Why Do Regimes Arise and Persist? Belarus and the Theory of Daron Acemoglu and James Robinson

Dlaczego reżimy rodzą się i trwają? Białoruś a teoria Acemoglu i Robinsona

Abstract

The Eastern European state of Belarus, a former Soviet republic, is classified as a pure autocracy, and 2024 marks three decades since its strongman leader Alexander Lukashenko came to power. Over the years, Lukashenko has created a unique type of economy synergistic with the political system and known as “state capitalism.” In this paper, we refer to the theories of Daron Acemoglu and James Robinson to explore the factors and institutions that facilitated Lukashenko’s rise to power and ensure the durability of the Belarusian authoritarian system. We found that the case of Belarus is unique and holds relevance for post-Soviet studies, deviating in some respects from Acemoglu and Robinson’s theory, especially regarding the dictator’s ascent to power and the factors sustaining the system. We hypothesize that culture and mental models were crucial for Lukashenko to take power, while the system’s persistence is, in large part, due to the dictator’s external protector, Russia. We use historical analysis and evaluate economic and institutional development indicators.

Streszczenie

Białoruski system polityczny jest obecnie klasyfikowany jako typowa autokracja. W 2024 r. mija 30 lat, odkąd do władzy doszedł Łukaszenko, który zbudował unikalny system ekonomiczny zwany „państwowym kapitalizmem”, pozostający w synergii z systemem politycznym tego kraju. W artykule odnosimy się do teorii Darona Acemoglu i Jamesa Robinsona i zastanawiamy się, jakie czynniki oraz które instytucje pozwoliły Łukaszenko zdobyć władzę i ją utrzymać. Zauważymy, że przypadek białoruski jest specyficzny i odstaje nieco od teorii Acemoglu i Robinsona, szczególnie w dwóch kwestiach – dojścia dyktatora do władzy oraz trwania całego systemu. Stawiamy hipotezę, że kluczowe znaczenie miały w pierwszym przypadku kultura i modele mentalne Białorusinów, w drugim zaś „zewnętrzny protektor” Białorusi – Rosja. Jako metody badawcze wykorzystywaliśmy analizę historyczną i analizę wskaźników instytucjonalnego rozwoju.
Introduction

Daron Acemoglu and James Robinson have made a significant contribution to New Institutional Economics, particularly in the field of development theory. They identified inclusive and extractive political and economic institutions, whose dominance determines the ability of an economic system to achieve its goals [Acemoglu, Robinson, 2008; 2013].

According to Acemoglu and Robinson, “inclusive economic institutions ... are those that allow and encourage participation by the great mass of people in economic activities that make the best use of their talents and skills [Acemoglu, Robinson, 2012: 144].” These include the security of private property, the rule of law, public services, and the freedom to contract and exchange goods, which ensures an efficient state. Inseparable from economic institutions, the state apparatus is therefore connected as a guarantor of law, order and security, property, and the binding force of contracts. Additionally, it often serves as the primary provider of public services. In cases of conflict over economic institutions, the outcome depends on which interest group prevails in the political game. Political institutions are a key factor in this game. They are the rules governing incentives and initiatives in politics. Inclusive political institutions allow and encourage the broadest possible citizen participation in the governance process. Acemoglu and Robinson classify political institutions as inclusive when there is sufficient centralisation and pluralism.

By contrast, extractive political institutions limit or exclude most of society from this process. There is a strong synergy between economic and political institutions. Extractive political institutions concentrate power in the hands of a small elite, and there is little social control over such power. The elite then shapes economic institutions to exploit the economic resources of the rest of society. Extractive economic institutions naturally accompany extractive political institutions, and can even exist only by combining with them. As Acemoglu and Robinson claim, the synergy between extractive economic and political institutions is responsible for a strong feedback loop: the political institutions by which the elites exercise power allow them to shape economic institutions without any effective opposition from the rest of society. Moreover, they allow the elite to shape future political institutions and how they evolve. In turn, the institutions of economic exploitation enrich and strengthen these elites, strengthening their political domination. The resources obtained thanks to the institutions of exploitation allow the elites to create armies and systems of social invasion that defend their monopolistic position in society [Acemoglu, Robinson, 2012: 73–83].

Analysing the relationship between political and economic institutions, Acemoglu and Robinson assign a decisive role to legal and political institutions. Economic institutions are critical in determining how effective an institutional system will be, and political institutions determine what economic institutions a country will have. In their recent work, they focused on understanding the realm of politics [Acemoglu, Robinson, 2019]. The “Narrow Corridor” of the title is a metaphor for a situation in which there is a balance between a strong state apparatus and a society that is strong enough and able to effectively control the state (the so-called “Shackled Leviathan”). This prevents abuse of power, gives freedom to citizens, and fosters the development of inclusive political and economic institutions. Beyond the “narrow corridor,” there are two possibilities: 1) the state is too strong and dominates society (the “Despotic Leviathan”), or 2) the state is too weak (the “Absent Leviathan”) [Acemoglu, Robinson, 2019: 63–67]. Standing on the methodological individualism so characteristic of orthodox economics, they implicitly assume that the pursuit of freedom and democracy is immanent to every human being regardless of place, time and cultural context.

Politics has a decisive influence on the creation of economic governance. Different political systems that emerged in post-socialist countries created different economic systems [Åslund, 2013]. The issue of the diversity of capitalist systems has a rich literature. Capitalism in post-Soviet states is a special case. Capitalism is built there in a patrimonial way. It is state-run and oligarchic in nature [Myant, Drahokoupil, 2011]. While one tries to point to Putinism as the general model of capitalism in these countries [Szélényi, Mihályi, 2020], it is impossible to forget that Lukashenko is its precursor. The authoritarianisation of the political system and
the patrimonisation of the economy began in Belarus in the second half of the 1990s, when Russia was still hoping to build democracy and a free market.

