

PREFACE

Africa at independence adopted economic systems largely based on capitalist ideology which it inherited from the colonial powers. While some African countries embraced such economic system and link with the metropole, others pursued a more nationalist brand of capitalism that sought to reduce the influence of major powers. In the late 1950s, a strident socialist model emerged that challenged the capitalist model of African development. It advocated, among other things, state control of the “commanding heights” of the economy. Such ideology ranged from nationalist and militant anti-western stance to popular support to socialist alternatives stemming directly from extended guerilla insurgencies against colonialism. Later, in the 1960–1970s, a second challenge to the capitalist principles of development, inspired by the USSR, was the Marxist model leading to the establishment of many Afro-Marxist states. Those regimes began to decline in the 1980s due to several reasons such as economic crisis on the continent, the role played by the World Bank, and the IMF in terms of restructuring African development strategies and economies and the rise of pro-democracy movements.

In the 1990s, with the collapse of the USSR, across Africa there was the resurgence of capitalist ideology with many left-leaning regimes, including the African National Congress (ANC) of South Africa abandoned Marxism. In 1991, the military regime of Ethiopia, which professed to be Marxist, was overthrown by the Ethiopian People’s Democratic Revolutionary Front (EPDRF), which itself a left-leaning multi-ethnic guerilla coalition. It subsequently established a federal republic, provided

strong leadership and strived to transform the economy, via state-led development, and rapidly modernize the country. But it faces many challenges of political, economic, environmental as well as regional because of its strategic position in the Horn of Africa.

Economic development is the process by which a nation improves the economic, political, and social well-being of its people. It involves the growth of industrial sector and a level of national income sufficient to yield the domestic saving required to finance investment necessary which would improve livelihoods, or standards of living through the provision of public goods such as education, health care, and infrastructure, just to mention a few. Economic development, regardless of ideology, is a process driven by several variables both internal and external to the nation. Internal variables may include, the quality of national leadership, regime and elite type, human capital attained with the provision of good education, availability and access to good health care, ideology and type of mobilization, nature of institutions, such as a well-functioning legal and tax system, degree of openness to trade and investment, political stability, property rights, low level of income gap in society, location of the country, ethnic heterogeneity or homogeneity of society, the nature of culture, religion, and resources—although the last is not an absolute requirement as demonstrated by some resource-poor nations whose economies have taken off. Some external variables may be the politics of the region; the nature of the international order; economic, financial, and trade institutions; foreign aid or lack of technology transfer and markets; and period of insertion of a country into the global economy.

The study explores the state-led development process in Ethiopia. The reasons why in the past Ethiopia, the oldest independent nation in Africa, did not develop in the past may be found at the crossroads of many variables. For example, if one ponders factors such as the quality of national leadership and the nature of Ethiopian regimes, one quickly realizes these variables are contingent on the presence, absence, and nature of institutions, which may be dependent on political stability. In other words, the problem of non-development in the past may be not just lack of visionary leadership or institutions and so forth, but a whole gamut of related internal and external factors. As far as political stability is concerned, Ethiopia's long history of costly nation building is still unfinished, and while its current federalism may have been designed as an antidote it is still a work in progress and in the future, will face many challenges.

The rationale for the study are twofold. First, according to the World Bank, Ethiopia's economy has experienced strong and broad-based growth over the past decade, averaging 10.8% per year between 2004 and 2015. The report also claims that there have been positive trends in poverty reduction, in both urban and rural areas. Second, various scholars, and international organizations have characterized the Ethiopian state as "developmental." The term is usually associated with East Asian "Tigers," whose economy began to take off in the 1960s. Ethiopia's leaders, in the 1990s had sought to emulate such nations during the periods of their fastest growth, by utilizing political stability, investment in physical infrastructure, selective reform and industrial upgrading, and export-oriented industrialization.

The study will first explore, in Chap. 1, the East Asian model of development—namely South Korea. The rationale for choosing such a model is because in the past scholars and development experts have questioned the ability of nations from the global south to industrialize after World War II, but the East Asians have clearly demonstrated in their march from the periphery that development is possible, albeit, via authoritative allocation. The Latin America experience is included in this section, to contrast it with experiences with East Asia and to investigate the presence or absence of important variables, such as land reform, in the development process. Finally, the challenges of development in Africa are explored in order to understand why it has remained behind compared to other regions. This section will then explore the case of Botswana, often called an "African Miracle," the vision of its development-oriented leadership, autonomous and effective bureaucracy, production-oriented private sector, and performance-printed governance. While the experiences of Botswana are distinct from Ethiopia, the accomplishments of the former and bold but tentative steps of the latter are a testament that the African state is not a monolithic entity, always defined in the negative, but that it can also be an agency for change and transformation.

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