

## **Chapter One: Introduction to Development Dynamism in Ethiopia (18 hr's)**

### **Introduction**

In an attempt to discuss the issue of development dynamism; the meanings and definitions given to development, major paradigms of development and their relevance to the Ethiopian case is going to be the first part to the discussion, and then proceeds to present about The Origin of the Quest for Modernization and Development in Ethiopia (1855-1930), Emperor Tewodros and Ethiopia's modernization and Reign of Emperor Menilik Modernization and Education in Ethiopia.

**Politics:** in the Encyclopedia of Political Science (2011), the term is defined as a science, art and discipline on the issues of state and government. However, the issue of politics has had spatial and temporal interpretation variations: in Classical, Medieval, Westphalian, and Contemporary state systems. "In English, the adjective *politic*, or *political*, refers to three nouns: policy, polity, and politics". A residual sphere outside ethics, religion, law, or economics is (but dependent on spatial and temporal interpretations) left to the discipline of politics. Many scholars contend that spheres like religion, morals, law, and economics are better known than politics. The reason lies in the tacit assumption that these spheres manifest a higher degree of *constancy* and *regularity* than politics. In other words, politics as a sphere has remained both **diffuse** in its borders and **vague** at its core.

### **Economic Growth, Modernization and Development: Definitions, Concepts and Dissimilarities**

**Economic growth** and **development** are *two different terms* used in economics. Economic growth has been defined in **two ways**. In the **first** place, economic growth is defined as a **sustained annual increase** in an economy's *gross or real national income* over a long period of time. In other words, economic growth means rising trend of **Net National Product/NNP** at constant price. This definition has been *criticized as unsatisfactory* due to the reason that national income may be increasing yet the standard of living of the people may be falling. This can happen *when the population is increasing at a faster rate than total national income of the given country*. (Katie Willis, 2005 p.11)

The **second** way of defining economic growth is in terms of **per capita income**. According to this view, economic growth means the annual increase in **real per capita income** of a country

over a long period of time. Economic growth means the growth of the output **per head of population**. Generally speaking, by economic growth we simply mean a **quantitative increase** in per capita income or increase in **GNP**<sup>1</sup>. In recent literatures, the term economic growth refers to sustained increase in a country's output of goods and services or more precisely product per capital in terms of GNP output is generally measured. (IbId)

Especially since the 1960s, a number of schools have been established to explain **development** and **underdevelopment**. One of the main features of these schools has been their universal approach. Influential debates were sparked by Walt Whitman Rostow's **model of the five stages of growth as**: traditional society, precondition to take off, take off, drive to maturity, high mass consumption.....**Please refer developmental features for each stages!**

**Development** literarily is to refer to the condition whereby at least *the minimal standard of living would be in the condition to be fulfilled*. In other way, the issue about development can be defined and seen in a different manner from the understandings of growth since they are **qualitative** and **quantitative** changes respectively. According to Amartya Sen, a Nobel laureate in economics, defined development as... **a process of expanding the real freedoms that people enjoy**. Conceptually development is elastic or fluid concept that can mean different thing to different people having different culture, value attitudes, level of thinking, traditions etc. let us conceptualize development in its narrower and broader senses as below.

Development is the process of **improving the quality of all human lives and capabilities** by raising people's **levels of living, self-esteem, and freedom**. In an attempt 'what do we mean by development', there are measures which help us to be familiar upon it, this is, the narrow or traditional economic measures of development. In strictly economic terms, 'development' for the past two decades has meant *the capacity of a national economy, whose initial economic condition has been more or less static for a long time, to generate and sustain an annual increase in its Gross National Product (GNP)*<sup>2</sup> *at a rate of perhaps 5 to 7 percent or more*. Unfortunately, the experience of the 1950s and 1960s, when a large number of Third world

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<sup>1</sup> Gross National Product (GNP): measures the value of all goods and services claimed by residents of a particular country regardless of where the production took place. It is, therefore, GDP plus the income accruing from abroad (such as repatriation of profits) minus the income claimed by people overseas.

<sup>2</sup> GNP: The ability of a nation to expand its output at a rate faster than the growth rate of its population, - that is how many real goods and services are available for consumption and investment for the average citizen.

nations<sup>3</sup> did achieve the overall UN growth targets but the levels of living of the mass people remained unchanged, and signaled to the other development definition which is called the holistic or new economic view of development. The clamor was raised by policy makers and economists for the ‘dethronement of GNP’ and the promotion of direct attacks on widespread absolute poverty, increasing inequitable income distribution and the specter of raising unemployment (Dudley Seers 1972). As a rule, **development indicators** are used in an attempt to measure levels of poverty. Traditionally, gross domestic product and related growth rates were used almost simultaneously to define development. In the **1980s** and especially the **1990s**, various efforts were made to define development in a much **broadier/multidimensional** sense. Such new indicators and indices as the Human Development Index (**HDI**) were developed. Explaining **underdevelopment** and **development** through different theories and approaches has a long tradition that can even be traced back to early research on different levels of industrialization in Europe (Encyclopedia of Political Science, 2011).

For many people, ideas of development are linked to concepts of **modernity**. ‘Modernity’ in its broadest sense means, the condition of being modern, new or up-to-date, so ‘the idea of “modernity” situates people in time’ (Ogborn 1999: 153 cited in Katie Willis, 2005: 19). Because of social, economic, political and cultural dynamism, what is ‘modern’ will *change over time* and also spatially. What is ‘modern’ in one place may be ‘old-fashioned’ elsewhere.

However, more specifically, ‘modernity’ has been used as a term to describe particular forms of economy and society based on the **experiences of Western Europe**. In economic terms, ***‘modernity’ encompasses industrialization, urbanization and the increased use of technology within all sectors of the economy.*** This application of technology and scientific principles is also reflected within social and cultural spheres. What has been termed the ‘**Enlightenment**’ period in Western Europe in the late seventeenth and eighteenth centuries, involved the growing importance of rational and scientific approaches to understanding the world and progress. This was contrasted with previous understandings that were often rooted in religious explanations<sup>4</sup>

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<sup>3</sup> Third world nations: Developing countries of Asia, Africa, the Middle East, and Latin America that are presently characterized by low levels of living and other development deficits. Used in the development literature as a synonym for less developed countries.

<sup>4</sup> Religious explanations to the understanding of world and progress refer to an already created and given assumption and understanding about nature and knowledge set out by the supernatural power.

(Power 2003: 72–76 cited in Katie Willis, 2005: 19). Approaches to medicine, the legal and political systems and economic development were all affected by this shift in perspective.

The **spatial and temporal** context of these ideas about modernity is important in this understanding of what ‘modern’ was, for some, modernity is interpreted as ‘*development*’ and ‘*progress*’, while for others it is associated with the *eradication of cultural practices*, the destruction of natural environments and a decline in the quality of life. (Katie Willis, 2005: 19)

Modernization originally referred to the contrast and transition between a ‘traditional’ agrarian society and the kind of ‘modern’ society that is based on trade and industry. For example traditional and modern would describe the difference between medieval England and late-Victorian Britain.

A traditional society is ‘**vertically**’ organized by hierarchical division by class or caste — a specialization of prestige. But a modern society is ‘**horizontally**’ organized by function, such that the major functions are performed by modular social systems. These major social systems include the political system, the public administration (civil service), the armed forces, the legal system, the economy, religion, education, the health service and the mass media. So, while a traditional society is like a pyramid of top-down authority, a modern society is more like a mosaic held together by the cement of mutual inter-dependence.

A further contrast is that traditional societies consist of a single, unified (homogenized) system with a single center of power; while a modern society is composed of a plurality of autonomous systems which interact with each other, influence each other, but do not absorb each other. Modern societies are fundamentally heterogeneous with multiple centers of power; and this is no accidental but intrinsic to their nature. Indeed, the continued process of modernization tends to break down any remaining vestiges of hierarchy and centralized domination of social functions.

Modern and traditional societies differ according to their complexity of organization and their rate of growth in complexity. Modern societies are much more complex than traditional societies and are growing ever-more complex. Traditional societies are simpler and have a static structure (or one that increases its complexity so slowly or erratically that they perceive themselves as static). Complexity is favored by selection processes, which are more powerful in modernizing societies, because specialization of function enables greater efficiency (for instance when

division of labour, or increased trade and communications enables greater efficiency). Increasing efficiency then frees resources and drives further growth.

Modern societies are based upon growth and the expectation of growth. Indeed the cohesion of modernizing societies requires more or less continuous growth. This is why it is impossible to stop modernization at a particular favored point — if growth stops then the nature of society reverts towards a traditional form. Growth in modern societies includes economic growth (increasing output and productivity), but also entails ‘cognitive growth’— which means an increase in knowledge and capability across a wide range of activities such as science, technology and political administration.

Traditional societies exhibit division of labour and cognitive specialization, but their complexity is constrained by the hierarchical structure into three main categories: peasants, warriors and priests (Gellner’s ‘plough, sword and book’). Warriors and priests constitute the ruling class who are concerned mainly with maintaining social cohesion by means of physical coercion and ideological propaganda. Peasants — whose role is agricultural production — constitute the vast majority of the population of traditional societies. Beyond the division into warriors, priests and peasants there is only a small ‘middle class’ of technical specialists (for example the different types of craftsmen). But in modern societies, the ‘middle class’ is dominant: the vast majority of the population is cognitively specialized, and there are many thousands of distinctively different occupations.

A deeper understanding of modernization reveals that one vital qualitative difference between traditional and modern is the difference between a unified social system in which all activity is (in principle) subordinated to politics (‘politics’ being variably combined from different proportions of military force and theological legitimation); and a modern society in which politics does not dominate all activities, but in which there is instead a fundamental and continually-increasing functional specialization such as ever more division of labour into more different types of job.

The categorization of societies into traditional and modern is crude, and of limited usefulness. At present almost all societies are at least partially modernized. On the other hand, no society is ‘completely’ modernized and the rate of modernization is variable between societies, and

between systems in a society. Pre-modern forms are obvious in all societies. There has always (so far) been scope for further increase in adaptive complexity, in a positive feedback cycle where increased productivity fuels increased complexity, which in turn fuels increased productivity.

Since modernization is **dynamic**, it is more useful to consider modernization as a process than as a static. A 'modern' society based on the process of modernization: this is '**modernity**'. **Modernization** can be seen as the general mechanism by which the social transformation from agricultural dominance to domination by trade and industry takes place, and the permanent continuation of this process. The difference between modernizing and traditional societies is profound — being the difference between simple static structure and complex dynamic process.

### **Development and the problems of its concept**

Where is the development of the world, or better of man leading to? The "developed" do not know where their development is leading to any more. The inner discontent of the "**developed**" is increasing more and more. The symptoms are social isolation, individualism, loneliness, heartlessness, one-sided material prosperity, spiritual poverty, fear, pessimism, etc. Development towards aimlessness and senselessness then?

