

Is Ethiopia Really Enjoying Economic Development?

June 16, 2008

By Dr. Seid Hassan

Part I.

Introduction

Many Ethiopians, especially those in the Diaspora community have been and still are puzzled by two contradictory phenomena regarding the Ethiopian economy. On the one hand, the ruling party, the EPDRF, has been reporting record-breaking growth rates of the Ethiopian economy, year-after-year. Year after year, we have been informed that the state of the Ethiopian economy was on a higher growth trajectory, “thanks to the policies of the ruling government.” As of this writing, a rosy forecast is provided by the government for both this year (2008) and the next one, while at the same time, the United Nations humanitarian agencies such as UNICEF are reporting, as did the Voice of America on its June 6th broadcast, that “Ethiopia Faces Worsening Food Shortage...” Nearly a month ago, the prime minister, Mr. Meles Zenawi told the parliamentarians the rampant inflation rate that has engulfed the country was due to the “empowered” peasants¹ asking for higher prices for their produce and due to a growing economy.²

On the other hand, Ethiopians, including those of the members of the Diaspora experience increased squalor, disease, unemployment (known to be way over 50% in urban areas), hopelessness, unnecessary deaths, chronic poverty, these same filth and misery and chronic poverty increasing over time. Every time the members of the Diaspora visit their country of origin, they observe that the people they used to know and their own families are growing into abject poverty. Most importantly, they read Ethiopia being listed at the bottom of the world country rankings. They read, among other things, Ethiopia being one of the poorest and highly indebted nations in the world. They know that the country’s human poverty index is ranked as 98 out of 102 countries, and its human development index is 169 out of 177 countries, and so on. The rosy forecasts and actual growth rates were given to us while, at the same time, the CIA World Fact Book states, on a yearly basis, that “Ethiopia's poverty-stricken economy is based on agriculture, which accounts for half of GDP, 60% of exports, and 80% of total employment. The agricultural sector suffers from frequent drought and poor cultivation practices...” They also hear the existence of perennial food deficits and watch on worldwide TV networks pictures of starving Ethiopians. They hear, read, and watch video clips of their fellow Ethiopians being

¹ Where each peasant can only use, *on a lease basis*, from the government, less than a hectare (some say less than an acre) on the average. Given this fact, there is no way that one would in his/her right mind expect the Ethiopian peasants to be productive and enjoy economies of scale (growth).

² One of the two good friends of mine that my recently written article about the Ethiopian rampant inflation rate brought to me, argues that Ethiopia faces many insurmountable problems, and no matter who is in power, these problems are difficult to deal with. He wonders, as I do, why the EPDRF continues to feed us with false hope. Instead, the government would be better off by acknowledging the many gigantic problems that country is facing and by designing and executing policies, with an unfettered participation of the general populace, which would help alleviate the problems. He says: “For instance the EPDRF (TPLF) is already working on a low base GDP and as a result some part of our poverty couldn’t simply be solved on a short term bases.... For instance the main problem I see is lack of good policies in the current, above all lack of capacity for executing, planning and evaluation. In addition, they recognize the reality of the poverty but their ill advised policies hamper progress.” He asks me to emphasize on this important issue and I intend to do just that in the next few essays and/or summaries.

swept away by the currents of the Indian Ocean while trying to flee poverty and dictatorship. They also hear their compatriots being massacred by religious extremists. They read and hear on the news that their country men and women languish in the jails of neighboring countries after escaping the unbearable hardships within their own country. They know that their sisters are being abused by their modern slave masters in the neighboring countries, some speculating the human trafficking masterminded by the TPLF members. Nowadays, it is not uncommon to hear Ethiopian women, who are abused by both the modern slave owners and their jealous wives. For some of them, when the abuse becomes unbearable, some of the abused Ethiopian women have been reported to have lost their minds and become totally crazy. In some situations, the modern slaves are reported to have killed the wives of their modern slave owners³. It has also been reported that, no matter the psychological circumstances of the Ethiopian women, the courts have ruled against them.

