

Summaries in English

EDITOR-IN-CHIEF'S COLUMN

Estonia's Decade of Possibilities

Mart Raudsaar, Editor-in-Chief of *Riigikogu Toimetised*

In 2018, Estonia will hold the Presidency of the Council of the European Union. We have witnessed the Presidency period of Lithuania, which has earned international praise behind the scenes. Lithuania as the presiding country showed itself to be an efficient diplomat and administrator who is able to join national and Pan-European interests. The activities of President Dalia Grybauskaitė greatly contributed to it.

In 2018, Estonia will have a new president, whose role according to the Constitution of Estonia is much more modest in comparison to the role of the president of Lithuania, but the more important the good cooperation between the Estonian Members of the European Parliament, the *Riigikogu* and the government will be.

One of the greatest problems of the European Union is its decreasing competitiveness in comparison to the United States and China. Maybe Estonia should initiate the discussion of a new Constitution or basic treaty for the European Union during its term of presidency. But certainly we should already now start thinking of the European Union a little differently, not as just a wallet supplementing Estonia's state budget. It is possible to combine the Pan-European and Estonian interests by dealing with the issues of competitiveness and entrepreneurship.

Several articles in this issue of *Riigikogu Toimetised* deal with using the European Union aid better in Estonia, so that the result would be sustainable and improve competitiveness as much as possible.

Janno Reiljan, Annika Jaansoo and Aivo Ülper write about the financial sustainability of the merger of local governments. It becomes evident that the local governments that have increased as the result of mechanical merger are not necessarily more sustainable if the rules of financing remain unchanged.

Two peer-reviewed articles on sustainability also deserve attention. The first of them is written by Külliki Tafel-Viia, Erik Terk, Silja Lassur and Andres Viia, and discusses the possibilities of creative economy. The concept of creative economy or creative industries, which was coined in 1997 in Great Britain, is defined as an economic sector which is based on individual creativity, skill and talent, and which has a potential for wealth and job creation through the generation and exploitation of intellectual property.

The second peer-reviewed article deals with entrepreneurship. Kadri Paes, Mervi Raudsaar and Tõnis Mets prove on the basis of an international study that the people of Estonia are more enterprising than the European average. Thus Estonia's starting position is quite advantageous for using the opening economic possibilities, at the same time it is reasonable or even smart to consider specialising when thinking globally and acting locally.

Erkki Karo, Rainer Kattel, Veiko Lember, Kadri Ukrainski, Hanna Kanep and Urmas Varblane write about smart specialisation. They open up the conception that was created for discussing the gap of the productivity of labour force between the European Union and the USA and the states of South-East Asia, which became apparent in the 1990s. The conception recommends "enterprising discoveries" and focusing on general purpose technologies, like nanotechnology and information technology, for specialisation.

The key to the development of Estonia in the coming decades may be hidden in smart specialisation combined with the possibilities offered by the European Union. As Jaak Vilo writes: "We know from the example of other countries, successful entrepreneurs and investors, innovation centres and regions (Silicon Valley) that new entrepreneurship is the most successful when excellent education, research, design and entrepreneurship meet." But at the same time we should never underestimate local initiative, which Külli Eichenbaum deals with in her article, using Old Võromaa as an example. In conclusion: the smallness of Estonia, which enables us to act quickly, may once again prove useful – if there is consensus in matters of importance.

The journal *Riigikogu Toimetised* wants to continue providing such a forum of discussion where the possible consensus can be shaped. On these pages, the political and scientific thought that have the common aim of finding the best means and strategies for achieving the constitutional objective of the state of Estonia can meet without the pressures of daily politics and the impracticality that is sometimes characteristic of science.

ESSAY

Any Assistance, Even Structural Assistance, Is Meant for Getting You on Your Own Feet. Can We Do That?

