State Capacity and Regime Stability in Belarus and Ukraine

Antoaneta Dimitrova¹, Honorata Mazepus, Dimiter Toshkov, Klaudijus Maniokas, Tatsiana Chulitskaya, Natallia Rabava, Ina Ramasheuskaya and Katarina Wolczuk

Abstract

In this article, we study state capacity and its role for the stability of limited access social orders and the chances for successful transition to an open access social order. We develop a new conceptualization of state capacity that reflects its multidimensional nature and emphasizes the capacity of the state to administer, to extract resources and to provide basic infrastructures and public services. Using this conceptualization, we measure and compare two countries with different social orders and trajectories of political and economic reform – Belarus and Ukraine. We find that the level of state capacity varies significantly along the different conceptual dimensions in the two countries. In Belarus, some basic services, such as health care and public transport are provided on a broader basis than in Ukraine. But in Ukraine, recent efforts for administrative reform might strengthen the horizontal capacity to govern, which remains fragile in Belarus, due to politicization and authoritarian centralization. We propose that the relatively reliable provision of public services might have contributed to the stability of the limited access order in Belarus, while the absence of strong state capacity might have constrained the success of the political and economic reforms towards an open access order in Ukraine. (200 words)

Keywords

administrative reform, democratization, economic reforms, state capacity, social orders, public service provision

¹ Corresponding author, Leiden University, Faculty of Governance and Global Affairs, e-mail: a.l.dimitrova@fgga.leidenuniv.nl; Other author affiliations: Dr. Mazepus, Dr. Toshkov: Leiden University; Klaudijus Maniokas: ESTEP; Tatsiana Chulitskaya: SYMPA and European Humanities University; Natallia Rabava and Ina Ramasheuskaya: SYMPA; Katarina Wolczuk: University of Birmingham
1. Introduction

The capacity of any state to make and enforce rules and provide services is of crucial importance for those living on the state’s territory. On the one hand, a state’s rule-making power underpins the monopoly on the means and use of violence on the territory, the classical condition of statehood as defined by Weber (1978). Monopoly on the use of violence can find expression in what Michael Mann called despotic power, “the range of actions which the elite is empowered to undertake without routine, institutionalized negotiations with civil society groups” (1984: 113). On the other hand, states also possess infrastructural power, “the capacity to implement logistical decisions within the realm” (Mann 1984: 113). The latter is crucial for the provision of public services, which represents a major part of the raison d’être of modern states.

Between controlling violence and providing services, statehood and state capacity play a crucial role for explaining the stability of social orders. Socio-political orders where only privileged elites have access to institutions, services and economic opportunities and control this access through patronage networks depend on certain forms of state organization to ensure their dominance. A mature natural state is indispensable for the stable existence of a limited access order (LAO), as dominant elites use state institutions to collect and distribute rents (North et al. 2009). When such LAOs transition to orders where access to institutions, services and economic opportunities becomes impartial and eventually near universal (open access orders or OAOs), this happens in the presence of a mature state capable of providing a broad range of public goods (North et al. 2009).

The interplay between state capacity and social orders is particularly salient for the post-communist countries in Eastern Europe and for assessing their potential for development and transition into OAOs. Looking at the region, state institutions have undergone momentous changes in the post-communist period. From the powerful, broad, but shallow communist states, weak or more limited states have emerged in the last three decades. State institutions have transformed in processes described as “politics of state formation” (Volkov 2002: 156-157) or elite competition over the shape of emerging post-communist state (Grzymala-Busse and Jones Luong 2002).

These transformations have led to significant variation in the state capacity among the post-communist countries in Eastern Europe. This variation, however, is not easy to capture through the use of general standardized indicators of state capacity or quality of government (e.g. Kaufmann et al. 2011; World Bank 2019). This is because the post-communist countries have inherited a rather complex and differentiated system of formal institutions and markings of powerful statehood, which might obscure the actual level of capacity that states possess to administer territory, to extract taxes and other resources, and to deliver essential infrastructure and public services. Therefore, the state capacity of countries in the post-communist region needs to be assessed using a variety of data sources that include informal practices and reform trends and shed light on the multiple analytical dimensions of the concept.

The first goal of this article is to provide such a systematic and comprehensive assessment of the state capacity of two post-communist countries in Eastern Europe: Belarus and Ukraine. These two countries shared similar starting conditions at the end of the 1980s, but have experienced rather different trajectories of societal, political, and economic transformations since. While Belarus has remained an authoritarian regime with a state-led economy and limited political freedom, Ukraine has experienced political opening but also huge economic, geopolitical and social upheavals. This variation allows us to address the second goal of this article, namely to explore the relationship between different levels and components of state capacity and patterns of political and economic
opening of social orders. We ask the question, which aspects and elements of state capacity contribute to stability of LAOs and which ones contribute to opening?

Based on quantitative analyses by Fortin (2012), Bäck and Hadenius (2008) and Charron and Lapuente (2010), it is clear that the relationship between state capacity and authoritarian and democratic regime is curvilinear. On the one hand, high levels of state capacity help democratizing countries to become more democratic. On the other hand, authoritarian regimes also benefit from state capacity for maintaining stability. Starting from such findings, we analyse different components of state capacity in our two cases and find that specific aspects of state capacity might be closely linked to the opening of access to institutions and services, while other aspects contribute to the stability of existing LAOs.

