

Summaries in English

EDITOR-IN-CHIEF'S COLUMN

Fire under ashes

Helle Ruusing, Editor-in-Chief of the Riigikogu Toimetised, Chancellery of the Riigikogu Information Service Information Adviser

There are about 130 000 people in Estonia who are looking for a job. A large number of people in their prime have no steady income and, what is even worse from their own standpoint, they have no possibility to be useful. Our flexible labour market bore the brunt of the economic recession and relieved undertakings of workers who had been rendered useless. From the viewpoint of economy, undertakings are free to re-organise their activities. From the standpoint of the society and the state, so large number of unemployed puts a heavy burden on the whole social sphere – payments from the Unemployment Insurance Fund, subsistence benefits, pensions, health insurance, etc. The number of the unemployed may be regarded as a figure that increases or decreases. It may be disputed whose data are more accurate. In the worst case, some political power may attempt to use the unemployed in its interests. However, 130 000 people are not a uniform mass, there is no army of the unemployed. Therefore, both the state and local governments have to find many different solutions and cooperate because there are no solutions for reducing unemployment that would suit everybody at once.

The efficiency of labour market measures is often revealed only when they are implemented. It is no good retraining people in an area of specialisation where they find no job, or supporting positions that are created only for the period of receiving the benefit. Personal approach certainly requires a greater contribution from the state but, in the final analysis, money can be used more purposefully. Both our own money and European money. The crisis will end one day and we are counting our human resources (human capital). Our population is too small to allow such losses as outcasts or people who emigrate for good.

There are many problems that need to be solved and inner conflicts in many areas, like for example the administrative system where, more often than not, the state and local governments are in opposition and cooperation is hindered. Local governments cannot decide together on the development of the future school network or public transport system because they are competing with each other. We have too many schools, institutions of higher education, hospitals, that is, buildings and institutions. Not everything is determined by competition in the free market. That would not be in the interests of people. Many decisions will have to be taken by those whose job it is – politicians. So that the fire under ashes would not grow into a consuming flame.

ESSAY

Let's dream Estonia successful!

Raivo Vare, entrepreneur, Chairman of the Supervisory Board of the Estonian Development Fund and Vice Chairman of the Supervisory Board of the Estonian Cooperation Assembly

The author recalls that the Estonian Human Development Report 2009 was recently deliberated in the Riigikogu as a matter of national importance. That deliberation, as well as the conference „Estonia after the Euro” organised by the Estonian Cooperation Assembly, the Development Fund and representation organisations of enterprise in November last year concluded with a sad statement that Estonia has in a certain sense lost the dynamism and success capacity that had been characteristic to it so far. Wishing to give an impetus to improving the situation from its part, the Development Fund has

launched the process the Estonian Growth Vision 2018 which was given an initial start in the Development Forum in May this year. The aim of this process is not simply to prepare a document but it is intended to provide key persons and institutions in Estonia an opportunity to develop a more independent strategic discussion of the future of the Estonian economy in the course of the formation of the vision. At the same time it is intended to encourage a wider insight into where Estonian economy may develop in new global circumstances, and doing that in depth and independently of the experience and framework of daily activities.

The Growth Vision 2018 has been chosen the working title of the process that has been launched because it is in 2018 that Estonia will celebrate the 100th anniversary of independence and Estonia will hold presidency of the largest international community at present, the European Union. The vision should answer the following questions. First, what are our aims and dreams? That is, which values we wish the society to be based on, what our foreign relations and policies are like, what our aim in the area of education, social welfare, immigration, natural environment and other areas is. The second question that needs answering is the question of in which areas we are “players,” which economic sectors we should develop as a priority, to which markets we should go and through which channels. The third question is, what makes us successful: which business environment we have to develop, which characteristics and skills we need human capital to have, which organisational and institutional organisation and policies we need. And the fourth question is, which human, financial and other capacities we have to develop and what the shortcomings in these spheres are today. The author believes that, once we have answers to these questions, we will be able, through synthesis, to achieve our aims and dreams. Although a vision is always a little bit idealistic, it is a dream to be strived towards to fulfil it.

POLITICAL FORUM

Unemployment

Labour market bore the brunt of the economic recession
RiTo conversation circle

Riigikogu Toimetised invited four experts of economy and social policy to the conversation circle on 24 May, in order to discuss the extensive unemployment in Estonia as a result of the global economic recession.

The circle was attended by the Minister of Social Affairs Hanno Pevkur (Estonian Reform Party), Director of the Estonian Open Society Institute Ivi Proos, Professor of the Institute of National Economy of Tartu University Raul Eamets and Senior Analyst of the Estonian Centre for Applied Research CentAR Sten Anspal. *RiTo* Editor-in-Chief Helle Ruusing acted as the moderator and compiled a summary of the discussion.

