

Structural Transformation and political processes in Ethiopian development:

An analysis of the EPRDF regime in Ethiopia and its Agricultural Development Led Industrialization strategy; is Ethiopia a developmental state?

Abstract

In many respects the present thesis is concerned with the central questions that have driven development studies for decades. It seeks to investigate the development of one of the oldest political entities in Africa, the state of Ethiopia. The thesis started out with the puzzle of why, in the context of the modern world, the vast majority of Ethiopian population is still reliant on rain-fed subsistence agriculture.

In order to investigate this I narrowed the theoretical search down to two central aspects of development one being the question of how to transform a basically subsistence agricultural society into a medium-income country with more productive sectors than agriculture. The second aspect was the role of politics and more specifically the role of the state in achieving this structural transformation. The guiding problem formulation that guides this thesis is therefore:

“How do the definitions of developmental states fit with the governance structure of Ethiopia and how do the development policies of the EPRDF influence the process towards Structural Transformation and hence align with Johnston and Kilby’s agricultural strategy?”

As the problem formulation suggests this thesis will be carried out, following two different research paths. Therefore two research questions are presented in the methodology section, focusing on shedding light on each of the theoretical perspectives.

The analysis emphasises two fundamentally different aspects of Ethiopian development. Structural transformation in Ethiopia is hence examined using Bruce F. Johnston and Peter Kilby’s thinking on the role of agriculture in developing countries in the beginning of their structural transformation. Their conception regarding how an agricultural strategy should be construed in order to rapidly increase the productivity of the rural sector is used to estimate the effectiveness of Ethiopia’s ADLI strategy and in particular their agricultural extension programs. Other aspects that are reviewed are land distribution and rural urban linkages. Three key features that need political action to benefit overall development

The second aspect of the thesis is investigated by using the developmental state theory of Adrian Leftwich, looking into Ethiopian politics with special emphasis on the EPRDF itself and the

capacity of Ethiopian state bureaucracy and to which extent it has achieved its development aims. Another significant aspect hereof is the examination of the strength of the developmental and bureaucratic capabilities.

The thesis concludes rather one-sidedly that the agricultural strategy of ADLI does not comply with the recommendations made by Johnston and Kilby despite on the aspect of the character of innovations promoted by the extension service. Regarding Ethiopia and hence the regime of the EPRDF and the theory of developmental states the thesis is not as definitive as above. Here there are several aspects that point in different directions in this regard. However the conclusion states that the possibility for a developmental state emerging in Ethiopia is definitely there only this will inevitably require a political turnaround.

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Chapter one: Introduction

The inspiration for this thesis comes from the recommendations made in the industrial policy literature, and the lack of faith by these same authors in the political and administrative capacities of the Least Developed Countries to implement the recommended activities. (Lauridsen, 2010, Evans, 1998) This literature first of all emphasizes the important role of industry in development and economic growth and secondly most of this literature argued that in order for industry to grow and diversify, it needs specific industrial policies and further support from the state. Granted, Hausmann, Rodrik and Sabel (2007) made a paper on industrial policy with application for South Africa but there is a wide gap between strong developing countries like South Africa and those that are most in need of development. In the face of this knowledge it was surprising to me that a country like Ethiopia, with an age old political history, still had not managed to move more of its population out of subsistence agriculture in which 80 and 90 percent of the population are still engaged. This must mean that despite widespread acknowledgement of the positive outcomes from promoting industry in least developed countries there is a large hurdle for these countries to overcome in order to be able to achieve the benefits hereof. The gap between policy recommendations and diagnosis of failure discussed by Mkandawire (2001), and he stresses that despite poor development in African countries there has existed in different times and in different places, developmental states in Africa one example being many countries before and during the 1970's.¹ The reason for poor development despite acute interest in development from political leaders has often been external factors that have had a large impact on their possibilities to develop.² Altenburg supports this, stating that despite the existence of broad acceptance that industrial policy is beneficial when a merit-based bureaucracy and political checks and balances are in place there is great disagreement when it comes to LDCs where institutions are not seen as adequately developed.³

Ethiopia is chosen to serve as case because it holds some characteristics that are different from a wide aspect of other developing countries while it posits characteristics that should enable industrial policy to be effective. In spite of this, Ethiopia is one of the poorest countries in the world and has not been able to transform its economic structure, increase productivity in agriculture and hence

¹ Mkandawire, 2001, 289

² Mkandawire, 2001, 291

³ Altenburg, 2010, 3

make room for more productive sectors like industry and services. It should therefore be a good case to investigate how politics and economic transition are interlinked.

In Ethiopia 85% of the population live in rural areas and are engaged in rain-fed agricultural production providing barely for their subsistence. The agricultural sector is very inefficient due to a number of natural and manmade factors. On a national level Ethiopia is characterized by a large gap of food self-sufficiency and at the household level food insecurity is widespread. The population engaged in agricultural production in the northern highlands struggle to make ends meet due to degraded land while in the South and South-western areas poverty persists on a large scale in the midst of plenty and arable land. This situation has been the centre of academic and policy attention for more than five decades and the sector is still to see any significant change.⁴ Ethiopia is worldwide one of the poorest late developing countries, ranking at 174 out of 187 on the Human development index with an HDI score of 0.363 well below the average for Sub Saharan Africa of 0.463.⁵ Its population has for long periods of time grown at an average of 3% a year increasing from 39.8 in 1984 to 53.4 in 1994 up to 73.9 million 2007⁶ and is stated by Altenburg (2010) to be at 80.7 in 2010. He also emphasizes that the economic structure has been stagnant. In Ethiopia's case this means that the manufacturing sector, which is almost entirely made up of simple agro-processing activities, has contributed with a constant of only 5% of GDP in the last 20 years and the overall production is based on a very low technological level, i.e. only 4% use technologies licensed by foreign countries and also only 4% have ISO certification; this is in both cases compared to an average of 12% in Sub-Saharan Africa.⁷ However in recent years, Ethiopia has seen consecutively high GDP growth rates, especially since 2004 where these rates hit 11% annually. This is according to Altenburg 2010, not the result of increasing productivity but rather a consequence of:

“... favourable agro-climatic conditions, high coffee prices, considerable inflow of aid and remittances and a boom in construction (and) does not reflect increased competitiveness, and it has not yet prompted significant changes in economic structure.”⁸

⁴ Teshome, 2006, 1

⁵ <http://hdrstats.undp.org/en/countries/profiles/ETH.html>

⁶ EPCC, 2008, 8

⁷ Altenburg, 2010, 5

⁸ Altenburg 2010, 1

These numbers and the characteristic of the structure of economic growth, describe a country at the very beginning of its structural transformation process. Structural transformation describes the process where a country successfully transforms its economy and moves the bulk of its labour through productivity increases from agriculture to more productive sectors services and manufacturing industry. An important determinant of structural transformation is the size of agricultural labour force proportionate to the size of the total labour force.⁹ When a country has a labour force composition with more than 50% engaged in agriculture, this sector will be subject to a purchasing power constraint inhibiting the growth potential. Nowhere has this taken place without the active participation of the state. Examples and characteristics of the role of the state in economic activity and in promoting growth are analyzed by Eric Reinert (1999). An active state, which has established well functioning markets on which the progress of its societies has relied, by building up and supplying key ingredients to well functioning market is traced back to the European nation states of the Renaissance period.¹⁰ Chang (2002) also points out that this is exactly what made the strong economies of today, mainly in Western Europe and The United States, strong. This is however an analysis based on the successes of European economies and states that have a significantly longer history than what is prevalent in most LDCs. In this thesis the main aim is to investigate why structural transformation has not taken place in an Ethiopian context. A central aspect of the challenges of Ethiopian economy is stated below:

“(...) agriculture in Ethiopia is marked by declining productivity due to low technological inputs, soil degradation, diminishing farm size and its dependence on the vagaries of nature. Agricultural production has always been subsistence oriented and rain-fed, unable to ensure food security and lead the economy to a new and dynamic pathway. Transforming the subsistence agriculture into a prosperous and commercialized sector should be the single most important development goal of the country.”¹¹

This quote describes the challenge met by Ethiopian society and in particular its political leaders. This thesis focuses on this very interregnum between Ethiopian politics and economic realities and an analysis hereof calls for a strong theoretical framework.

⁹ Johnston and Kilby, 1975, 60

¹⁰ Reinert, 1999, 268

¹¹ EEA, 2004-2005, iii-iv

Theoretical framework

To achieve increases in productivity conducive to bringing about structural transformation depends on an active participation by the state. In this relation Adrian Leftwich has argued that in order to understand development problems there is a need to “bring politics back in”. His main point is that: “poverty reduction is ultimately a function of *state formation and state capacity*; state formation and capacity is essentially an *institutional matter*; and the design and maintenance of such institutions is essentially a *political matter*.”¹² He also points out that there exist a number of errors in mainstream development thinking. Most of these are related with the subject at hand and support the basis of this thesis, that what is needed for development processes to succeed is an understanding of the primacy of politics and political processes in creating states that foster societal development. The errors he points out are:

*“that ‘socialism’ in poor countries can be built without industrialization; that ‘capitalist’ development will reduce poverty when markets are given their freedom; that industrialization is possible without an effective and involved state; that building such a state is largely a top-down and technical process of institution-building; that developmental states and state-led development is possible in all contemporary states; and that the reduction of poverty is a matter of steering enough of the right resources to the right places and the right people”*¹³(Emphasis added))

According to his view, developmental states have emerged only in very specific circumstances that have brought country leaders, whether democratic, military or other, to pursue development as a means to achieve legitimization and stay in power. This point turns much of the attention towards politics and the political processes that determines the development process of a country. However in recognizing the developmental possibilities that lie in the political sphere Leftwich is by no means optimistic about the emergence of new developmental states. What he emphasizes is that the international environment that forced the state apparatus of NICs to turn into developmental states is now drastically different.¹⁴ On the basis of these accounts and on the basis of what he defines as

¹² Leftwich, 2008, 17

¹³ Leftwich, 2008, 3

¹⁴ Leftwich, 2008, 19-20

developmental states, his contribution to the development debate will be central to this thesis and will support the understanding of Ethiopia's development experience.

Given the understanding of the role of politics in development and the conditions for emergence of developmental states which are central to Adrian Leftwich, this thesis will focus on this aspect, when it aims to achieve a better understanding of why structural transformation and economic development has not taken place in Ethiopia. As Leftwich argues, what is needed to further the understanding of development is, an: *“(i)n-depth and case-by-case analyses (...), adopting a broad based and historically informed social science approach in which it is understood that the politics of development is also the development of politics.”*(Leftwich, 2005, 599), this is the approach which this thesis will pursue in order to understand Ethiopia's development history. The theoretical underpinnings of this thesis, therefore, come from two main sources. The one is Adrian Leftwich, who primarily has worked on the rise of developmental states and on the role of politics in the development process. He has developed a number of concepts pertaining to the area of the role of “leaders, elites and leadership” in politics and specifically in developing countries; a framework for when and why developmental states arise; the conception and primacy of “politics” in development. The other comes from Bruce F. Johnston and Peter Kilby's (1975) “Agriculture and structural transformation – Economic strategies in late-developing countries”. Here the main principles of what they regard as the key factors in achieving structural transformation are investigated with evidence from country studies from England, the Soviet Union, the United States, Japan, and Taiwan. Also the experiences of India and Pakistan are used for analysis of increases in agricultural output in rural areas in recent catching up efforts. These two theoretical aspects, will be very useful to, first of all, identify the areas that are crucial for achieving structural transformation and secondly, estimate whether the current regime has the will, capacity and appropriate coalitions with political and economic elites/groups at its disposal, to implement the changes needed for structural transformation and hence a sustainable development.

EPRDF and ADLI

These theoretical perspectives have taken central positions on the political scene of Ethiopia and are used as policy instruments by the EPRDF. Kefale, (2011) states that:

“Since the beginning of 2000s, the Ethiopian Peoples’ Revolutionary Democratic Front (EPRDF) began to portray poverty as an existential threat to the country. Consequently, it began to present itself as a ‘developmental state’”¹⁵

And according to Ohno (2009) and Kefale (2011) this was articulated by Meles Zenawi, the prime minister of Ethiopia and the head of both the TPLF and the EPRDF and labeled the chief ideologist of the EPRDF, in a draft paper called “African development: Dead ends and new beginnings” presented at the Initiative Policy Dialogue in London in 2006.¹⁶ The EPRDF has been in power and headed the development strategy of Ethiopia since 1991. However the political history leading up to 1991 has been highly diverse and deserves some attention, while in order to understand more fully the different political aspects of the issues of politics and the challenges to structural transformation in Ethiopia, it is beneficial to consult the specificities of Ethiopian political history which has witnessed drastic changes over time. These changes transformed Ethiopia from being first, a feudal empire based on the rule of the emperor/king and the Christian church, to secondly a military rule, which seized power in 1974, pursuing communist policies of state ownership and prosecution of the emperor and his supporters as well as student movements and the urban elite. This regime was overthrown by a coalition of ethnic rebellious groups in 1991 spearheaded by the TPLF. These groups formed a coalition called the EPRDF. They introduced democratic practices and market economy and now pursue policies focused at developmental purposes for the good of the broader population and has changed the official political structure to focus on decentralized governance, for the first time in the history of Ethiopia.¹⁷ The character of these varying regimes and their development policies will be examined later on in the paper as well as more focus will be put on the character of the EPRDF. The ADLI strategy was adopted in the mid 1990s. In this strategy, agriculture and industry is brought into a single economic development framework and growth in agriculture is seen as an engine for growth in industry by supplying it with raw materials, a market base, surplus labour and capital accumulation.¹⁸ In the PRSP of the Ethiopian government called the SDPRP, the government explains the primary role of agriculture in its development strategy:

“Overriding and intentional focus on agriculture as the sector is the source of livelihood for 85% of the population where the bulk of the poor live. The government

¹⁵ Kefale, 2011, 1

¹⁶ Kefale, 2011, 2, Ohno, 2009, 1

¹⁷ Altenburg, 2010, 6 - 7

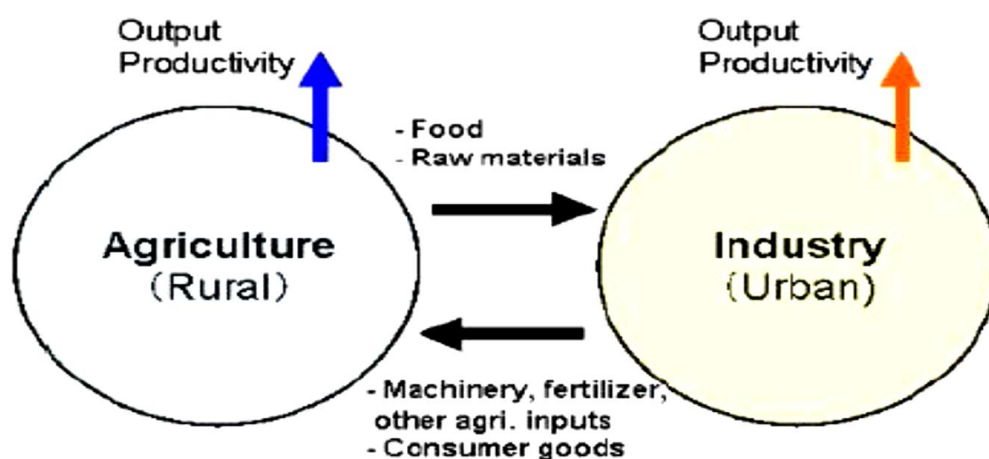
¹⁸ EEA, 2005, 259

gives overriding primacy to the welfare of rural populace. Agriculture is also believed to be a potential source to generate primary surplus to fuel the growth of other sectors of the economy (industry).” (MOFED, 2002, i)

A similar view on the importance of agriculture in the development of late developing countries in the early stage of development is expressed by Johnston and Kilby (1975), who state that:

“the pattern of agricultural development has many indirect effects on the speed with which nonfarm jobs can be created, not to mention its direct influence upon the expansion of income-earning opportunities within the agricultural sector itself.”¹⁹

This is the central element of their theoretical argumentation, which is elaborated in the theory section below and used to analyze Ethiopia's development policies. According to Dercon and Zeitling (2009) ADLI can be seen as a phased development strategy. First seeking growth in the agricultural sector, which is expected to come from increases in yield per hectare and secondly leading to surplus labour that serves as inputs and a source for demand for the non-agricultural sector. First, improvements in technology are expected to provide increases in yield per hectare, and secondly more improvements are expected to come from improvements in infrastructure and irrigation. The figure below is made by Ohno (2009) and shows the workings of the ADLI strategy.



Export orientation / Labor-intensive industries / Use of domestic resources

(Source: Ohno, 2009, 16)

¹⁹ Johnston and Kilby, 1975, 121

Problem formulation

Based on the assumptions put forth by Leftwich and others from the “developmental state school” on what developmental states are, how they are characterized and how they emerge, this problem formulation will be centred on investigating to which extent these definitions align with the Ethiopian state and broader political regime. To narrow the search then, on how this has or will, effect the structural transformation of the country, the theoretical assertions of Bruce F. Johnston, and others of “the structuralist school” of development will be used to point out to which extent Ethiopia’s ADLI strategy in its current form is able to bring about structural transformation. With these guidelines in place, the problem formulation guiding the thesis is:

“How do the definitions of developmental states fit with the governance structure of Ethiopia and how do the development policies of the EPRDF influence the process towards Structural Transformation and hence align with Johnston and Kilby’s agricultural strategy?”

