Estonia's Transition to the EU

Twenty Years On

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THE POLITICAL AGENDA DURING DIFFERENT PERIODS OF ESTONIAN TRANSFORMATION: EXTERNAL AND INTERNAL FACTORS

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Introduction

In 2009 the majority of Europe’s post-communist countries are members of the EU and may now consider themselves to be modern capitalist societies. Yet, the mood of optimism and appraisal of post-communist achievements prevalent in the 1990s has turned into caution and criticism during the post-accession years. The well-known analyst of post-communist transformation, Jacques Rupnik, has even characterized the post-accession backlash in the Central and Eastern European countries as a ‘return to post-communism’ in which ‘the moral and political vacuum left by communism was fully exposed’ (Rupnik 2006). In the Baltic states, too, the years since EU and NATO accession have revealed that beneath the surface of extraordinarily high economic growth, society is tormented by unsolved political, economic and social problems. Despite having the fastest growing economies among the new EU members, the three countries still lag behind in the level and efficiency of social spending, and have the highest rates of ‘social diseases’, such as crime, drugs, HIV and suicides (Europe in Figures 2008; Heidmets 2007b; Lauristin 2003).

The controversies surrounding Estonia’s development can be well illustrated with reference to the divergent assessments of change held by the international community on the one hand, and by domestic media and public opinion on the other. Indeed, the political agenda of change, as well as its outcomes could be ‘read’ completely differently from the perspectives of external observers vis-à-vis internal, local participants (Lauristin & Heidmets 2002, pp. 23–4). For example, whereas from the
Soviet-era ‘competence’, has been mentioned as a factor facilitating the implementation of liberal reforms (Arias King 2003).

Authors who have critically analyzed political developments in the post-communist countries have pointed to the difficulty of establishing stable party systems, and fighting corruption and clientelism, as well as to the rise of populist conservative-nationalist political forces (Arter 1996; Berglund et al. 2004; Rupnik 2006). Estonia has not escaped any of these problems, although it has been formally recognized as a full and stable democratic system since the late 1990s and, comparatively speaking, has been deemed successful in many areas of democratic reform, displaying: a low level of corruption, stabilization of the party-system, consistency and predictability of economic policy, transparency in decision making, and the development of e-democracy (Johannsen 2006). The main areas of concern continue to be minority integration, public health and social protection policies. However, accession to the EU has played a positive role in terms of the supply of resources and opportunities for international networking in these fields.

One cannot underestimate the significance of cultural values, ideological visions, and popular beliefs as internal factors in post-communist development. The cultural and social background of political choices made in different post-communist countries deserves much more attention than is often acknowledged. Among cultural factors historical memories play a special role. As an explanation of the differences in the pace of post-communist developments in the three Baltic countries Zenonas Norkus has highlighted the stronger influence of the pietist ‘protestant scarcity’ tradition in Estonia, compared to the other Baltic countries (2007). Cultural aspects are also especially important in the formation of minority policies in Estonia and Latvia [see, for example, the comparison of the value structures of Estonia and Latvia’s majority and minority groups presented in Višalem and Kalmus (2009)]. Changing very slowly and carrying cultural memory and traditions through centuries, values and identities of people belong to the core of internal factors influencing policy formation. However, within a context of fundamental systemic change, even these values could alter under the pressure of external factors. In his analysis of post-communist transition culture, Michael Kennedy differentiates between the transition agendas ‘exported’ by two kinds of external agents: the liberalist economic agenda pursued by international financial bodies like the World Bank, and the human rights and human development agenda created by institutions related to the United Nations (Kennedy 2002, pp. 98–116). Referring to the results of qualitative studies conducted in Estonia and Ukraine, Kennedy argues that in the formers, the specific ‘transition culture’ stressing competitiveness, ‘Westerness’ and orientation to success have fostered support for the liberalist agenda even among those who have found themselves on the ‘losing side’ (Kennedy 2002, pp. 272–4). Here we would add that the ‘transition culture’ itself is an ideological formation that has taken the perspectives of the most successful social actors and framed these as ‘self evident’ aims for the whole society. In so doing, it has legitimized approaches that prioritize the economic dimensions of reform while downplaying their social implications and reducing these to ‘individual failures’ (Kennedy 2002). The leading role in the formation of the ‘transition culture’ has been performed by political, economic and cultural elites, who participate in the construction of the new social order, producing and institutionalizing their ‘ontological visions’ of society (Eisenstadt 1992, p. 412). The visions of political elites have been verbalized in concepts such as ‘Westernization’, ‘marketization’, ‘liberalization’, ‘building of the nation state’, ‘democratization’, but also ‘social justice’, ‘sustainable development’, etc. These concepts have not been produced in isolation, but have mostly been a product of ‘discursive learning’ in the process of interaction between domestic elites and their international partners (Raik 2003). Some of these concepts are prioritized and privileged in the political agenda and/or in popular beliefs; others are not. Some of them were widely supported during the transition years and became contested only recently; some of them were pushed to the margins or even completely neglected, only to reappear and create extensive public debate and even crises. These concepts have in turn informed public perceptions of the aims, conditions, standards and criteria of development. They have created criteria of success or failure, and defined the nature of challenges and problems for society.

The distinction between the internal and external dimensions of the political agenda is summarized in Table 1.

