the competition and instrumentalising politics has generated a concentration of power that undermines the basic rules of the market economy and is able to grow unchecked because of its close ties with political decision-makers.

I hope you enjoy reading the speeches delivered at the award ceremony held on 5 April 2019 at the Friedrich-Ebert-Stiftung in Berlin: the ceremonial address by Matthias Kollatz, Senator for Finances in Berlin, the laudation by Peter Bofinger, who explains in more detail the reasons why the jury for the first time selected

Award Speech

Matthias Kollatz

Senator for Finances in Berlin

Before I assumed the office of Berlin Senator for Finances, I was in banking. In 2006 I occupied a position of responsibility at the European Investment Bank, at that time the financial crisis was brewing. It finally erupted in 2007.

I am often asked, at what point did it become clear to you what was coming? In my case it was when the rating agency Moody's gave Iceland – a country with considerably fewer inhabitants than Berlin's Mitte district, where we are gathered today – a triple A credit rating, shortly before, as it turned out, the financial crisis hit. That was when I told my boss, speaking as a member of the EIB risk management board, 'OK, the game's up, now it's coming, the financial crisis'.

What could not have been predicted, however, was the impact of the crisis, which put Europe under severe strain. Indeed, its effects are still being felt more than ten years later. It is hardly controversial to assert, here at the Friedrich-Ebert-Stiftung, that the financial market crisis was one of the main causes of the rise of the extreme right and populists in Europe.

In contrast to the nationalists and populists on the extreme right, however, it was immediately clear to us that the solution to the crisis was not less Europe and the abandonment of the euro states to their fate, but rather more Europe and more international regulation of the financial markets. The SPD's Hamburg Programme was adopted two months after the Lehman



Matthias Kollatz

crash and included a declaration that ‘financial markets require political direction, – in the age of globalisation, also across national borders’. The SPD’s basic policy programme, in other words, speaks out clearly for Europe as a key level for policy design.

The financial crisis strikingly demonstrated that deregulation dogma had failed. The respectable view, even in economic liberal circles, was now that stability cannot be ensured without globally applicable financial market rules or without consistent compliance with regulations. It is shocking, however, that the experiences of the years following 2007, when the world economy looked into the abyss and implored the strong state for help, have faded from memory and calls for looser regulation are becoming louder again.

The aim of the Hans-Matthöfer-Preis is to highlight new solutions beyond the macroeconomic mainstream and bring them to the fore. This is important because outmoded solutions sometimes lead to the entrenchment of mistakes.

Today’s winning entries can help us to understand more about the links and patterns of complex dependencies. Structures and their output should be shaped in such a way that they serve common values and common aims. After all, economics, business and the financial markets are not autonomous systems, but exist for the benefit of people. Of particular importance to me is that the financial system should serve the economy and not the other way around. The important thing for us and the Hans-Matthöfer-Preis is to insist on the unity of political economy, emphasising the prosperity of society as a whole.

The fact is that, to slightly modify the words of recently-deceased colleague and former federal constitutional court judge Ernst-Wolfgang Böckenförde, even the economy ‘lives off preconditions that it cannot itself guarantee’.

The period since the financial crisis has demonstrated that, more than ever, politics depends on viable states that lay down clear rules for the economy and business and are in a position to implement them. To be more precise, responsible politics wants both the capacity and the authority to act: in other words, more state and a strong state.

On the other hand, this explains, up to a point, why national, backward-looking ideologies found suste-

nance in the financial crisis. Nationalism and populism, alarmingly, have gained ground in Europe and threaten to win a substantial portion of the vote in the next European Parliament. In Germany, too, these forces and their dogmas have begun to spread. For the first time in many years radical right-wing nationalists sit openly in Germany’s Bundestag.

The internationalised financial system, however, requires controls at all levels: national, European and (global) international. In other words, it needs more state, more competences at all levels. In the crisis, the exercise of state functions was piecemeal, but at least it unfolded at the European and international levels.

As regards economic stimulus, in the wake of the crisis, generally speaking, the ‘Schäuble approach’ was implemented in the EU, with a joint effort to ‘save our way out of the crisis’ (although in Germany itself a different approach was taken, in the form of the stimulus package). It is all too evident that the EU’s approach did not lead to success.

It was a rather one-sided attempt that did little to shape developments, but instead focused largely on budget deficits. It certainly did not yield more revenue by virtue of more investment. On the contrary, within the framework of austerity policy, investments were the first thing national governments scaled back.

