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## **‘Poison Pill’ of Government Policy** **Ethiopians Gripped with Hunger and Escalating Costs**

### **Public Statement from KIAB**

At a public discussion forum on Ethiopia last July, a prominent Ethiopian intellectual asked a fundamental question that should resonate with many of us in the Diaspora who are carrying normal, peaceful and well to do lives, in contrast to our compatriots who are gripped with the reality of escalating costs and hunger that has enveloped the entire country. As we celebrate the Ethiopian New Year, let share the question that the compatriot asked and, urge each and every one of us to reflect on what we can do.

“What issue would stir and move Ethiopians to act for the common good?” In other words, what would move and shock Ethiopians in the Diaspora and make them rise in unison to serve the common good?

If we needed common issues that should ‘stir and move’ our individual conscience, nothing should be more compelling than the current hunger, starvation and unbearable cost escalation of staple foods that have caused and continue to cause untold suffering, desperation, despair, dislocation and death to an untold number of Ethiopians. As we celebrate the New Year, let us think of the 4 million ‘emaciated’ children; the many who have died and, those who are dying. Let us imagine of the shame we should all feel; especially of the shame of doing nothing? More important, let us reflect of ways and means that we —both as individuals and as groups, should deploy to make hunger and starvation history. Let us imagine a future New Year Celebration in our country in which no Ethiopian child, family or group would be left out from the bounty that Ethiopia can potentially offer. Let us determine to make our society independent and free of want.

As a reminder, let us take a look at a special Time Magazine Pictorial last summer depicting debilitating hunger, especially, young Ethiopian children. Then imagine and think of the images projected and circulated around the globe. The images should torment each and every one of us. They should force us to ask fundamental questions concerning values, political, economic and social governance, leadership, elites, education, social solidarity and, the contribution each and every one of us in the Diaspora can make. Let us make a difference in the lives of hungry children and the poorest of the poor.

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The shame from recurring hunger, starvation and famine should affect each and every one of us irrespective of ethnic or political affiliation, religion, age, gender, education or social status. These images and the continued characterization of our country as the poorest of the poor, famine prone, dependent and unable to feed it-self should diminish each one of us.

Remember, this tragedy is taking place in a country that contributes almost 85% of the waters of the Nile River; in a country that has ample arable and irrigable land to feed the entire population and then produce surplus for export; and, in a country where the Government's purported policy has been and continues to be rural or agriculture-based. Then ask the question of what really is missing and why?

We should note that hunger is most prominently borne by the rural poor who have no voice or power; who feel isolated; who do not have strong and independent representatives in the Ethiopian Parliament; and who are marginalized. They do not and dare not protest because they are muzzled. They lack freedom to act. Price escalation is borne primarily by the urban poor, lower and middle classes. They too are muzzled. They cannot even protest their fates. Irrespective of location or class, the human, social and economic costs to millions of Ethiopians of these two major economic, financial and social shocks taking place simultaneously should force us to reflect and act in unison in at least two fundamental ways:

- i) Raise international public and Diaspora awareness of the tragedy that is occurring with a view of mobilizing material support to help those affected and to save as many lives as possible; and,
- ii) Reinvigorate the Democratization process and movement so that the structural and policy roots that cause hunger, famine, least developed status and cost escalation are resolved over time.

The facts about hunger and famine:

On May 20, 2008, the BBC quoted the United Nations Children's Fund (UNICEF) that more than four (4) million children 'in Ethiopia are at risk of acute malnutrition' and showed 'fresh pictures of listless children with distended stomach--the tell tale signs of acute malnutrition.' In July 2008, a number of non-governmental organizations (NGOs), including Save the Children, the international press, especially the BBC, provided credible data concerning the gravity, depth and breadth of this new catastrophe that has now gripped almost the entire the country. For example, on June 9, the BBC depicted the severity of the hunger from Shashemene, an area considered to be in the heartland of the breadbasket of the country. "...Parents want us to see the distended stomachs of children to draw attention" of donor agencies. "We traveled through 5 or 6 villages. In everyone were vulnerable children...What will become of so many poor and frail children in the months ahead?"

On August 10, 2008, the Los Angeles Times reported hence. "Once again, images of emaciated children are emerging from this Horn of Africa Nation rekindling memories of the 1984 Famine that killed one million people. This time, Ethiopia has been grappling with a double whammy: drought in its traditional breadbasket and a global food crisis that has pushed prices sky high."

