

The Main Political Attitudes and Arguments Prior to the Administrative Reform: Why was it successful this time?

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Maaleht

The first chance to decisively reduce the number of municipalities in Estonia slipped through politicians' fingers at the beginning of this century. By early 2001, there had been extensive discussions on the imminent administrative reform for four years. A start was made in 1997 by Jaak Leimann, Mart Opmann and Raivo Vare, ministers in the government formed by the Coalition Party and the Rural People's Union, with a proposal to reduce the number of municipalities to a third. By spring 2001, it did indeed seem that everything was almost ready. In the Ministry of the Interior, maps with new city and rural municipal borders were drawn, with around 60 to 110 possible new municipalities being envisaged.

As it happened, local elections were suitably due to be held in the autumn of 2002, conceivably within the redrawn borders. By that time, the Minister of the Interior, Tarmo Loodus (Pro Patria Union), had completed an almost impossible task – he had driven around Estonia and gain support in several municipalities for changes that seemed inevitable.

But nothing happened. A Reform Party board meeting on 20 March concluded with the politicians stating that the administrative reform had to be halted. 'We should be honest about this and let the Estonian people know that there will be no administrative reform during this election period,' said Andrus Ansip, vice chairman of the Reform Party at the time¹.

In public, the party justified its opposition by claiming that they would not support the government's coercive merging of cities and rural municipalities. Jürgen Ligi, chairman of the Reform Party faction in the *Riigikogu*, said that the party would like to see the merging of municipalities carried out on a more voluntary basis.²

In any event, the People's Union and the Centre Party, both in the opposition, were completely against any administrative reform plans put forth by the government. As the Reform Party moved to the opponents' side, it became increasingly impossible to make any administrative changes. (For a more detailed overview of the events of this period, see the article by Madis Kaldmäe).

The Reform Party would not admit in public that the underlying reason for their position was the desire not to lose support for their presidential candidate Toomas Savi in the electoral body, to which the presidential elections were expected to advance. On the contrary, the squirrels³ said that they were in favour of the reform – but not in this shape or form. Mart Laar's Pro Patria Union had apparently been

¹ T. Sildam, 'Reformierakond võtab toetuse haldusreformilt' – *Postimees*, 21.3.2001.

² 'Reformierakond seiskab haldusreformi' – *Eesti Päevaleht* / BNS, 23.3.2001.

³ The symbol of the Reform Party is the squirrel.

pursuing an agenda of their own that had little to do with their coalition partners. The Social Democrats, who were in the coalition, remained in favour of the reform, but this was not enough to be decisive.

Halting the administrative reform did not help the Reform Party's presidential candidate Toomas Savi to victory. In autumn 2001, Arnold Rüütel was elected Estonia's head of state.

In fact, President Lennart Meri was also somewhat sceptical. In autumn 2000, he was of the opinion that administrative-territorial changes could still wait a while. 'I would like it very much if proposals for territorial reforms were put forth by the people, instead of being born on the polished silence of desks,' said President Meri.⁴

In other words, the administrative reform fell through at the time because there were too many sceptics. Furthermore, current political goals would have had to be sacrificed in favour of any future benefits.

Following 2001, preparations for administrative reform in Estonia lay dormant for a while. Politicians had no desire to bring a failed undertaking back to life. Every now and then, there were of course a few proposals, some of which were quite bizarre.

For example, in early 2009, Tallinn city authorities (under the leadership of the Centre Party) announced that the city would carry out its own administrative reform. For that purpose, Tallinn was supposed to close down city district governments and start negotiations to merge with rural municipalities adjacent to the capital.⁵

For their part, the coalition parties viewed this as an attempt by Tallinn to ensure more votes for the Centre Party in the upcoming elections. A parliamentary majority banned Tallinn from abolishing city districts during an election year. By spring 2010, Tallinn had abandoned the plan to get rid of city districts.

⁴ U. Klaas, 'President Lennart Meri intervjuu Postimehele' – *Postimees*, 3.10.2000.

⁵ M. Jürgenson, 'Mõistlikuma elukorralduse nimel' – *Kesklinna Sõnumid*, February 2009.

