

# The Future of Ethiopia: Developmental State or Political Marketplace?

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## INTRODUCTORY NOTE

Today's changes in Ethiopia are rapid, confusing and disruptive. They promise openness and democratization, but also contain perils. Like many others, I am struggling to place them in a context that allows me to make sense of what is happening now and what may happen in the near future.

I find much of the commentary on Ethiopia's current predicament to be polarized, generalized or not sufficiently attuned to the specifics of the country's recent history. In my case, one prism through which I interpret Ethiopian developments is the analysis derived from numerous discussions that I had with Meles Zenawi between 1988 and 2012. I initially developed the framework of the 'political marketplace' as a critique of Meles's theory of the 'democratic developmental state'. In particular, I saw monetized or marketized politics as a threat to the state-led developmental order that Meles envisioned: I argued that as well as the two scenarios he envisaged, namely economic transformation versus a relapse into poverty and chaos, there was a third: a political marketplace.

The rationale for this paper is that these two frameworks, the developmental state and the political marketplace, offer analytical insights that are important for understanding Ethiopia today.

This paper has two parts. The first is based on those conversations with Meles. I have notes from many of them (especially from the period 2007-2012) and recollections of others. I have organized them into the themes of the developmental state, democracy and nationalism, and foreign policy and security strategy. In each case what I present are amalgams of notes, verbatim transcripts, and a few inferences. They are rearranged for coherence.

The second part asks questions relevant to Ethiopians today. I use the conceptual vocabulary of the developmental state and the political marketplace, to point to some lessons that might be learned and applied.

# (I) CONVERSATIONS WITH MELES ZENAWI

## The Developmental State

### **AdW: What is the developmental state?**

**MZ:** The definition of the developmental state has three components. First it must be autonomous from the private sector. It should make use of the private sector and guide it, but also be independent from it. The class base of such a state should be an atomized and satisfied peasantry: atomized in the sense that the peasantry are becoming capitalist and have abandoned their allegiances to intermediate social entities, and satisfied in that their material well-being is improving. The developmental state should control the commanding heights of the economy so as to be able to lead the private sector (banks, utilities, some key production sectors).

The second characteristic is obsession with development. It must pursue accelerated economic growth as its absolute and overriding priority. Development should be a matter of national survival; the ideology should be that growth is survival.

The third component is the hegemony of developmental discourse (hegemony in the Gramscian sense of being an unreflective, internalized set of assumptions, not an imposed order). The norms and values of our society must be based on value-creation and growth. Our small-scale producers must be focused on improving their material well-being through production.

### **AdW: Why is this better than the Washington Consensus programme of economic liberalization?**

**MZ:** One problem we face is that, in common with every other African country, our economy is very small, and the economic power possessed by the government relative to the size of the economy is very great. This creates

outside rent-seeking opportunities to those in political office. It's not a question of whether the state will allocate rents, but how it will do it. Will it be an activist, developmental rent-allocator, or will it be a passive rent-allocator? If the state isn't activist, the most capable people in the country will congregate around government office and direct those rents into their own pockets, and we will see the state as a network of patronage that facilitates massive corruption and capital flight.

The fundamental problem we face is that Ethiopia's factors of production are so constrained, that we can never compete in a globalized market without an activist state guiding our development. This activist state isn't just investing at a micro-scale but is guiding the entire economy, allocating state rents in a strategic manner.

### **AdW: Is Ethiopia's developmental state modeled on China?**

**MZ:** No. We take elements of different models from around the world. One of the benefits of the multipolar world is that we no longer need to stick with a single paradigm for development. When we came to power in 1991, it was an inauspicious time for any kind of political economic model that wasn't based on unfettered liberal capitalism and the nightwatchman state, so we had to hide our agenda of state control and bide our time. With the rise of China, the Washington Consensus lost its global hegemony. That didn't simply give us a choice between two models, but something far more important: it meant that we were able to pick and choose among the aspects of different models that existed around the world. In the 2001 document on foreign policy and national security, we determined that we would select what is most suitable for Ethiopia from different countries around the world: the U.S., Germany, China, Korea, wherever. I call it the 'Frank Sinatra' model: 'I did it my way.'

### **AdW: How do you analyze corruption?**

**MZ:** Corruption is everywhere, in fact the only non-corrupt states in the world are the northern

European protestants.

Let me make a distinction between pervasive rent-seeking and corruption. The developmental state can be corrupt (as in South Korea and Taiwan). In these countries, officials take bribes. For example, customs officials routinely ask for additional payments for importing goods, worth 12 percent of the value of consumer goods but exclude the key capital goods that drive the country's development. Even the thieves have internalized the developmental ethos: that is true hegemony! In other countries, by contrast (for example India), corruption is across the board the thieves take their cut by lowering the quality of construction and manufacturing.

Rent-seeking is getting an income or a reward for doing nothing except occupying a position. It can be entirely legal. In fact if the rent-seekers are in government they can write the laws to suit them.

Corruption and rent-seeking are connected. Rent-seeking is the perfect environment for corruption to thrive. You can have the most perfect macroeconomic policies but if the politics are wrong, you have the wrong class alliance with rent-seekers in power, it is a recipe for corruption. And once the institutions of government have become controlled by rent-seekers it is almost impossible to uproot corruption. Look at the way in which anti-corruption drives simply become a mechanism for a leader to purge his rivals and opponents.

**AdW: What are the obstacles to the developmental state?**

**MZ:** Development is not a process of capital accumulation but should be defined as technological capacity development. Hence it is essential to focus on education, especially secondary and tertiary, research and development. The day-to-day practice of producing goods contributes to this, in a dialectical approach to capacity building. This is part of the process of making value-creation into the driving hegemonic value in our society. But technological capacity development takes time. And in the meantime we face enormous obstacles, some of them external (such as the inevitable

fluctuations in the conditions of the global market, which can wipe out any of our infant industries virtually overnight) and some of them internal (most threateningly, the constant temptation of rent-seeking). We need to power ahead to achieve middle-income status, so that we have met the threshold conditions for sustainable growth.

**AdW: My concern here is that you have both underestimated and mischaracterized the challenges to sustainable growth. You identify corruption as an economic problem. But it is also a political problem. The most dangerous form of political corruption occurs when political loyalties and services can be bought and sold on the market, not just in individual transactions or one-off deals, but in a systematic manner as in market. We see different kinds of political marketplace in neighbouring countries. In Somalia, it is obvious.**

**MZ:** You are correct: our attempts to identify the basis for a developmental state in Somalia have so far completely failed, and all we can do is operate on a tactical basis. We rent loyalties of Somali factions on contracts that typically last 18 months, no longer.

