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ADDRESS

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

**ON THE OCCASION OF THE
NATIONAL HOLIDAY 2009**

Dear citizens of Liechtenstein

A year ago, I spoke to you on the same occasion about the international economic crisis and the necessary reorientation of our financial centre. We have since formed a better picture of the extent of the economic crisis, and we have taken important steps to get the required reorientation off the ground. The declaration of 12 March on future cooperation in tax matters has been followed by the first relevant agreements in the past few weeks.

Transforming our financial centre in the middle of the biggest economic crisis in decades is certainly not an easy undertaking. I am, however, convinced that the course we have taken is the right one and will ultimately be successful. It is the only course to ensure the stable and sustainable growth of our financial centre. To achieve this growth, we must take the next steps now, with the necessary determination and speed. Slackening off all too soon because competing centres appear to be slower than us harbours the risk of an opportunity wasted.

The process of transforming our financial centre, but even more so the global economic crisis, are causing declines in public income. It is true that virtually all countries of the world are currently faced with this problem and that our national budget is still enviably sound compared to most others. But the drop in public income calls for comparatively drastic action in our spoilt society. If in future, we are to enjoy a standard of living similar to that of the past, we will have to cut government spending in a manner we have not been accustomed to.

In order to cut public spending we should, as a matter of principle, challenge each and every cost item. This is what prudent businesspeople do, and this should become common practice for public administrators. Not everything that used to be necessary in the past will be needed in future. But only the big budget items will generate big savings. And big savings need big reforms because if we plane down the block's edges too cautiously, we will only get a very few chips.

Thanks to our substantial reserves, we can afford to continue spending at today's rate for a little while longer. But even without the economic crisis, the rising cost of health care, retirement pensions and other sectors would lead to financing difficulties in the long term. The current economic crisis forces us to take countermeasures already earlier. This may be regretted by some but can also be seen as an opportunity to introduce sustainable structures now.

Sustainably funded public administrations and social systems will be decisive locational advantages in the face of dwindling confidence in the long-term solvency of heavily indebted countries. Therefore, we should refocus on individual responsibility especially in the healthcare and retirement pension sectors, re-

move hurtful incentives wherever possible and conceive new and creative solutions in the process.

However, we should not just economise, but also further enhance the attractiveness of Liechtenstein as a business location. Here, I rely specifically on the cooperation of the responsible stakeholders in government and business which has proven its worth in our country. The past has shown that we make better and, above all, speedier progress than others if we are willing to join forces.

We can rapidly enhance the attractiveness of our location by further advancing the conclusion of international tax agreements as I mentioned earlier, by implementing the forthcoming tax reform and the various reforms that have evolved from our *Futuro* project, and by strengthening the service quality of our national administration.

In the long run, educational reforms are of great significance as they will allow us to optimally prepare for an ever fiercer locational competition. To consistently further develop and improve our educational system, we need to launch a fruitful competition in terms of ideas and performance among our schools. To achieve this goal, schools must be given far-reaching autonomy, school districts must be abolished and a new form of funding, ideally education and training accounts, must be introduced.

Dear citizens of Liechtenstein

Fortunately, we are at the beginning of a new legislative period. Experience has shown that this is the best time for fundamental reforms. I would ask you to encourage and support the government, the parliament and the local authorities in shaping and implementing these fundamental reforms, and to put short-lived, party-political and selfish interests after the long-term common good. If we succeed in this, we can look to the future with confidence.

After the speech of the parliamentary president, my family and I invite you to take some refreshments at Vaduz Castle. I warmly thank all those who have helped organise our national holiday, and I wish you all a wonderful holiday and God's blessing.