# ESTONIAN HUMAN DEVELOPMENT REPORT

1999

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# Foreword

Estonian Human Development Reports have been published since 1995. These have been the results of joint efforts by researchers analyzing the transition processes which have accompanied the restoration of our independence. All these reports, including the one for this year, have been characterized by both thematic relevance and methodological continuity. They have helped us achieve, for the present as well as the future, a vital understanding of the difficulties which Estonia has experienced in the process of re-establishing its independence and re-building its statehood. I am confident that during these past ten years we have taken a very long stride towards stable and balanced development, and in the process we have used the norms of a developing democracy.

The ever-increasing globalization, and opening up of the world, have forced people everywhere to seek points of contact or roots, which would provide the required stability to succeed in a world without boundaries. Thus has openness been accompanied by the strengthening of a modern nationalism based on culture and historical ties. Nationalism of the 21st century should be seen as a concept of the development ability of a people in an open world. It is an open nationalism, which develops not by repressing others but by learning from them, at the same time preserving one's own uniqueness. It was national movements which destroyed the „evil empire", as the Soviet empire was termed. Open nationalism made it possible for central European peoples, including us, to take the necessary, although painful and unpopular steps, in order to bring our countries out of the command economy, and to build a modern western society.

This Report could also be termed a millennium audit – most of the topics are thoroughly examined using a long-term perspective, and they emphasize the more important factors whose influence is still being felt today and which will also be accompanying us in the future. The past for us is not a time in which we live, but a foundation which provides us with support as we strive towards new goals in the new millennium.

The task of Estonia is to change our subjective minuses into objective plusses, to use our relative backwardness in some areas to carry out leaps of further development. Being aware of the cost of accepting the inevitable, together with the cost of everything we are able to achieve, is the essence of sustainability and a prerequisite for development. The Estonian Human Development Report 1999 has a role in helping us to better understand this cost.

Mart Laar
Prime Minister of the Republic
of Estonia

Tallinn, November 26, 1999

# Preface

UNDP initiated a global dialogue on human development when it launched its first Human Development Report in 1990. The discussion has spread from global to country and in some instances regional levels. Estonia commenced its own dialogue and debate on the topic in earnest in 1995 when the first Estonian Human Development Report was published. The human development concept means, in brief, that the principal wealth of a nation is its people and the underlying purpose of development is to create an environment of opportunities and choices that enables people to live long, healthy and productive lives.

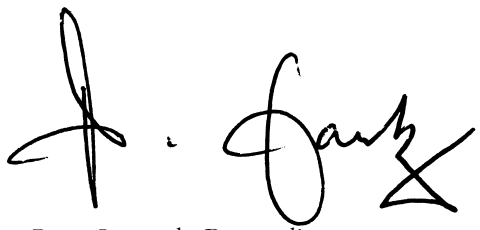
This fifth edition of the Estonian Human Development Report depicts a mixed picture of human development progress. The rapid and successful reform record of Estonia since it regained independence less than a decade ago is well known to most readers. It includes a rapid transition from planned to market economy, swift currency reform, an effective privatization process, as well as successful policy measures to attract foreign direct investment, promote entrepreneurship and attain overall macroeconomic stability. The country is also emerging as one of the world leaders in information and communication technology use for development. In addition, Estonia is among the first group of transition countries to have entered EU accession negotiations.

The social challenges in Estonia remain large, however, and require further attention and action by policy-makers. These challenges include economic and income stratification, structural and long-term unemployment, structural poverty, regional imbalances, gender inequality, and indications of increasing crime and drug abuse.

While very few would disagree that a sound and growing economy is a condition for sustained human development, the social challenges cannot be overlooked. It is far too costly not to deal with them. In addition to the direct costs associated with social problems, each lost opportunity in society can be quantified in economic terms. The challenge for Estonia is to find the right measures and policies to strengthen its social and human capital and minimize social and individual costs. It is the hope of UNDP that this report, which covers both human development advances and losses, will inspire a debate on how this should be done.

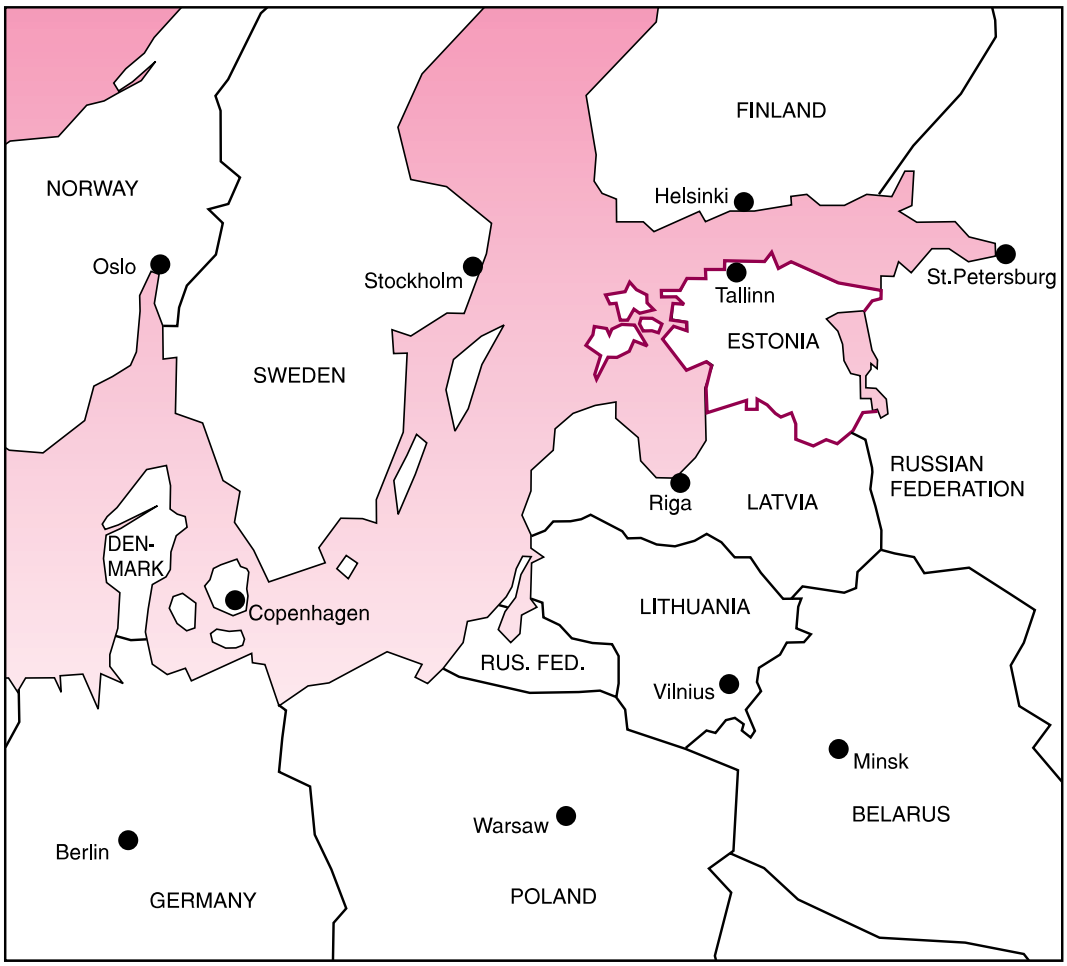
The Report is, as usual, the product of a group of Estonian researchers and social critics. It has benefited from the editorial leadership of Raivo Vetik, who was also the prime guarantor of a smooth production process with the support of, among others, Indrek Tart, Georg Poslawski, Sirje Lilover and Tiia Raudma, and the advice and guidance of Linnar Viik. The work of Jüri Ojaver, one of three Estonian artists selected for the 1999 Venice International Exhibition of Contemporary Arts, graces the cover of this year's Report.

While UNDP is indebted to all involved in producing this Report, we would like to pay special tribute to the memory of Anu Narusk. She contributed as an author to all five Estonian Human Development Reports, and she was a driving force in Estonian human development dialogue and social development research. She was a remarkable person and a highly talented social scientist.



Petra Lantz-de Bernardis
UNDP Resident Representative

Tallinn, November 25, 1999




# *General information about Estonia*

*Legal name:*

| | |
|---|---|
| conventional long form | Republic of Estonia |
| conventional short form | Estonia |
| local long form | Eesti Vabariik |
| local short form | Eesti |

*Area:*
45,227 sq km.

*Location:*
Estonia lies on the eastern shores of the Baltic Sea. Estonia is situated on the level north-western part of the East European platform, on which there are only slight variations in elevation. The elevation in south-eastern and eastern Estonia is higher than in western Estonia. The highest point (Suur Munamägi) is 318 m above sea level. Estonia has over 1,500 islands and more than 1,400 lakes.

*Population:*
1,445,580 (01.01.1999)

*Ethnic divisions:*
Estonian 65,2%, Russian 28,1%, Ukrainian 2,5%, Belarussian 1,5%, Finnish 0,9%, other 1,8% (01.01.1999)

*Religious denominations:*
Lutheran, Orthodox, Baptist, and others.

*Languages:*
Estonian (official), Russian, and others.

*State independence regained:*
August 20, 1991.

*Independence Day:*
February 24.

*Constitution, adopted by referendum:*
June 28, 1992.

*State system:*
The Constitution established the principles of the rule of law. It recognises the principle of separate and balanced powers, the independence of the courts, and guarantees of fundamental human rights and liberties according to universally recognised principles and norms. Estonia is a democratic parliamentary republic wherein the supreme power is vested in the people. The people exercise the supreme power, through citizens who have the right to vote by electing the Riigikogu – State Assembly (parliament) and by participating in referendums. The Riigikogu is comprised of one hundred and one members. Executive power rests with the Government. The head of State of Estonia is the President of the Republic.

*Capital:*
Tallinn (population 411,594, 01.01.1999).

*Administrative divisions:*
Estonia is divided into 15 counties, 207 rural municipalities, and 46 towns.

*Currency:*
National currency is the Estonian kroon (1 kroon = 100 sent). The kroon was issued on June 20, 1992 and is pegged to the German mark at the rate 1 DEM = 8 EEK.

*Member of United Nations:*
September 17, 1991.

*Member of the Council of Europe:*
May, 1993.

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The Estonian Human Development Report 1995, 1996, 1997, 1998 and 1999 are also available electronically through the Internet World Wide Web which may be accessed at http://www.ciesin.ee/undp/nhdr.html

# Contents

# Global human development trends at the turn of the millennium: modernization *versus* post-modernization

This is the fifth Estonian Human Development Report that was prepared with the support of the United Nations Development Programme. The previous reports focused on the analysis of the present state of affairs in human development, social cohesion and the problems of social integration. As compared to the earlier reports, the present one exhibits two innovations. First, we have introduced issues not treated in earlier collections, which are nevertheless relevant for obtaining a full picture of human development. These pertain primarily to Estonian statehood – the evolution of a legal system based on the principles of democracy, and Estonia's position in interstate relations. Second, our method of treatment is somewhat more generalizing. Trying to catch the mood at the turn of the millennium, we have deliberately covered a wider time perspective. We have tried to be more conceptual and in places also more figurative, in order to be able to touch the deep undercurrents which will affect the world as well as Estonia in the 21st century.

The choice of the general subject of the report assumes that social science differentiates between two opposite social paradigms. The first proceeds from the perspective of „cooperation", the second from that of „conflict". The fundamental social fact behind the paradigm of „cooperation" is the division of labor: society cannot exist without the cooperation of its members, and therefore this stands for the central generator of social structures and human meanings. In the paradigm of „conflict", however, the same function is performed by the presumed existence of inevitable conflicts in society. These treatments are just different viewpoints, and neither is correct or wrong per se, yet the choice of the paradigm calls attention to certain phenomena, leaving the others in the background.

The Estonian Human Development Report 1999 proceeds from the paradigm of „conflict". Conflict is more dramatic, it prompts questions of principle and is thus oriented to the future. We are of the opinion that, at the change of the millennium, such a starting point is topical. From the position of a successful future strategy, it is relevant to ask: which conflicts are focal for Estonia, and what are society's resources to cope with them? How to manage the structural conflicts of a transition society and reduce the concurrent social instability? How sustainable is the development of society in Estonia, in view of the priorities of the next century (see „Eesti 21. sajandil", 1999)?

The principal keyword of the present stage of the development of mankind is the emergence of the information society. This brings along new hopes and concerns. The confrontation between globalization and identity is becoming one of the central problems. One of the leading contemporary sociologists Manuel Castells eloquently describes it as „schizophrenia between function and meaning" (Castells, 1997). Globalization primarily concerns the instrumental dimension of human activity, upon which the pragmatic interest of the social elite thrusts its integrative logic. Counterreaction involves a wider public, their emotions, aspirations and identity. The information revolution and the rapid development of the world economy in the second half of the 20th century are building up a network society which creates unprecedented opportunities, simultaneously destroying the existing fundamental social

and intellectual structure. The reason is that the changes in identity are much slower. Thus there appears a vacuum which is filled by various forms of protest, contesting the integrative logic and instrumentality of the network. The social bearers of protest will be groups and probably whole regions which, through the structural shift in the movement of capital, information exchange and in the labor market, are pushed ever further from the resources that facilitate coping in the 21st century (Human Development Report 1999).

In the present report we examine to what extent Estonia follows global developments, and to what extent the course of events here is unique. To what degree is society in Estonia affected by pragmatic instrumentalism, or tradition? How are the integrative or self-absorbing tendencies expressed in Estonia's development? Who are the winners and losers in Estonia? Into which of the two categories will Estonia as an entity fall in the next century?

As a conceptual framework that expands the treatment of the information society, we use the notions „modernization" and „post-modernization" in this report. The latter is, in turn, divided into two: „post-modernity" and „postmodernism" The concept of „post-modernity" refers to the new, coming era which is based on the qualitative transformation of technology and the economy. The concept of „postmodernism" is connected with a new type of mental attitude that is associated with objective changes. Despite the controversial nature of the treatments and severe criticism of „post-modernization" we find that the framework created through this concept is rather appropriate for interpreting human development at the turn of the millennium (see also Inglehart, 1997; Dunn, 1998). This is a very special moment in history, and to grasp its trends, we need not only dry statistics, but also a certain playfulness, and a reservoir of innovative meanings (Lotman, 1990).

The classical scheme of history by Max Weber draws distinctions between traditional and modern societies (Weber, 1968). The latter is characterized by innovation, dynamism and unification. Modernism is associated with the fundamental changes in social and intellectual life which have taken place since the 16th century. They are based on industrial capitalism and the ensuing negation of the traditional agrarian society. Modernization brings about the secularization of society, greater emphasis on instrumental rationality, and the monetarization of values. In politics, the fundamental change occurs in the context of the emergence of the new „citizen" concept, by which we mean the abstract carrier of universal rights.

The global information revolution that commenced in the second half of the 20th century, and the rapid development of the world economy, are resulting in a qualitative leap and a transition to a new type of society. Post-modernization, too, embraces society as a whole. In the economy, it is the result of the evolutionary development of the capitalist system. The capitalist mode of production could be divided into three stages (Jameson, 1984). The first stage began two centuries ago with the building of powerful machinery in various factories. The second stage started at the previous turn of the century when machines began to build other machines to be used in industry. The third stage is in progress now, witnessing the development of information technology. Thus, post-modernity is the synthesis of capitalism and new technology, which is primarily characterized by specific technological, but also social, political and cultural forms. The modern concepts associated with the opportunities of new technology are „the green economy", „dematerialization of production", and „reinterpretation of the job". The green economy presupposes the interpretation of production, consumption, wealth, etc. in ecological terms. De-materialization values greater achievements through lesser means, which presumes the restriction of the material aspect of production. Through the reinterpretation of the job, efforts are made to reduce the routineness of work and to encourage creativity, flexibility, variety and autonomy.

Side by side with objective changes, post-modernization also involves a new type of mental attitude which is based on awareness of the negative aspects of the growing social rationalization. Rationalization may make the world more ordered, yet it need not give the world a human meaning. Modernity was launched under the slogan of progress, yet it has taken us to wars, communism and concentration camps. The growth of the welfare society

may indeed be due to good intentions, yet the discourses and institutions which underlie it can also encourage people's alienation and their loss of self-esteem. In this sense, postmodernist criticism differs from liberalism as well as from neo-Marxism. Proceeding from the criterion of efficiency, liberalism considers state interference inadvisable, without stressing morals. From the postmodernist point of view, morality is important, too, and corporative capitalism as such is the root of this alienation and inferiority. Neo-Marxism claims that problems can be settled through a different social order. Postmodernism shows that it is impossible, because in socialism, alienation just assumes other forms. Thus, as compared to liberalism, postmodernism is more radical, and as compared to neo-Marxism, less radical, regarding the existing society.

Friedrich Nietzsche is a particularly important intellectual source of postmodernist disposition. His attacks against the concepts of system, representation and truth underlie the reasoning of postmodernism (Nietzsche, 1967). As opposed to the prevailing modern scientific methodology, Nietzsche introduced a perspectivist orientation according to which there is no single objective truth, there are only constructs created by different individuals and groups. It means a thoroughly new concept of the role of culture – culture is not just the reflection of other, deeper processes, but a central phenomenon in society, which has to be analyzed proceeding from culture itself, and through which also other phenomena could be understood. Hence, postmodernism also negates the conception of the subject which originates from the Enlightenment period – the subject is not whole and consistent, and truth, the mind and knowledge are not neutral. Rather, these are ideological constructs, which are used to exclude certain social groups. Through these concepts, the monolithic structure of the existing social system is secured by marginalizing the forces which could otherwise contest the existing cultural domination. The postmodernist approach admits that in the Western world, state power has gradually weakened, as it can no longer follow its whims. However, power should be interpreted also in a wider sense as a slowly spreading network of normalization, which embraces institutions, language and even consciousness. This type of power is restrictive rather than repressive. Power does not actually prohibit, it directs. Since Foucault, it has been relevant to analyze the various discourses' institutional bases and power relations, which are their prerequisites and which they in turn confirm, since discourses are the main arena of political struggle, where different groups fight while in the process of creating meanings and ideologies (Foucault, 1980).

Arguing against the hegemony described above, the postmodernist attitude adopts Saussure's semiotic idea of images or signifiers, which are based not on the correlation with the signified, but on the distinction from other signifiers (Saussure, 1966). This enables confrontation with the abstractness and unification of modernism. The postmodernist attitude prefers heterogeneity to purity, variations to unity, local to universal. It is hoped that by showing how the signified has been constructed and how it is used to achieve hegemony, alternative signifying is also possible, which could then be used to discard hegemony and give hitherto marginal groups the right to speak.

Thus, postmodernism is also trying to remove itself from the framework of former political practices. In short, this is expressed by the slogan „think global, act local". In developed countries, new post-materialist values and social movements are emerging for whom politics is not so much a struggle for the benefits that the state could offer, but the protection of certain values and a certain life-style. Their political programs are dedicated to the issue of the quality of life rather than the problems of distribution. The green movement, feminist movement, anti-nuclear movement, etc. are in general of a protective nature, they are interested in pluralism and oppose unifying government programs. Such movements are inevitably sensitive to social rationalization which would threaten to eliminate their specific nature as something „abnormal".

Postmodernism advocates an exit from the left-right confrontation which has so far polarized politics. The key terms of postmodernist politics are „participatory democracy" and „de-centralization". Participatory democracy is a step beyond simple representative democracy – for example, a return to institutions a la the old town meetings in New England, where everyone

had the right to speak. Skeptics say that this is impossible in states with a large number of citizens, while supporters speak about electronic forms of casting a vote. Participatory democracy presumes activity at a grassroots level where every citizen can participate in the governing process. De-centralization means that power must be brought to the lowest level. The less power the center has, the greater are the people's chances to change their lives. Non-governmental organizations, which the government would be accountable to, ought to play a major role.

Since in contemporary society, people's behavior is influenced more and more by the media, it will evolve into a central arena of political struggle. The development of television in particular has boosted the circulation of information and images. The next step is taking place through the spread of computers and the Internet. However, politically, it is somewhat ambivalent. On one hand, it means that individuals have more information at their disposal and thus they can make more competent decisions. The wider distribution of information also has a strong de-centralizing effect, which could encourage a radical democratization of politics. On the other hand, a new potential for Big Brother policy may emerge, as new technology will most probably remain associated with big institutions, which thus increase social rationalization. The question is, who controls the new technology and in whose interests it is used. What is the relationship between knowledge and freedom in the post-modernizing society, which is characterized by the over-development of technology and relative underdevelopment of social organization?

In the following articles, human development in Estonia is analyzed in the context of the simultaneously occurring processes of modernization and post-modernization. The main thesis in this collection of articles proceeds from the assumption that both developments, though in places conflicting, are essential for Estonia. Consequently, it is in principle impossible to avoid the structural conflicts that permeate society. However, they can be directed. This presumes not just the technical skill to find, but also the intellectual ability to use, the scientifically produced information and innovative solutions.

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# Estonia's opportunities and the human development rankings

The human development index (HDI) has been compiled consistently since 1990. Its components – per capita gross domestic product (GDP) calculated according to purchasing power parity, life expectancy at birth and adult literacy, together with the enrollment ratio data of those in society receiving education – have remained the same, but their statistical content and the methods of using the values have changed over the years. As a result, the HDI indicators of various years do not exactly coincide, and this is also causing confusion with Estonia's rises and falls in the ranking. In addition to this, there is the chronic delay with the data concerning the current year, so that the data reflects the year before last – even in the best case. The databanks of international organizations, which are used as sources, do not always coincide with the national statistical data. Consequently, the HDI speaks only as an approximation, as well as regarding the recent past: the index published in 1999 is based on the data of 1997. The Human Development Report 1999 has, besides updating the basic data, also amended the system of calculating the GDP in order to make it more flexible in the case of the economically more developed countries. An example of the corresponding method has been brought in the case of Brazil, Estonia and Botswana (page 128), showing that Estonia's relatively large leap (22 places) is not based on new methods of calculation (resulting in a shift of five places), but on a significant change in the actual indicators (especially the per capita GDP adjusted according to purchasing power parity). Progress is real rather than based on calculation methods. Therefore, we have also moved ahead of most of our Latin American competitors, which were mentioned in the previous report. But Mexico, Panama and Venezuela are still ahead of us. Besides them, there is still the fascination of the Nordic countries as shown by the data in Table 1. Based on these we can speak of the Baltic countries' relative success and the Nordic countries holding on to the high positions they have previously achieved. The economy is the key issue.

How to increase the Estonian HDI to the coveted 0.8, at which point a high human development boundary lies (currently 45 countries out of 174)? When reviewing the latest global report's HDI component index values in the Baltic and Nordic countries as seen in Table 2, we notice that there is no possibility for Estonia to significantly increase its education index. The most important factor (adult literacy provides 2/3 of the index) is at a maximum with 99%, and the ratio of those acquiring education on the first, second and third education levels to those of schooling age is growing for demographic reasons (the declining number of students) rather than because of an increased need for education. The maximum increase in the education index in the near future may be 0.01. In order to raise the life expectancy index we need better living conditions, which would increase the lifespan, especially among men. The 1998 Statistical

TABLE 1.

**Human development rankings for the Baltic and Nordic countries, 1996–1999**

| | 1996 | 1997 | 1998 | 1999 |
|---|---|---|---|---|
| Estonia | 68 | 71 | 76 | 54 |
| Lithuania | 81 | 76 | 78 | 62 |
| Latvia | 55 | 92 | 91 | 74 |
| Iceland | 8 | 5 | 5 | 9 |
| Norway | 5 | 3 | 3 | 2 |
| Sweden | 9 | 10 | 10 | 6 |
| Finland | 6 | 8 | 6 | 13 |
| Denmark | 17 | 18 | 18 | 15 |

TABLE 2.

**HDI component indices in the Baltic and Nordic countries in the 1999 report**

according to 1997 statistical indicators

| | Life Expectancy Index | Education Index | GDP Index | HDI |
|---|---|---|---|---|
| Estonia | 0.73 | 0.93 | 0.66 | 0.773 |
| Lithuania | 0.75 | 0.91 | 0.62 | 0.761 |
| Latvia | 0.72 | 0.90 | 0.61 | 0.744 |
| Iceland | 0.90 | 0.95 | 0.90 | 0.919 |
| Norway | 0.89 | 0.98 | 0.92 | 0.927 |
| Sweden | 0.89 | 0.99 | 0.88 | 0.923 |
| Finland | 0.86 | 0.99 | 0.89 | 0.913 |
| Denmark | 0.84 | 0.96 | 0.91 | 0.905 |
| Estonia of our expectations | 0.76 | 0.94 | 0.71 | 0.803 |

Yearbook of Estonia predicts, according to Estonia's life expectancy tables, a life expectancy at birth of 70.44 years for those born in 1997, which would increase the life expectancy index to 0.76. What must we do in the economy in order to achieve our dream? This Estonia of Our Expectations would presume a GDP index of at least 0.71 instead of the current 0.66, an increase of nearly 1.4 times (from 5240 per capita purchasing power parity dollars to 7200), which would boost us to the level of Hungary's economy, past Poland, which currently holds 44th place with an HDI of 0.802 (against Estonia's 54th place). Such progress in the economy (to say nothing of its doubling, which would bring us close to the situation in Slovenia) did not occur in 1998 and will not happen in 1999 either; a decline is more likely. Consequently, Estonia's remaining in the area of medium human development depends on the economy, which, as in a vicious circle, in turn influences our progress in demography and education.

TABEL 3.

**Human development in a world context**
**Human development index in some countries of the world – UNDP 1997**

| **Countries rated according to the human development index** | **Life expectancy at birth** (years), **1997** | **Adult literacy rate** (%), **1997** | **Real GDP per capita** (purchasing power, USD), **1997** | **Human development index 1997** | **Real GDP per capita rank minus HDI rank** |
|---|---|---|---|---|---|
| *Countries with high human development* | 77.0 | 98.3 | 21,647 | 0.904 | – |
| 1. Canada | 79.0 | 99.0 | 22,480 | 0.932 | 12 |
| 2. Norway | 78.1 | 99.0 | 24,450 | 0.927 | 5 |
| 3. USA | 76.7 | 99.0 | 29,010 | 0.927 | 0 |
| 4. Japan | 80.0 | 99.0 | 24,070 | 0.924 | 5 |
| 5. Belgium | 77.2 | 99.0 | 22,750 | 0.923 | 6 |
| 6. Sweden | 78.5 | 99.0 | 19,790 | 0.923 | 18 |
| ..... | ... | ... | ... | ... | ... |
| 13. Finland | 76.8 | 99.0 | 20,150 | 0.913 | 10 |
| 14. Germany | 77.2 | 99.0 | 21,260 | 0.906 | 2 |
| ..... | ... | ... | ... | ... | ... |
| 33. Slovenia | 74.4 | 99.0 | 11,800 | 0.845 | 5 |
| ..... | ... | ... | ... | ... | ... |
| 36. Czech Republic | 73.9 | 99.0 | 10,510 | 0.833 | 3 |
| ..... | ... | ... | ... | ... | ... |
| 42. Slovakia | 73.0 | 99.0 | 7,910 | 0.813 | 9 |
| ..... | ... | ... | ... | ... | ... |
| 44. Poland | 72.5 | 99.0 | 6,520 | 0.802 | 18 |
| ..... | ... | ... | ... | ... | ... |
| *Countries with average human development* | 66.6 | 75.9 | 3,327 | 0.662 | – |
| ..... | ... | ... | ... | ... | ... |
| 47. Hungary | 70.9 | 99.0 | 7,200 | 0.795 | 8 |
| ..... | ... | ... | ... | ... | ... |
| **54. Estonia** | **68.7** | **99.0** | **5,240** | **0.773** | **15** |
| ..... | ... | ... | ... | ... | ... |
| 62. Lithuania | 69.9 | 99.0 | 4,220 | 0.761 | 22 |
| ..... | ... | ... | ... | ... | ... |
| 71. Russian Federation | 66.6 | 99.0 | 4,370 | 0.747 | 8 |
| ..... | ... | ... | ... | ... | ... |
| 74. Latvia | 68.4 | 99.0 | 3,940 | 0.744 | 15 |
| ..... | ... | ... | ... | ... | ... |
| 132. India | 62.6 | 53.5 | 1,670 | 0.545 | -1 |
| ..... | ... | ... | ... | ... | ... |
| *Countries with low human development* | 50.6 | 48.5 | 982 | 0.416 | – |
| 174. Sierra Leone | 37.2 | 33.3 | 410 | 0.254 | 0 |

*Source: Human Development Report 1999.*

# 1 Issues regarding Estonian statehood

## 1.1. The Estonian state and society on the threshold of the 21st century

### *Main conflicts*

The social development of the western world in the past centuries embraces three consecutive (partly overlapping) forms of social order: pre-modernism, modernism and post-modernism (Gellner, 1995). The association of these forms is genetic, i.e. they develop out of each other. From the socio-historical aspect, they rely on the evolution of technology, production and types of legal regulation. The pre-modern society is still largely a reflection of agrarian society, which is characterized by tradition and social hierarchies. Modern society conforms to the evolution of the industrial civilization and a market environment, focusing on the maximization of productivity, and dismantling traditional hierarchies. The emergence of postmodernist society is connected with the development of a globalizing knowledge-based economy. One of the principal characteristics of globalization is the fact that it unites certain people and certain spheres of activity all over the world, simultaneously excluding social groups and whole regions, which are irrelevant from the perspective of dominant interests, from the networks of information, power and welfare.

Estonia is a small state whose internal development to a great extent depends on external factors. However, Estonia of the present day is master of its own fate more than ever. We have more choices than ever before during this century. Under such circumstances, besides going along with the global information economy, the future of Estonia will be determined by the social and political mechanisms that either create cohesion or fragmentation in society internally.

The fundamental conflicts in today's Estonia arise from the fact that the natural development of society has been inhibited for fifty years and that the country is facing a global civilization which is developing at an extremely rapid rate. The society of Estonia has to simultaneously solve the tasks set up by all three paradigms of social life. However, all these paradigms have a logic of their own, and a substantial role to play in social development. Thus, it is inevitable that the different paradigms collide, which causes structural conflicts that permeate through the whole of society. Parallel to this, phenomena originating from different types of society are intertwining and generating unexpected evolutionary pathologies. For example, the social cohesion that provided a basis to the so-called classical period in the Soviet modernization program (1940s and 1950s) differs greatly from the contact networks of the so-called disintegration period (second half of the 1980s) which had gone through *glasnost*. On this basis, we can now distinguish between the after-effects of the Soviet system and the society that existed in reality. As a result, the relations between the new type of society and the past are quite multi-faceted.

After the annexation of Estonia, two different strategies of modernization collided here – the market economy and state socialism. After 1940, the scientist-positivist way of thinking carrying the constitutive features of modernization, a bureaucratic state machinery and the pressure of normative standards on cultural communication were implemented through the ideals of a totalitarian regime and by eliminating the nation state. Annexation forced upon Estonia the Soviet type of modernization, simultaneously amplifying several still existing traits of pre-modern society.

Institutions as well as the individual pathologized. The separation of power, which underlies any modern society, was abolished, and the observance of laws was replaced by autocracy. The evolution of society in Estonia was subjected to the paradigm of industrial civilization without the support of the self-regulation of a market economy.

In this sense, developments in Estonia could be compared to those of post-revolution Russia. In the 1930s, rapid industrialization was carried out in Russia, yet it cannot be considered modernization in the western sense of the word. Apart from economic changes, the latter would presume the establishment of democratic political structures, and psychological attitudes carried by instrumental rationality which support the new type of economy. This did not happen in Russia, and therefore, in the sense of a social paradigm, the socialist industrialization could rather be considered a step back towards the period preceding the reform of the 1860s (Vetik, 1994). A similar setback occurred in Estonia after the country lost its independence, when a totalitarian political regime and state socialist attitudes were forced upon society.

The unpredictability of the system and the inability of interest groups to be formally organized changed contact networks and party-paternalist connections into the main way of communication. Power rested on exclusive group logic and the differentiation between „ours" and „strangers". Society, as a province of activity regulated by procedural rules, and the citizen as its subject, were pushed to the background. The conflict of pre-modernism and modernism in today's Estonia is indeed expressed most clearly in the problems related to citizenship. In pre-war Estonia, the development of the citizen's institution followed the example of modern Europe. Being a citizen presumed universal loyalty from the whole of society, not just from „ours". The universality of the law, and a modular individual underlie the modern civic society. The so-called modular man is able to commit himself to relations that are „efficient, though flexible, specific, instrumental" (Gellner, 1994/1996). The formation of a modular man is associated with transition from the status-based regulation of social relations to that based on contracts. People respect contracts even if these are not connected with ritual status or being a member of a group. Here, the difference between segmentary communities based on personal relations, and civic societies based on universal openness should be emphasized (Lagerspetz, 1999).

During the Soviet period, citizenship as a modern institution ceased to exist in Estonia. The regime merely declared civil rights, which the state in fact did not respect. The citizen was an agent to execute the aims formulated by the party. The Soviet-type citizen's institution was based on patrimonial ties with the state – playing the normative roles of an abstract „worker", „Soviet man", „communist", etc. However, the essence of being a modern citizen is contained in the supremacy of civic rights, the ability and opportunity to challenge the government system, if need be.

In the present day, the citizen's institution is more than just an instrumental relationship with the state, expanding towards responsibility and autonomy. The development of identity on the basis of „reflexivity", and the growth of modern individualism into the capability of „individuation" (Giddens, Pierson, 1998), are the challenges of the 21st century to the state of Estonia. The nucleus of the problem should be viewed in the light of the collision of different social paradigms. In the Soviet period, the development of nationalism and national identity was pathologized. By liquidating the Estonian nation state, the pressure of the empire conserved the ethno-culturally determined national collective and supported the survival of the pre-modern forms of togetherness. Nationalism was permitted only as ethno-cultural togetherness. Indeed, one of the basic contradictions in Estonia's present-day development is that society is simultaneously going through two different stages of social evolution. On one hand, we experience the restoration of the nation state as a project of modernization characterized by a policy seeking the homogeneity of society (Deutch, 1961). On the other hand, the ethnically interpreted nation state is being surpassed. Both stages reflect the actual situation in Estonia, which has a complicated historical heritage, and are in this sense inevitable. Disposing of the consequences of the Soviet occupation is the absolute prerequisite for the re-emergence in Estonia of a society capable of development. On the other hand, adaptation to Estonia's new demographic situation and the diminishing importance of a nation state in the global context is equally necessary (Vetik, 1999). Both processes are indispensable yet they presume contradictory steps. Hence the particular complexity of the regulation of social processes in present-day Estonia, and the necessity to use professionally produced information in the decision-making process.

In other spheres of Estonia's social life, premodernist, modernist and postmodernist elements exist side by side, compete, and sporadically intertwine. For example, the post-socialist non-transparency of administrative

activity has in places encouraged the revival of socialist habits, preserving the need for having exclusive networks. The danger that the Soviet heritage might push Estonia towards corporative clientism – where people are connected with each other and with the state by particular networks of patrons and clients – rather than towards a civic society, is still there. These networks are based on vertical relations and tend to reinforce inequality between people, simultaneously inhibiting the emergence of horizontal relations, which build a civic society.

## *Prospects*

The main problem for Estonia, as for most of the other post-communist countries, is the fact that it has to combine collective identity with pre-modern traits, a modern autonomous subject and a postmodernizing state. The difficulty is that observance of the laws, collective loyalty and individual initiative to a great degree rely on different sources. The existing norms and values originate from diverse eras. Individual generations, geographical regions, ethnic cultures, sectors of activity, etc. bear the stamp of different social paradigms. The result is a weakness of the ties that shape society as a whole, and the emergence of differentiating factors.

The lack of development of the paradigm of modern society in Estonia, the weakness of the nation state, as well as the underdevelopment of the rule of law, openness and the institution of the citizen, change the relations existing in society, so that the emerging postmodernist world often amplifies and supports the local pre-modern contact networks.

The ideology of minimum statehood is in conflict with the necessity to create institutions, which would help surpass the communicative and social gaps in Estonian society. An ethnoculturally defined nationality disagrees with the principle of universal equal rights for all which is characteristic of a modern society. The status of a citizen as a social agent is at variance with the qualities that a self-determining subject is expected to display.

What steps should be taken in such a jungle of conflicts? In a longer perspective, the only sensible solution is to acknowledge the different components of society and move towards a new type of coherence, where common interest and group interests, as well as personal interests, exist in a mutually balancing entirety. In a short-term perspective, it is important to clearly understand the existing social conflicts, their causes and development mechanisms. This presupposes, among other factors, a much more efficient utilization of analytical and information resources.

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# 1.2. Estonia's position in inter-state relations

The 20th century has a special meaning for Estonians: despite not belonging to the so-called „historical nations", we have acquired independence twice this century.

Estonia became part of western European civilization through conquests in the 13th century. Throughout the centuries, it was a distinctive trait of Estonia that the upper class was formed by Germans, initially of Westfalian and Rhineland origin, while Estonians constituted the lower class. From the 13th to the 16th centuries, Estonia was bound to Germany as an island region while

in the 17th century, the country was part of the Swedish Kingdom.

For the first time, Estonia was left outside the direct influence of western European civilization at the beginning of the 18th century when the country came under czarist Russia, though only partially. It was actually ruled by the special Baltic order which restricted the power of the central authorities, and Germans still constituted the upper class. The most total separation of Estonia from Europe occurred after World War II. Being part of European civilization is one of the fundamental characteristics of the Estonian national identity.

The national awakening of Estonians began in the last third of the 19th century and followed the general model of the liberation movement of small nations in Europe (Paasivirta, 1987). Estonians followed the example of Europe and the Nordic countries. At the outset of the 20th century, the radical intellectuals of Estonia voiced the slogan: „Let us be Estonians but let us also become Europeans!“ (Suits, 1931: 14). The Nordic countries served as a model for the Young Estonia movement (Karjaharm, 1994: 1804). Estonian culture, including political culture, sought to free itself of German influence. Politically, the „good old Swedish age“ was idealized. That was the beginning of the modernization of society in Estonia.

In a memorandum compiled in 1916, which for the first time attempted to raise the Estonian issue on the international arena, Aleksander Kesküla preferred a Nordic alliance to independence for Estonia (Kesküla, 1918). In September 1917, when the Estonian *Landrat*, which was the autonomous representative body of the province of Estonia, for the first time discussed Estonia's international position, the then most prominent Estonian politician, Jaan Tõnisson, spoke of an alliance between the Baltic, Finnish and Scandinavian nations. The declaration of Estonia's independence was not yet under discussion, since the idea did not take shape until December 1917. Thus the concept of an independent Estonia was born through the idea of Baltic-Scandinavian cooperation, or cooperation between the small nations of the Baltic Sea region. At the same time it was the first declaration of Estonia's foreign policy orientation (Jaanson, 1995: 79). Moreover, the Estonian *Landrat* was the first representative body on the Baltic Sea to thus discuss the issue in the twentieth century (Hovi, 1980: 93).

In the Russian empire, Estonians were the first, and in 1917 the only, nation to be able to incorporate the territories inhabited by the national group into a single administrative unit. Southern Estonia, or the northern part of the province of Livonia, was annexed to the former province of Estonia, which covered the northern territories inhabited by Estonians. The War of Independence in 1918–1920 was also a democratic revolution, during which an army of one hundred thousand men was born in a fight against the invading Red Army. A comprehensive land reform was carried out, which laid the foundation for an extensive land-owning peasantry, and a constitution based on a parliamentary system was adopted.

Looking at the formation of the party system in the small Baltic Sea states in the 19th century, we can state that if Estonia had not been part of czarist Russia where the natural process of party formation was inhibited and distorted (and not just through restrictive ordinances), political parties would have been born in Estonia in the 1890s or even earlier. This assumption is also confirmed by the emergence of the so-called two directions in the national movement towards the end of the 1870s, which was both the prerequisite and the beginning of the formation of the party system.

Thus the normal development of the party system in Estonia encountered its first setback more than one hundred years ago. The first real attempts to form political parties were made as late as 1905, while the actual party political system emerged in 1917–1918. The second obstruction, an internal one, appeared in the 1930s. Like in the rest of Central Europe, with the exception of Czechoslovakia, in Estonia, too, authoritarian dictatorship and a one-party regime was introduced. However, even then Estonia was no police state. In the Europe of the 1930s, and during the authoritarian era, Estonia was the mildest and most liberal among similar countries (Isberg, 1988: 138). Unfortunately this was but a prelude to a new and much worse dictatorship, which was, furthermore, alien.

Of the states that had gained independence after World War I, Estonia was the smallest, regarding population, ranking 51st among the then 64 states of the world. Naturally, Estonia sought security support from international cooperation. However, nothing came of the alliance of the Baltic states and Scandinavian countries, since the latter evinced no interest in political cooperation with the new states on the eastern coast of the Baltic Sea. Attempts to foster such cooperation between these new states themselves also failed. However, in the second half of the 1920s, when the large states on the Baltic Sea, the Soviet Union and Germany, were temporarily

weaker, the mutual economic and cultural, and bilateral political communication of the new and old small states of the region became more lively, and by the year 1929 reached the level that was not surpassed till the 1990s.

Before World War II, the modern or modernizing, and pre-modern states of Europe were divided on a north-south axis. The latter included states like Portugal, Greece and Bulgaria while the former included Great Britain, Sweden, Germany and Czechoslovakia. The east-west line was of less significance, as Richard Rose notes (Rose, 1999). In his opinion, the Baltic states were more modern than, for example, the countries of the Pyrenees Peninsula.

Estonia gained its first independence in that period of national liberation movements which lasted from the 1820s to 1921, and which was characterized by nations establishing independent states by seceding from empires. The next period, which witnessed the independence of overseas colonies, started during World War II. Estonia had already lost its independence by that time. Therefore we can regard the Hitler-Stalin Pact of August 1939 and the ensuing World War II as a reaction, a setback to the developments following World War I.

The Soviet Union carried out a modernization program of its own. What else could we call Lenin's „electrification of the entire land", or Stalin's five year plans. Thus the Bolsheviks tried to confront the Western type of modernization which was treated as degenerate and decadent. As a result of modernization, Russia is no longer pre-modern though it is not yet modern either. It is anti-modern (Rose, 1999).

The monumental reshaping of international relations that commenced in the second half of the 20th century reached the eastern coast of the Baltic Sea in the final decade of the century. One of the characteristic features of the process is the so-called „return to the West" (Lauristin, 1997); another feature is the formation of cooperation networks in the shape of NATO and the European Economic Community on the western coast of Eurasia, which leave no room for imperialism. The third feature is the disintegration of the Soviet Union, its internal and external empire, without which further genuine integration would not have been possible; and the fourth feature - the eastern enlargement of the European Union and NATO, which started in the final decade of the century.

What is Estonia's international position now that the state is facing the task of creating a civil society in a country that has been oppressed by alien conquerors for centuries? In other words, what has remained the same and what has changed during the century that is drawing to its close?

*One.* Estonia's relative position among the states of the world has remained the same in principle, as compared to the 1920s. In 1995, Estonia ranked 142nd among the 193 states of the world, regarding population. While in 1925, one-fifth of the states of the world were smaller than Estonia as for the population, now the respective proportion is over one-fourth. Yet while in 1930, the population of Estonia formed 1/2000 of the then two billion total population of the Earth, in the world of 1999 with a global population that has grown to six billion, the share of Estonians has halved (1/4000).

*Two.* While in the first half of the century, Estonia was virtually mono-ethnic, it is no longer so (Vihalemm, 1999: 38).

*Three.* The cooperation network evolving in Europe is part of the global regionalization process, which is accompanied by the historical-political transformation of Europe. A distinct region is forming around the Baltic Sea for the first time since the 17th century, and Estonia is increasingly part of it - a feature of Estonia's national identity that is acquiring greater significance (Joenniemi, 1991: 156).

