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# Development Brief

## Democratization in a Developmental State: **The Case of Ethiopia** Issues, Challenges and Prospects

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# Democratization in a Developmental State: The Case of Ethiopia Issues, Challenges, and Prospects<sup>1</sup>

## 1. INTRODUCTION

According to Government reports, Ethiopia has achieved encouraging development results, maintaining an economic growth rate of 11 % for the last five years. It has also been reported that the country has come to enjoy the fastest improvement in the Human Development Index (HDI) among Least Developed Countries (LDCs). Moreover, it is determined to accelerate and maintain this development result while strengthening its democratic agenda. It has set for itself a challenging goal of becoming a Democratic Developmental state seeking to create a middle income society and a green economy by 2025. This piece tries to explore the question of what it takes to advance the frontiers of democracy in a developmental state, and what UNDP can do to contribute to the process of deepening democracy in a developmental state.

The theme of this paper revolves around the issues, challenges, and prospects of democratization in a developmental state by taking the Ethiopian case as an example. Ethiopia has declared itself to be pursuing the path of a developmental state. It seeks to construct a developmentalist state while also deepening its democracy<sup>2</sup>. The latter is particularly made clear in the Growth and Transformation Plan (GTP) it has adopted for itself to transform the economic and political terrain of the country<sup>3</sup>. The interest in constructing a developmental state while also deepening democracy, as stimulating as it is to those who value a democratic developmental state, is not without its challenges. Indeed, it poses a set of challenges. It also resuscitates the relatively old question as to whether the two goals of achieving development and enhancing democracy can be attained at one and the same time. It evokes the question as to whether pressing the democratic agenda impedes or facilitates development. The issues of whether there is a relationship of priority, or primacy, between development and democracy are raised. These issues raise difficult (perhaps intractable) questions deservedly long debate among development scholars. These same questions are raised in different forms in different contexts and they lead to smaller, local, and context-specific issues that need to be raised and discussed.

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1- This piece is part of a larger study being conducted under the auspices of the Governance and Human Rights Unit on "Deepening Democracy in a Developmental State: Circumscribing the Scope of Democratic Governance Work in Ethiopia." The draft piece was presented at the Policy Forum of UNDP Ethiopia, on 28 July, 2011. The authors are grateful to the Policy Advisory Unit (PAU) for organizing the Forum and the participants at the Forum for their comments and questions which helped to improve the paper. The usual disclaimer applies.

2- Nothing demonstrates this intention more strongly than the Prime Minister's statement made in late 2010. Prime Minister Meles Zenawi said that "Democratic Federalism is one of the two pillars of our national renaissance. Together with the establishment and consolidation of an effective developmental state in our country, it has enabled us to begin the long road back to the frontiers of our civilization." (emphasis mine.) See his keynote address delivered on the 13th of December, 2010, on the 5th International Conference on Federalism, held in Addis Ababa.

3- See FDRE, Growth and Transformation Plan 2010/11-2014/15 (Vol. I Main Text). Addis Ababa: MOFED, 2010 for the full text of the document that stipulates the transformative agenda. It is particularly instructive to look at the vision, objectives, and the pillars of this transformative venture on pp.21-27.

## This paper seeks, albeit briefly, to explore these and other issues.

The objective of this paper is therefore to explore the issues, challenges, and prospects of democratizing a developmental state. It does so with a view to identifying the role of UNDP in deepening democracy in the context of working with a developmental state.

The major questions the paper seeks to address itself include: what does it mean to be a developmental state? How do we characterize it? What types of developmental states are there? Is there a prototype and/or a variant of a developmental state? If so, what are its essential features? What are the goals and objectives of a developmental state? What are the advantages of a developmental state? Is there any merit in having one? These questions are asked to help us understand the nature of the developmental state and to establish a modicum of clarity about what it is that we are talking about when we talk about a developmental state? In an attempt to identify the major issues, challenges and prospects of a developmental state (as laid down in the objective), we ask: what are the points of debate in relation to the developmental state? What are the issues that invite diverging set of opinions? In short, what are the key issues around the idea and practice of the developmental state? Also, what are the challenges of developmental states? What are the challenges of the Ethiopian state? In an attempt to identify the prospects, we ask: what are the windows of opportunity available to us as we work towards supporting Ethiopia democratize its developmental state?

In order to address these questions, we relied mainly on desk review and policy and/or legal analysis as our method. We review the literature on developmental state in general and the Ethiopian state in particular. We also review and analyze the major policy documents and the core legal documents of the contemporary Ethiopian state. The overall goal is to provoke thoughts and to stimulate discussions thereby eventually allowing us at the UNDP to position ourselves properly vis-à-vis the type of developmental state in Ethiopia. Although we do not have a ready-made set of prescriptions, our orientation (in lieu of assumptions) is to resist the appeal—if any—of the incompatibility thesis (the argument that developmental state and democracy are incompatible), to counter the sequencing fallacy (the fallacy committed by those subscribing to the dictum ‘development first, and democracy later’), and thereby to promote, albeit tentatively, the idea that a developmental state with a democratic deficit is unsustainable. But one is impelled to ask what a developmental state is. We now turn to this question in the subsequent section.

