

Capital accumulation, public debt and social policy - debunking 'paradoxes' of the Mozambican 'miracle'

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Room 1.69/1.70**

Apparent paradoxes in the growth 'miracle' of Mozambique - fast growth, increasing inefficiency in transforming growth into poverty reduction, and rapidly-growing public indebtedness – can be better understood in terms of social systems of accumulation - one narrative that brings together the political economy of capitalist development under specific historical conditions, rather than different narratives for different paradoxes.

In Mozambique over the last two decades, economic policy has focused on three key challenges: attraction of foreign capital investment; linkages (or leakages) from multinational to national capital; and labour costs.

Professor Castel-Branco's analysis shows how an emphasis on expropriation of the state and lowering costs and risks for large investors conspire to rapidly increase the size and cost public debt, constrain the possibilities for broad-based economic and social development and job creation, which further exacerbates low labour productivity and incomes; and undermines expansion of social services by choking off the ability to guarantee its operation: there are more schools but teachers are not qualified or motivated; there are more health centres but lack of medicines and key hospital equipment. A child can get access to a school but not to proper education. Yet, high growth rates are needed to keep multinational capital interested, even at the risk of fuelling speculative bubbles. The seminar examines debates in contemporary Mozambique about changing priorities for allocation of resources and subsidies that are structured around these tensions and increasingly raise questions about political organization, mobilization and articulation of different interests to make them influential, if not dominant, in policy decision and implementation.



Carlos Nuno Castel-Branco, Mozambican, PhD Economics (SOAS/London), MSc Development Economics (Oxford University), MA Industrial Development (University of East Anglia). He is Professor in Industrialization and Development Economics at the Eduardo Mondlane University (Maputo). Founder of the Institute for Social and Economic Studies (IESE), where he was the first executive director (2007-2012) and coordinates the research group on economics and development. Associate Senior Researcher at SOAS and Honorary Senior Researcher at the University of Manchester. Member of the Mozambican Academy of Sciences. His research interests are focused on social systems of accumulation, critique of political economy of growth and public policy. Over the last decade and a half, his work has been focused on the extractive economy as a system of accumulation, economic porosity as a mechanism of private capital accumulation, and the bubble economy as a challenge resulting from generalisation of a speculative basis of accumulation.

