Liechtenstein –
Principality in the heart of Europe
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The path to the modern Mini State

The birth of the Principality  Shortly after Prince Eugen had decisively repulsed the Turks and Austria had become a major power, at the time when Peter the Great brought about Russia's ascent and the settlement of North America was in progress, a small Principality came into being: In the year 1719 the County of Vaduz and the Lordship of Schellenberg, on the upper course of the Rhine, were elevated to the rank of Imperial Principality of Liechtenstein. A few years earlier Prince Johann Adam Andreas of Liechtenstein acquired these two pieces of land in order he, as owner of a territory under the direct suzerainty of the Empire, might have the right to a seat and a vote in the Diet of the Princes of the Empire. And this ruling dynasty gave its name to the new State: Liechtenstein.

The County of Vaduz and the Lordship of Schellenberg had an eventful history before being elevated to the rank of Imperial Principality. The patch of ground had been owned by various dynasties of counts before being drawn to the attention of the Princes of Liechtenstein, who were searching for a territory under the direct suzerainty of the Empire.

The new rulers of the country had for hundreds of years held important posts in Austria. They have gone down in history as successful military leaders.

In 1608 in recognition of faithful services Karl of Liechtenstein was raised to the rank of Prince. The elevation of the Liechtenstein estates on the Rhine about one hundred years later to an Imperial Principality was a further mark of recognition on the part of the Ruling House of Austria.

The Princes of Liechtenstein (in brackets the periods of reign)
Top row, from left to right:
- Prince Johann Adam Andreas (1699–1712)
- Prince Josef Wenzel (1712–1718 and 1748–1772)
- Prince Anton Florian (1718–1721)
- Prince Josef Johann Adam (1721–1732)
- Prince Johann Nepomuk Karl (1732–1748)
- Prince Franz Joseph I (1772–1781)

Bottom row, from left to right:
- Prince Alois I (1781–1805)
- Prince Johann Nepomuk Karl (1805–1836)
- Prince Alois II (1836–1858)
- Prince Johannes II (1858–1929)
- Prince Franz I (1929–1936)
- Prince Franz Joseph II (1938–1989)
Into the twentieth century  At the outset, the new rulers hardly bothered about their new possession. There was no contact with the people. The Princes’ bailiffs, from Vorarlberg or Southern Germany, informed their masters of all important happenings. It was not until 1842 that a Prince visited the country for the first time. Direct relations between Princes and people, however, did not develop until later.

After Liechtenstein’s elevation to an Imperial Principality, the Princes’ style of rule was absolutist. Old, traditional rights by custom were abolished. The Constitution of 1862 gave inhabitants of Liechtenstein certain rights for the first time. Thus, for example, the Parliament was elected by delegates of the people. The men of Liechtenstein were given direct voting rights in 1918 and full political majority came three years later, by way of the Constitution of 1921.

Part of the Roman province of Rhaetia  The territory of the present-day Principality of Liechtenstein has been inhabited without a break since 3000 B.C. The first settlers of whom there is historical evidence were Celts. About 15 B.C., the Romans defeated the Rhaetians and the area remained part of the Roman province of Rhaetia into the 5th c. A.D. From then on, the Alemanni began to settle there. In the 12th century, German became firmly established as the local language.
This provided for a decisive extension of civil rights. A native of Liechtenstein became Head of Government and replaced the foreign governors (the earlier bailiffs). Since that time all courts have sat in Liechtenstein. Previously, the higher courts had been in Vienna and Innsbruck.

Inclusion in the Rhenish Confederation, founded by Napoleon in 1806, brought Liechtenstein full sovereignty. Between 1815 and 1866 the country was a member of the German Confederation. It is the only state among the former members of this alliance to have retained its independence. The year 1852 was a most important one: a Customs Treaty with Austria-Hungary was signed and remained in force until 1919. Within this large market area Liechtenstein’s economy slowly began to develop. After the collapse of the Austro-Hungarian Monarchy, Liechtenstein’s attention turned, from an economic point of view, towards the neighbour to the west.

The Customs Treaty with Switzerland came into force in 1924 and the basic advantageous economic conditions provided by this Treaty, together with the diligence of the inhabitants, form the foundation for Liechtenstein’s prosperity today.

