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Year eight of the Great Devaluation



Even before the pandemic caused the West to put up the shutters in the spring of 2020, a battle was raging over who would pay for the next financial crisis. [BlackRock hedge fund](#) called in Aug. 2019 for central banks to "go direct" by giving money to individuals and companies. Future Pres. [Christine Lagarde](#) of the ECB said instead that fiscal policies "need to be available to stabilize our economies through downturns and avoid overburdening monetary policy." She wanted governments to pay. The CNB, which agrees, is still using its modest interest-rate premium to [revalue the crown](#). If it had to devalue again to pay out helicopter money, inflation could very well remain the [highest in Europe](#) for years to come.

Seven years after the [Great Devaluation of the Czech Crown](#), the CNB still boasts about having huge foreign reserves, but the stark reality is that if it tried to use them in an economic downturn, it would make the financial crisis for regular Czechs all that much worse.

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