

INFLATION BY THE DECADES: 1950s

BY: STEVE H. HANKE &
NICHOLAS KRUS

*JOHNS HOPKINS INSTITUTE FOR APPLIED
ECONOMICS, GLOBAL HEALTH & THE
STUDY OF BUSINESS ENTERPRISE*

INFLATION BY THE DECADES: 1950s

KEY FINDINGS

Data was extremely limited for the 1950s. Inflation figures were unavailable for most of the developing world. South America was the only continent with official records of high inflation.

Bolivia, Paraguay, Chile and Argentina ranked top 4 in the world of cumulative inflation over the decade and all had annualized inflation of over 20%. On average in Bolivia, prices doubled every 526 days.

The newly independent Myanmar went through a period of deflation with prices dropping 2.8% per year.

ABOUT THE PROJECT

Inflation by the Decades provides inflation rate rankings for countries all across the world. These inflation rates are provided in digestible formats that will hopefully make the reader understand the true magnitude of prolonged high inflation and possibly even hyperinflation (an inflation rate of 50% per month). These rankings are provided over each decade from the 1950s to the 2000s.

METHODOLOGY

The information presented in this report was obtained from three sources.

First, the IMF's International Financial Statistics (IFS) were used whenever data were available. If data were not available via the IFS, the World Bank Development Indicators (WBDI) were used. Finally, if data were not available via the IFS or the WBDI, data from the Economist Intelligence Unit's Online Database (EIU) were used. The reasoning for this ordering was due to the fact that the IFS had the most available data, followed by the WBDI and finally the EIU.

Utilizing this data, we calculated the cumulative inflation rate, the annualized inflation rate, the change in the annualized inflation rate, and the value of the monetary unit, using the following formulas.

i_x = the annual inflation rate for the xth year in the decade

- 1) Cumulative Inflation Rate = $[(1 + i_1)(1 + i_2) \dots (1 + i_{10})] - 1$
- 2) Annualized Inflation Rate = $(\text{Cumulative Inflation Rate} + 1)^{1/10} - 1$
- 3) Change in the Annualized Inflation Rate = (Annualized Inflation Rate in the Previous Decade - Annualized Inflation Rate in the Current Decade)
- 4) The Value of the Monetary Unit = $1 / (1 + \text{Cumulative Inflation Rate})$

Upon the completion of these calculations, the countries were ranked accordingly.

It should be noted that only countries that had inflation data available for the entire 10-year time period were included in this study in order to remove any confusion or bias in the table.

ABOUT THE AUTHORS*

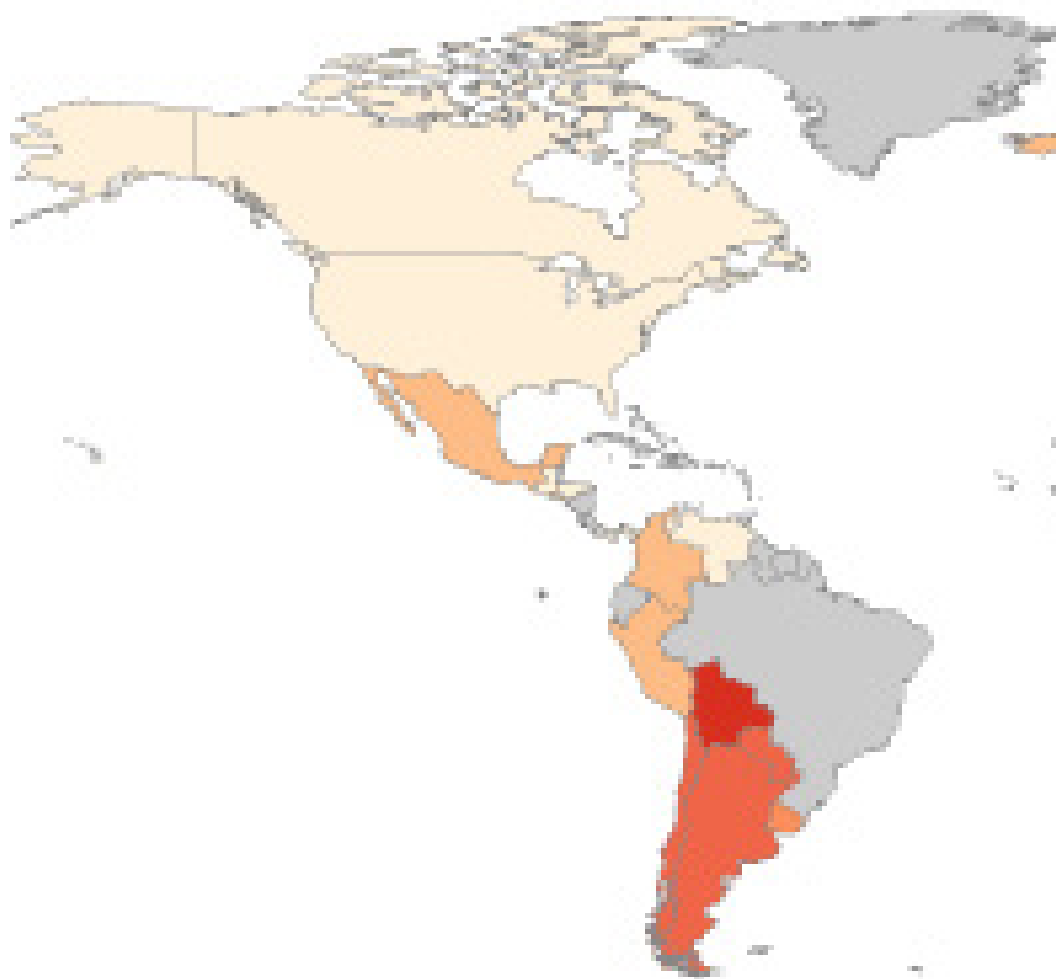
Steve H. Hanke is ... Professor of Applied Economics at the Johns Hopkins University in Baltimore, MD. He is also a Senior Fellow and Director of the Troubled Currencies Project at the Cato Institute in Washington, D.C. You can follow him on Twitter: @Steve_Hanke

