

3-1-1998

## Ethiopia: A Dichotomy of Dispair and Hope

Kimberly Medlock Wigger

Follow this and additional works at: <http://digitalcommons.law.utulsa.edu/tjcil>



Part of the [Law Commons](#)

---

### Recommended Citation

Kimberly M. Wigger, *Ethiopia: A Dichotomy of Dispair and Hope*, 5 Tulsa J. Comp. & Int'l L. 389 (1997).

Available at: <http://digitalcommons.law.utulsa.edu/tjcil/vol5/iss2/6>

This Casenote/Comment is brought to you for free and open access by TU Law Digital Commons. It has been accepted for inclusion in Tulsa Journal of Comparative and International Law by an authorized administrator of TU Law Digital Commons. For more information, please contact [daniel-bell@utulsa.edu](mailto:daniel-bell@utulsa.edu).



## ETHIOPIA: A DICHOTOMY OF DESPAIR AND HOPE

*Kimberly Medlock Wigger*

### I. INTRODUCTION

The mention of Ethiopia generally evokes images of drought, famine and poverty. The world became all too familiar with these aspects of Ethiopia in the mid-1980's when starving children with swollen stomachs and match stick arms stared forlornly into television cameras with their huge eyes.<sup>1</sup> These distressing scenes were not solely attributable to the fact that Ethiopia had suffered a drought. These images were the result of years of ineffective governmental rule. Ultimately this ineffective rule had a catastrophic effect on the way Ethiopians were able to react to a drought situation. This paper discusses the political and economic history that has created present-day Ethiopia; the changes needed in Ethiopia to create an environment of sustained growth; and the role of the United States in enhancing economic and social development in Ethiopia.

One underlying current of the humanitarian disaster that plagued Ethiopia was the impact of tribal hostility. The people of Ethiopia have historically been divided along ethnic lines for ruling purposes.<sup>2</sup> Differences between the ethnic groups have generally been settled by resorting to political violence.<sup>3</sup> This violence is an obstacle to unifying the country and has often been the impetus for creating a flow of refugees into surrounding countries.

The most compelling cause of Ethiopia's hardships is the detrimental impact of the imperialistic and socialist regimes which ruled the country prior to 1991. The imperialistic form of government stifled economic and social progress, even when policies were offered under the guise of reform. The socialist form of government strangled progress with its eco-

---

1. See Otto Friedrich, *Does Helping Really Help? The West's Dilemma: Aid to the Starving May Benefit Those Who Made Them Starve*, TIME, Dec. 21, 1987, at 44.

2. See Minasse Haile, *The New Ethiopian Constitution: Its Impact Upon Unity, Human Rights and Development*, 20 SUFFOLK TRANSNAT'L L. REV. 1, 4 (1996).

3. Assefaw Bariagaber, *Political Violence and the Uprooted in the Horn of Africa: A Study of Refugee Flows From Ethiopia*, J. BLACK STUD., Sept. 1997, at 30.

conomic policies of state-owned businesses. The Ethiopia that survived these regimes is a country that has fought back in the face of adversity, but whose future is questionable as to economic and social progress.

Is it a contradiction to label Ethiopia a "land of opportunity?" Deep in the earth of this landlocked country<sup>4</sup> lies a vastness of mineral resources that have remained untouched.<sup>5</sup> There is a wealth of human resources waiting to be molded into a productive workforce. There is also a multitude of potential trade and investment opportunities that await adventurous investors. These opportunities have come about largely through the government's transition to a free-market economy. Critics warn that this transition may be "too little, too late" to pull Ethiopia out of the social and economic quagmire that past government regimes have produced.

## II. HISTORY

### A. *King of Kings: Menelik II*

Ethiopia, one of Africa's oldest nations,<sup>6</sup> has some of the world's most rugged and beautiful scenery.<sup>7</sup> Against this scenic backdrop, a tale of epic proportions is revealed. Ethiopia's genesis can be traced to the kingdom of Aksum,<sup>8</sup> which was an Ethiopian city-state.<sup>9</sup> The Zagwe Dynasty, ruled for 135 years,<sup>10</sup> until it was toppled in 1270.<sup>11</sup> Ruling power was then dispersed among a number of small kingdoms for almost 400 years until Menelik II became emperor in 1889 and reunified many of the small kingdoms.<sup>12</sup>

Menelik II was interested in modernizing Ethiopia. He assessed what methods would enable him to achieve this while retaining his power over the country. His reign began when a treaty was reached with Italy in

4. ETHIOPIA: Review 1997, AFR. REV. WORLD INFO., Feb. 1, 1997.

5. *See id.*

6. *See* 6 WORLD BOOK ENCYCLOPEDIA 377 (1994).

7. *See* U.S. DEP'T OF DEF., PUB. NO. 10363, 1996 POST REPORT: ETHIOPIA 1 (1996) [hereinafter ETHIOPIA].

8. According to the World Book Encyclopedia:

The Aksum Kingdom, the first important state in what is now Ethiopia, was well established by the A.D. 200's. Wealth was attained through trade with Arabia, Egypt, Greece, India, Persia, and Rome. The Aksumites exported gold, ivory, and spices. In the height of power in the 300's, Christianity was designated the official religion. The Muslims gained control of Arabia, the Red Sea, and the coast of Northern Africa in the 600's, thus, diminishing Aksum's power. As religious enemies of Christian Aksum, the Muslims put an end to the kingdom's foreign trade.

WORLD BOOK, *supra* note 6, at 381.

9. *See* EDMOND J. KELLER, REVOLUTIONARY ETHIOPIA 16 (1988).

10. *See id.* at 17.

11. *See id.* at 17-18.

12. *See* WORLD BOOK, *supra* note 6, at 381.

which the Italians recognized Menelik II as King of Kings.<sup>13</sup> The Italians agreed to let Ethiopia have duty-free access to the Red Sea via the Italian port of Massawa in exchange for a cessation of part of the Tigre highlands.<sup>14</sup> On its face, the agreement appeared to be advantageous for both sides. Problems arose, however, when a difference between the Italian and Amharic<sup>15</sup> drafts was discovered. The Italian version called for Ethiopia to go through Italy when dealing with diplomatic issues with other countries while the Amharic version implied that Ethiopia might simply seek the aid of Italy.<sup>16</sup> This contention made conflict inevitable. Menelik had no intention of relinquishing any of Ethiopia's sovereignty, and he had growing concerns over Italy's occupation of territory beyond agreed upon boundaries.<sup>17</sup>

The inescapable conflict came to a head in early 1896 when Menelik's army defeated the Italians in the Battle of Adowa.<sup>18</sup> A subsequent treaty invalidated the prior agreement between Ethiopia and Italy, but Menelik agreed to allow Italy to retain control of its colony in Eritrea.<sup>19</sup> The repercussions of this agreement would prove to be a thorn in Ethiopia's side for the next century.