Thus, we suggest that state capacity can play a dual role. On the one hand, when a state possesses a sufficiently high capacity to administer and deliver basic public services, this might stabilize authoritarian political regimes by buying off citizens’ consent and providing capacity to repress opposition. On the other hand, the lack of state capacity impedes progress towards political and economic openings – the establishment of OAOs, even when there is an impetus for reform, because sufficient state capacity is necessary to enforce the reforms, establish and administer the new institutions, and to support the losers of the transformations via public services.

2. Conceptualizing State Capacity

In this section we introduce the concept of state capacity. We explain how state capacity differs from related concepts, such as statehood, introduce its multiple dimensions, and suggest how these dimensions could be operationalized in empirical research. For the purpose of setting our investigation of state capacity in a clear conceptual context, we draw on the framework by North et al. (2009), on various scholarly discussions of state capacity, as well as on work on states in post-communist settings (Bohle and Greskovits 2012).

2.1 Statehood

We consider state capacity a major aspect of the more general concept of statehood. Statehood has been defined in the context of historical investigations of the emergence of monopolies on the use of violence, uniform taxation over a territory and bureaucracy (Tilly 1992). Externally, statehood comprises, in a most basic sense, international legal recognition of borders and formal sovereignty. States with ‘full’ statehood possess both complete monopoly over the means of legitimate use of force and the ability to create, implement and enforce rules over a territory.

Recent work on statehood and its limits develops a conceptualization defining it as the capacity of state institutions to control the use of force, and set and enforce collectively binding rules (Börzel and Risse 2010; Krasner and Risse 2014: 548; Risse 2011). Krasner and Risse (2014: 549) point out that states often have areas of limited statehood defined as

---

2 The concept of limited statehood, with regard to territory control or the ability to create and enforce rules, is particularly useful to understand the current situation in Ukraine because it captures the problem of governance
“those areas of a country in which central authorities (governments) lack the ability to implement and enforce rules and decisions and/or in which the legitimate monopoly over the means of violence is lacking”.

The ability to enforce rules or to control the means of violence is then differentiated along two dimensions: (1) “territorial, that is, parts of a country’s territorial space, and (2) sectoral, that is, with regard to specific policy areas” (Krasner and Risse 2014: 549).

In sum, statehood entails control over the use of violence, international recognition, and state capacity. In the remainder of the article, we focus on the last concept, which itself is a composite of several dimensions.

2.2 Key dimensions of state capacity

We conceptualize state capacity as comprising of administrative capacity, extractive capacity, as well as capacities to deliver basic infrastructures and public goods and services. Figure 1 represents the dimensions of state capacity and its link to statehood.

---

3 Lee et al. (2014) measure statehood by a combination of three indicators: ‘failure of state authority’ and ‘portion of the country affected by fighting’, capturing state monopoly over the means of violence, and fiscal extraction capacity, capturing state capacity.

4 We intentionally do not demarcate the input and output side of state capacity as these are interrelated. Taxation, for example, could potentially be on both the input and output side of state capacity as it is determined by the capacity to extract resources (tax), but it also determines the level of public goods delivery. Moreover, not all possible goods and services are listed in the figure.
Administrative capacity relates to the existing procedures, structures, personnel, and expertise to govern and administer. We view the organizational resources for performing key functions relevant to all governments – planning, coordinating and implementing public policies – as a key part of administrative capacity.

Extractive capacity, or the ability to collect taxes over a territory is seen by many as a key component of state capacity, and studies of state capacity often use extractive capacity as a key indicator (cf. Fortin 2012; Lee et al. 2014). However, extractive potential and actual extraction rates usually differ: high levels of taxation do not necessarily translate into actual efficient use of tax revenues, as corruption, inefficient transfers or inefficient administration may intervene (Fukuyama 2013). In addition, taxes collected are not always equivalent to all finances available as some may also come from natural resources, external actors or private donors (e.g. the EU, businesses, international NGOs). Nevertheless, it is clear that without some level of resources and the capacity to extract them, few aspects of statehood related to rules, policies or public service provision can be realized.

We also include outputs, such as the provision of basic infrastructures and public goods and services as relevant dimensions of state capacity. However, we note that outputs do not depend only on state capacity, but on other context-dependent conditions and on the input and participation of stakeholders and society at large. An important caveat here is that while non-state actors may contribute to public service delivery, they might also diminish it, by appropriating and using state organizational resources to extract rents and maintain power.

In general, we expect that the scope and quality of provision of public goods and services related to key functions all states perform will shape citizens’ assessment of the state. Fukuyama (2013: 8) suggests key functions that all states might perform include:
“...a set of functions theoretically performed by all governments (e.g., macroeconomic policy management, basic law and order, primary and secondary education, population registration), or it could incorporate data on how expansive the functions performed are (e.g., giving extra credit if a government is able to, say, regulate pharmaceuticals)”.

The ability to provide such key functions can be equated with infrastructural power (Mann 1984). However, we should not forget that aspects of despotic power also are crucial for regime stability, as repression is often used to stifle dissent.

We recognize that states may commit to providing further services and developing welfare policies depending on the political programme of those in power and on the resources available to them. There is clearly a difference between governments committed to market principles and neo-liberal conceptions of the role of the state and governments committed to (aspects of) welfare state and a variety of models of state-controlled economy.

