INTERNATIONAL
THE NEWS

# Venezuela: Hyperinflation’s latest victim

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Paris: Venezuela, which slashed six zeros off its currency, is just the latest country to battle runaway inflation, with prices rising by 1,600 percent there this year.

Hyperinflation – when prices soar more than 50 percent per month – tends to occur in times of conflict or when public finances go off the rails.

It often brings on economic collapse as more and more money is printed. Here are some of the most dramatic historical precedents:

Weimar Germany

German collective consciousness is still scarred by the hyperinflation of the Weimar Republic in the 1920s, when the country was ruined after its defeat in World War I.

The state responded by endlessly printing money, leading to hyperinflation from 1921 and 1924.

Images of Germans going to buy bread with wheelbarrows of cash became etched into memory. Prices at the time were going up by a fifth per day, according to the US Cato Institute think tank. Many historians say the phenomenon led to the rise of Nazism.

But the worst inflation ever recorded was in Hungary where in 1946 prices sometimes doubled in 15 hours.

Argentina, 1989

In Argentina customers rushed to the shops in panic when hyperinflation reached 3,079 percent in 1989 and 2,314 percent in 1990.

Supermarkets were looted and the crisis led to the early departure of President Raul Alfonsin.

The imposition of peso-dollar parity in 1991 brought inflation down to 84 percent. But the result was a recession and parity was abandoned in 2002.

Yugoslavia, 1993-1994

The break-up of the former Yugoslavia in 1991 and the UN embargo a year later led prices in the Yugoslav Federation's remaining rump states of Serbia and Montenegro to spiral by 300 million percent in 1993.

Shops were empty and the currency sharply devalued.

In January 1994, when inflation stabilised at one million percent, the government launched a programme of reforms and put in circulation a "super dinar", officially worth one German mark.

Zimbabwe, 2008

Prices spiralled in 2008 and 2009 sparked by a controversial land reform which saw the forced eviction of most of the country's white farmers.

As the currency plunging, the government of Robert Mugabe churned out money. He introduced a 100,000-billion Zimbabwean dollar bill, just enough to buy a loaf of bread.

Basic products like sugar and cornflour became luxuries with Zimbabweans using bags or wheelbarrows of money to do their shopping.

After further devaluations the authorities abandoned their currency in 2009 in favour of the US dollar. Venezuela

Venezuela has been fighting for years with the highest inflation in the world. In the former oil-rich country, hyperinflation

reached 400,000 percent in 2018, 9,500 percent in 2019, 3,000 percent in 2020 and is expected to be 1,600 percent this year.

A new bolivar with six noughts knocked off will be worth 100 billion bolivars at its 2007 value.

The enormous sums will just be enough to buy a few vegetables or a small piece of meat in an economy largely based on the US dollar.

The local currency is worth so little that the children use it to play with. The government blames international sanctions imposed since 2019, particularly by Washington, to try to oust Socialist President Nicolas Maduro, even if the crisis actually began more than eight years ago.