DISSERTATIONES RERUM POLITICARUM UNIVERSITATIS TARTUENSIS
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HIGHWAYS TO POWER: NEW PARTY SUCCESS IN THREE YOUNG DEMOCRACIES

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ABBREVIATIONS

CEE	Central and Eastern Europe (referring to countries joining the EU in 2004, and Bulgaria and Romania)
EEK	Estonian kroon
Est	Estonia
EU	the European Union
GDP	Gross Domestic Product
Lat	Latvia
Lith	Lithuania
LVL	Latvian lat
LTL	Lithuanian litas
MP	Member of Parliament
OECD	Organisation for Economic Co-operation and Development
PM	Prime Minister
PR	Proportional representation
PuF	Public financing (of political parties)
SMD	Single Mandate District
TF	Total financing (of political parties)
USD	USA dollar

Estonian Political Parties

EKRP	*Eesti Kristlik Rahvapartei* (Christian People's Party)
EÜRP	*Eestimaa Ühendatud Rahvapartei* (United People's Party of Estonia)
ESDTP	*Eesti Sotsiaaldemokraatlik Tööpartei* (Social Democratic Labour Party)
Kesk	*Keskerakond* (Centre Party)
IML	*Isamaaliit* (Pro Patria Union)
Mõõd	*Mõõdukad* (The Moderates, from 2004 SDE)
Ref	*Reformierakond* (Reform Party)
RL	*Eestimaa Rahvaliit* (People's Union)
RP	*Res Publica*
SDE	*Sotsiaaldemokaatlik Erakond* (Social Democratic Party, formerly Mõõd)

Latvian Political Parties

JL	*Jaunais laiks* (New Era)
LPP	*Latvijas Pirmā Partija* (Latvia's First Party)
PCTVL	*Politisko organizāciju apvienība "Par cilvēka tiesībām vienotā Latvijā"* (Union of political organizations "For human rights in united Latvia")
TB/LNNK	*Tēvzemei un Brīvībai / LNNK* (Union For Fatherland and Freedom/LNNK)
TP	*Tautas Partija* (People's Party)
TSP	*Tautas Saskaņas partija* (Popular Harmony Party)
ZZS	*Zaļo un Zemnieku savienība* (Green and Farmers' Union)

Lithuanian Political Parties

DP	*Darbo partija* (Labour Party)
LDP	*Liberalų Demokratų Partija* (Liberal Democratic Party)
LiCS	*Liberalų ir Centro Sąjunga* (Liberal and Centre Union)
LKD	*Lietuvos Krikščionys Demokratai* (Lithuanian Christian Democrats)
LKDS	*Krikščionių demokratų sąjunga* (Christian Democratic Union)
LLS	*Lietuvos liberalų sąjunga* (Lithuanian Liberal Union)
LSDP	*Lietuvos socialdemokratų partija* (Lithuanian Social-Democratic Party)
NS (SL)	*Naujoji Sąjunga (Socialliberalai)* (New Union [Social Liberals])
TS	*Tėvynės sąjunga (konservatoriai, politiniai kaliniai ir tremtiniai, krikščioniškieji demokratai)* (Homeland Union [Conservatives, Political Prisoners & Deportees, Christian Democrats])
VNDPS	*Valstiecių ir Naujosios demokratijos partijų sąjunga* (Union of Farmers and New Democracy Party)

LIST OF PUBLICATIONS

Articles and Book Chapters

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"From 'Sexy Men' to 'Socialists gone Nuts': The European Union and Estonian Party Politics," in *The EU and Party Politics in Central Eastern Europe*, Paul G. Lewis & Zdenka Mansfeldova (eds), Basingstroke: Palgrave, (2006, forthcoming).

"Die Institution der politischen Partei in Estland," in Martin Morlok (ed) *Parteienrecht im europäischen Vergleich*, Baden-Baden: Nomos, with Ülle Madise, (2006, forthcoming).

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"Voting Behaviour in the Estonian EU Referendum," with Piret Ehin, in Vello Pettai & Piret Ehin (eds) *Deciding on Europe: The EU Referendum in Estonia*, Tartu: Tartu University Press (2005), pp. 22-39.

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"Valimisreformi ABC" ("The ABC of Electoral Reform") in Rein Toomla (ed) *Riigikogu valimised 2003: Kas muutuste lävel?* (2003 Elections: On the verge of changes?), Tartu University Press, 2003.

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"Kirde-Eesti poliitilisest kultuurist" ("On the Political Culture of North-eastern Estonia") with Eiki Berg, *Akadeemia* 1998(4): 702-722;

Conference Presentations

"Newness as a Project: Successful New Parties in the Baltic States," paper presented at the *ECPR General Conference*, Budapest, 8-10 September 2005.

"Programmatic Profiles of New Parties in the Baltic States," paper presented at *the VII World Congress of the International Council for Central and East European Studies*, Berlin, 25.-30.7.

"Party Financing Regimes and Emergence of New Parties in Latvia and Estonia," paper presented at the *ECPR Joint Sessions of Workshops*, Uppsala, 13-18 April 2004.

"Successful New Parties in the Baltic States: Similar or Different?" paper presented at the conference *The Baltic States: New Europe or Old?* University of Glasgow, 22-23 January 2004.

"Cartel Party System in a Post-Communist Country? The Case of Estonia," paper presented at the *ECPR General Conference*, Marburg, 18-21 September 2003.

PREFACE AND ACKNOWLEDGMENTS

This dissertation is partly a continuation of the research project that I pursued for my MA thesis that has also resulted in an article in *European Journal of Political Research* (Sikk 2005). There, I analysed ways of measuring party system stability in Central and Eastern Europe. As a follow-up, I planned to look at causal factors that could explain the variance in party system change across the region. A natural starting point seemed to be the cartelization hypothesis proposed by Richard Katz and Peter Mair back in 1995.

At the time I embarked upon the project that has now resulted in this dissertation, Estonian party system seemed to feature both strong cartelistic institutions and the party political landscape seemed to be more stable compared to Latvia and – contrary to other claims – Lithuania. But as it is very often the case with post-communist countries, in 2002 an event occurred that changed the picture almost completely. A new party – Res Publica – was established and soon became a major player in Estonian politics. At the time, it seemed to have undermined largely my original argument on the connection between cartelistic institutions and outcomes. Soon, however, I came to realize that a rise of a strong new party in a country with strong cartelistic institutions could possibly teach us something interesting about cartelization – if we were not to bluntly give it up immediately. Meanwhile, I worked on conceptualizing party financing regimes – a field that has been studied extensively, but with relatively little theoretical work on the impact on party system dynamics – and also realized that strong new parties in all three countries could also be interesting with regard to the somewhat separate field of new party studies. The rest of the story is bound into this volume.

A serious obstacle I faced was a permanent problem of comparative political scientists: very often we embark on projects because of interesting phenomena in our native countries. At the same time, it is both tempting, and I would argue, necessary, to broaden studies into countries less familiar. Even though Latvia and Lithuania share much history with Estonia, neither their politics nor languages are very similar or linked to Estonian. My knowledge of Latvian and Lithuanian politics was – and undoubtedly still is – much more limited compared to Estonian; not to mention the languages. I have tried to compensate this disadvantage partly by conducting twenty-five interviews in Latvia and Lithuania in spring 2005. As a result, the political landscapes of the countries became much more comprehensible and the interviews also gave me many fresh ideas. Therefore, I am very grateful to all my interviewees, who kindly spent some of

their time – often more than I had expected – to enlighten me about "Southern Baltic" politics.

I have also been lucky to have had several people kindly helping me in my sometimes rather frustrating academic pursuits. First and foremost, I am deeply indebted to my supervisor Rein Taagepera not only for commenting and criticising my work, but also very importantly giving the necessary spark when I was becoming overwhelmed with dissatisfaction with my dissertation. Also, I am indebted for my co-supervisor Mogens N. Pedersen for very helpful comments on several drafts and particularly for friendly guidance in the (at the beginning) dark forest of party studies.

The supportive atmosphere among my colleagues at the Department of Political Science, University of Tartu, was also instrumental for completing the dissertation. I am particularly thankful to Vello Pettai and Mirjam Allik for nearly constant encouragement and helpful comments on earlier drafts of the dissertation, to Evald Mikkel for numerous thought-provoking discussions on Estonian and Baltic party politics, and Karmo Tüür for occasional assistance with difficult bits of Russian I encountered when finding my way through the translations of Lithuanian legal texts. The work on the dissertation would have been much harder without six months of stay at the University of Southern Denmark, Odense, where I enjoyed both the invigorating and friendly atmosphere of the Department of Political Science and Public Management, and several stimulating workshops and discussions with the faculty and PhD candidates. *Tak!*

Several parts of the study are grown out of conference papers. I have enjoyed the opportunity to present my ideas and findings at ECPR Joint Session of Workshops in Uppsala in 2004, ECPR General Conferences of 2003 and 2005 in Marburg and Budapest, 2004 Baltic Conference at the University of Glasgow, and International Council for Central and East European Studies 2005 World Congress in Berlin. I am indebted to many who have commented on my papers and been inspiring discussion partners. I would especially like to thank Mikolaj Czesnik, Kjetil Duvold, Zsolt Enyedi, Sean Hanley, Tim Haughton, Paul G. Lewis, Lukas Linek and Marek Rybar but the list could certainly be much longer.

I have also been lucky in that several institutions have considered my undertakings worthy of financial support. My foremost gratitude goes to two of them – the Targeted Financing Grant 0182573s03 of the Estonian Science Foundation that enabled me to work as a researcher at the University of Tartu while working on the dissertation; and EuroFaculty Directorate, who awarded me with a very generous fellowship enabling both to visit the University of Southern Denmark in Odense and attend several conferences. I also acknowledge the support of Kristjan Jaak Foundation of Archimedes Estonia for the support for

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Last but certainly not least, I am very grateful to my dear parents who have wholeheartedly loved and encouraged me in my work throughout the years. Also, I wish to thank all my friends who have patiently tolerated me not spending enough time with them during these challenging times.

1. INTRODUCTION

The elections around the beginning of 21st century in the Baltic states witnessed a rise of strong and significant new parties. In 2000, New Union (Social Liberals) won the support of 19.6 percent of voters becoming the second most popular party in Lithuania in its first elections. The winner of 2002 parliamentary elections in Latvia was the newly established New Era with 24.0 percent popular support. 2003 parliamentary elections in Estonia saw the rise of Res Publica that garnered 24.6 percent of votes, becoming one of the two strongest parties in parliament. In addition, the 2004 elections in Lithuania saw once again a rise of an immensely successful new political party, the Labour Party that managed to become the largest party in the parliament following its inaugural election.

These were remarkable events even in the face of electoral instability all over Central and Eastern Europe and the three countries. While electoral volatility has been high in all Baltic countries, the success levels of new parties had previously been much higher in Latvia compared to its neighbours. Thus, the rise of so popular new political party was almost an "expected" event in Latvia, while it came much more as shock in Estonia and Lithuania.

The main aim of the dissertation is to contribute to new party theories by analysing the overall level of new party performance as operationalized by total support for genuinely new parties in these three countries and scrutinizing the specific cases of the remarkably successful genuinely new parties from 2000 to 2003. The countries provide an especially good testing ground for two features that have in previous studies been linked to new party emergence and performance.

First, public party financing has been claimed to have been contributing to party system stability – that is the core of the cartelization hypothesis put forward by Richard Katz & Peter Mair (1995). Estonia and Latvia provide nearly perfect comparative cases for testing the relationship as in the former, public party financing has been in use for almost a decade and the sums in state budget are considerable. In the latter, no direct subsidies to political parties is in place at the time of writing. The cartelisation hypothesis has been subject to some criticism (e.g. Pierre, Svåsand & Widfeldt 2000), but there is a lack of theoretical models linking the two things.

This thesis proposes a theoretical model based on an original conceptualization of resources in party competition that goes beyond the dichotomous issue of

whether there is a public financing system in place or not in a country. The model takes into account both the overall relevance of money in party competition – by looking at total sums spent and correlation between campaign spending and electoral results – and share of direct subsidies to parliamentary parties in total financing of political parties. Predicted effects on new party performance are deduced from the logical model developed.

Second, the comparison of Lithuanian case vis-à-vis its two northern neighbours is a testing ground for models linking electoral institutions to new party performance. Whereas systems of proportional representation are in place in Latvia and Estonia, Lithuania uses a mixed electoral system. Additionally, in contrast to Estonia and Latvia, Lithuania elects the president by popular vote, and the legislation provides better opportunities for referenda and popular initiatives.

It will be argued that the relationship of party financing regime and party system stability is complicated. The simple existence of public subsidies to political parties fails to explain the level of party system stability. Inclusion of relevance of money in politics to the ratio of parliamentary party subsidies to total party finances helps to improve the model and explain both variation in new party performance among the three countries and variation inside the countries over time. The Lithuanian case provides some evidence that majoritarian features do not necessarily restrict the prospects of new parties – it may rather provide an additional access point or window of opportunity to hopefuls. Furthermore, the direct presidential elections seem to provide an even better access point and there is strong indication that popular elections of the head of state have contributed to party system instability by bringing into public limelight ambitious politicians who have later used the exposure to establish a new party or strengthen old ones.

The time and geographical span of the thesis is relatively limited, not allowing for strong conclusions based on aggregate data. The later sections of the study take a closer look at the particularly strong new parties. That helps to shed the light to questions concerning the role of leadership and members in the establishment of the new parties, and to their campaign strategies. Despite significant differences in these respects, the three new parties show a remarkable similarity in being impossible to define in relation to un(der)represented social cleavages. This finding strongly calls for a revision of models of new party development that have for the most part assumed that new parties have to be linked to new cleavages or issues. The only issue that has defined these parties has been one of novelty itself that is impossible to connect to divides in a society.

This dissertation focuses on two central questions. First, *how do institutions and other facets of the political environment affect the overall performance of new political parties?* The question will be analysed in depth in three Baltic countries, mostly contrasting the new party success data with variation and changes in

countries' environments. The focus is particularly on the effect of party financing regimes on the success of genuinely new – i.e. those not directly connected to already present parliamentary actors – political parties. In contrast to many studies on new parties, the focus here is not on single new parties or the number of new parties, but on party system stability – success levels of new parties are primarily used as an indicator of that.

The second central question of the dissertation regards *the ways institutions affect patterns of new party behaviour.* To study the effect of environmental factors more thoroughly, the second part of the dissertation will be dedicated to the analysis of recent cases of particularly successful new parties systems in the Baltic countries. Particular focus will be on the patterns of new party strategies in the context of the countries' political environments, related to party leaders, organization and financing. Additionally, the projects that new parties have relied on are analysed, with a focus on their programmatic placement vis-à-vis established competitors.

The theoretical setting of this dissertation is at the crossroads of two somewhat distinct fields in comparative politics. *First*, it goes back to the cartelization hypothesis put forward by Katz & Mair (1995). The alleged persistence of party systems (also called the "petrification hypothesis") is one of the central elements of cartelization theory and it implies restricted emergence and success of new parties. The presence of cartelistic institutions in post-communist countries has been pointed out as well on several occasions (see Klíma 1998, Szczerbiak 2001b, Ágh 1998: 109), and the implications of the cartel party thesis should be tested in spite of some criticism and refutations concerning Western Europe (see Kitschelt 2000, Koole 1996 and Pierre, Svåsand & Widfeldt 2000). The *second* branch of literature relevant for the dissertation focuses on the emergence and success strategies of new political parties per se (of particular relevance are recent studies by Mair 1999, Lucardie 2000, Hug 2001). In addition to those, the predominantly empirical field of party finance enters in guiding the conceptualization of the independent variables (e.g. Burnell & Ware 1998, van Biezen & Kopecký 2001, Ikstens, Smilov & Walecki 2001, Nassmacher 2001, Austin & Tjernström 2003; for a recent attempt on theorizing see Hopkin 2004).

This dissertation has three principal aims: advancement of theory, theory testing and systematic presentation of data. Advancing theory is perhaps the main aim of the study, especially given the limitations discussed below. The dissertation theoretically contributes to three fields of political science. First, it addresses the theory of new party formation, especially on the aspects of new party projects. Second, the dissertation makes an attempt on conceptualizing party financing, especially regarding the effects of public party financing on party systems. And, third, it proposes a new framework for addressing the issue of electoral competition in general. In addressing these issues, the dissertation tries to bring

party financing research closer to the study of new political parties. Even though party financing has often been used in models of new party development as an independent variable, there has not been much theorizing beyond its existence or absence.

The testing of theories is partly undertaken for further enhancement of the theory, partly for accepting or rejecting of hypotheses, but first and foremost for generating hypothesis in interaction with the theory proposed. First, I will propose abstract theories, thereafter testing whether the Baltic cases seem to accept or reject it, and finally it will be considered how the theory/observations could lead to better research designs in future studies. The proposed models will especially need a future scrutiny using larger or in some ways better sets of cases. Finally, the dissertation aims at a theoretically structured and strictly comparative presentation of data on new parties and party financing systems in three Baltic countries that has not been done before to my knowledge. While it is necessary for the other aims of the dissertation, it can also be beneficial for studies that use any of these aspects as independent or dependent variables in other contexts.

Chapter two outlines a theoretical framework for the study. It begins with a broad conceptualization of political environment and voter mobilization. The main objective of that is to locate institutional environment and resources vis-à-vis party system change or stability in a wider context. Thereafter, we analyse in theoretical terms institutional environments – party financing regimes and electoral institutions – advancing the models of restrictiveness or permissiveness towards the rise of new political parties (as an important facet of party system change). Both party financing systems and electoral institutions will be analysed partly in novel ways. First, a notion of relevance of money in politics will be introduced into the model of effects on party system change. Secondly, in analysing the effects of electoral institutions, we go beyond the conventional majoritarian—proportional continuum of electoral systems and look at elections – and referendums, for that matter – as potential points of access for new political parties. The theoretical section concludes with a discussion on measuring the level of party system change. In doing that, we scrutinize the conventional measure of electoral volatility, and additionally propose looking at success levels of genuinely new parties.

The two subsequent chapters give an empirical account on Baltic party financing regimes, electoral institutions and party system stability. The general picture that emerges, places the restrictiveness of Estonian institutional environment highest while Latvian environment appears to be the most permissive. Lithuania falls somewhere in-between – while its party financing regimes has been somewhat less permissive than Latvian, its electoral institutions are more permissive than in the other two countries as it provides new parties with more access points. Different measures of party system stability are in good accordance with each

other in the three countries. In the aggregate, they basically also correspond to the expectations derived from the theoretical model as average party system stability has been somewhat higher in Latvia and Lithuania compared to Estonia. However, there are certain problems with relating changes in countries' institutional environment to cross-time variation in party system stability. Therefore, the empirical section concludes with a critical reassessment of proposed models.

The fifth chapter takes a closer look at three recent cases of highly successful genuinely new parties, one from each country. Their patterns of emergence, organizational features including the role of leadership, and programmatic profiles will be assessed. I will argue that all three pose challenges to new party theory as the successful new parties in the Baltic countries are very difficult to relate to new, un(der)represented or poorly represented social divides. Rather, they all relied on a project of newness – a formula that has proved very successful. Following that, I give some theoretical reasons why a project poorly related to ideological or programmatic commitments could be advantageous for parties to exploit. After shortly assessing the related issue of established party decay and putting successful new party strategies into environmental context, I argue in the concluding sections that experiences of new democracies – such as the Baltic countries – should be taken seriously in theory building if it is to aim at accounts covering all democracies, whether older or newer. While legacies of authoritarian rule have indeed left its mark, the long-lasting tradition of democracy may constitute even a stronger legacy. Thus, there are good reasons to consider new democracies as more or at least equally opportune grounds for theory-building.

2. THEORETICAL FRAMEWORK: POLITICAL ENVIRONMENT AND NEW PARTIES

This chapter presents a theoretical framework for the study. First, I will in broad terms conceptualize political environment, resources of political parties and strategies of voter mobilization. In particular, I will discuss the importance of three dimensions of political environment regarding both the formation of resource structures of political parties and (partly resulting) strategies of electoral mobilization. Thereafter, I will briefly discuss the accumulated literature on new parties with regard to party resources and party system stability – with special focus on cartelization hypothesis. The third part of this chapter is concerned more narrowly with conceptualization and operationalization of central variables of the study – restrictiveness or permissiveness of institutional environment and party system stability. Some novel ways of measuring both will be proposed. The

chapter concludes with a short background discussion on case selection and brief remarks on the generalizability of the study.

2.1. Political Environment

The political environment of a country related to new party development can be divided into three broad categories: socio-political environment, institutional environment, and communicative environment. Each of these will be considered in some detail below. Still, it should be emphasized that not everything in new party formation can be traced back to systematic variables. For instance, some more or less dramatic but apparently random events can lead to social mobilization that can spill over to political sphere and lead to new party formation. Examples include the discovery of oil in the North Sea that strengthened the appeal of Scottish National Party in Great Britain (Hauss & Rayside 1978: 45) or nuclear disaster in Chernobyl that contributed to the popularity of environmental protests in Soviet Union (Strayer 1998: 150).

2.1.1. Socio-Political Environment

In analyses of party politics, socio-political factors have been prominent both in Western and Eastern Europe (for the latter see for example Whitfield 2002 and Kostelecký 2002). The focus on *social cleavages* stands out especially strongly. Cleavage-based understanding of party competition is certainly valuable in making sense of unfamiliar party systems and thus a useful heuristic device. While Seymour Martin Lipset & Stein Rokkan in their classic contribution (1967) explained party system development in Western European countries, but the approach could be argued to be less appropriate for understanding party system dynamics in later democratizers. In post-communist countries, mass participation and competitive electoral politics appeared almost overnight, while the slow development of mass electoral politics is at the core of Lipset & Rokkan's argument. Rigid focus on cleavages (once?) present in most Western European countries may in fact be misleading for understanding the East European party systems, if they in reality reflect other cleavages.

A more satisfactory approach is provided by Kitschelt et al (1999) who analyse the initial party system constellations from path dependency perspective – how the particular communist legacies of countries gave rise to different cleavages patterning the party systems. However, the approach is not particularly good for

explaining later changes in the party systems.[1] Clearly, from a cleavage perspective, a new party should foremost reflect a new or so far not represented (or poorly represented) social cleavage; high volatility should ideally indicate changes in cleavage structures as well. However, the social patterns in East European countries have most likely not been as unstable as their party systems. Many new parties are vague enough not to be tied to any social cleavages. Even if new parties were overtaking representation of some cleavages from the old parties, the cleavage perspective still would not explain what leads to the poor representation of the cleavages in the first place and what makes some new parties successful and not others. Additionally, the established parties are remarkably capable of changing their programmatic positions on policy spaces. For example, Krupavičius & Žvaliauskas depict the positions of Lithuanian parties over years in a two-dimensional policy space (2004: 107) and reveal marked changes in party locations. There, it is rather a rule than an exception for the parties to move to an altogether new quarter.

The meaning of the term "cleavage" itself has remained unclear and contested, and often it is being used as referring to any social, issue, electoral, or party political divide (see a discussion by Bartolini & Mair 1990: 212-15).[2] One of the most basic but widespread improper uses concerns the relationship between a cleavage and electoral divides. In the words of Bartolini & Mair: "while a cleavage will give rise to competing party organizations, the presence of particular patterns does not in itself represent a cleavage" (1990: 63). An example could be attitudes on corruption, which has been one of the most salient issues in party politics in the Baltic countries and contributed to the structuring of the countries' party systems. However, it cannot conceivably become a cleavage in a meaningful sense, as it cannot logically be traced back to or turned into any *social division.* The latter is one of the elements in the concept of political cleavage that is less contested than others (Bartolini & Mair 1990: 224, Whitfield 2002: 181).

While the latter sections of this dissertation analyze whether new parties in the Baltic countries can be linked to social cleavages, it pays attention to other potential socio-political factors as well. Part of the reason why some countries experience more new parties than others may lie in the political culture that encourages new contenders. One may expect, for instance, that if voters in a country have seen new parties successfully entering parliaments before, they are more likely to regard the chances of future new parties better than the voters in

[1] More careful applications of the cleavage model stress the role of actors (see Enyedi 2005 and Sitter 2002).

[2] To my knowledge a substantial breakthrough regarding the conceptual mess has not taken place since; Bartolini & Mair end up with a specific conceptualization that is not easily used in new democracies.

countries with limited new party success do. The same could apply to volatility – as most of volatility can be traced back to individual voters changing their preferences, they are probably more likely to do that if they have already "learned" it.[3]

2.1.2. Institutional Environment

Institutional environment is the main focus of this study. Specifically, I will address two aspects: party financing regimes and electoral institutions (a detailed discussion on institutional environment follows in section 2.4). These need not always be the most relevant factors in explaining the performance of new political parties. The reason why these institutions are stressed is that the Baltic states possess interesting variation in them and are thus opportune cases for testing their impact (for further details see p. 60 onward). Moreover, institutions are probably the aspect of environment that could be changed most easily and thus the analysis of institutions could be interesting from the perspective of practical policy advice.

The interplay between institutions restricting new party access and the ultimate success of new parties is too complicated for the institutions to be subject to simple policy advice. It would certainly be possible to design institutions in such a way that new parties could simply not appear. As illiberal as it may be, in principle it would be possible to have a clause in party law that new parties cannot be registered and compete in elections. Such a rule would not explicitly rule against competitive elections, as there can be a variety of old parties. It may violate the principle of freedom of organization, but restrictions on establishing *political parties* – as distinctive from other organizations – are a commonplace in democratic countries. Making access institutionally more difficult may increase political stability but it may also turn societal demands more radical once the institutional bias against a new party entry is obvious. The established parties can also become too self-confident about their place on the political scene and

[3] There is somewhat similar explanation for the declining voter turnout in Western Europe: as the young voters entering the electorate learn abstaining (the young are less likely to vote than the older almost everywhere), the turnout will continue to decline in the longer run (Franklin 2004: 12). Franklin refers to a Butler & Stokes 1974 study finding a "magic number of three" – "anyone who had voted the same way three times has become essentially immune to the appeals of any other party" (21). In dynamic electoral politics of new democracies, one could speculate about the existence or formation of "inertia of changing". The changing of electoral choices may become habitual yet because of the change in parties. If a party that a voter voted for last time does not present itself, or the candidate of one's choice has joined another party, the voter may even try to retain the preference, but the changing party system "teaches" the voter to defect.

overlook the worsening public mood. Eventually, a new party may enter even more strongly than it would have ever done had the access been easier.

2.1.3. Communicative Environment

Also of interest for studying new party success are media access rules for political parties, especially regulations concerning media coverage of election campaigns. That includes the possibility of broadcasting paid ads and the availability of unpaid slots or television debates, and rules of time allocation among political parties there. Due to difficulties in conceptualization these aspects will not be covered in the comparison of countries, but will be introduced as explanatory variables in assessment of major new party emergence in chapter 5, where we will analyse advertising in electronic mass media, and other campaign practices – different methods of canvassing and general level of campaigning.

An important part of communicative environment is the general nature of interaction between political parties and citizens, and methods of voter mobilization. There have been crucial developments in Western European democracies since the introduction of mass suffrage. In the first part of 20th century voter mobilization was primarily class (or social group)-based, relied to large extent on partisan newspapers and canvassing efforts of rank-and-file members that adds up to relatively personal nature of voter mobilization. With the rise of (public) television and decline in media partisanship the patterns of voter mobilization changed markedly (Farrell 1996). It can be argued that the rise of television – followed by the rise of commercial television in most Western European countries and more lately by the emergence of internet – has led to much more saturated media environment than was the case about a century ago. Put simply, people in modern societies receive considerably more units of information than they did in the old days, and they are prone to receive more than they can process; also, there is much more choice between different channels of communication. The impact of these developments has evidently led to revolution in electoral campaigning and voter mobilization in general.

While the revolution in communicative environment in long-standing democracies has been of enormous importance, it is not a factor in explaining variations in new democracies, as the general nature of political interaction has presumably been relatively constant over the short time there. However, the communicative patterns in new democracies are rather reminiscent of the present conditions in Western Europe than of the situation a century ago, yet undisturbed by the legacies of more traditional mobilization. In this sense, the new democracies are “super-modern”. The people in Central and Eastern European

new democracies spend indeed more time watching television than in most advanced industrial countries.[4]

In order to mobilize voters, parties need to penetrate the *visibility filter* – i.e., to adjust to the communicative environment. For that, in turn, they need *resources* (for an illustrative graph on that and argument that follows, see Figure 1). In modern politics money is increasingly important, as much of the campaigning is conducted through paid channels, and potential voters are generally subject to a saturated media environment. Therefore, further increases in advertising money and "ads-races" can result. While parties with extensive funds can take part in such races, parties unable to find sponsors to bridge the gap, need to turn to other resources to catch the attention of potential voters. An attractive program is such a resource. In order to penetrate the visibility filter, the parties might have to turn to more populist messages than they otherwise would, assuming that extremism and populism catch the news media attention and voters' eyes more easily. Another option is to turn to popular leading figures that in turn can make party competition less programmatic.

Environment affects electoral support for political parties in two ways. First, it has impact on the configuration of resources parties possesses that can be used for electoral mobilization – through, for instance, party financing regimes, including the level of public subsidies. Second, the communicative environment in particular provides the visibility filter the "thickness" of which increases the relevance of resources for voter mobilization. The visibility filter has gained prominence especially due to the increasingly more saturated media environment in Europe and elsewhere during the last century or so. In a given communicative environment – that is supposedly relatively similar in the Baltic countries as well as in modern democracies elsewhere – the differential restrictiveness or permissiveness of political environment towards new political parties essentially boils down to its impact on resource structures of political parties.

[4] The classic indicator of number of TV sets per 1,000 people has deficiencies (in richer countries people can have more TV sets, some of which can be turned off most of the time). The time spent watching TV gives a better view of the importance of television in people's lives. In all three CEE countries that are members of OECD (Czech Republic, Hungary and Poland) the TV viewing times (3.6 hours a day) are above the OECD average (3.0). The average is in turn increased by especially addictive viewers in US, UK, Turkey, Mexico and Japan, the contrast to rest of Continental Europe is even more striking (Norris 2000: 95-96).

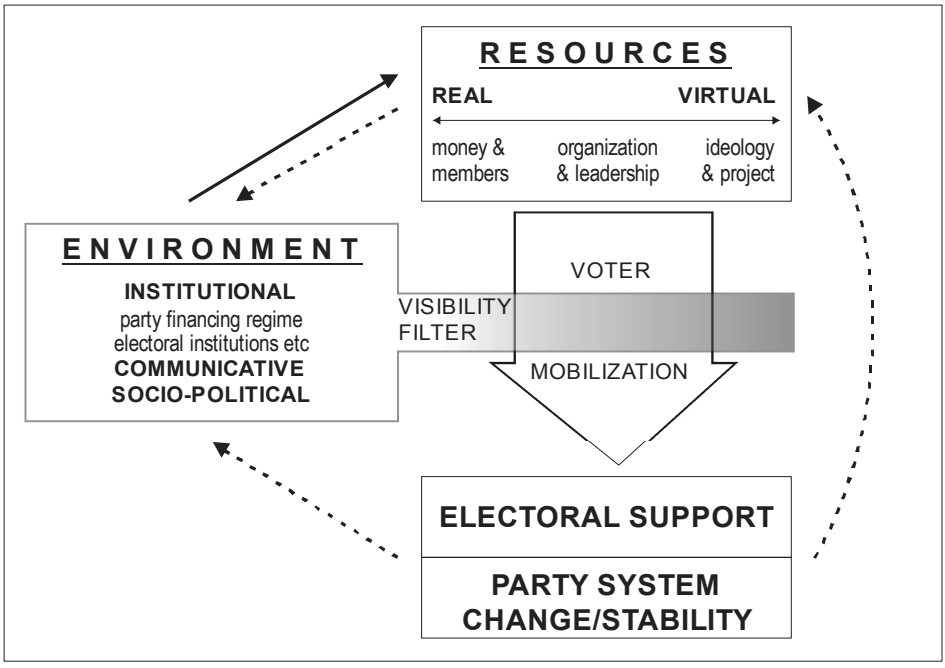

Figure 1 Conceptual map: environment, resources and party system stability.
Solid arrows indicate direct and dashed arrows indirect connection between variables.

The main focus of this thesis is on the three boxes in Figure 1: party system change/stability, environment (primarily institutional), and resources (mostly money). Although the process of voter mobilization and visibility filter are highly relevant for providing connections, they are not prominent topics in the study. That is partly so because they are considered to vary relatively little in the studied time period in the three countries. Only during the analysis of highly successful cases of new parties in Chapter 5, the wider picture – especially the importance of a project and other non-financial resources for the penetration of visibility filter, and modes of voter mobilization – will be analysed.

2.2. Strategies of Electoral Mobilization

Contesting elections and *mobilizing voters* is one of the principal *functions* of political parties in democracies. It is at the core of Sartori's now classic definition of a political party: "any political group identified by an official label that presents at elections, and is capable of placing through elections candidates for public office" (1976: 63).

Arguably, other functions (as listed by Ware 1995: 2-5) can possibly be overlooked and parties would still be parties, the replaceable functions in Sartori's terms (2005) – however deficient in face of our normative expectations regarding the functions they should perform in a democratic society. Electoral function derives from a minimum definition of a party, and a party cannot possibly be deprived of it and still be called a party. Perhaps this function was more important for Central and Eastern European parties in early 1990s than it was for West European parties back in late 19th century. In many cases, the parties of Central and Eastern Europe have appeared before elections and for electoral purposes, whereas early parties in Western Europe appeared in parliaments and rather for coordination of legislative work than for electoral purposes.

The modes of mobilizing voters have differed significantly from country to country, over time and even from one party to another. Over time, they have developed side by side with the predominant types of political parties. Interpersonal networks connected to the elite party phase became replaced by class-based mobilization in the mass party phase. The partisan channels of mobilization – for instance canvassing and party newspapers – were replaced by primarily non-partisan television in the catch-all phase of party organization (for an analysis of evolution of predominant organizational types of political parties, see Katz & Mair 1995: 8-15).

Some of the variation can be traced back to the impact of *communicative environment*. In present day democracies parties do not have to fight for reaching out to the voters in a technological sense – television, radio, newspapers, and direct postal mailing make it relatively easy, if not cheap. The situation is very different from what political parties faced only a century ago in Western Europe. That seems to make communication easier between parties and their (potential) voters. Yet, the parties today are faced with a situation where they have to fight for voters' *attention*. On this front they confront both non-partisan contenders for attention (commercial advertisers, any information in general) and other political parties. This is probably one of the main reasons why the line between political communication and entertainment has become blurred (Street 2001: 3).[5]

[5] One could argue that we might expect a large group of voters to perceive elections as something similar to a beauty contest or picking the best song in Eurovision song contest, rather than a battle between ideologies or political programs. Take the example of the latter in Estonia – almost as many people have experience of casting a vote in the latter as in national elections. More people watch the several televised stages of the song contest than pre-election debates.

Therefore, a major task for parties today is breaking through the visibility filter. The filter used to lie primarily in the technical difficulties in communicating with the voters. Today, it is more related to surfacing one's message in an over-saturated information environment. Even though that claim is rather impressionistic and is not elaborated further here, it is important to highlight the difference as that is one of the main reasons why political parties and campaigning in new democracies should not be expected to be similar to those in the earlier stages in Western Europe (similar ideas have previously been developed by van Biezen 2005 and Perkins 1996).

An important implication of voter ignorance when faced with more information than he or she can handle is that we should not automatically expect the voter to vote for the party that is in some respect closest to him or her – whether it be the policy position in a policy space or liking of the candidates. There are at least three additional and necessary conditions to be fulfilled by a voter in order to vote for a particular party. First, the voter needs to know about the party – both to be aware of its existence and recognise it among others. Second, the voter has to know something about the party's candidates – especially so in majoritarian systems and open list systems. Finally, if we expect the voting to be a rational endeavour to any extent, the voter has to know something about the prospects of the party getting elected and prospects of getting the policy through.

Note that the conditions do not assume a perfect instrumental rationality in voter behaviour. On the contrary, a voter may rather vote for a party that is best liked or least disliked among the parties he or she knows about. Or, a voter may vote for a party that has a candidate or a leader with some qualities making it preferable over other contenders. This should not be limited to "political" qualities – for instance, the leader or candidate may just be someone a voter knows personally, considers a capable leader or a morally integral person. As for the condition item on the list above, a voter may strategically choose a party from among those he or she considers having good prospects of success. On one hand, a voter may be concerned with a party getting over the electoral threshold; on the other, with getting the policies through. Thus, political parties, no matter how close to the voter, can be disqualified because of a perception of lacking chances, anonymous or unappealing candidates, or complete ignorance of the party. That highlights the significance of active communication strategies for electoral mobilization.

Assuming the information overload and that the problems for today's political parties lie in making themselves visible for the voters in the overwhelming flow of information, we turn to strategies that political parties can employ. Any strategy would have some cost attached to it (not necessarily in a sense of money), and in order to employ the strategies parties would have to use some combinations of resources.

2.3. Resource Structures

2.3.1. Resources and New Political Parties

Resource mobilization approach has been introduced to party studies (see e.g. Lucardie 2000, Rydgren 2004, Kitschelt 1988) from the study of social movements (see e.g. McCarthy, Zald & Mayer 1977). One of its main merits lies in the explicit attention paid to the collective action problem (Olson, 1965). It helps to appreciate the fact that parties do not just come about whenever there is some social demand for them – that is sometimes implicitly assumed in studies concentrating more on social cleavages. The restrictiveness or permissiveness of environment is a vital factor in explaining new party emergence and success.

In a resource based account on new party emergence, Paul Lucardie (2000) lists three principal resources: members, money, and publicity; in addition to these, he also mentions leadership. He argues that a combination of these resources is a necessary, if not a sufficient condition for new party success.[6] Beyond a certain minimum of resources, the political project and opportunity structure gain prominence in affecting new party prospects (Lucardie 2000: 179). Although there are important differences between his analysis and this dissertation, the clear notion that having a political project would not be a sufficient condition for party emergence is certainly shared.

Perhaps the most significant deviation from Lucardie's model is that while he analyses the political project separately from the resources, I propose analysing them together. There are reasons why we could conceive the political project of the party to be a resource: at least partially a project is substitutable by other resources and, vice versa, in some respects the project can make up for the lack of other resources. The next few paragraphs will outline the basis for this argument.

It is possible to imagine hypothetical situations where a party does not have any political project at all – at least not in any usual sense – but relies exclusively on other resources in voter mobilization. One such possibility is exclusive vote buying. Clientelist mobilization, where a project might exist, but other resources have an upper hand is a relatively common related real-life example. Another hypothetical possibility is that all voters are members of the party. That is a more difficult case, as in such a situation the electoral competition would turn into an intra-party competition, if there is any democracy at all. A third extreme possibility occurs when one contender buys all media and other communication

[6] Expressed as a multiplication by Taagepera: "Prospect of success = Membership x Financial Support x Visibility" (2006: 85).

channels and leaves voters completely ignorant of other contenders. Those who might prefer voting for other parties if they were not ignorant, but still opposed to the dominant party, will simply not vote. That situation is somewhat similar to the alleged state of affairs in the new party system in Italy under Berlusconi.[7].

These examples are too extreme, but they highlight the possibility that at least to some extent a project is substitutable by a relative abundance of other resources (*vis-à-vis* other parties). Furthermore, the cases where the project of a party is not merely given but adjustable according to the needs of political parties are not rare. One indication of that in Western Europe is the increasing significance of professional consultants who have moved from giving advice on campaigning to influencing the choice of policy positions by political parties (Farrell 1996: 177-178). Moreover, there are political parties that exist for the personal ambitions or business interest of their leaders rather than have a *raison d'être* in bringing about any political change in a narrow or wide issue area. Good examples are provided by Forza Italia and the Spanish Unión de Centro Democrático that have been argued to represent the business firm model of party organization (Hopkin & Paoluzzi 1999). Similar cases are likely present in Central and Eastern Europe, exemplified well by Lithuanian Labour Party analyzed later,[8] and by some Latvian parties.

The conception of the project as a resource possibly subject to change is also beneficial for explaining the successful programmatic adaptation of ex-communist political parties to the democratic era in most Central and Eastern European countries – Estonia and Latvia are rare examples where they are marginal in the political system (Ishiyama 2005: 182; Lewis 2000: 57). However, significant programmatic change going beyond fine-tuning is not limited to ex-communist parties, but has occurred with major parties in at least two Central and Eastern European countries: the Czech Civic Democratic Party (Hanley 2004) and the Hungarian Fidesz (Enyedi 2005: 702-706). The changes in policy positions can to some extent be attributed to the fast pace of social and political change in Central and Eastern Europe. In early 1990s the issues of de-communisation and transition to market economy were among the most

[7] The inspiration for thinking about Italy in terms of a new party system comes from Perkins (1996).

[8] The leader of the Labour Party was a millionaire and many of the party's candidates in 2004 were rich local entrepreneurs. That did not prevent the party from defining it as endorsing social democratic values. While an explanation could be that it represented a social shift towards valuing social solidarity higher, a more widespread interpretation in Lithuania has been a cynical view that such positions were chosen in the campaign because it was presumed to go well down with the voters.

central all over the region, followed by accession to the EU and NATO.[9] One would not expect these issues to have significant power to structure party competition once these objectives are accomplished (see also Hanley 2004).

On the other hand, there are parties that are relatively short on material resources. They may have to substitute expensive campaigning and building up enduring party organizations with extremist or populist rhetoric for mobilizational purposes (pointed out by Klíma 1998: 87).

One of the particularities of the new democracies in Central and Eastern Europe is that the "flattened landscape" of civil society resulting from the communist period (Olson 1993, Howard 2002, Rivera 1996, Perkins 1996) makes strategies based on social networks (or networks of party members) less attractive. Perkins (1996: 363) claims that "[t]he media-based cadre strategy is not chosen by the parties but forced upon them due to the lack of alternatives". That might be too strong a claim as elements of other strategies certainly can be and are used, but the relative appeal of these strategies is clearly lower than it used to be through the heyday of political parties in Western Europe.

It should not be expected that resources can automatically be converted into votes (Lucardie 2000: 179). Take the example of money. Well-funded campaigns can fail, a good example being the failure of Res Publica in European elections 2004 in Estonia (see Sikk 2006 and footnote 60 in p. 103). Even slight tactical mistakes in campaign can backfire (Perkins 1996: 368, on Russia). Also, a large party membership may be futile in providing for effective mobilization, if the members are perceived to be "a cult" by the rest of the society or the members themselves are so disaffected with the party (or inactive from the start, if resulting from a hard-driven membership campaign) that it is difficult to mobilize them internally. The opposite may also be true – even limited money or membership can disproportionally increase party's vote share. For instance, an inexpensive but in some ways clever campaign can have a significant effect (for Baltic examples see page 103 and 141). Also, a small but very enthusiastic group of members could be successful in mobilizing voters.

2.3.2. New Parties and Cartelization

One of the principal theoretical developments in party system literature during the last decade has been the cartelization hypothesis put forward by Richard Katz and Peter Mair (1995). While the theory has confronted significant criticism as

[9] However, the question of membership in these Western organizations caused very little restructuring of party systems in CEE (Lewis 2005).

regards the Western European party systems (i.e. Koole 1996, Kitschelt 2000, Pierre, Svåsand & Widfeldt 2000). The persistence of party systems (also called the "petrification hypothesis") is one of the central tenets of cartelization model and restricted emergence and success of new parties would therefore be among the principal implications of cartelization theory. Empirical tests of the petrification hypothesis address that issue, for the most part rejecting it in the Western European democracies (Pierre, Svåsand & Widfeldt 2000, Koole 1996: 516). The emergence of Green parties (Nassmacher & Nassmacher 2001: 191-192) and Scandinavian progress parties (Pierre, Svåsand & Widfeldt 2000: 22) have been mentioned as a significant counterevidence to the theory. Despite these criticisms, the concept of cartelization has been relatively popular in analyses of Central and Eastern European parties and party systems (i.e. Klíma 1998, Szczerbiak 2001b, Ágh 1998: 109; for a critical view see Hanley 2001), even despite high overall level of electoral and party system instability.

This dissertation tries to shed some light to the petrification aspect of cartelization hypothesis. I argue that a clear distinction between cartelistic institutions (or environment) and cartelistic outcomes (as well as party practices and behaviour) is in order.[10] Regarding the petrification aspect, the principal cartelistic institution is an advanced system of public party financing. The main expected outcome is a closure of party competition, exemplified by relatively low volatility and weakness or absence of new parties. The other major aspect of cartelization hypothesis, the policy convergence argument, will only be analysed in passing in a later section assessing the programmatic profiles of highly successful new parties in the Baltic countries.

Even thought there seems to be considerable evidence against the cartelization hypothesis, little has been done on the topic why cartels are not working (a significant exception is posed by Kitschelt 2000). This dissertation analyses this question with special attention to the Estonian case where a strong new party (Res Publica) appeared in 2002 despite strong cartelistic institutions. That would give some insight into factors that can contribute to the failure of party cartels and possibly help to refine the theory or logic behind the model linking the context of party competition to party system dynamics. For an academic pursuit, advancement of theories and understanding real-life phenomena are preferable objectives to dry refutation or confirmation of hypotheses or theories.

[10] The need for clarification of the cartel party model has previously been argued by Detterbeck (2005), although he considers the whole model, not only the petrification aspect that is the focus of this dissertation.

2.3.3. New Parties: New Issues and Failing Linkages?

The above discussion on conceiving political projects as a resource among others leads us to the question whether we can understand new party formation in terms of representing ideas/issues/ideologies ignored by major parties. The assumption that new parties should represent some new ideas or social interests that the established parties fail to represent, is present in most of the literature on new parties in Western Europe. Behind it, there often lies an implicit assumption that for any would-be new party the project is a given. In his game theoretic account of new party formation, Simon Hug (2000) goes so far as to argue that new parties only form because the established parties underestimate the popularity of their projects. If old parties had complete information on the potential of new parties, the new parties could not contest elections as old parties would incorporate the attractive issues in their programs and would thus remove all reasons for new parties to be formed (Hug 2000: 50). As we will see later, the project that all the parties under scrutiny here have been based on has been *newness* itself – something that would by definition be very difficult to accommodate by old parties. Certainly, the major new parties analysed in chapter 5 have not campaigned on any specific new issues or exploited new or ignored social divides, but have rather fought on the political mainstream.

At this stage, the implication is only theoretical, but the assumption that new parties should represent something absent in established parties is ever-present in new party literature. That is also reflected in the choice of independent variables: besides institutional "facilitators" (Hauss & Rayside 1978, Hug 2001) a prominent place has been granted to social heterogeneity and value change. [11] Studies analysing the success of anti-political-establishment or radical right parties have also paid attention to the relationship between party system polarization and new party emergence (see Ignazi 1996, Abedi 2002, Bale 2003).

