New Approaches to State Building in Africa: The Case of Ethiopia's Ethnic-Based Federalism

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Introduction

The end of the Cold War and the crisis of socialism (statism) have ushered in the emergence of a "new" cycle of capitalism, which is characterized by wide ranging deregulation, privatization and vigorous globalization of capital (Cox 1994; Bienefeld 1994; Barber 1995). With this unfolding order, the role of the state in economic activity, including its protection of the vulnerable segments of society either through direct redistributive welfare mechanisms or by encouraging poverty-reducing and labor-absorbing economic activities, has come under serious attack. An ideology of free market and open global competition that increasingly limits the role of the state in economic activity has risen to prominence. According to some, a unified global economy has emerged and the global system has already entered a postnational stage (Barber 1995). While recognizing the intensification of interdependence among countries, many disagree that such a transformation has already taken place in the global system (Underhill 1994; Holm and Sorensen 1995; Boyer and Drache 1996). In most developing countries, however, the role of the state has been reduced to essentially adjusting national economies to the global economy instead of autonomously charting its own development strategy.

Under the new global order, development in Africa and in the rest of the countries of the South is widely viewed to rest largely on integration with the global economy. Policy measures that are believed to advance integration with the global economy, including promotion of exports, attraction of foreign investments, correction of macroeconomic imbalances and decontrols of prices, exchange rates and imports are almost universally promoted in these countries. The IMF, the World Bank, powerful multinational enterprises and the state in the countries of the North that dominate the global system are the primary endorsers of such policies.[1] Loss of its ability to set the development

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agenda and to chart development strategy has seriously debased the state in developing countries.

This raises a serious question of relevance of state building in an era of diminished significance of the state. This paper has three objectives. One is to outline some of the most important considerations that necessitate state building in Africa. A second objective is to briefly examine the nature of state building in contemporary Africa and to chart tentative relations between state building and democratization. The last objective is to examine Ethiopia's new ethnic-based federalism in order to determine if it holds some promise to successful state building which would be of relevance to other African countries.

The phrase "state building" is used in this paper in two interrelated conceptions. One usage is in lieu of nation building to avoid the confusion between state building and the development of sub-state nationalism (ethnonationalism).[2] It refers to the complex process of internally integrating a country by 1) improving relations among different ethnic and religious entities and uniting them under a shared political and economic systems, and 2) integrating different economic sectors especially the fragmented dual economies into a complementary system by transforming the subsistence peasantry. The second conception of the phrase is in terms of strengthening the institutions of the state to make them more effective in advancing the welfare of its citizens and in managing society in line with the state's mandated authority.

Why Is State Building Still Essential in Africa?

There is little doubt that the process toward a unified global economy has been intensified. There is also little dispute that integration with the global economy under the right conditions can promote growth and development. However, despite many claims (Sachs and Warner 1995), empirical support that openness attained by reducing the role of the state achieves considerably more successful socioeconomic transformation remains at best contentious (Krugmen 1995; Edwards 1993). Openness is not the same as integration nor is it a sufficient condition for integration with the global system. If integration means to become an integral part of a system and to be able to influence the system and to make a difference while being impacted by it, then openness is only a necessary but not a sufficient condition. By all indications, African economies are already competitive in openness (Hardy 1992, 427). However, they can hardly be considered to be integrated with the global system or to have any significant impact on it. Diversification of exports, which involves diversification of production, ability to attract foreign investment, to penetrate foreign markets and to impact global production and distribution are the real

indicators of global integration not mere openness. In these respects, the *New York Times* characterized Africa as follows:

> Africa's share of world trade...is now closer to 2 percent. That is so marginal it is almost as if the continent has curled up and disappeared from the map of international shipping lanes and airline routs that rope together Europe, North America and the booming Far East. Direct foreign investment in Africa is so paltry it is not even measured in latest World Bank study (28 June 1994).

An externally driven development approach requires a number of preconditions to be successful in leading to global integration and development. Among them are the ability to involve significant portions of the general population in the production of tradeable commodities either directly or through linkages, to maintain favorable export prices and terms of trade, and to exercise a reasonable degree of control over the national process of capital accumulation. African countries are among the least competitive in all these factors. Africa's access to foreign capital is negligible (United Nations 1996; World Bank 1994). The concentration of exports on a small number of primary products does not allow African countries to maintain favorable terms of trade which have generally been unfavorable. With a decline of 15 percent between 1987 and 1991, and a further fall of 2.87 percent annually between 1991 and 1994, sub-Saharan Africa has faced the lowest terms of trade of any other region of the world in the early 1990s (UNDP 1994). The involvement of the peasantry in the production of tradeable cash crops and mineral exports has also been limited in most African countries (Duncan and Howell 1992). From the time of its incorporation into the global system, Africa's exports have largely been produced in extroverted enclaves that have limited linkages with the large subsistence sector. As a result, the peasantry's ability to benefit from openness has been marginal. All these structural weaknesses severely limit Africa's ability to control the process of accumulation.[3] Growing dependency on food imports, which is largely related to the marginalization of the peasantry from access to resources, has further undermined the process of accumulation.

