Attempts at Local Government Reform in Estonia

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Abstract

It is widely acknowledged that the list of mandatory tasks and obligations of local government units is by all means too long for the actual capacity of the majority of local government units in Estonia. Discussions on the theme of local government reform have been acute for a long time in Estonia, but no systemic, comprehensive and holistic reform of public administration has been done there up to now. There is a gap between the need for and success factors of local government reform in Estonia.

Key words: Estonia, local self-government, administrative reform, territorial reform.

Aim and Purpose of the Article

This paper briefly examines the attempts at local government reform (hereinafter called LGR) in Estonia over its time of re-independence. The author provides a brief overview of the state of the local government sector in Estonia for a better understanding of the context of the main issue. The aim of this paper is to discuss the matter of attempts at LGR in Estonia, particularly focusing on the analyses of different attempts at LGR, the lack and presence of some key factors of success and several arguments supporting the implementation of LGR in Estonia. Some authors have discussed the theme of LGR in Estonia, but the author considers the issue more comprehensively on the one hand and goes more in-depth in the analyses of the strengths and weaknesses of attempts at LGR and of the arguments supporting LGR in Estonia on the other. The author has no intention of denoting how, what, when and why politicians and practitioners should do in preparing LGR, but only refers to some success factors and inhibitors of the reform process.

Introduction

The concept of local governance is as old as the history of humanity, but only recently has it entered into broad discourse in the academic and practical literature (Shah and Shah 2006, p.2). Local self-government has been recognized as a governing principle by the European Union. The local authorities are one of the main foundations of any democratic regime (COE 1985). However, both the academic and non-academic literature confirms the following: 1. Local self-government units in many countries do not deliver public services and grant constitutional rights to local inhabitants as stated in the constitution or laws. 2. Local self-government units rather often have a low capacity in the context of outcome and impact or have failed completely to meet the reasonable and well-grounded expectations of the citizens of the local government unit in question. 3. Local government units do not have autonomy to the full extent constituted in the legal framework. 4. Local government reforms rather often do fail or are not completed as planned. Situations such as these have been common in Estonia during its entire period of re-independence. Therefore,
the matter of local self-government being the continuous object of research and policy is of the utmost importance.

Public administration has undergone several changes in the last few decades all over the world (Wollmann 2000, p.923; Carvalho et al. 2007, p.3), but the need for and actions of public administration reform are an old and permanent phenomena (Roosevelt 1937, p.235). The typology and taxonomy of LGR are various. The reasons for and models, scope, focus, driving forces, major actors and degree of intensity of LGR are quite varying in the global, European and country levels. There are many strategies, goals, objectives and targets of LGR. All of these approaches have had varying degrees of achievement ranging from full success to complete failure. Therefore, the matter of local self-government reform as object of research and policy is of the utmost importance.

Local self-government is a diverse, complex, complicated and interdisciplinary matter of research. Therefore, the author used a multi-method research design to integrate the qualitative and quantitative methods of collecting, processing and interpreting data. A structural search of the relevant theoretical publications and other sources of information and data on public administration reforms were performed. In particular, the focus of the sources of information were official reports, interim-reports, publications, and the minutes and correspondence of the institutions responsible for planning, executing and monitoring the reforms of local government in Estonia. The information and data collected by the author were validated, analyzed and synthesized. The sources of information the author used were qualitatively analyzed for semantics and content.

**Short overview of local self-government reforms in Estonia**

The development of the local self-government sector in Estonia can be broken down into three periods: 1918–40, 1940–90 and from 1990 until today. Local government in Estonia had constituted a significant part of administrative arrangement before the Soviet era, but a new system had to be established rather than an old one restored, as the interim centralized regime brought about thorough reorganizations. Estonia during its re-independence has had a number of attempts at administrative, regional, territorial and administrative territorial reform. Discussions on the theme of LGR have been acute for a long time (Määltsemees 2009, p.56; Almann and Arumäe 2010, p.117). Different drafts of LGR programs (See Table 1) have been submitted to the different cabinets of the Government of Estonia, but none of them have gotten the widespread support of society. The resistance to and opponents of LGR in Estonia have been so strong that nearly all attempts to initiate LGR have failed. LGR planning teams in Estonia have given too little attention to citizens and society, such as what happened in the Netherlands during the implementation of the Tilburg Model (Hendriks and Tops 1999, p.137). Attempts towards LGR in Estonia have been often linked or even focused on the amalgamation of LGUs, but this strategy is unpopular with both local (Sancton 2005, p.323) and state electorates (Dollery and Johnson 2007, p.199). Focusing on the amalgamation of LGUs diminishes the degree of participation and representation (Dollery and Johnson 2007, p.198). There were changes of public administration structure on different levels or in some spheres during 1990–97 (Aru 1999a, p.14), but no systemic, comprehensive or holistic reform of public administration has been carried out in Estonia up to now.

