Dutch Disease and Banana Exports in the Colombian Caribbean, 1910-1950

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In 1994, the seven departaments of the Colombian Caribbean had a population of about 7.2 million, representing 21% of the conuntry's total. The region is at present the poorest in Colombia, with a per-capita Gross Domestic Product (GDP) of only 63.5% of the national average.

The relative backwardness of the Colombian Caribbean is a twentieth century phenomenon. At the beginning of this century that was not the case. However, since then its economy has performed poorly. Unfortunately, we only have GDP statistics at the departamental level for the period 1950 to 1995. Thus, for the first fifty years of the century we do not have an adequate understanding of the evolution of Colombian regional incomes.

From 1950 to 1995 the average yearly rate of growth of per-capita GDP in the Colombian caribbean was 1.0%. In contrast, the rate of growth of percapita GDP for Colombia was 2.0%. It is also clear, as we shall see in this paper, that between 1910 and 1950 the economy of the departaments of the Colombian Caribbean lagged behind the rest of the country. It is relevant to determine the causes behind the economic failure of the region in the twentieth century because its slows growth is a negative influence on the growth prospects of Colombia as a whole.

One of the main reasons for the dismal economic performance of the Caribean Coast in the last 100 years, is the failure of its export sector in the initial decades of the century By analyzing the case of bananas, the main export of the Colombian Caribbean during this century, the paper will argue that the poor performance of the foreign sector of the region was a consequence of the boom in coffee exports experienced by the rest of the country between 1910 and 1950. In particular, that it was itself the result of the presence of what is known in the economic literature as Dutch Disease.

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