

A photograph of several bright yellow flowers, likely Ranunculus, growing in a pond. The flowers have five petals and prominent stamens. They are surrounded by green, rounded leaves. The water in the pond is dark blue and reflects the surrounding environment.

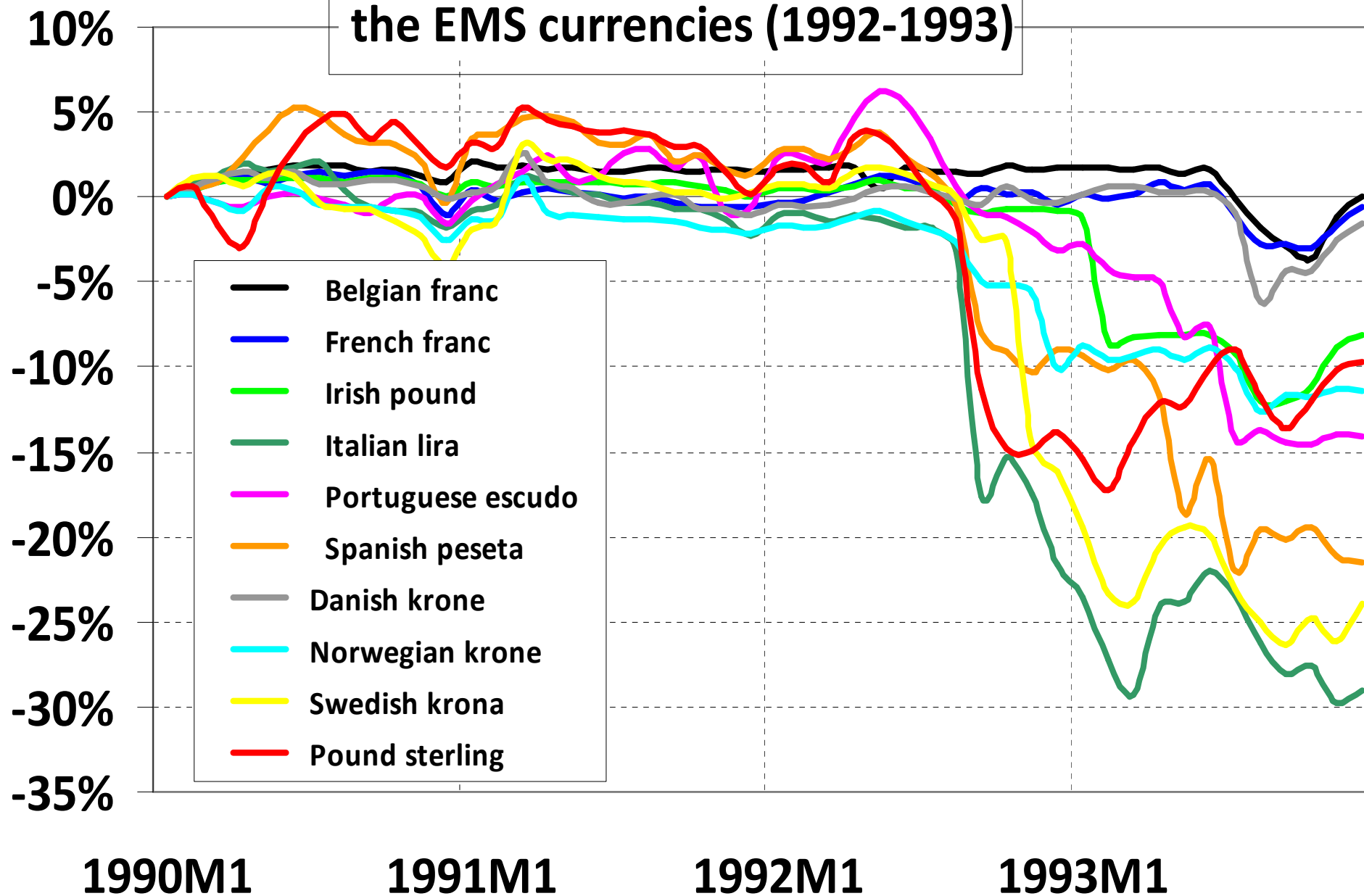
Andrzej Sławiński

**Poland's accession to the euro zone:
Choices and challenges**

1.

