FALLING HIGH: STRUCTURE AND AGENCY IN AGRICULTURE DURING THE TRANSFORMATION

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This article examines the interplay between changes on the macro level and the destinies and decisions of individuals who worked in agriculture at the beginning of the economic changes in Estonia in the 1990s. The agricultural sector was hit most radically by economic reforms. Our main conclusion is that individual agency was strongly determined by structural conditions. People working in the agricultural sector faced substantive obstacles in using their educational credentials in other employment sectors. Furthermore, in the agricultural sector in general higher education seems to be of little value.

Keywords: agriculture; transition economies; biographical research

Introduction

In Estonia and other post-socialist countries hardly any aspects of life were untouched by the force of events at the beginning of the 1990s. The collapse of communism in the Soviet Union started a rapid process of structural, political and economic reforms, including the building of new institutions and the reshaping of everyday life. External processes were also influencing these internal changes; for example, the breakdown of the Russian market, the necessity to reorient exports toward the West, the rise of oil prices on the world markets, etc.

An important feature of the political context for market reforms related to the role of the international institutions overseeing those reforms. In the 1990s such international financial organizations as the World Bank (WB) and the International Monetary Fund (IMF) had the main impact on socio-economic choices (Smith & Swain 2001).

According to Polish sociologist Piotr Sztompka (2004) four categories of adverse conditions emerged as a result of these influences: first, new forms of risk and threat...
(growing unemployment, inflation, widespread perception of inefficient law enforcement, etc.); second, deterioration of standards of living; third, more acute perceptions of old, inherited problems; and fourth, dilemmas and discontents born of the necessity to account for the past.

The breakdown and transformation of the former socialist societies illustrate perfectly the major questions that sociological life course research attempts to answer. For example, how do structures, institutions and policies on the macro and meso level influence individual life courses (see Gershuny 1998; Mayer 2006)? One would expect that the reforms, which took place not only in the economy, but also in the political and social sphere, would be the turning point of an individual life course. Those changes destabilized people’s life paths and forced them to make choices in a situation characterized by increased risk and insecurity. In post-socialist countries, as Beck and Beck-Gernsheim maintain, ‘individualization means the collapse of state-sanctioned normal biographies, frames of reference, role models. New demands, controls and constraints are being imposed on individuals’ (2002, p. 2).

Another important question at the micro level asks how previous life course events and trajectories constrain or foster transitions and outcomes in later life. Some authors have emphasized that sometimes the unexpected consequences of old choices might be even more important than new choices (Burawoy & Verdery 1999). This assertion leads to an additional question: is life course primarily an outcome of macro-level processes or the product of resourceful and purposeful actors?

Estonian economic reform has been one of the most radical among post-socialist countries, particularly with regard to its highly liberal economic principles and the modest role of the state (de Melo et al. 1996). A rigidly regulated labor market with high levels of employment and employment stability was transformed into a labor market with a much lower level of protection. Changes led to massive shrinkage of the labor force in the primary and secondary sectors. As a consequence, most workers faced devaluation of their skills as well as their previous status. Following the bold reforms of the early 1990s, job destruction rose more rapidly than job creation. From 1992 to 1993, the rate of job destruction was about 15%, while the rate of job creation was only about 6% (Haltiwanger & Vodopiveč 2002).

As scholars have pointed out, the transition in Estonia ushered in a change from a ‘gerontocratic’ to a ‘youth-oriented’ society (Tallo & Terrk 1998). Younger cohorts adapted to the new environment relatively successfully. For example, the results of the NORBALT project showed that in Estonia the ‘winners’ of the transition were educated and ambitious young males aged 25–34 years with Estonian citizenship (Grogaard 1996, p. 96). We also anticipated that ‘during the process of transition to a market economy, the group most likely to benefit would be the 20–29-year-old cohort (Helemaē & Saar 1995, p. 137). The generation that emerged in the early 1990s received many advantages thanks to its youth. This generation has been called the generation of winners due to their successful careers (see Titma 1999; Titma et al. 1998). Nevertheless, previous analysis also shows that there is a great proportion of losers in this so-called winner generation (Helemaē et al. 2000). Here, we will analyze how changes on the macro level affected the life course of this generation, seeking especially to elucidate why some members of the winner cohort have lost their age advantage in a society that glorifies youth.
We decided to concentrate on the life courses of those in the winner age cohort who were hit most significantly by economic changes – namely, individuals who were working in the agricultural sector. In the 1980s, the agricultural sector derived high status on ideological grounds, not on the basis of economic reasoning. More than any other sector, agriculture has suffered from a policy based on ultra-liberal economic doctrines: since the collapse of the Soviet Union there have been sharp declines in production, share of GDP, wages and also in social status. In terms of the central focus here, were structural and institutional changes brought about by a minimum of adaptations and fluctuations or by a maximum of turbulence and mobility? How successfully were resources from old systems converted into other types of assets in post-socialist conditions?

