

ELECTION BRIEFING No 62 EUROPE AND THE ESTONIAN ELECTION OF MARCH 6 2011*

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Key points:

- The 2011 national elections in Estonia produced a more coherent party space with only four parties represented in parliament.
- The centre-right governing coalition gained in votes and commanded a comfortable majority in the new parliament.
- The Social Democrats almost doubled their seat share.
- The biggest opposition party, the Centre Party, lost votes for the first time in its history, partly due to a funding scandal involving the party leader.

Background

The 2011 election brought a couple of noticeable changes to Estonian politics, but most of these were already expected before the elections. The 2009 European Parliament (EP) elections, where governing parties lost votes amid economic depression,¹ turned out not to be a signal for what would happen in the national election one-and-a-half years later. Just before the EP elections, the Social Democrats had left a three-party coalition including the liberal Reform Party and the conservative Pro Patria and Res Publica Union that had been in office since 2007. Specifically, the Social Democrats were not able to agree on painful budget cuts amid the economic crisis and feared that going along with the cuts would not go down well with their voter base. Without them, the government had no longer a majority in parliament. The side product of the run up to the EP elections was, therefore, the creation of a minority government with shrinking popularity ratings at a time of severe economic downturn. However, the government, headed by Andrus Ansip (Reform Party) stuck with its chief goal of introducing the euro and continued its austerity measures to stay within the Maastricht

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¹ See: Allan Sikk, 'The 2009 European Elections in Estonia', *European Parties Elections and Referendums Network Election Briefing No 41* at <http://www.sussex.ac.uk/sei/documents/epernep2009estonia.pdf>.

criteria. In the first half of 2009 alone, two negative budget cuts were adopted, the last one two days after the EP elections on June 16 and the finance minister Jürgen Ligi (Reform Party) suggested in August that same year that a third one might be necessary. The economy continued to contract throughout the year with GDP shrinking by 14.1% in comparison to 2008. The only positive note was that the pace of contraction had started to slow by the end of the year. Things were looking even bleaker in the labour-market with unemployment continuing a steady climb throughout 2009 and reaching 19.8% in the first quarter of 2010. The government's gamble with euro adoption, however, looked to be paying off, as economic decline turned into a small growth in the second quarter of 2010. As the downturn had, at least briefly, eliminated the endemic high inflation problem in Estonia, and the small budget deficit of 1.7% was within the Maastricht limits, a positive decision on joining the euro area was eagerly anticipated in summer 2010. The European Commission recommended Estonia's membership in its May 12 report and the euro zone finance ministers approved the bid to join on the June 18. Though unemployment was still stubbornly high, the economy showed clear signs of improving and GDP had grown by 3.1% by the end of 2010. A debate whether the euro had come at too high a price, with budget cuts cooling the economy and raising unemployment, didn't really take off due to the wide consensus about the necessity of joining the euro area. The minority government hoped to capitalize on this and went into the campaign on a high note of new founded economic growth that, it was hoped, would lead to reduced unemployment levels. To a certain degree this was the case as, by the end of 2010, unemployment had declined to 13.6%.

Considering the depth of the economic slump, continued high unemployment and fears of a price hike connected to the euro, opposition parties should have had an easy job in challenging the government. The Social Democrats had been a vocal opposition after leaving government in 2009 and had installed a new party leader, Sven Mikser, on the October 16 2010. Mr Mikser had started his political career in the Centre Party (a big, populist centre-left party) and had moved quickly up the ranks to become defence minister for a brief period in 2002-2003. By 2004 he had clashed with the authoritarian style of party leader Edgar Savisaar and joined the Social Democrats the next year. Mr Mikser's election as party leader was considered a wise move. It was hoped his young age (37) and good debating skills would give a more vibrant appearance to the Social Democrats and broaden their electoral appeal among younger voters.