First, the participants in the circle touched upon the question where work had disappeared and why, in Estonia where for a long time there had been a great shortage of workers, extensive unemployment had appeared in a very short time. It was found that there are various reasons for that. The earlier economic rise had been based on real estate money and the loan money connected with it. When the real estate boom ended, tens of thousands of jobs disappeared in building because no new objects were built. As people stopped taking loans, the loan market also withered. Both banking and the services sector suffered because of that. When builders had no more money to spend in the services sector, service workers also lost work. The earlier hidden unemployment has also aggravated unemployment. Many of those who earlier did not worked officially were not registered as unemployed but made their living by occasional works, for example. By now, these opportunities have also disappeared. At the same time, the circle found that the

extensive unemployment that has emerged shows in a way the flexibility of the Estonian economy. When economy is doing very badly, people are fired. This cannot be done in most of the old member states of the European Union where the influence of trade unions is much stronger and for example lowering of salaries is in most cases out of the question. In Estonia, enterprises reduced salaries and laid people off and the labour market bore the brunt of the economic recession. The participants in the discussion did not forecast a rapid decrease of unemployment. The state will have to decide whether to extend the period of payment of unemployment benefit or to begin to make significant changes in the subsistence benefits system because, after all, people have to live on something. Social assistance systems will have to be considered. Changes are needed for social assistance systems to function. The simplest change would be to change the subsistence benefits system so that the benefit would actually reach those who need help. In conclusion, the decisive factor will be how quickly economy, including export, will recover. When the economy will pick up, more new jobs will begin to emerge and life will become easier.

Involvement

Involvement, this way and that

Valdur Lahtvee, Member of the Riigikogu, Chairman of the Estonian Green Party Faction

Involvement is much spoken about in Estonia but actual cooperation between the public and decision-makers rarely happens, not to speak about giving the right to make decisions to the public. Again and again, decision-makers find that they alone are the wisest and the most proper persons to set things right. The public and public opinion is considered more of a hindering and disturbing factor. Therefore, involving is dealt with only so far as is required by Acts or internal rules. One of such negative examples where the principles of involvement were trampled underfoot to a significant degree is the draft of the Oil Shale Use National Development Plan submitted to the Ministry of the Environment by the relevant working group in 2007. It was prepared with involvement of many different interest groups whose proposals were indeed taken into account. Unfortunately, later, the ministry made a number of fundamental changes strictly in the interests of oil shale mining enterprises in this draft development plan and its implementation plan unilaterally, in secrecy from the public and interest groups. With significant changes to the draft, without involving interest groups and the public, the process of public involvement at the time of preparation of the draft of the oil shale use development plan which the Ministry of the Environment had up to then tried to demonstrate as a model involvement of the public was essentially nullified.

Energy policy

Eesti Energia yesterday, today and tomorrow

Lembit Kaljuvee, Member of the Riigikogu, Estonian Centre Party

A small state like Estonia must keep pace with others in the development of energy. Decisions for the future concerning energy will have a long-term impact on the security policy of our state and the subsistence capacity of the whole population. For this reason, broad-minded energy specialists need to be involved in making the relevant political decisions.

The life span of power stations is usually considered to be two human generations, that is, 50-60 years. Our stations are just about to attain that age. Consequently, the governments that have been in power in Estonia should have decided much earlier with which type of electricity and how to go on. At the same time, it cannot be said that the state has not

done anything. Both the energy development plan and the oil shale use development plan have been passed in the Riigikogu but we are lagging behind in practical life.

At present, however, the greatest value of Eesti Energia is the right to extract 400 million tons of oil shale. Unfortunately, on the balance sheet of the company, its value is zero kroons because the extraction right seems to have no market value at all. Yet different experts have emphasised the value of this mineral resource with the help of several methodologies.

With the future in mind, it is clear that, in connection with the high price of taxation of CO₂, oil shale electricity will become too expensive in the European Union. Consequently, alternatives need to be found to it. A nuclear power station has been talked about and this plan sounds good in a long-term perspective. Wind energy which has been promoted quite a lot is also too expensive for us because windmills need compensation stations to work.

In other countries, in Denmark and Norway for example, hydro electric stations have been constructed to compensate wind stations but in our natural conditions it is impossible to produce hydro energy in a significant amount. Therefore, after all, stations that are based on natural gas might eventually be considered as compensation stations in Estonia. However, that would make wind energy pointlessly expensive for us.

With an optimistic outlook towards the future, the energy portfolio of the Estonian state might consist of up to 1000 MWh oil shale electricity, to which up to 300 MWh electricity produced by co-production stations would be added, and just apropos there might also be a couple of hundred megawatt-hours of wind generator energy. With such energy portfolio, we would also be able to export electricity. This concerns the decades to come, as is also provided in our energy development plan. At present, oil shale energy constitutes 90 per cent of the energy portfolio of the Estonian state.

However, an underground hydro electric station might be constructed in Estonia before construction of a nuclear power station. The draft exists in business circles and it has passed a detailed analysis.