An analysis of the interaction between the internal and external agenda within concrete policy fields would require extensive research of documents and public texts and qualitative interviews with participants in the decision-making process. At this stage we shall limit ourselves to the more modest task of tracking the changing role of internally or externally prioritized policy agendas through the different stages of Estonian transition. Through this internal vs. external perspective the essay tries to envisage the turning points in the country’s transformation. Our interest lies in the differences between periods as a whole, rather than differences between policies in concrete fields.

**Periodization of Transition and Changing Priorities in Political Agenda**

As discussed above, the role of external vs. internal factors in the post-communist transformation of Estonian society has been changing over time. In order to follow these changes, we have further developed the periodization of the Estonian transition (Lauristin & Višalem 2002), making distinctions between five different stages and introducing for the present analysis some novel aspects, especially concerning the last period:

1. 1988–1991: breaking with the old system, the ‘Singing Revolution’;
2. 1991–1994: radical reforms, constituting a new political, economic and social order; a time of ‘extraordinary politics’;
3. 1995–1998: economic stabilization, start of the period of integration with the EU and NATO;
4. 1999–2004: preparations for EU accession, growing inner tensions;
5. 2005–2008: new challenges of the post EU accession period, identity crisis, the turn from economic growth to slowdown.

It is sometimes argued that external factors played the decisive role in the liberation of Central and Eastern Europe from the communist regime (and the Baltic countries from Soviet occupation) – namely, the reforms initiated by Gorbachev, which ended the Cold War and ultimately led to the collapse of the Soviet Union (Fischer-Galati 2005, p. 167). However, if one looks at the different ways in which various parts of the dissolved Soviet Union had been developing, there is justification for the claim that pressure from the Baltic mass movements and their coordinated activities on the international level were crucial in bringing about the independence and further successful development of the Baltic countries (Judd 2005, pp. 644–7; Norgaard & Johanssen 1999, pp. 24–30, 54–5; Smith 2001, p. xxiv). It is important to remember that initially neither the governments of the USA and other Western states, nor Gorbachev, Yeltsin or other democratic leaders in the former USSR supported the agenda of Baltic independence. The same could be said of the mainstream Western media. Consequently, one can say that during the period of the ‘Singing Revolution’ it was the internal agenda that prevailed, while national movements sought to enlist the support of international agencies for their objectives.

The period in question was characterized by the highest possible level of civic participation: overwhelming involvement of the people in mass rallies, nationwide participation in public debates concerning the future of the Baltic countries as independent states (for example, the ‘Baltic Way’ conference, organized by the Popular Fronts of Estonia, Latvia and Lithuania in May 1989), heated discussions about the content of strategic documents (for example, the IRE program in Estonia, concerning how to achieve economic independence). It is widely acknowledged that the leading role during this period was played by social movements, which mobilized approximately 70% of the Estonian population.

The main importance of the external dimension at this time was in providing the arguments used by different movements: whereas Popular Fronts in all Baltic countries took their cue from the democratic changes in the Soviet Union, the civic movements focused on international law and the politics of non-recognition practiced by the USA, the UK and some other Western governments throughout the ‘Cold War’. The latter explains why the citizens’ movement prioritized the concept of restitution, based on the legal continuity of the pre-war Baltic states.

Thus, a difference in focus becomes apparent when looking at the agenda of the main actors. Within the Popular Front, the dominant idea was to pursue ‘step-by-step’ changes to the Soviet Union, with a view to bringing about its complete dissolution. This would bring freedom to all of its inhabitants, and create opportunities for the Baltic states to gain independence. With increasing experience of collective self-expression through participation in mass rallies and public meetings, the courage of people to openly pursue their ultimate political goal – independence from Soviet rule – grew rapidly.

In the more radical Citizens’ Committees movement the leading positions were held by people who were not satisfied with the ‘step-by-step’ approach. These discerned an historical ‘window of opportunity’ that allowed for an immediate break with the hated regime. Their core value was full ‘restitution’ not just in a material
(as in the return of properties), but also (and most importantly) in a moral and cultural sense, as a restoration of the social order destroyed by the communist regime. As the movement was perceived in the first place as a moral step toward the realization of historical justice, it defined its task as overcoming the cleavage between the past and the future. This could not be done by moving cautiously ‘step-by-step’. The people who joined the citizens’ movement and elected the Estonian Congress had this great leap forward in mind and collected the strength to accomplish this decisive move at just the right moment.

Consent regarding the national agenda was achieved as part of a dramatic process of discursive contestation between the two movements and their representative institutions, whereas the majority of rank and file members were participating in the activities of both. The most influential external factor during this period was the permanent threat from Soviet troops and the reluctance of the Soviet leadership (including Gorbachev) to acknowledge the rights of the Baltic people to restore their independence. The fight with Moscow was locally represented by the Interfront movement. Support from the West, which was very important in terms of asserting the legal and moral claims of the Baltic people, was in practice patchy and inconsistent. Publicly, at least, most Western politicians maintained a stance of diplomatic detachment right up until the last moments of the decisive events of August 1991.

The social agencies and ideological discourses which were formed during this period influenced the structure of the political field in Estonia (as in the other Baltic countries) during the entire period of transition.


