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Article (Published)  
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*Original Citation:*

Becker, Joachim (2017) In the Yugoslav Mirror: The EU Disintegration Crisis. *Globalizations*. pp. 1-11. ISSN 1474-7731

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To cite this article: Joachim Becker (2017): In the Yugoslav Mirror: The EU Disintegration Crisis, Globalizations, DOI: [10.1080/14747731.2017.1330984](https://doi.org/10.1080/14747731.2017.1330984)

To link to this article: <http://dx.doi.org/10.1080/14747731.2017.1330984>



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Published online: 31 May 2017.



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## In the Yugoslav Mirror: The EU Disintegration Crisis

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**ABSTRACT** *The Yugoslav and the present EU integration crisis display several parallels. In both cases, the integration models have proved to be unable to attenuate the uneven development patterns, and the state has been characterised by strong confederal elements. Deep economic crisis strengthened in both cases the centrifugal tendencies. The political discourse became increasingly dominated by the question ‘who exploits whom?’. While central authorities pursued policies of neo-liberal structural adjustment eroding its legitimacy among the popular classes, the republican authorities in Yugoslavia, respectively, the national governments in the EU tried to shift the burden of the crises to the others and strengthened their role during the crisis management. With the deepening of the crisis, constitutional reform became an issue in Yugoslavia. In the Yugoslav case, the various proposals proved to be irreconcilable. In the EU, a debate on its future shape has begun as well. This issue is highly controversial. In the EU, a key problem is the relationship between euro zone and non-euro zone states. Such an institutional divide did not exist in Yugoslavia. It is significant that the leading state of the non-euro zone group, the UK, is the first state to exit the EU. A key question is whether the EU has already passed the critical point where a deep reform is still possible.*

**Keywords:** EU, Yugoslavia, disintegration

‘Europe like former Yugoslavia’. This was the headline of an interview with the Slovenian economist Jože Mencinger in the Serbian weekly *Vreme* in 2011. In the interview, Mencinger who had been a key politician in Slovenia during the Yugoslav disintegration process compared the debates in crisis Yugoslavia in the 1980s and the EU today. He observed strong parallels regarding rifts between the most developed parts and the poorer regions and the ensuing mutual recriminations in both cases (Radić, 2011). Mencinger is not the only intellectual in former Yugoslavia who sees parallels between the disintegration of Yugoslavia and the

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present centrifugal tendencies in the EU. Following the Brexit decision in the British referendum in June 2016 and the subsequent initiation of the exit process in March 2017, the disintegration of the EU has been set in motion. Though the two cases differ in regard to the socio-economic and political order—‘self-management’ socialism in the transition towards capitalism in Yugoslavia, capitalism in the EU—they show some striking structural parallels in other regards: the very uneven patterns of development and the political mixture of federal and confederal elements. In both cases, a ‘great crisis’ decisively strengthened the disintegrative tendencies. This makes a comparison between the two cases worthwhile.

In the analysis, structural features and elements of the political-economic ‘conjuncture’ will be distinguished. ‘Great crises’ are particularly important junctures since actors develop new strategies in such situations. Political and economic strategies have a spatial dimension. Under specific circumstances, actors might aim at changing the territorial order (Becker, 2002, p. 264). In both, Yugoslavia in the 1980s and the early 1990s and in the EU today, actors at the republican/national level have aimed either to transform the existing set-up of the multi-national state in conflicting ways or to split directly away from the state. In this way, they wanted to change the ‘strategic selectivity’ (Jessop, 2002, p. 40) of the state structures in order to promote their interests. The ‘strategic selectivity’ of the state defines the differential access to and control over state capacities. In principle, the territorial strategies might be developed from above, that is, forces within the dominant bloc, or rather from below, that is, the lower social classes. Forces of the dominant bloc might try to integrate forces of the dominated classes in an alliance cutting through class lines in their territorial project (Becker, 2002, p. 242). This article explores the alliances behind ‘YU-federal’/EU-wide territorial projects and those favouring ‘national’ solutions.

