

EXPLANATIONS TO AGRICULTURAL STAGNATION IN ETHIOPIA

(An Examination of Constraints)

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CHAPTER I

INTRODUCTION

1.1 The Nature and Significance of the Study:

When one looks at reports coming out of the various international, regional, as well as, national and other institutions on the economic performance of the 'developing' world, it becomes easily apparent that the region commonly classified as Sub-Saharan Africa (also, Africa: South of the Sahara), has been faring very badly in terms of the different measurable respects for the last three decades. This has happened to the disappointment of the African, who, while seeing the emergence of a score of new states in the early sixties, all across the continent, hoisting flags and issuing currencies quite distinct from the past, after so many years of colonial rule predated by three centuries of wanton slavery; had therefore good reason to be optimistic on the improvement of the lot of the people at an unprecedented scale in the years to come. Except for some isolated and mediocre instances of success, however; the region as a whole was only able to record modest growth rates in the earlier years followed by extended depressing levels of performance over much of the period.

In fact, this region, which had an estimated population of 480 million in 1989, is well marked out as the place with the most intensified poverty. Out of the world's 25 lowest income countries (with GDP per capita \$370 or less), 18 are in this region and have more than 72 per cent of its inhabitants. The seven most food insecure countries are in the same region. The

average citizen in this part of the world gets the lowest rate of calorie and protein intake; has the least access to reasonable shelter, clean water and medi-care; as a result, faces the highest rates of infant and child mortality, and is likely to die much younger than those living elsewhere. This individual also has the least access to primary, secondary and tertiary level education (World Bank, 1990b: various tables). In other words, the typical African is deprived of the most elementary human needs. Ironically, this same 'independent' person is even poorer than he or she was twenty years ago as the real income per head has been falling for a number of years.

This bleak picture lends itself to the low rate of capital accumulation that took place, and the slow, isolated, and in many cases, inappropriate technological packages introduced into the region accompanied by the periodic natural and man-made disasters that have taken plight on the people. However, much of this experience is to be traced back to, one way or another, the fragile and weak socioeconomic and political structure inherited from colonialism. The region is plagued by basic structural impediments like; weak physical and institutional infrastructures that were mainly built to meet the goals of former masters, enclaved and fragmented industrial sector with poor linkages to other sectors, heavy dependence on single commodity export (in most cases a cash crop) as engine of growth that has debilitating impacts on foreign exchange earnings as the terms of trade have been deteriorating, lack of economic integration within the region and within countries, inadequate development and utilisation of human resources, mounting external pressures due to debt accumulation as the prices for imports have escalated against the decline in export earnings; and above all, neglect to food production and population pressure which currently runs at 3.1 per cent per year (see Adedeji).

Table 1.1 Some Social and Economic indicators on Sub-Saharan Africa and Ethiopia in the 1980s

	LIE(a)	SSA	Eth.
Population (millions, 1989)	1050	479	49
Population growth rate (1980-89) -per cent per annum	2.0	3.1	2.9
GDP per capita (US\$, 1988)	280	570(b)	130
GDP per capita growth (1965-88) -per cent per annum	1.5	-2.8(c)	-0.1
Share of agriculture in GDP -per cent (1988)	33	31	42
Food production per capita (1988) (Index 1979-81 = 100)	102	90	89
Daily calorie supply (1986)	2220	2030	1749
Infant mortality (per thousand) year 1988	98	120	135
Life expectancy,(years, 1988)	54	51	47
Enrolment rate of school age -per cent (1987)			
-primary	76	68	37
-secondary	26	17	15(d)
-tertiary	1	0.5	1(d)

N.B. (a) Excluding China and India.

(b) But, 18 countries with more than 72 per cent of the region's population were in the lowest income category (\$370 or less).

(c) For the period 1980-86.

(d) Seem exaggerated upward.

LIE = Low Income Economies

SSA = Sub-Saharan Africa

Eth. = Ethiopia

Source: World Bank, 1990b: various tables.

Although the above mentioned structural impediments are interwoven and difficult to treat in separation to one another, it is important to focus more on the food producing sector, as a greater weight of the region's population (over 70 per cent) entirely depends on it for self-sustenance. It is also this sector that has been hit most by the general economic crisis. African

agriculture has remained to be traditional and least touched by modern technological innovations that have widely taken place in other parts of the world. With the exception of the few state or privately-run plantations and other commercial farms that are scattered as show cases in different localities; the state of the arts in agriculture has remained basically unchanged for centuries to African peasants. This has had the repercussion of furthering environmental degradation and decline in soil fertility as the land became pressured to support an increased population. On top of this, governments have been following development strategies that have led to the prevalence of investment and trade regimes that militate against the small producer. A number of states have also created institutional and marketing arrangements that are mainly designed to extract surplus in the form of compulsory deliveries at unfavourable terms, and heavily taxed peasant labour to run their urban based elite bureaucracy that is famous for its inefficiency and wastefulness, marked by ineptitude and worst forms of corruption (Mehertu:10).

The cumulative effect of all the impediments along with the applied inappropriate and biased development strategies was to reduce the region, once more or less self-sufficient in food, and at times even net-exporter; into a major deficiency zone unable to feed itself. Many countries of the region are currently in the list of main food aid recipients, and food imports are making an increasing claim on the much needed scarce foreign exchange.

If the foregoing can serve as a general profile on the economic, in particular, agricultural crisis in Africa, it serves more in portraying Ethiopia as this country represents the most telling and darkest part of this grim picture. Ethiopia has been holding an unenviable and uncontested

position for being the country with the lowest per capita GDP (\$110 to \$130) in the world for a number of years beginning from the early 1980s. It lags far behind the regional average in providing education, health care, safe and clean water, and most importantly, food to its citizens. Its infant and child mortality rates are also among the highest, and the average Ethiopian expects to live only 47 years on earth (World Bank, 1989, 1990a, 1990b tables).

This, rather depressing set of records is in large measure attributable to the specific historical, geographical, and cultural legacies of the country that have drawn a long-standing repercussion in shaping the current setting; and its exposure to the prevailing international economic framework after being very late and yet unprepared. It has not thus been able to breakthrough with its past, and most of its people are as traditional as they were a century or so ago. Agriculture in its crude traditional form, still dominates the economy, and remains far untouched by modern technological innovations. The sector provides employment to more than 80 per cent of the labour force, 43 per cent of the GDP, 85 per cent of exports, with coffee taking 60 percent as its share of the latter (UNCLDC:1; and World Bank, 1990b). As a result, this sector plays the major, if not only, role in defining the general performance of the Ethiopian economy. Major slidedowns in the economy are associated with crop failures causing widespread starvation. It is thus justified to scrutinize on the core problems of this sector by giving due attention to the institutional and policy issues that have directly or otherwise been contributory to the prolonged stagnation.

1.2. Purposes of the Study:

This paper is an attempt at highlighting the major constraints to agricultural development in Ethiopia, and evaluating the strategies used in addressing them under two different regimes. In particular, it tries to answer the question why the 1975 land reform could not result in a favourable change in total agricultural output. It therefore, tries to show:

1. What institutional and policy issues were relevant in explaining the stagnation in the pre-1975 period?
2. What effect did the various reforms in the post-1975 period have in addressing the problem? Specifically:
 - a. to what extent did the 1975 land reform address the problem of land tenure and security? and;
 - b. to what extent did the institutional and marketing arrangements that followed after the reform shift in favour of peasant producers?

1.3 Approach and Scope of the Study:

The approach employed in this paper is mainly an historical examination based on the specific experiences of the country. Since the imperial regime that was in charge until 1974 had a different attitude, and hence, strategy towards agriculture from the military regime that replaced it; this paper evaluates the merits and demerits of the strategies, along with their institutional frames under the two regimes. By presenting a brief review of the general physical and social environment and development strategies used to address agriculture in the pre-reform period; it progresses by discussing the salient features of the March 1975 land reform and the attendant institutional and policy implications that ensued.

CHAPTER II

Agricultural Environment and the Setting Before 1975.

Ethiopia is a country in Northeast Africa, in what is commonly known as the 'Horn'. It has an area of 1.223 million square kms; and lies 3-18N, and 33-48E. It shares borders with Djibouti, Somalia, Kenya, Sudan, and the Red Sea. Rent by the Great East African Rift Valley, Ethiopia is a country of rugged volcanic mountains the main ridges of which span in two different directions. To the west of the valley, the 'Northwestern' highlands dominate the landscape, while on its other side, the 'Southeastern' highlands spur to the gulf of Aden. Narrower and well elevated in the southern parts of the country, the valley gets wider and altitudinally lower in a northeasterly direction. The highest point in the country is 4620 meters above sea level, and the lowest, 120 meters below the sea level (Wolde Mariam, 1972; EIU; World Bank, 1990a, 1990b).

This physical feature has rendered Ethiopia variegated local climatic zones where lands in the upward of 2400 meters are temperate, and areas in lower altitudes can be classified as sub-tropical, tropical, semi-arid, and arid (the latter two make about 40 per cent of total area) in a descent to the sea level. Rainfall is mainly orographic and highly variable, most of it received by highlands on the windward side of the Atlantic and Indian oceans. The main rainy season is northern summer while there are two short periods of 'small rains' (one of them known as '*belg*'), that are highly unreliable. Nevertheless, Ethiopia is one of the major sources of water in the continent, almost all of the great rivers of which are transboundary. More than 70 per cent

of the waters of the Nile (upon which Sudan partially, and Egypt entirely depend) are made up of the contributions of tributaries originating from Ethiopia, carrying along with them invaluable silt that lay the basis for life and civilization in downstream countries. The soils of the country, though highly localized and variable, are generally suitable to cultivation and animal breeding, but due to terrain and nature of rainfall, require careful conservation (see FAO, 1961).

