

THE POLITICAL ECONOMY OF PORTUGUESE COLONIALISM IN MOZAMBIQUE

by

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This article attempts to periodize the development of colonialism in Mozambique in the phase of imperialism. Two points need to be made clear initially. Firstly, the analysis will be based on a conception of periodization which attempts to identify different phases in the class struggles within the colony, and this both with respect to the changing relation between capital and labour, and to the struggle between factions of capital (i.e. competition between capitals). Secondly, no attempt is made to present a detailed historical analysis of the different periods, but rather the method consists in advancing some theoretical propositions on the specific features of each period.

The development of colonialism in Mozambique was a complex process conditioned by the fact that the Portuguese bourgeoisie never managed to shape the colony exclusively in function of its own capital accumulation needs. Therefore, colonialism in Mozambique cannot be analysed only with reference to Portugal as the colonising power, but rather needs to take account of the domination of imperialist (non-portuguese) capital over the colony. The latter aspect, — which in fact was the dominant feature, — manifested itself in a process of integration of the Mozambican social formation within the Southern African subsystem in which South African capitalism constituted the cornerstone.

THE PRINCIPAL PHASES IN THE ACCUMULATION OF CAPITAL IN COLONIAL MOZAMBIQUE (1885-1973)

Before we turn to a more detailed analysis of the different phases in the development of colonial Mozambique, we shall briefly outline the periodization adopted in this article as well as the principal characteristics of each period which will be developed in more detail in subsequent sections.

1885-1926: The Domination of Foreign Non-Portuguese Capital

This period was essentially characterised by the formation of a plantation economy in the Centre and the constitution of Southern Mozambique as a labour reserve for South African mining capital. In both cases the dominant aspect was internally or externally situated foreign, that is non-Portuguese capital.

1926-1960: The Phase of Economic Nationalism

Under fascist rule the Portuguese bourgeoisie consolidated itself and moved to put the colonies to the service of its own accumulation needs. This was the phase of economic nationalism. In what follows two basic premises will be put forward:

1. That the policy of economic nationalism required the expanded integration of Mozambique in the Southern African subsystem given the objective conditions in which the Portuguese bourgeoisie found itself.
2. That the phase of economic nationalism in Mozambique consisted in developing a process of accumulation of capital on the basis of absolute surplus value through the rationalisation and institutionalisation of the system of forced labour. The distinctive feature of Portuguese colonialism in this period was not that it continued with the practice of forced labour, but rather that with the fascist regime forced labour expanded, rationalised and institutionalised into a system which became the cornerstone of colonial capitalism.

1960-(63/64)-1973: Crisis and Restructuring of Capital

The period 1960-63/64 witnessed the crises of the economic base of Salazarism since for external and internal reasons Portugal was compelled to legally abolish the system of forced labour. Notwithstanding the fact that the practice continued in more or less hidden forms, some very real limitations were placed as a result of the advance of the nationalist movements — both within the African continent in general, and inside the Portuguese colonies in particular, — on the specific form which capitalist exploitation could continue to take.

In subsequent sections it will be shown that this crisis resulting from political struggles brought about real changes at the level of social relations of production: i.e. it necessitated a restructuring of capital through the switch from a process of accumulation based on absolute surplus value to one based on relative surplus value. Capital — as it were — was forced to modernise itself.

The 'open door' policy in part reflects this objective necessity on the part of the Portuguese bourgeoisie who could not carry out this basic process of restructuring without relying on foreign non-Portuguese capital to supply the necessary technology and technical know-how.

In what follows we shall elaborate these basic characteristics of the different periods in more detail.

1890-1926: LABOUR RESERVE AND PLANTATION ECONOMY

At the time of the imperialist division of Africa, Portugal was able to maintain its colonies not so much because of its strength, but rather, because of its weakness. The historical connection with England had meant that the Portuguese bourgeoisie never managed to emancipate from the domination of English industrial capital, and hence, at the time when the concentration and centralisation of capital had already led to the formation of finance capital in the developed capitalist countries, the Portuguese bourgeoisie still remained in its infancy. Portugal was left with its colonies because inter-imperialist rivalries between Britain, France and Germany would not allow the position of any one of them to be strengthened with the possession and control of more territories.