Among the myriad examples, Acemoglu & Robinson do not mention Belarus, the most authoritarian regime in modern Europe and almost a model example of the “Despotic Leviathan.” In our view, the history of Belarus casts doubt on Acemoglu and Robinson’s theory in two respects: 1) the assumption of the pursuit of freedom and democracy as an immanent feature of human nature regardless of the historical and cultural context, and 2) it does not take into account the influence of the international context on the shape of a country’s political system. Our first assertion is relevant to the dictator’s rise to power and the regime’s continuance. The second assertion is relevant to the regime’s continuance in the longer term.

When referring to the influence of culture on the functioning of the political system, we rely mainly on the theory of Douglass C. North. The main assumption of North’s concept is that human choices are only partly based on rationality. Mental models (beliefs) and institutions also play a significant role [North, 2005]. He defined mental models as internal images created by cognitive systems to interpret reality [Denzau, North, 1994]. North was also involved in developing the institutional matrix of society as a structure of property rights and a political system that is unique for a particular society. Economic and political institutions in the institutional matrix are interdependent; political rules determine economic rules [North, 1995: 24–26]. Politics, on the other hand, is rooted in values and culture. These, in turn, are integral to enduring institutions and can exist for centuries [Williamson, 2000: 597] while being resistant to change [Rosenbaum, 2021]. Although we may want to make changes to the political system, we can only change the formal institutions. Values, which are the very domain of politics, take longer to change. Moreover, they are the “driving force” of politics.

Referring to the second comment about not considering the international context, we want to emphasise the importance of external factors for institutional analysis. Institutional analyses are usually limited to specific countries, which simplifies and impoverishes the reality. Some countries are so strong and influential that they impose their culture and even formal institutions on others in their spheres of influence. Other countries, like Belarus, are the subjects of the influence of these stronger centres. Dominant centres could try to surround themselves with countries with similar political and economic systems, which de facto express certain values. Therefore, they tend to impose or support an institutional order in neighbouring countries with a similar institutional order.

What could this mean for countries under the influence of an “external protector”? The existence of external protectors can be of paramount importance to institutional change. If the country’s institutions evolve in a different direction than the external protector’s institutional system, it will hinder this evolution. Otherwise, when the country’s institutions evolve into an external protector, it will support this evolution. Therefore, institutional change does not exclusively depend on the internal conditions in a given country. Much may depend on the influence of the external state and its political culture [Pieczewski, Sidarava, 2022: 169–170]. Belarus may confirm this assumption.

President Lukashenko – Not an accidental choice

As a result of the collapse of the USSR in 1991, Belarus emerged as an independent state. Despite the existence of free media and independent political parties, power remained concentrated in the hands of the former Russian-oriented communists. Although the opposition sought greater state independence from Russia and free-market reforms, it did not manage to gain enough political influence to carry out its plans. As time passed, the Belarusian political scene became polarised around the question of what direction the country should go in. Former communists forged closer ties with Russia, which exerted a constant influence on events, and much was done to prevent the unification of Belarusian society around the national idea.

Nevertheless, the period from 1991 to 1994 is often referred to as the parliamentary period. In March 1994, a new constitution was adopted to replace one dating back to 1978, marking a shift to a presidential
system. Belarusians opted for a model typical of most post-Soviet republics, rejecting parliamentarism. The absence of democratic traditions favoured the concept of a system with strong individual power [Foligowski, 1999: 127–137]. While it retained elements of democracy, it featured substantial presidential authority. However, the presidential system implemented in Belarus fell short of meeting Moscow's imperial ambitions, which were favourably embraced by post-communist Belarusian society. To execute these plans and realign Belarus towards the East, a potent centre of power with quasi-tsarist prerogatives was deemed necessary [Szybicka, 2002: 435–445].

A key moment in Belarus' history was the first democratic presidential election in 1994, which, as events unfolded, proved to be the last such vote. Six major candidates entered the race, with the most prominent being Vyacheslav Kebich, Stanislav Shushkevich and Zianon Pazniak. Kebich represented the Communist Party and served as prime minister at the time. He advocated for integration with Russia. Meanwhile, Shushkevich supported neutral relations with both Russia and the West, and Pazniak, a liberal contender, urged close integration with the West. Another candidate was Alexander Lukashenko, a relatively unknown former director of a sovkhoz and a member of the Supreme Council of the Republic of Belarus [Brzeziecki, Nocuń, 2021: 15–66]. Lukashenko lacked a political background, affiliation with top-level politics or a political party, and he had no significant sponsors. However, he possessed political instincts and a keen sense of the public mood, gaining visibility as the head of the parliamentary anti-corruption committee shortly before the election [Poczobut, 2013: 60–91].

The 1994 presidential election coincided with a deep economic crisis that followed the collapse of the USSR. Factories stopped working or worked only a few days a month; the shops were empty; the authorities introduced food rationing; and the black market flourished. The public's hopes that it would be enough to declare independence and that Belarus would become more prosperous were dashed [Poczobut, 2013: 57]. Most people felt confused, frustrated and lost: "It was a situation in which 90 percent of Belarusians suffered a drastic deterioration in their economic situation, and 5 percent started to build their own palaces. The public felt the need for a hard authoritarian government, which would be the absolute opposite of the actions of the previous governments." [Леонов, 2003: 57]. After the declaration of independence, market reforms began to be introduced cautiously and slowly. The authorities were afraid of the free market and even started to backtrack on reforms. Belarusians never had the opportunity to experience the positive aspects of a free-market economy, and this lack of exposure persists to this day [Судальцев, 2014: 176–180].