**Sovereignty since 1806**

<table>
<thead>
<tr>
<th>Year</th>
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<tr>
<td>1342</td>
<td>The County of Vaduz came into being</td>
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<td>1396</td>
<td>Imperial immediacy bestowed upon the County of Vaduz, which then stood under the direct suzerainty of the Emperor</td>
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<td>1434</td>
<td>The County of Vaduz (the Oberland) and the Lordship of Schellenberg (the Unterland) united</td>
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<td>1699</td>
<td>Prince Johann Adam Andreas purchased the Lordship of Schellenberg and the County of Vaduz</td>
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<td>1712</td>
<td>The elevation of Vaduz and Schellenberg to the Imperial Principality of Liechtenstein</td>
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<td>1806</td>
<td>Sovereignty attained through inclusion in the Confederation of the Rhine</td>
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<tr>
<td>1815</td>
<td>Liechtenstein joined the German Confederation</td>
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<td>1852</td>
<td>Customs Treaty with Austria</td>
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<tr>
<td>1862</td>
<td>New Constitution which provided for a Parliament as representative of the people</td>
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<tr>
<td>1866</td>
<td>Dissolution of the German Confederation and Liechtenstein’s independence without commitment</td>
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<tr>
<td>1921</td>
<td>Promulgation of the Constitution which in essentials is still valid today</td>
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<tr>
<td>1924</td>
<td>Customs Treaty with Switzerland</td>
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<td>1978</td>
<td>Entry into the Council of Europe</td>
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<td>1990</td>
<td>Liechtenstein becomes the 160th member of the United Nations</td>
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The last soldiers  At the time of the old German Empire Liechtenstein was obliged to provide five men for the Imperial Army; in Napoleon’s Confederation of the Rhine, the figure was 40 and in the German Confederation, 80. These 80 soldiers formed the Liechtenstein contingent. They saw field service for the last time in 1866, when they were posted to the frontier between Tyrol and Italy. The Liechtensteiner saws never once saw the enemy and returned home safe and sound. The Liechtenstein Army was finally disbanded in 1868 by Prince Johann II. According to the Constitution, however, even today, every able-bodied man up to the age of 60 is liable for military service in an emergency, for the defence of the Fatherland.
Where democracy and monarchy harmonize

Prince and people govern together. According to the Constitution of 1921, the basic Law whose main features are still valid today, the Principality is a «constitutional hereditary monarchy upon democratic and parliamentary basis». Prince and people govern together.

The Prince is the highest State organ and represents the State. He sanctions all laws. On the proposal of the Parliament the Prince appoints, among others, the members of the Government and the judges. He can pardon and issue decrees in an emergency.

The Liechtenstein Parliament, consisting of twenty-five deputies, safeguards the interests of the people. It participates in legislation and in the drawing-up of treaties, it is responsible for matters relating to finance and for supervising the Government and State Administration. The deputies are elected from the ranks of the people, for four years, according to the system of proportional representation. The Parliament is convened and closed by the Prince. The President of the Parliament is formally the highest representative of the people.

Between 1938 and 1997 Liechtenstein was governed by a coalition: the two main parties formed a coalition in 1938, a few days after German troops marched into neighbouring Austria, to safeguard the country’s independence more effectively. This characteristic Liechtenstein feature survived the crisis years remaining an element of the political system until 1997. Since 1997 the majority party has formed the fivestrong government.

The Government, which is appointed by the Prince at the suggestion of the Parliament, takes care of all aspects of the country’s administration; it issues the ordinances required to implement legislation.
In addition to executive and legislative powers Liechtenstein has a modern judicial system. The High Court, the Court of Appeal and the Supreme Court represent the three-tier progression of courts available to those seeking justice. In the High Court there are seven full-time judges who sit alone. The majority of the members of the collegiate courts, however, perform their function as judges on a part-time basis. Most judges in the collegiate courts are laymen. It is a tradition that Swiss and Austrian judges also sit in the Liechtenstein courts.

The Administrative Court and the State Court of Justice complete the courts existing within the frame of the Liechtenstein administration of justice. The Administrative Court hears complaints against Government decisions and orders. The State Court of Justice protects the rights guaranteed by the Constitution and examines the constitutionality of laws.

The people and their rights Since the Constitution of 1921 the citizens of Liechtenstein have been assured of extensive democratic rights. Most important of these is the secret and direct right to vote which, until 1984, was reserved exclusively for men.
In the communes political equality has been reality since 1986. Further peoples’ rights are the rights of initiative and referendum, which are embodied in the Constitution.

The two historically defined territories, the Oberland and the Unterland form the two constituencies. Of the twenty-five deputies, fifteen are elected by the larger Oberland (the former County of Vaduz) and ten by the Unterland (the former Lordship of Schellenberg).

In addition to the political rights of the people, numerous civil and fundamental rights are embodied in the Liechtenstein Constitution. Equality in the eyes of the law, the right to freedom of person, freedom of trade and industry, the inviolability of private property, freedom of faith and conscience, the right of free expression of opinion. Anybody who feels restricted within these and further rights may bring the matter before the State Court of Justice.
The right to Liechtenstein citizenship is acquired by birth, legitimation or naturalization. Foreign male and female citizens who marry a Liechtenstein citizen are granted Liechtenstein citizenship on application after a certain qualifying period.