**AdW: In Sudan, it is also obvious though it is more complicated, because there is a market among the political-commercial elites within Khartoum, and the institutions of government resemble Weberian institutions on the outside, but are run on the basis of supply and demand on the inside. And in Kenya, political competition has been so thoroughly marketized that elections have become an exercise in competitive political financing, and the cost of loyalty has become so high that the political parties are literally consuming the state to pay for their political ambitions.**

**MZ:** But in Kenya the political financiers are the domestic capitalist class and they will always stop short of going over the precipice. When their politicians take them to that point, and when the level of plunder of public resources gets to the point of implosion, and when the politicians turn to incentivizing their supporters by rioting and looting, the national bourgeoisie will step in and

say, enough is enough.

**AdW: And that is exactly what we have seen, first in stepping back from the brink in 2008, and subsequently in the new devolved constitution, which is quite explicitly a mechanism for giving those elites who lose at national level, a second chance to eat at provincial level.**

**MZ:** The most sophisticated political marketplaces are India and the United States. In India you can calculate exactly what it costs to buy an election, but the big national issues have been settled by the economic elites in advance, so the issues settled by the election are only the secondary ones. And in the U.S., do you every wonder why big corporate donors give money to both parties? Of course they want some influence on whatever candidate wins, but the fundamental reason is that they want to keep the price of power high so that ordinary citizens can't influence the process. If they donate to everyone, the American oligarchs can keep the barriers to entering the market as very high.

**AdW: But the reason I raise this is, of course, because of its relevance to Ethiopia. I think your framework for the developmental state underestimates the possibility that there can be reversals—some of them catastrophic reversals—in the process of developing institutions and creating a viable capitalist economy. The driving force behind those reversals can be the logic of the political marketplace: political power becoming tradable, and elections becoming expensive. Ethiopia doesn't possess the kind of national capitalist class that can give a pull on the reins to keep this under control. I wonder what an Ethiopian political marketplace would look like?**

**MZ:** We have been thinking about how the EPRDF as a party should engage with the private sector. It's best to keep the private sector at a distance and keep the party financed by membership dues. We should avoid business finance which would determine the short term activities of the party. But we need alternative means of engagement with them. Their representatives can attend our

congress through a mechanism of private sector associations. We are moving in this direction; most of private sector is becoming supportive of the EPRDF.

**AdW: I'm sure this is a good approach, but it's at the level of tactical policy engagement and regulation, not systemic. The danger is that the regulator will be vulnerable to capture by well-financed businesses or foreign governments.**

**MZ:** You mean that the Ethiopian state could be bought? I don't see that happening short of a counter-revolution, in which case, the rent-seekers will sell anything and everything. If that happens, well, Ethiopia won't be a failed state so it won't be a laissez-faire open political market like Somalia. We are not a rentier state so we won't become an oil-based kleptocracy like Sudan. Or for that matter a one-man mafia-style business as in Eritrea! The Kenyan example is more intriguing, but we don't have that national business class. But you are correct: your analysis is a powerful tool for the archetypical African state, and it demystifies the actual conduct of politics on the continent. You need to elaborate further. At the moment you are dealing with the political elite, you should bring in the masses in the rural and urban areas, how are they affected? You need to explain which social forces generate deeper rent seeking: are they inside the state structure or outside it?

**AdW: We don't have a good framework for this. The vocabulary of authoritarianism and democracy doesn't capture it. The notion of state capture—when a configuration of private interests takes over the apparatus of institutional government—is closer.**

**Ethiopia also belongs to that special category of liberation movements in power, and we can see different trajectories for how they have adapted. Some become big man patrimonial systems (such as Uganda or Zimbabwe). Some become monopolistic business states (such as Rwanda). Some achieve limited liberalization (such as Mozambique). But one category to which we need to pay particular attention is the emergence of a rivalrous oligarchy. What**



**happened in Algeria was that different power bases within the ruling coalition established a modus vivendi in which they collude, but also compete in a limited manner.**

**I like to frame it as political firms that operate in various configurations of a market: a public service utility which is a genuine monopoly, a free market in which anyone can trade, or a limited competition oligopoly. Ethiopia is basically a public service utility, in which the consumer-citizens can only take the service on offer at a fixed price.**

**MZ:** Is this a metaphor or are you saying that politics actually functions like this? You should refine this framework.

## Democracy and Nationalism

**AdW:** You insist that Ethiopia must be a democratic developmental state. But many people would argue that while you have delivered on the development, there hasn't been any progress on democracy.

**MZ:** Let's be clear what we mean when we talk about democracy: it must be a democracy of real choices. If we allow unfettered political competition today, the rent-seekers will be able to offer far more to the voters than a developmental party can. Part of it is false promises of all the goodies that will come taking power. Part of it is the windfall profits of privatizing key sectors such as banking and telecoms and selling off profitable corporations such as Ethiopian Airlines. And part of it is the zero-sum political calculus of winner takes all, loser takes nothing. That kind of democracy isn't offering real choices. What would be a real choice is between different paths to value-creating development. We could have a dominant party system, as we have today, with different views expressed within the party. Or we could have competition between two parties, each of them subscribing to a hegemonic developmentalism, so that when they rotate in and out of office, the fundamentals of the national project aren't in dispute.

**AdW:** But I worry that this is tantamount

**to saying to the Ethiopian people, you can have democracy, but only in a watered down version, and you will have to wait until we're a middle-income country.**

**MZ:** That is precisely why we cannot afford to wait. We have to push ahead with this accelerated development. We must have growth, growth, growth. The pressures for a conventional liberal democracy are there and cannot be contained indefinitely. What's essential for our national survival is that we have achieved sufficient economic growth that when the transition comes, it is manageable and doesn't jeopardize our developmental state.

We can't have patriotism with an empty belly and we can't have democracy with an empty belly either. Take your issue of food security which we have discussed so much. Imagine if there is a serious drought or another so-called world food crisis and we let the market take care of it: the price of staple food in Ethiopia will double. That's a national security emergency: look at how food price rises led to the Arab Spring. Even in our much more backward economy in the 1970s the starvation in Wollo was one of the immediate causal factors in overthrow of the Imperial regime. We estimate that if the prices of teff and other cereals go up by 50 percent in the main urban markets we will have serious disturbances on our hands, and so we cannot let that happen. Our national food security must be centrally managed. If we liberalize this sector we are taking a risk that we cannot afford to run.

Don't underestimate this danger. We have been lucky, but we are not in the clear on this yet.

**AdW:** You are persuasive about the dangers of reckless liberalization. But is there a roadmap for achieving it in a more managed manner?

**MZ:** The trajectory for the evolution of democracy must focus on the norms and values that make democracy real. We don't have the social and economic base for following the western model of democratizing through a piecemeal expansion of rights, though those will come in due course. It is not enough to have a political economy of value-creation: the democratic ethos also has to

be hegemonic. Germany from 1870-1945 was a classic case of value creation in the economic sphere but without the democratic ethos. We need a 'whole cloth democracy' which will have many impurities that need to be eliminated as we go along. We have inherited many problems from our feudal past including value systems. The opposition is not comfortable with the constitution as such: they wanted to change the constitution by unconstitutional means. They play the democratic game in order to throw out the rules of the game.

