

P.S. Excuse the layout mistakes of a beginner ... G.W.

MOZAMBIQUE: THE DEMOCRATIC PROJECT

New tasks for the solidarity Movement. Contribution for a debate
amongst Ecasama groups in Lisbon May 1992
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When discussing the Mozambican democratic project, we should distinguish between what we live and fight for in our own countries of origin and the situation on the ground in Mozambique. Doing that, we can later discuss with greater clarity how to interact or what priorities to set for solidarity actions.

About us: Our solidarity movement started when we recognised that Frelimo started to develop a socialist project during the struggle for independence from fascist colonialism. Hence we are not satisfied with the dictates of the IMF / Worldbank representing international capital over socio-economic policy direction in Mozambique. We would probably say that the assessment of the 1992 Human Development Report stating that both the IMF and the World Bank have drifted away from their original mandates, is reflecting leftwing criticism of the past 20 years:

"The IMF was created to maintain monetary stability and allow payment imbalances to be resolved in an equitable and controlled fashion - with the burden of adjustment reasonably shared between surplus and deficit countries." Instead the IMF has in the period 1986-90 actually withdrawn funds from developing countries, amounting to a net transfer of 6.3 billion US Dollars a year from the poor countries to the IMF. "The World Bank was established to borrow the savings of the rich nations and to lend them to poor nations...In fact, it has done little to recycle global surpluses to deficit nations: in 1990-91 the current account surpluses of seven of the world's countries were over 150 billion US \$...with some 100 billion US\$ being recycled to the United States. The World Bank, rather than sending some of the rest to poor countries, actually withdrew \$ 500 million from them."

(UNDP, Human Development Report 1992, p. 75)

This is so because the Bretton Wood Institutions have an undemocratic constitution; voting rights are weighted according to economic power; not only are the states with the most votes reluctant to increase their contributions, they also hinder other countries whose economies have gained ground to increase their contributions, since their own voting powers would be reduced correspondingly.

Looking at the drawn out Uruguay round of negotiations on GATT, we are informed that less than 7 percent of trade of GATT members is fully complying with the principles of the General Agreement of Tariffs and Trade; tariff escalations of the OECD countries and non-tariff barriers like the setting of quotas, the requirement for import licences, the pushing for voluntary export restraints are the main obstacles to exports of developing countries finding access to world markets. The costs to developing countries that are being denied global market

opportunities has been estimated by UNDP at US\$ 500 billion per annum.

We have probably criticised our own governments aid policies; their trend to use aid as a hidden form of subsidising their exports; their unwillingness to award untied aid and focus it to human priority concerns of the recipient countries.

Table 1: Bilateral Aid of 15 DAC Countries: Human Priorities?

Country	ODA (US \$ millions) 1990	ODA as % of GNP 1990	Aid Social Allocation ratio 88/9	Social Priority ratio 88/9	Aid human expendit. ratio 88/89
Norway	1,207	1.17	27.2	72.3	0.230
Finland	846	0.64	38.0	41.4	0.100
Denmark	1,171	0.93	19.2	55.4	0.099
Netherlands	2,580	0.93	21.1	44.5	0.087
Sweden	2,007	0.90	17.0	41.5	0.064
Switzerld	750	0.31	35.8	50.6	0.056
Canada	2,470	0.44	23.8	45.9	0.048
Italy	3,395	0.32	18.0	47.3	0.027
U.K.	2,639	0.27	13.4	65.8	0.024
France	6,277	0.52	11.0	35.9	0.021
Austria	389	0.25	13.4	60.6	0.020
USA	10,166	0.19	16.4	50.4	0.016
Germany	6,320	0.42	8.9	21.4	0.008
Japan	9,054	0.31	10.7	25.5	0.008
Australia	955	0.34	6.4	31.4	0-007