However, this did not imply that, — in the case of Mozambique — the old form of colonial exploitation continued to persist: i.e. that the

development of the colonial system remained basically mercantile in character. The backwardness of the Portuguese bourgeoisie at the time revealed itself not by the continuation of forms of colonial exploitation which correspond to an earlier phase, but rather, by shaping the development of the colonial economy in function of the expansion of imperialist capitals located both out and inside the colony. Within this process two basic patterns emerged:

1. The dominant pattern which merged was that the colony became transformed into a supplier of contract labour to the surrounding 'modern colonies'. The form this took depended on the different areas. In the southern region it was South African mining capital which, through State-to-State agreements acquired the monopoly over the direct recruitment of migrant labour.¹ In the centre and the north it was foreign (non-Portuguese) capital such as the Chartered Companies which organised the sale of labour power to various colonies such as Rhodesia, Nyasaland, Tanganyika, Belgian Congo, etc., as well as to South Africa.² Hence, the dominant feature of this period was this enormous outward propelling pull on Mozambican labour conditioned by capitalist development in the surrounding colonies. The Portuguese state, as well as Portuguese capital, took on the position which resembles more that of a 'rentier' than that of a 'capitalist entrepreneur'. An important source of its income derived from a directly or indirectly charged tax on migration — indirectly, in the sense that in many cases the head tax was wholly paid from income earned abroad, and, therefore, it was a form of disguised export tax as well as being an instrument to compel the peasantry to sell its labour-power on a contract labour basis. A second major source of its income was also a 'fringe benefit' of this labour migration, and consisted in the fact that the sale of labour to South Africa's mining complex was made conditional on the use of the Laurenço Marques port and linking railway system.
2. Large parts of the central and northern regions of Mozambique were leased out to foreign capital by the Portuguese colonial state through the institution of chartered companies. As was

1. See, 'The Mozambican Miner: a study in the export of labour', Maputo: Universidade Eduardo Mondlane, Centre of African Studies, 1977.
2. In the case of Zambézia, see C. Serra, 'Zambézia entre 1870-1924: introducao à via colonial do capitalism', mimeo Maputo: Universidade Eduardo Mondlane, Curso de História, 1979.

explained in the previous paragraph, a major activity of these companies as well as of other enterprises operating in their territories, consisted of organising the sale of contract labour abroad. However, within the Zambezi valley, there emerged a plantation economy as a result of the investments carried out by foreign (non-Portuguese) capital.³ It comprised mainly large-scale, monoculture, agro-industrial estates geared towards the production of export crops such as sugar, sisal and copra. A major problem which this plantation sector encountered was that it needed to prevent the outward flow of labour so as to be able to reserve its own labour supply area. In other words the plantations needed to monopolise the access to the labour supply within the surrounding territory. Indeed, often the plantation sector was not able to compete economically with other capitals by offering higher wages, and neither was it willing to do so and, therefore, the monopoly of access to labour reserves was sought through political means. So, for example, in 1901 the recruitment of labour for the South African mines was restricted to south of parallel 22, a clause which was confirmed in the 1914 agreement.⁴

Thus, the specific way in which Mozambique became integrated in the imperialist dominated international division of labour was conditioned by the very backwardness of the Portuguese bourgeoisie at the time, and expressed itself in an emigration of labour power on contract labour terms as the dominant feature, and in the immigration of foreign capital with the setting up of the plantation sector as a secondary feature.

1926-1960: SALAZAR'S ECONOMIC NATIONALISM

The establishment of fascist rule in Portugal under Salazar created the political preconditions for the consolidation of the Portuguese bourgeoisie. In this respect, it is important not to consider fascist regimes and military dictatorships as necessarily linked with backward and stagnant economic development. Such regimes have indeed been seen as obstacles to 'genuine' economic development and, therefore, doomed to disappear because of their supposedly inherent incapability to bring about real economic develop-

