European Elections monitor

General Elections in Estonia: a more uncertain election than forecast

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Analysis

Abstract :
979 910 Estonians are invited to vote on 1st March next to renew the 101 members of the *Riigikogu*, the only chamber in Parliament. These general elections are being held one year after the resignation of Andrus Ansip (Reform party, ER), who led Estonia for 9 years (2005-2014). Following the withdrawal of the head of government a new government coalition was formed. This combined the Reform Party and Sven Mikser's Social Democratic Party (SDE) which is led by Taavi Roivas.

876 candidates from 10 parties i.e. +67 in comparison with the last general elections on 6th March 2011, and 13 independents (-19) are running in this election. Only six parties are presenting a list of 125 names: the Reform Party, the Centre Party (K), the Social Democratic Party, Pro Patria and Res Publica Union (IRL), the People's Conservative Party (EKRE) and the Free Party of Estonia.

76,488 Estonians living abroad are allowed to vote in these elections i.e.+26 838 than four years ago. Early voting will take place between 19th and 25th February next.

Issues like defence (in the light of the war in Ukraine), living standards and as a result, wages are the main themes in the electoral campaign.

The war in Ukraine, Russian military manoeuvres and bellicose declarations on the part of Russian President Vladimir Putin have rekindled Estonian fears about Moscow's intentions in the Baltic States. "*We have to be sure that dissuasion is adequately high so that it becomes unthinkable for Russia to go beyond Ukraine*," declared Prime Minister Taavi Roivas. According to a poll by Saar Poll only 5% of the Estonians fear that a war will break out between their country and Russia, 21% believe it is possible. Six Estonians in ten (61%) and almost all of the Russian-speakers (92%) do not believe there will be open conflict between Tallinn and Moscow.

On 5th September, two days after Barack Obama's visit to Tallinn, Russia's domestic security services arrested Eston Kohver. A member of the Estonian domestic security services and responsible for monitoring criminal groups suspected of smuggling on the Russian-Estonian border, Mr Kohver is now in prison in Moscow accused of spying and risks a 20 year prison sentence.

The electoral campaign started on 21st January last.

AFTER NINE YEARS IN OFFICE THE REFORM PARTY IS STILL ESTONIA'S LEADING FORCE

The Reform Party has been in office in Estonia since 2005. It likes to show that it is a competent party doing its best to manage the country. In support of this it can use the economic indicators as a support: growth of 2.7% (2% forecast in 2015); the government debt lies at 10.4% of the GDP (the lowest in the euro zone – 96% on average and 85,4% in the EU) and the government debt is negative (- 0.1% against 3.3% on average in the EU). Finally unemployment affects 6.9% of the working population.

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The government's finances are carefully managed and the business environment, which is very positive, was further strengthened after the adoption of the euro on 1st January 2011. In 2015 Tallinn is ranked 8th (2nd European country after Switzerland, and leading EU country) in the Economic Freedom Index established yearly by the *Wall Street Journal* and the Heritage Foundation. Estonia, ranked 11th last year but has improved its results by reducing corruption and by giving greater protection to work and corporate freedom.

The country is well established in high value added sectors (electronics, ITCs). It remains however extremely dependent on external demand, notably from Europe. In 2012 Estonia was the second most open country of the 28 EU Member States (92% of the GDP) after Slovakia (93%).

The 2015 budget was approved on 10th December last. The deficit totals 101 million € (73 million last year). This should make it possible to increase defence spending and to reduce income tax slightly before the elections on 1st March.

The Reform Party wants to build "*a Nordic, liberal Estonia*." "*We want Estonia to be acknowledged as a Nordic country. A country with Nordic living standards and security, guiding the world, a leading country in terms of individual freedom and economic security*," declared Prime Minister Taavi Roivas on 17th January. This new national project comes after that of E-stonia involving the country's digital revolution (Estonia is the most digitalised country in the world [1]) and the project led by the previous Prime Minister Andrus Ansip, who promised to make Estonia one of the wealthiest nations in the world within the next fifteen years.

The Reform Party, which is liberal, now has a wider electoral base. Amongst its main proposals are a suggested 2% reduction on social charges, a 300€ increase in tax exempted revenue and the allocation of a 300€ bonus for the third child. The allocation paid for the first and second child was increased by 45€ on January 1st. The sum for the third child totals 100€. The Reform Party maintains that this measure will cost 70 million € and will benefit 17,000 families.

The project does raise a few questions however. For example, a family with three children will receive 390€ monthly (not subject to taxation), i.e more than the minimum monthly salary of 355€).

The Reform Party, which previously governed with the Pro-Patria-Res Publica Union and presently leads the country with the Social Democratic Party refuses any type of alliance with the Centre Party, which it deems supports the Kremlin. "*The party's ideology in terms of security will never change as long as Edgar Savisaar chairs the Centre Party. It will not become a pro-Estonian movement and will never share our values,*" indicates Prime Minister Taavi Roivas.

