Chapter 2
A Turbulent Political History and the Legacy of State Socialism in the Baltic Countries

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Abstract This chapter provides a survey of the political, socio-economic and demographic development of the Baltic countries. It is meant to give readers a general understanding of the setting in which large urban housing estates were built from the 1960s to the 1980s. The chapter begins with an account of the history of the Baltic countries, including their emergence as independent nations, their incorporation into the USSR and their reappearance on the world map in 1991. The second section analyses the modernisation of the Baltic economies, the Soviet strategies for industrialisation and their impact on the housing sector. The Baltic region enjoyed somewhat higher living standards and exhibited greater openness to Western influences than other union republics, which made Estonia, Latvia and Lithuania attractive to economic migrants from other parts of the USSR. The analysis also shows that the Baltic countries experienced demographic modernisation earlier than other regions of the USSR. A high demand for labour is driven by Soviet strategies for economic development, and slow population growth in the host countries, particularly in Estonia and Latvia, contributed to the persistence of high levels of immigration throughout the post-war decades. Due to their large numbers, migrant workers significantly transformed the composition of the urban population in the Baltic countries. Through a combination of factors, including the housing allocation mechanism, immigrants gained privileged access to new accommodation, and they became over-represented in the housing estates. This development connects the future of the housing estates with the integration of immigrants who settled in the region during the Soviet era.

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2.1 Introduction

This chapter provides a discussion of the political, socio-economic and demographic development of the Baltic countries. The introductory chapter is meant to give readers a general understanding of the setting in which large urban housing estates were built during the decades following World War II. The features that are common to the development of Estonia, Latvia and Lithuania will be outlined as well as the characteristics that distinguish them from one another.

Estonia, Latvia and Lithuania are situated on the eastern coast of the Baltic Sea. Although frequently described as tiny, the territory of the smallest Baltic country, Estonia, exceeds that of Denmark, the Netherlands or Switzerland. If the Baltic States were a single country, its combined area would comprise 175 thousand km^2 and rank ninth among the member states of the European Union. However, the Baltic countries are sparsely populated; in the EU context, only Sweden and Finland possess lower population density.

While there have been several individual studies of Estonia, Latvia and Lithuania published since the 1990s (Plakans 1995; Raun 2001; Kiaupa 2002; Mäesalu et al. 2004; Bleiere et al. 2006), relatively few comparative accounts of the development of the Baltic countries are accessible to an international reader. To a significant extent, this chapter draws on the groundbreaking work of Romuald Misiunas and Rein Taagepera (2nd edition 1993) on the Baltics under Soviet rule. A survey of the economic history of the Baltic States, compiled by Kahk and Tarvel (1997), and two more recent treatises by Andres Kasekamp (2010) and Andrejs Plakans (2011) were valuable resources used for the chapter. These materials have been complemented by evidence from studies pertaining to the economic history and demography of Estonia, Latvia and Lithuania.

2.2 The Long Road to Nation-Statehood, Loss and Restoration of Independence

Although linked by spatial proximity, the ancestors of modern-day Estonians, Latvians and Lithuanians are linguistically diverse peoples. Estonians speak a Finno-Ugric language akin to Finnish, while Latvian and Lithuanian are the only surviving strands of the Baltic family of Indo-European languages. During the Northern Crusades, lands that would subsequently become modern Estonia and Latvia were subjugated to German and Danish conquerors. Invaders established themselves as a ruling elite that baptised, colonised and gradually enserfed the

indigenous population. By contrast, Lithuanians succeeded in establishing their own political entity, which in 1386 joined in dynastic union with neighbouring Poland. This union with Poland led to the gradual Polonisation of the Lithuanian nobility, although they maintained a distinct sense of identity.

The early sixteenth century witnessed the emergence of an important cultural boundary within the Baltic region. The Reformation spread rapidly to the territory of modern Estonia and Latvia. Although Protestantism (in the form of Calvinism) gained some adherents in Lithuania, the southern part of the Baltic region remained Catholic. A major political realignment was prompted by a Muscovian push towards the Baltic Sea in 1558. In response, feudal rulers and merchant cities of the region began to seek foreign protection. At the beginning of the seventeenth century, wars were fought between Sweden and Poland–Lithuania for control of the region. The conflict ended in 1629, when most of the territory of Livonia was ceded to Sweden, with the exception of Latgale in south-eastern Latvia, which remained under Polish rule. The cultural division between the Lutheran north and Catholic south became a lasting feature of the Baltic region.

