

Agriculture between economic growth and pro-poor development

Bolivia, a country that is cleft between the harsh Andean highlands and the fertile and wide lowlands, today is faced with increasing economic and social inequality of the rural population. The World Bank in the past years has rather supported a mono-exporting agricultural model to the benefit of Amazon lowland agribusiness than of a fair land reform process to the benefit of the rural poor in den Andean highlands.

The World Bank's latest 2008 World Development Report focuses on the role of agriculture for development and provides an outstanding opportunity to examine some recommendations that may apply to such a special country as is Bolivia, where most of the people are of indigenous descent and live in the Andean mountains region, but whose enormous land and renewable forest resources are in the almost uninhabited Amazon plain.

Agriculture is fundamental for Bolivian's economic development

We agree with the World Bank that agriculture is still a fundamental development tool for reducing the number of the hungry poor. In Bolivia, 90 percent of the poorest people live in rural areas but their productivity is extremely low and barely allows them to scrape a livelihood by combining agriculture with other activities like trade, handicrafts, cottage industries and migration (Chart 1). Bolivia is a sad example of the growing income gap between the rural and urban areas, and despite accelerated urbanisation triggered by mass migration to the cities, rural poverty will subsist in this most isolated country for several decades to come

Miguel Urioste
La Fundación Tierra
La Paz, Bolivia
m.urioste@ftierra.org

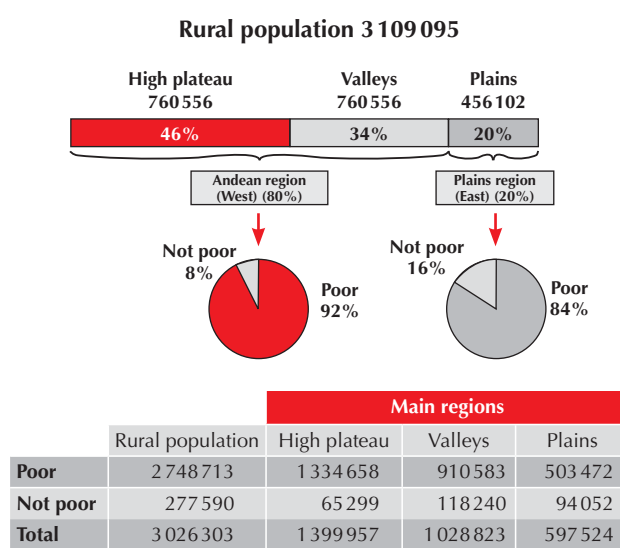
if we Bolivians don't do some quickly and urgently about it.

It is a huge paradox that in such a vast country, three times larger than Germany, and with a population of barely nine million people, poverty should persist as a consequence of inequality. Amazingly also, land and water for agriculture are extremely scarce in Bolivia. Rural high mountain and deep valley areas are still home to most of the predominantly peasant indigenous rural population. For more than three decades now, the indigenous migrants from the High Andes living in a challenging environment – with plains at over 4 000 meters above sea-level, valleys cleft between towering mountains, recurring drought, frost, floods and torrential rain – have exerted permanent, chaotic and disorganised pressure on the Amazon plain in search of an opportunity to make their livelihoods. In less than a half century, the population of Bolivian eastern region's capital, Santa Cruz de la Sierra – 400 meters above sea level at the centre of the South American subcontinent and surrounded by rich farmland with a huge potential for soybean and sunflower crop-

ping – has grown from 50 000 to almost a million and a half.

In the last 15 years soybean cultivation in the department of Santa Cruz has expanded from scratch at a spectacular annual rate to about a million hectares, integrated in the edible oils and feed manufacturing value chain and thus successfully placing Bolivia on the agri-business map. Bolivian soy has conquered the world's markets although it is grown in a continental enclave, meaning that soy and its by-products have to be transported to Pacific Ocean ports more than 2 000 kilometres away or sent by river to Rio de la Plata on the Atlantic. Yet this model is neither environmentally nor economically sustainable because it is based on the permanent expansion of the agricultural frontier, state subsi-

Chart 1: Rural population in Bolivia



Source: National Statistics Institute. 2001 Census.



Photo: Witke

The towns of the Bolivian lowlands are expanding dramatically due to large scale agriculture on the surrounding fertile land.

dies for fuels, and the indiscriminate slashing of the tropical rainforest to turn it into huge monocropping fields that are abandoned after a few years of intensive use, or turned into cattle grazing land.