*Four.* South of this region, an independent Central Europe with states that are actively integrating with each other and with western Europe, is taking shape.

*Five.* The problem of whether and how to obtain security guarantees from the West existed in the 1920s, and is still topical. For Estonia, the difference is that in the present day, prerequisites are being created for such guarantees while it was not the case in the 1920s.

*Six.* While in the inter-war period, the United States, then pursuing an isolationist foreign policy, stood aside from the affairs of Europe, trans-Atlantic institutions and contacts now have a strong impact on the enlarging Europe.

*Seven.* Instead of the totalitarian Soviet Union, the eastern border of Estonia now faces the new Russian Federation. Although discords emerge from time to time in the relations between the Russian Federation and the West, we can interpret these as the end of the old confrontation rather than the beginning of a new one.

*Eight.* While the Soviet Union used to border upon a China struggling with internal conflicts and suffering from civil wars, the latter has now become a rapidly developing superpower.

All these processes have a greater or lesser influence on the Baltics and Estonia. The Baltics as a region is young and heterogeneous as com-

pared to Scandinavia and the Nordic countries, for instance, and has evolved as such only in the 20th century (Rebas, 1998). Therefore it is more open to change. Since regaining independence, the sense of „us“ has abated in the three Baltic states, although in the earlier period the region willingly contrasted itself with the rest of the Soviet Union. While Lithuania feels attracted by Central Europe, Estonia is leaning towards the Nordic countries (Turk, 1999: 23). Estonia is connected to Sweden through historical ties, and to Finland through linguistic kinship, to mention but the general facts.

The identity of the Baltics as a region is changing and is still developing. While Lithuania, Latvia and Estonia used to be bound together by their geo-strategic position, the similar size of the population, and a common fate in the 20th century, new factors of relevance must now emerge. In the first place, cooperation between Estonia, Latvia and Lithuania is a cooperation of states which have common institutions, and which coordinate their political objectives and the ways of attaining them, but where the decisions are made on national level (Turk, 1999: 48). So far, such cooperation has focused on defense and security policies, also on inter-regional and bilateral relations, yet we can predict further growth of the role of economic issues due to the following. First - international companies have always treated and will treat the Baltic states as a single region. Second, the Baltic states themselves will show greater interest in their neighbors as the prices of goods are unifying with prices in the West, while the competition is less active and the region is familiar, which are the postulates for a common Baltic market. Third - the necessity to jointly exploit resources (Kokk, 1997). While earlier, the economies of Estonia, Latvia and Lithuania used to look either towards the West (between the two world wars) or towards the Soviet Union, the Baltic area can evolve into a separate economic sub-region in the framework of the Baltic Sea region and the European Union.

This will also determine the position of the Baltic states in the system of international relations. Now independent and facing the situation where the European Union, having admitted Sweden and Finland, has entered into accession negotiations with Hungary, the Czech Republic and Poland, the former Central European group is being replaced with a vertical one. In this re-regionalization of Europe, the role of Estonia and the Baltics should be to form a link between Central and Northern Europe. It is so much the easier because Estonia, Latvia and Lithuania are not just the post-Soviet successors of the Soviet Union, but also pre-Soviet states (Taagepera, 1994). Here the occupation regime lasted less than half a century (like in the former so-called socialist states of Eastern Europe), not over seventy years like elsewhere on the territory of the Soviet Union. As part of the Baltic Sea region and Central Europe, the Baltic states certainly have a significant role to play in organizing cross-border regional cooperation in north-eastern Europe.

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# 1.3. The development of the Estonian legal system

On the threshold of the 21st century, the legal system of the Republic of Estonia is still in a transformation stage. It seems that, instead of the initial highly optimistic expectations, there is no hope in the near future for attaining a system organized according to clear principles. If we attempted to point out the most important aspect in this complex of intricate problems, the greatest dilemma could be described as how to actually cope with the simultaneous restoration, organization and modernization of the legal system. All these processes have a logic of their own, which are frequently contradictory and result in the unavoidable conflicts typical of a transition period.

## *Historical development of the legal system*

A continuous feature of the legal history of Estonia is the attempts by the various regimes to create a uniform legislative system out of the existing one [1]. Real results, which still have an effect today, were achieved only in the 19th century. The drafting of a separate code of law had been foreseen for the Baltic provinces, which enjoyed a relatively autonomous status in the Russian empire. The drafting of the provincial code of law for the Baltic Sea provinces became possible with the cost of a number of political compromises. In order to prevent the revoking of the permission to draft the code of law, local politicians were initially forced to give up the penal code historically used in the Baltic provinces and to acknowledge the validity of the 1845 general penal code of the Russian empire on the territory of the provinces. As a result of this compromise of principle made with the central government of the empire, it was initially permitted that the remaining legislation in force in these provinces would be recorded in the five volumes of the planned Baltic provincial code.

But the Russian central authorities did not keep their promise. The actual interest of the imperial authorities concerned the organization of the general legislative system of the empire. This required the neutralization of the other legislative systems operating on the territory of the empire. The climax for the drafting of the Baltic provincial code was the year 1864, when the Czar signed into law the third volume of the provincial code – the Baltic private law [2]. But parallel to its enactment, a resolution was made that there would be no other volumes of the provincial code planned (the 4th and 5th volumes: the civil and criminal proceedings) and that the general court organization and procedures of the empire would be implemented in the Baltic provinces in the future, in addition to the imperial penal code.

The 1846 court reform naturally meant an important modernization of the general legislative system of the Russian empire. But as for the legislation valid on Estonian territory, this meant a direct neutralization of a large part of the previous legislative system of the Baltic provinces. Looking at the renewal trend of the Russian empire's legislation from a long-term perspective, it can be seen that the preparations for the empire's general private law, which had reached a new stage immediately prior to World War I, would have seriously threatened the continued use of the Baltic private law on Estonian territory. This was a strong argument in the international propaganda struggle during the restoration of Estonia's independence in order to prove that we had managed to preserve a private law system understandable to the Western European legal community, despite the extensive neutralization of our legal system.

These problems would have only historic significance today, but this peculiar legal system of the Baltic provinces, distorted by political considerations and never developed normally, became the basis of the legal system of the Republic of Estonia as a nation state at the start of the 20th century. The Republic of Estonia operated rapidly and decisively in the development of its legislative system. While initially concentrating on the drafting of the basic acts of public law, necessary for sovereign statehood, it preserved the old legal framework of the Russian empire as far as the rest of the legal system was concerned [3]. The legislative system of the Republic of Estonia in the inter-war period consist-

[1] For the development of Old-Livonia's older legal system, in the context of European legal history, see Gesetzgebung in Europa 1100–1500. Zur Entstehung der Territorialstaaten. Zweite überarbeitete und erweiterte Auflage. München: C.H.Beck' sche Verlagsbuchhandlung, 1996, S. 307–312

[2] Provincialrecht der Ostseegouvernements. St. Peterburg, 1864. Dritter Theil: Privatrecht. Liv-, Est- und Curlaendisches Privatrecht. Zusammengestellt auf Befehl des Herrn und Kaisers Alexander II, 776 S. [registrid 172 lk.]

[3] In order to understand the birth of the Republic of Estonia in an international context, see Das Baltikum im Patt der Mächte. Zur Entstehung Estlands, Lettlands und Litauens im Geforlge des Ersten Weltkriegs. Berlin: Verlag Arno Spitz GmbH, 1997, 276 S.

ed of two parts: 1) the legislative acts passed by the Republic of Estonia, and, 2) the laws valid on the territory of Estonia in the Russian empire as of October 24, 1917, which were incorporated into the legal system of the Republic of Estonia.

The core of the new system was planned to be the 15-volume code of the laws of the Republic of Estonia, but this was never realized due to the twists and turns of history. Nevertheless, the legal system of the Republic of Estonia became a juridical fact under conditions of occupation after June 17, 1940, thus helping the exile governments of the Republic of Estonia in the free world to prove their country's right to exist after the end of World War II.

The legislative system imposed on the territory of the Estonian SSR neutralized the previous one. Although the republics of the Soviet Union were granted the right to develop „their own" legislative system at the end of the 1950s, the latitude granted for this was minimal. The compiling of a „Chronological collection of legislative acts of the Estonian SSR" was started in Estonia within an all-union program, but this work was never completed.

When the Supreme Soviet of the Estonian SSR declared, on November 16, 1940, the superiority of the ESSR laws on ESSR territory, it was not so easy to say what these „supreme laws of the ESSR" were. A new period in the history of the Estonian legislative system began on March 30, 1990, when the Supreme Soviet of the Estonian SSR declared a transition period for the restoration of the Republic of Estonia *restitutio ad integrum*, which also meant a decision to restore the legislative system of the Republic of Estonia. But the actual process for the formation of the legislative system was changed with the resolution of May 16, 1990. The politicians then determined that, for purely practical reasons, the legislative system was to be established on the territory of the Republic of Estonia in a different way than the supporters of pure restitution had imagined. In a considerable analogy to the year 1918, Article 4 of the law read: „All normative acts currently in force on the territory of Estonia (May 16, 1990 – P.J.) shall remain in force."

A situation had developed in the history of Estonia's legislative system, where the constitution of the ESSR was no longer in force, and, consequently, the constitution of the Republic of Estonia of January 1, 1938, should have theoretically been restored, but the legislators avoided stating this in so many words in the May 16, 1990 act[4]. In order to overcome this contradiction, a resolution was passed stipulating that in the case of legislative system reform, legislation in force before June 16, 1940 would be used as the basis for amendments. But, initially, the issue was not addressed regarding the way the legislators should operate so that in the process of renewing the legislative system this system could also be modernized by taking into account the latest developments in western European legislation.

## *Reform of the legal system of the Republic of Estonia, 1992–1999*

While society was still debating whether to proceed from the 1920 or the 1938 Constitution in the reform of the constitution, the government had already commissioned a group of lawyers to draft a new basic law. A draft constitution had been completed by the beginning of the work of the Constitutional Assembly (September 19, 1991). The activities of the Constitutional Assembly in 1991–1992 have been well documented[5] and all interested parties have the opportunity to see, according to the original sources, how the compromises, so important for the Republic of Estonia, were achieved between different political forces. The approval of the Constitution played an extremely significant role in the history of the legislative system of the Republic of Estonia, but this act by itself could not relieve the problems deriving from the contradictions of the legislative system. Once the Constitution had been adopted, reform concepts for specific branches of the legal system also had to be drafted.

The government commissioned legal experts at the end of 1992 to draft a theoretical concept regarding the options for the development of public law. It was recommended in 1993 that future reforms should not proceed from existing laws, but that foreign examples be considered in the drafting of further reforms, basing them on the models of the legal systems of the Federal Republic of Germany and the Republic of Austria. The experts recommended that the government „become acquainted with the above (foreign – P.J.)

[4] Law of the Republic of Estonia of May 16, 1990 "About the temporary procedure of administration of Estonia" Decision of the Supreme Council of the Republic of Estonia "Programme of action of the Supreme Council of the Republic of Estonia till restoration of independence and about the temporary procedure of administration of Estonia." – EV ÜVT, 1990, nr. 15, art. 248.

[5] Põhiseadus ja Põhiseaduse Assamblee. Koguteos. Tallinn: Juura AS, 1997. About the history of the 1992 Constitution of the Republic of Estonia also see: Taasavabanenud Eesti põhiseaduse eellugu. Tartu: Eesti Akadeemiline Õigusteaduse Selts, 1997.

legal systems and use only their conceptual solutions in the legislation of Estonia".

The reform of private law in Estonia had a differing solution. While the reforms elsewhere proceeded from the legislative system of the Estonian SSR, there was a possibility that reform of private law would not need to be carried out in Estonia since the draft civil code of the Republic of Estonia, which was in the parliament in 1940, could be approved as the code[6]. However, following a brief debate, another solution was chosen. With the approval of the final part of the code – the right of debt – the Republic of Estonia will soon receive a rather modern system of private law. As for the international examples, a number of European countries like Germany, Switzerland and the Netherlands were considered in the reform of private law. Estonia's own earlier legal heritage was also used as a model.

In the case of the reform of Estonia's penal code, two periods should be noted: 1991–1995 and 1996–1999. The existing criminal code came under strong criticism by Estonian legal experts after the restoration of independence. A number of draft laws for the reform of the criminal code were prepared during that period. Unfortunately, no consensus was reached. The two reform plans for the future penal code, which also served as a basis for the concept of the reform of the penal code, were completed only in 1996. The drafts of the general and special provisions of the penal code were completed in the years 1996–1999. In cooperation with foreign colleagues, the German code[7] and the currently most modern code in Europe, that of France, were selected as the examples for the drafting of the general provisions.

To conclude, the reform of Estonia's legal system is, at the turn of the 21st century, largely following the same developments which were typical of the other nations liberated from Soviet rule. But the developments in Estonia are also unique in the context of its legal history. While the previous changes of the legal system had been generally forced by foreign rulers, Estonian society must now find the optimum solutions for itself.

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## 1.4. Estonia and the European Union

The state of Estonia has existed only for a few decades. Having restored independent statehood in the final decade of the millennium, we will have to adopt a decision very soon as to whether we are ready to again surrender a part of our sovereignty in order to be able to accede to the European Union (EU). Partially surrendering the right of decision-making to Brussels affects all life domains to a greater or lesser extent. During the process of preparation for accession, and even more so after the accession, Estonia is influenced by the foreign policy, economic and social objectives defined by the EU member states.

[6] As for example in the Republic of Latvia

[7] There is no doubt that Germany - who after World War II radically abandoned the Nazi-era penal law legislation - has very carefully developed its penal law by following the principle of ensuring citizens' basic rights.

## *Will the EU evolve into a federation?*

In a longer perspective, the issue of prime importance for Estonia is whether the development of the EU involves a decrease in the number of independent political units and whether the individual member states are to be replaced in international relations by a European federation. So far, the EU in its evolution stands somewhere between a federation and a confederation. The common currency, the euro, gradually being introduced at the turn of the millennium, is a major step towards the greater actual integration of member states. The coordination of economic and financial policies confirms the principle of the free movement of capital, services, goods and workforce in the EU internal market. Common currency makes it easier to cross the frontiers between member states, and the pressure for the removal of the few remaining barriers that hinder the relocation of goods, services, capital and people will grow. The common currency encourages more extensive cooperation in most political domains. The unification of social and tax policies acquires greater importance, and the harmonization of environmental norms which has made rapid progress during the last decades of the closing century, may find even stronger support. The euro is also a motive encouraging closer contacts in defense and security, which may prove one of the most rapidly developing cooperation spheres within the EU in the coming years.

However, rather than the extension of the spheres of activity, the fact that by adopting EU legal acts, the member states relinquish their right of veto, is an even more important precondition for the formation of a federation. Provided such an agreement is reached, the changes will be registered as amendments to the EU Treaty and will come into force after ratification by the parliaments of all member states. Most of the 15 member states of the EU consider such an institutional reform to be indispensable and insist that it should be carried out prior to admitting any new members.

The Council of Ministers, which consists of representatives (ministers) of the governments of the member states and has the last word in adopting the EU legal acts, currently passes decisions either unanimously (each member can exercise the right of veto), by qualified majority, or by simple majority. The latter is predominantly used to vote on procedural matters rather than issues of policy. In applying the qualified majority (62 votes out of 87, or about 71%), each state has an agreed number of votes. The role of each state in the Council of Ministers and the

TABLE 1.1.

**Member states in the EU in 1997, and Estonia's indicators using the same system**

| | Population (mln people) | Council of Ministers (no. of votes) | Parliament (no. of seats) | Budget (bln euros) |
|---|---|---|---|---|
| Germany | 81.6 | 10 | 99 | 22.0 |
| France | 58.0 | 10 | 87 | 14.4 |
| United Kingdom | 58.2 | 10 | 87 | 11.2 |
| Italy | 57.1 | 10 | 87 | 10.8 |
| Spain | 39.2 | 8 | 64 | 5.8 |
| Holland | 15.4 | 5 | 31 | 5.1 |
| Belgium | 10.1 | 5 | 25 | 3.2 |
| Greece | 10.4 | 5 | 25 | 1.2 |
| Portugal | 9.4 | 5 | 25 | 1.1 |
| Sweden | 8.8 | 4 | 22 | 2.4 |
| Austria | 8.1 | 4 | 21 | 2.2 |
| Denmark | 5.2 | 3 | 16 | 1.7 |
| Finland | 5.2 | 3 | 16 | 1.1 |
| Ireland | 3.6 | 3 | 15 | 0.8 |
| Luxembourg | 0.4 | 2 | 6 | 0.2 |
| Estonia | 1.5 | 2–3 | 9 | 0.1* |

** Estonia's contribution to the EU budget after accession is about one billion EEK.*

*Sources: Eurostat, Bertelsmann Foundation.*

European Parliament is dependent on negotiations with other member states, the results of which are fixed in the EU Treaty. For the most part, the proportion allocated to the state is defined by the size of its population. Besides the formerly dominant unanimity, the Council has, towards the end of the 1990s, applied the method of qualified majority to adopt nearly half the EU legal acts. All the enlargements so far have occasioned a reduction in the use of unanimity, since the greater the number of EU members, the likelier it is that one of them will block the decision by exercising its right of veto.

## *The role of small and large states in the EU*

So far, all the EU enlargements have enhanced the relative importance of small states. According to most analysts, it is necessary to augment the role of bigger states in all three EU institutions that are involved in the adoption of legal acts – the European Commission, European Parliament as well as the Council of Ministers. By the turn of the millennium, the 15 member states will have, in principle, agreed upon the reduction of the weight of small states in the decision-making process of the Council. It is more complicated, however, to introduce reforms in the European Parliament, and even more so in the formation principles of the European Commission. The planned reform of the Council mainly pertains to the application of a qualified majority, thus increasing the share of bigger states by allotting them a relatively larger number of votes. In addition, the use of a qualified majority may become the dominant method in adopting legal acts in the EU.

The application of a qualified majority in itself signifies a reduction in the influence of small states, since in the case of the unanimity requirement, they formally enjoy equal right of veto with the larger states. However, it is politically difficult for small states to apply their right of veto, so the advantages of majority voting for them are greater in theory than in practice. According to Prime Minister of Luxembourg Jean-Claude Juncker, a small state can apply the right of veto in the EU merely one or two times over 20 years (Theunis, 1999). Small states should preferably rely on the concept of flexibility, which was for the first time defined in the Treaty of Amsterdam and allows members to abstain from certain joint initiatives of the EU.

For small states, it is the most difficult to acquiesce to proposals that contest their right to appoint one member to the European Commission. In the present 15-member EU, the Commission is made up of 20 members: two from the bigger states (Germany, France, United Kingdom, Italy, Spain), and one from each of the remaining states. In order to grant the first five new EU members their commissioner's posts, the five above-mentioned countries agreed at the Amsterdam Summit to vacate one commissioner's post each. In order to avoid the expansion of the Commission and a loss of working capacity in case of further EU enlargement, three fundamental reform variants have been suggested:

- to appoint a rotating member for small states to divide between themselves
- to bestow upon smaller states the posts of junior commissioners, analogous to deputy ministers in governments
- to permit the Commission president to choose a team where, depending on the candidates' capacity, not all the states are necessarily represented.

Of the above variants, the third would be particularly uncomfortable for Estonia and other East European states, as they have less experience of joint work in the EU, and the president's choice would most probably discount their representatives. Estonia's rejection would be the likeliest, since for want of explicit rules, a small state like ours has fewer chances to exercise its influence.

## *The position of the EU and Estonia in international economy*

Estonia's reputation in international economy is determined, on the one hand, by a liberal market economy, an active reform policy and a favorable business climate. On the other hand, the name of Estonia is associated with the expression „former Soviet republic". Accession to the EU will change both attitudes, replacing the standing of Estonia as a state with that of the EU as a whole. The global position of Estonia at the turn of the millennium is largely affected by the extent to which we are prepared to adopt the policy of the EU. Prior to accession, Estonia has the chance to seek transition periods in individual domains. As a member state, Estonia can also abstain from some EU initiatives. Several renowned researchers have noted that East European states, including Estonia, will be unable to fully participate in the entire integration process of the EU because of their economic weakness (EVA-raportti..., 1998). This, however, does not alter the fact that we are making efforts not to differ much from the rest of the EU in our

economic, trade, environment, social and foreign policies. Today we cannot point to any sphere of integration which Estonia should absent itself from. Considering its peripheral position in the EU, Estonia should probably maintain somewhat lower tax rates in order to attract foreign capital. This is, nevertheless, but a hypothesis should the EU increasingly unify indirect taxes or evince interest in direct taxes. The full implementation of EU laws, and the fact that Estonia is a potential member, have already increased and will further enhance the confidence of foreign capital regarding Estonia. In the opinion of respected foreign investors, closer contacts with the EU are a sign of stability, which in turn is a prerequisite for investments. At the same time, a further and more detailed regulation of the market may scare profit-seeking speculative capital away from Estonia. In general, so far, accession has brought investments to new EU member states, as investors thus expect to penetrate the EU market, which is protected against third states by customs duties and quantitative import restrictions. In international economy, Estonia should, after accession, gain substantially from the right to label its goods „Made in the EU". So far, despite the fast dismantling of the Soviet system, Estonia's reputation is not high enough for the label „Made in Estonia" to be an effective advertisement to the world.

Like the EU as a whole, Estonia cannot afford to lose any of its workforce. The share of Europe in the global population has been diminishing steadily, so most European countries are forced to focus on research and technology-intensive production which brings greater profit per employee. We have no reason to believe that Estonia would ever turn into a tempting haven for talented students from Asia, for instance. Accession to the EU may result in our educated people being lured away from Estonia, rather than the other way around. Brain-drain from Estonia will depend on the terms to be agreed upon in the act of accession to the EU, and it requires further consideration whether to introduce a transition period. In order to be able to accurately estimate the effect of accession on any change in Estonia's economic position, we should thoroughly analyze the cumulative effect of the restructuring of trade and the budgetary calculations within the EU framework on the population's income. The claim by the Federal Trust research institute that the new member states will receive an average of over 150 million euros more from the EU budget than they pay into it, nevertheless lends greater confidence to international investors that the development of Estonia and other acceding countries will continue at a fast rate (Jenkins, 1999).

## *Estonia's security and the EU*

Accession to the EU will change Estonia's security policy position in the world, in reality as well as mentally. Most authors from Coudenhove-Kalergi to Samuel Huntington do classify Estonia as belonging to the western European culture space, but accession to the EU will confirm this statement. The actual effect of the accession on Estonia's security depends on the progress of the cooperation between the EU member states in the particular domain. So far, the foreign and security policy impact of the EU has been modest as compared to the economic policy effect, and the prestige of the EU in the UN is not as high as it is in the WTO. Conflicts in former Yugoslavia, however, have given an impetus to more efficient cooperation of member states in foreign as well as security policies.

The improvement in EU foreign policy capability that has begun at the turn of the century is also important for the new members who have a common frontier with Russia, yet have received no security guarantees from NATO. The Baltic states bordering a politically and economically unstable Russia are particularly interested in close foreign and security policy ties with the rest of Europe, since quite a number of Moscow politicians have not yet accepted that Estonia, Latvia and Lithuania have left their sphere of influence. Accession to the EU will, however, primarily increase Estonia's soft security. The stability ensuing from cooperation within the EU reduces the chance of a political or economic crisis in Russia being transferred to Estonia. Estonia's experience in regaining independence and discussions on EU enlargement demonstrate that, in the EU, we have common foreign and security policy interests with the small states of the Baltic Sea region, primarily Finland, Denmark and Sweden. Consequently, the would-be role of small states in the EU decision-making system at the beginning of the third millennium is relevant for Estonia's foreign policy.

Common sense says that, as regards the Russian issue, greater federalization of the EU is to our advantage. Paradoxically, however, Estonia's limited international freedom in the EU need not reduce our influence anywhere in the world. The foreign policy resources of a small state are restricted, so it cannot build contacts or acquire know-how for successful communication with most of the states of the world, or for handling a wide range of issues. Estonia could prove efficient in a narrow foreign policy sector only, so it would be easier for us to focus on attaining certain objectives within the EU (Rothstein, 1977).

Without doubt, upon accession to the EU, Estonia loses part of its sovereignty. However, viewing it as an attempt to adapt to globalization, a certain giving up of the right to take decisions could even reinforce our statehood. It is equally important for a state to be able to decide upon its own affairs as well as influence others. Part of the sovereignty could be exchanged for a more extensive influence, thus improving one's position.

There is a major difference between global and international economy. In global economy, the impact of an individual state is insignificant, and its development fully depends on market forces and transnational corporations. In the latter case, the national policy maintains its vitality, and the locally operating business has a distinctive style of its own (Hirst, Thompson, 1996). Within the EU, Estonia has better opportunities to gain sufficient influence to parry the pressure of globalization in the defense of our cultural and national autonomy. It is difficult for Estonia to dictate its own market terms to transnational corporations, as the resources of any transnational corporation greatly exceed the resources of our state. For the EU, however, the regulation of the activities of transnational corporations is everyday practice.

In conclusion we can say that although the supranational role of the EU is growing, it need not mean that accession to the EU would in any way weaken our statehood, on the contrary it could protect it. Decentralization seems to be important from primarily the psychological point of view, since it is difficult for us to accept the principles of a federation, against the background of our brief yet generally positive independent statehood.

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## 1.5. Changing identities and Estonia's accession to the European Union

Estonia's integration into the European Union has been treated mainly as a political process, to which economic aspects (harmonizing production conditions according to standards, etc.), as well as certain security guarantees are added. The shaping of positive public opinion is a necessary background to the process.

But EU integration has another very important aspect – the influencing of Estonia's identity. A certain contradiction has emerged in that aspect for Estonia, where the period of restored independence has been very brief (as compared to other nations wishing to join the EU) – the need to yield part of a sovereignty which has not yet been fully experienced or realized. Only the positive aspects of integration are usually discussed by politicians. But what will be the consequence for the people of giving up part of their sovereignty? Will this result in a decrease in the importance of national identity and an increase in the significance of the so-called euro-identity?

### *Opinion on the European Union*

Public opinion polls have shown that the opinions of the Estonian population on joining the EU have not been too optimistic, but are rather considered and controlled. In the beginning of the 1990s, approximately one-third of the people had a positive vision of the European Union, while only up to 5 percent had a negative opinion. The following period could be termed as one of maintaining neutrality. Critical attitudes towards the European Union are expressed very carefully. The majority of people have a neutral understanding of the European Union.

In 1997, when Estonia's inclusion among the candidate nations in the first round of EU enlargement became topical, the number of supporters of the EU was approximately one third. However, as it became clear that Estonia would be included in the first round, public interest in the EU and support for it decreased. This change in public opinion is quite expected when compared to the other Nordic countries. Similar changes in interest also took place in Finland

BOX 1.1.

The law of the European Union can be seen as public law (it influences the constitutions and public authorities of member states). This is the legislation of a supranational body, which is broader than the sum of waived sovereignties of the member countries, and this confronts the citizens of the member states and their economic activities with a supranational authority and the new so-called European loyalty. In accordance with the traditions of the continental legal system, the pillars of EU law are the founding agreements and the traditions of international law, but precedent law is also increasingly gaining importance in the European Union. The European Court of Justice is the only institution granted the right to interpret EU laws and to determine certain rules and practices through its rulings. The European Court of Justice has been increasingly active in using this option. Member state legislation, including the constitution, has become of secondary importance in some domains. Despite restrictions made to the increase of EU authority, its activities have been expanding steadily into new areas.

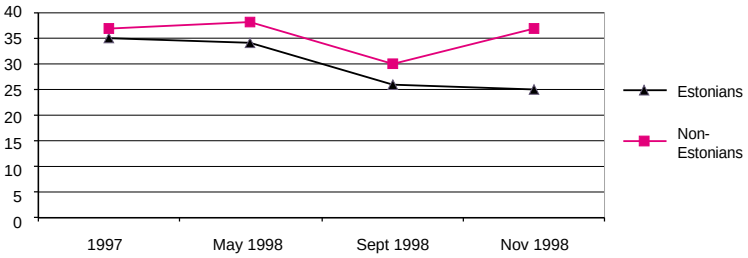
after the European Union referendum. When comparing the public opinion poll results in Estonia and Finland, a considerable similarity can be observed (Haikonen, 1999).

As compared to the other Eastern European countries, the decline in euro-optimism in Estonia in recent years has been the most significant. Janez Stebe considers its reasons to be the ties to the Scandinavian countries (strong ethnic awareness and a need to protect its characteristic features) as well as an expression of a more general tendency – the smaller a state is, the more vulnerable it is in the European decision-making mechanism, where the major member countries have a bigger say (Stebe, 1999).

Figure 1.1 supports the claim that the Estonians' enthusiasm has begun to decrease after their inclusion in the first round of European Union expansion. The consideration of whether or not joining the EU is a reasonable, future-oriented decision, is gaining significance. Since the Estonians are much more sensitive than the non-Estonians over the sovereignty issue, the arguments about voting in favor or against the European Union are naturally somewhat different for Estonians and non-Estonians.

Public opinion polls have shown recently that despite the improved information among the public, the number of supporters or opponents of the EU is not increasing significantly.

FIGURE 1.1.
**Would vote in favor of the EU**
*Source: Saar Poll, 1998.*




Consequently, it is not just the level of information which determines the accession decision. A more important issue is whether the partial waiving of sovereignty is worth becoming a member of the European Union. The main issues for Estonia are: will the adding of a new dimension of identity bring along confusion with the old ones, or, vice versa, will it result in increased quality; and which changes will result from EU accession in the not yet clearly developed identity of the non-Estonians.

## *Estonia's possible regional identity*

The necessity to differentiate between various regions of Europe within the EU has been explained with various arguments (cultural, economic, etc.). EU regional policy is explained with the considerations of equality and justice – all the citizens of the EU should be entitled to the benefits of the general economic growth of the EU. Equal development of the different regions enables improvement to the efficiency of the economy and the use of hidden resources; regional policy also helps to promote social mobility and thus to change society towards increased flexibility. At the same time, these are the factors which increase the similarities between the countries within the EU and also reduce the differences between the regions.

If Estonia joined the EU by 2003, it would result in an unusual situation. Through its cultural context and historic tradition, Estonia belongs to the Nordic and German cultural area, but due to the latest half-century and the Eastern European transformation processes, it also firmly belongs in the Baltic context. As seen from Central Europe, Estonia is both a Nordic and a Baltic region. At the same time, Estonia's joining the Nordic region would bring along new problems in connection with the relatively low living

standards and inadequate development of democratic institutions, which have not been previously associated with the EU in that region.

What is the identity of the Estonian people – in the context of the ongoing European integration? According to the results of the polls it could be claimed that the Estonian population primarily identifies itself in the European integration context as the Baltic region, rather than, for example, as Eastern Europe. At the same time, the Nordic countries and especially Sweden serve as models for the Estonian people. Yet the poll results show that Finland is also, especially for the non-Estonians, one of the most desirable development goals.

The Estonians' idea of Finland is more balanced. On the one hand, Finland is culturally very close to Estonia, but on the other hand, the Estonians may be more aware of the problems there. But Estonia should certainly find some common interests to protect in the EU, together with the other Scandinavian countries, especially Finland.

FIGURE 1.2.
**Which European region does Estonia primarily belong to?**
*Source: Saar Poll, 1998.*

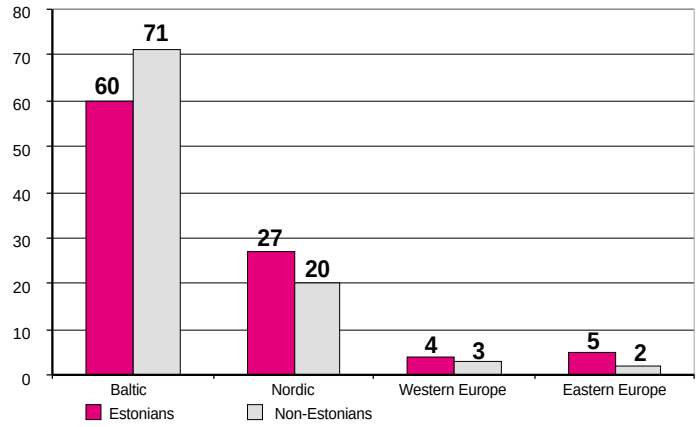
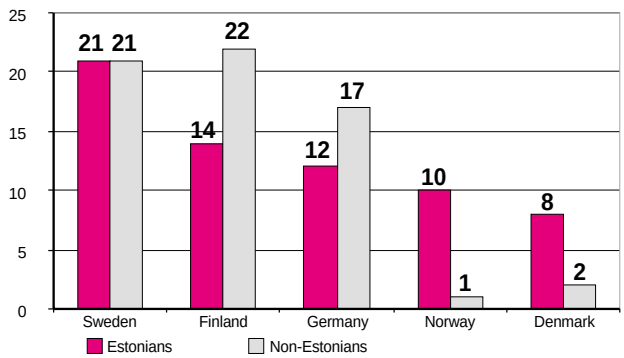



FIGURE 1.3.
**Which country could serve as an example for Estonia?**
*Source: Saar Poll, 1998.*




The data reflected in Figure 1.4 shows the optimism concerning the impact of EU accession on the various walks of life, with the Estonians being in most of the aspects more optimistic that the non-Estonians. It is important to point out here that the greatest difference between the Estonians and the non-Estonians concerns the security dimension. The attitudes towards travel and study opportunities and transit trade are also quite different. Although the aspect of military security has become an ever more important internal integration factor in the European Union (especially after the war in Kosovo), the poll results permit the statement that military security will not be the most important issue in the case of Estonia's possible entry to the EU.

## *New identity problems emerging with EU accession*

The rapid changes in ethnic and regional identity, characteristic to a transformation period, have brought along a heightened sense of danger. The people are highly aware of the necessity to protect the Estonian language, culture and education, as well as Estonia's economy (industry, labor market, agriculture) (Figure 1.5). The Schengen treaty (1985) calls for the abolition of internal borders between the member countries as to the travel of individuals. Estonia, which is trying to cope with the problems of its internal integration, is clearly not yet ready to handle new problems related to immigrants. Although the changes are not too large as to percentage, there still exists a noticeable tendency that the topics of local labor market protection and citizenship policy are becoming important indicators of the people's interests (see Figure 1.5).

On the one hand a heightened sense of social danger is apparent – new immigrants will bring along new problems in society, a further complication of the demographic situation and immigrants' adaptation problems. On the other hand, problems are also perceived in a threat to traditionally established branches of economic activity, which are apparently considered part of national identity. Just like the other populations of Eastern Europe, Estonian residents think that the greatest loser from accession will be agriculture. At the same time the Finnish experience showed that a number of developments after accession to the EU turned out to be significantly different from those predicted previously.

It can be argued though that the initial fears have declined in most spheres. There is a better understanding of a small country's opportuni-

ties to protect its interests in international organizations. It is a significant fact that the share of those opposing the EU has been relatively stable. The main changes are taking place in the share of the people doubtful about the EU and amongst the "supporters". As of now most of the Estonian population cannot yet predict their future in the European context. It can be claimed though that the higher the education level of the residents, the better is their information and the more positive is their attitude to European accession. The actual sphere of Estonia's special interests is employment and competitiveness. People are primarily interested in overcoming the social problems, hoping that the EU with its developed economy could make a significant contribution to the improvement of living standards and creating jobs in particular.

It can also be claimed that the improving information held by the Estonian population about the EU need not mean a change towards a more positive attitude. The developments reflected in the opinions of Estonia's population are, in a certain sense, very similar to the changes in the other Nordic countries. In that respect Estonia already clearly belongs to the Nordic countries.

FIGURE 1.4.

**Impact of EU accession on various spheres (May 1998)**
(positive response %)

*Source: Saar Poll, 1998.*

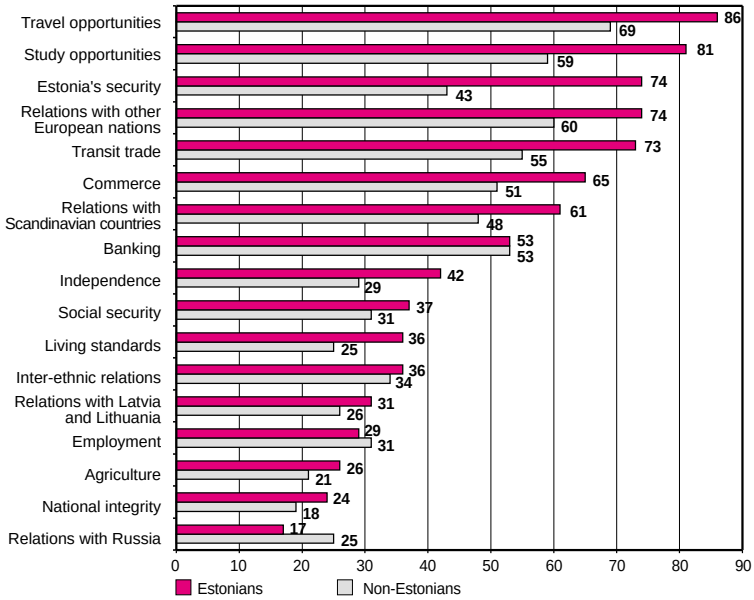



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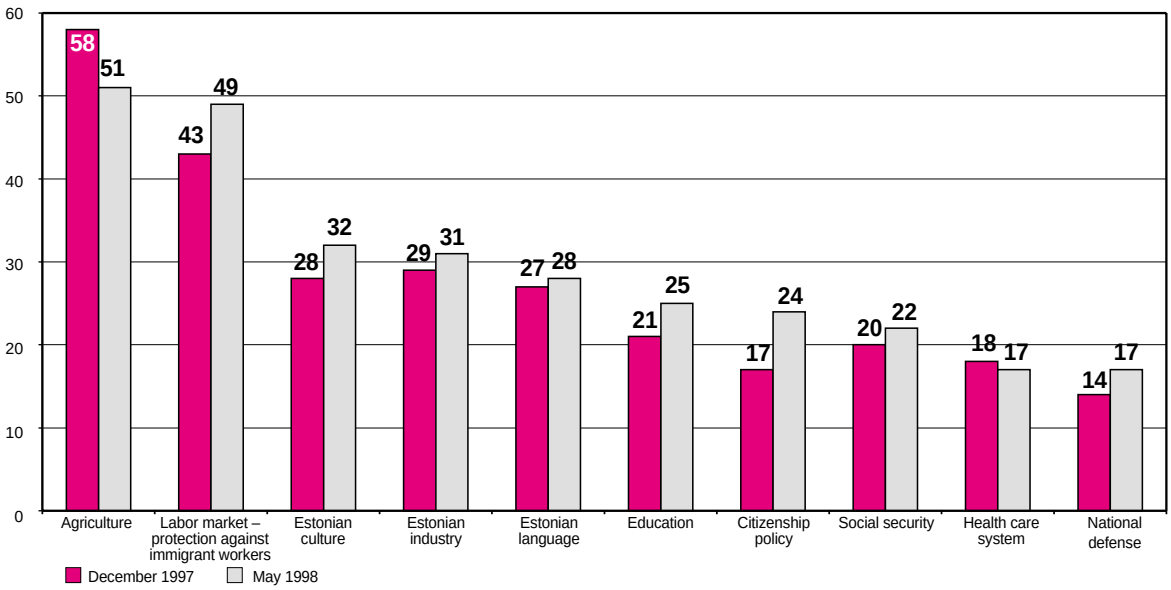
FIGURE 1.5.

**In which areas should Estonia defend most its special interests in the EU?**

*Source: Saar Poll, 1998.*



# 2 Conflicts in social development

## 2.1. Changing values and attitudes, 1985–1998

### *Values*

People's values are, as a rule, measured using Rokeach's (Rokeach, 1973) or Inglehart's (Inglehart, 1995) methods. Whereas for Rokeach, values in a way comprise an independent phenomenon, Inglehart and his school study values as an individual's response to the environment. Inglehart's positions can also explain most of the changes that took place in western countries in the 1980s and 1990s and were for the most part expressed by a shift from instrumental values to intellectual values, i.e. values that to a greater degree affect individual freedom, self-realization and the quality of life. Inglehart associated this with the transformation of the nature of work and ampler economic opportunities characteristic of a post-industrial society, with the development of means of communication and transport facilities, with changes in the proportion of work and leisure time in favor of the latter, etc. Several comparative studies into values made at the end of the 1980s and the beginning of 1990s – for example, the World Value Survey (1990) – have proven Inglehart's theory according to which, in a welfare society and during the peak of economic development, a shift occurs from *scarcity values* – intensive labor, economic security, leaning on authorities, conformity with traditional gender roles, etc. – to *security values*, which stress the individual's freedom of choice, equal rights and opportunities irrespective of gender or ethnic origin, leisure time hobbies, greater attention to self-realization, also a clean environment, etc. At the same time, in societies where most of the population has to face serious problems due to economic difficulties, scarcity values acquire a greater significance – people seek support from the traditional and the familiar. Since the period from the end of the 1980s, and the 1990s as a whole but the beginning of the decade in particular, involved more dramatic changes for Estonia than for the welfare societies of western Europe, we can, following Inglehart's theory, assume that during this time, major shifts have taken place in the values and attitudes of Estonians regarding work and family life.

Since 1978, Estonian sociologists have periodically carried out sociological surveys embracing the adult population of Estonia. Comparison of the three latest surveys, i.e. „Estonia 85", „Estonia 93", and „Estonia 98", allows us to cast a certain light on the question [1]. The population survey „Estonia 85" for the first time contained a collection of questions on values, partly relying on notions which belong to the Rokeach system of terminal and instrumental values. Unlike Rokeach, however, the respondents were not asked to rank the values in order of importance, but assess on a 5-point scale (very important ... not at all important) concepts like *family, children and their welfare, close friends, love, professional work, varied life (new places, people, impressions, etc.), cultural interests (reading, going to the theatre or movies, etc.), economic welfare, being up-to-date on current affairs (radio, TV), having a good time, creative activities (artistic, technical, etc.), taking care of one's physical fitness, self-education, social activities, clean and unpolluted nature.* Because of altered circumstances, the following indicators were added to the survey „Estonia 93": *faith, health, high*

[1] The first of the above-mentioned surveys embraced the working-age population, while the others covered the population aged 18–70 (with representative samples of 2000 and 2500 respondents respectively). Unless specified otherwise, the analysis below is based on population of working age.

*social position,* and *independence and freedom.* In other parts, the survey „Estonia 93" maintained the old system, which makes it now possible to draw certain parallels.

The 1985 research was carried out just before the *perestroika* of Gorbachev. On the strength of this survey we can state that in Estonia of the mid-1980s, children, family, love, economic welfare and clean nature were valued highest (average mark of 4.0 or more), while having a good time, creative activities and social activity were the lowest valued (average below 3.0). For the rest of the listed spheres, the average points remained between 3.0 and 4.0 (Table 2.1).

The period between the surveys „Estonia 85" and „Estonia 93" was a very complicated epoch full of changes, where the first half witnessed the growth of national self-consciousness and attempts to revive pre-war values, while the second half of the period saw difficulties caused by the economic reforms which went with the newly found independence, even a certain disappointment and shattered illusions. In the system of values, this was expressed through a further rise in the ranking of domains that were given a very high average rating back in 1985: children, family and friends, also clean and unpolluted nature. Under the circumstances, which for many people were economically complicated and insecure, it was to be expected that the importance of scarcity values (people set great store by material and emotional support from family and friends, emphasis is laid on the traditional and the familiar) grew, while the weight of security values (varied life, cultural interests, particularly creative activities and participation in community life) dropped dramatically. During the same period, however, we can observe an opposite tendency in the developed western countries. In these countries, which until the beginning of the 1990s, was the period of economic growth, values evolved towards security values (Inglehart, 1995).

