Good afternoon, name, Thank you, discussion,

Honored to be discussing this topic with people far more knowledgeable than I am.

When not an expert🡺 more general

I am not an expert on the Balkans, but I do know quite a bit about the EU side.

As an economist I have a certain need to try and fit facts to a theoretical construct.

Payoffs, currently unconditional(and hence cannot create incentives), conditional benefits

Strategic considerations, how there can be trust

Balkan negotiation of EU as game theoretic framework.

Payoff then commitments and strategies

What kind of model I see this kind of game as being a part of and then fit in the facts as we go along.

In its most barebones form, EC/MS are trying to solicit a certain behavior from the Balkans.

The first thing we have to acknowledge is that the parties involved don’t want exactly the same thing. To determine if they can gain from cooperating we must discuss what kind of actions they can take; For instance, they may want to keep their existing constitutions or retaining Sovereignty or keeping a strong executives, or they may not want their local supreme courts to be lower on the hierarchy.

The game in question consists of a player, EC/MS, who has power, who can take an action, which automatically includes player 2 as part of some beneficial scheme.

Indeed this also includes the power to veto future countries from coming, in this case Serbia being given access may block Kosovo from ever joining. This is a problem that the EU would have a lot of pressure to resolve because of Cyprus precedent.

Bulgaria and North Macedonia

The more members, the more difficult agreement becomes to sustain a unilateral veto system

So EC/MS player can let the other player in but once that other player is in, player 2 no longer has much ability to solicit behavior from player 1.

When discussing game theory the first thing needs to be established are payoffs. To discuss payoff we must discuss the costs and benefits associated with each state. Notice that this entails that if policy towards the Western Balkans is unconditional, there is no reason for the Balkans to do anything that the EU demands.

So unconditional actions are already taking place is the EIB which has invested over 11 billion since 2000. A good example of this work is the financing supporting the pan-European corridors running through the Western Balkans: Corridor X and Corridor Vc.

Corridor X, which has received €750 million for the Balkan region alone, starts in Salzburg and ends in Thessaloniki, Greece. It covers 2 300 km of roads and more than 2 500 km of railways, connecting 12 airports and four sea and river ports.

Corridor Vc (European route E73, 702 km), to which €1 billion in funding has so far been committed, connects Hungary to Croatia and Bosnia and Herzegovina and includes the recently built Svilaj bridge over the Sava River, on the Bosnian-Croatian border. This type of work brings the Western Balkans even closer to Europe.

there is our support for foreign business, such as the €500 million package for the Fiat 500 factory in Kragujevac, Serbia. We also support local banks, helping them give loans to small companies across the region. We help redevelop urban areas, such as the project around the Lana riverfront in Tirana, which received €8 million to reorganize streets and other urban infrastructure, so rehabilitating and boosting the neighboring districts, restoring the drainage system to enhance the quality of life and preventing flooding.

What costs do the Balkans have from not entering? The Balkans may consider increased competition a cost, especially if there are entrenched interests, they may have cultural attachments, for instance, Macedonia with the name.

COVID (false, doesn’t’ prevent unilateral action)-Crisis(False, unless there is Euro)-Emigration(False, see Orban)

So what can the EU offer them in terms of conditional benefits? The EU Cohesion fund and other parts of MFF, one could also expect a more active EIB.

On the other hand, China and Russia are playing an increasingly heavy role in the region, are these flows conditional or unconditional? These must be weighted knowing that the external investment won’t come with as many strings attached. Maybe this is a good topic for some master student to explore

Of course, the benefits may be geostrategic, Russia may have integration plans for these regions and as such, there is probably more security in being a part of the EU, though it is increasingly unclear if the EU would ever intervene.

What can the EU claim in terms of benefits? There is first of all this ideology of enlargement, bigger is better. I believe this actually forces institutions to be narrower and creates political integration harder but I never hear this line. Second of all the EU is worried about geopolitical risk, they want to prevent Chinese and Russian encroachment. Though this isn’t necessarily a problem for the commission, some member states see the development of these states as integral due to immigration, ‘if they EU don’t go to the Balkans, the Balkans will simply come to the EU.

What kind of commitment can the EU try and get? They have to be able to punish, but they can only punish pre-accession, they can reduce FDI and reduce the loans, which would increase borrowing costs. EU sanctioned Romania and Bulgaria in the past, 1) By not inviting them to start accession negotiations in 1997 and 2004. Bulgaria and Romania had stronger political commitment in the form of allowing minority rights, for instance they had a thriving party of Turks (Movement of rights and freedom), Romanian have had Hungarian representation since 1990.

* Commitment must be that the Balkans can commit to act in the way the European Union wants them to act
* Examples: Primary: Reduced role of executive, reduce authoritarian powers
* Constitutional commitments in the professor Belov
* Judicial institutions which are costly to change, During the first one, Bulgaria and Romania focused chiefly on the buildup of institutional capacity and on legislative changes, rather than structural reforms.
* 1997 Bulgaria Civil Procedure Code to curtail the involvement of prosecutors in civil actions and to enhance the efficiency of courts burdened by a backlog of cases. For its part, Romania also adopted a new Criminal Code.
* Constitutional changes which require a super-majority to change.

Or if the Balkans can’t commit then the EU must have ex-post punishment. Either conditionalities on members or ability to eject from EU or simply more federal control.

https://www.eib.org/en/essays/hope-strength-western-balkans