Almost immediately after the restoration of Estonian independence in August 1991 the positive role of external factors started to grow. During the intermediate year of 1991 the internally defined agenda still prevailed: the formation of the Constitutional Assembly and the project for the immediate introduction of the convertible national currency were strategic decisions made by the consensus of all national political actors, even if the external advice was completely different. However, the process of drafting the new constitution drew heavily on the expertise of the Council of Europe. During the years 1991–1993 Estonia was actively preparing for membership of the Council of Europe, which was perceived as the first step in European integration. Monitoring the anticipated (but never realized) outburst of ethnic conflict was performed by the OSCE. After the successful introduction of the national currency in June 1992 (mainly pushed by internal actors — see Kallas 1998; Laar 2002, pp. 45–50; Sank 2001, pp. 94–101), the further development of the Estonian economy was guided by the IMF, the EBRD and the World Bank (Aslund 2002, pp. 210–1). The implementation of a standardized set of ‘transition indicators’. In the economic field these indicators supported the liberal paradigm of transition, based on the principles of the ‘Washington consensus’ (see Aslund 2002, pp. 72–8; Sachs 1994; Williamson 1993). A number of indexes of structural reform and economic freedom have been elaborated by the World Bank, the EBRD, the Heritage Foundation and the Fraser Institute (Aslund 2002, pp. 160–3).

The first free parliamentary elections in September 1992 were won by those political forces that supported the radical marketization and Westernization of Estonia’s economy. The right-of-center coalition, led by the national-conservative Pro Patria party, implemented one of the most radical agendas for post-communist reform: liberal shock therapy. The eagerness of the new government to implement the radical reform agenda was stimulated by economic difficulties, and by the need to replace the Soviet administrative legacy with new institutions and legal structures. Despite strife among the political leaders, this agenda initially enjoyed broad national consent, which was encouraged by the ‘negative external pressure’ arising from the continued presence of the Soviet (now Russian) army on Estonian soil. At the same time, the know-how and resources provided by international organizations and cooperation with the Nordic countries was important in terms of sustaining the national will to overcome the difficulties associated with the reform process. Foreign policy was aimed at international recognition and creating an attractive reputation for foreign investors, thus breaking economic and political dependence on Russia. As Lagerspetz and Vogt have pointed out in their overview of Estonian politics, the ‘Russian factor’ played a very important role in shaping Estonian reform policies:

Although the Estonians were able to break away from the Soviet Empire, history has taught them not to take for granted their national independence, or indeed, their very existence as a people. This attitude serves as a strong incentive for overcoming internal social divisions — people are simply postponing their demands for better living standards because of the perceived Russian threat. This attitude has until recently given the governments a free hand to implement radical economic reform policies, without having to fear protests from the social groups most negatively affected. In short, the Estonians’ emphasis on identity politics has made it possible to pursue consensual policies. This is what we consider the key factor explaining the radical nature of Estonia’s post-socialist economic reforms. (Lagerspetz & Vogt 2004, pp. 80–1)

Western countries and international agencies provided significant material resources and the technical assistance that were needed to cope with the severe problems emerging after the break — political, social and cultural/symbolic — with the previous system. In the early 1990s, Estonia — like other post-communist societies — was frequently characterized in terms of the ‘weakness’ of its young political parties, its civic society, and its capacity to collect taxes or administer privatization. Complaints about the ‘dictatorship’ of international agencies, be it the IMF, World Bank, OSCE, EU Commission or Soros Foundation, often exposed the lack of preparedness of the authorities or NGOs in the post-communist countries which were not well-placed to maintain their own agenda when dealing with international partners. Estonia became in this sense ‘a model pupil’, quickly developing the capacity to absorb external input and adjust to the new rules.

According to a World Bank analysis, Estonia in 1994 belonged to a group of countries that had made a ‘clear break with the previous regime’ and reached high levels of political freedom and economic stabilization (De Melo et al. 1996, p. 420).
It was during this period – when the vast majority of important decisions had to be made despite a deficit of money, information, know-how and human resources – that the role of external aid and technical assistance was most significant. Knowledge transfer (supplemented by financial resources for implementation from the EBRD, World Bank, IMF and the EU) was especially fruitful in those areas where the remnants of the Soviet system needed to be replaced as quickly as possible with effective new structures: inter alia taxation, customs, banking, social insurance, public health, labor market, etc. However, there were some areas in which the young Estonian government insisted on the realization of national visions, even if they contradicted the schemes proposed by foreign experts and international institutions. The policy of restitution was certainly one of them. In all European post-communist countries debates over the different privatization schemes were informed by the conflict between economic efficiency (supported by international financial agencies), social equality (based on post-communist cultural schemes recognizing the right of all people to the fruits of their labor), and historical justice (compensation for the losses and restitution of the property rights of the pre-Soviet owners and their descendants). Some analysts pointed to the hidden social agenda behind the choice of privatization schemes:

While privatization and the opening of economies to foreign direct investment were often combined, post-communist governments had other motives for transferring state assets to private owners. Though they certainly believed that private ownership would transform bureaucratically run state enterprises into efficient profit making companies, privatization was also conceived as a tool of post-communist social engineering that would lead to the creation of a new capitalist class. With this intention, early post-communist governments pursued a wide range of privatization strategies from the sale of businesses to foreign multinationals to restitution to former owners. (Pittaway 2007, p. 35)

The Estonian solution was a combination of all three of the above-mentioned schemes, matching the interests of the different social actors. Economic efficiency was the leading argument for using international open bids in selling large state-owned companies, while social justice was implemented in the privatization of apartments in exchange for vouchers based on the length of the working years. Socially most controversial was the scheme supporting full restitution of pre-war property rights for all real estate owners as of June 1940 and their descendants. Despite the quite extensive critique of the social consequences of restitution, our survey from 2005 proves that 50% of present-day Estonians find the restitution principles fair, against 31% who find that it was a mistake which caused a lot of new injustices (Kalmus et al. 2004).