### **The Disintegration of Yugoslavia**

When the Communist partisan emerged victorious from the Second World War, they were confronted with a very difficult economic heritage. The country was devastated by the German occupation and the war. The country was very unevenly developed and in a peripheral position within the European division of labour. The development project of the League of Communists aimed at overcoming these two features. It launched an ambitious industrialisation project and put particular emphasis on developing the poorest regions of the country where a kind of semi-subsistence agriculture predominated. A special fund for building infrastructure and industries in the less industrially developed regions of Yugoslavia was created. Phases of centralisation and decentralisation of economic decision-making alternated (cf. Samary, 1988). In 1965, a major decentralisation with the strengthening of decision-making of the ‘social enterprises’ and subsequently the republics was commenced (e.g. Kirn, 2014, p. 213). The decentralisation led to an increasing economic divergence and widening of per capita income differences between the richest republics and poorest regions. The gap between the per capita Social Product of the poorest region—Kosovo—and the richest republic—Slovenia—widened from 1:4 to around 1:7 between 1952 and the late 1980s (in the prices of 1972; Borak, 2002 p. 214, tab. 214). Enhanced powers of the directors of ‘social enterprises’ and the technocratic strata were the second effect of decentralisation (cf. Kirn, 2014, p. 244).

At the political level, decentralising tendencies culminated in the passing of a new Constitution in 1974. The constitution redefined the distribution of powers between the Federal government and the Republics (and autonomous regions). It instituted a mixture of federal and confederal elements, but moved decisively closer to ‘confederal political institutions’ (Kirn, 2014, p. 198). As in other state socialist states, the Yugoslav state had dual government and

Communist Party structures. Strategic decisions were taken by superior organs of the Party (cf. Becker, 2009, p. 35). In the early 1970s, the composition of the cadre structure of the party also started to change. The older generation of partisans was increasingly supplanted by younger, often better educated cadres. ‘These young Party leaders owed their power and prestige mostly to the environment in which they originated, that is, to their republics of origin’ (Centrih, 2014, p. 15). This facilitated the transformation of the League of Communists in a way parallel to the government structures: ‘The LCY had in fact become a veritable federation of seven separate Leagues of Communists (the republican branches plus the communist organization in the army, each with its own establishment, leaders and particular interests’ (Centrih, 2014, p. 16).

Thus, by the time a significant crisis hit the country in the 1980s, the country was characterised by strong patterns of uneven development plus a strong proliferation of decentralised, republican structures of both party and government state structures. This crisis had its roots in the attempt to bridge the chronic current account deficit and to modernise the economy through capital goods imports, which incurred external debt in the 1970s. The government reacted by applying several austerity programmes in the 1980s—partially backed and controlled by the International Monetary Fund (IMF) (cf. Borak, 2002, p. 143; Djeković, 1989, p. 31; Weissenbacher, 2003, p. 154). The consequences were stagnation and temporary declines in GDP, high inflation, massive real income losses, increasing poverty, and rising unemployment. The impact of the crisis hit different parts of Yugoslavia unevenly. As Djeković (1989, p. 25) pointed out, unemployment in Kosovo reached about 30%, whereas Slovenia still enjoyed almost full employment with an unemployment rate of 1.9% in the mid-1980s.

The deteriorating social situation produced a series of strikes of workers that were ‘short, atomised and ever more unsuccessful’ as Unkovski-Korica (2015, p. 40) observes; and ‘family, neighbourhood and friendship networks became to replace workplace loyalties’ (p. 40). The party leaders in the republics tried to capture malcontent workers by promising protection along national lines (cf. Woodward, 2002, p. 79). The republic leaderships tried their very best to shield their own republic as much as possible from the impact of the crisis. Economic policy-making increasingly fragmented, whereas nationalist rhetoric strengthened. The rhetoric had economic undertones: ‘Who exploits whom?’ was the denominator of acrimonious debates on economic relations and fiscal transfers between the republics (cf. Madžar, 1996).

In the late 1980s, the problems came to a head. As the crisis exacerbated, the new federal government of Ante Marković signed a new agreement with the IMF and passed a package of tough austerity measures and structural neo-liberal transformative reforms. The IMF came out in favour of strengthening the economic policy-making powers of the federal government (Weissenbacher, 2003, p. 168). This was counterproductive, since the undertaking met the resistance of the republics. An extremely controversial debate on constitutional changes for re-ordering the (economic decision-making) powers between the federation and the republics ensued (cf. Borak, 2002, p. 171).