HAS THE CENTRE PARTY MISSED ITS OPPORTUNITY?

The Centre Party has chosen to rally behind its leader Edgar Savisaar (he has led the party since 1991), a choice that undoubtedly means four more years on the opposition benches since all of the other parties have ruled out any alliance with the centrist leader. The centrists preferred Edgar Savisaar to Kadri Simson, the group's leader in the Riigikogu, to lead their electoral campaign when they voted on 13th October.

Given this the party can make all the promises it likes knowing that it will not have to honour them. It is demanding an increase in the minimum wage for it to total 1000€ this year. It believes that this measure, the financing of which remains obscure – would help to counter emigration (rising continually since the end of the 2000's). It has made this measure along with employment and living standards its three main themes in the elections.

Edgar Savisaar believes that implementing his programme would make the Estonian economy grow two to three times faster than the European average. He also wants to reduce income tax (which he wants to make progressive; its present rate lies at 21%) and

1. *Since 1st December the Estonian government has been offering any foreigner who so wishes to become an e-resident in order to take advantage of the thousands of on-line services already used by the Estonians .*

more generally he would like to restructure taxation, develop the healthcare sector and develop exports. The Centre Party has three assets according to its leader: free public transport, a measure it introduced in Tallinn, that "*everyone believed to be impossible and a recipe for disaster*"; the construction of council housing and the creation of jobs. "*Whilst everyone told us that only the market could create jobs, in Tallinn we have created jobs and maintained the town's attractiveness and the population continues to believe*," indicates Edgar Savisaar.

Edgar Savisaar criticises the Reform Party for focusing too much on security rather than the lives of the Estonians. The centrist leader – who is criticised for his pro-Russian position believes that there is consensus on the issue of national defence and that this must not be an electoral stake.

THE OTHER PARTIES

Although Social Democratic leader Sven Mikser might claim that Edgar Savisaar is not to be feared he refuses to cooperate with the Centre Party. "*There was a short glimmer of hope that the Centre Party might become a coalition partner when Kadri Simson and Juri Ratas tried to replace Edgar Savisaar as the party's leader but that hope faded as quickly as it came*," declared the Social Democratic leader at the beginning of January repeating the "*Centre Party's problems are mainly caused by its present leader.*" The Social Democratic Party is also against any alliance with the Pro Patria-Res Publica Union.

The economic and social situation are the true issues at stake in the election in Sven Mikser's opinion He believes that Estonians favour the development of a more social policy as proved by Pro Patria-Res Publica Union which now supports progressive income tax and by the Reform Party which is in favour of family allowance.

The Social Democratic Party is suggesting an increase in the minimum wage to 800€ over four years. It is planning to compensate businesses via a three point reduction in social charges (from 33% to 30%) on businesses that are outside of Tallinn (the minimum wage is implemented in rural areas especially). Although the project might be beneficial economists believe that it would benefit the smallest wages to the detriment of those who earn slightly more. Moreover although the government can modify taxes it cannot do the same unilaterally to wages: the minimum wage is the result of negotiation between the government, the unions and the business owners organisations.

Pro Patria-Res Publica (IRL), whose slogan in the electoral campaign *"a better tax system, better education, better jobs and a better wage,"* believes that economic security is the leading stake in the electoral campaign, followed by improving workers' living standards.

The party is proposing to exempt those earning under 500€/monthly from income tax, a measure that it has estimated at 120 million €. This figure is being challenged by the Reform Party which estimates it to be double that figure, 250 million €. Pro Patria-Res Publica has not put forward a convincing plan of how it would finance its project. Economists are sceptical about the advantages of this measure and maintain that the average Estonian would not benefit much from it: someone being paid a median wage would earn an additional 33€. In their opinion the most one might get out of the proposal would be 72 €.

Former Prime Minister (2003-2005) Juhan Parts was unanimously appointed to be Pro Patria –Res Publica's candidate for the post of Prime Minister. The party is counting on new personalities in the election. Hence journalist Anvar Samost, a host on ETV, Maire Aunast and former General Manager of the domestic security services Raivo Aet joined the party – the latter because of the war in Ukraine and the importance of the issue of security.

The parties have all brought in new faces for the election: the former chiefs of staff of the army Ants Laaenots and Johannes Kert, economist Maris Lauri and the head of the music radio channel Raadio2 Heidy Purga are running on the Reform Party's lists; Mihkel

Raud, musician and TV host and Silver Meikar, a former Reform Party MP (1997-2012) which he left after involvement in a scandal, are running for the Social Democratic Party.

The People's Conservative Party (EKRE), founded in 2012 after the merger of the People's Union and the Patriotic Movement led by Mart Helme and presently not represented in parliament has made the fight to counter emigration one of its main themes. It is promising to introduce a "remigration" agency to enable Estonians who have left the country to come back; the agency would help them find work, continue their education and find accommodation.