Differing from the mainstream, Lucardie explicitly considers three types of projects new political parties may have – the party can either be a prophet, a purifier or a prolocutor (2000). Two of them are quite close to the conventional model: *prophetic* parties that articulate a new ideology, and *prolocutors* articulate particular interests without a clear reference to any ideology. On the other hand, there are parties that try to cleanse an ideology that has been soiled by existing

[11] It is understandable that studies analysing the rise of postmaterialist parties in single Western European countries trace their success back to value change (Kitschelt 1988). However, in more general statistical models, social heterogeneity should be considered in the context of previously existing party system – if a country is heterogeneous, the heterogeneity might already be reflected in its party system, making the expectation of more frequent new party emergence ungrounded.

parties – i.e. *purifiers* or *challengers* (Lucardie 2000: 175–6). The latter term was proposed by Rochon (1985) and is more suitable for our purposes, as it merely stresses the fact that the new parties could be fighting on the same territory with old parties, and does not presuppose an active connection to an ideology.

The category of purifier or challenger is the most interesting in the context of this dissertation. Basically, a purifier contests elections on more or less same issues that one of the established parties claims to represent, but the new contender claims the old party has "lost its grip". We could conceive of a situation where a new contender would not stress the betrayal of ideology but would claim to represent exactly the same values or interests somehow better – for instance more effectively or without any "extras" the established party voters may dislike. An example of the first possibility would be challenging an old party that constantly fails to participate in the government (either because it is avoided by other parties or just is too weak). The new party can claim to have a better chance in that respect. The second possibility (unwanted "extras") can arise in a number of forms. The existing party leader can have limited appeal, or bad choices of coalition partners or political/corruption scandals may have tainted the established party. Especially regarding the negative extras, a new party can easily have a competitive advantage vis-à-vis an internal purification of an old party.

Despite the above criticism of the assumptions present in Western European new party literature, My aim is not to question most of its findings and results. It is well plausible that by far most if not all new party formations in Western Europe can be related to those factors. "[W]e know that new parties emerge primarily because old parties have failed to absorb new issues into their agendas and programmes," Ferdinand Müller-Rommel (2002: 741) claims in his review of Hug (2001); similar claims are advanced and elaborated further in major contributions to new party theory by Kitschelt (1988 on left-libertarian and 1995 on radical right parties). One could not discount the potential role of new issues in leading to new party formation. My criticism is related to the attractiveness of "issue models" in explaining new party formation more generally. Issues or cleavages certainly can be the reasons behind it, but need not be the sole possible reasons. As will be discussed later, such an assumption would lead to difficulties in explaining new party formation in new democracies in Central and Eastern Europe, and potentially elsewhere – even in Western Europe itself in some cases. The problem is especially acute if one takes a narrow conception of a project, presupposing that it should be somehow related to heterogeneity among the population, i.e. to a social cleavage.

There is a growing trend in literature on West European new parties to pay attention to opportunity structures (Bale 2003, Kitschelt 1988, Redding & Viterna 1999, Rydgren 2004). However, while these are considered to provide

sufficient conditions for new party rise, new issue divides strongly loom in the background as a necessary condition.

An additional word of caution about cleavages is in order. Even when there is an evident relationship between policy issues represented by parties and social divides in a society, that does not automatically say that the cleavages have given rise to the parties. It can be the other way around – political parties exploiting social issues that they think could prove to be instrumental for winning office (Schattschneider 1975). Picking issues can be relatively easy in new democracies of Central and Eastern Europe as party elites are freer of some constraints – such as mass membership or remains of it (in case of former communist parties), prior programmatic commitments etc – than their counterparts in Western Europe.

This discussion could be furthered. Are policy programs and issue divides really at the heart of political competition? Perhaps the Central and Eastern European countries and maybe even the West European countries today adopted a more Schumpeterian than idealistic/programmatic approach to democracy, where the main issue is not representation of interest channelled through political parties but merely selecting able and acceptable leaders. It has also been argued that many preconceptions about the role elections and parties should play, and what political parties ought to be like are to an extent dependent on different models and conceptions of democracy (Katz 1997, van Biezen 2003b, van Biezen & Katz 2005).

The following subchapters discuss the conceptualization and operationalization of cartelization model. First, we will take a look at cartelistic institutions through a theoretical treatment of party financing regimes' and electoral institutions' permissiveness or restrictiveness. A discussion of cartelistic outcomes follows. There, the traditional measure of electoral volatility will be complemented by a new measure of popularity of genuinely new political parties.

2.4. Permissiveness/Restrictiveness of Institutional Environment

2.4.1. Party Financing Regimes

Party financing is a very complex issue. On one hand, there are multiple configurations of regulations and elements. Besides heterogeneity of rules regarding the acceptable sources of party income and items of spending, there are different systems of public subsidies to political parties. Different allocation rules are in use, complemented by different practices regarding in-kind subsidies:

Table 1 Contrasting theoretical expectations of public party financing.

	Expected effect on new parties	Focus on …	Argument based on …
"Cartelization"	Constraining	Party system change	Inequality of endowments
"New parties"	Facilitating	Establishing of new parties	Expectation of campaign refunds

ranging from free airtime on television to salaries of parliamentary assistants. These often very complex rules make it difficult to undertake meaningful cross-national analyses, further complicated by generally low reliability of data on actual practices.

While a substantial body of literature on party financing exists, the field has remained quite under-theorized save for a recent special issue of *Party Politics* (Vol 10.6, 2004). Even very insightful volumes (e.g. Alexander 1989, Austin & Tjenström 2003, Burnell 1998, Casas-Zamora 2005, Gunclicks 1993, Nassmacher 2001) deliberately go for a stronger empirical approach. There are good reasons for that – for instance, it is more fruitful for providing policy recommendations. The relationship of political finance and political corruption is urgent in most democratic countries today, and it is therefore understandable that much of the party financing literature is concerned with dissemination of best practices. However, given the focus of this dissertation on party system dynamics, I will mostly disregard the question of political corruption, without intending to downplay the weight of the issue. Neither does the dissertation undertake the ambitious task of conceptualizing the realm of party financing in its entirety. The conceptual framework presented primarily focuses on the relationship of public party financing and new party development.

The central issue in much of the party financing literature is the relatively recent but widespread practice of public financing of political parties. [12] Pierre, Svåsand & Widfeldt (2000) consider the level of public subsidies in Western Europe and find no evidence of a substantial effect on party systems. Public party finance is at the core of the cartelization theory (Katz & Mair 1995) and the petrification hypothesis (Nassmacher 1980: 248). Some of the earlier accounts on expanding practice of public party financing stressed exactly the attempt behind it of preserving party system *status quo* (Paltiel 1980, cited in Mendilow 1992: 92). As a rule, established parliamentary parties benefit disproportionally from public

[12] Some of the first countries to introduce direct public subsidies to political parties were Uruguay (1928), Costa Rica (1956) and, in Europe, Germany (1959). Bulk of the West European countries introduced public financing in 1970s and 1980s (Casas-Zamora 2005: 30).

subsidies compared to extra-parliamentary parties whose prospects are worsened.[13] However, new party literature has tended to consider public party financing a facilitating factor for new party emergence and success (Hug 2001: 121). The difference concerning the expectations regarding the public financing of political parties is striking in these two strains of literature. While the former expects public financing parties to have at least some constraining influence on the prospects of new parties, the latter expects and shows some evidence to the contrary. The fields are somewhat separate,[14] but their contrasting views are related to differences in focus and the bases of their arguments (see Table 1). In cartel party theory, the effect of public financing is linked to *party system change*, while for much of the new party literature the main interest lies in the occurrence or number of *new parties established*. The latter are often minuscule and do not have significant impact on the party systems.[15] The cartelization literature argues that public party financing, if generous enough, leads to significant inequality of material endowment of political parties, as it tends to be biased in favour of parliamentary parties. The new party literature, on the contrary, argues that new parties will be more likely if there are provisions for campaign expenditure *refunds*. The above comparison of the two fields is certainly simplified, but the differences in their main arguments regarding public party financing are remarkable.

Additional reason for discrepancies may lie in the lack of attention to details of party financing arrangements and clear differentiation between *subsidies* based on electoral performance – that are usually biased against extra-parliamentary parties – and campaign *refunds* that may be more open or sometimes dependent on actual expenditures made (in the matching funds approach, see p. 85). While

[13] An interesting normative question concerns the justifiability of distributing public grants according to performance in most recent elections. While the justification for that in low-volatility Western European countries can be that it reflects party support in electorate rather well, the justification very often breaks down in high-volatility Eastern European countries – all Baltic countries are good examples here. The size of public grants to political parties can even become regressive and less popular parties may get more money from the public purse. If the level of public party financing is high and popularity of larger parliamentary parties sharply declining, it can have adverse implications for the legitimacy of the system in general – the parties that lose popular backing secure themselves financially.

[14] For instance, an important volume on new parties by Simon Hug (2001) does not cite the major works on cartel party theory (e.g. Katz & Mair 1995).

[15] Surprisingly, one of the major volumes explaining new party formation is titled *Altering party systems* (Hug 2001), although it mostly analyses factors contributing to new party emergence, that in most cases have minor relevance for party systems. More than 80 per cent of the parties Hug analyses won less than 4 per cent of votes in their first elections.

earlier studies or studies focussing on a longer period of time could use the existence of public party financing as a dichotomous variable (i.e. whether it exists or not, see for example Hug 2001), the practice today is so widespread that such an approach would lead to too little variance in cross-country studies, and a more nuanced approach is in order.

It has been argued that the possibility of *borrowing* helps the new contenders to overcome the handicap they face vis-à-vis parliamentary parties and makes it even easier to get loans as the challenger parties have a chance of repayment once eligible for public subsidies (Mendilow 1992: 90). Still, it involves risk, especially if electoral outcomes are difficult to predict; and also willingness from banks to lend money to parties, that may give the financial institutions some leverage over party programs or policy decisions once elected. Parliamentary parties do not risk that much as they have the possibility to accumulate funds both from state budget and private sources during the preceding electoral term. Additionally, they can react to new parties in their campaign spending and even "bluff" them to spending more than they otherwise would, could or should.

In analysis of party financing regimes we both need to look at the *regulatory framework* (i.e. public financing, donation limits, bans on specific donations, spending limits, reporting requirements) and *spending/financing practices* (electoral campaign reports and independent evaluations). The data on the first are much more reliable, but the rules are much more difficult to conceptualize so as to make the data well comparable. The validity of legislation as a good indicator is also reduced because parties circumvent legal requirements: restrictions can be circumvented and sanctions can be ineffective, thus turning them to "legal fiction" (Nassmacher 2003: 18). Thus, data on practices should be consulted even if it is somewhat deficient. If not anything else, one could assume some proportionality (over time and over parties) in cheating and even if that can be called into question, public data are to some extent the basis of perception of spending levels and effects the behaviour of political actors.

Party financing occupies a central place in this study because this is where much variation is found in two of the countries (Estonia and Latvia). While the aim of this dissertation is also to provide an empirical and comparative account, its main theoretical purpose is to clarify the role different party financing regimes[16] could play in affecting new party formation and success, and whether there are any differences in different countries' successful new parties that could be traced back to differences in party financing regimes.

[16] The term "party financing regimes" has been used before, for instance by Nassmacher & Nassmacher 2001: 181.

This dissertation advances the model of effect of public party financing by adding the *relevance* of money (as a resource) in electoral competition to the more conventional share of public subventions to established parties. I propose that money is more relevant if:

a) *There is simply more of it in party politics*. Two extreme hypothetical possibilities underline the point. If there was no money engaged in politics, it would have no relevance at all. If all money in a society would be engaged in electioneering, it would be highly relevant and make all the difference. The more money there is in politics, the more it matters how much of it is captured by established parties. Additionally, the higher the share of public subsidies thereof, the more the party financing regime is biased against newcomers. For a more thorough elaboration of these points, see the model below.[17]

b) *There is a stronger correlation between money spent on campaigning and electoral results of political parties.* Besides the direct effect of simply more money leading to more votes and seats, there is an indirect effect here. Political actors develop certain expectations based on their real-life experiences and therefore, a high correlation will lead political parties to esteem the importance of political money while voters will develop expectations of parties' overall strength (and hence their electoral feasibility) based on the visibility of campaigns that is in turn related to the size of campaign budgets.

c) The level of party identification – or, for that sake, any form of habitual voting – is weak. That entails a party competition closer to the ideal type "permanent persuasion", where parties have to convince voters anew in each election, the choices made in previous elections have no influence on the vote choice. That is opposed to "fixed loyalties", where voters are tied to their previous electoral choices, thus unavailable and immune to electioneering.[18] The habit of voting is by definition weaker in new democracies than in

[17] Here it is assumed that all or nearly all public subsidies go to established parties. It is also assumed that private money flows can move from an established party to a new party. The latter is not the case with public subsidies that are distributed according taking into account the votes or seats distribution in national election. A partial exception is a system that takes into account the votes distribution in local elections as well, such as used in Lithuania.

[18] Bartolini & Mair (1990: 194) provide a model of ideal types of electoral competition that is similarbut more concerned with the role of cleavages. They discuss two abstract and extreme possibilities: *lack of cleavages* with voters free to respond to any stimuli on one hand and *strong party identification* inhibiting any electoral mobility on the other hand.

long-established democracies.[19] Weak party identification in Central and Eastern Europe has been often reported (Berglund et al 1998, Rose & Mishler 1998, Szczerbiak 2001a: 115). There are also strong arguments that the traditional linkages between parties and their voters have been on the decline in Western Europe (the *dealignment* argument, Dalton 2000, 2004), although the argument has been also contested (i.e. Schmitt & Holmberg 1995). In any case, we could argue that rising levels of volatility during the last decades in Western Europe (Mair 2002) and significant cases of new parties occurring would weaken habitual voting beyond Central and Eastern Europe and thus lead to increasing relevance of political money.

Especially because of the last condition it is reasonable to believe that political money would make more difference in Central and Eastern Europe compared to the traditional Western Europe. Even though that is an intriguing and important question, it will not be analysed in depth in this dissertation. However, it is quite obvious that things are changing in Western Europe (the rise of public party financing, dealignment, changing media environment etc) and thus the door is open for money to have more impact than ever before.

The model below that combines the share of public party financing with the overall relevance of political money is an attempt (certainly preliminary and with significant limitations) to conceptualize the important question of the role of public financing in a more abstract manner – to not just accept the fact that party financing is a messy field and difficult to deal with in abstract and general terms. For many purposes such a two-dimensional view might not be practical – for instance for the study of relationship of corruption and political financing – but for the purposes of assessing the impact of public financing on chances of new political parties and on party system stability more in general, the model could prove useful. The concept of relevance of money in party competition could also be useful for several other purposes – e.g. studies on voting behaviour, politics and media.

2.4.1.1. Party Financing Regime Restrictiveness towards New Parties

Money is arguably just one of the necessary factors (resources in broader sense) for the success of new parties, the other including membership/organization, a political project, media exposure, political opportunity structure etc (Lucardie 2000). Different resources can be considered to some extent interchangeable, e.g.

[19] Bartolini & Mair found in old European democracies that volatility increases after the extension of franchise arguing it results from "the preferences of … new voters [being] unlikely to be as fixed as those of existing electors" (1990: 151).

a party that can rely in campaigning activities on abundant free labour of its numerous rank-and-file or volunteers, presumably needs less "hard" money. Parties formed around strong and charismatic leaders have an advantage because of easier exposure in mass media and presumably need to pay less for publicity. New parties relying on primitive and populist demands are in a comparatively advantageous position as well, as it is relatively easy and inexpensive to communicate such messages to the electorate. For instance, it is easier to advocate substantial tax cuts than fine-tuned restructuring of taxes, even if the latter might in the end turn out to be more beneficial to many voters – the costs of "message transfer" are lower in the former case. The success of Green and Progress parties in Western Europe may have benefited from these factors.

In Central and Eastern Europe, we could expect higher relevance of money as a resource for activities of political parties for several reasons. First, as noted, all parties are relatively new in post-communist countries, and the voters – contrary to their Western counterparts – lack the personal or family habit of voting for particular parties and thus it is more imperative for parties to exhibit their identity and persuade the electorate anew in each election. These matters are worsened by the frequency of organizational innovations – splits, mergers, electoral coalitions and their break-ups – in Central and Eastern Europe.[20] Second, as civil society is underdeveloped in the region, even party members might be less likely ready or able to contribute to party activities. Third, the parties are smaller and the smaller party membership in relation to its electorate, the more important is money in its resource structure.

Therefore, we could argue that the share of public subsidies in total party income used for testing the petrification hypothesis (e.g. Pierre, Svåsand & Widfeldt 2000: 14) only tells part of the story. It is also necessary to take into account the relevance of money in party activities in a given country. The model below uses the most straightforward measure for assessing the importance of money in party politics of a country – the total income of all political parties.[21] In addition to the overall level of public party financing, the allocation rules matter as well. It can be exclusively aimed at parliamentary parties or be more inclusive.

[20] In addition to the need of promotion of a new identity in general, new parties face other problems. In case of a split, two or more new parties need to convince the voters of being the genuine successor or the virtuous faction from an otherwise vicious party. Mergers and electoral coalitions have to make sure the past supporters of its constituent parts are not scared away due to hostility to other components.

[21] Obviously, in comparative empirical analysis it is necessary to adjust it for the number of eligible voters and additionally to per capita GDP (Nassmacher & Nassmacher 2001: 183).

Table 2 Thresholds for receiving public financing in CEE (around 2000).

	% votes		% votes
Bulgaria	1	Czech Republic	3
Hungary	1	Poland	3[a]
Romania	2	Estonia	Represented in the parliament
Lithuania	3	Slovenia	Represented in the parliament[b]
Slovakia	3	Latvia	No public financing

Note: The rules of distribution vary, often discriminating against the smaller parties.
[a] 6% for parties running in electoral coalitions
[b] 1% of votes from 2002.
Source: van Biezen & Kopecký 2001: 421, Gaube 2002, Ikstens et al 2001, Sikk 2003: 12.

Table 2 gives an indication of diversity of practices in Central and Eastern Europe. Longstanding democracies in Western Europe and beyond are no less heterogeneous – while many countries have the representation in the parliament as the qualifying criterion, it is substantially lower in many cases, e.g. in Germany 0.5 per cent of list votes in national elections makes the parties eligible, while in Denmark 1,000 votes nationally or 100 locally suffices (Pierre, Svåsand & Widfeldt 2000: 10-11). It has been argued that the actual effect of public party financing on fairness regarding old/new and large/small political parties is dependent on allocation rules (Jenson 1991, advocating the German system). Given that, a dichotomous variable indicating the presence or absence of public party financing (as in Hug 2001) would lose sight of much of the variation present, and would classify all Central and Eastern European countries except Latvia into the same group. The model outlined below modifies the traditional notion of share of public subsidies in total party income and considers the part of it going to established parties.[22]

The following model of party financing regime restrictiveness towards new parties is based on analysis through imaginable extreme situations, rather than classification of party financing regimes based inductively on Weberian ideal types that is more common in the literature on party financing regimes (see i.e. Nassmacher 2003: 10-13). The model building here is deductive in nature and uses the method of logical extremes. For the explanation of the approach see Taagepera (2002b). Here the approach is used exclusively for deriving implications, not for actual quantitative modelling of any phenomena. The first logical extreme is a situation where there is no public financing (PuF), but total income of political parties (TF) is very high. That refers to an abstract situation where all money in a given society is in party coffers or to a more reasonable (but

[22] Even though subsidies going to extra-parliamentary parties are normally very small, the distinction is theoretically important when considering the position of new versus established parties in the light of public financing.

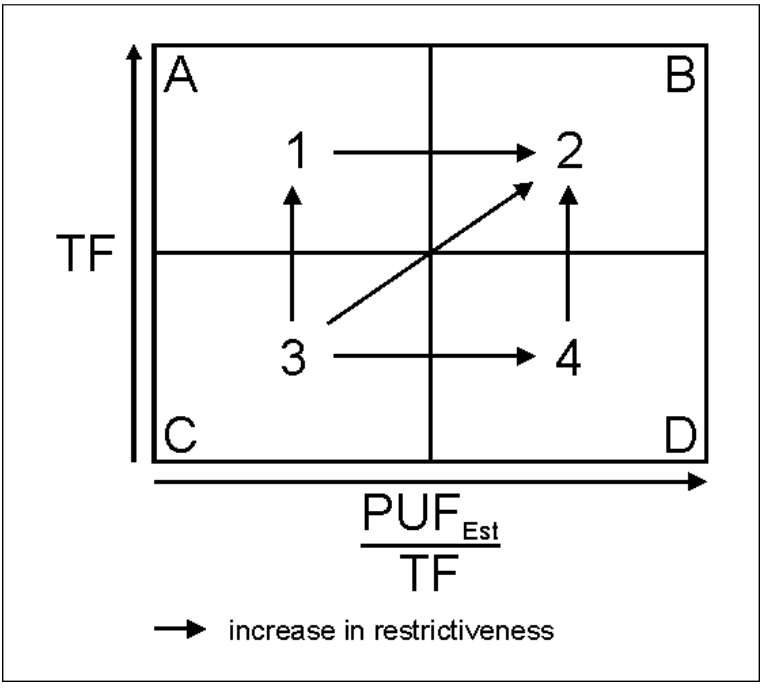

Figure 2 Restrictiveness of party financing regimes towards new parties.
TF – total (potential) party financing in a given country. PUF_{Est}/TF – share of public financing for established parties in TF

one still defying quantification) extreme where there is no spare dollar with a potential of going to party financing (corner A in Figure 2). Clearly, under the assumption that a new party would need at least some money to emerge, the only possibility for its rise is a redistribution of the party finances. Another logical extreme (B) is a similar situation where all money is channelled to established parties through state budget (PuF_{Est}) and the rise of new parties is thus perfectly restricted. If any additional funds for party financing become available (entailing a move down from the corners), the situation becomes less restrictive to new parties, as the additional private money may benefit either established or new parties. That is unless $PuF_{Est}/TF = 1$ as under our assumption that some money is necessary for contesting elections, all situations between B and D remain perfectly restrictive for new parties.

Logical extremes C and D denote abstract situations where party politics is money-less, thus C and D are equivalents. The money has no relevance and the regime is perfectly permissive. More realistic and interesting situations occur marginally above the line CD. Marginally above C, the new parties are potentially best off as funds are freely available – for both established and new parties – and easily expandable as there is plenty of "excess" money in the society.

Moving straight up from corner D theoretically would not open competition, as still there will be no money available for extra-parliamentary parties. Moving left towards the centre increasingly enhances the chances of new parties as the share of public financing to established parties decreases.

While money is an important resource for political parties (at least some of it is necessary), it is under no circumstances the only possible resource. One can assume that the importance of *other resources* – such as media exposure, attractive political project, voluntary labour – increases as the total of money in party politics decreases (moving downwards on Figure 2). Put differently, other resources can then more easily counterbalance the financial resources. For instance, a party would need many more volunteer workers, free publicity spots in television news or more catchy electoral pledges to fight a $100 million campaign than a $100 campaign. Thus the restrictiveness of party financing regime towards new parties decreases as we move from sector 1 to 3: fundraising is possible but difficult in 1, easier and also less relevant in 3) and from sector 2 to 4. On the other hand, restrictiveness towards new parties increases as the share of public financing for established parties increases (1 to 2 and 3 to 4).

The model presented above is clearly a very simple one. First, it lacks the sophistication present in most studies of party financing and hides most of the nuances by placing party income only under two categories, while it can be meaningfully divided at least into 17 items (as listed in Burnell 1998: 11-12). Still, it is more nuanced compared to only focusing on the share of party financing in total income of parties (as in Pierre, Svåsand & Widfeldt 2000) and thus captures better the essence of the question of restrictiveness towards new parties in party financing regimes. Regarding the relevance of money in electoral competition, the correlation between the money spent by individual parties in campaigns and their electoral results (in terms of votes and seats) will be analysed in addition to the overall level of money in electoral politics.

The model is essentially based on actual funding – if we would like to present real cases there, we would need data on how much political parties have been using in total and how much have they received in public donations. However, authentic data on party financing is very difficult, if not impossible, to obtain. In many countries, no reporting on by political parties is required. In those where parties are subject to submitting declarations, the truth-value of these can often be called into question.[23] Even the actual extent of public financing can be called into

[23] Still, more so regarding sources, but probably less so regarding total sums.

question as it is difficult to account for in-kind subsidies (free airtime etc)[24], support for parliamentary factions (e.g. the state provides free office-space and other facilities) and any unauthorised use of public money for partisan purposes (van Biezen & Kopecký 2001: 416-417). In this paper, the model will not be used very strictly due to limitations on data and their accuracy. Rather, it will be used from a comparative and dynamic perspective by analysing the differential impact of party financing regimes and developments of regimes in the countries over time and contrasting it with the general implications derived from the model.

2.4.2. Electoral Institutions

This section analyses the theoretical impact of different electoral institutions on the restrictiveness of a political system towards the success of new political parties. Besides looking at the basic electoral formula, the section also considers other elements of electoral institutions – auxiliary aspects of electoral system – related to ballot access – and other elements of political systems related to elections, i.e. votes beyond elections of national parliament – direct presidential elections, referenda, European and local elections. It will be argued that restrictiveness of an electoral system is not dependent on its position in traditional majoritarian—proportional continuum characterised by effective magnitude but rather on how many *access points* for new parties are provided by electoral system and number of elections.

2.4.2.1. Electoral System

New party theory has tended to expect that *majoritarian* systems are less hospitable to new parties than systems of *proportional representation* (Willey 1998: 667), even despite some evidence to the contrary (Hug 2000: 111, Harmel & Robertson 1985). In addition to electoral formula, auxiliary aspects of electoral provisions play a role, e.g. party registration and ballot access rules. Electoral system *change* could help create new parties, if the rules become more hospitable for particular parties or those at a certain level of support – i.e. ethnic parties may benefit either from special clauses regarding minority representation (such as

[24] In-kind subsidies are disregarded in this dissertation, as they can be considered to be relatively level in the countries under study and remained so over time. For example, the countries provide some free airtime for pre-electoral debates, but there is also evidence of slight discrimination against smaller parties with regard to time allocation (Sikk 2003: 13, "Latvian TV…" 2002). However, these would have to be taken into account if the countries under study differed considerably in this regard – e.g. one provides generous free airtime for parties and another provides none.

those in Romania and Slovenia) or lowered legal threshold in a proportional system.

In addition to the effect of electoral formulae, each additional vote beyond national parliamentary elections provides an additional *access point.* The reasoning here is similar to Chandler & Chandler, who argue that federal polities increase the points of access for new parties (cited in Hug 2001: 89). A similar argument could be pursued regarding each additional election. Through these access points, new parties can enter the country's party system either directly by contesting elections or winning office, or indirectly by gaining visibility and popularity with an eye on subsequent elections. A candidate or a party that already has won or even contested elections has proven to be more feasible than a contender without such an experience. Therefore, sub- or supranational elections (e.g. local, regional and European), direct presidential or mayoral elections, but even referenda and popular legislative initiatives could be advantageous for new political parties, as they give an organization or a person an opportunity to promote its cause or itself. In other words, a party can signal its potential, ideas or leader's qualities to voters in an election that is often less competitive than national elections. The effect depends partly on the visibility of these elections and ease of entry to ballot or office.

Regarding access points, *mixed electoral systems* can be seen as two elections in one. That is particularly so because some (potential) new parties may be better suited for the proportional part, while others could rather hope for success in SMD-s.[25] For instance, it has been argued that in Russia several parties would have not survived without the proportional part of the mixed system (McFaul 2001: 1172). Conceivably, the opposite – parties surviving in or benefiting from the majoritarian part – may also be true. That line of reasoning is further connected to the discussion on different effective electoral thresholds in district and national level (Taagepera 2002a), that is considered in the following sections.

The effect of majoritarian systems on new party fortunes is quite complicated. Although already back in 1978, Hauss & Rayside (1978: 37) argued that the relationship between electoral system and new party development is not a simple effect of impediment, in later studies the effective magnitude has been used as a monotonic factor (Hug 2001: 110-111). First, it is clearly conditional upon whether the support for the new party is regionally concentrated or more evenly

[25] The conception of mixed electoral systems as "two elections in one" is arguably more fitting in those countries where the votes in two parts are not related (i.e. mixed member majoritarian, such as in Russia, Hungary, Lithuania) rather than in those where the eventual seats distribution among political parties depends on the votes of the PR part (i.e. mixed member proportional such as in Germany, Italy).

spread out across the country – majoritarian systems are *ceteris paribus* less hostile to regional than cross-national political parties. Second, if we consider entering the parliament an important stepping-stone for a party, then in majoritarian systems the absolute number of votes needed to get a minimal representation is much smaller than can be the number of votes needed in a system of proportional representation. That results from the fact that the level of effective thresholds is very different when looking at district or national level. While district threshold of inclusion is highest in majoritarian systems, it can *nationally* be much lower than in systems of proportional representation, partly also dependent on the size of parliament (see Taagepera 1998: 407-408).

Thus, the *lowest* number of votes with which a party has won a seat in national parliament in the Netherlands – the country with the most proportional electoral system among established democracies (Lijphart 1999: 162) – is 46,000 (Mackie & Rose 1991: 336). In British parliamentary elections of 2005 the *highest* number of votes that was needed to win a seat was 25,192 (the highest number of votes won by a runner-up was 25,191), and the lowest actual number of votes that granted a seat was 6,213 (in a remote constituency of Outer Hebrides, The Electoral Commission 2005). The number of votes that granted a seat for a party was 68,065 (Respect, fielding candidates in 26 constituencies). Despite the marked difference in the size of the countries, the above figures hardly leave an impression that it is more difficult for a party to achieve minimal representation in proportional representation. If there was a party of Outer Hebrides, it would be quite natural for it to oppose any plans of abolishing the first-past-the-post system, as it would destroy its chances of winning a seat in national parliament.

Obviously, winning a single seat is not that great an achievement if the party aims at any influence on national policies. However, being represented in the parliament can potentially open up new opportunities for a party. Certainly, it will be more visible, more credible as a party, and will have some access to public resources. Even if public subsidies to a party holding one seat are minuscule, its representative can live a life of a vocational politician on an MP-s wage, and have some office costs covered. Potentially, such a party can even have a say regarding national policies if an opportune moment arises – for instance affecting majorities in the assembly or a committee. All of that can pave way for improving future electoral performance. These effects are strengthened in smaller countries where the number of seats in parliament tends to be lower, increasing the importance of each and every seat.[26]

[26] However, as the size of parliament decreases, the favourable discrepancy between national and district thresholds lessens.

Other features of a political system may also affect new party success levels. Of interest could be country's position on parliamentary—presidential continuum. It has been argued that strong presidents are related to lower number of parties and more limited chances for newcomers (Shugart & Carey 1992, Lijphart 1994). Direct presidential elections that are usually linked to that, has at the same time been claimed to fragment post-communist party systems persistently (Filippov, Ordeshook & Shvetsova 1999). In this dissertation we do not delve deep into the wider institutional setup of countries and simply consider direct presidential elections, together with second-order elections, referenda, and opportunities for legislative initiatives as access points.[27]

2.4.2.2. Ballot Access

Other features of parliamentary election legislation beyond the basic electoral formula can have impact on the proliferation and success levels of new political parties. In democratic countries all over the world, parties or candidates have to fulfil certain requirements in order to contest elections. Typical prerequisites are petition signatures endorsing the running of a party, and deposits parties have to be pay in order to contest elections, both intending to keep frivolous contenders out.

Both petition and deposit requirements have been shown to have some if weak impact on the number of new parties in Western democracies (Hug 2001: 100-101). It is quite conceivable that very liberal ballot access rules are inviting to hosts of contenders, while sturdy requirements make running less appealing for those who do not face realistic chances. The relationship of ballot access rules to new party *success levels* is much more complicated and the evidence on its effect is inconclusive (Hug 2001, Harmel & Robertson 1985). However, as we might hypothesize that if signature or deposit requirements were extremely high, they would be a real hindrance to new parties and have substantial impact of the their aggregate performance, these auxiliary aspects of electoral systems will be analysed below.[28]

[27] The reasons why referenda and popular initiatives can be considered access points will be developed and elaborated in empirical section 4.3.3.

[28] Still, empirically one may expect higher petition or deposit requirements to increase the average support for individual new parties as the ones with limited electoral support will already be hindered from contesting.

2.5. Outcomes: Party System Stability

In this section we focus theoretically on the dependent variable of the study: party system stability. First, the usefulness of electoral volatility index will be discussed. We argue that in post-communist settings it is both very difficult to calculate and might lead to a misleading picture of party system stability. Secondly, we turn to the main group of indicators that will be used to evaluate party system change or persistence – those related to new parties. The notion of genuinely new parties will be presented. Besides looking at aggregate levels of genuinely new party support and their seats shares, and assessing the subsequent performance of genuinely new parties that once have entered the parliament, qualitative analysis of some particularly successful cases will be presented later in chapter 5. The notion of genuinely new parties also leads to some further indicators of party system stability: persistence of party system between the initial and most recent legislature, and turnover of MP-s that is more distantly related to the notion of genuinely new parties.

2.5.1. Electoral Volatility

Electoral volatility – the sum of absolute values of changes in parties' vote shares between elections, divided by two – is a classic indicator of party system stability and change (most notable uses for old European democracies include Pedersen 1979, Bartolini & Mair 1990). It has also often been used for assessing party system stability in post-communist countries (e.g. Korasteleva 2000; Krupavičius 1999; Lewis 2000: 83-87; Mainwaring 1998; Rose, Munro & Mackie 1998; Tóka 1997). A widespread conclusion is that volatility in post-communist countries has been much higher (e.g. Rose, Munro & Mackie 1998) compared to volatility levels of Western European countries which has yet increased significantly since the 1990s (see Mair 2002). However, sometimes the post-communist countries have witnessed balancing volatility – voters swinging to and from the same parties – that has not uniformly contributed to long-term changes in the party systems. Slovenia has often experienced such volatility, but Estonia between 1992 and 1999 is also a good example (see Sikk 2005: 398).

It is doubtful whether the volatility index is sufficient to draw far-reaching conclusions about the stability of a party system. Below, some of the most problematic issues connected to that are discussed. The problems can be roughly divided into operational – i.e. connected to the calculation process itself – and interpretational problems – i.e. what is it that the index reflects and how it can and how it cannot be interpreted.

Table 3 Approaches to measuring volatility in cases of splits & mergers.

	A splits to B1 and B2	A1 merges with A2 to form B
1	$\Delta p=\lvert V_{B1}+V_{B2}-V_A\rvert$	$\Delta p=\lvert V_B-V_{A1}-V_{A2}\rvert$
2	$\Delta p_1=\lvert V_{B1}-V_A\rvert$; $\Delta p_2=V_{B2}$ ($V_{B1}>V_{B2}$)	$\Delta p_1=\lvert V_B-V_{A1}\rvert$; $\Delta p_2=V_{A2}$ ($V_{A1}>V_{A2}$)
3	$\Delta p_1=\lvert 0-V_A\rvert$; $\Delta p_2=V_{B1}$; $\Delta p_3=V_{B2}$	$\Delta p_1=\lvert 0-V_{A1}\rvert$; $\Delta p_2=\lvert 0-V_{A2}\rvert$; $\Delta p_3=V_B$

V_X – vote share of party X, Δp – scores to aggregate volatility index from the parties

Of the operational problems one of the most prominent and at the same time most technical is the problem of splits and mergers. Indeed, none of the competitive party systems has ever done without them and probably never will. When looking at the development of party systems in post-communist countries, one is faced with very numerous and often rather bizarre instances of splits and mergers. These range from "classic" cases including two parties who form temporary electoral coalitions to complex cases with several parties splitting and merging at the same time.

Three main approaches to calculating volatility index could be used in the case of splits and mergers. First, the split or merged parties could be considered as one in the election where they ran separately – thus calculating their volatility score between the vote share they received together and their summed vote shares on the other election. Second, the basis of calculation could be the largest of parties when being separated – the basis for calculation thus being its vote share when running separately against the vote share when running together. In this case, the votes for the small(er) partner(s) are considered to a new party. Third, merged or split parties could be differentiated completely from their predecessors or successors. In this case all the votes given to these are considered to go to new parties. The three approaches are illustrated in Table 3.

Clearly, all three approaches have important shortcomings. The first might be argued to underestimate voter mobility and thus level of volatility as it assumes that the voters of the split/merged parties should "naturally" also support the joint party – it fails to see it as a particular entity by itself. To be sure, it also decreases the number of Δp-s. As it has been argued that there is some positive relationship between the number of parties and the level of volatility (Pedersen 1979: 378, 386), and no doubt such pooling of parties decreases the index of volatility. The second approach, at the same time, ignores the possibility that the supporters of predecessor or successor parties themselves might not consider their vote floating at all when voting for the joint party. This is especially the case with loose and/or temporary electoral coalitions that have been relatively frequent in post-communist countries. Sometimes the voters might not even be aware that they are supporting something else than last time, especially when taking into account the often-argued candidate-centred nature of electoral politics in Eastern

Europe. The third approach is most sensitive to the changes of electoral landscape and should by all means provide the highest volatility indexes. At the same time it clearly fails to reflect the important connection between the past and present parties.

Similar approaches could be used in the case of merger, where the continuation will be under the name of one of the parties involved or a split where one of the successors retains the name of the predecessor party. More apparent continuation of identity under such circumstances strengthens the case for the second approach. At the same time it will be concentrating perhaps too much attention to the names.

Another technical problem connected to the one of splits and mergers is the renaming of parties or electoral coalitions. Indeed, it is often very difficult to draw a line between a continuation of a party and emergence of a new one, especially in the case of post-communist parties that lack strong organisational structures and in the case of electoral coalitions. Yet, in instances where relatively strong parties disappear and others that clearly do have connections to them emerge, it would be misleading to account them for two completely different parties. This will abnormally inflate the volatility index – especially so because both the negative score from disappearing and the positive score from emerging will be included in calculations.[29]

In this study, the first approach is used, as it seems to balance better between shortcomings and merits[30]. Clearly, the third approach is likely to produce inadequate volatility indexes. There are several advantages over the second approach. First, it is more appropriate to use in cases where both splits and mergers have occurred by pooling the vote shares of the relevant parties on both elections. Secondly, the index of aggregate volatility should be foremost the next-best reflection of sum of individual vote changes. In the case of splits and mergers the voters who support both the constituent parts and the joint party/electoral coalition are more likely to perceive themselves as vote-retainers than vote-changers. When a voter for a minor partner in a merger knowingly tries to keep the preference, he or she has only the possibility to support the joint party – these kinds of vote transfers should by no means add to volatility. As well, in the case of split, supporters of the joint party should be allowed freely to choose

[29] It seems that this has been done in Rose et al (1998:118-199) for some of the Eastern European countries, although no reference to technique is presented there. Therefore, the volatility indexes presented in this paper differ sometimes from the ones given there to very considerable extent.

[30] In some more complex cases with splits and mergers happening at the same time, the votes gained in elections at time t–1 will be split when compared to elections at time t.

among the successors. It is especially so in the case of (loose) electoral coalitions splitting up where they might very easily be supporting actually the same party that is still not clearly reflected by the electoral statistics. In short, in a situation where the faithful have no other place to go, their seeming vote transitions should not increase overall volatility. Thirdly, he second approach might be appropriate when dealing with splits and mergers having a clearly identifiable major partner (i.e. dealing with offshoots and incorporations of minor parties). At the same time some, if not most, splits and mergers in post-communist countries have been more complex, including two or several more or less equal counterparts, so that identifying a single major partner could be complicated. Also, the splits and mergers might sometimes be of tactical rather than substantive nature. For instance, parties may form an electoral coalition just to be sure to surpass the electoral threshold, or run separately to attract more voters while still always being in the government or opposition together. Finally, even though the comparability of volatility indexes can probably never be perfect (see below), it has to be taken into account that the approach used on measuring the volatility in traditional democracies has been closest to the first approach (e.g. Bartolini & Mair 1990). Thus – to allow for any fruitful comparisons between western and eastern European volatility indexes it is most worthwhile to use this technical approach.

There are several interpretational issues with the volatility index. One criticism has been that it gives equal weight to all vote transitions (Rattinger 1997). It is irrelevant, when calculating the index, whether the votes have flown to a party from ideologically distant or close parties – a vote change from social democrat to a fascist contributes as much to the aggregate index as a transfer from a socialist party to a communist one. Bartolini & Mair have tried to overcome the problem by introducing the measure of block volatility – between the leftist and rightist parties (1990:22). While this is for the most part highly reflecting when studying the traditional western democracies, its applicability in the post-communist democracies is rather doubtful. If the task of pinpointing distinct parties here is unrewarding, identifying (left and right) blocks in a satisfactory way is near to impossible because of the weak programmatic and/or ideological nature of the parties here. Indeed, it is difficult to give different weights to vote transfers between different parties if it is problematic to account for the distances between the parties themselves. As there is apparently no good cure for that problem at this point, one has to live with the deficiency, while looking with qualitative eyes on particularly high levels of volatility, which might be because of widespread “easy” vote transitions between relatively similar parties.

The problem of changes in the electorate has been also mentioned (Rattinger 1997). Indeed, people do die, leave and enter the country, turn adults etc (thus exiting and entering the electorate). There are always absentees on elections, their percentage changes from election to another and clearly some of them still vote

on one of the consecutive elections – thus entering the active electorate. When thinking of these facts, it is clear that the index of volatility cannot reflect completely the vote changes of the same individuals. Yet, the changes in the composition of the electorate can be considered relatively modest under normal circumstances. Still, in some countries the changes in the electorate have been so substantial that they must be taken into account when analysing the volatility indexes. An example is Estonia, where the eligible electorate increased by 15 percent between 1992 and 1995 parliamentary elections – as many ethnic Russians obtained citizenship that was not granted at the first elections yet. In such cases (a similar one occurred in Germany after reunification), the composition of the electorate changes clearly in a politically significant way – i.e. the new entrants to the electorate have likely different preferences than the original voters, that could easily give rise to higher than normal volatility index.

More substantial problem with the volatility index is that it rather reflects short-term fluctuations in the support of particular parties than substantial changes to the overall party system. Consider for instance the British party system. Indeed, one of the two major parties there has often been awarded with landslide victory over the incumbent governing party that has been reflected in relatively high volatility indexes. At the same time, such instabilities have often been coupled with backlash in following elections and the archetypal two-party system has more or less remained the same. The problem is worsened in post-communist democracies because of the fact that there has been relatively much at stake in politics that is coupled with economic turmoil. The voters have been rather harsh towards incumbents, blaming them for the hard times (the extent of economic voting in Central and Eastern Europe is high, Sikk 2000). That, in turn, increases the volatility levels that may well be counterbalanced by votes floating the other way in subsequent elections.

To alleviate the problem of short-term-sensitivity of the index, calculating the index over more than one election has been proposed (Rattinger 1997). Indeed, in traditional democracies it would be a good approach. Yet, it is not an easy option in post-communist countries as there are just too few elections that have taken place since the introduction of free elections. Volatility over two (or maximum three) elections can be calculated, but that still measures relatively short-term vote swings instead of well measuring the level of party system stabilisation. The problem is made worse once again because of the frequent occurrence of splits, mergers and electoral coalitions. In some cases they have been so complex and frequent that it is impossible to pin down the units (parties) that should be the basis for calculating the individual volatility scores. For instance, so much grouping might be needed that the underlying instability might be overshadowed by the contraction of data. Another way of addressing the problem is to evaluate qualitatively the sources of volatility from one election to another – by comparing the performance of individual parties from one election to another. That can give

some insight to whether the volatility has been cumulative (i.e., votes shifting in the same direction over several elections) or just balancing (i.e., votes shifting away and then back to the same party). In the first case, the volatility contributes to changes in the party system, in the other, it is more doubtful.

2.5.2. Genuinely New Parties

While *new parties* have not been a rarity in Eastern and Central Europe, many that seem new are not genuinely so. Even in Western European elections, many of the new contenders may lack genuine novelty (Mair 1999). In post-communist countries, the problems with novelty are multiplied due to frequency of organizational changes – from splits and mergers to electoral alliances of temporary or of a more permanent kind to merely name changes of parties. Arguably, no party that directly stems from parliamentary parties can be considered effectively breaking a party cartel. Often, they are in fact escapees in fear of electoral backlash, or personalities who have lost intra-party power struggle and search for new opportunities. In this study I have defined genuinely new parties as parties the ones that are *not successors of any previous parliamentary parties, have a novel name as well as structure, and do not have any important figures from past democratic politics among its major members.* The last condition excludes participation by prime ministers and significant portions of cabinet ministers and members of parliament.

The genuinely new parties can analysed with regard to their sheer number, but in post-communist settings, where there has been a proliferation of political parties and new parties contesting elections, that is not a good indicator of how much "newness" there has actually been in party systems (see the discussion in the following sub-chapter). Therefore, in this dissertation, focus is on the aggregate support for genuinely new parties in elections and on the share of seats they have managed to capture in legislatures. In cases where it has been possible, the subsequent performance of genuinely new parties is additionally assessed. Arguably, a new party that enters parliament, but later vanishes contributes less to party system change in the long run than a party that gets elected to stay.

The notion of genuinely new parties also allows us to compare the party systems in the earliest and the most recent legislature under study. An index of party system persistence will be used that is an average of two components. The first regards the percentage of seats held by parties that had precursors in the initial democratically parliament, or in other words, by parties that have never been genuinely new. The second component of the index is the percentage of seats held in the initial parliament by the parties that have successors in the most recent legislative assembly. As data has been possible to obtain on the turnover of Baltic MP-s or carry over percentages (i.e. the opposite), these figures will be used as an

alternative indicator of change among political elites and compared to other indicators. Note that the turnover of MP-s is related to the concept of genuinely new parties. If genuinely new parties managed to capture all seats in a legislature, the carry over rate would by definition be close to zero.[31] Finally, we analyse the role electoral institutions (as access points) have played in the rise of genuinely new parties.

One should be very cautious not to over-interpret levels of support for genuinely extra-parliamentary parties because it only sheds light to that dimension of party system change and is insensitive to others. Yet, the measure can still point out some important propensities of the party systems. For instance, if its low level coincides with high level of aggregate volatility, it shows that there have been important changes in the pattern of established parties, but no significant new actors – that is indeed analytically different from the situation where the volatility is caused mainly by the support for new actors. If the level of new entrants is low over time it reduces the incentives of new groupings to enter the electoral scene and also the incentives of voters to vote for them. This, in turn, means that the party political competition is more and more becoming a closed game of incumbents, and voters have only real options for supporting some of them or of exit (i.e. non-voting).

At the same time, comparing the support levels of genuinely new parties over time and across countries can help us to understand whether the institutional environment has restricted or permitted new party emergence and success. It is however, important to underline, that we here only consider one aspect of newness. On one hand, novelty in party systems can arise from the development of new actors – genuinely new parties. On the other hand, old parties can transform ideologically such that to contribute to the change in the working of a party system. At least two major parties in Central and Eastern European countries have had such developments – Civic Democratic Party in the Czech Republic (see Hanley 2004) and the Hungarian Fidesz (see Enyedi 2005: 702-706). Alternatively, offshoots from established parties can have distinct programmatic profiles, or they can simply contribute to significant changes in patterns of competition.[32] While this study analyses the programmatic profiles of major new parties in the Baltic states in Chapter 5, the changes in party system content or patterns of competition will remain out of its scope, although generally I wish to stress their importance.

