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THE CIRCUMSTANCES SURROUNDING THE CURRENCY STABILISATION IN POLAND IN THE YEARS 1918–1993

I

The necessity for stabilisation of the Polish currency after the first world war arose a number of times.[1] Particular reasons accounting for the development of situations leading to destabilisation were different and manifold depending on their timing. In the inter-war period the reasons and the results of destabilisation of currency in Poland and in some other European countries were characterised by similar features.[2] Satisfying the conditions to be fulfilled on the way to stabilisation lay within sovereign decisions of the Polish state and, in the main, did not extend beyond the boundaries of the domestic economic policy of the country. Under those circumstances it was possible that the introduction of necessary changes or the correction of the economic policy to attain or maintain the desired state of the currency brought results more easily. External factors, though significant, were not decisive.

Quite different conditions of the stability of the currency existed during the times of People's Republic of Poland (1945–1989). The political system and economic policy forced upon Poland by the Soviet Union existed despite the disap-

[1] The period of the World War II has been ignored as the monetary policy of the times was created exclusively by the invading countries occupying Poland. The conditions for the stabilisation of currency are viewed as elements of the economic and political situation which are responsible for a given currency system and the currency status. This assumption includes in its narrower scope activities and circumstances conditioning the currency value, exchange rates, and, in the broader scope, substantial elements in the economic policy as well as the general economic situation of the country, all of which are decisive in determining the value and stability of currency.

[2] The creators and the guarantees of the Versailles system took into account – with variable success – its political stabilisers. However, the economic aspects which were indispensable for the stabilisation of the system were largely neglected. If we compare the economic prerequisites that conditioned the situation in Europe after the First World War with those after the Second, the striking and essential differences are clearly visible. The Marshall Plan which was a stabilising impulse in the new European order (that of Western Europe to be exact) after WWII was not reflected by any similar plan after WWI. See also: Morawski, W.: *Stabilizacja waluty w Polsce w latach dwudziestych na tle innych stabilizacji europejskich* ((paper presented in: *Od Grabskiego do Balcerowicza. Systemy pieniężne w gospodarce Polski.* (From Grabski to Balcerowicz. Monetary systems in Poland's economy), Poznań 1997)).

proval of the majority of the Polish society. The possibilities of manoeuvre in the then economic policy were narrowed to such a degree that stabilisation of the currency and its proper functioning were excluded beforehand. It was only as late as 1989 that favourable political conditions were created and allowed a return to a policy that reintroduced full economic sense to the currency.

II

During the twenty years of Polish independence there were a few major obstacles, some of them long-lived, resulting from the past that exerted a substantial negative influence upon the Polish currency system and its value. Their frequent occurrence, and the economic importance they exerted prove that the construction of the currency system, which was to facilitate economic growth and development was a hard and painful one. Some of the characteristic traits of the currency policy after the 1919–1923 inflation period remained stable and inflationary unchanged. These included, among other things, excessive caution in making necessary political corrections, which in turn was caused by the fear of the recurrence of inflation, and the great importance ascribed to keeping the gold parity stable. Throughout the whole inter-war period political and psychological factors played an important role in shaping the state of the currency in Poland.

After Poland was restored to statehood the country was particularly afflicted with acute financial problems caused by the devastation of war and the sad legacy of the partitions. War damages and the looting of industrial and bank assets of the former Congress Poland by the Russians resulted in extraordinary expenditures. Making up for these losses was a tremendous burden. The fact that Poland's territory was partitioned and was incorporated into three different states and their respective legal, economic and currency systems, made it extremely difficult to unify the three regions into one consistent and complete organism. The structural process of the unification of the Polish lands took until 1922. The currency standardisation was formally introduced in the first half of 1920. The currency was the Polish mark (marka polska) – the monetary unit originally introduced into the money circulation in April 1917 by German authorities of the General Gouvernement of the Kingdom of Poland.[3] Initially, the Polish authorities assumed that the currency would be only temporary. As early as 1919 the Polish Diet (Sejm) passed a law which provided that the new Polish monetary unit would be called the zloty (guilder), and would be divided into a hundred groszy. Soon one-zloty bank notes started to be issued. However, the full utilisation of the prepared monetary supply came as late as 1924. It was only due to political and economic

[3] The Kingdom of Poland was created on the strength of the decisions made at the Congress of Vienna in 1815. After the collapse of the January Insurrection in 1864 all forms of national activity were banned in the Russian zone.

stabilisation which followed the political consensus reached at the time that good conditions were created for stabilisation in the monetary system.

