

# You can't eat flowers

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**The World Bank claims to help small farmers and fight poverty. Yet it often winds up doing just the opposite. In Costa Rica Bob Carty argues that the Bank's economic advice may also be threatening the country's food security.**

Fredy Rivera feels trapped between the bananas and the ornamental flowers. Stretching as far as you can see are rows of dwarf banana trees owned by the giant Del Monte/RJ Reynolds Corporation. Across the road are six soccer-size fields of ornamental plants, rows of flower boxes covered by black mesh tenting to provide shelter from the sun and rain. The nursery is owned by a US investor from Florida.

The World Bank has told Fredy his future lies on one side of the road or the other: there are no other choices. But he doesn't like either option.

Fredy is a 50-year-old farmer with leathery hands, a black moustache and an easy smile. He used to grow corn and beans on his two-hectare patch of land on Costa Rica's Atlantic coast. Thousands of other small farmers along the coastal plain did the same.

'We used to produce 70 per cent of all the corn eaten in Costa Rica,' Fredy says. 'Now, they tell us to grow only crops for export; corn and beans are cheaper to import. So I don't grow corn any more. I only use my land to grow a few vegetables to eat.'

Fredy hasn't tried to grow any of the new export crops recommended by the World Bank. Those who have, he says, are either bankrupt or have left farming. 'They couldn't sell half of it and you can't eat leftover ornamental plants like you can corn or beans.'

Fredy doesn't understand the logic of the new agriculture, but he does understand the consequences. Small farmers are a dying breed in Costa Rica. Some move to the city. Others work for the banana companies or for foreign-owned exporters of ornamental plants. 'They've changed from farmers to farm workers,' he laments. Fredy is one of the direct losers in the dramatic transformation of Costa Rican agriculture. The indirect victims are the political tranquility and social gains of this so-called 'Switzerland of Central America'.

Historically, the country's small farmers have been more literate, healthy and prosperous than their counterparts in the rest of Central America. The absence of extreme poverty is the main reason Costa Rica has not experienced the violence common elsewhere in the region. But now the elimination of a whole class of farmers producing essential

foodstuffs is eroding what former President Oscar Arias called 'the base of our democracy'.

The process began in the early 1980s. Costa Rica was technically bankrupt, in the midst of recession and saddled with one of the highest per-capita foreign debts in the world. At that moment the country's desperation for foreign aid was matched by the US Government's anxiety to recruit it in Washington's campaign to topple the Sandinistas in neighbouring Nicaragua. As a result, by the mid-1980s Costa Rica had become the world's second largest per-capita recipient of US economic aid (after Israel).

But there were strings attached. Costa Rica had to adopt a structural adjustment program. And here the World Bank took the lead. According to government officials, it was the World Bank that developed the guidelines of structural adjustment, led the negotiations and put up much of the money. Then, through cross-conditionality, the International Monetary Fund, the US Agency for International Development and the US Caribbean Basin Initiative bound Costa Rica even tighter to structural adjustment measures. Those measures included lowering of real wages, subsidizing of export industries and opening the economy to foreign imports and investments.

But the greatest impact was in agriculture. The World Bank told Costa Rica to shift away from food and traditional exports like coffee, bananas and beef, to 'new' luxury crops like flowers, ornamental plants, strawberries, melons and spices. Theoretically, these crops have greater potential for earning foreign exchange.

The country could have said no; but in reality there wasn't much room to manoeuvre. Not accepting money from outside would have meant a massive increase in poverty,' according to former Minister of Economic Planning Otton Solis. International institutions, says Solis, 'took advantage of our desperation to impose an economic model that is nothing more than a program of debt repayment'.

The Bank, claiming that small farmers are inefficient, pressured the government to stop supporting them. Credit was transferred to the new, export-oriented (and largely foreign-owned) agribusiness companies. And price supports were withdrawn. The National Production Council, which bought basic grains from farmers at inflated prices and sold them to consumers at low prices, was dismantled. Tax breaks and millions in subsidies were granted to the new agro-exporters.

That's why Fredy stopped growing corn — he couldn't get credit any more, nor a decent price for his corn harvest. It's also why a lot of his friends sold their farms. And it's the reason non-farmers, mostly foreigners, have covered the countryside with black mesh tents to reap the rewards of Costa Rica's heralded, non-traditional export boom.

