

1. Introduction

1.1. Economic Growth, Modernization and Development: Definitions and Concepts

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. 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. These can happen when the population is increasing at a faster rate than total national income of the given country. The second way of defining economic growth is in terms of per capital income. According to this view, economic growth means the annual increase in real per capital income of a country over a long period of time. Generally speaking, by economic growth we simply mean increase in per capital income or increase in GNP.

The issue about development can be defined and seen in a different manner from the understandings of growth. 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. for some 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. For Amartya Sen development is defined as a process of expanding the real freedoms that people enjoy. Let us conceptualize development in its narrower and broader senses as below. 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 GNP at a rate of perhaps 5 to 7 % or more.

Unfortunately, the experience of the 1950s and 1960s, when a large number of Third world nations 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 rise of GNP and the promotion of direct attacks on widespread absolute poverty, increasing inequitable income distribution and the specter of raising unemployment.

For many people, the ideas of development are linked to the concept 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’. 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. Literary speaking 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

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. 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 consisting of a single, unified system with a single center of power; while a modern society is composed of a plurality of autonomous systems which interact and influence each other, but do not absorb each other. Modern societies are fundamentally heterogeneous with multiple centers of power.

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 both economic growth (increasing output and productivity) and ‘cognitive growth’— which means an increase in knowledge and capability across a wide range of activities such as science, technology and political administration.

On the other side traditional societies exhibit division of labour and cognitive specialization, but their complexity is constrained by the hierarchical structure into three main categories of peasants, warriors and priests. 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.

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 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.

1.2. Major Development paradigms

Theories of development have been motivated by the need to explain mass poverty. Interest in development issues is of rather recent origin, dating back not much earlier than the nineteen fifties and early sixties. As represented by their more influential proponents, the development schools of thought about the developing nations reflect roughly the following chronological order of appearance:

a. Modernization theories (1950's, early 1960's)

The modernization school of thought was the first attempt to articulate the problem of development in terms of the need to transform the backward "traditional" nature of third world economies into "modern" economies. Drawing from the historical experience of the Western Europe after the Second World War, under the Marshal Plan, it advocated the need for accelerated economic growth through an import substitution form of industrialization, a process seen to entail securing the right quantity and mix of saving, investment and foreign aid. Given the relatively low levels of new capital formation in most third world countries, one obvious policy implication was the need for massive capital investment through foreign aid.

There is wide agreement that economic development based on modernization theories failed to bring about the much hoped for rapid growth, dynamic industrial sectors, the expansion of modern wage economy and the alleviation of the impoverished rural subsistence sectors. The most incisive blow to the modernization theories came from the Marxist and neo-Marxist “dependency” or “underdevelopment” theories, as well as those of the Structuralist writers.

b. Dependency theories (late 1960's, early 1970's).

The theoretical trust of the dependency perspectives was that capitalist penetration leads to and reproduces a combined and unequal development of its constitutive parts. The policy implication is that indigenous economic and social development in third world social formations must be fundamentally predicted upon the removal of industrial capitalist penetration and dominance.

c. World Economy View (late 1970's, early 1980's)

The third school of thought, the world economy school, poses the problem of development, neither in terms of desired self-sustained autonomous growth nor in terms of undesired dependency, but in terms of necessary global interdependence. Just as third world countries depend on developed countries for aid, private investment, technology and trade, so do the latter depend on third world markets and natural resources. The policy implication is that a restructuring of the interdependent relations between the developed North and under-developed South is necessary in order to achieve a 'New Economic Order'.

d. Basic needs approaches (late 1970's).

The other school of thought, the basic needs approach, shifts development emphasis from a singular concern with restructuring of the world economy to that of restructuring the domestic economy towards a new internal economic order', primarily aimed at the eradication of mass poverty and social injustices. The third world problem of mass poverty is seen as the consequence more of the pattern of economic growth, rather than the rate of growth, as such. The implication is contrary to Kuznets' hypothesis, that there is no justifiable economic rationale for high and increasing income inequality as the basis for rapid economic growth in third world countries.

e. Alternative modes of production perspective (1980's)

Counter-poised against the foregoing four schools of thought is the newly emerging AMP perspective. Under this perspective, contemporary third world societies are seen essentially characterized by the coexistence of sharply contrasting sectors. On the one hand, there is the overwhelmingly dominant (in population terms) traditional sector, geographically constituted in

the rural sector and distinguished by its predominant engagement in backward, low-productivity subsistence agriculture. On the other hand, there is also the overwhelmingly dominant (but now in economic and political terms) modern sector, geographically constituted in both the urban (industrial) sector and the rural enclaves engaged in large-scale extra-active and cash crop agricultural sub-sector. While the traditional sector is socially and economically organized predominantly along non-capitalist lines, reflecting the unity of production and consumption, the modern sector is organized on the basis of the capitalist mode of production, in which the direct producers are separated from their means of production. It is this coexistence of (at least) two modes of production that forms the theoretical object of investigation for the AMP perspective.

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

2.1. Emperor Tewodros II and Ethiopia's modernization

Tewodros has been described as 'Ethiopia's first monarch with the concept of modernization'. But his concept of modernization was vague and lacked consistency and method. Ultimately they remained tentative gestures rather than comprehensive programs of lasting importance. The political and military reforms he envisaged were bereft of economic and technological bases. The foreign assistance that he sought so avidly was not forthcoming. In the end, Tewodros remained a lone and somewhat confused prophet of change. The lack of consistency and the force of inertia of the *Zamane Masafent* were also evident in his administrative policy.

Emperor Tewodros taken measures geared towards strengthening his imperial sovereignty. Among other, he set out to remold the military structure of Ethiopia in three important respects: organization, discipline and armament. What Tewodros attempted to do in the organizational sphere was to replace the regional armies of the *Zamane Masafent* with a national army which cut across local loyalties. Thus soldiers coming from different regions were formed in to one regiment. A new hierarchy of command, with military titles which are still in use in the Ethiopian army 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. Tewodros was also credited with replacing billeting by payment of salaries. He was serious towards any of his soldiers caught looting. Though discipline remained a lasting concern of Tewodros, he proceeded to apply a harsh version of it.

The third aspect of Tewodros's military reform 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 applied by himself with remarkable pre-existence. He sought to manufacture arms by importing the skilled manpower and to impart those skills to Ethiopians. The upshot of this strategy appear at *Gafat*; the symbol of uneasy relationship between Tewodros and missionaries. Tewodros also made the first attempt to put an end to slave trade which had become endemic in Ethiopian society. Culturally, Tewodros's reign was significant because it witnessed the birth of a fairly well-developed literary Amharic, sufficient to prose attained even higher, almost poetic and elegant.

Like all modernizing rulers, Tewodros realized that introducing far-reaching reforms was impossible without securing financial base. It was in an effort to solve this problem that he came into collision with the Ethiopian Orthodox Church, and even wanted to see the end of the church doctrinal division as part of his sought to establish his unitary state through reunification and development of the country by restoring one rule in the ancient heartlands of Ethiopia. He expropriated the land in excess of clergy's requirements and distributed to peasants who are capable enough to plough and pay tribute which has been used for military salary. He initiated road construction and was recognized as a shrewd actor in matters of foreign policy. Some of his efforts included the attempt to preempt the spread of then British colonial sphere of influence in the Horn, and more importantly he was able to break the Egyptian hold on the economically vital Massawa, an Aksumite-era port on the Red Sea.

2.2.Reign of Emperor Menilik II: Modernization and Education in Ethiopia

a. Reign of Emperor Menilik II and Ethiopia's Socio-Economic system

Menelik's expansion to the south, south west and east had double significant. On the one hand, it eased the congestion in the rest lands of the north by providing new areas of settlement. Secondly it transposed the gabbar-malkagna relations to most of the newly incorporated regions. The areas that were spared this imposition were those that had peacefully submitted to menilek and had thus managed to retain some degree of autonomy. A fixed annual tribute (qurt geber) was imposed on the provinces as a whole and it was collected by the governor and delivered to the emperor in Addis Ababa with considerable pomp and ceremony.

Jimma Abba Jiffar, Leqa Naqemte, Leqa Qellam, Asosa, Belashangul, Awas in Afar territory and gubba in western Gojjam were provinces that fell into this category.

The other provinces came under the jurisdiction of Menelik's generals, providing them with the source for both their wealth and military strength. The governorship of provinces was generally given to whoever played a prominent role in its incorporation. Thus, Ras Walda-Giorges Abboye got Kaffa, Dajjach Tasamma got Illu-ababor, Dajjach Dames got Wallaga and Fitawrari Habte-Giorgis received Borana in extreme south as well as Jebat and Mecha in western shewa. Likewise Harar became a hereditary fief of the family of Ras Makonnen Walda-Micheal. Officials and retainers of the governor were then assigned a number of gabbar commensurate with their rank. This is what came to be known as the quter gabbar system.

One of the forces which had a profound impact on the systems of land tenure in the south was the institutions of land measurement at the turn of the century. This was known as the qalad, after the rope used to measure land. 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 burdens of taxation, registration tended to promote the twin processes of private ownership and land sale. In both northern and southern Ethiopia, traditional land tenure had a communal character, with peasants, enjoying only usufructuary rights over the land.

It was also the qalad system which enabled the state to appropriate large areas of land either for its own benefits 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 balabat, 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 labor 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 the state, the church was given samon land. Government officials were granted madariya 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 for the upkeep

of its horses and cattle respectively. Large tracks of land also became the property as ganagab or madbet of members of the royal family and were administered by a representative.