Kersti Kaljulaid, Member of the European Court of Auditors

EU financial perspective 2014–2020 continues to support Estonian investment into the objectives prescribed by the Cohesion Policy. The share of ESF measures will increase thanks to the common floor set by the Council decision. This allows the country to set into motion a stronger set of active job market measures, enhances social security, provides for poverty reduction measures in the country and supports continuous modernisation of infrastructure. This article deals with the potential risks related to high level of Cohesion expenditure, its potential effects

on the economy and the risks of sudden withdrawal. The case of Spain, as described in international literature, is presented. Similarities between the situation of Spain and Estonia are formulated into criteria that can be used for the future analysis of a country's ability to benefit from the Cohesion expenditure and avoid ill effects relating to the spending itself or its withdrawal.

POLITICS

“Soft Power” in the Service of the Security of Estonia

Riigikogu Toimetised conversation circle

In Riigikogu Toimetised conversation circle on 30 April, representatives from all factions of the Riigikogu discussed what we should keep in mind in the changed security policy situation: Arto Aas (Reform Party), Liisa-Ly Pakosta (Pro Patria and Res Publica Union), Mailis Reps (Centre Party) and Rannar Vassiljev (Social Democratic Party). They were questioned by Mart Raudsaar, Editor-in-Chief of Riigikogu Toimetised. The theses of the participants in the conversation circle are summarised below.

Arto Aas: Today, there is no influential state who does not use economic levers to protect its interests. Certainly, health, education and security are three paramount components, but it is impossible to sustain any of them without economy and income. Second, cultural capacity is important, and I would rank also language space under it, because, through language, not only is information forwarded, but also values and attitudes are developed. Estonia has fulfilled agreements in every area, be it EU rules on certain financial issues, or NATO agreements, which also gives us moral justification to later ask for services or help in return. Strong economy, growing incomes and low unemployment are important for our internal security.

Rannar Vassiljev: Russia is trying to put much energy into justifying in some way, both at the national and international level, the conquering of one or another region. Up to now, such activity has been confined to regions where the sentiment and socio-economic background of the people would be favourable, and which could be conquered with little use of weapons. With Russia, the most important aspect is to achieve reasonable, democratic order. The most important aspect in Estonian regional policy is that the residents speaking other languages would be continuously involved in the life of society.

Mailis Reps: The problem in Ukraine is a profound socio-political split. In Estonia, too, there are people who have failed to overcome wage poverty and can see no solutions for their following generation. Certainly, the situation of Estonia is a little different, but have we given the generation of the young people who have been born and grown up here a sense of perspective that would motivate them to connect their future with Estonia? We might consider the creation of supporting levers that would encourage local governments to promote enterprise. Improvement of the condition of the spread of electricity, the Internet and roads is

what helps bring enterprise to the country. We have to decide in Estonia, what will become of the current “regions with no perspective”.

Liisa-Ly Pakosta: The completion of education reform is one of the pillars of soft security – that local governments would be stronger and would be able to provide better social services. Low-wage jobs are disappearing from the labour market. Nearly all new opening jobs require either a high professional qualification, higher education, or the level of a specialist acquired in vocational education. The current education pattern does not work any more. It is very important for young people to find their first job quickly. At the end of the day, the best yardstick for measuring social security is the birth of children.

The Beauty and Pain of European Money

Urmas Varblane, Professor of International Business, University of Tartu

The article deals with the role of foreign support in the state budget of Estonia and more broadly in the development of economy during the last decade. Estonia's position in getting subsidies from the EU is compared to that of other new member states. The importance of the use of foreign resources is analysed from the standpoint of Estonian state budget. The positive results accompanying the subsidies that have helped to balance the state budget and made coming out of the economic crisis smoother are pointed out. But the possible negative impacts of such subsidies, or the emergence of the so-called support addiction, are also discussed. And finally the article calls to discuss the strategies of overcoming support addiction.