Contrary to expectations by the neo-liberal development perspective, it remains highly doubtful that openness, by itself, creates the preconditions for diversification of exports and successful integration, including the transformation of the subsistence sector into an active exchange economy. Openness of the global economic system in the late 19th century, for example, can hardly be regarded as transforming colonial subjects although some have argued that it produced "an era of economic convergence" (Sachs and Warner 1995).

The thrust of the new paradigm that industrial development comes about through a free market system with minimal state

involvement also runs counter to historical evidence.[4] There is strong evidence that the Dutch "Golden Age" of the 17th century was perpetuated by strong state involvement in the importation of raw materials and exportation of manufactured goods (Wertheim 1992). During the 18th century also, Britain stimulated industrialization, especially in the area of textiles, by not only imposing tariffs on imports from India and China but also by outlawing the wearing of some imports (Wertheim 1992). In the 19th century, countries like France, Germany and the United States counteracted British hegemony through nationalist economic strategies that included protective tariffs and credit facilities from state banks in order to develop national industries (Wertheim 1992, 261–62). Referring to the role of the state in Russia, Gerschenkron (1962, 20) notes that, despite the incompetence and corruption of the bureaucracy, the impact of the policies pursued is "undeniable." In the 20th century, the state in Japan, South Korea and Taiwan promoted industrialization through a number of policy measures, including land reform, targeting of investments and credits to selected industries, protecting young industries and by providing extensive support in marketing and research facilities (Datta-Chaudhuri 1990; Wade 1990; Dietz 1992; World Bank 1993).

That African countries would be better off under openness than under autarky or under the control of a self-serving state can be established relatively easily. However, the claim that unbridled openness is superior to an engagement with the global system on terms and conditions carefully selected and coordinated by a state committed to social interests and accountable to its citizens, runs counter to historical evidence as well as to common sense. Unregulated openness has, for example, begun to undermine the diversification efforts of several countries by destroying infant industries that are not ready to compete globally. Disengagement of the state can also easily lead to the continued marginalization of the peasantry and the neglect of domestic sources of growth instead of cultivating them and thereby expanding domestic markets.

The anti-state ideology may be partly explained by the wide- spread view that states are generally self-serving and cannot be expected to promote social interests. The failure of the African state in promoting social interest is abundantly clear (Bates 1981; Ayoade 1988; Keller 1991; Young 1994). The state often serves the interests of the dominant interest groups or classes. At other times it becomes self-serving. Yet as Rueschemeyer and Evans (1985, 47) note, it is ultimately an organization of citizens and is capable, depending on the balance of power between the state and civil society and within civil society, to serve as a corporate actor or as an agency for promoting the common good. Under a genuinely democratic system where imbalances between social classes are mitigated, for example, the state can be expected to

act on behalf of common social interests. It is inconceivable for such a state not to engage in the economic process to enhance the well-being of citizens, especially where development is the overwhelming concern and the majority of the population is marginalized. The appropriate question is thus not how to reduce the role of the state but rather how to transform it from one that is incompetent, self-serving, or one that serves the interests of dominant groups, to one that is effective and committed to advancing broad social interests. In view of the market creating and developmentalist roles played by many states, including those of Japan and South Korea, the generalization that the state can not be relied on to promote social interests is not convincing.

Another reason for the rise of the anti-state ideology is the shift in the balance of power between capital and labor in favor of capital. Technological advancement, flexibility of production and free mobility of capital across national borders have all contributed to strengthen capital and weaken labor. The crisis of socialism has also contributed to this shift in power relations. As capital gains the upper hand, it attempts to shape the nature of the state in line with its interests. The roles of the state that act as a check on the interests of capital have come under attack. This shift in power relations is, however, largely external to Africa. The capitalist class in Africa has not yet established such dominance over other classes. The rise of what is often referred to as "the Washington consensus" was a fundamental turning point in world economic affairs (Krugman 1995).

The anti-state ideology also severely narrows the sphere of public decisions (democracy) by limiting the role of the state in economic activity. Yet it remains that only the state can protect society from the excesses of capital and, to the extent that democracy survives, the dominance of capital is correctable through active popular participation. Furthermore, to the extent that the disengagement of the state and globalization lead to excessive concentration of wealth, and declining purchasing power of the popular masses, the resulting aggregate demand constraint acts as a built in mechanism to reduce the dictatorship of capital by undermining economic growth. The monopolistic tendency of globalization is another threat to the market system.

Taking the state out of the development process can be especially risky for the countries of sub-Saharan Africa and other countries of the South with undiversified economies. For these countries, which have low levels of participation in the global economy, including in owning and controlling capital, the new global order and its development ideology can: 1) further undermine their ability to control the process of accumulation and development, 2) intensify polarization between rich and poor and among ethnic entities, 3) expose the citizens of these countries to more overt external domination and 4) exacerbate the

neglect of internal dynamics of development as emphasis is placed on the North's capital and markets as sources of growth. All this is likely to perpetuate the exiguity of their internal market and the fragmentation and stagnation of their economies resulting in more marginalization within the global economy.