Lukashenko adeptly discerned the minds and mood of Belarusian society. In his election campaign, alongside the classic populist repertoire of slogans against corruption, he pledged to introduce "strong-arm rule," increase state control over the economy, and revive the USSR, starting with closer ties with Russia [Poczobut, 2013: 63–64]. From a Western perspective, these promises sounded anachronistic, coming from a hardline communist and targeting old, entrenched communists. They seemed completely out of step with the spirit of the times. However, the reality proved different. Lukashenko won the second round of the election and became president, with 80.1 percent of the vote [Poczobut, 2013: 90]. The strong feelings of nostalgia for the Soviet Union that Lukashenko embodied took precedence over vague visions of a better life in a democracy and free market. According to opinion polls in 1994, 77 percent of Belarusians regretted that the Soviet Union had ceased to exist [Спутник Беларусь, 2020].

Lukashenko's main rival was Prime Minister Vyacheslav Kebich, another pro-Russian politician. Initially, Russia supported Kebich in the presidential election because he was well known in Moscow, widely respected, and had influential friends, including Russian Prime Minister Viktor Chernomyrdin. Kebich also advocated integration with Russia and the introduction of the Russian rouble as Belarus' currency [Мечавец, 2010: 264]. But Lukashenko was not passive. He sought the support and assistance of the Russian secret services, instructing his envoy to Moscow to deliver a message: "(... the president in this country will be Lukashenko, and your activities [supporting Kebich] will end badly." The Russian authorities understood Lukashenko's request and, from then on, distanced themselves from supporting Kebich [Бабель, 2021]. Moscow found itself in a com-
fortable position because both candidates were strongly pro-Russian. In the end, Lukashenko emerged victorious in the second round of the election.

There were many reasons for the Belarusians’ choice. They can be divided into two groups: 1) The dire economic and political situation in the country led to deep social frustration and disillusionment with democracy and the free market, even though these concepts had never been fully implemented; 2) The mental models of the Belarusians were deeply rooted in a culture that had evolved through the historical process from the distant and more recent past. This study will focus on the second group of reasons.

First and foremost, most areas of modern Belarus had been part of the empires of the Russian tsars and later the Soviets for centuries. Historically, these lands had a tradition of strong-arm rule, with the possible exception of the western parts of Belarus that belonged to Poland until the 18th century and then from 1918 to 1939. The tsarist political system was characterised by the concentration of power in the hands of a monarch who represented privileged groups and expressed their interests. The ruler’s freedom of action was not significantly limited by independent institutions or social pressure [Acton, 2013: 31–52]. This description could apply to other European monarchies as well. However, like Asian despotism, the construction of Russian statehood was accompanied by the creation of a powerful, extremely centralised state. In Russia, it was based on an authoritarianism, unprecedented in Europe and accompanied by blind worship of the monarch. The position of the tsar as ruler allowed him to subjugate all layers of society to his will [Acton, 2013: 31]. All appointments to significant positions in the military and administration were his sole responsibility, and over time, he became the embodiment of the state in the consciousness of Russian society [Pipes, 2009: V]. Roger Bartlett called it naive monarchism. For the people, the tsar was good and just, anointed by God, a “father of the nation” to whom the good of its subjects lay at the heart. All the wickedness of which he learned has been tamed [Bartlett, 2010: 167]. Although the Bolshevik Revolution swept away the tsar and the ancien régime, heralding democratic rule by the working people, it soon became apparent that the pattern of power itself remained the same. The tsars were replaced only by the “red tsars.” Alexander Lukashenko understood this spirit very well. In one of his first speeches as president, he said: “The current president will rule for a long time. You remember how our people say: ‘Every power comes from God. And God is to be respected!’” [Poczobut, 2013: 93]. The impact of a specific political culture can still be seen today in mental indicators. Throughout the former tsarist and then Soviet empire, there is a high indicator of the power distance, which determines the extent to which people accept inequalities between themselves and authorities. Belarus is no exception [Hofstede, 2022].

Living for several generations in the Soviet Union was also significant for the Belarusians’ mental models. The tsarist patterns of governance not only survived, but sometimes took on licentious forms (as in the Stalinist period). Additionally, during decades of oppressive communist rule, all education, propaganda, literature and art worked to shape a new man, the homo sovieticus, a passive man totally subordinated to authority. The West, liberal democracy, and the free market were presented in a distorting mirror. At that time, most Belarusians knew no other life than the one they had led in the Soviet Union. In the early 1990s, there was a widespread belief that this “human species” could no longer exist under the new conditions. However, as it turned out, homo sovieticus proved to be very resilient. Rather than becoming extinct, it mutated and multiplied while acquiring new characteristics [Ostrowski, 2015: 108]. When democracy turned out to be chaos and the free market began to mean extreme poverty, Belarusians longed for the Soviet times.

In Belarus, at the onset of the reforms, there was no civil society as such. People were not accustomed to living within the system of democratic civic institutions, and, most importantly, they were not familiar with economic independence and initiative. Civil society institutions did not emerge in Belarus with the initiation of reforms or in the subsequent years of the reform period. The deeply ingrained ideological nature of Belarusian society from the Soviet times significantly impeded the implementation of new formal rules that were cautiously introducing democratic and market principles [Protko, 1999].
The factors that date from the not-so-distant past and that directly influenced Belarussians' choices include the following: (1) The conservatism of Belarusian society: In the Soviet era, prosperity in Belarus grew faster than in the entire USSR; hence, there was resentment and idealisation of the communist order. Additionally, most modern urbanites and elites are former rural residents who struggle to assimilate the values of modern urban civilisation. (2) Collectivised agriculture and the entire economy during the communist era: The memory of the benefits of a market economy had faded, and the only point of reference was the Soviet version of socialism. (3) The low level of national awareness did not allow society to clearly define its own national interests or to prioritise them. (4) Too few members of the intellectual elite had ties to the West. Thus, there was a lack of staff at universities and state administration who knew how a market economy and democracy function. (5) The elite was too small, and there were too few supporters of market reforms and the parliamentary political system. (6) No radical or successful pro-market reforms were carried out. (7) The strong influence of the Russian Federation on events in Belarus: Belarus had become a pawn in the political game of various interest groups in Russia. Regardless of the vision, Belarus was in Russia's sphere of influence [Szybieka, 2002: 491].