The importance of foreign support has continuously increased and has become an indispensable part of financing the activities of the state. We have tried to compensate our country's small capacity for generating revenues with foreign support. Foreign support has become the main source of investments in the state budget of Estonia, covering nearly three fourths of them. Thanks to foreign support, it is possible to continue the existing economic policy and it has been possible to postpone several changes by waiting for the resources from the EU structural funds. The Estonian society has to become aware that support addiction is a problem. In order to solve that, it is necessary to use the subsidies of the EU structural funds for the period of 2014–2020 very efficiently, applying problem-centred approach. For that, the cooperation between ministries has to be better than it has been so far, the level of coordination across them has to be strengthened. The main way for overcoming support addiction is increasing the level of revenue and increasing productivity. It would enable to achieve the necessary financing capacity of the state already during the next decade, so that in 2022 it would be possible to invest without support from Europe.

Smart Sustainable Estonia

**Jaak Vilo, Member of the Academy of Sciences, Professor of Bioinformatics,
Head of Institute of Computer Science of the University of Tartu**

The role of universities in society is to create new knowledge through research and development, and to teach educated people so that they would be able in the future to cope successfully in the changing world and develop the economy and science of Estonia. Research and higher education are directly linked and require common integrated approach at the state level.

Estonia has become greatly dependent on the grants from outside, and needs a more strategic approach in guaranteeing the sustainability and competitiveness of core activities. Stable development of diverse top-level research and development should be the strategic will of Estonia.

Young people who are presently acquiring university education must get the best possible basis for 40–50 years of work, including the ability, skill and readiness to learn and develop themselves for the rest of their lives.

Research and education are not expenses but direct investment to economic growth. For example, today the highly successful IT sector of Estonia cannot develop fast enough because the volume of training has been inadequate. The volume and quality of education are developed at the same time, but all this requires stable additional investments and people. At the same time, each euro invested in education is essentially capable of earning itself back in one or two year payback period thanks to the higher added value and the success stories of new developing enterprises. The too small IT sector of Estonia will otherwise become an obstacle to all other sectors of economy. The best the state can do today for promoting economy is to develop higher education that is based on high-quality research with strong long-term vision, if necessary focusing primarily on subjects that directly influence the Estonian economy.

How to Implement Successful Austerity Policy without Negative Reactions from Voters: Estonian Experience 2008–2011

Viljar Veebel, Associate Professor, Estonian National Defence College

In Europe, austerity policy was considered the ideal model for the stabilisation of states with payment difficulties during the global financial crisis which began in 2008. However, in spite of their economic reasonableness austerity measures were seldom applied in the Member States of the European Union because of the social pressure and political risks that accompany them. The main justified fear of the governments not implementing these measures was not that the austerity measures would not work, but rather the opinion that austerity policy would bring along the displeasure of the voters and that would result in losing the elections.

The government coalition of Estonia, who already had the experience of abrupt economic reforms, was one of the few in the EU who decided to implement

austerity measures to the full extent, with all their social and political results. Contrary to the widespread opinion, the government coalition managed both to meet the purposes of austerity policy and to win the parliamentary elections of 2011.

The aim of the article is to analyse the reasons and logic behind this somewhat unexpected voter behaviour, to study which factors influenced the behaviour of Estonian voters in the situation where the budgetary decisions proceeding from the austerity policy of the government caused social pressure but – unlike the theoretical predictions – were not followed by the negative reaction of voters at the elections.

The analysis showed that, first, the ideological gap between the parties of the coalition and the opposition was too wide for the so-called punitive vote. Second, the loyalty of citizens to both the government parties and the austerity policy was high. But the most important aspect was the calculated reputation management of the government which showed austerity policy as the only most moral and sustainable solution, and where the role of the government was depicted as implementing the necessary policy and not as choosing between several possibilities.

Immigration to Estonia 2008–2013

Kristina Kallas, Member of the Board, Institute of Baltic Studies

Triin Pohla, Project Assistant, Institute of Baltic Studies

Employers have pointed to the need to facilitate the immigration of top specialists, and to the shortage of skilled workers. Universities and research groups of centres of excellence have spoken about the facilitation of the immigration of foreign students and researchers. Different views on immigration have been expressed, but detailed information about immigrants is seldom given. The article gives a statistical overview of immigration into Estonia during the last six years. Available data about immigration have been presented both about the immigration of the citizens of the European Union and the immigrants from outside the European Union. The origin of immigrants, their gender and age distribution and the reasons for coming to Estonia are dealt with.