The biggest opposition force, the Centre Party, had a nasty surprise when on December 16 the biggest national daily *Postimees* broke a story that Mr Savisaar had asked for funds for his party from Vladimir Jakunin, the head of the state-owned Russian Railways company. Mr Savisaar had met Mr Jakunin to ask for funding for a Russian Orthodox church being built in Tallinn at that time. *Postimees* had gotten wind of a report by the Estonian Security Police claiming that, besides discussing the financing of the ongoing church construction, Mr Savisaar had also asked for 1.5 million euros, some of it in cash, for the Centre Party. Mr Savisaar confirmed the facts regarding the church, but denied asking for any money for his party. What followed was a uniform condemnation of Mr Savisaar by all other political actors and his fall was considered imminent. The Social Democrats, who had been in coalition with them in the capital Tallinn, left and the two governing parties at the national level stated that they would not co-operate with the party as long as Mr Savisaar headed it. As no real money had changed hands, no real crime had been committed, and no formal criminal proceedings followed. The details of the case however, remained very murky and Mr Savisaar was not convincing in his denials nor did he file a defamation suit which would have forced the Security Police to open their reports in court. His opponents called for him to go and some

prominent Centre Party members suggested that he should step aside until the facts have been cleared to limit damage to the party. The Centre Party had been in financial trouble throughout 2010 with its accounts frozen for a brief period in March and one creditor asking for it to be declared bankrupt in April. The party entered the campaign with a leader whose reputation was severely tainted and its financial coffers drained.

The two smaller opposition parties, the People's Union and the Greens, had their fair share of problems that sealed their fate on election day. The People's Union, a rural party which had been in numerous governments before, suffered a severe leadership crisis in the second half of 2010. The old party leader Villu Reiljan had been convicted on corruption charges in May 2009 and another high-ranking former minister was in the middle of a similar court case. There was speculation of the party joining with the Social Democrats or the Centre Party, but these options were voted down by a party conference convened for that purpose. This, in combination with unsuccessful attempts at finding a suitable party leader, started a steady exodus of well known rank and file members. This meant it was facing the 2011 campaign with no clear leadership structures and no nationwide established names on the candidate list.

The Greens didn't fare better. The party had been the surprise newcomer in the 2007 elections gaining 7.1% of the nationwide vote. With the newness argument gone they couldn't, however, repeat the same success in the 2009 European nor subsequent local elections. The party was also facing its own internal scandals. A falling out between leading members led to the expulsion of two dozen active party members in May 2010. This decision was successfully challenged in court with the leadership having to fend off accusation that they tried to purge the party of opposing opinions. The party's reputation was tainted and its claim to being the only democratically run party in Estonia exposed as mere rhetoric. The Greens had also tacitly supported the minority government after the EP elections. This came at a cost, however. They managed to extract concessions regarding environmental policies in exchange for supporting the government on a list of contentious issues such as budget cuts. This behaviour was attacked by other opposition parties and was portrayed as spineless conduct in the media. The Greens, therefore, managed to implement some of their environmental policies while technically in opposition, but showed themselves to be indifferent in regard to other policy fields and ready to vote with the government through simple exchange deals.

Opinion polls started forecasting a convincing win for the government already in late 2010. They also predicted that only four out of the six parliamentary parties would manage to cross the 5% nationwide threshold. Besides the possible end of two small parties another phenomenon received a lot of media attention. A surprisingly large number of 32 independent candidates registered themselves, among them some very well known names. Spurred on by the success of Indrek Tarand, who in the 2009 European elections had singlehandedly taken 25.8% votes,² they hoped to capitalize on the widespread anti-party sentiment and claimed that the political elites had become complacent with themselves. However, none of them had realistic chances of making it into parliament as the vote quota for a single candidate to get elected was prohibitively high. The Peoples' Union and especially the Greens tried to utilise the media attention on independents by adopting a strategy of including prominent names with no real political experience and no party membership in their candidate lists. The People's Union placed one of these in second place and even declared him to be their prime ministerial candidate. The Greens had a larger number of non-party members with high list positions. Though they tried to portray this as bringing much needed fresh faces and ideas into

² See: 'The 2009 European Elections in Estonia'.

politics and these candidates themselves tried to convey an image of ‘independents running on party lists’, it was widely interpreted as simply a strategy to stave off looming election disaster. Besides the six parliamentary parties and independent candidates, three small parties ran as well: the Russian Party, the Christian Democrats and the Estonian Independence Party. None of these had ever managed to cross the 5% nationwide threshold, nor did they on this occasion.

