

Hyperinflation in Zimbabwe

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Hyperinflations — inflation at rates of 100% a year or more — are a recurring feature of the economic landscape. Famous examples include Germany in the 1920s and again after World War II, Bolivia and Israel in the 1980s, Bosnia-Hezegovina and Brazil in the 1990s, and Argentina several times. Right now, Zimbabwe is the reigning champion, with an inflation rate well over 1000%. Your mission is to explain why. Use the EIU Risk Report to answer these questions:

- What is Zimbabwe's current economic situation? Besides inflation, how is the economy performing?
- What are the roots of the current economic situation?
- How would you describe the chain of events that led to such high inflation rates? What is the root cause?