

## TACKLING POVERTY BY ETHIOPIANS OR GLOBALIZATION WAVE: A BOOK REVIEW

Desta, Asayehgn, Ph.D.  
Sarlo Distinguished Professor of Sustainable Development,  
Dominican University of California

---

According to Singh, Resident Representative of the International Monetary Fund (IMF) in Ethiopia, the IMF has made positive assessments on Ethiopia's strong economic growth and has come to understand that the lifestyle of the people is getting better as compared to the past decades. In his conclusion, Singh asserts that there is no difference between the IMF and the Ethiopian Government data, that despite the world-wide financial crisis, Ethiopia has recorded economic growth over these years. Given such economic achievement therefore, Singh is of the opinion that the IMF is ready to back Ethiopia in order to sustain the fast and stable development registered over the years (Walta Information Center, 2010). Similarly, Dulane states that "Ethiopia is one of the fastest growing non-oil economies in Africa and the country has registered an average 11.5 % economic growth for the last six consecutive years." By quoting the *Economist's World Economic Forecast for 2010*, Dulane underlines that Ethiopia is the fifth fastest growing economy in the world (Japan SPOTLIGHT, September/October 2010).

In his book entitled "**Endemic Poverty That Globalization Can't Tackle But Ethiopians Can**," Dr. Aklog Birara (hereafter referred to as Birara), a former employee of the World Bank and who used to be an adherent of the "Washington Consensus," seemed to be impressed by the current economic record registered by Ethiopia (see p. 452). However, Birara goes one step further to argue that the

developmental state in Ethiopia was not designed to advance equitable growth and development throughout the country. It was designed to serve the ethnically-based ruling class. To reinforce his argument Birara states that close to 70 percent of the urban dwellers of Ethiopia live in slum-like conditions (p.7).

According to Birara, the Foreign Direct Investment which has been recently flowing to Ethiopia in the form of farmland grabs was designed not to advance Ethiopia's development but was tailored to export farmland products to foreign countries in order to accumulate foreign exchange (p.7) so that the ethnically-based ruling party (i.e., Tigray Peoples Liberation Front/ The Ethiopian People's Revolutionary Democratic Front, TPLF/EPRDF) could sustain their comfortable life-style. Birara states that "an ethnically-based and leftist single party is unlikely to care for the poor" (p. 7).

Given its socioeconomic realities, the country is still unable to achieve food self-sufficiency. Birara is of the opinion that there is a growing disillusionment among both the Ethiopian elites and the common people with regard to all forms of foreign aid that has been flowing to the country. After all, according to Birara, channeling donor monies directly to the government won't improve wellbeing and reduce poverty. In fact, Birara asserts that except for the concerted effort of the Ethiopian people, neither FDI, land-lease and sales in the range of 3 to 6 million hectares to

foreign investors, nor the globalization wave of foreign aid will transform Ethiopian society from poverty to a sustainable and equitable prosperity (pp. 3-8). Birara argues that all Ethiopian opposition political parties, civic and professional associations, and intellectuals, who accuse the TPLF/EPRDF party are in actuality fighting one another, forgetting that they themselves may be the problem. He then suggests that the opposition group need to carry out their solemn role of serving the Ethiopian people by challenging the ruling party. According to Birara the ruling classes in Ethiopia are bloated with egos and show minimum empathy for others. They trivialize important concepts and preach the rule of law, democracy, and freedom, but in their actions they reveal that they themselves are unable to put into practice these concepts (p. 8). Emphasizing the main purpose of his book he stresses that a country's development needs to be about effective voice and participation in the development and political process. Furthermore, Birara outlines that among other things, Ethiopians need to have a supply of clean water, have electricity on tap, be able to live in a decent home and have a good job, be able to send their children to school, and have accessible health care. To reinforce his argument, Briara depicts Ethiopia as

...among the few countries in the world that still serves as an incubator or laboratory of development for a variety of experts, non-governmental organizations (NGOs), the United Nations system and bilateral and multilateral development institutions. These experiments have made minimal headway in putting the economy on a sustainable and productive path. Political divisions among ethnic-elites prevent the society from

creating social cohesion and integration that are vital in the 21<sup>st</sup> century. Most of these parties have fallen directly into the trap of the ruling-party ...accepting the notion that the country is a composite of irreconcilable nationality groups. As a result they have adopted and practice the "them against us" ideology created for them (p.9).

