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# **From Private Organizations to Democratic Infrastructure: Political Parties and the State in Estonia**

## **Abstract**

The article discusses the relationship between political parties and the state in Estonia. The analysis focuses on the development of a legal framework for political parties, different trends in public party financing, and the circulation of people between political and administrative elites. Elite circulation is examined by looking at the movement of people from political to bureaucratic positions and vice versa based on a database covering the career paths of all MPs and ministers in Estonia since 1992. It is shown that civil servants have entered the political elite at a higher rate than vice versa. The article concludes by looking at the debates on the neutrality of county governors and secretaries-general. Overall, the article demonstrates a close and strengthening relationship between political parties and the state. That has been visible in the legal status of parties that has moved from NGO-s to public 'democratic infrastructure', their growing reliance on public subsidies, and the substantial circulation of people between administrative and political echelons. That can partly be explained by patronage and particular legacies of communism and state-building, but the small size of the country may have an independent effect.

## **Introduction**

The changing relationship between political parties and the state in modern democracies has been a major topic in party studies at least since the seminal article on cartel parties by Richard Katz and Peter Mair<sup>1</sup> and it has received considerable reaction both in terms of criticism<sup>2</sup> as well as applications to post-communist democracies.<sup>3</sup> While the cartelization hypothesis primarily focuses on the role of public party financing in shaping the relationship between political parties and the state, more recent accounts widen the scope and analyse further dimensions in the relationship and the status of parties more conceptually.<sup>4</sup>

This article analyses the developments in the status of political parties in Estonia since the country regained independence and held its first parliamentary elections in 1992. While competitive politics and principally free and fair elections were introduced much earlier (arguably already in 1989), the first Political Parties Act was passed only in 1994. Although

earlier developments could be illuminating, the present article focuses more narrowly on the status of political parties since the time they gained a specific status in legal terms.

In general, political parties have undergone a clear development from being basically private NGO-s with relatively little state regulation to ‘public utilities’<sup>5</sup> that are seen as an essential part of political life and regulated increasingly heavily. The trend has been consistent and several remarkable changes have occurred in slightly more than a decade. The strengthening interconnectedness of political parties and the state has somewhat surprisingly not been inhibited by the fact that in terms of economic policies Estonia has followed a robustly market liberal approach and the liberal right has been strong in party politics. This could indeed indicate that political parties are increasingly seen in terms of ‘public utilities’. In economics, even the staunchest liberals believe that the free market needs a legal infrastructure for functioning; the political parties are seen as a necessary ‘democratic infrastructure’ for the smooth functioning of representative liberal democracy.

The article starts with a short overview of Estonia’s electoral and party system. This is followed by a discussion of the role of political parties in a post-communist country which has a small population and has undergone a period of dramatic changes. With regard to the latter, Estonia has faced more changes than some other post-communist countries. For example, in contrast to those that were independent during the communist era, Estonia has faced an enormous task of building up many state institutions from scratch.<sup>6</sup> I will argue that these factors lead us to expect a particular relationship between the political parties and the state. The second half of the article considers empirically the three dimensions of the state-party relationship put forward by van Biezen & Kopecký: the dependence of parties on the state (in terms of public financing), the management of parties by the state (in terms of regulations regarding political parties) and parties’ control of the state (in terms of patronage regarding administrative appointments).<sup>7</sup> The analysis is developed around two main topics: the development of direct public subsidies to political parties and the relationship between political parties and public offices. Regarding the latter, the movement of people from political to bureaucratic positions and vice versa during thirteen years is analysed based on a new database covering the career paths of MP-s and ministers in Estonia since 1992. It is shown that members of administrative elite have at a higher rate entered the political elite than vice versa. The political recruitment of bureaucrats and appointment of political figures into administrative positions may be somewhat related to the ‘personification’ of small country politics and administration<sup>8</sup> rather than be simply an indication of patronage. The article concludes with an analysis of debates on the political neutrality of the most senior civil

servants – county governors and secretaries general of ministries. The developments regarding these positions have been divergent – while the political neutrality of secretaries general was rather settled by 2005, the county governors had principally changed from being non-partisan civil servants to clearly political appointees.

## **Political Parties and the State: Legal Status and Legacies**

Since becoming independent in 1991, Estonia has used a proportional representation electoral system for Riigikogu (the national parliament) elections with a five per cent national threshold that has brought a rather fragmented party system. Still, the number of parties entering the parliament has decreased somewhat – the effective number of parliamentary parties decreasing from 5.9 in 1992 to 4.7 in 2003. The party systems of post-communist countries have usually been considered unstable and showing at best only slight signs of stabilization and consolidation. The traditional measures of party system stability like electoral volatility and programmatic competition would also depict the Estonian party system only partially consolidated.

However, the ‘menu’ of nationally viable parties had changed surprisingly little from 1992 to 2003. The vote shares of parties had swung dramatically at times, but often only to change direction again in following elections. The programmatic profile of some parties has changed, yet the ranks of key politicians remained to a large extent constant through the decade. Only the parliamentary elections of 2003 brought with it a sudden rise of a genuinely new party, Res Publica, that seemed to undermine the prior relative persistence of the party system.<sup>9</sup> All other major parties or their direct predecessors had been present from 1992. That includes the moderately leftist Centre Party under the charismatic leadership of Edgar Savisaar, the market liberal Reform Party participating (and perhaps dominant) in all coalitions since 1999, the national-conservative Pro Patria Union, the rural People’s Union (with elements of the once powerful but now defunct Coalition Party), and the Social Democrats, formerly called the Moderates.<sup>10</sup> While the parties are ideologically distinct and differ in social bases of support, this has not been a decisive factor in coalition-making. The Moderates have participated in right-wing coalitions under Mart Laar (Pro Patria Union) and remarkable differences in economic programs have not impeded the Centre Party and Reform Party from sharing governmental responsibilities. In fact, today there are very few inconceivable coalition combinations in Estonia.

