

ETHIOPIA AND THIRD WORLD MYTHS

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Ethiopia is endowed with more arable land per head of population than Britain. The country is overlaid by a wide variety of soil types at a range of altitudes, providing a suitable environment for several crops. Geographically, Ethiopia is more gifted than most other African countries. Yet, lacking serious natural impediments, Ethiopia remains one of the two poorest nations on earth and this year a repeat of the 1985 famine is looming.

In fact, possession of good land and natural resources bears little relation to development. Hong Kong and Singapore lie upon naturally poor land, whereas Southern Asia - a region blighted by poverty - contains much fertile but uncultivated land. As another example:

Japan has no petroleum and imports most of the natural resources needed to produce its large industrial output. Yet it has a much higher per capita income than Mexico, which has abundant minerals, fertile soil, large petroleum deposits, and rivers capable of producing much hydroelectric power.¹

THE OVERPOPULATION MYTH

A popular myth is that repeated famine is due to overpopulation. Ethiopia is, by any definition, a sparsely populated country, with around sixty people per square mile. This compares, for example, to Singapore with over ten thousand per square mile. Generally, rapid population growth is not the great threat to welfare which it is supposed to be. For one thing, it often reflects falling mortality rates - surely something to be welcomed. Nor is it, in any way, a bar to development. Between the 1890's and the 1930's the population of Malaysia grew from one and a half to six million; this growth was outpaced by faster rises in living standards and longevity.

The overpopulation myth is one desperately in need of debunking. It was the foundation for the abhorrent compulsory sterilisation campaign in India in 1975-1977, conducted with violence and often in insanitary conditions. There is actually substantial evidence to show that Third World people are able to control their own fertility, and are better off with large families. More births are chosen, in the first place, to compensate for high rates of infant mortality. Moreover, planned family size is large because the benefits of many children are relatively large, and the costs relatively low. In Third World countries children are an important source of labour, being cheap relative to capital and to market-hired labour; this is particularly the case because household production (growing crops on your own patch) is relatively more important than market production. When disease and debility in old age are common, and with little state or market welfare provision, children are also an insurance for the future. Costs of raising children are low because, due to the generally low level of market wages, parental costs are low. So "Children are in a very important sense the poor man's capital".² For the same reasons there is often a discrepancy in the developed world between urban and rural birth rates. One study, for example, found that in America farmers have chosen to have large families to use children as a cheap substitute for waged agricultural labour.³

Failure to make use of government programmes in the Third World is due not so much to ignorance as to a genuine desire for large families. Empirically, widespread use of contraceptives is "... mainly an induced response to other decreases in the demand for children rather than an important cause of the decreased demand".⁴

Economic Notes No. 7

ISSN 0267-7164 IBN 0-948317 15 9

An occasional publication of the Libertarian Alliance,
25 Chapter Chambers, Esterbrooke Street, London SW1P 4NN
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FOR LIFE, LIBERTY AND PROPERTY



In Britain the birth rate had been in decline for some years before the dispensation of free contraceptives introduced in 1975, and births proceeded to rise from 1977 to 1980.

THE EFFECTS OF THE COMMUNIST TAKEOVER

Some clue to the source of Ethiopia's problems may be found in the fact that between 1970 and 1981 *per capita* food production fell by 84%. Problems really began with the ending of the fifty year rule of Emperor Haile Selassie by the interjection of General Aman Andem. The revolution was soon usurped by a faction of Marxist zealots headed by Major Mengistu Haile Mariam. Andem was killed, along with fifty-nine top officials. A course of Ethiopian socialism was proclaimed, industries and banks were nationalised. Following lessons from Stalin, a terror campaign ensued, conceived to instil subservience in a discontented population. Between 1976 and 1979 over 100,000 were killed and, to make the slaughter quite obvious, bodies were strewn throughout the streets of Addis Ababa. In the years since, against a background of greater and greater immiseration, the regime strives to maintain the extravaganza of Marxist evangelism:

It is easy for the visitor to Addis Ababa to see what the Regime's priorities were: a huge Conference Hall, a towering Red Star topped monument of stone and bronze, hundreds of triumphal arches, obelisks and billboards extolling Communism and Mengistu Haile Mariam. Every building in the capital that rises more than four stories is crowned with huge revolutionary slogans. All this revolutionary "construction" and large sums spent on TV, whisky, food accomodation, and other inputs into the great celebrations of September 1984 were utterly unproductive expenditures for a country whose foreign exchange reserves were almost exhausted and where seven million people were on the verge of starvation.⁵

The first land reform of March 1975 laid the basis for an agricultural policy which has effectively destroyed agriculture. All rural land was nationalised - a significant change in a country where agriculture is by far the largest source of earnings. Land was redistributed, with a ten hectare limit placed on holdings and transfer of holdings forbidden. This has ensured that agriculture in Ethiopia will never progress beyond peasant level, by preventing the growth of efficient producers, and excluding economies of scale. Another policy has been to redistribute holdings annually. This makes it pointless for an individual cultivator to make land improvements or apply innovations because the benefits will be lost to another owner at the end of the year.