3. See, C. Serra, *op. cit.*

4. See, 'The Mozambican Miner; a study in the export of labour', *op. cit.* See appendix on mine labour agreements.

ment.⁵ Rather, in the case of Portugal, fascist rule enabled a weak Portuguese bourgeoisie in alliance with the landed property class to consolidate itself through a rapid process of concentration and centralisation of capital and the consequent rapid development of industry (in particular, the textile industry). Therefore, to equate fascist rule with stagnation and backwardness at the economic level would lead us to neglect the dynamics of the accumulation of capital by the Portuguese bourgeoisie, and its impact on colonial development.^{6,7}

Under Salazar, therefore, this process of consolidation of the Portuguese bourgeoisie implied the definition of a new economic relationship between Portugal and its overseas territories. According to Salazar the overseas territories were 'a logical solution to Portugal's problem of over-population, to settle the Portuguese nationals in the colonies and for the colonies to produce raw materials to sell to the motherland in exchange for manufactured goods.'⁸ Let us analyse each of these elements in more detail:

'for the colonies to produce raw materials to sell to the motherland':

This was especially important for the development of the textile industries in Portugal. The industry needed a growing supply of cheap cotton so as to be able to gain itself a competitive position in the world market. Therefore, the colonies were to provide the raw material inputs of the textile industry at a cheaper cost than alternative sources in the world market could furnish. However, this new role for the colonies posed in the case of Mozambique a crucial question: namely, how would this new role of the colony relate to the already established domination of foreign capital? How would the new articulate with the old system?

5. For a critique of such economistic conceptions of fascism, see N. Poulantzas, 'The Crisis of the Dictatorship', New Left Books, (1976).
6. P. Anderson's classic article on 'Portugal and the end of ultra-colonialism', New Left Review (1962), Nos. 15-17, also suffers from this equation of fascism with stagnation, and, therefore, fails to identify the specific nature of colonial exploitation in a dynamic context.
7. The fact that Portuguese capital underwent a process of consolidation does no imply that it was not limited in this process by its very relative backwardness.
8. See E. Mondlane, 'The Struggle for Mozambique', Harmondsworth: Penguin, (1969), p. 79.

In relation to the companies operating in the north and the centre, the Portuguese state moved to abolish the political-administrative powers these companies exerted in their territories, and, therefore, made them fall back on their productive base. What remained in terms of the operation of foreign capital in this field was the plantation economy which continued to be the dominant feature of the central region. Companies, such as the Niassa company, whose only activity consisted in selling contract labour through relying on their political-administrative control of the area disappeared in this restructuring process

In relation to the domination of South African mining capital over southern Mozambique, Salazar's policy (unlike that of João Belo, his predecessor as minister of colonies) appeared to be in contradiction with the stated aim to establish a new relation between Portugal and the colony. Indeed, in 1928 a new convention was signed with South Africa which continued the already established integration of Mozambique in the Southern African subsystem through the nexus migrant labour — transport services. At a more superficial level, the reason for this policy appears to be Salazar's insistence that every colony should be self-financing, both in terms of its budget requirements and in terms of its balance of payments. Clearly, for Mozambique, the South African connection constituted the major source of government and balance of payments revenue. Moreover, a new element in the 1928 convention was that the deferred payment system became obligatory, thus assuring that a significant part of the miners' wage bill entered in the form of foreign exchange in Mozambique.⁹ The underlying reason for this policy of financial budget equilibrium which Salazar pursued ruthlessly both in Portugal and with respect to the colonies, was that the Portuguese bourgeoisie was substantially underdeveloped and, therefore, needed a maximum concentration of investible resources to allow for its development. A policy of financial austerity at home as well as the requirement of self-financing for the colonies thus expressed the objective needs of the Portuguese bourgeoisie. In the case of Mozambique, this meant that the interests of the settler bourgeoisie and petty-bourgeoisie (who found themselves severely limited in their development because of the competition for labour from mining capital) had to be subordinated to the accumulation needs of the Portuguese bourgeoisie. Politically, this implied that Salazar centralised all power over the colonies in the hands of Portuguese

9. The argument is based on the study of 'The Mozambican Miner' op. cit.

state, and did not allow any form of self-government, however limited on the part of the settler classes.¹⁰