We can synthesise the causes of the rise of the Lukashenko regime into two areas: 1) Weak formal institutions of Belarusian democracy in the early 1990s and inadequate informal institutions combined with a lack of any social experience of functioning in democracy; 2) Strong informal institutions (embodied in mental models and deeply rooted in culture) in the form of accepting authoritarianism and the common existence of the homo sovieticus species. As the example of Belarus – and almost the entire post-Soviet area – has shown, the quest for freedom and democracy is not a universal feature of humanity (at least in the short to medium term). Perceptions of power depend on the culture, place and time. Nevertheless, in the long term, mentality evolves [Inglehart, 2019]. During the dictator's almost 30 years of rule, many Belarusians have visited the West, especially Poland, and know what freedom and a market economy look like. The internet age has come and government propaganda is no longer the only source of information. Lukashenko is now losing support, especially among younger generations. This was demonstrated by mass protests in the wake of Lukashenko's manipulated election in 2020.

Persistence of the system; the synergy of extractive political and economic institutions

Belarus' political system

Alexander Lukashenko won the presidential election in 1994, marking the beginning of authoritarian rule in Belarus [Frear, 2019]. He kept his election promises, building an executive power that followed the pattern of the old communist apparatus. Power began to be based on force and fear. He expanded the repressive apparatus, tried to subjugate the trade unions and take control of the media, and carried out political repression. From the president's swearing-in ceremony until November 1996, Lukashenko and the parliament were in open conflict. There was a dispute over the full power of the president and a standoff between democracy and authoritarianism. Russia, democratic at that time, was Lukashenko's ally in the fight against the parliament. Belarusian society was divided between supporters of democracy, parliament, and independence, and supporters of strong-arm rule and unification with Russia.

Meanwhile, the president legitimised his policy. In 1995, a referendum was held in which Belarusians voted in favour of granting the Russian language equal status with Belarusian, adopting new national symbols, endorsing economic integration with the Russian Federation, and granting the president the power to dissolve the parliament. Lukashenko immediately took advantage of this prerogative. However, the newly established parliament did not want to submit to the emerging dictatorship. In 1996, there was a critical moment. In the November referendum, the public voted in favour of adopting a new constitution, which gave the president full power and the ability to dissolve parliament.
Overall, the power structure established in the constitution was transformed in three ways. First, the 1996 referendum amendments made it possible to expand the president’s powers and led to the degradation of all other state bodies by amputating their powers of authority. This applied in particular to the parliament and the Constitutional Court. Second, the referendum legalised the new bodies created by Lukashenko himself, such as the Presidential Administration, the State Control Committee, and the National Security Council, which prepare his decisions and supervise the rest of the authorities and public life. Third, there are other structures of the executive power directly subordinate to the president that are not mentioned in the constitution, and their status is not clearly known. One example is the Presidential Affairs Department. The aggregate of these changes created a new systemic quality, giving the president almost full control over the economy and public life. The essence of Lukashenko’s system is to issue orders from the top down and block impulses coming from the bottom up. The presidential clan obtains a peculiar rent on the monopoly of power over state-owned enterprises [Гортат, 2001].

The democratic principle of the separation of powers was also abolished. Since then, the president has governed alone by issuing decrees. Belarusian society lost all control over power. The Belarusian state has become a model example of a “Despotic Leviathan” along the lines of tsarist and then communist rule. In political scientists’ jargon, these events made Belarus a country of consolidated authoritarianism [Antoszewski, Herbut, 2001: 43]. While the 1994 presidential election is considered democratically held, all other referendums and elections held since 1996 have not been recognised as democratic by the Organisation for Security and Co-operation in Europe. Lukashenko remembered well the words of Stalin: “It is not important who votes; it is important who counts the votes” [Poczobut, 2013: 131].

The Lukashenko regime has also created its own ideology, attempting to legitimise the regime by referring to Belarusian culture. The president has even set up a special ideological service. Interestingly, the ideological services appeared first, in 2003; only later was the ideology itself formulated. Belarusian state ideology justifies the need for authoritarian rule primarily on the grounds that “strong power” is an expression of national consciousness. Belarus presents itself as a truly independent state, a refuge of Slavic civilisation [Князева, Решетникова, 2004: 10–23]. However, it is hardly coherent, lacking hard doctrines so that the president can, depending on needs, flexibly manipulate it. In fact, the state ideology is reduced to supporting Lukashenko and recognising him as the greatest authority in every field: from politics to the economy and even sport and culture [Lenzi, 2002].

Lukashenko’s position is akin to the former roles of a tsar or the first secretary of the Communist Party. He is immune to criticism, creating a distinctive atmosphere where any critique of the president is perceived as an attack on the state. The Lukashenko regime exercises full control over mainstream media, while independent media outlets operate within the constraints of “licensed freedom.” Independent journalists understand that imprudent criticism can result in arrest and restrictions on the entire newspaper. Added to this is economic discrimination against media organisations independent of the authorities. A unique feature of the regime is the modern tsar – Lukashenko, who eagerly appears on television. Essentially a showman, he governs “live,” solving companies’ problems, firing directors, advising sportsmen, evaluating cultural creations, and issuing oral decrees that are only later codified in writing. This has turned the old Russian naïve dream of a good, just and capable tsar into a reality.

Nowadays, Belarusians are used to this show, but in the first years of Lukashenko’s presidency, these programmes brought him great popularity. His exercise of “live governing” proved so attractive that even Vladimir Putin organised a show modelled on that of the Belarusian president [Poczobut, 2013: 178–192]. However, the dominance of the regime media does not apply to the internet. Here, independent media dominate. Until the mass protests in 2020, the authorities underestimated the power of the internet. Now the authorities are paying more attention to what happens on the internet, and unwanted sites are being blocked [Руденко, 2021: 39–48].
Lukashenko is well aware of the importance of the power ministries in the functioning of his regime. The special services have always stood at the forefront of his domestic policy. He has developed a strong security apparatus so his regime can continue. The people working in it earn much more money than the average Belarusian and enjoy numerous privileges. As Lukashenko himself said: “The KGB is one of the bases for maintaining the stability of our society” [Агенство Интерфакс, 2007].

