

## **Case #14: Jamaica and the World Bank**

After years of unwise spending following British colonial rule, Jamaica finds itself deeply in debt to other countries. Jamaica owes \$4.5 billion to international moneylenders like the World Bank, the International Monetary Fund (IMF), and the Inter-American Development Bank. The World Bank demands that Jamaica undertake economic reforms as a condition of the loans. One such reform is the opening of its markets to foreign vegetables and fruits, which are sold at much lower prices than Jamaican-produced crops. The hope is that decreasing the debt will allow the economy to grow, raising many Jamaicans out of poverty. But in a largely agricultural economy, Jamaica's farmers find themselves increasingly out of work.

A similar situation involves Jamaica's banana industry. Forced to compete with strong U.S.-based companies like Dole and Chiquita, which grow bananas on a large scale in Central America, Jamaica's banana production has plummeted. The number of small banana farmers on the island has dropped from 45,000 to 3,000.

The World Bank's restrictions aim to deregulate the Jamaican economy, and integrate it into the global market. Thus far, however, the people of Jamaica have suffered while moneylenders collect interest. Only 5% of the money borrowed since 1977 has stayed inside Jamaica, with the bulk of the funds dedicated to paying interest. The deregulation has hurt Jamaica's farmers, who find themselves increasingly impoverished.