

The Economic and Political Cost of Not Integrating¹ Indigenous Knowledge in Agrarian Policy Making in Ethiopia*

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| <i>abatua laygedel</i> | Since her father cannot kill |
| <i>wendimua laygedel</i> | nor can her brother |
| <i>arsew yabluat inji</i> | let them feed her |
| <i>hodua endaygodel</i> | by cultivating so that her stomach will not be empty |

[From a popular Ethiopian melody]

When the property and the knowledge of a people increases, the government's policy and wealth parameters also increase. As the knowledge and wealth of people develop, the governments' instruments of policy implementation acquire additional strength [effectiveness]".

Negadras Gebrehiwot Baykedagn.

Written in 1917, Translated as *State & Economy in
Early 19th Century Ethiopia*,
Karnak House & Red Sea Press, 1995. pp 53-54

Key words: Agrarian reform; Ethiopian revolution; Peasantariat; Agrarian crises; Agrarian classes; Feudalism; Distress surplus; Gultegna; Neftegna; Peasantization; Retail Price Index.

¹ Integrating is deliberately selected in the title to denote the need for interfacing the national with the global in the policy making process.

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Abstract

This paper examines the pitfalls of an otherwise well intentioned agrarian reform which formed the centre piece of the 1974 Ethiopian Revolution. It is contended that most of the non-anticipated negative consequences emanated from the adoption of Euro-centric model not sufficiently interfaced with the specificity of rural Ethiopia. The paper focuses on the implication of the reform for rural migration, the related problem of famine, redistribution of rural incomes and the impact on the welfare of the rural and the urban poor and accumulation. Finally, it brings to the fore the gist of an indigenous knowledge source on the political economy of Ethiopia which may have provided better policy reform base for the Agrarian Reform.

In the search to compress the agrarian structure of Ethiopia into the social trajectory of European societies, it has been variously conceptualized as part feudal, part capitalist or wholly feudal or capitalist by writers and different political protagonists. The term feudo-bourgeoisie was the common theme which informed the political tract of analysts and activists alike on the eve and during the course of the Ethiopian Revolution of 1974.

Informed by the feudo-bourgeoisie paradigm, exempting tenants from the payment of land rent, the Reform of 1975 abolished 'land-lordism', to contain 'relation of exploitation', it prohibited the hiring in and the hiring out of labour. Similarly, it set a maximum of 10 hectares of land per peasant which could be operated without hiring labour and attendant exploitation. While most large farms were converted into State farms, those more than 10 hectares in peasant areas were apportioned to the nearby households.

The great agrarian reform of Ethiopia provided an unfettered access and security of tenure especially to those who were tenants in the pre-reform period and opened up the prospect for new institutional and technological set up to unleash a dynamic process of agricultural development. However, possible gain from such a potential were constrained by setting cultivation ceiling at 10 hectare in one season rain-fed agriculture, the curtailment of open and competitive channels of marketing, undue bias in favour of State farms and the inefficient operations of the AMC. In the face of increasing

population and declining per capita output of food, these contributed towards the creation of a new crisis manifested in very low producer and very high consumer prices, vastly increased imports, dependence on food aid and drastic reduction in the welfare of the urban and the rural poor.

*One of the root causes of the agrarian crises was the wrong conceptualization of the agrarian problem and the attendant uncritical application of statist policies in the form of State farms, marketing corporations and compulsory delivery of grain all copied without innovative adaptations from the social experiences of other societies. The policies led to mis-allocation of resources and failed to establish prices, which, while being sufficient to motivate peasants, would have been affordable by the rural and urban poor. The stifling of the movement of labour had a devastating effect on the drought prone agriculture. In the end, the institutions of the State provided comfort to the State elite at the expense of the welfare of the disadvantaged in society. By curtailing the trend towards accumulation, it stifled the medium and long-term growth prospect of the national economy. The political cost to the **Derg** has been obvious.*

GHB's conceptualization of State and peasants, defining the parameters of the role of the State in development in general and agriculture in particular and the articulation of the relation between agriculture and industry and the policy implications therein could have gone a long way in drawing more down to earth realistic agrarian policy measures at the historical moment when Ethiopia was on the threshold of radical change. Alas! as the Amharic saying goes "bej yale worq ende medab yekoterai": "that gold in one's own hand is undervalued as if it were copper"

1. Introduction

It is now a common knowledge that there is an agrarian crisis in Africa's agriculture³. Minor regional variations notwithstanding, the abysmal failure of African agriculture to raise land and labour productivity to meet the needs of the rapidly growing population is well documented for individual countries and for sub-Saharan Africa as a whole⁴. Hunger and malnutrition afflict a large segment of the population, even in those with sizeable levels of non-agricultural exports, massive external aid and only limited debt. More than any other continent, the vast majority of the populations are directly engaged in agriculture to earn their living. Food prices are essential elements of urban welfare.