The article uses data from various sources (quantitative as well as qualitative). Estonian Labor Force Surveys are complemented with qualitative data from in-depth interviews conducted in 2003 and 2004 with representatives of the so-called winners’ cohort.

Agricultural Reform in Estonia

Between World War I and World War II, independent Estonia can be regarded as a true republic of small farmers (Raun 1987). After Soviet occupation, the first kolkhozes were established in 1947. Despite large-scale propaganda, farmers were reluctant to join them. In March 1949, about 21,000 people were deported and ‘resettled’ in Siberia. Building on the atmosphere of general fear, a period of rapid ‘kolkhozation’ followed immediately after the deportations and was completed by 1951. The agricultural sector, however, was close to collapse. In the 1960s and 1970s, prices for state purchases were increased. The collective farms were equipped with machinery and educational training for leadership was improved. In addition agricultural production was concentrated (Ruutsoo 2004). In the 1970s, the general standard of living in the countryside grew and was, in many aspects, higher than in the towns (Palm 1992; Raig 1985). At the end of the Soviet period, agriculture in Estonia flourished and agricultural workers were considered the Soviet elite. Estonia did not undergo the agricultural stagnation that characterized other parts of the Soviet Union in the 1980s.

The first private farmers wishing to earn a higher income emerged at the end of the 1980s. At first they used a variety of new legal avenues for renting assets (such as the machinery and buildings of a kolkhoz). Many of the first farmers had agricultural school diplomas or degrees from the Estonian Agricultural University (Tamm 2001). Nevertheless, only a relatively small percentage of the rural population were interested in setting up a private farm during this most favorable phase before independence (Pajo et al. 1994, p. 13).

Beginning in 1989, the reform process was grounded in the Farm Law, which did not concern itself with ownership relations or aim to liquidate collective farms. Subsequently, the transition of Estonian agriculture from large-scale production to a system based on private property was guided by two laws: the Law on Land Reform
(October 1991) and the Law on Agricultural Reform (March 1992). These laws were based on restitution ideology, though they recognized the rights of the farmers who were allocated land under the Farm Law. The aim of the land reform was to create or re-establish ownership relationships and land use based on private ownership. According to Alanen et al. (2001), the most successful family farms were established on the basis of the Farm Law of 1989, before the dissolution of state and collective farms was decreed and not as a result of the restitution model. State support measures were entirely abandoned when the first farms under restitutional law were set up. By the end of 1992, there were 8,555 small farms (Tamm 2001, p. 414).

The de-collectivization of agriculture was executed in extremely difficult economic circumstances. The abolition of price controls in Russia (summer 1992) led gradually to the dissolution of all Soviet Union agricultural networks (Hirschhausen & Hui 1995), which ultimately led to accelerated inflation. The food-processing industry sank into financial difficulties. The first two years of independence (1991 and 1992) were the most difficult and in June 1992 Estonia introduced its own currency. Hardship continued in 1993 and 1994. Although the restitution of agricultural land had begun before the official closing of the kolkhozes and sovkhozes, it had become an extremely complicated process for legal reasons (Alanen 2001b, p. 118). As a result, it was impossible to synchronize land privatization with the dissolution of collective farms as part of a uniform process.

Two methods dominated the privatization of collective farms in Estonia. The primary method should have been restitution or compensation through vouchers (Tamm 2001). Although the majority of people wanted to have their old family farm back, only a minority were willing to start farming this land. The land was frequently split up among several beneficiaries.

The decisive feature of the privatization process was the ability to purchase with vouchers. The work-share voucher method was applied to collective assets, which included production complexes as well as the majority of the machinery and livestock. The collective and state farms typically consisted of several departments and units (some of which were auxiliary to agricultural production). While the preservation of an entire collective farm was successful in only a minority of cases (2–3%) (Tamm 2001, p. 434), many large-scale operations continued on a more modest scale. Usually, a new enterprise was established over and on top of one or more of the production units of the former collective farm. In 1995, 3,000 enterprises were the successors to 340 collective and state farms (OECD 1996). Fewer than 1,000 were involved in agriculture. A survey conducted in a village in southern Estonia indicated that the word robbery was often perceived as synonymous with the word for privatization, even when privatization was carried out according to the official regulations (Alanen 2001a). In addition to ‘legal robbery’, machinery was also acquired by buying it at unrealistically low prices. The number of family farms did not grow significantly until after 1997 (see Alanen 2004, Table 2.4).

Estonia officially followed the de-collectivization strategy promoted by international organizations (see Lerman 2001; Swinnen & Mathijs 1997). However, because state and collective farms were viewed as an expression of the period of occupation, national movements ‘embraced a nostalgic trend that idealized cottage farming levels and methods of production in agriculture’ (Alanen 2004, p. 2). The neo-liberalist
government’s romanticized ideology of family farming rapidly destroyed all large Soviet-style agricultural enterprises without bringing in any small or medium private farms. Nikula maintains that these reforms often ‘were carried out against the will of the local people, who wished to get rid of socialism, but not of large-scale production’ (2004, p. 159).

