



WIRTSCHAFT.WEITER.DENKEN.

Hans-Matthöfer-Preis für Wirtschaftspublizistik

**Award Ceremony for
Dr Oliver Nachtwey**

Downward Mobility: Dissent in the
Age of Regressive Modernity

Berlin, 27 March 2017

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Foreword

Kurt Beck

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

Financial market stability and unemployment, inequality of income and wealth, globalisation and climate change are key challenges of our time – challenges to which, so far, the neoclassical mainstream in economics can hardly be said to have supplied adequate solutions. Against this background in 2013 the Hans-und-Traute-Matthöfer-Stiftung within the Friedrich-Ebert-Stiftung decided to launch an initiative to promote a more pluralist economic policy debate by means of a Preis für Wirtschaftspublizistik. The idea is to use academic competition to foster the development of a more sustainable economy and society.

Under the motto »Wirtschaft.Weiter.Denken.« the prize is intended to honour economists or other social scientists who come up with new analyses and answers to the economic and social policy challenges of our

time – analyses and answers beyond standard economic theory. I am thus delighted that we are able to award the Hans-Matthöfer-Preis für Wirtschaftspublizistik for the third time.

The first award winner, in 2014, was Mark Blyth, Professor of International Political Economy at Brown University, USA. In his book *Austerity: The History of a Dangerous Idea* he admirably highlighted the fallacies underlying European austerity policy. He was followed in 2015 by Mariana Mazzucato, Professor of Economic and Innovation Policy at the University of Sussex, UK. In her book *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* she underlined the crucial, all too often neglected role of the state in fostering innovations and sustainable growth.



In 2016 for the first time we award the prize to a thinker from Germany, Dr Oliver Nachtwey. In his book *Die Abstiegsgesellschaft: Über das Aufbegehren in der regressiven Moderne (Downward Mobility: Dissent in the Age of Regressive Modernity)* Dr Nachtwey highlights a change in our society: from a society in which mobility is upward, characterised by social integration, to one in which mobility is downward, characterised by precarity and polarisation.

In particular I would like to thank Dr Brigitte Preissl, Prof. Dr Peter Bofinger and Mr Thomas Fricke. As members of the Hans-Matthöfer-Preis jury they undertook the challenging task of selecting this year's prize-winner from a large number of excellent submissions.

The shortlist for this year's award highlights the high standard of the competing publications. Besides Dr Nachtwey the following were in contention:

- Dr Stefan Bach of the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW), Berlin, with his book *Unsere Steuern: Wer zahlt? Wieviel? Wofür? (Our taxes: who pays, how much and what are they used for?)*, published by Westend Verlag;
- Julian Bank of the department of social economy at the University of Duisburg-Essen with his blog post *Chancengerechtigkeit braucht Umverteilung (Equal opportunities require redistribution)*;
- Prof. Dr Marcel Fratzscher of the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW), Berlin, with his book *Verteilungskampf: Warum Deutschland immer ungleicher wird (Distribution battle: why Germany is getting more unequal)*, published by Carl Hanser Verlag;
- author and economic journalist Ulrike Herrmann with her book *Kein Kapitalismus ist auch keine Lösung: Die Krise der heutigen Ökonomie – oder was wir von Smith, Marx und Keynes lernen können (No more capitalism is no solution either: the crisis of economics today – or what we can learn from Smith, Marx and Keynes)*, published by Westend Verlag.

Despite these other high calibre candidates I think that the final choice this year was once again the right one.

Dr Nachtwey establishes clearly that three decades of neoliberal policies have eclipsed the promise of upward

social mobility – a promise that long served to bind our society together. He also shows that our social divisions are increasing, despite stable economic development overall.

The book demonstrates that we are witnessing a process that might be characterised as »regressive modernisation«: although we are experiencing social progress and our freedom of choice is increasing in terms of lifestyles, on closer examination this turns out to be so-called »market freedom«, in which the level of social protection is falling. For example, while women's labour market participation has risen, for the most part they have to put up with low wages. Furthermore, although more people than ever have the opportunity to study, education does no longer guarantee a socially secure life.