State Disintegration

Another factor that necessitates state building is the worrisome dangers associated with the state's collapse or disintegration. Things tend to get worse when even the most predatory states collapse. The civil wars and the shocking human tragedies of Somalia, Liberia, Sierra Leone and Rwanda occurred with state collapse. Such tragedies can reoccur since many African states are "verging on dissolution" (Zolberg 1992).

The failure of state building in Africa is largely attributable to the nature of the state. Presently, the African state is generally highly centralized, authoritarian, self-serving or serving the interests of what Keller (1991, 142) calls "the state class," which includes, the reigning political authorities, the central bureaucracy and its regional functionaries, the top echelons of the military and members of, where it exists, the dominant political party. The capabilities of the African state in responding to social needs and interests, even when the political will is present, are also limited. Jackson and Rosberg's 1982 observation that African states are states *de jure* but not *de facto* still applies to many of them. The failure of the state to advance social interest by providing health care, education, and basic infrastructure, and so forth and the increasing surrender of its policy making powers to external agencies have further undermined its legitimacy among its constituents and in the eyes of the global community. In the context of extreme poverty, its chronic failure to provide minimum security and to correct the prevailing gross inequalities among ethnic groups has also led to rising interethnic conflicts, which, in turn, threaten to bring about the disintegration of the state.

As Shaw (1994) notes, there may be some cases where state disintegration may lead to a more homogeneous and relatively more peaceful small states. However, dividing states along ethnic lines is not feasible since ethnic groups often cohabit. Independence for the Oromo or Amhara peoples in Ethiopia or creating independent states for Hutus and Tutsis in Rwanda and Burundi are, for example, unlikely to lead to peaceful coexistence. The break up of Eritrea from Ethiopia has ended in a peaceful settlement. Eritrea, however, is a special case. As Young (1983, 219) notes, the Eritrean demand for self-determination was territorially rather than culturally (ethnically) defined. Eritrea was given a separate entity and clearly demarcated boundaries by

colonialism. Although its self-declared independence has not received international recognition yet, Somaliland (the former British Somaliland) also has boundaries delineated by the colonial state.

Separation of ethnic groups is also unlikely to prevent conflict as long as the factors that lead to conflict such as uneven access to resources, and uneven distribution of power, are not carefully addressed and mechanisms for economic, political and social integration of different social entities are not developed. Even nation states can still experience conflict along regional or clan basis. Ethnic, religious and cultural homogeneity did not prevent clan conflict in Somalia. State disengagement is likely to be less harmful to state building than self-serving intervention. However, preventing the dangers of state disintegration requires that the state engages in promoting development and interdependence among different ethnic groups and regions and in mitigating inequalities.

Even if it could be attained peacefully, state disintegration would have another problem. In most cases, African countries are already economic midgets that are too small to support any meaningful industrialization, to attract foreign investments or to be of any consequence in the emerging global order. Fragmenting them further through disintegration is likely to weaken their resource base and exacerbate the already poor prospects of their economic development. In the long run, however, state boundaries may cease to be serious obstacles to economic development, if openness or regional integration are fully attained.

To conclude this section of the paper then, the general crisis confronting Africa has threatened the survival of African societies. It is highly unlikely that their survival and development would be attained without a strong organization locally, regionally, and at the level of the state. It is multiethnic patriotic struggle that liberated Africa from colonial rule. This kind of struggle together with regional integration is as essential now in liberating Africa from its present crisis in the unfolding global order. However, the state cannot be strengthened without transforming its nature from self-serving to one that advances social interests. Strengthening the state requires developing mechanisms for accommodating the interests of different ethnic groups and integrating them politically, economically, and socially. Such interethnic accommodation and integration are prerequisites for broad based mobilization of resources to overcome Africa's general crisis.

Relations Between Democracy and State Building

Given the anti-state ideology of the new global order, the ethnic and religious tensions that are rampant throughout Africa, and the

built-in economy of affection, nepotism and corruption that characterize African countries, state building is a difficult process. Historically, state building preceded democratization and was generally accomplished by coercive means through conquests or in the process of resisting conquests. Referring to nationalism in 19th century Europe, Lewis Namier notes that, "states are not created or destroyed, and frontiers redrawn or obliterated, by arguments and majority votes; nations are freed, united, or broken by blood and iron, and not by a generous application of liberty" (Schwarz 1995, 60). Nonetheless, economic interdependence and homogenizing educational and administrative penetration, including democratic arrangements, have contributed in consolidating state building.

In the African case, the colonial state imposed the boundaries of states without creating the economic, political and social conditions or any symbols and myth that would promote the consolidation of the state (Smith 1988). The post-independence state attempted, as K. Kaunda notes, "to create nations from the sprawling artifacts the colonialists carved out" (Neuberger 1994, 235). It is clear that the post-independence state has not yet succeeded in this objective. In a number of countries maintaining the colonial creations by means of coercion is proving difficult although the colonial boundaries are still holding.[5] The weakness of the state, in company with the current global democratization and growing concerns with human rights violations and refugees, has made the option of state building by means of coercion increasingly less viable. As a result, unlike in the 19th century, state building has now become fused with democratization.