The main goal of LGR performed during 1990–93 was a re-creation of local democracy to serve as a basis for the re-establishment of a nation-state (Aru 1999a, p.13; Almann and Arumäe 2009, p.116; Estonica; Kiisler 2009a, p.2). Minister Jaan Õunapuu (2003a) proposed 4 models of regional reform for Estonia: 1. A combined model; 2. A strong county governor model; 3. A strengthening of the functional management model; 4. Introduction of a two-level local government system. According to Almann and Arumäe (2009, p.117),
there are no big differences between the part of the plan concerning the territorial issues of Minister Aru’s LGR plan and the reform plan of Minister Tarmo Loodus. The LGR plans of Ministers Õunapuu and Reimaa match each other and they fit with the LGR plans of Ministers Aru and Loodus. The LGR plan of Minister Kiisler differs completely from the LGR plans of the other ministers.

According to Vallo Reimaa (2007, p.6), a former Minister of Regional Affairs, in Estonia the main goals of attempts to arrange regional administration during 1998, 2001 and 2003 were an even development of regions; balanced regional management; a clear separation of functions and better administrative capacity on the county level; binding connections between state and local self-government; wider implementation of the principles of democracy, subsidiarity and regionality on the county level; improvement of state supervision; and the establishment of an institution to carry out the identity of the county-side based on the association of LGUs in the county in question; and the democratic administration of EU funds and warranty for the effective usage of the possibilities of the information society.

LGRs are often followed by a top-down strategy designed to minimize the opportunity for resistors to affect the LGR process (Wallis and Dollery 2001, p.533; Cole 2003, p.191). Taking into account recent history of the LGR in Estonia, one can conclude, that the top-down approach is rather suitable for implementation in Estonia, alike in Australia (Dolley and Johnson 2007, p.198). Besides, there is no linear link between the size and efficiency of an LGU (Dolley and Johnson 2007, p.199). Andrew Sancton (2000, p.74) and others argue that there is no functionally optimal size for an LGU at all. This argument has been largely confirmed by the case of Estonia. Statistical data from 2008 verifies that no linear link exists between the size of an LGU and the value of the administrative costs of the LGU per capita of population (Tallinn over 5000, LGS average over 3000 and all other size groups between 2000 and 3000 kroons) (Jõgi 2009, p.24); the level of wealth and level of administrative cost of the LGU per capita of population except in the case of Tallinn (Jõgi 2009, p.24); the size of an LGU and the level of total expenditure per capita of population in it (Jõgi 2009, p.30); the size of an LGU and the structure of cost dispersions by economic subject matter (Jõgi 2009, p.31); and the size of an LGU and the value of investments per capita of population (Jõgi 2009, p.31). Nevertheless, in the case of Tasmania, calculations show that the costs of general administration rose when LGUs had fewer than 10 000 inhabitants and did so very sharply for those
with below 5000 (Haward and Zwart 2000, p.36). Therefore, one can hardly find scientific evidence confirming the existence of universal, certain, reliable and fitting for all societies LGR models. However, as far as plans of LGR in Estonia still exist only on paper, one cannot give any final assessment of the possible actual outcome of these plans. Still, LGR attempts in Estonia have been rather fragmented, non-holistic, unfinished or often not even developed beyond the planning stage. There are many objective and subjective major and marginal political, administrative, financial and other reasons for that. The author will consider some of them further on in this article.

Brief analysis of some success factors of LGR plans in Estonia

No policy or project can be successful without comprehensive set of success factors, which should be at present during all phases of the policy or project. The LGR can be understood and treated like the policy or the project. Therefore, the LGR does have minimum set of success factors, which may consist clearly worded problem, vision and goals; achievement of common understanding and interests; sound and relevant sources of goals; robust and adequate legal basis; perceived and attached value to the aspect of complexity; relevant key mechanisms; clear and adequate time-frame; supportive political context and clearly stated focus.14-15

Problem, vision and goals

According to Anders Hanberger (2009, p.6), setting performance expectations for any public policy is a critical question of democracy. A clear description of the essence of the problem should be included in relevant LGR documents to avoid the considerable risk of failure. The results of the analysis of different documents and academic sources of different LGR plans in Estonia confirms that the reasons (problem wording) for LGR and the 0-point situation of the state of LGUs to be covered by the reform are put on paper by different reform planning teams, but in superficial, unpretentious and grounded to an insufficient extent (See Table 1; Aru 1999a, p.2; SM 2001, p.14; Reimaa 2007, pp.4–5; Kiisler 2009a, p.1; Arumäe 2009, p.10, p.20 and pp.24–9). Vast majority of the general goals, objectives, targets and desired outputs are not measurable (See Table 1; Aru 1999a, pp.3–5; SM 2001, p.3, p.4, p.5 and p.9; Reimaa 2007, pp.6–7; Kiisler 2009a, p.2; Arumäe 2009, pp.10–1 and p.16).16 The lack of clarity of LGR goals and impact leads to multiple interpretations of LGR goals and hinders its implementation.17

Consensus building

Consensus building is one of the core success factors of LGR (Wallis and Dollyer 2001, p.533 and p.535). According to Mäeltsemees (2009, p.62), no other reform needs such a long lasting and thorough explanation and argumentation to members of society like the LGR does. The success of LGR depends on the attitudes (Martin 1999, p.24), needs and preferences of the various groups of society (as participants but also possible beneficiaries of the impact of LGR). It is essential to ensure that the perspectives of all major stakeholders are embodied in the goals of LGR (Sanderson 2001, p.309). A broad collection of LGR stakeholders reached some principal agreements concerning the model, goals, principles, process, time-frame and some criteria during the relevant conference entitled Regionaalhalduse reform Eestis held in Toila in 2003.18 However, no political consensus was reached concerning the LGR plan of Minister Ünapuu on the level of central government and the implementation of this reform plan was not initiated at all.19 Regrettably it is impossible to state that the initiators of any attempt at LGR listed in Table 1 attached enough importance to consensus building.

