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THE ANGLO-GUATEMALAN DISPUTE
AND RURAL DEVELOPMENT
IN SOUTHERN BELIZE

by

Christine Spoerel, B.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of
Master of Arts

Norman Paterson School of International Affairs
Carleton University

Ottawa, Ontario

July 6, 1988

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THE ANGLO-GUATEMALAN DISPUTE AND RURAL
DEVELOPMENT IN SOUTHERN BELIZE

submitted by Christine Spoerel, B.A.(Hons.), Diploma,
in partial fulfilment of the requirements for
the degree of Master of Arts

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ABSTRACT

The Anglo-Guatemalan dispute has made rural development in Toledo District a priority for the Belizean government. In order to demonstrate that Toledo is an integral part of the national whole, the government has attempted to establish its presence and encourage rural development. However, its politically motivated development policies have not been based on sound development planning either in theory or in practice. This thesis argues that until government policies change and an inward-looking strategy is adopted to involve better management of the development process by and for Belizeans, there is little likelihood that progress can be made. In reaching this conclusion, the thesis examines the legacy of underdevelopment left by British colonial rule, the weaknesses in national development planning from 1980 to 1985, and the failure of past development efforts in the District. The thesis reviews key issues in development theory pertaining to rural development and current thinking regarding the role of governments in managing the development process in small rural-based economies. Finally, it substantiates the need for a new strategy by examining the stagnation resulting from the present development policies of the government.

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Although the researching and preparation of this thesis has taken nearly four years to complete, I can now say from the end of the tunnel that the process has indeed been a rewarding one that has offered me invaluable insights for further consideration in my 'next life'. My sincere thanks go to my thesis supervisor, Professor D. R. F. Taylor for his continued support, his patience and his belief that in the end it would all get done. My thanks also go to my advisor, Professor A. Steeves, for all his help so generously given at short notice, and to the staff and other students at the Norman Paterson School of International Affairs for 'just being there'.

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Belize

Introduction

The Anglo-Guatemalan dispute has made rural development in Toledo District a political priority for the Belizean government, however the government's national economic policies are incompatible with sustainable rural development. It is therefore of critical importance both from an economic and a national security perspective that the government change its policies to promote the better planning and management of its own resources as time is quickly running out before external events take over and the government loses the opportunity it currently has to make critical development choices.

Belize's sovereignty continues to be threatened by the longstanding Anglo-Guatemalan dispute. Central to this dispute is Guatemala's claim to Toledo District, the southern portion of Belize. The lack of a resolution of the dispute has made it necessary for Britain to maintain a military presence in Belize despite the country's formal independence in 1981. For its part, the Belizean government has sought to demonstrate that the district is an integral part of the national whole by attempting to establish its presence in the territory and encourage rural development. However, thus far, rural development has failed to take hold in southern Belize. A major reason for this has been the basic inconsistency between the government's national development strategies and the

prerequisites for sustainable rural development. In essence, the government's politically-motivated development policies have not been based on sound national development planning, either in theory or practice. Instead, the government has continued to pursue externally-oriented economic development policies which rely on foreign private investors and international development agencies to direct and manage the development process. This thesis presents the argument that until such time as government policies change and a strategy is adopted which looks inward to involve better management of the development process by and for Belizeans there is little likelihood that meaningful progress can be made. With economic growth continuing to stagnate and the newly independent nation increasingly vulnerable to external pressures, particularly Britain's intentions to reduce its levels of military and economic assistance, time is running out for the government to put in place the longer-term development strategy that it so badly needs. Yet without the means to generate sustainable rural development in Toledo District, it will become increasingly difficult for the government to substantiate its claim to the territory and to demonstrate the viability of the nation.

In the context of this thesis, development is considered a sustainable process of economic, political and social advancement. Borrowing from the definition of

development used by the Secretariat for Economic and Social Affairs of the Organization of American States (OAS), "The central development challenge is to initiate and sustain a process whereby the material and spiritual well-being of a population is improved and development proceeds are fairly distributed according to principles of social justice." (1)

Following a brief introduction to Belize emphasizing its salient economic, social and political features, chapter one presents the argument that the history of British colonial rule was characterized by indifference and neglect which resulted in the underdeveloped state of Belize's economy and governmental structure at independence. The fact that the growth of agriculture was seen as inimical to the prevailing timber interests led to the neglect of Belize's rural areas once timber resources became depleted. The only notable exception was the growth of the sugar mono-culture as practised with moderate success in northern Belize. As a result, at independence, the Belizean government was particularly handicapped by the lack of an established agricultural sector, rural infrastructure, and government services to promote agricultural development. This was particularly critical in Toledo District, where the unresolved Anglo-Guatemalan dispute made it imperative that the government establish clear ownership of the territory by demonstrating its presence in this most underdeveloped

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and underpopulated part of the country. Although Belize inherited functioning democratic institutions modelled on the British system, it did not inherit the human resources and basic infrastructure necessary to effectively plan and manage its own development process nor to integrate the colony's diverse cultural and ethnic groups into a national whole.

Chapter two presents an examination of the present weakness of the national planning process in providing a framework for sustained development. Having reviewed in the previous chapter that the legacy of colonial rule was one of underdevelopment, the chapter examines the Belizean government's post-independence development policies. The chapter presents the argument that neither the Price Government (1981-1984) nor the Esquivel Government (1984-) has successfully put in place the structures needed to effectively direct and manage the country's development process. Although the importance of planning has been repeatedly stressed in the national development plans, these documents have not been the products of serious planning exercises. The plans fail to provide assessments of the development needs of the country, identify development constraints, and translate national development objectives into implementable strategies and programmes. Although the government recognizes that the growth of agriculture and rural development are essential to economic growth, the

government's national development plans consistently fail to elaborate a realistic programme for achieving these inter-related objectives. Instead, the government continues to pursue externally-oriented policies which rely on private foreign investors and international agencies to direct and manage the development of the country's resources.

Against the background of colonial neglect and the limited capabilities of the fledgling government to take charge of the country's development process, chapter three examines Toledo District, the focus of the Anglo-Guatemalan dispute. The chapter presents the argument that although the government recognizes that the development of the district is essential to the country's national security interests, rural development has thus far failed to take hold in Toledo. Following an overview of the district and its people, the chapter examines the history of failure of externally-imposed schemes to generate rural development in the district. The analysis shows how these schemes, whether public or private, failed to receive the necessary government support and to involve the local inhabitants as either the agents or beneficiaries of the development process. The chapter ends with an examination of the failure of the Toledo Research and Development Project (TRDP), which was initiated at the time of Belize's independence with British bilateral assistance to demonstrate through a

major rural development initiative that the government was committed to making the district an integral part of the nation. It is concluded that the constraints to development in Toledo are not inherent to the district itself but lie in a basic inconsistency between the government's view of its role in national development and the need to establish the essential prerequisites for development.

According to the World Bank, "where small and large farms coexist, as in Asia and Latin America, research shows that small farms usually produce more output per unit of land than do larger ones, even when allowance is made for the quality of land." (2) As a backdrop to the issues and choices facing the government of Belize in attempting to generate sustainable development in Toledo District, chapter four looks at the issue of large-scale versus small-scale farming as a rural strategy within the context of a review of the evolution of development theory as it pertains to rural development. Specific attention is paid to the compelling issues of the mid-1980s, structural adjustment and environmental protection, which are rapidly reshaping approaches to rural development. The chapter ends by looking at the key issue of management and the need for governments to take charge of the development process in small, rural-based economies.

The final chapter (chapter five) assesses the events

that are currently shaping Belize's prospects for economic growth and development. Based on the examination of a number of critical factors identified in the development plan 1985-1989, it appears that Belize's economy is heading towards the government's own worst case scenario. Six years after independence, the Anglo-Guatemalan dispute is still unresolved and the Belizean economy is increasingly vulnerable to external shocks. Although the agricultural sector continues to hold the best prospects for growth, the government has thus far failed to harness the resources needed to promote rural development. The chapter ends by arguing that time is running out for Belize due to international events beyond its control, particularly Britain's intention to reduce military and economic assistance, stagnating commodity prices, the failure of the U.S. Caribbean Basin Initiative, and the growing conflict and poverty in Central America as a whole. It concludes that until the Belizean government's policies change and the government develops a strategy for effective development planning and the means for promoting sustainable rural development in Toledo District, it will become increasingly difficult for the government to substantiate its claim to Toledo District and to demonstrate the viability of Belize as a nation.

Endnotes

1. Organization of American States, Integrated Regional Development Planning: Guidelines and Case Studies from OAS Experience (Washington, D.C.: Organization of American States, 1984), p. 2.

2. The World Bank, World Development Report 1982, (New York: Oxford University Press, 1982), p. 81.

rate at 93 per cent(8), although this figure must be considered suspect given the lack of accurate baseline data upon which to base this type of projection.

The country's only major hospital is in Belize City. Small district hospitals are located in each of the district centres, with outlying health centres and community health posts serving the rural areas. It is estimated that only 56.1 per cent of the population has direct access to a health centre.(9) A quarter of the rural population is believed to have no access to health facilities, especially those living in the more remote areas of the country such as the interior portions of southern Belize.(10) Almost all of the existing health facilities are in need of repair and suffer from a serious lack of support services and trained personnel. In addition, general sanitation services and water quality control facilities are seriously deficient throughout the country.(11)

Belize achieved independence from Britain as a parliamentary democracy on 21 September 1981 under the leadership of Prime Minister George Price and the People's United Party (PUP). In December 1984, the PUP was soundly defeated in the country's first post-independence general elections by the United Democratic Party (UDP) led by Manuel Esquivel. The central government is housed in the capital city, Belmopan, built following the devastation of Belize City by hurricane

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use.(3) Large areas of unused or underutilized land lie in government holdings in southern Belize, particularly in Toledo District. Throughout the rest of the country, much of the potentially productive land is held in large tracts by foreign owners.

According to the last official census conducted in 1980, Belize's population was 145,353. This census shows over one quarter of Belizeans living in Belize City (the country's main urban centre), an additional 23 per cent in six small towns, and the remaining 50 per cent in villages scattered in the north, west and extreme southern portions of the country (see Table 1). Most of the remaining countryside is virtually uninhabited, averaging fewer than one person per square mile. The relatively small population of Belize gives it the lowest population density in Central America (and one of the lowest in the world) at 7 persons per square kilometre (see Table 2).

Population growth has been relatively slow at an estimated .2 per cent per annum between 1970 and 1983, despite a high natural population increase of 3.4 per cent.(4) Part of the reason for this has been the large-scale emigration to the United States of some 40,000 to 50,000 Belizeans (mainly from among the urban Creole) during the 1970s(5). National population figures however fail to reflect the large number of refugees who have come into Belize from Guatemala and El Salvador.

Table 1

POPULATION AND AREA OF BELIZE BY DISTRICT, 1980

District	Population	%	Area (km2)	%	Population Density (per sq km)
Belize (Belize City)	50,881 (39,771)	35 (27)	4,306.9	19	11.8
Corozal (Corozal Town)	22,902 (6,899)	16 (4)	1,859.6	8	12.3
Orange Walk (Orange Walk Town)	22,870 (8,439)	16 (6)	4,635.7	20	4.9
Cayo (San Ignacio Town) (Belmopan)	22,837 (5,616) (2,935)	16 (4) (2)	5,195.1	23	4.4
Stann Creek (Dangriga Town)	14,181 (6,661)	10 (5)	2,553.6	11	5.6
Toledo (Punta Gorda Town)	11,762 (2,396)	8 (2)	4,413.1	19	2.7
Total	145,353	100	22,964.0	100	6.3

Source: Central Planning Unit, 1980 Population Census, Belmopan, May 1982.

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Table 2

CENTRAL AMERICA: BASIC INDICATORS

Country	Population (millions) mid-1985	Area (thousands of km ²)	Population Density (per sq km)	GNP per capita US\$ 1985	Average Annual Growth Rate (%) 1965-85
Belize	0.16	23	7	1,190	2.7
Guatemala	8.0	109	73	1,250	1.7
El Salvador	4.8	21	229	820	-0.2
Honduras	4.4	112	39	720	0.4
Nicaragua	3.3	130	25	770	-2.1
Costa Rica	2.6	51	51	1,300	1.4
Panama	2.2	77	29	2,100	2.5

Source: The World Bank, World Development Report 1987,
Washington, D.C., 1987.

Although official government estimates place the number at 9,000(6), unofficial estimates suggest that this figure could be twice as large. As a result it has become difficult to assess the actual population trends within the country or estimate population distribution by region, particularly in border areas such as Toledo District.

Belize's culturally and ethnically diverse population is composed of Creole, Garifuna, Mestizo, Mayan Indian, European and North American, East Indian, and Chinese, among others (see Table 3 for the Government's breakdown of population by race). Although some of these groups have integrated into the mainstream of Belizean society, others (especially those in rural areas) have retained a relatively high degree of social and economic isolation encouraged by their spatial separation. The persistence of slash-and-burn subsistence farming as the main source of livelihood for a large portion of the rural population, (particularly in southern Belize) attests to this isolation.

The official national language is English, although a variety of different languages are spoken and taught in local schools throughout the country. Educational standards are comparatively high, with an estimated 85 to 90 per cent of all children completing eight years of primary education under the "Church-State partnership system".(7) The government places the national literacy

Table 3

Percentage Population by Race and by District

District	Creole	East Indian	Chinese	Maya(1)	Kekchi	Garifuna	White	Mestizo	Other/Not Stated	Total(2)
Belize	75.1	1.5	0.3	0.7	0.1	3.2	1.1	13.1	4.8	100.0
Corozal	16.9	2.9	0.1	13.8	0.3	2.3	1.7	58.4	3.6	100.0
Orange Walk	11.3	0.2	0.0	6.8	0.2	2.3	13.5	64.5	1.1	100.0
Cayo	31.0	1.1	0.0	4.6	0.4	1.9	8.0	49.0	3.8	100.0
Stann Creek	32.9	2.0	0.1	5.2	0.2	45.6	0.5	10.5	2.9	100.0
Toledo	11.9	8.6	0.0	25.4	31.5	12.7	1.0	5.9	3.0	100.0

(1) Maya population figures include the Mopan Indians, but not exclusively

(2) Percentages may not add up to 100 due to rounding error

Source: Central Planning Unit, 1980 Population Census, Belmopan, May 1982.

rate at 93 per cent(8), although this figure must be considered suspect given the lack of accurate baseline data upon which to base this type of projection.

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"Hattie" in 1961. Administratively the country is divided into six districts (see Table 1), with an elected Board located in the main urban centre of each district. In many rural areas, local government remains organized along traditional ethnic and cultural lines, although the recent introduction of Village Councils has marked the beginning of attempts to standardize local administrative structures and more fully integrate them with the larger national system of government. (12)

Belize has a limited road network feeding into Belize City, the country's only major port. This network consists of three main arteries: 1) a road link with Mexico's Yucatan in the north; 2) a road to the west through Belmopan to the Guatemalan border (the latter portion of which is currently being upgraded to an all-weather road); and 3) a rough road link to Punta Gorda, the district capital of Toledo District in the south. The road system (especially in the south and far-west) is of variable quality, poorly maintained and highly susceptible to flooding. As a result, roads are frequently closed and transportation costs remain high. Access and mobility within the country are further inhibited by the lack of feeder roads in the rural areas. There are no railroads in Belize. The country is served by one international airport located near Belize City, which is also the site of the British military airbase, and one deep-water port at Belize City.

In light of Guatemala's continuing territorial claim to Toledo District, Belize's national security has required the continued presence of a British garrison in the country. At present, some 16,000 to 18,000 British military personnel (supported by four Harrier jump-jets) are stationed in Belize under the terms of a British-Belizean defence agreement. The annual cost to Britain of maintaining this force is an estimated £30 million (US\$ 54 million).(13) Britain is also engaged in training the newly created Belize Defence Force (BDF); a small poorly equipped force of some 600 recruits which on its own is still far from capable of meeting Belize's defence needs. The continuing presence of the British military in Belize, coupled with British assistance to the BDF, represents a very significant subsidy to the Belizean economy.

Belize's Gross Domestic Product was an estimated US\$ 167 million in 1985. The country's fledgling economy is based on agricultural exports (including forestry and fishery exports), re-exports and a transshipment trade, remittances, external aid, some light industry, and a small tourist industry. Agriculture is the main productive sector and directly accounts for 20 to 25 per cent of GDP (see Table 4), more than half of the country's exports and a third of total employment.(14) Since the 1950s, sugar has replaced timber as the major agricultural export, accounting for over half of all

Table 4

BELIZE-ORIGINS OF GDP, 1984

Origins of GDP 1984 a/	% of total
/	
Agriculture (including forestry and fisheries)	25
Manufacturing	10
Construction	8
Commerce	15
Public Administration	11
Total (including others)	100

a/ GDP for 1984 = US\$ 161.2 million

Source: Economic Intelligence Unit, Country Report:
Jamaica, Belize, Bahamas, Bermuda, No.2, 1987.

domestic exports between 1978 and 1982.(15) Other agricultural exports include citrus products, bananas, fish products and timber (see Table 5). The country's small manufacturing sector is dominated by agro-processing, with some minor import substitution industries and a small export-oriented garment industry located near Belize City. At present there is no commercial exploitation of minerals in Belize, although on and off-shore oil exploration is underway.

Significant growth and economic expansion took place in the 1960s and through most of the 1970s, with real GDP increasing at an average rate of 4 to 5 per cent per year.(16) However, in the 1980s, this growth rate stagnated in the face of world recession, falling sugar prices, and a serious decline in the value of Belize's re-export trade with Mexico. Between 1981 and 1985 real GDP grew at an average of only 0.7 per cent per annum, with the result that per capita GDP declined by an average of 2.0 per cent per annum (see Table 6).

Belize's balance of payments reflects an open economy highly vulnerable to external markets and commodity pricing. In 1981, imports represented about 100 per cent of GDP, while exports represented only 80 per cent.(17) Between 1981 and 1984, a further rapid deterioration in the balance of payments forced the government to adopt a structural adjustment programme supported by the International Monetary Fund (IMF) (see

Table 5

BELIZE - MERCHANDISE EXPORTS BY MAJOR COMMODITIES,
1978-1982
(U.S.\$ '000)

	1980	(%)	1981	(%)	1982	(%)
Sugar & Molasses	49,891	(61)	43,849	(59)	32,214	(56)
Citrus Products	6,369	(8)	6,502	(9)	6,952	(12)
Fish Products	4,069	(5)	7,222	(10)	6,422	(11)
Bananas	3,494	(4)	2,156	(3)	2,290	(4)
Sawn Wood	1,070	(1)	1,197	(2)	1,682	(3)
Others	17,167	(21)	13,810	(18)	8,218	(14)
<u>Total Domestic Exports</u>	83,060	(100)	74,736	(100)	57,778	(100)

Total Domestic Exports	83,060	(74)	74,736	(63)	57,778	(64)
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Re-exports	28,787	(26)	44,261	(37)	32,705	(36)
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<u>Total Export/a</u>	110,847	(100)	119,007	(100)	90,483	(100)
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/a excludes non-recorded exports

Source: World Bank, Belize Economic Report, Washington, D.C., 1984.

Table 6

BELIZE - MACROECONOMIC INDICATORS

	1981	1982	1983	1984	1985
<u>Total</u>					
GDP at current prices (US\$ mn)	156.5	147.9	154.2	161.2	162.3
GDP at 1973 prices (US\$ mn)	65.4	64.8	65.3	66.2	66.9
Real GDP growth (%)	1.5	-0.9	0.7	1.3	1.1
<u>Per Capita</u>					
GDP at current prices (US\$ mn)	1047.5	964.0	977.5	971.5	...
GDP at 1973 prices (US\$ mn)	437.8	422.5	414.0	408.2	...
Real GDP per capita growth	-1.2	-3.5	-2.0	-1.4	...

Source: The Economist Intelligence Unit, Country Profile:
Jamaica, Belize, Bahamas, Bermuda 1986-1987.

Table 7). The country's large import bill includes all of its capital goods, a considerable portion of its consumer goods, oil, and the basic materials required by export industries for production.(18) Food represents roughly 25 per cent of total imports, dramatically illustrating the country's low level of food production for domestic consumption (see Table 8).(19)

The vulnerability of Belize's economy to external factors, is also reflected in its dependence on remittances from Belizeans living abroad, the re-export trade with Mexico, and the sizeable inflow of capital into the country, both private and public.(20) The British garrison in Belize is included in the latter as it represents a major source of balance of payments transfers.(21) Although less easily quantifiable, Belize's economy is also influenced by the large illicit drug trade operating in Central America including the illegal domestic production of marijuana for export to the United States.(22)

Ownership of the economy remains primarily in the hands of the private sector, with foreign investment dominating manufacturing, banking, insurance, sugarcane processing and forestry. Local investment is important in agriculture, tourism and the retail trade. Belize's main trading partners continue to be Britain and the United States, which together account for nearly 80 per cent of domestic exports and over 50 per cent of imports.