Issues of ethnic policy, including citizenship, were at this time strongly in focus. Their internationally criticized solutions were embedded in the overwhelming longing of Estonians for 'historical justice' after 50 years of forcible Russification. Nevertheless, international vigilance did help to prevent the implementation of the most extreme proposals, such as the radical suggestion that 'Soviet occupants' be left without social guarantees. At this time the liberalization of citizenship regulations, advocated by many Western experts, was opposed by the majority of the

Estonian people. This opposition expressed by a majority of ordinary Estonians could not be overruled without creating serious instability in society. Dealing with this complicated situation required a policy of compromise between national and international agencies, which supported a patient step-by-step evolution of the interethnic relations towards integration (see Jurado 2003; Lauristin & Heidemets 2002; Lauristin & Kallas 2008).

Compared to other post-Soviet republics, including Latvia and Lithuania, Estonian public opinion remained the most supportive of reform policies throughout the entire period of transition (Ehin 2007). Despite the positive results of opinion polls and international recognition of Estonia's liberal economic policy, its consequences were difficult to bear for many people. After the first year of reforms, the readiness of the population to make sacrifices for the common good rapidly decreased. As Estonian sociologist Anu Narusk noted, 'for most of the population the reforms have meant the end of the customary way of life' (1996, p. 13). From the viewpoint of participatory democracy, the initial period of radical reforms did not offer a bright perspective. After the almost 100% level of participation in mass movements during the 'Singing Revolution', the people suddenly seemed to have lost interest in politics. We can speak about a 'spiral of silence' surrounding opposition to reforms. The majority accepted shock therapy as the only safe way to get out of Estonia's economic influence and achieve economic sustainability. Even if protests were voiced (from those who were hit by the consequences of privatization and restitution, from the Russian speakers who did not accept their new status as 'aliens', and from the pensioners and farmers who were deprived of their subsistence means), they were not heard. Government and politicians spoke with these groups in the voice of international authorities and 'higher' national interests. By the end of the period, this style of policy making started to have a negative impact on the credibility and legitimacy of the government and contributed to feelings of disillusionment and alienation (Vogt 2005).


The growing protest against the 'shock therapy' policy of the first government coalition helped the left-of-center bloc of the Coalition Party (Koostajad) and Country People's Union (Maavaband) win the parliamentary elections in 1995; however, the governments formed by the Coalition Party and its partners were not stable. Due to various political scandals they changed four times in two years from April 1995 to March 1997.

The situation after the elections in 1995 demonstrates the continuing strength of the external frame in the domestic policy formation. Forgetting their own severe attacks on the radical reforms during the election campaign, the new coalition formed by center-right and center-left 'post-communist' parties, continued after the elections with practically the same agenda. The constant presence of international monitoring agencies helped to keep Estonian policy on a stable track. The economic results, which supported confidence in the positive effects of liberalization and de-Sovietization, started to reveal themselves. After several years of decrease, Estonia's GDP increased by 4.5% in 1995, by 3% in 1996 and by 10.8% in 1997. In 1995, following the first signs of success in the Estonian economy, the Association...
Agreement between the EU and Estonia was signed. Two years later, Estonia was included in the first group of candidate countries invited by the EU to enter into pre-accession negotiations. The effects of the pre-accession process on the institutional developments of candidate countries have been extensively analyzed (Pettai & Zielonka 2003; Raik 2003; Vahudova 2005) and do not need further exploration. At the same time, it is important to see how the pre-accession atmosphere contributed to the marginalization of socially oriented political choices. The focus of the Maastricht criteria on market liberalization had much stronger effects on domestic policy than the comparatively weak and patchy ‘social dimension’ of the Copenhagen criteria. The high bureaucratic pressure supported technocratic elitism, and weakened even further the democratic mechanisms of social accountability.

Positive effects of international pressure for the stabilization of society have been found in the area of minority policy. In this field the defensive position of the national political elite was effectively counterbalanced by external agencies, stressing the universal principles of minority rights (Jurado 2003). The first draft of the minority integration program was created with the help of experts from UNDP in 1997, and supported financially by the Nordic countries. Its primary goal was to find a compromise between three agencies: the ethnic Estonian majority who mostly desired to preserve the mono-ethnic nation state; the Russian minority who wanted to receive recognition as a legitimate part of Estonian society and to improve its own social and economic standing in Estonia; and the Nordic countries together with the UNDP and the OSCE who desired to reduce the risks of ethnic conflict and exercise ‘soft pressure’ in order to force Estonian politicians to take steps for the protection of minority rights. International NGOs and foundations, most notably the Soros Foundation and different Nordic networks, including trade unions, also had strong effects on the revitalization of civic society.

The prospective membership of the EU and NATO inspired optimistic self-confident visions of Estonia’s future. One of the most prominent promoters of these was the first post-communist president, the writer, film director and historian Lennart Meri. His inspiring role, often compared to the impact of Vaclav Havel, is a good example confirming the need for visionary leaders during transition times. One of his ideas, the creation of the national program for rapid and full computerization of Estonia, had the most profound influence on Estonian society, not only in terms of facilitating technological modernization, but also as far as changing cultural and social perspectives was concerned.