Foreign citizens who have resided in Liechtenstein for a long time may submit an application for Liechtenstein citizenship. Applications have to be submitted to the community of the place of residence and the citizens of this community must decide by ballot on the granting of the right of citizenship. Subject to approval by the Parliament, the Prince then grants the right of national citizenship. When citizenship is granted to married foreign citizens, their spouses and their legitimate underage children also become Liechtenstein citizens. Honorary national or communal citizenship can be granted to foreign citizens who have rendered special service to the country or to communities.
Two parties determined the path The People's Party (Volkspartei), the predecessor of the Patriotic Union (Vaterländische Union) and the Progressive Citizens' Party (Fortschrittliche Bürgerpartei in Liechtenstein) came into being in 1918, at the time when direct suffrage replaced indirect election. The earliest members of the People's Party were mostly workers employed in Switzerland on a seasonal basis who had become acquainted with the democratic principles and the work of the trades unions of that country. The supporters of the Progressive Citizens' Party in Liechtenstein were recruited at the outset mainly from farming and middle class circles. Because of this, they were called the «Blacks» as distinct from the «Reds», the supporters of the People's Party. These tags have remained to this day, even though there is no longer any difference between the two parties, with respect to the origin of the members or their ideological orientation. On the occasion of the elections for the Landtag in 1986 and 1989, new political forces emerged after a fairly long pause. At the 1993 election, a third party, the Free List, succeeded for the first time in obtaining a Parliamentary mandate.

Archdiocese of Vaduz Under the constitution the Roman Catholic church is the national church and, as such, enjoys the protection of the State. However the Liechtenstein constitution also guarantees religious freedom. Liechtenstein's population is predominantly Roman Catholic. In 1997 the territory of the Principality, which for centuries had belonged to one of the oldest dioceses north of the Alps, the Dicoese of Chur, was elevated by the Pope to the Archdiocese of Vaduz.
Small police corps with heavy duties  Liechtenstein has no armed forces. The State Police, founded in 1933, bears sole responsibility for public safety. From seven members in 1933, the force has grown to its present strength of more than sixty policemen. They are aided by part-time reserve police. Training is carried out in neighbouring Switzerland.

Community autonomy is upheld  The Principality of Liechtenstein is divided into eleven communities. The communities Vaduz, Balzers (with the hamlet Mäls), Triesen, Triesenberg, Schaan and Planken are located in the Oberland, the communities Eschen (with the hamlet Nendeln), Gamprin (with the hamlet Bendorf), Mauren (with the hamlet Schaanwald), Ruggell and Schellenberg in the Unterland. Vaduz is the country's capital, the residence of the Prince, the seat of Parliament and Government. High above Vaduz is the Castle, landmark and symbol of the Principality and residence of the Prince.
Triesenberg and Planken are two old settlements situated on two beautiful sun terraces, high above the Rhine Valley, which were founded about 700 years ago by immigrants from the Swiss Canton of Valais. With barely 300 inhabitants, Planken is Liechtenstein's smallest community.

The autonomy of the communities is highly valued in Liechtenstein and their area of independent activity is clearly defined in the Constitution. The voting citizens of the communities elect a communal assembly with a mayor at its head who, depending upon the size of the village, performs his duties on a full-time or part-time basis. The village authorities deal independently with the business requiring attention and administer the villages' assets. The citizens may submit a motion for a referendum against resolutions passed by the communal council.

The financial means needed to attend to the many tasks are raised by the communities primarily by levying taxes. In addition, they receive subsidies from the State to enable them to complete certain tasks and, depending upon their size and particular situation (mountain communities, for instance), unappropriated financial allocations. Thus the Liechtenstein communes today are in generally very good financial shape. In the past years they have succeeded, with the means at their disposal, in building, among other things, community and large-scale recreation centres, extending the road network and providing for other infrastructure requirements.
In order to achieve better solutions to certain problems communities have united to form specific administrative unions, for the provision of water supply systems, for instance, and for sewage disposal. Together with the national authorities, the communities have established the «Liechtenstein Foundation for Aid to the Sick and Senior Citizens» («Stiftung Liechtensteinische Alters- und Krankenhilfe»).

The communities are of special important in connection with Liechtenstein civil rights legislation since every male and female Liechtenstein citizen must be a citizen of a Liechtenstein community.
Principality in the heart of Europe

Foreign policy Until the turn of the century and even afterwards, Liechtenstein's foreign policy was determined exclusively by the Ruling Princes. It was only with the Constitution of 1921 that the Liechtenstein people were allowed a far-reaching say in the matter. It is true that the Ruling Prince continues to represent the country in relation to other States but the participation of the people is assured through the Parliament and the Government. In the second half of this century, Liechtenstein's foreign policy has gained noticeably in importance. Highlights among the numerous activities are without doubt membership of the Council of Europe (1978), admission to UNO (1990), membership of EFTA (1991), participation in the European Economic Area EEA (1995) and admission to the World Trade Organization WTO in 1995. Numerous bilateral and multilateral agreements and various meetings and contacts between Liechtenstein and foreign statesmen reflect this increasingly confident presence on the international stage. The Principality of Liechtenstein is now taking an active part in world events, is involved in international collaboration and is helping to solve international problems. However, the size of the country, the number of its citizens and its material circumstances do mean that Liechtenstein's possibilities in foreign policy are not unlimited.

