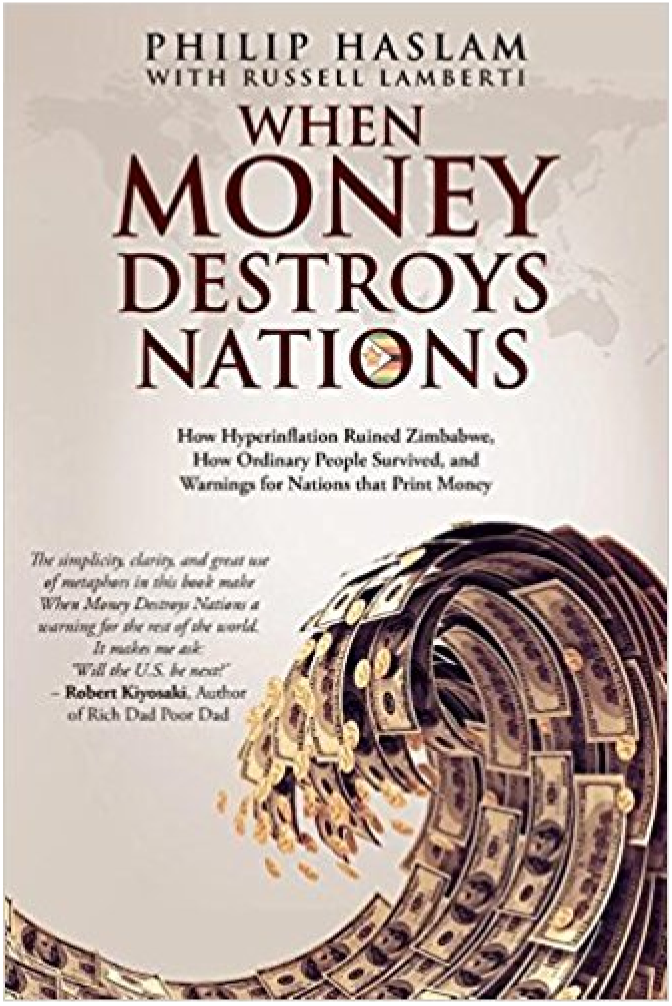
# When Money Destroys Nations: How Hyperinflation Ruined Zimbabwe, How Ordinary People Survived, And Warnings For Nations That Print Money



## Synopsis

Since the global financial crisis of 2008, the major governments of the world have resorted to printing vast sums of money to pay national debts and bail out banks. The warning signs are clear, and the collapse of the Zimbabwean dollar in 2009 after years of rampant money printing is a frightening example of what lies in store for the world's economies if painful, but necessary, reform is not enacted soon. When Money Destroys Nations tells the gripping story of the disintegration of the once-thriving Zimbabwean economy and how ordinary people survived in turbulent circumstances. Analysing this case within a global context, Philip Haslam and Russell Lamberti investigate the causes of hyperinflation and draw ominous parallels between Zimbabwe and the world's developed economies. The looming currency crises and possible hyperinflation in these major economies, particularly the United States, have the potential to turn the current world order upside down. Zimbabwe's lessons must not be ignored. This is the story of When Money Destroys Nations.

## Book Information

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## Customer Reviews

"The simplicity, clarity, and great use of metaphors in this book make When Money Destroys Nations a warning for the rest of the world. It makes me ask: 'Will the U.S. be next?'" -Â Robert Kiyosaki, Educator, Entrepreneur, Investor & Author of Rich Dad Poor DadTo understand the future you must first understand the past. Haslam and Lamberti have done a great job at documenting the Zimbabwean hyperinflation in an easily readable manner. Even if you haven't studied economics or central banking, you'll be able to understand what happens when countries print money and why hyperinflation is coming to countries across the world, including the US dollar. -Â Jeff Berwick, founder and CEO of The Dollar VigilanteHaslam and Lamberti have produced a fascinating, accessible account of how Zimbabweans actually lived (and died) during the world's second-highest hyperinflation, one that dwarfed the German hyperinflation of 1922-23. Yes, the peak daily inflation rate in Zimbabwe in November 2008 was 98% - an economic tragedy that Haslam and Lamberti skilfully bring to life.Â  -Â Steve H Hanke, professor of applied economics at the Johns Hopkins University in Baltimore and director of the Cato Institute's Troubled Currencies Project in Washington DCAn old and reliable adage states that one can learn either from experience or by reading what others have learned from experience. Most people have not lived through a monetary upheaval and have not experienced the disruptions to society when a currency goes bust. So to learn from others, When Money Destroys Nations should be on everyone's reading list.Â  -Â James Turk, founder of GoldMoney and co-author of The Money Bubble: What To Do Before It Pops We are rarely, if ever, exposed to what it is like to live through a hyperinflation. This is because it is so economically, socially and psychologically damaging. History records numerous runaway inflations, including ones in Germany, France, Russia, China and in Revolutionary America. With the spectre of hyperinflation looming in the future, When Money Destroys Nations is a timely, accessible, and informative contribution to prepare people for the consequences. -Â Mark Thornton, Senior Fellow of the Ludwig von Mises Institute and a Research and Fellow with the Independent Institute