This fusion has serious implications to the manner in which the process of state building can take place as well as to the nature of democracy. In regards to state building, it implies that integrating the disparate groups and determining the relations between them and the state can only be accomplished through collective decisions of all the parties involved and on the basis of carefully negotiated terms that are acceptable to all of them. Such negotiated terms also imply that if such agreements are not reached, the option of secession is available to ethnic groups. For this reason democratization of the terms of state building may involve the risk of accelerating state disintegration, as Ottaway (1995, 244) notes. However, few ethnonationalist movements in Africa have demanded to form their own states (Scarritt 1993). Ethnonationalists in Africa have clearly faced a serious dilemma. On the one hand, they find integration with the state under existing terms and conditions of unevenness unacceptable. On the other hand, they realize the risks state disintegration and fragmentation entail. Movements such as the Sudanese People's Liberation Movement and the Oromo Liberation Front (OLF) in Ethiopia have not sought secession as the only solution to their cases. The Inkatha Freedom Party in South

Africa has also clearly rejected independence in favor of federalism. Thus, democratization appears to pose much less risk to state building than not democratizing.

The fusion between state building and democracy also implies that the nature of democracy is subject to the outcomes of the agreements and negotiated compromises among the disparate groups. The levels of centralization/decentralization of power, the question of how to manage the relations between minority and majority ethnic groups and what electoral systems to adopt are highly contentious issues. The demarcation between the spheres of the private and public decisions, for example, how much state intervention in economic activity is acceptable is also a difficult issue that would be subject to an agreement among the different parties to state building. This suggests that African countries need to invent their own version of democracy as Sklar (1987) notes.

They must also invent their own formula for state building. State building on the basis of negotiated terms among different entities implies that different levels of decentralization and different forms of power sharing are likely to emerge as options. Federalism is likely to be one of the more common arrangements. The process of state building through decentralization and federal arrangements, mechanisms that attempt to affirm the rights of nations, have been widely resisted by many African leaders and scholars. Such mechanisms have often been viewed as reinforcement of ethnonational loyalties which undermine the effort towards building nation-states (Nkrumah 1970; Rothchild 1968; Neuberger 1979; 1994). However, state building through centralized unitary structures has not succeeded. Moreover, transforming multination states into a nation-state is an unrealistic goal. The countries that were believed to have succeeded in this process have not been all that successful. The United Kingdom, France and Spain, for example, can hardly be regarded as nation-states (Connor 1994). The aim of state building has to be a realistic one that integrates different nations to form a workable and peaceful multination state. It is less likely to succeed if its goal is to transfer the loyalties of citizens from the nation to the state. Instead it needs to minimize conflict between the nation and the state and thereby to blur the differences in the loyalties for the two. With this rather lengthy background analysis, we now examine Ethiopia's delicate experiment.

Ethiopia's State-Building Crisis

Although its roots can be traced to the Abyssinian empire (c.1270–1750), the Zagwe empire (c. 1100 A.D.–1270), and the Axumite empire (c. first millennium B.C. to 10th century A.D.), the modern Ethiopian state was essentially created in the second half of the 19th century. By

the middle of the 19th century the Abyssinian empire, which had splintered into many small principalities ruled by largely autonomous feudal lords for about a century, was unified. The new empire expanded southward during the era of scramble for Africa establishing Ethiopia's present boundaries.[6] The expansion was, however, primarily internally driven rather than a reaction to European colonization.

Following the expansion of the empire, the inhabitants of the newly incorporated areas were treated as subjects. They largely lost ownership of their lands to northern landlords and were mostly reduced to landless tenants.[7] For the most part, their culture, language and identity were also suppressed. Baxter (1978, 228), for example, notes that it was not permissible to publish, preach, teach or broadcast in any Oromo dialect until the end of Haile Selassie's reign.

Despite the stark differences of its origins from those of most African states, Ethiopia shares a number of state-building problems with the rest of African states. One major obstacle to state building is the failure to develop integrating economic systems supported by homogenizing administrative and educational mechanisms. The political elite failed to craft a state out of the multitude of nations with some regard for cultural diversity and the rights of nations to some form of self governance. The economic and educational systems also failed to be integrating. The former was highly exploitative, extroverted and underdeveloped while the latter remained too confined.

Following decolonization, state building in Africa was widely perceived as forging a nation-state with a common culture and identity. Nations ("tribes") were expected to give up their identity and to adopt some common national culture, which essentially meant the culture of the dominant nation. With few exceptions, African leaders of the era of decolonization viewed federalism as a divisive arrangement that would lead to secessions. As a result, a unitarist centralizing strategy of state building was widely adopted in the continent.