The perception of the role of parties and their relationship to the state in Estonia does not simply reflect the status of parties in modern democracies, but has its particularities due to the recent transition from communism and its legacies, that will be discussed later. Additionally, Estonia poses an interesting question about the status of political parties in a small country. The question of whether parties should be primarily private or public organizations was extensively discussed in parliamentary debates before the Political Parties Act was passed in 1994. The eventual version of the law saw them mostly as private organizations – the law is basically an addendum to the Non-profit Associations Act, only setting some additional regulations. In matters not covered by the Political Parties Act, they are subject to the same legal provisions as NGO-s (i.e. private organizations).<sup>11</sup> Since then, the Political Parties Act has been amended on several occasions and considerably increased in length and scope. Political parties have come to face many more restrictions and requirements, like those related to financial income and declarations (discussed below). Also, the number of members required for the registration of a party has been quite high since 1996, set at 1,000 (i.e. more than 0.1 percent of adult citizens). Originally that implied presenting membership lists upon registration, but since March 2002 the lists have become public and are constantly updated. If the number of members falls below 1,000, the party faces liquidation. Hence, Estonian parties have become much more publicly regulated institutions than they used to be. After successive amendments, the Political Parties Act has become so lengthy and confusing that before another round of revisions in 2003, drafting a completely new law was debated – that would certainly have seen a weakening of the status of parties as a special kind of NGOs and strengthening their status as public institutions.

The most important privilege granted to Estonian parties is their virtually exclusive right to political representation and even political organization of citizens at the national level. Both the initial Political Parties Act and the parliamentary debates preceding it were guided by the idea that if an organization wants to be engaged in politics, or have any political aims at all, it has to be registered as a party. The status of political parties was strengthened by the ban on electoral coalitions from 1998 that applied both to coalitions composed of two or more parties and any ad hoc coalitions. Since 1999 parliamentary elections, only officially registered parties can run in national elections alongside individual candidates, who are effectively subject to more restrictive electoral rules. A proposed further banning of party and ad hoc coalitions at the local electoral level has been a subject of lengthy controversy. The parliament adopted the respective changes to the Local Elections Act in March 2002, but at the time of writing, these have been overturned by the Supreme Court twice.<sup>12</sup>

The privileges for parties can partly be explained by a pragmatic wish to exclude non-partisan actors from electoral competition, but some more objective reasons have been significant as well. The main reasoning behind the ban on coalitions has been the strengthening of political accountability. Clearly, electoral coalitions are temporary organizations and accountability can dissolve among its constituent parts. On the other hand, Estonia has also seen once powerful parties that simply dissolved after a spell in power. The most remarkable case was that of the Coalition Party, that became the most powerful actor in the 1995 parliament and fielded two prime ministers, only to fade from the scene in 1999 and even disband in 2001. This step was hailed as an honourable one by some of the party's members – that the party did not stick to power after completing its mission (whatever that was). But the fate of the Coalition Party also somewhat notorious because its term in power was tainted by numerous corruption scandals, one of them bringing down Prime Minister Tiit Vähi, who has since become one of the wealthiest entrepreneurs in Estonia. While the present strict membership requirements for parties should in principle enhance the prospects of accountability, even the publication of membership lists has not made them thoroughly trustworthy.<sup>13</sup>

A more implicit and ideational reason for strengthening the role of political parties can be related to communist legacies. During Soviet times, non-communist political organizations were acting underground. In a multiparty democracy, a non-party political actor can be seen as a phenomenon of a foregone era, as there are no longer any restrictions for the establishment of genuine political parties instead of more loose organizations. On the other hand, the Soviet-time Communist Party was pervasive in government affairs. Many members of the post-independence political and administrative elite spent their formative years under such a system and are possibly still tied to the mentality. While having learned the basic democratic principles and being in favour of a multi-party system, they can perceive the playground of governing parties in very broad terms. The multiplicity of parties can be seen as a safeguard against a permanent penetration of single parties into state structures, but parties currently in government can be seen by many as temporarily all-powerful in the public realm.

Even though some parties and individuals are less tainted by communist socialization (many were very young at the time), their incentives are formed with reference to the expected behaviour of older elites. The governing parties after the first 1992 elections were idealistic, young, or had a fiercely anti-communist background, and possibly had a different conception of political parties. Yet, they always faced a risk of being voted out and replaced

by elites of a different persuasion – that indeed happened in 1995. Therefore, they had to ensure maximum impact before others started having any. To some extent that led to a vicious circle – administrative elites were often replaced on the pretext of getting rid of the politicized persons in civil service – whether the old appointments actually were partisan or the new ones were not. The line between correcting the old wrongdoings and new misconducts has often been fine and the two may sometimes go together.

The dynamics of transition have also strengthened the possibility of parties' penetration of the state, especially in 1990s. On one hand, many decisions had to be made that shaped the future of the country possibly for decades. Several senior officials had to be appointed virtually for the first time, especially as the building of state structures often started from scratch<sup>14</sup> and a campaign of de-communization swept through the ministries. Most other post-communist countries did not share one of the conditions: the Central European countries did not start with a clean sheet of institutions, and in contrast to Estonia most of the former communist parties have retained positions in the countries' party politics. Here, most of the parties in 2005 parliament were there already in early 1990s and some of them were responsible for creating the state institutions. In effect, the parties can be considered to be an endogenous factor in state-building. Thus, the institutional setup of the country and its staffing policies may well reflect the interests of political parties that once created them.

Additionally, the parties in power in the early 1990s were probably aware of the prospect of electoral backlash that only strengthened their willingness to leave a strong impact quickly on the state and appoint people from their own circles to influential administrative positions. The latter was of course preferably done covertly to enhance the chances of outliving the government. However, even in cases when appointees' party political background was evident, once in office, the people acquired unparalleled and highly needed experience and developed strong networks, making them difficult to replace by successive governments. Most of the old cadre had fallen prey to the de-communization efforts or were just considered incompetent for serving in the administration of a democratic country. Thus, there was a lack of well-trained administrative counter-elite. Many senior civil servants lacked the appropriate training as well, but they had had a chance to acquire necessary skills while in office.

These phenomena have only been strengthened by the small population of Estonia.<sup>15</sup> It has been argued that the public administration of small countries differs qualitatively from that of larger countries as personal relationships connect more people and there is a lack of a reserve cadre of specialists that results in a tendency of 'personification' of civil service.<sup>16</sup> In

turn, mixing politics with civil service can become more widespread and even more accepted practice for pragmatic reasons because able people are often in short supply (see below).

