



N a t i o n a l B a n k o f P o l a n d

PRESIDENT

Leszek Balcerowicz

**Statement of 9 September 2006**  
**by Leszek Balcerowicz,**  
**President of the National Bank of Poland**

In Article 277, the Constitution of the Republic of Poland states that “The National Bank of Poland shall be responsible for the value of the Polish currency.”

During the last dozen years, Poland has come a long way: from a zloty that was practically worthless to a zloty that is strong and fully exchangeable for goods. This is a great social achievement. It would not have been possible if the independence of the National Bank of Poland had not been respected. However, once achieved, a sound currency has to be further defended. The currency will remain strong only as long as the central bank has the capacity to protect it. In making my decision concerning the summons by the parliamentary investigative committee, I had to consider, above all, how my decision would influence the future capacity of the National Bank of Poland to defend this outstanding attainment – the value of our currency. What is at stake is not some insignificant or abstract matter. It is a matter of the confidence that our money will not lose its value. It is about the environment in which our commercial enterprises operate.

The establishment of the parliamentary investigative committee charged with investigating all bank privatizations and the entirety of banking supervision in the period between 4<sup>th</sup> June 1989 and 19<sup>th</sup> March 2006 will – if the matter continues – create a dangerous constitutional precedent. Each future president of the National Bank of Poland will have to be aware that – if he or she resists political pressure to loosen monetary policy – he or she may be subjected to hearings conducted by investigative committees established for arbitrary reasons. This would result in creating a mechanism of permanent pressure, which in practice would significantly weaken the independence and consequently the capacity of the National Bank of Poland to defend the value of our currency. There is a grave risk that the National Bank of Poland would become independent only on paper. From the moment the investigative committee was established, I have pointed out this fundamental problem. By appearing, as acting President of the National Bank of Poland, before the committee

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investigating, among other matters, all the banking supervisory activities conducted by the National Bank of Poland, I would be participating in the creation of such a precedent. I am deeply convinced that by doing so I would weaken the capability of the National Bank of Poland to perform the task stipulated in Article 227, par. 1, of the Constitution of the Republic of Poland.

For the above reasons, I have decided not to take part in establishing this dangerous constitutional precedent and thus I will not appear before the investigative committee.

The parliamentary resolution of 24<sup>th</sup> March 2006 regarding the establishment of the investigative committee was passed against the advice of constitutional experts. An appeal against the resolution has been lodged with the Polish Constitutional Tribunal. I recognize the Constitutional Tribunal as the final instance determining the conformity of legal acts with our Constitution. Therefore, while I shall, irrespective of the Tribunal's ruling, maintain my opinion regarding the consequences – for the Bank's capacity to defend the stability of the currency – of the summoning and appearance of a president of the National Bank of Poland before such an investigative committee, I declare that if the Constitutional Tribunal rules that the Parliament's resolution is in conformity with the Constitution of the Republic of Poland, I will, within an agreed upon time, appear before the committee.

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I have never avoided providing answers to any questions. In June of last year I was summoned by and appeared before the investigative committee on PZU (the biggest Polish insurance company), even though I had serious questions with respect to the honesty of some of the members of the committee. I appeared before the said investigative committee because the subject of its investigations did not affect the independence of the National Bank of Poland. I, myself, as well as other members of the NBP staff, have always responded to questions posed by regular parliamentary committees. We have always cooperated with Parliament.

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From the very onset of the activities of the investigative committee, I have been subjected to insinuations and false accusations by some of its members. I can expect that my present decision will also be used by some for base propaganda purposes, in an attempt

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to impute various low motives to me. I am aware that there is such a risk. However, I believe it would be a sign of weakness to give in to fears of this risk and consequently to take part in creating a precedent that weakens the independence of the National Bank of Poland, and subsequently, of its capacity to defend the value of our currency.

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During the last few months, I have received numerous tokens of great kindness and support. I am truly thankful for all of them. I received advice on how to proceed with regards to the summons issued by the investigative committee. The majority of people who gave me advice believed that I should appear before the investigative committee – not because the establishment of this body and the behavior of some of its members were deemed justified, but because they were afraid that there would be negative criticism and political repercussions in case I refused to appear. It was thought that appearing before the investigative committee would result in a more favorable public image for myself.

I do not disregard these warnings. I may be putting my public image at risk as a result of today's decision. I believe, however, that a person cannot abandon his principles, even if defending them may endanger his private well-being.

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I know that my decision will prompt questions. I am ready to answer all of them today, as well as at our forthcoming meeting. You, the journalists, are the representatives of public opinion. I hope that thanks to you I will be able to provide Poles with answers to all the issues that may arise.