In his second decade in power, Lukashenko enjoyed the support of around a third of the population, swayed by government ideology and propaganda as well as the country’s cultural heritage, including Russian political culture and the homo sovieticus value system. Lukashenko supporters were also happy with the Belarusian economic model, which provided the bare minimum for a modest existence. Meanwhile, anywhere from 25 to 33 percent of the public rated Lukashenko’s rule badly, and the remainder was undecided. After 20 years of defeats and repression, the Belarusian opposition is no longer a significant player. Lukashenko has managed to marginalise it [Почобут, 2013: 193–196].

In the third decade of Lukashenko’s rule, support for the dictator diminished. The Belarusian political and economic system could not provide a decent standard of living for the people. Western culture began to influence Belarusians with incomparably greater force than during communism, and many left for the West to work. They could see with their own eyes how Western societies functioned. The internet era provided an alternative to the regime’s propaganda. Sviatlana Tsikhanouskaya was a candidate in the 2020 presidential election and had strong public support. Despite this, according to the official results, she received only 10.1 percent of the vote and Lukashenko was declared the winner, with 80.1 percent. After the election, Tsikhanouskaya was forced into exile. A wave of protests swept through the country. Severe repression followed, and after that everything returned to “normal” [Доклад организации ‘Вясна’, 2020]. Over the years, Belarus has become the most dangerous country in Europe for media workers. Critical journalists and bloggers have been threatened or arrested in large numbers, while the print media are censored and access to information is restricted. Meanwhile, internet shutdowns are taking place, and “dangerous” sites are being blocked. [Reporters Without Borders, 2021].

The World Bank’s Worldwide Governance Indicators show a country’s ranking where a score of 100 means that the country has fully inclusive institutions, and 0 means it has predominantly extractive institutions. Belarus’ results for 2020 are as follows: voting rights and accountability (the perception of the extent to which a country’s citizens can participate in selecting their government, as well as freedom of expression, freedom of association and freedom of the media) – 8.70 points; political stability and absence of violence/terrorism (perceptions of the probability of political instability and/or politically motivated violence including terrorism) – 21.23; government effectiveness (perceptions of the quality of public services and its degree of independence from political pressure, the quality of policy development and implementation, and the credibility of government commitment to these policies) – 23.08; regulatory quality (perception of the government’s ability to develop and implement sound policies and regulations that enable and promote private sector development) – 27.88; the rule of law (perceptions of the extent to which agents have confidence in and follow the rules of society, in particular, the quality of contract enforcement, property rights, the police and courts, and the likelihood of crime and violence) – 16.35; control of corruption (perceptions of the extent to which public power is used for private gain, including both minor and major forms of corruption) – 48.08 [World Bank, 2022].

Belarusian elites are not factionalised. This means that they do not reflect the choice of the people and cannot ensure the efficiency of political, economic and social processes, or legitimacy. It also means that the government is not closed to citizens, and citizens have low trust in the government and state institutions and processes. Political core institutions are based on the centralisation of power, characteristics of the up-down distribution of power and the minimum degree of involvement of citizens in important decision-making. Since the tsarist era, the patterns of power and power-society relations have remained similar. This is perfectly reflected in an old Russian saying: “God is high above, and the tsar is far away.”
Overall, it can be concluded that the basic political institutions in Belarus are predominantly extractive: they do not contribute to the development of civil society and democratic freedoms, and the political rent is received only by a small group of people who have monopolised the right to violence.

**The state economy – uniquely Belarusian**

In Belarus, institutional reform started in 1987 as a part of the perestroika process. In 1992, with GNP per capita at $6,820 (PPP)/$1,790 (exchange rate method), price liberalisation began. The following year, the IMF and the World Bank started to support the transformation, and by 1994, the European Bank for Reconstruction and Development estimated that the private sector's share of GDP was 15 percent. The Law on Privatization of State Property and the Law on Privatization Vouchers were adopted and enforced. Primarily small and medium-sized businesses were privatised, while the privatisation of large enterprises was slow. Foreign trade was largely centrally controlled. A two-tier (state-private) banking system was established. A Law on Securities and Stock Exchange was passed, but no stock exchange was established. Overall, Belarus started to actively pursue market reforms in 1992, but economic reforms slowed down drastically in 1994 [European Bank for Reconstruction and Development, 1994].

In 1994, upon becoming president, Lukashenko convened a Cabinet meeting and asked his newly appointed ministers, “Are you familiar with the market economy? Do you know how to work under free market conditions?” “No,” the ministers replied. “And do you know what a planned economy is?” “Yes, of course,” they said. And the president replied, “In view of this, we will build what we know” [Медведев, 2010: 61]. This story is made up. In fact, in the beginning, he dreamt of reform. However, his intuition told him that pro-market changes would inevitably push society towards democratic change. He perceived privatisation as a limitation to his power. In the end, instead of reforms, Lukashenko chose to maintain the outdated socialist economy with some modifications. From the beginning of his rule, he consistently increased state domination of the economy, centralising the state apparatus and appropriating more and more powers in the economic sphere for himself [Poczobut, 2013: 161–162]. Historically, state power had a large role in the Russian socio-economic system [Gershenkron, 1966], and Lukashenko’s Belarus continues this model.

