

Esteemed members of the Riigikogu.

My dear Estonian people,

It is an extraordinary honour to address you on the occasion of taking the office of President of the Republic of Estonia for the second time. I stand, as one out of many, before a parliament we the people elected.

This year we marked, with great decorum and a typical Estonian reserve, perhaps even with some scepticism, the events of twenty years ago.

There are some who believe that our regained freedom came courtesy of their own personal services, or that it was an historical inevitability or perhaps an accidental miracle. But in fact we know that fortune smiles on those who dare to dream and take action. Nothing happens of its own accord.

Exactly five years ago, standing here in this hall, I set a goal: we should live our lives in the twentieth year of re-independence as if there had never been an occupation. I called for an end to bitterness and squabbling over who should be credited for bringing freedom back, and an end to distinctions between losers and winners of the transition period.

That as a nation and state, we would behave like adults, looking toward tomorrow with a keenly felt sense of responsibility.

I expressed hope that everyone in Estonia would feel a respected and valuable member of society. And our state should serve its people with honesty and forthrightness.

Today, five years wiser, I admit that these goals cannot be reached in five, or even ten years. Yet I feel that we have moved predominantly in the right direction as a state, people and society.

We have not slipped back, and in spite of everything we have become more confident and better. There is less corruption, the NGO sector is stronger and there is less quarrelling over trifles, and that goes for these hallowed halls as well.

We are nearly rid of our number-one fear: will we survive, will we endure as a people? With our inner belief and our external anchor-lines of NATO, the European Union and the euro, we and our homes and families are moored to our home port, the free Estonian state.

We are not yet as rich and happy as we hoped we would be at the start of our journey. Yet I see no reason to give up or look for greener grass.

We know that the grass is not greener on the other side, that other countries do not have fewer worries. We have a job to do here in Estonia. We will succeed if every one of us does his or her part, and puts Estonia's interests first and personal interests aside.

Ladies and gentlemen.

The 19th century scholar and folklorist Jakob Hurt articulated a concern we have long faced: can we parlay our small size into success. It is a concern that cannot be dispelled by calculation or action, no matter how precise or accurately targeted. But having the right attitude can do wonders.

How successful and prosperous, how lasting and enduring can a country with only 1.3 million people be? That is approximately the population of greater Helsinki or Copenhagen.

Modern cities do not require their own diplomatic service or embassies, they have no need of

separate defence forces or border guard, health care system, tax board, police or Supreme Court.

A city does not deploy or outfit fighting forces in Afghanistan; it does not maintain an Olympic team. No city takes part in all EU sub-committees on shaping common policies or a budget.

Today's modern country needs all of the above, however; because this is the will of its citizens. By now, we have become confident that we are indeed succeeding at running our state.

But alongside the question of "whether" we will succeed, there is still the question of "how": how will Estonia be successful as a state? Are we smart, innovative, and foresighted enough?

One good example of good governance is our e-state model, which, make no bones about it, we have managed extraordinarily well. In this regard we have long exceeded the gap between the so-called "new" and "old" EU member states.

But that is not enough. Clearly perceiving one's possibilities is the prerequisite for making Estonia greater. This is the paradox of our statehood.

If we do everything just like the others – those bigger and wealthier than us – we will inevitably end up looking smaller and shabbier. So the question must be about how to find the greatness within Estonia that allows us to continue to grow and develop apace with others, while being better than many – just like we dreamed of.

That means that, from people-to-people relations to our attitude toward the European debt crisis, we must understand the inevitable restrictions that our smallness imposes, and make wise choices within those limits.

Ladies and gentlemen,

To elucidate my point, let me start with the European Union and the euro. These were goals that we dealt with for essentially an entire generation.

But when we finally reached safe haven, storm clouds were already gathering in Europe's sky.

Today, a frighteningly large part of Europe embodies what we thankfully are not. Irresponsible budgetary policy and its consequences, fractured societies, the inability to grasp the ultimate unsustainability of this system, a crisis of trust, the social capital that keeps a people together..

Bailing out Greece may seem unfair, because we have done things differently: we have striven together, we have been realistic in appraising our abilities, we have not dipped into future reserves to increase what we have today.

Our attitude toward Greece is logical. But above all, we have the responsibility to rise above our emotions, to consider the consequences of all of the options and to make the rational decision.

Recall the crisis at Lehman Brothers three autumns ago in the US – an even more geographically and temporally distant event. Outraged Americans saw the investment bank as having acted in bad faith and opined that it should be left to wither. Rescuing the bank seemed absurd.

And yet: something a good deal worse than the fate of one bank was at stake. Financial leverage had been pushed beyond a reasonable level and that bank merely marked the breaking point. It was not realized what sort of chain reaction it would unleash and how a tremor in the financial sector would become a global economic crisis.

Less than two years later, the crisis could be seen in the tens of thousands of unemployed, a sharp economic downturn and major budget cuts in the public sector that affected everyone: teachers, defence forces members and rescue officials.

