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A 22-year history of all three Baltic countries seems to be a success story; still, Estonia surpasses the rest two by many parameters, including the economical ones as well as life expectancy, confidence in Parliament, corruption index and many more. Estonia reached the EU average, though, unfortunately, Lithuania and Latvia are among the outsiders.

What did Estonia manage to do that Lithuania didn't?

Lithuania and Latvia are not outsiders. Should any Lithuanian or Latvian claim the opposite, it would unfortunately only demonstrate their lack of self-belief. Yet self-belief – trust in oneself, in one's family, one's country, in Europe – is exactly what we need. This makes us stronger, more decisive, and also more demanding. This belief and trust is our greatest asset, our capital.

During a crisis or a set-back it is extraordinarily easy to start blaming yourself, to feel sorry for yourself and at the same time to idealize others. This doesn't help. We can learn from the example of others, but we cannot copy from each other like schoolboys because in the end each of us must make choices on our own. And take responsibility for them on our own as well.

The speed of Estonian economic growth has slowed down. What are the main reasons for that?

The short answer is: the general situation in Europe and on our main markets. If your country is export-oriented, then a slump in the countries you export to means that growth at home slows down too.

To avoid new problems in the future, OECD recommends to start implementing new reforms - what kind of reforms are the most necessary at the moment?

The OECD mainly recommends that Estonia implement a public administration reform that would make the government and governance simpler, easier to comprehend, expedient, and also more affordable for society. It's a reasonable and also the right recommendation.

In financial and economic matters, however, fiscal prudence remains important. We must also see how we can reduce the economy's volatility and how to better resist both internal and external shocks.

If Estonia had to make a decision on euro today, would Estonians run as purposefully towards this goal as they did couple of years ago?

I do not doubt that Estonia's joining the euro area was the right thing to do, the only real option. If only to restore the confidence of foreign investors and to remove outside pressure to devalue our currency, which would have left numerous people with mortgages homeless.

What is the feeling when "rich" Estonia has to support the "poor" Greece?

The simple, emotional and misleading question is: why does Estonia, a relatively poor eurozone member, have to pay for the poor budgetary discipline of countries richer than we are and who live beyond their means?

But the real question is different: does Estonia benefit from belonging to the euro area or not, and whether a strong and united European Union is in Estonia's national interests?

I do not doubt for a moment that a strong and efficient European Union has benefited and continues to benefit Estonia, and that belonging to the eurozone is equally in our interests, as is, logically, the survival of the euro area itself.

We have to have enough honesty and wisdom to admit that when it comes to providing for the well-being and security of their people no country can go it alone – this includes the United States of America, China, Russia and Germany. Crucial economic and security-related questions are solved in communities of states. We cannot change this just as we cannot change our geographic location, but we do have a say, the right to vote in a community of states that we belong to. Yet we only preserve this right and power as long as we do not become introverted, as long as we do not exclude ourselves from Europe.

A strong Europe, a Europe that also takes into account the national identities of small nations, is therefore in the interests of Estonia and all small states. I believe we have chosen the best possible allies by belonging to the European Union and NATO.

Do we, from time to time, have to compromise in the name of strengthening the organisations we belong to, that we have aspired to join since restoring our independence in order to return to Europe, our ancestral home? Yes, we have to, and we do. It is a normal effort to make, one in which egoism and isolation would be inappropriate and damaging to our national interests.

The work we have done to join the European Union, NATO, and the euro area has made us much more successful than most other countries and peoples who hoisted their flags in front of the United Nations headquarters at the same time as we did. I do not intend to calculate like an accountant how many billions of euros Estonia has received from the European Union and how many we have given back in return. More important is the European way of life, the values that govern our society, and which were significantly strengthened by our aspiration to join the European Union.

In brief: we are where we are today thanks to being in the European Union, in NATO, in the eurozone. Thanks to our good friends, allies and partners.

Do you personally believe in the happy future of euro as well as the future of the entire

EU?

Yes, of course I do. I do not doubt that the European Union, and the eurozone more specifically, can overcome this crisis of trust that we are currently witnessing. We must focus on those areas that require closer co-operation in order to strengthen the eurozone and ensure its sustainability. A strong and trustworthy euro area increases the competitiveness of the European Union as a whole.

The euro continues to be a good and necessary currency. The euro itself is not the problem. The blame lies with a few eurozone countries who have failed to follow the rules they jointly agreed upon and have instead hoped they could pay for today's lavish dinner next week, and even then preferably with a credit card. The eurozone can solve these problems; there's no reason to doubt this.

At the same time, the crisis in the euro area has brought the economically and fiscally prudent member states closer together, who are not united by the euro but rather a sense of responsibility towards their own people and Europe. For instance, Sweden and Poland are on the same side as Estonia and Germany.

We do not need a theoretical dispute on whether austerity or growth is better. We need to strengthen the Single Market in order to increase the trade that we all need so badly. If we want real growth, we must get rid of the restrictions that up until now have hampered the functioning of the Single Market. There are many of them, especially in the field of services.

In your point of view, why did Baltic countries fail in main mutual projects – Via Baltica, Rail Baltic or joint gas terminal?

I do not understand your question. Why failed? The Via Baltica is being built, the Rail Baltic speed train continues to advance as a project supported by the European Commission, as does the construction of the LNG terminal. Have we lost time? Yes, we have, we have wasted time on doubts and fears. Now, however, I hope everyone has finally understood that the Baltic States, which are politically and economically connected to the European Union, must become connected to the European Union through transport corridors and energy connections.

