Economic Reform in Mozambique: Two Views

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I: Strategic Defeat or Tactical Retreat?

BY JOHN LOXLEY

John Loxley, chairperson of the Department of Economics of the University of Manitoba, has been a consultant to various African governments regarding their dealings with international financial agencies.

For the past four years the government of Mozambique has been undertaking sweeping reforms of its economic system. Since 1987 reform efforts have been intensified under an IMF/World Bank-sponsored Economic Rehabilitation Program. On the surface this appears to be a standard stabilization and structural adjustment program of the type imposed by the international financial institutions on the vast majority of African states since the global crisis in 1982. This has led many observers to conclnde that Mozambique is abandoning its policies of socialism and self-reliance, embracing instead export-oriented capitalism. Such an interpretation is, however, premature. The reform program must be placed in the context of the options open to Mozambique which is in the midst of what is, perhaps, the most severe economic crisis in Africa. An understanding of the severity of the economic collapse is required in order to appreciate the limited scope of policy choice open to the government in the short run. The key issue then becomes that of whether the reforms are tactical or strategic in nature; whether short-run expediency to generate economic recovery commits the government to a long-term strategy at odds with Frelimo's socialist policies.

Mozambique's economic problems take the form of a collapse of production resulting in shortages and inflation, acute foreign exchange problems and a government budget which cannot he balanced.

Real output has fallen by a staggering 37% between 1981 and 1985. The country continues to experience acute famine, currently affecting no less than four million people, and to suffer such generalized food insecurity that food aid reached over $200 million (U.S.) last year. Mozambique's balance of payments problems are exceptional even in a continent plagued with such problems. Export earnings at $80 million are less than a third their level in 1980 and less than 20% of total imports. At $450 million, imports are themselves only a half of their 1981 level, leading to severe goods shortages. The balance of payments deficit is over $400 million.

The external debt of Mozambique is completely beyond servicing. Total debt is about $3.2 billion of which arrears of debt payment now total $1.4 billion. The annual debt servicing commitment, before recent rescheduling agreements, reached two and a half times the total of export earnings; interest payments alone exceed annual foreign exchange earnings.

The budget deficit is now greater than 50% of government spending and the proportion of the budget devoted to military spending has reached 40%.

There has been a marked deterioration in social services in much of the country. One indication of this is that infant mortality rates are now 325 to 375 per 1000, some three to five times as high as those in other low income sub-Saharan African countries. Mozambicans have suffered massive falls in their standard of living over the past ten years.

Causes of the crisis

Most of the major causes of the crisis have not been of the government's own making. The South-African-backed Mozambique National Resistance (MNR) has destroyed much of the country's infrastructure and productive capacity in its destructive campaign to undermine the Frelimo government. The warfare has been costly in lives, physical resources, finance, foreign exchange and general disruption. In monetary terms it is estimated to have already cost $7 billion. It has also prevented the government from implementing longer term policies of economic and social development, compelling it to focus on short-run survival.

Economic warfare with South Africa has also been costly as the apartheid regime continues to squeeze Mozambique. Cuts in the number of miners allowed into South Africa are estimated to have cost Mozambique $568 million, contributing significantly towards the country's loss of import capability.

Severe and recurring droughts have also played a role in reducing output and diverting imports, as on occasion, have floods.

The global recession has also reduced world prices for Mozambique's exports, but this has been a minor problem relative to that of maintaining – let alone raising – supplies.

Yet as long ago as 1983 the Fourth Congress of Frelimo concluded that faulty domestic economic policies had also played an important role in causing, and in helping to prolong, the economic crisis. The Congress identified poor incentives for farmers and excessive/inefficient state interventions as prime factors. Low producer prices and shortages of incentive/producer goods were said to help explain poor production levels, as were over-regulation of prices, too much state activity and too many inefficient state farms.

Linking up with the IMF

In a bid to deal with the economic crisis – and it must be appreciated that whatever its origin, the Frelimo government had no option but to attempt to deal with it – the State has taken a number of interrelated, often quite controversial initiatives. Since 1984 it has introduced a reform of domestic economic policy, joined the IMF and World Bank, sought closer economic relations with western countries and actively pursued closer economic and military ties with SADCC neighbours.