[31] Very close, but not necessarily equal to zero, as the definition allows for a small share of former MP-s be members of genuinely new parties.

[32] For example, the establishment of the Social Democratic Party in the United Kingdom in 1981 and its electoral alliance with the Liberal Party is a case in point. I am thankful to Paul G. Lewis for drawing my attention that particular example.

2.5.2.1. Party Formation versus Party Success

New party existence in an election as a dichotomous variable – as used in the classic study by Harmel & Robertson (1985) – would not make sense in Central and Eastern European new democracies – as there would simply be no variation. Also the number of newly formed parties is not that interesting, because they have often tended to be minuscule and it would be difficult to trace all the parties down – to distinguish between new parties and parties that have just changed names – and decide how to deal with coalitions and split-offs. While that is certainly difficult in Western Europe as well, the problems are often multiplied in Central and Eastern Europe, as is the case with measuring electoral volatility (Sikk 2005: 393-4). Much of the variation would probably be due to random error and slight variation in electoral regulations.

It is important to point out that here, the aggregate new party success levels are not analysed purely for their own sake but rather as an indicator of party system stability. Arguably, looking at vote shares of genuinely new parties, and using *an election* rather than *a new party* as a unit of analysis, avoids the selection bias relating to new party studies, pointed out by Simon Hug (2000, 2001: 66). Hug argues that new parties are a self-selected sample, disregarding the cases where a new party has not been established and not seriously considering the possibility that some variables that explain new party formation, do not explain their electoral success (see Hug 2000). In the Baltic cases, as in most new democracies in Central and Eastern Europe, studying the causes behind new party emergence would be a thankless and indeed worthless task. First, many of the "new parties" in tables of electoral results are in reality new incarnations of old parties, splinters or mergers – the latter sometimes "marriages of convenience", i.e. *ad hoc* and loose electoral coalitions. Second, the sheer numbers of new parties has been very high. There have to my knowledge been no elections without a new party. Also, analysing the numbers of new parties does not make much sense as very often they have garnered only minuscule support. Take the hypothetical example of four small new parties winning the support of one percent of voters each in one election and one new party supported by sixteen percent of voters in another. Indeed, in the first case there are *more* new parties, but they remain marginal to the party system, whereas in the second example, the new party genuinely alters the party system. Surely, the reasons why the four parties choose to run may be of some interest – are there any particularities in electoral system that make running attractive or easy for small parties and why, for example, they do not choose to form a coalition or run with a larger party. However, I would argue that for the party system of a country, the second case is a much more significant development and even though the *number* of new parties is four times smaller there, the sheer *popularity* of the single party is a more interesting real-life phenomenon. Furthermore, a single new party might easily be a tactical coalition

of, say, six partners – in which case putting four new parties against one would be grossly misleading.[33]

It is also important to stress that the concept of genuinely new parties significantly differs from most studies of new parties, and not only with regard to adding the notion of genuine novelty. Usually, a new party is defined as one appearing in electoral results for the first time (see Hug 2001: 14). In this study, deducted from these are those that have clear connections to parties that have been represented in parliament, even if they were not clear cases of splits or mergers. However, added are the parties that have contested elections before but unsuccessfully. Thus, a more precise term would be "genuinely new or extra-parliamentary parties", but for convenience a trimmed version is used. In any case, the parties that have contested elections without success before *are* new regarding their hope to become a part of *parliamentary* party system.

2.6. Selection of Cases

This short section puts forward the reasons why the Baltic countries are advantageous cases for the purposes of this study, while the subsequent one assesses the question of generalizability of findings. Mostly, I will argue that the findings of the dissertation clearly have relevance beyond the three countries and even beyond Central and Eastern Europe.

The logic of comparative method does not in itself advocate selecting neighbouring countries as cases. While the Baltic countries have in some studies been analysed together just because they constitute a "natural" region, they are also methodologically opportune for the purposes of this dissertation as they possess considerable similarities in background variables while offering variation regarding study variables. The main *similarities* are:

- *Similar recent history*. For almost a century, the political developments in the countries have followed basically the same route: becoming independent in late 1910s, their relatively short spell of democracy in 1920s was followed by authoritarian regimes in 1930s and incorporation to the Soviet Union in early 1940s. Following nearly five decades under the Soviet rule, the countries were at the forefront of anti-communist revolutions in Central and Eastern Europe

[33] Counting the instances of new parties is more reasonable a strategy if there is an abundance of elections without new parties. That is the case with Hug's database (covering Western democracies from 1945 to 1991), where in more than half of the cases no new party emerged, and in addition to that, more than a quarter of elections only saw an emergence of a single new party (2001: 81).

and regained independence in early 1990s. All three have since experienced remarkable economic progress and reorientation towards the West, highlighted by accession to NATO and the EU in 2004.

- *Smallness and similar level of development.* All three countries have between one and four million inhabitants. Even though Estonian population is almost three times smaller than that of Lithuania,[34] in global or even European context, the countries are of small size, though not mini-states. In political-administrative terms, that means the countries possess relatively similar systems of unitary government. The countries are also characterized by relatively similar levels of economic development and similar trends in economic performance.[35] The smallness can be favourable for studies that have as an important aim generation of hypotheses or inductive development of new theory. Small countries tend to be simpler than bigger ones: for instance there are not several significant levels of local government, and number of levels in party organizations is more limited. These and possibly other aspects make it easier to devise simple models that can later be improved for covering more complex systems as well.

- *Similarities in party politics.* All three countries have seen relatively much change compared to Western European countries. They have been characterized by low duration of cabinets: the average duration of cabinets from 1992 to 2000 was 0.9 years in Estonia and Latvia and 1.4 years in Lithuania, that is clearly on the lower end even in Central and Eastern Europe, characterised by considerable degree of government instability (Müller-Rommel 2001: 197) and relatively high levels of electoral volatility even compared to most other Central and Eastern European countries (that is more the case with Latvia and Lithuania, less so with Estonia, see Birch 2001, Krupavičius 1999: 9, Lewis 2000: 85, Rose, Munro & Mackie 1998: 119, Sikk 2005: 396).

Besides these similarities, the countries have significant *differences* making them good cases for different comparative research designs. For this dissertation the important differences are the following:

- *Electoral institutions*. While all three countries are parliamentary systems, there are significant differences in details, especially between Lithuania in one hand and its two northern neighbours, on the other. While Estonia and Latvia use a system of party list based proportional representation in parliamentary

[34] Estonia has a population of 1.3 million, Latvia 2.3 million and Lithuania 3.6 million.
[35] In 2004, the annual per capita gross national income of Estonia was $15,220, that of Latvia $11,800 and that of Lithuania $12,900 (International Monetary Fund 2005).

elections (with some differences concerning preference votes, see Pettai & Kreuzer 2001), Lithuania has opted for a mixed member proportional system, where approximately half of the members of parliament are elected from party lists and the other half from single mandate districts by an absolute majority and run-off system.[36] There are also interesting differences regarding elections of the heads of state – while the president is elected by the parliament in Latvia and by the parliament or special electoral college in Estonia, Lithuania has opted for direct presidential elections.

- *Party financing*. The differences in the countries' party financing systems will be one of the major focuses of the study. The contrast between Estonian and Latvian system is especially striking. Estonia established the system of direct subsidies to political parties in 1996 and the payments had reached ample levels at the beginning of the 21st century. On the other hand, Latvia still lacks direct subsidies to political parties from state budget. The Lithuanian system with modest public subsidies to political parties falls between the Estonian and Latvian one.

- *Ethnic composition*. While all three countries are ethnically relatively heterogeneous, there are significant differences. In Lithuania, the titular group constitutes 83 per cent of the population, the same figure for Estonia being 68 per cent and for Latvia 58 per cent. While the by far predominant minority group in Latvia and Estonia are the Eastern Slavs (ethnic Russians, Ukrainians and Byelorussians), the most sizeable minority group in Lithuania are the Poles (about 7 per cent), closely followed by Russians. Most of the minority populations in Estonia and Latvia arrived during the Soviet period and due to strict citizenship requirements[37] many of them lack citizenship and are not eligible to vote in national elections.[38] Therefore, the share of majority population in electoral rolls is higher.[39]

- *The fate of ex-communist parties.* While the former communist parties have made a remarkable comeback in most Central and Eastern European countries

[36] The run-off was not used in 2000, according to a controversial amendment of electoral law proposed by the Homeland Union (Krupavičius & Žvaliauskas 2004:87). The run-off was introduced again for 2004 Seimas elections.

[37] In order to become a citizen, one has to be a descendent of a pre-Soviet time citizen or go through a naturalization process that entails passing a test in Estonian language and a test of "civic knowledge" (in Estonia: on Constitution and the Law on Citizenship; in Latvia: on Latvian history) (Citizenship and Migration Board n.d., Ministry of Foreign Affairs of the Republic of Latvia 2005)

[38] The right to vote is granted to all permanent residents in local elections.

[39] The titular ethnic groups constitute 74 per cent of Latvian citizens (Naturalization Board 2005) and 84 per cent of Estonian citizens (Statistical Office of Estonia 2000).

(see Grzymała-Busse 2002), Estonia and Latvia rare cases where they are marginalized on the party political landscape, if their presence is noticeable at all (Ishiyama 2001: 48, Lewis 2000: 57). At the same time, the Lithuanian Social Democratic Party (until 2001 the Lithuanian Democratic Labour Party) has been one of the main political actors of the country, providing the Prime Minister almost 2/3 of the time since 1992.[40]

The above list is certainly not comprehensive. I have rather tried to give an overview of only those differences that will be referred to in the dissertation to smaller or greater extent. Particular emphasis will be on party financing and electoral institutions.

2.7. Generalizability of the Study

The advantages of analysing the Baltic countries are outlined above – comparing these countries is methodologically rather well justified. At the same time it is important to acknowledge certain limitations of the study stemming from the case selection and the particular research design.

First, the *time-span* of the study is quite narrow, covering only slightly over a decade and three elections in each of the Baltic countries. Therefore, extensive time-series on party financing as for example provided in his study of Urugay and Costa Rica by Kevin Casas-Zamora (2005) are not available. A pattern present at the moment is by definition determined by a decade or so and only a couple of free elections. Even if the emerging patterns may be theoretically well-argued, the possibility that it is based on variational "noise" remains. Party politics in new democracies of Central and Eastern Europe has been rife with instances of single events breaking widely accepted patterns. At least two good examples can be given about the Baltic countries. First, in late 1990s many believed Lithuanian party system had developed a clear bipolar pattern and was the most stable among the Baltic party systems (Žėruolis 1998: 139, Duvold & Jurkynas 2004: 135-137). Given the empirical facts at the time, the view had some truth in it. However, both 2000 and 2004 parliamentary elections saw rise of very significant new political parties besides continually high levels of electoral volatility. Some cues about the things to come probably were there already before – the main contenders for the office of the president in 1997/98 were non-party candidates, that is somewhat strange in a country that was claimed to have a strong bipolar configuration of its

[40] That does not mean that former communist leaders are not in significant positions in the two other countries as representatives of other parties. That is best illustrated by the mostly ceremonial Estonian president, Arnold Rüütel, who used to be the chair of the Soviet time legislative assembly.

party system, that should be reflected in presidential elections. Second, until 2002, Estonian party system was characterized by a relative lack of genuinely new parties (despite high levels of electoral volatility) and given the country's advanced system of public party financing, that led some credibility to the cartelization hypothesis (Katz & Mair 1995), at least to the part of it connecting the presence of direct state subsidies to the petrification of party system. However, 2002 saw a formation of a strong new party claiming the post of the Prime Minister after the subsequent year's parliamentary election.

The number of cases is also limited as the *scope* of the study is *only three countries*. Therefore, many of the conclusions remain tentative and are rather proposals for hypotheses that need more thorough testing in future studies. However, I have attempted to increase the number of observation by working on *different levels of analysis*, following a suggestion by King et al (1994: 51-53). On one hand, I assess the average success of genuinely new parties in the three countries and to possible extent also trends of success over time. On the other hand, the later parts of the study shift the unit of analysis from countries and elections to single successful new parties. In a more qualitative manner I analyse the parties' patterns of behaviour in the context of countries' institutions. While much of the study is concerned with a *specific set of parties* in a very limited number of countries, it would hopefully contribute to the more general understanding of party system dynamics in new democracies (as advocated in their praise for Grzymała-Busse 2002 by Kreuzer & Pettai 2005: 633). Certainly, some quite narrowly focussed studies of different aspects of electoral and party politics have contributed for this dissertation.

Although the internal organization of political parties is a topic very closely connected to the issues mentioned below – especially the issue of communication between parties and voters – in itself, this dissertation is not a study of party organizations that is a vibrant and growing field of research in political science (important works on Central and Eastern European new democracies include van Biezen 1999, 2003a, Hanley 2001, Kopecký 1995, Lewis 1996, Lewis & Gortat 1995, Szczerbiak 1999, 2001a, Toole 2003; on the Baltic countries: Smith-Sivertsen 2004, Žvaliauskas 2004, Kangur 2005). It touches the issue only to a very limited extent when analysing the main organizational characteristics of highly successful genuinely new parties. In doing that it may also contribute to the literature on party organizations.

The dissertation neither attempts to be a study of party system *institutionalization* or democratic transition in general. Even though the study is primarily concerned with the Baltic countries, it is for the most part not a study of these countries *per se*. A partial exception concerns parts where I have undertaken the task of presenting the Baltic party financing regimes, specific elements of electoral regulations (e.g. concerning ballot access) and the major successful new parties

in a strictly comparative manner, as most of that data is unavailable elsewhere. Yet, for the most part, I have tried to keep the Baltic countries on the level of *cases*, and therefore I can be excused of overlooking some of the major issues in the countries' party politics altogether – e.g. very interesting questions on coalition formation, main issues in party politics, the role of communist legacies, ethnic issues etc.

A word of caution is needed on the *normative and policy implications* of my arguments. A standard line of reasoning in political science *ceteris paribus* favours stability over instability. Therefore, the findings of the dissertation could be read with attention to the question "how to restrict the success of new parties as it contributes to party system instability?". While certain degree of stability is certainly necessary for the functioning of democracy and ensuring political and economic development, there probably is a limit both to dynamism and stability. Too fixed state of affairs in party politics can be unhealthy for democracy, as the possibility and potential for change is one of the criteria for substantive democratic competition.[41] The line of logic underlying the famous "two turnover test" proposed by Huntington (1991) for evaluating democratic consolidation nicely underlines the point.

Even when keeping the obvious limitations of the study in mind, I would argue that the study has wider relevance – not only beyond the Baltic countries, but also outside the post-communist countries. Clearly, some of the arguments developed in the dissertation only apply for *new democracies*. Some features of electoral competition and party politics in the region are significantly different from established countries in Western Europe. I will argue that the dynamics concerning new parties can also be quite different. At the same time, the theoretical model outlined in Chapter 0 takes at least some of the differences (i.e. in voter mobilization) implicitly into account and the implications of the model and the analysis can in principle be used in other contexts (i.e. also in older democracies). Moreover, as the dissertation will show, new parties can arise in new democracies in a way that explicitly contradicts some of the almost standard assumptions in West European models. In order to address these concerns, future studies on Western Europe should learn from the East European experience and relax some of these assumptions – especially the cleavage or issue basis of new parties – in order to cope with the not so remote possibility that new party formation may in the present era of party competition contradict the assumptions there as well. That is especially urgent in larger-N studies where it is easy to overlook problems with assumptions while relying on established models and

[41] Bartolini & Mair argue in a similar manner that as performance and legitimacy of democracy derive from electoral competition and competitiveness, it seems to necessitate a certain level of electoral change and instability (1990: 3).

theories, as testing of hypotheses on new party emergence is often (implicitly) based on these assumptions – e.g. focussing strongly on social heterogeneity as a potential predictor of new party emergence.

In this dissertation, there are many references to theories developed based on Western Europe. Their usage differs from a large body of scholarly work on Central and Eastern Europe that also uses these theories in that it cautiously takes a critical stand. The criticism is not related to the fact that the theories are deficient in themselves. Rather, any application beyond the cases that a theory is based on, should necessarily take into account peculiarities in circumstances. Very often, Central and Eastern Europe countries are remarkably different from these of Western Europe, possessing specific factors (probably the most prominent and extensive being the *legacies of communism*) and these have to be well accounted for.

However, why should not political scientists consider the traditional and long-standing democracies to be a "specific case" as well? Theories developed based on newer democracies can perhaps be applied in understanding the phenomena in Western Europe, given they take into the consideration the fact that there is a long-lasting *legacy of democracy*. Indeed, countries with a tradition of democracy longer than 60 years constitute a minority among the contemporary democracies. Given the likelihood or hope that we will witness further spread of democracy in the coming decades, we should be very careful with thinking of Western Europe as a general model, that we can test on more recent democratisers – and if the test fails, one can always back down to the argument that it will take time for the "proper" model to appear. Certainly, the old democracies are changing themselves, but the processes there are to an extent different from new democracies as *they* have a peculiar background condition – the long-lasting tradition of democracy.

To sum up the above argument in other words, one should not only test and enhance Western theories and models by cases of new democracies, but there should be room for independent or overarching theory development that could sometimes even be based on new democracies and only thereafter improved by looking at the Western cases. For the theoretical model developed in this dissertation, for instance, the very gradual extension of franchise and long-term stability under specific conditions – for example the post-World War Two economic prosperity – in Western Europe are specific phenomena. They should be certainly taken into account in analysing these countries but that should not distract us from searching for more general patterns.

The above argument explicitly states my objective of not advancing theory that should be limited to Central and Eastern Europe. Even though the proposed model is developed primarily with having new democracies in mind, it should be

thought of as more or less general, even when there are weaknesses. Even if democracy is *qualitatively better* in countries where it has a long history compared to new democracies – that I believe is true –, it should be no reason for believing that *theoretical models* based on that are superior. There should be no teleological belief that all democracies are gradually approaching the Western European model, however appealing we may find the latter.

3. RESTRICTIVENESS TOWARDS NEW PARTIES: POLITICAL ENVIRONMENT IN THE BALTIC COUNTRIES

3.1. Party Financing Regimes

Analysis of the impact of party financing regimes on party systems has focussed mainly on the *share of public donations in party incomes* (see Pierre, Svåsand & Widfeldt 2000). I will argue that the general *relevance* of money in party competition has additional bearing on the question. Below, looking at two indicators is proposed. First, the *absolute amount of money* in party politics or more specifically, the overall level of campaign spending.[42] Second, the *effectiveness of campaign spending* will be estimated by looking at correlation between spending and gathered votes, and seats won. Deriving from the model outlined before, party financing regimes can be considered to be relatively restrictive if the share of public donations in party income is high and that is coupled with high overall relevance of money in party competition. At the other end, when low share or absent public donations is combined with low relevance of money, the genuinely new parties are relatively less constrained. In this study, membership fees and business proceeds of political parties are lumped together with donations from private sources, as they are rather small in the three countries.[43]

As the sections below indicate, the party financing regimes of the Baltic countries differ considerably. In general, the Estonian regime has been the most restrictive of the three, while the restrictiveness has been lowest in Latvia. The cost of party politics has increased considerably during the decade or so in all three countries, while campaign expenditures have been highest in Latvia, with Estonia and especially Lithuania lagging somewhat behind. The relevance of money in party

[42] The overall level of campaign spending should be corrected for the size of the country by dividing it by the number of eligible voters; however, it is reasonable to expect the "unit cost" to be higher in smaller countries. Some attention should also be paid to different levels of economic development – the total spending can be expected to be higher if a country is much more wealthier than its counterpart in comparison. Still, the latter is not a significant problem for the countries in question.

[43] However, the minor relevance of these sources of financing has not been uniform in CEE (see Lewis 1998: 138-9).

politics can be considered to have been very high in Estonia, as the correlation of money spent and votes gathered in elections has been remarkably high there. The correlation is very weak in Latvia, and medium in Lithuania. Legal restrictions on party financing have been increased considerably in most recent years – especially so in Estonia and Latvia, where corporate donations have been outlawed. However, it is too early to analyse the effect of these changes and it remains a subject for future studies.

3.1.1. Estonia

Like most European countries, Estonia has an established tradition of financing of political parties from state budget. The principle of *direct public financing* of political parties was introduced in Estonian legislation already in 1994 and parties have been receiving subventions from 1996. Since then, the total level of subsidies has increased more than tenfold (see Table 4). The sharpest increase came in 2004 when public financing of political parties was increased threefold, with the introduction of new restrictions on private financing (see below).

The change in 2004 followed a substantial increase in campaign spending in 2003 parliamentary elections compared to 1999 and a dramatic rise of a new party (Res Publica) that did not have any access to public funds and thus exclusively relied on private donations, mostly from businesses. The publicly declared motive behind the changes was to limit the undue influence of business interests and increase the transparency of party financing. However, it has been speculated that the established parties were afraid of a recurrence of similar new party success. Ironically, Res Publica that had heavily relied on corporate donors, and would have otherwise likely not become such a success, was a one of the major advocates of the changes in Estonian party financing regime.

As a compromise – although a very unbalanced one – small subsidies were for the first time introduced for extra-parliamentary parties. Until 2004, public financing had been exclusively targeted to parliamentary parties. From then on, tiny subsidies are allocated to for parties receiving more than one per cent of votes in parliamentary elections (150,000 EEK, or slightly more than 10,000 USD per annum), and slightly larger subsidies for parties with at least four per cent of support (250,000 EEK, or about 20,000 USD per annum). These subsidies are not only minuscule, but have also been very disproportionate vis-à-vis subsidies to parliamentary parties regarding their vote shares (see Figure 3). The two parties with the highest number of seats in the parliament (Kesk and RP) received slightly over 10 USD for each vote in elections; the smallest of the parliamentary parties (Sdem) received almost 8 USD per vote – the difference stems from the

Table 4 Total financing of parties from state budget, Estonia 1996-2005.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Million USD	*0.41*	0.72	0.91	***0.56***	0.98	1.08	*1.27*	**1.47**	4.79	*4.57*
USD per registered voter*	*0.52*	0.91	1.15	***0.65***	1.14	1.26	*1.48*	**1.71**	5.57	*5.31*

Note: National election years in bold, local election years in italic. Exchange rates from Bank of Estonia.
Sources: Mikser 2001, State Budget Law 2003, 2004, 2005.
* – as of 1995, 1999, 2003.

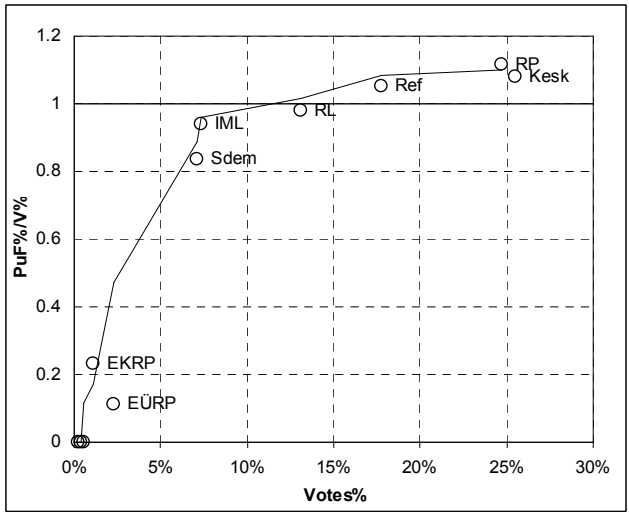

Figure 3 Proportionality profile of votes and public subsidies, Estonia 2005. The line indicates a moving average fit line over two cases. Source: *Vabariigi Valimiskomisjon* and Appendix.

fact that public funding is based on seat rather than vote shares of parliamentary parties.[44] The only two parties not represented in the parliament but eligible for public subsidies (EÜRP and EKRP) received only 1 and 2.2 USD per vote. Moreover, the support for extra-parliamentary parties is fixed in Law on Political Parties and is therefore not automatically subject to annual review in state budget setting the amount of total financing for parliamentary parties.

Restrictions on donations to political parties were modest until 2003. Until then, the Political Parties Act only banned donations from (state and local)

[44] The distribution of seats is based on a relatively disproportional modification of the D'Hondt method with divisors 1, $1^{0.9}$, $2^{0.9}$ etc.

governments, whether Estonian or foreign, and publicly owned companies. In 2003, an annual 10,000 EEK (775 USD) limit was introduced to cash donations from private persons.[45] From 2004 on, the only legitimate sources of party income remain limited to membership fees, public subsidies, donations from private persons and proceeds from party property (*Erakonnaseadus* 2003; Table 12 in p. 97 gives an overview of the legal provisions for all three countries). In other words, donations from businesses and all other organizations were banned altogether. The annual limit of 10,000 EEK was abolished. The changes have led the parliamentary parties to become almost exclusively reliant on public subsidies according to their account statements ("Suuremat lisaraha …" 2004, Madise & Sikk 2006).

Campaign income and expenditure reports have been obligatory from 1995. There is no effective control over the validity of these reports and there have been sanctions against parties that fail to comply with reporting requirements. Despite that, most parties have submitted the reports. There have been allegations concerning the authenticity of reports, but mostly concerning the sources of income rather than overall levels of expenditures. In several cases reported by Estonian media, parties have been supported by shell companies. One of the most prominent cases was in 1999, when the Reform Party reported receiving 42 percent of its campaign resources from an obscure "R-Hooldus" that had been established by some of its leaders and had almost no turnover (Piirsalu 1999), but the cases have been not limited to that.

At times, members of political parties in the parliament have donated sums likely in excess of their financial capacity – perhaps most notably Estonian Country People's Party in 1999, when nine of their national top candidates donated 100,000 EEK each – approximately 20 times the that time average monthly wage. In some cases, doubts have been cast over the genuine sources of private donations – besides the abovementioned example, some of the Centre Party's candidates donated 999 EEK in cash over several subsequent days during the local election campaign of 2002 – at the time it was forbidden to receive donations in cash exceeding 1,000 EEK.

While Estonian media has brought up accusations regarding party financing from time to time, the inaccuracy of party reports is very difficult to verify. Also, as virtually all major parties have seen some adverse coverage of their financial practices, the accusations have not significantly damaged their relative popularity. The incentives of cheating about the overall costs of campaigns are in any case low as there have been no ceilings on expenditures, in contrast to recent practices

[45] It replaced the highly ineffective 1,000 EEK limit per cash donation.

Table 5 Self-reported campaign expenditures, Estonia, 1995-2003.

million USD	1995	1999	2003
Centre Party	0.09	0.52	1.50
Res Publica	-	-	1.34
Reform Party	0.21	0.34	1.26
Country People's Party / People's Union	0.13	0.19	0.49
Coalition Party		0.25	-
Pro Patria Union	0.11	0.31	0.31
The Moderates	0.08	0.24	0.21
The Right Wingers	0.11	-	-
Our Home is Estonia / United People's Party	0.05	0.07	0.08
Total*	0.88	2.01	5.24
Per registered voter (USD)	1.12	2.35	6.10

Source: *Vabariigi Valimiskomisjon*, exchange rate from Bank of Estonia.
* – including parties and individual candidates not listed here.

in Latvia and Lithuania (see below). The fact that some of the electoral campaigns have been highly expensive has been evident in any case.

To complement campaign declarations, quarterly and annual reports on all financial activities of political parties have been required from 1999. Until 2002, this routine reporting was very poor and only a couple of declarations were submitted by some of the smaller parties. Since then, the submission of annual declarations has become more satisfactory with only some instances where the reports for parliamentary parties are unavailable or difficult to find. For instance, political parties are obliged to display the quarterly declarations at their web pages. In most cases they are easy to find but some are found in sections unlinked to main pages or older declarations of some parties are deleted.

There have been no limits on campaign expenditures. Parties have been free to buy airtime freely in any mass media, only limited by the general Advertising Law. Before 2003 parliamentary elections, commercial advertising was removed from the public television, but remained in two nationwide and popular private channels. In 2003, limits on campaign expenditures were debated but the proposed ceiling was – 2.3 million USD per party that is significantly more than the most lavish campaigns in 2003 (cf Table 5) and has yet to materialize.

Electoral *campaign costs* in Estonia increased substantially from 1995 to 2003, more than doubling after each electoral term (Table 5). The figures for 2003 elections can be considered downplayed, as the they took place just few months after local elections (also with rather costly campaigns), the opposite – parliamentary elections taking place before the local ones – applying for 1999. The total self-reported spending had increased almost six times between 1995 and 2004 parliamentary elections.

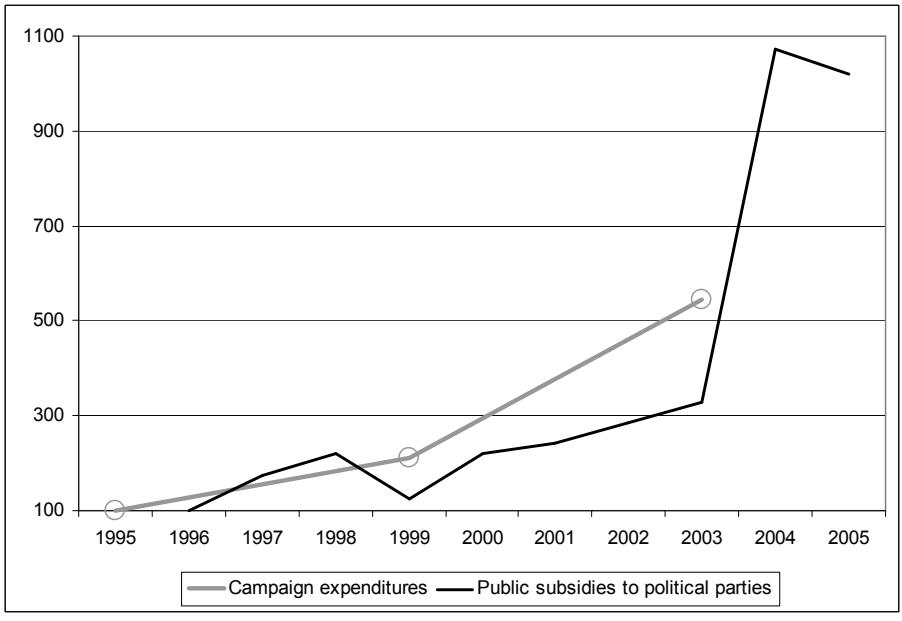

Figure 4 Campaign costs and public funding, Estonia 1995-2004.
1995-96=100. Source: Table 4 and Table 5. Elections took place in March 1995, 1999 and 2003, indicated by dots.

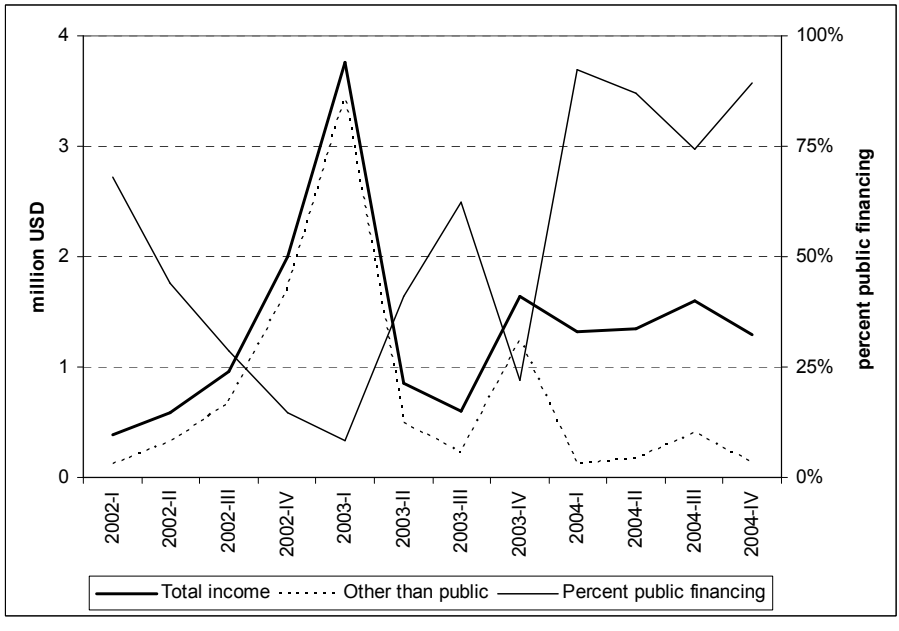

Figure 5 Total reported income and percent public financing, Estonia 2002-4.
Only parliamentary parties as of 2005. IML missing for 2003-IV. Source: Author's calculations based on party financial declarations.

A problem is posed for the calculation of share of public financing in total party income by the fact that their share in campaign finance reports has been very low. Some parties have not listed state budget there as a source of income at all. Thus, the campaign declarations do not reflect the extent of public donations particularly well. Therefore, Figure 4 graphs the rise in public subsidies against the increase in reported campaign spending. Both have had markedly higher growth rates than national GDP that increased only 1.65 times between 1996 and 2004 (Statistical Office of Estonia). During the first electoral cycle after introduction of public subsidies, the campaign expenditures grew at approximately the same rate as public subsidies to political parties. Even though the campaign expenditures in 1999 were higher compared to "year zero" than public donations, parts of campaign activities already started in 1998, when subsidies were exceptionally high (the elections take place in early March). By 2003, the growth in campaign expenditures had clearly surpassed the increase in public subsidies. That is partly a consequence of the emergence of a big spending new party, Res Publica that was excluded from receiving subsidies from the state budget. The trend was reversed after 2003, as the public funding of political parties surged. Even though data for additional national elections are unavailable at the time of writing, it is unlikely that the campaign expenditures will keep the pace, as they have already been high by comparative standards (see below). Also, discussions on limiting campaign expenditures have resulted in draft laws.

More information on the breakdown of parties' sources of income is available since 2002, when routine reporting – both annual and quarterly – became more regular. Figure 5 shows a sudden increase in party incomes related to 2003 parliamentary elections. 2004 saw a slight increase in overall party income compared to the other period without national elections, 2002. The increase is primarily due to the sharp increase in public subsidies for political parties. Donations from other sources actually declined for most of the parliamentary parties compared to 2002. For some quarters in 2004, several parties reported only a few hundred USD-s of income from other sources than state budget. It is notable that in the 4th quarter of 2003, subsidies for political parties increased sharply from the 2nd and 3rd quarter. That was due to inflow of corporate donations that were soon becoming outlawed from the beginning of 2004.

The *correlation* between reported campaign expenditures and received votes has become strikingly high at the end of the time period under study. While the correlation was modest in 1995 (R^2=0.44, see Figure 6), in both 1999 and 2003 elections it reached almost perfect levels (R^2 over 0.9, see Figure 7 and 8).[46]

[46] 2004 European parliament elections did not confirm the relationship. At the same time, spending was much lower then and "second order" elections may present a different situation altogether.

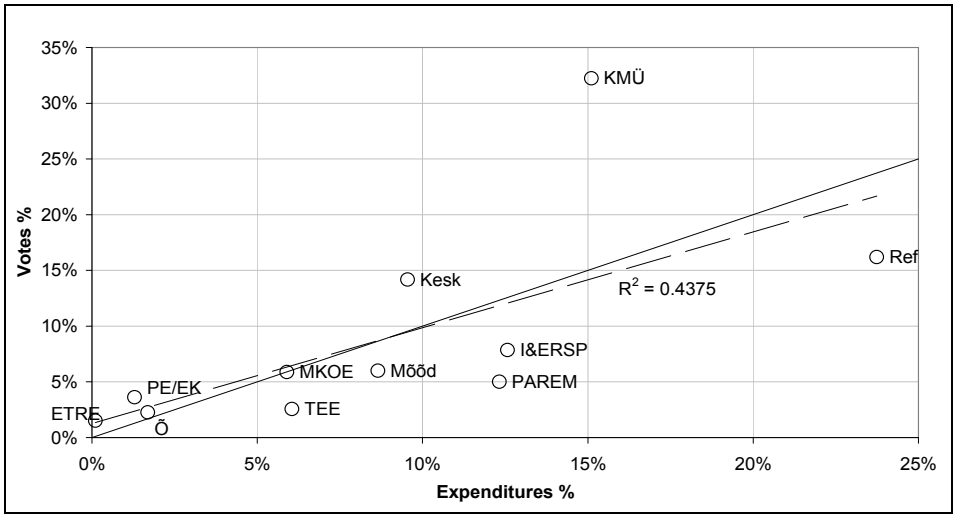

Figure 6 Reported campaign spending and votes by parties, Estonia 1995. Parties receiving less than 1 per cent of vote excluded. Source: *Vabariigi Valimiskomisjon*. Abbreviations not listed in p. 10: KMÜ: Coalition Party & Rural Union (*Koonderakond ja Maarahva Ühendus*), I&ERSP: Pro Patria & National Independence Party Union (*Isamaa ja ERSP Liit*), PAREM: The Right Wingers (*Parempoolsed*), MKOE: Our Home is Estonia (*Meie kodu on Eestimaa*), TEE: The Future's Estonia Party (*Tuleviku Eesti Erakond*), PE/EK: Better Estonia/Estonian Citizen (*Parem Eesti/Eesti Kodanik*), ETRE: Estonian Countrypeople's Party (*Eesti Talurahva Erakond*).

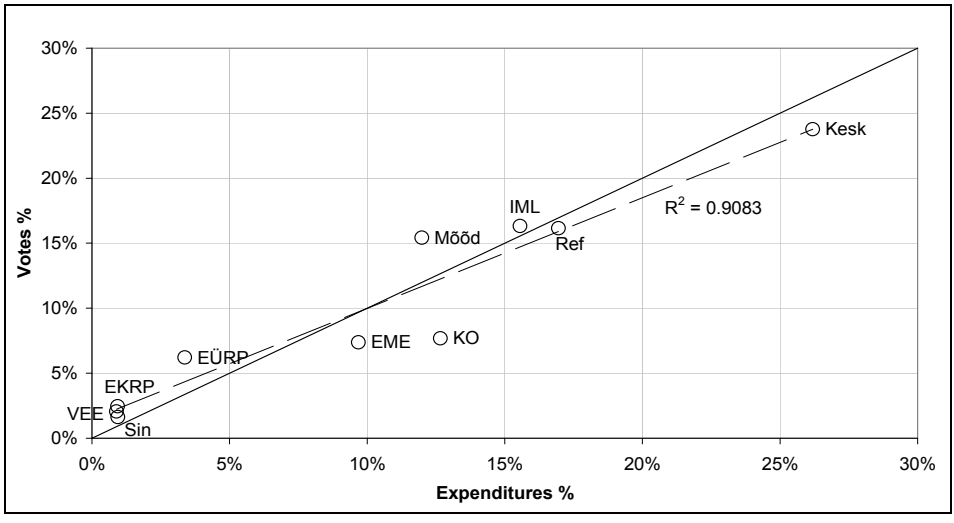

Figure 7 Reported campaign spending and votes by parties, Estonia 1999. Parties receiving less than 1 per cent of vote excluded. Source: *Vabariigi Valimiskomisjon*. Abbreviations not listed in p. 10: EME: Estonian Country People's Party (*Eesti Maarahva Erakond*), VEE: Russian Party in Estonia (*Vene Erakond Eestis*), Sin: Estonian Blue Party (*Eesti Sinine Erakond*).

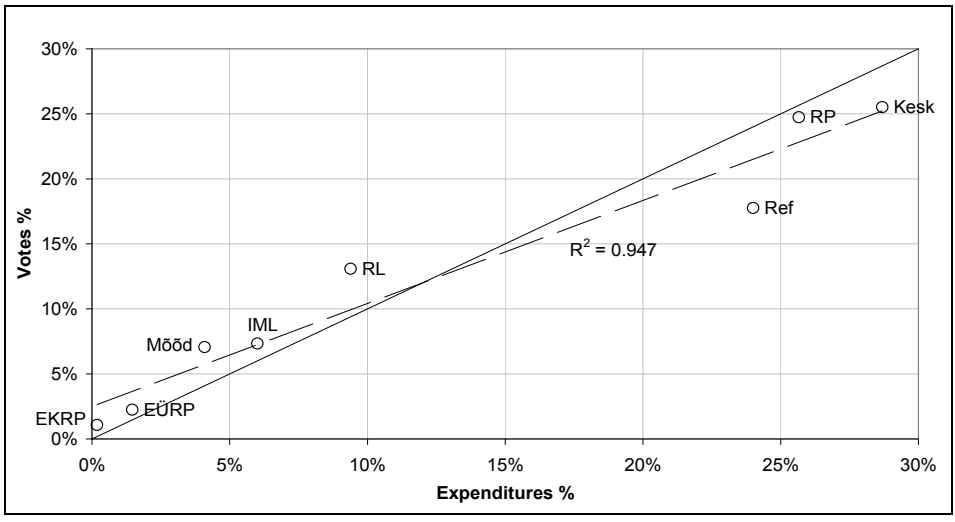

Figure 8 Reported campaign spending and votes by parties, Estonia 2003. Parties receiving less than 1 per cent of vote excluded. Source: *Vabariigi Valimiskomisjon*.

3.1.2. Latvia

Latvia is one of the few European countries *without direct public financing* of political parties (together with Luxembourg, Switzerland and United Kingdom, Casas-Zamora 2005: 19). Although the introduction of subventions to political parties from state budget has been rather actively discussed, no decision has been reached. General mood in the country is rather hostile to the idea and most of the representatives of political parties interviewed in April 2005 were pessimistic regarding the prospects of subventions in future.

The most common explanation for the lack of public party financing is that it would be so immensely unpopular among the voters that the parties just do not dare to start transferring money from state budget into party coffers (Ikstens et al 2001: 27). Low public trust in political parties is often given as a complementary factor. To some extent, it is lower in Latvia compared to Estonia and Lithuania (Rose 2002: 15, Rose 1997: 30). On the other hand, lack of trust in political parties is a widespread phenomenon almost everywhere and decisions to channel money to oneself – *by* political parties *to* political parties – are always unpopular. That has not inhibited other countries from introducing public party financing. Besides, low trust has not prevented political parties in Latvia taking other

controversial decisions that have likely influenced the high level of perception of corruption in Latvia.[47]

A less orthodox explanation of the lack of direct public financing emerged from interviews with Latvian politicians and experts. Several interviewees indicated that it has not been particularly difficult for Latvian parties to get money from private sources. If that is the case, there are two disincentives related to the introduction of state subventions at least for parties commanding a parliamentary majority. First, if there is no urgent lack of money, the parties will be wise not to take steps that are perceived to be unpopular. Secondly, and more interestingly, the parties might lack the will to become independent of their sponsors. Besides being against the interest of big sponsors, introduction of public financing would possibly tilt the balance of material endowments for the benefit of parties currently less well off, and against the parties with more generous funds flowing in from private sources. Not surprisingly, the most outspoken advocates of public financing are the parties that have ran less expensive campaigns, while an important voice of opposition is the People's Party that ran one of the most expensive electoral campaigns in both 1998 and 2002 parliamentary elections. This finding complies well with the widespread sceptical perception in Latvia that most of the major parties are "pocket parties" of wealthy Latvian businessmen. It is not the aim of this dissertation to test such propositions or assess the importance of oligarchs on Latvian politics. Yet, if these allegations are true, it could be easily seen that introduction of substantial state subventions to all parliamentary parties would go against oligarchic interests by decreasing leverage over "their" parties, and financial positions of the parties vis-à-vis others.

The only support from the state to political parties in Latvia regards certain in-kind subsidies. Political parties have access to 20 minutes in public radio and television during electoral campaign (Snipe 2003: 58). Additionally, publishing of freely available party programs with up to 4,000 characters is paid by the state (Ikstens et al 2001: 26).

While there has been no progress concerning public financing in Latvia, restrictions on private donations have become more severe over time. In 1995, controls were applied on the sources of money: contributions from foreign sources, stateless persons, religious organizations, state and municipal institutions and companies were outlawed, together with a ban on anonymous donations. Also, establishment of foundations for the purpose of supporting

[47] According to 2005 Corruption Perception Index, Latvia is only 51th least corrupt country in the world, preceded both by Estonia (27) and Lithuania (44) ("TI corruption perception index 2005").

political parties was prohibited. An annual contribution limit to a single benefactor was set at 25,000 LVL (49,000 USD). In 2002, the limit was substantially lowered to 10,000 LVL (16,500 USD). The effectiveness of these restrictions is in some doubt as they did not prevent at least some parties from running lavish electoral campaigns, while it is widely believed that most parties do not have a widespread donors' base (see below). Even more substantial restrictions were introduced in 2004. These included permitting donations only from private persons further limited to legally acquired income during last three years. The effectiveness of any of these restrictions remains to be seen at the time of writing while some doubts have been raised. However, Latvia has established a strong system of enforcement for establishing the accuracy and legitimacy of donations. Checking on party declarations is one of the tasks for the Corruption Prevention and Combating Bureau (KNAB) and it is working heavily to bring together donors' lists with the data on their legal income from tax authorities. In 2004, 22 Latvian parties were found to have received illegal donations in the total amount of 133,000 LVL (more than 250,000 USD). As a result, the activities of seven parties were suspended and those of two terminated, although that did not include any major parties (KNAB 2005). The system of verifying financial reports is much more advanced than those in place in Estonia and Lithuania. Besides that, Latvian non-governmental sector is clearly the most active regarding party financing issues. For example, extensive monitoring of electoral advertising in Latvian media has been a standard undertaking for some time, supported by Latvian Soros Foundation (see for instance Čigāne 2002, 2003).

Financial reporting requirements for political parties were introduced in 1995. Until 2002 that entailed annual financial declarations on the amount and sources of income and expenditures. From 2002, double declarations on electoral campaigns were introduced – one on planned expenditures to be submitted before elections and the other on actual expenditures after elections**.** However, sanctions for non-compliance have been weak and ineffective – although it has been legally possible to liquidate a party for an infringement, none has faced the fate even though submission of declarations has reportedly been far from perfect (Snipe 2003: 25). In Latvia, the extent of accuracy of financial declarations has been assessed by monitoring advertising in various media outlets (Čigāne 2003). It appears that most of the parties did indeed underreport their expenditures. It was estimated that real expenditures exceeded the reported sums by some 20 percent, in cases of some parliamentary parties the declarations underreported spending even by more than 90 percent (Ibid.: 9).

Table 6 Self-reported campaign expenditures, Latvia 2002.

New Era	(million USD)	0.85
For Human Rights in a United Latvia		0.54
People's Party		2.54
Latvian First Party		0.99
Green and Farmers Union		0.93
Fatherland & Freedom / LNNK		0.89
Latvian Way		1.37
Latvian Social-Democratic Workers' Party		0.72
Total*		9.75
Per registered voter (USD)		6.99

Source: Čigāne 2003: 15, exchange rates from the Bank of Latvia
* – including parties not listed here.

Table 7 Total reported income, Latvia 1995-2001.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Million USD	**2.21**	0.87	*0.96*	**5.12**	1.27	2.78	*2.84*	**10.49**	1.60	2.41
USD per registered voter*	**1.66**	0.66	*0.73*	**3.88**	0.96	2.11	*2.04*	**7.52**	1.14	1.73

Note: National election years in bold, local election years in italic.
Sources: 1995-2001: Ikstens 2003: 83; 2002-2004: author's calculations based on party reports (*Partiju finanšu ...*). Exchange rates from the Bank of Latvia.