Do you personally support the joint Baltic project of nuclear power plant?

I support every reasonable endeavour that increases our countries' energy security. In the case of the Visaginas nuclear power plant... here the Lithuanian parliament and government must first make a decision after the October 14th referendum. Estonia anticipates these decisions with great interest.

Will Estonian people agree to put their money into energetics that isn't green, and not even in their own country?

Estonia has not changed its decision from six years ago to participate in the Lithuanian nuclear power plant. This project is important politically, or more precisely in terms of energy security for all European Union member states in the region. At the same time it must economically benefit Lithuania as well as Estonia and Latvia.

You have mentioned that Estonia belongs to the North Europe. Do you perceive the possibility for the Baltics to assemble as a unit to combine for strategic projects, investments or the same position on the international scene?

At the beginning of summer I was on a state visit to Latvia and pretty much the same topic came up. We know that today Estonian, Latvian and Lithuanian officials and ministers meet more often in Brussels than in Vilnius, Riga or Tallinn. This seems reasonable because we're all members of the European Union and Brussels is the political focal point of the Union. On the other hand, we have our regional interests too. The three countries' presidents, prime ministers and presidents of our parliaments meet on a regular basis. I encourage the officials of our ministries to do the same and meet more often in Riga, Vilnius and Tallinn, but why not also in Liepaja, Tartu or Kaunas? Because isn't this co-operation spurred on by common Estonian, Latvian and Lithuanian interests, our special interests, if you will?

If we add the Nordic-Baltic dimension, we see a region in Europe that should be influential, successful, transparent, innovative, supporting civil society, and secure; and rightly so. Security also means we must be smart and responsible when developing our national defences.

Do you agree that there is a so called two speed policy in the EU?

Right now we can say there is one European Union which despite rumours is internally quite united and supportive of its members. In the coming years it is important that all 27 member states participate in the debate on the future of Europe. No one will be left out unless they themselves want to step aside, which really means taking a step back.

But we must be honest and admit that there are some in the EU who would like to create a two-speed Europe based on the euro area. Hence our desire to see Latvia and Lithuania join the eurozone as soon as possible. If all three Baltic States belong to the euro area, our common influence on Europe's so-called core increases.

What could the Baltics do to prevent being discriminated when concerning EU funds for agriculture?

The issue is the Single Market. It doesn't work. Or more precisely, the Single Market works as a protectionist cartel of the old member states. Tractors and combine harvesters, fertilizer, diesel and pesticides, seeds and livestock generally cost the same amount everywhere if you have a common market. In this sense the Single Market works well. All farmers have to pay the same amount.

But for some reason farmers in old member states are subsidised four times, in some cases even six times as much as our farmers whose wish to equalise direct payments means wanting to compete fairly on the same market.

Large differences in direct payments distort the Single Market.

If you were a person in charge of a new EU budget for 2014-2020 period, what would your priorities be and in what proportions would you divide the EU pie?

I would certainly make the European Union budget more of an investment budget. This goes for old-fashioned agricultural direct payments that do not encourage investment. I would restore the obligation to make EU funding public, something that at the moment is voluntary. Here Lithuania is an example to everyone. We should all follow the principle: common funds are public money and citizens must know where and to whom the money goes.

I would also put greater emphasis on eastern European infrastructure. If we look at the EU's railways map, we see it is just as sparse in the east as during the time of the Iron Curtain, except for Germany where we have two separate regions.

And of course I would like to see large EU investments in the IT infrastructure so that the EU could truly be competitive and transparent.

Why in 22 years of independence we still lack energetic, railway, highway and other types of connections with Europe – is it our own fault, or maybe it's due to Russia's efforts to keep Baltics dependent or, on the other hand, EU unwillingness to equate us to old EU members?

Again I sense a note of pessimism in your question that I also registered at the beginning of our interview. Just take a look around you – Estonia, Latvia and Lithuania have achieved a lot in the past two decades. I'm sure you and I will also witness the time when the Baltic States no longer are an energy island, a time when we will have modern rail- and highway connections to the rest of Europe. Of course, this will not all happen by itself or come as a gift, but only if we all continue to co-operate, only if we are consistent and clever enough.

Let us be blunt: today's Baltic co-operation is about money, iron, concrete, the railway and the power plant. In the 21st century we do not so much need emotional rhetoric about our common

historic fate. First and foremost we need common projects that would visibly and tangibly join Baltic markets and peoples, would join us more strongly with Europe both economically and in terms of security.

What associations do you, as the President of a State, feel towards Russia – is this country rather a threat or a partner?

A democratic Russia – in the sense of a European liberal democracy – is our aim and our opportunity. An opportunity for a secure future.

Is it wise to require the compensation for the damage made by the Soviet Union?

I cannot speak on behalf of other states, but already six years ago, right after becoming president, I personally said: Estonia will not ask to be apologised to; Estonia does not ask to receive back what was stolen and taken away from us by force. We can wait in a dignified manner to see whether the other side will realise they should do something.

Estonians were proud of Skype, e-elections. What new inventions or challenges are on the way?

We can certainly further develop e-health care by bringing existing solutions nearer to users and by opening up new possibilities. NATO's cyber defence centre in Estonia and the energy security centre in Lithuania are equally good examples of what we can and must do internationally.

But once again, we will be successful if we believe in ourselves, in our choices and in our future.

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