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ECONOMY OF SOUTHERN BELIZE

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**PUBLIC POLICY, HUMAN DEVELOPMENT AND THE EXPANDING CITRUS
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Introduction

This paper presents work which is in its early stages in an attempt to elicit discussion and raise issues which policymakers need to address as the citrus industry in the south of Belize continues to expand.

It outlines the historical development of agriculture policy in Belize to provide a context for the modern citrus industry. Official interest in the development of agriculture came late in the colonial period. When it did come, this interest was in the development of export oriented production of plantation crops - sugar, citrus and bananas in particular.

In the citrus industry, public policy direction was integral to the determination of the structure and organization of production in the industry, the relations between the owners and the labourers and, therefore, the pattern of human development which evolved in the citrus industry. The pattern of human development is uneven, with

clear differentiation between large scale and small scale producers, between the owners and the labourers, between the Garifuna and Hispanic labourers and between the rural and the urban areas wherein the citrus industry is located.

The underlying premise is that the pattern of human development is a direct result of the organization of production. Therefore to the extent that the pattern of human development is problematic and non-feasible in the long run, it weakens the long run feasibility of the industry.

Historical Framework

In Belize's history, public policy towards land use presented a choice between agriculture and forestry¹ in the context of a situation where the supply of labour was seen to be insufficient to meet the demands of both agriculture and forestry simultaneously. Whether agriculture or forestry was seen as more important depended on the fortunes of the forest industry and the availability of imported food supplies.

Up to the early 1900s, agriculture was unable to compete with forestry for the existing supply of labour given the high wages in forestry. By the middle of this

¹This is reflected in the many reports prepared by local and colonial experts and foreign consultants over the past several decades. See Barnett, 1992 Ch. 3.

century, however, agriculture was seen as the best alternative in light of a forest industry in long term decline.² It is, therefore, fair to say that agriculture was secondary to forestry during most of Belize's history and did not surpass forestry in importance as a source of employment and earner of foreign exchange until well into the twentieth century.

Within agricultural policy, as it has evolved over time, there has always been a clear dichotomy between large scale export production and small scale food crop production for domestic consumption. Export production is normally seen as the province of large scale plantation-type producers and tends to be heavily supported by public policy, while food crop production is normally seen as the business of the small farmer and receives less support. As a result, small farmers who participate in the production of export crops have been better able to expand their acreages and profitability while those who produce food for domestic consumption have tended to remain submarginal producers of food crops in those parts of the country where export crops are not centered³: largely the Toledo District and the Belize River Valley.

² Handbook of British Honduras, 1888 p.197; The 1917 Agricultural Commission Report; Report of the Agricultural Policy Committee of British Honduras, 1956.

³Barnett, 1992, Chapters 3 and 5.

The major export crops of Belize: banana, sugar and citrus, all developed with strong public policy support. In the case of bananas, for example, a 1909 agreement between the Colonial Government and the United Fruit Company, for example, gave the Company an option to purchase 7538 acres of Stann Creek Valley land at one dollar an acre to plant bananas and Government agreed to provide a rail transport system from the Valley to the wharf⁴, which it did.

Following the assignment to Belize of a sugar export quota to Europe under the Commonwealth Sugar Agreement in 1959⁵ and the facilitation by the government of the entrance of Tate and Lyle to play the leading role in sugar cane cultivation and sugar production in order to meet this quota⁶, the sugar industry in Belize developed rapidly.

In the case of the citrus industry, although attempts to produce oranges and grapefruits in the Stann Creek Valley date back to the 1920s, sustained growth dates to the 1940s. By 1955, citrus was the largest contributor to agricultural exports⁷ but was superseded by sugar since the late-1960s.

⁴Archives of Belize, MP1423-19

⁵Department of Agriculture, Sugar Cane Production in British Honduras, 1960-64.

⁶Keller, 1963

⁷Agriculture Department, 1955, British Honduras Citrus Production, Commodity Series Paper no. 1.

