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# **AGRICULTURAL RESTRUCTURING IN SOUTHERN AFRICA**

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## RURAL REFORMS IN MOZAMBIQUE: LESSONS FOR SOUTHERN AFRICA

P G N Jackson and D M Lyster

*If men could learn from history,  
what lessons it might teach us!  
But passion and party blind our eyes,  
and the light which experience gives  
is a lantern on the stern,  
which shines only on the waves behind us!*

Coleridge

The current move to liberate the East European and Soviet economies has dominated the attention of most Western academics and is often used to indicate a possible redirection in restructuring certain Southern African economies. In many respects, economic reform in Mozambique, or that state's intention to reform as reflected in market-related policies, has preceded that of Eastern Europe by several years.

In attempting to understand the process of change in the rural areas of Mozambique during the period of Portuguese occupation up until the Fifth Frelimo Conference (1989), the Mozambican economy has to be seen in the context of the historical policies of the Portuguese colonial administration, the strategies adopted by Frelimo prior to and after independence, the impact of the civil war, the influence of neighbouring countries, specifically South Africa, and adverse climatic conditions.

This presents a complex web of political and economic interrelationships spanning the period under review. For the purposes of this analysis, these relationships will be examined in specific periods, namely during the Portuguese occupation, up to independence, post-independence up to the Fourth Frelimo Conference (1983) and the subsequent period up to the Fifth Frelimo Conference (1989). The purpose of this paper is to understand the rationale behind various policies and strategies adopted by the various authorities in order to identify particular lessons relevant for agricultural restructuring required in countries such as South Africa and Namibia.

The agricultural sector constitutes the most important economic sector in Mozambique. It accounts for between 40 and 50 percent of GDP, employs in excess of 80 percent of the labour force, generates over 75 percent of export earnings, and provides inputs to industry and agro-industries. Mozambique, covering an area of 786 386 square kilometres with an additional 13 000 square kilometres of inland waters, is well-endowed with soil and water resources. It is estimated that 36.1 million ha of arable land is available, of which not more than 30 percent is presently cultivated.

The performance of the agricultural sector has deteriorated since independence (Table 1), due to structural weaknesses from the colonial period, natural disasters, the deteriorating security situation and inappropriate policies employed during the post-independence era. The nominal value of exports declined over the period 1980 to 1987 from US-\$300 million to approximately US-\$100 million. An overall increase in agricultural production of 6.7

percent, 5.7 percent and 6 percent was experienced in the years 1987, 1988 and 1989 respectively. With the exception of cotton and cashew nuts, which showed slight increases towards the end of this period but did still not reach their 1980 levels, all export crops (copra, tea, sisal and sugar) showed steady declines. Sugar production decreased from a high of 321 000 tons of sugar in 1972 to current levels of an average of 19 000 tons in the years 1986 to 1988. Internal marketing of food crops showed steady declines with the exception of vegetables, which responded to the freeing of prices following the recommendations of the Fourth Congress (1983).