There were also some more serious attempts. During his long term as the Minister of Regional Affairs during 2008–2014, Pro Patria and Res Publica Union politician Siim Kiisler kept carrying on his attempts at resuscitating the administrative-territorial reform.

In spring 2009, the minister announced that administrative-territorial changes needed to be implemented by the autumn of the same year. He had a specific schedule. The legislation was supposed to be adopted by the end of May, with surveys carried out in the municipalities in June, and in July, the central government was to approve the names and borders of the new municipalities, in time for the local government elections in autumn.⁶

‘While I was in government, the administrative reform was not implemented,’ Kiisler reminisced seven years later in the *Riigikogu*. ‘We did prepare two draft acts, though. One was based more on a county-centred logic ... The other draft act was based on the logic of local commuting centres.’

Kiisler’s plan was optimistic, but realistically impossible to implement, as Estonian society was not ready to make such great changes in a hurry, let alone during summertime. The minister did not manage to obtain the necessary political support for a comprehensive reform.

However, that does not mean that there was no heated debate about the reform during that time. For example, the Auditor General, Mihkel Oviir, wrote a public statement to Ivari Padar, the Minister of Finance, with strong arguments in favour of the administrative reform: ‘The administrative reform cannot wait until the very last minute.’

Among other things, Oviir said, ‘In order for local authorities to achieve a sufficient level of administrative capacity to the extent of the tasks they have now been given, it is necessary to form municipalities that have the prerequisite populations and competences to fulfil the tasks of

⁶ U. Seaver, M. Tamm, ‘Kiisler esitas valitsusele haldusreformi koos ajakavaga’ – *Postimees*, 5.3.2009.

local government.’ This is significant, because at a later time, after the 2015 elections, the weakness of small municipalities became the main argument in favour of their coercive merging. ‘We must not forget that the entire population of Estonia amounts to the population of a single district in a metropolis,’ the Auditor General announced to Padar.⁷

In reality, administrative reform did not become a major campaign topic that autumn, before the 2009 local elections.⁸ This also happened to be during the depths of the economic crisis.

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In real life, the idea of an administrative reform progressed more as a result of legislation passed in summer 2004, according to which government grants would be paid to merging municipalities. The coalition agreement of Juhan Parts’ government, which also included the Reform Party and the People’s Union of Estonia, stated that it was important to facilitate and support the voluntary merging of municipalities. A working group led by the Minister of Regional Affairs, Jaan Õunapuu, compiled a draft of the Promotion of Local Government Merger Act.

By law, the merger grant would be 500 *kroons* for every resident of a merged municipality, i.e. 1.5–3 million *kroons* per municipality. A list also set out the activities that the merger grant could be spent on. The explanatory memorandum of the draft act specifically mentioned what should improve as a result of the merging of municipalities. Mergers eligible for the grant were supposed to increase administrative capacity, improve project proposals, expand the availability and quality of public services, and strengthen collaboration between the authorities of different municipalities.⁹

⁷ Mihkel Oviir’s letter to Ivari Padar, 27.2.2009.

⁸ A. Ideon, ‘Seitse valimishetke’ – *Postimees*, 16.10.2009.

⁹ Draft Act 359SE and explanatory memorandum. – www.riigikogu.ee.

The payment of the merger grants proved a successful measure that helped with many voluntary mergers. Between 1997 and 2008, 47 municipalities were merged into 20.¹⁰ By the year 2009, there were 227 municipalities in Estonia.

One important reason for the eventual execution of the administrative reform lies in party politics.

The two major parties that had previously been the largest critics of the administrative reform – the Reform Party and the Centre Party – switched sides at different times, joining the Pro Patria and Res Publica Union (IRL) and the Social Democrats (SDE). For the squirrels, this took place after the 2015 parliamentary elections, when Taavi Rõivas formed his second government and Arto Aas became Minister of Public Administration.

In 2015, Alo Aasma, a Social Democrat and the former governor of Järvamaa county, said that the planetary alignment must have been right for a political agreement on administrative reform to be made. 'We must not underestimate the fact that the situation of local authorities was rather dismal in some places in Estonia,' he stated.¹¹

Surveys also had their role to play, such as in the drafting of a new capacity index for local authorities showing which rural municipal authorities in Estonia had less capacity. 'If, figuratively speaking, every third person has vanished from rural areas during the past 25 years, public administration and local authorities cannot be the last to adapt to these changes,' Aasma said.

