Mozambique: Machel wants production not ideology

As the Mozambique economy reels, following the abrupt departure of the Portuguese, all the main foreign exchange earners have lost ground and President Machel is now exhorting the workers to forget "ideological diarrhoea" and concentrate on increased production. TONY HODGES reports.

AUSTERITY and a drive for increased productivity have been constant themes of government policy since Frelimo first entered the Mozambique government two years ago. Three months after independence President Samora Machel said that "in a bid to hinder the realisation of the people's aspirations, the enemy resorted to disorganising production, by instigating disinterest in work and, when possible, even by paralysing work through counter-revolutionary strikes".

A speech by Machel, in October, to activists in Maputo suggests that the government is still having difficulty in selling its increased production policies to urban workers. In some firms, Machel said, "the workers demand that the profits should be divided among them"—while, in other cases, "after a technician has fled the workers go to the management and say: Now his wages should be divided among us".

Charging that such notions amounted to "ideological diarrhoea", Machel pleaded: "Increase production; increase productivity—this must be our task. Demonstrations have never been organised to increase production.

Apparently, much of the problem has arisen because workers do not feel involved in decision-making and economic planning. Even in the nationalised firms (about 50, mainly small) left abandoned by their Portuguese owners and managers during the settler exodus at the time of independence, workers have complained that orders and instructions simply get handed down from above.

According to the Maputo daily *Noticias*, the 400 workers at CIFEL, Mozambique's only smelting and metal-rolling business, are discontented and have accused the government-appointed administrators of being "bureaucratic" and "distant from the rank-and-file" and of maintaining "unalterable and bourgeois" work methods.

Frelimo launched its productivity drive in the face of a massive fall in industrial and agricultural production set off by the departure of most of the country's white technicians, factory managers, farmers and skilled workers during the transition to black rule. All but 80,000 Portuguese had left the country by Independence Day. Now the Portuguese remaining in Mozambique to[...] probably one-tenth of the 280,000 who liv[...] there under the colonial regime. During th[...] exodus, Frelimo says, some facto[...] managers deliberately sabotaged Moza[...]bique's already-weak industrial sector.

Events at one abandoned firm, Monte[...] & Co. (which employs 7,000 people and [...] now run by a government-appoint[...] administrative committee), give an idea [...] what happened. Before their departure, th[...] company's Portuguese managers stopp[...] paying wages, embezzled funds needed f[...] regular operating expenses, smuggled o[...] currency—and, after fleeing, received 31[...] escudos in Portuguese bank accou[...] between January 1, 1975 and March 3[...] 1976. The management also failed to rene[...] vital contracts with foreign firms and plu[...]dered the firm's equipment. All told, indus[...]trial production in Mozambique may hav[...] slumped by over 50% since the end o[...] colonial rule.

It has been a similar story in the rur[...] areas. There, Portuguese farmers aba[...]doned numerous plantations, often wilful[...] destroying crops and equipment before th[...]

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ft. On their own initiative, sometimes without getting paid, the farm labourers tried to eep estates working.

Sugar production has fallen from 285,581 onnes in the 1974-75 crop to an estimated 53,600 tonnes in the 1975-76 crop. (At the ame time, Mozambique will be hit by the uge fall in world sugar prices from over £400 a tonne during the previous world ommodity boom to around £120 a tonne for "raws") in October 1976). Sisal production has fallen steadily: from 21,000 onnes in 1973, to 19,000 tonnes in 1974 and 15,000 tonnes in 1975.

All the country's tea estates, which cover ome 15,750 hectares in Zambezia province, were abandoned during the Portuguese xodus. The resulting confusion brought production down by 25% (4,495 tonnes) to 13,143 tonnes in 1975. Cotton production has declined too—by as much as 40%, some stimates suggest, from the 1974 output level of 180,000 tonnes. Reports from some ashew nut processing factories indicate that output of this commodity (in which Mozambique is the world leader) has dropped too.

These five agricultural commodities earned Mozambique over 60% of its export evenues in 1973, so the big fall in agricultural production has sent export earnings umbling this year—to about $125m., according to a United Nations mission which isited the country in April, compared to over $255m. in 1974. Imports of subsistence foods, however, have drastically increased—because of floods in Gaza province in February as well as the departure of white cash-crop farmers. Annual imports now include roughly 40,000 tons of rice (before independence Mozambique was a net exporter), 90,000 tons of maize and 120,000 tons of wheat.

Even if the value of imports remain at the ame level as in 1974 (a little over $400m.)—which, given world inflation, would imply a substantial drop in the volume of imports—the trade deficit will widen to at least $275m.

Traditionally, as a consequence of the country's colonial "development" as a service sector of the South African and Rhodesian economies, Mozambique's repeated trade deficits have been partially offset by a current invisibles surplus—primarily from tourism, the shipment of South African and Rhodesian goods by Mozambique's railways and ports, and the supply of Mozambican labour for South African and Rhodesian mines and industries. In 1974, for example, the current invisibles surplus of 3.9bn. escudos almost offset the trade deficit of 4bn. escudos.

