

# Inflation by the Decades: 1950s

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## About the Series

*Inflation by the Decades* is the most comprehensive free-to-use inflation database. It provides inflation data in digestible formats for countries across the world. These data are provided over each decade from 1950 to 2000. Along with annualized inflation over the decade, we find the cumulative inflation, value of one monetary unit at the end of the decade, and the change in inflation. The dataset used for all reports can be downloaded as an Excel file on the Cato Institute website.

This series repackages the work previously published in 2014 by Prof. Steve H. Hanke and Nicholas Krus<sup>1</sup> to include choropleths, digitized data, and a basic discussion and analysis of trends.

## About the Authors<sup>2</sup>

**Steve H. Hanke** is a Professor of Applied Economics and co-director of the Institute for Applied Economics, Global Health, and the Study of Business Enterprise 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. On his Twitter, @Steve\_Hanke, Prof. Hanke regularly posts about economic and financial news.

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## Methodology

We obtained the data presented in this report from three sources. We used the IMF's International Financial Statistics (IFS) most often. If data were not available via the IFS, we used the World Bank Development Indicators (WBDI). Finally, if data were not available via the IFS or the WBDI, we used data from the Economist Intelligence Unit's Online Database (EIU).

Utilizing these data, we calculated the cumulative inflation rate, the annualized inflation rate, the value of the monetary unit, and the change in the annualized inflation rate. We did so 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 annualized inflation rate = (annualized inflation rate in the current decade - annualized inflation rate in the previous decade)
4. Value of 1 monetary unit at the end of the decade =  $1 / (1 + \text{cumulative inflation rate})$

Plotly was then used to create the choropleths.

Only countries that had inflation data available for the entire decade were included in this study to remove any confusion or bias in the table.

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<sup>1</sup> See Steve H. Hanke and Nicholas Krus *Inflation by the Decades*, Cato, 2014. Available on the Hanke-Krus "World Inflation and Hyperinflation Table" page on the Cato Institute website (<https://www.cato.org/research/world-inflation-and-hyperinflation-table>).

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# Introduction

## Key Findings

For the 1950s, we recorded inflation data for 39 countries and territories.

As expected, earlier decades have less data. This decade has most of the data for South America, but very little for other regions. Therefore, because there are few countries to compare to South American countries, each of the top 7 most inflationary countries in the world were in South America.

The most inflationary country in the world was Bolivia. However, its annualized inflation was very low for the most inflationary country in the world. Usually, the most inflationary country in the world has an annualized inflation above 100%. Bolivia's was only 61.80%.

There were no hyperinflations in this decade.<sup>3</sup> However, this is partly due to the lack of data for the period. Economies in Asia, Africa, and Eastern Europe were unstable in this period, so their may have been cases of high inflation in these areas.

Throughout the decade, 4 countries had annualized inflation rates of over 20%, and 5 countries had a rate over 10%.

## World Inflation Choropleth

Figure 1 below shows the annualized inflation in the 1950s of every country and territory for which we recorded data.