## 2. What is a Developmental State?

### Towards an Introduction

The notion of a developmental state is not entirely new to the literature in development economics and international political economy. While the term has been used to refer to state-led economic planning as experienced in the countries of East Asia and some other countries who won the label since the 1970s, serious attempt at conceptualizing it is said to have begun with the work of Chalmers Johnson in the 1980s<sup>4</sup>. In the context of Ethiopia, the term is increasingly being used only in recent times<sup>5</sup>. But the invocation of the term is shrouded in vagueness that clouds the meaning. Is the term similar to or different in meaning from forms of interventions it states such as the regulatory state or welfare state? How similar or different is it from these states? What does it entail to have a developmental state? If having a developmental state is a desirable goal, what does it take to establish such a state? What does it really mean to be a developmental state? In this section, we address these questions. But before delving into that, it is important to have some conceptual clarifications on the notions of 'development' and 'economic growth'.

### Development and Economic Growth: Towards conceptual clarity

Because the terms development and growth are often wrongly taken to mean the same thing, it is important at the outset that we have some clarity on what each term means. What do we mean by development, and how does it differ from growth? Development has conventionally been seen in terms of the planned alteration of the structure of production and employment so that, Todaro argues, agriculture's share of both declines and that of the manufacturing and service industries increases<sup>6</sup>. Development strategies have thus usually focused on rapid industrialization, often at the expense of agriculture and rural development. A common alternative economic index of development has been the use of rates of growth of income per capita or per capita GNP to take into account the ability of a nation to expand its output at a rate faster than the growth rate of its population. This is correctly explained by what Ingham calls 'goods-centered' view of development rather than a 'people-centered' development ethic<sup>7</sup>. Such a perspective equates development with economic growth which refers to an increase in the real output of goods and services in the country like increase in income, in savings, or in investment, etc.

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4- See Chalmers Johnson, *MITI and the Japanese Miracle*. Stanford, CA: Stanford University Press, 1982, who, interestingly refers to Japan as a developmental state.

5- See Tesfaye Habisso, "The Challenges of Building a Democratic Developmental State" available at <http://www.utna.org/2010%20august/TesfayeHabisseptember.pdf> visited on 27 April 2011.

6- Michael Todaro, *Economic Development* (6th ed.). Longman: Addison Wesley Longman. 1996, pp.49.

7- Barbara Ingham, 'The Meaning of Development: Interactions between "New" and "Old" Ideas' in *World Development*, Vol. 21, No. 11 (1993), pp.1803.

Rostow, for instance, equates growth with development, and found out there are five stages of growth in which all societies, in their economic dimensions, fall into one of five categories: the traditional economy, the precondition for take-off, the take-off, the drive to maturity, and the age of high mass-consumption<sup>8</sup>. His economic growth model is of the neo-classical tradition which takes a linear view of development; this means that countries are believed to develop in the same, unilinear, way over time. According to this economic model, to grow is to increase in size or number. To develop, in contrast, has come to mean the reduction or elimination of poverty, inequality, and unemployment. Reinforcing the importance of poverty reduction, reduction of unemployment and inequality to development, Dudley Seers poses pointed questions about the meaning of development as follows:

The questions to ask about a country's development are therefore: what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development" even if per capita income doubled<sup>9</sup>.

In a similar vein, in its 1991 World Development Report, the World Bank also observed that:

The challenge of development... is to improve the quality of life. Especially in the world's poor countries, a better quality of life generally calls for higher incomes-but it involves much more. It encompasses as ends in themselves better education, higher standards of health and nutrition, less poverty, a cleaner environment, more equality of opportunity, greater individual freedom, and a richer cultural life.<sup>10</sup>

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Thus, the principal economic measures of development have often been supplemented by causal reference to non-economic social indicators: gains in literacy, schooling, health conditions and services, and provision of housing, etc. Amartya Sen, the 1998 Nobel laureate in economics, aptly argues that "economic growth cannot be sensibly treated as an end in itself. Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy."<sup>11</sup> Development, thus, is better reflected in quality of life than in standard of living. Hence, growth and development are not the same thing. Development must therefore be conceived of as a multidimensional process involving, Todaro lists, major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of poverty.<sup>12</sup>

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8- W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge: Cambridge University Press, 1960, pp.4-16.

9- Dudley Seers, 'The Meaning of Development', presented at the 11th World Conference of the Society for International Development, New Delhi, 1969, pp. 3.

10- World Bank, *World Development Report*. New York: Oxford University Press, 1991, pp.4.

11- As quoted in Todaro, *supra* note 5. pp.51.

12- *Ibid*

Furthermore, Ingham raises several dimensions such as economic growth, structural change, sustainable development, modernization, political change, decentralization and participation, redistribution for basic needs, human development (people-oriented view of development) to explain development in a broader manner.<sup>13</sup> Moreover, Todaro identifies three core values of development, namely: i) sustenance: the ability to meet basic needs; ii) self-Esteem: to be a person; and iii) freedom from servitude: to be able to choose.<sup>14</sup>

To sum up, economic growth is only a part of a country's developmental efforts for the reason that human choices have extended far beyond economic well-beings. Seen from this, it has become common knowledge that the political history of the post-independent African states is characterized by developmental failures, and thus concepts like democratization, food security and health, literacy, peace building and prevalence of justice, urban development and others remain at the top on the agenda for the governments. According to Omano Edigheji, the exceptions to this have been Botswana and Mauritius, and to a degree, democratic South Africa.<sup>15</sup> The evidence for this state of underdevelopment, he argues, can be found in any socio-economic indicators such as the dominance of the primary sector (agriculture), low domestic capital formation, foreign aid dependence, heavy indebtedness, high unemployment, illiteracy, malnutrition, poor health, and others. This may well serve as a starting point for our understanding of the developmental state which, among other things, emphasizes the role of power in economic development decision making. We now turn to the meaning, features, and types of a developmental state.

