



United Nations  
University

**WIDER**

World Institute for Development Economics Research

Discussion Paper No. 2001/14

## **The Agrarian Question in Mozambique's Transition and Reconstruction**

Marc Wuyts \*

June 2001

### **Abstract**

The economic policies of transition and reconstruction in Mozambique, like the policies of central planning beforehand, were based on an inappropriate model of the inherited rural economy. Under central planning, the peasantry was looked upon as a mass of subsistence producers; with the economic reforms came the vision of the peasantry as a mass of smallholder producers. Both these views ignored the extent to which peasant livelihoods depended on the complex and varied linkages between wage labour and household production. Under the impulse of the reforms both the social and regional differentiation of the countryside has become far more pronounced. The processes at work involved a partial regression to past patterns of accumulation and labour use. Although this process can undoubtedly lead to the recovery and growth of agricultural production, it is unlikely to provide a basis for broad-based development due to the persistent and continued exclusion of the poorer peasantry from the benefits of economic growth.

Keywords: Sub-Saharan Africa, Mozambique, conflict, economic reform

JEL classification: O10, O55

Copyright © UNU/WIDER 2001

\* Institute of Social Studies (ISS), Netherlands

This study has been prepared within the UNU/WIDER project on Underdevelopment, Transition, and Reconstruction in Sub-Saharan Africa, directed by Professor Tony Addison, UNU/WIDER

UNU/WIDER gratefully acknowledges the financial contribution to the project by the Government of Italy (Directorate General for Development Cooperation), the Government of Sweden (Swedish International Development Cooperation Agency), and the Government of the United Kingdom (Department for International Development). These agencies are not responsible for any information provided or views expressed, which remain those of the author or authors alone.



## 1 Introduction

Since the mid-1980s, Mozambique has witnessed two interactive processes of change: the transition from central planning to market-based development, on the one hand, and the transition from war to peace, on the other. Economic reforms since 1983—at first rather timid and modest in scope—gained momentum with the adoption of structural adjustment policies from 1987 onwards. Peace negotiations initiated in 1990 bore fruit with the cease-fire of 1992 and paved the way towards the 1994 multi-party elections in which Frelimo emerged as the majority party.<sup>1</sup> Hence, in Mozambique, the process of transition to a market economy started well before, interacted with, and fed into the peace process. Since 1992, Mozambique has been relatively successful in embarking on a phase of economic recovery (albeit starting from a very low level of economic activity) and in consolidating its peace process, although the floods of 2000 were obviously a major setback (see Addison and de Sousa 1999 and Castel-Branco et al. 2001).

This paper looks at the twin processes of transition and reconstruction by taking a long run perspective. More specifically, it looks at the pivotal role of the agrarian question and argues that the ways in which it is perceived and informs economic policy matters a great deal to the achievement of broad-based development. In Mozambique, it is argued, both during the heyday of central planning and during the subsequent phase of the economic reforms, the peasantry has invariably (but differently in content) been defined as a (more or less) homogeneous entity.<sup>2</sup>

Similarly, both sets of definitions shared in common a view that the character of the peasantry could be captured in a simple image—a model view—without much need for understanding the historical process and the path dependency of outcomes. As a consequence, both the planning and reform perspectives shared the notion that economic policies could be largely written on a blank slate with little need for historical depth. But this is where the similarities end and differences begin between the two views. During the phase of central planning, the peasantry was seen as *a mass of subsistence producers*, while during the subsequent period of economic reforms it came to be seen as *a mass of smallholder producers*.

This paper argues that both these views fail to grasp the nature of the agrarian question in Mozambique and the character of its peasantry as shaped by the colonial legacy. More specifically, the former view ignores the extent to which the livelihoods of peasants depend on market-based entitlements, whereas the latter view ignores the historically structured organic linkages between household production and off-farm

---

<sup>1</sup> Frelimo won again in the 1999 elections.

<sup>2</sup> The term homogeneous should not be interpreted as if the entity is without variation. On the contrary, the underlying notion is that of homogeneity as variation within a single *population* distribution. This type of distribution does not need to be normal in shape. For example, if the peasantry largely confronts the same conditions of development in space and time, but the growth rates of their economic activities vary stochastically as a result of sequences of independent setbacks or gains (as, for example, depicted in a random walk), the resulting distribution is likely to be lognormal and, hence, skewed in its patterns of variation. This type of process produces inequality in outcomes, yet is relatively homogeneous in essence. In contrast, structures and processes where the conditions of development are divergent and interactive (in space and in time) and therefore give rise to complex processes of social differentiation, will lead to heterogeneity in outcome.

employment (in particular, migrant wage employment) which shaped rural accumulation and social differentiation. The paper then argues that path dependency shaped by the inherited colonial rural economic structures (and left largely untransformed by the experience with central planning) exerted and continues to exert a powerful pull during the era of economic reforms and reconstruction, unless counteracted by deliberate economic policies. The failure to address the agrarian question, it is argued, entails a real danger that the transition towards a new market economy constructed upon the ‘leavings of the war’ effectively boils down to a partial *regression* towards the past: that is, towards the partial reconstruction of colonial patterns of rural accumulation, production and labour use. It is, however, a fallacy to believe—this paper concludes—that this type of partial regression is likely to provide a viable foundation for broad-based development.

