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Making ends meet in Maputo

By Antonio Gumende

They're known as illegal traders. But in war-torn and starving Mozambique, they're the new source of hope.

MAPUTO: "Maputo is getting back its African face." This is how some people describe the invasion of the streets of the Mozambican capital by hundreds of illegal – but officially tolerated – traders. But the casual observer who has just arrived and may not know about how the people feel about life could possibly be misled by the apparent abundance of goods inside and outside the shops.

The multitude of traders, mostly women, children of between nine and 16 and handicapped people, who are currently selling a large variety of goods in the open air, ranging from foodstuffs and cigarettes to household utensils and clothing, are quite a new phenomenon. They arise from the hardships being felt by many urban people as a result of the government's Economic Recovery Programme (PRE, to use its Portuguese acronym), which was brought in with the support of the World Bank and the International Monetary Fund (IMF) in an attempt to rescue Mozambique from years of disastrous economic decline.

The proliferation throughout the country of these *dumba nengues* ("Trust Your Feet", or "Take to Your Heels"), as the illegal trading centres are known, and the type of people involved in the business, are clear indications of the real objective of this activity: to complement the meagre incomes of the waged members of families in the urban areas.

The hardships faced by most Mozambicans as a result of the war waged by the MNR bandits and general economic disruption, now brought to a head by the PRE, are clearly spelled out in a recent report by an independent economic mission. About two-thirds of the people have a living standard below the poverty level, with an average income of less than 7,000 meticais (about US$10) per month. This figure is for the whole country and includes large numbers of rural dwellers who have been made utterly destitute by the war.

The price hikes which came into effect with the continuous devaluation of the local currency, the metical, from 40 per US dollar in 1986 to 682 at present make it virtually impossible for the poorest people in towns to buy the essential foodstuffs made available through the food rationing system still in force – which itself covers less than 65 per cent of average minimal needs for a month.

The prices of essential goods such as rice, maize, edible oils, bread, soap and sugar have gone up by between 500 and 1,000 per cent in two years. There have been two wage hikes of 50 per cent and one of 15 per cent, together with a flat rate increase of 4,500 meticais (less than US$7) to compensate for the elimination in 1988 of most food subsidies. The minimum wage rose considerably more. Nonetheless, for an industrial worker it is currently only 16,000 meticais (US$23.5) a month – and not all companies are obeying the minimum wage legislation.

To mention a few examples, a kilo of rice rose from 50 to 271 meticais, a kilo of sugar from 45 to 311 meticais, and a litre of oil from 58 to 1,000 meticais. These increases applied to all spheres of life, from goods to social services, and were clearly dictated, above all, by the heavy devaluations. At the same time many subsidies, both on services and goods, were abolished, as prescribed by the IMF-backed PRE regime.

The lifting of subsidies on essential foods was only implemented in April 1988. Before that it had been postponed several times. The measure was launched at public meetings in communities and workplaces at which several top government officials tried to explain the reasons behind the decision. At one of these meetings, where the prime minister, Mr. Mario Machungo, himself tried to explain the philosophy behind the PRE, workers complained that their meagre salaries could not cope with the already extremely high cost of living. Mr. Alberto Mondlane, one of the workers at the meeting, said that with his salary of 12,500 meticais, the minimum industrial wage at the time, he was not able to feed his family of seven.

A survey carried out by the nutrition department of the ministry of health showed that the food basket provided through the ration system absorbs 62 per cent of the minimum wage for a family of three and 104 per cent for a family of five. It seems that about half the food allocated by the ration system is left unsold in the shops because of the low purchasing power of the poorer townspeople. Other expenses, such as rent, electricity and water, absorb more than 50 per cent of the minimum wage, while education is believed to take between nine and 25 per cent.

This has obviously led to a resurgence of class differentiation, especially in urban areas – something the Felimo government has been trying to avoid since independence. Now, however, it seems to accept this as a necessary way of promoting productivity growth.

A World Bank report says that the salary which would meet the minimum needs of a family of five is about 30,000 meticais a month. The government says the average salary is currently between 20,000 and 22,000 meticais a month.

Meanwhile, as urban dwellers suffer painful experiences with the PRE measures biting hard, rural people may be even worse hit. In some regions the PRE may only have worsened difficulties brought about by the war, in which the peasants are the victims. Mr. Herman Gebauer, an EEC expert working with the department of food security in the Mozambican ministry of trade, uses the example of a rural shop which is full of dried fish while the local people are eating locusts because they can't afford to buy the fish.' At a meeting to evaluate the emergency situation, Mr. Gebauer said grimly that "products stay unsold in the rural shops until the bandits come to take them away".

The government, in its attempt to raise agricultural productivity, has increased the producer price of some crops by almost ten times and has limited the price controls on others. But because of the security situation, the effects of these incentives have still to be felt. With most of rural Mozambique affected by MNR activity, it is almost impossible to produce a surplus to feed the towns. In many cases it is very hard for a peasant family to produce enough for its own subsistence. Cash crop production is also severely affected. The number of people whose lives are disrupted by the destabilisation war is around five million. The government plans to launch its third appeal for emergency assistance in April. Last time it got pledges of some US$280 million out of the US$330 million it asked for.

Of the five million-odd people affected, and excluding refugees who have left Mozambique, perhaps 1.7 million are living as "deslocados" (displaced). These are people who have fled their homes to seek refuge around the major towns. For these people, and even for those living in the big cities, it is not possible to predict when they will regain the economic stability to allow them to cope with the new dynamics brought about by PRE, which has struck even at what the government used to consider the "sacred" sector – education and health.

In the health sector, the 100 meticais (US14.7 cents) now being paid for a medical consultation (7.5 meticais before PRE) may still sound a nominal or symbolic charge. But when it comes to the cost of drugs the position is different. Before PRE, the price to be paid for medicines was calculated on the basis of a person's wage, taking account of the number of his dependents. Hospitalisation and treatment, including the cost of operations, were free. Now, people have to pay the economic costs of drugs and for their stay in hospital. Whatever else, this clearly puts in jeopardy Frelimo's long-proclaimed slogan of health as a right of every Mozambican citizen.

A recent joint study by the Mozambican government and UNICEF acknowledges that these new measures are contributing to a decline in the number of people going to hospital in both the rural and urban areas. The government is now considering a system of targeted subsidies for drugs specially directed to the most vulnerable sections of the people. The same study put the cost to parents of sending a child to school at 2,000 meticais (just under US$3) a year, and given the low incomes and the fact that the average Mozambican family has five children, their chances of educating them all are clearly endangered.

This grim picture of poverty is inducing the government to try to find ways of alleviating the suffering of the most vulnerable before the situation threatens the already eroded social stability. The World Bank itself recognised in a recent report that "the PRE is subject to the political risks inherent in such a major policy initiative including the danger of increasing opposition from the general public". (Mr. Gorbachev may well be feeling the same about *perestroika.)*

Prime Minister Machungo, a main architect of PRE, says it is a "painful experience" Mozambicans have to pass through to ensure a better life in the future. Some Mozambicans will now be wondering how long they will have to wait for that better life. For them, macro-economic growth may seem irrelevant while their own living standards are so poor. The question is: has anyone got a less harsh way of removing the fundamental causes of poverty? It is hard to see how it can be done while the destabilisation war continues. □