

Ethiopia's Context of 'Rent Seeking Behavior': Sociological Perspectives

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1. The questions

In present Ethiopia, which one of us, (individuals, groups, political parties, government officials, local populations, the society, etc), is precisely a rent seeker or rent collector and corrupt? Still, this is a gross question having to be broken down into hypothetical or actual case studies. Let us take the following examples:

A. I heard a real story that the people of the small town of Kara Kore in Amhara Region went on demonstration against the asphalt project that the government intended to cross the town from Addis Ababa to Combolacha. The people rejected the project for an alleged reason that sight clearance would cost specifically businessmen right and left of the road more than the expected gain from getting improved and standard asphalt road. The government could not force or convince the people and finally so decided that the project jumped Karakore town. As probably a strange story by world standards, is this act of the people a rent seeking resistance?

B. I also heard and saw at the 9th EPRDF Congress at Bahirdar that the Ministry of Agriculture reported that there was a retreat in agricultural spurt because the Extension program has not made progress to touch 75% of Ethiopian farmers. The Amhara Regional Bureau of Agriculture admitted the failure but blamed it in a triangular fashion on the political leadership, professionals, and resistant farmers. The political leadership has power, professionals the skill and farmers the land but poor coordination caused a decline in produce. In the story, is there an act of rent seeking? If yes, which group or actor is the rent seeker?

C. Let us say a big mass of students and teachers at a certain university in Ethiopia suffer above all else shortages of basic learning-teaching facilities like books, computers, class rooms, stationary, laboratory, printing press, etc. However, the university management prioritized a construction of swimming pools, fashionable walls or gates or a staff cafeteria on its purchasing list. Obviously, there is a mismatch between demands and provisions but without any appreciable intention by the Management to benefit itself through corruption. If so, can we call such a mismatch an act of rent seeking?

D. During Election 2005, distorted perceptions that resulted from inexperience of free and democratic election convinced a good number of urban dwellers in Ethiopia to grab urban plots of land by their own hands and built houses. It was a difficult time for EPRDF to show for the urban voter that opposition programs could never cause fast-track socioeconomic development midst a loss of several cards. By way of salvaging the decline in mass support, some city administrations preferred ignoring the massive land grabs, even, decided to approve illegal settlements while those dwellers who refrained

from this remained disadvantaged. Is it an act of rent seeking or collection on both sides of the encounter, land grabbers and city administrations?

E. The Federal Anticorruption Commission arrested a list of Customs officials before months in suspicion of involvements in corrupt acts. Police also announced that it seized illegally hoarded currencies and other assets at the house of one of these officials. This precipitated a range of public opinions on the morrow. Some Ethiopians wondered why the official kept that much high amount of valuables at home while he should have hidden it elsewhere. Others asked why this officials wanted to continue with his post after he secured this much wealth. Still others expressed suspicion that there might be political motives behind. In this discourse, is there a phenomenon of rent seeking behavior? If yes, which one?

F. A certain medical doctor at a public hospital is widely known for his accuracy about procedures. He arrives at work place on time; he fulfils all requirements of the hospital as expected by the Management. He cares about government resources and never abuses any property. However, he is very slow at helping patients. He unnecessarily takes several hours while examining admitted cases and at times causes the deaths of some patients. On the other hand, another colleague of him is a very creative doctor who visits a good number of patients at a time and has no record of deaths. She is quick at learning about a certain disease, which she treats skillfully and innovatively and cures the patient sooner than the previous doctor. However, this doctor is poor at respecting procedural requirements. She, for example, leaves office for home if there are no customers. She misses consultation meetings and fails to wear uniforms. At the end of the year, the Management decides to decorate and raise the salary of the first doctor for his procedural loyalty. Is there any act of rent seeking in this case?

In general, what are our measurements of rent seeking behavior in a country structurally different from Western societies where the concepts initially originated?

2. Problematic

The Ethiopian government has identified ‘anti rent seeking behavior’ recently and tabled it as a national agenda for political, economic, development, ethical and policy discourse. One could safely justify the agenda for its timeliness and relevance to structural changes on the ground. However, one could equally make out conceptual and practical limitations in defining, using, promoting, and socializing the political economy and sociology of rent seeking behavior and rent collection for the fight against them. The problem still persists in that many Ethiopians uncritically associate rent seeking with only office holders and professionals by delinking the larger masses and other organized and unorganized individuals in identifying who rent seeker is and who is not.

There are also confusions, for example, among the exact meanings of corruption, rent seeking behavior, rent collection, and other key concepts. This tends to blur consequently the very origins, actors, and remedies behind the terms. It is evident that many people understand, rent seeking behavior, for example, as an exclusively, ‘political rhetoric’ by

the ruling party or the government as if it were not relevant to the ordinary people and academics. As the result, many people including educated elites do not seem to study who they were and are in relation to rent seeking behavior that curtails their contributions in the fight against it.

The other problem is that many public officials and government leaders use the term 'rent seeking behavior' frequently but grossly without detailing its inner meanings, patterns and manifestations. This leads to the confusion and narrow understanding of the term that many public officials and state servants regard themselves as 'completely free' from rent seeking behavior simply because they were free from unquestioned practices of public corruption. Equally, many individual citizens in the private sector also evaluate themselves as out of rent seeking motives and behaviors simply because they adequately respect the law, pay taxes, and have nothing hidden.

Worse than all these, there are tendencies on the part of a few scholars to understand and apply the term as copied from the West without contextualizing it into Ethiopia's realities. There are few enquiries so far into what rent seeking/collection implies to an industrialized, urbanized, individualistic, capitalistic and predominantly literate and informed society of the West vis-à-vis the agrarian, rural, the less literate and poorly informed society of Ethiopia predominantly living in the countryside. It is clear that we Ethiopians may share some important aspects that constitute rent seeking/collection in general with the developed West while we have our own peculiar structures that require contextualization of the term.

