



Munich Personal RePEc Archive

**Resurgence of transition economics:
Brexit as an expected example,
experience and lesson**

Matoshi, Ruzhdi and Mulaj, Isa

UBT College

30 October 2020

Online at <https://mpra.ub.uni-muenchen.de/107852/>
MPRA Paper No. 107852, posted 25 May 2021 01:34 UTC

**9th Annual International Conference
UBT College, Pristina, 30-31 October, 2020**

**Resurgence of transition economics: Brexit as an expected example,
experience and lesson**

Ruzhdi Matoshi ¹⁾, Isa Mulaj ²⁾

¹⁾ Faculty of Political Sciences, UBT College, Republic of Kosovo

*²⁾ Department of Economic Research, Institute for Economic Policy Research and Analyses,
Republic of Kosovo*

*e-mail: ruzhdi.matoshi@ubt-uni.net
isa.mulaj@gmail.com*

Abstract

Transition economics was and still is a topic mostly associated with the post-communist countries in Central and Eastern Europe (CEE). The cause of its emergence as a theory was not purely economic – the spearhead was politics – leading to the collapse of the Eastern Block, to be followed by the disintegration of three federal states: Soviet Union, Yugoslavia, and Czechoslovakia, with many civil wars and ethnic conflicts. The experience proved a relaxation to the Western liberal developed democracies as it strengthened the belief of their superior model which the transition economies want to embrace. First of all, the transition provided a new opportunity for interaction between European East and West. On the eve of its 30th anniversary, with more than half of these countries experiencing “the end of transition” and joining the European Union (EU) while the rest considered not yet meeting the “standards”, another transition is on the way, and this one not going into but coming out from the EU, Brexit respectively. Just like in former communist countries, it too, originated from politics, namely the results of 23.06.2016 referendum results that decided for the withdrawal of the United Kingdom (UK) from the EU, a move that is about to force considerable changes in the economy, already labelled as “transition.” Although an intensive phase of research and debate is underway, the aim of this paper is to explore the implications of Brexit in terms of its international economics and contribute to a more general theory of transition economics which so far has been reserved for, and as a reference to, post-communist countries in CEE.

Keywords: CEE, transformation, transition economics, Brexit, EU, general theory.

JEL Classification: F15, N44, O33, P16, P27, P33.

Suggested citation: Matoshi, Ruzhdi and Mulaj, Isa (2020), “Resurgence of transition economics: Brexit as an expected example, experience and lesson”, *Proceedings of the 9th Annual International Conference*, UBT College, Pristina, 30-31 October, 2020.
DOI: 10.33107/ubt-ic.2020.463.

1. Introduction

“Brexit” is a term formed by the name British and word exit to denote the withdrawal of the UK from the EU. The term was coined even before it actually came into being for implementation. Since then, the period leading to effective or full withdrawal until 31.12.2020 has been referred to as transition. What is it meant by this transition and does it really ends on the date agreed upon?

Transition is a very broad concept with a number of meanings depending on which area and context applies, but this discussion paper will be focused on its relevance to post-communist countries and the UK after Brexit. When the results of the referendum were announced and the “leave” option won, it made many multinational companies operating in the UK rethink their strategies, despite that it would take one year (until 31.12.2020) for the “leave” to enter into force or become effective, a period known as transition out of the EU. What does this transition imply?

Transition by general definition implies a process of changing from one state to another or going through a process or stage. It is used and applied in many areas, circumstances, conditions, subjects and time. In former communist countries of CEE this was understood as a process from communist rule and command economy to democracy and a market economy. Brexit may be similar to the period of transition in CEE, excluding political disorganization from communism to democracy. As the CEE needed an approximate time from one-party system to the first multi-party democratic elections, so did the UK in negotiating the deal of Brexit with the EU on one hand and free trade agreements (FTA) with each EU member on the other hand. In both cases (CEE and Brexit) this can be considered as an emerging transition. The real transition, however, begins later and lasts longer. This is what actually happened in CEE while in the UK it remains to be seen.

