

Good morning,

Before I go directly into the economic side of things, I'd recall a few facts. The first one is that it was about 25 years ago when a Pole, Adam Michnik, made his famous quote: "We all know how to turn an aquarium into fish soup, but no one has yet shown us how to turn fish soup into an aquarium".

I think that some people have figured out the recipe. One of the countries that's done it is Poland, and the other one is Estonia. The other thing that I'd recall, which is appropriate today when we see what's going on in the world, is that about fifteen years ago I was asked to speak in Kiev about the reforms that Estonia had taken. Tax laws, restitution of property, all the things that the successful countries have done, to make the aquarium.

I gave a two-hour lecture to deputy ministers. At the end of my very long talk, the first hand went up and someone said: "We cannot do in Ukraine what you did in Estonia, because you are small and we are large." Then the next hand went up and along with a few obscenities, we heard: "You idiot, you know nothing about this, it has nothing to do with size, it's that they are Lutheran and we are Orthodox." And then the third hand went up and they said: "Both of you are complete idiots, this has nothing to do with religion or size, it's that they over there" – pointing at me – "they were occupied fifty years ago, so they had grandmothers to tell them about democracy and capitalism, and we were occupied seventy years ago so there's no historical memory".

I didn't have to answer any questions in the Q and A, which was half an hour, because they just yelled at each other on why they could not do the things that we had done. So I didn't want to see a too big fight among the ministers so I ended with this paraphrase of Tolstoy: "All successful countries have reformed alike, each unsuccessful country finds its own excuse."

And I think that it is really true that all successful countries have reformed alike. The big problem in Europe is that there aren't too many of them. There is Poland, there is Estonia – they are the ones that really shine; and then there are countries that do more or less well, and if you look back in 2014 on what has come out of the revolutions of 1989-1991, the success stories are different. But really at the top, I would argue, rank two countries that are very different in size,

very different in religion and very different in the historical memories they have, and therefore I think that we should look at the basic principles of the reforms that we have undertaken and use this as a model, and I think that when we look at Ukraine today, we should keep in mind that regardless of size or religion, reforms are really a function of whether you have the courage to take them and whether you are willing to go through the difficult process of it. If there are two countries that have something to teach Ukraine, then it is Estonia and Poland.

I also think that if they don't do it this time, this is their third chance – because they didn't do it in 1991-92, they didn't do it in 2004 – if they don't do it this time, then I don't know what's going to happen. But we do all have to pay attention to Ukraine. I mention this here, because it is not only a political problem for presidents and prime ministers to deal with, but it is a problem that involves all of our societies and after all, Ukraine, as you know better than we do, is our neighbour, and if they have problems, we have problems. This is not a business forum speech, it is about getting everyone thinking about where we are.

Where we are has also changed, of course, and we have changed much faster than the countries to our West. It is kind of odd that we are about to celebrate in a month the 10th anniversary of joining the European Union, and if you read whatever is written "over there", in the West, we are still "New Members". I remember I was in the European Parliament when the neutral countries, Finland, Sweden and Austria, had been in the European Union for nine years. No one called them the new members.

I could go on and on. In December I saw a British newspaper refer to something that the President [Komorowski] mentioned, it said: "British school children are even behind Estonia and Poland in Pisa tests!" You already know all about this attitude, with your plumbers having been to blame for the failure of the European constitution. And then the next week Prime Minister Cameron held a speech, saying that "we cannot allow these in," and then someone said: "no, we are going to let them in," and I tweeted: "Oh no! East European emigrants coming in! Pisa scores set to rise!"

But it is true, we are a New Europe. We are not necessarily new members any more, but we are a new Europe. Because, what has the last twenty-five years, the last ten years in the European Union, the last five years of the crisis, shown us? That the East-West, Old-New lines do not apply any more. We see a reordering of Europe. Sure there are lots of people out there who'd still like to see things like "Eastern Europe is grey people living in grey apartment buildings leading grey lives, all of the things that we are used to seeing in the press about the "new", the "East".