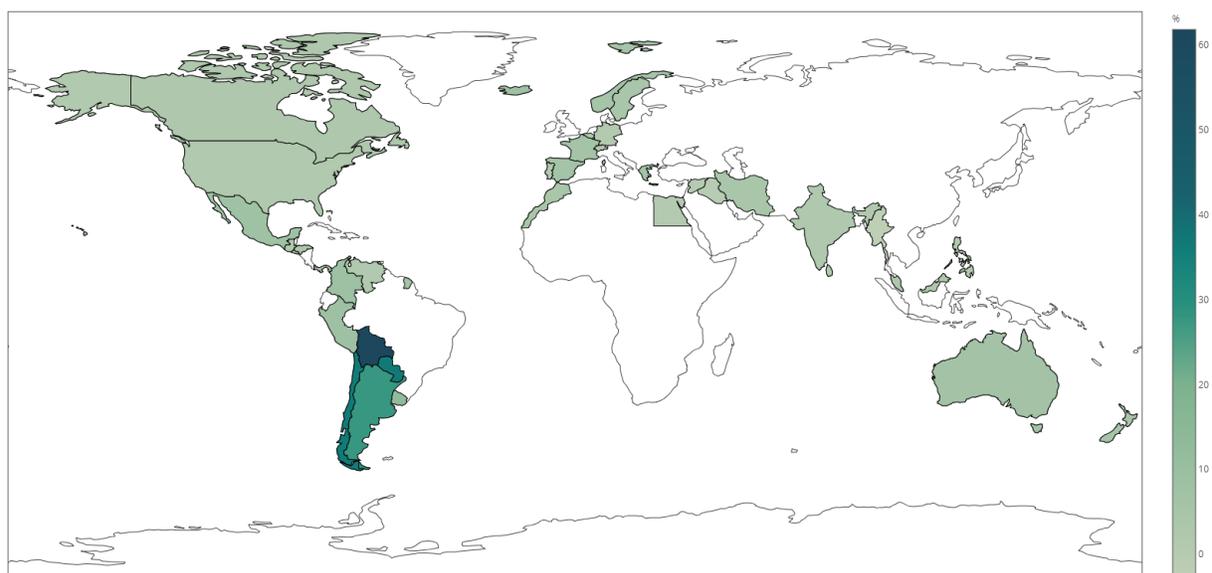


Figure 1. World annualized inflation in the 1950s.

<sup>3</sup> See the latest World Hyperinflation Table. Steve H. Hanke and Erik Bostrom *Zimbabwe Hyperinflates Again: The 58<sup>th</sup> Episode of Hyperinflation in History*, working paper no. 90 in Johns Hopkins University's "Studies in Applied Economics" working paper series.

# Africa

## Summary

In Africa, we measured the inflation for only 2 countries: Egypt and Morocco. Egypt had an annualized inflation rate of 0.83%, ranking 33<sup>rd</sup> in the world. Morocco had an annualized inflation rate of 4.57%, ranking 16<sup>th</sup> in the world.

Because we found data for only 2 countries in Africa, there is no choropleth of African inflation. The same goes for other continents with very little data.

# South America

## Summary

In South America, we measured inflation for 8 of the 12 countries in the continent. The average inflation was 24.19% (the highest of any continent in this decade), with a standard deviation of 20.29%. Annualized inflation ranged from a high of 61.80% in Bolivia to a low of 1.69% in Venezuela. The countries highest in our world rankings were Bolivia (1<sup>st</sup>), Paraguay (2<sup>nd</sup>), and Chile (3<sup>rd</sup>).

Though South America's average inflation rate was the highest in the world, it is likely the only continent for which an average accurately represents the continent's inflation.

## Choropleth of South American Inflation

Figure 2 below shows the annualized inflation of countries in South America in the 1950s.