Preparations for EU-accession (1999–2004)

After the 1999 elections, developments in Estonian society reached a new stage characterized by intense preparations to achieve EU accession and integration with NATO. While the EU and NATO took the leading role, some international organizations, which had been very active in the previous periods, started to withdraw their activities from Estonia (UNDP, OSCE). Nevertheless, despite the active preparations for accession to the EU and NATO, this period could be characterized by the strengthening of the influence of domestic agencies.
the ‘Strategy for the development of civic society in Estonia’ adopted by the Estonian parliament in 2002, but like many good strategies, this one also remained unimplemented for years. A number of other strategies were created in various fields (energy, regional development, culture etc.), but without the allocation of sufficient resources for their implementation, the majority of them remained on paper only.

Looking back at the reasons why these kinds of political promises failed, we have to point to a growing democratic deficit and lack of public accountability. The center-right coalition which returned to power after the elections in 1999 tried to continue with the methods of governance practiced during the period of ‘emergency politics’ of the early 1990s. The conflict between the interests of the new social agencies (national business circles, the academic community, unions of medical professionals and teachers, new farmers, local municipalities) and the political agenda pursued by the government, referring to the external demands shaped by the EU pre-accession aquis communautaire, was growing at the beginning of the new millennium. When the government decided to privatize the Estonian railways and energy systems on international markets, a group of local business leaders demanded that the government change this policy in favor of the ‘national interests’ of domestic capitalists. The new Estonian economic elite did not approve of Western investors, who had already taken over the Estonian banking system, having the leading role in other key branches of the national economy. At the same time, dissatisfaction with the social consequences of the liberal reforms started to grow. Those who had expected that after elections the new government would focus on measures which could increase incomes and provide everyday security and stability felt cheated. The socially driven crisis emerged in the summer of 2000.

In the atmosphere of rising dissatisfaction, the media was amplifying distrust in public institutions, in the parliament and in the government. The gloomy picture of failures in domestic policy created in the media was in strong contrast with the external image of Estonia’s success story.

In April 2001, the media published a memorandum signed by leading social scientists, blaming politicians for the marginalization of ordinary people and for neglecting urgent social problems. Social scientists coined the concept of ‘two Estonias’, expressing the widening gap between the political elite and the masses. The memorandum called for a new participatory and balanced policy (Veet 2002). The debate on ‘two Estonias’ aimed to take on board ethnic and social issues and form a new domestic agenda as an alternative to the liberal market-driven one created under external influence and prioritizing the interests of the economic elite and political class. The externally defined agenda of ‘Westernization and marketization’, set as a common goal at the beginning of the post-communist transition, was openly challenged. There were public demands that reduction of social inequality and poverty be recognized as a priority for the government.

These demands found their unexpected and ironic resolution during the presidential elections of September 2001, when the former Chairman of the Supreme Soviet, Arnold Rüütel, representing the Rural Union, became the new president. He was expected to become a ‘peacemaker’ between ‘winners’ and ‘losers’, urban and rural, advanced and lagging parts of Estonian society. Fears that the post-communist figure of the new president would damage the international image of Estonia were not confirmed. However, this event raised issues of public debate the re-established position of ‘former communists’ in Estonian society.

The Estonian crisis of 2000–2001 was not exceptional. Almost all successfully reformed countries have gone through similar backlashes. Although the vast majority of people did support a return to the socialist past, surveys made in Central European countries demonstrate a large degree of dissatisfaction amongst the population at the turn of the century (see Munro 2001, pp. 18–23). Trust in political institutions was in many other post-communist countries even lower than in Estonia (see Rose 2006). On the back of growing popular disappointment with the policies of the first decade of transition, in many East and Central European countries populist parties took power. The same happened in Estonia. The elections of 2003 brought to the fore the new populist neo-conservative party Ras Publica (see Haughton 2007, pp. 67–8). The leading core of this party was formed by a new generation of state bureaucrats, young lawyers and business people, who wanted to distance themselves from the image of compromises made in the early 1990s. However, their political failure came very soon, exactly as Jaques Rupnik has described: ‘Populists come to power promising “to clean house”, but once they move in and become identified with the house and all its flaws, they fall back on clientelism and state capture by the ruling parties (as we are now seeing in Poland) rather than becoming more radical’ (Rupnik 2006). Already on the eve of national elections in 2007, Ras Publica merged with the conservative nationalist Pro Patria party, whose politics (as the leading party in the first coalition after the 1992 elections and one of the main forces behind the ‘old politics’ of radical marketization) the leaders of Ras Publica had earlier fiercely criticized.

In conclusion, we could say that by the time Estonia joined the EU, the main task of the post-communist reforms – the break with the communist political and economic order and establishment of the new (capitalist) one – seemed to have been completed. Estonia had stepped into the new millennium as a ‘normal’ free-market society. To the background now came problems neglected during the years of rapid economic and political changes: public morals, democratic participation, development of an innovative knowledge-based economy, and coping with global risks.

New challenges after EU-accession 2005–2008

In characterizing the post-accession atmosphere in Central and Eastern Europe, many authors expressed their concern about the ‘post-EU malaise’.

Some spoke of a post-EU malaise following the period in which so much elite energy had been expended on the demands of membership. Certainly relations with Brusselss were no longer the major focus of government concern. ‘Transition issues’ remained, particularly in Hungary and Poland. Along with the policy battles of ‘normal politics’ these dimensions continued to make Central Europe rather different from its West European neighbours. (Millard 2007, p. 37)

Among the ‘new versions of old themes’ identified by authors, Tim Haughton (2007, pp. 62–70) mentions the following: debates over the communist past, policies towards minorities, the lack of moral values in post-communist societies, corruption,
disillusionment with politicians and the fluidity of party politics, global and regional challenges (energy security and terrorism).