Like most other African states, Ethiopia's state-building strategy following its expansion was characterized by highly centralist unitarism accompanied by unbridled arrogance of the ruling elite. The different national entities, especially those newly incorporated by conquests, were allowed little space for autonomous cultural development much less for self-rule. They were instead forced to assimilate into the culture of the dominant nation—mainly the Amhara nation. Despite creating a parliament to disguise the nature of his rule, Emperor Haile Selassie remained an absolute monarch with a highly centralized political system. A number of violent uprising by different regions and nations resulted at least in part due to over-centralization. Eritrea's 30-year old struggle for independence following the abrogation of its UN–instituted federation with

Ethiopia and its annexation in 1962, is one such rebellion. The Raya-Azebo revolt in 1928, the Woyane rebellion of Tigrai in 1943, the Bale revolt in 1964 and the uprising in Gojjam in 1968 are other cases (Worku Lakew 1992, 16).

The military government (*Derg*) that overthrew the monarchy in 1974 also remained as centralized. In an attempt to reduce social unrest and the problem of nationalities, the military government implemented a radical land redistribution program. This largely freed the southern tenants from the bondage of the landlords who were mostly descendants of the occupation troops and administrators. However, the land redistribution program proved to be insufficient to overcome the problem. The program was undermined by a number of factors, including the government's failure to create access to other essential resources for the peasantry, its attempts to collectivize peasant agriculture and absence of a serious political reform to decentralize decision making. The *Derg* resorted to military build up in order to suppress the different liberation movements, including the Eritrean Liberation Fronts (the Eritrean Liberation Front and the Eritrean People's Liberation Front), the Tigrai People's Liberation Front (TPLF) and the Oromo Liberation Front. The *Derg*, for example, failed to accept a proposal by its first chairman, Aman Andom, to grant Eritrea some autonomy until well after the intensification of the conflict.

Military solution to the ethnic problems proved unsuccessful. Instead it polarized ethnic groups even more and brought the country to the brink of total disintegration. It also wrecked the country economically. Military expenditures rose from about 18 percent of total current expenditures in 1974 to about 50 percent in 1988. The government's program of resettlement of large numbers of peasants from the northern parts of the country into the south also exacerbated ethnic animosities.

The centralist unitary strategy of state building clearly allowed assimilation of individuals and groups to the dominant culture. Many, in fact, were successful in rising to join the top echelons of the military and the ranks of the bureaucracy. Yet as Mohammed Hassen (1994) notes, the cost for those who assimilated or Amharized was that they "ceased to be themselves."[8]

Another factor that has impeded state building is the extroverted nature of the national economy, which largely neglects internal dynamics for growth and development. At the time of its expansion, the Ethiopian state was itself incorporated into the global capitalist system. Initially, incorporation took the form of importation of firearms from Europe in exchange for coffee, ivory and gold, which were mostly obtained from the newly conquered southern provinces. Beginning the 1950s, however, there emerged in Ethiopia a small

commercial sector dominated by foreign investment. The emergence of this sector led to an emphasis on the production of cash crops for export to the metropolitan countries. As in many developing countries this sector was expected to be the engine of growth and transformation for the rest of the economy. Both government policy and market forces collaborated closely to direct resources to the new sector.

Under the extroverted economic structures, a peripheral center evolved around Addis Ababa, which linked the rest of the country to the international economic system. Much of the rest of the country and close to 80 percent of the population, however, remained in the traditional subsistence sector. Uneven development generated by the extroversion of the economy in conjunction with the hierarchical ethnic relations resulting from internal colonialism promoted ethnonationalism. The myth of 3000 years of independence and civilization the elite often used to mobilize Ethiopian nationalism proved inadequate to be a rallying point for state building in Ethiopia. The calls by some political organizations for a united struggle against the elite and imperialism also largely failed to materialize. These organizations essentially represented a totalizing vision and were unable to articulate concrete political programs to address the hierarchical ethnic relations which hindered mutual tolerance and respect among ethnic groups.

Ethiopia's Novel Ethnic Policy

By May 1991 when the forces of the Ethiopian People's Revolutionary Democratic Front (EPRDF) overthrew the military government and its violent centralized authoritarian system, it was widely realized that the centralist unitary strategy which was based on assimilation and coercion has failed in promoting state building in Ethiopia. A different solution for the country's ethnic and regional problems was clearly needed. In July of 1991 the EPRDF, which is made up of the TPLF and two other small fronts, the Oromo People's Democratic Organization (OPDO) and the Amhara National Democratic Movement (ANDM), called for a National Conference in which 12 assorted political groups with 400 delegates participated. The conference adopted a provisional charter and an EPRDF-led transitional coalition government, with a number of other movements and political groups, was formed.

