

MAREK BELKA

President, National Bank of Poland

Arthur RUTISHAUSER, Editor-in-Chief, *SonntagsZeitung*

Should there be an increase in interest rates in Europe as well? It is easier to speak as a former central banker than as a current one. Marek Belka always gives very clear answers, so if you do not get a clear answer it is because he is a current central banker.

Marek BELKA, President, National Bank of Poland

I will provide a clear answer. As far as the prospective interest rate increase in the US is concerned, we are not overly impressed. We are waiting for this, and we think that the procrastination is probably more destabilising, even for those countries that are more fragile than we are, than the increase itself. I said previously that we managed to defend the country from excessive inflows and outflows, and there was not really a large inflow of capital as a consequence of QE in America, so we are not expecting a big outflow. Why should we be afraid of this if it is a sign of increasing economic health in the US?

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What about Europe? Should we raise the interest rate too?

Marek BELKA, President, National Bank of Poland

Here we have a slightly different situation. Firstly, I am not sure whether this would properly reflect the official view of the ECB, and I will not ask Jean-Claude Trichet to do it. However, the Europeans should not ignore the phenomenon of low inflation or deflation. We in Poland are at minus 0.7% inflation, but nobody is really moved by this because wages are growing and entrepreneurs and companies are not complaining. The only person who complains, with a good reason, is the Minister of Finance. However, looking at the situation in the Eurozone and the necessity to correct imbalances, to correct some cases of divergence which are now mitigated, then deflation or very low inflation may be detrimental to this. It is quite justified for the ECB to be afraid of this and to act on it.