

Appearances and Realities of Post-War Reconstruction in Mozambique¹

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Abstract. Mozambique is widely promoted on the world stage as a success story. The international community celebrates Mozambique's success in achieving lasting peace after decades of war; in implementing economic and political reforms; attaining impressive and steady economic growth; and promoting peace, democracy and reform in the region of southern Africa. But what is the reality underlying this shining image of success and post-war reconstruction? This article seeks to expose the stark contrast between the discursive portrayal and celebration of Mozambique's post-war path towards democracy, growth and development, and the concrete reality of ever increasing inequality and the rise of systematic corruption and organized crime. The article first presents the dominant portrayal of Mozambique, giving examples from various discursive sites (official reports of international organizations, governmental documents, the media, etc.). The article then turns to explore the reality of Mozambique in the current period, focusing on two definitive aspects of Mozambique's post-war condition. First, it describes the growing inequality that characterises Mozambican society today, the ever-growing wealth alongside widespread poverty and social exclusion in both urban and rural areas. It then considers the entrenched culture of corruption and violence that has arisen in the context of neo-liberal reform, exemplified most tragically in the assassination of journalist Carlos Cardoso in 2000. The analysis draws on various sources, including interviews conducted by the author in 1999, official reports and documents, and the media.

The thought typical of any age has the primary function of hiding the realities of that age and perpetuating its evils.²

Mozambique: Africa's success story

There is a particular image of Mozambique that is currently promoted on the international stage, by and for the international community. This is an image of peace, stability, democracy, reform, and growth, with a government that displays political will and commitment to poverty reduction. It is an image of an "African success story," which goes as follows. A country wracked by a brutal "civil war" for more than a decade, which left it "one of the poorest countries of the world," over the past decade Mozambique has set out on a path towards reconstruction and development. The "mistaken" economic policies of the "socialist" period after independence were abandoned long ago and Mozambique has joined the rest of the world in opening up its markets, privatising businesses, and welcoming foreign investment. The former one-party system has been reformed into a multi-party democracy, and a healthy civil society has emerged. While the sustained effort and commitment of Mozambique's government and peoples are applauded for bringing about this success, Mozambique is also held up as an example of successful international intervention and cooperation in Africa. This was clear first during the peace process of the early 1990s, and more recently in the co-operative manner in which government policies are formed in consultation with the donor community and private sector as well as local civil society. Thus in 1998 the UK Department for International Development affirmed that

good progress is being made. Macro-economic management is sound and the economy is growing at about 8%. The Government of Mozambique is committed to reducing poverty. [...] Democracy is functioning [...]. The Government promotes a constructive and open relationship with the donors. The prospects for an effective development partnership with Mozambique are good. Britain should expect to be involved long-term. (DFID 1)

When the UN Security Council met in New York in January 2000 to discuss its engagement with Africa, the Deputy Secretary-General to the Security Council, Louise Fréchette, proudly claimed:

Mr. President, if there is one country in the world where the efforts of the United Nations—in peacemaking, peacekeeping and peace-building—have made an incontrovertible difference, I suggest that Mozambique would be that country. Let no "Afro-pessimist" say, therefore, that you in the United States, or we in the

Secretariat, or any of the members of this Council, are wasting our time in trying to help Africans solve their problems.³

The European Parliament's Commission on Development and Cooperation has recently observed:

Since the end of the civil war and the first democratic elections in 1994, Mozambique has become one of the most successful nations of mainland Africa in terms of economic development and reconstruction, with an annual growth rate of 9% between 1995 and 1999. With 60% of its GDP financed by development cooperation, Mozambique has operated an efficient management and execution of the funds concerned, and has thus been able to benefit twice (in 1999, and again a few days after the end of the mission) from the IMF/World Bank initiative for heavily indebted poor countries (HIPC)s for reduction of their external debt. (European Parliament 2)

Paul Fauvet sums up the prevailing view: "Since peace came in 1992, the image of Mozambique has been transformed from that of an economic basket case to an African 'success story.'" (12).

At the forefront of the government's reform and development programme is its commitment to poverty reduction. This is seen in the recent establishment of the *National Plan for the Reduction of Absolute Poverty*, which was drawn up in consultation with Mozambican civil society and consists of a policy framework through which to achieve a significant reduction in the level of absolute poverty over the next decade.⁴ A central component of the poverty reduction policy is sustained economic growth: "For a poor country such as Mozambique, rapid economic growth is an essential and powerful tool for poverty reduction in the medium and long-term" (GOM *National Plan 2*).