An example illuminating the above discussion is posed by Indrek Tarand. Once a government advisor and special envoy to North-Eastern Estonia (where ethnic tensions were high in the early 1990s), he subsequently became the secretary general of the Ministry of Foreign Affairs in 1994. He stayed there until 2002, and was largely behind the building up of Estonia's foreign service. Tarand was mostly well-liked in the ministry and despite problems with his public image (e.g. drunk driving in 2002) he managed to hold on due to his good relationship with the ministry's staff and his experience in Estonian foreign policy matters until 2002.

Overall, while Estonian bureaucratic structures can be considered to be relatively settled by 2005, recent developments could bring important changes. Estonia's accession to the EU has changed the relative importance of institutions and has even created new organizational structures. For instance, financial control and agricultural support agencies have gained importance – e.g. one of the largest new institutions in Estonia is the Estonian Agricultural Registers and Information Board and the staff of the Ministry of Agriculture has increased considerably.<sup>17</sup> At the same time, some institutions such as the Bank of Estonia and others in areas where more power will be delegated to Brussels (or Frankfurt, for that matter) might lose importance in the bureaucratic hierarchy. Thus, one might anticipate some of the state-building to continue that may provide interesting cases for the study of the relationship of political parties and state structures.<sup>18</sup>

## **Public Financing of Political Parties**

As noted above, the legal status of political parties has seen a movement from being perceived as private organizations towards public institutions. The same tendency can be seen in the party financing regime in Estonia as there has been a notable shift towards more state financing of parties complemented by the severing of restrictions on private contributions to party coffers. Also, public financing has been rather biased in favour of established parliamentary parties. This has helped them to institutionalize and made it harder for external or new contenders to rival them.

Estonia has a relatively advanced system of public party funding. The principle of state budget subventions to political parties was introduced already in the original Political Parties Act of 1994. It became effective in 1996, only after it was decided that using the party

composition of parliament before the 1995 elections would be too confusing: most MP-s elected in 1992 were running in electoral coalitions, sometimes not affiliated to any parties, and many had changed camps during the parliamentary term.<sup>19</sup> However, it is important to note that the will to introduce state financing was there already some years before it actually started.

Initially, public financing was introduced following foreign examples (such as Germany) with an aim to limit the undue influence of other sources of financing, including both corrupt corporate donations and foreign donations. The latter were problematic regarding the inflows both from the East and the West. Donations from the East would have been self-evidently controversial in 1993 as there was a reasonable fear of Russian penetration into Estonian party politics.<sup>20</sup> The Western money was not well-liked by the parties that did not have strong contacts with foreign parties or political foundations. In particular German, Swedish, British and European parties have been rather strongly supporting parties at the centre-right.

Estonia has witnessed a significant increase in total state subventions to political parties after 1996. The total level of subsidies has increased more than tenfold (see Table 1). The sharpest increase came in 2004 when public financing of political parties increased threefold, with the introduction of significant restrictions on private financing (see below).

[TABLE 1 HERE]

Calculating the share of public financing in total party income is difficult because reporting on routine income has until recently been inadequate. The share of public subsidies in campaign finance reports (that are submitted more satisfactorily) is very low – some parliamentary parties have not listed state budget as a source of income there at all. Therefore, Figure 1 graphs the rise in public subsidies against the increase in reported campaign spending. Both have had markedly higher growth rates than national GDP (which increased only 1.65 times between 1996 and 2004, Statistical Office of Estonia 2005). During the first electoral cycle after the introduction of public subsidies, campaign expenditures grew at approximately the same rate as these subsidies. Even though the campaign expenditures in 1999 were higher compared to ‘year zero’ than public donations, some campaign activities started already in 1998 when public subsidies were higher than before (the elections always take place in early March). Yet, by 2003, the growth in campaign expenditures had clearly surpassed the increase in public subsidies. That is partly a consequence of a big spending new

party, Res Publica, that was at the same time excluded from receiving subsidies from the state budget (since it had yet to be represented in parliament). Since 2003 the trend has likely reversed as the public funding of political parties has surged. It is unlikely that future campaign expenditures will keep the pace with public subsidies as they have already been high by comparative standards.

[FIGURE 1 HERE]

More information on the breakdown of parties' sources of income is available since 2002, when routine reporting became more regular. Figure 2 shows a sudden increase in party incomes related to parliamentary elections (2003, 1<sup>st</sup> quarter). 2004 saw a slight increase in overall party income compared to the other period without national elections, 2002. This increase is primarily due to the sharp increase in public subsidies for political parties. Donations from other sources actually declined for most of the parliamentary parties compared to 2002. For some quarters in 2004, several parties reported only a few hundred Euros of income from sources other than the state budget.

[FIGURE 2 HERE]

The shift towards much more public financing in 2004 was accompanied by a major restriction regarding financing from other sources: all corporate donations were banned. The influence of this change was rapidly seen in the last quarter of 2003 – corporate donations to all political parties increased considerably before the passed amendment came into effect (see Figure 2).

While membership fees are rather insignificant as a source of income for most political parties – one parliamentary party has no membership fee at all – individual donations by MP-s and MEP-s have increased considerably. That is a routine practice in all parliamentary parties bar the Reform Party.<sup>21</sup> Even though these contributions do not constitute a major part in party income, it strengthens the relationship between political parties and its office holders, which in turn strengthens party cohesion. Generous subventions by parties' top politicians who receive generous salaries from the state can also be considered a type of indirect subsidy that further strengthens the link between the parties and the state.

Public party financing in Estonia is based on the number of seats that is rather different from parties' vote shares in national elections as the electoral formula used is a

disproportional modification of the d'Hondt method. Distribution of public financing based on votes rather than seats has been discussed at times, but the only amendment put forth in this direction was revoked before it took effect. Only parties reaching the five percent national threshold have been eligible for public financing. An exception was introduced in 2003 for parties receiving at least one percent of the national vote – they currently receive some funding from the state, but that is very small compared to the subventions to parliamentary parties, both in absolute and per vote terms. In 2005, the two largest parties in the parliament received slightly over eight euro for each vote won in 2003 election; the smallest parliamentary party received over six euro per vote. The two parties not represented in the parliament but eligible for public subsidies received only 0.7 and 1.8 euro per vote. The difference in absolute numbers is even more drastic. The formula for distributing subsidies strengthens the larger parties that have also been more instrumental in governments, further strengthening the linkage between the state and political parties.