In such circumstances, the poor performance of agriculture does not only have profound implications for the growth of the economy and general welfare, but also political overtones contributing to the crises of the state in a number of countries in the post-independence period. Among others, at the root of Africa's food problem are development models copied from outside without much creative adaptation.

At the level of problem identification and resolution, both neo-liberals and Orthodox Marxists (how could Marxist ideologues call for the development of capitalism in Agriculture? It should be noted that in some socialist countries, state farms, which were based on mechanized large scale production were the dominant form of agricultural production, while in others, communal agriculture were the major ones. In Africa, state farms were developed on the Soviet Russia format. That is to say, outright call for capitalist development, which is private ownership, was not the main focus for Marxists)

³ This is notwithstanding improvements in Ethiopia, Ghana, Mozambique, Rwanda, Tanzania, Uganda and Zambia.

⁴ See World Bank. *World Development Report*. Various Years.

consistently called⁵ for the development of capitalism in agriculture. Neo-liberals emphasize the need to get internal and external prices right. Radical dependency theorists located the root of the agrarian crises in the poor countries in the formation of the law of motion of capital as a world phenomenon and its stunting effect on the periphery of the world system. Although challenged by the upsurge of capital accumulation in the Newly Industrializing Countries in East Asia, their powerful critique of the marginalists and Orthodox Marxists contention of the development of capitalism as a necessary condition for transition had gained momentum especially in Latin America⁶.

With few exceptions, most African countries based their agrarian policies on the paradigms and theories mostly informed by the social and cultural histories of European societies. Nearly 40 years after independence, it is a disservice to our societies if we continue to churn out theories and practice which have very little interface with the pre-colonial history, current life conditions and future visions for African peoples. Apart from anything else, the Africanization/Ethiopianization of the understanding of the agrarian crises should at least be able to challenge the latest form of control which passes as consultancy.

This paper examines the pitfalls of an otherwise well intentioned agrarian reform which formed the center piece of the 1974 Ethiopian Revolution. It is contended that most of the non-anticipated negative consequences emanated from the adoption of Euro-centric model not sufficiently interfaced with the specificity of rural Ethiopia. The paper focuses on the implication of the reform for rural migration, the related problem of famine, redistribution of rural incomes and the impact on the welfare of the poor and accumulation.

⁵ In the light of the post-industrial condition of the contemporary developed world, whose watershed has perhaps been marked by the fall of the Berlin Wall, and the de-constructions of paradigms that ensued, a past tense is used for the earlier debate.

⁶ For the then contemporary debate see Carter: 1979, 1973; Frank, A.: 1967; Palma, G.: 1978; Banaji J. 1977; Armin. S: 1974; Bernstein. H.:1979; Carter, A.: 1973, 1978. Laclau E.:1974

Finally, it brings to the fore the gist of an indigenous knowledge source on the political economy of Ethiopia, which may have provided better policy reform base for the Agrarian Reform.

2. Agrarian Structure at the onset of the 1974 Revolution and the Main Features of the Agrarian Reform of 1975⁷

The agrarian structure on the eve of the Ethiopian Revolution of 1974 consisted of very few but an increasing number of Ethiopian capitalist farmers, absentee proto-landlords, resident rich peasant cum land renters, a small stratum of rich peasants, middle peasants, at country level the vast majority, poor peasants and an emerging peasantry⁸. Nearly 1/3 of the peasantry, almost *equally distributed by strata*, were tenants with more concentration in the southern part of the country⁹. Making up 12% of the rural households, the landless consisted mainly of pauperized peasants, married and unmarried young households dependent on their families, occupational castes engaged in non-farming activities and others without access to land due to the pressure of population on land following the respite from war-lordism during the largely country-wide peaceful era of 1941-1974¹⁰.