To further illustrate his argument that the country is one of the least underdeveloped countries, in Chapter I, Biara describes the educational system in Ethiopia as totally ethnicized and politicized, and references and songs were not about Ethiopia but about their ethnic-affiliation and identity. Birara argues that Brazil, China, Malaysia, Singapore, Thailand, and Mauritius, achieved development by building social building blocks by investing heavily in education, health, infrastructure, and by promoting policies and programs that included value-added manufacturing (p. 12). In Chapter II, Birara narrates his life story. He states that even though the opportunity for education in Ethiopia was mainly tailored to serve the sons and daughters of the ruling class, some urban dwellers and some lucky people like him have been able to come to the United States to study. He attained his Ph.D, from one of the most prestigious higher educational institutions, Johns Hopkins University.

At the beginning of Chapter III, Birara analyzes the various public policy mistakes made by the ruling party, the EPRDF. In Part One he uses proxy variables. For example, he states that Ethiopia's landlocked status costs Ethiopian exporters and importers four to five times more than competitors who have access to their own ports. In 2006, shipping a container from the Port of Baltimore to a landlocked country

was about \$3,450 higher relative to a base price of \$4,620 to non-landlocked country. Non-landlocked countries possess a comparative advantage compared to Ethiopia. To illustrate, he uses the unforgettable public policy mistake of the willful and deliberate turnover of Ethiopia's access to the port of Assab to the Eritrean government. Instead of using proxy variables from the United States, Birara could have had a more convincing argument if he referred to Begashaw's credible article. According to Begashaw, compared to shipping via the Port of Assab, the costs of transportation via ports in Kenya, Sudan, and Djibouti are prohibitive because of the long distances and poor transportation facilities. To make the matter very specific, as estimated by Chowdhury and Erdenebileg, the real GDP per year of landlocked countries is about 1 percent less than the real GDP of coastal countries (2006).

Instead of reviving the emotional flames already rekindled by various websites and mass media outlets, it would have made sense for Birara to review the valid documents written Belai Abay and Zeru Kihishen (2000) to expose his readers to the fact that the Port of Assab was bought in 1869 by the *Rubattino Shipping Company* from the local Sultan on behalf of the Italian government. Then in 1882, the Italian government acquired the Port of Assab from the *Rubattino Shipping Company*. If the Eritreans claim that the Port of Assab belonged to them because Eritrea used to be part of the Italian colony, a moot argument, instead of prolonging the fighting between Ethiopia and Eritrea after 1991, it would have been better for the EPRDF to engage in genuine, diplomatic negotiations with Eritrea for a global partnership. Instead the ruling party of Ethiopia minimized the

importance of the Port of Assab for Ethiopia.

If we are to make sense of Albert Einstein's words that Birara has quoted in his book that "we can't solve problems by using the same kind of thinking we used when we created them" (p. 68), the EPRDF, could have effectively negotiated with the Eritrean Peoples Liberation Front in order for Ethiopia to have long term commitment from Eritrea to have access to the Port of Assab. In other words, given the political upheaval that existed in Ethiopia in 1991, it did not make sense for Birara to argue that the "TPLF had a choice. (*I don't know why Birara is using TPLF instead of EPRDF.*) It had the military, political, and economic means, and popular support to reject any overtures from EPLF or its foreign supporters like Egypt and Sudan to undermine the country's national interests and its economic viability" (p. 77). After all, Birara was in a better position to know that because of the political upheavals that existed in Ethiopia in 1991, the EPRDF had no capability nor even the support of Ethiopians in 1991 to prevent Eritrea from having full access to the Port of Assab. In short, given the fact that Ethiopians were exhausted from the unnecessary war which Mengistu and his supporters expanded, the EPRDF had no means nor the necessary support to prolong the war between Ethiopia and the Eritrean fighters ongoing since 1962.