Despite the fact that parties do not receive money from the state, electoral *campaign costs* in Latvia have been as high as in Estonia: 8.5 million USD or 6.99 USD per registered voter in 2002 (Auers 2002/2003, see Table 6). As parties were not required to present financial reports after parliamentary election campaign of 1998, only a rough estimation of expenditures can be made, based on annual financial reports by subtracting the mean level of income in adjacent years from the reported income of 1998 (see Table 7). Based on that, we may conclude that total campaign spending was around 4 USD per voter in 1998. Thus, campaign expenditures had increased by approximately 1.75 between 1998 and 2002. It is also notable that the difference between party spending in election and non-election years looks much higher in Latvia compared to other two Baltic countries (see Figure 9). It indicates that more than in the other two, the parties in Latvia can primarily be conceived in terms of electoral machines, and less so as permanent organizations.[48] Alternatively, or additionally, that again highlights the fact that campaigns in Latvia tend to be very costly.

[48] The available data on numbers of party members point in the same direction. Latvian parties have generally had significantly less members than their counterparts in Lithuania (Smith-Sivertsen 2004) and Estonia (see p. 139 below).

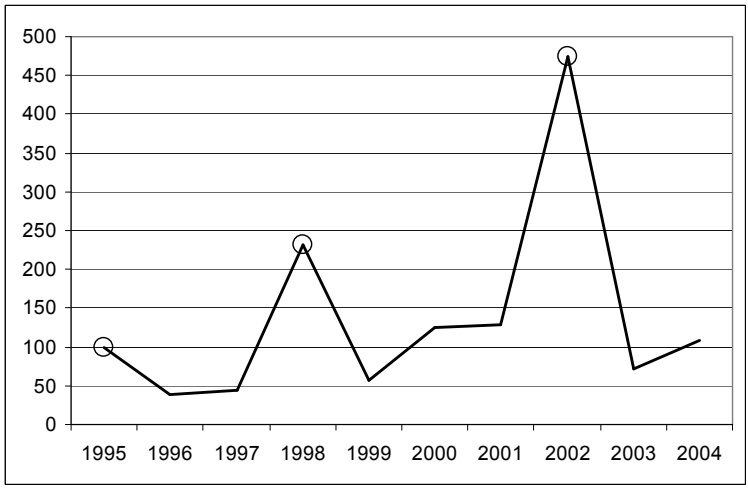

Figure 9 Total reported income of political parties, Latvia 1995-2004. Dots indicate parliamentary election years. Source: Data from Table 7.

Recent party financing legislation has introduced total spending limits on electoral campaigns. From 2004, parties are not allowed to spend more than 0.2 LVL (0.34 USD) per eligible voter, both applying for local and national elections. Given the current size of Latvian electorate, this would result in a ceiling of about 280,000 LVL (481,000 USD) in parliamentary elections. That is lower than reported spending of all parties that passed electoral threshold in 2002 – in some cases parties would need to constrain their spending by five times (see People's Party in Table 6). The legislation was tested with some success in 2005 local elections. By far most of the parties were complying with the ceiling and both local politicians and experts were – perhaps surprisingly – optimistic about it in April 2005. At the same time, the elections were marred by extensive vote-buying allegations in several municipalities that in one case led to invalidation of results and repeated election.[49] The effectiveness of the expenditure ceiling in national elections remains to be seen.

[49] That happened in Rēzekne (7th biggest town in Latvia) while serious allegations were also raised in a renowned resort town of Jūrmala (5th biggest town, see "Voter fraud…" 2005).

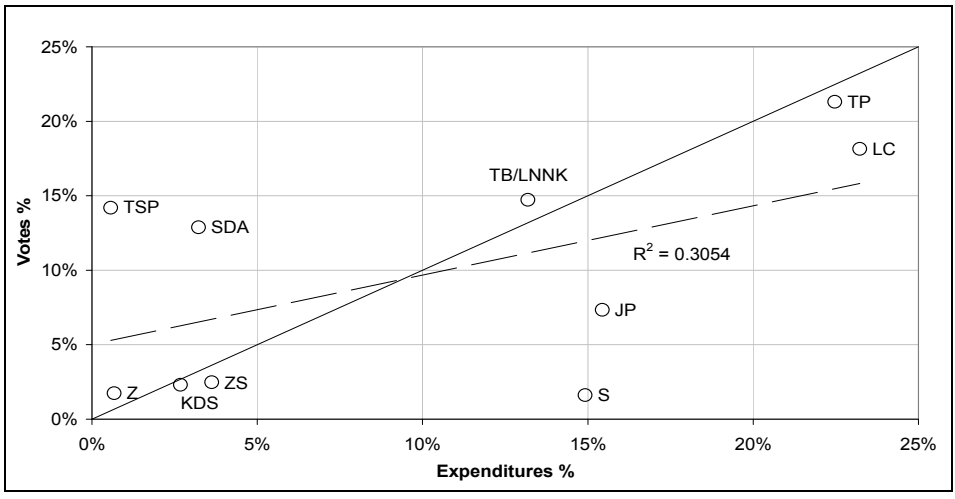

Figure 10 Reported annual expenditures and votes by parties. Latvia 1998.
In contrast to the following figure, this is based on total annual expenditures, not campaign expenditures. Parties with less than 1% of votes excluded. Source: "Politisko partiju finansiālās darbības deklarācijas par 1998. gadu", *Centrālā vēlēšanu komisija.*
Note: Abbreviations not listed in p. 11: SDA: Social Democratic Union (*Latvijas Sociāldemokrātu apvienība*), TSP: Peoples' Harmony Party (*Tautas saskaņas partija*), ZS: Farmers' Union (*Latvijas Zemnieku savienība*), KDS: Christian Democratic Union (*Kristīgi demokrātiskās savienības*), S: Democratic Party "Saimnieks", Z: Ziegerist's Party (*Zīgerista partija*).

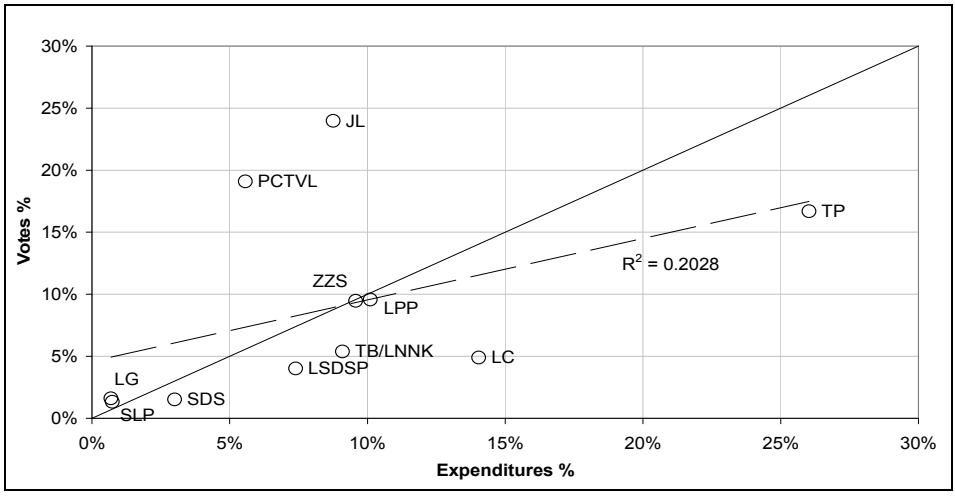

Figure 11 Reported campaign spending and votes by parties. Latvia 2002.
Parties with less than 1% of votes excluded. Source: *Centrālā vēlēšanu komisija*, Čigāne 2003: 15. Abbreviations not listed in p. 11: LSDSP: Social Democratic Workers' Party (*Latvijas Sociāldemokrātiskā strādnieku partija*), LG: Latgale Light (*Latgales Gaisma*), SDS: Social Democratic Union (*Sociāldemokrātu savienība – SDS*), SLP: Social Democratic Welfare Party (*Sociāldemokrātiskā Labklājības partija*).

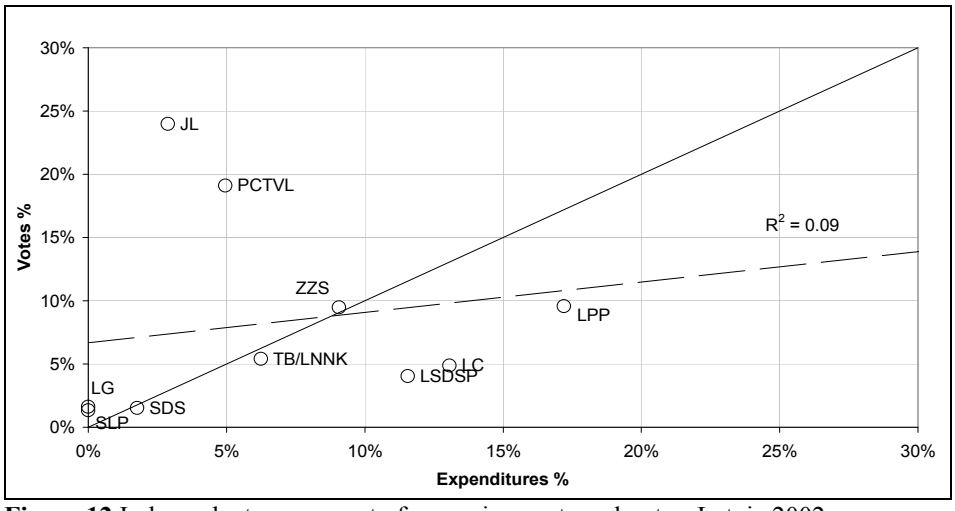

Figure 12 Independent assessment of campaign costs and votes, Latvia 2002. Abbreviations as in Figure 11. Source: *Centrālā vēlēšanu komisija*, Čigāne 2003: 19.

While campaign spending has been high and increasing, the correlation between reported campaign expenditures and votes gathered has been rather poor and even decreasing in Latvia (see Figure 10 and 11). As campaign funding data are not available, the relationship between spending and gathered votes for 1998 is based on reported annual party income. There is a positive yet rather weak (R^2=0.3) correlation between the variables. There were cases of serious overspending when campaign expenditures clearly failed to be converted into votes: Democratic Party "Saimnieks" and New Party (S and JP in Figure 10). Also, two parties had a good performance in elections despite small share in overall expenditures of all political parties: People's Harmony Party and Social Democratic Alliance (TSP and SDA). In 2002 elections, the poor relationship between spending and votes deteriorated further (R^2 down to 0.2). The second biggest spender Latvia's Way (LC in Figure 11) failed to reach the nationwide threshold, while the two parties with the highest vote share (JL and PCTVL) both spent less than 10 per cent of total Latvian campaign costs.

As noted above, there are independent assessments available on Latvian parties' campaign expenditures for 2002 parliamentary elections (Čigāne 2003). Figure 12 displays the relationship between these assessments and votes gathered by parties. One could expect the correlation to improve if cost assessments are based on independent data rather than party declarations, but the opposite is true – R^2 actually worsens further to only 0.09 – to the level of virtually no relationship between the variables. In any case, the fact that two accounts on party expenditures both show a frail relationship between campaign costs and votes, strengthens the argument that the connection between the two is feeble in Latvia.

Assuming that campaign spending by political parties is rational and an instrument of voter mobilization, the Latvian data point at two facts. First, certain parties have relied on heavy spending in garnering the support they have received – in some cases the costs have evidently paid off while in others parties have failed in spite of huge expenditures.[50] Second, for some parties spending has not been so decisive and they have become successful using other means of voter mobilization. In 2002, New Era relied heavily on the immense popularity and perceived integrity of its leader. Other parties have relied on being the only reasonable options for Russian-speaking voters (PCTVL, TSP) and mobilized voters on ethnic basis. This combination can make it easier for new parties to compete with old ones, as the initial endowments are more equal and monetary resources can be considered somewhat less decisive. Parliamentary parties only have advantages to the extent they get other types of state support than direct grants, such as support for parliamentary groups. Success stories of parties with relatively subdued electoral campaigns can lead to new aspirants contesting elections without substantial financial resources behind them also in the future. Moreover, voters do not have strong reasons to believe that parties with smaller campaigns do not stand a real chance and they would not have to strategically defect for the big spenders. Thus, the electoral competition in Latvia is remarkably different from that in Estonia where campaign spending is a significant strength signalling instrument for political parties due to very high correlation between spending and votes in erstwhile elections.

3.1.3. Lithuania

In contrast to Latvia, but similarly to Estonia, Lithuanian political parties receive public donations. Direct state subsidies to Lithuanian political parties were introduced in the law on political party financing of 1999 (*О финансировании политических партий ...*) and have been distributed from 2000.[51] The parties winning at least 3 per cent of votes in parliamentary and municipal elections are eligible for subventions from the state budget. While there has been an overall increase in direct subsidies, there has been a pronounced difference between election and non-election years (see Table 8). In 2004 – when parliamentary, presidential and European parliament elections were held – six million LTL (2.1 million USD) were distributed, marking a more than tenfold increase compared

[50] In case of Latvia's Way – the unlucky big spender in 2002 – several interviewees also mentioned remarkable gaffes in its costly campaign.

[51] However, the basic principle of public financing was already set in a non-specific form in 1990 (Law on Political Parties), with no effect for a decade.

Table 8 Total funding from state budget, Lithuania 2000-2005.

	2000	2001	2002	2003	2004	2005*
Million of USD	***0.25***	0.13	*0.14*	0.16	**2.10**	1.61
USD per registered voter*	***0.09***	0.05	*0.05*	0.06	**0.79**	0.60

* – incl 2004 campaign expenditures refunds (0.56 million USD) reimbursed in 2005.
Note: National election years in bold, local election years in italic, year leading up to presidential elections underlined.
Sources: *Valstybės biudžeto ir savivaldybių biudžetų finansinių rodiklių patvirtinimo įstatymas*, 2000-2003, *Закон о финансировании политических партий* ... 2004, 2005: Zenonas Vaigauskas, Chairman of Lithuanian Electoral Committee, personal communication (25 August 2005). Exchange rates from Bank of Lithuania.

to 2003.[52] In 2005, the total figure declined to three million LTL. Until 2004, the maximum amount of subsidies from state budget was specifically fixed to 0.1 per cent of total state budget in the law (*О финансировании политических партий* ..., Art. 13.2). However, the actual amounts of subsidies never got close to the very high ceiling (Unikaitė 2005). Several important contenders in 2004 Seimas elections that did not contest elections in 2000 were excluded from receiving public subventions – most importantly the Labour Party and Rolandas Paksas' Liberal Democratic Party, a split-off from the Liberal Union.

While direct public subsidies decreased in 2005, partial reimbursement of campaign expenditures was introduced. Starting from 2004 elections, a maximum of 25 per cent of electoral campaign expenditures can be refunded for parties in PR part and parties or candidates in SMD-s receiving over three per cent of votes. The amount of refunds is not based on received votes but campaign expenditures as declared by political parties. After 2004 Seimas elections, the actual refunds totalled 1.5 million LTL (0.54 million USD). Thus, less than 10 per cent of electoral expenditures were eligible for refund, and more than half of that went to the two biggest spenders, DP and LiCS. The system can be considered a matching funds approach, known previously from United States, Germany and Netherlands (Pierre, Svåsand & Widfeldt 2000: 9). The ideology behind the Lithuanian approach to party funding is notably different from the Estonian one. While in Lithuania the subsidies are obviously seen as a complement to private donations, in Estonia the increase in public financing and restrictions on donations has resulted in a system where funds from the state are a substitute for the expected decrease in private financing.

[52] Originally, the state budget only allocated 0.35 million USD for political parties. However, the budget was amended in August 2004.

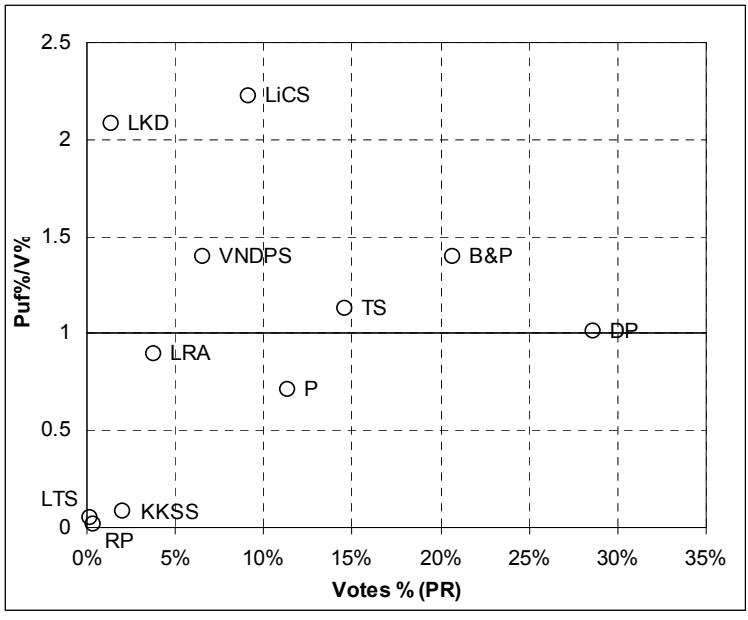

Figure 13 Proportionality profile of votes and subsidies, Lithuania 2005.
Votes in the PR part. Including refunds for 2004 parliamentary elections campaign.
Abbreviations: B&P: Coalition of Algirdas Brazauskas and Artūras Paulauskas "Working for Lithuania", LRA: Lithuanian Poles' Electoral Action, KKS: Christian Conservative Social Union, Res Publica: Republican Party, LTS: Lithuanian Freedom Union, others as listed in p. 11.

In addition to direct state subsidies, Lithuanian parties are subject to some in-kind support during electoral campaigns. First, some free airtime is allocated in public media outlets. Secondly, candidates in SMD-s receive a free campaign poster and a published election program (EPIC Project). These expenditures are not included in the maximum permitted amount that can be spent on campaigning (see below).

The proportionality profile of Lithuanian political parties' share of public subsidies vis-à-vis their electoral fortunes is drastically different from the Estonian one (Figure 13, cf Figure 3). There are two principal reasons for that. First, the Lithuanian graph does not take into account the vote share in SMD-s and local elections[53] that are both taken into account in the complicated formula

[53] Also in Estonia, taking into account party support in local elections besides national ones was to be introduced from 2006, but it was dropped as the proposed ban on non-party coalitions in local elections was overruled by the Supreme Court as unconstitutional. In many municipalities, these ad hoc formations are major players and thus it would be difficult to take them into account in allocating budget funds.

Table 9 Self-reported campaign expenditures, Lithuania, 2000-2004.

million USD	2000	2004
Labour Party	-	1.34
Social Democratic Coalition	0.20	1.21
New Union (Social Liberals)	0.29	
Homeland Union	0.12	0.32
Paksas Coalition	-	0.15
Liberal & Centre Union	-	0.97
Farmers' Party / Farmers' & New Democracy Party	0.08	0.35
Poles' El Action	0.00	0.03
Moderate Conservative Union / Christian Conservative Social Union	0.08	0.07
Christian Democrats	-	0.08
Freedom Union	0.01	0.02
National Union	0.01	0.02
"Social Democracy 2000" / Social Democratic Union	0.03	0.02
Lithuanian Liberal Union	0.27	-
Centre Union	0.12	-
Christian Democratic Party	0.03	-
Christian Democratic Union	0.02	-
Total (in PR part)*	1.28	4.61
Per registered voter (in PR part, USD)*	0.49	1.74
Total (in SMD-s)	1.03	2.74
Per registered voter (in SMD-s, USD)	0.39	1.04
Total*	2.31	7.35
Total per registered voter (USD)*	0.88	2.78

Sources: 2000: *Rinkimų politinės kampanijos finansavimo galutinių ataskaitų suvestinės*, 2004: *Election campaign finance report. Elections to the Seimas of the Republic of Lithuania 2004.*
* – including parties not listed.

for calculating parties' eligibility for public subsidies. Secondly, in 2005, the campaign refunds made up slightly more than a third of total state subventions to political parties – there a matching funds approach indifferent to parties' electoral strength is in use. Thus, the picture partly also reflects on the level of campaign spending. The first aspect explains mostly the advantageous position of LKD – the party failed to win representation in the parliament, but is still relatively strong locally. The two aspects together explain why the winner of the election, DP received donations exactly in par with its showing in the PR part – the party was not around at the time of preceding local elections and it fared somewhat worse in SMD-s compared to the PR part. LiCS, on the other hand, has the highest subsidies-votes ratio because of its massive campaign (see Table 9).

On one hand, Figure 13 highlights the fact that in Lithuania, parties' results in PR part is only one factor in their share in public subsidies. On the other hand, the diffuse picture points to some interesting implications. First, in countries with

high electoral volatility but substantial state support to parties, some political parties that have lost most of their electoral appeal, can still rely on some public funds.[54] Secondly, if the matching funds approach is only related to electoral campaigns, the funds used for campaigning once can put the big spenders in a favourable position in relation to other parties. If at the same time money is highly relevant in politics, the matching funds approach has a self-reinforcing quality to it.

Legislation regulating issues of political finance is highly complex and very detailed in Lithuania. Until 1997, the field was primarily regulated by electoral laws and the law on political parties. As the part devoted to campaign and financing issues in the former expanded greatly, a separate law was introduced in 1997 that was in turn replaced by a much lengthier and complex act in 2004. While the Lithuanian version of the former measured close to 1,000 words, the latter contains more than 7,000 words and is a remarkably detailed, but at the same time a document almost incomprehensible to the uninitiated. While many aspects are regulated – including very precise definitions about what can and what should be counted as electoral expenditures – there are loopholes and the law has not protected the country from massive irregularities in party financing that has even led to prison sentences ("Ex-MP sentenced…" 2005).

Lithuania has imposed quantitative restrictions on political party income from private sources. From 1999 to 2004, a cap of 62,500 LTL (15,600 USD)[55] was set on donations from both private persons and legal entities. In 2004, the limit was lowered to 37,500 LTL (13,000 USD), but a special clause was introduced regarding election years. According to that, in those years, each private or legal person can contribute an additional maximum of 37,500 LTL per party or candidate.[56] That effectively implies a substantial increase in allowed donations in election years.

Additional restrictions regard approved sources of contributions. Since early 1990s, donations from state and local government institutions and publicly owned companies have been prohibited, as well as foreign donations.[57] An exception regards contributions from Lithuanian citizens residing abroad, and

[54] In Estonia, the Coalition Party received subsidies from state budget some time after it had even formally dissolved in 2001 (*Riigikontrolli arvamus*… 2003: 7).
[55] It is pegged to monthly minimal subsistence level that has been set at 125 LTL from April 1, 1998.
[56] The law also covers financing of presidential and referendum campaigns and official participants in those are subject to the same limits.
[57] Initially, only donations from foreign public sources were outlawed, in 1997 the ban was extended to almost any contributions from abroad (*О контроле за финансированием политических кампаний*).

branches of Lithuanian parties or political organizations in an area populated by ethnic Lithuanians. According to the 1999 law on political party financing, donations from trade unions, charity and religious organizations were prohibited. It is not permitted to support political parties via third persons. In the 2004 law, the provision is supported by a clause that the donor should report if the contribution exceeds ten percent of his or her preceding years' taxable income. However, legal persons are not subject to similar provisions, and thus the effectiveness of the rules against hidden financing through third parties remains in question. A complete ban on contributions from legal persons has been considered but it has failed to gather political support (*Kauno Diena* 2002).

Political parties in Lithuania are subject to annual reporting and also have to submit declarations on their electoral campaign related expenditures and sources of income. However, the annual reports are *de facto* not public as they are not accessible and some information is available for recent years only (Unikaitė 2005).[58] The requirement of annual reports was introduced as early as 1990. After parliamentary elections, political parties must publish reports on the sources and use of financial resources 25 days after elections. This provision has been in effect since 1992 (the deadline was set at 15 days then, Law on Elections to the Seimas 1992). From 1997 on, an earlier declaration has to be submitted 10 days prior to elections (*О контроле* ... 1997). Still, for this study declarations were available for 2000 and 2004 elections only. The increased availability of financial reports of electoral campaigns may be explained by the fact that a sanction for failing to submit financial reports is suspension of budget funding (Open Society Institute 2002: 382).

Similarly to the other two Baltic countries, Lithuania has experienced substantial increases in costs of electoral campaigning. Between 2000 and 2004 parliamentary elections, total campaign spending increased more than threefold from 2.31 to 7.35 million USD. This figure does not yet reflect on the fact that in 2004, Lithuania also had presidential and European parliament elections that involved additional costs for political parties and – in case of presidential elections – other actors. The above figures refer to total electoral expenditures, covering both the PR and SMD parts. The costs of campaigning have been somewhat higher in the PR part, and the increase from 2000 to 2004 was somewhat sharper there as well (see Table 9). Meanwhile, one has to take into account that nationwide campaigning by political parties has an impact on electoral fortunes in SMD-s as well.

[58] That has led to incorrect claims that the Lithuanian parties are not subject to annual financial declarations (Ikstens et al 2001: 29).

Table 10 Reported total party income, Lithuania 2000-2005.

	2000	2001	2002	2003	2004
Million USD	***1.74***	0.59	*1.96*	1.53	**4.00**
USD per registered voter	***0.66***	0.22	*0.75*	0.58	**1.50**

Sources: Unikaitė (2005).
Note: Includes parliamentary parties. National election years in bold, local election years in italic, year leading up to presidential elections underlined. Exchange rates from Bank of Lithuania.

Total income of Lithuanian political parties has been on the increase as well (see Table 10). Similarly to Estonia and Latvia, income has been higher in election years. However, due to Lithuanian mixed electoral system, the financial accounts of political parties do not give a whole picture of cost of politics in election years – as they fail to reflect fully on the expenditures in SMD-s (cf. bottom rows in Table 9).

Since early 1990s Lithuania has restricted maximum amounts allowed to be used in election campaigning. Indexed limits based on average monthly wages (AMW-s) on expenditures were introduced in the 1992 law on Seimas elections. Until 1995, candidates in SMD-s were allowed to spend 20 AMW-s and parties a total of 200 AMW-s for campaigning in Seimas elections. The ceilings were substantially increased before the 1996 parliamentary elections, to 50 and 1,000 AMW-s respectively.

These restrictions remained intact until 2004, when campaign expenditures became regulated by a new law covering all aspects of political finance. The indexing was abolished and new limits were set at a maximum of 1.5 LTL per voter (3.9 million LTL or 1.54 million USD) allowed to be spent by a party in PR part of elections, and another 2 Litas per voter in a SMD (a total of 5.2 million LTL or 2.5 million USD over all SMD-s). Thus, a party that presented a list in PR part and a full set of candidates in SMD-s was allowed to spend a total of 9.1 million Litas or 4 million USD**.** Even though indexing and the 1996 increase in formula had lead to a substantial increase in spending limits (15 times in case of PR part from 1994 to 2000), the change in the principle of expenditure limits effectively increased the ceiling further. Comparison of two bottom rows in Table 11 reveals that if the old system had been sustained, the ceilings would have been substantially lower – about 20 per cent in case of SMD-s and more than three times in case of PR part.

Some Lithuanian parties have come rather close to the maximum allowed amounts in their actual expenditures. The escalation of campaign costs has raised some worries in Lithuania and a ban on television ads that form a bulk of expenses, has been debated but with no success (Bačiulis 2004, *"Lihtuanian MPs*

Table 11 Campaign expenditure limits in Seimas elections, 1994-2004.

Year	(1,000 USD)	SMD	All 71 SMD-s	PR part	Total (full list)
1994		2	116	16	132
1996		8	550	155	705
2000		12	870	243	1,113
2004 (with old system)		22	1,590	447	2,037
2004			2,001	1,506	3,507

Source: Based on average monthly wage retrieved from Statistics Lithuania (2005).

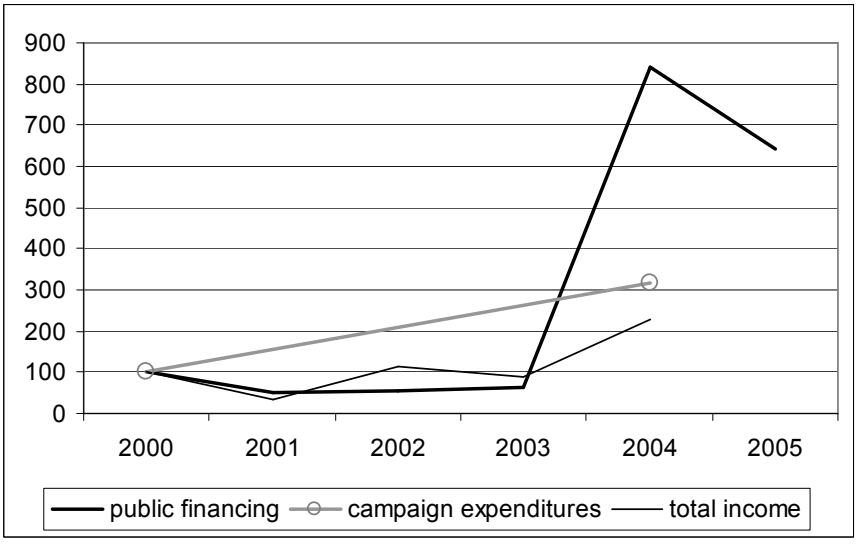

Figure 14 Campaign expenditures and public funding, Lithuania, 2000-2005. 2000=100. Source: Table 8-10. Elections took place late 2000 and 2004, indicated by dots.

tighten" 2004). The issue of whether the parties have actually been within the allowed limits or they have misreported expenditures come up with regard to DP, the major spender in 2004 (Ignatavičius 2004). Also, the issue whether some of the large debts that parties had should be considered to be unaccounted contributions was taken up after 2000 Seimas elections (BNS 2001).

The trend between 2000 and 2004 seemed to be one of total campaign expenditures growing faster than state subventions to political parties (Figure 14). However, 2004 saw a marked increase in public subsidies. In the initial state budget for 2004, the sums to be allocated to political parties were much smaller – only a sixth of the sum allocated according to the budget amendment passed only shortly before presidential and parliamentary elections. Also in the future, a high share of public subsidies in Lithuanian party financing is to be expected.

The correlation between reported campaign expenditures and vote shares of political parties has been moderately strong and has slightly increased over time (see Figure 15 and Figure 16). R^2 grew from 0.66 in 2000 to 0.70 in 2004. The former would have been much higher if it was not for the remarkably good result of Social Democratic coalition (SK in Figure 15) despite its moderate campaign spending. The correlation coefficient is primarily weakened by the third most expensive and only the fifth most effective campaign of Liberal and Centre Union (LiCS in Figure 16) and good results of Fatherland Union and Paksas Coalition (TS and P) despite inexpensive campaigns.

As Lithuania has a mixed member proportional electoral system, votes shares in PR part only tell half of the story. One needs to take a look at SMD-s as well. It is difficult to account for spending and votes in all districts. At the same time, nationwide campaigns very likely leave an imprint on electoral competition in SMD-s. Figure 17 and Figure 18 contrast the parties' share in total spending with their total share of votes (in PR part) and seats won (including the SMD-s). The differences are small compared to graphs depicting the relationship between expenditures and votes. For 2000 Seimas elections, the picture remains essentially similar. Only Lithuanian Liberal Union (LLS in Figure 17) emerges as clearly more successful in SMD-s than in PR part. Thus, the dot indicating the party goes up in the figure and also pulls the best-fit line over the line of perfect proportionality. As for 2004, the coefficient of determination is increased more (from 0.70 to 0.78), mostly because the performance of Liberal and Centre Union in SMD-s was superior to its performance in PR part. That brings the party closer to both the best-fit and perfect proportionality line (LiCS in Figure 18). Remarkably, the best-fit line still remains below the line of perfect proportionality – the bigger spenders on the aggregate fail to turn campaign money into superior results. That is primarily because of Homeland Union's remarkable seats share (18 per cent) despite its subdued campaign (only 7 per cent of total campaign expenditures) on the other end of the scale.

It is noteworthy that if we were to contrast the expenditures with seats shares – that is after all the ultimate aim of campaign expenditures – in Estonia, similar things will happen in the graphs. The empirical best-fit lines would rise slightly over or very close to the perfect proportionality lines at the right of the figure, while crossing the perfect fit lines and getting below it on the far left of the graphs. The main reason for that is the zero seats share of parties that remain below the legal threshold. In Latvia, focussing on seats shares would fail to improve the poor fit between campaign expenditures and electoral results.

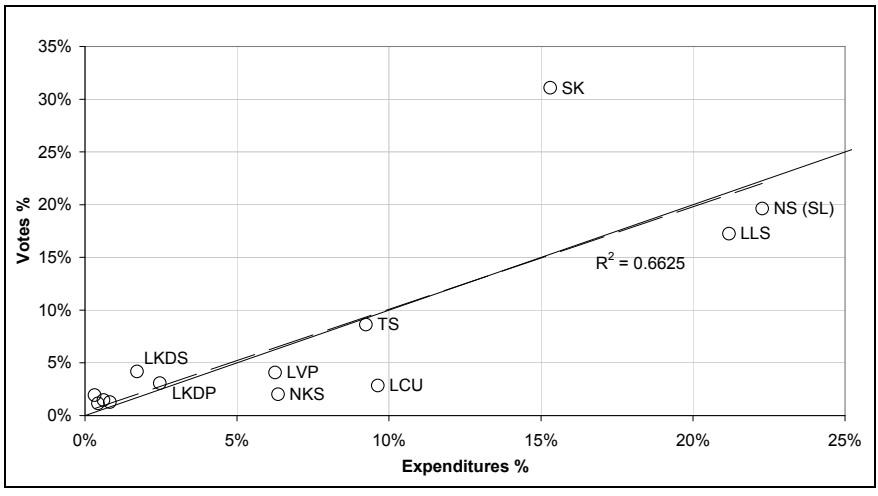

Figure 15 Reported campaign spending and votes by parties. Lithuania 2000. Parties with less than 1% of votes excluded. Source: *Lietuvos Respublikos Vyriausioji rinkimų komisija.* Abbreviations not listed in p. 11: SK: Social Democratic Coalition (*Socialdemokratinė Koalicija*), LCU: Lithuanian Centre Union (*Lietuvos centro sąjunga*), LVP: Lithuanian Peasants' Party (*Lietuvos valstiečių partija*), NKS: Moderate Conservative Union (*Nuosaikiųjų konservatorių sąjunga*), LKDP: Lithuanian Christian Democratic Party (*Lietuvos krikščionių demokratų partija*).

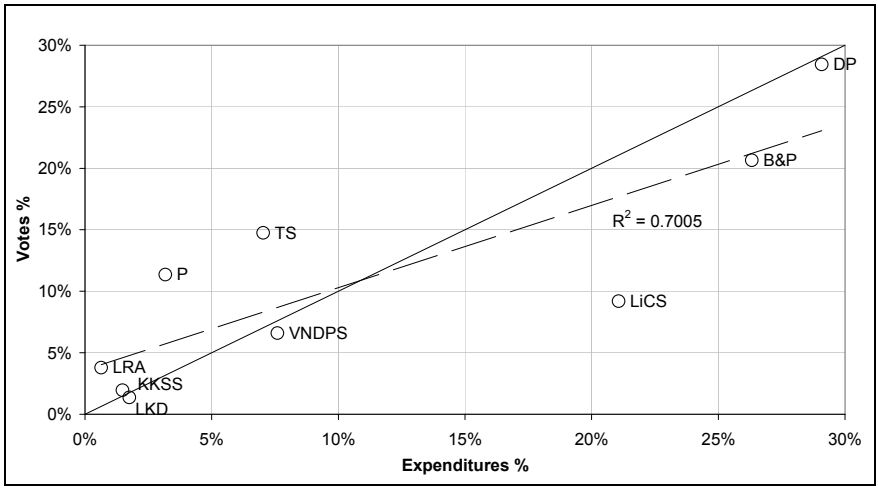

Figure 16 Reported campaign spending and votes by parties. Lithuania 2004. Parties with less than 1% of votes excluded.Source: *Lietuvos Respublikos Vyriausioji rinkimų komisija.* Abbreviations not listed in p. 11: B&P: Coalition of Algirdas Brazauskas and Artūras Paulauskas "Working for Lithuania" (*A.Brazausko ir A.Paulausko koalicija "Už darbą Lietuvai"*), P: Coalition of Rolandas Paksas "For the Order and Justice" (*Rolando Pakso koalicija "Už tvarką ir teisingumą"*), LRA: Lithuanian Poles' Electoral Action (*Lietuvos lenkų rinkimų akcija*), KKSS: Christian Conservative Social Union (*Krikščionių konservatorių socialinė sąjunga*).

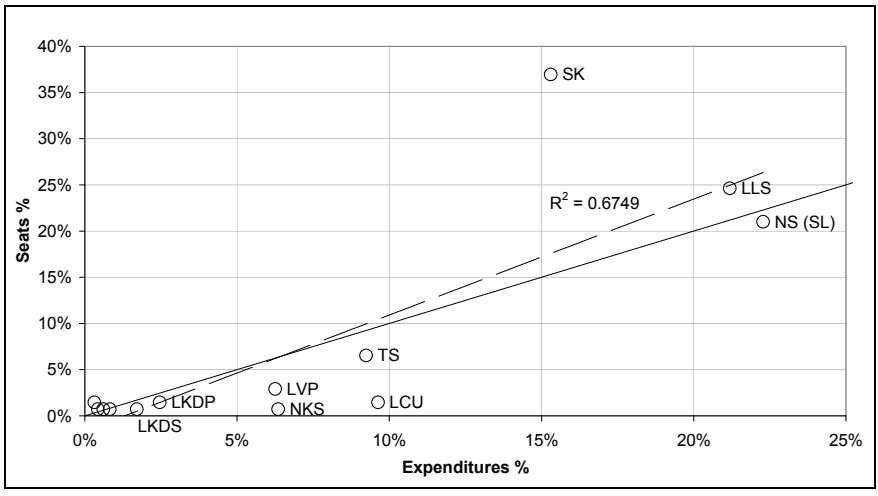

Figure 17 Reported campaign spending and seats by parties. Lithuania 2000. Parties with less than 1% of votes excluded. Abbreviations not listed in p. 11: see Figure 15. Source: *Lietuvos Respublikos Vyriausioji rinkimų komisija.*

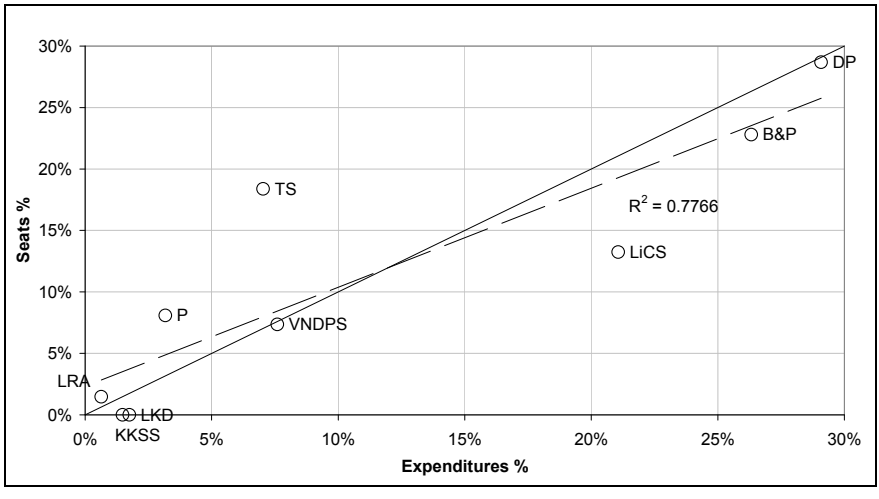

Figure 18 Reported campaign spending and seats by parties. Lithuania 2004. Parties with less than 1% of votes excluded. Abbreviations not listed in p. 11: see Figure 16. Source: *Lietuvos Respublikos Vyriausioji rinkimų komisija.*

3.1.4. Comparison and Assessment

In this section, the party financing regimes of the three countries described in above sections are brought together and compared. They are also brought to the theoretical framework of regime permissiveness—restrictiveness presented in section 2.4.1.1.

3.1.4.1. Legislative Framework

The main similarity regarding legislative frameworks (see Table 12) of the Baltic countries is the clear tendency towards more regulations and restrictions. However, there are striking differences. Latvia stands out as the country that has not yet introduced direct public subsidies to political parties. In contrast to its neighbours, Estonia has not made any significant attempts to curb campaign expenditures of political parties. Lithuania stands out with very detailed legislation, but also by the fact that it at the time of writing remains the only Baltic country that has not banned corporate donations. While all three countries have reporting requirements, their effectiveness remains in question. Especially so in Estonia, where no party has ever faced any legal sanctions for failing to comply with rules, even though reporting has not always been satisfactory. Also, there are no quantitative limits on donations in Estonia – in contrast to Latvia and Lithuania, where such limits are scrutinized and have even led to sanctions against some political parties (in Latvia). The difference is even more striking given that Estonian parties rely most heavily on subsidies from state budget. Yet, the most recent developments there are to the positive, as major parties have become relatively obedient in publicising their donors' lists on the internet at the time of writing.

As mentioned above, the countries seem not to be converging, but rather following their own paths with regard to party financing regimes. The explanation provided for the Latvian exceptionalism – regarding the lack of public subsidies – illustrates how party financing regimes can be self-reinforcing. Political actors both learn to survive in given circumstances and those that become powerful – either political parties or their influential donors – take advantage of the *status quo* and are interested in sustaining it. Also, the experience of all three countries shows how regulation of party financing can lead to a snowballing of more and more regulation. The best example is presented by the current Lithuanian law trying to cover nuances of party financing in detail but still contains loopholes that may in turn trigger further regulation.

It has been argued that the introduction of public subsidies for political parties in Western Europe has partly been the result of a diffusion effect – countries have opted for it in the footsteps of their neighbours (Nassmacher 2001: 17). That

would easily explain the early introduction of states subsidies in Estonia, following the example of the Nordic countries and Germany – the latter has indeed been an inspiration behind much of Estonian legislation. Also, the somewhat later introduction of public subsidies in Lithuania could be understood in terms of learning from its Central European neighbours, to whom the country has much more extensive contacts than Estonia. The Latvian case seems to contradict the diffusion hypothesis as despite the presence of public financing in its neighbouring countries, state subsidies to political parties have not been introduced. However, discussions on the future of the country's party financing rules have been influenced by Estonian developments. In Latvia, the party financing regime of her northern neighbour has been considered a positive example to follow (Čigāne 2002: 7-8).

3.1.4.2. Total Financing

The overall trend in all three Baltic countries has been one of increasing cost of party politics. The costs had increased from the second half of 1990s by the turn of the century and yet escalated since (see Figure 19). In less than five years, most aspects of costs saw at least a twofold increase, but in several cases the expenses surged very rapidly – witness the increases in public financing of political parties in Lithuania and Estonia. An important exception is posed by Latvia, where the total income of political parties still tends to decline to very low levels in non-election years.

At the same time, electoral campaign expenditures have been highest in Latvia, followed by Estonia; the Lithuanian campaigns have been less costly in per voter terms (see Figure 20). Meanwhile, the growth in expenditures has been most marked there. Between the most recent pair of elections, the campaign cost in Lithuania increased more than threefold. In Estonia, the respective rate of increase was 2.6 and in Latvia 1.8. Thus, the countries spending less are catching up, especially given the recent substantial increases in direct public financing, that is likely to be echoed in future campaign spending – the right end of Figure 19 highlights the potential.

All three Baltic countries have seen remarkable economic growth since mid-1990s. Thus, the increases in party expenditures can partly be explained simply by the higher overall standards of living. However, as Figure 21 indicates, the rise in campaign costs is marked even if we measure that as a share in the countries' GDP. Total income of political parties vis-à-vis economic growth has been more stable, most of the variation there being attributable to swings from election to non-election years (Figure 22).

Table 12 Party financing regimes compared: legal provisions.

Estonia	Latvia	Lithuania[a]
	Public financing	
From 1996 Parliamentary parties *From 2004* Also small grants to parties with 1% of votes in parliamentary elections	No public financing	*From 2000* To parties with at least 3% of votes in parliamentary and municipal elections
	Restrictions on donations	
From 1994 Bans: publicly owned companies & (local) government institutions, donations from foreign (local) governments *From 2004* Only legitimate sources: membership fees, public subsidies, private persons and proceeds from party property	*From 1995* Annual limit 49,000 USD per party per donor; Bans: stateless persons, foreign sources, religious org's, state & municipal institutions (incl public companies). *From 2002* Annual limit reduced to 16,500 USD. *From 2004* Only private persons; ltd by legal income in 3 years	*1999-2004* Annual limit 500 SL per party per donor[b] *From 2004* Annual limit 300 SL per party per donor + 300 SL per participant in campaigns Bans: public institutions & companies, foreign donations (exceptions for Lithuanians)
	Limits on campaign expenditures	
Not effectively	*From 2004* 0.34 USD per eligible voter (max campaign spending 481,000 USD)	*1992-2000* 20 AMW (SMD), 200 (PR)[c] *2000-2004* 50 AMW (SMD), 1000 (PR) *From 2004* 1.5 m USD in PR & 1 USD in each SMD
	Reporting	
From 1995 Campaign declarations one month after election. *From 1999* Also quarterly & annual declarations	*From 1995* Annual declarations *From 2002* Also before & after elections	*From 1990* Annual declarations *From 1992* Campaign declarations (after elections) *From 1997* Campaign declarations also before elections

Sources: Estonia: Erakonnaseadus 2003, Sikk 2003; Latvia: Ikstens et al 2001: 26-27, Snipe 2003, "Финансирование…" 2004. Lithuania: Ikstens et al 2001: 27-30, Kirby 2004, "Five Million Litas …" 2004, "Lithuanian president inks…" 2004.

[a] Does not cover regulations concerning presidential elections.

[b] SL: subsistence level.

[c] AMW: average monthly wage.

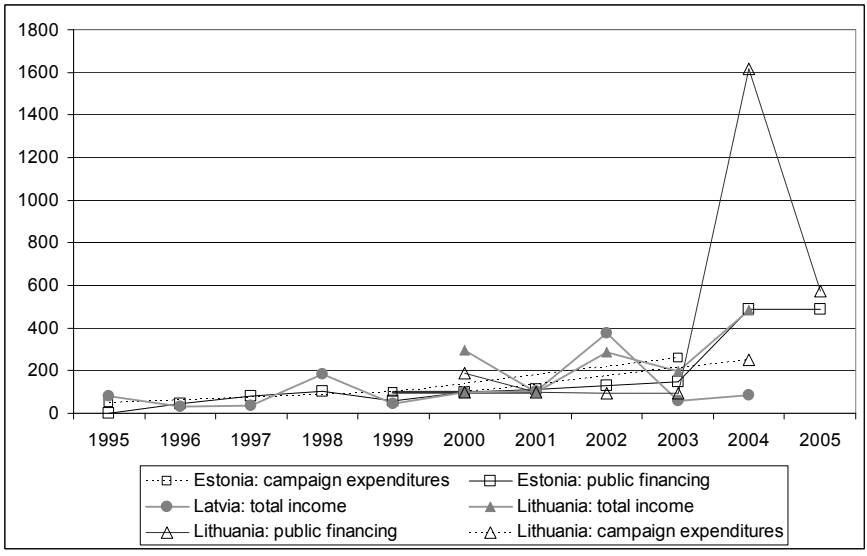

Figure 19 Dynamics of party financing, 1995-2005, Baltic countries. Around 2000=100. Source: Tables pp. 71-90.

