

Eytan Sheshinski*

Tribute to Hans-Werner Sinn (H-W) on his 70th Birthday Conference



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H-W is a »public intellectual«. Such figures are individuals who wish to draw on their professional expertise to address wider public, social, economic, culture and moral issues. They are generalists rather than specialists. A necessary condition to be enshrined as a public intellectual is that the public trusts that the intellectual is on solid scientific ground, impartial, and presents a unique, often surprising and provocative point of view.

Public intellectuals are often, although not always, academic professors (tenure gives the comfort of independence). There is clearly a decline in the numbers and influence of public intellectuals, as Richard Posner observes. There are many possible explanations for this decline, but it is primarily due to the overspecialization in science. Another point worth mentioning is that the profession often regards members who express opinions in the media on a wide range of subjects as 'publicity hunters'. So the position of public intellectual does come at a price. There are only a few economists on the list of public intellectuals in Posner's book (compared to other areas), and only a small number among them whose credibility, to my mind, has not been questioned (e.g. Keynes, Friedman, Solow, Stiglitz, Summers and Krugman). It is safe to say that H-W belongs to this illustrious group.

The topics covered on H-W's website are mind boggling: migration, demographics, pension insurance systems, the euro crisis, target balances, monetary theory, financial markets, crisis, bank regulation, guarantee, liability and deposit protection, secular stagnation, seigniorage, the world debt crisis. In fact,

this is not just a list of topics, it is a CV. CESifo, founded by H-W in 1999, has built a bridge between theoretical and empirical research and has become a world renowned network (of over 1,000 professors from 63 countries). H-W topped the ranking of the Frankfurter Allgemeine Zeitung, and several other ranking sites, which claim that »no other German economist has such a high profile in the media and politics and such activity in research«. The Leibniz Association praised H-W as »one of Germany's most renowned economists who constantly succeeds in bringing varied economic issues to public debate«. His book »Ist Deutschland noch zu retten?« (in English 2007) sold over 100,000 copies and influenced the agenda of the 2010 reforms in Germany.

H-W's advice (in his books »The New Systems Competition«, 2003, and »Kasino-Kapitalismus«, 2009, English 2011) to increase the bank reserves requirement was echoed by many recent studies (e.g. Admati and Hellwig, 2015). H-W's book »The Euro Trap« (2014) convincingly analyses the euro crisis (»perhaps the most important book on the euro in the last decade« Kenneth Rogoff).

It should be obvious then that H-W is not only an influential »Public Intellectual« but also a top ranking economist. In the renowned REpEC list of the top 10% of world economists, H-W is the highest ranked German economist (at the respectable 101 place, ahead of a number of Nobel laureates).

I became acquainted with H-W through his 1983 book »Economic Decisions under Uncertainty«, which analyses risky decisions under limited liabilities, a topic that he recently explored in greater depth in his Yrjö Jahnsson lectures. In another area familiar to me, Solow's growth theory, I want to point out that H-W's 1980 work preceded the well-known work by Chamley, Abel and Blanchard, and I fully concur with his research from 2000, which shows that a Pay-As-You-Go system is equivalent in present value terms to a fully-funded pension system.

Posner complained that public intellectuals are not subject to »quality control« and that their predictions are never tested ex-post factum. He suggested creating a journal called the »Journal of Retractions«, where public intellectuals can confess to their mistakes. So, I went back and checked some of H-W's predictions and policy advice. There was one issue, the

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common deposit insurance and the unification of regulation on European banks, on which his position was misrepresented in the press. He was one of the (279) academics who signed Walter Krämer's (2012) call, but as he subsequently clarified in an *FAZ* article, he was not against common regulation. Thus, I found no major issue on which H-W should say *mea culpa*. This is definitively a testimony to his high professional standards.

All this is now summarized in H-W's recent (2018) autobiography »*Auf der Suche nach der Wahrheit*«. Although I glanced over it, I will have to wait for the English translation to read it in detail.

Finally, among many personal memories from trips and discussions with Gerlinde and H-W, I want to mention a wonderful recent day trip with my wife, Ruth, and the Sinns to Neuburg an der Donau. I vividly remember the old castle and the river and the library, where classic music performances took place.

We have been extremely fortunate to be friends with the Sinns, and for this I say: Danke!