

Marju Lauristin, Zenonas Norkus, Peeter Vihalemm

On the Sociology's Contribution to Knowledge of the Baltic Way¹

Abstract. *The goal of this article is to identify the lacunae in recent research about post-Communist transformations in the Baltic states, a task for which sociology as a social-scientific discipline is uniquely qualified. The paper starts by periodising the two decades of post-Communist transformation which applies across all three Baltic states, providing evidence for a common Baltic way, with Estonia in a pioneering role. This is corroborated by quantitative evidence comparing post-Communist countries in terms of performance. According to received transitological wisdom, economic or political processes (shock therapy or anti-Communist revolution) were decisive factors in the early success of post-Communist transformation. In contrast, this article argues that economic and political explanations are insufficient in accounting for the running order between Baltic states, and calls instead for sociological explanations focusing on cultural differences described in terms of four orientations of the social imaginary and of social action – continuational, restitutive, emulative and innovative.*

Keywords: *post-Communist transformation, the Baltic way, shock therapy versus gradualism, elite exchange, orientations of the social imaginary and social action.*

Pagrindiniai žodžiai: *pokomunistinė transformacija, Baltijos kelias, šoko terapija versus palaipsnės reformos, elito kaita, socialinės vaizduotės ir socialinio veiksmo orientacijos.*

This text is a reworked version of parts of the working paper for the Estonian Human Development Report 2010/2011, 'The Baltic Way(s) of Human Development Twenty Years On' (EHDR 2010/2011), sponsored by the Estonian Cooperation Assembly and released in September 2011 to commemorate the twentieth anniversary of the res-

toration of the independence of the Baltic States. The working paper was prepared as a framework to establish a common ground for all three authors to contribute to the first chapter of EHDR 2010/2011, on the commonalities and divergences in the path of transition and human development of the Baltic States. This paper contained historical

¹ The research of Zenonas Norkus for this paper was funded by a grant VP1-3.1-ŠMM-07-K-01-010 from the Research Council of Lithuania, and that of Marju Lauristin and Peeter Vihalemm by grant 0180017s07 from the Estonian Ministry of Education and Science. The authors cordially thank a critical sociologist and great Londoner for the text editing.

accounts and methodological-cum-theoretical reflections which did not become a part of the final versions of the authors' contributions. The reasons were severe space restrictions and the peculiarities of the intended readership of the Report – policy- and opinion-makers with a prevailing interest in the conclusions, but not in how they are arrived at (methodology and theory). Obviously, academic experts should be more tolerant to such work. Therefore, we accept with gratitude the invitation of the editor of *Sociologija. Mintis ir veiksmas* to use this outlet for the publication of that part of our cooperative work which was not covered by the contributions to EHDR 2010/2011. This joint contribution may also serve as a testimony to our interest in and efforts towards maintaining a common Baltic research space.

This paper starts with a narrative survey of post-Communist history in the Baltic states, focusing on the topic of common chronology (periodisation). We argue that in all three Baltic states the last two decades display the same periods or phases of development, albeit with differences in timing, providing on most counts Estonia with the distinction of pioneer or front-runner. The second section corroborates these observations, using selected quantitative data. No completeness of coverage is intended in this section, so an interested reader is referred to EHDR 2010/2011 for more statistical information. All this work is preparatory for the next two sections. In the third section, we examine the

most influential economical and political accounts of the conditions for success in terms of post-Communist transformation, asking whether they can provide a satisfactory explanation for the running order of the travellers along the Baltic way. Coming to negative conclusions, in the last fourth section we call for a sociological-cum-cultural turn in comparative Baltic post-Communism studies, and finish with some bold hypotheses for future research work.

1. Common Stations of the Baltic Way

We will argue that, looking back at recent post-Soviet Baltic history, one can distinguish the same phases since 1988:²

- (1) 1988–1991: breaking with the old system, the 'Singing Revolution';
- (2) 1991–1995/96: radical reforms, constituting a new political, economic and social order; a time of 'extraordinary politics';
- (3) 1995/6–1999/2000: economic stabilisation, start of the period of integration with the EU and NATO;
- (4) 1999/2000–2004: preparations for EU accession, growing inner tensions (development crisis);
- (5) 2004–2008: new challenges of the post-EU accession period, economic growth, growing welfare and satisfaction;
- (6) 2008–2011: economic recession and recovery.

² See Lauristin and Vihalemm, 1997. For an updated version of this periodisation see Lauristin and Vihalemm 2009. In the present publication we argue that with modifications for chronology this periodisation can be applied not only to Estonia, but also to other Baltic States.

Of course, there are important differences in the timing of these phases. The first phase started in all three Baltic countries around the time of the environmental protests. In Latvia they had already started in 1986. In the following year, they spread to Estonia. In September 1987 the Self-Managing Estonia (IME) proposal was announced. With the establishment of the Estonian Popular Front on 13 April 1988, and the declaration of sovereignty by the Estonian Supreme Soviet on 16 November 1988, Estonia became the leader of the 'Baltic way'. By Autumn 1989 the leadership was taken by Lithuania. The picture in this period was similar 'to a team cycling race where one cyclist (nation) does the hard work for a few laps while the others follow closely behind' (Kasekamp 2010: 168). In fact, this 'race' involved no competition, but only cooperation, as the leader took the strongest blows from the imperial adversary. It was a time when cooperation between Baltic countries was closest, finding its institutionalisation in the Baltic assembly that met for the first time in May 1989 in Tallinn, then on the ministerial level in the Baltic council.

During the second period, after the restoration of their independence, all three Baltic States had to cope with very similar problems of market reforms, including liberalisation, macro-economic stabilisation, and privatisation. Early efforts at macro-economic stabilisation and other advantages (see the third section) helped Estonia to establish itself as clear leader during this pe-

riod. Characteristically, during this and subsequent periods Latvia and Lithuania had to cope with transformation challenges or suffer similar development crises that were already 1–2 years old in Estonia.

For example, all three countries witnessed a boom in the creation of banks, with 42 commercial banks in Estonia by the end of 1992 (Sõrg 2000: 403), 28 in Lithuania by 1993, the most in its history (Lietuvos bankas 1998: 12), and 59 in Latvia in the same year, making it the Baltic champion (Fleming and Taley 1996: 4). However, many of the newly established banks and loans companies engaged in activities that could be profitable only under conditions of inflation, or even pursued Ponzi schemes, exploiting the lack of market experience among parts of the population. Being the first to introduce a new currency, Estonia was also the first to experience the wave of bank bankruptcies late in 1992. The consolidation of the banking sector followed, helped by the government policy of raising minimum stock equity capital, which induced many small banks to merge. In 1994, Estonia already had a consolidated banking sector. In Latvia and Lithuania banking crises began in 1995, bringing the financial systems of both countries to the brink of collapse. Importantly, Estonia managed to get its banking system under control with its own resources and management skills,³ while Lithuania was saved only by the intervention of the international financial organisations early in 1996.

³ However, it was not able to repeat this success during the next banking crisis in the wake of Russian crisis of 1998.

So if the second period of post-Communist transformation was over in Estonia by 1995, in Latvia and Lithuania it was postponed by at least one year. However, such a chronology is suitable only for the course of economic development. If one considers political development, then Lithuania may be considered as the most rapidly advancing country during the first decade.⁴ As a matter of principle, the second period was that of extraordinary politics as defined by Leszek Balcerowicz (1995: 265–273). In Lithuania, one is tempted to consider the election in late October 1992 (that brought ex-Communists back to power) as the end point for this time. However, it seems to be more appropriate to date the end of the extraordinary politics at the point when the evacuation of the former Soviet (now Russian) troops was complete.

Their presence was, on the one hand, the paramount destabilising factor in internal politics. One can attribute events like the July 1993 Pullapää crisis in Estonia and the July-September 1993 rebellion within the Lithuania Voluntary Defence Service to the efforts of the Russian intelligence and military to discredit re-emerging new states and to create a pretext for prolonging the presence of Russian military forces in the Baltic states. On the other hand, the perception of the continuing Russian military presence helped to fortify the endurance of the ordinary population through the hardships of

the economic transition, and to moderate the political elites in their power struggles.

Even after the departure of the last Russian military detachments from Lithuania (August 1993), Estonia and Latvia (August 1994), Russia remained the main factor of insecurity for the Baltic countries. While military insecurity diminished after their accession to NATO in 2004, it never disappeared completely due to the reluctance of the Russian powerholders to admit the unlawful occupation of the Baltic countries in 1940. Lack of political trust in relations between Russia and the Baltic countries has hindered their normal economic cooperation and remains the major reason why the dependence of the Baltic economies on energy imports from Russia is considered to be a source of economic insecurity. Economic dependence on Russia remains a major problem in Latvia and Lithuania even after two decades of restored state independence that brought a deep restructuring of the Baltic economies via the re-orientation of their trade towards Western countries. It was much greater during the first decade, and was brought to the attention of observers in the most vivid way by the impact on the Baltic countries of the Russian crisis that broke out in August 1998 by the Russian government default. In Estonia this dependence on the Eastern neighbour was to some extent neutralised by the overwhelming presence of the Nordic

⁴ Such was the opinion of the distinguished Estonian political scientist Vello Pettai (see Pettai 2004). For the second decade, one barely can accept this view. While Estonia witnessed the consolidation of its party system due to repeated mergers, party splits and newcomer parties' intrusions prevailed in Lithuania (and Latvia).

countries in Estonian economy. But sensitivity to economic security has been recently sparked too among the Estonians by the 'Nordstream case' which demonstrated that for the Nordic countries, as for Germany, the advantages of a cheaper energy supply from Russia are much more important than worries about security among their Baltic neighbours.