Table 7

BELIZE - BALANCE OF PAYMENTS
(in millions of US\$)

	1981	1982	1983	1984	1985
Exports of Goods & Non Factor Services	103.1	88.6	93.2	104.7	99.3
Import of Goods & Non Factor Services	130.2	117.0	118.3	132.5	125.8
Resource Gap (deficit = -)	----- -27.1	----- -28.4	----- -25.1	----- -27.8	----- -26.5
Interest payments	-1.9	-4.9	-5.5	-7.4	-6.5
Net transfers (private)	18.5	10.9	11.2	12.5	17.5
Balance on Current Account	----- -10.5	----- -22.4	----- -19.4	----- -22.7	----- -15.5
Public Capital	13.5	16.1	14.1	15.5	28.2
Disbursements	(6.8)	(12.4)	(5.9)	(4.1)	(17.5)
Amortization	(-)	(-4.4)	(-2.0)	(-2.6)	(-6.0)
Capital Grants	(5.7)	(7.4)	(6.9)	(11.0)	(12.5)
Other (net)	(1.0)	(0.7)	(3.3)	(3.0)	(4.2)
Increase in Reserves (+)	2.3	0.5	4.6	7.5	-6.3

Source: Central Bank of Belize and IMF staff estimates

Table 8

BELIZE - VALUE OF IMPORTS BY PRODUCT CATEGORY FOR SELECT YEARS
(U.S. \$'000)

	1970	(%)	1975	(%)	1981	(%)
Food	14,207	(26)	41,564	(26)	79,808	(25)
Beverages & Tobacco	3,207	(6)	2,881	(2)	7,115	(2)
Crude Materials	334	(1)	974	(1)	4,115	(2)
Fuels	2,761	(5)	13,180	(8)	51,334	(16)
Oils & Fats	96	(-)	284	(-)	1,023	(-)
Chemicals	5,792	(10)	18,824	(12)	22,871	(7)
Manufactured Goods	11,793	(21)	28,586	(18)	39,466	(12)
Machinery & Transport	10,506	(19)	37,691	(24)	57,532	(18)
Misc. Manu- factured Goods	6,357	(11)	14,854	(9)	58,277	(18)
Miscellaneous	558	(1)	389	(-)	1,592	(-)
Total Imports (c.i.f.)	55,611	(100)	159,227	(100)	323,934	(100)

Source: World Bank, Belize Economic Report, Washington, D.C., 1984.

However, protectionist measures in both these countries' increasingly threaten Belize's export revenues.

The Gross National Product (GNP) per capita in 1985 was US\$ 1,190, firmly establishing Belize as a lower-middle income country according to the World Bank's classification. However, income distribution figures are less readily available. Rough estimates made by the International Fund for Agricultural Development (IFAD) indicate rural incomes in many parts of the country fall well below the national average. In addition, they show considerable income variation between regions. In the northern districts, IFAD estimates small farmers growing sugarcane have a per capita income of US\$ 600 to US\$ 1100, while in the south the per capita income of subsistence and semi-subsistence cultivators in Toledo District is only some US\$ 112 to US\$ 166.(23)

The presence of a large subsistence and semi-subsistence population in the rural areas indicates that a significant proportion of the population is only partially involved in the country's cash economy. This reflects the continuing lack of emphasis on rural development in government policy and the inadequate provision of social infrastructure and transportation serving the country's more remote areas.

In summary, Belize is a small underpopulated Central American country with a untapped agricultural

potential. It is distinguished from the rest of Central America by its British colonial heritage, particularly its system of government based on the British model of parliamentary democracy, and its use of English as its official language. In light of Guatemala's continuing claim to the southernmost portion of Belize, Toledo District, Belize's national security has required the continued presence of the British military in the country.

Belize's population is remarkably culturally diverse. About half live in Belize City and a few large towns, while the rest are scattered in villages and settlements in the rural areas. Although some of Belize's various ethnic groups have been integrated into the mainstream of Belizean society, others especially those in the rural areas have retained a high degree of economic and cultural isolation.

Despite Belize's considerable productive potential and its free enterprise orientation, its economy is stagnating and overly reliant on a few key agricultural exports as well as external capital inflows in the form of remittances, subsidies (defence) and foreign aid. Declining export revenues coupled with a large import bill contributed to a balance of payments crisis in the early 1980s which forced the government into negotiating its first IMF Structural Adjustment Loan. In light of the country's poor economic performance, the GNP per

capita has been declining since 1980. Rough estimates indicate that rural incomes in many parts of the country fall well below the national average.

1.2 A History of Economic Underdevelopment

The British colonial presence in British Honduras (Belize) was characterized by over two hundred years of neglect. From the time of the first settlements at the end of the 1600s to the depression years of the 1930s, Britain did little to promote economic growth in the territory. Instead, it provided the minimal administrative services necessary to maintain a visible presence and protect its commercial interests in the region.

Exploitation of the territory's rich forests was the only reason for the establishment of a British settlement in Central America.(24) It was the lucrative trade in logwood, and later mahogany, which first attracted settlers to the swampy, fly-infested land along the Caribbean coast and went on to dominate the life of the colony well into the twentieth century.(25) As described by one author, what resulted was "almost a classic of colonial exploitation, of taking away and not giving back, with this difference, that there was no indigenous population whose resources were taken".(26)

The timber industry dictated the early pattern of economic and social development in British Honduras in

four major ways. Firstly, it impeded the introduction and growth of agriculture, principally through its control over much of the territory's arable land and its influence on the local administration. Secondly, its demand for labour led to the importation of African and Creole slaves as woodcutters and manual labourers which marked the first step in the creation of Belize's multi-racial, multi-cultural population. Thirdly, its use of the river system as its principal means of transportation never provided the needed impetus for the development of a proper land transportation network linking the remote interior regions with the settlements on the coast. Finally, its transient population did not lead to the growth of larger permanent settlements in British Honduras. As a result Belize City, with its administrative and commercial functions, remained the territory's only significant urban centre.

(i) The Suppression of Agriculture

The monopolization of land, the dominance of forestry interests and the suppression of agriculture, the prolonged depression in the mahogany trade, and the economic power of a nouveau riche merchant class, all contributed to the underdevelopment and stagnation that characterized the Belizean economy in the late nineteenth century.(27)

The lack of agricultural development in British Honduras prior to the late 1800s can be attributed to two major factors. First, the prohibition present in various Anglo-Spanish treaties meant that agricultural

development received no official encouragement from Britain.(28) Second, within the territory itself, agriculture was seen as inimical to the interests of the powerful timber industry, who feared any potential competition for available land, labour and resources.(29)

During the mid-1800s agriculture was only evident in isolated parts of British Honduras. A few Creole and Carib communities along the coast depended on subsistence farming for their livelihood, while in the interior a small number of Mayan families were engaged in slash-and-burn cultivation. The small British settlement which had grown up around the timber industry relied on imported food to meet most of their requirements.

Commercial agriculture was first introduced in the 1850s with the influx of Mestizo and Mayan refugees from Mexico's Yucatan region. These migrants brought with them an established agricultural tradition and began smallholder sugar cultivation in the north of the territory on lands marginal to the timber industry. By the mid-1800s, the rapidly declining mahogany trade induced a few large landholders to venture into plantation agriculture. Sugar quickly became the major crop, although there was experimentation in other commercial crops including coffee, cacao, cotton and bananas. However, by the turn of the century most of these ventures had failed and the economy of British Honduras remained dependent on forestry until well into

the 1930s.

(ii) The Demand for Labour

The dominance of the timber industry over the economy of British Honduras, coupled with the ban on agriculture, resulted in few British colonists permanently settling in the territory. As one author notes "By 1881, only 375 of the 27,452 people in Belize, a little over 1 percent, were white, and of these 271 were males, indicating that few white families settled in Belize." (30) The fact that British colonists were not brought into the territory in large numbers during the period of the expansion of the British empire to take advantage of the region's agricultural potential was perhaps the most significant factor in the slow growth and development of the colony.

The labour needs of the timber industry led to the importation of slaves from Africa and the West Indies (Creoles) in the 1700s and early 1800s. This marked the first step in the creation of Belize's multi-racial society. Later with the beginning of plantation agriculture in the 1860s, the colonial government began subsidizing the importation of agricultural labour, primarily Chinese, East Indian, Jamaican and Barbadian, thus further adding to the cultural and ethnic heterogeneity of the territory. The local Mayan and Garifuna populations in the territory also provided labour for the timber industry and the plantations.

(iii) The Lack of a Transportation Network

The dominance of the timber industry and its reliance on rivers as its principal means of transport meant that an internal transportation network was never developed in British Honduras to link the interior regions with the coast. Even with the introduction of tractors in the 1920s only a few feeder roads were built to link certain of the logging sites with the nearest river. Although the building of a railroad became a major political issue in the 1880s, Britain failed to approve the necessary funds and neither of the two proposed routes (linking Guatemala and the Yucatan with Belize City) ever came into existence.(31) If they had, the pace and pattern of development in the colony would have been greatly altered.

(iv) The Growth of Belize City

Internally, the lack of agricultural development in the territory (or any other economically productive activity aside from the forest industry) necessitated the growth of imports to meet the needs of the settlers.(32) Thus Belize City, the administrative and commercial centre of the settlement, became an import-dependent and externally-oriented enclave increasingly isolated from its hinterland.

The first half of the nineteenth century saw the

3

emergence of Belize City as a major focal point for trade linking Central America with Europe and the United States. At its height, it is estimated that four-fifths of this trade passed through British Honduras, and by 1850 Belize City had become the chief port of entry for goods in transit to and from Mexico's Yucatan peninsula and the Peten region of Guatemala.(33) However, Britain provided little support for the development of Belize City as an entrepot. Even though the British Government was interested in sharing the profits of this lucrative trade, it did not invest in the necessary infrastructure to support its growth. As a result, by the mid-1800s when Central America increasingly established direct trade links with Europe and North America, the role of Belize City as a trade centre began to decline.(34)

1.3 The Anglo-Guatemalan Dispute

The political history of British Honduras and its protracted transition to independence is inextricably tied to the Anglo-Guatemalan dispute(35), the origins of which can be traced back to the time of Guatemala's independence in the 1830s. As a new nation and as Spain's successor, Guatemala claimed sovereignty over British Honduras, demanding specific compensation for what it viewed as the illegal occupation by British settlers of the southern half of the territory (including what is today Toledo District). It is this claim that is

the basis for the continuing disagreement over the ownership of Toledo District that has remained at the centre of the Anglo-Guatemalan dispute to this day.

The intention of the two governments on signing the Anglo-Guatemalan Treaty of 1859 was to clearly establish the boundaries of British Honduras to their mutual satisfaction. However, far from resolving the issue, the treaty served to perpetuate the question of ownership of the territory. Whereas on the one hand Britain viewed the treaty as a boundary agreement giving formal recognition to a de facto situation, Guatemala on the other interpreted it as an agreement to cession of its territory, namely the southern half of British Honduras. Guatemala saw Article 7 of the treaty which called on both governments to cooperate in the construction of a road from Guatemala through British Honduras to the Atlantic coast as being compensation for its loss of territory.

However, the road was never built. Instead, Article 7 became the focus of renewed negotiations and finally the subject of a second treaty in 1863. Under the provisions of this treaty Britain proposed to pay Guatemala for the road's construction and thus relieve itself from any further obligation in this regard. When Guatemala failed to ratify the new treaty, Britain declared the matter closed and its obligation ended. Guatemala for its part claimed Britain's action

constituted an annulment of the previous Anglo-Guatemalan treaty and therefore served to restore Guatemala's sovereignty over British Honduras. This stalemate continued over the next seventy years during which time Guatemala never seriously pressed its claim.

1.4 The Road to Independence (1930-1981)

It was in the 1930s that the British Treasury finally assumed control of the colony's finances and British administrators began to make concerted efforts at improving the appalling conditions evident in the wake of worldwide depression and a devastating hurricane in 1931.(36) A package of privately raised loans and grants from the Colonial Development Fund were spent on the construction of a few main roads in an effort to reduce unemployment and improve physical infrastructure within the colony. The colonial government also attempted to stimulate agricultural production in order to increase much needed food supplies. Towards this end, short-lived rural land settlement schemes were established which concentrated on resettling the unemployed from Belize City.(37)

Although the Second World War brought on a brief period of economic expansion, this was followed by another period of depression. The price of imports soared, while continuing official efforts to promote agricultural development met with little success. By

this time, the forest industry which had been the mainstay of the Belizean economy, had entered a period of irreparable decline. Britain's efforts at relieving the conditions of underdevelopment and poverty in the colony had made little substantial difference. Its attempts at promoting economic development had come too late. As one author notes:

In identifying the causes of the economic and social crisis, one must acknowledge that imperial neglect was paramount. Belize has been one of the most neglected territories in the history of British colonialism. It has received serious attention only after the liquidation of imperial rule elsewhere left the Colonial Office to focus sympathy on the residue of the empire.(38)

By the mid-1950s, the British Government's clear intention was to extricate itself from British Honduras at the earliest convenient date. Within the colony itself however, reactions to decolonization were mixed. On the one side were George Price and his People's United Party (PUP), who dominated the political life in the colony from the first general election in 1954 through the period of transition until independence in 1981. The PUP, drawing its support from a popular base among rural Mestizo and Mayans in the north and the unemployed working-class Creoles in Belize City, represented a fundamentally anti-colonial, anti-British position which favoured a speedy end to colonial rule. Opposition to the PUP remained fragmented and poorly organized until the emergence of the United Democratic Party (UDP), which

from its inception opposed independence. The UDP, which drew its support primarily from the conservative middle class Creoles in Belize City, believed that British Honduras was fundamentally "unprepared" for independence, both economically and politically.(39)

Despite the opposition to independence, British Honduras was granted internal self-government as the first step to full independence in 1964 under the leadership of the PUP with Britain officially continuing to hold reserve powers largely restricted to defence and foreign affairs. However, the colony's weak economy and weak administrative structure in reality necessitated continuing British assistance to maintain government services and to cover both capital and recurrent expenditures. In addition, the devastation of Belize City by a major hurricane in 1961 led the British Government to make their single largest investment in infrastructure in the colony, namely the building of a new capital city, Belmopan, to house the post-independence Belizean government.

Hopes for a smooth transition to independence continued to be thwarted by Guatemala's renewed determination to press its territorial claim in accordance with the Anglo-Guatemalan Treaty. The prolonged road to independence in Belize was to last seventeen years because of Britain's inability to negotiate a reasonable settlement on Belize's behalf. In

the words of one author:

What had been for Guatemala a campaign to take possession of a piece of Caribbean coastline, and for Britain, first an attempt to retain an obscure corner of the Empire and then an effort to get rid of an unprofitable colony, was becoming for Belize the struggle for survival as a nation.(40)

Guatemalan demands focussed on "regaining" possession of Toledo District in southern Belize, with the colony refusing to consider any cession of its territory. An illusory step towards the resolution of the dispute occurred in March 1981 with the signing of the Heads of Agreement in London, England. This agreement established the "headings" for future negotiations which Britain hoped would result in the dispute's peaceful resolution. Believing that the basis for a secure independence had finally been established, Britain proceeded to announce a date for Belizean independence.

In Belize City, news of the agreement was greeted with riots and a public service strike as many feared that Belize had been sold-out to Guatemala.(41) However, as in the past Guatemala failed to ratify the agreement. In spite of this, Britain proceeded to grant Belize its independence on 21 September 1981 with the clear understanding that Britain would maintain a significant military presence in the nation until such time as the dispute with Guatemala was finally resolved.

The British magazine, The Economist, described the

mood in newly independent Belize as follows:

Not surprisingly, this week's independence celebrations attended by Prince Michael of Kent, were somewhat muted. Most Belizeans are happy that the British are not leaving; the British wish they really were - if only to save the L25 M that the defence of Belize will cost Britain each year.(42)

In the following months Belize signed a formal defence agreement with Britain providing for a continued British military presence in Belize for an unlimited period as a guarantee against Guatemala asserting its territorial claim.(43)

Clearly the prospects for the Belizean Government at independence were not encouraging. The lack of a resolution in the Anglo-Guatemalan dispute and Guatemalan claims to Toledo District meant that Belize's national sovereignty required the continuing presence of the British military. British colonial rule had also not left a strong foundation upon which to build an independent course for the country. Rather, centuries of neglect and the nation's economic underdevelopment meant that few of the tools needed for managing the nation's economic progress were in place. At independence, the Belizean government was particularly handicapped by the lack of an established agricultural sector, rural infrastructure, and government services to promote agricultural development. This was mainly due to the long history of domination over the economy by the forest industry. As will be discussed in chapter three, the

implications of this would become particularly critical in Toledo District, where the unresolved Anglo-Guatemalan dispute made it imperative for the fledgling Belizean government to establish clear ownership of the territory by demonstrating its presence in this most underdeveloped and underpopulated part of the country. It is therefore ironic that when independence finally came in 1981, it was greeted in Belize with relief mainly because the British were in fact actually staying.

1.5 Major Organizational Constraints to Development

Even with Britain agreeing to take responsibility for the nation's defense, the Belizean government faced a number of major organizational constraints at independence in tackling the problems of economic development and the creation of a viable nation. The three most formidable challenges were presented by: 1) the new nation's lack of skilled manpower; 2) the problems arising from the nation's ethnic and cultural diversity; and 3) the lack of infrastructure, particularly an adequate transportation network.

(i). The Lack of Skilled Manpower

The 1982 World Bank economic mission identified the shortage of managers and skilled personnel as one of the most serious constraints to development in Belize. (44) At the time of independence there were two major reasons

for this dearth of skilled manpower: 1) the lack of local training facilities, especially at the post-secondary level, and 2) the "brain drain" and the government's inability to counteract the outmigration of highly skilled workers.

Unlike Britain's other colonies, Belize did not inherit a national education system at independence. Instead, what emerged was the so-called "Church-State partnership system" of education. Under this system various religious denominations were responsible for running the nation's schools, while the government subsidized both recurrent and capital costs.(45) At the post-secondary level there were only a small number of technical and vocational training programs in existence to meet skilled labour needs in crucial areas such as teaching and nursing.(46) Consequently, Belizeans seeking higher education were forced to go abroad, either to institutions in the Caribbean or to ones in Britain and the United States. Of this number, many failed to return due to the prospects of job opportunities and higher salaries found elsewhere. This partly explains the thousands of Belizeans presently living in the United States.(47) The negative impact of this trend on attempts to build a Belizean civil service were significant. This is illustrated in the following quote taken from a discussion of "Transport and Economic Development in Belize" prepared by the University of

Edinburgh in 1981. In reviewing the constraints facing the Ministry of Public Works, the report states of the Ministry that it:

...is notoriously inefficient. It does not have the facilities to provide detailed costings of projects. There was no quantity surveyor in 1981 and staff shortages were common in technical positions. Indeed skilled labour is an important resource which is under great pressure in Belize.(48)

This problem of staff shortages was endemic throughout the government. It was to become further complicated after independence when it became possible for Belizeans with planning and management skills to acquire positions in the international civil service (eg. PAHO, the World Bank, and the United Nations system). This meant that, in the period following independence Belize continued to rely heavily on expatriate technical assistance personnel in order to maintain government functions and expand the role of government. In a government structure as small as that of Belize's, expatriate personnel were highly visible and responsible for a broad range of projects and programs at independence. What was particularly problematic was the lack of Belizeans with the understanding and skills needed to administer programs that specifically addressed the problems stemming from the nation's unique social and cultural diversity.

(ii) The Problems of Cultural Diversity

The need to create a plural society from the disparate ethnic and cultural groups that make-up the nation was clearly stated in the PUP Manifesto as follows:

The New Revolution...calls for a new wave of nationalism and national unity; an awareness of beauty and wealth of Belize, a consciousness of the oneness of all Belizeans and an appreciation of a common heritage and a common destiny for all Belizean people.(49)

Yet, how to create the means for achieving these idealistic concepts of integration was never elaborated to any extent in the national development planning process. At independence the problems that remained to be overcome were numerous and varied, and in many cases required specific types of government programs of an "affirmative" nature.

The three most notable ongoing examples are those of the Mayan Indian, the Mennonite communities and the newly arrived refugees from El Salvador and Guatemala. Each of these groups speaks different languages (see Table 3) and are involved in forms of agricultural production based on extremely different land tenure systems and different forms of cooperation and social organization. For example, the Maya of Toledo District in southern Belize are involved in slash-and-burn agriculture, speak traditional Mayan languages, and live on Reservations (established in the 1920s on Crown land by the Colonial administration). The Mennonites, who originally came

from Canada via settlements in Mexico, settled in central Belize under the auspices of the agreement between the Government of British Honduras and the Reinland Mennonite Church of Chihuahua and Durango, Mexico.(50) They speak the traditional Mennonite low-German dialects and many of their colonies are based on medium-scale, mechanized farming. The predominantly Spanish-speaking, political refugees now moving into Belize from neighbouring countries have either settled spontaneously or have been given land in the organized agricultural settlement being established by the government with financial and planning support from the regional office of the United Nations High Commission for Refugees (UNHCR). Their legal position in Belize is governed by the provisions of the 1951 Geneva Convention Relating to the Status of Refugees.

What is particularly noteworthy in these three examples is that each group maintains a fair degree of internal autonomy and seeks their voice in the government decision-making process through different channels related to the agreements under which they received title to the land on which they have settled. In order for the government to effectively integrate the various levels of ad hoc decision-making that have developed as a result of these arrangements, it remains necessary for it to establish standardized procedures under one set of legal parameters.

Specific programs are also needed to meet the special requirements of other sometimes less visible groups within Belizean society, such as the Garifuna-speaking Caribs on the east coast, the Spanish-speaking Mestizos in the north, and the various ethnic groups that contribute to Belize's urban population, including the Chinese and the East Indian.