Not only was an opportunity to get things moving again squandered, but recession and mass unemployment undermined trust in a strong community based on solidarity. In some countries, the failure of public structural instruments resulted in a failure of public structures in general.

A better alternative is to rely on national and European action, which can foster more, and more effective, measures.

Turning to systemic stability and the consequences of the financial crisis, that doesn’t mean automatic austerity policy. Even the immediate measures taken as a result of the financial crisis, such as a strong European Central Bank, financial market supervision, stress tests and increases in bank equity capital, cannot do this alone. On top of all this, a systematic investment programme is necessary.

Shaping developments requires more Europe, not less; a Europe that is social and protective also as regards

external security. This goes beyond investment. The single market has to have a social orientation. We need better collective bargaining coverage, a regulation on a European minimum wage, more convergence as regards European tax policy and also solidarity-based instruments that are able to cushion asymmetric shocks. Europe has to provide its people with tangible benefits.

The approach that Germany has tended to insist on, that higher growth and employment are likely to be attained primarily through national austerity and privatisation efforts, is both economically and politically bankrupt. Instead, it was thanks to the massive support lent by the European Central Bank – in other words, the socialisation of losses and risks at the European level – that member states were ultimately able to withstand financial market pressures.

The low interest policy made it possible to regain fiscal headroom. This laid the foundation for an economic turnaround. Nevertheless, this has not been sufficient to improve the labour market situation, as the still alarmingly high youth unemployment in many EU member states shows. In January 2019, for example, youth unemployment stood at:

- 39.1 per cent in Greece;
- 30 per cent in Italy and Spain;
- only 6 per cent in Germany
- and an average of 14.9 per cent in the EU overall (compared with 23.6 per cent in 2013).

The banking, financial and public debt crises have caused economic damage throughout Europe. Outside Germany the consequences are all too evident and are a direct result of the crisis itself. The damage in Germany, by contrast, is more hidden and not so obviously attributable to the crisis. Taking the example of land speculation in Berlin, accompanied by rampant real estate prices and rents, this is not only the outcome of population inflow into the city, but to a significant extent also of the consequences of 2007. In periods of extremely low interest rates capital is not invested in government securities, but in bricks and mortar and in land, and overwhelmingly in the form of speculation, with far less emphasis on building and capital investment.

This rather different perception of the consequences of the crisis has given rise in Germany to a reality that differs considerably from that of other European countries. Unfortunately, that also has an impact on the national debate.

As we have seen, at the European level investment is the way to go. Not as an end in itself, but rather as a means of enhancing sustainability, improving municipal services and infrastructure and European cohesion, promoting internal growth and creating jobs. Although European Commission president Jean-Claude Juncker's investment initiative came a little too late, it was the right approach because it is a European remedy to the cutbacks made under the aegis of the former German finance minister. The development of the European Investment Bank's strategic investment funds gives reason for hope. The fact that this instrument is to be continued and expanded in the future EU Multiannual Financial Framework as InvestEU is also to be welcomed.

After all, growth and a tangible reduction in unemployment, especially in countries such as Spain and Greece, are the best way of getting EU citizens to feel that Europe and the euro are not an imposition, but rather the motor of 'prosperity for all'. What we need therefore is to promote sustainable economic development, in particular by means of:

- investments, for example, in renewable energies and energy efficiency;
- strengthening European cohesion, for example, through European rail projects;
- overcoming divisions both within and between European societies, especially as regards youth unemployment;
- discernible and relatively rapid improvements in people's living standards.

In this way it would be possible to counter increasing political instability – think of Brexit, the gilets jaunes in France, Orbán's Hungary, the FPÖ, Lega and the AfD – with something constructive and unifying. It must surely be clear that a currency union made up of economies that differ so much cannot survive without financial adjustment mechanisms and that such adjustment would, in the end, serve all Europeans, and even help in coping with such controversial issues as European responsibility for asylum and migration.

In my opinion, the following are needed to further develop the European Fund for Strategic Investment into a more potent investment programme:

- Do more to channel resources to the member states in which investment is weakest. This entails a willingness for much more regional redistribution. Over the long term, however, this will be to everyone's benefit.
- Part and parcel of this is public borrowing for investments, at least via projects of the fund.
- This also includes a European tax, which could foster clarity and get people on board. The recent Franco-German agreement on a financial transaction tax raises hopes that, ten years after the financial crisis, we're at least moving in that direction. But this is no more than a start.
- A strong European Investment Bank must also feature in all this, able to finance projects to enhance growth in EU countries through infrastructure investments and initiatives taken by small and medium-sized enterprises. It should also be able to contribute to stabilising regional investment demand in the event of asymmetrical shocks.