Since Estonia's accession to the European Union, movement of people has become more active: every year immigration, emigration and the returning of the citizens of Estonia increase by numbers. Analysis clearly shows the dependence of immigration on the geographical location of Estonia: during the last six years, the citizens of Finland (28% of the citizens of the EU) and the citizens of Russian Federation (40.5% of the citizens of third states) formed a significant part of the immigrants into Estonia, and most probably this tendency will continue. The citizens of the EU come to Estonia mainly to work or study, but among the citizens of third states there are many of those who come here for family reasons. Among

the immigrants from outside the European Union, the citizens of Ukraine stand out by being mainly skilled workers with vocational education who come here to work.

CONSTITUTIONAL INSTITUTIONS

The Impact of Amalgamation on the Financial Sustainability of Municipalities in Estonia

Janno Reiljan, Professor of Foreign Trade, University of Tartu

Annika Jaansoo, Doctoral Student, Institute of Economics, University of Tartu

Aivo Ülper, Doctoral Student, Institute of Economics, University of Tartu

The goal of the article is to analyze and assess the impact of amalgamations on the financial sustainability of municipalities in Estonia. The article consists of three sections. The first section provides an overview of the discussion in scientific literature, the second section examines the experience of amalgamating municipalities in Estonia and the final section is devoted to a comprehensive empirical analysis and discussion of the impact of amalgamation on the financial sustainability of municipalities based on the financial indicators of Estonian municipalities before and after the amalgamations.

On the basis of the analysis of municipalities' revenue side it was found that the decrease in grant transfers from the central government budget to local governments is remarkable after the merger of the municipalities, despite merger support from the central government. From the analysis it was therefore apparent that increases in the size of municipalities could have a significant impact on financial sustainability, but the direction of the impact appeared controversial. It was also found that the financial impact of mergers varied greatly in different groups of municipalities, and that financial indicators are sometimes controversial in one group of municipality in regard to a single indicator.

The empirical analysis of the expenditure side confirmed the results of previous studies done in Estonia – municipal administrative expenses decreased after the amalgamations. But the decrease in expenditures was about three times smaller than the overall decrease in revenues.

These kinds of results suggest that the central government policies governing the financial transfers do not increase the financial sustainability of the new municipalities created through amalgamation; rather, these policies are aimed at cost savings for the central government. The financial loss from amalgamation is especially remarkable for small rural municipalities. This also explains why so few mergers have occurred in Estonia during its 20 years of independence.

The Sustainability of the Local Governments of Estonia According to the Audits of the National Audit Office

Airi Mikli, Head of Local Governments Audit Department, National Audit Office

The audits conducted in the local governments by the National Audit Office give a good overview of the main problems of the local governments and enable to generalise the problems of the sustainability of the local government organisation in Estonia. The first question that arises is why the local governments are not able to perform their functions or perform them selectively. Another important question is why the local governments are not a strong partner for the state. The audits of the National Audit Office show that the sustainability of local governments is negatively influenced by three main problems: the inability of cities and rural municipalities to plan their development, the lack of people with specialist knowledge and the weakness of internal control and democracy.

In 2012, the local governments of Estonia invested altogether 217.6 million euro, which is about 30% of the tax revenue of the local governments. But the increasing impact of the state in directing the investments of local governments is a problem. In 2007 the local governments made around 70% of investments with their own money, but by 2012 this indicator had decreased to 36%. Although it has been discussed how to divide the financial resources during the new EU programme period (2014–2020) in such a way that it would be possible to reduce the dependence of local governments on structural funds and at the same time improve their investment capacity, it cannot be foreseen how that aim can be met until there is no common understanding of the reform of the financing system of local governments or their revenue base.