The problem formulation is the main guiding aspect of this thesis. However in order to work properly with it, it needs to be broken down to manageable parts. Therefore the following section will pose two research questions focusing on each their main subject and hence make for a more focused analysis.

Operationalisation

This section shows how the two theoretical positions will be utilised in investigating the problem formulation and which areas, more specifically, of Ethiopian development will be investigated in the analysis. The research questions will seek to investigate how the two theoretical positions relate to the case of Ethiopian development.

Research question one: *What is the effect of the ADLI strategy on structural transformation in Ethiopia - Do the implemented policies succeed in increasing agricultural output or improve the linkages between agriculture and industry?*

This analysis will focus on the industrialization strategy pursued by the Ethiopian EPRDF government. Like Johnston, the Ethiopian government puts its faith in agricultural growth to drive

the development process. Therefore the analysis will focus on determining to which extent ADLI and for instance its agricultural extension program (PADETES) corresponds with the ideas put forth by Johnston regarding agriculture's role in promoting a Structural Transformation process.

Research question two: *To which extent is Ethiopia a developmental state and which role do politics play?* This question narrows down the investigation to focus on the current EPRDF regime and to which extent it has acted as a developmental state. It therefore seeks to analyse the Ethiopian state in accordance with Leftwich's definitions of developmental and effective states. This includes analysing the capacity of the Ethiopian bureaucracy, the level of achievement of development aims, as well as examining the EPRDF itself as well as its relationship to the state bureaucracy and democracy.

Methodology

This section aims to clarify the methodological approach used in this thesis as well as its structure and considerations concerning strengths and weaknesses of the project. This includes considerations about research design, validity and the use of sources for empirical data.

Case Study

Since structural transformation and the politics related to development are complex phenomena, the thesis needs to build up a strong frame of reference regarding both the theories and empirical information on Ethiopian economic and political relations in order to be able to answer the problem formulation. Subsequently, since the present thesis is centred on understanding the case of poor Ethiopian development history during the EPRDF regime specifically and Ethiopian development more generally, it follows the lines of what David de Vaus (2006) labels a clinical case study as opposed to a theory building or a theory testing case study. When this thesis focuses on understanding the problem at hand, rather than building up theoretical "laws" from which one can generalize from the Ethiopian situation to other countries, it can be labelled ideographic rather than nomothetic. Regarding the use of theory, in a clinical case study the aim is, to understand the case of Ethiopia as deeply as possible and theories therefore function as lenses through which the case is understood. Theory in a clinical case study therefore play much the same role as when a doctor examines a patient according to the "theories" he knows on how the different parts of the body functions and how different diseases or infections can alter this basic functions of the body. The aim

of this type of case study is to try and understand the symptoms of the patient and hence be able to understand what can be done to alleviate the symptoms.²⁰

Document analysis

In this thesis I will rely on secondary literature as I do not have the opportunity under the scope of this thesis to pursue primary data collection of my own which in any way could fulfill the information gaps required to answer the problem formulation put forth here. Therefore I need to be attentive to the subjectivity of the sources of knowledge that I use. The empirical data will to a large extent rely on historical accounts of the economic and political situation in Ethiopia as well as official policy and development strategy documents e.g. the PASDEP strategy paper from the Ethiopian Ministry of Finance and Economic Development (MOFED), academic journals and donor reports.

As the empirical sources for the project will be both academic historical accounts of Ethiopia's political and economic affairs, official government documents, donor reports and reports from NGOs operating in the country, different sources of bias may be present. An example of an area where different sources would provide differing accounts could be on the issue of whether Ethiopia fulfils the requirements of a democratic society or on the estimations of positive or negative aspects of economic development in Ethiopia. In these cases, accounts from opposition actors, government documents, academic papers or international donor reports differ widely on the interpretation of economic and political reality in Ethiopia. These are differences that need to be taken into account during the analysis or in the presentation of a given subject in the thesis. Apart from these considerations, four criteria, referred by Bryman (2004) are useful when testing the reliability of second-hand sources and will be applied when analysing documents on Ethiopia. These are:

- **Authenticity:** Is the document real or a forgery and is it from a reliable source of origin?
- **Credibility:** Is the document free of errors and distortion of the facts?
- **Representativeness:** Is the document typical for its kind, and if not how much does it differ from other documents representing the same area?
- **Meaning:** Is the document clear and understandable?²¹

²⁰ de Vaus, 2006, 223 - 224

Chapter two: Theoretical framework

This section's aim is to elaborate on the theoretical perspectives of first the developmental state theory of Adrian Leftwich and second the theory of structural transformation mainly put forth by Bruce F. Johnston and Peter Kilby. This section is long in comparison to the whole of the thesis however the complexity of especially Johnston and Kilby's arguments were estimated to be important for the analysis of the main problem of the thesis.

²¹ Bryman, 2004, 381

Developmental states and the role of politics in development

Adrian Leftwich has in much of his work been concerned about the role of politics in development and emphasized that development and poverty reduction are not technical processes but, rather, political processes and hence he advocates for bringing politics back into the development debate.²² Of particular importance in understanding the role that politics play in the development are first his understanding of politics and since his distinction between two different levels of politics (a) the level which concerns the rules of the game (institutions); and (b) the level at which the games within the rules occur.

Definition and levels of politics

Politics is seen by Leftwich as a basic condition of human interaction. Politics is basically the means which a human community has to make binding collective decisions. It is inevitably about how resources are to be used, produced and distributed. In this conception resources are anything from freedom and opportunity to land and capital.²³ Leftwich summarizes this as:

“Politics is thus best conceptualized as consisting of all the many activities of cooperation, conflict and negotiation involved in decisions about the use, production and distribution of resources, whether these activities are formal or informal, public or private or a mixture of all.”²⁴

The first level of politics regards the political regime or the rules governing competition for, distribution, use and control of power as well as the procedures for decision-making and accountability. Essentially they encompass the agreement about the rules and about the rules for changing the rules. As Leftwich points out:

“in all stable polities - whether past or present, traditional or modern – consensus about the political rules of the game has normally been part of a wider and more or

²² Leftwich, 2008, 5

²³ Ibid

²⁴ Leftwich, 2008, 6

less explicit consensus and settlement about socio-economic goals, policies and practices.”²⁵

Further, he argues that:

*“such consensus has seldom been easy or without conflict, as the many struggles in the course of state-building and industrialization in the West since the 18th century (and before) illustrate”*²⁶

This settlement of consensus also indicates that the benefits in winning and the costs of losing political power decreases. Inversely,

*“where rules are not agreed and the benefits of winning and the cost of losing are high, one is likely to see deeply entrenched forms of patron-client relations and neo-patrimonial politics become consolidated as incumbents try to cling on to power by distributing private goods to their supporters, thereby sacrificing the provision of public goods and hence developmental outcomes.”*²⁷

Games within the rules (normal politics) is the level of politics where the daily debates over policy and practices take place. On this level, the stakes are not as high and it is therefore generally more predictable as the outcomes are unlikely to produce radical shifts in the structure of wealth and power and it is only unpredictable within the certain framework set by the first level of politics. Hence also normal politics cannot be played out when there is no consensus about the legitimacy of the established institutions that govern the rules of the game.²⁸ Regarding the subject at hand of development and poverty reduction it is the first level of politics which is critical, as it sets the basic processes pertaining to the formation, maintenance and enforcement of institutions and procedure for conducting politics, setting socio-economic goals and establishing institutions to facilitate growth and development.²⁹

²⁵ Leftwich, 2008, 8

²⁶ Ibid

²⁷ Ibid

²⁸ Leftwich, 2008, 9

²⁹ Leftwich, 2008, 9

Politics of development

The core of the politics of development is that development is intrinsically about change in the form of economic growth, political transition and social transformation. This is essentially a radical transformation of the structure of power and wealth. This is why development must be understood as a political process and a potential source of conflict. Leftwich sums this up in two propositions:

- (a) *When people change the way they use, produce and distribute resources, they also change their (social and political) relations – relations of power - with each other; and*
- (b) *When people change their political and social (power) relations with each other, they usually change the way they use, produce and distribute resources.*³⁰

In these propositions he emphasizes that the causal processes of change run in two directions from political change to economic development and from economic development to political change. This underpins the understanding that economic and political issues cannot be and should in the purpose of understanding development not be separated from each other. The role politics play in development is essential as, according to Leftwich, development and poverty reduction requires the legitimacy, will and capacity to implement pro poor political reforms is needed, and states capable of this are characterized as effective states or preferably developmental states. These are a product of the interaction between internal and external political processes.³¹

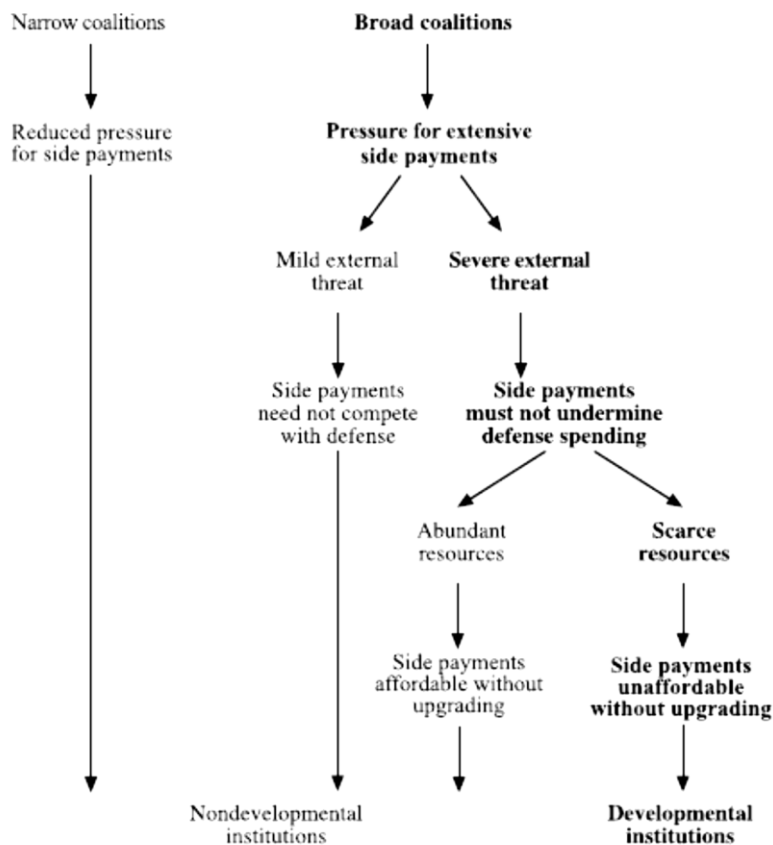
Effective states versus developmental states

How development is brought about and why the history of development is so adverse is therefore, following the line of reasoning from above, a story of political processes. As the following will argue the outcome of these political processes is not just a question of issues internal to a country but also a consequence of external factors. The countries Leftwich (2000) refers to as developmental are those who have achieved GDP growth rates above 4% in average for 30 consecutive years, between 1965 and 1997, which has only succeeded in a handful of countries that are very different from each other in population size, resource endowments and cultural heterogeneity, are usually thought of as developmental states. These countries are Botswana (7.7),

³⁰ Leftwich, 2008, 10

³¹ Leftwich, 2008, 5

South Korea (6.7), Taiwan (7.0), Singapore (6.3), China (6.8), Indonesia (4.8), Thailand (5.1) and Malaysia (4.1). However in Leftwich 2008 also Japan, Finland and Mauritius are included. What explains their success is according to Leftwich, that all of these states share a type of state that has been able to generate and sustain a developmental momentum. This capacity is rooted in the politics in the countries and their socio-economic relations with the international environment and key domestic actors.³² The most important of these factors at the moment of their origin were external threat, coherence of a coalition of internal elites, concentration of power and continuity of policy, and developmentally driven institutions. The first factor, external threat, is also stated as a major necessary circumstance by Doner *et al*, (2005), whose argument is exemplified in the graph below.



(Source: Doner *et al*, 2005, 330)

Japan was in 1870 threatened by the intrusion of western powers; South Korea was both attacked and threatened by its northern neighbour as well as Taiwan was threatened by China. In both of these cases the threat was not only of conflict but the counterparts of South Korea and Taiwan claimed to have rightful sovereign authority over their soil; Finland was in a similar situation with

³² Leftwich, 2000, 153 - 154

experience of Russian and Soviet aggression.³³ The second factor, coherence of coalition of internal elites and political will and what Leftwich terms as “elimination of political opposition” was in the case of South Korea effectuated by a military coup. The construction of new political rules that allows growth to be promoted by the state that involves the creation of consensus by rival elites is more common in democratic settings. This was seen in Finland after the end of a bloody civil war in 1918 and constant threat from neighbouring Russia pushed cooperation between the state and business and a social contract between business and labour along with welfare provisions to secure stability and growth.³⁴ A military backed rule or a rule based on the re-election of a dominant party have ensured both the concentration of military, ideological and political power, and the continuity of policy which is the third condition for securing a developmental state. A trait of developmental states which is related to this condition is the drive for both growth and equity at least in the sense of ensuring welfare, increasing opportunity and containing or decreasing poverty either based on ideological reasons or political pragmatism in a wish for political stability. All of these aspects of the developmental states enabled them to build and maintain powerful developmentally driven institutions.³⁵ What Leftwich therefore identifies as an effective state, is a state that:

*“consists of a set of public institutions, underpinned by widespread legitimacy, and which is authorized, limited, held in place and maintained by dedicated political and juridical processes. Thinking of the state in terms of the way political processes function to produce such outcomes helps to deepen our understanding of strong states, weak states and failed states and their respective capacities to promote growth and social justice, at least in the form of poverty reduction.”*³⁶

A developmental state on the other hand is defined in the following way:

“That is a state that is able to achieve not only developmental momentum but synergy (Lange and Rueschmeyer 2005) with the private sector and which can and does actively shape economic processes so as to promote growth, poverty reduction and

³³ Leftwich, 2008, 12

³⁴ Leftwich, 2008, 13

³⁵ Ibid

³⁶ Leftwich, 2008, 17

inclusion, whether its reasons are economic, political, ideological or a mixture of all.”³⁷

Despite that the concept of developmental states was first coined in 1981 by Chalmers Johnson in his work on the East Asian states and especially the Ministry of International Trade and Industry (MITI) in Japan the idea of a strong and capable state as a prerequisite for growth has a long history. Johnson emphasized that a crucial feature of the developmental state was its relations to both the private sector, for whom it set strict social and economic targets and the market where the developmental state was highly involved. Further, he emphasized that the existence of an elite bureaucracy with key influence on the policy making process that was stronger than that of the political or legislative elites and which possessed power, autonomy and continuity was a strong characteristic of a developmental state.³⁸ As it is also stated by Johnson:

*“the Japanese developmental state must first and foremost be understood politically, for its provenance lay in the essentially political and nationalist objectives of the late developer, concerned to protect and promote itself in a hostile world”*³⁹

However, before him the list of authors who have emphasized the role of the state in development and similar characteristics of their includes central figures like, Friedrich List, Karl Marx, Alexander Gershenkron and Samuel P. Huntington, F. H. Cardoso and E. Falletto (who were the only ones to use the phrase “developmentalist states” and Ellen Kay Trimberger, as all were highlighted by Leftwich.⁴⁰ Leftwich arrives at four significant statements about the developmental state. First, it is a state sub-type that is characterized by the dominance of a nationalistic and developmental class that rules by using repression and legitimacy, concentration of power, authority, autonomy and competence but which vary a lot in specific features. Second, developmental states have been created by a close tie between the bureaucratic powers of public institutions and the state apparatus and the political vision of the elite in seeking to promote a particular strategy of national economic development, which is formed by the political struggles in the formation processes of these states. Third, the primacy of politics in the development process and its central role is accentuated by the point above. Political context and political dynamics are

³⁷ Leftwich, 2008, 18

³⁸ Leftwich, 2000, 157 - 158

³⁹ Leftwich, 2000, 158

⁴⁰ Leftwich, 2000, 155 - 156

central both in the formation of developmental states but also in the reforms and changes undertaken over time. As the fourth point Leftwich focuses on two interrelated elements. On the one hand he declares that it seems unlikely for a country to be able to achieve a rapid transition from poverty to widespread growth without an active and strong state with most of the characteristics of a developmental state. However, on the other hand exactly because politics have such an important role to play it seems highly questionable that states like these will emerge if the right politics are not in place.⁴¹

Democratic developmental states

Developmental states, though they are few in number, are highly diverse and hence also diverge in regard to degree of authoritarianism on one hand and democracy on the other. Since Ethiopia has introduced democracy since the overturn of the Derg, the following will focus on the characteristics of the democratic developmental states. The following will focus on the two main types that are both developmental and democratic as the Ethiopian government claims to adhere to this category.

