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## Currency destruction

Just as a global currency war is heating up, the Czech National Bank announced that it's ending the legal tender of 50-crown notes on April 1, 2011. In the grand scheme of things, this isn't so important, but it's a small reminder that the unstated task of the CNB is the managed depreciation of your money. It does this through "inflation targeting." The crown has been a good investment against the dollar and euro, appreciating against each of them by 10% since Jan. 2, 2009. But when measured against gold, the crown has lost 29% of its value since then. An ounce of gold that cost Kč 16,929 on Jan. 2, 2009, now costs Kč 23,686. If we go back to Jan. 4, 2005, when an ounce cost Kč 9,708, the crown's fall is 59%. This is of course only one measure of inflation and currency destruction, but it's worth noting that it takes more 100-crown notes today to buy an ounce of gold than it took in 50-crown notes five years ago.

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