

The Party That Consumes the State: The Rise of Oligarchy in Post-1991 Ethiopia

Tefera Negash Gebregziabher

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The Party That Consumes the State: The Rise of Oligarchy in Post-1991 Ethiopia

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The logo of the Erasmus University, featuring a stylized, handwritten-style script of the word "Erasmus" in a dark blue or black color.

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To my mother *Tsige Tilaye*, whose kindness and hard-work always amazes me
and
To my daughter *Zala Tefera Negash Olofsson*, who chose to join me in the most challenging times

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Acronyms

AAMI	Adama Agricultural Machinery Industry
ABMI	Akaki Basic Metals Industry
AC	Africa Confidential
ADB	African Development Bank
ADP	Amhara Democratic Party
ANDM	Amhara National Democratic Movement
APPP	Africa Power and Politics Programme
BAI	Bishoftu Automotive Industry
BMEI	Basic Metals and Engineering Industry
CSA	Central Statistics Authority
CVL	Crystal Ventures Ltd
DAVI	Dejen Aviation Industry
DBE	Development Bank of Ethiopia
EBC	Ethiopian Broadcasting Corporation
EDDC	Ethiopian Domestic Distribution Corporation
EEA	Ethiopian Economic Association
EEP	Ethiopian Electric Power
EEPCO	Ethiopian Electric Power Corporation
EFFORT	Endowment Fund for the Rehabilitation of Tigray
EGRD	Ethiopian Grand Renaissance Dam
EIA	Ethiopian Investment Agency
EIC	Ethiopian Investment Commission
EIGs	Endowment Investment Groups
EIU	Economic Intelligence Unit
EPEI	Ethiopian Power Engineering Industry
EPRDF	Ethiopian People's Revolutionary Democratic Front
EPRP	Ethiopian People's Revolutionary Party
FBC	Fana Broadcasting Corporation
FEACC	Federal Ethics and Anti-Corruption Commission
GAI	Gafat Armament Industry
GDP	Gross Domestic Product
GIZ	German Development Agency
GTP	Growth and Transformation Plan
HAEI	Homicho Ammunition Engineering Industry
HIPC	Highly Indebted Poor Countries
HMMBI	Hibret Manufacturing Building Industry
HTI	Hi-Tech Industry
IES	Institute of Ethiopian Studies
IMF	International Monetary Fund
ION	Indian Ocean Newsletter
JICA	Japan International Cooperation Agency
KSDP	Kuraz Sugar Development Project

MEISON	All-Ethiopia Socialist Movement
METEC	Metal and Engineering Cooperation
MFI	Metals and Fabrication Industry
MIE	Mesfin Industrial Engineering
MIDROC	Mohammed International Development Research and Organization Companies
MLLT	Marxist-Leninist league of Tigray
MoFED	Ministry of Finance and Economic Development
MoT	Ministry of Trade
MPE	Ministry of Public Enterprises
MPI	Ethio Plastics Industry
NAI	Nordic Africa Institute
NBE	National Bank of Ethiopia
NPC	National Planning Commission
ODP	Oromo Democratic Party
OFAG	Office of the Federal Auditor General
OI	Oakland Institute
OPDO	Oromo People Democratic organization
PPESA	Privatisation and Public Enterprises Supervising Agency
SEPDM	Southern Ethiopian People's Democratic Movement
SMEs	Small and Medium Enterprises
RDF	Rwandan Defence Force
RIG	Rwanda Investment Group
RPF	Rwandan Patriotic Front
TPLF	Tigray People's Liberation Front
UNDP	United Nation Developmental Programme
UNESCO	The United Nations Educational, Scientific and Cultural Organization
USD	United States Dollar
WB	World Bank

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Abstract

Economic development is inherently political and it becomes even more so when maneuvered by a coalition party that attempts to steer the direction of economic transformation politically in the presence of a meagre independent private sector. The coalition party, the Ethiopian People's Revolutionary Democratic Front (EPRDF), that has held onto state power since 1991, has introduced political and economic changes that changed the face of the country. The coalition has held state power to date, although a critical power shift in the coalition occurred in 2018. Some of the changes introduced by the regime since 1991 include the radical political re-configuration of the Ethiopian state into an ethnic federal structure with associated decentralization, and the economic policy shift from a command economy to a market economy with unique characteristics akin to market socialism. The ruling party has claimed that political power has been decentralized and political equality (especially of groups) is respected and celebrated. Economically, the regime has emphasized that Ethiopia's unprecedented economic growth uplifted the country and that growth has been shared and felt by many. This research project questions and examines the political claims and economic realities of EPRDF's Ethiopia with the help of elite and oligarchy theories in order to discover whether and to what extent the reforms have resulted in a concentration of political and economic power in the hands of the party-state and its elites.

The thesis studies power concentration through an examination of how the top echelon of the party apparatus has amassed political power and has managed to project that power onto the economy and the mechanisms associated with the politics-wealth nexus for close to three decades. This contributes to answering the question whether the political and economic liberalization under the EPRDF regime served the citizens and (ethnic) groups that the regime claimed (and maybe wanted) to serve. In this regard, the thesis first studies the concentration of political power by the core party, the Tigray People's Liberation Front (TPLF), inside the ruling coalition EPRDF by examining how political power rested in the hands of a small group of party cadres. Further, the thesis investigates the politics of Ethiopian development by studying the main economic actors that were groomed to lead the industrialization and construction spree, which contributed to registered economic growth. Next, the thesis attempts to identify the relationship between political elites and economic actors such as party-firms and state enterprises as well as business elites in Ethiopia. Finally, the thesis tries to go beyond the political economy of EPRDF's Ethiopia; it makes a comparison with Rwanda to examine the mechanisms that underlie the concentration of power in the hands of a few actors who precipitated the emergence of conglomerates that have been owned and run by party and military elites.

The main argument of the thesis is that an Ethiopian oligarchy has emerged under the EPRDF regime, as manifested in the political economy of growth, the creation of major conglomerates and the holding onto state power by ruling party elites. The thesis shows that the reference to some leftist ideological principles as well as the policies and practices of the regime have obscured the concentration of political and economic power by the politico-military elites. This process of oligarchization has disregarded the participation of many free-spirited entrepreneurs in the economy, giving opportunities mainly to party and state business people and political acquaintances. The ruling EPRDF has not only been able to consume the state through establishing an intimate relationship between political power and wealth, but also seems responsible for the introduction of a particular business culture that hinges on political connection rather than hard work. The comparative causal analysis between Ethiopia and Rwanda has shown that political insecurity of the parties and the use of business to stay in power are the underlying causes of the emergence of the politico-economic power concentration in the two economies. By expanding the theoretical assumptions of oligarchy from the politics of wealth defence by individual oligarchs to oligarchic politics as an instrument of party and state, the thesis argues that power

expands and is concentrated through the use of the party apparatus, state enterprises and networks of politically connected business elites.

Key words: Oligarchy, Ethiopia, Ideology, military business, Rwanda

De partij die de staat inlijft: De opkomst van de oligarchie in Ethiopië na 1991

Samenvatting

Economische ontwikkeling is inherent politiek van aard, vooral wanneer een coalitiepartij politieke invloed uitoefent op de richting van een economische transformatie zonder veel tegenwicht van een onafhankelijke private sector. De coalitiepartij, het Ethiopian People's Revolutionary Democratic Front (EPRDF), die sinds 1991 aan de macht is, heeft politieke en economische veranderingen doorgevoerd die het aanzicht van het land hebben veranderd. De coalitie is nog steeds aan de macht, hoewel er in 2018 een ingrijpende machtsverschuiving in de coalitie heeft plaatsgevonden. Tot de veranderingen die het regime sinds 1991 heeft doorgevoerd behoren de radicale politieke herconfiguratie van de Ethiopische staat in een etnische federale structuur met de bijbehorende decentralisatie, en de economische beleidsverschuiving van een geleide economie naar een markteconomie met unieke kenmerken die verwant zijn aan marktsocialisme. De regeringspartij stelt dat de politieke macht is gedecentraliseerd en dat politieke gelijkheid (vooral van groepen) wordt gerespecteerd en in ere wordt gehouden. Wat de economie betreft benadrukt het regime dat de ongekende economische groei van Ethiopië het land heeft doen opbloeien en dat de groei door velen wordt gedeeld en gevoeld. In dit onderzoeksproject worden de politieke claims van het EPRDF en de economische realiteit van Ethiopië ter discussie gesteld en onderzocht met behulp van elite- en oligarchietheorieën. De bedoeling van het onderzoek is om te ontdekken of en in welke mate de hervormingen hebben geleid tot een concentratie van politieke en economische macht in handen van de partij-staat en zijn elites.

In dit proefschrift wordt machtsconcentratie onderzocht door te kijken naar de wijze waarop de top van het partijapparaat politieke macht heeft vergaard en die macht gedurende bijna drie decennia heeft weten te projecteren op de economie en de mechanismen die verband houden met het dwarsverband politiek-welvaart. Dit levert een bijdrage aan het beantwoorden van de vraag of de politieke en economische liberalisering onder het EPRDF-regime de burgers en (etnische) groepen heeft gediend die het regime beweerde te dienen (en misschien wilde dienen). In dit verband wordt eerst gekeken naar de concentratie van politieke macht in de kernpartij, het Tigray People's Liberation Front (TPLF) binnen de regerende EPRDF-coalitie, door na te gaan hoe de politieke macht in handen kwam van een kleine groep partijkaders. Verder wordt in dit proefschrift de politiek van de Ethiopische ontwikkeling onderzocht door te kijken naar de belangrijkste economische actoren die werden klaargestoomd om leiding te geven aan de grootschalige industrialisatie en bouwactiviteiten die bijdroegen aan de geconstateerde economische groei. Vervolgens wordt in dit proefschrift een poging gedaan om zicht te krijgen op de relatie tussen politieke elites en economische actoren zoals partij-ondernemingen en staatsbedrijven en economische elites in Ethiopië. Ten slotte wordt in dit proefschrift verder gekeken dan de politieke economie van Ethiopië onder het EPRDF. Er wordt een vergelijking gemaakt met Rwanda om de mechanismen te onderzoeken achter de concentratie van macht bij een klein aantal actoren die de opkomst van conglomeraten hebben bespoedigd die in handen zijn van partij- en militaire elites en door hen worden gerund.

In het proefschrift wordt betoogd dat er onder het EPRDF-regime een Ethiopische oligarchie is ontstaan. Dit blijkt uit de politieke economie van groei, de oprichting van grote conglomeraten en het vasthouden van de staatsmacht door de elites van de regerende partijen. Uit het proefschrift blijkt dat de verwijzing naar enkele linkse ideologische principes en het beleid en de werkwijze van het regime hebben verhuld dat de politieke en economische macht berust bij de politiek-militaire elites. In dit proces van oligarchisering zijn veel vrije ondernemers buiten spel gezet en kregen vooral zakenmensen uit de partij en de staat en hun politieke kennissen kansen. Regeringspartij EPRDF is er niet alleen in geslaagd om de staat in te lijven door

politieke macht en rijkdom aan elkaar te koppelen, maar lijkt ook verantwoordelijk te zijn voor de introductie van een bepaalde bedrijfscultuur die meer te maken heeft met politieke connecties dan met hard werken. Uit het vergelijkend onderzoek tussen Ethiopië en Rwanda blijkt dat politieke onzekerheid van de partijen en het gebruik van ondernemingen om aan de macht te blijven de onderliggende oorzaken zijn van het ontstaan van de politiek-economische machtsconcentratie in de twee economieën. De theoretische aanname dat individuele oligarchen in een oligarchie hun welvaart verdedigen wordt in dit proefschrift uitgebreid naar de oligarchie als politiek instrument van de partij en de staat. Daarmee wordt betoogd dat het gebruik van het partijapparaat, de staatsbedrijven en netwerken van politiek verbonden zakelijke elites zorgt voor een uitbreiding en concentratie van de macht.

Trefwoorden: Oligarchie, Ethiopië, ideologie, krijgsmacht, zakendoen, Rwanda

Chapter 1

Introduction

Prelude: The current state of affairs

Ethiopia is currently undergoing unprecedented political change that could potentially destabilize its political economy. The main manifestation of the political change has been the power shift witnessed within the ruling coalition, the Ethiopian People's Revolutionary Democratic Front (EPRDF), in April 2018. Observers of Ethiopian politics argue that two processes have contributed to this power shift within the EPRDF. The first process is the popular protest, mainly by Oromo and Amhara youth, for about three years against the political and economic dominance of the Tigray People's Liberation Front (TPLF) in Ethiopia's political landscape. The second and related process has been a power struggle within the coalition that forced the TPLF to give way to the other junior political party in the EPRDF coalition, the Oromo People Democratic organization (OPDO) – since the shift renamed Oromo Democratic Party (ODP). The fundamental causes of the social unrest, which might need further research, relates to the way the country has been run under TPLF-dominated authoritarian rule, which did not manage to create sufficient livelihood for the bulging population. This unprecedented power shift will have important implications for the economy and the politics of development in two ways. The first and most obvious implication will be the gradual demise of the politico-military elites of the TPLF and their upper hand in the economy. Indeed, the infighting within the EPRDF and its implications on the Ethiopian economy will likely continue to shape the country's political economy. The second implication of the power shift within the coalition will be ideological. That is, the TPLF-dominated EPRDF, which has been run by leftist ideologies, that in recent years culminated in the claim of the establishment of a developmental state, will probably change in character.

Ideologically, the emphasis placed hitherto on the developmental state and public sector infrastructure-led growth seem to shift towards a neoliberal economic orientation since ODP took over the coalition chairmanship and the premiership under Abiy Ahmed. These changes are demonstrated by the regime's intent of privatization and the sale of shares of strategic public entities such as Ethiopian Airlines and Ethio-telecom. Yet, some observers argue that the role of the state will still remain central, as there is major continuity with regard to the finance sector. At least as things stand now, land belongs to the state, the state is the provider of utilities such as water, health and education, the finance sector is under strict control of the state – 'foreign banks are still barred, state lenders remain dominant, the central bank politically directed, interest rates low, and capital

outflows controlled' (cf Davison 2019). As far as political influence is concerned, the head of government (i.e. the Prime Minister's office and his advisers) has been the strongest organ in post-1991 Ethiopia. Now the office holder, Abiy Ahmed, plays a crucial role in the configuration of elites. Abiy Ahmed, both as a chairman of the EPRDF and ODP presides over the decision-making on economic entities such as State Owned Enterprises (SOEs), party firms and perhaps the businesses of politically-connected elites. The significance of the state-owned enterprises, party firms and the emerging new rich in post-1991 Ethiopia is discussed in this thesis.

The unprecedented political change in the country since April 2018 is still taking shape. The major changes happened swiftly, certainly in light of almost three decades of rule by the EPRDF. The nature of the change and power struggle within the ruling coalition can be seen in recent high-profile assassinations that racked Ethiopia on 22 June 2019, when the army chief and one of his retired colleagues were assassinated by a bodyguard in Addis Ababa and the president of the Amhara region along with two colleagues were killed in Bahir Dar. The Prime Minister's office claimed that these killings were part of a coup attempt. The supposedly coordinated assassinations constituted a reminder of the unstable character of the political changes that started in April 2018. One of the consequences of these killings was that they led to accusations and counter-accusations between two member parties of the EPRDF¹.

For a number of reasons, the ensuing discussion of the unfolding political changes in Ethiopia are important given the main objective of this research project. First and foremost, some of the issues raised in the thesis are being addressed by the reformist group who came to power in April 2018. This is, in a sense, a validation of some of the concerns of the research. For example, the unparalleled economic power wielded by the military elite via the creation of a military corporation (see Chapter 5 of this thesis) is being addressed after Abiy Ahmed came to power. It is not yet fully clear what the approach of the reformist group to the military corporation will imply for civil-military relations and the role of the corporation in the economy. So far, however, the director general of the corporation has been arrested on corruption charges and the corporation is undergoing a process of reorganization. Secondly, wealth creation by business elites and party firms based on publicly funded infrastructure projects will likely be affected by the political changes in the EPRDF, which will lead to both ideological reorientation and shifting power positions. That is, the dominance of the TPLF and its affiliated businesses will face the impact of the declining role of the TPLF in economic decisions and the weakening of the developmental state ideology it espoused so far. The research output brought together in this thesis fundamentally relates to the investigation of oligarchization (that is the concentration of power and resources in the hands of few) in post-1991 Ethiopia. No matter whether the country will democratize and the misdeeds of the politico-military elites will be rectified, the nexus between political and economic power will remain fundamental to understanding Ethiopian politics and a sober analysis of the relationship between democracy, development and economic growth will be important for researchers working on Ethiopia and beyond.

Background

The TPLF entered Addis Ababa in May 1991, heralding the end of 17 years of a military regime, and formed a coalition force, the EPRDF. The political economy of Ethiopia since then reveals a number of dynamics that the ruling party brought about in the economic and political landscape of the country. Three issues serve as the background to this study. These are ethnic identity and its institutionalization, the establishment of a statist economy under a party-state, and the vanguard party and its leadership. These are interrelated issues in the

¹ The EPRDF is made up of four parties and has been run by the principles of democratic centralism under the strong dominance of the TPLF. These 'sibling parties' that constitute the EPRDF are the Amhara National Democratic Movement (now the Amhara Democratic Party), the Oromo People's Democratic Organisation (now the Oromo Democratic Party), the Southern Ethiopian People's Democratic Movement (SEPDM) and the Tigray People's Liberation Front (TPLF).

investigation of the relationship between political power and wealth creation. The first issue concerns the primacy of ethnic identity. Ethnicity, as defined in its static and primordial form in the constitution that was promulgated by the regime has become the basis of post-1991 Ethiopian politics (Abbink 2011). At the time of the transition the leadership of the TPLF asserted that ethnic federalism was ‘the only way of democratically restructuring the country’ (Aalen 2006: 245). Ethiopia’s ethnic federalism has been extensively examined from various perspectives (Chapter 3 of this thesis discusses ethno-nationalism and its origins in relation to power concentration). In terms of its outcome, as Abbink (2011: 612) pointed out, the experiment of ethnic federalism has not yet resolved many of the challenges of the state when evaluated against benchmarks of political transitions, such as the contribution to self-determination, the curbing of ethnic conflict, or economic partnership. In the end, the claim of contributing to development has subsumed everything else, especially after the regime’s self-identification as a developmental state (Abbink 2011). Thus, Ethiopia’s ethno-federal democracy has been ‘centralist and vanguardist, under a ruling party’, and has not changed into a parliamentary democracy as it is commonly understood (Abbink 2011: 602). This centralist tendency of the regime relates to the concentration of political power and possible impact on economic activities that this thesis examines.

Secondly, the statist economic approach has led to a concentration of power in the hands of the party state and its political office holders. According to various reports of the National Bank of Ethiopia, the structure of the economy is shifting, with agriculture being replaced by the service sector as the most important sector. The latter sector accounts for 51.7 percent of the country’s growth rate, for 45.9 percent of GDP and for 75 percent of public expenditure (Eshete and Kimuyu 2016: 242). The country has registered continuous economic growth, mainly resulting from debt-dependent public investments in infrastructure and the construction sector. The thesis examines the central role of party-firms and companies run by the military, as well politically connected business elites in the structural shift of the economy and its related economic growth.

Thirdly, the TPLF under its ideologue Meles Zenawi played a central role in the political economy since 1991. The ideology of the EPRDF consists of a set of governance and power techniques marked by ideas about vanguard party rule derived from the Marxist-Leninist tradition. As indicated above, the TPLF has led Ethiopia together with politicians coopted from the rest of the parties with which it crafted the EPRDF. The concentration of power was made possible through authoritarian tactics including, most importantly, the principle of democratic centralism. At the top of the coalition pyramid was Meles Zenawi who, until he died in office, outsmarted and ruthlessly dominated the party hierarchy. Meles’ role is elaborated in Chapter 4, though it might suffice to highlight a few issues here. First, though Ethiopia has formal decentralization and a clear federal arrangement, the federal government has unprecedented power in local affairs. Political power at the level of the federal government rests in the hands of the executive that was run by the Prime Minister. Meles Zenawi was the principal architect of the party and its ideologies and continues to be revered even after his death. He led the cadre school during the armed struggle (1974 to 1991), fomented the establishment of a Marxist-Leninist party within the TPLF, and dominated the ideological orientation and rhetoric since capturing state power in 1991, until he passed away in 2012. He used ideological accusations to purge his opponents from the party. In 1984 he argued that the TPLF was facing dangers because of empiricism or the lack of scientific theories and in 2001 he warned his party of the danger of Bonapartism (Milkias 2003). As a person, Meles Zenawi for some was a truly original and extraordinarily creative thinker (Clapham 2018; De Waal 2015), while others argue that the late premier’s position and the party he led were confused and full of incoherent verbiage (Lefort 2013). Many observers seem to agree that Zenawi was a complex, contradictory person who ruled his party and Ethiopian society with real ruthlessness (Plaut 2012; Vestal 1999). For Tadesse (2012) Zenawi’s world view is ‘inherently leftist and thoroughly authoritarian’ but justifiable from the tradition and political culture of his party and Ethiopia at large.

Ethiopia's economy under the leadership of Zenawi has been lauded for consistent GDP growth. The politics of statistics notwithstanding, interviews conducted for this thesis and media reporting indicate that the economic growth registered in EPRDF's Ethiopia has been very much debt-dependent; growth has not spared Ethiopia from recurring food shortages and from the need to request international aid at times. The Ethiopian economy is not capable of creating sufficient jobs for the growing population while, at the same time, it has seen the emergence of a new rich. The concentration of economic and political power in the hands of a few, against the background of a fast-growing economy, calls for an investigation of the processes and mechanisms of wealth concentration and asset making.

Statement of the problem

The guerrilla force that was conceived and led by university dropouts managed to eventually topple Ethiopia's military dictatorship after 17 years of protracted war in 1991. Since then there have been interesting developments in Ethiopia's political economy. The guerrilla force, which organized itself as the TPLF, has remained the political nucleus of a coalition created to help govern the ethnically diverse state. The coalition EPRDF has held state power to date. Since 1991 Ethiopia has by and large benefited from the peace dividend created by the end of the military regime and the EPRDF regime has been proud of the changes registered. These changes pertain to economic growth and some political developments. A large number of reports published by the regime and international organizations reiterate the consistently fast economic growth registered over the past two decades (discussed in detail in this thesis). Radical political reforms were implemented, such as the reconfiguration of the Ethiopian state along ethnic lines through a system of ethnic federalism (see for example Vaughan 2003). Economic reforms included the change from a command economy to "market socialism". In this regard, Ethiopia's economic growth, the intimate link between the political and military elites and the domination of the economy by the party-state are features that have not been sufficiently analyzed in previous research. The economic growth narrative has been accompanied by successive leftist ideological framing put forward by the party-state, and culminated in the rhetoric of the self-declared developmental state. The emphasis on state-led development, together with other justifications of party and military business firms, has obscured the concentration of economic and political power in post-1991 Ethiopia.

The EPRDF regime has consistently claimed that the almost three decades of transformation have resulted in the all-inclusive socio-economic development and transformation of the country. Further, the regime asserts that decentralization and democratization, improvements in the protection of political rights, civil liberties and above all the country's current economic growth are indicators of its successful performance. The regime consistently claims that its revolutionary line is a flawless road to development that benefits the rural poor, which is its mass support base. With regard to economic growth, the regime has repeatedly pointed out that Ethiopia has been experiencing double-digit GDP growth for over a decade. Moreover, its leadership argued that economic growth is shared by all, as exemplified by the emergence of millionaire farmers and the extraordinary infrastructure projects that lay the basis for industrial development. Some of these claims have only very recently been questioned after the emergence of the new leadership from among its ranks. It has become clear that the sectors that were responsible for economic growth relate mainly to the debt-financed infrastructure projects and the not-so productive service industry. The mega infrastructure and industrial projects among others include the building of highway roads, hydroelectric dams, agro-processing and energy.

The economic growth numbers presented by the regime have been contested by some analysts. Most importantly, the contribution of GDP growth to poverty alleviation and effective development is subject to debate, both on theoretical and empirical grounds. The success of the mega projects and the character of the Ethiopian economy (related to economic control, the way in which resources are mobilized internationally and

domestically, and how much the booming sector contributes to development) need sober investigation. Some have pointed out that the regime has consolidated power through ethnically defined institutions, and benefited from state resources and state businesses (Lyons 2011). Some other critics, who do not deny the results attained in democratization and economic development, show the monopolization of political power by the ruling party and the unequal distribution of the benefits of economic growth. When studied with the help of elite and oligarchy theories, a pattern emerges from the long stay of the EPRDF at the helm of state power and the mechanisms it employed in the domain of the economy. The concentration of political power is evident in TPLF's dominance, which has been based on the party's persistent leftist ideological rhetoric. With regard to the concentration of economic power, the political elites under the leadership of TPLF ideologue Meles Zenawi justified the creation of business conglomerates affiliated to the political parties in the coalition, and later facilitated the emergence of a military corporation with a mission to lead the industrialization of the country. The investigation of the politics of development in post-1991 Ethiopia needs to uncover the link between political power and the economic actors that play an important political-economic role. In this regard, the current research project builds on a number of previous studies (for example Abegaz 2011 and Vaughan and Gebremichael 2011).

The theoretical literature on the politics and economics of oligarchy shows some of the mechanisms involved in oligarchization. In this regard, the understanding of EPRDF's political economy in the nexus between political power and wealth creation, requires a close look at the ideological rhetoric of the regime, the country's (economic) institutions and the intentions behind the linkage between political power and business. Therefore, the problems that the research project addresses include the ideological metamorphosis of the regime, the domains and mechanisms of wealth creation, and the role of political and military elites in creating and leading economic entities that have resulted in power concentration in the name of development and industrialization of the nation.

The Focus: Research objectives and questions

The military regime that was overthrown in 1991 had nationalized rural land and other economic means, and ruled the country under socialist principles for 17 years from 1974 to 1991. The EPRDF regime that came to power in the post-cold war years, immediately started to create a liberalized economy but with the heavy hand of a vanguard party. The ruling party and its elites played an important role in relation to the management of economic means, including the maneuver toward privatization. The EPRDF regime abandoned their Marxist-Leninist orientation upon acquiring state power in 1991. They resorted to the rather confusing ideological claim of establishing a 'revolutionary democracy', while they embarked on liberal economic reforms at the same time. The ideological metamorphosis eventually culminated in the self-proclaimed developmental state and its ideological justification of developmental governance.

Next to ideological assertions to justify long rule by the party, certain economic strategies and involvements of the political party, and political elites have been emerging. In other words, post-1991 Ethiopia has seen a process of oligarchization – a concentration of political and economic power into the hands of a few. An intimate relationship between political power and business activities seems evident in the sectors that are responsible for the reported economic growth of the country, such as public infrastructure construction, industry, et cetera. This implies that the connections between the political elites, emerging business elites and military businesses need to be studied in order to identify the oligarchic politics and the mechanisms that dominate the process of oligarchization. Therefore, this study examines the instances and most relevant cases of oligarchization in EPRDF's Ethiopia; Chapter 6 brings in the case of Rwanda to show that this process is not only limited to Ethiopia but may show an emerging trend in African politics.

Research objectives: As indicated above, the central aim of the research project is to examine the nature of power and wealth concentration in the post-1991 Ethiopian political economy. The project has four interrelated specific research objectives. Firstly, the study provides an exploration of the literature and goes back to classical elite studies next to studying more recent theorizations on oligarchy that mainly focus on the emergence of oligarchic politics in Russia, Eastern Europe and some (Southeast) Asian countries. The theoretical exploration of elite and oligarchy studies is useful for the examination of the mechanisms that underlie the political and economic power concentration in the context of post-socialist state dynamics after the end of the Cold War. Through exploring the existing theorization, the thesis brings the concept of oligarchy into the African context.

Secondly, the research project is interested in investigating the relationship between ideological justification and politico-economic power consolidation. This is mainly because ideology seems to be a primary (empirical) domain that reveals the ideational justification and the basis of policy and practice that help sustain power concentration. The thesis, therefore, traces the ideological metamorphosis of the core party within the EPRDF coalition to date, identifying the critical junctures and the ideas embraced during the four ideological 'shifts' that the party went through.

Thirdly, the thesis is interested in identifying cases that show the long hand of the political and military elites in the economy, and the mechanisms employed to command and control the economic heights since the coalition took state power in 1991. To achieve this objective, the next chapters focus on the domains and mechanisms of oligarchy formation in relation to the claimed economic rise of Ethiopia. This is done by looking at the sectors responsible for GDP growth as well as the 'empirical' manifestations of the changes of Ethiopia's infrastructure and development. Moreover, the thesis examines the military corporation established by the regime with the mission of leading the industrialization of the Ethiopian 'developmental state'.

Fourthly, in an attempt to cross-examine the findings of the Ethiopian case, the thesis undertakes a comparative causal analysis with post-genocide Rwanda in order to identify similarities in relation to the nexus between political power and the emergence of party and military businesses.

Research Questions: The research project attempts to answer two interrelated main research questions: **Has post-1991 Ethiopia experienced a process of oligarchization? If so, what mechanisms and domains show this process?** These central questions are broken down in four sub-questions that relate to the identification of the basis of oligarchic power, elites and their role in politics, and in military and economic fields.

Sub-research questions:

- How is the nexus between political power and wealth creation understood in the literature? Is the theorization on elite and oligarchy, developed for cases elsewhere, applicable to the African context?
- How have the longevity of state power and the control of the commanding heights of the economy been justified by the EPRDF regime? Does the study of ideological metamorphosis help in understanding this process?
- On the basis of the study of the contextual conditions that must exist for oligarchic politics to emerge, which are the real conditions and mechanisms that explain the concentration of political and economic power in the hands of the few in EPRDF's Ethiopia? Who are these elites and oligarchs?
- Is the emergence of similar phenomena of oligarchization visible in other African countries?

