

NEWS RELEASE

Estonia's average income was 84% higher than Finland's before socialism—by 1985, it was 22% of Finland's

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For immediate release

VANCOUVER—After the Soviet Union invaded Estonia and imposed socialism, living standards in Estonia plummeted—particularly compared to neighbouring Finland, finds an upcoming book, which will be published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Given the similarities between the two countries, the Finnish-Estonian comparison richly illustrates the effects of socialism in Estonia and its real adverse impacts on living standards,” said Matthew Mitchell, senior fellow at the Fraser Institute and co-author of *The Road to Freedom: Estonia's Remarkable Rise from Socialist Vassal State to One of the Freest Nations on Earth*.

Estonia and Finland share much in common including geography and natural resources. And the two countries might have shared the same economic fate. But after the Second World War, while Finland continued to have a modestly market-oriented economy, Estonia was absorbed by the Soviet Union.

The effects of Soviet policies on Estonian living standards were profound.

From 1925 to 1934, workers in Estonia earned 84 per cent more than workers in neighbouring Finland—but after decades of socialism under Soviet rule, Estonians in 1988 earned only 22 per cent of what Finns earned.

As a result, compared to Finns, Estonian workers had to labour much longer for comparable goods, assuming they were even available. For example, in 1988 Estonians had to work nearly six times as many hours as Finns to afford a colour television, nearly four times as many hours to afford a refrigerator and more than three times as many hours to afford a set of men's clothes.

And crucially, in 1960, the life expectancy in Estonia was nearly the same as in high-income countries elsewhere in the world, but after 50 years of socialism, the average Estonian could expect to die nearly 10 years earlier than people in high-income countries including Finland.

“Clearly, Estonians experienced significantly lower living standards than Finns during much of the 20th century, which is testament to the negative effects of socialism,” Mitchell said.

This new book on Estonia is especially important given recent polling results from Leger, which found that 42 per cent of all Canadians—and 50 per cent of young Canadians aged 18-24—support socialism as their preferred economic system. And among those who say they favour socialism, 35 per cent support government directly running the economy by owning companies and entire industries.

This book is part of the Fraser Institute's Realities of Socialism [series](#).

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