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Belarusian vs. Polish transformation. Two paths of institutional change

Abstract

The aim of the article is to compare the results of Belarus and Poland's post-Communist transformation and to indicate the reasons for the two different paths followed. We hypothesize that both the historically shaped differences in mental models and strong ties with international protectors of these countries were the main elements that determined the paths of the transformations. We also try to highlight the main differences in the mentality and the contemporary institutional matrix of the two countries. We modify the matrix by adding a new element – an external protector – which is critical, especially regarding these two countries. We use the tools and methods of new institutional economics in our analyses.

Key words: transformation, modified institutional matrix, formal and informal institutions, inclusive and extractive institutions, mentality, Belarus, Poland

Introduction

The fall of communism and the collapse of the USSR started the transformation process in Central and Eastern Europe. The political and economic transformation problems in these countries have shown that when carrying out institutional transformation and various reforms, it is necessary to consider the unique set of formal and informal institutions

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that developed in a particular country, and the historical vector of the country's development.

Each country has a unique set of formal and informal institutions. These differences are especially visible in Europe (Le Goff 2006: 2–3). An interesting example of differences in the course of transformation is the comparison of the experiences of Belarus and Poland.³ Both of these countries lie on the border between Western and Eastern Europe. Due to the neighbourhood, historical and cultural differences, as well as the fact they were in different spheres of political and economic influence, the transformation in these countries proceeded in different ways and, as it turned out, in different directions. We hypothesize that both the historically shaped cultural differences and the strong ties with different political and economic protectors determined the different ways and results of the Belarusian and Polish transformations.

To verify the hypothesis, we will analyze the historical evolution of the formal and informal institutions in these countries. We will also compare the results of the transformation using institutional indicators and the mentality of Belarusians and Poles according to Geert Hofstede's six cultural dimensions. We will also try to generate and compare the contemporary institutional matrix for Poland and Belarus. Analyzing the special case of these countries, we propose extending the institutional matrix by another factor – the political, economic, and cultural international environment that affects a given country – here called the “external protector”.

While most research attention has focused on the internal determinants of institutional change (Greif, Laitin 2004: 633–652), we wish to emphasize the importance of external factors as well. Individual countries do not function in a vacuum but in an international environment that affects them on several levels. Institutional analyses are usually limited to specific countries, which both 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. On the other hand, other countries (like Belarus and Poland) are subjects, to a lesser or greater degree, of the influence of these stronger centers. Dominant centers could try to surround themselves with countries with

³ An interesting comparison of the systemic transformation in Poland and Ukraine was made by Christopher A. Hartwell (Hartwell 2016). His analysis is deeper than presented in this article and extends to many political and economic institutions. In the case of the comparison of the Polish and Belarusian systems, the differences are so fundamental that we have focused on showing cardinal differences in the transformation of these two countries.

similar political and economic systems, which *de facto* express certain values. Therefore, they tend to impose or support an institutional order in the countries of their surroundings that have a similar institutional order to theirs.

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 depend only on the internal conditions in a given country. Much may depend on the influence of external state or international centers. The case of Belarus and Poland may confirm this assumption.

Choosing metrics to evaluate institutions is very difficult (Voigt 2013: 1–26). Taking into account the general level of comparison of the two countries’ transformations, we used the Bertelsmann Transformation Index, Geert Hofstede’s 6-D Model and the concept of the institutional matrix. The comparison of the aforementioned metrics is preceded by an analysis of the recent history of Poland and Belarus preceding the transformation.

Literature review

The theory we have adopted for our analysis derives from new institutional economics and is firstly related to the achievements of Douglass C. North. North hypothesized that the difference in the rates of economic development is a consequence of differences in the institutional system. He defined institutions as the rules of the game that reduce uncertainty in the interaction of agents in society and reduce transaction costs (North 1990). Mental models (beliefs) and institutions plays also significant role (North 2005). He defined mental models as internal images created by cognitive systems to interpret reality (Denzau, North 1994; North 2005). 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 (North 1995: 24–26). Politics, on the other hand, is rooted in values and culture. Jerzy Wilkin indicates culture as the institutional foundation of the economy (Wilkin 2016: 79–97).

There are many current approaches to defining institutions. Informal institutions are constituted by conventions, norms, values and accepted

ways of doing things, whether economic, political or social; these are embedded in traditional social practices and culture which can be equally binding. On the other hand, formal institutions are normally established and constituted by binding laws, regulations and legal orders which prescribe what may or may not be done (Hodgson 2006:1–25). Informal institutions (shaped in a long historical process), in particular, constitute the institutional foundations of the functioning of societies and determine the differences in this respect between individual countries. (Seligson, McCants 2021: 359–378). In general, the interaction of formal and informal institutions determines the trajectory of the social, political and economic system (Rosenbaum 2021: 1–18). A number of authors, when defining informal institutions, emphasise their endogeneity, socio-cultural orientation, flexibility and personhood as their most essential features (Porter 2010: 4; Lee 2007: 227–246; Steer 2010: 1603).

A number of other authors describe informal institutions as automatic embedded structures that function outside formal channels (Knight 1992: 171).

In general, two approaches to defining informal institutions can be distinguished: 1) informal institutions as mental models that determine people's patterns of behaviour and thinking; 2) cultural patterns and practices of behaviour that accompany people's interactions with one another. In this paper we consider the second approach.

We also adopted the theory contained in the works of Daron Acemoglu and James Robinson. They analyzed in detail the relationship between political and economic institutions, assigning a decisive role to legal and political institutions without taking excessive account of the role of culture (Dzionek-Kozłowska, Matera 2021: 656–676). Economic institutions are critical in determining how effective an institutional system will be, and political institutions determine what economic institutions a country will have. They identified inclusive and extractive political and economic institutions, the dominance of which determines the ability of the 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). Inclusive economic institutions 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.

When a conflict arises over economic institutions, events depend on what group of interests wins in the political game. Political institutions

are a key factor for the outcome of this game – they are the rules governing the incentives and initiatives in politics. Inclusive political institutions allow and encourage as many citizens as possible to participate in the governing process (when there is sufficient centralization and pluralism of political institutions, Acemoglu and Robinson classify them as inclusive).

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. (Acemoglu, Robinson 2012: 73–83).

The Belarusian and Polish path of change

Institutions evolve over time. The current institutional development of the two countries is largely determined by the underlying basic formal and informal institutions. (Janssen 2006: 127–131).

The directions of the Polish transformation can be categorized briefly into three areas: democracy, free market economy, and the European Union.