Belarus had not achieved significant results in building a free market economy, and its reforms had stalled. The private sector share remained the same (15 percent of GDP). Belarus received a low score (2 out of 5) in the institutional market environment: large-scale privatisation, small-scale privatisation, restricting enterprises, trade and the foreign exchange system, competition policy, liberalisation of the banking system and interest rates, the securities markets, and the effectiveness of legal rules on investment. The only indicator that scored average was price liberalisation [European Bank for Reconstruction and Development, 1996]. Overall, Belarus became essentially frozen in a state of stalled, incomplete market reforms at a point that most other post-communist countries had passed through back in the mid-1990 s. Instead of a free market economy, Lukashenko created an economic system that is a mixture of state capitalism, socialism and oligarchic capitalism. The overriding goal of this system is not efficiency but control. The high degree of subordination of the economy by the political authorities allows the regime to persist. A distinctive feature of the Belarusian system is that the country has not developed a fully-fledged oligarchic system similar to Russia’s, although there is undoubtedly a group of individuals who can be, with a significant degree of convention, considered oligarchs. The specific feature of Belarusian oligarchs is that they do not have a strong influence on the government. They are primarily very wealthy individuals who, due to their loyalty and informal personal and family connections, have gained access to the country’s economic resources. At the same time, Lukashenko has always been cautious about the possibility of oligarchs becoming as influential as in Russia. Therefore, he has always kept them under control and monitored all flows of economic and financial resources.

More than 70 percent of the Belarusian economy is now in state hands or under state control. According to Belarusian statistics, 51 percent of all industrial production is produced by private companies with state ownership, 12.7 percent by state-owned companies, 28.1 percent by private companies without state ownership,
and 8.2 percent by foreign companies [Белстат, 2022]. All large enterprises and most medium-sized ones are state-owned. Agricultural production is still mostly based on совхозы and колхозы. They have only changed their name to agro-production cooperatives (63.5 percent of all farms and 88.6 percent of agriculture area). Less than 30 percent of farms are private, and they occupy 3.5 percent of all agricultural area. The rest of the land is small plots used for subsistence production by their owners. One of the leading problems in agriculture is low efficiency and profitability, which requires constant government support and financing. As of January 1, 2021, the profitability of sales in agricultural entities stood at 4.7 percent, while that of farms (mainly private) was 21.4 percent [Белстат, 2022]. However, substantial government subsidies ensure that agriculture can produce the minimum goods needed to meet the basic needs of society. Thus, there is no shortage of grain, vegetables and other basic products in Belarus.

In the Belarusian economy, a great deal depends on President Lukashenko himself. He personally appoints the directors of the largest state-owned enterprises, controls foreign investment, and, if he deems it necessary, he also meddles in private enterprises. The over-regulated economy has given state administration a special status, leading to an interpenetration of government and business. Large and medium-sized businesses cannot exist without the support of officials. In fact, no business can thrive without the favour of the authorities – a rule that has no exceptions. In turn, civil servants are subservient to the president. Property rights protection in Belarus is lower than in most other countries [Агентство Белта, 2013].

The business model based on state ownership is highly unprofitable. Official statistics show that nearly 50 percent of enterprises in the country are unprofitable or exhibit low profitability not exceeding 5 percent [Белстат, 2022]. Even Lukashenko himself admitted that only 30 percent of Belarusian колхозы report good economic results [Агентство Белта, 2013]. Despite this, the dictator does not intend to reform the economy. The official propaganda attributes this attitude stems from more pragmatic and economic considerations. Lukashenko’s main success is that he provides Belarusian factory and agricultural workers with small but stable wages that ensure a minimum subsistence level. According to official statistics, the average wage of an industrial worker is USD 480 per month and that of an agricultural worker is USD 340 per month [Белстат, 2022]. For Lukashenko, the “simple people” or “working people” are the core of the Belarusian population. They were the ones who brought him to power in 1994 and then accepted and supported his rule in the subsequent years [Почобут, 2013: 160, 163].

Instead of reforms to heal the ailing system, the Belarusian state subsidises unprofitable enterprises. In addition to direct subsidies, Lukashenko also meddles in private enterprises. He “looks after” unprofitable enterprises, whether private or state-run, to assist them in surviving. In essence, those capable of generating profits are obligated to share their earnings with those experiencing losses. Every successful business bears the responsibility of supporting weaker companies as his own power. The president’s income distribution system creates the perception, even after more than two decades of his regime, that Lukashenko remains akin to Robin Hood, taking from the rich and giving to the poor in certain segments of society. As Andrzej Poczobut wrote: “The poor, however, must remember not to demand anything, not to force anything on the authorities. That is the deal. If a person is happy getting a small but stable paycheck, then all is well. Worse if he wants something more.” [Почобут, 2013: 177–178].

In line with Acemoglu and Robinson’s theory, the Belarusian political and economic system exhibits synergy between extractive political institutions and extractive economic institutions. A major problem is the uncertainty surrounding the protection of property rights, influenced by a weak judicial system. The courts are subservient to the president. Property rights protection in Belarus is lower than in most other countries [Heritage Foundation, 2022]. Many experts observe the prevalence of hybrid and conditional ownership (de jure and de facto ownership) in Belarus, similar to many post-Soviet countries. This entails a mismatch between legally established ownership rights and actual ownership rights, leading to blurred control mechanisms and organisational boundaries of enterprises. In addition to legal possessors of property rights, shadow owners, often linked to the power structure, exert control [Олейник, 2002: 131–134].
Corruption is present at all levels of government and often accompanied by impunity. According to Transparency International, Belarus was 63rd among 180 countries. However, against the background of post-Soviet countries, it is not a bad result [Transparency International, 2022]. Belarusian corruption is systemic and deeply rooted in the nation's culture. The tsarist administration was notorious for corruption [Chwalba, 2006], and graft also flourished in the Soviet empire.

