


Central-bank job killers



Czech industry is in a "[shallow recession](#)," according to CNB Gov. Jiří Rusnok, but inflationary fears prevailed instead on Thur., leading the CNB to become the only central bank in the world to be in a position of raising its interest rates. When the CNB was [bemoaning deflationary pressures six years ago](#), it reacted by capping the crown at Kč 27/euro and by printing new crowns to buy euros. That kept the currency weak and interest rates low, which was an ideal situation for many exporters. Orders came flooding in, and people had to be hired to fill them, leading to record-low unemployment. Remember, it was the fear of deflation that led to this. Now we have the opposite, we have "[strong inflationary pressures](#)," according to Rusnok. But instead of reversing the steps taken starting in 2013 and selling the euros to buy crowns, the CNB is raising its interest rates. This will hit exporters - especially small and midsize ones - from both sides. Higher interest rates *and* a stronger crown are a sure-fire recipe for job layoffs. If the CNB was a job creator starting in 2013, it will be a [job killer](#) starting in 2020.

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