Because of these contradictory phenomena, they thought there was (is) something very wrong in the definition and usage of economic growth and development! For those of you who have not thought about this issue, do you think that the above contradictory scenarios can take place at the same time? Which of the above phenomenon do you think is correct: the forecasts and growth rates provided by the government over many years, or the facts on the ground? Just to help you make your own conclusion, there is a heuristic tool (concept) known as the Rule of 72 or the Rule of 70 when dealing with growth rates. What this rule says is that, if you divide the growth rate of an economy for a given period into 72 or 70, the number that you come up with will be the number of years it would take for an economy to double itself. For example, the Ethiopian government estimates that the Ethiopian economy will grow by 10.8% for the year of 2008. Assuming that this growth rate stays the same, it would take only about 6.67 years or less for the Ethiopian economy to double itself. Admittedly, this is one of the highest forecasts that the Ethiopian government has given to us, but even if the growth rate is less than the one mentioned above, the Ethiopian economy must be, on per capita basis, several times over what it was 18 years ago!

This and a few other forthcoming articles are designed to dispel and demystify the “myth”, if there is any at all. God willing, I intend to show that, using the next successive articles, there is nothing wrong neither about the concepts of economic growth and development nor about differences between the two. In so doing, I will rely on basic economic theory, empirical evidence and the facts on the ground while at the same time being non-technical (I hope). In this article, I will briefly list and explain the well-known ingredients (determinants) of economic development, all of them to be expounded later in a step-by-step fashion. Even though I do understand some of my readers could be left on suspension while waiting for the next article, my experience has strongly indicated to me that the readership increases when the specific article is shorter than would be otherwise. My readers also need to recognize that it takes time to write each article.

a) Economic Growth Versus Economic Development

For those of you who have been paying attention as I have, you should have observed that the Ethiopian government spokespersons, on many occasions and using different forums, mixing up

³ This sad story and phenomenon needs to be told and be reported to the world. To do so requires some background research. I have some limited ideas on how to go about this issue and I urge anyone who is willing and able to do this to contact me. We owe it to our sisters in particular, and humanity, in general.

the concepts of **economic growth** and **economic development** as if they are the same things. What is worse is that the EPDRF's cadres have been using what is known as the "bounce back effect" from hard times of the economy as if the same effect is (was) going to be sustainable for a long time to come. As we all know an agrarian economy such as Ethiopia's always faces both good and bad harvest times. For example, one reasonably can expect that the drought affected areas to enjoy good harvest yields sooner or later. Such "bounce back effects" which begins from a low level, will have a significant and positive effect on the growth rate of the economy *for that year*. Unfortunately, the author of this article has observed, on many occasions, the government's spokespersons talking as if the good harvests are permanent while in fact they are not. As recently as a month ago, the writer observed a few of the government agents commenting-using the government supported pal-talk show- on the unusually high coffee export earnings. They indicated that this was due to the good policies of the government and Ethiopians have to be proud of this fact. The same spokespersons were in fact mentioning the total dollar amount of exports in **nominal terms** (that is, without adjusting for inflation). As one of my two good friends who looked at this article before it was published correctly reminded me, Ethiopia's earnings from coffee exports are no different from those in the 60s *in real terms*. Moreover, the same commentators did not know, unfortunately, that economists know that a prominent feature of agricultural commodity exports in many developing countries is that relatively few commodities account for a large share of total export earnings. For example, over 60% of Ethiopia's foreign exchange reserves come from exporting coffee. The fact of the matter is that unstable coffee prices and export earnings have made the country's development planning difficult. I wish the same commentators knew, assuming that there is no malice intent, dependence on production of primary commodities, such as on coffee, can be expected to have a declining share in world trade unless they have a major cost or quality advantage over competitors.

