Single Salary Table (TSU) and the Bretton Wood Institutions: Economic Reforms or Economic (In) Dependence - An Analysis from the Mozambican Perspective

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ABSTRACT

This article discusses the effective role of Britten Woods institutions, specifically the International Monetary Fund (IMF) and the World Bank (WB), in supporting wage and/or remuneration policies in developing countries, with a focus on Mozambique. The research used bibliographical references on the subject, statistical data from international organizations, official websites of the Government of Mozambique, analysis of reports from IMF and WB, and documents available in important online repositories. This allowed, on the one hand, to understand the genesis of Bretton Woods, whose objectives are to define common rules of behavior for countries to achieve macroeconomic stability. It also allowed the formulation of theories on the dominant role of these institutions, associated with the understanding of the role of the political environment for the implementation of a feasible wage policy. On the other hand, it allowed the understanding of the variables, essential steps for the implementation of a sustainable wage policy in Mozambique, and the fiscal nature as a tool for self-financing wage policy, as an alternative to the institutions to the IMF and WB, which, with the change of the political system in Mozambique, from socialist to capitalist, they supported economic reforms, specifically wage policy, with an emphasis on monetary policy, having in the last 3 years supported the introduction of the Single Wage Table (TSU), whose introduction precedes the Old Wage Table (TSA) and aims to correct the imbalances that characterized the remuneration system of the direct and indirect administration of the State, as well as avoiding the instability of the payroll resulting from the indexation of wage subsidies/supplements to the base salary.

Finally, the article found that the IMF and WB have always had enormous power to reshape market rules in their own favor and that for Mozambique to balance its (in)dependence on financing wage policy, it must deepen other sources of financing with comparative advantages aimed at profit, which implies strengthening the capacity to negotiate with other international financing institutions, and also improving the mobilization, through diversification, of internal revenues.

Keywords: Single Salary Table, British Woods, Economic Reforms.

INTRODUCTION

It is common knowledge that the entire process of development and economic growth of countries necessarily involves understanding their strategic internal resources and how these can be distributed among the population, as well as the need for external collaboration when manufacturing these resources is not possible domestically. In this sense, Pereira (2014) argues, the idea of real progress involves finding robust institutions committed to the development and economic growth of countries.

On this premise, the beginning of the institutions will be presented, whose genesis aimed at robustness and commitment to the development and economic growth of countries, in the case in question, the Brettenwood institutions that began on July 22, 1944, to create formal rules and institutions for ordering the international monetary system, which would make it possible to overcome the obstacles imposed by the old systems, the most prominent being the International Monetary Fund (IMF) and the World Bank (WB), whose historical power structures continue to shape and restrict domestic policy choices, such as wage reform in Mozambique.

This article presents an overview of the genesis of Bretton Woods, the emergence of the World Bank and the International Monetary Fund, and their dominant role. It then elucidates the wage reform in Mozambique, covering its phases, from a description of the salient aspects of the Old Wage Table (TSA) to the implementation of the Single Wage Table (TSU). Finally, it establishes that Mozambique must take into account an adequate assessment of the political environment for its wage policy implementation, as this is crucial to its feasibility, particularly, take into account the nature of the political system, the social forces and the relevant centers of power, and that wage policy is not a problem of diagnosis, but rather of defining, first and foremost, the mission of the wage reform and the strategic vision to be adopted, or the image that is intended to be achieved, how, and with what resources, within the framework of the public sector reform, never forgetting that the International Monetary Fund (IMF) and World Bank (WB) were created to defend and perpetuate their interests.

This is a research whose methodology is qualitative, which used bibliographical references that deal with the subject, statistical data from international organizations, official websites of the Government of Mozambique, assessment of reports from the IMF and WB and documents available in important repositories on the internet.

Problem

The creation of the Bretton Woods institutions (WB and IMF) has broad power over the financing of domestic expenditures in countries, primarily those known as developing countries. However, it should be noted that no sub-Saharan African country participated in the Bretton Woods meeting, as there is limited literature on the subject, which may indicate a lack of guidelines that could strategically outline their interests regarding methodologies for accessing financing for African countries.

