

Ethnic-federalism deters people-centered, equitable and integrated development

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“Despite the EPRDF’s authoritarianism and reluctance to accept genuine multi-party competition, ethnic-based political positions and parties have proliferated in recent years. This process, however, is not driven by democratization or the inclusion of opposition parties in representative institutions. Rather it is the result of a continuous polarization of national politics that has sharpened tensions between and within parties and ethnic groups since the mid-1990s. The EPRDF’s ethnic federalism has not dampened conflict, but rather increased competition among groups that vie over land and natural resources, as well as administrative boundaries and government budgets.”

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“In a country well governed poverty is something to be ashamed of. In a country badly governed wealth is something to be ashamed of.”

Confucius, Chinese Philosopher

Whether it is a well governed nation such as the United States where income inequality has reached a shameful level and the middle class squeezed by the one percent rich that is getting richer; or in a poorly governed, aid dependent and corrupt country such as Ethiopia where competition for natural resources and physical space is intense and corruption and illicit outflow disgraceful, the social impacts are the same. In the latter, the poor are getting poorer; and youth continue to leave their country in droves. Witness the hundreds of Ethiopian migrants in Kenyan, Malawian and Mexican jails; witness the number of Ethiopians stuck in North Africa, Yemen and other parts of the world. What system drives them out of their homeland? Is there light at the end of the tunnel? Would more and more Ethiopians face the same agony Afghans, Eritreans, Syrians, Iraqis face? Does ethnic-based exclusion and marginalization play a role? Ethiopia’s experiment in ethnic federalism is not working. In fact, the system masks repression and oppression in the name of ethnic-based amity, stability and anti-terrorism. Ethnic-based marginalization and cleansing are covered up by Kilil elites and government owned media.

Repressive and corrupt governance entails injustice and shame for those who are left out of the growth process or are forced to flee. In a country labeled as one of the fastest growing in the world, endemic poverty and political injustices have become sources of shame and agony. These are induced by greed and rent-seeking ethnic elites. They extract billions of dollars each year from the poor, the society and country. Economic plunder is injustice; and where it exists, peace is inconceivable in the long-run. The Oxford University Multidimensional Index continues to identify Ethiopia as one of the two poorest countries in Africa. UNCTAD's latest report validates what ordinary Ethiopians know and live with each day. Growth hasn't led to structural reforms, including rapid industrialization and modernization of agriculture. Nonetheless, ethnic elites earn incomes and collect assets in disproportionate amounts. The decimation of civil society, independent and free press and opposition makes it possible to underreport injustice and suffering.

If one gauges poverty using the African Development measurement of US\$2 dollars per capita per day, ninety percent of the Ethiopian people are poor. Poverty has no ethnic or religious boundaries. The poor in Gambella suffer as much as the poor in the Ogaden, Tigray, Oromia and Amhara. It is perhaps the one shame that all ethnic and religious groups have in common. It is against these commonalities too that I find the lack of willingness to create a common platform against the system baffling. I admit that it is easier to diagnose the problems of ethnicity and political power by an elite than to persuade those who oppose the system to come together. I also admit that those of us on the outside are disconnected from the social forces on the ground; and have failed to support those in jail and outside in the country. These brave souls whose number we can only guess are bold enough to sacrifice their lives in order to embolden ordinary Ethiopians to free themselves from the shame of marginalization, unbearable living conditions, injustice, poverty and destitution. If those in jail see possibilities for change; the least we can do is support them and others who are struggling on the ground consistently and without distinction to ethnic or religious affiliation.

Five years ago, I wrote a book entitled *Waves* in which I analyzed the evolution of ethno-nationalism, and the socioeconomic and political architecture of the current government. Similar to ICG, I focused on the pitfalls and vulnerabilities ethnic-politics and rivalry pose to national cohesion, stability, democratic interactions, equitable and inclusive growth and development, and the threats ethno-nationalism poses to the very survival of the country. Poverty and the sheer determination to survive aggravates ethnic friction. The divide and rule policy of the ruling party reinforces conflict. Youth continue to exit both poverty and injustice. Wide spread and recurring hunger in urban and rural areas is a glaring example of this injustice. Increasingly, poverty is compounded by rising inequality. This emanates from the concentration of incomes and wealth in a few hands; and from plunder of national resources by a few elites at the top of the policy, decision making and budgetary resource

allocation process. It is a pyramid-like system buffeted by strict surveillance at every level of societal life. Corruption, illicit outflow, nepotism and ethnic-based discrimination are a consequence of a system; and the system happens to be ethnic, repressive and corrupt.