## Meaning, Features, and Types/Variants of a Developmental State

**Meaning.** A developmental state is often defined in terms of its ideological orientation (i.e. promoting the ideal and agenda of developmentalism) and its institutional arrangements (i.e., its institutional capacity to formulate and implement its policies and programs).<sup>16</sup>

But one can state that a developmental state is a state with sufficient organization and power to achieve its developmental goals.<sup>17</sup> In other words, it is a state with the ability to provide consistent economic guidance and rational and efficient organization, and the power to back up its long-range economic policies. Standard descriptions also maintain that a developmental state is a state with instincts to resist external demands (e.g. Multinational corporations) and internal resistance (from groups bent on transient political gains or short-term profits, i.e., local political and business elites).

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13- See Ingham, *supra* note 6, pp. 1804-1813.

14- See Rostow, *supra* note 7, 54-56.

15- Omano Edigheji, 'A Democratic Developmental State in Africa: A Conceptual Paper.' Johannesburg: Centre for Policy Studies, 2005, pp.1

16- See, for example, Omano Edigheji (ed), *Constructing a Democratic Developmental State in South Africa*. Cape Town: Human Sciences Research Council, 2010, p.4.

17- See generally, Ha-Joon Chang, "The Economic Theory of the Developmental State," and Bruce Cummings, "Webs with No Spiders: The Genealogy of the Developmental State," in Meredith Woo-Cummings (ed), *The Developmental State*. Ithaca, NY: Cornell University Press, 1999, pp.182-199 and pp. 61-92, respectively, on this.

This latter description requires that a developmental state ought to have the capacity to control domestic infighting and build consensus among the populace on national developmental agenda by drawing attention to long-term benefits to all. Ideally, therefore a developmental state needs to be a persuasive state with the competence to mobilize people and resources around its development plan, especially if it is to become a democratic state. It is perhaps because of this that a recent economic report on Africa holds that a developmental state is “one that has the capacity to deploy its authority, credibility and legitimacy in a binding manner to design and implement development policies and programs for promoting transformation and growth, as well as for expanding human capabilities.”<sup>18</sup>

As has been hinted at earlier on, there seems to be a consensus to view the developmental state as one defined by both its ideological orientation (toward development) and institutional arrangement (administrative and political) deployed to underpin the realization of developmentalist projects.<sup>19</sup> Peter Evans refers to it as a state with institutional design meant to advance transformative role of the state “rather than constraining the state,”<sup>20</sup> a state with the capacity to formulate and implement its development goals in an authoritative and binding fashion<sup>21</sup> resulting in improved economic performance.

The developmental state is also referred to as an emphatic state, a ‘hard state,’ relatively autonomous/independent, with a decidedly interventionist bent on seeking not only to regulate, guide, and shape, but also to monitor and control, the economy. A developmental state (also referred to as ‘state development capitalism’) is a state that nurtures and thrives upon state-led macro-economic planning. In this sense, it can even be viewed as a model of capitalism that nonetheless differs from a minimalist state or other species of interventionist states such as the regulatory state and the welfare state. In the literature, it is also contrasted with weak states (that easily bow to the pressure mounted on them by the business or political elite) or predatory states (that tends to be extractive and exploitative of public resources for private purposes).<sup>22</sup>

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18- UN ECA and AU, *Economic Report on Africa 2011: Governing Development in Africa—the Role of the State in Economic Transformation*. Addis Ababa: UN ECA, 2011, p. 7.

19- See, for example, Thandika Mkandawire, “Thinking About Developmental States in Africa,” *Cambridge Journal of Economics* (2001); Omano Edigheji, “A Democratic Developmental State in Africa? A Concept Paper,” Research Report No. 105. Johannesburg: Center for Policy Studies, 2005.

20- Peter Evans, *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University press, 1995, p.

21- H. Schmiz, *State Capacity and Donor Proliferation*. Sussex: Institute of Development Studies, 2005 as quoted in: Edigheji, *supra* note 14, p.6.

22- See, for example, Meles Zenawi, “African Development: Dead Ends New Beginnings (Preliminary Draft)” (ND, NP).



A developmental state, in simple terms, is a state that is and seeks to be a strong player in the economy of a nation with a view to enhancing economic development. So what does it mean to have a developmental state? It means to have a state that “puts economic development as the top priority of government policy, and is able to design effective instruments to promote such a goal,”<sup>23</sup> a state “that promotes macro-economic stability and . . . establishes an institutional framework that provides law and order, effective administration of justice and peaceful resolution of conflicts.”<sup>24</sup>

It entails having, inter alia, a state with a capable and visionary leadership with a developmentalist ideology, strong national development planning, relative autonomy, strong bureaucracy, commitment to enhancing human capacity, political stability, rule of law, and predictability in government.<sup>25</sup>

**Features.** The developmental state has two major features, namely:

- a) a developmentalist ideology; and
- b) institutional arrangements with standards and norms that can support development processes.

These are characterized as the ‘software’ and the ‘hardware’, respectively, of developmental states.<sup>26</sup> More specifically, developmental states are characterized by the following features:

- a) strong, competent, and depoliticized bureaucracy, insulated from and unperturbed by elections or by the business pressures;
- b) strong, visionary, capable (not necessarily authoritarian), and committed leadership;
- c) effective national development planning; d) coordination of economic activities and resources;
- e) support for a national entrepreneurial class, which will evolve into a national bourgeoisie;
- f) focused on expanding human capacity by investing in social policy to advance education, health care services, housing, and other economic and social infrastructures; and
- g) trust and confidence building institutions and norms such as the rule of law, justice, political stability, and peace. The latter are particularly needed for ensuring ‘market trust’.<sup>27</sup>

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23- UN ECA, supra note 17, p.94.