It is widely admitted that Mozambique's economic growth is beginning from a "low base," but nevertheless Mozambique has witnessed remarkable recovery and economic growth since the end of the war in 1992. During the late 1990s and into the twenty-first century the portrayal of Mozambique's apparent success is epitomised in the celebration of its "double digit economic growth" and "single digit inflation" by the Mozambican government,⁵ Western governments and donor agencies,⁶ international organisations,⁷ and commercial banks.⁸ Mozambique has been heralded by the international press as an "emerging market," one of the world's fastest growing economies.

The Economist Intelligence Unit forecast that Africa would be the fastest-growing region in 2001, with Mozambique leading the way.

This is the appearance of Mozambique's path of success in post-conflict reconstruction and growth, as promoted by the international community. In this globalising era when everything is for sale, national economies themselves are now being "marketed," put on display as attractively as possible to catch the attention of global investors. Here is Mozambique's brand image provided by one such image-broker, Summit Communications, an organisation that specialises "in promoting the image of countries internationally":

Healthy Economy Set To Take Off

With a government firmly committed to liberalization, Mozambique's economic potential is looking up. In agriculture, transport and industry, new reforms and an active private sector are driving major expansion, while the newly-created tourism ministry has the enviable task of promoting one of Africa's most idyllic and little known destinations.

Today's Mozambique is characterized by a political stability that combined with swiftly advancing liberal economic reforms is bringing hopes of a prosperous future. Implemented by a government keen to cooperate with the private sector and woo foreign investment, those reforms have brought double-digit growth alongside single-digit inflation.⁹

The notion of "growth" is one of the many organic metaphors that infuse the ideological discourse about "development," which consists of a particular way of thinking about and describing processes of social change in different parts of the world, primarily the so-called Third World. This discourse emerged in the post-war years of the twentieth century and has been re-invigorated in recent years. But the type of "growth" produced by neo-liberal development policy today is more analogous to the growth of cancerous cells than that of any healthy plant or animal. The "double-digit economic growth" experienced by Mozambique in recent years is not a sign of a healthy society or of a healthy economy, if we are to retain any notion of economic development as having something to do with increasing the capacity of a society to meet the needs of its members: "in use-value terms the drive for unlimited growth would appear not as a sign of a healthy economy, but as a cancer on the body politic" (Collier, *Value* 9). Mozambican journalist Paul

Fauvet has underlined that Mozambique's is a "growth with poverty" (12). It is also a growth with enormous wealth—but not the kind of wealth that produces a rich society, only rich individuals.

The lived experience of "double digit economic growth"

The contrast between the enthusiasm with which Mozambique's post-war reconstruction is portrayed in the various discursive sites of the international community, and the concrete experience of that same process for ordinary Mozambicans, is stark. The gulf between the discursive and the concrete is matched only by the ever-growing gulf between rich and poor in Mozambique. The former vision of an independent Mozambique no longer characterised by "the exploitation of man by man" has given way to a current reality of daily insecurity and lack for the majority, alongside ever new heights of luxury and consumption for the few. The extremes of inequality are visible and prominent; Mozambique has become a place of different worlds alongside each other. This is evident along two dimensions: first in the difference between the worlds of the city and the countryside; second in the growing contrast of wealth and poverty within the towns and cities.

The majority of Mozambicans live in the countryside. While there is significant differentiation within and between different regions, most experience broadly similar conditions of life, arising from their basic situation of being dependent for the most part on what they can produce: they are "direct producers" in a liberalised market economy. They produce with their own "sweat and blood," using family labour and hand tools. They sell what they can—ground-nuts, maize, cassava, cotton, beans, perhaps some cashew nuts. They sell their produce in local markets or to passing traders, to get money to buy "*bens da primeira necessidade*"—*kapulanas*, shoes, second-hand clothing,¹⁰ cooking oil, pots and pans, machetes, salt, soap and washing powder, and so on.

In their own words the people living in the countryside are *camponeses* or *Moçambicanos*. In the words of the prevailing development discourse they are "small-holders" or "micro-entrepreneurs." According to this discourse they are also, most of them, "poor," "absolutely poor" and even, "ultra poor":

Given that more than two out of every three Mozambicans live below the reference poverty line, there is a case for distinguishing a notion of ultra-poverty, which can help us to focus on the poorest among the poor. (MPF 57-8)

The aim of government policy, supported by the international community, is to reduce this rural poverty through the promotion of economic growth and the creation of dynamic rural markets. The liberalisation of markets is assumed to liberate the rural producers, enabling them to respond to price incentives and increase their income:

Price incentives, and therefore market liberalisation are important to rural poverty reduction. [...] Given the extent and depth of rural poverty, measures to improve rural livelihoods are the first foundation of the national strategy for poverty reduction. An appropriate incentive environment for agriculture through the full liberalisation of agricultural markets [...] will raise smallholder incomes and create rural employment both on and off farm. (GOM *Poverty Reduction* ii, 14)