⁷For an excellent exposition and early evaluation of its performance see Dessalegn Rahmeto: 1985 and aspects of its implementation Aster Akalu: 1982; and various articles in Pausewang & Eshetu Chole: 1990. The bases of the analysis and statistical figures cited in this section are found in Tenkir Bongor: 1996. & 1992, 1987; The post-reform [1975-80] price data is from Shifferaw Gurmu: 1980.

⁸ This is a term coined by scholars to denote the dual nature of African migrants and semi-migrants to urban and semi-urban areas with access to land in their areas of origin for actual and potential cultivation. See Saul: 1979 & Saul & Wood: 1973.

⁹Although there was more land dispossession under the *neftegna* system in the south, the *gultegna* in the north were also encroaching upon the traditional rights of the *ristegna*. However, due to the availability of more and better land on the one hand and the religious and cultural separations and subsequent alienation between the *neftegna* and the peasantry, in most part of the south, higher rates of tenancy were registered

¹⁰ That is notwithstanding low level brief military conflicts in Gojjam, Bale, the Ogden and the more protracted one in Eritrea.

Considering the low level of the commoditization of Ethiopian agriculture, the agricultural labour class among the landless households was largely formed neither by their marginalization by rich peasants nor due to a large scale formation of agrarian capitalism. Rather than in the south of the country where the country entered the world market via the production of coffee, proportionately, more of the landless strata was to be found in the mainly contemporaneously *rist* regions of the North. Making up nearly 60% of the rural population, the poor households had a per capita holding of less than a hectare of land under single cropping and rain-fed agriculture. About 1/3 were indebted, half of them for food. The poor peasants meet their subsistence requirements partly by buying back in the market during the lean season when prices are very high¹¹

The rich peasant class made up 3.7% of the rural households but operated 20% of the holdings and owned 13% of the reported oxen. They were the vital sources of credit and full and part-time employment to the poor and landless peasantry. The proto-landlords consisted of the hitherto tributary warlords and patriots manning the modern civil and military apparatus of the State. Some emergent petty bourgeoisie anchored in trade and civil service were also making their way as 'owners' of land as per Civil Code in the post 1941 period which provided the legal foundation for the privatization of land.

By and large, the proto-landlord stratum had neither the calculating and hence, the motivation and skills to restructure the mode of production in the European feudal¹² model nor did it possess the enterprising and paternalistic

¹¹ This poses a policy dilemma in balancing between reasonable prices for the producer to motivate increased production on the one hand and to enhance the welfare the rural and urban poor through cheaper prices on the other. Given their social location, smaller size, high level of articulation and the consequences of the political risk they carry, only the urban poor usually enjoy food.

¹² On feudalism in Ethiopia and elsewhere see Addis Hiwot. 1975; Banaji, J. 1978/79; Bauer D. 1977; Bernstein, H. 1979; Bloc, M. 1978; Cliffe, L. 1974; Cohen, J. 1974; Crummey, D. 1980; Dessalegn Rahmeto. 1984; Dobb, M. 1981;

attributes of the Japanese feudal class in the transition to capitalist agriculture in the respective regions. The small class of incipient capitalist farmers emerged from the use of green revolution technology strategies introduced in the mid-sixties. Joint venture agro-industries [producing cotton, sugar, tobacco, citrus fruits, etc.,] were also in the process of expansion.

Due to the small size of holdings, use of traditional technology, predominantly one season cropping based on rain-fed agriculture on the one hand and the rapid growth of population in the post-war period on the other, most of the marketed surplus was *obligatory* to pay rent and tax [about 50%] which could be construed as *distress surplus*. Only a limited amount was disposed as *commercial surplus* to purchase urban made goods - an important link as a home market for the fledging industrial sector. The latter surplus mostly emerged from the rich peasants and not from the proto-landlord class, which largely received rent directed towards the consumption of imported goods and invested in speculative urban land & buildings.

In the search to compress the above agrarian structure into the social models of European societies, it has been variously conceptualized as part feudal, part capitalist or wholly feudal or capitalist by writers and different political protagonists. Both in political discourse and academic studies of the political, economic and social trajectories of the Ethiopian experience, the term feudo-bourgeoisie was the common theme which informed the political tract of analysts and activists alike on the eve and during the course of the Ethiopian Revolution of 1974¹³.

