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The Change from the Inside: the case of Ethiopia

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Part II of V

In part I of this series, I provided background for this first of its kind conference involving African and Arab scholars, experts and former government officials. The themes of the conference focused on peace, national reconciliation, governance, the roots of conflict, climate change, use of natural resources, the dynamics of change, the “Arab Spring” and its impact on Sub-Saharan Africa, especially youth, reversals of fortunes emerging countries and renaissance etc., within countries. I discerned that the greater motive behind the conference was to identify differences and areas of common economic, social, cultural, political, religious and other strategic interests that affect the Arab world and Sub-Saharan Africa. The commons include views with regard to external hegemony from current and emerging super powers and their impact on Africa. The US and China featured prominently in the conversation.

Why does Africa matter to the Arab world?

Sub-Saharan Africa (SSA) is the world’s last frontier for investment and riches. It possesses immense natural resources, 40 percent of the world’s gold, 12 percent of the world’s petroleum reserves, untapped waters and arable lands etc., etc. Arabs want to compete with the BRICS (Brazil, Russia, India and China) and with the West, taking advantage of geographical proximity, cultural and political ties and migration of people in both directions, mostly from SSA to the Gulf and Saudi Arabia. Kuwait plans to provide \$1 billion in soft loans. Saudi Arabia has invested billions in Ethiopia. Food security is vital for the Arab world and Africa offers tantalizing prospects. On the surface of it, the prospects are promising. SSA has a population of one billion and the Arab world 363 million. The former has an aggregate GDP of \$1.3 trillion and the later \$2.3 trillion, a total of \$3.6 billion (2012). Combined and thoughtfully done to benefit both sides, this group will be formidable in the decades ahead. However, the hurdles that separate these two worlds are as immense as the promise.

Arab experts argue and Africans concede that 2/3rds of the Arab population of 363 million lives in Africa and therefore is African. Diplomatic niceties aside, Arabs have not accepted themselves as African. Nor have they begun to treat black Africans as their equals. Arab experts and notables were unified in expressing their views as a single voice on matters that were dear to them. I am afraid I cannot say the same thing about Africans. Pan-Africanism has a long way to go. The third Arab League and African Union Summit in Kuwait showed the promise and the gulf that exist. We agreed at the conference that a summary of the salient points and consensus reached in Doha will be shared with the Heads of State in Kuwait. Here is an incident that is telling about the gulf in thinking, After the Summit ended, the interim Egyptian President sent a delegation to Prime Minister Hailemariam Dessalegn asking him to “come and see him.” Contrary to the spirit of the Summit and diplomatic protocol that affords each leader equal status, the Egyptian continued to show hegemony. Instead of meeting half way, he literally ordered the Ethiopian PM Minister to go and see this “pharaoh.” What else would he want to discuss but Ethiopia’s

decision to build the Renaissance Dam on the Abay River. The Egyptian wanted to show that he can command the meeting as his country has commanded the use of the Nile in the past. Ignored is the fact that SSA countries had reached an agreement in Entebbe, Uganda that there can only be fair and equitable use of the Nile. The gap in perception and in the equality of treatment at the government and other levels is therefore huge. This gap may not be resolved until Sub-Saharan Africa as a continent emerges as a powerful and assertive contender and equal partner; and until individual African governments mistreat their own citizens. African governments cannot afford to be wishy washy. African governments and Africans must accept the notion that unfair, unequal and unjust treatment of African governments and people of SSA origin will continue to be deep and widespread as long internal governance in Africa remains oppressive and replete with ethnic and religious conflicts. Africans must demand acceptance and equality whatever the circumstances.