These social prospects are giving rise to worries and social exclusion mechanisms. Right-wing populist parties, such as the Alternative für Deutschland (AfD) in Germany or the Front National in France, are exploiting this state of affairs.

In his book Dr Nachtwey offers a brilliant analysis of the current situation, which stood out even among such a large number of outstanding works. I warmly congratulate him on winning the Hans-Matthöfer-Preis.

I very much hope you will enjoy reading the speeches delivered at the award ceremony held on 27 March 2017 at the Friedrich-Ebert-Stiftung in Berlin: the award speech given by Thorsten Schäfer-Gümbel, chair of the SPD and of the SPD Parliamentary Group in Hesse, as well as deputy chair of the SPD at federal level; the laudation given by Thomas Fricke, chief economist of the European Climate Foundation and member of the jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik and the acceptance speech of Dr Oliver Nachtwey, the prize winner.

Award Speech

Thorsten Schäfer-Gümbel, MdL

Head of the SPD party group in the Hesse state parliament, Head of the Hesse SPD, Deputy Head of the SPD at the federal level

Upward mobility through education! A secure income. A permanent job. Prestige. In times past all that was available to anyone who managed to get some qualifications. Upward mobility through education was not only a Social Democratic promise, associated first and foremost with Willy Brandt, but also something actually enjoyed by many Germans.

The elevator to the top became part of the lived experience of a whole society – including SPD politicians. Sigmar Gabriel was the first in his family to go to university. His mother was a single parent, Sigmar a working class child: now he's the foreign minister. Ralf Stegner's parents ran a pub; he graduated from Harvard. Andrea Nahles, Thomas Oppermann and also myself have all enjoyed upward mobility through education. We all managed to rise

up out of the working class. We owe the success we have today to the Social Democratic idea of education.

For Social Democrats, upward mobility through education was the motto of their desire to shape the future. It was the flag under which our reforms marched forwards. This was the period of »social modernity«, as Oliver Nachtwey describes it in his book *Downward Mobility*. A period of upward mobility, going hand in hand with a strong welfare state and strong employment protection. Most people worked in so-called normal jobs. Parents had jobs that were full-time and permanent and received decent wage rises each year. Temporary agency work was prohibited until the early 1970s and strictly regulated thereafter. Fixed-term employment also had to meet stringent criteria.



Thorsten Schäfer-Gümbel, MdL

For many of you this may appear to be the normal state of affairs. But when I talk about it to a class of young people at a vocational school it sounds like a history lesson about some faraway country. Young people today scramble from one fixed-term job to the next, from one internship or work placement to another. That is the new employment normal for many.

This is why Oliver Nachtwey's book is so timely. It offers not only a deep and comprehensive insight into the changes our society has been undergoing, but also an insight – for example, for me and hopefully for many others in politics, business and academia – into how massively market fundamentalism has asserted a one-sided approach to which supposedly »There Is No Alternative«. I'm therefore delighted that this book has been awarded the Hans-Matthöfer-Preis.

Let's take a brief look back at the old society based on upward mobility. All social classes stood side by side in the elevator – workers, civil servants and industrialists alike. Pay packets differed, but they all became bigger and bigger. Things got better for everyone, everyone could move up the ladder if they wanted to get on. However, even then it wasn't entirely a land of milk and honey for employment. In particular, equality and integration were not tackled satisfactorily. So-called horizontal justice fell by the wayside.

Over time, however, there was a shift in the social justice approach, even in the SPD. While vertical justice – redistribution of wealth and income – was increasingly downplayed by political parties, the focus shifted towards horizontal justice. More women got the chance to go out to work. Integration was a key element of Social Democratic policies. Cultural barriers were dismantled. New barriers were erected, however, and social mobility options were taken away.