Methodology

This dissertation is the outcome of a qualitative research project that relied on qualitative data and employed an interpretive case study analysis as its main method. As the cases that were identified are thematically diverse,

the analysis has also been diverse. The analytical approaches include a deep hermeneutic analysis based on critical junctures for the study of ideology, a political economy analysis of oligarchy formation and elite bargains in civil-military relations, and finally a comparative causal analysis, based on a critical realist approach. The theoretical and analytical framework of the study is further elaborated in Chapter 2. Though diverse in its analytical approaches, the research aims to be a coherent attempt to investigate the nexus between political power and material wealth, which is the first space where oligarchy has traditionally been identified – especially in research based on Michels’ “iron law of oligarchy” at the party level. The second space relates to the politics and economics of oligarchy, with an analysis of the political system that draws on the literature in oligarchy studies. Chapter 4 analyzes the factors leading to concentration of wealth and touches upon the political goods employed for such a purpose in post-1991 Ethiopia. The emphasis here is on the link between business and political elites. Information about the economic and political factors and mechanisms of wealth creation and defense has been obtained from interviews and documents.

This section discusses the methodological ups and downs experienced in the research project, the data collection methods and the analytical choices made during the research process. It should be noted that the research project was conceived with the intention to ‘talk truth to power’, by reflecting on the party-state that has increasingly stretched its authoritarian arms into the economy, the media, the justice system and everyday lives in Ethiopia. Data collection in this context was obviously challenging. Not only due to the inaccessibility to elites but also in interviewing ordinary men and woman, it was challenging because of their fear of political surveillance and lack of trust in a researcher who enquires about such sensitive issues related to business operations and political control by the party-state.

Data collection in a politically sensitive setting

As indicated above, this research project is essentially an attempt to investigate the relationship between political power and wealth creation by the few, and relates mainly to the occupants of the upper echelons of the political system. By its nature such a study is sensitive in many ways. In this regard, three factors are discussed that have presented major methodological challenges. First of all, it is potentially dangerous to investigate political power and identify who or which office concentrates political power in a party-state known for its brutal suppression of dissenting voices as seen over the past decades. While preparing the research proposal for this study in April 2014, young bloggers and journalists were arrested². The arrests of the young bloggers’ collective named Zone-9 and others were an affirmation of the deteriorating situation of the country at the time. Secondly, as in any authoritarian regime, the nature of doing business and business networks are shrouded with informality and secrecy. There are very few scholarly works on the endowment companies of the ruling party and its affiliated businesses. The full extent of the relationship between the political elites and the control of the economy is difficult to grasp, due to changing contexts and strategies of the ruling front. In his Amharic work entitled ‘*Organized Plunder*’ Birara (2013: 173)³ underscores “the fact that who has how much capital in Ethiopia is difficult to know and open to arguments. There is no honest and transparent reporting and disclosure” (*author’s translation*). Last but not least, it is understandable that people of many walks of life (business people, public servants, citizens and party members) cannot openly discuss issues related to politics and the business-power nexus.

The above-mentioned factors have had significant consequences on the direction of data collection and the research strategy. Some of the strategies employed, however, include the following:

² See for example <https://trialtrackerblog.org>

³ The full title of his book in the reference is my translation from the Amharic.

- 1) Since the most visible data on the nexus between political power and wealth is found in corruption charges that implicate many business people and politicians in the country, some time was spent at the Federal Ethics and Anti-corruption Commission where corruption charges of these high profile cases were accessed. Further, interviews were conducted with experts and contacts were established in the commission.
- 2) The almost unbelievable extent of keeping the so-called 'business secrets', related to who is importing what, who are major exporters and what they export and so on by the Ethiopian customs and revenues authority, the Ministry of Trade, and other agencies resulted in a turn to other sources of data, especially to interviews and media reports.
- 3) The business-politics nexus become headline news during the fieldwork period, as demonstrated by the 'confidential study report' done by the government to address issues of good governance. Both government and private media have pointed out that the ruling party has confirmed the existence of what it calls 'rent-seeking networks' as stipulated in the study. Despite numerous attempts through connections, the author was unable to get a copy of the 'confidential study report'.

It was learned during the fieldwork that the business community is bitterly disappointed in what is happening in the business environment; it has become resentful of the government and what the state represents, such as tax collection. Some business people have even advised against an open investigation into this subject. They gave such advice because it would be risky to study the business secrets of the politicians, and because the public at large knows what is going on and it has for long been 'a public secret'. A businesswoman interviewed for this research stated that 'we don't know what to do anymore but surely our social bond will not be easily broken by the invading new rich that the State promotes amidst us'.

The fieldwork also revealed that it was too risky to talk to the military generals about their activities in the Ethiopian economy. Hearing it from the horse's mouth, the Auditor General, made the seriousness of such an investigation very clear. The corporation being studied, in relation to the role of the military elite in the economy, has been extensively involved in grand state projects such as the Great Renaissance Dam in the Blue Nile. In order to obtain information, informal discussions were had with people who have experience in the corporation and know about its capture of the economy. Further, the study of audit reports and media publications seemed to be a better research strategy. There were a few cases in the interview process where the interview scene had to be changed in the middle of an interview, as suggested by the interviewees themselves.

Methods

Data collection was undertaken between May 2015 and July 2016 at two sites in Ethiopia and was complemented by two months of archival research at the Nordic Africa Institute in Uppsala, Sweden. The following steps were taken with regards to research activities in Addis Ababa. Firstly, some time was spent studying selected print media (newspapers and magazines) published both in Amharic and English since 1991, found at the Institute of Ethiopian Studies (IES), and the National Archive in Addis Ababa. Information on the Ethiopian economy, political developments, ideology and the military, written by supporters and critics of the regime were collected from media sources. Secondly, biographies and autobiographies, party documents and pamphlets, relevant proclamations and policy documents were collected and investigated. The focus of this phase of data collection was on the ideology of the ruling party, policies and strategies related to business and the economy, and political and military elites and their networks. Thirdly, themes and trends in the documents and media reports were identified and analyzed. This was important in order to produce a good list of interviewees, categorize groups for informal discussions, and identify areas of observation. Moreover, the writing up of the themes and related

data from the documents led to comprehensive and critical interview questions. Fourthly, an interview guide was prepared based on the assessment of the media sources and documents, which was followed by interviews, after first developing a rapport with some of the respondents.

Some of the themes that emerged from the media content and documents were useful for reconsidering the focus of some of the cases and formulating interview questions. For example, with one of the cases, the emergence of a new merchant class in Merchato, it was later decided to leave out this case, considering that it was better to look at bigger processes taking place at the national level (involving wholesale trade and import-export) to understand the economic control-politics nexus. The next few paragraphs specify the data gathered and used.

Interviews and informal discussions

Conducting interviews was a time-consuming, painstaking process as the subject of my study is politically sensitive. During fieldwork interviews were conducted, as well as informal talks, and numerous everyday conversations on the subject of study. The people interviewed included public intellectuals, opposition politicians, prominent business people, journalists, experts, lawyers, government officials and local businessmen and women. Some of the respondents were engaged with more than once. The following key state institutions were visited and with some being the site of formal and informal discussions with authorities and experts: the Central Statistics Authority (CSA), the Ministry of Finance and Economic Development (MoFED), the National Planning Commission (NPC), the Ministry of Trade (MoT), the General Auditor's Office, the Federal Ethics and Anti-Corruption Commission, the Development Bank of Ethiopia (DBE), the Addis Ababa Chamber of Commerce, the Addis Ababa Trade Bureau, the Addis Ababa Investment Bureau, and the Ethiopian Economic Association (EEA).

The views of opposition politicians, public intellectuals and journalists were very similar – especially on the concentration of political power, economic domination by party businesses and business elites. The interviewees explained the taking over of the economic means by the politically connected few. In search for specific empirical data on 'who gets what' of the asserted economic growth, tangible specific examples were always asked for. Interviewees often replied by saying, 'Go to this or that neighborhood and see their rising buildings for yourself' or, 'Go to offices such as the customs and banks and see who is given preferential treatment in the import-export trade', and so on. Some interviewees gave specific examples of companies that belong to politicians, but it proved very difficult to get official confirmation, also because business is done through relatives and friends. This gap was filled by informal discussions with business people and experts in government institutions as an attempt to remedy the difficulties of acquiring empirical data (both in terms of getting documents and insider information). An interesting observation during informal discussions with business people, especially with those who resent the politically connected new rich, relates to the selection of places of discussion. Some just wanted to meet me in their cars and took me to a corner where they thought they were away from any third-party eye.

Documents and media content

Official data has been collected from the Ministry of Finance and Economic Development (MoFED), the Central Statistics Authority (CSA), the Addis Ababa Trade Bureau, the Addis Ababa Investment Office, the Addis Ababa Chamber of Commerce, and the Ministry of Public Enterprises (MPE). Some of the documents are by their nature very generic and thus required a further search for disaggregated data. They show macroeconomic figures, lists of decades of import and export and the like, investment registrations, etcetera.

With regards to media content data was collected by gathering information from prominent business and political newspapers. The idea was to study papers from 1991 to the present, spanning more than 25 years of the current regime. These included opinion pieces, editorials and news reports. The local papers are *Addis Fortune*

(an English weekly), *The Ethiopian Reporter* (the Amharic weekly and English editions), *Tobiya* (Amharic monthly 1996-2005), the now closed *Addis Neger* (October 2007-August 2009), the *Ethiopian Herald* (English daily June 1991-October 1999), *Abyotawi Democracy* (EPRDF's paper November 1994-July 2005), and some others. Content from other international media was gathered at the Nordic Africa Institute (NAI), which is known for its rich collection of primary data on African politics and economy. Data was also collected from the Economist Intelligence Unit, Africa Contemporary Record, Africa Confidential, the Indian Ocean Newsletter, government records, various book chapters and journal articles. The NAI is a suitable institute not only for its rich archive on Rwandan and Ethiopian history and politics, but was also a helpful place to build networks with African researchers.

Biographies, autobiographies and memoirs

Biographies, autobiographies and memoirs mainly written in Amharic by ex-party officials, journalists, politicians, public intellectuals and party defectors were collected at various libraries in Ethiopia and other places, such as the market place and so on. These publications provide critical information on ideology, internal functioning of the regime, as well as insider information on issues that cannot be collected through other methods of data collection. The authors in this category include Gebru Asrat, Asrat Abraham, Ermias Legesse, Seye Abreham, Eidmon Tesfaye, Mulunehe Ayalew, Berhanu Nega, Andualem Arage, Merera Gudina, Mesfin W/Mariam, Dagnachew Assefa and Yacob H/Mariam.

Online data

The other important source has been online material, these include reports and publications of OFAG (the Office of the Federal Auditor General), EIA (the Ethiopian Investment Agency), the World Bank, the EPRDF's official website (especially for the many issues of Addis Vision magazine, its ideological publication), METEC (Metal and Engineering Cooperation), EEA (the Ethiopian Economic Association), and NBE (the National Bank of Ethiopia). These sources continued to be valuable during the data inventory and analysis period.

Overview and organization of the thesis

This research project studies the politics of development by looking at how the actors in the economy (especially the sectors responsible for the economic growth numbers) are related to the ruling party, either directly or indirectly. Those that are directly related to the ruling party are endowment companies, and political and military elites. The actors that are indirectly related are state-owned enterprises, business elites and "authorized business operators". The regime, which managed to institute a party-state for political domination, has obtained significant control over the country's economic activities. Therefore, the central concern of the research project relates to issues of how political power has been consolidated in the party-state and how the political elites embark and control economic activities to help them remain in power. As for investigating political power the research project has involved a study of the ideological metamorphosis of the political party and the utility of the ideologies for the core leadership to cling to power. In relation to the projection of the party-state's political power to the control of economic activities and the creation of its own 'capitalists', two lines of research were followed. First, the project involved the collection of data on the major sources of wealth and assets in post-1991 Ethiopia in the booming sectors responsible for the country's economic growth and the analysis of the processes of wealth creation and business making. The major sources of wealth uncovered during the research project include land, foreign and domestic borrowing/aid, state projects and the import-export sectors. Secondly, the research selected a military corporation for an in-depth case study to unravel the role of the political and military elites. This case study shows how the politics of oligarchy functions in this economic entity, which was

especially crafted after the party-state claimed to be a developmental state. The research project concludes with an analysis of how the phenomenon of oligarchic politics may be compared to other cases in Africa; this part of the project involved a general comparison with the case of Rwanda.

The thesis is structured into 3 parts, constituting of 7 chapters. The first part consists of Chapters 1 and 2. Chapter 1 introduces the research project via presenting the research problem and the study focus, and discussing methodological, conceptual and analytical issues, and continues with providing a theoretical framework of the study. Chapter 2 presents a discussion of the relevant concepts and theories including elite and oligarchy studies. The second and main part of the study is made up of 4 papers. These papers are incorporated as Chapters 3 to 6. These papers have been published or presented at conferences. Chapter 3 was published in article form in *African Affairs* as 'Ideology and Power in TPLF's Ethiopia' and focuses on the ideological metamorphosis of the TPLF. Chapter 4 deals with the emergence of oligarchy formation in post-1991 Ethiopia, focusing on the domains and mechanism of oligarchization; an abbreviated version of the chapter was published in the *Review of African Political Economy*. Chapter 5 is an in-depth investigation of a military corporation to further analyze the case of Ethiopian oligarchization. This chapter, was published in article form in the *Review of African Political Economy*, and analyzes how politico-military elites are involved in capturing economic wealth through the military corporation. Chapter 6 focuses on a comparison of Ethiopia with the case of Rwanda in order to study the phenomenon of oligarchization in the African context. The third part of the thesis incorporates the concluding chapter and appendix.

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Chapter 2

Theory and analytical tools

Introduction

The theoretical discussion in this chapter pertains to theories that focus on the nexus between political power and material wealth. As the thesis mainly looks into the concentration of political and economic power in the hands of the few in post-1991 Ethiopia, the main objectives of this chapter are to discuss the literature and carve out the theoretical framework and analytical tools of the study by providing a short history of thought for an examination of a case of power concentration. Three general theoretical trends characterize the literature about regimes that exhibit the amalgamation of politics and business. The first set of theoretical trends consists of elite theories which assert that individuals and groups draw their power from their positions in institutions. The level of analysis employed in such elite theories usually relates to individual elites which among others include political, economic, and military elites. The second theoretical trend relates to the concept of oligarchy which asserts that primarily material resources are the sources of political, social and economic power. The oligarchy thesis, especially as developed by Winters (2011), uses a power resource analysis, which takes individual oligarchs as a level of analysis and focuses on how they defend their wealth and income. The third and not the least important theoretical trend consists of Marxist and neo-Marxist theories that posit that the capitalist class dominates policy-making and that the state serves this same ruling class.

This research project builds on the first two contentions and attempts to utilize the mechanisms and factors identified by the theories, while at the same time recognizing the analytic distinction between elite and oligarchy theories. The research specifically focuses on recent qualifications made by researchers (Åslund 2007; Gottfried 2015; Leach 2005; Winters 2011). This chapter is organized in four sections – the first section discusses the essence of oligarchy theory and classical elite theory; the second section looks into the relationship between state and oligarchy; the third section brings in the subject of oligarchization in the African context; and the final section develops the theoretical framework and the analytical tools applied in the study.

Oligarchy and elite theories: a brief history of thought

Oligarchy

Since the time of classical Greek theorizing, the term oligarchy has denoted a form of government in which political power is in the hands of a small minority. According to many scholars, this definition does not necessarily distinguish oligarchy from other forms of government. For Payne (1968), the term is too vague as it refers to various phenomena. For him there are no 'explicit techniques for translating the concept into empirical form' (Payne 1968: 439). Autocracy, for example, can be viewed as a form of oligarchy in which "the few" refers to a single individual. Robert Michels' (1911/1962) "iron law of oligarchy" has remained the first theoretical treatment to turn to in contemporary political sociology when discussing oligarchy. For him oligarchy as 'the control of society or organization by those at the top, is an intrinsic part of bureaucracy or large-scale organization' (Michels 1911/1962:15). The three basic claims of the "iron law" are – (i) bureaucracy happens, (ii) when bureaucracy happens, power rises, and (iii) when power rises, power corrupts (Leach 2005). Michels' thesis is based on the understanding of a fundamental contradiction in mass democracies and the inherent need to organize for democracy, and the inbuilt tendency of organizations to become oligarchical (Slattery 2003). For Michels (1911/1962: 15), within mass organizations not everybody is involved in decision-making but decisions are rather taken by delegates, who are elected as fulltime officials. Then oligarchic tendencies soon develop. Officials influence decision-making on the basis of their expertise and access to information, after which their career structure develops and those at the top increasingly become more interested in maintaining their own power. Finally, 'the ordinary members increasingly find themselves excluded by finding rules, procedures and jargons of meetings and documents incomprehensible' (Slattery 2003: 53).

Exactly a century later, Winters (2011) published the monograph *Oligarchy*, in which he went into great depth about the essence of the theory of oligarchy. For Winters, the concept of oligarchy has widely been used but poorly theorized and there is only little commonality of the theoretical perspectives used across cases and historical periods. For him, 'the meaning of oligarchy is so incoherent that almost any political system or community that falls short of full and constant participation by its members arguably displays oligarchical tendencies' (Winters 2011: 2). Oligarchies "may be formed based on many different kinds of constituent elements (wealth, bureaucracy, birth, religion, physical attributes, social connections, political views)" (Samons, 1998 cited in Winters, 2011).

A few decades back, Payne (1968) posited that oligarchy has two components in customary usage – a 'group component' and a 'power component'. In the first component he identified eight groups which can be considered oligarchic groups. These are 'individuals of greatest prestige, identified families, individuals of greatest wealth, employers, landowners, the armed forces, the Catholic church, the holders of high political office at a given moment' (Payne, 1968: 440). For him, though, the list is not exhaustive, since a group or combination of any of these could constitute an oligarchy. Secondly, in terms of power he identified four power attributes. These power attributes include 'long tenure in office', 'ability to prevail over others', 'ability to control opinion', and 'ability to cause any state of affairs to the group's benefit' (Payne, 1968). For Payne, to have a complete definition of oligarchy or to identify oligarchies, the combination of groups and power attributes should be used. Therefore, the systematic identification of the type of oligarchy and the respective power attributes of the specific oligarchy involves collecting and interpreting evidence in the context of a given research project. In a similar fashion, Leach (2005) points out that there are 'three conditions that might be present where elites becomes oligarchic'. These conditions 'which could be taken as indicators of oligarchy' are '*lack of leadership turnover, minority control of resources, and low levels of participation in governance*' (Leach, 2005: 330, emphasis mine).

For Leach (2005: 315), the research on oligarchy 'ranged from triads of friends to workers' collectives, from informal social movement groups to formal NGOs, and from trade unions to nation-states'. She has proposed a conceptual matrix for the study of the distribution of power in a democratically structured organization to identify domination by oligarchic elites. Using her matrix she defines oligarchy as follows:

Oligarchy, then, is a *concentration of entrenched illegitimate authority and/or influence in the hands of a minority, such that de facto what that minority wants is generally what comes to pass, even when it goes against the wishes (whether actively or passively expressed) of the majority* (Leach 2005: 329, emphasis in the original).

So, Leach (2005) proposes oligarchy to be conceived as a particular distribution of power instead of viewing it as a feature of structure. For Leach (2005), an adequate model of oligarchy helps to make three separate determinations: it helps to establish "what kind of power", "how much power", and in "what manner" that power must be exerted by a minority in order to draw the conclusion that a certain organization has become oligarchic. For her, to address what kind of power a minority should have, we first need to distinguish between formal and informal power. Formal legitimate power is *authority*, while informal legitimate power is *influence*. On the other hand, formal illegitimate power is *coercion* while informal illegitimate power is *manipulation* (Leach 2005). In this way, Leach summarizes the body of literature on power, applying the concept of legitimacy to both formal and informal power and drawing a meaningful boundary between democracy and oligarchy. Thus, to identify an oligarchic minority, this model shows that in bureaucratic organizations one should distinguish between legitimate and illegitimate power, be it formal or informal, while in non-bureaucratic organizations one should distinguish between formal and informal power (Leach, 2005).

In a further interpretation, Winters (2011) places material wealth at the center of the theory. For him there are two factors that matter in clarifying the idea of oligarchy. These are the *basis* of oligarchic minority power, and the *scope* of oligarchic minority power. The basis of this power is material wealth while the scope is systemic in its form (Winters, 2011). For him oligarchy refers to the politics of wealth defence by the oligarchs. The oligarchs, for Winters (2011: 7), 'command and control massive concentrations of material resources that can be deployed to defend or enhance their personal wealth and exclusive social position'. Wealth defence is composed of property defence and income defence. Thus, a materialist perspective of power is useful to distinguish among different types of power and influence (ibid).

Åslund (2007: 256) has defined an oligarch as 'a very wealthy and politically well-connected businessperson'. The criticism and complaints about oligarchs, according to Åslund (2007), emanate from ideology. Such complaints in the case of Russia and Ukraine are based on the excessive wealth accumulated by the oligarchs, the considerable inequality in society, rumors of flawed privatization, lawlessness of the oligarchs, and their parasitic rather than productive orientation. Åslund (2007: 261) distinguishes the economics and politics of oligarchy and points out that, as far as the economics of oligarchy is concerned, there are five factors that led to the concentration of fortunes, observable both in the West and in the East (Russia and Ukraine). These are 'large economies of scale, vast economies, fast structural change, the prevalence of rents, and poor legal system'. As far as the politics of oligarchy is concerned, Åslund (2007: 264-66) adds, 'Politics offer a number of attractive goods' which include buying presidential decisions, national legislation, government decisions, court decisions, and finally media.

In essence, Winters (2011: 11) underlines that 'a key building block for oligarchic theory is the notion of power resources'. For him, there are five power resources. These relate to: power based on political rights, the power of official positions in government or organizations, coercive power, mobilizational power, and finally material power. The focus on power resources helps to distinguish and study oligarchy and oligarchs. Winter

(2011: 12-13) adds that 'the most important analytical payoff of the power resources approach is that it sharpens the distinction between elite and oligarchic power'. The first four power resources create elites when they are held by individuals in a concentrated manner. It is only the last category, material power resources, which gives birth to oligarchs and oligarchy. The following is Winters' (2011) explanation of these power resources.

The *first* power resource is 'formal political rights'. For Winters (2011: 13), 'political rights only become truly significant across individuals as they become more exclusionary, whether formally or in practice'. Whether in democratic Athens or over much of the history of the US only few had been exercising political rights. Thus, 'race, ethnicity, religion, gender, geography and wealth' served as the basis of political exclusion. The *second* power resource, holding 'official position', allows certain actors to exert highly concentrated forms of power. The position could be that of a CEO of a major corporation, an army general, the head of a party, the leader of a national union, the president or a government official. Such positions result in a sudden and massive increase of power but also lead to a collapse of power when the position is lost. Yet the "revolving door" that brings a government official to being a member of a board would not bring such power interruption. For Winters, this power resource squarely fits Mill's power elite. The *third* power resource is what he called 'coercive power'. He claims that there has been a radical transformation of coercive power from oligarchs to the state over the course of history. *Fourth*, 'mobilizational power' is a two-dimensional power resource that refers to an individual's capacity to sway others. Actors with various sorts of mobilizational power fall within the category of elites, not oligarchs just as in the case of the first three types of power resources. Mobilizational power requires the greatest degree of cohesion and is built up over long careers; it could be lost suddenly due to 'political miscalculation, personal scandals, or infidelity to an ideology/principles' (Winters 2011: 17).

The *fifth* and last power resource is 'material power'. This power resource, revolving around wealth, 'defines oligarchs and sets in motion the politics and processes of oligarchy' (Winters, 2011: 18). Material resources are 'recognised as a source of economic, social, and political power'. Winters (2011: 19) stresses that 'in countries or political communities where the rule of law and property rights are weak, these same material resources can be used to buy security forces, to maintain networks of officials on retainer, to pay off police, prosecutors, and judges'. In his distinction between elites and oligarchs, Winters (2011: 26) argues that 'much of the conceptual confusion surrounding oligarchs and oligarchy evident today can be traced to a misreading of the materialism of the Ancients and a careless blending of oligarchic and elite theory'. He instead proposes a clarification via placing emphasis on material power resources and wealth defence. He provides a typology of oligarchies based on characteristics such as 'direct engagement in coercion', 'direct governing', 'whether the engagement is fragmented or collective', and 'whether they are wild or tamed in history'. Based on these characteristics that relate to how wealth and income have been defended, he establishes four types of oligarchies – Warring, Ruling, Sultanistic, and Civil oligarchies.

Among Warring oligarchies, one may find the warlords from pre-historic Denmark, pre-colonial Peru, as well as the Appalachian feuds in 19th century America. Warring oligarchs are armed and personally engaged in defending their wealth, directly involved in ruling their communities, and the manner of defending their wealth is more 'highly fragmented than collective-institutionalized' (Winters 2011: 65). The second kind of oligarchy, the Ruling oligarchy, comes about 'when oligarchs retain a high and personal role in the provision of coercion, and yet rule collectively and through institutions' (Winters 2011: 35). Examples are the American mafia commission of the 1930s, the Italian mafia commissione, and the milder forms of Ruling oligarchy of Greco-Roman consuls. Here, different means of wealth defence are involved including coercion, official positions and collective action or cooperation (Gottfried 2015). The Sultanistic form of oligarchy exists when a single oligarch monopolizes the means of coercion. Here, 'patron-client relations predominate with certain norms of behavior and obligation associated with them' (Winters 2011: 35). Examples are the Suharto regime in Indonesia and that of Marcos in the Philippines. Three elements define Sultanistic rulers: i) 'they govern in a personal fashion, with

extreme power over political-economic matters'; ii) they 'maintain strategic control over access to wealth and deploy material resources as a key to their power base', and iii) they have 'discretionary control over coercive power within a state or a regime' (Gottfried 2015: 13; Winters 2011: 35-36). In Civil oligarchies, among which he discusses USA and Singapore as examples, oligarchs are not armed and defend their wealth through a so-called "income defence industry".

In the end, Winters (2011) concluded that it is not only the theory of oligarchy that could be analytically useful but elite theories too. Winters points out that 'although elite theory played a significant role in undermining the precision and utility of oligarchic theory... it nevertheless has produced a literature that is rich in insights about various forms of minority power and influence' (Winters 2011: 32). The next section turns to elite theory and especially highlights the distinction between Mill's understanding of the power elite and the Marxian point of view.

Elite theory

Elite theory or elitism, the belief that society ought to be governed by a minority comprising the most abled, goes back to Plato (Pierson, 1996). Yet, it was advanced by arguments carried forward by two Italian social theorists, Gaetano Mosca (1858-1941) and Vilfredo Pareto (1848-1923). According to these theorists, in all societies there is a class¹ that rules and a class that is ruled. Mosca was the first theorist who undertook an in-depth study of elites. In discussing the two groups of people he writes:

The first class, always the less numerous, performs all political functions, monopolizes power and enjoys the advantages that power brings, whereas the second, the more numerous class, is directed and controlled by the first, in a manner that is now more or less legal, now more or less arbitrary and violent, and supplies the first, in appearance at least, with material means of subsistence and with the instrumentalities that are essential to the vitality of the political organism (Mosca 1939: 50).

For Mosca, the rule of the minority over the majority has been made possible because the former is organized and the latter is not (Bottomore 1964). The minority is organized because, first, it is easier to organize a small number of people than a mass, and, secondly, 'the individuals who make them up are distinguished from the mass [...] by the qualities that give a certain material, intellectual or even moral superiority' (Mosca 1939: 53). Their numerical advantage and superiority show the inevitability of the rule of the minority over the majority (Hartmann 2007). Different reasons were given for the inevitability of the rise of elites, such as Mosca's argument about the "superior organizing capacities" of small minorities, Pareto's claim about "innate differences of talent" among individuals and their tendency to prevail over the less talented, and Michels' focus on the 'strong imperative in all essentially bureaucratic organizations and movements to create oligarchies whose interests differ from and override the interest of rank-and-file members' (Burton and Higley 1987: 220). While Mosca emphasizes the study of the composition of the elites as a group, Pareto looked more into the distinction between elites and non-elites (Bottomore 1964). For Mosca it was the wealthy that possess political power rather than "the brave". Discussions among elite theorists in general and among classical elite theorists in particular have always shown disagreement on what constitutes the elite and this has led to definitional and conceptual confusion. Table 1 below presents a short summary of the elite groups categorized by elite theorists. Further, terms such as

¹ The class that Mosca refers to is different from the Marxian understanding of the class concept. There is a wide variety of literature that analyzed the Marxian and Weberian class concept as well as those comparing and contrasting elitism with Marxism. In Marxian thought it is from the production system that the definition of class emerges (Clark and Lipset 1991). For Marx, what characterizes class relations are class conflict and exploitation, where exploitation is facilitated through 'political and ideological domination' (Burris 1987: 68). For classical elite theorists it is the leadership's nature that determines the power structure in a society while for Marx the political class is the representative of the dominant economic class (Parry 1986). Thus, elitist theories 'do not see politics as a mere reflection of the economic structure' (Parry 1986).

ruling class, political class, political elite, power elite, and leadership group have been used confusingly and have resulted in shifting conceptualizations (Zuckerman 1977). The discussion that follows presents the theoretical distinction between elites and class.

Table 1. Elite categorization in the literature. *Source: author's compilation*

Theorist	Elite groups
Pareto	The military ¹ , religious, and commercial aristocracies and plutocracies
Mosca	Military, religious, economic and merit elites
Mills	Political, military, and economic elites
Mannheim	Political and organizational elites, intellectual and artistic elites, and moral and religious elites
Aron	Political leaders, government administrators, economic directors, military chiefs, and leaders of the masses/trade union leaders
Bottomore	Intellectuals, managers and government officials
Parry	Military, business, labour union, religious, and scientific elite elites

Ruling class versus Power elite

The conceptual relationship between “power elite” and “ruling class” has been discussed by different scholars. For Bottomore (1964: 29), for example, ‘a ruling class may be conceived as originating from military power, or in modern times from the power of a political party, just as well as from the ownership of the means of production’. According to Bottomore (1964: 38), it would be good to incorporate the Marxist view of the concept of the ‘ruling class’ into Weber’s ideal type, and use the latter as a tool of investigation. This ideal type helps to investigate the influence of factors other than the ownership of property and make it possible to study deviations from the ideal type in terms of the absence or weakness of class formation. Bottomore (1964) has identified two types of situations: (i) a situation where there is a clearly demarcated ‘upper class’ that possesses large amounts of property and has a distinct culture and way of life, but doesn’t enjoy unrestricted and unopposed political power; and (ii) a situation, which diverges from Marx’s ruling class-subject class model, in societies where the intellectuals or bureaucrats possess supreme power. Following this argument, ‘the possession of the means of administration may be, as Max Weber argued, an alternative to the possession of means of production, as a basis of political power’ (Bottomore 1964: 42). His distinction is easily recognizable in countries where officials of the ruling party and the state control the economy.