Nicholas Krus is ... a research associate at the Johns Hopkins Institute for Applied Economics, Global Health, and the Study of Business Enterprise.

*The authors would like to thank Dennis Deng for his help in making these reports.

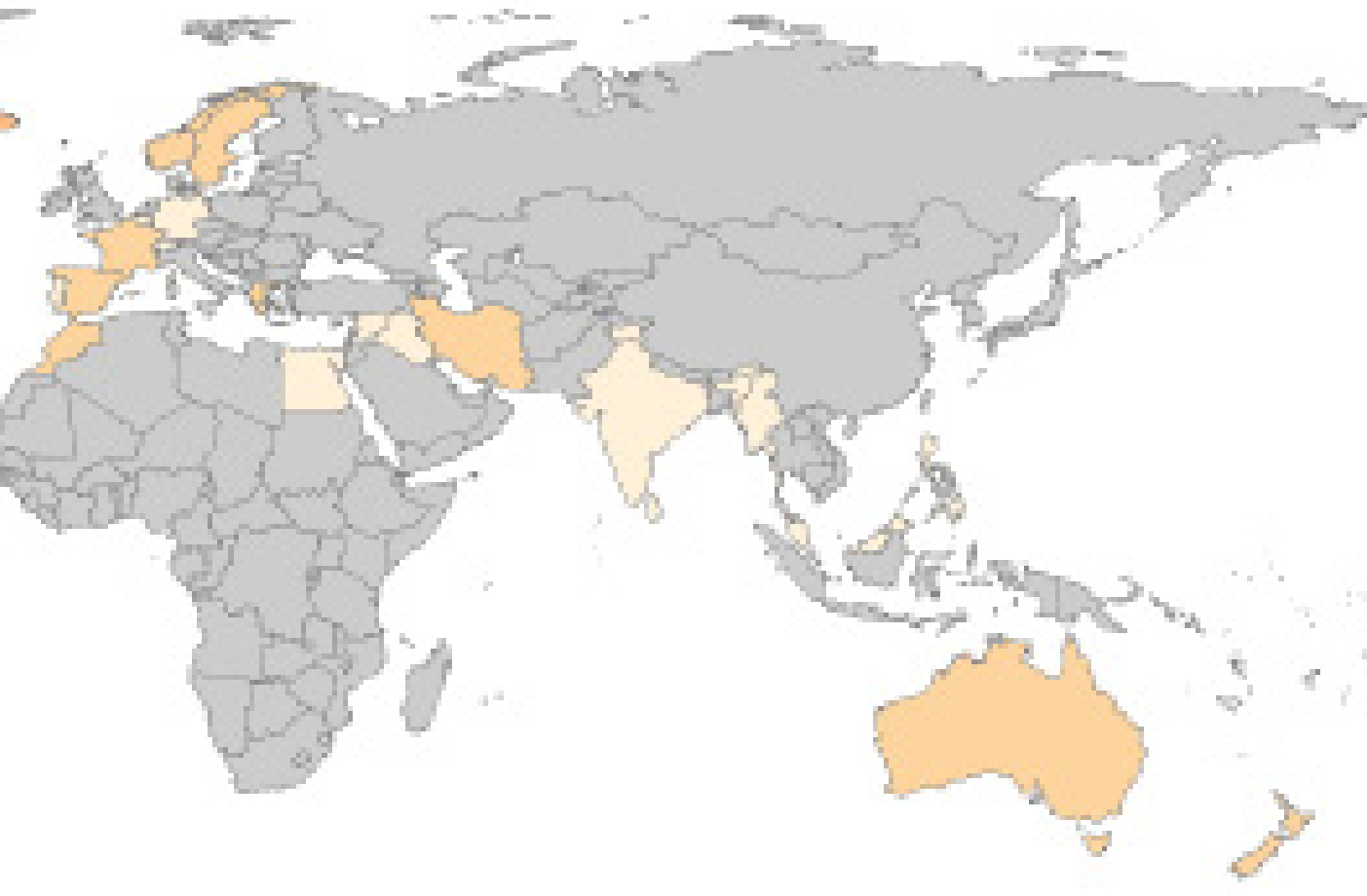
HOW LITTLE IS YOUR MONEY WORTH?

