How Democratization Empowers the Development of Third World Countries: Advantages and Limits - A Case Study of Mozambique

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Abstract. This paper examines Mozambique's post-civil war transformation, focusing on its democratic reforms and shift to a free market economy. It investigates the impact of these changes on economic development, emphasizing successful privatization and foreign cooperation while highlighting persistent issues of income inequality, political challenges, monopolies, and gender disparities. Using a process-tracking method within a case study framework, the research comprehensively analyzes Mozambique's policies and their implications. Findings reveal the remarkable economic growth of Mozambique, yet they also underscore the need for a holistic approach to development, addressing social, economic, and political dimensions. This study contributes to economic theory and provides practical insights for policymakers and development practitioners, analyzing the intricate dynamics influencing Mozambique's progress and offering valuable insights for similar contexts.

Keywords: Mozambique, Economics, Democratic Reform, Development.

1. Introduction

The civil war in Mozambique, which spanned from 1977 to 1992, left enduring scars on the nation's social, political, and economic landscape. For instance, the war's harsh environment led to the death of over one million Mozambicans. Many critical infrastructures, such as hospitals, schools, and railways, lay in ruins, necessitating arduous reconstruction efforts. The presence of landmines planted during the war also poses significant threats to civilian safety, demanding extensive labor and time for clearance. Additionally, the war deepened ethnic, religious, and political divides within communities.

Before the end of hostilities, Mozambique adhered to a socialist and statist economic model heavily influenced by Marxist theory. However, with the signing of the Rome General Peace Agreement in 1992, which ended the war, a new era of opportunity emerged as the country sought to transition towards democracy and embrace a free market economy [1]. Mozambique underwent a process of economic reform and transformation. The government did not strictly adhere to a single economic ideology. Still, it adopted a mixed economy approach, combining market-oriented policies with state involvement in specific sectors to guide the economy's orientation. Central to this transformation was the formulation of a new constitution by Frelimo in 1990, which sought to dismantle the one-party state and advocated for a multi-party system. It also upholds essential liberal rights similar to Western democracies, namely the freedom of the press, association, expression, mobility, and the institutional separation of the executive, judiciary, and legislature [2].

Unfortunately, the transition in Mozambique appeared to need more strength to propel the government towards achieving sustainable development and an improved quality of life for all its citizens. Considering these challenges, presenting different aspects of the country's economic landscape is imperative. This exploration sheds light on implementing a mixed economy model to drive economic development reform in Mozambique. Furthermore, it is essential to scrutinize the limitations that have emerged during the long-term application of this approach.

To accomplish this objective, this paper will initially expound upon the policies and strategies associated with the democratic approach that have been adopted. It will assess their successes and advantages, thoroughly exploring their limitations and areas where they must catch up. This

comprehensive analysis of Mozambique's developmental trajectory will serve as a valuable reference for the nation's future developmental endeavors. Moreover, it offers insights that can be instructive for other countries grappling with similar economic challenges, thereby contributing to the collective body of knowledge in economic development. The significance of the research lies in its dual contribution to both theoretical innovation and practical utility, not only contributing to academic knowledge by advancing economic theory and providing helpful understanding into the execution of democratic economies but also holding significant value for policymakers, development practitioners, and nations like Mozambique as they strive to empower their economies and improve the well-being of their citizens.

2. Mozambique's Democratic Reform Policies

Mozambique's democratic economic reform policies implemented after 1992 marked a significant turning point in the nation's economic trajectory. These policies were introduced following the signing of the General Peace Agreement 1992, which, as mentioned before, ended years of civil conflict and paved the way for political stability and economic development.

2.1. Domestic-Economic

One of the central pillars of Mozambique's economic reform was the transition from a socialist-oriented, centrally planned economy to a market-oriented economy. This shift entailed diminishing government influence over economic affairs and encouraging competition within the market. In order to do so, many state-owned enterprises in various sectors were sold, including banking and transportation. Moreover, fiscal reforms were carried out to improve revenue collection and expenditure management, including expanding the tax base and enhancing tax administration.

2.2. Domestic-Political and Social

While some policies were applied to boost Mozambique's economy, there are also policies made to better the overall structure of Mozambique. Establishing a multi-party political system was one of the fundamental changes, as it allowed for multiple political parties, ending the monopoly of the ruling Frelimo party. As a result, opposition parties were legalized, and competitive elections became a central feature of Mozambican politics. Mozambique then conducted its first multi-party elections in 1994, which marked a significant milestone in the country's democratic transition. Since then, regular elections have been held at the national, provincial, and local levels, allowing citizens to choose their leaders through a democratic process. Efforts were made to strengthen human rights protections and the rule of law. For example, institutions like the National Human Rights Commission of Mozambique were established in 1992 to promote and protect human rights in the country [3].

2.3. International

Mozambique also liberalized its trade policies to open up to the international market, reducing tariffs and other trade barriers. This facilitated international trade, making it easier for Mozambican businesses to engage with global markets and attract foreign investment. Mozambique is also actively involved in international cooperation and partnerships with donor countries and organizations to access financial assistance, technical expertise, and development aid.

It is important to note that while these economic reform policies mostly yielded positive economic growth and development results, challenges such as poverty reduction, income inequality, and ensuring broad-based prosperity persisted. Additionally, Mozambique faced external shocks and global economic fluctuations that impacted its economic progress. The journey toward sustained economic development and social well-being in Mozambique remains an ongoing endeavor.

