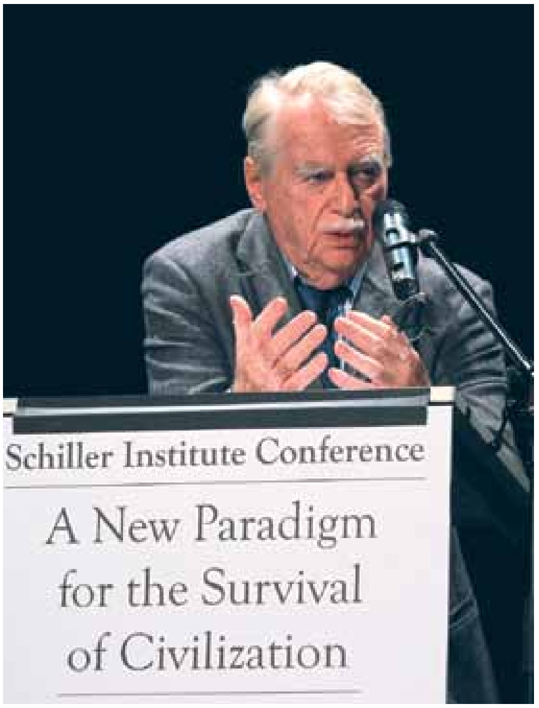
In Memoriam

Hankel's Death Leaves Germany a Poorer Nation

by Helga Zepp-LaRouche

In a sea of soulless monetarists and propagandists for an "economy that kills," as Pope Francis recently called it, Prof. Wilhelm Hankel was one of the few German economists worthy of the name. He despised the mainstream apologists for globalization and the euro. From the outset of globalization, he pointed out unerringly that it was a gigantic "impoverishment machine" for the majority of people, during which the profiteers began their "permanent escape into lawlessness." And from the inception of the euro system, he insisted that it would fail, because the conflict between countries with huge trade and current account surpluses, and those with gigantic deficits, could not be overcome in the longterm. The attempt at the pooling of debt—i.e., to make Germany the paymaster for the whole of Europe—would not only lead to the impoverishment of the Germans, but also the failure of the euro, and ultimately, of the European Union



EIRNS

Dr. Wilhelm Hankel (1929-2014)

The final confirmation of his predictions is obviously still to be seen, but the aptness of his warnings about the phases preceding this collapse is already painfully obvious: the catastrophic impoverishment of southern Europe and a part of the German population, as well as the drying up of credit for the productive economy, in favor of speculation and maximizing the profits of the banks.

The fact that the Federal Constitutional Court dismissed the legal complaints by Hankel and the other euro-critical professors against the introduction of the euro and the hundreds of billions in loans to Greece, does not in any way diminish the accuracy of his argument. The judges in Karlsruhe are, by their own admission, no economic specialists, and were always under enormous pressure to accede to the argument that a judgment unfavorable to "the markets" would lead to the total collapse of the global financial system. Behind this argument stood always the principle of Carl Schmitt,[1] that he who controls the state of emergency wields the power. Professor Hankel will be proven right from the standpoint of history, and his critics will be seen as incompetent amateurs.

In personal conversations, as well as in public dialogues and lectures, he demonstrated an intellectual brilliance which provided a refreshing contrast to the widespread mediocrity and politically correct groupthink in Germany. He was one of the now unfortunately extremely rare independent thinkers, for whom the search for truth was always more important than the applause of the powerful.

Professor Hankel, who passed away on Jan. 15, spoke at a number of international conferences and seminars sponsored by the Schiller Institute and *EIR*, often sharing the podium with Lyndon LaRouche, whom he also invited as a guest lecturer to the University of Frankfurt, where Hankel taught as an honorary professor of currency and development policy.

Professor Hankel, who thought of himself as a Keynesian, did not always agree with representatives of the Schiller Institute on theoretical questions. With respect to the euro, there was 100% agreement, while in relation to other aspects of overcoming the systemic crisis, there were different degrees of emphasis. On the restoration of the Glass-Steagall Act in the United States, he said repeatedly that this belongs in "Lyndon LaRouche's department." But disputes always pro-

1. Schmitt (1888-1985) was the "legal" apologist for the Nazi dictatorship.

ceeded from the standpoint of the common good, and the sovereignty of the State as its sole guarantor.

The Stability and Growth Act

Hankel was head of the Department of Money and Credit in the Federal Ministry of Economics under Karl Schiller (1967), and in this capacity, he was the father of the Federal Treasury note—an extremely safe form of investment for the so-called small savers—which was unfortunately later abolished. He repeatedly pointed out that the Stability and Growth Act of 1967 would still provide the tools needed today for overcoming the crisis. This law, which at the present time, for all intents and purposes, has been overridden by such horrors as the debt brake, is nevertheless in fact incorporated into the Constitution (Article 109) as a task of the State, and could be instantly applied in case of "macroeconomic imbalances" by the finance ministers, and used for government investments such as in our decrepit infrastructure.

"The real value of this law would only have been apparent today," Hankel told a conference of the Schiller Institute in Germany in February 2009,[2] and he expressed confidence that the law would experience a renaissance. In the event of a crisis such as we have today, federal and state governments are empowered, even obligated, to pursue an active, deficit-financed growth policy. So unemployment and the crisis could be tackled with low interest rates, government investment, and employment programs.

This perspective, oriented toward the growth of the real economy, reflected the philosophy of the Kreditanstalt für Wiederaufbau (KfW, Reconstruction Finance Corporation), where Hankel served as chief economist from 1959 to 1967. The KfW in turn was based on the model of Franklin Roosevelt's Reconstruction Finance Corporation; it was the driving force for German reconstruction after the Second World War.

If Germany wants to survive the imminent breakdown crisis of the euro and of the trans-Atlantic financial system, then we must return to the theoretical orientation that brought us the economic miracle of the postwar period, and for which Professor Hankel was the main spokesman in recent years. We will not only miss him, but his economic ideas will be urgently needed in Germany very soon.

Translated from German by Daniel Platt

2. The remarks were published in the German weekly *Neue Solidarität*.