

# COLONIAL DEPENDENCE AND REGIONAL INTEGRATION

by

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The majority of those few authors who have written on the recent history of Mozambique tend to overestimate the impact of fascism and to 'forget' all the main characteristics arising from the colony's integration into the broader region of Southern Africa. Generally the error lies in attempting to analyse policies before, or instead of, making a prior study of colonial society in terms of capitalist domination, the forms this takes and the mechanisms which ensure its reproduction.

The present article seeks to draw attention to the centrality of Mozambique's dependent integration within the regional Southern African economy, and to the limited impact of Portuguese fascism in changing the basic socio-economic structure of this regional dependence.

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By the middle of the 19th century, when the world capitalist system was beginning its transition to the imperialist phase, Portugal was still taking its initial steps towards capitalist development.

It was only at this late stage that industry began to develop. Armando de Castro, in his work 'A revolução Industrial em Portugal no Séc. XIX' notes that 'in 1852, according to the industrial survey of that year, 70 steam engines were in existence', an indicator of 'very weak industrial development'. Furthermore, the process of eliminating feudal constraints to the emergence of capitalist production continued throughout the whole of the 19th century.

The inability of Portugal to implement an effective process of primitive accumulation during the phase of merchant capital was part of the reason for the weakness of Portuguese industrialisation. This arose as the result of a number of factors, among which should be highlighted the country's enormous dependence on England, to which the fruits of Portugal's colonial pillage were constantly drained away. In the case of Mozambique there was also the effect of Indian merchant capital which, until late on, was in competition with Portuguese interests.

### **SERVING ACCUMULATION IN SOUTH AFRICA**

The situation in Portugal around 1860 was described by Charles Vogel as follows: 'Throughout Portugal, with the exception of Oporto, ... banking, commerce, manufacturing and all industrial enterprises of any magnitude are almost exclusively in the hands of foreigners ... The richest and most influential are the English, who hold the greater part of capital invested in the major exploitation of the country and are the main creditors of Portuguese indebtedness.'

The difference, in terms of economic development, between Portugal and other European countries which had already reached the stage of monopoly capitalism, was to have a marked effect on Portuguese colonial administration. In Mozambique it was the base from which some of the structural deformities of the economy were established and consolidated.

With scarcely any capital to invest in the colonies, Portugal was incapable of carrying out their systematic exploitation. Unable to compete with the more advanced forces of international capital, Portugal took on a secondary role in the exploitation of the colonies' human and natural resources. It was relegated to the role of a subordinate 'tenant' for the interests of foreign capital.

It is within this framework that we must place the large-scale penetration of non-Portuguese foreign capital towards the end of the last and the beginning of this century. This process occurred through the influential Companies of Mozambique and Niassa (with almost total sovereignty over huge concession areas), or through other important companies such as those of Zambezi, Madal and Boror.

South of the Save, the most important stretch of territory which remained under the direct administration of the Portuguese state, was also subordinated to interests foreign to Portugal. From very early on the area was transformed into a huge reserve of cheap labour, particularly for the Transvaal mines.<sup>1</sup>

The export of labour from the south of Mozambique to South Africa dates from the beginning of the second half of the 19th century, at which point control of Portuguese authorities over the territory did not extend beyond a fairly narrow coastal area. In 1897 the first agreement was made between Portugal and the Transvaal to regulate the recruitment of migrant workers in Mozambique. This institutionalised the extraordinary increase in the flow of labour power from the south of the Save to the mines in South Africa. Organising and administering this system became the dominant activity of the Portuguese colonial administration in the region and labour export became a basic characteristic of the Mozambican economy.

It was at the end of the 19th century that construction began of the major railway lines and the principal ports. In 1895 the line between Lourenço Marques and the Transvaal was inaugurated, construction having begun eight years earlier. The link from Beira to Southern Rhodesia — undertaken by the Portuguese Government for England under the treaty of 1891 — became a reality in 1897 with the completion of a narrow gauge line, and in 1900 with the completion of a wide gauge line. Finally the Trans-Zambezi line, intended to carry traffic for Nyassaland was begun in 1884 and opened in 1922, although a continuous link was not established until 1933 with the building of a bridge over the Zambezi.