In the 20th century, as indeed also in earlier centuries of Ethiopian history, the economic basis of political power was land, trade and concession. As far as land was concerned tribute and surplus labor was the major economic base. Both were extracted from the peasants, who held his land (rest) by genealogical descent and who were known as gabbar. The tributes were of diverse nature. The main tribute was the land-tax or rent. Its value varied according to the degree of cultivation of the land; lam (cultivated), lam-taf (semi-cultivated) and taf (uncultivated).

Next to land-tax, the tithe or asrat, which as both the English and Amharic words indicates amounted to tenth of the peasants' harvest. In addition to these two tributes, the gabbar was obliged to supply provisions of maten or dergo, for officials and visitors passing through his district. He had to provide firewood for his overlord known as malkagna or shalaqa twice or thrice a year. He made available the honey (mar) that was so essential to make taj 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 products from the gabbar but also surplus labor. The chief expression of this forced labour or corvee was farming on state or governors land-hudad. This generally took about a third of the gabbars labor time. The gabbar also ground grain for the malkagna. He was engaged in the construction of granaries and fence for the governor or the malkagna. He was custodian of any state prisoners, with the liability to take his place if prisoners escaped. He also provided transport service (elf), carrying personal effects of the governor or an official in time of peace and provisions in time of war.

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 the effect of giving the eastward route, terminating at Zeila or Berbera on the Somali coast, precedence over the north round route. The first factor was Shawan victory over Gojjam at the Battle of Embabo in 1882. 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, signaled 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

In terms of trade items there was a significant change from the nineteenth century patterns. Such commodities as ivory and civet musk, which had dominated the trade in the earlier century progressively decline in importance. 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 centered on this highly marketable commodity; which brought first 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's enjoyed during the Adwa days because of their country's policy of condoning the imports of arms into Ethiopia, French traders had the upper hands. But Ethiopian traders were invariably relegated to internal and local trade. On the other hand the ruling class more and more shed its martial characters of the pre-Adwa days and developed business instincts. A series of profitable partnerships were struck between its members and expatriate merchants and concessionaires. Empress Tayitu, owned Addis Ababa's first hotel, named after her title, Etege and later in 1970s and 1980s, renamed Awraris (rhinoceros) and then Tayitu. The business interest of Ras Teferi Makonnen, ranged from a fruit plantation at Erer in Harar province to holding shares in a road-construction company (the Ethiopian Motor Transport Company, Ltd.). Ras Hailu Takla Haymanot of Gojjam was owned a Cinema in Addis Ababa and ran a taxi business. Ras Dasta Dantaw, son- in-law of Ras Tafari, chose to engage in selling water in Addis Ababa.

If trade was one medium for European for penetration of the Ethiopian economy in the post Adwa years, Concessions were another. As in trade, however, the reality did not always match the dreams for merchants and investors. 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 British respective.

b. Modern education and the birth of intelligentsia

Interest in modern education in Ethiopia goes back to the nineteenth century. The missionaries 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 Gafat 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 first Ethiopian educates were exposed to modern education in three ways; the first was through missionaries, second individual informally exposed to European education due to different reasons and Orthodox Church. The first educated Ethiopians were mostly sponsored by missionaries. The most prominent of these were Professor Tamrat Amanuel of Gondar, Kantiba (Mayor) Gabru Dasta, also from Gondar and Onesimus Nasib, an Oromo of Illubabor, who translated the Bible into his native tongue.

The second group was individuals who informally exposed to European education. Renowned examples were Hakim Warqenih or Dr Charles Martin, found after the battle of Maqdalla at the age of four by one of the British officers in the Napier expedition and was trained as a medical Doctor in India and Scotland; Alaqa Taye Gabra Mariam from Gonder and Afawarq 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. Afawarq Gabra- Iyyasus, called 'professor' by the Italians, published a number of books including the first Amharic novel, Tobya. Takla-Hawaryat Takla-Maryam of Shewa was another Ethiopian who studied artillery in St Petersburg military school and drafter of the 1931 Constitution, Ethiopia's written Constitution.

The most illustrious of all the pre-war intellectuals 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: 'Emperor Menilek and Ethiopia and Government and Public Administration. There were also those who were influenced by the ideas of men like Gabra-Heywat Baykadagn, 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 Salamn newspaper.

The third means through which early Ethiopians exposed to education was Orthodox Church (Dabtara). The most prolific writer of them all, Heruy Walda-Sellase, from Shawa, 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 the Italy. In fact, the dabtara 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.

In terms of formal education, the last years of Menilek II 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. 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. The 1920s also witnessed the onset of new phase of sending young Ethiopians abroad for education. The destination of most these students was France. A number of Ethiopians who were occupy prominent positions after the Italian occupation belonged to this category.

3. Development issues, Policies and Strategies of Haile Sillassie Regime (1930-1974)

3.1. Development Plans During the Imperial Regime (1957- 1974)

In development context, Ethiopia is an old state having mixed type of developmental history. In ancient period, the state was characterized by its grand civilization. In contradiction, the history of war, backwardness and poverty became the other side of its history. The traditional society of Ethiopia was not able to bring modernization until the early part of 20th century. In other words, though such effort was initiated and developed during the reign of Emperor Tewodros II, Emperor Yohannis IV and Emperor Menelik II, the scale and diversity of modernization ventures reached much higher levels during the reign of Emperor Haile Sellassie I. It is during Emperor Haile Sellassie's regime that a conscious attempt to plan the course of development actually began in the history of Ethiopia.

In the years between 1950 and 1974, the country witnessed a conscious attempt to plan the course of development. Those three successive five year plans were prepared and implemented during this period. The plans were, in general envisaged to transform the Ethiopia's traditional and subsistence economy into a vigorous monetized economy where commerce and manufacturing industry were flourishing, and build modern society. The First Five-Year Development Plan that spanned between years of 1957 – 1961, which constituted the first genuinely systematic expression of nation-wide economic policy in modern Ethiopia.

The Plan was followed by the second (1963-67) and third (1968-1973) development plans. The Third Five-Year Development plan was, perhaps, the most sophisticated planning exercise conducted up to that time, which is believed even comparable fairly well with any of the plans or strategies prepared since then in terms of its logic, depth, and coverage. To facilitate and coordinate the state's development plans and the planning process, the government had created the National Economic Council in 1955. This agency, which was a policy-making body chaired by the emperor, devoted its attention to improve agricultural and industrial productivity, eradicating illiteracy and diseases, and improving living standards for all Ethiopians. The National Economic Council helped to prepare Ethiopia's first and second five year plans. The third five year plan was developed with the help of the then ministry of planning.

The First- Five-Year Plan (1957-61)

The First Five-Year Plan was formulated in 1957 and believed to stay under implementation up until 1961. It was indicated that the plan sought to develop a strong and modern infrastructure, particularly with regards to transportation, construction, and communications which had been important to link isolated regions with the central parts of the country. In addition to this, it was focused on expansion of indigenous skilled and semiskilled personnel to work in processing industries to help reduce Ethiopia's dependence on foreign imports. Finally, the plan aimed to accelerate agricultural development by promoting commercial agricultural undertakings.

The plan was set to realize a monetized and robust Ethiopian economy which is characterized predominantly by agricultural. By the end of the First Five Year plan, major highways had been brought under construction, airport, a new seaport and a modern telecommunication system had begun to operate. A start was made in establishing modern manufacturing industry, while electric power output was substantially increased mainly due to the completion of the 'Koka' Hydroelectric Power Plant. Export trade consisting largely of agricultural raw materials was being built up. Imports primarily concentrated in the area of consumer goods, although some imports of machinery and equipment were under way already at the time. During the First Five-Year Plan, the GNP of the country had showed little increment and the growth in economic sectors such as agriculture, manufacturing, and mining failed to meet the national plan's targets. Exports increased at a 3.5 percent annual rate, whereas imports grew at a rate of 6.4 percent per annum, thus the plan has failed to correct the long existing negative balance of trade that had existed since 1951. Thus, despite the First Five-Year Plan's aspirations to modernize and integrate agriculture with an industrial economy, the country could not even meet the growing consumption demand of its people.

Weak administrative and technical capabilities to implement a national development plan, professional staffing problems plagued the planning council's effort in the implementation of the plan, low level of domestic saving capacity and inadequate methods of mobilizing the available resources and lack of coordination between investments programmers were the major bottlenecks during the implementation of the First Five-Year Plan.

The Second Five-Year Plan (1963-67)

The Second Five-Year Plan constituted a logical continuation of the first five year plan but with stronger emphasis on productive activities designed to provide increasing quantities of consumer goods and on the creation of new way of living opportunities for the increasing population of Ethiopia. It signaled the start of a twenty-year program to change Ethiopia's predominantly agricultural economy to an agro-industrial one. The plan's objectives included diversification of production, introduction of modern processing methods, and expansion of the economy's productive capacity to increase the country's growth rate. The Plan began acknowledging that the country has then become "an importer of food grains instead of being an exporter". The failure was partly said to be caused by the neglect or lack of attention given to the smallholders' peasant agriculture. The remedy envisaged was expanding agricultural extension service.

The Second Five-Year Plan also stated why the shift to promote and transform the peasantry was then viewed as indispensable. First, the livelihood of the majority of the people is exclusively based on peasant agriculture; attention should be given to this subsection of the economy. Secondly, the national and political consciousness of the peasantry would have an important bearing not only on the development but also on the entire prospect of the country. The document was also a pioneer to formally recognize that the feudal land tenure system was one major obstacle against the development of agriculture. While airing these problems as challenges lying ahead of the Ethiopian economy and politics, it however reiterated that "large scale farming is the right way to develop Ethiopian agriculture." And to the latter end, more than 50% of the total monetary investment in agriculture was allocated, attesting that there was not any genuine political commitment on the part of the Imperial regime to address the challenges facing smallholder peasant agriculture. Thus, there was a rapid development in commercial farming.

