

IMF/World Bank & the Clientele of Failing States: The case of Ethiopia's chronic famine syndrome

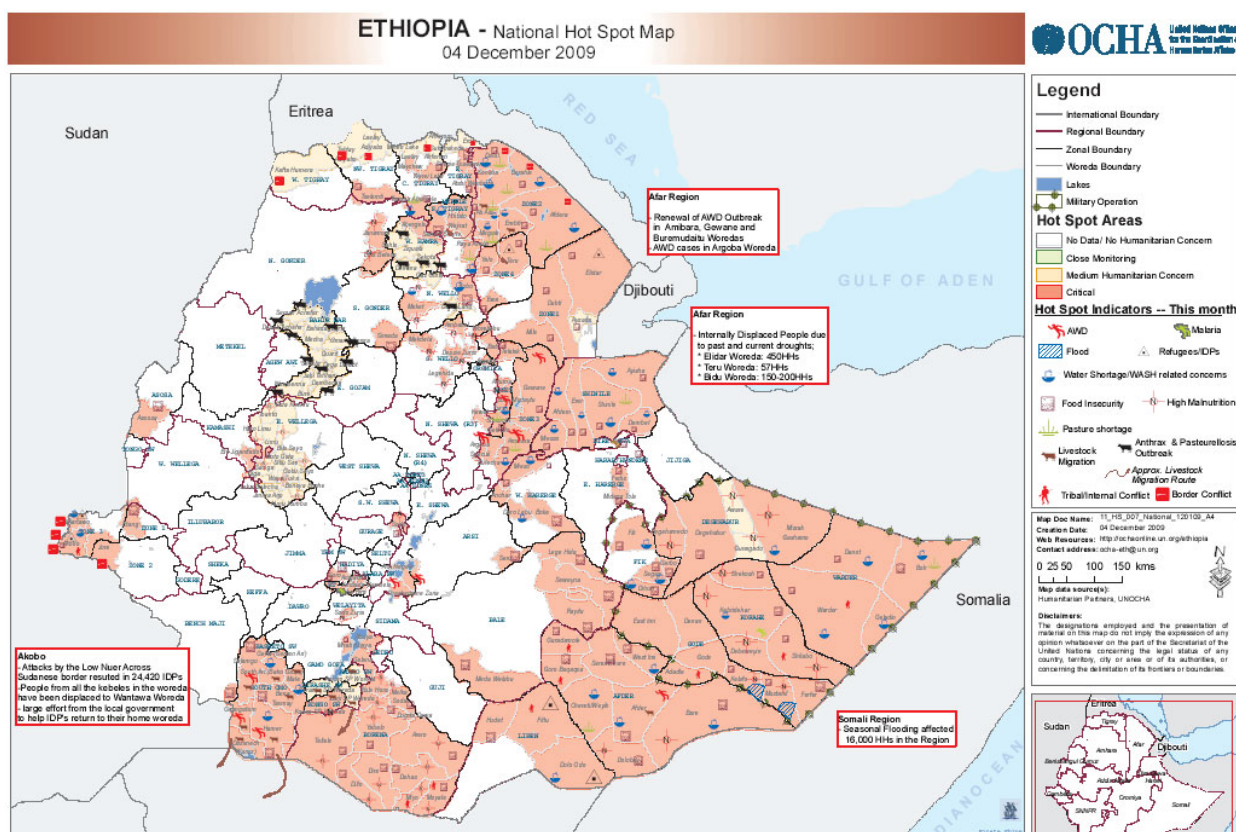
Laeke Gebresadik
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Ethiopia, in stark contrast to its fragile state of its politics and economy today was one of the great powers (only next to the Roman Empire) by the end of the II century A.D.[1] It was the powerbroker in the long drawn struggle between the Roman and Persian Empires and came to the aid of the former on its request. It commanded great influence in international trade and provided protection to Rome's merchant ships from pirates along the Red Sea coast. Many centuries later, Ethiopia prides itself as the only country that has successfully fended off European colonial powers in the last two centuries. This is of particular importance for the subject of our discussion that its economy, culture and politics largely remained unadulterated for the depredation of colonialism to be of any consequence for its current state of destitution.

