

ESTIMATION OF THE IMPACT OF INSTITUTIONS ON THE ECONOMY OF BELARUS

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The World Bank's Worldwide Governance Indicators are one of the methods used to assess the quality of institutions [2]. The quality assessment of the institutions for Belarus was based on their impact on economic development. Gross national income (GNI) per capita at constant prices was used as an indicator of economic development [1].

The indicator "Voice and accountability" reflects how citizens of the country perceive the opportunity to participate in the elections, freedom of expression and assembly, and the degree of freedom of the media.

The indicator "Political stability and the absence of terrorism/violence" assesses the country's public perception of the likelihood of political instability and / or politically motivated acts of violence, including terrorism.

The indicator "Government effectiveness" assesses the quality of public and civil services, as well as the degree of their independence from political pressure, the level of quality of how government policies are developed and implemented, as well as the degree to which the government steadily follows the stated policy directions

The indicator "Regulatory quality" reflects the public perception of the ability of state authorities to determine and implement sound policies and regulations that allow and stimulate the development of the private sector of the economy.

The indicator of "Rule of law" assesses the perception of public confidence in the sustainability of social rules and regulations, and how they respect (and enforce) contracts, property rights, law enforcement agencies and the courts, as well as how they assess the likelihood of committing crimes and acts of violence.

The indicator "Control of corruption" assesses the public perception of the extent to which the state and government officials use power to achieve their private goals, including small-scale and large-scale corruption, and the seizure of state power by elites and private interests.

Linear regressions for each of the Worldwide Governance Indicators were made based on the World Bank data, which characterizes their relationship with the indicator of GNI per capita at constant prices (also The World bank data). The observations were made for 90 countries [1, 2].

For the indicator "Voice and accountability" relationship is showed by the following formula:

$$Y = 3726 \cdot X_1 - 934,8 \quad (1),$$

where Y is gross national income per capita at constant prices in 2010, in US dollars,

X_1 is score indicator "Voice and accountability" from 0 to 5.

The correlation coefficient is 0.27, which indicates a weak linear relationship between the indicators.

For the indicator "Political stability and the absence of terrorism/violence" relationship is showed by the following formula:

$$Y = 6657,1 \cdot X_2 - 7296 \quad (2),$$

X_2 is score indicator "Political stability and the absence of terrorism/violence" from 0 to 5.

The correlation coefficient is 0.51, which indicates a moderate linear relationship between the indicators. Based on the revealed dependence, the potential level of GNI per capita for Belarus amounts to US \$ 9,523, which is higher than the actual level of 2017 GNI per capita by 57.6%. Consequently, the indicator "Political stability and the absence of terrorism/violence" is not a deterrent to the growth of the GNI per capita.

For the indicator "Government effectiveness" relationship is showed by the following formula:

$$Y = 10738,8 \cdot X_3 - 16808,3 \quad (3),$$

X_3 is score indicator "Government effectiveness" from 0 to 5.

The correlation coefficient is 0.78, which indicates a strong linear relationship between the indicators. Based on the revealed dependence, the potential level of GNI per capita for Belarus amounts to US \$ 6,319, which is higher than the actual level of 2017 GNI per capita by 4.6%. Consequently, the indicator "Political stability and the absence of terrorism/violence" is not a deterrent to the growth of the GNI per capita.

For the indicator "Regulatory quality" relationship is showed by the following formula:

$$Y=10760,2*X_4-17426,8 \quad (4)$$

X_4 is score indicator "Regulatory quality" from 0 to 5.

The correlation coefficient is 0.77, which indicates a strong linear relationship between the indicators. Based on the revealed dependence, the potential level of GNI per capita for Belarus amounts to US \$ 1,552, which is lower than the actual level of 2017 GNI per capita by 75.4%. Consequently, there is the growth reserve for the indicator "Regulatory quality".

For the indicator "Rule of law" relationship is showed by the following formula:

$$Y=10412,4*X_5-15280 \quad (5),$$

X_5 is score indicator "Rule of law" from 0 to 5.

The correlation coefficient is 0.73, which indicates a strong linear relationship between the indicators. Based on the revealed dependence, the potential level of GNI per capita for Belarus amounts to US \$ 2,227, which is lower than the actual level of 2017 GNI per capita by 64.7%. Consequently, there is the growth reserve for the indicator "Rule of law".

For the indicator "Control of corruption" relationship is showed by the following formula:

$$Y=9835,3*X_6-13766,5 \quad (6),$$

X_6 is score indicator "Control of corruption" from 0 to 5.

The correlation coefficient is 0.72, which indicates a strong linear relationship between the indicators. Based on the revealed dependence, the potential level of GNI per capita for Belarus amounts to US \$ 8,292, which is higher than the actual level of 2017 GNI per capita by 37.6%. Consequently, the indicator "Control of corruption" is not a deterrent to the growth of the GNI per capita.

Thus, the analysis shows the reserves for the growth for the GNI per capita in the following parameters – “Regulatory quality” and “Rule of law”. The achieved level of GNI per capita in Belarus is ensured by the indicators “Political stability and the absence of terrorism/violence”, “Government effectiveness” and “Control of corruption”.

List of used sources:

1. The World Bank Data. World Bank [Electronic resource]. Mode of access: <http://data.worldbank.org/indicator/>. – Date of access: 12.03.2019.
2. Worldwide Governance Indicators. World Bank [Electronic resource]. Mode of access: <http://info.worldbank.org/governance/wgi/#doc>. – Date of access: 12.03.2019.