Currency stability was not attainable following the country's independence because of its unbalanced budget. This was caused by various factors: huge military expenditures; adoption of an ambitious educational programme, which was necessary due to the enormous neglect in this field during the partition period; the substantial deficit of the Polish State Railways (PKP); and social legislation, which in some respects was better developed than in many other wealthier countries in Europe. Since mid-20s, the Polish Government, in particular the Ministry of Finance, began to execute extensive control on monetary policy in the country. However, the Polish mark was not protected and its stability was out of the question. Budgetary expenditures were not balanced by budgetary revenues, so the currency issue of the Polish mark was to fill the gap in the budget. Foreign loans of the years 1918–1923 were mainly of goods character and were used for budgetary accounts. This resulted in allocating funds partly for domestic consumption instead of creating a multiplicative effect in economy. The lack of multiplicative effect resulting from the loans aggravated inflation because some of the repayments were partly covered by an increase in the issuing of bank-notes.

From the very beginning the monetary system reform was viewed as urgent and pressing. The systematic increase in inflation and the delay in introducing the reform caused existing conditions to deteriorate. Ideas for the improvement of finances and currency reform, devised by a series of ministers from the Ministry of Finance, varied primarily in their attitude towards available external financial means. The currency reform of 1924 was eventually based on internal financing and originated to a great extent from financial tributes (capital levies).

At least twice a serious attempt to cure the Polish currency was made but failed to reach its goals because the above conditions were not met. The political consensus as to the goals and methods to be used was the first prerequisite to attain effective stabilising action. The second prerequisite should be viewed as the necessity to cure public finances, including the establishment of a central bank.[4]

The selection of proper instruments based on reliable economic knowledge and the knowledge of the economic situation of the country was decisive in the effectiveness of the final goal in 1924. The programme was devised by W³adys³aw Grabski and met the above requirements. The legal base for the stabilisative action was the law on the remedy of finances and the currency reform, which was passed by majority vote in Sejm on January 11th, 1924. Its acceptance by the Polish parliament was possible only because the political and economic situation had been favourable. The above legal act was unprecedented in the history of Polish parliamentarism.

The Sejm also passed full powers for the government. The president was to re-

[4] Knakiewicz, Z.: *Bank Polski i Narodowy Bank Polski w gospodarce polskiej. Próba refleksji.* (The Bank of Poland and the National Bank of Poland in the economy of Poland.) (paper presented in: *Od Grabskiego do Balcerowicza.* Op.cit.)

ceive authorisation to give decrees with enforcement powers which allowed to put the resolution of the Council of Ministers into effect in such spheres of activity as tax legislation, introduction of a new monetary system, enforcing the statute of the Bank Polski (Bank of Poland), selling companies and establishments that belonged to the state, organisation of administration, economising activities and obtaining bank loans amounting to 500 million francs.[5]

III

Władysław Grabski (1874-1938), prime minister and minister of finance at the time of the reform, is credited for the reorganisation of Poland's monetary and financial system. Grabski tried to achieve two goals: to improve the state's finances, and to create a currency system based on the country's own means. Part of this system was to establish a central bank in a form of a joint stock company and as an institution independent of the government. He opposed the financial control wardship (guardianship) of the League of Nations (which was accepted by other countries in a similar situation like Austria and Hungary) and rejected the Hilton-Young project. The project offered the appointment of English fiscal and banking experts with an advisory role in matters pertaining to the bank of issue, direct and indirect taxation, improvement of state expenditure control and administrative activity of the state, and finally even in matters of railway service. Moreover, the project allowed the reduction of more than one third of the budget. The acceptance of these conditions was a prerequisite for the Bank of England to consider a possible loan for the currency reform.[6] Because of political reasons the English project was unacceptable. The Sejm, which would have to accept the currency and fiscal reform devised by the project, would probably not be able to pass the acceptance for the project because of the too far-reaching control of the lender over the Polish state.

Though the attempts to improve the financial situation and the currency reform were crucial for Poland, not all problems could have been solved as the result of its introduction. Poland, not unlike many other countries, was carried away by international emotions, and treated currency matters in a prestigious way. The zloty, introduced in 1924, turned out to be an overvalued currency which in effect led to grave economic consequences. Moreover, the reduction of some of import tariffs led to a situation in which the results of inappropriate parity (standard) were accelerated and appeared in the following year.[7]

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[5] Jezierski, A.; Leszczyńska, C.: *Rola Banku Polskiego SA. w procesie stabilizacji waluty 1924-1927.* (The role of the Bank Polski SA in the process of the currency stabilisation 1924-1927), *Bank i Kredyt* 1994, VI, 8.

