From Economic Dependency and Stagnation to Democratic Developmental State

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The idea to write this forthcoming book which is in the process of being published by Africa World Press is dedicated to my friend and classmate, Subhatu Webneh, my brother Yemena Asayehgn, and my sister in law Saba Berhe. The idea to write this book arose in 1977, when I was working at the International Institute of Educational Planning, the United Nations Scientific and Cultural Organization (UNESCO). Based on the theoretical framework, “Correspondence and Contradiction”, developed by two of my professors at Stanford University, Martin Carnoy, and Henry Levin, I documented a historical account of the nature of the socio-economic formation and the dependent and subordinate relations of Ethiopia to the hegemony of the United States up to the early part of the 1970s. Further, attempts were made to examine dialectically how some unintended schooling outcomes contradict the stagnant economic situation in Ethiopia. That is, in order to analyze the development of modern education in Ethiopia, an analytical framework based on the principles of correspondence and contradiction was adopted.

Briefly stated, the principles of correspondence refer to how the means of production determine the conditions and practices in the superstructure and how the superstructure in return reacts back on the economic base, creating unexpected antagonism between the two (See Carnoy, 1974; Carnoy and Levin, 1976; carter , 1976; Bowles and Gintis, 1976; Lange, 1962). Stated in simple words, the means of production include: a) productive forces such as technology, skills, materials resources, and source of power (water power, electricity, and the like) and b) the productive relations, that is, the relationship between people engaged in producing material goods. That is, the relations refer to the relationship between the owner of capital and wage earners or in a feudal mode of production, the relationship between landlords and serfs or tenants. In short, the principles of correspondence are based on the assumption that the superstructure adjusts itself to the needs of the economic base. That is, when the economic base changes, factors within the superstructure change to adopt with the requirements of the new economic base (See Lange, 1962).

However, even though there might be a relative conformity between the economic base and the superstructure, and institutions located at the superstructure can facilitate the tasks initiated from the economic base, it would lead to a mechanistic formulation to totally assume that it is the economic base which determines whatever happens at the superstructure. In fact, it could be argued that the superstructure can act independently and can have its own autonomy and at times contradict the economic base. For instance in Ethiopia as it would be shown later that the Orthdox Church and Quranic Schools functioned side by side with the western oriented schools even though their teachings were dysfunctional to the internally generated and imported economic forces. Even in centralized school system, it is very difficult and challenging to make teachers and learners strictly adhere to the message given by the new mode of production.

To safe guard ourselves from over determinism and from a mechanistic outlook, especially when analyzing the transitional society such as Ethiopia, we will include ruminants of the superstructures of former social formations in addition to looking at changes in the educational system which correspond to changes in the socioeconomic structure. In short, to analyze the development of modern schooling in Ethiopia, the analytical framework used in Chapter 4 is based on the principles of correspondence and contradictions. By applying the principle of correspondence, we will try to examine changes in the educational systems which correspond to the changes in the socio-economic systems. On the other hand, applying the perspectives of the principle of contradictions, using the socio-economic changes pin pointed in Chapter 1 and 3, chapter 4 examines how the Ethiopian educational system, albeit unintended, brought about both latent and manifest contradiction in the socio-economic structure.

Chapter 1 surveys the political and socio-economic structure of Ethiopia. During the period 1900-1935, Ethiopia went through the: a) establishment of politico-economic hegemony over autonomous nationalities whose socio-economic organizations were diametrically opposed to the Shoan military feudal colonists; b) expropriation and alienation of land from the masses and the formation of absentee landlords in the incorporated areas; and c) dislocation of the evicted tenants into the incipient urban areas and the predominantly foreign-owned agricultural estates. Though the Ethiopian empire expanded to encompass various nationalities, the existing feudal mode of production was not in consonance with the surrounding colonial capitalist mode of production and thus could not generate and facilitate a viable “modern” state as envisaged by Menelik II. At this time the neighboring colonial powers, Great Britain, France and Italy, were attempting to out maneuver each other to gain a foothold in Ethiopia. Withstand this external threat and to safeguard Ethiopia’s independence, Menelik II, on his own initiative, invited and employed agents of foreign capitalists in several key posts. Once the agents of the European capitalist countries got the ear of Emperor Menelik II, they used their influence to control the state apparatus, thereby controlling the economy and exposing Ethiopia to markets in the metropolis. Indeed, Menelik II encouraged the agents of the metropolitan countries to have a free hand in investment in the country. He granted concessions to the European capitalist and their agents from India, Syria, Yemen, Greece, etc. The surplus he got from the export of coffee, skins and hides, etc., was not accumulated in the country, but went to the metropolitan counties in order to buy fire-arms and luxury items for the ruling class.