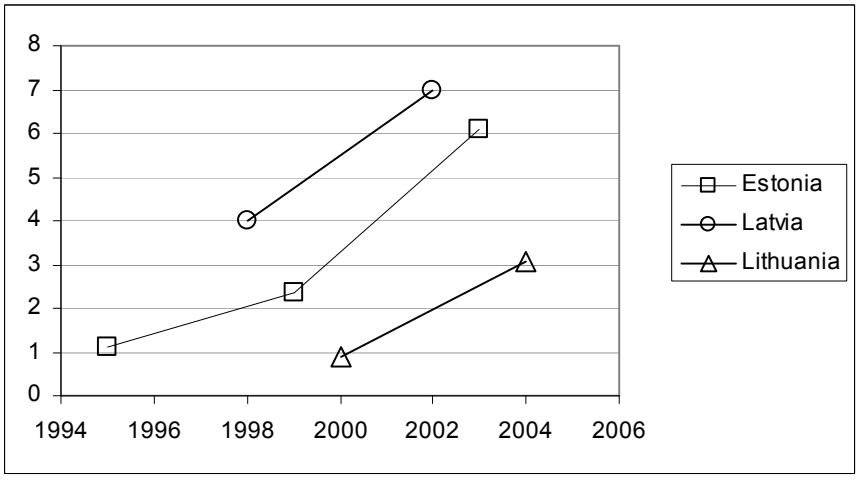

Figure 20 Total campaign expenditures per eligible voter 1995-2004 (USD). Latvian expenditures are an estimation based on reported total party expenditures from Table 5, the average of adjacent (non-election) years subtracted.

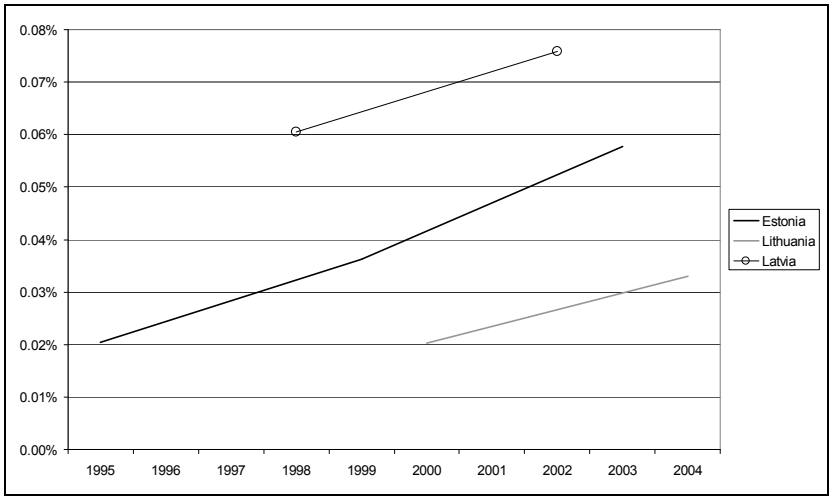

Figure 21 Campaign expenditures as % of GDP, 1995-2004.
Latvian expenditures are an estimation based on reported total party expenditures from Table 5, the average of adjacent (non-election) years subtracted. Sources: authors' calculation based on Tables pp. 71-90, GDP from *Global Development Network Growth Database*.

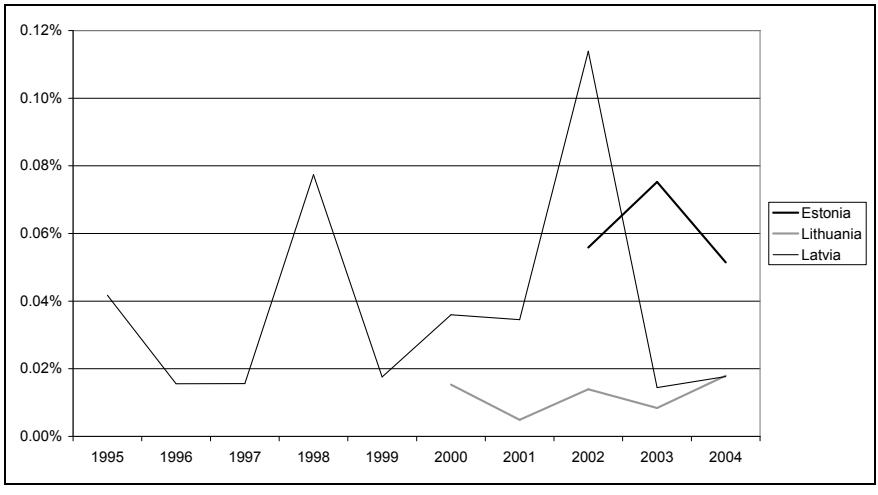

Figure 22 Total reported income as % of GDP, 1995-2004.
Sources: authors' calculation based on Tables pp. 71-90, GDP from *Global Development Network Growth Database*.

3.1.4.3. Direct Public Financing

While the trends in total party financing have been somewhat similar, there are more marked differences in the level of direct public financing of political parties. Latvia lacks party subsidies altogether. Estonia introduced public subsidies back in mid-1990s while Lithuanian parties have been enjoying support from state budget since the turn of the century. The subventions (per eligible voter) have been notably higher in Estonia compared to Lithuania. Even so, the latter has been catching up as the state subsidies increased eightfold between the last two elections, while the Estonian increase between 1999 and 2003 was more modest, both nominally and relative to the country's GDP (see Figure 23). The developments in Estonian party financing regime since then have been towards much higher direct public subsidies, reaffirming the difference from Lithuania and even more from the country's southern neighbour Latvia.

How do the Baltic countries compare to other countries with regard to their party financing regimes and costs of party politics? Latvia is a rare case of a country in Europe without direct public subsidies to its political parties. As state subventions are often associated with high campaigning costs (e.g. Nassmacher & Nassmacher 2001: 182), the lavish election campaigns there loom particularly large. Meaningful comparisons of countries' costs of party politics are difficult to make because of differences in size and levels of economic development. While Lithuania spends less than most Western democracies did in the 1990s (Ibid.: 183) in terms of per voter cost, the cost levels of last Latvian and Estonian election campaigns under study would put the two countries rather among big than small spenders. When accounting for the relatively low level of economic development, the countries appear to be near the top spenders on political campaigns. Nassmacher & Nassmacher (2001: 182-3) have proposed an index $KHN = \alpha / \beta$, where α is costs of party democracy per voter on list[59] and β is per capita GDP divided by 2,000. They report a median index of 0.48 for the 14 long-standing democracies in 1990s. That is clearly above the spending in 2004 Lithuanian parliamentary elections' campaign (where KHN was 0.36, calculated by the author). The spending in last electoral campaigns in Estonia, and especially Latvia, was much higher – respectively 1.05 and 1.67. Only three countries (Italy, Austria, and Israel) had an index higher than that of Latvia. This finding stands even more out if we consider the fact that the costs have been increasing very fast and the most recent elections were held earlier in Latvia than in Estonia and Lithuania.

[59] They do not indicate whether that refers to campaign costs or total income of parties in election years. These tend to be reasonably close in any case.

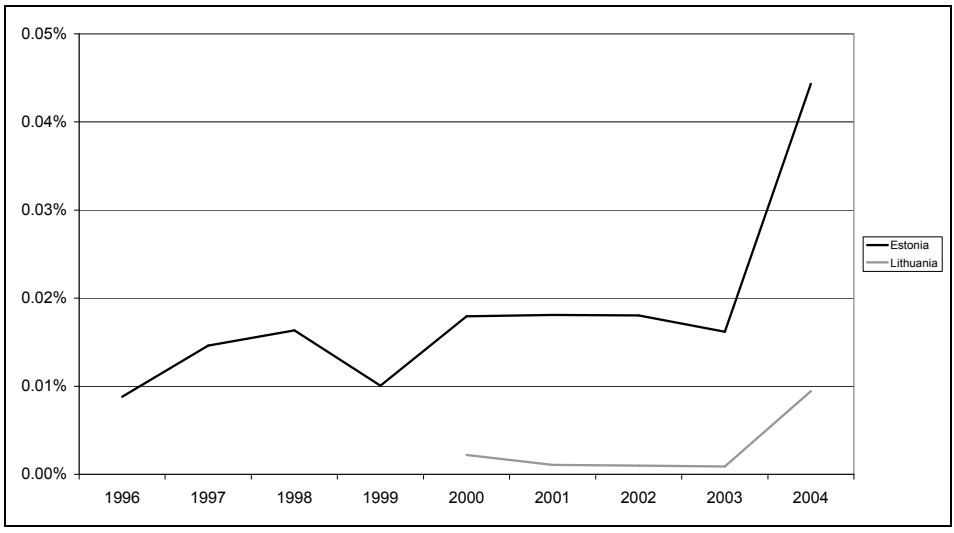

Figure 23 Public financing as % of GDP, 1996-2004.
Sources: authors' calculation based on Tables pp. 71-90, GDP from *Global Development Network Growth Database*.

3.1.4.4. Public Financing and Campaign Costs

Given the lack of necessary data, it is impossible to base a cross-country comparison of the share of public financing in overall income of political parties on total income of political parties. Rather, we have to rely on the total campaign expenditures. Things are very easy with Latvia as no public subsidies have been introduced there and thus the share of public financing in party income remains zero. In Lithuania, a problem is posed by the mixed electoral system, as part of the expenditures in SMD-s are not directly related to political parties but single or even independent candidates. Still, we have opted for total costs inclusive of SMD expenditures. In Estonia, the public financing of political parties in the year preceding parliamentary elections should be taken into account as the elections take place very early in the year (beginning of March) and the subsidies in election years are thus for the most part paid off the campaign period.

The ratio of public subsidies to campaign expenditures was somewhat higher in Estonia than Lithuania in 1999-2000, but Lithuania clearly caught up by 2004 (see Table 13). The ratios in general are rather high as public subsidies have equalled between a quarter and a half of total campaign expenses. The recent increase of subventions from the state budget in Estonia can possibly bring the ratio to drastic heights. If campaign expenditures remained at 2003 level, the most recent ratio would be over 91 percent. Clearly, the figure could decrease if campaign cost were to grow substantially or public subsidies were reduced – both

Table 13 Money in party politics.

Election	Total campaign expenditures per voter (USD)	Public financing per voter (USD)[a]	PuF/TF[b]	R^2 (shares of vote and spending)[c]
Estonia				
1995	1.12	0	0	.44
1999	2.35	1.14	0.49	.91
2003	6.10	1.48	0.24	.95
Latvia				
1998	4.01[d]	0	0	.31[e]
2002	6.99	0	0	.20
Lithuania				
2000	0.88	0.09	0.10	.66
2004	2.78	0.79	0.28	.70

[a] In Estonia, financing in the year preceding elections (see text).
[b] TF refers to campaign expenditures, PuF to public subsidies to parliamentary parties.
[c] based on parties that received at least 1 percent of votes.
[d] based on reported total party expenditures from Table 7, the average of adjacent (non-election) years subtracted.
[e] based on the relationship of share of votes and total annual party expenditures.

are relatively unlikely given the already high campaign costs and parties' unwillingness to give up some of their secure income. Recent evidence shows that overall reliance on public subsidies has indeed increased (see Figure 5, p. 74). The reports on campaign expenditures in 2005 local elections only showed a slight increase compared to local elections of 2002 ("Valimiskampaania vahendite ja kulude aruanded" 2005).

3.1.4.5. Correlation between Expenditures and Votes

The three countries differ substantially and systematically with regard to correlation of parties' campaign spending to votes gathered in national elections. In Estonia, the correlation has been remarkably high with R^2 reaching over .90 in two most recent elections. The relationship is also significant in Lithuania, but rather weak and dwindling in Latvia (see Table 13).

What do the differences in correlation coefficients imply? If the correlation is high, potential new parties may back down from contesting elections if not endowed with enough money. On the other hand, if the correlation is poor – as is the case in Latvia – new party incentives for running are less disturbed by financial limitations. While highly successful new parties in Lithuania and Estonia (Res Publica, Labour Party, New Union [Social Liberals]) have spent relatively heavily on campaigning, the Latvian experience is mixed – while New Era ran a modest campaign in 2002 (Čigāne 2003), the People's Party (narrowly

not a genuinely new party) ran a very expensive campaign in 1998 ("Gigantic Portrait …" 1998).

Most recent evidence somewhat modifies the picture presented above. The strong correlation between campaign spending and vote shares turned upside down in Estonia during the 2004 elections to the European parliament. The biggest spender (Res Publica) failed to win any of the six Estonian seats, while a party running a relatively low-budget campaign (the Social Democrats), won half of the seats. However, the voting was very much based on personalities and the Social Democrats differed from all other parties (including Res Publica) in not publicising heavily its entire list of candidates. Thus, per candidate campaign spending was likely not as unrelated to electoral success as was per party spending.[60] Furthermore, European elections and local elections are second order elections and some of the regularities of national elections do not necessarily function the same way there.

3.1.4.6. The Restrictiveness of Party Financing Regimes

We now turn back to discussion on party financing regime restrictiveness towards new political parties. The model and theory has in detail been outlined in section 2.4.1.1. How are the three countries placed in this framework? The development of Baltic party financing regimes is graphed in Figure 24. Slightly deviating from the proposed theoretical model, the figure is based on total public financing, not subsidies to established (i.e. parliamentary) parties only. In our cases the subventions to the latter have been small if existent at all.

In Estonia, the party financing regime has been the most restrictive among the Baltic countries from late 1990s. 1999 saw an evident increase in restrictiveness primarily due to the increased relevance of public subsidies, but also the increased cost of electoral campaigning. In 2003, the campaign costs increased much further, but – partly as a result of that – the ratio of public subsidies to campaign costs decreased. According to the proposed model, that move is somewhat undefined, on one hand increasing the chances of new parties (due to lesser importance of public subsidies), on the other, the increased total cost of

[60] There is some indication of "ads races" both in Estonia and Latvia, where the amount of money spent on campaigning has drastically increased and is likely far above the effective level considering the per vote expenditures of some (failed) parties and candidates. In last elections, Latvia's Way spent 1.37 million USD (28 USD per vote) narrowly failing the national electoral threshold; Res Publica spent a total of 0.6 million USD (41 USD per vote) in European parliament elections in 2004 failing to win a single seat.

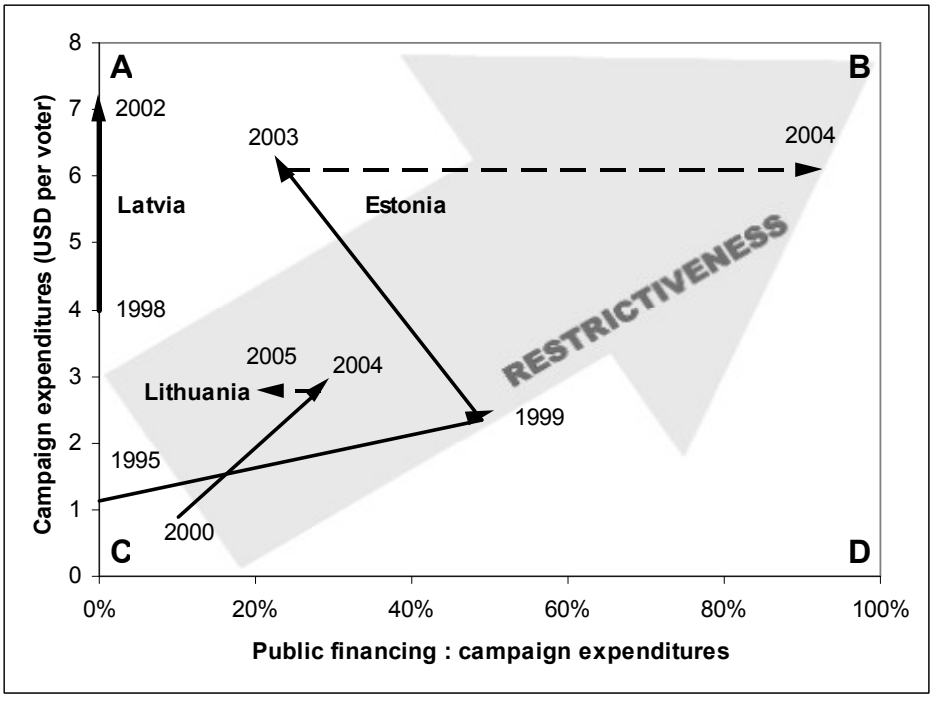

Figure 24 Party financing regimes, 1995-2004.
Solid lines indicate lines between election years, dashed lines between election and non-election years. Source: Based on tables pp. 71-90. For further explanation of the dimensions see Figure 2.

campaigning has the adverse effect. The changes in Estonian party financing regime in effect from 2004 should lead to a significantly more restrictive system, given the total cost of campaigns will not increase considerably.

Similarly to Estonia, Latvia has seen an increase in restrictiveness, but exclusively due to increased campaign costs between 1998 and 2002. The restrictive effect of that can be expected to be subdued because of the absence of direct public subsidies to Latvian political parties. Lithuania is an intermediate case. Although public subsidies have been allocated to political parties there, the total per voter cost of campaigning has been relatively low. Still, there is an evident trend towards more restrictiveness. Although the decrease in public subsidies in 2005 might indicate a small step back, based on the experience of 2000 and 2004, it is likely that next parliamentary election year will see more generous subsidies once again.

To summarize, Estonia has had the most clearly restrictive party financing regime, with high correlation between parties' campaign expenditures and their

vote shares. Latvia has been restrictive only with regard to high total level campaign expenditures, but the effect should be subdued as there is no public party financing and correlation between spending and votes has been very weak. Lithuania is an intermediate case with some degree of restrictiveness and expenditures-seats correlation coefficient lower than the Estonian but higher than the Latvian one.

3.2. Electoral System

Estonia and Latvia have used a system of PR since the countries regained independence in early 1990s. In Estonia, a two-tier system is in work with open lists in districts (average magnitude has been between 8.4 and 9.2) and closed lists in national tier. The seat shares of political parties are based on national votes, thus the effective magnitude equals the number of seats in parliament (101), but proportionality is lessened by the disproportional modified d'Hondt formula [61] and a national legal threshold of five per cent. In Latvia, the country is divided into five districts (average magnitude 20), where open lists with positive and negative preference votes are used. The seats distribution is based on Saint-Laguë formula with a five per cent national legal threshold.

Lithuania differs from its northern neighbours in that it has opted for a mixed system where 71 members of parliament are elected from SMD-s and the rest (70) from a nationwide proportional district based on simple quota and largest remainders. Parties and electoral coalitions are subject to national thresholds (see below). The SMD and PR parts are independent of each other – the latter is not corrective as for instance in Germany. As a result, the eventual seats distribution can deviate considerably from parties' vote shares in PR part if they perform stronger or weaker in SMD-s.

There have been no significant electoral system changes that might have made it more permissive towards new parties. Major changes in electoral rules have concerned increases in national thresholds. In 1998, the Latvian national threshold in was increased from 4 to 5 per cent and in 1996, the Lithuanian threshold raised from 4 to 5 per cent, while an exemption for ethnic minority parties was abolished and 7 per cent threshold for electoral coalitions was introduced. In Estonia, electoral coalitions have been banned from 1999 elections on. These changes should make the system somewhat more restrictive, yet all three countries have witnessed successful new parties thereafter.

[61] With divisors 1, $2^{0.9}$, $3^{0.9}$ etc.

Besides a mixed electoral system, Lithuania provides an additional access point for would-be new parties in the form of direct presidential elections. Those have taken place since the country regained independence. As will be discussed later, some party system dynamics in Lithuania can very clearly connected to the popular vote on the head of state.

In addition to elections, referenda and popular initiatives can also function as a point of access. Estonian constitution offers least in that respect as referenda and legislative initiatives can be initiated by popular signatures both in Latvia and Lithuania. In Lithuania, a referendum can be initiated by 300,000 citizens and legislation proposed by 50,000 (Constitution of Lithuania, art. 9, 68, 147). In Latvia, a tenth of the electorate (about 140,000 people) can initiate referenda and amending Constitution and laws (Constitution of Latvia, art 65, 72, 74, 78). In Lithuania, referenda were held at eight different times between 1991 and 2004, several initiated by a popular petition, with campaigns actually coordinated by a political party, the Homeland Union (Møller 2002: 288). In Latvia, four referenda were held during the same period, two of them triggered by the one tenth of electorate clause. (Direct democracy in the world). By comparison, Estonia has only held three referenda, all of them on constitutional issues.[62] As will be seen below, some major new parties in Lithuania have engaged in gathering signatures for referenda or popular initiatives and thus gained considerable publicity before actually entering electoral competition.

3.2.1. Ballot Access

3.2.1.1. Nomination Requirements for Individuals and Parties

The requirements for nominating lists or candidates are listed in Table 14. On the whole, any political party can nominate candidate lists in all three Baltic countries and no specific list of signatures is needed. In contrast to Estonia (since 1999), Latvian and Lithuanian parties are allowed to form electoral coalitions. The countries differ considerably with regard to requirements for individual candidates to contest elections. Estonia has no signature requirements at all and any Estonian citizen over 21 years old can contest elections in districts. In Lithuania, an individual willing to contest elections in a SMD must gather 1,000 constituents' signatures. In Latvia, elections are exclusively based on political parties – there is no possibility for individual candidates to run.

[62] At the referendum on the Constitution in 1992, an additional question on granting voting rights to early applicants for naturalized citizens was presented (Direct democracy in the world).

Table 14 Ballot access: nomination.

Estonia	Individual candidates and candidate lists of political parties, or electoral coalitions From 1994: only registered political parties could be parties to coalitions From 1999: only registered political parties and individual candidates
Latvia	A list of candidates may be submitted by a registered political party, jointly by two or more parties or by a legally registered association of parties
Lithuania	In SMDs a registered political party or political organization or every Lithuanian citizen who qualifies to be elected as a Seimas member, (provided the candidature is supported by at least 1,000 signatures of voters of that electoral area). In nationwide PR constituency a registered party or political organization.

Sources: Riigikogu Election Act (1994), *Riigikogu valimise seadus* (1998), Riigikogu Election Act (2002) (Estonia); 1995 Saeima Election Law, 2002 Saeima Election Law (Latvia); The Law on Elections to the Seimas of the Republic of Lithuania 1996, the Law on Elections to the Seimas as amended by 18 July 2000 (Lithuania); from *Political Transformation …*, *Elektrooniline Riigi Teataja*, *Centrālā vēlēšanu komisija*, Republic of Lithuania Law on Elections to the Seimas.

3.2.1.2. Party Registration

It is a widespread practice in democratic countries that parties face certain endorsement requirements in order to contest elections. Usually, in Western Europe they take the form of petition requirements (Hug 2001: 178-181). In the Baltic counties, political parties are automatically entitled to present their lists in elections, but they need to be formally registered before. In all three Baltic countries, there is a formal membership threshold that the parties must fulfil in order to be registered (see Table 15). Despite differences in the size of the countries, Estonia has had the highest membership threshold. Establishing a party has been a demanding task there since the introduction of party law in 1994. Only a party which has gathered a minimum of 1,000 members (approximately 0.12 percent of electorate) can be registered and be eligible for contesting elections. An exception regarded parties that were registered before the 1995 elections – their membership threshold was only at 200 members, and they had to conform to the 1,000-members requirement only by October 1998 (BNS 1997). Until 1996, the law additionally stipulated that parties not winning representation in the parliament in two consecutive elections were to be removed from the register.

The membership requirements have been significantly lower both in Latvia and Lithuania. Until recently, a party could be formed in Lithuania with 400 members (0.02 percent of electorate in 2000). From 2004, the membership was raised to the Estonian level (1,000), but that still comprises only 0.04 percent of Lithuanian

Table 15 Party registration membership requirements.

	Number of members required (% of electorate)
Estonia	1,000 (0.12%)[1] Parties have to make the membership lists public
Latvia	200 (0.01%)
Lithuania	400 (0.02%) 1,000 (0.04%)

Sources: BNS 1997, BBC Monitoring International Reports (2004), Law on Political … (1995).

[1] Threshold established in 1994, parties registered before 1995 had a threshold of 200 and had to comply with the general threshold by October 1998.

electorate. Latvia has by far the lowest membership requirement – only 200 members are requested for registering a new political party, comprising only 0.01 percent of the electorate. Latvia has indeed had notoriously low membership figures even among major parties.

The stricter requirements in Estonia have led the parties to have larger self-reported membership (42,000) in face of the country size compared to Latvia and Lithuania – 15,000 in Latvia and somewhere between 50,000 and 125,000 in Lithuania.[63] In Latvia, many significant parties have a minuscule membership only: the winner of 2002 elections, New Era narrowly surpassed the threshold of 200 in 2003 (Auers 2003); the leading party in several governments, Latvia's Way, had less than 1,000 members in 1999 ("Latvia's People's Party…" 1999).

In general terms, the membership requirements in the Baltic countries are low compared to party membership levels in Western European countries and even to the actual membership figures in the Baltic countries themselves (see p. 139). At the same time, the Estonian requirements are rather high and Latvian and Lithuanian ones fairly similar to the petition requirements in Western Europe. Hug (2001: 100-101) measures the barrier presented by signature requirement per million voters. The Estonian ratio derived from minimum number of party members (1,163) would be among the highest and greatly above average. The Latvian (143) and Lithuanian ratios (151-378) would fall into the main cloud of cases.

It can be argued that membership requirements are effectively stricter than petition requirements. Being a party member assumes at least some degree of

[63] The Lithuanian parties are not required to present their membership rolls. The data are correspondingly calculated from Žvaliauskas (2004: 268) and Nerijus Prekevičius, personal communication, 30 January 2004.

involvement: at a minimum, to pay membership dues[64] or write the application for leaving the party. In Estonian case, the membership lists are public from 2002 on and the registry even has a search engine for finding out the party membership of any person (*Information system of the central commercial register*). In Lithuania and Latvia, political parties are not required to make their membership lists public or even present up-to-date rolls.

Clearly, the very low membership requirements in Latvia and Lithuania could hardly have hindered new party formation. Even the relatively high membership threshold of Estonia has not been an effective hindrance. When the membership lists were made public, it appeared that quite a few parties had included many people in their ranks who had no idea of their membership. Even with public membership lists, there are odd cases that raise doubts of the truth-value of reported membership figures. In case of the Russian Party in Estonia, the number of its supporters in 2003 parliamentary elections was *lower* than their reported membership figure (the party received 990 votes, but declared to have 1,355 members). Some smaller Eurosceptic parties seem to be so frail that they failed to contest both 2003 national and 2004 European elections (Sikk 2006) – even though the latter should be especially significant for them. Therefore, the legal membership thresholds should neither be considered an effective restriction on new party formation nor a substitute for the absence of petition requirements in the Baltic countries. We will return to party membership requirements later, in analysing the cases of highly successful genuinely new parties.

3.2.1.3. Electoral Deposits

Differences in electoral systems make the comparison of electoral deposits difficult. In Estonia, the deposit is paid per candidate, both in case of party lists and individual candidates, and the amount of the deposit has been linked to official minimum wage. In Latvia, there is a fixed deposit of 1,000 LVL (approximately 2,000 USD) per party list. The system is most complicated in Lithuania. It is based on average monthly wage in the country and is different in the SMD-s and PR part of the elections. There are additional deposits for changing candidates, joining party lists and punishments for not publishing reports on campaign incomes and expenditures in Lithuania.

In Table 16, the deposit requirements are compared based on the amount a party would have to pay if it presented a full list of candidates in a sense of number of

[64] However, at least one Estonian party (Pro Patria) does not collect dues from its members (Madise & Sikk, forthcoming).

Table 16 Ballot access: deposits.

Size of the deposit (USD)	Deposit returned if	Year	Per candidate	Per full list
	Estonia[a]			
Twice minimum monthly wage per candidate	Candidate: ½ of simple quota of votes List: past 5% threshold	1995 1999 2003	81 167 319	8,180 16,870 32,220
	Latvia			
1,000 LVL per list	Wins representation in parliament	1995 1998 2002	186[b] 172[b] 166[b]	1,860 1,720 1,660
	Lithuania			
SMD: one average monthly wage (AMW)[c] List in PR: 20 AMWs[d]	Candidate: elected in SMD List: eligible for mandates in PR part[e]	1996 2000 2004	155[f] 243[f] 444[f]	13,950[g] 21,870[g] 39,960[g]

Sources: *Elektrooniline Riigi Teataja*, *Lietuvos Respublikos Vyriausioji rinkimų komisija*, Lithuanian Department of Statistics (2004). Exchange rates from Bank of Estonia, Bank of Latvia, and Bank of Lithuania.

[a] In 1992, the deposit equalled half of monthly wage of an MP per candidate.

[b] with full list.

[c] To register one new candidate in a one-candidate electoral area instead of the candidate whose application documents have been revoked or he has revoked the documents himself - one AMW.

[d] One AMW to change the place of a candidate on list or to enter a new candidate. 0.3 AMW to join lists together, for each party. The deposit is doubled for a party that did not present a campaign financial report after preceding elections.

[e] … and the report on the sources and use of the funds for election campaign published in press.

[f] in SMD-s.

[g] SMD+PR.

seats in the parliament.[65] The level of deposits has been significantly lower in Latvia compared to her neighbours. Most of the time, it has been less than one tenth of the deposit for nominating a full list compared to Estonia and Lithuania. The absolute sum of deposits has been roughly similar in the latter two countries; only in mid-1990s was the Estonian deposit only about a half of that in Lithuania. Relative to the size of the countries, the Estonian deposits have been somewhat

[65] Note that it is not in each case the maximum allowed number of candidates in lists. In Lithuania, it was limited to 120 in 1996 and to 141 from 2000, while there are 71 seats to be filled from party lists in Seimas. In Estonia, the maximum number of candidates was not limited until 1999 – when the Moderates nominated a total of 303 candidates for 101 seats – while it has been limited to 125 since 2003.

Table 17 Institutional restrictiveness towards new parties.

	Estonia	Latvia	Lithuania
Party financing regime	high	low	medium
Electoral and political system	medium	medium	low
Party registration / ballot access	high	low	medium
Overall restrictiveness	high	low	medium

higher.[66] It is difficult to compare any of these figures to Western deposits as the information at hand is incomplete. Hug (2001: 100) tests the effect of electoral deposit as fraction of GNP per capita (tenths of a percent) on new party formation.[67] While his data range from 0 to less than 1 tenths of a percent of GNP per capita, the deposits per candidate in the Baltic countries are far above the range. The Lithuanian deposit is 8.7 percent (thus 87 tenths of a percent), the Estonian 6.1 percent and even Latvian 4.5 percent of annual GNI per capita.[68] Thus, the level of deposits in the Baltic countries is much higher than in any Western European country.

Given my focus on new party success levels – and not simply formation – the conditions for a deposit refund are important. In this respect, Latvia and Lithuania are similar, as the deposit is returned if the parties (and candidates, in Lithuanian case) are elected to the parliament. The chances of a refund are somewhat fairer in Estonia, as the deposit is returned to parties that pass the nationwide electoral threshold but also to a candidate receiving at least half of the constituency quota of votes. However, after 1995 that has in practice meant refunds only for parties crossing the threshold.[69]

All in all, while the deposits may hinder weak candidates or parties from contesting elections in Estonia and Lithuania, they certainly do not restrict the entry of strong contestants. On one hand, the deposit is returned in case of success; on the other hand, the required sums clearly pale in the face of parties' campaign costs described above. Yet, ballot access restrictions are much higher in all three Baltic countries compared to Western Europe. Therefore, the attention devoted to ballot access as a restriction to new party emergence in previous

[66] Partly, that is already reflected in the *per full list* deposit, as the number of seats in the parliaments is different. Still, the ratio of assembly sizes only 1.4, while the ratio of population sizes is around 3.
[67] He does not clearly indicate whether that is based on deposit per parties or candidates, but deciding by his data, it seems to be per candidate.
[68] GNI per capita in current USD based on World Bank (2005). The 2003 USD:EUR exchange rate of 0.848 was used in converting the size of deposits.
[69] In 1992, the deposit was returned to seven and in 1995 three candidates not entering the parliament.

studies seems surprising. However, as noted above, in Western Europe, new party emergence is close to a dichotomous variable and therefore it is the absence of new parties in an election that often needs to be explained, and there even a modest ballot access restriction may be more relevant.

3.3. Conclusion

Table 17 summarizes the relative level of permissiveness in the three countries, "high" denoting relative restrictiveness of the facet of environment, "low" denoting relative permissiveness – all in comparison to the two other countries, rather than indicating an absolute level of restrictiveness. Estonian environment stands out as the most restrictive, especially regarding the party financing regime, but other elements as well, e.g. it provides fewer access points and party registration is more difficult. The Latvian party financing regime and registration requirements are very permissive, but there are fewer access points compared to Lithuania. In Lithuania, the permissiveness of party financing regime is medium as public party financing has now been established, but there is still relatively little money in party politics – both regarding public subsidies and total financing. At the same time, Lithuania is characterized by much higher number of access points than the other two countries.

The next two chapters will focus on the impact of institutional environment outlined here. First, the expectations derived from the theoretical model will be tested against empirical evidence to see whether restrictive institutions have in fact led to more limited new party success and change in party system. The second part of analysis of new party emergence will concentrate on how particularly successful new parties have appeared in their countries' particular political environment. Two general but combinable strategies vis-à-vis permissive and restrictive features can be used by new parties:

- "Taking carrot". Parties use permissive features of country's political environment. For instance, they do not invest in building up a significant membership basis if it is not required by regulations or necessitated by other parties' practices, compete more equally with parliamentary parties if the latter are not granted significant sums from state budget etc.

- "Avoiding stick". New party strategy is concerned with overcoming the hurdles presented by the environment. In order to be successful, a party has to invest heavily in membership, attract private funds in order to compete with public grants to incumbent parties, or has to overcome these difficulties by adopting a strategy that will catch media attention (and thus potentially mobilize voters) without having to pay for it – i.e. have a well-known charismatic leader, radical or populist program etc.

4. PERFORMANCE OF BALTIC PARTY SYSTEMS

In this section, we compare the votes and seats percentage for genuinely new parties to the traditional measure of party system stability – electoral volatility. Additionally, party system persistence between the first and the last parliament under study, and the turnover of MPs will be assessed. Besides these quantitative measures, the subsequent performance of successful genuinely new parties will be assessed. The section concludes with a discussion of the role different facets of electoral institutions have played in emergence of concrete cases of new parties.

For the major part, all used measures point towards similar rank ordering of the Baltic party systems – Latvian having experienced most change, Estonian having been the most stable, with Lithuania falling in-between. Interestingly, the party systems have become more prone to change, as the popularity of genuinely new parties has constantly increased in Latvia and Lithuania since 1995, and more recently so also in Estonia. The level of electoral volatility has remained very high, especially in Latvia and Lithuania.

4.1. Electoral Volatility

As discussed in the theoretical section of this dissertation, measuring volatility poses problems, especially in countries with dynamic party systems. Therefore, it should come as no surprise that different sources have come up with more or less differing volatility scores for post-communist countries (e.g. see Lewis 2000: 85). Arguments in favour of the approach used here have been given above. It should be, however, stressed that other methods resulting in somewhat different results may in principle be wholly legitimate, especially if a study has different theoretical objectives than mine – for example, analysing the changes in choices voters face from one election to another, where new "items on the menu" may have to be considered new without regard their organizational histories.

The average electoral volatility has been much higher in Latvia and Lithuania than in Estonia (see Figure 25). However, the 2003 parliamentary elections in Estonia saw the volatility level catching up with the country's southern neighbours. Although other sources have somewhat different exact scores due to reasons given above, they similarly indicate that Latvia has tended to have volatility highest of the three countries while it has been lower in Estonia (Pettai & Kreuzer 1999: 9, Rose et al 1998: 119, Lewis 2000: 85, Birch 2001, Krupavičius 1999:9). Importantly, we cannot see a trend towards stability in any of the three countries. Even though there was a decrease in volatility in last

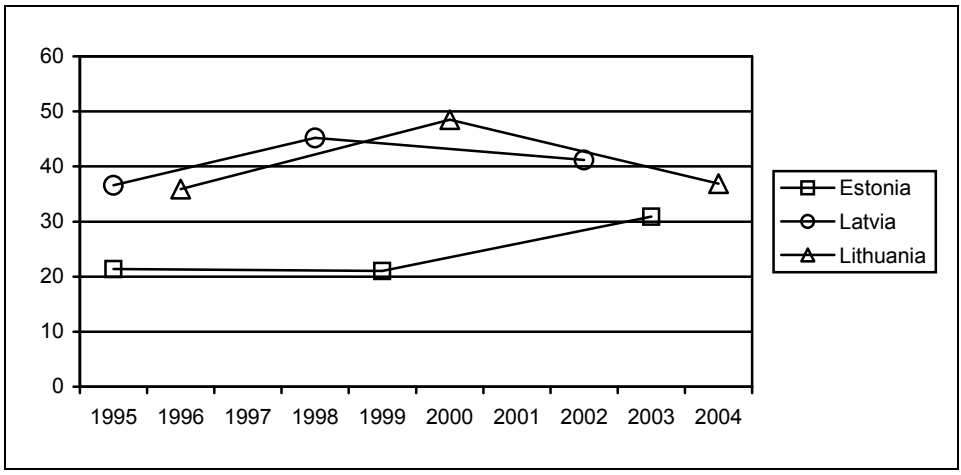

Figure 25 Electoral volatility.
For electoral results and calculation of volatility scores, see Appendix. Source: own calculations (based on Rose et al 1998, *Vabariigi valimiskomisjon*, *Centrālā vēlēšanu komisija*, *Lietuvos Respublikos Vyriausioji rinkimų komisija*).

Latvian and Lithuanian elections, the volatility in early 2000s was still above 30 percent in all three countries and remained higher compared to mid-1990s.

4.1.1. Volatility over Several Elections

Arguably, the volatility index reflects short term changes in party popularities and not as well substantial long-term change in party systems, as a party can win significantly in one election and loose greatly in the subsequent one, or vice versa. To alleviate this problem, calculating volatility over more than one election has been proposed (Rattinger 1997). However, it is very difficult to do that in the countries under study here as there has been a great number of splits, mergers and electoral coalitions – thus the problems related to calculating volatility only augment. It is however possible to assess whether volatility in consecutive elections has been cumulative or rather balancing in broad terms. The first refers to a situation where parties have individual volatility scores with the same sign in consecutive elections. The second refers to the situation where a party losing votes in one election adds to its support in the following on or vice versa. Somewhat impressionistic evaluations on the pairs of Baltic elections are presented in Table 18.

Table 18 Balancing and cumulative elections.

Rather balancing	Both tendencies	Rather cumulative
Estonia 1992-1999	Lithuania 1996-2000, 2000-2004 Latvia 1993-1998 Estonia 1995-2003	Latvia 1995-2002

None of the pairs of elections has been uniformly balancing or cumulative – usually, some parties gain or lose consecutively while others swing to and fro. The only pair of elections under study where balancing tendency clearly was prevalent is Estonia 1992-1999. While in 1995, the Coalition Party with its electoral affiliates increased its support by more than ten percent, the parties in the aggregate lost almost 17 percent in 1999. At the same time, losers of the 1995 election – in particular Pro Patria and the Moderates – made gains in 1999 (for the details see Tables 28 and 31 in Appendix). The second pair of Estonian elections (1995-2003) showed both tendencies. The Coalition Party and its electoral coalition allies faced further losses and a new party, Res Publica emerged strongly at the electoral scene. Also, the Centre Party that had gained support in 1999, managed to increase it slightly in 2003. At the same time, the Moderates and Pro Patria that had made gains in 1999, lost substantially. The support for another major Estonian party, the Reform Party, has remained relatively unchanged.

In Latvia, both pairs of elections have seen both tendencies. However, in 1993-1998 balancing was more apparent than in 2002. While both 1998 and 2002 saw emergence of strong new parties contributing to cumulativeness, there were more notable cases of balancing between 1993 and 1998 – especially the 1995 successes of Siegerists and Authentic Democratic Party "Saimnieks", that were both voted out of parliament in 1998 (for details see Tables 29 and 32 in Appendix). The coalitions going for the ethnic Russian vote ("For Human Rights in United Latvia" and related parties) swung back and forth between 1993 and 1998, but they constantly increased support between 1995 and 2002. Also, the support for the New Party and its later incarnation, the Latvia's First Party,[70] has been uniformly growing. All in all, the two pairs of Latvian elections appear to be more different in the table than they should be – in fact the patterns were relatively similar, but to highlight the slight differences, they have been placed in different cells in Table 18. Notably, the most recent pair of elections has been more cumulative then the earlier both in Latvia and Estonia. That strengthens the

[70] Both parties are very closely related to a wealthy businessman, Ainārs Šlesers, although otherwise the parties' elites are not identical.

finding from the analysis of volatility that no substantial trend towards stabilization occurred.

In Lithuania, both tendencies have been more or less equally evident in both pairs of elections under study. The two "established" players of Lithuanian party system that were central already in very early 1990s – the former communist party (Democratic Labour Party, currently Social Democratic Party) and Homeland Union – have seen an upswing followed by a drop in popularity or vice versa in each pair of election (see Tables 30 and 33 in Appendix). Cumulative tendencies have mostly been provided by two genuinely new parties – New Union (Social Liberals) and the Labour Party – and one that very narrowly escapes the definition – Liberal Union that had a minuscule representation in the parliament before becoming one of the big players in 2000. However, the relatively small but steady increase in the popularity of New Democracy Party and its predecessors, and the waning of Christian Democrats have also been contributing to the cumulative element.

In general, Table 18 highlights that to significant extent the high level of volatility witnessed in the Baltic countries has been cumulative. Thus, most electoral losses have not been made up by gains in subsequent elections and volatility often has left a more permanent mark on the countries' party systems. Still, while this tendency has been dominant, it does not capture the whole of the story. Some volatility has been of a balancing kind – more so in Estonia – and thus not contributed to a long-term change in party systems.

4.2. Genuinely New Parties

Besides being relatively more volatile than Estonia, Latvia and Lithuania have also seen many more successful genuinely new parties both in terms of votes gathered in elections and seats won in parliaments (see Figure 26and Figure 27). The two southernmost Baltic countries have seen an actual constant *increase* in vote shares going to genuinely new parties. The difference between the two and Estonia was especially marked in elections around the turn of the century. In earlier and most recent elections, the difference has been much less pronounced. The increase in genuine new parties' vote shares from six to almost 27 percent between 1999 and 2003 in Estonia is especially striking. That is almost exclusively related to the major success case of Res Publica.

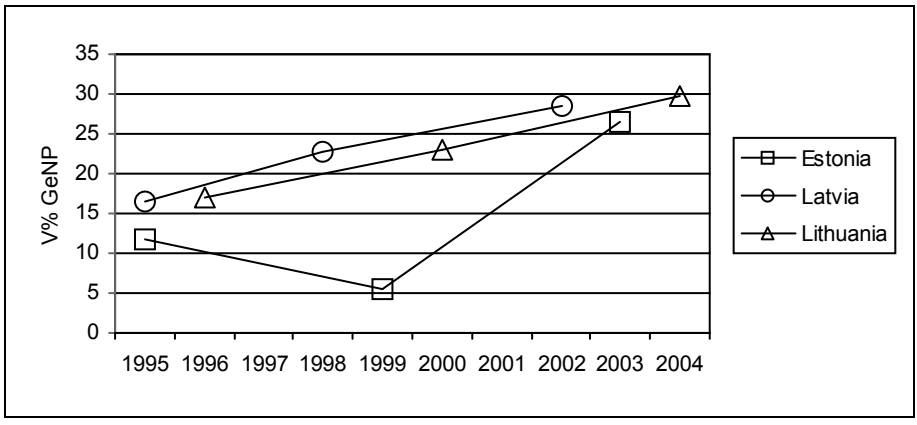

Figure 26 Votes for genuinely new parties.
For a list of genuinely new parties, see Table 33 in Appendix. Source: same as Figure 25.

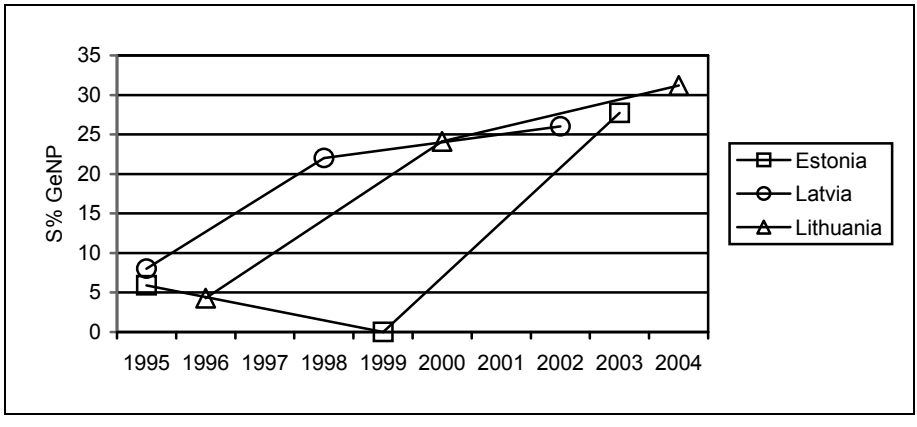

Figure 27 Seats shares of genuinely new parties.
For a list of genuinely new parties, see Table 33 in Appendix. Source: same as Figure 25.

The percentage of seats captured by genuinely new parties (Figure 27) was relatively low in the first elections under study in all countries and in 1999 in Estonia when no genuinely new party managed to win representation. The seats shares of genuinely new parties have increased markedly since. In fact, the increase has been higher than it is the case with vote shares. Interestingly, the difference between genuinely new parties' votes and seats shares has decreased considerably, reaching negative values for the two last Lithuanian elections and last Estonian elections. That is an indication of a significant trend among voters – while earlier many of the votes were wasted on parties who eventually failed to win representation, voting for genuinely new parties has become evidently more "rational".

Table 19 Genuinely new & other new parties: links to earlier party politics.

	Number of MPs (at entry)	Former MP-s	Former ministers
Estonia			
Our Home is Estonia 1995	6	0	0
Res Publica 2003	28	1	1
Reform Party 1995	*19*	*10*	*4*
Latvia			
Latvian Unity Party 1995	8	0	0
Social Democratic Alliance 1998	14	2	1
New Party 1998	8	0	1
New Era 2002	26	0	0
People's Party 1998	*24*	*6*	*4*
Latvia's First Party 2002	*10*	*5*	*1*
Lithuania			
New Union (Social Liberals) 2000	29	0	0
Labour Party 2004	39	4	1

Note: Italics indicate the parties that do not qualify as genuinely new. Small Lithuanian genuinely new parties omitted.