Drawing on the findings by Fortin (2012) mentioned above, we aim to provide some insights as to which aspects of state capacity contribute to opening of political and social orders and which contribute to the stability of either LAOs or OAOs. One of the key mechanisms supporting transition of limited to more universal access to institutions and resources conceptualized by North et al. (2009) is the creation of rules by different dominant elites to ensure impartiality in power and future access. We build on this insight and highlight state capacity aspects improving impartiality and universality as crucial and contributing to the opening of a political and social order. Efficiency or coordination, by contrast, or the capacity to maintain basic infrastructure would support stability and thus could be features of mature states accompanying stable LAOs.

Therefore, in our analysis we distinguish two types of elements of state capacity with different potential effects on the opening of access to political and economic institutions and resources: first, elements increasing access to all to institutions and services, and, second, elements increasing the efficiency of rule-making or scope and level of service provision. We expect that improvements via reform in the first category contribute to transition towards OAO, while improvements in elements of the latter would support both authoritarian and democratic states. We call state capacity elements belonging to the first category universalizing and we call the second category stabilizing. When assessing state capacity, we will therefore aim to establish the level and changes in universalizing or stabilizing elements.

2.3 Operationalization and data sources

As elaborated in the previous section, the machinery available to perform state functions combined with its various characteristics such as political neutrality, internal coordination, continuity over time, professional expertise determines administrative capacity. Administrative capacity depends on a well-staffed and organized public administration, coordination between the units of the state, sufficient number of well-trained and motivated civil servants, and, last but not least, supporting technology.

Key principles and baseline criteria for public administration reform in a post-communist context have been initially formulated by the Support for Improvement in Governance and Management (SIGMA) unit of the Organisation for Economic Co-operation and Development (SIGMA 2014). Following the SIGMA approach, the existence of laws on public administration and the civil service has been a starting point for the reform of the administrations in many post-communist states, as was the
development of overall strategy for reform (Dimitrova 2002). Such laws define the relations between politicians and civil servants and stress neutrality and merit-based recruitment, thus representing an aspect of state capacity universalizing access in terms of the distinction we made above. Legislation affects provisions for hiring and firing, career systems, level of coordination and civil service involvement in policy development (Verheijen and Rabrenovic 2000: 410-418).

Independence and impartiality of civil servants is an important variable affecting the quality of government (Rothstein 2013; Rothstein and Teorell 2008). Impartiality refers mostly to levels of political influence on the recruitment and interference in the functioning of civil servants and key officials.

Further, a relevant distinction in the administration is between horizontal and vertical components. Horizontal aspects affect the administration in general and can comprise rules and overarching institutions, coordination units, planning and strategic units, and human resources. For example, the availability of coordination units and procedures is crucial for the implementation of policies (Dimitrova and Toshkov 2009) and an example of a supporting aspect of state capacity. The broad horizontal level also covers general functions and statistics, functions such as registration (demographics, companies, land), cadastre, personal documents and registration. Vertical aspects refer to specific administrative and agency capacity dealing with a sector such as, among others, policing or veterinary and food safety inspections.

Such a complex conceptualization of state capacity, including its administrative dimension, requires a combination of quantitative and qualitative data to be assessed, especially if one wants to get a picture of the actual state of affairs beyond the formal laws and well-intentioned, but often purely declaratory programmatic documents. Therefore, to measure state capacity, we combine the analysis of laws, strategies and other documents, with the available statistical data on the functioning of the state and on service delivery. We also consult a range of secondary studies, including sectoral assessments, and conduct a number of interviews with local experts.5

With respect to administrative capacity, we track the availability of a strategy for administrative reform and plans for its implementation, the existing legislation on the public administration and on the civil service, defining their neutrality and political independence; the coordination of government at the central level, the policy-making capacity, for example planning and implementation monitoring, and the existence of merit-based, transparent recruitment and dismissal procedures.

Regarding outputs, we track to what extent the state delivers basic infrastructure related to the collection of socio-economic data (statistics), the registration of citizens and the provision of a system for personal documentation, land registry (cadastre), and the transport network (roads). We examine

5 For further details on operationalization and data collection, see the Supplementary Materials.
the state and the coverage of key horizontal public services in a few select sectors\textsuperscript{6} that we consider of primary importance: postal services, health care, and (primary) education\textsuperscript{7}.

3. State Capacity in Belarus and Ukraine

In this section, we present the results from the assessment of state capacity in Belarus and Ukraine. Due to space constraints, we focus on the overall results from the assessment, while the details are available in the Supplementary Materials. We first discuss each of the two countries separately, and then we compare their trajectories.

3.1 Belarus

3.1.1 Legacies and recent developments

In terms of its trajectory before independence, Belarus stands out as a ‘success story’ of Soviet-style modernization, with a faster socio-economic development and rise in living standards than the rest of the Soviet Union (Balmaceda 2014: 522). After independence, the Belarusian trajectory was characterized by inertia between 1992 and 1994, followed by the promise of continuity by Lukashenka aiming to preserve the stability of the Soviet period. At least some existing capacity necessary to deliver public services was preserved, not least because a large share of enterprises remained state-owned and continued to provide Soviet-era welfare and social provisions.