Marković was in a very weak position. The main support pillar of his government was an external one—the IMF. The Marković government did not have sufficient backing within the central party apparatus and federal state institutions had been massively weakened over the previous 15 years. Whereas the anti-inflation bias of the programme was popular, the social consequences were not. His government got support from the newly formed Udruženje za jugoslovensku demokratsku inicijativu (UJDI) that had been founded by left and left-liberal intellectuals who tried to promote a democratic Yugoslav alternative. This initiative came out in support of Marković’s economic programme (Spaskovska, 2015, p. 42). In view of the

deteriorating economic situation and the inability of the programme to deal with the development impasse in Yugoslavia, this support hardly enhanced the popularity of the UJDI. It remained fairly isolated. However, peace and human rights activists emerged out of the UJDI.

The republican leaderships had different and conflicting conceptions. Slovenia and Croatia favoured a loose confederation with sweeping powers, including the economic sphere, for the republics (cf. Borak, 2002, p. 187). Free from the burden of the periphery, they wanted more leeway for decision-making. Serbia was economically more orientated towards the other republics and argued for a federal solution—but with a much stronger role for Serbia. And the republics systematically took measures and passed legislation that undermined the decisions and decision-making powers of the federal government (cf. Borak, 2002, p. 180). The leading forces in the republics—party leadership, technocracy, and directors of state enterprises—shared an interest in securing territorial control of ‘property rights’ and, thus, leverage over the privatisation process (cf. Samary, 2008, p. 175). They managed to get many workers onto their side with promises of ‘national’ protection.

The party was the first of the pillars of the state to collapse (Centrih, 2014, p. 5). With the disintegration of the party on its 14th extraordinary congress in January 1990, the strategic decision-making centre of the state withered away. The governmental structures of the state followed suit. The premature German recognition of the independence of Slovenia and Croatia fuelled the disintegration process (cf. Weissenbacher, 2005, Section VIII).

Slovenia’s subsequent political and socio-economic trajectory differed from the rest of the successor states to a significant extent. Due to its economic specialisation and closer links to Western Europe, Slovenia was economically more advantageously positioned than the rest. In Slovenia, trade unions were able to influence the transformation through strong labour action (Bembić, 2015, p. 163). A social compromise based on neo-corporatist institution ensued. With entry into the EU and the election of a right-wing government in 2004, financialisation and the strong impact of the global crisis, this compromise has been significantly eroded (Becker, 2016, pp. 56, 62). In the case of others, capitalist transformation brought about politically well-contacted local capital groups and, thus oligarchic structures. The conflictive form of disintegration, wars and, in the case of Serbia and Montenegro, international sanctions favoured particularly opaque forms of privatisation (cf. Becker, 2015, p. 422). With the increased orientation towards pre-accession and, partial accession talks, transnational firms were able to get a foothold in strategic sectors, like banking. Apart from Slovenia, the Yugoslav successor states have suffered from lasting de-industrialisation. Their growth has been highly dependent on foreign capital inflows. Unemployment is structurally very high. In successor states like Serbia, Montenegro, and Bosnia-Herzegovina, real GDP had at the beginning of the 2008 global crisis not yet recovered to the 1989 level (cf. Myant & Drahokoupil, 2011, tab. A2.). In Bosnia-Herzegovina and Macedonia with their forms of institutionalised ethnic power-sharing arrangements, disintegration tendencies similar to the Yugoslav case have been reproduced.

### **Disintegrative Tendencies in the EU**

The European Economic Community (EEC) was founded in 1957 both as consequence of the World Wars and as a child of the Cold War. Economic cooperation and integration was perceived as a way to prevent the renewal of new conflicts within Western Europe. West European integration was intended to cement unity vis-à-vis the state socialist camp. From the very beginning, this European integration project combined intergovernmental and supranational

institutions. Though the role of parliamentary institutions has been increased over time, a clear bias in favour of the executive branches of the state—the European Commission and the various Councils of Ministers—has remained in place. The role of technocracies with little or no democratic accountability like the European Central Bank has been increasing over time. This institutional design has shielded the EU decision-making centres from public pressures from below (cf. Müller, 2012, p. 40; Vauchez, 2014). Thus, the ‘strategic selectivity’ of the EU is biased against the popular classes and in favour of Europeanised business.