**AdW: You have massively expanded the membership of the EPRDF, and fused it in with the governmental apparatus. Isn't that dangerous for the prospects of democratization? Doesn't that invite exactly the danger that you are concerned to avoid—that a change in government or even a challenge to the EPRDF rule will actually dismantle the apparatus of government itself?**

**MZ:** In the wake of the setbacks of 2005, we had no choice but to emphasize the developmental project, and seek hegemony for developmentalism. We need our people to internalize value creation; to drink it, to breathe it.

But you are right that we must move on from that stage. Our party used to be a vanguard party in which the production of ideas, debate on policy, and implementation were all extremely high quality and were seamless. We never had a problem with implementation because the same individuals who were engaged in producing the policies were those that implemented them. We were close to the ideal type of democratic centralism. We cannot do that any more: our state is much more complicated and our party has changed its character, to become a transmission belt instead of a vanguard.

One of the things that is striking about developed countries is the proliferation of think tanks, set up by political parties, government departments, corporations and philanthropists. As Ethiopia develops we are going to need those kinds of institutions. That's why I was enthusiastic about your proposal regarding the Tana Forum and why we need to do similar things for social and

economic policy. We need the element of plurality in thinking about African development.

**AdW: The most controversial element in the Ethiopian constitution is the organization of administration and politics by national group, and the right of self-determination. I have always been intrigued by the fact that you adopted the Soviet definition of nations and a Soviet-style multi-national constitution, because that element of Marxist-Leninism is theoretically the weakest, and was deeply problematic in government—in fact it led to the breakup of Yugoslavia and the USSR at just about the same time as you were introducing it here in Ethiopia.**

**MZ:** The issue of nationalities is one that we cannot ignore. It was the question that broke the Dergue and it would have broken us too, had we not adopted the approach that we did. This is the other element to democracy in Ethiopia that you cannot overlook. In Taiwan and South Korea there was no issue of nationalities: they are entirely mono-ethnic societies and they could pursue their developmental state on an authoritarian basis accordingly. We cannot do that because the people would not stand for it.

**AdW: Let me explain my thinking more. Modern nationalism is a product of industrialization: nation-states emerged from the industrial revolution and the administrative apparatus necessary for the organization of mass production, as well as military competition among industrial states both in Europe and for colonies. In pre-industrial agrarian economies there is no such thing as nationalism in this sense: it is a product of historical change.**

**Two things follow from this. The first is that any attempt to define nations and nationalities in a non-industrial society involves applying a set of more-or-less arbitrary criteria concerning language, culture, territory, etc. If the criteria are adjusted even ever-so-slightly, the groups or populations that are identified as nations will alter, their boundaries will change, etc. The second is that economic development—of exactly the kind that**

**Ethiopia is undergoing now—will change the character of those national entities. People will migrate, they will be organized differently, cultures will change. This is normal. So how will your definition of ‘nation’ change as Ethiopia industrializes? And what does this mean for the constitution?**

**MZ:** This is a critically important point that we have not resolved. It may be the most politically sensitive and explosive question that we need to face. Our federal formula was devised during the transition in negotiation with the OLF. Having been the most articulate element in defining the Oromo people, and demanding self-determination for them, the OLF were unable to form a coherent political programme that could represent those Oromo people. They regressed to a narrow nationalism that is the obverse of developmentalism or democratic nationalism. Meanwhile the chauvinists adopted another pathology of nationalism, inherited from the feudal-imperial past, of a pan-Ethiopian chauvinism that refuses to recognize other national-cultural entities as equals. For us to move forward it is absolutely essential that the equal status of nations and nationalities is not only enshrined in the Federal Constitution but is internalized as part of our common political discourse. This is the foundation of democratic nationalism.

**AdW: But I still see some big problems. Nations are not static and unchanging, especially when they are entities within a ‘nation of nations’. Isn’t there a danger of getting stuck with a system that cannot adapt to historical changes—especially with the pace of economic development that is now occurring?**

**MZ:** That is why we are decentralizing important elements of governance, such as budgeting, to the zonal level and even lower. We need to have the right balance between the powers that are held at all different levels of government. If we invest too much in one single layer, there is the danger that the corresponding level of officialdom will become rent-seekers based on the outsized administrative privileges of that particular level. When the system was designed in 1991, the nations determined the administration. We

want to avoid a situation in future where the administration determines the nations, which is what doomed Yugoslavia and the USSR.

There is also no reason why the EPRDF should be comprised of constituent parties that match the federal entities and are confined to them. There is no other federal system where party politics is run on this basis. We are considering making the EPRDF into a single unified national party. This would be a logical step, but it needs to be taken at the correct time with all the necessary preparation.

## Foreign Policy and National Security

**AdW: What is the strategic objective of Ethiopia’s foreign policy?**

**MZ:** Ethiopia is proud and we feel our national humiliations deeply. The source of our country’s humiliation in our time is poverty and backwardness. National pride is not a policy objective in itself: we must realize it through realizing democracy and development.

Our national survival is not guaranteed unless we overcome poverty. Our national security and foreign policy are therefore based on our economy, specifically our fundamental goal of economic development. Every aspect of our foreign relations must be geared to this goal. This is the new element in our strategy and it is a departure from the old way of thinking about Ethiopia’s national security, which was to identify threats one by one and figure out how to defend ourselves. Our national security is now based on our own national goals, and that is achieving economic development.

Ethiopia can never rely on any external power. We have no guaranteed friends. This is an old principle and it won’t change. Even when we have conquered poverty and achieved middle income status we will remain a weak country that could be prey to outside interference and destabilization. For that reason must avoid over-dependence on any one power and instead must diversify our aid, trade and security relationships.

Ethiopia's foreign policy has in fact been quite consistent on the principle of diversifying international links, with the exception of the period of the Dergue. That is also why we invest in the African Union and the United Nations and other multilateral organizations.

**AdW: Why is the conflict with Eritrea so intractable?**

**MZ:** At some point we will find a way to live together with Eritrea: that is inevitable. The issues that divide us are entirely down to some idiotic posturing and not only on the Eritrean side. Isseyas needs a face-saving formula, and it shouldn't be difficult to find one. He cannot forgive the Weyane for defeating his unconquerable army and so he is looking to punish them. One way he would like to this is to dismantle Ethiopia which is proving a lot more difficult than he thought. The other strategy is to hang on until he can find enough Ethiopians who can also demonize the Weyane. And for the time being the permanent state of tension is helpful to Isseyas, a reason for his survival. He knows that he won't survive any democratization.

What we need are less emotional relations with Eritrea. A more sober policy. The border question is irrelevant. The key is normalization of economic and social relations. We need Eritrean ports: we will reach the capacity of Djibouti soon and we need to diversify our access to the sea. If normalization isn't possible, we should avoid war, by deterring the other side. We think we have convinced them that war isn't a feasible option.