**Table 1**  
**Marketed agricultural production 1980-1986**

	(000 tons)						
	1980	1981	1982	1983	1984	1985	1986
<b>Food crops</b>							
Maize	65.00	78.30	86.20	55.80	82.60	58.60	21.50
Rice	43.60	28.90	28.90	17.30	19.10	17.90	19.00
Sorghum	0.00	1.00	1.00	1.30	2.10	1.80	0.60
Beans	9.60	14.90	6.90	4.80	3.50	3.60	2.80
Cassava	8.80	10.90	9.50	8.50	6.90	6.40	6.00
Peanuts	6.30	5.00	1.50	0.70	2.00	2.00	0.90
Vegetables	6.40	6.80	5.60	7.90	20.00	33.90	23.90
<b>Export crops</b>							
Copra	37.10	54.40	36.60	30.70	24.80	24.00	28.60
Cashew nuts	87.60	90.10	57.00	18.10	25.30	30.40	40.10
Raw cotton	64.90	73.70	60.70	24.70	19.70	5.70	10.80
Tea (leaf)	90.20	99.20	109.70	51.10	59.80	25.00	6.40
Sisal (leaf)	298.00	233.80	139.90	122.48	136.60	78.80	22.40
Sugar	171.00	187.00	127.00	74.00	40.00	29.00	19.20
<b>Other crops</b>							
Sunflower	11.80	12.10	10.80	7.30	5.00	5.70	1.00
Sesame	0.00	0.50	0.90	0.30	0.30	0.30	0.10
Mafurra	0.00	3.80	6.40	5.70	5.30	2.60	2.20
Tobacco	1.40	0.80	0.90	0.70	0.80	0.30	0.40
Tomato (ind)	6.40	2.10	6.00	3.40	16.90	13.40	23.60
<b>Livestock</b>							
Beef	8.30	7.80	7.20	5.80	4.70	3.20	2.30
Pork	3.30	3.90	3.70	1.80	1.10	2.70	1.70
Poultry	6.40	5.70	3.40	1.50	1.50	0.60	0.50
Eggs (million)	45.90	48.00	49.70	29.60	37.80	34.70	25.20
Milk (mill l)	5.70	5.50	5.30	5.30	4.50	3.90	1.60

Source: Information Statistics, CNP

### **PORTUGUESE OCCUPATION AND THE LIBERATION STRUGGLE UP TO INDEPENDENCE (1974)**

The recent colonial period was characterised by particular policies and strategies that did little to enhance the development of local infrastructure, institutions or human resources.

These policies were adopted due to Portugal's own undeveloped state and consequent lack of capital. Briefly, Mozambique's resources were managed for outside interests: migratory labour for mines and agriculture in South Africa, Kenya, Malawi and Zaire; railway and harbour facilities mainly for the use of South Africa, Rhodesia and Malawi; and foreign (non-Portuguese) exploitation of resources in the central and northern parts of the country.

During the 1930s, deliberate attempts were made by Portugal's colonial authority to maximise extraction from its colonies. For example, in 1926 the colonies provided 1 167 tons of cotton (7% of imports); by 1946 this had increased to 96% of Portugal's imports (Munslow, 1984). This was achieved by a system of forced crop production and forced labour, which in Mozambique required each woman to grow one acre of cotton. By 1973, 51 000 tons of raw cotton were exported from Mozambique, mainly to Portugal (Galli, 1987).

Of particular importance with regard to forced crop production is the fact that, although it had largely stopped by the mid-1940s in the rest of the African colonies, it continued officially until 1961 in Mozambique and was re-introduced by the Frelimo Government in the late 1970s.

Munslow (1984) estimates that in 1970, 55 percent of total agricultural production was for subsistence, the balance being marketed evenly by plantations, settlers and peasants. Three distinct zones had emerged: a predominantly peasant economy in the north where cotton was grown for cash, plantations in the centre, and a migratory labour reserve in the south.

The supply of labour to neighbouring countries had a profound effect on the rural areas. Prior to the South African Chamber of Mines reducing the number of Mozambican labourers after independence to 40 000, there were some 115 000 employed on South African mines (Munslow, 1984). As in many parts of Southern Africa, the opportunity provided by off-farm employment had the positive effect of providing a cash income to finance agricultural activities. However, it also had the effect of denying the local economy of the male work force and consequently caused social dislocation. The net result of the latter was the creation of the typical "working peasant", social differentiation where a class of independent producers developed and further dependency on neighbouring states.

Rural settlement by Portuguese in Mozambique was largely a failure. By 1940 only 27 000 whites were settled and although this increased dramatically to 225 000 over the next 30 years, it was reduced to 20 000 soon after independence. The rural settler strategy in the latter years of Portuguese occupation has to be viewed in the context of the onset of the national liberation struggle in 1964: "The intention was primarily to intensify Portuguese settlement and control the countryside, coupled with this aim was an effort to foster a black rural intermediate stratum, a would-be bourgeoisie in order to reduce the support on which Frelimo could draw" (Hermele, 1988). By 1968, 42 settlement schemes had been established (177 000 ha - 24 for whites, 9 for Mozambicans, 9 for mixed participation).