The Campaign

The campaign was far more subdued in comparison to 2007³ mostly due to lack of funds. Although parliamentary parties received state funding they also depended on private donations and took on loans during election times. Getting hold of these proved much more difficult this time around. For example, the election winner, the Reform Party, spent approximately 1,2 million euros in 2011, where as it had spent more than two million in 2007. On the opposition side, the Centre Party reportedly spent 490 000 euros on its 2011 campaign in comparison with 2.6 million euros in 2007.

The campaign slogans were dominated by the ‘incumbent versus challenger’ theme. The Reform Party’s chosen slogans was ‘Võid kindel olla’ (‘You can be sure’) focusing on the fact that its leader Andrus Ansip had managed to stay on as prime minister for the full four years of the legislative period. It emphasised the party’s economic expertise, stressing that the country had overcome the economic crisis under its leadership, adopted the euro in these difficult times and that the state finances were in order. It portrayed economic growth as the key that would help with job creation, more generous social benefits and higher pensions. The issue of tax cuts, already at centre of their 2007 campaign, was also prominent in 2011. The party promised to cap the social tax, to motivate the creation of more high paid jobs, and lower income tax. As the state budget ran a small deficit at the time and the party itself was running on a programme of fiscal conservatism tax cuts were promised ‘if the possibility arose’. All in all the list of measures intended to create a more liberal business environment clearly dominated over other parts of their electoral platform.

The other governing party, the conservative Pro Patria and Res Publica Union, built their campaign around three central pillars of a more social nature. First, a so called ‘mothers pension’ intended to compensate mothers for a possible loss in pension due to time spent away from the labour market. It envisioned an additional 13th average pension payment per year for women who have had at least two children. The broader idea was to motivate more women to give birth. The second major topic was free higher education, with the party promising to create more state funded study places at universities. The third central promise was to bring various utilities under control. It envisioned abolishing the land tax for private homes and lowering heating bills, for example. The party managed to make these issues very prominent, but it was also criticized for proposing expensive policy instruments, while at the same time promising tax cuts or playing with the idea of writing the requirement for a balanced budget into a law.

As the dominant opposition force, the Centre Party chose ‘Aitab!’ (‘Enough’) as its slogan and focused heavily on the need to end Reform Party rule. It tried to capitalize on the high unemployment and on the fact that, after a brief period of deflation, prices had begun to rise

³ See: Mikhel Solvak and Vello Pettai, ‘The parliamentary elections in Estonia, March 2007’, *Electoral Studies*, Vol 27 No 3, September 2008 pp574-577.

again in late 2010. It portrayed itself as a clear alternative to the liberal policies of the Reform Party and focused especially on the voter segment that had more difficulties coping with unemployment and high inflation. The party promised to introduce a progressive income tax in place of the current flat tax system that would benefit the lower income segment. It also wanted to create VAT exemptions for food items. The party promised to move Estonia towards a more egalitarian Scandinavian welfare state and blamed the government of only looking out for the interests of the richer population. It did, however, have to constantly fight off continuing accusations of not clearing up the scandal of allegedly asking for money from Russia and was effectively isolated by all the other parties, who ruled out any possible cooperation until Edgar Savisaar left the party rudder. However, this scandal didn't seem to dent the party's traditional strong standing among ethnic Russian voters.