For most Mozambicans living in the countryside, however, the concrete reality of the competitive market in rural Mozambique, the actual experience of so-called “price-incentives,” is not an experience of liberation but of chronic insecurity and lack:

These days production is not forced. Each one decides how many *machambas* to plant each year. It is not controlled by anyone. And we manage to produce. The problem is this, when we take our produce to the shops, we arrive there, we get—I don’t know, maybe a million *meticaís*, two million, but that money serves for almost nothing, for the *camponês*. We produce a lot, but the problem is this. We go to sell our produce and receive money, but what we can buy—we can buy virtually nothing, it is only enough perhaps to buy a *kapulana* for our wife, and the husband has to remain as he is, with nothing, only at least giving some respect to his wife. [...] The problem for us *camponeses*, is that the traders do not respect the work of the *camponês*. For example, they come with a price—who knows how the price is established, whether it is established centrally, who knows, but the *camponês* has nothing to do with it, has no say, he is only told—“look, we have come to buy your produce for such-and-such.” He can say nothing. So he is obliged to go along with that price. He cannot set the price, let us say, in relation to his own blood, the work of his own blood. He cannot say—“the price of this is so much.” Because he is the one that knows, he is the one who produced, and knows how he produced. And so it is him that can establish the price. But these days—this does not happen. The prices are established elsewhere, and so the traders arrive here, and buy, and the *camponês* has nothing to do, is not able to complain. On

the contrary, we would remain with our produce in our house until it rots there. So in fact we are obliged to sell at whatever price. Whether we like it or not, we have to sell at whatever price.¹¹

Here, these days [...] the produce we sell is undervalued. In terms of the prices of the traders, it is very low, in relation to the things we need to buy from the shops. So for someone to buy a bar of soap, for example, which costs 10,000M, you have to take a lot of produce, because when you take one kilo it is not enough to buy a bar of soap. Because the price of a kilo of ground-nut is very low, so you have to take many kilos of ground-nut in order to be able to buy just one bar of soap. And then what about clothes for your wife, clothes for the children, you have to take so much produce. This is our difficulty, here in the countryside. [...] The money has very little value, whereas in the past the money was small but it had a lot of value—with 100 *escudos* you could buy something. Now with 5,000M you can't buy anything. There is no balance between the money and the goods. [...] The prices vary, they differ, according to how much produce you have, and when. Someone can sell their ground-nut for 4,000M a kilo. Then there will come a time—after the ground-nut is over—the same traders come wanting to buy for 5,000M, 6,000M. But after it is over! [...] they have their tactics. The government doesn't manage to establish a fixed price for the whole season. [...] If a person has nothing, they need money that instant [...] say, you want to buy some soap, some rice, some sugar, because you don't have any [...] your child is ill, you want to take her to hospital [...] the guy offers 4,000M—"do you want to sell, or not?" You say—"but, I'd sell if it was 5,000M." So he doesn't buy, he goes away. And when this happens—you say "wait, wait, come back, I'll sell!"¹²

In many respects life in urban areas is very different from that in the countryside, but for many Mozambicans these different worlds share a basic condition of economic insecurity and insufficient satisfaction of needs. In towns and cities many Mozambicans live in the *bairros* surrounding the centre. For those lucky enough to have a regular job in the manufacturing or service sector the wages are generally pitifully low.¹³ Many companies have closed, temporarily or permanently, while workers are still owed months of pay.¹⁴ Some work in domestic employment, as *empregados domésticos* for richer Mozambicans or the expatriate community. Others try to gain some money by buying goods from traders and selling them on the street—any type of good they can acquire: batteries, shower curtains, brightly coloured pens, plastic rucksacks, plastic drinking bottles, chil-

dren's toys, belts, cotton thread, boiled sweets, chewing gum, packets of biscuits, skin-lightening cream, watches. These are the "*vendadores da rua*," often young children, roaming the streets with goods in their hands, trying to sell to passers-by. The problem for the ordinary Mozambican during this post-war period, in urban areas as in the countryside, is how to live, how to get by:

The life of the people [...]—let me say this, during the war, things were very difficult. There were no clothes, there was nothing; when this war—when Mozambicans were fighting each other—stopped, in this period now, now there are clothes, in the shops. But even so, life has become difficult. Well—some people have things—as also in other countries, it isn't everyone who has, is it? Some have, some don't have. [...] The problem we face these days is not a lack of clothing. It is a lack of employment. So—it becomes very difficult: how a person can get by, work things out (*resolver a vida*). There are many there, sitting, who have nothing to do. [...] So life becomes very difficult. How to get by, throughout the year, is very difficult. [...] Really, here in Mozambique, we are in a really bad situation. Especially here in Nampula. Here in Nampula things are really bad.¹⁵