For these limitations, there is a problem of effectively explaining rent seeking/collection against such backgrounds like social values, rules, institutions, relations, and concepts, which positively support or negatively fight the phenomenon. This, in its turn, limits the influences of progressive ideas and values in a manner that negatively affects the future generation. There are also constraints on exposing rent seeking behavior as a distinct regime in Ethiopia vis-à-vis the desired emergence and consolidation of the anti-rent seeking social front under present circumstances structurally as different from other societies under different circumstances.

This paper is an attempt to clarify and contextualize rent seeking behavior and collection in Ethiopia's reality based on sociological perspectives. These include attempts at interfacing rent seeking behavior between poverty and development and the various social groupings aligned to its occurrence and existence as a regime.

3. What do we mean by rent seeking/collection?

In order to avoid the problems mentioned above, it is sound methodologically to explain rent seeking/rent collection at two levels: general and specific. While the general definition shows us, what is common about rent seeking/collection between the West and Ethiopia, the specific helps to border and contextualize the concept in direct relation to home realities.

3.1. General definitions

The term 'rent seeking' in its current applications was invented by an American scholar, Anne Krueger in 1974 (David Craig and Doug Porter, 2006) in the economics stream of academics. The term fast expanded as a catch phrase in all circles in the ensuing decades now as one of the most controversial issues in scholarly debates. Of course, pinning down an agreeable working definition for the concept 'rent seeking' was not simple. A successive generation of scholars rather came with a dozen of differing definitions.

In its American context, Gordon Tullock (1967) defines 'rent seeking and rent collection' as welfare cost arising from artificial manipulations of the 'tariffs for illegal advantages of monopolies, which amounts to theft.' Arnold C. Harberger (1954) agrees with this generalized definition by placing more emphasis on political manipulation of narrow and self-interested monopolies in winning the favor of government lawmakers that leads to 'canalizing scarce resources away from productive processes' for the exclusive benefits of a few individuals, which, eventually, negatively affects social welfare.

Economists have also coined a name for activities that lobby for government policies to increase the entrenched wealth of the powerful and economic inequality: they call them rent seekers getting income not as a reward for creating wealth but by grabbing a larger share of the wealth that would otherwise have been produced without their effort.. Thus, it is the agreeably common definition of rent seeking that it is an unjust mismatch between contribution and reward in the distribution of wealth among citizens of a country. In precise terms, rent collectors at all spots within the society take the largest benefit without contributing an equal amount of newly created advantages to the economy and the people. They produce no new assets to the benefit of the larger society simply because it is a painful, long, and tiresome engagement to do so for them. In other more concise terms, rent collectors grab unproductively on a share of wealth that should have gone to other productive citizens whose efforts rightly amount the benefits gained.

Consequently, rent-seeking behavior divides the larger society as rent collector and rent payer who have diverging interests. Rent collectors reap benefits that they do not deserve, while rent payers suffer the consequences of this unjust distribution forced to live underpaid lives. Rent seeking is an intention or practice to skip the zigzag processes of creating wealth from the Ginni coefficient of 0 to 100. As such, a rent collector works to start from collecting 100 rather than from the scratch point of 0. The distance that a rent collector bypasses between 1 and 99 is the unproductive gain for one and the amount of a forgone wealth for the society. Rent seeking is therefore a stark inequality reinforcing the aggravation of the poor/rich divide.

This generalized meaning of rent seeking behavior could aptly apply also to the Ethiopian brand of rent seeking and rent collection largely and roughly in one particular sphere: the moral undesirability of accessing resources for a one-sided and narrow benefit of some individuals by manipulating the powers of government and its agencies at the expense of the free market. Rent seeking arises when a company, a crony group or an individual tries to gain advantages from special treatments or pseudo-legal manipulations of the

government instead of from innovative skills, competitive capacities and the impersonal rules of the free market. Rent seeking, for this reason, is a manipulative shield that unjustly protects the weak against the strong, the lazy from the hard worker, the uncreative from the dynamic and creative, etc, illegally or in the cover of the law.

3.2. Definitional reservations

After sharing the above general definition, it is appropriate to raise some specific questions as specific as the realities of Ethiopia. How is the very genesis of rent seeking in Ethiopia explained against the existing socio-political and economic structures of the typical African state? Who are the major social actors? What are their socio-economic and political foundations? What are the value background factors that make rent seeking possible? Can the theory of rent seeking that was developed with the American socio-cultural and socio-economic construct as its bases explain the nature of rent seeking behavior in Ethiopia?

Firstly, there are fundamental historical and temporal differences between rent seeking/collection in the West and in Ethiopia. In England, for example, controversies aside, the term 'rent' came into academic vocabulary first by the famous economist David Ricardo. Ricardo formulated his 'theory of rent' after he observed a massive transfer of rural farmlands to urban based capitalists from the outdated social class of landowners, who also based themselves in towns, through formal rental contract. This historical reversal occurred following the severe national food shortages as the aftermath of the war with the French warrior Emperor Napoleon at the close of the 18th century.

According to Ricardo, 'land rent' arose when a plot of fertile farmland lost its fertility forcing the urban capitalist to pay more rents for another more fertile farmland, which was responsible to push rent prices up high speedily. Here 'rent collection' occurred for Ricardo because the productive and innovative capitalist class was under duty to pay rents for the unproductive, backward and uncreative land owning survivor class, which did not make any contribution at all to the productive process. The landowners collected rent and spent them for luxury in towns, which the productive capitalist class now left. In the British context, the first industrialized free market economy in the world, the government did not intervene in the exclusive rental transaction between these two conflicting classes because market was free to operate by itself independently of the state. Moreover, both classes exchanging their contradictory roles came into this rent-collector versus rent payer relations in the bid to exploit the post-Napoleonic war for their own separate and respective economic advantages.

