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The CNB dislikes the crown



The CNB has a low regard for the crown. It routinely invalidates coins and bills that it issued in the past. The Kč 50 banknote will literally become a [worthless piece of paper](#) at the end of March. The CNB thinks so little of the crown that it has pegged it for the past 39 months to the [Deutsche Mark](#) (sorry, euro) and has spent more than Kč 1 trillion subduing the Czech currency as it tries to liberate itself. Czech central bankers boast about their ability to print an unlimited number of crowns, which implies a willingness to depreciate the crowns already in existence ad infinitum. The CNB has been depleting its gold stock, and Gov. Jiří Rusnok justified it this week by saying that gold is illiquid, volatile and risky. What a paradox. The CNB is pegging the crown to the D-Mark, and the [Bundesbank](#) is boasting about retaking physical possession of its gold, yet the CNB is bad-mouthing the one asset that could save the crown from the profligacy of its masters.

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