There are a wide variety of crops grown in this country, many of which are indigenous. *Teff (Eragrostis Abyssinica)*, the main staple crop in urban areas and north-central highlands, different varieties of wheat, barley, *nug*, sorghum, millet, *dagussa*, and others are indigenous grain crops. Oil seeds like sesame, safflower, and castor bean; tubers like *enset*, the major staple in the densely settled south-central highlands; stimulants such as *khat*, coffee (Ethiopia being the original home), and many others are widely grown. Maize, the food crop in the south, and a lot of other crops though not indigenous, are also widely cultivated. In fact, this variety of climate has made Ethiopia, as the well known Russian plant breeder and botanist Vavilov and others maintain, one of the nine independent centres of origin of the world's most important cultivated plants. The centres identified are, in the order they put it: the Chinese, Indian, Central Asiatic, Near Eastern, Mediterranean, Ethiopian, South Mexican, Central American, South American (see FAO, 1961: 177-240). There is a wide range of livestock that is composed of; about a million camels, more than five million equines, forty- two million sheep and goats, and the largest cattle herd in the continent that is close to twenty seven million (EIU: 18; FAO, 1987, 1989 tables). There is also game of unknown number and variety.

The varied climate that gave the country all the enumerated potential resources, is also responsible for the breeding ground it provides for a wide range of animal and plant disease causing worms, weeds, infesting pests, locusts, rodents, and all kinds of wild animals and plants that compete with humans for animal and plant products. The above brief description on the general physical environment in which the Ethiopians have been living is obviously a partial picture. For it to be complete, it has to be accompanied by a look at the social, political and economic genesis of the country. This is what is attempted in the sections that follow.

2.1 Socio-Political Features

Like the physical environment they live in, that offers them with opportunities to domesticate a wide variety of plants and animals along with the predatory competitors of both kinds, the Ethiopians show great diversities in their ethno-linguistic and cultural composition. The country's estimated fifty million people (UNCLDC, 20) belong to about eighty ethnic communities and speak no less than a hundred languages/dialects. The Oromo, Amhara, and Tigrai are the most numerous while others with substantial numbers include the Guraghe, Somali, Wollaita, Sidama, and the Afar (EIU, 10). Christians (predominantly Ethiopian orthodox) and moslems make about forty five per cent of the population each and the remaining are mainly animists. Jews constituted a very small minority even before their number was depleted to a few thousands by the two major operations that landed them in Israel. This diversity may in part be attributed to the rugged topography that served the purpose of defence from within and without on the one hand, while perpetuating isolation instead of integration by

making communication among the different communities difficult that could have helped in the widening of markets and the promotion of division of labour on the other (Bequele, and Chole: 2). Nevertheless, it didn't block migratory trends from and to all directions that were very common all through the ages.

The historical process through which all these diversified people converged to live under one shed goes back to thousands of years, but the most important one is the resurgence of imperial supremacy that culminated with the definition and establishment of much of the polity's present borders after the subjugation of the southern people towards the end of the nineteenth century (see Bailey: 11-13; and Pankhurst, 19-28). Prior to this event, the country was a divided entity with the northern part having a kind of loose coherence under one *Negus* whose realm was expanding at one time and contracting at another. This part included the Amhara-Tigray highland country in the main which extended from northern Shoa (current central province) to highland Eritrea. While his realm exhibited a high stance of fluidity for most of the years, the Abyssinian *negus* didn't have real power during the period 1600-1850, as this era was the time in which provincial lords were more powerful than the head. The wars they staged against each other to become the king-maker were so intense and continued to have a stagnating effect on production in that their soldiery didn't have anything to live on, except the booty from the countryside. Even before this era, this christian kingdom was involved in a series of wars with adjacent moslem sultanates and tribes. Internecine tribal wars and sporadic slave raids were also destabilizing peaceful life in the south, though the northerners were not immune from these.

Yet, in the north, rivalry started to ebb when Tewodros (himself a local warlord) throned himself '*negusa nagast*' (king of kings) after successfully defeating the various provincial lords including the king-maker in 1855. He tried to introduce centralism and modern kind of institutions, but was not able to carry on his program as it was opposed by the provincial lords and the church. After having faced extensive rebellion, his regime came to an end with the British expedition in 1868, with substantial collaboration from within. Yohannes also tried to create centralism, but his period coincided with colonial encroachment and fighting with Egyptians and Mahdists. It was Menelik, who after having amassed weapons strengthened his power by invading the south, areas most of which didn't belong to Abyssinia proper. This laid the ground for the power imbalance that prevailed later among the different ethnic groups (for details see Bailey; 10-20; Pankhurst, 12-28). Most of the people in the south were subjugated by force which entailed the looting of property and expropriation of land. As this meant the main beneficiaries were the Amhara (to which Menelik belonged) and partly Tigrian elites, and christianity, the relationship between ethnic groups and religions became more distinct than before. Haile Sellassie's reign (1930-74, except for the Italian interlude, 1935-41) was marked by no serious effort to redress this situation. As much of the introduction of modern elements to the economy as well as military and civil bureaucracy took place during this emperors's time, the differentiated relationship was even magnified as the benefits accruing in the process were highly concentrated. The central authoritarian apparatus was also monopolized as the number of appointees from the Amhara was disproportionately high, in particular those from Shoa (Glikes; and Clapham; cited in Bailey: 32-33). This does not mean, however; that there was a total exclusion of other groups. The rate of co-optation was high among the Oromo.

Nevertheless, the number of moslem senior office holders was also minimal.

2.2 Agricultural Practices and the State of Technology:

Agricultural practices in the country have been highly determined by physical geography, climate, and demography. In the highlands, where about eighty-five per cent of the people live, the major practice is rain-fed peasant subsistence mixed farming. The peasant household keeps some livestock for draught power, source of food, and precautionary purposes along with the growing of crops. In the sparsely populated and rain-scarce lowlands, the prevalent occupation is transhumant pastoralism while one can not rule out a kind of mixing with crop cultivation in areas adjacent to the highlands and flooded zones in the river valleys. Also, some type of slash-and-burn transhumant shifting cultivation is practised in the relatively land-plenty western fringes of the country where rain is not as scarce as in the pastoralist areas.

Implements used also differ from one part of the country to another. In the grain crop dependent highlands, the plough is joined with a pair of oxen-under-the-yoke in tilling the land. The plough has a sharp iron-end but is light. Peasants therefore cultivate the hillside instead of plains where the soil is thick but hard to penetrate. Sowing is done without a lined pattern, weeding by hand mainly by women and children, harvesting by cutting using a sickle or hatchet, threshing by letting a herd of cattle move on a floor where the harvest is piled, and winnowing by throwing into the wind. In the land scarce heavily populated *enset*-culture areas, the main implement used for digging is a double-tine hoe scraping the leaves of this tree crop using a

sword like hatchet, and pulverization for fermentation by the sickle or hatchet. Animal breeding is generally traditional and spontaneous. The application of irrigation is not usual, and terracing is crudely developed. Maintenance of soil fertility is done by rotating crops and leaving a plot fallow for two or three periods of cultivation, and there is a dubious practice of soil burning (in that it sacrifices the nitrogen in the soil though it increases the PH) in some areas. Natural fertilizer usage has been uncommon, except in some *enset*-culture areas where animal dung is widely applied. Storage facilities have been crude, simple, and susceptible to attack by wild animals and pests. Loss on the field and post-harvest has been rated to be very high (see Pankhurst: 185-227; and FAO, 1961). All these practices have been there for centuries without any significant change over the years.

From the foregoing, one may be tempted to contain that the Ethiopian people have a habit of laziness. To a certain extent this may be true. But, before such a hasty conclusion is drawn, closer understanding of the entire socio-political and economic arrangement in which they have been living is required. In a society where peace has been the exception rather than the rule, where mystified explanation for the circumscribed fate of man is provided by an established institution (the church), and innovation is considered heretic, the pace of progress should no doubt be hampered. In addition, there used to exist a state structure, the power base of which was exorbitant tax and the possession of land.

2.3 Land Tenure and Peasants' Burden:

Land tenure is perhaps the most important issue that should be considered in defining the socio-political and economic relationship in such agrarian societies as Ethiopia's. The nature

and way of these relations have been varied, however; as they apply to different communities. The fact that these types of structures have been building over centuries also makes them to be more complex than others. This is particularly true of the land tenure systems, and the relations arising therefrom, in the country before the 1975 reform. One study, for example, claimed to have identified 111 tenure types in a single province, Wollo (Glikes, 1975:101-2). This kind of paying too much attention to detail may blur the identification of the most important features that happen to be common among the types of tenure. There does exist, however; a general agreement in putting the various types into a few number of broader categories. These categories generally refer to the attached proprietary rights over land and their application in the different regions of the country (see Table 2.1). It will therefore be focused here on the familial (communal) and private type of holding systems that were prevalent, and the role of the state and church as land holding institutions.

Table 2.1 Land Tenure Patterns and Tenancy in Pre-1975 Ethiopia

Province	Tenure System		Percentage of Tenants to Total Cultivators*
	Highlands	Lowlands	
Arsi	(3)	(4)	52
Bale	(3)	(4)	39
Eritrea	(2),(1)	(4)	n.a.
Gamo Gofa	(3)	(4),(5)	47
Gojam	(1)	(5)	13
Gondar	(1)	(5),(4)	9
Hararghe	(3)	(4)	54
Illubabor	(3)	(5)	75
Kefa	(3)	(5)	62
Shoa	(3),(1)	(4)	67
Sidamo	(3)	(4)	39
Tigray	(1)	(4)	7
Wellega	(3)	(5)	59
Wollo	(1),(3)	(4)	32

* Applicable to the highlands.

** Combinations are put in order of importance.

(1)=*Rist*, (2)=*Diessa*, (3)= *Gult* (private), (4)=Communal Pastoral, and (5)=Communal Transhumant cultivator patterns of holding.