In contrast, rent seeking/collection as a growing challenge in Ethiopia occurs presently not following war but in peacetime, and not in the attempt to benefit oneself by solving a temporary economic reversal but in a national attempt to achieve development for the first time. In Ethiopia, 'rent seeking/collection' occurs not between dominant socio-economic classes in the free market under a limited government but in the relations between dominant social groupings commanding and administrating the basic factors of

economic production—the government, the rural farming population, the urban people constituting the small size of the private sector including international companies.

Ultimately, the very origin of rent seeking in Ethiopia is the ‘structural market failure’ that necessitates state intervention as the initial surrogate of development by filling the market gap, and not, like Britain, in the functional and temporary market reversal.

Secondly, rent seeking/collection in Ethiopia now is not again an occurrence *mainly* among competitive companies of abundant monetary powers in the free market under a limited executive government and a strong legislature like those of the United States but among the social forces mentioned above and individual citizens under a heavily engaged government. Thus, rent seeking in the United States is essentially corporate in nature and legislative in its form, while it is fundamentally social spreading almost across all social groups in its nature, and executive and judiciary in its form in Ethiopia’s context. Rent seeking in the United States is borderless with corruption because both have wide legal shields in the name of democratic election in which companies ‘bribe’ legislators directly. In Ethiopia, while corruption is a crime against the state as provided in the Criminal Code of 2005, rent seeking is legal partly as well as illegal and a moral issue with the legislature having no flirtations with it due its separate constitutional function.

While legislators in the United States are direct actors, in Ethiopia, the PMs tend to favor rent-seeking behavior if they ignore hypocritically their constitutional duties to fight it through their oversight powers over the activities of the Executive and the Judiciary and consciously follow up and study public opinion. In America again, rent-seeking companies use their money muscles during election periods by covering media expenses of a legislator whom they feel they control for their market and monetary interests. In Ethiopia, there is no either constitutional or procedural camouflages for candidate PMs because the government bears media expenses during elections and individual candidates are too far and scattered for companies or individuals to exercise control over them. However, PMs in Ethiopia’s case still serve the cause of rent seeking by opportunistically cover up rent seeker officials of the ruling party simply because these officials one way or another determine their chances to continue as legislators during candidacy identifications.

Thirdly, there are also structural differences in the types and extents of victims of rent seeking/ collection in the West versus Ethiopia. In Britain, a country of a big mass of civil society, the capitalist class paid the first painful burdens of rent seeking followed by the state, which lost a good amount of revenue from the market. However, once the capitalist class reasserted its leading position of the modern British history and made use of the vast booty from colonies, rent seeking/collection declined as a major socio-economic problem. In the United States, the first victims are companies, which have to compete with similar other companies that enjoy the legal backup of rent-seeking legislators followed by the government and the low-income section of American society entitled to social welfare benefits and general welfare of life.

In Ethiopia, the first and primary victim of rent seeking is the entire population for three major reasons: firstly, rent seeking arrests and counteracts against citizens' motivations to expedite and exploit their inner potentials in the most productive ways for the benefit of all because they see unproductive people gain the rewards. Secondly, rent seeking in Ethiopia is a matter of concern for the larger portion of the population because we are not a civil society with less dependence on government. Ethiopians still demand the supportive hands of the government for household development, which could dry up because of rent collection. Thirdly, in its worst and extreme growth, rent collection is a naked public corruption, which actually diverts expensive resources away from the development process, where poverty still has a big backlog, and development is a new experience for Ethiopians. This is a problem in the West but with comparatively less severity because 'growth' is more of government emphasis than 'development' while Ethiopia's government is duty bound to insure both growth and development. Thus, Ethiopia may have growth with rent seeking social environment at its background but can never achieve development without adequate fight against it.

In the West, no matter how serious rent seeking behavior may be, its ultimate danger comes under grassroots moral and value controls because of the prevalence of such values as 'rugged individualism' in the United States, 'social welfarism' in Europe and 'social security' in Japan. Their free press culture dominant through long historical evolution is a valuable asset in the bottom-up fight against rent seekers sometimes dubbed as the fourth branch of government. In Ethiopia, anti rent seeking values and social rules have yet to develop and consolidate as the entire history of the country and the society was one of poverty, rent collection and naked public corruption. With no need for a serious research, one can safely argue that both government and private media establishments have greatly sided consciously or unconsciously with the rent-seeking regime rather than against it.

For all these reasons, while rent seeking is either constitutional as in the case of the United States, with of course, less impact on the overall social welfare, largely historical in Britain, and, technical in other developed states, it is historical, economic, political, technical, even ideological and strategic concern and priority for Ethiopia.

4. The Context of Rent Seeking/Collection in Ethiopia

With the key definition of 'rent-seeking behavior as intention and practice to gain and collect more benefits from development but as a reward for unequally smaller, little or no contribution at individual and group level to the development effort' kept on the note, it has its own distinct features that need more expositions. The following points demonstrate the case.

4.1. Rent seeking in Ethiopia is a 'social consciousness'

Rent seeking behavior in Ethiopia is by far a horizontally in sociological and more vertically in political terms stretched social consciousness affecting the majority of the population who exercise control over the major factors of production, land, as well as

those who give decisions on how to utilize this basic resource. One can easily identify the vast breadth of our rent seeking behavior by identifying the major social forces behind it.