Going back to the distinctions between growth and development, it is really important to distinguish between these two concepts. Using just their dictionary meanings, *to grow* means *to increase in size or number* while *to develop* means *to increase one's ability and desire to satisfy one's own needs and legitimate desires and those of others*. In the parlance of economics, too, the two concepts are significantly different from each other, even though they are by no means mutually exclusive. In general, economic development may be attained by improving both the **quantity and quality** of the factors of production (land, labor, capital and entrepreneurship) that a country has available. The performance of these factors of production hugely depends on the policies of any government. A country such as Ethiopia, which has no strategic resources and is incapable of benefiting from innovation and technological breakthroughs, the growth of the economy solely depends on the policies it designs and executes in managing its limited factors of production. The government also needs to consider allowing and encouraging citizens to be full participants in the decision process. Unfortunately, not only the ruling party was incapable of managing the limited resources of the country but its policies also have had (and still have) deleterious effects on the economy and the people. I will show this to be the case in the next few essays.

Moreover, one of the notorious characteristics of agrarian economies and those which depend on commodity exports is fluctuation in their growth rates. For example, the Ethiopian economy was reported to experience a negative growth rate in 2003. From such a low level, the Ethiopian economy, as expected, experienced a "bounce back effect" the following year. Such fluctuations are known to have deleterious effects since they bring uncertainty to economic participants,

especially investors and consumers. This being the logical and empirical fact, it is quite incredible for the government agents to use the “bounce back effects” as if the Ethiopian economy is growing year- after- year⁴.

Now, numerically speaking, economic growth is an increase in real gross domestic product (GDP) (that is, GDP adjusted for inflation). Basically, it amounts to adding all the NEWLY created goods and services and comparing the resultants to their counterparts created a year ago. For example, to see whether the Ethiopian economy has increased in 2008 (compared to 2007), one would calculate it as:

Growth rate of $GDP_{2008} = [GDP_{2008} - GDP_{2007}] / GDP_{2007} \times 100$. Again, this GDP growth rate can be calculated in real terms (adjusting for inflation) or nominal terms (by not taking inflation into account)⁵. It can also be measured in per capita terms (after dividing real GDP by the total population). Obviously, as Ato Teshome A., who posted an article on Aiga Forum in response to my inflation article admitted, the problem with Ethiopian economy is that its economic growth rate is unable to cope with that of the growth rate of the population (labor force). The implication is that, as time goes by, each citizen is poorer than before. It is also important to note that, first, GDP calculation and its growth rates require *estimation* since only God knows how many goods and services a country produces every year. This is true even in the case of the well-developed economies, where the informal sector of the economy is minimal and where there is a constant flow of information- a good portion of it automatically and electronically - about the economy. Imagine how difficult it could be to calculate the growth rate of an agrarian Ethiopian economy where the informal sector is 40.3% (according to UNCTAD). Moreover, since 85% of the Ethiopian population lives in the countryside and depends on subsistence farming, and since the agricultural sector of the economy accounts for nearly 49% of the economy, it is very difficult to come up with an acceptable number and percentage growth rate. In countries like Ethiopia, most of the information gathering will have to depend on humans (party cadres). And who knows how the same cadres collect and report the information! Incidentally, when one of the parliamentarians questioned the statistics given by the government and tried to inform the prime minister that that entire he could see was increased poverty; the prime minister angrily responded that the numbers that the government reports were not cooked up at the bars (mesheta bet). The prime minister told him that the same numbers could also be found in the books of the IMF and the World Bank. It is important to remind the reader, however, that nearly all of the figures that the IMF, the World Bank, and other foreign based agencies use and report are the same ones provided by any government in the world, including Ethiopia. By the way, have anyone of you met any employees of the IMF and the World Bank at the villages such as in Borena, gathering information how many quintals of teff, corn, etc. that each peasant has produced, and how many cattle, sheep, etc. that each peasant has raised? If you have not, you should come to the conclusion that the numbers that these multilateral agencies use must be collected by the government’s agents.

⁴ I thank to one of the people who looked at this manuscript before it was sent out for publication for pointing out to me that the growth rates that the government publishes are suspect. When I inquire more about this issue by talking to a few more Ethiopians, I was told that this issue is one of the hottest street talk issues inside the country!