A striking case of fusion between political parties and the state concerns the submission of campaign finance declarations. The issue of which government instance should be charged with receiving parties' campaign declarations was debated both prior to the original Political Parties Act and during the substantial amendment of the Act in 2003. Until 2004, the campaign declarations were submitted to the National Electoral Commission although the latter did not have enough administrative resources to effectively check them. From 2004, the function was transferred to the parliamentary Select Committee on the Application of the Anti-Corruption Act. That has been criticised because it leads to the situation where the parties effectively check on their own declarations. Submitting the declarations to the State Auditor has also been discussed, but this might divert attention away from the state auditor's main tasks. Ultimately parliamentary transcripts show that the decision on which institution should be responsible for party financial declarations was taken with relative haste. The change is indicative of the still blurred boundaries between political parties and the state. Indeed, the Estonian political parties receive 3.8 million euros a year – that is probably the largest support to any organizations allocated from the state budget without any guidelines on how to use the money and no effective inspection on whether the parties fulfil the regulations set out in the Political Parties Act. Furthermore, it gives a favoured position to the parties represented in the parliament vis-à-vis extra-parliamentary parties, independent candidates and local electoral coalitions. These last two points are rather strange as concluding statements to a whole section. Moreover, they are actually quite

fundamental points which should be made earlier, i.e. how much is actually paid out and how these rules favour parliamentary parties.

## **Political Parties and Public Officials**

A further aspect of fusion of political parties with state institutions is political patronage – the appointment of party members to administrative positions or appointments that are simply politically motivated. Such politicization can take place at both the national and local levels. The political parties may also possess appointment powers beyond public administration that extends to directors of public companies and different semi-public institutions, including directors of public broadcasting companies and quangos. However, certain public institutions can be fundamentally beyond the reach direct party political influence. A good example are public universities in Estonia: rectors are elected by electoral colleges composed of university professors and student representatives.

In this article I concentrate mainly on the circulation of people among political and administrative positions at the central government level. By doing so I do not intend to argue that all or even most patronage takes place at this level. Since patronage is presumably controversial, if not outright unpopular, the most striking cases of patronage take place more covertly. By covertly, I mean that two aspects should be considered. First, such patronage takes place where it is less visible – in the sense that the central government is a rather poor place for conducting controversial partisan appointments. Rather, it can take place in local governments, and related to less significant appointments. For example, before the 2005 local elections, the incumbent mayor of Tartu was accused of appointing school headmasters who only a few months later agreed to run on her party's list. Second, the partisan affiliation of appointments may often be very well hidden. Certainly, some of these appointees have never run in an election for 'their' party let alone been MP's or cabinet ministers. A typical example of that are senior career bureaucrats loyal to one or another party, but not card-carrying members;<sup>22</sup> another example could be businessmen related to certain political parties who get appointed either to senior civil service positions or to directorships of publicly owned companies.

I have chosen to concentrate only on the tip of the iceberg – the career paths of members of the political elite – for two reasons. First, the data on the more covert instances is not available or is anecdotal. Second, as will be shown below, looking at the issue from the perspective of the political elite's career paths reveals an interesting phenomenon: while

(former) members of the political elite in Estonia have often been appointed to administrative positions, it has been more common for political parties to recruit new elites from the ranks of civil servants. While in most cases such practices cannot be regarded as patronage (however, sometimes they could, see below), this should be seen as another kind of strong linkage between political parties and the state administration. It is a linkage which corroborates well with the finding that in small countries the mixing of politics and civil service can be surprisingly widespread not because of patronage but because of the pragmatic need to find competent and experienced people willing to run for political office.<sup>23</sup>

### *Circulation of Political and Administrative Elites*

The figures presented below are based on a newly compiled database containing information on the public careers of all MP's and cabinet ministers from 1992 to 2005, altogether 361 persons. The list has been checked against the telephone registries covering public officials (Riigitelefon, The State Telephone). These volumes contain information on parliament, ministries, county governments, courts, local governments and various other governmental bodies (inspectorates, boards, foundations, universities and public companies). For all institutions the books cover a few top levels – in the case of ministries this usually includes secretaries general, their deputies, and heads of department. For some ministries, even some lower levels were covered – but that was not the case with some ministries, such as foreign affairs and defence. Below, the category of political elite (P) is composed of cabinet ministers, MP-s, mayors and local council chairs.<sup>24</sup> The category of administrative elite (A) basically includes all other people listed in the telephone registries, thus covering all positions in the aforementioned institutions (except for those included in the category of political elite). In principle almost all of these are supposed to be non-political administrative positions. However, in a limited number of cases it has been difficult to distinguish between political and non-political advisors at ministries. In these cases the author's discretion has been used. Also excluded from the category are university rectors and vice-rectors, who are also listed in Riigitelefon, but appointed internally.

From 1992 to 2005, out of 360 people from the political elite (i.e. who had been MPs or ministers) 65 (or 18 percent) had at other times served in administrative positions. Out of 328 MP's included in the database, 16 percent had also served in a public office at times, while the same figure for ministers was much higher – 34 percent. Especially the latter number seems very high. It would be even higher (40 percent) if we included all ministerial advisors – some possibly non-political – and various academic positions: several members of

political elite have served as rectors before or after holding political positions – e.g. both rectors of University of Tartu during the last decade. It is telling that clearly more than a third of Estonia’s cabinet ministers have also served in at least nominally non-political higher civil service positions. Yet, as some of the examples presented below will reveal, the circulation between political and administrative elites may at times not relate to patronage but rather to the recruitment strategies in small countries – when good people are in a short supply, the bureaucracy and the parties cannot be too selective.

In the previous analysis the calculations were made irregardless of whether the political career preceded or followed the administrative one. However, when tracking the patterns of succession, six different paths can be seen. First, there are politicians who have later become public officials ( $P \rightarrow A$ ). Second, public officials can become politicians at a later stage ( $A \rightarrow P$ ). Third, administrative positions may have been held in-between political positions ( $P \rightarrow A \rightarrow P$ ) or, fourth, vice versa ( $A \rightarrow P \rightarrow A$ ). The list is completed by instances of three changes in status ( $P \rightarrow A \rightarrow P \rightarrow A$  and  $A \rightarrow P \rightarrow A \rightarrow P$ ). Note that I disregard here periods when the persons in question have held neither political nor administrative positions or when they changed their political or administrative positions. All other members of the political elite who have not held administrative positions form a residual category (P).

