



Maputo shopper at the city's bustling central market: "The sudden and somewhat superficial wealth of Mozambique's urban areas contrasts dramatically with the utter devastation of the country's war-ravaged rural areas"

in January 1987 and has seen three devaluations of the Mozambican currency from 40 meticaïs to the U.S. dollar to the current 450 meticaïs to the dollar. The restructuring also includes cutbacks in government spending and layoffs of 14 percent of the government's workforce. Most importantly, the program completely overhauled Mozambique's price, wage, tax, and credit systems.

"Very broadly, the economic restructuring has set about dismantling the centralized economic machinery of a socialist state and is replacing it with a free market economy," said a Western economist in Maputo. So far, it has been very successful. But many goods, such as clothes, are out of reach for the average consumer. A secondary school teacher earns about 6,000 meticaïs per month, so the 2,800 meticaïs price-tag for a pair of plastic sandals is quite daunting.

The decontrol and subsequent rise in prices has stimulated production of food by the peasants so that the output of private family farms has risen dramatically to 34 tons, an amount not attained since Mozambique became independent from Portugal in 1975. Certainly the positive effects can be seen at the city's hectic open-air market where tomatoes, oranges, papayas, and avocados are abundant and at relatively affordable prices. There is a brisk trade in pota-

atoes, at 450 meticaïs per kilo. The more affluent, generally expatriate shoppers choose fresh prawns, squid, and crabs.

Diplomats and expatriates working in Maputo live very well, getting fresh foods at the market, and buying the imported items they need in U.S. dollars at the "Loja Franca" (the currency store). But the sudden and somewhat superficial wealth of Mozambique's urban areas contrasts dramatically with the utter devastation and wretchedness of the country's war-ravaged rural areas. Although President Joaquim Chissano's government has managed to maintain the country's urban areas, they are cut off from the rest of the country, where an estimated 5.9 million people are either displaced by the war or so badly affected that they cannot continue their subsistence farming.

The first phase of the economic program has not been able to reach the rural areas where daily life has been disrupted and the lack of transport prevents delivery of goods to or from the market. It is hard to foresee continued increases in agricultural production when so many Mozambicans cannot carry out the most basic subsistence farming because of continual raids by Renamo gangs. Similarly, a continuation of the country's 18 percent increase in industrial production in 1987 is not likely when Renamo keeps up effective sabo-

tage of factories, power supplies, and transport routes.

The second phase of economic reform is expected to be more controversial, as it should make life much more expensive for the average urban worker. Further devaluations and increased prices and rents are expected. In April, the government substantially reduced subsidies on basic foods, causing prices to soar. The official price in the cities for the staple foods of rice and maize meal went up 577 percent and 286 percent respectively. Maize meal went up from 37.5 meticaïs per kilo to 145 meticaïs. The price of sugar increased by 428 percent to 264 meticaïs per kilogram. Bread, soap, and cooking oil also went up.

The reduction of subsidies and the resultant price rises were intended to spur peasants to produce more food, according to Labor Minister Auiar Mazula, who announced the measures. To make up for the price rises, the government also announced wage increases, raising the minimum wage from 7,500 meticaïs (about \$16.66) per month to 12,800 (\$28.40 per month).

"The second phase could bring real hardships to the city worker, not to mention the many who are unemployed or just eking by," said a Mozambican railway executive. "If the IMF program is not implemented carefully and flexibly, it could create urban unrest, which the government can hardly afford at this point. What we really need is an end to the war to bring this country back to economic health."

That statement becomes particularly evident in a visit to Zambezia and Sofala provinces in central Mozambique, which have been especially badly hit by rebel violence in recent years. In Dondo, about 20 miles outside the central city of Beira, there are several camps of displaced people, or *deslocados* as they are called in Portuguese.

Mostura Alфондега and her six children live at one of those camps. She and her family spent two months hiking through Mozambique's thick tropical bush to find a safe place to settle. Speaking through an interpreter, Alфондега said her family had lived for two years in an area of rural Inhamaing Province