In the period between the population surveys „Estonia 93" and „Estonia 98", certain economic stabilization took place. Yet since a large part of the population still faced major economic hardship, the period in Estonia was characterized by a continual rise of scarcity values, including family-centered values, which in their average ratings verge towards the maximum. While, for example, in 1985, 85% of the population of working

FIGURE 2.1.

**Changes in values for the working-age population, 1985–1998** (average, 1985 = 0)

*Source: Population surveys „Estonia 85", „Estonia 93", „Estonia 98", IISS.*


age answered that family was „important" or „very important" for them, and in 1993 the respective percentage was 92%, by 1998, the share of the respondents who considered family and children and their welfare „important" and „very important", had grown to 97%. Although there were major differences in the absolute estimates of men and women, Estonians and non-Estonians, regarding certain spheres (for example, faith, professional work, economic welfare), the general picture with respect to most values is quite similar in 1998. Such a growth of family-centered values is characteristic of not just Estonia but also other post-socialist countries that face economic difficulties. Yet it appears from the 1998 survey that, compared to 1993, the proportion of those who appreciate varied life,

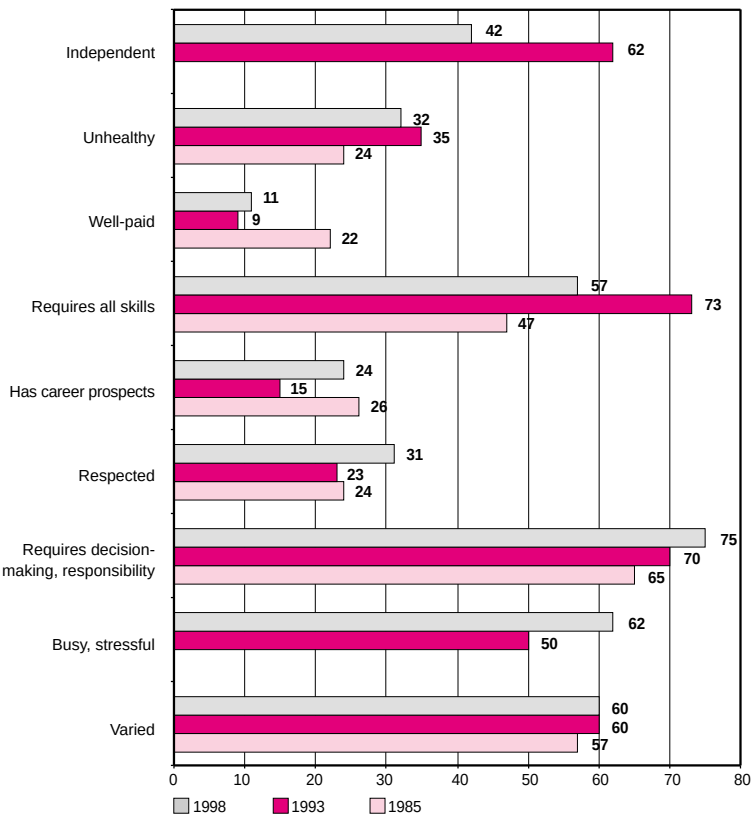
having a good time, physical fitness, creative activities as well as social activity, has increased in Estonia. Compared to 1993, the rating of values in 1998 that were lacking in „Estonia 85“, like health, high position, independence and freedom, has also risen (Figure 2.1).

Thus, judging by the value surveys, we can say that the stabilization of the material situation in the second half of the 1990s has brought about changes that were noted in western Europe a few decades earlier, namely, a movement towards post-materialist values. Such a situation, to a certain extent contradictory – on one hand, the continuing growth of the significance of traditional scarcity values, and on the other hand, the emergence of typical security values – reflects the increased stratification of society in Estonia.

## *Labor*

The reorganization of the economy and transition to the principles of a market economy has generated a totally new situation in the Estonian labor market. In the first place, mention should be made of the closing down of a number of large-scale enterprises which for many people meant either loss of professional employment, change of job or profession, or often a longer or shorter period of unemployment. According to the population survey „Estonia 98“, in 1991–1998, more than two-thirds of working men of working age had changed jobs while the share among women was slightly over half. The men of Tallinn were particularly active in changing jobs. It is also worth mentioning that while men predominantly sought a new job voluntarily, expecting a higher salary or better working conditions, the main reasons for women were forced moves (liquidation of the job or enterprise, bankruptcy, dismissals, etc.). The rise in the percentage of such forced changes was particularly noticeable with women over 35 and men over 45. On the other hand, we cannot ignore major changes in the working environment and in the nature of work, which necessitated further training or re-qualification to be able to compete successfully in the labor market. While in Europe, a similar process of change in the nature and substance of work had proceeded gradually over the course of a few decades, Estonia had to undergo it all in a few years.

FIGURE 2.2.
**Assessments by working-age population of their work. % of "Yes" responses** (the remainder answered No or No opinion)
*Source: Population surveys „Estonia 85“, „Estonia 93“ and „Estonia 98“, IISS.*




The questions on the nature of work in the survey „Estonia 85“ were slightly different to the questions used in later surveys, yet a certain comparison between these two periods is possible all the same. As regards changes that took place between 1985 and 1993, we have to first mention the fact that in 1993, respondents understood that more was expected from them at work. The percentage of those who characterized their work as requiring full application of their skills, decision-making and responsibility, had grown. Yet in 1993, people also noted more frequently that the work had become less healthy, and as compared to 1985, the proportion of those who saw prospects of advancement in their work, had fallen. While in 1985, almost every fourth respondent described his or her job as well paid, in 1993 less than every tenth respondent could say the same.

In the other period under surveillance, i. e. between the 1993 and 1998 surveys, the changes were greater than in previous years. In 1998, a larger percentage of peo-

TABLE 2.1.

**Changes in the average values of the working-age population, 1985–1998**

| | 1985 | | 1993 | | 1998 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| Close friends | 3.71 | 3.90 | 3.95 | 4.10 | 4.17 | 4.22 |
| Family | 4.31 | 4.59 | 4.50 | 4.78 | 4.72 | 4.88 |
| Children, their welfare | 4.49 | 4.71 | 4.65 | 4.88 | 4.72 | 4.91 |
| Faith | – | – | 2.67 | 2.99 | 2.91 | 3.26 |
| Love | 4.12 | 4.36 | 4.22 | 4.36 | 4.36 | 4.57 |
| Health | – | – | 4.62 | 4.71 | 4.70 | 4.82 |
| Professional work | 4.02 | 3.89 | 3.98 | 3.86 | 4.17 | 4.11 |
| Varied life (new places, people, impressions, etc) | 3.22 | 3.28 | 3.07 | 3.16 | 3.36 | 3.34 |
| Cultural interests (reading, going to the theatre, movies, etc) | 3.48 | 3.94 | 3.31 | 3.72 | 3.33 | 3.69 |
| Economic well-being | 4.22 | 4.27 | 4.30 | 4.22 | 4.32 | 4.28 |
| Keeping up-to-date with current affairs (radio, TV, etc) | 3.99 | 3.86 | 3.81 | 3.65 | 3.79 | 3.63 |
| Having a good time | 2.92 | 2.76 | 2.98 | 2.67 | 3.16 | 2.86 |
| Creative activities (technical, artistic, etc) | 2.61 | 2.45 | 2.73 | 2.57 | 2.83 | 2.71 |
| Physical fitness | 3.49 | 3.36 | 3.34 | 3.26 | 3.47 | 3.61 |
| Self-education | 3.34 | 3.31 | 3.46 | 3.66 | 3.57 | 3.85 |
| Social activity | 2.85 | 2.93 | 2.33 | 2.17 | 2.55 | 2.62 |
| High social position | – | – | 2.22 | 2.07 | 2.52 | 2.35 |
| Independence, freedom | – | – | 4.11 | 3.83 | 4.14 | 4.02 |
| Clean, unpolluted nature | 4.25 | 4.32 | 4.54 | 4.58 | 4.43 | 4.55 |

*Source: Population surveys „Estonia 85“, „Estonia 93“ and „Estonia 98“, IISS*

ple answered that their work had become more hectic and intense in nature, requiring greater responsibility and decision-making. At the same time, the autonomy of the work – taking one's own decisions on the organization of the work or better performance – has diminished. As a positive shift, we could mention that as compared to 1993, people again saw the chance of advancement, and the proportion of those who said their job was well-paid had grown rather than diminished, but this was mostly in the case of the men (Figure 2.2).

However, in 1998, people were less worried about their jobs or insecure about their future than in 1993. While in 1993, nearly every fifth man and every fourth woman thought a loss of job very likely, in 1998 it was the case with every tenth respondent, man and woman alike. People had also become more optimistic about finding a new job, although the answers by women were still far more pessimistic than those of male respondents, and older people were more pessimistic than the young. In the Nordic countries, for instance, instability in the labor market and uncertainty about one's job are treated as a factor that increases the workers' activity, collectiveness and solidarity (Jokivuori *et al*, 1997). In Estonia, in 1993 as well as in 1998, active participation in the work of a trade union or professional association was an exception rather than a rule.

As regards attitude towards one's professional work as a means of self-realization, it would be too early to speak of any major shift towards post-materialist attitudes or values. Comparison with the year 1985 is impossible as in the „Estonia 85“ survey, the questions concerning the given values were differently formulated. However, in 1993 as well as 1998, most of the population looked upon work as inevitable due to economic need rather than as a sphere of self-realization. In 1998, less than one third of the respondents would have continued working full-time

even if their economic position had allowed them to stop working altogether, and every fourth or fifth would have stayed home. Changes in the attitudes of women towards work have been more positive than of men, and among women, there were more of those who would potentially go on working, either full-time or part-time. It is also noteworthy that while in 1993, one half, and in 1998, one third of the women who pondered retirement, would have made the decision in order to be able to help their children, grandchildren or elderly family members, for most of the men who had a mind to stay at home, the motive was the ability „to do what I please".

## *Family*

Comparing the data of the population surveys „Estonia 85", „Estonia 93" and „Estonia 98", we can see that during the period under discussion, the percentage among the working-age population of married (cohabiting) people has remained relatively stable: nearly two-thirds of women of working age, and slightly over 70% of men are married (cohabiting). The lower percentage of married women can be explained by the fact that among women there are more divorcees (divorced men remarry sooner) and widows. Remarriages also explain why the increasing number of divorces, which is reflected in statistics, has no particular effect on the number of divorcees in society. While in 1985, first-time marriages formed 80% of all marriages, the years 1985-1998 witnessed a certain fall. In 1998, nearly every fourth man was in his second or third marriage. As regards women, the situation remained stable.

In the population survey „ Estonia 85", cohabitation was not mentioned separately, yet if we compare the surveys of 1993 and 1998, it is obvious that cohabitation has gained popularity in Estonia. It is particularly noticeable in younger age groups. In 1993-1998, the role of cohabitation more than doubled in the younger age groups (18-24 and 25-34 years): from 24% to 58% in the youngest age group, and from 16% to 33% among those aged between 25 and 34. In the older age groups, the percentage of cohabitation remained relatively stable, fluctuating between 12% and 16%. People of this age group had married and had children at the time when the traditional family prevailed.

As birth statistics show, in 1985-1998, the percentage of people without children has grown substantially. While in 1985, the percentage of childless people was 13% among people of working age, in 1998 their share was one-fourth. At the same time, the percentage of those who have one child (from one-third in 1985 to one-fourth in 1998) or two children (from 40% to 34%) has dropped. No major changes have taken place among people with three or more children, in 1985-1993, a certain rise could be observed, from 13% to 16% (predominantly due to the rural population), yet by 1998 the rising tendency had come to a halt and the proportion decreased. While in 1986, according to the Statistical Office, children born outside marriage amounted to 12% of all births, by 1993 their proportion had grown to 26%, and by 1998 to 37% (Statistical Yearbook of Estonia, 1998).

## *Health*

Medical statistics as well as population surveys show that the health of the Estonian nation is far from good (Statistical Yearbook of Estonia, 1998;Social trends, 1998; Uibu, 1998/1999). According to sociological research carried out in the 1990s, every second or third resident of Estonia is satisfied with his or her health, nearly every third suffers from a chronic or long-term disease, and an equal percentage of people have been stressed or under tension or pressure within the past month (Narusk, 1995, 1999; Kasmel *et al*, 1997).

The stress index, which was formed to measure the stress level, considered the occurrence of the following stress symptoms: 1) headache, 2) (excessive) fatigue, 3) sleeping disorder, 4) depression, 5) indigestion, 6) irritation, 7) vertigo, 8) heart disorder, and 9) feeling that everything is too difficult. The respondent was given one point for every symptom if it manifested itself at least once or twice a week. Nine was the maximum number of points, as the list comprised nine disorders. Based on the frequency of the occurrence of the symptoms we classified the respondents into four groups – those who

1) did not suffer from any of these disorders („no stress"); 2) suffered from one disorder a week („mild stress"); 3) suffered from two disorders („medium stress"), and 4) suffered from three or more disorders („severe stress"). According to this classification, the respondents could be divided as follows: 34% of the population were not stressed, 25% suffered from mild stress, 16% suffered from medium stress, and 25% suffered from severe stress.

From the point of view of stress, emotional relations between spouses seem to be of crucial importance. Even among those who were fully satisfied with their relationship, one-fifth suffered from severe stress while among those dissatisfied with their relationship, the share was twice as large. Intimate relations are as important as emotional relations. A healthy atmosphere in a family largely depends on how balanced the spouse or partner is. Among the respondents whose spouse is „very composed", merely 16% suffer from severe stress while among those whose spouse is „rather nervous", the percentage is 29%.

According to several nationwide sociological surveys, the most frequent reasons that are given for conflicts and dissatisfaction with family life are differences in views and convictions, and home chores (according to „Estonia 98", in every fourth or fifth family), and to a smaller extent (every eighth family), the spouse's inattention and incompatibility of personality (Narusk, 1995,1999). Any family problems will usually lead to stress formation: differences in views and convictions, a spouse's alcohol problem or bad economic management, as well as lack of sexual harmony and tense relations with children. Incompatibility of personalities, conflicts caused by home chores, or a spouse's inattention have the worst effects. If these problems occur „frequently", the percentage of those suffering from severe stress is 40-44%, while among those who do not face such problems, the percentage with severe stress is 15-18%. Also, restricted economic conditions will often lead to stress. The survey „Estonia 98" shows that 17% of the respondents suffer from severe stress if they have to restrict merely major expenditures, while the percentage grows to 32% if there is not enough money for daily food.

In conclusion, we can say that on the strength of the population surveys „Estonia 85", „Estonia 93" and „Estonia 98", we can clearly distinguish between two periods within the years 1985-1998, which witnessed changes not just in the people's living conditions and their way of living, but also in their values and attitudes. While the years 1985-1993 were characterized by the economic and social restructuring of Estonia and the manifestations of a crisis, when many indicators of welfare, family, labor and health dropped, by the end of the period 1993-1998, the worst was over and society began to re-stabilize. Certain signs of a rise, though sometimes insignificant, began to show. We can follow a similar, gradual change in people's values and attitudes. Initially, the economic nadir brought about a reinforcement of traditional attitudes and scarcity values. In the second period, economic stabilization and slight progress were accompanied by certain shifts towards security values and post-materialist attitudes.

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## 2.2. Civil society resources in the modernization of Estonia

Civil society is where self-organizing groups, movements and persons, relatively autonomous from the state, attempt to express their values, to create associations and solidarity and to promote their interests (Linz, Stepan, 1996). Estonia has lagged behind several other Central and Eastern European countries in the development of a civil society. The reason is not only the Soviet period, but also the particular form of exiting the occupation. The effort of recreating the ethnic group largely overshadowed the recognition of the problems of a modern civil society. The exclusion of the „citizens' state" discourse by that of the „nation state" had serious consequences not only in the sense of creating the „state nation", but also in a significantly wider respect. Consequently, the rethinking of civil society is one of the main axes of Estonia's current development.

### *The capacity of Estonia's civil society*

Statistics concerning the civil society in Estonia are still incomplete which means that drawing wide-reaching conclusions is not possible. The following data concerns the officially registered and actively operating associations. This group is the most modern part of the civil society and reflects the taking of root of a modern organization of society in Estonia. Of the 1594 questionnaires posted to the actually operating civil organizations, 779 were filled in and returned. This modest response is the first result of the study. It reveals that the number of efficient associations is significantly lower than that of the registered organizations. The remainder is either inactive or weak. The respondents already had some operating experience, as well as staff or organizational resources. Of the orga-

TABLE 2.2.

**Non-profit associations registered in the Business Register, as per county, 1994–1999**

| COUNTY/YEAR | 1993 | 1994 | 1995 | 1997 | 1998 | 1999 |
|---|---|---|---|---|---|---|
| Harjumaa | 1630 | 1908 | 1837 | 1668 | 2492 | 2998 |
| Hiiumaa | 61 | 70 | 48 | 49 | 69 | 84 |
| Ida-Virumaa | 419 | 540 | 752 | 752 | 972 | 846 |
| Jõgevamaa | 80 | 105 | 106 | 98 | 161 | 117 |
| Järvamaa | 96 | 116 | 82 | 79 | 117 | 133 |
| Läänemaa | 116 | 154 | 142 | 139 | 264 | 120 |
| Lääne-Virumaa | 88 | 133 | 125 | 119 | 301 | 299 |
| Põlvamaa | 70 | 97 | 90 | 92 | 110 | 89 |
| Pärnumaa | 362 | 399 | 341 | 351 | 571 | 414 |
| Raplamaa | 114 | 185 | 191 | 190 | 286 | 153 |
| Saaremaa | 157 | 163 | 136 | 135 | 234 | 172 |
| Tartumaa | 626 | 714 | 589 | 543 | 841 | 734 |
| Valgamaa | 141 | 175 | 165 | 161 | 225 | 121 |
| Viljandimaa | 215 | 252 | 240 | 224 | 294 | 203 |
| Võrumaa | 66 | 90 | 80 | 76 | 140 | 194 |
| Tallinn | 933 | 1113 | 1030 | 934 | 1734 | 1955 |
| | 5174 | 6214 | 5954 | 5530 | 8811 | 8524 |

*Note:* *The register of non-profit associations and foundations began operations on October 1, 1996. The Central Business Register was formed in 1995 as a combined register of the business, non-profit associations and foundations registers. The register is maintained by the registry departments with the courts.*

*Source:* *Eesti Maakonnad arvudes 1993–1998. Statistikaamet: Tallinn, 1998; Eesti Statistika 1999, nr 6 (90).*

nizations observed, 44% were located in the large cities (Tallinn, Tartu, Pärnu), 18% in the small towns and 38% in rural areas. The strong organizations are mainly located in the cities. Religious organizations (24% overall respondents, 58% of those in rural areas) improve the statistical impression made by the rural locations. The small towns and rural settlements are similar regarding the success of their organizations and are seen as the opposite of the cities.

The organizations were divided into 17 categories as to their articles of association and other goals (classification developed at the John Hopkins University). The large share of religious organizations (24%) derived from their high organizational level. Sports organizations are also active and there are efficient organizations aimed at the protection of social interests, uniting professional people or pensioners. The activity of organizations concentrating on culture and arts was lower than expected. These have been considered one of the cornerstones of Estonia's community life. Associations dedicated to maintaining traditions, advancing culture and arts and dealing with leisure time are relatively strong in all types of settlements. Organizations dealing with fishing, hunting, agriculture and relations within the neighborhood are noticeable in the counties. Organizations aimed at politics, international relations and health are strong in the larger cities (82% of respondents).

Approximately 44% of the associations claimed that the number of their members is increasing. Only 24% stated the opposite (55 and 21 percent in the large cities). Membership had remained unchanged according to 29% of the respondents (21% in the large cities). Growth was reported mainly by the organizations with a modern background: international relations (61%), health (59%), politics (58%) protection of social group interests (52%), sports (51%), education and science (49%). Reduction in membership was reported by organizations dealing with fishing and hunting (48%), agriculture (47%) and natural environment (36%). Consequently the expansion of the civil initiative is mainly based on the emergence of associations dedicated to modern activities.

TABLE 2.3.

**Associations according to spheres of activity (absolute values)**

| Sphere of activity | Large towns | Small towns | Rural areas | Total |
|---|---|---|---|---|
| Culture and arts | 36 | 18 | 23 | 77 |
| Leisure | 30 | 12 | 21 | 63 |
| Sports | 65 | 31 | 38 | 134 |
| Education and science | 56 | 14 | 11 | 81 |
| Health care | 45 | 10 | 7 | 62 |
| Social services | 19 | 4 | 14 | 37 |
| Natural environment | 5 | 5 | 11 | 21 |
| Heritage protection | 2 | 1 | 3 | 6 |
| Neighborhood | 6 | 6 | 20 | 32 |
| Politics | 40 | 4 | 8 | 52 |
| Representing interests of social groups | 61 | 18 | 24 | 103 |
| International contacts | 29 | 2 | 8 | 39 |
| Religion | 53 | 31 | 106 | 190 |
| Preservation of traditions | 32 | 14 | 31 | 77 |
| Fisheries and hunting | 3 | 8 | 23 | 34 |
| Agriculture | 10 | 3 | 21 | 34 |
| Other areas | 5 | 4 | - | 9 |

*Note: As one association could have several functions in various categories, the total of associations in different spheres is greater than 779.*

## *Resources available to Estonia's civil associations*

*Economic resources*

The economic resources of the associations are characterized primarily by the number of sources of financing, secondly by their scope and thirdly by the central source of income. More than half (58%) of the associations receive support from three or more sources and 3% have no income. Most of the organizations in the major towns depend on the private sector and on international cooperation. In the small settlements, state support and membership fees are the main source. In a paradoxical way the membership fees are the most important in the poorest areas – in the rural organizations. Support from Estonian enterprises and private citizens, which is significant regarding frequency, remains modest in volume. The significance of domestic private capital has recently become equal to the support of international organizations. Some time ago foreign support amounted to 2/3 of total support in the financing of Estonian civil associations (Hellam, Aru, 1997). In sales income (goods, services) the Estonian third sector lags behind that of Central and Eastern European countries (Ryback et al, 1998).

The spheres of activity of the associations and their way of financing are linked to each other. For example, membership fees are the most important source of income in the associations dealing with politics, protection of social group interests, international contacts, neighborhood interests, religion, fishing and hunting, agriculture, education and health. Local governments mainly support the organizations dealing with leisure time and providing social services, as well as sports. State support is of primary importance mainly in the associations concentrating on culture and the continuity of traditions. The economic opportunities of the associations depend on their location, sphere of activities as well as membership. A large membership, for instance, increases know-how in the finding of resources, as well as the range of social capital. The sources of income for the Estonian civil initiative as a whole are different from the methods of financing associations in the developed market economy societies and in the post-communist countries. As a result, money allocated from the state budget – be it via the local governments, state foundations or as direct subsidies – holds the leading place in support for civil society activities. This brings the financing of the Estonian associations closer to the Nordic model. But at the same time, they differ from their northern neighbors because of their weak economic activities. Due to the economic hardships in Estonia, the limited population and the internationalization of civil initiative, foreign contacts will also play a great role in the future and their share will inevitable be greater than in the larger post-communist countries (see also Heidmets, 1998).

*Social resources*

The structure and social network of a civil society is based on human resources. The social resource of Estonian civil associations is shaped by the size of the membership, their age, as well as the method of recruiting new members, and the cohesion of the associations at the local, regional, national and international levels. The urban associations are larger – of the active associations in the larger cities 60% have more than fifty members. In smaller towns there were only 49% of such organizations, and 40% in the countryside. These are predominantly religious organizations. Forty-four percent of the organizations had more than 100 members, 26% in the small towns and 23% in the countryside. Organizations dealing with politics, protection of social groups' interests, religion, health, but also agriculture had the most members. But these are instrumental organizations of the secondary group type, which differ from choral societies, for example, by also including formal, inactive participants as members. Membership in urban organizations has increased in recent years, while it has remained the same or even decreased in the rural associations.

New members are recruited primarily from among the friends, acquaintances and relatives of the members of the associations (381 respondents). The other more popular method is to recruit via public address, invitations etc. (243 respondents). Religious, international relations, leisure activities and health associations use a number of different ways of recruiting new members. Approximately one-fifth of the respondents are active in trying to find new members. Among the latter there are more associations concerning social services, heritage protection, neighborhood affairs, agriculture, preservation of traditions and education and science.

The higher the number of younger members (under 30) in the organization, the larger is the settlement. And the smaller the settlement, the more there are older (over 55) members in the society. Accordingly, in 42% of rural associations half or more of the members are above 55, while their share in the larger cities was less than one fourth (23%). As to the spheres of activity, the share of younger members was greater in the organizations concentrating on sports, leisure activities, international relations and politics. The associations with older memberships are concerned with social services, heritage protection, protection of social groups' interests (including pensioners' organizations), religion, preservation of traditions and agriculture.

The structure of the cooperation network is influenced by the size of the town and the peripheral location of the settlement. Only one in five of all rural and small-town associations has ties with the business community. The ties between the non-profit and profit-making sectors are twice as close in the large cities – nearly every second organization has contacts with the business world. Consequently, the civil associations active in the periphery are characterized by limited resources. They have few members, contacts, and, as a result, also experience.

*Organizational resources*

From the viewpoint of the opportunities of a civil society it is important how efficiently the members and resources can be mobilized. The civil society in a democracy must be able to defend the principles of the rule of law from the pressure and indifference of the authorities or the economy. Efficiency presumes awareness and planning, which in turn are possible only in the case of a strong organization. Only five percent of the associations studied never convened a general meeting during 1997. The cohesion of the associations is high on the national as well as the international level. A total of 432 associations have an umbrella organization in Estonia and 176 have an international one. The cohesion of the urban associations is twice as high as that of the rural ones. The societies concentrating on politics, religion, international relations, education and science are in the lead.

A total of 268 organizations had paid staff (36% of the respondents, an average of 4.6 staff members). The most frequent written information relayed to the members was the report on the activities during the fiscal year, which was sent to all members in 285 organizations. Organizations in the large cities relayed significantly more written information to their members (2.1 categories) than those in the small towns and in the countryside (1.5 in both).

Structurally, and as regards formal organization, the religious and political associations are the strongest. They were also in the lead as to the existence of additional organizations of cooperation, the presence of paid staff and membership in some umbrella organization.

## *The choices of civil initiative in Estonia*

The low number of associations responding to the poll reveals that the current potential of civil initiative in Estonia is significantly lower than the number of officially registered associations would indicate. Unfortunately, there is no reliable data on Russian-language civil associations. The organizations are increasingly divided between the traditional „society activities“ on the one hand and associations oriented towards the activities in a modern civil society, on the other. The former have primarily concentrated on supporting their members' identity rather than the support of outside goals. Modern associations are characterized by a higher level of organization and formality, they have been formed to satisfy some needs of society as a whole. They are more dynamic and command greater resources than the traditional organization of societies' activities.

The organizations possessing the resources necessary for operation in a modern society are mainly concentrated in the large cities. As to the financial, organizational or social capital, the associations protecting the interests of certain social groups and those concentrating on health care or international relations, as well as the religious organizations, are more successful. The associations active in the fields of agriculture, fishing and hunting, nature protection, heritage protection, neighborhood affairs, leisure activities, preservation of traditions and sports have fewer resources. A civil society is not only a consumer but also the main producer of social capital. The shifts taking place in its quality have a decisive impact on the development of democratic practices, individual freedom and ethics in Estonia.

The problems of civil associations are not caused only by internal factors. As elsewhere in Eastern and Central Europe (see Lomax, 1997), the interest of the state and the enterprises in the development of the civil society in Estonia is limited. Which features of the state administration and the democratic process itself have an obstructive influence on the development of the civil society into a serious dialogue partner? Such obstructing factors are the lack of openness in state administration and in the political decision-making processes, the unwillingness of the political and business elite to take seriously opinions different from their own, and the loyalty of the groups close to power primarily to associations related to their own background. It is in the interests of the democratic development of Estonian society that the competence and organizational capital of the civil associations be enhanced, thus enabling their increased participation in the democratic process. An active civil society is an important resource for the democratic state – not only as a „subcontractor“ of the social sphere, but as a necessary partner in the defining of future directions for the society.

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## 2.3. Ethnically divided Estonia

### *Citizens and stateless persons*

The legal ties of non-Estonians with the Estonian state continue to be multi-faceted. It is estimated that, at the start of 1999, there were 503 000 non-Estonians in Estonia (35% of the population). Of these, 144 000 were Estonian citizens (29-30%), more than 88 000 were Russian citizens (18.7%) and almost 13 000 were citizens of other countries (3%). Therefore, every fifth non-Estonian is a citizen of a foreign country. For the remaining 250 000 or so people, there are different terms: alien, person of nondetermined citizenship, person without documents, stateless person.

In September 1999, 299 000 non-citizens had a residency permit, of these only 12% had permanent residency. The legal status of persons with permanent or temporary residency permits differs. The most important is the fact that a person with a permanent residency permit can compete freely on the labor market, but the possessor of a temporary permit also needs a work permit, which requires the following of a complex bureaucratic procedure. Today almost 115 000 non-citizens have valid work permits, 31% of stateless persons and 37% of Russian citizens. This seems to be an important source for the „shadow" labor market in Estonia (Citizenship & migration Board, 1999).

The tightening up of the naturalization requirements on the basis of the 1995 citizenship law resulted in a severe setback for citizenship applications. In 1995 and 1996, people became citizens who had applied on the basis of the previous 1992 law, which was an amended version of the 1938 citizenship law. Naturalizations on the basis of this law could be defined as the *selective inclusion* of certain groups into the citizen body, on the presumption that they have a stronger *genuine link* with Estonia.

*Estonian ethnic origin.* In 1992–1995, 25 000 Estonians born in Russia and other „eastern" areas received citizenship. In 1992, they formed almost three-quarters of all those who received citizenship, and in 1993 and 1994, almost 40%. Amongst those who received citizenship on the basis of the Congress of Estonia „green card" there were probably also many Estonians, for whom proving their Estonian origin was complicated or impossible. Even in 1996–1998, at least 2500 Estonians have become citizens using the general naturalization conditions.

*Declared or proven loyalty.* In 1996, the naturalization of registered supporters of the Congress of Estonia was ended. More than 23 000 persons became citizens in this manner (number of people who registered was 34 000). In 1992–1993, 606 persons became citizens thanks to services rendered to Estonia. This opportunity to receive citizenship was restricted in 1993 to five, and later to ten, persons annually.

*Humanitarian considerations.* As of 1996, under 15 year old children have dominated in the naturalization process. This is because, according to the 1995 law, children have a right to citizenship, on application by their parents, if their parents are already naturalized citizens or they are applying for citizenship together with their children (articles 13, 14). This new target group formed, in 1996, 10% of new citizens (the corresponding figures for 1997, 1998 and 1999 were 69%, 65% and 52%, respectively). As of 1999, it is also possible for children born after 1991 of stateless parents to be recognized as Estonian citizens. This amendment to the law affects only a small

number of the current stateless children, and is directed mainly towards those who are yet to be born. It could be added, in order to place these figures in the context of social attitudes, that on the basis of 1996 sociological studies, 84% of stateless persons definitely wanted their children to be Estonian citizens, and almost 60% of Russian citizens (Saar Poll 1997).

More than half of Estonia's non-Estonians are first generation settlers, whose social ties and identity have been strongly associated with the country of origin. The changes in citizenship acquisition which have occurred in the last two years will result in most of the stateless persons who were born abroad, as well as most of the older people, remaining without citizenship (Figure 2.4). Already in 1995/96, the citizenship-related attitudes and expectations were quite set and there is no reason to believe that they would change substantially in the near future. The number of Russian citizens in Estonia will not increase markedly. Whereas in 1996, 9% of stateless persons decided to register as Russian citizens, in 1999 there was only 2% (Saar Poll 1997, I.Pettai & I.Proos 1999).

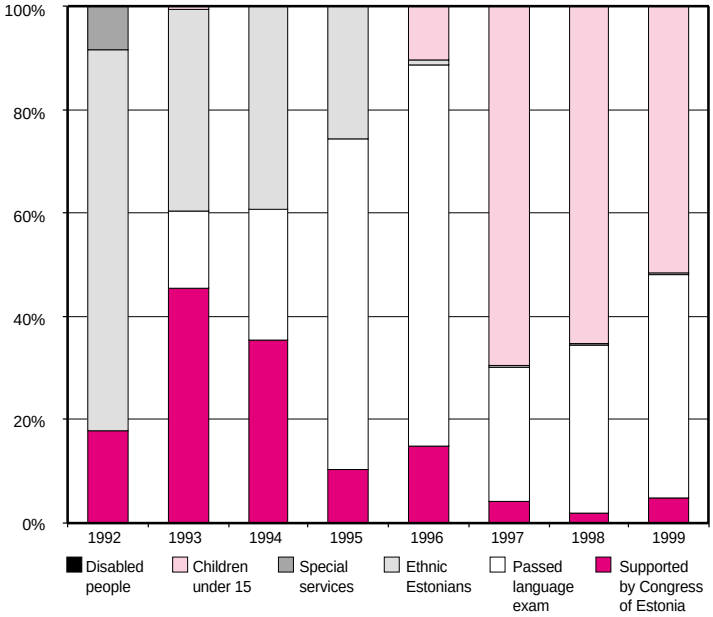
The current trends in naturalization indicate a number of problems.

• The age structure of naturalization excludes a substantial reduction of statelessness in the coming 15–20 years. This will create both political and psychological difficulties. What family identity problems could be caused by the differing links that parents and children have with the state? To what extent will a child growing up in such a family grow into a loyal citizen? Is it possible to leave bringing up citizens to institutions outside the family? What perspectives are there, regarding the future of society, in leaving it to the family to handle the insecurity and frustration generated by changes in statehood?

• Knowledge of the Estonian language is the main precondition for naturalisation. This is in accordance with both international practice and the need for communication within society. Giving the language of the native population legal status as the official language is also in accordance with international practice. According to normal development logic, the preliminary linguistic adaptation of new settlers should precede their extensive integration into the life of the state.[1] In practice, however, the implementation of this requirement in Estonia has proven to be complicated. The oral and written Estonian language requirements

FIGURE 2.3.
**Naturalization on the basis of various clauses, 1992–1999**

*Source: Estonian Citizenship & Migration Board*

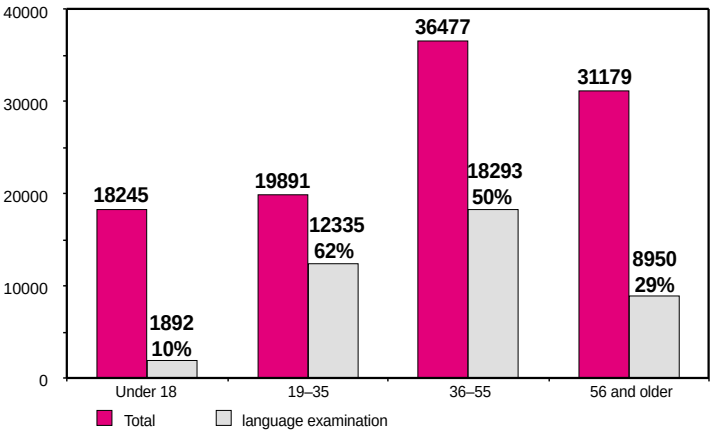



| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999* |
|---|---|---|---|---|---|---|---|---|
| Disabled people | | | | | 0.02 | 0.11 | 0.03 | 0.09 |
| Children under 15 | | | | | 10.31 | 69.26 | 65.39 | 51.51 |
| Special services | 8.58 | 0.69 | 0.03 | 0.08 | 0.04 | 0.11 | 0.14 | 0.18 |
| Ethnic Estonians | 73.62 | 39.04 | 39.21 | 25.55 | 1.04 | 0.32 | 0.14 | 0.03 |
| Passed language exam | 14.79 | 25.27 | 64.11 | 73.54 | 25.84 | 32.49 | 43.34 | |
| Supported by Congress of Estonia | 17.80 | 45.48 | 35.49 | 10.26 | 15.06 | 4.36 | 1.81 | 4.85 |

* For 8 months

FIGURE 2.4.
**Distribution of naturalized persons by age group and language examination (1992–1998)**

*Source: Estonian Citizenship & Migration Board*

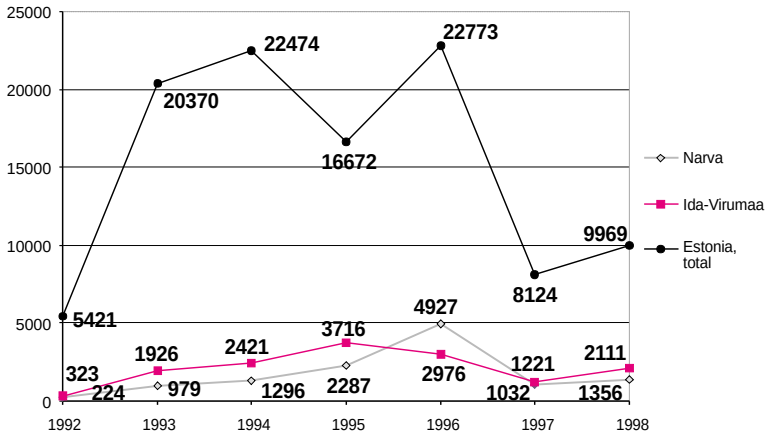



[1] The Language Affairs Commission stated its position on September 14, 1995 that linguistic integration must precede extensive social integration.

FIGURE 2.5.

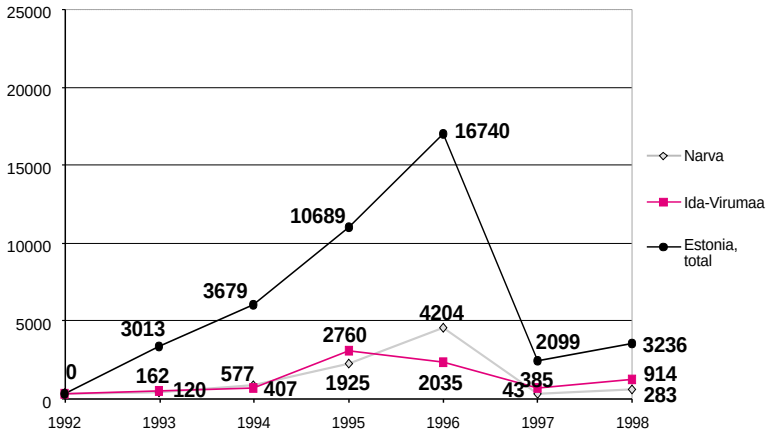
**A. Acquisition of citizenship through naturalization, nationwide, in Ida-Virumaa and Narva, 1992–1999**

*Source: Estonian Citizenship & Migration Board*




**B. Naturalization on the basis of passing the Estonian language examination, nationwide, in Ida-Virumaa and Narva**

*Source: Estonian Citizenship & Migration Board*




determined by the 1995 law (incl. the description of the contents of laws in Estonian) are far in excess of the so-called everyday language coping level. According to surveys, 50–70% of stateless adults are not, in their opinion, able to fulfil the language requirements.

- To date, naturalization has not markedly affected the language environment of society or the linguistic relationships. An approximate calculation shows that citizenship has been acquired by 75 000–78 000 non-Estonians, but the language examination has been passed by 43 000 people (including Estonians who have been naturalized through the general procedures). The share of naturalized people on the basis of language ability is decreasing faster than the average naturalization speed: in 1997–1998, it was only 29% (in the first 8 months of 1999, it has again risen to 43 per cent).

Sociological studies show that the non-ethnic Estonian citizens have much better Estonian than stateless persons and Russian citizens. It should be remembered, however, that about half of the non-ethnic Estonian citizens are those who have not been naturalized after 1992, but are legal successors, who have been living in Estonia for many generations and most of whom could cope with Estonian before. In the 1989 census, there were more than 90 000 non-Estonians who had no problems with Estonian. If these figures are even approximately correct, the contribution of naturalization in changing the language situation is very modest. There is reason to presume that it was the people who could already speak the language to some degree who underwent naturalization. Therefore, the language test needed for naturalization is not currently affecting the extension of the language usage areas. This could only be done by young new citizens, who receive systematic language instruction in basic and upper-secondary schools. This is substantially aided by the opportunity, provided by the February 9, 1999 amendments to the language law, to combine the Estonian language final examinations at basic and upper-secondary school with the occupation-related proficiency requirements examination, and the latter with the naturalization language examination.

To summarize, the current naturalization trend shows convincingly that Estonia is entering the new millennium with a large minority which has not been even formally integrated. The people's *genuine link with the state,* which is the precondition for the growth of the citizen body, must continue to be created. The citizenship policy chosen in Estonia would have presumed the existence of a massive language learning program, and its financing. Since such a massive language instruction program did not have state support, there has been silent agreement that the official language requirement will in itself restrict the growth in the citizen body. It can, however, be presumed that the citizenship situation which exists today is not final, not only for stateless persons, but for a large proportion of the Russian citizens as well. Both the 1996 and 1999 studies indicate that 50–60% of Russian citizens wish to become Estonian

TABLE 2.4.

**Changes in the numbers of Estonians and other ethnic groups in employment, 1989–1998, according to profession, %**

| Profession | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1998 |
|---|---|---|---|---|---|---|---|---|---|
| Estonians | | | | | | | | | |
| Legislators, senior officials and managers | 100 | 97.5 | 95.4 | 94.6 | 96.9 | 100.8 | 90.8 | 89.9 | 107.5 |
| Professionals | 100 | 97.2 | 95.5 | 92.5 | 85.9 | 80.8 | 75.9 | 76.5 | 72.1 |
| Lower white-collars | 100 | 98.0 | 97.6 | 96.5 | 97.3 | 102.4 | 103.5 | 104.2 | 99.8 |
| Skilled workers | 100 | 100.0 | 96.7 | 89.9 | 77.5 | 71.8 | 63.0 | 60.7 | 59.9 |
| Elementary occupations | 100 | 95.5 | 91.2 | 84.1 | 83.6 | 87.7 | 82.9 | 79.3 | 100 |
| All employed persons | 100 | 98.5 | 96.3 | 92.1 | 86.2 | 85.0 | 79.4 | 78.3 | 79.9 |
| Non-Estonians | | | | | | | | | |
| Legislators, senior officials and managers | 100 | 100.3 | 97.7 | 90.3 | 78.0 | 75.7 | 53.3 | 52.0 | 68.0 |
| Professionals | 100 | 97.7 | 89.0 | 79.5 | 69.4 | 62.7 | 62.1 | 59.5 | 43.9 |
| Lower white-collars | 100 | 98.5 | 98.8 | 94.3 | 89.1 | 84.5 | 94.0 | 97.7 | 89.0 |
| Skilled workers | 100 | 98.4 | 95.5 | 88.6 | 78.4 | 74.6 | 69.2 | 65.7 | 60.0 |
| Elementary occupations | 100 | 103.5 | 107.8 | 102.7 | 98.1 | 106.2 | 114.4 | 112.8 | 122.6 |
| All employed persons | 100 | 98.9 | 96.7 | 90.1 | 81.2 | 78.2 | 76.1 | 74.8 | 70.8 |

*Source:* *Estonian labor force studies, 1995 and 1997. Labor force in Estonia 1989–1997. SOE, 1998, p. 93; Labor force in Estonia 1998, 2nd quarter. SOE, 1999.*

citizens (if the conditions were less strict), and the same number would like to see their children as Estonian citizens. Most non-citizens have *de facto* ties with Estonia, and this is a positive precondition for their full integration into Estonian society in the future.

