

Bujamin Bela and Ü. Serdar Serdaroglu,
Balkan Economies Structure, Transition and
Transformation of North Macedonia, 1991-2024
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Reviewer: Mimoza Arifi Iseni


This book provides a comprehensive analysis of the economic structure, transition processes and the development of the transformation of North Macedonia. By placing the situation of North Macedonia in the regional trends (Balkan level), each chapter offers analysis of history, policy makers and practitioners interested in the dynamic economic landscape of Southeast Europe. The economic trajectory of the Balkan regional economy is shaped by a complex combination of history, politics, technology and institutional evolution. Among these

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changes, North Macedonia, as a case of possible transformation - haunted by deep structural changes, and European integration ambitions.

This book is structured in ten chapters. The first chapter “Historical Context of the North Macedonian Economy: Structure, Institutions and Economic Philosophy from the Ottoman Empire and Yugoslavia”, examines the economic structure in historical and current dimensions, analyzing contributions, Yugoslav socialist industrialism and their impact on economic shaping. The author uses the comparative analysis of the historical and contemporary period.

The second chapter “Early Economic Policies, Post-Independence Challenges, and Macroeconomic Stability in the North Macedonia”, delves into the transition period emphasizing: foreign investments, monetary and fiscal policy reforms, public finances, regulatory changes and the transition from state ownership to private enterprise reducing unemployment. North Macedonia began a challenging journey from a centrally planned (socialist, centralized) economy to a market-oriented system in the early 1990s since the breakup of Yugoslavia.

The third chapter “Public debt of the Republic of North Macedonia - Specifics and trends”, is oriented around the comprehensive examination of the public debt landscape in the Republic of North Macedonia, describing the historical development of public debt in the country, tracing the main stages of debt accumulation and highlighting the political and economic events that have shaped (defined) the borrowing patterns. In this chapter, is presented the evolution of public debt from 1992 to 2023, examining the risks associated with public borrowing and the implications that fiscal policies bring.

The fourth chapter entitled “The role of inflation in economic growth, with special emphasis on the Republic of North Macedonia” – is well structured, starting with a literature review that provides context through classical and modern economic theories.

This chapter provides a historical inflation trends in North Macedonia and assessing their implications for GDP growth, employment and investment. The author combines and effectively presents a complete and detailed analysis of the role of inflation in shaping economic growth in North Macedonia. The

importance between the short-term and long-term effects of inflation is described, especially in developing economies, the case of our country but also warns of the destabilizing effects of high inflation rates or unstable inflation rates.

The in-depth analysis is especially valuable for policy makers, economists interested in economies in transition and represents a basis for future studies.

The fifth chapter, “The Impact of FDI on Economic Growth and Development in North Macedonia since 1991”, since the independence of North Macedonia in 1991, this chapter presents a comprehensive and well-structured analysis of the role played by foreign direct investment (FDI) in shaping the economic trajectory. The author contextualizes the chronological approach, which allows readers to understand the changing patterns of direct investment inflows (FDI) in correlation with the country’s major political and economic developments. A significant part of the chapter is devoted to the identification and examination of the challenges faced by the economy of North Macedonia. These include domestic political uncertainties, sluggish EU economic activity and global trade volatility, which may adversely affect foreign trade and investment.

In conclusion, the chapter offers a series of policy recommendations aimed at fostering economic growth and resilience. These include accelerating EU accession reforms, implementing market-based support mechanisms for renewable energy and strengthening the support system for energy efficiency in buildings.

Chapter six, “Analysis of Economic Crises and Responses: Studying North Macedonia’s Approach to Handling Economic Crises”, this chapter systematically examines historical and contemporary crisis periods, including the 2008 global financial crisis and regional economic concerns, to highlight how fiscal and monetary policies have been adapted to the RNM. What distinguishes this chapter from others is its balance between macroeconomic analysis and policy criticism, making it both academically and practically relevant. It provides valuable information not only for researchers of Southeast European economies, but also for policy makers in small and open economies facing external shocks.

The seventh chapter, “SMEs, Entrepreneurship and Economic Development in North Macedonia: Insights from the ‘Never-Ending’ Transition Period,” examines the role of small and medium-sized enterprises (SMEs) in North Macedonia. SMEs serve as a backbone of the country’s economy, promoting job creation, innovation and diversification.

This chapter explores the entrepreneurial environment, analyzing the regulatory frameworks, financial constraints and institutional support mechanisms that influence the growth of SMEs. The author assesses the impact of the informal economy and discusses how North Macedonia can harness entrepreneurship as a key driver of the country’s sustainability and development. Drawing on empirical data, it analyzes in detail how entrepreneurship has emerged as a response and a driver of transition during the country’s transition from a socialist economy to a market-based economy. What distinguishes this chapter is the combination of outstanding contributions in both academic and regionally specific fields and is a source of valuable for researchers, policy makers and practitioners interested in SME development.

Chapter eight, “Human influences on economic change: labor productivity in North Macedonia (1991–2024)”, presents a comprehensive and detailed analysis of several decades of economic transformation in North Macedonia. This chapter draws on historical data and comparative regional analysis to assess the effectiveness of economic strategies and their consequences for workers, productivity and overall development of the country. One of the main points of the chapter delves into the real-world implications of economic change on working conditions, wages, job security and social inequality.

The analysis also explores technological modernization, EU membership aspirations and education reform on workforce skills and productivity growth. This chapter represents a valuable contribution to the economic literature and the economic development of the Balkan countries. Apart from the academic field, it will especially be useful for policymakers, economists and researchers interested in the long-term effects of structural reforms on labor productivity and human development in transition economies.

The ninth chapter, “Service Sector Surge: A New Economic Frontier Analyses of the Information and Communication Technology (ICT) Sector in the North Macedonia”, provides a compelling and timely exploration of North Macedonia’s developing Information and Communication Technology (ICT) sector, framing it as a key component in the country’s shift to a knowledge-based service economy. The chapter stands out for its in-depth analysis of how the ICT sector has evolved to become one of the most dynamic drivers of economic transformation in North Macedonia. The chapter examines key trends in digital infrastructure, software development and technology. The author places ICT within a wider regional and global context, noting how globalization, digitization and the EU integration process have influenced this sector to grow.

The tenth chapter, “Current trends, challenges and opportunities: predicting future economic trends and identifying potential challenges and opportunities in relations with North Macedonia”, This chapter provides insight into prevailing trends, emerging challenges and opportunities. The author deftly navigates the complexities of the country’s economic landscape, drawing on a mix of empirical data, policy assessments and sectoral analysis to present an important perspective. The author emphasizes the need for comprehensive reforms in the labor market, social protection and employment to address these challenges effectively.