This was how the downward mobility society was established, as Oliver Nachtwey calls it. This is a powerful idea, which stimulates vigorous debate. Whatever we call it, however, it is, unfortunately, clear that we live in a society in which, although education is accessible to all, qualifications no longer guarantee upward occupational and social mobility. It is a society in which people on low incomes suffer shrinking real influence on democracy. As a result, it is a society in which security and workers' rights no longer take priority.

The author's main explanation for this is that the market and competition were adopted as the solution in

every policy area, from the world of work through the welfare state to public services. Dr Nachtwey regards the upheavals in employment relations as the main cause of the transition to a society based on downward mobility. Precarity has been consolidated. Companies threaten to up sticks and move abroad. The sword of Damocles of temporary work and fixed-term jobs hangs over the workforce. Wage pressure is spiralling and with it, insecurity.

Today we live in a world of work in which, instead of permanent employment contracts, precarious jobs and project assignments are the order of the day. Regulated gainful employment, by contrast, is old hat, rigid and inflexible for many people. The traditional boundaries of work have been eroded, »the market has literally been shifted inside companies«, as Nachtwey describes it.

The welfare state has fallen victim to market fundamentalism not only by way of cuts and the emphasis on self-responsibility; the very narrative has been changed. Oliver Nachtwey characterises this in terms of a transformation away from collective protection for all towards something bestowed on the weak and passive by the strong and active. Whereas once solidarity was a matter of course, it increasingly became a necessary evil.

Public services were deregulated and privatised: from swimming pools through energy supply and telecommunications to the railways, the competences of the state have been handed over to the market. As Dr Nachtwey emphasises in his book: »Through privatisations the public sector ceased to be the guardrail of social modernity«.

Current debates also show that no lessons have been learned in this regard. Spin doctors are still relentlessly peddling privatisations of motorways or schools as the high road to the future. And thus our children's future is being sold off.

Nor has politics come through this marketisation unscathed. Oliver Nachtwey describes this very critically as »government in the service of the markets«. And the government he has in mind is predominantly us, the Social Democrats, whose Agenda 2010 finessed a process of deregulating and privatising society that had already begun.

At this point I would like to lodge a protest. Agenda 2010 was definitely not the cornerstone of the market fundamentalist project. It was also much more than a labour market reform. And even within the framework

of labour market reform there were things such as the minimum wage, which the Social Democrats promoted, but which encountered considerable opposition, both from some in the trade union movement and from the CDU/CSU/FDP majority in the Bundesrat, the upper chamber of the German parliament. In any case, the proposals that have been put forward by Martin Schulz and Andrea Nahles on unemployment benefit (»Arbeitslosengeld Q«) correct the mistakes made in labour market reform.

But back to the author and his theses. In Nachtwey's view, Agenda 2010 ushered in the final farewell to social modernity and towards a regressive modernity. This is a modernity in which, while stronger participation by women has boosted horizontal justice, economic inequality has risen relentlessly. This modernity has been dismantling the former levels of protection and has enabled a kind of progress »which goes hand in hand with regression«, mainly at the expense of the lower classes.

The elevator to the top has been turned into an escalator that does not carry upwards the whole of society, but only a few. Indeed, for many it can also lead to downward mobility. An MA is no more likely to lead to automatic upward mobility than becoming a master craftsman. A lack of wage increases and falling wage rates show that since the 1990s wallets have not been getting fatter. The economisation of the welfare state has made recovery more difficult. Personal responsibility and merit have acquired new interpretive paradigms, among which »Fördern und Fordern« (»encouraging and demanding« or »carrot and stick«) took its place as the motto of the 2000s.

My dear Dr Nachtwey, one sentence in particular ought to be read by all those in politics who fixate on numbers and statistics rather than paying attention also to people's fates and life stories. You wrote: »Those who actually suffer downward mobility experience it as a personal failure, while even those who manage to avoid this fate are plagued by fears of falling and status struggles about the distribution of wealth«.

You are right. Our policies have contributed to fear of failure becoming more widespread. Not only that, but too few have been given the opportunity to get back on their feet again after coming to grief.