Therefore, due to its own limitations, the Portuguese bourgeoisie could not afford to preserve the colony only for its own exclusive use. Rather, it had to accommodate itself to the already existing domination of other capitals operating in the colony: in particular, mining capital in the south and the plantation economy in the centre. Economically, in competition with stronger and more established forms of capital, the Portuguese bourgeoisie as well as the settler bourgeoisie could only assure its place through the expansion, rationalisation and institutionalisation of the system of forced labour: and this either through the forced sale of labour power, or through the forced cultivation of cash crops. The specificity of Portuguese colonialism does not so much consist in the fact that Portugal continued the practice of forced labour in open or hidden forms till virtually the end of its colonial rule, but rather that this practice intensified, expanded and institutionalised under the Salazar regime. It thus constituted the cornerstone of the new relationship between Portugal and its colonies conditioned by the accumulation of capital in Portugal. Hence, the principle of forced labour was already implicit in the Colonial Act of 1930. Its concrete implementation began in the same year with the imposition of forced cultivation of cotton. With the development of the repressive and administrative machinery of the state the practice of forced labour became increasingly more ruthlessly imposed such as, for example, through the government circular of 5th May, 1947, which obliged all natives to work six months per year for government, company or private individuals.¹¹

The coercive state apparatus thus became the instrument to institute a system of accumulation of capital based on the accumulation of absolute surplus value: either directly, through the forced sale of labour power, or indirectly, through the forced cultivation of cash crops.

'In exchange for manufacturing goods':

Portugal remained Mozambique's principal source of imports up to the early sixties. The colony provided a market for Portu-

10. For an analysis of the role of settler classes and their contradiction with mining capital, see Luis de Brito, 'Colonial dependency and regional integration', *Mozambican Studies*, (1982) No. 1.

11. E. Mondlane, op. cit., ch. 4.

gal's developing manufacturing industries, a market which furthermore expanded rapidly under the impulse of the rapidly growing settler community. Industrial development in the colony remained, therefore, mainly export oriented, i.e. the processing of exported raw materials. In its development it revealed the changing pattern of export conditioned by the development of industry in Portugal. Hence, cotton ginning became the major industrial branch in the 50's.

However, this did not imply that no industry developed which was geared to satisfy the internal market. Rather the contrary, the period 1945-1960 witnessed a relatively rapid expansion of certain industries geared to the local market, and this for two reasons:

1. The expanding settler community could not wholly be absorbed in agriculture and, therefore, the development of industry provided an outlet to absorb part of the settler influx,
2. More importantly, however, the industries oriented towards the internal market which did arise were never directly competitive with Portugal's principal export branches (cotton textiles, wines, sardines, cork and turgsten) or its import substituting branches intended to service the markets of Portugal and its colonies. The industries such as processing of foodstuff, soaps, cement, etc., which developed in this period responded, therefore, to the growing market propelled by settler immigration and were mainly based on local raw materials.

'to settle Portuguese nationals in the colonies'

Portugal's 'problem' of over-population resulted from the fact that the development of industry could never absorb the flux of impoverished peasants to the towns which led to its high rates of emigration, legal or otherwise. Clearly, this problem of relative over-population and the country-town influx it implies was conditioned by the existing social relations of production in the Portuguese countryside characterised by the dominance of the *latifundiaros*. Land Reform was out of the question, however, since this class of landowners formed part of the 'power-bloc' which sustained the fascist regime.

The emigration of this proletarianised peasantry to France, Western Europe in general, Brazil, etc., was undesirable from the

point of view of the regime. The regime's active engagement to channel the emigration outlet to its colonies, especially from the late 1940s and early 1950s onwards, was based on three premises:

1. to keep the settler within the jurisdiction of Portugal, contributing to the national income and liable for military service.¹²
2. to transform a potentially revolutionary force, a proletarianised peasantry, into a colonial petty bourgeoisie and labour aristocracy, and, therefore, into a reactionary force which in view of its own national interests would strengthen the backbone of the regime.
3. finally, and importantly, the increasing international pressure in favour of decolonisation which started after the Second World War made the fascist regime retreat into a policy of incorporating the colonies as overseas provinces of Portugal, thereby formally denying the existence of a 'colonial' question. The settling of Portuguese nationals in the 'provinces' was a logical outcome of this.