Given the social relation of production, the size and the source of surplus and the mode of production implied, it can be categorically asserted that

Ellis, G. 1976; Gebru Tareke 1991; Gilkes, P. 1975; Hoben, A. 1973; Hultin, 1977; Kay, C. 1974; Lapisso G. Dilebo 1991; Perham, M. 1968; Pausewang, S. 1977.

¹³ For academic designations, see Bondestam: 1975, Stahl, 1974; Halliday, 1980 and various student publications and political discourses of the period.

agrarian capitalism could not capture the true essence of pre-revolutionary rural Ethiopia. The use of feudalism as in the European and Japanese models cannot adequately describe the defining characteristic and dynamics of rural Ethiopia in the period¹⁴. The feudal mode of production encompasses an articulated combination of the relation and forces of production. Under the feudal model, the largely landless peasantry was subject to the whims and economic calculation of the lordly class¹⁵. The latter had the juridical ownership of the land enabling it to restructure production. It is the outcome of the interaction and the dynamic logic of these class relations with the market, technology, ecology, demography and the tempo of the non-agricultural sector which laid the social foundation and propelled the feudal mode towards agrarian capitalism and social change.

In Ethiopia under the *gultegna* and *neftegna* [Political-Military tributary agrarian relations in the North and South respectively] systems, the peasantry exercised considerable autonomy in the labour process. Except for the short interregnum of 1941-74, the peasantry both in the North and South had a secure access to land mediated by traditional institutions which had existed for thousands of years. With the instability of the *gultegna* system and the stagnant technology that accompanied it.

Land ownership in the European juridical sense of the term was not a necessary condition for the reproduction of the Ethiopian tributary state. In so far as the static characteristic of the feudal mode of production are conceptualized to locate the dynamics of its social economy, its application to infer a policy for radical change appears

¹⁴ A very detailed exposition of this issue reviewing available literature is found in Tenkir Bongor: 1992 & 1996. For an excellent debate with respect to India and Europe respectively, see Mukia: 1981 and Dobb: 1981.

¹⁵ This is very critical to reorganize as per the requirement of technical and social change in the process of maximizing rent incomes. For its decisive role in the transition to agrarian capitalism and industrialization in the context of Europe, see Anderson, P. 1978.

to have been a misnomer¹⁶.

Informed by the feudo-bourgeoisie paradigm, exempting tenants from the payment of land rent, the Reform of 1975 abolished 'land-lordism'¹⁷, to contain 'relation of exploitation', it prohibited the hiring in and the hiring out of labour. Similarly, it set a maximum of 10 hectares of land per peasant which could be operated without hiring labour and attendant exploitation. While most large farms were converted into State farms, those more than 10 hectares in peasant areas were apportioned to the nearby households.

To implement the radical reform policy, peasant associations were set up to see to it that members obtained a fair share according to the size of their families. However, ultimate jurisdiction on both rural and urban lands resided with the State. The reform encouraged the formation of cooperatives and subsequently established the Agricultural Marketing Corporation [AMC] to protect farmers from the perceived exorbitant exploitation by traders. Together with peasant associations, it became the main channel of grain collection at fixed prices which were much lower than the prevailing parallel market prices¹⁸.

On the positive side, redistribution of holdings was perhaps one of the most radical in modern times. Given the weak political position of the Ethiopian peasantry, no amount of half-hearted reform such as ceilings on ownership tried elsewhere, for example in India, could not have restored the dignity and inalienable traditional right to land enjoyed by the southern peasantry prior

¹⁶ For an expanded debate on the subject see Tenkir Bonger: 1992, 1996 and Tenkir Bonger 1997 (Eth. Cal). *Yezaraitu ethiopa edgetna limat keyet wedet endet* in Amharic, Addis Abeba.

¹⁷ For details of its provisions, see PMGSE, 1975.

¹⁸ Detailed quantitative analysis is found in Tenkir Bonger: 1987 & Shifferaw Gurm 1980.

to the expansion of Menelik and the installation of the *neftegna* system¹⁹. The reform put an instant break on the rapid erosion of the rights of the northern peasantry.

Nevertheless, from the anti-bourgeoisie and anti-feudal *political* programme of the period, but without an in-depth examination of their implications for the generation of surplus towards growth, development and equitable distribution of incomes, the above provisions in the reform were enacted in order to curtail and/or destroy feudalism and what has been perceived as the adverse consequences of capitalist relation, of production. These were the implicit and explicit assumptions that informed the agrarian policy of the Mengistu regime.

