

Inflation by the Decades: 1960s

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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 Krus¹ to include choropleths, digitized data, and a basic discussion and analysis of trends.

About the Authors²

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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.

¹ 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 1960s, we recorded inflation data for 65 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, 4 of the 5 most inflationary countries were in South America.

The most inflationary country in the world was Indonesia; its annualized inflation was about 3x higher than the next most inflationary country, Uruguay. Nevertheless, it did not hyperinflate.

There were no hyperinflations in this decade.³ 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 6 countries had a rate over 10%.

World Inflation Choropleth

Figure 1 below shows the annualized inflation in the 1960s of every country and territory for which we recorded data.



Figure 1. World annualized inflation in the 1960s.

³ See the latest World Hyperinflation Table. Steve H. Hanke and Erik Bostrom *Zimbabwe Hyperinflates Again: The 58th 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 8 countries. The average inflation for the entire continent was 2.94% with a standard deviation of 0.72%.

This average inflation rate and standard deviation is considerably lower than the average and standard deviation in other decades. However, this is probably a result of the sample size. Given Africa's economic instability throughout the years, it is unlikely that the most inflationary African country in our dataset (Burkina Faso – 4.03% inflation) would be the most inflationary country in the continent if data for all countries was found.

Africa's most inflationary country – Burkina Faso – had the world's 21st highest inflation. After Burkina Faso, Sierra Leone and Nigeria were the most inflationary countries in Africa. They had the 28th and 32nd highest inflation in the world, respectively.

Choropleth of African Inflation

Figure 2 below shows the annualized inflation of countries in Africa.

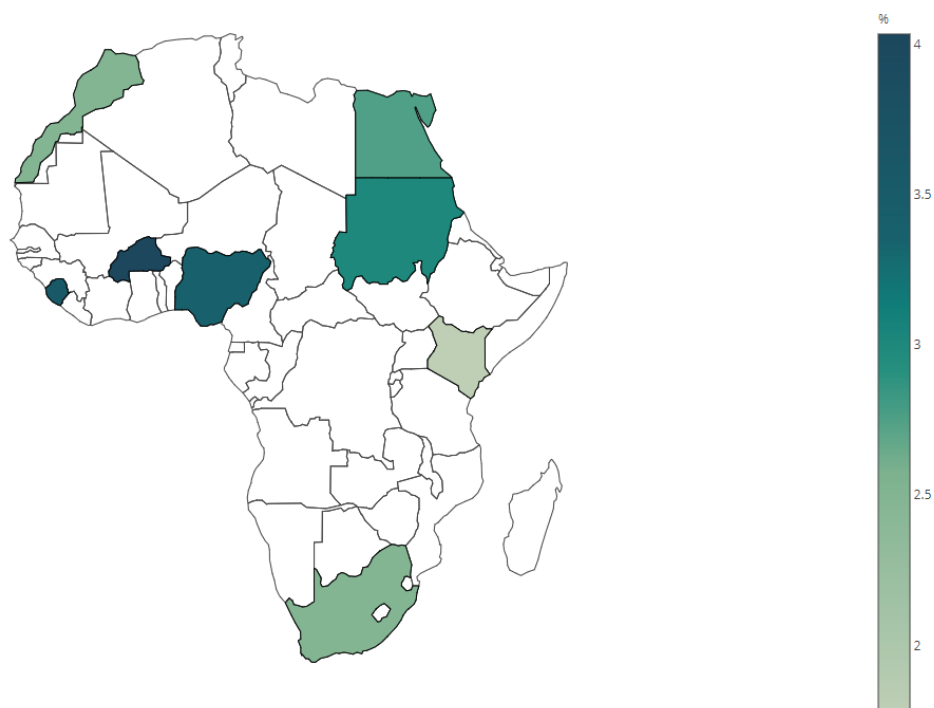


Figure 2. Africa annualized inflation in the 1960s.

South America

Summary

In South America, we measured inflation for 10 of the 12 countries in the continent. The average inflation was 13.38% (the highest of any continent in this decade), with a standard deviation of 14.08%. Annualized inflation ranged from a high of 46.52% in Uruguay to a low of 1.20% in Venezuela. The countries highest in our world rankings were Uruguay (2nd), Chile (3rd), and Argentina (4th).

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. Only 2 countries were missing from South America, so this average holds some significance.