## *Labor market and language policy*

Employment in Estonia was reduced in 1989–1998 by 23%, according to labor market studies. Due to the language-based segmentary labor divison during the soviet period, this has affected Estonians and non-Estonians in different ways. The professional status of non-Estonians has on the whole become lower, particularly for managers and specialists, but also for qualified workers. The following data gives a general picture of these changes. [2]

| | 1989 | 1998 |
|---|---|---|
| - Labour force participation rate (%) | | |
| Estonians | 75.7 | 64.5 |
| Other ethnic groups | 79.1 | 64.4 |
| - Employment rate (%) | | |
| Estonians | 75.3 | 59.7 |
| Other ethnic groups | 78.7 | 55.5 |
| - Unemployment rate (%) | | |
| Estonians | … | 7.4 |
| Other ethnic groups | … | 13.8 |

Non-Estonians form 32% of the working population, according to 1998 data.[3] Although most of the former All-Union enterprises, where only or predominantely non-Estonians worked, have ceased to function, there are also economic sectors where non-Estonians and non-citizens form the overwhelming majority. Such sectors are mining (two-thirds of the workers), fishery, energy, gas and water supply, transport and communications (approximately half). In the processing industry, the proportion of non-

[2] http:www.stat.vil.ee/l-market/tt98_11/6 ja 11/7.htm.

[3] Employed persons aged 15–74 by ethnic nationality and economic activity, 2nd quarter 1998. http://www.stat.vil.ee/l-market/ tt98_11/8.htm

Estonians is 44%. In the rapidly developing sectors, such as construction, wholesale and retail trade, real estate, rental and commercial services, as well as in the public sector, non-Estonians are under-represented. In these areas, as well as in health care and education, there are higher requirements for official language skill.

Non-Estonians are aware that not speaking Estonian is an important factor restricting their opportunities in employment. According to the 1997 sociological survey, 15% of the non-Estonian respondents have lost their jobs due to not knowing Estonian since the restoration of independence in Estonia. 17% have been in danger of losing their job, 15% have been rejected in applying for a job, and 23% have not applied for a job corresponding to their qualifications (Kruusvall 1997). Even in the survey of Sillamäe residents (Sillamäe has 2–3% Estonian-speakers), more than 60% of the respondents believed that success in Estonia was dependent on speaking Estonian. A nationwide youth study conducted at the end of 1998 showed that 87% of non-Estonian and 82% of Estonian young people considered good Estonian language skills to be the guarantee of success (it is true that both language groups considered foreign language skills to be even more important) (Saar 1998).

The numerous contradictions in Estonian language policy are due to the fact that the *narrower official language functions and the wider common language functions* of the language have not been sufficiently differentiated. Whereas the first sphere is regulated by law, the language life of society and the actual communication of people speaking different languages is dependent on practicality, language coping and free choice. In Estonia, a language life which is flexible and combines many varied language behavior methods, is the reality – due to groups with varying language competencies, and differences in their territorial locality and social relationship networks. For this reason there are three types of language relationships, which interact and undergo change, and between which choices are made:

- *linguistically separated social fields*, which are characterized by the weakness or lack of contacts between separate language groups, and as a result of which there is consumption only of information in one's own language, and there is a linguistically closed local social environment
- *multiple language interaction*, which is characterized by the existence of a common communication field; people speaking different languages communicate in either one or both of the more common languages or introduce a third, for example, English (as has been noted in communication between university students)
- *monolingual areas*, where some areas of life, for example, governing the state, are carried out only in Estonian.

Whereas for the first two cases, the language barrier affects social status to a lesser degree and indirectly, the third case means that language competence has a direct stratifying effect.

According to sociological studies, relatively extensive communication areas in Estonia are covered currently with bilingual contacts. Estonians still talk to non-Estonians in Russian, due to the latter knowing only Russian, but also because Estonians are used to linguistic concession. More than 80% of Estonians use Russian to some extent in various communication situations, and more than 40% speak Russian relatively regularly (Pettai1996). The same study showed that the majority (three-quarters) of the regular communicators in Russian do it in a work situation, communicating with customers or colleagues. The linguistic concession by Estonians towards people not speaking Estonian is also definitely motivated by the fact that they now feel that their language is in less danger. Non-Estonians have started to communicate more in Estonian, but in most cases Estonian is used sporadically. According to various surveys, 38% of Russian-speakers use Estonian in everyday activities and at work (as the only dominant language, as much as Russian, or sporadically together with Russian). Estonian is used in the above-mentioned context by 50% of Tallinn's non-Estonians, in Jõhvi also 50% of Russian-speakers have oriented to Estonian, but differently from Tallinn, 42% does this rarely and then in parallel to using Russian. Similar Estonian language use has been noted in surveys in Kohtla-Järve (30%), Narva (12%) and Sillamäe (12%). Analysis shows that 42% of Russian-speakers have no experience in Estonian language communication (non-speakers, those partially understanding, those with limited phrases with which to make contact) and 20% have only minimal experience (limited language skill, psychological barriers for speaking Estonian, use a mixed language). 16% have a limited communication experience (Estonian is used mainly to make contact, then Russian is used, and both languages are used interchangeably), but these people attempt to communicate with Estonians in Estonian. 22% form a group with rapidly growing communication experience, whose language skills are the highest and who are able to manage in an Estonian environment, and make the use of Estonian in various situations more varied (Vihalemm 1998).

The motives to learn Estonian have generally stabilized, and language learning is stimulated by both the conviction that language is required in order to live in a country (55%), as well as a need in work (39%) and communication with colleagues (35%). If we add to this naturalization dependent on language skill, fear of job loss, and limited career opportunities, Estonian language learning should be motivated through a wide spectrum of social need. It has been estimated that approximately 110 000 people have acquired, as a result of a particular course, a certificate regarding official language skill. Some people have partaken in numerous courses, both to improve language skill as well as to fulfil various professional attestation requirements. The latter is more common in Ida-Virumaa, where, due to lack of language practice, the acquired elementary language skill is forgotten quickly.

The main barriers for language learning are the following: there is no environment to practice (46%), no money to pay for courses (43%), no time and the language is difficult (39%) (J.Kruusvall 1997). Language instruction is hindered by the lack of an adult language learning program which is oriented to actual results. There are great difficulties with ensuring pedagogical staff and financing. In this area, the positions of the state and language learners differ radically. The state promises its support only „within its capacity to pay" and foreign sponsors compensate language learning afterwards (after passing the exam), but Russian-speakers themselves consider the financing of language learning to be the obligation of the state (85%), of local government (50%) and employers (40%). It is true that half the respondents said that the cost of language learning should be partially covered by non-Estonians' own associations, Estonian sponsors and the language learners themselves.

The most constructive result of current language policy could be considered to be the restoration of the universal functions of the Estonian language in the entire public sector. The attitude of linguistic new minorities towards the local language has thoroughly changed and there is a readiness to acquire Estonian. Most people belonging to an ethnic minority accept the future bilingualism of their children. But the language barrier has also acted as a factor stratifying society and resulted for many non-Estonian speaking residents in alienation from the state, a distancing from the authorities and a feeling of being second-rate. This in turn reduces the economic growth of society as a whole, and the resources for the consolidation of democracy, and increases the danger of conflict due to ethnic separation.

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## 2.4. Local and global orientations of media consumption in Estonia, 1993–1998

The field of information and communication for Estonians was comparatively homogeneous in the Soviet period with its closed ideological system, as well as during the high social mobilization period of the „singing revolution". The national media integrated society, by developing solidarity and corporate feeling and constructing common reference systems (see e.g. Lauristin, Vihalemm, 1999). The Moscow and St. Petersburg-oriented media repertoire of the Russian-speaking population differed from that of Estonians. During the last six or seven years, Estonia has begun to participate actively in international communications and information networks. Thanks to technical innovation and the political-cultural opening towards the West, the options for choice between the various mass media channels have also rapidly expand-

ed. The Estonian population's opportunities to participate in the globalizing post-modern cultural context are becoming ever wider (see Giddens, 1990; Hannerz, 1990; Friedman, 1990; Lie, 1998). To what extent has the Estonian population taken advantage of these opportunities? How homogeneous or heterogeneous, oriented at domestic or foreign media, is the media consumption repertoire of the Estonian population? What are the orientations of media consumption typical of transition-period Estonia, what are their combinations and in which directions could they develop further?

This article attempts to answer these questions by using the data analysis carried out by BMF Gallup Media on the population's personal selection of media channels. The article is based on the premise that mass media orientations reflect the interests and opportunities of various groups in Estonian society to communicate with other virtual communities, to sense similarities and differences between them, cognize the new possible identities – thereby the sustainability of the society as a whole in the context of global culture [1]. In a more concrete shape, the questions and premises of this analysis are as follows:

How actively are the international global channels observed in Estonia? Is the international media orientation accompanied by an increase or decrease in the significance of the regional and local level media orientations or, in other words, have media orientations became geo-culturally more heterogeneous or not? Has the spread of international media orientation in Estonia enlarged suddenly, at an accelerating rate, or is this a stable phenomenon?

The other area of questions is linked to the sphere of influence of the Russian media, and, in a more general sense, the habits and development directions of the media consumption of Estonia's Russian-language population. The media consumption of Estonia's Russian-language population is characterized by a strong orientation towards Russian TV channels. Media consumption which is oriented outside Estonia on the one hand definitely „deepens the separation of a large share of the non-Estonians from Estonia's affairs, preventing their integration into Estonian society" (Lauristin, Vihalemm, 1998; 37). On the other hand, this model of media consumption also possesses a specific cultural significance. The media of the country of origin has been considered by various researchers as one of the most significant factors for preserving one's exclusive cultural identity even in the absence of a representative and/or participatory framework joining the members of the community (Milikowski, Ogan, 1997; Sampedro, 1998). The presence of this effect in Estonia has been pointed out by George Schopflin (Schopflin, 1999). This analysis is concentrated on the patterns of media consumption by the Russian-speaking population in Estonia have they closed their information needs only around Russia or are they also observing the channels of other geographic-cultural levels.

The third sphere of interest is the media orientation of the local level (town or county) and its relation to the other orientations of media consumption. As a consequence of the economic and other adjustment difficulties of the transition period, the previously characteristic consumption model of the Estonian population – to subscribe to 1–2 national newspapers plus a local newspaper (Tammerk, 1998) – has changed towards orientation to a single medium, which can be television as one of the cheapest entertainment channels (Unt, 1998). What are the chances for the (re)-emergence of a local reference system via local media in Estonia? Does the orientation of local media consumption have its specific audience or does it overlap with that of the other levels? D. Morley and K. Robins describe the emergence of a new communication geography, characterized on the one hand by the global information networks and on the other hand by new forms of regional and local cooperation/activity (Morley/Robins, 1995). The analysis presumes that the consumption of local (town or county level) media, which creates the primary common information field, necessary for the functioning of a (virtual) community, is one of the most significant marks of local interest.

Rico Lie differentiates between four basic levels of cultural flow, which have been used as a basis in the present analysis: the global level, the macro-regional level [2], the national level and the local level (Lie, 1998). BMF Gallup Media has constructed media consumption orientation groups corresponding to the above levels, based on the popularity of the individual channels. The analysis is based on the Estonian

[1] On the ties between consumption and identity in the era of global culture see also Friedman, 1990.

[2] The author uses two terms – macro-regional level (e.g. the Nordic countries) and meso-regional level (e.g. Europe). The latter level has not been separately used in this analysis. The neighboring countries have been included in the regional level.

TABLE 2.5.

**Share of the audience of various media channels among Estonians and non-Estonians in 1993 and 1999**

(% of all Estonians and non-Estonians, aged 15–74).

The indicator of TV and radio channel consumption has been selected as the average use of at least one corresponding channel within a day, the criterion for a newspaper audience is the reading of at least the two latest issues of the corresponding type of newspaper.

| | Estonians | | Non-Estonians | |
|---|---|---|---|---|
| | 1993 | 1999 | 1993 | 1999 |
| Estonian TV channels daily audience | 78 | 91 | 44 | 39 |
| Russian TV channels daily audience | 39 | 8 | 81.5 | 80 |
| Western satellite and cable TV channels daily audience | 19 | 16 | 10 | 30 |
| Finnish TV channels daily audience | 15.5 | 8 | 11 | 1.5 |
| Estonian radio channels daily audience | 77 | 47 | 59 | 43 |
| Russian radio channels daily audience | 1 | 1 | 23.5 | 7 |
| Western radio channels daily audience | 8 | 3 | 18.5 | 6 |
| Finnish radio channels daily audience | 1.5 | - | 5 | 1 |
| Local radio daily audience | 37 | 71 | 25 | 48 |
| Local newspaper(s) audience (two latest issues) | 8 | 13 | 3 | 15 |
| National newspapers audience (two latest issues) | 47 | 34 | 31 | 33 |
| Has read a western newspaper/magazine within the last 6 months | 11.5 | 11 | 9 | 13.5 |
| Has read a Russian newspaper/magazine within the last 6 months | 7 | 5 | 38 | 39 |
| Has used the Internet within the last 6 months | - | 19 | - | 10 |

*- data not available*

*Source: BMF Gallup Media.*

media studies conducted by the BMF Gallup Media in 1993, 1996 and 1997, which used a territorial random sample of the permanent residents of Estonia, aged 15–74. The size of the sample was, respectively, 1536, 1572 and 1500 respondents.

The analysis revealed five groups of different media consumption orientation:

- The internationally oriented group (above average frequency of use of foreign channels: western satellite and cable TV news and information channels, Internet, foreign magazines, as well as regional channels like Finnish TV, Russian TV and radio stations etc.)[3]
- Nordic orientation group (above average frequency of watching Finnish-Swedish channels as the only foreign channels)
- Russian orientation group (above average frequency of watching Russian channels as the only foreign channels)
- Local orientation group (above average frequency of listening to local radio plus reading town and county newspapers)[4]
- Mainly Estonia-centered orientation group (regular watching of national media channels[5], with the frequency of using the foreign and local channels being average or below average).

## *The dynamics of media consumption orientation in Estonia, 1993–1999*

Local orientation has generally increased in the media repertoire of Estonians as well as the non-Estonians during the last six years. The significance of local radio in the daily media consumption has especially increased

[3] The criteria of the various channels' consumption frequency are for TV and radio stations: watched/ listened yesterday. The frequency of Internet use in this group was in 1999: used within the last two weeks/ in 1996: used within the last 6 months, and for the printed media: reads regularly a Western/Russian newspaper or magazine.

[4] The consumption frequency criteria for a local radio station: listened yesterday; for a local newspaper: has read at least one of the last six issues.

[5] The consumption frequency criteria were: watched/listened yesterday to at least one national TV or radio station or has read at least two out of the last six issues of Eesti Päevaleht, Postimees, Sõnumileht, Äripäev, Eesti Ekspress, Estoniya, Molodyozh Estonii, Den za Dnyom.

TABLE 2.6.

**The significance of various media consumption orientations in Estonia in 1993, 1996 and 1999 according to the estimated share of frequent/regular users of the correspondent type of media channels among Estonia's population, aged 15–74, %**

| | 1993 | 1996 | 1999 |
|---|---|---|---|
| International orientation (above average frequency of use of foreign channels: western news and information TV channels, Internet, foreign magazines, also regional channels like Finnish TV, Russian TV and radio stations, etc.) | 20 | 23 | 22 |
| Nordic orientation (above average frequency of viewing Finnish-Swedish channels as the only foreign channels) | 9 | 5 | 4 |
| Russian orientation (above average frequency of viewing Russian channels as the only foreign channels) | 38 | 21 | 21 |
| Local orientation (above average frequency of listening to local radio, plus reading 14 town and county newspapers) | 25 | 44 | |
| Mainly Estonia-centered orientation (regular use of national media channels, frequent use of foreign and local channels) | 22 | 33 | 21.5 |
| Of total selection, cannot be classified as the above groups | 1 | 1 | 0.5 |
| Groups 1, 2 or 3 overlapping group 4 | 4 | 8 | 12.5 |

*Source: BMF Gallup Media.*

(Table 2.5). While the size of the Russian stations' daily audience among non-Estonians increased every year after the drop in 1994[6], Russian TV channels disappeared nearly completely from the Estonians' media menu after the change (Veskimägi, Susi, 1998; 131–133). The size of the Russian stations' audience among the non-Estonian population is stable, while the daily audience of western channels has expanded, both concerning the western TV channels available via satellite and cable networks and the western printed media (Table 2.5). A nearly opposite tendency can be observed among Estonians – although the average number of TV and radio channels viewed/listened has somewhat increased in the years 1993–1999, the daily audience of western TV channels has decreased. Estonian TV channels seem to occupy an increasing share of the generally expanding daily TV viewing time of Estonians (Table 2.5, also see Lauristin, Vihalemm, 1998: 36). Estonian TV and radio channels have somewhat lost their significance in the daily media consumption menu of non-Estonians since 1993.

Table 2.6 represents the comparative share of the various orientations of media consumption in Estonia in 1993, 1996 and 1997. The groups of foreign media consumption (1–3) and the local orientation group have not been constructed in a mutually exclusive fashion. The table represents their coverage as a percentage of Estonia's population. It should be taken into account that at least one nationwide channel is viewed/listened anyway, parallel to the foreign and local newspapers and radio – the share of their audience varies in different groups between 95 and 100 percent. But into the fifth group of mainly national media consumption, we put the people who consider the national media channel(s) as their main regular source of information and who are more passive in the use of the local and foreign media channels. This does not mean that none of them read local newspapers, use the Internet, etc., but that this is done in a less regular fashion than in the case of the previous types of media consumption. Only a small share of the entire selection (1–0.5 percent) cannot be classified according to the above features.

[6] The relaying of ORT and the other Russian TV stations was ended as of March 1994, making it necessary to subscribe to satellite or cable TV systems in order to watch the Russian stations (see Veskimägi, Susi, 1998).

## *International channels in the media repertoire of Estonia's population*

The share of media consumers with international orientation [7] has somewhat increased, but this group has undergone a greater qualitative change – as to the channels being viewed and the social-demographic profile of the group. Back in 1993, a large part of the group was made up of those listening to the (Estonian-language) foreign radio stations Radio Free Europe, Voice of America or the (Russian-language) BBC, as well as those regularly reading some western newspaper/magazine (52%). There was hardly any viewing of western news and information channels via satellite or cable TV. The share of the group of viewers of news and information channels via satellite or cable TV has increased by an average 60% in 1999 as compared to 1993, while the share of the group of western radio channel listeners has decreased by an average 43%. While in 1996, 59% of the group members read some western newspaper/magazine and 21% used the Internet, the share of the printed media consumers in the group had somewhat decreased by 1999 (53%), but the share of the regular Internet users had increased to 40%. Consequently, the international information media forms a rather stable niche in the media consumption of Estonia's population. This has been strongly influenced by technical innovation within the last six years – media consumption oriented at international information has become more Internet and TV-centered, but western publications have not lost their importance either.

A model of parallel Russian and western media consumption was predominant at the beginning of the transition period, which generally corresponded to the information interests of that period (see Vihalemm, 1992, 1997). The significance of the neighboring countries' media had declined by 1996 and that of the local media increased. At present the model of parallel Russian and western media consumption has persisted and increased among non-Estonians, especially among the younger population. But the previous model of parallel Russian and western media consumption among Estonians has been replaced by the model of parallel consumption of the international and local media.

The group of the international media consumption orientation is „younger" than the average. Tallinn has developed a lead in its orientation towards international media consumption as compared to the other regions, and this tendency seems to be increasing gradually. The international media channels are used less than average in small towns, county centers and villages, and it seems that the expansion of technological opportunities over the last six years has not exerted any deeper influence on the media consumption of small town and rural populations.

The media consumption repertoire of the people oriented towards international media channels has generally become more heterogeneous in the period 1993–1999 – the average number of weekly newspapers being read and the TV and radio channels being watched or listened to has increased, while the number of daily newspapers being read has declined. This means that the printed media is used less frequently/in a more eclectic fashion, while a major share of the daily need for information and entertainment is met by the electronic channels, primarily TV. Consequently, in the case of international media orientation, a certain distancing from the Nordic model can be observed, as the latter is characterized by the widespread use of the printed media (Lauristin, Vihalemm, 1998: 38).

## *The Nordic countries' role in the media repertiore of Estonia's population*

While Russia dominated Estonia's social space in 1991, the distance with Russia has increased over the years of economic stabilization in 1994-1997, and the Nordic countries, especially Finland [8], have become dominant (see Vihalemm, 1998: 68–73).

We can see in Table 2.6 that the Nordic orientation at the level of personal media selection is characterized by a clearly declining tendency: the number of users frequently watching/listening to Finnish or Swedish TV and radio stations

[7] Only the news and information channels relayed via cable and satellite TV were included in the construction of the group, omitting the channels airing films and entertainment.

[8] Regarding social space, P. Vihalemm differentiates between „societal space" in the sense of inter-state political, economic and cultural ties and the presence of the necessary institutional network, and „personal space" in the sense of individual practical contacts, attitudes and preferences (P. Vihalemm, 1997:129).

have decreased in the years 1993–1999. The main likely reason here is the increase in the number of new satellite and cable TV channels – the number of frequent viewers of these channels has increased by approximately 55% within the group of Nordic orientation. A certain filtration process of preferences is going on: the number of those regularly watching Nordic in parallel with other western and transnational media channels is decreasing.

The group of those people, who, besides the nationwide and local channels watch only the Nordic channels (primarily Finnish TV) out of all foreign channels amounted to 9% of Estonia's population in 1993, and 5% in 1996, 4% in 1999. A decrease in the significance of the printed media is not observed among them – the average number of daily and weekly newspapers being read has increased between 1993 and 1999. Since the average number of TV and radio channels being followed has also increased, it can be stated that the media consumption menu of this group has become more varied. Consequently, the domination of the Nordic countries in Estonia's social space does not mean an increase of the Nordic media's sphere of influence. The information concerning the neighboring countries is more frequently followed via the domestic media.

## *Russia's media and the media orientations of the Russian-speaking population*

The Russian orientation, i.e. the intensive following of Russian channels as the only foreign ones, has significantly decreased in the years 1993–1996, and has remained relatively stable in the following period, showing a small increasing tendency. The decline in the years 1993–1996 was mainly caused by the fact that the relaying of Russian channels on local frequencies was stopped as of March 1994 (replaced by Estonian private TV channels) and Russian TV stations could only be watched via satellite and cable TV. Russian channels lost most of their Estonian viewers as a result. Although an active subscribing to satellite and cable TV networks began, especially in Tallinn, northern and north-eastern Estonia, Russian channels disappeared almost completely from the media menu of Estonians (Veskimägi, Susi, 1998: 131–133). The change in the relay system also had a significant impact on the consumption habits of the Russian-speaking audience and the viewing by them of Estonian TV channels increased for a brief period (Unt, 1998: 45). But the size of the daily audience of the Russian stations among non-Estonians was gradually restored after the decline in 1996 (Veskimägi, Susi, 1998: 131–133).

As a result of subscribing to satellite and cable TV systems, the audience of western channels has also increased among non-Estonians (Table 2.5) and some non-Estonians, especially the younger ones, have begun to view in parallel both western and Russian broadcasts. The group of media users with an exclusive Russian orientation has decreased in the years 1993–1999 from 38% to 21% of Estonia's adult population (Table 2.6).

## *The role of local newspapers and radio in the media repertoire of Estonia's population*

The significance of mainly local radio and to a smaller extent the town or county newspaper in the media consumption of Estonia's population has noticeably increased within the last six years, both among Estonians and non-Estonians (Table 2.5). The share of the group oriented towards local media consumption has increased 30% in the 1993–1999 period (Table 2.6). Orientation towards both local and global channels has achieved the greatest significance – the share of those intensively following both international and local media channels was 17% of the total population in 1993, 33% in 1996 and 44% in 1999.

At the same time, there is a parallel tendency to concentrate primarily on local channels. While the share of those frequently following the local newspaper-radio, but ignoring foreign channels, amounted to 4.5% of the population in 1993, the sub-group amounted to 13% in 1996 and 26% in 1999 (see also Lauristin, Vihalemm, 1998)[9].

The significance of the printed media has somewhat decreased in the group oriented to local media consumption – the average number of daily and weekly newspapers read has decreased in the 1993–1999 period, while the average number of TV and radio channels followed has increased.

[9] This sub-group is close to that described in the Human Development Report 1998 – type H, passive, rural media consumers, oriented at printed media and radio, which amounted to 11% of the population in 1997 (Lauristin, Vihalemm, 1998:36).

The locally-oriented media consumer group is „younger" than the average, but the local consumption orientation has relatively equally increased in all age groups during the 1993–1999 period, covering both the younger and the older population. The importance of local newspapers and radio in the media consumption of the population has increased during the last six years in the larger cities – in the cities of Ida-Viru county, Tartu and Pärnu. This is a significant prerequisite for the development of communities in large cities. The development of greater local coherence in the cities of Ida-Viru county, where the populations are characterized by „separation from the surrounding life and social alienation", would be especially important (Lauristin, Vihalemm, 1998: 36). The consumption of local media has also increased in small towns and rural areas in the 1993–1999 period. The association of global and local media interest has developed to a weaker degree in Tallinn. This tendency can be explained by the considerably Tallinn-centered nature of the national media.

Generally, the significance of local level in the general media consumption of Estonia's population has increased and „consumption patterns" covering different geo-cultural levels have developed: the most wide-spread are the combinations of international, national and local media or local and national media for the Estonians, and the combination of Russian, local and national media consumption among the Russian-speaking population. The tendency of increasing association of global and local interests, which has been pointed out by D. Morley and K. Robins (Morley, Robins, 1995) can also be observed in Estonia.

## *Following the national media in Estonia*

In parallel to the foreign channels as well as local newspaper-radio, at least one national channel – either TV, radio or the printed media – is usually followed. The share of the consumers varies, depending on the different groups, between 95% (the Russia-oriented group) and 100% (the locally-oriented group). Consequently, the information relayed by the national media and the possible reference systems it contains are in any case a part of the media consumption repertoire of Estonia's population.

This analysis concentrates on these people, for whom the national media channel(s) are the main/regular source of information and who are consistent in their watching of local or foreign media channels. As a result, their communication model is probably somewhat more closed and conservative – although the domestic media relay the international news, entertainment etc., the agent relaying the information (i.e. national media institutions) plays a significant role in the selection of information and the creation of the interpreting framework.

The domination of the Estonia-centered and local media in the consumption repertoire is primarily characteristic of the small towns and rural settlements. The rural populations' consumption of media is the least varied as to the origin and scope of the channels – the rural population still amounts to one half of the consumers of the mainly national media channels, who follow the foreign media or the county-level newspaper/radio eclectically or not at all. The group of the Estonia-centered consumption model has always been „older" than the average and includes more people inactive in the labor market; this tendency seems to continue.

This Estonia-centered more closed model in general characterizes the media consumption of up to one-fourth of Estonia's population. The share of the Estonia-centered group increased in the years 1993–1996, but has again decreased since (Table 2.6). This does not mean that the following of the national channels has decreased. It means a (renewed) increase in significance of the local, international or regional channels in the media consumption menu of Estonia's population and its increasing geo-cultural diversity.

## *Motivation and dynamics of media consumption of the Russian-speaking population, 1993–1999*

The consumption of media in Estonian society is characterized by a noticeable ethnic-linguistic differentiation. The most frequent orientations of media consumption among the Estonians are the local + national media and the international + national + (in most cases) local media. Among non-Estonians the predominant combination is that of the Russian media and (Russian-language) Estonian media. An overwhelming majority of the Russian-speaking population in Estonia actively watches Russian TV channels. However, international (western) and local channels have been added to the Russian channels in the consumption repertoire of non-Estonians in the 1993–1999 period.

Thus the media consumption menu of Russians in Estonia and the Russian-speaking

population of other nationalities has become more diverse in the last six years: local orientation in the media consumption of Estonia's Russian-language population has increased from 4% to 20% and the international orientation from 23% to 30%, while the share of the group oriented towards the consumption of international western media among Estonians, for example, has been stable in the years 1993-1999.

The inclusion of the media of various levels in the consumption repertoire results in the variation of possible reference systems, which should eventually develop new possible „lines of connection" between the Estonians' and the Russian-speaking population's information and communication fields, values and the social identity based on them. At the first glance we may consider that Russia's media deepens the communicative separation between Estonians and the Russian-speaking population. But in the longer time-perspective it may provide the Russian viewer with an opportunity to compare the two societies, creating a ground for the emergence of a certain cultural sensitivity and a local identity of their own.

Earlier studies have shown that the paradigms of interpretation of the inter-group „borders", and the different „filters" of the reception of news, are connected with each other. For example, the non-Estonians who perceive Estonian society as one centered around the individual, remembered more frequently, from amongst other current news, events characterizing the development of Estonian relations with the West (i.e. accession to the European Union). At the same time those who perceived Estonian society primarily as a traditional-corporate one, where circumstances beyond the subject (origin, etc.) determine opportunities, could remember events mainly concerning relations between Estonia and Russia. (see Vihalemm, 1997: 40).

## *Conclusion*

The media consumption of the Estonian population has expanded and become more heterogeneous in the transition period after the restoration of Estonia's independence. Estonia's residents are relatively active consumers of foreign media – nearly every second adult resident is oriented, besides the national or local media, also towards following foreign media channel(s). Yet this indicator is so high primarily due to the Russian-language population's orientation to the Russian (TV) media. The share of international western media in the orientations of Estonia's population has been relatively stable during the last six years. The changes, which have taken place, have mainly been of a qualitative nature: the consumption model of international channels has become more western-oriented, more centered around the television and the Internet.

But the increasing importance of the local media consumption indicates certain progression in the cooperative ability and social cohesion of society. While the more intensive users of local media channels in 1993 could be considered predominantly to be the younger, more educated and economically more active people, for whom the regular following of all kinds of media was part of the life-style, thanks to the development of local radio stations, the share of the local media channels has increased relatively evenly in the media consumption habits of all Estonia's residents – including the previously „outsider" groups – the elderly, the economically less active, the populations of the north-eastern Estonian industrial cities – thus creating prerequisites for an increase in the social cohesion. It can be claimed that due to the rise of local media orientation the premises for the emergence of local identity and common interests are relatively good. Especially in the large cities and in the case of the younger and middle-aged generations, the emergence of a new *communication geography* can be observed, characterized on the one hand by global information networks and on the other, (new) interest in events at the local level (see also Morley, Robins, 1995).

The media consumption of Estonia's population has, in the development of its spatial orientations, clearly crossed the limits of the so-called traditional national-corporate society. This is shown by the spreading of the global and local orientations and the general heterogeneous patterns of the media consumption. Although the information and communication fields of the two ethnic-linguistic associations are polarized, the media repertoire of Estonians and the Russian-speaking population is inwardly by no means homogeneous. While the different orientations in the consumption of foreign media may deepen rather then reduce the gaps between the various generations, regions and ethnic-linguistic communities, the following of a common local level media creates good premises for the emergence of solidarity and conventional „lines of communication" between the different groups. The cultural and information flows of different levels should develop a dynamic environment suitable for the (re)production of both new and existing social and

cultural identities. Opportunities for participation at the grassroots level and the internal sustainability of Estonian society are increasing rather than decreasing in the post-modernizing information and cultural context.

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## 2.5. Crime and crime control in Estonia

### *Introduction*

Crime is traditionally seen as the social dregs which accompany humanity's progress, and whose efficient control lies within the competence of the state. Since crime is displaying a clear growth tendency throughout the whole world, considerable intellectual and material resources are being utilized to handle this phenomenon.

The newly independent Estonia is also facing the problems of a high crime rate and declining public safety. The explosive growth of crime is frequently mentioned, since both the registered crime figures and the public attention to it have significantly increased, as compared to the soviet period. This situation in transition-period Estonia has been interpreted as an expression of anomaly and social disorganization,

explaining the increased crime intensity with the weakening of the ethics of the individual and a reduction in state control. It is hoped that together with the strengthening of the state and the development of a new stability, crime could be subjected to more efficient control (Estonian Human Development Report, 1998).[1]

Without doubt, these ideas contain a significant portion of truth, but it would also be correct to see some other, more general trends, which are here increasingly influencing the crime situation and crime control. First of all, we should point out the distaste, spreading in the west, regarding the excessive intervention of the all-powerful state and its institutions in the lives of individuals. The post-modernist discourse places crime on the same list with phenomena like dominating ideologies, social control in the broader sense, possession of information, mass culture, cultural conflict, minority groups etc. The unequivocal attitude of the state authorities in the control of crime (as a special form of human behavior), which all political interest groups as a rule present as an important priority of their activities, has become ever more apparent. Contrary to the generally accepted understanding, it can be claimed that registered crime is largely growing because of the intensive expenditures used to combat it (Christie, 1993).

Secondly, crime is no longer seen as an actually existing fact, but it is more frequently treated as a social construct. The behavior models defined as criminal and the reaction to them are, after all, to a considerable extent, categories of dominant values. Consequently there is an increasing attempt to concentrate on the issues of the meaning of the crime phenomenon in society, its functions, how and by whom is determined the limit between criminal and law-abiding behavior, how reliable is the picture of crime provided by official statistics and how should these statistics be interpreted.

If we add the increasing role of the media in creating the image of crime, we notice that crime in modern society is largely a phenomenon similar to a mass consumption product, which is packaged by experts (legal officials, researchers, journalists), which is presented to the public (as threatening or attractive advertising) and then sold to the consumers (taxpayers, voters, buyers of commercial security services, electronic and printed media audiences).

Considering the above we shall now observe the development of crime and crime control in Estonia in recent years. Together with a review of the statistical picture, we shall attempt to analyze the changes which have taken place, through the contradictions of development. The data used comes from official statistics reflecting crime and activities of law enforcement institutions.

TABLE 2.7.

**Total number and ratio of crimes per 100 000 inhabitants in Estonia, 1991–1998**

| Year | Number of crimes | Crime ratio per 100 000 inhabitants |
|---|---|---|
| 1991 | 31 748 | 2026.9 |
| 1992 | 41 254 | 2671.2 |
| 1993 | 37 163 | 2450.2 |
| 1994 | 35 739 | 2369.0 |
| 1995 | 39 570 | 2679.9 |
| 1996 | 35 411 | 2408.6 |
| 1997 | 40 972 | 2802.0 |
| 1998 | 45 721 | 3153.8 |

*Source: Police Department.*

## *Registered crimes in 1998*

In 1998, 45 721 crimes were registered in Estonia, 11.6% more than in the previous year, when the corresponding figure was 40 958. This level is the highest since the restoration of independence, and exceeded the level of the previous high year (1992) by 4467 cases. Since the population of Estonia has decreased during the period under observation, the ratio of crime per 100 000 inhabitants increased, and exceeded 3000.

Together with the quantitative changes in crime, significant shifts in the structure of crime can also be pointed out. First, property crimes and economic crimes have

[1] See. Crime Prevention Council's report to the Government. http:/www.just.ee/kpn_kuritegevuse_ olukorrast_riigis.htm, p. 11.

become more frequent and their share of total crime is increasing steadily. Theft increased 16.8% as compared to the previous year, larceny 11.2%, motor vehicle thefts 25.6% and economic crime 12.9%. Secondly, the decrease in the share of violent crimes continued in 1998 and amounted to 2.8% of total number of crimes (in 1997, 3.2%). The number of rapes decreased 45.4%, causing severe personal assaults 15.5% and that of robberies 0.6%. The number of intentional homicides and attempted homicides remained effectively the same as compared to the previous year, increasing by a single case (from 247 to 248). The level of violent crimes in Estonia has been decreasing since 1995. Thirdly, a significant rise in drug-related offences (106.1%) and hooliganism (20.0%) should be emphasized.

From the criminological point of view the number of intentional homicides is the most interesting, since this is considered a type of crime with low latency, whose level is relatively independent of the peculiarities of state regulation. Consequently it can be relatively easily compared in various countries. The dynamics of homicide is analogous to the other violent crimes, whose level rose sharply in Estonia from the beginning of the 1990s. The maximum number of homicides was committed in 1994, when the corresponding figure was 365 or 24.2 homicides per 100 000 inhabitants.

Although a significant decline could be noted in that type of crime during the following five years, the homicide level in Estonia remains very high as compared to other democratic European nations. An optimum level of homicides for Estonia, considering the long-term dynamics of that type of crime here, could be 100–150 cases per year, which corresponds to the indicator of 6.9–10.3 homicides per 100 000 inhabitants. If the current development continues, it would be feasible to achieve this level during the next 3–5 years.

The level of criminal activity of the population [2] was the highest, according to the statistics, in Tallinn, Narva and Ida-Virumaa. Relatively the largest number of crimes was committed in these regions in 1997 as well as in 1998. The corresponding coefficients in 1998 were 1.79 in Tallinn, 0.86 in Narva and 0.85 in Ida-Virumaa. The three regions with the lowest criminal activity are the Hiiumaa, Saaremaa and Viljandi counties, where the above coefficients were, respectively, 0.21, 0.29 and 0.49. Consequently, the high crime rate is primarily characteristic of Estonia's urban areas with a heterogeneous population, while the lower crime rate is typical of the rural regions with a more homogeneous population.

The picture of homicides is somewhat different. Tallinn does not come close to

FIGURE 2.6.
**Structure of crime in Estonia, 1998.**
*Source: Police Department.*

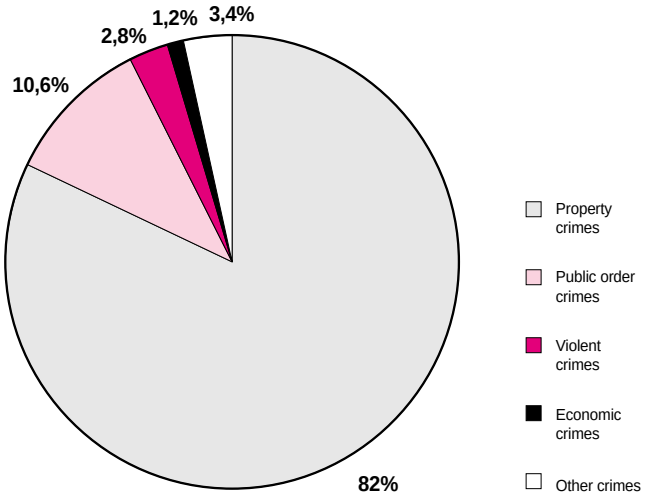


TABLE 2.8.
**Number of intentional homicides, ratio per 100 000 inhabitants and share of total crime in Estonia, 1991–1998**

| Year | Intentional homicide | Ratio per 100 000 inhabitants | Share of total crime (%) |
|---|---|---|---|
| 1991 | 136 | 8.7 | 0.43 |
| 1992 | 239 | 15.5 | 0.58 |
| 1993 | 328 | 21.7 | 0.88 |
| 1994 | 365 | 24.2 | 1.02 |
| 1995 | 304 | 20.6 | 0.77 |
| 1996 | 268 | 18.2 | 0.76 |
| 1997 | 247 | 17.0 | 0.60 |
| 1998 | 248 | 17.1 | 0.54 |

*Source: Police Department.*

[2] The criminal activity of various groups of the population is reflected by an index obtained by dividing the group's share of the criminal population by the same group's share of the total population.

the first four regions even after the 44% increase of homicides in 1998 (as compared to 1997). It can be stated that the image of crime in Tallinn is primarily provided by property crimes and public order disturbances. For example, Tallinn accounted in 1998 for 66.5% of total thefts in Estonia, 52.0% of total larcenies, 58.1% of burglaries, 53.9% of car thefts and 58.0% of hooliganism.

Relatively the greatest number of homicides is committed (according to the criminal activity coefficient) in Ida-Virumaa (2.63), Harjumaa (1.51), Tartumaa (1.20) and Narva (1.10). The lowest level of homicide is, similarly to general crime level, in Hiiumaa, Saaremaa and Läänemaa, where no such crimes were committed in 1998. However, Viljandi county, which is one of the lowest as to the general crime level, is in the top five as to the number of homicides. Since the absolute figures of homicide are statistically low in the regions, the unexpected rise of some regions may also be caused by relatively accidental reasons (for example, a multiple homicide committed in one year).

A total of 9950 individuals suspected of crimes were identified in 1998. Out of the total, 9.5% were women and 17.9% juveniles (aged 13–17). The number of non-Estonians among the criminals was 4430 or 44.5% (44.0% in 1997). Since the non-Estonian population in Estonia in 1998 amounted to 34.9%, the criminal activity among the non-Estonians is higher that of the Estonians (criminal activity coefficients are, respectively, 1.28 and 0.85). This situation can probably be explained by a greater social stress among that part of the population. The percentage of the unemployed among the criminals was 48.0%, and 34.8% of the criminals were under the influence of alcohol during the committing of the crime. The corresponding figures for 1997 were 49.4% and 37.5%, which shows some decrease in the share of crimes committed by the unemployed or drunks. The share of those with previous convictions was 36.7%, which is 0.8% higher than in 1997. Consequently, the share of repeat offenders in the criminal population keeps increasing, showing an increasing polarization of the population into the parts respecting and violating the law. This polarization enables a more accurate planning of measures against the criminally most active contingent of the population.

TABLE 2.9.
**Regional differences in criminal activity in Estonia, 1997–1998**

| Region | 1997 | 1998 |
|---|---|---|
| Harjumaa | 0.72 (7) | 0.79 (4) |
| Hiiumaa | 0.22 (17) | 0.21 (17) |
| Ida-Virumaa | 0.90 (3) | 0.85 (3) |
| Jõgevamaa | 0.58 (11) | 0.56 (11,12,13) |
| Järvamaa | 0.52 (13) | 0.56 (11,12,13) |
| Läänemaa | 0.45 (15) | 0.54 (14) |
| Lääne-Virumaa | 0.63 (9,10) | 0.65 (9) |
| Põlvamaa | 0.63 (9,10) | 0.70 (6) |
| Pärnumaa | 0.78 (4) | 0.78 (5) |
| Raplamaa | 0.73 (6) | 0.56 (11,12,13) |
| Saaremaa | 0.33 (16) | 0.29 (16) |
| Tartumaa | 0.54 (12) | 0.66 (8) |
| Valgamaa | 0.77 (5) | 0.68 (7) |
| Viljandimaa | 0.49 (14) | 0.49 (15) |
| Võrumaa | 0.64 (8) | 0.62 (10) |
| Narva | 0.91 (2) | 0.86 (2) |
| Tallinn | 1.81 (1) | 1.79 (1) |

*Source: Police Department, Statistical Office of Estonia.*

TABLE 2.10.
**Regional differences in homicide activity of population in Estonia, 1997–1998**

| Regioon | 1997 | 1998 |
|---|---|---|
| Harjumaa | 1.58 (3) | 1.51 (2) |
| Hiiumaa | 0 (16,17) | 0 (15,16,17) |
| Ida-Virumaa | 2.10 (1) | 2.63 (1) |
| Jõgevamaa | 0.85 (8) | 0.28 (12) |
| Järvamaa | 0.13 (15) | 0.13 (13,14) |
| Läänemaa | 0.37 (12) | 0 (15,16,17) |
| Lääne-Virumaa | 1.00 (7) | 0.54 (10) |
| Põlvamaa | 0.33 (13) | 0.49 (11) |
| Pärnumaa | 0.70 (10) | 0.64 (8) |
| Raplamaa | 1.02 (6) | 0.58 (9) |
| Saaremaa | 0 (16,17) | 0 (15,16,17) |
| Tartumaa | 1.17 (4) | 1.20 (3) |
| Valgamaa | 0.30 (14) | 0.91 (6) |
| Viljandimaa | 1.12 (5) | 0.65 (7) |
| Võrumaa | 0.68 (11) | 0.13 (13,14) |
| Narva | 1.97 (2) | 1.10 (4) |
| Tallinn | 0.71 (9) | 1.02 (5) |

*Source: Police Department, Statistical Office of Estonia.*

## *Sense of security in Estonia and the public's attitude towards the activity of the law enforcement agencies*

Public attitude towards crime and crime control is becoming increasingly important in democratic societies. Much attention has been paid to the public's increasing fear of crime and the decline of a (subjective) sense of security, particularly in recent years.