The economic dislocations produced by the Russian crisis in the Baltic countries bring to a close the third period in the post-Communist history of the Baltic countries. In all three Baltic states, this was a time of rapid economic recovery and of 'ordinary politics' with its characteristic pendulum-like movements of electoral failure and success. In Lithuania the election pendulum once again brought to power right-of-centre parties. On the other hand, the pragmatist centre-right parties broadly associated with the managerial circles of the Soviet era were favoured during the second *Riigikogu* election after the re-establishment of Estonian independence in 1995, and the right-wing incumbent parties that emerged mainly out of the Citizen Committees movement were punished. The picture was more ambiguous in Latvia, where in 1995 voters instead of favouring the losers of the election in 1993 gave their votes to newcomer populist parties, prefiguring the pattern of electoral behavior that became common in other Baltic countries in the next decade.

In terms of economic life, this was a period of vigorous, if short economic growth, that was most sustained in Estonia (see Fig. 2 below). When the 1998 Russian crisis hit

the Baltic economies, Estonia's GDP was close to surpassing its level in 1989, while in the other Baltic countries this still was a rather distant goal. By 1997, Estonia had the firmly established reputation of 'Baltic star', when it was the only Baltic country that was invited to open pre-accession negotiations with the European Union (EU). Accession countries prefer to use these talks to negotiate transition periods for selected industries and services, sparing them from competition pressures by custom tariffs and tax exemptions. The peculiarity of the EU negotiations with Estonia was that the country had to be persuaded to roll back some of its regulations that were too liberal even by European standards.

The edge that Estonia acquired over its Southern neighbours due to deeper financial integration in the world economy had also its downsides. Already in 1997 Estonia's financial system was exposed to speculative attacks in the aftermath of the Asian crisis, as the fall in share prices on Tallinn's stock exchange market reduced bank profits, bankrupting some banks and compelling the remaining ones to merge. The problems occurred repeatedly in Autumn 1998, after the Russian default. Most successful in attracting foreign capital not only among Baltic but among all post-Communist countries, Estonia was also more exposed to conjuncture changes in world financial markets. Lithuania was hit by the Russian crisis only in 1999, after Lithuanian exports to the Russian market had decreased, while Latvia suffered comparable losses even before the Russian default in August 1998,

as Russia punished Latvia with economic sanctions after the action of Latvian police against Russian protesters at the Riga city Duma in May 1998.

Exposing Estonia's economy to risks, the overdevelopment of the financial sector in Estonia also helped in the search for solutions. The Estonian banking crisis of 1998-1999 was caused by forces that came from outside, but also a normal situation was restored due to foreign support. The Swedish banks SE Banken and Swedbank saved the two biggest banks of Estonia, the Hansabank and the Union Bank of Estonia, buying their shares and becoming their strategic investors. Once more, developments in the Estonian financial market were harbingers of future developments in other Baltic countries. By the beginning of the new century, Swedish banks established themselves as the leading oligopolist players on the financial markets in Lithuania and to a lesser extent in Latvia.

Having suffered from the impact of the Asian and Russian crises, the economy of Estonia was also the first one to recover late in 1999, while Lithuania followed a year later. Growth was quite strong in all three Baltic countries, with Lithuanian economy annual growth rates surpassing for the first time the growth of the Estonian economy. In 2006, Lithuania almost managed to fulfil all Euro convergence criteria except one: inflation exceeded the norm by 0.1%. In any case, the fortunes of many market-reform losers of – e.g. members of older generations and minorities, previously industrial or agricultural workers, but also teachers and other

underpaid white collar professionals – could finally be improved during the second transformation decade. This was still not the case in the first decade. Instead of receiving compensation for their losses and patience, they had to suffer anew as the crisis of 1998-99 broke out. Their patience was overstretched, as the satisfaction derived from being part of a national community enjoying restored state independence could no longer cushion bitter feelings of poverty, exclusion and loss of social status.

This may be most important cause of the astonishingly similar developments in the politics of the three Baltic countries, validating the description of the fourth period (1999/2000–2004) as a 'development crisis'. In Estonia, the extent of protest against the unfair social outcomes of the libertarian policies was formulated by social scientists in 'Two Estonias', published in April 2001. In all three states the first years of the new millennium witnessed the rise of the new populist parties successfully campaigning under the slogan of a 'new politics'. During the October 2000 election for the Lithuanian *Seimas* there were two successful newcomers: the New Union (Social Liberals) of the former Prosecutor General Artūras Paulauskas, and the Liberal Union of the former stunt pilot Rolandas Paksas, who defected from the Conservative party that previously made him Mayor of Vilnius and Prime Minister. Paulauskas won 19.6% of the votes, and Paksas gained 17.25%. Two years later, in the October 2002 Latvian *Saeima* election, the newly established New Era party, led by the former president of

the Bank of Latvia Einars Repše, won 24% of the votes and 26 seats in the 100-strong parliament, becoming the country's strongest parliamentary party. In the March 2003 Estonian *Riigikogu* elections, the *Res Publica* party, initially promoted by the famous Estonian-American political scientists Rein Taagepera and then led by the former General Accountant Juhan Parts won the support of 24.6% of electorate, sharing the position of the strongest party in parliament with the Centre party (both had 28 seats in 101-strong parliament).

All these newcomers championed law and order, transparency and the fight against corruption. They are difficult to classify in terms of a traditional Left-Right axis. However, according to expert opinion (see Sikk 2006: 140-153), the Estonian and Latvian cases should be described as Centre-right. In the two Lithuanian cases, this description may seem to be adequate for Paksas's Liberal union, while the social liberals of Paulauskas can be described as centre-Left. However, Paksas's alliance with the liberals, who are known as the Lithuanian party most committed to a free-market ideology, was short-lived. After using his popularity to become the third strongest Seimas party, the liberals ousted Paksas from the leadership, which led him to found a new Liberal democratic party that helped him to win the presidential election in 2003. Lacking adequate support in *Seimas*, Paksas was removed from the President's office in April 2004 the following year by impeachment procedures. This event made the development crisis unravel

in semi-presidential Lithuania in the most dramatic way, while Estonia and Latvia remain safeguarded from such trials by their constitutional choice of parliamentarism in times of 'extraordinary politics'.

The fallout from Paksas was used by the Labour party of Viktor Uspaskich, an ethnic Russian who emigrated to Lithuania in 1987 and made a fortune from his gas imports and food processing businesses. In the Seimas election in October 2004, Uspaskich party won 28.44% of the votes and 39 mandates in the 141-strong Seimas. Like Paulauskas's social liberals, the labourists of Viktor Uspaskich can be classified as a party that is more centre-Left than centre-Right. In the *Seimas* election in October 2004, the proportion of votes distributed between Paksas's liberal democrats, the labourists of Uspaskich and the social liberals of Artūras Paulauskas provide information about the relative strength of the Left-of-centre orientation in comparison with the centre-Right. In Lithuania, the first orientation is stronger, while in Latvia and Estonia the opposite is the case. The reason for these differences can be found in the stronger ethnical cleavages in Estonia and Latvia as compared to Lithuania. Appeals to the 'Russian threat' have been used successfully by the Right-wing parties for the political marginalisation of the Left-of-centre political forces. Ethnic divisions remain strongest in Latvian politics, while in Estonia they are alleviated by the continuing strength of the controversial Centre party which manages to win the votes both of Russian and Estonian voters.

The continuing irrelevance of the ethnic dimension in Lithuanian politics was impressively demonstrated by the election successes of the Uspaskich party. Only the Polish minority votes ethnically in Lithuania, while the Russian-speaking population divides its votes between national parties.

All the leaders of the newcomer populist parties managed to become members of the governing coalitions and even prime ministers. After some time, they were all out-manoeuvred by their coalition partners (the 'traditional' parties) and discredited by a mass media that was mostly hostile to newcomers, stigmatising them as populists. The next elections were more favourable to the traditional parties, some of them even managing to engulf the newcomers via mergers (as the national conservative party *Pro Patria* did with *Res Publica* in Estonia). The successful domestication and neutralisation of the populist parties in Estonia and Latvia, and the successful impeachment of Paksas can be interpreted as the solution to the development crisis, the turning point being the 2004 accession to the EU and NATO. Together with the rapid increase in economic welfare, the ease of emigration also helped to resolve the development crisis in the politics of the Baltic states.