The **dangers** for man on an individual, social, global and ecological level become more and more striking. The conventional and non-conventional **arms** which are capable of destroying the whole world, natural disasters and man-made ecological crises such as the greenhouse effect, the hole in the ozone layer, the destruction of tropical rain forests etc. relativize the material development. This relativization and discontent is evident on a personal as well as on a social and global level. The trend seems to go from evolution to destruction, from development to decadence. The rich ("developed") are not content with their prosperity anymore; the poor are not happy with their environment and culture in their attempt to westernize themselves. (Belachew Gebrewold, 2001, 15)

**Development** in fact has reduced itself to **economic growth**: "Development has been put on a level with increase of output, economic growth, in particular industrialization and the resulting urbanization." (Ulrich Menzel 1992, cited in Belachew Gebrewold, 2001).

While using everything to reach his goals, man has become *homo oeconomicus*. This *homo oeconomicus* mistakes economic growth for development. This leads to a narrowing of the concept of development. Economic growth implies the increase of the Gross National Product (GNP) or the increasing per-capita income (PCI) of a country. (Cf. Gerd Reinhold et al., 1997, cited in Belachew Gebrewold, 2001)

Today the question "**What is development?**" goes hand in hand with the question "**What is man?**". It is an existential question. The question that relativizes development does this also with the sense of man's existence as man is retreating as mere *homo economicus*. The Platonic philosophy denied the reality and trueness of the matter because of its transience. The real intellectual being is opposed to the world of unreal deceiving material being. In a material world, there is beginning and end, birth and death, nothing unchanging and therefore nothing real. According to this philosophy, the inter-dependence of spirit and matter has not been recognized. Or matter has rather been seen as prison of spirit. The state of salvation is beyond the material world through the liberation of the spirit from matter. (Belachew Gebrewold, 2001)

Today's **capitalistic philosophy** is moving into the opposite direction. What counts is only material and economic gain maximization. Values like **human rights and democracy** are merely instrumentalized. They are the conditions for working in terms of third world development policy. Such values are not being considered as essential but instrumental by exogenous forces<sup>5</sup>. This is called the **political conditionality**. This means that human rights are respected with regard to aid to developing countries, but not as spiritual values per se. (Ibid)

The "developed" man of our time will have to be asked whether he is developed at all and what development means for him. "This question has often been asked but has never been answered satisfactorily. Either we refer to the various catalogues of institutions which have defined the **aims of development** in a narrower sense as the satisfaction of the basic needs (food, housing, medical care, education), or we see it in a wider sense also as granting of the human rights, political participation and the preservation of nature... Or rationalization (M. Weber), social differentiation and mobilization (Parsons), division of labour (Smith), developing the productive

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<sup>5</sup> Exogenous forces in this case are the nation's own government and different national organizations, which work in various areas. Exogenous forces are different countries and organizations that can have influence in third world aid policy

forces (Marx) or raising of the productive forces (List)... Or we are governed by the misunderstanding that certain strategies or rather instruments like world market integration versus dissociative development strategy (Abkoppelung) are already identical with the aim of development." (Ulrich Menzel 1992, cited in Belachew Gebrewold, 2001). Asking the critical question like ‘**what development is**’ and ‘**what its aim**’, besides to glorify, romanticize or stylize the traditional society and to play down poverty and hunger or to speak ill of the "developed" societies. The point is that these developed societies are less and less satisfied with their development themselves.

### **1.1. Major paradigms of development and their relevance to the Ethiopian case**

Development was very rarely considered to be a “god-given” condition of socioeconomic systems, implying that policy makers at national and international level have always thought that some activities (or even refraining from carrying out any activity) were required to promote positive changes. However, countries as well as the international development community in different periods have privileged specific ways of achieving development, adhering to a specific “**Development paradigm**” i.e. to a defined modality or path to follow to achieve development, based on a codified set of activities and/or based on a vision regarding the functioning and evolution of a socioeconomic system.

Identifying an exhaustive set of past and present “paradigms” adopted to develop socioeconomic systems is a very tall order. The difficulty arises due to various **factors** such as: *the complexity of the development concept per se, its multidimensional nature; the diversity of countries and country experiences; the different overlapping thoughts and related actions carried out at national, regional and international level.* Also the analytical difficulties in identifying cause-effect relationships between development policies and results achieved. Also, difficulties of controlling due to other factors influencing development processes such as endowments; level of well-being achieved so far, geographic location, geo-political and geo-strategic influences, dimensions, degree of social/ethnic homogeneity and so on.

## **2. Identifying development paradigms and related policies**

To identify prevailing development paradigms and related policies, it may be useful to take a glance at a macroscopic perspective of what is going on in the global development arena. A good starting point is, for instance, the declarations of the G8 Summit on global governance and global food security in 2009. Even if such declarations in general emphasize more development objectives than instruments and processes required to achieve them, some “ingredients” of the prevailing “development recipes” are identifiable. These include: *economy-wide growth, increased agricultural production and productivity, support to small scale industries, promotion and protection of innovation and transfer of clean, low-carbon technologies.* Further aims are the



development of human capital, research, infrastructure, opening markets further to international trade and foreign investment, stability and good governance; social protection mechanisms such as safety nets and social policies for the most vulnerable.

These different “ingredients”, interlinked by mutual cause-effect relationships, have been and are currently being mixed in different proportions by all bi-lateral and multilateral development agencies, including the Food and Agriculture Organization (**FAO**), the International Fund for Agricultural Development (**IFAD**), the United Nations Development Programme (**UNDP**), the World Bank and the other regional development banks, as well as by different countries in different regions. The aim is to create “development recipes” which reflect different development paradigms.

The emphasis given to the different “ingredients”, both in the literature and in the development practice (policies, programmes, funding etc), reflects the different visions of what really matters in developing a socio-economic system. The various views on development paradigms encompass different visions about what type of development is desirable and how it is achievable. However, on both conceptual grounds and in practice, these ingredients are often entangled. To gain a better understanding of development and development processes, it may prove useful to attempt to disentangle them by analysing the main mutual cause effect relationships.

## **Disentangling development ingredients**

### **A. ECONOMIC GROWTH *VERSUS* POVERTY AND INEQUALITY REDUCTION**

Growth is conceived as the primary “ingredient” for development, in the belief that growth, *even if it accrues for the rich, trickles-down to the poor*. This happens through the normal income distribution channels and the functioning of free markets, favoured in turn by the withdrawal of national governments, the liberalisation of foreign trade and the promotion of foreign investments. This vision configures a sort of **“free market trickle-down growth” development paradigm**, according to which, other development ingredients are of secondary importance.

However, it is dangerous to argue that completely free markets, lack of penalties implicit in progressive taxation and the like, are indispensable for the economic growth of the now underdeveloped countries. Under present conditions, the results may be quite the opposite:

- *Withdrawal of accumulated assets* to relatively “safe” channels, either by flight abroad or into real estate; and
- The *inability of governments to serve as basic agents* in the kind of capital formation that is indispensable to economic growth.

It is dangerous to argue that, because in the past foreign investment provided capital resources to spark satisfactory economic growth in some of the smaller European countries or in Europe's

descendants across the seas, similar effects can be expected today if only the underdeveloped countries can be convinced of the need of a 'favourable climate'." Additionally, even when trickle-down mechanisms work, they don't guarantee an efficient allocation of resources, leaving room for government interventions to redistribute income.

Similarly, among development circles it is currently commonly recognised that; *"The best way to reduce poverty is to provide people with opportunities to earn income through participation in the production process.* Therefore, any strategy aimed at defeating food insecurity and poverty in the long run will have to be rooted in *sustainable, broad-based economic growth and development"* (FAO, 2006).

The qualification of growth as **"broad-based"** is of fundamental importance: only growth processes that include the large majority of individuals and households are assumed to be poverty reducing. However, it is not always clear whether this "broad based" growth, in order to be considered "pro-poor", has to lead to a reduction of absolute poverty, as measured on the basis of some sort of "absolute" poverty line or, whether it also has to lead to a reduction of the relative poverty, i.e. poverty measured on the basis of some sort of income or expenditure inequality index. This issue is reported in literature as the debate on the definition of "pro-poor growth".

Lopez (2004) summarises the debate, identifying two main positions:

- The first definition of pro-poor growth focuses solely on the link between poverty and growth: growth is pro-poor if it reduces poverty, where poverty is defined on the basis of some absolute criterion .....not in relative poverty.
- The second definition, qualifies growth as "pro-poor only if, in the growth process, *"the poor benefit proportionally more than the non-poor, i.e. growth results in a re-distribution in favour of the poor"*; explicitly admitting that there may be growth processes that cannot be characterized as "pro-poor even if they generate a reduction of poverty incidence. This *means that it is not absolute poverty which matters, but relative poverty.*

Therefore, the position of economists and development institutions viewing growth as an ingredient of development only if associated with a somehow equitable distribution of income, reflect the so-called **"pro-poor (broad-based or balanced) growth" development paradigm.** On the basis of the various contributions reviewed above, we can say that overall, the debate among the supporters of this view has been on how to define and measure pro-poor, broad-based, balanced growth and how to achieve it. The debate around the latter point swings between: i) the relative weight of the promotion of small scale activities, notably smallholder agriculture, agro-processing in rural areas and small scale industrial activities in urban areas; ii) the support of large scale activities, also funded by Foreign Direct Investment (**FDI**), necessarily associated with strong institutions ensuring appropriate functioning of factor markets and natural resources (capital, labour, land, water, ores, oil etc) to grant decent working conditions and remunerations;

non-depletion of the natural resource base and social sustainability through an efficient fiscal system; and **iii**) the promotion of social policies, safety nets and direct support to the poorest through provision of services (health, education, housing etc.) associated with policies to ensure inclusion, empowerment and self reliance of the weakest layers of the society.

## **B. AGRICULTURAL GROWTH *VERSUS* ECONOMIC GROWTH**

In an economic system, some sectors play the important role of “**engines of growth**” more than others. It is commonly recognized that the development of the agricultural sector is particularly important in less industrialized countries to support the general economic growth for different reasons, because it:

- is integrated down-stream as it **supplies** primary commodities to selected national value chains (agro-industry, textile, and more recently, bio-fuels), thus allowing national value added generation and distribution;
- **distributes income** to people whose consumption patterns are primarily orientated towards nationally produced commodities, giving rise to multiplier effects;
- produces food for the national market, contributing to **food availability** at national level, so reducing or zero-ing the need to import these necessary items and contributing to keep food prices acceptably low to feed the labour force in other sectors.
- may provide **foreign currency** by means of agricultural exports, allowing the import of industrial goods and including capital equipment for the industrial sector;
- is a main source of a **low-cost labour force**, whenever the technological changes in agriculture induce the release of labour which becomes available to industry and services.
- contributes to **generate savings** within the economic system which can finance the generation and/or consolidation of the industrial sector.

Chow (1993), with reference to China, highlights that the development strategy from the beginning of the fifties to the end of the eighties, was characterized by *capital accumulation at the expense of consumption, essentially by peasants, and promotion of industry at the expense of agriculture*. This “**low-wage industry-led**” **development paradigm**, which led to investing a large share of national output, especially into heavy industry, generated significant growth rates (around 6% annum) for nearly forty years.