It should be constructed within ten years, before a nuclear power station will be completed. This hydro electric station could then be used as a compensation station of the nuclear power station and windmills. Building sector would also benefit from it: the excavated granite is valuable raw material both in road construction and general building. Interest has already been shown in the electricity that would be produced at the hydro-electric station, for example, by the nearby ports next to Maardu. The hydro electric station would belong to the private sector but, if necessary, the state can also participate through its own company. However, for the whole population of Estonia, comparison with the price of the energy produced in other ways is of importance – up to now, hydro energy has globally proved to be one of the cheapest types of energy for the consumer.

Estonian energy sector is based on Soviet achievements

Anto Raukas, Professor, Member of the Estonian Academy of Sciences, Editor-in-Chief of the international journal Oil Shale

Sustainability in Estonian energy sector is based on oil shale industry and mainly on the Baltic and Estonian power plants that were built in Soviet time. Pursuant to European Union environmental requirements and the conditions of Estonia's accession to the EU, it will not be possible to use pulverized firing of oil shale after 2015. Analyses have shown that the negative aspects of oil shale energy could be most significantly reduced by transition from pulverized combustion technology to circulating-fluidized-bed combustion technology. After installation of two 215MW units with new boilers in Narva Power Plants, emission of carbon dioxide, nitrogen and sulphur compounds has been reduced substantially. Unfortunately, installation of two other 300MW units has been suspended which means that Estonian energy supply will face a number of serious problems in coming years. If we do not invest in energy sector rapidly and if we fail to use

opportunities to diversify our energy portfolio with nuclear energy, then we will have serious problems with energy supply and the price of energy may rise by several times the current price. Even high-priced electricity may not suffice.

Estonia lacks means for large-scale import of electricity, nor is there a good source in neighbouring countries. Thus, we will have to provide our own energy in the decades ahead and in spite of wider use of alternative energy sources, kukersite oil shale (resources of which are abundant) will remain the backbone of our power generation until a nuclear plant is built. We expect much of Estonia's energy specialists, but educating energy specialists and supporting research in this field is as of yet a neglected area. Without a strong professional cadre of energy specialists, progress in this, the most important sector for the state, is impossible.

Ethics

Of ethics of social sciences in the Republic of Estonia. Ambition and aplomb

Igor Gräzin, Member of the Riigikogu, Estonian Reform Party

Can a scientist of a certain field assume a position of the scientist in a field which he or she does not know? The author expresses here his position not as a politician or scientist (his area of specialisation is legal texts) but as a representative of the Estonian official academic family, the circle of scientists, who is concerned about devaluation of scientist as a profession, vocation and function in the Estonian society and cultural space. Areas of scientific specialisation are of no importance here: a compromising sociologist compromises physicists, and a chemist who is doing drugs in his lab brings shame upon his colleague who is a psychologist. The setting of the question is all the more important because the professional tensions and intrigues (distributing of money, administrative competition between schools, the quarrel of publications, etc.) between scientists do not contribute to maintaining the prestige of the "guild" of scientists in the society. The author claims that scientists have to be even more ethical when they use the title of scientist in the relations with this world outside of science which very often respects them precisely because of the status of scientist. More often than not, undeservedly.

A scientist, just as any other citizen, has the liberty and even a responsibility to speak on any socially significant topic. Moreover, being in contact with the sphere of knowledge, which so-to-say precedes our ordinary level of knowledge and cognition, he or she is also able to refer to the problems that may go unnoticed in our everyday life. However, when a person engaging in science goes beyond his or her area of scientific specialisation or simply competence, then he or she must not disguise his or her personal opinion with scientific authority.

There are plenty of people among Estonian scientists, particularly in social sciences, who feel the desire and need to have a say in all social processes in the Estonian state. In such case, however, two additional ethical rules should be established.

1. When speaking on his or her area of specialisation, a scientist is required to present positions of social science which correspond to his or her scientific convictions and not to party preferences. That means, a scientist presents such positions as he or she holds to be scientifically grounded, verified and correct.

2. When speaking outside his or her area of specialisation, a scientist has to point out that he or she is speaking as a citizen, not as a scientist, and is using only such scientific titles as do not relate him or her with the area under discussion as a specialist.

CONSTITUTIONAL INSTITUTIONS

Constitutional review

Execution of court decisions of the Constitutional Review Chamber of the Supreme Court 2004–2009

Gea Suumann, Analyst, Supreme Court

The article discusses execution of court decisions of the Constitutional Review Chamber of the Supreme Court and their impact on the legislator and courts, on the basis of the Constitutional Review Chamber of the Supreme Court decisions from 2004 until 2009. The article points out how the legal framework has changed after the Supreme Court has declared a provision unconstitutional and invalid or has ascertained a legal gap. It does not cover court decisions in which constitutionality of issuing of Regulations by the executive power or a local government was assessed, and individual complaints and election complaints. The purpose of the article is to assess the activities of the legislator subsequently of every court decision and to make generalisations on the basis of that. The questions studied are the following: if the substance of the provisions which have been declared unconstitutional have been changed; if the legal gap has been filled where failure to issue a legislation of general application has been ascertained; what the response has been to Supreme Court decisions with so-called “mitigating effect” (e.g. granting of a term for execution of a decision; declaration of a legal provision unconstitutional but not invalid; declaration of a provision partially invalid).