The EU accession accelerated economic growth even more, giving the Baltic countries the reputation of 'Baltic tigers' – the fastest growing economies in the EU. In

a few years, the unemployment which had plagued the Baltic countries since the transformational recession, and which had surged again under the impact of the Russian crisis, came down to about 4-5%. All the Baltic countries took part in the consumerist boom after 2004, driven by the generous credit policies of both foreign and local banks. The four years of rising prosperity which followed the 2004 EU accession surpassed all that the Baltic countries had experienced since the restoration of independence. During the 2007 parliamentary elections, the Reform Party leader and present Prime Minister of Estonia, Andrus Ansip, promised that Estonia would in the next fifteen years become one of the five richest countries in Europe (on a par with Switzerland and Luxembourg).⁵

Disappointingly, the 'golden years' of 2004–2008 were not used for large increases in research and development allocations. Economic growth in these years was mostly internal and consumption-driven, propelled by the 'generous' private credit policies of banks. The construction and real-estate sectors expanded, while many enterprises producing for export lost their competitive advantage due to wages increasing more rapidly than productivity (see Hübner 2011). These are the main reasons why Latvia and Lithuania (with Estonia next) became the EU countries that were worst hit by the very first blow of the world-wide crisis: the glo-

⁵ See Estonia aims at joining the top five richest European countries by 2020: < <http://bnn-news.com/2011/02/21/baltics/estonia/estonia-plans-rank-europe%E2%80%99s-top5-richest-countries-2020/> >. 30.09.2011.

bal credit crunch following the collapse of the Lehmann Brothers bank in September 2008.

In coping with the crisis, all the Baltic countries chose the policy of maintaining currency pegging at all costs. This led to internal deflation with unemployment up to 20% of labour force in Latvia and a decrease in both nominal and real wages. The burden of the crisis was placed on the shoulders of the working population and families (see Eamets in EHDR 2011). In January 2009, Vilnius and Riga witnessed outbreaks of violence with the active participation of ethnic minorities. The outbreak of the crisis unleashed an unprecedented wave of emigration, which has affected Lithuania and Latvia the most, while the situation in Estonia was alleviated by the geographic proximity to Finland. A lot of Estonians with jobs in Finland can commute at weekends between Tallinn and Helsinki to visit their families without becoming emigrants in the fullest sense.

First hit by the crisis, Estonia was also first to recover. The self-confidence of this country was boosted by the country's joining of the European Monetary Union in 1 January 2011. Among older members of the EU, Greece and Ireland were almost ruined by the crisis, and while many others broke the self-imposed criteria of financial discipline, Estonia managed to maintain a fiscal balance and meet Euro convergence criteria. While in Lithuania and Latvia such achievements remain uncertain now and in the future, they followed Estonia in recovering from the crisis by 2011, and were subsequently described

as the 'bouncy Baltic trio' (see Estonian Exceptionalism 2011).

The description of these parallelisms in the economic and political developments of the Baltic states may be summarised by the statement that there is indeed a 'Baltic way' of transformation which is common for all of them. However, the asynchronicities in the unfolding of otherwise very similar processes (with Estonia usually taking the lead in negotiating the approaching turns and twists of the road) raises questions about the relative positions of the Baltic state. Of course, only quantitative (statistical) data can provide the hard evidence necessary for measuring the distance separating the members of the bouncy trio' on the common way.

2. Estonia's comparative advantage

The EHDR 2010/2011 contains ample statistical data documenting the comparative performance of the Baltic states over time in terms of economics and various areas of human development (education, life expectancy, health care, life satisfaction etc.). Almost without exception this data points to Estonia as best performer, with Lithuania next and Latvia third, so providing hard evidence confirming the impression of Estonia's leadership imparted by the narrative account of recent Baltic history. While hardly noticeable during the last Soviet years or in the first years of restored independence, the relative superiority of Estonia's position increases with time. By the end of the second decade, the difference between Estonia and

the other Baltic states becomes great enough to validate descriptions of an emerging gap between the Baltic North and South, while the difference between Latvia and Lithuania remains of the same order.

This pattern is most clearly discernible when comparing GDP per capita dynamics over the two decades. There are several alternative versions of this important indicator, as the World Development Indicators database maintained by the World Bank provides its values in current US\$, in constant 2000 US\$, and in constant 2005 US\$ – all with or without adjustments for purchasing power parity.⁶ Comparing the economic performance of the Baltic states we will calculate GDP per capita using constant 2000 US\$ as an index, because, as in

a photo-finish, this index helps to reveal the running order by bringing even small differences into sharper relief, instead of telescoping them which is a characteristic feature of GDP per capita adjusted for purchasing power parity.⁷ Figs. 1–3 provide three snapshots of the relative positions of the Baltic states in 1990, 2000 (compared with 1990), and 2010 (compared with 1990).

Fig. 1 reveals that in 1990 Lithuania had quite a considerable edge not only over Russia and Belarus, but also over Estonia. However, this edge was lost during next decade. Assessed in purely economic terms, 1990-2000 may be described as a ‘lost decade’ for Lithuania and Latvia, as the economies of these countries did not even manage to completely recover. This cannot be said

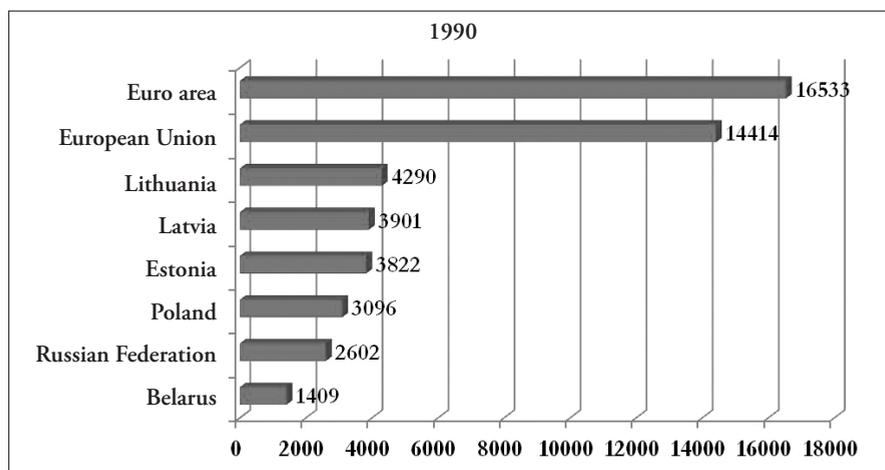


Fig.1. GDP per capita (in constant 2000 US\$) in the Baltic and some neighbour states.

Source: World Development Indicators 2010.

⁶ See <<http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2010>>. 29.09.2011.

⁷ However, according to this indicator Lithuanians were (statistically) richer than Estonians in 1990.

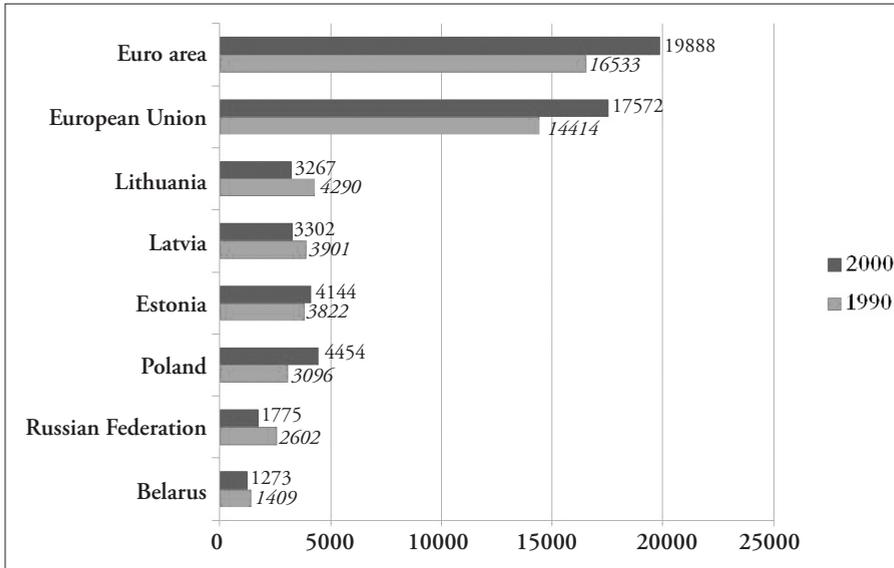


Fig. 2. Changes in GDP per capita (in constant 2000 US\$) in the Baltic and some neighbour states in 1990–2000.

Source: World Development Indicators 2010.