Evidence of famine that affects from 10 to 14 million people mirrors the structural rigidity of this self-serving system. Growth can be touted as highly successful to the extent that it meets the basic needs of the population. Food security is a basic need; and a human right. I concur with the former President of Brazil, Lula that hunger is “actually the worst of all weapons of mass destruction.” Afghans, Eritreans, Iraqis and Syrians leave their homes in droves because their countries are conflict-ridden. They are hungry and unsafe to work and produce. Ironically, Ethiopians who also leave their country in droves are not considered a legitimate part of the greatest human wave post World War II. For this reason, those who migrate via the Sudan, North Africa and the Sinai assume Eritrean identity because Eritreans are eligible for political asylum. Ethiopians are not. Those who migrate via Kenya and Uganda and end up in jail do not have this option. The bottom line is this: the world has forgotten them. Can we afford to forget them? No.

Lula had said that where there is famine and hunger, “there will be no peace.” I suggest that peace and stability will depend on resolving poor and repressive governance and ending Ethiopia’s cycle of endemic poverty, famine, hunger, ethnic-based marginalization and ethnic-cleansing, elite based corruption and massive illicit outflow of capital. Regardless of one’s political stand and ethnic affiliation with regard to Ethiopia’s future, the urgent need for social justice is everyone’s problem. When a governing party uses humanitarian aid to punish opponents and reward supporters, you know that the governance is not only unjust; but cruel. Those who are left out, unemployed and hungry have no stake in the stability of the same system that denies them a chance to eat and earn a decent living. Overcoming unemployment and injustice that push youth out; and hunger that punishes the poor is a collective, and not solely, a government responsibility. Ethiopia’s tragedy is that the system has failed to accommodate the demands and rights of its opponents so that they can become part of the solution. In light of this, the lead accountability and responsibility for the human exodus, famine, destitution, hopelessness and hunger reside with the top leadership of the governing party. The inescapable fact is that the TPLF created the ethnic federal political and socioeconomic system that serves it well; while keeping the poor in their place.

In addition to the primary concern of possible disintegration of our historical ancestral land, Ethno-nationalism and ethnic-federalism contribute to the lack of a level playing field in social and economic life. For example, ethnic elites are free to expel the “unwanted.” They do this on behest of the TPLF core. It is a zero sum game of “you lose and I gain.” Equally, in a highly ethnically charged and polarized system, it is fairly easy to divert billions of dollars;

that, if kept within Ethiopia would build factories, schools, hospitals, dams etc. and boost agricultural productivity. Ethnic elites did not inherit wealth or earn it by producing factory goods. Political capture of the state led to economic and financial capture. This enabled them to become rich by repressing, oppressing and excluding. A system that allows graft and corruption is manmade; and it is only humans who can reverse this corrosive and corrupt economic system. I keep suggesting that, if things persist as they are, a person born poor in Ethiopia who does not flee has a higher chance of dying poor. Poor parents transfer poverty to their children and the cycle continues. They have no assets that will free them from this vicious cycle. The opposite is true for the newly rich.

Capital accumulation and concentration in a few is never accidental. It is systemic and arises from a system that allows it. In their provocative and well researched paper, “Rethinking business and politics in Ethiopia: the role of EFFORT, the Endowment Fund for the Rehabilitation of Tigray,” Mesfin Gebremikael and Sarah Vaughan make a direct correlation between Tigrean elite political capture at the top and capture and plunder of economic and financial resources throughout the country. They show public “frustration at persistence of a non-competitive, moribund and oligopolistic market, based on low levels of productivity, and regularly delivering high levels of opportunistic rents.” These “opportunistic rents” emanate from procurement deals and commissions; government sponsored and financed construction of roads, bridges, schools, health facilities, dams, offices; dominant roles in the transport and communications sectors as well as the export and import business; generous and non-collateralized access to and provision of urban and rural lands, credits and loans; biased permits; accesses to foreign exchange and so on. Focus on the system and you will be in a position to unravel the mystery of capital in Ethiopia and the success of EFFORT and other ethnic-elite monopolies.

