

# Can Neo-Liberalism Save Ethiopia

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Just like 1964, 1974 and 1995, Ethiopia is at a crossroad once again in 2018, not sure which way to turn. The stakes are very high but this time there seems to be a solution in sight judging from the tremendous and unanimous chorus of the global western press.

## Ethiopia and the western media 2018

If you look at the last 500 items of reporting since April 2018 including news coverage, opinion pieces, and analysis, only one conclusion emerges. Under a 45 year old charismatic leader called Abiy Ahmed, Ethiopia is becoming a beacon of hope, democracy, peace and freedom as well as an example of regional integration and a model for all least developed countries. The verdict is 100% with no dissenters or caveats and the cheer leaders are the usual suspects: The New York Times, The Washington Post, The International Herald Tribune, The Wall Street Journal, Bloomberg, The Financial Times, The Economist, The Guardian, LeMonde, Reuters and prominent regional websites such as All Africapress .com just to name a few. Not even one note of caution, or scepticism or dissention or the usual allusion to the benefit of the doubt is allowed to get in the way.

The deafening chorus is enough to make you suspicious that something orchestrated is afoot and the media is keen to put all of us on blinkers, so that we could let our guard down and forget about due diligence or even a bit of critical thinking.

As we now live in an age of a global systems crisis since the 2008 economic meltdown and political turbulence that followed policies of Austerity, the usual trust that we give to the media is no longer applicable. Instead we have to resurrect long forgotten empirical and critical analysis methods such as the labour process and apply it to the production of news and journalism, to differentiate between what is real and what is manufactured.

Among other things, applying the labour process to the production, distribution, and consumption of news and journalism enables us to understand, who is generating the news, what hidden interests do these producers have, what kernel of truth exists in such production, what relationship exists between the producers of the news, the product itself, the channels of distribution, the consumers and the target audiences. We need to understand the beneficiaries from such coverages, the timing, the technology and method of production and the real values of such news angles to the news industries and those that are related to them by deep interests.

Admittedly, the labour process as a method is traditionally applied to physical

industries and the production of goods but rarely to services. But that is before a humble Italian journalist called Antonio Gramsci, who spent most of his life in prison in the 1920s, applied to the study of politics and state power, what a German philosopher called Karl Marx did to economics and the production and exchange of commodities and its financialisation. In the process he showed us the invisible hand of self interest as it permeates the world of everyday life from politics to ideology and journalism.

A less laborious way of understanding a piece of bombshell news that has been thrust upon us is a simple process of trigonometry called triangulation. This method is borrowed from cyber and digital telemetry used in identifying the precise location of a caller using mobile phones that has disabled or is not using location services. Since all mobile phones work by connecting to the nearest mobile phone mast, the location of the person could be discovered by triangulating such masts. The technical operators need to ping the caller from a mobile phone. If the operator uses only one mast, the distance between the phone and the mast could be measured but the caller could be anywhere in a circle defined by the radius from the mast to the caller. Two pings using two masts yields a more useful directional location within the circle. But location in space is three dimensional and to precisely locate the caller a third mast and the intersection point of all the three masts would triangulate the caller and identify them to within an accuracy of 1 to 2 metres.

The equivalent of triangulation within journalism is to compare the coverage of the same news item or subject produced by the BBC for example, to another coverage by a US source called RT, which is a channel originating from Russia but in reality is contracted out to American and UK centre left journalists who are friendly to Russia but are not bound by the editorial policy of the Kremlin. The truth lies somewhere between the two but there is still some uncertainty and needs a third triangulation. This is very difficult in a world dominated by two major blocks but not impossible. One alternative is to use a fully home grown western source that is not linked to the establishment such as twenty first century newswire, that normally provides a third mast on issues such as the Iraq and Syrian war or the war in Afghanistan.

The intersection of the three sources will give you a greater approximation to the real truth and help you make the judgement to identify and separate the self serving output from the kernel of reality on the subject. In the process it also lays bare the self interest angle of each of the other parties.

In an age where the prevailing paradigm of the neo liberal economics and politics has been found wanting and cannot anymore avoid instability and crisis, but is struggling to fudge the fundamental fact that it has let down the many and mainly serves the few, such a reality requires the public to walk around with Venetian masks to the party which has thus become the modern equivalent of a masquerade. The reality of a dysfunctional society is to force us to dress up in Venetian party gear which means that we can only see what the party organisers want us to see, ie

nothing.

In understanding what is happening in Ethiopia or what is being done to the country and its people, the dawn chorus of the western press by itself suggests that the party that is going on is some kind of masquerade and no one is allowed to get at the truth by taking off the masks.

### **The United States and ethnic federalism**

A country of some 110 million people of whom some 80% are under the age of 35, and of whom a significant number are having to vote with their feet to avoid dead end prospects; a population that is not allowed to know their own citizenship and country by a constitutional arrangement that tells them that their identity is defined by one of nine ethnic categories to which they belong and have no real relations to the rest of their fellow countrymen except in the sense that any of the others are to blame for the state in which their group finds itself now or in the past; and an inhuman situation in which the only way to maintain the grip in power by the few in any of the nine ethnic enclaves or centrally is by continuously staging massacres of members of any other ethnic group among your midst that could threaten the hold of the few on the many.

And how did the Ethiopians get into this kind of the land of the walking dead? There is only one answer and that is that the current group were put in power by the determined effort of the United States of America, to make sure that a government that could potentially be hostile to the United States or acts in alliance with US competitors in this piece of strategic territory, cannot exist. I tried to show how the US carried out this sleight of hand in my book, *Empire and Revolution in Ethiopia*, which was published in Addis Ababa in 2018.

US policy and government is too embarrassed to admit that it has given birth, as a midwife, to this deformed system and power structure called the EPRDF, but it seems to have at long last, come to the decent conclusion that this deformity has to go, to give a chance to US credibility in the HOA to recover. However, the replacement to this deformity seems to be, to substitute the domination of civil society by a very small minority of Tigrayans, by another domination by a major ethnic group from the Oromos, still a minority group within the country as a whole. Still, this new development could be a major improvement on what the US has done before in the country, depending on how it unfolds.

For the moment, the US seems to be in charge of the New government as well as the opposition, which was the old government. This new situation seems to have developed through a process of a creeping insurrection over a period of two years, by mobilising the once loyal Oromo youth (the *Querro*), to discredit the hegemony of the old government of Tigrayan Ethnic nationalists. This mobilisation was not without risk, and was often bloody in which hundreds of Oromo youth and civilians were

massacred by Federal police and army officers , and also included to a lesser extent the massacre of Amhara and other ethnic minority civilians who came to the support of the Oromo or took up their own protests.