Consequently, wage policies developed in Mozambique have always depended on the budgets of external institutions, especially the WB and the IMF.

As for the data extracted from the General State Accounts from 2007 to 2022, it was indicated that, of the State Budgets (OE) for that period, around 25% (average value) came from external financing, with around 40% coming from the WB and the IMF, as explained in the table below:

Table 1: External financing to the State Budget as a percentage in the period between 2017 and 2022

2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
47,40%	44,00%	0,00%	38,10%	33,60%	29,70%	31,50%	31,20%	22,80%	22,90%	20,30%	18,00%	13,90%	21,20%	12,90%	19,80%

Source: Prepared by the author. Data from the General State Accounts from 2007 to 2022

Furthermore, the 2022 general state account data indicates that the TSU's funding sources are primarily the state budget (approximately 60%), which includes revenue from emoluments channeled to the Single Treasury Account (CUT) and resources earmarked for salary and supplementary payments (such as subsidies). However, despite this, a large portion (approximately 40%) still relies on external sources. Of the total 40% of external sources, approximately 40% is still financed by the World Bank and the IMF.

In view of the above, the question that can be raised necessarily involves knowing to what extent the implementation of economic reforms, namely the TSU, coming from the Bretton Woods institutions, namely the WB and the IMF, can benefit Mozambique?

Genesis of Bretton Woods

According to Cozendey (2013), on July 22, 1944, a process began almost three years earlier in Bretton Woods,

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in the US state of New Hampshire, with the nearly simultaneous and independent development of plans developed in the United States by Harry Dexter White (March 1942).

At that time, it was understood that it was necessary to define common rules of conduct for countries in order to achieve macroeconomic stability and overcome obstacles to international trade (Silvana Aline Soares Simone, 2011; Kurt Schuler and Mark Bernkopf, 2014).

One aspect worth highlighting, as stated by Schuler & Bernkopf (2014), is that no country from Sub-Saharan Africa was present [probably due to its political condition at the time - colonialism].

Meanwhile, the British and US governments maintained markedly different views during the initial negotiations on postwar trade and monetary relations. The most important differences were between American State Department officials, who wanted to rebuild an open trading system, and British wartime cabinet officials, who wanted to ensure full employment and economic stability, thus envisioning the continuation of the imperial system of preferences and bilateral trade.

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The post-war divergences in outlining strategic guidelines for the global economy were antagonistic, with some emphasis on the less multifaceted approach of the United States. This raises the question of whether the United States has always been excessively preoccupied with being the center of global economic development and direction. Probably not, and/or yes, depending on the context and analytical perspective, but the fact remains that the post-war global economy eliminated these differences and brought its governments to agreement.

In their broadest terms, the postwar arrangements reflect American interests and its overwhelming postwar position. If one is trying to explain the fact that the postwar system was "open" rather than "closed," structural variables are probably appropriate. The distribution of power and interests within and between the US, Great Britain, and continental Europe set the broad limits on the shape of the postwar international economic order. Why would an American administration with a State Department that championed laissez-faire and free trade end up supporting a system more concerned with safeguarding welfare capitalism?

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The above approaches influence a better understanding of the role achieved in Bretton Woods when delving a little deeper into the action institutions created, namely the IMF and WB, whose emergence will be addressed in the next point.

Bretten Wood, the emergence of the World Bank and the International Monetary Fund

According to Roberto (2024), the World Bank is the umbrella term used mostly to refer to the International

Bank for Reconstruction and Development (IBRD), but, in fact, the Bank is a group composed of five institutions: the aforementioned International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

However, the creations of these institutions were graphically designed taking into account the division of the world into three consumption classes, as outlined by Korten (1999): overconsumers, sustainers, and marginals. Overconsumers are the 20% of the world's population who consume approximately 80% of the world's resources—that is, those whose lives are organized around automobiles, airplanes, meat-based diets, and wasteful packaging—disposable products. The marginals also comprise 20% of the world's population, living in absolute deprivation. If we turn to income measurements instead of consumption, the numbers are even clearer.