In Part Two of Chapter III, Birara asserts his personal view that institutionalization with the implementation of the "legalization and institutionalization of an ethnic-state, ethnic-politics and ethnic-federalism that was created in Ethiopia by the EPDRF in Ethiopia is now tearing the Ethiopian society apart. (This addresses article 39 of its constitution which advocated the right to

self-determination, including secession.) In his book, Birara talks very highly of Malaysia. But I am surprised he forgot to note that Malaysia has achieved economic growth because following the civil disturbance of 1969, Malaysia's Coalition Front government became composed of *Bumiputras* (or sons of the soil or Malays), Chinese Malaysians and Indian Malaysian (see for example, Desta, 1993). Thus, the lesson we can learn from Malaysia is that it is worth researching in detail the composition of political parties based on ethnicity or national origin before we arrive at a conclusion as to what may determine economic growth, or might tear the Ethiopian society apart, as Birara argues. Actually, the data from the IMF clearly shows that Ethiopia's economic growth is relatively better and relatively more stable under the current ethno-federalism model of administrative organization than it used to be under Haile Selassie's highly centralized and semi-feudal authoritarian regime, or Mengistu's most cruel and bureaucratic military regime. Birara would agree with me that Ethiopia would have been in a different stage of development had Mengistu's regime not purged the most creative and educated Ethiopians and forced others to suffer from lingering nightmares of his atrocities.

The IMF and the World Bank in its statement of conditions encourages borrowing nations to practice competitive free markets, privatize existing state-owned enterprises, promote free trade, and advocate for the creation of a conducive environment for foreign direct investments. What is not clear to me is why now, at this juncture, Birara is saying that the Washington Consensus is an outdated model. If I am not mistaken, was he not a major functionary and at times strongly promoting the Washington Consensus model in order to

convince a number of developing countries to undertake structural adjustment programs (SAPs) in order to qualify for access to financial credit from the IMF and the World Bank? Why is he now against the flow of foreign direct investment to Ethiopia when Ethiopia is making its environment attractive to investors? To put the matter in his words,

Concentration of political power in a single party allows use of institutional and coercive instruments to make policy decisions and defend interests. Take Gambella as illustrative. It is among their country's potentially richest regions. Its fertile farmlands are being leased and sold to Indian and Saudi investors. Close to 600,000 hectares of Gambella farmlands have been leased or sold to these investors. In the process, an untold number of farmers and other households have been forced to move. Many of those dispossessed will work for the new investors at wages below poverty level. By any social or economic indicator, the region is among the most neglected and poorest (p. 81).

Though it is not worth discussing hearsay, according to Birara the third public policy mistake which the EPRDF chiefs have committed is allowing "...the country's central or national bank and commercial banks are used to enrich party-owned supported and endowed enterprises and individuals, the case of corruption becomes incontestable" (p. 87). In addition, it is sad to learn from Birara, who has supervised a number of projects for the World Bank, that "...the physical infrastructural and manufacturing investments and outcome are relatively higher in Tigray than in any other regional states." It might be very difficult to

convince Birara but if he undertook a well-designed, objective research, he would find out that a large portion of the investments in Addis Ababa, Awasa, Gonder, Behre Dar, and Tigray, to mention only a few, are mostly financed either by humanitarian philanthropic organizations, or the Diasporas. For Birara's information, even the Ethiopian nationalist Falashas, who the dictator Mengistu orchestrated to get hefty amounts of money from Israeli humanitarians to make them leave their county of origin are returning and undertaking major investments in Gonder. Rather than believing in second-hand information, I would encourage Birara to go to Tigray and objectively document for himself if Tigray is doing better than the rest of the regional states.

