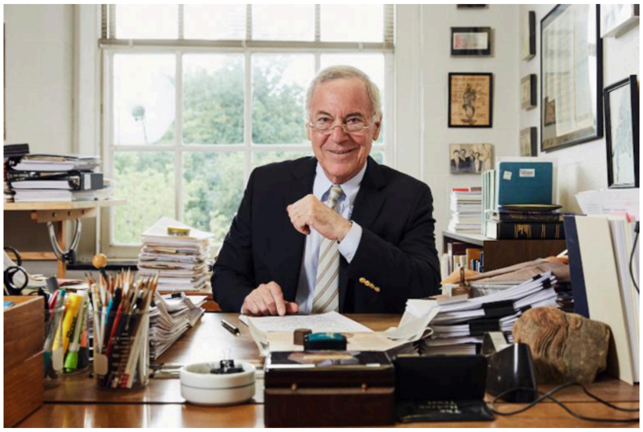


My Paper in The World Economics Journal with Nicole Saade: "On Hyperinflation: New Evidence from Zambia, the Central African Franc Zone, and Belarus"

World Economics Journal

Nicole Saade and I recently co-authored a paper in the World Economics Journal titled "On Hyperinflation: New Evidence from Zambia, the CFA Franc Zone, and Belarus." Using parallel-market exchange rate data and purchasing power parity, we identify four previously unrecorded episodes of hyperinflation. These findings expand the Hanke–Krus World Hyperinflation Table and reaffirm a simple truth: when official statistics fail, markets do not. Exchange rates remain the most reliable thermometer for inflation during monetary breakdowns.

Key Points
• Adds four new hyperinflation episodes—Zambia (1984–86; 1988), CFA Franc Zone (1994), and Belarus (May 2011)—bringing the Hanke–Krus table to 71.
• Measures inflation via PPP using parallel-market exchange rates; applies Cagan's ≥50%/month for ≥30 days with full replicability.
• Peak rates: Zambia ~171%/mo and ~100%/mo; CFA Zone ~101%/mo; Belarus ~52.4%/mo.
• In Belarus, exchange-rate unification and tighter policies later eased inflation by early 2012.

Click here to read my paper in the World Economics Journal

Venezuela: Oil, Sanctions, and U.S. Policy Q&A for My Paris-Based Friend and Journalist David Whitehouse (December 14th, 2025)

Below are my responses to questions from David Whitehouse on Venezuela, U.S. sanctions, and the global oil market.

1. Will Venezuela face increased difficulty in selling its barrels of oil in 2026?
Venezuela will face increasing difficulty in selling its oil in 2026, and what oil it sells will be sold at increasing discounts.

2. Do you think the US should press for regime change in Venezuela? And do you think the US will try to do that?
No, even though I think that the US will continue to ramp up its regime change operations, I do not think this strategy is wise. Its failed ever since the fire brand socialist Hugo Chavez became Venezuela's president and introduced Chavismo. Indeed, my good friend and Nobel Laureate, the late Friedrich Hayek wrote many path-breaking, influential books. One was published in 1988, when Hayek was 89 years of age. In The Fatal Conceit: The Errors of Socialism, Hayek argued that man's "fatal conceit" is the presumption that he "is able to shape the world around him according to his wishes." Indeed, the fatal conceit haunts the halls of US foreign policy. That is why the U.S. has engaged in so many foreign policy interventions and why the world is strewn with the wreckage. When it comes to regime change operations, the US has proven to be the Master of Disaster.

3. What is your view of the effectiveness of US sanctions on Venezuela?
Sanctions have damaged the Venezuelan economy but more importantly have created a massive rally around the flag effect that has kept Chavez and Maduro in power since 1999 as well as opened the door for US adversaries to enter the picture in Venezuela, such as China, Russia, and Iran. But when it comes to damaging the economy, Chavismo has done the real heavy lifting. For example, monetary and fiscal mismanagement led to two episodes of hyperinflation of the 74 in world history recorded on the Hanke-Krus World Hyperinflation Table. The first one peaked out with a monthly inflation rate that I measured at 234% per month in April 2018. Then, in April of 2020, Venezuela experienced another episode of hyperinflation in which I measure the monthly inflation rate at 151% per month. And, when it comes to the most important industry in Venezuela, oil, Chavismo has rendered the world's largest crude oil reserves effectively worthless.