[6] Landau, Z.: *Polskie zagraniczne po¿yczki państwowe 1918-1926.*(The foreign government loans of the 1918-1926 in Poland), Warszawa 1961, 175-180.

[7] Knakiewicz, Z.: op.cit., p.10; Triebe, J.G.: *Zehn Jahre polnische Währung (1918-1928).* Berlin-Breslau 1929, 40.

The most important issue was that the economy of the country was not particularly efficient due to high production costs while at the same time there were relatively high financial requirements in the public sector. This situation hampered the budgetary balance. In order to balance the budget, too much low- value coin was issued in 1925, which in turn led to fiscal inflation. This fact, in conjunction with the fixed rate of the Polish zloty, adversely affected the nation's trade balance. The Bank of Poland (Bank Polski SA) suffered badly from the drain of resources from the reserve funds which exceeded the statutory allowances, and the rate of monetary exchange against the US dollar dropped more than fifty per cent.[8]

A stabilisation of the zloty based entirely on internal means seemed improbable and this time was not very promising. Out of necessity the government tried to obtain financial support abroad. The fall of the Polish zloty and the necessity of its restoration and stabilisation coincided with a "tariff war" with Germany. Polish attempts to secure foreign loans for the process were accompanied by German schemes to make them accessible only if Poland agreed to certain political concessions, namely a redrawing of the German-Polish border for the benefit of the Reich.[9] It was not until the conference at Calais attended by the directors of the central banks of England, France, the US and Germany on April 3, 1927, that such concessions were ruled out and the conditions and the form of the increase of the capital stock of the Bank of Poland were determined. German bankers decided to withdraw their support.[10] Moreover, Poland was forced to accept a financial adviser to her government and a foreign member on the executive board of the Bank Polski. Charles Dewey was nominated for the post. Though the loan of 1927 did not fulfil the hopes that were entertained at the time, it was favourably received by international economic circles as a step in the right direction.[11]

The bankers of England, Germany, the US, and France were of the opinion that the initial capital of the Bank Polski SA, which was established in 1924, was too small for the activities the bank was to be engaged in. The management of the bank could not ignore such opinions. The initial capital was increased from a hundred million zlotys to a 150 million zlotys. By initialising stabilisation the Government believed that it would open the gate for the capital inflow from abroad and would start foreign investments in Poland. This, however, did not prove to be true.[12] In

[8] Karpiński, Z.: *Ustroje pieniężne w Polsce od roku 1917.* (Monetary systems in Poland since 1917), Warszawa 1968, 89.

[9] Kowal, S.: *Partnerstwo czy uzależnienie? Niemieckie postawy wobec stosunków gospodarczych z Polską w czasach Republiki Weimarskiej.* (Partnership or dependence. German attitudes towards economic relationships with Poland in the times of the Weimar Republic), Poznań 1995, 81-87.

[10] Akten zur Deutschen Auswärtigen Politik 1918-1945 (ADAP). Ser.B.,Bd.V, 121-131.

[11] This opinion was influenced by relatively poor shape of private banks.

[12] ADAP, Bd.II, 33-37. Indispensability of this loan obtained for the stabilisation of the currency in Poland still remains a matter of dispute. Its opponents believe that the zloty was stabilised independently of the loan in the Spring of 1926 – see: Landau, Z.: *Plan stabilizacyjny 1927-1930. Geneza, założenia, wyniki.* (Stabilising project of the 1927-1930. Origin, assumptions and results), Warszawa 1963, 243.

the long run the stabilising loan was credited with making possible the deflation policy which eventually took place in the 1930s. The loan contributed indeed to the increase of the reserve fund of the Bank. For the supporters of the gold currency system, these results confirmed their conviction in the legitimacy of their standing. The gold exchange standard, which was based on qualitative theory collapsed during the crisis of the 1930s due to its inapplicability to specific economic conditions. In Poland this interdependence was understood too late. The loss, triggered by the deflationary method of dealing with the crisis was even higher than the loss caused by the inflation of the years 1919-1923.[13] Though the devaluation of the Polish zloty did not follow, severe currency restrictions had to be introduced as early as 1936. Since 1929 the financial policy of the country came under the real management of the government, especially of the ministry of Finance. But, as it is shown above, it was not adequate enough to match the requirements that had been created by the new economic situation.