Chapter 2 reviews the nature of Ethiopia’s occupation period, 1935-1941. It was documented to show that Italy’s annexation of Ethiopia in 1935 was primarily motivated by the lust for raw materials and the creation of markets for Italian manufactured goods. Concomitant with Italy’s “divide and rule” it is shown in chapter 4 that separate schools for the different ethnic groups in Ethiopia were created and the fascist educational system was by and large specifically designed to train young Ethiopians in basic technical skills in order to supply the demand for cheap labor and inculcate through political indoctrination to Ethiopian learners to a sense of loyalty to the fascist regime.

After the restoration of Ethiopia’s independence in 1941, Chapter 3 assess that Ethiopia was conditioned to dependence and economic stagnation from 1941 to 1974. It is shown that after independence from Italy, Ethiopia was dominated by a) the appointment of foreigners as advisors in key government posts; and b) the influx of foreign capital and the gradual insertion of the economy into the capitalist economic order. Initially, the politico-economic sphere of Ethiopia was dominated by the British. However, after the decline of British imperialism around 1952, through the economic and military assistance, investments and the establishment of U. S, military bases, Ethiopia was made a satellite state and integrated into the sphere of U.S. imperialism. That is, the Ethiopian economy was restructured to mirror U.S interest and to fulfill the international division of labor.

Chapter 4 assesses the development of human capital and economic development in Ethiopia. Based on the survey of Ethiopian educational development, it was shown that Ethiopian schooling was geared to mirror the existing class structure and foreign domination of the exchange economy. Side by side with the indigenous schools, western-oriented schools were set up, to serve opposing social classes. The urban laborers and rural landless peasants (serfs) on the one hand, and the emerging middle class and the ruling class, on the other hand. In order to develop local cadres who could facilitate a harmonious relationship between the metropolitan and the Ethiopian masses, the school curriculum stressed mastery of foreign languages to perpetuate social differentiation. Though the education system in Ethiopia was developed in line with the development and through the advice of the American experts and nationals trained in the United States and Western Europe, it demonstrates that the numerous educational initiatives introduced to Ethiopia by the U.S. experts were largely ineffective in either providing equal educational opportunity for the school age children or in creating productive employment opportunities for graduates.

Thus from 1941 to 1974, the economic dependence and the heavy reliance on foreign loans of Ethiopia contributed to two antagonistic forces. On the one hand, they contributed to Ethiopia's under development due to draughts, famine, wars and escalating oil prices. On the other hand, though modest there were an over-supply of credentialized students relative to the requirement of the existing job structure, thus resulted in a contradiction between the sluggish performance of the economy and the output of schools. In contradistinction to the oversimplified dogmatic and mechanistic view that the educational institutions fulfill a conservative role and serve in the reproduction of the existing social relations and production, chapter 4 further demonstrates that starting in 1965, there was a breakdown of correspondence between the economic base and the educational institutions located in the superstructure. Though unintended, schools in Ethiopia produced politically conscious and highly militant students. By reaching back on the socio-economic structures, the output of schooling contributed to dismantling of the corrupt and decaying system of the old.