In this argument Leftwich only uses a rudimentary conception of democracy based on Schumpeter that entails free and fair elections, peaceful successions when governments change, low barriers to political participation and the protection of political and civil liberties. However, developmental democratic states are by definition difficult to establish and maintain. Leftwich explains this paradox with that the two concepts, development and democracy, have contrasting objectives. He emphasizes that development is essentially a society changing process with regards to distribution of resources and the socio-economic structures of society, when it is successful. In contrast, democracy is in its nature a conservative regime type especially in its consolidated and stabilized form. Of course there is some variance between different democratic systems with regard to this but in general democratic systems are designed to be conservative.⁴² The argument therefore goes, that:

“(...) the contradiction that developmental democratic states have to contain and resolve is that, under most circumstances, the rules and hence the practices of stable democratic politics will tend to restrict policy to incremental and accommodationist (...) options. On the other hand, developmental requirements (...) will be likely to pull

⁴¹ Leftwich, 2000, 168 - 169

⁴² Leftwich, 2000, 174

policy in the direction of quite sharp changes affecting the economic and social structure of the society and hence important interests within it."⁴³

Leftwich suggests four different ideal types of developmental democratic states, descending in developmental capabilities. Each type represents a major trend in one direction. 1) Dominant-Party developmental democratic states like Botswana, Singapore and Malaysia. 2) Coalitional or consociational developmental democratic states like Mauritius and Malaysia. 3) Class-compromise non-developmental states like Venezuela and South Africa. 4) Alternating-Party developmental democratic states like Jamaica and Costa Rica. 1 and 2 are developmental democratic states and 3 and 4 are non-developmental democratic states.⁴⁴

The dominant-Party developmental democratic state: this state is characterized by unity, authority and relatively unchallenged central power of a central political party that is decisively more dominant and powerful than its rivals. Japan is the prime example of this type of developmental democratic state and Botswana and Singapore have similar characteristics. In the cases of Botswana and Singapore there were at the time of democratization (independence) not much competition about how the distribution of power should be organized, which rules of the game and the shape of new constitutions that should govern the state building process or the broader direction of development. In these cases, there also did not exist any regional, ideological, class differences around which strong political opposition would be able to mobilize.⁴⁵ Weak civil society and no institutionalized economic interests had been consolidated before the dominant parties had consolidated their power in the democratic state structures. One can therefore say that the playing field was "open", instead of "level". The prevalence of a weak civil society and political and economic interests is also linked to the role of the military in these states as this was not attached to a political group, class or ethnic groups and therefore did not have to be controlled by the upcoming dominant party. This meant that power could be placed in the political centre and maintained by the establishment of central economic development bureaucracies. The political centre was in virtue of their relative power able to protect these institutions from opponent politicians, economic interests and so on and instead have them keep a close eye on the performance of economic and political institutions of civil society. By means of these institutions, the developmental parties have been able

⁴³ Leftwich, 2000, 174

⁴⁴ Leftwich, 2000, 176

⁴⁵ Leftwich, 2000, 177

to pursue coherent and consistent developmental policies, without the threat that poor performance would lead to the victory of their political opponents in the next election. The emergence and success of these institutions generated powerful private-sector interests and the institutions have since worked with them to achieve developmental goals. The formal procedures of democracy have in this way worked to legitimize the developmental policies and programmes. The hegemony of the dominant party has resulted in a high degree of autonomy of the state which has led for some authors to describe them as administrative states.⁴⁶ Leftwich summarizes the politics of Dominant-Party developmental states in the following terms:

“Given these politics, the contradiction I have suggested between the restraining and consensual logic of democratic bargaining, on the one hand, and the conflictual logic of transformative developmentalism, on the other hand, in these (...) states have worked in favour of the latter.”⁴⁷

The coalitional or consociational developmental democratic state:

When the politics of a state does not allow for a single dominant party this has consequences for the developmental autonomy of the state, which is reduced compared to the dominant-party democracy described above. Democracy in these conditions relies on political coalitions and in turn developmental momentum relies on a broad agreement between all major participating parties about the direction and form of the developmental strategy. This means that the current majority coalition can keep this strategy on course, alter or renew it by agreement. In such a democracy the political conditions for arriving at a settlement about the rules of the game, distribution of power and limits of policy are much more important. This process is vital if continuity is to be ensured and here the political skills and vision of elites is essential.⁴⁸ Coalitional developmental democracies are likely to emerge in societies where social, ethnic, cultural and religious differences are prevalent. The class-compromise and the alternating party models are both unlikely to emerge in societies where the politics have these characteristics, because first of all class formation in societies with this degree of plurality will usually be only rudimentary developed. The alternating party model requires first, clear and shifting majorities which individual parties in these societies would not be able to muster. Secondly, if single parties would gain majority, the minority groups who would be held out of

⁴⁶ Leftwich, 2000, 178

⁴⁷ Leftwich, 2000, 179

⁴⁸ Ibid

influence could due to unease and suspicion in such a society turn to violence and deprive the major party of the developmental effectiveness it needs. Examples of this last situation have previously been seen in South Africa and Malaysia where a political majority needed the cooperation of a group holding a major part of an economic resource.⁴⁹ Coalitional or consociational developmental democratic states are, due to their internal political cleavages and the complexity of their politics, not easily forged and where they do emerge this is usually as a result to great social and economic crisis. If a crisis can bring the political parties to acknowledge that settling on a political consensus with their counterparts has both political and economic benefits, there is room for the construction of such a state.⁵⁰ The political resolution of the structural contradiction developmental democracy is a result of agreement and compromise about a common denominator for the developmental strategy. This common denominator which will be lower than some would want but higher than what others desire and the relative autonomy of the state, is at a lower level than in countries with the dominant-party model. However the compromise reached will create stability which a dominant-party model would not allow under these circumstances.⁵¹

Summary

With the purpose of clarity at hand, the following will present a summary of the theoretical position of Adrian Leftwich et al, before we move on.

Politics are defined as “*all the many activities of cooperation, conflict and negotiation involved in decision about the use, production and distribution of resources.*” which is to be found in all human communities with two or more persons. The first level of politics and most basic set of political agreements in a society regard the basis of the political regime more closely defined as the rules that govern the competition for distribution, use and control of power and resources this is labelled the “Rules of the game” and requires a political settlement. The second level is what we know as “normal politics” which are the daily debates over policies and practices.

Politics and development have a special relation since development is about economic growth and bringing about new production methods and new sectors and therefore also a new relative distribution of resources and hence power in the country. This therefore means that a change in

⁴⁹ Leftwich, 2000, 180

⁵⁰ Ibid

⁵¹ Leftwich, 2000, 182

political institutions or in economic growth and social relations must lead to a change in the other. Managing this transition is a crucial aspect if a country is to achieve growth and development and it cannot be done without the presence of either an effective state or preferably a developmental state.

An effective state consists of public institutions that enjoy legitimacy and which is authorized, limited and held in place by political and juridical processes. The abilities of a developmental state must cover the ability to achieve developmental momentum and synergy between the state and the private sector, the ability to actively shape economic processes and promote growth as well as poverty reduction and inclusion. Characteristics of developmental states cover, first of all a dedicated developmental elite and relative autonomy for the state apparatus, a competent and insulated economic bureaucracy which is able to manage local and foreign economic interests, usually a weak and subordinated civil society and the capacity to balance legitimacy for the state and its strategy by repressing opposition, providing growth and improving material circumstances.

Developmental states are characterised by the presence of committed developmental elites, strong bureaucratic power and competence and hence relative state autonomy. These three features are closely related with two other characteristics which are a weak civil society and the ability to resist economic and particularistic interests. Leftwich argues that the reason the state can achieve this relative autonomy and strength and thereby resists influence by economic interests is that when it was established, it was “the only game in town”. In the same sense, the dominant party, if this is the structure of the regime, would have been the first party to develop. Hence most of civil society, both political and business related, developed and achieved influence later and therefore much opposition could be subdued or co-opted by the state. Democratic developmental states have one of two forms. The first is governed by a dominant party which achieves successive re-election. The second is based on coalitions. So, in essence, when analyzing the EPRDF regime in Ethiopia, to investigate to which extent it can be seen as a developmental state or moving towards being a developmental state it must be measured against the above characteristics thereof.

Structural transformation and agricultural strategy – Johnston and Kilby

This section will clarify the theoretical positions of Bruce F. Johnston⁵² regarding structural Transformation and agricultural strategy. The contents presented here will make up one of the main theoretical positions for this thesis.

Characteristics of the traditional economy

In a traditional economy, which today is most widespread in low income countries in Africa, Latin America and/or Asia, the majority of the population lives on the farm which in these cases is characterized by low agricultural productivity and low income production; this also means that low levels of welfare in terms of nutrition, housing, education etc. is common.⁵³ Other common elements of the traditional economy are related to limited markets and division of labour and mean that the possibility of earning a money income is severely constrained. This leaves only a limited demand for external inputs whether production or consumer goods or services. So despite of its large size, the agricultural sector is not a source of any significant demand for products from the other sectors in the economy and they are therefore usually small.⁵⁴ When there is little inter-sectoral trade this also means that a sizable percentage of the rural population that have agricultural production as main source of “income” also have a second occupation such as trading, weaving, tailoring, blacksmithing and many other occupations. This entails limited specialization of the production process of these goods since the skills and equipment is limited to what can be acquired within the village.⁵⁵ The economic structure of urban communities in a traditional economy is based on the same low level of productivity limited division of labour. Such communities are usually few and are mainly driven by government administration and foreign trade. Most of the manufacturing activity takes place in port cities and is usually based on the consumption of imported inputs like raw materials, intermediate goods, capital equipment, etc. This means that apart from managing the

⁵² Johnston is the main author drawn upon for insight into these issues but apart from him co-authors and others with relevant views will be mentioned.

⁵³ Johnston and Kilby, 1975, 3

⁵⁴ Johnston and Kilby, 1975, 25

⁵⁵ Johnston and Kilby, 1975, 26 - 27

export of agricultural products to foreign markets there is little interaction between the rural and urban areas in a country based on traditional economy.⁵⁶

Apart from these characteristics of the traditional economy, there are three factors inhibiting structural transformation relevant to this thesis. The first factor is the “Technology Backlog” which relates to three distinct aspects of late development where the development of technology in industrialized countries has an impact on the development prospects of LDCs. First of all this means that the development of health technology has had a dramatic impact on the population growth rate. Secondly, it is emphasized that there is an unequal fit between the requirements of imported technology versus the capability of the local production factors. Thirdly, Johnston and Kilby point to the problem of choosing which technology to import. This is a relation between the high cost of reaching consensus on the one side and the danger of adopting technology that jump ahead of the sequence of innovations in the local context.⁵⁷ In this relation Johnston and Kilby (1975) investigate three aspects. These are seed varieties, Fertilizer and mechanical innovations. Regarding the first (seed varieties) they emphasize that research in this area was one of the key factors driving the “Green Revolution” in Taiwan and Mexico. Hence it was seen that the improvements in agricultural productivity which had taken place in the industrialized countries could also be undertaken with success in what they call “the tropic areas” where very different conditions for agricultural production is evident.⁵⁸ In the second area, (manufacturing fertilizer) they clearly emphasize that the technology backlog is in so many aspects turned against the developing countries, that the most recommendable strategy to get hold of the needed type, amount and quality of fertilizer needed for agriculture in developing countries, would be to import. The third aspect, (mechanical innovations) differs from fertilizer production in a number of ways. First, the economies of scale of other industrial productions are exhausted at a much earlier stage. Second, integration with successive production fazes is less rigid, and Third, the human or labour input is more important in these productions processes. This can be done by way of the two strategies of de-specialization and labour addition.⁵⁹ The second factor is sectoral interrelation between agriculture and other sectors in the economy. This is a broad component of aspects, covering 1) the transfer of resources for investment from agriculture to the growing non-farm sectors; 2) the need to maintain farm

⁵⁶ Johnston and Kilby, 1975, 30 - 31

⁵⁷ Johnston and Kilby, 1975, 77

⁵⁸ Johnston and Kilby, 1975, 92-95

⁵⁹ Johnston and Kilby, 1975, 105-107

productivity increases at a level that is consistent with the falling food prices for urban consumers; 3) labour transfer between sectors; 4) the level of commodity flows and; 5) the composition of commodity flows. The third factor is the effect of the size distribution of operational holdings in agriculture. In this area Johnston and Kilby emphasize that the degree to which a farmer participates in commercial sales of his farm produce is a critical factor that determines the degree to which he is able to buy modern inputs and hence transform his traditional technology. The size distribution of farm units is therefore very important since if this is highly unequal, then the commercial farm sales will also be concentrated in a subsector of the larger and more capital intensive farm units, meaning that only a small number of well-off farmers have this opportunity. Apart from limiting the purchasing power of most farmers it also means that the marketed inputs available for the agricultural sector will be aimed at the larger mechanized farms which need very different inputs compared to the small scale farmers.⁶⁰

Another factor that is characteristic of late developing countries in the early phase of Structural transformation is the role of population growth on one hand, and the importance of achieving a demographic transition moving the bulk of the labour force from agriculture to other sectors, to achieve structural transformation on the other hand. Demographic transition is conditioned by three elements: the growth of the total labour force, the original agricultural labour force and the growth in non-agricultural labour. This is signified by a small piece of math shown by Gebre-Madhin and Johnston (1999) who state that:

“(...) for countries with an initial agricultural share of 80 percent and a labour force growth rate of 3 percent, it would take 142 years to reach this turning point, even with rapid growth of 4 percent of non-farm employment.” However: “If the total labor force growth were lowered from 3 percent to 2 percent, with an initial agricultural share of 80 percent and 4 percent growth of non-farm employment, the number of years needed to reach the turning point would be reduced from 142 years to 47 years”⁶¹

⁶⁰ Johnston and Kilby, 1975, xviii

⁶¹ Gebre-Madhin and Johnston:1999:8-9

In summarizing some of the lessons that can be drawn from the Taiwanese development history the interrelations between the economic factors dominating late-developing countries and the process of structural transformation are highlighted. Gebre-Madhin and Johnston state that:

“The Taiwanese experience reinforces the view that fertility behavior is not independent of the socioeconomic factors (...) which reinforce each other in the process of structural transformation. Thus, policies that are aimed at enhancing agricultural productivity, increasing farm incomes through expanding markets, increasing non-farm employment through the promotion of rural industrialization, are part and parcel of an integrated strategy to slow the growth of the labor force, which in turn accelerates structural transformation.”⁶²

Agricultural strategy

In the efforts to overcome obstacles to structural transformation which are met by LDCs, Johnston and Kilby (1975) advocate a unimodal agricultural strategy. Their point of departure is the conditions of “the rural farmer” in marketing his products and in increasing the productivity whereby he cultivates his field. They state that LDCs who face the challenges of structural transformation need to follow a strategy that:

“(...) consider(s) the complex interactions between a country’s agrarian structure and institutions, the nature of the new technologies that become available and are adopted, and the growth of new economic opportunities outside agriculture.”⁶³

A unimodal strategy therefore ought to consider the:

“(...) choice and sequence of innovations that is compatible with the progressive modernization of a large and increasing fraction of a country’s small farmers has important economic as well as social advantages.”⁶⁴

Aimed at modernizing small scale farmers, a strategy of this kind is therefore seen as an effective way of fostering rapid growth. In short LDCs face a choice of either a bimodal or a unimodal

⁶² Gebre-Madhin and Johnston, 1999, 57

⁶³ Johnston and Kilby, 1975, xx

⁶⁴ Johnston and Kilby, 1975, xix

strategy. The first is a crash modernization strategy that concentrates on aiding a small and highly commercialized sector, while the second focuses on progressive modernisation of the whole agricultural sector. The unimodal strategy therefore has significant advantages as it has a maximum utilization of labour and land which are the main resources of LDC.⁶⁵ An example of unimodal versus bimodal land distribution is found in the cases of Taiwan and Colombia. This point is made by making a Lorenz curve of number of farms vs. average farm size. When describing the two most extreme cases Taiwan (most equal) and Colombia (most unequal) they stated that:

“Four fifths of Taiwanese farms are within one acre of the average size farm and the top 1 percent are 11.6 times the mean farm size of three acres (1.2 Hectares). In contrast, in Colombia only one tenth of the farmsteads are within five acres of the average and the top one percent is 46 times the mean farm size of 56 acres.”⁶⁶

The effects of this difference and the importance of farm size distribution is seen in that this aspect has a crucial role to play in determining the possibility in participating in commercial sales of agricultural products. This in turn has an impact on the farmer's opportunity to buy modern inputs and hence transform his production method which is determined by his ability to trade his produce.⁶⁷ The starting point of the authors' argument is that agriculture in LDCs is faced by structural and demographic challenges which limit their potential to grow. The most significant structural challenge pertaining to agricultural strategy is that agriculture is subject to a severe demand constraint as the non-farm sectors is miniscule compared to agriculture and the opportunity to sell the agricultural produce are minimal.⁶⁸ This, results in an equally severe purchasing power constraint which limits the extent to which agriculture's output can be increased by purchase of manufactured inputs either domestically manufactured or imported. This fact, underscores the importance of the dynamic factors that determine the rate and character of technical change in agriculture. This especially refers to generating a sequence of divisible innovations that can be adopted incrementally by rural farmers; increasing the productivity of both land and labour. A significant measurement of a successful agricultural strategy is therefore the extent of successful minimization of costs by individual farm units. However it is the nature of technical innovations

⁶⁵ Johnston and Kilby, 1975, 127

⁶⁶ Johnston and Kilby, 1975, 17

⁶⁷ Johnston and Kilby, 1975, 18

⁶⁸ Johnston and Kilby, 1975, 127

and their diffusion into the agricultural sector which is decisive in minimizing costs of an expansion of farm output across the sector and in determining the pattern of development.⁶⁹

An agricultural strategy is a mix of policies and programs that influence both the pattern and the rate of growth. Policies in regard to agricultural development are, a) programs of institution building related to agricultural research, rural education and farmer training, b) investment programs in road, irrigation and drainage infrastructure, c) programs of improving product marketing and distribution of inputs, d) price, taxation and land tenure policies. An agricultural strategy will hence be measured upon its ability to change production possibilities available to farmers and modify their institutional, technological and economic environment.⁷⁰ A significant role in making this transition work is designated to the market functions and price signals. However the role of government is equally important, as research, farmer training programs can favourably alter input-output relations as well as public investments in infrastructure will enlarge the scope for applying appropriate innovations. Despite though, that government interventions like these can be very effective, decentralized decision making is argued to have significant advantages in agriculture.⁷¹

In order to achieve a satisfactory development progress it is important to assess the patterns and sequences of change that are viable at a certain point in time. It is therefore emphasized that it is beneficial to think of agricultural strategies in terms of sequences and therefore see policies as steps that might induce further step in the right direction. In the same logic it is also therefore unproductive to think of “uniquely correct policies and absolute priorities” and instead consider effective sequences that may eventually lead to the desired objectives that are not within direct reach of policy.⁷²

Johnston and Kilby also emphasize, that their focus is on an agricultural “strategy” for the development of the agricultural sector and must be seen in contrast to what they call “conventional agricultural planning”, e.g. utilized by the World Bank and donor countries, which has usually emphasized production targets for individual commodities or individual projects. An agricultural strategy and the formulation of its specific targets should be made in a stage prior to individual

⁶⁹ Johnston and Kilby, 1975, 128

⁷⁰ Johnston and Kilby, 1975, 129

⁷¹ Ibid.