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The World Food Program (WFP), Doctors without Borders, the BBC and others report that between 10 and 14 million Ethiopians or (12% to 17%) of the country's entire population of 80 million is affected. Some regions and localities bear the brunt of the hunger; and, a large number of children have died since the report, for example in the Southern part of the country. The spread of hunger and famine in the Afar, Amhara , Oromia, Ogaden and other parts of the country reported by various agencies has forced the Ethiopian Peoples Revolutionary Party (EPRDF) led Government of Ethiopia to finally acknowledge this unfolding tragedy to seek international assistance. A life or death phenomenon is now wide spread. The International community is doing what it can at a time characterized by aid fatigue.

The facts about escalating costs of staple foods:

Compounding the hunger and famine crisis is another shock, food cost escalation. This has affected and continues to affect the vast majority of the population, especially, the urban poor. According to a recent internal document from a major international development agency, 'high inflation has become a major concern since 2004/2005,' with official national inflation rate of 18% for food items and 16% for non-food items. This is an official figure which some experts dismiss as too low. Last August, the World Bank's Country Director for Ethiopia and the Sudan shocked officials of the Ethiopian Government and the international community when he reported that the "inflation rate" was 55%. He is quoted as saying that "...Inflation is no longer driven solely by domestic supply-demand and the global trend, but by expectations by farmers and traders who are holding on to crops in anticipation of further (increased) prices which makes them (it) a self-fulfilling prophecy." Decipher what he is saying in terms of policy.

Statistics will not do justice to illustrate the real impact of unparalleled rises in prices on the lives of Ethiopians, especially the poor. In order to comprehend the impact fully, let us remember that the average annual income in Ethiopia is estimated to be US\$108 or about 30 cents a day. This makes the country the 10th least developed in the world, an attribute that has characterized it for many decades.

In this connection, one wonders why the highly touted Ethiopian Peoples Revolutionary Democratic Front (EPRDF) led Government socio-economic policy of rural or agriculture based development has not created conditions to free the country from hunger, famine, dependency and price escalation in food. In a recently published internal policy note, a major donor agency states that "While recent growth in agricultural output has been impressive, the rural agenda remains large, and overall progress too date has been disappointing especially in enabling improvements in agricultural productivity." At the same time, the government insists that the country is experiencing a growth and development rate unparalleled in its history. The construction boom is identified as concrete evidence of this growth phenomenon. On the other hand and "According to the World Bank, agriculture production has actually declined. As a result, even without drought, one of every 10 Ethiopian relies on international food aid to survive; and, at least 400 children die each day due to malnutrition."

Growth without the capacity and capability to feed the millions stricken by hunger and the poor ravaged by escalating cost is questionable. One wonders who really is benefiting from this heavily publicized "growth" and "development" if millions of people are unable to meet basic their needs. To illustrate the point, let us share additional data. In July, 2008, the government released data that showed that wheat and maize prices were

171.9% higher than they were a year ago. The price of one quintal of teff shot up from 500 birr to 1,400 birr or almost three times. The price of one quintal of maize went up from 200 birr to 600 birr. The price of a quintal of barley rose from 300 birr to 700 birr, more than twice. A single injera cost 2 birr. The price of a kilo of potatoes shot up from 10 cents to 5 birr. We can provide numerous other examples. Suffice to say that such astronomical rates of price escalation are simply unbearable for the vast majority of Ethiopians, the urban and semi-urban poor. They do not have the purchasing power to respond to such escalating prices. In other words, the poor and those with low incomes are not in any position to absorb the additional costs. It is said that even those who are in the middle income category have reached a point of eating only twice a day.

In addition to the current toll on Ethiopians, especially the poor, part of the immediate and long term impact of price inflation is worsening inequality in a country that has begun to witness a growing gulf between the few rich and vast majority poor. It will not be far fetched to imagine that the social division that has begun to take place will only be worse in the years to come. Social peace, stability and harmony do not and will not occur in the midst of hunger, growing inequality, destitution, lack of freedom, voice, representation and, in the absence of democratic participation.

What might be the causes of hunger and price inflation?

It is easy to blame the current hunger on natural factors, including drought. It is easy to attribute price escalation to the 'global trend.' For sure, these are contributing factors. India which used to suffer from recurring famine was able to harness science and technology and achieve a green revolution that has enabled it to withstand occasional drought. It has averted famine. As we indicated earlier, the foundation of the EPRDF led Government's social and economic policy is rural and agriculture based. So, why has this policy not produced self-sufficiency in food? We leave the response to you and to the Ethiopian people who suffer from the policy deficit.