Sources: Cohen and Weintraub, 1975: 51; and MLR, 1972b: 8-10.

a) Communal land Ownership in the Highlands:

This land tenure system was predominantly applied in most parts of the highlands of northern Ethiopia, though it was not fully extinct in the southern and western highlands. The former include the highland parts of the provinces of Gojjam, Gondar, Tigray, western Wollo, northern Shoa, and the Tigrigna speaking three *awrajas* (districts) of highland Eritrea. For historical and other reasons, however; it had evolved into two variants, viz., the *rist* (kinship), and *diessa* (village) tenure patterns.

i) The Rist Pattern:

This pattern was in effect in all highlands of the northern provinces mentioned above, except in some parts of the Tigrigna speaking highlands of Eritrea. The system was based on established familial ties and required the consent of all those who put claim on the *rist*. Anyone, male or female, who could prove to the satisfaction of the corporate extended family that he/she is a descendant of the original founder of the kin, or his heirs, was entitled to a share of *rist* land (Rahmato:17). This share, however; cannot, by way of sale or gift or otherwise, be transferred. No member of the extended family had even the right to exclude or decide on the proportion of share going to any of his/her heirs, for whatever reason, on *rist* land. The logic was, because, 'ultimate ownership resided in the extended family of an extremely remote and often legendary ancestor, the *akni abat*, who was believed to have pioneered the settlement in the area long ago' (Mengisteab:45), and not in a particular individual. What the individual had was usufructory

right to *rist* land for life, the amount of which might have varied. The title holder could till the land directly, or in the case of incapacity due to old age, health, or otherwise; lease it to others.

The main advantages of this system were its minimization of landlessness and the communal accommodation it provided to all members of the extended family. This position is substantiated by a number of evidence providing documents. A study conducted by the Ministry of Land Reform (MLR) in 1972 had shown that, in three provinces where this tenure was prevalent, Gojam, Gondar, and Tigrai; tenancy rates were 13, 9, and 7 per cent for the respective provinces. These figures were far lower than those for the other provinces (see Table 2.1). Some also allege that it had a wider latitude in social hierarchical mobility. While this claim is hard to establish, the system was instrumental in preventing the rise of a distinct landlord-tenant relationship (Rahmato:17-18), though peasants had to pay tribute to the state as well as local authorities and the church.

However, the system had flaws of its own that surfaced over time. As population pressure started to have its effect felt, the system produced serious counter-productive sequels. First, it led to excessive fragmentation of land by making the average farm plot very small, and in many cases, the distribution of holdings in different and distant localities as individual entitlements related to kin ties established through marriage that usually surpassed local limits. Second, its permission to honour claims gave impetus to a rise in the number of claimants that led to intensive feuds and waste of energy and time in excessive litigation on claims and counter-claims. Third, it provided little incentive to promote production and improve methods of

cultivation as the individual felt insecure of tenure as disputes over claim could arise anytime. Fourth, it suppressed the possible emergence of an autonomous credit system, and its introduction from outside, by making the base for collateral meagre. And finally, it also furthered environmental degradation by making conservation measures absent, unless peasants were collectively mobilized; a task demanding awareness of a higher order that is beyond the perspective horizon of such communities.

ii) The Diessa Pattern:

This pattern had been in effect in two districts in Eritrea. Under this system, land ownership resided in the village community the allocation and administration of which followed customary laws. How this system evolved into being is yet an unsettled issue. Some argue that it was a result of agreement reached by the communities to end the frequent feuds the rist system gave rise to; while others allege that it was introduced by the Italians to end the excessive litigation which they did not like to administer, and to provide space for settlers and collaborators as well. Whatever its origins were, however; it obtained stimulus under the Italians. This pattern exhibited similar merits and demerits as its preceding variant, except in reducing litigation and feud rates, purposes that it served better. On the other hand, it didn't minimize private land ownership and tenancy as its counterpart did (see Mengisteab; and Pankhurst).

b) Private Land Ownership in the Highlands:

This system was in large measure a byproduct of Menelik's conquest of the southern provinces toward the end of the nineteenth century. In addition to the looting and plunder that went on unbridled during the expansion process, land was expropriated from the indigenous people. Depending on the scale and stiffness of resistance offered, so was the punishment rated to have a complete pacification effect. In many cases, even full-scale enslavement was applied. Extensive and fertile land was selectively claimed by the crown and the rest was left to the nobility, church, occupation army, and in cases where it applied, co-opted elites (*balabats*) among the conquered (Bailey: 17-19; Pankhurst). In the meantime, claims on land by the indigenous people were denied, and what was done was the super-imposition of a system that was of marginal interest in the occupiers' native lands. And this time, under a different context and relationship; and at an unprecedented scale.

In its heartland, the Abyssinian state used to provide land to local administrators for services rendered that could be leased or tilled by themselves, to which it held a reversionary right. The church was also granted land for self upkeep, but the reversionary right of the state (which means the imperial crown) was not applicable for understandable reasons. When this arrangement was applied in the conquered territories, however; it gave access to excessive exploitation. The conquering army became a settler-turned-landlord class, each soldier having a number of tenants under him. Though the reversionary right of the crown was theoretically implied, in practice it rarely went into effect. The church shared happily from this bounty to

become the second largest land owning corporate after the imperial crown, exceeding the total that went into the hands of the nobility as a group. The crown also used the granting of such land to ensure loyalty and to buy-off opposition as well (Rahmato; 20). The latter practice obtained momentum under the late emperor, especially after his return from exile.

The impact of such rather inimical practices was the further impoverishment of the conquered people, sending a great number of them landless which had far-reaching implications. The fact that the rent imposed was high (going as high as 75 per cent of produce) and often progressive, destroyed the incentive to improve one's livelihood. The excessive harassment and humiliation also produced loss of self-esteem and confidence. Nor did the new landlords transform what they extracted into investment, for they came from a cultural background to which enterprising was alien. If modern agricultural undertakings emerged, it was only at the initiative of foreigners and a very few number of individuals in the royal household, until after the Second World War (see Bailey: 20-45; and Pankhurst: 201-208).

c) Communal Land in the Lowlands:

This type of tenure refers to the pastoral and cultivator transhumants of the outlying areas from the highlands. According to the state's claim all these lands were its property. However, as these areas were relatively remote, the state could not put its claim into effect until a later date. For this reason, such areas maintained their internal autonomy to a certain extent. The communities applied customary laws in the usage of pasture in the case of pastoralists, and land

in the case of the shifting cultivators. The claim on pasture and land resided in the clan or the tribe, but did not necessarily imply the exclusion of other clansmen or tribesmen, especially those from nearby areas. They used to operate under what could be called an *open access regime* (Bromley: 871). The weak link these communities had with the central government kept them in good distance from its soiled hands on the one hand, while leaving them unconsidered in the event of the implementation of projects the effects of which were to their detriment. This was particularly true of the pastoralist communities in the Awash Valley who faced fierce competition from the expansion of plantations on grazing land and water resources the consequence of which was heightened by the huge casualties in livestock and human life during the 1972-73 drought (Bondestam: 1974; 1988).

2.4 Development Strategies and Agriculture:

Though their impact in influencing the general features of the economy was negligible, some modern elements had started to appear in the later part of the last century. In addition to the introduction of postal and telephone services, modern educational and tax systems, and road building; foreign investors were granted concessions in railway construction in 1894, opening of the Bank of Abyssinia in 1905, and a few others. Also, there was an attempt to attract foreign involvement in commercial farming exhibited by the commissioning of a bank (*La Societe Nationale d’Ethiopie pour le Developpement de l’Agriculture et du Commerce*) in 1908 (Pankhurst: 208). But due to internal political strife (between traditionalists and ‘modernizers’) and unfavourable external developments (Europe’s preoccupation in the first World War, and

later, the Great Depression), the emergence of such undertakings was minimal. The farms opened were small in size and their market target was the small foreign community mainly residing in Addis Ababa. The only noticeable role played by an entirely foreign-run group of (Armenians, Greeks, Indians and Arabs) commercial houses was in putting coffee and hides and skins for export. Coffee exports collected from peasant farms reached a record level of 11,412 metric tons in 1932, while hides and skins peaked at 10,451 metric tons in 1928 (Pankhurst:401). This trend was however interrupted by the Italian occupation.

Despite the huge loss it caused in human life, the brief period of Italian occupation had shown the execution of substantial civil engineering projects marked by the construction of about 5000 miles of motor roads (Bailey: 15). After Haile Sellassie's re-institution in 1941, efforts continued to further the introduction of modernization in the administrative and economic structure. Since much of the means for the purpose were intended to come from outside, the pace of progress was slow and far behind expectations as external response was limited. In particular, the invitation offered to foreign capital was not reciprocated favorably until well into the 1950s. In the meantime, concentration focused on expanding coffee and other exports. Though the records compared to total output were small (data are scarce and inconsistent from one source to another, but on the average, annual production had been about 200,000 metric tons), annual coffee exports increased from 11,883 to 27,503 metric tons in the period 1943-51, while total export earnings were more than double (FAO, 1961: 219, 317).

Through such a sluggish and intermittent process therefore, the country's integration into

the international economy and the definition of its role in the division of labour was increasingly taking shape. With coffee dominating the export structure, its vulnerability to external shocks was increased as its share in the international supply of this crop was minimal. This situation had the repercussion of making the emergent small modern sector dependent on external developments. As a good portion of the tax revenue and foreign receipts required to run the military and civil bureaucracy as well as other projects came from exports, the pace of the formal sector had to be determined by external response. Socially, the visible benefits from involving in trade started to change the prevalent anti-business attitude among the elite and a number of them started to streamline their consumption and other cultural patterns to that of the metropolitan countries. In the meantime, the relative position of the ordinary people was deteriorating. Politically also, the beneficiary elite strengthened its internal power by being increasingly dependent on the metropolitan states, especially the US. It was thus within this kind of general atmosphere that the elitist government was shaping its development perspectives towards agriculture.