The regime, therefore, started to pursue an active policy of emigration to the colonies by Portuguese nationals in the postwar period with particular incidence in the 1950s as can be seen from the following table of average annual compounded growth rates of the white settler community in Mozambique:

	1920-30	1940-50	1950-60	1960-70
%growth rate settler population	4.5%	5.8%	7.3%	5.7%*

* estimate

The promotion of this emigration drive took different forms ranging from subsidised passage fares to the *colonato* schemes which set up an agrarian colonial petty-bourgeoisie (e.g. the Limpopo *colonato*) under enormous state-financed infrastructural investment in irrigation, etc.

12. E. Mondlane, op. cit., p. 78.

It was, therefore, mainly in the post-war period that settler production in agriculture expanded rapidly, and was mainly oriented towards producing the foodstuff for the expanding towns. These farms were mainly located in the southern region (Limpopo — Incomati vleys) and became the agrarian base supporting the internal market of the settler community.

1960-1963/64-1973: CRISIS AND RESTRUCTURING OF THE COLONIAL ECONOMY

At the end of the fifties the economic base of Salazarism became subject to increasing attack:

1. The wave of decolonisation in Africa as a result of the rise of the nationalist movement (and, especially those conducting armed struggle, Algeria and Kenya) and of the neo-colonialist response of the imperialist countries, placed increased international pressure on Portugal to decolonise.
2. Portugal's application to join the International Labour Organisation led to it having to commit itself formally to the abolition of forced labour.
3. Finally, and importantly, from the early sixties the rise of the nationalist movements within the Portuguese colonies and the initiation of armed struggle in Angola in 1961 became an irresistible force for change.

The regime's response was to 'turn the native into citizen' and to 'legally abolish forced labour and forced cultivation of crops' (both in 1961). Although these changes were to a large extent intended to be merely formal changes rather than changes in substance, the advance of the struggle forced the regime to retreat, i.e. it implied also a change at the level of the very system of capitalist exploitation. The period 1960-1963/64 reflected this uncertainty on the part of capital in the colony, and it coincided with the crisis which 'Sharpsville' created in South Africa, and the crisis created by the break-up of the federation of Rhodesia. In this period production of major export crops (especially sugar, cotton, etc.) dropped, as well as industrial production. Clearly, colonial capitalism encountered itself in a crisis situation because the very roots of its exploitative system were being threatened.

As we have seen the major sectors of the colonial system of production were rooted in the reliance on cheap labour through the generalised application of forced labour and forced cultivation. However, this type of cheap labour was also very low productive labour. Hence, it was a system of cheap labour in the sense that little was paid to the direct producer in return for his labour, and not in the sense that such labour was highly productive and, therefore, labour cultivation implied a rather rudimentary level of productive forces, and hence labour costs were relatively high in relation to output even if wages were very low because productivity as well was low.

The abolition of forced labour cultivation and the growing limitation this imposed on the cheapness of labour meant that the economic base of the former system of accumulation of capital based on absolute surplus value was being eroded. Capital, therefore, was forced to modernise itself, i.e. to adopt more mechanised technologies to allow for higher productivity of the worker.

The period 1964-73 witnessed this process of restructuring of capital in the colony. A process characterised by a switch-over from a system of accumulation of absolute surplus value to one of relative surplus value, a process of modernising capital.

1. This process occurred within the old export sectors through for example the mechanization of sugar production in the 1960s and the switch of peasants' production of cotton to settler production of cotton.
2. It also revealed itself with the emergence of new sectors within industry through the rapid development of import-substituting industries which because of their capital intensity as well as of the protection which they enjoyed in terms of tariffs and import restrictions no longer relied on a cheap labour basis. Prestigious undertakings such as Cabora-Bassa Dam are another manifestation of this new trend.

Clearly, Portuguese capital had not reached a sufficient level of development to enable it to modernise production. Rather, as far as technology and know-how were concerned, it could not but rely on foreign (non-Portuguese) capital to carry out the necessary investments, even if it were carried out under a joint-venture framework with Portuguese capital contributing part of the finance.

Therefore, the 'open door' policy to imperialist countries in terms of inviting foreign investment to the colonies was not merely a political necessity to assure their support in the war against the national liberation movements, but also it was an economic necessity in view of its own incapacity to modernise the productive base.