

# Sugar: The Case of Jamaica

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## Introduction

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Sugar is of vital importance to many Third World countries as a source of foreign exchange earnings, and employment for an estimated 12 million workers [Coote 1987:114]. Yet the industry is in crisis. Falling world prices for sugar and shrinking markets have hit producers hard. Many are unable even to meet their production costs, which has led to fewer employment opportunities and increasing poverty.

This article looks at the problems that face the sugar industry, and its workers, in Jamaica. It traces the industry from its beginnings as a slave crop, when it was built around the needs of its British colonial rulers, to the present day when Britain remains its most important export market. It shows how, due to a combination of internal production policies, a diversifying economy and adverse world market conditions, the industry has declined in economic importance to the island. Yet it still remains Jamaica's most important agricultural export and a source of livelihood for an eighth of the population. The article assesses the future of the industry and stresses the need to improve worker's conditions on the island's sugar estates.

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## Jamaica's Sugar Industry and its Importance to the Economy

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### (a) 1650 to 1972

Jamaica's sugar industry was developed under British colonial rule in the second half of the 17th century in response to a growing demand for sugar in Britain. With the labour of slaves imported from West Africa the industry flourished, and by the end of the 18th century the island had become the centre of the West Indies sugar trade [Hobhouse 1985:43].

Following emancipation in 1838 many of the slaves fled the plantations and the industry fell into disarray. Production declined and by the end of the 19th century had all but collapsed.

With the decline of the sugar industry there came an increasing amount of foreign investment in the newly emerging banana industry, this time from the USA. Not only were facilities for shipping and storing

bananas developed but many old sugar estates, some abandoned through bankruptcy, were purchased and put under bananas. By the end of the 19th century export earnings from bananas significantly exceeded those of sugar. With banana trade came other economic possibilities. It was the banana boats that brought the first tourists to the island which in turn stimulated the construction of hotels [Beckford and Witter 1982:50].

The sugar industry revived during the first half of the 20th century. The destruction of the European sugar beet industry during the First World War meant that markets for cane improved. This attracted foreign investment to the island.

In 1928 the American-owned United Fruit Company took over three factories. Ten years later the West Indies Sugar Company (WISCO), a wholly owned subsidiary of the British company, Tate and Lyle, had purchased two plantations and built a large factory. Once again sugar became Jamaica's principal source of export earnings, and remained so until the 1950s when the island's extensive bauxite reserves began to be mined. By the middle of that decade Jamaica had become the world's largest producer of bauxite and a major producer of alumina and the relative importance of sugar to the island's economy had declined [Black 1983:160].

The signing of the Commonwealth Sugar Agreement in 1951 assured Jamaican sugar continued access to the British market. This gave the investing companies renewed confidence in their export market. They expanded operations and production increased dramatically. But the gains were to be shortlived. Increased production was due to increased acreage, not improved efficiency. In the drive for expansion and quick returns nothing was done to improve technology or sugar yields. After production peaked in 1965, the industry went into decline and soon became inefficient and costly. As cane yields fell and factory breakdowns reached crisis proportions both Tate and Lyle and United Fruit sold their interests to the Jamaican Government.

### (b) 1972-1981

In 1972, following a change in government, the three government-owned sugar estates were placed under

the management of workers' cooperatives. The scheme lasted for only six years, but during that period sugar production in Jamaica fell by a third and the volume of exports was halved. The cooperatives had inherited an industry which was already in serious decline. In the previous ten years, production had fallen by 15 per cent. From accounting for one third of all exports, sugar was by then contributing only 10 per cent. During each year of operation since 1965, the three estates had recorded a deficit. Quite simply, the companies which preceded the cooperatives had run down the fields and infrastructure [Feuer 1984:24].

From the outset the cooperatives had severe cash problems. They needed, but never received, capital to get them off to a healthy start. Instead they quickly accumulated considerable debts which remained on their books until they were dissolved in 1981. Their own cash problems were aggravated by the island's overall economic problems. Deeply in debt, the government was given little option but to devalue the Jamaican dollar. The more it did so the more difficult it became to obtain spare parts, fertiliser and other necessary inputs.