The manufacturing sub-sector also grew at about 16 percent per annum with the most notable expansion taking place in food processing and textile industries followed by beverages, tobacco and the leather and shoe industries. In Second Five-Year Plan emphasis was also given to all kinds of research and promotion of statistical information so as to obtain adequate and reliable data for the most propulsive future projects. The continued construction of communication facilities with the intention of opening up new regions of the country was assured.

Also, increased expenditures were envisaged in the plan for social program, particularly in the fields of health and education. It became clear that the most propulsive sectors in the attempt of bringing about structural transformation of the economy from a predominantly agricultural base to an industrial and agro-industrial one were mining, manufacturing and power. Agriculture was considered as the leading economic activity and planned to give the largest contribution for the increase of national production. Hence, unlike the FFYP, which placed emphasis on the development of infrastructure, the SFYP shifted the emphasis to productive activities.

Third Five Year Plan (1969-73)

The Third Five-Year Plan (TFYP) also sought to facilitate Ethiopia's economic well-being by raising manufacturing and agro-industrial performance. However, unlike its predecessors, the third plan expressed the government's willingness to expand educational opportunities and to improve peasant agriculture. Compared to the first two plans, the Third Five Year Plan was relatively a refined plan as it was based upon accumulated experience and drawn under better conditions. The former predated “on the fruits of the farmer’s labour” as the lion share (often more than two third) of what peasants or tenants produced was expropriated by the land lords. It is stated in the TFYP that the existing tenure system availed neither the means nor the motives for increasing output. Stressing the urgency to execute land reform it stated, the immediate concern of land reform is to overcome the apathy, of the agricultural population caused by traditional inequitable land tenure patterns, concentration of land ownership in a small group, insecurity of tenure, and exorbitant rate share cropping arrangements.

In general, as far as economic growth, performance and plan fulfillment is concerned, it is found that during the First Five-Year Plan, Ethiopia’s Gross National Product (GNP) was increased at a rate of 3.2 percent per annum as opposed to the projected figure of 3.7 percent. The Second and Third Five-Year Plans anticipated that the economy would grow at an annual rate of 4.3 percent and 6.0 percent respectively. Officials also expected agriculture, manufacturing, and transportation and communications to grow at respective rates of 2.5, 27.3, and 6.7 percent annually during the Second Five-Year Plan and at respective rates of 2.9, 14.9, and 10.9 percent during the Third Five-Year Plan. Nevertheless, the performance of these two plans was not assessed largely because of a shortage of documented data.

By the early 1970s, Ethiopia's economy not only had started to grow but also had begun to diversify into areas such as manufacturing and services. However, these changes failed to improve the lives of most Ethiopians. About four-fifths of the population was subsistence farmers who lived in poverty because they used most of their meager production to pay taxes, rents, debt payments, and bribes. Moreover, on a broader level, from 1953 to 1974 the balance of trade registered annual deficits. The only exception was 1973, when a combination of unusually large receipts from the export of oilseeds and pulses and an unusually small rise in import values resulted in a favorable balance of payments of 454 million birr. With the country registering trade deficits, the government attempted to restrict imports and to substitute locally produced industrial goods to improve the trade balance.

In general, even though there were some achievements during the Imperial regime, the regime failed to bring any meaningful change to socio-economic development. By all indices of underdevelopment (per capita income, nutrition, health, education, etc) the country's performance remained distinctly poor, and on the eve of the 1974 revolution Ethiopia was one of the least developed countries of the world. The underdevelopment which became characteristic realities of the Ethiopian economy were aggravated by the famine of the time, and in conjunction with the increasing political unrest, it ultimately led to the downfall of the regime.

3.2.Agricultural Development projects during the Imperial Regime

Agricultural development activities had begun to appear under different auspices since the early part of the period of modernization in Ethiopia. It was, however, during planning periods that such activities took coherent strategy and approach to develop and modernize the sector. During the FFYP it was recognizing that the greater part of the population is engaged in agriculture. With regard to the nation's agriculture, the plan referred the sector as "obsolete forms of economy" whose "degree of integration into the various branches of the economy has been relatively low". It then posited that the growth of Ethiopian agriculture should be geared in manner where the monetized contribution of the sector could be augmented through the establishment and consolidation of an urban and industrialized economy that "creates a higher monetary demand and a strong incentive to agricultural production." In other words, industrialization became an overarching development agendum in the FFYP.

To this end, the policy planners outlined a strategy that could be employed to increase agricultural productivity. The strategy was generally expansion of commercial agriculture. The rationale was the fact that a large portion of Ethiopia's arable land was not utilized yet and such land could be available for foreign and local investors in order to promote large scale commercial farms. The strategy was aimed at producing agricultural commodities for export or for the emerging urban market. The major agricultural sector – the subsistence sector – was however almost entirely neglected until the 1960s.

During the Second Five Year Plan (SFYP) period, despite the plan acknowledge the need for transforming the peasant agriculture at the level of rhetoric, in practice however, the sector was relegated to a level where it is seen as a tributary sector feeding industrial raw materials and redundant labor to an urban industrialized metropolis. As a result, like the FFYP, it favored the establishment and expansion of large scale commercial farms at the expense of small holder peasant agriculture. It was, however, the Third Five Year Plan (TFYP) that came up with a more explicit and well thought strategy to modernize peasant agriculture in the country. During the TFYP period, two main types of agricultural development strategies were pursued in the subsistence sector. The first consisted of a number of regional projects which aimed at promoting the production of food- grains in a few high – potential agricultural areas of the country. The second consisted of a national program of agricultural modernization which was intended to encompass gradually the food-grain producing subsistence sector as a whole. These two strategies were not unrelated. Indeed, the latter approach was adopted as a result of the experience obtained in the implementation of the regional strategies.

Regional Agricultural Development Projects

Since late 1960s Ethiopia had initiated a number of regional agricultural development projects in different parts of the country. The most famous of such projects include the Chilalo Agricultural Development Project Unit (CADU), the Welyta Agricultural Development Unit (WADU) and the Ada'a District Development Project (ADDP). There were also other such projects which were planned or at least partially implemented. These included the Tach Adyabo and Hadgiti Development Unit (TAH DU) in Tigray region, the Southern Regional Development Project

(SORADEP) and the Humera Agricultural Development Project. Due to lack of well documented data, the following discussion is however limited to CADU, WADU and ADDP.

The Chilalo Agricultural Development Project Unit (CADU)

Chilalo, Sub-region of Arsi Awraja, was selected as a project site, among other reasons, because of its relative accessibility, particularly with reference to the major urban market such as Addis Ababa. The project, it must be emphasized, was, however, designed on the basis of relatively broad objectives. The objectives included:

- the achievement of economic and social development throughout the project area
- the continued finding of suitable methods for bringing about agricultural development in Ethiopia when applied in an integrated manner
- The creation of possibilities for the application elsewhere in Ethiopia of the experiences gained by CADU.

The objectives were pursued on the basis of what is commonly described as a “Comprehensive Package Program (CPP)”. The major component of CPP were agricultural research, the dissemination of ‘innovations’ such as ‘improved’ seeds and fertilizer, and the provision of credit and marketing services. The activities also included the training of project personnel, the construction of feeder-roads, as well as water supply and a forestation programs. CADU soon became a highly publicized project. Among the many activities which it had undertaken, the project was credited by some for the identification, through its research program, of high-yielding wheat varieties. The research on animal husbandry was also reported to have yielded notable results especially as reflected in the increases of milk yields in the area.

Other Development Projects

Next to CADU, the other relatively well-known regional project was the Welaita Agricultural Development Unit. This project came into being in 1970 and was similar to CADU in a number of respects. The most notable differences were however the fact that WADU placed special emphasis on population resettlement and that it was relatively less comprehensive in scope. A resettlement activity was introduced as an important component of the WADU project in order to ameliorate such problem of high population density. In addition to these, WADU included the development and diffusion of yield-increasing inputs.

Provision of credit to the peasants and the marketing of agricultural produce were also the major parts of the project. WADU also largely depended on inputs such as improved seeds. It is estimated that over 6,000 peasants were reached by 1975 with the package of WADU's yield-increasing inputs. Yields of the main crops in the area; maize, wheat and teff were reported to have risen as a result of the application of the new package of inputs. Through its marketing services WADU was able to facilitate the sale of some of the production of the peasantry.

The Adaa District Development Project was initiated in 1972-73. Adaa is an area well known for the production of teff. The District is located in the range of 50 to 60 kilometers south-east of Addis Ababa, a city so heavily dependent on the consumption of teff. Although other factors have no doubt been taken into account in the selection of this area for government investment, the proximity of the district to the major urban market was certainly a key consideration. The main components of ADDP included the development and diffusion of a package of yield-increasing inputs, and the provision of credit as well as marketing services to the peasants in the area. The achievements of ADDP in all these areas have not been well documented.

The National Scheme of Agricultural Modernization

Overall assessment of the impact of the regional agricultural projects will be provided below. It is however, pertinent to note that the most important lesson which was learned from the implementation of the regional projects was learned from the experience of CADU. It was concluded that CADU was too costly hence beyond any possibility of being replicated economically in other regions. It was; therefore, decided that what was needed in the circumstances of Ethiopia was not more comprehensive projects, but rather minimum-package programs (MPP) which could be applied to peasant agriculture throughout the country.