The fourth public policy mistake committed by EPRDF according to Birara is that "it claims that it has created a solid institutional foundation for democracy, the rule of law, human rights, equality of nationalities, a free market economy, respect of civil liberties and human rights, administrative efficiency and rapid socioeconomic development... these realities do not remotely resemble democratic, representative and just governance. Ethiopia is among the poorest and least developed." (p.89). (Underlined by the writer of this article). First, countries, for example, like India and Mauritius have democratic types of governments but are not necessarily developed nations. Also, Singapore has emerged as the new Tiger of Asia but by no stretch of the imagination is it democratic. Thus, why is Birara arguing that democracy and development in Ethiopia should complement each other? Over the years, there are general objections to the advocacy of democratic governance as a means of achieving sustainable development in non-Western countries. As documented in my article (See Desta, 2010) for instance, in

contrast to the tenets of democratic governance, Mohamed, the former Prime Minister of Malaysia argues that democratic values are in essence Western constructs. They are purposely geared to impose Western cultural values on non-Western countries. According to Mohamed the components of Western democracy that were forcefully implanted on non-Western nations to make them be dependent on Western nations' value systems include: 1) putting the individual at the center of good governance; 2) practicing of liberal views of human rights; 3) establishing multi-party systems of government; and 4) using the free market system to encourage competition (1994).

In addition, some of the leaders of Third World countries are of the opinion that democratic governance is associated with their historical experience of the West, and can be a hindrance to achieving sound, healthy economies in non-Western nations, unless they are modified to reflect the cultural perspectives of non-Western nations. Based on the notion 'development first, democracy later,' opponents of democratic governance argue that instead of hallucinating and imposing lofty and unachievable values of democracy, it would be better to give bread to the poor in non-Western countries ( UNDP 2002). Those who are against the spread of a Western image of democratic government in non-Western countries further argue that the democratic governance promulgated by Western nations, inflicts suffering rather than freedom on those who do not belong to the ruling majority in a democracy. Given this, they are of the opinion that the vulnerable groups will be better served by the protection that authoritarian governance can provide, rather than getting hand-outs from a class-based democratic system. (See for example, Sen, 2003.) In fact, Habisso

succinctly argues that imposing democracy on the poor and ethnically divided authoritarian states, and insisting they hold instant elections and democratize rapidly, can trigger some of the world's bloodiest national struggles (2010, p. 6.) Second, as far as I know and from what I have read about Ethiopia, until today the Ethiopian authorities have never claimed that they have created solid foundations of democracy in Ethiopia. Actually, as I stated in my recent article (Desta, 2010), Ethiopia is in transition to democracy.

The fifth public policy mistake orchestrated by the executives of the EPRDF ruling-party discussed by Briara “refers to the land leases and sales to foreign investors... it is an admission that the TPLF/EPRDF model of Agriculture Development Led Industrialization( ADLI has failed”( p. 92). Actually, in the age of globalization, “...it might be absurd to suggest to the Ethiopian Government that Ethiopia should isolate itself from the rest of the world.” Nonetheless, Ethiopian policy makers should cease to see globalization as an end itself. The real end is environmentally sustainable economic development of Ethiopia. To the extent that multinational enterprises add value to the achievement of this goal, they could be welcomed. But, the Ethiopian government needs to stay on the alert and keep the abuse of foreign investments in check through judicious governmental policies (Desta, 2010, p. 2-3).

As claimed by Birara if ADLI is “failing” because it is facing unexpected shocks, “...then the only way the existing backbone of Ethiopia’s economic and social problem can be at the cutting edge and environmental sustainability can be achieved is if there is a modification in revising the ownership and management of land. The local Ethiopians (with the help of the government and

genuine foreign investors) are willing to form cooperative joint ventures at the local level that can create employment and emancipate workers. Thus harnessing the energies of local communities and private investors (such as the Ethiopian Diaspora who are willing to give back to the people in their country of origin) to form agro-business cooperatives would have been the cornerstone for revitalizing self-sustaining socioeconomic development in Ethiopia” (Desta, 2010, p, 3).

