



**M. Anne Pitcher.** *Transforming Mozambique: The Politics of Privatization, 1975-2000.* New York and Cambridge: Cambridge University Press, 2002. xxiii + 293 pp. \$60.00 (cloth), ISBN 978-0-521-82011-0.



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## Capitalism and the Mozambican State

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M. Anne Pitcher's *Transforming Mozambique: The Politics of Privatization, 1975-2000* is a much needed and welcome addition to the literature of the state in Africa. It is a well-researched and well-argued history of several defining moments in the formation of the state in Mozambique, specifically, the period of late colonialism, the early years of independence, the era of socialism and high modernism, and the transition to capitalism since the late 1980s. The book provides a long overdue reflection on the policies and actions of the Frelimo government from an historical point of view. Its major focus is on the social and economic changes accompanying the latest transition. Pitcher situates the role of the state as change agent and notes the continuity of ruling elites from the socialist era to the present. Such continuities make the latest transition a process of transformative preservation in Pitcher's optic.

Pitcher emphasizes both the continuities and the significant ruptures in the relations between the state, capital, and civil society in Mozambique. Her objective is to

explain and/or reconcile what at first glance might appear as paradoxical, namely that the Mozambican state has been seen to be both weak and dependent as well as interventionist and authoritarian in its relations with global capital and domestic forces. Pitcher calls upon the categories put forward by Peter Evans including that of the intermediary state, which she feels best rationalizes the contradictory positions taken by the Frelimo government since independence.[1]

Pitcher also adapts Evans's four rubrics to explain the varying roles of the Mozambican state in the above-mentioned moments. From 1977 to 1983, Pitcher represents the state as a demiurge in regard to its interventions in the Mozambican economy. Now, she feels, the state plays the role of midwife and husbandry in nurturing, promoting, and protecting capitalist development.

The introduction sets the theoretical stage of Pitcher's argument in comparative and historical institutional theory. Chapter 1 shows continuities between late colonialism and early post-independence interventionism. It argues that many of the earliest policies were tactical re-

sponses to the legacy of the colonial political economy. This chapter also demonstrates that the highly centralized and interventionist Frelimo government took shape only after the Third Party Congress in 1977. Chapter 2 outlines the dynamics of state intervention in both industry and agriculture from 1977 to 1983, while chapter 3 documents the dismantling of the state sector in two phases, 1983 to 1990 and 1990 to 2000. The turning point was again a party congress, the Fourth Party Congress of 1983. Nevertheless, private sector enterprise that was able to maintain its presence in Mozambique during all these tumultuous years also played its role in the return of the market. Smallholders, by diminishing production and joining the ranks of the Renamo opposition, also made an impact on state policy.

Chapter 4 looks at who benefited from the privatization process, which Pitcher clearly demonstrates is a state-directed process. Chapter 5 characterizes the resulting private sector in industry, while chapter 6 does the same for certain areas of export agriculture. The final chapter contrasts early post-independence and contemporary representations of the two transitions as expressed in the media. Pitcher imaginatively deconstructs the iconography of the privatization process by examining a number of company advertisements.

Pitcher's analysis of the two transitions is largely structural despite the fact that she persuasively states the case for social agents negotiating state positions. Specific examples, however, are missing. We never learn, for example, why the state nurtured, promoted, and protected private investments in certain sectors and certain enterprises, and failed to do so in other areas; there is no discussion of the conflicting particularistic interests involved in the negotiations surrounding concrete cases of privatization and policy-making thereafter. What becomes obvious is the continuing role of the state in the success or failure of private investment, notwithstanding the claims of neo-liberal ideology.

Pitcher's trenchant critique of neo-liberal ideology recalls Joseph Stiglitz's *Globalization and its Discontents*. For those who do not know, Stiglitz's book is an insider's critique of the international financial institutions approach to economic crises and development in both developed and developing countries. Reinforcing Pitcher's major point, he states, "the very notion that one could separate economics from politics, or a broader understanding of society, illustrated a narrowness of perspective" (p. 47). Pitcher's narrative thus enriches the literature of privatization. Yet, in contrast to Stiglitz, she gives

pride of place to local over international social forces and to the historical path already taken by the Mozambican state in determining the sequencing and pace of privatization.