The general situation is some times more complex than this surface appearance but a policy of Hubris is often used to confuse the combatants as well as the general public and to disarm them in times like this. At the end of the day , the heart of the matter is the question of how Ethiopian society and politics could be saved from another rendezvous with deep crisis and history , in which the society is exposed to the possibility of another 27 years of endless tragedy that will affect future generations.

### **Emergence of Dr Abiy Ahmed and what he has accomplished so far**

To give credit to where credit is due, the new prime minister , Dr Abiy Ahmed, has been implementing a lot of bold reforms that give hope to this tragical society and polity. Among these, are included the amnesty and release of all political prisoners and journalists and the emptying of the jails, even closing some of the notorious ones like Mekakelegna. He has dismantled the hated State of Emergency , given free rein to parts of the press to be critical of the old regime of the TPLF, 264 banned websites and blogs have been unblocked and internet had been restored to the regions. He invited all the external opposition into the country. He publicly admitted that the state had practised terrorism for 27 years and he had put a stop to it and apologised to the country for that betrayal. He has promised a free and fair election and dismissed and locked up most of the previous grandees from the Tigrayan ethnic hegemonic block and made peace with its arch enemy Eritrea, by ending the state of no war or no peace policy of the last 15 years and signing a peace and friendship agreement. He has showed initiative in ending the landlocked status of the country that is hated by all Ethiopians and that was put in place by the TPLF and secretly by the United States. He has done this by signing logistics and port access agreements with all the neighbouring countries such as Sudan, Eritrea, Djibouti, Kenya, and Somalia. He has removed the ban on political parties that were labelled terrorist forces by the old TPLF regime such as Ginbot Seven , and OLF and several others. Even a breakaway group of the most feared political party by the United States, the Ethiopian Peoples Revolutionary Party ( EPRP ) , has been welcomed. In general , he has tried to foster a sense of national unity by emphasizing Ethiopian citizenship rather than the dreaded and genocidal ethnic identity . He has also been less inclined to ride the ethnic tiger of oromo nationalism and parochial youth militancy (the Queero movement) that has brought him to power.

The Ethiopians are naturally jubilant with all these positive steps and have hesitatingly started dreaming of hope once again, if only because they were in the depths of such despair from the abyss of small minority Tigrayan ethnic domination from which they could hardly see any way out.

More remarkably, Dr Abiy, a person of Islamic Origin and professed convert to what many in the country regard as western evangelical Protestantism, has taken the lead to unite the two wings of the indigenous Ethiopian Orthodox church ( the internal and exiled wings) . This has reversed the hated policy of the TPLF, that has deliberately created the split in order to weaken opposition to its rule and brought enormous joy to the many millions of pious believers , in a land of some 25,000 Orthodox churches and added huge kudos to the leadership of Dr Abiy.

In addition, his ambivalent policy on the status of the hated TPLF flag that has replaced the thousand year old Ethiopian flag of the tricolours, that the country had used to rally its people and fight all its external enemies and has guarded its independence as the national symbol, has been welcomed by all the population.

In short in place of despair, he has brought hope, in a country where that commodity was seen as in short supply , and the hunger of the people for this dream has been haltingly sated. He is seen as a miracle maker by many and all these steps are to be applauded and welcomed as well as supported. From what could be seen of him as a person , his sincerity and integrity seems unquestionable in spite of his background as head of the national cyber security apparatus in the country for more than 9 years and has been in the army from the age of 15 , including a stint in army intelligence.

Talking about his background, it is to be recalled that DR Abiy has a very unusual background including serving a two year stint in the senior management structure of the US, NSA. This is an unusual privilege that is not normally available to any other national or country in the world, and this fact shows that Dr Abiy is trusted enough to be in the bosom of the Guardian of the US world Empire , where the day to day management, hegemony and control of this empire is operationalised. These facts alone are enough to make one cautious about the new Ethiopian situation.

### **His external achievements and the question of an invisible hand**

To relieve the crisis of foreign exchange reserves , that the country under TPLF has had to endure ( often only enough to cover three months of imports) , he has interestingly been receiving billions of pounds from countries that are not known for their record of philanthropic policies towards Ethiopia or any other country. An example of this is the three million dollars from Abu Dhabi in grants and investment credits. Dr Abiy and the country has also been the only LDC to have requested almost a billion dollar credit for the supply of oil from Saudi Arabia for one year , which may have stabilised the oil crisis that was unfolding in Ethiopia. Other countries that have stepped in include Qatar, Dubai and Turkey.

More interestingly, within a few months of coming to power , Dr Abiy has received budgetary support of one billion dollars from the world bank , an institution that is not known to provide funds without detailed fiscal and monetary plans demonstrating

how such funds are to be paid back. And not to be outdone by the world bank , the International monetary fund , The IMF , has also stepped in with another million of project funding , without having to present any detailed project feasibility studies demonstrating how these project funds are to generate income and especially foreign exchange that would repay the borrowing. An announcement was made that these funds were released due to market orientated reforms , which only means one thing : the country is heading towards a more investor friendly version of neo liberalism , considering that the policies of the last 27 years can only be characterised as neo liberal. The speed at which these funds were made available is remarkable for international institutions known for their conditionality and for their destabilisation.

Dr Abiy also seems to have a magic wand which he is able to wave across the whole region and suddenly a landlocked country like Ethiopia has got offers and co development agreements to develop , access and part own 9 ports in six countries(\*\*) . Some of these countries such as Somalia and Eritrea were positively inimical to Ethiopia and engaged in a state of war just a few weeks before Dr Abiy seized power.

While this is definitely good news for the landlocked country , questions of an invisible hand that operates this magic wand must be posed, if we are not to lose our critical impulses and a sense of real politics. The importance of these port related developments cannot be underestimated . It made a big start in answering the historical grievance of all Ethiopians against the United States for having engineered the landlocked status of the country , through its support of Eritrean total monopoly of the Red Sea coast including Assab and the areas south east of it which historically the Ethiopian Afar people had access to. And Ethiopians have also suspected that the US blackmailed the TPLF behind the scenes to abandon Assab and any other littoral and coastal claims south of it towards Djibouti as part of the process in which the US brought TPLF to power . This high octane powered regional integration at the speed of light seemed to be too good to be true for a young man like Dr Abiy (42) who is a complete novice as a leader in international diplomacy and regional politics. He has only held ministerial office since 2015.

Doors seem to have been opened for him in a choreographed way and ports or a share in them were falling into his lap as if he was functioning on steroids.