In consideration of the object and scope of the analysis, it discusses 31 court decisions of the Constitutional Review Chamber of the Supreme Court in which unconstitutionality of a provision or a legal gap was ascertained. As a result of the analysis, it appears that in 2/3 of the cases the activities of the legislator are in conformity with a court decision of the Constitutional Review Chamber of the Supreme Court or anticipate it. In addition, the serious intention of the legislator to address a problem indicated in the constitutional review proceedings is also revealed in the cases where the time spent on obtaining approval of a decision is in correlation with complexity of the problem. They both together constitute ¾ of the cases. Only in three cases can the legislator be reproached for passivity or ignoring of a Supreme Court decision. It is interesting to note that the Constitutional Review Chamber has resolved these three cases within the framework of the specific control of the rules. In general, the statistics shows that, during the recent six years, the Estonian legislator has given its best in most cases to comply with the interpretations given in repealing legislation of general application or ascertaining of a legal gap in the constitutional review proceedings of the Supreme Court. It can be concluded that the legislative and the judicial power supplement and balance each other in the creation and ensuring of a legal order that recognises fundamental rights and freedoms and is without gaps. Execution of decisions of the constitutional court is ensured through public pressure which motivates the legislator to act voluntarily and solve even complicated problems.

STUDIES AND OPINIONS

Innovation

*‘Open innovation’ and its meaning for Estonian entrepreneurship and innovation policy**

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This article discusses the meaning and relevance of ‘open innovation’ for Estonian entrepreneurs and policy-makers. The paper analyses the topic in a time and context where the Estonian economy is going through a process of technological and institutional

catching-up. This process is complicated by two things: (1) techno-economic transformations that have created pressures for modularization and outsourcing and (2) the current economic crisis that has been rewriting existing knowledge and experience relating to global production and innovation networks. The catching-up economies of the Baltic States have been some of the most hard-hit economies by this crisis. The core challenges faced by the structural transformation of the Estonian economy and the relevance of an open innovation paradigm are discussed.

The paper is based on a one-year research project (2009) that was coordinated by the Department of Public Administration, Tallinn University of Technology, and was carried out in cooperation with the Faculty of Economics and Business Administration, University of Tartu. The project was funded by the Estonian Ministry of Economic Affairs and Communications through the IPUP program.

Starting with an overview of the emergence of modern innovation theories, the concept of 'open innovation' is placed within this broader context. This is followed by an analysis of the ability of different actors within the innovation system to accommodate the impact of catching-up challenges on their expectations of successful open innovation practices. It is argued that these actors, in general, lack both the capacities and capabilities to manage the risks and develop flexible policies and business strategies required by open innovation practices. Catching-up economies as innovation systems need to start by building both public sector capacities (e.g., policy capacity) and private sector capabilities (e.g., absorptive capacity) that enable institutional learning. Institutional learning and co-evolutionary development of institutional and technological capabilities seem to be a more pressing challenge for catching-up economies than open innovation research has so far presumed. Finally, we review the main challenges that Estonian innovation policy-makers face and we argue that the existing policy-space for pursuing structural transformations of the economy is diminishing increasingly.

Instead of merely seeking ways of inducing open innovation-based business strategies and models, we argue that the Estonian government should tackle fundamental national challenges that create the main barriers for private sector growth and socio-economic catching-up – coordinate policy efforts, develop internal demand and networking capacities, and overcome the high-technology bias of innovation policy.

Direct democracy and legitimacy of legislative drafting

Influence of direct democracy on legitimacy of legislative drafting

Ero Liivik, Doctoral candidate, University of Tartu

The article discusses the question of whether direct democracy (for example, a referendum) is a better resolution to certain legislative drafting issues than representative democracy, and that first of all from the aspect of the legitimacy of legislative drafting. The legitimacy of laws is one of the central problems of legislative drafting. Only correctly legitimised laws and norms can have a regulative role. The legitimacy of laws is the main prerequisite of their efficiency. Legitimation in wider terms is a process of explication and justification of an institutional order or organisation and the output is the legitimacy of that order. Legitimacy means recognition of political or wider social systems (orders, organisations). Two closely connected legitimacies have to be distinguished: legitimacy of political institutions and that of legislative drafting. The legitimacy of an institution may, on the one hand, be conditioned by its legitimacy, that is, legality, and, on the other hand, influenced by the legitimacy of the legislative drafting it is performing. The legitimacy of legislative drafting is, in its turn, influenced by the legitimacy of the political institution. The author quotes the concept of legitimacy created by Henn Käärrik (based on the theory created by Max Weber and Jürgen Habermas), according to which legitimacy can be classified as A-legitimacy and B-legitimacy. The A-legitimacy is obligatory and normative;