As Haughton concludes, despite these 'old themes' the position of the new members in relations with the EU had changed: from objects of EU policies they had become political subjects, influencing EU policy from inside. In this new role they have to be prepared for new challenges:

Now the challenge is not to create a market economy or conform to the demands of EU conditionality, the states of CEE are faced with the need to prepare themselves for the demands of competing in the twenty-first century global market place. (Haughton 2007, p. 70)

Some of those topics (the communist past, minorities, the fluidity of party politics, energy security) have special importance for Estonia. Once accession had been achieved, suppressed social and ethnic controversies concerning the evaluation of the Estonian past, present and future began to manifest themselves. Intense preparations for NATO and EU membership had kept these conflicting issues hidden; subsequently, however, the inner conflict behind the peaceful façade grew. Since fall 2004, controversial attitudes and images concerning the participation of Estonians in World War II, previous membership of the Communist Party, Russian officials etc., moved to the center of public debate. Many intellectuals expressed their disapproval with the deepening moral vacuum in the country. Fifteen years after the 'Singing Revolution', the presidential election campaign in the fall of 2006 once again mobilized masses of people. The incumbent President Rüütel was perceived to be a symbol of continuing 'post-communism'. Newly elected president, former chairman of the Estonian Social Democratic Party, Swedish-born Toomas Hendrik Ilves envisaged his political program to be the 'return of the state to citizens', promising in his inauguration speech to concentrate on the future instead of the past (Ilves 2006). However, one of the first new institutions established by him was an 'Institute of Memory'.

The controversy between past and future orientation is encompassing two important fields of Estonian policy: minority issues and the search for the new paradigm of economic development. After the emergence of the global financial crisis, the whole paradigm of further Estonian economic development has been questioned.

Changing focus in minority policy

The field of minority protection has provided good examples of the interplay between the international and domestic agencies in framing the content of policies. The issues related to the integration of the large Russian-speaking minority continued to influence the internal agenda in Estonia (and in Latvia) throughout all the stages of transition. As mentioned above, the first attempts to solve the problems of minority integration were initiated by international agencies. Looking at the influence of the EU, OSCE and COE on the policy concerning minority education in Estonia, Elena Jurado has described in detail the different modes of international influence on the domestic decision-making process: rational (introducing conditionality, sanctions and incentives, calculating cost efficiency); cognitive (informing, learning ways of solution); social constructivist (creating norms, changing meanings, giving interpretations and moral judgments). Analyzing the arguments given by Estonian politicians in favor of or against certain provisions of legislation, she has discovered that the effects of certain modes of external influence differed in the early 1990s compared to the later periods (Jurado 2003, p. 420). The minorities themselves were not involved as active participants, but rather as passive target groups in the process of integration policy formation.

As a compromise between international authorities and a quite reluctant national elite, the public image of integration policy was rather negative. Within both ethnic groups it was considered to be nothing more than a formal adaptation by the government to 'European' conditionalsities. Surveys conducted in 2005, 2006 and in June 2007 revealed that despite more than seven years of integration efforts, the gap between the Estonian majority and the Russian-speaking minority was not closing, but increasing in terms of social equality and mutual contacts, and concerning values and attitudes. But after the shocking experience of the 'Russian riot' in April 2007, ignited by the removal of the Soviet military monument from the center of Tallinn, the internal priority given to minority issues has increased remarkably. The people started worrying about the effectiveness of the integration policy for the future stability of society and became more interested in the positive development of this field. A new agency had emerged, wanting more opportunities to influence Estonian politics: a generation of young and well adapted naturalized citizens with a Russian background sought their legitimate role in Estonian society and were prepared to be partners, not targets of the minority policy. The new integration strategy for the years 2008–2013, adopted by the government in April 2007, for the first time prioritized equal social and economic opportunities and effective participation as the aim of integration policy, and interpreted language learning and naturalization as the means for achieving these goals, not as the end in itself. This is an important shift to the 'ownership' of integration policy by new internal actors, including employers' organizations, trade unions and other NGOs, where members of minorities are invited to play a more active role.5

Economic development: the need for a new paradigm

Comparative analysis of world economies has shown that Estonia is amongst those post-communist countries which have reached the stage of transition to innovation-driven economies (Lopez-Claros et al. 2006, p. 12; Sala-i-Martin et al. 2007, pp. 8–9). Until recent years the ideas of the 'Lisbon strategy' stressing the central role of R&D in economic development, sounded to Estonians like an abstract part of 'Europolitics'.