### **What is the future political and economic policy of Dr Abiy**

In addition, no nation can live or thrive in a diet of hope alone and sooner or later the people would be asking the fundamental question of the day, where is the beef? For hope to blossom , a desperate people and nation need concrete politics and economics and associated policy that could guide the future path of a country.

And when it comes to such matters DR Abiy, who is not a shy person, has been vague and less outspoken except for a few pointers here and there , which give us an idea

of what he is working towards.

On the economic front , he has promised mass privatisation of state industries from airlines to logistics, to telecomms, to shipping and even access to the banking sector. He has also promised an accelerated policy of direct foreign investment from private sources and middle eastern groups. Already foreign investors are talking about a stake of as much as third of the telecomms group and salivating over the more than half a billion dollars in profit that the Ethiopian airlines posted in 2017.

To sum up his economic policy seemed to be running on two legs: accelerated privatisation of the commanding heights of the economy and massive influx of foreign investment.

On the political front what seemed to be on offer is a free and fair election in the not too distant future after 2020, based on multiparty elections under the current constitution of ethnic federalism, including ethnic based parties that have decimated the country for 27 years. This was expanded by the espousing of a vague ideology of Ethiopianess (Ethiopiawinet) which seemed to call for some form of unity of ethnic groups (labelled "Medemir" or addition).

### **What is missing so far from the changes**

No critique was offered of the ethnic bantustans of 9 regions that the current constitution offers or the authoritarian and election rigging institution called EPRDF that was put in place through the help of US advisors. This group was still presiding over the whole country and had been responsible for the miserable state of the people and the country for over a generation. At a tactical level reform can only happen at a piecemeal level and pace, dismantling one stone at a time until you can take on the entrenched forces that are the backbone of TPLF and minority Tirayan power in the army ( its leadership is 95% Tigrayan, just the inverse of its 5% weight in the country's demographics), the security and intelligence establishment , the Federal police, The judicial system, the central state apparatus , the running and ownership of the commanding heights of the economy; in short the structure of all power in the society. However , we are entitled to tell it as it is and point out that there can be no real change with this anti people and anti country structure called EPRDF still in place and until we start addressing the real choices available to the Ethiopian people: neo liberalism that only really works for foreign investors, the one percent internally and MNCs or a capitalism that is well regulated with a view to ensuring that the country can escape the middle income trap that has ensared hundreds of other countries and stopped the transition from emerging economy to proper middle income and developed status in the likeness of Japan, South Korea, Taiwan and very soon China.

Another interesting dimension of the current situation is that there was no sense of

public participation and mobilisation in all these changes and they all happen from above and inside the discredited ethnic based front of the ruling party. The only time that public involvement was invoked was to show support, through demonstrations in Maskal Square for the new leader in his internal struggles with various factions of EPRDF, after he had come to power. And previously, in the mobilisation of the youth league of the leaders party the ODM, for the last two years to use it as a battering ram against the old guard of the TPLF. No public demonstrations of a political character with, slogans, banners or demands were in evidence anywhere during the entire process. The normally noisy Ethiopians, who gave birth to the February revolution of 1974 that shook the Horn of Africa and beyond, were now quiet onlookers and bystanders at the moment when 27 years of TPLF based ethnic hegemony were being challenged and partially dismantled. What difference does 44 years make!

It is true that the extent of ethnic based genocide, incarceration of journalists, election gerrymandering, human right abuse and economic plunder under TPLF was so severe that a nation full of once bright intellectuals, had lost any sense of real open debate about the great intellectual ideas of mankind that used to prevail before and when you are so down and have almost given up hope, you are over the moon at the small crumbs of change in personnel and structure that come your way. Even so, the silence about the real direction of the future was deafening.

So, we are forced to draw conclusions from the small crumbs of press coverage and pronouncements by Dr Abiy's chief of staff on the future direction that he intends to take the country.

### **Is Dr Abiy's policy and agenda Neoliberalism?**

Take the economy for instance. There has been talk of privatisation of the commanding heights of the economy such as telecomms, aviation, shipping, financial services, logistics, and other sectors. By and large Ethiopia has a privatised economy, and the private sector is by far larger than the public sector. The TPLF has been privatising from the day it seized power and has produced very rich industrialists like Alamu who is the second richest black person in the world. So, privatisation in itself is not new news. And the whole thing doesn't amount to much of an economic strategy. There is no mention of how a nation of almost 110 million people, 85% of whom are under 35 years, and some two million a year entering the labour market for the first time, how such a nation is supposed to achieve middle income status by 2025, as some claims state. And how it is going to avoid the famous Bermuda Triangle of economic development in which no nation has been able to negotiate its rapids since the 1960's and 70's: the middle income trap ensnaring emerging economies.

Neo liberalism, with its mantra of wholesale privatisation, light touch regulation

preferably by friends of the private sector, low wage low benefit and non unionised workforce, low taxation rate for corporations and for investors, few labour and human rights such as the right to strike to protest low wages and conditions, and the avoidance of industrial strategies that will empower local businesses and help them thrive and compete, has never led any less developed economy into middle income status in the last 100 years. The famous tiger economies of taiwan, south korea and singapore , were the last nations to climb to such status and even these economies were not neo liberal as they had state economic champions and groups of private industries that were protected by the state from foreign domination ( such as Choebols in South Korea which produced the likes of Samsung ) , something that is not allowed by neo-liberalism.

In fact there are some key conditions that have to be met in order to achieve middle income status if a country like ethiopia is to create some 90 million jobs over the next thirty years , allowing for population growth. I will dwell over these requirements in some detail below

1. Any credible economic policy and development strategy needs to have sovereign and full indigenous influence over the banking sector and monetary and fiscal policies. There are very few countries in the world where the banking sector is not controlled or highly influenced by multinational banking and financial sectors in the west. These countries include China, Vietnam and Ethiopia. The question of banking privatisation is not fully relevant in Ethiopia as already the 50 or so banking institutions are already under private or regional ownership except for one, the commercial bank of Ethiopia. If you want to influence your economic development prospects , you have to keep your banking sector and monetary and fiscal policies free from the influence of western banks or eastern banks. So the idea of access to the financial sector that is being discussed in Ethiopian Media must be a by word for foreign control of the banking system. Any modernising country needs to let in foreign countries into its banking system , to locally operate, preferably in a gradual and managed manner to enable more competition and technological upgrading of the system as well as to enable accumulation of managerial and technical know how and to enable innovation to thrive in the sector. But there is no mad rush required for this to happen.