In the long term, Eritrea has a high potential to be a developmental state, but it might be too late for EPLF to be part of it. It also makes no sense for Eritrea to be isolated from our strategy of regional infrastructural integration: Eritrea should be connected to our power grids and our transport network.

**AdW: The 2002 White Paper on national security and foreign policy speaks of the importance of having a public discussion of defence strategy with the aim of forging a national consensus. Did this ever happen?**

**MZ:** No. In the event we have had other priorities.

**AdW: What is your greatest fear?**

**MZ:** We need to look beyond our immediate issues such as Eritrea, Somalia and the problems of the two Sudans. Those issues we can handle though sometimes they are costly. We face two strategic adversaries.

One is Egypt. This is curious because Egypt has much in common with us and has the potential to be a truly developmental state and a partner in revolutionary democracy. But Egypt has found itself trapped in the scale of its historic ambition for regional dominance and its historic failure to achieve that ambition. Until it escapes that sense of disappointment it will never be able to develop, and it will instead be a negative force dragging down the region. Ethiopia plays a special role in Egypt's sense of its historic hinterland because of the Nile. For Egypt, the Nile Water is seen an existential issue, and Egyptian leaders will use every means at their disposal to prevent us from exploiting the Nile waters. What they fail to realize is that the Nile Waters are an existential issue for us too. At some point in the future, we will identify our common interests, on economic development, regional infrastructure and security, and achieve the technical formula for dividing the Nile Waters that satisfies all the states of the Nile Basin. But while Egypt remains in the grip of a counter-revolution, and unable to satisfy the demands of its people for a better life, it will not be able to achieve this strategic reorientation.

The second is Saudi Arabia and more generally the Gulf states. They possess a level of resources that we will never, ever match. And the manner in which they can use those resources is not subject to any constraint. In your terminology, they have vast political budgets and when they decide to spend them, they first of all purchase loyalties. That's a tactical issue as they usually have a short attention span so the political product they purchase is highly discounted. But second and more importantly these political payments make the rent-seekers dream big. What follows is the most hegemonic manifestation of corruption: the corruption of the beggar who sits waiting for his



benefactor, every single day, whether or not that benefactor actually shows up on any particular day.

My nightmare is that the two should combine: that we should have an Egyptian agenda that is financed by Gulf money. I used to fear that this would happen with Islamist revolutions in both countries. Today I fear that it will happen because the security and commercial interests of the Arab countries will converge on an agenda of imposing tight control over their southern perimeters. With instability throughout the Middle East, Egypt and the Gulf monarchies cannot afford to have trouble on their southern periphery, and when they can no longer rely on the Americans to keep order, they will club together to do it themselves. The entire Horn of Africa will become their buffer zone. Imagine how much weaker Ethiopia's position will be with the UAE controlling every port we use and singing to the tune of Egyptian foreign affairs.

We cannot stop this from happening as the factors that would drive it are outside our control. But we can ensure that we have the leverage to minimize the damage and retain our autonomy.

### **AdW: How does Ethiopia retain its autonomy in the era of globalization?**

**MZ:** Globalization is a reality that we have to live with. Managing this reality and turning it to our advantage where we can, is the final pillar of our foreign policy and security strategy. Even when we achieve middle income status we will still be a weak player globally. We absolutely need our policy autonomy, or our gains will always be in danger of reversal. We could privatize our key economic assets and liberalize our land and food policies at any time. We would get some windfall financial gains from that, and those who bought up our assets would get even bigger windfall profits, but if we do that any time soon we will be the loser. Whoever buys up those assets, and without doubt they will be underpriced, will also buy a stake in our politics. And if we lose control of our land and food policies we will be exposed to global market forces that we cannot control but which can determine our destiny, at any time and without any warning.

Economic integration with the African continent is critical. All African economies, even South Africa, are too small to be truly developmental. They will always be susceptible to rent-seeking at the state level. In Ethiopia we are not in a position to open our market to the rest of the continent, as our manufacturing is not yet competitive without protective measures. So our integration is driven by infrastructure. This is where we learn from the Chinese, both in the technical and the political-economic aspects. Then in time we can gradually open our markets.

Multilateralism cannot cure our predicament but it is absolutely essential to alleviating it. Our foreign relations protect our autonomy to the degree that we conduct them in a multilateral fashion. The United Nations and the African Union are prone to making stupid decisions but it is much better that we are part of them, mitigating their stupidity and improving them where we can, than we turn our backs on them and complain about our vulnerabilities.

Because we are the host country for the African Union, we try to be as discreet as we can in influencing the organization. We don't want other African states to be resentful and suspect that we are abusing our privileges as host. This means that the AU doesn't have the profile that it warrants in Ethiopia or indeed within the EPRDF itself.

Globalization is first and foremost a political process. Don't underestimate the power of setting the agenda. One area in which we can lead is shaping the global agenda. We are doing this on climate change. We are planning to do it on biotech. We are doing it in a discreet way on peace and security, but it is important that we lead from behind because this is an area in which we can easily invoke jealousies. We also would like to lead on this topic of the democratic developmental state: it's not an issue that I can speak about publicly, too loudly, when I am in office, but the moment will come.

Agenda setting is the most elusive form of power, what Joe Nye calls 'soft power'. It's hard to achieve and so easy to lose. When Ethiopia becomes an agenda taker not an agenda setter then that will

be a signal that we will be in danger.

## (II) QUESTIONS FOR ETHIOPIANS TODAY

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This second part of the paper poses a number of key questions that arise from the previous conversations and the current predicament. I use the conceptual vocabulary of the developmental state and the political marketplace, as well as nationalism and identity politics, to pose some questions.

### *What agenda is PM Abiy setting?*

In the few short months since Abiy Ahmed was elevated to Prime Minister he has set about changing Ethiopia's political landscape at an extremely fast pace. He has dominated the political agenda in an unprecedented manner: not even Meles at the height of his powers was able to tackle so many issues at the same time. Abiy is certainly setting a political agenda in the sense of making the running and compelling everyone else in Ethiopia to respond to his initiatives.

Two questions follow.

*First, is this his agenda or is this an agenda imposed from elsewhere?* Some of the priorities of the Abiy administration seem to reflect those of the U.S. (and some influential think tanks in Washington DC) and key U.S. allies in the region (notably the United Arab Emirates). That alignment should not be taken at face value. The U.S. coalition with Egypt, Israel, Saudi Arabia and the UAE is currently the dominant force in the wider region and it would be foolish not to play along with it, at least tactically.

*Second, does Abiy have his own strategic vision for Ethiopia?* Has he taken on the basic precepts of the existing EPRDF economic, political or security strategy, and merely adjusted them to current realities? Or has he developed new thinking which will emerge in due course?

Insofar as the PM has advisors who are drawing

on the dominant strands of international scholarship on liberalization and democratization, I caution strongly against applying general models to the Ethiopian case. There are too many historical particularities in Ethiopia—the extraordinarily rapid economic development, the complexities of the federal system and identity politics, the regional security context—that militate against using general blueprints. Ethiopian intellectuals often undervalue their indigenous tradition of political thought. The right balance is needed between general lessons and Ethiopian specificities.

