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Rusnok's train wreck



The Czech National Bank is so bad at [economic forecasting](#) that one must wonder whether it is intentionally bad. If it took a more realistic view of the domestic, European and global economic situation, its monetary policy would benefit the economy more, but it's [four-year campaign to revalue the crown](#) would suffer. A realistic view today is that the Czech economy is an express train that was moving along at a [4.6% speed in the first quarter](#) (from a low base) and that is starting to decelerate. The engine driver has a schedule to keep but knows that if he isn't careful, he might derail and hit a bridge pillar or other obstacle. CNB Gov. Jiří Rusnok acknowledged at the [May 5 monetary-policy meeting](#) that a halt in supplies of Russian oil and natural gas would have "very dramatic consequences" for Europe, but he still supported a sharp increase in interest rates. The risk of Rusnok's policy is that if the derailment comes, the damage to companies and households will be all that much greater.

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