GLOBAL INFLATION RANKINGS: 1950-1959



*The 1959 value of the monetary unit is the relative value in 1959 of one unit of the monetary unit in 1950.

RANK	COUNTRY/TERRITORY	1959 VALUE*	RANK	COUNTRY/TERRITORY	1959 VALUE*	RANK	COUNTRY/TERRITORY	1959 VALUE*	RANK	COUNTRY/TERRITORY	1959 VALUE*
1	BOLIVIA	0.01	11	AUSTRALIA	0.54	21	HONDURAS	0.77	31	SRI LANKA	0.90
2	PARAGUAY	0.04	12	SPAIN	0.55	22	MALAYSIA	0.79	32	GERMANY	0.90
3	CHILE	0.04	13	FRANCE	0.56	23	CANADA	0.79	33	EGYPT	0.92
4	ARGENTINA	0.09	14	NORWAY	0.59	24	LUXEMBOURG	0.82	34	PORTUGAL	0.94
5	URUGUAY	0.31	15	NEW ZEALAND	0.62	25	INDIA	0.82	35	PHILIPPINES	0.95
6	COLOMBIA	0.45	16	MOROCCO	0.64	26	BELGIUM	0.84	36	SYRIAN ARAB RE-PUBLIC	0.98
7	PERU	0.46	17	EL SALVADOR	0.64	27	UNITED STATES	0.84	37	PANAMA	1.01
8	ICELAND	0.47	18	SWEDEN	0.65	28	GUATEMALA	0.84	38	IRAQ	1.02
9	MEXICO	0.48	19	IRAN	0.66	29	VENEZUELA	0.85	39	MYANMAR	1.33
10	GREECE	0.54	20	MALTA	0.73	30	SWITZERLAND	0.89			



HOW MUCH DID PRICES RISE?

CUMULATIVE INFLATION RATES: 1950-1959

*The cumulative inflation rate is the total inflation rate of a monetary unit over the decade.

TOP 5

RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION
1	BOLIVIA	12,193.9%
2	PARAGUAY	2,166.0%
3	CHILE	2,136.3%
4	ARGENTINA	1,047.4%
5	URUGUAY	225.0%

RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION
6	COLOMBIA	123.6%
7	PERU	118.8%
8	ICELAND	113.7%
9	MEXICO	107.0%
10	GREECE	85.7%

TOP 20

RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION
11	AUSTRALIA	84.6%
12	SPAIN	81.5%
13	FRANCE	78.5%
14	NORWAY	70.5%
15	NEW ZEALAND	62.3%
16	MOROCCO	56.3%
17	EL SALVADOR	56.0%
18	SWEDEN	52.8%
19	IRAN	50.6%
20	MALTA	37.1%

TOP 30

RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION
21	HONDURAS	29.3%
22	MALAYSIA	26.7%
23	CANADA	26.4%
24	LUXEMBOURG	22.4%
25	INDIA	21.5%
26	BELGIUM	19.6%
27	UNITED STATES	19.5%
28	GUATEMALA	18.6%
29	VENEZUELA	18.3%
30	SWITZERLAND	11.8%

BOTTOM 11

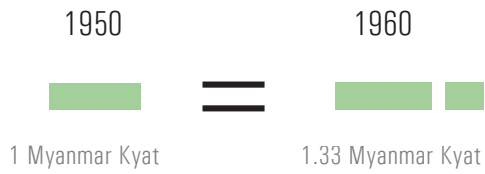
RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION	RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION	RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION
29	VENEZUELA	18.3%	34	PORTUGAL	6.9%	38	IRAQ	-2.1%
30	SWITZERLAND	11.8%	35	PHILIPPINES	5.3%	39	MYANMAR	-24.7%
31	SRI LANKA	11.6%	36	SYRIAN ARAB REPUBLIC	2.3%			
32	GERMANY	11.3%	37	PANAMA	-0.6%			
33	EGYPT	8.6%						

MYANMAR

Cumulative Inflation: -24.7%

Annualized Inflation: -2.8%

Value of the Monetary Unit:



HOW DOES THE TOP COMPARE TO THE BOTTOM?