Future orientations that should direct the development of the Estonian economy and society tend to remain non-specific and declarative. They are often based on external sources, for instance, having been rewritten from the materials of the European Union or some other international organizations. Moreover, the threats and opportunities for the long-term future of Estonia are either not properly analyzed – or at least relevant decisions are not made. (Terk et al. 2008, pp. 88–9)
Instead of the long-term policies, which could prepare Estonia for entering the Eurozone, post-accession Estonia was experiencing a boom of consumerism, especially among the younger population. In the fall of 2007, after the sustained economic growth of the previous five years, the signs of economic slowdown awakened society from consumerism dreams fed by the promises of populist politicians. Pushed to find a way out of the coming economic decline, experts in economics, bankers, and industrialists became more involved in the search for new approaches, including strategic planning, which has so far been neglected by Estonian politicians. Criticism was raised against the laissez-faire attitude of the governing Reform Party. This party, representing extreme market liberalism, dominated the Estonian political scene for almost all of the periods of transition, and their policies were more consumerist and economic optimism (see Table 2). The low priority given by the ruling political elite to strategic development and research, coupled with the undermining of industrial policy during the post-communist transition, was named among the main reasons for economic reorientation (Tilts et al. 2003, 2005). The difficulties that Estonia is experiencing in transition to innovation-based policy are related not only to the smallness of the country, but to unsolved internal problems, such as stacked reforms in education, big inequalities and low capacity for networking and cooperation (Linna 2007). One of Estonia’s leading experts, Erik Terk, has compared the scale of changes that will be needed in order to bring about a transition to innovation-driven development with the shock experienced by Estonians in the early 1990s during the transition to a market economy (Terk 2007). The experience of the deepening global and domestic economic difficulties in the fall of 2008 proved this forecast to be true.

In 2007 the Estonian Development Fund was launched in order to intensify and consolidate efforts in the field of development planning. The first major strategic project of this fund was targeted at the analysis of the Estonian economic structure and the elaboration of alternative development scenarios for the coming decades. The main conclusion from this analysis stressed that internal factors – the capacity of enterprises and individuals to change and to cooperate, and the active or passive role of the governmental sector in economic development – would play the decisive role in future development. External factors, while very important for Estonia’s macroeconomic situation, can nevertheless only play a background role, which may influence the process but does not change it in essence (Terk & Varblane 2008; Varblane et al. 2008).

**Concluding Discussion**

The picture presented here has demonstrated that the role of external and internal factors in the formation of the Estonian post-communist transition agenda has changed, and that the influence of internal social actors has grown over time. During the early stages of transition, when the political field in Estonia was still in the making, and different political cleavages were not clearly distinguishable (Arter 1996), the dominance of external factors supported the quite narrow political priorities of institution-building and the liberalization of the economy. From the beginning of the

### Table 2: Participation of the right-wing and left-wing political parties in the Estonian government, 1992-2001

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<th>Year</th>
<th>Right-Wing</th>
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<td>2008</td>
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**Notes:** % is calculated from the period October 1992 to December 2007, in months. ** Since April 2007 Pro Patria and Res Publica Union, *** Until merger with Pro Patria.
new millennium, when the resourcefulness of the internal agents (their economic, social and cultural capital) increased, they started to play a more decisive and independent role in setting priorities and learned how to use external conditions as tools for developing their own policies. Whereas in countries with a slower pace of reform, the ‘rent-seekers’ from the socialist managerial class tried to inhibit the pace of reform (Askund 2002, 2007), in Estonia the high pace of reform was profitable first and foremost for the new, young entrepreneurial groups. Surfing on the wave of reforms, these ‘winners of transition’, together with representatives of the middle-aged managerial class, formed the new capitalist elite. This elite became one of the strongest agencies supporting the domination of the liberal market-oriented paradigm throughout two decades of Estonian post-communist history. Political parties representing the interests of this new business community won the majority of seats in all parliamentary elections, and were in the leading position in all coalition governments (see Table 2).

As in most post-communist countries, Estonian right-wing parties combined liberal market orientations with a populist nationalist appeal, which enabled them to secure their hegemonic position. It is important to add that throughout the two decades of post-communism, political competition has not followed ‘right’–‘left’ lines, but has rather followed a logic of ‘national/reformist’ vs. ‘Soviet/anti-reform’, the latter combining nationalist attitudes concerning the Soviet past with protest against liberal reforms and a recitation concerning ‘Westernization’ (including also anti-EU orientations) (Lauristin 2007). This was one of the reasons why groups with the weaker social and economic positions were politically marginalized: their claims for social justice and solidarity sounded ‘too socialist’ in the context of the dominating transition culture, which favored individualistic values, economic success and competitiveness. An additional factor weakening the impact of the left-wing political forces lay in the fact that their electorate, especially concerning the Centre Party (Eesti Keskerakond), represented an ethnically heterogeneous population (a big part of which consists of naturalized citizens of Russian origin). The issues of their social exclusion and their social and economic needs were included in the political agenda only in 2008 by the adoption of the new national integration program.

The changing balance between internal and external factors during different stages of the Estonian transformation can be better understood if one keeps in mind the model of post-communist ‘triple transition’ (Offe 1991, 1996), which called attention to the uneven pace of changes on different layers of society.

During the first half of the 1990s, changes happened in the most rapid and dramatic way at the institutional level: the break with the old political regime and the formation of the new constitutional order was coupled with the re-building of state institutions from scratch. In a situation of extreme lack of domestic competence, the contribution of external resources and know-how was decisive. The new and ambitious political and economic elite was able to launch radical liberal reforms, which helped Estonia become one of the leaders of transition.

Starting from the end of the 1990s, unsolved or neglected social issues became more important and visible. The intellectual opposition raised its voice, supported by the emerging civic society, and called attention to the second layer of transition: social problems created by the restructuring of society. At the same time, ethnic heterogeneity and the social marginalization of the ‘losers’ in the context of success-oriented transition culture had inhibited the consolidation of the more socially oriented opposition. Redistribution of resources and opportunities between different groups in society, changes in political culture, and inter-ethnic integration are all long-running and complicated social processes. They could not be steered by international organizations, organized from the top of society by political elites or implemented with the help of the external donors.