Fresh from his defeat of the Italians, Menelik directed his attention to domestic policies. He recognized that for Ethiopia to survive, it was imperative that gains be made in the areas of political control and stability, and economic progress and prosperity.<sup>20</sup> Menelik built schools, hospitals, postal and telephone systems, bridges, roads, and even a railroad.<sup>21</sup> These efforts were the first signs of an emergent modernizing bureaucratic empire.<sup>22</sup> The motivation behinds these efforts, though, was self-serving. Menelik wanted to ensure that he maintained the "strength, security, and viability of the Ethiopian state," while maximizing his "extractive capabilities."<sup>23</sup>

---

13. See KELLER, *supra* note 9, at 31. Recognition as supreme power was important to Menelik II since he wished to neutralize the claim of Ras Mengesha who was actually the heir to the imperial throne. This recognition eliminated any concern that Menelik had about the Italians entering into any types of agreement with his vassals that might undermine his power. *See id.*

14. *See id.* at 31-32.

15. See WORLD BOOK, *supra* note 6, at 378. Amharic is the official language of Ethiopia. *See id.*

16. See KELLER, *supra* note 9, at 32.

17. *See id.* at 33.

18. *See id.* at 34.

19. *See id.*

20. *See id.* at 36.

21. *See id.* at 41.

22. See KELLER, *supra* note 9, at 36.

23. MULATU WUBNEH & YAHANNIS ABATE, ETHIOPIA: TRANSITION AND DEVELOPMENT

Menelik died in 1913 and was succeeded by his grandson, Lij Yasu, as emperor.<sup>24</sup> Lij Yasu was not a popular emperor and was succeeded by his aunt, Princess Zauditu, in February 1917.<sup>25</sup> Zauditu's reign ended when she mysteriously died two days after her husband was killed trying to defend her control as Empress.<sup>26</sup> The next successor to the throne, Ras Tafari, was crowned Emperor Haile Selassie I (Power of the Trinity) in November 1930.<sup>27</sup>

### *B. Haile Selassie's Reign*

Haile Selassie desired to continue Menelik's policy of modernizing Ethiopia, and he wanted to ensure that his position of power was preserved. He gave the country its first written constitution in 1931.<sup>28</sup> The constitution was clear in establishing Ethiopia as a constitutional monarchy which would be guided by imperialistic rule.<sup>29</sup> The constitution created quasi-representative legislative institutions to promote a picture of democracy, but it was clear that the authority of the emperor was absolute.<sup>30</sup>

Italy invaded Ethiopia in 1935 and Haile Selassie fled to Great Britain.<sup>31</sup> The Italian occupation was brief, yet long enough to create both positive, economic impacts and unfortunate social results. The Italians improved Ethiopia's infrastructure by building many roads, and they significantly affected commerce and trade.<sup>32</sup> Their occupation took its toll, though, on Ethiopian society. Italian atrocities took the lives of thousands of Ethiopians, including many in the small educated class.<sup>33</sup> This carnage continued until Haile Selassie defeated the Italians in 1941 with the help of British forces.<sup>34</sup>

Haile Selassie recognized that the weakened state of Ethiopia created an opportunity for him to reestablish his own bureaucracy on firmer footing. He developed a new system of local administration consisting of fourteen major provinces, and governors replaced the nobility as the chief administrators of each province.<sup>35</sup> The nobility's role in the hierarchy of

---

IN THE HORN OF AFRICA 18 (1988).

24. *See id.* at 42.

25. *See id.*

26. *See id.* at 43.

27. *See id.*

28. *See* WORLD BOOK, *supra* note 6, at 381.

29. *See* KELLER, *supra* note 9, at 69.

30. *See id.* at 70-71.

31. *See* WORLD BOOK, *supra* note 6, at 381.

32. *See* WUBNEH & ABATE, *supra* note 23, at 18.

33. *See id.*

34. *See id.* at 19.

35. *See* KELLER, *supra* note 9, at 74-75.

power was diminished and its exercise of independent authority was effectively limited.<sup>36</sup> This approach replaced traditional elites in positions of power with professional bureaucrats with no real personal base of political support.<sup>37</sup> The product of this approach was an inefficient administration. Administrative decisions which were made autonomously by the aristocracy of the province now had to be channeled through the Ministry of Interior of the emperor's bureaucracy.<sup>38</sup>

Haile Selassie's strategy to attaining absolutist power also required the manipulation of two valuable resources: the military and a new educated class. He needed a strong military to keep domestic order and a loyal civil service to continue modernization as he defined it.<sup>39</sup> When the British government withdrew its military aid to Ethiopia in 1952, Haile Selassie quickly initiated relations with the United States. American military aid was effective in strengthening his ability to use his military as a flexible resource at the disposal of the absolutist state.<sup>40</sup>

Haile Selassie's desire to strengthen his bureaucracy by utilizing the talents of the educated class ultimately had a diluting effect on his power. He began venturing outside the aristocracy to recruit individuals to fill positions in the rapidly expanding bureaucracy.<sup>41</sup> Many of the early advancements to top positions consisted of educated, non-aristocratic individuals who studied abroad prior to 1936.<sup>42</sup> This class of individuals became known as "the new nobility" and came to be resented by the younger educated elites.<sup>43</sup> By the mid-1950's the younger class labeled the regime as evasive, conservative, and more interested in retaining power than in bringing about change.<sup>44</sup> These observations were not unfounded. The younger class, while attending school abroad, was able to view Ethiopia from an external perspective. They returned and expressed concern that Ethiopia, in spite of its independence,<sup>45</sup> lagged far behind

---

36. The nobility had governing power over the traditional provinces. They were an assorted group of political leaders and bureaucrats made up of close relatives of the emperor, high dignitaries of the imperial court, individuals with senior positions in the government, either through personal status or palace connections, provincial elites, and high-ranking military officers. "The emperor was able to curb the power of the nobility by introducing legislation that defined the powers and responsibilities of the various ministries. . . ." WUBNEH & ABATE, *supra* note 23, at 18

37. See KELLER, *supra* note 9, at 75.

38. See *id.*

39. See *id.* at 78.

40. See *id.* at 81.

41. See *id.*

42. See KELLER, *supra* note 9, at 81-82.

43. See *id.* at 83.

44. See *id.*

45. See *id.* "Although Ethiopia could boast of never having been colonized by a European

other African colonies in the areas of social and economic development.<sup>46</sup> This divisive conflict threatened Haile Selassie's hope for a cohesive bureaucracy.

Haile Selassie's answer to growing criticism<sup>47</sup> was a revised constitution in 1955, the Silver Jubilee of his coronation.<sup>48</sup> The constitution provided for the formation of four bodies of government and had some semblance of a separation of power between these institutions.<sup>49</sup> This democratic approach to government was illusory, however. Except for the membership of the Chamber of Deputies,<sup>50</sup> the emperor selected the members of the governing bodies.<sup>51</sup> He retained the power to dismiss members of any of the governing bodies, organize governmental offices as he saw fit, exercise complete control of the armed forces, and conduct foreign relations at his discretion.<sup>52</sup> The new constitution was no different from the previous version in that the emperor's power was solidified, not diluted.