Chapter 5 accounts the 1974 to 1991 period of economic crises during the socialist military rule in Ethiopia (Derge). The first part of the chapter reviews the myth of Ethiopia's Military Socialism instituted by the Derge to restructure the existing out-molded socioeconomic order. The internal and external economic conditions of Ethiopia during the Military clearly indicate that the country regressed as the 'bread basket' of the Middle East. It did not grow enough food to feed its own people. With the decline in per capita income, food consumption declined rapidly. While the economy was in shambles, preoccupied with its own existence, the Derge heavily borrowed funds from Western private lending institutions and multilateral organizations in order to buy armaments. By 1989, Ethiopia's external debt amounted to 51 percent of its Gross National Product (GNP). Based on the amount of external debt which Ethiopia accumulated during the Derge's period, if Ethiopia was not a sovereign nation, it would have been forced to declare bankruptcy. Stated differently, during the Derge period, Ethiopia was mortgaged to foreign creditors because by 1989 Ethiopia's external debt amounted to 51 percent of its GNP.

During the Derge regime' era of Red Terror, a number of Ethiopians intellectual were either assassinated or were forced to leave the country. Thus the second part of chapter 5 proposes how the current regime in Ethiopia could attempt to reversing the Ethiopian intellectuals who predominantly left the country during the Derge's period. Therefore, the cycles and economic crises which beset the Ethiopian economy under the Derge's regime could be partly attributed to the exodus of intellectual flight that occurred during the Derge's period. Using the New Growth Theory therefore, the second part of Chapter 5 proposes that the current Ethiopian Government must establish a well-develop infrastructure base and have a reserve of highly talented human capital, in order to grow in global knowledge. In addition, it is suggested that to innovate effectively, Ethiopia needs to form links with well-known global universities, international consultants, and other friendly overseas organizations. If these types of friendly environmental factors are integrated systematically and harmoniously with pertinent human policies, there is no doubt that Ethiopia can entice the Ethiopian Diaspora to return to their motherland. The ability to harness the intellectual capital of the returnees with their contacts from the outside world would bring about very competitive ventures. Ethiopia therefore would achieve its Medium Growth and Transformation plan but also in the long run endure sustainable development.

As discussed in Chapter 5, when Ethiopia was ruled by a military regime from 1974-1991, its economic system was conditioned to reflect the socialist mode of production, and the commanding heights of the economy were nationalized, run by the state apparatus and managed by a military cliques. However, as a result of the Derge's repression using the Red Terror Campaign to liquidate the progressive Ethiopian intellectuals and the failed economic policy that ensued, the military jaunt was dismantled by the Ethiopian People's Revolutionary Democratic Front (EPRDF) in 1991. To bring about a "renaissance for Ethiopia ", the EPRDF initiated a number of developmental plans such the Growth and Transformation Plan (GTP) of 2011-2015. Chapter 6 therefore presents a reflection on Ethiopia's Federalism in an Era of Globalization. In short, it is argued that given that effective federalism is a license to self rule and also an effective structure for shared rule with the assurance of checks and balances, it is suggested that a predictable and transparent democracy needs to be widely entertained at the local level. Given that Ethiopia can effectively implement at the local level a working democracy that empowers local citizens, the first part of Chapter 6 questions the relevance of the Article 39 of the Ethiopian constitution.

Portion one of Chapter 6 seriously questions the effects of ethnic federalism on the economic Growth and income Distribution. Over the last twenty years, Ethiopia has gone through various structural changes which included reforms in land redistribution, investment in quantitative educational programs, limited privatization schemes, some types of outward-oriented economic reform, reforms in the composition and compensation of the labor market, etc. The reforms in many sectors have changed the allocation of resources and payment structure which affected income distribution in Ethiopia. However, unless the Ethiopian population is experiencing extreme poverty that is undetected, or measuring only the income distribution in rural areas or the economy is completely controlled and managed by the state inducing minimal differences in wages and salaries, or instituting poverty-reducing public programs, the economic literature does not seem to support Ethiopia's Gini coefficient of 0.29 which is far below the Gini coefficient of newly industrialized countries.

The second portion outlines the emergence of a dual-system of primary schooling in Ethiopia and assesses its impact. It is argued that over the last twenty years, in quantitative terms, Ethiopia has expanded and universalized the enrolment of school aged children. In addition, in Ethiopian primary schools, in line the International Covenant of Economic, Social, and Cultural rights, the Government has wished to minimize the irregularities that have existed over the years. However, when the existing primary schooling in Ethiopia is visualized in terms of quality and equity, it is sad to observe that privately run-ultra-modern primary schools seem to be mushrooming in Ethiopia in order to serve the sons and daughters of a newly emerging privileged class. On the other hand, the sons and daughters of the poor and disadvantaged are confined to over crowded classes manned by semi-qualified teachers and equipped with inadequate teaching materials. Stated differently, it is unbelievable to observe that primary schools in Federal Ethiopia are sliding into a class-based education. Thus, it is suggested that if the government believes in equity and fairness, it needs to completely redesign and better equip the public primary school.