If we are really to tackle Europe's economic and social gaps, we need an investment programme for sustainable growth, innovation and employment. But this has to be much more comprehensive than what is envisaged by the European 'investment offensive' and is set to continue in the InvestEU fund. What I have in mind is something in the order of a European Marshall Plan, at around 2.5 per cent of GDP.

It is vital that such fundamental issues of fairness be raised in European public debate. Not least because the consequences of the financial crisis in Europe have been much more serious than we in Germany would sometimes prefer to imagine.

If it is true that time-honoured solutions can sometimes lead to the same old errors, I would say that the financial crisis is partly responsible for the implementation, triggered by fear, of a structurally conservative crisis policy at the expense of Europe's younger generation. Today, over ten years after the financial crisis, the consequences are still all too evident in Germany, but above all in states that do not enjoy such a vigorous export economy and market power. We need to get to grips with those consequences, to learn from them and, with investments in education and innovation, among other things, to craft a hopeful future for the young people of Europe.

Both the publications that we have honoured with the Hans-Matthöfer-Preis für Wirtschaftspublizistik address, in different fashion, the consequences of the financial crisis. They also offer templates, with examples, that enable the layperson to analyse economic structures and, on that basis, perhaps to effect change. It's unlikely that there will be another financial crisis along the same lines as the previous one. Things are changing too quickly for that. Despite the fact that the subsequent crises that have beset Germany have been relatively mild, there is no reason for complacency; other countries have been hit very much harder.

It is in precisely this context that the Hans-Matthöfer-Preis encourages us to prepare ourselves for the dangers and the issues of the future. This builds upon the SPD's Hamburg Programme, which, notwithstanding globalisation and its multidimensional interdependencies, is a clarion call for policymaking efforts for a democratic society.

Thank you very much!

Laudation

Peter Bofinger

Professor of Economics at the University of Würzburg, Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik

The purpose of the Hans-Matthöfer-Preis für Wirtschaftspublizistik is to honour economists and social scientists who seek and develop innovative solutions to the major economic and social policy challenges of our time, beyond standard economic theory or the macroeconomic mainstream. This is based on the conviction that the best economic ideas, models and policy recommendations will win out only through greater theoretical diversity, methodological pluralism and interdisciplinarity. I believe that once again our jury – comprising, besides myself, Brigitte Preissl and Thomas Fricke – has fully satisfied these ambitions with prize-winners Adam Tooze and the team of Harald Schumann and Elisa Simantke.

At just over 700 pages Adam Tooze's *Crashed: How a Decade of Financial Crises Changed the World* is a genuine magnum opus. On this enormous canvas are depicted the political and economic battles that raged as a result of the global financial crisis and the euro-crisis that ensued almost immediately in its wake. Of course there is no shortage of books on this topic already. But what sets Adam Tooze's book apart from the others is his ability to articulate the complex ramifications of the global financial system and present them to the reader so that they are able to make sense of it all. His almost uncanny command of the myriad political processes and negotiations of the crisis years is most impressive. I share his judgement that, on balance, US crisis man-



agement worked fairly well, even though, as he indicates, the distribution of costs and benefits was little short of scandalous.

His judgement on the crisis policy pursued in the euro area, however, is withering: “By contrast, the Eurozone, through wilful policy choices, drove tens of millions of its citizens into the depths of a 1930s-style depression. It was one of the worst self-inflicted economic disasters on record” (Tooze 2018: 15). However, the book does not confine its attention to the crisis years, tracing an arc that begins in the boom years before 2007 and encompassing current challenges, such as Brexit and Donald Trump and his “extraordinar[il]ly uncouth variety of postfactual politics”, as Tooze puts it (Tooze 2018: 21).

As one might expect, there is considerable amusement to be had along the way. For example, he describes the G20 summit in April 2009 as “a freak show of outsized personalities”:

“When he was not grandstanding, Sarkozy was ostentatiously busy on his cell phone. [...] Italy’s Silvio Berlusconi was noisily desperate to attract Obama’s attention. Otherwise, he was prone to nodding off. Merkel was unflappable and hard to budge. [...] Several heads of government were unable to communicate fluently in English and most had little technical command of the material” (Tooze 2018: 269).