Relations with its neighbours take first place Liechtenstein cannot and certainly will never have the ambition to play a major role in international politics. The country is concentrating its foreign policy activities primarily on its work with UNO, the European area and especially its two neighbours, Austria and Switzerland with whom Liechtenstein maintains very close and satisfactory contacts. Embedded between these two neutral States, Liechtenstein is de facto also a neutral State, a State which in addition has had no army since 1868.
The most important partner of Liechtenstein is Switzerland, its neighbour. Since the Customs Treaty with the neighbour on its Western border came into force in 1924, the Principality has formed a common economic area with Switzerland. The frontiers between the two States are open and the frontiers with Austria are manned by Swiss customs officials. The Swiss franc is the currency of Liechtenstein. Following an agreement, Switzerland took over the operation of the Principality’s postal, telephone and telegraph service until the end of the 1990s. The Liechtensteinische Post AG and the Liechtenstein Bus Anstalt have been running the postal and bus service independently since 1 January 2000. Independent solutions had already been reached for the telecommunications sector.

But the fruitful collaboration with Switzerland goes far beyond these economic relations. Since 1919, following an agreement, Switzerland has represented Liechtenstein’s interests abroad through its embassies and consulates. Switzerland acts here on behalf of Liechtenstein which retains the right to establish its own diplomatic representations and to enter directly into contact with other States.

Liechtenstein’s relations with its Eastern neighbour, Austria, are likewise close and friendly. These relations have a long tradition and, indeed, the Liechtenstein princes resided in Vienna up to 1938. Numerous treaties in the areas of law, social matters and education constitute a broad basis for a lively and profitable partnership which almost makes it possible to forget that there are frontiers between the two countries. Liechtenstein has established bilateral diplomatic missions and accredited ambassadors in Switzerland, Belgium and Austria. A non-resident ambassador is accredited in both the Holy See and Germany.
Working for a joint Europe Liechtenstein maintains a Permanent Representation at the Council of Europe in Strasbourg. This constitutes the basis for the present wide range of activities of the country on the European level. As a State in the heart of Europe, Liechtenstein shares its destiny and is historically, politically, economically and intellectually a part of this continent. In the meantime, the country has signed numerous European accords such as, in particular, the Human Rights Convention and the Cultural Convention. When Liechtenstein joined the EEA, this marked a new dimension in its foreign policy: the Principality has put itself at the service of European integration and has promised its active collaboration. Since 1994, Liechtenstein has maintained a Permanent Representation at the European Union (EU).

Liechtenstein is a member of the Organisation for Security and Co-operation in Europe (OSCE). At past international meetings, Liechtenstein had the opportunity on several occasions to express its interest in the maintenance of peace and its ideas on peaceful collaboration between nations. Liechtenstein maintains a Permanent Representation at the OSCE in Vienna and at the EFTA and the international organizations in Geneva. Liechtenstein is a member of the European Free Trade Association (EFTA).

In the negotiations between the States of the EFTA and the EU at the end of the 1980's and in the early 1990's, Liechtenstein as an independent partner supported the creation of a European Economic Area (EEA). In the spring of 1995, the Liechtenstein electors voted to join the EEA.

On September 8th, 1985, Pope John Paul II paid a pastoral visit to the Principality of Liechtenstein. The photograph shows him together with Prince Franz Josef II, who welcomed His Holiness in the name of the people of Liechtenstein at the Sports Park Eschen-Mauren.

In October, 1990, the Liechtenstein Head of State Prince Hans-Adam II of Liechtenstein, paid Switzerland an official visit. He was accompanied by Princess Marie as well as by Hans Brunhart, Head of Government and Herbert Wille, Deputy Head of Government.
Prior to its admission to the United Nations, Liechtenstein had already joined a number of special UNO organizations such as, for example, the International Telecommunications Union, the Universal Postal Union, the World Intellectual Property Organization, the International Atomic Energy Agency. Liechtenstein is also a member of the International Court of Justice at The Hague. Co-operation with the Council of Europe, in the UNO, the Organization for Security and Co-operation in Europe, EFTA and other international organizations has also helped Liechtenstein to make numerous contacts with many other countries.
In addition to healthy agriculture and diverse trade, Liechtenstein also has a state-of-the-art high-technology industry.

A mini economic giant

Open frontiers with Switzerland The present high level of economic development and the prosperity of the small country on the Rhine are due, among other things, to the economic union with Switzerland. This phase in Liechtenstein’s history, which began in the nineteen twenties, is characterized by numerous treaties (above all, by the Customs Treaty) and by wide-ranging links with Switzerland. The Customs Union together with a supplementary protocol cleared the way for Liechtenstein’s membership of the European Free Trade Association (EFTA). The open frontiers with Switzerland and the large combined market thereby created, the economic and political stability, also the favorable tax situation and an advantageous location on an important north-west line of communication have all contributed to the upward economic trend of the last decades as well as to the dynamic development in all branches of the economy. Nevertheless, the performance of employers and employees should not be forgotten when seeking the reason for this upward trend.