The next major shift in the political configuration of the region occurred with Russia's renewed attempt to gain access to the Baltic Sea. As a result of the Great Northern War (1700 to 1721), Sweden lost the provinces of Estland and Livland to Russia. Tsar Peter the Great regarded the area as Russia's 'window to the West', offering the local nobility generous terms of surrender and reinstating their former privileges, which had been curtailed under Swedish rule. During the first partition of the Polish–Lithuanian Commonwealth in 1772, Russia annexed Polish Livonia (Latgale). During the second partition of Poland in 1793, Russia gained parts of the Lithuanian State, and during the third partition in 1795, the remainder fell under Russian rule. That same year, the Duchy of Courland was annexed to Russia and was granted the same autonomy as given earlier to the provinces of Estland and Livland. Together, the three formed Russia's Baltic provinces. With the third and final partition of Poland–Lithuania, Russia had gained control over almost the entire territory of the modern Baltic States. Only Memel (present-day Klaipeda) remained under Prussia (Germany) until after World War I.

Within the Russian Empire, the three Baltic provinces and the Lithuanian lands remained distinct from each other and from other areas of the Empire. As elsewhere in Europe, the Enlightenment gradually started to challenge existing societal arrangements. From 1816 to 1819, the Baltic provinces of Estland, Livland and Courland became the first regions of the Russian Empire to abolish serfdom, although peasant ownership of land only started to increase in the 1860s. Lithuanians and Poles revolted against Russian control from 1830 to 1831, and again from 1863 to 1864, both attempts failed and resulted in repression by Tsarist authorities and implementation of forced Russification a couple of decades earlier than in the remaining parts of the region. The late nineteenth century witnessed the awakening of national consciousness throughout the region (Hroch 2000). The persecution of Roman Catholics by Tsarist authorities turned a struggle for religious equity into one facet of the Lithuanian national awakening movement, unlike its other Baltic counterparts. In tandem with socio-economic modernisation,

the growth of national consciousness prepared the ground for Estonian, Latvian and Lithuanian nation-states. An opportunity was presented by the collapse of the old empires during the turmoil of World War I. On 16 and 24 February 1918, respectively, Lithuania and Estonia declared independence. A Latvian declaration followed on 18 November.

The practical organisation of the new states would begin only after the armistice in the West that ended the German occupation of the Baltics. However, the Red Army invaded the newly independent countries in November 1918. It quickly seized large parts of Estonia and Lithuania and almost all of Latvia, and installed puppet governments headed by local Bolsheviks. In 1919, the fortunes of war turned against the invaders. By the spring of 1919, the Estonian territory had been cleared, although hostilities continued until a peace treaty was negotiated with Soviet Russia in February 1920. With support from Estonia and Poland, Latvia succeeded in achieving control over its territory in early 1920. In Lithuania, German troops blocked the advance of the Red Army towards Kaunas and the Polish army repelled them from Vilnius in 1919. Lithuania and Latvia signed peace treaties with Soviet Russia in July and August 1920, respectively. The establishment of Lithuanian independence was confounded by pressures from a newly formed Polish state for a return to a Polish–Lithuanian union. The situation was aggravated by conflicting claims over Vilnius; in 1920, the historical capital of Lithuania was seized by the Poles, resulting in strained relations between the two nations throughout the interwar period. In 1923, Lithuania took control over Memel (present-day Klaipeda), which had been separated from East Prussia by the Treaty of Versailles and had become a mandated territory of the League of Nations.

Having successfully defended their independence, the Baltic States faced the challenge of nation building. They needed to reform their political, social and economic systems in conformity with their newly achieved status as modern states. From 1919 to 1922, all three countries conducted land reforms, which proved more radical in Estonia and Latvia by abolishing the large estates owned by Baltic-German barons. Liberal constitutions were adopted and democratic legislatures elected in all three countries, which later, as in a number of nations in interwar Europe, gave way to more authoritarian rule. However, the forms of authoritarianism in the Baltics were mild and did not significantly hinder the social and cultural advancement that had begun with the achievement of independence.

The Baltic countries strove to maintain neutrality in foreign relations by signing non-aggression pacts with both the USSR and Germany. Unfortunately, these efforts proved futile with the rise of Stalin in the USSR and Hitler in Germany. In March 1939, Germany re-annexed Memel (Klaipeda). Furthermore, in August 1939, Nazi Germany and the USSR concluded the treaty known as the Molotov–Ribbentrop Pact. The treaty had a secret protocol that divided Eastern Europe into spheres of interest, with Estonia, Latvia, Finland, Romanian Bessarabia (Moldova) and eastern Poland included in the Soviet sphere, and the rest of Poland and Lithuania ceded to Germany. After the annihilation of Poland, Germany and the USSR traded Lithuania for a larger share of Poland, leaving all three Baltic countries to the Soviet Union. In September and October 1939, the latter demanded

to station its military bases in the region. In June 1940, the Soviets took over the Baltic countries, and after installing puppet governments and staging so-called elections, annexed Estonia, Latvia and Lithuania to the USSR as union republics.