24- Thandika Mkandawire, “From Maladjusted States to Democratic Developmental States in Africa,” in O. Edigheji, supra note 15, pp. 59-81.

25- UN ECA, supra note 17, pp.96-101.

26- See, for example, Linda Weiss, “Transformative Capacity and Developmental States: lessons for South Africa” HRSC Seminar Series, Pretoria, South Africa, 18 February 2010.

27- UN ECA, pp. 97-101.

Characteristically, developmental states tend to manifest the following traits: economic nationalism, focus on foreign technology transfer, large government bureaucracy, corporatism (alliance between state, labor, and industry), skepticism about neo-liberalism<sup>28</sup> and the 'Washington Consensus', prioritization of economic growth over political reform, legitimacy and performance, and emphasis on technical education. Some of the 20<sup>th</sup> century developmental states have used the above mentioned traits to transform their economies, to be globally competitive, to achieve remarkable economic growth rates, to reduce poverty and inequality in their societies, to create jobs, and to advance human capabilities (through massive investment in education, health and skills development, as well as infrastructure). This manifest economic success has won them names such as states with 'miraculous' economic performance, or even 'tigers'<sup>29</sup>.

**Types.** In most of the literature, developmental states are classified into 20th century (e.g. East Asian Tigers) and of the 21st century (e.g. Mauritius, Botswana). This distinction is also made to indicate the authoritarian tendency of the 20th century states and to emphasize the democratic nature of the emerging 21<sup>st</sup> century developmental states.

There is, as a consequence, a classification of developmental states into 'authoritarian' and 'democratic'; or 'classical' and 'emergent'. What this hints at is the fact that there isn't one right or typical model of a developmental state. What one can have is a type in a spectrum of minimalist states (of the laissez faire, classical-liberal, or neo-liberal types—which are not developmental states at all!); regulatory states; welfare states; and developmental states. (If such is the configuration, one wonders where to put China<sup>30</sup> who trod on the developmentalist path but with a radically different ideological commitment.)

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**Variants.** Developmental states come in many colors and types. 'Typical' examples include East Asian countries such as the Republic of Korea, Singapore, Malaysia, Thailand, Taiwan, and Hong Kong. Brazil can also be cited as one of the outstanding examples of a developmental state that successfully achieved macro-economic stability, export-led industrialization, spiraling economic growth, expansion of infrastructure, and greater social welfare. Less obvious examples include the Nordic countries (Norway, Sweden) and Japan. Explaining the unique cultural context of Japan, Chalmers Johnson, in his MITI and the Japanese Miracle, states that:

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28- Such skepticism must have evoked the phrasing "African Development: Dead Ends, and New Beginnings" in the title of a study done by Meles Zenawi, in which he strongly argues that the neo-liberal route leads to a dead end.

29- Note Johnson's reference to Japan's success as miracle. Note also the reference to the East Asian countries as tigers in a host of literature.

30- See Bolesta 'China as a Developmental State' in Montenegrin Journal of Economics, No.5.(2007) on China as a developmental state.

The economic miracle occurred because the Japanese possess a unique, culturally derived capacity to cooperate with each other. This capacity to cooperate reveals itself in many ways—lower crime rates than in other, less homogenous societies; subordination of the individual to the groups; intense group loyalties and patriotism, and, last but not least, economic performance. The most important contribution of the culture to economic life is said to be Japan’s famous “consensus,” meaning virtual agreement among government, ruling political party, leaders of industry, and people on the primary of economic objectives for the society as whole—and on the means to obtain those objectives.<sup>31</sup>

Examples of emerging developmental states include Mauritius and Botswana.

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<sup>31</sup> Johnson, *supra* note 3, p.8.

### 3. Aspirations, Goals, and Objectives of a Developmental State

The aspiration of developmental states is chiefly catching up with the advanced world by breaking out of the path dependency that has not led to economic transformation needed to overcome poverty. The goals are articulated as achieving development (mainly to mean economic growth) without necessarily treading upon the neoliberal tradition.<sup>32</sup>

Their objective is to facilitate transformation of their economies and to enhance capabilities by protecting citizens from market forces (internal as well as external).

#### Is there Merit in Developmental States? Why would they Matter?

Why do developmental states matter? Are they an end or a means to a further end? The “no developmental state, no development” dictum aside, what are the advantages of the developmental state? Are these advantages apparent? What are they? While there are no direct answers to these questions, there is an emerging consensus that a developmental state is “central to the process of accelerated growth and social transformation of any country.”<sup>33</sup> Such a state, it is argued, helps create a new form of collaboration between officials and citizens that can be utilized for forging “new opportunities for trade and profitable production.”<sup>34</sup> To most of the African countries that dabbled with a form of developmental state in the aftermath of decolonization but faced a downturn before diversifying and transforming their economies (owing to several external and internal factors), it offered the possibility of breaking out of the cycle of hunger, poverty, poor infrastructure, and poor human development. It offered the possibility that, through state-led economic planning, support to business, and creation of coalition, economic and social development can be attained.

To the UNDP, a developmental state satisfies its quest for a capable, responsive and inclusive state. The emphasis on advancing human capabilities also reinforces its corporate commitment to the broader ideal of human development.