In the absence of substantial technological changes in agriculture, this has apparently been an industry-led long-term growth, with prices of agricultural goods growing much faster than the industrial ones, essentially to absorb excess demand for agriculture and excess supply for industry. Apparently, the Chinese case confirms the paradigm that wants “agriculture” as a supplier of “surplus” to the industrial sector. In the absence of significant technological changes

in agriculture, this transfer had to occur at the expense of consumption in rural areas. The peculiar institutional settings of China, i.e. autocratic and centrally planned, might have favoured inter-sectoral surplus transfers even if not supported by increased agricultural surplus generation. However, the long term rise of the relative prices of agricultural goods has partially reduced the net transfers from the agricultural sector to the industrial sector.

Overall, the role of the agricultural (rural) sector has been perceived alternatively as a passive supplier of low-wage labour to feed the growth of the industrial sector, or as a sector that, if properly managed, can provide income, improve income distribution, and generate savings and export revenue, to service the whole economy. In the first case, the *primary ingredient of development is the creation of a solid industrial sector with the aim of using the available endowments more efficiently*. In the second case, *the development of the whole socio-economic system is supported by the development of the agricultural sector. This can be seen as an “Agriculture-based” development paradigm*.

In any case, under the Agriculture-based development paradigm, while the agricultural sector plays the role of an engine of development, the industrial sector plays an **ancillary role**, at least during the “early stages” of the development process. However, most of the supporters of agriculture have always seen the sector as a “**temporary**” **engine**, in view of better times, i.e. the next stages of the “development process”.

However, whether the concept of “**stage**” of **development** is still meaningful is a debatable issue. Even if it is difficult to infer any conclusive judgement, given the quantity and complexity of the contributions provided by many authors on the links between agriculture, industry, economic growth and development; the feeling is that most of the literature moves within the ‘growth paradigm’, traced by Rostow (1960) where a somehow ‘deterministic’ path in **five “stages”** was set out. These five stages are essentially based on the history of western countries, from, “the traditional society” to “the age of mass-consumption”, through “the pre-conditions to take off”, “the take off” and “the drive to maturity”. Taking for granted the “five stages” of growth almost automatically translated into the five stages of development until recently, when technological changes in agriculture (or some surrogate shortcut, as in the case of China), can be seen as “pre-condition to take off”, which allows the sector to increasingly generate surplus that feeds the industrial sector. These “five stages” can be seen as an “**overarching deterministic development paradigm**” into which fit most of the past and prevailing views of development processes.

### C. TECHNOLOGY CHANGES VERSUS ECONOMIC GROWTH

- **Endogenous growth-based development paradigm:** Technological changes required supporting economic growth and by way of consequence development don’t need to be “*exogenous*”, i.e. generated from outside national socio-economic systems and “*transferred*”. Investment and activities generate “*spillovers*”, for example, by “**learning-by-**

**doing**” processes generating knowledge and therefore technology improvements. Emphasis is placed on policies favouring local processes, context-specific technologies and the creation and maintenance of human capital.

Implications for development processes of the **“Endogenous Growth-based development paradigm”** are various and possibly controversial. As spill-over effects of investment and/or learning-by-doing processes, by definition exist only if people are investing and/or doing something. This paradigm leaves the unresolved issue of how to start up any growth-based development process. A readymade answer could rely on foreign investment and technology transfers, possibly associated with some degree of international trade. Technology transfers may be useful to start-up production and accumulation processes, both in terms of capital and learning-by-doing knowledge. As paradoxical as it could be, endogenous growth-based development processes should rely on **exogenous growth-based processes** for their start-up, above all in situations where negligible economic activities are going on (for instance, post-conflict, post-emergency situations). However endogenous growth-based approaches raise strong questions about the concept of *“technology transfers”* per se. Extraneous production modalities, retained or disguised information on know-how by investors, associated with missed control on capital accumulation processes by local actors, for instance, due to stealth expatriation of profits, may hamper the accumulation of capital. It may also affect the endogenous generation of innovations by blocking learning-by-doing dynamics, hampering the empowerment of local actors and jeopardizing the appropriate use of local endowments.

#### **D. AGRICULTURAL GROWTH AND TECHNOLOGICAL CHANGES *VERSUS* POVERTY REDUCTION**

The direct link between agricultural and economic growth discussed above is still of actual concern, as many less industrialised countries produce large shares of their GDP from within the agricultural sector. *However in the last decade, in the heart of the debate on pro-poor growth, the focus shifted somewhat from the direct linkages between agricultural and economic growth, to the role of agricultural growth for poverty reduction.* From the announcement of the Millennium Development Goals onward, the main question addressed by the ‘development community’ has been *how to promote sustainable, “broad-based” economic growth and development in less industrialised countries* to achieve poverty reduction. Agriculture however, in addition to direct income generation accruing to the poor, is also seen as playing an indirect role in poverty reduction through its support to local expenditure on items produced by poor people outside agriculture but living in the same territory.

These considerations allow us to identify, beyond agriculture-led development processes, the existence of a **“rural development” paradigm**, where the accent is put, not only or mainly on agriculture per se, but on the development of a set of economic relationships among agents living in the same rural space and on the relationship of the rural space with other spaces, whether be they urban, peri-urban or other rural spaces. This refers for instance to **“Clusters”** where for

some historical, technical or economic or cultural reasons homogeneous or closely interlinked activities are implemented.

Policies to maintain and enhance these clusters play an important role in the development process (Timpano et al. 2008, European Commission). Local value chains integrating primary agricultural production, processing and marketing are examples of such clusters. More generally, the rural development paradigm embodies the concept of “**territorial development**”, which in turn embodies the concept of “**community-based development**” broadly intended. This means it is *not only seen as an intra-community process* but a process involving the relationships of a given community *with other communities* in the national or even international.

#### **E. EXTERNAL FACTORS VERSUS GROWTH, POVERTY, TECHNOLOGY AND AGRICULTURAL DEVELOPMENT**

The question of why it seems extremely difficult for some countries to get a seat on the development bus: i.e. to get out of persistent poverty, extreme inequality, latent or explicit lasting conflicts, diffused food and health insecurity and so on, has puzzled economists (and non-economists) for many decades. Development (or “non development”) processes do not happen in a “vacuum” but are affected by and intrinsically linked to the environment in which they occur. Therefore, it is wise to wonder how, why and to what extent external factors, and related external shocks, intended as sudden, significant and persistent variations of one or more of these factors affect the development (or under-development) dynamics of selected countries or groups of countries. An associated question is why some economies are more resilient than others to external shocks thus remaining more stably on their growth path.

External factors influencing less industrialised economies are many and diverse and have been considered by different branches of economics, sociology and anthropology literature. All this makes it impossible to provide a comprehensive literature review. Nevertheless, an attempt will be made to focus on selected factors which more or less captured the attention of the development community recently. Among them, we can mention:

- **International trade-related factors**, such as international trade treaties (WTO membership and related clauses and conditions; bilateral trade agreements, regional groupings and associations, custom unions and free trade zones and other treaties and agreements directly influencing international trade). All this influences the degree of openness or protection of countries;
- **Other international policy frameworks** (e.g.: international agreements constituting frameworks for national policies, such as MDGs, the “Right to food” convention, other human rights and international juridical engagements)

- **Immigration, emigration and remittances**, influencing income-saving levels of zones of origin and destination, the overall macro-economic performances of origin countries in the short/medium term and demography in the medium/long term:
- **Foreign Direct Investment (FDI);**
- **Official Development Assistance (ODA);**
- **Global macro-economic cycle**, influencing all the above factors, for example through *shifts* in the demand of commodities or foreign labour, changes in the level of ODA and/or FDI etc.
- **International financial and monetary agreements** (Rules and regulations relating to international financial transactions, borrowing, lending, monetary stability etc);
- **Natural resource management agreements** (e.g. international watershed management and water use agreements);
- **Natural hazards** (such as floods, droughts, trans-boundary pests and diseases).

The implications, scope, short and long-term consequences of all the above-mentioned factors on national socio-economic systems are determined by: **i) the “state” of each specific country, both in the *short-medium* term** (e.g. the potential volume of its international trade, quantity and quality of human and physical capital available, availability of natural resources) and in the **long-term** (e.g. geographic position, natural hazards etc); and **ii) the *interactions* occurring between domestic and international (foreign) actors**. Countries carry out domestic production/consumption activities and trade with their partners under the influence of the above mentioned factors. Indeed, these factors, together with a multitude of other domestic **factors**, such as: the economic behaviour of domestic agents (producers and consumers); the role played by the government; the degree of integration and homogeneity of the society; the state of infrastructures; the degree, effectiveness and enforceability of domestic legislation etc, all contribute to shape the performance of an economic system in the short, medium and long term.

- **Washington Consensus-based development paradigm:** Development is only possible if countries are able to benefit from the ‘**globalised**’ environment. They have to liberalise foreign trade, privatise public assets, lower marginal tax rates and broaden the tax base; keep public deficits tight, refrain from market interventions, liberalise exchange and interest rates, allow free FDI. This will complement domestic savings and bring about new ‘modern’ technologies. Countries which do not adjust their policies accordingly are more likely to be marginalised from the ‘development’ mainstream.
- **Low-wage labour-intensive export-led development paradigm:** This type of development is based on the export of labour-intensive manufactured commodities in a context low-wage. It is a variant on the previous paradigm where the focus is placed on export-oriented industrialisation. (The case of **China** as described in Chow, 1993 could fit into this category).

These latter development paradigms are often associated with a process of “import substitution” industrialisation.

- **Agricultural commodity export-led” development paradigm:** This export-oriented development paradigm is often adopted by countries which are neither endowed with exportable primary resources nor with any significant industrial system. This is the case of countries producing and exporting mainly primary or semi processed agricultural “tropical” commodities (tea, coffee, cocoa, cotton, bananas etc).
- **Emigration-based development paradigm:** Countries with a weak industrial sector may find themselves with excess labour because the primary sector is not capable of absorbing all the existing labour force even at subsistence wage levels, due to the lack of complementary factors (e.g. capital, infrastructures) and/or natural resources (land, water etc). Their development (including their social stability) is substantially based on consumption/accumulation mechanisms driven by remittances of expatriated workers.
- **Immigration-based development paradigm:** Countries able to attract labour thanks to financial resources accumulated through the export of their natural resource base (such as selected **Gulf countries**) or thanks to a consolidated industry-services system (physical capital, know-how etc) may develop further by attracting labour from excess labour countries and extract the surplus to further feed their development process.
- **FDI-based development paradigm:** A further consideration applies to financial sources that may be used to fund capital accumulation to start up and feed development processes. Further to funds from exports, selected countries rely heavily on FDI; above all when they are endowed with natural resources (land, water, minerals, oil) and/or with cheap labour.
- **Foreign aid-based development.** Whenever foreign aid is not fully absorbed by immediate emergency-related consumption of subsistence goods (e.g. staple food), selected countries may attempt to kick-start their development process using **grants**, either channelled to the country through the funding of specific development projects or through the public budget support.