In Poland, the transformation of formal institutions began with the political sphere in 1989. Emboldened by Gorbachev's reforms in the USSR, as early as 1988, the Polish communist authorities began talks with the democratic opposition. From February 6 to April 5, 1989, official negotiations (known as the “round table deliberations”) were held by the authorities of the People's Republic of Poland, the democratic opposition, and the Church, resulting in the first partially democratic parliamentary elections (June 1989).

As a result of these elections, Poland became the first country of the Eastern Bloc where members of the democratic opposition gained real influence on power. These elections are considered a breakthrough moment for the process of political changes in Poland, initiating a decisive acceleration of the political and economic transformation. It was not until October 1991 that completely free elections to the parliament were held. Thus, this time, Poland became the last post-communist state to hold completely free elections. In 1992, the Polish parliament approved the so-called Small Constitution, and in 1997, a new constitution.

As a result of the transformations of the beginning of the 1990s, Poland became a democratic country. Polish democracy has gained strength and experience over time. We claim that the political system in Poland

and its formal institutions should be included among the inclusive political institutions. When it comes to informal political institutions the situation is worse. We underline their relative weakness and instability. There are many deficits in this area, especially in building a civil society. While most Poles list democracy as the best political system, many are tolerant of authoritarian behavior. Poles consider themselves lovers of democracy and freedom, but at the same time, they still have little experience of functioning in such a system.

Forty-five years of socialism left their mark on the Polish mentality. *Homo sovieticus* was alive (Tischner 1992). Looking further into the past, the authoritarian rule of *Sanacja*, a political movement during the interwar period, was not without significance (Kowalski 2014: 317–322; Hartwell 2018: 37–70). Earlier, during the partitions, most Polish lands were under the influence of Russian (tsarist) authoritarianism, which had a significant impact on the political culture of Poles. For historical reasons, Polish society has formed harmful habits of thought in the political field, such as lack of common sense, political radicalism, and easily succumbing to populism. All these problems result from the long period without open, free political life, and a lack of civic and political experience. Nevertheless, Polish democracy developed and matured, and until 2015, Poland gradually climbed up in the institutional indicators of democracy.⁴

After the beginning of the political reforms, the time soon came for a radical and rapid deconstruction of the foundations of a centrally planned economy and the building of the institutional foundations of a market economy in the form of the plan of the Deputy Prime Minister, Leszek Balcerowicz (presented in the Sejm on December 17, 1989). The reforms were substantively supported by the American economist Jeffrey Sachs and monitored by the IMF (Sachs 1999). After only ten days of work, the Polish parliament adopted a package of 11 bills which formed the basis for the transformation of the Polish economy. The program was called the Balcerowicz Plan (or “Shock Therapy,” which reflected its nature).

The essence of the program was to create the basis for the functioning of institutions and market rules. The idea was to build a system based on: a) private property, b) free competition, c) an economy open to the world, d) strong and exchangeable money, e) the limited role of the state

⁴ Since 2015, after the decisive victory of the coalition of right-wing parties in the parliamentary and presidential elections, a deterioration in levels of democracy has been observed. Membership in the EU works here in prophylactically, preventing the radical authorization of the Polish political system.

in the economy (Skodlarski 2012: 537–543). These assumptions resulted in the main directions of action: privatization, breaking monopolies, introducing a liberal foreign trade system, convertible money, regulating the financial system, and limiting comprehensive state intervention in the economy. Determining the target features of the model was a relatively easy task compared to mapping the path to it (Balcerowicz 1992: 39–41). Thus, the difficult process of restructuring the national economy began in the early 1990s.

According to the market needs, the legal and institutional system was built, and ownership transformations and restructuring of the economy were carried out. The centrally planned economic system had developed a structure that did not meet social needs. In the first years of transformation, deindustrialization occurred, although it did not bear the characteristics of modernization. Production was falling while unemployment was rising, and GDP fell dramatically. There was talk of a transformational crisis. Between 1990 and 1991, consumption decreased by 9%, the lowest decrease of all post-communist countries. The social costs of the reforms contributed to the preservation of the Balcerowicz Plan (Skodlarski 2012: 548)

Since 1995, the phenomena observed in the structure of the Polish economy can be assessed positively. Under the influence of market impulses, the development of areas producing consumer goods and infrastructure accelerated, mirroring trends in Western Europe in the 1960s, while the technological backlog was starting to reduce (Kaliński 2009: 134–136). From 1993 to 2004 (with the exception of 2001), the dynamics of Polish GDP were higher than the EU average, and the growth of GDP was accompanied by a change in the structure of how it is created. The share of industry and agriculture decreased, while the share of services grew, and the Polish economy grew and modernized (Blazyca, Rapacki 2001: 251; Lipowski 1999: 582, 587). The vast majority of formal economic institutions established in Poland after 1990 should be considered inclusive.

The priorities of Polish foreign policy in the form of adopting an unambiguous direction towards joining the European Union (then the European Communities) and NATO became clear as the international situation developed. As far back as the 1980s, the opposition was considering various concepts. However, they did not envisage the collapse of the Soviet Union and then the temporary weakening of Russia, which made it possible to reorganize Central and Eastern Europe. When this became a reality, the vast majority of Polish politicians agreed that Poland's strategic goal was to enter the structures of

European integration and NATO. This goal was consistently pursued by all subsequent government teams.

The choice of this “external protector” was to ensure Poland’s economic development, political stability and international security, and also to ensure Poland’s return to the orbit of the West’s influence. It should be emphasized that this had enormous public support. In December 1991, Poland signed an Association Agreement with the European Communities. In the following years, Poland showed remarkable consistency in proclaiming its European *credo*, which consisted of three main theses: in terms of its identity, Poland is a European country *par excellence* and has a “natural right” to be a member of the most important European institution; EU membership is of vital interest to Poland; Warsaw would make a constructive contribution to strengthening the EU. Parallel to the talks on EU membership, Polish diplomats were negotiating accession to NATO, which was finalized in March 1999. Poland became a full member of the EU in May 2004 (Kuzniar 2008: 28–33, 60–65, 98–103, 115–125, 137–146, 186–201).

In addition to taking a decisive course to the West, Poland tried to establish good-neighborly relations with Russia, Ukraine, and Belarus. Russia and Belarus have proven to be difficult partners, especially in the context of Poland’s membership of NATO and the Polish minority in Belarus (Fedorowicz 2011: 225–292). Above all, the EU accession process had a very positive impact on the Polish transformation on many levels. Poland automatically had to accept and implement formal institutions of the West in the spheres of economics, politics, and the environment, among other areas. It should be emphasized that these were politically and economically inclusive institutions. Poland also benefited from considerable pre-accession funds, and then, after accession, it became the largest *net* beneficiary of the European budget. This contributed to the modernization of infrastructure and an increase in overall wealth, strengthening the new institutional order.