Most of the local governments have difficulties in finding people with necessary training. One reason for that is the financial constraint of smaller local governments – good specialists will not get a good salary – but on the other hand the work in a small local government does not offer a good specialist enough challenges, burden and possibilities for self-development, which are of no small importance from the professional point of view. This situation can be illustrated by an example from a rural municipality that is not the smallest in Estonia. In this municipality, there are 4.6 positions in the local government, together with the municipality mayor, and these positions have for years been filled by people who are trained in geodesy, secretarial work and accounting, and as a tailor of outerwear. They have to manage with organising social work, child protection, care for the elderly, education, culture, sports, spatial planning, construction, local roads, communal services, state procurements and other issues. Is this possible?

Another risky spot from the aspect of the sustainability of local governments is the ability of cities and rural municipalities to discover their mistakes and correct them by themselves. The audits show that the capability to find potential risky spots in their activities and to correct the work processes, and the wish of the council to control the activities of the municipality government are rather small.

What should be done? There are no real obstacles for liquidating some of the problems – the leaders of rural municipalities or cities just have to change their attitude and management culture decisively. It is more complicated for the local governments themselves to make changes to the system of the organisation of local government, or to influence the existing project-based procedure of allocating money for investments or the capacity of local governments to finance their investments by themselves. It is not reasonable to expect that all the local governments of Estonia, which differ by over 4000 times by their population and income, would be able to perform the same functions, and it should not even be necessary. Unfortunately developing the organisation of local governments has not been a priority for the state for decades, actually this issue has been avoided. Establishing sustainable local governments in Estonia should be the aim of the state and it must not be postponed, changes have to be carried out and they have to take into account the existing realities.

STUDIES

Of Entrepreneurship and Enterprisingness – Global Entrepreneurship Monitor Study in Estonia*

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During recent years, awareness of entrepreneurship as a source of social activeness and precondition for economic welfare in the global economic competition has increased in the Estonian society. Because of the historical context of Estonia, the terms “entrepreneurship” and “entrepreneur” are often used here in different meaning in comparison to traditional (English) scientific literature. This in turn influences the formation of wider social understanding of entrepreneurship. Today’s approach to entrepreneurship started in the beginning of the 1990s, when it was realised that entrepreneurship is a heterogeneous sphere of activity: there are many entrepreneurs and very many ways for starting as an entrepreneur, and there are different environments where the entrepreneurs operate. More and more attention is being paid to the process of entrepreneurship and wider social context than the person of the entrepreneur. The aim of sustainable entrepreneurship is combining the interests of the entrepreneur and the society.

It is not easy to compare the entrepreneurship and enterprisingness in different countries. All states collect data connected with enterprises, but usually these data are not comparable at the international level. This gap is filled by the Global

Entrepreneurship Monitor (GEM), which is an annual global study of entrepreneurship conducted in many countries. Estonia joined it in 2012. The general conception of GEM is based on studying the behaviour of working-age population in regard to starting of entrepreneurial activity, treating entrepreneurship as a process which involves the life cycle of an enterprise. As simple indicators characterising quantity, like the number or percentage of entrepreneurs, are often inadequate for assessing entrepreneurship and entrepreneurial activity, and connecting them with economic growth, GEM also treats several aspects connected with entrepreneurship more specifically. In addition to that, the data of 2012 allow studying social entrepreneurship in Estonia and comparing it to the so-called ordinary entrepreneurship.

Several conclusions can be drawn on the basis of the GEM study that has been conducted in Estonia for two years. The results of GEM help break myths of the low enterprisingness and negative attitude towards entrepreneurs in the Estonian society. In addition to that, entrepreneurship is a phenomenon of civic society and connected with the elements of enterprisingness in the society in a wider context than the different reasons for starting business activity.

The analysis of entrepreneurship showed that the main bottlenecks are in the early phase of entrepreneurship, when the transition from idea to activity takes place, and also in the case of the acting entrepreneurs who are forced to leave business, although it is possible that in certain cases it is not necessary. Thus, those who are about to start entrepreneurship should be encouraged and those who have been active for longer should be instructed how to improve their capabilities. The large gap between entrepreneurial ambitions and aspirations of the early phase and acting entrepreneurs may indicate both the too great optimism of the first and the excessive conservatism of the latter. Therefore the entrepreneurs in different stages of development should be encouraged to cooperate.