The United Nations Development Programme (UNDP) 1992 Human Development Report presents the champagne flute as a graphic metaphor for a world of extreme economic injustice. The champagne flute's bowl represents the abundance enjoyed by the 20 percent of the world's population- people who live in the world's richest countries and receive 82.7 percent of global income. At the bottom of the stem, where the sediment settles, we find the world's poorest 20 percent of people, who barely survive on 1.4 percent of total income. The combined incomes of the richest 20 percent are almost sixty times greater than those of the poorest 20 percent. Moreover, this gap has doubled since 1950, when the richest 20 percent enjoyed only thirty times the income of the poorest 20 percent.

And the gap continues to grow, as the incomes of the world's richest 20% are approximately 150 times greater than those of the poorest 20% (Korten, 1999).

This approach leads us to a more accurate analysis of the (in)flexibility in the application of external funds to support wage policies within peripheral countries, fundamentally when outlined under the aegis of the dominant institutions (IMF and WB), as is, in fact, based on the statement exhaustively made in the IMF Report (2022: Chapter VIII), when they stated that, in most countries, "they should maintain their budget on a tighter path." This position may have affected the prospect of introducing the TSU in Mozambique, if we can assure that, even with the tightening referred to in the IMF Report, the WB was also convinced that through the International Bank for Reconstruction and Development (IBRD), in 2022, of the approximately USD 38.5 billion financed in Sub-Saharan Africa, approximately USD 60.6 million would be disbursed in the years 2022, 2023 and 2024 at a rate of USD 20.2 million, respectively, for Mozambique (CIP, 2023).

However, the perspective initially presented by Kortem when bringing numerical data on the inequalities arising even in the context of the discussions held at Bretton Woods reveals the continuous and recurring disparity in the results of social policies (including wage policies) aimed at benefiting a smaller group to the detriment of the workforce that can generate income to improve their living standards, an unobservable fact, as measured by Simone's (2011) argument, when it states that the Stabilization Fund, mentioned above, would be equipped with a collection of national currencies, which would be internationally accepted and serve as the means of payment for foreign transactions. Initially, the creation of international liquidity would be under the auspices of the monetary policies of the countries issuing the internationally accepted currency. The participation of states would be limited to their contribution, which, theoretically, would give an advantage to the United States and other countries that contributed in larger volumes.

Meanwhile, the US's supremacy and its impositions remain, thanks to its greater contribution to the IMF and WB budgets, which it can use to dictate rules and impose its conditions on participating countries. Therefore, the effective role of the Bretton Woods institutions may embody a "merely Americanist" dynamic, which is also reflected in the current currency exchange and the volume of investments made to developing countries through financial institutions.

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The Dominant Role of the Bretton Woods Institutions

Western policies were not limited to Bretton Woods. In May 1954, a powerful group of North American and European leaders also began meeting as an unofficial, low-profile group without recognized membership. Known simply as Bilderberg, the group played a significant role in advancing the European Union and shaping consensus among leaders of Atlantic nations on key issues facing transnational Western-dominated systems, whose participants included heads of state and other politicians (Korten, 1999).

For the same reason, understanding that corporations have enormous power and they have been playing an active role in reshaping market rules in their own favor, such as those of the US, is to be consistent with the way the market acts, whose influence is felt, to the extent that an important result of the Conference was happening, there was the confirmation of the North American dollar as the new international currency [observed to this day] and the establishment of a monetary exchange regime based on fixed rates. This new standard constituted one of the pillars of the construction of US economic hegemony, since, as Hobsbawn (1999, p. 269, cited in Simone, 2011) states, it subordinated the new institutions to its policies, despite the fact that the Fund's resources were initially intended to eliminate the disruptive effects of exchange rate depreciation and allow countries to borrow to finance temporary deficits.

It can be understood that the creation of the Bretton Woods institutions was/is ultimately intended to respond to US interests, underpinned by the confirmation that the US dollar would be the new international currency, a fact observed to this day.