Two phases of MPP were implemented, the first covering the period 1971-1974, and the second the period 1980-85, having been delayed mainly due to the revolutionary changes taking place in the country. The MPP, in principle, was supposed to share some of the basic objectives of the comprehensive package project (CPP). However, in practice its activities were centered on the dissemination of a 'few proven innovations' developed by adaptive research in the comprehensive project areas or at research centers. The main components of the MPP package were fertilizer and 'improved' seeds.

3.3.Industrial Development under the Imperial Regime (1950-74)

The Origin of Modern Industrialization in Ethiopia (1953-61)

In 1950, the imperial government enacted a new legislation, “Notice for the Encouragement of Foreign Capacitor Investment,” and implemented a new policy to encourage foreign investment. This new policy provided investor benefits in the form of tax exemptions, remittances of foreign exchange, import and export duty relief, tax exemptions on dividends, and the provision of financing through the Ethiopian Investment Corporation and the Development Bank of Ethiopia. In addition, the government guaranteed protection to industrial enterprises by instituting high tariffs and banning the importation of commodities that might adversely affect production of domestic goods. Protected items included sugar, textiles, furniture, and metal. The government also participated through direct investment in enterprises that had high capital costs, such as oil refineries and the paper and pulp, glass and bottle, tire, and cement industries. In 1963, with the SFYP under way, the government enacted Proclamation No. 51. The objectives were consolidating other investment policies enacted up to that period, extending benefits to Ethiopian investors (previous legislation had limited to the benefits foreigners only), and to create an investment committee that oversee investment programs.

In 1966 Addis Ababa enacted Proclamation No. 242, which elevated the Investment Committee's status as an advisory council to that of an authorized body empowered to make independent investment decisions. Thus, by the early 1970s, Ethiopia's industrialization policy included a range of fiscal incentives, direct government investment, and equity participation in private enterprises. Prior to 1957, when Ethiopia initiated a series of five year development plans, cottage and handicraft industries met most of the population's needs for manufactured goods such as clothes, ceramics, machine tools, and leather goods. Various factors--including the lack of basic infrastructure, the dearth of private and public investment, and the lack of any consistent public policy aimed at promoting industrial development contributed to the insignificance of manufacturing. Throughout much of the 1960s and early 1970s, manufacturing activity increased as the government's five year plans diversified the economy by encouraging agro-industrial activity and by substituting domestically produced goods for imported items.

It is reported that eight manufacturing enterprises were established in Ethiopia (excluding Eritrea) during 1952-54. This number is not particularly impressive; what is noteworthy, however, is the type of establishment that was set up. Most prominent among these was the Wonji sugar factory, which was officially inaugurated on 20 March 1954, but the agreement for which was concluded in 1951. The significance of this undertaking lay both in the scale of operations involved as well as in the participation of capacity which it entailed. Already by 1955 the factory was producing 17,000 tons of sugar; in 1956 the plantation had employed 4,900 Ethiopians. The Wonji Sugar Estate was a joint operation between the Ethiopian government and the Dutch firm N.V. Handelsmaatschappij (HVA), the latter providing the bulk of the initial investment of E \$ 25.9 million. This enterprise was destined to play an important role in the country's industrial history. Also established during 1952-54 were a new textile factory in Addis Ababa, two new wood-processing plants and three leather and footwear factories.

The First Five-Year plan and Industrial Development

The strategy for industrialization was entirely anchored on the development of light consumer goods industrial catering to the domestic market. In existing circumstance industrial development must concentrate on the processing industries making full use of existing supplies of agricultural raw materials. It is important that extensive processing of agriculture product should be undertaken and that some imported commodities be replaced by domestic production. In the front of these are the textile industries making cotton products and sacks, both of which are consumed on a large scale and could be produced from locally grown crops. Next in importance is the food processing industry. It has, on the one hand, to supply the growing domestic market, and on the other, to develop part of its production for export.

In this respect there are favorable projects for increased exports of livestock and meat processing, sugar refining and oil processing. It would be desirable to encourage leather tanning, footwear manufacturing timber processing and furniture production, etc, in order to improve the supply to the domestic market and reduce the need for imports in all cases where availability of raw materials would make this profitable. There is also a need for a metal processing industry to produce and repair agricultural tools and implements. Having in view an extensive building programme new enterprises are needed for the production of building materials such as cement,

bricks, glass, etc. Conditions for this development are availability as raw materials are plentiful and the demand for these products increasing. The growth of industrial production should be accompanied by the development of cottage industries and handicrafts which deserved encouragement since they provide employment and income for a considerable number of the population and supply useful goods for the home market. In other words, although the phases was not used, the strategy was to be one of import substitution, based on light consumer goods, with a view to the domestic market and with no export horizon for manufacturing goods.

The manufacturing subsections that were given the highest priorities were textiles and food processing. These two accounting for over 70% of planned investment in manufacturing. Despite the plan, the index of manufacturing production increased from 208 in 1957 to 455 in 1961. The achievements of the FFYP with respect to industrialization were modest and fell short of target. The development of the sector during the period showed two important facts: first, that industry has begun to penetrate the structure of national economy, and second, that the economy was not yet sufficiently penetrated by industrialization.

Industrialization during the Second five-Year plan period

The SFYP gave priority to the development of agriculture (essentially commercial agriculture), manufacturing and transport. 62% percent of the investment in manufacturing was expected to be financed from abroad, the rationale given being that big and expensive industrial projects will be built with a predominant participation of equipment which must nearly be imported. This shows growing dependence on the manufacturing sector, on foreign capital, in both intent and practice. With respect to employment plan anticipated that jobs in this sector would increase from 30,000, raising the employment figure to 57,900 by 1967. Of the planned increase, almost one third was expected to be accounted for by the textile industry. But the achievements, on the whole, fell short of target. In general, during the plan period there were a number of positive developments, employments in manufacturing: growth in output, investment, employment and exports. However, in terms of structural change, both within manufacturing and with respect to the role of manufacturing in the economy, there was no significant departure. In other words, there were changes, but these changes cumulatively did not have enough impact to alter the nature of the manufacturing sector and the character of the Ethiopian economy.

Industrialization during the Third five Years Plan (TFYP) Period

The major departure of the TFYP was that it recognized in more explicit form than ever before the crucial role of agriculture in Ethiopia's development. As far as industrial development during these periods is concerned, an important point to underscore is the central and steadily increasing role played by the government. This took the forms of actual government investment in manufacturing, providing mechanisms for the financing of industrial investment by private enterprises, and creating an environment of incentives to attract private capital in to manufacturing. With respect to direction government investment, the Third Five Years plan identified three broad areas for government involvement; **a.** Basic manufacturing enterprises, **b.** Commercial manufacturing enterprises and **c.** Small factors manufacturing enterprises.

Accordingly, gross output in manufacturing sector was planned to grow at an annual rate of 14.9%. Most of the growth was expected from the traditional industries, namely, food processing, textiles, and, to some extent, leather and shoe-making industries. But this did not deter the planner from once again talking about structure change: the pattern of industrialization of Ethiopian is expected to undergo a change during the plan period. Steel and metal product, leather and shoes, and chemicals will recorded large increases in production and emerge as major industries. Electrical industries will make a good start and sustainability meet consumer demand for any production The overall growth rate of the economy during the TFYP period was disappointing both in terms of the TFYP targets, which were recognized as over optimistic, and in comparison with the moderate growth rate during the first and second five year plan periods. The growth rate of all major sectors were lower than forecast in the plan. Of the factors that accounted for this state of affairs, the major ones were the drought of 1973, inadequate domestic resourced mobilization and a lower than expected in capital inflow and the land tenure system.

4. Development Issues, Policies and Strategies during the Derg Regime, (1975-1991)

4.1. Major Development and Economic Policies of the Military Period

The 1974 revolution resulted in the nationalization and restructuring of the Ethiopian economy. After the revolution, the country's economy can be viewed as having gone through four phases. Internal political upheaval, armed conflict, and radical institutional reform marked the 1974-78 period of the revolution. There was little economic growth; instead, the government's nationalization measures and the highly unstable political climate caused economic dislocation in sectors such as agriculture and manufacturing. Additionally, the military budget consumed a substantial portion of the nation's resources. In the second phase (1978-80), the economy began to recover as the government consolidated power and implemented institutional reforms. The government's new Development through Cooperation Campaign (commonly referred to as *ediget behibret zemecha*) also contributed to the economy's improvement. More important, security conditions improved as internal and external threats subsided. In the aftermath of the 1977-78 Ogaden War and the decline in rebel activity in Eritrea, the country set production targets and mobilized the resources needed to improve economic conditions.

In the third phase (1980-85), the economy experienced a setback. Except for Ethiopian fiscal year (EFY) 1982/83, the growth of GDP declined. Manufacturing took a downturn as well, and agriculture reached a crisis stage. Four factors accounted for these developments. First, the 1984-85 droughts affected almost all regions of the country. As a result, the government committed scarce resources to famine relief efforts while tabling long-term development projects. Consequently, the external accounts and the overall fiscal deficit worsened, despite international drought assistance totaling more than US\$450 million. Second, the manufacturing sector stagnated as agricultural inputs declined. Also, many industries exhausted their capacity to increase output; as a result, they failed to meet the rising demand for consumer items. Third, the lack of foreign exchange and declining investment reversed the relatively high manufacturing growth rates of 1978-80. Finally, Ethiopia's large military establishment created a major burden on the economy. In the fourth period (1985-90), the economy continued to stagnate/shown little growth. GDP and the manufacturing sector also grew during this period, GDP increasing at an average annual rate of 5 percent. However, the lingering effects of the 1984-85 droughts

undercut these achievements and contributed to the economy's overall stagnation. Some other major development policies during the military period include the following.