Haile Selassie did gain some support at home and abroad because the constitution contained various passages relating to civil liberties and rights.<sup>53</sup> These rights included the freedom of religion, freedom of speech and assembly, and the guarantee that no one could be deprived of life, liberty, or property without due process of law.<sup>54</sup> The premise of these rights may have had Western roots, but Ethiopian remedies were far from comparable to Western remedies. Many of the rights were granted only "in accordance with the law" and were subject to a constitutional provision that placed public order and welfare above individual rights.<sup>55</sup> The provision was purposefully vague; therefore, it was difficult to challenge restrictive legislation on constitutional grounds.<sup>56</sup>

Haile Selassie launched a five-year development plan in 1957,<sup>57</sup> yet

---

power, it was beset by many of the same problems of political and economic underdevelopment that characterized colonized Black Africa." *Id.*

46. See WUBNEH & ABATE, *supra* note 23, at 33.

47. See *id.* at 20. The emperor was criticized domestically and internationally for Ethiopia's lack of progress in economic and social issue. He was also criticized in the international arena for Ethiopia's incorporation of Eritrea because Eritrea had an elected governing body. See *id.*

48. See *id.* at 19.

49. See KELLER, *supra* note 9, at 85.

50. See WUBNEH & ABATE, *supra* note 23, at 19-20. The Chamber of Deputies, who served as Parliament, was elected by popular vote. See *id.*

51. See *id.* at 20.

52. See *id.*

53. See KELLER, *supra* note 9, at 86.

54. See WUBNEH & ABATE, *supra* note 23, at 20.

55. See *id.*

56. See *id.*

57. See *id.* at 33.

the plan was not successful in generating an economic takeoff.<sup>58</sup> During this period rapid industrialization was emphasized, but the emperor's plan incorporated only a limited role for indigenous entrepreneurs.<sup>59</sup> Haile Selassie did not want to undermine his power by encouraging the development of an autonomous, potentially powerful, new class of elites such as indigenous business interests.<sup>60</sup> He looked to foreign capital to stimulate industrialization, but he wanted to ensure that foreign investors remained in check.<sup>61</sup> Haile Selassie attempted to do this by manipulating the requirements to do business within Ethiopia, by diversifying the range of foreign investors, and by occasionally demanding governmental shares in a given activity.<sup>62</sup> He passed legislation to make Ethiopia an attractive investment environment. The legislation granted foreign investors a five-year tax holiday on profits, a guarantee that a sizable fixed portion of earned profits could be repatriated, and a duty-free basis to import whatever technology or machinery was needed for production.<sup>63</sup>

Legislation did not attract foreign investment to Ethiopia's agricultural sector.<sup>64</sup> Agriculture, Ethiopia's chief economic activity, lacked the improvements in equipment, farming methods, marketing, and transportation needed to increase output.<sup>65</sup> The potential was present, but Ethiopia's feudal land tenure<sup>66</sup> and its inability to establish clear title to land deeds were roadblocks to foreign investment.<sup>67</sup> The lack of improvement in the agricultural sector was greatly highlighted when droughts occurred in the early 1970's. These droughts resulted in horrific famine which was the beginning of the unraveling of Ethiopia's bureaucratic empire.<sup>68</sup>

Drought was not a new phenomena to Ethiopia, but the costs of modernization and centralization by the government had taken its toll.<sup>69</sup>

58. See KELLER, *supra* note 9, at 127.

59. See *id.* at 106.

60. See *id.* at 107.

61. See *id.*

62. See *id.*

63. See *id.* at 108.

64. See KELLER, *supra* note 9, at 110.

65. See WORLD BOOK, *supra* note 6, at 380.

66. According to Keller:

Noblemen and bureaucrats were given rist (use rights based on ambilineal descent) to land on which peasant families were already engaged in cultivation. These settlers, then were made instant lords with their own estates that they owned in perpetuity. In addition, those who acquired rist gult (right to collect dues from the land) privileges could benefit from the labors of vassals permanently assigned to them . . . . In Ethiopia feudalism developed slowly, never quite maturing to the extent that it resembled classical feudalism.

KELLER, *supra* note 9, at 57.

67. See *id.* at 110.

68. See *id.* at 166.

69. See *id.*



Poor rural inhabitants, who in past droughts used surplus production to survive, were required to provide their surplus to landlords or to the state.<sup>70</sup> Rural peasants had unwittingly become dependent upon the government, yet the government did not initially accept social responsibilities owed to the peasants.<sup>71</sup> Haile Selasse's regime became aware of the potential drought as early as November 1972, but, instead of acting immediately to avert the impending disaster, it chose to do nothing.<sup>72</sup>

The drought only affected seven of the fourteen provinces, and surplus production from unaffected areas was available for movement to areas experiencing shortages.<sup>73</sup> However, no efforts were made to compel this type of aid. In the interest of increasing foreign exchange, the government began exporting items produced almost exclusively for local consumption.<sup>74</sup> The exportation of grain continued throughout the drought and, some grain that had entered the country as relief supplies, was rebagged and exported.<sup>75</sup> There is no proof that this was done with government complicity but the re-apportionment of relief supplies is an indication of potential bureaucratic corruption.<sup>76</sup>

The horrifying images of Ethiopia's drought-stricken areas were aired in a documentary by Jonathan Dimpleby in London in the fall of 1973.<sup>77</sup> The revelations of the film shocked European audiences.<sup>78</sup> Relief began trickling in from various sources, but bureaucratic red tape hampered delivery of supplies to needed locations.<sup>79</sup> The emperor finally visited the drought-stricken areas in November 1973, but the appalling sights were not enough to prompt him to increase the amount of aid provided by the government.<sup>80</sup> He did not declare a state of emergency until one year later.<sup>81</sup>

Haile Selassie's self-serving motivations and ineptness in handling Ethiopia's crisis became the ultimate catalysts of his demise. His imperial myth was destroyed on September 11, 1974, when Dimpleby's film about the famine was aired on Ethiopian television.<sup>82</sup> Scenes were interjected that depicted the emperor and his guests eating expensive food and

---

70. *See id.*

71. *See id.*

72. *See* KELLER, *supra* note 9, at 166.

73. *See id.* at 167.

74. *See id.*

75. *See id.*

76. *See id.*

77. *See id.* at 169.

78. *See* KELLER, *supra* note 9, at 169.

79. *See id.* at 170.

80. *See id.*

81. *See id.*

82. *See id.* at 187.

drinking champagne, and also of him feeding meat to his dogs from a silver tray.<sup>83</sup> Haile Selasse was accused of stashing a fortune away abroad while thousands starved to death in Ethiopia.<sup>84</sup> The emperor was deposed the next day by the Derg,<sup>85</sup> otherwise known as the Armed Forces Coordinating Committee, whose chairman, Mengistu Haile Mariam, ultimately assumed the position of head of state.<sup>86</sup>

### C. Socialist Rule: The Derg

The Derg, upon assuming power, changed its name to the Provisional Military Administrative Council (PMAC), and established a provisional military government.<sup>87</sup> The premise of the provisional administration was to "serve the public good" and to initiate reform to cure the economic and social ills that imperial rule created.<sup>88</sup> Parliament was dissolved, and the constitution was suspended until a representative body could be elected to approve a new constitution.<sup>89</sup> Ethiopians supported the Derg's actions because they were relieved to be rid of imperial rule and they believed the military rule was only temporary.<sup>90</sup>

The Derg's temporary power ultimately turned into a 17-year rule with devastating consequences. The military government adopted socialistic policies based on Marxism-Leninism<sup>91</sup> and accepted funding from the former Soviet Union<sup>92</sup> to militarize the country.<sup>93</sup> It instituted a large-scale rural land reform which consisted of breaking up the large estates of the former nobility and converting the land to state ownership.<sup>94</sup> Urban

83. *See id.*

84. *See* WUBNEH & ABATE, *supra* note 23, at 46.