[TABLE 2 HERE]

Table 2 gives an overview of such career patterns. Notably, it has been much more common to enter politics after holding administrative positions than vice versa. The number of persons following the career pattern  $A \rightarrow P$  more than twice outnumbers the opposite. When looking at particular persons in this category, cabinet ministers have been more numerous than in the opposite category of  $P \rightarrow A$ . Also, more than half of the people in the  $A \rightarrow P$  group have been affiliated with two parties that were formed after the parliament elected in 1992: Reform Party (established in 1994) and Res Publica (2002). That may come as no surprise, since senior civil servants are for newly formed parties an appealing pool for finding experienced and well known candidates. The category of  $P \rightarrow A$ , on the other hand, is mostly comprised of people belonging to the 1992 parliament or corresponding cabinets. Nevertheless, the comparatively small number of people in this group compared to  $A \rightarrow P$  is an indication that the intermingling of administrative and political elites has been much more connected to recruiting activities of political parties among civil servants than political elites making their way into administration.<sup>25</sup>

Nearly a quarter of people who have held both political and administrative positions, have changed their status more than once. Approximately half of these cases can be explained by technocratic cabinet nominations; the same applies to several people in A→P category.<sup>26</sup> Other cases include senior people moving back and forth between administrative and political positions. Examples of this include Andres Lipstok, who after serving as County Governor for Läänemaa, became Minister of Finance in 1994, and later a senior parliamentary figure for the Reform Party, but was appointed president of Bank of Estonia in 2005. Another example is Trivimi Velliste, who was prominent in the independence movement from late 1980s, became an MP in 1992 and a cabinet minister in 1993. Later, he served as a head of department in the Ministry of Foreign Affairs for four years, before joining the Pro Patria Union faction in parliament again in 1999.

Two persons included in the database have managed to have two spells in the political and two spells in the administrative elite over the course of thirteen years. One of these is Jüri Luik, who became the Foreign Minister in Europe in 1994 representing the Pro Patria party. Following electoral defeat in 1995, he served as an ambassador to the Benelux countries and NATO, but following electoral success in 1999 he became Minister of Defence, only to return to the diplomatic ranks as an ambassador to United States in 2004. The other person in this category is Robert Lepikson, who has been a member of several parties (Coalition Party, Centre Party, People's Union). He entered politics after serving as a director of public-owned metal exporting company and a deputy secretary general at the Ministry of Defence, becoming the mayor of Tallinn and the Minister of Interior. Thereafter he served three years as a county governor of Võrumaa, and then returned to parliament in 2003. The two cases reflect in fact two quite distinct variants of people moving between political and administrative positions. Luik is considered by many to be one of the most able ministers and diplomats in recent Estonian history. By contrast, Lepikson is often characterized as a political opportunist person who has cleverly moved between administrative and political positions, and also from one party to another.

Regarding different political parties, the Reform Party stands out as the one having the most people (14) who have been members of both political and administrative elite. This is somewhat surprising given the party's business friendly and occasionally libertarian or even anti-state stance. While the Reform Party has indeed recruited many of its MPs and ministers from the ranks of senior civil servants, the figure for the Coalition Party (11) may be surprisingly low, considering its relatively technocratic image. The divergence highlights an interesting difference in parties' recruitment practices. While the Coalition Party sometimes

invited non-partisans to cabinet posts, the standard practice of the Reform Party has been to make such appointments conditional on joining the party.

The Reform Party has also been remarkable in that several of its politicians have later been appointed to major public offices. In addition to the abovementioned example of the central bank president, the current Chief Justice of the Supreme Court (Märt Rask) and the Head of Estonian Radio (Margus Allikmaa) have formerly been ministers for the Reform Party. The Reform Party has also proposed its MPs as ‘candidates’ for the offices of Legal Chancellor and State Auditor when there has been a stalemate between the president – who nominates candidates for these offices – and the parliament.<sup>27</sup>

When looking at the electoral experience of senior civil servants as of 2005 (Table 3), it is apparent that most of them have no electoral experience, thus in that respect the higher ranks of bureaucracy are supposedly non-partisan. While about one in ten has run for parliament, one in three has participated in local elections. This electoral experience is remarkably higher among county governors compared to other categories of top civil servants – more than a quarter of them have run for the parliament and almost two thirds for local councils. Around half of those contesting local elections have also been successful. At the same time, only one top civil servant in the database has previously been elected to the parliament. However, one should certainly not expect too strong links here, as competing in elections is clearly one of the most advanced or even extreme ways of party political involvement. Still, the table highlights an interesting development in Estonia’s civil service – the politicization of county governors.

[TABLE 3 HERE]

#### *Politicization of County Governors and Secretaries General*

The final sections of this article concentrate on one of the most central debates regarding the politicization of senior civil servant appointments – i.e. county governors and secretaries general in ministries. The fifteen county governors and currently eleven secretaries general are some of the highest ranking civil servants in Estonia. Both have been the subject of extensive discussions regarding whether they should be party political appointments or politically neutral career officials. For some time the viewpoint was that they were supposed to be neutral. More recently, county governors have become subject to much more partisan appointments.

According to the Government of the Republic Act as amended in March 2004, the county governors are appointed by the government after being nominated by the Minister of Regional Affairs. Additionally, the prospective appointees have to get an endorsement from the county organization of local governments, since the governors were seen as both representatives of central government at the county level and vice versa. Some of the nominees supported by the government have at times failed the latter test. However, the consent of local governments is not seen obligatory, or in other words, they are not seen to possess a direct veto power over nominations.

Open public competition for county governor vacancies was introduced in 2004. The move followed tensions in the government over appointments that had led to a situation when most counties were run by acting governors (appointed for three months by the prime minister).<sup>28</sup> It became quite obvious that the issue was related to ensuring the balance of appointments among the coalition partners. This trend became public, when in 2003 a the list of candidates supported by one of the coalition partners was published in an Estonian daily.<sup>29</sup> Furthermore, three county governors nominated by the Minister of Regional Affairs in October 2004 were members of the three parties which were part of the government coalition at that time.<sup>30</sup>

The status of secretaries general (permanent secretaries) of ministries has also been subject to political controversies. That became especially acute after the 1999 elections when the newly formed coalition replaced five secretaries general out of twelve in one month. Later, several of them successfully challenged the decisions in court. Thus, in December 2000 an amendment was introduced to the Public Service Act that enabled the government to replace secretaries general based on a minister's initiative if 'the cooperation between the two fails' but no less than one year after the investiture of a minister. However, despite contrary fears, waves of replacement did not occur at a time. In fact, only a total of two secretaries general were replaced through 2005.