Arto Aas, Minister of Public Administration in 2015–2016, said that the coalition formed after the parliamentary elections had a specific desire to get the administrative reform done. 'It is true that the political

¹⁰ A. Teeväli, 'Kohalike omavalitsuste sotsiaalmajandusliku arengu seos haldusterritoriaalse reformiga – aastatel 1999–2005 ühinenud omavalitsusüksuste sotsiaalmajanduslike muutuste analüüs'. Master's thesis. Tartu, 2009.

¹¹ Author's interview with Alo Aasma in December 2017.

agreement did not specify how it should be done. The how and the when was up to me, the minister, to figure out¹².

In Aas' view, it helped that a critical mass of Estonia's heads of local governments, entrepreneurs and opinion leaders active outside Toompea's inner circle came to understand that the administrative reform was inevitable.

As far as the Estonian Reform Party itself was concerned, a generational shift certainly helped to move things along, as Taavi Rõivas replaced party leader Andrus Ansip, who had traditionally been highly sceptical of any administrative reform. The new prime minister adopted a more open position in this matter. 'It is true that neither Siim Kallas nor Andrus Ansip were initially big fans of the proposed reform options,' Arto Aas also admitted.

Former Minister of Regional Affairs Siim Kiisler believed that without the coalition agreement in spring 2015, nothing would have happened.

'These kinds of reforms cannot be carried out from the bottom up; that's what the experience has been all over the world,' Kiisler said. 'The choices of local authorities and local leaders were certainly made easier by the fact that the reform was carried out in two stages, with the opportunity being given at the start to merge voluntarily, based on the set criteria. This way, the central government helped the local level out, to get things done.'¹³

He argues that the whole idea had had a long time to mature and become familiar to everyone. 'For many years, surveys had shown that there were more supporters than opponents among the Estonian population. And a large part of the preparations had been done already; the possible models had been tested during the 2015 elections.'

¹² Author's interview with Arto Aas in December 2017.

¹³ Author's interview with Siim Kiisler in December 2017.

Politically, however, Kiisler considers his own party to have been the main driving force behind the reform.

'The main impetus was IRL's decision that one of their main demands would be to include the administrative reform in the coalition agreement after the elections, and giving the honour of implementing the reform to the Reform Party, which held the ministerial position responsible for it. IRL understood that if the Reform Party did not hold this position, they would continue stalling, endlessly if necessary,' he said.

Following this agreement, there was a complete change in the Reform Party's attitude: all talk about needing further analysis stopped immediately, and the reforms were started,' Kiisler reminisced. 'Half-jokingly – when I read interviews with Arto Aas, the minister who was responsible for the reform at the beginning, I had to double-check whether it was actually one of my old interviews. In any case, it was a big step for the coalition partners, and I'd like to use this opportunity to offer them my sincere thanks!'

The most critical moments regarding the fate of the administrative reform came in 2016, where the second and third readings for the Administrative Reform Act took place in the *Riigikogu* in the summer.

The local government merger grants included in this Act also played an important role. In this way, Rõivas' government adopted a kind of a carrot-and-stick policy: if local authorities met the legal requirements and merged voluntarily by the set deadlines, they would receive a hefty merger bonus. In other cases, the central government would decide on the mergers and the local authorities would be able only to dream of the bonus.

The merger grant also made it easier for the municipal leaders to explain the situation to their sceptics and opponents: the reform is inevitable, better to make our own arrangements, get money for investments, and everything will be more sensible.

'The main thing was the clear message: if you do not merge by yourselves, we will merge you anyway!', reminisced Kiisler, now Minister of the Environment in Jüri Ratas' government.

At the time, one of the main points of criticism was the claim that the people in charge of the preparations for the reform were thinking and talking about the borders of cities and rural municipalities, but were not focused on the tasks of the new local authorities, or how to finance them.

‘There are big promises coming from Toompea, but very little of it will come to pass in the coming years,’ said Kersti Sarapuu, a politician from the Centre Party present at the discussion of the draft act. She was alluding to the fact that the issue of the revenue base for local authorities has remained unsolved.