⁵ For those of you who may be wondering about the effects of the rampant inflation rate on an individual citizen, here is hypothetical example for you. Suppose that one of your relative’s monthly salaries is 1000 birr per month. Assuming that the inflation rate, as reported by the government’s statistical agency is only 30%, the real monthly salary of your relative would be $1000/1.3 = 769.23$ birr. In other words, he/she suffers a pay cut as time goes by unless the government AUTOMATICALLY indexes your relative’s earnings.

Second, there are several problems in using GDP growth rate to measure general well-being, whether it is measured in real *per capita* terms or not. Some of the problems are: a) it fails to tell us the components of goods and services produced. For example, a huge growth of GDP is totally useless for any average citizen if this growth rate is attained via an increased military activity due to a war. b) It does not provide any information relevant to the distribution of income in a country. It is quite possible that an economy can grow by leaving a huge segment of the population behind. Some writers have commented this to be the case regarding Ethiopia. c) It includes negative expenditures, such as repairing polluted water supplies or building prisons. A portion of the increase may also be attained by polluting the rivers and air. If this is the case, the amount of growth may be overstated once we take the environmental damage into account. d) It also fails to tell us the quality of goods and services produced. Economists are well aware of these deficiencies in GDP growth. It should only be viewed merely as an indicator and not an absolute scale. That is why most experts and multilateral, such as the United Nations, use other measures such as the Human Development Index (HDI).

Economic development, on the other hand, reflects the *quality of life*, which includes efforts that seek to improve the economic well-being and quality of life for ALL citizens of a country, not just the few and the well-connected. It looks at, among other things, whether the growth in GDP allows those who want to attain improved education and health care access to them. It should allow a country not only to improve its stocks of physical and human capital and technology but the same improved resources and technology must also allow it to do other more subjective factors that contribute to human life, such as leisure, safety, cultural resources, social life, mental health, and political freedom etc. Amartya Sen, the 1998 economics Nobel Prize winner defines economic development in terms of personal freedom, freedom to choose from a range of options. Professor Sen and other development experts argue that while economic growth may lead to an increase in the purchasing power of people, if the country has a repressed economy, there is a lack of choice and hence personal freedom is restricted. Hence, once again, growth has taken place without any development. That is why multilateral organizations such as the United Nations use other means to evaluate the economic performance of a country. Such broad measures include, but are not limited to: The Physical Quality of Life Index, Human Development Index, Human Poverty Index and the Human Suffering Index. As of this writing Ethiopia's Human Development Index is 2.4 out of 10 which puts her 169 out of 177 for the years of 2007-2008. I would like to invite the reader to look into Part C below regarding Ethiopia's position in international ranking.

b. Long Term Determinants of economic development

A number of empirical findings conducted by many development experts, including those who work at the World Bank and the IMF, indicate that, the following factors play prominent roles in determining the growth and development of an economy. In short, any policy of any country which lacks the following *did not and is not expected to grow and develop*. These are:

1. Good quality if human capital attained with the provision of good education:

Nobel Prize Winner, T.W. Schultz had a long time emphasized the need for "human capital" formation. Other prominent economists such as W. Arthur Lewis and Hans Singer extended Schultz's thesis by arguing that social development as a whole - notably education, health, fertility, etc. - by improving human capital, were also necessary pre-requisites for growth. The same literature has led to the problem of the "brain drain" that was (and still is) flowing from the developing world to the

developed world. As we all know, Ethiopia is suffering not only from a lack of educated people but the government's policies have been behind the hemorrhaging of the country brain when it forces its educated people to leave the country. To add insult to injury, the prime minister told us that he was intending to import educated people from countries such as Nigeria. Common sense would indicate to anyone that it is easier to keep and attract the thousands of the country's expatriates instead of trying to borrow foreigners.