Free exchange of the zloty (its full convertibility) into other currencies was suspended. However, as a measure, standard, and instrument of value, the zloty remained in a stable position, also against other currencies. Foreign trade, which was based considerably on compensation rules as well as discipline in public finances and in issuing new money were all favourable factors in maintaining the value of zloty.

IV

In the model of economy that was realised in Poland since 1944 material economy was dominant and the mechanisms of currency which are an inseparable part of the market-driven economy system were not taken into consideration.[14] Money was used solely as a formal (and controlled) instrument of measuring dues and obligations. It was, so to say, "closed" and did not have a function that would allow efficient participation in international exchange. The authors of this currency system held to a conviction that with the help of a currency monopoly and monopoly in foreign trade they would be able to separate the internal economy from the international exchange. After the second world war, the economic conditions were very difficult from the very beginning. In the part of Poland that in 1944 had already been taken by the Russians, in the so-called Lublin Poland, bank notes issued in Moscow were introduced to the currency system. They bore an inscription National Bank of Poland which at that time did not even exist.

The Red Army used the new currency to pay all charges and dues in Poland. For the Russian military units that were stationed in Poland the zloty fulfilled the

[13] Knakiewicz, Z.: *Deflacja polska 1930-1935.* (Polish deflation of the 1930-1935), Warszawa 1967, 336.

[14] The question of the function of money and the banking system in the Soviet socialist model is treated by the author as a separate subject.

function of an occupation currency. The Red Army took over a great part of the emission of bank notes, which amounted to forty three per cent of the whole volume of Poland's currency circulation as of June 1945. The Polish Committee of National Liberation (PKWN) did not have any currency or financial policy programme.[15] The new authorities in Poland soon found that without a legal currency it was not possible to create any economic life in the territories taken over from the invaders, nor to start to establish power and authority over them. On January 15[th], 1945 the National Bank of Poland (Narodowy Bank Polski – NBP) was set up by the authorities, which were fully dependent on the Soviet Union. This, however, and the emission of bank notes by the NBP was an important political event in reaching for and consolidating political power in the country. The original Bank Polski SA was in the meantime accumulating an appropriate supply of own bank notes in London. They were to become legal and basic currency circulation units after the transfer of Polish legal authorities in-exile back to Poland. The introduction of bank notes issued by the NBP made it impossible to use bank notes issued by the Bank Polski SA.

Emission of bank notes of the NBP was almost the sole source of income for the pro-Soviet authorities in Poland. In the territories liberated from the German occupation, heretofore existing legal tenders were instantly replaced by zlotys. In the exchange, which was completed in September 1945, rigorous anti-inflationary measures had been introduced. Only state-owned companies and co-operatives were entitled to replace a hundred per cent of the cash money they possessed. The civilian population and private enterprises had a quota-type conversion of money and were able to change only strictly defined sums of money. People who were not able to present their Polish citizenship papers were excluded from the process of replacement of the currency. All these anti-inflationary measures allowed the prices in 1945 not to go up in relation to black market prices of the same time. Nevertheless the next years bought inflation and, measured by the black market rate of exchange of the zloty against the American dollar, it ranged from five to six hundred per cent.[16]

The next currency exchange was carried out from October 30th to November 8th, 1950. As the result of the exchange private individuals lost two thirds of the value of the exchanged cash money. However, the public sector and the savings of individuals who had previously located their money in the National Savings Bank (PKO) to the amount of one hundred thousand zlotys (i.e. seven to eight times the average monthly income of the country) were fully exchanged. This exchange was not only an anti-inflationary intervention but also served two other political aims – to introduce a system of prices and wages that would be uniform for both Poland and the Soviet Union, and to limit the activity of private companies by stripping

[15] Soviet-inspired and representing the opposing faction to the government-in-exile in London.

[16] Jezierski, A.; Leszczyńska, C.: *Inflacja i wymiana pieniądza. Doświadczenia historyczne Polski, Niemiec i ZSRR* (Inflation and the exchange of money. Experiences of Poland, Germany and the Soviet Union), (paper presented in: Od Grabskiego do Balcerowicza. op.cit).

them of their circulating funds and financial resources. Cash, in these circumstances of very limited system of non-currency settlements of accounts, was used in carrying out regular transactions.

