

THE ELITE CHARACTER AND STATE-SOCIETY RELATIONS: SLOVENIA AND ESTONIA IN A COMPARATIVE PERSPECTIVE

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Introduction: The composition of the elite in transition countries

One characteristic of post-socialist political elites is their heterogeneity. Namely, they are made up of individuals and groups with various social and historical origins and ideological orientations: former dissidents with diverse roots, more or less reformist members of the ex-communist nomenclature, members of professional groups (so-called technocrats), people from the sphere of the Church and even some members of pre-war political elites.¹ According to Agh, the transitional political elite possesses a number of common characteristics such as its distance from the non-elite and a lack of professionalism. For this reason, society perceives it as a unified actor which »monopolises politics and exerts control over all social life« (Agh 1996: 45). But several antagonisms and conflicts exist among the various elite segments, especially the competition for control over key resources which the actors are trying to obtain through different social linkages (the search for allies, various 'coalitions'); all of this means we are not dealing with a uniform group.

The social conditions in the countries of the former communist bloc are largely characterised by the *relationship between so-called old and new elites*; i.e., between elites derived from the ranks of the former regime and the relatively heterogeneous elites formed during the process of system transition. It must, however, be stressed that it is often difficult to make a clear-cut division between the old and new elites. Even the former nomenclature has in fact experienced various transformations and part of it has embraced (at least formally) democratic principles and norms, thus the thought and action patterns which are essentially a relic of the former undemocratic system are often found in recently-founded political parties.

¹ Attila Agh defines the five characteristic transitional types of politician: politicians of morality, politicians of historical vision, politicians of coincidence, the old nomenclature and the emerging professional political elite. For more details, see Agh (1996).

Nevertheless, a key question of post-socialist transformations concerns the position and role of the former holders of monopolistic social power such as the members of former communist elites: in other words, whether and to what extent they were able to retain key social resources and thereby continue to influence the development of these societies. In view of this, there are two interpretations of post-socialist conditions. The theory of elite reproduction holds that changes in Central and Eastern Europe did not have an impact on the composition of elites since the nomenclature was able to stay at the top of the social structure and become the new grand *bourgeoisie*. According to Hankiss (1990), the communist elites (at least their 'reformed' parts) used their political capital to acquire economic assets (through processes like 'spontaneous privatisation'). During the transition process, the *nomenclature* managed to stay in its positions because it succeeded in a particular rapid conversion (Matonyte/Mink 2003). The socio-economic structure of post-communist societies is thus argued to be designed according to the needs of this elite, described in terms like 'political capitalism' (Staniszki 1991) or 'crony capitalism' (Hanley 2000). According to the theory of elite circulation, however, these transformations are brought about by structural changes at the top of the social hierarchy, i.e., the key positions occupied by new people on the basis of new principles (Szelenyi/Szelenyi 1995: 616).

Yet in some interpretations the findings of empirical research do not categorically corroborate either the theory of reproduction or the theory of circulation (see Szelenyi/Szelenyi 1995: 636).² It is evident that in the process of post-socialist transition no revolutionary changes occurred in this region in general. Thus, part of the old elite – mainly its bureaucratic faction – left the elite, although a large part of the elite of the late 1980s retained their key positions. On the other hand, a large share of post-socialist elites is made up of people who did not belong to the nomenclature. However, with these new members usually no great 'structural shifts' occurred since most of them came from the ranks of professionals and mid-level bureaucracy, i.e., those who at the end of the 1980s wielded at least some power (ibid.: 622-624).

The reproduction of elites in Russia is understandable since the social changes in that country occurred more slowly, were less fundamental and no strong counter-elite had existed that

² A lengthy international comparative study of national elites (which formed part of the research project 'Social Stratification in Eastern Europe') was conducted in several countries of the post-socialist transition in the 1990-94 period. It was carried out by Ivan Szelenyi and his colleagues and initiated in 1990. By mid-1994, surveys had been completed in six countries: Bulgaria, Czech Republic, Slovakia, Hungary, Poland and Russia.

could have pushed the communist party personnel out. Thus, in the conditions of relative social instability, where democratic institutions do not function properly, communist party personnel have the advantage over the new players. In the cases of Hungary and Poland, the principle of the circulation of elites holds greater weight.³ This can be accounted for by the relatively well-developed civil societies there (in comparison to Russia) and a strong political counter-elite, which defeated the former communists in the first free elections.