Brexit as a political and economic process is viewed as one of the major developments in the UK’s modern history since it joined the EU on 01.01.1973. Getting out of it is referred to and widely accepted as transition, but not at the time of UK joining the European Economic Community, most likely because it was seen as an easygoing development or evolution towards economic integration. If the process of getting out is transition, could entering into the EU also be called so, just as the term became historically famous for CEE? In literal terms, it may be similar, though in practical development is fundamentally different. The UK did not need to go through massive political and economic disorganization like the CEE did; it joined the EU just as the EU became part of the UK, thus it was a co-integration. The CEE needed time, transformation and transition in order to meet certain criteria for EU integration. It was a transition from centrally planned to an open market economy, a fully-fledged of which took at least one decade in many and even more in some of the former communist economies.

The CEE countries embarked on a massive scale of economic reforms in the early 1990s as part of their transformation from largely state-owned enterprises (SOEs) and economy to an open market economy. They realized this to be a transformation which involved privatization of SOEs, something which the UK did it with her own public companies in the 1980s. As it took much more time than they expected, in the first half of 1990s it actually transformed the economy into a poorer performance by causing recession. Despite being an unexpected transformation, it had to go on to what they desired – a fully operational and developed market economy, or yet another transformation in one journey, the first half of which was backward (recession) and the remaining upward (economic growth). In any case, the whole experiment is identified as (one) transformation without the two phases referred to (recession and growth) which it involved. They first went for transformation, and what they experienced became known in the mainstream theory

of transition economics as a transition process. When is this transition over? That is not a question having an easy answer, which this discussion paper will try to provide, as it also questions the nature of transition for Brexit. If the transition period lasts until 31.12.2020, where the UK is still normally part of the EU and much of the things remain in place, then in effect it is not transition; the real transition begins after. The experience from the CEE has shown that transition cannot happen overnight and it takes years in implementation. Brexit is a kind of transition through democracy where political and economic system remain unchanged. It is taken by caution, uncertainty with warnings in advance what is about to happen, a feeling which most likely is affected by the experience and lessons learned from the transition in CEE. A considerable number of causes were addressed to the UK leaving the EU, and they are complex. Since it has joined the union in 1973 until her leave, the UK's position was somehow specific as it intended deliberately to stay out of the Eurozone and the Schengen area. In general, Brexit was or is a consequence and result of what is known across the EU as Euroscepticism, a phenomenon or move opposing European integration and the EU.

2. Theories of economic transformation and transition

In economics, transformation historically is associated with transition. Moreover, the time of one is dictated or conditioned by the other, and they often evolve together. For example, transition from feudalism into capitalism involved a massive change and economic transformation, just as from capitalism into communism and the other way around. These were transitions with substantial transformations. According to Blanchard (1997), transition in essence implies reallocation of resources to make economic transformation by removing the subsidies where, output is certainly expected to decline and cause disorganization that requires restructuring. As Kornai (2006) called it, transition in CEE was a unique great transformation involving the changes in all spheres at an incredible speed. Transition strategies varied across post-communist countries in political, institutional and economic reforms. Svejnar (2002) distinguished two types of reforms: Type I, involving the dismantling of communist system, macroeconomic stabilization; and Type II, related to establishing the institutions for a market economy, and preparing the legal framework for the rule of law. What was, and still is, the ultimate aim of transition and transformation in CEE? What is the time frame, stages, orientation, criteria, target and destination? There is no consensus on where this transition is over. Scholars have a different view, each presenting their arguably sound reasons, mostly overlapping, and sometimes disagreeing. The most accepted indicator is membership in the EU. While this is taken as a more standard rule for the transition to be over, questions remain over regional development disparities and income differences between the member states, thus giving rise to other indicators.

The European Bank for Reconstruction and Development (EBRD) which has been monitoring the transition in CEE with reports since 1993, determined three stages along with their respective indicators as: i) emergency transition, ii) intermediate stage, and iii) advanced transition. The indicators of these stages included the measures of policy reforms implemented and their results. Later, the International Monetary Fund – IMF (1997) by then judged the transition process as working with reference to eight countries (the Baltic countries, Poland, Czech Republic, Slovakia, Hungary and Slovenia). Its reference to working has been made to stabilization and adjustment programs, reform policies, controlling inflation, and economic growth (after a period of decline since 1990). Taking the same referred countries, Kornai (2006) argued that the aim or destination of transition was towards Western civilization, membership in