Some would pose the issue of what would be wrong with the EFFORT monopoly story? It is owned by and benefits a specific ethnic group, Tigrean. The extraction is national and the beneficiaries are Tigrean elites and persons. It is funded largely by a central or federal government that is dominated by the same ethnic elite. It punishes the vast majority of the population while amassing incomes and wealth assets that are simply grotesque and unjust. There is no legitimate or valid developmental argument one could make that the socioeconomic and political system should result in a zero-sum game. If ethno-nationalism and ethnic-federalism prove to be impediments to shared growth and development, it behooves political and social leaders to reexamine the model of crony capitalism itself. In the medium and long-term, Ethiopia cannot afford an economic and social model which rewards those with political power and punishes those without one. Even if you dismiss the social case, the system keeps the entire society on a low productivity path. This is why it is “moribund” and stuck. In a democracy, famine is unthinkable and hunger is minimal.

Exclusionary governance aggravates marginalization on the basis of ethnic affinity. It is detrimental to mobility of labor, capital and knowledge.

Studies show that an ethnic federal system is a barrier to equitable growth and development. By definition it is based on irreconcilable differences rather than on diversity. This is why it leads to a cycle of ethnic cleansing, more repression, bribery and corruption. Is it at all sensible then to propagate ethnic politics as a virtue and a corner stone for democratization? There is overwhelming evidence to the contrary. Ethnic politics, organization and leadership will not advance justice, equitable accesses to economic and social opportunities; and won't advance political pluralism and the rule of law. Pretenses aside, ethnic politics won't lead to the sovereignty of the people. Sovereignty is gained when each person has the right to voice her/his opinion and has the chance to participate in the political, policy and decision-making process freely. No one is free until and unless each citizen is free.

This is why I welcomed a monumental decision by one wing of the Oromo Liberation Front to abandon narrow ethnic politics and secession and join other Pan-Ethiopian democratic forces in the quest for political and social justice for all Ethiopians. Others who believe in Ethiopia's independence, territorial integrity and durability; in the pursuit of freedom and genuine democracy must support one another regardless of the method of change. Dissidents must seize the opportunity now. We can't afford to dwell on differences within the opposition camp. Ethiopian political and social elites within and outside the country must appreciate the economic, social and political forces that are shaping the new fiercely competitive and cruel world that thrives on polarization. Lack of national cohesion diminishes Ethiopian society. It reduces the capacity to manage risks from natural and man-made occurrences. It diminishes our ability to harness benefits from an increasingly integrated world. Globalization is mean and cruel unless one has a nationalist government and a cohesive social system that places singular emphasis on citizen ownership of assets and on productivity and equity. It forces Ethiopia to be dependent on foreign aid perpetually.

The TPLF-led model of ethnic governance is not suited to respond to this demanding world of change. The leadership conspired and severed Eritrea from Ethiopia and weakened the later without benefiting the former. Ethiopia is landlocked and Eritrea is not benefitting from Assab and other ports. Landlocked Ethiopia is a dependent economy. Import and export costs are astronomical because of the regime's unforgettable and deliberate policy mistake. Equally, sea-endowed Eritrea is unable to generate jobs for its youth. In essence, both are losing. The TPLF offered 1,600 square km of some of the country's fertile lands, waters, flora and fauna to the North Sudanese government as dividend for support Sudanese support when the TPLF was a liberation front. Policy mistake after policy mistake did not stop there. Having failed to achieve food self-sufficiency and security for the Ethiopian people, the TPLF

embarked on one of the most disastrous policies of any government. It offered millions of ha of the most fertile farmlands and water basins to companies and persons from 36 countries; and to Tigrean elites loyal to the TPLF. It is therefore not equipped to deal with the intricacies of managing a society in the 21st century.