The Colonial Development Corporation played a major role in this development by financing new citrus orchards which it disposed of in the 1950s to one of the two companies which grew to dominate the citrus industry.⁸ To support the industry, government replaced the railway in the Stann Creek Valley, which had been built to promote banana cultivation by United Fruit Company, with a motorable road from the Valley to the wharf.⁹

The industry since the mid-1980's has again entered into a period of rapid expansion centered in the Stann Creek District and extending into the Belize and Cayo Districts. This is linked to the preferential duty free access given to Caribbean citrus producers under the Caribbean Basin Initiative beginning in the early 1980s. This duty free access significantly increased the competitiveness and profitability of citrus products coming from Belize and prompted citrus farmers to make significant new investments in the industry.¹⁰

⁸Beginning in 1949, the Colonial Development Corporation made several attempts to establish plantations in the Stann Creek Valley and the Toledo District. These attempts took place on national land set aside by Government for these purposes and were not very successful. Colonial Secretariat, 1955, Colonial Development Corporation in British Honduras.

⁹Anderson, 1958, pp. 23 - 24.

¹⁰These investments have been funded from both foreign and local sources, with local commercial bank outstanding loans to the industry expanding from \$4.4 million at the end of 1984 to \$22.5 million at the end of 1992. Central Bank of Belize Statistical Digest, 1992.

The Evolving Structure and Organization of the Modern Citrus Industry

Previous studies of social organization of the modern citrus industry and of specific communities in the Stann Creek District¹¹ have provided important insights into the process of human development which has accompanied the development of the modern citrus industry. Studies of the economic aspects of the industry¹² have also been undertaken and have largely focused on economic variables to the exclusion of political or sociological variables. Generally, investigations of the citrus industry have tended to be micro studies of specific communities or concerns and have also tended to be uni-disciplinary, being either economic, sociological or anthropological in focus.

The Large Producers and the Small Farms

The structure of the modern citrus industry reflects a form of institutionalized dualism where numerous small producers without scale advantages in production and using less modern and intensive methods of cultivation with limited mechanization, co-exist with few large scale producers who dominate the industry and are the major shareholders in the citrus processing facilities. Over

¹¹For example: Kroshus, 1987; Moberg 1991, 1992a, 1992b

¹²For example: Agricultural and Marketing Consultants Limited, 1990; Bradley 1990; Government of British Honduras, 1955

time, through a process of combination of smaller farms, the takeover of smaller farms by larger farms, and the entry of large scale producers on new land, there has been a perceptible shift towards larger size citrus farms. Notwithstanding this shift towards larger size farms, however, the majority of citrus producers continue to operate on small farms.¹³

In 1960, approximately 5376 acres were under oranges and grapefruit. More than 65% of the orange producers were operating on farms of 5 acres or less in size and accounted for approximately 200 acres while more than 75% of the grapefruit producers were operating on farms of 5 acres or less. On the other hand, farms of over 100 acres in size (3% of total producers) accounted for 65% of total acreage under citrus.¹⁴

Between 1960 and 1984, orange producers expanded from 172 to 2147 and grapefruit producers from 128 to 569. At the same time, acreages under citrus production expanded from 4187 to 10,158 in the case of oranges and from 1189 to 2728 in the case of grapefruit.¹⁵ Whereas in 1960, 66% of orange producers were on plots under 5 acres in size, in 1984, 10% were in this category. Furthermore, orange

¹³Barnett, 1992 Chapter 6.

¹⁴Report of Committee on Agriculture, 1960

¹⁵Report of the Committee on Agriculture, op. cit and Agriculture Census 1984.

producers in the 5 to 50 acre category accounted for 28% of the total in 1960 and 58% of the total in 1984. The 50+ acre category accounted for 3% in 1960 and 31% in 1984. This same kind of shift is visible in the production of grapefruit.

By 1989, the total acreage under citrus cultivation was 17,372 acres of which 14,000 was in oranges and 3372 was in grapefruit.¹⁶ It is estimated that since that time, an additional 8,000 to 10,000 acres are believed to have been planted, including significant acreages in the Cayo District. That district is expected to become a significant citrus producer within the next five years¹⁷.

In the citrus industry, the relationship between the small-scale and the large-scale producer parallels that found in the sugar industry as well as the banana industry before the latter was fully privatized in 1992. Citrus producers are grouped into the Citrus Growers Association [CGA], to which all growers who wish to sell fruit to the processors must belong. The CGA is financially supported by a cess on each box of fruit delivered to the processing facilities.

¹⁶Data on the size distribution of citrus farms are unavailable after the 1984 Agricultural Census.