Transformation in farming The transformation from an agrarian to an industrial state has left its mark on the Principality. At the beginning of the nineteen nineties only about 2% of the gainfully employed were still working on the land. There are far fewer small farms than there used to be, those that remain are run more efficiently, on modern lines. The reduction in manpower has been more than compensated for by mechanization. Today, dairy farming occupies first place in the Principality’s agricultural programme. In addition to the production of fodder for animals, the narrow, fertile land between the mountains and the Rhine is also used for market gardening, which has become important in recent years. Field crops grow well in the mild climate, influenced by the southerly wind, the so-called «Föhn».
There are also vineyards on the slopes of the Rhine Valley. Great importance is attached to alpine dairy farming. Various state subsidies contribute decisively to the maintenance of a healthy agricultural system.

600 Million Budget The development of State finances reflects the upswing experienced by Liechtenstein since the Second World War. However, this development is also an expression of the many different tasks which have been increasingly transferred to the State. In 1925, expenditures were still listed in the national accounts as about one million francs but they subsequently passed the 600 million mark seventy five years later. Revenues have kept pace with this breathtaking development. Tax revenues have contributed to this in large measure. Both for individuals and corporate bodies, taxation is lower here than in the neighbouring States. As in Switzerland, value added tax – VAT – was introduced on 1 January 1995.

In addition to the taxes levied by the State and the local authorities and by virtue of the Customs Treaty with Switzerland, Liechtenstein shares in various taxes and duties (including Customs charges) which are levied by Swiss authorities and in each case are credited to the junior economic partner on the basis of its population at the end of the year.

Graph showing the increasing export figures of Liechtenstein's industry, in millions of Swiss francs, from 1955 to 1995.

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<td>Value</td>
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<td>1000</td>
<td>1500</td>
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Industry: an important provider of work. Tax legislation favourable to the economy has led to the establishment of an efficient, highly technical industry, most of whose products are exported. The industry manufactures special capital- and research-intensive products of great diversity. The largest branch of industry is engaged in metal finishing (mainly in the field of machine and apparatus construction). The textile industry, the ceramic and the chemical-pharmaceutical industries as well as the food industry have a long tradition in Liechtenstein. In recent years electronics have made rapid progress within Liechtenstein's industry. Most manufacturing plants are small to medium in size. A number of multinational enterprises have large manufacturing plants abroad and employ more people there than in the parent concern. In spite of this, industry in the Principality is an important employer, providing 7000 jobs. The favourable basic economic conditions and the advantages of the location have made Liechtenstein's industrial progress possible. This progress is expressed clearly by the following comparative figures: The value of the goods exported by the thirty-odd members of the Chamber of Industry and Commerce has risen between 1950 and 1998 from 15 million to more than 3.6 billion francs. Most goods are exported to the countries of the European Community. These performances are all the more remarkable, bearing in mind that apart from advantages, the industry has to take into account important location disadvantages, such as a considerable lack of State economic aid on the part of the State, the absence of raw materials in Liechtenstein and the limited labour market.
Although Liechtenstein’s industry is geared mainly to export, the 2000 commercial enterprises primarily serve the domestic market. The Principality’s commercial undertakings function well and are efficient; their activities extend across the entire spectrum of the commercial economy. The large number of enterprises active in the fields of crafts, trades and services testifies convincingly to the Liechtensteiners’ preference for self employment. About one-third of the country’s workers are employed in the commercial sector.
Services in demand  Considerable economic importance attaches to the thirteen Liechtenstein banks. They employ over 1500 people in Liechtenstein and show a balance sheet total of more than 32 billion francs. The banks' rapid growth reflects the expansion of the entire Liechtenstein economy. The legislation concerning the banks corresponds with European standards. An extensive network of subsidiaries, branches and correspondents keep the banks in continuous contact with the world's most important financial centres. Relations with Switzerland's financial institutions are naturally particularly close. As in Switzerland, banking secrecy in Liechtenstein also has high priority.

Next to the banks, the most important branch of Liechtenstein's services sector is the system relating to companies. Owing to the favourable tax situation and the liberal Company Law, Liechtenstein has become a favourite domicile for foreign companies. The favourable environment as well as the wide variety of enterprise forms have provided sufficient incentive to attract foreign capital during past decades. In Liechtenstein, foreign assets are managed and many kinds of financial transactions implemented, in particular through holding companies and domiciliary enterprises. The liberal legislation concerning companies is paralleled by modern laws reducing the risk of abuse.
Isolated instances of abusive practices have resulted in negative headlines for the Principality in the past. Accordingly, the Liechtenstein authorities attach great importance to preventing such excesses and irregularities as far as possible. An important step in this direction was the reform of Company Law, passed in 1980, which gave the State tighter control. Furthermore, the Government also concluded a new agreement with the banks in 1989 on the duty of care in accepting deposits. In 1996, new laws were passed relating to the professional due diligence of the banks and of persons professionally entrusted with access to confidential information and to the facts constituting an offence in respect of money laundering. Liechtenstein has a great interest in maintaining a healthy system of company law since the direct and indirect revenues from this branch of the economy account for a major part of State income. But even the strictest laws cannot entirely preclude abuse. The effectiveness of these laws is also continuously monitored and the necessary statutory measures introduced.