These days life is very complicated, things are very expensive to buy, and the money these days is worth nothing. Even if I have a lot of money—but that money—it isn't enough even to be able to buy something that will last—it will only buy something that will last for one day. For example with 100 *contos*¹⁶ you go to buy some food, the food won't last you a week. So our money today doesn't have value. Even if you have a lot, see? But that money won't have much impact. These days, the main difficulty is that each person struggles in order to have things. This is what is most difficult—how to have. Yes. And so a person finds a contradiction, between his needs, and his capacities, you find a contradiction when you need and you don't have the capacity. These days this is the problem, this is the issue. [...] the struggle between wanting and being able. The difficulty of life these days is this. Yes. Each person is struggling to have things. But it is not easy to have things these days.¹⁷

The town of Angoche on the coast of Nampula Province used to be a vibrant and busy commercial centre, a place of importance and activity, with two cashew factories, a rice-processing factory and a fish-processing factory. Now none of these factories are functioning, as a result first of the war and then as a result of the post-war liberalization.¹⁸ The town has a forlorn and

desolate atmosphere and the livelihoods of thousands in the area have been sacrificed in the name of market efficiency:

Former cashew factory employee:

First I worked at the factory in Nacala [...], then I was transferred here when it was *Caju de Moçambique*. Then it became *Angocaju*. I worked all the years, from Nacala to here, for twenty-five years. I even became a mechanic.

Second former cashew factory employee:

I began to work in 1988. Here, in Angoche, when it was *Caju de Moçambique*. [...] I worked in the raw-material store, we had to weigh the *castanha*, the raw material as it entered the warehouse. Later I became a security guard. And then I was made redundant—let us say—with nothing. Now, as the factory has stopped working, some are really suffering, they have no means of livelihood. Others go to fish, but you don't earn anything, fish doesn't bring any money, [...] yes, he is one of these, see? (*pointing to the first man, who had fish scales all over his hands and was holding a small fish*) he is selling fish, you see? A mechanic!! Many people don't have any work, and so there are no people to buy. People don't have money because no one has any work. And so because of this there is no good life.

First: Because of this things are bad. I live with nine people at home. I have five children.

Second: There are many people who have their families to look after. I have six children. And so people go to fish, they can fish, but there is no one to buy the fish, because no one has money.

First: It didn't used to be like this. There were at least three factories functioning, or two [...] now—life is not good. It is not normal. There were around 1,500 people working at the factory—in the beginning, around 1974, it was 4,000, but lately only 1,500. Now all these people are left with nothing. They go around with empty hands. [...] Each worker has more family—three, four, five, six [...] life is difficult, visibly, as you can see—[*showing all around*].

Second: Things are miserable, because we have to rely on fishing. Artisanal fishing, small scale—not industrialised, mechanised, like *Angopeixe* [The former fish-processing plant]. And so this fishing—truly people cannot manage. As you can see—[*pointing to the mechanic*].

First: I have been there since the early morning—from five in the morning until now [*around midday*] I haven't even made 10,000M. And my children are wait-

ing for me. And they still haven't eaten, the first meal—they still haven't had breakfast. It is like this for most people. This is how things are.¹⁹

As we walked back through the *bairro*, we passed through the market, past rows of stalls where each person was selling small piles of small fish, small onions, garlic, tomatoes, nails, flour, rice, sugar—all in small, small quantities. The *Secretário* of the *bairro* said to me: “you see, all these people are selling and no one is buying, in our market.”

These are just some glimpses into the everyday reality of Mozambique's current neo-liberal order as it is experienced by ordinary Mozambicans in towns and the countryside—by peasants, unemployed former factory workers, domestic employees, *vendadores da rua*. The concrete lived experience of other groups of “socially excluded” in Mozambican society has been explored recently in important research conducted by Carlos Serra and a group of researchers at the *Centro de Estudos Africanos* at Eduardo Mondlane University.²⁰ Their research documents the conditions, experiences and views of various social groups and social worlds in Mozambique—drivers and passengers on Maputo's *chapas*²¹ (Matsinhe); *lixeiros*, people who hunt through the city's rubbish tip for food, clothing and anything that can be recycled or sold (Colaço 2001); patients at Nampula's Psychiatric Hospital (Monteiro); *esmoleiros*, beggars in the city of Nampula (Aquimo); the world of the *barracas* in Maputo (Colaço 2000). In doing so this work brings into the focus of academic inquiry the reality that is experienced by the majority of Mozambicans today, those for whom notions of “double-digit economic growth,” “participation,” “poverty reduction,” and “price incentives” remain abstract and empty phrases with little bearing on their lives.

