

DEMONETISATION

— AROUND THE WORLD —

EU

The euro was launched on the 1st of January, 1999 as a virtual currency for cashless payments and accounting purposes: That year, 14 of the 28 countries that form the EU phased out their local currencies and adopted it. [3]

UNITED STATES

On July 14, 1969, the Federal Reserve and the U.S. Department of the Treasury announced the discontinuing of \$500, \$1,000, \$5,000, and \$10,000 denominations due to lack of use. These notes had primarily been used for transfer payments at banks, however, with the arrival of more secure transfer technologies, they were no longer needed. These bills were issued by the U.S. Fed in 1918, and while printing stopped in 1945, they continued to be issued until 1969. [9]

GERMANY

War reparations and excessive currency printing resulted in the hyperinflation of the Germany Mark in the 1920's. By the end of 1923, 1 USD was equal to 4,210 trillion German Marks. An eventual suspension of normal currency occurred when farmers began handing over their harvests for debt security that were 'real assets' like rye, butter, sugar, flour, wheat, beer, cubic meters of water and kilowatt-hours of electricity and other raw resources. This event marked the end of the Weimar Republic and set the stage for the rise of Adolf Hitler. The Reichsmark was introduced in 1924 as a corrective measure to revalue the currency. [8]

INDIA, 1978

The government demonetised the Rs 1000, 5000 and 10,000 notes because they were facilitating the illicit transfer of money that was financing illegal transactions. [1]

INDIA, 2016

As of November 9, 2016, the government has demonetised Rs 500 and Rs 1000 notes to curb counterfeiting and black money. [2]

ISRAEL

In 1985 the New Shekel replaced the hyperinflated Old Shekel. [6]

ECUADOR

In January 2000, Ecuador announced the dollarisation of its currency in response to a severe economic crisis consisting of recession, bank failures, and hyperinflation. [5]

ZIMBABWE

Zimbabwe announced the dollarisation of its currency* in 2009, though the demonetisation of the Z\$ was only carried out in 2015. [4]

IRAQ

A single unified currency, the Iraqi Dinar, was issued by the Coalition Provisional Authority after the deposition of Saddam Hussein in October 2003. It replaced the existing currencies, including the Swiss Dinar. [7]

1. [http://lawmin.nic.in/Id/P-ACT/1978/The%20High%20Denomination%20Bank%20Notes%20\[Demonetisation\]%20Act,%201978.pdf](http://lawmin.nic.in/Id/P-ACT/1978/The%20High%20Denomination%20Bank%20Notes%20[Demonetisation]%20Act,%201978.pdf)

2. <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=106846Mode=0>

3. https://europa.eu/european-union/about-eu/money/euro_en
The map shows nations which changed their currency in 1991

4. www.rbz.co.zw/assets/demonetisation-press-statement-9-june-2015.pdf

*In 2010, the IMF had suggested that the dollarisation of the Z\$ was due to hyperinflation.
<https://www.imf.org/external/pubs/ft/dp/2010/afr1003.pdf>

5. <http://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-2643>

6. <https://www.boi.org.il/en/AboutTheBank/HistoricalEvents/Documents/proceed.pdf>

7. <http://www.cbi.iq/index.php?pid=History>

8. https://www.bundesbank.de/Redaktion/EN/Downloads/Bundesbank/Money_Museum/rye_money_and_rye_loans_during_the_weimar_republic.pdf?__blob=publicationFile

9. <https://uscurrency.gov/content/history-american-currency>