What we can point out are the following:

i) The socialist leaning Government policy of low investment in irrigation, improved land use; lack of security of land ownership; dearth in the provision of improved seeds and rural to urban access roads; lack of credit facilities and support to farmers; the almost total absence of private sector participation in agricultural production and marketing are major & contributing factors-. The national economy, especially major industries, services, trade, media, telecommunication and transport are controlled directly or indirectly by Government entities, party affiliated firms and individuals and families that are favored by the leadership of the ruling party. Economic and political dominance and monopoly go hand in hand in Ethiopia. The private sector, especially, indigenous capitalists do not feature prominently.

ii) The leadership of the ruling party does not allow open competition in economic life mirroring its aversion to competition in political life. For the ruling party, the private sector is a threat to its monopoly. Therefore, price escalation is not mitigated by free market competition. As is the case in other sectors and sub-sectors, for example, telecommunications, the agricultural market in the country is among the least competitive and least developed in Sub-Saharan Africa. To say that the private sector is in no position to play a leveling field will be an under statement. It is among the least developed in Africa.

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iii) The current crisis shows inept and unresponsive public sector management. For example, it is reported by a major development agency that, at least with regard to teff, supply may not be the issue, but, speculation, lack of concern for the public good and hoarding. Government data shows that the supply of teff exceeds demand by 410 thousand tons. Given this fact, why has the Government not responded to the Ethiopian people by proactively engaging and enforcing private traders and cooperatives to release teff? Why has it not responded to the needs of the poor by intervening heavily into the ‘closed market?’ Why has it not forced hoarders to release grain?

iv) The state has total monopoly on land. The ‘Land to the Tiller’ slogan that the Ethiopian left pushed and that resulted in the nationalization of all land has benefited the EPRDF at the cost of peasant and other poor farmers—those who were supposed to benefit from nationalization. As a consequence, peasant and other farmers have no security; no incentive to nurture and improve the land. They are in fact alienated from the land they till.

In summary, the current hunger and food price escalation cannot be properly understood without comprehending the structural and policy constraints with which the Ethiopian people and the Ethiopian economy are saddled. The topic of the article is therefore intended to show the link between the current crisis and government policy.

In our view, only open, free, multiparty competition and economic policy will empower and release the creative potential of all of the Ethiopian people and, usher in a new era of rapid social and economic transformation. Unless structural and policy changes take place and are institutionalized, the recurrence of hunger, famine and price escalation will continue to haunt this and the coming generation of Ethiopians. The May 2005 elections for which many innocent lives were sacrificed and for which thousands of Ethiopians paid huge prices was intended to bring such fundamental policy and structural changes.

Those of us in the Diaspora have a special moral and national responsibility to mobilize and educate international public opinion on the reality of social, economic and political conditions in Ethiopia. Among other things, we must challenge the donor community to walk the talk and respond to the real needs of the vast majority of the poor who have suffered and continue to suffer due to poor political and economic governance. We must challenge political groups both abroad and at home to begin the hard work of healing, reconciliation, dialogue and commitment to the greater and common good so that the Ethiopian people can transition to participatory democracy and, usher in a more open, dynamic and competitive economy built solidly on Ethiopia’s social, cultural, history, identity and natural endowments. We can challenge one another and political actors to serve Ethiopian national interest and the interests of the Ethiopian people. We may differ on the means to achieve these goals. At minimum, we must change the paradigm of thinking to focus on the greater and common good and, less on partisanship, individual glory, hidden agendas, opportunism and other destructive behaviors that will only serve the interests of the ruling group.

Only Ethiopians both within and outside the country can and must be the real champions of their country’s cause. We have seen that, with a few exceptions, the Western media is either apologetic or ignores the tragedy that is occurring for a variety of reasons, including national interest and political pressure. Among other things, our role should be to raise awareness that the long term interests of Western democracies in the Horn cannot

be well served without recognizing the reality that bad economic and political governance in Ethiopia will continue to keep the country dependent, poor, marginalized, famine prone, disempowered, fragile and unstable.

Last but not least, the challenge we face is to rekindle the vitality and energy that galvanized the Ethiopian people during the May 2005 Elections alive so that our compatriots, and especially Ethiopian children, are no longer dependent on international aid to meet their basic needs.

**The Ethiopian People Shall Prevail**

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