2. In a similar manner , privatisation of the commanding heights of the economy must also be another by word for foreign control of the economy. Most industrial organisations have already been privatised over the last 27 years albeit in a corrupt and non transparent way. However LDCs still need a credible development strategy that informs letting in of foreign multinationals in order to ensure that real domestic job growth for the millions of unemployed people will actually take place. The commercial and business sectors in Ethiopia have suffered from stunted and nepotistic growth . This is demonstrated by the fact that the country's labour and capital markets , and the consumption industries are fragmented into nine ethnic enclaves. A strong business class cannot put up with such levels of fragmentation which slows down and kills industrial expansion, and upgrading and blocks a

unified infrastructure development. That is why the current changes are taking place in a vacuum characterised by the absence of voices and leadership from a national and unified business class as well as trade union and labour voices. This state of affairs will not change any time soon until we dismantle the ethnic fiefdoms erected by the TPLF and its US backers for 27 years.

And the same goes for a foreign investment policy. A policy will work for the benefit of the country if it is designed to assist an indigenous business class enabling it to acquire skills, technology, market and capital in a planned and managed way.

The conclusions to be drawn from what is known so far of Dr Abiy's policy is that his approach and direction is no different from the neo liberal policies followed by a number of less developed countries and promoted by the multi national companies that dominate the globe and their institutions such as the IMF and The World Bank. It is possible to have the World Bank and the IMF on your side but only if you are organised enough to know what you want and strong enough to defend it.

As I mentioned before neo liberalism has never really assisted any developing large country like Ethiopia to transform to a middle income country by following policies that are mainly friendly to foreign investors. As is well known, only China is on the way to achieving middle income status to the majority of its people and it certainly is not following a neoliberal policy of any kind as it is in full control of its economic and political policies and the regulation of its markets and only allows MNCs if it feels that its indigenous business class can compete with these foreign companies.

In fact the hard fact is that neoliberalism prevents your country and its economy from making effective transitioning to middle income status. There are no guarantees of economic and infrastructure upgrading, of local capitalists developing into national and international champions, of technology acquisitions, of sustained internal innovations. There are no investment paths to create a domestic Research and Development component that will give birth to the new local champions, and to create an entire chain of logistics and supply chains that will be crucial to climb the skill and technology scales.

Ethiopia has huge problems. Its youth force in tens of millions, needs to enter a modern labour market that has to be mainly self sustaining and growing at a very fast rate.

A proper national economic development strategy is only successfully underpinned by a proper political development strategy. That means mobilisation of all the people of the country with a unified national purpose and led by nationally minded political parties that bring people together rather than divide them and set them up against each other. This is not possible under the EPRDF, led by the TPLF or even

an EPRDF that replaces Tigrayan ethnic hegemony with Oromo ethnic hegemony. The Oromo people are the biggest national contingent among the Ethiopian people and need and deserve proper representation commensurate with their voice. But that voice will wither away if it is reduced to an ethnic voice selfishly fighting for only one's own people, so to speak. Instead, it should be a voice of national and a uniting leadership which will deliver the needs of the vast majority of the Oromo people as well as the needs of the rest of the voiceless population.

It is possible but difficult to deliver a national economic development strategy in a country with democratic and multi party elections provided that the new settlement has the capacity to be able to negotiate with big countries and big companies from a position of unity and strength and provided that more organised external forces will not be able to use the election process to undermine this national strategy.

The set up must also be able to withstand the inevitable blackmail that follows from falling out with US national or international interests that is different from the interest of the Ethiopian people. However, it is very rare that you can stop big countries like the United States from controlling the new settlement. This is simply because the US and its multi national companies are much stronger, more organised and experienced in such matters and have unlimited resources. Besides the US national security interest and that of the Ethiopians will not always coincide. The US tends to approach all external issues from the viewpoint of its competition with Russia and China and lately including the European Union, and is not usually bothered to create political space that nurtures Ethiopia's own needs of development and internal modernisation.

### **The US, Ethiopia and the Horn of Africa: harsh realities**

Quite often US attitude to the politics of other countries is informed by other more pressing regional and international needs and these are so overarching that they usually sweep all local political spaces before them.

At this point it is useful to look at the importance of Ethiopia to the US national security interest. Let us consider two or three examples.

Take the example of US regional policy in the Horn of Africa. One of the most urgent and crucial priorities of the US in the region is to ensure the stability, security and diplomatic inclusion of the state of Israel and in order to do so, to provide political, diplomatic, intelligence, technological, economic and military support. This is dictated by the internal political environment and the realities of electoral politics in the US. Among these, we can list, the influential Christian evangelical voting group, the deep south conservative voting block and the powerful lobby AIPAC (American Israeli Public Affairs Committee), who together have a near stranglehold on both the Republican and the Democratic parties. This stranglehold

dictates the political and other priorities of the US government , more than any other factor in the politics of the region.

Among other things, this means that the US government needs leverage over key countries in the region such as Egypt and Saudi Arabia so that the governments in these countries can do the bidding of the United States. In particular, the US needs the Egyptian government ( considered the most influential Arab state in the middle east) to refrain from launching political initiatives related to the plight of the palestinians that could put the state of Israel in the defensive. This could take many forms including influence and veto on egypt's position to the Israeli Palestinian peace process, Oslo, the two state solution, recognition of the Palestinian State, Palestinian membership of the UN and its bodies, the control of the Israeli Egyptian border in the egyptian region of the Sinai which is crucial in the key Israeli policy of the economic and security blockade of the Gaza strip and the control of customs and tax revenue that Israel operates on the palestinians through this border crossing . More important , the US policy and influence on Egypt plays a key role in the control of cement and other building material supplies to the gaza strip that Israel is in charge of, so that the rebuilding of housing that is necessary is slowed down after every bombing by the israeli defence forces that destroys residential buildings on a continuous basis.

The US also needs leverage on Egypt to control what happens in the Arab League in terms of maintaining the israeli “ occasional war but no peace“ policy on the Palestinians, and the control of public policy and political debate inside egypt so that no new political pressures on the Egyptian state emerge that will radicalise sections of the Egyptian public and political parties . The US needs control on behalf of the Israeli state to what happens off the coast of Gaza, in terms of the Israeli sea blockade on fishing , on trade, on humanitarian relief, on gas and oil exploration and production in the coastal waters so that the interests of Hamas or the egyptians doesnt undermine or even embarass the Israeli position.