A further specific settlement programme aimed at Mozambican peasants was also embarked upon and by 1968 only 1.5 percent of the peasantry had been settled (44 000 ha - 20 000 settlers). Associated with the settler programme and the war effort was a system of "strategic hamlets", aimed at reducing Frelimo's access to food and supplies. According to Hermele (1988) this programme involved some 600 villages and 700 000 people, "dwarfing the other, softer colonial responses to contain the liberation movement".

A small cooperative movement was also initiated by the colonial administration, but

floundered largely due to conflict of commercial interests between the local Portuguese traders and the middle class peasants whom the movement was supposed to support.

Although independence was attained in 1974, Frelimo had effectively been administering the liberated northern province for several years prior to this. During this time they were able to develop certain agricultural models that served the interests of the war, namely that of increasing food supply and mobilising rural inhabitants. These further served as models for the post-independence strategies. It was these very models, involving various types of collectivisation and forced labour, that caused a major leadership struggle, resulting in the assassination of Frelimo's first president, Eduardo Mondlane, in 1969. Central to the crisis was the issue of private ownership of land, the right to trade and hire labour expressed by the peasantry, versus the more doctrinaire policies of the Frelimo elite.

### **CONTRADICTIONS DURING THE PRE-INDEPENDENCE PERIOD**

Despite Portugal's attempts in the sixties to change its earlier mercantile policies, severe contradictions existed in the agricultural sector. The attempt to create a middle class of Mozambican settlers on large projects resulted in the further marginalisation of existing peasants. A policy to integrate local Mozambicans into the economy existed, but was severely hampered by discriminatory marketing arrangements, adverse pricing policies for inputs and products, and limited management support.

"In sum then, the colonial administration, entangled in its contradiction, undertook steps to foster rural class differentiation, while remaining utterly confined by its military considerations and by the impossibility to look beyond the individual interests of Portuguese settlers and traders" (Hermele, 1988).

The early models adopted by Frelimo during this period suffered from similar contradictions. The interests of the liberation struggle clearly conflicted with those of the traditional leaders and rural peasants on which Frelimo had relied for support. This was ultimately one of the factors that led to the downfall of post-independence restructuring. In many respects, neither the colonial administration nor Frelimo had managed to enter into sustainable alliances with the peasant sector.

### **INDEPENDENCE UP UNTIL THE FOURTH FRELIMO CONFERENCE (1974-1983)**

Despite the substantial experience gained by Frelimo prior to independence, it appears as if Frelimo, strengthened by the capitulation of colonial rule, failed to understand and appreciate the economic and social relations that developed during this period. This especially involves the participation of the middle peasantry and traditional leaders in the broad-based liberation struggle. The basis of their participation appears to have been to re-establish their own economic base lost during colonial rule. They did not necessarily share the ideological drive of the Frelimo leadership to transform the relations of production along socialist lines. The conversion of the "front" Frelimo into the vanguard Marxist "party" Frelimo in 1977 alienated the peasantry further, denying them access to the land which they had expected to receive throughout the liberation struggle. The Third Congress of 1977 officially sanctioned State Farm Agriculture as the dominant and decisive sector, and between the Third and Fourth Congress (1977 to 1983), over 90 percent of all state agricultural investments were allocated to this sector (Roesch, 1988).

Despite opposition from traditional leaders, the government embarked on its ambitious programme, characterised by the creation of communal villages, state farms, producer

cooperatives and the introduction of large-scale mechanisation. Notwithstanding the newly formed state's intentions of restructuring the agricultural sector along socialist lines, the rapid decline in the settler population (225 000 in 1970 to 20 000 in 1975), and the reality of abandoned estates and agro-industrial enterprises presented the administration with management problems beyond its capacity. Furthermore, there was a dependency on the farms to supply adequate food for the urban population.