## **2 Continuity and change: the wage-household production nexus**

Wedge between a protracted period of colonial capitalism and the more recent period of market-oriented economic reforms, the phase of building a centrally planned economy in Mozambique was (comparatively speaking) an intense, but brief affair. The rural economy, therefore, was at best only partly transformed under the impulse of central planning. Drastic changes occurred in the form of ownership—state farms took the place of the colonial plantations and settler farms—but the conditions upon which the livelihoods of the peasantry depended and, in particular, the nexus between the sale of labour and household production for own production or for sale, still remained largely intact, but (as shown below) mostly neglected in economic policy.

Consequently, it would be wrong to describe the recent process of transition in Mozambique as a simple move from plan to market. Such a view ignores the fact that even under the heyday of planning in Mozambique, the relations between the state sector and the peasantry were largely mediated through market mechanisms—both official and parallel.

Table 1 presents a schematic overview of the regional and national patterns of colonial agrarian structures of production and labour use around 1970. It shows that the peasantry accounted for about 70 per cent of the gross value of total agricultural output, and about one third of the gross value of monetary agricultural output. Settler farms and plantations accounted for the remaining 30 per cent with equal proportions. More importantly, however, the table also shows the pervasive reliance by the peasantry on off-farm wage employment (migrant, seasonal or casual labour) throughout the country at large, but with different regional intensities (less so in the North than in both other regions).

The distinctive and dominant feature of the colonial peasant economy, therefore, was that the majority of peasant households had come to depend for their livelihood on wages from migrant, seasonal or casual labour in combination with household production (both for own consumption and for sale). As far as peasants’ livelihoods were concerned, off-farm employment not only financed the acquisition of manufactured wage goods or foodstuffs (in the case of food-deficit households), but also household production itself, including production for own consumption. Household production became in part dependent on wage earnings to pay for implements, inputs or cattle (Wuyts 1978 and Wuyts 1989: 13-35).

Table 1  
Mozambique: The Structure of the Colonial Rural Economy around 1970

Region	Plantations	Settler Farms	Peasantry			Dominant Aspects of Rural Economic Historical Development
			(1) Marketed Output	(2) Own Consumption	(3) Sale of Labour	
1. The North (Cabo Delgado, Niassa and Nampula)	Sisal (67%)  [2%]	Cotton (17%) Tobacco (50%)  [12%]	Cashew (78%) Cotton (37%) Food crops (see 2)  [26%]	Cassava (67%) Groundnuts (56%) (also sorghum, millet and maize)  [60%]	Seasonal labour to local plantations and settler farms, and also to plantations in Tanzania	Cash cropping peasantry (in part under forced cultivation). Later, accelerated development of settler cotton farms.
2. The Centre (Zambezia, Manica, Sofala and Tete)	Sugar (73%) Copra (69%) Tea (100%) Sisal (33%)  [28%]	Potatoes (67%) Tobacco (27%) (also maize, cotton and vegetables)  [11%]	Cotton (28%) Cashew (9%) Food crops (see 2)  [9%]	Rice (28%) Maize (64%) Groundnuts (17%) Cassava (25%) (and other minor crops)  [48%]	Seasonal labour to plantations, and (particularly in Tete and Manica) contract labour to Zimbabwe and Malawi	Plantation economy in Zambezi Valley, relying on the peasantry for labour and marketed food.
3. The South (Maputo, Gaza and Inhambane)	Sugar (27%)  [2%]	Rice (56%) Potatoes (32%) (vegetables and wheat)  [39%]	Cashew (13%) Food crops (see 2)  [10%]	Maize (16%) Groundnuts (27%) Cassava (8%)  [49%]	At any time, 20 to 30% of male adult peasants was out working in South African mines on contract periods of, on average, 1½ years each. Seasonal and casual labour to settler farms	Labour reserve for South African mining industry and (settler-farm based) granary to feed the towns.
Country	[15%]	[15%]	[15%]	[55%]		

Source: Wuyts (1978).

Notes: 1. Percentages in rounded brackets refer to percentage shares of national production of specific crop.

2. Percentages in square brackets (at bottom of their respective cells) refer to percentage share in the regional (and, in the bottom row, national) gross value of agricultural production.

3. Meat and dairy products (mainly South and parts of the Centre) are not included.

The peasant economy was therefore rendered subordinate to the needs of large-scale private farms and plantations (as well as to the South African mining sector) which relied on this nexus between its wage labour and household production to reduce direct wage costs as well as the costs of the reproduction of its labour power. The colonial mode of regulating rural markets both reflected and helped to shape these specific patterns of accumulation. Labour markets were tightly controlled by granting monopsony power over labour reserve areas to plantations in their individual spheres of influence or to South Africa's mining industry in Southern Mozambique. Similarly, private companies obtained monopoly control over the marketing of cash crops (in particular, cotton) in their designated areas of influence. Finally, the prolonged and extensive use of forced labour (including forced cultivation of crops) kept real wages and real producer prices low. These mechanisms—in conjunction with considerable insecurity in land tenure (caused by the repeated and extensive expropriations of the better agricultural lands)—severely constrained social differentiation among the peasantry. Considerable regional inequalities existed, however, with low-population density labour-exporting areas occupying the lower end of the scale (Wuyts 1989: 13-35).