A research study of the profile of the national elite was also conducted in the Czech Republic. The results indicate that in terms of the economic elite the level of reproduction is quite high, while in terms of political, administrative and cultural elites we can speak of circulation (Srubar 1998).⁴ One should also mention here a comparative study of national elites carried out in the Baltic countries which concludes that with the Baltic elites there is a combination of continuity and change. Here, A. Steen, the author of the study, uses the term 'elite recirculation' (Steen 1997).⁵

It is thus evident that the configuration of national elites, meaning the relative position and size of various elite circles in the constellation of power (Dogan 2003a: 1), differs considerably from one post-socialist country to another, and the same is true for the balance

³ Wasilewski's 1998 study of the current Polish elite (573 interviews were conducted with representatives of political, administrative and economic elites) gives somewhat different results in terms of the reproduction of the Polish elite: among the new elite, supposedly over a quarter (27%) of those belonged to the elite during the communist rule. According to the author, this share represents a 'significant reproduction of the old elite' (Wasilewski 1999: 4).

⁴ 40% of the Czech transitional economic elite occupied elite positions before 1989. Of these 40%, 85% were ex-communist party members, while 57% of the new economic elite were former communist party members (the percentage of 'party members' in the economic elite is considerably greater than the percentages in the political and cultural elites). In current managerial structures, only 23% of managers in fact held general manager positions before 1989, however, 50% of them were at that time deputy general managers or members of the board of directors (i.e., they belonged to some kind of second-rank managerial staff). 30% of the cultural elite held elite positions during communism. The results are similar in the case of the political elite, thus displaying a relatively low level of continuity. 35% of the members of the new political elite used to be communist party members (Srubar 1998).

⁵ The proportion of the elites who were members of the Communist Party and who held high positions in the former regime are: 55% in Latvia, 54% in Estonia and in 44% Lithuania (Steen 1997: 158). One reason for the smaller proportion of ex-Communist Party members in new Lithuanian elites may lie in the more pronounced left-right political cleavage (which has stimulated a more critical focus on the past), while in the case of the other two countries ethnic cleavages between the indigenous and Russophone populations were prevalent. In Estonia and Latvia, an intensive de-Russification of the elites occurred, meaning that the ethnicity of candidates for elite positions was more important than their political background.

between the reproduction and circulation of elites. It is precisely the balance and relations among the recently emerged factions of the post-socialist elite that decisively determine the character of political regimes (primarily in terms of the division of power in society, i.e., the level of its dispersal or concentration, as well as in terms of the social order as a whole). The types of elites in post-socialist societies differ from one another in a similar way as do the configurations of elites. The character of a political system in fact depends largely on the type of relations among the various political elites (Field et al. 1990; Higley/Burton 1998). This is particularly true in the case of a system transformation in which elites play the role of institution-builders (Kaminski/Kurczewska 1994).⁶

The majority of research on elites in post-socialist societies has generally been of a descriptive nature and focused on formal positions and characteristics (Bozoki 2003). At the same time, it offers empirical evidence for further elaboration and stimulates criticism and new investigations. Our review of the evidence on the formation and dynamics of positional elites in post-socialist societies clearly indicates there is neither pure reproduction nor pure circulation, but we can speak of a greater inclination to one or other form in these countries. For the cases of Slovenia, the most economically developed, and Estonia, the fastest developing, post-communist country we will seek to more precisely define these mixed forms, for example, the relations between reproduction and circulation, and their consequences for political modernisation⁷ and socio-economic development.

⁶ In their classification, Higley, Pakulski and Wesolowski specify four types of political elites on the basis of two factors: the level of integration and differentiation of elites: consensual, fragmented, divided and ideocratic elites.⁶ In countries with a consensual elite (Visegrad countries, Baltic countries, Slovenia) where all the key political players abide by the rules and where a relative balance of power between different factions of political elite exists, the entrenchment of long-term political stability is most likely. However, in most countries of the former Soviet Union, of the Federal Republic of Yugoslavia (Serbia and Montenegro) and in Albania, where there is practically no consensus on the fundamental norms of political activity, a specific part of the political elite is explicitly dominant. Accordingly, the chances of successful political transformation, meaning the establishment of a stable polyarchical democracy (as well as the reforming of the remaining societal spheres), are relatively small, at least in the near future.

⁷ Here we understand modernisation as a complex process of social changes in various fields (politics, the economy, science etc.) in the function of catching up with the so called developmental core, meaning those states perceived to be the most developed. From the viewpoint of post-socialist states, such a referential framework mainly comprises the most developed member states of the European Union.

Elites and political dynamics

Besides being former communist countries, Slovenia and Estonia share several similar characteristics. First, they are both small countries in terms of the size of their territory and number of inhabitants. Second, they are new countries that gained independence only after the collapse of communist regimes. (In the case of Estonia, independence was, in fact, regained since it was a sovereign country in the period between two World Wars.) Third, they were the most economically developed regions in former multi-national settings (although Slovenia was at the considerably higher level in this regard) with the most Western contacts due to their geographical closeness to Western Europe: Slovenia borders Austria and Italy and Estonia has a maritime border with Finland.

However, the nature of the communist regimes in these two countries differed considerably in some aspects. The Slovenian regime was, in general, much more open and Slovenia enjoyed more regional autonomy, while with Estonia the oppressiveness of the Soviet regime remained strong up until the beginning of *perestroika* and Estonians were exposed to a severe process of Russification – the result of which was about one-third of Estonia's population inhabited with Russian-speaking people (who mostly settled during the Soviet period) at the time of establishing the country's independence.