In the context of the above, Frelimo chose to ignore the potential contribution of the peasants and invested US-\$50 million in mechanisation during 1977-81, importing 3 000 tractors and 300 combine harvesters. A practical consequence of the rapid decline in settler population was the complete breakdown of the marketing and distribution system. Of critical importance was the lack of appreciation by Frelimo of the backward and forward linkages with regard to the supply of agricultural inputs and products. By 1981, 35 000 ha had been consolidated, consuming almost the entire agricultural budget, producing 50 percent of marketed output and 25 percent of total output. The large agro-industrial irrigation complexes such as the Limpopo complex (16 000 ha) continued to incur large losses, e.g. an accumulated loss of US-\$10 million in 1983 (Galli, 1987).

The communal villages were equally unsuccessful, although less of a drain on the resources. Only 18 percent of the population had been reached, while 230 out of the 1 300 communal villages had organised cooperatives, 60 percent of which were situated in the northern provinces and therefore likely to have been established prior to independence (Ottoway, 1988). Between 1977 and 1981, only 2 percent of the total investment in the agricultural sector was invested in cooperatives and the provision of backup services was weak (Munslow, 1984).

The state's inability to re-establish local markets in consumer goods, which were necessary to provide peasants with incentives to participate in wage labour on state farms, further contributed to the decline and induced peasants to cultivate their own subsistence plots. This resulted in conflicts between the demands of the state and local producers (Roesch, 1988). The decline in agricultural production in the post-independence period can largely be attributed to the following:-

- policies that failed to address the expectations of the peasants who had supported Frelimo;
  - strategies that were impractical given the realities of the newly independent state and its limited financial and institutional capacity (weak state hypothesis);
  - a series of unforeseen physical disasters like floods (1977) and drought (1981);
  - escalation in the civil war brought about by Rhodesian and South African interests and also by the marginalisation of large numbers of Mozambicans by Frelimo's own policies;
  - planning did not address the linkages between wage incentives, consumer goods, subsistence and peasant production;
  - the inability of Frelimo to successfully build alliances with peasants, traders and other commercial sectors; and
  - the closing of the border with Rhodesia in solidarity with the Zimbabwean Nationalists.
- This had large costs in terms of trade and traffic to Beira.

Whilst it is difficult to separate the individual effects of the above events, we could speculate that Frelimo's basic mistrust of the peasant sector, their inability to strike a compromise with existing producers and their continued failure to grasp the dynamics of rural household production, led to the ultimate change in policies in the years leading up to the Fourth Frelimo Conference of 1983. The peasants thus remained "un-captured".



### **THE ECONOMIC REFORMS OF THE FOURTH FRELIMO CONGRESS (1983)**

Events leading up to the Fourth Congress indicate that Mozambique could not be considered the Marxist/Leninist state it wanted to be. The reforms of the Fourth Congress were to lay the foundations for a series of reforms lasting the rest of the decade. These reforms arose out of necessity and not from a desire to change political ideology. With very little opposition from the people of Mozambique, the reforms signalled a retraction from the socialist policies of the earlier congresses to more market-related approaches.

Agricultural reforms called for the halt to the expansion of the state farm sector. Existing infrastructure and state structures were emphasised to provide support to the cooperative, family and private sectors. The rehabilitation of the existing industrial and transport infrastructure was given top priority. According to Roesch (1988), the reforms centred firstly on a clear recognition of the importance of the family and private sectors; secondly, scarce government investments were targeted to regions where economic, security and climatic conditions were most conducive to positive results; and thirdly, state resources were pragmatically rather than ideologically allocated to the most efficient producers. The past investment policy to promote socialisation of rural areas was changed to the simple policy of increasing marketed agricultural production. In an endeavour to stimulate family and private sector production, a liberalisation of commercial activities was introduced. A freeing of prices for some products and sharp price increases for those products still under state control took place, however, without a concomitant increase in the supply of consumer goods. Some of the state farms were dismantled and returned to the private and family sectors.