Even though history does not repeat itself, one can nevertheless learn a lot from it. One can only hope, therefore, that as many young economists as possible read Adam Tooze’s book and discover how easily the global economy can sleepwalk into serious economic crises. Only three years (in February 2004) before the crisis hit, Ben Bernanke, then chairman of the US Federal Reserve, spoke of the ‘Great Moderation’, the notion that the economy, and monetary policy in particular, had attained a level of knowledge such that major fluctuations of output and inflation could be avoided.



Right up to the outbreak of the crisis, there were still prominent economists who believed that the latest securitisation techniques would make it possible to perfect and complete the capital market and enhance the flow of information in such a way that capital market efficiency would be improved.

In his narrative Adam Tooze emphasises the importance of political decisions, dogmas and policy measures as unavoidable responses to the enormous risks arising from the malfunctioning of financial engineering systems. Particular ‘moments’, such as the ‘Lehman moment’ in 2008 and the ‘Draghi moment’ in 2012 play a decisive role in success or failure. This book provides many insights, but it concludes with some big questions. How can order be ensured, both domestically and in international relations? Can we safeguard perpetual stability and peace? Perhaps we will have to wait until Adam Tooze’s next book to find out.

The 2019 Hans-Matthöfer-Preis also honours Harald Schumann and Elisa Simantke for their article ‘Blackrock – Ein Geldkonzern auf dem Weg zur globalen Weltherrschaft’ or ‘Blackrock – A Finance Corporation on the Path to Global Domination’, published in *Tagespiegel* on 8 May 2018. Its consummately researched analysis of Blackrock’s activities is a journalistic tour de force. It elucidates how Blackrock was able to use the financial crisis to enhance its economic might and political influence, making it one of the most powerful players in the international financial system. One top manager cited in the article describes it as an ‘octopus whose tentacles are everywhere’.

It all began with a computer program called Aladdin. This put Blackrock into a position, after the outbreak of the financial crisis, to analyse large debt portfolios and, as a result, make a name for itself as a consultant for major banks, central banks and finance ministries. Blackrock can also thank the crisis for its second pillar,



the management of a vast asset portfolio. The embattled Barclays Bank was forced to sell its fund management arm to Blackrock. Its assets under management thus doubled overnight, making Blackrock the world leader in index funds.

According to sources cited by Harald Schumann and Elisa Simantke, Blackrock holds shares valued at more than 90 billion euros – or around 8 per cent of total capital – in Dax 30 companies, making it one of the three biggest shareholders. Given the sparse representation of many shareholders at general meetings, Blackrock's effective power goes far beyond its holding of a company's capital.

Its influence over banks is particularly strong. Blackrock is the largest or second largest shareholder in the British banking giant HSBC, the Spanish banks Bilbao and Santander, the Italian Banca Intesa and Deutsche Bank. This raises something of a red flag because Blackrock, with its consulting arm Blackrock Solutions, is increasingly involved in European banking supervision. This began with the implementation of the 'rescue' programmes for Ireland and Greece and was further boosted by the introduction of bank stress tests by the European Central Bank. This undoubtedly represents a strategic advantage over all its rivals.

The article is particularly instructive on the subject of Blackrock's active network of current or former politicians – such as Friedrich Merz – as well as its efforts to further extend its influence through the EU's planned introduction of pan-European pension funds.

Although I regard myself as fairly well informed, I have to admit that, reading this article, the scales fell from my eyes. For years I had felt considerable disquiet when my colleagues on the Council of Economic Experts, along with many other economists, extolled the role of financial markets in exercising market discipline. To counter that, I generally cite Michel Foucault's view that there can be no question of leaving states under the control of markets, when what we really need is for markets to be under the control of the state.

The disciplining of states by the market becomes particularly dubious in the context of a market dominated by oligopolies, in contrast to the storybook model of the market, with many small vendors. Anyone still invoking market discipline after reading Harald Schumann and Elisa Simantke's article has to ask themselves whether they really want money to rule the world.

Even though the two authors cannot offer a solution to the challenges thrown up for the world economy by the financial crisis and its aftermath, it is nevertheless a tonic to know that 'market discipline' is completely out of the running.

Acceptance Speech

Adam Tooze

Professor of Economic History and Director of the European Institute at Columbia University, New York

When I embarked, in autumn 2013, on the project from which the book *Crashed* emerged, my main aim was to contribute to a European–American dialogue on the 2008 financial crisis and its consequences. I wanted to write an integrated transatlantic history, not only for intellectual, but also for political reasons.