The period from the 1950s on saw an increase in the expansion of the export sector and the emergence of 'import substituting' manufacturing in non-durable consumer goods. Following the government's repeated invitations to foreign capital, large-scale commercial farming operations in cash crops were opened in infrastructurally favoured areas. A large Dutch concern (HVA, *Handelsvereniging Amsterdam*) started an agro-industrial operation on 5000 hectares of land and a sugar factory with an initial capacity of 8000 tons per year in Wonji on the Awash (the only non-transboundary major river) in 1951 (FAO, 1961). This type of trend got stimulus

when the construction of a dam was completed in 1957 on the same river. Irrigated estates growing cotton and various kinds of cash crops proliferated in the valley, increasing the total irrigated area to reach more than 50,000 hectares in 1970 (Bailey: 22). On the other hand, incentives to coffee growers, though selective on collateral basis, were increased; which could be seen from the credit provision. Between 1951 and 1957, for example, loans that went to coffee growers and marketers made about 50 per cent of the total agricultural credit while much of the rest went to other cash crop growers and marketers (FAO, 1961: 462).

This kind of strategy was well articulated by the government in its first and second five year plans which were essentially drawn to attract foreign aid and capital. While both gave emphasis on 'import substitution', the second (1963-67) explicitly put the agricultural strategy by stating, 'large-scale modern farming is the right way to develop Ethiopian agriculture' (Imperial Ethiopian Government, 1962: 45). While such a strategy is dubious, in the context of the time, it meant to refer to the aspired expansion in the Awash Valley which was reflected by the establishment of the Awash Valley Authority in 1962. Even with such a bias, investment in agriculture was only 16 per cent of the total committed in the economy, in spite of its vital role of contributing about 60 per cent to GDP in the 1960s. As a result, while population was growing at a rate of 2.5 per cent, cereal production was increasing at only 2.2 per cent per year in the same period. The country also embarked on importing grain in 1964 showing a reverse in trend against its export records of some amount in the early fifties (Bequele and Chole: 24, 30; FAO, 1961: 370).

This precedence pushed the food issue forward which was reflected in the third five year plan (1968-72) when food self-sufficiency was put as one of the objectives. To this was added the collaboration of external donors. The approach was staging comprehensive rural development programs in selected areas. For reasons of land tenure system, relative fertility, accessibility, and closeness to market; the area units selected for the introduction of green revolution inputs were districts or sub-districts in the southern parts of the country. The most important in terms of its size, detailed design, target, and effect was the Chilalo Agricultural Development Unit (CADU) to the implementation of which the collaboration of the Swedish International Development Authority (SIDA) was decisive. When this program was initiated in 1967, it took as its task various functions that included 'adaptive research on crop and animal production, input supply and dissemination of proven technologies, credit and marketing services, soil and water conservation, forestry, and building health services' (Dejene: 1987:16). The project succeeded in putting to effect the productivity directed part of its objectives in a short period of time. By providing improved seeds and fertilizers on credit, it led to substantial yield increases. The government also issued decrees that made the importation of agricultural machinery and other inputs duty-free. As a consequence, the district became introduced to the most intensified mechanization process in the country in a space of five years when it had more than 126 large commercial farms on 23,000 hectares (Bailey: 22-24; Dejene, 1987).

Because of the demonstration effects of this project and growing food insecurity, the government, with external donor participation, was also pushed to stage a number of package programs of a minimum nature in different parts of the country. The main preoccupation of

these programs was the propagation of improved seeds and fertilizers along with credit participation. These functions were put within the auspices of the Ministry of Agriculture under a unit called Extension and Project Implementation Department (EPID). However, the impact of such programs in improving the overall level of agricultural production was not significant as the total volume of credit made available was limited, and its distribution lopsided.

The package programs that were staged, in addition to being limited in their geographical coverage, had also been framed in a context that didn't permit them reach the majority of peasants in the areas where they were functioning for a number of reasons. First, because the extension of credit hinged upon material collateral and payment of arrears, this arrangement made it inaccessible to the assetless masses. Second, as what was experienced in the CADU program had shown, there was a fastly rising instance of landlessness and eviction. Evicted tenants were driven to marginal lands or left helpless. Third, the profitability of agriculture, in the case of CADU in particular, led to sky rocketing rise in the price of land and rent rates to the detriment of peasants. This was demonstrated by peasant refrainment after having been enthusiastic in the initial stages. Fourth, as much of the green revolution inputs were applicable to a few number of crops, the diversion of land and labor toward their cultivation led to shortage in traditionally affordable food items (see Cohen, 1975; Dejene, 1987; Gebregziabher; and Stahl). Fifth, the execution of such very sensitive programs under a relatively backward and in large measure corrupt civil service had the implication of wasting resources. Last, lack of knowledge and influence also exposed peasants to unfavourable terms of trade and irregularities in the marketing of produce. Purchasing at too low prices and cheating in the scaling of grain

and coffee were not uncommon practices in rural markets, that were detrimental to production in their own right by depressing the already low returns from agriculture.

Thus, neither the package programs nor the plantation developments did help in bringing about the hoped-for food security or an overall rise in agricultural output. In fact, the country saw decline in total agricultural output in the early seventies (see Table A1) causing widespread famine in which hundreds of thousands of people and livestock perished. This and other developments exposed the system's overall flaws, in particular the distortionary effects of the strategies followed in agriculture, more than ever before. With the land tenure issue taken as one of the most decisive, opposition to the regime grew to an unprecedented scale leading to its demise in September 1974.

CHAPTER III

Land Reform and Institutional Change

Immediate upon its assumption of power, the military regime (*Derg*, in charge until late May, 1991) had taken a number of political decisions on the organizational structure of the economy. In tune with the then prevailing ideological orientation among most of the country's activist intellectuals, it nationalized every major manufacturing enterprise, all banking and insurance companies, large public transport undertakings; and put joint ventures like railway and plantations in which multinationals were involved under state majority. The most important of all the steps taken were, in terms of their impact on shifting the balance of economic and political power, the series of decrees issued in relation to land and rural institutions.

3.1 The Nature of the Land Reform

In an attempt to do away with rigid land tenure systems that usually happen to stand on the road of a forward move in socioeconomic development, societies have been introducing various kinds of land reform in different parts of the world and at different times. The steps taken also ranged from minor changes within the existing system to a radical one, which together with that removed the entire socioeconomic and political arrangement. Though grouping of different types of reforms is a difficult task that may be related to the individual's personal evaluation and techniques of classification, the reforms taken in modern times are basically of two types.

The first type refers to the security of tenants. Under the tenancy land reform, the tenant (who could be a share-cropper as was the case in Ethiopia) is granted to exercise one or more of the following rights: (i) limited rents; (ii) conversion, at the tenant's discretion, from crop-share to fixed rental; (iii) security against eviction, even for bad farming or non-payment of legal rent; and (iv) first option to purchase the property, should the owner sell (Lipton, cited in Getu: 26-27). The imperial regime did not do any one of these. The other type of reform is generally referred to as distributivist, but historically, it has evolved under a number of variants. One included the distribution of unused or domain lands to the landless, unemployed, or groups with considerable influence on stability. As was mentioned earlier, the imperial regime had been granting land for political reasons, but in large measure, little went to the landless and unemployed. The second variant involved the distribution of large estates to peasants as was the case in Mexico and Kenya. The third put a ceiling on maximum holding in which case the excess was redistributed to the landless. India is a case in point. The fourth refers to a comprehensive and countrywide reform measure which generally takes the form of the coercive expropriation of land without compensation by the state as was the case in most of the 'socialist' countries (see Colman and Nixon: 157; Jacoby; 170, 201-206).

The above classification is based on the general orientation of the various reforms introduced, but does not refer to the evolution of some agrarian systems that were transformed through the co-optation of previous frameworks. Nor does it serve purposes of evaluation as the effects of the reforms in transforming agriculture as well as the general economic structure has been varied. This is because land reform is only one of the many measures that are required in

transforming agriculture. To be effective it has to be accompanied by a package of economic and political measures as well.

The Ethiopian land reform proclamation of March 1975 had the following major contents:

- it declared, "all rural lands are the 'common property of the Ethiopian people', and all such land is confiscated without compensation",
- it annulled the private proprietorship of land thereby making its transfer by way of sale, gift, or otherwise, illegal;
- it cancelled all kinds of tenancy and entitled those in the private tenure areas with the right to till, using their own labour and tools, up to a maximum of 10 hectares;
- it prohibited the use of hired labour, except in the case of incapacity and no other means of livelihood;
- it confiscated all commercial farms without compensation, except for movable property, and converted them into state or cooperative farms, or in some cases, distributed them among peasants; and for the *rist* land areas,
- it annulled all court cases in process on land, and entitled the tiller of the moment with security from rival claimant(s),
- it also acknowledged the grazing and water rights of pastoralists (*Negarit Gazeta*: Proc. No.31, 1975).

It is not defined how the Ethiopian people are to exercise the collective ownership of land, but understandably, it is implied that the state (whether delegated or not), as their

surrogate, turns out to be the ultimate owner. In this sense, the proclamation brings all together as dependents on the eminent domain, and not on a particular individual. The reform was therefore distributivist in nature, and shared many elements in common with the fourth variant of the type. How it was put into effect is also a matter of considerable interest that is in order.

3.2. The Reform and Peasant Associations:

The proclamation also provided for the establishment of peasant associations (hereafter PAs) in a rural area of 800 hectares each. During the period of the reform promulgation, the government had already dispatched about 50,000 university and senior high school students in the countryside under a campaign program called *zemetcha*. The students played a major role in the rapid implementation of the reform and formation of PAs, though they tried to do it with some excesses. The formation of PAs was rapid in the private tenure areas and peasants were enthusiastic, at least in the initial stages, to join. Implementation of the reform and formation of PAs was slow in the rist tenure and inaccessible areas (due to remoteness or extant insurgent operations). However, by 1981, there were 23,497 PAs with more than seven million households as members, and there was a country level PA (Griffin, and Hay: 53). The purpose and functions of the local PAs were the distribution of the land fund within their jurisdictions with priority going to the landless, and replacing the gentry as local organs of administration. They had judiciary tribunals and armed squads, to handle cases of local nature. Politically, the PAs were soon integrated to the state apparatus and were used by the centre as channels to reach the peasantry from above. In fact, their role as representatives of the peasantry was nominal as they

did not have autonomous power to exercise (see Rahmato: 81-96).