### **(c) 1981 to 1986**

In 1981, the newly elected Jamaica Labour Party government, under the leadership of Edward Seaga, set about reorganising the sugar industry. The cooperatives were dissolved and the old-style plantation system was reintroduced. In 1985 Tate and Lyle were invited back by the government to manage the industry. Some of the more unproductive land was taken out of sugar and put into alternative cash crop production — mainly winter vegetables for the US market.

Yet despite this strategy of re-vitalisation of the industry production has continued to decline, from 646,032 tonnes in 1970 to only 198,771 tonnes in 1986. Yet Jamaica has been able to maintain a level of export earnings for sugar at about eight per cent of its total value of exports. The main reason for this is the guaranteed price it receives for its exports to the EEC market.

When Britain joined the EEC in 1973 the Commonwealth Sugar Agreement (CSA), which assured Commonwealth sugar producers access to the UK market, was terminated and replaced by the Sugar Protocol of the Lomé Convention.

The Sugar Protocol is similar to the CSA in that it gives a number of African, Caribbean and Pacific (ACP) countries, including Jamaica, access to the UK market. The countries concerned agree to provide the European Community with a specific quantity of sugar each year, which the Community agrees to purchase from them at a guaranteed price. Although it is a Community import, most of this sugar is refined,

and consumed in the UK. Jamaica's quota under the Sugar Protocol is 125,000 tonnes (raw value) for which it is paid the Community Support price of around 21 US cents per lb.

In addition to its exports to the UK, Jamaica had also traditionally exported a small quantity of sugar to the United States for which it receives the preferential price of about 18 US cents per lb. However, since high fructose corn syrup (isoglucose) began to replace sugar in many manufactured foods and drinks in the early 1980s the US has slashed imports. Jamaica's quota has been reduced from around 80,000 tonnes in the 1970s to 17,000 in 1986. Further reductions are expected.

Paradoxically, the importance of the EEC and US markets to sugar exporting countries has increased as a direct result of their own agricultural policies. Over production of sugar beet in the EEC and the conversion of surplus corn supplies to high fructose corn syrup in the USA have contributed significantly to the current slump in world market prices for sugar. In 1986 these averaged around 6 US cents per lb — roughly a third of production costs in Jamaica.

The continued decline in Jamaican sugar production has meant that in a number of crop years the government has had to import sugar from the world market in order to meet its export quotas to the EEC and USA, and cover domestic consumption. In 1986, for example, Jamaica imported sugar from Guatemala and the USA, at a world market price of around 6 US cents per lb, in order to re-export it at the much higher preferential price offered under the EEC and US quota systems [International Sugar Organisation 1986]. In this way it has been able to maintain its position as the island's most important agricultural export, as the table below shows.

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## **Sugar and the Workers**

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Sugar is not only important to Jamaica as a source of foreign exchange earnings. Despite declining levels of production, adverse external market conditions and the island's diversifying economy, sugar still provides direct employment for around 40,000 people — one eighth of the total population [Coote 1987:2].

About half of Jamaica's sugar is grown on estates, or plantations. The other half is grown by farmers as a cash crop.

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## **Cane Farmers**

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In 1985, 24,000 farmers were registered at the island's 10 factories. The size of the farms varies greatly from half an acre to 1,500 acres. The larger farms frequently hire in labour to carry out the work. Some are virtually small estates, but are not classified as such because

Table 1

Value of Selected Merchandise Exports (US\$ mn)

Item	1980	1981	1982	1983	1984	Total
Alumina	537.3	587.8	354.6	337.1	328.3	44%
Bauxite	198.4	171.9	129.5	113.5	149.9	20%
Sugar	54.7	46.4	49.0	54.3	62.4	8%
Spices	4.5	4.9	5.1	9.4	7.2	1%
Coffee	5.3	5.6	7.3	10.3	8.8	1%
Bananas	10.5	4.3	4.7	7.1	1.6	0.2%
Total Value (of all merchandise exports)	963	974	767	732	747	100%

Source: UNCTAD Commodity Year Book 1986

they do not have their own factories.

The cane farmers register with their local factory which they agree to provide with a negotiated quantity of sugar annually. They receive two thirds of the total amount paid by the government to the factories per tonne of sugar produced, whilst the factories receive the remaining one third.

