

Sovereignty and poverty- IMF and World Bank in Ethiopia -Yilma bekele

There is a line attributed to Queen Victoria of Gt. Britain, she is quoted to have said “we are not amused’ when one of her court jesters made a feeble joke. That is what I felt when I read the Ethiopian Prime Minister’s remark in Japan during an international symposium on ‘Africa’s development’ organized by the Japanese International Cooperation Agency (JICA) If you ask me that by itself is an oxymoron, placing Africa and development in one sentence requires a stretch of imagination.

JICA press release reads “Prime Minister Meles of Ethiopia said Africa had 'lost two decades of economic growth' by following a policy imposed by developed nations of following a simplistic policy that 'the only thing that mattered was to get the price right' of the continent's commodities and other products...that orthodoxy is a failure and it must be scrapped," he said. A heavy investment in basic infrastructure and technology had been ignored during this same period and this must be urgently rectified, he insisted.’

Stupid me, I always thought we were a sovereign nation charting our own way. It is news to me that others were ‘imposing’ their needs regarding commodities and cheap prices. So these African dignitaries were using this podium organized by some ‘Non Profit Japanese Organization’ funded by Toyota, Sony, Mitsubishi and others to air their grievances regarding their condition.

In a way it is good to know. It is becoming obvious that we are not in charge regarding our economy. What we got here is a symbiotic relationship. The bad kind. In nature biologists have three classifications for symbiotic relationship. The first is ‘mutualism’ where both benefit. The second is ‘commensalism’ where there is no benefit or harm to either, and ‘parasitism’ where an organism is fed sheltered while contributing nothing.

Our leaders are protesting this ‘parasitic’ relationship they have forged with the industrialized world. What exactly are they crying about? Do they want to be left alone and they were disturbed? Are they demanding free money & loans with no strings? How is this policy imposed anyway?

The two ring leaders in this unequal relationship are the World Bank (WB) and International Monetary Fund (IMF) They are the ‘Trojan horse’ used to control the financial sector of the host country.

Both organizations were established in December of 1945. The agreement that created these two organizations was signed under the auspices of the UN and is commonly referred to as the ‘Breton Woods Conference’ named for the location in New Hampshire. Decision-making: operates on principle: "one dollar one vote", so G7 (Japan, Germany, France, United Kingdom, Italy and Canada) hold 57 per cent of voting power.

Their focus and has changed depending on the need of the period.

- 1968-1981 poverty alleviation
- 1980’s debt management and structural adjustment
- 2000 to now Millennium Development Goals.

We have no quarrel with the aims and goals. The problem is with their practice. Their track record is nothing to write home about. Since the 1970 they have managed to create havoc in the lives of poor people around the world. They have shown a tendency to be associated with **dictators, military governments and corrupt democracies**. They have successfully used the weakness and greed of these corrupt leaders to aid multi national banks and big corporations to control the economy of most developing nations.

Our country is no exception. We are poor. We have no known precious mineral or oil. Our economy is subsistence level. Our countries whole financial system assets are smaller than a small regional bank in the US. On the other hand we have a large population. We have a strategic location. We are known to be confident people. Properly managed we are a force to be reckoned with. Both the WB and the IMF have been involved in Ethiopia since the Emperors time. The two banks in collaboration with private banks loaned the Derg in the name of Ethiopia over US \$9 billion dollars. We have no idea how much we owe today. Even the Ethiopian Parliament is not privy to this information. His Honorable Ato Bulcha Demeksa was quoted asking for such information, politely of course.

They are also cheerleaders of our non-elected government. In fact there was a report by the IMF mission team to Ethiopia this last week. It was a very rosy report lauding the government of achieving impressive 'growth of the economy, structural reforms and favorable agricultural conditions.' It is a very important vote of confidence that the regime will be waving like a flag for the next few months. How did such an organization staffed by highly educated and respected economists arrive at this conclusion?

The Ethiopia we know of is in the middle of one of its recurring famines with over 12 million people needing immediate help. Even by the governments own report the inflation rate is around 28%. The unemployment is in high double digits. The budget is still on life support needing donor injection to stay alive. The country is fast becoming a nation of 'remittance ' recipients from family and friends working abroad.