Domestic economic reform has consisted of a major devaluation of the currency, initially from 40 meticals per dollar to 580 with the ultimate objective of reaching 1500. There has been a liberalization of imports including more discretion given to private importers. A firm limit has been placed on foreign borrowing while outstanding debts have been rescheduled. In June 1987 Mozambique received the most generous Paris Club rescheduling terms ever offered – a twenty-year repayment period with a ten-year grace period – reflecting the intractability of the debt servicing problem. It is to be noted, however, that even after rescheduling, annual interest payments on debt alone still exceed anticipated commodity export earnings.

Mozambique has undertaken to halve the relative size of its budget/parastatal deficits, to limit money supply growth and to significantly reduce the number of commodity groups subject to official price controls, from 46 to 28. It is reviewing the performance of state enterprises with a view to taking remedial measures, has retreated from its state farm policy and is actively seeking foreign private investments.

These reform measures were part of an agreement with the IMF/World Bank which led to Mozambique receiving balance of payments loans of over $100 million per year from these institutions and opened the door for the favourable debt rescheduling. Bilateral donors, including the USA, Scandinavian and European countries, have also pledged assistance. With no less than $6.5 billion being required between 1988 and 1992, assistance from aid donors is considered vital.

When it became obvious that the Soviet Union and its allies were not willing or able to give the level of assistance needed, Mozambique had no alternative but to turn to the West for assistance. Furthermore, there is no question that closer ties with the West were considered vital in strengthening the effective support, diplomatic, military and economic, for Mozambique in its war against South Africa.

The reform program is best seen as a pragmatic recognition of the vital necessity to restore output. This could not be achieved without a massive inflow of foreign exchange and a rescheduling of Mozambique's huge foreign debt service commitments. An agreement with the IMF and the World Bank was a prerequisite for these. Furthermore, it is clear that the state machinery had not been strong enough to effectively play the role originally envisaged for it by the Party. The growth of the "candonga" (black market) was evidence enough that large volumes of transactions were by-passing state institutions and that the price mechanism was, in any case, informally replacing the mechanism of the state allocation of resources. To some extent, therefore, the reforms represent a formal acknowledgement of what was already a reality. But they go beyond this in recognizing that increased production will, in part, require appropriate financial incentives, through relative price adjustments, for peasant farmers, exporters, etc.

Whether the reforms represent a long-term strategic shift away from socialism and self-reliance or merely a tactical move designed to reverse the chronic economic decline remains to be seen. Certainly the program has generated controversy within Mozambique and there are those who feel that current policies are a betrayal of Frelimo's vision of social and economic transformation. Yet there are indicators that the reforms are seen in tactical terms by the government and that longer-range goals have not necessarily been abandoned. The government has insisted on retaining the rationing system for allocating essential consumer goods. It continues to control prices for and plan production of essential commodities; it raised wages and is planning to introduce school meals to help offset the impact of price increases on poorer sections of the urban community. The state continues to exercise discretion over major allocation decisions. It refused to accept a system of allowing the free importation of goods by those able to generate their own foreign exchange, as happens under many IMF programs, as it fears the closer integration into the South African economy which this might bring. Likewise, key sections of the economy, such as the sugar industry, are protected from unrestrained competition from imports. Finally, Mozambique designs its own reform policies. This is in stark contrast to other African states who

