

## DEMOCRATIC TRANSITION AND INSTITUTIONALIZATION OF PARTY SYSTEM IN ESTONIA, 1991-2001

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### ABSTRACT

The concepts of democratic transition, political party, the party system and institutionalization of party system are contested aspects. There is no all agreed definition available regarding these concepts. Several authors have interpreted and conceptualized these concepts in various ways. They are relevant to understand democratic transition and the institutionalization of political parties in Estonia. Estonia regained its independence from the former Soviet Union in 1991. Since then, the country has undergone multiple transitions in the form of economic, political, cultural and social. Estonia began its nation-building and democratization based on the values and principles of western liberal democracy. Institutional structures such as constitution, president, parliament and political parties which are necessary for democracy were established. The literature on institutional analysis of political parties indicates that institutionalization of party system is a necessary condition for the effective functioning of democracy. Institutionalization of party system is conceptualized in various ways.

The constitution of Estonia was adopted on 28 June 1992; with this unicameral legislature *Riigikogu* consisting of 101 members was formed. The members of parliament are elected for a term of four years through secret ballot on the basis of proportional representation. The president is elected by the *Riigikogu* for a five-year term. The president nominates the prime minister for the approval by the *Riigikogu*. Political parties play a very important role in Estonia as in all representative democracies. A multi-party system was developed in Estonia after independence. Since political parties act as a link between society and state, competing political parties and institutionalization of party system are significant factors for successful functioning of representative democracy in Estonia. Hence, the proposed study intends to examine democratic transition, development of political parties and institutionalization of party system in Estonia.

**KEYWORDS:** Constitution, President, Parliament and Political Parties

### A Theoretical Framework of Democratic Transition and Institutionalization of Party System

Huntington defines institutionalization as the “process by which organizations and procedures acquire value and stability”. Mainwaring and Scully define institutionalization of the party system as “the process by which a practice or organization becomes well established and widely known, if not universally accepted. Andrey A. Meleshevich offers two important criteria to study institutionalization of party system in post-Soviet states: autonomy and stability. The three indicators which are employed for measuring *autonomy*: (1) the role of political parties in the recruitment in the legislative branch of government; (2) the role of political parties in the formation of the executive branch; and (3) the strength of the party and the uniformity of this strength in different regions across the country.

The criterion of stability is measured by the percentage of the vote share in a legislative election taken by the parties that participated in any previous election contest and Pedersen's index of electoral volatility.

Against this theoretical background, Estonia is a good case in point to study about institutionalization of party system in the post-Soviet context. The Political Parties Act of Estonia which came into force in June 1994 is the legal basis for functioning of political parties in Estonia. The Act defines a political party as "a voluntary political association of citizens, the objective of which is to express the political interests of its members and supporters and to exercise state and local government authority".

The aspect of institutionalization of party system can be traced in terms of development of the electoral system, reforming election rules, forming election codes, setting new laws and party rules that regulate electoral competition between and within parties. These rules influence the mechanical and strategic effects of voting regulations on the expectations and actions of political entrepreneurs and voters. Transforming the electoral formula was one of the most important rule alterations during democratic transition of Estonia. Estonia transformed in the direction of proportional representation and from proportional representation to single member districts. During the second wave of competitive boating, the founding electorate puts an end to the prevailing single member district pattern and Estonia moved from the single transferable vote to conventional proportional representation. It was at this point that all the politicians felt that they could begin developing the party system in earnest because there was a new constitution in place along with an electoral system.

#### **Evolution of Political Parties in Estonia**

Since 1992, Estonia has used the system of two tier proportional representation with five percent national threshold for parliamentary elections. There exist a large number of parties, but no party could win vote necessary to form a government. Therefore, the parties have to work in alliance with other parties to form coalition governments. Each of the three Riigikogus elected in the 1990s had at least seven parties or electoral blocs represented, and most of the latter consisted of several individual parties. Furthermore, especially in the early 1990s, numerous splits and reconfigurations occurred among the various parties and blocs. The system of proportional representation has brought in a fragmented party system.