(iii) Inadequate Transportation and Social Infrastructure

Belize made significant progress during the 1960s and 1970s in expanding its economic and social infrastructure. However, the legacy of colonial neglect was so significant as to ensure that inadequate infrastructure would remain the primary physical constraint to economic development at the time of independence.

A fundamental constraint to export-led growth that remains to this day is the bottleneck presented by Belize's underdeveloped transportation system. According to the 1981 study, Resource and Development in Belize, prepared by the University of Edinburgh:

The transportation system in Belize is inadequate for the development of an integrated economy - mobility is simply not great enough...The high costs of transport in both time and money...are reinforcing rather than alleviating the friction of distance. (51)

In referring to Belize's road system, the study states, "the actual extent of the road system in Belize would be adequate for development purposes if the condition of the

road was of a constant and reliable 'standard'.(52) However, as can be seen from Table 9, road quality varied greatly throughout the country. At independence, the majority of the nation's best roads (asphalt and gravel surface) were in the Belize City to Belmopan corridor and in the north. The worst roads were those serving the nation's most sparsely populated areas. For example in southern Belize there were no paved roads in Toledo District at the time of independence except in Punta Gorda, the District's capital. Consequently, light aircraft came to play an important role in linking isolated centres such as Punta Gorda with the rest of the nation.

A combination of physical and financial constraints hampered the ability of the Belizean government to continue to improve sections of the road network, while at the same time adequately maintaining previously improved sections. The high costs of maintenance and improvement were the result of a variety of physical factors which included rapid erosion, flooding, hurricane damage and drainage problems (particularly in the coastal swamps). Without proper maintenance, improved and reconstructed roads deteriorated rapidly and brought about the need for further expensive improvements.

The need for better roads cannot be disassociated from the need to improve Belize's harbour facilities. The options under consideration at independence (but yet

Table 9

PUBLIC ROADS IN BELIZE, 1978'
(kilometers)

District	Hard Top	Improved	Unimproved Chart Tracks and Trails	Total	%
Belize	106	153	101	360	18.5
Cayo	176	156	47	377	19.4
(Belmopan	84	34	13	139)	
Corozal	24	225	58	307	15.8
Orange Walk	32	256	47	355	17.2
Stann Creek	58	227	47	331	17.0
Toledo	0	198	35	233	12.1
Total	396	1,215	335	1,945	100.0

Source: Fiona M. McTurk, "Transport and Economic Development in Belize", 1981.

to be acted upon) included the further deepening of the Belize City port and the development of roll-on, roll-off barge facilities in Stann Creek District for the transport of containerized bananas and citrus concentrate to ocean-going vessels moored in harbour at Belize City.(53)

Even though the nation's poor transportation facilities and its chronic shortage of skilled manpower provided constraints to the development of social infrastructure, Belize's educational facilities and health services were considered relatively more comprehensive especially when compared with those in other neighbouring countries. Nevertheless, these social services remained largely concentrated in Belize City. For example, according to the 1979 World Bank report, 60 per cent of all secondary students were studying in Belize City.(54)

One of the major reasons why so many of Belize's institutional and infrastructure needs were not addressed during the transition to independence was the government's desire to focus attention on the creation of a new national capital close to the geographic centre of the country as a means of accelerating development outside of Belize City and establishing a strong symbol of independence. Projected to eventually house a population of 30,000 when it was built in the 1960s, Belmopan absorbed a large proportion of the grants and

loans received from Britain in the years leading up to independence.(55) However, by 1981 Belmopan still had an estimated resident population of some 3,000 and was only just beginning to take on the character of a viable small town. Many civil servants continued to live in Belize City and commute the approximately 80 kilometres to their jobs in the capital. It may therefore be questioned, in retrospect, whether the importance placed on developing a new national capital was really justifiable given that it diverted considerable attention and resources away from the development needs of the rest of the country.

Belmopan in many ways came to symbolize Belize's condition at independence. Although Belize inherited functioning democratic institutions modelled on the British system of government and some buildings in a half-finished capital city in which to house them, it did not inherit at best more than the minimum necessary human resources and basic infrastructure to direct and manage its own affairs. The challenge of integrating the colony's diverse cultural and ethnic groups into a national whole still had to be faced. Being Britain's only colony in Central America had given Belizeans certain advantages. However, Britain's overall lack of interest in the region had resulted in Belize being granted independence while still under-equipped to take on the job of developing its own economy and society. As was said by Sir Roger T. Goldsworthy, the British

Governor of British Honduras from 1884-1891,:

An area as favoured by nature as was British Honduras would have been highly developed, strong and rich had it been held by anyone other than the British. (56)

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6. Office of the United Nations High Commissioner for Refugees, UNHCR Activities Financed by Voluntary Funds: Report for 1986-87 and Proposed Programmes and Budget for 1988. Part IV: Latin America and the Caribbean, August 1987, p. 32.
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47. The World Bank notes the trend of skilled labour emigrating to more developed countries, at the same time as foreign labour from neighbouring countries immigrates into Belize to assume low level agricultural jobs and certain skilled jobs (eg. in construction and trade).

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48. Fiona M. McTurk, "Transport and Economic Development in Belize", in Resources and Development in Belize, G.M. Robinson and P.A. Furley (eds.), pp. 134-5.

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Chapter 2 - The Constraints to Effective National Economic Planning and Management

2.1 Introduction

In 1981, the People's United Party (PUP) was poorly equipped to translate the abstract notion of what independence might mean into a form of government that was in any way a marked improvement over the government under colonial rule. In fact, it can be argued that during the following four years there was almost no improvement at all. The ultimate proof of this was the outcome of the general elections held in December 1984 in which the PUP was overwhelmingly defeated(1) due to growing dissatisfaction with its handling of the national economy. The seeds of Prime Minister George Price's downfall were predicted by The Economist in its 26 September 1981 issue where it stated:

Mr. Price's greater problem is that independence has awakened expectations of economic development which, if unfulfilled, could cost him his job at the next election in 1984.(2)

The inability of the PUP government to address the population's expectations was directly reflected in its failure to establish a national development planning process. Instead, Mr. Price's message to Belizeans was characterized by the type of political rhetoric contained in PUP publications, particularly The Manifesto for the New and Progressive Revolution. This sixteen page pamphlet presenting the party's political creed described

Belize's so-called "struggle for Independence" under the leadership of the PUP as the "Peaceful Constructive Belizean Revolution". According to the Manifesto:

The revolution recognized the need to rescue Belizeans from the frustrations and apathy created by life in colonial bondage. It ignited the imagination of the people and offered them freedom by pursuing the goal of political and economic independence - the chance to accept full responsibility for their own destiny...The Revolution promised to tackle the inequities and injustices of the colonial system. It promised to end discrimination, to create a spirit of national unity and to bring about an economic development, in which every Belizean would have a right to share.(3)

The development goals of the "New Economic Order" proposed in the Manifesto were to be: accelerated economic growth, the equitable distribution of wealth, and the participation of every Belizean through the fulfillment of their needs and satisfaction of their aims.(4) The importance of planning in the achievement of these goals was also clearly stated.

If economic development is to meet these objectives it cannot be allowed to proceed without a plan: it cannot be left in the hands of only a few investors; it must be shaped and governed democratically by the participation of the people through their elected representatives - there must be a plan.(5)

The situation in Belize at the time was typical of that found in many poor countries striving for full political independence. As described by Caiden and

Wildavsky in their book, Planning and Budgeting in Poor Countries:

It was essential that society should be given a confident new direction toward national goals. The intuitive answer was to plan.. To the question implicitly posed to their leaders by the liberated masses, "What will you do?", the response after, as before, independence was almost automatic, "We have a plan..."(6)

However, on this point the PUP failed to deliver. The document it produced entitled Economic Plan for Belize 1980-83 was a development plan in name only. In reality, it was little more than a political and economic roadmap incorporating much of the rhetoric contained in the PUP's Manifesto, but failing to flesh it out with any of the details, strategies, targets and project workplans usually associated with a document of this kind.

2.2 Economic Plan of Belize 1980-83

The Economic Plan of Belize 1980-83 was a short seventy-page document which came into effect one year prior to independence. Its major weakness lay in its failure to establish a framework or offer a political mandate that enabled the sectoral ministries to proceed with the implementation of development activities. Rather, as described by the Pan American Health

Organization (PAHO), the plan contains:

...a list of development investment projects for the period of 1980-83, but there is little description of the economic situation of the country nor an evaluation of the projects listed...Belize's capital development plan is essentially a shopping list for foreign assistance.(7)

The shortcomings of the plan are clearly revealed in the opening paragraph of the chapter entitled "Strategy for Development" where it states what a development plan should be:

A development plan sets national social and economic objectives and describes the strategy for achieving them. Such a strategy contains a programme aimed at overcoming constraints and obstacles to achieving these objectives and taking advantage of opportunities for their achievement. It sets a timetable in measurable terms such as employment, distribution of income among income groups, and improvement in the fields of housing, health services and water supplies.(8)

However, the plan document offered neither an assessment of the constraints to economic development, nor did it provide a program for achieving objectives within a measurable timeframe. No useful detail was given with which to assess the past performance of the economy, nor were development priorities elucidated in such a manner as to suggest a future course of action. For example, chapter eight of the plan simply entitled "Industry" consists of less than a page and a half of discussion with virtually no analysis of the sector and no examination of the interrelationships between it and other key productive sectors in the economy such as

agriculture and forestry.(9) The tourism sector receives the same treatment. While containing promises of expansion and development, the chapter on tourism is padded with rhetoric taken directly from the PUP Manifesto:

The New Revolution will continue the policy for the orderly and systematic growth of the tourist industry in which Belizeans as far as possible maintain control and ownership of facilities and plant. The PUP policy on tourism is one which minimizes the negative social impact of an uncontrolled industry, which safeguards the dignity of the Belizean citizen and which insures that the industry serves first the Belizean people...(10)

However, any mention of how this idealistic policy was to be translated into practice was not elaborated in the plan.

The three major social and economic objectives stated in the plan are: "1) to promote a balanced development between rural and urban areas; 2) to continue the process begun earlier in laying the basis for development; and 3) to enable Belizeans to share in the processes and benefits of development".(11) Even though the objective of rural development is implicit in this statement, the seven page chapter on agriculture did little more than list projects. No effort was made to identify beneficiaries, interrelate projects, link the agricultural program with other sectoral programs, or elaborate a strategy for achieving so-called balanced development between rural and urban areas. Although agriculture was clearly the key sector in the PUP

government's strategy for economic development, the plan offered no integrated approach designed to stimulate its development. In addition, the associated sectoral plan, Agricultural Development Plan 1982-4, did not substantively augment the information provided in the national plan.(12) Neither the sectoral nor the national plan gave any consideration to the need for regional planning, although this is critical in a country such as Belize where considerable regional variation exists due to differences in soil types, land tenure systems, methods of production and rural infrastructure. This was especially significant in view of the Belizean government's strong political desire to generate rural development in Toledo District in the face of the ongoing territorial dispute with Guatemala. Although it was apparent from the plan that the Belizean government was intent on generating a number of major large-scale rural development and related agricultural projects specifically in the district, the plan failed to elaborate how these projects would be managed, financed, and linked in with existing development initiatives and local government structures. What was particularly disturbing about the state of the post-independence planning process under the PUP government was the lack of improvement in planning procedures since the days of colonial rule. In fact, the 1980-1983 plan appears impoverished when compared with the 1964-1970 development

plan, which was drafted by a team of experts from the United Nations Technical Assistance Board. Even though there were problems with this earlier plan, it did provide a detailed assessment of the economy and serve to establish more clearly defined development objectives and targets.(13)

Although the PUP government claimed it was committed to planning, the plans it produced were neither founded on accurate baseline data nor did they provide the means for improving the statistical and information gathering capabilities of the government. As a result, the plan does not contain realistic targets and measurable objectives in key sectors such as agriculture, health and education. The plans also failed to serve as vehicles for the decentralization of decision-making. Until the end of the PUP's term in office virtually all decision-making remained with George Price and the PUP Cabinet. During the last year of his administration, Prime Minister Price created a Department of Economic Development in an effort to deflect some of the growing criticism of his government's development policy. However, this department never became fully operational prior to the government's defeat in December 1984.

2.3 UDP Economic Plan for Belize 1985-1989

The Economist Intelligence Unit described the December 1984 elections which brought the United

Democratic Party (UDP) to power as follows:

For the first time, the economy was the major election issue, superseding independence and the territorial dispute with Guatemala which has dominated previous electoral contests. Deteriorating economic conditions have fuelled public dissatisfaction and frustration, although the election result is more an expression of the widely felt need for a change than a consequence of any substantial differences between the economic policies of the two parties.(14)

The UDP government inherited an economy marked by slowed economic growth, deteriorating terms of trade, rising unemployment and a worsening balance of payments situation. During its first year in office the weak fiscal performance of the public sector forced the government into introducing a sixteen-month structural adjustment programme supported by the IMF. It also resulted in declining levels of investment in the government's public sector investment programme over the first half of the 1980s.

Perceived as more to the right and pro-U.S. than the PUP, the economic policies of the UDP have been described by one author as more of "a shift in emphasis" aimed at accelerating economic development than a radical change in direction.(15) The UDP upon its election promised to reduce state intervention in the economy, and take measures to strengthen the private sector and attract foreign investment in order to stimulate economic growth. It also pledged to continue the adjustment measures adopted under the 1984 IMF agreement aimed at restoring

financial stability in the public sector and re-establishing credit-worthiness vis-a-vis the international financial institutions. These major thrusts were reflected in the government's Five Year Macro-Economic Plan for Belize 1985-1989 released shortly after the UDP assumed office in 1985.

The plan presents the Esquivel government's view of planning in the following manner:

Planning is...all the more essential to Belize in its attempt creatively to chart a path of economic development appropriate to its own historical circumstances. Because of the limited role the state plays in the economy, planning is best interpreted as strategic policy-making, rather than the preparation of social blue-prints which cannot be imposed. (16).

Although the importance of planning is emphasized, the fifty-five page document as was the case with the previous PUP development plan fails to represent the product of a serious planning exercise. The plan contains little in-depth analysis of the economy, virtually no sectoral analysis and insufficient elaboration of the strategies and policies it presents to serve as a basis for effective decision-making in promoting an economic development sensitive to Belize's "own historical circumstances". Instead, what is clearly presented in the plan is the government's call for private investment (primarily external investment) to spearhead an export-led development strategy and re-

stimulate economic growth.

...it is the private sector in the broad sense which will be responsible for organizing national resources into productive activities, with the Government playing the crucial role of providing the infrastructure and policy framework to facilitate the profitability of private investment.(17)

Toward this end, the plan reaffirms the government's continuing commitment to maintaining policies favourable to investors, such as generous tax concessions and incentives, minimal exchange controls, a liberal trade policy, and guarantees against expropriation. In addition, the section of the plan called the Public Sector Investment Programme places a heavy emphasis on the development of physical infrastructure including road and bridge construction, and the rehabilitation of the Belize City airport.

During its first year in office the UDP Government actively undertook to publicise the message that Belize welcomed external investment. In a four page supplement to the Financial Times, paid for by the Belizean government, Prime Minister Esquivel issued the following invitation to investors:

The cornerstone of our economic policy is to attract investment in the areas of agriculture, tourism and light industry with a view to creating jobs and exports... I invite investors to share with us our vast potential for development, our untapped natural resources. Take advantage of our government's support for private investment, our stable political climate and our nearness to the world's most prosperous market.(18)

Although the UDP plan provides encouragement to external investors; it offers little hope to the majority of Belizeans. Unlike the development plan of the PUP Government which couched its message in the rhetoric of social justice, the UDP plan makes no attempt to disguise its pitch for external investment as a broad-based development strategy. In fact, the plan is remarkably honest in revealing some of the more serious implications of its strategy. For example, the following excerpts illustrate the government's own view that the growth it intends to generate through increased external private investment will provide few benefits over the short-term for the majority of the country's population.

"The Plan is projecting 8,000 to 13,000 new jobs, a large portion (20% to 30%) of which will be in low-wage migrant labour. The more migrant labour is used, the less employment there will be for Belizeans...."(19)

"Much of the unemployment is in Belize City and in the south of the country,...On the other hand the relatively high-employment citrus expansion will take place in the rural area, largely in the north-west, where the ready availability of labour is far less."(20)

Ironically, by promoting the creation of low-wage jobs for a migrant labour force from neighbouring countries (in the face of considerable unemployment and underemployment in Belize), it would appear that the government's strategy for private investment has the potential to run counter to the government's own expressed aim of maintaining social stability.

What is most striking about the plan is that the government, in moving to an investment strategy heavily reliant on external investors, has failed to look to the potential for internally generated development through a strengthening of the country's existing productive sectors, primarily agriculture. Instead, the UDP presents Belizeans with a "trickle down" strategy for development which unfortunately does not adequately address the mechanisms by which external investment can be harnessed for the benefit of the existing economy and Belizean society as a whole.

Although agriculture is clearly the lead sector in the Esquivel plan, as it was in the previous Price plan, the UDP government like its predecessor fails to provide any coherent program for the sector's development. There is virtually no overview or analysis of the agriculture sector and no discussion of its interrelationship with the other key economic and social sectors. Furthermore the plan fails to provide any substantive detail concerning ongoing and proposed initiatives in this sector or the role that the government intends to play in supporting agricultural development. In fact, the list of projects presented in the UDP plan is even less substantive than that given in the earlier PUP plan.

Similar to the PUP plan, the UDP plan gives no consideration to regional planning, although it points to

the problems of regional disparities as illustrated in the following excerpt:

...the gap between the southern and northern districts will not be significantly altered unless the south receives special attention in the investment programmes of both the public and private sectors.(21)

However, the plan document itself fails to identify what initiatives will be undertaken to remedy the underdevelopment of southern Belize. It does not, for example, mention the large integrated rural development scheme for Toledo District the government was negotiating with the International Fund for Agricultural Development (IFAD) at the time the plan was being written. This is of particular significance in light of the ongoing Anglo-Guatemalan dispute and the government's continued interest in promoting rural development in Toledo as a means of demonstrating its authority over the district. Although the UDP government is apparently following the PUP government's policy of seeking to generate rural development in Toledo as part of a strategy combining national security and development objectives, its plan offers little insight into its strategy for doing so beyond a continuation of support for existing projects. This perhaps best illustrates that the UDP plan is not an operational development plan but rather a document intended to offer assurances of government support to potential external investors. Just like the Price plan which was primarily designed to convey the benefits of

independence to a skeptical nation, the UDP plan is primarily a statement of government policy not a blueprint for meaningful government action.

Endnotes

1. "Belize PM is Ousted in Election Landslide", The Gazette, Montreal, 17 December 1984. "The election was expected to be close, but the 3-1 ratio for the UDP took most of the country's 150,000 English-speaking residents by surprise".
2. "Muted Joy", The Economist, 26 September 1981, p. 39.
3. People's United party, Manifesto for the New and Progressive Revolution, (undated pamphlet).
4. Ibid.
5. Ibid.
6. Naomi Caiden and Aaron Wildavsky, Planning and Budgeting in Poor Countries (New York: John Wiley and Sons, 1974), p. 167.
7. Pan American Health Organization, Health Sector Assessment 1982 (A Working Document), Report on a visit to Belize 26 August - 10 September 1982, Part I. The shopping list PAHO refers to was the updated version of the public sector investment program and financing plan for the period 1980-83, prepared with the assistance of the joint World Bank/IMF/CDB economic mission of December 1979 and appended to the end of the document.
8. Government of Belize, Central Planning Unit, Economic Plan of Belize 1980-83 (Belmopan: Government Printery, 1980), p. 8.
9. Ibid., pp. 20-1.
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11. Central Planning Unit, Economic Plan of Belize 1980-83, p. 1.
12. Government of Belize, Ministry of Natural Resources, Agricultural Development Plan 1982-84 (Belmopan: Government Printery, 1982).
13. Government of Belize, Office of the Premier, British Honduras (Belize) Development Plan 1964-1970 (Belize City: Government Printery, 1964), p.i.

14. The Economist Intelligence Unit, Quarterly Economic Review of Jamaica, Belize, Bahamas, Bermuda, No. 1, 1985, p. 21.

15. Robert Graham, "Belize: A Shift in Emphasis", Financial Times Survey, 16 October 1985, p. 32.

16. Government of Belize, Ministry of Foreign Affairs and Economic Development, Five Year Macro-Economic Plan for Belize 1985-1989, Belmopan: Government Printery, (undated), p. 47.

17. Ibid., p. 6.

18. "Message by the Honourable Manuel Esquivel, Prime Minister of Belize", Financial Times, 16 October 1985, p. 31.

19. Government of Belize, Five Year Macro-Economic Plan for Belize 1985-1989, p. 40.

20. Ibid., pp. 40-1.

21. Ibid., pp. 39-40.

Chapter 3 - Development in Toledo District

3.1 Introduction

As discussed in the previous two chapters, the legacy of British colonial rule left Belize with an underdeveloped economy and an administration poorly equipped to address the development needs of the newly independent nation. Prior to granting Belize full independence, Britain also failed to resolve the longstanding Anglo-Guatemalan dispute centering on Guatemala's territorial claim to Toledo District. As a result, Britain has reluctantly had to maintain a military presence in post-independence Belize to safeguard the nation's sovereignty.