From 1941 to 1944 (in western Latvia until May 1945), the Baltic countries were occupied by Nazi Germany. The second Soviet occupation commenced in the fall of 1944, and lasted nearly 50 years. In the 1940s and early 1950s, a new regime was introduced and forced Sovietisation on all facets of society. After Stalin's death in 1953, terror subsided and the Baltic peoples gradually accustomed themselves to the new conditions, which could be characterised as a state of dependence. Unlike the Soviet satellite states of Eastern Europe, the Baltic countries, particularly Estonia and Latvia, evolved within the strict dictates of central administration and growing pressures for Russification from the 1970s onwards.

After 1985, taking advantage of the liberalisation of the regime by Soviet leader Mikhail Gorbachev, aspirations towards the restoration of independence gathered force in all three Baltic countries. The coordinated actions of Baltic popular movements hastened democratisation within the USSR and undermined the foundations of the Soviet Empire. On 23 August 1989, the 50th anniversary of the Molotov–Ribbentrop Pact, a two-million-strong human chain stretched from Tallinn to Vilnius (Fig. 2.1). The next couple of years brought gradual

Fig. 2.1 The Baltic Way or Baltic Chain was a 675-km-long human chain that spanned the length of the three Baltic States on 23 August 1989, to commemorate and draw attention to the secret clause of the Molotov–Ribbentrop Pact of 1939. This agreement between Nazi Germany and the Soviet Union had placed the Baltic States within the Soviet Union's sphere of influence and anticipated the annexation of these countries. The secret clause was denied by the Soviet Union up until 1989. *Source* H. Leppikson, National Archives of Estonia, EFA.250.0-139849. Photo permission obtained from National Archives of Estonia

advancement towards increased autonomy for the Baltic countries. Finally, following the failed putsch of Communist hardliners in Moscow in August 1991, authorities in Estonia, Latvia and Lithuania seized the opportunity to declare full independence. A wave of international recognition followed, and in September 1991, the Baltic States were admitted to the United Nations. Despite a relatively disadvantaged starting position, Estonia, Latvia and Lithuania have made remarkable progress in the decades following the restoration of independence. Achievements in the political arena are reflected in stable democracies in all three Baltic nations and their membership in the European Union and the North Atlantic Treaty Organisation.

2.3 Socio-Economic Development

Within the Russian Empire, the economies of the Baltic region were primarily agricultural. Modernisation of the agricultural sector was impeded by the persistence of the manorial system, which was based on peasant labour (Kahk and Tarvel 1997). Up until the end of the nineteenth century, approximately half of the farmers in the provinces of Estland and Livland still remained landless; in Lithuania, the proportion was smaller. A re-orientation to dairy farming, facilitated by an expanding railway network that allowed easier access to the Russian market, brought a major change in agriculture (Kõll 1994).

Tsarist policy led to intense industrialisation in the Baltic region at the end of the nineteenth and beginning of the twentieth centuries. Riga became one of the most important industrial centres and port towns of the Russian Empire. Large industrial enterprises were also established in Tallinn and other urban areas. Transport infrastructure (railways and ports) boosted external trade traffic through the Baltics and laid the foundations for the development of heavy industry in major Baltic cities. The textile and chemical industries and machine building became important sectors of Baltic economies. While the region experienced a notable increase in industrial output, production was mainly based on imported raw materials and served the needs of the internal Russian market. Tariffs protected local industries from international competition.

The outbreak of World War I and the German advance into the Baltic region led to the evacuation of many industries and industrial workers to Russia. Riga lost substantial industrial capacity, and, as a result, the employment structure of Latvia became much more agricultural than it had been before the war (Karnups 2012). During the first years of independence, the Baltic countries attempted to revive pre-war heavy industry in hope of exporting to the Russian market (Pihlamägi 1999), but Soviet Russia placed limits on imports and the policy to revive heavy industry failed. As a result, the Baltic countries were required to re-orient their economies towards Western markets. To illustrate the scale of re-orientation,

90% of Estonian exports prior to World War I went to the Russian market. By 1920, this figure had fallen to 32%, and in 1924, it was just over five percent (Valge 2006).

The agricultural sectors of the Baltic States were significantly transformed by land reforms that were carried out in the newly independent countries from 1919 to 1922. Lands of the former nobility were in large part confiscated and redistributed to peasants (Kahk and Tarvel 1997). For a considerable part of the rural population of Estonia, Latvia and Lithuania, this was the first opportunity to own land. Agricultural production in the Baltic countries during the interwar years also featured a successful co-operative movement. Co-operative associations were established to provide farmers with credit and also to give them assistance with machinery, marketing and exports. Agricultural output, particularly of dairy and meat products, became one of the most important exports of the Baltic economies during the interwar period. Following the Great Depression, the economic policy of the Baltic States in the 1930s resembled that of many other European countries, including a higher degree of state control over foreign trade and more state regulation of industry and agriculture (Kõll and Valge 1998). Some industries, such as oil shale in Estonia, were prioritised. Such state intervention in economic affairs can also be described as corporatism, with the state creating a number of government-controlled monopolies that regulated output and export.