3. Some Adverse Outcomes of the Reform

3.1. Migration²⁰

Prior to the Revolution, thousands of peasants from the labour surplus north and the *enset*²¹ complex areas seasonally migrated to the land surplus²² coffee producing areas, taking with them their beasts of burden. They took part in the collection, transport, processing and trading in coffee and urban-made goods. In the performance of such duties, they penetrated the interior districts which were not accessible by motorized transport. The southward trek from Shewa, Tigray, Wello provinces and the *enset* complex began at the onset of the dry season but after the heavy agricultural tasks had been undertaken in the areas of out-migration. On their return journey around March/April, just before soil preparation in their home areas, they took with

¹⁹ This is the territorial seizure by Menelik of southern Ethiopia and the governance system of northern overlords on the peasantry. It has been variously described as expansion, conquest and even colonialism by political protagonists.

²⁰ The discussion here is generated from recollection growing up in the major transit route of migration, Welkite Town, and observations and data collection while working as a coffee marketing research officer with the Coffee & Tea Development and Marketing Authority in 74-79, during and immediately after the reform.

²¹ Banana like staple food plant in southern Ethiopia.

²² These are relative and static given the state of the art of current technology.

them returns from their labour-, animal power, entrepreneurship and trading in the form of cash, grain and coffee for sale. With the transport of coffee to the north, the domestic demand for coffee was expanded stimulating future output²³.

As voluntary movement of people, this peasant to peasant migration attracted the able, the needy and the ambitious. When there were shortfalls in cereals the families of the migrants could mitigate the effects of drought with the cash and grain thus obtained. Given social reciprocity in rural societies', the return from migration benefited a multiple number of the migrants. Apart from short-term hunger alleviation, the process also enhanced accumulation. This is because as most poor peasants and the peasantries had few or no oxen, income from migration was used to purchase them and by doing so bring more land under cultivation and undertake agricultural operations in a more timely and intensive manner. Having learned the languages, sometimes marrying locally, some settled permanently easing pressure on land in the supply areas but also meeting extra demand for labour in the settlement areas.

This form of people to people interaction unmediated by the state, had less social tension compared to the large-scale government sponsored north-south settlement programmes in the aftermath of the 1984/85 famine. Instead, the pre- reform period migration facilitated a human to human contact between peoples of different languages and in some cases varying cultures without the direct intervention of chauvinistic and inferiority complex laden approaches set in motion by vested political interest groups at State, regional or local levels. By using animal and human power with low opportunity cost in the agriculturally slack period, the process decreased the demand for extra resources in the alleviation of human distress such as famine. In the coffee areas, where there is relative labour shortage, the rich peasants supplemented hired labour to expand coffee output which showed a

²³ In the interest of maximizing foreign exchange in the short lean such movement, was, however, officially prohibited

phenomenal growth of output and exports in the post-War period²⁴.

The prohibition of the hiring in and the hiring out of labour and with it the deceleration of the tempo of seasonal migration dis-articulated the spontaneous, efficient and mutually beneficial peasant to peasant exchange. This component of the otherwise well intentioned radical reform contributed towards the stagnation of coffee output²⁵, a fall in the income of actual and potential migrants with a very high marginal utility from incomes. Among some households and in some drought periods, it had amounted to life-saving measure from drought and attendant famine. It is a tragic irony that during the most severe famine of 1984/85, the Ethiopian Government was chanting many anti-imperialist slogans while at the same time extending begging bowls to the same countries, albeit directed mostly to their respective civil societies.

3.2 Peasantization

Following the agrarian reform, the trend towards the social differentiation of the peasantry was reversed while the process of peasantization proceeded at an increasing rate. By 1978/79, four years after the proclamation of the reform, nearly all of the marginal peasants and the peasantries obtained some holdings. With redistribution, the rich peasants' share of total holdings declined to only 1.4%. Apart from collective and State farms, since the reform put a ceiling of 10 hectares both for access and cultivation by peasants, the re-distributive measure lacked in-built mechanism to increase size of holdings by enterprising peasants.

²⁴Despite abundant supply of land in some coffee producing areas, in the 17 year post-reform period, export of coffee remained almost in the same position. While the causes may include other than the discontinuation of migrant labour, given the labour intensive nature of its production and processing, it is more likely that it was a contributory factor.

²⁵ See Statistical Abstract, various years.