In this context, Barry Eichengreen (2007) argues that the current international monetary and financial system, like the Bretton Woods revival, today, as 40 years ago, is composed of a core and a periphery. The core has the exorbitant privilege of issuing the currency used as international reserves and a tendency to live beyond its means. The periphery, which still has a long way to go to catch up with the core, is committed to export-led growth based on maintaining an undervalued exchange rate, the corollary of which is its massive accumulation of low-yielding international reserves issued and denominated in the currency of the core country. With the expansion of globalization, there is a new periphery- emerging markets in Asia and Latin America- but the same old core, the United States, with the same tendency to live beyond its means. The main difference between now and then, beyond the names of the actors, is the existence of a third bloc, Europe, which has neither the margin for recovery nor the possibility of recovery as the periphery (the African continent may be in the same situation or even worse).

Therefore, according to Eichengreen's explanation, the dominance and the need for the prevalence of this dominance on the part of the USA can be clearly seen, when imposing the Brett Wood institutions, its desires, as can be seen in Simone's (2011) statement, according to which the amount of dollars originating from the USA were directed to financing military bases, aid programs, investments abroad by American companies and loans to foreign banks. The mechanism responsible for the Bretton Woods system's functioning was the chronic deficits in the US balance of payments, which were the means it used to expand the international money supply.

The two institutions created under the Bretton Woods agreements, the IMF and the World Bank, became subordinate to American policy. When they began operations in 1946, the World Bank and the IMF were pivotal in the United States. The latter, responsible for the majority of funding for both institutions, wanted to ensure that decision-making power remained in its hands. Voting rights were thus distributed in such a way as to grant greater power to the American executive director, even granting him veto power.

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Another notable aspect is the fact that in the WB, the voting power of countries is still substantial relative to that of developing countries, with 57.67% for developed countries and 42.34% for developing countries (Cozendey, 2013), with the largest share belonging to the EU, around 16%. This fact once again demonstrates the influence of the US on countries' wage policies. Indeed, as elucidated in the United States Government Assistance Strategies for Mozambique (2009-2014) and (2015-2020), all assistance coordination efforts for Mozambique must be in consultation with other partners under the auspices of the US, which is the largest financial partner, with approximately US$560 million in annual funding (Mozambique's O Pais newspaper, April 4, 2019), being the largest accumulated contributor to the IMF, with USD 155 billion, and the largest voting bloc - holding effective veto power in many decisions (Gray and Kinglsey, 2018), concomitantly for the WB, the US is the largest investor, which is why the granting, or not, of loans makes purely economic reasons less important, in reality, the policy of granting loans is, above all, determined by the intervention of the US government with the Bank, based on objectives, above all, political (Toussaint, 2024).

However, it can be inferred that due to the biased approaches of the central core, the IMF and WB programs may not be having the overall and initially outlined result, which are basically based on improving the economy of the countries involved, the sustainability of their debts, and the sustainability of the wage bill, so as Kindleberger argued 74 years ago, through the unfair test of maximum expectations, the Fund and the Bank clearly failed.

Additionally, Michael P. Dooley, David Folkerts-Landau, and Peter Garber (2003) have argued that most other developing countries, especially recently decolonized states, flirted with socialism or import-substitution systems that isolated them from the center. The strategy was inhospitable to trade and the import of foreign capital in the long run. It promoted local production of goods that could not compete globally and therefore. They built an inefficient capital stock that would ultimately have little global value. Just as in communist countries, when they opened up to the world and trade and capital flows, they discovered that their accumulated capital was only good for disposal. In other words, they were in the same real position of capital poverty as post-war European countries.

The previous context led Mozambique to abandon the socialist model and open it to a free-market economy (Wasse, 2010). From this phase on, several reforms were implemented, such as the Economic Rehabilitation Program (PRE), the Absolute Poverty Reduction Action Plan (PARPA), and various wage reform programs. However, US interference has always remained, as elucidated in the US Government Assistance Strategies for Mozambique (2009-2014) and (2015-2020). All assistance coordination efforts to Mozambique must be in consultation with other partners under the auspices of the US, being the largest financial partner, with financing of around US$560 million annually (Mozambique's newspaper O Pais of 4/4/2019), being the largest accumulated contributor to the IMF, with US$155 billion, and the largest voting bloc - holding effective veto power in many decisions (Gray and Kinglsey, 2018), simultaneously for the WB, the US and the largest investor, which is why the granting, or not, of loans makes purely economic reasons the least important, in reality, the policy of granting loans is, above all, determined by the intervention of the US government with the Bank, based on objectives, above all, political (Toussaint, 2024).