The implication of the argument of this section is that the Mozambican peasantry which emerged out of the colonial period cannot be depicted in terms of either a model of an 'uncaptured' peasantry (Hyden 1980) with little dependence on monetary exchange, nor of a simple 'smallholder model' of independent producers of commodities. Yet, as argued below, the former view underscored Frelimo's economic policies during the phase of central planning, whereas the latter view came to dominate when the World Bank's smallholder model began to hold sway during the subsequent phase of reforms.

### **3 Economic dualism, the peasantry and the war economy**

Over 1977-83—the period of central planning—some 90 per cent of total agricultural investment went to the state sector, 2 per cent went to the cooperatives, and the small-scale household farming sector received virtually none (Mackintosh and Wuyts 1988: 145). This lopsided pattern in the allocation of investment resulted from the fact Frelimo's policy was based on a model of economic dualism in which the peasantry was seen to be largely delinked from monetary circuits and, hence, able to subsist without cash. Peasants were therefore viewed as poor, vulnerable to weather conditions, but not to market mechanisms. Economic policies were based on this premise and, hence, they were dualistic in their design (agricultural investment was similarly skewed under the Derg regime in Ethiopia—see Addison 2001b and Bigsten 1999).

On the one hand, the eventual emancipation of the peasantry from poverty and backwardness was seen to occur through its proletarianization propelled by economic growth as a result of the accelerated expansion of the state sector. The supply of agricultural labour was treated as being unproblematic. O'Laughlin (1996: 21) explains this as follows:

'It was assumed, in a kind of loose version of the Lewis model, that labour was almost infinitely available from the subsistence sector. In planning methodology, labour was treated as a residual, derived from land and input availability, within a particular cropping pattern. There was no recognition that state farms operated within a complex labour

market of diversified enterprises both recruiting from distant reserves and hiring locally in competition with the labour demands of surrounding peasant producers, some of whom also recruited extra household labour’.

In fact, the regular occurrences of labour shortages in peak periods on state farms were seen as proof of a subsistence peasantry uninterested in cash income rather than a manifestation of competing demands on peasants’ labour (in household production and on state farms) when peak periods coincided.

Meanwhile, on the other hand, while awaiting the growth of the state sector, the plight of the peasantry was to be improved through the formation of cooperatives and communal villages. This was mainly seen to be a question of mobilization and the provision of social services, without significant resource allocation and investment at the level of production.

As a result of this dualistic model, there was little recognition that the peasantry might be hit hard by market-based entitlement failures brought about, in part, by economic policies. Consequently, the linkages between the agrarian state sector, the supply of migrant labour on which it relied, and the dynamics of household production were largely ignored. Economic policy in the immediate post-independence period did little, for example, to alleviate the impact of the sharp reduction in the recruitment of mine labour and of the consequent reduction in remittances from 1977 onwards on rural unemployment and on the greater vulnerability of household agriculture and rural livelihoods in southern Mozambique (Wuyts 1981). In similar vain, the greater emphasis on monocropping by state farms often accentuated the seasonal peaking of labour demand, thereby heightening the insecurity of employment and wage income of migrant labourers.

But it was the initiation and advance of the war from the early 1980s onwards which exposed the inherent weaknesses of Frelimo’s model of economic dualism and greatly increased the scope for large-scale entitlement failures to occur in practice. Two points are important here for the argument of this paper.

First, the government’s economic policies implied that its war effort concentrated on the protection of its major assets in rural areas (the farms, plantations and other large projects), leaving other areas economically in the cold and open for Renamo infiltration. Pitcher (1998: 132) makes this point as follows:

‘If one examines the pattern of Frelimo protection and Renamo infiltration, it is easy to discern the influence of the colonial period on the military choices that each side made. Areas with previously high agricultural output and commercial potential proved to be more attractive to the cash poor Frelimo government with regard to investment and protection. Renamo tended to concentrate its efforts on obvious targets such as the railway or communal villages and to situate itself in less populated, less developed regions’.

Not surprisingly, the latter areas were among the poorest districts characterized by outward migrant labour towards the plantations and large-scale farms in central Mozambique (Adam and Coimbra 1997). In areas where Renamo gained a more secure

foothold (particularly, in parts of Zambezia), it relied mainly on (food) taxation and tribute labour to support its war effort (Hall and Young 1997: 184).

Second, the war combined with drought and economic crisis brought in its wake a 'goods' famine' in the country at large, and in the rural areas (unprotected by the more comprehensive rationing system prevalent in the towns) in particular. In the Mozambican context, this affected the peasantry not merely as producers of cash crops, but also as suppliers of labour. The point is that a goods' famine is not conducive to the expansion or even sustainability of wage employment.

This point appears obvious, but it is often overlooked in the analysis of the effect of shortages on rural production. The argument more commonly used is that shortages of manufactured consumer goods and of farm inputs and implements (i.e. the so-called incentive goods) have detrimental effects on the supply of marketed surpluses of food and of export crops by smallholder producers (see, for example, Berthélemy et al. 1988, and Berthélemy and Morrisson 1989). Implicit in this argument is the view that rural producers are mainly smallholder producers. What has been largely neglected, however, is the effect of the availability of wage goods on the growth or sustainability of rural wage employment, including migrant labour. Yet the dearth of wage goods (both foodstuffs and manufactured consumer goods) put limits on the ability to attract wage labour for agricultural production or soldiers for war.