To some extent the problem for ministers with non-partisan (or hostile) secretaries general was further eased by the introduction of the position assistant ministers in 2003.<sup>31</sup> Until then, the only political appointees in ministries were a couple of advisors; one of these advisors has commonly been not an expert on ministry's affairs, but has been means as a liason between ministers and their party headquarters and parliamentary faction. Given the sometimes large scope of Estonian ministries,<sup>32</sup> the ministers working with less cooperative secretaries general have faced a situation where they had little if any control over the work of ministry.

The more politicized nature of county governors as opposed to secretaries general is also reflected by looking at a rate of joining politics among the two groups. County governors have been entering politics very actively in recent years. For example, in 2005, seven MP-s and cabinet ministers were governors as late as in 2002. In other words, almost half of that time governors had since entered politics. The same applies to only one secretary general.

A related debate has addressed the restrictions on party membership for certain categories of public officials. In 1994, after intense debates and not unanimously, some restrictions were introduced: the Legal Chancellor and his or her advisors, higher civil servants of the State Audit Office, judges, prosecutors, police personnel, acting members of defence forces and border guards were barred from being members of political parties. In 2003, the restrictions were revoked (except for the defence personnel), but the changes were delayed until 2008. The amendments faced considerable opposition in parliament because it was feared that government may attempt to ‘partify by force’ the officials in question. On the one hand, the amendments do increase the personal freedom of public officials to organize politically, but on the other hand, doubts remain whether Estonian political culture is sufficiently advanced so that the independence or impartiality of judges or police personnel can be maintained.

## **Conclusion**

The preceding discussion may leave an impression that close connections between political and administrative elites are not justified from a normative perspective. While this is probably true for many cases of partisan patronage, the circulation of elites and the appointment of people with a political background may sometimes be justified and good for a country. As noted above, in Estonia the circulation has more frequently occurred in the direction of political parties recruiting candidates from administrative circles. By doing so, the parties and their policies clearly benefit from the expertise brought in. On the other hand, a small country civil service can sometimes not afford to be selective just because of people’s partisan background as that may lead to recruiting non-partisan people with poorer skills, knowledge or experience.

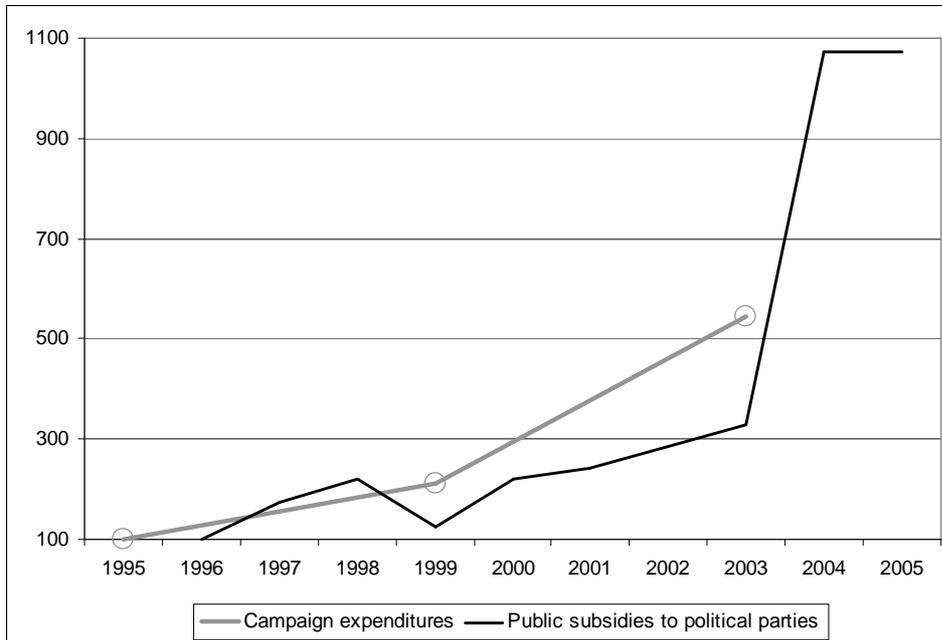
Whatever the normative implications, this article has demonstrated a close and strengthening relationship between political parties and the state in Estonia. That has been visible on different arenas. First, in terms of parties’ legal status, there has been a clear movement from parties being conceived of as slightly specific NGO-s to a conception of them

being a part of 'democratic infrastructure'. There regulation of parties' internal life has increased – exemplified by strict membership requirements – and almost an exclusive role in national elections has been granted to political parties. Secondly, since the introduction of public financing in 1996, Estonian parties have grown markedly reliant on public subsidies. The subsidies have also been strongly biased in favour of larger parliamentary parties – the ones also 'closest' to the state due to the more prominent role they play in governing coalitions. The recent ban on corporate donations has cut off the alternative source of financing that dominated much of the post-independence period and substantially helped a recent new party (Res Publica) to emerge.

Thirdly, the circulation of individuals between senior administrative and political positions has been notable. Interestingly, parties' recruitment of civil servants to fill political positions has been more common than has been the nomination of political elite into administrative offices. Both of these can be instances of party patronage and there are good reasons to believe that it has been occurring. However, not necessarily are such close ties related to patronage in a traditional and entirely negative sense. A good deal of it can be attributed to the legacies of communism and the recent building up of many state institutions in Estonia. Much of the Soviet-time cadre of civil servants was widely regarded as unreliable and unskilled for serving the independent nation. They were often replaced by those with relatively little experience, yet politically trusted. The same applies even more to a host of institutions that had to be built up from scratch. Later, some of them had to leave the offices as their political masters changed. However, some became virtually irreplaceable due to unparalleled experience gained during their term in office. In a way, they were also 'helped' by the small size of the country, that coupled with the communist history and only recently achieved independence has implied a weak or lacking reserve cadre for civil service. These people often formed a basis on which a more or less non-partisan system of professional civil service could be established. However, as the latter sections of the article show, the political neutrality of some categories of senior civil servants has been rather prone to changes. While in mid-1990s secretaries general of ministries were subjects to clearly politically motivated appointments and withdrawals, they have become clearly less partisan by 2005. There had been an opposite tendency regarding the country governors, who have effectively become party political figures.