In the ambiguous blend between confederal and federal/supranational elements, there are parallels between Yugoslavia and the EU. However, the Federal elements were stronger in Yugoslavia and its state structures were more uniform. With the growing heterogeneity of member states through successive enlargements, integration into the EU state project has become differentiated. The most fundamental differentiation concerns money. Most, but not all EU members are members of the euro zone. The euro zone has emerged as an institutional core of the EU. It had been conceived as such by key German politicians. Wolfgang Schäuble and Karl Lamers underlined in their famous 1994 paper that currency union ought to be the ‘hard core of the Political Union’ (CDU/CSU-Fraktion im Deutschen Bundestag, 1994, p. 6). At that time, they argued in favour of a small and homogeneous core—even excluding Italy (CDU/CSU-Fraktion im Deutschen Bundestag, 1994, p. 5). From controversies over the shape of the currency union, a much broader euro zone emerged in the end. Since the 1990s, a debate on ‘core Europe’ and its geographical shape has haunted the EU. This type of internal differentiation did not exist in Yugoslavia. However, there was a recurrent debate on the role of Serbia—whether it played a dominant role or should play such a role—in the Yugoslav federation.

The ‘strategic selectivity’ of the EU has favoured its increasingly neo-liberal orientation from the 1980s onwards. Projects like the Single Market and the euro zone have deepened uneven development patterns because they removed protective mechanisms from the peripheral economies without creating sufficient compensatory mechanisms (like regional industrial policies). Compared with Yugoslavia, uneven development had been much less of an issue at the founding of the EEC. At that time, the periphery of the EEC of six consisted only of Southern Italy and was, thus, relatively small. Through the successive enlargements, first in the 1980s in the South and then later from 2004 to 2013 in the East, the EEC and later EU incorporated vast peripheries. Trade liberalisation—either through incorporation in the EEC in the case of Southern Europe or through the pre-accession trade agreements in the case of Eastern Europe—often led to de-industrialisation or stunted at least temporarily industrial development. Overvalued exchange rates and incorporation into the euro zone tended to aggravate negative effects on productive sectors. Though the EEC created funds for regional development, their activities have been geared mainly to infrastructure. The EU never has engaged in regional industrial policies (Becker & Weissenbacher, 2014, p. 17). Thus, the EU has been less energetic and systematic in its efforts to attenuate uneven development than Yugoslavia.

Central Eastern European countries and Ireland were the only exceptions to the rule. Here, processes of dependent industrialisation took place. They rely almost exclusively on foreign capital which is attracted by relatively cheap labour and very low corporate taxation. The Central Eastern European economies have turned into suppliers for German export industries (Becker, 2016, p. 52). Already in the years before the global crisis, the divergence of development patterns in the EU and euro zone grew. On the one hand, core countries around Germany relied on an export-oriented model. They showed an increase of the current account and exported capital, inter alia to the EU peripheries. On the other hand in Southern Europe, surplus liquidity in the core countries and euro zone membership implied access to cheap credit. Credit expansion

facilitated consumption and real estate booms. The productive sectors tended to be neglected. Soaring current account deficits and external debts were the consequences. In Italy and France, current account deficits were not particularly high, but manufacturing has suffered from significant decline (Álvarez Peralta, Luengo Escalonilla, & Uxó González, 2013, p. 89; Becker, Jäger, & Weissenbacher, 2015, p. 86). The debt-driven tendency towards GDP per capita convergence was deceiving because the productive structures in the periphery tended to decline. And the divergence in GDP per capita is enormous: 1:14 between Bulgaria, the poorest member state, and Luxemburg, the richest one. The gap is still an enormous 1:7.6 between Bulgaria and the EU country with the second highest GDP per capita, that is, Denmark (own calculation based on 2015 Eurostat data).

The rift between the institutional core of the euro zone and the rest and between the economic core and periphery proved to be structural starting points for disintegrative tendencies, which were set in motion in the wake of the global crisis. The EU economies were hit unevenly by the global crisis. The highly financialised EU economies, both in the West (UK, Ireland, Luxemburg, Denmark, and Sweden) and the East (Latvia) were early hit by the crisis. They recorded a fall of the GDP already in 2008. In the UK, the 2009 recession was more or less in line with the EU average. The UK mobilised early on particularly large funds in order to re-stabilise the banking sector (Panetta et al., 2009, p. 13, tab. 1.2). This had obviously quite negative repercussions for the budget, the UK governments applied strict austerity measures. The Irish economy was massively hit by the banking and real estate crisis, but also by the decline of exports. The models of dependent financialisation in Eastern and Southern Europe were severely affected by the drying up of capital inflows. The higher the pre-crisis current account deficit, the worse the crisis. In Eastern Europe, a high degree of informal euroisation of the credit system proved to be fatal. The East European economies were hit early on already in autumn 2008, whereas euro zone membership proved a temporary shelter for the Southern European EU countries. However, they faced increasing interest rates and refinancing problems from 2010 onward. Northwest European countries like Germany and the Netherlands were affected both by the financial fallout of the crisis and declining exports. The German fall of exports affected in turn the suppliers in Austria and Central Eastern Europe. Germany and its immediate industrial periphery in the East recovered relatively early from the crisis (cf. Becker et al., 2015, p. 88).