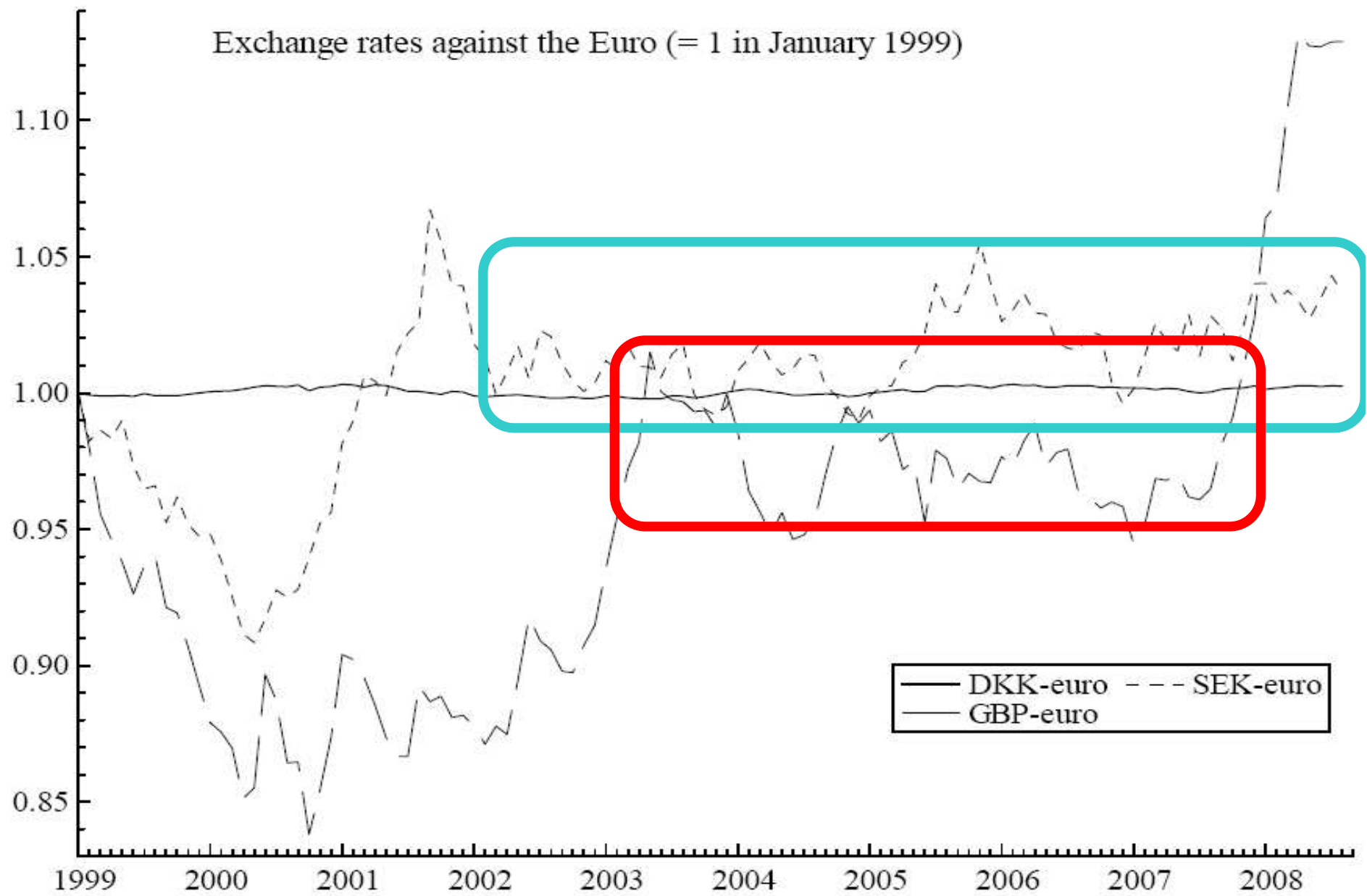
**Floating exchange rate:
source of shocks or a shock absorber?**

Speculative attacks against the EMS currencies (1992-1993)



- **Damaging fluctuations** in exchange rate will increase
- An independent exchange rate can be a **source of shocks** to an economy rather than offsetting them
- It is likely that floating exchange rates **will fluctuate** in the medium term **even more** in future than in the past.
- Exchange rate **fluctuations may increase** as capital washes ever more rapidly around the world.
- For a medium-sized country like Britain, such fluctuations are **extremely damaging**

