

Implications of hyperinflation on economic activities: The example of the Former Yugoslavia

Bachelor Thesis for Obtaining the Degree Bachelor of Science International Management

Submitted to Mr Ulrich Gunter

Nevena Panić

1821017

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Abstract

The research work focuses on the implications of hyperinflation in FR Yugoslavia during 1990-1994 and testifies to various attempts to implement stabilization programs and monetary strategies to target inflation. At the same time, the beginning of the transition process in the observed period and the transition to a market economy forced Yugoslavia to face the problem of rising prices and inadequate policies implemented in that area. Specifically, the paper focuses on the research of an extremely difficult period for the country in transition and its economic position at that time, the environment and movement of economic activities within the FR Yugoslavia in conditions of galloping inflation, and the outcome of hyperinflation. The first part focuses on defining the concept of inflation, partial frameworks for creating orthodox stabilization programs, as well as key elements for their implementation and evaluation to achieve the results of targeting and suppressing (hyper) inflation. The second part focuses on a direct review of the situation before its emergence, as well as on the key factors of the effect of hyperinflation in FR Yugoslavia, observed in the period 1990-1994, the key characteristics of the orthodox stabilization programs that were implemented, but also monetary reforms as a strategy for building transparent, credible and responsible monetary policies. The third part provides insight into the conducted qualitative research through in-depth interviews with economic experts from Serbia along with the analysis of their expert views and opinions on the researched topic.