Since the crisis of the Iraq War and the disaffection of the Bush administration, an unedifying, dualistic state of mind had crept into public discourse on both sides of the Atlantic: America on one side and Europe on the other. The upheavals of the financial crisis and the euro crisis had only exacerbated this intellectual and political division of the West. Such schemas, even given a social scientific makeover as ‘varieties of capitalism’, simply do not do justice to the complex ramifications

of capitalist globalisation. I wanted to subvert this dualism.

My idea was to focus on the integrated North Atlantic financial system, draw attention to the fusion of European and American banks and clarify the role of the US Federal Reserve in the bank bailouts of 2008, both on the American side and in Europe. I wanted to highlight the role of the liquidity swap lines that linked up the world’s central banks and thence to acknowledge the role of the Obama administration in the management of the euro zone crisis.

The histories of Europe and America will be coupled together in the course of the twenty-first century as they were in the twentieth. My undertaking would have



been very one-sided if *Crashed* had remained only an English-language book. I was therefore delighted to be able to start work right away on a German translation with Siedler Verlag. I am deeply indebted to the publisher, my copyeditor Jens Dehning and colleagues and not only for that.

I was thrilled that the book met with such a positive response in Germany. I was particularly pleased that it was not dismissed as just another Anglo-American critique of the aberrations of Germany economic policy. And I have to admit that it was somewhat unnerving to discover that the Federal Ministry of Finance, under its new Social Democratic leadership, had read *Crashed* with considerable attention. Now, on top of all of that, this honour has been conferred on me by the Friedrich-Ebert-Stiftung, with Mr Bofinger delivering the laudation, and for that I am truly grateful.

To add a personal note, as you can hear, I'm not German-born, although I bear the strong imprint of the Federal Republic. I am, as it's rather charmingly expressed in German these days, a person with a migration background. It was my good fortune to spend my formative years in Germany, namely during the period of the social-liberal coalition, and what's more in Heidelberg, giving me a twofold connection with the Friedrich-Ebert-Stiftung.

On 1 October 1982, on the day Helmut Schmidt's government fell – I shall never forget it – when I returned home from school (the Bunsen Gymnasium in Heidelberg-Neuenheim), I found my mother sitting in front of the television. We had gone through the process of German assimilation together. We followed the events in the Bundestag that day spellbound and I saw that she had tears in her eyes. It was the end of an era, not least for us.

To receive this award, named after Hans Matthöfer, is thus something of an emotional experience for me. But one can also look at it from a sociological standpoint. Your awarding of this prize is perhaps more apt than you could have imagined. In fact, I am one of your own, having been raised here.

From a sociological standpoint there is another question that, as an author, one always has to ask oneself: what makes people choose to read *my* book? In the case of *Crashed*, I am sometimes plagued by the dire thought I, too, am benefitting from the crisis. Needless to say, it was our plan from the very outset to profit from the ten-year anniversary of the Lehman collapse. But there

was a lot more going on in 2018 than Lehman, especially in the United Kingdom and the United States. What made *Crashed* interesting was the fact that the ten-year anniversary coincided with a more immediate sense of crisis.

What I refer to came as a personal shock. I hadn't counted on having to write a Trump, never mind a Brexit book. It's great for sales and the attention it brings, but Brexit is the biggest political disaster of my lifetime. This dubious referendum is about to deprive me, like several million other people, namely people with a "migration background", of the only legal framework that corresponds to my European identity.

On top of that, however, this unexpected development gives me pause for thought as an historian.

In moments of crisis one reaches out to history, especially if history is one's business. The relevance is rather appealing. One is delighted to be able to do one's bit. 'All hands on deck', as the saying goes. Often, however, such historical actionism leads one astray. A highly selective cycle unfolds between perceptions of the present and of the past. In moments of crisis, we are apt to look at the darkest epochs of the past. It would be trivialising to do anything else. But does that really help? Is it really a good idea to focus spellbound on the Weimar Republic and the 1930s? Not that I haven't done that, as is common for my generation. But our aim was to reappraise and get to grips with the past, not to draw hasty parallels.

In this context, the *Crashed* project was a kind of reappraisal of contemporary history; a coming to terms with the recent past. It was a matter of facing the intellectual challenges of the present, as far as possible. To remain in the present day, with all the risks; to investigate not 1929, but 2008. To seek its historical roots but not in the 1930s, rather in the immediately relevant past of the 1970s. If Marx and other classic authors were to serve as inspiration, it was not as sacred texts, but rather as models for the voracious appropriation of contemporary knowledge. If crisis theories are to be used, then let them be the modern-day instruments of the Bank for International Settlements (BIS) and the leading lights of the so-called macrofinance school, a school of thought that, not entirely by chance, came to the fore at the time of the crisis.