Nevertheless, a reading of Stiglitz provides a comparative context from which to view the process of privatization in Mozambique. His discussion of the process in Russia and Eastern Europe is especially apropos. He is outspoken about the pressure exerted by the International Monetary Fund and U.S. Treasury for rapid privatization. In the resulting loans-for-share scheme, a few oligarchs got control of a vast portion of the country's rich natural resources (p. 170). While documenting how state officials also transformed themselves into businessmen during the Mozambican privatization process, Pitcher neglects the relationship of the Mozambican state to the International Monetary Fund in regard to the setting of macroeconomic policies and the implementation of structural adjustment policies. This detracts from her discussion because macroeconomic policies determine the impact of the privatization process upon the majority of Mozambicans.

Pitcher lacks an analysis of how privatization affected wage employment and its implications for the wider political economy. She repeats the conclusions of World Bank and government surveys, which are inclined to give the most favorable view of employment; at a later stage she notes an independent report that about 100,000 jobs have been lost as a result of privatization but does not examine the significance of such job losses for the urban poor. Although she does mention that workers complained about low salaries, there is no discussion of what this has meant for such workers and their families. The minimum salary for an industrial worker went from approximately \$40 per month in 1987, when structural adjustment policies were first introduced to Mozambique, to \$17 in 1993, to \$23 in 1996. In 1998 the minimum salary reached around \$35.[2] Private consumption not only for the employed but for Mozambicans in general has declined since 1990 to 65 percent that of 1980.[3] On a global scale there is evidence that the combined effect of privatization, liberalization of financial and capital markets as well as trade, and other structural adjustment policies has led to an increasing gap between rich and poor, both internationally and nationally (on the controversy surrounding this issue, see Robert Hunter Wade.)[4] Stiglitz argues that privatization needs to be part of a more comprehensive program, which entails creating jobs in tandem with the inevitable job destruction that privatization often entails. Macroeconomic policies, including

low interest rates, that create jobs, have to be put in place (p. 57). By not addressing the macroeconomic context and not questioning the relationship of privatization to poverty, Pitcher's book has missed the chance to contribute to one of the most important controversies facing governments and social scientists alike.

Pitcher's discussion of the transition to capitalism in agriculture focuses on those sectors contributing to exports, the cotton and cashew sector, with greatest emphasis on cotton. These are relatively privileged sectors in comparison with the conditions facing the majority of rural producers in Mozambique. As Pitcher notes, the 250,000 smallholders who produce cotton have been guaranteed a market for their cotton and have obtained a cash income from their sales (p. 213). A deficient marketing structure is one of the most serious problems affecting most Mozambican producers. While noting in passing that incomes from cotton are low, Pitcher states rather optimistically that they have allowed producers to purchase items such as soap, cloth, and oil for their everyday needs (p. 214). Given that most producers have to rely on itinerant traders in order to sell their crops and have little or no access to shops for basic consumer goods, cotton producers were certainly advantaged. However, some discussion regarding the terms of cotton trade and its impact on rural poverty might have been in order as well as a more detailed exposition of social struggle over this issue, particularly since cotton is the one sector in which producers have succeeded in organizing themselves in order to engage in collective bargaining with the monopoly companies that control marketing. I am referring here to the sellers' cooperatives sponsored by

the Cooperative League of the United States of America (CLUSA) in Nampula. Pitcher overlooks these cooperatives and argues, again optimistically, that smallholders and workers have demonstrated their ability to shape the projects of the state and capital through negotiation as well as resistance, and they are just as active now (p. 235). This argument would have been significantly strengthened had she documented specific struggles.

*Transforming Mozambique* is a book that deserves a wide audience: it provides a great deal of information about the introduction of capitalism in industry and one important sector of Mozambican agriculture. Its major argument regarding the role of the state in this process is thoroughly convincing. My caveats have to do with wanting a fuller discussion of what capitalism means for the majority of Mozambicans.

#### Notes

[1]. P. Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995).

[2]. J. Oppenheimer and Isabel Raposo, *A Pobreza em Maputo* (Lisboa, 2002), Ministério do Trabalho e da Solidariedade, Departamento de Cooperacao, p. 77.

[3]. Oppenheimer and Raposo, p. 50.

[4]. Robert Hunter Wade, *Globalization, Poverty and Income Distribution: Does the Liberal Argument Hold?* Working Paper, Development Studies Institute, London School of Economics, <http://www.lse.ac.uk/depts/destin>.

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