## **F. INSTITUTIONS AND OTHER DOMESTIC FACTORS VERSUS EXTERNAL FACTORS**

- **Strategic openness-based development paradigm:** Balancing openness and protection by differentiating across commodities, partners, periods etc, rather than simply and blindly adhering to the ‘Washington Consensus’. This implies, for example, the protection of infant industry, of strategic sectors including food producing ones, preferential trade agreements with selected countries with complementary economies etc, building comparative advantages on selected commodities through direct public interventions etc.

### **2.1. The Origin of the Quest for Modernization and Development in Ethiopia (1855-1930)**



As explained by one of the authors cited above:

"It is these **groups**—*political, bureaucratic, intellectual* (and often *military*) — which are charged with the articulation of development goals and supervision of development strategies for their countries, and with the task of 'nation-building', i.e., of creating viable national societies from their socially and culturally diverse population." (Henry Bernstein (1970), quoted in Fasil G.Kiros (1993: 51)

Bureaucratic and intellectual groups had barely begun to appear in Ethiopia *until the early part of the twentieth century*. The scholars of Ethiopian studies tend to refer only to the *traditional pattern of social stratification* which prevailed, namely the "***classic trinity of noble, priest and peasant.***" (John Markakis, 1974), cited in Fasil G.Kiros (1993: 51). One is hardly justified to ascribe the functions of modernizing elites (as described above) to any such categories. At the same time, the role played by the ***Ethiopian monarchs*** in initiating and promoting modernization policy must be acknowledged. To Emperor Menelik II (r.1889-1913) is due the full credit of this distinction, even though ,according to Ethiopian historians, modernization was initiated in Ethiopia by Emperor Theodros (r.1855-1868). Bahru Zewde, 1991 cited in Fasil G.Kiros (1993: 51). *The scale and diversity of modernization reached much higher levels during the reign of Emperor Haile Sellassie* (r.1930- 974). This period was interrupted by the Italian occupation of Ethiopia during 1936-1941.

The early period of modernization witnessed the almost single-handed efforts of Emperor Menelik, and Emperor Theodros before him. *Bureaucratic elements and approaches came to play a much greater role during the rule of Emperor Haile Sellassie.*

### 1.2.1. Emperor Tewodros II and Ethiopia's Modernization

Tewodros has been described as 'Ethiopia's first monarch with a concept (however vague) of modernization' (Crummey, 'Tewodros',457). Given the breadth of vision and the energy that he brought to the Ethiopian scene, this is a fair assessment. The parenthetical qualification contained in the above characterization is highly appropriate, however. *Not only was Tewodros's concept of modernization vague, but his reforms also lacked consistency and method.* Ultimately, *they remained tentative gestures rather than comprehensive programmes of lasting importance.* The social and political edifice of the ***Zamana Mesafnt*** proved too strong for Tewodros's modernizing efforts. *The military and administrative reforms he envisaged were bereft (reduction) of economic and technological*

bases. The foreign assistance that he sought so avidly was not forthcoming. In the end, Tewodros remained alone and somewhat confused prophet of change

### ➤ Administrative reforms

The lack of consistency and the force of inertia of the Zamana Masafent were also evident in his administrative policy. Tewodros did not make a clean sweep of the local dynasties. In many instances, **he confirmed them in their regional bases**, at best appointing those he considered pliant members of the dynasties. Thus, in **Tegre**, he appointed Dajjach Kasa Subagadis, the son of the Agame chief who had died fighting against Ras Mareyye of Bagemder in 1831. In **Wallo**, Tewodros placed first Dajjach Liban Amade and then Amade Ali, son of Warqit, an important female leader. It was later that Tewodros entrusted **Maqdala** to one of his most loyal followers, Grazmach Alame. In **Shawa**, while the resuscitation of the old title of mar'ed azmach was probably a calculated blow to Shawan royal pretensions, Mar'ed Azmach Hayla-Mikael in effect continued the Shawan dynastic line. It was only in **Gojjam** that, from the outset, Tewodros appointed one of his own commanders, Ras Engeda.

Divisive tendencies of the Zamana Masafent, in actual fact it turned out that being Tewodros's 'own man' was not synonymous with loyalty, nor did having a dynastic base inevitably lead to rebellion. Both Engeda and Alame eventually fell out with Tewodros. The defection of Alame, one of the Emperor's most trusted followers, was a particularly bitter pill for him to swallow. Conversely, Mar'ed Azmach Hayla-Mikael dutifully paid his annual tribute. Dajjach Kasa Subagadis of Agame made a dramatic demonstration of his loyalty by sending the tongue of a follower of the rebel, Agaw Neguse of Semen; the unfortunate victim had bragged in front of his master that he would bring him the severed head of Tewodros. As a man who had been liberated from Dajjach Webe's prison by Tewodros, Kasa Subagadis was understandably grateful to the emperor, Conversely, he was implacably opposed to Webe's successors; after all, he had come out hunchbacked from prison.

*Tegre's loyalty to Tewodros had even more concrete manifestations than the dramatic gesture by Dajjach Kasa Subagadis.* The largest portion of royal revenue came from Tegre, including, that is, the regions of Hamasen, Saraye and Akala Guzay. It amounted annually to about 200,000 Maria Theresa thalers (compared with the less than 50,000 thalers from Bagemder). Of this, over 35,000 thalers, some 18%, was paid by Daij'ach Baryaw Pawlos, the governor of the northern part of present-day Tegray, who was married to **Aletash**, daughter of Tewodros. About 32,000 thalers, or over 16%, came from Daijach Haylu Tawalda~adhen of Hamasen and Saraye, and over 17,000 thalers, or about 9%, came from Basha Gabra-Egzie of Akala Guzay.

### ➤ Military reform

Tewodros's **commitment to military reform** was *less equivocal* than his administrative policies. The army has generally been the first concern of any modernizing ruler of a country, because of its pivotal role in the conquest and maintenance of political power. Even in the case of Ethiopia's medieval rulers, their correspondence with European monarchs was dominated by requests for the fruits of modern military technology. *To Tewodros, who owed his political power more to his military prowess than to his genealogy, the central role of the army must have been even more vital.* He accordingly set out to remould the military structure of Ethiopia in three important respects: **organization, discipline and armament**. Yet, like almost all the other reforms of Tewodros, those in the military sphere were also vitiated by **lack of consistency and of thoroughness**.

What Tewodros attempted to do in the **organizational sphere** was to replace the regional armies of the Zamana Masafent with a national army which cut across local loyalties. Thus soldiers coming from different regions were formed into one regiment. A new hierarchy of command, with military titles which are still in use in the Ethiopian army -for example, *yasr alaqa*, *yamsa alaqa*, *yashi alaqa*, respectively commander of ten, commander of fifty, commander of a thousand -was introduced. Tewodros also cut down on the traditional retinue of the army, which had retarded its mobility and at the same time presented logistical problems. Although there is no evidence as to the amount and manner of payment, Tewodros is also credited with replacing the vicious system of billeting by payment of salaries. At 'least at the outset, before his sense of justice fell prey to his indiscriminate violence, he was severe towards any of his soldiers caught looting. Yet, when Wallo rebels killed his night guard and stole some mules, he gave his soldiers permission to loot the locality in *retribution*. In another situation, the uncontrollable urge of his soldiers to *plunder* led him into a desperate consideration of *abdication*.

**Discipline** remained a lasting concern of Tewodros; one of the lessons that he had drawn from the Battle of Dabarqi in 1848 was of its value, but he proceeded to apply a harsh version of it. During his first Wallo campaign, he had the limbs of his own soldiers *amputated* for unauthorized fighting in which they had lost both men and firearms. In Shawa, when some of his soldiers *mutinied* because of strong rumours that he planned to send them on a campaign to Jerusalem, he punished them with a severity intended to prevent further such occurrences: forty-eight of them were hacked to death or shot. The two ringleaders first had their limbs amputated, and were then hanged. Yet such measures of *primitive justice*, far from reinforcing Tewodros's authority, only tended to spiral towards universalized violence. The very last letter of his life -written to Sir Robert Napier, the leader of the British military expedition, in the aftermath of the Battle of Aroge, which led to Tewodros's suicide in 1868 -was apathetic admission of his failure to instill discipline in his subjects. *'My countrymen have turned their backs on me,' he wrote, 'because I imposed tribute on them, and sought to bring them under military discipline.*

You have prevailed against me by means of a people brought into a state of discipline' (Holland and Hozier, II, 42).

The **third** aspect of Tewodros's military reforms was his unrelenting **drive to acquire modern arms**. Although his stockpile grew largely through purchases and seizure from vanquished enemies, it was to arms manufacture that he applied himself with remarkable persistence. The first experiment came right after the Battle of Dabarqi: as Kasa Haylu, (Tewodros) improvised a rather crude explosive from the trunk of a tree. It was to be set off from a distance by means of a connecting thread. The whole experiment was aborted when one of Kasa's followers, captured by the enemy, *divulged* the secret under torture. When Tewodros later sought foreign assistance, it was not so much the arms that he sought as the skilled manpower to manufacture those arms and to impart those skills to Ethiopians.

The upshot of this strategy appeared at Gafat, an area near Dabra Tabor which, more than any other place, symbolized Tewodros's modernizing drive. **Gafat** was at the same time a symbol of the uneasy relationship between Tewodros and the European missionaries. The latter came to Ethiopia to preach the gospel of love. They ended up being commandeered to manufacture weapons of destruction by a Christian sovereign who wanted from the Europeans their science, not their religion. At Gafat, a school was established where Ethiopian youths acquired literacy and some technical skills. By trial and error, and under the emperor's ceaseless prodding, the missionaries managed to manufacture some weapons.

At Maqdala, the first **well-documented arsenal** in Ethiopian history was established, with 15 cannon, 7 mortars, 11,063 rifles of different types, 875 pistols and 481 bayonets, as well as ammunition including 555 cannon-shells and mortar-shells and 83,563 bullets.

#### ➤ **An attempt to end slave trade**

Tewodros also made the first attempt to put an end to the slave trade which had become endemic in Ethiopian society. During one of his campaigns in Gojjam, he freed all the slaves at the Basso market and, in an impromptu wedding ceremony, he had all the male slaves married to the females. He followed this by an official ban on the slave-trade throughout his realm. In Qallu, Wallo, he forbade his soldiers to resell slaves they had captured. Such measures against the slave-trade did not extend to an abolition of the institution of slavery itself; perhaps understandably so, since slavery had come to be embedded in the Ethiopian social fabric. Indeed, later in his reign, we find Tewodros, exasperated by the guerrilla tactics of the **Wallo rebel, Amade Bashir**, authorizing his soldiers to *enslave the Muslim followers* of his enemy.

Culturally, Tewodros's reign is significant because it witnessed the birth of a fairly well-developed **literary Amharic**. A world of stylistic difference separates the Amharic

correspondence sent by Tewodros and that of previous correspondents such as Dejach Subagadis. Amharic prose attained even higher, almost poetic, elegance in the chronicle of Dabtara Zanab, the emperor's admirer.