⁷² Johnston and Kilby, 1975, 169 - 170

projects; and the formulation of any individual project should be carried out within the framework of the strategy.⁷³ Since the essence of the problem of agricultural development is evolutionary change of a complex dynamic system and that attempting to utilize “rigorous optimization techniques” to a number of variables is, according to the view of Johnston and Kilby, likely to be worse than decision making based on a broad attempt to attain a holistic account of significant variables including some that are difficult to quantify. On the basis of these epistemological considerations, the authors argue in strong favour of a balance between centralized and decentralized decision making system.⁷⁴ The main factors that play an important role in agricultural development are the availability of investible funds and foreign exchange, technological capabilities and the level of farm purchasing power. The unimodal agricultural strategy which is aimed at progressively modernizing the bulk of the farmers is favoured, as it has positive developmental effects on the distribution pattern of cash receipts from marketing of agricultural produce; the allocation of investment resources; which new technological knowledge that is produced; and the share of a nations farmers that have access to new modes of production.⁷⁵ The authors admit that it is an oversimplification to focus on the polar extremes of unimodal versus bimodal alternatives. However, it is of great importance to focus on the choice between the two and on their consequences. This is true because bureaucratic entities like public government/administration will often focus more on pressing problems than on long run strategies and hence the “choice” will be made by default. Also, it is argued that there are a number of political pressures that tend to favour the bimodal strategy. For these reasons it is important to recognize their differences and their differential impact on the overall development pattern.⁷⁶

Since the choice of agricultural strategy and the pattern of agricultural development have profound impact on developments in other parts of the economy, three objectives of an agricultural strategy are set up by Johnston and Kilby (1975). These are, 1) to facilitate the process of structural transformation and GDP growth; 2) to enhance the welfare of the farm population, and 3) to promote changes in attitudes and behaviour in rural communities that have a favourable impact on

⁷³ Johnston and Kilby, 1975, 129 - 130

⁷⁴ Johnston and kilby, 1975, 130 - 132

⁷⁵ Johnston and Kilby, 1975, 132

⁷⁶ Johnston and Kilby, 1975, 133

the process of social modernization.⁷⁷ For this investigation though, most emphasis will be put on the first two objectives.

Public research, innovations and farm labour productivity

The direction in which public agricultural research is directed and the nature of public education and farmer training, will clearly have differential effects on farms of different size and resource endowments and consequently, have an impact on how large a share of the country's farmers that have the opportunity to exploit new modes of production and income opportunities. If e.g. the development of new capital intensive technologies is emphasized in public agricultural research in a developing country it will, with certainty, increase the development of diverging outcomes in the agricultural sector. The growth of domestic commercial demand for agricultural products is limited due to the very small percentage of the population employed in the non-agricultural sector is a gradual process governed by the transformation of the dominating agrarian production pattern in the country and following this, a sector wide expansion in the use of inputs is subject to a clear purchasing power constraint.⁷⁸ In an example taken from Nigeria where only 20 percent of the population lives outside of farms, domestic effective demand for food is only at one fifth of the food produced and export sales per capita of the farm population is stated to be at only 10\$ per annum.⁷⁹

Sequences of innovations can be generated and diffused in a way that fosters widespread increases in productivity complementary to a unimodal strategy, and in this way avoid polarization of productivity into subsectors. Productivity increases in agriculture is given by: $Y/L=A/L*Y/A$ ⁸⁰. This is however a situation that is only valid for developed countries where the farm labour force is decreasing and is below that of the non-farm labour force. In this situation it should be possible to increase agricultural productivity (Y/L) by improving either of the two factors, yield per labour hour and yield per acre.⁸¹ However, Johnston and Kilby argue that the historical experiences of agricultural growth and structural transformation in Mexico and Taiwan⁸² indicate that, the growth rate in the farm labour population, in late-developing countries, is exogenously determined by the rate of increase in the total labour force and non-farm employment. This means that to achieve rates

⁷⁷ Ibid

⁷⁸ Johnston and Kilby, 1975, 141

⁷⁹ Johnston and Kilby, 1975, 25

⁸⁰ Y =aggregate agricultural output, L =Labour, A =number of acres cultivated,

⁸¹ Johnston and Kilby, 1975, 142

⁸² Taiwan achieved steady increases in farm labour productivity in most of its development history whereas Mexico

of increase in output per worker in agriculture (Y/L) comparable to those in developed countries the advance in agricultural productivity would be substantially larger in order to offset the increase in the farm work force.⁸³ Thereby the demographic and structural characteristics of late developing countries constrain the possibility of increasing output per worker (Y/L).⁸⁴ This means that late developing countries cannot achieve sizeable increases in acreage cultivated per worker (A/L) and yield per acre (Y/A) simultaneously. These constraints have significant implications for the choice of means for fostering agricultural progress and are based on the purchasing power constraint deriving from the structural-demographic characteristics of late developing countries. Further it gives emphasis to the importance of estimating costs and benefits of individual projects or comparing two innovations without other options available and their impact on the sector wide rural development pattern.⁸⁵

Overall this is an argument for favouring the pursuit of innovations, projects or policies that increase the yield per acre instead of the yield per worker. It is also important to estimate internal versus external costs of alternative strategies. An example could be when estimating the effectiveness of importing tractors to increase the acreage per worker consists of mainly external cost, whereas bullocks and the resources used to maintain them are internal costs. It is essential to seek the most effective combination of policies and programs that fit the always relevant problems of imperfect knowledge as well as the economic and political constraints present at any given time. The policies Johnston and Kilby consider in this regard are:

- programs of institution building to strengthen agricultural research, and farmer training,
- investment programs to improve agricultural infrastructure,
- programs to improve product marketing and the distribution of inputs,
- and policies related to pricing, taxation and land tenure.⁸⁶ (147)

The role and importance of innovations and technology to the unimodal agricultural strategy is described in a central phrase, in the following way:

⁸³ Johnston and Kilby, 1975, 145

⁸⁴ Ibid

⁸⁵ Johnston and Kilby, 1975, 146

⁸⁶ Johnston and Kilby, 1975, 147

“A central element of a unimodal strategy is the development and diffusion of highly divisible innovations that promote output expansion within an agricultural structure made up of operational units relatively equal in size and necessarily small because of the larger number of holdings relative to the cultivated area.”⁸⁷

If these traits characterize the innovations made ready for the agricultural sector, they can be widely adopted in spite of the purchasing power constraint characterizing this sector. If such inputs are successfully implemented by the agricultural sector along with changes in farming practices and hence growth in farm income, this will lead to increased demand for improved equipment. With a progressive modernization this increased demand will be directed towards simple and inexpensive implements. The capital requirements will only be limited if the output expansion is based on productivity increases in small farm units.⁸⁸ The Seed-Fertilizer Revolution is a widely used example of innovations with these traits. These innovations have played an active role in agricultural productivity increases all over the world at different points in time. In Johnston and Kilby (1975) examples from the respective growth periods of England, The United states and Japan emphasize their particular resource endowments, especially related to land/man ratios in the agricultural sector, and investments in agricultural related research. However since Japan experienced the most significant shortage of land it was also here that the pressure to increase crop yields through research and investments in fertilizer and improved crop varieties was most important. In Gabre-Madhin and Johnston, the role of seed-fertilizer innovations within Japan and subsequently Taiwan's unimodal strategies is emphasized as crucial to their successful development:

“(...) agricultural output was increased within the framework of their existing small-scale farming system. Technological innovations that were labor-intensive and involved divisible inputs, especially the improved seed-fertilizer combinations that were later to be the core of the Green Revolution, spread widely. These innovations enabled very significant increases in total factor productivity— increases in output per unit of total inputs—within the agricultural sector, which played a major role in the total economy. Because the innovations could be adopted incrementally by small-scale farm units, a large and growing percentage of the farm population was involved

⁸⁷ Johnston and Kilby, 1975, 148

⁸⁸ Johnston and Kilby, 1975, 149

in the increases in farm productivity and output. This led to a broad-based pattern of agricultural development, which was reinforced by the postwar land reforms.”⁸⁹

A general aspect that distinguishes the agricultural sector in late developing countries is the prevalence of labour slack. Labour slack, is the result of a situation where a large part of the working age rural population has low opportunity cost. This means that

“(…) there is often considerable scope for increasing the number of hours worked per day, the number of workdays per year and even the pace of work. The increase in time devoted to farming activities may also result from a reduction in the allocation of labor to cottage industries as the products of those industries are replaced by purchased goods.”⁹⁰

Due to this, the impact of yield increasing innovations along with associated investments are likely to induce a fuller use of both land and farm labour as well as increased use of inputs like fertilizer. An example from Taiwan shows that, investments in drainage and infrastructure did not only increase yields directly but also made multiple cropping possible.⁹¹ Johnston and Kilby (1975) also give an account of why, in spite of the advantages of the unimodal strategy, most developing countries have adopted the bimodal agricultural strategy. The bimodal strategy is usually adopted because: “in the absence of institutional arrangements to generate and diffuse innovations capable of raising yields on small farm units, a concentration of resources in a subsector of large and capital-intensive farms may appear to be the only feasible alternative”⁹² The authors argue further that while agriculture in late developing countries is subject to a severe purchasing power constraint, as described above, a subsector of large and capital intensive farms will be able to escape this. However, this will in turn mean that the remainder of farm units will be faced by the same purchasing power constraint as before but which now is more binding.⁹³

⁸⁹ Gabre-Madhin and Johnston, 1999, 4

⁹⁰ Johnston and Kilby, 1975, 150

⁹¹ Johnston and Kilby, 1975, 151

⁹² Johnston and Kilby, 1975, 152

⁹³ Ibid

Land tenure and size distribution

Land reform where land is redistributed from large landowners to smaller holdings of land cultivated by smaller landowners, almost always has a positive impact in terms of increasing production. Also it is usually estimated that this type of reform is necessary in order to achieve an agricultural development that secures participation by the bulk of farmers.⁹⁴ However land reform comes with a serious political constraint as the old landowners and a number of other strong political groups will be deployed against land redistribution. In this sense, land reform is generally regarded as too difficult because of the magnitude of political opposition hereto and because, even in countries that have a strong political commitment toward it at the level of public pronouncements and legislation still there is a large gap between political action and statements of political goals. However if a land reform is implemented and land ownership is granted to the small landowner he will have a strong inclination to cling on to his rightful piece of land.⁹⁵ Therefore, land tenancy reform that introduces a legal ceiling on land rental payments is usually regarded as the perfect substitute to land reform. However this also comes with a number of important difficulties attached. Tenancy reform is easier to implement because it has fewer strong political opponents, but it is more demanding to implement and maintain. Johnston and Kilby (1975) argue that the land owners as well as the tenants will not be inclined to abide to the rent ceiling. This apparent paradox rises from the characteristics of the labour market in LDCs where labour is abundant and the right to cultivate land is not. The authors state that:

“(...) the average tenant recognizes all too well that rents are at a high level because of the paucity of alternative income opportunities. The result is that tenants or those seeking to become tenants are often as ready as landlords to ignore a rental ceiling”⁹⁶

This is however not the worst consequence of this type of reform. Instead, the risk of landowners turning a number of land plots cultivated by tenants into one large operational units, when the rental ceiling is enforced.⁹⁷ In this logic, imposing rental ceilings will encourage the creation of large operational holdings whereas introducing an acreage ceiling and distributing excess land to

⁹⁴ Johnston and Kilby, 1975, 162

⁹⁵ Johnston and Kilby, 1975, 163

⁹⁶ Johnston and Kilby, 1975, 163 - 164

⁹⁷ Johnston and Kilby, 1975, 164

smallholders will disburse the surplus that otherwise would accrue to the landlords. Also the redistribution of land ownership to a larger population of farmers will have a positive effect on the cumulative yields in agricultural sector.⁹⁸ In this following passage where the authors summarise their view on land tenure the link to technological assets, land redistribution and the characteristics of LDCs is made:

“(...) thus the favourable effect in reducing income inequalities, through redistribution of this highly important asset, is associated with favourable economic effects because the more uniform size distribution of operational units encourages labour-intensive, yield increasing technologies consistent with the high ration of farm workers to cultivated area that characterizes the rural sector in a late-developing country.”⁹⁹

In a situation where farmers are tenants, cultivating the land of a landlord, the landlord has a number of handles he can turn in order to increase his own earnings and not the farmers. The landlord can either increase the rent, which will be successful if opportunities for generating income outside of agriculture is not possible or he can start investing in labour saving technologies if he expects that raising rents will cause problems with the tenant farmers.¹⁰⁰ However according to Johnston and Kilby (1975) despite the drawbacks attached to tenancy reforms and rental ceilings compared to acreage ceilings and redistributive land reform, both of these policies have some of the same advantages when compared to organizing agricultural production in large operational units. In fact, the authors list a number of positive aspects of tenancy cropping based on surveys made of tenancy arrangements in Bangladesh.¹⁰¹

Interactions between agriculture and industry

This section is about the demand from agriculture for manufactured goods. This relation between the two sectors has two aspects namely the aggregate level and the composition of demand.

Johnston and Kilby emphasize the differences, which exist between farm demand in countries at different stages of structural transformation. The examples are Ethiopia, Taiwan and The United

⁹⁸ Johnston and Kilby, 1975, 165

⁹⁹ Ibid

¹⁰⁰ Johnston and Kilby, 1975, 166

¹⁰¹ Johnston and Kilby, 1975, 168 – 169 and 179 – 180 (note 50)

States. In Ethiopia expenditures on manufactured consumption goods are many times higher than those for producer goods; in Taiwan the margin between the two had narrowed and in the United States, expenditures for externally produced producer goods are some 40 percent higher than consumer goods.¹⁰² There is here a difference between a bimodal and a unimodal agricultural strategy also has implications for the effectiveness of the linkages between agriculture and industry.¹⁰³ The difference lies in the distribution of purchasing power which might not influence the aggregate level of demand for produced consumer or producer goods from the rural population. However it does have implications for which products are requested. The size of the aggregate demand level determined by the level of cash sales to the export market and to the domestic market which is constrained by the size of non-farm labour.¹⁰⁴ The consumption of farm demand is made up of both consumer and producer goods. Producer goods are. There are two different types of inputs for farm production, capital equipment and intermediate inputs. Capital equipment covers cultivation implements, pump sets and transport, whereas intermediate input cover e.g. fertilizer, fuel, and cement. If a country follows the unimodal strategy favouring maximum utilization of labour farm demand will be directed toward muscle powered and labour using farm implements and transportation. Markets for draft animals and their feedstock, various bullock drawn steel ploughs, hand-cranked winnowers and foot pedal threshers are therefore stimulated, whereas the markets for tractors and tractor drawn equipment and fuel, which save labour, are constricted.¹⁰⁵ Johnston and Kilby go on to emphasize that the industrial significance of the two different sets of capital goods lie in their very different production characteristics. They state that:

*“Indeed, in their manufacture there are systematic differences in technical skills, investment, foreign exchange content, employment, and technology diffusing effects.”*¹⁰⁶

The other and, in a unimodal structure, larger class of goods are consumer items. Part of this will be purchase of food and services. Regarding consumer goods in a unimodal structure with a homogenous income distribution, there will be large markets for comparatively simple goods produced by highly standardised operations which require little technological or managerial

¹⁰² Johnston and Kilby, 1975, 302 – 303, 72 - 73

¹⁰³ Two implements, fertilizer and water, are not influenced by agricultural structure.