BOLIVIA

Cumulative Inflation: $1.22 \times 10^4\%$ *

Annualized Inflation: 61.8%

Value of the Monetary Unit:



** (that's 1 followed by four zeros)*

*** Caution: Discerning the 1960 figure may cause eye strain.*

HOW MUCH IS THAT PER YEAR?

ANNUALIZED INFLATION RATES: 1950-1959

*The annualized inflation is decomposed from the cumulative inflation rate on an annually compounding basis.

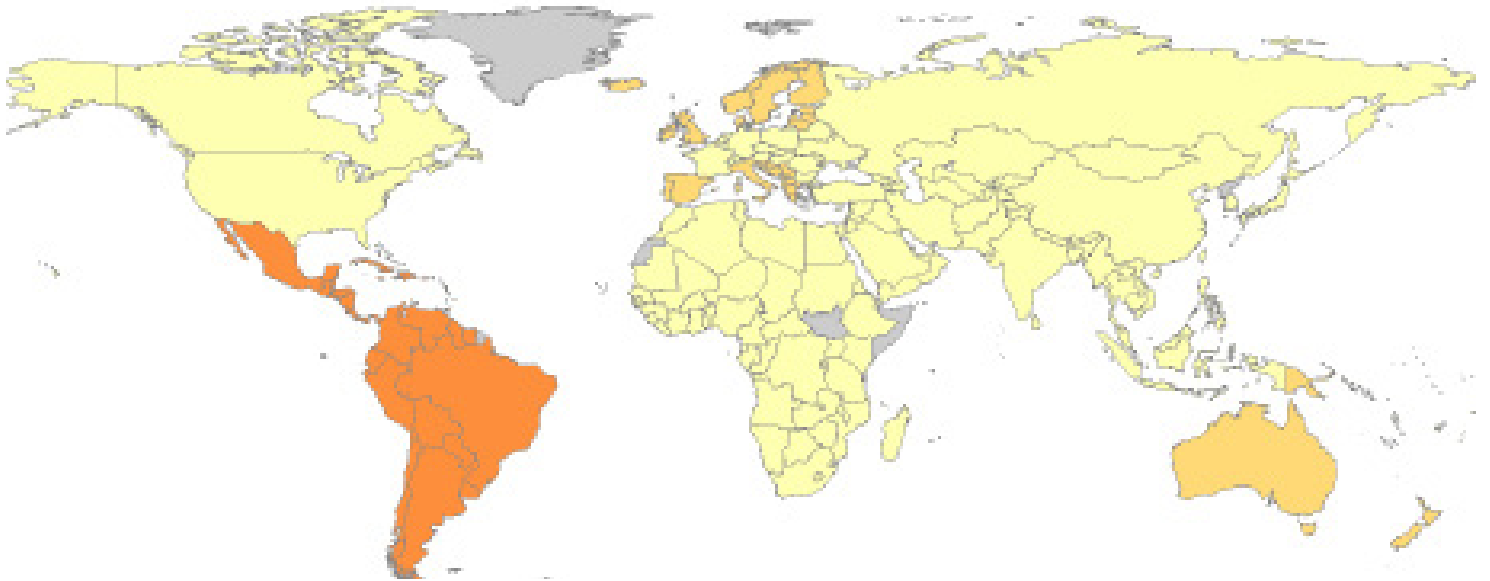
WHO HAD IT THE WORST?

BOLIVIA Annualized Inflation Rate 1950s: 61.8%

I CAN'T COMPREHEND THAT. WHAT DOES THAT REALLY MEAN?