Table 1
Registered Political Parties in Ethiopia
(as of August 1996)

Afar Liberation Front	Islamic Front for the Liberation of Oromiya
Afar National Democratic Movement	Joint Ethiopian Nations and Nationalities Democratic Party
Afar National Liberation Front	The Joint Political Forum*
Afar People's Democratic Organization	Kebena Nationality Democratic Organization
Agew People's Democratic Organization	Kembeta People's Democratic Organization
Alaba People's Democratic Unity Organization	Kembeta People's Congress
All Amhara People's Organization*	Konso People's Democratic Organization
Amhara People's Democratic Movement	Konta People's Democratic Party
Argoba People's Democratic Movement	Kore Nationality Unity Democratic Organization
Bench People's Revolutionary Democratic Movement	Mareko People's Democratic Organization
Benishangul South Western Ethiopia People's Democratic Unity Party	National Democratic Unity
Benishangul Western Ethiopia People's Democratic Organization	Oida Nationality Democratic Organization
Burgi People's Democratic Organization	Oromo Abo Liberation Front
Burgi People's United Democratic Movement	Oromo National Congress
Council of Alternative Forces for Peace and Democracy in Ethiopia*	Oromo People's Democratic Organization
Dawero People's Revolutionary Democratic Organization	Selti People's Democratic Unity Party
Denta, Debamo, Kitchenchla Democratic Organization	Shekecho People's Democratic Movement
Derashe People's Democratic Organization	Sidama People's Democratic Organization
Donga People's Democratic Organization	Somali People's Liberation Front Party
Ethiopian Democratic Unity*	Southern Ethiopia People's Democratic Front
Ethiopian National Democratic Party*	Southern Ethiopia People's Democratic Unity
Ethiopian Peace and Democratic Party*	Southern Omo People's Democratic Movement
Ethiopian People's Revolutionary Democratic Front*	Tembaro People's Democratic Organization
Ethiopian Somali Democratic League	Tigrai Worgi Nationality United Democratic Organization
Gambella People's Democratic Unity Party	Tigrayan People's Liberation Front
Gambella People's Liberation Party	United Oromo People's Liberation Front
Gamo and Gofa People's Democratic Organization	Western Somali Democratic Party
Gamo Democratic Unity	Wolayta People's Democratic Organization
Gideo People's Revolutionary Democratic Movement	Wolenei People's Democratic Movement
Gurage People's Revolutionary Movement	Yem People's Democratic Front
Hadiya People's Democratic Organization	Zeisei People's Democratic Organization
Hareri National League	

Note: (*) denotes a national party; all others are regional.
Source: National Electoral Board of the Federal Republic of Ethiopia, Addis Ababa, August 22, 1996.

The transitional government of Ethiopia (TGE), in line with the charter, quickly recognized the unconditional right of every nation in the country to self-determination, including the rights of self-governance, cultural autonomy, as well as secession. It also allowed, for the first time ever, freedom of political organization. Sixty-three

Table 2

Federal Government Budget Allocations to

Regional State Governments for Fiscal Year 1996/97 (in birr)

Tigray	302,500,000
Afar	157,100,000
Amhara	794,500,000
Oromiya	957,500,000
Ethiopian Somali	150,000,000
Benishangul-Gumuz	113,200,000
Southern Nations, Nationalities, and Peoples	632,800,000
Gambella	95,700,000
Harari	38,000,000
Addis Ababa Regional Council	116,400,000
Dire Dawa Administrative Council	21,600,000

Source: *Ethiopian Herald*, 5 July 1996.

political parties have registered as of September 1996 (See Table 1). A constitution that endorses these changes was ratified on December 8, 1994. The new constitution provides for the election of a 550 member Council of Peoples' Representatives from all electoral districts on the basis of the size of the population and special representation of minority nations. At least 20 seats are identified for small minorities (Article 54 of the new Constitution).

The highly centralized system of governance has also been replaced by a federal arrangement among the newly demarcated and largely ethnic-based 11 states, including the cities Addis Ababa, the capital city and Dire Dawa, which constitute separate administrative units. The other nine states are; Tigrai, Afar, Amhara, Oromia, Somali, Benishangul/Gumaz, Southern Nations, Gambela peoples and Harari People. It is possible that new states can be formed since the constitution grants small nations within the newly created states the right to form their own states at any time.

The new constitution also provides for the creation of a Federal Council that is composed of representatives of nations. Each nation is represented in the Federal Council by one member and by one additional member for each one million of its population (Article 61 of the Constitution). In the May 1995 national election 108 members of this upper house were elected. Among the tasks of this council are 1) to decide on claims by nations for self-determination, including secession,[9] 2) to settle disputes and misunderstandings between states and 3) to determine the division of revenues derived from joint federal and state tax sources and subsidies by the Federal Government to states. The creation of the Federal Council to manage ethnic and regional relations also frees up the Council of Peoples Representatives to deal with other pressing national issues.

The Ethiopian experiment has generated a great deal of concern from two sides. On the one side, many contend that the new ethnic–based federalism is unnecessarily drastic and that it is likely to become a prelude to the disintegration of the country along ethnic lines. Ottaway (1994, 47), for example, claims that "[B]y following the Soviet lead, the Ethiopian government had embarked on a path bound to lead either to increased repression or to mounting ethnic conflict and the eventual disintegration of the country." Engedayehu (1993, 39) also argues that "[D]ividing them (the Ethiopian people) on linguistic, religious, or regional differences will not only lead to social disharmony but will also arouse the desire by groups to press for secession in the future." Another observer also views Ethnic democracy as an oxymoron (Crummey 1994).

