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Diversification from Bananas in the Windward Islands

INTRODUCTION

As far back as the 18th and 19th centuries, diversification has been an important issue in the socio-economic and political development of the Windward Islands.

During that period, although all the Windward Islands produced sugar cane for the metropole, their rugged topography made the cost of production higher than the other sugar cane producing islands in the region. The fall in the price of sugar which occurred in the middle 19th century provided the islands the opportunity to establish alternative crops. Although sugar cane production continued, cocoa, nutmeg, citrus, coconuts, and arrowroot were all introduced. The introduction of these crops marked the first attempts by the Windward Islands to diversify their export crops.

In the middle of the twentieth century, banana was introduced to these islands because of falling sugar cane prices. The crop quickly became the most important earner of foreign exchange and employer of labour. This situation still exists today. However, with the possibility of liberalisation of the EEC markets after 1992, there is need to be concerned about the future of the banana industry.

This paper reviews the historical development of small subsistence farming to commercial production for export with focus on banana as the single most important crop. Against that background, the paper examines the possible effects of liberalisation of the EEC markets and proposes some opportunities for agricultural diversification.

FROM PLANTATION TO SMALL SCALE FARMING

Historically agricultural production in the Windward Islands has been export oriented. These former British colonies in the 18th and 19th century grew sugar cane on plantations. However, sugar cane production

was not successful because of the rugged topography. Nonetheless, sugar cane production survived up to the mid-twentieth century in the flatter, drier regions of St. Vincent, St. Lucia and Grenada.

Given the vagaries of the sugar industry, some islands began experimenting with new crops. Crops like cocoa, nutmeg, citrus, coconut and arrowroot were introduced to replace sugar cane and were produced on plantations.

Agricultural production for local consumption was always in the hands of small farmers (peasants) who cultivated marginal lands. With the downturn of sugar cane production, due to falling prices, many plantations became encumbered; as a result, the first half of the twentieth century saw the sale or divisions and abandonment of many plantations.

Several small farmers profitted from this situation and bought lands. This change of land ownership reduced the dependence of the small farmers on the plantation system. Such a change was not enough to avoid the deteriorating economic situation in these islands. In fact, the closing of the plantations created a rise in unemployment.

The situation was chaotic enough for the British Government to intervene, by adopting stop gap solutions to defuse the situation. One of these solutions was the introduction of bananas. Banana production was introduced because it required small capital outlay and banana could be grown by both small and large land holders. Also, banana production because it was labour intensive, had a positive impact on the high level of unemployment. There was also an assured market for the product in Britain.

During the post-war years, the situation of a dwindling labour force again developed. Three factors were responsible. These were the opening up of the British labour market to Commonwealth citizens, the introduction of the tourism sector and the black awareness brought on by the "black power" movement.

The rebuilding and rapid industrialisation of Britain during the immediate post war years demanded an abundant supply of labour. To satisfy this demand, Britain opened her doors to her Commonwealth countries where an abundant supply of cheap labour existed. The Caribbean countries, including the Windward Islands, responded with a mass exodus of labour to Britain. This exodus temporarily alleviated the unemployment situation in these islands.

The tourist sector also attracted a significant number of relatively unskilled labour. Most of this labour supply came from rural areas. The movement of labour from these areas to the tourist sector was made easy because of relatively higher wages offered in that sector.

Further, the rise of the black consciousness movement in the late 60's created a conflictual situation especially among the youth, between the land owning class and farm workers and potential farm workers. It was generally felt that it was degrading to be working for the so-called masters, "the planter class." Although this general situation existed in all spheres of society, it was more acute in agriculture mainly because farm work was associated with slavery.

With this increasing difficulty to find labour for the plantations and the general low prices received for agricultural export crops, large land holders once again found themselves in financial difficulties. Those plantations which remained in business had to reduce the acreage cultivated to accommodate the existing labour supply; some left their plantations abandoned, while yet others sold out.

Most of the land which was sold went to small holders. This new land owning class consisted mainly of past labourers of plantations, retired public servants and retirees from the oil fields of the Dutch Antilles - people who had left in the nineteen twenties and thirties to work in the petroleum industry.

This change in ownership of land in the Windward Islands created a change for agricultural production from plantation dominated to small free holders.

The rise in the number of small holders reflected their increased importance to the agricultural sector. This came about because in addition to their traditional role - as producers of food for local consumption, small holders were now entering into production for the export market especially banana.