In the second land reform of December 1975 an Agricultural Marketing Corporation was established to fix prices. This has proved a disaster for farmers. Prices have been fixed well below market prices. The concern here has been to maintain urban political support regardless of the poverty inflicted upon producers. Peasant producers have understandably been reluctant to bring crops to market with the prospect of paltry reimbursement; local commissars respond by taking the crop with force. Mengistu proceeds under the illusion that crops will be grown by exhortation:

... here and there we see individualism on the part of the peasant producer. We have to fight against this heritage of the feudo-bourgeois system. This individualism ... has manifested itself in relation to the food market ... To produce only what is sufficient for one's own family, to refuse to bring crops to the very high level, all these are manifestations of an individualistic and anti-socialist attitude.⁶

The same pricing policy has been applied to exporters, along with the imposition of a sizeable export levy. The predictable result has been a sharp fall in sales of coffee, the main export crop, exacerbating the losses from falling world demand. Exporters have also suffered from having the Ethiopian birr maintained at a level far in excess of market rates. It is a wonder from all this that there is any Ethiopian export trade left at all.

The food market in Ethiopia has been smothered by state controls. Myles Harris, a doctor who worked in the Ethiopian famine, came to this conclusion through witnessing the oppressive centralism:

Slowly but surely the simplest decisions would edge their way upwards, propelled by craven fear of mistaking the Party line. In the end, everything, even the number of chickens per household, would be decided by a central planning committee of communist bourgeoisie in Addis. And this explained the fertile

fields and lack of food. There had been a drought for one year, but a year's drought is within the capacity of the peasant to survive. The paralysis came from another cause. A whole complex, peasant economy, developed over the centuries, had been deliberately destroyed to make way for central planning. Everything was paralysed. There was nothing to see, nothing to buy, nobody dared decide on when to plant or when to reap. The only currency now was the grudging permissions issued on school exercise book paper by the local sub-commissar.⁷

Earlier famine was particularly acute in the norther provinces of Tigre and Eritrea. People in these areas have suffered for many years through being caught in the crossfire of a civil war between government forces and rebels. Besides the obvious material destruction and commercial disruption, this war has been an onerous tax burden, consuming as it does about half the country's gross national product. Forces on both sides have imposed famine as a military tactic by destroying crops to deprive their opponents of supplies. For the same reason, food aid from the West has been denied to rebel areas.

A resettlement scheme has been in progress for some time, whereby peasants are taken at gunpoint from homes in the north and deposited in the south of the country. One motive for this is to force peasants to work on state collective farms, but it has also been employed to extract supporters of separatist rebels. These unfortunate captives consequently found themselves stranded in barren areas without health care facilities. One estimate is that 100,000 have died in the process.⁸

As a final comment on the causes of the famine, consider this telling admission, from the head of Ethiopia's Commission for Relief and Rehabilitation, who fled to the West in 1986:

Drought only complicated the situation. If there is no change in our policies, there will always be millions of hungry people in Ethiopia.

THE CASE AGAINST AID

Ethiopia has received large amounts of food aid from the West. This policy is full of pitfalls. The first is that, with a large influx of food, market prices will crash, ruining local producers. This happened, for example, when food aid poured into Guatemala after the 1976 earthquake.

Most western aid agencies are now aware of the abuses of aid programmes by the Mengistu junta, and now attempt to circumvent the government distribution bureaucracy. However, no matter how it is distributed, aid has unavoidable consequences for the political scene of the recipient country. Aid disguises the failures of misconceived policies. In Ethiopia, where government policy has been the major factor in famine, Mengistu has been spared the political embarrassment of even more severe disaster by the benevolence of European donors. It is harsh, but true, to say that without aid Mengistu may have been deposed by starving peasants.

Another drawback of food aid is that it has a displacement effect. Aid to Ethiopia allows the government to devote less to famine relief, and more to waging war on the north, with all the death and destruction that goes with it.