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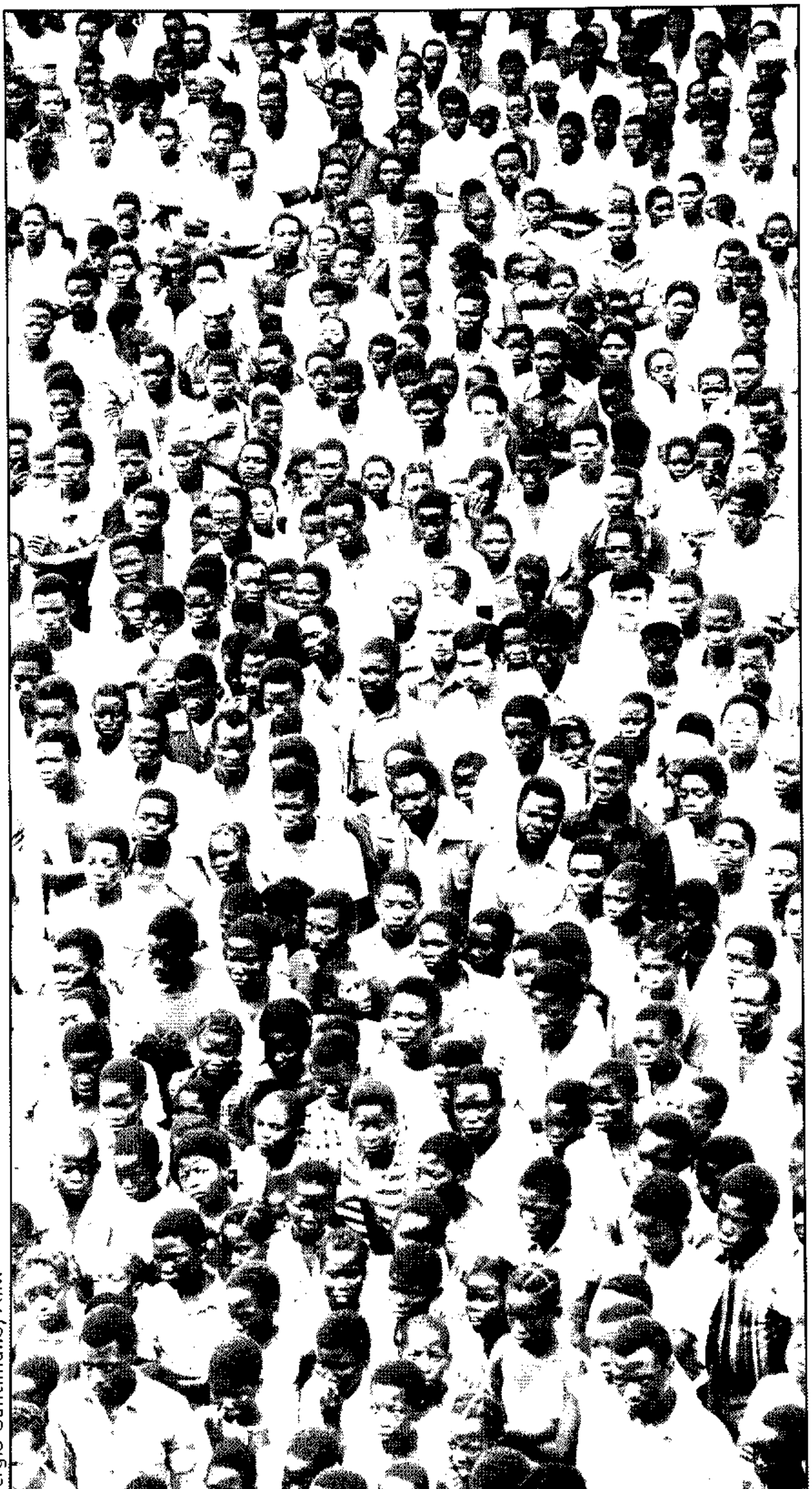
passively accept programs produced in Washington by the IMF and the World Bank.

All of this suggests that the government of Mozambique has not abdicated responsibility for shaping the future direction of the economy; nor has not abandoned its concerns for equity. It can expect, of course, to face constant pressure from the international institutions, for many years to come, to conform more closely to their preferred market model of economic management. Predictably, there will be those in Mozambique who share this view and hence one can expect political tension around reform in the coming years. Certainly there can be no guarantee that what may well be tactical moves at the moment will not degenerate into a full-scale acceptance of export-led capitalism further down the road.

But this assumes the political sustainability of current reforms and about this there must be some question. In spite of pay increases retail prices have risen much faster than wages as resources have been shifted to the rural areas. Large declines in real wages will eventually put pressure on the government, especially as they come on the heels of several years of falling living standards. The government does have plans to provide safeguards for "vulnerable groups" through nutrition programs, cheap imported food, public works programs for the unemployed and the provision of land, agricultural inputs and credit to those returning to the rural area. In spite of this, large sections of urban society are likely to experience declining real incomes in the near future until rapid economic growth is restored. Fortunately, the program seems to have already generated an expansion of output. In 1986 both industrial and agricultural production rose for the first time in years. If this can be sustained, it will make adjustment measures easier to absorb politically in the immediate future.