So where is the evidence of the much-lauded double-digit economic growth? It is not in the factories, which lie silent with locked gates, leaving workers unemployed and empty-handed. Is it perhaps in the shining new shops, cafés and restaurants blossoming in the cities? In the shining new Mercedes automobiles, the 4x4 Pajeros and Isuzos parading the pot-holed streets of the city centres? In the space of a few months in 1999, two huge new shops opened in Nampula, with enormous glass shop-fronts and marble facing, selling a daunting array of household goods and equipment, tools, and mechanical parts. At the same time a new ice-cream parlour opened, which would have looked at home in any smart European or North American high-street. These small islands of luxury, plenty, and consumption stand out

starkly against the surrounding dusty pot-holed roads and cracked pavements. The *vendadores da rua* watch from the darkness as 4x4s drive up and well-dressed passengers descend to enjoy an evening ice-cream.²² Who is it that enjoys such treats, who is it that buys the wide-screen televisions, DVD players and microwave ovens on display in Nampula's marble-faced, air-conditioned sale-rooms? Who is it that fills up their brand new Nissan Patrols in the smart BP fore-court? And where does the money come from?

In Maputo the same processes take place but on a larger and faster scale—more hotels, more supermarkets, bigger shopping centres, appearing almost overnight. Their marble and glass façades shine in the sun while, across the pot-holed road, piles of rotting, stinking litter overflow from the old metal bins all over the cracked, broken pavements. Clearly there are some very wealthy people in Mozambique. But what is the source of their wealth? It does not seem to come from production in Mozambique. Mozambican society includes within it some exceedingly wealthy people; but it is not a wealthy society. The recent observations of writer and journalist Mia Couto articulate the profound contradictions of Mozambique's post-war economic growth:

The biggest disgrace of a poor nation is that, instead of producing wealth, it produces the rich. But rich without wealth. In truth, it would be better to call them not rich but well-off. The rich are those who possess means of production.

A rich person is one who generates money and provides employment. A well-off person is simply one who owns money. Or who thinks he does. Because, in truth, it is money who owns the person. The truth is this: our "rich" are too poor. What they have, they do not keep. Even worse: what they exhibit as theirs, is the property of others. It is the produce of robbing and shady deals. They cannot, however, these well-off people of ours, relax and enjoy the benefits of all that they have robbed. They live obsessed by the fear that they could be robbed.

The biggest dream of our new-rich is, in the end, very small: a luxury car, some ephemeral *cinilâncias*. But the luxury vehicles are not able to dream very much, jolted by the pot-holes in the streets. The Mercedes or the BMW cannot fully realize their brilliance, occupied as they are with navigating between bulging *chapas* and pitted roads. The existence of good roads is dependent on a different sort of wealth. A wealth that serves the city. And the wealth of our new-rich was born from the opposite process: the impoverishment of the city and of society. (Couto 7)

The neo-liberal reforms of the past decade have enabled processes of cancerous “economic growth” in Mozambique, which produce not a wealthy society but only wealthy individuals, with wealth born from the impoverishment of society.

The political economy of double-digit growth:

the growth of wealth and corruption

In pursuit of economic growth, since the mid to late 1980s the government of Mozambique has embarked on a programme of structural adjustment and liberalisation. This has included currency devaluation; one of the most extensive and rapid programmes of privatisation in Africa;²³ liberalisation of the market internally and externally through the removal of fixed prices and state-controlled marketing institutions and the removal of import and export tariffs; reform of the tax system and property laws to create an environment attractive for private business and, above all, foreign investment. All of this has been directed closely by the international financial institutions of the World Bank and International Monetary Fund and the donor community, which has met with varying degrees of criticism, resistance, and acceptance on the part of the Mozambican government and so-called “civil society.” This process and context of neo-liberal reform, which has been embraced by some of the Mozambican political and economic elite and accepted reluctantly by others, has caused or provided the conditions of possibility for specific forms of economic activity and accumulation through which private individuals and groups gain at the expense of society. These include large-scale financial fraud, drug trafficking, money laundering, smuggling, and other forms of organised illegal activity. It is these forms of accumulation that help to account for some of the visible manifestations of extreme wealth alongside growing poverty and insecurity outlined above, which over the past decade have come to be a definitive condition of Mozambican society.