Wage Policy and Political Environment

A proper assessment of the political environment is crucial for success, particularly the nature of the political system, social forces, and relevant centers of power (Francisco, 2007).

Francisco adds that one of the fundamental aspects of financing and achieving success in implementing a rational model in Africa was that of Tanzania and Uganda, which took into account the political environment that made its implementation possible, as well as the sustainability risks of the wage system and public reforms.

The political environment is understood to encompass all the conditions of stability and peace that a nation enjoys. In other words, beyond the financial component, the nature of the political system, social forces, and centers of power are fundamental to implementing a wage policy.

Wage Policy and Taxation

Sovereign states have the right to define their own tax regimes, whether through tax reductions or by offering preferential regimes (Valadão, 2017). Therefore, Lopes (2021) states that the simplicity and administrative component of the tax system are much more frequently considered priorities in tax reform [...] the tax reforms recently implemented in the United States and the United Kingdom, to comply with tax obligations.

Therefore, the two previous approaches support the need for a system that, while sovereign states have the right to define their own tax regimes, should prioritize their simplicity, while necessary.

It is understood that it was through simplicity and necessity that the Mozambican tax system was able to be divided into national and municipal taxes.

National taxes are subdivided into direct and indirect taxes. Direct taxes consist primarily of Corporate Income Tax (IRPC), which is levied on corporate income, and Personal Income Tax (IRPS), which is levied on individual income (Center for Democracy and Human Rights-CDD-2025).

It follows that, with tax regimes with the perspective presented, the Mozambican salary reform may find other forms of self-financing, a subject to be addressed in point 7.2 of this article.

Salary Reform in Mozambique

According to the Ministry of Economy and Finance (MEF) (2023), the salary reform process in Mozambique began in 1990, through Decree No. 41/90 of December 22, establishing a salary scale organized into 23 salary groups from scale A to Z, each containing three rates, constituting 69 salary levels.

In 1998, through Decree No. 64/98 of December 3, it established the principles and rules for organizing and structuring the Career and Remuneration System applicable to public employees, aiming at administrative modernization to provide quality public services to citizens. Resolution No. 11/98, of December 3, created the respective criteria for classification in professional careers, embodied in a salary pyramid with 89 salary levels, with level 1 corresponding to the highest salary and 89 to the minimum wage.

As can be seen from the above provisions, salary levels have been increasing, with a 77.5% increase from 1990 to 1998. Similarly, several salary scales were dispersed, hindering better coordination and unification of the state public apparatus.

Over the years and in the face of various challenges, Law No. 5/2022 of February 14, republished by Law No. 14/2022 of October 10, and Law No. 7/2023 of June 9, established the criteria for the remuneration of the Bodies of Sovereignty, the Civil Service, and all those who receive their salaries through the State Budget. It created two salary scales: the TSU (Tax on Social Security) for all State Employees and Agents and the TSFDS (Tax on Social Security) for the Defense and Security Forces.

However, the transition from TSA to TSU was underpinned by adverse factors to be presented below.

Old Salary Table and Single Salary Table

Salary policy is not a matter of diagnosis, but rather of defining, first and foremost, the mission of the salary reform and the strategic vision to be adopted, or the image to be achieved, how, and with what resources, within the framework of public sector reform. It is from this perspective that, in the Mozambican case, the

TSA in direct and indirect administration included 89 salary levels, 103 schedules, 5,625 salaries, and 35 supplements or allowances, with a huge discrepancy in the base salary for each category. One of the distinguishing increases was related to the percentages to be allocated to each category (Decree No. 54/2009, of September 8, approving the Career and Remuneration System (SCR) (2009).