While during the early stages of transition the differentiation between external and internal factors was more or less clearly distinguishable, the internal and external became more difficult to disentangle as Estonia became increasingly integrated into the regional and international community. We can rather speak about the interplay between domestic factors and international influence. The most interesting question here concerns mutual mediation: when and why internal agencies could effectively use external support for promoting their own agenda and vice versa; why in some cases, does even very strong international pressure have no effect on domestic policies? Many analysts have pointed to the fact that politicians or various pressure groups were using international factors (for example, EU directives) in order to mediate their own agenda (or sometimes to legitimize their reluctance to introduce certain changes). For example, when the World Bank set conditionalities concerning public health with the provision of credit for Estonian health care reform, this supported and legitimized the efforts of NGOs, medical professionals and academics to change the paradigm of hospital-centered health care inherited from the Soviet system. The international media and transnational professional, political, economic and civic networks and associations played an important role in the mediation process between East and West which helped in the formation of Estonia’s international credibility, and vice versa, as well as serving as a source of legitimation and symbolic power for the domestic policy makers (presidents, leading politicians, new financial institutions, etc.).

In looking at Estonian politics during the EU accession process, we agree with Kristi Raik (2003) who has demonstrated the difficulty in evaluating the respective role of external vs. internal factors. This derives from the fact that external factors were often mediated by the domestic environment, and the distinction between external and internal was often blurred. Instead of separating internal and external factors of accession-related changes in politics, she found it more productive to use the synthetic concept of ‘integration/enlargement discourses’ as a set of key elements (called ‘the logic of enlargement/integration’ in this work), which provide a significant framework for democratic politics in the candidate countries – a framework that conditions, constrains and at the same time enables democratic practices’ (Raik 2003, p. 112). The main factor that creates external or internal bias in the ‘integration/enlargement discourse’ is political interest or pressure from the various agencies involved in the process of change.

In this context, we can interpret the whole phenomenon of ‘transition culture’ as a field of mediation, in which external demands from powerful international agencies are turned through a specific ‘learning process’ into value preferences and codes of behavior of internal actors. Where the social differentiation in society started to be interpreted in terms of ‘winners’ and ‘losers’ of transition (Rychard 1996), and the formation of transition culture was reflected in the beliefs and expectations of the
people and in the hopes and needs of the various groups in society, the border between external and internal factors was constantly blurring: external definitions of ‘success’ and ‘failure’ were ‘naturalized’ in the values and practices of people. During the 1990s the fusion between the internal and external agenda in the post-communist transition was the strongest (this was the period when the success-oriented ‘transformation culture’ was the most influential cultural formation). The conflicts between politicians and different pressure groups (new business elites, cultural and academic circles, trade unions, minority activists, etc.) before and after EU accession indicate the growing pressure of internal agents on the formation of the political agenda. However, even the deepening economic crisis has not (yet) profoundly altered the priorities set at the beginning of the Estonian transition: economic competitiveness coupled with national security. The ‘Bronze soldier’ crisis has resulted in further ‘securitization’ of minority issues and has produced a return to the strong identity politics which characterized the first period of transition. As Offe predicted at the very beginning of transition (1991), the formation of new identities and values when the previous ‘socialist nations’ become free European societies will be a most profound and complicated process. According to Inglehart (1997), the shift from survival values to self-expression values in post-communist countries is taking place very slowly. The global economic backlash is inhibiting this process even more.

At present, Estonia, like many other countries is suffering from a serious financial crisis. The extreme openness of the Estonian market and the political vulnerability of this small country to external pressures have made the international influence on Estonian development clearly visible. In this critical situation, the need for a strategic vision of future economic and social development in order to create a new political agenda has been made a focus of public debate (see Heidmets 2007a, 2008). It is self-evident that this new vision must be informed by the strategic choices made by the international community, or in the first place, by the EU. Nevertheless, questions about the specific choices of Estonia (or Latvia, Lithuania, Poland, etc.) and the opportunities for more sustainable development could be asked and answered separately in each and every country, taking into account internal and external constraints and resources.

Acknowledgements
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Notes
1 We shall return to problems of inter-ethnic integration later on in this essay. These problems are in the focus of three other essays published in the current volume (Ehala 2009; Korts 2009; Vihalemm & Kalmus 2009).
2 The ‘Tiger Leap’ program has been a priority for all governments since 1997, and has brought Estonia into the group of the leading ICT countries in Europe. A detailed elaboration of the development of information society in Estonia is provided in the essay of Pille Rannul, Pille Pruulmann-Vengerfeldt and Kristina Reinsalu, published in the current volume.
3 See the essay in the current volume by Veronika Kalmus, Margit Keller and Maie Küsil on the rising consumer culture and environmentalism in Estonia.
4 See the other essays in the current volume where Triin Vihalemm and Veronika Kalmus focus on the differences in value structures (Vihalemm & Kalmus 2009), Kullik Korts elaborates on the issue of contacts and tolerance (Korts 2009), and Martin Ehala explores the political crisis related to the replacement of a Soviet military monument in the context of Estonian and Russian identity changes (Ehala 2009).
6 Details illuminating spread of consumerist attitudes in Estonia are presented in the essay by Veronika Kalmus, Margit Keller and Maie Küsil in the current volume (Kalmus et al. 2009).

References


