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How to Turn 100 Trillion Dollars Into Five and Feel Good About It

The Highest-Denominated Bill Ever Issued Gives Value to Worthless Zimbabwe Currency

By **PATRICK MCGROARTY** And **FARAI MUTSAKA**

A 100-trillion-dollar bill, it turns out, is worth about \$5.



Associated Press

A man in Harare, Zimbabwe, carried cash for groceries in 2008.

with a devalued currency.

Today, all transactions are in foreign currencies, mainly the U.S. dollar and the South African rand. But Zimbabwe's worthless bills are valuable—at least outside the country. That Zimbabwe's currency happened to be denoted in dollars has amplified appeal, say currency dealers and collectors, particularly after the global financial crisis and mounting public debts sparked inflationary fears in the U.S.

That's the going rate for Zimbabwe's highest denomination note, the biggest ever produced for legal tender—and a national symbol of monetary policy run amok. At one point in 2009, a hundred-trillion-dollar bill couldn't buy a bus ticket in the capital of Harare.

But since then the value of the Zimbabwe dollar has soared. Not in Zimbabwe, where the currency has been abandoned, but on eBay.

The notes are a hot commodity among currency collectors and novelty buyers, fetching 15 times what they were officially worth in circulation. In the past decade, President Robert Mugabe and his allies attempted to prop up the economy—and their government—by printing money. Instead, the country's central bankers sparked hyperinflation by issuing bills with more zeros.

The 100-trillion-dollar note, circulated for just a few months before the Zimbabwe dollar was officially abandoned as the country's legal currency in 2009, marked the daily limit people were allowed to withdraw from their bank accounts. Prices rose, wreaking havoc.

The runaway inflation forced Zimbabweans to wait in line to buy bread, toothpaste and other essentials. They often carried bigger bags for their money than the few items they could afford

"People pick them up and make jokes about when that's going to happen here," says David Laties, owner of the Educational Coin Company, a currency wholesaler based in Highland, N.Y.



Dealers prescient enough to buy Zimbabwe's biggest notes while they were in circulation are now taking their investment to the bank. Mr. Laties spent \$150,000 buying bills from people in South Africa and Tanzania with experience moving currency and other clandestine cargo, including migrants, across Zimbabwe's borders. Sensing that Zimbabwe's last dollars would be "the best notes ever" on the collector's market, he even fronted \$5,000 to someone who approached him over the Internet.

"It worked out," he says. "I got my notes."

Frank Templeton, a retired Wall Street equities trader, bought "quintillions of Zimbabwe dollars" through a broker from Zimbabwe's central bank. On eBay, he now does a brisk trade in the bills from his home in the Hamptons, on New York's Long Island. "I like to say Warren Buffett made a lot of people millionaires, but I've made more people trillionaires," Mr. Templeton says. The dealer paid between \$1 and \$2 for each of the bills in several purchases over about a year, and now sells them for around \$5-\$6 apiece.

House Budget Committee Chairman Paul Ryan (R., Wis.) and Stanford economist John B. Taylor are among the new owners of Zimbabwean bills. Each keeps one in his wallet, brandishing it at opportune moments as evidence of inflation's most extreme possible ramifications. "No self-respecting monetary economist goes around without a 100-trillion-dollar note," Mr. Taylor says with a chuckle.

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July 2, 2008

Only Zimbabwe's secretive central bank officials know the true figures, but dealers estimate that the regime printed roughly five million to seven million bills in the 100-trillion-dollar denomination. Based on the serial numbers and known supply of bills in the collector's market, they believe only a few million

were actually released.

Mr. Templeton and Mr. Laties say their stock is genuine because it came in unopened bricks of thousands of bills. Others guard against the small number of counterfeit Zimbabwean bills rumored to be in the market by studying the watermark, signature and serial numbers that distinguish genuine bills.

Most pristine bills are already in the hands of wholesalers or dealers, meaning merchants looking to stock up now are having a difficult time. Some traders suspect officials at Zimbabwe's central bank are still selling surplus bills to middlemen, but no traders said they had direct access to the bank themselves.

"For something that was printed in the millions, it's hard to actually get your hands on," says Andrew Ericson, an eBay currency merchant in Hawaii.

One Reserve Bank of Zimbabwe official says that defunct notes aren't being sold, though many remain stashed in its vaults and that some bank employees may have huge stores at home.

Though serious collectors are only interested in uncirculated currency—for the same reasons that baseball card or action-figure enthusiasts will pay a premium for pieces in mint condition—the less pristine bills are getting a second act in Zimbabwe as souvenirs for foreign visitors.

At a shopping center in Harare popular with tourists, Gamuchirai Kaparadza sells Zimbabwean bills alongside clay pots and soapstone carvings. He says the bills go for between \$1 and \$10, depending on a customer's bartering skills. "The 100-trillion-dollar note sells like hot cakes," says Mr. Kaparadza. "But it is also hard to get these days because I think more people are realizing they can make some bucks selling it."

A German tourist who failed to get the coveted 100-trillion note was happy to pay \$5 for a 100-billion-dollar

note instead. "It's still huge," she said.

Mr. Kaparadza peddles his bicycle through Harare's poor and working-class neighborhoods, going door-to-door trying to buy people's defunct Zimbabwe dollars. Because the government never attempted to collect the bills or allowed people to exchange them, many still have huge stashes squirreled away at home.

During one such excursion earlier this month, an elderly woman accused Mr. Kaparadza of trying to con her out of valuable currency. "You are a thief. President Mugabe says we will get our money!" she said before slamming the door in his face.

Indeed, the 87-year old Mr. Mugabe has declared that the Zimbabwe dollar will soon return, but members of his awkward unity government are unconvinced. Prime Minister Morgan Tsvangirai told a farmer at a public rally last year that he should use the bricks of bank notes under his bed "to fertilize his fields."

—Peter Wonacott contributed to this article.

Write to Patrick McGroarty at patrick.mcgroarty@dowjones.com

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