BOLIVIA Monthly Inflation Rate: 4.09%
Daily Inflation Rate: 0.13%
Time it Take for Price to Double: 526 days

RANK	COUNTRY/TERRITORY	ANNUALIZED INFLATION	RANK	COUNTRY/TERRITORY	ANNUALIZED INFLATION	RANK	COUNTRY/TERRITORY	ANNUALIZED INFLATION	RANK	COUNTRY/TERRITORY	ANNUALIZED INFLATION
1	BOLIVIA	61.8%	11	AUSTRALIA	6.3%	21	HONDURAS	2.6%	31	SRI LANKA	1.1%
2	PARAGUAY	36.6%	12	SPAIN	6.1%	22	MALAYSIA	2.4%	32	GERMANY	1.1%
3	CHILE	36.4%	13	FRANCE	6.0%	23	CANADA	2.4%	33	EGYPT	0.8%
4	ARGENTINA	27.6%	14	NORWAY	5.5%	24	LUXEMBOURG	2.0%	34	PORTUGAL	0.7%
5	URUGUAY	12.5%	15	NEW ZEALAND	5.0%	25	INDIA	2.0%	35	PHILIPPINES	0.5%
6	COLOMBIA	8.4%	16	MOROCCO	4.6%	26	BELGIUM	1.8%	36	SYRIAN ARAB RE-PUBLIC	0.2%
7	PERU	8.1%	17	EL SALVADOR	4.5%	27	UNITED STATES	1.8%	37	PANAMA	-0.1%
8	ICELAND	7.9%	18	SWEDEN	4.3%	28	GUATEMALA	1.7%	38	IRAQ	-0.2%
9	MEXICO	7.5%	19	IRAN	4.2%	29	VENEZUELA	1.7%	39	MYANMAR	-2.8%
10	GREECE	6.4%	20	MALTA	3.2%	30	SWITZERLAND	1.1%			



ANNUALIZED AVERAGE INFLATION RATES

Western Europe: 2.4%	North America: 2.1%	East Asia: N/A	MENA: 1.9%
Eastern Europe: N/A	Latin America: 16.1%	South Asia: 1.5%	Sub-Saharan Africa: N/A
Northern Europe: 5.9%	Oceania: 5.6%	Southeast Asia: N/A	Central Asia: N/A
Southern Europe: 4.1%			

THE HANKE-KRUS WORLD INFLATION TABLE: 1950s

RANK	COUNTRY/TERRITORY	CUMULATIVE INFLATION	ANNUALIZED INFLATION	1959 VALUE*
1	BOLIVIA	12,193.9%	61.8%	0.01
2	PARAGUAY	2,166.0%	36.6%	0.04
3	CHILE	2,136.3%	36.4%	0.04
4	ARGENTINA	1,047.4%	27.6%	0.09
5	URUGUAY	225.0%	12.5%	0.31
6	COLOMBIA	123.6%	8.4%	0.45
7	PERU	118.8%	8.1%	0.46
8	ICELAND	113.7%	7.9%	0.47
9	MEXICO	107.0%	7.5%	0.48
10	GREECE	85.7%	6.4%	0.54
11	AUSTRALIA	84.6%	6.3%	0.54
12	SPAIN	81.5%	6.1%	0.55
13	FRANCE	78.5%	6.0%	0.56
14	NORWAY	70.5%	5.5%	0.59
15	NEW ZEALAND	62.3%	5.0%	0.62
16	MOROCCO	56.3%	4.6%	0.64
17	EL SALVADOR	56.0%	4.5%	0.64
18	SWEDEN	52.8%	4.3%	0.65
19	IRAN	50.6%	4.2%	0.66
20	MALTA	37.1%	3.2%	0.73
21	HONDURAS	29.3%	2.6%	0.77
22	MALAYSIA	26.7%	2.4%	0.79
23	CANADA	26.4%	2.4%	0.79
24	LUXEMBOURG	22.4%	2.0%	0.82
25	INDIA	21.5%	2.0%	0.82
26	BELGIUM	19.6%	1.8%	0.84
27	UNITED STATES	19.5%	1.8%	0.84
28	GUATEMALA	18.6%	1.7%	0.84
29	VENEZUELA	18.3%	1.7%	0.85
30	SWITZERLAND	11.8%	1.1%	0.89
31	SRI LANKA	11.6%	1.1%	0.90
32	GERMANY	11.3%	1.1%	0.90
33	EGYPT	8.6%	0.8%	0.92
34	PORTUGAL	6.9%	0.7%	0.94
35	PHILIPPINES	5.3%	0.5%	0.95
36	SYRIAN ARAB RE-PUBLIC	2.3%	0.2%	0.98
37	PANAMA	-0.6%	-0.1%	1.01
38	IRAQ	-2.1%	-0.2%	1.02
39	MYANMAR	-24.7%	-2.8%	1.33

Copyright 2013 by the authors. This work may be reproduced provided that no fee is charged and the original source is properly credited.

Designed by: Wednesday Trotto
www.Wednesday.is