Once the large-scale socialist farms had been dissolved, all the tasks previously performed remained. The Estonian government offered little concrete support for the restructuring of agriculture (for example, counseling, financial support and other institutional arrangements), even when many workers had lost their jobs. No attempt was made to restore the network of cooperatives and bank mortgage systems, which had been the backbone of successful private farming until the end of the 1930s (Ruutsoo 2004). De-collectivization involved great uncertainty, abuse of power and even anarchic behavior. According to Alanen et al. (2001) agriculture suffered perhaps more than any other sector from a policy that was based on ultra-liberal economic doctrines.

Changes in the Estonian Labor Market

In 1992, economic activity collapsed under the combined effects of the breakdown of trade relations with the countries of the former Soviet Union, the collapse of the old central planning system, extensive price and trade liberalization and the abolition of many subsidies. Real GDP fell by almost 22% and consumer price inflation reached 1,069%.

At the beginning of the 1990s, the immediate reaction to economic uncertainty was a sharp decline in the demand for labor. There was a certain delay before the employment effects of the transition crisis were felt, since enterprises at first were reluctant to dismiss surplus workers. Labor demand decreased steadily between 1990 and 2000. The employment rate fell from 76.4% in 1989 to 60.7% by 2000, when it finally stabilized. The decline in the rate of employment is especially dramatic in absolute values: compared to 1991, the number of working people declined by an astonishing 27% by 2003 (or by 218,500 workplaces in a country with 1.4 million inhabitants).

Estonia took a very liberal approach to embracing a more free-market-oriented strategy. Allowing enterprises to force redundancy on ‘excess’ labor without commensurate compensation ended this period of job security. Significant wage liberalization occurred. Separation costs, the taxation rate of wages and minimum wage scales were set low as the government attempted to encourage employers to create jobs. To encourage the reallocation of labor, the Law on Employment Contract was introduced in July of 1992. The law gives the employer the right to lay off workers with a two-month notification, except in the case of bankruptcy.

While from 1989 to 1991 unemployment was practically non-existent, in 1992 it became a stark reality. However, the fall in GDP did not lead to high unemployment in the first half of the 1990s and unemployment in Estonia increased only gradually. Reasons suggested for this moderate unemployment growth include a sharp drop in labor-force participation, relatively flexible labor markets, low employment
benefits and net migration to the former Soviet Union (Eamets 2001). Estonia has had two recessions, one caused by the general transition shock and economic restructuring after the currency reform (1991–1994) and the other by the local financial market crisis followed by the external shock of the Russian financial crisis (1998–1999). As a result of the first shock, unemployment reached almost 8%, and following the second shock unemployment rose to 15% in early 2000. The impact of economic restructuring was felt most severely in rural areas where agriculture was the predominant sector, with the result that these areas faced enormous job losses in comparison with areas of greater economic diversity (Kämaäinen 2004).

In Estonia the disruption of trade with the former Soviet Union created large shifts in the composition of the final demand for sectoral outputs. The collapse of the institutional and technological links of the centrally planned Soviet system disrupted the supply of inputs for production and the delivery of outputs. The share of the service sector increased, whereas the decline in the industrial and agricultural sectors accelerated (see Table 1). Estonia (as well as some other post-socialist countries) experienced a ‘passive’ structural change toward a service economy that was borne less by real growth of service industries than by an enormous shrinkage of primary and secondary sectors. This rapid sectoral shift has been termed passive tertiarization (Goedicke 2006). In the beginning of the 1990s, the percent of those employed in agriculture remained higher than absolute changes would suggest, because the total employed population decreased sharply. Part of this decline can be attributed to problems in the agricultural sector. Between 1992 and 1998, the net result of these changes was that the share of agriculture in total employment fell by 10 percentage points.

The decline of the agricultural labor force has been continuous (see Figure 1). The acceleration of land restitution in 1997 did not change this general trend. The decline was most pronounced during the reconstruction of large-scale enterprises (1992–1993) and in the years immediately following privatization (1994–1995). Over a period of 17 years, employment in agriculture declined by 80%. During the first 10 years of transition, 60% of the people moving out of agriculture found jobs in other sectors of the economy (OECD 2003, p. 162).

Annual job displacement rates increased gradually during the initial transition period from only 1% of employees a year in 1989 to 13% in 1992, before falling to

<table>
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Source: Estonian Labor Force Surveys.
about 6% by 1998 (Lehmann et al. 2005, p. 63). In the early stage of transition displacement, rates were excessive compared to Western countries but reached Western levels in the later, mature period of transition. Redundancies rather than plant closures accounted for the majority of displacements. Displacement in agriculture was higher in the early stages of transition, which is consistent with substantial restructuring (see Table 2). About half of all displaced workers found a new job rapidly, while the other half had difficulties (Lehmann et al. 2005, p. 70). When displacement rates were highest, industry affiliation, ownership type and firm size were the main determinants of closures and redundancies.