Estonia has nothing to gain if Greece or a large part of Europe's economy were to collapse. But it has much to lose. The reasonable and conscientious thing to do is to help oneself by helping others.

Everyone has understood this, even those outside the Eurozone, even countries with economies many times more powerful than Estonia's.

Let's not forget that the current actions by European countries, which may strike some as too lenient and others as too slow and stingy, are actually intended to force countries to make the right decisions for tomorrow.

I am not so foolish to think there is anything pleasant about the fact that a poorer country needs to bail out richer spendthrift countries.

But weighing the potential losses in terms of impending chaos against the continued recovery of the Estonian economy, I am prepared to do just that.

We should not be so haughty as to hope that Estonia's experience will be hailed as a model in shaping the European Union's future budgetary and taxation policy.

But we have indicated that our way of handling a similar crisis has produced results. It has been noticed, and we have become slightly more influential as a result.

Ladies and gentlemen.

Unfortunately the current state of the European economy is not the only topic where we tend to forget our true size.

It appears to be the current fashion in the European Union to disparage a common Europe. In Estonia, this is manifested mainly as a mimicked haughtiness, where we cast ourselves in contrast to the populism prevalent elsewhere.

May I remind you that Estonia is far from being on the losing end of the bargain in the European Union. We are still quite far from being a net payer into the European Union budget. In 2012, one in six euros in the Estonian state budget will come from the European Union.

The European Union will pick up 80 percent of the tab for construction of key and large-scale infrastructure next year. Figuratively, we could say that workers toiling at Estonian state construction sites get their pay check for Monday to Thursday from Brussels and only on Friday from Tallinn.

There is no point in lamenting (or listening to others lament) about Brussels being a tough taskmaster. We have agreed to everything that comes from “over there” – including energy-efficient light bulbs and milk quotas.

Estonian European Union policy is not just an Estonian government matter, which others criticize with 20/20 hindsight. This vaunted rift between the “elite” and the “rest” often distinguishes those who have to deal with these matters and those who should but don’t make the effort to do so at the right time and in the right place.

Here’s an example: Estonia needs to assess the next European Union budgetary perspective as a whole and seek the share to which it is entitled and has a justified expectation in the common Europe project.

Right now it is not important whether it is expressed in increase of direct subsidies payable to farmers, larger appropriations from the Cohesion Fund or something else. Yet Estonia and its allies must seek fair treatment.

Because we, a less affluent state, have come to the aid of wealthier countries, we have a moral right to ask for larger – in reality, more equitable – disbursements of assistance from the common budget.

We need a public discussion on determining what we want, and we need for this discussion to be transformed into a government mandate in holding budget negotiations.

My dear audience,

having one's own country is a costly business, as one of my predecessors stated. This continues to be so.

We must distinguish what is within our power and expedient from the things we do merely on the example of countries that are much bigger than we.

For this reason, it is not always wise to measure Estonia's spending on a given field against the European Union average. Not for us the yardstick that "everyone else does it this way". Among other things, it runs the risk that we will end up adopting the most time-worn and poorest practice.

Often we find we must spend more in a certain area. The reason is that there are few of us; Estonia is small. In some areas, it pays to be thriftier.

Do we really have to match the exact structure of military ranks in a superpower's armed forces? Does our current network of representations abroad really reflect our actual needs or is some restructuring in order? Presumably the analysis being conducted by the Ministry of Foreign Affairs will presently give an answer.

And, on the other hand, there are things where we are forced to spend more. In a larger country, the fact that a rescue helicopter is out of service would not be a cause for concern, but

for a country the size of Estonia, a couple of choppers equal the entire rescue capability.

Here a foolish cutback may end up being expressed in lives lost. We are small enough as it is, and we cannot afford human losses.

In other words, now that we are no longer given assignments with the right answer dictated to us by Brussels, we must think boldly and innovatively with our own heads. Copying things exactly as they are done elsewhere. Let us remember that our success stems from original, clever and sometimes downright unconventional solutions.

In terms of road, rail and energy connections, we are still a periphery, we are on Europe's periphery, and thus investment in infrastructure is one of the most important goals.

We should not try to see things as black and white, such as the question of whether we should favour brains or concrete. We need both. But certainly we do not need a situation where brains are poured *into* concrete, where life comes to a standstill and every bold initiative comes up against the concrete wall of bureaucracy.

We have to think very seriously about the quality of education and ask ourselves: are we acting in a responsible manner toward our children and people if we think that all of our hundreds of municipalities have to have an upper secondary school?

Where funding is on a per capita basis, a school with a small number of students is bound to result in one main trend: those outside cities will receive a poorer education than those in the city. And this is intolerably unjust to children in the countryside.

A year from now, we will have the data for the latest census. Let's use these numbers as a guide for changing our course and for making the right, often inevitable decisions.

Let us not use these numbers as a cudgel in a political battle where some gloat and others

make justifications. We must be above ideological dogmas and the belief that solutions that were once profitable will be that way several decades later in completely different circumstances.

Ladies and gentlemen.