The US needs to influence migration routes through the Egyptian controlled Sinai peninsula and Sinai Desert to Israel from the Horn of Africa. The US also needs Egypt to be firmly in the US camp as opposed to the Russian camp as part of this policy. In short The US needs to control Egyptian politics and society completely without making it obvious that it is doing so . It needs maximum leverage over Egypt at all times and especially in times of major crisis such as the Arab Israeli war, the Oslo peace process, the palestinian Intifada, The Arab spring and the Middle Eastern crisis such as the wars on Iraq, Libya, Syria, Lebanon and the Kurds.

### **Enter, the River Nile, thw trump card of the US over Egypt**

That means that US leverage over egypt in the Horn and in the region is key and one of the most important and effective ways in which the US exercises this influence is through the use of the Nile waterflows to Egypt from Ethiopia . Such

influences are reserved for key episodes such as the Arab Israeli wars and conflict , questions of peace, the Arab spring etc while tactical influence could be exercised through US foreign aid, military assistance , and using US control of the world bank and the IMF to control investment and economic support.

Historically there has been half a dozen examples of the US using this policy of Nile flow leverage on Egypt to achieve maximum influence: The Suez Canal Crisis, the building of the Aswan Dam, Nasser's tilt towards the USSR, The Arab Israeli wars, The Arab spring , and the Oslo peace process.

To parallel these historical periods and moments the US has summoned the Nile threat and killed this threat again as a reward and leverage on various occasions

1. Between 1958-1963 the United States offered The most competent and technically developed US Reclamation Bureau, to carry out studies about damming the Nile and carry out irrigation projects in Ethiopia. Among other things it came out with a plan to create a mega dam 21 kms from the Sudanese border, that will be able to hold 11 billion cubic meters of water and generate 6.2 billion KW of electricity. These studies were published in 17 volumes , identified 26 dam sites ( of which 24 are still remained defunct to this day) . It also served as a master plan that also identified about 33 million hectares of land suitable for irrigated agriculture ( some 33% of all agricultural land ) and the study was funded by a US grant of several hundred million pounds , up to a stage , where the project report was ready to submit to the world bank for funding ( Westburry 2002, Dr Kefyalew 2014). At this time Egypt had gravitated towards the Soviet Block due to the experience of the 1956 Suez canal crisis, and the Aswan Dam crisis and US interest was to put enormous pressure on Egypt to detach itself from this block and to wind down the talk of the Egyptian media towards another war with Israel (1967). Just looking at the extent of the report it was enough to scare any Egyptian government that a national catastrophe greater than any in Egyptian history was about to be inflicted on them if the US went ahead with all these projects. For suitable impact the report was published in the public domain so that the Egyptians knew what was about to befall them.

2. In 1964 , after having encouraged the Haile Sellassie government to submit the dam study to the world bank for funding, the US unexpectedly vetoed the funding request at the last moment using WB rules about upper riparian states having to consult lower riparian states before funding can be approved. This was a complete shock and surprise to the Ethiopian government as they knew that the US was aware of these rules all along and that they had been led down the garden path.

3. In the mid 1960s to 1970s the US pushed the Fincha-Amaritti hydropower and irrigation project fully funded by the US, and got it through the world bank ignoring Egyptian objections and had it implemented by 1972 when it wanted to . This project and some 6 other projects that were also funded like the Megetch scheme, was part of a broader project called the Awash Valley comprehensive

development plan that was modelled on the US Tennessee Valley Development plan and implemented from beginning to end by US advisers and experts. This period coincided with the aftermath of the 1967 Egyptian Israeli war and the 1971 war etc

4. In August 1993, the US funded a study on a 10,000 hectare irrigation project using Nile waters in Ethiopia for demobilised TPLF and other soldiers and egged the world bank to fund it. Under US pressure \$70 million was allocated and just as the decision for funding came up at the world bank, the US once again resurrected their old trick of the need to consult lower Reparation states before money could be handed over. The US was able to drag this process until 1997 always creatively coordinating with pressures on both the Egyptians and the TPLF as the need arose in its diplomacy.

### **The Arab Spring, GERD, the TPLF and the United States**

5. By 2010-11 the US had again revived the Ethiopian Mega dam project to the new TPLF leadership that had no corporate memory of what actually happened in 1964 to the same project. Again with some US assistance, the project was updated and was resubmitted to the world bank for funding with US encouragement. This period coincided with the Arab spring and the establishment of a Hamas friendly Muslim Brotherhood government in Egypt under Morsi which created enormous alarm in Israel and the United States. By 2012 Egypt and its establishment, especially its defense establishment had got the message as the TPLF under Meles got its teeth into the Tehadso or renaissance dam. The US, which funded some twenty or so NGO's in Egypt was soon able to assist in mobilising thousands of Egyptians against the Morsi regime through covert and overt means and the Egyptian army seems to have had its arms twisted to intervene in support of these mass uprisings and to carry out a coup d'état against a duly elected government. Perhaps what happened next should have been expected if you know your history. The US suddenly blocked the World Bank funding for Tehadiso Dam (GERD) again using the old trick of the need to consult lower reparation states. The TPLF and Meles were incensed about this last minute attack on what they considered their flagship project and launched on a path that was diametrically opposed to US national security strategy: to fund the dam from internal resources and to use internal consultants in order to get around the US/WB/ Egyptian block on any external consultants working on this project.

This created a state of open conflict between the TPLF and the US and its critical ally, Egypt which prevailed between 2012 and 2018. The Tehadiso Dam was raised to the level of do or die project during this period and any attempts by the US to discourage the TPLF became fruitless. It is not an impossible scenario that the US came gradually to the idea of regime change in Ethiopia during this period ditching its 20 year partnership with the TPLF and casting around for a useful way to get rid of the TPLF and also to ditch the GERD Dam or slow it down to the point where the Egyptians no longer feel threatened by it. Once Meles was conveniently dead,

around 2014 , this project of regime change started in earnest. The easiest and most doable and plausible way to do it was to use the same principle and tactic of ethnic self determination that the US had used to bring to power the TPLF in 1991. The TPLF was very vulnerable as its base was only some 6% of the national population , and of which it could probably really influence half or three percent, at best. The US held all the cards inside the country as it has established the Cyber security council which knew what everybody was doing and this could be effectively used to provide cover for the mobilisation of the Oromo youth against the TPLF, which in any case was hugely unpopular in the country. The US turned a blind eye to satellite broadcasts against TPLF from the US, and through cyber space enabled a situation where such broadcasts seemed to know what is happening inside the EPRDF and the TPLF at the highest levels.