Over the past five years or so, increasing evidence has emerged that practices of fraud, organised crime and corruption have become embedded within Mozambican society at a high level. As public criticism and attention mounted so too did a culture of violence and a routine disregard for justice and public integrity, on the part of many economic and political actors. These tensions, structural symptoms of the neo-liberal transformation of Mozambique’s political economy, culminated in the assassination of the investigative journalist and political activist Carlos Cardoso on November

21, 2000. This tragic murder was only one part of an ongoing struggle between social forces in Mozambican society that has grown up in the context of neo-liberal reform. This is a struggle between those seeking to further the collective interests of Mozambican society and those seeking to pursue personal gain with no regard for collective social costs. Few societies are free from such tensions, but over the past couple of decades the reorganisation or “adjustment” of society, in Mozambique and throughout the world, has created conditions that structurally favour the latter and hinder the former. And all this has been brought about under the guise of precisely the seductive, technocratic discourse of economic growth and prosperity examined above.

The rapid and widespread programme of privatisation, initiated in the mid-1990s, enabled foreign investors and members of the Mozambican elite to acquire assets easily and cheaply, with easy access to credit lent to the government by international economic institutions but disbursed by commercial banks. Many of the privatised enterprises have subsequently shut down while many of the original loans have not been paid back, so-called “non-performing loans.” In the mid-1990s the state-owned banks were privatised, under the direct insistence of the World Bank and the IMF.²⁴ Joseph Hanlon has examined in detail the way in which the very hasty privatisation of the two main banks paved the way for future mismanagement. Over the next few years, the Banco Comercial de Moçambique (BCM) and Banco Popular de Desenvolvimento (BPD, which became Banco Austral) generated enormous losses.²⁵ When it came to raising new capital to rescue the banks, the government, which owned a percentage of the shares, was forced to sell treasury bonds equivalent to about 80 million USD\$, at high levels of interest (over 22%). The cost of servicing this internal debt is now greater than servicing Mozambique’s international debt.²⁶

The most significant instance of bank fraud came to light in 1996, when it emerged that 144 billion *meticals* (about 14 million USD\$) had been “siphoned” from a Maputo branch of BCM by means of a sophisticated scheme that exploited the bank’s weak internal accounting procedures. Formal investigation into the 1996 bank fraud was slow and ineffective. It transpired that the process had been deliberately delayed and disorganised by members of the Public Prosecution Office, apparently acting to protect the suspects by preventing the case from proceeding and destroying key evidence from the case file. Ever since this fraud came to light there has been ongoing collusion between networks of criminals associated with the suspects and

high-level officials in the Attorney General's office, the police and the prison service, from disrupting the fraud investigation to smuggling mobile phones into the cells of suspects detained in the high security prison. The embedded corruption has been accompanied by the systematic and ongoing use of violence and threats to attempt to silence or get rid of "inconvenient" lawyers, journalists, judges, and members of the Attorney General's office.²⁷

Hanlon has explored numerous other practices of fraud based similarly on exploiting the weak internal banking procedures that have enabled fraudulent payments and the transfer of funds to foreign bank accounts. He estimates that the cost to the Mozambican economy from the combination of bad loans, incompetent management and fraud following the bank privatisations amounts to more than 400 million USD\$.²⁸ Bank fraud is not the only area in which some high-level individuals in the government and the legal system facilitate illegal economic activity. Networks of criminals are involved in significant levels of drug trafficking, money laundering, trade in stolen cars, and other forms of illegal trade, which are made possible by protection or cooperation from police and customs officials, who are bought through bribes.²⁹ Gastrow and Mosse observe:

Money laundering activities in Mozambique are linked primarily to drug trafficking. The profits of the Mozambicans involved in the trafficking amount to millions of US dollars each year. Some of this money is spent on items such as houses and luxury cars, but the traffickers also convert large portions of their proceeds into properties and businesses in the legitimate economy to generate profits or to sell at a later stage without arousing suspicion. It is suspected that this money has contributed to the upsurge in the construction of new buildings in Maputo, Nampula and Pemba. The investment in hotels and tourism is strategic because it is relatively easy to declare more clients than have actually been serviced and thereby disguise profits earned from illicit drug trafficking (9).

While the productive elements of Mozambique's economy continue to deteriorate, leaving thousands unemployed, parasitic forms of private accumulation thrive. Most Mozambicans do not have ready access to clean drinking water and must walk for over an hour to reach the nearest health unit.³⁰ Meanwhile the rate of construction of new hotels in Maputo since the mid-1990s is such that the Association of Mozambican Hotel Companies complain their profits are falling because there are now far more rooms than

clients.³¹ This is the reality of Mozambique's success story of rapid economic growth, and it is not the result of development policy gone wrong. On the contrary, it is the normal outcome of neo-liberal reform that is entirely abstracted from the concrete concerns and needs of human societies and concerned only about the growth of international capital. The up-beat promotion of Mozambique's success and prosperity on the international stage will be of little comfort to the peasants, the *vendadores da rua*, the unemployed factory workers, who struggle daily to make ends meet. But this discursive portrayal of Mozambique's condition is not intended for them; it is intended for foreign investors. What matters in the current global development era is not the satisfaction of human needs but the satisfaction of international credit ratings.