When Hugo Chavez became Venezuela's president in 1999, the output of PDVSA (Venezuela's state-owned oil company) started a downward slide. That slide became a plunge after the coup attempt of April 2002. It was then that Chavez purged PDVSA of its professionals en masse and replaced them with "reliable" hands – those who worshiped at Chavez's altar.

After the 2002-03 output plunge, PDVSA's production recovered somewhat. But, with the death of Chavez and the assumption of the Presidency by Nicolas Maduro in March 2013, another output plunge began. It has left PDVSA's output drastically lower than when Chavez took power in 1999. PDVSA's physical capital has been consumed at an unsustainably rapid rate, with capital expenditures far below the value of equipment that is being consumed each year by depreciation and amortization.

On top of PDVSA's reduced capital stock and its deteriorating quality, there has also been a drop in the stock and quality of its human capital. For example, in 2017, President Nicolas Maduro named a National Guard general with no industry experience to lead PDVSA. The combination of plunging physical and human capital has left the giant state-owned enterprise in very bad shape. Equipment breakdowns and increased accident rates have contributed further to long downtimes and output declines. While the course of PDVSA's output tells us something, it doesn't necessarily tell us much. After all, production can be reined in for many reasons.

To determine whether PDVSA's output drop is deplorable or not, we must look at the company's reserves and the rate at which they are depleted. The depletion rate, which is determined by dividing annual production in any given year by the reserves in any given prior year, provides a key to understanding the economics of an oil company and the value of its reserves. PDVSA's depletion rate has been falling like a stone since 2007. At present, it sits at roughly 0.1%, indicating that it would take more than 400 years for PDVSA's reserves to be halfway depleted.

What are the economic implications? Because of positive time preference and discounting, the value of a barrel of oil in the ground depends on the time taken to get it above ground. If, for example, the price of oil remains the same, a barrel of oil produced and sold today is worth more than a barrel produced and sold tomorrow. Given the incredibly low rate at which PDVSA is depleting its reserves, Venezuela's reserves – the world's largest – are essentially worthless.

To put PDVSA's depletion rate into perspective, let's compare it to Exxon's. At the end of 2024, Exxon's depletion rate was roughly 8% -- which is comparable to most of the world's major oil companies. That rate implies Exxon median time to extraction (and sale) for a barrel of oil is less than 10 years. That's hundreds of years earlier than PDVSA would realize revenue from selling a barrel of oil. So, with the way PDVSA operates, it is exploiting reserves so slowly as to render them, on average, worthless.

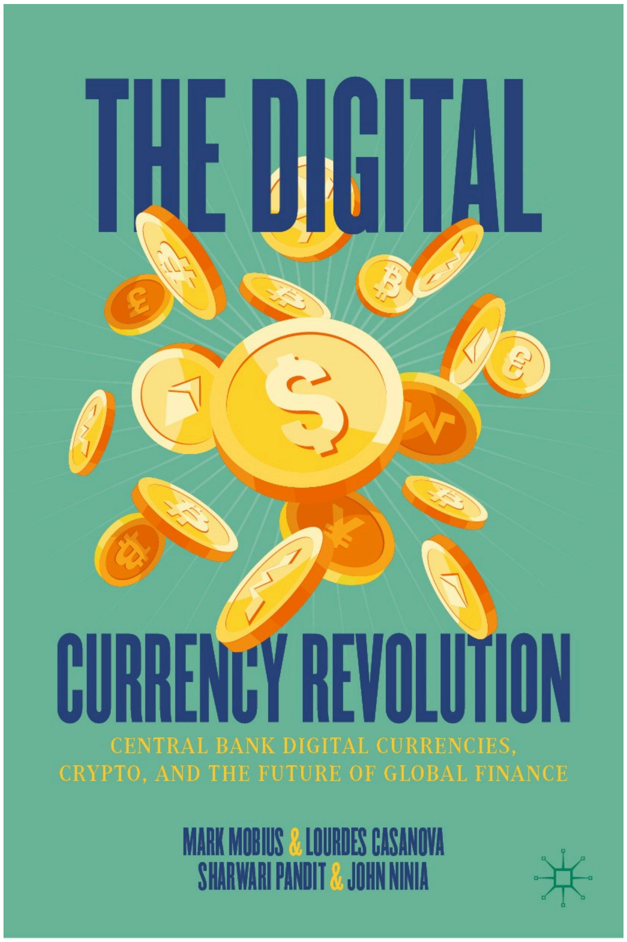
4. China appears to have been buying a lot more Venezuela oil as a result of the sanctions. Do you think that will continue?
About 85% of Venezuela's oil exports end up in China. I anticipate China will continue to be the elephant in the room when it comes to the demand for Venezuelan crude.