Table 19 lists the larger genuinely new parties from the three countries. It highlights the way they differ from other parties that can be considered simply "new" with regard to contesting elections for the first time under a certain name, and showing some organizational novelty. The Estonian Reform Party and the two Latvian parties listed relatively narrowly escape the definition of genuinely new parties, as we would indeed suggest that the emergence of these parties changed their countries' party systems to an important extent. However, looking at the links of their initial MP-s to party politics reveals how different they are from the genuinely new parties. At least half of the Reform Party's and Latvia's First Party's MP-s had been sitting in the parliament before. While the leading members of Latvian People's Party had not been MP-s to the same extent, the links of the party elite to former cabinets was considerable – a whole four of the party's MP-s elected in 1998 had been ministers before. In contrast, very few genuinely new parties' MP-s sworn in had previous parliamentary experience and even fewer had been cabinet ministers. That convincingly shows that there has been an important qualitative difference between the simply new and the genuinely new parties of the Baltic countries.

4.2.1. Subsequent Performance of Genuinely New Parties

New political parties can arise and wane or they can stay, changing the political landscape for good. Table 20 provides an overview of subsequent performance of once successful Baltic genuinely new parties. The most striking observation in Table 20 is that out of the ten parties listed, only one (Lithuanian Freedom Union) had not experienced splits or mergers or disappeared from electoral scene by 2004. Two of the parties had disappeared and seven had lost independent existence. The electoral coalition of ethnic Russian parties in Estonia basically split up into United People's Party and Russian Party in Estonia before 1999 elections, while the former included candidates from the (ethnically diverse) Social Democratic Labour Party in their list. Latvian Social Democratic Alliance had a splinter (Social Democratic Union) before 2002 elections and the New Party disappeared but is quite clearly connected to the Latvia's First Party (especially through its main driving force at least in financial sense, former deputy Prime Minister Ainārs Šlesers), but also leaving important traces to the People's Party (famous composer Raimonds Pauls) and the Green & Farmers' Union (Ingrīda Ūdre and Andris Bērziņš). On the other hand, the Christian Democratic Union has joined the Latvia's First Party ("Latvia's Christian Democrats nominate …", 2002).

The most complicated case is probably presented by the Lithuanian Liberal Union. Its popularity increased manifold after former (Homeland Union) Prime Minister Rolandas Paksas joined the party. Later, however he left the party to establish the Liberal Democratic Party. After Paksas was elected Lithuanian president in 2003 and impeached in 2004, the party became part of 2004 coalition of Rolandas Paksas "For the Order and Justice". The latter included another genuinely new party, the People's Union "For the Fair Lithuania".[71] At the same time, the remaining Liberal Union merged with the Lithuanian Centre Union to form the Liberal & Centre Union.[72]

New Union (Social Liberals) joined forces with the Lithuanian Social Democratic Party in 2004 to form the coalition of Algirdas Brazauskas and Artūras Paulauskas "Working for Lithuania". While the popularity of NS(SL) had declined to almost nothing, the coalition granted the party a reasonable representation in the parliament.

The more recent experience of New Era and Res Publica shows that splits and mergers can be a commonplace among the successful new parties also in Latvia

[71] Paksas himself was barred from running because of the impeachment.
[72] Before 2004 parliamentary elections the party was joined by Petras Auštrevičius – the candidate coming third in 2004 presidential elections.

Table 20 Subsequent performance of successful genuinely new parties.

	Elections of entry		Second elections		Third elections	
Party (year)	V%	S%	V%	S%	V%	S%
			Estonia			
Our Home is Estonia (1995)	5.9	5.9	6.1+1.6[b]	5.9+0.0[b]	2.2+0.2[b]	0.0+0.0[b]
			Latvia			
Latvian Unity Party (1995)	7.2	8.0	0.5	0.0	-	-
Social Democratic Alliance (1998)	12.8	14.0	4.0+1.5[c]	0.0+0.0[c]	NY	NY
New Party (1998)	7.3	8.0	(9.5)[d]	(12.0)[d]	NY	NY
			Lithuania			
National Party Young Lithuania[a] (1996)	4.0	0.7	1.2	0.7	-	-
Liberal Union[a] (1996)	1.9	0.7	17.3	24.1	9.1/11.4[e]	12.8/7.8[e]
Freedom Union[a] (2000)	1.3	0.7	0.3	0.0	NY	NY
New Union (Social Liberals) (2000)	19.6	20.6	(20.7)[f]	7.8	NY	NY
People's Union "For the Fair Lithuania"[a] (2000)	1.5	0.7	(11.4)[g]	(7.8)[g]	NY	NY

V% – votes percentage, S% – seats percentage.
[a] entered from the one-mandate districts.
[b] United People's Party and Russian Party in Estonia, the splinter from 1995 coalition.
[c] Social Democratic Workers' Party and Social Democratic Union.
[d] Latvia's First Party, that has significant connections to the New Party.
[e] Liberal & Centre Union and Paksas' Coalition from 2004.
[f] In a coalition with Social Democratic Party, seats percentage as of July 2005.
[g] In Rolandas Paksas' coalition "For the Order and Justice".
NY – not yet applicable at the time of writing.
Source: Tables 28-30 in Appendix.

and Estonia. In 11 June 2005, Maris Gulbis, a former minister for the New Era, became a founder of another new party – the New Democrats (Krēvics 2005). Until early 2005, many Res Publica's leaders had serious plans to merge with the Reform Party (Roonemaa 2004). The merger was dropped from the agenda only because the Reform Party had lost all of its initial interest as the popularity of its counterpart had completely collapsed during 2004. Meanwhile, close cooperation with the Pro Patria party has led to plans for merger in 2007.

Table 21 Persistence of parties from the first to the last parliament.

	(A) Precursors in the first parliament (%)	(B) Heirs in the last parliament (%)	(C) Average: index of party system persistence
Estonia	72.3	83.2	77.8
Lithuania	46.1	96.5	71.3
Latvia	44.0	89.0	66.5

Source: own calculations based on Tables 28-30 in Appendix.

In general, the subsequent performance of once successful genuinely new parties has been weak. Some of them have rather promptly vanished from national politics, others have later combined forces with parties that were established before their emergence (e.g. NS[SL], to some extent LLS). The only two successful genuinely new parties that could clearly retain or even increase their popularity two years into its existence and at the time of writing seem to have a strong potential to stay in their party political landscape are New Era and Lithuanian Liberal Union. The latter has at the same time undergone multiple many organizational changes in recent years.

The above section once again highlights the difficulties one runs into when faced on quantitative measurement of party system dynamics in new democracies. The organizational histories of several of the parties analysed are quite complex and the intricate account given above still has some minor omissions. The organizational histories of other parties that have never belonged to the category of genuinely new parties are at times even more complicated. Only main developments are illustrated in tables on individual party volatilities in Appendix. Therefore, it is especially important to use several stocks of measure for assessing party system developments. The precise values of different indicators are additionally dependent on how exactly one deals with the complex organizational developments of political parties.

Another way of looking at the overall change in party systems since the countries' independence is to compare the party composition of the first and the last parliament under study. As there have been numerous and sometimes complex splits and mergers in all three countries, calculating votes volatility between elections or seats volatility between parliaments is not possible in a meaningful way. Alternatively, the persistence of party systems has been assessed in Table 21 by looking at seats percentages in the most recent parliament of parties with any precursors in the initial parliament and seats percentages of parties in the first parliament with any heirs in the latest parliament. The party histories are based on the tables of volatility scores in Appendix. Column A reveals that while almost three quarters of seats in Estonian parliament elected in 2003 were held by parties already represented in the parliament in 1992 (and their descendants), the same figure for Latvia and Lithuania is below 50 per cent. Thus,

the overall party system change in Estonia has been more limited than in its southern neighbours even despite the highly volatile elections of 2003 witnessing the rise of Res Publica. Column B in Table 21 reveals that the parties represented in the first post-independence parliament have left their strong mark on their countries' party systems. In all three countries, over 80 per cent of seats in initial legislatures were held by parties represented in the last parliament or their precursors. The "heirless death" of parties has been most uncommon in Lithuania.

The percentage of seats held by precursors or heirs is apparently insensitive to changes in party strength – if all parties in the most recent parliament had minuscule precursors in the initial one or all parties of the time had only left weak heirs to the last parliament, the persistence scores would still be at the maximum. To partially make up for that shortcoming, column C in Table 21 lists the average of the two indicators. The exact values of the persistence index are somewhat difficult to interpret intuitively. However, the rank ordering of the countries basically corresponds to indicators analysed above. The Latvian party system has seen most changes, while the party system in Estonia has changed much less, Lithuania falling somewhere between the two.

4.2.2. Turnover of Members of Parliament

Turnover of members of parliament can be used as an alternative or complementary indicator of parliamentary party system stability. Even though it does not directly relate to party system as such, it still reflects the extent of change and is to some extent related to overall party system stability. If MP-s are replaced at a high rate even within old parties, there can be considerable doubt on whether the parties actually remain the same or have just retained labels. Alternatively, if the names of parties change but the turnover of MP-s is low, substantive change in party system can be called into question.

Table 22 presents the carry-over (or re-election) rates of MPs in three Baltic countries. In general, the figures are relatively close to some of the politically less stable countries in Central and Eastern Europe like Poland that has an average carry-over rate at 36 percent (during the first post-communist decade, Bakke & Sitter 2005: 4) and somewhat lower compared to the average rates in some of the more stable ones, such as the Czech Republic (50 percent, ibid.). Similarly to other indicators of party system stability, the re-election rate shows more change in Latvia and Lithuania compared to Estonia. Note that in many ways the carry-over rate is a more robust indicator compared to the ones used above. While the others – volatility and success level of genuinely new parties – were calculated according to arguably best methods and definitions, the exact figures can be somewhat different in other studies without being "wrong". The

Table 22 Re-election rate of MP's.

Estonia 1995	45.3
Estonia 1999	43.8
Latvia 1995	41.4
Lithuania 2004	*39.1*
Lithuania 1996	37.1
Latvia 2002	*34.6*
Estonia 2003	*33.6*
Latvia 1998	33.1
Lithuania 2000	27.9
Estonia average	*40.9*
Latvia average	*36.4*
Lithuania average	*34.7*
Total average	37.3
Standard deviation	5.63

Note: Re-elected MPs rate of possible MPs. Most recent elections in italics.
Source: Data from Vello Pettai.

re-election rate, however, cannot possibly yield different results in different studies. By giving broadly similar results, it enhances the credentials of other indicators. The trends in re-election rates are similar to the trends in volatility and support for genuinely new parties. The most recent elections in Estonia and Latvia were characterized by the rise of strong genuinely new parties and had clearly below-average re-election rates. Estonian elections in 1995 and 1999 had the highest re-election rates. Some discrepancy between the volatility index and re-election rate is always expected, as there would be some changes in the composition of parliament even if no volatility occurred. Given that, the re-election rates are in good accordance with the volatility scores and that indicates the quality of the latter index (Figure 28). The re-election rate also correlates well with seats shares of genuinely new parties (Figure 29). The reason why the former is even higher than the latter – although turnover of MP-s is partly embedded in the definition of genuinely new parties – may lie in the fact that the composition of parliament has to change if the strength of individual parties changes, while the ranks of older parties' MP-s may remain relatively intact if new parties emerge.

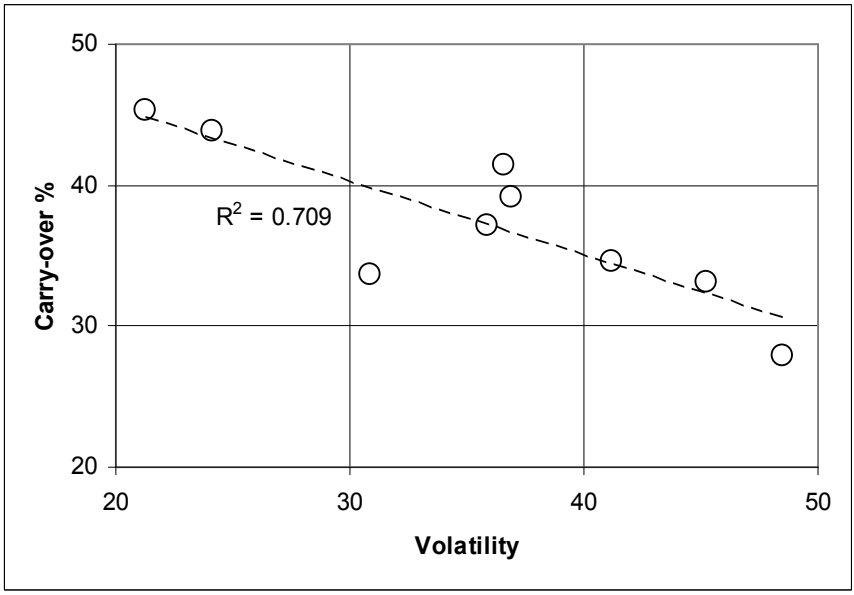

Figure 28 Re-election rate of MPs and electoral volatility.
Source: Figure 25 and Table 22.

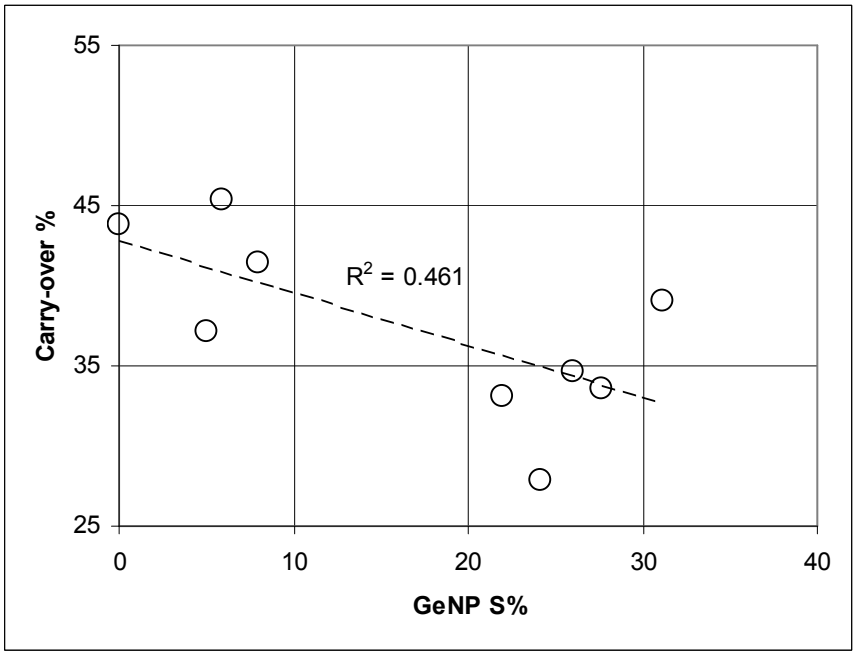

Figure 29 Re-election rate of MP-s and genuinely new parties' seat shares.
Source: Figure 27 and Table 22.

4.3. Impact of Electoral Institutions

This section analyses the impact of electoral institutions through the proposed conceptualization of them as points of access. The effect of mixed electoral system, direct presidential elections, referenda and popular initiatives and local elections will be assessed. Here, the quantitative approach used in previous sections is difficult to use, and the analysis will focus on the question on *where* have the new political parties entered the political arena. The main argument of the section is that Lithuanian electoral institutions provide somewhat more access points than those of Estonia and Latvia that new political parties have also been active in making use of them.

4.3.1. Mixed Electoral System in Lithuania

Most new parties have entered the parliament through majoritarian, not proportional part. The only two examples of genuinely new parties entering the Lithuanian parliament both through majoritarian and proportional parts are the Labour Party (2004) and New Union (Social Liberals) (2000). Meanwhile, there have been five genuinely new parties entering the parliament through single mandate constituencies. Some of them have become major players thereafter. The same applies to some independent MP-s elected in SMD-s. The most recent outstanding example is the Labour Party that won more votes in 2004 parliamentary elections than any other party, and was centred on a formerly independent MP Viktor Uspaskich. Lithuanian Liberal Union entered the parliament through the majoritarian part in 1996 and became a prominent party in Lithuania after the incorporation of the former conservative PM Rolandas Paksas. The Lithuanian example casts doubts on the common hypothesis in new party theory that proportional representation is more advantageous for new parties than majoritarian elections.[73]

4.3.2. Direct Presidential Elections

The impetus for several successful new parties – and sometimes also the changes in the popularity of already existing parties – can be traced back to contenders in presidential elections that were not party political figures before. The outstanding

[73] The controversy may partly stem from the lack of distinction between national and constituency level effective thresholds in case of single mandate constituencies. The national threshold of representation can be very low in M=1 systems (see Taagepera 2002). Mixed electoral system might help the parties once entering through the majoritarian part to flourish later.

Lithuanian case is New Union (Social Liberals) that formed around Artūras Paulauskas – the highly popular but marginally defeated non-partisan presidential candidate in 1998. Besides this case of a genuinely new party, other presidential elections have contributed to changes in party system. In 2004, relatively successful presidential elections added impetus to the soon followed parliamentary election campaigns of two parties. The Farmers' and New Democracy Union was led by presidential candidate Kazimiera Prunskiene who reached the run-off. The Liberal and Centre Union's list – a new formation, but a merger and therefore not a genuinely new party –shortly before elections came to include Petras Austrevičius, who was a close third in the first round of presidential elections.

4.3.3. Referenda and Popular Initiatives

As noted above, among the Baltic countries Lithuania has most experience with and possibilities for triggering referenda and popular initiatives. It has played a considerable role in the rise of some new parties. For Artūras Paulauskas, the leader of New Union (Social Liberals) an important event before his party's entry to the parliament was the gathering of nearly 100,000 signatures initiating legislation to redirect defence funds to education (BNS 16 March 2000, 26 May 2000). Also, Viktor Uspaskich, the leader of the Labour Party, attempted to gather signatures in spring 2003 for holding a referendum on abolishing the PR part of elections, but he failed to gather signatures (BNS 3 June 2003, 6 March 2003).[74]

4.3.4. Sub- and Supra-national Elections

The Estonian Res Publica and Lithuanian New Union (Social Liberals) had their first tests in local elections shortly before the parliamentary elections. In Estonia, local elections were held less than five months before 2003 parliamentary elections. The 2000 local elections in Lithuania took place less than seven months before parliamentary elections. In both cases, the parties had remarkably good results, paving the way for later great success in national elections.

A possibility to contest local elections shortly before national ones is opportune for new political parties for several reasons: the local elections are usually less costly, parties need not necessarily run strongly everywhere and can target fewer constituencies. At the same time it makes possible for a party to signal its strength

[74] More exactly, some of the 300,000 necessary and gathered signatures were declared void.

to voters, sponsors, or even banks for borrowing money. Local elections also help to build up for the campaign for parliamentary elections. At the time of writing, a new green party is being established in Estonia. If it is to be formed, it would at least somewhat benefit from the relatively successful independent green candidate in 2004 European parliament elections.[75] Here, as well as with presidential elections, the timing of elections is of vital importance. If the second order elections[76] are held too long before the parliamentary elections, possible impetus can be lost. On the other hand, an access point may be completely eliminated or strongly weakened if local elections take place together with parliamentary elections. Not surprisingly, holding national and local elections on a same date has been under discussion in Estonia. While it would indeed spare resources and hopefully increase turnout, it would likely be strongly in the interests of established parties. They would be able to run more expensive campaigns than ever with the same or even less money than before. Also, the merged campaign would greatly help parties with more resources to penetrate local politics also in localities where weaker or extra-parliamentary parties are of importance. It is also important to stress that in some Baltic municipalities the political landscape differs from the national one significantly. For instance, Ventspils – the sixth largest city in Latvia – has been run for years by the mayor and oil transit tycoon Aivars Lembergs, who has also been alleged of possessing "pocket parties" in national politics and yielding considerable influence there (Huang 1999). That is partly because electorates differ – in both countries, non-citizens who are permanent residents, have a right to vote in local elections. Therefore, the electorate in areas more heavily populated by Russian-speakers – who are the by far predominant group of non-citizens – is quite different compared to parliamentary elections. Therefore, the political landscape in Tallinn, Riga, north-eastern Estonia, and south-eastern Latvia has differed from national party system, and some nationally weak parties have had the opportunity to survive there. A related point regards electorate changes in parliamentary elections. As the share of Russian-speakers among citizens has increased due to the ongoing naturalization process, a potential is created for the strengthening or re-emergence of ethnic Russian parties' (in Latvia and Estonia, respectively). In Estonia, an ethnic Russian party made inroads to national parliament in 1995, but has since disappeared from there as some ethnic Estonian parties (especially the Centre Party) have been successful in getting over significant portions of Russian-speaking electorate. Thus, substantive changes in citizenship and electorate can also function as an access point for new political parties.

[75] Marek Strandberg, who is the main initiator of the party, run in European elections as an independent candidate on a green ticket. Although he failed to win a seat, he managed to gather more than two per cent of the vote and gain substantial publicity.

[76] With some qualifications, the Lithuanian presidential elections can also be considered to be of second order.

4.4. Discussion

The model of institutional restrictiveness towards new political parties presented in Chapter 2.4 would in general predict weaker genuinely new parties in Estonia compared to Latvia and Lithuania. In average terms, the expectation is confirmed by empirical data, as the mean votes share for genuinely new parties has similarly to other indicators of party system change been lower in Estonia compared to the two other countries. The difference between Latvia and Lithuania has been relatively limited.

Looking at the variation in Estonia over time reveals that the model of institutional restrictiveness has weaknesses in explaining differential levels of party system change. The most unstable elections did not occur under the least restrictive phase (see Figure 25). The 2003 parliamentary elections witnessed most change, while the restrictiveness was clearly lower in 1995. Still, 1999 saw less change compared to 1995 that fits with the expectation of the theoretical model. As noted above, the change in restrictiveness between 1999 and 2003 was somewhat undefined, as restrictiveness increased in one dimension (total expenditures) but decreased in the other (public financing ratio to campaign expenditures). The data on party system stability indicate that the traditional "cartelistic" expectation regarding only the share of public party financing does explain the variance in party system stability better.

On the other hand, one should not expect the model to explain each particular election well. In Estonian case, there is a strong possibility that 1999 saw *too little* change that was made up by *too much* change in 2003. Perhaps the urge to change had accumulated to an extent where the restrictive party financing regime could not any longer deter a strong new party. Indeed, the theoretical model makes more sense regarding smaller parties. To extend the argument further, we should not expect any institutional setting to inhibit a revolution, but if institutions restrict moderate changes, the momentum for a change can accumulate to a "revolutionary" level. As will be argued in the following chapter, the rise of Res Publica in 2003 was something of a revolution in Estonian party system.

A critical assessment of the theoretical model leads us to conclude that either the total amount of money in politics does not have a restrictive effect or operationalizing it as the aggregate cost of elections is not working. It is also possible, that the total level of financing remains far from the maximum amount of money having potential of ending up in party coffers. In any case, the increase of total money is also likely overestimated as the rise of campaign expenditures vis-à-vis the countries' GDP has been less pronounced (cf Figure 20 and 21). A problem is also posed by the fact that especially in Lithuania and most recent Estonian elections, the increases in costs have been heavily influenced by lavish

spending by the genuinely new parties themselves. The latter, however, highlights the importance of spending in *granting* success. The situation has been to a great extent different in Latvia where some of the major genuinely new parties have run rather subdued campaigns. This, in turn, leads us to believe that the alternative indicator of relevance of money in politics – correlation between campaign spending and parties' votes/seats share should be considered seriously in further studies.

There is some evidence – although not completely conclusive due to a small number of elections under study – that the different degree of party system change in Latvia and Estonia can be related to party financing regimes. Lithuanian regime lies somewhere between, but the country has seen similar extent of change as Latvia. Analysis of electoral institutions as access points reveals that the higher number of popular votes in Lithuania has played an important part in helping to establish new parties. Some of them have been active in referendums (New Union [Social Liberals]), others have added to formative impetus by collecting signatures to trigger one (Labour Party). There is some evidence that the mixed electoral system adds an additional access point in the form of SMD-s where individual or party candidates can win seats that can help them to gather experience, visibility and perhaps also money in order to set up or further develop a party. However, I would argue that direct presidential elections – that have only partially been a partisan event in Lithuania – have perhaps most potential to contribute to party system change. The emergence of New Union (Social Liberals) is strongly linked to a strong result of its fonder in presidential elections. But as was indicated earlier, the fortunes of other Lithuanian parties have been helped by strong presidential contenders as well.

5. HIGHLY SUCCESSFUL GENUINELY NEW PARTIES

This penultimate chapter of the dissertation takes a closer look at recent cases of remarkably successful genuinely new parties in the Baltic countries: Res Publica in Estonia, New Era in Latvia and New Union (Social Liberals) in Lithuania. Some more limited attention will be devoted to the latest immensely successful genuinely new party – the Lithuanian Labour Party. All four parties emerged between 1998 and 2004 and became major actors in respective countries' party systems in the first elections they contested.

Below we will target the institutional factors that have been analysed quantitatively above in a more qualitative manner. In addition, organizational factors such as position of party leaders and membership will be touched upon. While these cannot be easily linked to institutional factors, organizational resources can be considered alternative or complementary to money in electoral mobilization – recall Figure 1 and theoretical discussion in section 2.3.1. The final pages will take a look at another important resource – the political *project*. We will compare the projects of major genuinely new parties and see whether they can be pinned down in social divides or related to issue divides. I will argue that linking the success of these parties to cleavages or divides is largely impossible as the parties have not been clearly programmatically distinguishable from established parties and in fact contested elections merely on the ticket of *newness*. Some advantageous properties of such a project pure novelty for new political parties will be discussed.

The chapter ends with a discussion on how party strategies have differed with regard to institutional differences in the Baltic countries – how the strategies exploited can be seen in terms of making use of some institutional features ("taking carrot"), having to cope with others ("avoiding stick"), and substituting certain scarce resources with those more abundant. In addition, I will discuss a remaining issue that needs to be addressed in analysing new party success – the possible explanations of the decay of old parties that has enabled the rise of strong new contenders. A line of argument that relates the decay to partial failure of accountability principle due to high stakes in post-communist politics is proposed.

The analysis of the three or four Baltic parties tries to explain reasons behind new party success. I hope that a detailed and theoretically based presentation of the cases can shed light to that question, even though a methodologically proper way for analysing success would require inclusion of less successful new parties or

even cases of parties that never formed in the first place (Hug 2000). However, in doing that in the Baltic countries, one would face an insurmountable case selection problem, as many of the new parties have been very weak and most of the "could-have-been" parties that have not been established would be impossible to track down.

Therefore, the aim of the comparison of the successful cases is to analyse whether their patterns of emergence can be traced back to differences in the countries' political environments. It would enable to assess other potentially significant factors in explaining new party success – probe interesting questions about the organization/leadership and political profiles of the new parties and thus give some qualitative value-added to the less nuanced quantitative approach of previous chapters.

5.1. Overview

The elections around the end of 20th century in the Baltic states witnessed a rise of strong and significant new parties (for an overview see Table 23). In October 2000 Lithuanian parliamentary elections, the New Union (Social Liberals) led by Artūras Paulauskas, was supported by 19.6 percent of the electorate in PR part and came in second after the Algirdas Brazauskas' Social-Democratic Coalition. It won 28 seats, being the third largest group in the *Seimas*, as the Liberal Union was more successful in the single mandate constituencies. Nevertheless, the New Union became an equal partner in the governing coalition, Paulauskas occupying the chair of the parliament. Furthermore, the party has been present in Lithuanian governments ever since.

Two years later, in October 2002 Latvian *Saeima* elections, the New Era surfaced becoming the country's most popular party. It won 24 percent of the votes and 26 seats in the 100-strong parliament. Despite having some difficulties in finding coalition partners, the New Era leader Einars Repše succeeded in putting together a government rather swiftly (in less than three weeks, Ikstens 2002) and becoming the prime minister.

Res Publica was the last in line to become a major player in its country's politics. In March 2003 Estonian *Riigikogu* elections, it won the support of 24.6 percent of the electorate and shared the position of the strongest party in the parliament with the Centre Party (both won 28 seats). Similarly to its Latvian counterpart, Res Publica was also successful in putting together a governing coalition headed by its leader Juhan Parts.

Table 23 Major new parties in the Baltic states: overview.

	Estonia	Latvia	Lithuania
	Res Publica	New Era *Jaunais Laiks*	New Union – Social Liberals *Naujoji Sąjunga – Socialliberalai*
Established	8.12.2001 (political movement: 1989)	2.2.2002	25.4.1998
Leader	Rein Taagepera (until 24.8.2002) Juhan Parts (from 24.8.2002) PM until 24.3.2005 Taavi Veskimägi (from 4.6.2005)	Einars Repše PM until 5.2.2004	Artūras Paulauskas chair of parliament (as of 2006)
Date of elections	7.3.2003 (local 20.10.2002)	5.10.2002	8.10.2000 (local 19.3.2000)
Days btw establishment & elections	449 (local: 312)	243	883 (local: 684)
Votes%	24.6	24.0	19.6 (in PR part)
Seats (seats %)	28 (27.2)	26 (26.0)	28 (20.6)
Coalition partners	Ref, RL	Until 5.2.2004: LPP, ZZS, TB/LNNK From 2.12.2004: TP, ZZS, LPP	Until 5.7.2001: LLS From 5.7.2001: LSDP
Investiture of cabinet	10.4.2003	7.11.2002	26.10.2000
Major crisis	November 2003, March 2005[a]	Autumn 2003[a]	June-July 2001[b]
Strenght of leader	Moderate	Strong	Strong
Membership	Relatively large	Minuscule	Relatively large
Campaign	Expensive, professional	Inexpensive, stress on canvassing	Expensive, professional
Ideology	Vague, middle-way btw neo-liberalism & social democracy	Clearly neo-liberal	"Social-liberal" middle-way btw liberals & social democrats
Main pledges	Ethical & open politics, law & order, balancing society.	Fighting corruption, law & order, ethical & open politics.	Law & order, fighting corruption.

[a] led to the formation of a new government without the party, [b] … including the party.

Even though party politics in the Baltic countries has been characterized by high levels of electoral volatility (Rose et al 1998, Krupavičus 1999, Sikk 2005) and persistent change among major actors, the rise of the three new parties was exceptional. First, because of the extent of their success. Before that, the strongest new parties in the Baltic countries had been the National Party Young Lithuania in 1996 (with 4 percent of the vote in PR), the People's Party in Latvia in 1998 (21.2 percent) and the Reform Party in Estonia in 1995 (16.2 percent). Second, compared to the latter two there was much more genuine novelty about New Era and Res Publica as they did not have evident links to the established party politics. In contrast, the People's Party was formed by the former Latvian prime minister Andris Škele, and the Reform Party was a metamorphosis of the former Liberal Democratic Party (contesting 1992 elections in Pro Patria coalition) that had recruited some new faces (among them the new leader, Siim Kallas). Around a fifth of People's Party faction and almost half of the Reform Party MP-s had been sitting in the previous legislature. In contrast, the new parties emerging in the last elections had very weak, if any links with established parties, and their factions were almost exclusively made up of people with no former national political experience. The occurrence of strong new parties was especially surprising in Lithuania and Estonia that had been claimed to have had more consolidated party systems than Latvia (Krupavičius 1999, Gunter 2002).

As mentioned above, all three parties entered government and only the New Union did not occupy the office of prime minister. The coalition talks were not as difficult as could have been predicted, and it took half a month in Lithuania and around one month in the two other countries from elections to the investitures of governments. However, all three faced a major government crisis less than a year later that brought the Latvian and Estonian coalitions to the brink of dissolution and led to the formation of a new coalition in Lithuania. Thus, while the parties were very successful both in elections and in the formation of cabinets thereafter, they encountered more difficulties in actual governing. While the New Era managed to retain high positions in public opinion surveys at least three and a half years into its existence, the popularity of the New Union and Res Publica decreased after their terms in government significantly and at the time of writing they are struggling around national electoral thresholds.

Below we analyse these new parties mostly with regard to the position of leaders and membership in their development and the parties' campaign practices coupled with their programmatic/ideological outlooks. It will be analysed whether some specific features of the countries' political systems or institutional setting could be considered to explain differences. Also, I assess the question how the analysis of Baltic new parties can contribute to the theory of new parties

and whether it could add something to the growing literature on the development of post-communist party systems.

5.2. Organization

Lucardie (2000) has argued that organization is an important *resource* for political parties. While this dissertation does not go in depth in analysing the organization of major new political parties, two specific aspects related to organization will be analysed in this subchapter – the position of leadership and membership. A more nuanced analysis of internal working of the new parties would be in order, but the magnitude of this task would extend beyond the reasonable limits of this thesis. Additionally, it would be impossible to contrast the findings of such analysis with the general picture of party organizations, as the work on these issues in the Baltic countries has remained rudimentary. The leadership and membership of new parties will partly be analysed vis-à-vis the general picture in the countries but, first and foremost, the successful genuinely new parties of the three countries will be compared against each other. The parties display some remarkable differences. While others have been clearly gathered around their leaders, the Estonian Res Publica has notably had three leaders in its first three years – none of them could be considered to "define" the party that is clearly the case with its Latvian and Lithuanian counterparts. Regarding membership, the Latvian New Era stands out as the one that only had a minuscule membership when winning the elections. As will be argued later, the strength or weakness regarding organizational resources has been complemented by strength in other resources (especially money) enabling the parties to become successful.

5.2.1. The Leaders

All three leaders[77] had been notable public figures for some time before the formation of the parties. Artūras Paulauskas of the New Union was the first prosecutor-general after Lithuania's restoration of independence from 1990 to 1995. However, he rose to the utmost public spotlight when he won the first round of presidential elections in 1998, being only slightly short of absolute majority that would have guaranteed vicotry. Despite that, he was defeated by Valdas Adamkus in the run-off. Paulauskas' candidacy received the impetus probably from his nomination once again to prosecutor-general's position (he was the deputy prosecutor general from 1995 to 1997) by the incumbent

[77] Regarding Res Publica, I will analyse Juhan Parts, who served at the time of inaugural elections.

president Algirdas Brazauskas – a nomination that was intensely opposed by the leading party of the government, the Conservatives.[78]

Einars Repše had been active in the Latvian independence movement and was among the founders of National Independence Movement. He was elected as a member of People's Front to the last Latvian Supreme Soviet in 1990 and was appointed the president of the Bank of Latvia in 1991. He remained in the position and outside party politics until the establishment of New Era and gained reputation for keeping the national currency stable, but was also somewhat notoriously known to be by far the best-paid public official in the Baltic states.

The Estonian State Auditor Juhan Parts joined Res Publica and rose to its leadership eight months after the former non-partisan political movement had transformed into a political party. Before becoming the State Auditor in 1998 he had worked six years as a Deputy Secretary General at the Ministry of Justice, in a position that seldom placed him into limelight. His personality acquired much more prominence after becoming the State Auditor and he was relatively well-known by the critical stance on government spending practices in his reports to the parliament.

The role of their respective leaders sets Res Publica clearly apart from its southern counterparts by relying least on a leader in its development. Furthermore, the leader problem was close to being a fatal Achilles heel for the newborn party. In contrast, the New Era and the New Union clearly started off as one-man parties.

Einars Repše, the president of the Bank of Latvia announced plans of forming a new political party in August 2001, slightly more than a year before the parliamentary elections, and the party was officially established in February 2002 – some eight months before the Saeima elections. Before September 2001, when Repše introduced half a dozen of his upcoming team in national television, very little was known either of the party's programme or even any party members besides Repše.

Much attention was paid to the financial matters and sponsors of the party – especially to Repše's notorious claim for a huge fee to change the job at the Central Bank for the leadership in the party. It was hinted on several occasions that if not enough funds would be gathered, the party might not be formed and Repše will retain his central banker's job. Two bank accounts were set up – one

[78] Although the Conservative leader Vytautas Landsbergis was an ally of prosecutor general Paulauskas in the turbulent times of early 1990s, accusations of his father being connected to the KGB had turned the party against him.

for the donations to the future party, the other for collecting the fee 500,000 LVL (about 780,000 USD) asked by Repše to become the leader of the party. Thus, he ensured that the party was going to be successful based on the logic that if people are willing to support it financially, they are also ready to vote for it in elections; on the other hand the donations also guaranteed the sustainability of campaign, not to mention his personal well-being. The latter sparked much criticism in Latvia and Repše was accused from being blatantly materialistic in his values to corruption – as the fee was considered by some to be a "legal bribe" as he was at the time still the president of the Central Bank. The party was actually established only after the necessary funds had been gathered. No doubt it was an excellently masterminded plan worthy of the bank president, but it remains somewhat surprising that it did not scare off the electorate.

Not unlike the New Era, the New Union in Lithuania formed clearly around Paulauskas a few months after his defeat in 1997/1998 presidential elections. The party was an obvious continuation of his campaign, as it was reported that the programme of the political movement was going to be based on his electoral manifesto (BNS 1998).

The establishment of Res Publica as a party followed a remarkably different path. The party was established in December 2001, although an organization with the name had existed for a long time. It was established in 1989 as a right-wing non-party political youth organization. During the 1990-s it had connections to Pro Patria and Reform Party – many were members in those parties and at times the organization campaigned for their representatives running in party lists. It occasionally contested local elections in smaller municipalities on its own. However, Res Publica was never present in parliamentary politics prior to 2003. It also went through a substantial transformation before turning into a party. Most of its members in the party phase were new and its ideological profile had come a long way towards the centre from radical neo-conservatism or libertarianism it often used to have.

Res Publica faced a leadership problem right since its establishment. Rein Taagepera, an internationally renowned political scientist who had been helping Res Publica in its transformation, was elected its first chair. As he insisted on leading the party for the formative period only, and not bringing it to 2002 local elections, he hardly became an active political lead figure of the party, even though he gave a good boost to its popularity. The question of Taagepera's successor was the most pressing one facing the new party as the local elections draw closer.

The party was saved in 9 August 2002, only two weeks before its second Congress and less than two months before its inaugural local elections when the Chief State Auditor Juhan Parts stepped down and joined the party with a clear

prospect of becoming its chair. Like Repše, Parts was accused of misconduct of public office by political opponents. It was argued that the Chief State Auditor could relinquish his duties and be allowed to join a party only after the parliament accepted his resignation after its summer vacation. Even though there was limited indication of Res Publica turning into a "Parts' party" thereafter, it always was far less concentrated on its leader than the new parties in Latvia and Lithuania. Undoubtedly, when Parts stepped down from his position in 2005, it did not strike a fatal blow to the party,[79] that would have very likely been the case with either Repše or Paulauskas.

An illustrative example of the difference in the position of the leader in New Union and Res Publica was posed by party council elections. In 2002, the Congress of New Union elected the party Council as a slate of candidates proposed by Paulauskas (RFE/RL Newsline 2002). In contrast, when it was found out that Res Publica headquarters (associates of Parts) had circulated a list of recommended candidates to the Council among the members, it caused a considerable scandal in Estonian press (Ideon 2003).

An interesting similarity in the development of the parties was the existence of high-profile political advocates outside the party. Res Publica was strongly endorsed by Lennart Meri, the former Estonian president who attended the founding congress of the party and Res Publica was later considered (perhaps mistakenly) close to him. Also, the position of Rein Taagepera in the party was somewhere between being the actual leader and a popular figurehead supporter. Likewise, the New Era received backing from the former Latvian president Guntis Ulmanis (himself a member of the Farmers' Party) and former prime minister Vilis Krištopans of Latvia's Way party, who had became disappointed of his own party (who however joined the Green and Farmer's coalition later). Artūras Paulauskas and his party also received considerable backing from Lithuanian top politicians. First, during the 1997/1998 presidential campaign, his candidacy was endorsed by the sitting president Algirdas Brazauskas. Later, during the 2000 parliamentary election campaign, the New Policy bloc that included the New Union was strongly supported by president Valdas Adamkus. Hence, one can hypothesize that such support by prominent politicians – who, however, were slightly outside party politics – contributes to the success of new parties.

[79] Still, the popularity of the party had been decreasing considerably for some time before that.

5.2.2. Membership

Similarly to most post-communist countries, the party membership levels in the Baltic countries lag much behind Western Europe. According to World Value Surveys, only between 2.0 (Estonia) and 3.3 per cent (Latvia) of the population belonged to a political party in mid-1990s (the figure for Lithuania was 3.2, Norris 2002: 115). While some studies have argued that membership levels are highest in Lithuania among the countries (Krupavičius 1998), the general picture is still one of parties with rather small membership.

The New Union and Res Publica were clearly different from the New Era regarding their number of members. The realistic membership figures are very difficult to get hold of, but the difference in self-reported figures is vast. New Union claimed to have around 4,000 members (RFE/RL 2002) and Res Publica had around 4,100 members as of June 2003 (listed on its website). In contrast, New Era had only 320 members in March 2003 (Auers 2003).[80] That is relatively congruent with the general picture of party membership in the three countries. Latvia is well known for very low level of party membership – in 2003 the largest Latvian party claimed to have only 2,700 members and total party membership density among the electorate was below one per cent (Auers 2003). In Estonia, the density was almost five per cent as the parties claimed to have around 41,400 members (Sikk 2003). Lithuania has been well-known for its parties with relatively many members in post-communist context (Krupavičius 1998: 484).[81] Therefore, the New Union, taking into account its success, has been a party with relatively small membership by Lithuanian standards, and cannot be compared to the Homeland Union, Christian Democrats or Social Democrats, "giants" with more than 10,000 members (Møller 2002). However, all above figures are self-reported by political parties and therefore subject to scepticism.

It has been argued that membership is not any longer as vital a resource for political parties in post-communist countries as it once used to be in older Western democracies (Chan 2001). That indeed seems to be confirmed especially by the case of Latvia. However, the number of members possessed by the parties in Estonia and Lithuania are surprisingly high. Part of the explanation lies in the party legislation of the countries. In Estonia, the law on political parties requires

[80] The difference between these numbers and the ones from World Value Surveys may be due to the fact that in mid 1990-s (when the surveys were held), then popular independence movements and/or former communist parties had still retained some of their rather sizable membership that had disappeared by early 2000-s.

[81] Krupavičius' claim (1998: 62) that the Lithuanian parties are considerably larger compared to Estonian ones holds no longer, especially taking into account the difference of countries in size.

to have a minimum of 1,000 members in order to be registered. Also, the parties have to submit the lists of their members annually to the party register and the lists become public over the internet thereafter, potentially increasing the truth-value of the lists.[82] In contrast, the legal requirement regarding party membership in Latvia is significantly lower (200) and political parties there have always had few members and been somewhat elitist. In Lithuania, the parties need to have at least 400 members, but as in Latvia, do not have to submit rolls. Relatively high membership of Lithuanian parties can probably be attributed to at least two further factors. First, the mixed electoral system may induce the parties to build up local organizations to contest the elections in single member constituencies successfully. Second, differences in party system development in Lithuania can explain the relatively high membership figures. Unlike its northern neighbours, the former communist party (inheriting a portion of members), and the Popular Front movement *Sąjūdis* remained the central players of Lithuanian party politics for a long time, thus to an extent necessitating the other parties to build up a relatively extensive membership base.[83] The dynamics of party membership in Estonia and Lithuania supports the explanation. Estonian party membership was considerably lower until mid-1990s but increased considerably after the introduction of the membership threshold.[84] In Lithuania, the membership of new parties might be smaller than the membership of older parties because of the decreasing importance of the "giants" in country's politics.

5.3. Electoral Campaigns

The parliamentary election campaigns between 2000 and 2003 in the three countries were fought on the backdrop of privatization scandals that had resulted in high level of public dissatisfaction with or even alienation from politics. The right-wing political forces (Estonian Pro Patria; the Latvian People's Party, Fatherland and Freedom and Latvia's Way; and Fatherland Union – Lithuanian Conservatives) had discredited themselves in the eyes the electorate, but not

[82] However, the effect is limited. For instance, it is highly doubtful that several parties that have not even contested elections or have done so very poorly have more than 1,000 members as reported.

[83] I am grateful to Evald Mikkel for drawing my attention to that possible explanation.

[84] However, the number of party members in Estonian parties considerably exceeds the statutory requirements in some cases – a phenomenon that remains to be explained convincingly.

everyone was ready to vote for the left-leaning alternatives.[85] That gave the new parties a good opportunity to fight for the votes of centre-right and right-wing voters, many of whom would have otherwise abstained. The New Union is somewhat deviant as it is considerably more left-leaning than its northern counterparts. Rather, the rightist opposition was at the time provided by the former Conservative Prime Minister Rolandas Paksas' party, the Liberal Union. However, both two belonged with a few others to the essentially centrist "New Politics" block endorsed by president Adamkus that, can be argued to occupy a similar position with New Era and Res Publica.

The parties were strikingly similar in that their manifestoes were mainly concerned with introducing "new politics". The catchphrase was explicitly used by Res Publica in Estonia and referring to the bloc of parties in Lithuania, but New Era's pledges echoed principally the same ideas. The term should not be confused with the concept of "new politics" used extensively in new party literature on Western Europe, where it refers to postmaterialist parties (i.e. Ignazi 1996, Müller-Rommel & Poguntke 1989). In the Baltics, the "new politics" parties were above all promising to fight corruption and promote ethical, open and accountable politics.

All three parties in question have been accused of populism. In case of Res Publica it was mainly due to the party's refusal to position itself clearly on the left-right scale, being therefore accused of ambiguity about the real content its "new politics". The Lithuanian New Union could possibly be described as the most populist of the three – in different times it has argued for the reintroduction of capital punishment, strengthening presidentialism and held a public rally around the country against Williams International, the company at the heart of privatization scandals.

In *electoral campaigning*, the New Era stood out against the others by extensive reliance on canvassing and spending relatively little money on ads, especially in contrast to other major Latvian parties conducting extensive and expensive professional campaigns. In Estonia, Res Publica used forms of canvassing[86] slightly more than other major parties, but also spent more than average amount

[85] Estonia presents an intriguing case as it has for long time been discussed whether the country has a viable left-wing at all. The Centre Party with its charismatic and populist leader Edgar Savisaar is generally conceived as being the most left-wing, though it identifies itself with the liberals in Europe.

[86] The party did not use door-to-door methods that would likely be considered as an unacceptable violation of privacy in Estonia. Such criticism was directed against Res Publica even for targeted posting, phoning and sending of mobile phone text messages, when there has been a suspicion that the addresses and phone numbers have been obtained from restricted official databases.

of money in a generally sumptuous campaign. Similarly, the New Union campaign was costly and "noisy" (Tracevskis 2000), being the most expensive in 2000 Lithuanian parliamentary elections (BNS, 10 November 2000), even though the general level of spending in Lithuanian elections is more modest than the campaigns in its northern neighbours.