3. Advantages of Democratic Economy Reforms

3.1. Increase in foreign cooperation

The World Bank assesses Mozambican privatization's ability to encourage foreign direct investment as "low." However, the same World Bank report, in addition to its primary findings, presents four investments involving foreign owners that either closely approach or exceed the value of transaction sales. Of these examples, the most significant is Cimentos de Mocambique, which saw Portuguese company Cimpor acquiring it and offering $76 million after privatization, a substantial increase from the $20 million transaction value [4]. This is also an example of foreign interaction and investment success. In addition, Mozambique received support from the international community to facilitate its democratic reforms and post-conflict reconstruction. International organizations and donor countries provided financial assistance and technical expertise, for instance, the Roads and Coastal Shipping (ROCS) rehabilitation project, which was supported by the World Bank and operated from 1994 to 2000 [5].

3.2. Privatize state-owned businesses

The government’s effort to privatize state-owned businesses is seen. Indeed, one of Africa's most effective programs has been stated as privatization in Mozambique. The Mozambican plan also received a "high" rating from the World Bank's Privatization in Africa report for the degree of privatization. From 2000 to 2015, it stood as one of the most rapidly expanding economies within Sub-Saharan Africa [6]. Also, it experienced consistent economic growth in recent decades, as evidenced by a continuous increase in its Gross Domestic Product (GDP). However, it is crucial to note that economic growth alone does not necessarily equate to comprehensive national progress, as it can often overlook critical facets that contribute to a genuinely successful and well-rounded nation. Therefore, the author will delve into the multifaceted landscape of Mozambique's development, considering economic indicators and social and political dimensions that shape the country's overall success.

4. Limitations of Democratic Reforms

4.1. Increasing Income Gap

Two glaring issues that require addressing are the persistent problem of poverty and income disparity. Mozambique's economic advancements have not uniformly translated into better living conditions for all its citizens. Contrary to the perception of economic progress, the UNDP Mozambique Human Development Report reveals that between 2000 and 2004, Mozambique experienced a decline in real GDP per capita, challenging the narrative of continual improvement in living standards. UNICEF and the World Bank have also documented inadequate nutrition among children in most Mozambican households. A concerning rise in chronic child malnutrition further emphasizes this alarming situation. Moreover, empirical data from 1997 to 2003 reveals an escalation in the number of impoverished individuals, increasing from 11.2 million to 11.7 million, along with the population growth [7]. Also, an analysis of data sourced from Maputo, the capital city of Mozambique, underscores the gap in resource and income distribution. A chart produced by Hanlon and Smart shows that the poorest 1/5 of households account for a mere 3% of rural income and had only 3% of the economic gains between 1996 and 2002. This vividly illustrates the stark inequality within the country's economic growth trajectory [8].

4.2. Democratic Framework

The primary issue confronting the democratic framework in Mozambique has centered around effectively overseeing the electoral procedures. Characterized by limited transparency and insufficient indications of adherence to legal protocols, this issue carries profound implications as it

extends to the core of the nation's political stability and societal cohesion [9]. This concern about the lack of transparency and exercise of democratic rights is corroborated by the fact that people vote due to control or coercion rather than genuine choice and civic engagement [10]. The outcome has been the repeating reemergence of political tensions and armed confrontations between Renamo and the Frelimo-led national Government, which had been adversaries during the civil war. One notable example is the resurgence of conflict between Renamo and Frelimo in 2013 at the country's center. The aftermath of this conflict was marked by the violation of human rights and the tragic loss of hundreds of lives, revealing the fragility of the nation's peace and highlighting persistent political tensions.

4.3. Monopolies

The existence of monopolies in Mozambique, despite democratic approach reforms, has raised significant concerns within the country's economic landscape. While democratic reforms have aimed at promoting market competition and encouraging private sector growth, specific sectors of the economy have experienced the concentration of power and resources in the hands of a few dominant players. This phenomenon has been particularly noticeable in critical industries such as telecommunications and banking, where a limited number of companies have garnered substantial market share, potentially stifling competition and innovation. Addressing these monopolistic tendencies remains a critical challenge for Mozambique's democratic framework, as it seeks to balance fostering economic growth and ensuring a level playing field for all market participants.

4.4. Gender Inequality

Gender inequality persists in Mozambique despite democratic approach reforms. These reforms have not effectively addressed deeply entrenched gender disparities. Women remain underrepresented in political offices, hindering their influence on policies affecting gender issues. Unequal access to education and limited economic opportunities for women persist, along with healthcare disparities and high maternal mortality rates. Gender-based violence and cultural norms, such as early marriage, harm women and girls. Additionally, challenges in securing land and property rights and limited participation in decision-making contribute to this inequality. Moreover, the lack of empowerment among girls and women hampers progress by leading to adverse outcomes such as elevated fertility rates, increased child and maternal mortality rates, limited skills attainment among women, and reduced efficiency and productivity of women in the workforce. To combat these disparities, concerted efforts, including gender-sensitive policies, economic empowerment initiatives, improved access to education and healthcare, and challenging cultural norms, are needed to create a more inclusive and equitable society in Mozambique.

5. Conclusion

In conclusion, Mozambique's post-civil war journey toward stability and prosperity has been marked by a complex interplay of economic, social, and political factors. While the country transitioned from a socialist framework to a mixed economy, seeking to attract foreign investment and stimulate economic growth, the reality has shown a dual nature of success and challenges. Despite Mozambique's commendable economic growth and its engagement with foreign investment, it is evident that a considerable segment of the population, predominantly the economically disadvantaged majority, has not reaped the benefits of this progress. The nation's journey toward comprehensive development necessitates a concerted effort to address poverty, income inequality, and social disparities. The government should also prioritize sweeping electoral reforms that ensure transparency, fairness, and adherence to legal norms. Focusing on more than just economic growth falls short of capturing the intricate dynamics that influence the well-being of Mozambique's population. Achieving progress requires a holistic approach that includes economic, social, political, and human development initiatives.

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