## Figures and Tables

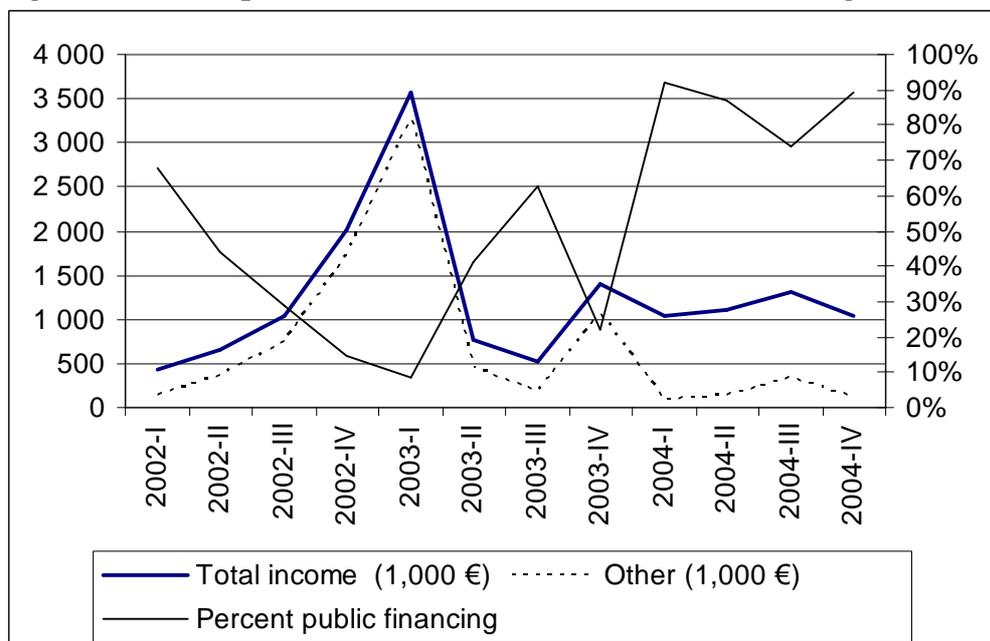
**Figure 1 Reported Campaign Expenditures and Public Funding of Political Parties, Estonia, 1995-2004 (1995, 1996=100)**



Note: Parliamentary elections took place in March 1995, 1999 and 2003, indicated by dots.

Source: Sikk, Allan (2004). 'Party Financing Regimes and Emergence of New Parties in Latvia and Estonia', paper presented at the ECPR Joint Session of Workshops, Uppsala 13-18 April, updated.

**Figure 2 Total Reported Income and Percent Public Financing 2002-4**



Source: Author's calculations based on party financial declarations.

Note: Only parliamentary parties as of 2005.

**Table 1 Public Subsidies to Political Parties, Estonia 1996-2004**

	1996	1997	1998	<b>1999</b>	2000	2001	<i>2002</i>	<b>2003</b>	2004	<i>2005</i>
Million euro	<u>0.32</u>	0.64	0.84	<b>0.54</b>	1.02	1.28	<u>1.28</u>	<b>1.28</b>	3.83	<u>3.83</u>
€ per registered voter*	<u>0.40</u>	0.81	1.07	<b>0.63</b>	1.19	1.49	<u>1.49</u>	<b>1.49</b>	4.46	<u>4.46</u>

Note: in bold – the years of parliamentary elections, in italics – the years of local elections

Sources: Mikser, Sven (2001). 'Eesti kogemus erakondade rahastamisel,' *Riigikogu Toimetised* 4, pp. 22-26, State Budget Law 2003, 2004 and 2005.

\* – in 1995, 1999, 2003.

**Table 2 Career Patterns of Political and Administrative Elite**

Career pattern	Number (percentage*) of persons	Percent cabinet ministers therein
P	295 (–)	23
P→A	13 (20)	33
A→P	37 (57)	43
P→A→P	6 (9)	67
A→P→A	7 (11)	83
P→A→P→A	1 (2)	100
A→P→A→P	1 (2)	100
Total	360 (100)	48

Source: Calculations based on author's database. For overview of the database, see text.

Note: This table excludes high positions in public universities and political advisors.

\* – within persons (65) who have been both in administrative (A) and political positions (P).

**Table 3 Experience with Contesting Elections, Senior Civil Servants in 2005**

Category	Contested		Total
	... parliamentary elections (1992-2003)	... local elections (1993-2005)	
Secretaries general	1 (9%)	3 (27%)	11
Deputy sec's general	2 (5%)	11 (28%)	39
County governors	4 (27%)	9 (60%)	15
Heads of executive government agency ( <i>amet</i> )	3 (14%)	6 (27%)	22
Total*	11 (11%)	33 (34%)	98

\* – including some civil servants not listed in above categories.

Source: author's database.

## Notes

<sup>1</sup> Richard S. Katz and Peter Mair, 'Changing Models of Party Organization and Party Democracy: The Emergence of the Cartel Party', *Party Politics*, Vol.1 (1995), pp.5-28.

<sup>2</sup> Herbert Kitschelt, 'Citizens, Politicians, and Party Cartellization: Political Representation and State Failure in Post-industrial Democracies', *European Journal of Political Research* Vol.37 (2000), pp.149-79 and Ruud Koole, 'Cadre, Catch-all or Cartel? A Comment on the Notion of the Cartel Party', *Party Politics*, Vol.2 (1996), pp.507-23.

<sup>3</sup> Ingrid van Biezen and Petr Kopecký, 'On the Predominance of State Money: Reassessing Party Financing in the New Democracies of Southern and Eastern Europe', *Perspectives on European Politics and Society*, Vol.2, No.3 (2001), pp.401-29, Michal Klíma, 'Consolidation and Stabilization of the Party System in the Czech Republic', in Richard Hofferbert (ed.), *Parties and Democracy* (Oxford: Blackwell, 1998), pp. 70-88 and Aleks

Szczerbiak, 'Cartelisation in Post-Communist Politics: State Party Funding in Post-1989 Poland', Perspectives on European Politics and Society, Vol.2, No.3 (2001), pp.431-51.