Public support for radical political and painful economic reforms and setting a course towards the European Union and NATO did not derive from a vacuum. It resulted from historically shaped cultural preferences and mental models. Here we touch on those from the recent past that preceded the transformation: 1) We should include the fact that the shape of the economy of the Polish People’s Republic was not “purely communist”. Polish agriculture resisted collectivization at the turn of the 1950s and remained mostly private, with more than 80% of agricultural land remaining in private hands, and therefore capitalist family farms. This must have been a reminder of the benefits of private ownership of

means of production, and had a great influence on the mentality of the whole society.⁵ 2) The Solidarity Movement of the 1980s (the first free and independent trades union in the communist world) reminded society of freedom, democratic values, and the benefits of civil society. Martial Law, introduced in 1981, reinforced the belief that the socialist order was alien to Polish culture and that it was maintained only thanks to the strength of Moscow's hegemony. 3) Most of the Polish population declared themselves to be practicing Catholics. The Church, which was independent and in conflict with the communist authorities, had its own information policy and significantly influenced the way Poles thought. The Church was the guardian of Western values, albeit conservative in nature. 4) The emigration of Poles to the West (temporarily or permanently) contributed to the creation of an "ideal type" of political and economic system in the Polish consciousness. For most Poles, despite communist propaganda, this idyll was to be found in the West. 5) Paradoxical as it may sound, the pro-market reforms of socialist authorities in the 1980s were an important factor. These reforms were generally superficial. The subsequent failures of communist improvements gradually aroused a strong conviction in society that a radical change of the system was necessary. 6) A large group of intellectuals and academics (economists, lawyers, political scientists, and even state officials) did not forget about the advantages of democracy and a market-driven economy. Many of them, through scholarships and internships, had direct contact with Western science. In the period of shaping the opposition, they provided the leaders of Solidarity with their expert knowledge, thus shaping political and economic views. During the transformation, they were ready to join the ministries as professionals.

Two years after the beginning of the Polish transformation, the time came for Belarus. The directions of the Belarusian transformation can be briefly characterized: political authoritarianism, state-market economy, integration with the Russian Federation.

As a result of the Soviet Union's disintegration, the independent Republic of Belarus was established in August 1991. Free media and independent political parties emerged. However, power remained in the hands of the former Russian-oriented communist elite. The opposition

⁵ Before World War II, the agricultural population dominated the Polish society (65.9% of the total population). After the war, society was transformed from peasant into post-peasant society. The share of rural residents decreased from 47.2% in 1950 to 17.7% in 1988 (Gorzela 2010: 92). As a result, Polish mass culture was (and still is) dominated by the mental models of peasants (Leszczyński 2020; Pobłocki 2021). The ownership of land was of key importance for the reception of capitalism in Polish society.

sought greater state independence from Russia and free-market-oriented reforms. However, it did not manage to gain enough political power to successfully implement its goals. The reason was the weakness of the opposition, the lack of experience, and the high degree of Sovietization of society.

As time passed, the Belarusian scene polarized around the question of in which direction the country should go. The post-communists were consolidating their forces and in March 1993, began their efforts to establish a closer relationship with Russia. Its eastern neighbor had a constant influence on events, and much was done to prevent the unification of Belarusian society around the national idea. In March 1994, a new constitution was adopted (until then, the 1978 constitution had still been in force). The political system provided by the new constitution can be called presidential. Belarusians chose a model that was appropriate for most post-Soviet republics, rejecting the parliamentarism that was widespread in Poland, the Czech Republic, and Hungary, for example. The lack of state and democratic traditions favoured the concept of a system with strong individual power. Nevertheless, the period 1991–1994 is called the parliamentary period in the contemporary history of Belarus (Foligowski 1999: 127–137).

However, this was not sufficient for Moscow's imperial plans (kindly looked upon by Belarusian post-communists) to which it returned after a few years of turbulence caused by the collapse of the USSR. To implement these plans, a strong center of power (with truly tsarist rights) was needed to turn the drifting Belarus back to the East (Szybieka 2002: 435–445). Russian influence was facilitated by Minsk's very high economic dependence on Moscow. Russia has widely used the economic dependence (especially on energy resources) of post-Soviet countries as an instrument of political influence (Eberhardt 2008: 83, 143–153). In 1994, free presidential elections took place. The second round was won by Alexander Lukashenko, a post-communist with pro-Russian policies (Foligowski 1999: 137–159). He built an executive power that followed the pattern of the old communist apparatus. Power began to be based on force and fear. He expanded the repression apparatus, tried to subjugate the trade unions, take control of the media, and carried out political repressions.

From the president's swearing-in until November 1996, there was open conflict between Lukashenko and the parliament. There was a dispute over the full power of the president, a dispute between democracy and authoritarianism, with Russia being Lukashenko's ally in the fight against parliament. Belarusian society was divided between supporters of

democracy, parliament and independence, and supporters of a strong-arm rule and unification with Russia. Meanwhile, the president legitimised his policy. In 1995, a referendum was held in which the electorate voted in favour of granting the Russian language equal status with Belarusian, adopting new national symbols, economic integration with the Russian Federation, granting the president the power to dissolve the parliament, which he immediately took advantage of. However, the newly established parliament in 1995 did not want to submit to the emerging dictatorship.

A critical moment came in 1996. In the November Lukashenka imposed (pretending a referendum) a new constitution, which gave the president full power and thereafter he dissolved the parliament. The democratic principle of the separation of powers was also abolished. Since then, the president has governed himself by issuing decrees. These events made Belarus a country of so-called consolidated authoritarianism (Antoszewski, Herbut 2001: 43).

The president has strengthened ties with Moscow. A customs union with the Russian Federation has been in operation since February 1995, followed by the Union of Belarus and Russia in April 1997. (Szybieka 2002: 454–465; Eberhardt 2008: 37–66). In 2004, a referendum abolished the term of office of the president of Belarus. In 2020, the Central Election Commission officially announced that Alexander Lukashenko had won the presidential election for the sixth time, and as with previous elections, it was accompanied by social protests. The political system that emerged in Belarus after 1996 can be assessed as a set of politically extractive institutions.

Initially, independence caused almost no changes in Belarusian economic policy, as the post-communists in power, also known as “industrialists” or “pragmatists”, were not eager to make radical reforms. As before, everything was based on Soviet economic principles. The state monopoly continued to be maintained in all areas of manufacturing, trade, and finance, and the principles of a command economy were strictly adhered to. Additionally, the collapse of the Soviet Union severed old ties within the Union and caused major economic turmoil. There was a shortage of raw materials (90% of raw materials were imported) and fuel, and there was a need for radical economic reform.