In the distribution of land, the PAs had the responsibility of providing residents of the locality with a plot to till which they had to do by staging a series of redistribution measures. As the land fund within each locality was fixed and extra land could not be made available under the existing state of agricultural technology, they could only accommodate newly wedded couples by reducing average plot size. Some local communities have faced as much as six times of redistribution. Also, as land fertility is a highly localized phenomenon the plots distributed and allotted to individuals were usually more than two. This redistribution was done to maintain equity, but had the following inbuilt problems:

- it reproduced the problem of land fragmentation and furthered size diminution which was one of the flaws of the previous system;
- it furthered the pressure on land by discouraging migration to urban areas as entitlement to the usage of land was pending on residing permanently in the locality making the risk premium high, in the case of failure to achieve better livelihood in areas outside of the locality as reinstatement could be difficult, and if gained not with everything as before;
- it some effect of widening inequality as land both in terms of quantity and quality is not evenly distributed across the different localities, (see Table 3.1);
- it also failed to provide the individual cultivator with tenure security, as nobody knew when another round of distribution was to be staged, thus minimizing the initiative to invest and conserve the soil (see also, Dejene, 1987:29-46; and Rahmato: 40-73).

The distribution and the state of fragmentation at provincial levels in 1984 is presented in Table 3.1. Though more recent figures have not been obtained, the situation must have deteriorated in the years ahead due to population pressure and environmental degradation.

The insecurity of tenure due to the redistribution process was also combined with the patron-client relationship the state maintained in its regard to the peasantry. The distrust peasants had to the state was succinctly put by a former tenant who, when asked as to how he felt about tenure security, replied "land security is as uncertain as the rainy season during 'belg' (the short rainy period during the dry season). The rain depends on the will of God and our land on the will of the government" (Dejene, 1987:41). The effect of the reform in this regard was therefore, the reproduction of the old kind of communal tenure in another form, except in that ultimate ownership did not reside in the locality.

Province	Arable Land Holding (ha.)	Draught Oxen	Annual Household Income (Birr)
Arssi	2.16	1.60	939
Bale	1.18	1.26	550
Gamo Gofa	0.86	0.59	259
Gojam	1.80	1.42	456
Gondar	1.90	1.24	780
Hararghe	0.91	0.72	484
Illubabor	1.09	0.93	376
Kefa	0.86	0.91	303
Shoa	1.39	1.05	421
Sidamo	0.58	0.54	302
Wollega	1.59	1.17	455
Wollo	1.57	1.11	306

* 2.07 Birr = \$US (official rate since 1973).

** Arable land includes fallow, and land under permanent and annual crops.

Source: Ministry of Agriculture, 1984, various tables.

3.3. The Creation and Role of Cooperatives:

One of the most important features of the military government was its special interest in the creation and propagation of cooperatives in rural areas. The strategy for this organizational structure was the step by step evolution of the PAs into eventual units of production in the form of collectives. The argument for such a move was based on the fact that individual Ethiopian peasants are weak and incapable to introduce technological innovations as their current position, and economies of scale would not allow it. The state maintained that it was administratively costly to supply basic inputs to scattered peasants. Also, it had political reasons for the promotion of such institutions as they were regarded easier to effect control.

The simplest type of cooperatives created were service centred. Service cooperatives were created from the coalition of a number of PAs or, if the situation forced it, by one PA. They were mainly preoccupied in the supply of agricultural inputs as well as basic consumer items of manufactured nature. They ran their own shops, and for capital raising and demonstrative purposes, usually had farm plots. On the other hand, they were also expected to collect grain through the PAs for delivery to the parastatal Agricultural Marketing Corporation (AMC). As of 1981, there were 3,679 service cooperatives involving 16,680 PAs with five million households as members (Griffin and Hay: 53). The figures have increased since then.

The more important ones that the government was interested to promote were producer cooperatives. According to the state's program, these were to evolve in three stages. The first

stage was *malba* in which members pool their land and tools, and if possible hire tractors, and share the gain as per their individual input contribution including labour. The second stage was *walba* in which members pool all resources and share harvest according to work points obtained. The third was the final stage called *woland* which was to be a production and administrative unit through the amalgamation of a number of *walbas* (see Ghose). As late as 1990, no cooperative had reached the third stage (personal observation). But, by 1983, producer cooperatives of the earlier stages were making only about one per cent of the rural households, cultivating two per cent of the total land under crops, and producing 1.3 per cent of food grains (Cohen, and Isaksson, 1988: 326). Though precise figures are not available, the more intensified push of the government in recent years had increased their role, but they never became so significant. Peasants were not in general enthusiastic to join, not because they did not like cooperation, but because of the inbuilt *free-rider* problem inherent in the operation of the cooperatives. One study conducted in Arssi, where there was a high rate of cooperativization, has shown that among interviewed peasants, about 75 per cent wanted to stay as small holders (Dejene, 1987:80). Even those who joined, though they did it mainly for being more desperate, had a strong disagreement with the work point system.

The other type of production sub-sector fostered by the state, as an outcome of land reform, was that of the mechanized state farms. These originated from the confiscated commercial farms a good portion of which was declared state property, but have also been expanded since then. As of 1983, they were employing only 0.2 per cent of the agricultural labour force, cultivating 3.5 per cent of total land under crops, and producing 3.4 per cent of

food grains (Cohen, and Isaksson, 1988:326). However, their role in absorbing investable funds was, as it will be seen, crucial.

3.4 Villagization and Resettlement:

Among the most important issues that have made the military government subject to criticism were the vigour with which it was executing its programs of villagization and resettlement. The government claimed that it was only through the creation of such settlement schemes that it could fastly implement the process of 'agrarian socialism'. However, the main reason behind such schemes seems to have been political. Seeing that the village schemes that were created in the provinces of Bale and Hararghe had helped it to effect control and weaken guerrilla activity, the government wanted to transform the exercise at a national scale. This was done in spite of the reverse in trend that was being experienced in Eastern Europe and the USSR, where the government was drawing much of its external support from.

The villagization scheme was entirely against peasants' willingness while the government was forcefully implementing it without making even the most essential facilities available. Nor did it have the capacity to provide. Despite international criticism and internal opposition, more than 4,500 settlements had been created in which 12 per cent of the rural population lived, upon the completion of Phase I of the program in 1985. Phase II went on with more intensity, and when this stage was completed in 1988, about 25 per cent of the rural population had been settled in villages(see Cohen, and Isaksson, 1987,1988). When the entire scheme was suspended

in 1989, it had already touched about one-third of the rural population (World Bank, 1990a). In addition, as most of the schemes were implemented with haste and undue attention to the timing that agricultural practices require, they were instrumental in wasting time and produce as well. The effect on environmental degradation was not so negligible as trees had to be cut for building, and the bush on new sites had to be cleared. Some also maintain that the schemes had the effect of worsening public health, a claim that cannot be fully dismissed as sanitary conditions should have worsened in poorly furnished village sites.

Along with its program of villagization that was covering most of the country, the government had also staged an intensive scheme of resettlement targeted to move people from drought-prone and heavily populated areas, to locations where it claimed better farming opportunities were available. The claim was in large measure false as the selected sites were not so different from the previous areas unless huge funds were committed, which never occurred. At the peak of this scheme, the country was already experiencing one of the worst famines in its history in which about half a million humans perished. In addition to being hastily and unwisely designed, the scheme was also implemented by force. It was subjected to severe criticism, and the government declared a temporary moratorium in March 1986. However, by that time, about 800,000 people had been settled (for more details see Cohen and Isaksson, 1988; and Niggli). Nevertheless, the retention rate in the new sites was low as many of the resettled made their journey back to their places of origin or fled to the Sudan as refugees.

CHAPTER IV

Strategic Policies and Effects

Strategies pursued by late-developing countries in addressing the issue of agricultural transformation have been varied as they apply to different communities and time periods. By focusing upon the more general features, however; Johnston and Kilby classify the approaches into two major categories. The first is the unimodal approach which centres its attention on the distribution of investable resources and incentives so as to effect a progressive modernization of the entire agricultural sector. For such a purpose, the major role players are taken to be the multitude of small holders whose achievements are perceived as part of the transformation process. It is also believed that this approach yields more equitable distribution of benefits, and by providing incentives to millions of people leads to greater results in output at comparatively low costs. The second is the bimodal approach which concentrates resources on selected and small segments of the agricultural sector in which great returns are envisaged. It gives rise to highly mechanised and advanced technology user big farms in isolation from a multitude of small holder peasant farms to which all such sophistications are alien. The major target of the advanced sector is market (be it internal or external), while the small holders remain mainly subsistence oriented and marginalized (see Johnston and Kilby: 70-130).

One feature of the Ethiopian agricultural sector after the 1975 land reform was its division into three competing sub-sectors defined in terms of ownership and cultivation practices. These were partly inherited from the previous imperial regime, but were put later

under a different context. The military regime claimed that the priorities it set in giving more emphasis on one or another sub-sector was essentially conditioned by its program of the 'socialist' transformation of agriculture. Although this claim was combined with defense and security considerations, the effect it had in shaping the distribution of resources among the sub-sectors, from what was generally committed to agriculture, was markedly significant.

4.1 Resource Commitment and Distribution:

As it was mentioned earlier, the entire period of the military regime's tenure was one of preoccupation in containing both internal and external threats. This had the effect of diverting huge amounts of human as well as financial resources that could have been used for constructive purposes. Using official statistics alone, which understate the amounts committed as they do not refer to the undisclosed huge sum the country owes the Soviet Union for armament imports, the claim that defence and security related streams had been making on the central government's budget was extremely high. In the period 1974-89, for example, these streams had been consuming more than half of the annual current expenditure. This amounts to about 36 per cent of total annual spending, and was over a billion *birr* (US\$=2.07 *birr*, official rate since 1973) for the average year in the period, which in its own right was taking away more than 10 per cent from the already minimal income of the average Ethiopian. On the other hand, current spending on agriculture was only 2.2 per cent of the total current expenditure (see Table A2 in the annex). Since much of this spending was being absorbed by wages and salaries, little was hence left to maintain existing facilities in the different agricultural ministries.