From 1990 to 2001, a number of political parties were formed during Estonia's three parliamentary elections of 1992, 1995, and 1999 (for the 7th, 8th, and 9<sup>th</sup> Riigikogu). They are the Centre Party (1991), The Estonian Centre Party a centrist and a social liberal political party of Estonia founded on 12 October 1991. Russian Democratic Movement (1991), Democratic Labour Party (1992), Pro Patria (1992), Future Party (1993), Reform Party (1994), The Estonian Reform Party a liberal pro-free market political party of Estonia founded on 18 November 1994 by the then President of the Bank of Estonia Siim Kallas as a split from National Coalition Party, Pro Patria, Party of Conservatives and Republicans (1994), Peasants Party (1994), Country People's Party (1994), Party of Families and Pensioners (1994), United Peoples Party (1994), Pro Patria Union (1995), Progressive Party (1996), Social Democratic Labour Party (1997), Popular Party (1998), Communist Party of Estonia, Independence Party (1999), Democratic Party (2000) and Popular Union (2000). The party system in Estonia is ideologically rightist oriented and social democratic parties are weak.

### **Electoral Process, Political Parties and Government Formation**

During 1990-2001, Estonia had four elections. The first election was held in 1990 for republican legislature. The first post-independence election held in 1992 to elect 101 representatives to parliament (*Riigikogu*). The government formed on October 1992 consisted of National Coalition party (NCP), National Independence Party (NIP), Liberal Democratic Party (LDP), Social Democratic Party (SDP), Rural Centrist Party (RCP), Conservative People's Party (CPP), and the Republican Coalition Party (RCP). The 1995 Riigikogu elections brought a striking reversal of fortune for the ruling coalition, as three opposition or new parties won three-fourths of the seats in parliament.

In 1998, an electoral act was passed in the parliament. According to this law, electoral coalitions were henceforth banned and only single political parties could now field candidates for parliament (although non-affiliated, independent candidates were still allowed). This change was meant to encourage consolidation of the party system. During this time, the requirement that a party must have at least 1000 members had also taken effect. The Membership in Estonian political parties has grown steadily over the years because all parties were required to re-register pursuant to the minimum 1000 member requirement enacted in 1994. This law came to be effective in the 1999 election for the Riigikogu. In this election only officially registered parties may run in national elections alongside individual candidates, who are effectively subject to more restrictive electoral rules. Small parties suffered due to this law because before this law was passed they might have got some seats in the parliament with some concrete proposal in the election or they might get 5 percent threshold in the Riigikogu elections with the help of big political parties; this helped some of the political elites to control the state. However for the elections practically every political or citizen association was allowed to run. The political parties in Estonia have established their place in democracy and began to recruit candidates for representing parliament. Institutionalization of party system began to take place in the first decade of independence, but this process faced many challenges which still need to be traced.

### **Institutionalization of Party System in Estonia, 1991-2001**

Democratic transition led to the emergence of political parties in Estonia. Since 1989, political parties began to emerge in Estonia. During Estonian independence movement political parties played a very significant role. After regaining independence, the consolidation of democracy phase began with the adoption of a new constitution in 1992. Political parties became crucial for Estonia in order to develop a new democratic political and economic system. During 1991-2001, the period under study, every active political parties and organizations including former communists supported the democratic transition to liberal market economy. In the initial stage of independence, some degree of ideological polarization existed in Estonian society. The constitution of Estonia stipulates the supreme power of Estonia is vested in the people. By voting in elections to the *Riigikogu* (Parliament) the citizens exercise this power. Three parliamentary elections were held during 1991-2001. The first free and fair parliamentary elections in post-Soviet Estonia took place in 1992. The second elections were held in 1995. The third regular elections occurred in 1999. Parties won the elections formed governments. But, frequent change in government became a problem threatening political stability. From 1992 to 2001 Estonia had seven governments. This shows political landscape was fragmented in Estonia. Party system institutionalization a key underpinning of democracy and is closely linked with stability. This chapter tries to examine the level of institutionalization of party system in Estonia during the period from 1991 to 2001.