The Social Democrats adopted a similar strategy to the Centre Party campaigning under the slogan 'Uus algus' ('New start') which represented both their new leader and a need to throw the current government out of office. Their stated goal was also a more caring Scandinavian society with less inequality. They envisioned a progressive tax system that would finance higher social benefits and a more differentiated system with tax exemptions for food items and medicine. A contentious issue that was picked up by the governing parties was their promise to introduce a car tax, currently lacking in Estonia. In general the Social Democrats had similar electoral promises to the Centre Party and openly admitted that they were programmatically close, but stated the pre-condition of Mr Savisaar resigning as party leader for any possible co-operation to occur.

The Greens ran a somewhat surprisingly anti-party campaign. Their chosen slogan was 'On aeg' ('It is time!') which was, however, not portrayed as a time for green politics, but a time to break the supposed stranglehold of the big parties on Estonian politics. As mentioned above, a lot of non-party members ran on the Greens' list and one of their campaign promises was to bring new thinking into politics through these non-partisans. Their platform focused on the need for more citizen involvement and criticized the current political elites for being complacent and self-interested. This, and the use of non-partisans with no prior political experience, was widely portrayed as a desperate attempt to make it over the 5% threshold as opinion polls had continually predicted their support ratings to be below that level. However they also emphasised green politics by stressing the need to raise environmental taxes for polluters and for state support for programmes focusing on energy efficiency and renewable energy sources.

The People's Union ran a campaign on their traditional topic of rural development and need to alleviate the big regional imbalances in Estonia. The party was, however, in disarray having lost many prominent members and could not clearly portray themselves as a strong enough force that would be able to make it into parliament and represent the interests of the rural population.

Results

As Table 1 shows, election night produced both expected and unexpected results. As Table 2 shows, turnout was 63% which was 2% higher than in the 2007 national election. The fact that, for the first time since regaining independence, only four parties managed to gain representation was anticipated based on the opinion polls. Neither the long established People's Union nor the young Green party managed to get anywhere near the 5% nationwide threshold. As these parties lost a large part of the state funding, they would most likely

disappear from the party landscape. Besides this, the results mirrored closely the well established ‘centre-right versus centre-left’ division that runs through Estonian politics; with no big gains for either side, but some reshuffling on the centre-left wing. Though the small gain in votes by the centre-right governing coalition was expected, it was below what was projected in the polls. The Reform Party got two additional seats though their nationwide vote gain was only up by roughly 1%. Pro Patria and Res Publica Union did better gaining four additional seats. The governing coalition, therefore, increased its seats share in the 101-seat parliament from 50 to 56, even though both ruling parties had been in government for the whole four year period which saw a double digit GDP fall and unemployment briefly reaching 19.8%.

Table 1. The elections to the Estonian parliament, March 2011

	2011		2007	
	Seats N (%)	Votes N (%)	Seats N (%)	Votes N (%)
Reform Party	33 (32.7)	164 255 (28.6)	31 (30.7)	153 044 (27.8)
Center Party	26 (25.7)	134 124 (23.3)	29 (28.7)	143 518 (26.1)
Pro Patria and Res Publica Union	23 (22.7)	118 023 (20.5)	19 (18.8)	98 347 (17.9)
Social Democrats	19 (18.8)	98 307 (17.1)	10 (9.9)	58 363 (10.6)
People’s Union	-	12 184 (2.1)	6 (5.9)	39 279 (7.1)
Greens	-	21 824 (3.8)	6 (5.9)	39 215 (7.1)
Russian Party	-	5029 (0.9)	-	1084 (0.2)
Christian Democrats	-	2934 (0.5)	-	9456 (1.7)
Estonian Independence Party	-	2571 (0.4)	-	1273(0.2)
Independents	-	15 882 (2.8)	-	563 (0.1)
Others	-	-	-	6071 (1.1)
Total	101 (100.0)	580 264 (100.0)	101 (100.0)	555 463 (100.0)

Note: Due to rounding the percentages do not add to 100.