¹⁰⁴ Johnston and Kilby, 1975, 302

¹⁰⁵ Johnston and Kilby, 1975, 303

¹⁰⁶ Johnston and Kilby, 1975, 304

sophistication. This increases the scope for domestic production of intermediate goods. On the other hand if a bimodal structure with skewed income prevails, the demand situation will be characterized by a small market for expensive, high technology goods. In this situation there will be little room for domestic intermediate production due to requirements of scale and technology.¹⁰⁷ The difference is exemplified by large scale versus small scale farmers in the Indian and Pakistan Punjab province where typical goods purchased by the former are a TV, car, air-conditioner, etc and comparable products in the latter case are a radio, bicycle and an electric fan. Examples of consumer products in low and medium income households in Africa and Asia are combs, plastic and leather sandal, wooden furniture, cotton textiles etc.¹⁰⁸

Resource transfer between sectors is another aspect of interaction between agriculture and industry. On the one hand is the transfer from agriculture. This is composed by the portion of taxes, voluntary savings and payments of rent and interests from farm households to recipients outside the farm sector. Plus invisible transfer due to the rise in average price of purchased non-agricultural products relative to the price of sold farm products. These invisible outflows from the farm sector can be very large and are characteristic of the declining terms of trade of agricultural products vis-à-vis manufacturing or services and can e.g. come about due to increase in production that exceeds the increase in demand. On the other hand is the inflow of resources to the agricultural sector. These are composed of government expenditures for “public goods” benefiting the sector. Research and extension programs, subsidies for farm input, investment in rural infrastructure, provision of loan funds by financial intermediaries and investment inflow from the private sector.¹⁰⁹

As stated earlier Taiwan's development can be seen as an example of the effects of a unimodal agricultural system. Johnston and Kilby therefore use Taiwan development (from 1911 to 1969 divided into five year periods) as a proxy for how resource flows develop in a unimodal agricultural structure. An important part of this experience is that the marketed share of farm produce was between 56.3 and 71.7 which gives a picture of the degree to which agriculture contributed to the rest of the economy. This might result in generating demand for output from other sectors or transferring financial resources for financial investment in other sectors. An example is that, in the 1920s and 1930s when only 30 percent of the population worked outside agriculture, the sector

¹⁰⁷ Johnston and Kilby, 1975, 304 - 305

¹⁰⁸ Johnston and Kilby, 1975, 305

¹⁰⁹ Johnston and Kilby, 1975, 315 - 316

earned twice as much on export as it did on domestic sales. Selling to the foreign markets relieved agriculture from the demand constraints which usually restrict cash earnings and hence has been an important part of Taiwan's structural transformation.¹¹⁰ Taiwan's pivotal role as an example of unimodal agricultural strategy is evidenced by her:

*"(...) record of very large and uninterrupted resource transfer from agriculture to other sectors (...) the significance of Taiwan's experience for choice of agricultural strategy is clear. It demonstrates conclusively that a labour intensive pattern of agricultural development is not incompatible with high rates of growth in output and the generation of substantial financial resources for nonfarm investment."*¹¹¹

Politics of agricultural strategies

The "political constraints and the decision making process" regarding the implementation of an agricultural strategy, is one last aspect of Johnston and Kilby that I would like to discuss here. When analyzing this issue, Johnston and Kilby estimate the process of how a government acts in the process towards opting for one strategy versus the other and which factors influence it, first by reference to a number of theoretical sources and later by reference to historical facts. The authors review a series of views on political decision making from Graham Allison "rational actor model", Vernon Ruttan and Yujiro Hayami and their "induced development model"; Lance Davis and Douglass North's known as the "Davis-North theory" that counters group interests with society's interests - Marxian approach to political change based on contradictions between the productive forces and the society's relations of production, and with the whole relations of society. Albert Hirschman has reformulated these concepts and equals "productive forces" with economic factors and "relations of production" with political factors. However, whereas the Marxian view is concerned with sweeping changes affecting all dimensions of society, Hirschman argues that:

*"(...) socio-political change induced by contradictions is likely to be "partial, grudging and with a lot of unfinished business left behind, so that the need for further change makes itself felt once again in fairly short order."*¹¹²

¹¹⁰ Johnston and Kilby, 1975, 318 - 319

¹¹¹ Johnston and Kilby, 1975, 321

¹¹² Johnston and Kilby, 1975, 155 - 156

This seems to be the explanation which Johnston and Kilby subscribe to. A number of aspects related to structural transformation, which are difficult to circumvent by politics. Especially difficult is the question of land reform, while:

“(...) whenever redistributive aspects of institutional change are important, political power will inevitably be a determining influence. For this reason land reform represents the agricultural policy which lies most squarely in the political sphere.”¹¹³

Decisions and policies about these issues are always shaped by conflicting interests and especially farmers but also industrial entrepreneurs that suffer the effects of counterproductive policies are usually diffused and only poorly organized.¹¹⁴ Referring to the work of Colin Leys the authors emphasize that:

“The social structure of countries dominated by “poverty tends (...) to produce a certain type of politics, which is the type least likely to set a high premium on so generalized an objective as national economic development.”¹¹⁵

It is also highlighted that, whereas the problem of poverty must seem as the most important issue in developing countries and that this should call for selfless action from political and economic elites, this is rarely the case because as in all countries, elites are rarely eager to work in favour of redistribution of wealth or other measures that could threaten their positions in society. The most significant difference between developing and developed countries in this respect is that the institutions to hold these tendencies in check and give the public value for their money are better developed in developed countries.¹¹⁶

Summary

Having presented the theoretical account of Johnston *et al*, I believe a summary of the major points is suitable in order to stay on track. As a first it is important to point out that the most significant structural challenge pertaining to an agricultural strategy is that agriculture in late developing countries is subject to a severe demand constraint as the non-farm sectors is miniscule compared to

¹¹³ Johnston and Kilby, 1975, 156

¹¹⁴ Johnston and Kilby, 1975, 156

¹¹⁵ Johnston and Kilby, 1975, 157

¹¹⁶ Ibid

agriculture and the opportunity to sell the agricultural produce are minimal.¹¹⁷ This in turn results in an equally strong purchasing power constraint that limits the possibility of farmers to purchase manufactured inputs, In order to increase his output.

Structural transformation is a process whereby a country transforms its economy and moves the bulk of its labour force from agricultural production to more productive sectors such as manufacturing and services while simultaneously increasing the productivity of the agricultural sector to make it competitive with foreign agricultural production and hence their prices.

The agricultural strategy of a late-developing country can take two forms that are mutually exclusive and which lead to two different structures of agricultural production. The one is a bimodal strategy leading to an agricultural structure with a subsector that cultivates large farm units by using capital-intensive labour-saving technologies and which is run by a relatively small number of farmers. The second strategy transforms the production methods of the bulk of the farmers from subsistence agriculture and will make them self sustaining and able to market an increasing percentage of their produce.

On a larger scale LDCs who face the challenges of structural transformation need to follow a strategy that: *“consider(s) the complex interactions between a country’s agrarian structure and institutions, the nature of the new technologies that become available and are adopted, and the growth of new economic opportunities outside agriculture.”*¹¹⁸ A unimodal strategy therefore ought to consider the: *“choice and sequence of innovations that is compatible with the progressive modernization of a large and increasing fraction of a country’s small farmers has important economic as well as social advantages.”*¹¹⁹ Aimed at modernizing small scale farmers, a strategy of this kind is therefore seen as an effective way of fostering rapid growth. A characteristic that the authors also emphasize is that an agricultural strategy, must be implemented gradually and in stages, therefore if a policy related to a strategy does not seem to be “the best option” it should be seen in the context of moving towards a unimodal structure.

The importance of farm size distribution is seen in that it has a crucial role to play in determining the possibility in participating in commercial sales of agricultural products. This in turn has an

¹¹⁷ Johnston and Kilby, 1975, 127

¹¹⁸ Johnston and Kilby, 1975, xx

¹¹⁹ Johnston and kilby, 1975, xix

impact on the farmer's opportunity to buy modern inputs and hence transform his production method which is determined by his ability to trade his produce.¹²⁰ The authors emphasize that farm units of similar and small size will be more effective in averting the challenges of structural transformation. This is both related to the prospects for implementing yield increasing innovations in a broad scope as well as increasing the well being of farmers and increasing demand for products more likely to be produced domestically. However on the question of land tenure versus ownership regarding, the authors state that this is not as important as the question of farm unit size. However the decision to grant ownership to tenants is seen as a very unpopular and politically difficult decision especially if landed elites have strong political influence. Another option is to introduce a rental ceiling for tenants so that the payment for from farmers to their landlords cannot rise above a certain level. But, Johnston and Kilby nevertheless highlight that both the tenant and the landlord will not be induced to follow the legislation on this area.

The authors acknowledge that the politics of an agricultural strategy eliminates the possibility of a government rationally opts for one strategy or the other. In the process of policy making in general the issue of poverty reduction which is an essential part of a successful agricultural strategy will by its definition be the centre of political struggles involving conflicting interests of political actors. Using the words of Colin Leys, the authors bring forth the political constraints to developing and most importantly implementing a unimodal agricultural strategy. Leys focus is that countries that are dominated by "poverty unfortunately have a tendency to produce a political atmosphere which is very unlikely to work decisively on improving something as abstract of national economic growth.

The bimodal strategy is usually adopted in LDCs because it might appear as the only feasible alternative when institutional arrangements to generate and diffuse innovations capable of raising yields on small farm units are lacking.¹²¹ A subsector of large and capital intensive farms will be able to escape the purchasing power constraint that agriculture in late developing countries is subject to, although, at the detriment of the purchasing power of smaller farmers.

Johnston and Kilby boil down the priorities that should guide the design and implementation of agricultural strategies to seven items. First, strengthening of the research base; Second, influencing

¹²⁰ Johnston and Kilby, 1975, 18

¹²¹ Johnston and kilby, 1975, 152

the size distribution of farm operational units to curb tendencies towards a dualistic size structure where subsectors use drastically different technologies; Third, expand and improve the agricultural infrastructure; Fourth, promote diffusion of technical knowledge and widen access to external inputs; Fifth, improve systems of agricultural taxation; Sixth, undertake direct measures to enhance rural welfare, like public health and nutrition programs and programs to decrease the fertility rate along with improvements in the mortality rate; Seventh, policies related to improve the marketing possibilities of farm products.¹²²

¹²² Johnston and Kilby, 1975, 449 – 454 note 14

Chapter Three: Analysis

Here we return to the problem formulation guiding the thesis:

“How do the definitions of developmental states fit with the governance structure of Ethiopia and how do the development policies of the EPRDF influence the process towards Structural Transformation and hence align with Johnston and Kilby’s agricultural strategy?”

This was broken down into two parts in the introductory section and this division will direct the following analysis. The first section will revolve around the question of structural transformation in Ethiopia and the policies the EPRDF has put in place in order to meet the challenges that a late developing country in the beginning of its structural transformation usually faces. The second part of the analysis will revolve around the question of to which extent the EPRDF regime and the state apparatus in Ethiopia live up to the minimum requirements of Leftwich’s definition of a Developmental State, meaning, is it an effective state?

Part one:

Analysis of the ADLI strategy and its effect on Structural Transformation

Like Johnston and Kilby, the Ethiopian government puts its faith in agriculture to drive the development process in the beginning of structural transformation, but to which extent do the policies related to ADLI correspond with these authors’ perceptions of a constructive agricultural strategy and what consequences can given divergences from their perspective mean for Ethiopia’s development? The vision of the government of Ethiopia and the stated aim of its development policies for the development of its economy generally and its agricultural sector specifically, is stated in its most recent policy document, as the following:

“(…) to build an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy; to sustain economic development and secure social justice; and, increase per capita income of citizens so that it reaches at the level of those in middle-income countries.”¹²³

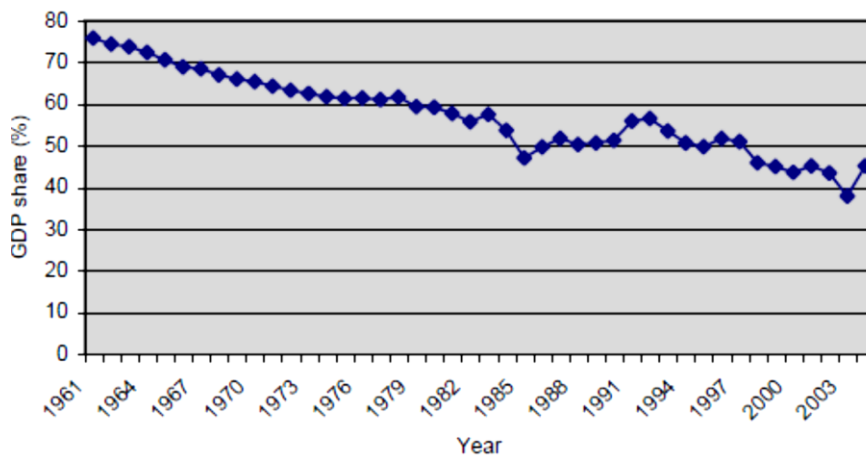
The aim of this analysis is to investigate how well the policies of Ethiopia's ADLI strategy have worked to make advances in the direction of its stated aim. According to Johnston and Kilby's theory of how a successful agricultural strategy should be designed and which challenges are faced by individual farmers as well as the agricultural sector more generally in countries characterized by traditional economies it is possible to assert which aspects of ADLI policies are more pertinent to investigate. I will therefore focus on the following aspects: i) Land distribution and land tenure arrangements, and ii) public research and public development programs, however first this section will introduce some general perspectives of agriculture in Ethiopia.

Agriculture in Ethiopia

Firstly, this section addresses agriculture in the Ethiopian Economy to establish in more detail how the sector has evolved, how the conditions for farmers have changed or deteriorated and how the sector interrelates with the rest of the economy. The section also aims to establish to which extent the Ethiopian economy correlates with the challenges that Johnston and Kilby set up as characteristic for a traditional economy. As we stated in the introduction the agricultural sector provides livelihood for to up to 85% of the Ethiopian population (Teshome 2006, Altenburg, 2010). The development in the contribution from agriculture to Ethiopia's GDP is shown in the graph below.

¹²³ MoFED, 2010, 7

The share of Agriculture, Fisheries and forestry in the total economy



(Source: EEA, 2005, 146)

As this graph shows, Agriculture is the mainstay of Ethiopian economy despite that its percentage share has been declining over the whole of the period as shown in the graph except from a few exceptions that do not interfere with the general trend. The EEA report goes on to show that the per capita income in the agricultural sector has declined more than 45% from 1953 to 1995.¹²⁴ And they state that:

“The current level of labour productivity is estimated to be less than one-fifth of the average for Sub-Saharan Africa. Given that the rural population in Ethiopia is still increasing at a rate of close to 3 percent per year, there is a need for sustained agricultural growth of at least 5-6 percent per year to significantly raise rural incomes.”¹²⁵

This is a well defined analysis of the meaning of Johnston and Kilby's equation: $Y/L = A/L * Y/A$ ¹²⁶ in an Ethiopian context. As they also argue, LDCs like Ethiopia with a growing rural population and few job opportunities outside of agriculture must achieve high agricultural growth rates in order to maintain its standard of living. Since the amount of people working in agriculture continues to rise the Acres/Labourer (A/L) variable can only very difficultly be improved and must entail the

¹²⁴ EEA, 2005, 147

¹²⁵ Ibid

¹²⁶ Y =aggregate agricultural output, L =Labour, A =number of acres cultivated,

cropping of poorer quality of land. The only variable which can be effected in order to achieve growth in the sector is the Yield/Acre (Y/A) variable, and this requires intensified research and technological implements. This is a highly difficult task that requires active public policy. However, the quote below from the EEA, is a witness of the lack of ability by the state of Ethiopia to change the situation of the farmers and the strength of the sector to the better. It states that:

“Despite the growing and deepening problems of the sector, no fundamental change of a desired magnitude could be brought about after four to five decades of agricultural research and extension program activities in the country.”¹²⁷

Johnston and Kilbys considerations about the challenges posed to traditional economies should according to the above to facts about Ethiopian economy also be applied here, since the main criterion for being a traditional economy is if more than 50% of the population is engaged in agriculture; a number which in Ethiopia is between 80% and 90%. However this only describes a part of the factors that influence the effectiveness of the Ethiopian agricultural system. A prevalent aspect that has affected agriculture in most African countries for decades is continuing land degradation. According to the EEA, soil erosion continues to effect Ethiopia's landscape especially in areas such as Tigray, Wollo, Gondar, North Shoa and parts of Haraghe that are in a chronic food deficit. They also state that the Ethiopian Highlands Reclamation Study (EHRS) estimates that on average 130 t/ha of soil each year resulting in a soil depth loss each year of 8 mm, which have a long history of cereal cultivation, correspond well with severely degraded soils that partly explain chronic poverty and food insecurity. In 1997, soil degradation in Ethiopia was estimated to reach 40,000 tons a year, reaching 170,000 tons in 2000. This can be translated into a loss of approximately 17 percent of potential agricultural GDP.¹²⁸

Land distribution

On the issue of land distribution it seems that the Ethiopian government, to some extent, operates in line with the recommendations made by Johnston and Kilby, in their emphasis on, that it is an important aspect of a unimodal agricultural system that the landholdings are relatively small and that the distribution of the size of farm units is not too wide. For instance it is stated by Altenburg

¹²⁷ EEA, 2005, 148

¹²⁸ EEA, 2005, 215 - 216

that most farmers in Ethiopia cultivate less than 0.5 hectares.¹²⁹ This aspect is also discussed by Adenew (2004), who state that a survey of 8500 rural households in Ethiopia has shown that the average national holding of land is 1.02 hectares and per capita average holding of land is less than 0.20 hectare as a continuation of this, the survey is also evidence that the distribution of farm unit size makes that 63% cultivate less than 1 hectare.¹³⁰ However, Mersha and Githinji (2005) who go deeper into the question of Ethiopian land distribution and provide us with gini-coefficient values and per capita distribution of land per decile of the Ethiopian population, which are important in order to estimate land distribution in Ethiopia with the characteristics given by Johnston and Kilby about unimodal and bimodal agricultural structures, do definitely not see Ethiopian land distribution as equal.¹³¹ As emphasized in the theory section, Johnston and Kilby highlight Taiwan as one of the role models of a unimodal agricultural strategy when referring to the importance of having an equal land distribution. Taiwan was used as an example because it had a land distribution structure where four fifths of its farms were within one acre of the average farm size of 1.2 hectares, and the top one percent is just 11.5 times the mean farm size. Contrary to this, Colombia which is at the other end of the scale had a structure where about one tenth of the country's farms were within the average and the top one percent was 46 times the mean size of 56 acres.