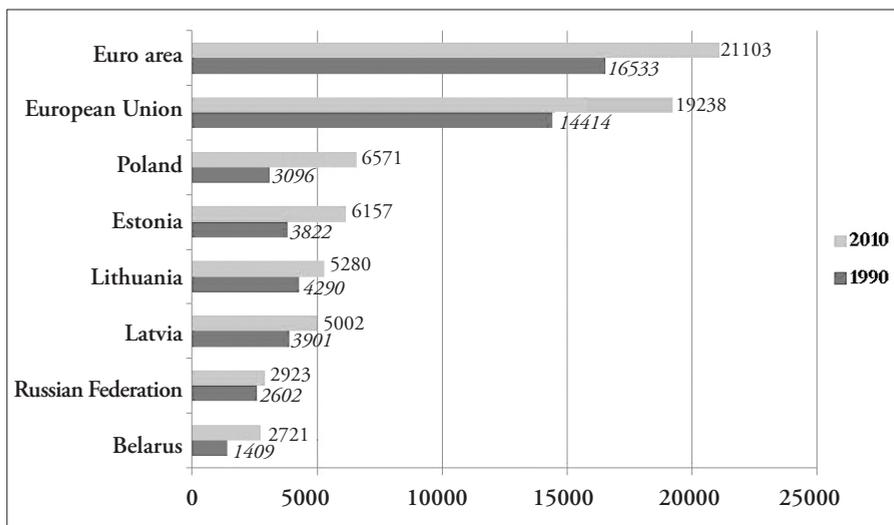


Fig. 3. Changes in GDP per capita (in constant 2000 US\$) in the Baltic and some neighbour states in 1990–2010.

Source: World Development Indicators 2010.

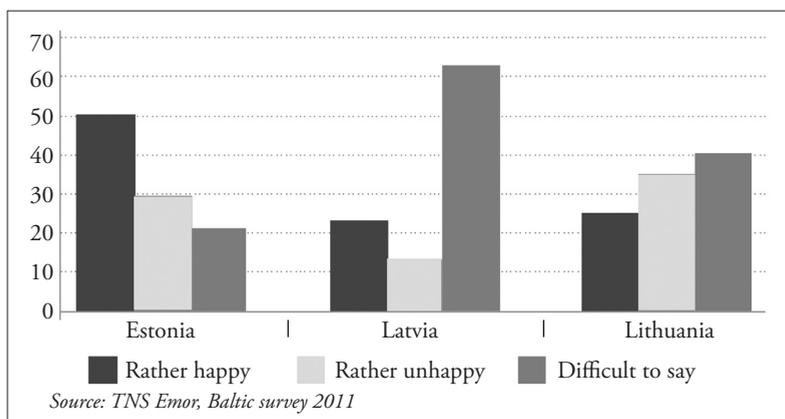


Fig.4. **General evaluation of changes: are you personally happy with the changes in the country since the restoration of its independence?**

Source: EHDR 2010/2011:19.

about the second decade, when in the years before the onset of the world-wide economic crisis in 2008 the economies of all the Baltic states expanded.

However, the real significance of this progress can be assessed only by comparing the progress during two post-Communist decades with the EU average and especially with that of the EU core area (the Euro zone). In average terms, in 1990-2010, GDP per capita (in constant 2000 US\$) increased by 28% in the Euro zone, by 33% in the EU as a whole, by 112% in Poland, 61% in Estonia, 28% in Latvia, 23% in Lithuania, 12% in the Russian Federation and 93% in Belarus. Convergence with the EU average is the paramount goal of current social change in the social imaginary of the new EU countries. No wonder then that in the comparative survey carried out by the Estonian Cooperation Assembly and by TNS EMOR in all three Baltic states in

April 2011 (where a representative sample of 1000 respondents between the ages of 15 and 74 was interviewed in each country), only 25% of respondents in Lithuania and 23% in Latvia (but 50% in Estonia) gave 'rather happy' as their answer to the question 'are you personally happy with the changes in the country since the restoration of its independence?' (see Fig. 4 and EHDR 2010/2011: 19).

The economic achievements of Latvia and Lithuania during the two decades of restored independence do not express so much optimism as is apparent in the Estonian case. However, one cannot consider these differences in assessing the post-Communist decades as a simple reflection of 'objective' differences in economic facts. The percentage of Estonians who are happy about the changes during two transformation decades is twice as large as that of Lithuanians and Latvians, while Estonian GDP per capita in

2010 exceeds that in Lithuania and Latvia by just 16.6% and 23% respectively.

The sense of puzzlement becomes even greater, if we consider differences in the relative proportions of positive evaluations of past (Communist) and present (capitalist and liberal democratic) economic and political systems and their changes over time (see Fig. 5). Even if the proportion of negative evaluations decreases in Latvia and Lithuania with the arrival of the 'good times' since early 2000s, in Estonia the proportion of positive evaluations almost always (with the exception of the very 'hard' 1993 year) exceeds that of negative evaluations both in the 'hard' 1990s and the 'good' 2000s. To anticipate our argument in the last section, one can solve this puzzle only by variables allowing for facts as they appear 'in our heads', and not just by variables describing changes in political and economical reality.

Before closing this small selection of quantitative data with explanatory questions about the present running order on the Baltic way, let us recall that this order is different not only from that in late Soviet times, when economic and social differences between the Baltic states had been the smallest throughout their modern history. Before 1914 and in 1940, Latvia was the leading Baltic country in terms of cultural, social and economic development. Estonia followed closely behind, and Lithuania was a distant laggard, with Riga being an attractive place for large-scale immigration from Lithuania prior to World War I. In post-Soviet era, Estonia has significantly outpaced Lithuania, which in turn has slightly outdistanced Latvia. Why has Latvia lost its previous position of leadership? Might not Estonia in the not too distant future become a Baltic Lombardy, with Latvia and Lithuania lapsing into a Baltic Mezzogiorno?

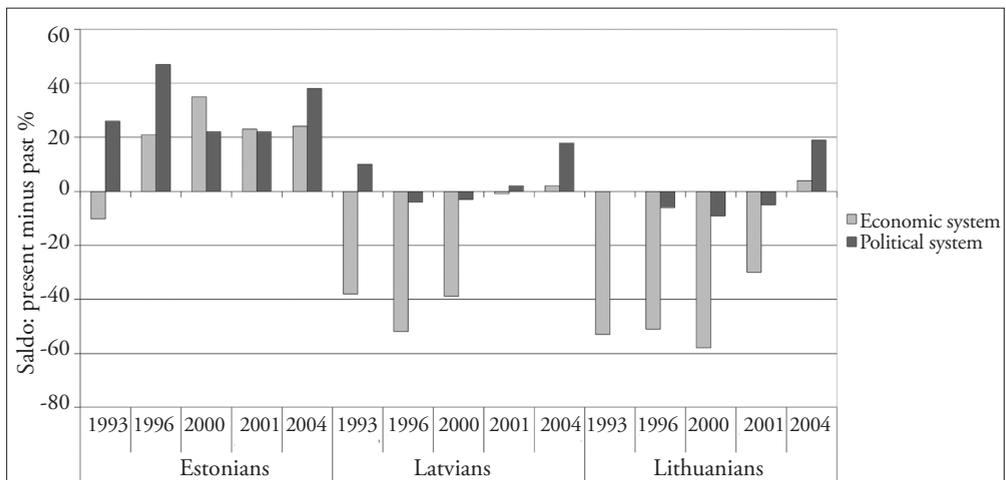


Fig. 5. Differences in positive evaluations of past and present economic systems.

Source: Rose & Maley 1994; Rose 1997; Rose 2000; Rose 2002; Rose 2005.

Such a time may or may not come to pass, but meanwhile we should provide answers to the following two questions related to Estonia's leading position on the Baltic way: (1) How to explain Estonia forging ahead and leaving behind its Southern neighbours? (2) Why do Estonians tend to overestimate the achievements of their country, and why are Latvians and Estonians prone to underestimate them?

3. The Baltic Way as Testimony to the Poverty of Conventional Transitology

Mainstream transitology literature is focused on a rather different question: how to explain the differentiation of the post-Communist world into 'success stories' and 'failures'? The list of 'success stories' includes former Communist countries that managed to transform the Communist economic system into working market economies and to forge consolidated liberal democracies from post-totalitarian authoritarian regimes.

There may be disagreement among scholars about where some specific cases belong, but there is broad agreement that a minimal list of 'success stories' should include all those countries accepted to the EU and NATO in 2004. All remaining former Communist countries are candidates for membership in the list of 'failures'. In terms of institutional analysis, to be a failure means to have political oligarchic or state capitalism as the prevailing 'mode of production' in the economy and semi-democracy or authoritarianism as the political regime. Failures are characterised by late economic recovery and human

development performance worse or not better than in the last Communist years.

By these criteria, all the Baltic states are members of the list of 'success stories'. Therefore, even if there was common agreement on the causal factors deciding between 'success' or 'failure' in post-Communist transformation, knowledge of such factors may be not sufficient to explain the differences within the set of 'successful cases'. In fact, there is no such agreement. Nevertheless, it is useful to start the search for explanations of the present running order between the Baltic states with the factors which amount to the usual suspects among transitologists. We will not query in this paper whether such factors are sufficient to explain differences between the 'successes' and 'failures' of post-Communist transformation. Rather, we will argue that they fail to account for finer differences in outcomes among 'success stories' themselves.