The Greens led by Aleksander Laane, is promising to bring 100,000 people out of poverty, to reduce emigration and to increase the birth rate. The subject is a difficult one in a country that lost 3,600 citizens in 2014 (the Baltic Republic has a population of 1,312,300).

THE ESTONIAN POLITICAL SYSTEM

The Riigikogu, the only chamber in Parliament comprises 101 members elected every four years in a proportional voting system within 12 multi-nominal constituencies, comprising a minimum of 6 seats and a maximum of 13. The voting method is proportional and voters can choose the order in which to place the candidates on their voting slip.

For the distribution of seats a quota is established for each constituency by dividing the number of valid votes by the number of MPs allocated to the constituency. Any candidate who wins a number of votes higher than that quota is declared elected. The seats that are not attributed within the constituency, called compensation mandates, are distributed according to the modified d'Hondt method between the parties whose candidates have won at least 5% of the total national votes cast.

Candidates can run under a political party or with the support of the electorate. To be a candidate the minimum age is 21 and a deposit of 355€ has to be paid (ie the equivalent of the country's minimum monthly wage), which is returned if the number of votes won is equal to half of the constituency's quota or if the party to which the person belongs wins at least 5% of the vote on a national level.

The partisan system resembles the Scandinavian one and is split into four trends of almost equal importance: the conservatives, the liberals, the social-democrats, and the agrarians. Estonia is one of the rare EU Member States not to have either a far right or far left party of any significance.

FOUR POLITICAL PARTIES ARE REPRESENTED IN THE RIIGIKOGU AT PRESENT:

- the Reform Party (ER), of Prime Minister Taavi Roivas, appointed as head of government a year ago (26th March 2014) . The party was founded in 1994 by former chair of the Estonian Central Bank and former Minister (2002-2005) Siim Kallas, on the basis of two parties, (the National Coalition Party Pro Patria and the Liberal Democratic Party). it has 33 MPs;
- the Centre Party (K), the leading political party. Created in 1991, it is led by the current Mayor of Tallinn and former Prime Minister, Edgar Savisaar. It lies to the left of the political scale the party is extremely popular amongst the Russian speakers and has 26 seats;
- Pro-Patria Union -Res Publica (Res), an alliance of two liberal parties founded on 4th June 2006 and led by Urmas Reinsalu; it has 23 MPs
- the Social Democratic Party (SDE) formerly the People's Party Moderates (M), created in 1990 and party of the present President Toomas Hendrik Ilves. It has been led since 16th October 2010 by former Defence Minister Sven Misker; it has 19 seats

In Estonia the President of the Republic is elected for five years by indirect suffrage, i.e. by the parliament, (if the MPs do not agree on a name) by an electoral college rallying the 101 members of Parliament and the representatives of the local councils. Toomas Hendrik Ilves was elected as Head of State for his second mandate at head of State on 29th August 2011 in the first round of voting. He is the first President of Estonia to have been elected by Parliament since 1996 when the present system was introduced.

Reminder of the general election results on 6th March 2011 in Estonia

Turnout : 63,50%

Political Parties	No of votes won	% of votes	No of seats
Reform Party (ER)	164 255	28,60	33
Centre Party (K)	134 124	23,30	26
Pro Patria-Res Publica Union(IRL)	118 023	20,50	23
Social Democratic Party (SDE)	98 307	17,10	19
Greens	21 824	3,80	0
People's Union	12 184	2,10	0
Russian Party of Estonia	5 029	0,90	0
Christian Democratic Party	2 934	0,50	0
Independence Party	2 571	0,40	0
Independents	15 882	2,80	0

Source : Estonian Electoral Commission (http://www.vvk.ee/varasemad/rk2011/election_result.html)

According to a poll by TNS Emor for the daily *Postimees*, the Reform Party is due to win the general election on 1st March. With 25% of the vote it is due to pull ahead of the Centre Party that is due to win 22%. The Social Democratic Party is forecast to win 18% and Pro Patria-Res Publica 15%. According to the pollster three quarters of the Russian-speakers (72%) vote for the Centre Party support for which has been declining over the last few years. Slightly under a quarter (22%) of them opt for the Social Democratic Party.

"*The Estonians who believe that they have succeeded vote for the Reform Party; those who feel mainly patriot go for Pro Patria-Res Publica; those who are sensitive to the socio-economic situation vote for the Social Democratic Party and finally those who feel underprivileged vote for the Centre Party*," explains Eiki Nestor (SDE), leader of parliament in the daily *Postimees*.

The People's Conservative Party (EKRE) is credited with 5% of the vote and the new Free Party of Estonia, created on 20th September last and chaired by former Pro Patria-Res Publica member Andres Herkel, 8%. More parties than unusual might therefore rise above the 5% threshold required to enter parliament. This result might upset the present balance to the point of preventing the re-election of the coalition comprising the Reform Party and the Social Democratic Party.

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