

Economic Development in Ethiopia

Analyzing Social and Economic Indicators since the 1960's

Abstract

In this project, I'm using data from the Worldbank and The United Nations that shows the social and economic changes that have occurred in Ethiopia in the last 40 to 50 years. By analyzing the data from these two sources, I'm tried to uncover if there is a relationship between the social and economic indicators in the country. Some social indicators include primary school education for male and female children, while the economic indicators show GDP and workforce participation. One would think that the economic growth that Ethiopia has been experiencing would lead to a better living standard for the people of Ethiopia. But is that really the case? Does the economic boom benefit the people, or those in power? The latter part of the question might be a bit difficult to answer given the scope, but it will be interesting to compare the changes over time.

History

Ethiopia is a multi-ethnic country in Eastern Africa and is often known as one of the only countries in Africa to have not been colonized. They are home to a vibrant and long lasting culture, stemming from the Kingdom of Aksum the Abyssinian Empire. Over the last eighty years, Ethiopia has seen great political and economic change. Haile Selassie succeeded Empress Regnant, Zewditu, in 1930, and ruled during the fight against Italian colonization.¹ He was disposed of his leadership in 1974 by the Derg, a communist party backed by the Soviet Union, which completely changed the political arena, civil rights and liberties, as well as the economy. The Derg party was premised on the idea of a command state, it nationalized institutions such as corporations and banks and greatly limited private property and accumulation of wealth. In 1991, Mengistu, the acting dictator, was overthrown by the Ethiopian People's Revolutionary Democratic Front.

²Under the EPRDF, the economy grew modestly, however substantial challenges arose with the establishment of the regime change, as well as other factors such as famine, which greatly affected the economy. Nonetheless, the economy progressed, while there were great hesitations to economic liberalization, which made little reforms for nationalized property, for example. Through the 2000's, Meles, the leader of the party, continued to make more liberal economic reforms. While the EPRDF lead Ethiopia to becoming one of the fastest growing economies in the world, it had also been facing a declining human rights record, such as a lack of a free press, right to protest, and little political parties due to.

Furthermore, the EPRDF established a federal system that was based on the rather homogeneous ethnic regions within the country, this in turn strengthened cleavages among ehtnic lines in the nation. Ethiopia's ethnic groups have always faced great tensions and violence, which has been particularly exacerbated since 2015. In 2015, the EPRDF, a party ruled

¹ <https://www.irishtimes.com/news/ethiopia-still-haunted-by-memory-of-derg-genocidal-regime-1.563626>

² <https://www.britannica.com/place/Ethiopia/Federal-Democratic-Republic-of-Ethiopia-since-1995>

by the Tigray minority, attempted to expand the capital city, Addis Ababa, in the neighboring Oromia region. The Oromo people, one of the ethnic majorities, frustrated by the lack of political power and civil rights, as well as the new expansion plan, protested. These protests heightened ethnic tensions that have continued to this day and which have contributed to the change in the political landscape.

In 2018, Dr. Abiy Ahmed, a member of the Oromia group, was elected as Prime Minister. He is a relatively progressive leader that has made massive economic reforms such as allowing foreign investment and privatization of industries such as telecommunication companies. Furthermore, he has attempted to allow for more political freedom and expand civil liberties, while also dealing with the consequences of ethnic tensions.³ However, ethnic tensions since 2018 have escalated so great that there are claims that according to the L.A. Times has led to a total of 2.9 million people being displaced by December 2018, “more than those dislodged in Syria, Yemen, Somalia and Afghanistan combined, according to estimates published this month”(L.A. TIMES). Thus, Ethiopia stands at the pinnacle of a turning point fueled by economic expansions, while simultaneously being on the brink of war.

Economic Indicators

Analyzing the data from the United Nations and the World Bank, one can see a pattern of economic growth in Ethiopia over the years. In the last 13 years, GDP per capita has increased from a little under 200 dollars to over 600 dollars. Furthermore, one can see a shift in the job sector in Figure 1. The percentage of employed people in agriculture has decreased, while other sectors such as industry has increased. [This makes sense](#), because there has been more urbanization and industrialization in the country, thus leading to more jobs in manufacturing. Additionally, we see a great increase in merchandise imports since 1960's, especially in the later years when Ethiopia has been more open to trading with foreign markets.