### **Party System Institutionalization: Indicators and Parameters**

The main theoretical arguments, indicators and parameters discussed in chapter one is reproduced below for analyzing the level of party system institutionalization in Estonia. Huntington on the other hand defines institutionalization as the process by which organizations and procedures acquire value and stability (Huntington 1991: 12). He suggests four dimensions of institutionalization: 1. Adaptability/Rigidity; 2. Complexity/simplicity; 3. Autonomy/subordination and 4. Coherence/disunity. Adaptability can be measured in terms of three factors: chronological age, generational age and functions. There will be positive correlation between the level of institutionalization and length of existence of the party, number of peaceful leadership succession and number of changes in basic functions for which the party stands for. Complexity/simplicity can be measured by personalism and level of differentiation of organizational and functional sub-units. Autonomy/subordination is indicated by three aspects of the institutions: institutions which fulfill their functions autonomously and act different from other organizations, have a strong support of citizens rather than of any particular group and recruitment of leadership only from the organization itself. Coherence/disunity can be evaluated by indicators such as the frequency of contested successions, cumulation of cleavages among leaders and members, incidence dissent within party, coherence of member's degree of loyalty and preferences (Ibid: 12).

Panbianko suggests two indicators to measure institutionalization: autonomy and systemness. Systemness is about the degree of independence and delimitation of boundaries of the institution from its environment. Systemness denotes the degree of interdependence of different actors in the institution and the level of centralization and control over organizational subgroups (Sacchetti 2008: 2).

Mainwaring and Scully offer four different dimensions to assess institutionalized party systems: stability, strong party roots in society, legitimacy, and relevance of party organizations (Mainwaring and Scully 1995: 4). Stability is about regular patterns of inter-party competition. The degree of stability and institutionalization depend on the degree of regularity. The main indicators of stability are electoral volatility, the extent and frequency of party replacement. Strong party roots in society means the link between party and citizen. The main indicators to understand this include party longevity, voter's attachment to party ideology and party labels, difference between presidential and legislative voting, linkages between organized interests and parties, the percentage of the vote in a legislative election captured by older parties and potential of emerging forms of populism, personalism and anti-politics. Legitimacy refers to political actor's (elites and citizens) belief in party's role in democratic process. Parties and elections should be perceived as the means of determining who governs. Relevance of party organizations is about the independent status of parties, possession of own values, territory of functioning, established internal structures and procedures, active mass membership and considerable size of professionals (Mainwaring and Scully 1995: 4).

Mair analyses three different although clearly related factors responsible for institutionalization of party system in the process of government formation: alteration in government, innovation or familiarity of the governing formula and access to government. Alternation in government involves three different, patterns namely: wholesale, partial, and non-alternation. In the first case, the incumbent government leaves the office in its entirety and is replaced by a wholly different party or group of parties. A second possibility takes place when the new cabinet contains both new parties and old ones from the previous government.

The third option is marked by a complete absence of alternation, as the same party or parties remain in exclusive control of government over an extended period of time being displaced neither wholly nor partially. Innovation or familiarity of the governing formula indicate, whether there are stable groups of parties that tend to govern together or whether there is a tendency towards previously unseen party compositions being represented in government. Access to government indicates whether all parties have a chance to join the executive or whether there are some parties permanently excluded from participation in office (Mair 2007: 17).

### **Party System Institutionalization in Estonia: Sources, Dimensions and Degree**

By employing the above indicators analysis of sources, degree and dimensions of institutionalization of party system Estonian is attempted. In the Estonian context, the factors which indicate the institutionalization of party system are: legal framework and organizational structures of parties, funding of parties, party fragmentation, parties penetration (rootedness) into society, electoral accountability, political cleavages, electoral volatility and government stability.

### **Legal Framework of Estonian Parties**

Estonian constitution and the Party Act are the basic legal framework provide for the functioning of political parties in Estonia. The basic rules for the organization of the parliamentary party were given by the *Riigikogu* Rules of Procedure Act. Section 31 of this Act says that parliamentary party groups (or factions) may be formed by a minimum of 5 Member of Parliaments (MPs). Each parliamentary party group must elect a chairman and a deputy chairman; if there are more than 12 members in the group, it may also elect a second deputy chairman. Furthermore, an MP may belong to only one parliamentary party group at any one time. If a MP leaves a parliamentary party group, and hence also the list on the basis of which he or she was elected, he or she cannot join another parliamentary party group but must remain as an unaffiliated. (This rule was meant to improve MP discipline, since unaffiliated MPs do not get access to perquisites like secretarial assistance or automatic membership in legislative committees). Committee assignments are in general done by consensus and organized mainly by the three-member executive board of the *Riigikogu* (the speaker and 2 deputy speakers, one of whom is always from the opposition), who must go through each parliamentary party group's requests and make compromises (Pettai and Toomla 2006: 20).