### *Is Ethiopia still a developmental state?*

Ethiopia is growing fast—it is developing. But is it a developmental state? This has three components: (1) the strategy of state-directed economic growth; (2) the commitment to pro-poor welfare policies; and (3) the nature of the state institutions themselves.

I will not ask whether Ethiopia is following Meles's blueprint, because that would be a misreading of his intellectual style. He did not write a sacred doctrine and demand that his followers parrot it: what he did was to apply an analytical method to the Ethiopian predicament to arrive at a diagnostic, relevant to the immediate circumstance, and derive a set of policies from that. So the questions to ask are: (a) is Ethiopia a developmental state in its general sense, namely a state, autonomous from domestic and international private sector interests, that is committed to sustainable economic growth and transformation? And, (b) what stage in such a historic process has Ethiopia reached, and what does this imply? The two questions are interlocking.

So, question (1): is the state-directed strategy of economic growth intact?

The core metric of Ethiopia's developmentalism is economic growth. For all its shortcomings, it is the measure used around the world and the one that was used and celebrated by Meles and his immediate successors. Thus far, Ethiopia's GDP growth has not stalled. Economic development continues apace. In 2012, the year of Meles's

death, Ethiopia's GDP was \$43 billion; in 2018 it will be close to \$90 billion. At this rate of growth, Ethiopia will become a middle-income country by 2022.

The fact that Ethiopia has recorded its fastest-ever period of growth in the last six years can be interpreted many ways: as testament to Meles's vision and legacy; as testament to his successors' competence in economic management; as the outcome of favourable circumstances.

Under any theory of the developmental state, profound changes will occur as a country becomes middle-income. These changes affect the structure of the economy, many aspects of social relations, and the nature of politics.

The character of Ethiopian economy is changing fast: state control becomes less necessary and less effective as the economy grows and diversifies. Reforms such as lightening the regulatory hand, privatizing state-owned corporations, and opening up the economy to closer integration into the African and global market, are all compatible with a developmental state.

*The character of Ethiopian economy is changing fast: state control becomes less necessary and less effective as the economy grows and diversifies.*

The first subordinate question is whether the country has reached the stage of development where any such liberalization is possible without losing the developmental vision and ethos. There is no clear answer, but some of the benefits, costs and risks can be identified. The partial privatization of the banking and telecom sectors, and Ethiopian Airlines, will bring help fill immediate gaps in the national finances, especially foreign currency. There will be a trade-off in terms of future state revenues and control. And, given that the domestic business class is weak, it is likely that the main stakeholders will be foreign corporations or states (perhaps sovereign funds): whoever buys a controlling stake will have enormous political leverage in the country.

The decision, taken in March, for Ethiopia to join the African Continental Free Trade Area (AfCFTA) is also a step away from the previous strategy of protecting key industrial sectors and pursuing an infrastructure-led integration strategy. Among other things, this will have repercussions for how business is conducted with Eritrea, as the Eritrean economy is even less well-placed to take advantage of market integration, should it take steps in that direction. However, there are still key policy decisions to be taken about the pace and details of implementation of AfCFTA integration.

This leads to the second subordinate question, is how the reforms are handled. If they lead to a broad-based shareholder economy and the growth of a national class with a stake in Ethiopian corporate capitalism, they will definitely be a step in the right direction. On the other hand, if the reforms are managed with an eye to short-term gains, the likely outcome will be takeovers by those with an eye on windfall profits and future rent-seeking through access to influence over the state. That would be a regressive step. Meanwhile, the Ethiopian diaspora—which has capital, expertise and global business networks—could be a swing player, either helping to consolidate a national capitalist class, or else facilitating the international takeover of the commanding heights of the economy.

The developmental nature of the Ethiopian state is therefore in the balance.

### ***Does Ethiopia have a pro-poor agenda?***

Question (2) of the developmental state is the social agenda. The developmental state is also a state with an ambitious welfare programme, with an eye to protecting the poor and vulnerable, developing human capital, and easing the transition to a capitalist society.

Economic growth at the pace experienced by Ethiopia brings accelerated social changes. It brings migration, urbanization, disruption to livelihoods and social mores, and societal upheaval. New classes emerge associated with the booming sectors. Tax collectors, local government officials, police officers and statisticians struggle to keep pace with the changes. There are losers

too: those whose livelihoods and social status are damaged, and those whose worldviews and value systems are upended. Some are objective losers, left destitute as their skills or assets are no longer needed or because they have been defrauded of their land or inheritance because of their illiteracy or powerlessness. Some are subjective losers, finding themselves lower down on the ladder of social esteem.

Ethiopia is just at the beginning of managing the traumas associated with this accelerated transformation. The new administration should have no illusions that there are any quick fixes to the socio-economic disruptions associated with this transition to capitalism. Despite Ethiopia's rapid growth there are still tens of millions of desperately poor and vulnerable people: and there will be for the foreseeable future.

There are the traditional poor: the peasants. One of the most important, but least celebrated achievements of Ethiopia was averting a national food crisis in 2015/16, following the most widespread drought and crop failures in history. The government responded quickly and expeditiously to the problem, putting its own resources up front for a massive humanitarian and food security programme. Meles's fear that a 50 percent rise in food prices would bring political crisis was not tested: food prices rose by 30 percent at most, and although there were very widespread protests in small towns and rural areas, food prices did not become a political issue, and the areas affected by the riots were not the same as those afflicted by the food crisis. That was an object lesson in the insight that food security is national security: the EPRDF survived the political crisis, which it might not have done without its massive food security programme.

Food crisis was the dog that didn't bark in the night. Will PM Abiy's administration keep the national food security plans and mechanisms intact? He would be well advised to do so.

The fact that Ethiopia weathered this major adversity without losing growth shows that external factors have not been entirely favourable: Ethiopia's economic performance cannot be attributed to good luck.

There are the new poor: the newly urbanized and landless, the high-school graduates without jobs, the people whose low-skilled employment is insecure because of the volatility in the global market for their goods. Ethiopia has pioneered various forms of social welfare safety nets. They are less comprehensive, advanced and effective for these new categories of poor people, but the government has been making impressive efforts. This is a strength that the new administration should seek to build upon.

Ethiopia possesses a welfarist component to its the developmental state model, embedded in its institutions for food security, public services and national planning. If these institutions remain functional, a central pillar of the developmental state will remain intact. Moreover, maintaining these essential functions will be pivotal to social and political stability.

### ***What kind of state institutions is Ethiopia developing?***

The third component of the developmental state question focuses on the state: what kind of state institutions are being developed? Can they endure?

One reason why PM Abiy's reforms command such popular enthusiasm is that a wide variety of different political philosophies support an agenda of transforming institutions that are seen as corrupt, repressive or undemocratic. However, dismantling institutions is much easier than rebuilding them, and de-institutionalization can have seriously adverse consequences.