Let us accept the above argument in general that farmers¹ who resist practicing professional advice and better technologies deny additional contribution to the overall development process, without which growth with development becomes a far-cry. Unfortunately, these farmers do not constitute the classes of land owning or capitalists as in Britain or they are never corporate bodies as in the case of the United States. They are households but with a distinct social and economic enterprise combining marriage/family and the bottom-line economic unit in the national production process. This implies that their privilege of possessing farmlands and freely enjoying political and professional assistances raise an equal proportion of duty to contribute for the development process. The imbalance between the privileges and the duty to contribute for the development are the fault-lines of rural rent seeking as a social consciousness. Here rent seeking arises not as a matter of running after undue advantages but as sacrificing future advantages that we could harness for the overall welfare of the Ethiopian people by comforting own self with poverty.

Still in rural Ethiopia, the largest, and the most dangerous seat of rent seeking/collection as the potentially wealthiest contributor to development, the other key fault-line rests on the relations between local government, professionals, and the farming household. Local governments provide a minimum of basic as well as fringe benefits for professionals for their promised commitments to support the farmer.

The paradox is however that these rural development professionals are also, like any of us, products of the background social consciousness dominated by rent seeking behaviors. Where professionals effectively shake themselves of social controls of rent seeking, then, the immediate result is that they adequately gain the confidence of the famers and practically affect their behaviors toward development. In the contradictory case, the opposite is the fruit we reap and, I strongly argue that this is the secret behind the reduction in the growth rate by 3% the previous year. In other words, the gap is the representation of the corresponding imbalance between the basic and fringe benefits the professionals enjoy versus the contribution they extend to the development process by helping the famers each day to liberate themselves from poverty, which is nothing else but rent collection.

¹ Ethiopia's growth rate for the year 2012—2013 was 8.5% lower by about an average of 3% from previous records in the decade. On this serious issue of concern, Primer Hailemariam Desalegn said the rate was unacceptable though it was still a good record as a state leader without specifying the key actors behind. Tefera Derbew, Minister of Agricultural Development, on his part, picked the low pace of accessing rural farming households, as low as only 25%, in the extension service as the major culprit for the growth retreat still without detailing actors or groups. Gedu Andargachew, Deputy President of Amhara Region, came up with a triangular model of actor identification responsible for the reversal as what he called the political leadership, professionals, and resistant farmers. Finally, Bereket Simon singled out and emphasized 'the political leadership' as the ultimate responsible actor. By this, I understood Bereket that he meant political power in Ethiopia is the seat of movers and shakers in the development process particularly in agricultural development.

I realize here there are two misleading limitations in the above argument.

Firstly, some innocent professionals may argue that they work from 6:00 in the morning to 6:00 in the evening but the target farmers fail to appreciate their assistances and follow their advice. This argument however suffers severe limitations to answer three questions. One, did they add innovative skills in their approaches to convince farmer households who traditionally embrace rent seeking behaviors as normal social consciousnesses or were they simply fortune tellers in the old ways? Second, if development is good news for any average human being and if, in Tefera's words, 25% of Ethiopian farmers have successfully aligned themselves with the new development frontier, why did not the remaining 75% get tempted to slow change pressures while the overall social structure of rural Ethiopia is astonishingly similar?² Why did not these well-educated professionals convince farmers to vote for development, where it is common that development is more of a temptation than poverty?

Secondly, some professionals seriously complain that the government has no a working system that could tell the rent seeker from the developmental worker. As such, reward is shared equally between the rent seeker and the hard and innovative professional that undermines rent-free devotions. On the one hand, it is an acceptable complaint that deserves the attentions of the political leadership, which is, in the Ethiopian context, the dynamo of the anti-rent seeking war, which, means, development. However, this argument is faulty, on the other hand, for two reasons. First, innovative contribution to the development process is an established state of mind and a functioning mind frame as established and entrenched as rent seeking behavior itself. These opposite value fronts are always in battle against each other and a developmental mind never tends to pick external factors to retreat to rent seeking zones. Second, while the ugly face of rent seeking is always rigid and least dynamic, the face of innovative developmental quality speaks for itself needing no any outside witness, as it is a continuous motion and movement. Metaphorically speaking, while rent seeking is the mountain that never intends to walk toward Mohamed, innovative and developmental contribution is the Mohamed that craves hard to rich the mountain.

Rural rent seeking also enjoys a vast space in the administration of safety net programs which still continues to demand a sum of public budget without having clear strategic plan how and when they will come to official terminations. Many rural households have already grown permanent rent seeking appetites through exaggerated history telling of dismal life conditions that contradict the developmental value of 'no one is naturally born without a minimum of potential.' Direct food and other humanitarian aid remain to become a basic segment of rural and pastoral rent seeking regime in which both local

² Tefera Derbew's (Minster of Agriculture) and Gedu Andargache's argument to include resistant farmers at describing the location of the development problem here is quite acceptable. Their inclusion of the famers in the normative side of their discussion however is potentially wrong and fatally dangerous. The fight against rent seeking is, under Ethiopia's unique situation, nothing but a total war against poverty. The state declares this war in a situation where poverty and rent seeking are in tandem a basic social consciousness. The overall war therefore is fought under the political leadership, which means that this will continue to be the grand strategy until a fully functioning free market emerges to overtake the job.

government officials and households enjoy its advantages rather as a lasting provision by the agencies of the federal government than a tactical leeway from temporary environmental setbacks.

All in the guise of the law again, rural rent seeking entrenches itself within the development effort itself. Many rural households with the support of some patrimonial local government officials abuse stated criteria of compensation pays by regional and federal governments. It is a common occurrence to see these households making an endless claim for more and more pre-construction compensation payments. There have also been reports of post-construction conspiracies against expensive infrastructures, the worst extreme of rent seeking behavior in which local government officials, too, involve themselves. I heard or read somewhere at the private press probably that many rural households have been complaining over forced participation in voluntary environmental rehabilitation works in eastern Amhara areas of Wollo. A certain critique even presented this complaint as the true cause of illegal immigration because the 100-birr penalty for absence embitters many people. I myself do not support forced participation in both principle and practice even though a majority of community members legislates social norms for its effect. However, I strongly believe that while environmental rehabilitation is mainly a rural activity for demographic and geographic reasons with a uniform positive spillover effect for all Ethiopians and humanity, household decline for participation in it is a perfect show of rural rent seeking where one intends to live off at the labor of others.