Ottoway, in her paper aptly entitled: "Mozambique: From symbolic socialism to symbolic reform" (1988), argues that the inability of the Frelimo government to implement socialist policies was mirrored by its inability to successfully introduce market-related reforms. In the years 1984 to 1986, the reforms were not enough to arrest the economic decline. The main reasons for this were that, although the state sector had reduced its production activities, it was not dismantled to any great extent. Secondly, the state and industrial sectors did not have sufficient resources to provide incentives and inputs to family and private sector producers. Furthermore, Renamo activity continued to disrupt social and production activities.

The government's initial response to declining production was to expand credit, which caused acute financial disequilibria resulting in increases in the money supply and the elimination of a net foreign asset position and an annual increase in the consumer price index, taking account of both the official and the parallel market (black market) of 25 percent for the years 1984 to 1986. This exacerbated the declining terms of trade for the family sector, rendering goods and inputs that were available outside the purchasing ability of rural inhabitants (The Economic Intelligence Unit, 1990).

Whilst the economic reforms, which arose from necessity rather than political ideology, initially came from within the country, support was received from the World Bank, the International Monetary Fund (IMF), and the USA at the beginning of September 1984, when Mozambique entered the IMF. The USA provided some US-\$10 million after the signing of the Nkomati Accord in March 1984, provided it was channelled exclusively to the private sector. The Nkomati Accord of "non-aggression and good neighbourliness" with South Africa gave Frelimo a degree of credibility, sufficient to get the USA to try out President Reagan's "Constructive Engagement" policy (Hermele, 1988). This provided a basis upon

which Mozambique could become a member of the IMF, giving it access to Western financial assistance. The acknowledgement of the so-called Berlin Clause, whereby West Berlin constituted part of the Federal Republic of Germany, opened the door for German and EEC funds and made Mozambique part of the Lomé convention which allowed preferential access of Mozambique's exports on the Common Market. Thus the Nkomati Accord was essential in terms of expanding alliances with the Western World. Being a member of the IMF was essential in the renegotiation of loans at the London and Paris club meetings (Hermele, 1988). This meant that Frelimo had to agree to favour the private sector over the state sector.

Both the World Bank and the IMF exerted pressure on the government to allow prices to rise as an incentive to producers and by 1987, price controls had been lifted on all products except those that were considered to be of strategic dietary importance, although even these prices were increased substantially (Roesch, 1988). Thus the parallel market was legitimised to a greater degree giving the government greater control over agricultural production.

Whilst the impact of these reforms were positive, they were limited. Many of the problems experienced by the state farm sector were overcome. Technical and organisational problems still undermined performance and official wages paid were significantly less than those paid by the private sector. Spiralling prices resulting in the decreasing purchasing power of wages gave rise to many problems such as low productivity, poor discipline, absenteeism, etc. The cooperative sector continued to decline steadily in membership with the vast majority of members being old women. This is consistent with the farm household theory model (Low, 1986), in which rural households allocate resources to activities of highest marginal return. The family sector had been allocated more land on rehabilitated irrigation schemes and old state farms. Difficulties arising from the institutionally complex structures required large numbers of independent units to operate in a coordinated fashion, while the financing and delivery of basic inputs such as seed, fertiliser and implements were a problem.

State policy during this period, namely to allocate supporting services and capital to sectors yielding the highest return (private and commercial sectors), increased the marginalisation of the family sector and caused further rural differentiation. The absence of a cash economy and available consumer goods also decreased incentives to produce cash crops. The private sector, which until 1983 had been completely ignored by Frelimo, was the principal beneficiary of the reforms. However, the lack of inputs, the perpetuation of the parallel market and the obligation to produce cereal crops and sell 60 percent to the government at official prices restricted its overall contribution to output (Roesch, 1988).