Like all modernizing rulers, Tewodros realized that introducing far-reaching reforms was impossible without **a secure financial base**. It was in an effort to solve this problem that he came into collision with the *Ethiopian Orthodox Church*. That ultimately proved his undoing. His conflict with the clergy initially arose from two different levels of morality. With understandable exaggeration, Zanab draws a striking contrast between the virtues of Tewodros and the vices of the clergy of the Zamana Masafent: **purity** versus **debauchery**, **chastity** versus **licentiousness**, **monogamy** versus **polygamy**, and **honesty** versus **dishonesty**. Further, just as he sought to establish a unitary state, Tewodros wanted to see the church overcome its doctrinal divisions and emerge as a united institution. His 'concordat' with the Egyptian bishop Abuna Salama, whereby the latter gave his blessing to Tewodros's seizure of political power in return for his enforcement of the Tawahedo doctrine, appeared to have ushered in a new era of the unity of church and state.

But this spirit of co-operation was short-lived. The relationship between Tewodros and the clergy was soon beset with fundamental political and economic contradictions. As was revealed by the controversy over the *temtam*, the turban customarily worn by Ethiopian Orthodox Christian priests, Tewodros appears to have been bent on establishing absolute power over the clergy. He could not tolerate the fact that they appeared turbaned in front of him, whereas they had to take off their turbans in the holy of holies, the inner sanctuary of a church. It was the vital question of **land**, however, which made the church a sworn enemy of the emperor. In a question of striking directness, Tewodros enquired of the clergy in 1856: 'What shall I eat, and with what shall I feed my troops? You have taken half the land as *masqal maret* and the other half as *rz.m* and *gadam*' (Zanab, 28). (Tewodros was here referring to three of the various categories of church land.) The response of the clergy was as medieval as the emperor's question was modern. He was told to roam from one province to another and live off the land, 'as in the past'. Tewodros found the suggestion not at all attractive. After four years of *procrastination* in view of strong clerical opposition, he expropriated what he deemed was land in excess of the clergy's requirements and distributed it among tribute-paying peasants.

### 2.1.1. Reign of Emperor Menilik II (Sahle Mariam): Modernization and Education in Ethiopia

#### A. The birth of a capital

Midway through the process of expansion, the capital of the empire-state was born named *Addis Ababa*, *New Flower*, it turned out to be the third most important capital city in Ethiopian history, after Aksum and Gondar; and, because of the southward enlargement of the new

empire, it was the southernmost capital. This new political centre also happened to be the geographical centre of the country.

In his early years as negus of Shawa, Menilek had followed the tradition of his medieval ancestors and ruled from different camps. In addition to the main Shawan town of **Ankobar**, on the edge of the Rift Valley escarpment, he had established camps at **Leche**, in northern Shawa, and **Warra Illu**, in southern Wallo. As he began to look southwards, however, his attention was drawn to the hills surrounding the future site of Addis Ababa. In 1881, he finally moved to **Entotto (Dildila)**, the range north of the future capital, after a short sojourn west of the site, at Mount Wachacha (also confusingly known as Entotto). In addition to its strategic advantage the area had for Menilek, the attraction of having reputedly been the camp site of medieval kings. A sizeable settlement began to grow around the palace, with the churches of Saint Maryam and Saint Raguel on the eastern and western limits, respectively, rivalling one another for favour and pre-eminence.

*But Entotto's historical importance as the centre of the Shawan kingdom was short-lived.* In November 1886, four years after the first permanent structures had begun to be constructed at Entotto, a new settlement, destined to be the political centre of the empire, was started on the plains to the south. *The move from Entotto to Addis Ababa, effected by Empress Taytu* while her husband was on the Harar campaign, had many factors behind it. Foremost were the hot springs (**Fel Weha**), which had already been a regular resort of the Entotto settlers because of their warmth and curative value. The strategic value of Entotto had diminished. Moreover, its *insufferable cold* and the denudation of its forests, as well as the tiresome *descents and ascents* to and from Fel Weha, made the hilly settlement less and less attractive.

Although Addis Ababa came into existence in **1886**, it did not become the capital of Menilek's empire until about **1892**. The construction of the palace (called the **gebbi**) on an elevated site gave the growing settlement its primary nucleus. Saint George Church to the west formed not only the town's main religious centre but also its commercial centre, Arada. The nobility came to settle on the other hiltops of the emerging town, on land granted to them by the emperor as a reward for services. Round the gebbi of each member of the nobility clustered his dependants and followers, giving rise to the typical settlement pattern of the town, the **safar**, originally an encampment. Thus were born quarters like *Ras Berru Safar*, *Ras Tasamma Safar* and *Fitawrari Habta-Giyorgis Safar*. The settlements of the palace servants, generally located on the slopes, gave rise to such **occupational areas** as *Saratagna Safar* (the Workers' Quarters), *Zabagna Safar* (the Guards' Quarters) and *Weha Senqu Safar* (the Quarters of 'The Unprovisioned', an Imperial Army unit, said to be only with water).

Many events and developments contributed to consolidating the position of Addis Ababa as capital of the Ethiopian empire-state. Of these, probably the most important was the

Ethiopian victory at the **Battle of Adwa** in 1896. On the one hand, it marked the transition from the era of campaigning to that of settled civilian life. Most members of the nobility now began to settle in Addis Ababa and to build more or less permanent residences. On the other hand, with the growth in the prestige of Emperor Menilek, foreigners began to come and settle in Addis Ababa in increasingly large numbers. The legations had large estates carved out for them in the northern outskirts. The merchants and craftsmen settled at Arada.

The **protests** against moving made by the **legations**, who had already made some investment in buildings, and the importation of the **eucalyptus tree** were what saved Addis Ababa from suffering the same fate as Entotto. Beset by the perennial problem of wood, Menilek had seriously begun to consider moving his capital to Addis Alam, some 38 miles (60 km) to the west by the road built to Addis Ababa. Construction of a new palace had begun. With the abandonment of the project, the road became the first inter-urban road of Menilek's empire. The **registration of urban land and the granting of land charters as of 1907 removed the air of impermanence and insecurity that had constantly hung over Addis Ababa.** The long awaited arrival of the **railway** from the French port of Djibouti, on the Gulf of Aden, in 1917, put the seal on Addis Ababa's future as the capital of Ethiopia.

## **B. The socio economic order**

### **➤ Mode of surplus appropriation**

In the nineteenth century, as indeed also in earlier centuries of Ethiopian history, the economic basis of political power was **tribute** and **surplus labour**. Both were extracted from the peasant, who held his land (*rest*) by genealogical descent, and who was known as *gabbar* (after *geber*, tribute). The tributes were of a diverse nature. The main tribute was the *land-tax* or *rent*. Its value varied according to the degree of cultivation of the **land** (cultivated, *lam*; uncultivated, *taf*; semi-cultivated, *lam-taf*). Next came the **tithe**, *asrat*, which, as both the English and the Amharic words indicate, amounted to a tenth of the peasant's harvest. In addition to these two tributes, the *gabbar* was obliged to supply provisions, *maten* and *dergo*, for officials and visitors passing through his district. He had to provide *firewood* for his overlord, known as *malkagna* or *shalaqa* (representative or commander), *twice* or *thrice* a year. He made available the *honey* (*mar*) that was so essential to make *taj* (mead, hydromel) for the ruling class. He was also expected to express his joy by offering 'gifts' at the appointment of a new governor, his promotion or decoration, or the birth of a son to him.

The ruling class appropriated not only surplus product from the *gabbar* but also surplus labour. The chief expression of this forced labour or corvée was **farming on state or governor's land** (*hudad*). This generally took about a *third* of the *gabbar*'s labour time. The

gabbar also *ground grain* for the malkagna. He was engaged in the construction of *granaries* and *fences* for the governor or the malkagna. He was *custodian* of any state prisoner, with liability to take his place if a prisoner escaped. He also provided transport service (*elf*), carrying personal effects of the governor or an official in times of peace and provisions in times of war.

### ➤ Land Measurement

One of the forces which had a profound impact on the **systems of land tenure** in the south was the institution of land measurement at the turn of the century. This was known as the **qalad**, after the rope used to measure land. Although land measurement had had a relatively long history in Bagemder, in north-western Ethiopia, it is in conjunction with the creation of Menilek's empire-state that it came to have wider application. While land measurement was prevalent in Shawa and its environs, many other provinces were affected as well. In Wallaga, for example, the measurement process which started in 1910 resulted in the *appropriation by the state of three quarters of the land*. Peasants who had tilled the land under another lineage system of ownership known in Wallaga as **qabiye** found themselves forced to buy their own land. Failure to do so reduced them to the status of tenancy. In Walayta, some of the common lands were appropriated through the **qalad** and given out to the church for its maintenance (as samon) and to individuals.

A major objective that land measurement was designed to achieve was **facilitating taxation**. The measured land was divided into **lam, lam-taf and taf**. These terms denoted the degree of cultivation and human settlement, not, as is commonly assumed, the fertility of the soil. Lam land paid the highest and taf the lowest rate of tax. As the former category of land tended to be occupied mostly by peasants, the burden of taxation thus fell most heavily on them. In addition to taxation, registration tended to promote the twin processes of private ownership and land sale. In both northern and southern Ethiopia, traditional land tenure had had a communal character, with peasants enjoying only usufructuary rights over the land. In the twentieth century, however, a steady process of privatization set in, with implications of sale and mortgage. Perhaps the most dramatic case of land sale in the early twentieth century was that of Dajjach (later Ras) Berru Walda-Gabr'el in Arsi. On a large tract of land given him by Menilek, Berru forced the peasants either to buy the plots they were farming or to become his tenants, giving him a quarter of their harvests. Those who could afford to buy the land (at the rate of 30 Maria Theresa thalers per gaska, about forty hectares, of lam land) still remained Berru's gabbar.

It was also **the qalad system** which enabled the state to appropriate large areas of land either for its own benefit or for that of individuals and institutions it wished to reward. The pattern of land tenure in the twentieth century was largely determined by this policy.



The local ruler, generally referred to as the balabbat, retained from a sixth to a third of the land -often erroneously characterized as siso (third).

The land still kept by the peasants, and subject to payment of tribute and rendering of labour services, was known as gabbar land. The rest was largely at the disposal of the state. In the old tradition of the unity of church and state, the church was given samon land. Government officials were granted madarya, land in lieu of salary. There were further types of land tenure which catered to the specific needs of the palace, such as baldaras and warra gannu for the upkeep of its horse and cattle, respectively. Similarly, owners of what was known as gendabal land rendered a host of services to the state in times both of war and of peace. Large tracts of land also became the property, as ganagab or madbet (literally, kitchen), of members of the royal family and were administered by a representative (meslane). These had the lands farmed by means of compulsory labour, and sent the harvest to their patrons.

The balabbat, mediating between the peasant and the state, played an important role in the evolution of the tributary relationship. The siso in effect symbolized their intermediary role in the whole exploitative system. It was the village chief, abba qoro, who implemented the land measurement policy in Wallaga. The assignment of quter gabbar in Harar was also effected through the agency of officials named the damin and the garad, subordinate to the damin. On a higher level, there was also the case of the rulers of Leqa Naqamte, who developed their own mechanism for surplus extraction by imposing a number of taxes, including the tithe, on the peripheral regions. Ultimately, the Wallaga aristocracy was to prove the most successful of the southern elite in integrating itself into the Ethiopian ruling class. It is this reality which reinforces the point that the class basis of exploitation and oppression was as important as the ethnic one.

