

INTERVIEW WITH PRINCE MICHAEL OF LIECHTENSTEIN

Liechtenstein: a geopolitically neutral country with a strong sense for an innovative future, embedded in national values of civil responsibility and respect.

Liechtenstein is a small, autonomous, innovative, and well-connected country. It is a member of major international organisations, such as the European Economic Area, the European Council, the WTO, and the UN. Agility and entrepreneurial thinking are core strengths of Liechtenstein. Can you explain in greater detail what makes Liechtenstein so successful?

Smaller countries like Liechtenstein have to prove themselves in global competition, especially if they want to remain independent and self-determined. A country like Liechtenstein can only be independent if it has a sound economy with thriving business, a well-educated and hard-working society, good relationships to neighbouring countries, and farsighted policies. It is not enough to be innovative economically. If you want to be globally competitive and successful, you have to be innovative and open-minded. If you are protectionist you will not go far.

Liechtenstein has proven innovation throughout history, for example, as Liechtenstein gained sovereignty during the Napoleonic era. Prince Johann Josef I of Liechtenstein was a field marshal in the Imperial Austrian Army. His bravery and leadership were held in high regard, both above and below his ranks. Napoleon highly respected him, and in 1806 consented to inconspicuous Liechtenstein becoming a member of the newly established Confederation of the Rhine, granting it sovereign state status. This was at a time when many smaller countries were disappearing from the map.

Liechtenstein remained an agrarian state until the mid-twentieth century and was anything but rich. A victim of the European malaise during both World Wars, the Principality suffered decades of high unemployment, hunger, and devastating poverty and it survived because of the prince's support. Only in the mid-twentieth century did it show economic upswing, with four milestone

markers: strict neutrality during World War II, adopting the Swiss franc as Liechtenstein's national currency in 1924, enacting the Persons and Companies Act (i.e. the Civil Code, or PGR) in 1926, and a liberal stance that fostered entrepreneurialism and rapid development of the Principality as an attractive location for industry.

Currently, Liechtenstein has the highest quota of people working in manufacturing in Europe, with the lowest unemployment rate and very high gross national income. This is made possible by Liechtenstein's broadly diversified national economy, low public spending, and little state interference. Liechtenstein is located in an



Prince Michael of Liechtenstein



Barbara Dietrich and Prince Michael of Liechtenstein

interesting region, where southern Germany, Switzerland, and Austria meet. Many medium-sized, highly innovative businesses are based in this region, both manufacturing companies and service providers alike.

Liechtenstein as a state always sought to maintain its cultural identity, its independence, and its prosperity. This requires much effort.

You say government spending and interference is low in Liechtenstein. Please explain.

A country should be prudent in its public governance. A state should encourage and support its citizens in self-responsibility, entrepreneurship, and personal development. It is not only the government that can make a difference! Or as a longstanding advisor of the Canadian Government put it at an International Gottfried von Haberler Conference in Vaduz: "A government should only do those things that only a government can do."

An important criterion is respect for one another.

But, how can this be maintained? I believe, it is essential that every citizen knows their rights, obligations, and responsibilities. Treating one another with respect must be part of national culture. I believe treating one another with respect goes hand in hand with innovation, for innovation is applicable to more than technology and business, but also to society.

Liechtenstein has a lean and efficient system of government. It has an innovative constitution that was proposed by the ruling prince and accepted by the people with a great majority of votes. The constitution guarantees a well-balanced government system with an important role for the monarchy. Simultaneously, we have a strong direct democracy like Switzerland. It assures that our politics prioritize the interests of the country and our citizens over particular interests. The top priority of the ruling prince is the public interest. In a nutshell, Liechtenstein's success is derived from its competitiveness, sense of responsibility, respect for one another, long-term thinking, and farsighted system of government.



Prince Johann Josef I of Liechtenstein and the eagle

You are chairman of Industrie- und Finanzkontor Ets., a Liechtenstein trust company that draws on farsightedness and a strong sense of responsibility, assisting people to give their wealth and personal values a future. Why this focus on the future?

History has proven that private wealth is always under threat. Looking at the current global situation we can discern that we will be again facing an era of high jeopardy for private wealth. Societal tragedies, due to political and economic risks taken and failed, will be a too heavy weight. They will have a far more negative influence on private wealth than most people are willing to admit now. Nonetheless, while our world is not safe for wealth, it still could be under certain circumstances. This belief stems from our longstanding know-how, experience, and especially, from our roots which extend far into the past. Our roots are embedded in the House of Liechtenstein, which is proof that material wealth and intangible values,

even in times of upheaval, can be preserved and passed on from generation to generation.

We draw our experience from this long tradition and challenging history. It enables us to look at an estate in its entirety and to advise families, entrepreneurs, heirs, and wealthy private individuals in a way that helps them achieve their long-term goals – which are often laid out for several generations – to protect their assets from loss and unjustified appropriation or covetousness, regardless if they stem from external or intra-familial sources.

You say that wealth should be associated with responsibility. Why should wealth be viewed as a responsibility rather than a joyful privilege?