Data and Method

Our analysis is based on in-depth interviews conducted from June 2003 to January 2004. The sample of respondents was drawn from a longitudinal study, ‘Life Paths
of a Generation’ (PG), started in 1983 when a research group from Tartu University and the Institute of History, the Estonian Academy of Sciences, under the leadership of Prof. Mikk Titma, interviewed graduates from secondary educational institutions (see for example Helemäe et al. 2000; Titma et al. 1998). PG has followed the life course of a specific cohort from secondary school graduation until the end of the 1990s. The interviews were informal and followed a general list of questions about the respondents’ life paths and especially about their biographical experiences in the years preceding and following social changes in Estonia at the beginning of the 1990s. The biographical investigations operate with a series of case analyses in a comparative and typologizing manner (see also Flick 2006). We assume that narratives of experienced events refer both to current life and to past experiences and provide information on the interviewee’s present, past and future perspectives (see also Rosenthal 2004). Certain events and processes are analyzed with respect to their meaning for individual and collective life histories.

The initial panel of respondents in PG was selected to represent the population of 1983 secondary school graduates (born between 1964 and 1966). Three types of institutions of secondary education were distinguished: vocational schools, specialized secondary schools and general secondary schools. The link between each level of education and future employment was clearly defined (Helemäe et al. 2000). Vocational schools trained skilled workers; specialized secondary schools, semi-professionals. General secondary school was the traditional academic track. Although the principle of compulsory secondary education was implemented in the 1980s, by estimations based on census data only 75–85% of the corresponding birth cohort graduated from institutions of secondary education as full-time students in the mid-1980s (Saar 1997). Thus, selected on an educational basis, the PG cohort is an educationally advanced part of the corresponding birth cohort.

For us, the post-socialist transformation has presented a rare opportunity to study how young adults have managed in a rapidly changing situation. The PG cohort is ideally suited, since its members were educated under the Soviet system, completing their schooling in the mid- to late-1980s and first entering the labor market as the major social and economic transformations of Estonian society began. Furthermore, young adults who were in their 20s at the beginning of the economic changes (for the PG cohort, those 24–26 by the beginning of 1990s) and are now in their late 30s are often considered to be the most successful age cohorts under the transition. In order to shed light on the internal differentiation and success of the ‘winners of transition’, we make use of longitudinal data that provide time-dependent information.

Emphasizing only the changing social structure does not address how these changes enter the lives of individuals trying to cope with them. The biographical research approach is particularly effective in capturing the experience of a changing social system because it focuses on personal destinies and demonstrates how these are linked to societal transformations (Hoerning 2000). The main strength of the biographical approach is that it is able to explore subjectively experienced reality and conceptually reconstruct a changing world as interpreted by the social agents themselves (Hoerning 2000).

The analysis of the longitudinal data has shown that the type of secondary education has a strong impact on the potential for a successful career among youth.
We conducted interviews with 32 members of this cohort, choosing three or four interviewees from graduates of each type of secondary education. The sample was constructed in two stages. The three types of secondary education institutions were further divided as follows. Vocational schools were distinguished between rural vocational schools and urban vocational schools. Secondary specialized schools were distinguished between agricultural specialized secondary schools, industrial specialized secondary schools and other types of specialized secondary schools. General secondary schools were distinguished between common grades of general secondary schools, academic grades of general secondary schools (from eighth grade) and academic grades of general secondary schools (from first grade). Altogether, eight types of institutions were distinguished. We interviewed persons with different ethnicities, places of residence, and gender (see Appendix 1). The interviews were conducted in the homes of respondents as well as in our institute. Each interview lasted 1–3 hours. The interviews were audio recorded and transcribed for analysis.

Most biographical studies tend to select a few illuminating cases as a starting point for analysis. Since there are relatively few interviewees who worked in the secondary sector at the beginning of the transition period, we have chosen to present all of them (6) in the form of biographical profiles as examples of the wider trend. One analytical task was to look for common elements across interviews. We used an inductive approach that produces generalizations by analyzing a series of biographical profiles. Comparing and contrasting these case analyses allow us to reconstruct the inter-relationship between individual experience and collective framework.

Analysis

Agriculture was booming in Estonia in the 1980s. The relaxation of regulations\(^2\) and the subsidized nature of Estonian agriculture, on one hand, and the food deficit of Soviet Russia, on the other, offered tempting opportunities to earn extra money from agricultural activities. Since Estonia between the two world wars was predominantly a peasant state of independent farmers (Alanen et al. 2001), most people had their parents, grandparents or other close family members living in the countryside. Therefore, not only farmers but also those employed in other sectors usually grew vegetables on larger or smaller plots of family farms and summerhouses. In addition, highly educated people (such as teachers and doctors) worked on family plots during the evening and on weekends. Some people made a great deal of money from selling cucumbers at Leningrad’s (now St. Petersburg) markets.