Source: Estonian National Electoral Committee, www.vvk.ee

Table 2. Turnout and internet voting in Estonia

	Local 2005	National 2007	European 2009	Local 2009	National 2011
Turnout	47.4%	61.0%	43.9%	60.6%	63.0%
Total casted votes	502 504	555 463	399 181	662 813	580 264
Internet votes	9317	30 275	58 669	104 413	140 846
Internet votes as % of total casted votes	1.9%	5.5%	14.7%	15.8%	24.3%

Source: Estonian National Electoral Committee, www.vvk.ee

The results proved to be somewhat unexpected on the opposition side. First of all the big gain of nine seats by the Social Democrats was more than anticipated. They had managed to attract many well known names from the ranks of the People’s Union and it seems that this paid off in widening their appeal among the rural population. Part of this win was also attributed to

their leader Sven Mikser who had, in some circles, been portrayed as the new hope of the centre-left.

The loser was the Centre Party. Party leader Mr Savisaar ran in a district in the capital and achieved an all time record of 23,000 personal votes. Though there was no definite proof, it was speculated that the scandal regarding the Russian money had in fact mobilised his ethnic Russian supporters in his defence. His party, on the other hand, lost votes for the first time since its creation and not only in specific districts, but in nine of the twelve electoral districts in Estonia. The party dominated in the capital and, overwhelmingly, in the ethnic Russian dominated district of Ida-Virumaa where it got 57.9% of all the votes. It gained between 0.8-1.3 % of votes in these districts, but lost on average 4.4% in all others compared to 2007. This paradoxical situation, where the leader established a record, but the party lost out, left it in an awkward situation. Voices calling for Mr Savisaar to step down started to become more prominent in the party, but at the same time his supporters pointed to his strong personal mandate and favoured talking about the ‘stabilisation’ of party support instead of an electoral loss.

Independent candidates received a relatively large amount of votes when combined but none of them managed to secure enough to get elected.

Some technical features of voting also created headlines. Advance voting gained more popularity with 27.4% of all eligible voters using this option. More than half of the advance votes were internet votes and in the end these made up almost a quarter of all votes cast. Table 2 shows how the e-voting had been gaining significant popularity through elections. Though this option was well established, the growth of e-votes also brought added technical controversies. Independent candidates lodged a joint complaint with the electoral committee protesting the fact that some of them appeared at the end of district lists which could only be seen by scrolling down the e-voting web-page for that district. As this was a question of settings on some computers through which e-votes were cast the electoral committee did not consider it a violation of the electoral rules. This shows, however, that minor technical details might have influenced the number of votes for certain candidates.

Table 3. Internet voting by parties in 2011 elections

Party	Total votes %	Internet votes %
Reform Party	28.6	37.0
Centre Party	23.3	9.9
Pro Patria and Res Publica Union	20.5	25.3
Social Democrats	17.1	18.0
Greens	3.8	4.3
People’s Union	2.1	1.3
Others	4.6	4.2
Total	100.0	100.0

Source: Estonian National Electoral Committee, www.vvk.ee

There was a complaint lodged after the elections calling for the nullification of the e-vote due to the possibility of infection of computers with viruses that reported a cast vote even though this was not the case. The issue reached the Estonian supreme court’s constitutional review chamber, which ruled that the demonstration of a possibility to manipulate the vote was not sufficient grounds to nullify the vote and that actual documented manipulation would be needed to justify such a decision. Table 3 shows why this was a politically contentious issue.

Reform Party voters in particular choose this voting option, whereas the biggest opposition force, the Centre Party, received most of its votes through the traditional ballot box. This issue was bound to stay on the agenda as the e-voting option clearly made mobilisation of voters easier for some parties than for others.