Peasant Associations and Rural Development

Articles 8 and 10 of the 1975 Land Reform Proclamation required that peasants be organized into a hierarchy of associations that would facilitate the implementation of rural development programs and policies. By the end of 1987, there were 20,367 peasant associations with a membership of 5.7 million farmers. An umbrella organization known as the All-Ethiopia Peasants' Association (AEPA) represented local associations. Peasant associations assumed a wide range of responsibilities, including implementation of government land use directives; adjudication of land disputes; encouragement of development programs, such as water and land conservation; construction of schools, clinics, and cooperatives; organization of defense squads; and tax collection. Peasant associations also became involved in organizing forestry programs, local service and production cooperatives, road construction, and data collection projects, such as the 1984 census.

Cooperatives and State Farms

Starting in 1976, the government encouraged farmers to form cooperatives. Between 1978 and 1981, the PMAC issued a series of proclamations and directives outlining procedures for the formation of service cooperatives and producers' cooperatives. Service cooperatives provided basic services, such as the sale of farm inputs and consumer items that were often rationed the provision of loans, the education of peasant association members in socialist philosophy, and the promotion of cottage industries.

A major component of the government's agricultural policy since the 1974 revolution has been the development of large scale state farms. After the 1975 land reform, the Derg converted a majority of the estimated 75,000 hectares of large, commercial farms owned by individuals and cooperatives into state farms. Since then, the government has expanded the size of state farms. The primary motive for the expansion of state farms was the desire to reverse the drop in food production that has continued since the revolution. Despite the emphasis on state farms, state farm production accounted for only 6 percent of total agricultural output in 1987, leaving peasant farmers responsible for over 90 percent of production.

Resettlement and Villagization

Shortly after the 1974 revolution, it became Derg policy to accelerate resettlement. Article 18 of the 1975 Land Reform Proclamation stated that "the government shall have the responsibility to settle peasants or to establish cottage industries to accommodate those who, as a result of distribution of land remain with little or no land." Accordingly, in 1975/76 there were 88 settlement centers accommodating 38,818 households. The settlements were concentrated mainly in the south and southwest. The country also planned to resettle 1.5 million people from the drought-affected northern regions to the south and southwest, where arable land was plentiful.

By 1986 the government had resettled more than 600,000 people to three settlement areas. In mid-1986 the government halted the resettlement program, largely to fend off the negative reaction from the international community. But in November 1987 the program resumed, and in March 1988 Mengistu spoke of the need to move at least seven million people. He claimed resettlement would resolve the country's recurring drought problem and would ease population pressure from northern areas where the land had been badly overused. In 1985 the government initiated a new relocation program known as villagization.

The objectives of the program, which grouped scattered farming communities throughout the country into small village clusters, were to promote rational land use; conserve resources; provide access to clean water and to health and education services; and strengthen security. Opponents of villagization argued that the scheme was disruptive to agricultural production because the government moved many farmers during the planting and harvesting seasons. There was also concern that villagization could have a negative impact on fragile local resources, particularly on water and grazing land; accelerate the spread of communicable diseases; and increase problems with plant pests and diseases. In early 1990, the government essentially abandoned villagization when it announced new economic policies that called for mixed economic system and a relaxation of centralized planning.

The Ten Year Perspective Plan

In 1984 the Derg drafted and endorsed a Ten Year Perspective Plan (1984/5- 1993/4). Cognizance of the overall decline in the growth rate of the Ethiopian economy, the plan

attributed the performance of the economy to factors like, the disruption of normal economic activity by the internal and external enemies of the revolution, low level of domestic saving which in turn fostered low level investment, higher inflation, a negative trade balance with the decline of exports and the higher growth of government expenditure. The document emphasized industrialization as the motive power for achieving rapid economic development in the country and saw the role of agriculture as that of generating the financial surplus for the country's long term industrialization program. It also stipulated that small holder peasant agriculture is characterized by technological backwardness, scattered farmlands, massive deforestation and soil erosion. The transformation of this backward sector was again said to be contingent on a novel reorganization of the peasantry into village settlements and the establishment of producer and service cooperatives. Fragmented land holdings and settlement patterns were believed to have handicapped the improvement of the rural sector and the plan emphasized the urgency of pursuing countrywide resettlement and villagization schemes alongside cooperativization.

In the Ten Year Perspective Plan, priority areas were also identified. Agriculture as the foundation of the country's economy was placed first in the priority order. The other priority area was industry. Since industry is the motivating power for achieving rapid economic development, it was imperative that much greater investment be made in this sector in order to increase gradually industry's contribution to the development of the national economy and to ensure its structural transformation. This goal was to be attained through the establishment of light and cottage industries; creation, expansion and strengthening of handicraft producers' cooperative.

Due to the fact that the expansion and development of an industry heavily depends upon the capacity of power generation and the extent to which mineral resources are exploited, the power and mining sectors were also given due attention in the priority agenda. To provide a firm scientific and technical basis for the country's overall development, the development of science and, technology was also identified as a priority area. It appears that the development objectives and priorities set-out were relevant and consistent with the country's needs and resource base of the country. In practice, however, the implementation was limited to lip-service.

Agricultural Policies and Strategies

After the revolution, as already noted earlier, the immediate action taken by the military government in relation to agricultural development was land reform. The administrative structure was redesigned to roll down to the community level through the formation of peasant association in order to fully implement the land reform. Agricultural production policies and grassroots institutional reforms were also introduced after a few years following the February Revolution to exploit the opportunities created by the 1975 land reform. The government in its ten year plan placed great emphasis on the objectives of raising food production by taking various policy measures. As Solomon (1989) cited in Mussa et.al. (2011), policy measures were classified into two broad categories. The first was the policies that enabled the farmers to increase production through bringing additional land into cultivation. The second group of policies that would be able to achieve the increment of output from a given cropland area is vertical expansion.

The Ten-Year Perspective Plan launched in 1984/85 was aimed at attaining highly ambitious goals in economic, social and political spheres. The development of agriculture was given high priority by the plan. Among the fundamental goals in this sector was the promotion of agricultural producers' cooperatives. It was projected that by 1993/94, these cooperatives would encompass 52.7 percent of all peasant households and would account for 48.5 percent of total cultivated area. By comparison, it was projected that state farms would account for about 6.2 percent of cultivated area by 1994/94. In spite of the priority assigned to the agricultural sector, the performance was far below expectations. Resettlement program was the policy measure that was taken to expand horizontal agricultural production. The grassroots peasant organizations and the government institutions that aimed at converting these strategies into accomplishment were one part of the agrarian policy of the Derg Regime.

Peasant producers' cooperatives from the peasant organizations and the state farm from the government institutions were believed to increase agricultural production by making use of modern technologies and by consolidating the small and fragmented holdings. The other organizations of peasants that were set up with the aim of accelerating technology dissemination and facilitate output markets were service cooperatives. Their principal activities were the provision of market services for agricultural products and provision of consumer goods and farm

inputs at fair price. The Derg policies and strategies were unable to meet the basic minimum food grain requirement for large and fast growing population as the same to the imperial time.

In general, Agricultural productivity under the Derg continued to decline till 1990. According to the World Bank, agricultural production increased at an average annual rate of 0.6 percent between 1973 and 1980 but then decreased at an average annual rate of 2.1 percent between 1980 and 1987. During the same period (1973-87), population increased at an average annual rate of 2.6 percent (2.4 percent for 1980- 87).

Industrial Policies and strategies during the Military Period

In 1975, the Derg government released a document outlining socialist Ethiopia's economic policy. The policy identified three manufacturing areas selected for state involvement: basic industries that produced goods that can as input for other industries and that had the capacity to create linkages in the economy; industries that produced essential goods for the general population; and industries that made drugs, medicine, tobacco, and beverages. The policy also grouped areas of the public and private sectors into activities reserved for the state, activities where state and private capital could operate jointly, and activities left to the private sector. The nationalization of major industries scared off foreign private investment. Private direct investment, according to the National Bank of Ethiopia, declined from 65 million birr in 1974 to 12 million birr in 1977. Issued in 1983, the PMAC's Proclamation No. 235 (the Joint Venture Proclamation) signaled Ethiopia's renewed interest in attracting foreign capital.

The proclamation offered incentives such as a five-year period of income tax relief for new projects, import and export duty relief, tariff protection, and repatriation of profits and capital. It limited foreign holdings to a maximum of 49 percent and the duration of any joint venture to twenty-five years. Although the proclamation protected investors' interests from expropriation, the government reserved the right to purchase all shares in a joint venture "for reasons of national interest." The proclamation failed to attract foreign investment, largely because foreign businesses were hesitant to invest in a country whose government recently had nationalized foreign industries without a level of compensation those businesses considered satisfactory. On March 5, 1990, President Mengistu declared the failure of the Marxist economic system. Acknowledging that socialism had failed, Mengistu proposed implementing a mixed economy.