5. Will there be wider effects from US tensions with Venezuela on the global oil market in 2026?
With Venezuela producing less than 1% of the world's total oil output, at present, it's really nothing more than a footnote in the world oil market.

6. What is your preferred outcome in Venezuela, and what are the chances of that outcome being achieved?
My preferred outcome for Venezuela would be free and fair elections without any outside meddling. Let Venezuelans choose their leader. Unfortunately, I don't think my preferred outcome is very likely to be achieved.

7. Also, is it possible to say if you are still working with the Venezuelan opposition?
I continue to work with the Venezuelan opposition and have developed an economic game plan "el Plan Hanke," which is a blueprint for establishing an economic rebirth for Venezuela. At present, that plan remains in the cupboard. But, in the meantime, I am measuring daily the inflation rate and supplying it to my friends in Caracas. I am the only one accurately measuring Venezuela's inflation rate, and at present, it's the world's highest at 641.5% per year.

The Foreword I Wrote for Mark Mobius, et al.'s Book, *The Digital Currency Revolution: Central Bank Digital Currencies, Crypto, and the Future of Global Finance*



I am pleased to share the foreword I wrote for Mark Mobius, et al.'s book, *The Digital Currency Revolution: Central Bank Digital Currencies, Crypto, and the Future of Global Finance*, where I raise fundamental concerns about central bank digital currencies.

Although the epicenter of The New Money Order: Central Banks and the Digital Currency Age is central bank digital currencies (CBDCs), it is much more than just a book about CBDCs. Indeed, the authors fill the canvas by including private digital currencies, such as cryptocurrencies, and their relationship to CBDCs.

When they discuss the origins and purposes of CBDCs, Casanova, Mobius, Nina, and Pandit perform admirably. They use case studies to clearly illustrate their points. The authors present the pros of CBDCs, their cons, and everything in between. Their treatment is comprehensive and clear. To assist readers in navigating this new—and at times opaque—realm, The New Money Order contains two most welcomed appendices: one for acronyms and another for definitions.

With that brief overview and praise, I will now turn to my concerns regarding CBDCs. When it comes to the evaluation of new innovations and their potential adoption by governments, my lodestar is John Stuart Mill (1806–1873) and his exposition of classical liberal ideas contained in On Liberty (1859). In short, Mill (and this author) regarded individual liberty as an intrinsic good.

Given that liberty criterion, how do CBDCs fare? Not well. With CBDCs, the State would have the ability to surveil and control all transactions that individuals make with sovereign legal tender. This level of control over individuals, enterprises, churches, non-governmental organizations, etc., if exercised, would be total.

It would be control the likes of which even Thomas Hobbes (1588–1679) didn't envision in his classic Leviathan (1651). This type of control can't even be found in The Communist Manifesto (1848), which was penned by none other than Karl Marx (1818–1883) and Friedrich Engels (1820–1895).

But officialdom argues that we should not worry about the weaponization of CBDCs and their potential to rob people of their liberty. After all, they assert that there would be laws to prohibit such infringements and thefts.

In the real world, however, governments engage in anomie, a word derived from the Greek anomos, which means lawless. Worryingly, the embrace of anomie is becoming more prevalent with each passing day. Just think about how the U.S. dollar and its infrastructure have been weaponized. If we move from the monetary side of the picture to the fiscal side, think about how countries in the Eurozone flout their own Maastricht Treaty—a treaty that sets rules on the ratios of deficit and debt to GDP.