What's more, such status anxieties can also lead to envy, finger-pointing and other allocation battles, often at the expense of even weaker groups, such as refugees or the

long-term unemployed. Communal solidarity is being leached away not only in the labour market, but also in the conduct of democracy. The growing strength and emboldening of the right is one example of this, the blind descent into new media worlds, disenchantment with politics and especially with politicians are others.

For that reason this book is useful not only for people interested in the world of work. It is a book about the Zeitgeist that heightens our understanding of the rise of populism and of right-wing movements. But above all it gives us keener insight into our own mistakes.

Ladies and gentlemen, Oliver Nachtwey, let's hope that this book will manage to open many people's eyes. It presents a comprehensive analysis that shows all of us that not only the world of work, but also our democracy is at stake. It shows the upheavals caused by the neoliberal mainstream and ensuing policies with a clarity that surely must lead to a rethink all round. I would thus like to congratulate you sincerely in the name of the Social Democrats on winning the Hans-Matthöfer-Preis für Wirtschaftspublizistik.

But one might also consider how much eyes have already begun to open in recent years. If I look at certain institutions that were long considered neoliberal bastions a shift in the debate is already discernible. Above all the topic of inequality is being addressed with renewed vigour by many institutions – even by people who themselves long prized inequality as an engine of growth.

For example, the G20 have committed themselves to fighting inequality. In Davos strategies are being developed to help improve equity. The OECD, too, has changed its stance. They all say that inequality and the gap between rich and poor should be combated more vigorously. But certainly not out of the goodness of their hearts, but rather because, on one hand, the data show that inequality harms growth and on the other hand, the forces of nationalism are gaining ground. Goodbye free trade. Goodbye the open society. And that means goodbye economic growth, too. It will be interesting to see to what extent there will be a collective shift away from the neoliberal mainstream among the business community.

In Germany such a transformation is slowly gathering pace. In political Berlin the social market economy is the guiding principle of trade. Prosperity for all. Those who work hard should be rewarded. It all seems like an echo of a previous age when one looks at the current

Report on Poverty and Wealth. Even though a high level of employment, continuous growth since the financial and economic crisis and rising incomes in some quarters present a very positive picture we have to dig deeper into the data. Oliver Nachtwey has already described the falling wage rates since the mid-1990s. The wages of the lowest 40 per cent of employees are lower today than 20 years ago. There are whole sectors – such as logistics or services – in which wages have stagnated.

In Germany wealth is inherited. Two-thirds of the wealthy obtained their wealth without any effort, while most people who labour away never attain riches. On top of that the figures on old age and child poverty are shocking. It's true that Germany is doing well. But in the face of such figures we also know that it isn't doing well enough. We really do have to spread the prosperity round more widely.

The SPD has drawn its own conclusions. As early as 2009 Sigmar Gabriel, on being elected party leader, said that the SPD had fallen in with the dominant neoliberalism instead of finding its own solutions. With the creeping dissolution of collective social security systems we have contributed to the development of a massive sense of uncertainty among broad swathes of the workforce. Agenda 2010 did not bring this into being, but it was definitely a prominent development during the SPD-Green government.

The labour market reform and associated shortening of the entitlement period for unemployment benefit have led many people to lose their trust in the Social Democrats. When people who have worked hard all their life fairly abruptly find themselves being treated in the same way as people who have never worked or paid into the system it violates a deep-seated sense of justice.

We already know a lot about the negative effects associated with the creation of a low-wage sector. We should have introduced the minimum wage in parallel with this. Now it has finally arrived. But we can only win back trust and credibility if we say: We get it! We need to modernise our labour market policy and learn from earlier times instead of dismissing them as old hat. We also need to make collective agreements generally binding and finally abolish unjustified fixed term employment.

But at the end of the day it's all about the value of work! After all, that's the foundation of our prosperity. Gainful employment is more than just earning a living. Work is what enables people to participate in society, determine

their own lives and acquire a sense of recognition. For those reasons we have to get what veered off course a few years ago back on track.