Ethiopia is also known to have sent shipments of food aid to North America during the economic depression of the 1930s. As in a twist of fate, the world came to its rescue in the devastating 1984 famine that killed about a million people. Since then, neither the stigma nor the threat of famine has ever gone.

The problem of food crisis has its deep roots in the structural changes of the farming sector since the 1984 famine. The commercialized food aid and austerity programs of the IMF/World Bank and World Trade Organization (WTO) on the agricultural sector, and the economy at large, are the forces that have failed Ethiopia to achieve food security for its people since the great famine.

The lack of accountability of the government that turned the 1984 famine into a catastrophe of biblical proportions is indicative of what goes on to this day. It should be made clear that the 1984 famine was not caused by drought. The country was going through a devastating civil war and the Stalinist military junta known as the Dergue used the drought that hit the areas under siege as a weapon to decimate the population. The Dergue adopted a counter-insurgency strategy to disrupt food production in the region and later, food aid from reaching the famine victims.[2] Over hundred thousand people died in what is best described as the "famine holocaust" in the process of massive resettlement program alone akin to the Soviet collectivization of the Bolshevik Revolution; in the Ethiopian case, the attempt was to deprive the rebel group Tigray People's Liberation Front (TPLF) (currently holding state power) popular support by depopulation. The international media also shoulders the responsibility for its depiction of famine in Ethiopia and in sub-Saharan Africa, and the overwhelming emotional responses it exploits to further mystify the causes of famine as any thing but man-made. "The internal dimension—famine as a manipulated consequence of war and ethnic strife—was passed over. Newspapers and television left unwritten and unfilmed what both media initially were designed to capture: history in the making." [3] The opportunity for appropriate policy response is also missed when the international community lacks the prospect to learn the truth about catastrophic events like the 1984 famine.



There is a pattern in the successive three regimes, which presided over different famines since 1974 that they exonerate themselves by blaming food shortages on drought. Bad governance and failed policies automatically translate into an equation of food shortage and famine. This is true with the current regime as it fails to venture out of the banality of “drought causing famine” as it has done in the past two decades and continues to do in the currently looming famine. If there are people left today who do not think that a government letting its people die or suffer in the pretext of drought is not a criminal government, they better think again. Such governments, from the time of Haile Selassie to the Dergue and now the EPRDF, which all tried to hide from the world that their citizens are dying of famine, would not refrain from further using famine as a weapon of mass murder as a punitive action against the same people by denying them aid and other services. This we have seen under the Dergue and the EPRDF.

The new regime introduced what is known as Agricultural Development Led Industrialization Program (ADLI).[4] The program makes an abstraction of the over 80% population living in the rural areas as the basis for “agriculture-led” economic development. The policy document promises to raise technological level and the accumulation of capital, all in one stride. However, what it fails to address is how such a monumental task can be achieved by a sector that is predominantly subsistence farming and already under stress from plot fragmentation in the drought prone areas. The per-capita investment required for tens of millions of farmers to boost supply instead of creating value-added demand for their products is extraordinarily expensive and cumbersome task. The choice of agriculture in place of manufacturing to play the key role for development is more of a political decision given the copycat communist background of the former rebel group in power. It is, therefore, not surprising to see a supply-driven quota system with a “top-down and blueprint approach”[5] to its development policy similar to the former

regime and communist states. As we will discover later, this has greater implications on the mismanagement of programs and the ill-treatment of farmers.

Since the 1984 famine, many Non Governmental Organizations (NGOs) broker the business of food aid between the government and its donors. It soon became apparent to the North American agro-industry the potential for a lucrative business in a sustainable famine. It became necessary for the agro-industrial heavyweights and their political establishments in Europe and particularly the United States to sustain the business opportunity and device means to make famine a self-perpetuating economic phenomenon. A network of western conglomerates that have most to benefit from the food aid and their media embarked on public relations work of stigmatizing famine to the extent of making it synonymous with Ethiopia. The western media failing to investigate the truth behind the recurring famines helped create the rationale for the procurement of food aid to feed the very farmers who allegedly are helped for decades via different programs to be productive and feed themselves and the country.

