

***Family Background and Schooling Outcomes
Before and During the Transition: Evidence from the Baltic Countries***

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Rising returns to education; removal of quantitative supply constraints; emergence of new fields of study; the lower ability barrier for those willing to pay; and introduction of study loans contributed to a sharp increase in number of tertiary students in all three Baltic countries in 1995-2003. This change of environment has had another dimension: instruction in state-financed higher education, which by 1989 was provided in titular languages and in Russian in proportions roughly consistent with population proportions, has switched completely to the titular languages.

This paper, by studying the nature, strength and dynamics of correlation between demographic characteristics, parental income and education and children's education, address the following questions:

- Conditional on family background, are schooling decisions and outcomes of ethnic minorities substantially different from that of majority population?
- How have the family background effects on schooling outcomes evolved during the transition?

Our data come from the 1999 Living Condition Survey and 2001– 2003 Labor Force Surveys. Results indicate that:

- During the transition, a wide tertiary participation and attainment gap has emerged between the titular ethnicity in each country and the sizable ethnic minorities (predominantly Russian speaking; also Polish in Lithuania)
- In the 21-30 age cohort the ethnic gap is 8 and 10 percentage points in Estonia and Latvia respectively, compared to 2 percentage points for the 41-50 year olds.
- In Lithuania the gap has increased less dramatically, and it has even become smaller in relative terms.
- For all three countries the gap in participation, and for Latvia and Lithuania also the gap in propensity to complete higher education, remains significant after controlling for parental education and (as long as tertiary enrollment is concerned) parental income.
- Remarkably, the least troubleshooting dynamics in the distribution of human capital across ethnic groups is found in Lithuania, the only one of the three countries without a substantial provision of Russian-language higher education even by the private sector.
- In Estonia and (to a lesser extent) in Latvia, ethnic gap in secondary enrollment threatens to reinforce inequality in the distribution of human capital across ethnic groups.

Main findings regarding intergenerational mobility are as follows:

- Parental (especially mother's) education is found to have a strong positive effect on propensity to enroll in and complete secondary and tertiary education, both in Soviet times and during transition.
- Some evidence is found for weakening of mother's higher education effect during the transition.
- The positive effect of father's higher education, as well as the negative effect of father not living in the household was strengthening in 1980s and 1990s. Plausibly, this manifests increasing importance of family income for schooling decisions.

Key words: Parental education; ethnic minorities; participation in further education; transition; Baltic countries