Middle peasants became the most important segment of the peasantry in number [50%], size of holdings [75%] and as important venues of the marketed surplus, innovation, the institutional, political and economic framework of rural society. The remission of rent, which was in most cases a *distress surplus* paid by middle and poor peasants in the pre reform period, transferred about 17% of the agricultural output from absentee proto-landlords and resident renter rich peasants to the poorer section with a much higher propensity to consume own incomes²⁶. Following the reforms, the effective demand of peasants increased from 65% to 75% of cereal output. In the event of the stagnation and decline of per capita agricultural output, such redistribution, not countered by rapid diffusion of agricultural technology and markedly improved terms of trade, reduced the flow of the marketed surplus of cereals.

Furthermore, the agrarian structure dominated by middle peasants, which emerged in the post-reform period, changed the supply of the marketed surplus from being obligatory to one of being commercial. Tenants needed to generate surplus at least to pay land rent and the worker to obtain means of subsistence under the capitalist modes of production. The social position of both compel them to operate outside of the household economy for survival. On the contrary, the dominant social class in the post-reform agrarian structure in Ethiopia, the middle peasants could, to a large extent, have the potential to give their back to the market and to some extent to the state too. Low procurement prices, very slow diffusion of a agricultural technology and ceiling on holding led middle peasants towards the option of survival but constricted motivation for extended production towards the market, putting an upward pressure on prices.

²⁶ This, however, should not be construed as accumulation foregone at least in the early stages since a well fed peasant *household* is more likely to increase the productivity of labour.

3.3. Impact on Prices

Between 1975 and 1980, the real Addis Ababa Retail Price Index, of which food carried a weight of 57%, increased by an average of 17% per annum from 2-3% in the previous 5 years. Within this trend, the price of cereals and those of the coarse ones purchased by the poor increased even more rapidly. On the other hand, the composite price paid to the producers lagged behind the pre-agrarian reform period suggesting that the effect from increased retail prices did not trickle down to the producers. The mean differential between producer and wholesale prices in the post reform period increased by nearly five times²⁷. On the other hand, the parity of the cost of production and producer prices remained almost the same. The most affected in this price build-up were the surplus producing peasantry, the rural and the urban poor. Not only were the latter two adversely affected by price rises of the deficit in their subsistence, but by the lower level of their wage income as well. The total supply of rural wage employment declined because of lower demand by the now independent middle peasants and due to the legal prohibition of the hiring of labour²⁸ on the supply side. In the same period, rural wage levels increased much slower than cereal prices. Hence, the poor, in general, were adversely affected not only by the astronomic rise in prices of goods on which they depended for their subsistence, but also from a fall in their absolute real incomes.

²⁷ The balance was a trading surplus by AMC, the state marketing agency. In 1981/82, it was estimated that its gross margin made up 5% of the value of all cereal output in the country i.e. including home consumption. Since its main marketing function was changing the place of the commodities rather than the more cost incurring changes in form and time utilities, the wide trading gross margins cannot be justified on cost grounds.

²⁸ Given the dispersed nature of rural areas, the central government may not have had full capacity to enforce the law; but its eyes, the peasant associations, could have served as deterrents.

3.4. Accumulation

It could be argued that part of such a wide margin between consumer and producer can be channeled towards accumulation in agriculture and non-agriculture in the medium and long term interest of the national economy. In fact, the officially stated aim of the AMC was to meet the objective of paying reasonable prices to the producers and the delivery of adequate supply of food to the urban consumers to cushion the strategy of industrialization. However, apart from short-term storage and transport, the wide gap between the producer and consumer prices was neither because of value added, nor net surplus for accumulation, but due to higher marketing cost of the State Corporation compared to traders. In 1980/81, 60% of the AMC's Addis Ababa retail price was marketing cost including salaries, imported equipment, inefficient use of transport vehicles etc. The equivalent ratio in the pre-reform period was only 10% of the retail price²⁹.

The massive inefficiency resulting in high marketing cost and low producer prices by the State trading agency served as a deterrent for increased output by the then potentially commercial marketable surplus producing middle peasants while simultaneously contributing towards a rise in food prices³⁰. This drastically reduced the purchasing power and with it the welfare of the poor without contributing towards net accumulation strategy as in the collectivization model of the Soviet Union which the agrarian reform proclamation appeared to have emulated.