Like other Soviet republics, the Belarusian and Ukrainian Soviet Socialist Republics did not have their own tax systems (Johnson 1969: 229). This meant that the newly independent states had to rapidly develop new functions and capacities to generate revenues. While Belarus developed new fiscal capacity rather early in its independence, Ukraine, in contrast, had a fiscal system in “utter disarray as a result of economic crisis as well as the relative weakness of state capacity” (Fritz 2007: 127).

3.1.2 Capacity to administer

Belarus adopted a Law on the Civil Service in 2013, frequently revised since (Belta 2017). The Presidential Administration is in charge of personnel management in the civil service. However, in the absence of clearly defined scope and principles of public administration in general and of individual organizations in particular, public bodies are overwhelmed by ad hoc orders and requests from above (Ramasheuskaya et al. 2018).

As Belarus has a presidential political system, the Council of Ministers is the ‘executive arm’ of the President subordinated to the Presidential Administration, from where all policy initiatives and

\textsuperscript{6} We take into account the possibility that non-state actors provide some services where the state cannot do so. However, capturing in a systematic way aspects of state capacity provided by others, such as external actors or businesses, has proven to be a separate investigation, which we have not been able to undertake. It should be noted, however, that in most general terms, the Ukrainian state has relied on civil society and volunteers to fill the gaps in administrative capacity and public services, especially after 2014.

\textsuperscript{7} The list of key services and sectors we examine is not exhaustive, for example we do not investigate the important infrastructure in water and energy due to lack of space.
directions originate. There are a relatively large number of ministries, and the relatively small and weak Council of Ministers cannot act as a strong executive centre of government and coordinate the work of the ministries.

All appointments in the civil service in Belarus are de facto political. While merit-based recruitment is possible in theory based on the relevant provisions of the law, in practice the hiring process is in the hands of hiring managers, mostly the heads of individual organizational units. Advertising positions through open competition is the exception rather than the rule. Most positions within the civil service are filled through direct appointments rather than open competition. Civil servants work on the basis of limited-term contracts. Political interference permeates the public administration in Belarus and the Council of Ministers is de facto deprived of any independent policy-making role.

3.1.3 Capacity to extract

While retaining much of the otherwise unreformed state apparatus, Belarus has, according to some studies, succeeded in developing an effective fiscal system (Fritz 2007). Taxes form 25% of the GDP of Belarus, or 83.2% of the consolidated budget. It is possible to submit tax returns online. The level of capacity, professionalism and reputation of the Ministry of Taxes and Duties and its offices is perceived as adequate (Urban 2018).

3.1.4 Capacity to deliver basic infrastructures

The National Statistical Committee is responsible for national statistics collection, which is regulated by a special law. The move towards using international standards for data collection is ongoing. Since 2016, Belarus employs the most recent internationally used System of National Accounts (2008 SNA). The World Bank assesses Belarus’ statistical capacity as quite good, scoring at 87.8 out of 100 in 2017 (World Bank 2017). The National Statistics Committee has data exchange agreements with other government agencies and the system of data collection is digitized and centralized into a Unified Information System of State Statistics.

Belarus has no generalized and integrated personal identification system. Various ministries and organizations maintain different databases, which are digitalized and appear to be up to date. Issuing personal documents is relatively fast and efficient.

Belarus has a well-functioning land cadastre administered by a state agency. It is reliable and accessible both online and through a mobile application. It should be noted, however, that only seven per cent of the total land in Belarus is in commercial circulation, all the rest belongs to the state, so this service is obviously not the most frequently used by citizens. Agricultural land is covered by land cadastre up to 81.6% (as of 01 January 2018).

Belarus inherited an extensive road and rail network from the Soviet Union, which has been maintained in a relatively good condition. Nevertheless, there are important challenges related to upgrading the infrastructure (with some investments from the World Bank) and optimizing interregional and intercity connections.

3.1.5 Capacity to provide public goods and services
Belarus commits to a wide range of public services, many of which are mentioned in the constitution, and as such is a textbook example of the shallow, but broad public service model influenced by the Soviet period. The delivery of these is at a relatively high level, especially for health care and education.

Postal services in Belarus are generally in a satisfactory condition, as attested in a positive assessment from the Universal Postal Union, although there are some problems, for example, with parcels from abroad.

The Belarusian state guarantees the right of education, in general, and free secondary education to all its citizens in its Constitution. In terms of quantitative indicators, Belarus scores highly in literacy and education. However, the high quantitative indicators of education in Belarus require some critical nuance based on qualitative data, for example noting the preponderance of private tutoring for secondary school graduates.

Healthcare is a stated priority of Belarusian public policy. Policy development and priority setting in the sector are centralized processes in which the Ministry of Health is the key actor. Richardson et al. (2013: xiv) argue that there are no formal channels for input from different stakeholders, a situation which is mirrored in other policy sectors. From an organizational point of view, the national system of healthcare is heavily centralized and a hierarchical one. All primary care facilities are owned by the state.

Access to health services is universal and free of charge, but significant co-payments exist predominantly in pharmaceutics, dental and optical care. Meanwhile, according to expert evaluation, despite formally public healthcare, in practice citizens increasingly pay for services (Vitushka 2017). This option is officially sanctioned, allowing citizens to cut waiting times or get treatment outside of the territorially assigned healthcare provider.