People must be treated with respect and decency when they lose their jobs. People who work hard and pay their dues for years, often decades, have a right to protection and support if they stumble, often through no fault of their own. Everybody must have the possibility, through their own efforts, to avoid a trip to the job centre. To that end we need to expand qualification options for job seekers. We shall provide such options and thus give people security and prospects. What we have to understand is that this is a matter of respect for people's lifetime achievements in our country.

I would be delighted, Dr Nachtwey, if in ten years' time you write another book, this time under the title *Upward Mobility 4.0*. That is our political task – honouring the promise of upward mobility once again. By seizing on digitalisation as an opportunity and offering people education and qualifications so that hard work pays off. And no one may be left behind: no child, regardless of background; no woman who would like to return to work; and no unemployed person, whether they lost their job recently or long ago.

We need a new agenda, an agenda of social justice. An agenda that addresses horizontal and vertical justice together. Because a fair society is the only way of countering right-wing populism. We as Social Democrats thus may not allow ourselves to be forced into taking a narrow view of justice and equality. Focusing on redistribution or identity politics alone is no solution to the problems Oliver Nachtwey has highlighted. Only a politics that generates more justice at all levels can bring into being such an upwardly mobile society.

There is still a general belief that we can counteract populism. That we can give people another chance. That we have it in us to shape society in such a way that it is not divided into »those at the top« and »those at the bottom«. Credibility, on the other hand, is only gradually being restored, one step at a time. Only when we give people the security they need to be able to plan ahead and participate in society and are no longer at the mercy of naked market forces can we win once again. Oliver Nachtwey's book will hopefully open the eyes of many Social Democrats, but also many others.

Dear Dr Nachtwey, I sincerely congratulate you once again on winning the Hans-Matthöfer-Preis.

Laudation

Thomas Fricke

Chief Economist of the European Climate Foundation, Columnist for SPIEGEL ONLINE and Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik

Writing a book is always a project that is long in planning and a considerable time passes before it reaches the bookshops. Even greater is the challenge – or the good fortune – of getting a book that addresses a burning issue onto the shelves. Oliver Nachtwey has succeeded in this triumphantly. On behalf of the other jury members I would like to explain why we chose his book *Downward Mobility: Dissent in the Age of Regressive Modernity* after long discussions and in the face of strong competition.

At the latest since the Brexit vote in the United Kingdom the sheer force of the growing discontent felt by many people, particularly in the richer countries, has become all too evident. The election of Donald Trump as president also brought this home to Americans. The

Germans, too, have not got off unscathed as even with relatively good economic growth a protest party such as Alternative für Deutschland has caused considerable furore. Up to a couple of months ago the prevailing explanation of this phenomenon seemed to be that the left-liberal elites were to blame because they have ceased to understand ordinary people. First and foremost, these protests were interpreted as expressing discontent with the (cultural) overload caused by refugees, immigration and the perception of being »swamped« by foreigners. This explanation seemed particularly apt for Germany, where the economic data appear fairly good and there is record employment and continuing economic growth.

Does everything boil down to cultural causes, then? This is where the fascinating analysis that Oliver



Thomas Fricke, member of the jury

Nachtwey presents in his wonderful book comes in. He is able to explain why the discontent is also – indeed primarily – economically and socially based, despite the appearance of good economic data, high employment, low inflation and balanced public finances. The positive economic development disguises a deep structural fracture which set in many years ago and has led to a situation in which, although there are still people in Germany more or less always rising up the social ladder and who can be counted among the winners, in contrast to the post-war years this no longer applies to all – while some continue to take the elevator upwards, some are headed downwards. There are now many people who move from one temporary job to another or who no longer have any protection. As far as social protection is concerned, things have gone into reverse. People who used to feel at home in the middle class are now at risk of falling out of it. There are many people to whom the promise of achieving social mobility by means of education and hard work no longer applies. In reality, the opportunities for occupational and social upward mobility have diminished enormously; fewer and fewer people are able to obtain security, status and prestige from employment. All this has stoked a widespread sense of anxiety. That is what Oliver Nachtwey means by »regressive modernity«.