85. *See id.* at 45. The Derg (Coordinating Committee of the Armed Forces, Police, and Territorial Army) evolved from informal meetings of junior and noncommissioned officers in the military who were displeased with political developments in the country. The Derg officially came into being on June 28, 1974 with the intention of mounting an opposition to Haile Selassie's rule. The creation of the Derg rendered the emperor's control of the military negligible. *See id.*

86. *See* KELLER, *supra* note 9, at 184.

87. *See id.* at 187.

88. *See* WUBNEH & ABATE, *supra* note 23, at 51.

89. *See id.*

90. *See id.*

91. *See* Haile, *supra* note 2, at 5.

92. *See* KELLER, *supra* note 9, at 204-205. Financing by the former Soviet Union was welcomed by the Derg because U.S. President Jimmy Carter significantly reduced military aid to Ethiopia because of continued gross violations of human rights by the government. In April 1977 Mengistu demanded that all American installations in the company be closed down. One hundred American officials and their families were required to exit the country in a four-day period. *See id.*

93. *See* ETHIOPIA, *supra* note 7, at 2.

94. *See* WORLD BOOK, *supra* note 6, at 381.

land and housing was nationalized for the purpose of alleviating the hardships of exorbitant rents facing the urban inhabitants.<sup>95</sup> The government also instigated social reform efforts. It launched a national literacy campaign, expanded formal educational opportunities and curriculum reform, and improved the access to modern health care.<sup>96</sup> These policies were effected at the cost of more than monetary valuations.

Opposition to the Derg's rule occurred even before the dust had settled from the celebrations of the defeat of the emperor. The Derg's refusal to hold elections after the suspension of the constitution was viewed by many as a betrayal of the popular uprising that had toppled the emperor's regime.<sup>97</sup> Liberation movements<sup>98</sup> began to form for the purpose of disrupting the Derg's efforts to have its ideology and its rule accepted by the populace.<sup>99</sup> These ideological enemies of the Derg were pursued from 1977 through early 1978 in a purge called the "red terror," and many were tortured and/or killed.<sup>100</sup> Civil unrest among the tribes was provoked by the Derg in an ill-conceived effort to divide and rule the country, and millions of Ethiopians perished.<sup>101</sup>

The military government ultimately degenerated into a dictatorship led by Mengistu.<sup>102</sup> His regime was ineffective in instigating economic development through its policies of nationalization of farm land. This was dramatically demonstrated when Ethiopia had to rely heavily on foreign aid when it was besieged by more drought and famine between 1984 and 1986.<sup>103</sup> This drought, which claimed one million lives by the end of 1986, was far more devastating than the one of 1973-74.<sup>104</sup>

In an effort to provide long-term relief, the Derg introduced a controversial resettlement policy to relocate approximately 1.5 million people from drought-stricken areas in the north to virgin lands in the south.<sup>105</sup> The government claimed that the policy was strictly for humanitarian efforts, but critics claimed the main purpose was to depopulate areas

95. See KELLER, *supra* note 9, at 218.

96. See *id.* at 219.

97. See WUBNEH & ABATE, *supra* note 23, at 54.

98. See *id.* at 54, 56. The Ethiopian People's Revolutionary party (EPRP) formed in 1975. It later operated in cooperation with the Tigray People's Liberation Front (TPLF) and the Eritrean People's Liberation Front (EPLF). See *id.*

99. See KELLER, *supra* note 9, at 210.

100. See ETHIOPIA, *supra* note 7, at 2.

101. See Haile, *supra* note 2, at 5.

102. See WUBNEH & ABATE, *supra* note 23, at 75.

103. See KELLER, *supra* note 9, at 224-25 ("The crisis stimulated an unprecedented outpouring from the public at large in the West . . . . Even the United States provided millions of dollars in relief aid to Ethiopia, while consistently criticizing the policies of the Derg."). *Id.*

104. See *id.* at 224.

105. See *id.* at 225.

where military opposition was prevalent.<sup>106</sup> Criticism of this policy was not contained within Ethiopia's borders. Some international relief agencies claimed that the Ethiopian government disrupted their efforts to bring the famine under control by removing drought victims from northern feeding centers.<sup>107</sup> Moreover, many critics claimed that fundamental human rights were violated because the majority of victims were forced to leave under duress and were escorted by armed military police.<sup>108</sup>

The Derg's regime finally collapsed in May 1991 when the Ethiopian People's Revolutionary Democratic Front (ERPFD)<sup>109</sup> advanced on Addis Ababa<sup>110</sup> and forced Mengistu to flee.<sup>111</sup> A Transitional Government of Ethiopia (TGE) was established in July 1991 with the support of the EPRDF, the Oromo Liberation Front, and other liberation movements.<sup>112</sup> Despite the relief afforded from the overthrow of the socialist government, discord was still present in the transitional government.

#### *D. A Work-in-Progress: Ethiopia's Modern Government*

Eritreans voted in May 1993 for independence and seceded from Ethiopia.<sup>113</sup> This was the culmination of years of civil unrest because of Eritrea's desire to be an autonomous state. Meanwhile, the TGE was working to maintain a semblance of a government, and it pledged to oversee the formation of a multi-party democracy.<sup>114</sup> It promised freedom of speech and press, respect for human rights, and a democratic constitution.<sup>115</sup> A new constitution was finally prepared in 1994<sup>116</sup> which stressed ethnic differences rather than suppressing them.<sup>117</sup> This approach garnered many critics. Success based on ethnic federalism is questionable given Ethiopia's history of ethnic, civil unrest.

The new government was also criticized for its lack of acceptance of opposition parties. Obstacles for parties challenging the EPRDF included: the detaining of certain leaders, the breaking up of opposition meetings,

106. *See id.* at 226.

107. *See id.*

108. *See id.* at 226-27.

109. *See Federal Sham: Ethiopia*, ECONOMIST, Aug. 6, 1997, at 36. The EPRDF was Tigrayan, a small ethnic group, which consisted of just seven percent of the population. It could not feasibly dominate the country which consisted of many ethnic groups. *See id.*

110. *See* WORLD BOOK, *supra* note 6, at 378. Addis Ababa is the capital of Ethiopia.

111. *See* ETHIOPIA, *supra* note 7, at 2.

112. *See id.*

113. *See id.*

114. *See id.*

115. *See* Haile, *supra* note 2, at 5.