The reality on the ground: how black Africans are treated

My wife had a conversation with a Sudanese female expert who works for the UN system concerning treatment of black African immigrants in the Arab world. "The darker you are the less respect, visibility and pay. Dark-skinned Africans are not hired as baby sitters," for example. She noted that Arab children are "scared of blacks," a culture that is reinforced by parents and employers throughout the Arab world. We learned that black Africans are paid "half of the wages that non-Africans are paid to do the same work." Their governments do not stand-up or negotiate for them. Immigrants of SSA origin are dehumanized routinely. For example, Christians working in Saudi Arabia are not allowed to gather and worship in groups let alone establish places of worship. However, this is not universal. Christians in the UAE and Qatar are allowed to establish churches and to worship freely. In Qatar, Ethiopian Christians have established 5 churches. The Conference failed to discuss these differences in treatment fully and boldly. There are other contentious areas on which there is enormous gulf between the Arab world and Sub-Saharan African that I will present and assess in subsequent sections. Below is continuation of my presentation in Doha.

What is the emerging picture of growth in Ethiopia?

The charts on Circles of Prosperity and Poverty in SSA, The Failed State Index and Massive Aid Flow to Ethiopia presented in Part I depict Ethiopian realities and provide a basis to project likely scenarios for its future. Chart I consisted of the circle of Africa's prosperous nations, High Flyers or Cheetahs on their way to "breakthrough nations" and those that show promise. These 34 SSA nations are in the process of transformation. Outside of these four circles are more than 8 countries that I call outliers: CAR, Eritrea, Uganda, Guinea, Madagascar, Niger, Ethiopia and Malawi. These are what I call outliers. They share numerous features: repression, one party rule, abject poverty, instability and periodic episodes of civil conflict. Ethiopia shows staggering statistics of poverty and destitution. Ethiopia's human development ranking (HDI) continues to be among the lowest in the world: 173 of 178 in 2013, 172 of 178 in 2012 and 174 of 178 in 2011. Per capita income increased from \$275 in 2000 to \$350-\$370 today. Admittedly, Ethiopia's population growth is explosive and has to be taken into account. However, population growth does not explain low per capita income. China has a larger population and higher per capita income. Employment, productivity and high incomes matter. The Ethiopian government is its own adversary. Why? Access to knowledge, especially IT technology is critical in opening-up new opportunities. It is life changing. The Ethiopian government restricts this tool for the sole reason of control. The donor community and the Ethiopian government argue in unison that life expectancy improved by 16 years.

Access to education improved by 6.3 years. Gross national income (GNI) increased by 102 percent. All of these and more may be true. What matters is whether or not growth has improved the wellbeing of most Ethiopians.

Participants at the Doha Conference kept telling me that there is “impressive growth” in Ethiopia. In fact, Arab experts seem to envy this growth and suspect that a growing Ethiopia will be more assertive and demand greater say in utilizing its waters and other national interests and would have the capability to defend itself. Ethiopian history tells us that Ethiopia has defended itself whether poor and backward or rich and modern. The decisive factor was and still is the will, determination and unity of the country. The notion I shared with the audience is that Ethiopia is beset with internal ethnic and religious fissures, growing income and wealth inequality, external intervention that fuels divisions, ethnic elite nepotism, favoritism and corruption. These are systemic problems that Ethiopians cannot ignore. Income and wealth inequality reduces Ethiopia’s HDI Index substantially. Capital is diverted from its social purpose of raising wellbeing irrespective of ethnic and political affiliation to private use. This anomaly in economic development is compounded by gender inequality. Maternal mortality is among the highest in Africa and empowerment of women, participation of females in decision-making is among the lowest in the world. All told 87 percent of Ethiopians suffer from multidimensional poverty: poor or low quality education and health, poor sanitation, low incomes and deplorable quality of life. The UNDP’s HDI reveals that at least “50 percent of Ethiopians live in severe deprivation and 20 to 30 percent are vulnerable.” No wonder then that thousands of Ethiopian youth take enormous risks, pay huge sums of money to human traffickers and take leaky boats to Saudi Arabia where they are treated like 21st century slaves. The Saudis are not unfamiliar with slavery. They outlawed it in the 1960s under pressure from President Kennedy. Arab experts do not see anything wrong with modern slavery like work conditions and treatments. They may be right; the problem is not theirs. It is ours; and most critical, it is the primary responsibility of African governments that misgovern. This is among the reasons why I argued that governments that are not inclusive and just must change.