3.1.6 Summary

Fortin (2010: 667) has described Belarus as an “archetypical example of inconsistency”: in some areas, such as taxing capacity, it gets top scores but offers inadequate protection of property rights and has not implemented infrastructural reforms. The summary presented above confirms this view. Based on the distinction we introduced between universalizing and stabilizing aspects of state capacity, we find that aspects such as education, health care, and transport fare well and provide stability and some level of citizen satisfaction in Belarus. It should be noted, however, that in the last two years citizen satisfaction with health care provision has declined: according to a 2018 official survey 24 % of respondents stated that health care had become worse in 2018 compared to 2017 (13 % found it had improved) (Information Analytical Centre 2018).

In addition, stabilizing aspects have also undergone reform and upgrades in some areas: services such as land registry (cadastre) or statistics are often linked to electronic systems that minimize openings for corruption.

Aspects which have a universalizing effect, such as administrative reform, score worse, as administrative capacity is strongly affected by extreme politicization linked to the authoritarian features of the political system. Policy-making is de facto in the hands of the President and his administration, while the Council of Ministers is quite weak. Policy coordination between state authorities is therefore also weak and is not improved by the often inconsistent moves made by the
presidential administration on specific policy issues. Impartiality of civil service is low and politicization in terms of hiring and firing seems to be very high.

3.2 Ukraine

3.2.1 Legacies and recent developments

Ukraine inherited a highly fragmented public administration lacking in unity and coherence from the Soviet Union (Kravchuk 2001). This legacy has still not been completely left behind. Administratively, the centre of government is very weak in relation to the ministries. Politically, the low cohesion of elites and the multiple veto points available within the administration have presented serious obstacles to setting clear priorities for reform before 2014 (Kravchuk 2001; Langbein and Wolczuk 2012; Wolczuk 2016). Multiple attempts at reforming Ukrainian institutions and civil service have been made through the years, but these have mostly fallen victim to the high levels of political polarization and the dominance of the political system by oligarchs. As a result, “at the beginning of 2014, Ukraine had a virtually destroyed and looted state apparatus that was incapable of ensuring the well-being of its citizens or to protect itself” (Soroka 2018).

From 2016, the most ambitious reforms to date have been launched including administrative capacity and services improvements and addressing a broad range of areas such as the creation of independent institutions to fight corruption, reorganization of ministries, reforms of the civil service and the judiciary (BTI 2018). Importantly, since 2014, while many aspects of state capacity have been evolving for the better, the state does not have control of the use of force on the entire country’s territory⁸: a development affecting Ukrainian statehood as a whole.

3.2.2 Capacity to administer

Public administration reforms in recent years have comprised a broad range of sectoral reforms, as well as horizontal reform and ministerial restructuring in some ministries.⁹ Sector specific reforms are well under way when it comes to patrol and community police reform. Measures to support broader state capacity, decentralisation and judicial reform have been initiated, with decentralisation providing an impetus for regions to cooperate and even compete for better provision of services. Decentralization has been the most important reform launched to provide local units with more autonomy. While the first steps of this reform package have been successful and promising, further steps are slow and not all regions are participating in the restructuring (NISPAcee 2016: 5-6).

In general, state building reforms have received a crucial impetus by EU guidance and assistance and by the necessity to create capacity for implementing the Association agreement with the EU. The law on civil service and a comprehensive Strategy for administrative reform have been launched respectively in 2016 and 2017. A pilot scheme for the reorganization of ministries has been launched with EU expert support, creating new structural units called general directorates and new positions:

---

⁸ Since March 2014, Crimea has been annexed by Russia. Since May 2014 the so-called Luhansk People’s Republic and Donetsk People’s Republic have been established by separatists, comprising, together with the Crimea about 12 % of Ukrainian territory.

⁹ This section draws on the European Commission’s implementation reports (European Commission 2017,2018) as well as five interviews with EU officials conducted in January-March 2019.
state secretaries. This re-structuring aims to differentiate political and administrative functions and to optimize and clarify functions. The effectiveness of these changes is, however, too early to assess (Glavcom 2017; Krasnoshchokov 2017). The reforms broadly belong to the category of universalizing measures.

The objective of reform in human resource management have been to increase the capacity and professionalism of the civil servants, hire new experts in a competitive procedure and increase salaries in certain units containing so called Reform Staff Positions. In January 2018 the government approved a resolution increasing the salaries of certain categories of civil servants. A new performance assessment model for assessing the results of the work of individual civil servants has been developed in the course of 2018. More than 600 civil servants have already been appointed under this scheme, 30 % of these from outside via open and competitive procedures.

In terms of coordination, the Council of Ministers and the units supporting the prime minister are traditionally relatively weak in relation to the line ministers. This is a problem in terms of executive coordination in general and in relation to the launched reforms. There is still considerable duplication of functions within ministries and on the local and regional level. There is also an ongoing competition between different political forces and groups and their representatives within the government and its agencies which hinders restructuring and creates obstacles for reforms. This affects reforms creating conditions for more open access to institutions (universalizing) such as the appointment of non-political state secretaries. There are also obstacles for reforms increasing efficiency such as departmental restructuring.

3.2.3 Capacity to extract

Ukraine has a relatively large shadow economy, comprising about 30 to 50 % of its GDP (Dubrovskiy 2015). In 2017, tax revenue consisted of 27.8 % of the country’s GDP, which is comparable to that of some EU countries (CASE Ukraine 2018).