Estonia introduced control over party financing also. Estonia has a relatively advanced system of public party funding. The principle of state budget subventions to political parties was introduced already in the original Political Parties Act of 1994. It became effective in 1996, later it was decided that using the party composition of parliament before the 1995 elections was too confusing: most MPs elected in 1992 were running in electoral coalitions, sometimes not affiliated to any parties, and many had changed camps during the parliamentary term. However, it is important to note that the will to introduce state financing was there already some years before it actually started (*Second Compliance Report on Estonia 2012*: 5). Estonia has witnessed a significant increase in total state financing to political parties after 1996. The total level of subsidies has increased more than tenfold. Public party financing in Estonia is based on the number of seats that is rather different from parties' vote shares in national elections. Distribution of public financing based on votes rather than seats has been discussed at times, but the only amendment put forth in this direction was revoked before it took effect. Only parties reaching the five percent national threshold have been eligible for public financing (Sikk 2006: 10-11). These regulations show that Estonia developed a strong legal framework for the functioning of political parties. Therefore, parties legally registered have the opportunity to participate the democratic process in the country.

The legal regulation of party activities leads to effective functioning of the party system.

## ORGANIZATIONAL STRUCTURE

The legal provisions and regulations indicate that the organizational formation and structural function of political parties are essential for effective functioning of democracy. Membership is the most widely used indicator in the studies on party organizations, because party organizations in post-communist countries are usually less developed and institutionalized and discrepancies between the countries are often more pronounced than in the West. Party membership in Estonia is undisputedly the highest in the region (Saarts 2011: 97).

Membership in Estonian political parties has grown steadily over the years. According to the Political Parties Act, a political party can only be founded when it has at least 1,000 members. The parties are required to keep a membership register which they submit annually to the Ministry of Justice. If membership falls below 1,000 the party is dissolved. Hence the minimum membership requirement is important in controlling the number of parties (Political Parties Act 1994: 4).

**Table 1: Party Membership 1998-2001**

Party	1998	1999	2000	2001
Reform Party	1000	1400	1600	2300
Pro Partia Union	1100	2600	2800	2800
People's Union	4050	5000	5400	6200
Moderates	2450	3000	3200	3200
Centre Party	2500	3400	4000	5700
United people's Party	1100	1400	1500	1600

Source: (Pettai and Toomla 2006: 16).

The above table shows that the Centre Party and the People's Union has been the largest parties in Estonia compared to the rest. The People's Union increased its size by merging with the Country People's Union, the Rural Union and the Pensioners and Families Party in 2000. Its base has been among rural residents. The other parties like Reform party, Pro Partia Union, Moderates and the United Peoples Party also witnessed a consecutive rise in their membership in between 1998 to 2001.

The Centre Party has attracted members among urban residents but has also made inroads in the countryside. It has long been the best organized party in Estonia with local organizations across the country. The dominance of Edgar Savisaar is more predominant within the party and it has the widest support base. It's difficult to call it as a mass-party mainly because it attracts mostly middle and lower class voters. However, it is the only party that has steadily sought to gain more members. The three main center-right and centrist parties the Pro Patria Union, the Reform Party and the Moderates have remained limited to the major cities and have never posited mass membership to be among their goals (Bugajski 2002: 47).

The parliamentary parties in Estonia can be classified into categories by degrees of membership regularity and stability. Parties with no member defections can be characterized as stable; parties which have seen defections of single MPs are moderately stable and parties that have experienced splits and major defections with in parliament are considered unstable (Solvak and Pettai 2008: 575). There are clear differences among the parties.

The Estonian National Independence Party (ENIP), Pro Partia, Estonian Citizen Union (ECU) and the Center Party are unstable. ECU disintegrated completely during the 7<sup>th</sup> Parliament. ENIP merged with Pro Partia in December 1995 and the Center Party survived two major splits.

The Coalition Party (COP), Rural Union (RU), Independent Royalists and People's Party of Republicans and Conservatives (PPRC) each lost one MP. The Liberal Democratic Party (LDP) and the Moderates (SPD) however did not lose a single MP during the 7<sup>th</sup> term (Steen and Ruus 2002: 225). The emergence of new political parties and the disintegration of others are accompanied by quantitative changes in parliamentary party groups and committee composition. As elections approach coalitions become weaker and shift. In the last several months of the first *Riigikogu* before the 1995 elections there was no governing majority. The situation was the same in 1997 and 1998 with Mart Siiman's government prior to the 1999 elections. Estonian parties are relatively new and unstable (Russ 2002: 120).