²⁹ Shifferaw Gurmu: 1980; Tenkir Bonger: 1996

³⁰ It is said that to reach the parallel market which nearly doubled prices in some instances, the logical response by the peasants was to moonlight by transporting cereal on pack animals leaving the main roads to evade checkpoints.

3.5. *Institution Building*

(It is better to distinguish between institutions as organizations and institutions as laws/constraints on social, political and economic interactions. According to Douglas North, institutions are rules of the game, constraints on human actions and interactions, impose incentives and penalties. Institutions include both formal and informal laws, rules and regulations see North, 1990.)

Among the State institutions and associated regulations thereof which came into being in relation to the agrarian reform, those with relevance with the issues at hand were the AMC³¹, state farms and peasant associations and cooperatives and resettlements. How about resettlements? In some years, State farms gobbled up about 80% of the new inputs to agriculture, displaced some peasant farmers and used invaluable foreign exchange in their drive towards mechanization. Overall, they have been consistent loss-makers even by financial appraisal criteria let alone on a social cost benefit analysis using the shadow prices of their inputs and outputs. While their share of the marketed surplus rose to as high as 20% in some years, their employment creation and self-enhancing effect was minimal. Since they delivered food to the huge military establishment and the politically sensitive urban wage earners, they were of course of strategic importance.

The other grass-root institutions, peasant associations and cooperatives lacked autonomy and instead became subservient to the interest of the State which were not always congruent with their own. Consequently, they could not perform their potential role as bastions of expression of pluralism in rural society reflecting its economic, ecological and cultural diversities. The contrast with the other State institution, the relatively efficient, profit making and expanding Ethiopian Airlines, is very telling³².

³¹ Regarding the AMC, comments were made under section 3.4 above.

³² There is of course a vast difference in the nature of the operating environment, the incentive system, the inputs and outputs, etc. But with its requirement of operational

4. Alternative Conceptualization of Relation Between State, Peasants and Agrarian Development Policy

In the foregoing sections, it was argued that deriving policies from the theories of foreign social formations without interfacing them with the specificity of the Ethiopian case have resulted in some serious adverse consequences. Gripped as it was in revolutionary fervor in 1974, the country could have derived more realistic policy pointers from the works of the great Ethiopian political economist, *Nagadras Gebrehiwot Baykedagn*³³ [hereafter GHB]. Gebrehiwot's point of departure is his consideration of Ethiopia as a subject in itself and in its own terms. In his work, Ethiopia's belated incorporation into the world political, economic and cultural system is problematized in so far they help to illuminate the critical questions regarding its constraints and opportunities.

GHB begins his theory of the state and peasants with a review of the causes and consequences of conflicts between and within agrarian societies. His theory of the State posited in the framework of this conflict and change in agrarian societies points to the formation, oscillation, rise, decline and fall of the Ethiopian State(s) resulting in non-development. *The reproduction of the ruling group is located in militarism often couched with religious underpinnings rather than on any economically articulated relations of production.*

The latter is central to the Marxist analysis of conflict in class societies and

sophistication at the global level, it is run entirely by an all Ethiopian management and technical team. Given the right policy and operational autonomy from political interference, this implies that the country has the potential to set up institutions performing at international standards including in the realm of rural development. The failure of the State institutions set up in conjunction with the reform is a failure of political management which in turn was at least partly a function of a development model which did not interface the national with the international.

³³ Gebrehiwot Baykedagn 1924, 1960. *Mengistna Yehizb Astedader* in Amharic Addis Ababa; or the English version 1995. Translated as *State & Economy in Early Twentieth Century Ethiopia*, Karnak House & Red Sea Press, London & Trenton.

to some extent in the liberal meditative role of the state. GHB demonstrates that even in the late 19th century, the imperial throne was attained by fighting one's way upwards from a very lowly political position, that of *koro*. In such a conjecture, it is not conceivable to have stable articulated social classes within the peasantry and building a continuous economic nexus with the state³⁴.

Since all the echelons of the hierarchy of the tributary State were under continual change and surplus pillage via militarism does not necessitate any formal or informal contract, *land ownership as a means of the reproduction of the tributary warlords became necessary only in the post-War period*. Since the hitherto agrarian relations imply undefined level of booty by the warlords [except perhaps limits set by some religion and other moral values], there was a very limited social space for enterprise and overt accumulation. The policy implication from GHB proposition is, save some parts of the South where privatization and expropriation of the hitherto *rist* lands were affected, *policy ought to have focused on production and reproduction via the diffusion of agricultural technology and its linkages with the demand from and supply to industry rather than on distributive and exploitation safeguarding measures elaborated in the agrarian reform of 1975*³⁵.