In spite of the multiplicity of tenure described above, the basic mechanism of surplus extraction was the gabbar-malkagna or (as came to be generally the case in the south) the gabbar-naftagna relationship. This was also the focal point of class contradiction. Gabbar reaction to exactions from his overlord was varied, including flight from his plot, petitions to the central government and armed uprisings, particularly in times of crisis at the political centre. The cause of the gabbar was ardently championed by the progressive Ethiopian intellectuals of the early twentieth century, who began to agitate for reform. The situation even gave rise to what one may call 'colonialist revolutionaries', Europeans who resented the frustration of capitalist penetration that the debilitation of the peasantry through the gabbar system had entailed, and who urged a fundamental overhaul of Ethiopian society. The Times of London on 18 April 1931 called the gabbar system a far worse evil than slavery'. The first group, the Ethiopian intellectuals, aspired to what we may call national capitalist development on the Japanese model; the Europeans aimed at dependency capitalism of the colonial type.

The relatively more progressive elements of the feudal ruling class also sought to **reconstitute feudalism** on a new and more solid foundation. The series of measures undertaken first by Lej Iyyasu, Menilek's grandson and successor (r. 1913-1916, officially; in fact, 1911-1916), and then by Ras Tafari Makonnen in the 1920s, tended not only to buttress private property but also to release the productive potential of rural society by minimizing the wastefulness of the system. Iyyasu, for instance, forbade the confiscation of property as a penalty for embezzlement, as was hitherto the custom. He also tried to reduce the waste entailed by the prevalent system of assessment of harvest before the collection of asrat, with the attendant delays in harvesting when the assessors failed to come on time. Tafari reinforced the measure against confiscation, and took further steps to regularize the collection of asrat. Lastly, in May 1935, after he had become Emperor Hayla Sellase in 1930, he issued a decree abolishing corvee and the tax in honey (mar geber). A high point in feudal reform was reached with the institution in May 1935 of fixed tax (qurt geber) of 30 Birr per gasha. But the abolition of the whole gabbar system had to await the post-1941 era, following the end of the Italian occupation.

### ➤ Trade

Next to land, trade provided another source of income for the Ethiopian ruling class. Control of trade routes and customs duties therefore became an important factor in the political power struggle. Compared with the situation in the nineteenth century, a major reorientation of long-distance trade routes and outlets had taken place. A series of events had had the effect of giving the eastward route, terminating at Zeila or Berbera on the Somali coast, precedence over the northbound route. Shewan victory over Gojjam at the Battle of Embabo in 1882 was the first of such events. The decline of Gondar and Matamma as a result of the Ethio-Mahdist hostilities was another. The shift of the geopolitical focus to the south, signalled by the emperorship of Menilek, and the foundation and growth of Addis Ababa as the political centre of the empire, put the seal on the whole process. In terms of outlet, the Italo-Ethiopian conflict of the 1890s and then the amputation of the Marab Melash (Eritrea) had given rise to the emergence of the French port of Djibouti as Ethiopia's main, outlet to the outside world. Djibouti's pre-eminence was attained at the expense not only of Massawa and Assab but also of Zeila and Berbera.

Another feature of twentieth-century Ethiopian trade arose directly from the aftermath of the Battle of Adwa. The juxtaposition of independent Ethiopia with European colonies spurred the adjacent powers to start a policy of commercial penetration of their respective 'hinterlands'. Frustration of the Italian bid for unilateral colonial domination led to multilateral competition to tap as much of the resources of Ethiopia as possible. Economic penetration of the frontier regions was sometimes thought of as ultimately conducive to political control. The establishment of consulates in these frontier regions likewise reinforced this objective. Thus the British tried to attract as much of south-western

Ethiopian trade as possible to Sudan via Gambela, an inland port in south-western Ethiopia that they had leased from Menilek as a result of the Ethio-Sudan boundary delimitation treaty of 1902. Likewise, they penetrated southern Ethiopia from their colony of British East Africa, and the Harar region from British Somaliland. They established consulates at Harar, Mega in southern Ethiopia, Gore in Illubabor and Dangela in Gojjam. The Italians similarly tried to draw the northern Ethiopian regions into the economic orbit of their Eritrean colony. They too set up consulates, at Adwa in Tegray, Dessie in Wallo, and in Gondar. Control of the railway, Ethiopia's main medium of external trade, saved the French from making similar exertions. Powers with no adjoining colonies, such as the United States and Germany, were forced to concentrate all their energies on capturing the centre.

In spite of the trans-frontier challenges, Djibouti's pre-eminence as the main conduit of Ethiopia's foreign trade was beyond dispute. On the average, some 75% of the trade passed through Djibouti. The Eritrean route stood second, followed by the Sudan and British Somaliland routes. The pull from British East Africa and Italian Somaliland was not of much consequence. On the other hand, the export share of the Sudan route was much higher, rising to 20 % around 1930 -a result of its attraction of much of the coffee which grew in south-west Ethiopia. As a result, the Sudan route was characterized by a favourable balance of trade for Ethiopia. Conversely, the Djibouti route showed an unfavourable balance, suggesting that the railway was more instrumental than the steamer (the means of transport used on the Gambela route) in drawing Ethiopia into a pattern of dependence.

In the items of trade, there was a significant change from the nineteenth-century pattern. Such commodities as **ivory and civet musk**, which had dominated the trade in the earlier century, progressively declined in importance -inevitably in view of the exhaustible nature of the animals from which they were extracted. **Coffee** became the principal export item, a position it has maintained to this day. Coffee's counterpart on the import side was the unbleached cotton sheeting known as **abujedid**, much valued for clothing as well as for making tents. Commercial rivalry among Ethiopia's trade partners centred on this highly marketable commodity. It was abujedid which brought first the Americans and then the Japanese to Ethiopia. With the completion of the railway and the relative sophistication in consumption tastes, items ranging from felt hats to Scotch whisky and French brandy also began to enter the list of imports.

**The traders who controlled Ethiopia's external trade were mostly expatriates** -a significant change from the pattern in the long distance trade of the preceding century. This had largely to do with the influx of foreigners into Ethiopia subsequent to the Battle of Adwa. At the outset, benefiting from the favours that their country enjoyed during the Adwa days because of their country's policy of condoning the import of arms into Ethiopia, French traders had the upper hand. Leon Chefneux, winner of the railway

concession and close confidant of Emperor Menilek, was one of them. A. C. Savoure was another. But it did not take long for the British, through their Indian surrogates, to attain prominence. The frugality and low-cost management of Indian traders gave them a sharp edge over their European rivals. One of them, Mohammed Ally, became the biggest name in Ethiopian import-export trade of the years before the Italo Ethiopian war of 1935-1936. As successful as the Indians, particularly in the south-west, were the Greeks, thanks largely to the ease with which they adapted to the Ethiopian milieu, possibly, among other things, because of their Orthodox Christian faith. The Armenians, also Orthodox Christians, like the Greeks, and welcomed to Ethiopia at a time when they were suffering persecution in their homeland, were to attain the highest level of integration into Ethiopian society.

They thrived mainly as craftsmen catering to the upper classes. But one of their pioneers, Sarkis Terzian, made his fortune as an arms trader and his fame by introducing the steamroller (aptly named 'Sarkis babur', the steam-engine of Sarkis) into the country. The Jewish merchant Benin was another successful trader, and gave his name to Benin Safar in Addis Ababa. The Syrian Hasib Y dlibi not only attained prominence and notoriety in the world of commerce and concessions but also briefly (during the reign of Iyyasu) became politically powerful. His protégé and compatriot, Majid Abud, started as a rubber trader in western Ethiopia and ended up as the most energetic agent of central government authority in the land of the intractable Anuak people. Somewhat later, the more conventional representatives of European capital, such as Seferian and Company, and A. Besse and Company, came into the picture.

Ethiopian traders were invariably relegated to internal and local trade. On the other hand, the ruling class more and more shed its martial character of the pre-Adwa days and developed business instincts. A series of profitable partnerships were struck between its members and the expatriate merchants and concessionaires. Menilek conducted a thriving business lending money to Indian traders.

Empress Taytu, his consort, owned Addis Ababa's first hotel, named after her title, the Etege, and later, in the 1970s and 1980s, renamed Awraris (rhinoceros) and then Taytu.

Deemed equally important was the assertion of central government authority over the customs from external trade. The division of Gambela customs became a hot issue between the Ethiopian and Sudan governments in the 1920s. It was finally resolved along lines favourable to the former. Ethiopian rights to levy import duties had been shackled by the Klobukowsky Treaty of 1908. The treaty exempted French subjects from the laws of Ethiopia and limited the customs duty to 10% ad valorem; for liquor it was to be even lower -8%. Thanks to the convenient provisions that other powers had earlier made in their treaties with Menilek for the extension of such privileges to their subjects, the treaty came to cover almost all European subjects and governments. It had profound implications for Ethiopia's relations with foreigners. The extraterritorial rights granted

European subjects often became a licence for racial arrogance and irresponsible behaviour. The low import tariff encouraged the inflow of European goods into the country.

The repeal or revision of the Klobukowsky Treaty became one of the main preoccupations of Tafari, both before and after his coronation as emperor. During his tour of Europe in 1924, this was one question he broached with the French government. Lacking any positive response, he made a unilateral revision of the treaty in March 1931 by proclaiming the excise and consumption tax. This raised the import tax to up to 30% ad valorem on what were regarded as luxury items, such as alcoholic drinks, cigarettes, umbrellas, carpets and underwear. In spite of protests from the European legations, the government stood its ground. While it was an emphatic assertion of Ethiopian independence, the move at the same time negatively affected the Ethiopian consumer in view of the attendant rise in prices. In terms of the augmentation of central revenue, however, the new tax was not without some significance. Out of an estimated total annual revenue of about £400,000, the income from the tax was valued at £25,000, or slightly over 6% (Perham, 194).

### ➤ Concessions

If trade was one medium for European penetration of the Ethiopian economy in the post-Adwa years, concessions were another. The latter were often viewed by Europeans as a sure means of making accessible to themselves the reputedly rich resources of the country that Adwa had denied them -or at least one of them, Italy. Indeed, concessions were deemed less expensive than outright colonial domination. In the words of one of the spokesmen of European imperialist penetration in Ethiopia, 'In order. ..that the great natural riches of Abyssinia may be thrown open to European trade and industry, there is no need of a war, or of a costly establishment of sovereignty over the land' (Bahru, 'Fumbling Debut', 331). The quest for concessions coincided with the monopoly capitalist phase of imperialism, which was characterized by the export of finance capital.