Government and local governments are only part of our state's foundation, only a part of what must be strengthened. Long before I was selected to this post five years ago, I spoke with the same conviction of the fact that we need to strengthen our NGO sector, our civic society.

A strong third sector is the most effective safeguard against populism and the best self-defence in cases where a crisis or catastrophe befalls society.

Harvard University professor Elaine Scarey has compared Japan's Fukushima earthquake disaster to the aftermath of Hurricane Katrina in New Orleans in the US. She concludes that on the basis of hundreds of unwritten rules of society, the Japanese coped with the crisis much faster and efficiently than the fragmented and disunited Americans in New Orleans.

In both cases, the state was quite slow to respond. But places where the NGO sector was more functional coped better.

Third sector, NGOs – however we call these groups of volunteers and associations, it is the backbone and connective tissue of our country. It is what keeps us independent. It protects us from an overintrusive state or local government.

Of course we also need the state to protect us, build roads, educate both big and small, give the elderly a chance to grow old in dignity and provide medical care for the sick. All this is why we pay taxes.

But when it comes to things like diversity, moral support and enjoying each other's company, all

this we can find ourselves. Here we do not need the guiding hand of the state. We seize the initiative ourselves, perhaps we tackle the well-being of our home street or district first. The more diverse this walk of life is, the better society functions.

If government is petty, ill-tempered and distrustful of the people, it has a tendency of being self-important and intruding into people's everyday lives. A confident and great state feels only satisfaction that its people are active and does not want to be bigger than it is.

Society is a system that is the sum of the individuals working together of their own volition. The state assists in the process, but does not intervene where it is not needed or wanted: private lives, the choices we make in our associations and interactions with others.

This is the basic social compact in a successful, democratic society governed by the rule of law.

Ladies and gentlemen.

The citizen is the linchpin of our state. That is, every inhabitant who earns his or her daily bread, or spends their formative years or retirement here. As people, we can only be as great as we ourselves desire. Our "smallness" or "greatness" is in large part the measure of our spirits.

Tolerance, politeness and friendliness have nothing to do with population size. These invaluable assets are something that is free for the taking. And this, believe me, is more instrumental to our success or failure than anything else.

The fact that Estonians are moving abroad comes up increasingly frequently as a topic of conversation. The primary motivation for going is said to be financial. But I doubt whether it is for many the sole and primary reason.

I become very concerned when I read or hear that the reason for leaving, not to return, is often perceived intolerance, lack of compassion and ill-tempered people. Recently a scientific study

confirmed this.

Yes, I would come back, people say, but they note that people in Estonia are curt and intolerant of others.

During their time abroad they have found that there is another way. So it really comes down to us, our culture, the environment in which we grew as people. Lack of the proper environment for our psyche can take a great toll, and it can even doom us.

My dear Estonian people.

Estonia is home to slightly over a million people. There are not many degrees of separation -- each one of us knows someone who knows a third person, and from there on, just about everyone. We are all mutual acquaintances, just about two "hellos" away from each other.

This small size and close proximity also means we have connections to each other. This is the enviable charm of being small, because in this space every single person is immensely big and important.

But it has another side as well. Vulnerability. The vulnerability of others and by that token, of ourselves. We sometimes act as though we live in a big anonymous country where we are unlikely to ever meet a stranger a second time so we don't have to worry about slighting them.

But no one is a stranger. Everyone is connected. Our paths inevitably cross, as colleagues, we switch superior-subordinate roles, we meet at parent-teacher meetings or mend fences as neighbours or share a hospital room. We must be careful in such a situation – a momentary lapse when we act selfishly or make an ill-considered remark can take on a life of its own and continue to poison our lives with timeless power, thus weakening our society and our state.

This, my dear audience, is an area where my optimism regarding Estonia is not infinite. We can

work miracles in this country, but if we cut our own people down, how will we rise? If we are unable to discuss issues without ad hominem and curses, there is no point in continuing discussion about why people are leaving Estonia.

Dear fellow citizens.

We are free. We live in a free country shaped by our own hands. Right from the outset. We are free to do that which makes us happy and content. We have the right, the inalienable right, to act according to the dictates of our conscience.

We have the right to come and go as we choose. We have the possibility of being away from home, without compulsion to make endless choices, as an open Estonia is our home, the centre of our lives.

We have the complete freedom to choose who we are. We can freely be compassionate and generous, as no one forbids us to be so. We have the liberty to be great of heart.

This is a freedom I will vow to protect as president. Just as I stand for the Constitution, Estonia's security and our long-term interests and pledge to stand in opposition to populism with its promises of fast and easy solutions.

I pledge to stand for the non-governmental sector and oppose attempts to curb civil liberties.

I promise to uphold human dignity and actively oppose efforts to diminish people, threaten them or humiliate them, whether such attempts stem from the state or local government level, the media or business world.

We all have an inalienable right and freedom to say with all of our actions and utterances:

yes, this land is my home, this land is your home, and this is the best place for us anywhere in the world.

Thank you.

Long live Estonia.