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32- It is helpful to think of the developmental state as a temporary stopover in the paradigm of a planned economic system en route to advanced capitalist economic system. As a state-led capital development process, it is also a conscious effort at finding a short-cut to advanced capitalist mode of development. In this sense, one notes that the developmental state model stands in stark contrast to a “Revolutionary Democratic State” which can be seen as a temporary stopover in capitalism as we steadily but inexorably head into a planned socialist economic system.

33- UN ECA, p.95.

34- A. K. Bagchi, “The Past and the Future of Developmental State,” *Journal of World Systems Research*, 11(2) (2000), p. 398, as cited in UN ECA, p.95

## 4. Democratization in a Developmental State: Towards Identifying Issues

### Developmental State and Democracy

One of the tasks of this paper is to identify issues regarding democratization of a developmental state. But before attempting to list the issues, it is important to reflect on the relationship between developmental states and democracy. We thus ask about what the relationship between developmental state and democracy is like. Bolesta notes: "It is true that developmental state has existed in authoritarian Korea and Taiwan as well as an allegedly democratic Japan. In fact, Japan was the first East Asian state to be considered a developmental state."<sup>35</sup> The separation of the state from societal pressures, as presented, for example, by Leenders is essential to the developmental state as it allows the state to carry out its function in directing development without being subject to other influences.<sup>36</sup>

Indeed, according to Wong<sup>37</sup> the developmental state is "defined by its ability to balance strategic linkages with, and relative autonomy from, different societal forces." This crucial aspect of the developmental state allows the state to dictate the direction of the economy, which is often equated with the direction of the developmental process. The impartiality achieved by having an autonomous state means Leenders adds that no bias can be present in policy formulation, and allows the state to focus on what is the best decision for continued development. States in other areas, primarily Latin America and post-colonial Africa have been negatively affected by not having the same level of autonomy achieved in East Asia, and this has restricted their capacity to development.<sup>38</sup>

Thus, in the case of East Asian examples, autonomy was initially conceived in terms of the state imposing its will over society and suppressing civil society.

Johnson<sup>39</sup> points out that the "soft authoritarian character" of the state was the source of its autonomy. However, a major weakness of this conceptual framework is that statesociety relations are limited to government-business relations, what Edigheji calls an "elite coalition." Edigheji argues that "the earlier conception of the developmental state paid no heed to the democratic aspect of the developmental state. This is partly because some scholars regarded the repressive nature of the state as one of the factors that enhanced its developmental capacity."<sup>40</sup>

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35- Bolesta, 'China as a Developmental State' in *Montenegrin Journal of Economics*, No.5. 2007, pp.107

36- Leenders, 'The East Asian Miracle and the Developmental State, Is it possible to replicate the developmental model, and is it desirable to replicate the developmental state model? *Politics of Development*.' Brendan Da Costa, 2007, pp.6-7.

37- Quoted in Leenders, *ibid*.

38- Leenders, *ibid*.

39- As cited in Edigheji, 2005, *ibid*. p. 12.

40- Edigheji, *ibid*.

He goes on to remind us that what is of central importance is the state's ability to use its autonomy to consult, negotiate and elicit consensus and cooperation from its social partners in the task of national economic reforms and adjustment. Cooperation is thus a central element of the developmental state, although cooperation is limited to the private sector.

Furthermore, it can be argued that one of the most definitive characteristics of the developmental states of East Asia was their authoritarian nature and thus the model of developmental state is inconsistent with the vision of a pluralistic form of democracy, in which a multitude of interest groups enjoy broadly equal and unrestricted access to the state.<sup>41</sup> Yet despite the fact that the developmental state, according to Leenders, seems to be mutually exclusive of democracy, the states of East Asia have still tried to portray a veil of democratic process in society. Despite these late attempts at democratic legitimacy, during the development years "none of the NICs have made much progress in creating democratic structures that would facilitate meaningful political participation by the majority."<sup>42</sup> It is therefore highly questionable whether it would be a good idea to apply this in another region, forcing an authoritarian system upon them. Along with this question, Bolesta argues that:

... developmental state in Japan can be traced back to the Meiji era, an undemocratic period of time in the Japanese history, as well as the fact that in contemporary Japan it is the bureaucratic structure which is believed to manage the country's affairs and democratically elected politicians seem to have limited influence on the running of the state. Japanese state bureaucracy, unaffected by democratic elections, as it in fact should be in a liberal democracy, seems to have a longer control over state governing than in other democracies.<sup>43</sup>

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Accordingly, if the management of the state is developmental in nature, then a democratic system can probably be replaced by a form of authoritarianism, where the power legitimacy is drawn from developmental achievements and not directly from public elements. Bolesta consequently asserts that it seems justifiable to claim that a developmental state would be difficult to sustain in a fully democratic system in which people enjoy extensive political rights.<sup>44</sup>

The source of authority in the developmental state, Johnson pronounces, is not one of the Weber's "holy trinity" of traditional, rational-legal, or charismatic sources. It is rather, "revolutionary authority; the authority of a people committed to the transformation of the social, political or economic order. Legitimization occurs from the state achievements, not from the way it came to power."<sup>45</sup>

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41- Onis quoted in Leenders, 2007, p. 12

42- J. Brohman, 'Postwar Development in the Asian NICs: Does the Neoliberal Model Fit Reality?' in *Economic Geography*, Vol.72, No.2. 1996, p. 124.

43- Bolesta, *supra* note 34, p. 107

44- *Ibid.*

45- Ch. Johnson, 'The Developmental State: Odyssey of a Concept', in Woo-Cuming, M. (ed.) *The Developmental State*, Cornell University Press, 1999, p.53.