For the next forty years material economy as opposed to market (moneyed) economy dominated in the country. Currency as a formal tool of measurement and obligations was deficient. The inflation rate measured by the increase of prices, was low. In the shortage economy, which was the case in Poland, prices did not reflect the volume of inflation. Its real and actual volume was represented by the lack of goods and commodities on the market (inflationary gap) and the tendency to save out of necessity (inflationary overhang).

V

The historical breakthrough in the history of Poland was the so-called Government's Programme for Stabilisation of the Economy, which was put into effect on January 1, 1990, and was associated with the name of the then vice-premier, Leszek Balcerowicz. The programme aimed at the return to monetary economy with stable currency viewed as a standard of value, fully convertible and commonly accepted, and balancing the market. The new banking system introduced in 1989, with a two-tier structure and the central bank, independent of the Government and empowered with controlling powers over other banks was to fulfil the task.[17]

The Polish economy at the time of the introduction of the Balcerowicz plan was in dire straits. In the Summer and Autumn of 1989 the monthly rate of inflation ranged from forty to fifty per cent. Shortages of many basic commodities were current. The transformation of the economic system was launched in conditions much more difficult than those accompanying similar transformations in Czechoslovakia or Hungary. Unlike those countries Poland had to brace hyperinflation. Additionally, the Polish market was totally unbalanced. Unlike Poland, Czechoslovakia was not encumbered with external debts.

The first eighth months of the realisation of the reform package in the transformation of the system aimed at reducing the high rate of inflation. In August 1990 inflation reached its lowest level – 1.8 per cent. Unfortunately, in the months that followed the strict wage policy was abandoned. As early as September 1990 inflation rose to 4.7 per cent, and by the end of that year it remained at five to six per cent monthly.

In spite of the great success in economic transformation of the years 1990 – 1993 the awaited results were not fully achieved. The transformation failed to reduce the annual inflation to a single-digit level. Complex and grave reasons that influenced the economic results of Polish economy show the range of difficulties in reaching the desired goal. Basically they can be described as follows:

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[17] Balcerowicz, L.: *Socjalizm. Kapitalizm. Transformacje. Szkice z przełomu epok.* (Socialism, capitalism, transformations), Warszawa 1997, 282-287. Since January 1, 1989, Narodowy Bank Polski has become the bank of banks, and the banking system has been given a two-tier structure.

1. The economists involved in the Government's Programme for Stabilisation of the Economy tended to attribute the reasons for the maintaining of excessive inflation to the high indexation of wages and salaries (eighty per cent), which had been previously negotiated during the Round Table talks, and the too slow pace of privatisation of state-owned companies, in which the rule according to which the effect should be bigger than the expenditures was often neglected.[18]

Indexation (index-linking of incomes), being a macroeconomic instrument in wage policy put additional strain on the costs of production. Compensations, which followed the increase in prices irrespectively of their economic effectiveness, were isolating the sphere of wages from that of production, leading in consequence to the exclusion of the costs of wages from the global economic calculation, at least to a certain degree. And yet, actual wages and salaries financed from the state budget like medical service, science and education or culture underwent a catastrophic downfall. Indexation in the sphere of economy was operative independently of the increase in pay bargained in the course of different talks.[19]

2. The above opinion is by no means exhaustive. Other correlated and independent factors were also decisive. Polish society, after gaining confidence in the statements given by politicians, expected a quick improvement in its economic situation, whereas nobody spoke publicly on social costs and sacrifices in the course of the initial part of the reform. The new government's Achilles heel was the way it presented information pertaining to the state of the economy and to tasks targeted at its improvement. It was rather the enthusiasm caused by the feeling of the loss of the monopoly of power of the communist party that prevailed. The improvement in supplies and provisions was generally accepted and appreciated. However, harsh economic rules gradually gave birth to defiant and hostile attitudes.

3. The beginning of the reform was accompanied by a fixed and firmly held belief that there was a general consent for it. The government was not empowered by any special authorities or powers. In such circumstances, the outbreak of dissatisfaction represented by strikes, independently of the intentions declared by their inspirers, could not be regarded as surprising. The dissatisfaction had also one of its sources in the social distribution of the strain on people's finances. The sharp decline in the standard of living of some social groups was paralleled by the colossal increase in wealth of others. Quite often without economic justification and with a very specific employment of law regulations which gave rise to corrupt practices. A typical and frequent abuse of the law was the so-called "tax holiday". Trading firms, commercial and production companies alike made use of this instrument. After termination of tax reductions companies were liquidated and then reappeared under a new company name and a new name of the owner. Honesty in revealing

[18] Wilczyński, W.: *Ekonomia i polityka gospodarcza okresu transformacji.* (Economy and the economic policy of the period of transformation in Poland), Poznań 1996, 145–149. "Round Table Talks" – figurative description of the talks held between the communist Government and the opposition stemmed from the Solidarity movement in the Spring of 1989.