3.2.4 Capacity to deliver basic infrastructure

The overall quality of the national statistics is moderate, but improving (Laux et al. 2017). Some experts claim, however, that some data published by the State Statistics Service of Ukraine does not reflect the real situation in some areas (i.e. agriculture) (Zhuk et al. 2016). The activities of the State Statistics Service of Ukraine are coordinated and guided by the Cabinet of Ministers of Ukraine through the Ministry of Economic Development and Trade of Ukraine (Laux et al. 2017).

As for the harmonization of the Ukrainian statistical system with EU and international standards, the assessment is that Ukraine has made progress since 2011, but there are still some problems, including legal harmonisation with international standards.

A personal identification system in Ukraine was introduced in 2012. The issuing of new personal documents is relatively well-organized, although there are occasional reports about bribes being paid for speeding up the process.

10 Until 2013, the Cabinet of Ministers of Ukraine was a technocratic body rather than a political one. It played a subordinate role to the Presidency, elaborating or implementing the policy defined by the presidential apparatus.
There is a good, comprehensive and reliable land cadastre in Ukraine (State Geo Cadastre n.d.) evaluated by the World Bank as one of the best in the world (Landlord 2017).

3.2.5 Capacity to provide public goods and services

In service provision, one of the most successful reform measures, directly affecting citizens’ lives, is the creation and expansion of a network of 778 unified service centres (one-stop shops). The number of operational centres has grown fast in 2018 and the range of services they provide has been increased, with some services digitalised. There is considerable progress in providing open government data as well, although connecting various databases is still ongoing (European Commission 2018).

The main provider of the postal services in Ukraine, the state postal service UkrPoshta has been described as unprofessional and beset by overregulation and low salaries. There have been complaints of Soviet style unfriendly personnel and constant queues (Rosik 2016). Competition has recently led to improvements: nowadays there are a number of private postal services in Ukraine: Nova Poshta, InTime, Meest Express, Autolux, Delivery, Night Express.

In 2016, Ukraine spent 5.7 % of its GDP on education of all types (Repko and Ruda 2017). Primary and secondary education are compulsory. The expected years of schooling in Ukraine in 2015 was 15.3 (Chela 2017). Adult literacy rate (age 15 and above) is high at 99.8 % (CIA Factbook 2018). Existing problems in school education are the poor condition of school buildings, lack of materials, textbooks and educational materials. Access to school education in rural areas has also become an issue, as schools have been closed as a part of the optimization process (Government Courier 2017).

When it comes to health, while there are no problems with access to primary care in the capital and big cities, people living in rural areas cannot easily access care (Grytsenko and Smirnova 2017). The absence of a good public transportation system and the bad quality of roads make this process near impossible for certain people, e.g. the elderly and disabled. According to the sociological agency Rating poll, almost 70 % of people were dissatisfied with medical services and 55 % said that the quality of medical services has been worsening in the last two years (Rating 2016).

Ukraine’s healthcare system is still to a large extent inherited from Soviet times and remains one of the most corrupt sectors in the country (CSI 2017).

3.2.6 Summary

Steps towards impartial public administration have been formally taken with the new law on the civil service in Ukraine from 2016 and with the establishment of pilot schemes in ministries and state secretary positions. Resistance to the latter reforms towards more open access, however, suggests political interference by elites interested in preserving their dominant position remains high and may render universalizing reforms ineffective.

The relationship with the EU and the need to implement the Association Agreement are providing a major impetus for reform, including new legislation, reform teams and positions supported by the EU and ongoing service delivery improvements reforms in several areas such as e-government, registrations and open data.
Administrative capacity needs improvement in the area of statistics, but the land register has been thoroughly and successfully modernized and provides a very good service. Vertical services and sectors vary: while healthcare is perceived as drastically in need of reform, postal services are evaluated as well-developed through a combination of private services and UkrPoshta.

The annexation of the Crimea and ongoing conflicts in the Luhansk and Donetsk regions controlled by separatists remains, however, a textbook case of limited statehood and a major challenge for the functioning of the Ukrainian state.

3.3 Comparing state capacity in Belarus and Ukraine

Viewing the qualitative snapshots of state capacity in Belarus and Ukraine through a comparative lens, we gain some unexpected insights. To put our findings in context, it is worth reminding that Belarus and Ukraine had similar levels of socio-economic development upon their exit from the Soviet Union. Yet, their trajectories in terms of state capacity have been rather different: Ukraine suffered a staggering decrease in state capacity, a development that has been avoided in Belarus. This is, in a sense, a paradoxical outcome as Ukraine was the better reformer while Belarus was perceived as a laggard when it comes to a ‘transition to market’. Following European Bank for Reconstruction and Development indicators, “Belarus was a little below average as a reforming economy in the mid-1990s, and had become very obviously uninterested in reform by the end of the decade” (Lawson 2003: 126). However, the flipside of the lack of reform has been that the country has managed to avoid the erosion and fragmentation of state institutions, which affected Ukraine.

Both Belarus and Ukraine fit the pattern of post-communist legacy influencing the scope of the state, resulting in shallow states that have extensive obligations to their citizens, often defined by law, and limited resources (Bohle and Greskovits 2012). Despite its capitalist pathway, Ukraine preserves to quite an extent the socialist legacy of wide commitment to public services; a commitment also typical for post-Soviet states with controlled or mixed economies, as is arguably the case of Belarus. One difference between the capitalist economy of Ukraine and controlled economy of Belarus is that Belarus spends a larger proportion of its state resources on public services, which results in broader delivery and, for some sectors at least, better quality.