Impact of European issues

The shockwaves going through the euro zone, and connected to that the future of the EU as well, would theoretically have been a hot topic in a country that had introduced the euro two months prior to the national election. This was, however, not the case in Estonia. It can partly be explained by the significant difficulties connected to the euro adoption. Admitting that this 'privileged' club might be in trouble, and seeing the looming doubts about the sustainability of the currency union, would have meant the effort of joining was to some degree in vain. The economic crisis had reached Estonia even before it struck worldwide, with the construction-led economic boom ending abruptly in late 2007 and turning into a proper recession in 2008. This brought high inflation under control, but created severe budgetary balance problems. In order to satisfy the Maastricht criteria, the government could not run a big deficit until economic conditions improved. The severe budgets cuts and shrinking public sector demand added to the economic misery besides the worldwide fall in demand. Some prominent economists and even a few business leaders started to voice doubts about the attainability of the euro in 2011 and suggested that the government start implementing counter-cyclical policies to stop the economy from shrinking further. This would have meant postponing the euro for a couple of years more. The government stuck to its course and was proven right by the positive decision on joining the euro zone in summer 2010.

As this was a done deal when the campaign for the 2011 elections started the issue of how and whether the euro should have been adopted at that particular time didn't really resonate anymore. The fact that the euro zone was undergoing its biggest confidence crisis at the same time was obviously registered, but it didn't really enter into the campaign debate. There were critical voices that claimed the country was boarding a sinking ship and would have to start providing assistance for the debt-burdened Southern members while being itself the poorest member in the euro zone. The finance minister Jürgen Ligi (Reform Party) dismissed these suggestions and claimed that, if anything, Estonia's membership would strengthen the financial conservatives in the euro zone. This was, however, not a noticeable debate in the campaign. The absence of these very serious issues was lamented by some, notably by a prominent banker Indrek Neivelt.

The electoral manifestos of all the parties mentioned the EU, but this did not amount to a substantive treatment of the topic and was limited to simple slogans about: the need for a strong EU, support for continuing the expansion of the EU and a pro-active membership of Estonia. Slightly critical tones could be detected in discussion of immigration to the EU, with the Reform Party mentioning a need for more secure Union borders. But, again, this was not really a substantive part of the campaign and had the distinct feeling of voicing an opinion on the matter because a respected political force had to mention the EU or topical European matters in their manifesto.

Future Prospects

The aftermath of the 2011 elections was most likely a pretty stable government that would last for the whole electoral period. Already during the campaign, both the Reform Party and the

Pro Patria and Res Publica Union made it known that they would like to continue in a government together as they had more in common than with the rest of the political forces. A new coalition agreement was signed on the April 4 2011 and, with a 56 seat majority in parliament, Andrus Ansip from the Reform Party looked set to become the longest serving prime minister as he had been holding this post since April 2005. The two-times former prime minister and current head of the Pro Patria and Res Publica Union, Mart Laar - who was not in the government during the 2007-2011 period- took the position of defence minister.

More interesting developments were expected among the opposition. First, there were two strong competing centre-left parties with the Social Democrats already claiming that their aim was to wrestle the main opposition role from the Centre Party. The Centre Party was however reeling from an election loss, and with all other parties saying that they didn't see any possibility for cooperation as long as Mr Savisaar was heading it, looked set to stay isolated until his departure. Internal opposition to Mr Savisaar was increasing, but removing him would prove difficult as his support was strong, especially among the ethnic Russian voter segment and in the capital. The longer this transition was drawn out the stronger the Social Democrats' position would become. As there were no really small parties anymore, it appeared that the centre-left side might be able to consolidate itself further and develop into a mirror image of the dominant centre-right wing, with two relatively strong parties on either side of the divide.

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This is the latest in a series of election and referendum briefings produced by the European Parties Elections and Referendums Network (EPERN). Based in the Sussex European Institute, EPERN is an international network of scholars that was originally established as the Opposing Europe Research Network (OERN) in June 2000 to chart the divisions over Europe that exist within party systems. In August 2003 it was re-launched as EPERN to reflect a widening of its objectives to consider the broader impact of the European issue on the domestic politics of EU member and candidate states. The Network retains an independent stance on the issues under consideration. For more information and copies of all our publications visit our website at <http://www.sussex.ac.uk/sei/1-4-2.html>.