For its part, the Belizean government has sought to demonstrate that Toledo District is an integral part of Belize by attempting to establish its presence in the territory and encourage rural development. Yet even though the development of the district has been accorded high political priority by the Belizean government in the interest of national security, rural development has failed to take hold thus far. Despite its considerable agricultural potential, Toledo remains the poorest and least developed of Belize's six districts.

The history of failed economic ventures in Toledo provides an insight into the reasons for the lack of development in the district as a background to an examination of the government's post-independence

development initiatives. Toledo's past was characterized by one-shot, short-lived agricultural initiatives which failed and left little behind. Many were large-scale, externally-imposed and did not involve the local populations in any significant capacity as either the agents or beneficiaries of change. As a result, the majority of Toledo's population continues today to live as before, heavily reliant on subsistence agriculture and relatively isolated from the rest of the nation. It is significant that the majority of this population are Mayan Indians whose forebearers migrated into the border areas of the district from neighbouring Guatemala. Because of their shared culture and language, Toledo's Mayan population maintains close economic and social ties with the Maya on the Guatemalan side of the border. In the face of Guatemala's territorial claim to the district, it is this unique feature of Toledo's Mayan population which has made it imperative that the newly independent government of Belize demonstrate that the Maya within its borders are an integral part of Belizean society and not an extension of the Guatemalan population. The government's intention in trying to include the Maya in its rural development efforts in Toledo has not only been an attempt to visibly establish its control over the border areas but also to demonstrate that Belizean citizenship had benefitted the Maya economically and politically.

The history of failed development efforts in Toledo can be traced to the failure of the government to recognize and address the unique development needs of the district's Mayan population. The problem of integrating the Maya into Belize became particularly crucial as independence drew near and Britain's last minute attempts to resolve the Anglo-Guatemalan dispute collapsed. To address the problem, in 1978, the Belizean and British governments launched a major rural development initiative in Toledo called the Toledo Rural Development Project (TRDP). By 1983, it became clear that TRDP's failure to improve the living standards of the Mayan cultivators was due to a basic contradiction between the government's desire to use development for political purposes and its failure to understand and establish the basic prerequisites for sustainable rural development.

This chapter begins by presenting an overview of Toledo District and the unique characteristics of its Mayan population. It then proceeds to review the history of externally-imposed development initiatives prior to independence and concludes by examining the lessons that can be learned from the failure of the British-funded TRDP project.

3.2 Overview of Toledo District

Toledo District is the poorest and most underdeveloped of Belize's six districts even though it

is an area of fertile agricultural land that holds the potential for significant agricultural development. Of the district's 4,413 square kilometres (representing about one fifth of the country's total land area), 60 per cent is considered potentially arable.(1) Less than half of this area is actually in use, for the most part by slash-and-burn cultivators.(2)

According to the 1980 census, the district's population was 11,762 (representing 8 per cent of Belize's total population). Although small, this population is made up of a number of distinct ethnic groups, primarily the Mayan Indians, the Creole, the Garifuna and the East Indians. The majority of the district's inhabitants are small-farmers engaged in subsistence and semi-subsistence farming.

The district's economy is based on agriculture and some forestry, with sawmilling and the processing of rice constituting the only industrial activities. The major agricultural products are rice, corn, red kidney beans, beef, pork and honey. Exports from the district are modest as the majority of the population consume what they produce. Slash-and-burn cultivation remains the dominant method of agricultural production.

(i) Punta Gorda, the District's Capital

The district's capital and only urban centre, Punta Gorda, is a small town of 2,396 inhabitants (mainly

Creole and Garifuna) located on the coast (see Table 10). The town has the district's only port (suitable for ocean-going vessels) and is also the location of the British military garrison in southern Belize. Physically, it remains the most isolated of Belize's district capitals. Even though the Southern Highway (completed in the mid-1960s) links the town with Belmopan and the rest of Belize, this unpaved and pothole-ridden stretch of road has proven a highly unreliable transportation route. The poor quality of the road causes considerable wear-and-tear on vehicles and lengthy travel times, contributing to the high cost of transportation between Punta Gorda and the rest of the country. In addition, the so-called highway is often closed due to flooding.(3)

As indicated in Table 10, Punta Gorda's population has grown very slowly over the ten year period between 1970 and 1980, in large part because the town has failed to grow as a commercial centre. The small number of commercial enterprises which do exist primarily serve the town's 500 families and the British military base located nearby. In addition, commercial activity is evident on bi-weekly market days when small traders come in from Guatemala and local farmers arrive from outlying villages to sell their surplus agricultural produce. Toledo's domestic market however is very small and caters primarily to the limited needs of the town. The supply

Table 10

TOLEDO DISTRICT POPULATION ESTIMATES, 1980

	1970	1980	% increase	no. of households (1980)
Punta Gorda	2131	2396	12.4	509
Monkey River	277	190	-31.4	32
Toledo Rural	6581	9176	39.4	1748
Total Toledo District	8989	11762	30.8	2289

Source: World Bank; Belize Economic Report, Washington, D.C., 1984.

of goods, especially foodstuffs, often exceeds demand.

The town has a small hospital, post office, police station, two modest secondary schools, as well as a variety of government offices, including a Department of Land's Office, an Education Department Office, a Cooperative Department Office, a Development Finance Corporation Office and a Social Department Office. It also has electricity, public utilities, a few paved roads, one gas station and two so-called hotels. With the recent closing of the local branch of the Royal Bank however, there is no longer any private banking outlet in Toledo District.

Punta Gorda is also the site of the Government Marketing Board Buying Centre, which purchases rice, corn and red kidney beans from Toledo's farmers. The Department of Agriculture Office is located some 15 kilometres outside Punta Gorda at Machaca Forest Station. Fifteen kilometres beyond Machaca along the Southern Highway is the village of Big Falls, the site of the district's rice processing plant. Rice is the major official cash crop grown in Toledo(4), with a large portion of the country's domestic requirements produced and milled at the Big Falls plant. No other processing of agricultural produce occurs in the district.

(ii) Toledo's Rural Population

Toledo's rural population of 9,366 live in scattered

villages located along the coast, the central lowlands and in the hilly interior. It is composed of three spatially and ethnically defined groups (see Table 11). Numerically the smallest of these, the Garifuna (or Black Carib), gain their livelihood primarily from fishing and cassava cultivation along the coast. The second group are the East Indians who live in the central lowlands and engage in mechanized rice farming along the Southern Highway. The proximity of these farmers to the facilities at Punta Gorda and Machaca has enabled them to take advantage of the limited government support services (such as credit and extension) available for agricultural development in the district. Also, due to their strategic location along the Southern Highway, many members of this community have become involved in commercial trucking as an alternative source of income.

The third and largest group are the traditional Mayan Indians (made up of two distinct linguistic groups, the Kekchi and the Mopan). The Maya live in 31 villages scattered throughout the upland interior of the district and account for over 60 per cent of the district's population. These subsistence and semi-subsistence farmers produce rice, corn, beans and small amounts of other crops for household consumption under traditional methods of slash-and-burn cultivation (known as milpa). The Mayan population is currently the fastest growing of the district's population groups, due to a combination of

Table 11

TOLEDO DISTRICT'S POPULATION DIVIDED INTO GEO/ETHNIC GROUPS

Geographical Area	% (1980)	Ethnic Group
Coastal	25.2	Mainly Garifuna and Creole
Southern Highway	11.2	Mainly East Indian
Secondary Roads (Hill Villages)	42.3	Mainly Mopan (Mayan)
Tracks (Lowland Villages)	20.3	Mainly Ketchi (Mayan)

Source: A. Osborn, "Socio-Anthropological Aspects of Development in Southern Belize", April 1982.

natural factors and the in-migration of Mayan refugees from neighbouring Guatemala.

The people of Toledo are the poorest in Belize. Many of the district's subsistence farmers are marginal to the nation's cash economy. For example, the International Fund for Agricultural Development (IFAD) has estimated the cash value of the annual surplus produced by the milpa farmers (milperos) to be between US\$ 558 and US\$ 832 for an average family of five.(5) Based on these estimates, the annual per capita income of the milpero population ranges from US\$112 to US\$ 166 (a calculation which does not include the cost of family labour, which if deducted, would bring per capita income levels to zero). When compared with the overall per capita income of Belizeans at US\$ 1,190, the majority of Toledo's population, namely its milpa farmers, are well below the national average.

(iii) Health and Education in Toledo

According to the Pan American Health Organization (PAHO), Toledo's population is the least healthy in Belize. Almost half of the district's children suffer from some degree of malnutrition (see Table 12), primarily due to dietary deficiencies.(6) In 1980, the infant mortality rate for the district was estimated at 58.3 deaths per thousand compared with a national average of 33 deaths per thousand. As well, mortality rates for

Table 12

BELIZE -*GOMEZ GRADES: 0-36 MONTH CHILDREN ATTENDING
CHILD HEALTH CLINICS, 1975-1978

District	Total no.	a,	Percentage Gomez Grades I-III
Corozal	1250		33
Orange Walk	1247		26
Belize	3626		22
Cayo	2278		21
Stann Creek	1009		29
Toledo	1176		49

Source: International Fund for Agricultural Development,
"Identification Report - Small Farmers Development
Project", May 1983.

* Gomez classification is a method of classifying children for nutritional status based on actual weight compared with expected weight for a given age, whereby Grade I is equivalent to 75 to 90 % of standard weight, Grade II to 60 to 75 % of standard weight and Grade III to below 60 % of standard weight.

the district were significantly higher than the national rates at 9.4 deaths per thousand compared with a national average of 5.5 per thousand (see Table 13). These figures are however subject to question as PAHO cautions that there is likely considerable underreporting of vital statistics in Toledo District.(7)

In 1982, the Government of Belize launched a primary health care initiative for Toledo District. In its "Project Implementation Plan", the problems associated with the district's health care delivery system are summarized as follows:

The existing health services and health care delivery system are inadequate to provide basic health services, particularly to the rural population in the district. Lack of trained health personnel, poor communications within the district, scattered population groups and inadequate infrastructure for health services in the rural areas are among the constraints to provision of adequate health care services.(8)

There are only two physicians in Toledo, both of whom are resident at the small district hospital in Punta Gorda. All patients in the district requiring specialized care are referred to Belize City Hospital. A small four-seater plane donated and operated by an American voluntary organization is used to fly patients between Punta Gorda and Belize City. Rural health clinics staffed by nurses are located in three Mayan villages in the district's interior and there is also a mobile clinic which services a number of the more remote Mayan villages. However, there is still a significant portion

Table 13

DEMOGRAPHIC CHARACTERISTICS OF BELIZE BY DISTRICT, 1980

District	Birth Rate per thousand population	Infant Mortality per thousand live births	Death rate per thousand population
Corozal	34.8	42.6	4.1
Orange Walk	40.5	36.7	3.4
Belize	41.6	33.6	7.8
Cayo	27.5	27.1	3.1
Stann Creek	38.0	42.7	4.9
Toledo	51.0	58.3	9.4
National averages	38.9	40.2	5.5

Source: Ministry of Health, Housing and Cooperatives, Health Profile of Belize, Belmopan, 1982.

of Toledo's rural inhabitants who are not being served by Belize's health care system.

There are also problems with the quality of the district's educational facilities. According to the District Education Officer, "education in Toledo is in crisis".(9) In his March 1984 report, he cites the results of the Belize National Selection Exam (BNSE), which is written by students at the end of their secondary education (see Table 14). These results "show that the Toledo primary school child is doing half as well as his counterparts in the other districts".(10) Among the problems which are prevalent throughout the district, particularly in the rural areas, are ongoing staffing difficulties, poorly maintained and inadequate school buildings and a general shortage of educational materials.(11)

In writing on school conditions in Toledo's more remote villages, the District Education Officer in his 1984 report provides a number of illustrations of the impoverished nature of Toledo's rural school system. For example, in order to inspect a school in the Mayan village of Corozan, he describes having to hike for an hour and a half from the nearest village along a bush trail. Upon arriving at the school, he found it to be nothing more than a rough bush house, without electricity, running water or toilet facilities of any kind. Inside the school were enough benches and desks

Table 14

1983 BELIZE NATIONAL EXAMINATION RESULTS BY DISTRICT

District	Sat	Earned 50% or more	%
Belize	1270	659	51.89
Cayo	480	279	58.79
Corozal	426	220	51.64
Orange Walk	533	300	56.28
Stann Creek	337	170	50.44
Toledo	282	72	25.53

By Urban Schools
(in respective
district capitals)

Belize City	949	558	58.79
Cayo	255	208	81.56
Corozal Town	191	123	64.39
Orange Walk	305	202	66.23
Dangriga	180	155	41.66
Punta Gorda	96	40	41.66

By Rural Schools
(according to
district)

Belize City	321	101	31.46
Cayo	225	71	31.55
Corozal	235	97	41.27
Orange Walk	228	88	38.59
Stann Creek	156	55	35.25
Toledo	186	32	17.20

Source: Roy Cayetano, "A Walking Tour of Toledo Villages on the Trail from Blue Creek to Aquacate via Crique Sarco" , March/April 1984.

for twenty children, a small blackboard, and a desk without a chair for the teacher. At the time of the visit the school had apparently not been in session for over a month due to a lack of teaching staff. According to the villagers, a young woman had been recruited to fill one of the two vacant posts, but "when she got to the village and saw the conditions under which she would have to live, especially the difficulty in getting good water, she made an about turn".(12)

Due to the lack of trained teachers among the Mayan population, local teachers are mainly recruited from among Toledo's Garifuna community. The physical and cultural isolation experienced by these teachers in the more remote Mayan villages have together with the generally unsanitary conditions and poor teacher housing contributed to the difficulty of maintaining adequate staffing levels in the district's schools.

(iv) Physical Isolation

The physical isolation of Toledo is largely the product of the district's underdeveloped transportation and communication network. The district's 4413 square kilometres are served by only 198 kilometres of improved roads and about 35 kilometres of cart tracks and trails (see Table 9, page 46). As previously discussed, travel between the district and the national capital, Belmopan, and Belize City to the north is hampered by the overall

poor condition of the Southern Highway and seasonal flooding. As a result many government officials are forced to rely instead on internal air service using small aircraft to transport them between Belmopan, Belize City and Punta Gorda. The quality of the road network diminishes significantly with increasing distance from Punta Gorda. Only a few of the Mayan villages in the district's interior are accessible by road from the district's capital. To reach the remainder requires additional travel by foot or boat.

Telephones are virtually non-existent in the region outside of Punta Gorda and its immediate vicinity. Only fourteen of the district's thirty-one villages are linked by small private two-way radio networks. Postal services barely extend beyond the main Post Office in Punta Gorda except on an ad hoc basis. Radio Belize, the government's national radio service, remains difficult to pick up in Toledo's interior villages, many of which also listen to Guatemalan radio stations which feature Kekchi language programming.

3.3 Toledo's Mayan Indians: the Mopan and the Kekchi

An appreciation of the uniqueness of Toledo District requires an examination of the way of life of the majority Mayan population. In 1959 a British Land Use

Survey Team described the Mayas in the following manner:

...the majority of the people now using the land are Mayan Indians, unquestionably the most industrious group of farmers in the whole country and a group with very long farming traditions. Although lacking experience in modern farming techniques, they achieve a reasonably high level of production and, moreover, they are intelligent, extremely adaptable, and some of them are very quick to understand the principles of machinery. (13)

Yet despite the Maya's farming skills, they have largely been neglected by agricultural development efforts because their traditional milpa method of farming has not been considered a productive force worthy of attention within the national economy.

Nevertheless this subsistence farming system has sustained the Mayan population of Central America for many centuries. This is because milpa farming is not just an agricultural technique but rather a basic structure of Mayan society. According to Ann Osborn, a British anthropologist who worked in Toledo from 1980 to 1982:

The system successfully combines a number of disparate facets of that society. It is at present able to cater for the people's biological needs, shelter, fuel, a balanced diet, domestic and forest agricultural produce, game and fish. The system combines a number of social factors which the majority of societies consider essential for a high moral standard of life. The religious calendar and that of the agricultural cycles are clearly intermeshed; customary land tenure, cash cropping, the kinship system hang together with biological and social requirements. (14)

Although Mayan society in Toledo District has experienced

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some measure of change through external influences, it remains a vibrant and functional society organized around a traditional set of values. These values include: a strong Mayan identity, and 'democratic and egalitarian principles, a class structure based on age and ability, an equitable system of land tenure based on need.

As a method of cultivation, the centuries-old milpa farming system involves the extensive use of land on a rotational basis. The "milpa" itself is actually that piece of land which has been cleared and burned to remove the bush and is normally planted with maize, beans and rice. Following one or two harvests, the land is left fallow for a number of years. Milpa farming in Toledo has traditionally included two principal cycles: a short fallow cycle of four to six years and a long fallow cycle of thirty years. Due to increasing population pressure, the majority of Mayan farmers now cultivate their land according to the short fallow cycle.

The Mayas also raise pigs and chickens and grow small amounts of sesame, hot pepper, cassava, coco yams, squash, coffee and plantains mainly for home consumption. Most farmers produce only a small marketable surplus in order to enable them to buy needed clothes, cooking items (salt and sugar), farming implements and a few simple luxury goods (bicycles and radios). In view of the high degree of self-reliance inherent in the milpa system of farming, Osborn states that the major constraint in

seeking to improve the lives of Toledo's majority farmers is as follows:

The biggest constraint to changing the milpa system from within, is the fact that, for the people practising it, it works. It not only provides them with food but with a cash income. Added to this is the spin-off for a milpa farmer in that the system provides fuel, conserves soil fertility with no financial outlay, the outlay being the fallow period. It provides a satisfactory way of life for most people and uppermost in the mind fulfillment, i.e. although they work hard (approximately 275 days a year or the equivalent of a five day week), they enjoy and value their leisure. Added to this they are constantly occupied, involved in the many different and overlapping cycles of activities - farming, housing, social relationships, the pigs, the chickens, and the children. There is as yet no underemployment. (15)

The principal characteristics of the milpa system can be summarized as follows:

1) The milpa system is an integral part of Mayan society which has been practiced for centuries in an essentially unchanged form. It is based on the ability to transform tropical forest into agriculturally productive land through simple slash-and-burn techniques. For the Mayan population in Toledo, the system provides for their subsistence needs and affords a high degree of self-reliance.

2) The milpa system is one of continuous production, where different tasks involving different crops are often carried out simultaneously. The milpero is therefore an "interdisciplinary" farmer.

3) There is no annual cycle to the milpa system, rather

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there are different cycles for different crops. This means the timing of different inputs becomes crucial to the success of the whole farming enterprise. Crop combinations and crop cycles must be adjusted to ensure a year round supply of food for the family. Thus, the milperos in order to survive must be skilled managers of their resources.

4) The milpa system is a labour-intensive system. The Mayas organize labour around various types of work groups which ensure that the farmer has access to sufficient labour during the most critical periods in the production process. A system of labour reciprocity continues to dominate labour arrangements in most Mayan villages.

5) Milpa farming involves the extensive use of land. Milpa plots are cultivated for a short time, after which they are left fallow for a number of years. In this manner, the milpero is constantly rotating his fields, thereby ensuring that the fertility of the soil is maintained. Customary land tenure among the Maya gives the individual milpero the right to the land he is currently farming (or in the case where the land lies fallow, he has shown clear intention to resume cropping). Most of the land now cultivated by the Maya in Toledo District is held communally under a state system of land reserves, drawn up by the colonial government during the 1920s.(16) Due to increasing populations within these reserves, there is increasing evidence of pressure on

available land resources which has led a number of Mayan farmers to take up slash-and-burn cultivation outside of the reserves on neighbouring government land.

6) Milpa farming, as it is currently being practised in Toledo relies on few external inputs. According to estimates made by P.J. Seager, a British agricultural economist collecting data in the region in 1982, by far the largest input in the farming system is the labour of the farmer and his family. Total external inputs were estimated at only US\$ 100 annually per 'farm' (including a machete, an axe, a few chemicals against weeds and, on occasion, small amounts of hired labour).(17)

3.4 Externally-Imposed Development

To date none of the large-scale agricultural development initiatives undertaken in Toledo District has led to meaningful and sustained rural development. A major reason for this is that these externally-imposed schemes (whether public or private) have with few exceptions failed to involve the local population as either the agents or beneficiaries of change.(18) Toledo's Mayan Indians, in particular, have not been integrated into the national economy because they have never been provided with incentives and alternative forms of production that have been sufficiently attractive to encourage them to abandon or radically alter their largely self-sufficient, traditional milpa system.

Instead, the externally-imposed schemes have merely served to temporarily lure some of the Mayans away from their traditional subsistence activities by providing an opportunity for increased cash earnings. As described by one author, Frederick Nunes, in his 1977 article on Toledo District:

Each time the source of cash earnings is removed the subsistence pattern returns to life in the villages. The cycle always completes itself, returning to a subsistence pattern regardless of the intervening cash source—whether it is planting coffee, cacao or rubber, cultivating bananas or logging mahogany and tapping chicle.(19)

Little evidence remains in Toledo of the earliest commercial ventures which were established in the district, although some of the district's place names, such as Little Rock (rum), Temash Estates, ESSO Landing, Logging Trail, and Forest Station, provide a clue as to their activities. What attracted these ventures to Toledo appears to have been the availability of fertile agricultural land for plantation development(20) and the area's rich forest resources. The ancestors of a large portion of Toledo's present population (notably the East Indians and the Kekchi) were brought in as labourers to work on the plantations and in the timber industry. However, by the end of the First World War virtually all of these commercial enterprises had been abandoned due to a combination of factors, including the collapse of external markets, adverse weather conditions, disease, high production costs and management problems. For those

who had formed the labour force for these ventures, the decline in wage-earning opportunities meant a return to their traditional subsistence way of life.