There's no doubt that Ethiopia has experienced a booming economy; however, what are the environmental consequences of this growth? Analyzing Figure 3, one can see that total greenhouse gas emissions has increased greatly since 1970, especially since from 1997 to 1998. The intersection between economic development and environmental consequences are at the forefront of many conversations in regards to planning out economic plans for developing nations. Currently, many developing nations are experiencing their own industrialization period, similar to the ones that Europe and America experienced hundreds of years before. However, in the midst of great concern of climate change, many people question if these developing nations should experience their own industrialization, or skip straight to clean energy. The issues with that is two-fold, on the one hand clean energy would greatly alleviate future environmental issues, while on the other hand innovation comes with a great monetary price. While, the data shown above doesn't provide a solution for the issue at hand, it does place the question of environmental problems in conjunction with economic growth, especially for developing nations.

Social Indicators

³ <https://www.latimes.com/world/la-fg-ethiopia-ethnic-violence-millions-displaced-20190530-story.html>

For both the United Nations and The World Bank, the indicators that I paid special attention to were indicators that measured the wellbeing of women and children. For example, one can see a decrease in the average number of kids a woman has from years 2005 to 2018. Furthermore, Figure 2 shows a decrease in the number of maternal deaths, with rates at 30,000 maternal deaths in 2000 to under 15,000 maternal deaths in 2018. This data not only suggests that medicinal technology could have improved in the last 18 years, but also there could be better access to healthcare services for women. This is particularly important, because there are often gender differences in the utilization of healthcare and the standard of care provided. Thus, the improvement of living standards for women signals that living standards have generally improved over time. Furthermore, the data in regards to the wellbeing of children have also experienced a similar general trend of upward improvement. The mortality rate for children under the age of 5 have declined, especially since 1990. In addition to the decline in the mortality rate, Figure 4 shows that public school primary enrollment has increased substantially from 1990. Some other indicators, besides those specific to women and children include a decline in the incidents in malaria, increased access to electricity.

Moreover, there has also been a steady increase in the proportion of the urban population as more people are coming into cities for employment and educational purposes. While people may have been benefiting from the migration into the cities, they also escalate a lot of problems in regards to infrastructure, housing, and resources. One aspect of this was the government's decision to expand the city parameters of Addis Ababa in 2015. Presumably the intuition behind this was to remedy for the fact that Addis Ababa has been at the center of the economic growth that has occurred in the country. However, as I mentioned earlier, this decision exacerbated tensions in the Oromia group and led to an outbreak of violence. Thus, this provides one example the ramifications of increased urbanization, which in this case directly caused ethnic tensions.

Conclusion

By looking at the data, we can see that there has been massive economic development alongside with improving quality of life in some aspects. Economic development has greatly improved the country's position in the world and has led to an expansion of opportunities for the people of the country. At the same time, any economic development, comes great social and environmental consequences. The data presented demonstrates some of the problems that can arise with a rapid development. Thus, although economic development has not caused issues such as increased refugees, the subsequent effects of increased socioeconomic gaps, and consequences of urbanization could lead to increased violence, especially with heightened ethnic tensions, leading to increased refugees. Overall, it is interesting to compare the state of the country and the people in comparison to the growth of the economy.

