

Business Briefing: what Australia can learn from a Polish economist

Written by Jenni Henderson, Editor, Business and Economy, The Conversation

Andrzej Rzonca, a Professor of Economics at the Warsaw School of Economics and member of the Monetary Policy Committee at Poland's central bank, is visiting Australia at the moment. He's here to learn more about our monetary policy woes but to share his views on Brexit and the ever growing tension between the United Kingdom and other members of the European Union.

Despite the differences between Poland and Australia, Rzonca says there are a lot of similarities: both countries managed to get through the financial crisis without too much damage but both are now vulnerable to external economic shocks, Poland through its open economy and Australia from its exposure to China.

Rzonca's advice on improving Australia's resilience to economic shocks is for the government to return public finances to a situation similar to that of before the global financial crisis.

His says the type of unconventional monetary policy that some countries have come to expect (such as quantitative easing) was helpful during the global financial crisis to support banks, but it's now stifling the productivity and innovation needed for growth.

This low growth is contributing to inequality between EU states because poorer countries have been growing slower than richer ones, Rzonca says. While this requires policy reforms, the political environment in Europe is not conducive to this.

In this podcast Rzonca refers to the Australian federal reserve, this is the Reserve Bank of Australia.

Also in this podcast in Ask an Economist, Richard Holden answers a question on what unemployment figures really tell us.

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