The two new EU members, despite the abovementioned similarities, experienced different dynamics of their systemic transformation. They established varying types of socio-economic regulation and different institutional settings which consequently determined the results of the transition process. Our analysis intends to show how these differences were determined partly by the logic of 'path-dependence', in other words, the conditions at the start of the transition process as well as by the character of the main actors, namely the elites, especially political ones, the relations between them and their strategic choices. In the following part of the text, we will briefly outline political developments in both countries in the post-communist period, the elite configurations and their consequences for socio-economic development.

Slovenia

The Slovenian political space is characterised by a bipolar division into two political blocs. The first is the so-called 'left-liberal' and the second the so-called 'right' bloc, with neither

being fully internally homogenous. They can be most clearly divided regarding their institutional origins. The two parties that for the most of the after-independence period played the main role in the first camp – the Liberal Democracy of Slovenia (LDS) and the Social Democrats (SD) (until 2005 the United List of Social Democrats) have their organisational roots in the old (socialist) regime – the latter is the successor to the former ruling Communist Party.⁸ The other bloc consists of three main parties – the Slovenian Democratic Party (SDS) which is the dominant party here, the Slovenian People's Party (SLS) and New Slovenia (NSi) – which were established during the process of democratisation. The distinction between the 'old' and 'new' parties as they are often labelled in public discourse largely covers the left-right cleavage ('left' as the 'old' and 'right' as the 'new' parties).⁹ At first, the cleavage mostly referred to the positions of both camps in the past, meaning both the period between the two world wars and the communist period as well as to some other positions of a symbolic and ideological nature like the role of religion and the Catholic Church in society (In this regard, the 'left' takes a quite lenient attitude to the communist period while it is sceptical and not rejective of the public engagement of the Church, while the 'right' is strongly critical of communism yet relatively supportive of the Church). While this 'cultural war' still has some potential for political mobilisation (although it has declined in the last few years), the issue of socio-economic regulation is gaining in importance and becoming the main point of controversy especially when centre-right government in 2005 launched a comprehensive programme of social and economic reforms directed at liberalisation and de-etatisation that should enhance the competitiveness and innovativeness of the Slovenian economy and society at large. These reforms are encountering considerable reluctance on the part of the opposition which warns against an increase in social inequality and the impoverishment of a considerable share of the population – meaning it is demonstrating its 'leftist nature' in terms of its social orientation and scepticism of 'unleashed' capitalism.

⁸ It has to be mentioned that the LDS acquired some special features. Regarding the origin of its membership it is quite a heterogeneous party. Its dominant core originates from the former Socialist Youth Organisation which, in the second half of the 1980s, became ever more critical of the regime; it can be said that it was an opposition within the (communist) party and its members had contacts with dissident circles (opposition outside the communist party). In 1994, a small but very significant section of members of two parties from the new political elite (members of the Demos coalition that governed from 1990 to 1992) joined the Liberal Democracy of Slovenia.

⁹ The labelling of both political blocs as 'the left' (first camp) and 'the right' (second camp) which is usual in public discourse has been a paradox for a long time (and to some extent it has blurred the picture of the Slovenian political space) since members of the business elite belong to proponents of 'the left', mostly the LDS, while many of those who considered themselves de-privileged (which is often described in terms of injustices suffered under the communist regime) have supported 'the right'.

The victory of the 'right' in the 2004 parliamentary elections brought a major change in the constellation of political forces which was, nevertheless, reversed in 2008 when the 'left' gain power again. For the most of the post-communist period, the Slovenian political space was dominated by a 'left-liberal' bloc in which the LDS played a central part.¹⁰ From the first parliamentary elections in 1990 onwards, there were five 'political turns' (including the establishment of the first non-communist government in 1990, and the current one), in other words, changes of the political options in power (and five different heads of government, including the current one). However, in this (21-year) period governments not dominated by 'left-liberal' parties were in place for just six and a half years. Although all LDS-led governments were composed of parties from different camps, this party dominated them and 'spring parties' only played a marginal role in these coalitions.

The political domination of the 'left-liberal' bloc was strongly related to the configuration of the general elite in post-communist Slovenia. Research conducted in 1995 on Slovenian functional elites in politics, culture and the business sector¹¹ provided some data on the relations between the old (people who occupied high positions before 1988 and were able to preserve them) and the new elites (those assuming elite positions after 1988). In fact, this showed a fairly high level of reproduction in all elite sectors (the highest in the business sector),¹² much higher than in other comparable Central European countries (Czech Republic, Hungary and Poland) where the change in the regime resulted in fundamental changes to the elite positions and thus the circulation of elites was higher. The consequence was that the vast majority of the elite gravitated (regarding its voting preferences) towards the political part of the retention elite, represented by the LDS and SD. This faction of the political elite had much better connections with various strategic groups within society, above all the management, business and academic sphere, the social sciences circles and the media. Its advantage thus laid in its intellectual and cadre potential as well as financial resources, which led to its

¹⁰ LDS now become a marginal political party. It even fell out of parliament after the 2011 elections, receiving only 1,5% votes.