Appendix

Figure 1: Change in composition of employed people in different job sectors

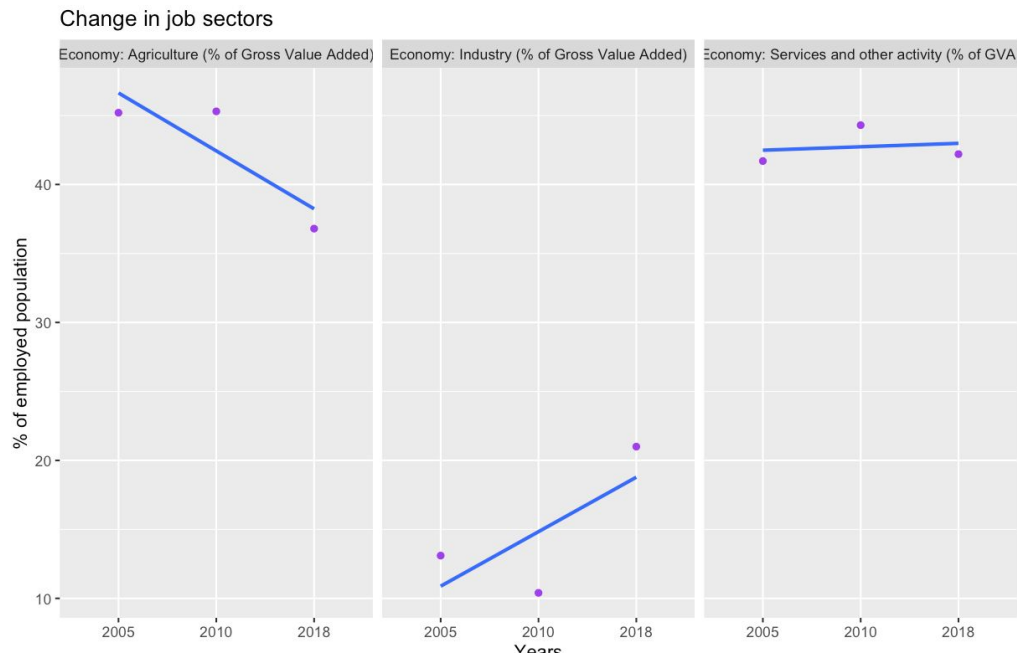


Figure 2: Data from the World Bank showing change in total greenhouse gas emissions

