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SPEECH

**BY HIS SERENE HIGHNESS
HEREDITARY PRINCE ALOIS
VON UND ZU LIECHTENSTEIN**

AT THE 200-YEAR CELEBRATION

Federal President Fischer of the Republic of Austria
President Leuenberger of the Swiss Confederation
President of the Bundesrat Carstensen of the Federal Republic of
Germany, representing the Federal President
Deputy Foreign Minister Grushko of the Russian Federation, representing
the Chairman of the Committee of Ministers of the Council of Europe
Ambassador Roisin of the French Republic and personal representative of
the President
Honored guests from abroad

It is a great pleasure for all of us that you have come to Liechtenstein to
celebrate the 200th anniversary of our admission to the Confederation of
the Rhine with us. I would like to thank you on behalf of all the citizens
of Liechtenstein that you have traveled to our country – despite the
holidays – to underscore the good relationships between our States with
your presence.

Dear people of Liechtenstein

It is customary on major anniversaries to look back at the past decades
and to analyze what has gone well and what has not. But it is also
customary to look ahead and to think about what challenges one is facing,
how to prepare for them, and what can be learned from the past.
Particularly in our fast-paced life, I believe such an anniversary is an
excellent opportunity – removed from everyday responsibilities – to
consider whether we are on the right path.

Today, we can look back on 200 years that were very fortunate overall. We are the only small State in the Holy Roman Empire that has maintained its independence. In recent decades, globalization and its facilitation of international trade have allowed us not only to preserve this independence, but also to generate an unparalleled economic upswing, from a poor agricultural State to an internationally successful industrial and financial center. This success would perhaps not have been possible without a lot of luck and God's providence. But the success of our history is also the result of wise decisions at the right time, courage to follow our own path, and the willingness to invest considerable effort.

Wise decisions include our accession to the Confederation of the Rhine in 1806, our close cooperation with our neighboring States, especially through the customs treaties with Austria in 1852 and with Switzerland in 1923, our accession to the UN in 1990, and finally to the EEA in 1995. It was also wise to structure the State so that it is both well-ordered, but also allows the individual as much political and economic room to maneuver as possible. It required courage to stand up against annexation to the Third Reich during the Second World War and to resist the coup attempt decisively. It required courage to enter the UN and the EEA without the strong hand of Switzerland. We also demonstrate courage in our economic life. A ratio of 1 entrepreneur to 11 inhabitants is unparalleled worldwide. One indication that success has not simply fallen into our laps, but rather that we have to work hard for it, is not least of all that our working hours are the longest in Europe.

We can be pleased that we are doing so well. However, we also have to pay attention that we do not simply bask in our success. In the globalized

world, competition not only among enterprises but also among States is becoming increasingly intense. Anyone who rests on his laurels for too long will soon do poorly. The recipes for a happy future therefore remain fundamentally the same as in the past. We must continue to invest effort, we must demonstrate courage to follow our own path, and we need wise decisions on which direction to take.

I have already mentioned why we have to continue to invest effort. Following our own path is something we have to do simply also because of the size of our country. In the era of global competition and an information society with short attention spans, it is also important for the success of States and their business locations to differentiate themselves through attractive characteristics. This also necessitates the willingness to follow our own path. But how can we make wise decisions? Only the future will show whether our decisions turn out to be wise. But the areas are already foreseeable in which fundamental decisions will be necessary. These areas include in particular: education, the business environment, social provisions, the environment, and social integration.

Why are decisions necessary in the area of education? To survive as a high-wage country in the context of global competition, we need a very well-educated population. Our schools do quite well in an international comparison, but our educational system looks like a centrally planned economy. Planned economies only respond very lethargically to change. But such change will be necessary in light of international competition.

Why do we need decisions with respect to our business environment? We can rightly claim that our business environment is already very attractive. But other States have caught up in recent years, and some of them have

adopted better regulations, for instance with respect to taxes. In this area, we must study the best solutions worldwide and decide on those frameworks that will allow Liechtenstein to remain a unique business location.

Why do we need decisions with respect to social provision? Thanks to gushing State revenues in past years, we have been able to afford much that will no longer be possible in the future in the same way. An aging society and the new technological possibilities in the healthcare sector will incur significant additional costs for us in the future. If we do not want to live at the expense of our children, we must therefore be willing to design our social systems so that they are sustainable and therefore truly social. We must have the courage in this regard to do without State benefits that may be pleasant but not necessary.

Why do we need decisions with respect to the environment? The economic growth of the past decades has granted us great prosperity, but the associated increase in traffic and environmental damage of different kinds is increasingly becoming a problem. In this area, we need clever rules that, on the one hand, continue to give the economy the perspective of an attractive and competitive business location that permits growth. For without this perspective, the economy will soon deteriorate, with all the associated consequences, not least of all with respect to the financing of our social systems. On the other hand, these rules must also ensure that we preserve livable surroundings. If not, we and our economy will begin to suffer from a deterioration of our quality of life.

Why do we need decisions with respect to social integration? As a poor agricultural State and in the first years of our upswing after the Second

World War, Liechtenstein had a very homogeneous population. Today, our proportion of foreigners is over 34%, and the loss of agricultural structures associated with the upswing has also given rise to increasing differences among the native population with regard to income, lifestyle, and philosophy of life. In principle, this is not a bad thing, and we could never have achieved this prosperity without the help of foreigners. But this development will require new approaches in the future, especially on how to integrate foreign-language speakers and disadvantaged segments of the population into our society. On the one hand, we will have to find clear rules to guide integration into society. On the other hand, both as a society and as individuals, we will have to provide the necessary support. In this context, we should not forget that we were an emigration country ourselves in the first 150 of the past 200 years.

Dear people of Liechtenstein

We can be proud of the 200 years behind us, the accomplishments of our ancestors, and our own contributions over the past decades. We now enjoy a considerably better point of departure than our ancestors did 200 years ago, and we can therefore look forward to the next 200 years with optimism. Let us follow our own path with the same courage, invest just as much effort, and strive to make wise decisions!

Vaduz Castle, July 2006