

Transcript

Minute 30:55 to 52:56 on Hans-Werner Sinn

H. Lipovská, "[Česká Generace Z vstupuje do života s dluhem. 40 miliard na Ukrajinu. Měl Marx pravdu?](#)", *Aby bylo jasno*, February 20, 2025. (YouTube)

[00:30:55] – H. Lipovská

...And it is precisely for this part, which is not only related to the German but also to the Czech economy, economic thinking, and certain economic values, that I have selected some excerpts from an interview published by the *Börse* program with Professor Hans-Werner Sinn. I mention Hans-Werner Sinn very often. He is one of the best economists in the world and is regularly ranked among the ten leading thinkers globally. In my opinion, this recognition is absolutely well deserved. At the same time – as far as I have had the honor of knowing him – he is an exceptionally honorable, moral, decent, and good person.

[00:31:33.12] – H. Lipovská

And this is quite noticeable in this interview. He speaks as someone who truly understands what humanism means. He understands what values are because he himself lives by them. He is a person with a deep understanding of the economy—not only on a political level but also on a mathematical, statistical, and, above all, human level. I would like to emphasize that Hans-Werner Sinn was once a close economic advisor to Gerhard Schröder and was instrumental in shaping the so-called Hartz reforms. These reforms lifted Germany around the turn of the millennium from its status as the "sick man of Europe" into an era of great success. Today, he has to watch as others come and undo his work.

I would like to remind you that Hans-Werner Sinn's role was once similar to that of Dr. Horská under Prime Minister Fiala. So, as we listen to the individual passages and as I comment on them, we should keep in mind who contributed to Germany's economic success—and who, in contrast, is responsible for the decline of the Czech economy.

Now, let's listen to the first excerpt from his interview.

[00:32:58.06] – Hans-Werner Sinn

Economic understanding is not widespread among the population. Germany is a

country of economic illiterates—if I may put it that way. At least in comparison to the Anglo-Saxon world, where it is common for everyone to acquire a certain basic knowledge of economics. At least during their studies, people there learn something about economics. In the USA, for example, no one with a bachelor's degree can avoid an economics lecture, no matter what they are studying. In Germany, that is not the case. Economics is far removed from the media landscape, which is heavily influenced by the humanities. I have been following the economy for half a century, and it's always the same: Awareness slowly sets in. When things are already clear and obvious to specialists, it often takes years before the general public recognizes them. Politicians, in turn, orient themselves to the opinion of the majority—after all, they want to be re-elected. So they are as smart as the voters. And, of course, the media play a large role. Many journalists have a humanities background and do not see things as clearly as economists. There are some economic journalists, but not very many.

[00:34:39.04] – Hans-Werner Sinn

And many newspaper readers are so uninterested in economics that they skip the business sections and would rather read an article about birds. But if the intellectual world in this country is shaped in such a way, we shouldn't be surprised that a change in course doesn't happen in time.

[00:35:01.17] – H. Lipovska

This is not only a German problem but also one in the Czech Republic. I think that on Czech news portals, a report about the "Bird of the Year" often attracts much more attention than economic issues. By the way, we can also see this in the numbers of our own program, *Svobodný trh*.

But back to what Professor Sinn said: He is absolutely right when he states that politicians cannot be significantly better than the voters. Politicians reflect the intellectual level of society. In many cases, they are—notwithstanding what Václav Klaus claimed in the 1990s—not above average, but even below average. President Klaus said back then that politicians, on average, were slightly better than society. Ironically, one could counter: At least they are highly decorated with titles—there's a flood of doctors, lecturers, and professors.

[00:36:11.17] – H. Lipovska

But if we look more closely today, we find that the representatives in our parliamentary democracy are primarily people who are easily controlled. People who are very obedient. And such people are generally not going to surprise us with excessive intelligence and independence – because a truly intelligent, independent person cannot be easily manipulated. Professor Sinn is absolutely right when he says that without economic education for the population, we cannot change the political direction. Politicians will always only offer what there is demand for in society. Let's listen to how he describes the current situation in Germany. We already know that it is not good, but as someone born in 1948, who can compare the development of East and West Germany, he points out a particularly interesting detail.

[00:37:13.11] – Hans-Werner Sinn

In Germany, people lack the willingness to invest large sums and take risks in an increasingly regulated world. Normal entrepreneurship in a market economy is hardly possible anymore. A new dirigisme has taken hold – a system that resembles centrally planned states. We experienced this long enough in the GDR and the Eastern Bloc. Everything is prescribed, and this mindset seems to be spreading: If you have a "good goal," you must prescribe and prohibit certain things. But in such a world, no entrepreneur wants to stay – so they simply go elsewhere. In many cases, to the USA.

[00:38:17.26] – H. Lipovska

"Dirigismus" as a soft term for central planning. Yes, today we do not have central planning like in the era of the Nazi Greater Economic Area, nor like in the centrally controlled economies of the Soviet type. There is no overarching plan – yet, in a certain way, the now-inflationarily used Green Deal is a form of central planning. Interventions in energy policy are central planning. Laws that relate to alleged consumer protection measures are a form of central planning. Referring to this process as "dirigisme" is a clever strategy. It prevents someone from immediately shouting: "You're talking about socialism or even communism or fascism!" No, it's dirigisme.

But Professor Sinn is constantly confronted with the question: How did Germany get to this point so quickly – and what now? He emphasizes more than many other economists the role of demographics. In the next passage, he subtly describes the problem that Germany has not managed to control its population growth.

[00:39:41.18] – H. Lipovska

The first part of the interview that we will listen to now deals with the effects of a society in which very few children are being born. The second part also concerns the Czech Republic – it addresses the pension system and the possibilities for pension reform. So, let's dive into the so-called demographic problem of Germany, which, if we're honest, also affects us.