Under the new system, the private sector would be able to participate in all parts of the economy without limit on capital investment (Ethiopia had a US\$250,000 ceiling on private investment); developers would be allowed to build houses, apartments, and office buildings for rent or sale; and commercial enterprises would be permitted to develop industries, hotels, and a range of other enterprises on government-owned land to be leased on a concessionary basis. Additionally, state-owned industries and businesses would be required to operate on a profit basis, with those continuing to lose money to be sold or closed. Farmers would receive legal ownership of land they tilled and the right to sell their produce in a free market.

Social/Service Sectors

The Derg had tried to develop social policies and strategies to get the people acknowledge its power and legitimacy. With this regards, the government had some achievements in ground of expanding education and health care services to rural Ethiopia. In 1979, for example, the government had launched a massive rural literacy campaign to expand modern education to the deep rural parts of the country through involving high school and university students.

Beside this, the government had also established many modern health stations to provide minimal health care services to the people both at urban and rural areas. However, it proved that the government was unable to effect dramatic improvements in the quality of life among broad segments of the population especially in remote peripheries of Ethiopia. On the education sector, for instance, after the overthrow of imperial rule, the provisional military government dismantled the feudal socioeconomic structure through a series of reforms that also affected educational development. By early 1975, the government had closed Haile Selassie I University and all senior secondary schools had deployed some 60,000 students and teachers to rural areas to participate in the government's Development through Cooperation Campaign. The campaign's stated purposes were to promote land reform and improve agricultural production, health, and local administration and to teach peasants about the new political and social order.

In 1975 the new regime nationalized all private schools, except church-affiliated ones, and made them part of the public school system. Additionally, the government reorganized Haile Selassie I University and renamed it Addis Ababa University. Beginning in this year, a new education policy emphasized improving learning opportunities in the rural areas as a means of increasing

economic productivity. Students used free textbooks in local languages. In late 1978, the government expanded the program to include nine languages, and it adopted plans to add five others. The military regime worked towards a more even distribution of schools by concentrating its efforts on small towns and rural areas that had been neglected during the imperial regime. The number of primary schools grew from 3,196 in 1974/75 to 7,900 in 1985/86 (in mid-1991), an average increase of 428 schools annually. Primary school enrollment increased from about 957,300 in 1974/75 to nearly 2,450,000 in 1985/86. The number of senior secondary schools almost doubled as well, with fourfold increase in Arsi, Bale, Gojam, Gonder, and Wello.

Although the government achieved impressive improvements in primary and secondary education, prospects for universal education in the near future were not bright. Even though, overall, the Derg regime also proved itself a failure like its predecessor, it had achieved some success especially in illiteracy reduction. "Ethiopia's literacy campaigns have raised the literacy rate from 7% in 1974 to 71% in 1988. Primary school enrollment has increased from 15% to 35%. The Ethiopian primary school enrollment, however, was still below the average sub-Saharan African enrollment.

On the transport infrastructure, The Imperial Highway Authority played a major role in the construction of roads until the revolution. The Derg restructured the Imperial Highway Authority as the Ethiopian Road Authority and the Rural Roads Task Force. The government created the latter to develop rural roads outside the main system and to extend feeder roads within the main system. When the PMAC articulated its socialist economic policy, the government assumed control of all transportation and communication facilities. The military government continued to expand and improve the transportation infrastructure by using its own funds and by securing loans from international organizations such as the World Bank. In 1991 the transportation system included 13,000 kilometers of all-weather roads, 781-kilometer railroad connecting Addis Ababa and Djibouti, twenty-five airports, and another twenty airfields. Despite these efforts, Ethiopia's road network remained primitive and quite limited, even by African standards. This shortcoming had tragic consequences during the 1984-85 famine, when the lack of good roads contributed to Ethiopia's inability to distribute food to famine victims. In 1991 completion of an adequate nationwide highway system continued to be one of Ethiopia's major development challenges.

5. Development Issues, Policies and Strategies in the Post 1991 Ethiopia

5.1. Defining features of post 1991 Ethiopian development policies and strategies

Following the fall of the Derg regime in May 1991, Ethiopia has witnessed a wide range of policy reforms in the social, economic and political spheres. The socialist oriented command economy has given way to a market-based economic system. The Federal Democratic Republic of Ethiopia Constitution has legitimized a Federal type of state structure, whose constituent parts are nine regional states formed along ethno-linguistic lines and two chartered city administrations. The Constitution recognizes the basic civil and political rights enshrined in international human rights instruments such as the Universal Declaration of Human Right and International Covenant on Civil and Political Rights, which have been ratified by Ethiopia. These important constitutional reforms have created the framework for the establishment of a multi-party system, the emergence of a private press, and the expansion of an upcoming but still weak private sector. The primary notable achievement in Ethiopia in the early 1990s was the end of internal conflict followed by successful transition made towards peace and democracy. Since then, a federal system has been put in place with the 1994 constitution laying the basis for devolution of decision making power and responsibilities to regional states.

The reform programs have aimed at reorienting the economy from command to market economy, rationalizing the role of the state and creating legal, institutional and policy environment to enhance private sector investment. The adoption of Agricultural Development Led Industrialization Strategy (ADLI) provided long-term development framework for economic transformation. Adjustment policies focused on liberalization of prices and markets, removal of subsidies, reduction of tariffs, and current account convertibility have been adopted. These are supported with fiscal and monetary policy discipline. This favorable policy environment created by the economic reform, coupled with macro-economic stability, invigorated the domestic private sector, which was suppressed during the Derg period. The smallholder farming family has been made the focus of economic development with a massive agricultural extension and credit scheme, and expansion of primary education, primary health care, rural water supply and rural roads.

To deal with the details of the policy reforms during the Transitional Government of Ethiopia (TGE) (1991-1995), let us see policy changes and transitions made by the TGE. The TGE had to set a new direction for the economic reconstruction and social rehabilitation of the war-torn and poverty-ridden country. It was thus during the Transitional Period that a wave of new policies and strategies defining the development priorities, goals and implementation instruments of the new government was introduced. Among these were the national policies on health, education, population, women, energy and strategies such as ADLI, the education sector strategy, and health sector program. Since then, the government has been introducing more policies, strategies, national action plans and programs in the various sectors. Some of those policies of the 1990s have also been amended subsequently while others are still in their original forms. These policy reform efforts adopted at different times by the government of the FDRE have been the central development focus of the government that guides its development policies and strategies to eradicate poverty and secure economic development. Having said this, this chapter of the module, therefore, attempts to examine the development policies, strategies and plans designed by the Federal Democratic Republic of Ethiopia (FDRE), their outcomes, and the challenges encountered in the implementation process.

5.2. Post 1991 Ethiopian Agricultural Policies and Strategies

The FDRE government has formulated broad policies and strategies to direct overall development with focus on rural and agricultural development. As any strategy that focuses on rural areas where the majority of the poor resides seems from the outset reasonable, the Agricultural Development Led Industrialization (ADLI) is taken as the base framework for rural transformation in Ethiopia in the post 1991 period.

The strategy of ADLI is seen as a long-term development strategy to achieve faster growth and economic development by making use of technologies that are labor intensive, but land augmenting process (Mussa et.al, 2011). During the first stage of ADLI, agriculture is to play a leading role in the growth of the economy. This implies that agriculture has to be made internationally competitive, and its production has to be exports oriented. This has been planned to be done through raising market outlet as a critical issue owing in the main to inadequacy of domestic demand, thereby making exports a necessity (MoFED, 2002). The strategy indicates

that for agriculture to continue serving as an engine of growth through the domestic economy and international trade there has to be progress in terms of commercialization of production. This process is achieved with more intensive farming, increasing proportion of marketable output and correspondingly maintaining food security for own consumption. Besides deepening technological progress, ADLI is supposed to bring greater market interaction on the part of the farmer. Extension of credit to the small farmer will gain importance with commercialization of agriculture, and give impetus to the establishment of rural financial institutions including banks. Cooperatives play important roles in facilitating input and output marketing as well as in promoting the provision of rural finance.

In the strategy, the problem of food insecurity and agricultural growth in pastoral areas is being conceived in terms of the development of the pastoral economy in its entirety. The strategy of ADLI has three major components that are further sub-categorized under different parts. This categorization is based on the agro-ecological diversity of the country (Ethiopia). Bearing this in mind, the FDRE government designed agricultural extension program which frequently identify three main ecological categories based on moisture availability. These are areas with: a. Areas with adequate rainfall, b. Areas with moisture stressed, and c. Dry Areas (Pastoralists' areas).

The second issue is concerned with population and demographic change. As it is observed from different researches conducted, the rural areas are continuing to carry an immense and growing demographic burden, but on the other hand there is little increase in the natural resource base observed from practices. The massive environmental degradation followed by population boom demand an agriculture policy that can react and solve these challenges. Hence, the rural development strategies adopted by the government have tried to recognize these challenges and targeted to reverse the situation. Having said this, in the coming part agricultural strategies and programs of the government will be reviewed briefly.

Rural Development Strategies

Before dealing with the issues of rural development in Ethiopian context, let see the meanings of the concept of policy and strategies. According to Mussa et.al, (2011), there are some controversies regarding the meanings of policy and strategy and the link between them. Although, this is the case, for the purpose of understanding rural development, let take the

definition of policy as, the broad framework defining fundamental, assumptions, principles, objectives, and priorities with regards to the broad sector. Strategy could be understood as long-term measures planned and implemented to achieve the broad objectives of the policy.

As Ethiopia's Ministry of Finance and Economic Development (MoFED), (2002) indicated rural development is not an issue solely confined to agricultural development. Rather, in its proper sense, it embraces a number of activities outside agricultural development. In the Ethiopian context, similarly, agricultural development is taken as a central activity to rural development. The broad framework of the government's policy on rural development has been spelt out in the mid-1990s and further refined in a major document issued in 2001.