There are at least two such usual suspects. Political scientists consider as the key factor exclusion from the power of the former Communist elite. Such exclusion took place in those states that exited Communism via anti-Communist revolution, and involved a change of elite (see e.g. Bunce 1999; Fish 1998). Economics consider the choice between radical ('shock therapy') versus gradual reforms as the key factor. We will start from the latter explanatory proposal.

As a matter of fact, the discussion about the comparative advantages of gradualism versus shock therapy is far from closed. Partisans of 'shock therapy' attribute the failure of the rapid economic transition to

gradualist choices (see e.g. Aslund 2007), while proponents of gradualism refer to the alleged failure of shock therapy to produce 'good capitalism' in Russia on the one hand, and to the spectacular success of gradual reforms in China on the other to make their point (see e.g. Stiglitz 2002). In the discussions about the causes of differences in economic performance among the Baltic states, one can find descriptions of the Estonian market reforms as 'shock therapy', while the Lithuanian variant is sometimes characterised as more or less gradualist (see e.g. Lane 2001: 165).

We would argue that such descriptions are inadequate, and lack a broader comparative context. If market reforms in the Baltic states are considered together with all cases of post-Communist transformation, the 'Baltic trio' clearly emerge as examples of radical market reforms. To recap, the main idea of shock therapy is a prompt withdrawal of the state from the governance of economy to make place for markets to emerge and develop spontaneously. State withdrawal includes internal and external liberalisation and deregulation, macroeconomic stabilisation by cutting budget expenses, and the privatisation of state-owned enterprises. All these reforms should be implemented simultaneously and at the maximum possible speed. Gradual market reforms were advocated mostly by economists who did not believe that efficient national markets could emerge and work without a proper institutional framework constructed and maintained by states with strong infrastructural capabilities. These capabilities can be

destroyed by draining the state of fiscal resources through simultaneous stabilisation, liberalisation and privatisation. The economists therefore recommended a slower pace of reforms and their sequencing in time.

If measured by these definitions, only market reforms in China, Vietnam, Hungary and Slovenia (thanks to their beneficial legacy of market socialism) were clear gradual reform cases. The collapse of the Soviet economy in late 1991 simply did not allow for gradual market reforms, demanding swift emergency action. The real choice was between radical (shock therapy), partial and minimal market reforms. In all three Baltic states, shock therapy style reforms were implemented. What really may have mattered was their sequence. Even if architects of reforms had plans to implement all market reforms without delay or at the first opportunity, these opportunities had different timings. Therefore, the real sequence of market reforms was different despite shared strategies and goals. Market reformers in Lithuania launched mass privatisation first, postponing stabilisation until later. In speed of privatisation Lithuania outpaced Estonia, due to resolute preference for a voucher-based model, and because the Estonian model of direct sale for cash needed more time for its implementation despite every effort to privatise as quickly as possible. According to Erik Terk, one of the 'fathers' of the Estonian privatisation model, mass privatisation in Lithuania peaked in 1993, while in Estonia this happened the following year, when the privatisation agency was launched (Terk and Reid 2011: 33). 'It is

somewhat unfair that countries such as the Czech Republic and Russia have been highlighted in the analysis of the international experience of voucher privatization, while the massive voucher privatization in Lithuania has been viewed for some reason as being less interesting or worthy of analysis' (Terk and Reid 2011: 32).⁸

The difference in sequencing mattered greatly in terms of how much time it took for market reforms to bear their first fruits (cp. Beyer 2006). The mass privatisation under hyperinflation provided Lithuanian shock therapy with the flavour of partial reforms, the adjective 'partial' referring both to their incompleteness and to the non-impartiality of their distributive consequences. This is the version of market reforms that according to some analysts prevailed in most of the former Soviet republics and in South-Eastern Europe (see Hellman 1998). The postponement of stabilisation and incomplete external liberalisation provided opportunities for the early market reform winners to seek rents by price arbitrage, receiving credits (*de facto* free grants) from the state banks, and buying state enterprises for asset stripping. In fact, the window of opportunity for such uncreatively destructive and parasitic activities was left open for far longer in Lithuania than in Estonia. This may be important for explanations of why post-transformation recession was deeper in Lithuania than in Estonia.

This delay in the positive outcomes of the same set of reforms conditional on less

than optimal sequencing is mistakenly seen as gradual reforms by uncritical observers. However, what really took place in the Baltic States were different versions of the same kind of reforms – radical market ones. This statement also covers the Latvian case, where macroeconomic stabilisation (as in Estonia) came before privatisation, which was most delayed and protracted among the Baltic states. The Latvian case is important as evidence that one should not attribute too much causal impact to inter-Baltic variations in the same (radical) mode of economic reforms: while the Latvian pattern of market reforms more closely resembled the Estonian pattern than the Lithuanian one, post-Communist Latvia did not manage to reclaim the status of the most economically advanced Baltic state, which it had until 1940.

While one can find only differences of degree between the Baltic states in the mode of economic transformation, the variations in the transformation of their political systems can be described as differences of kind. According to received transitological wisdom, going back to Samuel Huntington's magisterial book by (1991), three modes of democratic transition can be distinguished: reform from above, reform from below, and a middle-way of democratisation between reform and revolution (pacted democratisation), for which the literature uses Timothy Garton Ash's term 'refolution' (Ash 1989).

One can argue that Estonia and Latvia along with Czechoslovakia and East Ger-

⁸ See also Terk 2000.

many were the only Communist countries that exited Communism in revolutionary mode. The most important distinguishing mark of revolution is the change of elites, while democratisation from above is implemented by the reformist section of the (ex-) Communist elite, and revolution involves an explicit or implicit pact between old (ex-Communist) and new (anti-Communist) elites. Anti-Communist democratic revolution in Estonia and Latvia exceeded even its equivalents in East Germany and Czechoslovakia in terms of radicalism, because in the Baltics this revolution also had an anti-colonial character, meaning that the elimination of the previous elite not only withered the dominant position of the Communist *nomenklatura*, but at the same time also liquidated the agencies representing Moscow's imperial grip over the Baltic people. Restrictive citizenship laws in Estonia and Latvia could be interpreted namely in this anti-colonial context. They deprived of voting rights (except for participation in local elections) the majority of Soviet-era immigrants and colonists that formed the local social basis of Soviet power (a large part of the Russian-speaking new minority identifying themselves with the 'proletariat' as the ruling class of Soviet Union). In this way, the 'wannabe' left-wing parties lost the bulk of their potential electorate. No influential ex-Communist parties emerged in Latvia or Estonia after the Communist parties were banned in September 1991. A Right-leaning party system emerged in both countries, crystallised along the line separating the radical Right parties that were successors

to the Citizens Committees, and centrist or centre-left parties whose leaders came from the core of the former Popular fronts.

The radically reform-oriented centre-right coalition government (formed by conservatives, liberals and social democrats) that ruled Estonia in 1992–1995, implemented the policy of *de facto* lustration ('house cleaning'), thereby largely removing not only Russian, but also Estonian members of the Communist *nomenklatura* from positions in state administration. Lustration was not a politically viable option in the former countries of state Communism (Hungary, Poland, Slovenia) due to the more mixed record of their recent history, including not only political repression and subservience to Moscow (or Belgrade) rulers, but also the claimed record of responsible *Realpolitik* serving national interests in a geopolitical situation under their control, persuasively claimed by the former Communists.

It would take up too much space to relate the details of how Estonia and Latvia in the late 1980s chafed under a variety of Communist regime classified by the researchers as bureaucratic authoritarian communism (see Kitschelt et al. 1999), while Lithuania lived under its own national Communist variant; how and why national Communists were cleansed by Moscow in Estonia already in 1949, and Latvia in 1959, while in Lithuania they managed to become a cohesive covertly nationalist elite, cemented by the cult of Antanas Sniečkus (1903–1974), who since 1936 was the first secretary of the Lithuanian Communist party. Bluntly put, during the Communist era Lithuania could profit from

'advantages of backwardness'. While Estonia and Latvia on the eve of Soviet occupation in 1940 were socially and culturally modern countries with significant urban populations and low birth rates, Lithuania still was a rural country whose population's procreational behaviour was heavily influenced of Catholic morals and morés.

As a result, despite significant immigration by the end of the Soviet era the proportion of ethnic Lithuanians in the total population was greater than ever before, and ethnically Lithuanian cadres dominated on all levels of the Communist *nomenclature*. The leadership of the Lithuanian Communist party successfully resisted Moscow's plans for new industrial projects in city centres. Instead, plans for Lithuania's regional development were realised, leading to the emergence of many new smaller industrial centres in formerly agrarian and rural localities – preventing even more significant Russian immigration. In December 1989, the Lithuanian Communist party became the first (and only) among republican Communist parties to separate from the Communist Party of the Soviet Union (CPSU), paving the way for the independence restoration act on 11 March 1990, heralding the start of the breakdown of the Soviet empire. At the same time, it secured its own political future.

