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## Interest-rate uprising



On Nov. 7, 2013, with its benchmark interest rate at 0.05%, the [CNB devalued the crown](#) as a way to get households and businesses to spend more money. [Gov. Miroslav Singer](#) warned of a deflationary price spiral similar to the Great Depression. Between late-2013 and 2017 the CNB pumped the equivalent of about two state budgets into the economy to keep the crown weak, and households responded by increasing their borrowing over those four years by [Kč 316.5bn \(25%\), to Kč 1.60 trillion](#). Now it's [Kč 2.11 trillion](#). The CNB has since raised its benchmark interest rate by 8,900%, from 0.05% to 4.50%. [Vojtěch Benda and Jakub Matějů](#) of the CNB defended the rate hikes in *Právo* today and said that the CNB will do all it can to make sure Czech households don't turn out like the peasants at Chlumec whose uprising in 1775 against higher prices and famine was put down by Hapsburg soldiers. Households that were lured by the CNB into an interest-rate trap now have a historical example to study.

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