



# International Debt and Agriculture

World Bank and IMF Structural Adjustment Programs (SAPs) were first introduced in the 1980s. SAPs are conditions that impoverished nations must adhere to in order to secure new loans. The World Bank and IMF have made trade liberalization or the opening up of markets to foreign competition and the reduction of protections for domestic business central to SAPs. Both the World Bank and IMF maintain that the best way to generate hard currency for debt repayment, lift people out of poverty, and promote growth and development in the Global South is through free trade. Yet since SAPs were first introduced thousands of small farmers in the Global South have lost their land and thus their means of livelihood. The majority of the population in the Global South lives in rural areas and relies on agriculture for subsistence and income. The past two decades under SAPs have seen these rural populations lose out to large agro-business and corporations who have been the real beneficiaries of SAPs.

## How do SAPs Effect Small Farmers?

Most of the farmers in the Global South are small subsistence farmers who rely on their farming for food as well as income. They mostly grow traditional crops for regional consumption. The World Bank and IMF see the increase of exports as key to growth and development. Unfortunately this comes at the expense of small farmers and quality of life in rural areas.

- **Shifting production to cash-crops:** Most impoverished countries rely on agriculture and natural resources to generate export income. When the World Bank and IMF call for increasing exports it usually means increasing agricultural exports. To do this countries are told to focus on supporting cash-crops such as fruits, flowers and coffee over traditional crops grown for domestic consumption. As a result governments cut subsidy programs to small farmers growing domestic crops and offer incentives and subsidies to farmers growing export crops. But small farmers can not take advantage of these offers like big agro-business can. Cash crops require large initial capital investments in such things as complex irrigation systems that small scale farmers can simply not afford. Further focusing on cash-crops, especially coffee, depletes the soil and leaves large amounts of land infertile. Cash-crops also take focus away from food production for domestic populations. As more land is used for export crops the more food must be imported. This creates a system by which poorer countries become dependant on cheap foreign imports while also being dependant on sending out cheap exports.
- **Elimination of Subsidies:** Part of SAPs that hurt small farmers the most are the elimination of subsidies for farming. Subsidies help farmers to recover from poor crop yields, to afford seeds if prices increase, and survive market fluctuation that could otherwise put them out of business. Nations of the Global North heavily subsidize agricultural goods produced in their countries. This makes it possible for companies to keep the price of agricultural goods exceptionally low, so low that farmers without subsidies in poorer countries can not compete with their prices. As stated before, the only subsidies that usually remain are for farmers focusing on crops for export. The farmers who can take advantage of this are large, wealthy land owners and agro-corporations.
- **Negative Impacts on community:** In many rural areas, agriculture is a communal business. The policies promoted by SAPs are in direct conflict with communal and cooperative farming. SAP-driven policies favor single owner and export oriented farming over traditional forms of farming. In El Salvador where communal farming is

quite common, farms are being broken up since credit is only available to single farmers. Much of the farm land has since been bought by wealthy land developers. The result has been a great influx of rural populations moving to urban centers looking for jobs. This is a loss not only of livelihood but also a loss of culture and heritage.

### **How do World Bank and IMF Policies Towards Agriculture Affect the Environment?**

Cash crops are typically not considered traditional crops. Traditional crops are things like rice, beans and corn. Their production almost always requires the heavy use of chemicals and pesticides to ensure high yields. The intensity at which cash crops are grown plus the excessive use of chemicals leads to the rapid depletion of soil nutrients leaving large amounts of farm land useless.

- **Increased Pesticide Use:** The World Bank's policies support agro-chemicals corporations in a huge way. Chemicals such as DDT and Paraquat appear on World Bank contracts with French and German companies. Both chemicals are banned in many countries and their use is extremely limited in still more. To make matters worse SAPs usually result in countries loosening their environmental restrictions as to not impede foreign investment that might be deterred by having to follow any sort of environmental guidelines. Large foreign owned plantation style farms are notorious for using excessive amounts of pesticides since there are little to know restrictions and since they can get good deals through World Bank assistance programs.
- **Soil depletion:** Cash crops such as coffee and soy beans take a heavy toll on the soil. Both require large amounts of nutrients and area to grow. Intensively growing nothing but one cash crop can devastate soil quality for years and years to come. As smaller farmers have to find new land they move into the mountains. Forests are cleared for planting, but when it rains, valuable top soil is washed down the mountain side.

### **How do World Bank and IMF Agricultural Policies Affect Women?**

In the Global South, particularly in Africa, women make up most of the agricultural work force. Women produce the majority of the food families consume. They also sell surplus at local markets for extra income for their families. The export oriented agricultural market is dominated by men. Women are often impeded from owning land and holding titles because of long standing sexist institutional policies. In many impoverished nations women lag far behind in education and political advancement. The fact is women have little to turn to for help or assistance and often lack the political means to fight for their land and way of life. Besides, as primary care givers for families women must work harder as food becomes harder to come by. This leaves very little time for political engagement.

#### **Conclusion:**

The World Bank and IMF must remove SAPs from their lending and allow for rural populations to produce food for domestic consumption first. Growth and development will never truly be good for all people if the people can not feed themselves. SAPs threaten food security throughout the Global South. While profits are up for large agro-corporations, small farmers have to give up land, the environment is continually degraded by over farming and heavy pesticide use, and communities are torn apart. Sustainable farming is necessary for the Global South to grow and develop by its own means with its own interests in mind.

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