¹¹ It should be stated that, regarding the research on elites in Slovenia carried out in 1995, a positional determination of the elites was performed. In this context, individuals are part of an elite if they occupy key positions in three main social areas: in politics (e.g. ministers, representatives in parliament, high state administrators, party leaders), in the economy (managers in leading companies) and in the cultural sphere (leading staff in cultural and scientific institutions, media establishments and professional associations).

¹² The rate of reproduction amounts on average to 77%, with the highest individual level being in the business sector (84%) and the lowest in politics (66%), while in culture it reaches 78% (Kramberger 1998, 1999; Iglič/Rus 2000).

disproportionate influence and informal power within society. This informal power contributed to the dominance of 'the left' more than their legitimate power, i.e. support among the population, since the both blocs were more or less in balance until the parliamentary elections in 2000 (when LDS and left bloc won with high majority).

Estonia

The political space in post-communist Estonia has been characterised by the fact that, unlike in most other Central and Eastern European countries (Poland, Hungary, Slovenia, Lithuania), the former communist elite did not manage to politically survive, at least not in the form of a strong communist successor party. Moreover, there is no strong left in Estonian political life. Among the political parties currently represented in parliament, only one (the Social Democratic Party) – may be considered as centre-leftist-oriented.¹³ The others are labelled centrist or centre-rightist.¹⁴ This means that it is mostly liberal and conservative forces competing for political support and an exchange in positions of political power.

Estonian political life has been characterised by high political dynamics in terms of the frequent changes of power-holders. Since 1990 there have been thirteen governments and eight different people have headed up the government. However, the situation stabilised after 2005 when position of Prime Minister is continuously held by Andrus Ansip from liberal oriented Estonian Reform Party. Most governments have been centre-rightist-oriented. Only one Prime Minister can be declared a social democrat (Andres Tarand, then not a party affiliate but who later led the Moderates) but even the government he led was not left-centre-oriented in general due to the fact that the coalition parties come from centrist and centre-rightist political options.

¹³ But even the orientation of this party seems to bear some traits of the New Labour (Lagerspetz/Vogt 2004: 65) and is thus not similar to the classical social-democratic parties.

¹⁴ The Centre Party is labelled by some as 'left leaning' (Pettai 2004: 993). However, it is a member of the European Liberal, Democratic and Reform Party. The Estonian People's Union is also sometimes described as a 'left of centre' party, which refers to its more left-oriented (by Estonian standards) social and economics policies advocating more state regulation and subsidising. However, in cultural terms it is conservatively oriented, proclaiming national and traditional values. This demonstrates how difficult it is for many post-communist parties to be located in the categories of 'left' and 'right'. As observed by some political analysts, the classical left-right cleavage has not yet evolved in Estonian political life (Grofman et al., 2001).

It is obvious that Estonian politics is, notwithstanding the quite frequent change of governments (particularly in the first decade after independence), dominated by a conservative-liberal option (Vogt 2003). This relates to the configuration of elites which has experienced the considerable circulation of the key positions. The circulation was, as mentioned before, not very 'deep' meaning that (mostly the younger) people recruited to the elite positions have not been complete newcomers since they occupied positions of some importance even at the end of communist period (Steen 1997; Steen/Ruus 2002).¹⁵ However, this influences the ideological composition of the political sphere and society at large since the vast majority of them embrace a neo-liberal ideology.

Although Estonia has had, at least in the first years of its independence, considerable continuity in terms of the communist pedigree of the political elite, this has not had an impact on the rightist character of the political space.¹⁶ One of the authors, on the other side, in his recent study argues that the elites' strong rightist orientations are levelling out or even declining (Steen 2007).¹⁷ What is surprising here is his notion that the state option for resolving traditional collective problems found strong support among all elite groups in the period between 1994 and 2003. Considering Estonia's low healthcare expenditure and its falling rate of total expenditure on social protection, a return to the state option seems very unlikely. In fact, even political parties belonging to the left side of the Estonian political spectrum are clearly pro-market, so much so that in many countries they might qualify as steadfast right-wingers (Vogt 2003: 83). The change in ideological affiliation also occurred to some top functionaries of the former regime. Evidently the position in the former regime's

¹⁵ As stated by Steen, 'While the nomenclature was largely removed from power, the younger, well educated, mid-level leaders from the former regime are continuing and are now occupying most of the top positions' (Steen 1997: 166).