the EU respectively, where the eight countries mentioned did so in 2004. He took this as a timeframe of 10-15 years for the transition to be over, and reiterated (Kornai, 2012), that the direction in the destination of transition in CEE proves the superiority of capitalism, therefore the transformation that took and already is taking place in the rest, is the right direction of development and technological progress. In the same spirit but broader terms, Lavinge (1999) considers the transition over when the CEE countries are integrated into the world economy, and this process goes through the stages of reintegration. The initial stage occurred out of disintegration as regional grouping such as agreements between the Commonwealth of Independent States (CIS), and the regrouping of CEE for accession process to the EU. The next stage is to participate in the global economy. After all, the end period of transition depends on those who judge it, and this makes the question somehow unanswerable. The grouping into CEE and CIS was also made by Roland (2001). The latter group lagged behind in reforms by introducing presidential reforms, while the former opted for parliamentary regimes similar to the Western Europe democracies. This reflected in different economic performance and transition towards the EU. However, China remained a dictatorship without democracy, avoided recession and experienced unprecedented economic growth, which is usually dismissed from comparative analysis with the CEE and CIS. This will be discussed later in a separate section.

As far as transition stages are concerned, Csaba (2004) sought to explain the CEE journey through the following: i) transition from plan to market; ii) harmonizing the legal framework, institutional design with the EU and open up to Foreign Direct Investment (FDI); iii) adjustment process and criteria for accession; and iv) joining the EU. More or less, this is line with already mentioned criteria about the end of transition, where some gave a time frame, target or destination, type of reforms, regrouping, collapse of one block in the East and joining the other in the West of Europe, and so on. All this in the name of transition. Nevertheless, leaving the block or the EU such as Brexit has also become popular as transition. This deserves a separate attention within this section.

The UK joined the EEC in 1973, driven by the interest to be part of the European common market. As the time went on, the EEC became simply the EU, which apart from single market, was increasing the competencies in many areas in the UK's affairs. The result of such an "overrule" led to Euroscepticism and consequently to Brexit. What are the causes and implications for the EU and the UK?

Among many causes of the "leave" vote, was the caught up with the right wing populism, nationalism, fragmentation, loss of control over former colonies and immigration of their workers to the UK. Internal problems became a source to lay a blame on externalities such as the rule from Brussels or the EU. The "leave" campaign exploited this among lower classes of British voters or the social fragmentation (Bachman and Sidaway, 2016). Using individual data from "Understanding Society" as the UK's largest database of households, Albrese *et al.* (2019) found that those who voted for "leave" were largely of older age, white ethnicity, less educated, less likely to use smartphones, were less healthier and receiving social benefits. This matches the hypothesis made by Bachman and Sidaway (2016) as if native English were "tired" of immigrants and they wrongly thought that leaving the EU may be the choice to their dissatisfaction. It was also shown that the Labour Party supporters were more likely to vote "remain" as opposed to Conservatives who more supported the "leave". But the political engine and champion that exploited the situation for Brexit was the UK Independent Party (UKIP) and its figurehead Nigel Farage. Proponents of Brexit assumed the UK will resume a greater international role after being freed up from the rule of Brussels, in what the Prime Minister

Theresa May had promised as “Global Britain.” Glencross and McCourt (2018) questioned this new global role while the UK departs the EU. The new opportunity ahead was tested just months after the referendum results were announced, when Mrs May headed a trade delegation to India, a large and fast growing economy, for a free trade agreement (FTA). The Indian officials reportedly complained that the movement of goods and services cannot be separated from the movement of people. This came as a backlash to Mrs May who in 2010-2016 was Home Secretary that implemented the reduction in the number of visas for international students, Indians in particular. That is how immigration concerns as one of the major causes leading to Brexit are being faced with during the transition period as a conditionality for the “Global Britain.” It served as a lesson to Switzerland as a non-EU member, whose voters on 27.09.2020 rejected the restrictions on free movement of people from the EU by nearly 62%.