¹²⁹ Altenburg, 2010, 5

¹³⁰ Adenew, 2004, 139 - 140

¹³¹ Mersha and Githinji, 2005, 10

Mersha and Githinji (2005) state that the gini-coefficient, as measured in 2001 by EEA/EEPRI in their Land Tenure survey, was 0.499 at the household level, 0.541 at per capita level and 0.538 at adult equivalent. This is a valid testament that well into the reign of the EPRDF Land distribution was rather unequal and not too far from the distribution in Kenya which is widely seen as unequal.¹³² If we then look at land distribution from a disaggregated perspective, the distribution of land between different social strata of the population the inequality among different landholders becomes clear. According to Mersha and Githinji (2005) the distribution is shown in the table below.

Percent of population ranked by land size	Cumulative Share per Adult Equivalent	Decile share
10	0	0
20	1,54	1,54
30	4,52	2,99
40	8,91	4,39
50	14,73	5,82
60	22,02	7,29
70	32,37	10,36
80	44,57	12,2
90	60,93	16,36
100	100	39,07
Adapted from Mersha and Gethinji, (2005) page 11		

The most striking aspect of this graph is that the bottom ten percent of the population own no land at all and that up until the seventh decile, the decile share of the cumulative land available does not reach ten percent and that the top ten percent own 39 percent of the total agricultural land mass in Ethiopia.

Comparing this distribution to the examples brought forth in Johnston and Kilby (1975) the Ethiopian case resembles more the case of the bimodal agricultural structure. A comparison of the top ten percentiles in the three countries shows that: Taiwan: 14.4 – Ethiopia: 39.0 – Colombia: 46.0. One can therefore establish that the Land distribution of land in Ethiopia is highly unequal and according to the analysis presented by Johnston and Kilby in the theory section this will have adverse effects on several aspects of agricultural development in Ethiopia. First of all this pattern will have distinct effects on two linkages in Ethiopian economy according to Johnston and Kilby. Farm size distribution plays a crucial role in determining to which extent farmers in different layers of the social strata are able to participate in commercial sales of agricultural products; This in turn has an impact on the farmer's opportunity to buy modern inputs and in this way transform his production method which is determined by his ability to trade his produce.

The bimodal structure is called a crash modernization strategy, which focuses on aiding a small and highly commercialized sector, by Johnston and Kilby. The unequal farm size distribution affects the

¹³² Mersha and Githinji, 2005, 10

development of the agricultural sector further than just regarding distributional aspects. What is also affected, are the dynamic factors who determine how technical change in agriculture evolves. In particular this refers to the creation of a sequence of divisible innovations that can be adopted incrementally by rural farmers, increasing the productivity of both land and labour which a public agricultural strategy must aim at. Therefore when there is a large difference between the inputs needed by the different segments of farmers, creating an effective agricultural strategy which utilises the scarce resources of the state most effectively becomes difficult.

What does this mean and can this be seen in an Ethiopian context? According to the theory this has an effect on the character of the country's research and public education and farmer training creating a bias towards helping the wealthier farmers. However when discussing the Ethiopian context many sources argue that the EPRDF government uses many of its resources to help the small scale farmers. (Teshome, 2006) It is important to look into, to which extent the ADLI policies aim at helping the small scale as opposed to the large scale farmers will be discussed in the following sections as well as the question of to which extent small scale farmers have the opportunity to sell their produce and purchase modern inputs. However let us first deal with a central political aspect of the land distribution in Ethiopia.

An important aspect in the context of this thesis is to which extent the EPRDF government has contributed to the bifurcation of the land distribution. An important statement made in the SDPRP (2002) about large scale versus small scale farming is the following:

“The federal government, in collaboration with regions, will work hard to allocate land for commercial farming, make sure that there are adequate infrastructure facilities, and streamline and make efficient land lease procedures for entrepreneurs who wish to set up large - scale commercial farms.”¹³³

The quotation displays the belief of the government that the country will be relatively better off if large-scale commercial farming can get a foothold in the Ethiopian economy. This is in direct opposition to the general recommendations by Johnston and Kilby. Another quotation from the SDPRP 2002 however states that smallholder agriculture is a key factor in the growth and development policy of the government:

¹³³ MoFED, 2002, iii

“Making smallholder agriculture an important source of growth for a least-developed country such as Ethiopia clearly maximizes the inclusiveness of the growth process as it captures the rural population. This necessitates possession of assets of land, skill and capital by the smallholder farmer.”¹³⁴

The EPRDF's policy regarding land distribution is reiterated in the PASDEP document. On the issue of allocation of land and use of existing agricultural land, the document states that:

“(...) the guiding principle and direction of agricultural policies and strategies will be to allocate agricultural land to development activities where the comparative advantage is the highest.”¹³⁵

To make a brief estimation here of this quote, it does not indicate that virgin or excess land will be provided to the landless population, whose existence has been documented above and hence make for a more equal distribution of land in line with Johnston and Kilby's recommendations.

Domestic markets and linkages

The purchasing power constraint which is discussed as one of the central elements of Late developing countries with a large share of the population engaged in agriculture in general and which is seen as even more encompassing in countries with a bimodal agricultural structure must also be analysed in the Ethiopian context. As we have just seen, land distribution in Ethiopia is more similar to that of a bimodal agricultural structure than the unimodal structure which is favoured by Johnston and Kilby. According to their arguments, a bimodal agricultural structure will curb the purchasing power of the small scale farmers, a very large group in Ethiopia, and simultaneously direct the demand for manufactured goods for both private consumption and inputs for large scale agriculture towards the foreign market. It is therefore relevant to investigate how well agriculture and industry are interlinked in Ethiopia, since the purpose of the ADLI strategy is to turn the agricultural sector into the engine of growth for the broad development process. However, it appears that the linkages between Ethiopian agriculture and other economic sectors are very weak. The sector is more linked to the rest of the world economy than to the domestic economic sectors. Recent developments in the economy have unable not been able to reverse this

¹³⁴ MoFED, 2002, 4

¹³⁵ MoFED, 2005, 68

trend. The table below shows, that of the total demand for manufactured inputs (technology inputs, fertilizer improved seeds, etc) required by the agricultural sector, domestic manufacturing sector provides only 1.8 percent. On the contrary it seems that agricultural output is used somewhat more as inputs in the domestic manufacturing sector where agriculture supplies 29.2 percent.¹³⁶ This should probably be understood in the context of the prevalence of agro-processing industries like the leather and leather products industry as analysed by Altenburg (2010).

Sectoral input flows in the Ethiopian economy

Economic Sector	Agriculture	Manufacturing	Export
Agriculture	68,1	29,2	80,2
Manufacturing	1,8	23,4	19,8
Mining	0	2,8	0
Import	30,1	44,6	0
Total inputs demand	100	100	100

(Source: EEA/EEPRI, 2004 in Gebreselassie 2004, 10)

Gebreselassie (2004) therefore argues, that the ADLI policies that have been in place since the beginning of the 1990's necessarily have failed to achieve their purpose, since the logic of the ADLI strategy rests upon the argument that industrialization depends on agricultural improvements. The strategy intends to increase the productivity and income of small scale farmers, leading to an increase in the demand of manufactured goods, a demand led industrialization process and the provision of surplus labour from the increasingly effective agriculture to serve as labour input in industry. He states three explanations for this poor performance.

- (i) the agricultural sector has increased its consumption of imported inputs, especially fertilizer;
- (ii) high population growth and low labour mobility in the rural areas has decreased productivity and resulted in low purchasing power for local manufactured consumption goods, and

¹³⁶ Gebreselassie, 2004, 10

- (iii) increased access of cheap imported consumption goods has reduced the competitiveness of domestic industries.¹³⁷

In short, agriculture's capacity to provide employment as well as a market for the industrial sector and other sectors depends on the level and improvement in farm income, the degree of commercialization of the sector, and the type and strength of the linkage between the farm and non-farm sectors. These are much the same aspects as those emphasized by Johnston and Kilby when they argued in favour of improving the productivity of the bulk of the small scale farmers by following a strategy that aims to improve the possibility for poor small scale farmers to increase the yield per hectare productivity.

However, how does this relate to the land distribution in Ethiopia? What Altenburg argues is that the poor performance of the parts of agriculture which feed into the leather and leather products industries, works to the detriment of the performance of the sector, due to low quality of hides coming from the agricultural sector. This is an example of how poor productivity of the agricultural sector affects nascent manufacturing industries. If the aim of Johnston and Kilby's agricultural strategy of improving the productivity of the bulk of the farmers was more specifically the aim of EPRDF land policy, the situation described by gereselassie, that the Ethiopian economy is among the least urbanized in Africa and has an estimated rural to urban population ratio of almost 9 to 1 might be different. As he states, the ratio of farmers (i.e. suppliers) to consumers in Ethiopia is 7 to 1. This is due to the fact that agriculture is still largely subsistence oriented and the prime motive for farm production is therefore to meet own food need.¹³⁸

Agricultural extension programs

The analysis of the ADLI strategy, using Johnston and Kilby's concepts, will consider the policies of ADLI compared to the challenges met by late developing countries in the early phase of structural transformation. The main aspects of the theory which this aspect touches upon are, whether the policies target the challenges of for instance weak demand for non-agricultural goods; weak possibility for farmers to upscale their production due to the low marketing potentials; to which extent does the ADLI strategy resemble the unimodal agricultural strategy or the bimodal agricultural strategy? As it is stated in the theory section, Johnston and Kilby argue that the

¹³⁷ Gebreselassie, 2004, 10

¹³⁸ Gebreselassie, 2010, 2

direction of public agricultural research and the nature of public education and farmer training have differential effects on farms of varying size and resource endowments. Therefore, the way in which the different parts of the ADLI strategy are composed, has an impact on how large a share of the country's farmers have the opportunity to exploit the initiatives of the government. This means that the new local divisible innovations, that the public institutions pursues, as well as the adoption of foreign technology, the implementations of projects, programs and policies must be focused on increasing yield per acre instead of yield per worker.

The main aspects of the extension services within the ADLI strategy in Ethiopia are the Participatory Demonstration and Training Extension System (PADETES), the Agricultural technical and vocational education (ATVET) and the establishment of Farmer training centers (FTCs). The meaning of this section of the analysis is to examine these services. A brief overview hereof is provided by IFPRI (2010). PADETES was introduced in 1995 and now reaches around 35 to 40 percent of farm households in rural areas. It provides a small amount of inputs through packages provided to farm households as well as a small number of visits by public Development Agents (DAs). The EPRDF government started to invest in ATVET centers in 2000, to train DAs charged with carrying out agricultural extension activities with farm households. By the end of 2008, the program had trained 62,764 DAs at the diploma level. The creation of FTCs was initiated in 2002 and today more than 8,489 FTCs have been built at the *kebele* level. These centers are staffed by DAs and are responsible for providing extension activities in rural areas. Core activities concern livestock, crop production, and Natural Resource Management.¹³⁹ These programs represent a significant public investment in extension in Ethiopia, amounting to over \$50 million dollars annually or almost 2 percent of agricultural GDP in recent years. This is four to five times the investment in agricultural research and is excluding the much larger expenditure of the Food Security Program, much of which is aimed at extension activities.¹⁴⁰ This was launched during the SDPRP and seeks to provide food security for five million chronically food insecure people and around 10 million more, who in drought years are severely affected by food shortages. This is also known as the Productive Safety Net (PSN), which mainly involves grants to the different regions to be used for, enhanced agricultural production packages of seeds and extension visits in food insecure areas as well as small-scale irrigation and water harvesting, and in some cases voluntary resettlement out of food insecure areas. Another main part of the PSN is a public works program to

¹³⁹ IFPRI, 2010, 2

¹⁴⁰ IFPRI, 2007, 20

employ the poor in building roads and other infrastructure during difficult times; and, as well as free distributions to vulnerable people like orphans, the elderly, the disabled, and others who are unable to work.¹⁴¹

EPRDF development aims

The following section focuses mainly on the policy of the Government of Ethiopia as it is stated in its main policy documents from the Ministry of Finance and Economic Development (MoFED), the SDPRP (2002), the PASDEP (2005) and the GTP (2010). The purpose here is to find the main development aims and strategies of the government of Ethiopia as well as the means it intends to use to reach its goals. The following will focus on some general aspects of the development strategy of the government of Ethiopia that are directly pertinent to achieving structural transformation.

In the SDPRP 2002 the strategy of ADLI, and the utilization of labour and land augmenting technologies like improved fertilizer and seed, is seen as the long term strategy to achieve fast growth and economic development. This document also establishes that during what it calls the first stage of ADLI agriculture is to play a leading role in the growth of the economy.¹⁴² In another section the SDPRP it is accentuated that the overriding and intentional focus of both poverty reduction and growth is on agriculture sector, since agriculture is believed to be a potential source to generate primary surplus to fuel the growth of other sectors of the economy.¹⁴³ This strategy first and foremost focuses making technical progress that supports a labour using and land augmenting strategy. Secondly it focuses on improving the commercialization of agriculture and the market interaction by the farmer primarily by the creation and dissemination of farmer's cooperatives and the extension of credits through rural banks. Thirdly it focuses on creating linkages between agriculture and industry.

During the PASDEP (2005) period, Ethiopia continued to build its development strategy on the principles pursued under SDPRP as well as pursuing the mainstays of the ADLI strategy. However, this happened with an increased focus on spurring the private initiative of farmers and support for the shifts to diversification and commercialization of agriculture. While the SDPRP primarily focused on poverty reduction, the PASDEP a new consensus of, that growth is of the essence, and

¹⁴¹ MoFED, 2005, 6

¹⁴² MoFED, 2002, iii

¹⁴³ MoFED, 2002, 41

therefore an accelerated growth strategy is at the core of the PASDEP.¹⁴⁴ The government of Ethiopia thereby pursues a massive push to accelerate growth via a number of initiatives. These focus on accelerating a market based agricultural development as well as private non-farm sector development, pursuing a geographically differentiated strategy along with a differentiated strategy for pastoral areas, and strengthening of the rural-urban linkages.¹⁴⁵ The Government does acknowledge that it has a difficult balancing act to manage in its pursuit of growth which is also intended to alleviate poverty. The problem arises as the improvement of pro-poor subsistence farming still needs to take place in parallel with this shift to an increased focus on commercialization of agriculture. For several million households, the main welfare improvement in the medium-term will still come from achieving higher yields of basic food grains. To aid this acceleration of market based agricultural development the Government of Ethiopia will use a number of instruments like, constructing farm-to-market roads, develop agricultural credit markets, improve availability of fertilizer and seed, support small scale irrigation and area irrigation through multi-purpose dams, and measures to improve land tenure security and make land available, where feasible for large scale commercial farming.¹⁴⁶ Much of this, sounds good to the Johnston and Kilby ear, however the last measure mentioned here on what the government wants to implement goes right across the main recommendations from these authors.

In the GTP (2010) there is, like in the PASDEP, a strong focus on learning from the experience of the previous period. The GTP continues the same strategic priorities as the PASDEP while it also emphasizes additional priorities that consider the expected growth in agriculture and industry. It focuses on learning from the performance of the PASDEP and lessons from its implementation.¹⁴⁷ Three aspects are pivotal in the agricultural strategy in this document regarding improving crop production and farmer productivity. The first aim is to improve the average productivity of the small scale farmers so their productivity is closer to the productivity level of best practice farmers who produce two-to-threefold better. The instruments to reach this goal are an improvement of the extension program, heightening of the skills of DAs, training to farmers/pastoralists in technology adoption and good agricultural practices. The second focus is on improvement of irrigation, natural

¹⁴⁴ MoFED, 2005, 46

¹⁴⁵ MoFED, 2005, 46-50

¹⁴⁶ MoFED, 2005, 47

¹⁴⁷ MoFED, 2010, 79

resource conservation. Thirdly, the strategy emphasizes the strengthening of farmers' opportunity to earn money by encouraging them to shift their production from low-value to high-value crops.¹⁴⁸

“Notwithstanding the statement that the agriculture sector will remain as the major source of economic growth, the smallholders' agriculture will continue to be the major source of agricultural growth. On top of this the private sector agricultural development share will rise and expected to emerge as one of the sources of agriculture growth.”¹⁴⁹

This last statement is critical and can be compared to the one made in the PASDEP regarding large scale commercial farming. According to Johnston and Kilby's arguments, the danger of creating a focus on large scale agricultural units next to small scale units is that it inhibits the purchasing power constraint of the small scale farmers.