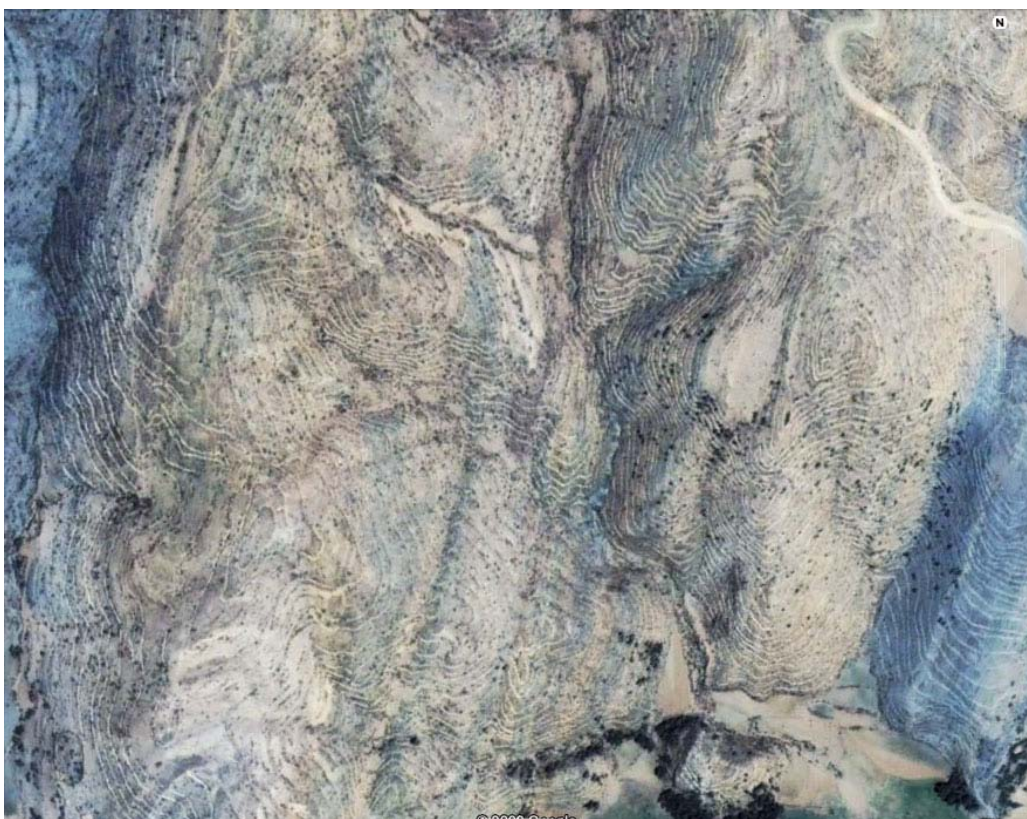
By the year 2004, twenty years after the great famine, farmers and their families in Ethiopia trapped in a cycle of draught and government mismanagement became established customers of human misfortune for rich farmers and mill companies in the United States. According to Dan Looker, "members of the North American Millers Association, which represents 95% of the nation's grain milling capacity"[6], lobbied the Bush Administration and Congress in 2004 to spend more on food aid.

The food handout recipients, who would least doubt the true intention of the aid they receive, do not have the economic or the political latitude to opt out of it. Thus, the business relationship decided on a state level between the Ethiopian government and the U.S. and its corporate powers profiteering from food aid is cemented for decades now by an unspoken congressional decree. An official of US government's Agency for International Development (USAid) confides as follows how difficult it has become to reverse this relationship: "We can't change without congressional approval, and Congress doesn't want to lose the support of Kansas farmers who sell to the government".[7]

Indeed, famine perpetuates itself by the immediate impact of the flow of aid on local product markets creating the cyclical collapse of prices. This damages the ability of the sector to revive itself even in times of surplus production. Attempts by the Ethiopian government and some NGOs for a shift from food aid to developmental aid have been in vain. Foreign food aid has since established itself as part of the food supply system for the last quarter of a century subverting any efforts for self-sufficiency and causing irreparable structural damage to the agricultural sector.