From the section of “Learning from Others” Birara states that firstly, Ethiopia could learn a lot from the Peoples Republic of China. Yes, having worked and written a book about investment in China , I definitely agree with Birara. But, Birara should be aware that in China each state, though not as ethnically-based as Ethiopia, is administratively autonomous. For example, when it comes to FDI, each state decides to accept foreign investment if the investment will accelerate industrialization, improve the standards of living, create employment, and increase the accumulation of foreign exchange. In addition, it is worth noting that the Chinese Diaspora have shown special love and admiration for their home country. The Diaspora (even the Taiwanese) were the first ones to invest in their original mother country when China established the four Special Economic Zones in Shenzen, Zhulai, Shanton and Xiamen in 1980.

Secondly, Birara tells his readers that he admires the micro-credit of Bangladesh as a source of development. However, a detailed study which explored the role of microcredit for poverty alleviation in Africa (see Desta, 2010), and another study by Khandker of three leading microfinance institutions in Bangladesh, for the period 1990 -2003 show that:

Microfinance matters a lot for very poor borrowers and also the local economy. In particular, micro-finance programs matter a lot to the poor in raising per capita consumption, mainly on non-food, as well as household non-land assets. This increases the probability that the program participants may be able to lift themselves out of poverty. ...yet the aggregate poverty reduction effects are not substantial enough to make a large dent in aggregate poverty at the national level. This concern brings to the fore the effectiveness of micro-finance as an instrument to solve the problems of poverty in Bangladesh (2003).

To conclude, if we assess Birara's book based on the hallmarks of scientific research or the distinguishing characteristics of research, let me say that the book in its introductory section gives the writer's background and the nature of the problem has been investigating. Therefore, the book has a purposive focus and the book was presented in a very creative manner. Particularly, since the title of the book is very close to President Obama's slogan "Yes, We Can", it is marketable.

However, the book does not seem to be rigorous. The book lacks a good theoretical base and a sound methodological design. Although the book has attempted to summarize the current state of knowledge in the area of investigation, by design or default, the book seems to be tailored to appeal to a certain segment of the market. The writer was inclined to appeal to those who are politically against the EPRDF Party in Ethiopia. Since some of the content of the book was reported previously by other writers on a number of politically-sensitive websites, as a scholar and academician

Birara should have established carefully the reliability and validity of some of his tables and sources of information. For example, the source of information for Table 2 , pp. 292-296 and Table 3, pp. 382 are not given. Since the sources of the tables are not given, it has been very difficult for me to verify Birara's data.

Concerning the figures about Official Development Assistance (ODA) given on p. 164, it would have been appropriate if Birara had converted the data into Real ODA by adjusting for inflation. Then, these real ODA should have been analyzed in detail for what purpose they were used by the Military regime and compare their usages by the current regime. If Birara, as he stated it, thinks that the real ODA assistance the current regime has received over the years has 1) not reached the common people, 2) failed to achieve minimal growth, and 3) made Ethiopia to be dependent on foreign aid, then he should empirically substantiate his argument. Otherwise, I see no clear evidence how his hypotheses could be ascertained except to say some sections of the book were written purposely to add fire to the already the emotionally charged anti-EPRDF regime.

In addition, regarding the Official Development Assistance (ODA) depicted on p.164, it is possible to say that the tables don't seem to be derived from factual data, but consist of subjective or emotional values. It is further interesting to note why Birara did not pay much attention to some of the research papers that have been written by the Ethiopian government, multilateral organizations, and other neutral researchers. Also, though Birara now seems to be against foreign multinational investors, why did he forget to mention China's investment in Ethiopia. For example Mersha outlines that China produces barley, oilseed, and sesame

seeds in Ethiopia, and it is likely to bring in Chinese workers to do the job (2009). If Birara is genuinely interested in the unemployment and exploitation of Ethiopian workers, why were not Mersha's comments introduced in his book?