This infrastructure was principally and almost exclusively to move merchandise to and from the territories bordering on Mozambique. For example, from the annual reports of the railways and the credit institution in Mozambique we note:

— In 1908 Lourenço Marques-Ressano Garcia line's total revenue was 1,174,538 escudos with 9.8 per cent (115,368 escudos) accruing from local traffic and 90.2 per cent (1,059,169 escudos) from transit traffic;

1. Although the majority of the migrant workers from the south of Mozambique were contracted for the Transvaal mines, there are also a considerable number absorbed in other sectors, especially agriculture. Over time there has been a tendency for the percentage of workers engaged in non-mining sectors to drop, but in 1971, according to official South African sources, they still constituted about 24 per cent of the total.

— In 1926-27 the CFLM network yielded total receipts of £297,427, of which £ 30,688 (10 per cent) accrued from internal traffic and £ 266,739 (89.7 per cent) from transit traffic;

— In 1973 the share of receipts from the entire railway network of the territory was 165,000 contos (11 per cent) from Mozambican traffic, 339,000 contos (23 per cent) from South African traffic, 833,000 contos (57 per cent) from Rhodesian traffic, 85,000 contos (6 per cent) from Swaziland traffic, and 47,00 (3 per cent) from Malawi traffic.

In the same year, of the Lourenço Marques traffic, 86 per cent was foreign and only 14 per cent national. The same situation is reflected in the ports where in 1973 4,630,000 tons (25 per cent) of the goods were Mozambican and 13,860,000 (75 per cent) goods in transit.

With regard to the export of labour from the first years of this century to 1974, the average annual percentage of Mozambican workers in South African mines in relation to the total active population south of the Save ranged from 25 to 30 per cent. This shows the significance and the extent of a phenomenon which had and still has profound implications for the country's development.

The colonial state also drew only indirect benefits from the process. The bulk of this extract of surplus value from Mozambican labour power went to fuel capitalist accumulation in South Africa. On the other hand the cost of reproducing this migrant labour power fell for the most part directly on the peasant base in Mozambique.

In summary: the penetration of non-Portuguese foreign capital with great room for manoeuvre in relation to the colonial power; exclusive export of labour; a rail and port network essentially servicing the exterior — these were the principal structural characteristics of the colonial economy of Mozambique. They persisted and were extended throughout the colonial period, just as the backward character of Portuguese capitalism persisted. They resulted in the far reaching integration and dependence of Mozambique within the southern African complex, and especially its principal centre of capitalist accumulation, South Africa. It is this integration which was the feature of the colony's dependence.

It is within this context that we can understand how, even after independence, it would be more difficult to break the ties of regional dependence than those which linked Mozambique and Portugal.

Portuguese colonial exploitation was strongly dependent on the control and exercise of political power. Certain traits of Portuguese colonialism, commonly described as 'anachronisms', such as the use of a system of forced labour and compulsory crops until the 1960s, are no more than the result of the backward character of Portuguese capitalism and colonialism. They can only be properly understood in terms of a broader dynamic which goes beyond the simple colonial relationship to include an analysis at the level of **regional capitalist reproduction**.

With these basic points about the activity of Portuguese colonialism in Mozambique having been demonstrated, let us comment, albeit briefly, on the impact of fascism on the colony.

The installation of the new political order is generally regarded as a landmark in the periodisation of Mozambique. The 'New State', implanted in Portugal in the aftermath of the coup of 28 May 1926, was, like all other fascist regimes, characterised by a strong dose of nationalism. In the 'Overseas Empire', this had its legal expression in the **Colonial Act** incorporated in the Portuguese Constitution in 1933. This defined a new colonial policy from 1930 onwards, but its auguration did not in fact introduce structural changes in Mozambique's political economy.

