

## **A Country of Make-Believe Economics**

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### Part One

“What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead.”

Nelson Mandela

There is no single country in the world that was not poor and technologically backward. Equally, I know of no single country worthy its name that does not strive to overcome policy and structural obstacles to free itself from debilitating poverty, hunger and technological backwardness. Twenty five years ago, Vietnam was one of the poorest countries in the world. Today, it is one of the fastest growing economies. Its rural sector is among the most dynamic in the world. Incidentally, it is led by a nationalist communist party that places the country and its people above anything else.

In Africa, Mauritius is a marvel of development. When I first visited Mauritius in the early 1990s, I was struck by the dynamism of the economy and the hopefulness of ordinary people in the streets. Post independence, Mauritius was a conflict ridden country. Today it is one of the richest in Africa.

Why the difference between them and Ethiopia? Among other factors, these two countries were not and are not afflicted by government leaders and civil servants who cook statistical data to glorify themselves and to entice foreign direct investment. They both focused on their domestic assets, capabilities and needs and met them.

My argument in this commentary is that the existence of a governing party and a formal government does not in itself suggest that people are better off than they were before. Mandela’s admonition that “What counts in life is not the mere fact that we have lived; but the difference we have made to the lives of others” is absolutely correct. Individual behavior and life is a mirror of societal and political

life. The mere fact that” a country has a government does not mean much to an ordinary person who does not have a job, food to eat or a proper shelter. The ultimate test of a functioning government is the extent to which it is making substantive differences in the lives of those who are marginalized, destitute and poor in a multi-dimensional way.

In my estimation, for countries to create a foundation for sustainable and equitable development, three conditions must be favorable:

1. There must be an inclusive and empowering political, social, economic and spiritual space. Central to this is freedom to speak, express differing views, protest, organize, assemble and provide inputs into policies and programs. Ownership of real assets is virtually impossible without freedom and the rule of law.
2. Good government policies and the regulatory framework that govern the allocation of credits, lands, investments, markets, labor, human capital and the use of natural resources must be fair, just, transparent, rule based and empowering. For example, a favorable and empowering policy environment in agriculture addresses basic human needs (food self-sufficiency and the like) by tackling ownership and other policy-driven hurdles that smallholders face. If the state is the problem, a caring government reexamines its own policies rather than blaming nature or the opposition that did not cause the problem in the first place.
3. Good and people-centered institutions attract competent and dedicated civil servants that the country avails. One of the best scholars on Ethiopia’s civil service, Robert Calderisi wrote a book about the high quality of Ethiopia’s civil service under Emperor Haile Selassie that the Socialist and current regimes decimated for political reasons. In their places both recruited political cadres to watch and report on transactions rather than to serve the public.

4. Studies show that a country afflicted with a suffocating political environment that is compounded by an institutional system of ethnic nepotism, rent-seeking, bribery and corruption is typically manned by some of the most incompetent and self-serving people on the planet. It is these same public officials at all levels of government who provide “make-believe” statistical data showing remarkable growth in the midst of endemic poverty and hopelessness for the vast majority. The same is true in terms of political statistics. The number of people “murdered” by security personnel is often reduced by factors that make a mockery of human life. Growth data is raised upwards and the number of innocent people killed and or imprisoned or forced to flee is reduced downwards. Checks and balances are not permitted under the system. The truth is therefore unknown. Donors mimic the data.
  
1. When institutions are staffed by cadres whose primary role is to serve a political rather than a public purpose, the consequence is socially and politically disastrous. The reality of life in Ethiopia is camouflaged by a state and government system that is beyond public scrutiny and accountability. As a consequence the true definition of sustainable and equitable growth in Ethiopia is literally put under the rug. The narrative depends on whether one is pro-government or against it. If you are against the state and government, you can forget receiving quality or any service on merit. In a rent-seeking system, you have to pay some form of rent to receive basic services. In other words, service is not a right but a privilege.

Below is a summary of why “make-believe” statistics on Ethiopia’s growth are empty rhetoric:

- Youth unemployment and underemployment is among the highest in the world. More than 75 percent of Ethiopians are within the youth population bracket. Regardless of ethnic or religious affiliation, the vast majority of Ethiopian youth try to escape poverty by leaving Ethiopia. Imagine that many young people, especially males, leave

their country via Kenya and South and North Sudan through Malawi, Zambia and other Southern African countries to South Africa. From there large numbers find ways to travel via the Caribbean and Central America to the United States and Canada. A large number end up in detention camps in Miami and other American cities. The lucky ones find sponsors in the United States and Canada. I know this because I visited Miami and talked to a couple of young people how they did it. I am amazed by their bravery and determination.

- Ethiopia's youth exodus takes place through multiple channels. Djibouti and North Sudan and increasingly Eritrea are outlets. These outlets are replete with dangers. People die on the way. Girls are raped. Many are enslaved. When danger occurs, their government is nowhere to be seen or heard. What drives them is a sense of hopelessness. I bet you, if there was freedom to ask Ethiopian youth what they want to do, more than 75 percent would say leave Ethiopia. This says it all about "make-believe economics."
- As Ethiopia's governing party sanctioned study shows, people suffer from ethnic-favoritism and nepotism in employment, access to lands and credits and even fertilizers. Rent-seeking, bribery, corruption and collusion for private gain by public officials at the highest and other levels is rampant. It is institutionalized and not so easy to tackle.
- I admit that some form of cronyism exists in many countries. In Ethiopia though, crony capitalism has taken an ugly form, with a few ethnic families controlling the pillars of the national economy. If something of significance can be said about the "developmental state" it is this. It has demonstrated remarkable efficiency in transferring immense financial and physical resources to those in power, especially selected families of the TPLF.
- Mao is right. "Power comes from the barrel of the gun." What he did not say is that this power in turn brings immense wealth at a cost to the vast majority.

- So what do you do so that you don't lose this ill-gotten wealth? You repress and deny that you have repressed. You continue to live in a state of denial. You fabricate data to prove others wrong and you enforce it through the use of force paid by public funds.
- The concentration of income and wealth in a few hands is one of the greatest threats Ethiopia faces.
- If you live in a "make-believe economy," it is inevitable that you abandon and suppress freedom, human rights, the rule of law and justice in favor of the one party state and government.
- What is your rationale? Among others, Anti-terrorism, stability, growth and renaissance etc. You provide fabricated data to support your thesis that you are always serving the public good. If you go the country will collapse etc. Sadly, there are foreign buyers of this claim.
- Here is the problem though. The UN and other independent groups tell us that Ethiopia will soon experience the worst "famine in 30 years; and that close to 16 million Ethiopians will be affected." Simply put, there is famine in Ethiopia and it cannot be hidden.
- What happened then to double digit growth over the past decade? Who captured the growth benefits?
- What happened to the "make-believe" statistics that Ethiopian agricultural productivity has been growing by leaps and bounds for years? Where did these bounties go?
- As I said, blame it on those public servants hired to produce "make-believe statistics." Can we blame them though? No; they too have to survive. It is the system that forces people to lie with data that is primarily at fault. A rent-seeking system cannot afford to tell the truth.
- It is the rest of us who have a moral obligation to say it like it is regardless of the consequences. As Mandela said, the "mere fact that we exist" is meaningless unless we dare to stand up and say "justice is not for you to dictate. It is for all of us to claim it as a right."

Part II of this series will examine the extent to which Ethiopia is benefiting from Foreign Direct Investment (FDI).