The SCR (2009) states that, for example, in the case of Higher Education Teachers and graduates in Medicine, it involved a special Bonus (BE) of 75% of their base salary for the category, for specialists and other graduates, it involved a BE of 60%, while for mid-level Technicians trained by professional education institutes, nurses and specialized health technicians and mid-level teachers it was 30%.

Therefore, the above fact demonstrates a disconnect between levels without, however, considering competencies. Furthermore, supplements to base salaries put pressure on the payroll and, because they were based solely on academic qualifications, widened the pay gap between civil servants and government agents with the same professional qualifications, thus harming the quality of service provided to the public.

The TSU, on the one hand, aims to correct the imbalances that characterized the remuneration system of the direct and indirect government administration, as well as to avoid the instability of the payroll resulting from the indexation of salary subsidies/supplements to the base salary, among other things (MEF, 2022, 2023).

On the other hand, it combines the implementation of better citizen service and viable budget management with sustainable long-term human resource management.

As with all salary policies, its financing is the greatest challenge, measured by Mozambique's difficulty in self-financing. In other words, it has always relied on the IMF and the WB, as demonstrated by the data in Table 1.

Therefore, it is clear that in terms of intentions to improve salary issues, they embrace a comprehensive political environment starting from the top, whose gap in its implementation through the TSU is found in the sources of financing, and often, some interventions clarify the matter, such as the intervention of the Governor of the Bank of Mozambique, Rogério Zandamela (in his lecture at the Polytechnic University-Higher School of Studies and Business on September 6, 2023), when he stated that:“ *The country should not have embarked on major reforms without first securing financing. The reforms underway in the country are IMF requirements, including the TSU... It is important to remember that the TSU is part of a set of reforms that the IMF required in order to return to direct support for the State Budget,* therefore, despite the government's intention in listing potential benefits such as (i) stability and professionalization of Public Administration; (ii) better management of the State's human, financial and asset resources; (iii) balance between the different professional careers in Public Administration; (iv) greater appreciation of professional careers and knowledge; (v) improved quality in the provision of public services; (vi) greater competitiveness and commitment of employees; (vii) greater commitment to the pursuit of know-how on the part of public servants; (viii) transparency in the processes of appointing employees to positions of Management, Leadership and Trust. (ix) (MEF, 2022), without IMF financing no process will be successful.

From the above, it can be inferred that within the framework of the salary reform, the TSU, is an imposition of the IMF to perpetuate economic dependence, as is conveyed by the IMF itself when, through its resident representative in Mozambique, Alexis Mayer, stated that the government's option for the TSU, in addition to facilitating the mobility of public servants between institutions, will improve the distribution of the wage bill. We saw that the idea, the concept of the salary reform—simplifying the reform and making it more effective—facilitates the mobility of public servants between institutions, and also has clear guidance and classification criteria—is very sensible. This actually allows for an increase in the effectiveness of the payroll and, in the long term, contains this dynamic," (Rádio Moçambique-RM, Published: 11/7/2022)

However, paradoxically, the same IMF states that the increase in public spending resulting from the implementation of the TSU meant that Mozambique did not reach the fiscal performance target set by the IMF for 2022. This failure jeopardized the financing of the second part of the three-year agreement under the extended credit facility program, which allows for the disbursement of USD 60.6 million (CIP, 2023).

Therefore, it is clear that, on the one hand, the IMF supports the government's decision to implement the TSU, and on the other, it threatens to jeopardize its implementation due to non-compliance with requirements.

However, in view of this scenario, without mentioning the sources of financing, given the high costs, the CIP (2022) advocated that, as a way of reducing the negative impact of the TSU, the Mozambican government should allow the Administrative Court […] to carry out audits of the frameworks implemented as well as of the probable undue payments made within the scope of the TSU, an assessment of the impact of the TSU to date and the publication of the reports.

However, when analyzing the fulfillment of the purposes emanating from the TSU, according to the CIP (2023: 7), its objectives were not achieved. A comparative analysis of the TSA and the TSU shows that the disparity between the minimum wage for the lowest category and the minimum wage for the highest category (specialist) increased with the implementation of the TSU. Under the TSA, the difference between the lowest and highest salaries was 20,193.00 MT. With the TSU, this difference increased to 52,000.00 MT, an increase of approximately 158%. This demonstrates that the TSU has exacerbated existing inequalities in the public sector.