Table 2: Use of ODA aid received in Southern Africa 1989/90

	ODA receivd as % of GNP 1990	Aid social allocation ratio 88/9	Aid social priority ratio 88/9	Aid human expendit. ratio 88/9	Social Priority Aid:% of total aid
Botswana	n.a.	55.7 %	13.7 %	n.a.	7.6 %
Swazild	7.9 %	34.7	26.3	0.722	9.1
Lesotho	16.9	32.9	50.8	2.828	16.7
Zimbabwe	5.5	10.0	26.2	0.146	2.6
Namibia	n.a.	29.8	na	na	0.0
Tanzania	37.5	12.5	44.0	2.059	5.5
Zambia	14.1	28.2	45.2	1.793	12.8
Angola	3.5	22.8	26.9	0.215	6.1
Malawi	30.5	10.3	29.9	0.939	3.1
Mocambique	77.4	15.7	61.9	7.497	9.7
Guinea Bis.	68.2	33.8	46.7	10.776	15.8
Congo	10.2	36.8	75.3	3.819	27.7

Source for table 1: UNDP, Human Development Report 1992, New York / Oxford April 1992, p.43; for table 2: ibid., p 162f

Explanations: Aid Social allocation Ratio: the percentage of ODA that goes to the social sector; Aid Social priority ratio: the %

of social sector ODA that goes to human priority areas including basic education, primary health, safe drinking water, sanitation, nutrition etc; Aid human expenditure ratio: the resulting amount of ODA received for human priority areas expressed as a percentage of the donor or recipients country's GNP.

The discussion on what pitiful amount of social support should be given to the poorest of the poor was finally won by the Mozambican Government, when the World Bank admitted in 1990 :

"further reductions in living standards for the poorest households in Mozambique are no longer a realistic option"
(Quote from J.Hanlon, Mozambique: Who Calls the shots? London 1991, p. 160)

In its October 1991 report to the Consultative Group, the Mozambican Government stated in October 1991:

"There will be greater emphasis on expenditures directed at the reduction of poverty and, especially, in the social sectors and for rural development" (p. 16)

There certainly seems to be a task for the ECASAMA groups in lobbying governments of donor countries to support the Mozambican policy line vis a vis the monetarist "deflationary demand management policy" of IMF and World Bank, adhered to by donor countries. Poverty relief and social priority structural aid cannot be just tacked onto an otherwise monetarist programme, but has to be an integral part of an alternative approach.

But even if we as solidarity groups would gladly respect any advances made on higher living standards, more social justice, higher employment rates etc, we would not be fully satisfied; not just because in Mozambique there is as yet (and for quite a long time to come) no material base for the construction of a welfare state according to the model of the social democratic parties of Europe of the 1970s (a model that was broken down by Reaganomics, Thatcherism in the 1980s), but

a) we ourselves were not and are not satisfied with our own imperfect welfare states, that only function when there is economic growth of a kind that threatens the physical survival of mankind and nature,

b) nor are we happy with a democracy that is restricted to a parliamentary party democracy that can only think or act in an opportunistic manner in four year time frames, is increasingly divorced from social movements, uses the state as a self service shop, and is otherwise directed by monopoly capital interests, not by "the people";

c) the reality of social democratic compromises with capital is a let down compared to the vision of an alternative development along the lines of democratic socialism that mobilised us in the first place. What the vision means to us after the collapse of

state or stalinist socialism, is another necessary debate.

About the situation in Mozambique:

On the 30th of November 1990, after 15 years of almost uninterrupted post-independence war, the Mozambican Parliament does not fall into the trap of emergency rule by security forces, but ratifies a new and more democratic constitution. The context in which this takes place is severe: the collapse of the Mozambican economy; the introduction of the IMF's programme for economic reconstruction and its devastating social effects since Jan. 1987 (together with the doubtful function of the Non-Governmental Aid Organisations); the changed balance of forces in the region of Southern Africa; the collapse of eastern Europe's state socialist regimes and the consequent disinterest of our own governments in the fortunes of Southern Africa; the continuing Renamo warfare, interlinked as it still is with the contra-war in South Africa, itself in a process of democratisation; painfully slow peace negotiations between Frelimo and Renamo, always hampered by rightwing advice from forces in our own countries of origin; economic stagnation in Mozambique, rising indebtedness of the state, extreme impoverishment of the majority of the people, erosion of the institutions and the social texture of the Mozambican society. And now the perspective of hundreds of thousands of starvation deaths because of a new and severe drought that threatens most of Southern Africa at a time when most of Europe's grains have been delivered to Eastern Europe. (I do not elaborate on it, because we have accompanied this process in articles in our various reviews).