Legal basis

According to NALAD (2001, p.4), the existence of law on local self-government admin-
istrative-territorial reform is likely to add stability and continuity to the LGR process. There was no such law in Estonia from 1999 to 2009, when a draft was drawn up. A draft of the act of the reform of administrative-territorial arrangement was prepared by Minister Kiisler, but this was not presented to the Riigikogu because of resistance from the Prime Minister and his party. NALAD (2001, p.10) also recommended that a set of criteria for the formation of new municipalities is to be decided by the Parliament and laid down by law. The set of criteria for the formation of new municipalities recommended by NALAD to Estonia was sufficiently comprehensive and reasonable to use. There is evidence (Aru 2009a, SM 2001, p.15; Kiisler 2009) that the initiators of different attempts at LGR in Estonia have tried to develop some measurable criteria for the amalgamation of LGUs. However, these reasonable and usable recommendations proposed by NALAD have been denied in significant degree by the different governing coalitions in Estonia.

Key mechanisms
The key mechanisms and measures put on paper by the different teams of LGR listed in Table 1 are not systematic or comprehensive, not very well supported by arguments, and are often only label addressing to measure a mechanism (See Aru 1999a, pp.10-1; SM 2001, p.7, p.8 and p.9; Arumäe 2009, pp.14–5 and 17–8). As a result, the sets of tools are unconvincing. Almann and Arumäe (2009, p.119) argue that only Ministers Am and Loodus have put together an eligible and feasible plan of LGR in the recent history of LGR in Estonia. The author can support this opinion with major revisions. One can find a kind of time frame and milestones in the plans of LGR initiated by Ministers Aru (1999a, pp.32–3), Loodus (SM 2001, pp.15–6) and Kiisler (2009a, p.17 and p.21) as well as by Harju County Governor Värner Lootsmann (Arumäe 2009, p.11). In the LGR plans of Ministers Aru (1999a, p.32), Loodus (SM 2001, p.17) and Kiisler (2009a, p.22), as well as by Harju County Governor Värner Lootsmann (Arumäe 2009, p.11), some financial measures supporting the implementation of LGR are listed, but these measures are in general terms and are not supported by any financial calculation, project budget or numbers. Nevertheless, in the government reserve fund (part of the state budget) subsidies for the voluntary amalgamation of LGUs in 2000 in total 256410 EUR and for 2005 6410256 EUR were allocated. There is sense in setting goals only if the goals are important enough to become binding (SE21 2005, p.12). In the case of Estonia one can find no planned mechanisms or measures actually capable of making LGR goals binding.

Political context
LGR in Estonia has consistently been over-politicized (Almann and Arumäe 2010, p.117). One significant political and legal reason is the peculiarity of the election system in Estonia. The situation in Estonia is complicated by the almost perpetual pre-election, election, and post-election times (Linnas 2007a, p.251; Almann and Arumäe 2009, p.119) because of the different periods of European-, state- and local-level elections. The practical experience of different elections during the time of Estonian re-independence has shown persuasively that it is very difficult to attain a consensus on any political or policy strategies or goals, including matters of LGR reform, between the political parties during a pre-election time. Second, if the President of the Republic is not elected by the Riigikogu even in the third round of voting, the President of the Riigikogu will convene an electoral body. Both in 1996 and 2001, the President of the Republic was elected by the electoral body. The electoral body is comprised of members of the Riigikogu and representatives of LGU councils. Due to mergers, the number of representatives of LGUs in the electoral body will decrease. Therefore, the number of LGUs is not only a matter of local issues, but also an important factor in state-level politics. Consequently, if the present system of elections remains unchanged, the factor of over-politicizing will
remain at present. The third reason for the over-politicization is linked with an aversion to changes by local politicians (Carvalho et al. 2007, p.2), administrators and influential sponsors of domestic politics. Mostly but not only with their subjective selfish interests which embarrass the reform process (Martin 1999, p.34; Sato 2007, p.453). There were 5464 civil servants in the LGUs of Estonia at the end of 2008 (Lipp 2008, p.42). In the context of Estonia, the unemployment level is rather high in rural municipalities and small towns, and the number of employers is very limited. Accordingly, each employed person has to try to keep his or her job. Consequently, any change that threatens the stability and sureness of the jobs will be blocked by domestic actors if they are not be provided with certain and clear opportunities for new jobs after the LGR.