One of the key areas of concern after Brexit was the trade with the EU and reestablishing border controls, which rises the costs of logistic and freight forwarding companies. Tielmann and Schierek (2017) analyzed potential impact of 107 logistic companies and found strong negative impact on both sides, but more for the UK and less for the EU. In this way, as in many sectors, Brexit will have more negative effects at home and less to the EU with some cases unaffected. Now, the UK has come to renegotiate the terms of even this that attracted her to the union – the European single market and customs union, though not introducing harder borders, including the only land border with the Republic of Ireland through Northern Ireland, which would continue to remain under the influence of certain rules and standards (Prescot *et al.*, 2020).

The first immediate impact was its result of anticipated perceptions and feelings what is about to happen. There were already warning signs if the outcome would be to leave the EU. At the forefront of concerns was the economy, international trade and finance respectively. The immediate impact was felt in the UK banks recording a drop in stock prices in the short-run once the referendum results were announced. The drop was more severe than in the case of Lehman Brothers filing for bankruptcy on September 15, 2008. At the same time, the share of EU banks in the UK became more concentrated (Schiereck *et al.*, 2016). Breinlich *et al.* (2020) estimated that from 2016 referendum to March 2019, there has been 17% outward FDI by the UK firms to the EU states, with no effect to the rest of the world, and less 9% by the EU investment projects towards the UK. In line with them, Mold (2018) had found that it did not affect much to various parts of the world, e.g. in East Africa, and therefore argued that this would not lead to decrease in investment but rather make the region to increase efforts for a closer regional integration as a lesson from Europe of disintegration or Brexit.

Transition in CEE is known when it started, and can be measured by various indicators when it is over, e.g. membership in the EU. But when is the transition over in the UK after Brexit? Nominally, it has a very precise date, i.e. 31.12.2020, but that is exactly when the real transition begins. Its course, implications and target or destination is not yet known as it is an ongoing process. Transition out of the EU or Brexit is different, but also has some similarities with transition in CEE, that are summarized in Table 1 of the following section.

3. Discussion

Time is an essential indicator in distinguishing between transformation and transition. In politics both can happen at the same time for a short period until the one party system is replaced by pluralism and the first elections are held. The ongoing competition between political parties thereafter is not transition but evolution which happens anywhere in the world as society and technology progresses, even in the time of stabilization which does not imply a constant state but steadily evolving.

3.1. Similarities and differences between post-communist transition and Brexit

The course of real transition in CEE depended, among others, from initial conditions, which in most parts was associated with economic recession and civil wars. By no means can this be compared to the transition of Brexit, despite both cases being transition. The UK is well prepared even before that real transition begins, and is likely to maintain political and economic stability, thus the name transition after 31.12.2020 onwards from the EU, let us say ten years, in principle, may only have a literal meaning. Otherwise, it is a wholly different story from transition in CEE. Another difference is that transition in CEE was considerably an uncontrolled experiment, as opposed to Brexit whose control and preparation on what is about to happen began even before the transition took place.

Transition in CEE is referred to in the course of transformation, while in Brexit before it effectively happened. There has been lack of theories from communism to capitalism, something which in the UK made it aware upon embarking in a kind of transition to witness the emergence of various theories on transition before it actually takes place. The UK is getting out of the block (EU) as a single country. The CEE has seen the fall of an entire block with most countries embarking on transition to the EU on individual basis, with some in the Western Balkans still in the process to join and few (Belarus, Moldova, Ukraine, Azerbaijan, Armenia, Georgia being farther away, if any). Brexit came as a result of referendum or the vote by the people. In CEE also by the people but in the form of revolutions which made the communist leaders give way. Table below summarizes the similarities and differences in transition between CEE and Brexit.

Table 1: Common and different features of transition: CEE countries and UK compared

Indicator	CEE		Brexit	
	Cause	Result	Cause	Result
Transition	Revolutionary political and economic disorganization	Taken with euphoria and leading to transition surprises – disappointment	Results of the June 23 rd 2016 Referendum	Evolutionary transition and taken with caution
Transition period	Fall of Berlin Wall, 1990 – 2004	CIS countries still in transition	June 23 rd 2016 – December 31 st 2020	Real transition from 2021 onwards
Target	Membership in the EU	10 states became members	Withdrawing from the EU	Redefining relations with each EU member
Politics	Fall of communism and one party system; Civil wars in many parts	Democracy and pluralism; Breakup of countries and emerging of many successor states	Unchanged at home, review towards the EU	Resigning of government; Risk of breakup of the UK in case of next Scottish independence referendum
Economics	Lack of theories before and in the course of transition; Wholesale reforms	Fall in output and deep recession; Economic transformation	Abundance of theories before and in the course of transition	Mild recession; The economic system remains unchanged
Trade	Massive reorientation of trade towards the West	Geographical proximity to the EU enabled faster integration of eight countries	Renegotiating FTAs with all EU members separately	Looking for FTAs globally, primarily in the British Commonwealth
Privatization	Large scale privatization of state ownership; Free entry and exit	High social costs	Large scale privatization of public companies in the 1980s	High social costs