Whilst the amount paid per tonne of sugar is fixed, the costs of production are not and must be borne by the farmers. In 1983 subsidies for fertilisers were removed, which increased the cost of those inputs by nearly 300 per cent. According to the All-Island Jamaica Cane Farmers' Association, this caused considerable hardship, particularly for some of the smaller farms, who were forced to choose between soaring production costs or lower cane yields.<sup>1</sup>

### Estate Workers

For the thousands of Jamaicans who must rely on the island's sugar estates or larger cane farms for employment, wages are low and conditions poor.

The following is a description of one woman's experience of working on a sugar estate in Jamaica. The account is based on interviews that took place in January 1986.<sup>2</sup> The only part of the description that is fictitious is her name:

Nelsetta Johnson works on Frome Estate, one of Jamaica's state owned, Tate and Lyle managed,

sugar plantations, that is situated in the district of Westmoreland, at the western end of the island. Both the estate and factory are managed by Tate and Lyle.



Plantation worker in Jamaica  
Belinda Coote/OXFAM

<sup>1</sup> Personal interview with Kenneth Haughton, vice-chairman of the All Island Jamaica Cane Farmers' Association, January 1986, Kingston, Jamaica.

<sup>2</sup> Personal interview, January 1986, Frome Estate, Westmoreland, Jamaica.

She lives in a small wooden hut in the middle of the estate. The house is provided rent free by the Estate but has neither water nor electricity. She shares its one room with her two daughters, her three year old son and her mother, now retired after years of working in the cane fields. Like many women in Jamaica, Nelsetta is head of her household. The father of her children left home some years ago and has not been seen since.

Nelsetta is one of a gang of six women field workers, assigned to tasks such as spreading fertiliser on the cane fields. Each morning she rises before dawn to prepare breakfast for her children and food to take to work. She has to walk to work as there is no transport available. Depending on the cane field to which she is assigned this may be as far as six miles from her home and she has to be there by 7 am when the factory siren signals the beginning of the working day.

When spreading fertiliser each woman has to provide her own plastic or wooden container. The fertiliser is brought to the fields in sacks, the containers are filled and for eight hours a day the women trek back and forth across the ploughed fields, scattering the fertiliser as they go.

They protect themselves from the burning sun and active ingredients of the fertiliser by putting on layer after layer of clothing. They are not provided with any protective clothing by the management even though some brands of fertiliser that they have to use cause severe sores to their hands.

As a cultivator Nelsetta is paid the minimum agricultural wage of J\$12.75 (£1.50) for an eight hour day.<sup>3</sup> However, after deductions her weekly take home pay is considerably less than her gross income of J\$63.75 (£8.50). For one 40 hour week in January 1986 she took home just J\$2.06 (£2.94), which means in effect that she worked for seven pence an hour.

Such heavy deductions are accounted for by National Insurance, Income Tax and Government Bonds, a weekly sum that she pays into a credit union, payments off a company loan that she received during the 'off milling' season when work is short and a small sum for union dues. After nearly 45 years' work in the cane fields Nelsetta's mother receives a pension from the company of just J\$15 (£2.00) a week. This brings their weekly joint disposable income to J\$37.06 (£4.94).

But the cost of living in Jamaica is high. A group of nutritionists based at the University of Kingston calculated the basic food needs for a family of five in Jamaica for one week. Their shopping list to meet these requirements would have cost J\$168.99

(£22.50) in January 1986, more than four times the combined incomes of Nelsetta and her mother. The reality of this is that in order to buy one pound of rice Nelsetta has to work 3 hours 36 minutes; one pound of spinach, 1 hour 23 minutes.

Some of the work on the estate is better paid. Factory workers, cane cutters, loaders and drivers earn around J\$15 a day. As is often the case it is jobs which are normally assigned to women — in this case weeding, planting and fertilising — which are paid at the lowest rates. This leads to special hardship in Jamaica where so many households are headed by women.

A particular cause of hardship is the cyclical nature of the industry. January to June are the months when cane is being cut and employment is most plentiful. During this period Frome adds 1,000 cane cutters to its workforce. There is plenty of opportunity for overtime and weekend work. But for the rest of the year many people will be laid off work and a considerable number of regular employees will be put onto a three-day working week with a corresponding reduction in their salaries. These are the lean months when hunger is a daily reality.