In this respect *Crashed* was conceived not only as history, but also as a document of its time. It documents a

fundamental breach in our understanding of economic mechanisms. Among other things, I think, that was one of the reasons why it was so difficult to determine the extent of the crisis at the outset, because of our misapprehension. We were still thinking in the categories of national macroeconomics. The book documents the moment when economic thinking – even in the heart of the mainstream – freed itself from the national framework of the twentieth century and really began to face up to the far-reaching globalisation of the past few decades.

In order to understand the crisis of 2008, in other words, it is no longer possible to think about the world economy in terms of insular national economies, linked by trade flows. In the words of economist Hyun Song Shin, one has to shift to thinking about the world economy as a matrix of the interwoven balance sheets of giant multinationals. That represents a radical upheaval in political economy. Having said that, Professor Shin is not some kind of heterodox economist. He has taught at Princeton and now heads the economic research department at the BIS.

The implosion of this matrix was the driving force of the transatlantic crisis in 2008. The same violent force was also at work in the euro zone, and in that case intensified by the feedback between public and private balance sheets, the famous, or rather infamous doom loop, the vicious cycle between private and public creditworthiness. The refusal of Europe's powers-that-be to get a grip on this mutual dependency; the willingness, for conservative political purposes, not only to countenance but also deliberately to fan the flames of the crisis has characterised the tragic history of the euro zone since 2008. On top of that, let's be clear, the Italian question – the euro zone's looming 'super MCA', to recall an expression from my youth – still looms ahead of us.

But even though *Crashed*, as a history of 2008 and its consequences, can legitimately claim to be a current analysis and doesn't merely pour old wine into new bottles, it is also undeniable that the pressure of historical events is irresistible. That is what makes a historical examination of the present, if one takes it seriously, so exciting.



From left to right: Kurt Beck, Adam Tooze

We therefore need new histories and as soon as possible. Ones that are not histories of 2008 and in which 2008 looks different from the way I presented it in *Crashed*. We need analyses of the new financial structures that have developed since the crisis, which, notably, are not bank-centred. We need exactly the kind of thing broached by my brilliant colleagues in their research into Blackrock.

In order to understand the upheavals in the commercial system, which in fact did not collapse in 2008, but which now threatens to spin out of control, we need a new history of globalisation. We need a history of the trade agreements of the 1990s, of NAFTA and of outsourcing in Southeast Asia.

But above all it has to be about China. China frames the history of 2008. As I show in *Crashed*, a 'China crisis' was the crisis that had been expected in the early 2000s, but which never transpired. The explosive development of the Chinese economy means that we are under constant threat of new risks and challenges. It's perhaps not so easy to imagine how marginal China itself still was in 2008. The situation is very different today.

In America and, increasingly in Europe, the geopolitical and geo-economic challenge posed by China is the focus of every discussion. Last Wednesday in New York I moderated a panel at which the French and German foreign ministers presented their new alliance for multilateralism. Everything was perfectly civilised, except that systemic competition with China was referred to as a matter of course. Multilateral globalisation yesterday, strategic competition in the Indo-Pacific region today. How quickly things change.

To be honest, I instinctively thought of my friend from Cambridge Chris Clark, and his "Sleepwalkers". 1914, then? Is that really our new historical horizon? Or are we headed for a new Cold War or some other scenario? But what would a Cold War look like in a world of deep globalisation? There are no historical precedents.

The fact that we are confronted by such questions, that such parallels cannot be dismissed as unrealistic, is a measure of the historical radicality of our current circumstances. And it ensures – which is good news for the Friedrich-Ebert-Stiftung – that economics will continue to move forward and in the coming years provide constant impetus and remain topical.

Acceptance Speech

Harald Schumann

Author and journalist, senior reporter at the daily newspaper *Der Tagesspiegel* in Berlin

First of all, I'd like to express my heartfelt thanks. I'm speaking for the whole team that researched this complex topic when I say that we feel extremely honoured to receive the Hans-Matthöfer-Preis. All the more so because we have been awarded it jointly with Adam Tooze, whose book on the ten years of the financial crisis is truly extraordinary. Even though I've worked on that topic more intensively than on any other, I still gained new insights from it. It's essential reading, even for those who think they already know everything – that book shows them that they do not.