Like the republics in crisis-ridden Yugoslavia, the EU member states tried to reduce the impact of the crisis in their own countries and to shift negative consequences to other countries. However, their ability to do so proved to be uneven. The creditor countries, particularly the German government, saw their influence in the EU strengthened (cf. Cafruny, 2015). The strategic decisions of EU crisis management were taken by the governments of the member states (Lenaerts, 2015, p. 139). And those decisions implied that the brunt of the costs was to be borne socially by lower middle strata, workers, pensions, and unemployed and spatially by the peripheral countries in Eastern and Southern Europe.

Joint IMF/EU Structural Adjustment Programmes implying massive austerity in order to bring imports and current account deficits down were first applied from autumn 2008 onwards in East European member states. From 2010 onwards, it was the turn of South European euro zone member states. Due to particularly significant vulnerabilities like the enormous current account deficit, Greece was the first country that saw itself obliged to apply for conditioned financial support. And Greece was to be the case that brought the politically disintegrative tendencies in the euro zone into the open. The governments and the media in the core countries, like Germany, depicted the emergency credits for Greece as a rescue operation for the Greek state. However, the banks of the core countries were at the beginning highly exposed in Southern

Europe and had, thus, a vital interest that the IMF and the EU would provide refinancing for Greece and other South European debtor states (Cafruny, 2015, p. 64). This side of the coin tended to be neglected in the German, Austrian, etc. public and media debates. Instead, negative stereotypes about 'lazy Greeks' came to abound in the media (cf. Chilas & Wolf, 2016, 123 f.). Anti-EU sentiments increased (cf. Cafruny, 2015, p. 65). Vast sectors of the Greek society have suffered severely from the impact of the austerity policies. The German-inspired policies were massively resented—and this was mirrored in media reporting. The ensuing controversies have brought up similar topics and stereotypes as the Yugoslav debate, 'who exploits whom?'

To the dismay of liberal-conservative governments at the EU core, austerity policies wore down the traditional Greek parties PASOK and Nea Dimokratia. In the wake of strong social protests, the left-orientated Syriza became stronger at each parliamentary election. In early 2015, Syriza was able to form a coalition government with a small nationalist formation based on an anti-austerity mandate. The Syriza government hoped to find allies in the euro group for attenuating austerity. Its calculation was that the euro zone member states were willing to make concessions in order to keep the euro zone together (cf. Varoufakis, 2015, p. 10, 20ff., 50ff.). This proved to be an erroneous assessment of the position of key member states, particularly the German government. The German Minister of Finance, Wolfgang Schäuble, confronted the Syriza government with an alternative: accept the austerity programme of the Troika or exit the euro zone. This position that reflects rather the view of the national conservative wing of the CDU/CSU is coherent with his 'core Europe' concept of the 1990s. Thus, Schäuble put the expulsion of economically peripheral euro zone members from the institutional euro zone core towards an institutionally more peripheral position onto the political agenda.

Under extreme pressure from the rest of the euro zone and the ECB, the Greek government first organised a referendum on austerity to strengthen its democratic mandate. Since it had not prepared concrete measures for an alternative (i.e. immediately realisable steps towards leaving the euro zone), it eventually submitted to external pressures.

Though Greece was not expelled in 2015, the issue of peripheral euro zone states exiting the euro zone involuntarily or voluntarily is not off the agenda. There are significant right-wing currents favouring 'core Europe' concepts. And the Greek example has had an impact on left debates as well. On the left, the Greek precedent has strengthened those currents that argue that preparing at least an emergency exit from the euro zone should be an essential feature of alternative strategies (cf. e.g. Lapavistas, Flassbeck, Durand, Etiévant, & Lordon, 2016). For them, some exiting the euro zone is a strategic option in order to gain policy spaces both for more egalitarian policies and for rebuilding productive structures. For others, leaving the euro zone is rather an emergency exit in order to be able to break with austerity and regain policy spaces. One of the lessons from the Greek experience is how essential the role of the central bank in providing liquidity to the banking sector is. In order to be able to refinance banks, it might be necessary to return to a national bank in order to withstand the external pressures on the liquidity front.