Many liberals, neo-conservatives and alt-right advocates of disruption share a philosophical premise that government's bureaucratic institutions do more harm than good, and lifting their dead hand from economics and politics will unleash the creativities of the people and the productive power of market capitalism. Experience has shown that this does not hold in countries that have not yet attained a certain level of economic development, and/or those in which the political 'rules of the game' are not settled. Instead of democratizing, these countries tend to transform either into political markets



or authoritarian systems, or descend into civil wars. (The central Asian republics of the former USSR after 1993, Iraq after 2003 and most Arab Spring countries after 2011 are examples.) In such countries, if political transformation is to be achieved without societal breakdown, then institutional continuity is advisable.

Ethiopia possesses an important asset in that its people have historically had a high regard for authority. The relative smoothness of the 1991 transition was partly attributable to this factor. However, with the rapid socio-economic changes of recent years, the orderliness of Ethiopian society is not guaranteed.

The likely impacts of rapid changes to institutions can be understood in a more nuanced way by reference to institutional theories of the state.

Dominant political science theories of the state emphasize its institutional nature, either in the sense (following Max Weber) of being a set of impartial, rule-bound governing bureaucracies for the administration of public affairs, or the new institutional economics' sense (following Douglass North) of it being a set of 'rules of the game' for political life. Weberian and new institutional economics share the premise that a state is developed when its institutions are sufficiently consolidated that they are respected by political elites, who play within the rules, and a change in administration or leadership does not result in wholesale changes to institutions or the political rules of the game.

It is testament to the institutionalization of Ethiopian politics that the national bureaucracy continued to function for the last six years following the death of its pre-eminent figure, and the rules of the political game were respected to the extent of two peaceful power transitions. However, the political crisis of the last three years, the growth of corruption in the public service, and the growing disputation over the fundamentals of the constitution, suggest that the institutionalization is not sufficiently consolidated.

All institutions can be reformed without losing their fundamental socio-political functions. A

certain degree of turnover of senior post-holders is to be expected, and indeed is a necessary part of the life of an institution. Some of the rhetoric of PM Abiy appears to go further, in terms of hinting at the delegitimization of important national institutions such as the military, using words such as 'terrorist'. Government departments and parastatals are all undergoing accelerated senior staff turnover and moreover are being publicly discredited as corrupt, partisan or bankrupt.

The crisis within the EPRDF structures is particularly significant because as the dominant political party, and one that has become extensively coterminous with the state, its institutional transition demands special care. Although EPRDF structures have decayed seriously, there is no alternative but to maintaining them in some form, lest a political vacuum develop. The weakness of EPRDF leadership is enticing for those who would like to sweep it away and build anew, but this would come at the cost of de-institutionalizing politics (in both senses of the word).

PM Abiy is also unclear as to the theory of democracy and developmentalism that impels his institutional reforms. Dismantling institutions because they are unpopular is a tactic not a strategy. It would be very easy for him to cater to the diverse interests and political philosophies that share a common programme of dismantling institutions, and find that he no longer possesses effective institutions of state with which to implement national policy.

PM Abiy's supporters are not entirely consistent in their position on whether they came to power through the 'rules of the game' or are intending to disrupt those rules. This provides political ammunition to their critics who claim that the correct procedures have not entirely been followed. The test of this will be the adherence to the rules of procedure for the upcoming EPRDF Congress and the preparations for the elections of 2020.

If the 'rules of the game' are indeed disrupted and institutions of government are indeed weakened, the likely outcome in Ethiopia will be a political marketplace in which money combines with

populist agendas (identity politics) to rule.

### ***What are the prospects for the federal system?***

Ethiopia's federal system is controversial. It would be an error to re-litigate the rancorous debates of the 1990s. But a constitution that solved a set of problems for one generation will inevitably create another set of problems for the next generation. The debate that is needed is, what did the federal constitution achieve in the historical circumstances in which it was introduced, and what elements of it need to be reconsidered today? What are the positive and negative aspects of identity politics in Ethiopia?

***Instead of democratizing, these countries tend to transform either into political markets or authoritarian systems, or descend into civil wars.***

Constitutions are living entities and need to be adapted as circumstances change. That is particularly the case for federal systems in countries undergoing rapid socio-economic transformation. The 1995 constitution is a framework for governing a post-imperial agrarian society. What is the constitutional system best suited for Ethiopia's political-economic future as an industrializing middle-income country while protecting the valued legacies of the past?

The federal constitution kept Ethiopia together in the 1990s. For the first time it recognized the equality of cultural-nations and the rights of minorities. It overturned the notion that Ethiopian identity could be defined by any one culture, language and value system. The federal system has provided different public-political goods to different groups, including: recognition of status as indigenous peoples with a privileged claim on their historic lands, self-government and an expression of national identity; cultural and language rights; and opportunities for political mobilization.

In most developing countries, identity politics takes the form of bargains between political leaders and the customary custodians of identity (tribal authorities, religious leaders).

Political entrepreneurs play the ethnic card in order to gain political advantage, but find that their legitimacy now depends on acceding to some of the demands of those custodians. In Ethiopia, the revolution removed most of the traditional authorities and reduced the power of religious leaders. However, identity-based legitimacy has re-emerged in new forms. Some legitimacy has accrued to the administrators of the ethno-national units of the federation (which is problematic, as administrative nationalists are inherently conservative). New cultural entrepreneurs have used the media to mobilize identity movements. New religious movements (Salafists and Pentecostals) have wiped away all intermediary spiritual hierarchies leaving only congregations of individuals facing the Almighty (a new and unpredictable element in the mix). Perhaps most importantly, some EPRDF leaders and cadres themselves also tried to manipulate the dynamics of ethno-nationalism for their own political advantage. Any hopes that the Federal Constitution might have tamed nationalism, or permanently solved the problem of multi-nationalism, were shown to be unfounded.

Identity politics is therefore in rapid flux and up for contestation. One of the generalities of exclusivist or intolerant identity politics is that it is rivalry for leadership within a group that is most powerful in fomenting extremism, with conflict between groups as the secondary outcome of that process, though a particularly dangerous one. Because the Ethiopian system consists not only of constitutional-administrative federalism but also of political ethno-nationalism—the EPRDF's constituent parties are organized on these lines—it is especially vulnerable to political entrepreneurship within its own structures based on appeals to ethno-nationalist identity. In turn, the most effective means for mobilizing ethno-nationalist sentiment is hostility towards an out-group, especially one perceived as threatening or dishonest. Allegations of unfair or corrupt allocation of power and wealth, become a powerful instrument for political advancement and organization.

