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Ominous Parallels

by Chloe Kissinger

The economic situation in Zimbabwe is dire. A hamburger costs billions of dollars. Vending machines are breaking down from the sheer volume of coins needed to vend a single soda. Zimbabwean workers can barely make ends meet. Their earnings are not rising fast enough to keep up with the prices, which are rapidly accelerating.

What does this have to do with the United States? Everything!

The prices in Zimbabwe are more than 10,000 times higher than what they were last year. They are now rising faster than they are anywhere else in the world.

The purchasing power of the Zimbabwean dollar has plummeted drastically. The exchange rate is now 75 billion Zimbabwean dollars to just one U.S. dollar. The price of a loaf of bread is equivalent to that of a car a few years ago. Given the rapid devaluation of their wages, Zimbabwean workers are finding it extremely difficult to support themselves.

The economy has entered a free fall as Zimbabweans are rushing to buy as much as they can before prices rise again. Store shelves are empty as customers rush to buy as much as possible before further price hikes. There aren't enough goods to go around because local producers have halted further production in response to the economic uncertainty.

The black market, which coordinates the disparity between the few goods available and the massive quantity of people rushing to buy them, has become the main arena for exchange, albeit at exorbitant prices.

Even Zimbabwe's banks are finding the skyrocketing prices difficult to handle. The number of zeros on the currency is so large the banks' computers can hardly process them. To remedy this, banks have begun to arbitrarily lop off zeros in an attempt to remain operational. This, of course, is startling to their clients, who have no idea why zeros have been removed from their cash balances.

On top of that, the banks have put a government-mandated limit on the quantity of money that can be withdrawn. The amount that can be withdrawn is so negligible that it barely buys a packet of crackers.

The United States is experiencing economic woes as well. Prices in the United States are rising and the value of the dollar is declining. Both of these trends contribute to a reduction in the purchasing power of Americans' incomes.

The price of eggs has gone up by 40 percent in the past year. Milk has gone up by 23 percent. Very few people see annual income increases like that.

The rising price of food is unmistakable. That is not news to most Americans, though. People are acutely aware of rising prices, which pinch them where it really hurts — in their wallets.

Americans are shelling out more money for the same amount of food — food that was cheaper just a few months ago. The dollar doesn't stretch nearly as far as it did a year ago. Its recent decline has placed it at a record low against the Euro. In March there was even talk of BMW's moving its operations to the United States to take advantage of labor made cheap by the deteriorating dollar.

American banks are also hurting. Loans are drying up because people are pulling their savings out. That is bad news for anyone looking for a loan, whether it is for college, a mortgage, or a business plan.

Americans and Zimbabweans are both troubled by rising prices and the devaluation of their money. The only difference between the two is the degree. Clearly, the economic situation in the United States has not reached the level that it has in Zimbabwe. But what assurance do we have that it won't reach that level?

Zimbabwe's dire economic situation is attributed to the actions of its government. Is it conceivable that the U.S. government is at the root of America's economic problems? Could the parallels between the United States and Zimbabwe be more than coincidence? Is Zimbabwe's present America's future?

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