With Brexit, the disintegration issue has become even more explicit. The UK has a unique position in the European division of labour. On the one hand, the financial centre in London, a heritage of the bygone Empire, plays a key role in international financial markets, providing the British economy with features typical of a core economy. On the other hand, the British economy has suffered from profound de-industrialisation. This has translated into structural current account deficits. This is rather a feature of a peripheral economy. The financial interests have played a predominant role in British economic policy-making. The UK has always been in a special position within the EU. This was reflected in some specific concessions to Britain. Due

to the importance of the City of London, the UK governments have decided to stay outside the euro zone. However, the euro zone has gradually evolved into the institutional core of the EU. This trend has been strengthened in the wake of the global crisis. This has implied an institutional marginalisation of the UK though the German government had sought in recent years to build a ‘free trade’-axis with London. The deepened political integration around the euro zone was met with hostility by a significant subset of British Conservatives. The global crisis revealed the structural fault lines of the euro zone. As a consequence, entering the euro zone has become even less attractive for British financial interests and the Tories (MacShane, 2016, pp. 184, 193). An increasing EU-scepticism in British business circles could be observed over the last years—and this tendency has been strengthened by the crisis. ‘Some British company chairmen and CEOs appear to want common rules for everyone else in Europe, but a régime of exception for the City and other British firms’, observed MacShane (2016, p. 142). This radicalised partially into the demand for leaving the EU in order to be able to compete more aggressively by lowering standards. To the right of the Conservatives, the openly anti-EU UKIP got stronger. It was partially able to tap the generalised discontent of the popular classes in the de-industrialised English and Welsh regions—though their malaise was mainly due to Thatcherite and New Labour policies of the national governments.

In order to shore up the position of the Conservative Party, David Cameron launched the proposal to hold a referendum on EU membership—expecting that the ‘Remain’ option would win (cf. Jessop, 2017, p. 134). This proved, however, to be a miscalculation. The main slogan of the Brexit camp—‘Take back control’—found strong societal resonance and was able to unite temporarily a very heterogeneous referendum alliance. The slogan took up the transfer of powers from the national parliament to EU institutions. Parliamentarism is very deeply rooted in the political tradition of the UK and has positive connotations. The Brexit campaign could refer to this. The slogan also insinuated socio-economic protection. The British right was able to deflect the anger regarding Thatcherite de-industrialisation and social degradation to migrants (cf. Patomäki, 2017, p. 169). This part of the campaign was addressed primarily to workers and lower middle-class strata. It has some resemblance with the promises of protection by the Yugoslav republics in the crisis of the 1980s. For sections of the bourgeoisie and the upper middle strata, ‘taking back control’ implied regaining control on trade and related policies. This is in line with the reasoning of the leaderships of the Yugoslav republic in seeking their own way out of the crisis. In comparison to the ‘Leave’-campaign, the ‘Remain’-campaign of the Tories remained pale. The left was equally divided and was not able step out of the shadow of the right (cf. Watkins, 2016, 17ff.).

The 52:48 vote in favour of leaving the EU went against the grain of the majority current in the British ruling class. The ‘Yes’ was strongest among the professional and managerial classes. It predominated in London, a few Northern cities as well as Northern Ireland and Scotland. The ‘No’ found particularly strong backing among workers and in the towns of de-industrialised areas in England ‘with GDP per capita less than half inner London levels, and now hardest hit by cutbacks in services and benefits’ (Watkins, 2016, p. 23). In late Yugoslavia, likewise pro-Yugoslav tendencies tended to be relatively strongest in some of the urban centres. And exclusionary nationalism took particularly strong roots in crisis-stricken rural areas and small towns—with very significant regional variations. Thus, there are some parallels in the socio-economic and spatial dividing lines between pro-YU/pro-EU and ‘nationalist’ camps in Yugoslavia and the UK. In both cases, the pro-supranational forces were not able to link their pro-federal respectively pro-EU perspective with any promising and realistic socio-economic vision for the popular classes. Though there is a debate on which event—the disintegration of

the League of Communists in January 1990 or the declarations of independence by Slovenia and Croatia—proved to be the watershed in the disintegration of Yugoslavia (cf. e.g. Vllasi, 2016, p. 23), there can be no doubt that decisions of exiting federal structures were particularly crucial caesura in a multifaceted process. The UK Brexit decision is a similar turning point for the EU. As Watkins (2016, p. 5) points out, '(i)t also represents a signal defeat for the EU, a reversal of the Union's sixty-year run of expansion and integration'.

