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## Save the state



Bankers pounced on us for suggesting that the Czech National Bank is helping to [save the banks](#) by keeping interest rates low. One banker said that the idea is simply wrong and that the CNB's rate reduction was the standard reaction in a situation where the economic environment becomes more anti-inflationary. Another banker said that he and his colleagues love inflation and that they can make more money on higher interest rates, which passes over the issue of what this would do to corporate and residential debtors already having trouble making their payments. Another banker said that after a period of apprehension, it turns out that the balance sheets of Czech banks aren't as bad as they seemed last year. Finally, a reader said that the main reason for the CNB's low rates isn't to save the banks, but rather to bail out the country itself, by pushing down its borrowing costs on crown-denominated bonds.

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