Economic research outside Marxist and communist system, was restricted or even banned in CEE, but encouraged in the UK, thus leading to diversification of knowledge and expertise which was and still is positive for the theories of transition in the case of Brexit, and that may be the reason why the UK was better prepared for transition from knowledge point of view, not necessarily from the level of economic development. Transition was seen as a hope and with euphoria in CEE but it led to disappointment in the short to medium term. The earlier experience and lesson from the CEE had warned the UK that transition must be taken with caution.

The masses of people often cannot be convinced to follow the right path by democratic means, thus some restrictions and oppression is applied to keep them under control from potential harmful disorder of too much freedom leading to chaos. This is more applicable to historically less advanced societies aspiring to catch up or even beat advanced ones through alternative models as it happened with the Bolshevik revolution in Russia and cultural communist revolution in China associated with the red terror. In this respect, oppression works for the progress. However, it must

rely on harming and destroying others, which is inhuman that has culminated in two world wars and countless others throughout history. Does the UK needs to discipline, scold or punish the people for its “wrong” vote or choosing the “wrong” path? There are already complains in Scotland which voted in favor of remaining in the EU by a landslide of 62%, thus getting Brexit against the Scottish will. The outcome has generated the feeling amongst many Scots to have a second referendum for independence, and join the EU. This would establish the second land border with the EU of what would remain as the UK, between Scotland and England respectively.

3.2. Britain and Brexit in historical perspective

At the time when the UK was bidding to join the EU, many in Britain saw the group as the bunch of losers in both world wars. Great Britain was the largest empire in history by landmass which at the height of its expansion went to clash with German empire over Belgium’s neutrality and win in WWI as well as WWII. The name “Great” does coincide with what actually Britain became known as colonial empire, but that is the name given the island by ancient Romans. As a matter of fact, Small Britain is a peninsula in western France. So when the Romans invaded the territory of today’s France, they named that peninsula as Britannia (Bretagne in modern French), and in the 1st century A.D. after establishing the Roman province of Britain (today’s England and Wales), they named the first as Britannia Minor (Small Britain) and the latter as Britannia Major (Great Britain). That is just a reminder to those who still wrongly may think that the Great Britain got her name after massive colonial power.

Belgium preserved as a “buffer zone” between France, Germany, the Netherlands and the UK became the house of the EU, from which the UK withdrew (a transition from sympathy and fanatical defense to aversion), thus fearing the rule from Brussels which in the past it went to protect her from German hegemony. Although the sources provide evidence about the profile of those who voted to “leave” where majority appear as less educated and liberal, there is no doubt that amongst many British, the nostalgia of her greatness past, including the modern one from both world wars, was deeply rooted in their minds and thus might have affected the outcome of the 2016 referendum to leave, including here the aversion of the rule from Brussels of Belgium whom the UK had to defend. One cannot judge such a choice (to leave the EU) as not the right behavior or choice. The history of empires is that of the evolution or rising and falling. Some may unsuccessfully try the revival such as Benito Mussolini for Italy in reference to ancient Roman empire, or Adolph Hitler’s dream to create a thousand year lasting Reich, Vladimir Putin’s sorrow describing the fall of the Soviet Union as the greatest catastrophe of the 20th century (what about two world wars?!) and that he would reverse the failure only if he could, then, Recep Taip Erdogan’s intentions (and commitment) to reestablish a kind of Sultanate and new Ottoman Empire, and so on. Genghis Khan Mongol Empire was the largest contiguous and most ferocious one in history. Mongolia today is a third world country of just over three million inhabitants sandwiched between Russia and China. Certainly, it has given up the greatness past for any future imperial ambition, but this is being pushed for by her southern neighbor whom the Mongols had invaded in the Middle Age, China respectively. Just as empires rise and fall, so do their factors behind them change or evolve such as demographics, landmass, natural resources and climate, industrial revolution and technological innovation, capital, and military might. And they are not all of it for conquest and domination. COVID-19, originating and alleged to have been engineered in China, has emerged as a super weapon on a global scale, after which someone may come out as victorious, but hopefully this inhuman factor will be defeated soon by humanity along with potential future pandemics.