<sup>4</sup> Ingrid van Biezen and Petr Kopecký, 'The state and the parties: Public funding, public regulation and party patronage in contemporary democracies', paper prepared for the conference Political Parties and Political Development, National Democratic Institute, Washington DC, 31 August 2005, Ingrid van Biezen, 'Political Parties as Public Utilities', Party Politics, Vol.10, No.6 (2004), p: 701-22 and Anna Grzymała-Busse, 'Political Competition and the Politicization of the State in East Central Europe', Comparative Political Studies, Vol.36, No.10 (2003), pp.1123-47.

<sup>5</sup> The term has been proposed in Ingrid van Biezen, 'Political Parties as Public Utilities'.

<sup>6</sup> Tiina Randma-Liiv, 'A Small Civil Service in Transition: The Case of Estonia', Public Administration and Development, Vol.21 (2001), pp.41-51.

<sup>7</sup> Ingrid van Biezen and Petr Kopecký 'The state and the parties...'

<sup>8</sup> Tiina Randma-Liiv, 'Small states and bureaucracy: Challenges for Public Administration', Trames, Vol.6 (2002), pp.374-89.

<sup>9</sup> At the time of writing, the its fortunes have turned and the party is struggling near the five per cent threshold in opinion polls.

<sup>10</sup> Although ethnic Russians comprise more than a quarter of Estonia's population, the ethnic dimension has faded in party politics after 1999. Currently there are no ethnic Russian parties in the parliament. Most major parties also try to mobilize ethnic Russian voters.

<sup>11</sup> Interestingly, when presenting the draft Act to the parliament, the Minister of Justice linked the special and semi-public status of political parties to the fact that other NGO-s do not receive subventions from state budget.

<sup>12</sup> That has mostly been motivated by the fact that the elections in many smaller municipalities have been fought mostly or even exclusively between electoral coalitions. Indeed, in municipalities with only a few thousand voters, there would be a contradiction between the membership requirement for political parties and ensuring genuine political competition. The amendments to the Local Elections Act were also criticised as an to 'partificate' the last corners of the country by force. The criticism was fuelled by the fact that coalitions were outlawed only six months before the 2002 local elections.

<sup>13</sup> When the lists became public, many people found themselves listed without being aware of their membership. They were normally deleted from the lists. However, many probably remain ignorant even of the fact that the lists are public and have not checked them (it is only possible over internet). Not too much trust should be put into the membership lists. Some parties with the required number of members have failed to put forward their lists in any elections. Also, there has been a party with a voter-membership ratio below one – despite fulfilling the membership criterion, the Russian Party in Estonia won less than a thousand votes in 2003 parliamentary elections.

<sup>14</sup> Tiina Randma-Liiv, 'A Small Civil Service in Transition...'

<sup>15</sup> The number of inhabitants was 1,347,510 in 2005 (Statistical Office of Estonia, <http://pub.stat.ee/px-web.2001/dialog/statfileri.asp>, accessed 18 June 2005). Considerable portion of adults are non-citizens of Eastern Slavic origins and the number of adult citizens was therefore only 859,714 in 2003 (Vabariigi Valimiskomisjon [Estonian National Electoral Committee], <http://www.vvk.ee/>, accessed 30 October 2005).

<sup>16</sup> See Paul Sutton, 'Political Aspects', in C. Clarke & T. Payne (eds.), Politics, Security and Development in Small States (London: Allen & Unwin, 1987), pp. 3-25 and Tiina Randma-Liiv, 'Small states and bureaucracy...'

<sup>17</sup> Very little assistance to farmers has existed in Estonia prior to accession to the EU, excepting for the relatively ad hoc support in case of drought or other adverse climate conditions.

<sup>18</sup> The ministries of agriculture and environment and their agencies have received their share of attention regarding partisan-based nominations (Hindrek Riikojä, 'Rahvaliitlased on võtnud enda kätte põllumajandusvaldkonna juhtimise', Postimees, 31 October 2005).

<sup>19</sup> Until the Political Parties Act of 1994, the parties were registered according to the Civic Unions' Act, and were not differentiated from other NGO-s.

<sup>20</sup> That also led to the provision that Estonian parties could not form sub-units abroad, as the formation of Russian parties' divisions in Estonia was feared.

<sup>21</sup> See Ülle Madise and Allan Sikk, 'Die Institution der politischen Partei in Estland', in Tsatsos, Schefold, Morlok and Schneider (eds.), Parteienrecht im europäischen Vergleich, Die Parteien in den demokratischen Ordnungen der Staaten der Europäischen Gemeinschaft, 2nd Edition (Baden-Baden: Nomos, 2006, forthcoming).

<sup>22</sup> For an empirical analysis of such practices in Hungary see Meyer-Sahling, this issue

<sup>23</sup> Tiina Randma-Liiv 'Small states and bureaucracy...', p. 39

<sup>24</sup> The latter two only covers cases when the person has also served in national political office at other times.

<sup>25</sup> However, it could be argued that the reasons for civil servants to enter politics may be more complex, including the possibility of being afraid of losing position after a change in government when they stay politically neutral or appear to be on the ‘wrong side’ of political divides.

<sup>26</sup> That mostly covers more recent cases, and one may expect some joining the civil service again in the future

<sup>27</sup> ‘Reformierakond pakub Ignar Fjukki riigikontrolõriks’, Eesti Päevaleht, 28 August 2002, ‘Reformierakond pakub Tiit Käbinit õiguskantsleriks’, Eesti Päevaleht, 22 November 2000.

<sup>28</sup> Regional minister threatened to resign over the issue, as the prime minister did not at times discuss the nominations of acting governors with him (Kalle Muuli, ‘Minister Jaan Õunapuu ähvardas ametist lahkuda’, Postimees, 5 December 2003).

<sup>29</sup> Ibid.

<sup>30</sup> ‘Õunapuu esitab kolm maavanema kandidaati’, Eesti Päevaleht, 8 October, 2004.

<sup>31</sup> As of October 2005, four assistant ministers were serving in Estonian ministries.

<sup>32</sup> Estonia has a total of eleven ministries. The latest merger included ministries of economics, and transport and communications.