

## Prices and Living Standards during the Age of Revolutions: The Río de la Plata between 1772 and 1830

### *Precios y niveles de vida en la Era de las Revoluciones: el Río de la Plata entre 1772 y 1830*

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#### ANALYTICAL SUMMARY

This paper traces the evolution of food prices and the purchasing power of low-skilled urban wages in the two main cities of the Río de la Plata region: Montevideo and Buenos Aires. It focuses on a transitional period that runs from 1772 to 1830, when both cities went through the turbulent Age of Revolutions. The time frame is traversed by several junctures: the end of the Spanish commercial monopoly, the opening of Atlantic markets and the sustained growth of cattle raising. An important change at the monetary level is also highlighted: the end of the old purely metallic system of the Spanish empire and the beginning of fiat currency.

Based on new evidence on prices and wages, this study proposes a comparative approach. It intends to analyze how the political and economic junctures that shaped the period 1772-1830 affected living standards of the low-income sectors. In other words, we seek to inquire about some key questions, such as to what extent commercial openness, the intensification of Atlantic demand, the independence processes, the crisis of the colonial monetary union and the emergence of new fiduciary instruments affected the local cost of living and the purchasing power of wage earners.

The methodological strategy followed these steps: (I) development of annual series of food prices and low-skilled urban wages (mason laborers or *peones*), (II) construction of two basic consumption baskets, representative of households with different income levels, (III) elaboration of weighted indices (Laspeyres) based on the quantities indicated in both baskets, (IV) estimation of welfare rates (WR) according to the methodology proposed in Allen (2001), that is, the number of basic baskets that can be purchased with the nominal wage of an unskilled worker.

Our evidence shows at least four central aspects of the Río de la Plata economy during the period under analysis: (a) that both cities experienced similar fluctuations in food prices; (b) that they had to face an intense inflationary cycle between 1813 and 1822 due to the revolutionary context started in 1810; (c) that unskilled workers in both cities held a higher purchasing power than those estimated for Mexico, Lima, and Bogotá at the same time, and comparable to the welfare ratios of Milan or Leipzig, despite the inflationary cycles, and (d) that the recovery of purchasing power in the 1820s failed to match the colonial period levels.