At this point , it must be remembered that the US funded National Endowment for democracy ( NED) which was responsible for regime change all over the world , and was able to spend 5 billion dollars in Ukraine alone doing so (according to one of the key state department officials in charge of such activities Under Secretary of state Nolan ) had a long time policy of keeping in touch and doing outreach work with every single ethnic group in the country and provide funding for various cultural and other activities. NED is never short of money for such activities ( President Trump in September 2018 said that the US has spent 7 Trillion dollars trying to fix the middle east in the last 15 years to no avail and there is no doubt in my mind that some of that expenditure was from NED). Such funding and activity through NGOs and by other means would enable the US to mobilise any Ethnic group when the need arises.

It is quite possible that the mobilisation of the Queero , including support from US based Oromo activists, was a part of this US need to replace the TPLF as the hegemonic force in Ethiopia. The TPLF tried to cut this external connection by suspending the internet in the ethio[pian regions and by blocking US broadcasts but the internet in Addis Abeba was kept open and broadcasts could be listened to by using IP disguising software that was easily available . This made the TPLF a sitting duck as the movement developed from peaceful demonstration to blocking transport and fuel supplies to Addis. The US also seemed to have turned a blind eye, during this period, of keeping ethnic divide among the major population groups in Ethiopia, as the Amaharas gradually joined the Oromo uprising initially at the street level but gradually spreading to embrace the regional governments of the two major ethnic groups and thereby effectively isolated the TPLF and its regional government from the rest of the country.

The result was the fall of the regime of Desalegne Hailemariam after his unexpected resignation which gradually led to the coming to power of DR Abiy.

## **A new US policy of friendship towards Ethiopia?**

The US had a first attempt to fix the country that it broke but the outcome wasn't really very clear yet. It would be a progressive step if the US ruling circles have actually given up on the Henry Kissinger devised plan of ethnic divide of the Ethiopian state and people in favour of new national politics of Ethiopian unity. That would be a welcome development and clear sign that the neo conservative forces who implanted this policy may have lost out in influence in the new US administration in favour of a more sensible policy for Ethiopia. President Trump, to my knowledge has never shown any interest in the country or tweeted about it since he came to office and it may be doubtful that he knows where the country is or how significant it could be to US foreign policy.

The most interesting result of the new political convulsion in Ethiopia is the little signs here and there that DR Abiy could be in favour of a more inclusive political order that favours national integration in place of the ethnic hegemony and separation policy followed by sections of the OLF, now ensconced in the country. But as Barack Obama once said in a moment of utter frankness, **The US often had to do things to other countries in order to make them support American policy that they are normally reluctant to abide by.**

## **The rise and rise of DR Abiy and the mystery of the GERD**

It might be useful to look at some length, the rise and rise of DR Abiy Ahmed. By the looks of things, he left school before finishing his secondary education and joined the Ethiopian army at the tender age of 15 around 1991 when the TPLF was in the final stages of seizing power. He spent most of his life in the TPLF army fighting its wars of repression and eventually gravitated to its military intelligence section where he rose rapidly through the ranks. He may have spent time in the US NSA around 2005/6 until he founded and ran the Ethiopian INSA around 2007 where he stayed as its deputy head for some eight years. When the TPLF appointed head moved from the post, he took over that function towards 2013/15 before he became a minister of technology around 2015.

It is possible that the US spotted him while he was in army intelligence and groomed him for future responsibility by apprenticing him in the US INSA (NSA) which is the organisation that is head of global surveillance at a senior management level. After this experience, the US setup a smaller copy of the INSA in Ethiopia (\*\*\*) for cyber and digital surveillance providing the 60 powerful computer systems required for the job of keeping a tab on all members of the Ethiopian public that are of interest and made Dr Abiy, the head of this institution.

It is interesting that after his election to the post of Prime Minister in April, 2018, one of the first foreign visits was to Egypt in June of the same year and President Sisi of Egypt made him promise, in public, during a press conference, that the 95%

of the blue Nile that flows to Egypt during the flood seasons and that constitutes some 85% of Egypt's water share under a colonial treaty would be fully safe under him. In front of the Egyptian people, President Sisi made Dr Abiy swear in the name of Allah (God) that Egypt's interest would never be harmed. This means that the programme of filling the GERD in five to seven years that the TPLF and Prime Minister Hailemariam Dessalegn had been promoting for the last 6 years, in order to safeguard Ethiopian national interest, was reversed by the new Prime minister in front of an Egyptian audience. Suddenly the major difference between the two countries had disappeared and Ethiopia's position that it needs a fair and just share of this water to generate energy through the GERD became a non issue.

And there is more. As soon as Dr Abiy returned to Addis, the managing director of the Nigerian company, Dangote, that had the contract to supply the cement for the construction of the dam, was killed in his office in broad daylight by unknown gunmen that managed to get away.

Following that murder, the Ethiopian engineer in charge of building the dam for the last 8 years was shot in broad daylight in the middle of Maskal square, the most public space in Addis. The Ethiopian website Nazret.com reported that one of the side windows to the car was broken, enabling an entry to the car, and that an unknown person was seen getting out of the car. The investigation of his death by the police however, concluded that the Engineer committed suicide. His family continued to protest that this version of the events wasn't true and that they needed a new investigation to provide further new evidence to the contrary.

The Ethiopian press immediately started reporting that instead of the dam being finished in another two years or so, as has been constantly claimed, it was going to take over ten years due to newly discovered problems of shoddy work, poor quality material supplied by the TPLF related contractors, and masses of corruption and fraud as well as embezzlement. Gone were the reporting of the previous years where every single week the percentage of work completed was being broadcast faithfully by the media, where reports of over 45-60% of the work had been completed by March 2018 was well known. Instead of the good news, everyday became the bad news, and it was made public that Cellini, the Italian contractor for infrastructure had put in claims of some \$119 million dollars due to delays caused by the Ethiopian side under METEC.

The dam had cost some 4.2 billion dollars to fund, and as if on cue, Abu Dhabi offered Dr Abiy some three billion dollars in loans and grants and Saudi Arabia chipped in almost a billion dollar worth of oil credits for 12 months. Neither of these countries were known for unconditional philanthropy towards black African countries in the past. The loss suffered by Ethiopia in building the dam so far using own resources seemed to have been recouped through these generous donations and support, thereby neutralising the cost of building a dam that for all intents and purposes seems to have been abandoned or put on the slow burner for years to

come.

Saudi Arabia was the country that had mysteriously and conveniently arrested the one person ( Mr Alamoudhy) that was expected to come to the defense of the TPLF both locally and internationally, coinciding with the period when the contest for power in Ethiopia flared up. Unlike the other people that were arrested with him at the time and who were soon released, Mr Alamoudhy was kept incommunicado from even his family and has still not been released yet.