World Bank policies did not meet the rural poor's needs

It was precisely the World Bank that in the mid-80s promoted, planned, funded and created the infrastructure needed to build this monocropping exporting enclave. Fifteen years ago the World Bank imposed on Bolivia an agricultural model that was absolutely contrary to the necessity of using farmland and agriculture to meet human development needs. It did not create jobs, enhance food security, diversify food production, significantly improve poor people's diet, and most of all, it did not bring the tens of thousands of jobless rural indigenous poor into the economic mainstream. More still, the lands in the Bolivian east have already been privately appropriated, pushing thousands of Bolivians to migrate to Europe, and Spain in particular.

The consequences of this mono-exporting agricultural model, which the World Bank has actively fostered for the last 15 years, are a sad demonstration of how those who decide public policy in our stead in the Third World have failed

to consider the enormous environmental cost and lamentable economic and political impact of enforcing this model. Soybean monocropping has concentrated land ownership in a few hands, has transnationalised land ownership rights, and has frustrated well-planned, consensus-based human settlements where wealth, jobs and wellbeing could be created for thousands of poor landless peasants (see Chart 2).

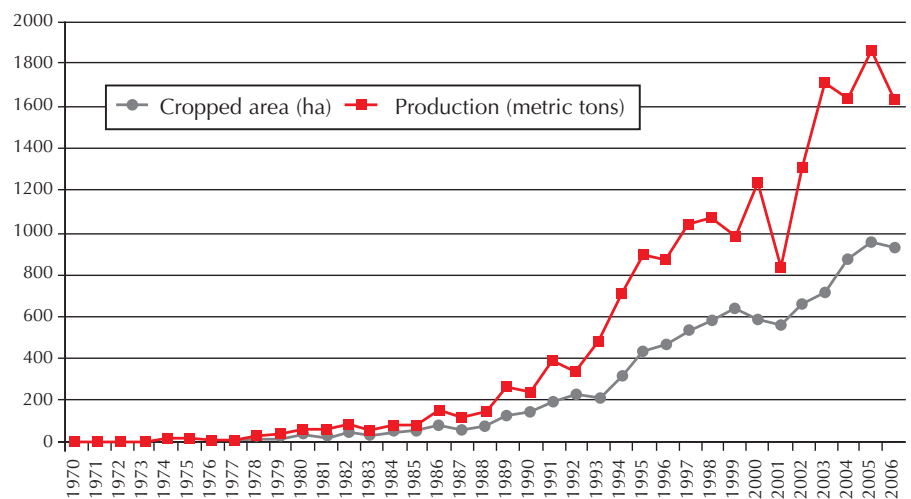
The damage past World Bank policies have caused in Bolivia has eventually emerged as conflicts for democratic access to the land in the midst of the Agricultural Revolution President Evo Morales is trying to enforce. Bolivia is now immersed in a regional

confrontation between populations of the Andean mountains and Amazon plains, and in a dangerous game for regional autonomies that resembles the fragmenting of Balkan states. Bolivia runs now the risk of sliding from its condition as a peaceful and democratic country, disorganised and institutionally weak as it may be, to the edge of a potentially bloody civil war,

In past decades, the World Bank has promoted in Bolivia the opposite of what it recommends in its 2008 report. It has not given priority to plans, programmes or projects that would promote a revolution in productivity among small farms. It has not fostered the growth, expansion and strengthening of domestic markets. It has not promoted good jobs in agriculture and agroindustry. It has not created markets for environmental services, or eliminated direct subsidies to agroindustrialists who degrade natural resources. Nor has it encouraged the growth of family farms' GDP, the main tool for mitigating poverty.

In sum, as a consequence of the World Bank's past policies, Bolivian docile administrations and local and foreign business groups who managed to monopolise land in the Bolivian

Chart 2: Growth of soybean volume and area. 1970 to 2006 (in 000).



Source: Tierra Foundation. *Los barones del Oriente (The barons of the East)*, 2008.

Zusammenfassung

Bolivien als ein Land mit rauen Anden-Hochlandgebieten einerseits und fruchtbaren, weiten Tiefebene andererseits kämpft heute gegen die zunehmende wirtschaftliche und soziale Ungleichheit seiner ländlichen Bevölkerung. In den letzten Jahren hat die Weltbank ein exportorientiertes Monokultur-Agrarmodell gefördert, das der Agrarindustrie in den Tiefebene nützt, aber keine gerechte Landreform unterstützt, die auch den armen ländlichen Bewohnern im Anden-Hochland zugute käme. Die Folge für Bolivien ist eine tiefe regionale Spaltung zwischen den Bewohnern der Andenregion und der Amazonas-Ebene und eine gefährliche Situation für die regionale Autonomie.