Lipset, on the other hand, suggested a positive linear relationship between levels of socio-economic development and democratic development. According to him: economic development involving industrialization, urbanization, high educational standards, and a steady increase in the overall wealth of the society, is a basic condition sustaining democracy; it is a mark of efficiency of the total system. . . . The stability of a given democratic system depends not only on the systems' efficiency in modernization, but also upon effectiveness and legitimacy of the political systems.<sup>46</sup>

This leads us further into probing the concept of democratic developmental state. The concept of democratic developmental state denotes that a given state can be a developmentalist and at the same time advance democratic values for the two can arguably reinforce each other. Matlosa suggests that for a sustainable economic nationalism, which is a key for the existence and functioning of a developmental state, democratic governance is necessary, and argues that the notion of democratic developmental state "makes liberation (of the people, state, society and economy) from domestic tyranny and foreign domination fundamental to democratization, democracy and development. . ."<sup>47</sup>

The invocation of 'liberation' points to the fact that democracy and development cannot—and should not—be externally driven, no matter how benevolent the international community might be. Edigheji provides a more comprehensive definition to the notion of democratic developmental state:

It not only has the institutional attributes of the classical developmental state, that is, being autonomous and coherent, but also takes on board the attributes of procedural democracy.

In addition, the democratic developmental state is one that forges broad-based alliances with society and ensures popular participation in the governance and transformation processes. Although the democratic developmental state may be federalist or unitary, a parliamentary or presidential system of government, it is guided by the goals of coherence and authoritative governance, accountability, inclusiveness, stability, ability to generate consensus and popular participation.<sup>48</sup> (emphasis mine.)

It is thus possible to contend that what the democratic developmental state requires is a political system that is able to accommodate diverse political interests and voices. This implies that a developmental state must, of necessity, be an authoritarian one, as it may as well be democratic. One can conclude from the foregoing, then, that a developmental state and democratic governance are not antithetical to each other. Indeed, they are complementary and as such can reinforce each other.

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46- Quoted in Z. F. Arat, 'Democracy and Economic Development: Modernization Theory Revisited' in *Comparative Politics*, Vol.21, No.1. 1988, p. 22.

47- Khabele Matlosa, 'The State, Democracy and Development in Southern Africa', Paper prepared for the 11th General Assembly of CODESRIA on "Rethinking African Development: Beyond Impasse, towards alternatives", Maputo, Mozambique. 2005, p.4.

48- Edigheji, *supra* note 39, P.22.

It is thus possible to argue that a developmental state without democracy is not only impossible (because such a state lacks the much needed consensus among the populace and coherence in the state) but also unsustainable in the longer term (for there is a limit to legitimacy that emanates from economic performance).<sup>49</sup>

### Democratization in a Developmental State: Issues

As we think of constructing a democratic developmental state, it is important to work through the issue of ideology behind the notion of the developmental state. In other words, one needs to be clear as to for whose benefit, on whose behalf, it is being constructed.

Is it here on behalf of the market, the state, the society, or all of these? One quickly notes that one of the causes of failure of earlier efforts to transform the economies of the third world countries is the emphasis on market development (rather than economic development) through financialization and de-industrialization. One can easily note in these efforts that ideological clarity/purity is either overlooked or deliberately deemphasized so that—much like the position of the World Bank and IMF—we focus on market development rather than the broader economic development agenda. Given the fact that a developmental state is ultimately a means to an end rather than an end in itself, there is no gainsaying that it is not constructed on behalf of the state.

In the context of Ethiopia, one of the issues that need to be raised and discussed is whether we need the developmental state model for the transformation of the economy.

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This is important especially for achieving the consensus needed around the developmental route the country seeks to take. This in turn helps to create the needed (political) elite coalition around the developmental agenda. The role of the state in the economy needs to be clearly defined and agreed upon. For a country that came out of a planned (socialist) economy that was authoritarian and repressive, for a country that also suffered under a state-led economy that largely funded war efforts in the face of protracted long-running civil wars, the idea of a strong state posing as the principal actor in the economy is not something that sinks in easily. Memory informs the choice.

It is also important to discuss if a developmental state meets the needs and demands of the economy. The admonition that is persistent in the literature is that we have to avoid the one-size-fits all approach. It is therefore important to ask and resolve the question of what model of developmental state we seek to pursue in Ethiopia. Questions that seem to be apparently exhausted but questions that keep coming (such as the one regarding the privatization of land, or natural resource extraction) are still potent questions that divide the political elite thereby undermining the much needed coalition and consensus on the developmental agenda. Questions pertaining to the emphasis given to democratization (genuine political reform, inclusive participation, accountability, transparency, exercise of instrumental and constitutive freedoms, etc) also need to be tackled.

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49- See Perry Anderson, "Two Revolutions: Rough Notes" *New Left Review*, Vol. 61 (2010), pp. 59-96, for an elaborate comparison of the Russian and the Chinese revolutions of the 20th century and the limits of success of a coercive state such as the one in 20th century Russia.



How does the Ethiopian state position itself in relation to democratization? Is there (a sign of) the endorsement of the incompatibility thesis, or is there a risk of inviting the sequencing fallacy? The policy pronouncement in Ethiopia seems to go beyond the thesis and the fallacy, but when memory of past repression and authoritarianism informs present choices, it is important to confront these questions head on and resolve them resoundingly so that the skepticism born out of the irresolution might fragment the consensus and impede the needed coalition.