The level and structure of crime are reflected somewhat differently from the statistics in the public opinion polls. According to the polls, 26% of the respondents or their family members suffered from crime in 1998, which is an equal indicator to 1997. The main crimes were, according to the polls, theft from automobiles (8%), theft of crops from gardens or fields (7%), personal assault (7%), pickpockets (6%), forced entry into apartments (6%), theft from summer cottages, garden houses, garages (6%) and car theft (1%). According to the public estimates, the number of personal assaults increased 2% in 1998, as compared to the previous year, while the number of forced entries into apartments, summer cottages, garden houses, or garages also increased (1%).

According to data from the Estonian Institute of Market Research, 46% of the victims reported the crimes to the police, which is 2% more than in 1997. But the reporting of crimes to the police as a general tendency has significantly decreased since 1993, when the indicator was 62%. The most important reason for the failure to report crimes was the continued lack of belief in the ability of the police to provide any real assistance.

The above data should not be taken at face value, since the definitions of crime in legislation and in the public perception may differ to a considerable degree. People also describe as crimes relatively minor offences such as petty larceny or conflicts between individuals, which may produce negative emotions, but cannot be defined as crimes. The answers of the respondents reflect more their attitude towards the activities of the law enforcement agencies and general security. For example, 50% of the respondents thought in 1998 that the police are operating well or normally (54% in 1997). The number of those considering themselves and their property completely or more or less secure went from 33% in 1997 to 26% in 1998 (EKI TEST 1998, 1999).

The level of fear of crime amongst the population has significantly increased in Estonia as in the other transition societies. This definitely negative phenomenon is only partly synchronous or explainable with the developments in registered crime. It should rather be observed in a wider social context, i.e. with the image of crime created by the media, as well as in connection with the increasing insecurity and concern about their ability to cope with life among certain groups in the population. Several foreign experts, who have studied the fear of crime, have also reached the same conclusions (Hale, 1996; Kury, H. et al, 1998).

## *Trends in crime control in Estonia*

Two important changes took place in Estonia's crime control policy in 1998, which went a long way towards harmonization with western standards. The Riigikogu abolished capital punishment with its March 18, 1998 law, and replaced it with life imprisonment. A total of 23 persons were sentenced to death in independent Estonia, but these sentences were not carried out after 1991. The „Probation Act" came into force on May 1, 1998, which enables the share of prison sentences to be reduced. There are currently more than 30 qualified probation officers who supervise

TABLE 2.11.

**Total number of prisoners and ratio per 100 000 inhabitants in Estonia, 1991–1998**

| Year | Number of prisoners | Prisoners per 100 000 inhabitants |
|---|---|---|
| 1991 | 4408 | 281.4 |
| 1992 | 4778 | 309.4 |
| 1993 | 4514 | 297.6 |
| 1994 | 4401 | 293.5 |
| 1995 | 4224 | 284.6 |
| 1996 | 4638 | 315.7 |
| 1997 | 4790 | 328.5 |
| 1998 | 4379 | 302.5 |

*Source: Prisons Department.*

TABLE 2.12.
**Solved crimes and their share in Estonia, 1991–1998**

| Year | Number of crimes solved | Percentage of crimes solved |
|---|---|---|
| 1991 | 5157 | 17.0 |
| 1992 | 6951 | 16.7 |
| 1993 | 9956 | 23.2 |
| 1994 | 9650 | 26.7 |
| 1995 | 11 283 | 28.5 |
| 1996 | 11 523 | 32.5 |
| 1997 | 12 994 | 31.7 |
| 1998 | 12 939 | 28.3 |

*Source: Police Department.*

the progress of approximately 5800 convicts released on parole or receiving suspended sentences.

The number of convicted persons and the share of prison sentences decreased in 1998. The first level courts convicted 8267 persons (9053 in 1997), of these 2027 received prison sentences (2500 in 1997). The share of these punishments declined from 26.5% in 1997 to 24.5% in 1998. Suspended prison sentences were pronounced for 3540 persons in 1998, which amounted to 42.8% of total sentences (respectively 4000 and 44.2% in 1997). The share of prison sentences of up to one year among total prison sentences increased from 22.6% to 32.2%, which shows a reduction in the average length of prison sentence. Juveniles amounted to 18.1% (18.4% in 1997), women 8.6% (9.0% in 1997) and persons with previous convictions 27.5% (27.6% in 1997) of total convictions. The share of Estonians among those convicted was 43.0% (43.8% in 1997).

At the end of 1998, a total of 4379 prisoners were held in Estonia's penal institutions. Of this total, 2999 were convicted, 1323 were held in pre-trial detention, 16 held under criminal arrest and 21 were interned. Out of those sentenced, 202 were juveniles, 152 were women and 20 persons had received life sentences. Although the number of prisoners decreased by 411 individuals during 1998, their number per 100 000 inhabitants has increased from 281.4 in 1991 to 302.5. This is a high figure as compared to the other democratic European countries, and Estonia will have to make continued efforts to reduce prison population.

The figures for the solving of crimes, which improved between 1992 and 1996, have declined in the last two years. In 1998, 28.3% of registered crimes were solved (31.7% in 1997). The figure for violent crimes was 72.0%, for economic crime 47.8%, for public order crimes 46.9% and for property crimes 23.0%. Consequently, the figure of solved crimes is reduced primarily by the lack of success in solving property crimes in recent years.

The solving of crimes continues to be the lowest in Tallinn, where 13.2% of registered crimes were solved in 1998. The figure for car thefts in Tallinn was 7.8%, of forced entries into apartments and thefts 7.5%, unauthorized use of car 6.8% and thefts from cars only 2.9%. The crime solving percentages of Estonia's other regions are significantly higher than that of Tallinn. Considering the great share of Tallinn in Estonia's total crime, the low figures of Tallinn are significantly influencing the corresponding figures of the entire country.

Estonia's legal system is operating under a great deal of stress and must cope with an increasing number of crimes. The number of solved crimes has accordingly increased 2.5 times between 1991 and 1998. But this has failed to increase significantly the figures of crime solving, since no new ways have been found for improving the efficiency of law enforcement.

## *Conclusion*

Crime in Estonia has reached a new quantitative level and a qualitative peculiarity after the restoration of independence. Comparison with the corresponding figures of the soviet period is actually a comparison of two diametrically different societies, whose crime and crime control practices are not directly comparable. The total of registered crimes is now 40–50 000, instead of the previous 10 000. It would not be correct to conclude from this that the crime situation in Estonia has degenerated accordingly. The present under-controlled consumption-oriented society with increasing economic stratification inevitably produces a higher number of crimes that the previous over-controlled and equalizing system.

The real situation in the field of crime and crime control is reflected by the level

of serious violent crimes (primarily intentional homicides) more adequately than by the total figure of crimes. According to these figures it can be claimed that the situation in Estonia was the most complicated in1994, when the maximum number of homicides was committed. The figure for violent crimes has been steadily decreasing since then and this tendency should continue with the growth of social stability. In order to obtain a more accurate picture of the actual spread of crime, regular studies of the population being subjected to crime should be conducted, using the results to adjust the official statistics.

Today's attitude of the public to crime is created primarily by the mass media, which is reflecting the committed crimes to a greater extent and in more detail as compared to previously. Reports from the commercialized press are received by the audience as seriously as the information previously published by the state media. If we include the abolition of secrecy of crime data, the current frightening image of crime could be considered as a certain „price" of freedom. Therefore the planning measures to reduce the fear of crime may be relatively independent of crime reduction policies.

The system of crime control in Estonia has not been as dynamic as the development of society and is constantly lagging behind. An important shortcoming of the present criminal justice system is its inability to address new types of crime like organized crime, drug-related crimes or corruption. These so-called new types of crime are having a much greater impact on society than the law enforcement agencies' practice and official statistics can show. There is a failure to explain to the public the need for new crime control strategies. Consequently, even the necessary and progressive reforms frequently lack public support (for example, the abolition of capital punishment, the launch of the probation system).

Estonia is largely in a situation where statehood is being built at a time when a strong state is seen unfavorably. This of course applies to the development of the criminal justice system – where the modernist (development of statehood) and post-modernist (reduction of the role of the state) stages are seemingly taking place at the same time. But during great and rapid social changes, there is always the threat that the state comes under pressure for its inability to ensure law and order while the general crime statistics are growing. Thus it is necessary that a conflict between the actions of the criminal justice system, its own interests and the general goals of the society be avoided.

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# 3 Wealth *versus* poverty

## 3.1. Estonia's economic development: achievements, conflicts, prospects

### *Two transitions*

The development of the Estonian economy in the 1990s can be interpreted in two contexts. First, as a transition from state socialism to a market economy. The principal theoretical models compiled for this determine the lists of the main components of transition (liberalization, privatization, stabilization) and the desirable sequences of actions in the reform. International financial organizations (IMF, the World Bank) monitor quite closely the observance of such prescriptions, being next to mandatory. According to the models of economic transition, the period for moving from state socialism to a market economy is of at least ten years duration. Considering Estonia's success in the adoption of a market economy, we could claim that this transition is reaching its end. It is true that the cycle of liquidation of the price proportion differences is still incomplete and the institutional development of the economy is yet insufficiently mature. But it could hardly be claimed that Estonia's economy is not functioning as a market economy. The second mentioned context concerns all developed countries and this can be defined as the movement from something determined as the industrial, Fordist or modernist model to something described as the post-industrial, post-Fordist or postmodernist model of the economy.

We have to take into account that:

- these two developments take place in parallel and are intertwined
- the final status of either process cannot be determined clearly. All so-called post-statuses have been defined essentially via negation and there is a variety of systems considered to be market economies, or at least, models of a market economy
- the developments of the Central and Eastern European countries have been observed during the past ten years within the paradigm of transition to a market economy. The changes, which could be interpreted against the second type of background, have not usually been treated as such. For example, the increase in the services sector and the decline of the importance of industry are usually interpreted as restructuring, as a transition to the western type of economic structure, rather than as a movement towards a local variety of a service society or a „post-Fordist" model
- practically no attention has been paid to the issue of whether the post-socialist countries will turn into something similar to western economies and societies, or into economies, which perform predominantly secondary or peripheral functions in the global economic system.

### *The initial state of Estonia's economic transition*

The development of Estonia's economy into a 20th century industrial economy has taken place in several waves, which had a different logic and occurred in different conditions. As clearly defined stages, we could note the construction of major enterprises in Tallinn in the first decades of the century – related to the economic and military development of Imperial Russia, the reorientation of industry to the needs of the domestic market of an independent, agriculturally oriented Estonia, which began in the mid-1920s, the relatively comprehensive exploitation of the domestic resources within the regulated type of economy, initiated by President K. Päts from the 1930s (for details of the structural changes in the Estonian economy throughout the years, see Terk, 1998). The most characteristic stages of the post-war period are the so-called socialist industrialization stage, which reached a peak in the 1960s, and the development of mechanized large-scale agriculture. Traces of all these „waves" can still be recognized in Estonia's current economic structure.

However, the industrial structure developed during the soviet period can only condi-

tionally be considered to be modern or Fordist. When comparing Estonia to the other post-socialist countries, we can notice attempts to create Fordist, highly technological large-scale production in agriculture and services, rather than in industry. In mechanical and instrument engineering, as well as several other areas of industry, the all-Union ministries established only second or third-rate enterprises in Estonia, and those enterprises in the industrial sectors with an Estonian-level influence, despite their gradual mergers, were also too small for serious Fordist large-scale production. This situation was quite different in southern neighbor Latvia, which belonged in the vanguard of soviet industrial revolution and thus faced much greater problems with the large-scale industrial heritage during the restoration of independence and the return to a market economy.

Genuine large-scale production in Estonia during that period can be mentioned only in the context of some branches based on natural resources, for example, the oil shale and energy complex, as well as the fisheries industry. But the industrial resources in these areas were also at best average by size, as compared to the international industrial background of that period. Seaports and shipping were in arrested development due to the generally closed system of the soviet period and the major project, the construction of the Muuga seaport, was launched only in the last decade of the soviet period. In the 1970s–80s, however, one could note in the Estonian economy some tendencies contrary to Fordist development, like diversification of production, the expansion of auxiliary and ancillary production and the production of relatively small batches of high-demand items suitable for barter trade.

The move towards a market economy in the first half of the 1990s is characterized by:

- a rapid self-regulatory filling of the niches less-developed in the economic structure of the socialist period (commerce, services, banking, etc.). As for industry and agriculture, these elements of the economic structure declined both in relative and absolute values
- preferred growth of the sectors servicing international economic relations (seaports, hotels, transit transport)
- a relatively strong reorientation of industry from eastern markets with their declining purchasing power to western markets, but this was frequently also accompanied by a transition from more complex production to less complicated work, usually subcontracting.

The first half of the decade was characterized by a rapid development of newly created small-scale businesses (Terk, Teder, 1998). New businesses could rather efficiently absorb redundant labor from large enterprises, as well as some other resources. Economic development, which took place according to the above model, can be generally considered successful. The initial stabilization of the economy and its functioning as a market economy took place relatively quickly as compared to the other post-socialist economies. The adaptation of the economy with the new conditions of operation was more profound than in a number of other countries in the transition to a market economy. The change of both the sectoral structure and that of the foreign trade geographical structure was impressive. Serious economic growth, which followed the restructuring of the economy and privatization, did not emerge as soon as had been predicted, but the economic growth figures of the years 1996–1998 were remarkably high. The setback, which started in the second half of 1998 was painful, but this can be explained, at least partially, with the changes in the outside environment, independent of Estonia (the Asian crisis, the financial crash in Russia). The successful development of the economy is testified by the inclusion of Estonia in the first round of post-socialist countries to start accession negotiations with the European Union. An analysis by the Austrian Institute of Economic Research, published in the spring of 1999 places Estonia second after the Czech Republic as to the maturity of economic development among the European Union membership candidates (Degree of Maturity..., 1999).

## *Conflicts*

The more significant among the problems and contradictions are the following:

- The qualification intensity of Estonia's economy as a whole and especially its export is low. This is predominantly an export based on the use of cheap labor and the sale of raw material at a low processing level (Calculations on UN/ECE Database). In a wider sense, the use of the geographic location, vital for the transit cluster, can also be included here. While the stronger Visegrad countries are ahead or at least keep up with

the less-developed European Union countries (Portugal, Greece) as to the quality of their export structure, the same cannot be claimed for Estonia (Degree of Maturity...1999). When evaluating the above from the future potential viewpoint, we cannot state that the money earned from primitive export is as valuable as the money earned from qualification-intensive export. It must be admitted that Estonia has failed to take adequate advantage of one of the strongest aspects of its potential, the relatively high education level (Eesti Inimarengu Aruanne 1998).

• Estonia has been noted due to the high parameters of its information technology development (Eesti Inimarengu Aruanne, 1998). It cannot be claimed, at least currently, that it has been adequately converted into export success and economic growth.

• A significant indicator showing how a country's economy is creating potential for a qualitative leap for the economy in the future, is the share in the country's gross national product of the sums allocated for research and development. This indicator in Estonia (unlike the situation in education, for example) is extremely low (Eesti Majandusülevaade 1998–1999). The volume of product and technologies development in the enterprises is very small. Unfortunately, the enterprises owned by foreign capital and generally showing greater investments are no exception as they use Estonia primarily as a production shop, where products, designs and technologies developed elsewhere are being realized (Borsos-Torstila, 1997).

• Both accession to the EU and the necessity typical of transition countries to raise the prices of public services gradually to a level ensuring the reproduction of the correspondent infrastructure systems (energy, water supply, public transport, apartment rents, etc.) will inevitably turn Estonia into a significantly more expensive country than it is currently. In the case of maintaining a relatively primitive export structure, it will be rather difficult to hold on to the existing export niches in western markets.

• The state could play a certain role in the development of the economy by launching corresponding support systems for technological development, movement to new markets, by building infrastructures, operating with the currency exchange rates etc, but in case of the version of macro-economic policy chosen by Estonia (fixed exchange rate, strict requirement for a balanced budget, the principle of keeping a low level of state debt, etc.), the opportunities for state intervention are extremely limited. There is a reliance on a favorable general economic environment (the economic environment must approach that of the European Union during the accession process to the EU) and on foreign capital.

• Cooperation between enterprises, as well as public-private partnership could be quite important in coping with the demands of the new period. Unfortunately, the mentality prevalent in business circles is oriented only towards an individualist competition ideology. According to a study of enterprises in the so-called new economic sectors (financial brokerage, software production etc), conducted some years ago in Estonia by the Estonian Institute for Futures Studies (in cooperation with the University of Cardiff), the idea of cooperation with competitors (in the development of technology, marketing) is strongly rejected. Cooperation with the public sector is also viewed with distrust, with firms fearing corruption as well as the inefficiency of the state sector.

• The majority ownership of a large number of leading Estonian enterprises was taken over by foreign investors during the economic decline of recent years. The positive aspect here is the better linking of businesses to international networks, an increased general stability level of the economy, and the preservation of employment. But there is a potential threat from the viewpoint of the future: if Estonia's production input becomes more expensive, foreign investors oriented towards export production need not be interested in continuing production in Estonia and the reinvestment of profits here. Production capacity could be easily moved to cheaper countries.

• There are quite strong conflicts and tensions in Estonia along the capital city-periphery axis, between individual economic sectors (the exclusion of agriculture, but also some sectors of industry), as well as between the individual social groups and generations (see details in Eesti Inimarengu Aruanne 1998). Those having successfully adjusted to the restructuring of the Estonian economy and internationalization are seen as „winners", while the others are considered „losers". Besides the other negative effects, this situation prevents the state from playing a more active role in the modernization of the economy. In the case of limited budgetary resources, large income gaps, differences of regional development level etc. will require

allocations from the budget. It is the simplest to economize in those functions which deal with development.

• The state lacks practical experience from the 1990s of conducting structural policy with modern methods. For a long time, there has been the position that the best structural policy (or industrial policy) is the absence of one. As it is now becoming apparent that certain structural policy (at least for the improvement of the technological level in export production) is actually necessary, the state is not capable of making any reasonable moves for a long time, due to inertia and established attitudes.

• The contradictions listed above are interconnected in various ways, causing or amplifying each other. Their influence need not become very dangerous for Estonia's economy in the near future (if the situation in the closest markets should improve, the Estonian economy can show decent growth rates in the coming years as a „reward" for successful restructuring), but development of the economy in the 2003–2010 period will depend on the resolution of these problems.

## *A post-modernist economic model or the road to a peripheral economy?*

Unlike Estonian society, whose recent developments have frequently been described with the term post-modernism, this term has not found particular use in the case of the economy. But relatively close to post-modernist approaches are some of the recently quite popular statements, according to which the Estonian economy is treated as a combination of extremely varied activity ideas, where „every idea can work" and where there is no internal logic of development.

According to these theories, economic strategies, any purposeful structural policy, development of economic clusters, development of the foundation for economic growth, etc, are pointless. The Estonian economy is said to mean an infinite number of small niches with an infinite number of opportunities (naturally also opportunities for failure). Success is said to be ensured by original, outwardly illogical ideas (for example, ostrich breeding or the organization of international gambling in the electronic media). The success of the so-called Asian tigers, the late industrializing nations (Taiwan, South Korea, Singapore etc.) in the 1970s–1980s was the last example of successful modernization of backward economies, while the current global environment is said to be something quite new.

A closer study reveals that such theories are frequently reduced to mere calls to refrain from any state intervention. State (for example Keynesian) intervention could be of no use anyway in an indeterminate and fragmented environment which allows a highly varied logic of activity – consequently nothing more can be expected from the state than a favorable macro-economic environment. A certain parallel can be seen here with the international discussions on economic development and underdevelopment over the criticism of development policies established several dozen years ago. It was claimed that the bottleneck in the development of the countries was entrepreneurship, rather than capital and the accumulation of capital. Accordingly, the theoreticians dealing with the development of backward economies had simply climbed „up the wrong tree". However, a recent Nobel prize laureate for economics Amartya Sen shows, based on statistics, that at least among the middle-income countries (but that very group should interest Estonia!) the countries with higher capital accumulation have shown the highest economic growth (Sen, 1996). Amartya Sen does join the criticism of outdated developmental economic theories, but he finds that the main fault of the theory is not so much the underrating of business, but that it does not interpret sufficiently the expansion of people's capabilities or recommend efficient means for it.

The above appeals are effectively reduced to a recommendation to continue this constantly adjusting economic policy, where economic activity is largely oriented at filling the „empty niches" of the socialist period. Is this perception of post-modernism a close relative of neo-classical monetarist economic policy? There are some grounds for a positive answer inasmuch as both are, from an economic point of view, movements from a producer-dominated market to a consumer-dominated market, in both cases the growing variety of consumer demand is significant. But it has also been claimed that monetarism (as well as communism, by the way) is actually a special case of the modernist model. Monetarist ideology is deeply rooted in the idealization of the bureaucracy-free small manufacturers' economy of the 19th century, together with the „individualis-

tic spirit of modernity" accompanying this society (Cooke, 1990).

The Estonia of the turn of the century is rapidly distancing itself from that type of society. Proof of this is the rapid process of concentration going on in the economy for a couple of years now, as well as the implementation of new or stricter operational requirements (including European Union standards). It is impossible to find in the last century's small manufacturer community any analogies or answers to the key issues and problems of the current turn of the century – like globalization, networking, change in the nature of employment, so-called dematerialization of production, domination of services over production, etc.

There is certainly no ground for the claims in the press about Estonia moving back from monetarism to Keynesianism. It has been convincingly proven in publications (Cooke, 1990) that Keynesianism as an economic and social policy doctrine has organically grown out from the Fordist production context. Solutions like the opportunity to increase economic activity through investments at the nation state level or through central banking policy, to conclude (in the conditions of steady economic growth) social agreements on the sharing of future profits, were possible only at a certain development stage of production, consumption, technology, organization of work and economic relations. The crisis of Fordism broke the link between the steadily growing economy and the welfare guarantees based on that growth. The role of the state in the economy can increase in the future (especially in the post-socialist countries), but that increase can no longer take place in the Keynesian form, but must provide an answer to the challenges and conditions of the new period.

Several researchers of core and peripheral economies (Wallerstein, Galtung etc.) emphasize that a clear tendency has emerged in the recent decades, where development produces development, and backwardness produces backwardness. The so-called core economies achieve success via the level of know-how, education, investments and management, while the peripheral economies remain based on cheap labor and cheap sale of natural resources (including the environment). In the case of the economic model typical of the peripheral economy, a „vicious circle" emerges, because education and qualification-intensive activities will not be needed. Consequently, there will be no stimuli for training and promotion of education. The rise of peripheral countries to join the core economies is a rare exception, the advantages of the economic environment accompanying cheapening are not sufficient to support the emergence of qualification-intensive activities in a territory relegated to the periphery.

J. Galtung (Galtung, 1991) stresses that by relying exclusively on economic self-regulation, the post-socialist economies may find their place in the world economy, but this place may be of a peripheral economy, doomed to backwardness and providing cheap services to the core economies.

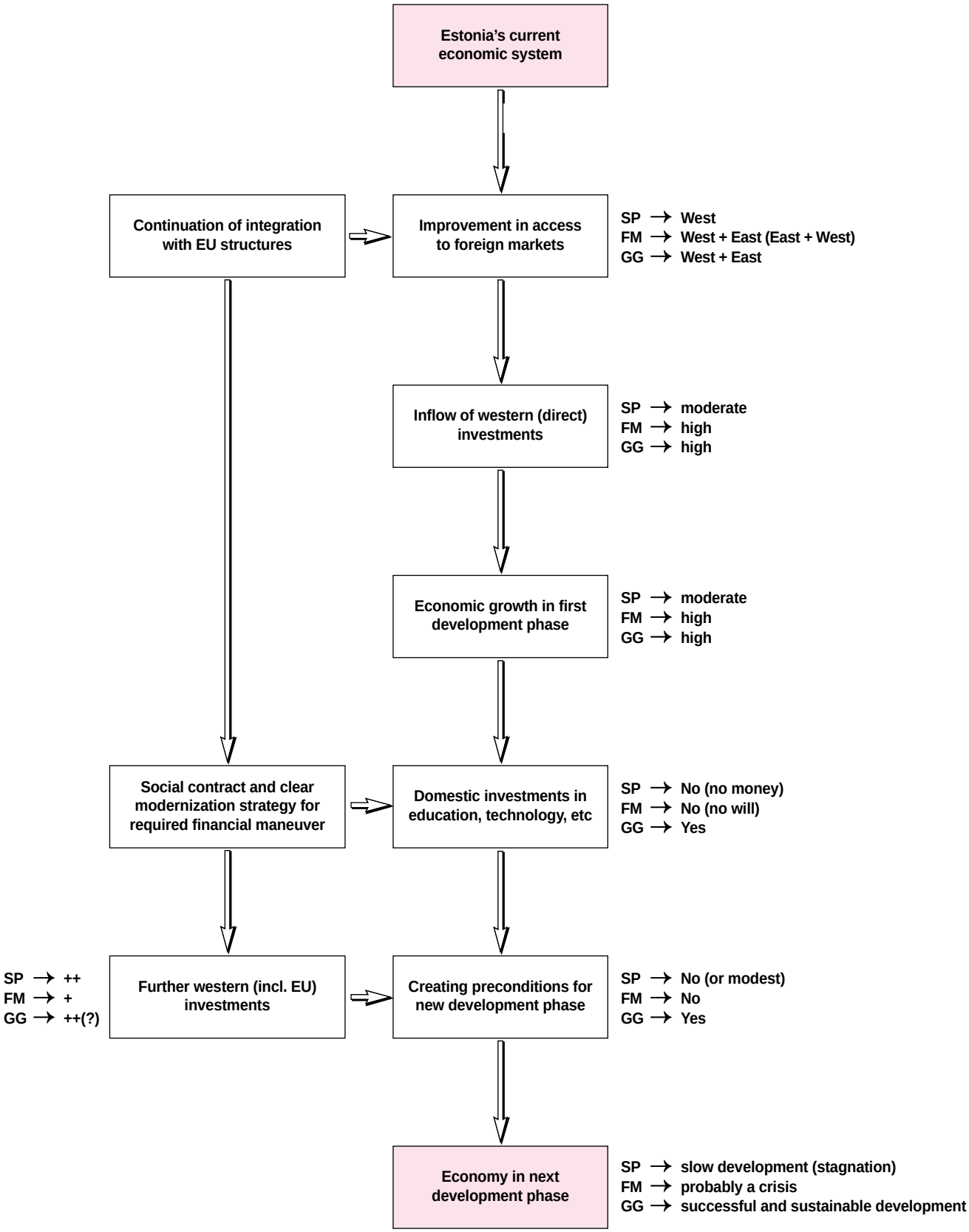
## *Roads to the future*

Finally, let us review the possible development scenarios of the Estonian economy based on two main axes. These are the geo-economic position of Estonia, and the ability to develop its economy and employment via the opportunities available in the information technology revolution. Three more likely scenarios can be pointed out: the „Scandinavian Periphery", the „Ferryman" and the „Grand Game" (Interface) scenarios. The scenarios have been described at length in a separate publication (Eesti Tulevikustsenaariumid, 1997), but a brief review was also included in the 1997 Estonian Human Development Report.

In the case of going with the flow, the continuation and intensification of the „Scandinavian Periphery" scenario is the most likely: Estonia will continue its integration into the European Union, but will not be able to take full advantage of its geo-economic position and will not initiate active programs for the building up of its economy according to the opportunities of information technology. The scenarios with higher economic growth could be launched by a significant intensification of East-West trade, which in turn could be realized in two frameworks: in the farmework of (Russian) raw materials based transit economy or in the farmework of more profound regional cooperation (including western investments in Russia). The „Ferryman" scenario is characterized by a positive geo-economic situation, but not by coordinated efforts for progress along the information technology axis. The „Grand Game" scenario presumes a rather long-term development, by society, of a strategic basis to enable a qualitative leap for the economy.

FIGURE 3.1.

**Logic of economic development according to various phases. The abbreviations SP, FM and GG denote scenarios described in the text (*Scandinavian Periphery, Ferryman, Grand Game*).**



As can be seen from the Figure, the building of this basis will depend on the success of certain financial maneuvers, through which the resources emerging in the first development stage of the economy can be collected and converted into the creation of support systems for the education system (especially technological and vocational education), product and technologies development and marketing, as well as on the success of combining the resources created at the nation state level with the international ones and of improving the cooperation between the business and public sectors. Taking the Estonian economy to a level, where it could compete in the complicated economic context of the 21st century for fulfilling the more complex and better-paid functions, would require both a serious mobilization in social and research policy and a favorable geo-political background. In the present rapidly changing environment, success can be achieved by not just copying but mainly through innovation.

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## 3.2. The labor market and unemployment

### *A general characterization of the Estonian labor market*

The world economy at the turn of the millennium is characterized by a movement from one stage of development into another: the industrial society is changing into a post-industrial information society. The share of the third (tertiary) sector is increasing rapidly and, in developed nations, more than 70% of the labor is employed by it. Similar tendencies are also observed in the transitional countries of Central and Eastern Europe. Their peculiarity is the speed and scale of the structural changes. Over a period of four or five years, such structural changes have occurred in the reform-minded countries which took 20-30 years in the developed countries. But such a rapid development inevitably means that many proportions in the economy will become unbalanced and society will be unable to solve the emerging social conflicts.

The transition period in Estonia is characterized by a decrease in the labor force, which has been caused by the negative natural and mechanical birth rate and the changed economic situation. Since 1991, the first instances of unemployment can also be mentioned. The labor resource, which became redundant during the

TABLE 3.1.

**Working-age population (15–69) according to labor market status, by gender (thousands)**

| | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|
| Labor | 842.6 | 831.7 | 819.8 | 794.8 | 757.8 | 749.4 | 726.9 | 717.6 | 713.5 |
| Employed | 837.9 | 826.4 | 807.8 | 765.7 | 708.1 | 692.6 | 656.1 | 645.6 | 644.1 |
| Unemployed total | (4.7) | 5.3 | 12.0 | 29.1 | 49.6 | 56.7 | 70.9 | 71.9 | 69.4 |
| Inactive total | 253.8 | 270.5 | 284.2 | 306.4 | 322.1 | 320.1 | 334.6 | 336.5 | 333.6 |
| Inactive men | 90.5 | 93.5 | 96.1 | 102.1 | 112.6 | 112.2 | 121.5 | 125.1 | 123.1 |
| Inactive women | 163.3 | 177.0 | 188.1 | 204.3 | 209.5 | 207.8 | 213.2 | 211.4 | 210.4 |
| TOTAL | 1 096.4 | 1 102.3 | 1 104.0 | 1 101.2 | 1 079.9 | 1 069.4 | 1 061.6 | 1 054.1 | 1047.0 |
| Participation rate, % | 76.9 | 75.5 | 74.3 | 72.2 | 70.2 | 70.1 | 68.5 | 68.1 | 68.1 |
| Employment rate, % | 76.4 | 75.0 | 73.2 | 69.5 | 65.6 | 64.8 | 61.8 | 61.3 | 61.5 |
| Unemployment rate, % | (0.6) | 0.6 | 1.5 | 3.7 | 6.5 | 7.6 | 9.7 | 10.0 | 9.7 |
| Male employment rate, % | … | … | 1.4 | 3.9 | 6.5 | 7.3 | 10.6 | 10.7 | 10.1 |
| Female employment rate, % | … | (0.7) | 1.5 | 3.4 | 6.6 | 7.9 | 8.8 | 9.2 | 9.3 |
| Employment change* | | -1.4 | -2.3 | -5.2 | -7.5 | -2.2 | -5.3 | -1.6 | -0.2 |
| Unemployment change* | | 12.8 | 126.4 | 142.5 | 70.4 | 14.3 | 25.0 | 1.4 | -3.5 |

*Note* ** change as compared to preceding year*
*… less than 20 persons in the sample*
*( ) 20-39 persons in the sample*

*Source:* *SOE.*

rapid restructuring of the economy, attempted to find work in the new quickly developing areas of the economy like commerce, hotel business, catering etc. In this new situation, a significant part of the labor force has had to acquire new qualifications.

When studying Table 3.1, we can notice that the major changes in the labor market took place in the first years of economic reform, in 1992 and 1993, when employment decreased by 5.2 and 7.5%, respectively. To sum it up, this meant that approximately 100 000 persons left the labor force. During the same period, the number of the unemployed increased by 37 000 and that of the inactive by 38 000. As for the remainder, it was a decrease caused by the negative mechanical and natural birth rate.[1] Employment decreased by 23.1% or by 193 000 individuals during the period under observation (1989–1997).

Unemployment and inactivity have significantly increased during the period under observation. The increase in inactivity is actually more dangerous from the viewpoint of the economy as a whole, since these people will remain outside the scope of the labor policy. It is also important to observe the breakdown as to gender of this category. While total inactivity increased 31.4% in 1989-1997, that of women increased 28.8% and that of men by 36%. In absolute figures, there were 210 400 inactive women and 123 100 inactive men in 1997. Inactivity among women rose to 38.2% of all women across the age groups. The corresponding figure among men was 24.7%.

A good overview of the problem is provided by an analysis of the change of employment as to the sectors of the economy.[2] In 1997, 9.3% of Estonian people were employed in the primary sector, 33.5% in the secondary sector and 57.2% in the tertiary sector. The same indicators for the European Union were, respectively, 5%, 29.5% and 65.6%. As we observe the breakdown of employment as to gender, we notice that so-called female and male branches of the economy have developed in Estonia. Fifty-four percent of men work in the primary and secondary sectors, while approximately 70% of the women work in the services sector. For example, in the second quarter of 1998, 86% of those employed in health care were women, while the indicator for education was 78%. At the same time, 89% of those employed in the building industry were men. Since men are working mainly in those industries

[1] According to the data from the Statistical Office of Estonia, the entire population decreased by approximately 46 000 persons during that period.

[2] The primary sector covers agriculture, fishery and mining, the secondary sector is industry, energy and building, while the remaining branches (banking, commerce, transport, medicine etc.) form the tertiary sector.

TABLE 3.2.

**Change of employment as to gender in the three main sectors of the economy (population aged 15–69), %**

| Sector | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | | | | | | | | | | |
| Primary | 21.2 | 21.1 | 20.4 | 19.1 | 16.6 | 14.6 | 10.5 | 9.5 | 9.3 | 9.5 |
| Secondary | 37.1 | 36.9 | 36.4 | 35.6 | 33.1 | 32.4 | 34.3 | 34.2 | 33.5 | 33.2 |
| Tertiary | 41.7 | 42.1 | 43.1 | 45.3 | 50.3 | 52.9 | 55.2 | 56.3 | 57.2 | 57.3 |
| Men | | | | | | | | | | |
| Primary | 27.3 | 26.5 | 25.5 | 23.8 | 20.8 | 18.2 | 13.0 | 11.5 | 12.0 | 12.1 |
| Secondary | 42.2 | 42.0 | 41.6 | 41.0 | 38.6 | 38.3 | 41.4 | 42.6 | 41.9 | 41.8 |
| Tertiary | 30.5 | 31.5 | 32.9 | 35.2 | 40.6 | 43.4 | 45.6 | 45.9 | 46.1 | 46.1 |
| Women | | | | | | | | | | |
| Primary | 14.9 | 15.3 | 14.9 | 13.9 | 12.0 | 10.6 | 7.8 | 7.4 | 6.3 | 6.7 |
| Secondary | 31.8 | 31.4 | 30.8 | 29.5 | 26.9 | 25.8 | 26.6 | 25.3 | 24.1 | 23.9 |
| Tertiary | 53.3 | 53.3 | 54.3 | 56.7 | 61.1 | 63.5 | 65.7 | 67.3 | 69.6 | 69.4 |

*Source: SOE.*

which are declining more, their unemployment is higher as a result. On the other hand, women are mainly working in the branches with lower than average salaries, resulting in increasing wage differences between women and men.

If we analyze the changes in employment by industries of the economy, very clear tendencies become apparent (Eamets *et al*, 1997). A steady decrease of employment has been occurring in agriculture and fishery. The most drastic fall of employment took place in 1993. If we compare the years 1989 and 1997, we can see that employment in agriculture decreased 64.7% and in fishery 72.8%. The real estate and business services, as well as state administration and education were in decline until 1993, but a steady increase of employment began after that year. A constant increase in employment has been occurring in banking and commerce.

The most effective picture of the current state of unemployment is provided by the statistics of the Labor Market Board, which shows the number of registered unemployed jobseekers [3], and number of people receiving unemployment benefits. In Estonia, the rate of the registered unemployed is calculated as the ratio of registered employment seekers to the working-age population. As of the 1998 data, 31.8% of the working-age population at the beginning of 1997 belonged to the so-called inactive population and this part is not considered in the calculation of the unemployment rate according to the practice of international statistics. We thus have to take into account that the ratio of the recipients of unemployment benefits and the working-age population in Estonia is not comparable in the international context. In order to gain further information about the developments in the labor market, the Statistical Office of Estonia launched a Estonian labor force survey in 1995, which was repeated in 1997 and 1998. The definitions of the Estonian labor force survey (ETU) were based on international standards and definitions [4]. In the use of ETU data in this chapter, references have been made to the Statistical Office of Estonia (SOE). Consequently, it is practical to use two indicators in the measurement of unemployment in Estonia: the registered unemployment rate (unemployed work seekers divided by labor force) and the total unemployment rate (ILO unemployment rate) (ETU unemployed divided by labor force). The following table also provides a numerical review of the corresponding indicators.

Unemployment in Estonia has been growing gradually, reaching the level of 11–12% by the

[3] A registered unemployed seeking for work is someone who does not have an income, who has registered at the local employment office as seeking employment, visits the employment office at least once per month and is ready for full-time work as soon as a suitable vacancy is offered.

[4] According to ILO standards, the unemployed is an individual not employed, but capable of work and willing to find employment. Ability to work represents an individual's mental and physical ability to work. Willingness to find work means that the individual has been seeking employment during the period under observation. (For a more detailed overview of definitions and specifications see Eamets, Piliste et al, 1996).

TABLE 3.3.

**Registered unemployed, unemployed work seekers and unemployed according to ILO definitions (annual averages, thousands and %)**

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|---|
| Registered unemployed (monthly average) | 18.8 | 17.3 | 13.9 | 17.2 | 18.3 | 18.0 |
| Unemployed work seekers (monthly average) | 33.4 | 37.3 | 34.9 | 37.9 | 34.0 | 32.0 |
| Registered unemployment rate (unemployed work seekers divided by labor force) | 4.5% | 5.1% | 5.1% | 5.5% | 5.1% | 4.7% |
| Unemployed according to ILO definition | 49.6 | 56.7 | 70.9 | 71.9 | 74.1 | 70.2 |
| Unemployment rate (unemployed according to ILO definitions divided by labor force) | 6.5% | 7.6% | 9.8% | 10.0% | 10.5% | 9.9% |

*Source: SOE and Labor Market Board.*

beginning of 1999 [5] (to provide a comparison: unemployment in Finland in 1996 was 17%, in Latvia 20% and the EU average was approximately 10%). A certain decrease was observed in 1997 and this can be primarily explained by the general improvement of the economic environment, since the Estonian GDP showed a record growth of 11.4%. The reasons for unemployment have economic as well as social and psychological backgrounds. Besides the macro-economic shock [6], other important factors are also the passive attitude of people to retraining, limited mobility, and psychological inability to adjust to the conditions of a market economy (see also Eamets and Philips, 1999).

## *Structural unemployment*

A much better overview of the general situation in the labor market and structural unemployment could be provided if we had information about job vacancies. Unfortunately, this statistics is inadequate, because enterprises fail to relay the corresponding data to the labor agencies. One reason is that the qualified labor force does not seek work via labor offices, but from newspaper advertisements or through relatives and acquaintances. Qualified labor presumes that most of the posts provided by the labor offices are meant for labor with low qualifications. According to ETU data, only 50% of the work seekers look for employment via the labor offices.

Regional and sectoral differences between the demand and supply of labor are one of the sources of social depression. One of the reasons for regional unemployment is the great variety per region in the creation of new jobs. Structural unemployment is a great problem in northeastern Estonia (in connection with the economic problems of the former centrally-controlled soviet enterprises) and in the predominantly agricultural counties of southern Estonia. The ratio of employment seekers to new vacancies in Ida-Virumaa county was 2.5 times higher than the Estonian average. The unemployment to vacancies ratio in the southern Estonian counties is relatively similar to the Estonian average. This means that new vacancies are created, but they cannot always be filled due to the absence of labor with adequate qualifications. This is proven by the relatively high unemployment rate in these counties. In some counties, where the unemployment rate is not that high (for example, Läänemaa), very few new jobs are created at the same time, resulting in a relatively high ratio of job seekers and vacancies.

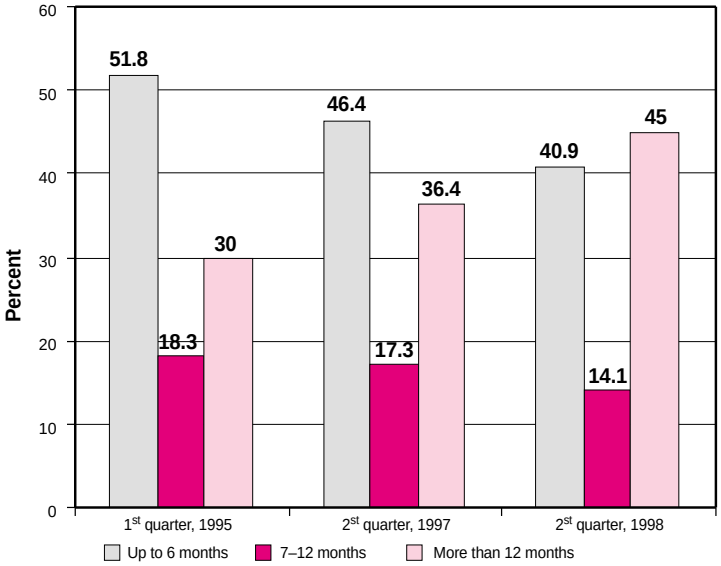
The creation of registered vacancies declined steadily in 1996–1999. The unemployment-vacancies ratio, which reflects structural unemployment, increased from 19.9 to 30.3 in that period. The greatest increase in that ratio was observed among the agricultural and fishery specialists, where it increased from 42.4 to 91.0. In other words, there were 91 registered work seekers per every vacancy at the beginning of 1999. The actual ratio must certainly be even higher, because by no means all work seekers are registered at labor offices.

When comparing the share of men and women among the unemployed, it should be pointed out that there are more unemployed men than women in Estonia, according to ETU data (Table 3.1). This indicator is unique in the whole

[5] According to ETU 99 data, the unemployment rate in the first quarter of 1999 was 12.0% and in the second quarter 11.7%.

[6] This refers to the 1992-1993 hyperinflation, the re-orientation of foreign trade from eastern to western markets, monetary reform and the banking crisis.

FIGURE 3.2.
**The unemployed as to the duration of unemployment**
(according to ETU), %
*Source: SOE.*




of Eastern and Central Europe. One possible explanation may be the aforementioned high share of women among the inactive population. It is also interesting in Estonia's case that when registered unemployment is observed, the share of women is significantly higher as compared to men. This difference is caused by the fact that Estonian laws permit women in certain cases (presence of children under seven years of age, etc.) to register repeatedly as unemployed. Men lose the right to register after a certain time period and drop out of registered unemployment. Accordingly, one of the tasks of state labor policy should be the reduction in the share of inactive women.