Women like Nelsetta survive because she is able to grow a few vegetables on a small plot of land behind her house. But she often goes to work hungry and can rarely afford to send her children to school. Most sugar workers need to combine subsistence farming with estatework in order to survive the chronically low rates of pay given by the industry. The problem is that all the best land is taken up with sugar cane [adapted from Coote 1987:2-11].

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## Improving Working Conditions

### The Cooperatives

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There has been only one brief period in the history of Jamaica's sugar industry when there was any sustained effort to improve workers' conditions. This came during the 1970s when the governing People's National Party embarked on an extensive programme of social and economic reforms. The appalling poverty that existed among workers in the sugar industry made reform in that sector a high priority. Accordingly, ownership and management of the three government-owned sugar estates were turned over to the workers to be run as cooperatives.

Due to declining levels of production the scheme lasted for only six years, yet, despite this, those sugar workers who were involved in it judge it as having been a success. They feel that it was one period of their lives when they were allowed a degree of responsibility, dignity and self-esteem. The education programmes that were organised to equip workers with the skills

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<sup>3</sup> Exchange rate January 1986: J\$7.50 = £1 sterling.

necessary to run the cooperatives meant that many of them became highly numerate and literate. They said that food was more plentiful because they had the land to grow their own, and for the first time they had some control over their own working lives.

In the short period that they existed the cooperatives did little to improve the income of sugar workers. However, as many of the farms set aside land for food production, workers claim to have eaten better at that time. As one sugar worker said, 'we may not have been rich but we never went hungry'.<sup>4</sup> This land is now back under cane but a special source of discontent is that the workers are no longer allowed to graze their animals on fallow estate lands.

The cooperatives faced severe financial problems. In addition to this there was considerable conflict at both government and administrative levels about how they should be run. At worker level there was also conflict. As one observer wrote at the time:

the workers were used to taking orders, not giving them; they were constantly denigrating themselves and others like themselves; they felt little hope in the future, and they were prone to expect paternal-dependency relationships vis-à-vis those of a higher status and lighter colour [Feuer 1984]

These attitudes, produced by years of conditioning, could not be changed overnight. To succeed, the cooperatives needed a great deal more time and money than they ever received.

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## The Future of the Industry

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Sugar is ideally suited to the climatic conditions of the Caribbean, being far less vulnerable to the high winds and storms that affect the region than many other crops grown for export. Severe flooding in Jamaica in the summer of 1986, for example, caused millions of pounds worth of damage to the winter vegetables that had replaced large areas of sugar — a catastrophe that the islands hardy cane acreage survived (*Weekly Cleaner* 11.11.86). High winds frequently do considerable damage to the island's banana industry, but leave sugar virtually unharmed. It seems likely that whatever moves are made to diversify out of sugar in Jamaica, it will remain the island's most reliable income generating crop — providing market conditions are favourable, or alternative uses for the island's sugar, such as ethanol production which is currently under consideration, are developed. However, in a time when there is a world structural surplus of sugar, market prices are only a fraction of the cost of production and the US is making drastic cuts in its

import quota, the future for sugar producers looks very uncertain. Jamaica must consider itself fortunate to have access to the EEC market via the Sugar Protocol of the Lomé Convention. As an open ended agreement, revenue from this source looks to be fairly reliable. Yet, as overproduction of sugar beet in the EEC is one of the main causes of low world market prices, its commitment to continue this market gesture to the ACP sugar producers should be viewed with caution. It is an unequal change in which Jamaica and the other ACP producers are at a considerable disadvantage.

Sugar is, and will remain, important to Jamaica as a source of foreign exchange and employment. Under existing market structures it is of the utmost importance to Jamaica that the Protocol continues. In the wider sugar trade context the EEC must also take responsibility for reducing its massive beet surplus.

But however favourable market conditions are for Jamaica, there is little evidence to suggest that the industry will do anything to improve conditions for its workers. Its one attempt to do so was frustrated by lack of funds, time and continued political commitment. Yet reform in this sector should be a high priority of present and future governments. Tate and Lyle could undoubtedly exert pressure on them to do so, and the inclusion of a social clause in the Sugar Protocol of the Lomé Convention would be an added incentive.

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<sup>4</sup> Personal interview, January 1985, Frome Estate, Jamaica.