the B-legitimacy stands on the actual recognition of people (“values”). The article discusses whether direct democracy can ensure, with the help of the pattern of participatory democracy and deliberative democracy, legislative drafting with a greater legitimacy than representative democracy. Arend Lijphart’s study on the implementation of the forms of direct democracy by political power is used. In Lijphart’s opinion, the majority of referendums are both controlled and pro-hegemonic and the authority (government) applies them only when it is profitable for it. In a later study, Lijphart claims that public initiative gives a strong impetus to the majority to take account of the interests of the minority and therefore it is a more favourable instrument than referendum. In spite of that, public initiative is used in a very limited extent in only a few countries.

Legal remedies

Remedies for breach of European Union law revisited

Jaaniika Erne, Ph.D. Candidate, Adjunct Lecturer, University of Tartu

The article explains natural and private legal persons’ judicial and non-judicial remedies for breaches of EU law.

“Remedy” is understood as a tertiary right in the prescription of a judicial or non-judicial decision. An example of EU law: “If the action is well founded, the Court of Justice of the European Union shall declare the act concerned to be void” (Article 264 TFEU). Remedy here is the declaration to be void.

With the help of this definition and example, the author of the article attempts to classify the remedies available for natural and private legal persons for breaches of EU law in the Court of Justice of the European Union (Court of Justice) and the European Commission. Concerning judicial remedies, an analysis is done on remedies given in response to the following direct actions by natural and private legal persons: the action for annulment, the action for failure to act, the action for damages, and civil service action. In the case of an infringement of EU law by a Member State, a natural or private legal person may apply for a legal remedy at a national court or non-judicial body or, alternatively, submit a complaint to the European Commission who may then start an infringement proceedings, and in the framework of such proceedings the Commission may bring an action of infringement against the state to the Court of Justice. Of these possibilities, the article analyses infringement proceedings in the European Commission and the Court of Justice. Against the model of the classification of actions as coercive, declaratory, and constitutive actions, remedies are classified as coercive, declaratory and constitutive remedies.

In addition to the remedies available in response to actions, remedies available as responses to indirect actions, such as the plea of illegality, the application for damages, and the application for interim measures are also analysed, as well as the consequences of the requests for preliminary rulings, appeals to the Court of Justice on the decisions given by the General Court, and appeals to the General Court on the decisions given by the Civil Service Tribunal.

Of non-judicial remedies, remedies given by the European Commission in the competition proceedings are analysed, according to the division of such proceedings into two larger sectors – competition and state aid. Under the competition sector, remedies given in cartels cases (infringements and exemptions), antitrust cases, and merger cases (infringements and exemptions) are presented. Remedies available in the state aid cases are introduced separately.

Hopefully, the article clarifies the complicated remedial system available for individuals in the cases of breach of EU law.

Education

Right to education – for charge or free of charge?
Anu Uritam, Adviser to Chancellor of Justice 2007–2009

Section 37 of the Estonian Constitution provides the right to education without tuition fee in state and local government general education schools. It is an important fundamental right of an individual but its substantial essence tends to receive little attention in everyday political and social discussions. However, the cost of providing education free of charge is often an object of discussion in Estonia as well as elsewhere.

In the majority of European countries, not only basic education but also secondary education is available free of charge.

In the complicated economic circumstances, the Estonian state has to analyse seriously how to perform public functions most effectively. Privatisation of the education system may, but need not, save state expenses. The Estonian state has to guarantee the availability of education free of charge for children and it has no opportunity to back out on this obligation.

The Constitution guarantees the right to education without tuition fee but it does not regulate with sufficient precision which content this right should have. The right provided in § 37 of the Constitution should not remain a mere declaration but the issues relating to education free of charge should be clearly regulated in the legislation of lower level than the Constitution.

Besides the Constitution, guaranteeing of education free of charge to children is also required of Estonia by several international conventions. The right to education free of charge should not be formulated in too general terms because if, for example, only studying is free of charge for children but a fee is charged for other essential services related to schooling, then it may still be too demanding for parents to send their children to school and, consequently, the state has failed to guarantee to a sufficient extent the right to obtain education free of charge to children.

The state may use different patterns for ensuring availability of education free of charge but it has to provide in its legislation the legal guarantees sufficient for achieving the goal of availability of education free of charge.

There are private schools in Estonia but, according to the legislation which is currently in force, a fee is charged for the study provided in them. Estonia does not guarantee parents total right to choose in that regard because not until the right to choose can be realised independently of financial obligations is it possible to speak of the existence of the right to choose. The state might consider increased support to private schools in the future and thereby extending the parents' right to choose; however, requiring of tuition fee at the private schools supported by the state should be precluded by legislation.

Until then, municipal and state schools continue to provide education free of charge.