Another key difference between the two cases involves the choices regarding reform and opening. In the early post-communist period, Ukraine started reforms but quickly got stuck with initial and partial reform measures exhibiting signs of Hellman’s (1998) partial reform equilibrium. In addition to constant political resistance to reform, the unreformed Soviet-era bureaucracy was not adept at devising and implementing new policies. In contrast, Belarus persisted with the ‘tried-and-trusted’ way of governing and only undertook limited reform, and, in that sense, experienced less of a loss of stabilizing capacity.

The assessment of the postal services, which is also different in the two countries, illustrates the link between political and economic system and service provision quite well. While both Belarus and Ukraine report having good postal services, in Belarus this is attributed to the good service of Belpochta and limited involvement of private operators, while in Ukraine, just the opposite is true: private operators are considered faster and more reliable. This comparison suggests the possibility that services can be provided by the state or by private actors and in both cases adequately.

Evaluating administrative capacity and public service provision in selected sectors in our two countries of interest, Belarus appears to perform better than Ukraine in a number of areas: most
importantly, in health care and public transport. However, there has been a deterioration in some of these services, in terms of coverage and citizen perception and satisfaction. The presidential administration analytical unit survey of 2018 shows that 19.5% of respondents consider social protection to have deteriorated in 2018 in comparison to 2017 (9.5% find it has improved) (Information Analytical Centre 2018).

Ukraine by contrast, has just started to recover from the dramatic decline of service provision associated with long periods of political instability and high levels of corruption affecting public life. Service provision is changing with the introduction of unified service centres and e-government services.

Ukrainian authorities, assisted and guided by EU institutions, have embarked on a major drive to reform the state and its administration: from strategy for administrative reform to decentralisation to merit-based recruitment. Paradoxically, so far the (partial) opening of the Ukrainian administration for new, competitively hired personnel, has not yet led to better service. Part of the reason for the slow speed of improvements is that there has also been pushback from bureaucratic and oligarchic circles in Ukraine, resisting the new institutions and the reformers themselves (BTI 2018).

In general terms, Belarus is still better capable of providing services and implementing rules across society, but its capacity is mostly stabilizing in terms of the categories we introduced above. In terms of universalizing capacity, there is little happening in Belarus and the administration is still affected by extreme politicization and (sometimes chaotic) style of top down policy-making. By contrast, the administration in Ukraine is changing in terms of its day-to-day functioning, increasing policy-making capacity and benefitting from universalizing reforms. The continuity of key reforms improving and opening access is, however, uncertain given continued political turbulence and resistance by rent seeking elites.

4. State Capacity and Transition towards OAOs

Having assessed the state capacity in Belarus and Ukraine along multiple dimensions allows us to explore its possible links with (the lack of) progress towards politically and economically open societies. Overall, juxtaposing the trajectories of transformations in the two countries with their levels and relative differences in state capacity leads to a surprising conclusion. Even though Ukraine has progressed more, even if unevenly, towards the establishment of a liberal political order and free market economy, on some dimensions it exhibits no better, and on some definitely worse, levels of state capacity than Belarus. We should, however, not jump to the conclusion that state capacity does not matter for political and economic reforms. There are mechanisms that connect the level and kind of state capacity and the change of political and societal order that can be illustrated with the experiences of Belarus and Ukraine.

One of the key mechanisms supporting the transition of limited to more universal access to institutions and resources is the establishment of the rule of law (rules that apply to everybody) by different dominant elites to ensure their rights, which is the first step in creating impartial organizations (North et al. 2009: 150-181). We build on this insight, and highlight state capacity aspects improving impartiality and universality as crucial aspects that would contribute to the opening of a social order (see also Fortin 2012). Efficiency or coordination, by contrast, or the capacity to build and maintain basic infrastructure would support stability and thus could be features of mature states accompanying stable LAOs.
Accordingly, in Belarus we observe that a relatively high level of state capacity and public service delivery, in particular, may be contributing to the stability of the limited access political regime. A sufficient level of basic service provision in areas such as education, healthcare and social services buys off the consent of citizens, who are less likely to protest when basic needs are met. A sufficient, if often minimal and outdated infrastructure also ensures that the regime can survive economically even in the absence of a free market economy.

A second plausible mechanism linking state capacity and the enduring political closure in Belarus is the capacity of the state to enforce rules in a centralized way and suppress protest when needed. This capacity is exercised towards elites who might otherwise block (or demand) reforms needed for the regime’s survival. But it is also exercised towards ordinary citizens, breaking up the potential for collective action that might challenge the existing order. In this way, state capacity reduces demand for reforms, it ensures that the President has the capability to steer the economy and introduce partial reforms when needed, and diminishes the potential for mobilization in favour of political and economic openings. Weak coordination in policy-making is affecting the quality of policy-making, but not repression capacity or centralised stabilizing capacity.

