

Zimbabwe Inflation: The End of the Story

As we went to press with [Modern Principles: Macro](#) we kept having to add zeroes to Zimbabwe's peak hyperinflation rate and move it up the table of world leaders. In our final revision, Zimbabwe's inflation rate had hit 79,600,000,000% per month putting Zimbabwe in second place. We wondered whether in our second edition Zimbabwe would overtake the all time hyperinflater, Hungary (1945-1946) at 41,900,000,000,000,000% per month, but it was not to be. As it turned out, we went to press just as the hyperinflation peaked and Zimbabwe's currency ceased to exist as a medium of exchange. Steve Hanke at Cato has the [end of the story](#):

Ashes are all that is left of the Zimbabwe dollar — a remnant of paper money. During Zimbabwe's hyperinflation, foreign currencies replaced the Zimbabwe dollar in a rapid and spontaneous manner. This "dollarization" process was legalized in late January 2009. Even though the Zimbabwe paper money remnant circulates alongside foreign currencies, its real value is tiny, its use is limited, and its value against the U.S. dollar is

cut in half every two days.

Zimbabwe failed to break Hungary's 1946 world record for hyperinflation. That said, Zimbabwe did race past Yugoslavia in October 2008. In consequence, Zimbabwe can now lay claim to second place in the world hyperinflation record books.

Final Postscript: In 2009, Zimbabwe's central banker, Gideon Gono, was awarded the [Ig Nobel prize](#), not, as expected, in economics but in mathematics for, in the prize committee's words, "giving people a simple, everyday way to cope with a wide range of numbers — from very small to very big — by having his bank print bank notes with denominations ranging from one cent (\$.01) to one hundred trillion dollars (\$100,000,000,000,000)."