Choropleth of South American Inflation

Figure 3 below shows the annualized inflation of countries in South America in the 1960s.

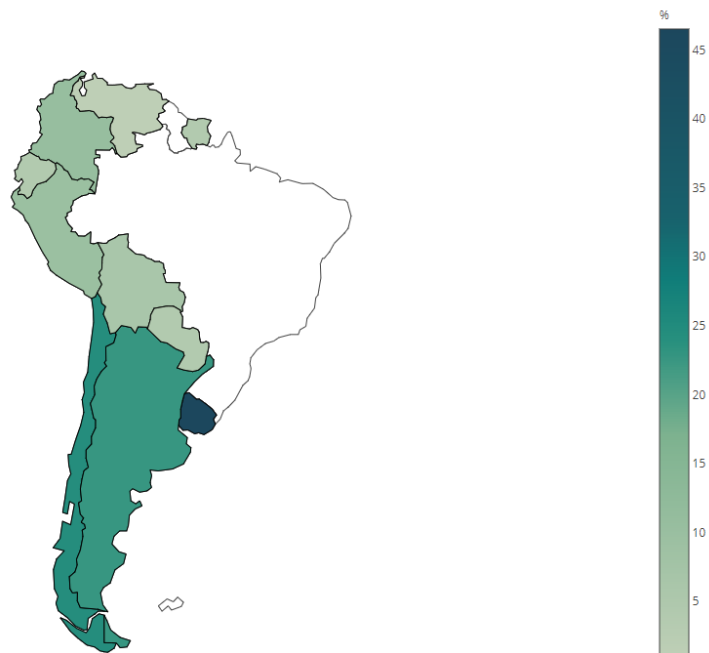


Figure 3. South America annualized inflation in the 1960s.

North America (including Central/Caribbean)

Summary

In North America, we measured inflation for 12 countries. The average inflation for the entire continent was 1.91%, with a standard deviation of 0.98%. Annualized inflation ranged from a high of 3.48% in Jamaica to a low of 0.37% in El Salvador.

Jamaica had the 29th highest inflation in the world. The next most inflationary North American countries – Trinidad & Tobago and Mexico – had the 37th and 39th highest inflation in the world, respectively.

Visualizations of North American Inflation

Because North America is a large continent, with most of its land mass composed of the United States, Canada, and Mexico, it is difficult to see the inflation of Central American and Caribbean countries. So, we have split these up into two different figures. First, we have a choropleth of all of North America. To visualize inflation in Latin America and the Caribbean, we have a color coded dataset according to the severity of the country's inflation.

Figure 4 below is a choropleth of mainland North America's inflation in this decade.

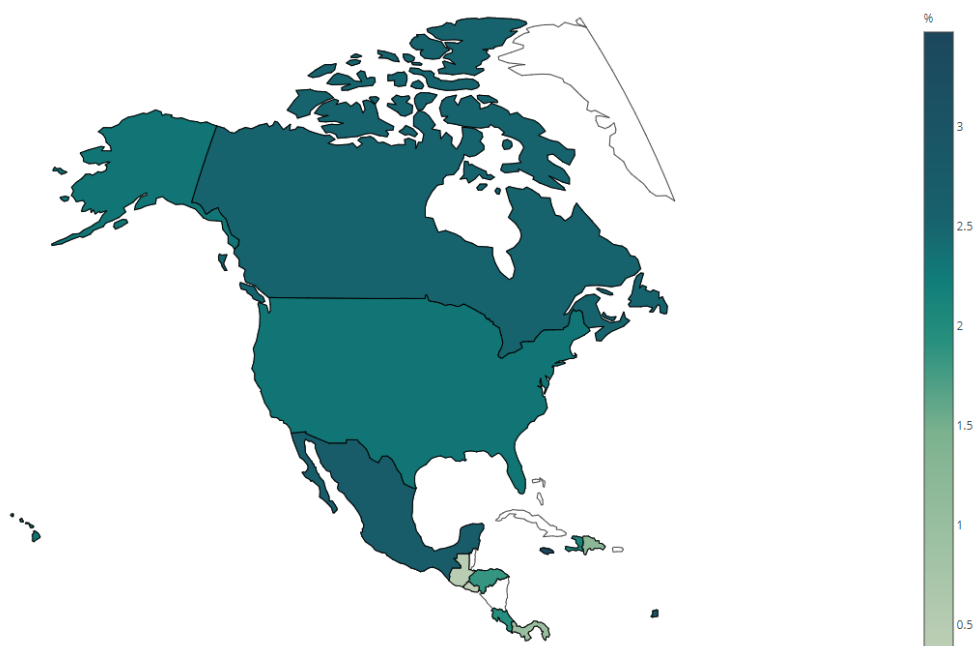


Figure 4. North America annualized inflation in the 1960s.