Conversely, in Ukraine the lack of sufficient state capacity in terms of administrative capacity and policy-making impeded political and economic transformations. The low administrative capacity in terms of coordination and policy-making has, until recently, limited the ability of the central administration, or other government actors, to enforce much-needed reforms supporting the establishment of democratic and market-regulating political institutions. Opening the administration to new staff and introducing new organizational forms aims to both increase capacity and improve access. Currently, resistance by dominant elites prevents faster improvements and results in an unfortunate situation where reforms have started, empowering a small number of actors, but are yet falling short of creating the conditions for universal access to political and economic resources. Insufficient capacity to deliver basic services generates opposition by citizens who feel ‘left behind’ with little access to healthcare or good roads. Yet, the deterioration of public service delivery in the course of democratization is not a phenomenon unique to Ukraine. Povitkina and Bolkvadze (2019) show that the delivery of public services (clean water) is better in democracies only if they possess sufficient state capacity, and they illustrate this pattern with the experience of the water sector in another post-Soviet state, Moldova.

Given weak formal institutions, a system based on informal practices centred on patronage and rent-extraction has evolved and prospered until recently in Ukraine. As the formal structures of the state experienced institutional fragmentation and erosion, they became colonized by and incorporated into informal networks of political, administrative and business elites with powers of patronage extending deep into all public institutions (Leitch 2016: 21). This transformation “from a development to a predatory state” has been linked to “the rent seeking inclinations of a ruling elite that sees the state primarily as a feeding ground” (Van Zon 2000: 4).

11 For example, reforms in the health care sector have been hampered by opposition from politicians, as well as from citizens, due to lack of clear communication about the objectives and rationale for reform (Gorban 2017). The difficulties in enforcing the new regulations of the civil service are another case in point.

12 It is telling that even the war in Eastern Donbass has been used by top officials and staff in the Ministry of Defense to continue embezzlement practices (e.g. purchases of equipment and weapons for the Ukrainian army).
Another mechanism through which weak state capacity might impede the consolidation for reforms that is specific to a country that has opened up to some extent already is outward migration. Dissatisfaction with the quality of governance and corruption in the public sector are a major driver of outward migration from Ukraine (Andrejuk 2019). Immigration of citizens critical of the quality of governance removes pressure for reforms, as a key potential constituency for these reforms chooses to "exit" rather than "voice" its discontent and fight for reforms. This works differently in countries such as Belarus, and many other LAOs, where opportunities for immigration are restricted.

The *universalizing* reforms launched in Ukraine with the support of the EU may change this equilibrium, but much will depend on whether they will manage to create a critical mass of civil servants and professionals supporting both further reforms and better service delivery. The Ukrainian authorities in charge of reform have aimed for several quick improvements in service provision which have the potential to convince both politicians and citizens that administrative reform is worth supporting. Such quick improvements are the services provided via e-government, including registration of new-borns via a one-stop shop system, the unified service centres and the open data of government registers.

Last but not least, we can note that in both our cases external assistance plays a major role in supporting public services: in Belarus via energy subsidies from Russia\(^{13}\) and in Ukraine through EU assistance. In Belarus it is clear that the stability of the existing LAO is supported by such external support for the economy and indirectly for public services. In Ukraine, external support from a variety of actors next to the EU aims to support opening but may, by supporting better service provision, also stabilize the existing LAO. An important policy implication therefore is that state capacity and specific aspects of it, such as public administration reform, present a lever of influence for those external actors interested in promoting democratic reforms and good governance. However, the role of state capacity in sustaining non-democratic political regimes means (externally supported) improvements may lead to unintended side effects such as strengthening authoritarian regimes.

5. Conclusion

In this paper we provided a new conceptualization of state capacity that puts in focus its various dimensions, from administrative and extractive to delivering basic infrastructures and providing public goods and services. Armed with this novel, multidimensional understanding of state capacity, we provided a comprehensive assessment of two countries, Belarus and Ukraine that have experienced rather different trajectories of political and economic transformations since the collapse of the Soviet Union.

We found a complex picture with significant variation in the relative performance of Belarus and Ukraine on the different dimensions of state capacity. Overall, Belarus provides broader and sometimes better services in some domains (e.g. health), but recent trends might change things, with

\(^{13}\) It should also be noted that energy profits from Russia have facilitated the survival of the Belarusian economic system without the pressing need to embark on difficult and painful economic reforms (Balmaceda 2014). Various studies, such as Yarashevich (2014), point to distributional authoritarianism, while Wilson (2016: 78) stresses “the regime’s spending on social goods to maintain baseline popularity and keep the level of coercion lower than it would be otherwise”.
increasing citizen dissatisfaction from the quality of services in Belarus and ambitious reforms in Ukraine.

We also identified plausible mechanisms through which state capacity might impede, enable, or constrain transformations towards an open access social order. These mechanisms include buying-off consent through service delivery in autocratic regimes, generating resentment against reforms through the deterioration of public services during democratisation in the absence of high state capacity, and others. Although these mechanisms appear plausible in light of our work, future studies should seek direct evidence for their operation and try to estimate more precisely the causal impact of state capacity.

While this paper focused on two states, the findings potentially hold broader relevance. Belarus and Ukraine exemplify cases of post-communist transformations from autocratic totalitarian political regimes and state-led economies towards different, but still LAOs. Ukraine’s LAO has emerged as the more open one (Ademmer at al. forthcoming), while Belarus has remained a stable and balanced LAO in the economic and political sphere. As these countries have changed, patterns of state capacity developments reveal the more general challenges of building and retaining capacity during societal transformations. But it remains for future research to investigate the generalizability of these patterns to different contexts.

(Word count without references: 8247)

References