Our interviews also reflect the attitude that a career in agriculture was perceived by many respondents and their parents as a desirable one during the 1980s. From this educational cohort, every fourth person interviewed had their first workplace in agriculture (Helemäe et al. 2000, p. 213). Thus, they were overrepresented in comparison to the general workforce pattern in 1989–1991, when one-fifth of all workers were employed in agriculture. In addition, many people had considered an agricultural career, but for various reasons did not fulfill this intention.

Post-1992, the agricultural sector decreased rapidly. Land was returned to its previous owners or their successors; collective farms disappeared. By 2003, only 6%
of the total workforce was employed in agriculture. People working in agriculture were affected much more directly by the turbulence of economic reforms. People faced increasing insecurity in the workplace and experienced noticeable unemployment for the first time. Several respondents who had considered the possibility of working in agriculture during Soviet times (a teacher, judge and saleswoman) pointed out how lucky they were that they did not opt for that path.

So for example a person chooses an occupation but the actual place of work is a matter of chance. [...] Well, in hindsight, back then, in that time, it was the right choice to study to become a teacher and not an agronomist. My God, agronomists are all UNEMPLOYED today; there aren’t even state farms any more. I definitely would have had to retrain. This was a lucky stroke, since, thanks to my physics teacher being so inadequate, I couldn’t do it, and thus I didn’t [study agriculture]. And thank God. You never know what bad things can turn out to be good for you. (a teacher, 2003, Nõo)

Now we turn to people who did work in agriculture at the beginning of the economic and social changes. All of them have attained one or more agricultural specialties in vocational school, in specialized secondary schools or in an agricultural academy. All of them are men and each had different strategies for coping with the new situation. One of them still works as an employee on a private farm. Others have experience with private entrepreneurship from the past or at present. One runs a private farm; the second managed to privatize an apiary. Three have left agriculture altogether: one has started a transportation business; the second now works as a manager in a big company and the third works in a private construction firm, but both have been self-employed for some time. The analysis of semi-structured interviews revealed two main types: interviewees who stayed in agriculture (as employees or as self-employed) and interviewees who moved from agriculture to other sectors.

Staying in Agriculture

Ylo, tractor driver, lives in a village

Ylo was born in the countryside. He said that both his parents were ordinary villagers. He attended a vocational school (with the specialty of a tractor driver) and started to work in a kolkhoz. In 1992 he moved to another kolkhoz, which was soon reorganized. He has also worked in feed lots. In 1998 he changed employment and for three years worked as a locksmith in a private food-industry enterprise. In 2001 he lost his job through compulsory redundancy. Now this firm is bankrupt. Ylo thus returned to his previous workplace. His wife is also working in a feed lot although she has a degree in teaching. They have three children. Ylo describes their life as follows:

We manage. We don’t complain. Of course, we work like a horse, that’s clear. But, overall, we manage. (Kodila, 2002)

He sees no change in his life as a result of the new economic system. He works in the same place, although it is now under private ownership. He drinks heavily and
has rarely left his home village. He seems unable even to imagine that he could do anything else.

**Jaanus, beekeeper, lives in a village**

He still lives in his place of birth. His father worked in forestry and his mother in a dairy. After graduating from preparatory school, Jaanus entered a specialized secondary school. He learned to be a beekeeper. After graduation, he was assigned to an agricultural school as a beekeeper. He worked there for a year, but was then drafted. When he returned from the army in 1985, he started working as a beekeeper in a kolkhoz near his childhood home. He characterized the period before privatization and agricultural reform as very successful for him. He and another beekeeper were quite independent; their incomes were high, on the same level as the salary of the kolkhoz chairman. In 1992 he privatized an apiary and is now running a bee-farm. Asked if his life had changed after the reforms, he commented:

> No, it didn’t get worse but, well, I just got more issues [he has to be responsible not only for producing honey, but also marketing and selling] myself, as there was nothing around then. So I just took the honey and the beeswax and got the pollen marketed and that was that. But then I had to sort of start marketing the pollen myself, then the speculators turned up, and [middlemen] started to get into debt and I didn’t get all the money and... well, ’till now everything’s sort of worked out. (Lääne-Virumaa, 2002)

He admits that there are problems with the legal marketing of honey products. He is selling honey directly to private consumers – doing so underground because he fears EU requirements. He suspected that the EU regulations are adopted and monitored too rigorously by the Estonian government in terms of producing and selling food products.

> Those Euro [European Union] requirements, which our people have translated, are done wrong, are simply overdone. Nowhere in other Euro countries are there things that our people want to do. But well, that’s Estonian nature. (Lääne-Virumaa, 2002)

Nevertheless he likes his independence, not having to work for somebody else. Jaanus deals with two additional activities (transportation service and fishing) in order to subsidize the fairly low income that his firm’s main activity – bee-keeping – provides.

While talking about his educational career, Jaanus clearly stated that in his opinion education does not matter in the countryside.