Here is an example of two of their 'projects' in Ethiopia. The World Bank financed the projects. Since the Ethiopian Government 'placed rural development as the fulcrum for faster and more equitable economic growth' the projects 'aimed to strengthen institutions, prioritize the development of competitive markets, including private sector participation'.

SSDP (seed systems development project) and NFSP (national fertilizer sector project) were approved in 1995 and closed down in 2002. SSDP was allocated \$22 million while NFSP started with \$164 million capital. The aim of SSDP was to 'decentralize and strengthen the government seed producing agency the Ethiopian Seed Enterprise and promote seed production by private firms, and informal seed production by farmers'. NFSP's aim was to 'create competitive fertilizer market with private sector participation.'

According to WB mandated Project Performance and Assessment Report both failed miserably. The Ethiopian government was able to use the good will of the bank to strengthen its grip on the economy and control of the rural population. When the dust settled down the Ethiopian Seed Enterprise was the sole monopoly of seed production left standing. By the time the project was discontinued the private sector left the market and the government was

the monopoly fertilizer supplier in the country. Close to \$125 million was used to finance fertilizer imports through a government-monopolized market.

Why our government is complaining is difficult to comprehend. Granted the WB and IMF are have become experts at 'central planning' and 'managed development' from afar. The international bankers and the local elite are the two beneficiaries of WB and IMF generosity. The citizen is left carrying the empty bag. The loot is long gone. Shouldn't it be the Ethiopian people complaining? Aren't we the ones left with debt to international bankers while the ruling elite has squandered the money usually investing it in the West? The WB and IMF encourage the behavior that creates the problem.

African leaders are expert in the art of 'blaming others' for their failed policies. Famine is due to the absence of rain never about the wrong and failed policy of land ownership and obscure economic policies. Under development is blamed on developed countries 'imposed' economic policy not about corruption, crony capitalism and dictatorship. Civil war and across border wars is blamed on outsiders not on the ruling elites need that 'creates' contradictions as a survival strategy.

If on the other hand countries like Ethiopia relied on unleashing the creative potential of their people they would not be kowtowing to developed countries and their banker friends. It is impossible to invest heavily in weapons, support a large standing army, a robust security system and declare war on ones neighbors and show economic progress. There will be no money left for education, health and local investment.

When it comes to Ethiopia the TPLF minority government has been in power for seventeen long years. That is a long time. The only thing they can truly show for it is:

- Three famines in all corners of the country
- War with a neighbor that claimed thousands of lives.
- Invasion of a neighbor still going full blast with no end in sight.
- Three failed 'elections' that does not even meet the minimum standard.
- Government monopoly of land, telecommunications, media, and other important assets that have managed to lock us in a cycle of poverty and backwardness.
- Incremental give away of our territory behind our back.
- Condemning our young generation into 'drug' culture for the boys and prostitution and other forms of degradation for the young girls.

Thus, as the Queen said 'we are not amused' by this talk of 'denial' of the reason why we are poor and non-sovereign. We (the regime) invited the ferengis and the bankers. No one shoved 'structural adjustment' and other cute programs on us. Our government needs the ferenjjs to stay in power. The ferenjjs need our government to keep us in this perpetual state of backwardness and poverty. Poor people are never a threat to no one. As you can see this is a 'parasitic' relationship of the highest order. We will be fine if both these entities leave us alone. But that is not going to happen. We have to find the weakest link in this chain and break it to be free. The ferenjjs are too powerful. The minority government is a better target. Well don't just sit there and complain. Do something!

The following documents were used in the preparation of this article.

1. Ethiopia Seed System Development project -
<http://go.worldbank.org/6J8GYTBB60>
2. The IMF formula generating poverty-
(http://findarticles.com/p/articles/mi_m2465/is_6_30/ai_65653644)
3. Still waiting- the World Bank fails to alleviate poverty-
(http://findarticles.com/p/articles/mi_m2465/is_6_30/ai_65653639)
4. The real cause of famine in Ethiopia –
(http://findarticles.com/p/articles/mi_m2465/is_6_30/ai_65653645)