The incorporation of the Baltic States into the Soviet Union once again dramatically altered the economic and social structure of the region. The politics of the USSR demanded the eradication of private ownership of the means of production. Nationalisation of banks and large- and medium-sized enterprises started in 1940—the first year of Soviet occupation—and was then extended to land and private housing that exceeded a certain amount of space (Mertelsmann 2006). The USSR had already implemented a strategy of heavy industrialisation and collectivisation of agriculture during the interwar period. This was now applied to the Baltic republics. At the end of the 1940s, farmers were forced to join collective farms for fear of being labelled as ‘kulaks’. Large-scale deportations served to spread terror among those who were tempted to oppose the new regime (Misiunas and Taagepera 1993). However, collective farms were often small, and only in the 1950s did they start to be merged into more viable production units. During the early post-war years, the reorganisation of agriculture was disastrous to productivity, and output dropped to much lower levels than before collectivisation (Raun 2001; Kahk and Tarvel 1997).

Industrialisation of the Baltic countries during the Stalinist period was not solely an economic consideration but also a measure that quickly changed the composition of the population (Lewis and Rowland 1979). Under the pretext that the local workforce was insufficient, hundreds of thousands of workers, specialists and administrators from other parts of the USSR were brought to the Baltic countries and employed in the rapidly expanding industries. In Estonia, the chemical industry became one of the prioritised branches, partly capitalising on pre-war oil shale production. The metal and textile industries and machine building were also targeted. In Latvia and Lithuania, machine building, metal-working and electronics

Fig. 2.2 The administrative building of the 'Dvigatel' plant, founded in 1897 to produce railway equipment. During the Soviet era, the plant specialised in machine building for strategic and military purposes. Like other all-union enterprises controlled directly by Moscow, 'Dvigatel' served as a major migration channel for workers from other parts of the Soviet Union. *Source* V. Puhm, National Archives of Estonia, EFA.251.0-156490. Photo permission obtained from National Archives of Estonia

were among the prioritised industries. Figure 2.2 depicts the factory complex 'Dvigatel' in Tallinn, Estonia that produced machinery for USSR atomic and chemical industries. Soviet industrialisation exerted a profound influence on Baltic cities, producing remarkably rapid rates of urban growth. However, despite the arrival of large numbers of new urban dwellers, relatively little housing or new infrastructure was constructed in the Baltic cities in the late 1940s and 1950s, which resulted in deficiencies in both areas throughout the early post-war decades.

After the death of Stalin, the period known as the 'Khrushchëv Thaw' brought some decentralisation of administration. In the Baltic countries, more decision-making freedom was given to local leaders, bringing a relative improvement in branches of the economy that more directly served the needs of the population. Agricultural enterprises in the Baltic republics achieved a high output and diversity of production that made them success stories of collective farming in the Soviet Union (Järvesoo 1973). Both agricultural and industrial outputs rapidly increased during the Thaw and pre-war living standards were reached in the 1960s. At the end of the 1960s, Estonia's national income was estimated to be 44% higher than the USSR average, Latvia's 42% and Lithuania's 15% (Misiunas and Taagepera 1993).

Between the mid-1960s and the 1980s, management of the economy was re-centralised in Moscow, but at the same time, more autonomy was given to enterprises (‘self-management’) in order to increase their accountability for results. In an environment of soft budget constraints and the continuous need to meet yearly production plans, increasing output by attracting more labour was often considered to be the solution. This strategy was supported through large-scale housing construction, which gained momentum in the 1960s and continued until the late Soviet period. Hallmarks of this period include large panel estates that can be found in all Baltic cities. In the context of state socialism, in which the housing market was suppressed, the provision of accommodation was an important fringe benefit that enterprises could offer to their employees, thus strongly guiding individuals’ employment and migration decisions (Gentile and Sjöberg 2013). This system favoured enterprises within the economy’s prioritised sectors, which were under the direct control of Moscow (heavy industry, defence). Enterprises in these sectors were better equipped with resources for housing construction.

Compared to the Thaw period, industrial growth rates declined: the five percent annual growth that occurred at the end of the 1970s was only half of what it had been during the second part of the 1950s (Misiunas and Taagepera 1993). Economic growth stagnated even further in the 1980s, and for the average consumer, a deficit of goods became reality. Despite large numbers of new dwellings constructed in the 1970s and 1980s, the demand for housing continued to exceed the supply, particularly for subgroups of the population not employed in prioritised sectors. Still, in the context of the Soviet Union, the Baltic region featured comparatively higher living standards than other union republics.

After the dissolution of the USSR and regained independence of the Baltic States, a series of profound reforms were carried out in the 1990s to transition from a centrally planned system to a market economy. Economic reforms and privatisation of state enterprises were most radical in Estonia, while in Lithuania the transformation was slower and more gradual (Norkus 2012). According to the most recent statistics, in Estonia and Lithuania, per capita GDP adjusted for purchasing parity is 75% of the EU average, and somewhat lower (64%) in Latvia. These figures rank Lithuania and Estonia fourth and fifth, respectively, and Latvia seventh among the Eastern European member states of the EU (Eurostat 2017).