The power elite, according to Mills (1959: 3-4), ‘is composed of men whose positions enable them to transcend the ordinary environments of ordinary men and women; they are in a position to make decisions having major consequences’. He points out that ‘the power elite is composed of political, economic, and military men’ (Mills 1959: 276). The economic/business, political, and military sectors are the three centers of power while other institutions, such as the church, universities, or the family are subordinates in developments in society (Hartmann, 2007). Moreover, the power elites are not alone but rather assisted by their advisers, consultants, spokesmen and opinion-makers (Mills, 1959:4). Mills rejects the Marxian view of the ‘ruling class’. For Mills (1959), the ruling class concept didn’t give enough space to explain the political and military order, nor the role of agents. He stressed that,

We must always be historically specific and open to complexities. The simple Marxian view makes the big economic man the real holder of power; the simple liberal view makes the big political man the chief of the power system; and there are some who would view the warlords as virtual dictators.

Each of these is an oversimplified view. It is to avoid them that we use the term 'power elite' rather than, for example, 'ruling class' (Mills 1959: 227).

Mills argument as captured by Barrow (2007: 405) is that,

theoretically the economic, political, and military domains are each the source of an independent form of power, while empirically he was not convinced that the degree of cohesion and interlock among the three elites, or their subordination to economic elites, was sufficient to justify calling this power elite a ruling class, much less a ruling capitalist class.

It is in that sense that Bottomore (1964) criticizes Mills on this empirical failing by pointing out that Mills never answered the question of whether or not the power elite represents a single class (Bottomore 1964). For Knoke (1990: 153), however, 'the power elites' consciousness and value cohesion resides in common social origin, collective socialization experiences, intimate social and professional interactions, and sequential career moves across institutional settings'. The other difference between Mills' power elite and the Marxian ruling class is that Mills did not refer to Marxian economics and 'its theory of surplus value and exploitation as a basis for explaining class struggle' (Barrow 2007: 406). In this connection, Mills is criticized for not offering an alternative economic theory and not discussing the high immorality of the power elite in a context of exploitation (Barrow 2007).

The other critique of Mills' power elite theory from the Marxist camp comes from Poulantzas, who criticized Mills for his Weberian attachment, according to which the political and the economic are analyzed separately (Barrow 2007: 421). Further, Poulantzas points out that research that focuses on the empirical relationship between the economic, political and military domains through a network analysis of relationships, class origin, education and so on is 'historicist' and 'subjective' (Barrow, 2007). For Poulantzas, Mills doesn't provide any explanation of the foundation of political power but rather emphasizes the plurality of sources of power without giving any explanation of the relations between forms of power. Further, 'Poulantzas rejects the idea of institutions and organizations as repositories of power and therefore rejects the idea of multiple sources of power' (Barrow 2007: 423). To sum up, Mills has been criticized from both liberal and Marxist camps for his analysis of power in the United States which was focused on institutional and personnel hierarchies in the country. Looking at the confrontation between the concepts of ruling class and political elite, Bottomore (1964) concluded that both concepts could be regarded as totally opposed, on the one hand, while they may be seen as complementary, on the other. As argued by Bottomore, through the use of both concepts:

we can attempt to distinguish between societies in which there is a ruling class, and at the same time élites which represent particular aspects of its interests; societies in which there is no ruling class but a political elite which founds its power upon the control of the administration, or upon military force, rather than upon property ownership and inheritance; and societies in which there exists a multiplicity of elites among which no cohesive and enduring group of powerful individuals or families seems to be discoverable at all (Bottomore 1964: 44).

Following Bottomore's exposition this thesis attempts to elucidate the nature of power and control in the context of post-1991 Ethiopia, where the political elites' power emanates from the control of the means of administration and also extending to property. One of the intersections in the process of making sense of elite theories to study oligarchy is to look at elite configurations. The concept of elite configuration refers to the relative position and size of various elite circles in the constellation of power. The elite circles could be political, bureaucratic,

capitalist, managerial, cultural, religious, military, etcetera (Dogan 2003). Elite configurations across countries are determined by history, institutions, economic development, culture and political structures. Elites move from one circle to another, such as from state to private corporations, from civil service to political elites and so on. Such kinds of movement are understood as 'elite interlock' or 'interpenetration'. For Dogan (2003: 3), elite configuration mainly depends on the political system and thus 'the diversity of elite configuration is related to typology of political systems'.

The State and Oligarchy

As far as oligarchies are concerned, the emergence of modern nation-states was the most crucial demarcation in the long history of defending property and wealth claims (Winters 2011). Before the emergence of the state, oligarchs were "coercive actors that ruled" but after the state took the role of defending their wealth, the role and function of oligarchs have significantly changed – they are not any more directly engaged in defending their wealth. Today, as Kapferer argues, the 'state is taking a corporate shape, as well as a more overt oligarchic political form' and the Hobbesian idea of the state and its contractual relation with society is receding (Kapferer 2005: 169). For him, the oligarchic-corporate state is the new form of state that is emerging in today's international system:

Current configurations of global, imperial, and state power relate to formations of oligarchic control. A major feature of this is the command of political organizations and institutions by close-knit social groups (families or familial dynasties, groups of kin, closed associations, or tightly controlled interlinked networks of persons) for the purpose of the relatively exclusive control of economic resources and their distribution, these resources being vital to the existence of larger populations (Kapferer 2005:163).

For Kapferer (2005: 165), oligarchy refers to 'a particular organization of power usually founded in dynastic processes tied to family and kinship'. In this sense, the study of elites and tendencies to oligarchy in both developed and developing countries requires a reflection on the relevance of concepts of elite, oligarchy and concomitant power dynamics. There are multiple studies that have looked into the phenomenon of oligarchy in different countries (Russia, East Europe, Ukraine, Israel, the US, Singapore, Indonesia, etcetera).

When specifically discussing African elites, Daloz (2003: 271) argues that it is 'rather uncommon to find politicians or top bureaucrats who are not in some way businessmen at the same time (personally or through their entourage)'. According to Daloz, the issues that have frequently received attention in Africanist literatures are ethnicity, the state, dependence and even democratization and development while research on elites has been secondary. When research on elites is done, the approaches and theories have often not been useful. Empirical research from the 1980s on the "politics from below" and neo-patrimonialism, according to Daloz (2003: 277), contributed to knowledge on African elites, but their 'reflections on the elites still appear only at the margin of wider theoretical syntheses'. In an extensive review of literature on the state and society in Africa, Bratton (1989) posited that significant knowledge can be gained from a statist perspective. He suggests,

We should continue studying the autonomous effects of state-level politics – such as the cohesion and autonomy of the power elite, the content of ideology and policy, and the capacity of bureaucracy – on social and economic change in Africa (Bratton 1989: 425).

In the Ethiopian context, there are very few detailed studies so far that have exclusively dealt with the country's elites especially in recent political history. In one notable exception, Kebede (2011) argues that elite groups such as the military, bureaucratic, and technocratic elites in Ethiopia control power without direct possession of economic means. In his work, that analyzed elite conflict and the Ethiopian 1974 revolution, Kebede (2011: xix) points out that, 'the subordination of economic modernization to the interests of political elites accurately defines modern Ethiopia.' For him,

Though the country defeated all the challenges to its existence for many centuries, it found itself in an existential quagmire subsequent to a skewed encounter with modernity. At first the misfired modernization fostered a severe conflict between modernized elites and a traditional class defended by an autocratic system, the outcome of which was the overthrow of the political system by a revolutionary uprising. Unsurprisingly, the violent nature of the conflict favored the faction of the military elite that advocated the radicalization of the revolution. However, no sooner had the military elite stabilized the movement by the institution of a repressive and intolerant system than it faced an even bloodier confrontation with ethnonationalist forces. Among the many consequences of this confrontation, the most salient is the defeat of the military regime (Kebede 2011: xix).

The three successive elites in Ethiopia – imperial, military, and socialist – failed to utilize state power for the promotion of development and political participation (Abegaz 2011). The 1991 defeat of the military regime heralded somehow a new form of political economy for various reasons including changes in the international system, the adoption of policies spearheaded by the World Bank and IMF, and the various policies adopted by the EPRDF regime. According to Vaughan and Gebremichael (2011: 9) 'the characterization of the political economy of contemporary Ethiopia is highly controversial and opinions are polarized'. This could only be rectified through continuous studies and analysis. To come back to Bottomore (1964: 93) once again, he claims that developing countries offer an 'excellent opportunity to examine the social forces which are creating new elites, as well as the activities of the elites themselves in the attempted transformation of their societies'. He identified many elite groups which, among others, include the revolutionary intellectuals, the nationalist political leaders, and the military officers, government officials and businessmen. Some of the elites compete for power while some of them are quite influential.

As Pakulski (2010) rightly points out, elite theorists have tended to focus on the role of political elites as 'the core of modern oligarchies'. He emphasizes that 'political elites merge and overlap with non-political segments of the ruling oligarchies; their ranks encompass the top executives of the largest (and state-supported) business organizations, military forces, and media organizations' (Pakulski 2010: 330). So, it is possible to see that the core executive in coordination with managers of state-owned businesses, the military and the media forms the core elements of modern oligarchies. Pakulski specifies how power is concentrated in the hands of very few in modern states:

The formation of massive governmental and party bureaucracies, the control extended by these bureaucracies over national economies, the monopoly for coercion and military command, the widening financial influence, and the capacity to manipulate public opinion via the budding mass media, all created the foundations for irresistible domination of elites, especially those commanding modern state apparatus (Pakulski 2010: 330).

By taking Pakulski's remark as an indication to identify the interrelationship of elites that forms oligarchies in a given political economy and Leach's determining factors of what kind of power, how much power, and in what

manner that power must be exerted by a minority this thesis identifies certain spheres of investigation. Here, Winters's insight and analysis offers an avenue to investigate oligarchies in relation to the creation of wealth and its defence, which remains crucial.

Therefore, the study of the relationship between political power and material wealth in post-1991 Ethiopia bases itself on the assumptions and presuppositions of elites and oligarchy studies discussed so far. In short, first of all, the identification of the sources of political power is an important aspect to the study of oligarchy. In connection to this, this study analyzes the concentration of political power in the hands of the few and the role played by some ideological threads in the Ethiopian party-state. Secondly, the study identifies and analyzes the nature of economic growth and the sources of wealth and its relations to the means of administration, as this resonates with issues of wealth creation and the emergence of the new rich. The study looks into who is getting what in the sectors responsible for growth by undertaking a qualitative investigation. Here, the role of the political and military elites and their involvement in the economy has been found to be the most important connection associated with the rise of the Ethiopian oligarchy. Thirdly, this study is interested in unraveling the underlying causal mechanisms to explain the specific nature of Ethiopia's political economy by making a comparison with the "similar case" of Rwanda.

Theoretical Framework: Oligarchic politics in a party-state

This section ties up the theoretical discussion by designing the theoretical framework and identifying the analytical tools employed in the study. The theoretical framework adopts the factors and mechanisms identified by oligarchy and elite researchers (mainly Åslund 2007; Leach 2005; Winters 2011) on power and wealth concentration and applies these to the case of the post-1991 Ethiopian party-state in the context of rapid economic growth. This adaptation would also be helpful for a comparative case study of post-1994 Rwanda. For Winters (2011), wealth defence defines the very idea of oligarchy, for which he refers to mechanisms like the 'wealth defence industry' in today's civil oligarchies such as the US. In other kinds of oligarchies different mechanisms are employed in the politics of wealth defence or the politics-wealth nexus. Needless to mention that for Winters (2011), material power resources are the building blocks of oligarchic theory. For him, the material basis of oligarchic minority power and the systemic scope of this power are crucial factors that help qualify the discussion over oligarchy. This thesis uses the following three propositions based on Winters (2011) work, though with some qualifications:

- (i) the systemic and material nature of oligarchy formation is important to understand political power concentration in Ethiopia,
- (ii) the nature of the party-state matters more than wealth defence and
- (iii) the Sultanistic oligarchy model offers more clues than other models for explaining Ethiopian oligarchy.

The following paragraphs substantiate these propositions.

First of all, oligarchic politics is systemic in its form and material in its basis of minority power. This thesis is interested in assessing the ways and means of political power concentration in the hands of a few in EPRDF's Ethiopia. This is the first level to locate the scope and the basis of minority power in the political system instituted by the ruling party. Secondly, unlike Winters, whose analysis begins by studying the already wealthy oligarchs, the starting point of my analysis is the concentration of political power in the party (and party-state) that projected its power over the means of administration to the economy. As Gottfried (2015) did in the case of Israel, this thesis investigates the nexus between wealth and power with respect to the rise of oligarchy, where political and military elites occupy a direct role in the creation and maintenance of wealth and play a role in

business activities. Gottfried (2015:15) argues that in the case of Israel, 'the state, and not wealth, may be the crucial factor in the formation of an oligarchy'. Similarly, this thesis argues that the party-state remains central in the analysis of oligarchization in Ethiopia.

This study examines the small group of political elites that have managed to concentrate official power, facilitate the creation of party and military firms and promote friendly elites to the heights of business. In the context of the emergence and development of the elite in the post-1991 period, there are some important factors and dynamics that should be taken into consideration. A first important factor is that the ruling party TPLF came to power as a mass-supported guerilla movement led by a group of young militias from a minority ethnic group, who introduced a federal governance structure along ethnic lines. The second factor is the adoption of a market-led economic system as opposed to the command economic system followed by the previous military regime. The third factor is that the nature of the political economy in general and the role of political elites in the economy in particular matters most to Ethiopian (and Rwandan) oligarchy formation.

The third proposition is that, from the four ideal types of oligarchy (Warring, Ruling, Sultanistic, and Civil) that Winters (2011) developed, the most relevant mechanisms for this research are found in his discussion of the Sultanistic oligarchy. Indeed, there are certain clear differences between the cases he discussed and the post-1991 situation in Ethiopia. That is why other elements from the literature are important to make full theoretical sense of the research findings. The power-wealth nexus in the Ethiopian party-state is akin to Sultanistic oligarchy rather than the other types of oligarchy. Sultanistic oligarchy emerges when a single oligarch monopolizes the means of coercion. For Winters, the Sultanistic oligarch is already wealthy and overwhelms other oligarchs in the regime. With regards to Sultanistic type of oligarchy the focus is on three main characteristics that is, an oligarch rules in a personalistic way, he controls access to wealth, and maintains control over coercive power.

The other elements of the theoretical framework resonate with the approach to the politics and economics of oligarchy offered by Åslund (2007). The five economic factors that contribute to the concentration of wealth in the hands of the few, which Åslund calls the economics of oligarchy, are: *large economies of scale, a vast economy, fast structural change, the prevalence of rents, and a poor legal system*. Next to this, the politics of oligarchy refers to the attractive goods that politics offers for oligarchs, including *buying presidential decisions, and control over national legislation, government decisions, court decisions, and the media* (Åslund 2007: 264-66). Åslund (2007: 256) defines an oligarch as 'a very wealthy and politically well-connected businessperson'. In Ethiopia, a country that registered fast economic growth for at least two decades; the economics of oligarchy assist in unravelling the factors that contribute to the concentration of economic means and, subsequently, wealth and assets. In relation to the authoritarian nature of politics and its impact on oligarchy formation, Åslund's interpretation of the politics of oligarchy offers additional elements for the theoretical framework – among others, (fast) structural change and the existence of a poor legal system are very relevant factors in the Ethiopian case.

In a similar vein, Leach (2005) points out that 'The literatures on power and oligarchy suggest three other conditions that might be present where an elite has become oligarchic and are often taken as indicators of oligarchy: lack of leadership turnover, minority control of resources, and low levels of participation in governance' (Leach, 2005: 330-331). For her, oligarchy is about the concentration of illegitimate power, entrenched over time in the hands of a minority whose wishes and decisions dominate the political system (Leach 2005). An oligarchy as a political system is characterized by some as a system where 'one group, which controls the administration, usually retains power indefinitely, rarely faces organized opposition, and when faced with such opposition often resorts to undemocratic procedures to eliminate it' (Lipset, Trow, and Coleman (1956) cited in Leach 2005: 318). As such, this characterization seems to squarely fit post-1991 Ethiopia's political system. It is in this connection that classical elite theory helps to identify and categorize elites and see the power of elites.

Analytical tools

To analyze the politics surrounding material power, it is essential to identify different levels and actors. This subsection focuses on the analytic utility of the theories (as discussed in the theoretical framework above) employed in the four articles incorporated in this thesis. The strategies of data collection and analysis have been informed by the search for sources of political and economic power and for the holders of power, which serve to clarify the basic nexus between political power and material wealth/economic activities. In light of this, different spheres have been identified to make sense of the increasing power and economic muscle of the ruling party. Needless to say, the analysis of power in the context of the use of ideology is different from the analysis of economic power and its mechanisms. Accepting the emphasis by Winters (2011: 5) that 'the study of oligarchs and oligarchy centers on the power of wealth and the specific politics surrounding that power', the analytical tool identifies several spheres of analysis.

Firstly, the analysis focuses on the site of political power – the ruling party that has been in power since 1991. To investigate how the ruling party has concentrated political power, the study discusses how ideology has been employed by the ruling TPLF/EPRDF as a source of political power. The thesis analyzes the concentration of political power by an identification of semi-ideological threads and of the ways in which the party leadership has put them to work. The analytical tool used to study this ideology-power nexus is a deep hermeneutic approach. As the literature shows, the idea behind hermeneutic analysis is to bring out the meaning of a text by 'paying attention to the social and historical context within which the text was produced' (Bryman 2008: 532-33). Going further, deep hermeneutics is used as a methodology to investigate the relationship between ideology and power (Thompson 1984). The discussion on the deep hermeneutics and its application is captured in the next chapter (see also Gebregziabher 2019a).

Secondly, the most central level of analysis is the investigation of the use of political power to control access to material power. This analysis deals with how political power has been used to facilitate the emergence of particular processes of the politics of oligarchy. Here the analysis focuses on the mechanisms and domains that show a particular emergence of oligarchic politics. As stipulated by Winters (2011), Sultanistic oligarchy enables the ruler (with overwhelming political and economic power) to control access to wealth and the coercive apparatus. The investigation leads to the identification of political elites and military elites, as well as the main sectors of wealth creation and the nature of political economy. This analysis not only uncovers the general domains and mechanisms of oligarchization but also takes a closer look at one military corporation to investigate the nuances of the control of economic means by politico-military elites (Gebregziabher 2019b; Gebregziabher and Hout 2018). Document and media content analysis combined with qualitative analysis of interviews used different but interrelated analytical foci on the emergence of particular forms of oligarchy formation. The analytical tools include critical junctures, elite bargaining and civil-military relations.

Thirdly, causal mechanism analysis within the tradition of critical realist research is used in the thesis for a comparative study of the emergence of oligarchy in Ethiopia and Rwanda. This analysis specifically focuses on the similar political economy of these countries and on the emergence of party and military businesses. Though not explicitly discussed in much of the thesis, critical realism has been the epistemological position that informs the research. In the last article of the thesis critical realism appears in relation to the analysis of generative mechanisms. In the critical realist explanation, which recognizes that reality is stratified into the empirical, the actual and the real ontological domains, causal mechanisms are found at the domain of the real. Causal (or generative) mechanisms in critical realism refer to the motive part or the process in a system that produces a result (Wight 2015). A comparative analysis is made between Ethiopia and Rwanda, taking causal mechanisms as an analytical tool in order to unravel the common structures in the political economy of the two countries.

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Chapter 3

Ideology and power in TPLF's Ethiopia: A historic reversal in the making?*

Abstract

The Tigray People's Liberation Front (TPLF) has led Ethiopia for close to three decades as a core party within the Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition. Various ideological claims permeated the consolidation of power by the TPLF, which now seems to be questioned by the new leadership in the EPRDF. This article locates the critical junctures in the history of the party and analyses how those junctures relate to power concentration rather than to ideological shifts as purported by the party. It argues that the circumstances surrounding the 'shifts' in ideologies by the TPLF show that ideologies were used to consolidate power within the party and later to impose domination at the state level. A thorough investigation of the ideological history of the TPLF is crucial as Ethiopia seems to be standing at a critical ideological crossroad. Through a deep hermeneutic interpretation, the article concludes that leftist ideological threads such as a focus on vanguard rule, party-directed economy, and Stalinist understandings of ethnicity run throughout the ideological shifts of the TPLF. The article synthesizes the cosmetic ideological shifts in the context of a pragmatic party that has been applying market socialism.

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The history of ideological changes in the Tigray People's Liberation Front (TPLF) is interesting for various reasons. First and foremost, the TPLF exhibited a sequence of ideological claims from its emergence in the 1970s to the present. The party's ideological positions began from ethno-nationalist fervours that later picked "Albanian socialism" and then alluded to "revolutionary democracy" after the fall of the Berlin wall. Today the party is the champion of the "democratic developmental state". Roughly, four ideological allegiances occurred in five decades.

For some scholars, the most recent ideological project in Ethiopia (i.e. the developmental state) has so far been successful via 'a top-down and autocratic state' but at the same time faces the twin challenges of a lack of private initiative in the economy and accountability in its political system¹. More broadly, the works of Elsje Fourie, for example, explores the history and politics of emulation of 'foreign' development models by Ethiopian elites in general and the Ethiopian People's Revolutionary Democratic Front (EPRDF) regime (the core of which is the TPLF) in particular, as they applied the 'Chinese model'². The developmental success of such emulation is contested, but that is not the focus of this article. Instead, I argue that an investigation of the circumstances of the 'shifts' in ideologies by the TPLF shows that ideologies are used to consolidate power within the party and later impose domination at the state level. In other words, ideologies were used just for the purposes of consolidating power and projecting domination, not necessarily for serving the people. This should be viewed in the context of how the TPLF and its elites managed to cling to political power and economic prominence.

The article explores the ideological turns and twists and the role of the TPLF leadership, and traces the persistence of certain semi-ideological constant factors that are directly related to the control of power and thus domination in the process. These constant factors range from the Stalinist definition of ethnicity and its unfitting application to the Tigray historical context, to the emphasis on democratic centralism in the context of leftist ideologies, to vanguard party-led economic development. The TPLF has been a pragmatic party that selectively applied such specific themes from its ideological toolkit to fit its purposes of power concentration. This pragmatism has to be viewed outside of the unidimensional insistence of viewing the party just as leftist per se.

Some of the semi-ideological factors that persisted for close to three decades of TPLF rule apparently have been challenged very recently within the EPRDF coalition, which could add a new dimension to the 'ideological history' of the party-state and the TPLF. It is still unclear whether the long held cherished ideological givens of the coalition in general and the TPLF in particular will be given up altogether. The new leadership in the front, and specifically from the Oromo Peoples Democratic Organization (OPDO), is presenting an alternative to the hitherto held ideological positions, carrying out a "soft revolution" within the coalition. Abiy Ahmed, the new chairman of the EPRDF and prime minister since April 2018, championed what he dubbed the 'politics of addition', that calls for the unity of Ethiopians from all walks of life and opening up the political space. In his inaugural speech, the Prime Minister proclaimed: 'we are Ethiopians while alive and Ethiopia when we die'³, in stark contrast to the previous emphasis of the party-state on group rights and the ethnicization of politics⁴. This emphasis on the unity of Ethiopians and on individual liberty rather than group rights began to appear in the rhetoric of the EPRDF following the peak of more than two years of protests by the Oromo youth, followed by the Amhara and Gurage youth. For Jonathan Fisher and Meressa Gebrewahd, these protests and the ensuing

¹ Christopher Clapham, 'The Ethiopian developmental state', *Third World Quarterly* 39, (2017), pp.1-15, p. 12.

² Elsje Fourie, 'China's example for Meles' Ethiopia: When development "models" land', *Journal of Modern African Studies* 53, 3 (2015), pp. 289-316; Elsje Fourie, *New maps for Africa? Contextualising the 'Chinese Model' within Ethiopian and Kenyan paradigms of development* (University of Trento, unpublished PhD dissertation, 2013).

³ Prime Minister Abiy alleges that when Ethiopians die, as the generation before did defending the motherland, they return back to the soil and constitute the territory that is called Ethiopia.

⁴ Hassen Hussein, 'Full English transcript of Ethiopian prime minister Abiy's inaugural address', *O Pride*, 3 April 2018, <<https://www.opride.com/2018/04/03/english-partial-transcript-of-ethiopian-prime-minister-abiy-ahmeds-inaugural-address/>> (1 July 2018).

political dynamics in Ethiopia, emanated from 'two long-term phenomena' which are – first, 'the maturing and consolidation of the EPRDF's ethnic federalism project, and the federal government's blunt engagement with this process' and second, the 'disintegration of the TPLF into factionalism and self-criticism since the death of Meles'.⁵ Meles Zenawi was the TPLF ideologue who led Ethiopia as Prime Minister between 1995 and 2012.

In this article, I follow the Gramscian conception of ideology that posits ideology as 'pre-eminently serving as safeguard of the power of the dominant class over the masses and among other things as fashioned by the intellectual elite'.⁶ The intellectuals of the party mainly built upon the contributions of its late leader Meles Zenawi. I do not engage in a theoretical treatment of the ideologies of the ruling party but rather analyse the critical junctures and processes that led to these changes.

In the face of countless studies that have dealt with Ethiopia's political history of the past five decades, several observations prompted this investigation. There has been an incessant recitation of certain ideologies by the party at some point and then a claim to others at later moments. This makes one wonder what lies behind the shifts in the "ideological catchphrases" cited by the party cadres.⁷ There is no existing study of the links between the ideological positions that have perpetuated the TPLF's power.⁸ Investigating ideology or ideologies in the context of the TPLF's Ethiopia is crucial for the reason that the regime has almost always given ideological answers for its failures or successes. The disparity between rhetoric and practice observed in TPLF's Ethiopia also merits a sober analysis. A rhetoric of respect and equality of all ethnic and national groups has been, for example, the emblematic motto of the party but the practice is quite different. There is sufficient evidence that the "ethnic card" has been used for divide and rule. This could be seen not only in the context of the ensuing protest of the Amhara and Oromo groups in the past few years but also in the systemic capture of business and economy by political elites.⁹

In an attempt to critique and make sense of the role of ideology in Ethiopia's political economy, this article traces the ideological threads, agency and junctures in a context where a single political party emerged as a dominant force. To do so, I will first briefly present the conceptual and methodological basis of the article followed by a background discussion of the emergence of the TPLF and its ideological starting point. Then, I will analyse the ideological turns and twists of the party corresponding to critical junctures of significant politico-historical high points. In this way, I locate the persistence of quasi-ideological threads – democratic centralism, ethnocentrism and the statist economy – which have sustained and concentrated political and economic power in the hands of the party-state and its elites.

Conceptual and methodological note

In the complex and long history of the study of ideology, this article situates itself in acknowledging the ubiquity of ideology and how that significantly shapes politics¹⁰. As Gramsci argued, there should be a distinction between 'historically organic ideologies, those, that is, which are necessary to a given structure, and ideologies

⁵ Jonathan Fisher and Meresssa T. Gebrewahd, "Game over"? Abiy Ahmed, the Tigrayan People's Liberation Front and Ethiopia's political crisis, *African Affairs*, ady056 (2018), pp 1-13, pp. 2-3.

⁶ See Michael Freeden, *Ideologies and political theory: A conceptual approach* (Oxford University Press, Oxford, 1996), pp. 19-20.

⁷ These phrases, borrowed from the various ideological positions taken by the party elites, are often confusing and sometimes are historically unfounded explanations of Ethiopian politics.

⁸ Some scholars exclusively emphasize one ideology or the other but not necessarily the continuities that sustained domination. On revolutionary democracy, see Jean-Nicolas Bach, 'Abyotawi democracy: Neither revolutionary nor democratic, a critical review of EPRDF's conception of revolutionary democracy in post-1991 Ethiopia', *Journal of Eastern African Studies* 5, 4 (2011), pp. 641-663. On the developmental state, see Clapham, 'The Ethiopian developmental state', and Alex de Waal, *The real politics of the horn of Africa: Money, war and the business of power* (Polity, Cambridge, 2015).

⁹ The domains and mechanisms of the wealth concentration by the party is discussed in Tefera N. Gebregziabher and Wil Hout, 'The rise of oligarchy in Ethiopia: The case of wealth creation since 1991', *Review of African Political Economy* 45, 157 (2018), pp. 501-510.

¹⁰ See for example Michael Freeden, 'Ideology and political theory', *Journal of Political Ideologies* 11, 1 (2006), pp. 3-22.

that are arbitrary, rationalistic, or “willed”¹¹. Indeed, as Jan Rehmann pointed out, Gramsci combined elements of the critical concepts of Marxism with his concept of hegemony and thus ‘Gramsci’s critique of common sense’ is ‘an ideology-critique’¹². Whether they are historically necessary or arbitrary, ideologies are fundamental to the world of politics. As Michael Freeden put it, ‘ideologies are the thought-products par excellence of the political sphere: they are necessary, normal, and they facilitate (and reflect) political action’.¹³ More importantly, ‘ideologies are imaginative maps drawing together facts that themselves may be disputed’.¹⁴ It is along this line of argument that I challenge some of the themes that run through the ideological history of the ruling party and why they have been used – namely the use of ideology to concentrate political and economic power.

The relationship between ideology and power has been one of the central discussions in the literature on ideology. For example, John Thompson argues that, ‘the study of ideology is inseparable from the social-historical analysis of the forms of domination which meaning serves to sustain’. He goes on to argue that ‘to study ideology is to study the ways in which meaning (signification) serves to sustain relations of domination’¹⁵. He suggests that the study of ideology should be viewed as a study of how meaning serves power/domination and the number of ways that it operates, out of which three – legitimation, dissimulation, and reification – are crucial. As Thompson points out, legitimation refers to Max Weber’s claim that every system seeks to cultivate a belief in its legitimacy by appealing to rational, traditional or charismatic grounds, which is expressed in language. Dissimulation refers to the fact that relations of domination that serve the interest of some at the expense of others may be concealed, denied or “blocked” in various ways. Reification here refers to the ways in which ideology operates by presenting a transitory, historical state of affairs as if it were permanent, neutral, outside of time¹⁶. In search for legitimacy, the TPLF advocated its ideological rhetoric and silenced credible alternative media sources through the monopoly over education and other state institutions.

