

PISA and Its Regrettable Consequences



Cynics will say that Germany has a very representative and vibrant democracy. Voter turnout is very high by international standards, and the people's representatives in the parliaments are fairly well aligned with the educational level of the electorate. Since educational standards have been declining for twenty-five years—at least according to the PISA surveys—it should come as no great surprise that the decisions made by those in power sometimes appear uninformed and lacking in sound judgment.

A glaring example of this is the German energy transition. It remains difficult to understand why an industrialized nation like the Federal Republic of Germany suddenly decided it should rely largely on wind and solar power for its energy supply. Today, the consequences of the path taken are clear: Germany has very high energy prices and has been deindustrializing ever since. This experiment has done little to benefit the environment, as CO₂-free nuclear power from existing reactors had to be largely replaced by existing coal-fired power plants capable of providing baseload power—some of which had already been mothballed. Germany, once a net exporter of electricity (by value), has become a net importer. These imports naturally include nuclear power from neighboring countries.

The situation was hardly any different when it came to immigration policy. A country with few natural resources, such as the Federal Republic of Germany, depends on the entrepreneurial and inventive spirit as well as the diligence of its population. At the same time, public debate is increasingly questioning the extent to which the immigration policies of recent years have adequately addressed Germany's economic and demographic challenges.

An equally absurd situation is evident when it comes to "pensions." Although the unfavorable demographic trends have been well known since the early 1970s, policymakers have rejected all informed attempts to take early countermeasures. The

approaches taken by neighboring countries—such as establishing an additional, fully funded third pillar of retirement security—were rejected and, in some cases, even denigrated as stock market speculation. The consequences for Germany's prosperity and wealth development can be seen in the annual wealth reports, where the world's third-largest economy ranks only near the bottom when median figures are considered.

How did things get this far, and what can we expect in the future? First, it's important to recognize that populism is, in truth, propaganda and is widespread throughout the political landscape. An increasingly uneducated public is easily taken in by catchy slogans like "We can do

it!” or “The sun doesn’t send a bill!” or “One thing is certain: your pension”—or the renaming of debt as “special funds.” When nearly a third of fifteen-year-olds can no longer understand the main point of a short text, it’s no surprise.

Perhaps it is therefore only logical that a significant portion of the population looks to the state for solutions to all problems—especially those related to education. This is exemplified by the decline of liberalism in Germany, symbolized by the FDP’s gradual fading into

insignificance. It is clear that education and prosperity are closely linked. The wise will not wait for the government to bring about a turnaround in this area. And the same applies to investing. Individuals must set their own course and should not allow themselves to be deterred by the government’s discriminatory treatment of stock investments (e.g., unfavorable taxation compared to cryptocurrencies). Investing in an international portfolio of diverse, high-quality

companies remains the best approach to long-term investment.

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