In Zambezia, for example, the plantations and the army both needed food to feed migrant workers and soldiers. Officially marketed food supplies, however, were insufficient and declined as the state sector lost control in favour of private traders who operated within parallel market circuits. The state sector, therefore, became the principal player (on the demand side) in the parallel markets as the army and plantations turned to private traders to buy food, thereby building an alliance at the local level between state administrators and managers and parallel-market traders (CEA 1980).

In an economy beset by shortages, the access of private traders to the supply of basic manufactured consumer goods (and farm inputs or implements) enabled them to increase their control over marketed surpluses of food, often by making the purchase of manufactured consumer goods conditional upon the sale of food. The logic of this system was that those who had a better agricultural base, and therefore had food surpluses to sell, received the greater share of the available supply of consumer goods. In times of shortage, it was this control over wage goods that mattered most to providing private farmers and the richer peasantry with the means to attract cheap labour. The parallel economy, therefore, became an important vehicle in propelling a far more pronounced social differentiation of the peasantry (Wuyts 1989: 144).

To sum up, Frelimo's economic policies eroded as the old labour reserves were lost to Renamo's infiltration and occupation, the state farms and plantations met with financial ruin, and the parallel economy increasingly gained control over food marketing and the sale of manufactured consumer goods within rural areas. The result of these processes was a much more pronounced regional and social differentiation of the rural economy and society in the context of falling agricultural output, crisis and war. The traditional labour export areas became increasingly marginalized as they were left open to Renamo infiltration and occupation, and large population movements took place as peasants fled from war and famine zones (see de Sousa 1999 on the case of Manica for example). In the centres of high agricultural output and commercial potential under military



protection, the social differentiation of the peasantry deepened under the impulse of the development of the parallel economy and in the absence of explicit state support targeted to peasant producers. Those with access to power and resources—migrants abroad earning foreign exchange, the skilled labourers on state farms who could channel resources and expertise to their private holdings, or those well-endowed and connected to local power structures—often managed to gain a stronghold in agricultural production, trade or transport. Food-deficit producing households desperately sought to obtain wage work wherever food (and other commodities) could be bought for cash. Far from retreating into a subsistence economy, therefore, the war and crisis heightened the need for the poorer peasantry to sell their labour to obtain cash to buy food and other rural wage goods.

#### **4 Economic reforms, private farming and the rise of the smallholder model**

Economic policy in the context of war of necessity involves a complex balancing act. On the one hand, there is the *need* to restrain household consumption, to maintain production incentives, and to avoid deepening poverty. On the other hand, it is *desirable* to distribute the costs of the war equitably and to lay the foundations for post-war reconstruction and growth (FitzGerald 1997: 60). In Mozambique, economic policy during the war involved a transition from central planning to market economy. The questions then arise why this transition was initiated in the midst of a war and how well these reforms managed to balance this complex set of objectives, particularly as regards the agrarian question.

The necessity for economic reforms arose out of the escalation of the war. By 1983, it had become clear that Frelimo had progressively lost control over rural production and exchange to the parallel economy, had failed to mobilize the peasantry behind the war effort, and had shown itself unable to stop the spread of Renamo's infiltration into, and destruction of, the rural society and economy. Frelimo, therefore, desperately needed to regain the initiative. Domestically, this was done by opening the door to private sector development and smallholder production, particularly in the rural areas. Internationally, it involved seeking to isolate Renamo by opening up to the West and adopting market-oriented reforms under the watchful eyes of the IMF and the World Bank. Together these developments led eventually to the abandonment of central planning and to the adoption and consolidation of structural adjustment policies (see the Castel-Branco et al. 2001 as well as Castel-Branco 1995, Hall and Young 1997, and Wuyts 1991).<sup>3</sup> In Mozambique, therefore, the process of transition from central planning to a market economy not only preceded the peace process (the move from war to peace), but also made it possible for the process to occur. That is, the adoption of economic reforms was an important factor in setting the scene for peace. But how well did the economic reforms deal with the agrarian question in the context of war and the move to peace?

---

<sup>3</sup> At the political level, Frelimo sought to further its advantage from 1989 onwards as follows: '... the abandonment first of 'Marxism-Leninism' and subsequently of the party's 'leading role' made it possible to shift the political terrain in more dramatic ways and to use those shifts to continue keeping Renamo off-guard and disadvantaged—to draw Renamo on to a different kind of political terrain, which maximized Frelimo's (political) advantages and minimized Renamo's (military) ones' (Hall and Young 1997: 205-6). It was this political process of isolating Renamo (which furthermore progressively lost its backing from South Africa) which subsequently opened the door towards peace negotiations and the eventual peace accord of 1992.

To answer this question, it is important to point out that during the phase of economic reform, the initiative in matters of economic policy shifted towards the donor community upon whose aid resources the government increasingly came to rely (see Castel-Branco et al. 2001, Addison and de Sousa 1999, Arndt et al. 2000). In volume terms, foreign grants increased nearly fivefold in dollar terms between 1982 and 1992, whereas foreign grants plus the net inflow of concessional capital flows and debt relief increased by 67 per cent (Wuyts 1996: 723-725). In 1982, the latter total equalled 21 per cent of GDP, while in 1992, this percentage had risen to 61 per cent, an almost threefold increase (Wuyts 1996: 723). By 1992, the trade deficit amounted to 51 per cent of GDP, as against a low of 15 per cent in 1986 (Wuyts 1996: 723).<sup>4</sup> Moreover, along with the growth in the volume of aid came a change in the form of aid: from project support towards a greater emphasis on programme aid—balance of payment support and emergency aid.<sup>5</sup> With regard to balance of payments support, the initial emphasis of aid donors concentrated on import support to stimulate output recovery, while, at a later stage, from the early 1990s onwards, attention shifted towards budget support to finance social sectors (see Addison and Ndikumana 2001 as well as Wuyts 1996).

