

## **An overview of the upcoming elections of the Estonian Parliament**

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01.03.2015 marks the date for the election of the 13<sup>th</sup> parliament in Estonia since its establishment in 1920. The election of this year will reflect on a wide array of internal and external topics, ranging from the EU policy of the incumbent government to the hotly debated cohabitation law which permits gender-neutral.

The political landscape of Estonia has been dominated by four large parties since the elections in 2003 when a newcomer Res Publica made a significant breakthrough by winning enough seats to become the leader of the coalition government. This was the first time a party succeeded which did not have its roots in the independence movement groups of late 1980s. Later Res Publica merged with another party, taking the name of Pro Patria and Res Publica Union (hereinafter: IRL) and firmly asserting its centre-right conservative position. The other major parties are the Estonian Centre Party, the Social Democrats the Estonian Reform Party. Smaller parties have not managed to gain seats in the Parliament due to the 5% threshold, with the exception of the Green Party who held six seats from 2007-2011.

The Centre Party is the most left-inclined party, on its agenda are primarily changes to the existing tax system. The current proportional income tax system would be replaced with progressive income taxation, which would further be supported by an increase of the tax free minimum. In addition to changes to the taxation of individuals, the Centre Party will also re-introduce corporate income tax, which currently stands at 0% as there is taxation only upon the distribution of dividends. As to the foreign policy, the party will intend to maintain the policies of the previous governments to be in full compliance with the existing EU laws but also emphasize the specific issues of Estonia with regard to regional politics. The only deviation can be found in their position with regard to the conflict in Ukraine as the Centre Party has firmly excluded any possibility of supporting military aid to Ukraine by the EU whereas other parties leave this opportunity open depending on the future developments of the conflicts. Currently, the Centre Party is ahead according to the polls by 26% with the nearest competitor Reform Party standing at 22%. Despite the polls, it should not be expected that the future coalition will be led by the Centre Party which has won the elections in the past but has been unable to form a coalition. IRL has already excluded the possibility of cooperation and the other two major parties find it unlikely, although not impossible. The primary obstacle to a fruitful cooperation is the question of progressive taxation, which is not supported by the electors of the Reform Party and IRL but also a significant share of the voters of the Social Democrats. It is widely considered by the general public that progressive taxation will severely affect people who earn the national average salary, thus weakening

the middle class workers and lacking in cost efficiency as the maintenance of the system will require more resources. Given the current levels of salaries the brackets would be too arbitrary to achieve the desired positive effect.

The Social Democrats experienced an increase in popularity and a move from the opposition to the coalition from 2007 onwards as the voters have been seeking for an alternative to the strict austerity policies of the Reform Party and IRL. Since then their support has grown and the party is currently in the government, although being initially left out as the voters in 2011 gave their approval to the management of the financial crisis by the government. Nevertheless, the patience of the voters has worn out and there are expectations of tax reliefs, increased public spending and overall cutback of the excessive financial compliance. All this is offered by the Social Democrats as their promises resemble the Centre Party with regard to the minimum salary, progressive income tax and reduced tax rates for the peripheral regions which struggle with the decrease of population. The EU policy of the party similarly follows the mainstream trend of cooperation and respect for the Union, however they do support all types of solutions for the conflict in Ukraine. The Social Democrats also support the increased presence of NATO forces as a measure of hindrance as it is widely feared that the conflict will also spread to Estonia. Currently they stand on the 3<sup>rd</sup> place in the polls with 16% of the votes and unlikely to be the leaders of the next government as they are perceived as trying to catch voters from too different interests groups, thus failing to focus properly on any.

IRL has lost most of its former popularity due to corruption scandals and the change in leadership. The former leader, Mart Laar, was one of the most influential persons in the process of regaining the independence and his personal ties with important foreign partners, such as Sweden contributed heavily to the initial success of the party. However, the internal disagreements between different generations of politicians combined with a corruption scandal from few years ago led them to be forced out of the coalition government and a lot of their voters are disappointed, considering to cast a vote for the small conservative parties instead.

The second place according to the polls belongs to the Reform Party who has been in charge of the government for the last 10 years as the failure of the coalition government from 2003 offered the Reform Party the opportunity to form a new government. Since then, the party has been successful in both parliamentary elections as well as the elections for the European Parliament. One of the current members of the European Commission, Andrus Ansip, was the leader of the party and one of the longest-serving heads of government in Europe as he assumed the office of the prime minister in 2005 and resigning only in March 2014 to focus on the upcoming changes in the Commission. The elections of 2011 confirmed that the crisis management of the party was seen as necessary, however, the falling figures (currently at 22%) indicate that a change of direction is needed. Neoliberal policies do not seem to offer solutions to the most important issues. The rhetoric of the party does not consider it to be a problem that a lot of young people seek employment outside of the European Union. Similarly, there is a call for being less of a teacher's pet for the European Union in terms of statistics and focusing more on the price paid by the whole nation for keeping up with the Maastricht criteria. Overall it is recognized that the work of Reform-led governments has done well but it is simply time for a change to also force Reform to address issues they would rather not focus on.

Out of the small parties running, only two are expected to take up a few seats in the parliament. EKRE is a conservative party which shows signs of Euroscepticism along the lines of Perussuomalaiset in Finland. They have also publicly announced their plan to annul the cohabitation law. The other, EVA (standing for the Estonian Free Party) is more lenient with regard to these topics but lack a proper agenda to make them a credible threat. However, it could be predicted that they will cross the threshold because among their members are respected members of the public and also a few politically active young persons who are more attractive for the young voters. The importance of the small parties will depend on whether there is a majority coalition between two bigger parties or whether they need to be included.

The current parliamentary elections are not expected to make any significant changes to the foreign or domestic policy. Only a coalition between the Centre Party and Social Democrats would lead to the modification of the tax system. However, their cooperation on the municipality level has not worked out and this has left its mark on the possible future coalition. IRL has already excluded the possibility to form a government together with the Centre Party and it is unlikely that the neoliberal Reform Party could come to an agreement with the more left Centre Party. Therefore, even if the Centre Party wins the most seats, it is not likely that they will be able to form a majority coalition. It is reasonable to expect the Reform Party to be given this task, which will mean the continuance of the current policies.

The real significance of these elections lies in the upcoming presidential elections. The president is elected indirectly by the 2/3 majority of the parliament. Should none of the candidates obtain the required majority, an electoral college will be gathered which consists of the members of the parliament and members of the municipality councils. It is more than likely that the Reform Party, the Social Democrats and IRL will agree on a mutual candidate who will compete with an opponent supported by the Centre Party. On a municipal level, the Centre Party has an advantage, thus it is important for the three parties to gather as many seats as possible to ensure the next president will be a candidate of their preference.