¹⁷Bradley, 1990 p 6.

Through bulk purchases under duty exemptions, the CGA provides fertilizer to its membership at reduced cost and maintains a pool of farm machinery which its members may borrow for land clearing and cultivation. More recently, the CGA has established a nursery, operated by trained technicians, through which it hopes to ensure that high quality and disease resistant trees are supplied in increased quantities to farmers.

Purchasing agreements between the processors and the CGA governs the delivery of fruit; and the price per box of fruit paid to farmers is determined by a revenue sharing formula agreed between the CGA and the processors at the start of each crop.

There are two citrus processors and the major shareholders in the processing facilities are also the largest citrus farmers, a fact which ensures a minimum supply of fruit to each processing plant during each crop season. Small scale producers are dependent on the larger producers and the CGA for access to processing facilities and transportation of fruit and, as a result, tend to be the weaker partners in the price bargaining arrangement. The price bargaining process is a tense one and has erupted on a number of occasions into conflicts which have resulted in the disruption of the production process. This may be because the small scale producers act en bloc within the CGA to ensure a larger share of government's attention as it

promotes the development of the citrus industry as well as a greater portion of the industry's earnings. This strategy is facilitated by the fact that the two processing plants in the citrus industry are owned by different companies which sometimes compete rather collude.¹⁸

Organization of Labour in the Citrus Industry

The division of labour in the citrus industry flows from the nature of the product cycle and the needs of the processing facilities. During the off-season, labour is used only for field maintenance activities and falls to its lowest level. Demand for labour peaks during harvesting, processing and shipping. Labour is clearly divisible into the following processes: planting/maintenance, harvesting, processing and transportation/shipping.

Labour supply and/or use is clearly distinguishable along ethnic lines. Whereas Hispanic migrant labour at a lower wage rate dominates the harvesting process, Creole and Garifuna labour dominate the production process in the two factories and Garifuna labour dominate the shipping process at the port. The tensions which arise from and feed into the clear ethnic division of labour in the industry have been studied elsewhere¹⁹ but these seem to have largely been

¹⁸Kroshus 1987, pp. 22 - 25.

¹⁹See Kroshus, 1987 and Kroshus Medina 1992

officially ignored or deflected by the citrus producers themselves. This may well be shortsighted since there are many indicators of the importance of ethnic considerations particularly since the industry is a major user of Hispanic migrant labour.

It is argued elsewhere²⁰ that although ethnic identification or differentiation is on the basis of cultural characteristics, where ethnic identification is used as a basis for political action or economic mobilization, it indicates that ethnic groups, though defined in cultural terms, have a source in political-economic reality, as a reaction to existing production relations. Where ethnic groups and class distinctions coincide, the possibility that the ethnic groups may mobilize for political or economic purposes is more likely.

Therefore, the existence of tensions among ethnic groups participating at different levels in citrus production must be seen not primarily as a socio-cultural problem. Rather, it must be seen as a broader problem with political-economic considerations and a basis in the organization of production. For example, because of the organization of production and the ethnic division of labour, wage differentials in the industry are also along

²⁰Barnett 1991 and 1992

ethnic lines. The question, therefore, of whether it is a problem of class or ethnicity may well be moot.

The Immigration Advisory Committee established in the late 1980s to draft recommendations on an immigration policy recognized a need for inflows of "cheap labour in the agro-industries of Belize"²¹, but indicated that there was a need to regulate the seasonal inflow of labour since the recent heavy inflows were disruptive. The committee recommended that this seasonal labour have "...an ethnic identity that could assimilate into the national fabric."²² These recommendations made by the Committee have not been acted on to date and it is not the intention of this study to determine the feasibility or desirability of the recommendations. It is clear, however, that the citrus industry as a major user of cheaper migrant labour, has its competitiveness closely tied in with its ability to access this labour.

Posing the Question of Human Development

In discussing the structure and organization of the modern citrus industry, this study will look at the relationship between large and small scale producers, between the processors and the farmers and between the various labour groups. There are tensions to be resolved

²¹Immigration Advisory Committee Report, p. 8.

²²ibid. p. 13.

within this set of relationships at several levels. How these tensions are resolved will impact on human development and have long term implications for the development of industry.

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