Beginning in late 1991, the authorities were forced to grant companies the right to control the sale of their own production, to create conditions for foreign investment, to introduce partially free prices (1992), to allow partial privatization (1993), and to allow commercial banks to operate. In 1994, there were already 34 commercial banks, private enter-

prises, and shops. Private farms were established, although no appropriate conditions were created for them to develop. In fact, private enterprise under state supervision continued to be inhibited. Transformations began to be accompanied by the abuse of power and corruption, and Belarusian socialism began to transform into oligarchic and usury capitalism. At that time, there was a very rapid pauperisation of a large part of society.

At the end of 1993, the crisis began. Inflation exceeded 400%, and it soon burned through society's savings. Real wages plunged in value (if real wages in 1990 = 100%, then in 1994 = 32%), and the rationing of basic food products was introduced in January 1993. GDP decreased by 31% in 1993. The first government of independent Belarus, instead of taking on more radical economic reforms, was still waiting for reunification with Russia to save the economy. Belarus received Russian loans, and its debts were canceled. However, this only entrenched the government's passive attitude, preventing radical reforms, and as a result, it made Belarus even more economically dependent on Russia. The attachment to Soviet economic principles meant that Belarus now lagged so far behind Russia in terms of reforms (for example, in 1994, only 5% of state property was privatized) that it could not be part of the Russian Federation (Szybieka 2002: 446–449).

President Lukashenko explained his desire to possess all power in the state by the need to solve economic problems. The belief in the need for strict rationing and the centralization of the economy was shared by most of the president's entourage and the greater part of society. The nation hoped that a strong president would eliminate oligarchic capitalism along with corruption and poverty. In this spirit, the president, instead of becoming an economic reformer, became governor of the national economy.

At the turn of 1996, the Belarusian economy made a specific shift from a reforming economy to a command and distribution system. The authorities nationalized property, strengthened the state monopoly, and limited the independence of economic entities. Private banks were shut down or placed under state control, while the prices of goods and services and exchange rates were set by the state. The system of state or cooperative farms (*sowhozy* and *kolkhozes*) remained in the countryside, with less than 18% of agricultural land being owned by private farms. The state only officially supported the development of private entrepreneurship, although it actually limited it through an extensive system of concessions and high taxes. Economic activity could only be carried out if you were loyal to the regime and shared the profits with members of the administration.

A system emerged that can be described as “market socialism” or “state capitalism,” in which the state apparatus – the super monopoly – uses elements of the market economy (Szybieka 2002: 465–474). The Belarusian government chose a slow transition to a market, focusing on the features of the Soviet model and the concept of a unique Belarusian path, opposing the principles of liberalisation and market transformation. Today, market reforms remained unfinished. Although the model showed some efficacy in the late 1990s and 2000s, by 2020, there was a significant decline in economic growth and socio-economic development indicators, which led to stagnation of the economy (Kpyr 2020: 15–20). The Belarusian economy can be considered a set of institutions, with the decisive majority of extractive economic nature. Its political and economic system, on the other hand, is a clear example of the synergy between extractive political institutions and extractive economic institutions.

The years 1990–1995 were a critical period in the history of Belarus, when strategic choices were made in the directions of development and strategic partners of the state. There were many reasons for choosing authoritarianism and the “state economy” and for turning to the Russian Federation as a strategic “external protector”: 1) The conservatism of Belarusian society. In Soviet times, prosperity in Belarus grew faster than across the entire USSR, hence resentment and idealization of communist orders. Additionally, most modern city dwellers and elites are former rural residents who struggle to assimilate the values of modern urban civilization. 2) Collectivized agriculture and the entire economy during the communist era. Memories of the benefits of a market economy have faded. The only point of reference is the Soviet version of socialism. 3) The low level of national awareness did not allow society to clearly define its own national interests or indeed to prioritize them. 4) The intellectual elite tied to the West is too small. There is a lack of staff at universities and state administration who know how a market economy functions. 5) Too small elite and too few supporters of market reforms and the parliamentary political system. 6) The strong influence of the Russian Federation on events in Belarus. Belarus has become an element of the political game of various interest groups in Russia. Regardless of the vision, Belarus was in Russia’s sphere of influence (Szybieka 2002: 491). Basic mental models (patterns of behaviour) in Poland and Belarus at the beginning of transformation are summarised in Appendix 1.

The assessment of the Belarusian and Polish transformations

After 30 years of Belarusian and Polish transformations, these countries have markedly different results. The Belarusian GNI per capita amounted to \$5,670 in 2020, while in Poland, it was \$14,150 (In 1991, this indicator was \$5,340 for Belarus and \$5,710 for Poland) (WB Data. Doing Business. Measuring Business Regulation: accessed 30.04.2021). The Human Development Index (HDI) was 0.823 for Belarus in 2019, putting it 53rd in the world in terms of the quality of life. By comparison, it was 0.880 for Poland, placing it 35th (Human Development Index: access 30.04.2021). According to the index of system transformation, Poland has become one of the most efficient and successful post-communist countries transitioning to a market economy. The country's attempts to establish a democratic state based on the rule of law and a functioning market economy were rated positively (Bertelsmann Transformation Index, access: 24.04.2021).

At the beginning of the reforms, democratic and market-economy reforms did not proceed at the same speed in every sphere. The economic transformation took place more quickly than the political. Despite this, the results of the beginning of the transformation were characterised as positive. The only political regression was in stabilising the party spectrum. In general, since the system change in 1989 and the changes to the Constitution, the political system has fulfilled the criteria for a rule-of-law democracy (Bertelsmann Transformation Index, Poland 2003, access: 24.04.2021). Thus, by 2020, the country was able to build a democratic state based on market principles. Nowadays, as the ruling coalition of right-wing parties has the main centers of power (a parliamentary majority, the government, the office of the President), we can observe a deterioration of democracy. However, Poland's membership of the EU has had a preventive effect on further authoritarianization of the political system. In the ranking of the transformation index, Poland has achieved high results, so it seems that the direction of transformation chosen by Poland in the early 1980s turned out to be successful.

The following chart provides an assessment of the main indicators of economic transformation.