In the housing sector, all three countries implemented large-scale privatisation of dwellings to sitting tenants along with the restitution of housing to pre-war owners. As a result, an overwhelming majority of dwellings became owner-occupied and home-ownership rates surged. With respect to housing supply, the diversity and quality of new dwellings have markedly improved since 1990. However, Soviet-era panel estates still house the majority of urban dwellers in Baltic cities.

2.4 Demographic Development, Urbanisation and Ethnic Composition

In the context of the Russian Empire, Baltic peoples were forerunners with respect to demographic modernisation. The earliest divide that distinguished Estonians, Latvians and Lithuanians demographically from other nations under the Tsar's rule relates to the emergence of the so-called Western European marriage pattern, characterised by a relatively late age at marriage and a high proportion of people who would never marry (Hajnal 1965). In the late nineteenth century, the mean age at first marriage for women was 25 to 26 years in the provinces that later became modern Estonia, Latvia and Lithuania.

The change in the marriage pattern paved the way towards a more radical development, controlled marital reproduction. Early demographic modernisation in the Baltic countries is corroborated by evidence from the Princeton European Fertility Project, which analysed the decline of fertility in Europe since the nineteenth century (Coale et al. 1979; Coale and Watkins 1986). The dates as of which a sustained decline in marital fertility could be observed were 1888 for Estonia, 1892 for Latvia and 1895 for Lithuania. These dates closely resemble estimates for Western Europe, with those of Germany (1888), England and Wales (1892), and Scotland (1894) occurring during the same period. In Russia and Ukraine, a sustained fertility decline began 20–30 years later. Likewise, death rates in the Baltic region were lower than in European Russia in the late nineteenth century (Rashin 1956). According to the earliest estimates, life expectancy in the provinces of Estland, Livland and Courland was 39 years for men and 43 years for women in the early 1880s. These figures show that life expectancy in the Baltic provinces exceeded that in Prussia and Bavaria but lagged somewhat behind France, England and Wales, and the Scandinavian countries (Rothenbacher 2002).

In the three Baltic countries, the interwar period of independence was shaped by the continuation of demographic trends that had started in the second half of the nineteenth century. In Estonia and Latvia, fertility decreased below replacement levels in the late 1920s and early 1930s, which is often regarded as the endpoint of the transition from large to small families. In a comparative perspective, the emergence of below-replacement fertility during the interwar years places Estonia and Latvia in the same category as most countries of Northern and Western Europe (Katus 1994). Although progress towards a modern demographic regime was also underway in Lithuania, fertility levels remained higher in the latter country. From the early 1920s to the late 1930s, Baltic mortality declined rapidly, narrowing the gap between more advanced countries of Western Europe. Life expectancy in Estonia and Latvia climbed more quickly than in France; in the late 1930s, Latvia slightly surpassed the latter country (Vallin et al. 2017). Trends in infant mortality suggest that similar progress occurred in Lithuania.

In regard to urbanisation, Latvia appeared to be the most advanced of the three Baltic countries during the interwar period. In the late 1930s, 37% of Latvians were urban residents. Even during the Tsarist era, Riga had developed into an unofficial

capital for the entire Baltic region and was the third largest urban centre in the Russian Empire after Moscow and St. Petersburg. During the same period in Estonia, the proportion of urban residents was somewhat lower (33%), and in Lithuania they comprised only 23% of the total population.

The loss of independence and incorporation into the USSR in 1940 had far-reaching demographic consequences for the Baltic countries. It has been estimated that from 1939 to 1945, the combined losses inflicted by political terror, deportation, war, mobilisation, evacuation, flight to the West and border changes affected 25% of the pre-war population of Estonia, 30% of Latvia and 15% of Lithuania (Misiunas and Taagepera 1993). In the Baltic region, armed conflict did not cease with the end of World War II. Fighting against the Soviet occupation continued in the late 1940s and early 1950s, with the greatest intensity in Lithuania. In the latter country, an estimated 33,000 were killed on both sides (Burauskaitė and Morkus 2002); in Estonia and Latvia, the number of victims was much smaller. The largest post-war deportation was carried out in the Baltic countries in March 1949, with a total of 95,000 people 're-settled' in remote regions of the USSR (Strods and Kott 2002).