Small farmers were told they too could receive state support — if they switched to the new export crops. But growing tropical house plants, for example, requires specialized technical knowledge; it also requires contacts in the US market place and an investment of about \$15,000 per hectare. That's far beyond the reach of small farmers; 97 per cent of them earn \$2,500 a year or less. They can't hire agronomists and marketing agents, let alone make the initial investment.

Still the farmers are not rigidly opposed to the new agriculture. 'We do not object to the idea of earning foreign exchange from new products,' says Carlos Campos, executive secretary of the Union of Small Producers of the Atlantic. The problem, he says, is that most Costa Ricans don't share in the benefits. 'Look at the Atlantic Coast; where there used to be small farmers there are now transnational companies.'

What angers Campos most is that the new agriculture jeopardizes Costa Rica's 'food sovereignty'. His country has the potential to easily meet all but a few of its food needs. Yet recently Costa Rica has begun to import staple items like rice, beans and corn.

The World Bank and other agencies argue that these crops can be grown more efficiently in the US. They contend that as long as flowers or strawberries earn higher prices, there's a foreign-exchange advantage in exporting them and importing food. Carlos Campos doesn't buy it. 'We have,' he says, 'a slogan: "We don't eat flowers, we eat beans". We cannot sacrifice our meals, our independence, our dignity for a few dollars.'

Analysts point to other weak points in the non-traditional exports strategy. Most of the new agro-exports are 'dessert' crops, items which are often the first to suffer consumer cut-backs during a recession. A recession would also increase protectionist barriers.

There is also the potential problem of surplus supply. Virtually all the nations of Central America and many in the Caribbean are following the same agroexport strategy — often with the same crops. But how many snow peas can Americans eat? According to one estimate Central America and the Caribbean could easily supply a market ten times the size of the US in many of the new crops.

'Economic growth is the cornerstone of successful development and poverty reduction. The precondition for restoring growth in many countries is structural adjustment. In fact, the poor benefit from restructuring.'

#### WORLD BANK PRESIDENT BARBER CONABLE, 1990

Critics say Costa Rica should know better. Three decades ago, agencies like the World Bank promoted a different agro-export: beef cattle for America's fast-food hamburger restaurants. The boom was short-lived and cattle ranching is now in decline. But the jungles and rainforests of the Pacific Coast were stripped (Costa Rica earned the title of having the highest deforestation rate in the world) and once fertile soils were left eroded and exhausted.

Now a similar ecological disaster is in the works on the Atlantic Coast. Growing blemish-free vegetables or perfect ferns for export to fussy Western consumers requires intensive use of fertilizers and pesticides. Not only are small farmers disappearing but so too is the vitality of their land, its flora and its fauna.

Others worry that World Bank policies are damaging more than the land. 'Our whole society is being transformed,' says Maria Eugenia Trejos, an economist at the University of Costa Rica.

Trejos worries that the World Bank is undercutting the country's political independence. 'There are conditions on everything we do,' she says. 'The Bank sets our price policy, monetary policy, subsidy policy, import policy, export policy, banking policy, agricultural policy and so on. We are losing our sovereignty.'

Meanwhile, real minimum wages have declined and the rich-poor gap (relatively good for Central America) has become a chasm. The wealthiest ten per cent of the population used to enjoy an average income 16 times greater than the bottom ten per cent; now it is 31 times greater.

The result has been a resurgence in political activity and some of the most bitter demonstrations in decades. Thousands of small farmers have barricaded the Pan-American Highway and thrown rotten strawberries and melons onto the steps of the Central Bank to protest against structural adjustment policies.

Until now the social consequences of structural adjustment have been cushioned by the huge volume of US aid flowing into the country. But that is changing. Washington's paranoia about neighbouring Nicaragua has diminished and aid to Costa Rica has been slashed. Coffee prices are depressed and an oil-driven recession is causing most Costa Ricans to experience the same pain as small farmers. Social tensions are increasing.

In Costa Rica the World Bank applied its structural adjustment recipe to a country with a relatively high level of democracy, development and social progress. But for many Costa Ricans the outcome so far is increasing injustice, an undermining of the social foundations of democracy and a loss of sovereignty.

That's reason enough for some to begin opposing the schemes of World Bank technocrats. Carlos Campos has another reason. 'The World Bank says we small farmers are inefficient, that we should disappear. But there's something they haven't thought about. We want to be farmers. What they do not understand is that we refuse to disappear.'

(Bob Carty is a Canadian journalist and broadcaster based in San Jose, Costa Rica)

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