For over a decade the public and academic debate in Poland has been deliberating on the issue of joining the Eurozone, requirements essential to introduce the euro, as well as benefits and costs of adopting the common currency for the Polish economy. Through the accession to the EU in May 2004 Poland has undertaken the commitment of making an advancement on the way to the euro area. Yet, the exact deadline for adoption of the euro was not assigned in the Treaty of Accession in 2003. Therefore, the Polish authorities have certain flexibility in terms of the pace of the monetary integration and might use that time to enhance the resilience of the economy to asymmetric shocks in the euro area (among others by providing a fiscal buffer).

Currently there is no unambiguous conclusion on the accession of Poland to the Eurozone (incl. conditions and deadlines of possible accession). Although before the global financial crisis such a compromise seemed to exist (Wójcik, 2008; NBP, 2009), in recent years economists' views have become more polarised (Brzoza-Brzezina, Makarski, Wesołowski, 2012).

The purpose of the project is to theoretically assess the impact of various economic policies (especially monetary and fiscal policies) on the economy of a given country in the context of economic integration. The research is intended to answer questions about what would have happened to the Polish economy during the global financial crisis, if:

1. the country run monetary policy with fixed exchange regime (either due to joining the ERM II or adopting the euro)?
2. in addition, Poland had limited room for fiscal stimulus (either due to the requirements of the EU's Stability and Growth Pact or high public debt)?

As a result, there will be drawn conclusions on the potential consequences of Poland's monetary integration with the euro area regarding the already existing fiscal constraints (i.e. relatively high budget deficit and debt of the general government sector).

Modelling the effects of economic policy in the context of monetary integration (or wider economic integration) has universal feature, while the research topic fits a scientific discourse in Poland as well as in other post-socialist EU countries (e.g. the Czech Republic and Hungary, which have not yet adopted the common currency) and in post-socialist countries of the Eurasian Economic Union (Belarus, Russia, Kazakhstan, Armenia and Kyrgyzstan also discuss the possibility of establishing a monetary union). The use of advanced dynamic stochastic general equilibrium models (the so-called DSGE models) adapted to the Polish economy is relatively small in the literature and is concentrated mainly around one research centre in Poland – the National Bank of Poland (among others Brzoza-Brzezina, Makarski, 2011; Brzoza-Brzezina, Makarski, Wesołowski, 2012; Gradzewicz, Makarski, 2013). My research will contribute to filling this gap. Although the project directly concerns Poland, its conclusions may be useful also for a wider group of countries and scientists.