There are now a whole series of indicators that confirm this, showing that beyond the favourable appearance of the labour market statistics something is not right. According to the latest DIW estimates, the real income of the lowest 40 per cent of earners in Germany has fallen over the past 25 years or so. There are statistics that show that the risk of poverty, which stands at 20 per cent, remains high by international comparison. According to estimates half of all Germans have less than 17,000 euros to their name. That falls far short of what is needed to provide for old age or life's major contingencies. For example, as many as one third have not managed to save any money at all. At the same time, others have been able to increase their income and wealth dramatically and without sufficient economic justification.

Fundamentally, the great reception that Martin Schulz experienced in the first few weeks after his nomination as candidate for German Chancellor is further proof of Oliver Nachtwey's diagnosis. Martin Schulz has addressed the social and economic crisis rather than the alleged cultural problems supposedly due to globalisation. And unexpectedly he seems to have hit a nerve. It was the conservatives who appeared to lack explana-

tions and no longer to understand why people are so discontented when the situation is allegedly so great. That can be understood only by means of the kind of diagnosis produced by Oliver Nachtwey. It does not answer every question, to be sure. We still need to obtain a better understanding of the proportion of the population who are affected by regression and how insecure those are who at least appear to be in secure jobs. The juxtaposition of dissent and the continued endorsement of established politicians also give expression to the juxtaposition of fates: in short, the juxtaposition of winners and losers. In his book Oliver Nachtwey points out that while the majority are not really at risk of sliding down the social ladder, many feel that they are. The prospect of being reduced to claiming subsistence benefits (Hartz IV) after just one year of unemployment has come as a shock to many – particularly when they have paid unemployment insurance for many years. They regard it as unfair. And this will hit even harder when the next economic crisis comes.

Little of this is readily apparent to those using the traditional economic instruments and indicators. They simply say, look, we have record employment and economic growth: what's the problem? The fact that there is a problem is all too evident from the events of recent months, as Oliver Nachtwey's analysis shows. That is why we, the jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik, have for the first time deliberately chosen the work of a scholar who is not an economist. We have done so also to send a signal that economics needs to open up to other disciplines – in particular to be able to recognise phenomena that cannot be explained in purely economic terms at an earlier stage.

Although Oliver Nachtwey initially studied mainstream economics in Hamburg he then changed direction: from the often very abstract model-based economics to the possibly more human-reality-oriented sociology, the subject in which he obtained a doctorate on the semantics of social justice. He has worked as a sociologist at the Friedrich-Schiller University Jena, the University of Trier, TU Darmstadt and the Frankfurt Institute for Social Research. In August 2017 he will take the chair of social structural analysis at the University of Basel. All of this has clearly helped one or two colleagues from the realm of economics to be able to explain why people are, in one way or another, not as happy as they really should be according the models of mainstream economics – at least those who are ready to listen. Sociology, indeed, is only one field that would be useful to economists. Psychology, for

example, helps in understanding why rational homo oeconomicus is a bogus description of human beings. More can be learned from history, especially in periods of crisis, than from fair-weather models. On the other hand, efforts to achieve social justice should be more closely bound to the notion of economic efficiency. If we manage to re-establish an upwardly-mobile society social problems will be alleviated. Merely prolonging people's entitlement to unemployment benefit will not boost prosperity.

Our task today is nothing less than coming up with a new paradigm for globalisation. This is not merely a question of correcting a few details. What is needed is a guiding principle similar to the one that operated for a couple of decades after the Second World War – in a relatively strongly regulated framework. The goal is to create prosperity and, at the same time, to take people along with it so that the elevator lifts up as many as possible. That is the great task facing us over the coming years. And Oliver Nachtwey has made an enormously important contribution to helping us to realise this.

Many thanks for this important book, Dr Nachtwey!