Nach dem Entwicklungsbericht der Weltbank für 2008 sind sich die bolivianische Regierung und die Weltbank darin einig, dass eine gerechte Landverteilung und die Stärkung der individuellen und kommunalen Eigentumsrechte, die Ernährungssicherung und ökologische Nachhaltigkeit unverzichtbar sind.

Resumen

Bolivia es un país signado por la aridez de su altiplano andino y la fértil amplitud de sus tierras bajas. Hoy en día, Bolivia afronta la creciente desigualdad económica y social de su población rural. En años anteriores, el Banco Mundial había apoyado un modelo agrícola basado en monocultivos para la exportación, el cual trae ganancias a la

agricultura de corte empresarial de las tierras bajas, pero no fomenta un proceso equitativo de reforma agraria que beneficiaría también a los pobres en las zonas rurales del altiplano andino. En consecuencia, Bolivia debe lidiar actualmente con una confrontación regional entre las poblaciones de los Andes y las planicies amazónicas y una peligrosa pugna por las autonomías regionales. A la luz del Informe sobre el Desarrollo 2008 del Banco Mundial, el gobierno boliviano y el Banco Mundial concuerdan en que es indispensable implementar una distribución equitativa de las tierras y fortalecer los derechos de propiedad individuales y comunitarios, generando seguridad alimentaria y sostenibilidad ambiental.

plains, agriculture has not been used to create equitable and sustainable development. Public expenditure for agriculture, measured as a percent of agricultural GDP, is negligible, and has hovered around three percent in recent years. Moreover, in the past two decades, despite efforts by multiple NGOs, isolated cooperation programmes and well meant but purely rhetorical food security programmes, small farmers have been increasingly pushed out of the productive scene, obliging the country to have a model dominated by large companies that concentrate land, are capital-intensive and create extremely few direct jobs. Supported by the World Bank, Bolivia has done exactly the opposite of that it should have done in prior decades.

Bolivia needs a fundamental land reform

Obviously, as the World Bank holds, safe access to critical land, water and human capital assets is indispensable to improve the economy of the rural poor. Nonetheless, policies to strengthen land title and land ownership as supported by the World Bank in Bolivia in recent years have proved unable to take the country beyond an obsessive effort to introduce "market

driven land reform", to dismantle illegal land markets in the plains, or to punish illicit and unproductive land grabbing. It is a fact that the impunity with which transnational corporations, investors from neighbouring countries and small but very powerful local power groups, like the "barons of the East", are putting together huge land estates spanning tens of thousands of hectares in the Bolivian Amazon plains, has become a gigantic impediment to the abatement of rural poverty and to attaining the Millennium Development Goals even to a small degree.

Obviously, Bolivia will not meet the Millennium goals and one of the main structural reasons for this failure is the persisting and extremely high concentration of land ownership that is all the more serious in the Bolivian Amazon plain, despite timid programmes to legalise ownership rights.

Bolivian state institutions are so weak that bands of ranchers armed with rifles, guns, sticks and stones have been able to stop and expel the land reform teams headed by the government's senior authorities and charged with verifying the legal status of the haciendas' ownership rights. Meanwhile, in those same haciendas, hundreds of captive Guarani families live in horrendously overcrowded mud

and cane huts resembling Middle Age dwellings and have to work for free in exchange only for food.

Ironically, what the World Bank is now proposing is what President Evo Morales would like to do through the Agrarian Revolution. Unfortunately, the government's rural and agricultural development plans are decorated with a radical and unnecessary fundamentalist indigenous rhetoric that scares non-indigenous people.

Today, in the light of the 2008 report, Evo Morales and the World Bank agree that it is indispensable to distribute the land equitably, strengthen individual and community property rights of all producers equally, promote organisations of financially-viable producers, create and meet the needs of domestic markets, generate food security, promote environmental sustainability, combat climate change, diversify domestic production, and conquer foreign markets. In other words, to intimately link agriculture to human development as part of the struggle against poverty. Unfortunately as well, foreign and Bolivian landowners in the Amazon plain will not allow him to do so because agribusiness and biofuel production will earn them much higher short-term returns, and add greater political power to the economic power they already wield.