Ill treatment of immigrants is a matter of personal dignity and honor. I try to put myself in place of those who immigrate at great risks. It is hard to blame them. Sixty percent of Ethiopians earn less than \$1 a day in their home country. Infant mortality is 68 of 1,000 births; 64 percent of children are stunted. Literacy is 30 percent against the SSA average of 70 percent. Although access to education has expanded significantly, Ethiopia ranks 107th out of 169 countries. Ethiopia is one of the “unhealthiest” nations on the planet. On a scale of 100, economic freedom is 30 percent; and on the Global Competitiveness Index, Ethiopia ranks 140 of 144 countries, etc. I agree with Arab and African express I met in Doha. Ethiopia is growing. However, the benefit of this growth is not shared equitably. Participation is among the lowest in the world. This is why Ethiopia is an outlier. In other words, Ethiopia can grow faster and become more prosperous if participation and the private sector were encouraged and institutionalized.

Why good governance matters

Equally important is Chart II-Failed States Index. It shows correlations between being an outlier and trends in becoming a “failed” and/or failing state. In order to understand why the Fund for Peace considers countries such as Ethiopia, Guinea and Somalia “failed and or failing states,” we need to focus on how they are governed. Ethiopia is aid dependent and aid is granted to the Federal Government that decides priorities. Foreign and Ethiopian economists estimate that between 1991 and 2013, the **government received more than \$30 billion in ODA and several billion more in non-ODA, especially**

humanitarian aid. Aid spiked after 9/11. Ethiopia became a reliable ally of the US on the War against Terrorism and was rewarded. Whether a deal was made to accelerate growth in exchange for reliability is open to question; but there it is. Your foreign friends reward you if you behave and punish you if you don't.

How aid is used, by whom and for what purpose is fundamental in discussing the Ethiopian state. This suggests the vital roles independent institutions, civil society, free press, justice, the rule of law, inclusion, accountability etc. play in accelerating sustainable and equitable development. The point is that the state is a solo player in allocating aid and in using it for political purposes. As an authoritarian state, Ethiopia is replete with gross human rights violations, ethnic-elite political and economic capture, ethnic and religious divisions, hunger and food insecurity, high youth unemployment, climate change, demographic pressures, terrorism etc. Its impressive growth rates over the past few years was fueled by foreign aid—notably Official Development Assistance (ODA), remittances, soft supplier credits, especially from China, FDI and deficit financing. Despite this, human development indices are consistently low. This reinforces the view that Ethiopia is an outlier and potentially a 'failing state.' This condition is not attributable to culture, diversity, religious differences and or weather. Ethiopia and the DRC are endowed with more diverse resources than South Korea and Botswana, prosperous countries that were once poor. It is legitimate then to ask why Ethiopia is still poor and lagging behind its African peers. Its GDP per capita is \$350 compared to Botswana at close \$9,000, almost 30 times and Ghana five times etc., both multiparty democracies. Here is the key point. Nations prosper when government is participatory, just, democratic and inclusive. In the 21st century, sustainable and equitable development is practically impossible without freedom, participation and the rule of law.