After the rather short rule by the *Sąjūdis* that won the first more or less free election

in February 1990, the ex-Communists were able to come back to power during the next election in October 1992. Lithuania was the first among post-Communist parties where the political heirs of the national Communists could celebrate such success. Victory at the parliamentary election was followed by the even more impressive victory at the popular presidential election in January 1993. Algirdas Brazauskas, the last first secretary of the Communist party of Lithuania, became the first freely and democratically elected President of the restored independent Republic of Lithuania.

Many observers both in Baltic countries and abroad consider the ex-Communist rule as the key factor in Lithuania's losing the lead on the Baltic way. Their alleged sins include switching from shock therapy to gradualism and precluding the influx of 'fresh blood' into the public administration by securing jobs for their 'old cadres'. One may admit that the latter allegation contains a grain of truth: personnel continuity may be part of the answer to the question of why Lithuania has substantially higher perceived corruption than Estonia.⁹ However, the former allegation completely lacks substance for the simple reason that there was no policy switch under the ex-Communists. The Lithuanian brand of radical market reforms with rapid mass privatisation as the first priority was launched before their

⁹ According to the Corruption Perception Index produced by Transparency International in 2010, Estonia was 26th, Lithuania 46th, and Latvia 59th according to levels of perceived corruption in the list of 178 countries. See < http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results >. 30.09.2011.

comeback, and they did nothing to stop or reverse it.

Rather, privatisation reversal was the idea of their opponents on the Right. While in opposition in 1992–1996, the Lithuanian Conservatives put at risk the process of market reforms by initiating on 27 August 1994 a (failed) referendum with the purpose of reversing the privatisation (“prichvatizacija”) and compensating for the rouble deposits annihilated by hyperinflation. And even if ‘fresh blood’ did matter for the quality of the public administration, one should not be complacently optimistic about its immunity against the disease of corruption. Again, the Latvian case reveals much in this respect. De-Sovietisation in this country was even more radical than in Estonia due to the prevalence of the Communist hardliners (mostly non-Latvians ethnically) within the state apparatus and senior management of state-owned enterprises in this most strongly Russified Baltic republic. Most of them aligned themselves with the pro-Moscow ‘Interfront’ during the struggle for independence, and could be removed immediately after August 1991. However, the change of elite and the influx of large numbers of ethnically Latvian officials with a politically correct record did not preserve this country from worse corruption even than in Lithuania.

Once again, when pondering the causal impact of the ex-Communist comeback we should not leave out of sight the broader comparative context. On the one hand, the permanent rule of the Right and Right-of-centre coalitions in Latvia did not help

this country outperform Lithuania, where ex-Communist and anti-ex-Communist parties traded places. Such alternation is a feature that Lithuania shares with other former ex-Communist countries – Poland, Hungary and Slovenia. While ex-Communist bashing is an unavoidable part of party politics in these countries, most outside observers do not consider their performance to be inferior in comparison with a few post-Communist countries which were spared from ex-Communist comebacks.

Quite oppositely, comparing the performance of the Czech Republic (with no ex-Communist participation in government) with that of Poland (which was a notorious ‘sinner’ in this respect), Michael A. Orenstein comes to the conclusion that ex-Communist and anti-Communist alternation in government is a key factor in explaining why Poland’s performance was better by far than that of the Czech Republic, although both of them may be deemed as ‘success cases’ of post-Communist transformation when compared to most former Soviet republics (see Orenstein 2001). Anna Grzymala-Busse argues in a similar way, asserting that post-Communist states where anti-Communists alternate in government with ex-Communists display a higher quality of governance and immunity to state capture by vested interests because of party competition which is more robust than it is in those countries governed by parties similar in ideology or ancestry (Grzymala-Busse 2007). Given such robust competition and a stable party system, a democratic political system can perform satisfactorily with ‘old blood’ and save ‘new blood’ from infec-

tion with old and new diseases. From this point of view, both the Lithuanian and Estonian cases are anomalies: Lithuania with its fierce competition between ex-Communists and anti-Communists underperformed, and Estonia with its Right-skewed party system was an over-performer.

4. Call for a Sociological-cum-Cultural Turn in Baltic Post-Communism Studies

One can finish the discussion of the usefulness of the 'usual suspects' of transitology in explaining the differences in the post-Communist performance of the Baltic states with the interim conclusion that they do not explain much. However, after reviewing the contributions from economics and political science we owe an answer to the question of what sociology can contribute to our problem. This is not only out of politeness duly arising from the fact of the publication of our contribution in the leading Lithuanian *sociological* journal.

Continuing the search for the key to the riddle of Estonian success, one should not leave cultural factors out of consideration. The habit of wearing blinkers when it comes to considering culture is almost part of professional training in economics, while political scientists generally show interest only in that portion of culture known as 'political culture' (people's attitudes toward politics). But even among sociologists, the

significance of cultural values, ideological visions, the social imaginary and popular beliefs as internal factors in post-Communist development remains underestimated (see Lauristin and Vihalemm 2009).¹⁰ However, across the post-Communist countries, the cultural and ideological background of the economic and political choices of elites and ordinary people alike deserve much greater attention. So we will close the exploration of the *general* causal factors responsible for the unevenness in post-Communist transformations in the Baltics with a call for more attention to be paid to these variables, and with some constructive proposals for how to gauge the relevant features of culture.

Culture is notoriously difficult to subject to rigorous research. However, not all of its innumerable facets are of equal relevance for research into those factors that are causally relevant for the economic and political outcomes of post-Communist transformations. In research with explanatory (not just descriptive) intent, the abundance of variables is not a virtue as such. Rather, explanatory parsimony is a virtue that aims to explain as much variation in the dependent variable as possible with a minimal number of independent variables or their values. We will argue that one can capture the bulk of causally relevant variation in the culture by reference to four 'orientations of the social imaginary'. This describes the state of the social imaginary just before the exit from Communism and during the period of ex-

¹⁰ A book by group of Slovenian sociologists may be important exception. See Adam, Makarovič, Rončević, and Tomšič 2005.

traordinary politics. Four basic orientations of the social imaginary can be distinguished: *continuative, restitutive, mimetic and innovational*.¹¹

All four orientations can be detected in the social imaginary of modern or modernising societies. However, they differ in relative strength, with one or two of them dominant, and the remaining two or three sliding into the background or being suppressed. On the most general level, they simply mean attitudes towards the current challenges and opportunities presented by social change, attitudes guiding social action. The substantive content of these orientations depends on what kind of society and which particular point of time is analysed and, in addition to this, what are the historical resources of the social imaginary, which in their turn are dependent on the vicissitudes of the society's history.

For example, the *continuation orientation* has a different substance in late Communist versus advanced Western liberal democratic capitalist society because of the difference in the status quo, which the bearers of the continuation social imaginary are anxious to defend and preserve. It is the dominance of the continuation orientation in the social imaginary of contemporary advanced Western societies that insures them against the possibility of revolutionary change. The reason for this is that populations cannot imagine, nor can counter-elites propose, an inspiring vision of society that

would be fundamentally different from what already exists.

This may be different in societies that are still not on the frontier of social change. The dominance of the *mimetic orientation* in the social imaginary is very common, with power elites and most of the population selecting a foreign country or group of countries as a model. For example, in the late 19th century Japan selected the German empire (1871–1918) as its reference model, and for interwar Baltic countries, Denmark was the reference model. In some cases, social and political forces advocating a 'renaissance' of their favourite (mostly mythologised) golden age can become an influential political power, as is the case in some Islamic countries, where radical Islamists consider early the Islamic polity (the Caliphate) as the perfect social order.

These few examples should be sufficient for an understanding of how we will use the concept of orientations of the social imaginary and social action to describe the initial cultural conditions of the post-Communist transformation, and to analyse their influence on the course of political and economic change after the exit from Communism. Importantly, we do not assume the immutability or even the stability of the social imaginary. Rather, it continuously changes under the influence of new collective experiences, opportunities and challenges. This involves change both in the relative strength of single orientations and

¹¹ This conceptualisation goes back to Šaulauskas 1999, who describes them as 'orientations of social change'. For the theoretisation of the 'social imaginary' see Castoriadis 1998.

in their substantive content. The contemporary social imaginary of post-Communist countries is very different from what it was 20 years ago.