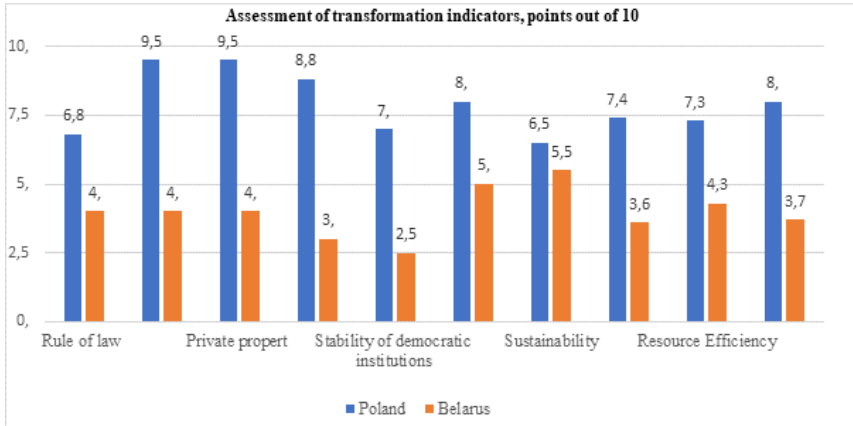


Chart 1. Belarus vs. Poland. Results of transformation

Wykres 1. Białoruś a Polska. Rezultaty transformacji

Source: Bertelsmann Transformation Index, Poland 2020.

Belarus's transformation went in a completely different direction to Poland's. The critical period of 1991–1996 culminated in the formation of the institution of an authoritarian political system, while the new constitution of 1996 gave the president full power. The pro-market reforms initiated during the first five years of independence were put on hold. Belarus has a hybrid economy – a state-market system with the disadvantages of a centrally planned economy. Belarus was getting closer to the Russian Federation, and the crowning achievement of this process was the signing of the union treaty (1997). The Belarusian transformation is assessed negatively, which is clearly visible in the indicators.

Belarusian vs. Polish culture according to Geert Hofstede's 6-D Model⁶

The historical trajectory of the development of countries led to the presence of various long-term informal institutions that became quite stable (Williamson 2000: 597) and permeated the whole of society by the beginning of the transformation period. We show them in this paper in the form of the Belarusian and Polish mentality using Hofstede's 6-D Model.

⁶ The characteristics of the cultures of Belarus and Poland based on the Model 6-D come mainly from the information contained on the website "Hofstede-Insights": <https://www.hofstede-insights.com/country-comparison/belarus.poland/> (April, 2021).

During Geert Hofstede's research, six universal cultural dimensions were distinguished. (Sent, Kroese 2020: 1–13). Hofstede defines a cultural dimension as a measurable aspect of culture that allows it to be positioned in relation to others (Hofstede et al. 2011: 10–11).

Hofstede's cultural dimensions are: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance (UAI), Long-Term Orientation (LTO), and Indulgence (IND).

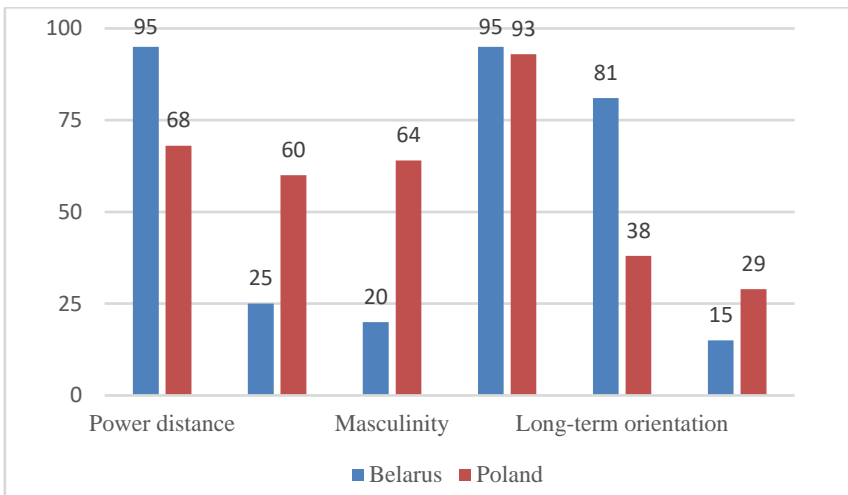


Chart 2. Belarusian vs. Polish culture according to the 6-D Model

Wykres 2. Białoruska i polska kultura (na podstawie modelu 6-D Geerta Hofstede)

Source: <https://www.hofstede-insights.com/country-comparison/belarus,poland/> (accessed: March, 2021).

The power distance indicator PDI shows people's attitude to inequality between citizens (the unequal distribution of power), i.e., it shows the extent to which people accept inequality. The higher this index, the greater the distance to power and the greater acceptance of inequality. Usually, countries that have a low PDI are more democratic and pluralistic. In countries with a high PDI, there is a great deal of public acceptance for authoritarian governments. Belarus (with a very high score of 95) is a nation where power holders are very distant in society. Belarusians accept a hierarchical order in which everybody has a place, and it needs no further justification. The discrepancy between the less and the more powerful people leads to the greater importance of status symbols.

Belarus's high *PDI* score is closer to Asian than European countries. The communists took inspiration from the tsarist era, and the genesis of

the tsar's power model (*Samodierzawije*) goes back to when Russia was a fief of the Tatars (Pipes 2006: 227–230).

Heading west, Poland, with a score of 68, is less than Belarus, but still a hierarchical society compared to the rest of the EU. This means that, like Belarus, most people perceive and accept a hierarchical order in society as something natural. Hierarchy in an organization is seen as reflecting inherent inequalities; centralization is popular, and subordinates expect to be told what to do. In both countries, religion is also thought to contribute to the high PDI index as Catholic and Orthodox countries are characterised by a higher PDI index (Czerwonka 2015: 282–283).

According to Hofstede, individualism (IDV) characterizes societies where the bonds between people are loose. Their attention is focused on themselves and their immediate families. Collectivism, in contrast to individualism, refers to societies based on strong ties between members and a high degree of loyalty. (Hofstede et al. 2011: 102). There is a strong correlation between the wealth of a country and the degree of individualism of its members. A higher degree of individualism is characteristic of more affluent countries, while collectivism is the dominant feature of poor countries (Szukała 2016: 441). Most countries with a high PDI have a low level of individualism. In cultures where there is a strong dependence on the group, there is also usually strong dependence on power.

Belarus (with a low score of 25) represents a collectivist culture, which is evident in the early integration and close, long-term commitment to a strong, cohesive “in-group.” Belarusian society fosters strong relationships where everyone takes responsibility for and protects fellow members of their group.

Poland (with a score of 60) is a more individualistic society than in Belarus. This means there is a greater preference for a loose-knit social framework in which individuals are expected to take care of themselves and their closest social surroundings. Offence causes guilt and a loss of self-esteem; the employer/employee relationship is a contract based on mutual advantage, hiring and promotion decisions are supposed to be based on merit only, while management is the management of individuals. Polish culture is on the border between western and eastern cultures. Although they are individualists, the Polish need a hierarchy. This combination (a smaller score than Belarus on Power Distance and higher on Individualism) creates a unique “tension” in this culture, making the relationship delicate but intense. Therefore, in Polish culture, people are advised to establish a second “level” of communication, having personal

contact with everybody in the structure and giving the impression that everybody is important although unequal.