Much of the economic reform programme was therefore driven by the donors in general and the IMF and the World Bank in particular, especially from 1987 onwards (for example see Castel-Branco et al. 2001 on privatization). However, the BWIs found it difficult to incorporate the fact of war into their policy models. As FitzGerald puts it: ‘... their analysis of the problems of underdevelopment and poverty does not include war as a characteristic feature’ (FitzGerald 1997: 57). This was also true in the case of Mozambique (Wuyts 1991). The question of economic reconstruction did not feature prominently within the mainstream of macroeconomic policies, but was left as the main concern of emergency aid (see Addison 2001a for a critique of this separation of the agendas of reconstruction and reform). The role of financial programme aid in general, and import support in particular, was to create a new macroeconomic policy environment defined more or less independently from the context of war, while emergency aid was meant to alleviate the hardships inflicted by war and famine, without being explicitly concerned with development (Wuyts 1991).

But ignoring the reality of war in the design of IMF- and World Bank-inspired macroeconomic policies does not mean that such policies were neutral in terms of how the burden of the war was distributed within society, which resources (in particular, foreign aid resources) were made available to whom, and how this laid the foundations for post-war reconstruction and growth. Moreover, as argued above, Frelimo’s own agenda for economic reforms from 1983 onwards was very much driven by the objective to recapture the initiative away from Renamo. What united both policy agendas and led to their (often somewhat uneasy) convergence as far as rural development was concerned, was the shift in emphasis towards a model of the peasantry as a mass of smallholder producers. With respect to the agrarian question, therefore, price reforms backed by import support were seen as the key mechanisms to propel rural change by stimulating private farmers and smallholder producers alike. Price

---

<sup>4</sup> Note, however, that the percentage shares of GDP are influenced not only by changes in the volume of aid, but also by changes in the real exchange rate (Wuyts 1996: 747-8).

<sup>5</sup> For a discussion of different forms of aid under structural adjustment, see White (1998). A more elaborate discussion of the changing forms of aid in Mozambique can be found in Wuyts (1996).

liberalization in particular was seen to constitute the main vehicle to stimulate economic recovery in agriculture (see World Bank 1985 and, for a critical discussion, Tarp 1990).

In assessing the relevance of Keynes's question of 'how to pay for the war' to low-income wartime countries, FitzGerald (1997: 60) stresses the importance of: (a) the need to sustain the rural real terms of trade received by rural producers in general (and the peasantry in particular) for its food supply which constitutes the main basis of (urban) real wages, and of (b) the need to support small-scale asset accumulation by small (household) producers to increase household security and productivity. More specifically, FitzGerald (1997: 60) argues that:

'In consequence, the first element of an alternative stabilization programme would be to divert industrial production and import support programmes towards the supply of agricultural producer goods and appropriate rural consumption goods. .... The equivalent to Keynes's workers' saving programmes in wartime would be an appropriate form of small-scale asset accumulation that does not involve substantial imported resources and is a real incentive to increase productivity even though current consumption is constrained. One possibility would be the sale of rural or urban land as a means of absorbing excess money balances (or free distribution to the poorest households), which increases household security and provides the basis for post-war reconstruction. Another possibility would be to stimulate small-scale fixed investment directly by providing simple non-traded capital goods like cattle, barbed wire or construction materials at reasonable costs'.

In fact, both these concerns raised by FitzGerald loomed large within the Mozambican debates on, and experience with, economic reforms during the war. Little attention was given, however, to the nexus between rural (migrant) wage labour and household production which historically underscored the profitability of large-scale farming, on the one hand, and sustained peasants' livelihoods, on the other. In this respect, it is interesting to note that FitzGerald's more general argument is equally based on a model which features smallholder producers who depend on the rural real terms of trade for their livelihoods, on the one hand, and urban wage earners whose livelihoods mainly depend on the price of food as the basis of their real wages, on the other. In other words, the specific character of the different patterns of rural accumulation and social differentiation and the nature of employment relations this entails is largely left out of the picture. But these patterns nevertheless matter in shaping the specific outcomes of macroeconomic policies.

First, as argued above, goods' availability mattered a great deal in Mozambique—not just to stimulate producers, but also to attract rural labour. In the early days of economic reform, in the midst of goods' scarcity, *access* to wage goods was a key determinant for private sector development. In Marracuene, for example, during the early days of reforms (after the 4th congress held in 1983), private farmers producing vegetables for sale requested (and obtained) food allocations from the official rationing system at official prices to be able to attract peasant labourers who relied on wage income to buy food. Labourers on these farms did overtime for the right to buy food with the cash earned in a normal working day, while the output of the farm was subsequently sold in

parallel markets. (Wuyts 1989: 145).<sup>6</sup> The existing literature (Berthélemy and Morrisson 1989) on the role of goods availability propelled by import support in stimulating rural production stresses the importance of goods as *incentive* goods for smallholder producers, but tends to ignore their role as wage goods to support rural employment. The implication is that patterns of rural differentiation are largely ignored or remain hidden.