With the hastening of the global poverty crisis and the absence of an adequate social safety net for those marginalized and vulnerable sections of society in the less developed countries, a number of researchers have moved beyond the relentless pursuit of short-term toward long-term anti-poverty, environmentally sustainable paradigms to assist chronically poor sectors of society. It is also assumed that the disadvantaged groups will become productive members of society if they involve themselves in small businesses that may contribute to powerful changes within their lives. However, Chapter 7 "Microcredit for Poverty Alleviation and Fostering Environmentally sustainable Development: A review of African Case Studies," depicts that that the existing literature which has burgeoned over the past decades indicates that it would be an over exaggeration to claim that micro credit programs have significantly helped to lift the poor out of poverty. The existing microcredit programs seem to be focusing on borrowers living above the poverty line rather than on the hard core poor. Given this, micro credit policies may not be effective in achieving sustainable development unless the projects in Ethiopia: 1) systematically address the cause of poverty 2) identify the poverty segments of the population 3) pay special attention to raising the awareness of the chronically poor, and 4) train the participants to specialize in particular skills so that they could compete with other-self-employed workers in entry-level types of ventures.

Fully convinced that the Japanese kaizen management model would be an effective strategy for latecomers like Ethiopia to industrialization and realizing that the contribution of the manufacturing sector to GDP is only about 5 %, employees of thirty pilot companies from Ethiopia were sent to Japan. Chapter 8 therefore reviews the literature and develops a conceptual framework for assessing the transferability of the Japanese "kaizen" management techniques to manufacturing plants in Ethiopia.

Contrary to Western debt and assistance marked by various forms of economic and political overtones, China, using the South-South Cooperation, is in the process of bestowing a mix of loans with generous terms, debt forgiveness, infrastructure development, and other assistance to

African nations so that they could be relieved from Western cultural, political, and economic hegemony. African governments have appreciated and responded enthusiastically to this new source of bottom-up, multiple, bilateral investment, trade, and aid because China has professed a willingness to ignore the political, conditional terms that characterize Western assistance. Based the review of the literature, Chapter 9, reviews the socio-economic impacts of some of the Chinese cooperative investment in Africa are summarized using the following dimensions: a) local employment b) human management skills (control of decision making process), c) technological transfer, d) local content requirements, e) efficiency, and f) the terms of trade. Though the findings of the chapter are anecdotally focused, the modest contributions upon which we hope other researchers will build is that longitudinal studies need to be undertaken if Chinese investments in Africa are politically motivated or are meant to fulfill the agenda of the South-South Cooperative goals. Nonetheless, being engaged in constructive exchange, Chapter 9 suggests that African policy makers need to redefine Chinese investments to undertake their environmental guidelines so that Africa could use them as a means to achieve self-sufficiency and sustainable development in the long-run.

China's deepening involvement across Africa can be viewed from two perspectives. The protagonists of political warfare theory argue that China's policy in Africa is a nonviolent instrument of grand strategy. It involves coordinated activities that could precipitate in tangible effects on intended targets such as economic aid and development assistance, as well as training, equipping, and arming military and security forces to achieve political and economic influence. The South-South development cooperation school of thought, on the other hand, views China's increased aid, trade, and investment in Africa as a means to foster Africa's self-sufficiency and sustainable development in the 21st century. Chapter 10 attempts to advance the understanding and rationalization of the various Chinese investments in Ethiopia. The four case studies given in Chapter 10 seriously challenge the argument of political warfare theorists that China's investment in Ethiopia would perpetuate underdevelopment through exploitation, extraction, and destruction of Ethiopia's resources and industrial capacity. Except for the negative environmental externalities caused by the Sino-Ethiopian investments, the case studies seem to demonstrate that Ethiopia has substantially benefited from the Chinese cooperative investments. The Chinese investments in Ethiopia are not complementary but appear to be aligned very closely with the South-South cooperative strategies and goals.