Arising from Estonia’s political, legal, historical and cultural peculiarities, the impact of the public, primarily of the voters, on the political elite is almost negligible between elections. Both the state- and local-level electorate in Estonia lack legitimate possibilities of controlling and impacting on the activities of politicians after general and domestic elections (Linnas 2007, p.284). Therefore, politicians as decision makers do not actually depend on the wishes and pressure of the voters. The level of local democracy is rather weak in Estonia because there are few active citizens, weak non-governmental organizations, a lack of a participatory policy and direct-democracy, and non-existent democratic dialogue at both the state and local levels. In these aspects Estonia is very different from its Nordic neighbours: Finland, Sweden (Hamberger 2009, p.6) and Norway (Vabo 2005, p.567). Accordingly, the present political context does not support the success of LGR in Estonia.32

The loyalty of members of local government councils to their party will restrict the capacity of councillors to act as community representatives (Copus 1999, p.77; Vabo 2005, p.577). Allar Jõks (2008), former Chancellor of Justice, argues that in Estonia party affiliation is taking on terrifying dimensions, where the preference of private interests over public interests is rather the rule than the exception, meaning that the clan economy needs to be handled. Jüri Saar (2011), professor of University of Tartu, argues that political parties have become power which slows down development processes in Estonia, because of amplification of the incompetence and selfishness through political parties. Therefore, if the loyalty of local councillors to their party dominates over loyalty to their voters, then one factor of success of LGR is missing.

Devotion to the completion and permanence of LGR is under real risk in Estonia as in any society because: 1. Central governments can only address a few problems at a time because of limited resources (Andrews 2008, p.178) and 2. New agendas should be developed because of the permanent need to attract voters with new enticements.

Rait Maruste (2007), a judge of the European Court of Human Rights, argues that the categories of a true and functioning constitutional democracy take much longer and greater effort to evolve than economic wealth or formal lawfulness. Changes can only happen if people can influence politicians (McIntyre-Mills et al. 2008, p.317). This is not the case in Estonia today. Because of that, it is somewhat optimistic to believe and hope that political parties will reach a political consensus for the design and implementation of LGR in Estonia in nearest future.

Some arguments supporting local self-government reform in Estonia

In this chapter the author discusses some supportive arguments for the implementation of the reforms. The opinions of politicians, scientists and practitioners on the need for LGR or lack of it are very diverse in Estonia. There is no clear line between the politicians of the ruling coalition and opposition, scientists and local government practitioners. Since Estonia regained independence, its LGUs have had more and more tasks and functions heaped upon them, but in most cases there has never been enough money to fulfil them all (Mäelt-
Nevertheless, Andrus Ansip (2010), the Prime Minister of Estonia and the leader of the Reform Party, does not see any reason to initiate LGR in Estonia. According to Ansip, the LGUs of Estonia are free to amalgamate, but there is no need for compulsory state-level administrative action for that because LGUs in Estonia are strong enough to fulfill the tasks and obligations laid down by law. However, there is still no scientifically collected data available regarding the share of local self-government in the volume of public services rendered to the public by the public sector as a whole (Linnas 2007, p.292). Also, there is no clarity at all on the optimum balance between state- and local-level tasks and obligations, as well as an objective, reasonable and usable criteria for an LGU’s capacity and suitability for Estonia’s public administration model. Consequently, the local self-government sector in Estonia is facing a real need for change in the political, economic and administrative fields, including aspects of audit, control and supervision. The author presents some of the factors supporting LGR in Estonia further in this article. The author recognizes that there are still a number of aspects and factors of LGR that are unclear and unequivocal.

Nevertheless, there is also no scientific theoretical or empirical information that confirms that LGR will not improve the wealth of LGU inhabitants or the administrative capacity and sustainable development of LGUs. Administrative practice confirms that different models of local government can co-exist (Hendriks and Tops 1999, p.150) and no unanimity exists on how to perform LGR (Jones 2002, p.38).

**Low capacity for the creation of wealth**

The growth of welfare enables all of inhabitants to reach a situation where Estonia is adequately valued as a place to live, work and obtain self-realization. This, in turn, is a precondition for realizing the goal of the viability of cultural space and other goals (SE21 2005, p.18). The level of welfare of Estonian society is relatively high in a global context, but in the Northern European context Estonia is a country with a low level of welfare (SE21 2005, p.18). LGUs all over the world suffer from a mismatch between their responsibilities and sources of finance (Mäeltsemees 1994; Haveri 2003, p.319; Ryynänen 2003, pp.255–6). Still, too many LGUs in Estonia do not have the sufficient capacity to support central government in attempts to increase the level of welfare in Estonia. Conversely, the limited administrative capacity of LGUs often reduces the quality of public services and also inhibits their application for financial support from European funds (SE21 2005, p.25). According to Arno Lõo (2007, p.7), there were 65 strong and 56 weak (in the meaning of development capability) LGUs on average for 2002–2006 in Estonia. 20 LGUs were assessed to be critical, 41 relatively critical, 38 wealthy and 25 relatively wealthy in the sense of poverty (level of income) on average for the same years (Lõo 2007, p.8). Therefore, the capacity for creating wealth and warranting the sustainable development of LGUs should be a political goal.