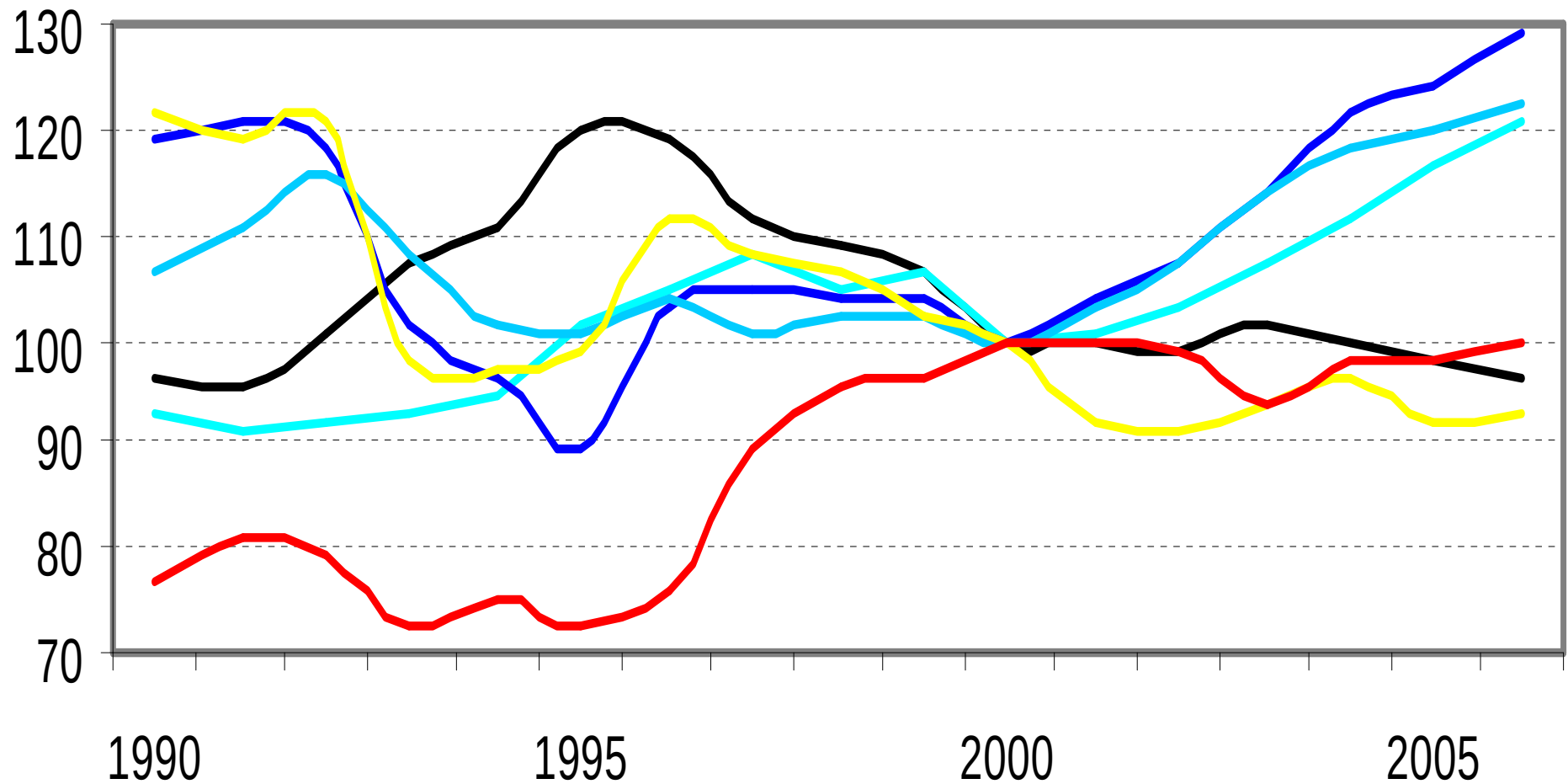
Richard Layard, Willem Buiter, Christopher Huhne, Will Hutton, Peter Kenen, Adair Turner, Why Britain should join the euro? 1 August, 2000