IFAD has attempted to list past projects (and estates) in Toledo District, including dates and commercial activities involved. This list as shown in Table 15 clearly reveals both the limited information available on these projects and the remarkably consistent history of their failure. The clearest verification of these failures is the fact that so little evidence, either visual or historical, remains today. The projects do not appear to have been built on one another in any way, but rather seem to have largely been developed in isolation, without any serious attempts at coordination by the colonial government.

The colonial government's involvement in the region was for many years limited to the provision of basic administrative and social services in Toledo's capital, Punta Gorda. In fact, many of these services have remained inadequate to the task of promoting economic development in the district as a whole. At present, the District Office of the Department of Agriculture, which is intended to provide support and extension services to the district's farmers, consists of only one agricultural officer and four extension workers. Although it was originally envisaged that two of these workers would be located in agricultural sub-stations in

Table 15

LIST OF PAST PROJECTS IN TOLEDO DISTRICT, BELIZE

<u>Projects/Estates</u>	<u>Date</u>	<u>Description</u>
Topco, Baramco, Temash Estates, Little Rock (rum), ESSO Landing, Logging Trail, Forest Station	n.a.	Details unknown, non-existent now
Kramer Estates (Toledo Branch)	1880s to 1914	German managed estates involved in coffee and cacao production
Delores Estate	abandoned 1920	cacao production
Toledo and Sittee Estates	Establis- hed 1904, disappea- red after 1937	sugar production
Tropical Oil Products Co,	Establis- hed in 1929, bankrupt in 1937	highly capitalized venture to extract oil from 46,000 acres of natural cohune stands
Toledo Small Producers of Bananas (Toledo Bananas Producers Association)	associat- ion organized in 1936	exported bananas until disease destroyed the banana industry throughout the colony a few years later
Pan American Shell Corporation	establis- hed in 1930, withdrew venture by 1945	cohune oil extraction venture
Cooperative and credit unions	mid-1940s	details unknown, non-existent now
Rice station	1940s	details unknown, buildings now house the District's Department of Agriculture Office

Table-continued

Social Development Department Project	1950	details unknown
Toledo Farmers Association	1950	details unknown
Kekchi Liaison Officer	1953-1959	one-man technical assistance project involving appointment of Government officer aimed at promoting the economic development of Kekchi Indians
Dump's rice scheme (Department of Agriculture)	1957	government project involving mechanized rice production on 100 acres of land near the Dump (apparently abandoned after 1967), no further details available
Mopan Cooperative	disbanded in 1963, revived again and failed in 1981	honey cooperative
Agricultural scheme	1957	government project involving technical and extension support for cacao planting, drainage improvement works, land preparation for coconut plantations, rehabilitation of coconut plantations, no further details, no evidence of project exists
Lyman Agricultural College	closed in 1975	agricultural high school
U.S. Peace Corps	1955 to present	technical assistance for development of cooperatives
Mafredi Rice Project	1950s	government project involved mechanized rice production on several 100 acres of land, abandoned

Source: IFAD, Identification Report - Toledo Small Farmer's Development Project, May 1983 and own findings

villages in the district's interior, the extension staff's unwillingness to leave Punta Gorda resulted in these sub-stations never becoming operational.(21) The value of the District Agriculture Office in Toledo District has been further limited by the fact that its staff members are poorly trained, are unable to provide essential inputs such as seeds, pesticides and herbicides, and are limited by their inability to visit many of the district's farmers on a regular basis. The extension services have therefore had little impact on Toledo's farming community, except among the East Indian farmers located close to the Agriculture Office who have benefitted from the loan of farm machinery.(22)

Credit facilities for the district's farmers are available through the small Development Finance Corporation Office in Punta Gorda. However this office provides only limited service as it is staffed by a single loan officer, who is incapable by himself of both assessing farmers' loan needs throughout the district and encouraging the use of credit facilities as a means to improving farm output.(23) The government supported marketing facility, in the form of a District Marketing Board Buying Centre, purchases rice, corn and beans which are then shipped north to Belize City. This is the only government supported mechanism through which farmers can reach beyond the local market without being forced to develop their own transport and marketing arrangements.

In recent years, the effectiveness of the Marketing Board has been seriously hampered by financial difficulties and management problems that have adversely affected its credibility with local farmers.(24)

As shown in Table 15, Toledo District has also seen a number of cooperative ventures which have mostly been short-lived and had little impact on local farmers. According to IFAD, Toledo's farmers have had an "unhappy past experience with cooperatives".(25) Many of these were run on a very small scale, such as for example, the Mayan cooperative in the Mayan village of San Antonio. Established by a Roman Catholic priest during the 1950s, this venture included the running of a cooperative store, a poultry farm, and the purchasing and selling of eggs and pigs. However, with the transfer of the priest out of the village, the local manager resigned and the whole enterprise collapsed. James Gregory, in his article on the Mopan Indians of Toledo, makes note of the limited development impact of the Mayan Cooperative in the following excerpt:

For the majority of the villagers,...the activities of the old Mayan Cooperative neither spurred them to pursue a business career nor promoted an appreciation for the potentials of cooperative enterprise. Most appear to have viewed the Mayan coop simply as a vehicle through which additional cash income could be obtained especially from the sale of hogs.(26)

This view of cooperatives persists according to officials in the Ministry of Natural Resources interviewed in Belmopan in 1984: Producer cooperatives

continue to meet with little acceptance, although cooperative ventures designed for the marketing of produce (especially when they involve the provision of transport as evidenced in the East Indian community) have generated greater interest.(27)

A valuable tool with which to assess the state of agriculture in Toledo and upon which to plan improvements in the provision of government services to the district might have been provided by the Census of Agriculture for the Period 1973/74 (by District). This census, which in its final form consisted of two volumes of aggregate information, was based on a full enumeration of the nation's farmers and a sample survey. The enumeration was designed to provide information from each farm together with a list of all farm operators. However, according to the Department of Geography, University of Edinburgh, who are involved in the planning of the next agricultural census:

...the results were most disappointing in the sense that limited analysis was made and that primary data was subsequently destroyed making later comparative analysis impossible...No break-down by enumeration zone was ever published and there is no surviving record of the national list. In effect, this Census provided little information for policy-makers and planners despite careful preparation before its implementation.(28)

The entire census will consequently have to be repeated in the next few years in order to both replace the lost data and provide the statistical base so urgently needed by project planners.

Perhaps the most striking example of the Belizean government's inability to provide long-term development in Toledo District is its continuing search for large-scale schemes that are externally-financed and will lead to a significant increase in agricultural production. Certainly the most unusual and controversial of these was the proposal by the Price government to resettle between two and four thousand Haitians from refugee camps in the United States onto agricultural land in the central lowlands of Toledo. A feasibility study for the project prepared in 1982 by the British consulting firm J.W. Pilgrim and Associates indicates the original aim of the project was to develop 1600 acres of land over a six year period upon which 800 families would be settled. Employing a model of social integration similar to that developed by UNHCR for the Salvadorean refugee camp near Belmopan, the re-settlement scheme for Haitians was to also include the re-settlement of 200 Belizean families. Given the government's concern over the difficulty of integrating the milperos into the local economy, the consultants for the project indicated it was likely that the 200 Belizean families would be primarily local Mayan families. According to their report:

An important policy issue for the Belizean government in southern Belize is...that of the introduction of stable land use and tenurial systems through development programs aimed both at assisting the Mayan Indian population and at achieving a planned basis of population movement and land settlement.(29)

Ever since it was first proposed, the Haitian resettlement scheme met with a mixture of disbelief and criticism both within Belize and internationally. Given the difficulties already presented by the large number of refugees pouring into Belize from other parts of Central America, the idea of also providing a haven for Haitian refugees appeared likely to compound the nation's problems rather than prove an effective means of securing additional development funds.

According to the August 13, 1982 Regional Reports of Mexico and Central America:

Guatemala has attacked a plan to settle some 2,500 Haitians in southern Belize as a 'hostile and provocative move', which could hinder current efforts to resume talks on the territorial dispute. It also objected to the plan on racial grounds.(30)

These objections on racial grounds were not only confined to Guatemala. Given Belize's multiracial character and small population the introduction of a large group of Haitians was viewed with great apprehension by many Belizeans. It was recognized that the Haitians would form a separate language group, that they came from a nation significantly poorer than Belize, and that factors such as illiteracy and a lack of marketable skills would make their integration exceptionally difficult. Given the limited resources available to the government of Belize, especially in the area of managerial skills, the success of the entire project would depend on the government's ability to attract both major financial

assistance and technical expertise from abroad.

The history of development efforts in Toledo District has however not been entirely a list of failures and unrealized dreams. Individual and group efforts have led to some improvements in such areas as education and health care, most often through the involvement of missionaries and volunteers. Even some of the government's efforts in the area of agricultural extension might have met with a degree of success had they been sustained. A notable example of this is the Liaison Officer who was appointed by the government in 1953 to serve as a channel for technical assistance to the Kekchi Indians of Toledo. The terms of reference for this officer are described as follows:

The Scheme envisages that this officer will live in each of the main villages in turn gaining the confidence of the people, learning their problems and, where possible, showing the villages how to overcome these problems. The main objective in appointing this officer was to try and advance the agricultural thinking of the Indians so that they might play a full part in the agricultural development that must inevitably come in this part of the country. (31)

Over the next six years, the officer resided in the Mayan village of Crique Sarco where he built and staffed a school, a dispensary, a nurse's residence, a farm demonstrator's residence, a police station and a dryweather airstrip. He also established a small electric plant as well as a thriving agricultural cooperative dealing with pigs, corn and rice. The

cooperative's agricultural produce was taken by boat along the coast to markets in Belize City. According to an article written by Frederick Nunes on the impact of the Kekchi Development Officer on Crique Sarco:

Criue Sarco became the centre for the infrastructure of the Government's social services as well as a focal point for technical assistance and commercial activity. Criue Sarco, which had shrunk to a mere 15 families, quadrupled in the next six years. The villagers were involved in several enterprises, novel to their culture - the cultivation of tree crops such as coconuts, coffee and citrus, the development of improved pastures, the management of a cooperative and the care and maintenance of the Cahunil <boat>. It must have seemed that development was there to stay. (32)

However, with the relocation of the Liaison Officer in 1959 (and the termination of the post three years later), the village development effort collapsed. The nurse and farm demonstrator left, while the boat, airstrip and many of the buildings fell into disrepair and eventual disuse. Many of the Kekchi families in the village returned to their former patterns of subsistence farming, while others migrated to new villages. Some even, followed the Liaison Officer to Big Falls near Punta Gorda, to settle with him on his private farm at this new location. The failure of this initiative only served to prove that extension efforts could produce results but that the government was incapable of providing such services in a systematic and sustained manner.

3.5 The Toledo Rural Development Project (TRDP)

By the late 1970s it had become clear to both the British and Belizean governments that the lack of any sustained development initiative in Toledo was complicating ongoing negotiations with Guatemala. As discussed in chapter one, finding some form of acceptable solution to the Anglo-Guatemalan dispute was an important step towards Britain granting full independence to Belize and withdrawing its troops from Central America. As neither the British nor the Belizean government was willing to consider the cession of Toledo District to Guatemala, it became increasingly important that something had to be done to clearly demonstrate Britain's commitment to including Toledo in an independent Belize. At the urging of the Belizean government, Britain decided to invest a portion of the aid-funds allocated for Belize's transition to independence to the launching of a new agricultural development project in Toledo District.

The Toledo Rural Development Project (TRDP) was initiated in 1978 by the British Overseas Development Administration (ODA) and the British Development Division in the Caribbean (BDDC). This eight year project (which administratively came under the Belizean government's Ministry of Natural Resources) was staffed by a team of British experts composed of a team leader, two agronomists, an agricultural economist, an agricultural engineer and a social anthropologist. From its

inception, the project specifically targeted Toledo's Mayan population of shifting cultivators as the beneficiaries of project activities. As summarized in a memorandum prepared by the Ministry of Finance in Belmopan, the project's broad aims were as follows:

- 1) to investigate and introduce new systems of farming in the area as an alternative or supplement to the traditional "Milpa" (shifting cultivation) by use of low-lying, currently under-utilized areas;
- 2) to investigate more fully the existing (mainly upland) farming systems with a view to improvement of productivity;
- 3) through the above and by improvements of the social infrastructure to improve the living standards of the farmers, particularly the Mayan and Ketchi Indians.(33)

However, during the course of its implementation, TRDP was plagued by numerous problems which greatly limited its ability to live up to these development aims. The most significant of these stemmed from the fact that the project was primarily intended to meet political rather than development objectives. From the outset, the government of Belize viewed TRDP not only as a way of demonstrating Belize's sovereignty over Toledo District, but also as potentially providing a solution to a number of pressing domestic problems.(34) The project was therefore also intended to: 1) focus on laying the basis for a 6,600-acre land settlement scheme in the lowlands based on large-scale mechanized rice farming (35) 2) reduce Belize's reliance on food imports (and augment food exports) by dramatically increasing rice production

in Toledo; 3) facilitate the abolition of the Mayan Reservations and introduce new land tenure systems by helping to replace shifting cultivation with sedentary practices of agriculture; and 4) provide a first step toward addressing a number of specific problem areas, such as the illegal cultivation of marijuana, and the monitoring of illegal cross border activities in the more remote upland areas of the district. Among the British staff implementing the project, there was considerable confusion as to the true purpose and intention of project activities. (36) The project's over-ambitious and often conflicting aims made it impossible to either define specific project objectives or set realistic work programmes. Four years into the project, it became clear that the Belizean government wished to move as quickly as possible towards the third phase of the project, a land settlement scheme which involved re-locating the Mayans from surrounding villages into a permanent agricultural settlement in the lowlands. However, the British team argued that the necessary background research on the agricultural, economic and social aspects of phase two of the project should be completed before any large-scale land settlement scheme involving the Mayans was initiated. A stalemate ensued with the British unwilling to finance the Belizean government's proposal for the resettlement aspects of the project. The British underscored their position in 1983 by dropping the

reference to rural development and renaming the project the Toledo Research and Development Project.

For the British, a continuation of support to TRDP posed a fundamental dilemma. Although the presence of a project team in Toledo was consistent with the Foreign Office's political objectives, the multiple tasks set for the project by the Belizean government were ill-conceived and often counterproductive from a development perspective, especially when considered in terms of their likely impact on the local population. According to the following assessment given at the time by Ann Osborn, TRDP's social anthropologist:

In the case of the objectives of TRDP it is difficult to see which of their objectives they will be able to meet. At present it seems that TRDP is the only initiative in the area that can make far-reaching agronomic recommendations, and that these may have a drastic, even destructive, effect on the local society. (37)

The main focus of the project's agronomic research had been on preparing various technical options for lowland mechanized rice farming. However despite the project's success in producing technical packages (which in theory were suited to local conditions), it failed to take into account the human factor and as a result was unable to provide the basis for the type of integrated rural development initiative that could successfully create a large-scale land resettlement programme. At the same time other types of research, notably that emerging from the work of the project's anthropologist and from

agronomic work being conducted among shifting cultivators in the uplands, clearly pointed to the need to reorient and redesign project activities so that the project could meet its objectives of improving the lives of the local Mayan population.

The project's major flaw, from a development perspective, was that it remained a British financed and managed initiative and was never adequately supported by the Belizean government. Because the project was not developed within the context of an operational national development plan, it existed in a state of virtual isolation, with few useful linkages to existing government institutions and programmes both at the district and national levels. Upon the project's completion in 1986/87, an operational agricultural research station and an experimental farm for lowland rice production had been established, however the land resettlement programme originally envisaged was never attempted. The project's other major outputs included: a soil survey of the project area (392 square kilometers); tested methods for lowland mechanized rice production; a socio-anthropological report documenting the social organization of the communities likely to be affected by the project; methods for improving the cultivation of certain crops under the milpa system; a number of working papers on various aspects of research conducted by the project team; some 'open-house'

demonstration events for the benefit of local farmers and government extension workers; and, during the final year of the project, some attempts at improving extension services. However, it remains unclear what use the government will eventually make of TRDP's research, given the lack of an overall planning framework and the technical expertise needed to interpret the project's findings now that the British have departed.

Among the project's most serious structural problems was the fact that Belizean civil servants failed to play an operational role in its implementation or gradually take over any of the financial responsibility for its activities. In addition, little emphasis was placed on counterpart training during the life of the project.(38) Consequently, the government was not even able to ensure that there would be adequate staff to continue the operation of the research station once the British had departed, let alone continue to carry out any future agronomic trials and extension work in support of other agricultural development initiatives in the district.

The examples provided by TRDP and the other large-scale, externally-imposed initiatives reviewed in this chapter reveal an inability to make progress towards bringing rural development to Toledo District and thereby to providing the government of Belize with a justification for its claim that the people of the district are an integral part of the nation. With little

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to show on the development front, it has become all the more difficult for Belize to convincingly argue in its negotiations with Guatemala that the Mayan population are part of Belizean society as opposed to being Guatemalan Indians who have gradually extended their landuse pattern into territory historically claimed by the British. Instead, Toledo District and its isolated inhabitants remain largely peripheral to the Belizean economy and society as a whole.

As a result of the continuing political imperative to visibly establish Belize's claim to Toledo District, the Esquivel government is now embarking on the next integrated rural development project involving the Mayan Indians, this time with the support of International Fund Agricultural Development (IFAD). However, unless the Esquivel government takes a more active role in addressing the development issues facing the district and its majority Mayan population, and frames these within the context of a national development strategy, it is likely that the IFAD project will meet with the same fate as the other development initiatives in Toledo; namely, the project will have been developed in isolation, the product of unrealistic government objectives, and will result in little more than a few abandoned buildings and over-grown fields.

Endnotes

1. International Fund for Agricultural Development, Belize Identification Report - Toledo Small Farmer Development Project, May 1983, p. vii.
2. Ibid.
3. Figures prepared by the Head of Roads Division in Punta Gorda show for example that the Southern Highway was closed due to flooding for an average of one in four days during the period from July to September 1980. See Fiona M. McTurk, "Transport and Economic Development in Belize" in S.M. Robinson and P.A. Furley (eds.), Resources and Development in Belize, (Edinburgh: Department of Geography, University of Edinburgh, 1983), p. 128.
4. The major unofficial cash crop is marijuana.
5. IFAD, Belize Identification Report, p. viii.
6. Personal communication with the District Medical Officer in Punta Gorda (August 1984).
7. PAHO/USAID, Health Sector Assessment 1982 (A Working Document) Report of a Visit to Belize, 26 August to 10 September 1982, Washington. See Part IV - "Position Papers/Project Proposals" which contains basic health data for Toledo District.
8. Government of Belize/Project Concern International, "Primary Health Care Project: Toledo District, Belize. Project Implementation Plan and Budget", (mimeographed), 1 March 1982, p. 2.
9. E. Roy Cayetano, "A Report on a Tour of Toledo Villages on the Trail from Blue Creek to Aquacate via Crique Sarco", (mimeographed) March/April 1982, p. 2.
10. Ibid.
11. Personal communications with local school teachers and Peace Corp volunteers working in the district. These problems were subsequently confirmed by the Chief Education Officer in Belmopan (August 1984).
12. Cayetano, "A Report on a Tour of Toledo Villages", pp. 8-9.

13. Romney et. al., Land Use in British Honduras, p. 124.

14. Osborn, "Socio-Anthropological Aspects of Development in Southern Belize", p. 25.

15. Ibid., p. 63.

16. There are at present six Indian Reservations in Toledo District.

17. This list is adapted for the most part from Ann Osborn's report, supplemented by discussions with TRDP staff at Blue Creek, Toledo District.

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19. Frederick E. Nunes, "Administration and Culture: Subsistence and Modernization in Crique Sarco, Belize", Caribbean Quarterly, vol. 23, No. 4, December 1977, p. 23.

20. One interesting account of an early attempt at plantation agriculture in Toledo District by white refugees from the southern United States in the late 1800s is given in an article by Desmond Holérige, "Toledo: A Tropical Refugee Settlement in British Honduras", Geographical Review, Vol. 30, July 1940, pp. 376-93.

21. IFAD, Belize Identification Report, Annex 7.

22. Ibid.

23. Personal communication with the Development Finance Corporation Office loan officer in Punta Gorda.

24. IFAD, Belize Identification Report, Annex 8.

25. Ibid., Annex 4.

26. James R. Gregory, "The Modification of an Interethnic Boundary in Belize, American Ethnologist, Vol. 3, 1976, p. 690.

27. Personal communication with officials in the Ministry of Natural Resources, Belmopan, July 1984.

28. G.M. Robinson; The Agricultural Census of Belize. Part I: The Registration of Farmers, 1983/84, Department of Geography, University of Edinburgh, Occasional Publications, p. 4.

29. Ibid., p. 2.

30. Regional Reports for Mexico and Central America, 4 June 1982, p. 3.

31. D.H. Romney, A.C.S. Wright, R.H. Arbuckle and V.E. Vial, Land Use in British Honduras: A Report of the British Honduras Land Use Survey Team, Colonial Research Publications No. 24, London: Her Majesty's Stationery Office, 1959, pp. 83-4.