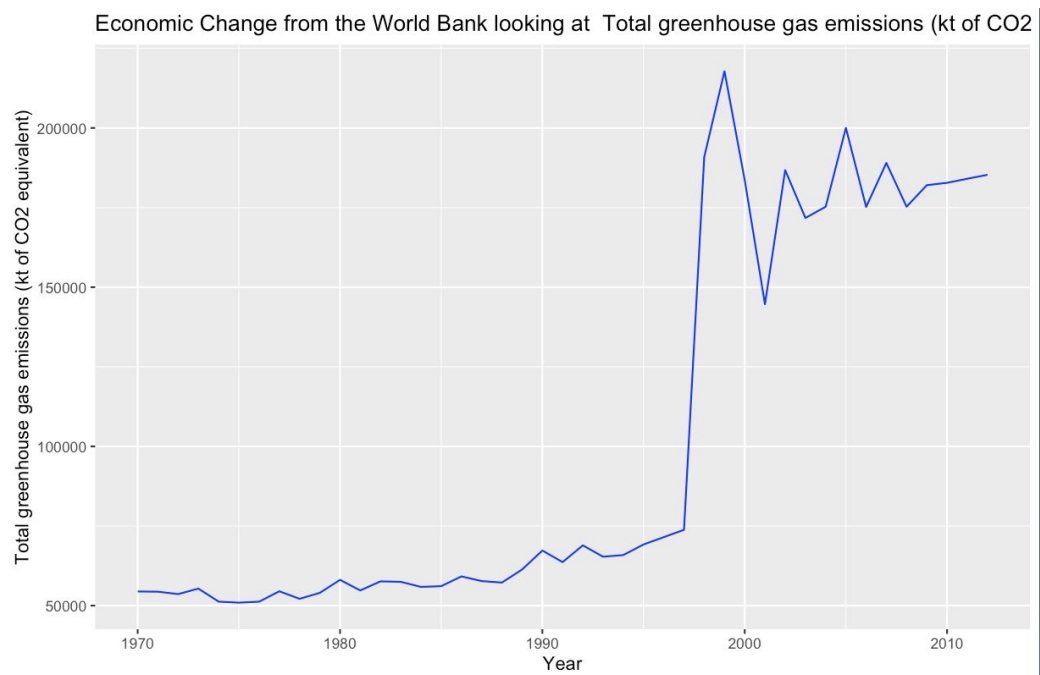


Figure 3: Data from the World Bank showing the number of maternal deaths

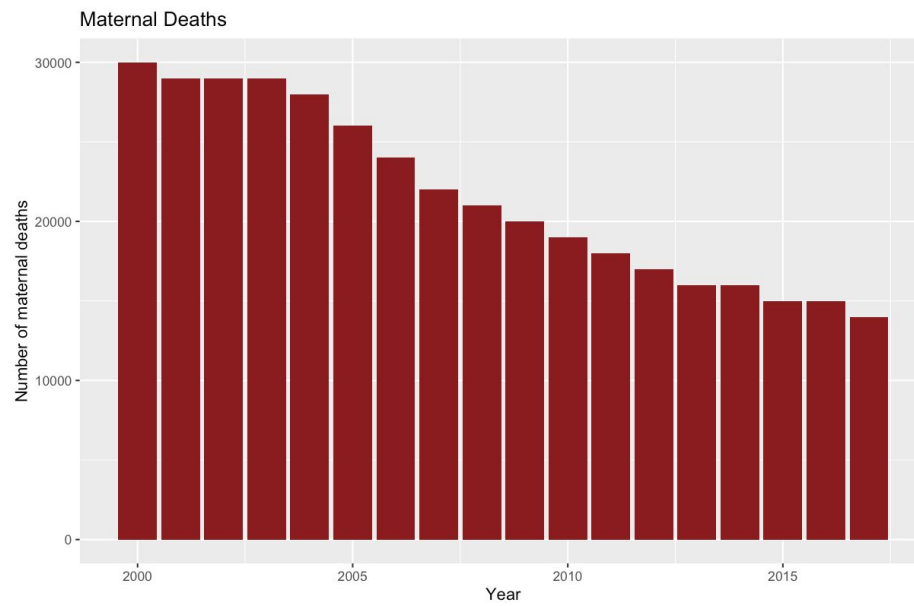
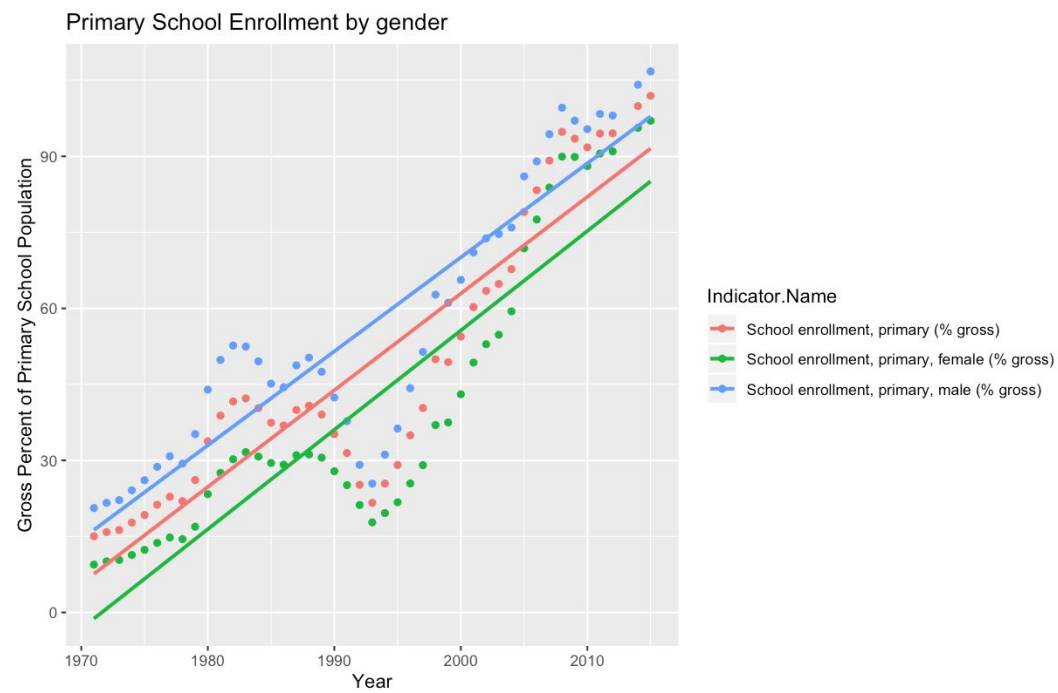


Figure 4: Change in school enrollment



Citations

1. <https://www.irishtimes.com/news/ethiopia-still-haunted-by-memory-of-derg-genocidal-regime-1.563626>
2. <https://www.britannica.com/place/Ethiopia/Federal-Democratic-Republic-of-Ethiopia-since-1995>
3. <https://www.latimes.com/world/la-fg-ethiopia-ethnic-violence-millions-displaced-20190530-story.html>
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