All three parties were heavily reliant on sponsors, even the New Era that run a campaign considerably cheaper than its opponents. Still, for a new party in a small and not a rich country, 0.74 million dollars is a considerable sum. Also, even more was required for the Repše's "transfer fee" – from the Central Bank to the central party office – than for the actual election campaign. Expecting close public scrutiny of their financial matters,[87] the Latvian and Estonian parties took an unprecedentedly open approach towards the disclosure of their sponsors and listed all donations on their websites.

The reaction of other parties to the emergence of strong new contenders for power was naturally unwelcoming. It was often anticipated and/or declared that the parties will not do well (i.e. Gunter 2002). After their success, it was often stressed that the new parties are inexperienced and thus prone to make serious mistakes and their reign is not going to last long and/or be stable. Sometimes it has also been feared that old and skilled coalition partners may take advantage of the new parties' lack of experience.[88] On the other hand, the new parties themselves were often rather conceitedly confident in their success and excluding potential coalition partners already before elections. In this manner, Juhan Parts predicted already in Autumn 2002 that the new prime minister would be either him or Edgar Savisaar (the leader of the Centre Party), excluding later all co-operation with him. Einars Repše was seriously contemplating winning absolute majority in the parliament and expressing basic dislike of coalition governments; he was also determined to fill cabinet posts with people who had rather not been in politics before.

[87] Both due to the promises to conduct politics more openly and honestly, as well as because the new parties are more reliant on private donations than the established ones raising more fears of improper dependence on sponsors.

[88] For instance, it was often believed in Estonia that the Reform Party was using Res Publica to achieve its particularistic programmatic aims. The uncompromising insistence of Parts on accomplishing the Reform Party's pledge of substantially decreasing the personal income tax led Taagepera to call his party leadership "the poodles of Reform Party".

5.4. Prophets or Challengers?

This subchapter addresses the question whether the particularly successful new political parties in the Baltic states can be seen to represent new or politically idle social cleavages or issue divides. Both quantitative and qualitative evaluations – the former in turn being based on two very different studies – show that the parties have not been distinctive in their party systems with regard to ideology, thus failing the test of being *prophetic* parties (Lucardie 2000). As is apparent from the qualitative evaluation, their purpose was neither *purification* of any ideology already represented by an established party nor articulating any particular interests – thus falling neither to the category of *prolocutors* in Lucardie's terms. Rather, they all competed in elections on established parties' territory while strongly relying on a project of "newness" with vague ideological references; thus all three are examples of a specific kind of *challenger* party (to use Rochon's term). In the concluding sections, I propose some reasons why such a project of "newness" can be advantageous for new political parties.

5.4.1. Quantitative Evaluations

One way to test the question of issues behind the new parties is to rely on population survey data. 2004 European Election Study surveys from the three countries provide a good comparative dataset, especially for Estonia and Latvia. The Lithuanian survey design was somewhat different there and as it was conducted three and the half years after New Union (Social Liberals) success, the party's support had vanished. There were only 32 respondents indicating their preference for New Union (Social Liberals), making a reliable analysis of the party difficult. Therefore, the more recent Lithuanian case of a successful genuinely new party – the Labour Party – will be analysed here. Also, I have used the question on prospective electoral choice in Lithuania (as it was much closer to the survey than last parliamentary elections), while relying on the (recollection of) preference in last national elections in Estonia and Latvia.

The main message of Table 24 and Table 25 is that the problems mentioned by Res Publica voters in Estonia and New Era voters in Latvia are not strikingly different from the ones mentioned by the rest of respondents. Res Publica's voters attributed relatively high salience to wage levels while the salience of issues of employment and pensions was somewhat lower than among the rest. That underlines the party's programmatic leaning to the right-liberal wing (i.e. close to the Reform Party). The pattern that emerges in Latvia with New Era is quite similar – wages are stressed more and problems related to the less well off (unemployment, pensions, poverty) are below the average saliency for the party's

Table 24 The most important problem in Estonia at present?

Percentage pf respondents	Voted in 2003 for		Total*
	A previous parliamentary party	Res Publica	
Unemployment, jobs, employment	22.5	*16.2*	22.5
Wages and earnings	11.1	**18.4**	12.8
Welfare policy (social security, child benefits etc)	12.4	**13.8**	12.4
Other social conflicts, problems	11.0	*6.7*	9.4
Pensions, retirement policy, retirement options	6.9	*3.7*	5.7
Any other topic	3.3	*2.8*	4.0
Other topics from the area of economy or economic policy	3.2	**4.6**	3.2
Inter- and intraparty conflicts, disagreements, fights	3.2	**4.3**	3.2
Education (from elementary school to the university)	2.9	*2.4*	3.0
Other	23.5	27.1	23.8
Total (N)	100.0 (770)	100.0 (232)	100.0 (1,606)

* – including non-voters and voters for extra-parliamentary parties.
Source: European Election Study 2004, Estonian Survey (N=1,606).
Notes: Problems mentioned by at least 3 per cent of respondents. **Bold** indicates salience above the average and *italics* below the average.

voters. In both cases, there is a slight indication of style of politics being the distinguishing issue. Res Publica's voters tended to mention the conflicts in party politics marginally more frequently than supporters of other parties, while New Era's supporters mentioned the government in general as a problem more often. However, the share of these parties' supporters mentioning the problems was still very low. Also, the differences mentioned above are rather a matter of slight degree rather than striking contrast. The Lithuanian Labour Party seems to be somewhat more distinctive (see Table 26). The overall impression from the data is that its voters were clearly more materialist in their orientation: the frequency of mentioning higher wages, less unemployment and lower prices is most striking, while questions related to economic efficiency, corruption, crime and health care receive less attention than among the total population. The fact that the salience attributed to the above issues is coupled with clearly above average yearning for lower taxes indicates the populist leanings of the party.

Table 25 The most important problem in Latvia at present?

Percentage pf respondents	Voted in 2002 for		Total*
	A previous parliamentary party	New Era	
Unemployment, jobs, employment	24.1	*20.2*	24.5
Wages and earnings	9.5	**12.5**	10.9
Pensions, retirement policy, retirement options	8.6	*6.3*	7.7
Poverty	7.7	*5.3*	7.3
Education	4.9	*4.8*	5.7
Inflation	5.5	*4.3*	5.2
The government (general)	5.5	**7.7**	5.0
Welfare policy	3.3	**5.8**	3.2
The economy (general)	3.3	*2.9*	3.0
Other	27.6	30.2	27.5
Total (N)	100.0 (453)	100.0 (208)	100.0 (1,000)

* – including non-voters and voters for extra-parliamentary parties.
Source: European Election Study 2004, Latvian Survey (N=1,000).
Note: Problems mentioned by at least 3 per cent of respondents. **Bold** indicates salience above the average and *italics* below the average.

Table 26 The important problems in Lithuania at present?

Percentage pf respondents	Would vote in 2004 for		Total*
	A previous parliamentary party	Labour Party	
Decrease of unemployment	51.2	**64.4**	57.6
Higher wages and salaries	46.7	**63.7**	54.6
Efficiency of economy	58.7	*50.0*	52.5
Higher pensions	45.2	**50.7**	49.5
Lower taxes	42.2	**56.2**	48.2
Social justice	45.2	**46.9**	47.2
More attention to health care	49.7	*46.9*	46.5
Corruption	51.2	*40.1*	45.7
Lower consumer prices	34.3	**52.4**	43.9
Crime	47.9	*40.8*	43.2
Higher social guarantees	42.5	**43.8**	42.3
Average number of problems mentioned	7.87	7.65	7.66
N	332	292	1,005

* – including non-voters and voters for extra-parliamentary parties.
Source: European Election Study 2004, Lithuanian Survey (N=1,005)
Note: Problems mentioned by at least 40 per cent of respondents. **Bold** indicates salience above the average and *italics* below the average. The survey design was different from Estonia and Latvia in that several problems could be indicated.

An alternative test of the question of issues behind parties is based on Benoit & Laver (2006) expert survey data, which was gathered in late 2003 and early 2004. Usual criticism about expert surveys applies here, especially that the data is necessarily based on a small sample and the evaluations are quite subjective. However, it is clearly the best comparative data collection available on the policy positions of parties of our interest.

First, let us take a look at the "standard" issue dimensions that are closest to traditional cleavages as described by Lipset & Rokkan (1967): Spending versus Taxes, Religion, Nationalism, Urban versus Rural Interests, and Environment.[89] The positions of Estonian parties are presented in Figure 30, Latvian parties in Figure 31 and Lithuanian parties in Figure 32. In none of these, the successful new parties differentiate clearly from the bunch; that is likewise the case with most of the other dimensions not displayed. One exception regards Res Publica's most extreme position concerning decentralization, but it is very close to the Reform Party there. Also, the extreme position of Res Publica is difficult to relate to anything in its program. New Era's is very clearly most extreme regarding media freedom and decentralization. Especially the position on media freedom could be indicative of its firm stance on corruption. New Union (Social Liberals) fails to differentiate clearly on any issue from other major Lithuanian parties on any issue – on virtually every issue it is very close to the Social Democratic party.[90]

[89] The full list of dimensions studied with full descriptions of polar positions is given in Appendix 9.4.

[90] Part of the reason can be that the survey was conducted a few years after the party was formed. It had since lost much of its popularity and due to sharing governmental responsibilities can be argued to have moved closer to LSDP. However, the finding does not go against impressionistic observation that the party never had a distinguishing view on any of the social issues, bar corruption.

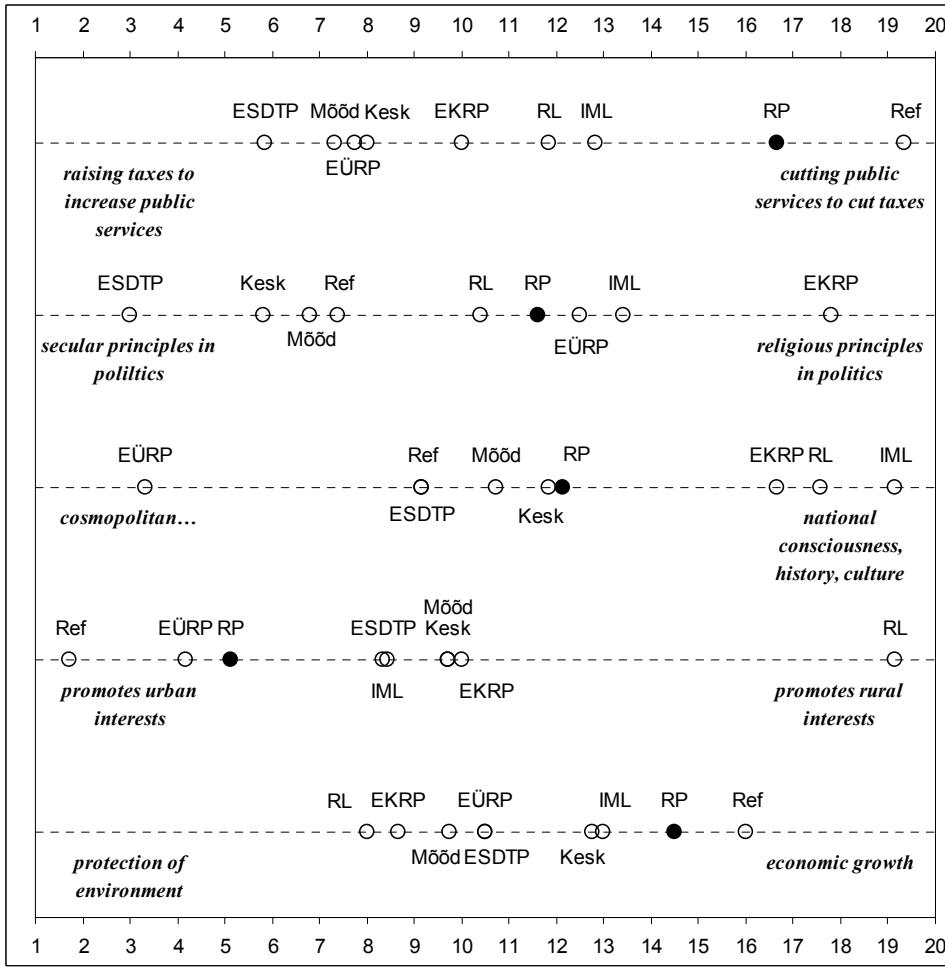

Figure 30 Policy positions of Estonian parties – major issues.
Filled dot indicates Res Publica, secular-religious scale inverted. Source: Author's analysis of data from Benoit & Laver 2006.

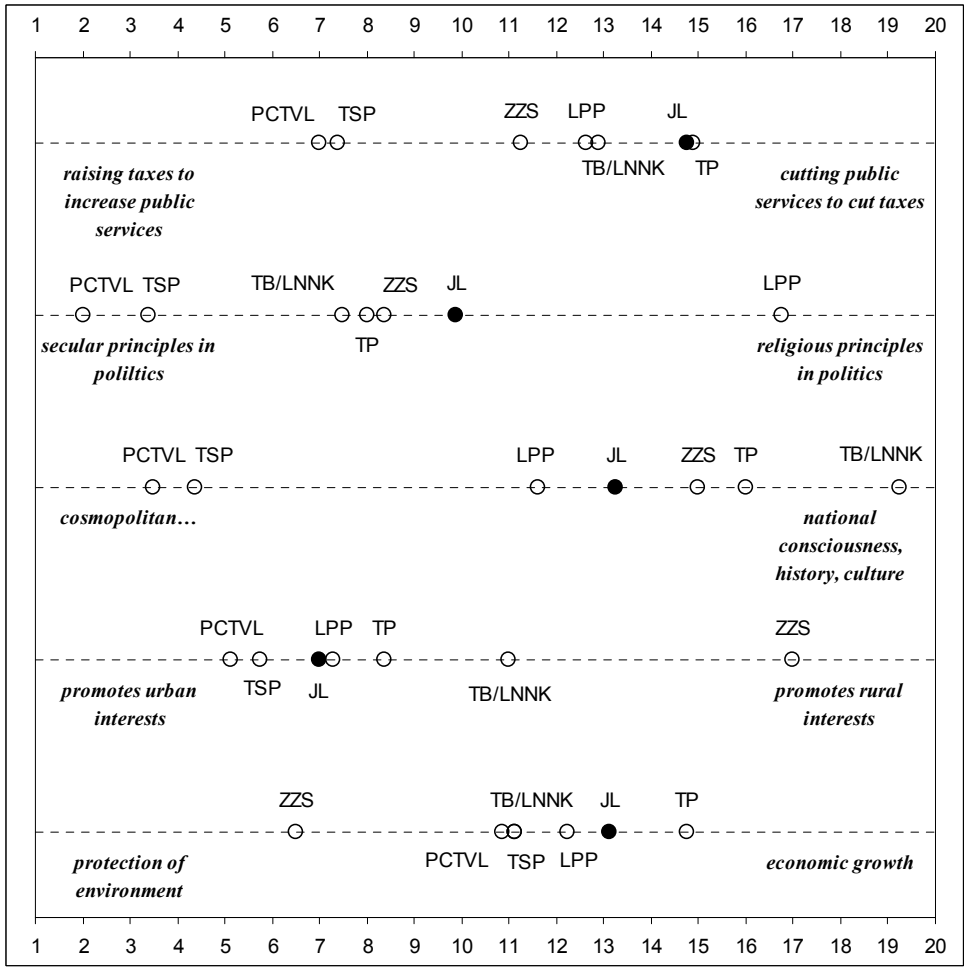

Figure 31 Policy positions of Latvian parties – major issues.
Filled dot indicates JL, secular-religious scale inverted. Source: Author's analysis of data from Benoit & Laver 2006.

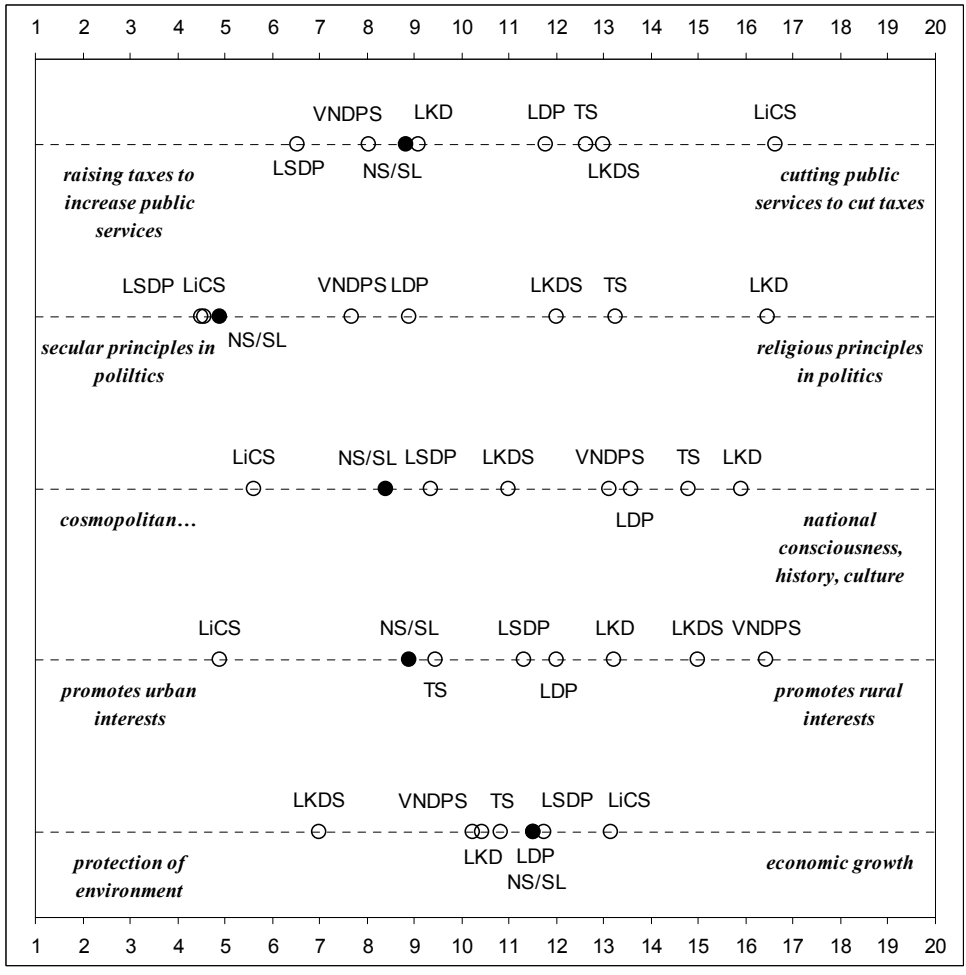

Figure 32 Policy positions of Lithuanian parties – major issues.
Filled dot indicates NS/SL, secular-religious scale inverted. Source: Author's analysis of data from Benoit & Laver 2006.

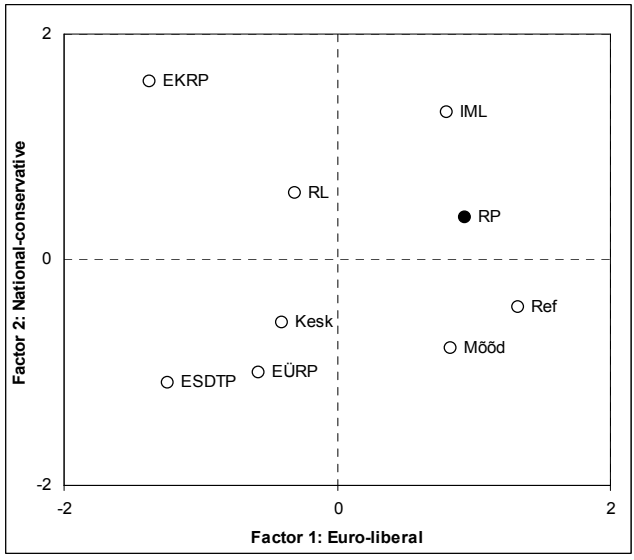

Figure 33 Estonian party positions, two main factors.
Filled dot indicates RP. Source: Author's analysis of data from Benoit & Laver 2005. For the rotated component matrices see Appendix 9.4.

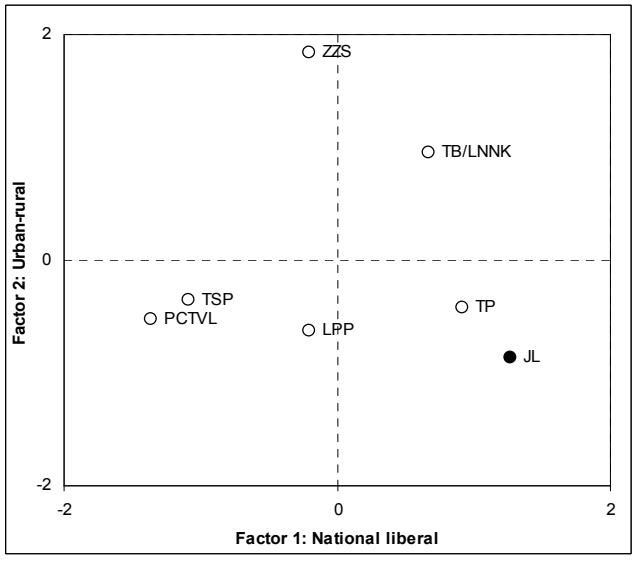

Figure 34 Latvian party positions, two main factors.
Filled dot indicates JL Source: Author's analysis of data from Benoit & Laver 2005. For the rotated component matrices see Appendix 9.4.

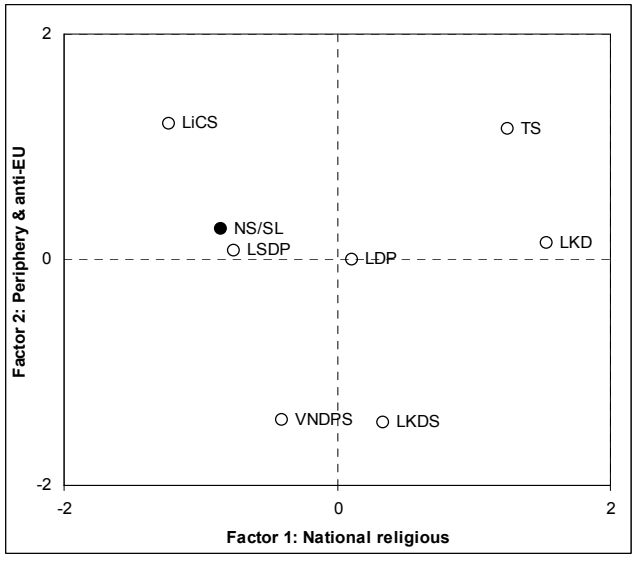

Figure 35 Lithuanian party positions, two main factors.
Filled dot indicates NS/SL. Source: Author's analysis of data from Benoit & Laver 2005. For the rotated component matrices see Appendix 9.4.

In a similar vein, the new parties fail to differentiate clearly on major factors in party policy positions derived from factor analyses based on positions on 16 different issues,[91] (see Figure 33 to Figure 35).[92] Only New Era seems to be extreme on both factors, but it is quite close to People's Party in any case (see Figure 34) and that is not related to it being extreme on any particular issues, as noted above. As they also fail to differentiate on any issue that could be connected to social divides, any claim of social divides or cleavages giving rise to those new parties is quite strongly rejected. The fact that such new parties emerged in all three countries and these parties became some of the most important players in their countries' party systems can be interpreted as a strong word of caution against assuming that cleavages must have a role in the rise of new parties in new democracies.

[91] The issues were: taxes versus spending, social policies, privatization, EU joining, environment, former communists (except in Lithuania), foreign land ownership, media freedom, nationalism, religion, urban-rural, decentralization, Left-Right placement, civil liberties (only Lithuania), neighbour relations (only Lithuania), sympathy of the expert regarding the party. The exact wording of the questions and background information about the survey (including data) is available in Benoit & Laver 2006 and at the web page of the survey: http://www.politics.tcd.ie/ppmd/ (accessed 21.6.2005).
[92] Interestingly, the main factors emerging from the data are different for the three countries.

5.4.2. Qualitative Evaluation

For all three parties the defining programmatic feature was newness and some degree of anti-corruption and/or anti-establishment stance. That is clearly not an ideology and it is even less connected to any either new or ignored social divide. At most, the parties were addressing a new issue, but especially in case of Res Publica and New Union (Social Liberals) even their stance against established parties was not strong enough. The parties were eventually quite willing to compromise to enter governments and New Era even joined its arch enemy People's Party in the coalition.

Furthermore, with regard to their policy positions, the parties were competing in the space occupied by established political parties. The most obvious case of it was New Era. It is usually characterised as mildly nationalist neo-liberal party, very similar to People's Party in attitudes. In interviews with representatives of Latvian political parties, no attempt was made to distinguish the parties with regard to policy positions – neither by representatives of New Era or other parties or neutral experts.

The case of Res Publica was somewhat more difficult. It can be argued that up to its first national elections the party was slightly torn between neo-liberal nationalists (who made up the core group initiating the party in the first place) and centrists who advocated policies of giving a more human face to free market capitalism while not professing any turnaround in economic policies. In either case, the party was contesting elections on an occupied territory – the neo-liberal nationalist niche had been filled by Pro Patria Union for years and free market capitalism with a more human face had been the declared aim of the Moderates (once and now again the Social Democratic party).[93]

Of the two Lithuanian cases, the most recent Labour Party ran on a basically social democratic ticket without the alleged corruption of Brazauskas' Social Democratic Party. New Union (Social Liberals) is a more difficult case, but in programmatic terms it was also hardly distinguishable from the Social Democrats and ran the 2004 elections in a coalition together.

Evaluations of New Era, New Union (Social Liberals) and Labour Party programmatic positions may be criticised on an account that the essence of these parties never really lied in their programs but in personal ambitions of their

[93] Later, Res Publica moved closer to the Reform Party by sharing government responsibilities and planning the merger that was eventually rejected by the Reform Party as the support ratings of Res Publica plummeted in 2004 (Roonemaa 2004).

leaders. However, that would yield the argument about importance of either new or old ideologies in party competition only weaker.

Both the quantitative and qualitative assessment of the question about the type of these new parties points to the same direction – the parties were not advocating any new ideology, but rather challenging the established parties more or less on their territory and thus emerging as purifiers, though not attempting to cleanse particular ideologies but rather the general style of national politics.

5.5. Newness as a Project

As it appears from the above analysis, the distinguishing feature of all three successful new parties was one of newness. In conventional new party theory, a hidden assumption of distinctive programmatic basis of political parties has been prevalent. However, in this section I will discuss some very advantageous properties relying on a project of newness has for political parties.

First, the project of newness promotes the cause of change, but not in any particular direction, thus having the potential to appeal to broad groups of the more and less disaffected or disappointed. As "newness" is relatively short of concrete policy contents, the information costs associated with communicating the project to the voters are much lower than with "ideological" or possibly "issue" projects.

When combined with being ideologically or programmatically in the mainstream, newness does not have much risk of scaring off potential supporters that might be afraid of wholesale or drastic changes in policy directions. It was especially relevant given the time context of emergence of the new parties in the Baltic countries– the populations had barely learned to survive or manage in the newly established market economy. Even those not well off had learned strategies of survival and might well been afraid of too radical political changes. Besides subjective appeal of policy proposals, an element of judging the potential of success is important here – parties more or less in the mainstream can usually be expected to have better chances than parties at the fringes and thus it may appear as more rational to vote for them.

Clearly, the approach of claimed newness with actually rather little new in content would *ceteris paribus* have little potential for mobilizing voters. For such a party to be successful, a strong combination of some other resources is needed. In case of New Era and New Union (Social Liberals) it was very much based on the charisma of party leaders. For Res Publica, it was based on a combination of considerable financial resources spent on party promotion and perceived competence and likeability of party leaders (Taagepera, Parts). In all these cases,

but also in the more recent case of Lithuanian Labour Party, the willingness of sponsors to support the party – or the prospective party leader, in case of New Era – signalled feasibility and moderateness of the parties to the electorate.

But why should voters go for vague options? This argument would seem to underestimate the level of sophistication among the Baltic electorates. For one, that may be true in a sense of not paying very much attention to programmatic profiles of political parties and focussing rather on personalities. On the other hand, the perceived feasible policy space can be argued to be relatively narrow because of globalization and Europeanization in any case (Blyth & Katz 2005). Thus, it may be quite rational for voters to make their choices according to personal appeal or technocratic ability of leading party politicians. For the most part, the parties governing before the emergence of the new parties had followed their electoral pledges and had managed to generate considerable economic growth. Thus, there was in fact little reason to reject them on programmatic grounds. At the same time, the achievements had been paired with a perception of intolerably high level of corruption and social costs – unemployment, poverty and inequality. Therefore, promising a new style of politics without changing the content too much, can be argued to have been more or less in line with even the programmatic expectations of the Baltic electorates.

5.6. Decay of Parties: High Stakes, Electoral Accountability and Volatility

As noted above, the emergence of new parties can be complemented or helped by a downfall of established political parties. There have been remarkable cases of party decay in the Baltic countries. Even though these cannot completely explain the rise of the new parties analysed in this chapter, accounts on party decay can help to understand the bigger picture behind party system change.

Estonian Coalition Party and Latvia's Way are prominent examples of parties that have more (the former) or less (the latter) disappeared from their countries' political scene despite being very influential in their countries for some time. Latvia's Way was represented in all governments from 1993 to 2004 and had the post of Prime Minister for five years during that period. The Estonian Coalition Party was the leading party in government from 1995 to 1999, but lost almost all support by 1999 parliamentary elections and dissolved itself in 2001. To a lesser extent, the once very popular nationalist centre-right (IML, TB/LNNK and TS/LK) has faced significant electoral backlashes.

This phenomenon is as remarkable as the success of new parties, and to some extent it is the other side of the story. The new parties analysed in the sections

above are placed near them on the political spectrum. A possible explanation of the decay of parties may be related to the fact that the parties have been prominently represented in governments while the stakes in these countries politics have been remarkably high.

One explanation of the high levels of volatility (that has to accompany a decay of major parties) in Eastern European compared to Western Europe could be that the stakes in politics have been enormously high – liberal institutions had to be built up from scratch, rules in most domains of life could be or had to be changed, immense state properties were to be privatized.

One of the basic principles in a representative democracy is *electoral accountability* – elected representatives aim for re-election and should therefore pursue policies supported by the electorate. On the other hand, parties and their leaders always have certain particularistic interest – whether outright corrupt or not – that they would further if they did not aim for sustaining electoral support. From their actions in office the parties gain certain utility (U). If we assume that the stakes in post-communist countries have been decreasing by each electoral term, the maximum utility for a party obtainable from its actions during a term in office in an electoral period *n,* U_n may be higher than U_{n+1}. If the stakes are originally very high but decrease thereafter very fast, the following situation can occur:

$$U_n > \sum_{i=n+1}^{\infty} U_i \, .$$

If the condition applies and maximum utility obtainable from an electoral period is higher than the sum of maximum obtainable utilities from all future elections, a party in office has little incentive to pursue accountable policies as it can be assumed that utility from accountable policies is lower than from unaccountable policies. In other words, if present stakes are very high compared to expected future stakes, it is not rational for parties to act in an accountable manner, as the utility of these actions is higher than the utility of re-election. That, on the other hand, leads to voters moving away from the parties in power, assuming that they perceive these actions as accountable and vote for other parties as a result. In sum, if the stakes are very high, more unaccountable policies can result that in turn can lead to higher levels of volatility, established party decay and new party rise.

In reality, the parties obviously never pursue overtly and absolutely unaccountable policies as indeed $U_n+U_{n+1} > U_n$. There are always incentives to retain popularity and even the most unaccountable policies will be presented to the public as reasonable or covered up altogether to mislead the voters' perceptions. Yet, the higher the stakes in general – and they have clearly been that

recently in Eastern Europe compared to Western Europe – the more incentives there are for pursuing unaccountable policies, and the less parties should care about retaining support.[94]

5.7. New Party Strategies in Institutional Environment: "Taking Carrot" and "Avoiding Stick"

In this short section we once again turn back to the question of institutions. More precisely, we assess whether the new parties could be analysed in terms of making use of their country's institutional environment ("taking carrot") and overcoming restrictive hindrances posed by them.

Two Lithuanian parties have obviously made good use of the permissive features of the electoral system. They entered parliament first through majoritarian part, and only thereafter rose to the status of significant national parties The (not genuinely new) Liberal Union was a very small parliamentary party until it was joined by former prime minister Paksas in the run-up to 2000 *Seimas* elections. The most recent successful genuinely new party, the Labour Party, was formed by an independent MP Viktor Uspaskich. Evidently, the majoritarian element of Lithuania's mixed electoral system has been an opportune access point to new political parties rather than a restrictive feature as contended by much of conventional new party theory. New Union (Social Liberals) and Labour Party have also used the possibilities for referenda and popular initiatives provided by Lithuanian legislation (for more, see p. 126). In Latvia, new political parties have made use of the high utility of private donations due to no public subsidies for established parties. That applies especially to the rise of People's Party (not genuinely new though) and New Party in 1998 and only to a lesser extent to New Era that relied much on alternative modes of campaigning.

The strategy of "avoiding stick" has been most evident in case of Res Publica in Estonia. The party had to build up a relatively strong membership base and attract

[94] A possible problem with this argument is that the parties can never be sure whether their decisions on legislation, policies, privatization etc will last longer than their reign. Their successors might change them – for instance take dubious privatizations to court. (I am grateful to Karsten Staehr for bringing my attention to that) However, to some extent the parties in government can set up insurances against it – e.g. by making the laws vague and incomplete at their time, thus making controversial practices lawful. Their successors will face the dilemma whether to challenge the past unaccountable decisions or challenge the position of rule of law in the society. With legislation it could be even easier – laws tend to have inertia, it is more difficult to change (e.g. because they generate vested interests) than to introduce them.

considerable private donations in order to compete with major established parties that have been relatively abundant in these resources. The cartelistic institutions in Estonia were so strong that established parties had possibly developed a false sense of safety of challenges from new party political actors. After the success of New Era in Latvia, when Res Publica had already been transformed into a political party and soon to have its first successful (local) elections, politicians from different Estonian parties insisted that the Estonian party system is so much more consolidated and rejected prospects of Res Publica being able to repeat New Era's success (Sikk 2003: 10).

Another interesting aspect regarding new party strategies in institutional context is the substitution of scarce resources for those more easily available. If a party in a given environment lacks important resources, they can partly be made up by others. For instance, parties that lack money, or have constrained access to funding, may turn to charismatic leaders or populist programs. Charismatic leaders of new parties are a commonplace in Latvia and Lithuania. New Era, New Union (Social Liberals) and Lithuanian Labour Party, Latvian New Party have all relied primarily on the personality of their leaders (Einars Repše, Arturas Paulauskas, Viktor Uspaskich, Raimonds Pauls, respectively), not on particular political/ideological profile, although in case of New Era, the neo-liberal ideology was at the same time clearly present.[95] There are some similar examples from a number of Eastern European countries – for example Romanian Greater Romania Party has relied both on a charismatic leader and a populist program, Polish Lepper's Self-Defence predominantly rural party had a populist program while was centred on a maverick public figure. Finally Simeon II Party in Bulgaria was highly focussed on its leader, the former king of the country. Especially the first two were out of the mainstream and more popular among the less well-off and thus had very limited access to monetary resources – thus both the eccentric figurehead and simple populist policies can be seen as more "virtual" resources to compensate for the lack of "real" resources.

5.8. Discussion and Conclusion

The three or four parties analysed in preceding sections evidently have not represented any new issues. However, a "so what" question may arise? It could be that the predominant reason for new party emergence and success in Western Europe still lies in emergence of new cleavages or politicization of some older

[95] Some of the parties have undoubtedly run expensive campaigns as well, but new parties always have a disadvantage vis-à-vis old ones regarding media exposure and recognition among the voters.

issues, and that could presumably be the case with many Central and Eastern European parties as well.

Concerning the latter, even a slight look reveals that there is evidence to the contrary – prime example being the party established in Bulgaria in 2001 by the former king Simeon II that similarly to the Baltic parties swept to victory in its first elections with its leader becoming the Prime Minister. Clearly, the party was a mere vehicle for mobilizing support for its leader and its program lay in the background. Other examples of new parties that would be difficult to link to new issues can be found in other Central and Eastern European countries as well, although they may not have been what I have termed as genuinely new parties here.

At least to some extent the phenomenon of new parties that do not really represent new issues, is present in Western Europe as well. Lucardie has provided some examples of "prolocutor" parties that "[try] to articulate particular interests without reference to an explicit ideology…" (2000: 176). There are also similarities with Spanish and Italian parties of the "business firm model" (Hopkin & Paolucci 1999). Even though West European cases might be argued to be more programmatic than the Baltic parties analysed in this dissertation, the significance of new issues for these parties is strikingly lesser than it has been for the major new party families of Western Europe – the left libertarian and extreme right. Therefore, I would argue, the fact that a political ideology might not be the prime *raison d'être* for new political parties and the issues that they exploit should not necessarily be connected to social divides should be taken into account on future studies of new party emergence everywhere.

6. CONCLUSION

How and why do party systems change? The recent Baltic experiences present a good testing ground for the question as there have been substantial transformations of party systems at approximately the same time in countries that are similar in many regards. The concluding sections of the study will consider some theoretical implications that can be inferred from the rise of the new Baltic parties. The chapter also discusses the main theoretical contributions and empirical findings of the dissertation.

Although the principal aims of the study have been theoretical, the dissertation also systematically consolidates data on the three Baltic countries. That includes details of party financing regimes, auxiliary aspects of electoral systems (i.e. ballot access requirements), and a thorough analysis of recent cases of particularly successful new political parties. As a general framework underlying specific models concerned with the central questions, the dissertation has suggested a novel conceptual model for analysing the role of different resources for political parties' electoral mobilization. I have argued that most facets of political parties can be analysed in terms of resources used for voter mobilization. More specifically, the resources are used for penetrating the visibility filter that would otherwise inhibit the electorate from either knowing about the parties, or being familiar or convinced enough to vote for them. Such resources may be either real or virtual – covering the continuum from money and members through leaders and organization, up to ideology or a more specific project. The latter have not been analysed explicitly as resources in earlier studies. The conceptual framework has been presented here merely for theoretically guiding the dissertation; its further elaboration is a subject of future studies.

One of the central objectives of the dissertation has been theorizing and testing the cartelization hypothesis and alternative propositions provided by most studies focussing on new political parties. I have compared the arguments of the two streams of literature and suggested ways to test the theories. The strength of main *cartelistic institutions* can be measured by looking at party financing regimes. In contrast to earlier studies I have presented a theoretical model of party financing regime *restrictiveness* going beyond the traditional variable of share of public subsidies in party income by adding the aspect of *relevance of money* in party politics. The relevance is assessed by looking at two measures – the level of total party and campaign financing in a country, and correlation between campaign spending and votes won by individual political parties. For measuring the *effect* of cartelistic institutions, I have used a measure of popularity of *genuinely new*

parties that indicates the level of a substantial change in party systems. In contrast to the traditional measure of volatility, it directly addresses the petrification aspect of cartelization hypothesis whereas volatility can also be primarily a result of changes in support for established parties. As shown, such volatility has at times occurred also in the Baltic countries. So far, none of the party financing regimes has been thoroughly effective in inhibiting the success of new parties. However, in aggregate terms, one can see that especially compared to Latvia, Estonia has witnessed less substantial change in its party system. That is well in line with different levels of party financing regime restrictiveness stemming especially from the absence of direct public subsidies in Latvia. In Lithuania, the higher aggregate support for genuinely new parties may have been aided both by later introduction of public party financing, but also by more access points provided by Lithuanian electoral institutions (see below).

However, in a strict sense, the proposed theoretical model of party financing regime restrictiveness gets only partial empirical support. The level of public financing for established parties seems to have had some restrictive effect in Estonia. The second dimension (total of party finances) does not have a clear observable effect in the countries studied. That may be due to limited number of cases and shortness of the time period under study. Also, the total level of party income in a country might after all not be a very good indicator of relevance of money for party activities – especially considering the complicated effect of legal restrictions on party financing on the dimension. In future studies, covering more countries or longer periods of time, improvement of the variable's operationalization has to be considered. The other indicator of relevance of money in electoral politics – the correlation between campaign spending and electoral results – yields better results for the hypothesis, as the new party success has been lowest in the country with the highest correlation coefficient (Estonia), and highest in the country with lowest coefficient (Latvia).

While party financing regimes have not been entirely restrictive in the Baltic countries during a dozen years after the countries regained independence, recent changes in party financing rules clearly suggest the restrictiveness is on the rise – especially if the bans on corporate donations prove to be more effective than legal caps on campaign budgets. On one hand, that might lead us to expect fewer new parties. On the other hand, Simon Hug has found some empirical support for his (counterintuitive) hypothesis that increasing electoral thresholds should increase the initial strength of new parties (2001: 141). Restrictive party financing regimes can be seen as another barrier and therefore we may perhaps expect *fewer* successful new parties, but the rise of *strong* new parties may not be impeded in the longer run. The example of Res Publica in Estonia shows that if a new party gathers a momentum it can become very popular even in a relatively restrictive system.

I have argued that when trying to establish the effect of *electoral systems and electoral institutions* more broadly, one should not stick to the conventional electoral system theory that has primarily been advanced in analysing the general effect of electoral rules, say, on the number of political parties. It is often hypothesized that majoritarian elements (single-mandate districts, direct presidential elections) of a political system have a negative effect on new party success. Joseph Willey (1998) shows that new parties are less successful under smaller district magnitude. His hypothesis on presidentialism having the same effect gets no confirmation. I have argued in this dissertation that the higher the number of *access points*, the more favourable a political system is for the rise of new parties, as each of these provides a mean to penetrate the visibility filter that is necessary for electoral mobilization of voters. Such access points are not only provided by a number of constituencies in national elections, but also by second order elections, direct presidential elections, and favourable rules for calling referenda and popular legislative initiatives. The Lithuanian example clearly hints at the possibility that majoritarian features of political systems can have a permissive effect for new parties. Single mandate constituencies that can be won by parties with limited nationwide support can create a pathway into the core of national politics. Since the restoration of independence, there have been at least two parties that have first entered the parliament only through the majoritarian part of elections, but have subsequently received significantly more support and become significant actors in the country's politics –the Lithuanian Liberal Union and the Centre Union.[96] Also, the triumpher of 2004 Lithuanian elections – the Labour Party – was established by a millionaire MP Viktor Uspaskich, who contester the majoritarian part as an independent in 2000. In addition to the pathway created by the majoritarian part of the mixed electoral system, the direct presidential elections can be argued to provide a similar pathway into the core of Lithuanian party politics. As argued above, the success of New Union (Social Liberals) can be mostly attributed to its leader whose political career commenced from being a non-party runner-up in presidential elections. The publicity gained was instrumental resource in the later formation of the party and its success.[97] The Labour Party gained publicity for attempting to organize a referendum on electoral law amendments and the New Union (Social Liberals) tried to collect signatures for a popular legislative initiative. This publicity was evidently aided by the possibility to initiate referendums or legislation by collection of signatures in Lithuania. Additionally, both the New Union and Estonian Res Publica have

[96] In 2000, the latter returned to being represented by MP-s from single mandate constituencies only and merged with the Liberal Union before the 2004 parliamentary elections.

[97] Similarly, in 1994 a new party to enter the Bulgarian parliament (Bulgarian Business Bloc) was formed around Georges Ganchev Petrushev who received 16.8 percent of popular votes in presidential elections in 1992 (Sikk 2001: 50).

benefited from the chance to take their first electoral test in less demanding local elections shortly before parliamentary elections.

While no regulations can exclude the possibility new parties completely, restrictive institutions will likely lead the new contenders to try relying more on alternative resources as the amount of "utilizable" money (or number of access points) decreases. There are three main potential strategies parties can exploit that can be hypothesized to become more attractive if they are relatively less endowed with financial resources than their competitors. These do not necessarily exclude each other and can be mixed. All were to some extent used by either New Union (Social Liberals), New Era or Res Publica, either to compensate for fewer material resources or for the lack of incumbency advantage.

First, a *strong membership* strategy that may be considered a "positive scenario", as it would bring parties closer to the classical West European party model with its normative advantages, or at least with known shortcomings. It is not very likely that we will see traditional mass parties form in the Baltic states, but parties with a broad social basis could for instance benefit from the use of innovative techniques. The spread of internet creates opportunities for better information exchange within parties and possibly allows for more intra-party democracy. Of the Baltic parties analysed above, Res Publica has intensively exploited this strategy. It gathered a relatively large membership and used internet extensively. However, the way internet is used may make a difference, as it may turn to a tool for mock democracy rather helping to concentrate power in party headquarters than give genuine say to local branches or rank-and-file (as has been claimed about Res Publica, see Taagepera 2006: 88).

The second strategy of *a visible or strong leader* can be considered a "neutral scenario" as its normative appeal greatly depends on whether the leader is democratically minded or authoritarian. The strategy helps to penetrate the visibility filter by relying on free media exposure coming with a charismatic leader. It also helps to transmit the message (the project) of a party to potential voters as it becomes less abstract linked to a human face. That strategy was clearly used by Latvian and Lithuanian parties analysed. Einars Repše, Artūras Paulauskas and Viktor Uspaskich were all not only the founding and uncontested leaders of their parties but they were also crucial in mobilizing electoral support.

A third strategy of *populism* is most evidently the "negative scenario". If the availability of money or access points for new parties decreases, the visibility of a project increases in importance. As it is difficult to convey sophisticated messages with limited campaign budgets, the likelihood of simple and populist messages increases, as argued by Michal Klíma (1998: 87). The Progress Parties in Scandinavia – used as examples for rejecting the petrification hypothesis

(Pierre, Svåsand & Widfeldt 2000: 22) – were able to tackle the cartel both by relying on populist messages and by focussing on highly visible leaders. All new Baltic parties studied here used stronger or slighter hints of authoritarian rhetoric in their campaigns and afterwards. During the 2002 electoral campaign, doubts were cast on Einars Repše's democratic credentials, for example based on his demands for the prime minister to have the right to sack any civil servant (Birzulis 2002) and accusations of authoritarian inclinations were among the reasons eventually leading to the downfall of his government (Kuzmina 2003). Res Publica's main election slogan was an equivocal and somewhat controversial "Vali kord!" – meaning in Estonian both "Choose order!" and "Strict order!". In 2004, Lithuanian Labour Party publicly aimed for an absolute majority in the parliament that would free them of constraints posed by power-sharing in coalition governments. New Union (Social Liberals) draw support from Arturas Paulauskas' accursedly populist demands to pass state budget funds over from defence to education.

The recent success of new parties also suggests nice prospects for new parties in the future, especially if they were to make use of the strategies listed above, even in Estonia, where until recently the restrictiveness of the party financing regime seemed to have worked against new actors on the political scene. Nevertheless, recent changes in party financing regimes can counterbalance the prospects stemming from the experience with strong new parties. Interestingly, the changes were enthusiastically backed and pushed by Res Publica and New Era, both of whom had extensively used the opportunity to collect corporate donations.[98] Part of the reason for that might lie in their mission to be the purifiers of the political life of their countries, but given the restricting potential of the changes regarding new parties, one can speculate that the attractiveness also lies in the hope of being the last ones to "catch the train" and thereafter make it more difficult for further new contenders to enter the political scene.