32. Nunes, "Administration and Culture", p. 31.

33. Government of Belize, Ministry of Finance, "Toledo Research and Development Projects (TRDP)" November 1983, p. 1.

34. These broad aims are drawn from interviews with Government of Belize officials (July-August 1984) as well as from the PUP Government's development plan, Economic Plan of Belize 1980-83.

35. In fact, TRDP appears in the Price government's Economic Plan of Belize 1980-83 under the title Toledo Rural Development and Land Settlement Project.

36. Personal communication with TRDP staff (February and August 1984).

37. Osborn, "Socio-Anthropological Aspects of Development in Southern Belize", p. 4.

38. The problem of counterpart staff was emphasized at the Annual Review meeting of the project held in February 1984 at the TRDP project site at Blue Creek, Toledo District.

Chapter 4 - Lessons from Current Development Theory

4.1 Introduction

As the government of Belize looks to the future it faces critical choices in terms of how to generate development in Toledo District within the context of its overall economic strategy. If it continues to promote policies dependent on external-foreign investment that will lead to an increased reliance on the export of primary agricultural commodities as a major source of income, it faces the prospects of economic stagnation and decline that characterizes the recession in many Third World countries today.

This chapter looks at the issue of large-scale (export-oriented) farming versus small-scale farming as a rural strategy within the context of a brief review of the evolution of development theory as it pertains to rural development. Specific attention will be paid to the evolving issues of the mid-1980s, structural adjustment and environmental protection, which are rapidly reshaping approaches to rural development. The chapter concludes by examining the key issues of planning, management, and institution-building in helping governments take charge of the development process in small, rural-based economies.

4.2 From the Marshall Plan to Basic Needs

Growth maximization was the dominant development

strategy in the 1950s and 60s. Based on the success of the Marshall Plan in post-war Europe, this approach viewed the shortage of capital as the primary constraint to development, and therefore the infusion of capital (initially through foreign aid) as the means for overcoming this constraint. Believing that industrialization offered the greatest opportunity for economic growth and development in the Third World, many planners advocated economic policies promoting import-substitution in an effort to stimulate the growth of modern sectors. It was hoped that the increased income generated in these sectors would eventually "trickle down" to the traditional and informal sectors as surplus labour was absorbed.

However, it became clear with time that the benefits of economic growth were not in fact trickling down to low-income groups working in agriculture and in the urban informal sector. Nor did the advent of the Green Revolution in the late 1960s, which brought agriculture back into favour as a means of promoting growth, serve to alleviate rural poverty.(1) In the early 1970s development theorists proposed "redistribution with growth" as a strategy by which governments could consciously redistribute or make available income-earning assets to the poor. Small farmers increasingly became a focus of attention for broad-based agricultural development, as witnessed in this 1973 address to the

World Bank's Board of Governors given by Robert McNamara, then President of the Bank:

Without rapid progress in small-holder agriculture throughout the developing world, there is little hope either of achieving long-term stable economic growth or of significantly reducing the levels of absolute poverty.(2)

The emphasis on small-holder agriculture was subsequently incorporated in what became known as the basic needs approach to development. In his book Poverty and Basic Needs, Paul Streeten defines this approach as seeking to improve:

...first, the income earning opportunities for the poor; second, the public services that reach the poor; third the flow of goods and services to meet the needs of all members of the household; and fourth, participation of the poor in the ways in which their needs are met.(3)

With the support of major institutions such as the World Bank and the International Labour Organization (ILO), the basic needs approach was to gain prominence as an aid strategy by the end of the 1970s. The focus of the approach on rural development came from the clear recognition, as stated by the World Bank, that "The great majority of the absolute poor - over 90 per cent - are rural people who work on farms, or do non-farm work that depends in part on agriculture. More than half are small farmers who own or lease their land...."(4)

In Latin America, the problem of reaching the rural poor through the basic needs strategy has been exacerbated by the extremely skewed nature of land

ownership, namely 7 per cent of land-owners possess 93 per cent of arable land.(5) Belize mirrors this pattern as 93 per cent of its farms account for less than 6 per cent of arable land.(6) Landlessness has also increased the problems of poverty especially during periods of economic crisis. According to the World Bank "While often no poorer than the poorest farmers, landless laborers are more likely to see their jobs disappear in a crisis and are less likely to fall back on reserves, including the final option of mortgaging or selling their land."(7) In Central America and the Caribbean, the pattern of large-scale plantation type agriculture has been inextricably linked not only with patterns of skewed land distribution but to the fundamental social and political problems of the region.

4.3 Large-Scale Versus Small-Scale Farming

Unquestionably large farm and plantation agriculture contributed to economic growth in certain ways. According to an analysis done by George Beckford in his book Persistent Poverty:

Initially plantations have had an important development impact for several reasons: they create an infrastructure of social capital, they bring previously unused land into production thereby increasing output and income, they provide former subsistence farmers with the wherewithal to produce for markets and so to bring about a transformation of "primitive" subsistence economy to market and exchange economy, and, in many countries they have been responsible for the introduction of scientific farming.(8)

However, the price paid for this development has been high as the problems created by plantation economies became major constraints to future development. The most severe of these were: 1) the concentration of wealth and power associated with large landholdings; 2) the existence of a large marginalized labour force; and 3) the dependence on external markets, particularly for the import of food.

Large-scale agriculture is not the most efficient use of agricultural land. According to the World Bank:

On the face of it, small family farms may seem inefficient compared with large farms and plantations which use hired labour or machinery. The evidence disproves this. Where small and large farms coexist, as in Asia and Latin America, research shows that small farms usually produce more output per unit of land farmed than do large ones, even when allowance is made for the quality of land.(9)

Past development efforts in most countries have been biased toward large farmers, who have been the chief beneficiaries inter alia of new technologies and research, extension and market services, and access to credit. However despite these advantages, evidence supports the view that small farmers are more productive per unit of land than large farmers. This has been attributed to the small farmer's greater application of labour, lower labour costs (as family labour is often used), and self-management practices.(10) Research has also shown that if a technology is appropriate to their resource base and constraints, small farmers will adopt

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it almost as rapidly as large farmers.(11) Thus, as the World Bank states: "The resilience and productivity of small family farms throughout the world is striking--especially in the light of characteristics which might be expected to make them less competitive than large farms."(12)

Large farms perpetuate inefficiencies in the economies in which they operate. The capital-intensiveness and higher degree of mechanization creates a need for imported capital goods and skilled managers, which in turn can serve to drain a country of scarce foreign exchange and skilled manpower resources. The concentration of land into large landholdings which focus on the production of a few key crops is often inflexible in terms of variations in local demands. Added to this, the development of infrastructure resulting from the introduction of large farms and plantations into rural areas although appropriate to the needs of large-scale agricultural production is often not particularly useful as a base for other types of development, such as industrial development or interregional trade.

On the social and political side, the concentration of land ownership has created a small elite group whose self-interest perpetuates social imbalances within society. According to Robert Carty and Virginia Smith in their book entitled Perpetuating Poverty, "Land ownership, more than any other factor, determines the

wealth of the elite classes and the poverty of the majority throughout the Third World. It is also the basis for political power."(13) Overcoming the struggle between haves and have-nots has proven exceptionally difficult as part of the internal reconciliation needed to promote more broad-based economic growth. For example, "In Latin America, the concentration of land-ownership has resulted in recurrent tensions...In the 1960s, after the Cuban revolution, a number of countries including Venezuela, Chile and Peru implemented land reforms in order to avert revolution. These various land reforms have generally been failures in terms of promoting agricultural development with equity."(14)

The growth of large-scale agriculture in Central America and the Caribbean led to the emergence of two major changes in the make-up of the labour force. Firstly, subsistence producers coming into increasing competition for land with large-scale producers, have been pushed onto less productive lands or forced to abandon their farms altogether. These subsistence producers have often as a result become a source of labour for larger farms, albeit an unwilling one as argued by Beckford:

... peasant farmers are affected by plantations in at least two important ways: competition for land and other resources and the provision of wage work on the plantations to supplement their incomes from the main pre-occupation of farming on their own account. What evidence there is suggests that normally peasant farmers are reluctant to undertake wage work on plantations.(15)

Secondly, the need for labour to work in large-scale labour intensive agriculture has led to the importation of labour from outside. The mass introduction of unskilled labour into the region created new sets of social problems associated with the emergence of multiracial societies and a class of low-wage earning, landless agricultural workers.

The low skill content involved in plantation work does not generate over time a diffusion of skills among the population.(16) In fact, the shift from subsistence farming to low-wage agricultural worker often means a serious reduction in farming skills, as farmers lose their ability to provide for their own basic needs through their own farming activities. The labour force created to serve large-scale agricultural production is highly inflexible, unsuited to anything other than low-skill agricultural labour. In addition, the low skill content provides little reason for the owners and managers of large-scale agricultural enterprises to invest in human resource development. As a result this type of economic activity does little to improve a society's skills and its productive potential, serving instead to perpetuate the growth of a largely unskilled, landless labour force.

Large-scale agriculture in the region has traditionally been concerned with the production of a

number of key commodities for export. However, as competition among the producers of primary products increases, profit margins become increasingly susceptible to market fluctuations, and lower prices have led to deteriorating terms of trade situations for many countries as export prices have tended to fall relative to the price of imports. The focus on export production, combined with the inequities created in plantation societies and the necessity of keeping wage levels low, has resulted in little emphasis being placed on the development of domestic markets. A concentration on export production, while undermining the subsistence base of the economy, has led many countries into a situation in which they rely heavily on the import of food to meet basic consumer demands. This imported food usually has a higher value-added (due to processing, packaging and marketing costs), and therefore has a further negative impact on the terms of trade.

The heavy reliance on the export of primary agricultural commodities and the import of food has left governments with little room to manoeuvre in terms of their domestic policies in the face of falling commodity prices and deteriorating terms of trade. In a few extreme cases where commodity export markets have actually collapsed, highly productive areas have required emergency food aid as the crops being produced were inappropriate to the urgent nutritional needs of

agricultural workers and their families (e.g. the sugar-producing areas of Negros Island in the Philippines in 1985 and the cotton-producing areas in Eastern Sudan in 1986).

4.4 Structural Adjustment with a Human Face

For many developing countries, stagnating trade, falling commodity prices, declining aid flows, rising debt-service obligations and deteriorating terms of trade in the 1980s have served to stall economic development. From 1980 to 1985, economic growth rates declined sharply or even turned negative for some two thirds of developing countries. During the same period, average incomes fell in 17 out of 23 countries in Latin America and 24 out of 32 countries in Sub-Saharan Africa. Particularly hard hit as a result of falling commodity prices were those developing countries relying on the export of primary products. According to the United Nations Conference on Trade and Development (UNCTAD), developing countries lost about \$55 billion in export earnings between 1980 and 1984, because of the fall in commodity prices. (17)

As a result, many developing nations faced severe balance of payments deficits. Furthermore the increased cost of borrowing, at a time when exports were depressed, served to plunge many developing countries into debt crises. For these countries, policy reform became inevitable in an effort to reduce public deficits, meet

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essential foreign exchange requirements, maintain necessary imports, honour debt repayment schedules, and lay the basis for renewed economic growth. Between 1980 and 1985, some 70 developing countries introduced programmes of stabilization with or without the assistance of the International Monetary Fund (IMF) in an effort to address external payment problems and restore financial stability.

Belize was included among these. With the collapse of sugar prices in 1982, foreign exchange earnings from this primary export commodity dropped by 20 per cent. Around the same time, the sharp fall in the value of the peso halved Belize's profitable re-export trade with Mexico. The ensuing decline in government revenue and a deterioration in the country's balance of payments led the Government to drastically cut public investment and introduce a short-term adjustment programme in mid-1984 under the aegis of the IMF.

In the 1980s, economic adjustment policies have become a major feature in the economic decision-making of many developing nations as well as a condition of IMF lending. Designed to promote structural changes in the economy, adjustment packages have typically focussed on macro-economic policies and involved cuts in government expenditure (especially consumer subsidies such as food); credit restrictions and currency devaluation to cut demand for imports; increased producer prices to

developed a number of programmes which provide technical assistance for this purpose.

The United Nations Development Programme (UNDP), created in 1965, is the central funding and coordinating organization for United Nations technical assistance to developing countries. UNDP funds are allocated on a grant basis to requesting governments, based on established need and within the framework of five-year country programmes prepared by the recipient countries. The projects identified and formulated within the context of these programmes are jointly implemented by the recipient governments, UNDP, and, in the majority of cases, one or more of the UN specialized agencies such as the Food and Agriculture Organization (FAO) or the International Labour Organization (ILO).

Over the past two decades, UNDP programmes have increasingly included institution-building, development planning and administration, and human resource development activities in an effort to build-up the capacity of recipient governments, to better manage the development process. UNDP has also been heavily involved in feasibility studies and project formulation activities as the basis for follow-up capital investment on the part of the international development banks and bilateral aid agencies.

In addition to the technical assistance available through UNDP and the different UN specialized agencies,

maintenance of minimum levels of nutrition and basic services. The approach of 'adjustment with a human face' may be described in essence as a basic needs approach to the process of structural adjustment, for, as UNICEF states in its report:

...if there was a need to take specific measures to ensure adequate resources went to the poor during economic growth, the need is much greater at a time of economic recession and financial crisis, when there is little or no growth to trickle down. And the economic returns to such policies are all the more important when resources are scarce.(19)

As defined in this broader approach, "Satisfactory adjustment involves restructuring the economy so that major imbalances are eliminated at a satisfactory level of output, investment and human needs protection, with the economy in shape for future growth and sustained development."(20) The four major elements that make up the approach are:

- a) actions to maintain a minimum floor for nutrition and other basic human needs, related to what the country can in the long run sustain;
- b) restructuring within the productive sectors-agriculture services, industry - to rely more upon the small-scale, informal sector producers and to ensure their greater access to credit, internal markets and other measures which will stimulate growth in their incomes;
- c) restructuring within health, education and other social sectors, to restore momentum and ensure maximum coverage and benefits from constrained and usually reduced resources;
- d) more international support for these aspects of adjustment including the provision of more finance, flexibility provided, and with longer term commitments.(21)

The UNICEF study argues that adjustment strategies, which protect the human condition are both economically and politically efficient. Studies have shown that investment in human resources is vital for economic growth and that such investment can exhibit returns as high as for physical investment.(22) In addition, ongoing attention to meeting basic human needs reduces the risk of increased social tensions (e.g. food riots) and is more likely to ensure political stability through the adjustment period.(23) By combining strategies for economic growth with measures to shield the poor from the worst effects of recession, the approach of 'adjustment with a human face' seeks to lay the foundation for sustained growth during a time of scarcity by promoting wider-reaching policies which aim at the more efficient mobilization of existing resources.

As agriculture is the basic industry of the world's poorest countries, a prominent feature of macro-economic adjustment packages has been measures to stimulate agricultural productivity and to eliminate those policies that discriminate against farmers. However, although these adjustment policies aim to change the internal terms of trade in favour of the agricultural sector (i.e. by reforming prices and restoring production incentives), they may also serve to exacerbate rural differentiation and thereby not protect low-income producers and the vulnerable in rural areas.(24)

The approach of 'adjustment with a human face' emphasizes the importance of small farmers as key productive elements in many developing countries. In his chapter entitled "Policy Approaches towards Small Farmers"; Richard Longhurst argues that "policies to improve the conditions of small-scale farmers can play a vital role both in promoting growth and in helping the vulnerable during adjustment".(25) Increasing small farmer productivity can contribute to improving food security, decreasing the need for food imports, and increasing the production of cash-crops or specialty crops for export or as inputs for agro-industry. It can also have important linkage effects on an economy by increasing the demand for local goods and services, thus stimulating the development of the domestic market.

Furthermore, raising the incomes of small-farmers and their families, as Longhurst argues, "...has direct effects in reducing poverty among this group, which accounts for a large number of deprived households in almost every country."(26) Putting money in the hands of small farm families can effectively provide a low-cost social security system, by providing resources directly to low-income segments of the society. In addition, it can serve to stem rural-urban migration by generating expansion in the rural economy, and thus help to alleviate urban poverty as well.

4.5 Environment and Development

Similar to UNICEF's argument that prospects for long-term growth are being hampered by short-sighted policies which fail to protect human resources needed for development, the recently released report of the World Commission on Environment and Development argues that such policies are also contributing to an environmental degradation which is jeopardizing the very physical resource base upon which future economic development will depend. The report entitled Our Common Future, which appeared in early 1987, is evidence of the growing attention being given to environmental issues within the international community, and the increasing recognition that accelerating ecological stress is threatening the basis for human progress and survival.

The Commission argues that sustainable development is not possible in the absence of environmental protection:

Development cannot subsist upon a deteriorating environmental resource base; the environment cannot be protected when growth leaves out of account the costs of environmental destruction. These problems cannot be treated separately by fragmented institutions and policies. They are linked in a complex system of cause and effect. (27)

Deforestation, desertification, soil erosion, air and water pollution, and other forms of environmental damage are the direct result of current patterns of economic development both in the industrialized and developing countries. There are now many examples in the Third World .

where economic policies, adopted without concern for their environmental implications, have contributed to drastically reduced agricultural yields, worsening human poverty, mass migration and starvation as the physical resource base of local farmers has been increasingly impoverished. The ongoing crisis in Sub-Saharan Africa provides a tragic example of how drought in combination with short-sighted national policies (which inter alia failed to take into account the needs of smallholder agriculture) have contributed to the degradation of the local resource base and brought on widespread famine and human suffering for millions of the continent's people.

Better management of the earth's physical resources is urgently required, the report argues, not only to meet the basic needs of the present generation but in order not to compromise the ability of future generations to meet their own needs. The report sees the present recession of the 1980s and its impact on developing countries as accelerating the global environmental crisis in the following three ways:

- 1) Austerity measures and general recessionary conditions have brought sharp declines in per capita incomes and increased unemployment. This forces more people back into subsistence agriculture, where they draw heavily on the resource base and degrade it.

- 2) Austerity programmes inevitably include government cutbacks in both staff and expenditure ...undermining even the minimal efforts to bring ecological considerations into development planning.

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3) ...As economic conditions have worsened in developing countries and debt pressures mounted, planners have tended to ignore environmental planning and conservation in both industrial and rural development projects. (28)

The Commission emphasizes that in a world of increasing economic and ecological interdependence policies must be formulated that address the interlinked problems of development and the environment. Governments are urged to ensure protection of the environment by including an environmental dimension in planning and decision-making, and by closely monitoring the implementation of national policies and programmes. As the report states:

"central economic and sectoral agencies of governments should ...be made responsible and fully accountable for ensuring that their policies, programmes and budgets support development that is ecologically as well as economically sustainable." (29)

4.6 Managing Rural Development

A decade has passed, since the re-orientation of development assistance strategies towards agriculture which began in the mid-1970s spurred by the World Food Conference of 1974 (30), the Green Revolution, and realization of the potential benefits of investment in agriculture. During this time, major aid donors have dramatically increased their support for agricultural and rural development programmes, both in real terms and as a percentage of Official Development Assistance (ODA). (31)

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Many have made agriculture a priority sector for funding and have been experimenting with new and innovative types of projects and programmes which specifically target small farmers and the rural poor as the beneficiaries of project activities.

However, donors have commonly encountered a major constraint. They have found that recipient governments "often lacked the administrative capacity to implement agricultural projects, in large measure because these were aimed at target groups previously outside the scope of existing government programs." (32) In an effort to bridge this administrative gap, donors frequently turned to non-governmental organizations or established autonomous bodies to implement projects, rather than directing attention toward strengthening the administrative capabilities of existing national institutions. The result of this approach was the creation of vertical structures that failed to link in to local administrative systems. By failing to build-up local administrative resources, many projects actually weakened local government structures by diverting scarce administrative skills and stifling self-help efforts.

This failure to build a link with domestic institutions was especially evident in the case of so-called integrated rural development projects, which attempted to improve the well-being of rural people by supporting a broad range of activities in a coordinated

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manner. According to Christopher Gerrard in his study entitled Promoting Third World Agriculture, "Such projects were utopian. They implied that planners were equal to the task of thinking through the interactions among the various activities and coordinating their progress over time. However, even the best planners were unable to do so. When the projects became unravelled, the donors had to confront colossal rather than small failures, and subsequent bad publicity".(33)

There is now a growing realization that "if donors and governments are serious about long-term agricultural development, there appears no substitute for improving the effectiveness of the government agencies dealing with the agricultural sector."(34) Instead of large integrated projects, it appears more useful to focus on smaller well-defined projects linked together within a national or regional planning structure that involves the participation of all the key government ministries and local authorities. As a result, aid agencies are now increasingly concentrating on providing a range of programmes to strengthen the management and administrative capabilities of recipient governments and parastatal organizations. In recognizing the need for governments to be better equipped to play a more active role in managing their own development, the international community through the United Nations and other multilateral groupings, such as the Commonwealth, have

developed a number of programmes which provide technical assistance for this purpose.

The United Nations Development Programme (UNDP), created in 1965, is the central funding and coordinating organization for United Nations technical assistance to developing countries. UNDP funds are allocated on a grant basis to requesting governments, based on established need and within the framework of five-year country programmes prepared by the recipient countries. The projects identified and formulated within the context of these programmes are jointly implemented by the recipient governments, UNDP, and, in the majority of cases, one or more of the UN specialized agencies such as the Food and Agriculture Organization (FAO) or the International Labour Organization (ILO).