Given the fact that the transition to democracy is taking long and tortuous routes, the developmental state to be constructed in Ethiopia is bound to push the agenda of democratic transitions as well as economic transformation. This is partly a necessity because the developmental state in Ethiopia needs the legitimacy, the credibility, and the competence that comes from its democratic credential. To lead the transformation emphatically in an authoritative and binding manner, it is imperative that the state work on the democratization agenda as well as the developmental agenda without prioritizing one over the other. Added to the memory of a repressive past that informs the existential present is the incomplete transition to a multi-ethnic multi-cultural federal polity that subscribes to the federalist principle of self-rule and shared rule, equitable sharing of resources and power.<sup>50</sup> To the extent there is disaffection regarding the division and sharing of power, resources, and social opportunities, it is challenging to secure the consensus needed for a developmental state.

Other issues such as the issue of capacity in the public sector (competent, qualified, and professional staff with a clear career plan) also need to be addressed particularly in the light of the high staff turnover in the public sector of the country. The issue of whether the developmental state we seek to construct in Ethiopia will sit well with the constitutional democracy prescribed and sanctioned by the liberal multiculturalist constitution is also an issue to explore. The question of how a developmentalist state stringently constrained by the human rights provisions of the constitution with a heavy accent on accountability and transparency of government is an important one to explore as things unfold day by day. Asked in another way, the question actually is: did the constitution foresee, and can it accommodate, a developmental state? In short, the question of whether the Ethiopian state evolving into a democratic developmental state, can become a state that promotes economic and social inclusion, that is underpinned by the principles of democratic governance, and that is environmentally sustainable, is a yet other question to explore.

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50- The incompleteness of the transition has been voiced by a number of commentators on Ethiopian politics. See for example, J. Abbink, "Discomfiture of democracy? The 2005 Election Crisis in Ethiopia and its aftermath" *African Affairs* 105 (2006); J Abbink, "The Ethiopian Second Republic and the Fragile 'Social Contract'" *African Spectrum* 2 (2009);

J.M. Cohen, 'Transition toward Democracy and Governance in the Post-Mengistu Ethiopia,' (1994) Development Discussion Paper No. 493, Harvard Institute of International Development, Harvard University; J. Harbeson, "Is Ethiopia Democratic: A Bureaucratic Authoritarian Regime," *Journal of Democracy*, vol.9, no. 4 (1998); Leenco Lata, *The Ethiopian State at the Crossroads: Decolonization or Disintegration?*. Lawrenceville: Red Sea Press, 1999; Merera Gudina, *Ethiopia: From Autocracy to Revolutionary Democracy, 1960s-2011*. Addis Ababa: Chamber printing House, 2011;

Pausewang, Tronvoll, and Aalen (eds), *Ethiopia Since the Derg: A Decade of Democratic Pretension and Performance*. London: Zed Publishers, 2002; Tronvoll, "The Ethiopian 2010 Federal and Regional Elections: Re-establishing the One Party state," *African Affairs* 110/438 (2011); Vestal, *Ethiopia: A Post-cold war African State*. Westport, Connecticut and London, 1999; etc.

It is also important to ask if the necessary conditions (factors for) a democratic developmental state exist in Ethiopia. For example, the dominant position of EPRDF aside, does Ethiopia have a strong party with a strong mass support base? Does it have the organizational architecture (e.g. development banks, department of trade and industry, state-owned enterprises, etc) that has financial resources, analytical capacities, technological and business capabilities? But more importantly, do we have a political culture that fosters the habit of going beyond political party divides to work towards a consensus or at least a coalition needed to construct and maintain a democratic developmental state? Considering the importance of a strong committed leadership for the flourishing of a democratic developmental state, it is important to ask if Ethiopia can cash out the requisite leadership as it seeks to build a democratic developmental state. The answers to these questions will determine the posture we should take vis-à-vis the Ethiopian state in our interventions (programmatically or otherwise).

### Democratization in a Developmental State: Challenges

The challenges of democratizing a developmental state are many and varied. Creating an inclusive responsive state that is grounded in established international standards of human rights and democracy is not something one can do without a challenge. In this section, we will summarize the outstanding challenges as follows: a) overcoming the legacy of authoritarianism, ethnocracy, and neo-liberalism; b) forming a capable state with an efficient bureaucracy, meritocratic public service system, and stemming the staff turnover, the lack of skill, etc); c) managing the challenge of multiple transitions that demand: restructuring the state, opening the political space, and liberalizing the economy; d) living under a constitutional democracy with the onerous burden of protecting and enforcing human rights by harmonizing the relation between collective and individual, civil/political and economic/socio-cultural, rights; e) confronting the external elements that have the role of makers and breakers of developmental state;<sup>51</sup> and f) the challenges of mobilizing people and resources for the developmentalist project persuasively (not coercively).

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51- Consider the varying roles of the US in SE Asia and in Latin America and its impact on the development of a developmental state or the lack thereof). Note that the heavy military and financial presence of the US in the 'Tiger' countries such as the Republic of Korea contributed immensely to the success of the developmental state in the 20th century. Note further that in Latin American states (countries that have more developmentalist instincts than countries of any other parts of the world), USA's presence (which is focused mainly on undermining Cuban-style socialist revolutions) was negative in the main, if not outrightly subversive. One cannot imagine a better example with which to show the contrast that comes out depending on the support or subversion a country obtains from external actors. It is thus important to note that the external element, depending on its supportive or subversive role, can make or break many a developmental state in a particular geopolitical space. The external element is particularly important for countries such as Ethiopia, who, being in the volatile region of East Africa, finds itself beset by the challenges of interlocked conflicts, emerging from weak, collapsed, or fragile states; a region full of non-state actors (mercenaries, traffickers in SALWs, armed liberation fronts, terrorists, etc. The international presence as a 'counter-terrorist' force will also have an impact on the domestic political experimentation of the countries of the horn, including Ethiopia.