3.3. Transition and transformation: towards a more general and standard theory

As discussed earlier, transition and transformation in economics are ambiguous terms. It is not clear where one or another ends. It was this unclear view as where the transition will be over, especially among different countries which Seliger (2002) questioned its use synonymously with transformation. Transformation is seen as an evolutionary process which in CEE happened in a revolutionary way, but the timeframe to reach a destination or target differed from country to country. Why? It was more spontaneous rather than a controlled experiment. Brexit is a controlled process right from the beginning, even a little before it happened.

An example, and perhaps the best available one, is economic transformation with no political transition. China experienced a profound economic transformation, but rarely has anyone judged it as a transition as long as it maintained the communist rule to the present day. If in the view of Nolan (1995) China rose during the 1990s and Russia fell in economic terms once the latter initiated a transition to an open market economy and democracy, then where is the transition to democracy in China? The Chinese style reforms which did not allow the Western policy recommendations, namely those of the Washington Consensus, an alternative transition, transformation and capitalism of gradualist approach which worked more effectively (Ahrens and Jünemann, 2010). Could such a pattern of transformation and experience work for better in CEE which introduced the Western style democracy, thus making transition of growth and not of recession? Did they need to copy China's approach or apply an alternative to what they implemented? Instead of the Washington Consensus, the CEE countries were in a better position to adopt the alternative that was available to their doorstep they wanted to join and actually are joining, i.e. the social market economy model. The outcome of such an alternative of transition, if implemented from the beginning, could have been different, probably with more positive result from what they actually experienced (Matoshi and Mulaj, 2019).

Transition does not imply any major and fast transformation in the UK, while in the CEE both are often understood synonymously or one conditioned by the other, e.g. the beginning of transition marks the starting point of transformation, and when the transformation ends and the countries have fully fledged market economies and joined the EU, the transition is considered over. When the scale of this indicator reaches the point as complete, the transition process is considered over, though this may be disputed. For example, Romania and Bulgaria were much behind in development than Croatia but joined the EU earlier. If membership in the EU marks the end of transition or reaching the target, then why leaving the EU is also referred to as transition?

4. Conclusion and remarks

Transition economics may no longer be reserved for a region of the world or a process from one particular economic system (communism) to another one (capitalism), therefore, it should be integrated into a general theory of evolution, transition and transformation by considering a merger of the Washington Consensus, the Beijing Consensus and the Brussels Consensus. The government made the UK to join the EU in 1973, and in 2016 it was the people's vote who got it out. Brexit is a soft transition or evolution, welcomed with joy by those who voted in its favor as their cause won. Following the immediate implications of withdrawal at national level, the outcome has scared the rest of EU members whose intentions to withdraw from the union paused as they are looking how the UK would fare after Brexit. The Euroscepticism culminating in the Brexit as the first example was being immediately used as a propaganda inside and outside

the UK that other members may follow suit such as France (Frexit), Greece (Grexit), the Netherlands (Nexit), Denmark (Danexit) and so on, all of which associating their portmanteau with the borrowed term “exit” from English. Now, these countries have the opportunity to learn a lesson and think more carefully from either loaned “exit” or employ their own language translation of the term, for other reasons to leave the EU apart from Brexit. The main experience and lesson to be learned is from the quote by Churchill that, if “democracy is the worst form of government except for all the others that have been tried”, then the British voters, as the scholars complain, appear to have chosen the wrong path through Brexit. An independence of Scotland from the UK as a move to join the EU would be even a worse option. If Brexit has caused more harm to the UK than to the EU, so will Scotland be made worse off as it would establish a new land border with the EU, and that is England or the current main and most dependent trading partner. This kind of rerouting the journey to the EU through independence would make transition in the British Isles similar to much of the CEE or post-communist countries.