Under structural adjustment aided by import support and emergency aid, commodity availability gradually improved within the rural areas, particularly from the early 1990s onwards when the peace process finally took hold. Increasingly, more concerns came to be raised that foreign aid was propelling the development of trade in imported goods, rather than stimulating production within Mozambique (see, for example, Matavele 1994, and Nhaca 1994).<sup>7</sup> First, emergency aid had driven a wedge in the exchange between agriculture and industry by providing the country with imported goods (food stuffs, second-hand clothing, hoes and implements, etc.) to be distributed to victims from famine and the war, and, second, from the early 1990s onwards, the increased reliance on balance of payment support in cash (rather than import support in kind) led to internal rural markets being flooded by imported manufactured consumer goods, farm tools and implements (Castel-Branco 1994: 72-3). What is often overlooked, however, is that this process also led to the bifurcation of consumer demand, with the lower tier consisting of wage goods like imported second hand clothing, cheap cloth, etc. As shortages became comparatively less acute, but prices rose as a result of the depreciation of the real exchange rate, this bifurcation of consumer demand made possible the relative cheapening of (industrial) wage goods which in turn fuelled the recovery and growth of rural wage employment, both within agriculture and within the growing informal sector, made dependent upon imported manufactured wage goods.<sup>8</sup>

Second, in the drive to promote private sector and smallholder production, the effective ability to gain access to assets—land, equipment and credit—was by no means evenly spread across rural producers. There were two dimensions to this process. One is the return of (mainly foreign) large-scale investors in plantations, large-scale farming or in the organization of contract farming (for example, of cotton). The other is the increasing differentiation within the peasantry.

---

<sup>6</sup> Similarly, Pitcher (1998: 134) states that in Nampula province: ‘... some households ‘hired’ labour in exchange for food and/or drink, and several households reported working for others in exchange for goods such as food, drink, and clothes’.

<sup>7</sup> At a more theoretical level, the same argument has been made by Bhaduri and Skarstein (1996) who argue that import support, after possible initial positive effects in stimulating an agricultural supply response, can adversely affect economic growth due to its demand displacement effects.

<sup>8</sup> It is often assumed that the informal sector largely consists of a mass of self-employed producers or traders. This view is similar to the notion that the peasantry consists of an undifferentiated mass of smallholder producers and ignores the extent to which differentiation prevails within production. Much production within the so-called informal sector, however, involves wage employment, on the one hand, and the accumulation of assets, on the other. (Wuyts 1998). The reason is that the profitability and viability of labour intensive production does not only depend on the level of real wages, but also on the relative cost of wage goods—not just of food, but also of manufactured consumer goods (Wuyts 1998).

As to the former, Pitcher (1998: 133), for example, mentions that out of the drive towards privatization came the return of João Ferreira dos Santos and of Grupo Entrepasto, both old colonial cotton growing and marketing companies, to the rural scene in Nampula since 1986. In 1990, the government joint hands with each of these companies by forming joint ventures—respectively SODAN and SAMO—which within their respective ‘zones of influence’ have been granted monopolistic and monopsonistic privileges for marketing and producing cotton in the province. Lonrho, a new investor on the scene, followed track in Cabo Delgado (Hanlon 1996: 80).<sup>9</sup> Similarly, a Zimbabwe-based tobacco company set up a contract-farming scheme in the Beira corridor, drawing upon landless peasants to join (O’Laughlin 1996: 33). Hence, large-scale plantations and marketing companies have re-emerged and grown in importance since the start of economic reform. To secure their financial viability and profitability, they seek to establish monopolistic and monopsonistic privileges within their respective zones of influence.

As to latter, unlike the colonial inheritance, there has been a far more pronounced process of social differentiation within the peasantry (Castel-Branco 1994, O’Laughlin 1996). O’Laughlin (1996: 32) sums up the situation as follows:

‘Although official policy envisioned the distribution of state farm land to smallholders as well, the poorest families, particularly those headed by women, had difficulty both in obtaining land and in holding on to it. They could not wend their way through the bureaucratic processes necessary for land claims and credit applications, nor pay the bribes to local officials needed to advance their claims. Some irrigated state-farm land in the South was distributed to smallholders, but many had difficulty holding on to it and working it productively. The poorer women-headed households had neither the labour nor regular income needed to hire labour and draft animals or to purchase inputs. The more prosperous farmers lobbied for the expulsion of poor farmers from the irrigation schemes because they did not have the labour needed to maintain their section of drainage ditches. The position of small and medium-scale capitalist farmers was further enhanced throughout the country by the easy credit and access to transport and machinery which they received through USAID’.

Donor funding for rural development played an important part in this equation. At first, the donor community in general, and USAID in particular showed great concern for reviving private agricultural production. This provided an initial boost to private farmers and the richer peasantry able to respond to this increased availability of aid. Subsequently, however, donor interests deflected away from production in general, and agriculture in particular, and towards the social sectors (Wuyts 1996: 739-40).

