

SPEECH BY THE PRESIDENT OF THE REPUBLIC OF FINLAND,
MR. SAULI NIINISTÖ, AT THE AWARD CEREMONY
OF THE FRIEDRICH AUGUST VON HAYEK FOUNDATION,
IN FREIBURG, GERMANY, ON SUNDAY, 17 NOVEMBER 2013

President Herzog,

President Köhler,

Dr. Siems,

Professor Gerken,

Ladies and Gentlemen,

This is a very touching moment for me. I am sure I will remember it for the rest of my life. But it is also a touching moment for my country. I would like to thank the Friedrich-August-von-Hayek-Stiftung for the warm welcome in the beautiful city of Freiburg. The presence of history in this building of Historisches Kaufhaus is quite impressive. It well demonstrates the interaction between economy and politics which has been present here during centuries.

It is a great honor for me to be awarded with this prize. I would like to warmly thank President Herzog for presenting me the prize and President Köhler for his kind words, I was deeply touched by them. My gratitude goes also to the Hayek Stiftung and to the members of the jury for nominating me as a prize winner.

Being here in Germany reminds me of the days when I was finance minister of Finland from 1996 to 2003. I had excellent cooperation with the German finance minister Theo Weigel. We could agree on most issues and our objectives were similar. However, later on I may have been a difficult partner when Germany and France broke the rules of the stability pact. My comments were rather critical then. Maybe I lost for a moment the patience you were talking about!

Those were challenging years in our economies. Finland had gone through a very serious recession early 1990's. It was mainly due to the collapse of trade with Russia and the uncontrolled opening of the financial markets. Our GDP fell 13 %, government debt exploded and our unemployment rate rose from 3,7 % to almost 19 %. We were forced to take dramatic measures to cut benefits and make savings. These decisions were necessary, even if not popular at all, for creating growth and putting our economy back on the rails again. The budgetary balance improved by 8% inbetween 1996 to 2001 and it helped us in meeting the EMU criteria and joining the EMU.

Germany went through a hard period as well. Your country was called the sick man of Europe. Today, after extensive reforms, Germany's economy is the strongest in Europe and has a positive outlook as well.

These experiences can encourage those European countries which are now struggling with their structural changes. Europe is indeed going through a very difficult period. Although we can see some positive signs, the overall situation is still very fragile. More growth, jobs and better competitiveness are urgently needed. I would go back to basics and concentrate on developing the internal market further and for example developing more green economy ideas.

At the same time it is necessary to continue with structural reforms to get rid of the vicious circle of living on debt. Problems in Europe were not created by the EU nor by the euro but by the illusion that the high standard of living was earned. It was not. In fact it was created by borrowing cheap money. And continuing to borrow it even when times got better. This illusion has to be shattered and the lesson we learned remembered. As Friedrich Hayek rightly said: "We shall not grow wiser before we learn that much of what we have done was very foolish indeed."

Economic crisis has also led to loss of confidence. Jointly agreed rules have been broken so many times that trust between partners has suffered seriously. We have to rebuild this trust again. We need a culture and attitude where we do what we have agreed to do. I don't believe that making more regulation is an answer to this, it's a question of attitude.

While our politicians try to get the economy going again they also need to deal with growing populism and even worries about the sustainability of the social and democratic systems. It is hard to be a politician in today's Europe, but if you make the right choices, you will be remembered warmly afterwards. And sometimes even re-elected!

Many important and difficult decisions have already been taken during the crisis. Here I want to pay tribute to the leadership of Germany. We need leadership in Europe and I believe this role fits well Germany, you can be proud of what you have achieved. Your consistent policy has been crucial in solving the problems, even if it has not always been liked by all our partners. Finland has followed the same policy. It has served us well and I believe it has served well the whole of Europe.

Our bilateral relations have always been good, but EU membership has drawn us even closer to each other. We share common views and objectives on many issues. Our vision of Europe, as well as of rights and obligations within the European Union, are very similar. Therefore I find it especially pleasant to receive this prize in such a friendly company.

Let me once again thank you for this event, the warm words and the honor awarded to me.