Daron Acemoglu and James Robinson confirm that failure to transform nations into prosperity is man-made. When governments impose politically motivated political, socioeconomic and psychological institutions without checks and balances and the rule of law, failure is most likely. The Ethiopian government asserts that the country is home to nations that are irreconcilable and that it will take generations to create national solidarity and cohesion. This ideological commitment to stability at the cost of fairness, justice, participation, the rule of law and inclusion gives a false sense of peace. In the process the vital roles of national dialogue and search of better alternatives, reconciliation involving all stakeholders, political pluralism, peaceful protest, press and religious freedom, civil society and private sector participation--bedrocks in building democratic institutions are suppressed. Negotiation to right wrongs is prohibited. One of the world's greatest leaders, Nelson Mandela, summed up the vital role of freedom in negotiations. "Only free men can negotiate, prisoners can't enter in contracts." Ethiopians do not have freedom to negotiate and to offer alternatives that will serve all. The political, social and economic space is closed. Ethiopians are not free to negotiate or to vote. By implication, it will take several generations to establish an all-inclusive, just and democratic society. Under the Constitution, Article 39, each ethnic regional state has the right to secede. This places the entire country in a state of permanent suspense. No one can predict the future. The use of force to maintain ethnic federalism--a political construction imposed by ethnic-elites without the consent of the population- and "peace" is justified to mitigate the danger of Balkanization. The problem is not federalism; it is the authoritarian one party state that administers it. In contrast, successful economies promote incentives and allow everyone to participate in the development process fully and effectively. Governments are accountable and responsive to the hopes, needs and aspirations of all citizens. Change is a norm. Ethnic-elites resist change and operate above the law. They maintain peace through the use of force. 1/

Ethiopia suffers from “cancerous” corruption

Experts suggest that authoritarian and/or ethnic- elites do not often grasp the magnitude and implications of the oppressive and divisive governance they created on the viability of the society they rule. The political system is corrupt. Rampant and crippling corruption, bribery and ethnic-based favoritism in employment and education siphons off capital from the society and reduces productivity and social welfare. It corrodes trust in government. It reduces Ethiopia’s ability to expand the middle class. Assets are concentrated in a few hands. In the words of Peter Coy, “For the brutal few, hanging on to power and wealth outweighs all else,” even if it means that the society will fall apart.” His point is that these elites fail to recognize the value of strong institutions, the rule of law, an independent judiciary and an enabling regulatory environment that promotes a robust and strong private sector as well as strong financial institutions that facilitate proper allocation of scarce capital for sustainability. Constant reforms that better the society are anathema to authoritarian rule. Independent institutions and positive values flourish to the extent that the political system allows them. In Ethiopia, ethnic-elites do not cherish reform or favor independent institutions. They fear reform and opening up political space would threaten their grip on private wealth and political power. In a commentary on “Why Nations Fail,” Francis Fukuyama underscores the primacy of independent institutions for sustainability noting “Bad institutions exist because it is in the interest of powerful political forces within the poor country itself to keep things this way...Egypt is poor precisely because it has been ruled by a narrow elite that have organized society for their benefit at the expense of the vast mass of people. Political power has been narrowly concentrated and used to create great wealth for those who possess it.” Ethiopia’s case is not dissimilar. My concern is straight forward. Lack of freedom of choice, reform and unwillingness to change the political system entail risks similar to Egypt. In Ethiopia’s case the ethnic and religious fissures that simmer today may not be contained by any force because national institutions have been wiped out. They have been replaced by ethnic institutions that strengthen division. 2/

Political Elite Capture

Political capture of the state by ethnic-elites under the guise of stability facilitates extraction of rent by ensuring that there is no independent institutional oversight to contain excesses; and no mechanism to bring abusive and corrupt officials at the top to a court of law. The legal system is subservient to political elites; independent press is non-existent. Civil society organizations have been wiped out. The incremental cost to the society in an environment of massive public spending without accountability is immense. For example, Global Financial Integrity, the University of Massachusetts and Ethiopian economists estimate that from 2000-2012 illicit outflow of money from Ethiopia reached a staggering \$25 billion, almost all export earnings plus. This limits scarce capital that would have otherwise expanded productivity and employment. In short, there is direct correlation between the absence of independent institutions, free press, political competition and civic society and Ethiopia’s outlier status.