The masculinity index (MAS), the most criticized part of the 6-D model, was distinguished by Hofstede by observing the importance of factors described as typically male or female. Strongly masculine cultures are characterized by high competition, materialism, ambition, the need for power, and assertiveness. In more feminized cultures, people place greater emphasis on relationships, the quality of life, and a sense of security, while an attitude to cooperation prevails (Hofstede et al. 2011: 146–148). Belarus's score of 20 characterizes it as a feminine society. In Belarusian culture, the focus is on "working in order to live". People value equality, solidarity, and quality in their lives. It is important to make sure that everyone is included. Poland scores 64 on this dimension, and is thus a masculine society (similar to English-speaking countries, for example). In masculine countries, people "live in order to work"; leaders are expected to be decisive and assertive, while the emphasis is on equity, competition, and performance. Conflicts are resolved by fighting them out.

Uncertainty Avoidance (UAI) describes how people deal with uncertainty in new, unfamiliar situations. Uncertainty creates stress and a need for predictability, which can be satisfied by various customs, regulations, and laws. This indicator is correlated with the geographical location of a given culture. In the Far East, on the whole, a more positive attitude to risk prevails. These dependencies are explained by historical experience. Western societies are based on the tradition of the rule of law (Roman civilisation), while there is a strong tradition of authoritarian rule in Asia (the Confucianism of Eastern civilisation) (Hofstede et al. 2011: 200–202).

The territories of Belarus and Poland lie at the meeting point of Eastern and Western Europe. Belarus, with a very high score on uncertainty avoidance (95), demonstrates that as a nation, they pose mechanisms to avoid ambiguity. People do not readily accept change and are very risk-averse. They maintain rigid codes of belief and behaviour, and they are intolerant of unorthodox behaviour and ideas. To minimise uncertainty, there is an emotional need for strict rules, laws, policies, and regulations. Poland (with a score of 93) also has a very high preference for avoiding uncertainty. In this culture, there is an emotional need for rules (even if the rules never seem to work). The only truth exists in religion, and most Poles know it. The attitude of religious, political, and ideological intolerance prevails.

The long-term orientation (LTO) indicator describes how people develop skills and virtues for future benefits. In contrast, there is a short-

term orientation which means developing skills and traits related to the past and present, such as respect for tradition. Cultures with a definite long-term tendency are found in the Far East. The members of society are prudent, thrifty, persistent in pursuing their goals, and pragmatic. In rich Western societies, a tendency towards short-term thinking prevails, creating social pressure on consumption and the belief that efforts should pay off quickly (Czerwonka 2015: 290–291). Belarusian culture (with a very high score of 81) belongs to the Eastern model and seems highly pragmatic. People believe that truth depends very much on the situation, time, and context. They show an ability to easily adapt tradition to changing conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results. Poland's low score of 38 (closer to the results of Western countries) in this dimension means that Poles are more normative than pragmatic. They need to establish the "absolute truth"; they are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results that you can boast about in front of the rest of society.

The sixth dimension, the latest added to the 6-D Model, is indulgence (IND). Its creators describe it as follows: "One challenge that confronts humanity, now and in the past, is the degree to which small children are socialized. Without socialization, we do not become 'human'. This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called 'Indulgence' and relatively strong control is called 'Restraint'. Cultures can, therefore, be described as Indulgent or Restrained."

The low score of Belarus (15) indicates a culture characterized by high restraint. Belarusian society has a tendency toward cynicism and pessimism. People do not put much emphasis on leisure time, and they control the gratification of their desires. Members of society believe that their actions are, or should be, restrained by social norms and feel that indulging themselves is somewhat wrong. Poland's score of 29 is still low, although higher than that of Belarus, so it can also be categorized as restrained (<https://www.hofstede-insights.com/>: April 2021).

Cultural types and the resulting differences translate into political and economic preferences and behaviour. They are the deep foundation of how members of society perceive the world, what they find desirable, what they are willing to accept, and what is against their beliefs and, therefore, unacceptable. Thus, the specificity of culture normally determines the shape of the institutional matrix. Polish and Belarusian cul-

tures are at the meeting point of Western and Eastern Europe. They are, by their very nature, “mixed cultures”. Despite their geographical proximity, these cultures differ from each other, but they also share common features.

The biggest differences between Belarusians and Poles are in the following indicators: masculinity vs. femininity, long vs. short-term orientation, and individualism vs. collectivism. There is quite a difference in the area of power distance, although both countries have a high PDI index compared to the rest of Europe, especially the west. On the other hand, they are similar in terms of indulgence and are almost identical regarding uncertainty avoidance. In both countries, one can see the influence of the West and the East. They result from the ancient and recent history of these countries. Since its creation, Poland has remained in the circle of Latin culture, while Belarus is in the orbit of Byzantine culture. Both countries are Christian, although Poland follows Roman Catholicism while Belarus is Orthodox. From the 16th century, the Republic of Poland began its expansion to the east; thus, most of today’s Belarus was incorporated into the Polish kingdom. Russia’s pressure on the West in the following centuries, in turn, meant that the territory of Belarus was strongly influenced by Russia.

In the 18th century, Poland lost its statehood. A large part of it fell under the rule of tsarist Russia (the rest came under the rule of Prussia and Austria-Hungary), and what is today’s Belarus was incorporated into the Russian empire. Apart from a brief episode in history (in the interwar period), when a large part of today’s Belarus was within the borders of Poland, the remaining time (the whole of the 19th and most of the 20th century) it was within the borders of Tsarist Russia, and then the Soviet Union. The influence of the cultures of Western and Eastern Europe are visible in both countries. In Poland, the influence of the West prevails, and in Belarus - the influence of the East.

The contemporary institutional matrix of Belarus and Poland

The contemporary type of institutional system and the established set of institutions are determined by historical development. The institutional matrix is a unique combination of informal and formal institutions that determine ways of acting, making decisions, and reducing uncertainty. It can include types of basic institutions that are inclusive or extractive. Different types of institutions may coexist, but one of them usually prevails.

We extended the institutional matrix with what we believe is another important factor for the transformation – an ‘external protector’. We define it as a country or international organisation with a remarkable global or regional impact and significant cultural, political, and economic ties with a given country. Turning a given country towards a specific external protector (or being in its sphere of influence) is of great importance and influences the development of the weaker country (Belarus and Poland, in this case). Naturally, the “external protector” will support institutional change, especially in the sphere of politics, in the direction in which it operates. Just as authoritarian Russia will not support democratic changes in countries within its sphere of influence, the EU will try not to tolerate the authoritarianization of the political systems of its member countries. As the political system precedes the shape of the economic system, the influence of the political system and the current external protector’s policy on the political system of a weaker country, and consequently, on its economic system, is significant. The strong influence of the external protector’s policy can preserve the political system in a weaker country for years, while a change of patron (as with Poland after 1989) may accelerate institutional changes, especially regarding formal institutions.

