

The Vulnerability of a Small, Open Economy in a Situation of Global Fiscal Crisis: The Impact of the Greek Debt Crisis on the Foreign Direct Investments to Macedonia

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Abstract : The objective of my research is to critique the International Monetary Fund (IMF) stance on foreign investment and the benefits for small, open economies of allowing the free movement of capital. In my research as a whole I will explore the extent to which this stance impacted upon and influenced the economic policies of Macedonia. This will involve providing a contextualized, critical account of the policy of the IMF focusing on a comparison of its policies during the early 2000s through policy documents, political discourse and enacted policies in Macedonia. The conditionality associated with these policies, such as the enforcement of austerity measures (including cutting public spending and reducing debt) and the privatization of public institutions has provoked strong reactions in countries which receive such loans. My main focus in my research is on exploring how the process of Financial Liberalization (FL) of the Macedonian economy affected capital flows in the form of foreign direct investments (FDI) in the private sector and how the recent Greek crisis of 2008 has impacted on this. In the case of Macedonia, the reality of FL was tested by the collapse of the Greek economy. However, this paper will highlight the main duties of the IMF and the goals of the FL process implemented in various countries. Additionally, I will undertake a rhetorical documentary analysis on the IMF reports regarding the process of FL in Macedonia since its independence until today.

Keywords : FDI, financial liberalization, Greece, IMF, Macedonia

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