¹⁶ As stated by Ruus and Taru in their study on members of the Riigikogu (Estonian parliament): 'A majority of all Estonian MPs have right-wing orientations, and consequently, previous membership of the Communist Party has only a minor impact on leftist attitudes' (Ruus /Taru 2003: 67).

¹⁷ In a study of elites' beliefs and economic reforms in the Baltic states and Russia (280-315 face-to-face interviews of top leaders – parliamentary deputies, administrative officials, directors of major private companies and state enterprises, NGO leaders, the judiciary, culture institutions and local government – were conducted in every state and combined with the World Bank and IMF statistical material), Steen comes to the conclusion that '...the elites' rightist orientations were strong during the initial phase of reforms and are fairly stable during the 1994-2003 period. The elite support for private ownership was extremely high in the beginning among all elite groups but is apparently declining gradually as the effects of capitalism, e.g. income inequality hits population. The state option for solving traditional collective problems has strong support among all elite groups during the entire period' (Steen 2007: 96).

power structure did not determine ideological preferences in the post-communist situation as happened in some other countries like Slovenia.

Left-wing and right-wing hegemony

One could say that both Slovenia and Estonia have for most of the post-communist period been characterised by politico-ideological hegemony. What differs is the content and bearer of this hegemony. While in Slovenia it was undertaken by a 'leftist-liberal' camp (Adam/Tomsic 2002) and oriented toward gradualism, in Estonia it was conducted by a conservative-liberal option and directed at radical change in the sense of the liberalisation of society (Lagerspetz 2001; Lagerspetz/Vogt 2004). Hegemony in Slovenia was maintained in conditions of a bipolar structure of the political space, despite the fact that the electoral support for both camps was often quite in balance, mainly through informal elite networks. Hegemony in Estonia was, despite the absence of a dominant political entity and the relative fragmentation of the political space, maintained through a wide value and policy consensus of the main political actors.

It seems that the presence of an 'external threat' in the form of Russia as a strong neighbour and former oppressor as well as the large Russophone population acted as a homogeniser of Estonian elites on the basis of a national and neo-liberal ideological platform. In the case of Slovenia, the absence of such a strong ongoing threat (despite the fact that its ex-Yugoslav neighbours were at war) prevented such homogenisation. Instead, the so-called 'soft transition' with the important role of the 'old' elite which managed to stay in many key positions in society, combined with traditions of strong ideological polarisation, maintained the state of a bipolar constellation and the domination of one political bloc.

The composition of Slovenian elites and dynamics of the political space have been the subject of dispute among scholars. Some consider this situation to be unproblematic, stressing the benign effect of elite reproduction, especially political and social stability – Slovenia experienced less social turbulence than any other transition country – while at the same time relativising the significance of the data indicates a high level of elite continuity (Iglič/Rus 2000; Kramberger/Vehovar 2000) or attributing that to the positive role of the old communist elite in the democratisation process (Miheljok/Toš 2005). However, other more critical

interpretations exist, including those advocated by the authors of this article (Adam/Tomsic 2000, 2002; Tomsic 2002). According to them, the high level of elite reproduction is producing a long-term malignant effect (although this might not be apparent in the short term), including a possible shift towards an oligarchic democracy or delegative democracy (see O'Donnell 1998), and the establishment of monopolies and rent-seeking behaviour.

Similarly, assessments of Estonian political development are not univocal. It is generally accepted that the country achieved great progress in the last fifteen years in terms of the development of its economy, society and political life. The tempo of its systemic modernisation is probably the fastest in the region and is thus often labelled the 'model pupil' of the applicants for EU accession (Smith 2002). For this achievement, the political actors in this period certainly deserve credit. In spite of this, certain observers detect some considerable deficiencies characterising Estonian politics and society like increasing social inequality, political egotism and a lack of responsibility, widespread clientelism etc.¹⁸ The main problem perceived is the elitist behaviour of political leaders and their insensitivity to the interests and preferences of ordinary people.¹⁹ The differing experience of certain social and ethnic groups results in polarised assessments of the democratic process in terms of their satisfaction with the state of democracy (Evans/Lipsmeyer 2001).²⁰

State-society relation

The strength of civil society

¹⁸ In April 2001, a group of Estonian social researchers addressed the public in an appeal raising their concerns about the course of the country's development. In their view, Estonia had drifted into a political, social and ethical crisis. They described the notion of 'Two Estonias, which symbolise a wide gap between power elite and disempowered ordinary citizens (Lagerspetz/Vogt 2004: 57).

¹⁹ This elite-centeredness, based on the principles of speed, efficiency and expertise, is argued to also be characteristic of the process of Estonia's integration into the European Union (Raik 2002).