The strength of the original EPRDF analytic of diversity, is that it identifies of nations, nationalities and peoples as historical entities

and thus prone to change. The weakness is that there is no mechanism for discussing that change in a constructive manner, let alone bringing it the required changes in the political and administrative system. In its implementation over the last quarter century, the federal arrangement has become centrifugal, for several reasons. First, the educational curricula of the different regions have fragmented the Ethiopian public sphere, and parallel political debates are conducted in different languages. Second, the primordialist or essentialist view of ethnicity has become more pronounced as the historical-constructivist analytic has faded from view, and previous historic processes of identity-assimilation and cultural change have become more difficult. The way in which the constitution recognizes diversity is very simplistic: it doesn't permit the

*The way in which the constitution recognizes diversity is very simplistic: it doesn't permit the kinds of multiple and shifting identities that allow societies to adapt and modernize.*

kinds of multiple and shifting identities that allow societies to adapt and modernize. In the current generation, social capital has been reconfigured in an overwhelmingly ethno-nationalist manner. Third, the administrative organization of Ethiopia, along with the division of the EPRDF into ethno-national parties, has come to shape the nature of ethno-political identity itself. In other words, identity politics is ripe for tactical manipulation by populist leaders, including from the ranks of the EPRDF itself.

All these questions are extremely delicate and could be explosive if mis-handled. Ethiopia can learn from other federal systems that have grappled with comparable complexities, in the context of rapid economic transitions, such as India.

There are alarming indications that the current political and territorial dispensation of the federal system is in jeopardy, with eruptions of inter-communal violence in many parts of the country. There are several conflicts over boundaries between regions (Amhara and Tigray, Somali

and Oromo). There are conflicts over rights of residence in localities that may translate into demands for existing regions to be divided, possibly creating new states (Southern region). There are conflicts over the status of indigenous peoples and settlers in other locations (Gambella and Beni Shangul). There is a proposal that the House of Federation should develop criteria for allocating federal projects 'equitably' among regions, which, if adopted, would change the role of the Federal Government towards an allocator of wealth among the regions rather than the engine of building a common economic and political community—a formula for unending disputes.

Inter-communal violence will also have the very unfortunate effect of hardening ethno-national divisions. These divisions will appear deep-rooted and primordial rather than a construct of historical circumstances. They will further legitimize political mobilization on the basis of identity politics.

### *Is Ethiopia becoming a political marketplace?*

Ethiopia is not a political marketplace. It will not become a violent chaotic one that resembles Somalia or South Sudan, but it may become a hybrid form more akin to Kenya or South Africa.

Corruption and the political marketplace are closely linked, though they are not identical. Typically, the main mechanism in which an institutionalized, authoritarian state transitions to a political marketplace is through the combination of corrupt deals and political competition. Politicians facing competition for party nominations or in open elections need money for their campaigns. Those in office need money to consolidate their patronage networks. The best opportunities for obtaining this money are through large-scale deals, especially with foreign investors.

Corruption needs to be understood in context. There is no historical case in which accelerated economic growth has not been accompanied by corruption. It is remarkably hard to measure corruption, but Transparency International provides a yearly ranking of corruption

perceptions. Ethiopia hasn't changed much on this: in 2012 it was ranked 113 out of 176; in 2017 it was 107 out of 180. Ethiopia is perceived as less corrupt than neighbouring countries. However, Ethiopians tend to aver that corruption has worsened, and they complain about corruption more than others.

One of the features of Ethiopian corruption today is that the proceeds of corrupt activities are largely invested in the domestic economy rather than hidden abroad. Another is that there is no established culture of negotiations over liabilities, by which I mean that small capitalists who evade taxes or cheat on licenses rarely have the chance to make a deal with the tax authorities whereby they pay a penalty and can thereby obtain reputable status. Rather, they live in fear that they will be punished harshly. This has the consequence that the class of emergent capitalists, which should be the support base for the EPRDF, tends to hide itself away at any moment of political confrontation rather than organize as a political force in support of the current dispensation. This may be one reason why those who have benefited from the last twenty years of growth are not ready to credit the EPRDF for their material advancement.

In all languages and political cultures, the concept of 'corruption' has both a material and a moral dimension. It could be argued that because Ethiopians expect the state to be autonomous from society and to unite the material and spiritual realms, the notion of 'corruption' carries a greater moral charge than in countries where material bargaining is intrinsic to political relations (such as Kenya or Sudan). By inveighing against 'rent-seeking'—a term that has never been widely understood by the population in general—Meles probably made this problem worse, as he raised the moral bar. Demanding a high standard of ethics in leadership is a double-edged sword as leaders rarely live according to the code. And one of the most consistent findings of political psychology is that the most-disliked kind of offender is the hypocrite. Those who are brazenly criminal are less disliked than those caught out in small hypocrisies.

It is always tempting for a new government

to engage in a high-profile campaign against corruption. Unless this is based on a thorough political-economic analysis of the contours of the issue, this can readily become a politically-partisan purge or a tool for generating insecurity. Anti-corruption initiatives need to be scrutinized as closely as corruption itself.

Another feature of Ethiopian corruption is that financial corruption has not become a driving factor in politics, or at least not yet. Ethiopia does not have a political marketplace in which electoral campaigns, patronage politics, and policy decisions are driven by the economics of supply and demand. It is not a political marketplace in which allegiances are traded for material reward. For sure, there are individual cases of corrupt transactions that affect gaining or holding political office, but this is not the dominant logic according to which politics is organized.

The most important element of corruption to monitor in the political arena is political finance. For example, we should analyze payments in the context of privatization deals, new foreign investment, and (especially) arms purchases, to see if additional funds are provided to finance the activities of political parties or candidates.

The questions to ask are: *what factors make Ethiopia vulnerable to the monetization or marketization of politics? What would such a process look like if it were to occur?*

The most obvious vulnerability is that Ethiopians are not used to the kind of political horse trading and bargaining that is common in other countries. There is an element of political innocence. The laws controlling political competition including financing of political parties, political advertising, etc., are not suited to competitive politics, and there is no experience in enforcing such matters as campaign funding laws. It will be tempting for the new administration to liberalize the political arena in a way that creates a free-for-all for those with money to spend. This also means that, in comparison to other countries in Africa in the Middle East, political market predators (such as the specialist advisory firms in the U.S. and Israel) may think that Ethiopian politics can be influenced or bought cheaply, and may rush in.



The relative lack of experience in political bargaining also means that Ethiopian political entrepreneurs may find that it is more effective to promote public messages of total change, rather than advocating dialogue and compromise.

What best protects Ethiopia from the marketization of politics are its institutions and rules. These can be restrictive and indeed oppressive, but their value will be recognized if they are gone.

### ***What is Ethiopia's position in the wider region?***

Ethiopia's standing in the Horn of Africa, Africa, the Red Sea arena and greater Middle East, and the world, are a mixture of its hard and soft power. Ethiopia's military has a high reputation. Ethiopia's economy is among the fastest-growing in the world. Ethiopia has set an agenda on key issues, including African peace and security,

***The next two years will be the test for Ethiopia's democratization: will this be a managed transition to openness and pluralism, a chaotic arena of unregulated competition, or a takeover by a new political force?***

climate change, economic integration, and the developmental state. The intellectual agenda-setting has often been conducted in a discreet manner, through multilateral organizations and without publicly proclaiming leadership, which has contributed to its success.