The other kind of aid is development aid, which aims to foster long-run economic growth in the recipient country. There is no evidence that this form of aid is either a necessary or sufficient condition for development. The developed countries of the world developed without it, and other countries which regularly receive large amounts of development aid show no sign of improvement:

An instructive example is provided by the results of large-scale American (domestic) aid to the Navajo Indian population, a large group with its own territory and government. The United States government has over the decades spent huge sums of money in attempts to improve the material position of this group, with no perceptible results.⁹

Past development aid has gone to build presidential palaces and capital cities. Large bureaucracies are built up in these countries for the receipt and distribution of aid. These people are often known as the "Wabenzi" tribe because of their penchant for providing themselves with Mercedes-Benz limousines.

A final point against development aid is that it distorts the market signals which co-ordinate economic action. Funds are often poured into highly inefficient enterprises, consuming resources which would

be more profitably employed elsewhere. Capital and skilled labour are wasted on inefficient enterprises, in countries which can least afford waste.

It is worth a comment in passing on military aid to Ethiopia. US military aid to Ethiopia not only continued after 1974, but was sharply increased: deliveries included the most advanced American fighter-bomber at the time, the F5-E. These supplies not only allowed the Ethiopians to defend themselves effectively against Somali invasion, but have also assisted them in killing their own subjects in the civil war.

Europe gives with one hand and takes away with the other. The EEC deprives agricultural producers of export profits by keeping them out of European markets. EEC protectionism reduces living standards both within and outside Europe: Third World sellers are denied access to rich Western markets, while Western consumers are prohibited the choice of food produced more cheaply outside Europe.

Price supports lead to the production of surpluses within the Community; these surpluses are then dumped on world markets, so that external producers lose out again from depressed prices. By price subsidies the EEC produces around 15% more sugar *per annum* than it consumes. The surplus is deposited onto world markets and, as when five million tonnes dumped in 1984 brought down prices to 1972 levels, this creates havoc for Third World farmers.

Ethiopia is a small producer of fruit, grain, and sugar, all of which could potentially be sold on Western markets. Free trade between the West and the Third World would be a more effective way to relieve poverty than aid.

THE LESSON OF HISTORY

In the 1840's - not so long ago - British people were suffering from the consequences of famine. In Manchester observers reported seeing people with "withered limbs". In Ireland the potato crop failed also, so that half a million people died. A major factor in this famine were the corn laws which kept the price of food high by excluding imports of grain. Then, as now, incompetent policy brought many people to an unnecessary state of poverty. The condemnation of the corn laws by John Bright applies equally well to Ethiopian policy:

... a law of the most ingeniously malignant character ... The most demoniacal ingenuity could not have invented a scheme more calculated to bring millions of the working classes to a state of pauperism, suffering, discontent, and insubordination ...¹⁰

It may be a forlorn hope, but it is ultimately the only hope, that some future regime will free Ethiopia from its economic bondage to allow progress along the course followed by the West five hundred years ago. This indeed is the greatest thing of value that we can offer Ethiopia - the wisdom that prosperity can only evolve in an environment of property rights and incentives.

NOTES

1. Thomas Sowell, *The Economics and Politics of Race*, William Morrow & Co., New York, 1983, p. 214.
2. T. W. Schultz, 'Fertility and Economic Values', p. 7 in Schultz (ed.), *Economics of the Family: Marriage, Children and Human Capital*, University of Chicago Press, 1974.
3. M. R. Rosenzweig, 'The Demand for Children in Farm Households', *Journal of Political Economy*, Vol. 85.
4. G. S. Becker, *A Treatise on the Family*, Harvard University Press, 1981, p. 101.
5. Paul Henze, 'Behind the Ethiopian Famine', *Encounter*, July/August 1986, p. 15.
6. Fourth anniversary speech of 1978, quoted in Rene Lefort, *Ethiopia - An Heretical Revolution?*, Zed Press, London, 1983, p. 248.
7. Myles Harris, *Breakfast in Hell: A Doctor's Experiences of the Ethiopian Famine*, Picador, London, 1986, p. 132. The accounts in this book are distressing, and Harris directs a scathing anger at those he holds responsible for the famine, and for obstructing relief efforts.
8. See *Encounter*, June 1986, p. 14.
9. P. T. Bauer, *Dissent on Development*, Weidenfeld & Nicolson, London, 1976, p. 97.
10. Speech given at Covent Garden Theatre, December 19, 1845. Reprinted in *Speeches on Questions of Public Policy*, edited by James E. Thorold Rogers, Macmillan & Co., London, 1878, p. 419.