As mentioned before, the first section of the book attributes Ethiopia's poverty to ethnic-federalism type of management style and highlights some of the policy mistakes undertaken by the EPRDF. The final section of the book, on the other hand, seems to be written as an afterthought because all of a sudden Birara appreciates, as does the IMF, the economic growth of Ethiopia and Birara goes one step further to make some constructive suggestions. Given the contradiction between the beginning of part of the book and its conclusions, it is rather very difficult for any other objective researcher to replicate the study and arrive at the same conclusions. Also, Birara should know that policy implications have to emerge from the data analysis. Though minor, assuming that the book was published by a well-referred publishing company, Birara's book needs to have an index at the end of the book and all the tables need to be listed in the table of contents.

Given the positive and negative aspects of my review of Birara's book, I would like to salute Birara for asking other Ethiopians in the Diaspora to have a worthwhile discussion that might benefit our country of origin. After all, most of us were disassociated from our beloved country not by design but by default. Therefore, I hope Birara will not take a defensive stand. I rather would like to salute him for his noble call for all Ethiopians to be architects of their country's sustained development rather than leaving Ethiopia to be a benevolent guardian of the Western-initiated

globalization wave. Based on Birara's call for constructive endeavor, I have no doubt that we can extricate Ethiopia from the malaise of poverty, revitalize its economic system, and put Ethiopia's development firmly on the global agenda. This will generate new confidence in Ethiopia that it can emancipate from poverty and achieve a people-oriented type of sustainable development.

## References

- Begashaw, G. "Port of Assab as a Factor for Economic Development and Regional Conflict".
- Abbai, Belay and Zeru Kehishen (July 15, 2000). "Meles' Assab Policy Threatens Ethiopia's National Security".
- Birara, A. (2010). **Waves Endemic Poverty that Globalization can't tackle but Ethiopians can.** [www.sbpbooks.com](http://www.sbpbooks.com)
- Chowdhury, A.K and Erdenebileg, S. (2006). "Geography against development : A case for landlocked developing countries. New York: United Nations
- Desta, A. (2010). "Industrialization by Invitation: Will it work in Ethiopia?" <http://farmlandgrap.org/100083>. Retrieved September 18, 2010.
- Desta, A. (1993). **International Political Risk Assessment.....** Need ham Heights, MA: Ginn Press.
- Desta, A. ( 2010). *Microcredit for Poverty Alleviation and Fostering Environmentally Sustainable Development: A Review of African Case Studies*, **International Journal of Business Research**. Vol. 10, No. 2, 2010.
- Desta, A. (March 29, 2010). "Transitional Democratic Governance and Economic Development. The Ethiopian experience." [http://tigrionline.com/democratic\\_governance.html](http://tigrionline.com/democratic_governance.html)

- Dulane, A. "Ethiopia: An Appealing Investment Destination in Africa" **JAPAN SPOTLIGHT**. September/October, 2010.
- Habisso, T. (2010). "The Challenges of Implanting and Building Multi-Party Democracy in Multi-Ethnic Societies" <http://aigaforum.com/article/> retrieved February 13, 2010.
- Khandker, S.R (April, 2003). Microfinance and Poverty: Evidence from Bangladesh. **Grameen Dialogue**, no. 54.
- Mersha, G. (12 August 2009). "Experts worry about negative consequences: International Agricultural Land Deals Award Ethiopian Virgin Lands of Foreign companies" Retrieved December 15, 2009, from [www. Ethniomedia.com](http://www.ethniomedia.com).
- Mohamad, M. (1994). Speech by Dr. Mohamad at Rethinking Human Rights, 5 December 1994 . cited in Lee H.P., Constitutional Values in a Turbulent Asia, 14<sup>th</sup> LAWASIA Biennial Conference, August 16-20, 1995, Beijing at p. 3.
- Sen, A. (2003). "Why Democracy is not the Same as Westernization: Democracy and Its Local Roots." **The New Republic, October 6, 2003**.
- UNDP, (2002). **Human Development Report 2002: Deepening Democracy in a Fragmented world**. New York: Oxford University Press.
- Walta Information Center, "IMF hails Ethiopia's fast economic growth." <http://www.waltainfo.com/index.php?opinion=com>. Retrieved September 14, 2010.