The enterprising way of thinking of the population and the formation of the growth ambitions of entrepreneurs are connected with entrepreneurship training and spreading of knowledge in the society. Although the tendency of gender differences in entrepreneurship is decreasing, women and female entrepreneurs still need more support because they feel they have less good entrepreneurship skills than men and more often have fear of failure.

Social entrepreneurship has a wide base in Estonia, it is a resource that can be better used for the improvement of the Estonian society. Therefore more attention should be paid to the supporting system and support structures of social entrepreneurship. However, it is clear that there are no simple solutions and the systemic developing of the long-term strategies for entrepreneurship training, entrepreneurship and innovation can only be based on comprehensive and complex approach.

Smart Specialisation: Golden Ticket of the Estonian Research, Development and Innovation Policy in 2014–2020?

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One of the requirements set by the European Union for the current EU Structural Funds period (2014–2020) is the existence of smart specialisation strategies in the states and regions that use the structural funds. The article discusses smart specialisation as one of the instruments for shaping and managing the research, development and innovation (RDI) policy.

The article lists the main preconditions and obstacles in implementing this concept in Estonia; we will also discuss how these difficulties could be overcome and how a better focussed RDI policy could be shaped and implemented. The article is made up of five subdivisions:

- 1) Analysis of smart specialisation as a political concept
- 2) Overview of the specialisation of the Estonian economy and research
- 3) Short summary of the Estonian RDI policy framework shaped over the past 20 years
- 4) Management and coordination of smart specialisation in the Estonian RDI system in 2014–2020
- 5) Recommendations for planning new structural fund measures (April 2014).

The authors find the points of contact between research and economy in Estonia to be rare and sporadic. To improve the situation, the authors name three key fields of smart specialisation in the new RDI draft strategy: firstly, information and communication technology; secondly, health technologies and services; and thirdly, a more efficient use of resources. The key issue is how to integrate research policy and management of higher education policy in the framework of smart specialisation, and what innovations does the smart specialisation process offer to these fields in return.

In the context of smart specialisation, new European Union Structural Fund measures should be managed and focuses determined, with more weight given to the representatives of either the relevant ministries or businesses and associations of the field, which would reduce the probability and the risk of researchers directing the activities of the measures according to their own habitual routines and views.

Creative Economy in the World and in Estonia: Dilemmas and Possibilities*

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Creative industries and their development have interested the policy shapers for more than twenty years. In spite of the fast international spreading of the concept of creative economy and creative economy policies, it cannot be said that the discussions, especially among the theoreticians, about the definition and contents of creative economy have grown lesser. Debates are still going on about the outer and inner boundaries of creative economy. Or on the one side, about which spheres of activity can be regarded as creative industries, and on the other side, about how to draw a line (at the level of policy shaping) between the creation of culture and creative activities, and promoting the economic realisation of creative economy as the result of the creation of culture.

Although there are many different points of view and the discussions are still going on, there has been a shift in creative economy from narrow policy that focuses on individual issues towards more and more wider and diverse policy. States and cities have faced several obstacles in developing creative economy. The main reason for these obstacles is that the existing political levers and governing structures are not suitable for supporting the creative economy sector. It is being said more and more often that changes in policy shaping and governance as a whole are necessary for the development of creative economy. The article discusses the development stages of the formation of creative economy policies and the requirements to the choices in developing creative economy.

The history of the development of creative economy in Estonia is about ten years long. It started from the initiative of the British Council to introduce their approach to and policy of creative economy in Estonia, and this gives a reason to treat the developing of creative economy as an example of policy transfer, and a policy reform that is implemented from top to bottom. Today the developing of

creative economy is included in the documents guiding the developments in entrepreneurship, innovation and culture, it is supported from the resources of the European Union Structural Funds, and specific measures have been elaborated for developing of creative economy. In Estonia, the developments at national and local level have followed different tracks; there are also significant differences at the level of different cities. The article sets out the important milestones in the development of creative economy policy, and discusses the peculiarities of developing of creative economy in cities and the reasons for them in making creative economy policy choices.