As in trade, however, the reality did not always match the dream of a bonanza for merchants and investors. Although a large number of concessions were granted to expatriates by Ethiopian authorities, few of them achieved any practical significance. Most of them remained baits for the over-credulous European investor. Ethiopian authorities also benefited from the whole exercise through cash

bribes given them for the acquisition of concessions and royalties for their duration. The whole situation gave rise to what were known as concession-hunters, who assumed the profitable role of intermediary between the European investor and the Ethiopian ruler. The most remarkable of these concession-hunters were the German Arnold Holz, the Italian Alberto Prasso and the Syrian Y dlibi. ~

Two concessions, however, were translated into reality of considerable import for Ethiopian history. The first was the **railway concession of 1894**; the second was the **banking concession of 1905**. They were secured by the two major rival powers in Africa -the French and the British, respectively. Although the railway concession (which initially provided for the building of a railway from Djibouti via Entotto to the Nile was granted in 1894, it was soon overshadowed by the Adwa campaign. Construction did not begin until 1897, and the railway reached its first major terminal in 1902 -one differing from the initial plan, which involved the town of Harar. The new site was named New Harar, later renamed Dire Dawa. Thereafter, for a period of six years, construction was discontinued as a result of inter-power rivalry and Menilek's resentment at the French government's take-over of what was initially a private undertaking. The international status of the railway was regulated by the 1906 Tripartite Agreement between Britain, France and Italy. Two years later, Menilek signed with the French a new concession offering slightly better terms for Ethiopia. Work on the railway was resumed the following year, but it did not reach Addis Ababa until 1917. The idea of extending it to the Nile had already been abandoned in face of British opposition.

The completion of the railway was an event of considerable socioeconomic significance for Ethiopia. It put the final seal on the centrality of Addis Ababa. It also gave birth along the railway-line to new towns: Dire Dawa, Nazareth and Mojo. It became the chief medium by which Ethiopia was drawn into the world economy. Although its service was impaired by the high tariffs imposed by the company, the railway none the less became the main means of transport for both goods and passengers to and from Ethiopia. It was also through the railway that ideas and fashions percolated to the country. Politically, it contributed to the rise of Ras Tafari to power, as it facilitated the speedy despatch of loyal troops from his base in Harar to the capital.

The banking concession was given to the British, more specifically to the British-controlled Bank of Egypt, in March 1905. It entitled them to exclusive banking rights in Ethiopia as well as those of the minting of coins and the issuance of notes. What came to be known as the Bank of Abyssinia was thus established with a starting capital of £100,000. Drawing from the lessons of the railway, a conscious effort was made to internationalize the venture. The founding committee was composed of three British members, three Italian members and one German member. The shares were simultaneously offered in Addis Ababa, Cairo and a number of European capitals, as well as in New York. The combined shares of the French and the Italians were fixed to be exactly equal to those of the British. Notwithstanding such precautions, however, the bank remained primarily a British concern, as evidenced in the composition of the key personnel.

Although a number of branches came to be opened in the provinces, the impact of the bank on the Ethiopian economy does not seem to have been substantial. Its high lending

rate (15%) was certainly not conducive to borrowing. Nearly a decade was to pass before the bank's books showed any profits. Fundamentally, the bank faced inherent problems of a capitalist institution grafted on to a feudal structure. It was not easy to overcome the competition of the informal credit system or the ingrained habit of private hoarding. On the other hand, the monopoly it enjoyed aroused some opposition. Gabra-Heywat Baykadagn, Ethiopia's leading intellectual of the period, was among its most severe critics. In 1909, Empress Taytu created a rival lending institution known as the Society for the Promotion of Agriculture and Trade, but it was unsuccessful, lasting only one year. Finally, in 1931, the bank was 'nationalized'. It came to be known as the Bank of Ethiopia, ancestor of the State Bank of Ethiopia, in the years after the Italo-Ethiopian war and Italian occupation, and the current Commercial Bank of Ethiopia, founded in 1963.

### ➤ **Modern education and the birth of an intelligentsia**

Interest in modern education in Ethiopia goes back to the nineteenth century. The missionaries, who saw education as an effective means of proselytization, were active in establishing a number of schools and sending the more promising students abroad. Impressed by European technological power, and more particularly the military manifestation of that power, Emperor Tewodros II had started a school at Cafat to train young Ethiopians in the technique of arms manufacture. In the post-Adwa period, the more intensive relations with Europe created ampler opportunities for the spread of modern education. The expansion of the state apparatus (through the ministerial system and customs administration, for instance) made the training of a cadre of officials imperative. But it was not only as clerks and accountants that these educated Ethiopians left their mark on Ethiopian history. Some of them were to give eloquent expression to the problem of Ethiopia's backwardness. They constituted a passionate, if poorly organized, force for reform. Sometimes characterized as the 'Young Ethiopians', they laid the foundation for a radical tradition which was continued and amplified by the Ethiopian Student Movement in the 1960s and 1970s.

The first educated Ethiopians were mostly sponsored by missionaries. The most prominent of these were Professor Tamrat Amanuel of Gondar, one of the many Falasha who had benefited from their close association with the missionaries; Kantiba (Mayor) Gabru Dasta, also from Gondar, whose illustrious career as interpreter, envoy, mayor, senator and Resistance fighter spanned five decades, from the reign of Emperor Yohannes IV to the Italian Occupation; and Onesimus Nasib, an Oromo of Illubabor, who translated the Bible into his native tongue. There were a few others who do not conform to this pattern. Mahdara-Qal Tawalda-Madhen, interpreter successively to Emperors Tewodros and Yohannes, received his education under official French patronage. Warqenah Eshate (later renowned as Hakim Warqenah or as Dr Charles Martin) started his career under fortuitous circumstances. Found after the Battle of Maqdala at the age of about four by one of the British officers in the Napier expedition.. he was trained as a medical

doctor in India and Scotland. Returning to Ethiopia in the early twentieth century. As Dr Martin, Hakim Warqenah recovered his family and his name, and served in various capacities: as superintendent of the Tafari Makonnen School, director of the school for freed slaves, negotiator with a United States company for the construction of a dam on Lake Tana, governor of the model province of Char char (in Harar), and Ethiopian minister to London during the outbreak of the Italo-Ethiopian war.

Ethiopians who went abroad did not always undergo formal training. In many instances, it was through their exposure to a different environment rather than through any formal education that they came back changed. In one or two cases, in fact, Ethiopians achieved prominence abroad as teachers rather than as students. This was the case with Maychaw 1896-1935 with Alaqa Tayya Gabra-Maryam from Gondar and Mawarq Gabra-Iyyasus from Gojjam. After spending his youth at the Swedish evangelical mission at Menkullu (near Massawa), Alaqa Tayya joined the high-level German diplomatic mission that visited Ethiopia in 1905, and went to Berlin, where he taught Ge'ez. Mawarq Gabra-Iyyasus, called 'professor' by the Italians, published a number of books during his sojourn in their country, including the first Amharic novel, *Tobyia*. At least three Ethiopians received their scholastic foundation in Russia. Two students named Gezaw and Dagne returned with medical training and helped to set up Menilek II Hospital in 1910. Takla-Hawaryat Takla-Maryam of Shaw'a studied artillery in St Petersburg military school, attaining the rank of colonel. Back in Ethiopia, however, it was not as a military expert that he became famous, but rather as provincial governor, agronomist, drafter of the 1931 Constitution and treasurer (bajerond, his permanent title after 1931).

The most illustrious of all the pre-war intellectuals does not seem to have had any official sponsorship for his foreign visits. This was Gabra-Heywat Baykadagn from Adwa, who spent his teenage days in Germany. From there he returned with an early mastery of political economy which, when applied to the Ethiopian reality, was to be astounding in its rapid grasp of the situation and its extraordinary depth. A shorter stay in British-ruled Sudan impressed on him the disturbing contrast between the progress of colonial Sudan and the backwardness of independent Ethiopia. His ideas were to become public in his two major works: '*Atse Menilek-na Ityopya*' (Emperor Menilek and Ethiopia) and *Mangest ena ya Hezb Astadadar* (Government and Public Administration), the first published in 1912, the second posthumously in 1924; the author died at the early age of thirty-three years. The most important post that he had occupied was that of naggadras of Harar, a title which has clung to his name.

Not all the intellectuals and prominent civil servants of the pre-war period had a missionary background or had been exposed to life outside the country. The most prolific writer of them all, Heruy Walda Sellase, from Shaw'a, was a product of traditional church education. He occupied various prominent positions in the civil service including that of foreign minister on the eve of the 1935-1936 war with Italy. In fact, the dabtara (the



learned men of the Ethiopian Orthodox Church, of whom Heruy was one) were to constitute a significant element of the intellectual ferment and the budding modern administration of the period. The church of Saint Raguel on Entotto mountain played an important role in this regard. Among its 'graduates' who attained fame and power were Takkala Walda-Hawaryat, customs official, mayor, fiery patriot and implacable opponent of Emperor Hayla-Sellase after the war and the Italian Occupation of Ethiopia, and Makonnen Habta-Wald, a minister of exceptional political longevity (c. 1930-1960) and a power-broker of the Hayla-Sellase regime.

There were also those who were influenced by the ideas of men like Gabra-Heywat Baykadagn, and who continued the reformist tradition. Of these, the most conspicuous was Fitawrari (later Blatta) Deressa Amante, member of the Wallaga aristocracy and one of the regular contributors to the Berhanena Salam newspaper, the voice of the progressive intellectuals. Like Gabra-Heywat, Deressa too had spent some time in Sudan.

In terms of formal education, the last years of Menilek saw a significant event -the founding in 1908 of the first school set up along modern lines. This was Menilek II School. The staff, composed mainly of Egyptians of the Orthodox Coptic Christian Church, was a good example of the Emperor's concern for a happy compromise between tradition and innovation. It was felt that the Copts would filter down to their pupils a tempered version of modern ideas. The syllabus showed a distinct bias towards languages, partly an indication of the practical need for interpreters. French was the medium of instruction, and it was to remain the lingua franca of the Ethiopian intelligentsia until superseded by English after 1941. French cultural paramount was further reinforced by the opening after 1912 of Alliance française schools in Dire Dawa and Addis Ababa. Tafari Makonnen School, opened by Ras Tafari in 1925, was even more French-oriented than Menilek II School, with French directors and with the students sitting for French Government Certificate examinations. Ethiopian supervision was, however, provided for by the creation of the post of superintendent. At the central administrative level the Ministry of Education had evolved as an independent ministry by 1930; Menilek's initial arrangements had made it a mere adjunct to the office of the archbishop. The 1930s saw the founding of a number of schools in the provinces as well as in Addis Ababa.

The 1920s also witnessed the onset of a new phase of sending young Ethiopians abroad for education. The destination of most of these students was France, with the Lycee at Alexandria in Egypt serving as a transit point. A number of Ethiopians who were in prominent positions after the Italian occupation belonged to this category: A smaller number found their way to Britain and the United States, with one or two going to Switzerland. All in all, a total of some 200 Ethiopians reportedly studied abroad, through government or private means, in the decade and a half before 1935.