116. *See id.*

117. *See Federal Sham: Ethiopia*, note 110, at 36.

and the banning of their newspapers.<sup>118</sup> A national election was held in May 1995, but many opposition parties boycotted the election because of the unfair advantage of the EPRDF under the leadership of Meles Zenawi, the prime minister.<sup>119</sup> Zenawi's party assured a win in the election through unscrupulous means. Amnesty International reported that hundreds of opponents to the EPRDF were detained without trial, and some were tortured and killed.<sup>120</sup>

Despite claims of human rights violations, Zenawi is regarded as one of Africa's "new leaders," and he received recognition from the United States for his advances in government.<sup>121</sup> His government has promoted a free-market approach under the auspices of the International Monetary Fund and the World Bank to facilitate economic reform.<sup>122</sup> Economic improvements have been posted, but are the government's current efforts enough to sustain growth and progress in Ethiopia?

### III. ETHIOPIA'S ROLE IN ESTABLISHING SUSTAINED DEVELOPMENT

Establishing an economic landscape that promotes sustained development is contingent on vital reformation within Ethiopia's governmental walls. Factors for success include the promotion of democracy,<sup>123</sup> the utilization of effective trade policies,<sup>124</sup> the commitment of funds for improving the country's infrastructure,<sup>125</sup> and the promotion of investment from the private sector.<sup>126</sup>

#### A. Promotion of Democracy

Ethiopia's elections in 1995 were the opposite of a democratic process since opponents were not allowed to freely compete.<sup>127</sup> It is imperative that Ethiopia abandon this illusion of democracy and create a government that is truly representative of the people. Democratic elections cannot happen until the constitution is rewritten to eliminate ethnic

118. See *The Caravan Passes On: Ethiopia*, ECONOMIST, May 6, 1995, at 42.

119. See Haile, *supra* note 2, at 5.

120. See *The Caravan Passes On: Ethiopia*, *supra* note 119, at 42.

121. See *Federal Sham: Ethiopia*, *supra* note 110, at 36.

122. See *Ethiopia, The Second Most Populous Country in Africa, Offers Many Business Opportunities for American Firms*, BUS. AM., Aug. 1, 1997.

123. See Keith B. Richburg, *The More Things Change: Why Africa's New Leaders Are Like Its Old Ones*, NEW REPUBLIC, June 16, 1997.

124. See CONGRESSIONAL BUDGET OFFICE, CONGRESS OF THE UNITED STATES, THE ROLE OF FOREIGN AID IN DEVELOPMENT 13 (1997) [hereinafter FOREIGN AID].

125. See Jeffrey Sachs, *It Can Be Done: Growth in Africa*, ECONOMIST, June 29, 1996, at 22.

126. See Laura Pawson, *Policy to Please Who?*, AFR. BUS., Nov. 1996, at 32.

127. See *The Caravan Passes On: Ethiopia*, *supra* note 119, at 42.

boundaries and limit the power of government.<sup>128</sup>

An ethnically-based federation generally experiences problems not only on a regional level, but also on a national level.<sup>129</sup> Minority divisions are created when regional boundaries are drawn based on ethnic groups, and these minorities have little chance of obtaining political power.<sup>130</sup> A dominant tribal group in a region may exert its pressure for its concerns to be pursued without regard to the consequences upon the national interest.<sup>131</sup> This type of domination undermines a democratic approach to government and it creates a heightened opportunity for ethnic conflicts.

Ethiopia can emulate the approach taken by another African country to make the transition to a democratic government. South Africa instituted a lengthy constitutional revision process to ensure that a democratic government was established.<sup>132</sup> Nelson Mandela and the African National Congress received pressure to rush headlong into elections before constitutional revisions were completed, yet they resisted.<sup>133</sup> It will take a similar commitment from Zenawi and the ruling party for advances in democracy to be made.

Ethiopia's advances in development are also dependent upon a commitment to a separation of powers. Effective limitations are imperative to keep the government from degenerating into a dictatorship.<sup>134</sup> The imperialistic and socialist rule of the past proved to be detrimental to Ethiopia's economic and social landscape. Zenawi has a long, tragic history from which to obtain lessons in governance. The 1995 constitution did not reflect any lessons learned because it gave the ruling party power to control the legislature, the executive branch and the judiciary.<sup>135</sup> A party with such expansive power is almost certain to take advantage of opportunities to employ unsavory practices. Until this opportunity for corruption is eliminated, Ethiopia will continue to experience setbacks in its progress for sustained development. In the absence of an honest and capable government, policies may be pursued that actually hinder economic development, but benefit those in power.<sup>136</sup>

Is democracy necessary to promote a healthy rate of economic development? Some experts do not think so because there is no empirical link between the two.<sup>137</sup> Where democracy is important, though, is in its

---

128. See Haile, *supra* note 2, at 6, 22.

129. See *id.* at 6.

130. See *id.*

131. See *id.* at 7.

132. See Richburg, *supra* note 124, at 3.

133. See *id.*

134. See Haile, *supra* note 2, at 22.

135. See *id.*

136. See FOREIGN AID, *supra* note 125, at 22.

137. See *id.* at 23.

role of facilitating growth when market liberalization is present.<sup>138</sup> A lack of a strong market has always been an impediment for Ethiopia. The creation of a true democratic process, combined with integration in the world economy, is a formula that is certain to create more favorable results than what Ethiopia has experienced in the past.

### *B. Effective Trade Policies*

Substantial evidence is available to indicate that the more a country adopts an externally-focused economic policy, the more likely it is to experience sustained economic growth and improved social welfare.<sup>139</sup> Initial steps taken in this direction have the capacity to enhance trade opportunities. Ethiopia eliminated price controls and prohibitive regulations which were stifling market forces when it was moving from a centrally-planned economy to a free-market economy.<sup>140</sup> Two strategies that Ethiopia can undertake to move it closer to a prosperous trade policy are: import substitution and export-led growth.<sup>141</sup>

Import-substitution policies are adopted to spur industrialization by encouraging production of as many industrial goods as possible.<sup>142</sup> The goal of such policies is to protect industries from international competition and encourage both the production and purchase of such items at home.<sup>143</sup> This type of protection is warranted in developing countries such as Ethiopia because, otherwise, competition would be too difficult with established producers from more advanced countries.<sup>144</sup>

This policy must be carefully monitored to ensure that it does not become counterproductive. High tariffs initially imposed to promote the policy must be gradually removed to ensure that protected industries do not gradually become less efficient because they lack competitors.<sup>145</sup> This inefficiency could have severe consequences. The effects would be threefold: goods of inferior quality would be produced at high costs; domestic prices would increase faster than international prices whereby domestic currency would be overvalued; and more protection would be applied to promote growth at home and to restrict domestic demands for imports.<sup>146</sup>

Ethiopia's past attempt at import substitution was not extremely successful. Import substitution contributed to the slow growth of the industrial sector between 1950 and early 1970 despite a dramatic increase in

---

138. *See id.* at 24.

139. *See id.* at 25.

140. *See Ethiopia, The Second Most Populous Country in Africa, supra* note 123, at 1.

141. *See FOREIGN AID, supra* note 125, at 25.