One of the characteristics of colonial policy most frequently referred to by analysts of colonial policy in Mozambique is the 'denationalisation' of the territory as shown by its continued subordination at all levels to non-Portuguese interests. A change in this situation would have to involve the 'substitution' of non-Portuguese foreign capital by Portuguese capital. But this in fact came only quite a while later, during and after the Second World War. It was only then that one saw a significant process of industrial development and accelerated concentration of capital which led to the formation of Portuguese monopolist groups. But even the latter, generally speaking, only began to play a significant part in the colonies in the 1950s. In this regard, and despite the absence of a study on the penetration of Portuguese monopoly capital in the colonies, we are able to suggest that two principal moments stand out. The first was in the second half of the 1950s and the first half of the 1960s. The second was a consolidation phase from 1965, notably the establishment and expansion of a banking network linked to large Portuguese monopolist groups.

We take for example the main enterprises in the Espírito Santo group:

— **Companhia dos Algodões de Moçambique:** This enterprise, with a registered capital of 50,000 contos in 1946, expanded to 100,000 contos in 1954 and to 150,000 contos in 1960;

— **Sociedade Agrícola de Incomáti:** Founded in 1952 with a registered capital of 60,000 contos, which increased to 70,000 contos in 1953 and to 90,000 contos in 1954, remaining at this level up to 1977;

— **Companhia de Seguros Tranquilidade de Moçambique:** Founded in 1956, with a registered capital of 20,000 contos.

If on the one hand the policy of the fascist state until the 1960s was to restrict the entry of foreign capital, either in the colonies or in the metropole itself, there was on the other hand no significant export of Portuguese capital, at least until the second half of the 1950s. But even more important, the elimination of the privileges of the large companies in Mozambique and the consequent passage of their domains under the direct administration by the Portuguese state<sup>2</sup> in no way meant the suppression of their huge economic interests. The other large non-chartered companies were also affected, and maintained and developed their activities to such an extent that they emerged in the 1970s among the most important enterprises in Mozambique. For example, out of and around Companhia de Moçambique the Entrepósito group was founded controlling more than 20 large-scale enterprises. Among these, Entrepósito Comercial de Moçambique, in a list of the 100 leading companies in the country (1970), published in the October number of the **Economia de Moçambique** review, takes sixth place in terms of turnover and first place in profits earned. In the same list Companhia do Boror is in the tenth place for turnover and ninth for profits, and Sociedade Agrícola do Madal is in 18th place for turnover.

## MIGRANT LABOUR SOUTH OF THE SAVE

Let us now turn our attention to another point of primordial significance because it is directly concerned with labour, the sole creative source of value. This is the question of the migration of labour from south of the Save, which attracted much attention from the colonial bourgeoisie and was the butt of enormous controversy, par-

2. The territories of the Companhia do Niassa came under the direct control of the Portuguese State in 1929 and those of Companhia de Moçambique in 1942.

ticularly at the end of the 1920's and the beginning of the next decade, which coincided exactly with the start of the fascist period. The issue affected all the employers in the region, particularly the settler landowners, the plantation holders and others.

The hopes placed by this sector of the colonial bourgeoisie in the new Portuguese political authorities were soon dashed. As Eduardo Saldanha observes in his 1931 work, **Moçambique perante Genebra**<sup>3</sup>: 'With the appointment to the Ministry for the Colonies of Dr António de Oliveira Salazar, I had some hope that they would return there to the patriotic policy pursued by the late Minister João Belo, and to enlighten the Government over the very serious problem of native labour in Mozambique ... I wrote the account which can be found from page 310 (Forced labour south of the Save): **but however I was soon convinced that, for one reason or another, there would be no better luck with this.**' (emphasis added).

The penetration into Mozambique of WENELA (the Witwatersrand Native Labour Association), created by South African mining capital for the purpose of carrying out the recruitment of black workers for the affiliates of the Chamber of Mines, was another aspect. The links that WENELA formed with some sectors of the settlers in Mozambique, notably public servants, led to widespread corruption, vehemently denounced by another author of the period, Américo Chaves de Almeida in **O Problema da África oriental Portuguesa**:

**'so in Johannesburg, as curator<sup>4</sup>, there is an official who is a brother of one of the partners in the firm Breyner & Wirth Ltd.<sup>5</sup>, the company which has the exclusive right to supply native labour for the Rand. The curator in Johannesburg is thus charged with watching over and defending the interests of the natives who Breyner & Wirth Ltd. supply, and the interests of the former are in conflict with those of the latter.**

**On the other hand, as secretary of native affairs in Lourenço Marques there is an official, a brother of Sr. José Cabral<sup>6</sup>, who has**

3. This author had earlier written **O Sul do Save** (1928), whose distribution was prevented by the Government of the dictatorship, according to them on the grounds that the book would upset Britain.
4. The curatorship for Natives in South Africa was established in 1897 to deal with the affairs of Mozambican workers in Transvaal and elsewhere.
5. Breyner & Wirth Ltd. was the company representing WENELA in Mozambique.
6. José Cabral was Governor-General of Mozambique from 1926 to 1938.