2. **Availability and access to good health care:** Empirical findings have indicated that, among other things, a country's health care expenditures are highly correlated with a) productivity; b) good jobs; c) innovation; d) entrepreneurship; and e) business competitiveness. Many experts, including Todaro and Smith, also believe that, education and health go hand-in-hand and are highly complementary.
3. **Technological breakthroughs and the ability of a country to adopt and use new technology:** This is mainly true for developed economies, but given that Ethiopia, as a developing country would be unable to enjoy from this effects, the growth and development of its economy depends on the policies that are designed to use its scarce resources and its use of residual technology created elsewhere.
4. **Lack of ethnic fractionalization and lack of ethnic conflict:** In recent years, cross-country studies have shown that ethno-linguistic fractionalization, the very method that the EPDRF uses as a divide-and-rule tactic, is detrimental to long-term economic growth. As we speak, this author is working on the possibilities and links between ethno-linguistic fractionalization and, rent-seeking behavior and corruption.
5. **Access to the sea:** Cross-country studies have shown that land-locked countries are poorer than those enjoying access to the sea. Empirical evidence has also confirmed the hypothesis that landlocked countries experience slower economic growth.
6. **Favorable geography and location (climate) – being away from the tropics:** Overall, countries which are located in the tropics may be predisposed to slower growth in part due to diseases such as malaria.
7. **Low level of corruption and capacity for collective actions, such as political pluralism and participation (governance and rule of law):** Even though Ethiopia's standing on corruption is abominable, this author and many others of Ethiopian origin believe that the corruption scourge in Ethiopia is so repugnant that it has changed the culture of the country. Were it not for the propaganda machine of the government and the millions of dollars spent on lobbying, the country's corruption index would have been much higher (worse).
8. **High Degree of Openness to trade and investment, including foreign direct investment:** Overall, countries open to international trade and investments grow faster than those which are not. Openness, among other things, enhances learning-by-doing, competitiveness and efficiency.
- 7.. **A free market economy which allows the free flow of resources, domestic trade and entrepreneurship:** Even though external trade is much more important to smaller economies such as Ethiopia than larger economies, it is important to note that the exchange and free flow of goods, services and resources **within the country** is much higher and important than external trade. Just ask yourself, how many people are allowed to establish their own businesses and run them so smoothly in the highly controlled state

of Tigrai?

8. Stable Macroeconomic policy. These include stable prices (inflation in Ethiopia is a whopping 30% or more in 2008!); lower budget deficits (with \$740 million deficit for 2007, nearly 40% of the government budget being financed by foreign assistance, and 54.5% debt/GDP ratio for 2007); and manageable and lower trade deficits (Ethiopia's trade deficit is \$1.851 billion (2007 EST.). The so called "stellar growth" that the TPLF has been talking about could be attributable mostly to unprecedented infusions of foreign exchange in the last few years. For example, preliminary estimates indicate that the TPLF led government gets the following amount from outside sources: 1. Official development assistance \$2.0 billion/year 2. From Non-governmental organizations (NGOs) \$1.2 billion/year 3. Immigrant remittances \$1.1 billion/year 4. Unofficial payment from the war on terror (\$80 million/month x 12) \$960 million with a total of flow of assets from overseas \$5.26 billion. There regime also has collected proceeds from auctioning of urban land in the amount of \$200 million and got some proceeds from party-owned businesses such as textile, cement, transportation, etc. in the amount of \$180 million. If there is any growth at all, it comes from the service and construction sectors, most of the funds coming from foreign assistance and expatriates⁶. The author of this short article believes that, were not for these constant infusions of foreign assistance and reserves, the country should have faced a financial crisis by now.

10. **Secured formal institutions, such as a well-functioning legal system, protection of property rights, tax and financial system and independent media.** As everyone knows, repressive regimes abuse the legal system, overtax their citizens and fear independent media. Since these are loaded concepts, we will come back to them later.
11. **Low level of income discrepancy between the rich and the poor, between males and females and between the urban and rural areas with a constant effort to reduce poverty.** Many studies have shown that development is also a social and economic phenomenon such as eliminating poverty, unemployment and inequality

You be the judge here! Do you believe the Ethiopian government has given their due attention to these determinants of economic development in the last 18 years? If you have your own doubts, I don't blame you. What we observe in Ethiopia today and in the last many years is increased abject poverty.

