

Review of: "The EU's Capacity for Enlargement: Does It Matter?"

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First of all, I want to thank the author for the article and the discussion proposal. Perhaps the most attractive element is the question in the title: Does expansion capacity matter?

Let's focus on the existential, institutional, and economic prospects.

Existential environment

Having a long border (directly or indirectly) with a totalitarian regime that can easily put the entire economy on the war rails and is completely untouchable by any opposition from the nameless, voiceless population, the EU has two choices: to look for a powerful ally in the person of the United States (in the past) or to significantly increase military spending. The latter is quite difficult to do. The first becomes a big question.

Therefore, from the point of view of the existential environment, Ukraine, as a new member of the EU, is not so much an additional burden for the EU budget as an ally that allows the EU to function on the basis of traditional models of social development.

Then, heterogeneity with a minus in the article model is a big question.

It is this heterogeneity that allowed Ukraine to stop such a strong enemy at the hands of its citizens (even in the literal sense of the word), even in the conditions of several periods of practically no significant assistance from the EU and USA.

The heterogeneity is what provides opportunities for disruptions in the market and produces innovation (some version of Schumpeter's (a professor from a Ukrainian city who lived later in the USA) vision). If anyone has high hopes for big companies, please mention Kodak. A whole range of industries can only benefit from the diversification of markets. More work for the bureaucracy? It should hardly be a significant obstacle.

Therefore, the minus in the influence of heterogeneity in the proposed graphical model is not quite correct.

Institutional prospects

As for institutional obstacles, for the third time in this e-journal, I invite my colleagues to use the Axelrod tournament (<https://axelrod.readthedocs.io/en/stable/>). After all, every institution (mechanism), even in a very young state, has a certain strategy of behavior (at least, principles, standards, habits, and heuristics). Britain's exit from the EU can be

explained from many angles, but try to analyze the completely non-European approach to local self-governance, among other points.

For example, we can apply the Axelrod approach by accepting local self-governance as a cooperator, the stock market as a handshake, the banking sector as a go-by majority, the law enforcement system as a defector hunter, etc. Such a description can be built for all members of the union, and then, based on the Axelrod tournament, the result of its common functioning can be predicted. Of course, the list of possible strategies is large. If necessary, it can be prescribed separately.

When Ukraine is compared with the traditionally accepted democracies, we can cite the upcoming US elections and ask: Will they be more democratic than the last pre-war ones in Ukraine?

Economic perspectives

The article, for example, shows an extremely negative economic result for Ukraine. This is for a country that has been at war with Russia since 2014 and, at the same time, has an economy that even demonstrated economic growth before the expansion of aggression. This is for a country that, until recently, was an ordinary oligarchy and still has its individual features. Now let's remember France and Germany after the Second World War and look at them today. So, should such a promising state be invited to the EU today and helped to get back on its feet?!

Some of the EU states will be categorically against it. For obvious reasons, like farmers on the border with a neighbor that protects them from Russian aggression, but they do not understand this fact.

In the future, Ukraine will be not only a competitor but also a huge market for EU goods. For an adequate answer regarding the economic capabilities of the state or company, it is always necessary to find the current value of business flows for the expected period. Would anyone at least be able to estimate Ukraine's contribution to the EU budget based on normal development conditions in the EU for the next 10 years?!

Additional moments

1. Even in the EU, separate monetary policy is possible using macroprudential instruments. Maybe this small remark has to be involved...
2. If the European Union helps Ukraine (even as pressure) to create modern market institutions—an updated banking system (without NPL > 40%), a functioning stock market, real local self-governance (and not just senseless consolidation), an adequate judicial system, and a law enforcement system (with control of local organizational structures (only!) by local self-governance)—then the result will not be a new recipient for money from the common EU budget but a powerful modern European country—a partner. To understand this, it is worth looking back in history and using the models of behavioral economics.

Maybe the same could be said about Moldova. Let's not forget about the aggressive Russian presence on the territory of this country for decades.

These new countries need modern mechanisms—development institutions—and it is unlikely that they will be the biggest recipients of the European budget in the decade ahead.

I wish the author new interesting research.