The central plan of the policy has been that the country's overall development was to be agriculture and rural centered. It is justified that by policy makers that agriculture should be the starting point for initiating the structural transformation of the Ethiopian economy and peasant farmers and pastoralists constitute the cornerstone of economic development. The justification is that the country's chief and abundant resources are land and labor and that the great majority of the people live in the rural areas and are agriculturalists, hence the country does not have any alternative but to employ these resources soundly and efficiently in order to bring about rapid growth and sustainable development (MoFED, 2002). Within agriculture, the predominant focus is on smallholder farms with greater weight given to crop production.

The policy document strongly argues that the rural development policy and strategy was compatible with the existing land tenure system as defined by the constitution and the Federal and regional state land laws. According to SDPRP document of government prepared in 2002, the agricultural development program consisted of increased extension services, particularly better designed extension packages; more investment in agricultural training which included training extension agents in Technical, Vocational Education and Training (TVET) initiative as well as training of farmers in newly established Farmers' Training Centers (FTCs); increased effort at water harvesting and irrigation; improved market opportunities for farmers; restructuring peasant cooperatives and support to micro-finance institutions (MOFED, 2002).

It is also indicated in different documents adopted by the government of the FDRE that the main vehicle for improving the peasant agriculture has been the agricultural extension program. The

program has changed a good deal since it was first initiated under the new policy framework in the mid-1990s. The key services provided for the farmers under the agricultural extension program are technical packages; improved farming practices natural resources management skills, credit for the purchase of inputs, demonstration to farmers, and, farmers counseling services (MoFED, 2003). In rural development activities, cooperatives have played important roles in the delivery of agricultural inputs like improved seeds, agro-chemicals (fertilizers) and modern farming tools. Peasants in many parts of rural areas are allowed to purchase the agricultural inputs on credit, and poorer peasants are given some consideration in terms of the method of payment. Lessons for farmers in understanding improved natural resources management and investment in resources conservation, in the form of efficient management of water resources, irrigation and watershed management schemes, are also part of the extension program. The Agricultural Extension Program relies on a local-based development agent placed throughout the rural areas. According Mussa et.al, (2011), development agents (extension agents) are responsible for:

- Demonstration of different agricultural techniques to increase productivity,
- Provision of consultation and advice to the farmers,
- Provision of on- the-spot training to the farmers, and
- Encouraging experience sharing among farmers.

Since 2001, there have been relative changes in the original agricultural strategy of the government and there are many considerable readjustment made in the strategy. The second poverty reduction program which is the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), has attempted to address the gaps found in urbanization activities and the industry sector. The plan has made efforts to define the modalities of the linkages between one and the other. The PASDEP states that urban development will play a more central role in the next phase of Ethiopia's development efforts while the focus on the pro-poor development activities must inevitably remain rural-biased This indicates that the focus given for the industrial and urbanization attempts is much higher in the PASDEP than it had in the SDPRP.

In PASDEP document, it is also stipulated that the FDRE government is planning major investments in the urban areas to improve infrastructure facilities like roads, markets, improve social services like health and education, increase power, and water supply and housing projects.

Job creation schemes, and support for small and micro enterprises are part of the new emphasis on urban development (MOFED 2006). PASDEP has also emphasized on new directions of agricultural development programs in addition to the existing identified activities like improving human resources through training, education, and delivery of packages through the SDPRP. The new agricultural strategy also attempts to organize rural cooperatives to play their role in the rural transformation process. As the Federal Cooperative Agency, 2005 cited in Mussa et.al, (2011), nearly 20,000 primary cooperatives have been established throughout the country. The main functions of the cooperatives at the present moment are: Distribution of inputs, marketing services for farm products, Provision of credit to members, Encouraging farmers to save money, and Provision of goods with fair prices

Agriculture and Food Security

Food insecurity problems in Ethiopia are manifested directly in three food security components: adequacy of supply (production, reduction of post harvest losses, import levels), stability of supply (production stability, regional and inter temporal price stability) and access to supply (purchasing power, or income level and access to employment). A combination of factors has resulted in serious and growing problem of food insecurity in Ethiopia. Adverse climate changes (drought) combined with high human population pressure, environmental degradation, technological and institutional factors have led to a decline in the size of per capital land holding. This has been exacerbated by policy induced stagnation of agriculture and internal conflict and instability in the past resulting into the widening of the food gap for more than two decades, which had to be bridged by food aid.

Increasing urban poverty is largely attributed to limited broad based employment and income earning opportunities in urban areas. To come up with the solution for this food insecurity problem the government has adopted policy measures at different point of time. These policy measures are explicitly stated in both Sustainable Development and Poverty Reduction Program (SDPRP) and Plan for Accelerated and Sustained Development to End Poverty. The main objectives of the government as related to agricultural growth are to address the problem of persistent food insecurity in the country. The long term goal is to make the country self-sufficient in food through increased food production and higher farm productivity, and to end the country's

dependence on foreign food aid. As stated in the PASDEP, the key interventions designed to bring about food security at household level includes: Building up household assets, Strengthening voluntary resettlement, Implementing Productive Safety Net Program (PSNP) effectively and Income diversification through promoting non-agricultural activities for communities that depend on agricultural activities and Activities for livestock potential.

As it is indicated in the above, one of the intervention strategy adopted by the government is to implement Productive Safety Net Program effectively. It is intended to serve the dual propose of helping bridge the income gap for chronically food insecure households, and engaging such households in community asset building efforts to earn income, especially during the lean season and times of drought. According to PASDEP document the main objective of the Productive Safety Net Program is provision of transfers to the food insecure population in chronically food insecure Woredas in order to prevent asset depletion (protect asset) at the household level and creates assets at the community level. The program is also believed to support rural transformation process by preventing long-term consequence of short-term consumption shortages; encouraging households to engage in production and investment activities; enhancing household purchasing power; and promoting market development. According to Mussa et.al, 2011, the PSNP has two components: Public Works and Direct Support.

1. Public Works: These are labor intensive community based activities. They are designed to provide employment for able-bodied and chronically food insecure people. The specific activities include hillside terracing, land reclamation, improvement of roads, provision of water and maintenance of social services.
2. Direct Support: This is the provision of direct unconditional transfer of cash or food to vulnerable households with no able bodied members to participate in public works. According to the program implementation manual, the beneficiaries of the direct support program include: Those individuals who do not have labor to participate in public works; Those individuals who do not have sufficient and reliable support from sons/daughters or remittance from relatives away from village; and Those individuals who cannot participate or contribute in other community activities (e. g., disabled persons and orphans). But the PSNP was not without shortcoming, main shortcoming of the Productive Safety Net Program;

The number of people who suffer from chronic food insecurity is very high. Yet, because of its limited capacity, the PSNP targets a small proportion of households, excluding a large population of food insecure households and individuals from participation in PSNP. The problem of food insecurity is covering both rural and urban areas. However, the PSNP has paid attention only to rural areas, giving little attention to urban areas. The PSNP excludes not only the urban areas but also food insecure people residing in pockets of areas in some food insecure woredas. Although the reason for moving away from pure relief approach to productive safety net is to reduce dependency, it is not clear how the PSNP could reduce dependency among beneficiaries and enable them to become self-sufficient.

The responsibility of executing safety net activities has been given to various actors. However, the Program Implementation Manual does not clearly specify in what way these different agencies implement the program activities in an integrated manner. The amount of cash that transfers to beneficiary participants is not determined in view of the market price differences in different woredas. The wage rate in all woredas in the eight regions is fixed at 6 Birr. The monitoring and evaluation system is not well developed. The program implementation manual does not clearly show the items that have to be evaluated and the responsible body that undertakes the evaluation of PSNP. The ownership of community assets that are created by public works need clear definition. Moreover, the public works are not well geared towards provision of social services (health and education) that play in the long-term a crucial role in ensuring household food security.

In Conclusion, it has been almost a decade since the strategy of agriculture-centered development is implemented. With this regards, progressive and promising achievements have been secured. The Agriculture Extension Program, Productive Safety Net Program and others like the natural resources management system are introducing the rural people with new approaches of agriculture and productive technologies. In terms of conducting extensive technical & vocational training in agriculture for Development Agents to provide effective extension services, establishing FTCs, increasing the annual supply of improved seed for cereals, oil, pulse and fiber, improved agricultural marketing systems, there are clear and observable achievements. The years from 1996 till 2003 for instance, has seen increases in agriculture output as result of good harvests. Yet, it is important to note that there are some limitations on

family planning, monitoring and evaluation of programs, governance and human resources management, households' asset accumulation, and prevalence of corruption.

The other limitation in the agriculture policy is the high price of fertilizer and the relatively low prices to harvests. And, last but not least is that the policy is still dependent on rain and the attempts to introduce farmers to water harvesting technologies so that they can be free to dependency on rain is too limited to be appreciated (Mussa et.al, 2011).