Dr Abiy has also been suddenly embraced by the Egyptian president, as a new friend of Egypt and feted during his visit and all talk of a pre-emptive military action against the dam had suddenly disappeared. To the surprise of many observers, the FBI announced within a few hours of a clumsy grenade attack in the general direction of the podium from which Dr Abiy was speaking, that it was sending a special team of investigators. There was no need to wait for an invitation when the US is running all the show.

To ensure that all news about the GERD is now controlled by the new administration, the previous deputy of the Ethiopian INIS ( Mr Abraham Belay ), established by the US NSA, under Dr Abiy was now put in charge of the Board that was ultimately responsible for the construction and ownership of the dam. That seemed to be the last piece of the puzzle that is now in place. What used to be a national obsession with which every Ethiopian media opened the evening reporting, was suddenly absent from the airwaves except for the drip drip emergence of negative news about it.

It is worth noting that Dr Abiy, on a recent visit to the US, met only the vicepresident, Mr Spence, who is seen as the key person of the US security establishment, and the deep state as well as the military industrial complex. It is possible that this is because he wasn't on an official visit but the opportunity to meet a new head of state of a US ally was too important to miss even if it was for a photo op.

It is of course absolutely possible that all these occurrences are just mere coincidences that are totally unrelated to each other and stringing them together as if they were sequential events is going too far in making the case against new developments.

But in view of the well known history of US interest on the Nile and Egypt in the context of its national security priorities in relation to the state of Israel, we are right to question these developments. In addition, the US has a known policy of hubris and spreading confusion in foreign policy matters and as patriotic Ethiopians, we are entitled to worry about our own national interests and how they might be impacted by a string of events involving local and external actors.

One could also argue that even if the above series of events were related and have a bearing on the current Ethiopian outcome, the outcome itself is desirable and welcomed with open arms by all Ethiopians as the solution to the problems that

we had for the last 27 years. And there is no question that it is a welcome and good outcome.

### **The US moving away from neo liberalism at least in Ethiopia ?**

However a lot depends on whether the US has truly changed its policy of ethnic federalism towards Ethiopia and is not about to replace one minority ethnic domination that it put in place in 1995 by another not so minority domination from which the country would require another 27 years to recover.

There is even another more significant question to consider. It is possible that the US is reassessing its attitude to developing countries and especially towards Africa, to get away from the image that it had, in which the US showed no real interest since the second world war in helping LDCs to transition to middle income status. It has suddenly allocated some 60 billion dollars for third world infrastructure investment to match the chinese offer to Africa under Belt and Road. It is possible that the US really wants to compete with China on a new way of helping African countries develop that would mean that Africans dont have to choose between the two world superpowers. If so, it would mean that the US would be turning its back on classical neo liberalism which blocks a path of development to LDCS. This would constitute a welcome revolution in US foreign policy and what better place to try this, than Ethiopia, which the US broke before and is getting a new chance to fix it. This would mean that the US would stop treating any group that is seriously interested in the development of its country and people as a potential supporter of another camp and stop blocking their path. That such a momentous change in US policy could take place under a republican administration that is on the right spectrum is unimaginable but history develops in strange movements and we should never look a gift horse in the mouth if that were to really happen. But it could also be that the US is just trying to smoothen the key relationship between Israel and Egypt and the Arab world as part of its normal foreign policy. In fact there are serious signs that for the United States, Ethiopia has become a crucial node of US national security interest in maintaining its global supremacy for the indefinite future, perhaps within the league of Japan, South Korea, Germany, Saudi Arabia and Egypt and we have to learn to coexist with US interests.

This might be wishful thinking but if there is any chance that the Ethiopians would be allowed to get their country out of a middle income trap under the leadership of DR Abiy, who would potentially lead a new united front of all the progressive forces based on a real agenda for inclusive and sustainable development, we should all be supportive of this new order. It cannot happen under ethnic federalism, and under the EPRDF structure but if DR Abiy wants to really change these demons, we should give him the space and time that he needs to do this within reasonable bounds. We should do it with eyes wide open, knowing the context from which he has emerged. In this context the US should stop looking at every interaction of Africans with China as a zero sum game, and accept that we have a lot to benefit from Chinese

experience, knowhow and funding and that we should be the best judge of our own national interest.

Unfortunately, the signs from the US on supporting development ambitions of emerging countries are quite contradictory. At the moment the US is trying to change the World Trade Organisation (WTO) rules to try and make it illegal for LDC's to use state owned firms to develop their own economy and society. It is trying to do this by ruling that a country that uses state owned companies in the economy could be denied market economy status that would then make it subject to arbitrary tariffs and other non tariff barriers outside WTO regime of international trade. It is also trying to promote a similar approach to state subsidies to private companies and it all seems to be part of the process of pulling the ladder behind you after climbing to a safe pasture from the deepest of wells.

It is also quite possible, but unlikely that Dr Abiy and his neoliberal doctrine in politics and economics can usher a new period of unity, the abolition of the ethnic federalist constitution and the EPRDF structure that underpins it, lead to the democratisation of the TPLF controlled federal army, police and security system as well as the judiciary, the media and the civil service. His genesis seems to have perfectly prepared him for this job. Starting with an oracle from his mother at the age of seven and the first day of schooling that one day he will be prime minister of the country. He has Oromo and Amhara roots, Islamic and Christian backgrounds and also to boot a Tigrean pedigree. He has converted to evangelical protestantism. Is there any one who can claim to be more Ethiopian than Dr Abiy? He is the perfect fit for the job, almost like a made in the lab Ethiopian leader. He has made up for a lack of education during his youth by getting a PHD through correspondence, in, wait for it, peace and security studies. So far, he doesn't seem to have put a foot wrong and is blessed with a Midas touch, in which all internal and external doors open for him, as if in a miracle.

### **The alternative economic and political policy to Neoliberalism**

But we must also remember that a purely neoliberal policy in economics and politics has never worked for any developing country to transition to middle income status and then to be able to escape the middle income trap that has ensnared so many nations for the last sixty or so years, with the single exception of China.

To avoid any confusion, we are not talking about establishing a socialist economics and politics as the alternative to neo liberalism. That is a task that has to wait for future generations.