As in many other societies, the spread of modern education in Ethiopia had two major effects: the training of skilled personnel to staff the growing bureaucracy and the dissemination of ideas of change. In short, modern education produced functionaries and intellectuals. The functionaries were more integrated into the state apparatus and were thus invariably too absorbed in the routine of administration to have time for strictly intellectual pursuit; Heruy Walda-Sellase was a phenomenal exception. The intellectuals were generally only peripherally attached to the state apparatus. The functionaries were predominantly trained inside the country; the intellectuals tended to have lived or studied abroad. Of the functionaries, only one or two had reached ministerial level by 1935, the upper limit of their rise in the bureaucracy often being that of director-general of a department.

In their critique of the backward state of their country, the intellectuals represented a counter-current to the smug confidence that had ensued after the Adwa victory. They advocated a series of reforms in order to give socio-economic content to the political independence that Adwa had guaranteed. The reforms they recommended included the introduction of fixed tax; religious freedom; updating of the traditional code, the Fetha Nagast (the Law of Kings); rationalization of the Amharic alphabet, which has about 300 characters based on seven forms to which diacritical marks are added; institution of centralized and uniform customs administration; and military and currency reforms. But the two themes that received the widest attention were the elimination of the iniquities of the gabbar system, and the promotion of education. Many a powerful pen was employed to depict the miserable lot of the gabbar and to make suggestions for his liberation. And, if there was one word which could be described as the motto of the progressive intellectuals, it was 'education'. The country which they adopted as their model was Japan, dramatically transformed in a matter of decades from a feudal country like Ethiopia into an industrial power; hence the label 'Japanizers' that has come to be given to them. The 1931 constitution, which was drafted by one of these intellectuals (Takla-Hawaryat Takla-Maryam), appears to have been very strongly inspired by the Japanese Meiji Constitution of 1889.

A major handicap of the intellectuals was their amorphous and unorganized character. To implement their ideas of reform, the intellectuals had no other recourse but to seek the patronage of an enlightened prince. This quest brought some of them into temporary alliance with Emperor Menelik II. This was the case with both Takla-Hawaryat and Gabra-Heywat Baykadagn. Takla-Hawaryat rose to become the young ruler's most favoured confidant until, swept by the tide of opposition, he turned against Emperor Menelik II in 1916. Gabra-Heywat's 'Atse Menilek-na Ityopya' is also addressed to Emperor Menelik II. After Emperor Menelik II's downfall in 1916, Ras Tafari became the natural ally of the progressives. Indeed, the reforms Tafari

introduced during his regency and the first five years of his emperorship have a striking affinity with the ideas of Gabra-Heywat. Takla-Hawaryat, who had had a hard time getting Iyyasu to pay attention to his explanation of an administrative manual that he had prepared, was now commissioned by Tafari to draft a constitution. But the marriage of convenience between Tafari and the intellectuals did not remain a happy one. More than they were able to use Tafari, he used them for his objective of power consolidation. The eventual quarrel between Tafari as Emperor Hayla-Sellase and Takla-Hawaryat is a clear illustration of this unhappy marriage.

### **1.3 The Impacts of Modernization Policy in Ethiopia**

The benefits of modernization policy accrued progressively to the ruling oligarchy, the landed classes, the members of the higher echelons of the new bureaucracy and military, and the emerging middle class of traders in the domestic and international spheres. As will be highlighted below, these benefits were obtained at the expense of no other than the rural population. The policy, moreover, steered the country toward increasing economic dependency. These outcomes are discussed in the following paragraphs focusing mainly on the trends up to the 1960s.

#### **1.3.1 External Economic Dependency**

Indeed, within a matter of a few decades Ethiopia found herself locked into the pattern of *l'economie de-traite*, as an exporter of raw materials and as an importer of foreign manufactures. Data obtained for the closing years of the nineteenth century illustrate this phenomenon. Indeed the value of imports was already double the value of exports during this period. About one-half of a century later, exports and imports had increased greatly. Within a period of less than a decade between 1945 and 1951, for example, values of merchandise exports and imports more than doubled. The value of imports exceeded that of exports during most of the period since 1945, the deficit exceeding 28% of the export value as early as 1948. Fasil G.Kiros, (1993: 57)

Ethiopia's external economic relations continued to worsen with the increasing volumes of international trade due to the fluctuations of demand, supply and price conditions in the world market. The balance of payments was, moreover, being burdened by rapidly increasing amounts of foreign loans and credits. By 1963, total international debt was approaching US \$100 million exceeding the total value of exports and re-exports for that year. CSA, (1964, p.131) cited in Fasil G.Kiros, (1993: 57) The unremitting process of increasing external economic dependency

continued along with the advance of modernization in spite of the worsening economic condition which such dependency entailed, and this is significantly raised to the extent that Ethiopia today has become one of the most indebted countries of the least developed countries of the world.

### **1.3.2 Deepening Exploitation of the Rural Producers**

The burden of modernization fell on the rural producers in more ways than one. *qhey* were made to provide most of the commodities of export. They provided tax revenues required for the maintenance and expansion of the new state apparatus. And only they could provide the food and other raw materials required for the support of the increasing numbers of dwellers of the new towns. And all this, as already stressed, with little or no change in the structure and technology of the traditional production system. Fasil G.Kiros, (1993: 58)

One of the most immediate consequences of the expanding bureaucratic machinery and of the swelling military and security forces was a rising demand for financial resources on the part of the Government. Government expenditures rose rapidly reflecting not only the costs of the new machinery but also those required for the maintenance of the traditional oligarchy. Domestic expenditures soon outstripped domestic revenues leading to increasing dependence on external sources of financing the total budgetary requirements. (ibid)

The distribution of government expenditures reveals the overall policy being pursued. One of the first budgetary proclamations that of 1945, for example, show that around 40% of the total budget was allocated to institutions directly concerned with the maintenance of the new political structure<sup>6</sup>. It was quite evident, moreover, that the budgets of all the agencies created were used largely to maintain the bureaucracies set up at their headquarters in Addis Ababa. Indeed, the available information indicates that salaries consumed the lion's share, probably 75% of the total national budget. (ibid)

While the total budget of the Government in the 1940s and earlier might appear to be small in absolute terms, it was actually not so small when assessed on the basis of the capacity of the economy to generate revenues. The government budget necessitated the imposition of relatively high taxes on an economy which was still extremely backward. One of the most outstanding consequences of the rising budgetary expenditures was the increasing dependence of the

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<sup>6</sup> These included the Imperial Palace, the Prime Minister's Office, and the Ministry of Pen as well as in part the Ministry of Interior.

Government on import and export taxes. Customs duties amounted to close to 33% of total revenues by 1956/57. CSA (1963, p.90) cited in Fasil G.Kiros, (1993: 59)

Direct taxes on the agricultural sector probably amounted to little more than 10% of total revenues by 1956/57. This amount appears to be relatively small in absolute terms. Among the explanations for this might be the fact that the taxes applied mainly to the Southern provinces, that Church land was exempted, and that many of the large land owners failed to honor their tax obligations. Still, it must be recognized that the direct taxes imposed on the agricultural sector including education tax, probably amounted to no less than 70% of the total direct taxes. (ibid)

The extent of the actual tax burden on the small rural producers must be assessed in relation to their general economic circumstances. First, it must be recognized that the rural producers being predominantly subsistence producers were always faced with extreme difficulty in meeting their tax obligations. This came to be more the case when they were required to pay the taxes in cash. In the latter situation, the taxes represented cash earned under conditions of highly exploitative market relations and, therefore, reflected only a part of the actual value of the produce which they brought to the market. Secondly, some of the other tax items under the category of indirect taxes (e.g. court fees and fines, salt taxes), at least partly or indirectly fell on the rural producers. Thirdly, it is also quite likely that the burden of tax on exports as well as on business income was in part at least passed on to the rural sector. Fourthly, it was a common practice of the landlords to pass on their tax obligations to their tenants. Clearly, therefore, the taxes on the agricultural as well as the other sectors of the economy largely fell on the shoulders of the rural producers. Fasil G.Kiros, (1993: 59)

Whatever the actual size of the tax burden which fell on the rural producers it was unquestionably onerous. And this for a number of reasons: - (ibid: 60)

**First**, as stressed above modernization policy had done little to raise productivity in the agricultural sector. The extraction of taxes and produce from the agricultural sector was essentially a one-way process during much of the period under consideration. Agriculture received little investment in spite of the fact that it formed the pillar of the new economic structure. The consequence of increased extraction of taxes and agricultural produce was, therefore, to further aggravate the already extremely precarious condition of the rural producers.

**Secondly**, modernization had brought little change in the pattern of the relations of production by which the rural producers had been bound for generations. Indeed, the situation worsened

with the increase in the number of absentee landlords who were based in the new centers of power — the capital city and the few other regional towns.

**Thirdly**, as already indicated, in time the traditional landed classes were joined by a new category of absentee -landlords, including elements of the new bureaucracy and military as well as a category of speculators who saw the benefits of controlling the main source of wealth, which was land. The new landowners sought to exploit the land at the expense of no other than the traditional rural producers.

The burden on the rural population tended to increase for yet another reason — the rising cost of modernization. In the absence of any improvement in agricultural productivity, the increasing costs of modernization policy in general, and those of the consumption goods and services required to maintain the modern sumptuous life styles of the privileged classes, could only be met by increasing the intensity of the exploitation of the rural population.

### **1.3.3 The Impact of Urbanization**

The emergence and development of towns in Ethiopia goes at least as far back as the Axumite period and had reached a high point during the 17th century with the flourishing of Gondar. The appearance of these and other towns did not generally represent a pattern of urban development associated with a fundamental process of economic transformation, but rather reflected the rise and eventual decline of particular ruling dynasties for whom the towns served as the seats of power. Urbanization as a more-or-less continuous and relatively widespread process of population agglomeration is more a phenomenon which is associated with the period of modernization, although the historical role played by this process did not appear to conform to the European pattern of development. Fasil G.Kiros, (1993: 61)

However, the population of Ethiopia remains to this day to be predominantly rural. According to the 1984 population census, the urban centers accounted for only slightly over 10% of the population of the country. Moreover, towns with a population size of less than 5,000 accounted for over 55% of all towns, and those with a population of 50,000 or more for less than 4%. Only one city, Addis Ababa, has a population of more than one million. (CSA 1985). This pattern of distribution of the urban population has changed little even in the early 1990s. However, in spite of the very small degree of urbanization and the predominance of small towns, the impact of urbanization on the rural economy has been far-reaching.

The heavy cost of urbanization fell on the rural population in two ways: first, through the provision of food and other consumption requirements of the urban population, and secondly through the supply of the material and financial means required for the development of essential urban services. Fasil G.Kiros, (1993: 62)

As indicated above, urbanization in Ethiopia has not been characterized by mutually reinforcing processes of change involving the rural and urban areas. The driving economic forces which had characterized the early process of urbanization of Western Europe for example, namely technological changes and increasing productivity in agriculture and accelerated industrialization and rising employment in the urban sector, were absent in the Ethiopian situation. The new Ethiopian urban centers, it must be stressed, were principally centers of consumption rather than production. They depended for their consumption on the produce of the rural population as well as increasingly on imported manufactures. The total burden of their maintenance, however, ultimately fell on the rural producers. (ibid)

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