Kurt Beck, chairman of the Friedrich-Ebert-Stiftung and Oliver Nachtwey, prize winner



14 Kurt Beck, chairman of the Friedrich-Ebert-Stiftung and Oliver Nachtwey, prize winner, with his wife Carolin Amlinger and their child

Acceptance Speech

Oliver Nachtwey

Visiting Professor of General Sociology at the Technical University Darmstadt and Fellow at the Institute for Social Research at the University of Frankfurt

It gives me the greatest pleasure to accept the Hans-Matthöfer-Preis für Wirtschaftspublizistik. I can't help feeling a slight unease in declaring how important the Hans-Matthöfer-Preis is after having won it. But the fact is that it is committed to promoting heterodox, critical economics and this is still something of a maverick endeavour in economic science.

When I began to study economics in 1996 I was full of expectations that soon I would be able to understand the realm of the economy. I was already decidedly on the left, but in a way only someone from a provincial village is capable of. I was against the Nazis who gathered two streets away, had listened to the band »Ton, Steine, Scherben« with punk friends and rebelled – naturally enough – against my beloved but politically conserva-

tive father, who wanted me to study economics, so that his son would be able to make something of himself.

Before I commenced my studies I had read sporadically, but not much. A little about Karl Marx, a little about John Maynard Keynes. I thus came to the University of Hamburg with the strong desire to get to grips with mainstream economics and the theories of Keynes and, especially, Marx, which seemed very interesting. Because in 1996 the debate on globalisation was already raging; Marx thus appeared particularly worth reading. After all, as early as 1848 he had said a great deal about globalisation:

»The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to pro-



Oliver Nachtwey, prize winner

duction and consumption in every country. To the great chagrin of reactionaries, it has drawn from under the feet of industry the national ground on which it stood. ... In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations«.

A closer study of Marx's writings, by the way, would perhaps also make us aware of the nationalist wave now coming in the wake of globalisation:

»All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real conditions of life, and his relations with his kind«.

But returning to 1996, I was bitterly disappointed by my studies. Right at the beginning of the first semester the lecturer informed us that Marx had been refuted and so he wasn't even taught. The same applies, more or less, to Keynes. And that was how it turned out. Marx was completely absent from the mainstream economics curriculum and Keynes merely tolerated, in the form of mathematical models which had abstracted the life out of Keynes' truly radical ideas. I was to become acquainted with Marx and Keynes, even Adam Smith only by a circuitous route – for example, by attending philosophy seminars – or as something of an outsider in the department.

Looking back, I really should have transferred to another university. Although there was certainly a lot to learn, little of it was much help in understanding the economic world, as far as I was concerned. But who would leave Hamburg, if they can help it? In any case, as I discovered later on, the situation was similar at other universities.

No doubt about it, microeconomic equilibrium models are elegant, even a thing of beauty in their mathematical abstraction. Game theory has developed wonderful thought experiments and macroeconomics has tried zealously to come up with consistent reasons why intervening in the market never turns out well.

However, there is one thing that this kind of economics was most definitely not about, and that is the truth, not to mention a realistic model of human behaviour or social justice. The world depicted by such

economics was one in which efficiency and, above all, market equilibrium were the measure of all things. They still are.

In mainstream economics the capitalist market has a frankly religious character. It is presented as something all-encompassing – ranging from the private realm to politics – and even as omnipotent. Sinners who deviate from the laws of the market are punished with welfare losses. The sole form of criticism permissible at the time I was studying economics was the possibility of market failure, namely a suboptimal allocation of goods. But even in this instance, according to mainstream economics, the market was not to blame, rather the conditions for a functioning market were not in place.

In many respects economics resembled – and still resembles today – medieval scholasticism, which deployed vast erudition in pursuit of the correct interpretation of the Bible. Heretics who had the temerity to cast doubt on the axioms of equilibrium economics were excommunicated.

Needless to say, not all economists were equally dogmatic. One might mention some of Keynes' adherents. Ultimately, however, Keynes was the Martin Luther of economists, not the Thomas Müntzer. Although Luther challenged the supremacy of the Catholic Church, in the end he only replaced it with another Church.