Sustainability of recovery will depend crucially, however, on the extent to which these types of reform can be effective in the context of the war. There are no precedents for attempting reform in such a context elsewhere in Africa. Although the program acknowledges the potential difficulties by aiming at longer term, phased reform, the severity of war destruction and the war-induced insecurity and uncertainty make the prospects of success uncertain to say the least. There can be no denying that in the final analysis the answer to Mozambique's economic crisis will lie in containing the South African-supported military activities of the MNR.



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II: Classes in Formation?

BY OTTO ROESCH

Otto Roesch is a member of the SAR Editorial Working Group who lived and worked in Mozambique for two years between 1981 and 1983, and again for four months in 1986. He recently returned from a two-month working visit and prepared the following report.

Returning to Mozambique after a prolonged absence always gives one pause. This most recent visit, after an absence of two years, has left me with a strong feeling of ambivalence about the present course of events in the country: a mixture of hope and disappointment. This ambivalence grows out of a sense that the Mozambican government's new "Economic Rehabilitation Programme," or "PRE" (the Portuguese acronym by which it is known in Mozambique), represents an important turning point in the political and economic life of the country. This new IMF-approved structural adjustment programme has, in effect, severed the country's last links to the radical "voluntarism" of the immediate post-independence period, in which political mobilization was seen as the principal vehicle of social change, and moved the country into a new phase that can perhaps best be characterized as "market socialism," in which social change is seen much more as a function of market forces. The PRE, in fact, though productive of some significant economic results, is moving Mozambique decidedly in the direction of a market economy, with social and political consequences that will not be easily contained within the parameters of Frelimo's still avowedly socialist project.

The PRE

The PRE has its roots in the major economic reforms introduced after the Frelimo Party Fourth Congress of 1983 which sought to correct past errors in the socialist economic policies Frelimo had pursued up until that time. By turning to a more market-oriented economic strategy, Frelimo hoped to be able to put the country's economy on a stronger productive footing, so as to better resist South African aggression and ride out the economic crisis this aggression was precipitating. The rapid escalation of the war after 1983, however, crippled the Mozambican economy and dramatically increased the country's dependence on foreign aid. Mozambique joined the IMF and the World Bank in August 1984 in the hope of obtaining better access to international lines of credit. But with a foreign debt totalling US$3.2 thousand million in 1986, and with the country's export earnings equaling a mere 14.5% of the total service costs on this debt, Mozambique's bargaining position was not very strong. Following protracted negotiations with both organizations during 1985 and 1986, Mozambique's continued access to external lines of credit became conditional upon reaching agreement with the IMF on a package of economic reforms aimed at pulling the country's war-torn economy out of its steady decline. The PRE is the product of this agreement. Though publicly the Mozambican government has always insisted that the PRE is its own programme and not something foisted on it from outside, privately some high-level officials have admitted that they had little choice but to accept the "package" being proposed by the IMF. Whatever the case, there can be little doubt that Mozambique's serious economic crisis has significantly limited the government's economic space for maneouvre and its ability to pursue an independent domestic economic policy.

The salient features of the PRE have been (1) an opening to market forces, based on a general liberalization of domestic pricing structure and easier access to capital inputs for the private sector, (2) a series of dramatic devaluations of the national currency, (3) a stress on "fiscal responsibility", and (4) an attempt to stimulate export production (most notably agricultural production). The implementation of these measures has entailed sharp consumer price increases, increased taxation, reductions in public spending (most notably the introduction of unprecedented health care charges), and the privatization of many state enterprises. At the same time, the rescheduling of foreign debts and increased aid from douor countries (especially Western countries) has greatly increased the supply of capital and consumer goods, these being needed to rehabilitate and stimulate the country's economy.

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Some initial successes

Despite being implemented in the context of an escalating war, which by 1987 had cost the country's economy over US$5 billion and created an emergency situation affecting the lives of over 4.5 million people, the PRE has succeeded in arresting the steady economic decline which the Mozambican economy had been experiencing since 1981, the year in which South African military destabilization started in earnest. According to the Mozambican government, the country's gross domestic product grew by 4% in 1987, the first increase since 1981. The government's 1988 target is for an 8% growth rate, with the general objective of restoring the country's GDP to its 1981 levels by 1990. Whether such ambitious growth rates can be achieved in the context of the present level of conflict remains to be seen.