However, notwithstanding the large losses caused by the war and Sovietisation, the Baltic countries experienced remarkably rapid population growth during the post-war decades (Table 2.1). Between the 1959 and 1989 censuses, the population increased 31% in Estonia, 28% in Latvia and 36% in Lithuania. In fact, even higher growth rates have been reported for the late 1940s and 1950s, but the dubious reliability of population statistics for the period prior to the first post-war census (1959) warrants caution with regard to their use. By the late 1980s, the population

Table 2.1 Total, urban and rural population, Baltic States, 1959–2017 (in thousands)

Year	Estonia			Latvia			Lithuania		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
1959	1,197	676 (56%)	521 (44%)	2,080	1,076 (52%)	1,004 (48%)	2,697	1,026 (38%)	1,671 (62%)
1970	1,356	881 (65%)	475 (35%)	2,352	1,435 (61%)	917 (39%)	3,119	1,558 (50%)	1,561 (50%)
1979	1,464	1,017 (69%)	448 (31%)	2,503	1,664 (66%)	839 (34%)	3,391	2,035 (60%)	1,357 (40%)
1989	1,566	1,119 (71%)	447 (29%)	2,667	1,851 (69%)	815 (31%)	3,675	2,487 (68%)	1,188 (32%)
2000[1]	1,370	923 (67%)	447 (33%)	2,377	1,618 (68%)	759 (32%)	3,484	2,332 (67%)	1,152 (33%)
2011	1,294	879 (68%)	415 (32%)	2,070	1,404 (68%)	666 (32%)	3,043	2,031 (67%)	1,012 (33%)
2017	1,316	899 (68%)	415 (32%)	1,950	1,333 (68%)	618 (32%)	2,848	1,911 (67%)	937 (33%)

Source With the exception of 2017, data are obtained from Estonian, Latvian and Lithuanian censuses; population increase in Estonia between the 2011 census and 2017 is an artefact resulting from a change in statistical methodology. The Lithuanian population was enumerated in 2001

reached 1.566 million in Estonia, 2.667 million in Latvia and 3.675 million in Lithuania.

Although the growth rates appear fairly similar for the three countries, the factors contributing to the increase varied significantly. As noted above, Estonia and Latvia had already reached below-replacement fertility levels and a relatively limited excess of births over deaths in the 1930s. Unlike the forerunners of the fertility transition in Northern and Western Europe, Estonia and Latvia witnessed no baby boom in the decades following World War II; in the 1950s and for most of the 1960s, Estonia and Latvia had fertility rates persistently below replacement level. It has been hypothesised that the absence of a baby boom arose from a combination of low fertility attained during the pre-war period and the harsh societal conditions that prevailed in the region during the immediate post-war decade (Katus and Puur 2003). As a consequence, in Estonia and Latvia, the population increase during the Soviet period was driven by large-scale in-migration from other regions of the USSR, mainly from Russia. Between 1959 and 1989, positive net migration directly accounted for 54% of population growth in Estonia and 60% in Latvia. A large part of the natural increase also stems from the youthfulness of migrants. In Estonia, for instance, this characteristic was responsible for more than three-fourths of the excess of births over deaths observed during the period.

In accord with its somewhat later demographic modernisation, Lithuania exhibited persistently higher fertility levels than its northern neighbours. At the turn of the 1950s, the total fertility rate in Lithuania was still three children per woman (Stankuniene and Jasilioniene 2008). Despite a gradual decline, fertility in Lithuania continued to exceed the replacement level over the following decades, until ultimately converging with that of Estonia and Latvia around 1980. In Lithuania, the persistence of replacement-level fertility well into the late 1970s implied a considerable excess of births over deaths throughout the entire Soviet period. Although net migration was positive in Lithuania as well, it made a relatively minor contribution to total population growth. Between the 1959 and 1989 censuses, migration accounted for only one-fifth of the growth, while natural increase was responsible for the remaining four-fifths.

In the late 1960s, the long-running similarity in family patterns between Estonia, Latvia and Lithuania, and the countries of Western Europe drew to a close (Coale 1994). The latter countries experienced a shift away from the trend towards earlier family formation that characterised the 1940 and 1950s. By contrast, in the Baltic region, a decrease in the mean age of marriage and childbearing persisted well into the 1970s and 1980s, leading to a convergence of family formation patterns in the Baltics with those of Eastern Europe (Katus et al. 2008). Several researchers have drawn attention to the role of housing allocation in encouraging early family formation (Ni Bhrolchain 1993; Speder 2005). Since the birth of a child increased the number of family members and the dwelling density, the system provided a strong incentive to start childbearing sooner rather than later. From another perspective, the housing shortage severely limited the autonomy of young people and prolonged their dependence on their parents. In a survey conducted in the capital city of

Estonia in the 1980s, about half of the respondents had lived with their parents or their partner's parents following marriage (Vikat 1994).