Throughout the process, therefore, the poorer peasantry and the marginalized regions were left out of the picture. In this respect, NGO funded activities alone provide little

---

<sup>9</sup> Hanlon (1996: 3) mentions that in early 1996 ‘a group of health workers in Cabo Delgado were shocked to see the British firm Lonrho recruiting child labour to work in the cotton fields, because adult workers were unwilling to work for the low wages’. This practice, however, dated from the colonial days and continued to prevail during the days of central planning (CEA 1980).

scope for alternatives. In an interesting note on rural credit, for example, De Vletter (1997) mentions the success of village banking schemes set up since 1993 by World Relief (an NGO organization) in Chokwe, one of the better agricultural regions. Given the short payback time of the credit (4 months), such credit is mainly used for informal sector activities with a quick turnover time. But, he states, only those households who can rely on remittances from mine labour can afford investing such credits in agricultural activities. As to the marginal areas, Adam and Coimbra (1997) point out that poor districts (mostly the former labour reserves) are characterized by a high level of male out-migration (as can be seen from the low male-to-female sex ratios) as well as a low level of NGO presence.

In sum, under the impulse of economic reforms the patterns of social and rural differentiation have become much more accentuated. Access to land, equipment and credit is slanted—by design or by default—in favour of large-scale enterprises, on the one hand, and a rapidly developing strata of medium and small scale capitalist farmers, on the other. The poorer peasantry does not retreat into subsistence, however, but relies on wage labour along with household production to secure its livelihood. They need cash to pay for (part of) their food needs and for cheap imported manufactured consumer goods and basic implements.

## **5 Conclusions**

This paper has argued that the economic policies of transition and reconstruction in Mozambique, like the policies of central planning beforehand, were based on an inappropriate model of the inherited rural economy. Under central planning, the peasantry was looked upon as a mass of subsistence producers; with the economic reforms came the vision of the peasantry as a mass of smallholder producers. Both these views ignored the extent to which peasant livelihoods depended on the complex and varied linkages between wage labour and household production. This paper has argued that under the impulse of the reforms both the social and regional differentiation of the countryside has become far more pronounced (a conclusion supported by the results reported in de Sousa 1999).

The processes at work involved a partial regression to past patterns of accumulation and labour use. It is a regression inasmuch as the re-emerging private plantations, large-scale farms and commercial companies sought and seek to obtain monopolistic and monopsonistic privileges within their zones of influence and to rely on migrant labour from the more distant labour-export areas. It is a partial regression, however, since the conditions of the colonial economy no longer prevail. First, although for most of its history the colonial era was characterized by chronic labour shortage, the present era is characterized by widespread unemployment. Second, whereas the colonial economy relied extensively on forced labour and the forced cultivation of crops to keep real wages and real producer prices down with minimal reliance on imports, the present context (characterized by excess labour) relies on economic compulsion of the poorer peasantry to seek wage work and on imports of (relatively) cheaper manufactured wage goods to keep real wages low, to fuel the expansion of employment in agriculture and in the rural informal sector. Although this process can undoubtedly lead to the recovery and growth of agricultural production, it is unlikely to provide a basis for broad-based development due to the persistent and continued exclusion of the poorer peasantry from the benefits of economic growth.

## References

- Adam, Y. and H. Coimbra (1997). 'Evolution of Development Strategies in Post-Colonial Mozambique', in D. Sogge (ed.) *Mozambique: Perspectives on Aid and the Civil Sector*, Oestgeest: Gemeenschappelijk Overleg Medefinanciering: 69-88.
- Addison, T. (2001a). 'Reconstruction from War in Africa: Communities, Entrepreneurs, and States', Discussion Paper (forthcoming), Helsinki: UNU/WIDER.
- Addison, T. (2001b). 'From Conflict to Reconstruction', Discussion Paper (forthcoming), Helsinki: UNU/WIDER.
- Addison, T. and C. de Sousa (1999). 'Economic Reform and Economic Reconstruction in Mozambique', in M. McGillivray and O. Morrissey (eds) *Evaluating Economic Liberalization*, London: Macmillan: 163-85.
- Addison, T. and Léonce Ndikumana (2001). 'Overcoming the Fiscal Crisis of the African State', *Discussion Paper No. 12*, Helsinki: UNU/WIDER.
- Arndt, C., H. T. Jensen, and F. Tarp (2000). 'Stabilization and Structural Adjustment in Mozambique: An Appraisal', *Journal of International Development*, 12 (1): 299-323.
- Berthélemy, J. C., J. P. Azam and J. J. Faucher (1988). *The Supply of Manufactured Goods and Agricultural Development: the Cases of Madagascar and Mozambique*, Paris: OECD, Development Centre Studies.
- Berthélemy, J. C. and C. Morrisson (1989). *Agricultural Development in Africa and the Supply of Manufactured Goods*, Paris: OECD, Development Centre Studies.
- Bhaduri, A. and R. Skarstein (1996). 'Short-period Macroeconomic Aspects of Foreign Aid', *Cambridge Journal of Economics*, 20: 195-206.
- Bigsten, Arne (1999). 'Selecting Priorities for Poverty Reduction and Human Development: The Case of Ethiopia', *RIP 22*, Helsinki: UNU/WIDER (August).
- Castel-Branco, C. N. (1994). 'Problemas Estruturais do Desenvolvimento Agrário', in Castel-Branco (ed.) *Moçambique: Perspectivas Económicas*, Maputo: Universidade Eduardo Mondlane and Friedrich Ebert Foundation: 31-86.
- Castel-Branco, C. N. (1995). 'Opções Económicas de Moçambique, 1975-95: Problema, lições e ideias alternativas', in B. Mazula (ed.) *Moçambique: Eleições, Democracia e Desenvolvimento*, Maputo: Inter-Africa Group: 582-636.
- Castel-Branco, Carlos, Chris Cramer with Degol Hailu (2001). 'Privatization and Economic Strategy in Mozambique', *Discussion Paper* (forthcoming), Helsinki: UNU/WIDER.
- CEA (Centro de Estudos Africanos) (1980). *O sector estatal de algodão—Força de trabalho e produtividade: um estudo da U.P. II Metocheria*, Maputo: CEA, Universidade Eduardo Mondlane.
- de Sousa, Clara (1999). 'Rebuilding Rural Livelihoods and Social Capital: Mozambique's Experience', *Working Paper No. 171*, Helsinki: UNU/WIDER (December).