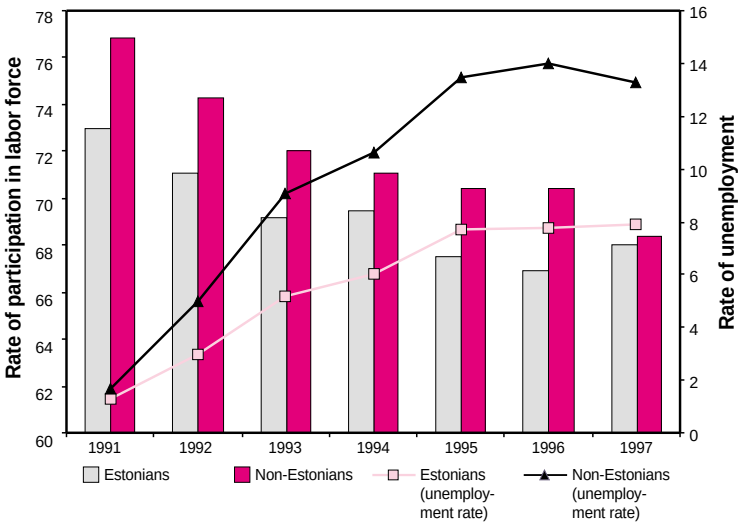
The youth unemployment rate is traditionally higher. While the youth unemployment rate in 1996 reached a high of 16%, a certain decrease to 14.4% was noted in 1997[7]. Unfortunately, further increases in youth unemployment can be predicted in the coming years. The reason is the increase in the number of school-leavers with just secondary education as compared to school-leavers with vocational education. Young people without qualifications or a specialty face a relatively high likelihood of becoming unemployed.

When analyzing the duration of unemployment, we can observe an increase of the number of long-term unemployed. This is a negative aspect for the economy as a whole, since the long-term unemployed (those, who have sought work for more than one year), having lost their qualification and their habit of working, become a social burden for society, and their re-utilization is time-consuming and expensive.

Problems can also be caused by the ethnic-linguistic distribution of unemployment[8]. Unemployment among non-Estonians who do not speak Estonian is significantly higher than unemployment among Estonians. This is tied, on the one hand, to the branch-regional structure of labor. The Russian-speaking population is largely working in those branches of the economy, which have deteriorated following the restoration of Estonia's independence, since the former Soviet Union's market cannot supply the previous volume of raw materials or marketing opportunities (e.g. machine-building and metalworking). On the other hand, employers prefer to hire those speaking the state language. At the same time, since the activity of the non-Estonians on the labor market is higher than that of Estonians, training and other labor policy measures can be used more effectively among the non-Estonians. The problem is largely of a regional character, because language barriers force the non-Estonians residing in Ida-Virumaa county to seek work within their home county, where there are frequently not enough vacancies.

Future forecasts for the Estonian labor market will inevitably remain speculative. First of all, the time series are not sufficiently long. Analogies cannot be used either, because the

FIGURE 3.3.
**Estonians and non-Estonians (15–69 years of age) as to their status in the labor market: rate of participation and rate of unemployment, %**
*Source: SOE.*




[7] The unemployment rate for this age group was 14.5% according to data from the second quarter of 1998.

[8] The two groups, Estonians and non-Estonians, have been separated here according to their domestic language rather than their ethnic background.

history of the world economy has no examples of such a massive transition from a planned to a market economy. Thirdly, the situation of Estonia as a small country depends greatly on trends in the world market. It can be stated from the viewpoint of short-term prospects that the registered unemployment indicators have been growing since the beginning of 1999. This has been caused primarily by the economic difficulties resulting from the Russian economic crisis and the loss of the Russian market. A further rapid decrease of employment can be predicted in the industrial sector. Agriculture has already contracted quite considerably, taking into account the share of rural inhabitants in Estonia.

The financial sector has shown a rapid development among the branches of the economy, and the share of transport will also certainly increase in the future. If we add tourism, we have the list of industries which will have to carry Estonia's economy during the coming 10–15 years. The impact on Estonia's labor market of admission to the EU is relatively unpredictable. Considering current developments, it could be presumed that very highly qualified top specialists, who can succeed in the EU labor market, will leave Estonia. The other relatively large group will be the low qualification workers, who can find employment in EU member countries, where the wages level is higher than in Estonia.

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## 3.3. Reflections of land and ownership reform in Estonia's rural life

More than one-fourth of Estonia's employable population and approximately half of all Estonians live in rural areas. But the development of the rural areas and the cities has largely moved in different directions during the years of independence. Together with the decline in agricultural production, the last decade has been characterized by migration to the cities, an increasing negative birth rate, a decline in the average education level, accelerated growth of unemployment etc. (ESA, 1999: 184, 191). Studies show that 95% of rural residents consider land reform a failure, three-quarters consider their economic situation to be bad and the chances for its improvement to be limited (Joandi, Lilover, Moor, Murutar, 1999). Together with the decline in agricultural production, irreversible changes of significance for all of Estonia are taking place in rural society. The population structure of the countryside, social stratification, education potential, civic initiative and even family types, have all changed. These changes have very important consequences, since rural society has been an important resource for Estonian culture and ethnicity.

### *Agrarian reform: plans and results*

The restitution project, which aimed at restoring pre-occupation property ownership relations, has had nowhere more fundamental consequences than in rural life. In the Estonian agrarian reform, the state socialist system as a way of organization of life collided with an ideology based on restitution. The ethno-culturally established image of an industrious farmer became the leading idea of the 1990-1992 agricultural reforms (Lieven, 1993: 355). Its „main objective was the creation of family and cooperative households by using the buildings and technology of the collective and state-owned farms". At the same time, a majority of the workers of state-owned farms (55–60%) supported retaining large-scale production (Pajo, Tamm, Teinberg, 1994: 10,13). It was the stratum of national intellectuals with an urban background who became the main supporters of the family farm project.

The government formed after the 1992 parliamentary elections, which declared the compulsory liquidation of state-owned farms, was not greatly influenced by the rural population. An abstract restitution ideology and an ultra-liberal vision

TABLE 3.4.

**Rural population as to sphere of activity, 1989–1998**

| ACTIVITY | 1989 | 1991 | 1993 | 1995 | 1996 | 1998 |
|---|---|---|---|---|---|---|
| Agriculture, hunting, forestry | 52.1 | 50.4 | 41.6 | 32.3 | 30.8 | 29.2 |
| Fishery | 3.7 | 3.6 | 2.4 | - | - | |
| Processing industry | 12.1 | 11.7 | 12.4 | 18.8 | 18.6 | 20.4 |
| Energy, gas, water supply | - | - | 1.6 | - | 2.8 | 2.3 |
| Construction | 4.8 | 5.3 | 5.5 | 4.3 | 4.5 | 4.4 |
| Sale, repair of vehicles and household appliances | 4.6 | 5.0 | 8.0 | 10.5 | 11.5 | 13.9 |
| Hotels and restaurants | - | - | - | 1.5 | - | 3.6 |
| Transport, warehousing, communications | 3.7 | 4.6 | 5.4 | 5.5 | 5.5 | 6.7 |
| Real estate, renting and leasing service | 1.3 | 1.3 | 1.4 | 3.0 | 2.6 | 2.2 |
| State administration and defense, social insurance | 1.4 | 2.3 | 3.9 | 4.7 | 5.2 | 5.0 |
| Education | 6.7 | 5.8 | 6.7 | 8.6 | 8.9 | 10.1 |
| Health care and social welfare | 4.8 | 4.7 | 5.4 | 3.1 | 3.1 | 3.2 |
| Other social, state and personal services | 2.2 | 2.1 | 2.1 | - | - | |

*Source: Eesti tööjõu-uuringud 1995 ja 1997. Tööjõud Eestis 1989–1998. Statistikaamet: Tallinn, 1997; Eesti tööjõu-uuringud 1998. Tööjõud Eestis 1998. Statistikaamet: Tallinn, 1998.*

became the basic ideas of agricultural reform, which were to no great extent connected with the practical problems of rural life. The final result of the de-nationalization – simple disintegration, the emergence of new smaller production units or the preservation of the unity of the collective farm – was largely determined by the development level of the large farm, but also by the balance of power between various status groups. The more highly developed state farms with frequently authoritarian managers had developed an environment of distribution of work and services, which promoted the preservation of the existing community. The reforming of the remaining state farms was shaped by the struggle between the „middle class" (the stratum of specialists) and the management of the collective farm. The results primarily depended on the profits the forms of execution of the reform allowed these two social groups to make from the liquidation of the collective farms. The restructuring of production demanded considerable effort and many less successful collective farms simply disbanded. Local level confrontation between the social networks of the „old cadre" and the patriotically disguised „challengers" contributed to the collective farms being disbanded in a partially anarchist and destructive process.

Two-thirds of the former landowners and their heirs live in the cities (Pajo, Tamm, Teinberg, 1994: 9). The return of land ownership has been extremely slow. Due to various legal and administrative complications and the lukewarm attitude of the involved parties, only 19 000 private land estates had been registered by the end of 1997, most of them not being cultivated (Agricultural Policies: 46). The mercantile value of the land is very low. Although there is a small number of technologically quite well-developed households, the project of creating family farms as production units to create the basis for rural life has largely been a failure. The project was in conflict with the people engaged in agriculture, who due to their tendency – or, to put it in a more positive way, due to their wish – to adapt the socialism-period large-scale production to the capitalist economic environment, reduced the negative consequences of the government's restitution and ultra-liberal policies (Alanen, 2000).

Modern agriculture must now emerge largely from the ruins of socialist agriculture. These comprise small households, agricultural large enterprises and the new type of family farms. The more successful family farms with the privately-owned „legal successors" of the former collective farms are the most productive structures of Estonian agriculture today and have the greatest development potential. The agricultural enterprises operating as joint-stock companies are developing into family farms as a result of the rationalization of production. The main problem of their development is the contradiction between the pre-modern social capital of the working collective and the production rationality of capitalism. The above types of farms are drawing closer. A large share of their current owners belonged to the top management or the specialists of the farm in the socialist period. They possessed significant social capital (education and network), which is characteristic of this type of farmer. The successful entrepreneurs nearly without exception also have foreign contacts, both in the West and in the East. These contacts, although significant from the business aspect, are in most cases not of a directly commercial character. The boundary between agricultural large-scale production and technologically modern family farms is becoming less distinct. A family farm with development potential can eventually become a large capitalist enterprise (Alanen, 2000).

The situation of the rural population has rapidly deteriorated in recent years, both in the

TABLE 3.5.

**Population of municipalities according to municipality reports, 1997–1999**

| | 1993 | 1995 | 1998 | 1999 |
|---|---|---|---|---|
| Number of residents' households | 187 637 | 186 902 | 187 865 | 187 708 |
| Number of households w/o permanent residents | - | 1 089 | 2 003 | 3 424 |
| Number of permanent residents | 433 799 | 440 748 | 444 948 | 438 510 |
| Number of those employed | 164 617 | 172565 | 161 077 | 157 542 |
| Workers | | | | |
| Wage earners | 142 442 | 140 828 | 133 179 | 130 882 |
| own farm | 7 707 | 11415 | 10 193 | 10 753 |
| own enterprise | 1 855 | 5 153 | 4 741 | 5 147 |
| subsistence farming | 13 521 | 14 043 | 10 453 | 8 647 |
| Individual workers, freelance | 733 | 1 130 | 1 929 | 2 153 |
| Number of day school pupils | 78 297 | 83 194 | 89 547 | 90 851 |
| Non-employed, non-students of working age | - | 57 082 | 61 435 | 63 412 |
| Incl. those looking after children, disabled and pensioners | - | 17 125 | 21 841 | 21 425 |

*Source: Vallarahvastik 1. jaanuar 1993. Statistikaamet: Tallinn, 1993; Vallarahvastik 1. jaanuar 1995. Statistikaamet: Tallinn, 1995; Vallarahvastik 1. jaanuar 1999. Statistikaamet: Tallinn, 1999.*

services sector and in business. The rural population is ever more clearly being divided into a small group working on the profit-making farms (10 000 or so people) and a large group living mainly on subsistence farming or welfare. The number of those employed in agriculture has decreased three-fold in ten years (ESA, 1991:191). Despite migration into the cities, at least one-fifth, and, in some areas, one-quarter of Estonia's rural residents are actually unemployed, especially in southern Estonia. The employment rate in the countryside has decreased to 50 percent. Due to the ultraliberal economic policy, only highly intensive work and a long working day can ensure competitiveness in the economy. At the same time, there is a serious lack of qualified labor with a modern work ethic. Even the best milk and meat producers no longer have sufficient prerequisites for an economically efficient operation. Without significant changes in Estonia's agricultural policy, these households too will face bankruptcy (Alanen, 2000).

## *Restoration of local government*

The vitality of the Estonian village has been based on strong local government. According to the Constitution, Estonia has one-tier local government, which delegates extensive powers to the municipalities. Regional policy has somewhat helped to balance the conflict between the periphery and the centers, with their great social and cultural divide. The transition from soviet party political administration to locally governed units has been a great revolution, which places very high demands on the local elite. The restoration of local governments demands a separate economic life, active local politics and the filling of the administrative structures with a democratic content. Innovative social energy and social capital can be relayed only by local governments closely integrated in local and nationwide networks. In a wider sense, the central condition for the restoration of a self-governed municipality is the restoration of a local „vital community" and a strong identity environment (Raagmaa, 1996).

Most of the approximately 250 small municipalities in Estonia, which amount to ninety percent of all local government units, cannot meet these conditions. Nearly half of the budget of rural municipalities (which, including indirect support, is as much as 3/4 in some areas) comes from the state. Tax evasion, illegal trade (especially with alcohol and tobacco), shadow economy etc. have reduced the income base of the municipalities. The budget funds are mainly used to preserve the existing resources – to repair roads and buildings and to pay the salaries of the people employed by the municipality. Local governments are more mediators of state welfare than an economic and political power (Ulst, 1997: 43). The development of the third sector in rural localities is prevented by the absence of demand with sufficient purchasing power. The cooperative movement, which served as the central axis of Estonian rural life is hindered by the

limited financial, legal and initiative resources. Collectivism and solidarity have a very modest place in the mentality of rural residents; bureaucracy and individualism occupy the leading places.

Together with the extinction of agricultural production, the municipal government apparatus has become a significant, often the main, employer. This has led to an expansion of staff in the municipalities: unnecessary posts, artificial jobs for teachers, etc. are being created. Most of Estonia's local governments have not been able to avoid running into serious debt. The reason for the debt has not been investments but the financing of immediate needs. Living beyond the means and the creation of excessive comfort for the elite is not infrequent. The rural local governments are frequently social welfare institutions for the local elite, ensuring them work and a basic income.

The municipalities with an average 3000 to 6000 residents cannot support democratic socializing. However, the base of the local leading elite has somewhat broadened. Besides the technocrats with collective farm background, clergymen, teachers and doctors have also been elected to the local councils. The representation of women in the councils has also increased. But the maturing of the local elite is hindered by the broadening gap in the qualities of rural and urban life. People, who have excelled as leaders, prefer to move into larger centers or accept positions in the service of the state (administration, Border Guard). The institution of village head has been restored in a number of localities (Paas, 1996: 148). Study results show that the influence of the restitution-oriented moves is low – the village as a traditional association has predominantly ceased to exist.

Rural areas have been the most efficient in adjusting to the reorganization of local cultural life. The cultural resurrection has been greatly contributed to by the national programs of locality movements, which have received both inspiration and material support from the Nordic countries. The movement of twinning municipalities with the Nordic countries provides significant material and information support. The municipalities have managed to restore the infrastructure ensuring primary cultural services. The previous ideological institutions – the soviet „houses of culture" – are providing training (languages, computer use) besides entertainment, as well as retraining and other opportunities for self-improvement. The more successful communities have managed to turn the selling of training services into a significant source of income. The traditional amateur cultural activities – choirs, folkdance etc. – have adjusted to the new system of grants. The economic hardships do not enable most of the residents to afford paid entertainment, and the socializing structures of communication (clubs, hobby circles) involve only a small number of residents.

The continued atomizing and stratification of rural society has resulted in a dramatic rise in crime and expanding alcoholism. The inability of the Defense League, once a backbone of rural society, to organize social affairs reflects the depth of society's degradation resulting from the soviet annexation. The rapid transformation of the soviet farm-hand (he is permitted to carry a firearm!) has not been supported by his positive socialization into the life of society.

The present local government units are too small to provide the intellectual and economic resources necessary for development. Merging municipalities would increase competition between the elite, consolidate resources, create the minimum necessary concentration of „capital". But this does not overcome the main faults of Estonia's rural policy.

Sustainable development of the Estonian village is at present the most acute problem from the viewpoint of the whole nation's future. A complete renewal of rural life: local governments, cultural activity, civic initiative etc. has to be based on the new primary unit – private farming. But the soviet period cannot be „overturned" without separating from each other the basic resources of the development of society: land ownership, real estate, human capital and social capital. The most acute problems have arisen in south-eastern Estonia, but the current economic and social resource and the social capital of the Estonian village as a whole are not sufficient to halt the continued deterioration of the social environment.

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## 3.4. Entering the new millennium – with poverty?

In the world today, poverty is one of the greatest social problems, which has also placed sustainable human development in danger. „Poverty in Europe on the threshold of the 21st century is a political scandal and a social catastrophe," was stated at the EU summit dealing with social issues: *Towards Greater Social Justice in Europe: the Challenge of Marginalisation and Poverty*, which took place in 1991 in Strasbourg. At the 1995 Copenhagen social development summit, the importance was stressed of developing national strategies for the substantial reduction of poverty, by removing structural barriers and through supporting social integration. Based on the obligations set by the Copenhagen summit, a project titled „Reduction of Poverty in Estonia" was initiated in Estonia in 1997 with the support of the UN Development Programme (UNDP), the results of which reached the Estonian public in June, 1999.

### *Poverty in Estonia*

After the restoration of independence, the main factors in Estonia which have deepened poverty have been the general economic downturn (which resulted in the structural and regional reduction in employment and the subsequent drop in the well-being of the population), the changes in the principles of redistribution of public sector finances (rapid marketisation of the social protection system, emphasizing the importance of self-help, etc). and the inefficiency of existing coping strategies in the changed social situation.

*Not all households are poor in the same way*. Based on the poverty line, it is possible to determine the layers of the poverty, which characterizes the difference between the level of the household income from the poverty line.

The resources of households who are in *direct poverty (up to 80% of the poverty line)* are so scarce that they have difficulty in satisfying even physiological needs.

BOX 3.1.

**How to determine poverty?**

- The basis for determining poverty is *net monthly income* received by a *household* from all sources (wages, social benefits, income from self-employment, money borrowed or received as a gift).
- In order to avoid the effects due to the size or structure of the household, *equivalent scales* are implemented whereby the first household member is equivalent to one (besides individual costs, this person also pays the common costs, e.g. rent), and all the other household members, children incl, are set to 0.8.
- The *poverty line* calculated for Estonia takes into account the various components of the cost of living (general consumption structure, food and housing costs, etc). In 1997, the calculated poverty line was *1250 kroons per consumption unit*. The poverty line is recalculated in association with the change in cost of living (reflected in the price index).
- The empirical basis for the analysis of the calculated poverty line, poverty structure and development patterns is the household income and expenditure study, which has been carried out by the Statistical Office of Estonia since 1995. This report uses the 1996–1998 aggregated data and data from the first half-year of 1999.

TABLE 3.6.

**Limits of poverty layers (kroons)**

| Year | Direct poverty (80% of the poverty line) | Poverty line | Poverty risk (125% of the poverty line) |
|---|---|---|---|
| 1996 | 888 | 1110 | 1387.5 |
| 1997 | 1000 | 1250 | 1562.5 |
| 1998 | 1064 | 1330 | 1662.5 |
| 1999 (6 months) | 1088 | 1360 | 1700 |

*Source: SOE (HIES) 1996–1999*

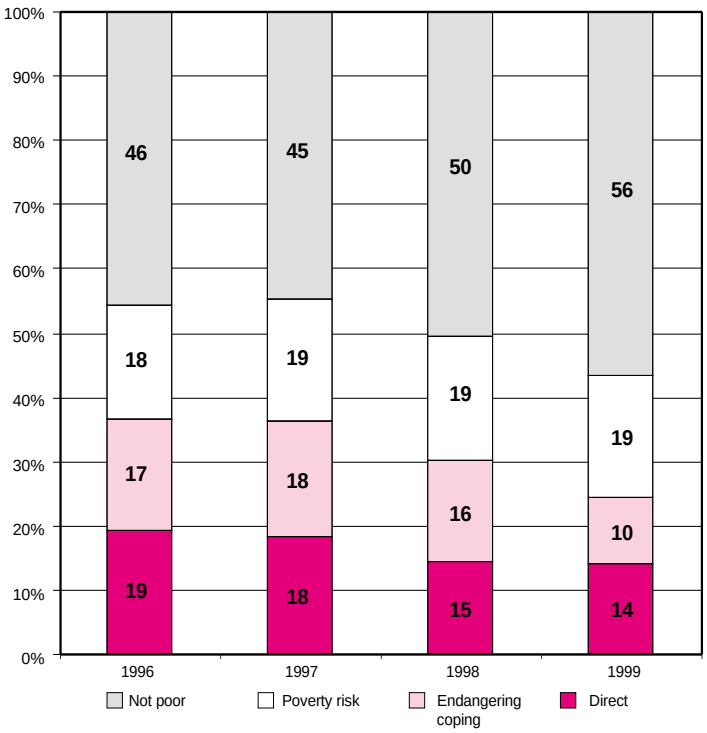
In the case of households living in *poverty which endangers coping (81-100% of the poverty line)*, the physiological needs of household members are generally satisfied but they have difficulty in satisfying the social and cultural needs of the household members.

Households in *poverty risk (up to 125% of the poverty line)* do manage, without great problems, to satisfy their physiological and social needs, but they are unable to invest or to make substantial savings. This means they are unable to protect themselves from possible life changes. The general development of the household is endangered.

FIGURE 3.4.

**Changes in poverty distribution for households, 1996–1999**

*Source: SOE (HIES) 1996–1999*




The so-called *non-poor households (over 125% of the poverty line)* are in a better position, since they do not need to use the entire income for everyday consumption and who have an opportunity, in principle, to use part of the resources for investments into the future.

People living in direct poverty need more assistance in order to escape poverty. Their poverty risk burden is so great that it is extremely complicated for them to manage, without the help of society. People living in poverty which endangers their coping are more able than the previous group to rely on their own resources, but without outside help it is also difficult for them to manage.

The SOE household income and expenditure study data shows that poverty has generally decreased somewhat over the study period (Figure 3.4). Every year, approximately 4% of the households have risen above the poverty line. The number of households living in direct poverty has reduced 1.7% per year, and the number of non-poor has increased by 3.6% per year.

The general reduction in poverty can be explained by numerous economic, social and psychological changes in society. The most important factor in the poverty reduction has been the halting of the economic downturn which started at the beginning of the 1990s and its replacement with a rapidly rising development trend (up to the start of 1998). The result of the economic growth is increase in incomes and a halt in the increase of the cost of living during the period under observation.

Of the changes which have occurred in the social sphere, the widening opportunities and increased effectiveness in the state social protection system must be emphasized. This has resulted in the reduction in poverty risk for elderly people, for example, who are traditionally considered to be one of the social groups most vulnerable economically. At the same time, there has been no improvement in the social protection for the unemployed.

Over recent years, there have been noticeable changes in people's attitudes. The demands of the new society are becoming clearer, and new individual coping strategies are being implemented. This also is reflected in the expansion of private business and a greater demand for education and training in all age groups.

## *Poverty risks*

In analyzing the structure of households under the poverty line, it becomes clear that the share of larger households in the total number of the poor has grown and that it is primarily households with a smaller number of members who remain outside. The higher poverty risk for *larger households* is largely due to the higher number of dependent household members compared to the breadwinners. It is mostly children who are the dependents, and in larger households it is the households with many children who have the higher poverty risk. The share of households with at least three children who live in direct poverty is on average three times higher than for households with no children and twice as high as for those with one child.

Although households with many children form a relatively small part of all households, they are bringing up a considerable number of citizens who will be directing society in the future. It is even more thought provoking to consider that the two-child household, which is the minimum level for population maintenance, has a direct poverty level more than twice as high as the level of households with no children. It can be concluded that having children results in a substantial rise in the needs for a household, whereas the resource level tends to fall rather than rise. The economic coping of a family with many children, without the material and moral support of society, is more a matter of chance than a rule. The number of pensioners in the household does not particularly affect the poverty distribution of the household, because most pensioners are able to cope, without falling below the poverty line.

Another important factor which increases poverty risk for a household is loss of employment for an adult household member (Figure 3.6). It is clear that the higher the number of working household members, the smaller is the poverty risk of the household, and the bigger are the opportunities for successful economic coping. *Job loss* is the most dangerous of all poverty risks, since it wounds the families of working age who are work-capable and have children - the producers and reproducers of society's resources. Long-term unemployed are the most

BOX 3.2.

**In 1998, the probability for a household to become poor was on average 0.3. This average level is affected by risk factors as follows:**

- The *addition of one working member reduces* the poverty danger by about a half (0.51 times) and the departure of a working member from a household increases this probability by 1.68 times.
- The *addition of one child to the household increases* the poverty risk of a household by 1.51 times and the departure of a child reduces poverty risk by 40% (0.6 times).
- The *relocation of a household from the countryside into town* or *from a small town to the capital* reduces the poverty risk by 12% (0.88 times), and relocation in the opposite direction increases poverty risk by 13% (1.13 times).
- A *rise in the professional education level* of the head of the household by one level (e.g. secondary vocational or higher education) reduces poverty risk by almost 20% (0.81 times).

The most drastic rise in poverty risk for a household occurs when two risk factors occur simultaneously – the number of working household members in the household reduces and a child is added. Compared to an average family, the poverty risk *increases 2.2 times on addition of one child and with one worker staying at home.*

FIGURE 3.5.
**Distribution of households into poverty strata, according to number of children**
*Source: SOE (HIES) 1996–1999*

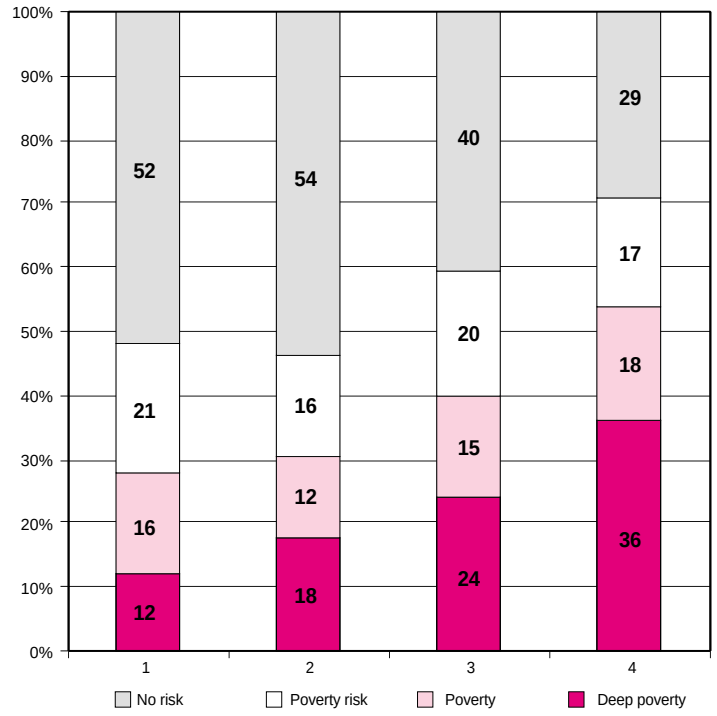


FIGURE 3.6.
**Distribution of households into poverty strata, according to number of employed**
*Source: SOE (HIES) 1996–1999*

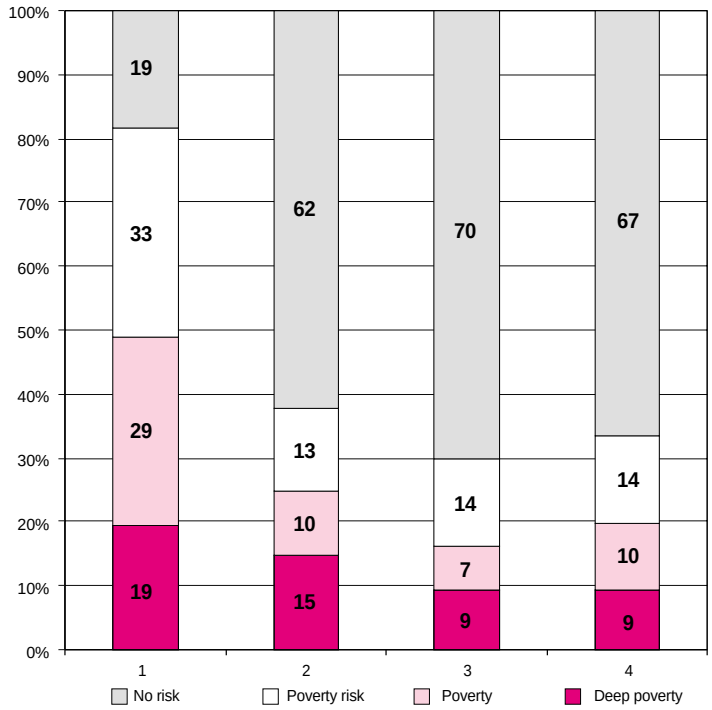
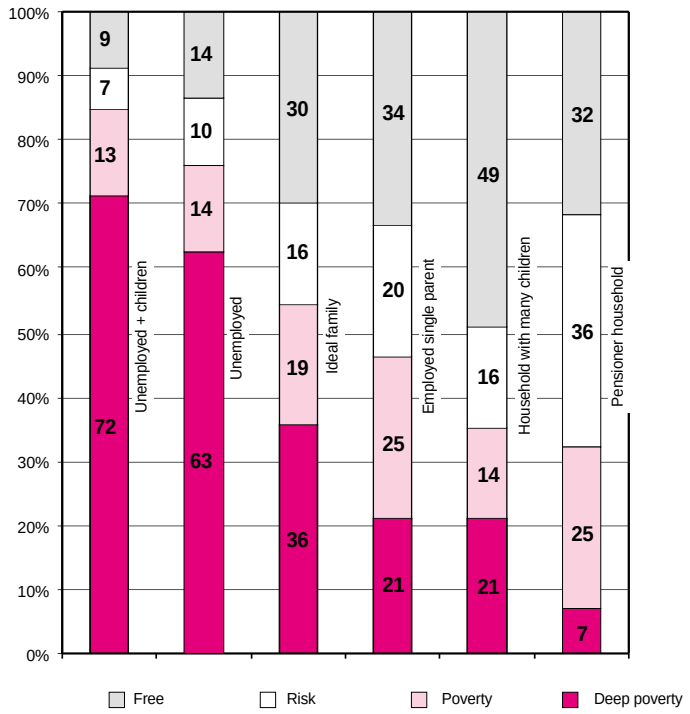



FIGURE 3.7.
**Distribution of poverty strata according to household types under risk**
*Source: SOE (HIES) 1996–1999*




vulnerable to poverty amongst the unemployed. Generally they are not registered in the employment offices and they have dropped out of the social protection system.

In addition to the risk factor due to the household, there are other household-independent factors such as regional risk (living in a rural area or in a mono-functional settlement) and the education factor - characterizing the human resources of the household (not having a specific qualification). All other risks (gender composition of the household, including an absence of men, age of the household members, ethnic composition, etc) have a smaller effect, or their effect is already largely contained in the previously mentioned factors.

Household types, who have relatively few workers or where for each worker there is relatively many dependents, including children, can also be included in the category of households with a greater poverty risk. Direct poverty occurs the most in so-called ideal families, which, in the social sense, is the best environment for raising the next generation - these are households which typically have a working father, a mother at home and at least two children. Regarding the social results of poverty, this is a worrying fact.

Looking at the extent of poverty according to household type, we can see that those households are in a relatively bad situation who have no breadwinners (in those households with children almost 3/4 live in direct poverty and in household with no children, a little less than 2/3). In the best relative situation are pensioner households with no children, where the level of direct poverty is under 10% (Figure 3.7).

## *The meaning of poverty in Estonia*

*Poverty in Estonia today greatly affects* the older generation, many of whom have not managed to find themselves a place in this rapidly changing society. Reducing their poverty has justifiably been a political priority. The average old age pension has reached a level which exceeds the poverty risk level, and in the process of property reform, most elderly people have also become owners of real estate (apartment or land).

At the same time, the social protection of the unemployed has remained at the level it was in the initial years of the restoration of independence, resulting in the poverty of mostly children and families with children. Part of the effect of poverty is still latent, since some social processes occur relatively slowly (changes in

education level, health of the population, etc). This means that the repercussions of poverty in these areas will be seen later. The main results of poverty, however, can already be seen. For example, the person excluded from the labor market ending up in social isolation, the loss of confidence and future prospects, or the rapidly increasing marginalization of the long-term unemployed.

All of society is affected by poverty - either directly or indirectly. The conflict between the poor with the burden of risk and the non-poor with a smaller burden of risk has appeared on various levels of society. The issue of solidarity has become even more topical in the distribution of the limited resources of society. One of the bigger problems in Estonia today, where the birth rate has drastically dropped so there are fewer children, is the *greater share of children amongst the poor*, compared to the average level. A child who has been born and raised poor is in *great risk of remaining poor in the future as well*, because it lacks material means and often also moral support to develop its abilities, to acquire a good education and to guarantee good health. This means that the poor families with many children today will probably be producing poverty for the next millennium.

There is currently in Estonia no forward looking poverty reduction strategy. In its place there are local, small projects mostly inspired by current conditions, which do not have the scope to have a marked effect. They are more geared towards repairing current damage than being preventative. In reducing poverty, attention should be paid to three levels.

- *Reducing poverty* amongst those population groups whose incomes are less than the direct poverty level. The aim should be to guarantee their households a minimum coping level, restoring social protection, and re-integration into society. For the population living in direct poverty there should not be excessive reliance on their own self-help resources, since their poverty risk burden is too great for this and the effect of the risks too destructive. For these people, there would be opportunities in using individual social work, based on various re-integration measures (psycho-social rehabilitation).
- *Reducing poverty by minimizing poverty risks*, which should be directed to population groups whose resource level does not yet enable normal coping (households in poverty which endangers coping, and households in poverty risk). The aim here should be to ensure social safety. The target groups are the traditional poverty risk groups (children, families with many children, pensioners, etc).
- *Preventing poverty*, directed primarily at the section of the population who are in poverty risk. The aim is preserving and developing social participation and activity, increasing ability and competitiveness.

# 4 Renewed role for knowledge and culture

## 4.1. Changing paradigms of work and education

Most economists, sociologists and futures researchers are relatively unanimous that the transition to the next phase of development in human history – the information age – is in progress. The new society is defined primarily via the methods used to acquire, process and distribute knowledge (Kumar, 1997). The theories describing the transition usually employ the formal term *post...*, referring to the notion that some stage of development (industrial, modernist, Fordist) is coming to its end. A transition is indeed in progress, but what will follow is not at all clear (Jokinen, Malaska, Kaivo-oja , 1998).

The development of science and technology in combination with networking is the principal determining force of the new era. The combined effect of these two creates a phenomenon described by Giddens as the circularity of social knowledge (Giddens, 1991). Both practical activity as well as knowledge itself is being reviewed and continually reassessed in the light of ever-accelerating knowledge. This phenomenon functions in the renewal of systems and „generates" indeterminacy, making developments contradictory and often irregular, as well as bringing along unexpected consequences. The occurring changes are complex and closely tied to each other, covering the *technological* (the new society is characterized by technological innovation, the applications of information technology spread to all spheres of life), *spatial* (important is the linking of localities into information networks, which radically change the organization of time and space, and primarily the involvement in information networks becomes important), *economic* (changes in the economic and the accompanying employment structures are important) and *cultural* (the impact of the new media and communication) aspects of life in society (Jokinen, Malaska, Kaivo-oja , 1998).

Many of the conflicts of the new era emerge because the changes that occur in the different spheres have a different rate, extent and impact, and thus the danger of lagging behind and becoming marginal becomes acute. The rapid and frequently uncontrolled processes taking place due to the combined influence of the expansion of knowledge and information networks have led to several „vicious circles" of development, where the circles of backwardness and marginality deepen at the global, nation state, organizational and individual levels. A large part of these circles of backwardness are connected to the changes taking place in the spheres of labor and education.

### *Factors, processes, trends influencing the work and education spheres*

The work sphere is changing to a very significant extent, because it is technology, the economy and financial systems that change and „network" globally the fastest (Reich, 1997; H-P. Martin, H. Schumann, 1996). Changes in education, which are connected to people's consciousness and attitudes, as well as the development of social institutions, take much more time. The starting points for the new paradigms in education and labor can be summed up as follows:

- The dependence of the economy, enterprises and in a wider sense the entire society on the creation and manipulation of knowledge, information and ideas is increasing, and the concepts of a learning economy and learning organizations are becoming increasingly important.
- Due to the reflexivity of knowledge, knowledge and skills need to be constantly renewed, so as to accompany the rapid changes. The importance of the basics of learning (formal education) and constant learning throughout life is increasing greatly, considering that those lagging behind (especially in the beginning, but also later) will face marginalization (Life Long Learning, 1996).
- The „ability" of the information society to create new jobs will be significantly lower

than that of the industrial society ( P. Jokinen, Malaska, Kaivo-oja, 1998; Työn tulevaisuus, 1997). On the one hand, automatization and computerization occurs, reducing available jobs at the lower levels of society (workers' jobs) as well as at the medium levels (replacement of services and intellectual work). On the other hand, the ever-increasing drive for efficiency forces companies to reduce the number of jobs due to global competition. In any case, the traditional, so-called full-time work, is declining. This process is also happening in Estonia, although it has been concealed by increasing unemployment, which was caused by declining economic growth and changes in markets.

- The content, form and logistics of work are changing. The development of knowledge and technology make possible a spatial reforming of the structure of work. The changes in the forms of work concern above all the development and interlacing of part-time working, remote working, tele-working and other flexible forms of working. The above will be accompanied by changes in the lifestyle of the people (Loogma, 1997).
- The changes listed above will result in a change of the concept of work (Giarini, Liedke, 1997). Work will not represent a traditional, salaried, stable job, which was possible in the mass production/industrial society, but will turn into a so-called „layered cake": *salaried full or part-time work + work for oneself + voluntary work + learning)*, becoming varied, more flexible and intertwined with study and leisure time. This will also bring about a change in the meaning of free time, which could be used for learning, meeting one's personal needs and production in one's own interests (Toffler, 1980; Giarini, Liedke, 1996).
- Principal changes will take place in the structure of professions, positions and specialties, but also in the identities and values connected to them. The main weight of employment has moved from agriculture and industry to services, and will probably move on from there to the sphere of science-education-technology-information industry.
- The redistribution of the life-cycle – the aging societies with the reduction of work will require that learning and study occupy a definite place throughout the entire life cycle and that people could also cope with their lives in periods of unemployment.

The unevenness in social development, the growing concentration of capital and the strong tendencies of social polarization will produce inequality at all levels (global, national, regional). The changes in the sphere of work, and the resulting new conflicts between education and work, can also be seen in the changes in the Estonian labor market – the decline of employment, the increase in unemployment, the rising share of long-term unemployment and unemployment among the young (Estonian Labor Force Surveys, 1998–1997).

## *Evaluation of possible developments in Estonia*

How are the trends of the possible changes being evaluated in Estonia? One attempt to gain information on this was made in the project *„Scenarios and strategies for VET in Europe"* (initiated by the EU institutions ETF, CEDEFOP, MG Expert Centre) (Loogma, Annus, 1999). In the course of the study, approximately 80 experts were asked to evaluate 23 trends of changes in the spheres of the economy and technology, labor and (vocational) education as to their likelihood and importance (how likely are these developments considered to be in Estonia and how important are they to our development), as well as 20 possible strategies. The trends listed in the questionnaires and submitted to the experts for rating reflect the changes taking place in connection with the post-industrial and Fordist developments in the whole developed world; while the strategies/strategic actions reflect the discussions about what to do, how it would be necessary and possible to react to these trends (changes), to prevent negative developments, etc.

Following are the first seven, highest-rated trends, on a likelihood scale. There was a high correlation between likelihood and significance in the ratings: the developments considered likely were also considered significant with some exceptions.

*The most likely trends in economy and business*

- *Information and communications technology will link people in a new way.* The achievements of information and communications technology will at the same time strengthen international cooperation and international competition.
- *In the context of international competition, the extent of knowledge required for products/services will continue to increase – international competition based on knowledge will strengthen.* In the obtaining or maintaining

of competitiveness, companies will increasingly depend on the surplus value created by research-intensive processes.

• *Companies will have to constantly restructure.* Competition in the future will force companies to be more innovative and flexible than ever before; thus their structures will have to change constantly.

• *The involvement of specialists from outside the companies and the trend for resources-sustainable production will strengthen.* Increasing competition in the international market and new opportunities in information and communications technology will lead to the major firms concentrating on their main area of activities, where they are strongest.

• *It is likely that the proportion of people who during their working life operate within the limits of a single clearly defined and stable career will decrease.* They will have to adjust their qualification and skills frequently, as well as handle various different jobs during their career.

• *The social acceptance of technology will become increasingly problematic.* The acceptance of technology depends on education/training.

• *Technological innovations will lead to an increase in inequality between various social groups.* Information and communications technology as well as other technological innovations will increase social differences and inequality – some social groups will have worse access to education and training, as well as limited opportunities to take advantage of the new technologies.

A higher likelihood rating has been awarded to the trends concerning the development of information technology networks and increasing international competition in the economy (increasing research-intensity, increasing flexibility, economy of resources and specialization). Several career paths and flexible retraining throughout the working life of an individual are also considered highly probable. At the same time the experts do not believe that economic growth will cease dominating, that small and medium enterprises will seize the role of pioneers in technological innovation, that the responsibility of the firms in vocational training and education will increase. They also consider it unlikely that the skills necessary in the labor market will become hard to predict and that many people will consider starting businesses due to greater emphasis being laid on entrepreneurial skills. They are quite confident that the development of technology and its acquisition will rather have the effect of increasing inequality.

*The most likely trends in the labor market*

• *Social and communication skills will be more valued in work.* As a result of the restructuring of jobs, the skills of teamwork, communication and the use of complicated information and communication systems will become increasingly valuable. A great demand for staff with these skills will emerge.

• *Rapid changes will continue in the labor market: broad knowledge and skills will become increasingly valuable.* Preparation for life will mean the acquisition of a broad range of skills and knowledge, so that the people entering the labor market are capable of rapidly acquiring new knowledge and adjusting to the changing demands.

• *The flexibility of labor will increase. The number of workers using flexible forms of work will rise significantly in the coming years.* There will be temporary work and work on call, work for agencies, work at home, tele-working and part-time work, etc.

• *„Knowledge management" will be widely accepted.* Innovative production and business processes will require more efficient use of human resources and better employment of the individuals' open and hidden knowledge.

• *The concept of a „learning organization" will be widely implemented.* The „learning organization" will be increasingly seen as an innovative and useful principle, which organizations should develop and implement.

• *People will develop new forms of combining education and training during their career.* Work, training and the acquisition of skills through other experience will be increasingly combined. Besides that, new forms of combining education, training and working experience will be developed.

• *The migration of labor will increase.* The migration of labor from the European Union/ Central and Eastern European countries, but also from countries outside Europe will increase.

Broad-based knowledge and communication skills (abilities to communicate and to handle information systems) will become an increasingly marketable capital in the labor market. The growth of flexibility of labor and employment (flexible forms of work, combining training and work and better management of human capital) and the implementation of

the new concepts reflecting them („learning organization", „knowledge management") are considered highly likely. The developments in the sphere of labor considered unlikely are the ones connected with the declining importance of collective contracts (the importance of social partners will decrease and individual contracts will prevail). The experts do not believe that social exclusion of high risk groups will increase in the future, that the power relations within organizations will be transformed or that young people's transition to working life will lengthen due to the increasing complexity/variety of career and working life. Consideration of the aspect of social cohesion in the context of work or the preserving of the significant role of the state in vocational education and training are also seen as unlikely.

