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ambitious Central Bank President, Siim Kallas, was voted down. In the end, in late October, the choice was Andres Tarand, a 54-year old non-party figure and ex-environment Minister, whose main strengths were that he had no sworn enemies and that he said he intended only to act as caretaker PM until the March 1995 election. In practice, he has carried on with Laar's economic politics, has moderated Estonia's combativeness towards Russia, and has developed a taste for power to the point where he may well head a centre party election ticket.

4. The many small parties in Estonian politics continue to circle each other and to form electoral coalitions. In October, Kallas founded a new party which has already made a tactical alliance with the Fatherland party (still the main coalition partner). The general expectation is that Estonia's new government will be further to the left and thus less ultra-liberal economically than Laar's and Tarand's; but there is little likelihood of a return of ex-communists, or any real change in Estonia's successful economic course.

5. Just after Laar's demise came the shattering news that the country's flagship, the MS 'Estonia', had been lost in the Baltic. After the bow doors had been torn off in a storm, the car deck quickly flooded, and the ship sank, all in about 15 minutes. Only about 140 people out of the ship's complement of nearly 1100 passengers and crew survived the disaster, and 375 Estonians were drowned. Most of the rest were Swedes (only one was British). In this small seafaring country, almost everyone knew someone who had died, and it will take them a long time to get over it. People say sadly to me that thanks to media interest in the sinking their country is finally on the map, but in the worst possible way. President Meri said in his New Year message that the flood of world-wide condolence messages had at least made him feel that in contrast to the situation only 5 years ago Estonia was no longer alone or forgotten. Pessimists say that the loss of the ship bearing the country's name is an ill omen. In a country with little in the way of social security, the plight of the crewmen's families is serious, and the Estonians have been slow to pay out relief funds donated from abroad. They concurred with the Swedes' agonized decision not to raise the wreck, but unlike in Sweden there was no real pressure here for this or expectation of it happening. Estonian history has inured them to suffering, and to a degree of fatalism.

THE ECONOMY

6. The Estonian economy continues to be one of Eastern Europe's success stories. As the FT's April survey put it, Estonia is 'the first and only economic success to emerge thus far from the wreckage of the Soviet Union'. The Government is still wedded to economic ultra-liberalism, with no external tariffs at all, strict no-deficit budget procedures, and a very welcoming attitude to foreign investors. The kroon, which is linked to the DM, has stayed strong, though there were rumours - denied by the Central Bank - about a possible devaluation as imports rose sharply in the latter part of the year. Weaknesses appeared in the Estonian commercial banking system. But export

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