Unfortunately, a "creeping privatisation" has emerged in the education system in recent years where a charge may be established for everything which does not have to be directly free of charge according to law. Such "creeping privatisation" is not in the interests of children and parents although it may bring about remarkable savings to local governments or the state.

The new Basic Schools and Upper Secondary Schools Act might define clearly what should be deemed to be included in the concept "right to education without tuition fee".

Ideologies and education policy

Mailis Reps, Member of the Riigikogu, Estonian Centre Party
Urve Läänemets, Ph.D., Freelance Consultant

What the education system of a state is like and how it is managed, depends on the ideology adopted in the society and the ability to make professional decisions. This has

faced our state with the inevitability to define ideology more precisely and implementation of the new working group for drawing up the education strategy of Estonia is a token of that. The authors make four proposals which in their opinion will have to be taken into account in drawing up long-term education policy and the strategy document ensuring stable development. First, education policy needs to be defined by a cross-party agreement on the level of professional and informed decisions. Second, it is necessary to follow the principle that the responsibility for the functioning and development of the education system lies with the state and responsibility can be taken at lower levels only if the resources necessary therefor have been allocated to them or if they already have the resources necessary therefor. Third, the Estonian state needs systematic education studies and a relevant institution for servicing at least the general and vocational education. Fourth, in order to protect the Estonian language, the content of the Estonian education and organisation of study, an education ecology should be engaged in which would preserve the fundamental values of the rational Estonian school culture and preclude accidental reforms that are unnecessary, although declared to be innovative for school.

Baltic Sea cooperation

Baltic Sea cooperation as new trend of foreign policy of Estonia

Catlyn Kirna, Lecturer, University of Tallinn

For some time already, the foreign policy of Estonia has been looking for a new goal to strive towards and to engage in. Among other things, a proposal has been made to cooperate more with the Nordic and Baltic countries or all Baltic Sea states because cooperation should be simple and successful in that region already thanks to the similar history and good relations. Sceptics find, on the contrary, that cooperation has not been particularly successful so far and nor is it likely to be so in the future. The article compares different cooperation opportunities from the theoretical aspect and in every organisation separately.

According to regionalism, a will and preconditions are needed for cooperation to be successful. The Baltic Sea states should have the preconditions because their historical background is relatively similar (closely interconnected) and there are more similarities than differences in the culture. However, the success of cooperation depends largely on political will. Does Estonia have that, though?

In the economic and environment sphere, theoretical preconditions such as common interest, potential profit and functioning cooperation organisations are already there. In both cases, cooperation and contribution by all parties is necessary for cooperation. In these spheres, the situation is better than in the case of security where Estonia is feeling the greatest need for cooperation but opportunities therefor are limited because the potential profit is not clear for everybody. Large countries have their own priorities. The same can be said about the sphere of culture where states gain no direct profit from cooperation although preconditions are there. At some level, the Baltic Sea identity is being forged but there is still a long way to go to actual success.

The Baltic Sea region cooperation is theoretically a nice idea and it might even work in an ideal world but as of yet there are no sufficiently regulated opportunities, that is, influential organisations. The states are not showing any initiative either, particularly big states who have different priorities. No remarkable profit is seen from joint activity except for the cooperation in the field of the environment which is functioning to some extent. In security issues, interests are too different by regions and the sphere of culture remains far from the main activity of the states. Thus, in conclusion, the cooperation of the Baltic Sea states might continue but it cannot be deemed a priority as yet.

Eesti Pank

Conformity of the right of Eesti Pank to issue regulations with the Constitution

Ilmar Selge, Professor of Public Law and Theory of Law, University Nord

The article discusses whether, according to the Constitution of the Republic of Estonia, Eesti Pank may issue legislation of general application mandatory to third persons, that is, the right of Eesti Pank to issue Regulations. The author finds that, although the right of Eesti Pank to issue Regulations is not discussed separately in the Constitution, that in itself does not mean a conflict of the right of Eesti Pank to issue Regulations with the Constitution and European Union law. The right of Eesti Pank to issue Regulations can be derived from the principle of independence of Eesti Pank fixed in the Constitution, as well as from the conceptual basic principle of the independence of the central bank of a European Union Member State. The real independence and sovereignty of the central bank was not achieved without the right to issue legislation of general application mandatory to third persons. If Eesti Pank had to request issuing of Regulations necessary for the performance of its functions from the Government of the Republic or the Minister of Finance who represent the executive power, then that would not be in compliance with the European fundamental principle of independence of the central bank of a Member State. At the same time, certainly, the legislator is not totally free in deciding on the scope or legal limits of the right of Eesti Pank to issue Regulations. It is bound with the functions of the central bank specified in the Constitution which include organisation of currency circulation and the objective of ensuring the stability of the national currency.