But in fact, I think the crisis has shown us that this picture of Europe is shifting, it is not East vs West, it's a 90° turn. We are the countries that did well.

I remember reading three years ago an article in the Financial Times by the former head of the legal services of the European Union saying there would have been no economic crisis if there hadn't been an enlargement of the EU. I didn't quite understand that. When you look at who is in trouble, it's not a matter of enlargement. It's a matter of who is responsible, who is not responsible.

When we look at Europe today, we see indeed a new Europe, and the new Europe are the countries that are willing to reform, that were willing to tighten their belts, that are willing to be innovative, that are not held back by saying "we can't do that, that's too hard". It is also interesting to know that when you look at the countries in Europe that have really big financial problems, and then compare it to where they rate in the Transparency International corruption list, there is no longer any "East is corrupt, West is pure"-division, again, it's a flip, it's 90 degrees, it's no longer East-West. In some cases it is East-West, but in most cases it's not, not in the case of Poland or in the case of Estonia. Corruption is where there are countries that today experience financial difficulties.

That is a general introduction to what I think that we should do in rethinking where we are. And here, especially at a business forum of Poland and Estonia I want to see that we start thinking differently. We should be proud of being new. Because we are doing the new things. We are doing things better than the old way of doing things.

Being responsible, of course, shouldn't be a new thing, but in Europe it is "new". Keeping your budgets more or less in shape, not exceeding the limits to which you had agreed, even doing something that Estonia and Poland do, but most countries in NATO don't do is actually meet their 2% commitment. In fact, you can play by the rules. Not exceed the Maastricht criteria. And do your 2% of defense. And be successful. The excuses that can be found – we can't do that, we can't pay 2% because we have to spend on our social welfare policy – well, in fact, if you look at social welfare spending, who is doing 2% and doing the other things as well?

So we need to think differently. They need to think differently, much more than we do, but certainly, we also need to be much more proud than we are. Enough of "the Polish plumber"

and "the Estonian bus driver". That time is over, and in fact, we should be willing and ready to say to those countries: maybe you should do what we are doing.

We are much smaller than Poland, but despite our size – this is one of the points, it's not about size – we in Estonia have become much larger than we are in terms of population by trying to increase our functional size through innovation, through and ICT. We started in the early 1990s, we did it for very pragmatic reasons, we saw that when it comes to physical infrastructure, to get the number of Autobahns they have in Germany was going to take us fifty years. But Mosaic, the first web browser, came out in 1993, so here we could start from scratch and be no longer ahead or behind anyone else.

So we started teaching our children how to use computers, and 15 years later we had the largest number of tech startups per capita in Europe, at least that is what The Economist says. We have the most advanced network of digital services, both public and private, here we are clearly ahead of anyone else in Europe and probably most of the world at this point.

So we're getting to a point where all of our prescriptions are digital, you can go anywhere in the country with your electronic ID and get your prescription; 99% of our bank transfers, 99% of tax returns are done online. 25% of our population votes electronically, and this is true of the last three elections that we've had. We have a digital signature law that gives you a unique identity which is about the only thing that the NSA can't crack. And we have a data exchange system that is very, very secure, the NSA cannot crack it because it is at the level of encryption they are not able to crack at this point, and probably won't be for another twenty years.

And now the Finns have adopted it. You don't know our relationship to Finland but it's kind of like Switzerland adopted our system – not bad. What we are doing with this is that we are now extending the system, so that Estonians will be able to take out their prescriptions in Finland, and they will be able to take out their prescriptions in Estonia, and we are trying to extend that to all kinds of other services.

The key to what a new European nation like ours does is that you have online security, but there are some legal changes that you have to take as well – you need to have a digital signature law that most countries in fact in Europe do have, but it means that you can digitally sign legal documents. Once you do that, we have calculated in Estonia, you save a week of work per year per person, that is about 2% of GDP, because you don't have to go and fill things out. It helps that we have another law which is the "once only" law. Once the government has a

bit of data on you, they can never ask you again. If you think of all the forms you have signed, you've had to write out every time your address, your ID-number, your telephone number. In Estonia the government may not do that more than once, because it already has that information.