The same applies to Keynes, who, after all, was a pupil of Alfred Marshall, one of the principal neoclassical economists. Even later, when new challengers, such as Joseph Stiglitz were clawing at the paradigms of mainstream economics, the neoclassical »hard core« – to borrow a term from Hungarian philosopher of science Imre Lakatos – remained: equilibrium theory and the anthropological assumption that human beings are calculating, utility-maximising beings, sometimes referred to as »homo oeconomicus«. Even more recent research in behavioural economics, as interesting as it is, has so far done little to change this. There has basically never been a scientific revolution in economics – it has always been, like the Church in the Middle Ages, the knowledge producer of the establishment, not a producer of the truth.

Economists today still enjoy great social authority – not only in their own field, but for society as a whole. Economics is one of the biggest faculties in most universities, but many thousands of economists were unable to see the 2008 financial crisis coming. Only a few maver-

icks managed to do so, although they had never been included in the epistemic community by the guardians of orthodoxy. No German university has taken an empirical look at or sought to measure Marx's theory of the falling rate of profit because studying heretics like Marx is likely to jeopardise one's hopes of an academic career. Only Hans-Werner Sinn, who can hardly be said to have Marxist leanings, recently expressed the view that Marx's ideas on the tendency of the rate of profit to fall could lead to a better understanding of the crisis. As things stand at the moment, however, the world's leading economists are again likely to be asked – and with good reason – by the British Queen Elizabeth II, as they were in 2008, »why did no one see it coming?«

The Hans-Matthöfer-Preis is important not because I was singled out, which naturally is a great honour, but because economics is still mired in scholasticism – and we need an economics that enables us to understand the world. And Keynes, too, must be allotted a more

prominent place in this, as should Marx, whether people like it or not.

To conclude, a few words about my book, for which I have been honoured today. Sociological diagnoses of the present day are supposed to help us understand a social era. However, the business of sociology is slow and for that reason such diagnoses tend to emerge only when the era they're concerned with has almost reached its end. In 1986, in his book *Risk Society: Towards a New Modernity*, Ulrich Beck talked of the »elevator effect«. He assumed that both rich and poor would continue on the path of upward mobility. When the book was published that was still very much the case, but below the surface downward mobility had already set in. It would be marvellous if, in a couple of years' time, my book was regarded as a document of a bygone age because it had proven possible to re-establish social justice and solidarity.

Thank you very much!



From left to right: Thomas Fricke, Roland Schmidt, Brigitte Preissl, Oliver Nachtwey, Kurt Beck and Thorsten Schäfer-Gümbel

Award Ceremony Programme - 27 March 2017

Presentation of the Hans-Matthöfer-Preis für Wirtschaftspublizistik »Wirtschaft.Weiter.Denken.« 2016 to Dr Oliver Nachtwey Downward Mobility: Dissent in the Age of Regressive Modernity

- 4:00 pm Musical Prelude: *clair-obscur* Saxophone Quartet
- 4:05 pm **Welcome Address**
Kurt Beck, former Minister-President of Rhineland-Palatinate, Chairman of the Friedrich-Ebert-Stiftung
- 4:15 pm **Award Speech**
Thorsten Schäfer-Gümbel, Head of the SPD party group in the Hesse state parliament,
Head of the Hesse SPD, Deputy Head of the SPD at the federal level
- 4:45 pm **Laudation**
Thomas Fricke, Chief Economist of the European Climate Foundation, Columnist for SPIEGEL ONLINE
and Member of the Jury of the Hans-Matthöfer-Preis für Wirtschaftspublizistik »Wirtschaft.Weiter.Denken.«
- Presentation of the Hans-Matthöfer-Preis für Wirtschaftspublizistik**
 »Wirtschaft.Weiter.Denken.« 2016 to Dr Oliver Nachtwey
- 5:00 pm **Acceptance Speech**
Dr Oliver Nachtwey, Visiting Professor of General Sociology at the Technical University Darmstadt
and Fellow at the Institute for Social Research at the University of Frankfurt
- 5:15 pm Musical Postlude: *clair-obscur* Saxophone Quartet
- 5:20 pm Closing