An important indicator is the environment for private business development. Although Belarus has made significant progress in creating the necessary conditions for doing business (the country ranked 82nd in 2008 and 49th in 2020), after 2020 the situation began to deteriorate. For Belarus, the weakest points are paying taxes, getting credit, protecting minority investors, and resolving insolvency [World Bank, 2020]. According to the Index of Economic Freedom, Belarus' economic freedom score is 53.0, making it the 135th freest economy in the 2022 Index. However, economic freedom has declined in the last five years, and the rule of law, labour freedom, and freedom of enterprise have declined significantly. Since 2017, Belarus has moved from “moderately free” to “largely unfree.” Although the tax burden and fiscal health scores are excellent, the rule of law, investment freedom and financial freedom are limited [Heritage Foundation, 2022].

Throughout Lukashenko’s rule in Belarus, the country has never achieved a high level of development. Despite populist statements from the authorities, Belarus has consistently lagged behind not only most developed nations but also its main ally, Russia. While, at various stages, short-term positive results have been attained with support from Russia, modern Belarus is a country with a low-income population. At the same time, it is a well-organised economy with a relatively high HDI and one of the world’s lowest income inequalities. All this sets Belarus apart from Russia economically. The degree of oligarchisation is much lower in Belarus. In the 1990s, amid “wild capitalism” in Russia, Lukashenko halted market reforms at home, opting for “manual control” of the economy and creating a unique economic hybrid that blends state capitalism with socialism, adding a touch of oligarchic capitalism. The primary goal of this system is not to enhance the well-being of citizens but to exert control over the economy, a vital component for the survival of the regime.

To summarise, the Belarusian economic system is rooted in cultural patterns dating back to tsarist and later communist times, operating primarily on the basis of extractive institutions. There exists a model synergy between extractive political and economic institutions where the dictator and the elite monopolise access to the nation’s main resources. The economically fortified authorities finance a machinery of violence and propaganda. This machinery, on the one hand, suppresses political opposition and, on the other, endeavours to convince the public that Lukashenko’s rule is the optimal scenario for Belarus. However, there is a small glitch in this puzzle. The Belarusian economy is highly inefficient, outdated and energy-consuming. The dictator would not be able to afford the expanded and costly security services, propaganda and the provision of a minimum standard of living for the population without an external protector.

Table 1. GNI per capita, Gini Index, and Human Development Index (HDI) of Belarus compared with Russia, Poland and the EU (2022)

<table>
<thead>
<tr>
<th>Country</th>
<th>GNI per capita/ world rank</th>
<th>Gini Index/world rank</th>
<th>HDI/world rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belarus</td>
<td>$6,950 / 75</td>
<td>24.4 / 161</td>
<td>0.81 / 60</td>
</tr>
<tr>
<td>Russia</td>
<td>$11,600 / 54</td>
<td>36.0 / 85</td>
<td>0.82 / 52</td>
</tr>
<tr>
<td>Poland</td>
<td>$16,670 / 44</td>
<td>30.2 / 137</td>
<td>0.88 / 34</td>
</tr>
<tr>
<td>EU (average)</td>
<td>$39,676</td>
<td>29.6</td>
<td>0.89</td>
</tr>
</tbody>
</table>

Source: World Bank; The Global Economy.

Support from Russia

Lukashenko’s external protector and sponsor is Russia. The economic support that Russia has given to Belarus over the years has become a kind of fuel (both metaphorically and literally, e.g., discounted oil and gas prices) for the Belarusian system. Belarus has been getting cheaper oil and gas not only for domestic needs,
but after processing the oil in its refineries, it exports the fuel to the West at world prices. At the beginning of Lukashenko's rule, Belarus even bartered its industrial products for gas from Russia [Poczobut, 2013: 163–165].

The energy agreements that Lukashenko concluded with Russia in 1995 and 1996 were a huge success for the Belarusian dictator. He managed to secure not only an uninterrupted supply of fuel, but also debt relief, a reduction in oil prices, and promises of a reduction in gas prices. This helped stabilise the Belarusian economy and halt the decline in industrial production. The political situation in Russia worked in Lukashenko’s favour. Russia’s then-President Boris Yeltsin, blamed for the break-up of the USSR and the war in Chechnya, needed initiatives to improve his image and facilitate his re-election. Reintegration with Belarus seemed an excellent idea. In April 1996, a month after the fuel agreements and three months before the Russian presidential elections, the two presidents signed an agreement to establish the Association of Belarus and Russia [Eberhardt, 2008: 169–171].

Cooperation with Russia was enough to ensure the stability of the Belarusian economy. Russia provided financial support, allowing Lukashenko to sustain an outdated, inefficient economy reliant on constant subsidies. These funds were also invested in the state apparatus, security services, and propaganda. The Russian press cynically referred to this arrangement as the “oil in exchange for kisses” deal. Indeed, Russian financial injections contributed to the growth of the Belarusian economy. The average GDP growth between 1995 and 2008 stood at 6.27%, with GDP per capita expanding by 6.81% [World Bank Database, 2022]. At the beginning of the 21st century, Belarusian propaganda even touted a “Belarusian economic miracle,” labelling Belarus as a “European tiger.” Lukashenko adeptly extracted money from Russia while curbing its influence in his country. From 1994 to 2008, Russian subsidies to the Belarusian economy amounted to a total of $ 49 billion [Карбалевич, 2010: 403–407].

The Belarusian economic miracle did not last long. Its end was brought about by the policy of Vladimir Putin, who since 2002 has sought to secure more than just declarations of eternal friendship from Lukashenko in return for multi-billion-dollar support. The Kremlin has offered to incorporate Belarus into Russia. Although Lukashenko had hinted at this more than once before, when the proposal came from Russia, he refused. Moscow responded by slowly but steadily increasing oil and gas prices while restricting Belarusian goods imports. In exchange for maintaining special tax tariffs, Moscow demanded that Russian businesses take part in the privatisation of Belarusian enterprises. Although Russia has widely used energy blackmail against former Soviet republics, it has been restrained with Belarus for political reasons. Throughout Lukashenko’s rule, Belarus has remained Moscow’s most loyal ally, with Lukashenko becoming a symbol of Belarusian-Russian friendship in the eyes of the Russian public. He has gained some authority in Russian society and among some elites, especially the military. For those longing for the Soviet empire, he is almost a hero who faithfully stands by Russia. Following the Orange Revolution in Ukraine, Moscow fears that pro-Western forces could also come to power in Belarus, a scenario that would be an image disaster. Therefore, despite the controversies surrounding Lukashenko, he remains a favourable political figure for Russia. Simultaneously, Russian policy aims to gradually take control of the Belarusian economy and assert greater influence over the defiant dictator [Poczobut, 2013: 165–166].