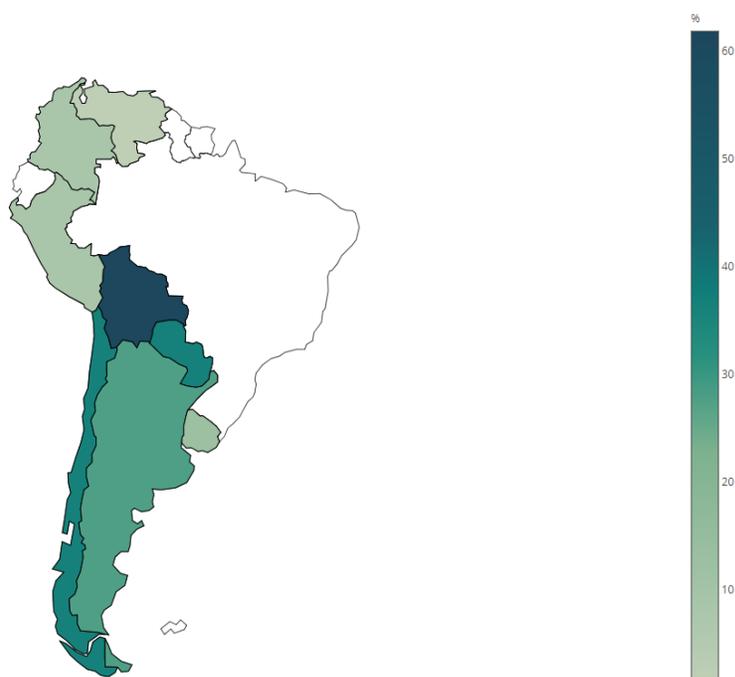


Figure 2. South America annualized inflation in the 1950s.

# North America (including Central/Caribbean)

## Summary

In North America, we measured inflation for 7 countries. The average inflation for the entire continent was 2.93%, with a standard deviation of 2.45%. Annualized inflation ranged from a high of 7.55% in Mexico to a low of -0.06% in Panama.

Mexico had the 9<sup>th</sup> highest inflation in the world. The next most inflationary North American countries – El Salvador and Honduras – had the 17<sup>th</sup> and 21<sup>st</sup> highest inflation in the world, respectively.

## Choropleth of North American Inflation

Figure 3 below is a choropleth of mainland North America's inflation in this decade. Because there were so few countries for which we had data, we did not create a colorscale of the smaller countries.



Figure 3. North America annualized inflation in the 1950s.

# Europe

## Summary

In Europe, we measured inflation for 12 countries. The average inflation for the entire continent was 3.84%, with a standard deviation of 2.50%. Annualized inflation ranged from a high of 7.89% in Iceland to a low of 0.67% in Portugal.

Iceland had the 8<sup>th</sup> highest inflation in the world, followed by Greece with the 10<sup>th</sup> highest inflation. The next most inflationary European country was Spain, which had the 12<sup>th</sup> highest inflation in the world.

## Choropleth of European Inflation

Figure 4 below is a choropleth of Europe's annualized inflation in this decade.

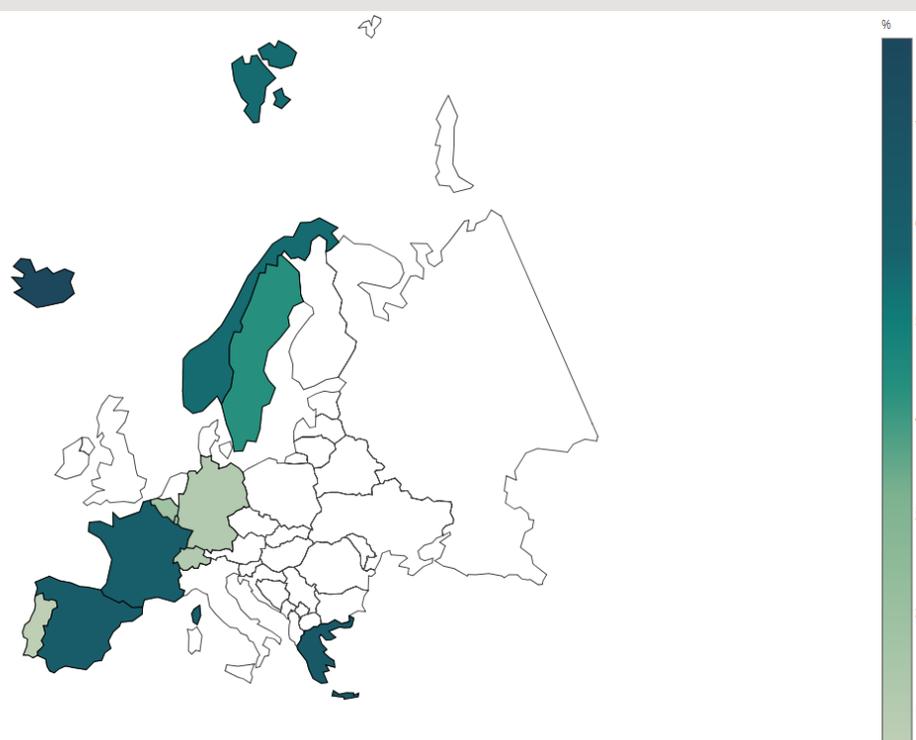


Figure 4. Europe annualized inflation in the 1950s.