Belarus and Poland have close historical and cultural ties and, to some extent, a common historical development. However, the cultural differences (differences in mental models) and influence of ‘external protectors’ made the vectors and priorities of transformation – and the results – quite different. Poland’s institutional matrix can be characterised by the following basic institutions:

- 1) in the politics sphere: multi-party system; free elections; free media; formed democratic institutions,
- 2) in the economics sphere: private ownership; competition; principles of efficiency; short-term and medium-term labor contracts; security of property rights; profit maximisation principle,
- 3) basic patterns of behaviour: individualism, medium power distance, universalism,
- 4) external protector: EU, NATO (For more details see Appendix 2).

The modern institutional matrix of Belarus is very different from that of Poland, and the path of its transformation was also significantly different. It consists of the following basic institutions:

- 1) in the politics sphere: centralised system of power (authoritarian); power is concentrated in the hands of the political elite; appeals to higher levels of hierarchical authority; non-free elections,
- 2) in the economics sphere: government is the main player in the economic system; cost limitation; the presence of competition, but with the ex-

- istence of state control (high level of state redistribution); prerogative of government ownership; state control over prices and wages,
- 3) basic patterns of behaviour: collectivism, high power distance, particularism, egalitarianism,
 - 4) external protector: The Russian Federation (For more details see Appendix 3).

As far as the formal institutions are concerned, the institutional matrix of Belarus is mostly based on extractive institutions, while Poland's is based mostly on inclusive institutions.

Based on the Hofstede data presented above, Belarus has a high indicator of power distance, which indicated a clear hierarchy, uneven distribution of power in society, and the exclusion of certain groups from the decision-making process. In Belarus, there is also a low level of individualism and a high level of femininity, which indicates the priority of personal relationships and personal space over the values of competition and achievement of success. It can be added that there is a high level of particularism, which corresponds to traditionalism, subjectivity in decision-making, and the need for control and support from the state. Meanwhile, the high level of uncertainty avoidance shows a reluctance to take initiative and responsibility, it takes a long to adapt to innovation, and there is a dislike of change (Hofstede Belarus results, access: 22.04.2021; Тромпенаарс 2004: 528).

In Poland, there is a priority of individualistic values and masculine behaviour, while the power distance indicator is significantly lower than in Belarus. In contrast to Belarus, universalist values dominate, reflecting the need for objective laws that apply to all members of society equally (Hofstede 2001; Тромпенаарс 2004: 82; Fandrejewska 2017: 85–97).

Conclusion

Belarus and Poland began transformation at almost the same time. During the crucial early period, various factors led these countries to take different directions of change. Most of Polish society and the political elites opted to build democracy and a market economy, and they looked for a protector in the West. For Belarus, it was more dramatic to choose the path of change. Society and the political elite were strongly divided into supporters of democracy and a free market, and supporters of authoritarian rule and state-controlled economy, who considered Russia their natural protector. Ultimately, the post-communists won,

which set Belarus on the path of authoritarianism and the state-controlled economy.

Explaining the reasons for choosing two different paths of institutional change we focused firstly on historically shaped mental models. Poles' choice can be explained by the not "purely communist" nature of the Polish economy in the socialist era, the "Solidarity" movement, the influence of the Catholic Church, the numerous private contacts between Poles with the West, and the Polish intellectual elite's contact with the West.

The primary causes of the Belarusian path of transformation include the conservatism of society, the longing for the stable times of communism, Belarussian's low level of national awareness, which made it impossible to define and prioritize goals, the too-small elite and the too-small part of society who supported democracy and the free market.

Institutional change can be effective only when it is supported by appropriate mental attitudes that are embodied in informal institutions. The key problem of Belarus's transformation towards democracy and a free market economy was that it did not have the necessary type of informal institutions, unlike Poland.

Secondly, the choice of a strategic external protector was crucial. Leaving aside the important issue of economic dependence these choices had also a deeper cultural background. For centuries, Poland has been more closely associated with Latin culture, and in times of communism, the Western model was the ideal they sought. Belarusians were associated more with Byzantine culture and did not know life in Western Europe as widely as Poles. The strengthening of Poland's ties with the EU forced it to adopt the formal institutions of the West and accelerated institutional changes. On the other hand, the Belarusian authoritarianism can function freely under the wings of the authoritarian Russia.

The Polish transformation is widely regarded as a success, which is confirmed by the indicators of wealth and quality of life, as well as institutional indicators. The Belarusian economy has not yet entered the path of accelerated growth, and the indicators lag far behind Poland's.

Nowadays, differences in mentality are still visible. Poles prioritize individualistic values and masculine behavior, while the power distance indicator is significantly lower than in Belarus. In contrast to Belarus, universalist values dominate, reflecting the need for objective laws that apply equally to society. Belarus is characterized by a high power distance indicator, which indicates a clear hierarchy and unequal distribution of power in society. There is also a low level of individualism and a high level of femininity, which indicates the priority of personal rela-

tionships and personal space over the values of competition and achieving success. The high level of particularism corresponds to traditionalism and the need for control and support from the state.

The contemporary institutional matrices of Belarus and Poland are completely different, with quite opposite features. Most Polish political and economic formal institutions can be included in the inclusive institutions, although the informal institutions still deviate significantly from Western standards (especially in the sphere of politics). Meanwhile, most formal political and economic institutions in Belarus can be considered exclusive. However, there are slow changes in mentality, and Belarusians want more and more freedom and to decide their own fate. Potential political changes in Russia and global trends in changing mentality (Inglehart 2019) will probably have a significant impact on the directions of development of Belarus in the future.

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Białoruska i polska transformacja. Dwie ścieżki instytucjonalnych zmian

Streszczenie

Celem artykułu jest porównanie i ocena rezultatów białoruskiej i polskiej transformacji systemowej. Autorzy pragną wskazać przyczyny dwóch różnych ścieżek zmian, jakie obrały te dwa kraje po upadku komunizmu. Stawiamy hipotezę, że zarówno historycznie ukształtowane różnice w mentalności, jak i silne powiązania oraz zależność od zewnętrznych protektorów stanowiły główne elementy determinujące kierunek transformacji. Oprócz analizy historycznej zmian transformacyjnych pokazujemy różnice w mentalności współczesnych Białorusinów i Polaków oraz prezentujemy aktualne matryce instytucjonalne obu krajów. Matryce te zostały zmodyfikowane poprzez dodanie nowego komponentu – „zewnętrznego protektora” – niezwykle ważnego, szczególnie jeśli chodzi o przypadek analizowanych krajów. W swoich analizach autorzy wykorzystują narzędzia i metody nowej ekonomii instytucjonalnej.

