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## How Babiš borrows more but owes less



When Finance Minister Andrej Babiš announced in late June that there would be a Kč 100bn budget deficit next year but that the national debt would not rise, it left some people scratching their heads. How would he do this? Use some sort of super-duper financial derivative to package together part of the debt and sell it on to gullible investors at a premium? He explained the conundrum in *Právo* on Sat. The deficit will hit Kč 90bn this year and Kč 100bn next year, he said, but the public deficit as a *percentage of GDP* will fall to 40.3% (currently 47.13%, according to Aleš Michl's [debt clock](#)), because GDP will increase. So that's Babiš's trick. The country will borrow more, but as a percentage of this fuzzy thing called GDP, its total indebtedness will decline. That's a standard deception of Keynesian politicians, but it wouldn't work in a company's loan negotiations with a bank. Babiš the politician is forgetting how to be a businessman.

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