²⁰ In their analysis two authors conclude, that the gap between ethnic Estonians and Russian speaking is narrowing after initial differences and so called two groups' status. Considering the data from 1990 to 1996, findings on the development of trust in the two ethnic communities indicate "considerable progress toward the creation of a homogeneous civil society" (Titma/Raemmer 2007). According to this analysis, differences between the groups are overcome by similarities resulting in the fact that 'the Estonians' feel less threatened by Russian speaking minority every year.' Surprisingly, this conclusion is drawn in despite of the noted (significant) difference between the two groups in relation to poverty issue. For example, namely 85% of Russians as opposed to 54% of Estonians believe that poor people have very little chance to escape from the poverty gap (Ibid.).

Numerous definitions of civil society exist, yet most of them agree (are compatible) with the notion, that civil society represents intermediary sphere, some kind of buffer-zone between individuals' micro world and big institutions (Berger/Luckmann 1995). In this respect intermediary sphere is constructed of a string of organizations and associations that we add (count) to, so-called, Third- or nonprofit-voluntary sector. This sphere is important from democracy point of view, as well as sustainability of social cohesion. Its development indicates tension towards self-organization and activity of the citizens. On the other hand, some segments of civil society are included into decision- and policy-making processes. This in fact means, that connections exist between the political elite and leadership of civic associations or NGOs. Here we encounter differences among particular states, in some cases civil society is more included into social and civic dialogue, in other cases less so or it is detached (pushed away) from main decisions and therefore not presented with social acknowledgment.

Regarding relevance and development of civil society in Estonia and Slovenia there are some comparative data available, however it is difficult to make a general picture of respective relations on the basis of these data. Findings of cross-national studies show that Slovenia has more developed civil society seemingly to a larger extent included into public policies.

Let us take a look at some findings from European Values Study (1999-2000). On the basis of data about membership and activity in voluntary organizations, it is evident that in Estonia, in the period between 1990 and 1999, a significant decrease in participation occurred. In the year 1990, 73% of respondents were included into voluntary associations, whereas nine years later only 34%. Similar is the proportion in active participation that also decreased for one half. This can be explained as a transition shock that caused severe social turbulences. Concerning Slovenia, trend is the opposite. In the year 1990, civil society was weaker than in Estonia, however last measurement shows progress and mean scores are much better. Consequently Slovenia, together with the Czech Republic and Slovakia, constitutes a relatively successful group in the European context. Estonia on the other side, fell into the group of countries with less developed civil society (together with Poland, Hungary, Lithuania, Latvia, Romania, Portugal and Spain) better only than the average of Russia and Turkey. Similar results can be drawn from the so-called Global civil society index that is based on variables or data from EVS (Anheier/Stares 2002).

Considering these data we need to be skeptical since they do not allow making firm conclusions. Besides methodological problems that comparative research in Europe is dealing with, the issue is also remote time period since transition is proceeding towards completion in the last three years. In both countries political and economic stability has been accomplished as well as higher standard of living. In the last Eurobarometer survey (Special Eurobarometer 237 “European Social Reality”) conducted in 2006-2007, we can observe noticeable progression of Estonia regarding the extent of active participation or voluntary work in the EU. Estonia, still being below the European average is positioned considerably higher than most of the new EU members. Slovenia (close behind are the Czech Republic and Slovakia) is positioned higher, slightly above EU average.

Proceeding from this data and considering other findings²¹ we hypothesize that organized civil society in both countries is gaining on importance, however in general still playing a rather weak role as a partner to political elite. In Slovenia, its influence is more pronounced and we can also conclude that there are more connections and cooperation between civil society and politics (which is not necessarily positive due to possibility of emergence of rent-seeking behavior or “special interest groups” as argued by M. Olson).

In post-communist countries, there is dominant position of the state *vis a vis* civil society (Korkut, 2005). This is caused by exclusivist way of conduct by the hand of political elites (Agh, 1996), as well as structural conditions of functioning of civil sphere, i.e. its weakness of in terms of its personal, financial and organisational resources (Nagle and Mahr, 1999; Ost, 1993; 2000). Moreover, the societies are characterised by elitism of both politics and civil society. Reasons for this could be found in: 1. convergence of political and civil society elites (their interconnectedness in terms strong – although often informal – ties between elite members) and. 2). missing link between leaders and masses in both political and civic associations (Korkut, 1999:149). This leaves the ordinary citizens out of political and social life.

²¹ One of the foreign authors observing the Estonian political life and the role of civil society during the accession negotiation with the EU speaks about strong prevalence of the civil servants and government, and stresses the technocratic elite-centered decision-making.

As regards our two compared countries, one could speak about two types of elitism. Estonia is characterised by (neo)liberal elitism where interest groups are relatively weak thus political influence is exercised on predominantly individualist basis, while in Slovenia prevails (neo)corporatist elitism with overlapping and interlocking of political and non-political elites. Both types contribute to the exclusion of 'unconnected' individuals and groups who can not effectively participate in decision-making processes.