That is also what is great about being a journalist. One gains new experiences again and again. That was certainly the case with Blackrock. The power of large corporations is hardly a new topic. And indeed, I was

initially sceptical when our colleague Maria Maggiore suggested it. But it rapidly became clear that this corporation is completely different. And not only because of the prodigious sum of 6.3 trillion dollars in assets under Blackrock's management. That alone represents an unprecedented concentration of power in private hands.

Even more important than that, however, are its extremely close ties with politics and the mightiest of all state authorities, the central banks. Of course the interpenetration of state and corporations is a familiar phenomenon: one could cite Germany's auto industry or electricity companies in times gone by. What is special about Blackrock is that the erasure of the separation between the public and private sectors is happening not



Harald Schumann

only in one country, but in dozens, and on both sides of the Atlantic.

In the United States, Blackrock is the operational arm of the US Treasury in bank bailouts, as well as in the lucrative handling of toxic securities. In Mexico, Blackrock is the biggest investor in the country's privatised infrastructure companies and also manages the state pension fund. In other words, Blackrock has a finger in every pie in Mexico as well.

In the euro states Blackrock is now involved in the supervision of the big banks – in which it is a major investor – through consultancy contracts with the ECB. For the EU as a whole, Blackrock is overseeing the creation of a pan-European pension system, which would ultimately pave the way for the cross-border privatisation of retirement provisions. Needless to say, the provider best positioned to manage this system is Blackrock. This is accompanied by an unprecedented degree of access and influence.

In the United States alone, since 2005 Blackrock has lured more than 80 former top officials from the US treasury and its agencies, as well as from the Federal Reserve, with lucrative contracts. Recently even Stanley Fischer, former Fed vice chairman, joined Blackrock as a senior advisor. Things are no different in Europe. The head of Blackrock in France has been appointed to a government commission on state reform that is also dealing with further privatisation of the pension system. In the United Kingdom Blackrock hired former chancellor of the exchequer George Osborne and his former chief of staff as the best-paid lobbyists in the country, after they had implemented a pension reform that sluiced billions of pounds into the asset management firm's coffers.

In a nutshell, Blackrock is the biggest concentration imaginable of political economic conflicts of interest. To put it bluntly, Blackrock is the epitome of institutionalised corruption. And yet the truly terrifying thing is that virtually no one seems to be interested. In 35 years as a journalist I have never encountered anything like it: by far the most powerful corporation in the world, despite being active everywhere, is almost unknown to the average person. For once, however, it is not the media or we journalists who are to blame, but indisputably the political powers that be.

The fact is that no leading politician has so much as mentioned the problem, never mind set out to regu-

late it. On the contrary, this financial behemoth is positively courted throughout Europe. Blackrock chief Larry Fink is received like a head of state, almost as if governments have accepted his corporation as a kind of higher power.

As a result, Fink and his confederates have every reason to relax. We have experienced this ourselves. The arrogance with which the corporation's PR managers treated us was astonishing. First of all, they kept dangling the prospect of an interview in front of us for two whole months, while in fact using our e-mail correspondence to scrutinise us, to probe what we knew and where we publish, among other things. In the end, they were so contemptuous of us that they disdained even to answer the 90 written questions we sent them.

Presumably they assumed that they could simply ignore our efforts because hardly anyone would read them. But that is where they were wrong. Shortly afterwards, Blackrock's German 'representative on earth', Friedrich Merz, another of the firm's political partners, announced his candidacy to become leader of the CDU and thus German chancellor. This provided us with something of a small victory because all of a sudden, colleagues from all over Europe picked up our article to find out what kind of company Herr Merz represents. As a result, our highly critical findings found a much larger audience than Larry Fink's PR strategists ever counted on.

Now my colleague Elisa Simantke would like to say a few words...

Acceptance Speech

Elisa Simantke

Journalist and coordinator of the European research network *Investigate Europe*

The Blackrock investigation is a typical example of the work of *Investigate Europe*, which has been in operation for just under three years now. Our findings have appeared in 14 countries in 18 media outlets and have caused Blackrock considerable embarrassment. Of course it would be going too far to suggest that we could inflict much damage on such a corporation, even with a media network like ours. Even so, as a result of our investigation questions have been raised by a number of authorities and, in particular, Blackrock cannot have welcomed the critical reporting by our media partner in traditionally business-friendly Switzerland.