### **THE ECONOMIC REHABILITATION PROGRAMME OF 1987 UP TO THE FIFTH FRELIMO CONGRESS (1989)**

The Mozambican government embarked on an IMF/World Bank structural reform programme in 1987. The Economic Rehabilitation Programme (ERP) announced by the Government in January of 1987 clearly points to the imposition of an IMF package as a condition for new lines of credit. This programme emphasised fiscal responsibility, price increases of consumer goods, devaluation of the currency and specific support for family producers as a priority. It aimed at encouraging market-related agricultural production by shifting the terms of trade between the urban and rural areas in favour of rural producers.

Emphasis was placed on the rehabilitation of industry producing inputs and trade goods for the agricultural sector, emphasising backward linkages. Another aim was to reduce financial imbalances, seeking to undermine the parallel market, give value to currency as a measure and store of wealth and reduce administrative impediments for effective and profitable management of productive enterprises (The Economic Intelligence Unit, 1990). The government indicated that there would be drastic changes in exchange rate, budgetary, credit, monetary, pricing and wage policies. Subsidies on food items were progressively reduced, credit was more rigorously controlled and wage increases were made dependent on increases in productivity. It is significant to note that, despite the state policies and intentions, Prime Minister Mario Machungo, commenting on recent strike action, pointed out that labour productivity had decreased to one sixth of its pre-independence levels (The Economic Intelligence Unit, 1990).

The implementation of the ERP seems to have arrested the economic decline with modest positive growth in gross social product of 3 percent and 4.5 percent in 1987 and 1988 respectively (The Economic Intelligence Unit, 1990). Similar positive growth was predicted for 1989. However, the benefits have not been evenly spread and employment for urban consumers and targeted subsidies for the very poor have only to a degree offset these imbalances. In agriculture, overall production increased by 6.9 percent and 5.7 percent in 1987 and 1988 respectively. However, some crops such as tea and copra have continued to decline. Even with the 15.8 percent increase in the country's marketed agricultural output, Mozambique produced only 10 percent of its maize requirements, leaving a country that is well-endowed with natural and agricultural resources highly dependent on food aid.

Despite widespread protest and strikes, it seems that economic reforms will continue. The Frelimo Government has no choice. The gap between the nominal value of imports and exports is increasing and is predicted to be in excess of one billion US-\$ in 1990, making Mozambique reliant on foreign aid to an equivalent value (The Economic Intelligence Unit, 1990).

The Fifth Frelimo Congress reinforced the economic reform theme of the previous Congress. The practical implications are evident from the views expressed by senior Mozambican officials during a recent conference on investment and business opportunities in Mozambique held in Sandton, Johannesburg in 1990. There it was indicated that the Mozambican government intends moving further away from Marxist/Leninist doctrine, creating an environment conducive to foreign investment and broader support for the rural areas. This is hardly surprising, given recent developments in Eastern Europe and the Soviet Union.

Most economic reforms during the period under review have taken place without the Frelimo government renouncing the socialist development strategy that failed. There is a strong impression that economic reforms were adopted as the only method of sourcing foreign aid, and not because they were ideologically preferable. The inability of the Mozambican government to implement firstly a socialist and secondly a market-orientated economy is apparent to the extent that one wonders whether either is appropriate under the circumstances. Exogenous factors such as the civil war supported by South African interests contributed to the economic decline. However, an objective assessment of the post-independence economic programme indicates a paradigm shift in the analysis - "the emphasis used to be placed on Pretoria's policies and actions, whereas the main focus is now on why Frelimo's agrarian policies went so disastrously wrong" (Clarence-Smith, 1989).

It follows that social and political reforms in South Africa may make a less than expected contribution to the economic development of Mozambique. Even if the civil war in Mozambique ended, it is doubtful whether the assumption of the vast and untapped entrepreneurial spirit, upon which the ERP and other aid packages are based, will be a sufficient condition to ensure Mozambique's self-sustainability in the medium or long term.