Notes

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² Collier, *Being and Worth* ix.

³ Press Release DSG/SM/82 AFR/205 SC/6797, 31 January 2000.

⁴ See Government of Mozambique 2001.

⁵ In February 2002, President Joaquim Chissano told an audience of American investors that "in spite of the severe floods that affected the country for two consecutive years in early 2000, in the last five years Mozambique has shown steady high GDP growth rates in a sustainable manner. As a matter of fact, GDP growth between 1996 and 1999 averaged around 10%, inflation declined from a high two digits level in 1995 to a mere single lower digit at the end of 1999. Last year GDP grew by 14.9%. We are very proud of our accomplishments in Mozambique. The job creation, the ability to successfully attract new foreign investment, and the ability to sustain real double-digit economic growth has consistently earned Mozambique a place among the top economic performers." Address to the Corporate Council on Africa, February 25 2002, <http://www.uspolicy.be/Issues/Africa/chiss.022602.htm>. In December 2002 the Finance Minister Luisa Diogo reported that Mozambique's double-digit growth rate recorded in 2002 is expected to continue in 2003 ("Mozambique set to continue high economic growth: minister," Dec 24 2002, Agence France Press, http://quickstart.clari.net/qs_se/webnews/wed/ag/Qmozambique-economy.RX11_CDO.html).

⁶ The US Government Trade Department's "Country Commercial Guide" for Mozambique at the end of 2001 stated that "Mozambique's macroeconomic policy reforms have led to double-digit GDP growth over recent years ... GDP growth for 1999 was approximately 10 percent, and has averaged in double digits during the past three years. The government expects the economy to continue to expand at a rate between 7-10 percent over the next several years, combined with low inflation rates" (*Mozambique Country Commercial Guide FY2001*, Ch. 1, <http://www.usatrade.gov/Website/CCG.nsf/>).

⁷ “The World Bank’s International Development Association (IDA) and the International Monetary Fund (IMF) agreed today that Mozambique has taken the steps necessary to reach its completion point under the enhanced framework of the Heavily Indebted Poor Countries (HIPC) Initiative. Mozambique becomes the third country to reach this point (after Bolivia and Uganda). [...] a return to near double-digit growth is expected during 2001.” Press release, *The World Bank Group*, September 25, 2001. <http://wbln0018.worldbank.org/news/pressrelease.nsf/>. The UN Secretary-General’s report on the *Implementation of the Programme of Action for the Least Developed Countries for the 1990s* (1999) reported: “Twenty of the least developed countries achieved GDP growth rate of 5 per cent or more in 1997, with three countries (Equatorial Guinea, Mozambique and Rwanda) recording double-digit growth” (UN 3).

⁸ See “Quarterly Update for Mozambique,” December 2002, Economics Division, Standard Bank of South Africa <http://196.8.88.70/research/UMOZ0212.PDF>.

⁹ “About Us,” <http://www.summitreports.com/>. Summit Communications produce “high-quality, informative sections that are distributed with *The New York Times* and are aimed at influencing public opinion, generating awareness and stimulating response. The result is an effective connection between nations, consumers, vendors, and investors.”

¹⁰ Known popularly as “calamidades,” because second-hand clothing was first distributed during the war by the *Instituto Nacional de Gestão das Calamidades* (National Institute for Disaster Management).

¹¹ Group interview, Minicane, Muecate, Nampula, 30 July 1999.

¹² Group interview, Minheuene, Muecate, Nampula, 2 July 1999.

¹³ In 2000 the minimum monthly wage was around \$30 (450,000 *meticaís*) which was too low to support a family. A worker on the minimum wage spent 35% of his monthly salary on travelling to and from work (*Mozambiquefile* June 2000, p. 9). The minimum wage was enough to buy only 38.8 per cent of a very basic “basket of goods for the average five member family,” consisting of 9 kilos of maize flour, 1.5 kilos of rice, 1.5 kilos of vegetable oil, 1.5 kilos of beans, 1.5 kilos of brown sugar, 2 kilos of second grade fish, and 4.5 kilos of vegetables per person per month. As emphasised in *Mozambiquefile*, this “basket of goods” is a very bare minimum with no expenditure on clothing, transport, education or health (*Mozambiquefile* July 2000, p. 21).

¹⁴ Workers of many companies have been unpaid for months. In 2000, according to Joaquim Fanheiro, general secretary of the largest trade union federation, more than 13,000 workers lost their jobs (*Mozambiquefile* June 2001, p. 18).

¹⁵ Interview with *empregados*, Nampula city, 18 June 1999.

¹⁶ 100,000 *meticaís*.

