

Endogenous Determinants of Income and Consumption in Post-War Northern Mozambique

Tilman Bruck
DIW Berlin

Abstract

The paper analyses the endogenous determinants of poverty in post-war Mozambique. The analysis extends the Binswanger and McIntire (1987) farm household model to the post-war economy, identifying how war changes household endowments, coping strategies and welfare. The econometric analysis using IV-techniques on a farm household dataset identifies war to be a strong but indirect cause of post-war poverty traps. Contrary to previous studies suffering from misspecification error by ignoring the war effects, area farmed and market participation reduce poverty while cotton adoption increases poverty. Policy implications include focusing reconstruction aid on food crop inputs and markets.