This year, not only has the trade deficit widened, but earnings from invisibles have slumped too. The UN estimated last April that the current account deficit will reach an annual $175-$200m.

Since independence, tourist revenues (previously earned almost entirely from wealthy white South Africans and Rhodesians) have completely dried up. Earnings from the export of mine labour to South Africa have dropped this year too. Partly because of the deepening recession in the South African economy (which has pushed black unemployment in South Africa to 1.5m.), the number of Mozambican migrant workers in

Mozambique's trade deficit widens

MOZAMBIQUE'S TRADE WITH MAJOR TRADING PARTNERS
(In million US dollars; derived from partners' trade accounts)

	IMPORTS, c.i.f., FROM MOZAMBIQUE		EXPORTS, f.o.b., TO MOZAMBIQUE	
	1974	1975	1974	1975
United States	3.8	3.0	2.6	1.5
Japan	6.9	5.3	1.7	2.0
Belgium/Luxembourg	1.8	2.7	0.9	0.6
France	1.5	0.8	2.4	1.7
West Germany	3.5	3.7	6.3	3.1
Italy	2.5	1.5	1.2	0.8
Netherlands	2.7	2.4	1.0	0.5
Portugal	7.6	4.8	5.9	4.1
Spain	1.2	0.7	0.4	0.2
United Kingdom	3.0	1.9	3.3	3.2

(Note: Trade with South Africa not included.)

South Africa's mines fell from about 127,000 in November 1975 to an estimated 75,000 last August. Recruitment slumped from nearly 2,000 a week in 1975 to under 400 a week in the second quarter of this year.

In the second place, foreign exchange earnings per miner have fallen. This is because the market price of gold has tumbled from a high of $195.50 an ounce on the London gold market at the end of 1974 to less than $120 an ounce in October 1976, thereby sharply narrowing Mozambique's foreign exchange earnings from the sale of the gold bars it receives at $35 an ounce for part-payment of its miners under the system known as the Mozambique Convention. Foreign exchange earnings from the supply of mineworkers to South Africa are estimated to have fallen from $175m. in 1975 to less than $100m. this year.

Less revenue from S. Africa

Earnings from the handling of South African freight (which in the past have brought in up to 30% of total foreign exchange earnings) are down too, primarily because of a fall in port productivity following the departure of the skilled Portuguese workforce and administrators.

In the early months of this year, freight volumes moving from South Africa to Maputo (which handled 18% of South Africa's exports and imports in 1975) were reported to have fallen from 25,000 tonnes a day last year to 18,000 tonnes.

BALANCE OF PAYMENTS
(million Mozambique escudos)

	1972	1974
Current Visibles		
Receipts	4,426	6,430
Payments	7,666	10,463
Balance	−3,240	−4,033
Current Invisibles		
Receipts	5,094	6,475
Payments	1,658	2,546
Balance	+3,436	+3,929
Capital Account		
Receipts	959	1,565
Payments	983	2,155
Balance	−24	−590
Total		
Receipts	10,479	14,470
Payments	10,307	15,164
Balance	+172	−694

In addition, Mozambique is suffering considerable losses following the government's decision, last March, to close the border with Rhodesia. Worst hit have been Mozambique's railways and ports which used to handle the bulk of Rhodesia's exports and imports as well as traffic from several other countries which had to travel via Rhodesia's railway system. Prior to the border closure, freight traffic from Rhodesia had already fallen from an estimated 4,040,000 tons in 1972 to about 2,790,000 tons in 1975.

According to the UN mission which visited Mozambique in April to calculate the costs of the frontier closure, lost port and railway revenues will be between $57 and $75m. in the first year.

All told, the UN estimates that the border closure has cost Mozambique between $108 and $134m. in annual foreign exchange earnings.

The mission put the total cost of the border closure at $139 to $165m. for the first year; $108 to $134m. for the second year; and $106 to $132m. per year thereafter. In addition, the UN team forecast 10,000 Mozambicans will lose their jobs—5,000 in ports and railways and 1,000 in related transit agencies and organisations.

With a current account deficit reaching $175 to $200m. in the year following the application of sanctions, Mozambique will be hard pressed without massive aid.

So far, the response to the UN's appeal to compensate Mozambique for the border closure has brought promises of aid worth about $100m., but most of it is in the form of loans (like Britain's £15m.) which will add to Mozambique's long-term external debt.

It is difficult to expect the capital account to make any contribution towards financing the deficit in the absence of a big increase in aid. Indeed, private capital outflows have increased recently because of special transfer facilities granted to expatriate personnel working under contract with the government. They are permitted to transfer abroad 25% of their salaries and their personal effects at the end of their contracts.

Symptomatic of the austerity now in store for most Mozambicans was an announcement last August by Salomão Munguambe, Minister of Finance in the Frelimo Government. Government spending, he said, would be 9.3bn. escudos in 1976—a staggering fall in real terms when it is noted that government spending totalled 12.8bn. escudos last year.