To sum up the article, the authors make conclusions about the perspective of developing of creative economy. The diversity of treatments of creative economy, and the great number of variables and actors influencing creative economy do not allow giving a simple answer. The authors highlight five issues that have an impact on the formation of the perspectives and which should be used as a basis for making the choices in developing Estonia's creative economy policy.

CULTURE AND EDUCATION

A Good Teacher Should Be Ready to Learn Also from the Pupils

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The new role of teachers in the rapidly changing times and learning environments led the authors to the idea of studying students' opinions (n=972) on how they perceive relationships and teachers' professionalism in everyday school practice. The students were asked to write essays on the theme "What makes a good teacher" and to describe the positive characteristics of teachers able to create supportive learning environments. The research was based on hermeneutical analysis of the collected texts using three criteria: teacher as a person, teacher as a professional and teacher as an ethical individual. The students' opinions about teachers' personal characteristics and professional capabilities deserve attention as they clearly reflect expectations of the most meaningful target group the teachers work for. Hopefully such information will provide food for teachers' deeper self-analysis for their individual aspirations towards educational excellence, but also for updating teacher training curricula at colleges and universities in order to meet the ever growing demand for flexibility and higher level professional skills of educationists. The collected material enables further treatments, but primarily highlights the characteristics of good teachers. They are expected to be emphatic and ethical intellectuals with a wide range of knowledge and professional skills, especially in the field they are specialized in.

Using the Local Peculiarities of Old Võromaa

Küllli Eichenbaum, Project Manager, Võru Institute

Old Võromaa is a region of heritage culture that has managed to preserve its specific character and identity, several peculiar ancient traditions are still alive here and the Võro language is spoken in the region. The region forms a whole by its heritage culture, but the development potential of its culture and nature have until now been little used as a development advantage. In summer 2013, the research and development institution Võru Institute (*Võru Instituut*) studied the use of cultural heritage and nature resources in the activities of the entrepreneurs of the region. The research was qualitative, experienced entrepreneurs active in different heritage sectors were represented in the cross-sectional sample of the region.

The companies of Old Võromaa that were studied greatly use the possibilities offered by the local cultural heritage in their work, making use of different possibilities at the same time – traditional handicraft skills, ancient traditions, the Võro language and local stories, local raw materials.

Half of the enterprises participating in the research used paid labour (in median average, they employ five people); jobs are given also to family members. This sector has potential for increasing employment; according to the estimation of those who replied, there was enough room on the market for extension and new comers, there was little competition, and the operators in the same field are in their own opinion more like cooperation partners than competitors. The entrepreneurs thought that the potential for extending their activities is high. Two thirds of those who participated in the research wish to extend their activities, bring new products and services to the market by using also the possibilities of the peculiarities of the region.

The problems in implementing the resources of local peculiarities were the legislative restrictions and obstacles, but also the small reputation management of Võromaa cultural space, and the small support to common marketing and product development.

The research is connected with the preparations for the regional support programme (*Uma programm*) planned for the benefit of the development of the region at the initiative of the local governments of Old Võromaa.

CIVIL SOCIETY AND STATE AUTHORITY

Internal Democracy in Non-Governmental Organisations: Involving Members and Target Groups in Policy Shaping

Maiu Uus, Analyst of Governance and Civil Society, Praxis Center for Policy Studies

The role of Estonian NGOs in policy-making processes has become increasingly visible in recent years. Due to that the questions related to their internal democracy are gaining importance. A recent study by Praxis Center for Policy Studies explored how internal democracy in NGOs works and how the members are involved within NGOs to obtain input for policy-making. The article presents the main conclusions of that research.

