Title: Tracing the reversal of fortune in the Americas: Bolivian GDP per capita since the mid-nineteenth century

Authors: Alfonso Herranz-Loncán (Universitat de Barcelona)  
José A. Peres-Cajías (U. Católica Boliviana San Pablo)

Abstract: In the centuries before the Spanish conquest, the Bolivian space was among the most highly urbanized and complex societies in the Americas. In contrast, in the early twenty-first century, Bolivia is one of the poorest economies on the continent. According to Acemoglu et al. (Q J Econ 117(4):1231–1294, 2002), this disparity between precolonial opulence and current poverty would make Bolivia a perfect example of “reversal of fortune” (RF). This hypothesis, however, has been criticized for oversimplifying long-term development processes by “compressing” history (Austin in J Int Dev 20:996–1027, 2008). In the case of Bolivia, a comprehensive description and explanation of the RF process would require a global approach to the entire postcolonial era, which has been prevented so far by the lack of quantitative information for the period before 1950. This paper aims to fill that gap by providing new income per capita estimates for Bolivia in 1890–1950 and a point guesstimate for the mid-nineteenth century. Our figures indicate that divergence has not been a persistent feature of Bolivian economic history. Instead, it was concentrated in the nineteenth century and the second half of the twentieth century, and it was actually during the latter that the country joined the ranks of the poorest economies in Latin America. By contrast, during the first half of the twentieth century, the country converged with both the industrialized and the richest Latin American economies. The Bolivian postcolonial era cannot therefore be described as one of sustained divergence. Instead, the Bolivian RF was largely the combined result of post-independence stagnation and the catastrophic crises of the late twentieth century.

Reference: Cliometrica 10(1) [Link]