We will come back to each of the above determinants of economic growth and expound them as applied to Ethiopia in the near future. I use this opportunity to invite anyone to collaborate with me in the coming essays. If I and/or my collaborators feel that the issues are either already explored by some other authors, I (we) will either summarize them for you and/or refer you to those articles and/or books

c. Here Ethiopia's positions in some of the international rankings⁷. Again, you be the judge!

1. **Population:** over 81.2 million with a growth rate of between 2.3%

⁶ I thank an anonymous friend for supplying this information.

⁷ One of the two friends I mentioned earlier, the first one, told me this via email: "My Another important point everyone knows is that when countries are listed based on good things, Ethiopia is last; when they are listed according to social disadvantages it is [listed] first. And as such all the lists at the end of the documents come down to this point." Even though I do agree with his suggestion, I have decided to leave the list as is to save space.

- (government report) or 2.9% (UNICEF) per year;
2. **GDP per capita:** \$118 for 2006/7 – an IMF estimate; \$149 – as reported by Economist Intelligence Unit); \$180 - as reported by UNICEF.
 3. **Population living below the national poverty line** = 44.2%;
 4. Population below \$1/day = 23%;
 5. **Percent of the population below the poverty line of under \$2** = 81%
 6. **Life expectancy at birth** - 47.8 years. Many experts believe the actual is figure is close to 40 years.
 7. **Corruption Perception Index**-(2.4 – ranked as 138th (compared 130th out of 163 (2006));
 8. **People living with HIV/AIDS** about 1.7 million with a annual death rate of about 120,000 (2003 estimate);
 9. **# of people living under food deficits every year** = 26 million;
 10. **Overall of doing business ranked** = 102nd (down from 99th in 2007);
 11. **Ease of starting business:** ranked 106th (compared to 103rd in 2007);
 12. **Protecting entrepreneurs ranked** 107th (compared to 105th in 2007);
 13. **Ease of getting credit ranked as** 97th (compared to 94th in 2007);
 14. **Level of deforestation and soil erosion, etc.** Ranked as one of the worst in the world;
 15. **Ethiopia faces: deforestation overgrazing;** soil erosion desertification water shortages in some areas from water-intensive farming and poor management;
 16. **Infant Mortality Rate (one of the worst in the world):**
Total: 90.24 deaths/1,000 live births
male: 99.72 deaths/1,000 live births
female: 80.47 deaths/1,000 live births (2008 EST.)

Some UNICEF statistics:

1. % of population using adequate sanitation facilities, 2004, urban = 44
2. % of population using adequate sanitation facilities, 2004, rural =7
3. Estimated number of people (all ages) living with HIV, 2005 (thousands), high estimate = 1300 (that is 1.3 million)
4. Prevention among young people: % who have comprehensive knowledge of HIV, 2000-2006*: male =33
5. Prevention among young people: % who have comprehensive knowledge of HIV, 2000-2006*: female =21
6. Prevention among young people: % who used condom at last high-risk sex, 2000-2006*: male = 50
7. Prevention among young people: % who used condom at last high-risk sex, 2000-2006*: female = 28
8. Orphans Children (aged 0-17), orphaned due to all causes, 2005, estimate (thousands) = 4800 (that is 4.8 million)!
9. Orphan school attendance ratio, 2000-2006* = 60
10. **Undernourished people = 46%**

Human trafficking and modern day slavery Ethiopia is a **major country of origin for trafficking in persons**. To a lesser extent, it is also a country of transit. The United Nations Children's Fund (UNICEF) has listed Ethiopia as one of the top 10

countries of origin for children trafficked from Africa.⁸ Every year, thousands of women and girls are trafficked from Ethiopia to the Middle East, specifically in Lebanon, Saudi Arabia, and the United Arab Emirates. **One estimate states that as many as 1,000 Ethiopian girls are trafficked to Beirut, Lebanon each month.**⁹ Documented routes for the purpose of sexual trafficking lead also **from Ethiopia to Bahrain, the United Kingdom, and Canada.**¹⁰ It is also reported that Ethiopian women have been trafficked to Mongolia and forced to work there as nude dancers.¹¹ Ethiopia may be a transit country for women trafficked from Burundi to Lebanon as well.¹² Internal trafficking has also been reported in Ethiopia. For example, **children have been trafficked from Gamo Gofa Zone, Southern Ethiopia People's State, to Addis Ababa for labor.**¹³