Without going much further than the later part of the 20th and the early part of the 21st century, governance in Ethiopia has been based on the principle of political and economic capture by narrow ethnic and ideological elites. This was done through non-peaceful and non-democratic means. In coming to power, successive regimes had to inflict sufficient pain on their enemies so that they will never resurrect. Since the gains realized from continued political capture are substantial, the ruling group must reward itself and its supporters in order to solidify its power base. Correspondingly, it had to deprive its competitors of political and economic roles. In a poor country such as Ethiopia, financial, budgetary and other economic resources are very limited and serve as strategic tools for control. The TPLF core is a master at marrying ethnic governance with economic capture.

Traditionally, repressive regimes rarely if ever see the duration of their governance as finite. They see it as a win-lose strategy. The biggest losers in this strategy are the poor, those who are marginalized, ultimately the society and succeeding generations. Successive elections show that TPLF and EPRDF elites do not wish to lose with grace through free, fair, open, transparent and competitive elections. Their mantra is to win big by any means necessary, including electoral fraud, intimidation, killings, imprisonment and persecution of adversaries and decimating the opposition. The TPLF has perfected this instrument of control at substantial costs for the country including the vast majority of Tigreans.

The TPLF ethnic elite directs and influences accesses to social and economic deliberately. Land leases and allocations are decided through its ethnic lenses. The concentration and uncontested nature of political and economic power at the executive level has offered the TPLF the institutional and material means to hold on to power and to refrain from initiating needed socioeconomic and political reforms. The TPLF is scared of reforms. Why? Reform would mean sharing power and resources with the rest. In an effort to appease nations, nationalities and people, the system allows a minimum level of democracy required. For example, judges at the Kilil level are indigenous people. It promotes and allows cultural, linguistic and other forms of freedoms that were also recognized by previous regimes. The core issue is who exercises policy and decision over institutions, policies and programs and budgets that affect ordinary people? It is the TPLF core.

Regional ethnic elites and personalities act as modern vassals, princelings and 'lords' and are often blamed and sacrificed when things go astray. The succession of Regional Presidents in the Gambella region who have been sucked is a case in point. The TPLF core never assumes

blame and accountability for misdeeds. The primary role of the Kilil lords is not to serve the people and region they represent. It is to be loyal to and serve the TPLF core in power. Regional ethnic officials are never free or independent to enjoy freedom of choice even if they wish. I do not underestimate the perceived emotional, financial and status symbol benefits associated with ethnic federalism. I contest its democratic content.

Radical reforms are needed urgently to empower Ethiopian society as a whole and to feed the millions who depend on international emergency food aid, the hundreds of thousands who leave the country, and the millions who are unemployed. It is true that, following President Obama's visit, the government owned media, a few officials and private persons have begun to demand reform. Prime Minister Hailemariam and Deputy Prime Minister Demeke spoke against ethnic discrimination, demeaning, killings and displacements. We really do not know what prompted these unusual utterances. The TPLF conducted its usual self-assessment and replaced some members with others. However, none of these moves critique and question the very system that makes ethnic hate and polarization possible. It makes no difference whether X goes out and Y comes in. The system remains intact; and it is the system that should be overhauled. Human capital flight remains. Corruption and illicit outflow remain. Dependency remains. High cost of living remains. Fear remains. Demeaning remains.

Against these injustices officials who live in what an Indian economist, Khanna, calls "mansion villas," do not feel obligated to tackle starvation, hunger and destitution. For them it is a normal and acceptable part of life. In a democracy, at least the electorate would have a chance to throw out criminals, human rights violators and corrupt officials. In Ethiopia the abnormal is accepted as normal; and people are not allowed to write, speak or protest. Children, girls, boys, mothers and fathers starve and die. It is accepted by ethnic elites as normal. Their preoccupation, especially the TPLF's is regime continuity and not the welfare of tens of millions of Ethiopians or democratization.

Supporters of the TPLF developmental state argue that the "punishment and reward" route to political and economic capture is not unique to Ethiopia. It is a well-established system throughout post-colonial Africa. I agree. My lead argument is that the primary motivating factor for political capture continues to be acquisition of wealth assets through exclusion and extraction of rents. On October 16, 2009, the Financial Times (FT) put this succinctly in an article entitled "Affluent Africa: The most reliable route to riches in Africa once lay via politics and "public" service." No surprise, since "the state in many of Sub-Saharan Africa's 48 countries controlled the principal levers (pillars) of the economy in the decades following independence." This abnormality is the reason why some Africans succeeded in overthrowing dictatorships. In the era of "big men" and single party states, extraction of riches by and for

political elites using “absolute power” resulted in deeper poverty and dependency and not less. Most African government leaders and elites were famous--many still are--not so much for public trust or public services but for extracting wealth at the cost of the vast majority. While there have been democratic changes in a number of Sub-Saharan African countries, Ethiopia remains among the exceptions. It is not expanding opportunities for the vast majority. Nor is it tackling endemic poverty. Like me, many African intellectuals rightly ask why the country is unable to feed itself while claiming “phenomenal growth.”

