

Preisverleihung der Friedrich-August-von-Hayek-Stiftung am 13. Mai 2007

Danksagung für die Verleihung des Internationalen Preises Mikuláš Dzurinda

Ehem. Ministerpräsident der Slowakei

It is a great honour for me to receive this award today. And your laudatio fills me with a deep satisfaction. Because the laudatio speaks about the ideas that we put into practice.

This award does not belong to me alone. This award belongs to my entire reform team, headed by my Minister of Finance, Ivan Miklos. And in particular this award belongs to my compatriots and to Slovakia.

My childhood and two thirds of my life I lived under a regime called socialism. Still, my upbringing was dominated by faith and responsibility. And something, which is usually called "common sense". All this helped me later to understand and fully accept what Friedrich Hayek described in facts and in science.

All this helped me to believe in the power of freedom, democracy, human personality, activity and diligence as the basis for hope and prosperity of nations and wider human communities.

The path which Slovakia took after the Velvet revolution in 1989 was very difficult, but also an unusually meaningful one.

Only 15 years ago we were making tanks and weapons for the entire Warsaw pact. And we were not making any personal cars. Today, we're making no tanks, but almost a million cars a year. Russian weapons were replaced by German, French and even Korean car factories. But also by thousands of Slovak small and medium-size enterprises.

This is how much Slovakia has changed. The road we passed during the transformation era, was neither smooth nor straightforward. There were hesitations, there were falls.

The ultimate breakthrough towards the successful present came 9 years ago, when the people entrusted us with the administration of public affairs. The time had come for stabilising the economy, deregulating prices, restructuring banks and for privatisation. Then, after 2002, after another election victory, the time had come for deep reforms. These put Slovakia in great economic shape, with a strong economic growth, half the unemployment, close to introducing the Euro.

The story of my country is the best confirmation for Hayek's theory that „the socialists are wrong in their facts“. The price for socialism was the strong pain in the transition period, unrealistic expectations of people, but also a deep fall in real wages in the first two years after the beginning of the reforms.

Slovakia wrote a success story of a country that changed from totalitarianism and stagnation into a modern, prosperous state. This happened mainly because we believed in what Friedrich Hayek wrote in his work *The Fatal Conceit*. The errors of Socialism: „the conflict between a market order and socialism is nothing else but a question of survival. If we followed the road of socialist morale, the majority of mankind would be destroyed and out of the rest, the majority would be beggars“.

Hayek's words are still valid today and not only for Slovakia. Reforms are needed not only in countries that want to transit from totalitarianism to freedom, but also in countries heavily indebted, unable to fund their pension schemes, countries that were fooled by the illusion of the so-called „welfare state“.

Reforms are also needed in the oldest European democracies, which gave in to the tendency towards comfort, which were misled by the illusion that no competition can threaten them. The entire EU needs reforms today. To cope with global competition and to be able to react to new global mega-challenges be they related to the economy, security or climate.

I believe we need more honest, fair and just politics in Europe. More openness and less pretence. We shouldn't scare people with our reform experience, we should share our experience to apply the good things and beware of errors. We need more cooperation, more integration but we also need more internal competition. We need new efficient rules but also less bureaucracy.

I understand the German Chancellor Angela Merkel's call for the EU to move towards common armed forces. However I'm also worried to see the pressure exercised by some politicians to harmonise taxes.

The flat tax rate in Slovakia is by no means tax dumping. The revenue from corporate tax has not decreased after the introduction of the flat tax. Just the opposite, it increased. Taxes in combination with the social system serve not only to catch up with the best, but also as a tool for internal competition that shall push the entire EU forward.

Thus the response to Slovak flat tax should not be embodied in administrative measures. The response should lie in reforms also in those countries that today are at the top in Europe. The response should lie in reforms focused on education, science and research, innovation and information technologies.

I do believe that investment into education is the most efficient – it will help us to face the globalising world, but also to differentiate what is right and what is wrong, what is moral and just on one hand and what is immoral and harmful on the other. What is valuable and promising and what is populist and opportunistic. Or, in other words, what is social and what is socialistic.

Europe efficient, modern, competitive but also Europe of culture, tolerance and education is a vision worth following.

Ladies and gentlemen, thank you once again for these wonderful and precious moments!