For the person on the street, however, the changes have been more tangible (and sometimes more dramatic) than government statistics might suggest. Undoubtedly one of the most evident of these changes has been the sharp increase in the quantity and diversity of food stuffs and consumer goods now available on the domestic market, especially in urban areas. Where only a few years ago market stalls and shop window displays stood virtually empty, these now contain a wide variety of domestic and imported goods in quantities formerly unobtainable, even on the black market. Whereas the imported goods come from the new lines of credit made available to Mozambique as part of its agreement with the IMF as well as from emergency relief supplies provided by foreign donors, the domestically produced goods come from significant increases in agricultural and craft production by both household and private sector producers, who have responded positively to price increases and increased supplies of tools and raw materials.

Also on the positive side, though not attributable to the liberalism of the PRE alone, is a growing popular political irreverence and critical spirit, especially amongst city dwellers, aimed at the government, the Party and the country as a whole. This changing ideological outlook manifests itself in a variety of ways: in outspoken student criticisms of government policies, in popular jokes about political leaders and policies, in greater cultural freedom for artists and in more formal ways with the emergence of new semi-autonomous publications, the most notable of which is a business magazine which tends to look at the Mozambican economy from a private sector perspective. These developments undoubtedly mark a healthy development in relation to the lack of public debate and the deference to authority of previous years.

Some of the costs and contradictions

The principal institutional victim of the PRE has been the state apparatus, which has found its operating budget deeply cut in real terms because of the large devaluations which have taken place. Social services, in particular, have felt the pinch of sharp price increases in the face of stationary or even reduced budgets. The cuts in health and educational budgets have been especially painful at a time when the country's educational and health networks have suffered enormous destruction at the hands of Renamo.

Ordinary Mozambican citizens, however, have felt the impact of the PRE most directly on their purses.

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For though the PRE has meant a marked increase in the availability of food and consumer goods in most areas of the country (especially in urban areas), the sharp price increases that have accompanied this increased supply have also meant a significant reduction in purchasing power for those who formerly had access to officially priced goods through the government rationing system and the consumer cooperative network. The situation is especially grim for urban wage workers, with many families now seeking land in the peri-urban agricultural areas of major cities (known as "green zones") in order to grow the food they can no longer afford to buy. In some cities, such as Maputo (the national capital), the growing land shortage being created by this trend is giving rise to serious ecological and political problems for the government, problems which are being greatly exacerbated by the influx of tens of thousands of displaced people fleeing Renamo terror in the countryside.

Despite the food price increases introduced by the PRE, the purchasing power of the peasantry has been similarly reduced. Though a major purpose of the PRE has been to stimulate agricultural production, especially of export crops, the current official price structure in place throughout the country suggests that the incentives offered peasant producers are inadequate to stimulate sustainable increases in production. Even taking into consideration the limited size of the official marketing system before the PRE and the corresponding important role played by the parallel market, a major imbalance would now appear to exist in the terms of trade between agriculture and manufacturing. Crop price increases simply do not match the high prices for tools and consumer goods. In Nampula Province, for example, peasant producers in 1986 (i.e. before the PRE) had to sell only 10.4 kg of rice to buy one metre of cloth (at official prices), whereas now in 1988 they must sell 33 kg of rice to buy this same metre of cloth. Official government figures show that a similar imbalance in terms of trade applies to other crops as well. This imbalance has also served as a disincentive for capitalist farmers, who have seen the costs of all factors of production (including labour) increase, without commensurate increases in agricultural prices and productivity (tonnes/hectare).

Though recent government figures suggest some modest growth in marketed agricultural production, especially by the peasant family sector, it is hard to imagine how such growth can be sustained under the present price structure. Some government officials I spoke to suggested that the present pricing policy is only an interim measure aimed at reducing peasant cash reserves and the amount of money circulating in the rural economy, to be followed by new policies offering greater incentive to agricultural producers. But in view of the constraints which high prices and low wages are putting on urban demand, and the disincentive which deteriorated terms of trade constitute for sustainable increases in agricultural production, one might expect these new policies to be introduced very soon.