Table 1 indicates that in 1973, the

percentage of the adult population in the Windwards who were banana farmers ranged from twenty-nine percent in Dominica to eight percent in Grenada (See Table 1). Given the high level of unemployment for individuals more than 18 years old, the importance of banana production to employment can be easily seen.

Table 2 also indicates that farms in the Windwards around 1973 comprised mainly small land holdings of less than seven acres. Table 3 also indicates that banana was being grown mainly on small acreages.

BANANA IN THE WINDWARD ISLANDS' ECONOMY - CONCERNS ABOUT THE BANANA INDUSTRY

In all the Windward Islands, agriculture contributes the largest share to the GNP. Banana is the single most important agricultural crop for the islands except for Grenada where cocoa and nutmeg are more important. In Grenada also, non-traditional crops for example, soursop, avocado, mangoes are of nearly equal importance to banana. Nonetheless, banana's share of principal exports has been declining over the years except in Saint Lucia where the economy can be said to be a monoculture - banana based. For example, in Dominica in 1975, bananas contributed 60.4% to export earnings, while in 1984 it contributed 44.6%. Light manufacturing (garments, soaps, oils, flour milling, beer-making, some agro processing) is now playing an important part in the economies. Nonetheless, the governments of these islands are concerned about the heavy reliance on bananas.

This concern was brought out at the February 1988 meeting of the Ministers responsible for Agriculture in the Organization of Eastern Caribbean States (OECS). At that meeting, diversification was the main item on the agenda. The discussions centred around the question of moving away from banana production to a crop/livestock mix which would address import substitution, generate foreign exchange and generally create stable economies.

This concern for diversification has arisen because of four reasons:

First, there are the uncertainties associated with the weather - droughts, heavy rainfall, wind storms and hurricanes. In a national radio broadcast in September 1985, the Prime Minister of Saint Lucia complimented banana farmers for surpassing national targets both in quantity and quality. Two

Table 1: *Total Population and Number of Banana Growers in the Windward Islands, 1973**

Island	Number of Banana Growers	Total Island Population	Adult Population (approx.)	% Adult Population who are Banana Growers (approx.)
Grenada	2,684	104,188	34,000	8
St. Vincent	4,758	89,129	30,000	16
Saint Lucia	6,676	101,064	34,000	20
Dominica	6,764	70,302	23,000	29
TOTAL	20,882	364,683	121,000	17

*SOURCE: Henderson and Campbell et al: Report on Constraints to the Adoption of Improved Practices in the Windward Islands Banana Industry. The University of the West Indies, August, 1975

days later, a freak windstorm destroyed over 75 percent of Saint Lucia's bananas. The following week, the Prime Minister was seeking international aid to assist banana farmers.

Second, since 1980, there has been a growing surplus of supply in the industry. The worst year was 1987, which saw surpluses of nearly seven (7) percent of the total production for all islands (See Table 4). The introduction of field packing has improved tremendously the saleable fruits, thus contributing further to surpluses. Surpluses occur mainly during the winter months, when the British market consumes less bananas. The British consumer has a low per caput banana consumption, in fact, among the lowest in the EEC. (See Table 5). In order to maintain a stable price, surplus bananas bought from farmers by the Banana Associations are not sold to Geest. They are dumped. The rationale being that if the price is allowed to fall too low during the winter months, it would be difficult to raise the price to normal summer levels. Dumping is becoming a very serious problem. In Dominica for instance, the

amount of bananas dumped during the first two months of 1988 was more than all of the bananas dumped for any previous year.

This growing surplus is even more critical given the revitalization of the Jamaica banana industry and the advent of Belize as a banana producer. Both countries sell to the United Kingdom under preferential arrangements. For instance, if Jamaica regains her production potential of the 1960's (20,000 tons), then the Windwards will be faced with huge volumes of surpluses throughout the year, unless other markets are found.

Third, there is the high import bill - primarily of agricultural imports - faced by each of the islands' economies. A significant amount of the foreign exchange earned goes into importing agricultural commodities which can be produced locally. For instance, vegetables - tomatoes, cabbage, carrots, lettuce - fish and fish preparation, meat and meat preparation, milk, cheese and margarine.