Now what?

The framework for a democratic society has been created. I am quite sure, that we as solidarity groups want democracy to take root in a sufficient material base, spring to life and succeed to deliver its goods to the people of Mozambique. Also, it is not predetermined that the democratic project of Mozambique would necessarily end up in a parliamentary party democracy as we know it from our own countries. However, one thing is clear: under the present conditions of war and socio-economic crisis, real democracy cannot come to life in Mozambique (even though there are all sorts of interesting initiatives under way even now).

Democracy functions only in peace times. Mozambique needs to achieve lasting peace as rapid as possible. This is the priority.

Rab Davies pointed to three phases in the strategy of the Mozambican Government to achieve peace: 1980 - 1982 a military reaction towards the Pretoria controlled Renamo; Mid 1982 to July 1989: in addition to increased military defence efforts a diplomatic offensive towards the West, in order to isolate South Africa and Renamo diplomatically, while simultaneously negotiating with Pretoria about a mutual non aggression accord; from July 1989 until today: direct peace dialogue with Renamo in

order to achieve a general ceasefire and a durable political solution. The first meeting took place on 8 July 1990. We are now awaiting news about the 11th round of talks, expected for May 1992. The first agreement (December 1990) confined Zimbabwean troops in Mozambique to operating only in the Limpopo and Beira transport corridors; in return Renamo had pledged to halt all operations against these corridors. An agenda for the talks was agreed upon on 28 May 1991. A second agreement (18 October 1991) concerned basic political principles; in it Renamo pledged that, once a ceasefire was achieved, it would halt its violence and wage a political struggle within the framework of the existing laws and state institutions. This was followed on 13 November 1991 by a protocol concerning the mechanisms for the formation and registration of political parties. The talks then went on to the Electoral Law. A Joint Communiqué of 20 December 1991 signaled agreement on holding simultaneous elections for the Presidency and the Assembly of the Republic; fixing a date for the elections to be held within the year following the signature of the General Peace Agreement; and the involvement of the UN and the OAU in the electoral process. On 12 March 1992 a protocol was signed that contained the general principles that will guide the drawing up of the Electoral Law. The next talks were supposed to debate the final point on the agreed agenda, namely military questions, the conclusion of which should lead to a final ceasefire agreement. Until Mid May no further advance in the talks has been reported.

The contradictory and inconsequential manner of negotiation by Renamo raised doubts about Renamo seriously wanting a ceasefire and a political conflict solution. Various hypothetical reasons were debated: 1) that Renamo was not a coherent unit politically and therefore at a loss over how to react to the democratisation process in Mozambique; 2) that Renamo had doubts itself about its chances to win power through free, peaceful and democratic elections; 3) that Renamo might have the objective of holding the elections under the conditions of continued violence (model of Nicaragua), in order to persuade the electorate, that only Renamo was able to stop war and hunger, if it won the elections. However we evaluate these hypotheses, it's clear that negotiations are painfully slow.

In reference to the current drought, the US Assistant Secretary of State for African Affairs, Herman Cohen, had suggested to Dhlakama at a meeting in Malawi on 26 April 1992 to arrange corridors of peace for the transport of food aid. The Mozambican government was prepared to halt fighting in certain zones so as to allow the transport of food. But Dhlakama refused to accept overland transport corridors for food aid. He was only prepared to guarantee aerial corridors. Food Airlifts are so expensive, that it would be impossible to finance sufficient food aid to all starving civilians in rural areas. Renamo's terrorist face behind the mask of peace talks shows through.