Only the entrepreneural stratum, which continues to maintain more or less the same official margin of profit as before the PRE, and with the liberalization of the economy can now charge a market price for many goods and services, can be said to be holding its own in terms of standard of living. The private sector, in fact, is undoubtedly one of the principal beneficiaries of the PRE, which has greatly increased not only its economic but also its political space for maneouvre. The opening to the market entailed by the PRE has been met with an energetic response by the merchant stratum in particular, which has significantly increased its role and control of the country's economy, largely displacing the state at both the retail and wholesale level. The private sector's public profile has also increased dramatically in relation to only a few years ago, both in terms of its visible manifestations of new-found affluence and in terms of its increasingly cordial relationship (one might be tempted to say alliance) with state officials at all levels. An indication of this new-found influence of the private sector is evidenced by a recent very large banking scandal in Nampula Province involving high-flying entrepreneurs who bribed enough bank and government officials to carry out a massive false cheque swindle which almost bankrupted the province. The well-connected mastermind of the scheme is now reportedly being held under a very comfortable house arrest.

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And the war continues ...

The major obstacle to economic rehabilitation, however, remains the war. By disrupting production and transport over wide areas of the country, the war is cutting off large numbers of people from any direct contact with the domestic market and effectively preventing the PRE from operating in many parts of the national territory. Through its terrorist actions the Renamo has driven literally millions of peasants off the land, preventing them from producing, thus crippling the recovery and obliging the government to provide them with emergency assistance. And where peasants have remained on the land, Renamo disruption of rural commercial networks effectively prevents many agricultural producers from commercializing their crops, causing many to give up producing a marketable surplus altogether. In Nampula Province, for example, tens of thousands of tonnes of salt sit stored on the coast cut off from traditional inland markets, both in Mozambique and Malawi, because of Renamo attacks on transportation networks. Similarly, coastal fishermen have been reduced to the level of subsistence producers because of the difficulties of transporting their dried fish to inland consumers. Conversely, coastal markets for inland agricultural produce, especially manioc, remain inaccessible to inland producers. And in all areas of the province outside of urban centres, access to consumer goods and tools is sporadic at best.

A large part of what commercial activity does take place in the rural areas does so under the protection of the military by means of slow-moving military convoys and centralized stockpiling of agricultural produce and consumer goods in defensible district capitals, which are nonetheless often attacked and looted. This cumbersome way of organizing commerce, imposed on Mozambique by the war, is clearly a major bottleneck in the commercial development and economic rehabilitation the PRE seeks to foster.

Another side of the war, and in particular of the economic crisis it has fostered, has been the emergence of anarchic banditry, as distinct from the "banditry" of the Renamo, in both rural and urban areas. Not infrequently some of the looting and attacks publicly attributed to the Renamo are actually the work of armed individuals – either hungry and disgruntled militia or renegade Renamo terrorists – who find that a gun serves not only as an instrument of political power, but also as a convenient instrument of personal accumulation.

An even more troublesome concomitant of this tendency to seek personal profit from the war, lies in the tendency of some Mozambican army officers to see the war against Renamo (which absorbs over 40% of the state budget) as a means for personal profit. By appropriating the pay of the troops under their command and by diverting food, fuel, building materials and other resources being channelled into the war effort onto the black market, some sectors of the officer corps of the Mozambican armed forces have come to develop a vested interest in the continuation of the war, rather than in its end through a military defeat of the Renamo. The impact of such practices on the morale and fighting efficacy of the rank-and-file is self-evident. This problem is one which deeply concerns the Mozambican government and is one of the main reasons for the ongoing shake-up the Mozambican armed forces have been experiencing since even before the death of Samora Machel.

Whence the class struggle?

The corruption problems of the Mozambican armed forces are not isolated incidents limited to the military, but part of a wider struggle over the class character of the Mozambican state as a whole. In the context of the economic crisis precipitated by the war, the PRE's severe austerity measures and its legitimation of the pursuit of individual profit have made it very difficult for even the most committed cadres to accept the sacrifice entailed by continuing to live only on their official salaries, without also engaging in parallel economic activities in order to make ends meet. For others less committed to the socialist ideals for which Frelimo still stands, the possibilities and temptations of using public office to further one's own personal interests are now very great. While lower level district cadres and petty provincial bureaucrats might peddle influence, accept bribes to look the other way, or use public vehicles for private purposes, higher level cadres, bureaucrats and military officers are now in a position to use their political offices to acquire land, build comfortable villas, and purchase expensive imported luxury goods. The PRE has now even made it legal for party members to employ wage labour – a far cry from Frelimo's traditional commitment to ending the "exploitation of man by man." A growing public awareness of these trends is reflected in a widespread popular joke which refers to this new policy phase not only as the PRE (Economic Rehabilitation Programme) but also the "PRI," for "Individual Rehabilitation Programme."