**Weak and uneven administrative capacity**

It is widely acknowledged by scholars that small LGUs do not have a sufficient amount of financial and human resources (Haveri 2003, p.321; Pihlajaniemi 2003, p.268; Linnas 2007, p.284) and are failing to serve their inhabitants (Boex and Simatupang 2008, p.453). The general index values of local government capacity calculated for the LGS in Estonia for the period 2005 to 2008 vary quite significantly. Also the financial capacity (spare funds) remaining to provide public services to an LGU’s inhabitants and to develop the local area is very weak in Estonia. Nevertheless, while there is little difference in the share of operational costs of total expenditure of LGUs, in general small LGUs have bigger share of operational costs of total expenditure as it is in big LGUs. Also operational costs per capita of an inhabitant are bigger in small LGU than in big LGU (Jõgi 2009). Therefore, smaller LGUs do have ob-
jectively less resources for serving local inhabitants. Some authors of LGR plans have seen the enlargement of LGUs as one measure for stopping the peripherization process in Estonia. Inversely, Sulev Mäeltsemees (2009, p.60) argues that creating greater LGUs causes a higher level of peripherization. Nevertheless, the general capacity of LGUs can be improved first of all by the improvement of the financial and economic situation of LGUs. Consequently, some changes to improve and even out (by increasing, not reducing) the administrative capacity of LGUs should be performed. However, Smoke (2007, p.14) argues that LGUs should be handled differently depending on their capacity and performance, not on their size or classification.

Regional imbalance

Counties in Estonia have different levels of potential for development. In addition, the number of LGUs and their well-being differs significantly from one region to another. In Estonia, on average during 2002-2006, 49 LGUs were classified as periphery and 52 as centre on the centre-periphery socio-economical scale (Lõo 2007, p.11). Periphery units had a level of wealth more than two times less as the centre units on average for those years (Lõo 2007, p.11). There is at present a continuing tendency towards an increase in regional imbalance in Estonia and towards the “extinction” of peripheral living regions (SE21 2005, p.24). In unequal states, reforms should focus on economic and social injustice (Andrews 2008, p.178). Therefore, something has to be done to stop the development of regional imbalance in Estonia. Otherwise, the level of social, economic and military security will decrease to the level that is dangerous for the independence and sovereignty of the State. Nevertheless, different regions and different LGUs have their very own historical, cultural and economical peculiarities. Therefore, contextual factors are important to take into account for the sake of success of an LGR (Andrews 2008, p.171). In other words, all LGUs should not be even all over the country if there are very rational, significant and acceptable reasons for the diversity, unless an acceptable level of wealth of the inhabitants of the LGU under question is granted.

Dependence on the state

Estonian local government sector depends to a great extent on the political decisions of each budgetary year of the sitting Parliament and State Government (Mäeltsemees 1994 and 2006; Linnas 2009, p.144) because local taxes are not relevant sources of income for LGUs in Estonia (Linnas 2007, p.284). According to the Ministry of Finance of the Republic of Estonia, the share of operational costs (staff, administrative and other costs) in the consolidated budget (expenditure) of the local self-government sector was 70% in 2003, 75% in 2004, 72% in 2005, 68% in 2006 and 71% in 2007. Accordingly, the financial capacity (spare funds) remaining to provide public services to the local inhabitants and invest public money in domestic economy is very weak and any change in the allocation of supplementary funds from the state budget to the local government consolidated budget has a significant impact. Lower local capacities make local government more state-dependent (Sellers and Lidström 2007). Michal Illner (1998, p.29) argues that the levels of centralization and decentralization have to be weighed against the functional and contextual factors so that the optimum between them can be determined.

Limited networking and co-operation

Global trends are towards an increasing share of networking (Aarrevaara 2003, p.302; Ketunen and Kungla 2005, p.357; Steyvers et al. 2008, p.134) and expanding co-operation between LGUs (Haveri 2003, p.316; Heuru 2003, p.258; Helander 2003, p.295; Oulasvirta 2003, p.340). According to §12 of the Local Self-Government Organization Act and to §2 of the Local Government Associations Act, LGUs in a county may form a county association of LGUs to foster a balanced and sustainable development of the county, to preserve and promote the cultural traditions of
the county, to represent the county and the members of the association, to protect the common interests of its members, to promote co-operation between the local governments in the county and to create possibilities for improved performance of the functions of its members as prescribed by law. Many small LGUs in Estonia buy public services from neighbouring LGUs on a contractual basis (MI). However, wide-range co-operation between LGUs through the county associations of LGUs or the joint outsourcing or co-sourcing of different functions is still limited in Estonia mainly due to constitutional peculiarities and political reasons.

Other factors

There are some more factors that are rather supportive for the implementation of LGR in Estonia. Almann and Arumäe (2010, p.121) argue that Local Self-Government Organization Act and other laws on LG issues are out of fashion and LGR has to be performed for the sake of the development of Estonia. However, one cannot rely too much on the idea of an accomplished legal framework.

The external control and supervision system of LGUs in Estonia is "definitely based on a solid and adequate constitutional and legal framework"; "is in full accordance with the European Charter of Local Self-Government in this particular respect" and the administrative, constitutional, governmental, judicial and political control and supervision over the local government sector executed by the state in Estonia is "in general and by large sufficiently public, transparent and democratic enough" (Linnas 2009, p.141), but the control systems over the local government sector in Estonia are inefficient or ineffective. According to Hanberger (2009, p.19), a legitimate balance between trust, risk and democratic control depends on the model of governance and one's understanding of democracy. The model of governance has to be revised during the LGR in Estonia. As a matter of fact, instead of performing simply LGR the holistic, comprehensive and systematic change in the general governance model, including both central and local governance level, should be done in Estonia soon.