With greater improvement from time to time especially in the previous decade, rent seeking in Ethiopia remains to be a social consciousness paradoxically reinforced by the realities of rapid socio-economic advancement. The advent of condominium housing, one of the developmental and innovative schemes in urban areas, reportedly is causing as much social havoc as satisfactions. The rent seeking society in major urban areas cooperates with rent seeking individuals and officials when they make a phony but a legal break up of their marriages in order to gain two condominium houses in their respective names, a benefit to which they contributed almost nothing. A large mass of urban people tend to provide shields for rent collecting businesses starting from rent seeking taxis to big investments against the law when they breach rules for winning unwarranted advantages. In broader view, any tip about a possible discovery of oil and shortcut growth forces many Ethiopian eyes to raise their brows.

The positive element in the darkness of rent seeking as a social consciousness from Ethiopia's experience is however that no matter wide and deep coverage rent seeking enjoys, it is undoubtedly a short-lived, retreating, and finally deadly mortal regime in face of each counter pressure from innovative developmental pushes.

4.2. The state is at the very center of the Rent Seeking regime in Ethiopia

As compared to other African states and the West, the Ethiopian state is exceptionally the central repository of both the rent-seeking regime and the anti-rent seeking front at the same time. Firstly, the state did not have advantages to start a move toward development from a stage where rent seeking is a secondary problem. It started from ground-zero level

in which poverty and rent seeking behavior had unchallenged monopoly both in their political economy and in sociology. Agricultural cooperatives provided the largest bastion of rural rent collection by policy-backed loot of the labor, land and other resources of the largest number of non-member farmers. In urban centers, deadlocked development pressured urbanite citizens to gorgeously search for all possible rent seeking loopholes to collect undue benefits.

While predatory war economy was the agenda at the government table before 1991 again, the metaphoric *kleptocracy* (rule by thieves) expressed sociologically as ‘*you have to plunder when others loot the house of your father*’ was the reigning regime among the entire society. Secondly, the state redefined its roles in Ethiopia after 1991 as one locomotive of rapid development, which brought twin counter pressures against its position in relation to the established rent seeking regime. On the hand, the state has had to extricate itself from the shackles of rent seeking/collection traps, without which it could never assert and solidify its position of development leadership. On the other hand, the state had to accept the grim reality of coexisting with the larger rent-seeking environment but prioritizing its sword against corruption as a public crime. The biggest challenge for such a state here is that it would definitely consume many efforts to convince the populace that its true intention was the construction of a rent-free society against the entrenched social value that the ultimate end of political power has always been self-enrichment through rent collection, and even, through corruption.

In comparison with the states in the West, the Ethiopian state lacks structurally inbuilt mechanisms of controlling rent seeking behavior including the majority of civil society less dependent on government involvement and the existence of limited state, a well developed and better functioning free market that maintains a minimum of market failure, vast use of information and communication technology and others. As the result, while the Ethiopian state is the most organized social force surrogating development, the state in the West is a moderately small-sized institution with a heavily selective involvement. This structural difference, said differently by Bereket Simon as the ‘responsibility of th political leadership’ could assume the following simple equations.

The state in the developed West and location of rent seeking: Private sector-led (corporate) economy + market driven distribution+ selected state-involved distribution

The Ethiopian state and location of rent seeking: State-sponsored economic development + state-driven distribution + state dominated redistribution+ incipient private sector

Based on this structural dichotomy, rent seeking in the West is highly horizontal arising mainly between companies in the free market and dragging the legislature into the game. In contrast, rent seeking in Ethiopia is vertical arising from relations between government and the people at large.

As compared to other African states, the Ethiopian state still faces the dangers of rent seeking for three structural reasons.

First, other African states, particularly black African countries with a large settler population, received distorted social structures by colonization from former colonizers in which an average of 11% of urban based white settlers, Indians and domestic fortune makers control, on average, the 89% of the national economy. Initially, the new and progressive African state tried to break down the backbone of rent collection that elevated the settlers above the indigenous population. Gradually, however, most African states succumbed to internal and external counter attacks from the broad rent seeking international regime. Many governments suspended, even, cancelled, their revolutionary schemes of rent-free distribution of wealth and retreated to the neoliberal brand of limited government. Others rather relegated to the background by joining the ranks of the strong rent-seeking regime through sharing wealth in the cover of free market and legitimate benefits. This state of affair in Ethiopia is absent altogether thanks to the history of independence. This obviously gave a free hand for the Ethiopian state to redesign itself as an agency of national socio-economic development. In Africa, the Ethiopian state only forges ahead in defiance of the recommendations of the Washington Consensus of 1994 by insisting on the constitutional public ownership of land, the policy of selectively closing the doors to international capital, and other non-neoliberal measures.

Secondly, this brought the Ethiopian state, as different from most other African states, to the center stage of managing wealth distribution and causing rapid development in parallel with a real and an unfolding force of rent seekers within and without. This is again the reward for the Ethiopian state for its exceptionality and particularity. This imposed a duty on the Ethiopian state to become both the authority of anti-rent seeking principles as well as the victim of rent seeking itself. In its first role as an authority, the state has had to postulate and anchor deeply the iron principle: 'just balance between individual contribution for development and an equal amount of reward'. As victim, the Ethiopian state has had to continuously deal with the encroaching attacks of rent seekers from within and without who usually advance ahead of the anti-rent seeking war strategies. In Africa, data show that there is no any other country except probably Eritrea, where more than 90% of rural households have guaranteed possession of agricultural lands. Still, as different from others, natural resources including water bodies, forest grounds, community grazing lands, wild animals, etc, all belong to the state in Ethiopia. While an international investor buys farmland from private rural households through private individual brokers in other African states, this is possible in Ethiopia only through the offices of the state and only if the land transfer has no any adverse consequence on the populations, near or far. This adds up on the state the duty of fighting rent seeking within its ranks as it successfully blocked external rent collection leeways through tight policy, which is almost non-existent in other African countries.