For the layman, this book is a wonderful introduction to the world of economics and the challenges that may lie before us. Not only is this book very informative, but it is emotionally gripping from start to end, creating a deep sympathy for our neighbours to the north (Zimbabwe). I now see the crisis they endured in a whole new light, and have a new found interest in global economics. Haslam has a creative approach to teaching, using exciting and captivating means.

This is a must read for students of monetary theory and the general public alike. The author is a native of South Africa and knows Zimbabwe very well. He has friends there and admires the people and the beautiful countryside. The destruction of the Zim dollar could hardly have cause more havoc than losing a war to a despised foreign power. Yet the Zimbabwe government itself was responsible and felt throughout the hyperinflation period that not only was it doing the right thing but that it could do nothing else. This is a lesson that I fear the rest of the world will learn soon enough. Today we may look down upon the Zimbabweans as foolish people, but our governments and central bankers are doing the same thing. Unfortunately, there is no "better" currency to which we can flee, as did the Zimbabweans to the dollar and the euro. Not only do we not learn from history, it appears that we are not even learning from current events.

I found this book very helpful. It was both a warning and an encouragement at the same time. It is a lesson in basic economics for lay people like me, as well as a call for common sense. I also have a new respect for the Zimbabwean people who are still struggling through the effects of appalling financial governance, and at the same time, I have a better understanding of what is happening globally right now.The greatest risk the world faces at present is not nuclear warfare or environmental disaster as so many think right now. It is a financial meltdown on a global scale. The authorsÃ¢Â Â™ state: Ã¢Â ÂœA worldwide government debt and currency crisis remains one of the largest of all global economic risks. It is certain that, if governments continue to pile up debts recklessly and to devalue their currency by printing money, a day of debt reckoning must come.Ã¢Â Â• One just has to pay attention to much of the world news right now, and itÃ¢Â Â™s easy to see this happening.The Zimbabwean lesson, which comes from a very small economy (which at the time had very little effect on the world as a whole), becomes much more of an issue when one applies it to the huge economies of the world today. Ã¢Â ÂœZimbabweÃ¢Â Â™s government consumed too much and became highly indebted, complacent and over-reliant on foreign funders, while at the same time increasing its money supply in the economy. The government developed an unsustainable spending habit and when the funding suddenly dried up, it was left with two options: either take the hard road and live within its means or bumble down a potholed inflation road leading to destruction.Ã¢Â Â•The authors state that Ã¢Â ÂœSince 2007, the UK and United States have become much more profligate Ã¢Â Â“ the United States government almost doubled its debt in the time period to 2013, and the UK government increased its debt by almost 2.5 timesÃ¢Â Â¦.. Like Zimbabwe, the industrialised countries are turning to money printing to revive their ailing economies. While the amounts of new money being printed are staggering, they have not yet been enough to spark runaway inflation. Nonetheless, these economies are adopting dangerous policies that history has shown are hard to reverse.Ã¢Â Â•Ever-increasing debt and no ability to ever repay it! WeÃ¢Â Â™re facing a similar problem in South Africa right now. All the signs are there.But the book is not a doom-and-gloom chronicle. There was a lot that was encouraging too. In the midst of the most appalling conditions, ordinary Zimbabweans showed their resilience. What was of particular interest to me, as a Christian, was the way in which they overcame their problems - through community. Ã¢Â ÂœThere was only one way to survive hyperinflation in Zimbabwe, and that was in community. As formal supply chains broke down, an intricate network of community supply evolved throughout the country. Instead of purchasing goods in shops, you had to rely on relationships with people who had access to the food and personal services you needed. In this way, the community developed a bartering network that was practically impossible for the government to control or regulate. Many of those we interviewed described how deeply bonding this process was and still speak of it with fondness and nostalgia. In the midst of the darkness, there was tremendous positivity among the people. It was the bright moon in the night of economic collapse. The deep value system shared across the cultures preserved the rule of law. Most Zimbabweans held Christian convictions that guided them to respect the rule of law, shunning personal aggression and respecting private property, basic social order and contracts. Business was done relationally rather than at armÃ¢Â Â™s length.