On the other side, many accuse the EPRDF government of failing, in sharp contrast to its bold policy declarations, to allow ethnic groups to organize freely. This group of critics argues that the EPRDF

manufactures ethnic organizations that march to its own orders and suppresses independent organizations (Hassen 1994).

The first charge is unconvincing. Ethnic relations in the country were already poisoned by the previous two regimes and the country was clearly on the verge of disintegration along ethnic lines. The multiplication of ethnic based liberation movements is indicative that ethnic relations had reached an impasse. Even if liberal democracy which safeguards the rights and freedoms of the individual would be a solution to Ethiopia's ethnic problems, as Crummey suggests, this would not be attained quickly and the country's ethnic problems needed immediate attention. Despite the risks involved, bold policy measures such as those initiated by the EPRDF and the National Conference or similar varieties were essential to stop the perpetual bloodshed, to avert the country's total disintegration and to mend ethnic relations.

The TGE's ethnic policies have already paid notable dividends. Eritrea's bitter conflict has ended with a peaceful settlement and the two countries have already embarked on economic integration and cooperation in a wide range of issues. The bloodshed in the rest of the country has also largely subsided. Armed liberation and independence movements in the country have been largely replaced by political parties. As a result, government expenditures on national defense and internal order and justice have declined from an average of over 44 percent of total expenditures in the late 1980s to less than 20 percent in 1994 while expenditures on agriculture have risen from about 2.9 percent in the late 1980s to 5.9 percent in 1994 (Ethiopia, Statistical Abstract, 1995). The government's agricultural extension program and fertilizer subsidies are claimed to have led to a seven-fold increase in consumption of fertilizers between 1993 and 1995. In company with good weather, this has led to very good harvests in the country over the last three years. Grain production rose by an average of 19 percent per year between 1992/93 and 1995/96 while the overall economy for the 1994/95 and 1995/96 years grew by 5.6 percent and 7.4 percent respectively. Transportation and energy development are other areas in which the country has made notable progress. Considering the overall situation of the country, including widespread poverty and high unemployment rates, these developments do not represent much more than promising steps in the right direction. Yet, they are not something to sneeze at.

The second charge, which essentially points to problems and slow pace of democratization in the country, is more convincing. The TGE's ethnic policies and federal arrangement are essential first steps in conflict resolution and they are requisites for democratization. But they do not, by themselves, signify the establishment of a democratic system in the country. There are also some indications that the EPRDF may not be as bold in implementing its policies as in declaring them. Some political organizations were disallowed from participation in the July

1991 National Conference. Several opposition parties have also alleged a number of unlawful activities by the ruling party and have boycotted elections. A number of international election observers have corroborated some of the allegations by noting some election irregularities in the 1992 regional elections (National Democratic Institute for International Affairs and the African American Institute, 1992).

The election irregularities are, at least in part, due to inexperience, lack of capacity and due to overzealous lower level officials, as some of the international observers noted (McDonald 1992, 29). However, part of the explanation lies in the nature of the EPRDF and the rest of the political organizations in the country. Undoubtedly, the EPRDF is a political organization that wants to keep the country together and to promote state building. At the same time, like all political parties, it also wants to keep itself in power. At this time where the rules of the game are in their formative stage, it can be expected that the organization or some of its members to act as political entrepreneurs and to manipulate the rules in their favor or to engage in activities that attempt to weaken challengers. The EPRDF or some of its members would not be unique in engaging in such endeavors; most other parties would engage in similar activities. The nature of the urban neighborhood associations (*kebelles*) and peasant associations has also contributed to the problems opposition parties face. These associations, which are largely tied to the government and the ruling party, do not seem to be tolerant enough to allow diversity of party affiliation among their members. Under these conditions, the process of democratization is likely to be arduous that requires opposition parties to cultivate grassroots support among the *kebelles* and peasant associations and to continuously exert pressure on the government through peaceful means. Unfortunately, their "all-or-nothing" demands and boycotts of elections have marginalized most of these parties and allowed the EPRDF to control Ethiopian politics largely unopposed. The OLF's withdrawal from the coalition transitional government and its engagement in armed struggle has particularly been ill-fated.

Despite the difficulties of implementation and the ongoing political ramblings, Ethiopia has taken encouraging steps towards state building as well as democratization. Freedom of press and nonviolent organization, for example, are now more respected in the country than ever before, although a lot more remains to be done. The progress in this regard is evident from the multiplication of newspapers and periodicals, many of which are highly critical of the government. The hierarchical ethnic relations in the country are now fundamentally gone and state building through assimilation has ended. Distribution of public expenditures among the different regions has been rationalized

to reflect the distribution of population and economic marginalization (see Table 2). The country's constitution also establishes that state building by means of force is no longer feasible. A novel state building strategy through peaceful means has been initiated. The new strategy has the potential to empower all ethnic groups by giving them self-governance and allowing them cultural autonomy. It also enables ethnic minorities to reduce the power of the majority by controlling their local affairs and by building coalitions across ethnic lines at the national level. The freedom to secede can be used by all ethnic groups as a safeguard from domination. Moreover, such rights may serve as therapeutic to the nations that suffered generations of oppression.