¹⁷ Interview with a domestic guard, Nampula city, 11 June 1999.

¹⁸ The story of the destruction of Mozambique’s cashew processing industry by World Bank-imposed liberalisation of trade in raw cashew nuts is notorious and has drawn considerable international attention; unfortunately there is no space to tell it here. The process was closely followed and documented over years by Carlos Cardoso’s newspaper *Metical*, and also by *Mozambiquefile*. See also Hanlon, “Power without responsibility.” By 2000 nearly all of the former cashew processing factories in Mozambique had shut down leaving over 90% of the 11,000 former cashew factory workers unemployed (*Mozambiquefile* June 2001, p. 18).

¹⁹ Interview with two unemployed cashew-factory workers, Angoche, Nampula, 22 June 1999.

²⁰ For details of the research project, *Sociedade Civil Precarizada em Moçambique*, see <http://www.cea.uem.mz/pesqinfo/>.

²¹ *Chapas* are privately owned minibus taxis in Maputo.

²² See Colaço, “Tradição e modernidade” 159 for discussion of the views of people in the *barracas* in Maputo regarding the city’s smart restaurants and bars.

²³ Around 1,000 formerly state-run enterprises were privatised (*Mozambiquefile* July 2000, p. 3). For analysis of the privatisation process see Cramer, and Pitcher.

²⁴ See Hanlon, "Bank corruption becomes site of struggle in Mozambique."

²⁵ *Mozambiquefile* various editions. See Hanlon, "Bank corruption" for a detailed analysis of the processes that led to the losses.

²⁶ *Mozambiquefile* January 2002.

²⁷ In December 1997, José Lima Félix, the Portuguese manager of the International Bank of Mozambique (BIM), was killed. At the time it was said to be motivated by car theft but it is now suspected that he was murdered because of his investigations into money laundering. On November 29, 1999, there was a failed attempt to assassinate Albano Silva, the chairman of the Legal Council of the Bar Association who was acting as lawyer for BCM investigating the 1996 fraud. In July 2000, the Attorney General, Antonio Namburete, was sacked by President Joaquim Chissano, following allegations that he had assisted in undermining the investigation of the bank fraud. The following year under the direction of the new Attorney General Joaquim Madeira a number of corrupt members of the Public Prosecution Office in the capital and the provinces were removed from office. On 22 November 2000, Carlos Cardoso was murdered as he drove home from work. The key actors in his murder are suspected to have orchestrated the 1996 theft of 144 billion *meticaís* from the BCM. This was one of the many instances of fraud and corruption that Cardoso and his newspaper *Metical* investigated and campaigned about over months. On February 14, 2001, there was an attempt to assassinate Assistant Attorney Albino Macamo, who had been working with Madeira investigating and dealing with corruption in the Office of the Attorney General. Madeira was convinced that the attempt on Macamo's life was by organised crime. On 18 April 2001, the Secretary General of the Attorney General's office, Orlando Generoso, was held up and threatened with death by three armed men, when he stopped his car on Avenida Eduardo Mondlane in the centre of Maputo. On 19 April 2001, a journalist from Radio Moçambique, José João, received an anonymous death threat by phone after writing a news item on drug trafficking and illegal imports. On 28 April 2001, a journalist for *Mediafax* (an independent daily paper) was savagely beaten in a Maputo suburb. As no attempt was made to rob him the motive was suspected to be an attempt to silence his journalist activity. On 11 August 2001, Antonio Siba-Siba Macuacua was murdered. His body was found at the bottom of the stairwell of the multi-storey building of Austral Bank's headquarters in downtown Maputo. Siba-Siba was a highly respected economist who was appointed by the Central Bank as chair of the provisional board of directors of Austral Bank in 2001, when the shareholders pulled out after admitting the true scale of accumulated losses to be over 150 million USD\$. Siba-Siba was directing the investigation into the bank's financial state and chasing up "bad debts." In September 2002, Antonio Frangoulis, former head of the Criminal Investigation Police in Maputo, received death threats from the escaped murder suspect Anibal Antonio dos Santos ("Anibalzinho"). Most recently, during the Carlos Cardoso murder trial in December 2002, a series of threats were made to several witnesses and officials in the Public Prosecution Office, including threats made to the presiding Judge, Augustino Paulino, in an attempt to disrupt the process of the trial and protect the suspects (*Mozambiquefile* various editions).

²⁸ Hanlon "Bank corruption."

²⁹ The activities of organised criminal networks are documented in Gastrow and Mosse.

³⁰ According to the recent Survey of Basic Indicators of Well-being published by the National Statistics Institute in October 2001; see *Mozambiquefile* November 2001.

³¹ *Mozambiquefile* August 2001.

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