Liechtenstein's accession to the EEA in 1995 provided the statutory basis for creating an attractive location for insurance, investment and telecommunications businesses.
Social partnership  Liechtenstein's economic existence has for many years been characterized by industrial peace. Employers and employees are committed to social partnership and Liechtenstein's freedom from industrial unrest for so many years is due to this in no small measure. Full employment has also been a contributing factor. At the end of 1998 approximately 24000 people were gainfully employed, with only two percent of unemployment; compared with conditions in the rest of Europe, an insignificant part. Social services in Liechtenstein are well developed. Old Age and Survivors' Insurance, Incapacity Insurance, Compulsory Accident and Sickness Insurance, State Unemployment Insurance, Compulsory Company Staff-Benefit Schemes, Families' Compensation Fund and Social Welfare are intended to ensure protection and help when help is needed. In spite of this extensive security, even in prosperous Liechtenstein, there are individual cases of misfortune and people with economic problems. But in the Mini State there are better and more direct ways of helping these people.

The attractive Principality  Tourism is an important branch of Liechtenstein's economy. In 1998 approximately 120000 overnight stays were booked in the 50 hotels and inns. Situated on an important north-south line of communication, Liechtenstein has always known passing travellers. However, tourism as such did not really take off until after the Second World War. The main reasons for the flow of tourists to Liechtenstein are the attractions of the Mini State, the Principality's scenic beauty, museums particularly the Liechtenstein State art collection and a winter sports centre. Most visitors come from the Federal Republic of Germany, from Switzerland and the USA.
A land with many faces

In the midst of the Alps, on the Rhine Liechtenstein, Europe’s fourth smallest state, lies in the middle of the Alps in the Rhine valley. Mountains occupy the greater part of the 160 sq km Principality whose population at the end of 1998 was 32000. One hundred years earlier it had been 8000. At the end of the Second World War, at the time of the economic upsurge, the population growth began to increase rapidly. The flourishing economy provided numerous foreigners in the Principality with a livelihood and this fact accounts for the high proportion of foreigners living in Liechtenstein today, more than one-third of the total population.

German is spoken in Liechtenstein. Whereas high German is taught in the schools, the population speaks an Alemannic dialect with certain nuances which vary from village to village. The mountain community of Triesenberg provides an exception. The descendants of the Walsers who settled there in the 13th century speak the unmistakable Walser dialect to this day.

Triesenberg is one of Liechtenstein’s three mountain villages; Planken and Schellenberg are the other two. The remaining eight communities are in the valley plain which is demarcated by the mountain ranges which are the foothills of the Rhätikon massif and the Rhine. Settlement in this valley region was made possible by controlling the Rhine which at one time laid claim to nearly the entire valley area and today is the natural frontier with Switzerland.
High embankments had to be built in order to contain this formerly wild river which came down from the mountains. In addition, drainage of the swampy valley plain brought about the recovery of fertile land. Today, the Rhine has the important function of a ground water reservoir from which the Liechtensteiners draw a large proportion of their high-quality drinking water. This is a good testimony for water conservation, which for years has received special attention in Liechtenstein. During the course of the growth of residential areas, the «Rüfi», the debris slides which every year brought masses of mud and rubble down into the valley and were a constant source of danger, have been enclosed and thereby rendered harmless.

About half of Liechtenstein is mountainous and parts of this alpine region, with its wealth of flora and fauna, are accessible by roads. Whereas, apart from a few exceptions (in particular the winter sports centres of Steg and Malbun), these alpine regions remain essentially unspoiled, the valley provides clear evidence of the economic upsurge and growth of population, with the accompanying spread of dwellings. Today, great efforts are made to protect the still virgin natural regions.

Vaduz is not only the seat of Government, but also the country's cultural centre.

Top: Portrait of the Princess Marie Franziska von Liechtenstein, by Friedrich von Amerling (1803-1887)
Centre left: The Postal Museum
Centre right: The Golden Coach, the most important exhibit at the Exhibition «Josef Wenzel of Liechtenstein (1696-1772), Prince and Diplomat in eighteenth-century Europe»
Bottom left: A selection of Liechtenstein postage stamps
Bottom right: A school class during a history lesson
Haven for recreation and sport  The alpine region, parts of the valley and certainly the Eschnerberg in the north of the country provide areas for many kinds of recreation. For those seeking recreation and for the nature lovers there is an extensive network of footpaths. In the winter the two winter sports centres of Malbun and Steg offer the attractions of ski runs, cross-country skiing, tobogganimg and footpaths in the snow. Numerous sports and recreation facilities are available for training, for locals and visitors: Football grounds, tennis courts, gymnasiums, indoor swimming pools, one large outdoor pool, also health and fitness paths. In recent years the State has been generous regarding the creation of new recreation centres. The people’s enthusiasm for sport ensures that the centres are well patronized.

An impressive number of sports clubs and associations provide young people and adults with ample opportunity to take up many kinds of sport. The favourite ones are skiing and football. The greatest success so far has been achieved by Liechtenstein skiers. World and Olympic champions have borne the name of Liechtenstein far beyond our borders.