- De Vletter, F. (1997). 'Money for Nothing and the Kits are Free: a Critical Look at the Evolution of Credit Policy and the Role of the Informal Sector', in D. Sogge (ed.) *Mozambique: Perspectives on Aid and the Civil Sector*, Oestgeest: Gemeenschappelijk Overleg Medefinanciering: 149-76.
- FitzGerald, E. V. K. (1997). 'Paying for the War: Macroeconomic Stabilization in Poor Countries under Conflict Conditions', *Oxford Development Studies*, 25 (1): 43-65.
- Hall, M. and T. Young (1997). *Confronting Leviathan: Mozambique since Independence*, London: Hurst and Company.
- Hanlon, J. (1996). *Peace without Profit: How the IMF Blocks Rebuilding in Mozambique*, Oxford and Portsmouth: IMS and IAI with James Currey and Heinemann.
- Hyden, G. (1980). *Beyond Ujamaa in Tanzania: Underdevelopment and an Uncaptured Peasantry*, London: Heinemann.
- Mackintosh, M. and M. Wuyts (1988). 'Accumulation, Social Services and Socialist Transition in the Third World: Reflections on Decentralised Planning based on the Mozambican Experience', *Journal of Development Studies*, 24 (4): 136-79.
- Matavele, I. (1994), 'Comunicação da Associação Industrial de Moçambique', in C.N. Castel-Branco (ed.) *Moçambique: Perspectivas Económicas*, Maputo: Universidade Eduardo Mondlane and Friedrich Ebert Foundation: 223-8.
- Nhaca, S. (1994). 'Desenvolvimento Real só com Participação dos Trabalhadores', in C. N. Castel-Branco (ed.) *Moçambique: Perspectivas Económicas*, Maputo: Universidade Eduardo Mondlane and Friedrich Ebert Foundation: 229-33.
- O'Laughlin, B. (1996). 'Through a Dividing Glass: Dualism, Class and the Agrarian Question in Mozambique', *Journal of Peasant Studies*, 23 (4): 1-39.
- Pitcher, A. (1998). 'Disruption without Transformation: Agrarian Relations and Livelihoods in Nampula Province, Mozambique', *Journal of Southern African Studies*, 24 (1): 15-140.
- Tarp, F. (1990). 'Prices in Mozambican Agriculture', *Journal of International Development*, 2 (2): 172-208.
- White, H. (1998). 'Different Types of Aid', in H. White (ed.) *Aid and Macroeconomic Performance: Theory, Empirical Evidence and Four Country Cases*, London: Macmillan: 69-108.
- World Bank (1985). *Mozambique: An Introductory Economic Survey*, Washington DC: World Bank, Report No 5610-Moz., (6 June).
- Wuyts, M. (1978). *Peasants and Rural Economy in Mozambique*, Maputo: Centre of African Studies.
- Wuyts, M. (1981). 'The Question of Mechanization in Present-day Mozambican Agriculture', *Development and Change*, 12 (1): 1-28.
- Wuyts, M. (1989). *Money and Planning for Socialist Transition: The Mozambican Experience*, Aldershot: Gower.



- Wuyts, M. (1991). 'Mozambique: Economic Management and Adjustment Policies', in D. Ghai (ed.) *The IMF and the South: The Social Impact of Crisis and Adjustment*, London: Zed Books: 215-35.
- Wuyts, M. (1996). 'Foreign Aid, Structural Adjustment, and Public Management: The Mozambican Experience', *Development and Change*, 27 (4): 717-49.
- Wuyts, M. (1998). *Informal Economy, Wage Goods and the Changing Patterns of Accumulation under Structural Adjustment: Theoretical Reflections based on the Tanzanian Experience*, African Development in a Comparative Perspective Study No. 2, Geneva: UNCTAD, (September).



*UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.*

UNU World Institute for Development Economics Research (UNU/WIDER)  
Katajanokanlaituri 6 B, 00160 Helsinki, Finland

Camera-ready typescript prepared by Janis Vehmaan-Kreula at UNU/WIDER  
Printed at UNU/WIDER, Helsinki

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University, nor by the programme/project sponsors, of any of the views expressed.

ISSN 1609-5774  
ISBN 952-455-152-7 (printed publication)  
ISBN 952-455-153-5 (internet publication)