142. *See id.*

143. *See id.*

144. *See id.*

145. *See id.*

146. *See id.* at 26.

the number of foreign firms participating in the sector.<sup>147</sup> The government diversified the range of foreign investors to ensure it retained ultimate control of the sector.<sup>148</sup> The presence of the government made this sector highly susceptible to corruption. This can ultimately strangle domestic competition and create a situation where productivity decreases.<sup>149</sup>

The second strategy of export-led growth promotes an outward-oriented focus and a specialization in a more limited range of products.<sup>150</sup> This approach has a tendency to encourage efficient production by domestic companies because they are forced to compete with one another for international markets.<sup>151</sup> Ethiopia, whose mainstay of the economy is agriculture,<sup>152</sup> does have a limited range of export products but it has not employed a strong outward-oriented focus.

Coffee, livestock, hides and skins, and oilseeds are Ethiopia's leading exports.<sup>153</sup> Coffee has consistently been the dominant export for the past four decades. From 1950 to the early 1970's coffee consistently accounted for more than fifty percent of Ethiopia's exports, but accounted for only two percent of its export earnings.<sup>154</sup> Coffee continued as a chief export into the late 1980's at the expense of other exports. In this same period non-coffee exports declined significantly, some as much as seventy-seven percent.<sup>155</sup> The most current data reveals record coffee exports of approximately 102,000 tons for 1995-96, with a projected 180,000 tons for 1996-97.<sup>156</sup> Ethiopia can take advantage of this situation by employing a trade policy that is more outward-oriented.

Ethiopia's trade orientation from 1963 to 1985 was strongly inward-oriented which favored production for the domestic market.<sup>157</sup> This type of structure can hinder growth in the economy. Studies have shown that countries with an external-oriented trade and economic strategy attain higher growth rates than internal-oriented countries.<sup>158</sup> The World Bank has found that higher growth rates for real gross domestic product (GDP) resulted from an outward orientation.<sup>159</sup>

Ethiopia's transition to a free-market economy may define future

---

147. See KELLER, *supra* note 9, at 109.

148. See *id.* at 107.

149. See FOREIGN AID, *supra* note 125, at 25.

150. See *id.* at 26.

151. *Id.*

152. See WORLD BOOK, *supra* note 6, at 380.

153. See *id.*

154. See KELLER, *supra* note 9, at 98.

155. See WUBNEH & ABATE, *supra* note 23, at 112.

156. See Ethiopia: Review 1997, *supra* note 4, at 10.

157. See WUBNEH & ABATE, *supra* note 23, at 27.

158. See *id.* at 26.

159. See *id.*



growth opportunities and enhance its openness to international trade. Privatization occurred approximately two years ago, but the slow progress with which economic reform has been introduced produced only marginal effects. Ethiopia's president, Dr. Negasso Gidada, recently addressed the Ethiopian Parliament and disclosed that several new and revised economic laws would be promulgated during the 1997-1998 session.<sup>160</sup>

One bill to be enacted relates to a reorganization of the private sector. A major feature will be the institutionalization of consultative forums between the government and the private sector to implement a strategy to enhance the management and financial capacities of the private sector.<sup>161</sup> The bill reveals two possible motives of the government. The feature could be viewed as a guise to ensure that government involvement continues in areas where privatization has occurred. The alternative is that the government is sincere in promoting initiatives to secure the success of the private sector. Private ownership is a new concept to Ethiopians and proper guidance is imperative to ensure that benefits of privatization are recognized in relation to economic development. The President proclaimed that all that the private sector needed from the government was good faith and efficient facilitation.<sup>162</sup> It is questionable whether this framework will achieve the stated goals. From a historical perspective, the government's skills in management and financial issues have not been adept.

A continual commitment to openness must also occur for Ethiopia to improve its chances of sustained economic growth. Ethiopia must embrace the new economic paradigm of globalization by taking action. The government should strive to establish ambitious growth targets premised on openness to trade and pursue them by making conditions comfortable for new domestic and foreign exporters.<sup>163</sup>

One step in the right direction is Ethiopia's request to the World Trade Organization (WTO) to become an observer for an initial period to get to know the rules and practices of the body.<sup>164</sup> The WTO is a Geneva-based organization that (administers)??? (Dan is checking this) the General Agreement on Tariffs and Trade, and its goal is to facilitate quota and tariff free trading.<sup>165</sup> Membership in the WTO would place Ethiopia in a prime position to promote interest in Ethiopia's markets. WTO has 132 members and ninety percent of the world's trade is conducted among

---

160. See President Says New Economic Laws to Be Promulgated, ADDIS TRIB., Oct. 24, 1997, at 1.

161. See *id.*

162. See *id.* at 2.

163. See Sachs, *supra* note 126.

164. See President Says New Economic Laws to Be Promulgated, *supra* note 161.

165. See *id.*

member countries.<sup>166</sup> Upon applying for membership, Ethiopia will be required to modify the current tariff it levies on imports. Ethiopia's tariff on imported goods is approximately fifty percent, while tariffs imposed by most member countries on imports is not more than ten percent.<sup>167</sup> It will at some future point be necessary for Ethiopia to lower its import barriers, if it intends to open its economy to the World. This reduction in import barriers is a necessity for Ethiopia to open its economy to the world. A link to the global economy is vital to Ethiopia's equation for development.

### *C. Improvement of Infrastructure*

Ethiopia's adverse structural conditions play a smaller role in its growth shortcomings compared with an open trade strategy. Its role, though, should not be overlooked because infrastructure integrity is important in attracting foreign investment. Foreign investors have lined up to provide infrastructure in telecommunications, port facilities, and power.<sup>168</sup> Foreign investment in these areas should enable the government to concentrate its investment spending in other infrastructure projects. One such area is the construction of roads. Roads connecting rural areas to national markets are vital in Ethiopia because export-led growth can be generated from coffee farmers who live in rural, remote areas.<sup>169</sup> In situations where roads are available, but overburdened, the cost of transportation can increase; thus decreasing export performance.

Land travel is not the only area that requires governmental intervention. Ethiopia became landlocked in 1993 when Eritrea seceded.<sup>170</sup> Anything that is exported via ship must first reach sea ports either by rail service or by roadway transportation. An agreement was reached with the Eritrean government for the continued use of ports in Assab and Massaw.<sup>171</sup> Ethiopia also has access to another port outlet in Djibouti, but goods must first reach the port via very poor rail service.<sup>172</sup> Anti-competitive cargo reservation policies and extensive corruption in ports also threaten to contribute to the weak export performance of Ethiopia.<sup>173</sup> Effective governmental monitoring is the key to addressing this constraint

---

166. *See id.*

167. *See id.*

168. *See* Sachs, *supra* note 126.

169. *See id.*

170. *See* ETHIOPIA, *supra* note 7, at 3.

171. *See* Ethiopia: Review 1997, *supra* note 4, at 6.

172. *See* ETHIOPIA, *supra* note 7, at 3.

173. *See* Obstacles to U.S.-African Trade and Investment: Hearings Before the Subcomm. on Africa, and the Subcomm. on Int'l Economic Policy and Trade Comm. on Int'l Relations of the U.S. H.R., 104<sup>th</sup> Cong. (1997) (statement of David F. Gordon, Overseas Development Council).

related to the infrastructure.