This story, alas, was not one of those spectacular – and let's face it, all too rare – scoops that result in company bosses being packed off to jail and which domi-

nate the national conversation for weeks. Our publications are more like dossiers, something that people are keen to put to one side, promising to 'take the time to read them when the time is right'. Such a time is sure to come around, however, and in this case it was the candidacy of Friedrich Merz that turned our investigation into a national story. Naturally, we had a certain amount of luck. But it is equally true that a company with such power, sooner or later, is bound to push its luck and it's of the utmost importance that a basis has been laid that enables people to see it for what it is.

We had a similar experience with an investigation into the dependency of European governments on Microsoft. Published shortly before the WannaCry virus was unleashed, readers at last became aware, if they weren't



already, of how dangerous such dependency can be. We eagerly await the reception of our investigation of the possible health risks of 5G technology, which has just been published. Until now, the possible risks have simply been ignored because of business pressure and the continuing enchantment with technology. But now the big rollout is nigh. New antennae are being erected all over Europe and, once again, we have tried to provide people with what they need to make some sense of it. We hope they take advantage of it.

But even though it was our article, in German, you read in *Tagesspiegel* and you've awarded us this wonderful prize for it, we were not the driving force behind the research. For that reason, it's important to be clear that we're accepting this prize on behalf of the whole *Investigate Europe* team. If Maria Maggiore, our *Investigate Europe* colleague from Italy, hadn't been so persistent, Harald Schumann and I wouldn't have investigated this story. In Germany there was already a book on the topic and a fair amount of other stuff had already been published. We also lacked an insider. Our experience with investigating the banking sector also put us off: no one talks, everyone stonewalls ... it can be quite demoralising. As a result we postponed our investigation for almost a year, although when we did get started it became apparent that no one really knows what Blackrock's group holdings in Europe really amount to, least of all what it does with its immense influence.

This is where our team's strength came into its own. We analysed data for the whole of Europe and then checked the facts on the ground in many countries. In Brussels we investigated, for example, the group's pension privatisation plans; in Norway we visited the oil fund, which was then an investor in Blackrock. Our colleague in Greece worked on an animation, which has so far been watched by over 20,000 people. Everyone collaborated to create the product that you have rewarded with the Hans-Matthöfer-Preis.

Investigate Europe is one response by journalists to the power of big corporations. The latter have long been organised internationally and cooperate across borders as a matter of course. To a considerable extent, however, journalism remains confined within national borders. We came into being in response to the euro crisis, out of frustration with distorted reporting that took no interest in viewpoints from other European countries. We've been up and running for three years now and hopefully, with the support of our readers and small donors, we'll be able to continue working and investi-

gating for quite a while. But more than that, we hope that our kind of journalism will inspire others and that many will follow our example.



From left to right: Elisa Simantke, Kurt Beck, Harald Schumann



From left to right: Adam Tooze, Maria Maggiore, Elisa Simantke, Kurt Beck, Harald Schumann, Brigitte Preissl, Thomas Fricke, Peter Bofinger



Award Ceremony Programme – 5 April 2019

Presentation of the Hans-Matthöfer-Preis für Wirtschaftspublizistik “Wirtschaft.Weiter.Denken.” 2019 to

Adam Tooze

for his book “Crashed: How a Decade of Financial Crises Changed the World”

Harald Schumann and Elisa Simantke

for their article “Blackrock – A Finance Corporation on the Path to Global Domination”

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| 10:30 am | Musical Introduction: <i>Interstep</i> |
| 10:35 am | Welcome Address Kurt Beck , former Minister-President of Rhineland-Palatinate, Chairman of the Friedrich-Ebert-Stiftung |
| 10:45 am | Award Speech Matthias Kollatz , Senator for Finance in Berlin |
| 11:15 am | Laudation Peter Bofinger , Professor of Economic at University of Würzburg, Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik Presentation of the Hans-Matthöfer-Preis für Wirtschaftspublizistik “Wirtschaft.Weiter.Denken.” 2019 to Adam Tooze, Harald Schumann and Elisa Simantke |
| 11:30 am | Acceptance Speech Adam Tooze , Professor of Economic History and Director of the European Institute at Columbia University, New York Harald Schumann , Author and journalist, senior reporter at the daily newspaper <i>Der Tagesspiegel</i> in Berlin Elisa Simantke , Journalist and coordinator of the European research network <i>Investigate Europe</i> |
| 11:55 am | Musical Conclusion: <i>Interstep</i> |
| 12:00 pm | End of the Event |