Great cultural attraction  Liechtenstein’s smallness precludes cultural isolation. For hundreds of years there has been a lively cultural exchange with the whole region, including the area around Lake Constance. The basis for extensive cultural activities is provided in Liechtenstein by the extremely active societies with their varied programmes. The brass bands and choral societies in particular look back on a great tradition. Two choral societies, in Balzers and Vaduz, have produced operettas which have entertained the entire region.
The greatest cultural attractions in Liechtenstein are without a doubt the Princely Art Collections. The works of art were gathered by the Princes of Liechtenstein over many centuries and, since they include world famous paintings by Rubens, Van Dyck, Franz Hals and others, enjoy particular international regard. Selected works from the extensive collection are exhibited in the Art Gallery in Vaduz and attract thousands of people from abroad every year.

With the opening of the new art museum in 2000, modern facilities are now available for exhibiting art works, especially those belonging to the Prince and the Liechtenstein State art collection.

Liechtenstein has issued its own stamps since 1912. The Principality’s postage stamps are renowned for excellent design and beautiful motifs. Thousands of stamps from every issue are sent to collectors throughout the world, thus providing the State with important revenue. Mainly Liechtenstein artists are engaged to

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Folklore, manners and customs have undergone a revival in recent years: traditional costume processions, Bonfire Sunday, the fireworks display on the national holiday and carnival are some of the popular highlights.
design the postage stamps. The Postal Museum in Vaduz tells the history of Liechtenstein's stamps and individual specimens, series and rarities are exhibited. Together with the Art Gallery and the Postal Museum there is a third museum to visit in the Residence, the National Museum. Here, objects are exhibited which are of importance for Liechtenstein's cultural history. In recent years individual communities have opened village museums in which old implements and other old cultural assets are exhibited. The most famous of these village museums is the one at Triesenberg, the «Heimatmuseum.»

The National Museum collects objects of culture and art and Liechtenstein's National Library acquires Liechtenstein literature. It is open to everybody as a scientific, national and public library. The production of books which, related to the size of population, is exceptionally large, is also an important cultural achievement.

Liechtenstein is an easy-going country, people recuperate in their own way, wherever they choose...
A cultural centre with particular appeal is the «Theater am Kirchplatz» in Schaan. Artistes from all over Europe, actors, revue artists, singers and musicians, who are at home on large stages, perform here every year.

Liechtenstein not only receives foreign creators of art, but is also a fertile source for the creation of local art. Public funds and various art galleries provide local and also foreign artists with the opportunity to exhibit their works and to publicise them widely. Mention is also made of the manufacture of ceramic objects, a traditional sector of Liechtenstein arts and crafts.

Liechtenstein has produced a number of outstanding artists. One of the best known of these is the composer Josef Gabriel Rheinberger. Today, the Liechtenstein School of Music is installed in the house in Vaduz where he was born.

An attentive visitor to the Principality will find culture in many places in the form of historical buildings. Vaduz Castle, Gutenberg Castle in Balzers, the ruins on Schellenberg and various other objects of interest testify to the country’s cultural heritage.

Owing to the economic upsurge in Liechtenstein many of the old customs, which were partly pagan in origin, were forced into the background. In recent years, however, some of these, like «Bonfire Sunday» and «Fasnacht» (carnival), have been revived. Consciousness of the nation’s own roots and values is again assuming important proportions.
Where the Mini State Liechtenstein is different

Monarchy rooted in the people  Some contemporaries find it inconsistent that Liechtenstein is a Principality and at the same time is numbered among the democratic states of Europe. The provision embodied in the Constitution «constitutional hereditary monarchy upon democratic and parliamentary basis» is not an empty phrase in Liechtenstein. Democracy started gaining noticeable influence from the middle of the nineteenth century in the absolutist Principality. Today, the monarchy and democracy in Liechtenstein form a happy symbiosis. Formerly, the Prince alone determined policy; today, this duty is shared by the Head of State and the people. This already intimates that the duties of the Liechtenstein monarch are not merely representative in nature, as they are in some other countries. On the contrary, the Liechtenstein Constitution provides the Ruling Prince with extensive competences. However, it is an essential characteristic of the Liechtenstein monarchy that, since the new Constitution has been in force, the Princes have made extremely moderate use of their authority and have been guided by the wishes of the people. Prince Franz Josef II, who took control of the country in 1938 and was the first sovereign to take up residence in the Principality, has been responsible in large measure for the population's affection for the monarchy. Prince Hans-Adam II has been Head of State since the death of Prince Franz Josef II in November 1989.

Limitations of a small country  Despite its small size and population of somewhat more than 30000 inhabitants, Liechtenstein is a fully-fledged State functioning with the aid of more than 40 official departments and some 600 civil servants and employees. But it nevertheless has its limitations and it would not be able to meet a significant part of its duties as a State without assistance from outside. Its two neighbours, Switzerland and Austria, offer Liechtenstein their support in a variety of areas.
This help is very important for Liechtenstein, particularly in the spheres of education and health. Up to the A-level, the country has a well-developed educational system, with kindergarten, primary and special schools, also secondary schools and a gymnasium. At higher education level, Liechtenstein offers courses in architecture, business data processing, financial services and philosophy. In addition Liechtenstein has entered into agreements with Switzerland, and also to a lesser extent Austria, for the provision of higher education and continuing professional education. These agreements ensure that Liechtensteiners have places in educational institutions abroad. Further adult education, on the other hand, is promoted by state aid and an extensive curriculum is provided at home.

