

Economic effects of monetary adulteration in Bolivia, 1830 – 1870

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ABSTRACT

In 1829, Bolivian government ordained the reduction of fine content in silver coins of low denomination with the purpose of mitigate scarcity of the numeraire. This practice was prolonged along four decades and ended up affecting to almost all silver that annually was coined in the National Mint. Traditional interpretation had emphasized the negative effects of monetary adulteration; nevertheless, members of a new historiographical stream sustain that coining feeble money has protected regional economy from the competitiveness of similar products from Europe, and stimulated economic growth, not only in Bolivia but also in Argentinean northern and Peruvian southern. In this work, I examine hypotheses, evidences and conclusions from both historiographical schools, and I suggest that economic expansion experienced by neighbor economies since the decade of 40's, was a phenomenon linked to overseas trade, and that monetary adulteration impeded the Bolivian economy to have a better performance in the first decades of the Republican era.

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