[19] Ibidem, 87.

profits and in paying due taxation left much to be desired. Income earned surreptitiously or illegally and not reported to the government so as to avoid paying taxes on it was on the increase, and in fact was never properly and extensively evaluated. The origin of the reform movement in Poland stems from the revolt of workers (or employees), whereas here, at the early stages of its realisation profits were given to people who had connections with the older regime and to a newly established class of employers which had been formed by different methods, albeit not always honest. This situation gave rise to an atmosphere that was not conductive to maintaining the discipline that was needed for creating a stable currency. Such feelings additionally coincided with a struggle for power in the country, in which its initiators based themselves on argumentation which denied the results of the transformation.

4. The transformation of the system embraced insufficiently and unsatisfactorily the sphere of public finances. The contribution of the Gross National Product (GNP), which was at the disposal of this sphere in the years 1991–1993 increased from 42.3 to 47.8 per cent. Centralised institutions had mainly a share in it, which in conjunction with the low efficiency of running financial resources had a negative impact on currency stabilisation. This sector increased expenditures from 42.7 to 50.1 per cent of GNP in the years 1990–1993. The increase of private investments as the most efficient was not possible without a decrease in the range of budgetary redistribution. Social security institutions like social, health, and unemployment insurance, etc., did not undergo transformation at all. This produced double negative results of social and economic nature. Excessive expenditures of the public finances sector considerably increased the internal and domestic debts of the country. In the years 1990–1993 public debt increased from 11.6 to 23.1 per cent of GNP.[20]

5. Many institutions and state-owned companies did not manage to make a reform in their employment plans and were not able to improve the effectiveness of their activity. There were even cases of overemployment bigger than in the time of the People's Poland. This situation increased pressure on wages and salary claims beyond any rational justification. Radical anti-inflationary operation combined with radical liberalisation in economy as well as the introduction of the convertibility of the currency were the first steps in forming a new economic system in the country. The transformation of the economic and institutional structures, however, took more time to be completed.[21]

6. The recession in the first years of the implementation of the reform contributed much to the country's unstable monetary situation. In the years 1990—1993, its cumulative rate was 13.8 per cent of the GNP. The lower GNP growth might have been explained by the decline in production caused to some extent by the dissolution of the Council for Mutual Economic Assistance as well as by the disadvan-

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[20] Sobiech, J.: *Przebudowa sektora finansów publicznych w latach 1989-1993* (Restructuring of the public finances sector in the years 1989-1993), (paper presented in: Od Grabskiego do Balcerowicza. op.cit.)

[21] Balcerowicz, L.: *800 dni. Szok kontrolowany.* (800 days. Controlled shock), Warszawa 1992, 48.

tageous international situation and the Gulf War. The decline in trade relations with other Comecon countries led in effect to the decline in GNP of about -8.8 to – 10.3 per cent.

7. The economic transformation, the restoration of proper function of currency, and its stabilisation were all facilitated by the arrangements with the Paris and the London Club by reduction of the foreign indebtedness by a half and by new terms of repayment.[22]

CONCLUSIONS

1. The history of Poland, with its lack of statehood for 123 years and the effects of its peculiar territorial composition from three highly differentiated parts, created an economic legacy for the country that re-emerged in 1918 that was unparalleled in any other European country.

2. If universal currency stabilisers are not taken into account, the inter-war period in Poland and that after WWII in Poland had different historical conditions. However, some analogies worth mentioning here can be drawn between the years 1918–1924 and those after the year 1989. Both periods manifested in, for example, a similar approach to budgetary balance in stabilising the currency, or to the role of the central bank.

3. Deflationary policy in the 1930s had a decidedly harmful influence upon the economy of the country.

4. In the Polish People's Republic the deprivation of the natural attributes of the national currency was the key factor in depreciating the standing (and prestige) of the Polish economy in the world.

5. The courageous introduction of radical economic reform in stabilising currency in 1990 in the form of a "shock therapy" brought relatively more favourable results than in countries that chose a more graduated variant in transformation.

6. Polish experiences in stabilising currency in the years 1990-1993 prove that full stabilisation of currency requires the inclusion of the whole economic and institutional structure of a country in the process of transformation.

[22] Ibidem, 136-137.