In the sphere of medical treatment Liechtenstein has also concluded agreements with its neighbours which ensure the availability of beds in the nearby hospitals. With the Customs Treaty Liechtenstein has delegated further tasks to Switzerland in the economic sector.

The Mini State also benefits in other areas from the neighbourly co-operation which extends beyond the frontiers and involves the Swiss Cantons of St.Gall and Grison as well as the Austrian Federal State of Vorarlberg. As an example, approximately two-thirds of Liechtenstein's electricity requirements are obtained from Switzerland.

This multiple dependence upon neighbours does not mean that Liechtenstein is increasingly sacrificing sovereignty. Rather, co-operation is based on agreements.
which are not detrimental to Liechtenstein’s sovereignty because they could be terminated at any time. Moreover, these agreements are also advantageous for the larger partner from a number of points of view. The danger of continually forfeiting independence is without doubt greater for a small state like Liechtenstein, thus the maintenance of independence has high priority in the Principality’s policies.

Not only a taker  Being dependent upon outside help in so many ways and upon the goodwill of other nations does not mean that Liechtenstein only takes. Within the scope of its limited means the Mini State makes modest contribution to international co-operation, to the safeguarding of peace, towards better understanding between peoples and furthermore, feels committed to humanitarian aid. The development aid promoted by the State is used to support projects in the third world. And Liechtenstein is well advised to demonstrate the nation’s international solidarity, because precisely a small country, incapable of defending itself, must have an existential interest in orderly and peaceful development in the world. Right is the only protection that country has. Thus, as with other states, Liechtenstein’s foreign policy harbours not only solidarity, but also the hope that advantage for the Principality may be derived from that policy. Foreign relations are therefore also an expression of Liechtenstein’s independence and serve to safeguard the country’s interests, those of its citizens and of the economy abroad.

The voice of little Liechtenstein does not carry very far in the international concert. But that voice is heard and respected in the Council of Europe and in other international organizations. This is related to a considerable extent to the fact that a non-aligned, small state which sets an example of order and is particularly dependent upon open frontiers and the solidarity of others, can act as a model. Liechtenstein furnishes proof that co-operation between individual states and international solidarity are worthwhile objectives, for the giver as well as for the receiver.

«Provided we understand our advantage correctly, we may present ourselves as a small nation, not endangering anybody, but nevertheless commanding respect from all». (Peter Kaiser, Liechtenstein’s representative in the National Assembly of the German Confederation)
The fear of too much foreign influence  The economic upsurge has bestowed not only prosperity upon Liechtenstein, but also problems. Headlong economic development was possible only with the help of foreign manpower. Today, more than one-third of Liechtenstein’s inhabitants are foreigners. Of the approximately 24000 gainfully employed at the end of 1998 (nearly 9000 of whom cross the frontier every day), around 40% were natives of Liechtenstein. Who, then, can be surprised that Liechtenstein’s domination by foreign influence has long been a subject of discussion. The government has eased the influx of foreigners by means of various restrictive measures. These measures have certainly quietened the problem of domination by foreign influence, but the causes of this situation, the completely inadequate labour market, will probably always be a problem for Liechtenstein the Mini State.

What Liechtensteiners are lacking  Its restricted land area is a typical feature of the small State of Liechtenstein. This presents problems for the agricultural sector in particular. The growth of built-up areas and the development of the traffic system have made inroads on farming land. This development and the knowledge that only a limited area of land is available mean that the people of Liechtenstein are very much aware of environmental problems.

Media facilities have been transformed in recent years. In addition to the two dailies «Liechtensteiner Vaterland» and «Liechtensteiner Volksblatt», the «Liechtensteiner Woche» is published every Sunday. Plans for a private Liechtenstein radio station «Radio L» were implemented in mid-1995. Since February 1999 households connected to the cable network have also been able to receive broadcasts from the private television channel «XML». 
Mini State, opportunities and dangers  Being a Mini State provides Liechtenstein with a unique opportunity. The country's most positive feature is its compactness. Those who have a share in political decisions and who govern are in closer contact with the citizens and, for those citizens who are interested, there are many and better possibilities to follow the political scene and, with the means available in a direct democracy, help decide the political course.

The State's smallness also involves dangers. For it can narrow the horizons and obscure the view towards larger issues. Precisely when things go too well for the members of a small community, there exists the danger that the duty to stand together tends to get forgotten.

Because it is small Liechtenstein is little known. In many places knowledge of the Principality of Liechtenstein is limited to supposed characteristic truths, like postage stamps and low taxes. One of the aims of this article is to provide evidence that there is something more behind the name Liechtenstein.