Ethiopia should continue to emphasize education. "A basic level of education is necessary to have a productive labor force."<sup>174</sup> There have been significant increases in budgetary allocations for expanding the educational system, but the allocations have not been proportional to the population growth.<sup>175</sup> It is a challenge to provide educational opportunities, even at an elementary level, to all Ethiopians. A goal of universal primary education has been adopted by the government, but achievement of this goal will take at least two decades to achieve.<sup>176</sup> Despite the lack of instant results of such a policy, Ethiopia should be vigilant in ensuring that Ethiopians have an opportunity to obtain an education of at least the elementary level. A hallmark of developing countries that have achieved sustained economic growth, is that they have made valuable investments in elementary education.<sup>177</sup>

#### *D. Promotion of Private Sector Investment*

Privatization has been briefly discussed, but a more in-depth look at this topic is warranted. The 1994 Ethiopian constitution placed a huge obstacle to economic development by placing unreasonable limitations on the rights of private ownership of property.<sup>178</sup> This type of limitation was a resurrection of Ethiopia's socialistic past and it proved to be an out-moded device that the Ethiopian government eventually had to discard.

The International Monetary Fund (IMF) and the World Bank (WB) provided an incentive for Ethiopia to initiate a policy of privatization. Ethiopia's trade imbalances had consistently left a deficit for which the IMF and the WB provided relief. Ethiopia's goal of attaining sustained growth was being undermined by the accumulated debt which it did not have financial resources to reduce. The IMF and WB presented a program of debt cancellation that was contingent upon a fundamental reform: Ethiopia's move to private rather than state ownership.<sup>179</sup>

Over the past two years, the Ethiopian government has engaged in a privatization program which resulted in the sale of approximately 150 state-owned stores, hotels, restaurants, and factories through public tendering.<sup>180</sup> The encouragement of domestic investment can impact economic development in profound ways. Ethiopia would not be dependent on aid from organizations like the IMF and the WB if an increased investment was made by foreign investors. Foreign investors cannot be at-

---

174. See FOREIGN AID, *supra* note 125, at 22-23.

175. See ETHIOPIA, *supra* note 7, at 2.

176. See *id.*

177. See FOREIGN AID, *supra* note 125, at 13.

178. See Haile, *supra* note 2, at 28.

179. See Ethiopia: Review 1997, *supra* note 4, at 3.

180. See Ethiopia, The Second Most Populous Country in Africa, *supra* note 123.

tracted unless the Ethiopian economy is stable. The economy can be stabilized and strengthened by the private sector, the engine of growth, because it has a stake in the success of the privatization policy.<sup>181</sup> A successful privatization undertaking is essential for another reason: an increase in foreign investment will not be beneficial for sustained growth unless Ethiopians lay a strong foundation for improving their own economic and social well-being.

#### IV. THE UNITED STATES' ROLE IN ETHIOPIA'S DEVELOPMENT

##### *A. Investment and Trade Opportunities*

The perspective worldwide regarding Ethiopia has changed from that of charity to one of investment opportunity. Last year Ethiopia passed the 1996 Investment Proclamation which is expected to open additional sectors for investment and lower the initial foreign investment requirement from \$500,000 to \$250,000.<sup>182</sup> The proclamation creates a multitude of business opportunities for business firms. There are currently more than 35 American firms represented in Ethiopia.<sup>183</sup> During the first six months of 1997, 128 American firms sought registered protection for their trademarks in Ethiopia.<sup>184</sup> Many of these firms currently have subsidiaries in the capital, Addis Ababa. These active firms include IBM, Boeing, Mack Truck, General Motors, Pratt and Whitney, and National Cash Register.<sup>185</sup>

Major projects and contracts are awarded through a bidding process. An American sugar company recently won an \$83 million dollar contract to build a sugar refinery, and pending projects include: the expansions of the Addis Ababa International Airport and the Lega Dembi Gold Mine.<sup>186</sup>

Opportunities in the mineral exploration and extraction sector are boundless. Ethiopia's substantial mineral wealth includes gold, platinum, natural gas and petroleum.<sup>187</sup> A discovery of a large natural gas reserve in 1996 emphasized the potential for investment in this area. The discovery occurred in an area known as the Ogaden basin which is considered a virgin area.<sup>188</sup> American companies in the petroleum industry could capitalize on this type of situation because they are experienced in implementing projects with advanced technologies on foreign soil. The ex-

---

181. See Pawson, *supra* note 127.

182. See Ethiopia, The Second Most Populous Country in Africa, *supra* note 123.

183. See *id.* at 2.

184. See *id.*

185. See *id.*

186. See *id.*

187. See ETHIOPIA, *supra* note 7, at 3.

188. See Doors Open to Exploration in Southern African, OIL & GAS J., June 24, 1996, at 23.

traction of these valuable deposits is just one opportunity for Ethiopia to show the world what it has to offer the global marketplace.

The United States' largest role in enhancing Ethiopia's economic development comes in the form of increased trade. In 1992, President Bush added Ethiopia to the list of beneficiary developing countries under the Generalized System of Preferences<sup>189</sup> because of Ethiopia's development of economic reforms.<sup>190</sup> The African market has become increasingly important to the United States because it exports more to Africa than to Eastern Europe and the former Soviet republics combined, and more than one third of United States economic growth results from exports.<sup>191</sup> Recently, a task force sponsored by the Council on Foreign Relations urged United States policy makers to take advantage of a very promising period in Africa, as a whole, since the onset of its independence forty years ago.<sup>192</sup> Legislation introduced in the first session of the 104<sup>th</sup> Congress may do just that.

### *B. The African Growth and Opportunity Act*

The African Growth and Opportunity Act is intended to promote a new trade and investment policy for Sub-Saharan Africa.<sup>193</sup> The premise is to lay the foundation for transition of Sub-Saharan Africa from dependency on foreign assistance to economic self-sufficiency.<sup>194</sup> An approach such as this would benefit both the United States and Africa, through trade and economic development.

The United States policy toward the nations of Sub-Saharan Africa has historically been based largely on a series of bilateral donor-recipient aid relationships.<sup>195</sup> This type of policy has been successful in terms of providing aid to fight starvation, but it also created a situation of increased dependence on United States assistance. The policy has been a contributing factor to stifling economic growth, self-reliance and political stability for much of Africa. Aid can make a difference in Africa if it is limited in time and is part of an overall market-driven growth strategy.<sup>196</sup>

The African Growth and Opportunity Act will promote economic

---

189. See PRESIDENT GEORGE BUSH, INTENTION TO ADD ETHIOPIA TO THE LIST OF BENEFICIARY DEVELOPING COUNTRIES, H.R. DOC. NO. 103-15 (1992) ("[O]ffers duty-free access to the U.S. market and is authorized by the Trade Act of 1974."). *Id.*

190. *See id.*

191. See Lynne Duke, Africa Inching To Renewal From Economic Stagnation; Foreign Investment, Growth Rates on the Rise, WASH. POST, Aug. 15, 1997, at A1.

192. *See id.*

193. *See* African Growth and Opportunity Act, H.R. 4198 (1996).