Ethiopia's strengths in this area include the institutional memory of its foreign affairs and security leaders, and its valued reputation for understated but principled leadership.

In today's emerging world of bilateral, transactional, monetized and coercive international relations, Ethiopia has much more to lose than to gain. It is overshadowed by far richer and more accomplished operators in the transnational political markets of the greater Middle East, particularly Saudi Arabia and the UAE. Its economic gains from embracing

the global market will be isolated windfalls; its advantages in the security arena will be subordinate to the interests of bigger players.

Ethiopia has invested in a multilateral order based on norms, principles and institutions, at the African Union and United Nations. The emergent order in the Horn of Africa is the hegemonic Middle East strategic alliance of Saudi Arabia and the United Arab Emirates, backed by Egypt, Israel and the United States. This is based on money and military capacity. Despite being dubbed a 'NATO for the Middle East', it has no treaty containing norms, principles and institutions, and its hegemony threatens the African peace and security architecture.

Ethiopia's 2002 national security and foreign affairs strategy is now outdated and was never more than a statement of intent, and the promise of holding a public discussion on the goals and strategies was never fulfilled. Attempts to bring it up to date in recent years did not translate into a coherent strategy. This is another area in which a national debate is required.

### ***What are the prospects for democracy?***

This paper argues that it is simplistic to make the case for democracy as though that were unproblematic in process and outcome.

The prospect of a swift and painless transition to a western-style democracy are of course zero: such a thing has happened only in dreams, and it is not useful to use perfection as a metric with which to judge the present, as it will not be possible to judge progress accurately. The better prospect is of an open public arena in which Ethiopians can engage in political debate and exercise political freedoms, without the future being dictated by either political finance or coercion.

The next two years will be the test for Ethiopia's democratization: will this be a managed transition to openness and pluralism, a chaotic arena of unregulated competition, or a takeover by a new political force?

The repression of the opposition and the de facto one party system in place for the last thirteen

years has been extremely unhealthy for Ethiopian democracy. Among other things, the de facto merger of the EPRDF with the state apparatus has meant that the EPRDF as a party has lost its identity. The exclusion of the opposition from legislature and executive at any level and in any location has meant that non-EPRDF politicians have not had any opportunity to learn the arts of governance.

The Ethiopian government has grossly misused its counter-terror legislation to suppress dissent and close down the public realm. Legitimate concerns over the ways in which some media whipped up ethnic animosities, and some NGOs could have become vehicles for foreign interests, led to over-harsh laws, implemented in a draconian manner. This has impoverished public debate in Ethiopia: less than two years before the next election is a very short period of time to reinvigorate that debate.

Meles's musings on a dominant party system, or a two-party system with rival developmentalist parties, are now history with limited relevance. A multi-party system is coming, with all its rough edges. Ethiopia has never had a real plural system, with coalition politics and power sharing.

A very general lesson that can be learned from transitions from authoritarian and single party systems is this: the most sustainable transitions are those that are initiated and led by reformers within the dominant party. Attempts to wipe the slate clean and start from scratch tend to end in disappointment. Ethiopia is well positioned for top-down reformism.

One fundamental question is, *what will happen to the EPRDF?* Can it survive, and indeed should it survive? What plans does PM Abiy have for the party?

Let me note three important strengths of the EPRDF. First, it has an internal system of deliberation. Its meetings are usually closed and interminable. But it does retain a tradition of discussion and argument following certain rules. Those discussions have been the only real political deliberation in Ethiopia that has some relation to the levers of power. One option for the

EPRDF is to make its discussions public and to invite representatives of all other stakeholders to participate. That would be its parting gift before stepping down as the dominant party: to bring all Ethiopians into its consultations.

A second strength of the EPRDF as a party is that it has rules of procedure that meant that it can call its leaders to account, as we have seen this year. The change in national leadership was effected through a party mechanism in an orderly and peaceful manner. That is also a norm, a fundamental principle, and an institutional mechanism that should be cherished.

A third strength—shared with state bureaucracies—is institutional memory. Ethiopia is an orderly society, run on the basis of rules, institutions and established ways of doing business. Often the bureaucracy is frustratingly slow and change averse. But the value of continuity and institutional memory should not be overlooked, especially at a time of rapid change in other spheres.

The weaknesses of the EPRDF are multiple. After more than 25 years in power, and having been folded into the state apparatus, it has atrophied. It is no longer the vigorous vanguard party that it once was. It is formally constituted as a single party. But neither is it a party organized to compete with others in a fair contest, or share power as part of a coalition. Its structure, based exclusively on national parties from different federal regions, is surely outmoded, and arguably even a recipe for conflict.

More important than structures and rules of politics are the substantive values of a society. These are changing in ways that are evident to all Ethiopians, but perhaps not well understood. Two changes are particularly noteworthy. One is the enormous rise in education: Ethiopians today are far more literate and connected than ever before. A second is that new religious affiliations are growing fast. As is to be expected, rapid social modernization leads to spirituality based on individualism and universalism, sweeping away the more hierarchical, mystical and ceremonial forms of religious practice associated with complex settled communities. Most evangelical

and Pentecostal churches promote self-help and a work ethic, as do Salafis and the Muslim Brothers; they are the spiritual counterparts of a neo-liberal capitalist order. The public ethics they enjoin are appealing to many, but they may also disrupt the societal consensus that has made Ethiopia relatively orderly.

Ethiopia's new PM is an outsider to almost all traditions of the country's politics: he is an ethnic Oromo, from a religious movement that is new in the country, with a fresh and bold public style. He is a force for change. Ethiopia undoubtedly needs fresh thinking and action in many areas. But disruption also has its dangers, especially in a country in which the governing institutions could be disrupted with relative ease, leaving perilous gaps in the political economy, law and order, and intellectual leadership that have been so essential to Ethiopia's recent transformations.

## CONCLUSIONS

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Ethiopia is entering a new era. However, much Ethiopian political discourse is fragmented, polarized, polemical and dominated by the logic of ethno-nationalism.

In this paper, I have tried to pose key questions and introduce some concepts that I believe are relevant to the Ethiopian predicament today. My principal motivation is that my framework of the 'political marketplace' suggests that the reforms undertaken by PM Abiy may have the unintended consequence of facilitating a political marketplace system in Ethiopia. Rather than a dynamic market economy and a flourishing liberal democracy, Ethiopia runs the risk of having a façade of these characteristics, while forfeiting many of the gains of sustainable development, social welfare, functioning institutions and foreign policy autonomy. Is Ethiopia to become a small open economy in a turbulent global market, as a junior associate of a military coalition that is transactional, not treaty-based? And, perhaps the most pressing question of the day, is the EPRDF able to manage the dynamics of conflictual ethno-national political mobilization that emerge from its own ranks, legitimized by the political system that it has constructed and dominated?

I hope that this paper will be a small contribution towards stimulating such a public debate.

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