In order to dynamize the home market and the accumulation of surplus, GHB spurned tribute in labour service, grain and tax to the government. According to him, the first was instantly exhausted in the field³⁶. Tribute in grain was consumed by those who did not work. In the then condition of Ethiopia, the money tax collected by the State was spent on imported goods

³⁴ For an illustration of GHB's thesis as late as 1935 in Northeast Ethiopia, see McCann: 1987 and in other parts of the country Mclellan 1978; & Caulk 1978 & 1972.

³⁵ For a formal [mathematical] treatment of GHB's vital contribution, see Alemayehu Geda: 1998.

³⁶ This of course is very literal since the equivalent extra output could be appropriated as free labour by the tributary lord.

produced by foreigners who did not purchase the produce of the Ethiopian peasantry³⁷. His favoured strategy was a broadly based agrarian development firmly erected *on the prosperity of an independent peasantry able to purchase* urban-made goods thereby speeding up industrialization, increasing government taxation [via industries], employment and saving foreign exchange

He also cautions the government to get prices right, both to maximize the incomes of the producers and to hedge against the risk of a fall in price arising from the imbalance between supply and demand. The case for agricultural insurance and price policy are clearly laid down. GHB cautions against lending for agricultural development to small farmers without the necessary supporting measures such as education, the production and availability of urban-made consumer goods and a market in land. In the absence of these measures, the consequences of agricultural credit will result in the eviction of indebted peasants and the concentration of land in the hands of few landlords. The latter is dis-favoured because it does not have built in incentives for land productivity.

5. Conclusion

The great agrarian reform of Ethiopia provided an unfettered access and security of tenure especially to those who were tenants in the pre-reform period and opened up the prospect for new institutional and technological set up to unleash a dynamic process of agricultural development. However, possible gain from such a potential were constrained by setting cultivation ceiling at 10 hectare in one season rain-fed agriculture, the curtailment of open and competitive channels of marketing, undue bias in favour of State farms and the inefficient operations of the AMC. In the face of increasing population and declining per capita output of food, these contributed towards the creation of a new crisis manifested in very low producer and

³⁷ Cf with the- final destination of the surplus accruing to the functionaries of the State and institutions which were meant to channel surplus for industrialization.

very high consumer prices, vastly increased imports, dependence in food aid and drastic reduction in the welfare of the urban and the rural poor.

Instead of obsession with the elimination of feudalism and the policy prescriptions derived from it, given the very low level of agricultural surplus under the process of petty commodity production in the realm of tributary agrarian relations, the restoration of the political and land right of the peasantry infringed upon by the post - 1941 State could have unleashed the forces of production³⁸. If only the policy derivatives of the great agrarian reform were predicated *on the specificities of the Ethiopian agrarian structure*, the severity of the famine and the adverse consequences of escalating prices could have been competently dealt with from internal resources.

One of the root causes of the agrarian crises was the wrong conceptualization of the agrarian problem and the attendant uncritical application of statist policies in the form of State farms, marketing corporations and compulsory delivery of grain all copied without innovative adaptations from the social experiences of other societies.

The policies led to mis-allocation of resources and failed to establish prices sufficient to motivate peasants and affordable by the rural and urban poor. The stifling of the movement of labour had a devastating effect on the aggravation of the effect of drought. In the end, the institutions of the State provided comfort to the State elite at the expense of the welfare of the disadvantaged in society. By curtailing the trend towards accumulation, it stifled the medium and long-term growth prospect of the national economy. The political cost to the Derg has been obvious.

GHB's conceptualization of State and peasants, defining the parameters of the role of the State in development in general, and agriculture in particular

³⁸ Subject to the limits of the negotiating space between the peasant cultivator and association leaders on the one hand and that with state on the other.

and the articulation of the relation between agriculture and industry and the policy implications therein, could have gone a long way in drawing more down to earth realistic agrarian policy measures at the historical moment when Ethiopia was on the threshold of radical change. Alas! as the Amharic saying goes "*bej yale worq ende medab yekotal*": "that gold in one's own hand is undervalued as if it were copper".

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