194. *See id.*

195. *See* 143 CONG. REC. S12630-01 (daily ed. Nov. 13, 1997) (statement of Sen. Abraham).

196. *See* Sachs, *supra* note 126, at 22-23.

growth through private sector activity and trade incentives, and it would promote continued, economically-focused dialogue between the United States and Africa. The Act is fashioned to reward African countries that are moving toward free markets and democracy after years of strife and poverty.<sup>197</sup> Democracy is slowly returning in Ethiopia, and it stands to benefit greatly from this Act if democracy takes root. If Ethiopia continues to liberalize its markets and support privatization, it can change the perspective with which it is viewed. It can be seen as country with potential rather than a country that cannot escape a vicious cycle of poverty and charity.

The bill would encourage the foreign, private sector to take a direct investment role. This would be achieved through an establishment of a \$650 million dollar fund through the Overseas Private Investment Corporation; \$500 million dollars would be used to guarantee private loans aimed at improving the infrastructure; and \$150 million dollars would be used to guarantee private equity investments.<sup>198</sup> Both funds are to emphasize women entrepreneurs and support innovative investment practices that expand opportunities for women and that maximize employment opportunities for the poor.<sup>199</sup> This approach may be the catalyst for attracting additional private investment. These investment funds are vital to Africa's development because only six percent of the 1,160 privately-financed infrastructure projects around the world occur in Africa.<sup>200</sup>

Highlights of the act in relation to trade include tariff cuts<sup>201</sup> which would reduce or remove United States tariffs on approximately 1,800 products in exchange for a reduction by African countries in tariffs on U.S. goods.<sup>202</sup> This reciprocal trade initiative reduces barriers between the two countries and promotes dialogue to identify future trade opportunities. This dialogue would be facilitated by one of the bill's initiatives. The bill would establish a United States/Africa economic forum to meet annually to foster high-level discussions of bilateral and multilateral trade and investment policies.<sup>203</sup> This forum approach is modeled after the forum between the United States and Asia that has been extremely success-

---

197. See David S. Cloud, Clinton Unveils Strategy for Africa; Trade Incentives Would Boost Moves Toward Democracy, CHIC. TRIB., June 18, 1997, available in 1997 WL 3559761.

198. See *id.* at 2.

199. See U.S. Congressional Delegation Winds Up Africa Tour in Ivory Coast, AGENCE FRANCE-PRESSE, Dec. 16, 1997, available in 1997 WL 13455819.

200. See 143 CONG. REC. H2067-01 (daily ed. April 30, 1997) (statement of Rep. Jefferson).

201. See Cloud, *supra* note 198, at 1.

202. See *id.* at 2.

203. See 143 CONG. REC. H2067-01 (daily ed. April 30, 1997) (statement of Rep. Jefferson).

ful in spurring trade and investment.<sup>204</sup>

If the bill becomes law<sup>205</sup> the economic payoff may not be recognized for years to come. The U.S. is willing to take such a chance, though, because of its desire to continually enhance its strength in the global economy. The bill's chances of becoming law are almost assured because bipartisan support has been demonstrated throughout the hearings on the bill. The bill received vigorous backing from House Speaker Newt Gingrich, despite the fact that it was introduced by Democrat, Rep. Jim McDermott.<sup>206</sup> Bipartisan unity such as this is not witnessed frequently. Perhaps overwhelming support is an indicator of the sound structure that the bill advocates.

### *C. Initiative's Impact on Ethiopia*

The African Growth and Opportunity Act is intended to create a transitional path from development assistance to economic self-reliance for African countries that are committed to economic and political reform, market incentives, and private sector growth.<sup>207</sup> Ethiopia's commitment to free-trade, privatization, and economic reform places it in a good position to reap the benefits of this bill. Acceptance as a participating country would enable Ethiopia to have enhanced market access, support for integration, and support for American-African business relations.<sup>208</sup>

The next level of assistance is contingent on Ethiopia's successful economic reform.<sup>209</sup> This phase involves debt reduction, participation in the United States/African Economic Cooperation forum, multilateral assistance to support reforms, and support for agricultural market liberalization and trade promotion.<sup>210</sup> This type of assistance is imperative to Ethiopia's march to a stable economy because Ethiopia is a novice when it comes to dealing in the global market. Ethiopia should ensure that it does not miss the opportunity to experience the influence of the American economy because it could prove to be a valuable tool in the long term.

---

204. *See id.*

205. *See* generally 143 CONG. REC. D1134-01 (daily ed. Oct. 23, 1997) (discussing approval by Subcommittee on Trade for full action by the House Ways and Means Committee).

206. *See* Nancy E. Roman, Gingrich Supports Africa Trade Bill Measure Targets Sub-Saharan Area, WASH. TIMES, Apr. 30, 1997, at A4.

207. *See* Fact Sheet: African Growth and Opportunity Act, AFR. NEWS SERV., Dec. 2, 1997, available in 1997 WL 15138980.

208. *See* Paul Busharizi, U.S. Lays Out Bold Plan to Woo Africa, AFR. NEWS SERV., Dec. 11, 1997, available in 1997 WL 15139353.

209. *See id.*

210. *See id.*

## V. CONCLUSION

The key factor in Ethiopia's success in achieving a stable economy is a continued commitment to not only economic reform, but also to political and social reform. The government regimes of the past are constant reminders of the negative forces that the self-serving governments created. Ethiopia has taken steps in the right direction by promoting a democratic form of government; by privatizing industries once controlled by the government; by opting for outward-oriented trade policies to enhance trade opportunities; and by committing money to the improvement of Ethiopia's infrastructure. Ethiopia must continue to follow through with these initiatives not only to promote improvement, but also to show the global market that it is a serious contender.

In early 1997, Ethiopia was added to the United States' 12<sup>th</sup> annual report on "Foreign Trade Barriers" which covers alleged trade misdeeds.<sup>211</sup> This report is used by the Clinton administration to put nations on notice about areas where the administration is displeased with their trading practices.<sup>212</sup> Ethiopia's inclusion in this report is untimely considering Congress has been conducting hearings on the African Growth and Opportunity Act. Ethiopia should eliminate any objectionable trade practices to ensure that it does not hinder its chances of reaping the benefits of this United States initiative should it become law.

Ethiopia has endured centuries of strife and it most likely will continue to do so for some time to come. Complacency, though, is no longer the norm. Now is the time for Ethiopia to discontinue the paternalistic aspect of foreign aid which fosters a reactive environment rather than an active one. Ethiopia must stand on equal footing with its foreign partners and to promote itself as a serious participant in the global market. The national anthem of Ethiopia can be said to be the modern cry of Ethiopia: "March Forward, Dear Mother Ethiopia, Bloom and Flourish."<sup>213</sup>

---

211. See Martin Crutsinger, U.S. Trade Report Singles Out European Union, Japan, China: Trade Report Lists Trouble Spots, AUSTIN AM. STATESMAN, Apr. 1, 1997, at D1.

212. See *id.*

213. See WORLD BOOK, *supra* note 6, at 378. The national anthem is "Whedefit Gesgeshi Woude Henate Ethiopia".