The writer can be reached at seid.hassan@murraystate.edu

References (abbreviated)

- Agerachinen Enadin/TG (pseudo name): "The Ethiopian Economy and the Way Forward," to be found at: <http://www.addisvoice.com/article/ethioeconomy.pdf>
- Barro, Robert: Determinants of Economic Growth: A Cross country Study, August 1996. Available at: <http://www.nber.org/papers/w5698>.
- Barro, R.J., 1991, "Economic Growth in a Cross Section of Countries." *Quarterly Journal of Economics* 106, 2 (May): 407-433.
- Barro, R.J. and X. Sala-i-Martin, 1995, *Economic Growth* (New York: McGraw-Hill).
- Anupam Basu, Evangelos A. Calamitsis, Dhaneshwar Ghura, 2000. "**Promoting Growth in Sub-Saharan Africa: Learning What Work**". International Monetary Fund, *Economic Issues No. 23*.
- Ciccone, Antonio, and Marek Jarocinski: "Determinants of Economic Growth: Will the Data Tell?" European Central Bank Working Paper Series #852, January 2008. Available at <http://www.ecb.europa.eu>.
- Collier, Paul, and Jan Wellen Gunning, 1999. "Why Has Africa Grown Slowly?" *Journal of Economic Perspectives*, Volume 13, #3, pp. 3-22.
- CIA World Fact book: available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html>.

⁸ Andrew Unsworth, "West African Gang Arrested in U.K. for Child Trafficking," *Sunday Times* (South Africa), 3 August 2003.

⁹ "Ethiopia: Focus on Trafficking in Women," *Africa News*, 14 October 2002.

¹⁰ International Organization for Migration, "Ethiopian Women Trafficked to the Arab Countries," *Trafficking in Migrants*, no. 20 (December 1999/January 2000): 3.

¹¹ International Organization for Migration, "New IOM Figures on the Global Scale of Trafficking," *Trafficking in Migrants*, no. 23 (April 2001): 3.

¹² International Organization for Migration, "Ethiopia: Assistance to Victims of Trafficking," *Africa News*, 5 April 2002.

¹³ "Police Apprehend Four Child Traffickers," *BBC Monitoring International Reports*, 10 April 2002.

Deininger, Klaus and Lyn Squire: “Economic Growth and Income Inequality: Reexamining the Links.” Finance and Development, March 1997. Available at: <http://www.imf.org>.

Genet Mersha, “The Seeds of Resentment and Future Instability in Ethiopia,” to be found at: <http://abbaymedia.com/News/?p=879>.

Muchie, Mammo, 2008. “Ideas for Ending the Endemic Governance Crises in Ethiopia”, available at: http://www.ethiomeia.com/abai/endemic_governance_crises_in_ethiopia

Petrakos, George, and Paschalis Arvanitidis and Sotiris Pavleas: “Determinants of Economic Growth: The Experts’ View.” Dynreg Working Papers 20/2007. Available at: http://www.esri.ie/research/current_research_project/dynreg/papers.

Schultz, Theodore W. 1961. “Investment in Human Capital” *American Economic Review*, Vol. 51, No.1, pp.1-17.

Todaro, Michael, and Stephen Smith, 2009. Economic Development, 10th Edition. Addison Wesley, Boston, MA.

UNCTAD –ECONOMIC DEVELOPMENT IN AFRICA: Rethinking the Role of Foreign Direct Investment to be found at:

http://www.unctad.org/en/docs/gdsafrica20051_en.pdf

World Bank: “Growth: Quantity versus Quality.” Available at <http://www1.worldbank.org/devoutreach/winter01/article.asp?id=95>