As noted in the previous section, the post-war decades featured remarkably rapid urbanisation in the Baltic region. At the time of the 1959 census, the share of urban dwellers surpassed pre-war levels by 24% in Estonia and by 15 in Latvia and Lithuania. As a result, Estonia overtook Latvia with respect to the proportion of urban residents. As revealed by evidence presented in Table 2.1, urbanisation continued in the 1960s and 1970s. Lithuania experienced particularly rapid urban growth: the urban population increased by more than 50% in the 1960s and by more than 30% in the 1970s. This enabled Lithuania to close much of the previous gap with the other Baltic countries in terms of urbanisation. By the last Soviet census (1989), the proportion of the urban population had reached 68% in Lithuania, 69% in Latvia and 71% in Estonia. In the latter countries, the decline in the rural population slowed down in the 1980s. In Estonia, the reversal of urban–rural migration flows was driven by favourable housing and employment conditions offered by wealthy enterprises in the agricultural sector (Tammaru 2001).

Varying contributions of migration and natural increase had important implications for the ethnic composition of the Baltic countries (Table 2.2). Before World War II, the proportion of the titular ethnic group was 88% in Estonia, 76% in Latvia and 84% in Lithuania, excluding the areas of Vilnius and Klaipeda (Zvidrinsh 1995). As a result of wartime repatriation of Germans and Swedes, Nazi extermination of Jews and Gypsies, and the transfer of border regions of Estonia and Latvia to the Russian Federation, the proportion of titular groups had increased throughout the region. In the following decades, however, the trends in ethnic composition diverged across the countries. In Estonia and Latvia, the combination of low fertility among the native population and large-scale in-migration resulted in a marked decrease in the proportion of titular groups. In the late 1980s, Estonians constituted 62% of the total population of Estonia, while in Latvia, the share of Latvians had fallen to 52%. In both countries, the non-titular ethnic groups were concentrated in urban areas, including the capital cities; in both Tallinn and Riga, post-war migrants and their descendants outnumbered the titular groups. Outside the capital cities, high concentrations of non-titular ethnic groups had emerged in the industrial regions of north-eastern Estonia and eastern Latvia. By contrast, the large natural increase among Lithuanians sustained by their higher fertility rates prevented a major shift in the proportion of titular and non-titular groups in Lithuania. From 1959 to 1989, the share of Lithuanians remained close to 80%, with no significant increases or decreases. Another characteristic specific to Lithuania was a sizeable Polish minority concentrated in Vilnius and the surrounding areas.

Within the cities of the Baltic region, particularly Estonia and Latvia, the housing allocation mechanism of the Soviet era produced residential segregation along ethnic lines (Hess et al. 2012). Russian-speaking immigrant workers from other parts of the Former Soviet Union, who frequently arrived through organised channels of migration, were to a large extent recruited by enterprises in the prioritised sectors of the economy which had sufficient resources to provide their employees with accommodation. Immigrants also needed housing immediately

Table 2.2 Ethnic composition of the population, Baltic States, 1959–2011 (in thousands)

Country/ethnic group	1959	1970	1979	1989	2000	2011
Estonia						
Estonians	893 (75%)	925 (68%)	948 (65%)	963 (62%)	930 (68%)	903 (70%)
Russians	240 (20%)	335 (25%)	409 (28%)	475 (30%)	351 (26%)	326 (25%)
Others	64 (5%)	96 (7%)	107 (7%)	128 (8%)	89 (6%)	65 (5%)
Latvia						
Latvians	1,298 (62%)	1,342 (57%)	1,344 (54%)	1,388 (52%)	1,371 (58%)	1,285 (62%)
Russians	556 (27%)	705 (30%)	821 (33%)	906 (34%)	703 (30%)	557 (27%)
Others	239 (11%)	317 (13%)	338 (13%)	373 (14%)	303 (13%)	228 (11%)
Lithuania						
Lithuanians	2,151 (79%)	2,507 (80%)	2,712 (80%)	2,924 (80%)	2,907 (84%)	2,561 (84%)
Russians	231 (9%)	268 (9%)	303 (9%)	344 (9%)	220 (6%)	176 (6%)
Poles	230 (9%)	240 (8%)	247 (7%)	258 (7%)	235 (7%)	200 (7%)
Others	99 (4%)	113 (4%)	129 (4%)	149 (4%)	121 (3%)	106 (3%)

Source Estonian, Latvian and Lithuanian censuses. The 1959–1970 figures are based on present (de facto) population; 1979–2011 figures are based on permanent population

upon arrival, which usually gave them priority on waiting lists. Through a combination of factors, immigrants had privileged access to new accommodation and became concentrated in the newly developed housing estates, as shown in Fig. 2.3. In contrast, the host population was over-represented in older dwellings with limited amenities and in single-family homes (Kulu 2003).