> There wasn’t really any need for further education. It’s just that there’s nothing I could do with education as such, with regard to my area of employment in this country. We’ve had plenty of losers here in the sheds with higher education. We have those that finished the agricultural academy and those from the university and they’re all drinking now and have all sunk to the bottom. They just couldn’t get any work when the regime changed, nothing they could do. Hands of gold, those men have. And they are everywhere. (Lääne-Virumaa, 2002)
Veiko, farmer, lives in a village

After graduating from secondary school, he entered the agricultural academy. Veiko made a conscious choice to return to the countryside to study to be an agricultural electrician, graduating in 1990, just as the kolkhozes were reorganized or closed down. He worked in several places, most of them connected to engineering. Veiko characterizes his work career as follows:

I have always been more or less on the same level in my occupational life: neither an ordinary electrician nor a big boss. I’m a technical specialist. (Märjamaa, 2003)

At the beginning of 2000, after becoming disabled, Veiko started to work as a farmer. He has a small farm (inherited from his parents) and he would be considered a subsistence farmer since he is not planning to expand production. Although he has a higher education, he gains no direct benefit from it while running a private farm.

Although the agricultural sector has changed considerably, these three respondents have stayed in the countryside to earn their livelihoods. The feed-lot employee does not perceive any change. The two others have made use of the new system: one through the restitution of previous owner rights and the other through privatization. Still, since agriculture in general remains a marginalized sector in the new economy, they are enjoying neither substantial economic returns nor high social status. None sees any importance in formal education while working in agriculture.

Still, there were possibilities for big profits in agriculture in the early days of privatization. One interviewee described the privatization process of collective farms with an anecdote. Some of his friends, who were specialists and managers in collective farms, succeeded in privatizing thousands of hectares of land (in his words, they ‘put their hands on the kolkhoz’). They live well, having managed to seize just the right moment to maximize the available resources in the countryside. Such ‘legal robbery’ on a grand scale was possible for the people who had high positions. Our sample consists of young people who have not managed to make such a career move.

Moving from agriculture to other sectors

Roland, a self-employed truck driver, lives in a small town in southwestern Estonia

Roland graduated from a specialized agricultural school as a mechanic and was then assigned to the kolkhoz. It was difficult to arrange an interview with him. At first he was very reserved and laconic, for he was not used to articulating his past decisions or reflecting on his life path. In spite of this, his description about his work career is very characteristic as he used to have a secure work career during the 1980s which was demolished by economic reforms.

I was a workshop manager in the farm center. Then I left that manager’s position and was assigned to the position of department head. I was a department head there for several years. And...and then those farms started to break apart, and I was, like...there was something called a rental business. /.../ Then the return of land started and basically everything fell apart. Everyone wanted their
own share and then I started doing business on my own. I’ve had my own transport company, ten years already by now. (Tallinn, 2003)

By pointing out that he was assigned the position of department head, he emphasized his passive role in finding a job during Soviet times, both in his use of grammar (passive voice) and vocabulary (assigned a job). After economic reform, he was not able to continue at his old workplace and he opted for entrepreneurship. He considered it important to underline his own active role here – ‘started doing business on my own’. However, his motivation for starting a private business was not purely taking advantage of newly emerging possibilities, but was quite clearly also a forced move, since the previous workplace disappeared along with the collapse of the kolkhoz.

He now works as a self-employed driver; he owns two trucks and dreams about buying a third one. So far, he has two employees. The manager and his two employees previously worked in agriculture. Now, they commute to the capital. From time to time, they visit their families in the countryside. They all live together in a former summer house and drink heavily during the evenings. The respondent has a contract with a firm that orders transportation services from him. The contract is renewable on a monthly basis. Although the ISCO occupational classification would categorize him as a manager, he identifies himself as a truck driver.

How did he get the idea to leave agriculture and opt for transportation? He did not rely on previous contacts, but, as he pointed out, his experience of the West produced his vision of what to do:

This was just at the beginning, when the Republic of Estonia was formed and the flow of trade started to move and I had already driven cross-border too, after all. It seemed like the right thing to do. That’s why I started out on my own in a different field. (Tallinn, 2003)

When asked whether he still thinks it was a good decision to become an entrepreneur, he responded by saying there was ‘nothing else to do anyway’. His new venture has its liabilities as he pointed out: insecure work contracts, few days off, working during public holidays and weekends and limited material reward. He also repairs his trucks by himself. In general, he considered his time as a private entrepreneur the most difficult of his life.

Anton, manager in a railway company, works in Tallinn, lives in a small town

The biography of a second manager is equally revealing. He graduated from the agricultural academy, though his field was engineering. Since his assigned work in the countryside started just as the changes began in 1991, he worked there only for half a year. After that, he got an apprenticeship in Germany.