*The most likely trends in education (primarily in vocational education and training)*

- *Information and communication technology will become a usual part of formal education and training.* The teaching and development of new skills connected with information and communication technology will not remain the domain of special schooling or training, but will be included in all study programs.
- *The association between vocational education and training with the policies and strategies of other spheres will increase.* Vocational education will be increasingly tied to jobs and changes in the demand for labor. This will force training institutions to adjust education and training to the changes actually taking place.
- *Social and communication skills will become more important.* Due to the transformation of the working environment the skills connected with teamwork will become increasingly important.
- *Vocational education and training programs will become more varied and flexible.* It is presumed, due to the changing needs, that the courses available in vocational education will provide a sufficiently wide basis of skills and knowledge and will not only be limited to the skills and practices required in one job. Vocational initial and continuous education will have to keep up with the new demands and meet the needs of various target groups.
- *The importance of in-house practical training will increase.* The importance of in-house practical training connected with the development of human resources will substantially increase.
- *Vocational education and training institutions will begin to provide more highly individualized and differentiated courses, frequently in the shape of module training.* The vocational education and training institutions will adopt teaching and specialty training which is better oriented to the needs of individual students. Module training will develop and the variety of study options will significantly increase.
- *People will adopt greater responsibility for their education and training.* It will be increasingly presumed that people will themselves direct and finance their training, will themselves compile and manage their „education portfolios".

The wide use of information and communications technology (ICT) in schools, the broad basis and flexibility, as well as ties to other spheres of vocational education, the increasing importance of social communication skills and the rising significance of in-house practical training, are the developments considered highly likely. Changes in the development principle (economic growth as the main criterion of development), an innovative role for small or medium enterprises, an increase in individual businesses, an increase in the firms' responsibility for the training of their staff or contribution to the training of the unemployed, are not expected. Changes in the labor market which could reduce social problems are also considered unlikely. ICT developments will not reduce the importance of school or formal education. Specialization in a narrow field is not considered likely or important.

The above study also evaluated the possible strategies and looked at which institutions should be responsible for their implementation. The strategies submitted for evaluation are based on the general strategies of human capital investment and learning society/lifelong learning. All the submitted possible strategic actions were considered important. The strategies with the higher number of significant partners involved and their higher responsibility are the following.

- In the sphere of economy and technology: integration of vocational education with small and medium enterprises, the involvement of social partners, development of international orientation and skills necessary for the export of products, founding regional coordination and training centers.
- In the sphere of labor: determining curricula in cooperation with companies and the vocational training providers; the combining of

work, training and consultation for the entry into the labor market of the disadvantaged; the establishment or regional networks between small firms and vocational training institutions; the teaching of entrepreneurial skills.

• In the training environment: to motivate people to invest more in their training and development; to offer career-related integrated work, training and consultation programs to disadvantaged people; to develop a system of vocational education and training based on the provision of skills; to develop new (combined) forms of teaching provided at school, and in-house training by companies.

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## 4.2. The Estonian education system in the second half of the 20th century: opportunities and choices for the cohorts

### *The cohorts' structural and institutional constraints*

For an individual, specific external mechanisms operate due to his or her belonging to a birth cohort or generation. The cohorts can also be differentiated on the basis of values that guide cohorts' behaviour. It is not just the occurrence of some social event that is important for a cohort, but also the age of the cohort at the time the event took place (Mayer, 1988). So, for example, at the time of the changes occurring in Estonia at the beginning of the 1990s, those cohorts who had just finished their studies and were entering the labor market were in the best position. They were in the right place at the right time.

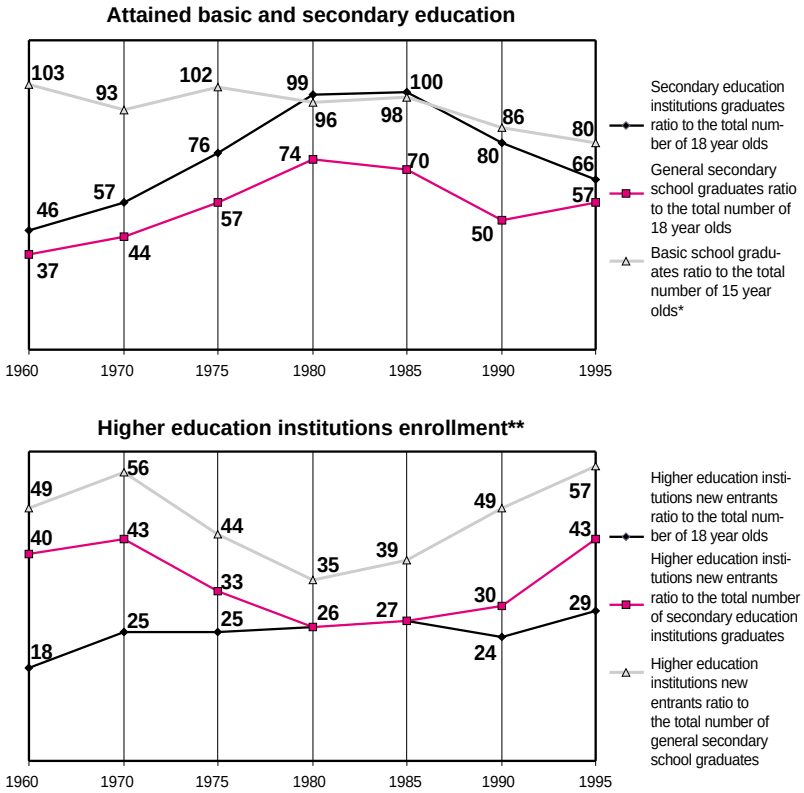
The society sets certain „rules of the game" for all of its members during certain periods of time. It means that every generation for every period of its life faces a particular mixture of the constraints and opportunities for action. In addition to political, cultural and other constraints the so-called structural framework is also important. The cohorts' schooling opportunities are determined by the number of places in an educational institution, and the work opportunities are dependent on available vacancies (their number and economic branch or sector they are in). If the labor market is segmented according to age – certain age cohorts are concentrated in some economic sphere – the availability of vacancies is influenced by the number of retiring people in each sector. The opportunities for employment are also associated with the number and types of jobs, which are created at the time the generation begins its working life. This means that the generation has to adapt to existing structures (Sorensen, 1983).

It is not just the structural framework, which is important, but also regulation by the state, which in turn also influences the structures (Mayer, Schoepflin, 1989). The state determines the institutional framework for the generations. It enacts the laws, which have a regulatory and standardizing role: the age to which a person is obliged to attend school is determined in law; the transition to compulsory secondary education was a regulation by the state, etc. Institutions created by the state (primarily the education system), and the norms and adopted laws – all this structures the possible range of choices for the cohorts. The extent of institutional regulation for the lives of generations was particularly large in the state socialist countries. Thus, transition from the education system to work was determined by definite rules. Those who graduated from educational institutions were allocated by authorities to certain jobs, where they had to work for up to three years. The state exercised close control over the formation of social groups (Ishida et al, 1995).

## *The education system and the various cohorts*

From the position of entering the labor market, the most important factor is the education, which the birth cohort has received. The opportunities for the birth cohort acquiring education are dependent on the number of places in the educational institutions, which are in turn influenced by the education system reforms undertaken by the state. Basic education became compulsory in 1949, in 1958 the former seven-grade basic education was changed to eight grades. Up to the start of the 1960s, there were no substantial changes in the number acquiring basic education, but in the first half of the decade this increased markedly due to the sudden increase in the number of graduates from correspondence schools. Soviet egalitarianism wanted to abolish the differences between town and country lifestyles. The result was the abolition of many small rural schools (both primary and basic schools) in the 1960s and the beginning of the 1970s. Life was concentrated around the collective farm centers, where the children had to start attending school. Initially the school was far removed from home, but many families moved from the farm to the larger centers or into the towns. Up until the 1980s, together with the constant increase in the number of pupils there was a simultaneous reduction in the number of schools, which meant an extensive concentration

FIGURE 4.1.
**Enrollment in basic, secondary and higher education institutions, 1960-1995, %**
*Source: Adult education survey data, 1995.*




* *Total of day and evening school for general education schools.*
** *Total of 1995 diploma and bachelor studies.*

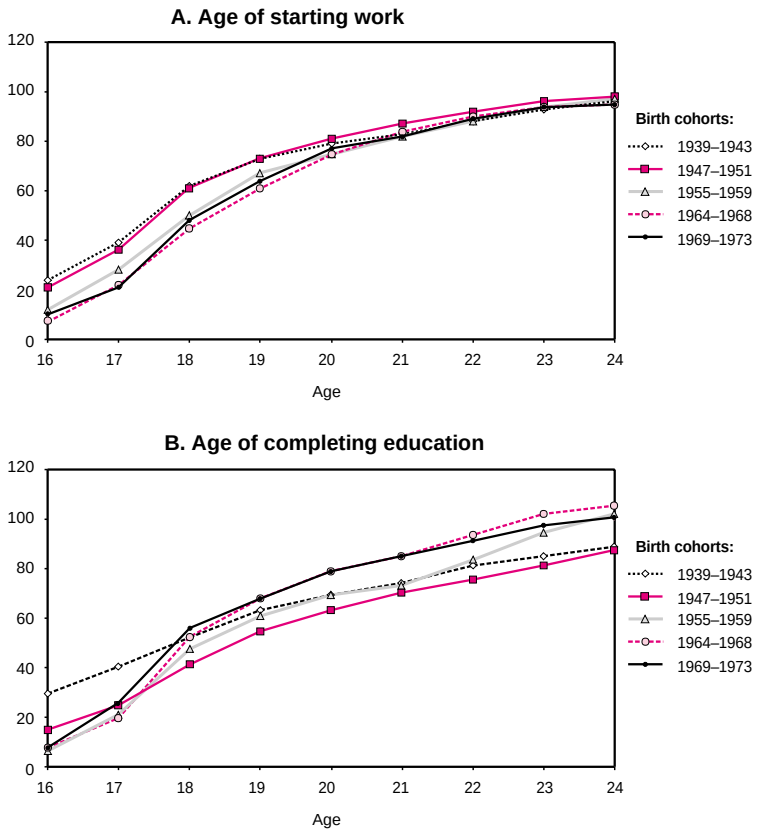
of the education system. In the years 1960-1985 the number of primary schools was reduced by 87% (Järviö, Venesaar, 1993:266). All post-war birth cohorts – almost 100% – acquired basic education. The number acquiring basic education at the beginning of the 1960s even exceeded the 15-year old age cohort, since some of the people belonging to the older cohorts acquired their basic education later (Figure 4.1).

After World War II, fees were imposed on students in higher education, vocational school and secondary school, which were approximately equivalent to the monthly scholarship for university students. School fees were abolished in 1956. At the end of 1950 and at the start of the 1960s, the reforms undertaken during Khrushchev's time in power had an important affect on education. Both secondary schools and higher educational institutions were reorganized according to the principle „combine study with production work". This meant that in the process of the reforms an attempt was made to encourage vocational

FIGURE 4.2.

**Age of starting work and completing education, by birth cohort, cumulative %**

*Source: Adult education survey data, 1995.*




training in secondary schools: secondary school students had to work for a certain time in factories, collective farms, state farms and elsewhere, and the general curriculum was changed to include mandatory training in practical skills. Its existence was considered to be extremely important. Secondary school enrollment grew consistently at the end of the 1950s and in the 1960s. First of all, the correspondence secondary school enrollment growth was very high. This growth was occasioned by the so-called Khrushchev education reform. Although the reform resulted in the improvement in opportunities for the cohorts born after the war to attain secondary education, the attainment of secondary education remained as the differentiating factor within the cohort, since secondary education was attained by approximately half of the cohort who had reached the corresponding age at that time (Figure 4.1). In the 1960s, belonging to those who had graduated from secondary school also meant belonging to the more educated part of the generation. At that time, secondary education was one of the main channels for inter-generation social mobility. This meant that the general education secondary schools enabled a rise in social hierarchy, as compared to the parental generation. General secondary schools continued to provide a classical academic track giving their graduates the best quality of education and the best chance of continuing their studies at university.

In the second half of the 1960s, universal secondary education was proclaimed a goal. The secondary education enrollment, therefore, increased steadily in the 1970s. It was during this period that the network of vocational schools and numerous speciality-based grades and schools were developed. At the end of the 1970s it was declared that the aim has been achieved: transition to general secondary education had taken place. Statistics from the start of the 1980s show that 99% of the 18 year old cohort had attained secondary education (Heinlo, 1998: 11). Such unbelievable figures were achieved mainly due to the fact that amongst the ones attaining secondary education was many people belonging to older age cohorts. At that time, the share of graduates from correspondence and evening schools reached its maximum. During the entire soviet period correspondence study and evening schools were meant primarily for adults, who attempted to continue interrupted schooling. Enterprises were obliged to send their workers without secondary education to so-called working youth secondary schools in order to attain secondary education. Transition to universal secondary education was to be achieved at all cost. For this reason they were desperate to award everyone in secondary school a graduation diploma. The opportunities to attain secondary education for the birth cohorts of the start of the 1960s were very good. However, this transition to universal secondary education resulted in differentiation within secondary education. As confirmed by data from the sociological study „Paths of a generation“ (headed by Prof. M. Titma), the vocational schools and to a lesser extent the specialized secondary schools were oriented to young people of a lower social status, and the general secondary schools operated primarily as channels to produce specialists. This means that selection was already occurring after graduation from basic school for young people, which had important consequences for their educational path. In 1970–1980, secondary education acquired a completely different meaning to what it had in the 1960s. Educational differentiation increased between young people with secondary education.

At the end of the 1970s and the start of the 1980s, the general education secondary school continued to dominate as the place to attain secondary education, but the share of that school type in the structure of secondary education reduces somewhat (mainly due to the rapid development of vocational schools). In the 1980s the share of the graduates from vocational schools amongst those with secondary education increased even further. This meant that even more young people were allocated to vocational schools after graduation from basic school.

Specialized secondary school enrollment grew at the beginning of the 1980s because the growth of evening and correspondence departments enrollment. In the second half of the decade the share of these departments did decrease, but the number of both those admitted to specialized secondary schools as well as those who graduated from these schools remained at practically the same level until the end of the 1980s.

In the 1950s, the main problem for the young generation became higher education access. The rigid ideologization meant that for young people from certain social groups, strict limits were in place. Humanities studies were under a particularly strict ideological control. The only hope for children of the former elite was admission to technical or agricultural specialties.

During the Khrushchev era, education reform was essentially the re-organization of general secondary education and higher education. At the start of the 1960s, quotas were determined for admission to the higher education institutions, which favored young people who already had been working. In 1958, 20% of higher education admissions were young people with work experience and those who had completed military service, but this figure was considered to be too low. The goal was set as the completely opposite proportion: only 20% of places for general competition, the rest allocated to those who had the right to enter higher education outside the competition, and as a priority. Enterprises could send their workers to study as their scholarship holders. The study process for day students was to be reorganized so that for the first two years it was carried out in parallel to work, by either evening courses or correspondence. In addition, there was the aim to encourage evening and part-time study. The education reform initially resulted in fewer numbers of day students at both higher education institutions and specialized secondary schools. The total number of university students did increase but also two-thirds of this increase in 1961–1965 was in evening and correspondence departments. The growth in admissions to higher education also resulted in an increase in the higher education institution enrollment ratio to the total number of 18-year-olds (from 18% in 1960 to 25% in 1970). Since the period of intensive secondary education growth had not yet arrived, the chances for those with secondary education to continue in higher education were good. Ideological restrictions were also reduced. In the 1960s children of former „enemies of the people“ were permitted to continue studies at university. The economic restrictions also started to disappear, because almost all higher education students were paid a scholarship.

In 1964 (after the fall of Khrushchev) there was a change of course: the benefits were reduced and there was preferential development for day-time study. There was then an annual reduction in the proportions in favor of day-time study. At the end of the 1960s special preparatory departments were opened in the higher education institutions for those who were already working and wanted admission. The preparatory departments were meant to regulate the students' social composition. After graduating from the preparatory department, it was possible to begin university studies without doing the entrance examinations. The role of the preparatory departments, however, remained modest, because in 1972–1975, the graduates of preparatory departments formed under one-tenth of admissions to university.

Since the expansion of secondary education in the 1970s was not accompanied by a substantial growth in university admissions, the opportunity for secondary school graduates to gain admission to university decreased considerably compared to the previous decade (Figure 4.1). As of the 1970s to the start of the 1990s, the chances for birth cohorts to attain higher education remained at approximately the same level. Since the secondary education enrollment grew, the educational differentiation within the age cohorts was less at the start of the 1980s, at least if we look at the education level. Apparently the type of secondary education started playing a greater role here than the education level, resulting in differentiation within the cohorts. Transition to universal compulsory secondary education did indeed ensure secondary education for all young people, independent of their social origin, but the doors of the universities generally remained closed to the young with lower social origin, since the secondary education obtained (vocational school or specialized secondary schools) did not ensure entry to uni-

versity. This means that universal secondary education did not result in the decreasing of the effect of social origin on the education level of young people, but actually did the opposite. A bigger equality in secondary education actually meant that inequality on the higher education level increased. The irony in the inequality increase is that one of the vital goals of the transition to universal secondary education was just the reduction of inequality. But it was only the secondary education level that was being reformed, admissions to universities were not increased, there were also no important qualitative changes in higher education admissions, so all this resulted in the so-called bottleneck simply occurring one education level higher.

## *Transition from the education system to work*

From the viewpoint of the cohorts' life course, transition from the education system to working life is extremely important, i.e. when does it occur, what is the education level of the cohort at the start of the work career. The changes in the education system that occurred after World War II affected the working lives of the birth cohorts. The most important trend related to the educational path of cohorts was that the later the cohort, the fewer there was of those who started work with only elementary or basic education (Table 4.1). A vital breakthrough occurred for the cohort born in the1950s, which shows that the slogan of the 1970s „secondary education for all young people" had actually started to work. This of course did not mean that all young people received education of equal quality, but the average education level of cohorts entering the labour market at that time was markedly higher than that of the previous cohorts. Such a substantial jump did not occur for later cohorts: for them the share of those who started a work career with only elementary or basic education was about the same (approximately one-sixth or one-seventh of the birth cohort). Transition to mass secondary education also meant an increase in the percentage of those who entered the labor market after graduation from general secondary school.

Whereas over three-fifths of those born during World War II, or soon after the war had to start work without any vocational or professional education, then in the birth cohorts of the second half of the 1950s up to the early 1960s, the share of such young people lessened to approximately two-fifths. This was primarily due to the development of vocational education, and every fourth of those born in the second half of the 1950s started their work path with vocational education. Because of the further development of the vocational schools network in the 1970s and 1980s (the number of vocational school graduates reached its peak in the second half of the 1980s) there were even more of those who entered the labor market with vocational education in the birth cohort of the early 1970s.

All cohorts born during and after World War II had about the same share of secondary specialized education – almost one-fifth or one-sixth of the birth cohort. Due to the education reform at the early 1960s, enrollment grew mainly in evening and correspondence departments of higher education institutions. This is why there was no increase in the share of those starting their work path with higher education. However, the number of such young people did increase in the cohort born in the second half of the 1950s. It occurred because of the changes in higher education

TABLE 4.1.

**Education level at the start of work career, by birth cohort, %**

| | Birth cohort | | | | |
|---|---|---|---|---|---|
| **Education level** | **1939–1943** | **1947–1951** | **1955–1959** | **1964–1968** | **1969–1973** |
| Elementary or basic education | 42 | 33 | 17 | 15 | 15 |
| Vocational education | 15 | 16 | 25 | 24 | 29 |
| General secondary education | 21 | 28 | 25 | 32 | 36 |
| Secondary specialized education | 16 | 18 | 19 | 19 | 14 |
| Higher education | 6 | 5 | 14 | 10 | 6 |
| Total | 100 | 100 | 100 | 100 | 100 |

*Source: Adult education survey data.*

TABLE 4.2.

**Proportion of employed persons with different education level, by birth cohort, %**

A. Proportion of employed persons with elementary or basic education

| | Total for cohort | | | Men | | | Women | | |
|---|---|---|---|---|---|---|---|---|---|
| **Birth cohort** | **1970** | **1979** | **1989** | **1970** | **1979** | **1989** | **1970** | **1979** | **1989** |
| 1919–1928 | 67 | 64 | | 68 | 66 | | 66 | 63 | |
| 1929–1938 | 58 | 56 | 50 | 62 | 60 | 54 | 54 | 53 | 45 |
| 1939–1948 | 52 | 40 | 33 | 61 | 48 | 40 | 41 | 33 | 26 |
| 1949–1958 | | 31 | 17 | | 39 | 22 | | 23 | 12 |
| 1959–1968 | | | 10 | | | 13 | | | 7 |

B. Proportion of employed persons with higher education

| | Total for cohort | | | Men | | | Women | | |
|---|---|---|---|---|---|---|---|---|---|
| **Birth cohort** | **1970** | **1979** | **1989** | **1970** | **1979** | **1989** | **1970** | **1979** | **1989** |
| 1919–1928 | 7 | 8 | | 8 | 9 | | 6 | 7 | |
| 1929–1938 | 11 | 12 | 15 | 10 | 13 | 15 | 15 | 12 | 14 |
| 1939–1948 | 6 | 15 | 17 | 5 | 13 | 17 | 8 | 16 | 18 |
| 1949–1958 | | 10 | 19 | | 9 | 17 | | 11 | 21 |
| 1959–1968 | | | 13 | | | 11 | | | 15 |

** Census data.*

institutions: the number of full-time students increased while the number of part-time students decreased. The starting position in the labor market for the younger birth cohorts was undoubtedly better, both because of their higher general education level and because of the greater share of those who started their work career with vocational or professional education.

## *Attained education level*

The opportunities to continue studies after starting a work career are extremely important for the further life paths of cohorts. Census data does not reflect the development of vocational education, so the general education level of employed persons is somewhat overrated, whereas improvements in their vocational education are underrated. Despite this, the data provides a good overview of the education levels the birth cohorts attained in 1970–1989, and also about changes in the education level of cohorts during their life. During this time, the difference in educational level between cohorts increased (Table 4.2A). Whereas in the 1970s, in all birth cohorts most of the employed had only basic education, then in 1989 in the pre-pension birth cohort half had elementary or basic education, but in those birth cohorts who had just started work, this indicator was five times lower. The cohort born in the 1940s was in this sense peculiar: they managed to improve their education level after starting their work path so that as of 1970 the cohort with mostly basic education had changed by 1989 to a cohort with at least secondary education. The labor market starting position for the following birth cohorts was substantially better, at least regarding general education: most of cohorts members already had secondary education when they started work. Whereas gender differences were not apparent in the oldest birth cohort, then in the following the cohort they appeared: there were markedly fewer women who had only elementary or basic education. Gender differences in education level already appeared in the 1950s and they just deepened later on.

The increase in the share of employed persons with higher education (both between birth cohorts and during the life course of each cohort) is markedly more modest (Table 4.2B). Those born in the 1940s, however, do stand out from the other cohorts. This cohort is characterized by a particularly long educational path. From this cohort onwards began the gender differences in the share of those with high-

TABLE 4.3.

**Changes in the education system, and educational characterization of birth cohorts**

| Birth cohort | Changes in the education system which influenced the cohort | Educational characterization of the birth cohort |
|---|---|---|
| Before 1940 | – expansion in basic education.<br>– preferential development of evening departments and part-time study in the secondary, secondary specialized and higher education systems. | – at the start of the work career most cohort members had only elementary or basic education.<br>– differentiation within the cohort into those with secondary education and those without.<br>– studying part-time in secondary, secondary specialized and higher education systems.<br>– in further work path, differentiation into those with vocational or professional education and those without. |
| 1940–1950 | – development of secondary education.<br>– echoes of Khrushchev's education reform: greater emphasis on part-time university study. | – at the start of work path, differentiation within the cohort into those with secondary education and those without.<br>– intensive study part-time primarily in secondary specialized and higher education systems.<br>– in further work path, formation of two contradictory groups: those with basic education and those with secondary specialized or higher education. |
| 1950–1960 | – stable development of secondary education.<br>– re-orientation to preferred development for day-time study. | – most cohort members have an education level higher than basic education.<br>– relatively low educational differentiation within the cohort.<br>– the cohort was no longer differentiated on the basis of secondary education attainment, the type of secondary education was not yet a basis for differentiation.<br>– most cohort members completed studies before starting work.<br>– mostly day-time study in secondary specialized and higher education. |
| 1960–1970 | – transition to universal compulsory secondary education.<br>– formation and development of vocational schools.<br>– formation of speciality-based grades in general secondary schools.<br>– preferred development for day-time study at all education institutions. | – differentiation within the cohort no longer on the basis of education level, but on the basis of the type of secondary education.<br>– completing studies before starting work. |
| 1970–..... | – slowness of vocational education reform.<br>– preferred development for general education schools in the secondary education system.<br>– increasing differentiation within the general education system.<br>– increasing opportunities to attain higher education. | – increasing differentiation within the cohort on the basis of education level.<br>– two education groups are increasing: those who have attained basic or even lower education, and those with higher education.<br>– increasing differentiation within the cohort on the level of general education (regional differences, ordinary schools and elite schools). |

er education. The most significant factor in the feminization of higher education was the differentiation of secondary education, which occurred in the 1970s and 1980s.

In the later birth cohorts there was not so much an increase in the share of those who attained higher education but more a reduction in the variety within the cohort: the share of those with an „average" education potential (with secondary, vocational or secondary specialized education) increased for each later cohort.

## *An education portrait of birth cohorts*

Table 4.2 characterizes the education of various birth cohorts, associated with the changes, which occurred in the education system during the cohort's schooling, or immediately before. For the cohorts born in the 1940s, secondary education was the preparatory stage for obtaining an even higher education level. For this rea-

son, the cohorts born in this period differentiated according to education level into two groups: those with only basic education and those with secondary specialized or higher education. The education of these birth cohorts occurred mostly in the years after Stalin's death, when there was some reduction in the soviet authorities' terror. But Stalin's death did not result in a weakening of the system, on the contrary, the system actually strengthened. It has been noted that it was just in the second half of the 1950s that the former elite schools lost much of their Estonian-era intellectual spirit. The childhood of those born in the 1940s is associated with poor economic conditions and the period in which they grew up was much more difficult than for those born in the next decade.

The formation period for the cohorts born in the 1950s was in the 1960s. This period witnessed economic and social development; the political conditions were more liberal. The education system was relatively integrative, because this was the time for the beginning of the transition to universal secondary education. The vocational schools were still being developed; secondary education was not internally differentiated. Therefore, the cohorts born in the 1950s form, in an educational sense, intermediate cohorts, who no longer differentiated on the basis of education level, but at the same time there was still no differentiation within the cohort on the basis of the type of secondary education attained. Proceeding from R. Inglehart's theory on the formation of value awareness for generations, the value awareness for the cohorts born in just this decade should be different from that of the generation born in the previous decade as well as from the one born in the next decade (Inglehart, 1997:33–36).

The education path for cohorts born in the 1960s took place at the time when there was the transition to general secondary education. Most of those belonging to the cohort attained secondary education, but this secondary education was not at all of equal value, since there was a hierarchical differentiation within secondary education. The birth cohorts became more and more differentiated according to the type of secondary education attained.

For the cohorts born in the 1970s and particularly in the second half of the decade, the education situation was quite good, because a large number of applied higher education institutions opened, including private universities and the number of admissions to higher education increased. There were indications that universal post-secondary education could develop (Loogma, 1998: 22). But at the same time, the share of those increased who did not have even basic education. Drop-outs from basic education did not have a place in the education system and they had great difficulties finding work. There was a constant increase in the educational differentiation of the cohorts: two groups had grown – those with higher education and those without secondary education. The current education situation is reminiscent of the 1960s. It is as if a spiral development has occurred. In the 1960s, however, the differences in education opportunities for young people were somewhat decreased by evening and correspondence studies (particularly in basic and secondary education) and in the 1990s the role of this factor has become minimal. The differentiating role of the secondary education type has also not substantially decreased: although the share of vocational schools has kept reducing in the structure of secondary education, the internal differentiation of general secondary education has increased. Regional differences between schools have increased; there is also a clear separation between elite schools that select their pupils and ordinary schools. The opportunities for a graduate of an ordinary school to attain higher education are clearly not as good as for graduates of the speciality-based grades of secondary schools. In 1998, 52% of graduates from speciality-based secondary schools gained access to higher education, only 30% did so from ordinary schools. Data from the sociological surveys „Paths of a generation" and „Pupil 1997" (headed by J. Saarniit) permit the comparison of the social composition of various types of secondary schools in 1983 and 1997. The differences in social composition between secondary education types have not lessened in 15 years. Those young people whose parents had a higher education were five times more likely to study in speciality-based grades and schools than other young people were. General secondary education is still differentiated. Elite, speciality-based schools have pupils who are mostly children of white-collar parents with higher education, but the ordinary schools are forced to accept all children. Estonia in the 1980s and still today has a hierarchical secondary education system (similar to most European countries) (Robert, 1991; Heyns, Bialecki, 1993; Kerckhoff, Trott, 1993). Within the framework of secondary education, we have elite education and a so-called education slum. The prestige elite schools operate selectively, casting aside the less able children and

those with a lower social origin, but the ordinary schools have to make great efforts to ensure education quality. Those young people with a secondary education who do not continue studies form a large risk group. Their prospects for finding a job are worse than those who have specialty education (Meriste, Rajangu, 1999). This is particularly pertinent for girls graduating from general secondary schools.

This means that there are two, almost simultaneously occurring mechanisms in education which create inequality: differentiation on the basis of education level, characteristic of the 1960s, and differentiation within secondary education which occurred as a result of the transition to universal secondary education. Thus, there is a great danger that the mechanisms for negative reproduction may strengthen through education.

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## 4.3. Estonian folk culture in the post-modernizing age

BOX 4.1.

We define folk culture (see also Aarelaid, 1998) as a collective and tradition-based grassroots creative activity promoted on a local and clearly defined ethnic-linguistic level, which is connected to:

- relaying the traditional culture (folk song, dance, costume, handicrafts, folk medicine, ethnographic living environment, etc.)
- hobbies (amateur arts, family tree research, locality and nature, sports, etc.)
- adult education (civic initiative study groups, societies and the study activities organized by them, Internet chat groups, etc.).

The collapse of socialism, together with the renaissance of the Central and Eastern European nation states and ethnic identities, have resulted in the cultural landscape developing in a contradictory environment. In the 1970s, when globalization based on information technology, and the development of the accompanying post-modernist culture models (McGuigan, 1999), were beginning in western countries, Estonia was creating a socialist counter-culture. In the decades when the West was moving, as a result of the extremely rapid development of the electronic media, towards the forming of a genuine global virtuality (McGuigan, 1999), and a multi-culturality was

emerging in the disintegration of the traditional local identities, a new and peculiar phase of ethnic consolidation was going on in Estonia. This can be treated as the cultural introversion of a small nation, as a reaction to the ideological doctrine of the occupation authorities, which foresaw the emergence of a uniform soviet ethnicity and the dominance of the Russian language. Spurred on by ethnic self-preservation, the nation gathered around its creative intellectuals and became engrossed in historicity and traditional culture. The vigorous emergence of historicity directly contradicted the crisis of historicity, which is typical of post-modernism (Jameson, 1984). Historic novels (J. Kross, M.Traat) as well as art inspired by ethnogenesis (K. Põllu as graphic artist, L. Meri, as writer and film-maker, V. Tormis as composer) were equally popular in 1970s Estonia. This also includes the extensive secondary-traditional (term by I. Rüütel, 1998) reproduction of traditional culture, i.e. the mass performances of choir singing and folk dancing, but primarily the interpretation of the song and dance festivals as a key event of national unity. Traditional culture as a basis for nationwide popular activity and as a mobilizing agent of ideological resistance created a solid foundation for the persistence of the national identity, the latter in its turn made possible the restoration of statehood in 1991. At the same time the domination of the „historic quoting" was anachronistic and had to confront, as the „door to the West" was opened, the so-called post-materialist cultural values and identities created in the post-modernist era.

## *Historical background*

Looking back now, at the turn of the millennium, we can differentiate between at least three forms of occurrence of folk culture during the 20th century.

*I period: from the beginning of the century until the loss of independence in 1940*
Seventy percent of the people lived in the country, where the Estonian-language living environment predominated. The folk culture was village-centered, its basic function was the unification of the village and the county, the development of a common feeling and the provision of an aesthetic dimension to everyday life. Working bees, i.e. common work and the accompanying relaxation, played a significant part in village culture. Collectivism prevailed – a common feeling, common action, a reproduction of the national-local identity through the elements of traditional culture. The share of orally relayed folk tradition was great, accompanied by the acquisition of information reproduced on paper. This period also included a wider spread of collective activities emphasizing physical development (sports societies).

*II period: from the end of Wordl War II until the period of new social mobilization at the end of the 1980s*
The number of rural residents decreased steadily during the industrialization forced by the soviet authorities and finally dropped to 1/3 of the population. A Russian-language living environment began to dominate in the industrial cities, inevitably creating new and acute borders between „us" and „them". Estonia was no longer evenly covered by the locally different Estonian-language folk cultures, large sub-culture „islands" of Russian-speaking factory workers and military were „floating" there, acting as clear threat factors to the national identity. The changes in the location of the population and the ethnic makeup created a situation where a majority of the people were gradually losing their ties to the environment of the origin of their traditional culture and became only promoters or consumers of secondary traditions.

Folk culture received an ideological burden: for example, the socialist competition mentality was introduced, with constant regional inspections of the choirs and folk dance groups, using the laureate title as a pseudo-symbol to make it attractive. Traditional culture was being used in propaganda activities, for example, folk shows in the predominantly non-Estonian workers collectives, but also in the polling stations. There was a tendency to represent the song and dance heritage as a collection of historic quotes separated from the immediate creative and participatory process. In a number of cases it was only a concert show performed on the stage for the urban population. Schools began to teach uncomplicated folk dances and songs as an all-Estonian compulsory tradition, which was reproduced on all kinds of occasions as a symbol of „a happy childhood".

The soviet authorities provided financial support to hobby activities in the area of folk arts, thus conducting an effective ideological control over the grassroots level. Large collectives of amateurs organized around clubs, which served as the basis of the network reaching from the center to the periphery. A powerful ideological infrastructure was built around Estonian folk art, and a number of Estonians also gradually began

to accept this. The folk culture producing ethnic identity became ambiguous: on the one hand it allowed itself to be permeated with soviet propaganda, and on the other hand it became a way of holding on, almost convulsively, to the traditional organization of life.

Yet it was the mass performances of choir singing and folk dancing, which became the binding factor of the nation, which ensured the existence of the ideology of resistance and the widespread replication of Estonian patriotism. The 1970s can also be seen as the period of a cultural ecological movement, when the preservation of Estonia's unspoiled nature (the founding of the national parks, the actions of the Estonian Association for the Protection of Nature) and the drive for the restoration of authenticity in traditional culture (vs. folklorism) formed a single complex of values. This decade became a golden era for the spreading of folklore and popular song, because western popular culture was taboo and it was difficult to get musical recordings from abroad. This was the peak time for Estonian recordings, by the „Hellero" folk music group, for nature-oriented poetry, bird sounds, organ and choir music, etc., and the only competition came from classical records made in the Soviet Union and other socialist countries.

For a while at the end of the 1980s, our folk culture was also manifested on a political level. This was through the tradition of song festivals and was called the „singing revolution". The nighttime mass singing-together of the summer of 1989, the national song festival of 1990 and the accompanying events, liberated folk culture from the chains of socialism. But at the same time, the dual identity of the amateur folk art activities with their so-called socialist content and ethnic exterior, which had lasted for decades, fell apart – clearing the ground for the development of new identities. Opposition emerged in the youth culture to the amateur activities concentrated around folkdances and folksongs since they were seen as a remnant of the soviet past. But among the middle-aged and the elderly, there was rising concern regarding the danger faced by Estonian folk culture – being a small nation's individuality – when confronted with mass culture.

*III period: from the restoration of the Republic of Estonia to the end of the 1990s*

After the sudden liberalization of the economy at the beginning of the 1990s, there were no longer financial or human resources available for continued mass activities in traditional culture. A decline in amateur club activities began in the conditions of de-sovietization, especially in rural areas. At the same time the restitution ideology demanded the restoration of the old local societies and clubs, the revival of a sense of locality, the reinforcement of the ethnic identity via campaigns of home improvement, the strengthening of local traditions, etc. A contradiction in the logic of development emerged: adjustment to a globalizing market economy demanded an open cosmopolitan mind-set, while liberation from Moscow's dictates was primarily interpreted as a rise in patriotism based on the local and traditional. The cultural reality which emphasized consumerism and diversity of lifestyles collided with the ideal of one-dimensional ethnic survival. This resulted, as a surface phenomenon in Estonian political life, in the rapid rise of a large number of political parties appealing to ethnic values. Folk culture emphasizing ethnocentric historicism and occupying the center of traditional culture no longer satisfies most participants in the cultural process. Local folk artists' performances are already rivaled by lakeside concerts, fireworks, highly professional „performance art".

## *What is new in folk culture?*

*I Commercialization.* The launch of market economy relations has resulted in the folk art objects and skills becoming objects of trade, especially in connection with the development of tourism. Tourism farms based on local traditions, village youth as the producers and local marketers of souvenirs, opportunities in boating, riding, hunting and other activities as services offered to (foreign) tourists, have turned the reproduction of traditional skills and values into a source of income for a number of people. The commercialization of the more attractive features of a local lifestyle is a new trend and many older rural residents are prejudiced against it. But the more enterprising ones can create excellent concepts, and revive the local economy as well as the local morale (e.g. the „Metsamoor" project by the women in the Kaika village of Võrumaa county, where the entire village has been turned into a summer tourism service center, with every farm specializing in its own way, with honey products, wrought-iron souvenirs, the village swing, etc).

*II Emergence of new social networks.* The sense of togetherness has become important among rural residents, enabling a genuine revival of local identities (vs. the imaginary sense of a

global village). Adult education centers, villages' movements, regional meetings for rural women, have been emerging in rural areas as new social networks. People have developed a need to overcome social pessimism and isolation, and there is a desire to learn about the neighbors' ways of coping with similar problems. The elements of traditional culture like folk costumes and traditional food, local folklore etc, are the so-called illustrative features of this network development, but the more important aspect is the overcoming of alienation caused by the rapid change of circumstances and the creating of a sense of social security. Traditionalism and citizens' initiative have come together in the Estonian countryside, and traditional culture has turned out to be a vital component in the development of grassroots activity.

*III Life-long learning.* A fundamental change in society has made apparent the need for life-long continual learning. The idea of schools for adults is nearly two centuries old in Europe, especially in the Nordic countries, but this idea is taking root (again) here in a totally new situation, where tens of thousands of people need lessons in social „coaching". Computer, language and coping courses, „third youth" universities, self-education activity in local study groups, have all become popular. A society oriented to massive amateur cultural activities is being replaced by a learning Estonia. Besides the collective reproduction of secondary traditions, a significantly more individual, but locally institutionalized continual popular schooling is gaining importance in folk culture. A more in-depth study of traditional culture itself may be an area of adult education (e.g. the timber architecture renovation courses in Pürksi or the flower pattern embroidery courses in Lihula).

*IV Compensation for poverty.* The sudden decline in living standards accompanying the collapse of socialism presented a new challenge to the folk arts. Since the lack of money was particularly acute in the countryside, the resourceful women found cheap yet ethnically stylish ways of improving their homes or clothing their families. The steep price rise in pharmaceuticals forced many to remember the healing techniques in folk medicine. The development of village tourism made it necessary to think of innovations, of making one's farm or village more attractive by building a village swing, making wooden sculptures or wrought-iron objects. It became apparent that folk culture was not only traditional culture, but that it concerns people's creative approach to shaping their environment. At the beginning of the 1990s, as the difference between western and eastern European living standards became especially acute, Estonian folk culture managed to make a pragmatic re-adjustment in order to find practical ways of compensating for the social-aesthetic inequality.

## *Folk culture in a sociological mirror*

Two sociological studies of grassroot cultural activities were completed in spring of 1999, one of them reflecting Tallinn residents' hobbies (Tallinna..., 1999) and the other the value orientations of the municipalities' cultural activities organizers (Valdade..., 1999). A summing up of the two studies enables us to reveal the main tendencies of the development of cultural activity at the grassroots level.

It is apparent at first that the grassroot cultural activities are closely linked to the economic development of the area. The activities connected with traditional culture and hobby activities cannot be treated merely as a leisure time occupation of individuals, but as a method of changing the social quality of human resources. What the people are interested in besides or instead of their wage-earning work is directly reflective of their needs and opportunities to realize themselves in the local social-cultural environment. The orientation of the high-unemployment south-western Estonia to traditional folk culture is in clear contrast to the structure of the hobbies and interests of the economically successful Tallinn. The conducted survey did show that in an active economic area, rapid social changes also take place, and that this is accompanied by an efficient individualization of the people's cultural activities and an import of western models. A Tallinn resident involved in institutionalized hobby activities is relatively young, while the emphasis elsewhere tends to be on the middle-aged or the elderly. The Tallinn resident, regardless of ethnic origin, is engrossed with the body cult (aerobics, Oriental martial arts, dance and fashion studios, etc.), but also with language study. The Tallinn resident has no problems with joining the network, but rather with finding the right option from among the many available – the typical post-modernist formation of a personal mosaic of interests. Dealing with traditional culture here is only one of the many options, and this is of more interest to the older generation.

The range of cultural activities in the rural areas is much more traditional and the emer-

TABLE 4.4.
**Hobby preferences among Estonians and Russians in Tallinn**

| Estonians | Russians |
|---|---|
| **I group** | |
| sports – 21.0% | languages – 31.5% |
| languages – 19.6%; | sports – 31.0%; |
| **II group** | |
| choirs – 14.4% | dance and aerobics – 19.1% |
| religious activities – 12.6% | youth associations – 18.1% |
| dance and aerobics – 10.7% | computer training – 14.3% |
| **III group** | |
| folklore groups – 9.1% | foto-, filmstuudiod – 13.7% |
| household and handicrafts – 7.7 % | health associations – 10.5% |
| | driving schools – 10.5% |
| communication groups – 7.5% | religious activities – 10.0 |
| art associations – 7.4% | folklore groups – 9.7% |
| health associations – 7.4% | minorities cultural associations – 9.2% |
| **IV group** | |
| charity organizations – 6.0% | acting troupes – 6.2% |
| driving schools – 5.9% | pet clubs – 6.2% |
| music study – 5.2% | music study – 6.2% |
| acting troupes – 5.0% | |

gence of innovative impulses more difficult. The source of the problem is frequently the local cultural activities organizer, who is as a rule a woman of middle age (average age 42), with secondary school education (56%) and conscientious. In 4/5 of the cases she heads the local club and prefers to continue the traditional activities. She favors, as previously, folk dance and folk music, women's handicrafts, choir singing and the celebration of folk calendar holidays.

This ranking could even be considered close to normal due to the more conservative rural culture, but there exists an important problem. It appears that there are nearly 2.5 times more events meant for the pensioners than for the young (with the exception of dancing). The distancing of the youth culture from the culture field created by local activists is also evident in other aspects. The club managers frequently lack information about local youth groupings or subculture trends. It is easier to deal with the veterans of village amateur activities (by now pensioners' societies) than groups of young people, who follow global trends. The local school, and to a somewhat smaller extent, the public library, are considered more reliable partners. The cooperation of the municipality cultural activists with the church, cultural and adult education societies, Internet centres and especially youth initiatives is not particularly close. Breaking the routine would presume from the culture activists a greater sense of partnership with the new institutions and a deliberate development of a local network of communication. Relations with the local governments' leading figures are satisfactory, but they are primarily expected to grant funding; cooperation in the development of the cultural image of the municipality and the restructuring of amateur activities seems to be significantly weaker.

