



# The Political Economy Underpinnings of Agriculture: Mozambique

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# Natural resource extraction: A new opening for agriculture?

- Organisation of the paper
  - The Paradox
  - Systemic vulnerability and the political settlement in Mozambique
  - Three implications for agriculture
  - Conclusion: natural resources economy - a new opening for agriculture?



# Argument

- Despite enormous potential there has been a consistent neglect of small scale farmers in Mozambique
  - Within the political settlement - neither politically nor economically important
  - Interact in three important ways with Systemic Vulnerability pressures
  - As SV pressures lessen and expansion of the extractive economy - will this imply a new opening for different types of agriculture beyond the dominant FDI drive?



# The Paradox

- Agriculture has always been part of state policies from independence to the present
- YET it has been neglect despite:
  - Key for post-independence industrialisation
  - 80% of population depend on agriculture (poverty reduction the new ideology)
  - Democratisation with close elections (need to win over voters)
  - Strong donor focus: multiple policies and reforms (intense focus on state capacity and no productivity increase since 1960s)



# Why neglect?

- Explaining neglect:

***Systemic vulnerabilities:*** crisis and internal/  
external threats

***Political settlement analysis*** - organisation and  
distribution of power in society

- Organisation of the Ruling political elite – Party organised
- Organisation of the economy and financing of the political settlement
- Position of the bureaucracy in the ruling coalition



# Systemic vulnerability pressures (elections)

- After the GPA in 1992
  - Democratisation with **close elections** (1994/1999) with a need to win over voters
  - With 80% of population depend on agriculture – a **clear constituency**, but also **hostile** to the ruling frelimo coalition after post-independence policies and civil war
  - Strategy after 1999: **low electoral participation** (forced) and **increased Frelimo winning margins** based on party mobilisation



# Vulnerability Pressures (accumulation and opposition)

- Starve of economic opportunities that could fund the opposition:
  - Privatisation, land and licenses – distribution to key RC members: **rent extraction** – not production (cashew); cartels and monopolies
  - No interest in broad economic performance as it could **fuel opposition** (Nchala and Beira)
  - FDI investments - **controllable accumulation**
  - **Punish rural populations** that vote for the opposition through state budget or **targetted distribution** to loyal members



# Systemic vulnerability pressures (financing of R/C and urban riots)

- Financing the ruling coalition
  - Trader families as **importers** - Financiers of top party individuals and the party - provided with **incentives and impunity** (poultry/soya) - No interest in own production for the cities
  - **Donor aid** paid for key state coalition members – diverted resources towards staff
- Urban riots in 2008 and 2010
  - Subsidies for the upcoming urban middle class, paid for by donors to stabilise the government





# A new opportunity for agriculture

- Systemic vulnerabilities lessen – opposition vanished as a serious threat as starved-off from resources
- Opened up for new resource extractive investments (China, India, loans, natural resources etc.) and donors moving towards private sector development and agriculture
- But also centralised rent management – by party and around Guebuza instead of the state
  - Lack of political incentives to focus on productive sectors and agriculture as rents and resources are available to maintain the coalition from the new extractive resources
  - But the ruling elite has also something to protect for the first time – will this broaden accumulation?



# Conclusion

- A rare window of opportunity
  - There is a ***scrabble for big investments*** and economic opportunities among the ruling elite
  - Large scale investments have ***many spillover effects*** with regard of infra-structure development, cooridor development, mega-projects buying of services as well as need for stability
  - ***Less easy to control*** the magnitude of investments so new opportunities for agriculture in the shadow of mega-projects is emerging that increase productivity and not only area expansion