The methodology that can be used to unpack the interrelationship of a given interplay between ideology and domination is a deep hermeneutic analysis. For Thompson, this methodology integrates ‘explanation and understanding into a comprehensive interpretive theory’ that involves a three-phase procedure¹⁷. In short, the interpretation of ideology can be conceived as ‘a depth hermeneutic assisted by discursive analysis and a social analysis of the conditions in which discourse is produced and received’.¹⁸ A deep hermeneutical methodology of the social-historical level among other things depicts institutions as vital instruments through which discourses are transmitted as well as structured. Through the establishment of an ethnic federal system ruled by a party-state, the TPLF managed to disseminate and perpetuate discursive and material domination. Various scholars have studied the structure and experiment of Ethiopian ethnic federalism and have shown how power is centralized by the party in power¹⁹.

¹¹ Antonio Gramsci, *Selections from the Prison Notebooks of Antonio Gramsci*, edited and translated by Quintin Hoare and Geoffrey Nowell Smith (International Publishers, London, 1971), pp. 376-377.

¹² Jan Rehmann, ‘Ideology-critique with the conceptual hinterland of a theory of the ideological’, *Critical Sociology* 41, 3 (2015), pp.433-448, p. 442.

¹³ Freeden, ‘Ideology and political theory’.

¹⁴ Ibid, p. 20.

¹⁵ John B. Thompson, *Studies in the theory of ideology* (University of California Press, Berkeley, 1984), pp. 129-35.

¹⁶ Thompson, *Studies in the theory of ideology*, p. 131.

¹⁷ According to Thompson (ibid, p. 199) these phrases are, (i) A ‘social analysis’ phase that deals with the ‘social-historical conditions within which agents act and interact’ because ‘we cannot study ideology without studying relations of domination’. (ii) A ‘discursive analysis’ that calls for the study of ‘linguistic construction’ which ‘must be complemented and completed by a third phase of analysis’ – (iii) interpretation. Thompson argues, ‘to study the structure of the discourse in which ideology is expressed may mediate the process of interpreting ideology, which is the process of explicating the connection between the meaning (signification) of discourse and the relations of domination which that meaning serves to sustain’.

¹⁸ Ibid, p. 11.

¹⁹ See for example Merera Gudina, ‘Elections and democratization in Ethiopia, 1991–2010’, *Journal of Eastern African Studies* 5, 4 (2011), pp. 664-680; Berhanu Balcha, *Restructuring state and society: Ethnic federalism in Ethiopia* (Aalborg Universitet, unpublished

In addition to the considerations of the social-historical and discursive analysis embedded in deep hermeneutic methodology, this article borrows the idea of 'critical juncture' from historical institutionalism. In critical junctures, the exercise of human agency (in this sense the ideological choices made by political actors) is analytically important. As Giovanni Capoccia and Daniel Kelemen point out, critical junctures are the starting points for many path-dependent processes because they put institutions on a certain path that is difficult to reverse²⁰. That is why James Mahoney argues that 'to explain critical junctures, therefore, path-dependent analysts often must focus on small events, human agency, or historical peculiarities that lie outside of available theoretical frameworks'.²¹ To do so, the article synthesizes materials such as party manifestos and other party documents, autobiographies, political memoirs of the relevant actors and interviews.

Ethnonationalism and the emergence of the TPLF

The ruling party TPLF had its intellectual and organizational antecedents in the student movement of the 1960s. The ideological orientation of most of the students of the then Haile Selassie I University was 'nationalist'²², and the shift from nationalism to Marxism-Leninism may have happened in the late 1960s²³. This student movement nurtured the revolution which eventually overthrew Haile Selassie's government in 1974. Mesay Kebede argues that Marxism-Leninism 'would not have had such an influence were it not arousing and legitimizing the political ambition of educated circles' in the country²⁴.

The students in the various study groups they established were extensively reading leftist literature that included works of Marx, Engels, Lenin, Mao, and Fanon²⁵. These study groups furnished the basis of leftist organizations which in turn gave birth to political parties such as the Ethiopian People's Revolutionary Party (EPRP) and the All-Ethiopia Socialist Movement (MEISON). It was this historical context that produced the party that is still in power in Ethiopia. First, a university students' association, the Tigray University Student Association, was established. From this association, a leftist organization by the name Tigrayan National Organization was founded in 1974 by progressive students, and this organization became the springboard for the TPLF, which came into being as a party in February 1975²⁶.

Those organized in the Tigray University Student Association were from the Tigray ethnic group, and they made ethnonationalism the primary ideological orientation of the TPLF, even though class-based ideological discussions were prevalent before and during the party's inception²⁷. Ethnonationalism is by far the most basic foundation (or the first ideological layer) pursued by the party since its inception and has persisted until today. Jan Abbink argues that this ideology resulted in 'utterly changing the face of the country' and 'leading to redefinition of Ethiopian nationhood'²⁸. In practice, it led to the institutionalization of ethnic federalism

PhD dissertation, 2006); Sarah Vaughan and Kjetil Tronvoll, *The culture of power in contemporary Ethiopian political life* (Sida studies, Number 10, Stockholm, 2003).

²⁰ Giovanni Capoccia and R. Daniel Kelemen, 'The study of critical junctures: Theory, narrative, and counterfactuals in historical institutionalism', *World Politics* 59, 3 (2007), pp. 341-369.

²¹ James Mahoney, 'Path-dependent explanations of regime change: Central America in comparative perspective', *Studies in Comparative International Development* 36, 1 (2001), pp. 111-141, p. 113.

²² Rather than ethnonationalists, who focused on the discrimination of one ethnic group by another.

²³ Bahru Zewde, *The quest for socialist utopia: The Ethiopian student movement, c. 1960-1974* (Boydell & Brewer Ltd, New York, 2014).

²⁴ Mesay Kebede, *Ideology and elite conflicts: Autopsy of the Ethiopian revolution* (Lexington Books, New York, 2011), p. 147.

²⁵ See for example Gebru Asrat, *Sovereignty and democracy in Ethiopia* (political memoir published in Amharic, Addis Ababa, 2015).

²⁶ Aregawi Berhe, 'The origins of The Tigray People's Liberation Front', *African Affairs* 103, 413 (2004), pp. 569-592; Zewde, *The quest for socialist utopia*.

²⁷ Berhe, 'The origins of the Tigray People's Liberation Front'.

²⁸ Jan Abbink, 'The Ethiopian revolution after 40 years (1974-2014): Plan B in progress?' *Journal of Developing Societies* 31, 3 (2015), pp. 333-357, pp. 341-44.

as a political system, based on the Stalinist definition of peoples, nations and nationalities²⁹. This became a straightjacket for Ethiopia. One of the founding leaders of the TPLF presents a detailed discussion of how the TPLF was inspired from the very beginning by Stalin's theory on the national question. Stalin's definition of the nation as 'a historically evolved, stable community of language, and territory, economic life and psychological makeup manifested in a community of culture' was applied to the situation of the Tigre ethnic group³⁰.

During the university days of the TPLF leadership, the "infamous paper" by university student Walleigne Makonnen on the "question of nationalities" in Ethiopia in 1969 claimed that Ethiopia was a collection of nationalities ruled by an Amhara ethnic group that superimposed its culture and language³¹. This was no doubt inspired by Lenin and Stalin's explanation of the issue of ethnicity in Russia³². One of the founders of the TPLF asserted that the position that TPLF took later on the nationality question and self-determination was based on Marx's stand on the Irish national question³³. Thus, the first manifesto of the party stipulated:

Disagreement and suspicion among the nations of Ethiopia have resulted from the worsening of the oppression by the Amhara ethnic group over the oppressed nations of Ethiopia and especially over the Tigray ethnic group. Therefore, we now reached a stage where all the oppressed nations of Ethiopia can no more undertake a common class struggle³⁴.

The manifesto emphasized the issue of national oppression and asserted that the Tigray ethnic group in particular had been oppressed. It called for an independent republic. The idea of the Tigray republic and secession was later abandoned in 1978 but 'remained for some time a source of subsequent splits and defections from, the [TPLF] organisation'³⁵. Though secession was abandoned, ethnonationalism continued to be the ideological foundation of the front. Some scholars have argued that the national question raised by the leftist intelligentsia of Ethiopia was a huge mistake, pointing out that even if there was an ethnic discrimination by one against the other, it was not inflicted on the Tigray ethnic group. The Tigrian nationalism that was instigated by the TPLF was 'a compound of aspiration for hegemony and struggle against Amharic linguistic oppression', and 'as in anywhere is the invention of modern educated elite'³⁶. In summary, ethnonationalism was central to the claim by the TPLF that national oppression characterized the imperial regime of Haile Selassie in which the Amhara ethnic-group had politically and culturally dominated the rest, and thus an armed struggle was necessary to reverse the 'ethnic oppression'.

In the political history of the TPLF, critical junctures can be traced to the periods when the party claimed ideological turns. The concept of a critical juncture refers to "*relatively* short periods of time during which

²⁹ See for example Christophe Van der Beken, 'Federalism and the accommodation of ethnic diversity: The case of Ethiopia', in *Proceedings of the 3rd European Conference on African Studies*, 2009, pp 8-10.

³⁰ Aregawi Berhe, *A political history of the Tigray People's Liberation Front (1975-1991): Revolt, ideology and mobilisation in Ethiopia* (Free University Amsterdam, unpublished PhD dissertation, 2008), pp. 5-9.

³¹ This paper spearheaded the discussion on ethnonationalism during the student movement. It is blamed by many and taken as a sacred outcry of the discriminated by others. In his recent memoir, Fiker-Selassie Wogderes, who was a leader in the Derg military regime and at the time a fellow student, dismissed it as the Eritreans' political strategy to inflict issues of ethnicity in the discussions of the student body with a purpose of advancing their cause. Fiker-Selassie Wogderes, *Egnana Abyotu* (Tshai Publishers, Los Angeles, California, 2013). For Abbink, the paper was unhistorical and superficial and was just an ideological position. See, Abbink, 'The Ethiopian revolution after 40 years'.

³² Randi Ronning Balsvik, *Haile Selassie's students: The intellectual and social background to the revolution, 1952-1974* (Addis Ababa University Press, Addis Ababa, 2005), pp. 33-34.

³³ Berhe, 'The origins of the Tigray People's Liberation Front', p. 591.

³⁴ TPLF, *Manifesto of the Tigray People's Liberation Front* (Unpublished manifesto, NA, February 1976). Author's translation.

³⁵ Berhe, 'The origins of the Tigray People's Liberation Front', p. 591.

³⁶ Teshale Tibebu, *The making of modern Ethiopia: 1896-1974* (The Red Sea Press, NJ, 1995), pp. 172-175.

there is a *substantially* heightened probability that agents' choices will affect the outcome of interest.³⁷ The choices made by some members of the leadership at such politico-historical junctures have changed the power configuration in the TPLF. In the following sections, the article locates the critical junctures and how these junctures are related to the claimed ideological metamorphosis, which in turn was used to consolidate power by the few.

The Marxist-Leninist turn

The historical context of the late 1970s paved the way for the first critical juncture where a few members of the party leadership established a "communist core" within the TPLF and proclaimed Marxism-Leninism as the party's guiding ideology. So, the first ideological shift happened when the communist core within the TPLF came together under a secessionist guise (separation of the Tigray region from Ethiopia) and were able to establish the Marxist-Leninist league of Tigray (MLLT) in June 1985, a Marxist party within the front that would control its leadership. The motivation for the establishment of MLLT was a wish to have full control of the front through abandoning the idea of being a front with various ideological and political orientations and replacing it with a strict single party logic³⁸. It was at this juncture that ideology was first used to purge prominent party members by accusing them of 'pragmatism, empiricism or revisionism'.³⁹ Political power was thus concentrated in the hands of a few TPLF leaders under the guise of MLLT. This period marks the official shift from a mere ethnonationalism to Marxism-Leninism, but ethnonationalism did not fade away from the party rhetoric even though Marxism-Leninism took over the language of the TPLF.

The origin of the first critical juncture goes back to the period before and after the establishment of MLLT in which two party-leaders, Meles Zenawi and Abay Tsehaye, played a significant role. The TPLF had established a political department within one year of starting the armed struggle against the Derg military regime. This political department, headed by Abay Tsehaye, had established a cadre school that would contribute to the ascendance of Meles Zenawi, especially after Meles was given the responsibility of preparing the establishment of MLLT⁴⁰. Meles 'was able to overtly recruit MLLT members and, covertly, create loyal cadres for his own power base' while others in the TPLF were busy conducting and leading the war against the military regime⁴¹.

Theoretically, there have been various interpretations of Marxism-Leninism and the post-cold war historiography of Soviet Marxism is still polarised⁴². David Priestland argues more work needs to be done on 'the problem of ideology in the Soviet history'.⁴³ He points out that the primary concern of Soviet Marxism 'was to show how the Soviet Union could move towards a society 'that would be both extraordinarily productive and completely egalitarian'⁴⁴. For Jan Rehmann, "Marxism-Leninism was the result of a canonisation-process designed to establish a new state-philosophy, which was, in turn, an integral part of the fusion of a centralised communist party and a despotic-autocratic state-apparatus"⁴⁵. Yet, for Marx ideology is 'a theoretical concept, an epistemological category designed to conceptualise a specific form of thought'⁴⁶.

³⁷ Capoccia and Kelemen, 'The study of critical junctures', p. 348 (emphasis in the original).

³⁸ Berhe, *A political history of the Tigray People's Liberation Front*.

³⁹ Bach, 'Abyotawi democracy'.

⁴⁰ For a detailed discussion of the period see the dissertation written by one of the founding members of the front itself, Berhe, 'A political history of the Tigray People's Liberation Front'.

⁴¹ Ibid, p. 215.

⁴² For a summary of the main interpretive categories see David Priestland, 'Marx and the Kremlin: Writing on Marxism-Leninism and Soviet politics after the fall of communism', *Journal of Political Ideologies* 5, 3 (2000), pp. 377-390.

⁴³ Ibid, p. 387.

⁴⁴ Ibid, p. 389.

⁴⁵ Jan Rehmann, *Theories of ideology: The powers of alienation and subjection* (Brill, Leiden, 2013), pp. 69-70.

⁴⁶ Bhikhu Parekh, *Marx's theory of ideology* (Johns Hopkins University Press, Baltimore, 1982), p. i.

The application of this ideology in Ethiopia by different actors in general and the TPLF in particular as discussed in this paper shows how some of Marxist-Leninist assumptions continued for so long. According to Aregawi Berhe the ideological position of the TPLF 'boiled down to embarking on a national democratic revolution to establish a planned socialist economy free of exploitation of man by man'⁴⁷. The main principles and assumptions that the TPLF took from Marxism-Leninism include dictatorship of the proletariat, vanguard party with its discipline and centralism, self-determination up to secession, as well as Statist and self-reliant economy. For the TPLF, the recognition of the importance of ideology in politics and state governance goes back to this juncture when the party adopted Marxist-Leninist ideology.

Indeed, Marxism-Leninism was the ideological position borrowed by many of the political actors of the time in Ethiopia – the “*generational effervescence*”, as Abbink called it⁴⁸. There are many scholarly works that have described the adoption of Marxism by TPLF and other political actors in the 1960s and 1970s Ethiopia⁴⁹. For Abbink, 'obviously, that era was the heyday of Marxist-Socialist critique and revolt', and 'there were deep concerns among the students and emerging educated classes about social injustice, class contradictions, inequality, and poverty in Ethiopia'⁵⁰. From among these political actors the Dergue, a military committee that overthrew Emperor Haile Selassie, took radical measures such as the nationalisation of land and industry and the declaration of Ethiopian socialism⁵¹.

At the time, the TPLF leadership admired and were affiliated with the most famous socialist parties in the international system, which included the Soviet Union, China and Albania, in that order. The TPLF had to abandon its admiration for the Soviet Union due to the latter's alliance with the military government in Addis Ababa and had to turn to the Chinese model of new democratic revolution. The TPLF later dismissed the ideological position of the Chinese communist party, pointing out that it cooperates with “the national bourgeoisie”. Finally the front adopted the Albanian communist model of Enver Hoxha that espoused a particular form of Stalinism⁵². The Albanian model was taken as an example of a self-reliant development independent of the Soviet Union⁵³. For Kassahun Berhanu, 'during its formative years, the ideological orientation of the TPLF had been an admixture of militant local nationalism and radical Marxism-Leninism'⁵⁴. Though the Marxist ideology of the party advocated that workers and the peasantry were the social forces that should take the lead, in practice it was the few TPLF elites who assumed the leadership that used the ideology and party machinery to control the peasantry down to the village level⁵⁵. The adoption of a Marxist-Leninist ideology by a few elements in the TPLF was used to consolidate power and purge others from the leadership.

The revolutionary democratic turn

The second critical juncture was the period between 1989 and 1991 when the party witnessed an ideological shift from Marxism-Leninism to Revolutionary Democracy. This period was accompanied by domestic and

⁴⁷ Berhe, *A political history of the Tigray People's Liberation Front (1975-1991)*, p. 213.

⁴⁸ Abbink, 'The Ethiopian revolution after 40 years (1974–2014)', p. 337.

⁴⁹ Bahru Zewde, 'The quest for socialist utopia'; Abbink, 'The Ethiopian revolution after 40 years (1974–2014)'; Berhe, 'The origin of The Tigray People's Liberation Front'; Paulos Milkias, 'Ethiopia, the TPLF, and the roots of the 2001 political tremor', *Northeast African Studies* 10, 2 (2003), pp. 13-66.

⁵⁰ Abbink, 'The Ethiopian Revolution after 40 years (1974–2014)', p. 336.

⁵¹ See for example Messay Kebede, 'The civilian left and the radicalisation of the Dergue', *Journal of Developing Societies* 24, 2 (2008), pp. 159-82.

⁵² Berhe, 'A political history of the Tigray People's Liberation Front'.

⁵³ Clapham, 'The Ethiopian developmental state'.

⁵⁴ Kassahun Berhanu, *Returnees, resettlement and power relations: The making of a political constituency in Humera, Ethiopia*, (Free University Amsterdam, unpublished PhD dissertation, 2000).

⁵⁵ Berhe, 'A political history of the Tigray People's Liberation Front'.

global changes. At home the TPLF was preparing to take over state power after 17 years of protracted civil war, and globally the West had won the Cold War. The party adjusted itself to the international system mainly to please the Cold War winning West, by telling Western powers that it had abandoned its Marxist ideological stand. The epitome of this juncture was the journey of Meles Zenawi to Washington DC in 1990, where he gave his speech on the change of the Marxist ideology of the party to Revolutionary democracy⁵⁶. In the following year, the TPLF issued a liberal political and economic programme, which was given the name Revolutionary Democracy in the next year.

Adopting the ideological jargon of “revolutionary democracy”, the party leadership managed to come up with an ideology to maintain its power position in the party, not necessarily changing its core socialist values. Unlike the first juncture, this was an attempt of power concentration at the state level. At best, this ideological claim served to convince the West and confuse the TPLF cadres. Gebru Asrat, a TPLF veteran, revealed in his political memoir that the TPLF told the world that Revolutionary Democracy is ‘not basically different from the typical liberal democracy’ but just a political orientation that emphasized group-based rights given the Ethiopian context⁵⁷. At the same time Zenawi told the majority of his cadres at home that it was a political orientation that continues the status quo without altering the original Marxist-Leninist inspiration⁵⁸. Though the TPLF trained its cadres on issues of Revolutionary Democracy and the challenges deriving from imperialism, at the same time it was dealing with the IMF and World Bank, which were understood as imperialist institutions by the party.

According to the Revolutionary Democracy ideology, the party leadership and the party's cadres should direct all aspects of society because of the knowledge they claimed to have about the nature of social development in the country. For Theodore Vestal, Revolutionary Democracy divided Ethiopian society into four traditional communist classes: ‘the peasantry, the bourgeoisie, the proletariat, and the comprador class’, with a claim that its social foundation is the peasantry⁵⁹. A veteran of the party underlined that Revolutionary Democracy is ‘intrinsically linked to both the ethnonationalist and ultra-leftist stances of the faction led by Meles Zenawi’ in the party⁶⁰. Furthermore, Revolutionary Democracy called for the market to function but also required strong intervention by the state. The TPLF claimed that the crucial actors that serve the purpose of accomplishing the economic goals of the front were the state and revolutionary democratic forces. The state controls ‘key industrial and agricultural enterprises that affect export earnings or the livelihood of large numbers of people’, which include ‘rail, air, and sea transport, electricity, telephone, and water supply services, the textile industry, engineering works, the chemical industry, metal foundries, and mining’⁶¹.

At the same time, the party accepted some of the policy prescriptions of the international financial institutions and implemented structural reforms including partial privatization, liberalization and deregulation and at the same time pursuing ‘liberal market-oriented policies’⁶². The TPLF managed to negotiate and often convince donors and international financial institutions, though its relations with them were not always cordial. This is demonstrated by Joseph Stiglitz's criticism of the lack of understanding of the Ethiopian economy by the IMF⁶³. Stiglitz pointed out that ‘Ethiopia resisted the IMF's demand that it “opens” its banking system, for good reason’, because it has seen the devastating effects of financial market liberalization pushed by IMF in

⁵⁶ Andargachew Tiruneh, *The Ethiopian revolution 1974-1987: A transformation from an aristocratic to a totalitarian autocracy* (Cambridge University Press, Cambridge, 1993), p. 362.

⁵⁷ Asrat, *Sovereignty and democracy in Ethiopia*, p. 124.

⁵⁸ Ibid.

⁵⁹ Theodore M. Vestal, *Ethiopia: A post-cold war African state* (Praeger, London, 1999), p. 64.

⁶⁰ Berhe, ‘The origins of the Tigray People's Liberation Front’, pp. 519-92.

⁶¹ Vestal, *Ethiopia: A post-cold war African state*, p. 70.

⁶² See Kassahun Berhanu, ‘Ethiopia: The quest for transformation under EPRDF’, in Redie Bereketab (ed.), *National liberation movements as government in Africa* (Routledge, London, 2018), p. 208.

⁶³ Joseph E. Stiglitz, *Globalization and its discontents revisited: Anti-globalization in the era of Trump* (W.W. Norton and Company, New York, 2018), pp. 122-133.

neighboring Kenya that resulted in the failure of fourteen local banks, and ‘committed to improving the living standards of its citizens in the rural sector’⁶⁴. In the end, the ‘intellectual lobbying’ by Joseph Stiglitz and his colleagues helped solve the estranged relationship between Ethiopia and the IMF and managed to channel more lending and assistance both from IMF and the World Bank⁶⁵. International backing such as this as well as the reputation of people like Meles Zenawi, heralded as part of a new breed of African leaders, played a significant role in enabling the TPLF to gain access to international resources while not necessarily restricting the control of the state in many sectors of the economy.

According to another veteran of the TPLF, Revolutionary Democracy borrowed from Lenin’s 1919 thesis, which in the Ethiopian context was taken as ‘a top-down rule by a vanguard party that develops guidelines and dictates those “correct policies”⁶⁶. The party believed that Revolutionary Democracy was an effective ideology and political orientation that served as a basis for accelerated economic growth and democracy in Ethiopia for more than two decades⁶⁷. For Jean-Nicolas Bach, the central strategy of Revolutionary Democracy was democratization from above, where the party recruited members who disseminated the views of the party after being shaped by its ideals and served as vanguards⁶⁸. In short, Revolutionary Democracy was an orientation inherently leftist with its advancement of a vanguard party, state economic management and group rights. On the last point, Abbink underlines that the ‘revolutionary thing’ in the party’s Revolutionary democracy is an ethnic-based approach to politics where Ethiopians are understood primarily as ethnic subjects, not citizens⁶⁹. It can be deduced that Revolutionary Democracy was an ideology based on ‘Marxist-Leninist-Maoist principles’ devised to serve as a bridge towards transforming the Ethiopian political economy to market socialism in the hands of the party.

The turn to the democratic developmental state

The developmental state rhetoric began to appear in the Ethiopian political landscape following the 2001 split within the TPLF and was augmented after the 2005 election⁷⁰. In yet another creative borrowing, the TPLF became one of the champions of the developmental state, abandoning its claim to Revolutionary Democracy. The ruling party – the EPRDF – at least since 2007 followed what it called a “democratic developmental state” model. In the words of the TPLF/EPRDF ideologue Meles Zenawi, it is the nexus between the ideological and structural components of the developmental state that distinguishes it from other states⁷¹. Ideologically, the mission of the developmental state project was accelerated development, which served as a source of legitimacy. Its structural component referred to the ‘capacity to implement policy effectively, which is the result of various political, institutional, and technical factors, which in turn are based on the autonomy of the state’⁷².

⁶⁴ Ibid, pp. 128-129

⁶⁵ Ibid, p. 129.

⁶⁶ Berhe, *A political history of the Tigray People’s Liberation Front*.

⁶⁷ *New Vision*, ‘The TPLF and the people of Tigray in the 40 years of struggle, scarifies and victory’, special issue, February 2015. *New vision* (known in its Amharic name as Addis Ra’ey) is the paper of the EPRDF.

⁶⁸ Bach, ‘Abyotawi democracy’, pp. 641-663.

⁶⁹ Abbink, ‘The Ethiopian revolution after 40 years (1974–2014)’.

⁷⁰ This split was one of the most important rifts that occurred within the leadership of TPLF, which resulted in the ‘great purge’ of notable leaders from the party. The split had its roots on the position taken by Zenawi on the Eritrean invasion of Ethiopia in 1998. For a detailed discussion, see Milkias, ‘Ethiopia, the TPLF, and the roots of the 2001 political tremor’.

⁷¹ Meles Zenawi, ‘States and markets: Neoliberal limitations and the case for a developmental state’, in Akbar Noman et al (eds), *Good growth and governance in Africa: Rethinking development strategies* (Oxford University Press, Oxford, 2012), pp. 141-174.

⁷² Ibid. p. 167.

In this incarnation, the regime presented poverty as an existential threat, while the answer to this threat was found in developmental state ideology⁷³. Presenting poverty as an existential threat, for Fana Gebresenbet, is just 'securitization of development' that 'gives credence to the immediate need for wider state powers and the aggressive mobilisation of (natural, financial and human) resources'⁷⁴. In essence, 'the securitisation of development is rationalising the drive to aggressively extract and mobilise resources as well as increasing the power and stature of the ruling coalition'⁷⁵. The party-state on the other hand claims that pursuing the democratic developmental state is the only way that may prevent the disintegration of the Ethiopian state. This centralization of decision-making and mobilization of resources by the state goes against the previous decentralization attempts envisaged in establishing a federal system in the country since 1991⁷⁶. At the local level, the mid-rank and lower officials strictly follow a top-down approach⁷⁷. In the developmental state rhetoric in general and the Ethiopian version of 'developmental democracy' in particular, poverty was taken as an existential threat to the state of Ethiopia and put forward as a justification to an unprecedented economic management by the state through the ruling party. This discursive mutation 'may be a search for a new basis of state/party democracy'⁷⁸.

In this third critical juncture, which was necessitated by the notable split within the TPLF in 2001 following the Ethio-Eritrean war of 1998-2000, ideological discussions once again took center-stage. Christopher Clapham argues that the Ethio-Eritrean war, other than prompting the split within the TPLF, resulted in 'revealing a common Ethiopian nationalism' and 'drew attention to the need for a national project, transcending ethnic federalism'⁷⁹. During and following the split in the party, its chairman once again used ideology and other discursive language such as Bonapartism, to purge dissidents and put himself at the center of power.⁸⁰ The party underscored that:

EPRDF [the core of which is the TPLF] is different from other developmental states because it combines democracy with developmentalism. That is why the EPRDF line is not only developmental but also 'for the people', revolutionary and democratic. When EPRDF commenced implementing developmentalism in a revolutionary democratic manner, it had easily learned from the vast experience of developmental states concerning economic policy planning (...) Further, the policies of EPRDF very much look like the developmental strategies that countries such as Taiwan followed. As far as democratization is concerned, it is difficult to take up the experiences of the majority of developmental states as they were undemocratic. In this regard, EPRDF has done its homework. Thus, our renewal has played a key role for that. It has presented the strong link between development and democracy⁸¹.

Therefore, as the document portrayed, the party claimed to have chosen a "developmental line", while the dissenters in the 2001 split of the party were accused of rent-seeking and parasitism. This party document

⁷³ See for example Asnake Kefale, 'Narratives of developmentalism and development in Ethiopia: Some preliminary explorations' (Paper presented at the European Conference on African Studies, Uppsala, Sweden, 2011).

⁷⁴ See for example Fana Gebresenbet, 'Securitisation of development in Ethiopia: The discourse and politics of developmentalism', *Review of African Political Economy*, 41, s1 (2014), pp. s64-74, p. s66.

⁷⁵ Ibid, p. s64.

⁷⁶ Aalen and Asnake cited in Fana Gebresenbet, 'Securitisation of development in Ethiopia'.

⁷⁷ Rene Lefort, 'Powers-mengist-and peasants in rural Ethiopia: The May 2005 elections', *Journal of Modern African Studies* 45, 2(2007), pp. 253-273. The article presents a very good summary of and insight into the implementation of the developmental state at farmers' level and how the party-state is involved in inculcating its development rhetoric.

⁷⁸ Abbink, 'The Ethiopian Revolution after 40 years (1974-2014)'.

⁷⁹ Clapham, 'The Ethiopian developmental state', p. 5.

⁸⁰ For the TPLF, Bonapartism, with its roots in the French history of the nineteenth century, 'meant not following the original revolutionary democratic line'. See Bach, 'Abyotawi democracy', p. 655.

⁸¹ EPRDF, 'Development, democracy and revolutionary democracy', p. 113.

divided its members into a developmental revolutionary democratic camp on one side and a destructive rent-seeking and parasitic camp on the other⁸². The latter camp was eventually purged from the party.