While these talks continue, the war goes on demanding an increasing number of civilian victims, ever edging closer to the main cities, because war and drought have devastated the

countryside: peasants no longer have anything that could be robbed.

There are strong indications of continued external support for Renamo (since wars by proxy are getting their logistical supplies from privatized agencies, it's irrelevant, whether or not such support has got official authorisation): advisers from rightwing US-foundations threw spokes into the wheels of the Rome talks (Mozambiquefile 179, June 1991); Renamo documents proved the existence of a logistical communication line between Renamo and high officials in Kenya and Malawi (MIO special report Nr.5 of 13 June 1991); members of Reconnaissance Command Nr.5 of the SADF allegedly participated in a train attack near Ressaño Garcia on 26 June 1991 (New Nation 26/7-1/8 1991) and the South African ESCOM delivered weapons and uniforms to Renamo (New Nation, 12-18 July 1991); links between Renamo and civil-war parties in South Africa are becoming more evident (See for example Weekly Mail 21 Sept 90; SouthScan 28 Sept 90; Sunday Star 21 April 1991; Mozambiquefile Nr.179 of May 1991); already there are weapons flowing from Mozambique into South Africa and Swaziland, and Mozambican mercenaries apply for jobs in the South African war.

A continuation of the wars in Mozambique and South Africa would have dire consequences: 1) a continued disintegration of societies in Mozambique and South Africa; 2) a military linkage between the two wars; 3) negative consequences for the peace and democratisation processes going on in both countries as well as the destruction of the dream of an integrated regional development cooperation after the end of Apartheid. Thus there is a future for 50 million people to be lost if the wars in Mozambique and South Africa continue.

Democracy needs a socio-economic basis

For genuine democracy to function, all the people need a minimum of social security, material well being and cultural communication networks in order to have the time and energy to inform and engage themselves politically. The very first step to achieve this is the scrapping of the Mozambican debt, that will otherwise stifle all development policy for the next twenty to thirty years.

There was initial optimism of the World Bank for the 1991-1993 period :

he reform program's impact on economic growth is difficult to assess in Mozambique's special circumstances, but GDP growth is expected to increase significantly through 1993 from it's estimated 1.5 percent in 1990" (The World Bank, Trends in Developing Economies 1991, Washington, p.379)

But Mozambique's GDP grew by only 0.9 % in 1991, rather than the 4,5 % planned and living standards continued to suffer. The level of private consumption had already in 1990 dropped by 3.9 % and

in 1991 there was a further drop of 4.6 percent. (MIO News Review Nr 220, 2 April 1992).

But regardless how deep the misery of the people, 60 % considered to be living in poverty, there is one iron rule: the foreign exchange earned by exports and the remittances of migrant labourers will have to be increased annually, in order to pay debt services, first and foremost that to the IMF and the World Bank. The maximum that Mozambique can be expected to pay in repayments and debt service is only enough to cover IMF and World Bank debts. Only servicing the World Bank and IMF loans consumes over one third of total visible and invisible exports plus worker remittance earnings. (J.Hanlon, op.cit.,p. 160) In the period 1987 to 1989 prawns and cashew nuts made up 65 % of export revenue. In 1990 their contribution fell to 45 % because between 1988 and 1990 prawn prices received by Mozambique have fallen by 10 %, while cashew prices have fallen by almost 20 %; so clothing and shoes manufactured in Mozambique had to be exported to cover 20 % of export revenue in 1990. Thus, increased exports suffer from the deterioration of the terms of trade and that increases the debt service burden. As Irving Fisher observed in 1933:

"The liquidation of debts cannot keep up with the fall in prices which it causes. In that case the liquidation defeats itself...The great paradox...of most, if not all great depressions: the more debtors pay, the more they owe."

n the meantime Mozambique's debt total is growing, as the following table shows.