5.3. Education and Health Sector Development

The Education Policy of Ethiopia: Strategies and programs

Realizing the positive role that education plays in the development of society and reducing poverty, the Ethiopian government adopted a new Education and Training Policy (ETP) in 1994 taking into consideration the structure of education as it evolved overtime and the long-term objectives set for it. The policy focuses on increasing access to educational opportunities in a form that is directly relevant to the present as well as the coming generations. The policy focuses on increasing access to educational opportunities with enhanced equity, quality and relevance. This is the basis for the multi-year Educational Sector Development program (ESDP) that started in 1997/98 with the long term goal of achieving universal primary education by the year 2015. Taking into consideration the short and long-term socio-economic development goals of the country, and identifying the major problems confronting this sector, the education policy has set the following four major goals (MoFED, 2002):

- To produce good citizens who understand, respect and defend the constitution; students who respect democratic values and human rights; develop attitude for research and work and capacity to solve problems, develop skills in different professions and with a sense of citizenship to participate in and contribute to the development of community and the nations.
- To realize the goal of achieving universal primary education through expanding access and coverage of primary education with equity and improved quality;
- To meet the demand for manpower at all levels for the socio-economic development needs of the country, both qualitatively and quantitatively, through the vertical integration of the secondary, technical and vocational, and higher educational programs.

- To build the capacity within the education system for sustainable development of the system through organizational capacity building for program implementation, continuous innovation, and quality leadership at different levels.

Overall strategies

In order to implement the above specified objectives, the Government of Ethiopia has developed the following strategies; Participation of community and NGOs in the education sector shall be strengthened; In order to implement the program at a possible lower cost, alternative approaches such as low cost schools, one-class room schools, multi-grade schools...etc for first cycle primary schools will be encouraged; A stronger and wider role for non-formal education and other alternatives for expansion of primary education shall be implemented; Empowerment of the community is not only a means for development but it is also an end in itself. Policies and programs to strengthen the role of the community in the management and financing of the schools shall be implemented, Capacity Building through organizational development, provision of training to managers, development and implementation of logistic support systems, etc. shall be given priority; More responsibilities shall be devolved to the Woredas to manage primary and secondary education. This will make them more responsive to the needs of the communities and accountable to deliver the services effectively and efficiently. And emphasis shall be given to improve not only the academic qualifications but also the ethical values of the teaching staff. Therefore, efforts will be exerted to have a teaching staff that is well motivated, disciplined, and endowed with ethical values.

The Health Policy of Ethiopia: Programs and Strategies

Ethiopia is known to have one of the lowest health statuses in the world. This is mainly due to backward socio-economic development resulting in widespread poverty, low standard of living, poor environmental conditions and inadequate health services. Realizing this state of affairs, the Federal Democratic Republic of Ethiopia, embarked on a rapid economic development and a multi-pronged poverty reduction programs. In line with this strategy, it took a number of measures in the health sector including the design of an appropriate sectoral policy, strategy and a twenty year rolling health development program. In response to the prevailing and newly emerging health problems as well as in recognition of the weaknesses of the existing health delivery system, the first phase of Health Sector Development Program (HSDP I) was launched

in 1998 (MoFED, 2002). It was developed in the context of a strong government commitment to democracy and decentralization, and was designed explicitly to respond to the health care needs of the rural population who constitute 85% of the total population.

It is important to note that the overall goal of the HSDP is to improve the health status of the peoples of Ethiopia. The linkage between improved health and general development are increasingly being acknowledged, as for example, in the reports of the WHO Commission on Microeconomics and Health (CMH). This relationship was well-defined in the HSDP (I) where the linkages has been articulated between the impact of improved status on productivity of the adult population, reduced household expenditures on health thus freeing resources for productive use, and the resulting contribution to reduce poverty and support to the overall socio-economic development of the country. The priorities in the health care interventions were the preventive and promotive aspects of care and the expansion of health facilities in order to deliver a comprehensive, integrated and equitable health care.

In line with these goals, the health management was decentralized, democratized and attempts were made to make it more efficient. During the last fifteen years, a significant number of the existing health facilities were rehabilitated and lots of health posts, health centers and hospitals were built. Furthermore, a great effort was exerted to provide the facilities with essential drugs, pharmaceuticals, medical equipments and the necessary human resources in a sustainable manner.

6. Democratic Developmental State Versus Developmental State

Democratic Developmentalism (DD) is defined as “a political regime in which a developmental party remains in power for a long time by consecutively winning free elections which permit multiple parties, under which policies that punish rent seeking and encourage productive investment are implemented with a strong state guidance.” This should be construed as a model which Ethiopia is trying to attain rather than an already-established and well-functioning political regime. Under DD, the fruits of successful development are expected to win popular support, which is confirmed through a series of elections. Thus, the Democratic developmental state earns legitimacy and keeps its power for a long time through both economic performance and democratic procedure. Let us look at the three important components of the DD model:

(1) Introduction of democracy

The DD model aims at building a political regime unique to Ethiopia, which is different from the East Asian Authoritarian Developmentalism (AD) which postpones democracy for the sake of development, or the Western style “good governance” that requires an early adoption of highly advanced governing principles in latecomer developing countries. Needless to say, the kind of democracy that can be meaningfully adopted in a very poor country is not its ideal type equipped with full conditions. Democracy is not an all-or-nothing choice; it comes with a large number of variations that reflect the history and structure of each society. Its development stage ranges from elementary democracy equipped with minimum formality to full democracy that realizes popular participation, political competition, and policy debate in the true sense

Why should a country in an early stage of development adopt democracy instead of authoritarianism? One reason is the inherent and universal importance of democracy itself such as freedom, human rights and participation. Another reason would be to expect democracy to provide the procedure to secure legitimacy and maintain unity of a multi-ethnic nation and the means to gain popular support to developmentalism and development projects. Moreover, in the world of the 21st century in which we live, it must be noted that no country, regardless of its development stage, could be admitted as a valid member of the international community and receive aid and cooperation unless it embraces a democratic form of government. In summary, the combined adoption of developmentalism and democracy is required not only for the inherent value of democracy but also from strong pressures from within and without. The kind of democracy envisaged under DD is the basic one that holds free elections with multiple parties and guarantees the minimum level of basic freedom and basic human rights.

(2) Government as a dynamic leader

According to Comparative Institutional Analysis, which studies the diversity and dynamics of institution, it is not easy to transform a “system” which has been installed and already solidified. Different types of inertia works to defend the existing system such as; institutional complementarity (mutual dependence of institutions in which the removal of only one institution hardly changes the system), strategic complementarity (the fact that individuals have incentives to play the existing game), and path dependency (the difficulty of deviating from the system

which was chosen first). At the same time, there are also patterns in which transformation can occur even under such inertia.

The first is collective mutation. This occurs when a sufficiently large number of members of the society change their behavior in the absence of external coercion or directives. In the context of developing countries, this may happen when a resistance movement arises against extreme suppression or deprivation, or when a sustained increase in income changes the values and wants of the majority of the population. The second is policy launched by the government. The government is one of the insiders of a society but can become a dynamic actor to force a change on other members of the society with its authority. The third is foreign pressure. For better or worse, foreign individuals, firms and organizations are not bound by domestic rules and can become an agent for systemic change in that society. Finally, effective cooperation between the government and foreigners can produce a systemic change. This does not mean that the government and foreigners are always in good terms.

(3) Political support base

It is natural that Ethiopian developmental party intending to win an election every five years chooses small farmers, which occupy 80% of the Ethiopian population, as its support base. In addition, small and medium size entrepreneurs in the urban areas are also counted as its future support base although their number is still small. However, at present, the ruling party has not established itself firmly in urban constituencies. Small farmers and small and medium size entrepreneurs are regarded as the victims of rent seeking. To release them from this harm and let them concentrate on their productive activities, the government thinks it necessary to first remove past suppressions such as exploitation and state monopoly. When this is done, under the government's "Rural Strategy," a series of measures are to be implemented in the areas of technology diffusion, fertilizers, seeds, irrigation, and so on, in order to raise the productivity of small farmers and transform them into commercial producers

(4) A comparison with East Asia Authoritative Developmental state

AD to be analyzed here for the purpose of comparison with DD is an ideal type which is most closely represented by Taiwan and South Korea before their transition to democracy. With these caveats, let us enumerate the outstanding features of East Asian AD as follows: (i) emergence in response to a crisis (domestic or regional); (ii) strong leadership (one strong leader or a strong

ruling group or party); (iii) a loyal and capable technocrat group supporting strong leadership; (iv) prioritization of developmental ideology (i.e., postponement of political reform); (v) legitimacy through economic performance rather than democratic procedure; (vi) the continuation of the same regime for two to three decades and the social transformation that it generates. This AD regime has the following sharp differences from the DD model which Ethiopia aspires to adopt.

First, East Asian AD is a proven model which was adopted in many countries with remarkable achievements in income generation and structural transformation in at least some of them. In this sense, the validity of AD is indisputable. By contrast, Ethiopian DD remains a plan to be fully implemented in the future. Its advocates ought to convince the skeptics of the feasibility of DD in the social context of latecomer developing countries. Second, as noted above, most East Asian developmental states from the outset formed political coalition with capitalists—business groups, banks, and so on—who were the main executors of development while effectively refusing to adopt the multi-party system with free election. By contrast, the DD model aspired by Ethiopia adopts multi-party system with free election as one of the key rules of the game at the starting point. Thus, the legitimacy of AD depended solely on its economic performance whereas that of DD will depend on both economic performance and democratic procedure.

Third, in East Asian high performing economies, a dynamic transition pattern was observed in which AD, which was established through the denial of democracy, achieved positive economic results over a few decades which in turn transformed the social structure, mindsets and demands of the people. This social change led to a rise of the middle mass, who demanded democratization, to the position of voter majority which eventually toppled the AD regime. This pattern has already run its course in Taiwan and South Korea. Meanwhile, what dynamic course the DD regime will trace if it is successful remains uncertain. The Ethiopian document states that Rural Democracy will eventually transform itself into Urban Democracy, but its concrete content or mechanism is unclear.