Over the past two decades, UNDP programmes have increasingly included institution-building, development planning and administration, and human resource development activities in an effort to build-up the capacity of recipient governments, to better manage the development process. UNDP has also been heavily involved in feasibility studies and project formulation activities as the basis for follow-up capital investment on the part of the international development banks and bilateral aid agencies.

In addition to the technical assistance available through UNDP and the different UN specialized agencies,

other smaller multilateral institutions, such as the Commonwealth Fund for Technical Cooperation (CFTC) and the Consultative Groups on International Agricultural Research (CGIAR), provide technical assistance to developing countries through various advisory services, fellowships and training programmes. As well, the international development banks, such as the World Bank, are increasingly including technical assistance components as part of their overall loan packages.

One of the most significant developments in the process of bringing together capital and technical assistance came in 1977 with the formation of the International Fund for Agricultural Development as a specialized agency of the United Nations. Mandated to meet the challenge of increasing Third World food production, the objective of the fund is "to mobilize additional resources to be made available on concessional terms for financing primarily projects specifically designed to improve food production systems, the nutritional level of the poorest populations in developing countries and the conditions of their lives."

What is evident from the evolution of the multilateral institutions designed to provide development assistance is that considerable emphasis has been placed on providing a broad range of programs to improve the ability of Third World countries to plan and implement

development strategies. Specific attention is being paid to the special needs of small states in terms of training and technical assistance and to the agricultural sector in terms of assuring that rural development projects receive adequate financing and are effectively designed and managed. However the effective utilization of the resources made available by the donor community through multilateral institutions (as well as bilateral aid) depends on the ability of recipient governments to understand and take advantage of the assistance available to them.

In the case of small states such as Belize, there is growing recognition that development problems are compounded by the vulnerability inherent in their size. A report released in 1985 by the Commonwealth Consultative Group, entitled Vulnerability: Small States in the Global Society discusses this issue of increased vulnerability as it relates to small states both in terms of their economies and in terms of matters of national security.(35) The report is based on an examination of 31 Commonwealth countries (including Belize) the majority of which have populations of less than one million.

From this discussion a number of common characteristics emerge, among these: the small size of the economies of these countries; the tendency of these economies to be relatively open and undiversified; the high per capita cost of installing and maintaining basic

physical and social infrastructure; the heavy dependence on external trade resulting in the greater degree of exposure to unstable world prices and markets; the tendency to neglect domestic food production; the strong dependence on official financial flows in order to afford crucial development infrastructure and meet high per capita administration costs; and the high cost of maintaining minimum government services and an appropriate level of security establishment. It is apparent that the higher degree of vulnerability of small states is in large part due to: 1) their limited resource base (be it financial, physical or human); 2) the higher cost of establishing and maintaining infrastructure; and 3) the necessarily high degree of external-orientation. In some cases, vulnerability also stems from a lack of internal cohesion and a strong national identity, particularly evident in those Commonwealth countries, such as Fiji, Guyana and Belize, in which history has brought a number of different ethnic groups together.

In addressing the issue of vulnerability, the report points out the unique role that governments in small states have to take in operating under these heightened constraints. Unlike in many larger countries in which governments have appeared to over-regulate economies, in most small states it appears to be the case that governments are unable to establish and maintain even the minimum services needed to play an effective role in

promoting and directing private and public sector initiatives. However, as the report notes:

Administrative efficiency is clearly a major contributor to internal order and welfare. In small states, as in most others, the management of official institutions needs to be improved. Very often, development strategies are undermined by bottlenecks in implementation, and this can breed social frustration and political unrest.(36)

In many small states, including Belize, the problem is one of creating the flexibility within government structures to be able to actively encourage growth and development within the private sector. One of the characteristic problems is that governments in small states do not have the resources to effectively manage negotiations with transnational corporations whose very size and economic strength often give them considerable bargaining advantages. In addition, as the report states:

Problems of this nature are not confined to relations with transnational corporations. Mini-states can find themselves at a similar disadvantage when dealing with smaller businesses and they face problems of a different kind when the foreign investor is a group or individual whose motives are predatory rather than genuinely commercial.(37)

Given these constraints, it is all the more important that the governments of small states develop sound planning mechanisms with which to manage their affairs so as to take maximum advantage of the limited human and financial resources available to them. This is particularly critical in a situation such as that facing

the government of Belize in Toledo District, where the government must simultaneously address issues of national security and ethnic and racial diversity, in the context of rural development efforts intended to generate private sector growth and attract outside investment.

Endnotes

1. The Green Revolution followed in the wake of the development of high-yielding dwarf and semi-dwarf varieties of wheat and rice at the International Centre for the Improvement of Maize and Wheat (CIMMYT) in Mexico and the International Rice Research Institute (IRRI) in the Philippines. The new varieties were first introduced and tested in Mexico and South Asia.
2. Robert McNamara, "Address to the Board of Governors", (Nairobi, Kenya: World Bank, 1973), p.14.
3. Paul Streeten, Poverty and Basic Needs, (Washington, D.C.: World Bank, 1980), p.6.
4. The World Bank, World Development Report 1982, (New York: Oxford University Press, 1982), p.78.
5. Robert Carty and Virginia Smith, Perpetuating Poverty, (Toronto: Between the Lines, 1981), p.81.
6. Data taken from Land Tax Rolls, Government of Belize Lands Office, Belmopan, March 1984.
7. The World Bank, World Development Report 1982, p.78.
8. George L. Beckford, Persistent Poverty, (New York: Oxford University Press, 1972), p. 210.
9. The World Bank, World Development Report 1982, p. 81.
10. Richard Longhurst, "Policy Approaches Towards Small Farmers", in Adjustment with a Human Face: Protecting the Vulnerable and Promoting Growth, Giovanni Andrea Cornia et al. (eds.), (Oxford: Clarendon Press, 1987), p. 184-5.
11. Ibid., p.185.
12. The World Bank, World Development Report 1982, p.81.
13. Carty and Smith, Perpetuating Poverty, p.130.
14. Christopher D. Gerrard, Promoting Third World Agriculture, (Ottawa: North-South Institute, 1983) p.17.
15. Beckford, Persistent Poverty, p.19.
16. Ibid., p. 202.

17. The World Commission on Environment and Development, Our Common Future, (Oxford: Oxford University Press, 1987), p. 36.
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Chapter 5 - Critical Choices for Avoiding a Worst Case Scenario

5.1 Introduction

As shown in chapter two, the viability of Belize as a nation-state was very much in question at the time of independence. Six years later, the situation remains essentially the same. Economic growth has not kept pace with the nation's development needs and the territorial dispute with Guatemala remains unresolved. From the Price to the Esquivel government, the major thrust of policy has not changed. The hope that private sector investment could be attracted to bring the economy to life remains an unfulfilled dream. This chapter assesses the events that are currently shaping Belize's prospects in relation to the best and worst case scenarios outlined in the Esquivel Government's economic development plan. Given that the economy of Belize is moving toward what is in the government's own assessment a worst case scenario, it appears that without a major shift in policy there is little likelihood that meaningful progress can be made in terms of sustainable development.

The agricultural sector continues to hold the best prospect for solid economic development. However, as shown in chapter three from looking at the history of rural development in Toledo District and from the overview of current thinking on rural development contained in chapter four, it becomes clear that the

government has failed thus far to focus on the problems of rural development and to harness the resources at its disposal for generating growth. The present chapter concludes by arguing that time is running out for Belize. Until a programme of effective rural planning is instituted by the government, Belize's economy will continue to stagnate. Without such a change in direction, Belize faces the prospect of growing poverty and disparities that increasingly mirror the situation presently found in much of Central America, and the economic decline and recession that characterize many Third World countries today.

5.2. Moving Towards a Worst Case Scenario

Belize's economy stagnated during the early 1980s. The rate of growth of real GDP averaged only 0.7 per cent per annum from 1981 to 1985, with the result that per capita real GDP declined for the same period by an estimated average of 2.0 per cent per annum (see Table 6, page 21). The terms of trade rapidly deteriorated as a result of a collapse in world sugar prices and the sharp devaluation of the Mexican peso. By late 1984 the deficit in the balance of payments had climbed to unprecedented levels and the country was in a state of financial crisis. It was against this economic backdrop that the UDP government released its five-year economic plan shortly after assuming office.

In this plan, the government outlined three possible scenarios for the performance of the economy over the medium term from 1985 to 1989. The best case scenario projects higher economic growth (3 to 6 per cent per annum) along with development, as per capita incomes increase and social services improve. The more moderate, middle case scenario envisages only modest growth rates (1 to 3 per cent per annum), with the economy stabilizing, and per capita incomes and social services maintained. Finally, the third and worst case scenario foresees economic growth rates continuing to stagnate (less than 1 per cent per annum), resulting in the fall of per capita income and a decline in social services. In the government's own words the outcome of the worst scenario would be as follows:

...declining social services and basic needs satisfaction will provide the basis for social and political instability, and perhaps generate confrontation between the Government and major social groups.(1)

In determining which scenario will be played out, the plan emphasizes the role of several critical factors, notably, the performance of sugar exports, proposed large-scale private investment projects in the agricultural sector, public sector finances, and external aid flows. However, an examination of these factors indicates that Belize's economy remains extremely vulnerable. Midway through the plan period, the government no longer seems able to keep growth from

falling below the projections of the middle case scenario and it appears increasingly likely that the plan's worst case scenario will represent the future economic trend.

(i) Sugar Exports

There is little hope for economic growth through increased sugar exports. Instability and decline in the world price for sugar have continued to deeply affect the economy, despite the preferential access of over 65 per cent of the country's sugar exports to markets and prices in the European Economic Community (EEC) and in the United States. From 1984 to 1985, the value of Belize's sugar exports fell by nearly a third US\$ 32.5 million to US\$ 22.9 million as world sugar prices reached their lowest level since 1971.(2) Although 1986 saw slightly higher world prices which helped to raise the value of Belize's exports, the Economist Intelligence Unit predicts that the country's sugar revenue in 1987 will again drop by around 30 per cent.(3)

There is also little to indicate that the highly volatile situation of Belize's sugar revenues is likely to change in the next few years. World prices are expected to continue to fluctuate but remain low, especially on the free market.(4) The recent cut in Belize's sugar export quota to the U.S. by roughly a third is also likely to affect Belize's future revenues as the country is increasingly forced to sell on the open

market. In addition, the closing of one of the country's two sugar refineries as a result of the effective withdrawal of the British multinational company, Tate & Lyle, from Belize has meant a 20 per cent reduction in sugar production since 1984.

The first two years of the plan period have witnessed increasing political and social unrest in Belize as a result of the poor economic performance of sugar in world markets.. The closing of the Libertad sugar factory in 1985, which meant the loss of hundreds of jobs and sudden excess in cane production for small farmers in the north, gave rise to the largest public demonstration against the government since the country's independence in 1981. As a result, the UDP government has been actively seeking to attract new external investment into Belize's sugar-growing region in order to counteract the more negative effects of Tate & Lyle's departure. Two and a half years after the closing of the factory, a deal worth US\$ 3.7 million has been concluded with Petrojam, the Jamaican state oil company, which involves conversion of the former sugar refinery into an ethanol plant. This is a stop-gap measure at best. However, the government hopes that this new venture may help to raise cane production back to 1984 levels and replace some of the jobs lost with the pull-out of Tate & Lyle.

(ii) Large-scale Private Investment Projects

With the recent decision of Coca-Cola Foods Incorporated not to invest US\$ 120 million in Belize for citrus production, the government's primary hope for a massive injection of foreign capital into the economy over the plan period has been shattered. The Coca-Cola deal was by far the largest private sector investment project on the horizon and the government had been confident that it would serve to attract other foreign investors to Belize. The project was also a key element in the government's strategy to diversify the economy away from its dependence on sugar.

Coca-Cola's investment in Belize began in 1985 with the purchase of some 196,000 acres of forest land in the north-western portion of the country. The Coca-Cola purchase was part of a larger land deal involving a U.S. consortium that, according to the environmental group, Friends of the Earth, involved "the largest undeveloped private property in Central America" and "constituted one eighth of the entire land area of Belize".(5) At that time, the company indicated plans to clear and plant 25,000 acres in orange groves and to build a frozen concentrate processing plant, roads and a port facility. The investment promised to nearly triple Belize's orange acreage and potentially transform the country into a major world producer of orange concentrate.(6)

However, Coca-Cola's investment plans faced strong

opposition outside Belize, mainly from Florida citrus growers threatened by the prospect of cheap imports flooding the U.S. market and from international environmental groups who saw the project as having a damaging long-term effect on the environment. In order to counter the adverse publicity that the project generated, Coca-Cola recently announced its intention to donate 17,000 acres of land to the government for small-scale farming to encourage crop diversification, 22,000 acres of land for use as a nature preserve, and US\$ 50,000 in cash to the Belize Audubon Society for its conservation activities.(7)

With Coca-Cola's decision to shelve its investment plans, the environmental groups have now turned their attention to another member of the U.S. consortium, the Yalbac Ranch & Cattle Company, which intends to establish a 50,000 acre cattle ranch on the forest land it purchased. The Belize Audubon Society has called for an environmental impact study of the project claiming that cattle ranching would be even "far more destructive, ecologically speaking, than permanent citrus orchards".(8)

It presently appears that the only new investment project likely to live up to its potential is a U.S. owned and financed shrimp farm which it is hoped will rapidly increase the value of Belize's seafood exports.

(iii) Public Sector Finances

Midway through the Plan period the government appears to have managed to halt the deterioration in public sector finances, but it has done so at the cost of increasing external debt and through cut-backs in development expenditure. As a result of a financial crisis in the early 1980s, the Belizean government has already undergone its first major structural adjustment programme supported by sizeable loans from the International Monetary Fund (IMF) and the U.S. Agency for International Development (USAID). The result of this austerity programme has been a gradual improvement in public finances. The budget deficit has been reduced (although it has not disappeared), critically depleted official reserves have risen again to acceptable levels, and the accumulated arrears on external debt service payments have been eliminated. The programme has also alleviated pressures on the government to devalue its currency, a measure which the Economic Intelligence Unit projected "would have had catastrophic effects upon the cost of living".(9)

However, despite this improvement the World Bank maintains that the government's fiscal performance has remained weak.(10) Two major repercussions of this performance have been the continual decline in government development expenditure and the rapid rise in external public debt resulting from the need to cover shortfalls

in both current and capital expenditures. At the end of 1985, the public debt was estimated to have risen to US\$ 88 million (or 46.7% of GDP), up from US\$ 57 million (or 30.9% of GDP) at independence in 1981. The debt service ratio over the same period increased from 2.3 per cent to 14.4 per cent. (11)

Three years into the plan period, the government has not been able to eliminate the budget deficit as it had hoped. The Economic Intelligence Unit estimates that the overall deficit for 1986/87 will have been US\$ 23 million. The 1987/88 budget which envisages an increase in government expenditure (largely to accommodate civil service pay raises, renewed spending on infrastructure development and debt servicing payments) is expected to again double the deficit. (12) One rather remarkable factor behind the growth of the deficit has been the failure of a government revenue-generating scheme which intended to sell US\$ 50 million in "citizenship bonds" to prosperous Hong Kong residents seeking to buy dual citizenship in advance of China's takeover of the colony. (13)

(iv) External Aid Flows

At the beginning of the plan period, Belize enjoyed relatively high per capita aid flows of approximately US\$ 140 per capita. Given present trends, it is unlikely that this will significantly increase over the remaining

plan period unless there is a further increase in U.S. bilateral assistance. In recent years, the public sector has increasingly relied on overseas aid as the primary source of development financing. Whereas in 1975 27.2 per cent of total public investment was financed by external capital, the World Bank now estimates that for the period 1986 to 1988 over 89 per cent of investment will flow from external sources. Trends show that multilateral aid has been steadily declining as a percentage of total ODA, whereas bilateral aid has rapidly grown as a result of increases in U.S. aid to the country since 1983 and the launching of the Caribbean Basin Initiative. A new development in 1985 was a balance of payments support loan of US\$ 13 million from USAID.(14) Not since the end of the British grant-in-aid in 1967 has the government received this type of direct support. British aid to Belize has been declining steadily in recent years and now ranks a distant second to the U.S.(15)

Based on the above examination of the critical factors identified in the development plan, it appears there are few prospects for generating significant growth in Belize's economy. Midway through the plan period, Belize seems barely able to hold to the government's middle case scenario. Sugar exports have fallen as predicted with the closing of the Libertad factory and

world prices for this commodity are likely to remain unstable. The largest of two prospective large-scale investment projects envisaged at the outset of the plan has fallen through due to factors outside of Belize's control. The public sector deficit is increasing, although external aid has in part compensated by providing balance of payments support and financing for the majority of the government's investment programme. Overall, real GDP grew by only 1 per cent in 1985 and 1.5 per cent in 1986. Due to population increase this has meant a steady decline in real per capita GDP. The Economic Intelligence Unit predicts that "GDP growth will continue to be slow during 1987, and will probably once again fail to keep pace with population growth"(16), resulting in the further decline in per capita GDP. Based on this assessment the average Belizean will be poorer at the end of the plan period than when it began.

Leaving aside the factors critical to growth identified in the plan, it must be remembered that the plan itself is based on certain macro-economic assumptions that are subject to change. Midway through the plan period some of these assumptions are no longer as valid as they initially seemed. For example, three years after its inception, the U.S. Caribbean Basin Initiative (CBI) is not providing the hoped-for stimulus to economic growth in the region. Although originally designed to encourage the growth of exports in 22

Caribbean countries by providing tariff-free entry for various products into the United States, overall exports from the region to the U.S. have actually dropped by 30 per cent since the CBI began. On an individual basis most of the countries have recorded some increase in exports to the U.S., however all of these increases have been small. Furthermore, the countries of the region claim that the accompanying increases in U.S. bilateral aid have not been sufficient to meet the basic cost of the infrastructure development required before private investment is able to take advantage of the trade concessions being offered.(17)

The CBI poses additional problems for the longer-term export prospects of the region. Principle among these is the threat of internal pressures in the United States leading to unanticipated import restrictions being imposed on goods enjoying privileged entry to the U.S. under the provisions of the CBI. This has already happened in the case of Jamaica, where Tropicana International recently opened a new ethanol plant only to learn that the U.S. Congress has voted to place import restrictions on ethanol beginning at the end of 1989. The company is now considering closing the plant.(18) It remains to be seen whether this decision will have implications for Petrojam's plans to begin ethanol production in Belize. It also remains to be seen whether the large citrus lobby in the U.S. will be successful in

having citrus excluded from the CBI's provisions. To date, Belize's citrus and garment industries have both benefitted under the CBI.

Another implicit assumption in the development plan is a measure of stability in the Mexican economy following the major economic downturn in 1982-83. The fact that in November 1987 the Mexican peso plunged to a new low after the collapse of Mexico's stock market will have profound implications for Belize's economy over the remaining plan period.(19) The likely impact will be a further drop in the value of the country's re-export trade with Mexico; a trade which had only just started to recover from the sharp decline it experienced in 1983. There is now a danger that cheaper Mexican goods may make inroads into the Belizean market in competition with Belizean-produced goods. The movement of labour may also change directions as Mexican wages become less viable and Belizean wages become more attractive. Both the failure of the CBI and the collapse of the Mexican peso further emphasize Belize's economic vulnerability to external factors beyond its control. As a result, the trade deficit that briefly improved in 1986 is likely to widen again in 1987 and beyond.

5.3 National Security

However, the principal factor in assessing Belize's future and a major underlying assumption on which the

country's development plan is based is the question of national security and the continued presence of British Forces in Belize as a defence against Guatemalan aggression. Six years after independence, Belize's sovereignty continues to be threatened by Guatemala's territorial claim to Toledo District. Despite indications that relations between the two countries have improved with the lifting of the official trade embargo in October 1986 and the increased cooperation of the two governments on projects of mutual concern, resolution of the ongoing territorial dispute in the near future remains highly unlikely. According to the Central American Report of 24 July 1987:

At the end of April the foreign ministers of Belize and Guatemala met in Miami to discuss Guatemala's proposal to settle the two countries' century-old land dispute. To the great surprise of the Belizean delegation, Guatemala reverted to its demand for land cession in addition to increased territorial water rights. The meeting, labelled preliminary, was fruitless. (20)

At a press conference held after the meeting, Prime Minister Esquivel indicated that the Guatemalans had gone back ten years in their demands during the negotiations. (21)

The British Government has continued to reaffirm its position that British troops will remain in Belize until the problem of the Guatemalan claim to Belize is resolved. However it is clear that Britain is determined to work toward an early withdrawal from Belize. For

example, in December 1986 the British Government restored diplomatic links with Guatemala, signifying a relaxation of tensions between the two countries. As well, British assistance to Belize has been directed at the construction of an all-weather road linking Guatemala with the Caribbean coast at Belize City. This would appear to fulfill Britain's commitment as mentioned in chapter one to build such a road under the provisions of the 1859 Anglo-Guatemalan Treaty.