A systematic dissemination of Genetically Modified (GM) seeds in the name of emergency aid was also undertaken as part of the commercialization of foreign food aid in Ethiopia. Michel Chossudovsky exposes how the branches of the US government have been accomplices of the US biotech corporations who make their business the appropriation of traditional seeds and landraces in Ethiopia and elsewhere.[8] GM seeds are distributed as part of farm input packages as well as farmers simply conserving a portion of their food handouts for use on next sowing season. The contamination of indigenous crops with GM crops is indeed alarming given that Ethiopia is one of eight countries in the world endowed with a rich grain biodiversity.

The “food-for-work” program especially in the northern province of Tigray, an epicenter of the 1984 famine and chronically affected by drought ever since, has been pivotal to the government’s totalitarian approach to development since it took hold of power in the last two decades. The TPLF has its grip on the rural communities of Tigray exploiting the organizational skills and relationship that it cultivated during the armed struggle against the military junta. The TPLF has extensive reach to the farming community with a top down organizational structure necessary to enforce its policies and facilitate programs such as the food-for-work. The government finds this program a natural fit for the steady flow of food aid over the years. Farmers toil on treacherous mountainsides carrying rocks and building terraces snaking around the mountains to prevent rain runoffs and soil erosion. The program is mandatory and tied to benefits of participating in other farm extension programs. The degrading human condition the food-for-work program in itself has created and the draconian measures the regime uses to enforce the program are beyond a blatant denial of farmers of their freedom. Besides all the widespread corruption the food-for-work program has generated (involving the diversion of resources by officials for personal gain) and the reports of incidents of abuse and even killings of farmers by TPLF’s armed militias, it has generally turned the farming community into serfdom.



A thumbnail of terraced mountains in Tigray draining incalculable man/hour and Resources for two decades. Source: Google Earth.

A combination of such problems have not only created the justification for maintaining the flow of food aid but also tied up vital and massive labour force from other economic activities such as farmers devoting their time on their farms or engaging in trade to support their household income. Most importantly, it is obvious that the program has no direct and tangible contribution to farmers’ income or to enrich the land they cultivate; to the contrary, government and foreign interventionist policies have systematically rendered the farmer hopelessly dependent on foreign food aid. Julian Morris, executive director of International Policy Network, accurately describes

the grim situation when he said the suffering of East-African famine victims is not, “caused primarily by climate change (Western-induced or otherwise). Rather, it was and is the result of policies in the affected countries that inhibit freedom and incentives to trade, own land, and invest in diverse, prosperity-enhancing economic activities.”[9] The food-for-work program is recently upgraded into an institutionalized system in the name of “safety-net” program. This signifies two things: one, the growing scope of the crisis, and two, the lack of change in the regime’s attitude of treating farmers as the objects of government policy. The essential order of the two is reversed to the extent of degrading the former as human beings who should be consulted to bring the development needed, not as objects manipulated to suite domestic or foreign policy prerogatives. For this very reason, we see no improvement in the nature, packaging and delivery of the aid, if it is to be called developmental at all. What has changed is the population affected by famine conditions in the country has simply expanded while the fundamentals remain the same for a predictable outcome of perpetual crisis.

What is symptomatic of a profound structural damage to the agricultural sector is the growing pattern of farmers facing starvation in the prosperous and surplus producing regions of the country. In the year 2000, about 2.8 million people in the Amhara region were in need of food aid estimated at 300,000 tones amidst a surplus production of 5000,000 tons. During that period, 1.6 million people were classified “at risk” in the Oromo region, “despite the availability of more than 600,000 metric tons of surplus grain.”[10] While this may be an indication of the supply-side policy failure, it also points to much more powerful external forces that have helped instigate the crisis. Foreign interventionist policies, among them, the Structural Adjustment Programs (SAPs) is to blame for Ethiopia’s damaged agricultural sector. “The ‘economic therapy’ imposed under IMF-World Bank jurisdiction is, in large part, responsible for triggering famine and social devastation in Ethiopia and the rest of sub-Saharan Africa, wrecking the peasant economy and impoverishing millions of people.”[11]