REER based on relative ULC

Germany
Italy
Sweden

Greece
Spain
United Kingdom

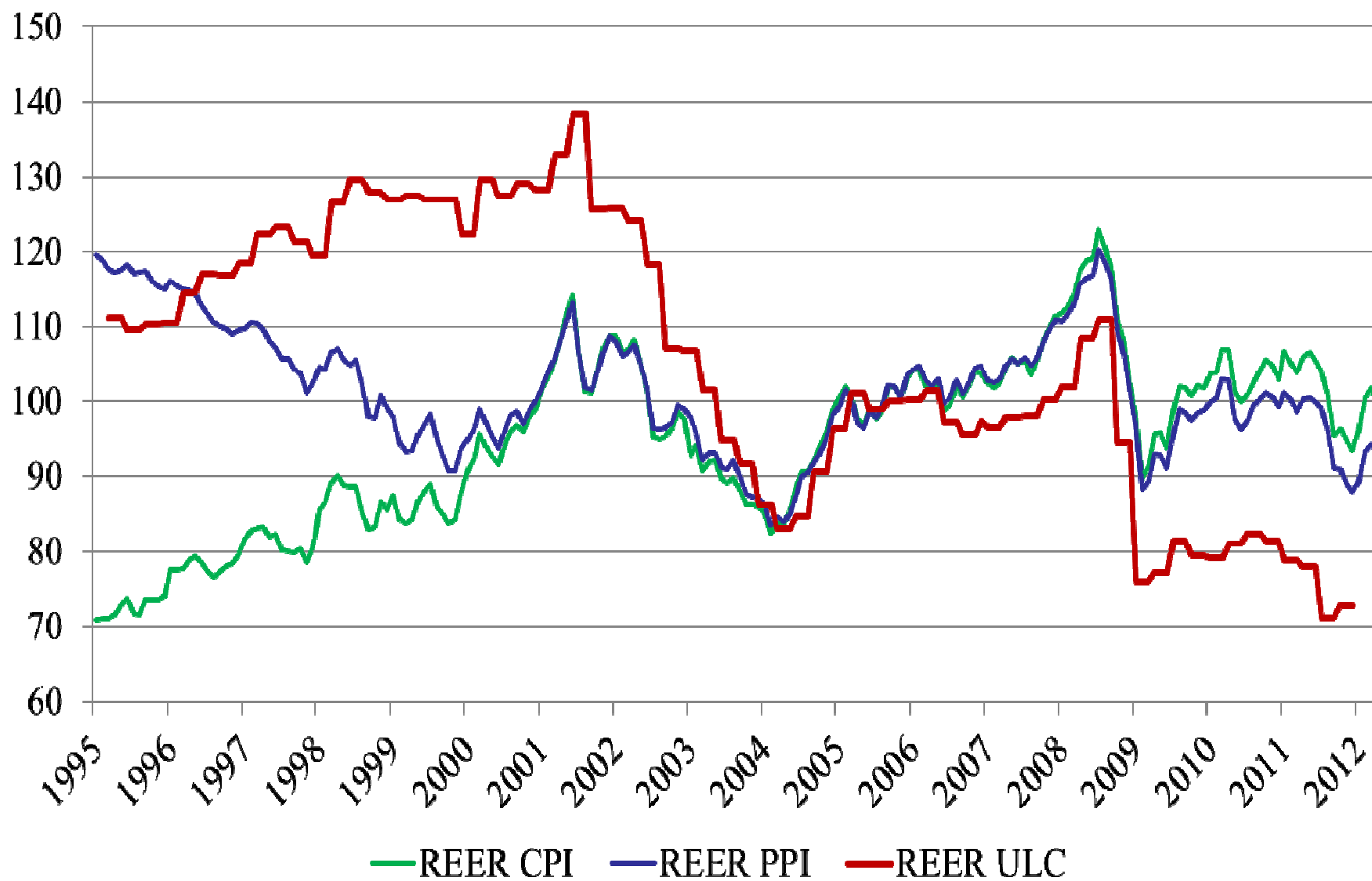


- A puzzle in **empirical** international finance is the **difficulty in identifying** a large and **negative effect** of exchange rate volatility **on trade**.

Exchange Rate Volatility and World Trade: A Study by the Research Department of the IMF", *IMF Occasional Paper*, No. 28, IMF Washington, July 1984

Wei Shang-jin, „Currency Hedging and Goods Trade", *European Economic Review*, vol. 43, 1999, pp. 1371-1394.