# Asia

## Summary

In Asia, we measured inflation for 8 countries. The average inflation for the entire continent was 0.92%, with a standard deviation of 2.06%. Annualized inflation ranged from a high of 4.18% in Indonesia to a low of -2.79% in Myanmar (Burma at the time).

Iran had the 19<sup>th</sup> highest inflation in the world in this period. After Iran, the most inflationary countries in Asia were Malaysia – which had the 22<sup>nd</sup> highest inflation in the world (2.93%) – and India – which had the 25<sup>th</sup> highest inflation in the world (1.97%).

## Choropleth of Asian Inflation

Figure 5 below is a choropleth of Asia's annualized inflation in this decade.

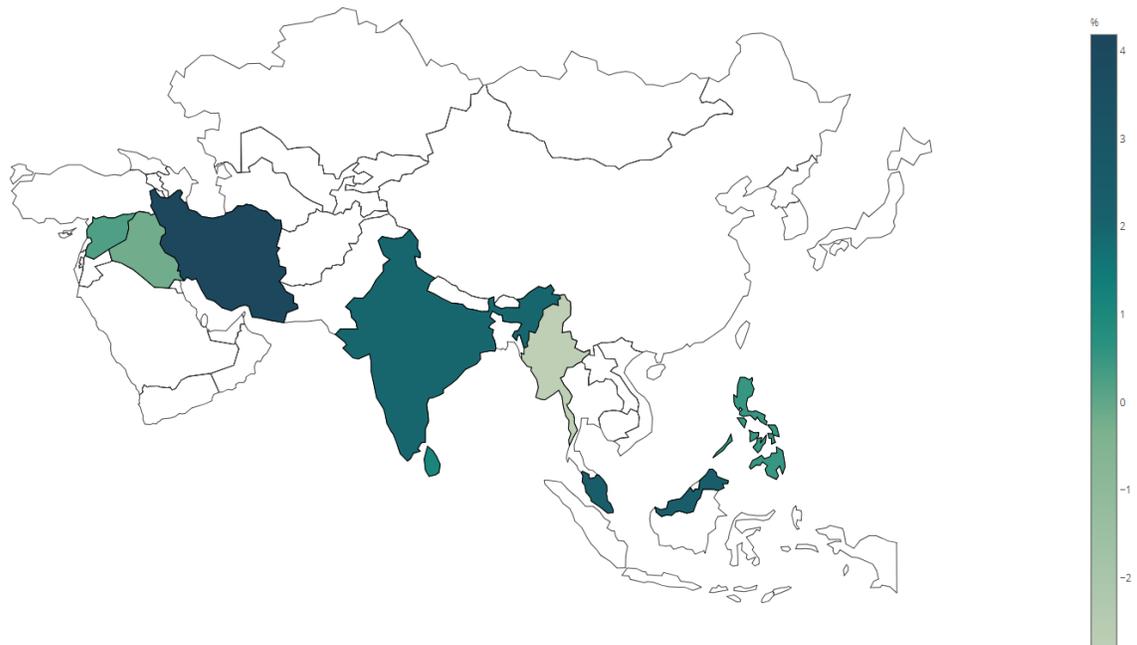


Figure 5. Asia annualized inflation in the 1950s.

## Australia

### Summary

In Australia, we measured inflation for only 2 countries: Australia and New Zealand. Australia had the world's 11<sup>th</sup> highest inflation at 6.32%. Meanwhile, New Zealand had the world's 15<sup>th</sup> highest inflation at 4.96%. Together, their average inflation was 5.64% with a standard deviation of 0.96%. Together, their average inflation was 2.58% with a standard deviation of 0.53%.

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