Neo liberalism is a form of capitalism that first emerged in the middle of the 1930's promoted by people like Hayek, Popper and later expanded by people like Milton Friedman and the Chicago school of economics in the 1960's. It was a peculiar form

of capitalism developed for the few in order to rob the many. Its main thesis is that unregulated markets that enable the free movement of capital and labour will make everyone rich and happy. But it has turned out to be a self serving philosophy of the few . There is no reason why alternatives that include elements of the Keynesian demand management , the welfare state ideas of social democracy in which the weak and the poor are protected from the rich and the powerful through liberal state intervention and the regulation of markets, and the concept of underdevelopment that capitalism inflicts on third world countries and the empowering and protecting model that is necessary to protect us from this monster cannot be a real alternative. We need capitalist development and we need a democratic system to control our politicians but we need a sane version of this system that would enable us to create a middle class society that is interested in developing capitalism in its own home market and is not in alliance with a foreign power that may derail our national development project. Can Dr Abiy deliver this project?

To keep the dream of the Ethiopians alive, he must eventually find a way to abolish the EPRDF or reform the ethnic federalist constitution and regional structure. He must also constitutionally ban the formation of political parties on ethnic and religious basis and try and create a diverse media culture that is reasonably free from state, foreign interference as well as private sector interest monopoly. He must create space for the people to be leading and supporting the changes from below as well as from above as in the present .

Above all, he must develop a national political and economic strategy that keeps the banking sector , the key sectors of the economy in indigenous hands while opening the economy gradually to foreign investment . He has to solve the housing crisis by moving away from a dominance of a rent extraction and rent seeking approach into good quality and over 70% working class and middle class home ownership that could gradually minimise or abolish homelessness. He needs to intensify a construction boom which supports the massive development of commercial and office as well as industrial space that is available to SME's and to the business community. He needs to end youth poverty and hopelessness. He needs to manage foreign investment and privatisation in a way that supports the rapid development of domestic capital formation.

### **Can Ethiopia really make the transition to middle income status and to escape the middle income trap that emerging countries fell into?**

Ethiopia meets five out of six key conditions that will enable it to make the transition from LDC to a middle income country within a generation. These include an indigenously owned and controlled financial and banking system. The country has never experienced a banking crisis so far in its history and is approaching take off stage in terms of its banking assets from some 2 billion US dollars in the 1960's to over 80 billion now, a very impressive growth rate.

It also has a form of urban and rural land ownership structure that would enable rapid and scaleable land assembly projects to support infrastructure and industrial development and urbanisation. More than any other factor in its economy, this form of ownership of land has enabled the country to achieve the over 10% growth rate of the economy over the last 15 years, the highest growth rate in the world, even if it is from a low base. This remains one of the most important blessings that the country has and one that will ensure that its path to middle income status will not be obstructed.

It is also blessed with an indigenously owned and controlled system of the commanding heights of the economy including transport sectors such as aviation, railways, shipping and logistics, telecomms infrastructure, publicly owned utilities, a publicly owned health, education, and social care and welfare system.

It has a large population base that would support the development of a home market and business class that would approach some 200 million in the distant future.

It has an internal food production ecosystem that enables food self sufficiency as well as energy self sufficiency (from some 8 billion cubic metres of gas so far discovered and oil discoveries currently taking place to meet its energy needs and to conserve or generate foreign currency as well as meeting the needs of rapid industrial and commercial development. The country has a huge hydroelectric power potential that should meet the needs of an industrial revolution without breaking the bank. Ethiopia even now has one of the cheapest electricity tariffs in the world, key to sustained takeoff of the industrial sector.

It has a political and state system that could potentially develop and administer the transformative policies and development management that is committed to national renaissance, that is fair, free, legally based and accountable. It is capable of regulating market forces both internal and external ones, to progressively scale up the development process

So far, Ethiopia has five of these six requirements and paradoxically, they were all almost achieved under the previous fascist regime and the push of the Ethiopian people during the February revolution that made this transformation take place. The only significant achievement of the last 27 years is a massive construction boom in urban areas where occupational rates of buildings and completion rates are very dismal due to the non transparent nature of most of these schemes.

The task of the 1995 political upheaval was to try and deliver the sixth and the most important ingredient of a state power that is answerable to the people. This was the burning question of the February revolution but the people's demand was swept aside by the brutality of the fascist forces.

In 2018 this question of state power has now been posed again albeit in deformed

form in closed corridors of power, and all ethiopians are waiting to see whether the answer is going to be neo liberalism or na national democratic state and politcs to match based on all sections of society.

Ethno federalism as practised by the EPRDF cannot certainly deliver this demand for state power that was first posed in february 1974. For 27 years Ethiopians have suffered under an ethnic federalist state structure which has practised neo liberal economic policies and its assocuated election gerrymandering and politics of hate.

This has failed to deliver sustaianable industrialisation and employment as well as development and its main political and social charachterstic has been widespread nepotism and corruption and ethnic fatricide. Manufacturing sector is still stuck in light industry stage and only contributes 5% to the GDP. We need more than the proliferation of industrial zones and ket things llike R and D ( which hardly exists in Ethiopia),fully developed supply chains for whole industries, a packaging industry rise and a flexible tarining and skilling regime. The recent emergence of foreign investors associated with global brands such as GAP, H and M, Kalvin Klien, Tommy Hillifiger, PVH , Zara , Levis, Hugo Boss and Georgio Armnai are very encouraging developments showing what is possible and that we can compete with Vietnam, Siri Lanca for attracting international investment .

It has failed to develop natioanl champions in industry except perhaps Ethiopian Airlines , which was started by the feudo bourgeois state. After some 70 years of association with the US aerospace sector this relationship has helped it to be a profitable and globally competetive aviation company that is the major african transport group. But this hasnt enabled the company to move into signifcant manufacturing activity that is a part of the global or US aerospace supply chain or to develop its general aviation business or to branch into low cost carrier services that is the main tendency in the global aviation industry or to acheive international levels of MRO experetise and facilities. What it has achieved is not to be faulted considering that other airlines like Alitalia, KLM and Airfrance have actually failed to meaningfully survive but a national democratic state that understands sustainable economic transformation could help EAL to transition into those next stages that it has missed so far.

Another example is railways which is crucial for a mountainous country like Ethiopia. The industry started two centuries ago towards the end of the 19th century but by now a country like Ethiopia needs a railway infrastructure that could reach some 30,000 kms. Instead we have less than one thousand kms of rail and that only over the last two years. It is clearly a national disgrace and NDR would enable the country to have some 80,000 KMs of rail networks within the next thirty years. Some of this could happen under a BOT funding regime so that the national debt burden could be minimised. To achieve the transition to middle income status within a generation , Ethiopia , together with Eritrea, Somalia and the Sudan needs to create over 100 million jobs , a feat that is not really possible under neoliberalism.

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