This fact is consistent with the demonstration of the evolving percentages of the salary groups, from 1990 to 1998 (75%), initially presented when the TSA was implemented, as well as the submission of the BE applied when the TSA was implemented.

Furthermore (no), the statements by the Minister of Economy and Finance, Max Tonela, shared in Parliament in 2023, according to which the implementation of the Single Salary Table increased the financial burden on salaries, absorbing 59% of revenue in 2010 to 70% in 2021, demonstrate the recognition of the importance of the TSU in the public sector.

Other Ways to Financing Wage Reform

While the restructuring of the Bretton Woods institutions is being discussed, as Pozsar (2022) argues that the existence of Bretton Woods III, considered a new global (monetary) order centered on commodity-based currencies in the East that will likely weaken the Eurodollar system and also contribute to inflationary forces in the West, could be a boon to developing countries, it is becoming urgent to reverse the unsustainable trend of external financing for wage policies, from the Bretten Woods institutions.

Other alternatives to financing wage policies that involve the search for new financing institutions may prioritize greater convenience in credits to be paid, greater agility in the payroll and, above all, greater coordination between the different categories. There are experiences of financing with mutual benefits and without suffocating the other counterpart, focused on profit, which have taken place in some African countries such as Nigeria, Ghana, Egypt, South Africa, Algeria, Morocco, Chad, Ethiopia and Zambia, whose recent policies were financed by the African Development Bank (ADB), living up to its motto of "financing development for people, not for profit" (African Development Bank-ADB, 2024), since its genesis comes from the African Development Fund (ADF) and the Nigeria Trust Fund (NTF).

Another possibility extends to financial institutions in South America and Asia, namely the Japan International Cooperation Agency (JICA), the Islamic Development Bank (IDB), and the Inter-American Development Bank (IDB), which, according to Maquiné (2025) and Khatib et al. (2025), offer financing options for policies consistent with the realities of each country.

Therefore, Mozambique can strengthen its negotiating capacity with other international financing institutions

Likewise, improving fiscal policy is an alternative to financing, as it allows for the expansion of the tax base and subsequent increase in values to the CUT, since, according to the CDD (2025), taxation is one of the main instruments for financing public policies and plays an essential role in the redistribution of wealth and the promotion of socioeconomic development.

Final Considerations

An approach that may be most appropriate for addressing the Bretten Woods institutions proves crucial and challenging for states, given that it has a history that overlaps with financial institutions such as the IMF and WB, especially in underdeveloped economies, whose development policies they depend on. However, after reviewing the available literature to determine whether economic reforms allow Mozambique to become (in)dependent on the implementation of wage policy (TSU). The article concluded that, to a large extent, corporations (IMF, WB) wield enormous power and are actively using it to reshape market rules in their own favor. They are using it to ensure the circulation of the dollar as the dominant currency, thereby imposing their implicit interests.

Finally, to balance its (in)dependence on wage policy financing, Mozambique must deepen other sources of financing with comparative advantages geared toward profit, which implies strengthening its negotiating capacity with other international financing institutions. It must also improve the mobilization of domestic revenues through diversification.

However, wage policy is not a problem of diagnosis, but rather of defining, first and foremost, the mission of wage reform and the strategic vision to be adopted, or the image that is intended to be achieved, how, and with what resources, within the framework of public sector reform.

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31. Decree No. 41/90 of December 22 approved the salary scale applicable to the State apparatus.
32. Decree No. 64/98 of December 3 established the principles and rules for organizing and structuring the Career and Remuneration System applicable to State employees.
33. Decree No. 54/2009 of September 8, Career and Remuneration System.
34. Resolution No. 11/98 of December 3 established the respective criteria for classification into professional careers.

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35. Law No. 5/2022 of February 14, republished by Law No. 14/2022 of October 10, and Law No. 7/2023 of June 9, establish the criteria for the remuneration of the Bodies of Sovereignty and the Civil Service.