There are two major reasons why Britain is anxious to leave. The first is the estimated US\$ 54 million cost of maintaining an army in Belize.(22) The second, and more important reason, is Britain's fear of being pulled into the Central American conflict. There is already a small but increasing amount of military cooperation between Belize and the United States in such areas as training and logistics which is of growing concern to the British. According to Mr. John Crosby, the British High Commissioner to Belize:

...We get constant sniping from the left wing in the British Parliament about our relations with the U.S. Forces in Belize. We do not want a position where the British Forces in Belize could be implicated in a situation where the presence of American troops in Belize can draw us into the Central American conflict.(23)

The British presence in Belize remains vital to the country's economy. As stated by Prime Minister Esquivel, "it would have a very serious effect on the economy if the British were to pull out their defence forces now,

and I think Britain appreciates this."(24) The withdrawal of the British would mean that Belize would be forced to assume a far greater portion of its own defence expenditures, as Belize's small 600-member army on its own would not be capable of securing the country's borders. However, given the Government's present budgetary situation, it is unlikely that Belize could even begin to afford a level of defence expenditure comparable with that currently provided by the British.

There are other far-reaching economic implications of the British military presence in Belize. According to The Economist, of the US\$ 19.7 million surplus on services in Belize's balance of payments in 1984, almost 90 per cent is due to receipts through the British garrison paymaster. In addition, personal expenditure by British servicemen is somewhere between US\$ 5-8 million annually. All together the annual expenditure of the British garrison in Belize is estimated to run as high as 15 per cent of GDP.(25) This expenditure is spread throughout most sectors of the economy and is probably vital to the economic survival of quite a number of commercial activities within the country. The possibility of the British down-sizing their presence or withdrawing altogether would profoundly undercut Belize's economic expectations and likely trigger a major recession requiring a further restructuring of the economy.

U.S. involvement in Belize has been steadily growing since 1981, as Belize has been actively encouraging increased flows of U.S. private investment, bilateral aid and tourist dollars into the country. However, Belize is concerned that closer ties with the U.S. threaten to increasingly draw it into the U.S. sphere of influence, especially in the event of a British pull-out. "At the time of his election in late 1984, Prime Minister Manuel Esquivel said he did not want US troops to substitute for British soldiers should they be withdrawn, precisely because he did not want Belize sucked into the Central American conflict. More recently the Prime Minister said that Belize did not want to see the British Forces leave Belize, even after an agreement with Guatemala is reached." (26)

To date, Belize has managed to remain largely outside the political and social turmoil present in most of Central America. However, it is questionable how long this privileged position can be sustained. Since 1983, the large influx of refugees from Guatemala and El Salvador, estimated at 20,000 (or the equivalent of one eighth of Belize's population), has sparked considerable domestic controversy. As an article in the Central American Report of 19 June 1987 puts it: "Belize is reportedly about to formalize its long-held fear of Central American refugees and to prevent any more from coming. These foreigners are believed to represent a

threat to law and order, economic opportunities and the racial balance."(27)

In view of the problems associated with the increasing number of refugees entering the country, the government is actively reassessing its "open-door" policy on refugees. In a March 1987 interview, Dr. Joe Palacio, the head of the government's newly formed Immigration Advisory Committee whose purpose it is to review the policy, was reported as saying:

...he had been struck by "the scope of the alien problem in Belize and the helplessness on the part of this country which is being swallowed by the tide of aliens over which we have no control." Dr. Palacio said the flow of foreigners, refugees or not, must be stopped.(28)

However, it is unlikely that Belize can effectively stop or even lessen the inflow of refugees, given the limited resources available to the government for policing its borders and the existence of vast tracts of unused forest land which provide undetected shelter and an exploitable source of subsistence for slash-and-burn cultivators.

Even in terms of preserving its own national security Belize remains highly vulnerable to external factors over which it has very little control. Its sovereignty continues to be threatened by Guatemala's territorial claim to Toledo District and is dependent upon the continuation of military support from Britain. It is also becoming increasingly difficult for Belize to remain aloof to the ongoing conflict and political

upheaval in Central America as political and economic refugees pour across its borders and as U.S. military interest in the country grows. As stated earlier in this chapter, the Belizean economy since independence has been weakened by recession and remains dependent on the vagaries of international commodity prices, privileged access to external markets, and the continued presence of the British garrison. The external private investment which the government had hoped to attract into the country has failed to materialize. In relation to the government's own estimates for the performance of the economy during the current plan period it now appears that the trend is towards its own worst case scenario. Given this prognosis and in order to avoid slipping even further into economic stagnation and poverty it appears increasingly likely that there will be growing pressure on the government to reassess its current policies and look for alternative means to stimulate economic development.

5.4 An Alternative Development Strategy

At independence the Belizean constitution guaranteed the people of Belize a continuation of the British traditions of parliamentary democracy, an independent judiciary, and a constitutional guarantee of fundamental rights and freedoms. The government's goal was the creation of a free and just society "planned and

structured to eradicate poverty" and "designed to satisfy the basic needs of every citizen." According to George Price's 1981 "Manifesto for the New and Progressive Revolution", "every device will be used to ensure that real development occurs, and that the fruits of development are equitably shared by all Belizeans." (29)

British colonial rule gave rise to a multi-racial society with strong democratic institutions and organizations. However at the time of independence Belize's viability as a nation-state was still very much in question. As reviewed in chapter one, the British had not managed to resolve the territorial dispute with Guatemala and thus had to maintain a military presence in Belize to safeguard its sovereignty. Britain had also failed to build a firm foundation for future economic growth and development. In fact, compared with other British colonies, the history of Belize was one of neglect. At independence Belizeans inherited an underdeveloped economy highly vulnerable to external shocks.

The most serious legacy of colonial neglect has been that Belize's large agricultural potential remains virtually untapped. This is particularly evident in the case of Toledo District, the focus of Belize's territorial dispute with Guatemala (as discussed in chapter three). Regrettably, the current attitude of the Belizean government toward rural life and agriculture

remains heavily influenced by its colonial history. Rather than seeking to effectively support the development of its agricultural sector, as so many other developing countries have done, the government has tended to look to external investors to stimulate agricultural growth within the country. It has never seriously looked within its own borders and assessed the resources already available within the country for tapping its large agricultural potential, nor involved itself in detailing a strategy for agricultural development which examines the scope for developing indigenous human resources, namely the country's own small farmers. It has never looked to the productive realities within its informal sector when searching for ways to expand production in its formal sector.

The Belizean government has, instead, pursued a strategy of selling its resources to external investors in the hope that they would develop the agricultural potential of the country. This has been done despite the government's promise at independence, that it would actively "recover and redistribute land to Belizeans for agricultural use". The most recent example of this course of action, and the most abysmal failure, has been the Coca-Cola deal involving the purchase of more than an eighth of the country's total land area. The investment deal fell through as a result of pressure from international environmental groups and because, even as

Coca-Cola Foods admitted, it would have been of questionable economic benefit to the company.(30) The tragedy for the Belizean government was how central to the success of its strategy for economic growth this single investment had come to be seen.

The Belizean economy remains poorly diversified and heavily dependent on the fortunes of the sugar crop. In recent years, the weak performance of sugar on the world market has had a devastating effect on the country's economy, contributing to domestic recession and increasing rural unemployment. Ironically, Belize continues to import a variety of food items, many of which could be produced locally. This despite the fact that its import bill (roughly a quarter of which is for food) continues to exceed its export revenues. At the same time, the government's investment policy has meant that large areas of potentially productive agricultural land continue to lie idle and unproductive.

Although the government has devoted considerable attention to developing Belize's urban areas (including the construction of the capital city, Belmopan), it has consistently lacked a rural development policy. In consequence, development in Belize's rural areas has occurred piecemeal and largely as a result of various different farming communities clearing and cultivating pockets of land in their own manner and using their own resources. A frontier-type land settlement pattern is

evident in rural Belize today, with various farming groups, such as the Mennonites, the Mayan Indians, the refugees and the mestizo smallholders, existing in relative isolation from each other, both geographically and culturally.

At present there are few standardized services linking Belize's various disparate farming groups into the national economy. Many remain highly self-contained, producing in large part for their own subsistence or for trade in the informal sector. The potential of these agricultural producers to produce for a larger market remains largely untapped. As shown in chapter three in the case study of Toledo District, the government has made little serious attempt to integrate indigenous cultivators into the larger economic whole of the nation by providing the necessary services and incentives for increasing their agricultural productivity. That these farmers are adaptable, and willing to respond to the demands of external markets given the appropriate incentives and support is evidenced in the historical example provided by the Kekchi Liaison Officer and in the more recent growth of marijuana production in the region.

It is clear that time is fast running out for Belize to make the necessary long-term investment in its own resources which will lead to sustainable economic growth and development. Like many other Third World countries, it has recently completed its first structural adjustment

programme supported by the IMF. Yet economic growth remains stagnant and on a per capita basis Belizeans continue to get poorer. Fortunately, the country still has the ability to make certain critical choices in determining its own future. Unlike many other Central American nations, Belize has a rich and largely untapped agricultural potential and the ability to institute land reform for the long-term benefit of its farmers. It also has a highly literate population, functioning democratic institutions and is politically stable. Despite a weakened economy, it carries a relatively small debt burden and remains in a position to draw on various sources of international assistance in support of its development efforts.

However, unless the government changes its economic policies and becomes more directly involved in managing its own development process, it is likely that Belize's inherent advantages will be lost over time. For the nation to remain viable politically it must become economically viable. The greatest immediate threat that needs to be guarded against is the economic shock that would be created by a pull-out of the British garrison. Yet even with a continued British presence Belize is increasingly vulnerable to being drawn into the poverty and political instability that now characterizes so much of Central America.

It is important that the Belizean government now

begins to draw on the lessons emerging from an increasing number of developing countries who are attempting to restructure their economies in the face of adverse economic conditions. Belize is not yet in a position where it has to make the hard choices confronting some of the world's poorest nations who must make deep cuts in social sector and military spending in order to meet tight IMF conditionality requirements. However, the argument put forward by the proponents of "adjustment with a human face" is still very applicable. Government policy directed at economic growth must be targetted to stimulate those elements that promote broad-based, long-term development while protecting the nation's human resource base and limiting the negative impacts that changes in economic policy can have on the most vulnerable groups in society. In the case of Belize, it is particularly important that economic policy and the adjustment process not inhibit the government's ability to overcome the major constraints to development, namely:

- 1) the lack of skilled manpower for managing the development process;

- 2) the need to integrate the country's disparate ethnic and cultural groups into a national economy and society; and,

- 3) the need to create a minimum of transportation and social infrastructure to serve as the basis for rural development.

It appears from all current indications that the development of agriculture is basic to Belize's future development. As the World Bank, IFAD, the Inter-American Development Bank, and other major voices within the development community have stressed, placing greater emphasis on directing resources specifically toward small-scale agricultural production is basic to any meaningful process of agricultural reform. For Belize, the potential benefits of this approach include: increased agricultural production; expansion and development of the domestic economy; increased incomes in rural areas; and a reduction in food imports.

Even though government policy presently shies away from small-farm development in favour of investment promotion, there are hopeful signs that the international institutions intended to reform Third World agriculture are beginning to place pressure on the government of Belize to make the needed changes. A new integrated small farmer development project in Toledo District has recently been initiated by IFAD which targets investment and technical assistance resources toward meeting the development needs of the poorest and most isolated among Belize's rural population, the Mayan Indians. As summarized by IFAD in its 1985 annual report, the purpose

of the project is:

...to provide financial and technical support to small farmers in the Toledo District by improving the incomes and standard of living of semi-subsistence farmers, mostly Maya Indians. Specifically, it aims to increase their agricultural production and productivity by introducing crop varieties and practices which will lead to permanent agriculture and thus involve them more fully in the economic and social life of the country; to strengthen the institutions providing support to farmers; to increase the physical infrastructure of the district; and to improve the handling, processing and marketing of main crops.(31)

The project will include inter alia the strengthening of extension services, the provision of farm credit through a small-farm development fund, the development of market outlets, improvements in grain storage and handling facilities, improvements to the rural road system and strengthening of the government's management capabilities.

As discussed in chapter three, the importance for Belize of this type of project in Toledo District lies in the following:

- 1) Toledo District holds the largest untapped agricultural potential;
- 2) it involves integrating some of the poorest and most disadvantaged farming communities within the nation into the economic mainstream; and,
- 3) in terms of the Anglo-Guatemalan dispute, it is important for the Belizean Government to demonstrate its sovereignty over the district.

The advantage of IFAD's project design is that it incorporates elements that address the major constraints to development in Belize, namely, technical assistance and technical training to improve the government's management capabilities, extension services intended to bring one of the nation's most isolated ethnic groups into the market economy, and provisions for strengthening and maintaining rural infrastructure.

However, the success of this project will ultimately depend on its ability to avoid some of the traditional problems associated with rural development projects and more specifically the problems which led to the failure of its predecessor, the Toledo Rural Development Project (TRDP). The project should not be allowed to develop in isolation as a vertical structure but should be linked into local administrative systems to ensure the long-term sustainability of project activities as an integral part of rural life in the district. Towards this end, the government must make available at the district level the necessary human resources (including counterpart personnel) and financial resources to support project efforts, a move which involves a serious investment in decentralization on the part of the government. The integrated aspects of the project's activities require strong coordination among the different agencies and institutions involved at various levels of government. As was pointed out in chapter four, to be effective

coordination and planning functions must be institutionalized within the government structure and a strong political commitment must be made to the decentralization of decision-making. Finally, the government must recognize that the reason TRDP failed was that the government's objectives were primarily political rather than developmental (see chapter three).

This is a reflection of the larger problem that the government's national development plans are not the result of a planning process but in fact little more than political blueprints reflecting the political beliefs of the ruling party. As examined in chapter two, the development plans of both the PUP and the UDP governments fail to translate clearly defined development objectives into strategies, containing coherent and implementable development programmes complete with detailed projects, timetables, and targets. As a result, neither document has established a framework or offered a political mandate that has enabled the government's sectoral ministries to proceed with the implementation of development activities. Rather, both governments have consistently relied on ad hoc decision-making at the Cabinet level as the basis for determining development priorities.

What is particularly evident from an examination of these two planning documents is that the government's information base is very weak. For example, Belize still

lacks even the most basic agricultural census data needed to assess the current state of agricultural production or to predict basic trends. Even Belize's population statistics are highly suspect as population projections based on trends revealed by the last population census conducted in 1980 do not take into account the large refugee influxes that have occurred since then. It is therefore likely that the basic statistical indicators of economic health such as GDP per capita are inaccurate and the real situation may well be far worse. The lack of basic statistics gathering techniques and limited baseline data from which to work, also makes it very difficult to establish social indicators and identify trends in such areas as health and education. An example is provided by the statistical indicators used in chapter three to illustrate infant mortality rates in Toledo. In this case PAHO indicates that this data is likely to be inaccurate due to the probability of considerable under-reporting. The implications of this for the government's ability to effectively plan and manage are considerable. Without having the statistical tools with which to assess the current state of social and economic development it is unable to set targets, identify trends and evaluate results.

Due to pressure from international agencies, the government has begun developing detailed plans for certain sectors, such as health, transportation and

tourism. However, these plans (where available) are of limited value, as they are usually designed for specific purposes and do not form part of a comprehensive development program covering all sectors. Although there is a central planning unit within government, it appears that the function of this office has never been effectively utilized by the political structure. As a result, development planning has occurred on a piecemeal basis in response to the demands of external donors rather than as part of an effort to determine and address the needs of the country itself.

What is now needed is to link together the various elements in the planning process and to fill in the gaps that exist. The national development plan should become the synthesis of the sectoral plans drawn up by each Ministry. Just as importantly, both the national development plan and the sectoral plans should reflect how the various Ministries support each other and avoid a duplication of activities. This is particularly crucial in a country as small as Belize with such limited resources. The plans should also clearly show how programs and projects are linked in support of the government's main development strategies and how each project will be managed and financed.

Finally, it is critical for the success of key projects, such as the IFAD rural development project in Toledo, that some form of district level planning be

established to ensure that the planning process is bottom-up rather than top-down. Regional strategies should be developed at the regional level and show how the activities of the various central government Ministeries will work together with district administrations. In turn a viable management structure should be developed for the district administrations themselves which ensures the effective coordination of the implementation of projects and programs. It is the development of such a planning process that can lay the basis for the evolution of strong district and local government in Belize. With this type of strong commitment to managing its own development process it will be easier for Belize to request assistance from the international donor community both in terms of technical assistance (UNDP, CFTC, UNICEF etc.) and development financing (World Bank, IFAD, and the Inter-American Development Bank). Instead of leaving it to Coca-Cola and other foreign investors to exploit Belize's resources for the benefit of outside interests, projects such as that being undertaken by IFAD offer the potential for stimulating sustainable development that is sensitive to Belize's own development needs. As well, the development of projects within a domestic planning structure allows the government to take account of the issue of environmental impact and undertake the necessary assessment studies rather than leaving this exclusively

in the hands of the private sector and suffering the consequences.

The ultimate question concerning Belizean sovereignty is whether the government is capable and willing on its own to take charge of the country's development rather than waiting for outside interests to assume this role. The irony remains that even though the territorial dispute involving Toledo District is the single greatest threat to Belizean security, and despite the likelihood that the easing of tensions between Britain and Guatemala may soon lead to a reduction in the British Forces in Belize, the Belizean Government has still not taken on the challenge of integrating Toledo into the nation as a whole. Instead, it continues to attempt to seek surrogates, such as private investors or development agencies, to establish a government presence in the district. Yet until such time as central government policies change and the government develops a strategy for promoting economic growth and a planning process that takes into account the needs and aspirations of all Belizeans, it is unlikely that Belize can truly be considered a viable nation.

Endnotes:

1. The Government of Belize, Five Year Macro-Economic Plan for Belize 1985-1989, (Belmopan: Ministry of Foreign Affairs and Economic Development, 1985), p. 4.
2. Figure from the Central Statistical Office and the Ministry of Economic Development of the Government of Belize.
3. The Economist Intelligence Unit, Country Report: Jamaica, Belize, Bahamas, Bermuda, No.2, 1987, p.7.
4. Food and Agriculture Organization of the United Nations, "FAO Agricultural Commodity Projections to 1990", FAO Economic and Social Development Paper No. 62, 1986, p.6.
5. Friends of the Earth, "The Coke Connection", T.R.F. Times, (Summer 86), p. 1.
6. At present, Belize has an estimated 9,000 acres planted in citrus. There are two private processing plants operating in the country.
7. Letter from Michelle Beale, Vice President, Public Affairs, Coca-Cola Foods, Houston, addressed to Friends of Belize, dated 25 September 1987.
8. The Economist Intelligence Unit, Country Report: Jamaica, Belize, Bahamas, Bermuda, No. 3, 1987, p. 23.
9. The Economist Intelligence Unit, Country Profile: Belize, Bahamas, Bermuda, 1986-1987, p.27.
10. Findings of the 1986 World Bank mission to Belize.
11. The source for the statistics provided on external debt are the Central Bank of Belize, the Caribbean Development Bank and 1986 World Bank mission estimates.
12. Economist Intelligence Unit, Country Report: Jamaica, Belize, Bahamas, Bermuda, No. 2, 1987, pp. 20-1.
13. The Economic Intelligence Unit, Country Profile: Belize, Bahamas, Bermuda 1986-1987, , p.22. Also Idem, Country Report: Jamaica, Belize, Bahamas, Bermuda, No. 2, 1987, p. 21.
14. The Economist Intelligence Unit, Country Report: Jamaica, Belize, Bahamas, Bermuda, No. 2, 1985, pp. 18-9.

15. Organization for Economic Cooperation and Development, Geographical Distribution Tables, 1985.

16. Ibid., p.7.

17. "A Basin Short of Initiative", The Economist, 24 October 1987, p. 98.

18. Ibid.

19. The Globe and Mail, 19 November 1987, p. B22.

20. "Belize: Talks with Allies About Guatemala's Claim", Central America Report, 24 July 1987, p. 222.

21. "Frank, Friendly and Far Apart", Central American Report, 22 May 1987, p. 150.

22. "Close Links With Britain Maintained", Financial Times, 16 October 1985, p. 32.

23. "U.S. Army is Looking For More Work", Central American Report, 22 May 1987, p. 149.

24. "Close Links with Britain Maintained", Financial Times, p. 32.

25. The Economist Intelligence Unit, Country Profile: Belize, Bahamas, Bermuda 1986-1987, p.10.

26. "US Army Engineers: Building Bridges or Opening Doors?", Central American Report, 13 February 1987, p. 48.

27. "No to Central America's Refugees", Central American Report, 19 June 1987, p. 180.

28. "Crackdown on Aliens", Central America Report, 26 March 1987, p. 96.

29. Ibid.

30. As reported in an article appearing in the International Herald Tribune on 5 February 1987 entitled "Coca-Cola Belize Project Angers Florida Growers": "Florida, the world's leading source of orange juice, has experienced five freezes in the past six years, and the lost production was replaced principally by imports from Brazil. In each case, Brazil was in a position to demand significant price increases. Jon Parker, executive vice president of operations for Coca-Cola's food division, said the company saw the Belize project as a 'hedge against Brazil'." However, the development of new freeze-free planting sites elsewhere in the Caribbean and

Central America threaten to produce a glut of citrus products on the world market. In explaining Coca-Cola's decision not to proceed with investing in citrus production in Belize, Michelle Beale, Vice President, Public Affairs, Coca-Cola Foods writes: "Since we acquired our portion of...land in 1985, the world market price for frozen concentrated orange juice has dropped substantially, making the project economically infeasible at this time. It is very difficult to predict commodity prices, but our best estimate is that this situation will not change near-term." (reference endnote 7).

31. International Fund for Agricultural Development, Annual Report 1985, (Rome: IFAD, 1985).

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