According to IFPRI around 62 percent of the population in Ethiopia, are estimated to live in moisture-reliant highlands. Therefore, the PADETES-led programs to intensify cereal production focused on these areas and with specific emphasis on wheat, maize, and teff, with the total trials between 1995 and 1997 divided roughly equally among the three crops. Data indicating that the adoption of new seed-fertilizer technologies potentially could more than double the yields of cereal production and would be profitable to farmers in moisture-reliant areas was reached on the basis of millions of demonstrations carried out through PADETES, of which there were 3.6 million in 1999 alone.¹⁵⁰

According to the IFPRI (2010), an evaluation of the PADETES program in 2005 by the EEA/EEPRI, Ethiopia's current PADETES model has shown a number of both achievements and drawbacks. The PADETES managed, to reach many farmers equitably; to increase productivity (in some cases); to increase aggregate production of grains; to increase the use of fertilizer and improved seeds; to increase the number of participating households in extension packages. On the other hand, the drawbacks reported by this study were that, most extension packages focus narrowly on cereal crop production and cash crops and animal production is therefore not covered; the extension packages are criticized for being formulated at the federal level and lack regional

¹⁴⁸ MoFED, 2010, 20-21

¹⁴⁹ MoFED, 2010, 20

¹⁵⁰ IFPRI, 2007, 6

strategies and for being supply driven; implementation is affected by limitations in infrastructure, marketing aspects and training for extension workers; Limited participation by women farmers one result of these drawbacks that was emphasized by the study was incomplete use of packages by the farmers, since 75 percent of the farmers that were reached by the program and who started to use it did not continue to use it.¹⁵¹

The MoFED's PASDEP report brings an evaluation made by the Poverty Action Network of Ethiopia (PANE), of the performance of the agricultural extension programs pursued during the SDPRP and points to some of its shortcomings. During the SDPRP government agencies were the main source of information on agriculture for local communities and most of this information was directed at crop production. This support provided only shallow support for the marketing of agricultural products, as well as the provision of inputs like seeds, was weak. For the most part, farmers reported that extension agents were available but often not accessible, so despite that people felt extension services had improved, satisfaction was low since less than a quarter of respondents were fully satisfied; only 56% of farmers found extension services adequate; only 26% of farmers accessed credit; if farmers used direct marketing, only 37.5% got a fair price; and, More than 50% of farmers reported the loss of cattle or crops.¹⁵²

Summary

First of all, this analysis has shown that despite that many farmers in Ethiopia cultivate only small plots of land, and there therefore for this author was a hypothesis that Ethiopian Land distribution was at least relatively equal, then this is not the case.

As regards the extension services provided by the EPRDF to kick start the structural transformation process in Ethiopia the picture is not quite as dim as for the question of land distribution. As stated several times by Johnston and Kilby, a key factor to pursue was policies directed towards achieving productivity increases in the sector, through the provision of highly divisible inputs such as improved seeds and fertilizer. This is one of the main activities of the PADETES program and therefore theoretically increases in Y/A should be seen on a wide scale.

¹⁵¹ IFPRI, 2010, 9

¹⁵² MoFED, 2005, 38

However the program fails in a number of areas due to faults in the implementation of it as well as in that its inception and “formulation” is made top down only. This is a major fault that limits the potentials of an agricultural strategy since the implements best suitable for the soils of Ethiopia is in any case best known by the farmers and their knowledge therefore needs to be taken into counsel when deciding on which innovations to adopt. Productivity increases, as it is described above, therefore only occur very sporadically and the majority of the rural farmers that are reached by the extension services stop using the new implements they have received.

Part two: Ethiopia, a Democratic Developmental State?

This analysis will focus on analyzing to which extent the Ethiopian regime complies with the characteristics put forth by Leftwich in his definitions of a developmental or perhaps an effective state. According to the EPRDF government's development strategy papers development and democracy are the stated goals of its political initiatives. They announce that their aim is:

“to become a country where democratic rule, good-governance and social justice reigns, upon the involvement and free will of its peoples; and once extricating itself from poverty and becomes a middle-income economy.” (MoFED, 2010, 7)

The question then remains, how far the efforts of the EPRDF regime go, to meet these aims and to which extent the regime itself is strong enough to bring them about. This requires that the state follows the characteristics Leftwich uses to describe an effective state. This means that, the bureaucratic or administrative strength of the state, the level of adherence to democratic values, the level of developmental commitment of the elite, are main points of investigation in this analysis, along with the state's ability to deliver development achievements.

This part of the analysis will be divided in to a number of subsections each analyzing its part of the developmental state of Ethiopia. The first section will look into how well the Ethiopian state has performed in achieving development aims. The second section will look into the developmental capabilities of the Ethiopian state. This means that it will first investigate the relationship between the state and the private sector with special focus on the role of endowment funds and secondly look into the state bureaucratic capacity and the rural “kebele” administration. The third section focuses

on the EPRDF in itself. According to Leftwich's characteristics of developmental states we therefore need to investigate its adherence to democratic values and hence the role of elections as manifestations of the democratic aspect of the developmental state as well as its developmental commitment.

Section one: Achievement of development aims – GDP growth and poverty reduction

Since the capacity of the state to provide growth and poverty reduction to its population is crucial to a regime that aims to gain its legitimacy on grounds of being a developmental state, this is also a key variable to analyze in this thesis. Given that there are some discussions, on to which extent the GDP growth which the Ethiopian economy has seen during the EPRDF regime, is able to benefit the wider population, it is worthwhile to pursue a brief mapping out of GDP growth and poverty reduction in this context.

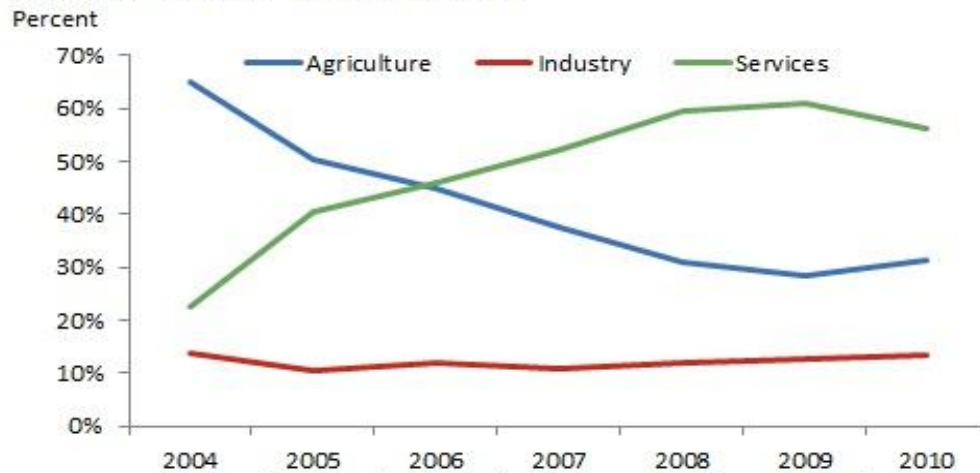
GDP growth is documented by the Ethiopian state in the consecutive development reports published by the Ministry of Finance and Economic Development (MoFED). Hence, according to the SDPRP from 2002, Ethiopia achieved significant growth rates from 1991/92 – 01/02 averaging 5.8.¹⁵³ Likewise, according to the PASDEP report from 2005 the Ethiopian economy saw GDP significant growth rates in the end of the SDPRP period, first although only little, at 1.0% in 2001/02, and negative growth at 3.3% in 2002/03 due to substantial drought, but double digit growth rates at 11.9% in 2003/04 and 10.6% 2004/05 at the end of the period.¹⁵⁴ This last trend was continued in the PASDEP period as reported in the GTP report, with growth rates from 2005/06 – 2009/10 averaging 11.0%.¹⁵⁵ These are the highest consecutive growth rates the Ethiopian economy has ever seen. However, as the graph below shows this does not stem from growth in agriculture or industry as the government's ADLI policies aim towards, but from an increase in services, a sector that employs only 10 percent of the urban population.

¹⁵³ MoFED, 2002, 3

¹⁵⁴ MoFED, 2005, 3

¹⁵⁵ MoFED, 2010, 4

Contribution to GDP Growth by Sector



Source: Author's calculations based on Ethiopian Ministry of Finance and Economic Development data.

(Source, Ali, 2011)

Another achievement related to this GDP growth spell is a significant cutback in the rate of poverty in Ethiopia. According to the PASDEP report, both the rate and the severity of poverty in Ethiopia have declined compared to fiscal year 1999/2000. The 2004/05 poverty head count¹⁵⁶ index is thus lower than the index for 1999/2000 by 12% while the poverty gap¹⁵⁷ is more than 30% lower. Further it is measured that poverty severity¹⁵⁸ indices have declined by as much as 39%. This is by any comparison a strong decline over a five-year period.¹⁵⁹

However, despite these improvements in poverty reduction over the past five years when one looks at the long term of economic growth translated into changes in per capita income results are not as impressive. This is especially relevant when it comes to agriculture because of the large share of the population that depend upon it for their daily survival. The annual GDP growth in Ethiopia has averaged 2.6 percent between 1960/61 and 2003/04 in spite of sharp annual fluctuations.

This means that by any measure and in spite of the recent growth spell of double digit and close to double digit growth in Ethiopia's GDP as presented by the governments development strategy papers above (SPRPR, PASDEP and GTP) the economy is still far from the criteria of a four percent average growth over a 30 year period put, forth by Adrian Leftwich as a requirement to

¹⁵⁶ Poverty head count: the share of the population whose consumption falls below the poverty line.

¹⁵⁷ Poverty gap: Indicates how far below the poverty line a household's consumption is.

¹⁵⁸ Poverty severity: takes into account how far the poor are below the poverty line as well as inequality among the poor

¹⁵⁹ MoFED, 2005, 22-23

enter the club of developmental states. However this picture might be somewhat different if the economy is able to maintain the some of the growth rates that it has seen in the recent decade as is expected in the Growth and Transformation Plan (2010) here the expected scenario is as displayed in the table below.

Sector	Base Year (2009/10)	Five Year Average (2010/11-2014/15)	
		Base Case	High Case
Agriculture and allied activities	6.0	8.1	14.9
Industry	10.2	20.0	21.4
Services	14.5	11.0	12.8
Real GDP	10.1	11.2	14.9

(Source: MoFED, 2010,

Despite that this might come across as an optimistic growth projection, it is important to keep in mind that the growth rates achieved on average between 2005/06 and 2009/10 were 11.0 percent and the high case projection from the PASDEP document was 10.0 percent.

Section Two: Developmental and bureaucratic capabilities

This part of the analysis investigates to which extent the Ethiopian state is endowed with relative autonomy for the state apparatus, a competent and insulated economic bureaucracy, able to keep economic and particularistic interests at bay. Therefore the specific area of investigation in this section will be the capacity of the bureaucracy, both close to the power centre and in the far flung areas of the state. Further it will investigate the relationship between the EPRDF and EFFORT.

State bureaucratic capacity and the rural "kebele" administration

First of all let us state that this aspect of the Ethiopian state, in regards to developmental capacity must consider the bureaucratic effectiveness of implementing the ADLI policies, meaning that despite the somewhat ambiguous effects of, for instance the PADETES program, the implementation of it and the education of DA's, must be seen as evidence of the capacity of Ethiopian bureaucracy. As stated in the previous analysis the EPRDF government started to invest

in ATVET centres in 2000, to train DAs charged with carrying out agricultural extension activities with farm households. The program managed to train 62,764 DAs at the diploma level by 2008 and create more than 8,489 FTCs staffed by DA's at the kebele level since 2002.

In general, state bureaucracy and public administration in Ethiopia is in many ways unlike that of many other African countries, and has a very different and atypically long history, which dates back to Menelik II in 1907. The general civil service in Ethiopia was developed by Menelik II from 1907 till his death in 1913 and further developed by Haile Selassie from 1930 to 1975 however it also bears a legacy from the recent socialist military rule (1975 – 1991).¹⁶⁰ What is argued by Vaughan and Gebremichael (2011) is that this long tradition has both advantages and disadvantages. Contrary to the rest of Africa which suffers from too little government, Ethiopia in some aspects suffers from too much government since the state is well entrenched in every administrative layer down to the decentralized kebele level. Further they argue that the EPRDF has struggled to improve the condition of inertia and inefficiency which characterized the administration it inherited from the Derg in 1991 by virtue of the establishment of multi-level governance, civil service reform and capacity building.¹⁶¹ This has the positive impact that Ethiopia despite its low HDI ranking scores high in world Bank doing business index on aspects concerning regulation, including payment of taxes (47th) and the enforcement of contracts (57th) whereas it scores very poorly in other aspects for instance it ranks (157th) trading across borders, (128th) in getting credit, (120th) in registering property, (109th) in protection of investors.¹⁶² However the question that remains to be answered is whether it is sufficiently capable, for it to perform as an effective or a developmental state? Despite that it was ahead of most other African countries, the Ethiopian Civil service had never been developed to the point of perfection. Mengesha and Common (2007) state that the Ethiopian civil service:

“(...) were hampered by outdated civil service legislation and working systems; the absence of a medium-term planning and budgeting framework; ineffective financial and personnel management controls; inadequate civil service wages and

¹⁶⁰ Mengesha and Common, 2007, 368

¹⁶¹ Vaughan and Gebremichael, 2011, 24

¹⁶² Vaughan and Gebremichael, 2011, 24 - 25

inappropriate grading systems; poor capacity for strategic and cabinet-level decision-making."¹⁶³

Therefore, as a part of the conditionality from the IMF attached to the Structural Adjustment Programme (SAP) which the EPRDF adopted in the 1990s, a Civil Service Reform Program (CSRP) was initiated in 1996 to improve the impoverished civil service which the EPRDF overtook after the Derg. This was part of a wider attempt to affect a policy of transition from the old practice of single party hegemony to a multiparty system.¹⁶⁴ Overall the CSRP aimed to remedy deep institutional constraint on properly providing basic state functions, such as regulation, policymaking and service delivery. The study by Mengesha and Common investigated the impact of the CSRP in two ministries, the Ministry of Trade and Industry (MOTI) and Ministry of Education (MoE).

The reform was success and the study shows a significant change as a consequence of the reform. Assessments of MOTI made afterwards revealed a 233 and 266 per cent reduction in workflows or process steps in the Licensing Services and in Trade Name Registration services respectively, due to streamlining of the processes, elimination of duplication of work and enhancing user satisfaction. A user survey also showed that 97.4 and 68.2 per cent of users of the MOTI and MoE, respectively, stated that their service delivery systems recently had improved. Further, 97.6 and 88.9 per cent of users of MOTI and MoE respectively, rated service delivery as well as customer handling of the two organisations as good and/or very good.¹⁶⁵ This shows great potential for improvements in the effectiveness of the state administration.

In another analysis though, which assesses the Ethiopian bureaucracy in relation to developmental state theory, by Desta Asayeghn, the positive sides hereof are also drawn into the light. He emphasizes that the Ethiopian bureaucracy is managed by civil servants with clearly divided functions which generally are recruited on meritocracy and are expected to serve competently and while on the job their skills are improved via various experiential learning seminars. The story is however somewhat different when it comes to the institutions in which the functionaries operate. These are not autonomous but strongly influenced by the ruling elite and high positions in many governmental departments are assigned according to an ethnic-based quota system. This means that despite that the state bureaucracy by and large is recruited on meritocracy, due to perception in the

¹⁶³ Mengesha and Common, 2007, 369

¹⁶⁴ Mengesha and Common, 2007, 368

¹⁶⁵ Mengesha and Common, 2007, 371 - 372

public; the bureaucrats are expected to operate in accordance to their ethnic group instead of pursuing the goals of their organization. This practice is according to Asayeghn (2011) what leads the practice of these institutions to a lack of transparency and makes corruption even more prevalent.¹⁶⁶ Had this not been the case however, and by virtue of the always clear light of hindsight, then, arguably, some of the government-initiated development plans which were in fact rational in design could have successfully achieved their intended goals. He therefore asserts that:

“(...) if Ethiopia desires to use the state as a very important vehicle to tackle its deep-rooted developmental problems, it needs to improve the competence of its public administration sector and keep public employees politically neutral.”¹⁶⁷

In this analysis, it is also useful to note that according to Abbink (2006), outstanding standards of professionalism as well as a residual idea of state responsibility and intervention for the common good prevails in the bureaucratic institutions. He states that most members of these institutions after the takeover by the EPRDF in 1991 resisted the party loyalist principles and crony appointments that the leading party attempted to introduce.¹⁶⁸ This reveals the existence of a power struggle between the bureaucratic powers in the state apparatus close to the central management of the state and political elite at the centre of the EPRDF.