### **Electoral System and Political Representation**

Since independence in 1991, Estonia has used a proportional representation electoral system for *Riigikogu* (National Parliament). The most important privilege granted to Estonian parties is their virtually exclusive right to political representation and even political organization of citizens at the national level. Both the initial Political Parties Act and the parliamentary debates preceding it were guided by the idea that if an organization wants to be engaged in politics or have any political aims at all it has to be registered as a party (National Electoral Committee 2012: 24). The status of political parties was strengthened with the 1998 electoral reform, which put a ban on electoral coalitions from contesting parliament elections. This applied both to coalitions composed of two or more parties and any ad hoc coalitions. Since 1999 parliamentary elections, only officially registered parties can run in national elections alongside individual candidates who are effectively subject to more restrictive electoral rules (Núñez 2011: 7).

In Estonian electoral law there are no formal requirements as to how parties shall choose their electoral candidates. Candidates are not required to be members of the party on whose list they run. Thus parties can recruit independents or even members of other parties when they form a coalition. Of the six major parties in Estonia only two the Centre Party and the United People's Party formally allow local party organizations to draft a list of candidates for their respective electoral district. This is submitted to the national executive who coordinates the different districts as well as draws up the ranking of the national list. In the Moderates Party, a special electoral committee is formed which manages the process. Lastly, in almost all parties the standing council has the final say on the national list. In the case of the Reform Party a congress may be called as part of the nomination and ranking process (Pettai and Toomla 2006: 20).

The proportion of women in political parties in Estonia is quite large. About 48 per cent of party members are female, but women holding power positions are still a minority among party activists and leaders. Because of the exclusion of women from party work and their relative inactivity, women's voices are neither heard nor taken into account in policy development. This exclusion and inactivity has lessened women's chances of rising to the decision-making bodies at the national and local levels (Brady and Kaplan 2001: 370). The rights and responsibilities that membership entails are also very similar among the parties. Members, for example, have the right to vote in party meetings and participate in party elections; to take part in events and working groups organized within the party; to receive information on the party's work and policy decisions, as well as to influence those decisions; to receive the party's newsletters and newspapers; and to use party facilities such as offices.



Although the parties do not require their members to work voluntarily, such work is still expected and approved of. The responsibilities include adherence to the party's statutes, programme and policy decisions and regular payment of membership fees (Biin 2005: 8).

Discrepancies between the individual parties are also clearly manifested in Estonia where the Reform Party, IRL and the Centre Party have a quite extensive network of local party branches and centralized organizations, while the Social-Democratic Party and the Greens are much weaker in their organizational scope although their organizations are internally more democratic and decentralized. Hence, party organizations are strongest in Estonia (Saarts 2011: 98).

### **Party Competition in Electoral Process**

The format of a party system also plays a crucial role in the process of institutionalization itself. In the first post-independence elections in Estonia in 1992, 17 electoral unions and political parties as well as a number of independent candidates contested the race competing for seats in the 101 member parliament (*Riigikogu*) using a proportional representation system. Essentially three types of contestants took part in the elections (*Riigikogu* Elections Law 1992: 2). The electoral lists of the first group (the Isamaa electoral coalition, the Left opportunity alliance, and the ERSP) characterized relatively strong ties between the candidates and the political parties that nominated them. For example, on the electoral list of Isamaa won 22 percent of the vote with 29 seats in the *Riigikogu* there was only one nonparty candidate among the top 20 names. All other candidates belonged to one of the five parties that comprised this electoral coalition. The party list of the ERSP won 10 seats with 8.7 percent of the vote which at the time was really only one party in Estonian politics worthy of the name had the highest membership and the best network of local organizations of any Estonian political organization overwhelmingly included members of this party (Núñez 2011: 5).