Speaking of these by-now remote times, the different orientations of the social imagination and of social action lead to different results in understanding the goals of the post-Communist transformation as well as in assessing the Communist present and pre-Communist past. The *continuation orientation* posits as the main goal of post-Communist transformation the preservation of certain 'positive' achievements of the Communist period while trying to put right its shortcomings and excesses (e.g. Communism's neglect of the importance of the nation or markets). The *innovative and imitative orientations* are united in their critical take on both the Communist and pre-Communist period. This trait distinguishes them from the restorative (or restitutive) orientation. The *restitutive orientation* posits as the goal of post-Communist transformation the re-creation of the pre-Communist economic and political system (which it views as a golden age). The *mimetic (or imitative) orientation* holds as its uncompromising ideal and reference point the advanced political and economic systems of the West; it wants everything to be 'just like in the West'. The negative assessment of all aspects of the Communist period is a trait held in common by the restitutive and mimetic ideologies; they are, however, divided over the pre-Communist era, which in the imitative transformational ideology is viewed no less critically than Communist times.

It is important to note that the dominant post-Communist transformation orientation is not just the mindset of the ruling elite. The orientation of the post-Communist transformation is a characteristic of the mentality of the broad mass of citizens, which is expressed through their preparedness to accept economic and political changes, to bear the costs of those changes, and to make use of the opportunities that the changes create. In countries where the innovative orientation is strong, the masses are both the object and the collective subject of the post-Communist transformation. This means that most of the innovative institutional decisions about the liquidation of Communism arise through improvisation from the bottom up and in the here and now.

The legitimacy both of the exit from Communism and of the post-Communist political and economic system depend on the manner of the dominant orientation. The innovative orientation is not the only one capable of legitimating these. They can be legitimated by both the mimetic (emulative) and restitutive orientations. The continuation orientation is least favourable to the exit from Communism and is characteristic of countries where Communism survived the longest, and which were least affected by Western cultural influences. It was in these countries that Communist indoctrination was strongest. It shaped the *homo sovieticus* mentality that became accustomed to paternalistic governance and alienated from the capitalist economic culture, which Max Weber famously called the 'spirit of capitalism' or capitalist economic ethics.

It may be no easy task to find out which orientation was dominant at the time of the exit from Communism in some countries. In certain cases, two or even more orientations were nearly equally strong in public discourse and in public opinion. However, even if there is no absolutely dominant orientation, it never occurs that all four are of equal strength. The proponents of one ideology are the first violins in the public discourse, setting its dominant tone; those favouring another are the second violins; still others are dissidents who interfere noisily, in the hope of destabilising the regime (although they end up being silenced and pushed out of public space in one way or another).

We concede that it is a difficult task to find the exact proportions in the mix of all four orientations at any particular moment in the turbulent times of extraordinary politics. One can propose the operational definition that a specific orientation may be considered as dominant if it is a plurality (a relative majority) according to representative surveys. Once again, this definition is of limited usefulness because we may simply lack appropriate survey data about the state of public opinion at the eve or the very beginning of the exit from Communism.¹² Even if the surveys took place, the questions asked may not be appropriate for finding out the relative importance of the four orientations. For this reason the 'culturalist' explanatory statements closing our contribution should be considered as mere hypotheses to be tested by further research.

The lack of such testing was the main reason why they were not even mentioned in the short report on the state of art in research on the emerging North-South gap in the Baltics in EHDR 2011.

The 'culturalist' explanatory statements promised amount to guesses about the differences in the mixtures of different orientations among populations and in public discourse on the eve of the exit from Communism as well as during the period of 'extraordinary politics'. One can maintain that the restitutive orientation was dominant in all three Baltic states at this time, since a plurality of people considered the interwar period of 1918–1940 as a 'golden age'. The interwar period was greatly idealised here, because for some of the indigenous ethnic groups (e.g. Estonians and Latvians), it was the first time in their history that they had their own nation state. So, in the Baltics the re-establishing of independent states was the paramount goal of the exit from Communism. The idea of restitution was the rationale behind the decision of the Estonian and Latvian governments to grant citizenship rights only to persons who, or whose descendants, were citizens of these Baltic States before June 1940.

However, the Baltic states most probably differed in terms of which orientation was next in importance. The key advantage of Estonia was a relatively strong innovative orientation both in its elite and broader indigenous population. This orientation was second in strength after the restorative

¹² Unfortunately, this is the impression gained from reading the useful inventory by Gábor Tóka (2000).

one, followed by the nearly as strong imitative one, with the continuative orientation weakest. In Lithuania, the imitative and continuative orientations were most probably of equal strength (next to the estorative orientation) among the broader population, with the innovative orientation closing the list. The position of this orientation was also weak in Latvia. The social imaginary of Latvian society was marked by a very strong continuational orientation whose carrier was the immigrant Russophone part of the population, while the indigenous population was predominantly restitutionally oriented. The imitative orientation was only third according its strength in the broader population. However, it was quite strong among the elite, taking second place after the restitutional orientation. In this respect, there was no difference between Latvia and Lithuania.

Of course, these statements are presently only bold hypotheses, but the work to test them may become the distinctive contribution of the sociological discipline, helping to solve the puzzles which economists and political scientists were unable to solve. The peculiar combination of prevalent restitutional and strong innovative orientations seems to be a specific feature of Estonian 'transition culture', or its national receipt for success. In this context it is appropriate to recall the 'Finnish factor' affecting Estonians' readiness

for living in a different kind of society: from the first, everyday access to Finnish TV as a mental window onto Western society had been available since the late fifties for Estonians. And second, the regular ferry link between Helsinki and Tallinn brought in the seventies and eighties thousands of Finns over the gulf and, despite the efforts of the KGB to prevent contact, provided for Estonians opportunities for practical networking with their Nordic cultural affiliates.¹³ This peculiarity of the Estonian social imaginary may also provide the key to the greatest puzzle in the hard quantitative data: why do Estonians evaluate the outcomes of the post-Communist transformation much more positively than Lithuanians and Latvians? To recap, the puzzle arises because the gap between evaluations is much greater than the discrepancy between the performance of the Baltic states measured by 'objective' indicators. Importantly, this phenomenon of 'Estonian optimism' is stable over time (see Fig. 5), so it can be causally attributed only to some specific features of Estonian culture. The analysis of culture in terms of dominant orientations of the social imaginary may be a promising avenue in identifying these features.

Of course, cultural factors are no explanatory *Wunderwaffe*, because they can be considered not only as independent, but also as dependent variables. After the features of culture that are causally relevant

¹³ The 'Finnish factor' was recognised as one of the main preconditions of successful Estonian post-Communist development by Ole Norgard (see Norgard 2000: 178), and the influence of Finnish TV on Estonians' mindsets is vividly depicted in the popular Estonian documentary 'Disco and the nuclear war' by the young filmmakers Kiur Aarma and Andres Maimik.

for the problem of interest are found out, one may be interested in their provenience. However, this is the next explanatory problem, which should be tackled only after the existence and causal relevance of the hypothesised features of culture are proven. Before this achievement, one cannot know how far the 'cultural factor' was important in comparison with other candidate factors for the explanation of the running order on the Baltic way.

Theoretical analysis unavoidably focuses on general or main causes. However, their impact in particular cases has to be mediated by the interaction both with other general causes and with singular circumstances specific to particular cases. Interested readers can find the inventory (which does not pretend to be comprehensive) in the contribution by one of the authors of the present article to EHDR 2010/11.¹⁴ We do not assume in advance that these specific circumstances in Estonia's situation (the so-called 'Nordic' or 'Finland factor' being the most plausible candidate) were less important than features of Estonian culture described in terms of the configuration of the four orientations of the social imaginary and of social action. Our goal was simply to identify the lacunae in our knowledge about the post-Communist transformation in the Baltics, which sociology as a social-science discipline seems to be uniquely qualified to achieve.

5. Conclusions

1. In the recent history of the Baltic states (since 1988) one can distinguish six periods common to all three states, providing the metaphor of a 'Baltic way' with descriptive substance.
2. Since the second period, the challenges met by Estonia in the economic area anticipate and serve as harbingers for the developments in the economies of the other Baltic states. One can also distinguish related parallelisms in political developments, although they do not extend to all periods (2)–(6).
3. Quantitative data corroborate the conclusion of Estonia's position as a pioneer and leader on the Baltic way.
4. Most influential economical and political explanations of successful post-Communist transformation – referring respectively to shock therapy and a change of elite due to anti-Communist revolution – fail to provide a satisfactory causal account of the running order on the Baltic way.
5. Sociology as a discipline may provide a powerful contribution to the explanation of the post-Communist performance of the Baltic states, through research work on hypotheses that focus on differences in orientations of the social imaginary and social actions of the elites and broader populations of the Baltic countries.

¹⁴ See EHDR 2010/11: 28–30.

6. A descriptive analysis of the relevant differences may be accomplished in terms of the four orientations of the social imaginary and social action: continuation- al, restitutive (restorational), mimetic (emulative) and innovative.
7. These are research hypotheses about the state of the social imaginary in the Baltic states during the period of extraordinary politics and possibly thereafter: (a) the combination of the restitutive and innovative orientations was specific

to the Estonian transition culture; (b) in Lithuania the dominant restitutive orientation had to compete with the mimetic and continuational orientations; (c) in Latvia the transitional imaginary was marked by the very strong continuational orientation of the very significant Russophone immigrant population, opposing the politically dominant restitutive orientation of the indigenous population.