REER – Poland (2005 = 100)

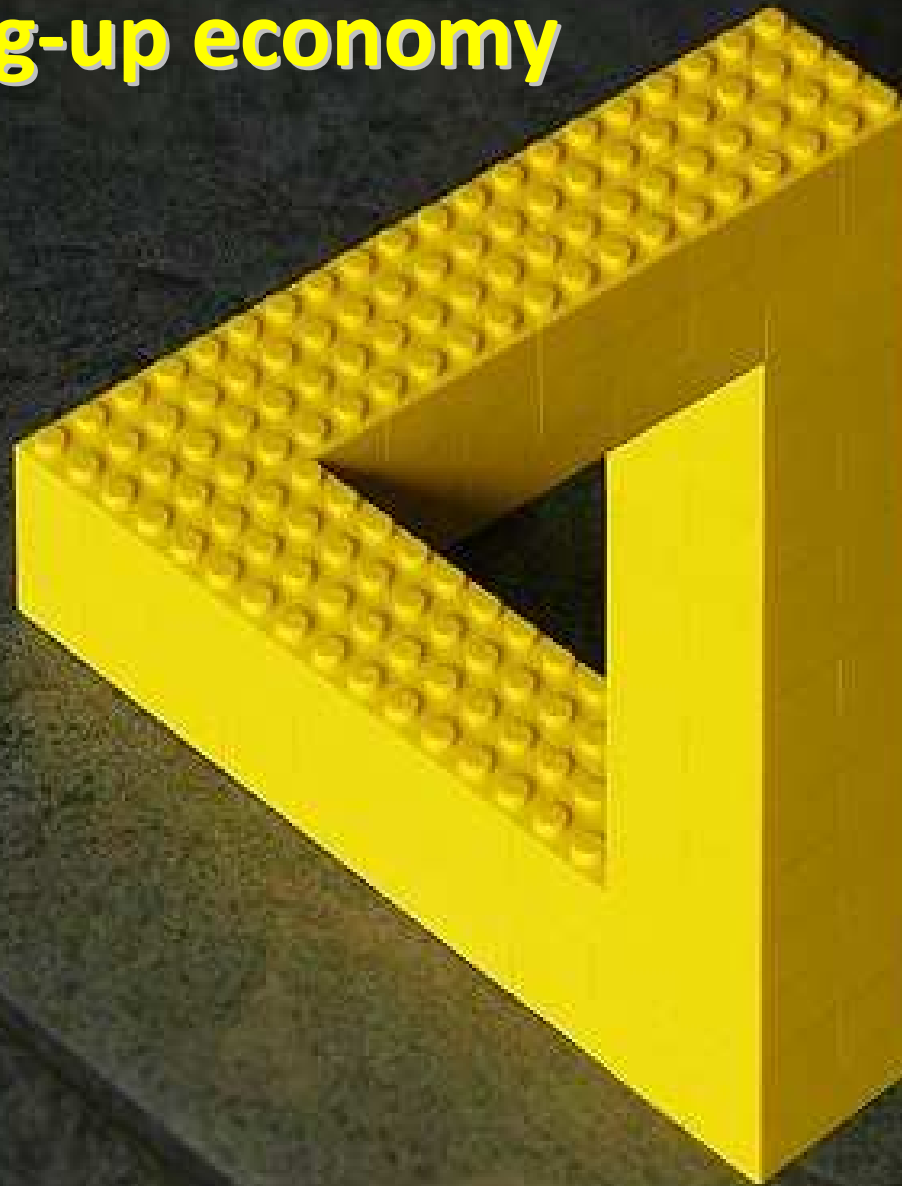


Challenging triangle for a catching-up economy

**Membership
in the euro zone**

**Equilibrium
exchange rate**

**Natural rate
of interest**



2.

Lessons for Poland from the euro zone experience:

The case for European supervision

but combined with **effective local
macroprudential authorities.**

Foreign exchange cross-border lending



- **Maximum harmonization**

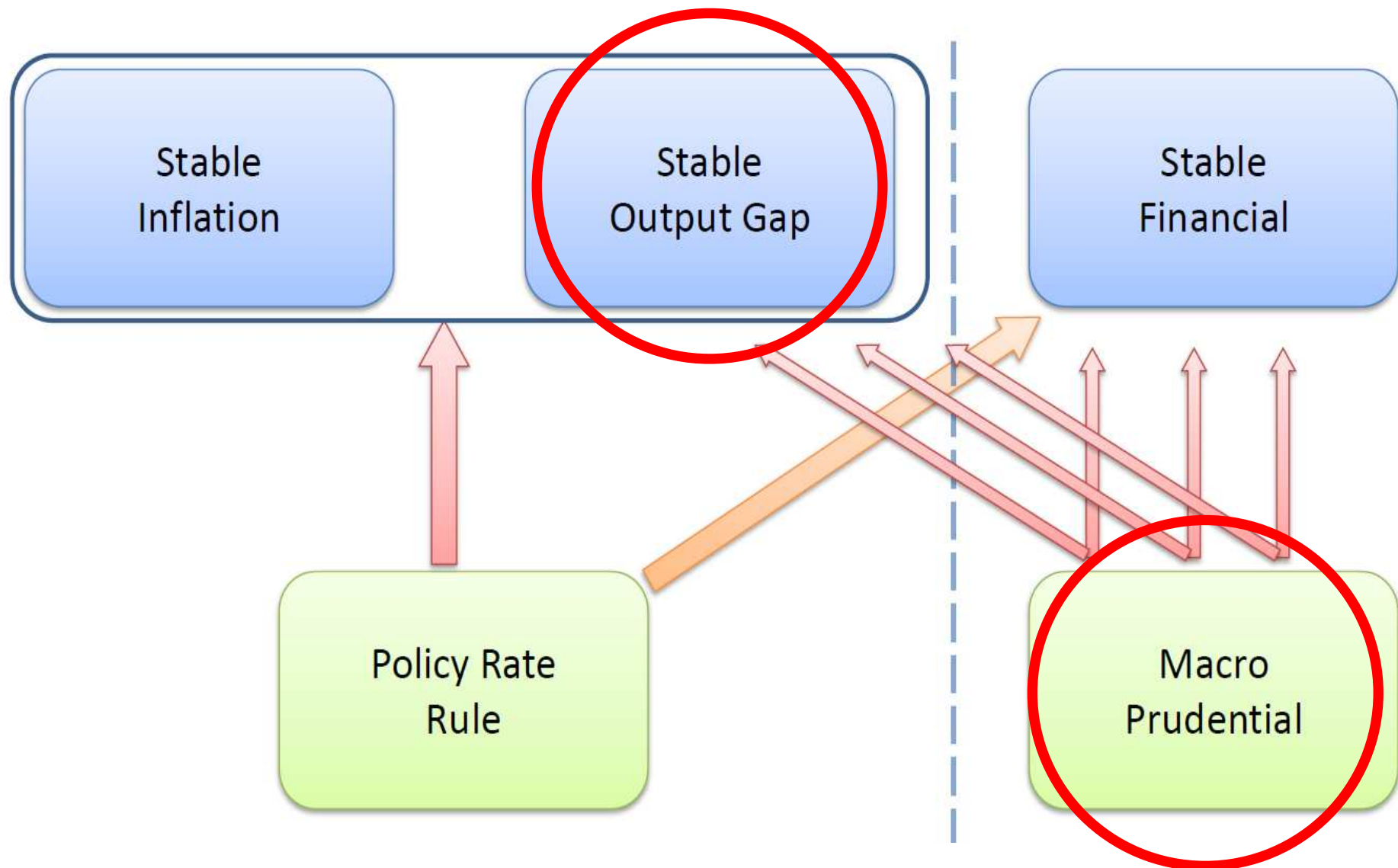


The Fundamental Principles of Financial Regulation

Markus Brunnermeier, Andrew Crockett,
Charles Goodhart, Avinash D. Persaud
and Hyun Song Shin

ICMB INTERNATIONAL CENTER
FOR MONETARY
AND BANKING STUDIES





Olivier Blanchard, Monetary Policy in the Wake of the Crisis. Presentation for the IMF conference „Macro and Growth Policies in the Wake of the Crisis”, Washington, 7-8 March 2011.

- “**Countercyclical** and liquidity charges cannot be implemented globally but **need to be handled nationally** in accordance with national cycles”.
/Avinash Persaud, 2009/
- “Issues of excessive asset growth or **cross-border banking** flows that are of most interest **to emerging economies** policy makers **have received less attention**”/ Hyun Song Shin, 2011/
- **Regulatory diversity is indeed costly for bankers**, who would have to adjust to differences in regulations across national borders. **Some financial segmentation** is a price well worth paying for stronger regulations that are solidly **backed by domestic politics**./ Dani Rodrik, 2010