I’m saying that I suppose I survived the Soviet time, but I’m not sure about that at all really [...] I went to Germany as soon as was possible. That was a totally different world. (Tallinn, 2004)

He said that in Germany he came to the realization that agriculture was to be marginalized in Estonia, too, and that he had to find another job. He considers his
marriage to a woman who already had a private business an important step in his life because she introduced him to the ‘rules’ of business. In 1999, however, he decided to close down his private shops to enter the public sector through networks.

And then in ’99, when the drapery store didn’t pay off, I put my company to sleep by closing both outlets and went to work at Estonian Railways. / . . . / Why? I got an offer and well, why turn it down? It was a serious challenge to go from my own private company of ten employees to a company with 360 employees, basically in a day. Whereas before I had a million EEK turnover, for Estonian Rail the turnover was 60 million a year. You know, the temptation was great, to challenge myself, working with other people. (Tallinn, 2004)

As seen in the quote above, he made the move to become a manager for Eesti Raudtee, the Estonian railway company, during a time when many businesses, especially small ones and those tied to Russian markets, either closed down or stagnated. The railway offered more secure employment during the cooling-down period of the Estonian economy. At the end of the interview, when he was asked to reflect on the important influences in his life, he emphasized the role of education. He says he was very lucky to choose a technical field of study instead of an agricultural one, for it gave him opportunities to use his educational credentials in diverse sectors.

Ain, now a manager in a private construction firm, lives in Tartu

He graduated from the agricultural academy as an amelioration engineer. His biography illustrates how structural changes have pushed toward self-employment. He tried hard to find a stable position during the changes, but with no luck. In a vivid fashion, the following passage describes how profoundly the labor market was restructuring and the magnitude of the instability people faced in privatized sectors.

I had an assignment and a job and everything already. Exactly a month before I graduated, the company I had been assigned to ceased to exist, just like the entire land amelioration sector. / . . . / It was a state financed field but then there were just more important things to finance. Most of us [classmates] went into construction, since we got as much training in construction at school as amelioration itself. I worked in this firm for exactly two years, and then the company ceased to exist. It was a kolkhoz construction office and kolkhozes ceased to exist at that time since there were no finances. All construction departments became small, limited-liability companies at that time. Practically the same group of people just became a limited-liability company now. / . . . / Then there was a chance to work for two more years in that small company, but then the rouble was replaced by the Estonian croon and all construction activity in Estonia temporarily ceased. Then the company where I worked obtained some information / . . . / it seemed to have some associations with Germany or contact was made with some factory and, well, we formed connections with them, which allowed us to import leisure goods: garden furniture, bicycles, lawn-mowers...and the like. We continued trading with Germany until...almost last year. (Tartu, 2003)
He used his knowledge and contacts with a German factory to start his own private business. He did not invent anything but just continued trading with Germany through his own limited-liability company. He did not start these businesses from scratch, but tried to make use of his previous contacts. Though Ain graduated as an engineer, he was active in trade because in the early 1990s the opportunities were in trade. However, by the end of the 1990s the economic situation had changed and intensified competition was marginalizing small shops. Ain then decided to leave the shrinking field of private business to become an employee. A degree in engineering played a crucial role in his taking this step. Successfully taking advantage of his educational credentials and private business experience, he found work as manager of a foreign-owned company.

Because everything in Estonia changed so much. In order to do something one has to have a lot of money – free money to start with. That cannot really be helped – you have to keep investing all the time. But we spent everything we earned. So basically there were many reasons – Estonian laws kept changing and so, just to keep running your own business in the same way, one had to change a lot. Free money has to come from somewhere, a bank loan or through some other means. (Tartu, 2003)

These three men who had left agriculture present revealing cases about the convertibility of previously accumulated resources. They lost their jobs in agriculture in ways similar to most other people. However, in our sample, only these men moved away from their former sector. Why? One common aspect in their motivation to enter private business was experience in the West. They all found their direct knowledge of the Western economic model (however limited) an important factor in making decisions during the transformation. At first glance, the truck driver is a man who benefited from the new economic situation and established his firm without a degree in higher education. But, taking a closer look, his private business was successful only in the beginning, when there was limited competition in the field of transportation. Based on his experiences in the West, he correctly predicted a boom in the field of transportation, which gave him an excellent economic return in the early days. Nevertheless, he did not successfully manage expanding competition and is now struggling with basic payments, such as expenditures for gasoline. Failing to establish permanent relations with customers, he now depends on very unstable contracts.

The other two men who left agriculture are also working as managers, though of a quite different kind. In the first half of the 1990s, their private businesses yielded reasonable returns. After the economic crisis of 1998 and the increased competition in the local market, they used their networking skills and their education to secure work as managers in large companies. In contrast to the experience of the truck driver, higher education in engineering provided a safety net that opened up the possibility of secure work and a substantial income without entrepreneurial risks. Nevertheless, they emphasized the importance of their self-employment experience, considering it to provide advantages. As one interviewee said, he now knows what it means to be responsible for the success of a firm, to be economical.

