

Agricultural land is a Mozambican resource. The case for small commercial farmers

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Galinhas e cerveja: uma receita para o crescimento,

Land is one of Mozambique's most important natural resources. But unlike coal or gas, if it is properly cared for, it is a permanent resource. Like any resource, it should be employed to benefit the people of Mozambique. But who should use and manage the land?

The majority of Mozambicans are still rural, and Mozambique's land is underutilised, although it is not unused nor unoccupied. The use of that land is linked to a broad range of issues, including national economic development, poverty reduction, food security, job creation, and rural class formation. Who benefits from the land, and who does not?

In this paper we look at an emerging group of small and medium commercial farmers and argue that they should be supported. This is based on research for our new book, *Galinhas e cerveja: uma receita para o crescimento*, which will be published in July.

There are now at least 68 000 small and medium commercial farmers, most of whom have become successful in the two decades since the war, and the number is increasing. They have a crop with an assured and profitable market. They receive technology (improved seeds and fertiliser, pest control) on credit, often through contract farming. And they can expand their area from 1 ha to 2 ha, then 5 ha, and often 10 ha or more. The expansion of area is central because these farmers often first increase production by moving to more extensive agriculture before intensifying with fertiliser and other inputs. The ability to prepare land becomes one of the biggest constraints.

But this group has not been supported. Since independence, Mozambique has followed a dual agricultural strategy, promoting large industrial farms on one side and supporting "subsistence" peasants on the other. The two halves link, because if peasant families are kept on one hectare, this could release millions of hectares of arable land for plantations. In the socialist era, the large farms were to be state farms; now the large farms are to run by foreign investors with Mozambican partners.

But the dual strategy has failed. Not one new large industrial plantation since independence has become profitable. And on the other end, there are no "subsistence farmers". No one grows all their own food, and most are involved in the market, at least in a small way, and most families have members doing wage labour, at least *ganho ganho* (day labour). They are also very poor. The median cash income in rural Mozambique is only 700 MT per year -- less than \$2 per month - and most families farm less than 1 ha with only a hoe. And rural poverty is increasing.

One argument for large industrial farms, in both the capitalist and socialist eras, is that they create a rural working class. And they do create some good employment - tractor drivers, overseers, technicians, etc. But most jobs are poorly paid and seasonal, as farm labourers. Agricultural plantations create perhaps 1 job for each 10 hectares and forestry plantations 1 job per 100 hectares. So plantations can create a labour elite, but they do not create much employment and most pay poorly. By contrast, small and medium commercial farmers create many more workplaces, both for family and for hired labour, but these are often poorly paid. *Ganho ganho* is typically paid at half the official minimum wage. So, at least initially, small commercial farmers create many more jobs but not good jobs. But at least in the short term, that is the expressed demand of rural people.

The bigger commercial farmers are now a rural middle class, and the first to gain from small commercial farming are not the poorest. Differentiation increases in rural areas. However, plantation investment largely benefits an urban elite.

We will argue in the paper that small and medium commercial farming has many problems, but is still the best way forward. They create more jobs and thus reduce poverty better than the dual strategy. But they will also need support to use more land. There are already conflicts of the best land, and the government will need to decide if the good land will go to Mozambican commercial farmers or to foreign investors.

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