

MAREK BELKA

President, National Bank of Poland

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There was a similar situation in Poland at the beginning, but you managed to come out of it pretty soon and pretty well. What did Poland do differently from other countries so that they succeeded in coming closer to the living standard of Western Europe than other countries?

Marek BELKA, President, National Bank of Poland

I would say the following if I were to stick to monetary policy. According to any textbook we have, a small open economy like Poland, which is basically peripheral in terms of its currency to the Euro, has no capability to pursue an independent monetary policy successfully. We should not be able to do it. We should not be able to control the inflows and outflows of capital or to control exchange rate movements. Regarding financial stability, which is basically the stability of banks, this is another tricky issue, as in both of our countries the ownership of financial institutions is dominant, though maybe not to the same extent as in the Czech Republic or the Baltics.

Fortunately, the world is not like theoretical models, and we have a lot of leeway to choose both the level and dynamics of interest rates, to prevent unwanted inflows and outflows of capital, as we have suffered from an inflow of capital feeding foreign exchange loans, Switzerland has its own share in this. However, we also managed to keep the Zloty relatively stable, exactly because it is a floating exchange rate regime. This has to do with monetary policy, but to answer your question in a broader sense as to what Poland did differently, I do not think we did anything very differently from Romania or most countries in the region. What we did was to apply to become a member of the EU as early as 1991, and only now we realised how exotic it must have sounded to partners like Jacob and Jean-Claude Trichet.

However, we treated the *acquis communautaire* very seriously since the very beginning of the changes and imposed on ourselves the rules of the game. We reformed and after 15 years it yielded fruit. It only took 15 years.