Liberal vs corporatist state regulation

Our thesis is that Estonian elite created the type of state which is close to the model of liberal minimalist state whereas its Slovenian counterpart produced a model close to the corporatist welfare state. Much of empirical evidence confirms this. Regarding healthcare expenditure, in 2003 Estonia with 4.2% of GDP was only placed higher than Lithuania (3.9) and Latvia (3.0) but Slovenia spent almost twice as much (7.8), while other figures are Czech Republic (7.1), Hungary (6.2), Slovakia (5.8) and Poland (4.3). Total expenditure on social protection in Estonia decreased from 14.4% of GDP in 2000, 13.6% of GDP in 2001, 13.2% of GDP in 2002 to 13.4% of GDP in 2003 (Source: Eurostat Yearbook 2006-07).

Some recent data show that satisfaction with standard of living and the quality of life is much higher in Slovenia than in Estonia, despite outright positive mood of the Estonians, according to the Eurobarometer data. Considering percent of respondents satisfied with standard of living and the quality of life Slovenia places equal or even above EU-25 average, whereas Estonia stays well below.²² Social protection, in particular health care, is another issue of concern among 53% of Estonians, whereas only 29% of respondents are concerned in Slovenia (also see Eurobarometer 2007). It should be, however, stressed that Estonians are according to this survey, the most optimistic and future-oriented nation in the EU. Regarding the socio-economic situation in the next 12 months as well as in the next five years, they expect substantial improvements.

²² Regarding satisfaction with 'the quality of life in the areas where you live' 90% of Slovenians' as opposed to 78% of Estonians answered affirmatively. In case of 'standard of living', the relation is 83% (Slovenia) and 68% (Estonia). EU-25 average is 86% ('quality of life') and 83% for 'standard of living' (Special EB 2007).

Regarding labour market, development of institutional regulative mechanisms also differ in both countries. After the initial decline in union membership associated with transformational recession, institutional changes and sectoral reallocations, unions have become more homogenous organizations and genuine representatives of sectoral interests, which also led to the fragmentation of union structures and the rise of new specialized unions (Feldman 2006). Representation of workers interests in Slovenia is well developed and institutionally coordinated, whereas in Estonia labour unions play no significant role, particularly not in wage bargaining. Collective bargaining is most important factor in determining wages in Slovenia, leaving only little manoeuvrable space for employers to regulate wages according to their business interests and situation on labour market. Minimum wage is being set by negotiations between employers and labour unions, whereas enactment is in the domain of competent minister (Ivančič 2007). Legal employment protection in Slovenia is the highest among Central and Eastern European transition countries.²³ In Estonia, legal protection of permanent employment as well as protection from collective dismissal is basically almost at the same level as in Slovenia, however national report for Estonia (2007) accentuates sheer formality of legal protection since many employers systematically violate legal regulations by exerting pressure on employees to register themselves as self-employed and thus reduce the costs of wages (Ivančič 2007). The government's interference in the wages of the business sector is limited and confined to the establishment of minimum wages and adherence to the provisions of the wages law, which means mainly that "the employees as the weaker party in the labour market are given internationally acknowledged guarantees" (Alas/Svetlik 2004). According to Alas and Svetlik Estonian government regulates wages of only about 10% of the employees.

In economic theory, two distinctive models or patterns of economic coordination, namely coordinated market economies (CME)²⁴ and liberal market economies (LME)²⁵, are linked to

²³ Legal employment protection index (EPL, OECD 1999) for Slovenia is 3.5, for Hungary 1.7 and for Estonia 2.6 (Ivančič 2007).

²⁴ "In CMEs willingness to invest in industry-specific skills is present. This is backed up by a financial system, which is able to provide firms with 'patient' capital. Investments are monitored through close relationships to stakeholders in dense business networks and cross-ownership with overall large blockholders of shares. This longer-term investment horizon, in turn, makes it possible for firms to retain workers in economic downturns. Otherwise no worker would be willing to invest in industry or even firm-specific assets. Furthermore, this relationship is corroborated by a generous social security system and more consensual industrial relations, which combined give workers additional employment and unemployment protection, as well as 'wage protection'. So the comparative institutional advantage of these firms is their ability to invest in firm-specific or industry specific skills (assets).

Slovenia and Estonia. Feldman (2006) argues, that the emergence of either type of industrial relations in both countries can be understood by examining inherited institutions (legacies) and strategic policy choices regarding privatization and monetary policy (strategic policies). Legacies determine the emerging institutions in the transition period and differ sharply between Slovenia and Estonia. Thus for example the decentralized institution of workers self-management (horizontal ties) in former Yugoslavia as opposed to centralized Soviet system of political control over economic affairs, resulted in different role and extent of worker union involvement and privatization. Considering privatization policy choices new elites in Estonia leaned heavily on foreign investment, which significantly weakened old interests and worker influence (Feldman 2006).