Ethiopia is also among the exceptions in institutionalizing direct links between the party in power, the state and ethnicity. These links promote corrupt practices and allow massive illicit outflow of funds. No matter how loud he protests, Prime Minister Hailemariam won't dare to demand that money stolen from the Ethiopian poor be returned; and those who stole be held accountable? Those who steal and move out money have foreign allies. When you have external support and places to hide monies, it is easier to get away with “murder.”

In the same FT article above, Mohammed Hussein Al-Amoudi, one of Africa's wealthiest men is identified as one of the movers and shakers of Ethiopia's political economy. An Ethiopian newspaper identified the relationships between Al-Amoudi's large business empire and monopoly and the ruling-party as a “state within a state”. A capitalist has found a lucrative alliance in a country where there are hardly any large scale domestic or national competitors. “Al-Amoudi is close to the ruling regime and partly funded Ethiopia's millennium celebrations in September 2000. Al-Amoudi's business empire centers on the Midroc Global Group, a conglomerate that owns more than 30 enterprises; and employs 24,000 people in four continents. Having leased vast tracts of land for commercial farming, the Sheikh also owns the Legadambi gold mine, which produces roughly 3.5 tons of fine gold a year.” I do not know many governments that turn over a precious source of foreign exchange for the country to a foreign monopoly or a trusted ally.

The point of the quotation from the FT article is to suggest that the ruling-party allows unrestricted investments and operations, including the lease of “vast tracts of land for commercial farming” to foreigners and domestic allies as long as such investments and partnerships pay dividends financially, politically and diplomatically. “Absolute” state political and economic power allows virtual centrally driven investments and economic monopolies to thrive. This centrality makes a mockery of devolution of power to regional and local administrations. The population in the Kilil where such exploitation takes place has no say in the matter. The additional tragedy is that party owned monopolies, endowments such as EFFORT---that also commands tens of enterprises--and Midroc crowd-out and undermine national firms and domestic entrepreneurs. What is true with regard to economic

competition is equally, perhaps more true with regard to the continuation of the one party ethnic state at any cost. The International Crisis Group put this accurately.

“After 2005, the TPLF/EPRDF objective has been simply to stay in power. To do so, it has established a party-state system (paid for by the Ethiopian people) that perpetuates its rule but frustrates large parts of the population. Its obsession with controlling political processes from the federal to the local level reflects the former liberation fighters’ paranoia and incites opposition groups to consider armed struggle their only remaining option.”

In summary, the ethnic political and economic system perpetuates repression and oppression and dependency. It suffocates freedom and democracy and diminishes domestic private sector development. Deserving Ethiopian nationals are unable to enter and sustain businesses because of the special privileges accorded to TPLF monopolies. The gold mine owned and run by Al-Amoudi was once state owned and profitable. Privatization proved to be lucrative for ethnic folks and ethnic endowments that are close to the ruling-party. Massive asset transfers associated with privatization show the dilemma of ethnic politics and fear factor that permeates the entire society. Because of ethnic-based exclusion and discrimination, privatization has not expanded domestic and nationally owned, managed and merit based home-grown enterprises. Continued exodus shows that it has not generated large employment. It has not advanced industrialization. Nor has it produced a vigorous middle class. Ethiopia’s increasingly wealthy and middle class is abroad. There is little benefit for Ethiopian youth, especially girls.

Contrast and compare this condition with the Asian Miracle where privatization and indigenous development took advantage of globalization and Foreign Direct Investment by offering enormous employment, the ability to establish enterprises that raise income opportunities for millions. Famine and hunger are a thing of the past in these countries and in democratic India. Don’t you agree that Ethiopian society needs radical transformation from within now and not 5 years from now?