Local governments

Correlation of the size of local governments with economic efficiency

Ave Viks, Master in Public Administration

Several local government reforms have taken place in Western countries since 1945. One of the reasons for reforms has been the concept that economic efficiency is related to the size of local government. Although both national and international studies in the field have yielded controversial conclusions, there is a common assumption that economies of scale and economies of scope appear in local government administrative costs and in some other area, which enables to increase economic efficiency. It is difficult to determine the real gain or savings from the raise of efficiency, as raise in efficiency may resolve in better service quality or in lower costs.

The analysis of four mergers of local governments in 2005 showed that the size of a local government affects the economic efficiency of the administration of the local government – efficiency increases after mergers through lower administration costs and lower proportion of public servant per capita. Similar trends of economies of scale were also observed in the general analysis – as population increases, administration costs and the proportion of public servants decrease, and *vice-versa*. On the other hand, there was not sufficient empirical evidence of economies of scale in the area of leisure time.

Health care

Responding to the challenge of financial sustainability in Estonia's health system

Jarno Habicht, Head of WHO Country Office in Estonia

The lately launched report “Responding to the challenge of financial sustainability in Estonia's health system” (authors Sarah Thomson, Andres Võrk, Triin Habicht, Liis

Rooväli, Tamàs. Evetovits, Jarno Habicht, referred as report) assesses the current performance of health system, the health financing policy and its financial sustainability. The report is the result of a one-year process of stakeholder consultations and expert analysis initiated by the Ministry of Social Affairs in 2009, in partnership with the Estonian Health Insurance Fund and the World Health Organization (WHO) Regional Office for Europe.

The report takes an in-depth look at the strengths and weaknesses of Estonian health financing policy and highlights some as following. The strengths of the health financing policy are internationally recognized, but avoiding further fragmentation and strengthening of purchasing will yield better results. Over the years, the rising levels of out-of-pocket spending have eroded financial protection and equity in financing. Weak government control over capital investment and lack of incentives to balance and coordinate care across levels promote inefficiency.

Further, the projected revenue and expenditure trends from now to 2030 are presented. It is observed that developments in health technology and patterns of health care utilization will have a much larger impact on future health care spending than population ageing. The projections for coming decades show that the current system of raising revenue will not be sufficient to bridge the prospective gap between health sector revenue and expenditure.

There are many options for change, but only some will help the health system to achieve its objectives. The report rejects the option of blanket reductions in coverage breadth, scope and depth. It does not recommend an expanded role for private health insurance in Estonia. The report makes the following recommendations on the grounds that they have significant stakeholder support, reflect the health system's values, are politically feasible and likely to enhance the system's ability to meet its objectives. (1) Broaden the public revenue base. (2) Improve financial protection by curbing out-of-pocket payments. (3) Continue to improve health system performance through better resource allocation and purchasing. (4) Maintain strong governance of the health system.

The health system's financial sustainability rests on political decisions about how, and how much, to invest in health and how resources should be allocated. These decisions need to be made sooner rather than later because the projections and evidence of existing inefficiencies suggest that the costs of inaction will be high.

Family policy

Opportunities of monetary family benefits in reducing poverty of children and families with children

Avo Trumm, Lecturer of Sociology, University of Tartu

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The authors state that, differently from the high parental benefit, child benefits paid to families in Estonia are very low. Such disproportion between parental benefit and child benefit rates renders the effect of family policy measures on mitigation of poverty insignificant. At the same time, due to the economic crisis, special attention should be paid in particular to the less advantaged members of the society. The only question is, which social policy means to use for that and what the role of family policy measures might be in that process. In the authors' opinion, more attention should be paid to the child benefit system because child benefit is the factor which has the strongest impact on the poverty of children and families with children. It should be discussed whether raising of the universal child benefit is realistic in view of the budget opportunities of immediate future. There are however different opportunities for better targeting of child benefits by abandoning payment of child benefit to families whose income exceeds a certain income level and by increasing benefits to families with lower income on account of the resources

that would be released, or by creating a supplementary additional benefit mechanism besides the universal child benefit.

CIVIL SOCIETY AND STATE AUTHORITY

Election result

How Do citizens' associations affect elections?

Eimar Veldre, Vice-Chairperson of the Executive Committee, Federation of Estonian Student Unions

Tarmo Seliste, Communications Director, Federation of Estonian Student Unions

The purpose of the article is to give an overview of the creation of the elections platform of the umbrella organisation, the Federation of Estonian Student Unions, communication with political parties during the Riigikogu campaign, and follow-up activities.

The elections platform of the Federation of Estonian Student Unions was formed on the basis of the input received from members on the initiative of the Executive Committee. The platform formulated in 14 items the expectations of students to the political parties who stood as candidates in the elections.

After adopting the elections platform, the platform was sent to political parties and their feedback was asked. In cooperation with the umbrella organisation of universities, the Council of Rectors, two round table discussions were organised in the course of which the expectations were forwarded to political parties. In addition, two public addresses were prepared one of which was sent to political parties before the Riigikogu elections and the other at the time of coalition negotiations.