If we take the high flyers---Botswana, Mauritius, South Africa, etc., and Cheetahs breaking ground such as Ghana and Ivory Coast, Ethiopia has a long way to go before it joins the circle of Middle Income Countries (MICs). The success of these nations is correlated to good and representative governance. This does not mean authoritarian states do not grow. They do; and for the benefit of a few. There is ample documentary evidence that shows that substantial potential for employment generation, higher incomes and productivity have been suffocated and stalled. Participation is expansive. The private sector is crowded out by a regulatory system that favors the ethnic-elite state (telecommunications, power and

land), party (all sectors) and party endowments. The TPLF created conglomerate known as the Endowment Fund for the Rehabilitation of Tigray (EFFORT) that started with no capital and amassed more than \$4 billion in assets. It has made politically connected individuals super rich. Ethiopia sits within a circle of conflict-ridden countries such as the Democratic Republic of the Congo, fragile Eritrea; and Niger, one of the poorest in Africa. Ironically, Ethiopia is home to numerous new millionaires whose children attend elite schools in Western countries, India, China and other locations. A World Bank sponsored study identified endemic bribery, nepotism and corruption in the public sector.

Overarching theme

My central theme is that Ethiopia's potential is constrained. Sustainable and equitable growth and development will not take roots unless the government embraces and involves the entire population in the transformation process. This means allowing representative government to evolve. The principal purpose of development is to harness the full potential of human and material capital and to ameliorate the wellbeing of the vast majority of the population. Human potential cannot be harnessed in societies that are repressed. Indices show that the overwhelming majority of Ethiopians remain poor, disempowered and outside the growth process. These conditions pose enormous risks for the country and its people.

Polarized views

Ethiopia is one of the most ethnically and politically polarized societies in Africa today. Views on whether growth has benefitted the poor or boosted the incomes of elites and their families; and whether peace is institutionalized or undermined vary widely depending on ethnic affiliation and association. Beneficiaries of the system give accolades to the ruling party and argue that growth continues to be "spectacular." Although many observers dispute the figures as man-made, the government is persuaded that the country has been growing and will continue to grow at double digits. Opponents disagree and argue that the country is on the verge of internal implosion. Unemployment and hyperinflation are mentioned as triggers of social unrest. Supporters and opponents share a common thread. The country is dangerously ethnicized, politicized and bifurcated. These divisions are real. My analysis and general conclusions center on fundamental governance issues that ordinary Ethiopians face each day. These include freedom, human rights, political, socio-economic and religious and press freedom, economic liberties and the rule of law, government accountability and employment opportunities for youth, especially females. All within the Constitution that is also politicized.

In most respects, Ethiopia is a mirror-image of the rest of Sub-Saharan Africa. It is highly diverse with more than 80 nationalities and linguistic groups. It is home to the three major monotheistic religions: **Christianity, Islam and Judaism**, the latter, a waning phenomenon arising from immigration to Israel. An ancient and tolerant country, Ethiopia welcomed all faiths that respected one another and coexisted side by side for thousands of years. The introduction of Islam is a case in point. For hundreds of years, Ethiopia was synonymous with religious freedom from persecution. The link between Islam and Ethiopia is as old as the religion of Islam itself. Muslims were honorably received by the Ethiopian Emperor in 614-615 when the Prophet instructed them to seek asylum in Ethiopia. Ever since then, Christians, Muslims, Jews and other faiths lived side by side and developed their unique cultures and faiths with a level of mutual understanding and acceptance that is rare anywhere in the world. Unfortunately, the government politicized religion in a manner of "divide and rule." In the process, this eroded Ethiopia's remarkable tradition and history of religious mutuality. The Kingdom of Saudi Arabia and the hub of

Islam to which thousands of Ethiopia youth migrate is today one of the most intolerant countries in the world for Ethiopians. We witnessed with utter disbelief as Saudi Police, Security, vigilantes and ordinary people round up, beat, rape kill and dehumanize Ethiopians in a manner that can only be described as barbaric. Saudis forgot that the first Muslim refugees fled to Ethiopia, a land that the Prophet described as “right” and its King as “just.” Ethiopia served as a country with the capacity to welcome and accommodate Muslims at a time of their greatest need.