REFERENCES

- Adam, Frane; Makarovic, Matej; Roncevic, Borut, Tomšič, Matevž. 2005. *The Challenges of Sustained Development: the Role of Socio-cultural Factors in East-Central Europe*. Budapest: CEU Press.
- Ash, Timoty Garton. 1989. „Reolution in Hungary and Poland“, *New York Review*, 17 August, pp.9–15.
- Aslund, Anders. 2007. *How Capitalism Was Built. The Transformation of Central and Eastern Europe, Russia, and Central Asia*. Cambridge: Cambridge UP
- Balcerowicz, Leszek. 1995. *Socialism, Capitalism, Transformation*. Budapest: CEU Press.
- Beyer, Jürgen. 2006. *Pfadabhängigkeit: Über institutionelle Kontinuität, anfällige Stabilität und fundamentalen Wandel*. Frankfurt a. M.: Campus. <http://www.mpifg.de/pu/mpifg_book/mpifg_bd_56.pdf> 30.09.2011.
- Bunce, Valerie. 1999. “Lessons of the First Postsocialist Decade”, *East European Politics and Societies*, Vol. 13 (2), pp. 236–243
- Castoriadis, Cornelius. 1998. *The Imaginary Institution of Society*. Cambridge (Mass.): MIT Press.
- Eamets, Raul. „Labour Market, Labour Market Flexibility and the Economic Crisis in the Baltic States“, *Estonian Human Development Report 2010/2011*. Tallinn: Eesti Koostöö Kogu, pp. 31–40. Pp.74–82.
- „Estonian Exceptionalism“, *The Economist* 14.07.2011. <<http://www.economist.com/node/18959241>>. 30.09.2011.
- Estonian Human Development Report (EHDR) 2010/2011. 2011. *Baltic Way(s) of Human Development: Twenty Years On*. Tallinn: Eesti Koostöö Kogu.
- Fish, Steven. 1998. “The Determinants of Economic Reform in the Postcommunist World,” *East European Politics and Societies*, Vol.12 (1), pp. 31–78.
- Fleming, Alex; Talley, Samuel. 1996.. *The Latvian Banking Crisis. Lessons Learned*. World Bank Policy Research Working Paper Nr. 1590. World Bank. <http://www-wds.worldbank.org/external/default/WDSContentServer/TW3P/IB/1996/04/01/000009265_3961022113508/Rendered/PDF/multi_page.pdf>. 30.09.2011.
- Grzymala-Busse, Anna. 2007. *Rebuilding Leviathan. Party Competition and State Exploitation in Post-communist Democracies*. Cambridge: Cambridge UP.
- Hellman, Joel. S. 1998. “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions”, *World Politics*, Vol. 50 (2), pp. 203–234
- Hübner, Kurt. 2011. „Baltic Tigers: The Limits of Unfettered Liberalization“, *Journal of Baltic Studies*, Vol. 42 (1), pp. 81–90.

- Huntington, Samuel P. 1991. *The Third Wave: Democratization in the Late Twentieth Century*. Norman: University of Oklahoma Press.
- Kasekamp, Andres. 2010. *A History of the Baltic Countries*. N.Y.: Palgrave Macmillan.
- Kitschelt, Herbert; Mansfeldova, Zdenka; Markowski, Radoslaw; Toka, Gabor. 1999. *Post-Communist Party Systems. Competition, Representation, and Inter-Party Cooperation*. Cambridge: Cambridge UP
- Lane, Thomas. 2001. *Lithuania: Stepping Westward*. London: Routledge.
- Lauristin, Marju; Vihalemm, Peeter. 1997. „Recent Historical Developments in Estonia: Three Stages of Transition (1987–1997)“ in Lauristin, Marju; Vihalemm, Peeter (Eds). *Return to the Western World. Cultural and Political Perspectives on the Estonian Post-Communist Transition*. Tartu: Tartu UP, pp. 73–126.
- Lauristin, Marju; Vihalemm, Peeter 2009. „The Political Agenda During Different Periods of Estonian Transformation: External and Internal Factors“, *Journal of Baltic Studies*, Vol. 40(1), pp. 1–28.
- Lietuvos Bankas. 1998. *Bankų statistikos metraštis*. Vilnius: Lietuvos Bankas.
- Norgaard, Ole. 2000. *Economic Institutions and Democratic Reform: A Comparative Analysis of Post-Communist Countries*. Cheltenham & Northampton: Edward Elgar.
- Orenstein, Mitchell A. 2001. *Out of the Red. Building Capitalism and Democracy in Postcommunist Europe*. Ann Arbor: The University of Michigan Press.
- Pettai, Vello. 2004. „Narratives and Political Development in the Baltic States: History Revised and Improvised“, *Ab Imperio*, Nr. 1, pp. 405–433.
- Rose, Richard. 1997. *New Baltic Barometer III: A Survey Study*. Studies in Public Policy, 284. Glasgow: University of Strathclyde.
- Rose, Richard. 2000. *New Baltic Barometer IV: A Survey Study*. Studies in Public Policy Number 338, Glasgow: University of Strathclyde.
- Rose, Richard. 2002. *New Baltic Barometer V: A Pre-Enlargement Survey*. Studies in Public Policy, Number 368, Glasgow: University of Strathclyde.
- Rose, Richard. 2005. *New Baltic Barometer VI: A Post-Enlargement Study*. Studies in Public Policy, Number 401, Glasgow: University of Strathclyde.
- Rose, Richard; Maley, William. 1994. *Nationalities in the Baltic States: A Survey Study*. Studies in Public Policy, 222. Glasgow: University of Strathclyde.
- Sörg, Mart. 2000. Estonian Banking Crises: Roots and Managing Experiences, in Raudjrv, Matti (Ed)., *Effectiveness of the Economic Policy of the Republic of Estonia and the European Union*. Tartu: Mattimar, pp. 401–408.
- Šaulauskas, Marius Povilas. 1999. „Metodologinis pokomunistinės revoliucijos iššūkis *Sociologija. Mintis ir veiksmai*, Nr. 4, pp. 17–27.
- Sikk, Allan. (2006). *Highways to Power: New Party Success in Three Young Democracies*. Tartu: Tartu UP.
- Stiglitz, Joseph E. 2002. *Globalization and its Discontents*. New York: Norton.
- Terk, Erik. 2000. *Privatisation in Estonia. Ideas, Process, Results*. Tallinn: Estonian Institute of Future Studies.
- Terk, Erik; Reid, Alasdair. 2011. „From State-Owned Enterprises to Innovation-Based Entrepreneurship: a Comparison of the Baltic States“, *Estonian Human Development Report 2010/2011*. Tallinn: Eesti Koostöö Kogu, pp. 31–40.
- Tóka, Gábor. 2000. *Inventory of Political Attitude and Behaviour Surveys in East Central Europe and the former Soviet Union 1989–97*. Bergisch Gladbach: Edwin Ferger Verlag

SANTRAUKA

KAIP SOCIOLOGIJA GALI PADĖTI GERIAU PAŽINTI BALTIJOS KELIĄ

Straipsnio tikslas yra išryškinti tas properšas tyrimais sukaupiose žiniose apie pokomunistinę transformaciją Baltijos šalyse, kurias gali užpildyti tik sociologija. Straipsnis pradedamas dviejų pokomunistinės transformacijos dekadų periodizacija, kuri tinka visų trijų Baltijos valstybių naujausiai istorijai, įrodo bendro Baltijos kelio egzistavimą bei išryškina Estijos pirmavimą. Paskutinę išvadą patvirtina kiekybiniai duomenis apie pokomunistinių šalių transformacijos lyginamuosius pasiekimus. Įtakingiausias tranzitologinės koncepcijos teigia, kad pokomunistinės transformacijos sėkmę lėmė ekonominės (šoko terapija) arba politinės (antikomunistinė revoliucija) priežastys. Autoriai argumentuoja, kad nei ekonominiai, nei politologiniai aiškinimai nėra pakankami atskleisti Baltijos šalių raidos netolygumo priežastis, pasisakydami už sociologinį aiškinimą, kuris nukreipia dėmesį į kultūrinius skirtumus, aprašomus keturių socialinės vaizduotės ir socialinio veiksmo orientacijų (kontinuacinės, restitucinės, mimetinės ir inovacinės) terminais.

Gauta: 2011 10 01

Pateikta spaudai: 2011 12 11

The Institute of Journalism and Communication
Tartu University
Ülikooli 18, 51014 Tartu
marju.lauristin@ut.ee

Sociologijos katedra,
Filosofijos fakultetas,
Vilniaus universitetas,
Universiteto 9/1; LT-01513 Vilnius
zenonas.norkus@sf.vu.lt

The Institute of Journalism and Communication
Tartu University
Ülikooli 18, 51014 Tartu
peeter.vihalemm@ut.ee