The Reform Party-led government did discuss all topics, but did not manage to present any new solutions to the *Riigikogu* before their fall from power.

Another decisive moment for the politicians came in December 2016, while they were anxiously awaiting the Supreme Court’s ruling on the constitutional compliance of the Administrative Reform Act.

‘The core of this case is whether the merger of municipalities as stipulated in the Administrative Reform Act – first, voluntary merger and then coercive merger for the rest – is compliant with the constitutional order of Estonia,’ Priit Pikamäe, Chief Justice of the Supreme Court, explained after 26 municipalities had lodged complaints in October.¹⁴

In the end, the Supreme Court found only one provision to be unconstitutional: the limitation of compensation for merger expenses incurred by local governments to a maximum of 100,000 euros. In all other respects, the entire reform remained unchanged, including the option to merge municipalities coercively.

The Supreme Court’s positive decision also left Centre Party politicians without any arguments, the latter having previously been ready to reopen the topic of administrative reform under the new government if the message had been different.

¹⁴ A. Ideon, ‘Riigikohtu esimees: haldusreformi kohtuotsusega venitamist ei tule’ – *Maaleht*, 6.10.2016.

The Centre Party's shift regarding the administrative reform happened in late 2016, when Jüri Ratas was elected chairman, and then also immediately became prime minister. In the Centre-led government, Mihhail Korb took on the position of the Minister of Public Administration, responsible for the implementation of the reform. After his resignation, Jaak Aab took on this role in June 2017.

Mailis Reps, vice chairman of the Centre Party, visited Estonia's municipalities during the presidential election campaign in summer 2016, also trying to get an overview of the situation related to the administrative reform. What the Estonian Centre Party's presidential candidate saw made her sceptical.

'For the majority of rural municipalities, this is a forced marriage; only a few claim that they would merge even if there were no obligation to do so,' she said in August.

'If I were president, I would not have proclaimed the Administrative Reform Act in its current shape and form. There could be interesting decisions coming from the Supreme Court which will turn everything upside down.'¹⁵

Looking back, Reps, who is the Minister of Education in Jüri Ratas' cabinet, said that at the time everything depended politically on the Supreme Court's decision.

'Quite a few people thought that there would be some kind of shocking news from the Supreme Court. We had a deal in the Centre Party that if that happened, we would reopen the discussion. But if there was nothing, it would be pointless to keep trying. Without any legal arguments, we had no right to cause confusion – the majority of the local authorities were already finalising their agreements. Everyone who was even a little bit involved said that the rewinding of the reform would create complete chaos.'¹⁶

¹⁵ A. Ideon, B. Mikovitš, 'Mailis Reps: valimiskogu lööb poliitilise tagatõega ja see sobib' – *Maaleht*, 4.8.2016.

¹⁶ The author's interview with Mailis Reps in December 2017.

Mailis Reps admitted that for the Centre Party, it was particularly difficult to accept the part of the Administrative Reform Act that allowed municipalities to be forcibly merged by the central government.

‘It was extremely difficult. As one example, I’m still uneasy about what happened with Lügänuuse rural municipality in Ida-Virumaa – they had just been through a very difficult triple merger and appeared to accept it.’ (In 2013, the rural municipalities of Maidla and Lügänuuse in Ida-Virumaa county merged with the city of Püssi to form a new rural municipality, Lügänuuse; in 2017, however, the government merged Lügänuuse with the city of Kiviõli and Sonda rural municipality.)

‘For those who had merged voluntarily, there was less emotional, personal pain. But there is a story behind every merger,’ Reps stated.

Former Minister of Public Administration Arto Aas said that in private conversations, Centre Party members came to pat him on the back during his term in office, to say that he really was doing the right thing.

‘Although the Centre Party had never considered the administrative reform to be truly theirs, I was not too surprised when they did not put a stop to the reform when they came to power. Fortunately, IRL and the Social Democrats were sufficiently involved in the implementation of the administrative reform, so it would have been bizarre for them to throw it all away,’ Aas said.

Alo Aasma, a Social Democrat who ran in the 2017 local elections in Paide as a member of the Suur-Järvamaa electoral coalition instead, stated that for the Centre Party, which had just entered the government, supporting the administrative reform was a chance to show themselves to be statesmen instead of populists. ‘Jüri Ratas, as a leader of the new generation, perhaps needed it.’