In the 1995 parliamentary elections in Estonia 16 party and electoral coalition along with 13 independents participated. Shortly before the election, the Isamaa-ERSP alliance won 8 seats with 7.9 percent votes disclosed the names on its election list. It included only active functionaries from both parties (National Election Committee Report 2012: 42). The Estonian Center Party won 16 seats with 14.2 percent votes and tried to enforce party discipline among its candidates who had to sign an agreement that once elected to the *Riigikogu*, one can quit the party parliamentary faction only by giving up his or her seat in the legislature. The electoral list of the Estonian Center Party (ECP) included a few candidates who did not have a previous career in this party (Miljan 2004: 47). The electoral list of the Moderates union won 6 seats with 6 percent votes formed by the Social Democrats and Rural Center Party was again topped by the former Prime Minister Andres Tarand. Tarand, who did not belong to any party at the time was rated the most popular politician in Estonia in 1994–1995. Another nonaffiliated leading member of this coalition was Raivo Paavo, the head of the Trade Union association. Quite a few nonparty interest group members ran also on the party slates of the Coalition Party-Rural Union alliance won 47 seats with 32.2 percent votes, Estonian Reform Party-Liberals won 19 seats with 16.2 percent of votes, People's Party of Republicans and Conservatives won 5 seats with 5 percent of votes etc. (Meleshevich 2007: 39).

The Estonian parliament passed a law in November of 1998 banning multiparty electoral blocs many leaders of small political organizations run on electoral lists of major parties. Unable to form separate parliamentary factions of their own many small parties were forced to merge with their senior coalitional partners in order to stay in big politics. Thus, in the 1999 elections the Green Party merged into the Center Party list won 28 seats with a 23.4 percent votes, representatives of the Pensioner's and Families' Union run on the ballot of the Coalition Party and won 7 seats with 7.6



percent votes, the People's Party put its candidates into the ticket of the Moderates winning 6 seats with 7.0 percent votes etc. (National Election Committee Report 2012: 47). Estonia electoral reforms introduced during the period from 1991 to 2001 for the three parliament elections brought changes in voting system.

This witnessed a shift from an absolute majority formula to single transferable vote and the principle of territorial representation was replaced by the principle of professionalism. Although by this time several political parties and groups had emerged in Estonia, the party affiliation of candidates was strong in the 1992 *Riigikogu* elections and in later elections it declined (Taagepera 1993: 176).

### **Stability of Party System**

Stability of the party system and its consolidation is a major component for examining party systems. Various indicators have been used to measure the stability of party systems: electoral volatility, the number of effective parties, the proportion of votes taken by parliamentary parties presented on more than one occasion in the legislatures, the number of new parties represented in the parliament and their average yield of votes in elections, changes in the patterns of bloc competition and dynamics of government opposition relationships, etc. (Sacchetti 2008: 6). The most widely used measure for party system stability both in Western and Eastern Europe has been electoral volatility (Saarts 2011: 88).

### **Electoral Volatility**

Electoral volatility refers to the aggregate turnover from one party to others from one election to the next. It is computed by adding the net change in percentage of votes gained or lost by each party from one election to the next, then dividing by two. Volatility usually is related to handful of other instability traits; merges and splits of parties, success of new political forces. Party system with high levels of electoral volatility can lead to wild swing in policy, open doors to non-traditional parties and candidates make it harder for states to negotiate treaties and agreements with external actors and in some cases even threaten the stability of the democratic regime (Powell and Tucker 2012: 1). There are two types of electoral volatility. The phenomenon of volatility occurs when voters switch their votes between existing parties. This is the first type of volatility; this type of volatility is considered to be a healthy component of representative democracy and essentially reallocates power between political actors that are already by and large a relevant part of the political process. The second type of volatility is caused by the entry and exists of parties from the political system (Powell and Tucker 2012: 2).

Electoral volatility in the Estonia has been relatively high and remarkably fluctuating from election to elections. However, the average electoral volatility has been much lower in Estonia. The party system in Estonia has been the most stable and voters have preferred to vote for more established parliamentary parties except in 1995 election, which brought new electoral laws. Consequently, there are notable differences in the stability of party systems in Estonia. The Estonian party system was quite unstable in the 1990s, but ultimately turned out to be the most consolidated in the region in the 2000s (Saarts 2011: 90).

There has been a fluctuation in Estonian electoral volatility. This changing trend in the voting patterns mainly exhibited the public apathy towards the current political parties. It also showed the public's search for a political alternative which provide effective governance. Due to the absence of the consolidation of the political parties in Estonia the electoral patterns has changed (Lauristin and Peeter 2009: 4).