The fact that Ethiopia is a country of impoverished peasants who are virtually able to save nothing, except for carryover of small amounts of grain for seeding, and that private business type involvement had been, until very lately, prohibited makes the entire burden of investment in agriculture fall on the government. A look at the government's spending schedule for the same period shows that total capital expenditure had on the whole been rising. However, compared to the relative backwardness and needs of the country the amount spent was small and constituted only about 30 per cent of the total. Out of this, more than a quarter was devoted to agriculture. This seems to show considerable commitment to the sector's development, but closer scrutiny reveals that the distribution was lopsided. Since what is put as 'Agriculture' refers to activities mainly overseen by three ministries, viz., Agriculture, State Farms, and Coffee and Tea Development; the amounts specified were going to all in different proportions. While the former's mandate was the broad peasant sector in the main, the latter, as their names imply, were mainly market geared (but a controlled one) specialized agencies running state enterprises and providing services to exportables. While the differential advantage accruing to each of them was not that marked in the relative amounts allocated for current spending, the market geared agencies were favorably staffed. It is, however; in the allocation of capital spending that the preference accorded to the specialized ministries comes to light.

It is true that some funding to projects in the peasant oriented ministry used to trickle from the central treasury. But, the lion's share was coming from external agencies. Since much of this was mainly related to conservation and localized, its impact in affecting the way of life of the multitude had been limited. On the other hand, access to internal funding used to be

extremely open to the specialized ones. Meanwhile, the availability of credit and extension to the three forms of agricultural production sectors was markedly unequal.

During the period under reference, the administration of credit had been an entirely state domain. While the largest commercial bank (Commercial Bank of Ethiopia, CBE) was extending some amount of credit to the export oriented sector in the main, it was the specialized Agricultural and Industrial Development Bank (AIDB) that had substantial preoccupation in extending credit to the agricultural sector. Internal borrowing had thus been taking place with sponsorship by the central bank (National Bank of Ethiopia, NBE) in which virtually all agricultural credit was extended to the market-g geared big enterprises, as the individual peasant obviously lacked the capacity to be credit worthy. A breakdown of the distribution of accumulated credit extended to the export and agricultural sectors in the period 1984 to 89 is shown in the table below. Though the amounts shown in the agricultural column may seem substantial, they are simply accumulated debts of the state farms which they have been holding in arrears to the extent of rendering the AIDB technically insolvent. As of 1989, for example, the AIDB had about 1.7 billion *birr* in non-performing advances to the state farms that were refinanced by the NBE on concessional terms (World bank, 1990a: 60).

Table 4.1 Distribution of Credit to Agricultural and Export Sectors
(in millions of *birr*, on June 30)

Year	Agriculture		Exports (CBE)	
	AIDB	CBE	Coffee	Total
1984	892.80	41.0	79.3	160.6
1985	1170.0	45.4	75.6	170.1
1986	1200.2	45.2	106.6	210.5
1987	1358.3	68.5	43.0	148.9
1988	1582.2	71.5	42.5	156.7
1989	1685.1	58.9	91.6	235.4

Source: World Bank, 1990a: 160.

The small amount extended to the peasant sector was essentially confined to the provision of improved seeds and fertilizers on credit. Cooperatives, due to the government's disposition to promote them, had of course some access to credit for the purchase of farm oxen and, to a limited extent, tractors. The major extension network to the peasant sector was overseen by the ministry of agriculture (MOA) through its extension and project implementation department (EPID). With assistance from external agencies, this unit's operations had helped in the propagation of fertilizer usage. When the EPID was created in 1970, the overall usage of fertilizers by the peasant sector was a mere 1,870 metric tons. This had risen to 102,371 metric tons in 1989. In particular, in the period between 1975 (when the figure was 14,340 metric tons) and 1989, the application of fertilizers had been increasing at a rate of 19.8 per cent per annum (World Bank, 1989). Despite such a surge, however; average usage remained to be extremely low in the sector at 15 kilograms per hectare (see Table 4.2). As of 1984, the proportion of farmers that applied some amount of fertilizer was only 14 per cent and they were cultivating 12.3 per cent of the area under peasant cultivation. Improved seeds usage was current only among 2 per cent of peasant farmers who were cultivating 1.3 per cent of the area under the sector's domain. Pesticides usage was virtually absent as it was only reaching 0.5 per cent of peasants (MOA,1984).

What is more, even this small amount was not evenly distributed across the different provinces. Areas where there had been an extended propagation scheme were outranking the rest. Arsi was reporting that about half of the peasants in the province were applying fertilizer of some amount, while for Bale and Gamo Gofa the figures were a mere one per cent for each

(MOA, 1984). The more important lopsided pattern of distribution was, however; the discrepancy along the forms in which production was taking place. The overall favour accorded to cooperatives and state farms can be easily observed from Table 4.2. To this, it must be added that while the state farms had direct access to procure various inputs, the fact that what was trickling to the broad peasant sector was passing through the civil service had repercussions of its own. Reports on corruption and embezzlement had been frequent and the then emergence of a vibrant parallel market can be used to authenticate the existence of the practice as there was no other way in which fertilizers were being imported.

Research, as it is to be expected, has been an underdeveloped exercise. For example, in 1979, the government's budget allocation for this purpose had only been about 2 per cent of the amount devoted to the agricultural sector (see Mengisteab:130). The few number of sites of the Institute of Agricultural Research (IAR) are principally located in areas where there exist better infrastructures and the reception of improved inputs is high. Though full preoccupation has not been in meeting the needs of state and cooperative farms, the comparative advantage these farms have makes them immediate beneficiaries of the research scheme. In particular, the state farms are best positioned to take advantage. For the multitude of peasants, research has not been responsive to their needs. This is partly due to the bias in research location and orientation. However, the extremely variegated agro-climatic features of the country also make research a highly tiring exercise demanding substantial amounts of financial and skilled human resources. So far, commitment in this sphere, as in many others, has been limited.

Table 4.2 Profile of Farming in Private Peasant, Cooperative* and State Farms (1987/88).

Total Area Under major Crops (million ha.)		5.94
Share %	Private Peasant	94.4
	Cooperatives	3.5
	State Farms	2.1
Total Production Cereals (million metric tons)		6.5
Share %	Private Peasant	93.7
	Cooperatives	3.7
	State Farms	3.6
Total Fertilizer Usage (thousands of metric tons)		122.0
Share %	Private Peasant	50.3
	Cooperatives	21.2
	State Farms	28.5
Fertilizer usage (kgs/ha)		
overall average per ha. crop land		20.5
	Private Peasant	11.0
	Cooperatives	124.0
	State Farms	280.0
Average for peasant sector (priv. and co-op)		15.0
State of mechanization:		
	Private peasant	nil
	Cooperatives	minimal
	State Farms	complete

* Cooperatives include settlement farms.

Source: World Bank: 1989; 1990a; and Maxwell. (computed)

Irrigation practices are virtually confined to the state farms in the river valleys, and for a great weight of the peasantry remain alien. In 1984, for example, only 4.9 per cent of crop growers were practicing irrigation and this was done on only 59,844 hectares of land (MOA, 1984). Negligence towards the interests of pastoralists had caused serious consequences in the past and there had been little effort to redress the imbalance that was created. The 3,000 hectares irrigated pasture scheme in Amibara is a good exercise to begin with, but barely reaches the requirements of the local population (personal observation).

4.2 The Surplus Extraction Schemes:

Another novel pattern of institutionalization created during the same period was the regulated marketing and pricing of agricultural produce. Due to increased price levels observed in major urban centres and growing aversion to unregulated market operations, a parastatal, Agricultural Marketing Corporation (AMC), was established in 1976 (Franzel, et al: 347). The AMC was soon entrenched in the surplus producing provinces to purchase grain at fixed prices and quotas. This scheme took its most organized form in 1980/81, when a ministerial committee fixed prices by crop nationwide and quotas by region. Following this directive, a whole network of administrative and other agencies was deployed to reach the lowest local units. The operations of the AMC were expanded and it was able to reach most of the grain producing highlands thanks to the already consolidated PAs and service cooperatives that were evolving as minuscule organs of state. This rendered the AMC obtain about 60 per cent of its domestic grain purchases from the peasantry (see Table 4.3). Of this, 80 per cent was coming from the provinces of Shoa, Arsi, and Gojam (Franzel et al: 347) that were identified as surplus producing.

The implementation of this scheme was effected through coercive measures. Grain traders were subjected to restrictions ranging from the complete denial of licence to meeting specified obligations designed to raise AMC's purchases. Pressured from above, PAs and other agencies resorted to fixing check points and road blocks of their own to fulfil quotas. The proliferation of such blockades made the free inter-regional flow of grain difficult and led to the emergence of a highly prized parallel market. Since quotas were assigned from above and lacked proper assessment of local conditions, their setting at local levels was full of haste and arbitrariness.

Local administrative units turned coercively on the PA leadership, and through the latter, the peasantry to meet their obligations. This was also perpetrated by the logic inherent in the entire system.

Table 4.3 Share of Peasant, and State Farms in the Domestic Supply of Grain to the AMC. (1978/79-1987/88)

	AMC domestic purchases (‘000’ tons)	share %	
		Peasant farms*	State farms
1978/79	149	68.2	31.8
1979/80	274	68.9	31.1
1980/81	436	58.8	41.2
1981/82	459	66.8	33.2
1982/83	573	67.0	33.0
1983/84	410	65.0	35.0
1984/85	231	49.6	50.4
1985/86	436	62.4	37.6
1986/87	617	61.8	38.2
1987/88	570	62.6	37.4

* Figures referred as peasant farms include cooperatives and deliveries by traders.
Source: AMC, adapted from Franzel, et al: 348.