Almann and Arumäe (2010, p.115) argue that LGR in Estonia is feasible. The author supports the opinion of Almann and Arumäe on the inescapable need for LGR in Estonia and shares their belief in its feasibility, but only to the extent that concerns theoretical feasibility. The author remains rather sceptical on the actual possibility of performing a sound LGR Estonia, because too many supporting factors are still lacking. Nevertheless, some balance should be reached between the improvement of the actual state of LGUs and a thorough, comprehensive, scientific enough and systematic preparatory process of LGR in the nearest future in Estonia. There is always a lack of relevant scientific arguments supporting or demurring any major change process in society. Nevertheless, life cannot be stopped only because of the availability of a small number of supporting arguments for the unavoidable processes of principal change. The political will for LGR should be strong enough (Smoke 2003, p.12). Laudably, some historical facts from recent history of Estonia do confirm that politics do have strong enough political will to make significant changes in society seldom.

Conclusion

Estonia is sustainable when the preservation of the Estonian cultural space, growth of welfare of the people, coherence of society and balance with nature are ensured (SE21 2005, p.31). The point that most influences the process of LGR today is the fact that LGR can significantly affect both the absolute and relative importance of the state- or local-level government or both. LGR will lead to a change in the state of political power in society. The author presented some major reasons for the lack of success of and aspects supporting implementation of the LGR in Estonia. Some successful examples of other similar projects (preparatory process for accession to the European Union, NATO and Euro-zone) do confirm persuasively that a robust system
for supporting the achievement of clearly stipulated and commonly accepted goals is a significant prerequisite for the complete success of projects with a large impact on society. The political environment determines both the extent of LGR and the impact it will have on society (Schoburgh 2007, p.159). The most powerful members of the political elite in a governing coalition are not interested in major changes of the public administration and the peculiarity of Estonia, but it is rather common that the central government functions of the county governor. LGS functions inherited to the county governor are transferred to LGU associations. Introduction of centres of public services. Some central government functions are to be transferred to the county governor. The county governor will serve as a leader of regional development. Decrease the number of counties to 10.

Notes

1 The term LGR is a general term that marks and covers all types of local government reform. The term for particular type of local government reform will be noted separately.

2 A separation of local government and central government functions of the county governor. LGS functions inherent to the county governor are transferred to LGU associations. Introduction of centres of public services.

3 Some central government functions are to be transferred to the county governor. The county governor will serve as a leader of regional development. Decrease the number of counties to 10.

4 The county governor and his office are to be abolished and all functions are to be transferred to ministries.

5 One can notice that implementation of the top-down or bottom-up strategy does not depend directly on the political order, degree of democracy, liberalism, welfare and socio-cultural environment of the state.


7 Abja rural municipality and the town of Abja-Paluja amalgamated into the Abja rural municipality (RTI, 18.06.1998, 56, 842).

8 The amalgamations of the town of Otepää and Pühajärve rural municipalities into the Otepää rural municipality (RTI, 22.03.1999, 31, 427), the town of Lihula and Lihula rural municipalities into the Lihula rural municipality (RTI, 18.05.1999, 45, 522), Vihula rural municipality and Võõr rural municipality into the Vihula rural municipality (RTI, 16.06.1999, 55, 564), Kaarma rural municipality and Kurressaare rural municipality into the Kaarma rural municipality (RTI, 17.06.1999, 53, 579), Antsla rural municipality and the town of Antsla into the Antsla rural municipality (RTI, 07.07.1999, 57, 606).


10 The voluntary amalgamation of LGUs implemented in Estonia in 2005 (Socita, Kattai and Vike 2008, p.40) shows that the most common expected goals for amalgamation were a better quality of and access to public services, an increase in administrative capacity, a balanced development of regions, the formation of a pulling-center, an increased power of competitiveness and holistic solutions for mutual problems.

11 The amalgamation of Kaisma rural municipality and Vändra rural municipality into Vändra rural municipality (RTI, 17.06.2009, 32, 204).

12 For example, the biggest LGUs in Estonia had the largest budget deficits in 2008: the capital city Tallinn (52.26 million EUR), the town of Tartu (5.76 million EUR), the town of Pärnu (6.46 million EUR) and Rae rural municipality (4.67 million EUR) (Jõgi 2009, p.21). It is noteworthy to remember that all groups of LGUs in Estonia were in deficit in 2008 (Jõgi 2009, p.21). This is not a peculiarity of Estonia, but it is rather common that the larger an LGU is, the more willing its politicians are to spend more money (Vahbo 2005, p.580).

13 This list is neither exhaustive list nor the sole composition of the factors.

14 The author will address only few of those in this article.

15 Professor Mäeltsemees (2009, p.56) argues that the pros and cons of the so called 15+5 model of LGR offered by Minister Kiisler have never been scientifically analyzed at all. Professor Mäeltsemees (2009, p.56) argues that some goals worded in Minister’s Kiisler LGR plan are misleading to a wider audience. Almann and Arumäe (2009, p.118) are also critical of the Minister Kiisler’s LGR plan.

16 Most astonishing is that there are no links even to the Estonian strategy for regional development 2005–2015 except for the LGR plans of Ministers Reimaa and Kiisler (2007, p.2 and Kiisler 2009a, p.1). With some revisions, it is possible to admit that the plan prepared by Minister Reimaa (2007, p.6) is an unusual example for Estonia.
18 According to Minister Ünapuu (2003b), this was a significant breakthrough in cooperation between central government and local government on a long-lasting way of achieving a qualitative jump on the regional level of public administration.

