Cuadernos de Historia Económica - The Economic Development of Colombia from the End of the Thousand Days' War to the Great Depression

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Economic growth and macroeconomic stability do not, on their own, guarantee inclusive development. This article demonstrates this by analyzing Colombia's economic transformation between 1905 and 1930. Although rising incomes and improvements in health and nutrition reflected the country's economic growth and modernization, illiteracy, educational gaps, wage inequalities, and restrictions on women's participation continued to persist.

Publication Date: Thursday, 22 of October 2026 **Approach**
This article examines Colombia's economic transformation between 1905 and 1930, from the recovery that followed the Thousand Days' War to the years of the Great Depression. It analyzes how Colombia evolved from a predominantly rural, low-income economy characterized by high monetary instability into an economy that achieved stronger growth, more robust macroeconomic institutions, expanding coffee exports, and the early stages of industrialization. The study combines the analysis of macroeconomic, sectoral, and social variables. It reviews GDP growth, exports, inflation, public finances, labor markets, wages, infrastructure, education, health, and other welfare indicators. It also assesses the role of institutions such as the Bank of the Republic and the effects of Colombia's integration into international markets.

Contribution
The article's main contribution is to show that economic growth and macroeconomic stability, by themselves, do not necessarily lead to inclusive development. The Colombian experience illustrates how the creation of modern economic institutions and the expansion of coffee exports fostered economic growth, while coexisting with social and regional inequalities and significant vulnerability to external shocks. Studying this period provides a better understanding of the foundations of Colombia's twentieth-century economic development. It also helps explain the transition toward industrialization in subsequent decades and the limitations of the agro-export model.

Results
The findings show that Colombia underwent a profound economic transformation between 1905 and 1930. Real GDP grew at an average annual rate of nearly 5%, while coffee exports, transportation infrastructure, industry, and the financial system expanded considerably. Macroeconomic stability played a central role in this process. The macroeconomic reforms introduced under Rafael Reyes, the establishment of the Bank of the Republic in 1923, and other institutional reforms helped consolidate a more stable monetary and financial framework. Nevertheless, economic growth remained highly dependent on coffee exports and, therefore, exposed to substantial external vulnerability. Welfare improvements were uneven. While income levels, health conditions, and some nutrition indicators improved, high rates of illiteracy, educational gaps, and wage and regional

inequalities persisted. Women also faced significant constraints in education, labor force participation, fertility choices, and political rights.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publicaciones-investigaciones/cuadernos-historia-economica/economic-development-colombia-thousand