The changing electoral volatility transformed the situation of both new as well as the old political parties. The older political parties continued with their principal electorates whereas the new parties tried to appeal certain masses who were completely disappointed with the current establishment. The newly initiated political parties mostly brought those candidate who were less experience and not familiar with the rules and regulations of the election campaign.

These new candidates failed to look at the problems in a broader sense, instead escalated those issues of lesser concern. These underlying limitations with the newly established political parties made the process of co-operation more difficult with other established parties (Solvak and Pettai 2008: 576).

Despite relatively high levels of volatility and seeming instability, Estonian party politics, witness the change. In parliamentary elections of 1995 and 1999 the only genuinely new entity entering the legislature was the electoral coalition of ethnic Russian parties 'Our Home is Estonia'. Its rise can be attributed to the fact that between 1992 and 1995 many ethnic Non-Estonians were naturalized and the share of Russian-speakers in the electorate increased substantially. The total number of eligible voters in Estonia increased from 689,241 to 790,392 and by far the most of the rise can be attributed to naturalization (Sikk 2003: 9).

### **Pattern of Interaction**

Another important factor is regular patterns of interaction between its elements. Thus, for many social scientists, institutionalization primarily connotes stability and persistence over time. Proponents of systems analysis in political science emphasize *stability* in interactions among subunits as an important attribute of a political system. Stability of a political organization is a necessary characteristic of its institutionalization: the more stable the system, the more highly institutionalized it is (Meleshevich 2007: 20).

### **Fragmentation of the Party System**

The two major ways to analyze the fragmentation of the party system are: firstly, to use statistical indices like the effective number of electoral or parliamentary parties (ENEP/ENPP), Secondly, to classify the party systems according to the strength and numbers of parties as well as studying the patterns of party competition. However, the effective number of electoral parties (ENEP) is often regarded to be a major parameter for measuring the fragmentation of the party system. In the Estonian case it is evident that party system fragmentation has constantly fallen after the 1990s but not on a very notable scale. Hence, the Estonian case reveals an important point that is worth taking into consideration a relatively high-level fragmentation and instability of the party system are not always compatible. Lewis notes the two distinct models of party system consolidation evident in Estonia. Party competition in Estonia has been clearly more balanced but highly fragmented as well (Saarts 2011: 91).

### **Degree of Party System Institutionalization in Estonian**

The level of institutionalization is a critical dimension for understanding party systems. In this, political parties in a party system may score high or low. On the other hand, aspect like party systems' characteristics determined by non-institutional factors, primarily by the number, types, and strength of societal cleavages, with institutional structures play either an insignificant or inconsistent role (Hassan 2013: 668).

In the Estonian context, the level or degree of party system institutionalization can be assessed in terms of the degree of fragmentation, polarization, citizen party ties, strength of organizational structure, government stability, etc. Since 1990s, a handful of stable and relatively large parties were began to emerge in Estonia. These include Popular Front (1988), later became Centre Party (1991); the market liberal Reform Party (1994), the national-conservative Pro Patria Union (1995); the rural People's Union (1989); and the Social Democrats (1990), later came to be known as the Moderates (Tamm 2013: 5).

During the seventh parliamentary election of 20 September 1992, 67.8% of voters took part in the elections. 6.2 persons stood as candidates for one seat in the Riigikogu. 19 political parties had been registered for the elections in 1992; 9 parties and election coalitions stood under their own name. A total of 17 lists of parties and election coalitions were submitted. There were 25 independent candidates. Between September 1992 and March 1995, Estonia was governed by a right-of-centre coalition that supported two different Prime ministers (National Electoral Committee 2012: 26).

In the eighth parliamentary elections of 5 March 1995, 68.9% of voters participated in the voting. 12.4 persons stood as candidates for one seat in the *Riigikogu*. In 1995, 30 political parties had been registered. 16 political parties and election coalitions of political parties, and 12 independent candidates participated in the elections. In the ninth parliamentary elections of 7 March 1999, 57.4% of voters participated in the voting. 18.7 persons stood as candidates for one seat in the *Riigikogu*. There were 18 registered political parties in 1999, and 12 of them participated in the elections. There were 19 independent candidates. (Toomla 2005: 147; National Electoral Committee 2012: 27-29). All these aspects denote the party representation and effectiveness in a party competition scenario of Estonia. Party system is highly fragmented, but showing a trend towards stability.