For Bach, before the 2001 split in the party the ideological machinery centered around Meles Zenawi, Bereket Simon and a few government agencies (such as the Ethiopian News or Press Agencies and the Office of Government Communication Affairs). Following the split, it concentrated in the person of one man⁸³. Similarly, Rene Lefort argues that,

Meles and Meles alone devised and relentlessly imposed what became the country's intellectual orthodoxy, preventing the emergence of any independent thinking. He transformed the Front into a multi-tentacled channel for the communication of orders from above – penetrating the remotest hamlet – and into an organ of control of the population⁸⁴.

This command and control down to the lowest level of the administration seemed to concentrate power in the hands of the premier who sat at the helm of the party-state. The justification to stay in power (this time around) was the developmental state project. The party argued that the developmental state requires regime stability to oversee the implementation of the developmental state project for a minimum of a few decades. Such strong intervention by the party-state, especially in the economy, has not been welcomed by many Ethiopian observers. For example, Medhane Tadesse points out that 'at his best, Meles inserted the rudiments of the developmental state in Ethiopia, but at his worst he made it intimidating and suffocating'⁸⁵. This is especially suffocating because many of the beneficiaries of state development projects are in one way or another related to the political party⁸⁶.

Just as Marxist-Leninist-Maoist ideas were at the heart of revolutionary democracy, Revolutionary Democracy ideas were also at the heart of the developmental state rhetoric in the country. In other words, certain fundamental principles persisted and were instrumental for the continued concentration of power in the hands of the few, as the next section shows.

The semi-ideological threads

In all three critical junctures, it is clear that power tended to concentrate in the hands of the late premier and his cronies, and was supported and legitimised through the ideological manipulation that Meles Zenawi applied throughout the party's history. As such, it is important to locate some of the constant factors or semi-ideological threads that persisted in the affairs of the party and the party-state, which sustained pragmatic politics disguised with ideological claims.

Since its inception in 1975, some concepts have remained constant for the TPLF. These include ethnicity, vanguard leadership, and a statist economy. The idea of ethnicity was tied to the claims that national oppression has existed in Ethiopia and that the Tigrean ethnic group was discriminated against. The political solution to address this "ethnic question" made the party take the ideological position of advocating group rights over

⁸² Ibid, p. 114.

⁸³ Bach, 'Abyotawi democracy'.

⁸⁴ Rene Lefort, 'Ethiopia after its electoral drama: second "renewal" imminent?', *OpenDemocracy*, 7 July 2015, <<https://www.opendemocracy.net/ren%C3%A9-lefort/ethiopia-after-its-electoral-drama-second-%E2%80%9Crenewal%E2%80%9D-imminent> > (2 August 2018).

⁸⁵ Medhane Tadesse, 'Meles Zenawi and the Ethiopian State', *ethiopiafirst.info*, 24 October 2012, <<http://www.ethiopiafirst.info/news/Documents/Meles-Zenawi-and-the-Ethiopian-State.pdf> > (9 July 2018).

⁸⁶ For party affiliated companies see Berhanu Abegaz, 'Political parties in business: Rent seekers, developmentalists, or both?' *Journal of Development Studies* 49, 11 (2013), pp.1467-1483; for the party's role in creating rural vanguard elites in Ethiopia see Rene Lefort, 'Free market economy, "developmental state" and party-state hegemony in Ethiopia: The case of the "model farmers"', *Journal of Modern African Studies* 50, 4 (2012), pp. 681-706.

individual rights. The implication of this was the resurgence of the “lost prestige” of the Tigrean ethnic group, politically and economically. Undeniably, ethnonationalism was used for group mobilization during the 17 years of civil war that the front waged against the military regime.

The idea of vanguard leadership, informed by Marxist-Leninism, in practice involved power being controlled by the vanguard party and the top echelon of the party and the party-state, who often smartly played within the party framework⁸⁷. One of the central principles applied by the TPLF, and later by EPRDF, was democratic centralism, which remains instrumental to the emergence of ideas and their dissemination from the center. According to John Markakis, though the purpose of democratic centralism in theory was preventing factionalism, in practice it served the TPLF/EPRDF leadership to discipline members from any challenge within the party⁸⁸. To ensure party discipline, ‘self-criticism’ sessions in which members criticized themselves and others were used periodically. This mechanism of control was an important tool to purge dissident in the party and government officials. These ‘criticism and self-criticism sessions’ would suggest a level of internal openness of the party⁸⁹. In any case, the implication of vanguard leadership for domination is obvious: a party that wants to rule forever, unhindered by any political processes.

The idea of a statist economy was present throughout the ideological shifts. The continuous claim to an anti-liberal view in ideological rhetoric or the concealed application of liberal policies had far-fetched implications for both policy and practice. The rhetoric of the TPLF, especially since assuming state power in 1991 (i.e. under the Revolutionary Democracy and Democratic Developmental State ideologies), has been half-hearted acceptance of liberal views in the economic sphere and not so much in politics. According to Dagnachew Assefa, the contradiction and incoherence inherent in these cosmetic ideological shifts relate to the syncretism of various ideologies with local beliefs observable in the party's rhetoric, which for him has three dimensions.

First, it has a Marxian colour, and their [party elites'] ideological claims have some traces of Marxism. Secondly, it also takes politics as a distinction between friend and foe, as in Carl Schmitt's axiom. The party leadership and members create friend and foe along the way – it is a mindset and metaphysical as such. If they don't have anyone to call an enemy, they are calling poverty an enemy. Third, for them, there is one correct question and one correct answer. So, this has a very serious implication – it prohibits any other narrative. These are the pillars of TPLF ideologies, I would say⁹⁰.

Thus, it seems that the ideas borrowed from these ideologies have been syncretised with the values of the party leadership and its cadres. Dagnachew argues that syncretism captures the pragmatic nature of the party embedded within the context of ‘Africanist and [even] Tigrean’ beliefs⁹¹.

For the late premier Meles Zenawi, the last ideological claim, of the Democratic Developmental State, can be applied in a way that Ethiopia will be a developmental state and at the same time democratic. As part of a democratic developmental state project, Zenawi and his party claimed that Ethiopia would be developmental like South Korea and Taiwan, and incorporated a form of democratic governance that was not quite like the experience of other developmental states. Given the records of the party, the usage of democracy in both revolutionary democracy and democratic developmental state is an oxymoron. Claiming to be democratic and revolutionary at the same time looks like claiming to be democratic and developmental at the same

⁸⁷ The real politics amongst the top leadership includes manipulation of allegiances based on blood ties and marriage as well as using state institutions and influence in the country.

⁸⁸ John Markakis, *Ethiopia: The last two frontiers* (Boydell & Brewer Ltd., London, 2011), p. 244.

⁸⁹ I owe this addition to one of the anonymous reviewers of this article.

⁹⁰ Interview, Dagnachew Assefa, public intellectual in Ethiopia, 25 February 2016, Addis Ababa.

⁹¹ Ibid.

time especially when viewed from the history of the political economy of Ethiopia under TPLF. In terms of governance, the authoritarian nature of the regime starting from its emergence has been repeatedly documented by researchers and human rights organizations. In terms of political economy, in “revolutionary democratic years”, the party-state undertook some liberalization and deregulation attempts but not in any meaningful way. The sectors that were not liberalized include telecommunications, finance, and utilities, among others.

Furthermore, as Abbink points out, the EPRDF regime continued the ‘policy of state ownership of all land’ of its predecessor Dergue’s regime⁹². For Tom Lavers, though state ownership of land is still the predominant form, in reality the land tenure system is ambiguous due to competing rationales in Ethiopia’s ethnic federalism⁹³. For Abbink, the regime has even recently extended state ownership to urban land as stipulated in the urban land lease holding proclamation of 2011⁹⁴. Now private plots will become the property of the state upon the sale of a house ‘which is unprecedented in Africa’⁹⁵. The regime thus advocated and led an economy where the state and the party controlled the commanding heights of the economy. In the democratic developmental state years, Meles Zenawi argued that ‘a developmental state should monopolize rents and allocate them strategically for value creation over the long-term’⁹⁶. However in practice, it is the so-called revolutionary democratic forces and more specifically party and military enterprises as well as ‘developmental capitalists’ that have been monopolizing rents with unreserved support by the party-state as the fundamental players in the economy⁹⁷.

In sum, the persistence of left-leaning political principles that range from a Stalinist definition of self-determination of nations and nationalities to a strong allegiance to the developmental state explains the nature and characteristics of TPLF’s policies and practices. Here, left leaning principles are understood as the socialist ideals that are identifiable in ethnonationalism, Marxism-Leninism, and revolutionary democracy. The last ideological claim, the democratic developmental state, has served as a rhetorical tool to strengthen the state-led and party-dominated economic and business environment. For Toni Weis, the nature of EPRDF’s political economy can be characterized as “vanguard capitalism”, since the emerging capitalist system of the country is ‘distinct from the free-market capitalism promoted under structural adjustment and from the crony capitalism that was its result in other African countries, but also from the bureaucratic state capitalism of the East Asian economies’⁹⁸. For him, this form of capitalism ‘focuses on the monopolisation of state - society relations by a revolutionary movement party and the creation, capture, and strategic use of rents by the administration it leads’⁹⁹.

The various shades of leftist ideological claims facilitated the concentration of power in the hands of party leadership and its cadres, democratic-centralist principles of governance, and the close administration of the economy. The semi-ideological constant factors have so far been the instruments of power concentration, and the most recent ideological turn to the democratic developmental state is not any different but only adds to the same old vision of the party-state. These threads that continued throughout the life of the TPLF and EPRDF are the most important notions that persisted under the cosmetic shifts of ideologies, which underlined power and domination in TPLF’s Ethiopia.

⁹² Abbink, ‘The Ethiopian revolution after 40 years (1974-2014)’, p. 345.

⁹³ Tom Lavers, ‘Responding to land-based conflict in Ethiopia: The land rights of ethnic minorities under federalism’, *African Affairs* 117, 468 (2018), pp. 462-484.

⁹⁴ Abbink, ‘The Ethiopian revolution after 40 years (1974-2014)’.

⁹⁵ Ibid.

⁹⁶ Alex de Waal, *The real politics of the horn of Africa: Money, war and the business of power* (Polity press, Cambridge, 2015), p 164.

⁹⁷ For a discussion of party and business elites, see Gebregziabher and Hout, ‘The rise of oligarchy in Ethiopia’. For a discussion of military business in Ethiopia, see Tefera N. Gebregziabher, ‘Soldiers in business: The pitfalls of METEC’s projects in the context of Ethiopia’s civil-military relations’, *Review of African Political Economy*, forthcoming.

⁹⁸ Toni Weis, *Vanguard capitalism: Party, state and market in the EPRDF’s Ethiopia* (University of Oxford, unpublished PhD dissertation, 2016), p. 77.

⁹⁹ Ibid, p. 106.

Conclusion

Through an investigation of the ideological sedimentation of the TPLF, this article has located the agency, the turning points and the ideas that lingered in the history of the party. It concludes that the ideological kernel has remained ethnonationalism groomed with Marxist-Leninism. The article also showed that the four ideologies of the party played a significant role in consolidating power both within the party and the party-state, yet they never managed to be hegemonic. It was only a very few party cadres at the top of party leadership who could convincingly explain the ideologies and their changes, and the rest of the party membership and the society at large had little knowledge or interest in them. The party that advocated state intervention in the economy, reciting leftist ideologies and then the 'democratic developmental state', remained an ethnic vanguard party, and Ethiopia an ethnic vanguard party-state.

This situation may be changing. The death of the TPLF ideologue Meles Zenawi, and more crucially the unprecedented protest by the Ethiopian youth (mainly from Oromo, Amhara and Gurage ethnic groups), the "in-party" fighting that the Oromos and Amharas are winning within the EPRDF coalition, and the ascendance of Abiy Ahmed, pushed the EPRDF and perhaps the TPLF to yet another critical juncture. It is not yet clear if Abiy is after all a 'painkiller, placebo or cure' for the ensuing political crisis in the country¹⁰⁰. In any case a new form of politics and ideological shift appears to be emerging under the leadership of Abiy Ahmed, but it is too early to see a clearly articulated ideological position other than the 'vague vision of medemer (Ahmaric for summation, or addition)'¹⁰¹.

Yet, as for TPLF's Ethiopia, what is new is not the use of ideology to win an internal power struggle per se but the consistent attempt to capture the national economy. Ethnic oppression was used to mobilize the people of Tigray during the armed struggle by the party in the guise of ethnonationalism, and later it was the 'eradication of poverty' in the name of the developmental state project. The full consequences of capitalizing on ethnic victimhood by the TPLF and the haphazard institutionalization of ethnic federalism are yet to be assessed in their full dimensions. Indeed, post-1991 Ethiopia is replete with ethnic conflict in parts of the country. Ideological alternatives may be emerging, as the political space seems to be amenable to open political debates. The outcome of the open political space that Abiy's leadership has offered will depend on how the various political forces genuinely come forth, debate and forge a new form of politics in the country.

For now, two ideological givens have lingered. The first is the ethnicization of politics that created and perpetuated deep divisions in Ethiopian society. The most recent political developments in the country at the beginning of 2018 and the ascendance of the new prime minister from the OPDO might reverse the politics of ethnicity, which would be a daunting task in a regime that sponsored ethnicization for close to three decades. The second semi-ideological given that lingered is the vanguard party-state that created the economic muscle of the TPLF through its party-businesses and those "developmental capitalists" favoured throughout its reign. However, this may be challenged from within the ruling coalition as Abiy Ahmed seeks a more liberalized economy. The recent central committee decision to privatize critical public enterprises and public projects is a clear indication of this challenge. A shift in the economic management of the country will very much depend on how much it will be shaped by both the reformists headed by Abiy and other political and economic actors as well as the populace at large. The major structural economic issues such as unemployment, inefficient public investment and opportunistic private investment, huge problems in the tax regime, as well as issues related to competitiveness and productivity that shackled the EPRDF regime are still around and need to be tackled¹⁰². A

¹⁰⁰ Fisher and Gebrewahd, "Game over?" pp. 12-13.

¹⁰¹ Ibid.

¹⁰² Getachew T. Alemu, 'How to address the five structural economic issues a transitioning Ethiopia', *Addis Standard*, 2 February 2019, <<https://addisstandard.com/economic-commentary-how-to-address-the-five-structural-economic-issues-confronting-a-transitioning-ethiopia>> (1 February 2019).

fourth critical juncture, from 2015 to 2018, is emerging within the EPRDF and the TPLF, as important changes are observable in the rhetoric and some decisions of the EPRDF since the change of its leadership.

Chapter 4

The rise of oligarchy in Ethiopia: the case of wealth creation since 1991^{*}

Abstract

This article focuses on oligarchy formation in Ethiopia since EPRDF came to power in 1991. Despite EPRDF's claim that its development strategy has reduced poverty, the country's inequality has been growing in the past decade. The paper analyses wealth creation and defence, and focuses on privatisation, land expropriation, phoney shareholding and corruption. Three categories of oligarchs are identified: the party nomenklatura, 'tiny oligarchs', and one Ethio-Saudi businessman. The study adds to the literature on oligarchies, which has focused mainly on Eastern Europe, Asia and Russia, and concludes that Ethiopia's growing inequality is directly connected to processes of oligarchy formation.

Key words: Ethiopia, oligarchy, economic growth, wealth concentration, wealth defence

^{*} The major part of this chapter is based on: Gebregziabher, T.N. and Hout, W., 2018. The rise of oligarchy in Ethiopia: the case of wealth creation since 1991. *Review of African Political Economy*, 45(157), pp.501-510.

Introduction

In May 1991, a coalition rebel force led by the Tigray People's Liberation Front (TPLF) entered Addis Ababa heralding the end of 17 years of a military regime. This coalition force, the Ethiopian People's Revolutionary Democratic Front (EPRDF) in its policy document of 1993 titled 'Our Revolutionary Democratic Goals and Next Steps' outlined its goals and strategies for the front in great length. The document stipulates that the front will 'liberate the majority of Ethiopian society from poverty and backwardness and that they can assure the widest democratic rights and participation in the political system' (Vestal 1999, 79). Since then, the front has never been short of policy documents that preached many such goals to the public. Beyond paperwork, the regime asserts that it decentralised the state, implemented policies that led to a democratisation of politics and liberalisation of the economy.

In the summer of 1993 just almost immediately after it came to power the regime announced a number of its party members were 'expelled because they have acted in their own interest' (ION 24 July 2016). Almost a déjà vu, the central committee of the front makes a similar claim some twenty-three years later crying out it "identified abuse of office for private gains as one of the challenges the developmental democratic system has been facing" (FBC 22 August 2016). Otherwise, the regime lauds its achievements of economic growth, ethnolinguistic self-determination and formal political participation.

We argue that it is not a sporadic abuse of power by few elites that characterises the political economy of post-1991 Ethiopia but a systematic emergence of oligarchic politics in which the ruling party managed to create and consolidate for half a century. The TPLF, the core of the coalition EPRDF, leads the rest of the parties in the front regarding business empires it has built. Thus it is not only its businesses that dominate the economy (in this context, the booming sectors) but also political elites among its ranks and 'other friends of the TPLF' which were allowed to the heights of fortunes in the country. The paper asks, *to what extent is post-1991 Ethiopia characterised by oligarchic control? If so, what are the domains and processes of oligarchy in Ethiopia?*

Undeniably, the debate on the nature of the African state in general and the state's role in the economy in particular has engaged a large number of scholars (Kawabata 2006). For Van Hoyweghen and Smis (2002, 578) 'it was not through economic power as such that political influence was acquired but rather the other way around – through access to the state'. Once access to the state is achieved, a particular section of the society 'could benefit one way or another from the new status quo' (ibid). Therefore, it is crucial to highlight that 'the real issue in Africa is not the degree to which the state intervenes in economic matters, but on what behalf it intervenes' (Cheru, 1989 cited in Kawabata 2006, 29). Similarly, scholars who have continued to study the nature of the Ethiopian state highlighted the relative uniqueness of the post-1991 Ethiopian state (Markakis 2011; Abbink and Hagmann 2016). The 'comeback to ethnic politics', the rise of 'a post-Marxist-Leninist vanguard party' to power, and 'economic dynamism' in consecutive years of economic growth have given the period since 1991 a special place in contemporary African politics (Hagmann and Abbink, 2011, 579).

The issues that dominate the Africanist literature are ethnicity, the state, dependence and even democratisation and development while research on elites has been secondary (Daloz 2003). When such research was done, the approaches and theories applied were not useful. Indeed, within the empirical research since the 1980s the literature on the 'politics from below' and neo-patrimonialism contributed to the knowledge on African elites, but those 'reflections on the elites still appear only at the margin of wider theoretical syntheses' (Daloz 2003, 277). He points out that, it is not 'uncommon to find politicians or top bureaucrats who are not in some way businessmen at the same time (personally or through their entourage)' (Daloz 2003, 271).

It is imperative to investigate the nature of wealth concentration in an economy where a regime claims an annual double-digit GDP growth of 11 percent for more than a decade. According to a State minister who has been serving the EPRDF regime for long years in the institutions of economic development and national

planning, the Ethiopian economy of the last twenty-five years can be divided into the first ten and the later fifteen (Abraham Tekeste, interview 28 April 2016). The first ten years, according to Abraham, were the era of recovery. For him, the seventeen years of the military regime after the fall of Emperor Haile Selassie (1974-1991) witnessed an annual average growth of 1.9 percent, while population growth was 3 percent annually, which implied an annual decline of per capita income by 1 percent. The Minister claims that currently 'the people are benefiting from the growth and the sense of fatalism of the old days has gone'. According to MoFED (2014), for twelve consecutive years (2002 to 2014) the Ethiopian economy has registered a rapid and sustained average annual growth of 10.8 percent during the last five years of that period. Ethiopia's economic growth is hailed as miraculous and received appreciation from international organisations such as the World Bank and International Monetary Fund (IMF).

According to the Economic Intelligence Unit (EIU 2012, 8) the IMF 'does not believe the government's economic growth figures' claiming that the 'average annual real GDP growth was 7-8% during 2004/05-2009/10, far short of the 11% claimed by the Ethiopian government'. Though the GDP growth numbers are contested, several observers agree that there is real GDP growth in the construction and service sectors. Since 2010 the service sector took over the role of the agriculture sector that has been the mainstay of the economy for centuries in the country. Still, by many measures the Ethiopian economy is based on agriculture, a sector that accounted for 42.9 percent of GDP, 90 percent of foreign currency earnings and 85 percent of employment in 2012/13 (EIC, 2014).

The Ethiopian Investment Commission (EIC) reports that in the fiscal year 2012/13 the service sector (that comprised social services, trade, hotels and restaurants, finance and real estate et cetera) accounted for 45.2 percent (this figure for MoFED is 45.6). According to the World Bank (2016), the service sector accounted for about half of economic growth generated from 2004 to 2014, and it has become the second biggest employer, but its contribution to poverty reduction is modest. It is the likes of this modest confirmation that require closer scrutiny, and there is much criticism of the 2016 WB report as well. The major subsectors responsible for GDP growth within the service sector are *commerce* (wholesale and retail trade, hotels and restaurants), *other services* (real estate, renting and business; other community social and personal services; activities of private households; and extraterritorial organizations and bodies), and *public services* (public administration and social services; education; health and social work), accounting for 85 per cent of value added (WB 2016). According to UNDP (2015) 'By 2012/13, the services sector, spearheaded by the wholesale and retail trade subsectors, accounted for 45 per cent of GDP'. Another study shows the traditionally dominant contributor to growth in Ethiopia was crop production, but it has been taken over by *construction, wholesale and retail trade sub-sector* (Seid, Tafesse, Ali 2015 emphasis ours).

The construction sector, according to the Construction Minister, 'has been growing at a rate of 12.43 percent yearly and contributed some 5.3 percent to the nation's GDP' (Reporter, 17 December 2016). As far as the subsectors within the construction sector are concerned, growth is registered in four categories – roads, water supply and irrigation, power, and other public works (WB 2007). Construction accounted for more than half of all industry in the fiscal year that ended in July 2016 after it grew an annual 37 percent, according to the data from the National Bank of Ethiopia. In short, studies and empirical evidence show that construction, wholesale and retail trade are the sectors behind the booming growth. Thus, it is logical that construction and trade are the economic activities that have given birth to wealth concentration in Ethiopia's economic growth, and this requires a deeper analysis to figure out the nexus between wealth creation and political power/influence.

After this introduction, this paper delves into the analysis of mechanisms of wealth creation from the perspective of oligarchy formation, making a point that wealth creation must be understood as intertwined with political power since 1991. It then proposes the categories of oligarchs that was born from the mechanisms and processes of wealth creation and its defence. It ends with a conclusion.

Rise of Oligarchy, 1991-2016

In this section, we argue that the economic growth (characterised by massive public investment, heavy dependence on foreign aid and loans) is captured by a minority of politically connected businesses and politico-military elites leading to the emergence of oligarchy in the Ethiopian economy. According to Winters (2011, 10), 'a high concentration of material power in the hands of some actors is hardly new, but neither is it an artefact of the early modern era'. Thus, he proposes, it is vital to look at the *politics of wealth defence*, as this lies at the centre of understanding oligarchy. Conceptually wealth defence is concerned with the extent to which oligarchs are engaged in supplying coercion, in governing, whether they are fragmented or collective, and whether they are wild or tamed. Material power resources (or wealth, in short) 'sets in motion the politics and processes of oligarchy' (Winters 2011, 18).

For Åslund (2007) the economics of oligarchy is the amalgamation of five factors that led to the concentration of fortunes in a few hands, including 'large economies of scale, vast economies, fast structural change, the prevalence of rents, and poor legal system' (ibid: 261). The politics of oligarchy, on the other hand, refers to the attractive goods that politics offers to businesspeople, which include the buying of presidential decisions, national legislation, government decisions, court rulings and the media (ibid: 264-66). Informed by the literature on oligarchy (Michels 1958; Cherry 2009; Åslund 2007; Winters 2011) this section identifies the domains and processes responsible for oligarchisation under the EPRDF regime, which among others include privatisation, land deals, phoney shareholdings and corruption.

Privatization

Privatisation was the first mechanism of wealth concentration that tilted the economic playing field under the EPRDF regime. When the regime came to power in 1991, the state owned 211 manufacturing firms (CSA 2003, Demissie 2008). The total privatised entities since the start of the privatisation program are more than 280 enterprises via different modalities. According to the now defunct Privatisation and Public Enterprises Supervising Agency (PPESA), out of this total sum, the programme has privatised more than 90 small-scale wholesale and retail shops, 37 state farms, 34 hotels, 31 food enterprises, and 19 textile enterprises. The rest are in manufacturing, chemical, metal and woodwork, beverages, leather industries, et cetera. Data shows that the primary beneficiaries of the privatisation scheme were the Saudi-Ethiopian business mogul, Sheik Al-Amoudi, and the ruling TPLF party (CSA 2003, Hansson 2004, Demissie 2008).

From the total number of enterprises privatised, MIDROC (Mohammed International Development Research and Organization Companies) owned by Sheik Al-Amoudi, took the lion's share if judged by the values sold to foreigners. The Sheik has developed a cosy relationship with the political elites, though his interest goes way back to around the end of the military regime at the end of the 1980s. Overall, Sheik Al-Amoudi obtained public enterprises with a value of around 60 per cent of all privatised enterprises (Wikileaks, 2008). According to a US embassy cable Al-Amoudi 'has cherry-picked the best of the companies sold to date. For example, Legedembi is the only large-scale gold mine in the country, and Wushwush is the sole plantation-style tea producer' (ibid). The Legedembi gold mine purchase in August 1998 (worth 172 million USD) was one of the most controversial privatisation deals involving MIDROC Gold Company (Kebede 2015). It is not only the modality of transfer/privatisations made by the party-state to Al-Amoudi that is controversial but also payments and loan arrangements that have captured the attention of the media in Ethiopia. It is reported, MIDROC has not paid a total sum of 1.3 Billion Birr, which is 60 percent of what the Ethiopian Ministry of Public Enterprises is waiting to be paid for the privatised entities (Fortune, September 2016). The failure of the regime to collect these dues relates to the many shades of MIDROC's involvement in politics and business deals in Ethiopia.

Similarly, the other primary beneficiary of privatisation is the ruling party, which has been in power for the last twenty-five years and has used its endowment companies to acquire privatised entities (see for e.g. Demissie 2008). Significant numbers of enterprises were transferred to the party and its elites. The business arm of the ruling party grew together with the privatisation programme run by the party-state, discussed below. As per Ginbot7 (2009), 'with the Prime Minister at the helm of the EPA [Ethiopian Privatization Agency], the agency created a powerful ethnic-economic empire under the 'phoney' name of privatisation, and transformed the formerly state-owned public enterprises (public monopolies) into party owned private monopolies'.

Land expropriation

Land remained the number one source of wealth mentioned by all respondents (especially for the political/military elite). Both urban and rural land has become a critical resource that is serving the politicians very well. Bekele Gerba has famously said in a recent television debate,

As stated in the Ethiopian constitution and as stipulated in the policy document of the ruling party, the land belongs to the state and the people. But does the land belong to the people? Does it belong to the state? To both? The land belongs to no one but rather belongs to the ruling party officials. The ruling elites do whatever they want with it – they sell it, exchange it, get a friend with it, distribute it among relatives, and it serves as a seduction to recruit party members. Land has even become a tool to blindfold the educated not to speak about justice, rights and equality [...] Today, land is a space-shuttle whereby the few rocketed to an unprecedented wealth in a speed of light. [...] We know that land is a critical resource. In relation to this resource, we Ethiopians could be divided into four: (i) those who sell the land are first-level citizens, (ii) those who receive/purchase the land are second-level citizens, (iii) those who just watch when these people exchange the land are third-level citizen: 'those who just stare when others eat', and (iv) those whose land is being confiscated and given away for others are the victims (EBC 2010, Authors' translation)

As Gerba rightly summarised, land is a critical source of wealth for politicians and politically-connected business people under the EPRDF regime. Further, the cost of a land lease has become insanely expensive. For example, in April 2016 one square meter of land at the outskirts of Addis Ababa for the construction of a two-story apartment was leased for 31,500 Birr (Wazema, 4 March 2017). In the centre of the city, the lease is soaring and is much more expensive than the most expensive cities in the world such as London, Hong Kong and New York. The new rich are giving quotes beyond the value of the land, and for many observers, it is hard to explain why this is so. As Stebek (2015, 67) alarms, this is 'a wakeup call regarding the level of lease tender price hike bubbles that can occur in a highly imperfect market'.

As for rural land, the nexus between domestic land-grab and the political circle is not a difficult relationship to see. A study by the Oakland Institute (OI 2011) pointed out that, although most media attention with regard to land grabs in Ethiopia was to foreign acquisitions, the domestic land deal trend is critical 'as the majority of investors (by some accounts, 95 percent) are domestic and account for more than half of the land area leased.' These 'domestic investors', according to the OI study, belong to the Tigray ethnic group of the ruling front TPLF which basically consists of politico-military elites and their close affiliates. The study recaps,

All but one of the domestic investors that we visited were from the Tigray region, and several spoke of the ease of acquiring land and of securing credit. One regional government official in Gambella estimated that 75 per cent of the domestic investors in Gambella were from Tigray. Many of these Tigray investors seem to have limited if any, farming experience. Many of them appear to be engaged

primarily in land clearing and charcoal production activities, while others were farther along in production (OI 2011, 23).

Land acquisition in many parts of rural Ethiopia shows similar trends like the Gambella region's land grab bonanza (Zelege 2016). It is stated that 'similar stories of massive acquisition of public resources unjustly acquired throughout Ethiopia by TPLF and Tigrians affiliated with the regime are widely circulated' (ibid). Urban land for construction of properties and rural land for agricultural investments thus remain the dominant source of wealth accumulation in post-1991 Ethiopia.