As a reaction to the Brexit decision, the European Commission initiated a debate on the 'Future of Europe'. In its 'White Paper on the Future of Europe', the Commission outlined several options. The options range from deepened integration for all on the same lines to differentiated integration and to focussing on the Single Market and Free Trade Agreements (European Commission, 2017, 15ff.). None of the scenarios question the neo-liberal approach to integration. Though a series of reflection papers is planned, none of them will discuss finance or industry. The prevailing economic policy approach is not to be discussed. Thus, a key reason for the increasing alienation, particularly of the popular classes, is not to be addressed (cf. Bayer, 2017, p. 8).

In the first response to the White Paper, the governments of Germany, France, Italy, and Spain came out in favour of a deepened integration of the 'willing'. This is a version of the 'core Europe' concept. It would widen the institutional divide in the EU. Simečka (2017, p. 9), an attentive observer from Central Eastern Europe, did not fail to read between the lines which regions are to be outside the core: Central East and South East European countries. For him, this is an acknowledgement that, for Western governments, 'enlargement did not work'. The socio-economic rifts between Western core and Western periphery are, however, deep as well. Responses to the integration crisis and Brexit show multiple conflict lines and disintegrative logics.

## **Conclusion**

In both, Yugoslavia of the 1980s and today's EU, entrenched patterns of uneven development and hybrid forms of statehood combining federal/supranational and confederal elements set the structural stage for disintegrative tendencies, which were finally unleashed by deep economic crises. In the EU, the differentiated degrees of integration, in particular the divide between countries inside and outside the euro zone, has proved to be a source of disintegrative tendencies that did not exist in Yugoslavia. The Yugoslavian governments had been more energetic in dealing with uneven development patterns than the EU though their success has been limited. In both cases, the crisis and crisis management have triggered acrimonious debates on 'who exploits whom' pitching core and periphery against each other.

In both, Yugoslavia in the 1980s and the EU today, the initiatives for separating from the supranational set-up or at least loosening the ties have been taken by parts of the dominant block in the republics/member states. Thus, these initiatives have originated primarily from the richer parts of Yugoslavia and the EU. These forces wanted leeway in charting their own way out of the crisis, and, usually wanted to get rid of the 'burden' of the periphery. In the wake of the crisis, the role of the republics was enhanced in Yugoslavia, and the role of the dominant nation-states has been strengthened in the EU.

In both cases, the central institutions lost legitimacy through neo-liberal austerity and structural adjustment policies, particularly among the popular classes. The Yugoslav case shows that, for left-orientated forces defending democratised federalism, a strong identification with austerity policies of the central authorities is the way to self-marginalisation. This is a lesson that the left in Europe should learn from Yugoslavia.

Both in Yugoslavia and in the UK, nationalist forces have successfully mobilised vast segments of the working class for their nationalist cause by promising protection. This enabled them to build multi-class alliances.

In both cases, the disintegration crisis has fed debates on constitutional and institutional reform. In Yugoslavia, institutional quarrels, constitutional debates, and real disintegration processes went hand in hand. In the EU, the stage of open disintegration has been reached with the British decision to leave the Union. The Brexit decision is a watershed for the EU. Negotiations on the modalities of Britain's exit from EU and a limited debate on the further course of the European integration project will be unfolding in a parallel way. Both the European Commission and the main member states are not willing to engage in a debate on the neo-liberal approach to integration or on the 'democratic deficit'. Beyond that, there are serious disagreements among the member states on the further course of integration. A strong left initiative for a thorough democratisation and change of economic direction of the EU does not exist. A move towards fundamental changes of the basic EU treaties would most likely end in disintegration because the disintegrative tendencies are already so strong. Like Yugoslavia in the late 1980s, the EU seems to have passed already a critical point in the disintegration process.

It is not yet clear how far the disintegration of the EU will go and which political forces will finally shape it. It is not irrelevant whether the disintegration process will be shaped primarily by a competition-driven political right or whether left-wing forces would be able to insert a social and cooperative agenda into it. For the left, the minimum target should be that cooperation and coordination policies would still be possible even after (partial) political disintegration.

## Disclosure Statement

No potential conflict of interest was reported by the author.

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