Discussion and conclusion

The specific configurations of the Slovenian and Estonian elites led to gradual changes and a high degree in continuity in the first case and to changes of great speed and depth in the second. Slovenia managed to avoid abrupt social tensions that could have resulted from a big increase in the inequality and impoverishment of larger segments of the population. It achieved a relatively high quality of life as indicated by, for example, the Human Development Index. In the meantime, the high elite reproduction related to excessive political control over key areas and the marginalisation of alternative options (not only in the political sphere) led to growing inertia and staggering systemic reforms resulting in the low efficiency of the government and shrinking competitiveness of the economy (as indicated by low rankings in surveys like the World Competitiveness Yearbook and the Global Competitiveness Index). Estonia became the fastest growing former-communist country. Different comparative surveys see Estonian state/political institutions as being the most

These skills are actually 'produced' by the dual vocational training, as in Germany, where apprentices acquire a great deal of practical firm experience. Encompassing business associations and relatively close relationships between firms make this possible through common standard-setting and prevention of free-riding" (Buchens 2005).

²⁵ "On the contrary, for firms in LMEs access to capital is through highly liquid markets. Shareholders rely on takeovers as disciplining measures. Capital markets demand disclosure of short-term profitability figures. This, in turn, is ensured by fast hire-and-fire. Wages are negotiated on the firm level. Workers will invest in more portable assets, general skills. Low unemployment and employment protection reinforce this. So, in contrast to CMEs, in LMEs comparative institutional advantage of firms operating in this highly competitive environment lies within their high degree of flexibility" (Ibid.)

efficient and development-oriented (especially in terms of providing a business-friendly environment) in the region. But this happened at the expense of excluding certain segments of the population, which resulted in their frustration and cynicism. It is obvious that political hegemony, regardless of its ideological basis, produces some problematic effects for the proper functioning of democracy since it leads to the self-sufficiency of power-holders and a lack of responsiveness towards the citizenry, in turn generating their distrust of political institutions and, at worst, of the system as such.

The course of political development and systemic transition is determined to some extent by 'path-dependence'. After the breakdown of the Soviet regime, Estonia faced serious socio-economic conditions. They had a choice: to either stay trapped in a vicious circle of underachievement at the Western periphery or to do something to break this circle and make a developmental breakthrough. Slovenia's situation was quite different. Its relative openness towards the West and its more market-oriented economy together with some degree of political and especially cultural autonomy (which was not the case in the Baltic countries) during the times of socialist Yugoslavia made the change in the socio-economic formation less traumatic. This led to the prevalence of a notion of the relative compatibility of the Slovenian institutional setting with the West which rejected a deep and sudden break with the past, arguing for a 'soft transition', in other words, piecemeal and gradual institutional changes in order to preserve social stability. This soft transition was strongly connected with the abovementioned high elite reproduction, meaning that most old communist-era elites retained their positions in the new circumstances. However, the political actors still had to make their choices. The Estonian elite decided to modernise society through a widespread and rapid liberalisation and deregulation, while the Slovenian one embraced a gradualist approach that led to much slower and more cautious reforms.

Both transition models have proved to be successful in some way. Estonia is considered to be the fastest-developing state that is rapidly approaching the EU average. Slovenia, on the other hand, has succeeded in maintaining the highest GDP in the region – despite having lower economic growth than Estonia – and economic stability. Here, two key factors need to be mentioned. The first refers to the structural, particularly historical and geo-political circumstances (path-dependence). The second has a 'subjective' nature and largely depends on the decisions and composition of elite groups. Our thesis is that the type of capitalism in both states needs to be explained within this context. In the case of Slovenia *managerial*

capitalism with a strong (significant) role of the government evolved, while in Estonia we can observe the emergence of *classical (market) capitalism* with only a small (marginal) role of the state. Whereas in Slovenia we can speak of a ‘corporatist welfare state’ when it comes to Estonia one can at most observe a ‘residual welfare state’ and a minimum state. What is interesting is that the Estonian elite did not take the nearby Scandinavian model of restricted capitalism and universal welfare state as a reference. The social order that emerged is thus much closer to the Anglo-Saxon model of entrepreneurship, free-market ideology and the limited role of the state.

However, the story of elites and capitalism in both states is still not over. Recent events and observations tell us that Estonia went too far in the neo-liberal direction, while Slovenia exaggeratedly leaned in the corporatist direction. In the former the reforms were quick and ruthless while in the latter they were too slow. Estonia’s ‘pure’ or liberal type of capitalism introduced significant social inequalities, poverty and the exclusion of quite large social groups (mostly the Russophone minority). It is true that in Slovenia shifts in social stratification also occurred but a much more significant problem hindering the “meritocratic” principles and economic competitiveness seems to be the rigidity of the labour market and taxation system. In Slovenia, some liberal reforms were launched, with limited success. In Estonia a segment of the political elite has already started to consider a bigger role for the state (Steen 2007). In addition, we can detect the importance of the social learning factor of elites that, along with path-dependence and the elites’ creative responses to historical and geo-political limitations, is significantly influencing the course and quality of social development.

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