[00:40:08.22] – Hans-Werner Sinn

People will realize that older people with children fare better because their children take care of them. And those who have no children will be in a bad position in old age and without wealth. Young people will see this and will not want to imitate this lifestyle. I agree with Marx that societal values are determined by economic realities. When this economic reality worsens, values change immediately. In America, we are already seeing a return to traditional values. No more balance between work and private life, no alternative gender models – there are only two genders, says Trump, and he is right. Not everything is as catastrophically wrong as it is portrayed. And America is important for the entire Western world. The visible change there will therefore have global consequences.

[00:41:27.04] – H. Lipvoska

I would like to add that Professor Sinn – as we know from many of his writings, interviews, and books – is certainly not a fanatical supporter of Donald Trump. For decades, he has been close to the SPD, which is a left-wing party. That is why I found it particularly amusing that he quoted or paraphrased Marx – in Germany, of course, this is not as shocking as it might be in the Czech Republic. After all, Marx was a German economist and philosopher. But it is remarkable that a West German scholar, living in Bavaria, positively mentions the policy of the United States under Trump in this one respect – namely, in the point where Trump is actually also popular among many Europeans: the realization that you cannot fight against nature.

Now, to an even more central question: Why has the German pension system collapsed – and why will the same thing happen to us very soon? Let's take a closer look at that.

[00:42:50.01] – Hans-Werner Sinn

Why do we have so few children? This is a long-term trend. It started under Bismarck when he introduced pension insurance. Back then, he said: The fate of older people without children is terrible – they have to beg. And he wanted to change that by introducing a pension insurance system, into which the working population had to pay. Initially, it was even planned that a capital stock would be formed, but that didn't work – the money was immediately used for current pension payments. This changed people's awareness. What once seemed impossible – not having children because it would inevitably lead to old-age poverty – suddenly became an accepted lifestyle. This development has continued for over 100 years. The welfare state has convinced people that they can live in old age even without children. But this is exactly one of the main reasons for today's demographic crisis.

[00:44:19.25] – Hans-Werner Sinn

Because what works legally does not work economically. According to current law, I, as a contributor, would be entitled to a pension, since my contributions have financed the pensions of the previous generation. But economically, this is not enough. People have two fundamental economic duties: they must have children and raise them, and they must also take care of their own parents. This means they have to pay double. Yet the West is increasingly shirking this responsibility – in the short term, this may bring advantages, but in the long term, it does not work. This awareness will gradually spread. The solution is not "more state," but "less state."

[00:49:21.09] – H. Lipovska

So what does Professor Sinn say? The state – perhaps even with good intentions, although we know that Bismarck was by no means driven solely by noble motives – has established a policy that was supposed to "help" people. However, this policy has influenced their behavior. Over generations, large family structures were dissolved, and economic bonds between generations were severed. And now we are faced with the problem that exactly this system, which has brought us to this point, no longer has a foundation. It has devoured itself – like the old metaphor of the snake biting its own tail.

So, when we try to counteract with a new "pro-natalist" policy, what happens? Once again, we artificially change the conditions. Hayek would say: By intervening in the spontaneous order, we destroy natural connections – and now we are trying to restore them with new state measures. This is a deeply fascinating thesis. Because Professor Sinn is not a libertarian hardliner like Javier Milei. Yet he says something very crucial here: "The solution is not more state, but less state." And with these words, he concludes the interview – with a commitment to property rights as the foundation of any functioning economy.

[00:49:36] – Hans-Werner Sinn

The world can only function with property rights – and with private property rights. I don't want someone to just set up a tent in my garden just because they think it looks nice there. I have a fence around it; it's my property. If someone wants to enter it, they must pay for it. Then we go to the notary, and they can buy it from me. The same applies to clubs. I can't just join a tennis club without paying the membership fee. And similarly, I can't just immigrate into a state, which functions like a big club – a nation defines its state. I must meet the conditions for membership. In this sense, it is correct that Trump opposes illegal immigration. Another question is whether he should do so with the announced radicalism. But it is also true that the attitude in Germany on this issue has noticeably changed – that gives hope. Not that I don't feel sorry for the poor people, but a world without property rights is a world where everyone takes whatever they want. It's a fight – a constant fight.

For me, the best historical example of a world without property rights is the early days of the United States. We see that in Western movies, which we all enjoy watching – but it was a terrible time. Only when property rights were legally regulated, when land purchases were properly documented and paid for, did prosperity return. Before that, there was chaos. And I can only warn against letting the world slip into such chaos.

[00:51:29.20] – H. Lipvoska

I would like to add something: For anyone who wants to better understand what Professor Sinn is saying here – especially the comparison with the Wild West – I recommend an perhaps unexpected literary tip: *East of Eden* by John Steinbeck. A brilliant novel that vividly illustrates the economic value of property. Similar to

Tolstoy's *Anna Karenina*, which also contains many economic elements, Steinbeck shows the transition from untamed capitalism to a functioning market economy.

So much for Professor Sinn. In the comments, I have noted the spelling of his name in response to your question – because this German word "Sinn," as many of you know, means sense or meaning. Interestingly, Professor Sinn was long heavily criticized in Germany. As director of the renowned ifo Institute, he was notorious for his unconventional views and was often derisively referred to in the press as "Professor Unsinn" (Professor Nonsense) by his critics. However, time has proven him right – and that is exactly why we are listening to his interviews today. By the way, there is only one book of his in Czech: an analysis of the Eurozone and the problems of the Euro, translated by Karel Dyba.