While the prices were not subject to revision until 1988, when a 6-10 per cent raise was given depending on the type of crop, peasants were facing erratic climatic conditions and soaring prices for other consumer goods. The price of grain in the parallel market was in the meantime more than double to that paid by the AMC (for comparison, see Table 4.4). In addition to the low level of AMC prices, which in many cases did not involve instant payment, the rigidity and arbitrariness of the compulsory deliveries had forced a good number of peasants move to the parallel market to meet quota requisitions (a case acknowledged by the Office of National Committee for Central Planning, ONCCP) rather than face fines or detention. On the other hand, this mechanism did not help the vast majority of urban dwellers employed in the informal and survival activities since a good portion of AMC’s supplies went to provide for the politically

important sections. This proved a kind of inequality arising from differential access to goods and services too.

Table 4.4 AMC Farm-gate and Addis Ababa Wholesale Market (AS) Prices
(Birr per quintal)

	Teff		Wheat		Barley		Sorghum		Maize	
	AMC	AS	AMC	AS	AMC	AS	AMC	AS	AMC	AS
1980	43	81	29	66	24	54	25	58	27	30
1981	41	82	36	68	31	54	26	56	21	43
1982	41	88	36	74	31	69	26	67	21	55
1983	44	101	36	74	31	76	29	77	24	56
1984	39	94	31	55	27	65	24	66	20	40
1987	39	96	31	62	27	61	25	61	20	43
1988	42	106	33	55	29	56	27	61	22	41

* retail prices in the market were by far higher than the wholesale prices in Addis Ababa.
Source: World Bank, 1989.

While the scheme helped in strengthening AMC's monopoly in grain trade, close to 10 per cent of total output in later years in a country where less than 20 per cent of such produce is marketed, it had deleterious impacts on peasant production. First, it discouraged innovative practices by making them unprofitable at AMC's prices. Second, it led to an undesirable shift in crop type demonstrated by preference to produce those in the lower priority of the AMC. Third, quality of grain fell dramatically. Fourth, restriction on the movement of grain led to decline in the quality and quantity of other consumer goods in rural markets as merchants' visits became infrequent. Fifth, exposure to AMC's discretion, which on occasions failed to purchase, made the benefit from rare bumper harvest minimal as the floor price (i.e. AMC's) went lower in localities. Sixth, since the AMC did not sell to peasants, they had to face high prices in the parallel market in the case of crop failure. The experience suffered by cash crop producing peasants was similar to this. Last, it also hurt market integration (see also, Franzel, et al; Ghose;

Woldemeskel; and Cohen and Isaksson, 1988).

Furthermore, while the AMC was paying such low prices to peasant farmers, it was at the same time paying higher prices to deliveries from the state farms. The differential premium ranged from five to ten *birr* per quintal of grain. Also, individual peasants were required to pay a series of dues ranging from land use and income tax, to various 'voluntary' contributions. Such payments could not have been as burdensome as the previous rents (in the south) and tributes (in the north) they were subjected to under the imperial regime, had there been a better arrangement suited to peasants. On the other hand, the state farms were required to pay only 2 *birr* per hectare as land use 'tax'.

Nor did those producing cash crops benefit from the regulatory measures of the specialised agencies. The tax take on exportables, in particular coffee, had been very high. The very unrealistic pegged rate of exchange has also been a major cause for the draining of substantial amounts of these crops across the practically unpoliceable borders to neighbouring countries. No wonder therefore that Djibouti and Somalia, countries which virtually grow no coffee have been competing exporters (see Gadbois: III-13).

4.3 Some Cross Sub-Sectoral Comparisons:

Comparisons on the relative performance of the peasant private, cooperative, and state farms have to be made based on the resource commitment they require and the benefit they

make possible, and be assessed within a broader socio-economic conceptual framework. This involves both efficiency and equity considerations at the same time. It also involves the convergence of short and long-term objectives. This is so because, in such a country where the most elementary human needs are far from being met, sacrificing even the most modest amounts of resources is an unaffordable exercise. In such a context, meeting the rather most present needs is the first step that has to be taken so as to contemplate the future. Under its current circumstances therefore, Ethiopia can ill afford wasting resources.

The first measure to assess the relative advantage of the sub-sectors is productivity. In the context of agriculture, there has been a very common measure that relates to yield per hectare. As Table 4.5 shows, the Ethiopian state farms fare favourably in three cereals in comparison to both sub-sectors while they fail to do as good as the private farms in two of the labour intensive cereals. Cooperatives generally do less productively than both. On the other hand, the table also shows that the private and state farms generally do better than the average for the African continent.

However, a closer examination of the state farms reveals that they had been faring very badly throughout their years of operation. As it was mentioned in an earlier section, the arrears that they had not been able to settle with the AIDB stood at 1.7 billion *birr*, and this seems to have been an irreversible situation. One study, for example, has shown that throughout the period 1980-85, they were incurring an annual loss of 80 million *birr* (Rahmato, 1987, cited in Mengisteab: 152). In spite of all this undisbursed amount, which could be seen as an implicit subsidy, their performance even in terms of yield per hectare was not that impressive.

TABLE 4.5 A Comparison of Average Agricultural Productivity
in Ethiopia and Africa (1980-88, kgs/ha).

	<u>Teff</u>	<u>Wheat</u>	<u>Barley</u>	<u>Maize</u>	<u>Sorghum</u>
Private Peasant	792	1077	1155	1594	1267
State farms	502	1505	1623	2535	1042
Cooperatives	692	897	838	1342	973
<u>Africa</u>	-	1295	979	1393	744

Source: FAO, 1980-88 (Adapted from Mengisteab, 151)

The reason attributable to such depressing levels of performance is the problem of management in the main. In particular, in the earlier years of their operation, lack of experience and political bickering with influential labour 'representatives' and cadres were very common resulting in waste of time and other resources. Lack of coordination with other agencies in the timely gathering of harvest has also been another problem. At the same time, the state farms didn't have autonomy in production and marketing which made the pricing of produce incommensurate with cost recovery. In the cost related productivity sense therefore, it was the peasant private sector that had been outdoing all.

Other assessment comparisons like: foreign exchange requirement, notwithstanding the fact that the state farms have been helpful in generating foreign exchange, environmental and income distribution considerations also put the private peasant sector as the least costly. This should not mean, however; that the peasant private sector should be left within its antediluvian confines without providing any incentives to help it bring about better prosperity. The basic orientation should be towards motivating the multitude to use their energy and creativity to alleviate the state of poverty they are in at present.

4.4. Performance of Agriculture:

Data on agricultural output in such a country as Ethiopia are mainly rough estimates. The main source for the data used here (see Table A1) is the Central Statistical Authority (CSA). The CSA itself classifies the data as poor estimates which implies that real values could have been higher or lower than the indicated figures by 25 per cent. Maxwell, the source for the data between 1979/80 and 88/89, also states the same kind of problem in the statistics used. Nevertheless, they have been used to provide a general profile on the performance of the agricultural sector. Because of the urgency they have in the country's needs also, it is on the production of cereals that full attention has been drawn. The production year 1971/72 is used as the base, for the two years following it had been years of drought and low agricultural output. Therefore, the year is thought to have been 'normal' and suitable for comparative purposes.

As it can be seen from the table, cereal production had been showing a low steady trend of growth until 1971/72. On the other hand, the years following the change in regime (1974-89) were characterized by an erratic kind of pattern. Except for four years, however; total output had been lower than the base level. This implies that food availability per capita has drastically fallen as population is increasing at a rate of 2.9 per cent. This could only be filled through imports or aid just to reach the levels of 1971/72. For this reason, the country, as is well known, has become increasingly dependent on the outside world to feed itself. Table 4.6 shows that food has become a major contender on the country's small foreign exchange earnings. A study by Maxwell also shows that the production-consumption ratio for cereals had been 104 per

cent for the decade (1979-89) which shows serious insecurity as post-harvest losses were more than 6 per cent, excluding an annual seed carryover of more than 10 per cent. Consumption per capita had also been only 130 kilograms per annum showing the meagre access that the average Ethiopian had to food. What is more, the production-supply ratio for the same period had been only 85 per cent, and food aid-import ratio had been as high as 61 per cent (Maxwell: 18-19). The country has virtually no food security reserve.

Table 4.6 Degree of Claim of Food Imports on Ethiopia's Export Earnings
(1983-89)

	Percentage Share of Food Imports	Export Earnings (million birr)
1983	15.3	809.6
1984	12.6	929.6
1985	35.8	744.6
1986	43.6	923.8
1987	36.5	794.8
1988	23.5	773.7
1989	22.3	903.2
Average	27.1	

Source: Customs and Excise Administration, Ethiopia

The reasons, as it was discussed earlier, for such a disappointing record range from natural to human factors. The severe series of droughts the country had been experiencing in the eighties is identified as one. In fact, as one study has shown, rural vulnerability to famine has never been an absent case (Wolde Mariam, 1986). Localised droughts have been the rule rather than the exception. The only difference between a 'normal' year and one riddled with food shortage at the national level is a matter of degree. When a prolonged and geographically expanded drought strikes, it has been followed by huge human as well as livestock casualties.

However, erratic climatic situations are not peculiar to Ethiopia. There are nations with

more adverse climatic conditions than this country, but have never been reported to have faced starvation of such a massive scale, and in these modern times. It is the structural nature of the economy and the poverty it bears that makes the Ethiopians victims of drought. As this study has shown, shift of the huge amount of resources spent on defence and security as well as their allocation in favor of the more productive poor could have helped in at least minimizing the casualties.