Table 3: External Debt 1985-1990 (mio US \$)

	1985	1986	1987	1988	1989	1990a
Debts stock	2794.4	3156.4	3998.2	4199.6	4407.7	4940.9
Debt Service	478.6	613.2	669.1	637.5	626.6	652.9
Rescheduled	193.0	0.0	1091.1	396.7	383.1	779.3
Debt cancelled	0.0	0.0	0.0	0.0	21.1	22.3

Government of Mozambique, Strategy and Program for Economica and Social Developoment 1992-1994. Report for the Meeting in Paris December 1991, Maputo October 1991,p.23

The traditional approach to debt relief is to reschedule: interest payments are postponed or arrears are added to the capital sum. But this has proved of little benefit - it simply makes the debt larger.

At their Toronto meeting in 1988, the G-7 proposed to official donors to forgive a substantial part of the debt. As we can see from the above table, cancelled debt in the case of Mozambique has only amounted to 3.4 % of Debt Service. (The data for 1990 are estimates and still need confirmation).

In 1989 the World Bank established an IDA Debt Reduction Facility, which provides grants to poor countries carrying out structural adjustment programmes, so that they can buy back or exchange their commercial debt for a small percentage of its face value. Mozambique was allowed to do that at 10 % of face value. For 1991 Mozambique hoped to negotiate with commercial banks a major buy back operation, designed to eliminate around US \$ 323 million in the country's principal obligations and interest arrears. But the scheme has been slow to start, because commercial banks are reluctant to participate. Before debt relief in 1991, Mozambique's debt service ratio was 174.5 % of the value of total exports. Even if reductions of the debt service ratio can be achieved to levels of around 35 % in 1999 on a pre-debt relief basis, the government report states,

"there would be a major increase in the debt service liabilities in 2000, due to the previously rescheduled debt falling due. Debt already rescheduled on Toronto terms is precluded from further rescheduling under existing agreements and, thus, significant financing difficulties are projected in the longer term, if more concessional agreements are not achieved in the interim period. Indeed, even if further reschedulings on the Toronto terms basis are concluded during the 1990s, it is estimated that the financing gap would jump to a total of around US \$ 2.5 billion over the 2000 to 2005 period, with the post-debt relief debt service ratio averaging almost 60 % each year. Moreover, this conclusion remains valid even with relatively optimistic assumptions with respect to both export and import growth.

In consequence, long term sustainability of the external account can only be achieved through the implementation of a debt cancellation package... Debt cancellation of a nature similar to that proposed by the UK Government (the Trinidad proposals) will be necessary, whereby around two-thirds of the outstanding stock of bilateral creditor debt would be written off. This would broadly be equivalent to cancelling around US \$ 2.5 billion of debt... This solution would lead to a relatively modest jump in the post-debt relief debt service ratio from around 15-20 percent at the end of the 1990s to around 25 % over the 2000 to 2010 period. These levels of debt service would be viable without further extraordinary debt relief."

Proposals for action

As solidarity groups in Europe we will have to concentrate our minds on how we can support Mozambique's people by doing something in our own countries. The following proposals concentrate on the two issues of peace-promotion and debt cancellation. That's the only way we can do something real to help create the basic conditions for democracy in Mozambique.

Actions on Peace

We have to force the present South African Government to factually stop supporting directly or indirectly Renamo's terrorism. It is true, that for the last 12 months EEC governments have been more concerned (for security reasons and because of potential market opportunities) with the crisis situations in Eastern Europe and in the CIS than with Southern Africa. However our lobbying in our national as well as the European parliament has to remind them that there is unfinished business in Southern Africa to be resolved. The crisis of the CODESA negotiations gives us a chance to press not only for an end to the contra war in South Africa, but to press for an early ceasefire in Mozambique as well. In Germany our school groups will restart a postcard campaign for peace in Mozambique.

When president Chissano visited Bonn in September 1991 he also asked us to seek talks with sympathisers and supporters of Renamo in our own countries, in order to enlighten them on the true situation in Mozambique. Such enlightenment is the weapon of the powerless; it is therefore adequate for us as solidarity groups.