The study focused on the evaluation of internal democracy in non-profit organisations engaged in advocacy, acting in public interest, and participating in policy-making processes. Regarding such organisations, there are heightened expectations to ensure the democratic nature of their internal processes. Theoretical part of the article offers an overview related to the concept of internal democracy – its connection to NGOs' different roles and functions as well as its relation to different approaches of democracy are explored.

During the study, a quantitative poll was carried out among advocacy, umbrella and member organisations in Estonia. The article focuses on the results of the poll, although three case studies and a focus group debate of experts were also carried out.

The results of the study can be regarded as novel information for NGO leaders and members, officials, politicians, and donors of NGOs. The findings presented in this article will help the public, officials and politicians to understand better the internal processes of NGOs. The information is useful also for NGOs themselves, as they may learn about different practices related to facilitation of the participation of organization's members.

With the Help of Participatory Budget to Better Understanding of the City

Indrek Mustimets, Head of Department of Public Relations, Tartu City Government

Spending of public money is an issue that has always been of interest to the citizens. And they are also the ones who feel the results of decisions most clearly. Participatory budgeting has been implemented in order to involve the citizens in the drafting of local budget. Applying of participatory budgeting varies by countries, but its basic principle is clear and understandable: the local government council allocates a part of the local government budget to the local community who decides how the money should be used.

In planning the participatory budgeting process, Tartu has taken into account the experience of other countries of the world, the guidance material of e-Governance Academy and the opinions of several stakeholders. The pilot project was implemented for the first time in Estonia in 2013. The lessons learned from that

were used for planning a new model for 2014, with greater involvement and more discussions. It will probably take years before the model that is right for Tartu will be found. And most probably this, too, would have to change with the changes taking place in the society.

Tartu has learned a lot from its first experience, several discussions about involvement have been initiated in the city environment, communities have been brought together to speak about the management and budget of the city. The participatory budgeting process of Tartu has attracted attention both in Estonia and abroad.

LITERATURE AND DATABASES

Estonian Web Archive Preserving National Cultural Heritage

Jaanus Kõuts, National Library of Estonia, web archiving senior specialist

Cultural heritage being formed now is partly digital and a portion of it is published on the web only. Almost every aspect of the modern e-state society and culture has its own reflection on the web. Without preserving the web sites there will be significant gaps in the Estonian national cultural heritage. We can imagine a researcher in the year 2114 discovering from printed sources, TV and radio broadcasts of our time many links pointing to websites with no possibility to use these sources because they were not archived nor preserved.

The National Library of Estonia started to study the possibilities to create the web archive already in 1997. In 2000 a pilot project was launched and it was switched to a web archive in 2005. The Legal Deposit Act passed on 1 June 2006 granted the National Library of Estonia entitlement to archive Web publications as legal deposits and make them publicly accessible. The owner of archived material has the right to restrict access to his or her publications. Only a few countries in the world have so advanced legislation – Iceland, Slovenia, Croatia and Portugal.

The Estonian Web Archive was opened to the public in November 2013. It contains 1.6 TB of data (31 million URLs) collected from 2010 to the end of 2013. Due to the fact that only a small part of valuable sites can be gathered by the selection-based archiving, the archiving of the entire Estonian Web domain (.ee) is planned for 2014.

Web technologies are evolving fast and archiving software cannot keep up the pace, so there is a strong need for an IT-specialist with ability to solve emerging technical challenges. But the budget of National Library of Estonia allows to dedicate only 2.5 positions to web archiving, which is not enough for such a task.

Since the beginning of 2012 the National Library of Estonia is a member of the International Internet Preservation Consortium. The consortium is improving the tools, standards and best practices of web archiving.

In other countries the social scientists, linguists and computer scientists are using web archive collections as big data to get new knowledge. Researcher Kalev H. Leetaru (Georgetown University, USA) has suggested using the web archive materials in Estonian universities as big data in data mining exercises. There is also a request to make the public sector websites available as open data.

The researchers of tomorrow need the sources of today. Our mission is to collect and keep the heritage and pass it on to the next generation.

* Peer reviewed research paper.