CHAPTER V

CONCLUSIONS

In the light of the current general economic and, in particular, agricultural crisis in the Sub-Saharan Africa region; this paper has discussed some of the most important issues that could be held responsible in the generation and perpetuation of stagnation in the context of a country that happens to represent the most exaggerated part of the overall agricultural grim picture in the continent. The reasons for such a disappointing performance trace themselves back to a plethora of factors ranging from the highly variegated and unpredictable nature of the Ethiopian geographical environment to human generated obstacles that have arrested the development of productive capacity in harnessing and effectively utilising available resources. As this paper has argued, Ethiopia's geographical environment, though admittedly poses serious challenges, can not be taken as the sole explanatory variable for the dismal experience. In fact, despite the widely held but uninformed belief, the country has substantial resources that if put to proper use are potentially sufficient to extricate it from the current agricultural crisis. Explanation for the present setting has therefore to be sought in the historically generated socio-political and economic legacies of the country that happen to be of internal and external origin.

Prior to the advent of this century, the country's historical past was characterized by unending feuds and conflicts among various local lords in the north, and internecine tribal wars and sporadic slave raids in the south and western fringes that were obstructing the smooth development of productive forces. Peace, that precious basic input to furthering economic

progress, was not allowed to prevail by periodic violence. Culturally also, the setting blocked the promotion of division of labour. Nor did the resurgence of imperial supremacy lead to the emergence of an autonomous dynamic productive structure as similar experiences in Europe and Japan did. It rather generated a feudal structure that was based on excessive plunder and exploitation which was not followed by the ploughing back of the extract into investment in agriculture or elsewhere. Whatever was extracted was simply consumed wastefully by the new feudal soldiery while the initiative of the producing peasantry was discouraged.

The land tenure systems the imperial setting sanctioned without any intent to reshape them in a way congenial to the improvement of the state of agriculture were serious obstacles to development. The rather byproduct of plunder, the feudal type private tenure system didn't have any regulated operational logic as no contractual relationships binding both the landlord and the tenant were clearly put. At his discretion, the landlord used to claim exorbitant and often progressive share on produce and *corvee* labor that destroyed tenant initiative to improve livelihood. Except in the case of few locally based landlords, the absentees rarely provided farm inputs (tools and oxen) to tenants. Nor did the communal type holding patterns in the northern parts of highland Ethiopia help in improving agricultural practices and peasants' lot. The frequent feuds and waste of energy and time in excessive litigation on claims and counter-claims were obstructive to proper and smooth progress. Though there used to exist differences in degree, both tenure systems lacked one basic requisite element to peasant production, viz., tenure security. Both systems also yielded a very weak material base to production and consumption as well.

On the other hand, the belatedly contact the country went through with the prevailing international economic arrangement didn't lead to a break with the past. Just as its counterparts in the continent and other parts of the world did, Ethiopia ended up in the lowest echelon in the international division of labour. This process, while robbing it from autonomy, however; led to the emergence of a small but dependent elite group (in large measure by way of conversion among the feudals) the consumption and cultural orientation of which was lured to the metropolitan countries. As the group had wrested much of the political power, it also designed the development objectives of the country in the way it deemed it best. This was well demonstrated in the development plans of the 1960s that gave little and selective emphasis to agriculture. In addition to the smallness of the total committed to the sector, the resources were used up in the development of piecemeal projects that portrayed isolated advance in very few localities mainly producing cash crops. The later attempt at improving the state of production through the package programs didn't yield any recognizable benefits at the national level as the size of resources committed was small and the distribution lopsided. In fact, the country faced serious food shortage when the 1972/73 drought had struck. The fact that such attempts were done without addressing the basic agrarian problem also demonstrated their side-effects.

The land reform introduced in 1975, though a great but hasty effort in its own right, ended up by reproducing an archaic type of tenure system that was detrimental to peasant tenure security and initiative. The series of distributions frequently staged was the main element affecting security. The attempt to forcefully implement the process of 'agrarian socialism' did not help either. It rather generated a wrong attitude toward cooperation among peasants who are

virtually unable to take improving measures on an individual basis. Partly due to its preoccupation in containing internal and external rivals, the military regime also failed in committing substantial resources to agriculture. Whatever resources it had committed were also distributed inequitably and unproductively.

The pricing and marketing arrangement designed to extract surplus was the most obstructive of all the impediments created by the regime. The blockade on the movement of grain across regions, the low price paid to peasant produce with all the administrative limits inherent in it, and the imposition of arbitrary quotas were causative in undermining peasant initiative. The favourable treatment of the state farms and cooperatives did not make these forms of production economically more viable than the private peasant farms. With the implied great hold that the adage, 'what belongs to everybody is the responsibility of nobody', has on the Ethiopian civil service, the state farms ended up incurring loss year after year. The subsidy they were absorbing could have yielded substantial benefits, at least social, if it had been shifted in favour of the private peasant sector. In all, the policies introduced were detrimental to production and fair distribution as well. They ended up by creating an involuntary process with further impoverishment. Thus, the reform failed to achieve a major objective, i.e., the transformation of agriculture. It rather exacerbated the pressure on land by diminishing the average plot size as the high rate of population growth (currently running at 2.9 per cent per annum) was not accompanied by the structural transformation of the economy at large.

The above, seemingly pessimistic, observations upon the experiences under two

apparently different regimes lead us to pose two basic questions. One is whether the attempted strategies were proper or not, while the other is directed at what should have been done and how should have the problem of agrarian stagnation been tackled. The answers to these questions are varied and, in large measure, depend upon the perspectives of the respondent on the basic question of economic transformation. For us, and as the history of the currently developed world has shown, agrarian transformation is part and parcel of the the entire economic transformation of a nation. By deliberate intent or default, the successful examples set to us by a number of states indicate that for a development effort to achieve its goals, it has to be accompanied by committed endeavour at the national level. This requires a package of resources to be mobilized. As the most important of all is the human element, its successful mobilization requires a leadership that is committed to the achievement of the objectives set. When we say leadership, it should not be confused with the type of 'leadership' that has currently assumed power in most of the developing countries and gained fame for its hollow sloganeering and rhetoric. By the requisite leadership, we mean the kind that, by way of its commitment and indigenous backing, makes the development effort institutionalized. This in turn puts as its prerequisite an entire transformation of the way of operation of the socio-political systems existing today. The kind of patron-client relationship should change and real concern towards the development of the economy at large, and in particular, agriculture should prevail. Without the appropriate institutionalized leadership in place, and its enjoyment of wide support among the populace to whose advantage the development effort is claimed to be made, any attempt at surmounting the hurdle of backwardness is likely to be doomed to failure, or if at all, achieve very little. It is this kind of leadership that has been missing in this country as well as others.

Now that the government, that of late was forced to shift its policy orientation, held responsible for the defective policies is gone; the forces responsible in the future should take note of the experiences in the past. If there is claimed to exist genuine commitment to the development of the economy at large, the problems imbedded in the country's entire structure should change in a way congenial to the sustained economic welfare of the impoverished. Otherwise, the adaptation of ill-concieved nostrums from outside without giving due attention to the specific features of the country and the rampant poverty its people are currently experiencing will no doubt replicate the trauma of the past. The point being made here should not be misinterpreted as a recommendation to leave past legacies uncorrected. The attitude toward peasant production should change in its favor, and such schemes as the forceful requisitioning of produce and cooperativization process should never be repeated. If ever cooperativization is to occur, it should essentially originate from peasants' initiative and government support to such attempts should be exemplary and not compulsory. Fiscal support to such cooperative activities that are mainly service related is a recommendable exercise. The previously created parastatal, AMC, could be used to redress past errors by reinstitutioning it as an agency with mandates to help in the marketing of produce at competitive prices and in the provision of inputs to peasant farmers at subsidized prices. It can also serve as an agent in building national food security reserve. Otherwise, interference in peasants' life with the sole aim of using their resources and energy to achieve other ends will no doubt deteriorate the already depressed situation. In matters of decision making in general, leave peasants autonomous to determine their own destiny.

Annex

Table A1

Index of Production of Cereals (1971/72=100)

1961/62	74.8
1962/63	76.1
1963/64	77.6
1964/65	79.9
1965/66	80.6
1966/67	87.6
1967/68	90.1
1968/69	92.6
1969/70	94.2
1970/71	95.8
1971/72	100
1972/73	75.2
1973/74	75.2
1974/75	75.7
1975/76	80.2
1976/77	75.2
1977/78	68.6
1978/79	73.2
1979/80	105.7
1980/81	92.7
1981/82	89.1
1982/83	111.0
1983/84	91.3
1984/85	70.1
1985/86	79.7
1986/87	99.4
1987/88	107.6
1988/89	107.0

N.B. 1971/72 = 6.05 million metric tons.

Source: (Computed from) CSA, Statistical Abstracts; and Maxwell.

TABLE A2

Patterns of Ethiopian Government Expenditure (1974/75-88/89)

Year	Current Expenditure			Capital Expenditure	
	Total	Share (per cent)		Total	Share
	(mln. birr)	Security & Defence	Agriculture	(mln. birr)	Agriculture
1974/75	795.3	41.5	2.3	237.6	33.5
75/76	900.0	51.7	2.7	282.8	30.7
76/77	1001.4	55.0	2.6	324.6	37.2
77/78	1351.5	64.9	2.2	329.4	49.5
78/79	1462.3	54.4	2.2	368.8	49.5
79/80	1679.0	51.7	2.1	443.2	30.9
80/81	1776.4	50.6	2.1	505.1	21.6
81/82	1914.7	54.6	2.2	715.0	27.6
82/83	2540.8	50.5	2.0	1245.3	41.6
83/84	2236.0	53.1	2.4	933.0	21.7
84/85	2696.4	43.4	2.1	1187.0	25.2
85/86	2592.9	45.5	2.3	1471.8	21.6
86/87	2653.0	48.2	2.6	1383.1	23.0
87/88	3015.1	54.6	3.0	1499.5	19.4
88/89	3445.6	53.2	2.8	1743.5	16.1
Annual					
Average		51.5	2.2		26.6
Share in					
Total G*					
(per cent)	70	36.1	1.5	30	8.0

G* = Current + Capital Expenditure.

Source: Ministry of Finance, Ethiopia (Adapted and Computed from World Bank: 1990a: 154).

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