Thus, the more educated people who also had appropriate social networks seem more often to have been successful in private entrepreneurship and to have had more
opportunities to leave self-employment if their own business did not succeed. They are better able to orient themselves in new and challenging situations and may be better able to overcome a variety of constraints (Pissarides et al. 2003).

Conclusion

Our aim was to analyze the interrelationship between structural changes and the personal destinies of people who worked in agriculture at the beginning of the period of transition. The biographical research approach connected us to the personal and historical dimensions of individuals. Our analysis reveals that, at least in the early years, the transition period led more to a collective fate than to increased individualized activity. Firm closures and company reorganization triggered inter-firm shifts and transitions to unemployment. Individuals changed their plans and behavior because they had to adapt. Most of our interviewees emphasized that the transition period brought about unexpected consequences for their careers and their lives in general. As in other post-socialist countries, dismissals were often collective experiences unrelated to individual qualifications and motivation but stemming from national decisions. They were mediated via sectoral changes and the reorganization of firms. Agriculture lost its leading position in the ideological hierarchy, with the result that people working in agriculture were collectively shifted ‘down’ in terms of social status, salaries, investments in infrastructure, etc.

Contrary to our expectation that system change would allow differences in personal characteristics to become more important for success and failure in life, individual agency was strongly determined by the institutional structure and structural changes. Success was less a matter of individual control and more a matter of structural conditions. For people working in agriculture, structural conditions curbed self-initiative and fostered instead reliance on passive coping strategies. According to Nikula, agricultural reform in Estonia was carried out mainly with political, not economic, considerations in mind (2004, p. 159). Effective agricultural reform would have required more diverse support measures (financial support, counseling, information) than provided by international organizations and government. Competency and self-initiative were important in the decision to start a business as well as for job mobility from one job to another without unemployment gaps in between. But in total, these traits had only limited impact on the chance of upward mobility and on the risk of unemployment. Structural constraints severely limited the unfolding of individual agency.

In Estonia, agricultural employment has plummeted rapidly since the early 1990s. Geographical isolation and restored pre-communist property rights closed down earlier social networks, thus limiting opportunities for many people who worked in agriculture. The restitution of ownership and privatization offered grand promises, but people who are engaged in small-scale agricultural activities continue to struggle to sustain their livelihood. They market their products hand to hand through personal contacts. Thus, agriculture seems to work as a ‘trap’ that offers few opportunities of its own, but requires great effort to secure employment in a new sector. Alanen has even concluded that the family farm project turned into a project of poverty.
production (2004, p. 49). As a result the countryside disintegrated into numerous losers and few winners. Those who lost out in the privatization process and have no option but to remain in the countryside are powerless in relation to private enterprises. Even for those who managed to leave agriculture, success in a new sector was still unpredictable without suitable social networks. Success was determined not so much by the entrepreneurs themselves as by external factors, for example, by existing relations with foreign companies and access to foreign markets and financial institutions.

During the reforms, employment in agriculture often worked as a push factor for the establishment of private businesses, since massive lay-offs and restructuring in the economy left workers few other opportunities. Mostly, it was a forced movement as old workplaces disappeared with the fall of the old system. While a move to private entrepreneurship is often seen as an upward path, the situation is less clear-cut upon closer inspection. People have opted for private entrepreneurship because they did not have other alternatives. This kind of entrepreneurship could be characterized as ‘survival trading’. The conditions individuals work under are often very poor and, in many cases, self-employment holds out little promise of cumulative growth. Since the self-employed in agriculture were unable to find new resources during de-collectivization, their success depended on resources (land, equipment, know-how, etc.) they had inherited from the socialist period. A leading position in the old power structure was an important factor in successful entrepreneurship. The chances for ordinary workers who lacked the necessary social networks and skills to set up a profitable business were much more limited.

Most of the better educated self-employed who had previously worked in agriculture and started their own businesses (mostly in trade and services) during the first half of the 1990s leapfrogged through self-employment into good jobs (managers) in state and private companies. They understood that they lacked the finances required to develop their own businesses.

People working in the agricultural sector have found it most problematic to use their credentials in other sectors. What is more, higher education seems to be of little value in the agricultural sector in general. The value of education depended on a work organization based on large-scale production. After the de-collectivization process, most representatives of the better-educated Soviet agricultural middle-class moved from the countryside to towns and started their own businesses there.

Acknowledgements
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Notes
1. The vouchers were handed out to collective and state farm members and employees on the basis of time served on the farm or on the basis of wages paid (some farms used a combination of these two methods). People were offered an opportunity to realize their work shares by purchasing collective assets at book value (Alanen 2001a, p.137).
2 In the 1980s, formal regulations which limited the number of animals and cultivated land in private households were not strictly enforced or adhered to anymore. For instance, officially, only one milk-cow and 0.6 of a hectare of cultivated land were formally allowed per household.

3 Six people from our sample worked in agriculture.

References


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APPENDIX 1 Sample description, number of respondents

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