That means that everything becomes very streamlined and by definition you create a government cloud. Everyone talks about cloud computing being the future, but we already have the government cloud. One of the results of what digitization allows you to do is that: In Europe, the laws for setting up a company are more or less the same. In Italy it takes 18 months to set up a company. You have to choose a board of directors, and you have to show that everyone of them have paid their taxes, they're not bankrupt, they pay their alimonies, they've done eall those things. The way you do it in Italy is that you send in the paperwork, it goes to one ministry, then it goes to another ministry, then eventually someone looks through it, and it gets a stamp on it and then it goes to the third ministry. And 18 months later you are allowed to start a company.

In Estonia you simply put the names of the board members there, the address and the ID numbers of the board members, and in 18 minutes you have your company. These are the advantages of going digital, and it allows a small country like ours to be way ahead of large countries that are considered by the "Old Europe" all the usual things that are said about "Old" versus "New". And this again is an example why I think we need, in Poland and Estonia, to rethink the concept of "new" and make it a much more positive thing, and to believe in ourselves as being the wave of the future.

I chair the European Commission's steering group on cloud computing, we will present our report on Friday [March 21] on that we've done in the past year and a half, and I think that the future will lie very much in the digitization of our economies. Poland's CIO (Chief Information Officer) has been very active there. When I look at how the future will develop I see that those countries that invest in these future technologies, like Poland, will be way ahead of those that won't do it. And there are a number of "old" European countries that simply say: "We are not going to do what you guys are doing". And if they don't do it, well, in five years, ten years, they will still be using paper. They will not be exchanging data. They will not be able to do research based on anonymized personal health care data. And they will fall behind.

And the countries that invest in the future and innovation will be ahead. This is again a call for countries like ours, Estonia and Poland, to invest in these things more and more and to cooperate. I see that in Poland, already 3,5 million people do their taxes online as of last year. I think this is a very good direction, it is much faster, easier on the nerves. I fill out my taxes in

three minutes. The government has filled out the taxes for me and said, don't make too much. It's not a problem!

More importantly, it's not only the IT. It's also the idea that we belong to a Europe that believes in financial responsibility, that we do follow the rules we ourselves agreed on, that are for transparency, for openness, for liberal trade, in the EU we don't really need to protect anything. We need to make these voices heard in Europe, and big Estonia is ready to lead the charge. But we certainly count on Poland to be helping us, because Poland is the country that I think will emerge as the most important so-called new country.

There was a great headline last year in an article written by a German political scientist, really a very smart political scientist, Ulrike Guérot. The headline said everything about where Poland is today. And the headline was as follows: "To Germany, Poland is the New France". Referring, of course, not to the "Polish plumber" France but to the idea that the Franco-German engine of the European Union led the European Union for all those years, and today we see that Poland is emerging as that country that represents the forward-thinking, positive, the innovative side of Europe among the large countries, and that Germany and other countries are waking up to this.

So when we look at where we are, when we look at all the statistics on trade between us, it is huge by our standards, it grew by 23% last year. One of our guys here, Armin Karu, five years ago won the award of the Polish Chamber of Commerce as the best investor of Poland for 2008 or 2009. So we have close contacts, we are working together, but we need to do far more together, because of the synergy of our thinking and your thinking, our thinking together, also in the economic sphere, as well as the political where we agree on everything anyway – when it comes to who's good, who's bad, what we think about Crimea, what we think about a very large country to our East and what it's done, we understand, we don't really have to explain it.

Sometimes I do tell Estonians – this is the grim side of our history but it is part of our common history as well – that there's only one large country in Europe that understands the term "mass deportation". That says it all to me. And therefore we do know what's going on, and you know what's going on, and you can take the political side of things, the historical memory, and add to that the willingness to do new things and to turn fish soup into aquaria that we do know how to do, and in the next 20-25 years Europe will look like Poland, Europe will look like Estonia, rather than us trying to look like them.

And so I would say, we want a new Europe, and we are the new Europe, and not the way they

call "the New Europe" new, but rather so that this is the way they will become.

Thank you very much.