**already been employed by WNLA company in the recruitment of natives, about whom it is said, rightly or wrongly but it is asserted of him, that he receives from the company a Christmas box of 1,200 pounds ...'**

Although highly significant the above quoted passages do not go to the heart of the matter. The key problem was put in its simplest form by Saldanha who wrote: 'In such circumstances, with the men spending the greater part of their years of virility outside the territory and the rest guaranteed by the modern native labour code for the six months they eventually spend there, it would be a miracle if there were not a scarcity — increasingly so — of native labourers fit for public and private work, just as it would be absurd to expect the few who delay returning from the Transvaal after the six months to put themselves forward for work in particularly distasteful employment and **for wages which, despite being excessive for the means of the bosses, are much lower than those paid in the Transvaal mines ...'** (Emphasis added).

The central problem was that settler interests did not have the capital to compete with the mine owners. The latter had the capacity to pay higher wages and, furthermore, to finance the bribery necessary at all levels, from senior officials in the colonial state apparatus, to administrators and local chiefs, to secure labourers. Still, in the words of Eduardo Saldanha: '... the local chiefs often receive gifts on behalf of WNLA and are given a pound for every emigrant on his return from the Transvaal, and the administrators themselves, even if they have not been bribed by the recruiters — **and some have been ...'** (Emphasis added).

South African mining capital thus secured and controlled the flow of Mozambican workers to the mines, according to its needs at any particular moment.

By contrast the action of the fascist Government in no way corresponded to the hopes of fervently nationalistic settlers and to their expectations of the new Portuguese political regime.

## **FINANCIAL CONSTRAINTS**

In 1928 the Mozambique convention was signed between the Portuguese Government and the Union of South Africa. The provisions dealing with migrant labour did not significantly change the previous system and thus did not advance the interests of the colonial bourgeoisie.



How can we explain the persistence of a system which led to the colonial bourgeoisie experiencing a chronic shortage of labour power and perpetuated its subordination to foreign interests? The answer must be sought in the characteristic financial and budgetary policy of the fascist Government.

One of its most fundamental concerns was to ensure that the colonies should achieve a financial balance from their own resources. Here it is important not to overlook the enormous profits — mostly in foreign exchange — that the migrant labour brought to the Portuguese State. This came directly through taxes on emigration and recruitment, and indirectly through the use of the port and the railway system for the transit of a significant proportion of goods to and from the Transvaal. The latter had been established in the 1909 Convention which stipulated that 50 per cent of the traffic destined for and originating from the Transvaal area should be carried through the port of Lourenço Marques.

From 1964 the colonial State was to derive even more benefit from the export of labour, thanks to the gold clause included in the agreements with South Africa. This clause allowed Portugal to receive the sums of deferred payment in the form of gold. As the exchange rate was fixed, the Portuguese State was able to obtain an additional profit (in foreign exchange) by selling the gold at higher prices on the open market.

Finally, the Colonial Act included a declaration stating that: 'The economic systems of the colonies are established in accord with the development needs, **with fair reciprocity between them and neighbouring countries**, with the rights and legitimate conveniences of the metropole and the Colonial Empire ...' The notion of 'fair reciprocity' demonstrates the tacit recognition that the Portuguese state — the Portuguese bourgeoisie — could not change. It was in a situation from which it benefitted, even though essentially this was a system which limited the growth of this same colonial bourgeoisie.

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The present article is a revised version of **Algumas notas a propósito da História Contemporânea de Moçambique**. The heading and sub-headings are chosen by the editor of **EM**. Works cited and references:

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