Ã¢Â Â•Whether this will be possible in much of the secular western remains to be seen Ã¢Â Â“ but people, generally, are far more resilient than we often give ourselves credit for.So, what we do about it? Well the authors do make a number of very practical personal suggestions, none of which I felt were Ã¢Â Â˜doomsday-ishÃ¢Â Â™; but more importantly, their general observations were more helpful:If deficit spending and money printing ruin economies, we should establish a system that removes the stateÃ¢Â Â™s ability to go into debt and to control and print money. What, then, are the best structures to facilitate a sound and just money system? We strongly advocate that as a foundation, people must have freedom to choose whatever money they wish to use in trade. The only standard needs to be one of justice. If an organisation says that the money it issues has a certain backing, such as oil or gold, it must actually have that backing. The money must be what it says it is. At its basic root, this is about trading honestly. The underlying cause of hyperinflation is excessive government spending that precedes money printing. Governments should therefore have strict constitutional limitations on their ability to tax, spend and borrow. The lessons from ZimbabweÃ¢Â Â™s struggles are clear. When nations enact irresponsible economic policies and then print money to fix their problems, the inevitable result is economic ruin. This pattern has been repeated over and over in history, always with the same results.Voter activism can certainly play a role, but one wonders if the problems arenÃ¢Â Â™t so deeply entrenched and all-pervading that even new governments will have to Ã¢Â Â˜fit inÃ¢Â Â™? The authors certainly leave one with this impression, yet there is still the encouragement to do oneÃ¢Â Â™s bit! I can cut my own spending and reduce my own debt. I can look at ways to be less reliant on government and municipal structures and services. I can learn to grow more of my own food, and more. But ultimately, as a Christian, I know that my source is God. Not my savings; not my pension fund; not my business Ã¢Â Â“ and certainly not the social welfare system.I think the book should be required reading for all government ministers, especially those in charge of the finances; for all leaders in business, and in fact, for all those involved in community leadership of any kind.

As a resident of Zimbabwe during most of the period under discussion I found the book very interesting and an easy read with some useful insights. However I must admit that in some instances I found it to be superficial regarding the history of Zimbabwe. I appreciate that this is an economics book but the history and the players in that history had a significant impact upon the post 1980 independence period. In addition I got the impression from the book that the collapse of the electricity, water supply and other essential services was a result of the hyper inflation. In actuality these services had already been in a state off serious decline due to political interference and mismanagement. The hyperinflation merely exacerbated the decline of all these essential services. One aspect that the could have had more emphasis was the impact of corruption at all levels upon the economy. For example in 2006 a significant diamond find was made in the eastern province of Zimbabwe. It is common knowledge that significant inflows to the economy were lost through illicit exports. As to the solutions it must be noted that by 2000-2002 Zimbabwe already had a very active black market in Foreign currency trading. For other countries going through hyperinflation I would hazard a guess that a black market in goods and currency is essential. In first world countries relying on hi tech and sophisticated banking systems I am not sure that this is possible although I have no doubt that money laundering and similar activities take place.

#13) I Survived the Bombing of Pearl Harbor, 1941 (I Survived #4) I Survived the Destruction of Pompeii, AD 79 (I Survived #10) I Survived the San Francisco Earthquake, 1906 (I Survived #5) I Survived the Sinking of the Titanic, 1912 (I Survived #1)