After the Riigikogu elections, active communication with the political parties participating in the coalition negotiations, and lobbying took place. The Federation of Estonian Student Unions was mentioned as the only citizens' association in the signed coalition agreement and a new education allowances system for students was promised which had been one of the main requirements in the elections platform.

After signature of the coalition agreement, the Federation of Estonian Student Unions organised the "26.6 Action" which was aimed to drawing attention to the inadequate education allowances system (26.6 kroons per day for a student to live on).

The Federation of Estonian Student Unions has now started to prepare the elections platform for the 2011 Riigikogu elections which is expected to be ready by November 2010 at the latest.

Cooperation of public authority and citizens' associations

Key issues in promotion of cooperation of public authority and citizens' associations

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For Estonian non-profit associations, participation in the formation of the life of the society means for the most part acting at a local level and cooperation contacts with local governments and other non-profit associations. Observing the development of the third sector in 2000s, the authors highlight as a clear tendency the increasing professionalisation of some organisations and formation of symbiosis-like relationships between them and the state and local governments. On the one hand, in the opinion of the authors, this can be seen as strengthening of civil society because the third sector obtains new resources and public recognition. Unfortunately, this development concerns

only a small part of the associations while the others maintain only a distant relationship with the public sector. Second, the question arises if the too close connection with the state and local governments may not lead to a situation where the same well managing citizens' associations alienate from their role of the representative of public initiative interests. The increasing formalisation of the activities of an association and the accompanying dependency on a small number of professional leaders can be seen as one way of adapting to the requirements of the environment, the authors find. At the same time, it may happen that directing the resources towards the development of professionalism will lead to abandonment of other goals and principles which were regarded as important earlier.

INTERNATIONAL RELATIONS OF THE PARLIAMENT

Piracy nowadays

Piracy is a global phenomenon nowadays

Tarmo Kõuts, Head of the Riigikogu Delegation to the European Security and Defence Assembly, member of the National Defence Committee, Pro Patria and Res Publica Union

Piracy is a global problem which does not concern only the regions immediately related to piracy, and therefore fighting it requires serious international efforts. Such efforts are not lacking. As the problem of piracy is expanding, and in answer to repeated communications of the European Union, the UN Security Council has adopted several resolutions which enable to take decisive measures in combating piracy. In January 2009, the Code of conduct concerning the repression of piracy and armed robbery against ships in the Western Indian Ocean and the Gulf of Aden was adopted in Djibouti which has become known as the Djibouti Code of Conduct. It has been signed by 14 states, several of which have already achieved remarkable success in implementation of the Code of conduct. At present, Somalia is the hottest centre of piracy in the world. Piracy on the coast of Somalia can only be fought successfully if Somalia achieves political stability which makes this country to function as a state again. It is also very important that the clouds that have gathered over Somalia be dispersed in the right way, involving in the first place Somalians themselves.

LITERATURE AND DATABASES

Year of Reading

In honour of the Year of Reading and in praise of books

Maire Liivamets, Adviser of Estonian literature, National Library of Estonia

The Year of Reading is a suitable time to speak about books, companions for us all, in most different ways. It is a moment to point to them as real friends who can direct your personal, cultural and social development. Books can be introduced in a sophisticated, even strict manner but a playful way is also possible. I have chosen the latter way. Thus, I admire and introduce books as persons with whom I communicate and who in their turn care for me and respond to my reader's questions with their content. Famous writers (e.g. Kafka) have written about the wonderful power of influence of books, poems have been composed about them but, then, books have had to survive wars, destruction and fear of fire. Books have always been and will remain documents of the epoch which tell about their time and the people with whom they have lived and fought side by side. They have lost and won. The appearance and covers of books often tell if they have been cared for, if hundreds and thousands of hands have opened them or if, for some fatal reason, they

have had to wait their time all alone in vast library depositories or cupboards. Sometimes, alas, their time may never come. No matter how much we admire the outer beauty of one or another book, it is its heart, its content that matters most! That is the reason why its creator gives it to us.

Lending allowance

Lending allowance and reading preferences

Ainiki Väljataga, Chief Executive, Foundation Authors Benefit Fund

As of 2004, lending allowance is paid to authors and holders of copyright in Estonia for their books being lent from public libraries. The Estonian lending allowance system was built on the model of the solutions functioning in the international practice and it is based on two principal positions, like the relevant systems of other countries: the right of authors to receive the allowance and to use the allowance amounts to support cultural self-expression has to be recognised. A by-product of the lending allowance is a representative overview of what is read more because, since lending data derive from public libraries, they reveal the preferences of the widest range of readers. It appears that international best-selling writers are best represented in the lending ranking lists in Estonia. Among other reasons, this may have been brought about by the acquisition policy of libraries because when comparing the samples, it appeared that the best works of modern Estonian literature are bought in increasingly smaller numbers by public libraries. Therefore, the author proposes to start to target the acquisition in public libraries of Estonia within the framework of culture policy as is done in Norway for preservation and promotion of their literary culture. * Prereviewed research paper.