Thirdly, for all the reasons above, the Ethiopian state bureaucracy particularly, the civil service under the Executive Branch, and the Judiciary Wing have borne multiple powers and responsibilities, which many counter institutions in Africa severely lack. The Civil Service manages and undertakes the task of wealth redistribution in all the areas of

national resource mentioned above and leverages a rapid development as its reward. In Ethiopia, the state and its large machinery must go to the step doors of the remotest rural peasant and pastoralist, pay for a vast list of projects, insure the provision of development inputs, manage social safety-net programs, and approve transfer of accomplished projects from the hands of private contractors to local governments. In other African countries, not the state machinery, but the farmers and pastoralists must go in search of most provisions at the hands of both the state and private companies. One could remember that while the average public budget allocated for agricultural development by Tanzanian state every year was not more than 1%, in Ethiopia, it was more than 16% in 1211, which makes the government the largest payer by world standards. In short, the claws of rent seeking in Ethiopia have wider coverage equal to the wide breadth of benefits and the elevated development roles of the state than in other constrained governments of Africa.

Back to our practical cases above, one could now clearly see that these arguments clarify why the Ethiopian government has had a central place. This justifies Bereket Simon's emphasis on the political leadership, the primary social force, again both as an authority of the anti-rent collection fight and as victim of the rent-seeking regime in Ethiopia. The Ethiopian government stands in direct and sharp contrast with local government officials and development agents on the issue of resistant farmers rejecting change. In the second case, the business elites of Kara Kore town closed ranks more against the development intervention of the government rather than the innocent victims of rent collection, the Kara Kore population.³ In the third and fourth cases, the Ethiopian state is still at the center because the stories are all about its employees, civil servants in action.

The Metema import-import malaise⁴ is here a graphic case how the civil service exploits organizational limitations for rent seeking goals. Any rent seeker, as a rule, does not like any rearrangement that dwindles or checks up its exclusive and separate decision making powers like teamwork. The rent-seeking block of the civil servant systematically exercises its professional advantages to undermine any progressive reform to the disadvantage of rent seeking behavior. One can see that the slow pace of civil service reform could not provide remedial system for the problem how to identify and distribute rewards according to the following categorization of personnel:

³ I happened to visit the small town of Kara Kore in Amhara Region by bad luck of being blocked by collided heavy cars on the way to Addis Ababa. I learned that this small town lagged behind the dramatic advancements of other towns everywhere in Ethiopia. The magnificent cross-country asphalt road jumped Kara Kore leaving the look of the town and its populations as memorials of the old days of Ethiopian towns. Poverty was still evident and services were either scarce or extremely poor. I asked some youngsters why this happened to be the case in their historically old town. They told me that the influential dwellers of the town mobilized the population in demanding the government for the asphalt road to jump them. Their reason was roadside clearance of their houses and businesses was much more costly than the advantages they would have obtained from the new asphalted road. The boys told me that the government finally heard their voices and now the town is without this basic infrastructure.

⁴ The Ethiopian Television brought a news report about the difficulties that exporters of live cattle to Sudan said they faced from the civil service offices at the border town of Metema, North Gondar. One exporter complained bitterly that the service he used to get from five offices--Municipality, Health, Trade and Industry, Tax and Customs, before six months was better but went wrong since then. He explained the reason that these offices used to deliver him services individually on their own schedule but they changed this arrangement where they began giving coordinated services at one place, time and occasion. The problem now was that when one or two professionals from one or two offices arrived, others did not show up. If it were the old arrangement, we ourselves went and brought them, which we could not do at present

- 1. The ideal civil servant who makes no mistakes or creates no obstacles + productive hard work + rent free values and practices= rapid development;**
- 2. Those who make mistakes genuinely + productive hard work + rent free values and practices=development;**
- 3. Those who make no mistakes-productive work + no rent seeking value practice= zero development;**
- 4. Those who make no mistakes-productive work (laziness)+ rent seeking values and practices = poverty.**

This simple equation symbolizes, in Ethiopia's context, that being free from rent seeking and corrupt trends is a good start but never enough. Being free from rent seeking behavior is a force of change only when it adds up to itself an equal exercise of self-discipline, strong motivation toward innovative and creative devotions to the cause of changing the statuesque and enhancing the creation of new wealth.

4.3. Rent seeking in Ethiopia is a matter of either/or choice

As we saw above, rent seeking in Ethiopia has a different nature, operation, and manifestation due to the different social structure and the strange policies of the state. In the developed society of the West, we saw that rent seeking occurs within the unregulated free market, under a limited government, in the guise of democracy and the law, and to the disadvantage of the overall social welfare. In short, rent seeking in the West is a matter of welfare with little or no consequence on the very question of socio-economic development and redistribution. In Africa where many states lost free hands in the fight to bridge the widest market failure under an on-looker and constrained state, rent seeking is largely a game involving legal, moral, personal or other factors beyond the black and white either/or category of affairs. In Ethiopia, the opposite is the governing rule of rent seeking versus the fight against it. Let us see the following lists of either/or choices in the Ethiopia's context of rent seeking.