A \$9 billion external debt was awaiting the new regime as it took hold of power and entered into an agreement with the Paris Club to reschedule the debts in exchange for extensive macro-economic reforms. “A Policy Framework Paper (PFP) stipulating the precise changes to be carried out in Ethiopia had been carefully drafted in Washington by IMF and World Bank officials on behalf of the transitional government.”[12] There is a parallel between the gun-toting TPLF rebels who just took power and had no clue about the heist of capitalism and the Soviet communists who were duped into selling the formerly state-owned entire industries at a basement price to a delegation of American corporations led by a team put together by the Clinton administration. [13] The TPLF leaders gleefully put the blueprint to work by taking sweeping measures with devastating consequences to the agricultural sector and the rest of the economy. Price controls and subsidies to farmers were removed immediately as demanded by the World Bank. Transportation and freight prices were deregulated exasperating rising food prices in areas of high food demand and shortage. The public control of markets for farm inputs including fertilizer and seeds were handed over to corporations including Pioneer Hi-Bred International, the second largest only to Monsanto Company. It took total control over the seed market by entering into a lucrative partnership with the government owned Ethiopia Seed Enterprise (ESE). As part of the scheme to cleanup the market and bankrupt locally based competitors, “at the outset of the reforms in 1992, USAID under its Title III program ‘donated’ large quantities of US fertilizer in exchange for free market reforms”.[14] This as planned eliminated local fertilizer producers from the market. Within eight years, the sale of fertilizer tripled from 209,264 [15] tons in 1999 to 625,000 tons by 2008. The government then soon

started to force farmers using different tactics to buy seeds and fertilizers on credit, trapping them in the ensuing debt burden.

The Yara Foundation, an affiliate of the Norwegian fertilizer company Yara, awarded the Ethiopian Prime Minister Meles Zenawi “the first African Green Revolution Prize”[16] in 2005 to the tune of \$200,000 in cash prize and an artwork of unknown value. The poor state of the agricultural economy and the evidence of recurring famine did not warrant the designation of the award, unless for the skyrocketing fertilizer salesmanship; this later aroused public uproar from Ethiopian opposition and human right groups.

What the SAPs also did was dismantle Ethiopia’s emergency grain reserve system established after the 1984/85 famine. In 1996, Ethiopia was required to export close to one million tons of GM maize to meet its debt-servicing obligation, an amount that would have been more than sufficient to cover the food shortages if the emergency grain reserve was in place.[17] This was re-imported a few months later to meet domestic needs in the form of food aid.

The list of foreign intervention is by no means exhaustible here; but what can be observed this far is the dynamics of the external forces and a failed government working in tandem ensnared the people of Ethiopia in a vicious cycle of famine. The global economic system where transnational corporations prey upon Third World countries by perpetrating systematic famine by commercializing aid or the dissemination of GM crops can inevitably lead to the domino effect of collapsing nation-states and their agricultural ecosystems leading to unprecedented loss of millions of lives. What is taking place in the agricultural economy of Ethiopia should send the warning signal to the rest of the world and ultimately to the country itself. As the WTO’s Agreements on Agriculture (AoA) and the patenting and monopoly control of seeds in the TRIPs agreement[18] all stipulate, the transfer of the agricultural system into the hands of global corporations is well underway in Ethiopia. The country is now a failing state by all accounts; it is a failed state on one of the single most important account that its government can no longer ascertain the food security of its people.[19] The sustenance of the government in power and the country rests on the mechanisms of relief-economy orchestrated by global financial institutions and the rich western countries. In other words, the existence of the regime and its relief-economy hinge upon the fulfillment of the profit demands of the global economic forces.

TO BE CONTINUED:

DISCUSSION ON ECONOMIC DEVELOPMENT POLICIES FOR ETHIOPIA

Endnotes

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The author can be reached at lgebre@live.ca