Belarus’ energy dependence on Russia is nearly absolute. For years, no steps were taken to diversify the supply of oil and gas, resulting in almost 100 percent reliance on Russia for these resources. This means that 85–87 percent of Belarus’ energy came from Russian resources. The Belarusian policy, which initially ignored the problem of its dependence on Russia, began to shift, at least in declarations, after the energy supply crises of 2002 and 2004. Efforts were made to reduce the energy intensity of the Belarusian economy [Eberhardt, 2008: 143–152]. However, Lukashenko has been unsuccessful in reducing this dependency. Energy blackmail remains one of Putin’s main policy tools in dealing with Lukashenko. Russian aid in the form of underpriced oil and gas amounted to an estimated $ 45 billion between 2012 and 2019 [Титова, 2020]. In 2020, aid was minimal, at around $ 500 million, followed by $ 3.5 billion in 2021 [Чурманова, 2021].
Belarus' dependence on its external protector goes beyond energy. Russia is a major economic and trade partner for Belarus, as exemplified by the 1995 Customs Union agreement. However, this agreement proved insufficient, leading to the signing of a treaty establishing a closer union between the two countries on April 2, 1997. Since 1993, Belarus has also been bound by a military alliance with Russia under the Tashkent Agreement, and its air defence is integrated with Russia's [Eberhardt, 2008; Astapenia, 2016].

Manoeuvring and cleverly exploiting Russia, Lukashenko had to make a clear choice, and he unconditionally chose Russia. After almost 30 years of dictatorial rule, Lukashenko's popularity is waning. This was demonstrated by brutally repressed public protests in 2020. The power of the dictator, backed by the protectorate of Moscow, remains strong, keeping Belarus out of the “Narrow Corridor” balance of power between society and authorities. Today, it seems the future of the Lukashenko regime is guaranteed as long as a similar political system exists in Moscow. In view of the war in Ukraine, Putin's alliance with Belarus holds great symbolic significance for Russia. "The revolt of Ukraine," which de facto began with the Orange Revolution (2004), has multiple causes: difference in language and culture, a stronger sense of national distinctiveness, the functioning of Ukrainian society in the democratic system over the last 30 years, and closer ties with the West.

Conclusions

Daron Acemoglu and James Robinson's concept of the interdependence of inclusive or extractive political and economic institutions, along with the “narrow corridor” theory, makes an important contribution to institutional economic theory and our understanding of the political system's impact on economic development. The example of Lukashenko's Belarus generally aligns with Acemoglu and Robinson's theory, but we noticed some deviations in two respects. First, Acemoglu and Robinson do not explicitly consider cultural differences. Adopting a position of methodological individualism, they assume that freedom and democracy, so natural to Western society, are universal and equally natural needs for people living in slightly different cultures. While this may be the case in the long term, the culture embodied in mental models plays a crucial role in human choices in the shorter term. Lukashenko won the 1994 presidential election by capitalising on nostalgia for Soviet times in Belarusian society. He promised strong-arm rule, an increased role for the state in the economy, and the recreation of the USSR. His victory was rooted in the prevailing state of mind at the time for a large part of Belarusian society, which had operated under authoritarian systems for centuries, and for the last 70 years (before sovereignty) under socialism, deliberately and methodically negating private property and individual freedom. Subsequently, his policy of ensuring a minimum standard of existence for all Belarusians (also a socially acceptable legacy of socialism), combined with government propaganda and security services cracking down on opposition, continues to garner some public support for Lukashenko. However, mentality is evolving, and “Soviet thinking” is becoming a thing of the past, as demonstrated by the massive protests violently suppressed by Lukashenko after the falsified presidential elections in 2020.

Lukashenko's Belarus is a state where extractive political and economic institutions clearly predominate. According to Acemoglu and Robinson's theory, there is also a synergy between the two. By monopolising power, the dictator and his elite have also monopolised control over the country's economic resources. Hence, economically strong authorities have the means to pursue a policy of redistribution that ensures their popular support and maintains security services and propaganda, allowing the regime to persist. In Acemoglu and Robinson's classification, contemporary Belarus is a model example of a “Despotic Leviathan,” where society has completely lost control of power, and power is strong enough to effectively counter any attempts to impose such control.

In terms of the persistence of Lukashenko's regime, Acemoglu and Robinson's theory of the synergy of extractive institutions explains what is happening in Belarus but not entirely. The country's economic system, as Lukashenko created it, is severely inefficient and requires a sponsor, or an “external protector.” This role is played by Russia, which does so in return for political and image concessions. Russia treats Belarus as
its natural sphere of influence, accepting and supporting the authoritarian system of power. Belarus’ strong “Despotic Leviathan” would not have been so robust without support from Moscow. The Belarusian example demonstrates that, in some cases, the international policy context could have a significant and direct impact on the domestic political sphere.

We therefore argue that the inclusion of culture and mental models in the analysis of political institutions would bring such analyses closer to reality. After all, as pointed out by Douglass C. North, politics is firmly rooted in culture and values. We also propose extending the theory to the international context, recognising that states do not exist in a vacuum. The cultural, political, and economic influence of other countries on what happens in a particular country can be overwhelming. The example of Belarus seems to confirm this.

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