Private wealth does not just serve private purposes, it also makes a decisive contribution to the common good. It is important for stable economic and societal development.

The protection and preservation of private wealth is a *sine qua non*. An entrepreneur who starts a business and can successfully develop it, will, including the generations that will continue the business, make an essential contribution to society as a whole. In general, family-run companies are much more innovative and sustainable than large, publicly traded companies.

The idea of earning wealth not only for oneself, but for generations to follow and society, can only be achieved if wealth is considered a responsibility – a responsibility to preserve the opportunities that arise from owning tangible and intangible assets, such as personal skills or brainpower. For this reason, all possible measures should be taken not only to accumulate wealth but also to preserve it and pass it on to the next generation.

From the Löwenzahn to the Steinadler. Please explain the meaning of these two symbols, the dandelion and the eagle, and how they symbolize your company? What is the thought behind them?

We are a service company focusing on the preservation of wealth, working mostly for entrepreneurial families. When working for a family, we need to have insight into the family's long-term and trans-generational interests and consider the estate as a whole from a neutral perspective. Firstly, the dandelion illustrated our strong roots and the guiding rules we derive from them. For example, a company can only have long-term success if finances are solid. It will not work if you keep borrowing money because roots and rules are needed for long-term success. Over time we realised that while the dandelion did indeed illustrate our core competencies, we wanted to expand beyond it. We chose the eagle to represent the overarching, comprehensive view we conduct when it comes to analysing wealth. We are like a general contractor who acts on behalf of the family. The eagle's vantage point makes all the relevant details visible (risks, threats, opportunities, motives, etc.) that can influence a family's situation and portrays our basis to derive the most suitable strategies and measures for a family, thriving businesses, or other interests through which the future of fortune, legacy, and family values can be secured for generations to come.

A few years ago, you founded Geopolitical Intelligence Services AG (GIS). What are GIS's objectives?

I have always been very interested in politics, partly because of my family history. The Liechtensteins have been involved



Dandelion

in politics for centuries. Politics have always been a part of my life and a major field of interest.

Some time ago, I noticed a lack of qualitative information. With new media, there is much information available, but most is of poor quality. I wanted to create a system that provides useful, high-quality information and started to talk to political think tanks and people who work for intelligence services. Throughout many conversations, I noticed how biased the information that I received was. For example, most think tanks' work is based on briefings, but working on briefings is like asking a consultancy company to give an opinion according to your guidelines. I decided to establish an independent intelligence service. Liechtenstein is the ideal place for this type of business, because as a small, geopolitically neutral country, it is free of major geopolitical interests.

In addition, I asked myself how to get real qualitative information. I decided to involve experts from different countries and different fields of experience. I set up a network of experts, people who can provide information based upon their experiences in areas related to their field of expertise, such as energy, economics, Southeast Asia, Russia, etc. GIS experts must be well-versed in their particular field and need to have their own, good network of people.

They need to have a strong sense for future development and how development will influence politics, economy, and society. They need to be brave enough to imagine and

conceive of potential future scenarios. Unlike other think tanks, we at GIS do not have the goal of making the world a better place, but to provide the best information to our readers and our consultancy clients for their work.

Considering your comments, I ask myself, how Liechtenstein and your approaches can be a model for Europe.

I think, concerning Europe, it is important that all of us become aware of the benefits of Europe's cultural diversity. Although Europe strives for unity, however,

everyone should still be able to be proud of their culture and national identity. Pride does not mean arrogance. I am referring to the respect I mentioned before. Respect for cultural diversity in Europe will be the key for the Union's future success. This is why I am very concerned about multiculturalism. Merging cultures should begin on a smaller scale. If not, people quickly lose sight of cultural rules and become insecure, which creates a breeding ground for populism. In addition, I think, Europe's representatives should rely more upon subsidiarity and promote regional competition.

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SHORT BIOGRAPHY PRINCE MICHAEL OF LIECHTENSTEIN

Prince Michael of Liechtenstein studied Economics at the University of Vienna, earning a Master's degree in Business Administration. During his studies, he interned and worked for banks and manufacturing companies in Canada, the US, and Belgium. For nine years, Prince Michael of Liechtenstein worked at Nestlé. Starting in Controlling, Financial Management, and Operational Audit for various markets in Europe and Africa, he later moved to General Management for a foreign subsidiary, as well as Marketing and Product Management in the Frozen Food segment.

In 1987, he returned to Liechtenstein where he assumed the position of Managing Director for Industrie- und

Finanzkontor Ets. Vaduz, a leading trust company with tradition and expertise in long-term and trans-generational wealth preservation. Today, he is Chairman of Industrie- und Finanzkontor Ets., as well as Founder and Chairman of Geopolitical Intelligence Services AG, a geopolitical consultancy company and information platform.

Prince Michael of Liechtenstein is a member of various professional organisations such as STEP, board member of the Liechtenstein Institute of Professional Trustees and Fiduciaries, as well as Chairman of the European Center of Austrian Economics Foundation.



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