A. Poverty or Development?

Rent seeking in any of its aspects in Ethiopia finally boils down on becoming a grand matter of either poverty or development. Rent seeking may take advantage of such diverse correct principles like 'farmers' willingness, first' in the first case above or 'priority for peoples' interest' in the case of Kara Kore town. Despite the short-lived dominance of bottom-up resistances, in both cases, the government voted for development while these victims of rent collection and unproductive and less contributing professionals voted for poverty. There is no any third option here whatever the case might be in Ethiopia's context.

As compared to rent seeking in developed states of the West, 'development' is a newly added variable in the study of rent seeking behavior in Ethiopia for three major reasons.

Firstly, the society in the West has concern, if any, largely for a minimum growth where a slight growth means a big rise in income. In Ethiopia, growth with double-digit rate is only an important condition and duty with an equal concern for fair distribution, which constitutes the essence of development;

Secondly, the demand for growth in the West requires GDP increase domestically, and the outflow of business corporations around the world, which siphon newly created wealth and money back to the home country. Otherwise, developed states are payers of foreign aid and assistance and loan providers to developing states. Ethiopia is a recipient of foreign assets than a provider from diverse sources of monetary power--states, international banks, multilateral organizations, non-government charity organizations, and others. This state of affairs is an advantage for the rent-free development as much as it is an undesired opportunity for the rent-seeking regime.

- ❖ The law may not restrict the right of an Ethiopian citizen to deposit one's dollars and other foreign currencies in outside banks where one may take additional benefits of increased interest. However, if this Ethiopian kept one's foreign currency in Ethiopia's banks as a responsible and civic-minded citizen, then, the Ethiopian government would have had more foreign currency for financing the various development projects. While this Ethiopian failed to extend this contribution to the development process, he/she would automatically losses the moral right to claim advantages equal to the failure. Rent seeking arises when this Ethiopian raises this claim and when the state, for any reasons, agrees to provide him/her, at least, theoretically, the demand at the expense of development and for the benefit of poverty borne by the people.
- ❖ A certain government official at higher decision-making post has the right to travel abroad by representing one's country and office. Foreign travel may not incur any cost for the official as expenses go to either the government or the host country and state institutions or individuals. At times, it may bring additional benefits in foreign currency and other material advantages. However, if there is imbalance between the losses because of the absence of this official in office and at work against the concrete contributions he could make by the travel, then, rent seeking arises to the disadvantage of development. This official might think that he/she was free from rent seeking behaviors as all requirements and procedures remain intact and respected but, in practice, one was a rent seeker when compared with the little contribution against poverty.
- ❖ Equally, being loyal to office procedures and requirements without actually contributing anything for the improvements and changes of existing situations in a manner the demands of an educated Ethiopian incurs rent-seeking behavior if respecting procedures only guarantees additional advantages or rewards. This is an act of rent seeking because it places procedures high above innovative contributions and sets them as ultimate goals justifying entitlements to benefits. In short, benefits must go to actual and measurable contributions to development and

not for observing procedures per se, which many mediocre and incapable public officials and servants successfully meet very easily.

- ❖ A certain government institution may have various legitimate priorities in its budget allocation and payments. Let us say training of personnel is the agreed priority and the widely felt demand of the office for its engagement in development activities. However, the budget year expires before doing any thing to undertake the training and make payments for it for any convincing reason so that the Management decides to pay the money on other least prioritized purchases instead of surrendering the unused budget. This is unquestionably a rent seeking decision as it creates imbalance between the payment and the actual contributions of the unplanned purchase to development even though the officials did it in respect of the law in Ethiopia's context. This reminds one that there is difference between rent seeking behavior and public corruption. The causal and unstudied purchase still harms some groups in the society while it wrongly benefits some other groups by causing a windfall income for the latter, which is practically an act of rent collection.

B. Self-interest or public interest?

Rural development professionals have their own self-interests to satisfy as much as public interests. They seek to qualify in higher levels of specialties; they seek to have families and private assets of their own; they also seek joining urban life through improvements of rank and job. All these are positive and rent-free motivations but only if served after registering a successful and measurable contribution to the development process based on household count. Self-interest is never a crime per se; selfish interest is the rent-seeking extreme of self-interest where a professional blindly pursues the service of one's advantages as legitimate without making concrete contribution to development, which is the pillar of public interest.

In Ethiopia's context, there is state support for the promotion of public interest out of which equitable and just satisfaction of self-interest attains guarantee. Contrarily, in the West, self interest is the pillar of their growth thinking and morality simply because liberalism is the primacy of the individual as the last functioning unit of the whole society, which the root of general welfare. Of course, this is consistent with the capitalist stage of growth they have attained. Under present circumstances where individualism is only a spotted urban phenomenon in Ethiopia having no social potency, a demand for individualistic growth policies is a dangerous potential seat of a legalized resent seeking regime. Individualistic taste at state and elite level in Ethiopia is a physiological ground basis for allowing self-interest to mature into rent seeking selfish interest that is the hatching corner of corruption.

As many other societies elsewhere, the rent seeking regime in Ethiopia founds itself on strongly built social values of encouraging rent seeking behavior as a potential tendency to grow into actual corruption. One may identify seven 'invalid excuses' held by a good majority of citizens in Ethiopia favoring rent collection, even, public corruption, as

normal and acceptable, which corrupt officials also use to justify their rent seeking moves. These are the following:

5. Seven Invalid Excuses in Ethiopia's context serving as iron value pillars for the rent collection and corruption regime

Rent seeking behavior in Ethiopia's context is a social mentality that tempts to justify rent collection and public corruption as excusable acts. By this, rent-seeking behavior as a potential creates favorable conditions for actual rent collection and corruption acts. Periodic assessments there are well-entrenched rent seeking values of excuse common among several elite Ethiopians that any one interested researcher could rightly find at random interviews across the road. Let us see seven of these major invalid excuses or values.

