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Special interview with Prof. Hanke for FinansGundem

Steve Hanke is a Professor of Applied Economics at The Johns Hopkins University, one of the most influential economists of the world, has answered FinansGundem's questions regarding The Central Bank of Turkey and European Central Bank's meetings which will be held this week. He stated that he would advise to the Turkish Central Bank to make no changes in its current policy rate.

The central bank will hold its monthly Monetary Policy Committee (PPK) meeting on Tuesday, with some economists expecting it to cut rates after cuts from the India, Egypt and Peru. Turkey benefits from the slide in oil prices because the country imports more than 90 percent of its crude oil. How do you evaluate the current position of Turkish Central Bank within the framework of current international developments?

Given the current unsettled and volatile state of the world markets and the current state of affairs in Turkey, I would advise the Turkish Central Bank to make no changes in its interest rate policy at present.

We know the ECB's meeting could be game changer for the eurozone in this week. Big things are coming by new quantitative easing plan but how would you sum it up?

Bank regulations are forcing banks to deleverage and shrink their balance sheets. This is reducing the supply of credit and killing the Eurozone economy. As long as governments continue to force banks to deleverage, the ECB will be under heavy pressure to introduce some form of QE to mitigate the damage being done by over-aggressive and misguided bank regulations.

Could it be the silver bullet for ECB? Will the ECB plan work?

QE will not be a silver bullet for the Eurozone because the ECB only produces about 10% of the Eurozone's money supply. If the European authorities keep squeezing banks that produce 90% of Europe's money, the Eurozone will remain troubled.

Read more: http://www.finansgundem.com/bankacilik/hanke_den-basci_ya-mesaj-var-652998.htm#ixzz3PNORyjMO