To leaders, the challenge of balancing the rights of business (e.g., shareholders) with the needs of the majority, and the challenge of governing in accordance with popular wishes while transforming the structure of the economy is an outstanding one.<sup>52</sup> These challenges need to be met as we seek to build a democratic developmental state in contexts such as that of Ethiopia. They remain to be challenges in spite of the fact that, owing to the collapse of the 'Washington Consensus' and the emergence of new global players, their toll might not be that large.

## Democratization in a Developmental State: Prospects

In Ethiopia, the developmental state is viewed as one of the two pillars of the "national renaissance." Coupled with the other pillar (democratic federalism), "the establishment and consolidation of an effective developmental state" is expected to lead to a national transformation that is no less than a rebirth.<sup>53</sup>

The contemporary Ethiopian state has set its vision on entrenching a democratic rule, a system of good governance and social justice based on the freewill of the people. This is meant to contribute to rapid economic growth. Such commitments are expressed in unmistakable terms in the GTP where it states the vision that guides the GTP. Ethiopia's vision, the GTP holds, is: "to become a country where democratic rule, good governance and social justice reign, upon the involvement and free will of its peoples, and once extricating itself from poverty to reach the level of middle-income economy as of 2020-2023."<sup>54</sup> This is further reinforced in the part that explicates the vision for the economic sector which reiterates that the vision is:

Building an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy, sustaining economic development and securing social justice and increasing per capita income of the citizens so as to reach the level of those in middle-income countries.<sup>55</sup>

The explicit emphasis on economic development and the clarity of goals (eradication of poverty and changing the country into a middle-income country by a definite date<sup>56</sup>) hint at the developmentalist orientation of the contemporary Ethiopian state. In other words, the Ethiopian state already has the requisite ideological orientation. (Whether it has the necessary institutional arrangements—e.g. capable bureaucracy, strong central planning institution, vital state-owned enterprises to play a role in the economy, strong set of social and economic policies, etc—is a point to be explored.)

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52 Edigheji, *supra* note 5, p. 22.

53 Prime Minister Meles said recently that "Democratic Federalism is one of the two pillars of our national renaissance. Together with the establishment and consolidation of an effective developmental state in our country, it has enabled us to begin the long road back to the frontiers of our civilization." See his keynote address delivered on the 13th of December, 2010, on the 5th International Conference on Federalism, held in Addis Ababa.

54 FDRE, *Growth and Transformation Plan* (2010), p. 21.

55 *Ibid.*

56 2025 is the "deadline" for achieving the goal of becoming a middle-income country in Ethiopia.

The emphasis on becoming a country of democratic rule, good governance, and social justice pegged on the participation and the consent ('involvement' and 'freewill' are the words used!) of the people indicates, in no uncertain terms, that it is a state with a democratic impetus.

This democratic orientation of the Government is also rooted in the 1995 Federal Constitution which stresses the construction of a polity "founded on the rule of law" to guarantee "a democratic order, and advancing...economic and social development."<sup>57</sup> The constitution also insists that "respect of individual and peoples' fundamental freedoms and rights" is a necessary condition for the achievement of the above mentioned objective.

This indicates that securing human rights is a condition sine qua non for the attainment of the goal of economic and social development in a polity founded on the rule of law. The principles of self-determination of collectivities, inter-personal and inter-group equality and non-discrimination, the principle of affirmative action as a tool of rectifying unjust historical relationships among ethnic and religious groups, and the aspiration to establish a lasting peace are some of the values that figure prominently in the constitution. The explicit recognition of the whole range of human rights set in international human rights conventions in what constitutes one-third of the corpus of the constitution shows the interest in enscorning a democratic order informed and rooted in international standards.<sup>58</sup>

57 FDRE, The Constitution of the Federal Democratic Republic of Ethiopia (FDRE), Preamble, parag.1.

58 Chapter 3 (arts 13-44) of the constitution extends guarantee to fundamental rights and freedoms. In its article 9(4) and 13(2), it recognizes the fact that international human rights treaties are not only part of the law of the land but also informing the domestic interpretation of human rights provisions of the constitution. This indicates that the democratic practice in Ethiopia, much like what the UNDP advocates for, is fully undergirded by relevant international standards. See the UNDP Strategic Plan, 2008-2012.

## 5. Conclusion

In this piece, an attempt is made to explore the issues, the challenges, and the prospects in relation to democratizing a developmental state by reflecting on the case of Ethiopia. From the beginning, it was suggested that we need to steer away from the incompatibility thesis and the sequencing fallacy. In other words, it was suggested that we don't have to subscribe unwittingly to the idea that democratization is incompatible to development or that development is primary to democratization. It was also noted that Ethiopia has declared itself as a developmental state thereby bringing more emphasis to its developmentalist ideology and fortifying itself for a better capacitated set of institutions that can allow the state to play a key and central role in the economy. One tentative conclusion we can draw from the foregoing discussion is that an 'emphatic', 'hard', and strong state that has a developmentalist vision can be innovative and creative in its handling of the democratic agenda. Dealing with such a state demands a commensurate innovation and creativity in order for it to make a meaningful impact towards deepening democracy in Ethiopia.

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