Ethiopia should have done as good as its African peers or even better. It possesses millions of hectares of fertile and irrigable lands, ample rainfall, rivers, minerals and a huge youth population. With 94 million people estimated to grow to 278 million by 2050, it is the second most populous country in Africa. These are assets that suggest that Ethiopia is a country that should not be poor; but is desperately poor and divided. It has not really healed as a consequence of TPLF/EPRDF governance. Let me highlight the genesis of takeover by the current ruling party and show its accomplishments and its pitfalls.

The genesis of change from within

From the mid-1960s to the early 1990s, Ethiopia was a hot bed of East-West rivalry and civil conflict, most notably in the north, Eritrea, and east, the Ogaden region bordering Somalia. These conflicts proved costly in human and development terms. Compounding Ethiopia’s agony were preventable recurring famines of which “The Great Famine of 1984” that helped topple the Haile Selassie Government is most notable. Ethiopia came to be associated with emaciated children, a lingering image that haunts Ethiopians of my generation. This preventable humanitarian disaster caused the deaths of hundreds of thousands. The country’s growth that showed promise in the 1970s was thwarted by man-made and natural factors. Millions of people were dislocated. As a consequence of the civil war, Eritrea seceded. Today, Ethiopia is one of the largest land-locked countries in Africa. A costly outcome of the war, lack of access to the sea is a potential source of future conflict that must be averted through negotiations. Arab scholars need to understand that both Ethiopia and Eritrea are paying enormous prices by disassociating from one another. Secession and balkanization are costly.

On the surface, these episodes appear history. However, periodic drought, famine and widespread hunger persist. Depending on weather conditions, 10 to 20 percent of Ethiopians depend on international food aid. Five million families depend on remittances. On October 14, 2013, a foreign journalist posted a video on Ethiopian websites depicting human misery, hunger and destitution in Addis Ababa, symbol of Ethiopia’s rapid transformation. The glitz is what you see when you visit Addis Ababa and not how millions of Ethiopians live. The condition can only be characterized as deplorable. An estimated one million people, most of them children, single mothers, the elderly and the “poorest of the poor” live in the streets of Africa’s capital. They “forage garbage dumps” for food. Thousands contract TB, AIDS and other communicable diseases and perish in a country that is home to the most stunted children in Africa (in excess of 40 percent). The government and the donor community accept the phenomenon as normal. To their credit, a few foreign and Ethiopian humanitarian agencies are involved in relief efforts.

Experts such as the well-known economist William Easterly paint Ethiopia’s depth and breadth of poverty in vivid terms. “An endless line of women and girls is marching in the opposite direction into the city (as I drive out of Addis Ababa). They range in age from 9 to 59. Each one is bent nearly double under a load of firewood. I think of slaves driven by an invisible slave driver.....When another group of Western

television cameramen encountered the depths of poverty in Ethiopia for the first time, they went to their hotel rooms and cried their eyes out.” Easterly and others familiar with Ethiopia argue that poor and repressive governance is the primary cause of destitution and that ethnic division aggravates the situation. “In many ethnically divided countries today, politicians often exploit ethnic animosities to build a coalition that seeks to redistribute income.” Easterly, Human Rights Watch and others suggest that massive foreign aid may actually do more harm than good by enriching a few, leaving out the poor from the growth process and perpetuating dependency. The glitz of growth in the Ethiopian capital masks the existence of two distinct societies: a few super wealthy ethnic-elites and their families and a small upper middle class who eat three meals a day on the one hand; and the vast majority of the population, including professionals who find it hard to eat two meals a day. It is an African version of “A Tale of Two Cities” and mirrors social conditions akin to North Africa that prompted the “Arab Spring.” One Ethiopian economist who remains anonymous suggests that an “Ethiopian born poor today is most likely to die poor.” The one million destitute in the capital and the millions who go hungry each day represent the fallacy of growth without fairness, inclusion and equity. 3/

With the above background in mind, let me focus on the primary part of my presentation: the promising change from the inside and missed opportunities.

Part III of V will follow