Finally, there is the cloud of uncertainty associated with the possibility of the

Table 2: Farm Size Distribution, Windward Islands

Farm Size (acres)	Grenada %	St. Vincent %	Saint Lucia %	Dominica %
Under 1	16	8	9	15
1 - 3	45	55	40	43
4 - 6	9	20	17	24
7 - 10	9	6	17	8
11 - 20	10	5	9	4
21 - 50	2	3	2	1
50 - 100	6	*	*	3
Over 100	1	*	1	1
Don't know	-	3	4	1

* Indicates less than 0.5%

SOURCE: Henderson and Campbell et al (1975)

Table 3: Distribution of Banana Acreage on Farms, Windward Islands

Banana Acreage	Grenada %	St. Vincent %	Saint Lucia %	Dominica %
Under 1	20	32	12	16
1 - 3	47	47	52	47
4 - 6	12	8	16	26
7 - 10	8	2	12	6
11 - 20	10	*	4	3
21 - 50	2	*	1	*
50 - 100	0	0	*	*
Over 100	1	*	1	*
Don't know	0	10	3	1

* Indicates less than 0.5%

SOURCE: Henderson and Campbell et al.

liberalization of trade among the EEC countries. If liberalization occurs, it would mean the loss of the preferential banana market enjoyed over the years which was responsible for the growth and survival of the banana industry in the Windwards. This uncertainty can be expressed another way. Given the importance of banana production as a foreign exchange earner and employer of labour, liberalization can engender serious social and economic consequences in the Windwards. It was therefore in the interest of creating stable economies that a meeting of Ministers of Agriculture on diversification was called in early 1988.

RESOURCE USE PROBLEMS

Soil and water management is a general area of concern in most farming operations in the Windwards. However, because of the

slopes on which bananas are grown, soil and water management practices and the increasing use of chemicals, especially in watershed areas have become critical issues. Landslip and soil loss is common in banana-producing areas. This problem is more serious in Saint Lucia and St. Vincent. Also, the removal of forest cover in the watershed areas for banana cultivation is causing the possibility of contamination of domestic water. In Grenada, in 1987 domestic water supply in the village of Concord was pronounced unfit for drinking because of contamination with chemicals.

ISSUES IN BANANA DIVERSIFICATION

Given the present situation in the Windward Islands, several issues can be identified; which are relevant to the success of diversification efforts. These are:

Table 4: Banana Production and Surpluses as Percentage of
Banana Production Windwards (1980 - 87)

Year	DOMINICA			SAINT LUCIA			ST. VINCENT			GRENADA			WINDWARDS		
	Prod.	Surplus	% of Prod.*	Prod.	Surplus	% of Prod.*	Prod.	Surplus	% of Prod.*	Prod.	Surplus	% of Prod.*	Total Export	Surplus	% of Total Export*
1980	7,498.7	13.2	0.18	29,029.5	33.8	0.12	18,602.5	-	-	11,822.3	6.7	0.60	66,899.3	40.5	0.06
1981	26,943.2	479.0	1.78	43,531.6	503.0	1.16	29,427.0	-	-	11,207.6	-	-	110,127.4	982.0	0.89
1982	26,811.6	124.6	0.46	42,368.7	128.7	0.30	26,285.0	-	-	9,834.0	-	-	105,046.0	253.3	0.24
1983	28,650.7	431.4	1.51	54,486.0	1,007.8	1.85	27,652.3	510.6	1.85	8,684.3	87.3	1.01	117,436.2	2,037.1	1.73
1984	31,369.2	234.7	0.75	65,448.0	872.5	1.33	32,609.8	119.8	0.37	8,453.1	4.1	0.05	136,649.0	1,231.1	0.90
1985	34,068.5	774.0	2.27	82,115.0	1,481.0	1.80	40,583.5	507.0	1.23	8,030.2	114.0	1.42	161,921.2	2,876.0	1.78
1986	50,890.6	416.7	0.82	110,761.8	527.5	0.48	37,842.1	200.8	0.53	7,863.7	49.2	0.63	206,164.0	1,194.2	0.58
1987	64,570.6	3,922.9	6.08	90,118.1	6,918.7	7.68	36,005.0	1,254.9	3.49	8,574.5	572.2	6.67	186,599.0	12,668.7	6.79

* Surplus as % of Production or Total Exports

SOURCE: WINBAN Annual Data Report, 1987

Table 5: Per Caput Consumption of Bananas (EEC)