Despite the lesson learned from the CEE, there is still a misunderstanding or misuse of the term transition. January 1st 2021 will be the first day of true transition in the UK. This kind of evolutionary transition that is about to begin will neither lead to any major economic transformation nor to disruption. Given that Britain as an island is located in the middle of, or surrounded by, developed parts of the EU (Benelux, Denmark, northwestern Germany, northern France and the Republic of Ireland), it is likely that the latter block will perform better economically in the short to medium-run due to their integration benefits. In this respect, it remains a task for future research as the time goes on, to be seen what transformation will bring about in terms of general economic theory, and an answer to the popular and somehow boring question of transition out of the EU.

References

1. Ahrens, Joachim and Jünemann, Patrick (2010). Transitional institutions, institutional complementarities and economic performance in China: A ‘varieties of capitalism’ approach. *Ordnungspolitische Discourse* No. 2010-11.
2. Alabrese, Eleonora., Becker, Sascha O., Fetzner, Thimo and Novy, Dennis (2019). Who voted for Brexit? Individual and regional data combined. *European Journal of Political Economy* 56, 132-150.
3. Bachman, Veit and Sidaway, James D. (2016). Brexit geopolitics. *Geoforum* 77, 47-50.
4. Blanchard, Olivier (1997). *The Economics of Post-Communist Transition*, Oxford: Oxford University Press.
5. Breinlich, Holger., Leromain Elsa., Novy, Dennis., and Sampson, Thomas (2020). Voting with their money: Brexit and outward investment by UK firms. *European Economic Review* 124, 1-20.
6. Csaba, Laszlo (2004). Transition in and towards Europe: Economic Development and EU accession of the Post-Communist States. *Zeitschrift für stats und Europawissenschaften* 3, 330-350.
7. European Bank for Reconstruction and Development – EBRD (various issues). *Transition Report*. London: EBRD.

8. Glencross, Andrew and McCourt, David (2018). Living up to a New Role in the World: The Challenges of ‘Global Britain’. *Orbis*, published for the Foreign Policy Research Institute by Elsevier Ltd., 582-597.
9. International Monetary Fund (1997). World Economy in Transition: Experience under the IMF’s Enhanced Structural Adjustment Facility. Washington D.C., IMF Policy Development and Department of Review.
10. Kornai, János (2006). The great transformation of Central Eastern Europe Success and disappointment. *Economics of Transition* 14 (2), 207–244.
11. Kornai, Janos (2012). Innovation and Dynamism: Interaction between Systems and Technical Progress. Working Paper No. 2010/33, Helsinki: United Nations University, World Institute for Development Research.
12. Lavigne, Marie (1999). *The Economics of Transition: From Socialist Economy to Market Economy*. 2nd ed., University of Michigan: MacMillan.
13. Matoshi, Ruzhdi and Mulaj, Isa (2019). Social Market Economy as an alternative to the Washington Consensus in the Western Balkans. *Economic Vision* 6 (11-12), 180-191.
14. Mold, Andrew (2018). The consequences of Brexit for Africa: The case of the East African Community. *Journal of African Trade* 5, 1-17.
15. Nolan, Peter (1995). *China’s Rise, Russia’s Fall: Politics, Economics and Planning in the Transition from Stalinism*, London: MacMillan.
16. Prescott, Craig., Pilato, Manuela., and Bellia, Claudio (2020). Geographical indications in the UK after Brexit: An uncertain future? *Food Policy* 90, in press.
17. Roland, Gérard (2001). The Political Economy of Transition. Working Paper No. 413, William Davidson Institute: University of Michigan.
18. Schiereck, Dirki., Kiesel, Florian., and Kolaric Sacha (2016). Brexit: (Not) another Lehman moment for banks?. *Finance Research Letters* 19, 291-297.
19. Seliger, Bernhard (2002). Toward a More General Theory of Transformation. *Eastern European Economics* 40 (1), 36-62.
20. Svejnar, Jan (2002). Transition Economies: Performance and Challenges. *Journal of Economic Perspectives* 16 (1), 3–28.
21. Tielmann, Artur and Schiereck, Dirk (2017). Arising borders and the value of logistic companies: Evidence from the Brexit referendum in Great Britain. *Finance Research Letters* 20, 22-28.