One of the more general implications that follow from the findings of this study is that one has to be cautious about relying too strongly on sociological approaches to party systems. The dissertation calls into question the appropriateness of cleavage-based approaches in analysing party systems in post-communist political systems. The basic tenets of Lipset and Rokkan model (1967) that has been useful in describing the early party system development in Western Europe has with some success been used to explain the initial party constellations in Eastern Europe after the demise of communism (see Kitschelt 1995). However, the examination of Baltic party systems reveals that cleavages – at least those originally singled out by Lipset and Rokkan – may explain voting behaviour to

[98] In case of Res Publica, corporate donations very likely made the rise of the party possible at all.

some extent, but they have shortcomings in making sense of party systems. Sociological theories are particularly ineffective in explaining such drastic transformations as we have seen in the recent Baltic elections. First, there are no signs of emerging new cleavages in the societies. While some already existing cleavages may just surface to importance or gain political prominence and give rise to new parties, even that is largely out of the question as it is very difficult to point to any cleavages that the new parties correspond to. Therefore, sociological explanations of party system change and new party emergence that have worked well in the past elsewhere are not particularly useful in explaining the success of major new parties in Baltic countries.

Many new party studies use an institutional or rational rather than sociological perspective. One such example is Paul Lucardie's (2000) analysis of new party emergence and success. Drawing on the Western European experience, he distinguishes three types of new parties: *prophetic* parties that articulate a new ideology, *purifiers* that try to cleanse an ideology that has been soiled by existing parties, and *prolocutors* that articulate particular interests without clear reference to any ideology (Ibid.: 175–6). These categories seem not to fit well with the new parties analysed here. The parties do not make clear references to ideologies, and are not focussed on particularistic interests, but rather address all groups in a society. Their commitment to fighting corruption and conducting politics in a new way brings them closest to the purifiers, but they clearly address the politics in general and not try to salvage any particular ideology. Still, their notable success is not so different from West European experience, where the purifier parties – that they come closest to – have tended to be more successful than prophetic parties, at least in a short run (Ibid.: 182).

As is argued above, the political *project* of the successful new Baltic parties – the one of *newness* and cleansing of politics – proved very popular and it also has important theoretical advantages. Clearly, there is not much novelty in the idea that parties can be lacking on ideology or a political program. However, the assumption that new political parties should somehow be related to social divides has been (implicitly or explicitly) behind much of the theoretical literature on new political parties. The dissertation argues that new parties can become highly successful relying on the project of "newness", and that has been or will likely be used by parties in other countries in the future as well. More generally, I wish to underline that potential projects should not necessarily be expected to be linked to ideologies – the projects behind new party success can simply be very diverse.

No matter how promising, a strong project is still never sufficient alone for success. Lucardie has proposed that there are three groups of factors that are important for new party success: a relevant political project, the availability of resources (members, media attention, money, and leadership) and advantageous political opportunity structure – the openness of access to power, political culture

that may improve or worsen the chances for success, presence of exploitable cleavages, and events that create chances for new parties (Lucardie 2000: 179–81). This dissertation has argued that a project can also be conceived of as a "virtual" resource. As for the more "real" resources, the successful new parties in the Baltic states have clearly demonstrated the mutual *substitutability* of different resources. The Latvian New Era had relatively limited money and arguably even more limited membership, but it made excellent use of Einars Repše's charismatic leadership and the resulting media attention. Res Publica had considerable membership and sponsors that substituted for the lack of stable and charismatic leadership. The Lithuanian New Union, on the other hand, might be argued to have made very good use of the media attention its leader had gained throughout the 1997/1998 presidential elections, compensating for the limited membership by Lithuanian standards. The experience of these parties leads support to claims that we should not necessarily expect the post-communist countries to develop parties with mass membership (Chan 2001: 615), as there are potentially other resources that could substitute for the number of rank-and-file. It is remarkable that despite the similarity of their project, the parties were quite different with regard to resources at their disposal. As argued above, the difference is at least partly related to differences in the countries' institutional environment.

The influence of different facets of *political opportunity structures* is likely to be mixed in the Baltic countries – some of them are hospitable to the new parties and others are hostile. One that has not been analysed in the study in depth – the *political culture* – likely has not (yet) started to value stability very high. On the other hand, *formal access* to power has become limited by different provisions, especially so in Estonia with high membership threshold and rather advanced system of public financing for parliamentary parties that handicaps newcomers. The latter may explain the rather limited changes in Estonian party landscape until the 2003 elections bar the high electoral volatility. At the same time, the privatization scandals occurring in all three countries have provided an excellent *"event"* to help the new parties gain momentum. The rise of the new parties was accompanied by the profound decline of others – mostly of those that had been governing during the preceding electoral term and faced electoral penalty for the scandals. In Estonia, the rise of Res Publica was complemented with the fall of Pro Patria, the party of the prime minister from 1999 to 2002. The New Era surfaced when the electoral fortunes of the former governmental parties (the People's Party, Fatherland & Freedom, Latvia's Way and the New Party) waned. The Lithuanian New Policy bloc made headways in 2000 while the ruling Fatherland Union descended from being close to the absolute majority to only nine seats in the parliament. The new parties offered themselves as replacements for the old ones whose popularity had decreased substantially due to the scandals. Thus, the success of the new parties is part of the same processes that brings

down the old ones and in studying the successes of new parties, future research should pay closer attention to the decline of others.

A possible explanation linking huge decreases in governing party support to high stakes in politics has been suggested in this dissertation. It argues that some of the basic mechanisms of democracy are just not working properly. The principle of modern representative democracy is largely based on the principle of electoral accountability – the parties in power have to act in line with the will of people because otherwise they will be voted out of office. However, if the stakes in politics are high but steadily declining, the power holders may be tempted to make maximum use of their time in office by pursuing unaccountable or outright corrupt policies and not care too much for the negative electoral effects resulting from it. The maximum achievable utility from one term in office can even outweigh the expected total utility of future terms. In 1990-s the stakes in the Baltic countries, as everywhere in post-communist countries, were indeed high. Much of the state sector was to be privatized, many laws to be introduced, the whole framework of the political systems to be constituted. At the same time, it was easy to anticipate that each successive electoral term will leave fewer and fewer pivotal decisions. In addition, two factors might have further contributed to the appeal of unaccountable policies. First, the governing parties have feared the inevitable decline in support due to economic hardships. Second, the countries lacked sufficiently effective and independent law enforcement that could hinder corruption by other means than electoral accountability. It could be argued that the decline of the Estonian Pro Patria, Latvia's Way and Lithuanian conservatives can be explained by that kind of reasoning, although an empirical test of the hypothesis is rather difficult.[99]

[99] The passing of Estonian Coalition Party may present the most supportive evidence for the hypothesis. The leading party in 1995 parliament was heavily involved in privatization and surrounding scandals. After its collapse in 1999 elections, the party put an end to its existence, openly declaring that it had fulfilled its objectives, whatever these might have been.

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7.2.3. Lithuania

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7.3. Interviews

7.3.1. Interviews in Latvia

Berzina, Kristine (Central Election Commission, assistant to Chairman, PR manager)

Čigane, Lolita (Centre for Public Policy "Providus", analyst)

Čimdars, Arnis (Central Election Commission, Chairman)

Emsis, Indulis (Latvian Green Party, Chairman, former Prime Minister)

Galzone, Beata (National Broadcasting Council, juridical expert)

Grava, Uldis (New Era, General Secretary, former director of Latvian TV)

Gulbis, Maris (former member of New Era, established a new party in May 2005, former Minister of the Interior)

Jurkans, Janis (People's Harmony Party, Chairman, former Minister of Foreign Affairs)

Kale, Gunta (press secretary to the Minister of Integration)
Latkovskis, Ainars (New Era, Minister of Integration)
Mellakauls, Andris (People's Party, National Broadcasting Council)
Muižnieks, Nils (Latvia's First Party, former Minister of Integration)
Repše, Einars (New Era, Chairman, Minister of Defence, former Prime Minister)
Sulcs, Lauris (New Era, consultant of the Saeima fraction)

7.3.2. Interviews in Lithuania

Auštrevičius, Petras (Liberal and Centre Union, 2004 presidential candidate)
Indriunas, Algimantas (New Union – Social Liberals, Chairman of the Political Department)
Juozapavičius, Rytis (Transparency International Lithuanian Chapter, Chairman)
Klumbys, Egidijus (Party of National Progress, fraction of Liberal Democratic Fraction)

Mazuronis, Valentinas (Liberal Democratic Party, Chairman)
Matonis, Audrius (BNS Lithuania, Chief Editor)
Razma, Jurgis (Fatherland Union – Lithuanian Conservatives, Chairman of the Seimas fraction)
Sabatauskas, Julius (Lithuanian Social Democratic Party, Chairman of the Legal Committee of Seimas)
Sklerius, Rimantas (New Union – Social Liberals, standing General Secretary)
Subačius, Mindaugas (Labour Party, Member of Seimas)
Vaigauskas, Zenonas (Central Election Commission, Chairman)
Valentinavičius, Virgis (ELTA New Agency, Chief Editor)
Verenius, Irmantas (assistant to Julius Sabatauskas, MP)
Vidunaite, Morta (Transparency International Lithuanian Chapter)

8. APPENDICES

8.1. Electoral Results

Sources of the tables: Rose et al 1998, Vabariigi valimiskomisjon, Centrālā vēlēšanu komisija, Lietuvos Respublikos Vyriausioji rinkimų komisija.

Table 27 Estonia: *Riigikogu* elections 1992-2003.

		20 Sept 1992			**5 March 1995**			**7 March 1999**			**7 March 2003**		
	Turnout	67.8			68.9			57.4			58.2		
		V%	S	S%	V%	S	S%	V%	S	S%	V%	S	S%
1	National Independence Party	8.8	10	9.9	-	-	-	-	-	-	-	-	-
2	Pro Patria	22.0	29	28.7	7.9	8	7.9	16.1	18	17.8	7.3	7	6.9
3	Coalition Party	13.6	17	16.8	32.2	41	40.6	7.6	7	6.9	-	-	-
4	Kesk	12.2	15	14.9	14.2	16	15.8	23.4	28	27.7	25.4	28	27.7
5	Mõõd	9.7	12	11.9	6.0	6	5.9	15.2	17	16.8	7.0	6	5.9
6	Independent Royalists	7.1	8	7.9	0.8	0	0.0	-	-	-	-	-	-
7	Better Estonia/Estonian Citizen	6.9	8	7.9	3.6	0	0.0	-	-	-	-	-	-
8	Pensioners' and Families' League	3.7	0	0.0	-	-	-	-	-	-	-	-	-
9	Farmers' Assembly	2.9	0	0.0	w 3	w 3	w 3	0.5	0	0.0	-	-	-
10	Greens	2.6	1	1.0	-	-	-	-	-	-	-	-	-
11	Entrepreneurs' Party	2.4	1	1.0	-	-	-	-	-	-	-	-	-
12	Left Alternative	1.6	0	0.0	-	-	-	-	-	-	-	-	-
13	Ref	-	-	-	16.2	19	18.8	15.9	18	17.8	17.7	19	18.8
14	EÜRP*	-	-	-	5.9	6	5.9	6.1	6	5.9	2.2	0	0.0
15	Right Wingers' Party	-	-	-	5.0	5	5.0	-	-	-	-	-	-
16	The Future's Estonia Party	-	-	-	2.6	0	0.0	-	-	-	-	-	-
17	Justice	-	-	-	2.3	0	0.0	-	-	-	-	-	-
18	Farmers' Party	-	-	-	1.5	0	0.0	-	-	-	-	-	-
19	Country People's Party/RL	-	-	-	w 3	w 3	w 3	7.3	7	6.9	13.0	13	12.9
20	EKRP	-	-	-	-	-	-	2.4	0	0.0	1.1	0	0.0
21	Russian Party in Estonia	-	-	-	w 14	w 14	w 14	2.0	0	0.0	0.2	0	0.0
22	Blue Party	-	-	-	0.4	0	0.0	1.6	0	0.0	-	-	-
23	RP	-	-	-	-	-	-	-	-	-	24.6	28	27.7
24	Independence Party	-	-	-	-	-	-	-	-	-	0.5	0	0.0
25	ESDTP	-	-	-	-	-	-	-	-	-	0.4	0	0.0
	Others	2.1	0		1.3	0	0.0	0.4	0	0.0	-	-	-
	Independent candidates	4.3	0	0.0	0.3	0	0.0	1.5	0	0.0	0.4	0	0.0
	Total	100.0	101	100.0	100.0	101	100.0	100.0	101	100.0	100.0	101	100.0

* – in 1995 electoral coalition with 21 under name "Our Home is Estonia"

Table 28 Latvia: *Saeima* elections 1992-2002.

		5-6 June 1993			30 Sept 1995			3 October 1998			5 October 2002		
	Turnout	89.9			72.6			71.9			71.5		
		V%	S	S%	V%	S	S%	V%	S	S%	V%	S	S%
1	Alliance Latvia's Way	32.4	36	36.0	14.7	17	17.0	18.1	21	21.0	4.9	0	0.0
2	National Conservative Party	13.4	15	15.0	6.3	8	8.0	w 6	w 6	w 6	-	-	-
3	TSP / PCTVL	12.0	13	13.0	5.6	6	6.0	14.2	16	16.0	19.1	25	25.0
4	Farmers' Union	10.7	12	12.0	-	-	-	2.5	0	0.0	w25	w25	w25
5	Equal Rights Movement	5.8	7	7.0	-	-	-	-	-	-	-	-	-
6	TB/LNNK	5.4	6	6.0	12.0	14	14.0	14.7	17	17.0	5.4	7	7.0
7	Christian Democratic Union	5.0	6	6.0	-	-	-	2.3	0	0.0	-	-	-
8	Authentic Democratic Party	4.8	5	5.0	15.2	18	18.0	1.6	0	0.0	-	-	-
9	Popular Front	2.6	0	0.0	1.2	0	0.0	-	-	-	-	-	-
10	Green List	1.2	0	0.0	-	-	-	-	-	-	-	-	-
11	Russian Citizens of Latvia Party	1.2	0	0.0	1.3	0	0.0	-	-	-	-	-	-
12	Popular Movement for Latvia -Siegerists	-	-	-	15.0	16	16.0	1.7	0	0.0	-	-	-
13	Latvian Unity Party	-	-	-	7.2	8	8.0	0.5	0	0.0	-	-	-
14	United List - Farmers, Christian Democrats	-	-	-	6.4	8	8.0	-	-	-	-	-	-
15	Labour and Justice	-	-	-	4.6	0	0.0	-	-	-	-	-	-
16	Socialist Party	-	-	-	5.6	5	5.0	w 3	w 3	w 3	-	-	-
17	Political Union of Economists	-	-	-	1.5	0	0.0	-	-	-	-	-	-
18	Union of Latvian Farmers	-	0	0.0	1.4	0	0.0	-	-	-	-	-	-
19	Association of Underprivileged & Independence Party	-	0	0.0	1.0	0	0.0	-	-	-	-	-	-
20	TP	-	-	-	-	-	-	21.3	24	24.0	16.7	20	20.0
21	Social Democratic Alliance / SD Workers' Party	-	-	-	-	-	-	12.9	14	14.0	4.0	0	0.0
22	New Party	-	-	-	-	-	-	7.3	8	8.0	-	-	-
23	JL	-	-	-	-	-	-	-	-	-	24.0	26	26.0
24	LPP	-	-	-	-	-	-	-	-	-	9.6	10	10.0
25	ZZS	-	-	-	-	-	-	-	-	-	9.5	12	12.0
26	Latgale Light	-	-	-	-	-	-	-	-	-	1.6	0	0.0
27	Social Democratic Union	-	-	-	-	-	-	-	-	-	1.5	0	0.0
28	Social Democratic Welfare Party	-	-	-	-	-	-	-	-	-	1.3	0	0.0
	Others	5.7	0	0.0	1.1	0	0.0	2.8	0	0.0	2.4	0	0.0
	Total	100.2	100	100.0	100.1	100	100.0	100.0	100	100.0	100.0	0	0.0

Table 29 Lithuania: *Seimas* elections 1992-2004 (votes % in PR part).

	25 October 1992					20 October 1996					8 Oct 2000					10 Oct 2004				
Turnout (1st round)	75.2					52.9					58.6					46.1				
	V%	PL	SM	S	S%	V%	PL	SM	Total	S%	V%	PL	SM	Total	S%	V%	PL	SM	Total	S%
1 Democratic Labour Party/Brazauskas /Working for Lithuania	44.0	36	37	73	51.8	10.0	10	2	12	8.8	31.1	28	14	42	29.8	20.7	16	15	31	22.0
2 TS ("Sąjūdis")	21.2	17	13	30	21.3	31.3	33	37	70	51.1	8.6	8	1	9	6.4	14.6	11	14	25	17.7
3 Christian Democratic Party	12.6	10	8	18	12.8	10.4	11	5	16	11.7	3.1	0	2	2	1.4	1.4	0	0	0	-
4 LSDP	6.0	5	3	8	5.7	6.9	7	5	12	8.8	w1	w1	7	7	5.0	-	-	-	-	-
5 Coalition for a United Lithuania	3.6	0	0	0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Centre Movement	2.5	0	2	2	1.4	8.7	9	4	13	9.5	2.9	0	2	2	1.4	-	-	-	-	-
7 Electoral Action for Lithuania's Poles	2.1	2	2	4	2.8	3.1	0	1	1	0.7	1.9	0	2	2	1.4	3.8	0	2	2	1.4
8 National Union	2.0	0	4	4	2.8	2.2	0	3	3	2.2	0.9	0	0	0	0.0	0.2	0	0	0	-
9 Freedom League	1.2	0	0	0	0.0	1.0	0	0	0	0.0	w8	w8	0	0	0.0	-	-	-	-	-
10 National Progress Movement	1.1	0	0	0	0.0	0.3	0	0	0	0.0	-	-	-	-	-	-	-	-	-	-
11 Freedom Union	0.4	0	0	0	0.0	1.6	0	0	0	0.0	1.3	0	1	1	0.7	0.3	0	0	0	-
12 Chernobyl Movement	0.3	0	0	0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 LKDS	w5	w5	1	1	0.7	3.2	0	1	1	0.7	4.2	0	1	1	0.7	-	-	-	-	-
14 National Party Young Lithuania[c]	-	-	-	-	-	4.0	0	1	1	0.7	1.2	0	1	1	0.7	-	-	-	-	-
15 Women's Party / New Democracy Party	-	-	-	-	-	3.9	0	1	1	0.7	w1	w1	2	2	1.4	w29	0	0	0	-
16 Alliance of National Minorities	-	-	-	-	-	2.6	0	0	0	0.0	-	-	-	-	-	-	-	-	-	-
17 LLU	1.5	0	0	0	0.0	1.9	0	1	1	0.7	17.3	16	18	34	24.1	w1	-	-	-	-
18 Peasants' Party	-	-	-	-	-	1.7	0	1	1	0.7	4.1	0	4	4	2.8	w29	-	-	-	-
19 Russian Union	-	-	-	-	-	1.7	0	0	0	0.0	w1	w1	0	0	0.0	-	-	-	-	-
20 Political Prisoners & Deportees	w3	w3	1	1	0.7	1.6	0	1	1	0.7	w2	w2	w2	w2	w2	w2	w2	w2	w2	w2
21 Economy Party	-	-	-	-	-	1.3	0	0	0	0.0	-	-	-	-	-	-	-	-	-	-
22 NS(SL)	-	-	-	-	-	-	-	-	-	-	19.6	18	11	29	20.6	w1	-	-	(11)[d]	(7.8)
23 Moderate Conservative Union	-	-	-	-	-	-	-	-	-	-	2.0	0	1	1	0.7	2.0	0	0	0	-
24 People's Union „For the Fair Lithuania"	-	-	-	-	-	-	-	-	-	-	1.5	0	1	1	0.7	w30	-	-	-	
25 „Social Democracy 2000"	-	-	-	-	-	-	-	-	-	-	0.5	0	0	0	0.0	0.3	0	0	0	-
26 Modern Christian Democratic Union[a]	-	-	-	-	-	-	-	-	-	-	-	-	1	1	0.7	-	-	-	-	-
27 DP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.6	22	17	39	27.7
28 LiCS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.1	7	11	18	12.8
29 VNDPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.6	5	5	10	7.1
30 Paksas Coalition "For Order & Justice"	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.4	9	2	11	7.8
Others	1.6	0	0	0	0.0	2.6	0	0	0	0.0	0.0	0	0	0	0.0	1.0	0	0	0	0.0
Independent candidates[a]	-	0	0	0	0.0	-	0	4	4	2.9	-	0	2	2	1.4	-	0	5	5	3.5
	100	70	71	141	100	100	70	67[b]	137[b]	100	100	70	71	141	100	100	70	71	141	100

PL - party list seats, SM - single member seats

[a] Only in SM [b] Excludes 4 vacant seats [c] 2000: „YL", New Nationalists & Political Prisoners [d] Part of coalition in elections.

1992: Sąjūdis: 2 SM by Charter of Lithuanian Citizens; National Union: 1 SM by Independence Party

Table 30 Party volatility scores, Estonia 1992-2003.

		1992	1995	1999	2003
7	Better Estonia / Estonian Citizen		-3.3	-3.6	
16	The Future's Estonia Party/Independence Party			-2.6	0.5
1	Estonian National Independence Party				
2	Fatherland Union		0.9	8.2	-8.8
13	Estonian Reform Party			-0.3	1.8
15	Right Wingers' Party				
18	Estonian Farmers' Party		1.5		
5	Moderates		-3.7	2.7	-8.2
3	Coalition Party		12.0	-16.8	-3.8
8	Pensioners' & Families' League				
9	Farmers' Assembly				-0.5
19	Estonian Country People's Party				1.9
4	Estonian Centre Party		-0.4	9.2	2.0
11	Estonian Enterpreneurs Party				
12/17/25	Left Alternative / Justice / Soc Dem Labour Party		0.7		
14	Estonian United People's Party (Our Home is Estonia)		5.9	-0.1	-3.5
21	Russian Party in Estonia				-1.8
6	Fourth Power (Independent Royalists)		-8.9	-0.8	
10	Estonian Greens				
22	Estonian Blue Party		0.4	1.2	-1.6
20	Estonian Christian People's Party			2.4	-1.3
23	Res Publica				24.6
	Others and independent candidates		-4.8	0.3	-1.5
		V	21.3	24.1	30.9

Note: Votes for Coalition Party were split into two equal parts before 2003 elections.

Source of the tables in this section: author's calculations based on Table 27 to 29.

Table 31 Party volatility scores, Latvia 1993-2002.

		1993	1995	1998	2002
1	Latvia's Way Alliance		-17.7	3.4	-13.2
20	People's Party			21.3	-7.0
22	New Party			7.3	
24	Latvia's First Party				4.9
9	Latvia's Popular Front		-1.4		
7	Latvian Christian Democratic Union			-2.8	
14	United List - Farmers, Christian Democrats				
4	Latvian Farmers Union		-7.9		
25	Green & Farmers' Union				4.6
18	Union of Latvian Farmers			-1.4	
12	Popular Movement for Latvia - Siegerists			-13.3	-1.7
2	Latvian National Conservative Party		6.7		
10	Green List				
6	For Fatherland and Freedom		6.6	-3.6	-9.3
17	Political Union of Economists			-1.5	
3	Popular Harmony Party / PCTVL		-4.9	3.0	4.9
5/16	Equal Rights Movement / Latvian Socialist Party		-0.2		
8	Athentic Democratic Party 'Saimnieks'		10.4	-13.6	-1.6
11	Russian Citizens of Latvia		0.1	-1.3	
13	Latvian Unity Party		7.2	-6.7	-0.5
15/21	Labour and Justice / SDem Alliance / SDem Workers' P		4.6	8.3	-7.4
27	Social Democratic Union				
19	Association of Underpriviledged & Independence Party		1.0	-1.0	
23	New Era				24.0
26	Latgale Light				1.6
28	Social Democratic Welfare Party				1.3
	Others		-4.5	1.8	-0.4
		V	36.6	45.2	41.2

Notes: Votes for the New Party were split into three equal parts before 2002 elections

Table 32 Party volatility scores, Lithuania 1992-2004 (PR part).

	1992	1996	2000	2004
22	New Union (Social Liberals)		19.6	
1	Democratic Labour Party	-34.0	8.6	
4	Social Democratic Party	0.9		-27.5
19	Russian Union	1.7		
15	Women's Party / New Democracy Party	3.9		
18	Peasants' Party	1.7	2.4	
24	People's Union 'For the Fair Lithuania'		1.5	
30	Paksas Coalition			
17	Liberal Union	0.4	15.4	-0.6
28	Liberal & Centre Union			
6	Lithuanian Centre Union	6.2	-5.8	
13	Christian Democratic Union		1.0	-5.9
5	Coalition for a United Lithuania	3.6		
14	National Party Young Lithuania		-2.8	
23	Moderate Conservative Union			-1.2
2	Homeland Union ('Sajudis')	10.1	-22.3	6.2
20	Political Prisoners & Deportees			
3	Christian Democratic Party	-0.6	-7.3	
8	National Union	0.2	-2.3	-0.7
9	Freedom League	-0.2		
7	Electoral Action for Lithuania's Poles	1.0	-1.2	1.8
10	National Progress Movement	-0.8	-0.3	
11	Freedom Union	1.2	-0.3	-1
12	Chernobyl Movement	-0.3		
16	Alliance of Lithuania's National Minorities	2.6	-2.6	
21	Economy Party	1.3	-1.3	
27	Labour Party			28.4
	Others	1.1	-2.3	0.4
	V	35.9	48.5	36.9

8.3. Genuinely New Parties

Table 33 Main genuinely new parties in the Baltic countries.

			Votes %	Seats %
Estonia	**1995**	**Our Home is Estonia**	**5.9**	**5.9**
		Justice	2.3	0.0
		Farmers' Party	1.5	0.0
		Others & independents	2.0	0.0
	1999	Christian Peoples' Party	2.4	0.0
		The Blue Party	1.6	0.0
		Independents	1.5	0.0
	2003	**Res Publica**	**24.6**	**27.7**
		Christian Peoples' Party	1.1	0.0
		Others & independents	1.5	0.0
		Average	**14.8**	**11.2**
Latvia	**1995**	**Latvian Unity Party**	**7.2**	**8.0**
		Labour & Justice	4.6	0.0
		Russian Citizens of Latvia	1.3	0.0
		Latvian Popular Front	1.2	0.0
		Association of the Underprivileged & Latvian Independence	1.0	0.0
		Others	1.1	0.0
	1998	**Social Democratic Alliance**	**12.8**	**14.0**
		New Party	**7.3**	**8.0**
		Others	2.7	0.0
	2002	**New Era**	**23.9**	**26.0**
		Life of Latgale	1.6	0.0
		Social Democratic Welfare Party	1.3	0.0
		Others	1.7	0.0
		Average	**22.6**	**18.7**
Lithuania[1]	**1996**	**National Party Young Lithuania**	**4.0**	**0.7**[2]
		Liberal Union	**1.9**	**0.7**[2]
		Peasant's Party	**1.7**	**0.7**[2]
		Alliance of Lithuanian National Minorities	2.6	0.0
		Russian Union	1.7	0.0
		Liberty (Freedom) Union	1.6	0.0
		Economy Party	1.3	0.0
		Freedom League	1.0	0.0
		Others & independents	2.9	2.9
	2000	**New Union (Social Liberals)**	**19.6**	**20.6**
		People's Union "For the Fair Lithuania"	**1.5**	**0.7**[2]
		Liberty (Freedom) Union	**1.3**	**0.7**[2]
		Modern Christian Democratic Union	**-**[3]	**0.7**[2]
		Others & independents	0.5	1.4
	2004	**Labour Party**	**28.4**	**27.7**
		Others & independents	1.1	3.5
		Average	**23.7**	**20.1**

Note: parties gaining representation in bold.
[1] votes % in proportional part.
[2] won seats in single mandate constituencies only.
[3] only in single mandate constituencies.

8.4. Factors of Issue Positions in Expert Surveys

Statistical analysis based on database from Benoit & Laver (2006).

Table 34 Estonia: factors of issue positions in expert surveys.

	Component		
	1	2	3
Media Freedom	**-.976**	-.025	-.082
Privatization	**.938**	.150	.266
EU joining	**.937**	-.031	-.224
Foreign Land Ownership	**-.866**	.225	-.368
Taxes v. Spending	**.695**	.368	.393
Nationalism	.036	**.861**	-.311
Former Communists	.344	**.803**	.041
Religion	.104	**-.791**	-.121
Social	**-.621**	**.708**	.165
Decentralization	-.078	.243	**.901**
Urban-Rural	-.363	.332	**-.775**
Environment	**.685**	-.120	**.668**
Initial eigenvalues	*5.596*	*2.889*	*1.904*

Notes: Extraction method: principal component analysis. Rotated component matrix; rotation method: varimax with Kaiser normalization. Component scores with absolute value over 0.6 in bold.

Table 35 Latvia: factors of issue positions in expert surveys.

	Component		
	1	2	3
Decentralization	**.962**	-.192	-.055
Taxes v. Spending	**.958**	-.014	.258
Privatization	**.920**	-.017	.342
Former Communists	**.894**	.193	.364
EU joining	**.876**	-.106	.332
Nationalism	**.828**	.480	.217
Urban-Rural	.233	**.930**	.123
Foreign Land Ownership	.271	**.861**	-.176
Environment	.452	**-.802**	.009
Social	.164	-.026	**.937**
Religion	-.463	.072	**-.847**
Media Freedom	.346	-.456	.073
Initial eigenvalues	*6.444*	*2.779*	*1.315*

Notes: Extraction method: principal component analysis. Rotated component matrix; rotation method: varimax with Kaiser normalization. Component scores with absolute value over 0.6 in bold.

Table 36 Lithuania: factors of issue positions in expert surveys.

	Component		
	1	2	3
Religion	**-.973**	.102	.127
Nationalism	**.885**	-.211	.309
Social	**.875**	-.397	-.188
Media Freedom	**.869**	-.024	.484
EU joining	-.004	**.902**	-.221
Urban-Rural	.381	**-.888**	.230
Environment	-.454	**.753**	.380
Foreign Land Ownership	.262	**-.702**	**.605**
Decentralization	.078	.205	**.968**
Taxes v. Spending	-.027	.377	**-.854**
Privatization	-.036	.521	**-.812**
Initial eigenvalues	*5.650*	*2.866*	*1.814*

Notes: Extraction method: principal component analysis. Rotated component matrix; rotation method: varimax with Kaiser normalization. Component scores with absolute value over 0.6 in bold.

8.4.1. Dimensions

Spending v. Taxes
Promotes raising taxes to increase public services. (1)
Promotes cutting public services to cut taxes. (20)

Social
Favours liberal policies on matters such as abortion, homosexuality, and euthanasia. (1)
Opposes liberal policies on matters such as abortion, homosexuality, and euthanasia. (20)

Privatization
Promotes maximum state ownership of business and industry. (1)
Opposes all state ownership of business and industry. (20)

EU joining
Opposes joining the European Union. (1)
Favours joining the European Union. (20)

Environment
Supports protection of the environment, even at the cost of economic growth. (1)
Supports economic growth, even at the cost of damage to the environment. (20)

Former communists
Former communist party officials should have the same rights and opportunities as other citizens to participate in public life. (1)
Former communist party officials should be kept out of public life as far as possible. (20)

Foreign Ownership of Land
Supports unrestricted rights of foreigners to purchase and own _____ land. (1)
Opposes any rights of foreigners to purchase and own _____ land. (20)

Media Freedom
The mass media should be completely free to publish any material they see fit. (1)
The content of mass media should be regulated by the state in the public interest. (20)

Nationalism
Strongly promotes a cosmopolitan rather than a _____ national consciousness, history, and culture. (1)
Strongly promotes a _____ national rather than a cosmopolitan consciousness, history, and culture. (20)

Religion
Supports Christian principles in politics. (1)
Supports secular principles in politics. (20)

Urban versus Rural Interests
Promotes interests of urban voters above others. (1)
Promotes interests of rural voters above others. (20)

Decentralization
Promotes decentralization of all administration and decision-making. (1)
Opposes any decentralization of administration and decision-making. (20)

9. SUMMARY IN ESTONIAN

KIIRTEED VÕIMULE: UUTE ERAKONDADE EDU KOLMES NOORES DEMOKRAATIAS

Kõigis kolmes Balti riigis algas 21. sajand valimistega, kus esile kerkisid tugevad uued erakonnad. 2000. a. toetas Leedu Seimase valimistel ligi 20 protsenti erakonda Uus Liit (Sotsiaalliberaalid). 2002. a Läti Seimi valimised võitis 24 protsendi häältega Uus Aeg. 2003. a Riigikogu valimistel oli Eesti Res Publica edu tunnistajaks. Leedu 2004. a. valimistel kerkis esile taas tugev uus erakond Tööpartei, millest sai Seimi suurim partei. Kuigi parteisüsteemid on ka varasemalt olnud küllalt ebastabiilsed ning volatiilsus valimistel kõrge kogu Kesk- ja Ida-Euroopas, on nimetatud erakondade tõus siiski väga tähelepanuväärne. Kui Lätis oli uute erakondade esilekerkimine varem olnud küllalt tavaline, siis Leedus ja Eestis sellisel tasemel mitte.

Käesoleva doktoritöö peamiseks eesmärgiks on täiendada uute erakondade teooriat ning analüüsida uute erakondade esinemist valimistel vaadeldes *tõeliselt uute erakondade* edukust üldiselt ning lähemalt 2000-ndate alguse eriti võidukaid parteisid. Tõeliselt uute erakondade all on silmas peetud neid, mis ei ole varem parlamenti kuulunud, pole parlamendierakondade liitumise või lõhenemise tulemus ega otseselt läbi arvestatava hulga liidrite seotud varasema riikliku taseme parteipoliitikaga. Töö väidab, et tõeliselt uute erakondade edukus on ka hea parteisüsteemide muutlikkuse indikaator kuna näitab sisulisemat muutust kui volatiilsuse indeks. Näiteks ei tee viimane vahet erakondade toetuse üles-alla kõikumisel ja kuhjuvatel võitudel või kaotustel häälte osakaalus.

Balti riigid on parteisüsteemi muutlikkuse uurimiseks huvipakkuvad kuna erinevad üksteisest *erakondade rahastamise režiimi* ning *valimissüsteemide* poolest. Mõlemaid tegureid on varasemates uuringutes käsitletud uute erakondade edukuse selgitamisel. Esiteks, erakondade riiklik rahastamine on keskne muutuja Richard Katzi ja Peter Mairi väljakäidud erakondade kartelliseerumis-hüpoteesi juures. Lühidalt öeldes väidab hüpotees, et Lääne-Euroopa suuremad erakonnad on muutunud kartellideks, mille sees toimub omavaheline konkurents, kuid uutele tulijatele kehtivad piiravad tingimused, millest üks olulisemaid on juba esinduse saavutanud erakondade finantseerimine riigieelarvest. Mõnevõrra üllatavalt eeldab ja leiab valdav osa uutesse erakondadesse puutuvast kirjandusest (mis on kujunenud eraldiseisvalt

ning sageli kartelliseerumis-hüpoteesi ei mainigi), et riiklik finantseerimine peaks tänu mänguvälja tasandamisele uute erakondade esiletõusu soosima kuna vähendab sõltuvust erasfääri toetajatest.

Läti ja Eesti juhtumid on riikliku finantseerimise mõju võrdlevaks uurimiseks peaaegu täiuslikud kuna esimeses erakondi riiklikult üldse ei toetata samas kui Eestis on taoline süsteem käibel juba kümme aastat. Töö eesmärgiks ei ole siiski lihtsalt nimetatud hüpoteesi testida vaid välja on pakutud uus erakondade rahastamise teoreetiline kontseptualiseering, mis ei vaata ainult riikliku finantseerimise olemasolu vaid selle osakaalu erakondade rahastamises tervikuna. Lisaks sellele on oluline ka raha üldine tähtsus valimistel ja parteipoliitikas, mille mõõtmiseks on välja pakutud kaks muutujat: erakondade rahaliste vahendite kogumaht ning korrelatsioon valimiskampaaniatele kulutatud rahaliste vahendite ning valimistulemuste vahel. Välja töötatud teoreetilise mudeli järgi võiks eeldada, et uutele erakondadele soodsaim on olukord, kus raha on parteipoliitikas vähe ja/või see tuleb valdavalt eraallikatest ja pole seega *a priori* kaldu uute erakondade vastu (kuna riiklik finantseerimine eelistab reeglina tugevalt parlamendiparteisid). Režiim muutub uutele erakondadele seda ebasoodsamaks mida enam on parteipoliitikas raha (täpsemini: mida vähem on raha, mis veel võiks erakondadele lisanduda) ning mida suurem osa sellest läheb riigieelarve kaudu parlamendierakondadele.

Valimissüsteemi mõjude uurimiseks on huvitav võrrelda Leedut põhjanaabritega. Kui Eestis ja Lätis on kasutusel peaaegu puhtalt erakondlikel nimekirjadel põhinev valimissüsteem siis Leedus on kasutusel segasüsteem, kus osa kohti jagatakse erakondade nimekirjade vahel, teine pool Seimase kohtadest mängitakse aga välja ühemandaadilistes ringkondades. Erinevused sellega ei piirdu: Leedu president valitakse otsevalimistel ning sealne seadusandlus näeb ette avaramaid võimalusi rahvahääletuste ning -algatuste esilekutsumiseks. Leedu kogemus viitab sellele, et taolised majoritaarsed jooned valimisreeglite juures ei pruugi piirata uute parteide eduvõimalusi, nagu tihti uute erakondade käsitlustes on eeldatud. Pigem pakuvad ühemandaadilised ringkonnad, presidendi otsevalimine ning rahvaalgatused omamoodi „väravaid“ (*access points*), mille kaudu uued üritajad võivad parteipoliitikasse siseneda.

Parteisüsteemi stabiilsuse näitajad (volatiilsus, tõeliselt uute erakondade edukus ning kaudsemalt parlamendiliikmete tagasivalimise määr) sobivad Balti riikides üldjoontes teoreetilise mudeli ootustega. Eestis kui kõige piiravamate institutsioonidega (*institutional restrictiveness*) riigis on parteisüsteemi muutlikkus olnud keskeltläbi madalam kui Leedus ning eriti Lätis, kus institutsioonid on olnud võimalustandvamad (*permissive*).

Kuna käesoleva uurimuse ruumiline ja ajaline ulatus on piiratud ning agregeeritud andmetele tuginedes väga põhjapanevaid järeldusi teha ei saa, on

töö viiendas peatükis põhjalikumalt vaadeldud kolme eriti edukat uut erakonda (Leedu Tööparteid on käsitletud vaid põgusalt). See heidab valgust küsimustele liidrite, liikmeskonna ja valimiskampaaniate rolli kohta parteide esiletõusu juures. Nendes tahkudes olid erakonnad kohati väga erinevad. Kui Läti Uus Aeg ja Leedu Uus Liit olid väga liidrikesksed, siis Res Publica oli pigem kimpus liidri leidmisega. Kui Res Publica ja Uus Liit olid küllalt arvuka liikmeskonnaga, siis Uus Aeg oli vähemalt oma algperioodil väikse liikmete arvuga isegi Läti üldiselt liikmevaeste erakondade taustal. Samas oli Uue Aja valimiskampaania oluliselt erinev Res Publica, Uue Liidu ja ka paljude Läti erakondade kulukatest kampaaniatest – selle maksumus oli küllalt väike ning agaralt kasutati Balti riikides suhteliselt vähelevinud otsesuhtlemist.

Vaatamata olulistele erinevustele olid kolm erakonda väga sarnased programmiliselt olemuselt. Mitte ühtegi neist ei ole võimalik siduda esindamata, puudulikult või halvasti esindatud ühiskondliku lõhega või pindmisema vastuseisuga mõnes poliitilises küsimuses. Kõigi kolme iseloomustavaks jooneks oli lihtsalt *uudsuse projekt*. See seab olulise kahtluse alla enamikes uute erakondade käsitlustes leiduva kirjutamata või kirjutatud eelduse, et uued erakonnad peaksid kuidagi vastama ühiskonnas valitsevatele jaotustele ja esindama midagi poliitiliselt uut. Erakondade positsioonide kvantitatiivne (nii ekspert- kui avaliku arvamuse küsitlusele tuginev) ja kvalitatiivne analüüs näitab, et kolm erakonda võitlesid poliitiliste maastike sellistes nurkades, milles juba tegutsesid parlamendis esindatud erakonnad. Uudsuse projekti läbilöögivõime võib tunduda üllatav, kuid see võib olla väga lootustandev: skandaalide- ja korruptsioonimaigulise poliitikaga riikides ei pruugita oodata mitte uusi programmilisi tuuli vaid just poliitika eetilist uuendumist. Ka on uudsuse projektiga tihti seotud mõningane programmiline ebamäärasus, mis valijates ükskõiksuse tekitamise asemel võib hoopis vältida seda, et ideoloogiliselt peletatakse ära potentsiaalseid valijaid.

Lisaks institutsioonide ja parteisüsteemide püsivuse vahelise seose uurimine ning eriti edukate uute erakondade analüüsile on tööl kaks täiendavat eesmärki. Esmalt Balti riikide institutsioonide ja parteisüsteemide dünaamika süstemaatiline kirjeldamine. Lisaks parteifinantseerimisele ja valimisreeglitele antakse ülevaade olulisematest erakondade kandideerimist piiravatest reeglitest: parteide moodustamise nõuetest ning valimiskautsjonitest. Mõlemad viimased on Balti riikides üldiselt märgatavalt kõrgemad võrreldes Lääne-Euroopa vanade demokraatiatega ning hoopis olulisemaks takistuseks on kujunenud erakondade vajadus rahaliste ressursside järgi konkureerimaks valimiskampaanias. Teiseks täiendavaks eesmärgiks on valdkonna teoreetiliste mudelite arendamine. Ilmselgelt ei piisa kolme riigi tosinkonna aasta valimiste analüüsist põhjapanevate järelduste tegemiseks. Samas on alust väita, et Lääne teooriad jäävad Balti riikide arengute selgitamisel hätta. Uute demokraatiate kogemusi tuleks aga võtta väga tõsiselt jõudmaks teooriateni, mis toimiks edukamalt

kõikides demokraatiates. Enamgi veel – uutel demokraatiatel võib olla teooriate arendamise seisukohast eeliseid. Sageli mainitakse küll kommunistliku režiimi pärandi mõju Ida-Euroopa riikide poliitikale kuid samas on Lääne-Euroopa riikide demokraatia pikaajalisus jätnud selle toimimisele ehk tugevamagi jälje.

CURRICULUM VITAE

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Education
From 2001 PhD student of Political Science at the University of Tartu
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Professional experience
2006 – Advisor, Department of Economic and Social Information, Chancellery of *Riigikogu*;
2001 – 2006 University of Tartu, Department of Political Science, Research Fellow; Responsibilities have included teaching, coordination of Estonian National Election Surveys and research activities within the framework of Targeted Financing Grant of the Estonian Science Foundation.
1998 – 1999 Ministry of Transport and Communications, Department of Foreign Relations, principal specialist;
1997 University of Tartu, Department of Political Science, research assistant;

Main research areas: party systems, party financing, electoral behaviour, electoral systems

Main publications
"From Private Organizations to Public Infrastructure of Democracy? Political Parties and the State in Estonia," *Journal of Communist Studies and Transition Politics* (2006, forthcoming).
"From 'Sexy Men' to 'Socialists gone Nuts': The European Union and Estonian Party Politics," in *The EU and Party Politics in Central Eastern Europe*, Paul G. Lewis & Zdenka Mansfeldova (eds), Basingstroke: Palgrave, (forthcoming).
"Die Institution der politischen Partei in Estland," in Martin Morlok (ed) *Parteienrecht im europäischen Vergleich*, Baden-Baden: Nomos, with Ülle Madise, (forthcoming).
"Estonia," in Dieter Nohlen (ed.) *Elections in Europe*, Oxford: Oxford University Press (forthcoming).
"How Unstable? Volatility and the Genuinely New Parties in Eastern Europe," *European Journal of Political Research*, 44(1): 391-412, 2005
"Voting Behaviour in the Estonian EU Referendum," with Piret Ehin, in Vello Pettai & Piret Ehin (eds) *Deciding on Europe: The EU Referendum in Estonia*, Tartu: Tartu University Press (2005), pp. 22-39.
"Ethnic Claims and Secessionist Logic without Significant Political Mobilization: Local Politics in Estonia's Northeast," with Eiki Berg, in Risto Alapuro, Ilkka

Liikanen & Markku Lonkila (eds) *Post-Soviet Transition. Micro Perspectives on Challenge and Survival in Russia and Estonia*, Helsinki: Kikimora Publications (2004), pp. 165-187.

"Social and Political Dimensions of the Eurozone Enlargement in the case of the Baltic States" with Tiiu Paas et al (2003), *Ezoneplus Working Paper* No. 13A.

"Valimisreformi ABC" ("The ABC of Electoral Reform") in Rein Toomla (ed) *Riigikogu valimised 2003: Kas muutuste lävel?* (2003 Elections: On the verge of changes?), Tartu University Press, 2003.

"Presidendivalimised 2001" ("The Presidential Elections of 2001") in Rein Toomla (ed) *Presidendiraamat* (The Presidency), Tartu University Press 2002;

"Valimisreformist" ("On the Electoral Reform"), *Riigikogu Toimetised* (The Journal of Estonian Parliament) 3, 2001;

"Kompensatsioonimandaadid ja nende võimalik kaotamine" ("Compensational Mandates and Their Possible Abolishment") in Rein Toomla (ed) *Riigikogu valimised 1999* (1999 Riigikogu elections), Tartu University Press 1999;

"Kirde-Eesti poliitilisest kultuurist" ("On the Political Culture of North-eastern Estonia") with Eiki Berg, *Akadeemia* 1998(4): 702-722;

Main conference presentations

"Newness as a Project: Successful New Parties in the Baltic States," paper presented at the ECPR General Conference, Budapest, 8-10 September 2005.

"Party Financing Regimes and Emergence of New Parties in Latvia and Estonia," paper presented at the ECPR Joint Sessions of Workshops, Uppsala, 13-18 April 2004.

"Cartel Party System in a Post-Communist Country? The Case of Estonia," paper presented at the ECPR General Conference, Marburg, 18-21 September 2003.

"Successful New Parties in the Baltic States: Similar or Different?" paper presented at the conference *The Baltic States: New Europe or Old?* University of Glasgow, 22-23 January 2004.

Teaching experience

Democratic Institutions and Theories (2006);
Development and Modernisation (2001, in English);
East European Societies and Politics (2004)
Electoral Behaviour (2000, 2001, 2002);
International Political Economy (2002, 2004, 2005);
Introduction to Political Science (2000, 2006);
Political Science Methodology (2004);
Politics and Economy (2002);
Transition in Central and Eastern Europe (2003, 2004, in English);
Undergraduate Research Seminar (2001, 2002).

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