Year	Per Caput Consumption (Kg.)			
	Federal Republic of Germany	France	Italy	United Kingdom
1971 - 73	10.6	9.3	6.1	5.7
1974 - 76	9.1	9.0	5.9	5.3
1977 - 78	9.9	9.4	5.4	5.4
1979 - 82	-	8.4	5.8	5.7
1983	7.4	8.1	5.3	5.5
1984	9.0	8.1	5.3	5.5

Not Available

SOURCE: "The World Banana Economy 1970 - 1980,"
FAO Economic and Social Development Paper No. 57

- (i) Rise of family farm
 - (ii) Government land reform policies
 - (iii) Certification by the USDA
 - (iv) Rise of Tourist Industry
 - (v) Joint Marketing
- (i) **RISE OF THE FAMILY FARM**

Labour is one of the most important constraints to the farming sector. Family size farms address this problem. The tendency in the Windwards is a movement towards this type of farm and this is opportune with regards introduction of new crops/livestock enterprises because of the assured labour supply.

Methodologies developed by the Caribbean Agricultural Extension Project (CAEP)

Editor's Note: See the paper by Pemberton and Erickson (page 111) for further information on this Programme.

re: Farm and Home Management will be beneficial towards further developing and managing these family farms.* This approach provides farm families with the necessary information to make decisions which will determine the most appropriate enterprises for their given situation. Preliminary results with the approach have indicated that there are other economic options besides bananas for small farmers in the Windwards, for instance, root crops.

(ii) **GOVERNMENT LAND REFORM POLICIES**

All the Governments of the Windwards have land reform on their agenda. The availability of land is an important first step towards agricultural production. Granted that lands are available, one has to be assured that such lands go into planned production. In a situation where the decision is in the hands of farmers, planners will have little control on the final product. Farmers will produce the crop which is most advantageous

to them, a totally rational decision.

Given the large acreage of land under Government control - St. Vincent Government being the largest land owner 8,968 acres of some of the best arable land in the island - I would propose that such land be put under the control of a National Trust to be operated and managed to meet the goals of national policies. Such a trust must be able to provide financial and technical assistance to farmers using such lands. One important condition under such an arrangement is that the land under the control of the Trust should not be sold. Security of tenure should be assured through long leases. The opportunity is to put those lands under crops targeted for diversification under an efficient management system.

(iii) CERTIFICATION BY USDA*

Certification of the United States Department of Agriculture (USDA) has certainly provided an opportunity for the region to export their fruits to the United States market. This can lead to greater interest in the crops certified and provide a reasonable alternative to bananas. However, local organization - production, harvesting and post-harvest controls - must be established to take advantage of this opportunity.

(iv) RISE OF THE TOURIST INDUSTRY

The linkage between agriculture and tourism has also been talked about in glowing terms. Certainly opportunities exist for the agricultural sector to provide the tourist sector with its food requirements. However, there have been lots of problems in the past and as such, planners need to be more prudent in proposing and monitoring such linkage. Nonetheless, with a little more forcefulness on the part of the policy-makers the opportunity for providing the industry with its food requirements do exist.

(v) JOINT MARKETING

Marketing will be the most debated topic in a diversification programme. Preliminary studies done into the marketing of non-traditionals from the sub-region have revealed that markets exist, but the individual islands lack the capacity to capture such markets.

The fruit sub-sectors in the Windward Islands are incapable of meeting the market demands for the following reasons:-

1. Inability to supply the volumes desired
2. Inability to maintain consistent quality of product
3. Inability to compete in terms of price
4. Inadequate transportation networks

Joint marketing will go a long way to address most of the constraints identified. The experiences of WINBAN will be useful to draw upon in any joint marketing endeavour. The opportunity for joint marketing exists and it is more so given the current talks on the Organization of Eastern Caribbean States (OECS) unity.

CONCLUSION

I would like to reiterate that given the problem existing in the Windward Islands with regards to banana production: land distribution, questionable crop/livestock alternatives and marketing - opportunities do exist for effective Agricultural Diversification. However, because of the nature of bananas, i.e., adaptable to the small farm 'culture,' agricultural diversification programmes should revolve around banana production and not exclude it. Such a proposal will require constant consultation with the farming community. This may be time-consuming, but necessary to create stable socio-economic environments for the development of the Windward Islands.

Editor's Note: For further details on this certification, see paper by E. Ambrose (page 116).