In noting these developments, I do not wish to suggest that the Mozambican state has become indistinguishable from many other African states, where political office is a means to personal enrichment, but only to point to a growing trend that does not augur well for any ongoing process of socialist transition. There can be little doubt, in fact, that the state has become the central focus of class struggle in Mozambique. What is at issue is whether the state will remain an instrument of popular power, committed to serving the Mozambican people, or whether it will become a vehicle for personal profit by a ruling elite, as has been the case in much of the rest of Africa. In pondering such weighty questions one is reminded of the words of Marcelino dos Santos, elder statesman of Frelimo, who replied as follows to a question put to him during an interview in 1973 (during the period of armed struggle against Portuguese colonialism), as to how Frelimo would seek to ensure the continuing popular character of its revolution after independence:

The main defense [of a genuinely revolutionary denouement to the liberation struggle] must be to popularize the revolutionary aims and to create such a situation that if for one reason or another at some future time some people start trying to change these aims, they will meet with resistance from the masses.

In surveying the political evolution of post-independence Mozambique however, one finds that while Frelimo has indeed done much to popularize the revolutionary aims of the liberation struggle, it has not been as successful in creating the institutional conditions that would enable the Mozambican masses to effectively resist eventual deviations from Frelimo's original revolutionary aims. For despite the considerable effort put into the creation of mass organizations," like those for women, youth, workers, etc. –

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organizations which were to serve as forums for public debate and as a popular constraint on government power – such organizations have in practice lacked any real autonomy from the state, serving largely as official mouthpieces and instruments of social control, rather than as genuine expressions of popular power. A genuinely dialectical relationship between mass action and political leadership never succeeded in establishing itself through these institutions. They were organizations for the masses, but not of the masses or by the masses. Not surprisingly, popular interest and participation in these organizations has always been weak.

In making such hard criticisms, I do not wish to suggest that Frelimo's revolutionary programme was a failure or misguided from the outset. To the contrary, its efforts at popularization of the revolutionary aims of the armed struggle, in schools, factories and the countryside – its anti-colonial, anti-exploitation, anti-tribal, anti-racist, anti-sexist, egalitarian and democratic messages – found great resonance amongst the Mozambican people. What proved far more difficult, however, was to find the institutional forms for channeling this resonance into effective popular political power.

Frelimo's difficulty in fostering the development of genuinely popular mass organizations with real political power can be attributed to a variety of factors, but certainly one of the most important of these has been the virtual state of siege in which Mozambique has found itself since independence. The intense external military and economic pressures to which Mozambique has been subject have made the centralization of political power in the hands of the state and the Party an essential condition for the survival of the revolution. But while this centralization of power has succeeded in guaranteeing the survival of the revolutionary state, it has also had a noxious effect on the development of effective grass roots institutions of popular political power. The centralization of political power has stifled the open public debate and popular initiative that are the *sine qua non* for the empowerment of the masses that dos Santos saw as necessary to safeguarding the popular character of the post-independence state. Without such a process of popular empowerment, the many "political and organizational offensives" launched by Frelimo against corruption and incompetence in the state apparatus since independence have not proved effective in preventing the growth of elitist and anti-popular tendencies of the sort that have now begun to emerge in Mozambique. Indeed, the tendency to use political office as a vehicle for personal accumulation is now reaching the highest levels of state power.

On the other hand, the fact that Frelimo's revolutionary message did have great popular resonance is what now gives one hope that there will be popular resistance to these troublesome trends. Encouraging signs in this regard have already come from the Frelimo Party National Conference held in Maputo this past July, where many rank-and-file cadres voiced open concerns and criticisms about the armed forces, the recent high price increases, the practice of state officials to favour private farmers over cooperatives, the gaps between producer prices and consumer prices, and various other aspects of the PRE. The Frelimo Party Central Committee, which met immediately after the National Conference, also echoed some of these concerns, reaffirming Frelimo's commitment to a socialist path of development and to "gradually eliminating relations of inequality and exploitation." What significance should be attached to these developments remains unclear and will obviously depend on the denouement of the class struggle around the state, about whose direction and outcome the Frelimo Party Fifth Congress scheduled for next year should give us some hints.