In Chapter 11, it is argued that moderate inflation is an inevitable consequence of sustained economic growth. Moderate inflation can enhance economic growth by mobilizing the resources of a country. For the last eight years, Ethiopia has recorded sustaining economic growth. However, inflation in Ethiopia is beyond the break-even point. Instead of stimulating economic growth, inflationary pressure in Ethiopia seems to be on the verge of distorting the allocation of resources and is likely to be a deterrent to undertaking productive investments. Based on the multiple regression analysis results, it has become quite clear that the main determinants of inflation in Ethiopia are imports, mainly oil prices, depreciation of the Ethiopian currency the *birr*, and a decline in the domestic lending interest rates or an increase in broad money supply. Thus, the lesson to be ascertained from the analysis given in Chapter 11 is that to successfully jump out of the inflationary trap, the Ethiopian monetary authorities need to tighten the stock of money in the country. A tight monetary policy could serve as an anchor for inflationary pressure in Ethiopia. Thus, it is absolutely vital that economic policymakers design strategies for Ethiopia that could curtail the on-going erosion of purchasing power—to curb inflation before it deepens the economic crisis and contributes to political instability.

Despite the implementation of several economic development blueprints in Africa for the last 60 years, the poverty rate of Sub Saharan Africa (SSA) has increased from two hundred million in 1981 to almost three hundred eighty million in 2005. Entrepreneurial creativity and ingenuity were stifled and a number of African states became unstable when ruled by despotic rulers. To revitalize Africa's development process in the 21st century, the Economic Commission for Africa (ECA) has challenged the African states to refute the intolerable conditions required by the Neo-liberal policies of the Washington Consensus to borrow capital from the International Monetary Fund, which over the years has submerged African countries into a deep chasm of economic crises. Instead, the Economic Commission for Africa has encouraged the African countries to emulate the Malaysia developmental state (i.e., also referred to the Post-Washington Consensus that advocates greater roles for the government sector with embedded private sector to stimulate the economy) and along with addressing and practicing democracy and good governance. Therefore Chapter 12 maps out briefly the various economic development blue prints that have been attempted in Africa since its political independence in the late 1950s. The second part of the chapter explores the trajectory of the Malaysian Developmental state model.

Based the conceptual framework forwarded by the Economic Commission for Africa, Chapter 13 states that Ethiopia's developmental state is unique and is operating differently from the Malaysian developmental state model. Economically, Ethiopia has recorded a staggering economic growth since it has adopted the developmental state. From 2005-2011, Malaysia's GDP grew at 5.23 percent. As targeted by the Malaysian Developmental target, the incidence of poverty in Malaysia declined from 49% in 1970 to less than 5% in 2000. On the other hand, without speeding the direction of industrialization and mainly being plan-oriented rather than being a full market-oriented state, Ethiopia achieved an average of 9.9 percent growth rate in its GDP from 2005 to 2011. With the recorded economic growth, the poverty reduction measured by poverty head count in Ethiopia has declined from 41.9 in 2005 to 29.6 percent in 2011. However, even though Ethiopia's Human Development Index (HDI) has increased by 16% from 2005 to 2011, it HDI score is about 22% less than the average score of the sub-Saharan countries. The poverty ratio of people living below $1.25 a day in Ethiopia is very close to about 30 percent. The bureaucratic elites in Ethiopia who design and managed the short and long term plans are not politically neutral and do not get the necessary feedback from the public. Based on this, it is suggested that If Ethiopia desires to use the state as a very important vehicle to tackle the deep-rooted developmental problems, it needs to create constant improvement in its public administration sector that could make the employees of various institutions to be politically neutral and professionally competent.

Chapter 14 summarizes the main findings of the book and charts possible environmentally sustainable development for Ethiopia at the grassroots level. That is, the forthcoming book: 1) proposes food for democracy as an alternative development strategy, and 2) outlines how a democratic development-oriented state could foster full employment at stable prices for rural and urban Ethiopia.

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