### LESSONS OF EXPERIENCE FOR SOUTHERN AFRICA

In the context of the changing economic and political environment in Southern Africa, it would be useful to reflect on the recent development initiatives in Mozambique and to identify some lessons from experience:-

- Maximising limited resources - In most Southern African countries finance and management expertise/capacity is likely to be the most limiting resources. Policies and strategies should be developed whereby the economic development impact per unit cost is maximised. Examples of these include broad-based farmer support and community support programmes.
- Rural:urban bias - Most rural households in Southern Africa follow the "portfolio" approach to income generation. Given the declining opportunity costs of formal wage employment, policies and strategies should not adversely affect rural households. Farmer support and pricing policies should be developed in the context of changing income elasticities of demand, increasing unemployment and market price trends.
- Institutional arrangements - In both Namibia and South Africa there is bound to be a high expectation and demand for land reform. Removal of restrictive legislation is a necessary condition to achieve restructuring of the agricultural sector. However, comprehensive institutional and organisational development in support of peasant agriculture is required to satisfy equity and efficiency considerations.

The role of the state in the latter needs careful consideration. There is no justification for the state's involvement in production activities, and the state should play a facilitating role in supporting change during the anticipated prolonged transformation period. The state has a "strong" role to play in achieving "security of expectations" for all agricultural stakeholders and bringing about structural reform in the agricultural sector.

In conclusion, perhaps the most significant lesson to be learnt from the Mozambican experience is the importance of understanding the social and economic dynamics of the countryside. Policies and strategies that ignore the changing power and economic relationships are doomed to fail - there appears to be many examples of these from which we consistently refuse to learn!

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**Note:** It is not the intention of the authors to provide answers to even the most basic of the problems facing Mozambique. However, based on the above, various lessons of experience can be identified which could be of relevance to Southern African, Namibia and South Africa in particular. The concept of relative scarcity of resources is important. The identification of limiting and costly resources is very important in the consideration of a development strategy. The trade-offs between intensive use of limiting resources and the achievement of goals dictated by political ideology need to be evaluated as a departure point.

Namibia and South Africa, like most developing countries, are likely to find expertise, managerial capacity and capital to be limiting resources in programmes of social upliftment of rural populations. Programmes designed to have a high development impact per unit cost of limiting resources need to be implemented. Broad-based farmer support and community support programmes which do not exclude significant parts of rural populations could be examples of these.

Practically implemented strategies need to take account of rural household make-up and dynamics. Rural households in Southern Africa seem to follow a portfolio approach to income generation (whether cash or commodity). Environments in which the rural/urban terms of trade do not discriminate against the family sector and agricultural production should be supported. Thus, the common mistake of depressing prices in favour of urban consumers should be guarded against, especially in the light of commonly low price and income elasticities of demand for staple agricultural foodstuffs. Official pricing policies are usually cumbersome, slow to change and cannot take account of the changes occurring in an economy. The importance of the agricultural sector in the provision of employment, agricultural and production opportunities through forward and backward linkages, high price and income elasticities of demand for high-value foodstuffs, clothing and other consumer goods in rural areas, should also not be underestimated.

Low elasticities of supply experienced in rural areas highlight the need for mobility of and access to production resources, especially land, by rural people. Where land is a relatively abundant resource, mechanisms and an institutional structure to promote and ensure transferable rights to land either through a rental or land market, becomes secure and important if the increased efficiency of agricultural production is to take place and allow the full benefit of this process to filter through the economy via linkage and multiplier effects. The trade-offs associated with the inclusion of equity considerations need to be determined clearly.

A state institutional framework appropriate for the implementation of the development strategies while allowing for popular support, appears critical to development. State involvement in primarily production activities appears unnecessary, unless development is measured in physical production. It seems that the state should be institutionally structured for broad-based support of economic activity while at the same time being sufficiently powerful to ensure broad-based participation in benefits from economic development. Economic discipline in the support of private and family sector initiative in

order to obtain security of expectation is important.

Finally, the public sector need to forge alliance with all groups in society. In respect of economic development and growth, a balance between the various actors needs to be achieved. More specifically, too much emphasis on big business (multi-national corporations) at the expense of the broader population will lead to unsustainable imbalances, and vice versa. These considerations should be clearly understood and used to the benefit of the local people.