As noted already, implementation has not always kept pace with declaration of policies. Moreover, this bold and novel strategy of state building is not without risks. Ethiopia is thus by no means out of the woods yet. Given the history of ethnic animosities in the country, ethnic loyalties and Ethiopian patriotism are not likely to be reconciled quickly. Most political parties, including the All Amhara People's Organization, the OLF and the Islamic Front for the Liberation of Oromia, for example, have remained exclusively ethnic organizations. Although significantly reduced, sporadic armed conflicts have also continued.

Yet there are many encouraging signs. Ethnic federalism has not encouraged demands for secession. Through coalition building the EPRDF has now become an effective national party. Realizing that their chances of becoming major players in national politics are slim, as long as they remain ethnic organizations, other political parties have also begun to follow the EPRDF lead in forming coalitions across ethnic lines. The Joint Political Forum Party formed by the merger of the Ethiopian Democratic Union Party, the Southern Ethiopia Peoples Democratic Union and the Ethiopian Democratic Action Group is one example. The Ethiopian National Democratic Party formed by the merger of the Ethiopian National Democratic Organization (ENDO), the Ethiopian Democratic Coalition (EDC), the Guraghe People's Democratic Front (GPDF), the Kembatta People's Congress (KPC) and the Wolayita People's Democratic Front (WPDF) is another. These coalitions are still fragile and may not survive. Nevertheless they remain promising trends. Another important development is the emergence of several competing parties within ethnic groups. For example, in addition to the OLF, five Oromo parties, the Oramo National Congress, United Oromo People's Liberation, Oromo People's Democratic Organization, Oromo Abo Liberation Front and the Islamic Front for the Liberation of Oromiya, have been formed. This plurality of parties and competition among them is likely to make armed struggle less suitable for attaining ethnic interests and instead to promote peaceful political mobilization.

One concern which is rarely raised by critics of the Ethiopian federal arrangement is if the global liberalization process presently underway would allow the government the autonomy that is essential to pursue policies that promote internal interdependence. Under pressure from the IMF and the World Bank, the EPRDF government has implemented significant liberalization. The birr has been devalued, most retail prices are decontrolled and import barriers have been reduced. However, so far, the government has resisted full liberalization in some key areas, including floating the birr, decontrolling the prices of petroleum and pharmaceuticals and subsidizing fertilizers. It remains to be seen if the government can sustain its resistance. In any case, progress in democratization and in promoting internal economic interdependence remains the key to the success of the Ethiopian strategy of state building. If the country fails in this regard, the ethnic-based federal arrangement is likely to make disintegration easier since it has given ethnic groups territorial identities. Ethiopia cannot afford not to continue to democratize if it is to avert disintegration.

In conclusion, despite the challenges of globalization which espouses disengagement of the state, the role of the state in Africa remains critical. It is difficult to conceive economic development and democratization without a viable and active state. It is also hard to envision that solutions to the wide spread ethnic conflicts and crisis of state building would be attained in the continent without some sort of consensual and decentralized power-sharing democratic arrangements. The Ethiopian experiment has clearly established the links between state building and democratization. It is also likely to have wider implications and to revitalize federalism as a strategy for state building in the rest of the African continent.

Notes

1. The following two statements by the IMF Managing Director, Michel Camdessus, accentuate the development perspective of the new global order:

   In fact, open economic relations with the rest of the world provide one of the most reliable generators of growth. The jury is no longer out on this issue: the verdict is clear—the most open economies have been the most successful (IMF 1993, 195).

   In spite of all its risks, but also with all its potential for enhancing economic efficiency, this international integration of financial markets is not only irreversible, but it can only broaden and intensify in the future. Let us not make the mistake of believing that the answer to financial crisis lies in reversing this globalization through exchange controls and less open markets (IMF 1995, 217–20).

2. This usage is in order to distinguish state building from the development of sub-state nationalism. For details on the distinctions between the terms state and nation see Walker Connor (1994).

that the answer to financial crisis lies in reversing this globalization through exchange controls and less open markets (IMF 1995, 217–20).

2. This usage is in order to distinguish state building from the development of sub-state nationalism. For details on the distinctions between the terms state and nation see Walker Connor (1994).
3. For details on the factors that limit the ability of African countries to control the national process of capital accumulation see Samir Amin (1985).
4. For details on the direct and indirect impacts of the state on economic development, in particular and capitalist development in general see Callaghy, 1988; Rueschemeyer and Evans, 1985; and Wertheim, 1992.
5. Eritrea's independence and even Somaliland's secession can be regarded as a return to the colonial boundaries rather than changing them.
6. Eight of Ethiopia's 13 provinces were incorporated during this period.
7. The occupation troops and the new administrators and religious leaders that followed them were all given land in lieu of payments.
8. The social and psychological impacts of self-denial are no doubt serious but these impacts are beyond the scope of this paper.
9. According to the new constitution, for a state to secede from the federation, three-fourths of its national council of representatives need to support secession. In addition the majority of the state's population have to support secession in a referendum.

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