

Foreword

The essential significance of the articles published in this fourth (autumn 2012) issue of the *Baltic Journal of European Studies* lies in a new perspective given to key issues in the field of socio-economic, transport and educational policy of the EU members at the Baltic Sea Rim.

Lessons from the Scandinavian countries are particularly important for small countries without natural resources. Human development is a key factor of sustainable competitiveness. Here, the educational system plays a crucial role, but not only on the high level, but on the primary and secondary levels as well. The competitiveness of Irish economy, for example, is closely linked to the reforming of the entire educational system from the primary to the university stage that—on the primary school level—started in the late sixties. Investment into the human factor is a long-term investment. Therefore, the linkage between the future development of the demand structure on the labour market and the priorities of higher education always has to be considered, and this is not an easy task in our rapidly changing world. It is important to minimise risks and enhance opportunities through constant monitoring of the ongoing processes.

Overcapacity of inadequately skilled labour can lead both to higher unemployment and/or to massive emigration of young educated people. In addition, we need adequately skilled labour that cannot be reached just through high-quality professional education, but has to include a number of personal characteristics that cannot be learnt in the official framework of education (skill-related, geographic and time-dependent flexibility, readiness to cooperation, innovative thinking, etc.). Finally, we have to create not only innovative people but also innovative societies that are able and willing to absorb the results of education and research. Since investment in human capital is a long-term venture, successful policies require continuity over democratic political cycles, transparent financing and clear priorities.

Ton Notermans, author of the article about the political sources of European Union imbalances, argues that the root cause of the current euro crisis were massive payments imbalances, with many peripheral countries in Southern Europe running current account deficits financed by capital inflows from the core countries. The common currency itself played a significant role in the build-up of these imbalances as it promoted capital flows to the periphery by removing the risk of devaluation, whereas the inability of the periphery to devalue in turn

meant that the core countries could exploit their institutional advantage in wage setting to significantly increase their price competitiveness. The author sees that the economic imbalances that caused the euro crisis are essentially political in nature as they result from both hard- and soft-currency countries seeking to avoid addressing fundamental policy inconsistencies. The hard-currency mercantilism of Germany and its smaller neighbours is inherently vulnerable to currency appreciation and thus needs to lock its main trading partners into a fixed exchange rate in order to survive.

Olga Nežerenko and **Ott Koppel** demonstrate in their article ‘Some Implications of the EU Rail Transport Policy on Rail Business Environment in CEE Countries’ that the organisation of rail transport in any CEE country located in the Baltic Sea region is not compliant with the respective EU legislation and the compliance with those legislative acts would require certain reorganisation at the government agencies’ level. The authors still doubt whether the establishment of an independent body only for the purpose of supervising competition on railways would be reasonable considering the small size of the Baltic States. Among other things it might appear necessary to transfer the shares of rail transport undertakings from holding companies to the governments or privatisation of companies. In other aspects, good reorganisation examples can be seen in the Nordic countries, particularly Denmark, where the legal (but not ownership) separation has already been completed.

Based on in-depth research in 2012, **Rasma Kārklīņa**, in her paper ‘New Forms of Democracy in Latvia’, focuses on new forms of self-governance and democratic participation in contemporary Latvia. She finds that the theoretical notions of deliberative democracy can be tested by examining the practices of how social groups participate in policy decisions on various levels of government. Under the sponsorship of the European Union and other external supporters, Latvia has developed formal mechanisms of popular participation in governance decisions. On the municipal level nongovernmental groups participate in deliberations about development strategies and discussions about how specific developmental projects might affect their environment. Local NGOs form one of the three partners in formalised “partnerships” with local businesses and municipal councils. This participatory involvement suggests that one can speak of a nascent “partnership democracy” in Latvia, and possibly other EU-influenced post-Communist states. In Latvia’s case, the recent tendency towards the involvement of “social partners” and the forming of partnerships and consultative councils in ministries, municipal councils, and other institutions, fits this category rather well.

Kaire Põder and **Kaie Kerem** in the article ‘School Choice and Educational Returns in the EU: With a Focus on Finland and Estonia’ find that one of the most meaningful problems in Estonia is the lack of continuity in the provision of educational services at the same level as in one of the most developed countries of this field in Europe—in Finland. By the very nature of the limited degrees of freedom in cross-country identification, the authors’ analyses can at best reveal broad patterns. And at the very least, a great deal of details of specific implementation issues related to school choice policy application must therefore be left for national approaches. Finland runs a rather limited choice policy, with almost no admission by academic records, no standardised testing or league tables, outperforming all other educational systems in the EU by far. Estonia, being relatively successful among the post-Communist countries, is much more choice-oriented, though mostly in urban settlement areas. The authors’ comparative quantitative analysis indicates that choice can be harmful in combination with unequal educational opportunities or insignificant in the case of high financing of education and equal opportunities to students.

Miķelis Grīviņš in the article ‘Implementation of Per Capita Education Funding in the Baltic States’ has focused on one of the most meaningful problems in education—how the decentralisation of education policy has been shaped at the national level and how its goals are elaborated at the local (municipal) level. To do this, the article analyses per capita education funding policy in the Baltic States. The author proceeds by analysing interviews with persons responsible for education organisation at the municipal level in Latvia. Estonia, Lithuania and Latvia have all introduced per capita funding in their education policy. Estonia introduced reforms in 1998, Lithuania in 2002, while Latvia in 2009. The three countries share many similarities in the policy implementation process and in problems they have to solve. Furthermore, all three countries with this policy have given greater voice in education planning to the local municipality and, as research attests, in all three states municipalities face similar problems in reform implementation.

Aksel Kirch and **Vladimir Mezentsev** in their article “Migration of ‘Knowledge Workers’ in the Baltic Sea Macro-Region Countries” have indicated that today the modernisation of the education system and function of academic science in universities are the two key elements of enhancing competitiveness in the whole society. Estonia’s recent backwardness in training highly qualified specialists (especially with a doctoral degree) has become one of the most problematic tasks in fulfilling the Post-Lisbon (Europe 2020) strategy objectives. One of the most essential problems is the lack of continuity in the provision of educational services at the same level as the best European universities. On

the other hand, this requires attracting new capital for investments into the economy and the development of human capital. To resolve these contradictions in Estonia, today a higher education reform in Estonia has been initiated. To make learning at the universities more resultant, the government of Estonia has planned to widen proportion to a fully state-commissioned study and Estonian universities are prepared for a major reforming process in the next three years (2013–2015).

Tarmo Tuisk's article 'The Ethno-National Identities of Estonian and Russian Youth in Respect of Their Primordialist or Situationalist Orientations' highlights that the majority of Estonia's population paradoxically continues to support liberal economic policies and thereby facilitates the deepening of cleavages among different ethnic and social groups. When using 'primordialism' and 'situationalism' as independent variables in order to establish the socio-psychological underpinnings of the two largest ethnic groups' identities to study the background of the paradox, some very interesting findings became evident. The research results show that Estonians' society is predominantly primordialist. But there exists a noticeable distinction on the primordialist–situationalist scale among Estonia's Russians—while their primordialists tend to be strongly bound to the Soviet past, situationalists demonstrate a far more tolerant worldview by crossing the borders of ethno-nationalism and distancing from the history related to the Second World War.

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editors of the autumn issue*