

Staunch Keynesian and spiritual disciple

Dutch minister with reservations on EMU

by Roel Janssen in Amsterdam

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Hendrikus Johannes 'Johan' Witteveen, who died on 23 April, will be remembered in the Netherlands as a brilliant economist, the last Keynesian of his generation, a lucid liberal and a life-long adherent of the Sufi spiritual movement, who in his final years suffered with fortitude terrible private sorrows.

As a student of Jan Tinbergen, the first economics Nobel Prize winner, Witteveen wrote his PhD on the relationship between wages and employment. At 27 he became the youngest professor at the Rotterdam Economic University (now Erasmus University). In the roaring 60s, facing student rebellions and social upheaval, he was twice finance minister and for a short while a member of the Dutch Senate for the Liberal party.

He introduced value-added tax in the Netherlands to harmonise sales taxes in the European common market of six nations. He strongly opposed early plans for economic and monetary union. He believed this could occur only at the end of a process of integration, never as a stepping stone at the beginning. Without rules on fiscal discipline, a common currency, he warned in parliament in 1965, would turn into a blank cheque for payments to deficit countries. Later, after the signing of the Maastricht Treaty in 1992, he became a proponent of EMU, initially for a limited group of countries, though later he supported the inclusion of southern European states as well. When the euro area crisis erupted in 2010, he rejected the adjustment policies that were imposed by the 'troika' of the International Monetary Fund, European Commission and European Central Bank, and insisted on the need for expansionary policies to support recovery.

Witteveen, a liberal, was a staunch adherent of Keynesianism and government steering of the economy and wage policies. To counterbalance economic fluctuations, he introduced the so called 'wobble tax', a tax on income that could temporarily fall or rise according to the economic cycle. It came into force in 1972, but was abandoned following the 1973 oil crisis. Witteveen has always regretted the quick demise of his fiscal invention.

In 2012 he published his memoirs, *The Magic of Harmony*. The title reflected the pillars of his economic and human wisdom: the natural movement towards harmony and the belief in a spiritual world beyond materialism. Witteveen was a strong adherent of the Sufi movement founded by the Indian mystic Inayat Khan, aimed at reconciling eastern and western beliefs into a universal religion. He practised meditation and found strength in the healing power of spiritual experiences. His personal life was marked by tragedy. First he lost his wife and a son, and then, in 2014, his son, daughter-in-law and granddaughter who were passengers on the fateful MH17 Malaysian airliner shot down above Ukraine by a Russian Buk rocket.

He found, Witteveen said in a final interview in Dutch newspaper *de Volkskrant*, in his Sufi convictions the strength to accept the death of his son and his family. His belief in creation and mankind's godly attributes made him confident he would be reunited with his loved ones after death. 'Only after your death you gain insight in all kinds of aspects of your life and how that has taken place,' he said. 'I don't know exactly how that will be, yet I have confidence that it will be beautiful. But it can wait a little longer.'

He wasn't ready to die, he said in that interview. 'Oh, no. I still find life interesting, I'm not in a hurry. I live as long as it will be necessary.'

The day after the interview was published, Witteveen died peacefully at his home in Wassenaar.

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