19 An unconventional large-scale act of cooperation between different stakeholders was also seen during the LGR planning process of 1997–1999 (Arumäe 2009, Appendix 9, p.2).

20 At the same time, occasionally there is an unecessar­ily large share of irrelevant and out-of-scope theoretical overviews in some sets of LGR documentation. For example, pages of 1–17 of Appendix nr. 3 of the report of Arumäe (2009) are filled with an unnecessary overview of elementary postulates of organisation theory. Actually, this fact indicates a low level of quality and commitment to the LGR planning task. This example is not extraordi­nary, but rather common in Estonia’s LGR preparatory processes.

21 According to the Statistics Estoni­a, the unemployment rate in the 3rd quarter of 2010 was 15.5 % in Estoni­a.

22 This lack will not be eliminated before the reaching of a sufficiently high level of local democracy, as well as the implementation of some tools necessary for direct democracy and direct politics to do what is expected by the local inhabitants. This needs a significant change in the political culture of politics and both habits and behaviour of voters. Almann and Arumäe (2009, p.119) are rather optimistic in believing that the pressure caused by the impact of social and economical factors arising from voters to the political elite will push the elite to start the LGR process in Estonia.

23 Estonia, as small unitary state with small LGUs and located in a very particular geopolitical area, has to clarify what tasks and obligations are to be central-level tasks and what functions are to be actually accomplishab­le at the local self-government level. However, institutio­nal change per se is no guarantee that the culture of local self-government organizations will improve (Martin 1999, p.34). Sooner the change in culture is one success factor of LGR (Wilson 2005, p.231).

24 For example, the pros and cons of different models of LGR have not been academically studied (Mõietsemees 2009, p.56), there is no scientific proof that LGUs as big as counties will be purposeful (Mõietsemees 2009, p.56), there is no certainty that bigger LGUs will cause an increase in the share of importance of the LGS in the public sector as a whole (Mõietsemees 2009, p.56), and a lack of facts supporting the argument that bigger rural munici­pali­ties will develop and support the economy (Mõietsemees 2009, p.61).

25 However, some other authors argue that the size of a territory and the organization and number of its inhabi­tants are not linearly linked with the level of administrative capacity, amount and quality of local services offered, and the level of compliance with laws and regulations of the LGU (Carvalho et al. 2007, p.2).

26 From 83.6 to 13.3 points on the 100-point scale (Sepp, Noorkõiv and Loodla 2009a, p.12).

27 For example, the share of operational costs (staff, ad­ministrative and other costs) in the total expenditure of the local self-government sector consolidated budget was 70% in 2003, 75% in 2004, 72% in 2005, 68% in 2006 and 71% in 2007 (MF 2009a).

28 In Estonia in smaller rural municipalities the share of operational costs of total expenditure (16.2%) is bigger than in smaller towns (15.4%) and the level of compliance with laws and regulations and warrant the balances between the tasks / obligations and resources available.

29 The achievement of social cohesion means both social and regional balance, and overcoming of the excessively large in-country differences in Estonia (SE21 2005, p.23).

30 One key mechanism towards achieving coherence in the society is a successful administrative reform resulting in the creation of larger LGUs with a strong administrative capacity and budgetary base and functioning in cooperation with third sector organizations (SE21 2005, p.25).

31 This is similar to Latvia (King et al. 2004, p.947), Japan (Sato 2007, p.446) and the Netherlands (Van Helden 2000, p.86).

32 Voluntary amalgamations implemented in 2005 show that what is noticed is the effect of economies of scale in respect to the well-standardized public services, a disappear­ance of deficit financing of less standardized public services in formerly small LGUs, significant changes in the proportions of budgets of LGUs and a decrease in the share of administrative costs in the total expenditure of LGU budgets with one exception (Sootla, Kattai and Viiks 2008, p.75). Therefore, LGR may serve as a useful tool for the improvement of the budgetary and financial capa­cities of LGUs. However, it is too early to evaluate and assess the actual impact of amalgamations implemented in Estonia in 2005.

33 Also a balance between the fundamental constitutional rights of local self-government and protection of the inter­ests of the inhabitants of the LGU by state institutions should be reached (Linnas 2009, p.155).

34 There is a regional association in each county that uni­tes almost all the LGUs within them (MI 2005, p.20). There are two national associations of LGUs in Estonia: the Association of Estonian Cities and the Association of Municipalities of Estonia (MI). These two cooperative bodies established a joint body, the Co-operation Assemb­ly of Associations of Local Authorities, to conduct negoti­ations with the central government of Estonia (MI).

35 More widespread and tight co-operation between LGUs might turn out to be the favourite scenario because of the many supportive legal, political, financial, cultural and historical factors in Estonia.

36 Estonia would still be out of the European Union, NATO and Euro-zone and within the USSR if politicians, scholars, civil servants and citizens didn’t have a strong enough will and initiative to cause major political, social and economical changes in society.
Annex

Table 1. Some characteristics of attempts at LGR in Estonia. NB! Table 1 consists of an overview of only the main characteristics of LGR. The list of LGRs and attempts at LGR is not complete.