In Estonia, the party system has undergone some consolidation since independence. From 1991 to 2001 the number of registered political parties witnessed a declining trend due to new electoral reforms. During this time parties have developed greater organizational capacity and are each associated with broadly defined ideological positions. The Reform party, Pro Patria and Res publica occupied the centre-right pro market, limited government position. While the Centre party, the Social Democratic party and the People's Union party are considered to be more concerned with social justice (Richard 2012: 207). Parties acquiring greater organization capacity are compatible with the indicators of moderate institutionalization.

Ideological differences in Estonia have emerged due to socio-economic dimensions and cultural ethnic dimensions. Based on the socio-economic dimensions, parties were classified into Leftist, centre-left, centre right and rightist parties. The distinction between the right and the left side is based on the attitude of parties towards a market economy. Those on the right or centre-right have the programme ideal of a market economy society. The left wing consists of parties with the main goal to resist the negative influences of the market economy on the Estonian society (Toomla 2005: 140). The difference between the rightist and centre-right parties is that the Reform party supports the model of a liberal market economy while the centre-right parties advocate a social market economy. The United People's party is located on the centre-left based on their own self-identification. Among the centre- right parties, the Centre party lies on the left wing of the group and Pro patria on the right wing. This order is based on the tax policy views of the parties. The Centre party strongly supports the establishment of a graduated tax, the Popular Union and the Moderates have expressed this view more mildly and the Coalition party and Pro Patria Union was convinced

supporters of proportional taxation (Toomla: 142).

Due to the diverse economic structure, the range of socio-economically defined constituencies within Estonian society is wide, forcing political parties to define themselves in very broad terms. Thus the Reform party casts itself as the liberal, market friendly party, while the Centre party is characterized as the party of social justice. Only the agrarian People's Union party openly represents a single narrowly defined constituency. Since 1990 the dispersed structure of the economy and the fluidity of socio-economically defined constituencies resulted in a party system that is characterized by relatively low barriers to entry and high levels of inter-party competition. Because of the fluid socio-economic situation in countries engaged in deep economic transformation, stable party system often takes time to crystallize (Richard 2012: 207). Stability began to appear in Estonian party system.

Cultural-ethnic dimensions are other parameters, in which political parties take different stands. The three parties United People's Party, Russian Unity Party and Russian Party in Estonia have set representing the interests of the Russian-speaking population in Estonia as one of their goals. A large portion of the shift has been forced upon voters by the reconstitution of the supply of political parties contesting a given election, creating floating parties than in turn force floating voters. The disappearance of parties between elections and the emergence of new political offerings to the electorate account for the shift in voting patterns to a greater extent than volatility among the parties that continue to compete from election to election. This has indeed resulted in the shaping of party system in Estonia (Munro, et. al. 2001: 427).

## CONCLUSIONS

To sum up, Estonian parties are showing strong fragmentation, less ideological polarization, and elements of stability. In Estonia, the number of effective parliamentary and electoral parties was higher. Hence the level of institutionalization is moderate. Party systems do not hamper broader democratic development. It is facilitating consolidation of democracy in Estonia. The very process of transition created new political institutions, political leadership and civil society in Estonia. Estonia's transition from a one party communist state to a multi-party system was not a linear, but rather phased, with each phase having a different impact on party organization and politics. The structure and performance of political parties has been viewed as a significant part of the road to democratic consolidation. Volatility in Estonia has been declining since the 1990s, regardless of some fluctuations. Though the high level of fragmentation is in Estonia, it does not always leads to instability. In Estonia, quite viable and stable party systems are emerging, supported by small and medium-sized parties. Party membership in Estonia is undisputedly the highest in the region and even comparable with the European average. This shows that, in Estonia parties are probably rooted in society. The cleavage structure of parties is ethnic, socio-economic and urban-rural based. All this indicates that in Estonia parties began advancing with institutionalization and performing the function of intermediary between society and government during democratic transition. Therefore, this process of institutionalization has been examined.

The scope of the study is limited to the period of 1991-2001. The study will be a contribution in the existing literature on democratic transition and institutionalization of party system of Baltic States.

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