TABLE 4.5.
**Local cultural events**

| | Take place |
|---|---|
| 1) locality festival | 81.8% |
| 2) celebrating folk calendar holidays (Shrove-tide, Midsummer Day, St. Catherine's Day etc.) | 99.4% |
| 3) home improvement contests | 67.9% |
| 4) handicrafts fairs, workshops, handicrafts contests | 49.7% |
| 5) song festivals, choirs', bands', etc. contests | 69.2% |
| 6) acting meetings, theatre festivals | 40.1% |
| 7) dance meetings, dance contests | 53.5% |
| 8) celebration of state holidays (Independence Day, Victory Day etc.) | 100.0% |
| 9) youth meetings | 38.7% |
| 10) pensioners or families meetings | 94.5% |
| 11) family reunions | 61.6% |
| 12) sports festivals | 88.1% |
| 13) musical meetings and musicians' contests | 34.0% |
| 14) folk culture courses and advice | 35.3% |
| 15) classical music festivals | 22.4% |
| 16) parties (dancing) | 98.8% |

## *Conclusion*

Due to the peculiarities of historical development, cultural activity in Estonia at the grassroots level is strongly tied to secondary traditional reproduction. Although this tendency is somewhat anachronistic compared to the post-modernist cultural landscape in developed countries, it can also be rated in a positive way. Against the background of the rapid economic and social changes of the 1990s, it has been the return to folk culture, which has provided many people with a feeling of social security as well as a livelihood. At the same time, the directions of the people's cultural activities cause concern, regarding both the differences between the regions and generations. In the economically successful regions, the hobby activities favoring individual initiative are favored, while the backward areas hold on

to the collectivist club activities, which have strengthened during the past decade.

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# 4.4. Estonia in Internet World

## *The meaning of the Internet*

Internet is the most precise symbol of the new age. It is not selective, it is democratic, it provides freedom of choice for any idea or request. Internet is the basic element of the information society, providing the interface for cooperation between people. The Internet is based on science, and it therefore becomes an objective entity – using it should ensure us a better life. It is simultaneously an instrument and a dream, it is everyday and simple to use. But it is also a product of capitalism, an arena for profit-seeking, the concentrator of power and the declaration of monopoly under the guise of variety. Without being aware of these aspects, we remain merely observers.

Internet is part of the globalization process, providing it with the means, the reach and the intensity. Without being aware of globalization, it would be only a machine with a combination of new pieces. But the Internet unites within itself the machine and the person. Without dialog between people it would be just empty air, a bundle of cables, which is no different to a bundle of barbed wire on a border or battlefield. It is the person with his or her relationship which gives this collection of cables its purpose and soul. The person who observes, decides and intervenes. On the other hand, without the Internet there is also no person – if you can't see them, they don't exist, declaim the future-theoreticians (Castells, 1996).

## *The reach of the Internet*

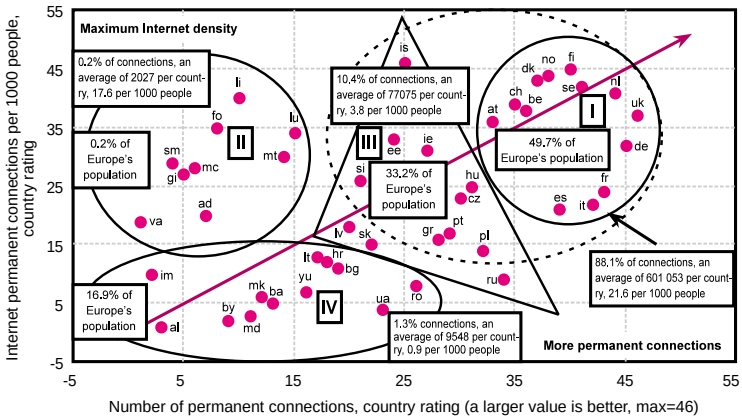
The Internet is something that has been around for decades as well as just recently discovered. It is 30 years old, if we count the first attempt to link computers. The Internet we are familiar with developed only ten years or so ago (1984–89). Accelerated development began with the WWW websites in the 1990s: from 800 000 permanent connections at the beginning of 1993 to 56 million in July 1999. Almost all countries and territories are now participating, only North-Korea and the Palestinian areas (Gaza Strip, West Bank) are without permanent connections. The Internet has also been co-opted into the service of the business world. A dominant position has been obtained by the commercial associations with no country indicator (*com, net, org*). The business component of the country groupings is of course also large but this is softened by the small element of national feeling, which creates a varied resistance to monopolization. However, there has been debate for many years in specialty publications regarding the complete abolition of the national indicators, because their existence offends the cosmopolitan spirit of business (see Mueller, 1998).

As of the start of the 1990s, there has been in the Internet a huge technical advance both in the performance speeds of computers and their networks, as well as in the number of their owners and users. Looking at things on a relative scale is much more impressive than absolute figures, because even using optimistic assessments there was only 3.3% (195 million) of the world's population who were Internet users (at least once in three months) at the beginning of autumn 1999. There are still huge contrasts between regions (in Africa 1.72 million (0.2% of the population), in Europe 46.39% (6.3%) and in the US and Canada a total of 107.3 million (35.1%)) (see Nua). It is

FIGURE 4.3.

**Permanent Internet connections in Europe, July 1999**

*Source: RIPE data (http://www.ripe.net/statistics).*




estimated that there are at least 152 000 Internet users in Estonia (10.7%).

Europe's Internet landscape is characterized by Figure 4.3, which includes the country ratings of the continent for Internet permanent connections, in relation to both absolute and population numbers. Europe is divided into 4 separate regions: 1) economically advanced European Union countries, who have 88.1% of the permanent connections and where almost half of the European population lives (the Internet elite), 2) small nations, who have already done relatively well in utilizing their opportunities, but due to lack of resources are not major players on the Internet landscape, 3) those who have the will or potential to join the first group, and 4) economically backward countries who are not likely to realize their potential in the near future. The average numbers of permanent connections per group are very varied. Estonia belongs to the third group, and is capable of both falling or rising. Those countries where people's access to the Internet is better are located above the arrow dividing the Figure, and those with limited permanent connections are below the arrow. It is interesting to note that Estonia, Slovenia and Ireland are located with those countries who have linked quite successfully into the Internet, and who require only a decisive push to place them in the vicinity of Europe's elite countries.

The European Union countries (except for Ireland, Greece and Portugal) belong to the main players in the European Internet-world. Therefore, movement from the triangle to amongst the elite, as well as from the fourth region to the triangle, should mean an increased readiness and ability to participate in the European Union. The split in Europe regarding the Internet is seen clearly in the Figure, as well as Estonia's chances of joining the leaders. Of the companions in the triangle, Iceland has already realized its opportunities, because taking into account its population, any further horizontal movement (more permanent connections) is almost impossible: 100 permanent connections per 1000 people, which guarantees the participation of 45% of the population in the Internet, which in turn guarantees a telecommunication density of ca. 600 telephone lines per 1000 people.

Estonia's current approximate indicators are 15%, 11% and 320, respectively. What would happen if the number of our permanent connections increased to the current average of the triangle, which would be four times greater than in July 1999? That would then place Estonia on the horizontal axis between the current results of the Czech Republic and Hungary, and on the vertical axis, in the vicinity of Iceland and Finland, i.e. into the area between the first group and the triangle, but not quite in the ideal circle (= European Union). But it would be a clear increase of our chances, because expansion of the European Union could be observed, in the con-

TABLE 4.6.

**Internet users in selected countries**

(Nua Identity Survey data)

| | Time | Internet users | Internet users in the population |
|---|---|---|---|
| Iceland | December 1998 | 121 074 | 44.6% |
| Sweden | May 1999 | 3 600 000 | 40.4% |
| Norway | May 1999 | 1 600 000 | 36.2% |
| Denmark | May 1999 | 1 700 000 | 35.5% |
| Finland | May 1999 | 1 600 000 | 31.0% |
| UK | December 1998 | 10 600 000 | 17.9% |
| Switzerland | September 1998 | 1 200 000 | 16.5% |
| Netherlands | March 1999 | 2 300 000 | 14.5% |
| Belgium | February 1999 | 1 400 000 | 13.7% |
| Estonia | October 1998 | 152 000 | 10.7% |
| Ireland | June 1999 | 380 000 | 10.5% |
| France | July 1999 | 6 200 000 | 10.5% |
| Germany | March 1999 | 8 400 000 | 10.2% |
| Slovakia | September 1998 | 510 000 | 9.5% |
| Italy | June 1999 | 5 000 000 | 8.8% |
| Spain | March 1999 | 2 747 000 | 7.0% |
| Austria | August 1998 | 442 000 | 5.4% |
| Russia | December 1998 | 1 200 000 | 0.8% |
| USA | July 1999 | 106 300 000 | 39.4% |
| Australia | May 1999 | 5 500 000 | 30.5% |
| Canada | March 1998 | 8 900 000 | 29.6% |
| New Zealand | November1998 | 561 300 | 15.8% |
| Japan | April 1999 | 18 000 000 | 14.4% |
| Taiwan | January 1999 | 3 010 000 | 14.3% |
| Hong Kong | April 1998 | 850 000 | 13.4% |
| Israel | January 1999 | 600 000 | 10.8% |
| China | June 1999 | 4 000,000 | 0.3% |

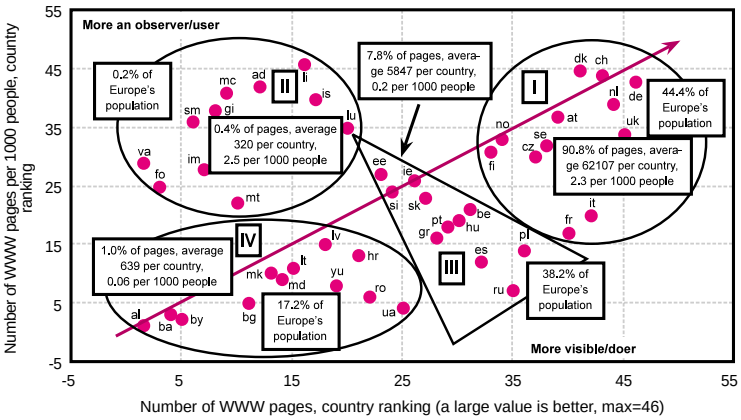
text of the Figure, as the incursion of the first zone into the area of the triangle, so that those closest and higher up in a relative unifying scale (circle with broken line) would be included. In the light of this distribution, the European Union is within arm's reach for Estonia.

A second factor is independent activity and being seen in the Internet. Measuring this is much more complex than counting the permanent connections. RIPE has started producing statistics on the so-called WWW pages, which should bring some clarity to this sphere. Of course this is not a count of the number of existing homepages per country, but more a count of their possible entry points. Figure 4.4 also has a division into four separate regions, and the groups of countries are generally the same, but the differences are even more marked and the monopolization more complete.

The business bias of WWW pages is also indicated by the fact that the Nordic countries, except for Denmark, are in a markedly worse position in Figure 4.4 than in Figure 4.3, and Iceland has fallen to its natural position amongst the small nations. The average of these countries is even better than for the elite countries but this is of little importance because they just have too few WWW pages (country-wise even 200 times less than the first group). Estonia's opportunity to be visible in the Internet is not particularly good, but if we moved from the current 0.9 WWW pages per 1000 people to Iceland's 3.0 we would be located on the horizontal scale between Greece and Portugal, again into the gap between the first and second region, in the hope that the first group will extend towards the small nations, thus including us as well.

Modest estimates say that the US has the use of at least half of the Internet permanent connections and the relative density of WWW pages per person should be comparable with the European average (ca. 2 for every 1000 people), which is then 545 000 units vs the 85 000 for Europe (over 6 times as many). Such a massive predominance uses its power and so the leading position of English language homepages is sustained, as well as the dominance in the culture space of those who compiled them. This means that, by default, there is in the Internet a dominance of the basic values characterizing the American identity – self-promotion (concentration of advertising), emphasis on short-term future (only today you have the chance) and isolation (be yourself, individualism conquers all) (Lockard, 1997). In addition, mass culture has been brought into the Internet. The US is also trying to exert its control over regulations and their international use. The intensity of Internet use by Americans is rivaled by only a few, as is clearly demonstrated by Table 4.6. Canada, the Nordic countries and Australia are

FIGURE 4.4.
**Number of Internet WWW pages in Europe, July 1999**
*Source: RIPE data (http://www.ripe.net/statistics).*




BOX 4.2.

## National TLDs

| | | | | | |
|---|---|---|---|---|---|
| ad | Andorra | gi | Gibraltar | nl | Netherlands |
| al | Albania | gr | Greece | no | Norway |
| at | Austria | hr | Croatia | pl | Poland |
| ba | Bosnia and Herzegovina | hu | Hungary | pt | Portugal |
| be | Belgium | ie | Ireland | ro | Romania |
| bg | Bulgaria | im | Man, Isle of | ru | Russia |
| by | Belarus | is | Iceland | se | Sweden |
| ch | Switzerland | it | Italy | si | Slovenia |
| cz | Czech Republic | li | Liechtenstein | sk | Slovakia |
| de | Germany | lt | Lithuania | sm | San Marino |
| dk | Denmark | lu | Luxembourg | ua | Ukraine |
| ee | Estonia | lv | Latvia | uk | United Kingdom |
| es | Spain | mc | Monaco | va | Vatican |
| fi | Finland | md | Moldova | yu | Yugoslavia |
| fo | Faroe Islands | mk | Macedonia | | |
| fr | France | mt | Malta | | |

those countries where the ratio of Internet users is comparable to the US, but who mostly use what is offered from there.

There is also a direct link between the Human Development Index (HDI) and the above parameters characterizing Europe: the higher the HDI the better the countries are on the Internet scale (the linear correlation coefficient between the square of HDI and the ranking of the Internet permanent connections is 0.78). Here the biggest differences occur with France and Estonia: the former is on a much higher human development level than it is for Internet density, the latter has the opposite case. Therefore, it is important for Estonia to improve its human development factors, so that it can keep up with the internetization process.

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# 4.5. Paradigm of sustainable development

## *Marginal idea*

Sustainable development has become one of the keywords at the end of the century. It has a place in party programs as well as in future visions; in the European Union's Fifth Framework Program of research and development, the term „sustainable development" is one of the most frequently occurring components of the headlines. Certainly this is not a mere modish play on words. Behind the accentuation of sustainable development, the western world has since the 1960s been increasingly convinced that an internal conflict has been programmed into the social model which prevails in the West. Although the model is relatively stable and well adaptable in a shorter perspective, most long-term calculations show discord and the need for radical changes. The „cautioners" of repute, from the Club of Rome to green radicals, are convinced – the present growth-oriented free market economy cannot function forever. Resources, living space as well as the changing human quality set their own limits. The only solution is a change of paradigm in production as well as consumption, in other words – in the scheme of society as such.

Nobody argues against the inevitability of our reaching the limits or the necessity to follow the principles of sustainable development. Paradoxically, at the same time, nobody is interested in the actual realization of these principles either. Particularly so, if we treat sustainable development in a wider sense: not a mere observance of environmental regulations, but a nationwide frame of mind and action focusing on self-restraint for the sake of the future. Neither the economic structures who would thus get less profit and would consequently have to surrender their privileged position in society, nor are individuals keen on it. For the latter, the issue is inevitably reduced to a restriction of consumption, which inspires no enthusiasm. A classical example of the actual lack of interest is the apathy towards the implementation of the resolutions of the grand-scale UN environment conference held in Rio de Janeiro in 1992: everyone supported it in words, but the readiness to act is almost zero.

We could describe the present state of affairs in sustainable development as follows.

- The (rather few) groups of „cautioners" periodically issue warnings of pending crises and the ensuing necessity to restrain production as well as consumption. The reaction of economic structures as well as laymen to the warnings is, as a rule, benignly ignoring. On the other hand, the all-round sufficing of increasingly preposterous needs is evolving into a popular religion in the western world, and pleasure outweighs all the warnings.
- The messages of the „cautioners" cannot be completely ignored, though, as their arguments are rational and often rely on calculations. It is a typical reaction to keep the problem in the focus of any social or political discussion, to debate the issue, hold conferences and draw up documents while avoiding expensive and uncomfortable practical steps.

There are a few spheres of life where the paradigm of sustainable development has become well rooted. For example, science, where the treatments of man and society have become much more comprehensive in recent decades. Psychology has clearly „stepped out" of personality, treating the artificial world as well as nature and person as elements of the same system. Environmental sociology that analyzes the relations of society with its life environment, aiming at their balance, has made good progress. In a wider context, we nevertheless have to admit that the paradigm of sustainable development has marginalized, as the prevailing production and consumption-oriented treatment of the world, by its very nature, is at variance with the fundamental principles of sustainable development.

Yet right words can be valuable, too. At least on the verbal level the issue has been actualized and raised to the fore. As psychology teaches, it is a significant prelude in our transition from attitudes to actual behavior. The question today is: which force in society would be able to guarantee the rooting of the principles of sustainable development in social life, where the actual interest in their realization is insignificant? Theoretically, it could be either external pressure (political decisions, laws, agreements, sanctions), or else grassroots initiative, people's awareness and activity.

## *Estonia's chances*

Estonia is a good example of the successful verbalization of sustainable development. The Estonian Riigikogu was one of the first parliaments in the world to adopt in 1995 a law on sustainable development. The ideas of sustainable development have occupied a safe position in our social and political discussion. At the same time, economic pressure and the layman's desire to live just like in the West, have rendered actual investments into the future very difficult, whether it be reduction of oil shale burning, or recycled packaging. Instead, our everyday reality faces the consumption boom of the '90s which focuses on borrowing money from the future. The verbal and real lives are moving in opposite directions.

In May 1999, the environmental psychology research group of the Tallinn Pedagogical University carried out a research into attitudes related to thrift and sustainable development in Hiiumaa. Over 70% of the people of Hiiumaa support the idea that people should restrict production as well as consumption for the sake of nature preservation. However, as the research showed, only 15% of the respondents steadily followed these principles in their personal consumption and relations with nature. While the verbal attitude has been formed, the ways of its implementation are still vague. It was no coincidence that about half of the respondents said people just did not know what environment-friendly action meant. In other words, we all know that it is something positive and correct, yet the real-life meaning is somewhat hazy. The right words have taken root, now they should be put into practice, step by step. Of course it is much more complicated than the expression of holy attitudes – more complicated for not just the people of Hiiumaa but for all of us, including producers, and the government – as we will immediately face the following questions: who will pay, why should I restrain myself while others do not...

We have to hope that the spread in Estonia of attitudes supporting the principles of sustainable development will exceed critical mass in the near future. A collection published recently, „ESTONIA IN THE 21ST CENTURY: development strategies, visions, choices" could be seen as a positive sign. The collection reflects an almost nationwide desire to participate in a discussion on the possibility and ways of sustainable development in Estonia. The still surviving peasant tradition to be thrifty and to look ahead will certainly be of help. The conflict between the thrifty frame of mind of a traditional society and the new consumption-oriented mentality is quite obvious in Estonia. Return to the peasant idyll can hardly be a solution, our best chance is contained in moving towards the situation where modern substance is accommodated in thrifty ways of thinking. If Estonia were able to take considerable steps from environment-friendly attitudes towards real action, it would be a service to others as well. It would show that a marginal idea could be shaken out its still life and put into practice.

The UN Human Development Report of 1998 was devoted to sustainable development. Just as the recent trends in discussing this issue presume, the report's authors have assumed a wait-and-see attitude: on one hand, rich nations are given credit for development of production and consumption, while on the other hand, they have to admit the aggravating differences, and the already critical environmental pressure. The final sentence expresses hope that common sense and will should prevail: „Are nations, as well as the elite, after a century of extraordinary material expansion, able to create visions of a more equal and humane future for the next, 21st century, and to carry them out as well?" Such is the question for Estonia as well.

# Suggested Required Tables

## Profile of human development

| Life expectancy at birth (years) | Maternal mortality rate (per 100 000 live births) | Population per doctor | Scientists and technicians (per 10,000 people) | Enrolment ratio for all levels (% age 6-23) | Tertiary full time equivalent gross enrolment ratio | | Televisions (per 100 people) | Real GDP per capita (PPP USD) | GNP per capita (USD) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Total (%) | Female (%) | | | |
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 | 1997 |
| **69.9** | **16.3** | **323** | **33.6**[1] | **77.9** | **50.6** | **57.6** | **37** | **5240**[2] | **3079** |

[1] Only public and university sector
[2] Source: OECD

## Profile of human distress

| Unemployment rate | | Ratio of income of highest 20% of households to lowest 20% | Female wages (as % of male wages) | Consumer price index (change, %) | Injuries from road accidents (per 100 000 people) | Intentional homicides (per 100 000 people) | Reported rapes (per 100 000 women age 15-59) | Sulphur and nitrogen emissions (kg of NOx and $SO_2$ per capita) |
|---|---|---|---|---|---|---|---|---|
| Total (%) | Youth (15-24, %) | | | | | | | |
| 1998 | 1998 | 1998 | Oct. 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **9.9** | **15.7** | **536** | **74.2** | **8** | **157** | **17.1** | **11.6** | **107.6** |

## Trends in human development

| Life expectancy at birth (years) | | Tertiary full-time equivalent gross enrolment ratio (%) | | Real GDP per capita (PPP USD)[1] | | GNP per capita (USD) | | Total education expenditure (as % of GDP) | | Total health expenditure (as % of GDP) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1992 | 1998 | 1992 | 1998 | 1994 | 1997 | 1993 | 1997 | 1993 | 1997 | 1993 | 1997 |
| **69.1** | **69.9** | **35.0** | **50.6** | **3842** | **5240** | **1067** | **3079** | **7.3** | **7.7** | **5.4** | **6.6** |

[1] Source: OECD

## Female-male gaps

| Females as percentage of males | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Life expecancy | Population | Secondary enrolment | Upper secondary graduates | University full-time equivalent enrolment | Natural and applied science enrolment | Labour force | Unemployment | Wages |
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **117.2** | **114.9** | **105.1** | **120.8** | **130.2** | **72.1** | **91.6** | **75.5** | **74.2** |

## Status of women

| Life expectancy at birth (years) | Average age at first marriage (years) | Maternal mortality rate (per 100 000 live births) | Secondary net enrolment ratio (%) | Upper secondary graduates (as % of females of normal graduate age) | Tertiary full-time equivalent gross enrolment ratio (%) | Tertiary natural and applied science enrolment (as % of female tertiary) | Women in labour force (as % of total labour force) | Administrators and managers (% females) | Parliament (% of seats occupied by women) |
|---|---|---|---|---|---|---|---|---|---|
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **75.5** | **24.3** | **16.3** | **79.7** | **85.8** | **57.6** | **29.3** | **47.6** | **34.1** | **17.8** |

## Demographic profile

| Estimated population (millions) | | | Annual population growth rate (%) | | Total fertility rate | Fertility rate over time (1996 as % of 1960) | Dependency ratio (%) | Population aged 60 and over (%) | Life expectancy at age 60 (years) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Female | Male |
| 1960 | 1998 | 2000 | 1970-1997 | 1998-2000 | 1998 | | 1998 | 1998 | 1998 | 1998 |
| **1.2** | **1.4** | **1.4** | **0.29** | **-0.56** | **1.21** | **61** | **49.5** | **19.7** | **20.2** | **14.8** |

## Health profile

| Deaths from circulatory system diseases (as % of all causes) | Deaths from malignant cancers (as % of all causes) | AIDS cases (per 100 000 people) | Population per doctor | Public expenditure on health (as % of total public expenditure) | Total expenditure on health (as % of GDP) | Private expenditure on health (as % of total health expenditure) |
|---|---|---|---|---|---|---|
| 1998 | 1998 | 1998 | 1998 | 1998 | 1997 | 1997 |
| **54.6** | **17.5** | **0.3** | **323** | **14.3** | **6.6** | **12.3** |

## Education profile

| Enrolment ratio for all levels (% age 6-23) | Upper-secondary full-time equivalent gross enrolment ratio (%) | Upper secondary technical enrolment (as % of total upper-secondary) | 19-year olds still in full-time education (%)[1] | Tertiary full-time equivalent gross enrolment ratio (%) | Tertiary natural and applied science enrolment (as % of total tertiary) | Expenditure on tertiary education (as % of all levels) | Total education expenditure (as % of GDP) | Public expenditure on education (as % of GDP) |
|---|---|---|---|---|---|---|---|---|
| 1998 | | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 | 1998 |
| **77.9** | **87.6** | **34.2** | **50.5** | **50.6** | **39.1** | **12.9** | **7.7** | **7.3** |

[1] Expert estimation

## Human capital formation

| Scientists and technicians (per 1000 people) | Expenditure on research and development (as % of GNP) | Upper secondary graduates (as % of popultion of normal graduate age) | Tertiary graduates (as % of population of normal graduate age) | Science graduates (as % of total graduates) | | |
|---|---|---|---|---|---|---|
| | | | | kokku | naised | mehed |
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **3.4**[1] | **0.54** | **77.3** | **33.8** | **43.8** | **36.5** | **55.9** |

[1] Only public and university sector

## Employment

| Labour force (as % of total population) | Percentage of labour force in | | | Future labour force replacement ratio | Earnings per employee annual rowth rate (%) | Percentage of labour force unionized | Weekly hours of work (per person in manufacturing) | Expenditure on labour market programmes (as % of GDP) |
|---|---|---|---|---|---|---|---|---|
| | Agriculture | Industry | Services | | | | | |
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **48.9** | **9.0** | **33.0** | **58.0** | **92.4** | **15.4** | **12** | **40.7** | **0.14** |

## Unemployment

| Unemployed persons (thousands) | Unemployment rate (%) | | | | | Unemployment benefits expenditure (as % of total government expenditure | Incidence of long term unemployment (as % of total) | | Regional unemployment disparity (25% worst regions versus 25% best) | Ratio of unemployment rate of those not completing secondary school to rate of those graduating from third level | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Total including discouraged workers | Female | Youth (15-24) | Male youth (15-19) | | More than 6 months | More than 12 months | | Males | Females |
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **70.2** | **9.9** | **12.2** | **8.9** | **15.7** | **28.4** | **0.19** | **65.2** | **47.0** | **1.9** | **3.0** | **2.4** |

## Military expenditure and resource use imbalances

| Military expenditure (as % of GDP) | Military expenditure (as % of combined education and health expenditure) | Armed forces[1] | | |
|---|---|---|---|---|
| | | Per 1000 people | Per teacher | Per doctor |
| 1998 | 1997 | 1994 | 1994 | 1994 |
| **1.6** | **11.8** | **2.6** | **0.2** | **0.8** |

[1] Source: Ministry of Defence

## Natural resources balance sheet

| Land area (thousands of km$^2$) | Population density (people per km$^2$) | Arable land and permanent cropland (as % of land area) | Permanent grassland (as % of land area) | Forest and wooded land (as % of land area) | Irrigated land (as % of arable land area) | Annual fresh water withdrawals per capita (m$^3$) |
|---|---|---|---|---|---|---|
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **45.2** | **32.1** | **25.1** | **6.6** | **44.6** | **-** | **1102** |

## National income accounts

| Total GDP (USD billions) | Agri-cultural produc-tion (as % of GDP) | Industrial produc-tion (as % of GDP) | Services (as % of GDP) | Consumption (as % of GDP) | | Gross domestic investment (as % of GDP) | Gross domestic savings (as % of GDP) | Tax revenue (as % of GNP) | Central govern-ment expendi-ture (as % of GNP) | Exports (as % of GDP) | Imports (as % of GDP) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Private | Govern-ment | | | | | | |
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 | 1998 | 1998 | 1998 | 1998 |
| **5.202** | **6.2** | **20.2** | **73.6** | **59.0** | **22.6** | **29.1** | **6.7** | **37.2** | **33.6** | **79.8** | **89.4** |

## Trends in economic performance

| Total GNP | | Consumer price index (change, %) | Exports as % of GDP (% annual growth rate) | Tax revenue as % of GNP (% annual growth rate) | Direct taxes as % of total taxes | Overall budget surplus/deficit (as % of GNP)[1] |
|---|---|---|---|---|---|---|
| USD billions | Annual growth rate (%) | | | | | |
| 1997 | 1997 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **4.489** | **3.0** | **8** | **2.6** | **0.5** | **31.8** | **-0.3** |

[1] Source: Ministry of Finance

# Suggested Optional Tables

## Weakening social fabric

| Prisoners (per 100 000 people) | Juveniles (as % of total prisoners) | Intentional homicides (per 100 000 people) | Reported rapes (per 100 000 women age 15-59) | Drug crimes (per 100 000 people) | Asylum applications received (thousands) | Births outside marriage (%) | Suicides by men (per 100 000) |
|---|---|---|---|---|---|---|---|
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **216** | **1.5** | **17.1** | **11.6** | **16.2** | **82.7** | **52.2** | **59.4** |

## Wealth, poverty and social investment development

| Real GDP per capita (PPP USD)[1] | GNP per capita (USD) | Income share | | Expenditure on payments of social security expenditure (as % of GDP) | Total education expenditure (as % of GDP) | Total health expenditure (as % of GDP) |
|---|---|---|---|---|---|---|
| | | Lowest 40% of households (%) | Ratio of highest 20% to lowest 20% | | | |
| 1997 | 1997 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **5240** | **3079** | **22.8** | **536** | **11.0** | **7.7** | **6.6** |

[1] Source: OECD

## Communication profile

| Televisions (per 100 people) | Annual cinema attendances (per person) | Annual museum attendances (per person) | Registered library users (%) | Book titles published (per 100 000 people) | Letters posted (per capita) | Telephone lines (per 100 people) | International telephone calls (minutes per capita) | Passenger cars (per 100 people) |
|---|---|---|---|---|---|---|---|---|
| 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **37** | **0.73** | **0.86** | **41.3** | **213.1** | **40.5** | **34.5** | **48.1** | **31.2** |

## Energy consumption

| Commercial energy consumption | | Annual rate of change in commercial energy consumption | Commercial energy efficiency GDP output per kg of oil equivalent (USD) |
|---|---|---|---|
| Total (thousand tons of oil equivalent) | Per capita (kg of oil equivalent) | | |
| 1998 | 1998 | 1992-1998 | 1998 |
| **5109** | **3524** | **-3.8** | **1.02** |

## Urbanization

| Urban population (as % of total) | | | Urban population annual growth rate (%) | | Population in largest city (as % of urban) | Major city with highest population density | |
|---|---|---|---|---|---|---|---|
| | | | | | | City | Population per km$^2$ |
| 1960 | 1998 | 2000 | 1970-1997 | 1998-2000 | 1998 | | 1998 |
| **57.1** | **69.1** | **69.0** | **0.56** | **-0.65** | **41.2** | **Tallinn** | **2601** |

## Environment and pollution

| Major city with highest concentration of $SO_2$ | | Sulphur and nitrogen emissions (kg of $NO_X$ and $SO_2$ per capita) | Share of global emissions (greenhouse index) per capita[1] | Pesticide consumption (metric tons per 1000 people) | Hazardous and special waste production (metric tons per km$^2$) | Generation of municipal waste (kg per capita) | Population served by municipal waste services (%) | Waste recycling (as % of consumption) | |
|---|---|---|---|---|---|---|---|---|---|
| City | Micro-grammes of $SO_2$ per m$^3$ | | | | | | | Paper and cardboard | Glass |
| 1998 | 1998 | 1998 | 1997 | 1998 | 1998 | 1998 | 1998 | 1998 | 1998 |
| **Tallinn** | **6.5** | **107.6** | **15.8** | **0.14** | **27.4**[2] | **384** | **69** | **3.9** | **...** |

[1] Source: Estonian Environmental Information Centre

[2] Waste of categories 1 to 3

# Country Human Development Indicators

| | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| Population (thousands) | 1499.3 | 1483.9 | 1469.2 | 1458.0 | 1449.7 |
| Land area ($km^2$) | 45227 | 45227 | 45227 | 45227 | 45227 |
| GDP (billions USD) | 2.278 | 3.550 | 4.358 | 4.634 | 5.202 |
| **Human Development** | | | | | |
| Life expectancy (years) | 66.9 | 67.9 | 70.0 | 70.4 | 69.9 |
| Maternal mortality rate (per 100,000 births) | 56.4 | 51.6 | — | 15.8 | 16.3 |
| Enrolment ratio for all levels (age 6-23, %) | 69.5 | 71.2 | 73.5 | 75.6 | 77.9 |
| Tertiary full-time equivalent gross enrolment ratio (%) | 34.9 | 38.1 | 42.0 | 45.8 | 50.6 |
| GNP total (USD billions) | 2.253 | 3.553 | 4.360 | 4.489 | … |
| GNP per capita (USD) | 1503 | 2394 | 2968 | 3079 | … |
| Real GDP per capita (PPP USD)[1] | 3842 | 4138 | 4431 | 5240 | … |
| Exchange rate (EEK / USD)[2] | 12.991 | 11.465 | 12.034 | 13.822 | 14.075 |
| **Human Distress** | | | | | |
| Injuries from road accidents (per 100,000 people) | 146 | 150 | 120 | 145 | 157 |
| Intentional homicides by men (per 100,000 people) | 24.3 | 20.5 | 18.2 | 16.9 | 17.1 |
| Drug crimes (per 100,000 people) | 2.2 | 3.4 | 7.8 | 7.8 | 16.2 |
| Reported rapes (per 100,000 women age 15-59) | 26.6 | 22.0 | 20.5 | 21.3 | 11.6 |

[1] Source: OECD
[2] Source: Bank of Estonia

| | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| Unemployment rate (%) | 7.6 | 9.7 | 10.0 | 9.7 | 9.9 |
| Consumer price index (change, %) | 48 | 29 | 23 | 11 | 8 |
| Ratio of income of highest 20% to lowest 20% of households (%) | 78[1] | 768[1] | 633 | 536 | 536 |
| Sulfur and nitrogen emissions (kg NOx and SO2 per capita) $SO_2$ | 99.4 | 79.5 | 85.1 | 81.6 | 75.9 |
| $NO_x$ | 28.0 | 28.3 | 29.9 | 30.9 | 31.7 |
| **Life expectancy and health** | | | | | |
| Life expectancy at birth (years) | 66.9 | 67.9 | 70.0 | 70.4 | 69.9 |
| Population per doctor | 319 | 322 | 328 | 322 | 323 |
| Maternal mortality rate (per 100,000 births) | 56.4 | 51.6 | — | 15.8 | 16.3 |
| Deaths from circulatory system diseases (as % of total deaths) | 55.2 | 54.9 | 55.3 | 54.2 | 54.6 |
| Deaths from malignant cancers (as % of total deaths) | 14.8 | 15.7 | 17.3 | 17.9 | 17.5 |
| Public expenditure on health (as % of total public expenditure) | 15.4 | 14.6 | 14.6 | 13.9 | 14.3 |
| **Wealth / poverty** | | | | | |
| Ratio of income of highest 20% to lowest 20% of households (%) | 783[1] | 768[1] | 633 | 536 | 536 |
| Lowest 40% of households (% share of income) | 16.4[1] | 16.9[1] | 19.3 | 23.4 | 22.8 |
| GNP total (USD billions) | 2.253 | 3.553 | 4.360 | 4.489 | … |
| GNP per capita (USD) | 1503 | 2394 | 2968 | 3079 | … |
| Real GDP per capita (PPP USD)[2] | 3842 | 4138 | 4431 | 5240 | … |
| Exchange rate (EEK / USD)[3] | 12.991 | 11.465 | 12.034 | 13.822 | 14.075 |
| Consumer price index (change, %) | 48 | 29 | 23 | 11 | 8 |

[1] Source: Estonian Market and Opinion Research Centre Ltd
[2] Source: OECD
[3] Source: Bank of Estonia

| | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| **Demography** | | | | | |
| Total population (millions) | 1.50 | 1.48 | 1.47 | 1.46 | 1.45 |
| annual growth rate (%) | -1.0 | -1.0 | -1.0 | -0.6 | -0.6 |
| Population aged 60 and over (%) | 18.4 | 18.6 | 19.0 | 19.4 | 19.7 |
| Life expectancy at age 60 (years) | 17.2 | 17.7 | 17.8 | 18.5 | 18.0 |
| female | 19.3 | 19.9 | 20.1 | 20.6 | 20.2 |
| male | 14.1 | 14.5 | 14.8 | 15.2 | 14.8 |
| Fertility rate | 1.37 | 1.32 | 1.30 | 1.24 | 1.21 |
| Fertility rate over time (1994–1998 as % of 1960) | 71 | 68 | 67 | 62 | 61 |
| Dependency ratio (%) | 51.1 | 50.9 | 50.6 | 50.2 | 49.5 |
| **Weakening social fabric** | | | | | |
| Suicides by men (per 100,000) | 70.7 | 67.6 | 64.3 | 63.9 | 59.4 |
| Reported rapes (per 100,000 women age 15-59) | 26.6 | 22.0 | 20.5 | 21.3 | 11.6 |
| Drug crimes (per 100,000 people) | 2.2 | 3.4 | 7.8 | 7.8 | 16.2 |
| Prisoners (per 100,000 people) | 174 | 170 | 197 | 218 | 216 |
| Juvenile prisoners (as % of total prisoners) | 1.3 | 1.4 | 2.5 | 1.9 | 1.5 |
| Births outside of marriage (%) | 40.9 | 44.1 | 48.1 | 51.6 | 52.2 |
| Divorces (as % of marriages contracted) | 76.0 | 106.4 | 102.5 | 94.5 | 82.7 |
| **Education** | | | | | |
| Enrolment ratio for all levels (age 6-23, %) | 69.5 | 71.2 | 73.5 | 75.6 | 77.9 |
| Upper secondary full-time equivalent gross enrolment ratio (%) | 84.4 | 85.4 | 88.7 | 89.6 | 87.6 |
| Female secondary net enrolment ratio (%) | 85.3 | 82.3 | 81.4 | 80.9 | 79.7 |
| Upper secondary technical enrolment (as % of total upper secondary) | 31.0 | 31.4 | 32.2 | 32.5 | 34.2 |
| Upper secondary female graduates (as % of females of normal graduate age) | 68.8 | 81.7 | 85.7 | 86.3 | 85.8 |
| Tertiary graduates (as % of population of normal graduate age) | 31.3 | 26.6 | 29.9 | 33.2 | 33.8 |
| Tertiary full-time equivalent gross enrolment ratio (%) | 34.9 | 38.1 | 42.0 | 45.8 | 50.6 |
| female (as % of total tertiary) | 52.9 | 52.6 | 53.4 | 54.8 | 56.0 |
| Tertiary natural & applied science enrolment (as % of total tertiary) | 46.6 | 43.6 | 42.7 | 41.4 | 39.1 |
| Science graduates (as % of total graduates) | 54.9 | 45.3 | 43.5 | 42.3 | 43.8 |
| female (as % of total science graduates) | 45.4 | 56.8 | 52.3 | 52.1 | 51.8 |
| male (as % of total science graduates) | 54.6 | 43.2 | 47.7 | 47.9 | 48.2 |
| R&D scientists and technicians (per 10,000 people) | 39.7 | 35.4 | 33.9 | 33.9 | 33.6 |

| | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| **Communication** | | | | | |
| Televisions (per 100 people) | 32 | ... | ... | ... | 37 |
| Telephone lines (per 100 people) | 29.5 | 27.9 | 30.1 | 32.3 | 34.5 |
| International telephone calls (minutes per capita) | 32.3 | 35.8 | 39.6 | 39.4 | 48.1 |
| Passenger cars (per 100 people) | 22.6 | 26.0 | 27.8 | 29.4 | 31.2 |
| Registered library users (%) | 36.1 | 37.7 | 38.2 | 39.9 | 41.3 |
| Annual museum attendances (per person) | 0.54 | 0.66 | 0.78 | 0.88 | 0.86 |
| **Employment** | | | | | |
| Labour force (as % of total population) | 49.7 | 48.7 | 48.8 | 49.1 | 48.9 |
| Percentage of labour force in agriculture | 14.6 | 10.5 | 10.0 | 9.4 | 9.0 |
| Percentage of labour force in industry | 32.3 | 34.0 | 33.5 | 33.4 | 33.0 |
| Percentage of labour force in services | 53.1 | 55.4 | 56.5 | 57.2 | 58.0 |
| Future labour force replacement ratio (%) | 103.5 | 101.0 | 98.4 | 95.6 | 92.4 |
| Women in labour force (as % of total labour force) | 47.2 | 47.3 | 47.6 | 47.5 | 47.6 |
| Female administrators and managers (as % of total) | 37.4 | 36.4 | 36.5 | 34.0 | 34.1 |
| Female wages (as % of male wages)[1] | 71.1 | 73.3 | 72.6 | 72.0 | 74.2 |
| Unemployment (thousands) | 56.7 | 70.9 | 71.9 | 69.4 | 70.2 |
| Unemployment rate (%) | 7.6 | 9.7 | 10.0 | 9.7 | 9.9 |
| female (as % of total) | 7.9 | 8.8 | 9.2 | 9.2 | 8.9 |
| youth (as % of total, age 15-24) | 11.6 | 14.1 | 16.0 | 14.4 | 15.7 |
| Long term unemployment rate more than 12 months (as % of labour force) | 3.0 | 3.1 | 5.5 | 4.4 | 4.6 |
| Unemployment rate including discouraged workers (%) | 9.1 | 11.5 | 12.2 | 11.7 | 12.2 |
| Regional unemployment disparity (25% worst regions versus 25% best) | 1.9 | 2.9 | 2.1 | 1.7 | 1.9 |
| Ratio of unemployment rate of those not completing secondary school to rate of those graduating from 3rd level | 2.1 | 2.1 | 2.0 | 2.8 | 2.7 |
| female | 1.8 | 1.3 | 1.3 | 2.7 | 2.4 |
| male | 2.7 | 2.5 | 2.3 | 2.9 | 3.0 |

[1] Data of October

| | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| **Natural resource balance sheet** | | | | | |
| Greenhouse index (CO2 emissions, tons per capita)[1] | 16.6 | 15.3 | 15.7 | 15.8 | … |
| Commercial energy consumption, total (thousand tons of oil equivalent) | 5701 | 5372 | 5657 | 5555 | 5109 |
| per capita (kg of oil equivalent) | 3802 | 3620 | 3850 | 3810 | 3524 |
| GDP output per kg of oil equivalent (USD) | 0.40 | 0.66 | 0.77 | 0.83 | 1.02 |
| Pesticide consumption (metric tons per 1,000 people) | 0.14 | ... | ... | 0.14 | 0.14 |
| Generation of municipal waste (kg per capita) | 315 | 352 | 354 | 407 | 384 |
| **International trade** | | | | | |
| Export-import ratio (%) | 87.4 | 90.0 | 85.3 | 87.1 | 89.2 |
| Trade dependency (exports+imports as % of GDP) | 162.7 | 152.8 | 145.7 | 167.7 | 169.7 |
| Gross international reserves (end of period, millions USD)[2] | 431.1 | 576.1 | 636.6 | 759.0 | 812.7 |
| Current account balance (USD millions) | -165.2 | -157.9 | -399.4 | -562.8 | -479.7 |
| **Policy options** | | | | | |
| Education expenditure (as % of GDP) | 7.0 | 7.5 | 7.7 | 7.3 | 7.3 |
| Health expenditure (as % of GDP) | 6.1 | 6.0 | 6.1 | 5.5 | 5.9 |
| Military expenditure (as % of GDP) | 1.0 | 1.0 | 1.7 | 1.7 | 1.6 |
| Military expenditure (as % of education and health expenditure) | 7.8 | 7.6 | 12.0 | 13.1 | 11.8 |

[1] Source: Estonian Environmental Information Centre
[2] Source: Bank of Estonia