Phoney Shareholding

The emergence and expansion of party-parastatals are the other domain that characterises the politics and economics of oligarchy in EPRDF's Ethiopia. Party-parastatals or otherwise called endowments by their household names in Ethiopia are the most mentioned by key informants. Though the proponents of these EIGs (Endowment Investment Groups) such as Arkebe Oqubay (2015) categorically deny that these businesses belong to the political party, data says otherwise. The EIGs make EPRDF the richest party in Africa (Abegaz, 2011). The EPRDF is constituted from four political parties, and each of them has their business arm in the economy. As Milkias (2003, 41) reminds us, unlike the West, the ruling party controls a large sector of the economy and the core party TPLF is the successful one presiding over EFFORT (Endowment Fund for the Rehabilitation of Tigray).

The politicians, especially central committee members who own shares in these business companies, lead them as board members and CEOs. Independent government organs were not given rights to audit the endowment companies so far. Through these endowment companies, the political elites manage to enrich themselves and exert enormous influence in the economy. It is known that "senior TPLF officials who are also on its board of directors became major shareholders in this new party conglomerate' (Milkias 2003, 45). The most important EIG, both regarding capital and politico-business nexus is EFFORT. According to the official website of the corporation, EFFORT has two arms, one dealing with investment and the other dealing with humanitarian activities. The investment of EFFORT-owned businesses comprises 14 different companies investing in manufacturing, services, merchandise, construction, mining and agriculture (EFFORT 2016). There are many more companies in which EFFORT had become a major shareholder as well. This entity was established in 1995 as a nongovernmental public charity foundation and is led by members of the executive or central committee of the ruling party.

In his extensive memoirs, Legesse (2016: 215) uncovers that the political elites and their relatives who managed to extract wealth from the TPLF business conglomerate include Siye Abreha, EFFORT's CEO, who 'first managed to instill his relatives into positions of power in public institutions that have economic importance including EFFORT'. The public enterprises that were given away to EFFORT with small or no monetary value under the leadership of Assefa Abreha, head of the privatization board were: Kuraz publisher, the historical publishing house in Ethiopia under the military regime, and EDDC (Ethiopian Domestic Distribution Corporation) which was acquired by Guna, a subsidiary of EFFORT. The earliest companies that belong to the ruling party were, therefore, born out of the privatisation process. Kuraz became Mega, EDDC became Guna, and the process continues, a process in which public enterprises shift hands from the State to party businesses and individuals. The expansion of the businesses of EFFORT and consequently shareholding adventures of the politicians (especially executive committee members of the TPLF) have grown exponentially. It is crucial to see how TPLF's business empires are intertwined (see also Assefa, 2003, Hansson 2004).

The various businesses that belong to the ruling party came into being mainly through acquiring capital and assets by various illegal and semi-legal means (Legesse, 2016: 185-226). These include loans-turned-

uncollectable, transfer and plunder, fraud and semi-legal acts, business coercion, collusion and networking. The means are (i) *loans* - EFFORT received plenty of loans from development and commercial banks of Ethiopia without proper valuation of creditworthiness and viability of projects, even if endowments and political parties are not legally allowed to enter into business activities as per the country's laws. The loans that were turned into uncollectable accounts include the 1.7 Billion Birr given out for the expansion of EFFORT's investments, and the 1.2 Billion Birr lent to establish three companies of EFFORT (Mesebo cement, Almeda Textile, Addis Pharmaceuticals). In total, from the sum of 8.5 Billion Birr loaned by the Development Bank of Ethiopia (DBE) since 1991, the lion's share of which (5 Billion Birr) was given to the Tigray region and its flagship company EFFORT; (ii) *Transfers and plunder* - these included looting banks and channeling aid to party coffers during the armed struggle, direct financial transfers from government bureaus to the party, as well as transferring physical and other assets from the state to party businesses (the oft-cited examples are the emergence of Walta Information Centre and Radio Fana as important media giants, which acquired the building and audio-visual archives of Ethiopian Television). These two media outlets are the cash-cows of the party and propaganda machines at the same time. (iii) *Fraud and semi-legal activities* - include among others inappropriate waving of taxes for importing vehicles and spare parts by EFFORT, which cost the state hundreds of millions of Birr; (iv) *Coercion* - it is used as a means of securing assets and profit. The coercive capacity is related to the capture of key positions in ministries and boards critical to the economy¹. (v) *Collusion and networking* - are used as an important instrument of creation and sustenance of party businesses among the companies of EFFORT creating synergy through collusion aimed at controlling the 'value chain' in markets.

After their emergence, the business companies created chains of shareholding companies. For example, Guna Trading was one of the initial companies of EFFORT that began its life after inheriting the huge EDDC through phoney privatisation. The shareholders of *Guna Trading* are Almeda Textile, Mesebo Cement & Building Materials, Trans Ethiopia and Sebhat Nega. Other examples are *Mesfin Industrial Engineering [MIE]* (Sur Construction, Trans Ethiopia, Hiwot Agricultural Mechanization, and Arkebe Oqubay); *Trans Ethiopia* (MIE, Guna Trading, Meskerem Investment, and Sebhat Nega), *Sur Construction* (Trans Ethiopia, Mesebo Cement, MIE, Saba Marble, Berhan Building Construction, and Arkebe Oqubay). The firms in brackets are business companies already owned by EFFORT. These business companies make a web of shareholding and start a new business. For example, three or more earlier businesses may merge and form a new company. In the new company, one member of the political elite is given a small share and leads the company.

The other initial company was Mega Corporation (which took over the state enterprise, Kuraz Publication). Mega first was the personal property of Azeb Mesfin (the wife of the late Prime Minister) until 2003, and later on transferred to the shareholding companies of EFFORT (Guna, Trans, MIE, and Meskerem Investment). Moreover, the various TPLF businesses have created joint ventures with successful Ethiopian and foreign businesses as well, that are "literally squeezing private businesses out of existence" (Milkias 2003, 46). Though the legitimacy and role of the party businesses in Ethiopia have been criticised and questioned by many, they continued to grow in sectors and their economic muscle. The most forceful push in this regard (yet again) was the establishment of the Dejena endowment after the 2005 Ethiopian elections. Dejena eventually became a subsidiary of EFFORT. According to media reports, the endowment is made up of six companies, most of them focusing on agriculture: Berhu Tesfa Plastic Factory, Michew Particle Board, Dema Honey Production, Alage Forestry and Forest Products, National Geo-textile, and Abergele Animal Fattening and Export.

Corruption

¹ These office holders used their powers to coerce companies in which government holds shares to sell low-priced products to party companies. The most famous case was brought to light during the corruption trials of the ex-defense minister, which implied that politicians coerced AMICE to sell trucks to EFFORT, at low prices, and transfer some 42 trucks for free. The story is detailed in the political memoir of the ex-defense minister himself titled, '*Netsanetna Dagninet be-Ethiopia*'.

The wealth capture of EPRDF elites does not come only from the domains discussed above but also from entrenched corruption practices, which show the nexus between political position and business. Corruption cases are compelling examples depicting the emergence of the concentration of wealth by a few actors. The regime also confirms the existence of corruption networks between politicians and businesspeople but only a few cases were brought to justice among which the important ones are discussed below.

Custom and tax: The high-profile corruption case in relation to tax and import-export trade reveals the collision between politics and money especially in the booming service sector in post-1991 Ethiopia. The corruption charges which began in October 2013 indicted more than 65 individuals ranging from the Director General of the Ethiopian Revenues and Customs Authority has implicated high ranking officials and their relatives, business people, and freight forwarders (FEACC 2013, Fortune 2013, various issues). The charges against customs officials among others include “allowing goods to pass through customs uninspected” to the following companies: Nyala Motors, Petram Plc, Moenco, GET-AS Trading, Alsam Plc, METEC, Ayka Addis Trading, MIE, Holland car, Total Ethiopia, MIDROC, Salini Construction, Dire International trading, Ethio-leather, Basefa Trading Plc, GETAS international, Comet Trading, and Comet Trading House (FEACC, 2014). The business people were charged for “tax evasion through graft”, importing through illegal means, “selling duty-free imports meant for investment” (ibid). The amounts of money involved in these tax evasion scandals are astronomical compared to the economy of the country (for e.g. the tax evasion by just three individuals was more than 300 million Birr). The indictment process has also shown the corruption networks drawn between customs officials and their relatives, the business companies and tax officials.

Security apparatus: The secrecy and entrenched corruption in the security apparatus have been exposed by some media and respondents (see for example Ayalew 2016). The most prominent case in the security apparatus brought to justice by the regime is that of Mr Woldeeslassie Woldemichael and co-defendants. The charge was filed in January 2014 by the Federal Anti-Corruption Commission. This corruption charge highlights the nature of the business community and their subjugation by the political and security apparatus of the regime. The first charge related to the ‘forced’ publication and sale of a book titled *Terrorism in Ethiopia and the Horn of Africa*.² This charge has shown the impunity and leverage of the security officials on business people and the reciprocal relation thereof. The corruption charges demonstrated how this high-profile security official and his family had become millionaires in a short span of time. During the investigation, the properties and capital found in this family included two farming companies (Kuda and Lucy Agricultural development) in the Afar regional state and large amounts of assets and cash.

The top echelon: The case of Tamrat Layne was the first high-profile corruption case in Ethiopia, and dates back to the mid-1990s. He was Prime Minister of Ethiopia during the transition period in the early 1990s and later became Deputy Prime Minister and Minister of Defense. He was charged with abuse of power, embezzlement and corruption for which he was found guilty and sentenced to 18 years of imprisonment. The charges include, (i) financial solicitation of a 16 million USD gift from Sheikh Al Amoudi to the Ethiopian government, a part of which was allegedly misappropriated by him; (ii) Tamrat’s intervention in a contract involving the supply of building materials, awarded to Ramis International (the shareholders of which included, among others, Tamrat’s mother); (iii) Tamrat’s intervention in a road repair contract given to a French company in return for a bribe of USD 1 million (ION various issues). In summary, the three high-profile cases illustrate that corruption is an important source of wealth and a domain of collusion between business and political power in EPRDF’s

² He used his positions as a security officer and member of different boards of public enterprises to coerce public printing presses to publish 13, 000 copies. Then he ‘sold’ these irrelevant copies to the public enterprises to twenty-six major businessmen in the country.

Ethiopia. The next section further investigates who these oligarchs are in an exploratory attempt to make sense of the domains of oligarchization.

The three oligarchs in Ethiopia

Oligarchy arises when “some actors succeed in stockpiling massive material power resources and then use a portion of them for wealth defence – with important implications for the rest of the social formation” (Winters 2011, 9-10). In this section, we show who the oligarchs are and, on the way, explore how they defend the wealth and accumulated the mechanisms discussed in the section above.

Based on Winters’ (2011) assertion that “in oligarchic theory, the focus is on the power of actors who deploy material resources *politically* with important economic effects” (emphasis in the original). Ethiopian oligarchs can be categorised into three types: the ‘political nomenklatura’, ‘the sheikh’, and ‘tiny oligarchs’. Put differently, the growth of the booming sectors in the past decades have been dominated by the business activities of the interlocking party conglomerates (which made the Ethiopian nomenklatura concentrate economic power and deploy that material power to defend their growing wealth) and the many companies of MIDROC Ethiopia (which gave rise to the concentration of wealth in the hands of Sheik Al-Amoudi). The remaining ‘spoils of growth’ go to what could be labelled as ‘tiny oligarchs’, who are close to the regime, either by doing business with the politicians or by being frontmen and women of the various businesses of the politico-military elites.

The political nomenklatura

The ruling party managed to create and defend wealth through the organs of the state. In the Ethiopian party-state, the top party echelon wields concentrated power over every branch of government. Since 1991 “the ruling party is the major arm of the executive branch with the cabinet and party’s executive indistinguishable”, and the two houses of parliament as well as the judiciary are the toys of the TPLF (Milkias 2010, 363). In the Parliament, proclamations pass without significant opposition, and many of the economic decisions were made at the Prime Minister’s office. Since 2015 EPRDF has 100 percent of the 547 seats in parliament. Legesse (2016) recaps how the various activities of EFFORT were conceived and executed by the central committee of the party. The late Premier Meles Zenawi and his confidant took critical economic decisions to boost the role of the economic arm of the party, including the provision of loans to EFFORT, debt cancellation, and the issuing of shares of party businesses. Beyond owning and leading party businesses, “it is public knowledge that the senior leaders, generals, cadres of the TPLF and their proxies own high-rise buildings, shopping malls and other ill-gotten assets in addition to many of them holding real estate and liquid assets in foreign countries” (Zelege 2015). The party-state (or the political nomenklatura in this context), is an “economic oligarchs-cum-Marxist-Leninist cadres who have smothered the democratic fervour of the Ethiopian people” (Milkias 2010, 364).

In Lefort’s (2016) words, “the functions of political leadership, economic decision-making and the management of public and para-public enterprises are concentrated in the hands of the same people at the summit of the party-state” that “led to the creation of a tentacular and increasingly voracious and arrogant oligarchy”. It is these same people that “have destroyed free business competition by running a lucrative party enterprise” (Milkias 2010). The executive-legislative dominance also extends to the judiciary. The nomenklatura appoints judges that are loyal to the party through finding ‘incentive-compatible’ individuals and other mechanisms of restraining the judiciary (Dagnachew Assefa, interview April 2016).

The Ethiopian nomenklatura belongs mainly to a Tigrian ethnic group in general, and the city of Adwa in particular, the leading figure of whom was the late Meles. For Legesse (2016) Meles was arguably a leader of the nucleus that planned and executed the EFFORT-led capitalism. The recruitment mechanisms of this group

were among others place of origin, and comradeship developed during the struggle, family ties and marriage. The blood relations and ‘in-law ties’ between and among this group are revealing how the Ethiopian oligarchy is a tight-kin of groups³. Some argue that the person behind the “Adwa clique” is rather the party veteran Sebhat Nega, not the late premier. Therefore, wealth is defended through state organs in general and the executive and coercive apparatus in particular as well as abuse of official positions – which Winters (2011) would call a direct ‘involvement of oligarchs in provision of coercion’. As far as the nature of rule is concerned, oligarchy seems to function in a semi-collective, pseudo-institutional manner. The core party within the EPRDF constitutes a body that sways the coercive apparatus collectively, and with some tolerance of individual wealth accumulation. In other words, the collective wealth created by the party business empire (i.e. EFFORT) has been well defended collectively. Further, individual political elites ascended to positions of wealth using the same mechanisms and processes just like the party itself and have been using the same instruments to defend their wealth.

Sheik Mohammed Hussein Ali Al-Amoudi

The Sheik, an owner of MIDROC Ethiopia, is by far the wealthiest oligarch in Ethiopia, his net worth being USD10 billion⁴. Abegaz (2011) has listed some of the 50 companies owned by the Sheik. For Genna (interview 2015) Al Amoudi is the only real oligarch in Ethiopia, for his close relation with the ruling party and the amount of wealth under his command. Al-Amoudi’s fortune gained through the generous sell-out of public enterprises by the current regime including concessions for gold mining. In addition to being the primary beneficiary of the privatisation process, the companies of the Sheik have ‘borrowed heavily from the domestic banking system’ (Abegaz 2011). His presence in the construction and service sectors exhibited wealth defence through the political godfather, the ruling party. In a recent interview, the oligarch claimed, his investments in Ethiopia are from his heart while his investments in other countries are from his head (Seifu 2017).

The ‘tiny oligarchs’

The other group of companies that play a major role in the construction and service sectors are few prominent politically well-connected businesses, which we label as ‘tiny oligarchs’. They are tiny oligarchs in relation to their political and economic characteristics. These oligarchs couldn’t sufficiently influence politics (they could sometimes be pushed to jail or exile when they clash with bigger politicians as compared with their godfathers). They are leading emerging companies that survive by the good will of the political elites and mainly benefit from state infrastructure projects and other service sectors⁵. The tiny oligarchs have common characteristics: they are not entrepreneurs as such, and their engagement in business is very brief. These “businesspeople” donate millions to the ruling party during fund raising; win grand infrastructure projects; they are subcontractors and suppliers in the service and construction industry; they are very few. Table 1 below provides an example by taking the road construction projects of a decade between 2005 and 2015 and shows how some companies managed to win one road project after another for a long period. Our respondents pointed out that, it is through favours from the ruling party that these construction companies managed to prosper in the booming construction industry.

³ Sebhat has many siblings who are either married to top members of the TPLF or have business dealings with them. His sister, Kidusan Nega, leading figure in the TPLF, is the wife of Tsegaye Berhe (ex-president of the Tigray region and presently national security adviser). Further, Addisalem is married to the sister of Arkebe while Arkebe himself is married to the sister of Berhane (State-Minister of Foreign Affairs).

⁴ This was a figure mentioned in Berhanu Abegaz’s important paper on party businesses in Ethiopia. According to a recent listing of Forbes (2017), Sheik Al-Amoudi is the 43rd richest person in the world.

⁵ In our interview with a finance professional in Addis Ababa, we have learned that the survival of the major importers, construction companies hinges on the cozy relations with influential people in the ruling party.

Table 1: Road construction projects by local contractors (2005 to 2015). Authors' compilation from government sources in Ethiopia.

Firm	Length by KM	Owners and remark
SUR construction	744	EFFORT
Sunshine Construction	499	Samuel Tefesse
SATCON	1345	Samuel Teklay, (216 km was upgrading)
Yencomad	398	Yemiru Nega
Gemshu Beyene Const.	283	Gemshu Beyene
Akir	366	Not known
Berhe Hagos	266	Berhe Hagos

As indicated elsewhere, SUR is the construction company of the EFFORT group, the rest are contractors who are known to have links with the political elites through business and ethnic allegiance. In other kinds of construction projects, one finds Tekleberhan and Family (TAF)⁶. As the most dominant in the sector, TAF and its flagship company, Tekleberhan Ambaye Construction Plc (TACON), has dwarfed many contractors and the construction sector in Ethiopia⁷.

Similarly, the service sector has also witnessed the rise of a small number of companies that dominate import-export trade. These companies and their major owners include East African Holdings (Buzuayehu Tadele), GET-AS International (Getu Gelete), Al-Sam International (Sabir Argaw), Country Trading (Benyam Berhane) and Khat exporter Suhura Ismail Khan. These 'tiny oligarchs' are business people who managed to thrive in the growing Ethiopian economy as they were selected and favoured by the power elite and who thus get a major share of the national cake. Shadow figures behind many businesses have been pointed out during interviews and informal discussions – Azeb Mesfin, widow of Meles Zenawi and 'the Nega family' are the most mentioned.

Conclusion

The private business that was abolished by the military-socialist regime in 1974 had come back to life in 1991 when EPRDF took power but in a different manner. Under EPRDF Ethiopia is growing fast and wealth has commenced shaping the character of politics. The economic growth has been trumpeted by the WB and IMF as miraculous and yet the country failed to address the basic needs of millions of its people. The reliance on food aid has ranged from 8 to 18 million people annually since 2005. As a consequence, 'Ethiopia is currently the largest recipient of food aid in the world' (OI, 2016). Thus, economic growth is facing challenges by the people who shout 'we don't eat GDP'. The economic growth and the changes in the structure of the economy on the one hand and the wealth concentration (by politically connected few) on the other calls for sober reflection.

This dynamic in the political economy, and thus the politics surrounding business and wealth, is leading Ethiopia to a difficult terrain in which the toxic mix of ethnicity, business, and official power is evident. Just as the premise of oligarchic theory stipulate, 'wealth stratification is inherently conflictual' and 'has unique characteristics of being a self-sustaining power resource' (Winters 2011, 275). The growth accompanied by urban and rural land expropriation, fraudulent privatisation, corruption and politico-business nexus facilitated

⁶ TAF has now emerged as one of the prominent corporate bodies in the Ethiopian economy. It made its fortune mainly from its involvement in the construction sector. It has been involved in government construction projects such as in university constructions, state offices, industrial parks and the airport terminal (Fortune, 2 March 2015).

⁷ Many businesspeople in Addis Ababa believe that his relationship with fellow Tigrian political elites has contributed to his ascendance in the construction industry.

oligarchy formation since the 1990s. The EPRDF and emerging trading and construction magnates have come a long way to accumulate wealth and the wealth defence mechanisms, so far included the use of political godfathers through buying government decisions and the use of the state apparatus such as the courts and government ministries and the coercive bodies.

The underlying implication of the oligarchization is that it has changed the nature of politics in the country. Widening inequality, as oligarchic theory implies, has led to the emergence of a disenfranchised majority on the one hand and the employment of wealth defence by the few on the other. This dynamic, therefore, has changed the characteristics of the Ethiopian economy, especially the way in which business and work ethic are taken by the young and upcoming entrepreneurs. The youth and the industrialists are pushed to believe that moving up in the wealth hierarchy is inherently related to political networks and blood ties. As one long-time politician and businessman pointed out, 'If someone is a smart industrialist who has proven himself in other countries and came to Ethiopia to invest and he is not a friend of the government, he cannot continue to be wealthy' (Bulcha Demeksa, interview October 2015). The political economy of post-1991 Ethiopia is not a simple pyramid of the few rich on top and many at the bottom but rather a state-sponsored chain of ethnically-tilted capitalist relations in which party businesses grow wealthier seconded by 'yes-men businesspeople' that benefit from public funds and projects.

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Chapter 5

Soldiers in business: the pitfalls of METEC's projects in the context of Ethiopia's civil-military relations^{*}

Abstract

This article critically chronicles the ascendance and apparent decline of a business conglomerate, Metals and Engineering Corporation (METEC) in post-1991 Ethiopia. Informed by developmental state ideology, the political elites managed to create METEC, entrusting it to the hands of the military to lead the industrialization of the country. With a sober analysis of the project's engagements of the conglomerate in the context of civil-military relations, this paper shows that the 'developmental role' of METEC has been characterized by extreme delays in projects, with symptoms of financial embezzlement which have led the party-state to re-consider the military's role in the economy. The article relies primarily on documents, informal discussions and media content analysis.

Key words: Ethiopia, military business, METEC, mega projects

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Introduction

Ethiopia is one of the fastest growing countries on the African continent registering double-digit economic growth for more than a decade. The growth numbers have been contested by many but a large number of studies and reports confirm that the degree of growth has been startling (see for example ADB 2017). In the context of rapid growth, the regime in power entrusted the military with an unprecedented mission to play a central role in its development endeavours. In a continent where the role of the military in society and economy has at best been dubious, Ethiopia has created a giant business conglomerate named Metals and Engineering Corporation (METEC) under the leadership of the military to lead the 'metal industry revolution'. The role of the military in African economies and politics has recently led to considerable academic engagement in terms of fleshing out the nuances of military firms and business engagement (see for example Behuria 2016, Verweijen 2013, Pinaud 2016). This paper is an attempt to analyze METEC and the economic role of the military, especially in the context of the economic strategies of elite bargain employed in post-1991 Ethiopia¹. The political elites' attempts to engage the military in business openly began especially after the establishment of METEC, which inevitably strengthened the military's economic and political positions (see Behuria 2016 for the case of Rwandan military investment groups).

Ideologically, the country has been led by a regime that believed that the 'Washington Consensus' is a 'dead end' and thus advocated for state-led development (Clapham 2018). The current ideological position of the regime, i.e. 'democratic developmental state' advanced voracious state led development projects in areas of infrastructure such as building road networks and hydroelectricity (see also Clapham 2018, 1154-57). It is within this ideological orientation of the party-state² that the military was brought in to be one of the leading actors in the political economy of Ethiopia's development. The second most populous African state, Ethiopia aspires to become 'a middle-income economy as of 2020/23' (MoFED 2010). The national plan that sets this goal, dubbed the Growth and Transformation Plan (GTP I, 2009/10 – 2014/15), placed unprecedented emphasis on industrialization. The GTP has set an ambitious target of 'increasing the capacity utilization of the [metal] industry to 95 per cent' and 'improve annual per capita metal consumption to 34.72 kgs' (MoFED 2010, 59).

I argue that the generous offer to the military by the political elite does not only show the problematic nature of the involvement of the military in the Ethiopian economy but also has worked against the very ideological stance of the party-state. In the end, the military corporation in general and its project adventures in particular, seem to have pushed the party-state against its state-centric development agenda, as shown by a recent decision of the EPRDF Central Committee to privatize ongoing development projects that are run by the corporation along with other significant enterprises such as Ethiopian Airlines³. Military companies are often discussed in relation to Western Military Industrial Complexes (Epstein 2013) and in many other countries in

¹ In an interview with an Audit official in 2015, the author was warned that it is literally impossible (and even dangerous) to request for interviews with the Military officials who rule the corporation. Following this and other advice the researcher opted for methods such as informal consultations with people who have insider information, interviews with other experts, accessing documents that have been leaked from insiders, gathering media content and internet sources.

² Conceptually, the party-state refers to the various forms of the blurred boundary between a ruling political party and a state apparatus. In this sense, scholars for example in the case of countries like China point out that 'whoever controlled the party effectively controlled the state' and the 'extraordinary penetration of the party-state apparatus into most realms of Chinese society' (McAdam, Tarrow, and Tilly 2004). In Africa, as Widner (1992, 8-9) discusses, the emergence of the party-state goes back to the immediate years of post-colonial governments and presents the schools of thoughts that explains the emergence of party-state in relation to African societies, economic and state structures. One of the schools of thought asserts that African elites form a 'politico-commercial class' which depends on 'government contracts and permits' to survive. In post-1991 Ethiopia, 'in fact the party-state still directly or indirectly controls the majority of the formal non-agricultural economy, through either public enterprises or 'party-statal' companies' and what is left is agriculture, the main stay of the economy (Lefort 2012, 683). The peasants have also been controlled by the party-state through the creation of model farmers who serves as 'vanguards' (Lefort 2012).

³ The EPRDF so far is known for 'leftist ideological positions' rooted in its Marxist-Leninist background and advocated to keep major enterprises in the hands of the state. For a discussion of the ideological positions of the TPLF/EPRDF see Gebregziabher, T.N. (2019), forthcoming.

relation to political power and corruption (Behuria 2016). The collected works of Brömmelhörster and Paes (2013) underscore that military businesses are special not only because of their unique control of revenues but also because they limit state control over the military. This article shows that entrusting the fundamental mission of industrializing a nation to the military, particularly when the inextricable link to the political elite is evident, may have devastating economic and political outcomes.

Organizationally, the conglomerate METEC was created in 2010 out of pre-existing military industries as well as newly created civilian companies. According to news articles in *Fortune* (6 October 2012 and 25 January 2015), the corporation consolidated 98 state-owned enterprises under the newly re-configured 15 semi-independent and integrated companies, all under one umbrella state enterprise and run by 'high brass officers of the military'. From a policy perspective, the amalgamation of the two industrial branches (i.e. basic metal industries and engineering industries) into a single Basic Metals and Engineering Industry (BMEI) is a very bold attempt at economic concentration⁴. According to JICA (2011, 240), 'it is hard to find a BMEI or equivalent sector master plan in other countries'. It is in this context that the magnitude of METEC should be viewed. A possible explanation could be that the regime is trying to take advantage of the natural vertical integration of the BMEI to develop an entire value chain in a unified framework. Yet, the creation of a giant economic actor should be assessed on the basis of the changes that this would make to the nature of the Ethiopian army and the nature of civil-military relations. Seen in this light, the study of the emergence of METEC in Ethiopia contributes to the literature on 'military business' in African economies and beyond.

Furthermore, the study of the emergence of METEC is an important subject from a political economy perspective due to the peculiar characteristics of the post-1991 military. Firstly, the national defence force is made up of soldiers and high-ranking officials of the civil war period (1975-1991) whose leadership is indistinguishable from the political leadership. As Berhe (2017) indicated, 'the leadership of the insurgent army was a politico-military hybrid; commanders in the army were also members of the political leadership of the party'.

Moreover, he adds that 'this historical association is important, as it makes a palace coup most unlikely, but also poses a challenge to the transformation of the insurgent army into a non-partisan professional army (Berhe 2017, 168). Secondly, though it is increasingly changing especially after the last promotion of 61 generals in 2018, the military leadership has mainly been constituted by officers belonging to the Tigray ethnic group. It should be noted that, in post-1991 Ethiopia, the Tigray People's Liberation Front (TPLF), the core of the EPRDF, demobilized one of the largest national armies on the African continent (which counted about half a million soldiers) and replaced them with its own guerrilla fighters and fundamentally reshaped the nature of the national defence force. For Colonel Wade, a military specialist with over a decade of working relations with the Ethiopian military, the ethnic composition of the force is changing, especially from Captain downwards, which increasingly reflects Ethiopia's ethnic diversity (interview, October 2018).

Soldiers in business⁵: a theoretical note

To state the obvious, 'the central purpose of the military is to defend society either in defensive or offensive wars' (Feaver 1996, 172) the rest of the activities are secondary. According to Barany (2012, 25), theories in military politics should be aware of the cultural, historical, and environmental factors to understand the nuances of civil-military relations. The debate on the civil-military problematique took root after Huntington's (1957) publication of "The soldier and the State: The theory and politics of civil-military relations" and his critic from

⁴ The JICA (2011) document summarizes that, while Basic Metals Industry is the 'production of metal from ore, scrap and conversion of billet, slab etc into metal products' the engineering industries are defined as the manufacture of products ranging from machinery and equipment to electrical, medical, office and transport equipment.

⁵ This phrase was borrowed from Brömmelhörster and Paes (2013)

the Sociological school lead by Morris Janowitz's "The professional soldier" (Feaver 1996, 149). In his extensive work Barany sketches the changes affecting the state-military nexus across centuries and claims that 'civilian control of the armed forces is the most fundamental principle of military politics in democracies; without it, democratization cannot succeed' (Barany 2012, 26).

Some argue that the civil-military problematique is a very simple paradox: 'because we fear others we create an institution of violence to protect us, but then we fear the very institution we created for protection' (Feaver 1996, 150). Once created, however, the military institution can be a vehicle for advancing any number of other societal goals. For example, it has 'the ability to execute manpower-intensive state programs, notably construction and disaster relief' (Feaver 1996, 156). Huntington claims that 'the military must remain isolated from both society and politics and retain and guard its professional autonomy' (Barany 2012, 22, Huntington 1957). Huntington came up with two approaches which he labels objective and subjective civilian control over the military. In the *objective civilian control*, the military is highly professional and accepts civilian supremacy in military and foreign policy decisions, while the state in return views soldiers as the guardians of society and endows them with significant autonomy. Yet, this connection of military professionalism to non-intervention in domestic politics has been criticized and cases such as Pakistan and Egyptian military are presented as examples to substantiate the criticism. *Subjective civilian control*, for Huntington (1957) is appropriate for undemocratic regimes (or in political systems that do not exhibit trust between the state and the military). In this context, 'the State closely supervises the military [...] to ensure that soldiers are not engaged in independent activities that might run counter to the state policy' and the purpose of this control is to 'prevent the military's gaze from the barracks to the state house'. Civil-military relations could be complicated when the military and the political elites are inextricably linked, as in the case of post-1991 Ethiopia. As discussed earlier, the party and military elites emerged from the civil war period in Ethiopia and share various commonalities such as similar ethnic background and comradeship.