Kebele level administration of federal elections

The estimation of how strong and capable the Ethiopian state bureaucracy is must rely on how it performs out to the very periphery of its society and how it performs in critical periods of time. According to Pausewang (2009) there is a gulf between the stated goals of the EPRDF regime and the reality of the rural population and its contact with the state officials at the Kebele level and how these live up to the goals and values of the federal Ethiopian government. The many statements that have emerged about human rights violations committed by the rural administration of the regime in order to control the rural population as a wilful and conscious act of the federal government is according to Pausewang (2009) not the whole story. He states that due to a relatively weak power position of the TPLF, the main component in the making of the EPRDF, it had to ally itself with other ethnically based resistance groups since the educated elite in Addis Ababa had been destroyed

¹⁶⁶ Asayeghn, 2011, 7

¹⁶⁷ Ibid

¹⁶⁸ Abbink, 2006, 196 and note 66

by purges of the Derg against students, civil servants or any other group with an education. As the EPRDF assumed power it was put in charge of local and regional power structures and therefore sought out new members of the party locally. The EPRDF therefore went for people who had attended school but who were not fit for further education.¹⁶⁹ In a central passage Pausewang describes the defect in the governance structure of the EPRDF in Ethiopia, a fault which he describes as fundamental to the lack of developmental capacity in Ethiopia:

“Local leaders give priority to fulfilling the wishes of their superiors. Only positive reports and successes that strengthen their positions are passed upwards. This is one reason why the central leaders of the TPLF remain ignorant of the degree of unpopularity of member parties of the EPRDF on the local level” (Pausewang, 2009, 72)

When this situation is combined with the misuse of power by kebele EPRDF officials it displays a regime that is in reality unable to control its own state apparatus and in this situation also not able to serve its population as it claims. However, whether this situation is a result of incompetence on behalf of the central government or a result of quiet acceptance is not that important for the outcome. An example of this problem is stated by Pausewang:

“Many peasants reported threats from kebele officials, who inferred: ‘you are voting for the opposition? Alright, ask your party to give you land. The Constitution says the state owns the rural land. We don’t give our land to those who are not loyal to us’. This gulf between the central government claims and local practice is the greatest deficiency in Ethiopia’s democratic governance.” (Pausewang, 2009, 72)

This type of behaviour by kebele officials is goes back to the 1995 election, where the main motivating factor for participating, as described by Tronvoll (2009) was insecurity of survival and coercion exercised by the local kebele officials.¹⁷⁰

If we are to follow Pausewangs argument, the state capacity and the autonomy of the bureaucracy from political and economic interests is not prevalent in rural administration in Ethiopia. This is evidence that the EPRDF regime in Ethiopia still has some goals to achieve in order to fulfill the

¹⁶⁹ Pausewang, 2009, 71

¹⁷⁰ Tronvoll, 2009, 461

requirements of a developmental state which inevitably needs a strong and capable bureaucracy. However, according to Abbink (2006) some of what may be seen as flaws in the administration of the political process, might be a result of an intentional development and might therefore have been quite different implications for the analysis of Ethiopian politics. Tronvoll argues somewhat in accordance with Abbink in stating that:

“There is no doubt that post-1991 Ethiopia saw significant political institution building and that a public ethos of democracy emerged. But the process is still closely controlled by the ruling Tigray People’s Liberation Front–Ethiopian Peoples’ Revolutionary Democratic Front (TPLF–EPRDF), and has a high ingredient of rhetoric not backed by practice. In conditions of political insecurity and contested legitimacy, a network of political and economic control was built up by this party from its circle of trusted people, loyalists, and former comrades in the armed struggle. Thus, a selective hold on politics and economics in Ethiopia was established.”¹⁷¹

This aspect of Ethiopian development whether a perspective of bureaucratic capacity or a type of power politics deliberately utilized by the EPRDF, nevertheless leads us to the next part of the analysis. Section three will investigate how the EPRDF uses and considers the virtues of democracy.

Section three: The EPRDF, and democracy

Maintaining power in Ethiopian politics; how have elections affirmed or disaffirmed the authority and legitimacy of the Ethiopian state, and how can the developmental will of the EPRDF be estimated?

Following the notions of Adrian Leftwich, a characteristic of the developmental state is the dominance of a nationalistic and developmental class which rules by using repression and legitimacy as well as concentration of power, authority, autonomy and competence that vary a lot in specific features, these measures must also be investigated in the Ethiopia context.

The EPRDF’s notion of democracy is according to Aalen (2002), Abbink (2006), Tronvoll (2009) that of revolutionary democracy. Abbink describes this as a means for the collective mobilization of

¹⁷¹ Tronvoll, 2009, 461

the people, by the EPRDF. It derives from a combination of Marxist and ethno-regional ideology and has no negotiated, evolutionary basis in Ethiopia. It was functional in the anti-*Derg* guerrilla struggle, but after the TPLF–EPRDF victory in 1991, it was imposed nationwide by default. It envisages the party as a vanguard political force, which is not inclined to compromise with opposition forces because it is convinced that it has the solution for everything.¹⁷²

Tronvoll argues that the EPRDF's notion of democracy is based on communal collective participation and representation based on consensus and is formed partly by ideological conditioning in accordance with Marxist and Maoist precepts of mass political mobilization. This for instance means that the peasantry is regarded as a 'homogenous mass' with common needs, interests, and political outlook and since the government had implemented agricultural strategies and secured its land it supposed to have its support.¹⁷³

After the 2005 election the EPRDF government hurried to alter parliamentary rules to their favour and to minimize the impact of the opposition in the parliament. Most importantly they made a rule which required 51 percent of the parliamentarians to support an initiative before it could appear on the House's agenda. Previously, this was 20 percent.¹⁷⁴

The EPRDF and the electoral process

This section will analyse whether the EPRDF regime in Ethiopia follows the ideals of a democratic developmental state or if it lies closer to the authoritarian developmental state by the simple criteria put forth by Leftwich. As described in the theory section Leftwich uses a rudimentary conception of democracy for his analysis of democratic or non-democratic states. This definition is based on Schumpeter, and entails that, free and fair elections, peaceful successions when governments change, low barriers to political participation and the protection of political and civil liberties, must be secured. Leftwich argues that development and democracy, only in very fortunate situations conditioned by a series of internal and external factors, can emerge and successfully coexist.

¹⁷² Abbink, 2006, 195

¹⁷³ Tronvoll, 2009, 459

¹⁷⁴ Abbink, 2006, 185

According to Tronvoll (2009) however there exist several qualitative studies undertaken about the electoral process in 1995 that question the popular basis of participation. According to these sources a large share of Ethiopian voters registered and voted against their will and political conviction on the basis of the same stories of threats on personal safety and loss of agricultural land as shown above.¹⁷⁵

The EU election observation mission to the 2005 parliamentary elections highly criticized the election process in this election whereas it noted the pre-election process as the most competitive elections Ethiopia has experienced, with a record high voter turnout and the election process itself was both peaceful and orderly. And the mission states that the EPRDF's decision to keep the election open for international observation and unprecedented competition was "a bold move". The legal framework for elections in Ethiopia guarantees basic freedoms and is in spite of some weak formulations in important parts dealing with the conduct of the election, estimated to be adequate for the conduct of democratic elections.¹⁷⁶ However the report of the observation mission states that:

*"(...) the counting and aggregation processes were marred by irregular practices, lack of transparency and confusion along with non satisfactory complaints and appeals mechanisms."*¹⁷⁷

In addition, it states that the human rights situation in the day after the election severely deteriorated as dozens of citizens were killed by the police and thousands were arrested. The election therefore fell short of international principles for democratic elections. The national election in 2005 was relatively free and fair and many were surprised of the freedom for opposition parties to operate. This lasted up until the actual election procedure which escalated in violence and conflict between the police and opposition supporters. Opposition parties won one third of the seats in parliament. So estimating the democratic aspect of Ethiopia under the EPRDF regime since its inauguration, Tronvoll argues that the 2005 election showed evidence of major constraints in the Ethiopian political system and that it was a testament to that centralist authoritarianism which was prevalent under Haile Selassie (1930 – 1974) and the Derg (1974 – 1991) is still alive and well and may be

¹⁷⁵ Tronvoll, 2009, 461

¹⁷⁶ EU, 2005, 1

¹⁷⁷ Ibid

shifting into a new form.¹⁷⁸ This argument is also made by Abbink (2006).¹⁷⁹ In light of the tumultuous actions following the 2005 elections, the result of the recent 2010 election where the EPRDF secured 99.6 percent of the votes might not be surprising seeing that the political space allowed for the opposition parties in 2005 was unprecedented. Writing on the 2010 election Tronvoll 2010 states that:

“The 2010 election was passively followed by the electorate due to the experiences in 2005 and most were convinced that it was just a question of how and not if the incumbent EPRDF party would secure a massive majority at this election.”¹⁸⁰
(Tronvoll, 2010, 121)

This review of EPRDF victories in Ethiopian federal elections can however not be a trustworthy indicator of the support the party enjoys in the electorate. This therefore disrupts the picture of the EPRDF as a democratic developmental state. According to the theory employed in this thesis

Political settlement in Ethiopia

The political settlement, or the first layer of politics which Leftwich argues is the most fundamental one, and the one that goes ahead of normal politics is not there. This is the basic foundation upon which democratic governance is built and leaves possibility for a peaceful succession of power. When the stakes of leaving office are high, this is a strong indication that political actors have not come to an agreement about the central questions of politics in Ethiopia. Aalen, 2002 writes about the federal solution in Ethiopia and hence, on the point in time when a political settlement for the current political situation in Ethiopia could have been set, that:

“(i)t is (...) impossible to conclude that the final confirmation of the federal solution through the constitution was based on a pact or covenant between contending political forces. The lack of broader participation and the dominance of the EPRDF in the constitutional process have a negative impact on the chances for a peaceful and

¹⁷⁸ Tronvoll, 2009, 464

¹⁷⁹ Abbink, 2006, 174

¹⁸⁰ Tronvoll, 2010, 121

constructive coexistence between the contending political forces in Ethiopia in the time after the transitional period.”¹⁸¹

The unsettled issue of land-ownership and access to land after the takeover of the EPRDF in 1991 created insecurity and anxiety among the peasantry. This is now used as a weapon to secure votes for the parliamentary elections putting pressure on rural peasants at election time, that if they do not vote for the EPRDF they would be evicted from their agricultural land.¹⁸² Further, according to Vaughan (1994) one foreign observer, stated that

“(a)lthough the 1991 conference may not have resulted in a one party government its convention reflects to a large degree a one party dynamic”¹⁸³

Abbink states that the Ethiopian state presides over what he labels a “well-entrenched political machine”, dominated by a party however that is not ready to let go of power. As he puts it, “the stakes are simply too high”. The party elite has dominated government policy since 1991, and a real option of elections resulting in government change is not yet available.¹⁸⁴

He therefore goes further than to just establish that the political settlement has not yet been established and argues that Ethiopia is governed by a neo-patrimonial¹⁸⁵ rule, meaning that the country and its politics are treated as the privileged domain of the power holders operating in an informal and often non-transparent manner, and over which the formal institutions do not have a decisive say.¹⁸⁶ This is clearly a divergence from the examples of developmental states drawn forth by Leftwich. For instance, in Johnson’s classic study of the Japanese developmental state, he argues that the existence of a developmental bureaucracy that had key influence on the policies pursued by the country was a central aspect of Japanese developmental success. What Abbink identified in the Ethiopian case was just the opposite situation where, decisions were made virtually inside the party offices and the bureaucratic powers in the formal institutions were kept out of influence.

¹⁸¹ Aalen, 2002, 42

¹⁸² Tronvoll, 2009, 461

¹⁸³ Vaughan, 1994, 60

¹⁸⁴ Abbink, 2006, 198

¹⁸⁵ Neo-patrimonialism in Africa is characterized by three things: “presidentialism (the concentration of power in one person); Clientilism (the systematic use of personal favours to reward followers and supporters with jobs, contracts and projects, for instance; and the systematic use (that is, abuse) of public or state resources for private and especially private political purposes, and to service the network of clients.” (Leftwich, 2000, 93 – 94)

¹⁸⁶ Abbink, 2006, 196

“Changes in the formal institutional sphere (parliamentary votes or elections), or independent operation of the judiciary, are not ‘allowed’ in current conditions if the existing power network is threatened.”¹⁸⁷

Abbink argues that the Ethiopian state can by no means be labeled a democratic state. He describes the Ethiopian state as neo-patrimonial on the basis that power is not sufficiently transparent and that a democratic polity, a well-functioning and independent judiciary, acceptable to the wider public and that would survive the change of personnel, has not been achieved.¹⁸⁸ However he also estimates the effort it would take for the EPRDF government to extract itself from these harsh accusations. Whether pressured by internal or external forces or circumstances the regime nonetheless has the possibility to develop an inclusive agenda, characterized by democratic dialogue and a focus on the national interest, he states that:

“the option (...) is still there and if taken, the current regime would enhance its historic prestige and acceptance in one blow.”¹⁸⁹

In accordance with what Leftwich states about the issue of political settlement and the role of politics in development, the political situation in Ethiopia seems to be too unresolved for “normal” politics to be played out and hence political struggle will prevail on the political scene.

Summary

According to Leftwich, the dominant-Party developmental democratic state is characterized by unity, authority and relatively unchallenged central power of a central political party that is decisively more dominant and powerful than its rivals. This description of the strength and position of the dominant party goes very well in line with the position which the EPRDF has taken. However as it is clearly shown, the democratic part of a dominant party developmental democratic state has not had the chance to give us a sufficient answer to whether the EPRDF enjoys popular support in the electorate or not. What must be remembered when estimating the democratic character of the EPRDF is that in an Ethiopian context power has never changed hands without violence except from the successions of power that took place within the imperial family.

¹⁸⁷ Abbink, 2006, 196 - 197

¹⁸⁸ Abbink, 2006, 196

¹⁸⁹ Abbink, 2006, 195 - 196

Comparing this to other developmental states, the Ethiopian situation does however not stand out. Human rights abuse is reported from time to time in most developmental states.

Chapter five: Conclusion

Having set up a range of parameters on which to examine Ethiopian development a definitive answer to the main part of the problem formulation of whether Ethiopia is a developmental state is not possible at the present time. However given the division into research question it seems possible to at least give a qualified estimation of the first research question. This was focused on the effect of the ADLI strategy on structural transformation in Ethiopia and a comparison of these initiatives with the Agricultural strategy of Johnston and Kilby. Here it seemed more or less clear that what is praised in theory is not what is implemented in the Ethiopian context. Land distribution and the implementation and decision making regarding the implements of agricultural extension services did not comply with the recommendations. Therefore it also seemed reasonable that the ills experienced by Ethiopian rural population and the poor linkage between agricultural and domestic industry is also related to these aspects and therefore follow the explanations made by Johnston and Kilby. This conclusion naturally also feeds into the understanding of the second research question and therefore the examination of the elements of Ethiopian society that resemble those of a developmental state and which role politics has to play in this picture?

This is an estimation of the degree to which the EPRDF has been able to achieve development aims, bureaucratic strength and has displayed democratic adherence.

The main conclusion must according to the above be that, the estimation of Ethiopia as a developmental state must be based more on its ability to provide its people with development improvements and provisions of increases in living standards; Despite that the EPRDF would most likely not be responsive to a defeat at a federal election, and it therefore cannot be said that the party invests all of its political capacity and capital into improving livelihoods for the population since state power in Ethiopia has never before relied on the political legitimacy of the office holder in the electorate.

And estimated over the rough twenty year period that the party has been the main political architect of Ethiopian development and that given the growth trajectory Ethiopian economy has seen since the aftermath of the drought in the beginning of the 2000's it is at least possible that given the trajectory made for Ethiopian economy in the period to come is achieved with some productivity increases in the general agricultural production methods the possibility for a developmental state to emerge might be possible.

One conclusion, however, that therefore might be drawn from this thesis is that since the model of the developmental state might be conducive of structural transformation within the environment of external competition in which the late developing countries of today develop, we might need to integrate a much deeper understanding of politics in Africa and the politics that the dual economy structure produces, in order to explain why African states struggle so much to become developmental.

As regards the theoretical considerations of the thesis I believe that the difficulty which the Ethiopian government has seen with implementing its ADLI strategy, so as to transform the basic structure of its economy, stems from the problems which Leftwich made clear when he described the basic nature of Development and its relation to politics and especially the difficulty it would bear on sustaining both development and democracy.

Taiwan as the central example of both the Adrian Leftwich's description of the developmental state and Bruce F. Johnston and Peter Kilby's description of the unimodal agricultural strategy should be an indicator, along with countless failed development attempts of in fact how close the requirements for development, in accordance with Leftwich, is to the main beliefs of what is needed in order to achieve rapid structural transformation in the eyes of Johnston and Kilby. Sequence of new innovation, adoption of new technology and need for planning and decentralised decision making and a number of other things from Johnston and Kilby correlate to some degree with the propositions made by Leftwich to the characteristics of a developmental state in regards to implementation effectiveness of the bureaucracy and the dynamic public – private interactions needed to achieve developmental synergies.

If we by and large can deny both the propositions of this thesis – that the Ethiopia is not a democratic developmental state and that its policies does not move Ethiopia towards more structural

transformation, then we can only speculate in regards to why the claims of these developments have been made by the Ethiopian government.

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