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<tbody>
<tr>
<td>Number of LGUs during reform planning time</td>
<td>Administrative. 253 (46 towns and 207 rural municipalities; 01.01.1999)</td>
<td>Administrative, regional, administrative-territorial. 251 (46 towns and 205 RMs; 01.01.2000)</td>
<td>Administrative, regional, administrative-territorial. 246 (43 towns and 203 RMs; 01.01.2003)</td>
<td>Administrative, regional, administrative-territorial. 240 (39 towns and 201 RMs; 01.01.2005)</td>
<td>Administrative-territorial. 226 (33 towns and 193 rural municipalities; 02.11.2009)</td>
<td>Administrative-territorial. 226 (33 towns and 193 rural municipalities; 02.11.2009)</td>
</tr>
<tr>
<td>Goals of reform</td>
<td>Make a clear distinction between state and self-governmental management. Re-creation of local democracy to serve as a basis for the re-establishment of a nation-state. Decentralization of public administration.</td>
<td>Warrant balance in society. Decentralization of public administration. Put in order territorial base of LG. Put in order the distribution of functions on the state level.</td>
<td>Modernization of LGS. Balance between tasks and resources of LGUs. Balance between principles of subsidiarity and economies of scale.</td>
<td>Improve the quality of public services. Increase efficiency of regional development in a county. Strengthen democracy. Optimize public administration.</td>
<td>Balanced regional development. Even quality of and access to public services all over the state.</td>
<td>Warrant economic contriving of LGUs. Warrant even level of public services all over Estonia.</td>
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<tr>
<td>Dimension (radical, moderate, incremental)</td>
<td>Radical</td>
<td>Radical</td>
<td>Radical</td>
<td>Radical</td>
<td>Moderate</td>
<td>Radical</td>
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<td><strong>Main cause of reform</strong></td>
<td>Need for re-creation of local democracy and liquidation of Soviet administrative system.</td>
<td>Disproportion between different levels of public administration.</td>
<td>Disproportion between different fields of public administration.</td>
<td>Need for systemic and balanced development of public administration.</td>
<td>Lack of performance of local functions on the regional level.</td>
<td>County governments in Estonia are not a subject of regional policy in the European context. Associations of LGUs in countries are not developed enough. Duplication of functions of development on the county level. Local, regional and county levels do not form a holistic balanced system.</td>
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<tr>
<td><strong>Main (Expected) outputs</strong></td>
<td>Democratization of public administration. Decentralization. Creation of LGS. Adaption of the LGOA (1993). Two-level LGS. Establishment of LGUs.</td>
<td>Separation of policy making and providing of public services. Implementation of NPM. Elaboration and implementation of methodology for analysis of the operation of public administration. Optimization of the number of LGUs. Implementation of a two-level (county and district) regional administration. Single-level local self-government.</td>
<td>Increase of accountability and responsiveness of local politics. Min. number of inhabitants in LGU is 3500. Number of LGUs from 40 to 110. Prolong the mandate of an LGU's council from 3 to 4 years. Separation of political and administrative management of an LGU. Changes in relevant laws and regulations. Increase the level of accountability and responsiveness of the number of LGUs.</td>
<td>Introduction of a two-level (county and district) regional administration of an LGU.</td>
<td>Decentralization. County will operate as a cooperation area of LGUs. An LGU has to be a member of the LGU association in the county (compulsory). An LGU association in a county should be a public law entity. County government will serve only as a state supervisory authority. An increase in the base of budgetary income. Balance between</td>
<td>Strengthen LGUs. Develop local democracy. Min. number of inhabitants in an LGU is 25000. 15+5 LGAs. Create preconditions for balanced development of areas.</td>
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<td>Main (expected) outcomes and impact</td>
<td>Actual result</td>
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<td>Transfer of some functions from county governments to the associations of LGUs. Analysis of the tasks and obligations of LG. Changes in the financing of LG. Widening cooperation between LGUs.</td>
<td>Ceased. The two-level local self-government system which existed in 1989–93 has vanished. County assemblies by means of mandatory statutory bodies of co-operation were eliminated.</td>
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<td>Not stipulated expressis verbis in measurable terms. LGUs are to be able to perform and support different reforms.</td>
<td>Ceased.</td>
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<tr>
<td>Not stipulated expressis verbis in measurable terms. Reaching a balance in society.</td>
<td>Denied by the central government.</td>
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<tr>
<td>Not stipulated expressis verbis in measurable terms. Balance between the tasks and resources of LGUs. Balance between the principles of subsidiarity and economies of scale.</td>
<td>Denied by the central government.</td>
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<tr>
<td>Not stipulated expressis verbis in measurable terms. Improve the quality of public services. Increase the efficiency of regional development in a county. Strengthen democracy.</td>
<td>Denied by the Prime Minister.</td>
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<tr>
<td>Not stipulated expressis verbis in measurable terms. Warrant economic contriving of LGUs. Warrant even level of public services all over Estonia.</td>
<td>Denied by the Prime Minister.</td>
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</table>

1. Commission set up under the decision of 8 August 1989 of the Supreme Soviet of the Estonian SSR.
3. A minister without portfolio in the Cabinet of Prime Minister Mart Siimann (17.03.1997–25.03.1999).
6. The plan was never confirmed by the Minister of Regional Affairs and the Government of the Republic.
8. The Minister of Regional Affairs (23.01.2008–Present) in the Cabinet of Prime Minister Andrus Ansip (05.04.2007–Present).
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