Słowa kluczowe: transformacja systemowa, zmodyfikowana matryca instytucjonalna, instytucje formalne i nieformalne, instytucje włączające i wyłączające, mentalność, Białoruś, Polska

Appendix 1. Basic mental models (patterns of behaviour) in Poland and Belarus at the beginning of transformation

Dodatek 1. Bazowe modele mentalne (wzorce zachowań) w Polsce i Białorusi na początku transformacji

Basic mental models	Poland	Belarus
Social sphere: – collectivism vs individualism, – the degree of hierarchy in society	prevalence of individualism hierarchical society	prevalence of collectivism highly hierarchical society
Sphere of Economy – property – basic coordination mechanism – competitiveness	common acceptance for private property market / state the primacy of competitive processes	private ownership with emphasis on the importance of government sector \state / market the primacy of state coordination
Sphere of Politics – preferable political system	parliamentary democracy	democracy with strong power of president

– centralisation versus autonomy	a combination of state intervention and the presence of autonomy and self-organisation	lack of autonomy and the primary role of the state
– the law and its defense	strong laws, legal frameworks and protection of property rights	functioning of law depends on the decision of the power vertical and the involvement of specific people
External protection	European Union, NATO	Russia as a natural partner
The degree of consolidation of the nation	high	low
The prevailing ideal type of society	West	ambiguous; initial enthusiasm for the West turned into nostalgia for the Soviet Union
The orientation of political elites	democracy, free market, West	strongly divided between: 1) democrats and free market supporters and 2) non democrats and supporters of planned economy

Source: Own research.

Appendix 2. Institutional matrix of Poland

Dodatek 2. Matryca instytucjonalna Polski.

Sphere	Features, at the beginning of the transformation	Features, 2020	Basic institutions
Politics	<ul style="list-style-type: none"> – there are no constraints on free elections; political and societal factions enjoy freedom of assembly and association; freedoms of speech and the press are guaranteed; – rule of law: there are no longer any weaknesses in the separation of powers between the executive and legislative branches; the judiciary is independent; civil rights 	<ul style="list-style-type: none"> – public order and security are fully guaranteed throughout the whole country; – there have been no constraints on free and fair elections; – the freedom of association and assembly is unrestricted, and the government generally respects the right of individuals to form and join associations; – the independence of 	<ul style="list-style-type: none"> – multi-party system; – free elections; – free media; – formed democratic institutions.

	<p>are not limited in any way;</p> <ul style="list-style-type: none"> – institutional stability: democratic institutions generally function effectively and efficiently; – political and social integration: the party system remains unstable, and voter volatility is high; 	<p>the judiciary is now impaired by political authorities;</p> <ul style="list-style-type: none"> – in general, democratic institutions can perform their functions, and political decisions are made according to legitimate procedures, but the most recent developments have negatively influenced democracy's performance 	
Economics	<ul style="list-style-type: none"> – market economy and competition: there is progress; there is still a problem with privatizing large state-owned enterprises; the fundamentals of free-market competition have been laid out, and all market participants theoretically have the same opportunities; – property: property rights and the acquisition of property are well defined and guaranteed in the Constitution; – welfare regime: social networks are well developed to a certain degree, but they do not cover all social strata; – the government makes efficient use of the available human, financial and organizational resources only to a certain extent; 	<ul style="list-style-type: none"> – market competition is defined; prices are fully liberalized, and the currency is fully convertible; – the government guarantees the rules of the game for market competition; – all participants have equal opportunities; – property rights and their regulation are well defined; 	<ul style="list-style-type: none"> – private ownership; – competition; – principles of efficiency; – short-term and medium-term labor contracts; – security of property rights; – profit maximization principle

	<ul style="list-style-type: none"> – liberalization of employment law; – cooperation with international actors such as the World Bank and the EU, among others. 		
External protector	<ul style="list-style-type: none"> – European Communities, NATO: democracy, human rights, free market economy 	<ul style="list-style-type: none"> – European Union, NATO: democracy, human rights, free market economy 	<ul style="list-style-type: none"> – democratic and free-market institutions, freedom, equality.
Basic patterns of behavior	<ul style="list-style-type: none"> – individualism, medium power distance, universalism 		

Source: Bertelsmann Transformation Index, Poland 2003.

Appendix 3. Institutional matrix of Belarus

Dodatek 3. Matryca instytucjonalna Białorusi

Sphere	Features at the beginning of the transformation	Features, by 2020	Basic institutions
Politics	<ul style="list-style-type: none"> – formation of the president’s autocratic system; – elections are accepted for promotion positions of political power; – controlled mass media; – underdevelopment of civil society; – the judiciary is institutionally well-differentiated; at the personal level, it is directly subordinate to the president; – underdevelopment of the party system 	<ul style="list-style-type: none"> – “security contract” (citizens offered their loyalty to the state in exchange for security and stability), – strong security apparatus; – established authoritarian power; – independent media faced serious government persecution; – there is no separation of powers, and the population has almost no influence on decision-making or elected bodies; – civil and political rights are curtailed 	<ul style="list-style-type: none"> – centralized system of power (authoritarian); – power is concentrated in the hands of the political elite; – appeals to higher levels of hierarchical authority; – non-free elections;

Economics	<ul style="list-style-type: none"> – administrative control of market and competition; – state wage and price control; – there is no framework for private property; incomplete privatization of large enterprises; – effective use of resources is dependent on the regime's objectives – great role of planning and resource allocation. 	<ul style="list-style-type: none"> – market competition operates with a weak institutional framework; – government intervention; – property rights are guaranteed by the Civil Code, mortgages are available, and the property registry system is reliable; in reality, private property is not always fully protected by the legal system; – high role of the state in the economy. 	<ul style="list-style-type: none"> – government is the main player in the economic system; – cost limitation; – the presence of competition, but with the existence of state control (high level of state redistribution); – prerogative of government ownership. – state control over prices and wages.
External protector	<ul style="list-style-type: none"> – Russia, which is in the process of transformation; a world power that has lost its position. 	<ul style="list-style-type: none"> – The Russian Federation – an authoritarian state, a nuclear power pursuing an active international policy, striving to expand its sphere of influence 	<ul style="list-style-type: none"> – Political authoritarianism, oligarchic capitalism.
Basic patterns of behavior	<ul style="list-style-type: none"> – collectivism, high power distance, particularism, egalitarianism 		

Source: BTI 2020 Country Report, Belarus.