Furthermore, it is claimed that 'in virtually all authoritarian systems military officers enjoy numerous political and/or socioeconomic prerogatives' and suggests that democratizers should 'roll back' the army's privileged status and make them 'accountable before the law, obedient to and supportive of the democratic polity' (Barany 2012, 33). Barany's suggestion is one among many (Western model) prescriptions. As Giustozzi (2011, 5-6) puts it, the path taken by western democracies such as professionalism, institutionalization, bureaucratization, civilian oversight, were historically successful but 'the same path might not be attractive or feasible for ruling elites in every circumstance'. The effective implementation of these techniques and processes are rare occurrences as well and their outcomes 'have to do with the more general political environment, internal and external' (Giustozzi 2011, 3-11).

In contrast to the orthodox liberal view (see Bland 2011) that suggests that the military should be subjected to civilian control, Giustazzi (2011) discusses 'strategies of elite bargain' in terms of incorporating the military into the elite bargain through mechanisms such as (i) sharing power with the generals by giving them ministerial and other positions, and (ii) economic strategies such as feudalisation of the army and the devolution of taxation rights, corporate and private benefits or allowing the military to have their own economic enterprise. Similar to the economic strategies of elite bargain and sharing economic powers with generals, the literature on military business adds empirical examples of militaries involvement in business ventures (See Springborg, 2011 for examples of military business in the Middle East). According to Brömmelhörster and Paes (2003), the emergence of military business has been related to access to resources, weak state and civilian control, budgetary reasons, changing the strategic environment, and the organization and structure of the armed forces.

The literature so far shows that military businesses, unlike other kinds of State-owned enterprises, are known for 'lack of budgetary transparency' as well as for their 'dubious net effect on economic development' and for a number of advantages such as,

(1) free or subsidized access to inputs (manpower, raw materials, electricity); (2) preferential and often subsidized access to transportation infrastructure; (3) special tax privileges; and (4) political protection through their special relationship with government (Brömmelhörster and Paes 2003, 193).

It is not only the easy access to resources and political protection that would make 'the net effect of military business to development dubious' but also corruption and lack of military professionalism contributes to tolerate military businesses in different countries (Brömmelhörster and Paes 2003, 193). This paper draws three implications from the foregoing theoretical discussion. First, based on Giustozzi (2011), it is crucial to unravelling the specific 'economic strategies of elite bargain' in the context of post-1991 party-state that exhibits an explicit mix of political and military elites. Second, the literature on 'military business' is useful to situate the research on METEC and its peculiar characteristics. Third, the civil-military relations literature is analytically useful to investigate the nexus between political and military leadership to untangle its implication in the political economy of today's Ethiopia.

The Inception of METEC

According to Major General Kinfe Dagneu, long time General Director of the corporation, the mission of METEC is to lead the industrialization of the country and stabilize the market (Kinfe 2015). The official reason given for the establishment of a separate corporate entity was that METEC would serve to 'rationalize the existing factories via undertaking fundamental reorganization as well as a change of attitude and focus' (METEC 2015). Such measures, according to the official document, 'was made possible by the visionary and able leadership of the great leader Meles Zenawi' (METEC 2015, my translation). Some experts also subscribe to the idea that the emergence of METEC should be viewed from the 'developmental state' thinking of the political leadership in which the military was viewed as a trusted institution that was at the same time producing technically able graduates from its military engineering and technical colleges in large numbers (Colonel Wade, interview October 2018). The role of the political leadership especially that of the late Premier Meles Zenawi was instrumental in the creation of the corporation.

Officially, METEC was established by the Council of Ministers Regulation No. 183/2010, merging the defence industries that were previously under the Ministry of National Defense with added civilian and military purposes, with a capital of 10 Billion Ethiopian Birr (More than 300 million Euros) (Negarit Gazeta, 9 June 2010). The purpose of the corporation, as stipulated in the regulation includes,

- 1) to design, manufacture, erect, and commission manufacturing industries;
- 2) to engage in maintenance and overhauling of manufacturing industries;
- 3) to manufacture industrial machineries, capital goods and industrial spare parts;
- 4) to expand and enhance engineering and technological capabilities through creating partnership for the integration and interfacing industrial resources;
- 5) to undertake production, manufacturing, maintenance, overhauling and upgrading of weapons, equipment and parts useful to defence and security forces for combat and war operations;
- 6) to sell its products of weapons, equipment and parts to domestic and overseas buyers in conformity with the law;
- 7) to build technological capabilities of the countries defence forces by identifying existing and potential needs and through research and development (Negarit Gazeta, 9 June 2010).

As specified by Regulation No. 183, 2010, METEC managed to merge the enterprises which were already under the Ethiopian national defence forces with some new ones (Negarit Gazeta, 9 June 2010). The ex-general director of METEC emphasises the organic link between the military and the corporation and goes on to argue that,

First of all, when METEC was established, its core capabilities and investments were defence industry. This is an institution that follows military discipline – to abide by an objective, to a duty and give priority to people and country. Military discipline is not only its work etiquette but the law obliges the institution to do so. This is vital to the country's industrial development. Secondly, the defence force holds a strong capacity due to its human and financial resources. The military capacity relates to the services that METEC provides to the national defence in the provision of arms, ammunition, vehicles etc. Therefore, METEC is partially a defence industry. It has the character of the military because it has to observe a military discipline to pursue its missions (Kinfe, 2015, television interview, my translation).

It is evident from the foregoing account that METEC does not only have a functional relation with the national defence forces but a structural one. Weis (2016) captures that, 'the company is an attempt to use the Ethiopian military's technical expertise, organisational discipline, and dedication to the EPRDF and its political mission in service of the government's developmental agenda'. As for its human resources, the management is made up of the higher corps of the military while the rank and file include engineers, researchers, technologists and regular members of the armed forces (METEC 2015, my translation). The upper ranks of the military were drawn from the civil-war period in which the military and political officers were indistinguishable.

Even though it has its roots in the military and is still run by high ranking officials with a clear link to national defence, METEC is legally a state enterprise that should be governed by public enterprises proclamation no 25/1992, as stated in the three-page regulation that established the corporation (Negarit Gazeta, 9 June 2010). According to its strategic plan, the corporation has structured itself into 15 industries of a commercial and military nature, with a total number of 90 factories across the country (METEC 2015). Table 1 presents the name of the industries, their leadership and products⁶.

⁶ The number of industries and their configuration shows slight change and reconfigurations in the website of the enterprise when compared with its official document. Yet, the author relies on the official strategic plan of the enterprise. The additional industries mentioned in the website include two industries (Fuel and Propellant Manufacturing Industry, and Infrastructure and Engineering Machinery Industry) as well as three centres (Research and Development, corporate transformation, and Quality Management). The corporation is dynamic in this regard.

Table 1: Industries, leadership and products of METEC.

Industry	General Managers	Products
Ethiopian Power Engineering Industry (EPEI)	Major	Production and assembly of transformers, solar panels, wire and cable, power factor correctors, generators and turbines.
Hibret Manufacturing Building Industry (HMMBI)	Major	Industrial machinery, spare parts, engraving & pressings products, bolts & nuts.
Bishoftu Automotive Industry (BAI)	Colonel	Assembly of city buses, tractors, dump trucks, low-bed trucks and high-bed trucks, manufacture of different construction machineries; Assembly of pick-ups, cross country buses, mid-size buses.
Dejen Aviation Industry (DAVI)	Colonel	Manufacturing various aircraft bodies, parts accessories, military and filament pipes, manufacturing of fibre products used for fixed and rotary winged aircraft parts, manufacturing and integration of different unmanned aircraft and hover crafts.
Metals and Fabrication Industry (MFI)	Major	Fabrication, manufacturing and assembly of various metal-based products such as construction machinery, bus body frames, boats, tower cranes, construction lifters, transmission towers, dismountable houses and forging and pressing products.
Ethio Plastics Industry (EPI)	Major	Manufacturing of pipe, poly, injection and blow moulding products, PVC profile, polyethylene products, military plastic products.
Hi-Tech Industry (HTI)	Colonel	Manufactures electronic and electromechanical technology products, and provision of services.
Gafat Armament Industry (GAI)	Lieutenant Colonel	Launchers, machine guns, various types of spare parts used for heavy industries.
Homicho Ammunition Engineering Industry (HAEI)	Colonel	Small, medium and heavy ammunition; gun and tank shell, long ranges rockets, bombs, various sizes and types of spare part.
Adama Agricultural Machinery Industry (AAMI)	Major	Assembly of tractors; Manufacturing of various construction equipment such as trailers, loaders, water tankers etc.; Assembly of water pumps.
Akaki Basic Metals Industry (ABMI)	Major	A wide variety of high and low-precision assembled and manufactured spare parts and capital items such as sugar mill rollers, sugar boiler spare parts, steel ball & armour plates, manhole covers and frames, suspensions and cross arms.
Sub-industries		
Construction Machinery Engineering	Major	Earth-moving machines; asphalt-making equipment; plant for e.g. stone-crushing and concrete-batching.
Locomotive	Major	Light rail transit; electric multiple units; locomotives, trolley buses, wagons.
Special weapons	Major	unavailable

These industries, led by military officers, are answerable to the METEC headquarters, led by a General Director of the corporation⁷. The General Director is answerable to the board. The board is made up of military and ruling party officials. As noted in Table 1, the core activities of the corporation range from building manufacturing and power plants to producing capital goods and defence equipment. Each of the industries listed in Table 1 hosts a number of factories. To illustrate this, EPEI, which is one of the industries mentioned in the table, hosts seven factories⁸. These factories provide services and products for both civilian and military uses to the manufacturing, construction and energy sectors. In its endeavours, EPEI partners with various international companies based in India, Turkey, China, the Czech Republic, Italy and Germany.

As noted elsewhere, METEC has taken over military and civilian assets and emerged as a corporation that easily dwarfed others in the sector. In addition to leading the “metal industry revolution”, the corporation was mandated with the mission to transform the agricultural sector through providing products and services to Ethiopian “agri-businesses” (MOFED 2010, TV interview Major General Kinfe). According to Fortune,

Not only is the administration generous in making the nation's resources available to the high military brass that runs the show at METEC, but [too] they are granted carte blanche in their dealings with the state bureaucracy. This creates some uneasiness among some in the administration, gossip⁹ disclosed (Fortune, 2014)

In addition, this ‘mammoth industrial complex’, according to Fortune (2014), has made ‘unorthodox requests’ such as importing products without paying duties, using the option of ‘bonded industries’ to finance its projects and production. The special nature of the corporation is more apparent when its project engagements are investigated.

From barracks to market: the pitfalls of METEC's engagement

METEC is an enormous economic player in the Ethiopian economy owing to its coverage of various economic sectors, its human resources including a disciplined army and the geographic spread of its industries. These features echoed in the literature which identifies that military businesses are special kinds of enterprises due primarily to their access to large and disciplined human resources, the military's corporate interest and its significance in shaping the relation between political and military elites amongst others (Brömmelhörster and Paes 2003, Behuria 2016, Giustozzi 2011, Nassif 2017). More importantly, the business engagement of the military could be an elite bargain that gives the military the muscle to intervene in non-military affairs (Giustozzi 2011). As I will illustrate in the Ethiopian context, the emergence of military business does not only change the nature and character of the Ethiopian army but also the nature of the Ethiopian state itself.

Economically, the products manufactured by the numerous factories of METEC flood the market in addition to supplying METEC's own projects. These products include vehicles (civilian and military), agro-industry products, conventional machines, construction machinery, electronic and electrical products, plastic products, defence products and more (METEC 2015). It is evident that METEC is among the leading producers of marketable products in the country. A GIZ (2011) study pointed out that they produce solar panels targeted at

⁷ The long-serving CEO, Maj. General Kinfe Dagnew left METEC after 8 years of service in April 2018 and he is still in his military duty (Fortune, 2018). The reason for his resignation is not yet clear. Some observers associate the resignation with failures and financial embezzlement in the projects being undertaken by the corporation.

⁸ These factories include (a) transformer production factory, (b) wire and cable production factory, (c) automatic power corrector and compact substation production factory, (d) solar panel production factory, (e) motor and generator production factory, (f) engine production factory, (g) turbine production factory.

⁹ Fortune, an English weekly often reports such developments in its ‘fine line’ column as a gossip, which seems to avoid direct reporting in order to avoid possible collision with the regime.

both grid and off-grid markets across the country (and the off-grid areas constitute 80 per cent of the country). Moreover, Fortune (23 May 2017) indicated that the cabin manufacturing plant that was set up at Bishoftu Automotive Industry (BAI) for the design and manufacture of cabins for trucks and pickups had produced more than 7000 vehicles by 2013, of which 1,657 were buses which have become the hallmark of bus transport in Addis Ababa.

Researchers have shown that military intervention in different economies such as Pakistan, Egypt, Vietnam and Indonesia have resulted in dubious outcomes as far as their developmental role is concerned (Siddiq 2003, 2007, Hashim 2011, Thayer 2003, McCulloch 2003). Geographically closest, Egyptian civil-military relations did not lead to a success story either militarily and economically (Nassif 2017, 170). The military 'suffered a series [of] military setbacks since they seized power in 1952, and Egypt has been anything but an economic success, especially in the last three decades' (Nassif 2017, 170). The analysis of military business in Ethiopia and especially the investigation of the projects of METEC, entails a similar story and at the same time help us grasp the impacts of civil-military relations.

The mega projects have been the pinnacle of METEC's economic role, and at the same time have faced the greatest backlash. Firstly, the very idea of engaging the military in civilian projects drew suspicion from the media and society at large as the military's economic engagement is unprecedented in Ethiopia's modern military. Secondly, the corporation's engagement in the State's megaprojects, with often unquestionable political and administrative backup from the party-state, was believed to have facilitated the arrogance of the military and possible embezzlement. The Ethiopian constitution specifies in article 87 the principles of national defence, and it doesn't entrust the military with an economic role. Thirdly, the control of business ventures seems to impact the nature of the military because economic interests rather than constitutionally sanctioned principles influence their engagements in the country's political system. The following paragraphs concisely chronicles these projects.

A. Dam project: The Ethiopian Grand Renaissance Dam (EGRD) is a grand dam project on the Blue Nile. METEC was given the electromechanical and hydraulic steel structure works of the project, which is basically 'almost half of the entire project' (Reporter 2017). The commissioning of the project to the military corporation, according to Debretsion (the then deputy Prime Minister) was a political decision. The deputy prime minister goes on to argue that,

Had we decided to put a foreign company in charge of this project, the challenges we could have faced would be unimaginable. For one, given the nature of the project, the level of diplomatic pressure we could have been subjected to, would be quite considerable. We had no guarantee that foreign contractors would carry out the work in the face of intense diplomatic pressure from their governments and other countries. Worst case scenario, they could have abandoned the project midway (Reporter 2017).

So, the political elites believe that State projects cannot be accomplished without a loyal domestic force. According to METEC (2015), while the civil engineering work of the project is being undertaken by the Italian Salini construction company, METEC is 'providing steel products necessary for the diversion of the course of the river, advancing the concrete filling of the Dam'. According to METEC's design, the power generation capacity of the project will be 6000MW, and the early generation would start by 2013/14. However, METEC had only implemented 30 % of the electro-mechanical work by 2018 (Walta 2018). In the end, after a change of leadership, the regime has confirmed that METEC was recklessly being paid for project activities that were not

even undertaken, without the necessary project reports. For now, METEC has been severely criticised for the delay and the enormous technical challenges it faced in carrying out the work.

B. Sugar projects: The GTP identified 'sugar and related industries' as one of the targets that would 'support the supply of energy/power and other key economic activities' and set a target 'to raise annual production of sugar and ethanol to 2.25 million tons and 304,000 meter cubes respectively' (MoFED 2010, 59). The expected increase in production is an 'almost eightfold increase from 2013 to 2015' and the expected cost for all the ten sugar plants and their respective plantation is 'about 80 billion Birr (4.6 billion USD)' (Horn affairs, 2013). METEC was given the project to build all the 10 sugar factories. These sugar projects are found in different regions - The Tana Beles project in Amhara region, Welkayt in Tigray, Kesem and Tendaho in Afar and the Kuraz projects in Southern Nations Nationalities and Peoples' Regional State. Each sugar project involves the building of factories, development of plantations, construction of dams and of irrigation and other related infrastructure (Sugar Corporation 2017).

From among these projects, the largest is the Kuraz Sugar Development Project (KSDP) which consists of five sugar factories, as well as sugar plantations sprawling over 175, 000 hectares of land, housing units and road construction (Kamski 2016, Fortune 26 June 2011, EO 2013). The project has a threefold objective, namely 'agro-economic (increased sugar revenues), macroeconomic (employment creation) and developmental (modernisation and improvement of agro-pastoralist livelihoods (Kamski 2016, 568). The project has been significantly scaled down in terms of size and processing capacity, due to finance and planning problems which 'cast reasonable doubts on the economic returns and the developmental effectiveness of the KSDP' (ibid, 569). It is not only the economic feasibility of the projects that have been questioned but also the unprecedented intervention of the party-state and its agents in the livelihoods and cultural-ecological practices of the mainly agro-pastoralist communities in the valley (Abbink 2018).

An audit report on the Ethiopian Sugar Corporation by the Federal Auditor General details the unprecedented delay and negligence in these projects, which includes extreme delays in implementation, the absence of feasibility studies and project implementation manuals and breaches in procurement procedures (OFAG, 2013). It took a change of leadership in the regime to stand up to the failures of the soldiers in the sugar projects. Very recently, the regime concluded that the soldiers cannot finalize all the projects and 'decided to take seven of the projects away from them, awarding five projects to three Chinese companies and discarding two sugar factories' (Fortune, 01 September 2018).

C. Fertilizer projects: Yayu Fertilizer Complex, located in Elu Ababora zone of Oromia regional state, is one of the projects stipulated in the GTP and being undertaken by METEC. Yayu is a multi-complex project consisting of two fertilizer industries, a coal mine and a chemical manufacturing plant (Fortune 2015). The corporation has been undertaking the design, civil works and related activities but could not finalize it as per the plan. The delay of the project, according to METEC, relates to payment delays, unexpected and repeated rainfall in the region and the internal weakness of METEC to solve the problems observed in the project process (METEC 2015, 11). Yet, METEC underlines that there are some successes registered in the project, which, among others, include creating domestic capacity for building an integrated chemical industry and design of equipment technology.

Financial misuse and environmental concerns surround the implementation of the Yayu project. A government body that oversees such projects (the Public Enterprises Standing Committee of the Houses of People's Representative of Ethiopia) found out that 'the money spent on the construction of Yayu Fertilizer Complex project is not worthy of its implementation status', adding that 'the budget does not fit to the progress the company had'. The Project which is worth 9.6 billion birr was set to be finalized by 2013 but only 46 per cent has been completed so far while 60 per cent of the budget has been spent. Worse, the budget will jump

from 9.6 to 14 billion birr according to METEC's own estimates (Walta 2017). The other criticism comes from environmental groups. The project complex affects the biodiversity of a UNESCO designated biosphere reserve, as the project area is found within the Yayu Forest Biosphere Reserve (see for example Suleman 2017). Environment and Coffee Forest Forum¹⁰, a local NGO, expressed its grave concern for the environmental dangers of the project to the biosphere reserve. According to Suleman (2017, 3) the biosphere reserve is 'part of the Eastern Afromontane Biodiversity Hotspot and is an Important Bird Area of international significance' that contains 'the last remaining montane rainforest fragments with wild *Coffea arabica* populations in the world'.

D. Thermal energy: METEC has also embarked on the thermal energy sector. According to the corporation, this alternative electricity supply is an important project that it has envisaged to integrate with its sugar mills projects. The corporation is undertaking a thermal power generation project in the vicinity of Awash-Arba. According to the Ethiopian Herald (21 March 2018), the Melka Sedi Thermal Power Project is a biomass power plant project with the capacity of 137.5 MW. Although METEC signed the agreement with Ethiopian Electric Power (EEP) in June 2014, by 2018 the project was only 27% complete.

E. Flexible manufacturing workshop projects: This is an attempt to engage METEC to build the so-called 'workshops and their systems' and handover them to customer enterprises such as small and medium enterprises (SMEs) in different regions of Ethiopia. METEC is presently constructing 21 workshops. Some of the workshops have begun production, while some are at very early stages. According to METEC (2015) building these "workshops of flexible manufacturing" has been a daunting task, as it involves training the required personnel, equipping them with the right technology and so on.

The multifaceted projects discussed above show the emergence of the unprecedented role of the military in modern Ethiopian history. To date, METEC has presided over the establishment and running of the 15 industries and 5 mega projects discussed above. The products and projects have been severely criticized on a number of grounds such as resource misuse, mismanagement of time and environmental concerns. The soldiers have remained adamant to the critics. Auditors reveal that the leadership of the corporation have not been open to auditing, though the ex-General Director of METEC claims the opposite. There is no external audit report of the finances of the corporation so far. According to a recently released study report of the Ministry of Public Enterprises of Ethiopia, the only time external auditors undertook auditing activity was in 2011 and 2012 (MPE 2016, 60, my translation). Even then, 'the auditors put a disclaimer that pointed out they did not get sufficient and convincing information/data for proper auditing' (ibid). The ascendance of Abiy Ahmed to premiership in April 2018 in Ethiopia and his critical reflections on the failures of the mega projects, as well as a follow up EPRDF's Central committee decision to fully and/or partially privatize the on-going projects such as sugar projects and manufacturing enterprises, has signaled an unprecedented revision of the business interests of the military (EPRDF 2018).

METEC and civil-military relations

The reasons for its emergence, the tangible economic outcomes of "the soldiers in business", as well as its implications to civil-military relations are crucial themes that informed this analysis. As discussed elsewhere, in the experience of other countries, military business had a debatable outcome as far as its contribution to economic development is concerned (Brömmelhörster and Paes, 2003). In addition to a dubious economic outcome, the impact and implications for civil-military relations could be complicated, at best. It is already

¹⁰ Environment and Coffee Forest Forum merged with another NGO in 2017 and formed Environment, Climate Change, and Coffee Forest Forum (ECCCF). Information available at <https://ecccf.org/>

suggested that military businesses are special not only because of their unique control of revenue but also because they undermine state control over the military (ibid). For close on a decade, it is clear that the most relevant state institutions such as the parliament and the Auditor General could not do anything about the reckless nature of METEC's undertakings in TPLF's Ethiopia. The creation of a state enterprise under military control is an economic good that the political elite offered to the military to further strengthen the TPLF rule. The TPLF has so far been dependent in its military and security apparatus. In this, ethnicity has played an important role in winning the loyalty of a significant section of the military. Therefore, the link between coercive power and ethnicity, for the obvious historical reason of ethnic mobilization during the civil war of 1975-1991, is clearly evident. The Clingendael report (2016, 1) also claims that the use of METEC by the party-state, 'seems sensible both to strengthen the party rule and enhancing implementation capacity for development strategies, it also increases the risk of corruption, nepotism and inefficient resource allocation'. The direction in which this went in now quite visible in the troubled history of the military corporation.

The creation of METEC exemplifies the long-term strategies of incorporating the army into the elite bargain. As Giustozzi (2011, 17) argues, 'in the orthodox liberal view, armies should not be part of the elite bargain but be completely subjected to civilian control'. Since the Western model is a long and expensive way with uncertain outcomes, countries choose strategies that could be quickly implemented with guaranteed short-term results (Giustozzi 2011). That is why, Giustozzi (2011, 17) argues, that the military is given 'the permission to become active in the economy of the country, usually with some monopoly privilege and forms of semi-tolerated corruption'. The permission (or better, the bold move) to establish a military corporation seems a clear employment of 'economic strategies' to incorporate the military into the elite bargain. Such strategies could be better than 'offering corporate and private benefits such as high salaries to military offices, as the literature suggests (ibid). In post-1991 Ethiopia, the political elite who were by and large engaged in the management and shared ownership of business enterprises in the country may have found it high time to do so. There have indeed been examples where a 'traditional corporate benefit' was given to high ranking military officials, such as the promotion of an ex-defence Minister to be the head of EFFORT (the business arm of the party), and other benefits to high ranking officers. The political elites and specifically the late Prime Minister Meles Zenawi has crafted the corporation and assigned his loyal officer General Kinfu to lead it. The birth and ascendance of the corporation, as a consequence, will have an implication to the civil-military relations in the country. Two points could be made in this regard.

Firstly, METEC is a special kind of State enterprise as the literature suggests. It is argued that 'a number of factors differentiate military-owned businesses from other public enterprises' (Brömmelhörster and Paes, 2003). One among many reasons that could make METEC special is the fact that the corporation remained undeterred for so long, despite a huge level of impunity as the 2013 audit report on the Sugar Corporation shows. Two examples can be cited from the report: (1) A turnkey agreement was signed between METEC and the Ethiopian Sugar Corporation to build and handover ten sugar factories within 18 months between 2010 and 2014 but the report confirms that the job has not begun on time and has not been finalized yet. (2) METEC signed an agreement to develop 10,000 hectares of sugarcane plantation and was given a 30 per cent advance payment but what it managed to develop was only 2000 hectares (OFAG 2013, see also Fortune, 10 February 2013). There are similar stories in which the corporation signs for a provision of service and does not provide, such as, in the case of the supply of 'smart' digital meters to EEPCCO (Ethiopian Electric Power Corporation) in which METEC failed to deliver and EEPCCO 'had to make an urgent and alternative deal with an Indian company' (Ethiopian Observer). These are clear shreds of evidence that the state bureaucracy could not be able to make the corporation accountable and take any measure against the military.

Secondly, the corporation is susceptible to corruption. Open procurement procedures and minimizing the risks of corruption (through for example wealth registration of the military elites as suggested by the Federal

Anti-corruption commission) are necessary to gauge the success of the corporation in its developmental goals. Otherwise, opportunities for corruption both in procurement and subcontracting remain a clear danger to the developmental role. Some media outlets are already documenting corruption allegations on the corporation. According to ION,

The crowning glory of Ethiopian military industry, **Metals & Engineering Corp** (Metec), headed by a TPLF officer...was in the dock under the accusation [by Auditor General Gemechu Dubisso] of being spend-thrift. This company is the gatekeeper for contracts to supply equipment for the Grand Ethiopian Renaissance Dam. The French company **Alstom** was recently awarded a 250 million euros contract to supply eight turbines and generators through its intermediation. The Auditor General also singled out several items of expenditure that are worrying, such as 100, 000 Birr that five TPLF generals spent...(ION 17 May 2013, emphasis in the original)

This shows the above two concerns – the compromise of the developmental role and the susceptibility to corruption. This and many more corruption allegations were dismissed both by the military and the political elites for so long. Recently, a corruption spree by the regime itself showed financial embezzlement in the projects that METEC has undertaken (see Fortune, August 2017).

The crux of the matter of engaging the military in Ethiopia's development endeavours, therefore, lies in the political and economic justifications discussed so far. The problem, however, is with the merits of this economic strategy. The literature suggests that 'quite often the existence of military enterprises, especially of the personnel-intensive and money-losing variety, is the result of bloated staffing levels within the military apparatus' (Brömmelhörster and Paes, 2003, 195). METEC has been expanding its operations despite reports of project delays and financial mismanagement until a very recent call to shrink its project activities, the outcome of which is yet to be seen. It is fair to claim that the economic activity of the soldiers through METEC affects the nature of civil-military relations. The military is becoming economically powerful, and so far, the civilian/party elites especially the TPLF have a strategic interest (as they lack legitimacy) in keeping the economic engagement of the military. Therefore, the economic role given to METEC has so far been evidently unsuccessful and the byproduct of which is the creation of military officers who attempted to indulge in an activity completely out of their reach and expertise. The mega projects that required sophisticated expertise have remained a challenge to the corporation. Some of the officers could be dedicated soldiers with military discipline but that is not enough to carry out jobs that require more than that.

Conclusion

Some sort of hope is dawning on Ethiopia's political landscape following the emergence of a reformist group led by Abiy Ahmed from the wombs of the decaying EPRDF, which also shed some light with regard to the military and security apparatus in general and the affairs of METEC in particular. To begin with, the reformists rightly admitted the colossal failures of METEC's project adventures and has proposed to downsize the corporation itself. The success of reforming the corporation and rectifying its project misdeeds is yet to be seen in the face of the old guard and their making. Yet, the damage has so far been self-evident. Secondly, a colonel himself, Premier Abiy Ahmed doesn't belong to the ethnic group of the civil war era soldiers who have dominated the leadership of the corporation but is very much aware of the state of affairs of the soldiers in business. Thus, the nature of the emergent political leadership and some of the reforms already suggested seem to alter the enormous mission given to the current METEC.

For now, it is important to underline that, the emergence of METEC in the political economy of post-1991 Ethiopia, eminently relates to the concentration of economic means in the hands of the party state and its elites – this time under the leadership of the military. In line with the growth and transformation plans of the country, the military is engaged in various mega projects and the provision of products that range from strategic to basic needs. In an economy where the private sector is still in its infancy, the creation of a special kind of state enterprise run by generals has a multifaceted implication which among others includes: (i) it makes the military and its leadership advance an economic stake and possibly personal accumulation of wealth from the development efforts of the country, (ii) it makes business and project dealings quite forbidding for other actors in the economy¹¹, (iii) the moral of the military and its neutrality (especially judged by the standards of the country's constitutional principles) is clearly in violation, as private economic gains could be exchanged for military discipline and valour.