Once an Interim Government is installed in South Africa, that controls effectively the SADF and Military Intelligence, we should press the ANC to reinforce the non aggression accord with Mozambique by raising the penalties for continuous support of the war in Mozambique

Actions on Debt Cancellation

The cancellation of the Mozambican debt does not by itself solve the present socio-economic crisis of Mozambique. But clearly, the more debts are cancelled, the more space of manœuvre will the Mozambican Government have in determining its social and development policies itself. The campaign for the cancellation of Mozambican debt can be waged much better on our home turf than anywhere else. Here is a priority task for European solidarity groups, that would potentially have a much greater positive impact than any of the small support projects we may maintain in Mozambique.

Our chances for a succesful campaign on the debt cancellation are not bad at all. The Toronto terms of 1988 for bilateral debt reduction had offered Mocambique a series of options that included writing off one-third of its debt with various combinations of reduced interest rates and long repayment periods for rescheduled debts. The drawback is that debts rescheduled under the Toronto terms cannot be rescheduled once more. The Mozambican government has shown us the consequences of this rule if it were maintained. In September 1990 the Commonwealth Finance Ministers in Trinidad proposed modifications to the Toronto terms that could help Mocambique out of the worst dilemma. These modifications were:

1) Instead of negotiating new terms as debts mature each year - an almost intolerable burden of time and energy imposed on the scarce administration personnel of Mozambique - the total debt of each country should be dealt with in one long term operation;

2) Two thirds of debt should be written off and cancelled (This would mean writing off about of US \$ 18 billion of the debt stock of the poorest countries in Africa;

3) The repayment period should be lengthened to 25 years;

4) Interest payments due in the first five years should be capitalized. Principal and interest could then be repaid in a phased manner, increasing along with the debtor's capacity to repay.

What we have to campaign for is that our own governments actually implement the Trinidad proposals as soon as possible. Here we have to tackle members of our national parliamentary budget committees, party spokesmen on aid policy, the finance minister. In order to persuade them for rapid implementation of the Trinidad proposals we have to enlist the support of our national civics (trade unions, churches, humanitarian and solidarity groups). We have to inform all these entities of the human misery in Mozambique. And we have to give them perspectives of what could happen, if peace was achieved in South Africa and Mozambique and the whole region could start on a model of development cooperation. We have to convince them that the debt write off and the continued capital liquidity of Mozambique will pay off in future. And we have to tell them, why only a democratic South Africa (not a South Africa of a handful of monopolies) should be admitted to the Lome convention: because only then could we guarantee the establishment of a socio-economic security system (instead of a military system) in Southern Africa.

Interest in Emerging Civics

It is an essential political interest of the solidarity movement to support the Mozambican people in their attempt to get the democratic project off the ground and moving.

Apart from a democratic constitution, genuinely democratic parties and a free press, our main political interest should focus on the independent grassroots organisations and movements that mobilise people around their immediate and long term interests. Even though political parties will always intervene in civil society in order to secure their leadership, it is only natural that people become a bit tired of party politics and rather turn to their own interests as local communities, as social movements or religious and cultural groups. As long as they are independent of political parties, democracy has a fine chance to grow beyond the confines of party democracy.

Already the OTM, the OMM and the OJM are no longer the extended arms of Frelimo; they are independent now of the party. Either they take their chance and reorganize or they'll go under and are succeeded by a new trade union movement, womens and youth organizations.

The churches have already gained enormous space of manœuvre and are busy training their members and re-organising in order to make use of it.

Who knows whether the squatters around the cities will not start squatter movements for better housing conditions? There are all sorts of collectives busy creating new employment opportunities, in their way demanding better redistribution systems.

The agricultural cooperatives that have survived are trying to organize into a movement.

What I am saying is that it is worthwhile to note carefully what is happening on the ground and support politically initiatives that within their immediate interests have a long term vision of the democratic project in Mozambique.

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