As elsewhere in Central and Eastern Europe, the demise of state socialism had immediate repercussions on the demographic regime in the Baltic region. In the early 1990s, fertility rates began a steep decline and life expectancy dropped in all three countries, tipping the balance between births and deaths to the negative (Katus et al. 2009; Vallin et al. 2017). In regard to migration, a significant number of post-war migrants who had settled in Estonia, Latvia and Lithuania during the Soviet period left the countries upon the restoration of independence (Sakkeus 1994). Censuses taken at the beginning of the twenty-first century revealed depopulation in the region: between 1989 and 2000, the population had decreased five percent in Lithuania, 11% in Latvia and 13% in Estonia. The decline was more pronounced in urban areas, resulting in a slight reduction in the share of the urban

Fig. 2.3 Housing construction in Väike-Õismäe, a housing estate in the western part of Tallinn, in the 1970s. By the 1989 census, Estonian-speakers constituted a minority (46% of residents) in this area. In 2011, their proportion had fallen to 42%. *Source* V. Gorbunov, National Archives of Estonia, EFA.204.0-104440. Photo permission obtained from National Archives of Estonia

population in all three countries. At the same time, increased out-migration and the lower fertility rates characteristic of the ethnic minority groups contributed to a recovery in the proportion of the titular groups. In 2000, the percentages of Estonians, Latvians and Lithuanians was 68, 58 and 84 in their respective countries. Due to their relatively slow integration and limited proficiency in host-country languages inherited from the Soviet era, Russian-speaking immigrants in the Baltic region proved less successful in adapting to the new economic realities; their unemployment rates were higher and their earnings somewhat lower than the national average (Lindemann 2013).

Since the turn of the century, the Baltic countries have made further progress in their demographic development. Life expectancy has risen rapidly and the gap between Northern and Western Europe has been reduced, particularly for women (Eurostat 2017). Fertility rates have also increased in all three countries; according to estimates, Estonian and Lithuanian women born in the late 1970s can be expected to give birth to 1.8–1.9 children on average (Myrskylä et al. 2013). Notwithstanding the positive shifts, as the smaller generations born after 1990 begin to prevail in the childbearing age groups, the excess of deaths over births will likely persist. Against that backdrop, recent migration trends have revealed interesting diversity among the countries. While net migration has remained negative in Latvia and Lithuania, Estonia has exhibited a negative to positive reversal in net migration

from 2015 to 2016, plausibly driven by somewhat higher living standards in the country (Tammur et al. 2017). In regard to spatial distribution, suburbanisation trends have gained momentum in all three countries. Despite an overall decline, municipalities surrounding large urban centres, particularly the capitals, have witnessed considerable population growth (Dahs 2017). The proportions of ethnic groups have changed relatively little since the beginning of the century, except in Latvia, where the share of the titular group has continued to increase. According to recent statistics, ethnic Latvians constitute 62% of the total population of Latvia.

2.5 Conclusion

This chapter provided a survey of political, socio-economic and demographic developments in the Baltic countries. After having been ruled by a succession of foreign overlords, Estonia, Latvia and Lithuania emerged in 1918 as modern independent nations. However, during the course of World War II, the Baltic countries were incorporated into the USSR as union republics. Following the period of Nazi occupation, Soviet rule resumed and continued for nearly half a century, until the Baltic people seized the opportunity to restore their independence in 1991.

Such discontinuity had a major impact on the economic, social and demographic development of Estonia, Latvia and Lithuania. Due to their well-developed infrastructure, the Baltic countries hosted the development of a number of large-scale industrial enterprises during the post-war decades, a process that stimulated rapid urbanisation and led to substantial labour migration to the region. In addition, a more Western-oriented lifestyle and better living standards made the Baltic countries an attractive destination for migrants from other parts of the USSR. In Estonia and Latvia, a combination of large-scale in-migration and the small natural increase among the native populations resulted in a dramatic change in ethnic composition, transforming Estonians and Latvians into minority groups within their capital cities. In Lithuania, the higher fertility of the titular group effectively counterbalanced the impact of migration on the ethnic structure. From the 1960s to the late Soviet period, construction of large housing estates continued in the cities of the Baltic region. However, long waiting lists and a shortage of housing persisted, and compared with Western Europe, the quality of the new construction left much to be desired. A concentration of immigrant workforce in prioritised sectors of the economy, in combination with the administrative housing allocation mechanism, provided new arrivals with privileged access to new accommodation and led to an overrepresentation of immigrants in the housing estates of the state socialist era.

After regaining their independence, the Baltic countries were confronted with new challenges. Compared with the Soviet satellite states of Central Europe, Estonia, Latvia and Lithuania could afford less generous social safety nets and policies to protect the population from the adverse effects of the transition. Despite emerging trends towards suburbanisation and gentrification, housing estates built

between the 1960s and 1980s still accommodate a large share of the urban population and shape the urban milieu in Baltic cities. However, residential mobility processes and shifts in the population mix of housing estates suggest that certain important changes may be underway. Recent studies on Estonia, a forerunner of market reforms in the Baltic region, suggest a moderate degree of social degradation; for example, there is an increasing concentration of residents with low socio-economic status in many housing estates (Tammaru et al. 2016). The following chapters of this book provide new evidence of this phenomenon throughout the Baltic region. The comparative perspective underlying the analyses offers insight not only into existing patterns but also into the mechanisms that shape social and ethnic outcomes for Soviet-era housing estates in the Baltic countries.

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