One thing is certain, the military and political elites have been at the helm of business and the economy in the country. It is important to underline that the stronghold of the EPRDF and specifically the TPLF has been the coercive apparatus in general and the military in particular. This force, entrusted with the enormous task of leading the industrialization process of the nation, seems to work in par with the political elites – during the civil war the political and military elite were united behind the goal to remove the military dictatorship, while now it is the mission to lift up the economy. The success of the military in its involvement in mega projects and leading the industrialization process of the country has so far mainly been a failure. The few successes it has registered are marred with extreme delays in the implementation of projects, financial and procedural irregularities, corruption allegations and resistance of the military to auditing. To succeed in the developmental goals, the military should critically reflect on its achievements and failures, as well as human resources (ethnic composition both in the leadership and staff). Yet, most importantly, to win the hearts and minds of the populace, METEC needs to be transparent in its dealings. For now, it is evident that the soldiers have miserably failed in their project adventures and cost the nation too much time and money. The civil-military relation that was being cemented by the creation of the mammoth corporation for the military is cracking in multiple ways. The outcomes of the cracks caused by the project failures and the political repercussion to the national defence are yet to be seen.

¹¹ In one informal discussion, my interviewee made a very catchy statement: 'would you dare say no to a general with his stars on his shoulder – if he asks a project or a salary increment' in this country?

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Chapter 7

Analytical summary and conclusions

Introduction

The main interest of the research project was to examine the relationship between the concentration of political power and material wealth in the hands of the few – in other words, oligarchy – in the context of rapid economic growth in Ethiopia. The regime in power since 1991 claims that it has led Ethiopia to unprecedented economic development and that registered growth is shared and has benefited Ethiopian people of all walks of life. According to Woldehanna and Araya (2019: 330), ‘Ethiopia has been registering strong economic growth and remarkable human development over the past two decades’. The overwhelming media and international coverage of the successes of the regime as measured by the growth of per capita GDP and other economic measures has been blinding. On the other hand, there are counterclaims by other observers that the growth and poverty numbers are not true, and that statistics have been massaged to show that economic growth has contributed to the wellbeing of the majority. These counterclaims have also permeated parliamentary discussions in the country, at the time before the house was fully taken over by EPRDF and its affiliates. Though the debate on growth statistics is not marginal to this research, more pertinent was an investigation into how economic growth and new wealth, no matter how big, has contributed to the politics-wealth nexus in the context of the political economy of the Ethiopian party-state.

Informed by the theoretical literature on elite studies and oligarchy, the thesis attempted to examine the nature of political power, and the way in which that power has been used to nurture economic control of the economy by the political and military elites in Ethiopia. The thesis specifically looked at the forces that controlled political power in the Ethiopian party-state, revolving around the ruling TPLF, as well as how power has been consolidated in the party. The thesis examined, further, how political power holders have projected that power to the economic sphere. This study required an investigation of ownership structure, activities and financial flows of major firms and industries, beyond the tracking of individual elites and their business ventures. Yet, as Negash (2013: 40) points out, ‘the absence of reliable information continues to be a point of distress for many researchers’ and thus different methods had to be used. Lie and Mesfin (2018: 24) also stress that ‘details on the structure and performance of the Ethiopian economy are rather limited, and the reliability of available data seems questionable, as the government controls both the production and dissemination of these statistics’. Given these difficulties, this research project chose methods and entry points that could circumvent these problems.

Interviews, biographical studies, analysis of media content and government data were applied to investigate the position of the new rich (oligarchs) and their relation with politics, and to identify the phenomenon of the wealth-politics nexus especially in the booming sectors, as the latter constitute the logical domain to examine the relationship between political power and economic wealth.

It has become evident that there are multiple manifestations of power concentration by the EPRDF in general and its core (TPLF) in particular. Most importantly (at least until the unexpected political turnaround in 2018), the ruling party TPLF dominated the organs of government, the media and the military. The most crucial form of power concentration, as analyzed in this research project, is the coming together of political power and forms of economic control. Thus, the research was undertaken by asking two interrelated main research questions:

- Has post-1991 Ethiopia experienced a process of oligarchization?
- If so, what mechanisms and domains show this process?

The study's main objective was to identify the sources of political power (especially in the hands of the minority), examine the ways and means by which economic decision-making has been controlled by the political elite and, ultimately, answer the general political-economic question of who gets what in the context of acclaimed economic growth.

The main research questions were answered on the basis of four interrelated questions:

- 1) How is the nexus between political power and wealth creation understood in the literature? Is the theorization on elite and oligarchy, developed for cases elsewhere, applicable to the African context?
- 2) How have the longevity of state power and the control of the commanding heights of the economy been justified by the EPRDF regime? Does the study of ideological metamorphosis help in understanding this process?
- 3) On the basis of the study of the contextual conditions that must exist for oligarchic politics to emerge, which are the real conditions and mechanisms that explain the concentration of political and economic power in the hands of the few in EPRDF's Ethiopia? Who are these elites and oligarchs?
- 4) Is the emergence of similar phenomena of oligarchization visible in other African countries?

The following pages summarize the findings related to three analytical summaries based on the four sub-questions. The first and fourth questions are merged for analytical purposes. After a brief answer to these sub-questions, the chapter proceeds to making some concluding remarks in order to synthesize the research project and its theoretical engagement. The conclusion is also divided into three sections: the paradox of Ethiopia's economic growth, the marriage between state, commerce and party, and a future research agenda on oligarchy.

Analytical Summary

The Ethiopian oligarchy

The second sub-question relates to the longevity of TPLF's dominance of the state and the role of ideology in the power concentration. Ethiopia has seen the emergence of a party-state with a voracious appetite for the control of economic means. It is not a system where a few oligarchs with extreme wealth defend their material wealth, though there are signs that it has been going in that direction. Oligarchization in Ethiopia has meant the concentration of political power in the hands of few party elites who possess strong muscle with regard to economic decision-making. Political power concentration, first and foremost, was made possible through the use of some semi-ideological principles such as democratic centralism.

The TPLF has espoused four ideologies since its inception – Ethnonationalism, Marxism-Leninism, Revolutionary Democracy, and Democratic Developmental State. The persistence of power at party and state level has been justified using these ideological constructs. An interesting element of the ideological shifts is that certain elements, termed 'semi-ideological givens' in this research, persisted as these were crafted for power control and domination by its power holders. These elements are: the Stalinist understanding of ethnicity and its application to the Tigray historical context, which was useful especially during the period of the armed struggle; the notion of democratic centralism, which was emphasized when the party espoused Marxism-Leninism and revolutionary democracy; and the idea of vanguard party-led economic development, as espoused from the early days until the period of the developmental state. The TPLF/EPRDF has pragmatically used some principles from these different ideologies to help party leadership to concentrate power in the party as well as at the state level.

As stated by a key informant, about the political elites of the ruling party TPLF: 'They came here to stay, at any cost'. He added that, 'most importantly their main interest is to control the economy. According to their analysis [of history] the ruling class of imperial Ethiopia perished when land was taken from it, on which the entire political economy depends. So, they [TPLF elites] believe that they have to control capital creation or accumulation'¹. In May 2019, Birhane Tsigab, a former member of the Central Committee of the TPLF, published the various discussions held in different organs of the TPLF and EPRDF on the continued entrenched nature of wealth accumulation and corruption within the ruling coalition and how that led to the decay of the coalition party². Among other issues, the monograph discusses the confidential document on the party and the developmental state of September 2014 that discloses party elites' relations with wealth and business. This confidential document 'called for a fundamental change in the party pointing out that the problem of networks at every level [of party structure] should be thoroughly examined' (Tsigab 2019:79). In the same monograph the then Minister of Justice argued that 'corruption is rampant...the military leadership is trading contraband using ships that created the resentment of traders' (Tsigab 2019:124). In essence, sufficient data points to the fact that the Ethiopian oligarchy, with Meles Zenawi at the top along with TPLF leadership, whom Milkias (2009: 695) characterized as 'economic oligarchs-cum-Marxist-Leninist cadres', had a strong hand in the economy. Beyond and above individuals, the economic power of party-firms and the economic decision-making power of the political elites over state resources have been the most obvious features of the oligarchic nature of Ethiopia's post-1991 political economy.

It was pointed out a long time ago that the ruling party is 'Africa's richest political party' (Abegaz 2013: 1474) due to its possession of business firms. Chapter 4 shows how post-1991 Ethiopia has been characterized by party-state led capitalist accumulation, where party and state firms along with few politically connected businesses stand at the centre (cf. Negash 2013: 46). Not only did the TPLF exercise control over the flow of (financial) resources but already in 2007 it was estimated that party-affiliated businesses and conglomerates controlled 50 to 55 per cent of the national economy (World Bank 2007 cited in Abbink 2009). In the final analysis, the Ethiopian oligarchy operates in a political-economy setting where the party-state controls the flow of resources and where public and (large) private businesses function within a non-transparent business environment.

¹ Interview with a finance professional with long participation in post-1991 Ethiopian politics, 21 March 2016, Addis Ababa.

² Birhane Tsigab (2019), *EPRDF's downward spiral (2012-2018): Essays from meetings*. This is my translation of the title of the book that the former Central Committee member of the ruling party TPLF published in Amharic. The author included a disclaimer pointing out that the book contains what the participants said in the various meetings, criticism and counter-criticism sessions without adding his analysis.

Mechanisms of oligarchization

This sub-section deals with findings related to the third sub-question, which addresses the conditions and mechanisms that explain the concentration of power in the hands of the few and identifies who these few are. Through an oligarchy-theory based analysis certain mechanisms have emerged from the data. Interviews focused on the sources of wealth and the ways and means of wealth accumulation and the politics-wealth nexus, in order to uncover if and how ruling party elites relate to the new rich and intervene in the everyday life of the business community. Next to studying these aspects, the research attempted to investigate the generative mechanisms and the conditions that must exist for the emergence of these tendencies in the political economy. As far as the source of wealth and proceeds of growth are concerned one of the interviewees said the following:

The source of wealth in EPRDF's Ethiopia has not resulted from any meaningful value creation in the economy or foreign direct [investment] injection or extraction of mineral resources. The main resource has been aid and loans with a bit of income from exports. Droughts are a good indication of the lack of value creation in a country where the majority are farmers. As a country we are not creating real wealth and this is evident in the fact that we start to worry about hunger the first month of the absence of rain. When we talk about individuals [the new rich] – the source of wealth for them first and foremost is corruption and embezzlement. The majority of these individual riches are the result of businesses done through affinity and consanguinity – mainly through manipulation of bids, leaking information about government purchases and abusing customs regulations. That is why you see lots of business activities and wealth mainly in the service sector.³

What this extract indicates is that it is important to look into the nature of economic growth and changes in the structure of the economy, on the one hand, and wealth concentration, on the other (see further the conclusion below). Economists point out that 'Ethiopia has remained an agrarian economy with still over 75 per cent of its labour force engaged in agriculture and only 25 per cent in service and industry' (Shimeles 2019: 357). Most importantly, there is a major disconnect between GDP growth and household income (consumption growth) and 'high inequality and persistence of poverty at the household level is a cause for concern' (Shimeles 2019: 364). As shown in Chapter 4, the main mechanisms of oligarchization include privatization, systemic corruption, politico-business collusion (involving party businesses and state-owned enterprises) as well as capture of urban and rural land. The following paragraphs summarize these mechanisms that facilitated oligarchy formation in Ethiopia.

First, to start from the last point, land has remained the main asset and source of wealth in Ethiopia. Land capture by the politico-military elites takes place both for urban investments in construction and for agricultural and related investments in the countryside. The legal prerogative that land belongs to the Ethiopian state has been abused. The infighting for this resource among the political elites and cadres within the EPRDF surfaced during the saga of the Addis Ababa masterplan (interview 2016)⁴. The masterplan has triggered the Oromo protests (2014-17) on 'land expropriations without a just compensation in the Oromia Region' (Tura 2018: 249). Land and the politics of ownership continues to shape the political economy of the country.

Secondly, the privatization of state-owned enterprises and small businesses was the earliest mechanism employed that contributed to the dominance of the two groups of conglomerates in the economy (i.e. MIDROC

³ Interview with a finance professional with long participation in post-1991 Ethiopian politics, 21 March 2016 Addis Ababa

⁴ The Addis Ababa masterplan, officially called the Addis Ababa Integrated Regional Development Plan was announced in April 2014. The masterplan proposes to annex the towns surrounding Addis Ababa for integrated development. It was scrapped in 2016 after various protests that claimed the lives of at least 150 people.

and EFFORT). Some studies divide Ethiopia's large businesses into three – SOEs, party-owned and controlled companies – with the addition of family-controlled PLCs (cf. Negash 2013: 46). The privatized entities as discussed in Chapter 4 were state farms, a gold mining company, hotels, food enterprises, textile enterprises, manufacturing firms, retail shops, as well as chemical, metal, woodwork, beverages and leather industries et cetera. The nature of privatization (involving intrigues, lack of openness and other strategies) and the transfer from the state to the party form the basis of oligarchic politics in EPRDF's Ethiopia.

Thirdly, both the systemic nature of corruption as well as some of the high-profile corruption cases involving the political elites show the wealth-politics nexus quite clearly. Corruption is entrenched and institutionalized – high ranking political and military elites conspire with business elites or the political-military elites themselves run covert businesses and accumulate wealth. Once the late Prime Minister Meles Zenawi pointed out that many of the political and military elites 'own several real estate properties, having them registered under their or their spouses' names, the names of their small children and even under their dogs' names' (Hassan 2018: 394). In any event, the following examples show the politics-business nexus related to systemic corruption in the country:

- (i) The high-profile corruption cases leading to the investigation and prosecution of executives of the Ethiopian Telecommunications Corporation (ETC) in 2008 involved the tendering process for the provision of a mobile telephone network.
- (ii) In May 2013, the Federal Ethics and Anti-Corruption Commission (FEACC) arrested government officials and civil servants of the national revenue authority as well as private business people and most were charged with grand corruption.
- (iii) In July 2017, the Federal Police arrested government officials, businessmen and brokers in association with the loss of ETB 4 billion (€156 million) predominantly in connection with government procurement irregularities.
- (iv) Most recently, in November 2018, the Attorney General announced prosecution for systemic corruption in the military corporation METEC, as the heads of the different companies of the military conglomerate were suspected of using large sums of public money to benefit themselves and their family members⁵.

Fourthly, the engagement of political elites and EPRDF cadres in business in various forms as "phoney shareholding" as a way to capture the various fraudulent business and investment practices has been common in EPRDF's Ethiopia. Qualitative data shows that a lot of businesses in the country have shadow owners, mainly politicians and politically well-connected businessmen. Not only shadow shareholding activities but also the shareholding and financial decision-making of legally registered endowment companies and state-owned enterprises (SOEs) have remained in the grey area of the politico-business nexus.

The above-mentioned mechanisms have played an important role in the formation of the Ethiopian oligarchy. Yet, the underlying cause of the emergence of oligarchy in post-1991 Ethiopia relates fundamentally to the political insecurity of the ruling TPLF elite and their use of business to stay in power. As shown in Chapter six, when applying a critical realist notion of the stratified nature of reality, some underlying mechanisms can be identified that caused the different mechanisms of oligarchization discussed above. On this basis, political insecurity and economic control can be understood as the motives behind the use of mechanisms such as privatization and corruption. In this context and based on the analysis of the nature of the Ethiopian oligarchy, the thesis identified three basic categories of oligarchs in Ethiopia. These are the nomenklatura, the Sheik, and tiny oligarchs.

⁵ This section relied on a piece by Solomon Goshu, "Recent Corruption Crackdown in Ethiopia: What Can We Learn From It?" available at <https://iacccseries.org/blog/recent-corruption-crackdown-in-ethiopia-what-can-we-learn-from-it/>

The first group of oligarchs are the Ethiopian nomenklatura. These are the top echelon of the ruling party EPRDF and especially the TPLF that wield strong political power. As Milkias (2009: 694) underscored, 'the ruling party is the major arm of the executive branch with cabinet and party's executive indistinguishable'. The bi-cameral parliament has been filled with party-members and affiliates. Since 2015 EPRDF has had 100 percent of the 547 seats in the House of Peoples' Representatives.

From 1991 until his death in office in 2012, Meles Zenawi was at the apex of political power, as chair of the Central Committee of the TPLF and the EPRDF, incumbent of the premiership and the ideologue of the ruling party. As party ideologue, Meles Zenawi played a central role and used ideology as a tool of power concentration. As discussed in Chapters three and four, the nomenklatura and its cronies managed to shape the oligarchic politics in the country. Only when charges of corruption are made or disgruntled colleagues speak out then individual wealth and asset holdings get exposed. Otherwise, as the interviews and media content shows, the top echelon controls the economy through various means such as controlling the policy space, financial flows, party-firms and state enterprises. As Vaughan and Gebremichael have indicated,

The EPRDF government has achieved a high degree of centralisation of rent management and allocation, retaining control of a large proportion of available sources of rents and economic levers. These include the large state-owned enterprise (SOE) sector, endowment-owned businesses, and substantial regional development organisations; as well as tight regulation of financial institutions, including for micro-credit, and expansion of the tax base. The approach is much wider and more systematic than is the case in many comparable countries. Thus for instance, whilst party-associated companies in Rwanda seem to form a central key to long-horizon rent centralisation, Ethiopia's endowment-owned businesses constitute only one strand of the government's strategy to bolster its scope for action in the economic sphere (Vaughan and Gebremichael 2011: 10)

Secondly, Sheik Mohammed Hussein Ali Al-Amoudi, through his ownership of MIDROC Ethiopia, is by far the wealthiest person in Ethiopia. As shown in Chapter four, the Sheik could be characterized as the only oligarch in Ethiopia for his extreme wealth and close ties with the ruling TPLF. The Sheik has invested in construction, real estate development, mining, agriculture, banking, transport, hotels, hospitals, finance, operations and more, owning more than 50 companies in the country. Due to his closeness to the party many observers question whether the businesses are genuinely based on his investments or that he has some shadow relations with the political elite.

Thirdly, the final group of individuals that play a major role in the construction and service sectors are a few prominent, politically well-connected businessmen, who are labelled as 'tiny oligarchs'. They are tiny oligarchs because of their political and economic characteristics. These oligarchs do not influence politics. They own and lead emerging companies that survive by the good will of the political elites and mainly benefit from state infrastructure projects and activities in other service sectors. Lie and Mesfin (2018: 23-24) have pointed out that '[s]ome 80% of the larger private business sector is dominated by two interlocking conglomerates [MIDROC and EFFORT], which enjoy preferential government treatment and have access to foreign currency', adding that '[t]he predominance of politically connected companies in key economic sectors is bitterly resented by independent private entrepreneurs, some of whom have had to close down because they could not compete for government support'.

Oligarchy in Africa?

Theoretical observations: This section relates to the (first and fourth) sub-questions that deal with theoretical inquiry on oligarchy and a comparable case in Africa. The theoretical approach that could explain the

concentration of power in the hands of the few and the use of that power for purposes of economic and financial control very much resonates with the politics and economics of oligarchy. Classical elite and oligarchy theories have shown the way, though lack precision (Leach 2005). Leach (2005: 316) attempted to clarify the theory of oligarchy by arguing that 'oligarchy is best understood as a particular distribution of illegitimate power that has become entrenched over time'. According to Winters (2011), this approach only provides insight into minority power and should be understood as an elaboration of elite rather than oligarchy theory. He asserted instead that oligarchy is about material wealth and the politics surrounding material wealth.

As explored in Chapter 2 of the thesis, it is still useful to use the assumptions embedded in both elite and oligarchy theories as a starting point for an analysis of the emergence of oligarchy in Ethiopia and other countries in Africa. Winters (2011: 3) reiterates that 'minorities dominate majorities in many different contexts. What matters is how they do so and especially through what power resources'. The nexus between political power and material wealth has shaped society and continues to do so, as extreme material inequality produces extreme political inequality (Winters 2011). For this reason, the investigation of illegitimate political power and the materialist examination of oligarchs and oligarchization provides a useful theoretical lens to explain developments in African political economy. In many African contexts, where the collusion of executive power holders, the military, civil service and media has been observed, the study of the concentration of political and economic power is empirically and theoretically useful. This is especially the case when taking the supposed economic rise of African states into account. The current research project was interested in the study of oligarchy at a state level (in particular since both Ethiopia and Rwanda are ruled by a party-state) in contrast to other analyses that focus on bureaucratic and other organizations.

(East) African oligarchy: Chapter six of this thesis has undertaken a comparative analysis of the emergence of oligarchy in Ethiopia and Rwanda. The chapter identified a similarity of trends in the political economy of the two countries, related to the nature of economic growth, the creation of party and military firms, and the holding onto state power by ruling parties. In both countries, economic growth has evidently been fuelled by state projects with external finance (development aid and commercial loans) playing an important role. The political elites' control of the "development process" in these countries resonates with the emergence of oligarchic politics in which those who control the party offices have managed to fundamentally influence the economic process and the ownership of businesses by other means (not necessarily by shareholding). In this connection, the underlying generative mechanisms of oligarchization in Ethiopia and Rwanda were found to be political insecurity and the control of business and the economy to stay in power. As the explanatory comparative analysis in Chapter six has attempted to show, oligarchic tendencies in African politics could possibly be uncovered through applying the theory of oligarchy – a research focus that looks into the politics-wealth nexus from the point of view of wealth creation and defence by the political elites. The same could likely be said for other African states, from South Africa to Nigeria, where material wealth and the politics surrounding wealth concentration impact politics and vice versa.

Conclusions

The general conclusions drawn from this research engagement reflect what we have learned from the analysis of EPRDF's Ethiopia and what is at stake in relation to Ethiopia's political economy, as analysed from the perspective of the politics-wealth nexus. The general conclusions are presented in three brief sections that attempt to synthesize the study. The first conclusion deals with the paradox of economic growth in EPRDF's Ethiopia, the second with issues related to the intricate marriage between the state, party and business, and the third with the theoretical call for the further study of oligarchy, especially in the context of growing economies.

Ethiopia's economic growth

The economic reality of Ethiopia under the EPRDF regime is perplexing. For some it has been remarkably rosy and for others gloomy. According to Manyazawal and Shiferaw (2019:138), 'over the last two decades, the Ethiopian economy has emerged as one of Africa's economic success stories with rapid GDP growth and significant poverty reduction'. With regard to the structure of the economy, especially since 2000, growth resulted from a 'rapid expansion of services rather than industrial activities where historical evidence suggests dynamic spillover effects pertain' (Manyazawal and Shiferaw 2019:138). Manyazawal (2019: 176), a State Minister in the Ethiopian Ministry of Finance and Economic Development for many years, acknowledged that, although there has been an impressive economic growth rate of 10 percent per year since 2000 and a decline of national poverty from 45.5 per cent in 1995 to 23.5 per cent in 2016, 'poverty is still a major development challenge'.

According to Lie and Mesfin (2018: 26), Ethiopia is one of the poorest countries in the world where growth did not serve the poor majority, as shown in the World Bank's 2015 poverty assessment report, which pointed out that 'national inequality has increased steadily from 2000 until 2011 and some 80% of rural households and two-thirds of urban households still experience deprivation'. In relation to the emergence of the new rich in the picture, the following observation resonates with the findings of the thesis:

In urban areas, social aspirations also build up in the context of new high-rises, luxurious apartment complexes, fenced mansions and flashy cars owned by the richest. The latter are not only building immensely profitable empires: they also shun and look down on the poorest communities – an ominous sign that not much of the wealth being accumulated is trickling down. Such inequality runs counter to the prevailing narrative provided by the government, which has been seeking to achieve lower poverty levels through faster economic growth (Lie and Mesfin 2018: 27).

These characteristics of the economy have been widely felt in EPRDF's Ethiopia for long, as witnessed by demonstrations in the country in 2017: 'wealth and resources are unevenly distributed and...certain regions and groups receive preferential economic treatment and resources' (Lie and Mesfin 2018: 26). Such resentment, including the crowding out of businesses in Merchato by politically connected individuals, was also pointed out during interviews in Merchato, the business heart of the country.

It is important to reiterate that the drivers of Ethiopia's growth acceleration were 'public infrastructure investment and restrained public consumption' (Moller and Wacker 2017: 210). This infrastructure investment and hence growth depended on external financing, which made the country increasingly indebted. The sources of borrowing have also been shifting, and this is alarming. According to official figures, the private creditors' share of Ethiopia's debt has increased to 27 per cent in 2016/7 from its 10 per cent share back in 2007/8, while the share of multilateral debt during the same period decreased from 56 to 37 per cent (MoFEC cited in Manyazawal 2019: 185). It is argued that, 'for a developing country like Ethiopia with limited resources, relying on foreign savings to jump-start and drive economic growth is not unusual' but 'heavy and increasing dependence on foreign finance is unsustainable' (Manyazawal 2019: 177). This is especially true when considering the resource gap to cover the big investments in dams, railways, et cetera (Manyazawal 2019: 182). According to the World Bank, 'Ethiopia has the third-highest public investment in the world' (Gebreeyesus 2019: 692). Despite the principle that the building of infrastructure enhances private capital formation, 'the literature on the impact of public investment in developing economies including Ethiopia gives mixed results on whether it complements or crowds out private investment' and the reality is that many of these investments have been inefficient and defeated the purpose (Gebreeyesus 2019: 692). Recently, it was confirmed by the regime that the major shortage of foreign currency, the declining purchasing power of the local currency, the loan burden and unemployment

are the major challenges facing the economy (Ethiopian News Agency, 24 August 2019)⁶. So, in the end, these characterize the economic reality of the country. Is it a paradox or, as some argue, just a reflection of the nature of capitalist development? Maybe it is not paradoxical at all, given the nature of the economic growth and the entire political economy. This is the political economy of the party-state that advocates for economic growth driven by public investment with party-firms and SOEs in the driver's seat of the economy.

For now, the "economic growth mantra" of the EPRDF regime should be seriously rethought and refocused on freeing the entrepreneurial spirit of the young and old. The meaning and nature of economic growth, versus socially and environmentally aware development, should be debated among the elites and others who are concerned. Economic growth must take local contexts seriously and a rethinking of how the polity has so far benefited from this growth is urgently necessary. The inefficiency and corruption in the public sector could be combatted through introducing private competition in the economy. Yet, most of all, as this research engagement has shown, the economic environment should be freed from oligarchic politics that suffocated it over the past decades. Most importantly, this would entail the separation of the state, party and the economy. The section below looks into this.

Marriage between the state, commerce, and party

In post-1991 Ethiopia, the emergence of oligarchic tendencies has related to the merger of the state, the party and the economy. As Lie and Mesfin (2018: 39) underline 'the complex entanglements of the government, the party and the state apparatus are central in understanding the regime's power'. The marriage of party and state has been complicated further by the party-state's engagement with commerce and other economic activities – in short, its control of the political economy of the country. As Berhe (2008) points out, 'the ruling party (and its affiliates), through private limited companies headed by party members, controls key sectors of the Ethiopian economy – banking, production, publishing, building, and import-export trade'. It is important to highlight that this thesis attempted to locate the basis of the power of the minority (specifically the political elites and the EPRDF cadres), which has been shifting from political to economic power. When the basis of power is material wealth, it is 'usually resistant to dispersion and equalization' because across political systems, 'the notion that it is wrong to enforce radical redistribution of wealth is remarkably durable' (Winters 2011: 4).

Asset and resource dispersion would not be easy to achieve in the Ethiopian context, as it is politically sensitive and contentious. Since an attack on the material wealth of particular elites – no matter how illegitimate their power is perceived by some – is also seen against the background of ethnic relations, and will be resisted as an attack of rivaling ethnic groups, thus it will be very challenging to realize wealth dispersion. As discussed in the thesis, certain political issues, such as the ethnicization of politics, have lingered and have shaped Ethiopian politics under the TPLF, and will continue to matter. The economic matters taken up so far by the reformist group since 2018 have to do with debt problems and foreign currency shortages but have not yet fully dealt with separating the state, the party and the economy. Some initiatives of the reformist group within the EPRDF are underway with regard to opening up shareholding of some SOEs, as discussed elsewhere.

A case for oligarchy studies: a research agenda

The politics-wealth nexus is situated within the broader context of the interrelationship between economic growth, democratization and development. This nexus is especially important when local development endeavours meet international capital. The concentration of economic and political power can only be confronted through a combination of processes and policies related to the political economy of a country. For a functioning democracy to emerge in society, equality of opportunity and empowerment of communities are essential.

⁶ The Amharic version of the news is available under the title 'Ethiopia announces its first macroeconomic reform' (author's translation). Available at: https://www.ena.et/?p=58786&fbclid=IwAR1f6KLKmh7M_ezSMTkAEPsF7dLFY5jnWELb23afhfVkJXvVafAPWxu3-nkk

Changes in the politics-wealth nexus are likely when oligarchy is tackled on many fronts, including by addressing its political economy foundations and by deepening democracy, though oligarchy could very well emerge under democracy, as argued by Winters (2011). With regard to Ethiopia's political economy, measures would need to include the encouragement of free enterprise, acknowledgement of the challenges of capitalist development and more attention to social justice and equality. In relation to democratization, changes are necessary regarding democratic practices in politics, the strengthening of deliberation, and opening up of the political space for all. Research may contribute to change by unpacking the scope and level of political power concentration and the mechanisms that support the concentration of power: thus, it becomes possible to understand (and, on the basis of increased knowledge, potentially disrupt) the processes that hinder democratization and the creation of open political spaces.

Given the recent (promising) opening up of the political space in Ethiopia and further deepening of democratization a number of investigations could be made. *First*, further investigation of the ownership structures and detailed studies of party businesses and their relationship with the ruling party elites will be crucial. In the context of this interrelationship, examining the relationship between banks (commercial and development banks) and the various party firms in the service sector, agriculture and industry would be valuable for understanding the economic significance of the firms and their impact in the political economy. *Secondly*, the decision-making power and related roles of the political elite in state-owned enterprises (SOEs) call for further investigation. The study of the functioning of these SOEs would make it possible to uncover the politics-wealth nexus in the public sector. One of the SOEs (METEC, the military corporation) was investigated in this research project in terms of its civil-military relations, but further study of the details of projects and financial undertakings of the various companies of METEC and other SOEs would benefit the understanding of the phenomenon of oligarchy in general and corruption in particular. *Thirdly*, there is a need for more (political-economic) research on models of economic growth that would benefit society at large rather than just a few capitalists, and the findings of this research should be debated openly. *Fourthly*, it is very important that more comparative and regional research is undertaken on the relationship between political power and wealth creation in Africa.

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