As we move closer to the world of democratic despotism—a world anticipated and analyzed so brilliantly by Alexis de Tocqueville (1805–1859) in his classic Democracy in America (1835)—CBDCs would likely play a pivotal role. Recall that, in Tocqueville's despotism, the authorities would not wield rifles and bayonets, but would operate as shepherds tending flocks of compliant sheep. What better way for shepherds to keep flocks in check than CBDCs? Indeed, a CBDC would give even the most kindly shepherd the potential to surveil and control every transaction that members of his flock wanted to make.

Prof. Steve H. Hanke
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Click here to buy the book

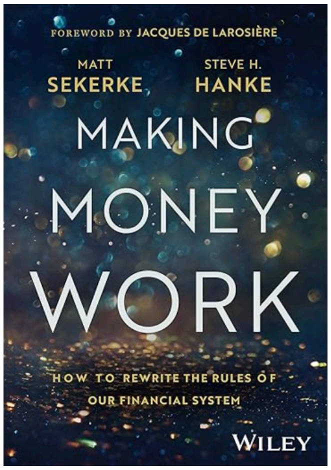
My Interview with Janet Alvarez on The Business Briefing (SiriusXM)

This week, I joined Janet Alvarez on The Business Briefing (SiriusXM). We discussed:

- 2025 saw the return of tariffs, playing out in four stages: war cry, retreat, cautious offensive, and armistice
- Trump's tariff strategy was economic nonsense—tariffs cannot fix the trade deficit, which is driven by Americans spending more than GDP
- "Liberation Day" marked the retreat, as markets rejected arbitrary reciprocal tariffs and forced Trump to pull back
- A mid-year cautious offensive relied on informal, legally weak "gunboat deals," including a "deal" with the EU
- The year ended in an armistice, as China flexed economic power and forced the U.S. to back down
- The U.S. now imposes a 15% average tariff rate, the highest since 1935—functionally a sales tax on consumers
- Tariffs and geopolitics, the U.S. lost, and China won. The U.S. has made many enemies, while China has cut tariffs, expanded trade, and gained friends and global influence
- Next phase in the trade battle will likely see the U.S. focusing on alleged undervalued currencies, like the Chinese yuan.

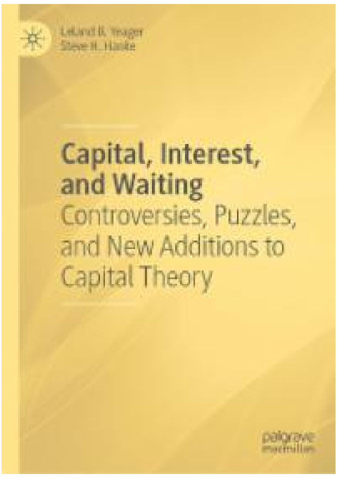
Click here to listen to my interview with Janet Alvarez

My Two Most Recent Books: *Making Money Work* and *Capital, Interest, and Waiting*



"The authors advocate a radical new approach to both monetary policy and regulation of the commercial banking sector. Highly recommended."
––Christopher Wood, Global Equity Strategist, Jefferies

"This writer dubbed Steve Hanke the "Money Doctor" for designing inflation-slaying monetary regimes in nations from Montenegro to Argentina. Hanke also won Fortune's praise as virtually the first expert to predict that a post-Covid explosion in M2 had unleashed a sustained rash of runaway prices. Here, Sekerke and Hanke champion a new architecture that would recharge our commercial banks to fund the high-risk, big-potential projects essential to ensuring America's future prosperity and would wean our nation from a dangerous over-reliance on government funding."
––Shawn Tully, Senior Editor-at-Large, Fortune Magazine



"Read this respected examination of the economic function of waiting in human economic betterment."
—Vernon L. Smith,Chapman University, author of Adam Smith's Theory of Society, and 2002 Nobel Laureate in Economics

"The passage of time imposes costs on human activity; Yeager and Hanke provide a transformative account of the implications of this. A great work by two giant interpreters of monetary phenomena."
—Richard Vedder, Distinguished Emeritus Professor of Economics, Ohio University and Senior Fellow, Independent Institute

[Click here to purchase my newest book: Making Money Work]

[Click here to purchase my recent book: Capital, Interest, and Waiting]

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