Figure 5 on the following page is the colorscale of Latin American and Caribbean inflation. The colorscale goes from white for the lowest inflation, light green for the middle inflation, and a darker green for the most inflationary countries.

The US, Canada, and Mexico are excluded from this visualization given that its primary focus is Latin America and the Caribbean

Country	Annualized Inflation
Jamaica	3.48%
Trinidad and Tobago	2.97%
Haiti	2.11%
Costa Rica	1.95%
Honduras	1.85%
Dominican Republic	1.21%
Panama	0.98%
Guatemala	0.46%
El Salvador	0.37%

Figure 5. Latin America and the Caribbean annualized inflation in the 1960s.

Europe

Summary

In Europe, we measured inflation for 19 countries. The average inflation for the entire continent was 3.78%, with a standard deviation of 2.07%. Annualized inflation ranged from a high of 10.66% in Iceland to a low of 0.95% in Cyprus.

Iceland had the 6th highest inflation in the world, followed by Spain with the 10th highest inflation. The next most inflationary European country was Denmark, which had the 12th highest inflation in the world.

Choropleth of European Inflation

Figure 6 on the following page is a choropleth of Europe's annualized inflation in this decade.

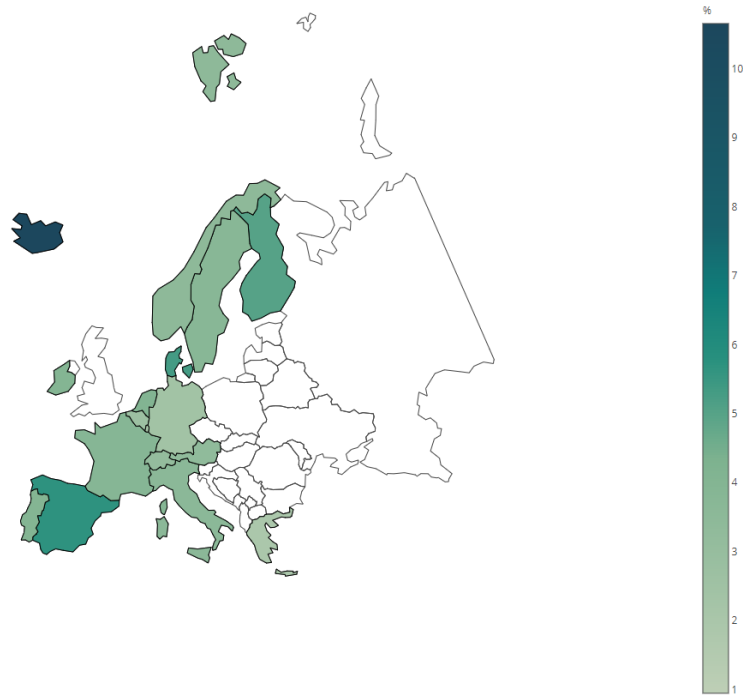


Figure 6. Europe annualized inflation in the 1960s.

Asia

Summary

In Asia, we measured inflation for 13 countries. The average inflation for the entire continent was 13.57%, with a standard deviation of 35.56%. Annualized inflation ranged from a high of 135.15% in Indonesia to a low of 0.74% in Malaysia.

Indonesia had the highest inflation in the world in this period. After Indonesia, the most inflationary countries in Asia were India – which had the 9th highest inflation in the world (5.93%) – and Japan – which had the 11th highest inflation in the world (5.35%).

Choropleth of Asian Inflation

Figure 7 on the following page is a choropleth of Asia's annualized inflation in this decade.



Figure 7. Asia annualized inflation in the 1960s.

Australia

Summary

In Australia, we measured inflation for only 2 countries: New Zealand and Australia. New Zealand had the world's 34th highest inflation at 3.20%. Meanwhile, Australia had the world's 45th highest inflation at 2.45%. Together, their average inflation was 2.58% with a standard deviation of 0.53%.

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