Excuse 1. *“Rent collection or corruption is everywhere. Japan has it, Holland has it, the United States has it. There's nothing you can do about something endemic. Ethiopia is never an exception to this rule.”* But this is a deadly wrong value. Consider, for example, health. Illness is everywhere, too. And yet no one concludes that efforts to prevent and treat illness should therefore be curtailed. Like illness, the levels and types of rent collection and corruption vary greatly, and preventive and curative measures make a difference.

Excuse 2. *“Rent collection and corruption have always existed. Like sin, it's part of human nature. You can't do anything about it. We Ethiopians are also human beings as well as poor people.”* Again, the observation is correct, while the conclusion is invalid. Because that sin exists does not mean that it exists in each of us to the same degree, and the same holds for rent collection and corruption. We can constrain opportunities for rent seeking behavior that breeds corruption, even if the tendency is perennial. Quality education and devoted scholarship for example has a big contribution making a break between the past, present and future generation, even though this is again questionable. Evidently, there are Ethiopians within the low income category but never have intentions whatsoever to involve themselves in rent collection and corrupt practices.

Excuse 3. *“The concept of rent collection, leave alone, corruption, is vague and culturally determined. In some cultures, the behavior that bothers one is not considered corrupt. Fighting rent seeking and corruption smacks of cultural imperialism. In Ethiopia, it is not wrong to give rewards for positive services as a sign of satisfaction. Can we call this rent collection?”* The truth is quite different. In fact, no culture condones bribery. Anthropological studies indicate that local people are perfectly capable of distinguishing between a gift and a bribe, and they condemn bribery. Gifts unnecessarily handed by service claiming citizens of any category specifically to government decision makers today are unquestionably known by the ordinary citizen to be guarantees to ask for some corrupt advantage tomorrow.

Excuse 4. *“Cleansing our society of rent seeking behavior and corruption would require a wholesale change of attitudes and values. This can only take place after...[the*

polemicist's choice: a hundred years of education,] a new generation of wealthy Ethiopians emerge within at least two centuries. Anything less will be futile." As we currently observe, the record of moralization campaigns is not encouraging as rent collection and corruption are much wider in perception than the actual practice across Ethiopia. . However, in the meantime there are ways to close loopholes, create incentives and deterrents, augment accountability and competition, and improve the rules of the game through the proliferation of role models among government leaders, scholars, etc, to the opposite.

Excuse 5. *"In many countries in which the government is not efficient to render rapid services for the people, there are severe shortages of basic necessities for production, and there are bad people everywhere, rent collection tactic or corruption is not harmful at all. It serves as a morally acceptable alternative, and supplies genuine citizens with the grease for the wheels of the economy, and the glue of the political system. This is evident in Ethiopia that the state should tolerate a degree of positively intended rent collection so far as it helps to facilitate development activity"* True, corrupt equilibria do exist only at individual level in industrialized societies where benefits lost through corruption or rent collection and advantages gained from the practice could match somehow. But both theoretical models and empirical studies show that they are inferior to equilibria with less corruption in developed states while they have concertized that any form of rent collection in developing states like Ethiopia have always adverse effects on equality and rapid development. In other words, if a high level Ethiopian government official collects bribes and pays every penny of them for the construction of schools and other public infrastructure, still this is an illegal and morally unacceptable practice of rent collection and corruption. Poverty with its potential of rent-free development is much better than development through rent collecting and corrupt means.

Excuse 6. *"There's nothing that can be done if the man or woman on top in the higher government office is a rent collector or corrupt, or if corruption is systematic. In Ethiopia, rent and corruption free officials and experts are few in number. Therefore, if you claim you hate corruption or you are against rent collection, then you are alone at a dangerously vulnerable position that they will fire or attack you eventually. What is the reward to be anti rent collection practice in a vast ocean of rent seekers and corrupt people everywhere unless you are foolish?"* It is more propitious for and rent seeking and anti-corruption efforts when leaders are clean and if rent collection and corruption are episodic rather than routine. But success stories show that improved systems lead to fewer opportunities for everyone, the political powers or experts or any body, to reap corrupt rents. Systematic corruption and entrenched rent collecting values and practices can be reduced.

Excuse 7. *"Worrying about rent seeking phenomena and corruption is superfluous while the Ethiopian state controls everything as an agency of state capitalism. Everything from metal works to huge industries and land are properties of the state. This dwindles the chance for rent collection and corruption to disappear naturally by the uncontrolled operations of the free markets and multiparty democracy."* Democracy and markets enhance competition and accountability, thereby reducing rent seeking tendencies and

corruption. But during transitions from poverty to development, rent collection and corruption may increase because the involvement of the state is unavoidably high despite a well functioning democracy and a multiparty system. And even in stable democracies in the West, rent seeking and corruption are, at times, a threat to the provision of many public goods and services with a virtual absence of monopoly of the state. Untimely withdrawal of the Ethiopian government from its involvement in filling gaps created by market failures could prove rather more dangerous than otherwise.

Conclusions

We saw that rent-seeking behavior in Ethiopia is a sociological reality enjoying supportive values, groupings, and institutions. That the government elevates the issue is an encouraging step. Policy mechanism of fighting rent seeking behavior and corruption implies to state commitment and determination to develop national anti-rent collection and anticorruption spirit by playing exemplary roles and taking decisive policy measures. Socio-economic development, national security, democratization, foreign affairs, welfare and all other policies are expected to lay down policy directives of fighting rent collection and corruption depending on the special responsibilities they have been assigned to perform. Policy mechanisms of anti-corruption struggle are basically value development responsibilities realizable by way of convincing the people that rent seeking behavior has never been part of national development efforts and will never be in the future. Polices should encourage public participation in fighting rent seeking and should ensure that anti-corruption values are heroic and patriotic deserving respect and recognition. They also show ways in practice how to fight c rent collection so that confusions will be cleared in the course of the struggle.