But in order for large national reforms to be successful, that really is what it takes in the end: for everyone to be in the same boat, he said. ‘For big, important reforms, there is much greater support than just within the coalition. Maybe that’s the right way to do it.’

Siim Kiisler, in turn, thought that the Centre Party's behaviour upon reaching the government coalition made perfect sense. 'When in power, you have to behave sensibly. Besides, the process had developed far enough by that time, and it was obvious that local politicians and leaders had also accepted it.'

After the 2016 judgement from the Supreme Court, tempers were still running high regarding the minimum number of 5,000 residents required for new rural municipalities, although the new head of government, Ratas, promised to be flexible on this issue.

'When these figures end up at some stage on the government's desk, my first consideration is whether a municipality with that number of residents is capable of fulfilling its tasks, whether it makes sense geographically, and only then is the number issue considered,' said Jüri Ratas in an interview in late 2016.¹⁷

'The final figures are as follows: we have 79 municipalities: 64 rural municipalities and 15 cities,' said Minister of Public Administration Jaak Aab after the local elections held in autumn 2017. Whereas before the voluntary and coercive mergers, there were 169 municipalities in Estonia with fewer than 5,000 residents, following the administrative reform, 15 such municipalities remain.¹⁸

In other words, the government still granted a few exemptions. According to Mailis Reps, there would probably have been even more exemptions if Helir-Valdor Seeder had been elected chairman of IRL earlier, as Seeder had already held a critical attitude towards coercive mergers. But everything was decided before that. The Centre Party's political opponents were most critical about the exemption granted to the city of Loksa.

¹⁷ A. Ideon, B. Mikovitš, 'Kaks vaadet Eesti elule – Jüri Toompealt ja Anne Järvamaalt' – *Maaleht*, 4.1.2017.

¹⁸ Record of the government press conference, 26.10.2017.

Without a doubt, the administrative reform was successful because after the political agreement of spring 2015, the Estonian government tried to arrange the entire process as inclusively and openly as possible.

'We already knew in advance that the end result would not please everyone and that there were those who would be going to court, and the parliamentary opposition would be against it anyway,' said Arto Aas, Minister of Public Administration at the time. 'All of that was predictable.'

To counterbalance, Aas convened an expert committee on local administration reform, which reviewed all important decisions and analyses and approved these.

'We had academics, municipal leaders, county governors, party representatives and many others there,' the Reform Party politician recalled. 'As minister, this gave me a great deal of support: whenever I went to the government or the *Riigikogu*, I did not need to rely solely on my own knowledge and assessments, but something much broader.'

Of course, no new studies were commissioned regarding the necessity of the administrative reform in 2015, because in Aas' words, his 'desk drawers were full of such studies and we were able to use this information'.

All of this preparatory work made it easier later to justify the government's viewpoints, for example regarding the Supreme Court discussion referred to above.

A remarkable detail in the Administrative Reform Act was the payment of compensation to local leaders that would lose their jobs due to the imposed changes.

'Currently, the municipal and city leaders have been offered a carrot: if they leave office, they will get a bonus,' said Kersti Sarapuu, a representative of the Centre Party, during the discussion on the Administrative Reform Act.

'That suggestion also came from experts – people that knew how these reforms had been carried out in our neighbouring countries,' said Aas. 'I do not think it was a magic solution, but it did take a lot of the pressure off.'

In Alo Aasma's opinion, such an allocation of grants was excessive, because the prospect of being merged by the government was sufficient motivation to make the necessary decisions locally.

'It was just a nice bonus, but it has not done what it was supposed to,' Aasma admitted.

To summarise, the administrative reform was implemented successfully this time because there was wide political agreement in favour of the changes, including within the previously sceptical major political parties. A prerequisite for this was earlier work, including studies that demonstrated the inevitability and necessity of a reform.

Preparations for the reform progressed so smoothly that politicians on both sides of the fence marvelled at it. The government was able to use tried and tested methods, such as merger grants. If nothing else worked, the government could carry out a coercive merger, and local authorities were unable to contest these successfully in the Supreme Court.