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Untying the Gordian Knot: The Question of Land Reform in Ethiopia

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Introduction

Issues related to land, as to any other form of property, have always and everywhere been both political and economic in any society. The patterns and rights of ownership or possession of land, the various forms of access to and control over it, the organization of agriculture, distribution of its products are decided both by political exigency and economic interests –both in the narrow sense of individual and class interests and in the broader sense of a selection of the most productive pattern of institutions under the given constraints. Access to and control over land are issues of major competing interests, representing diverse social forces, individuals and institutions, such as landlords, peasants, commercial farmers, pastoralists, the state, and multinational corporations. This politics becomes more complex in a multi-ethnic and multi-nation state where nationality, culture are intimately tied to place and thus questions of land ownership become a Gordian knot of rivaling political and economic interests. This is the case of Ethiopia where the challenge to transform the agricultural sector and make it an engine of growth must take into account at every turn the very political nature of land ownership in the country.

Historically, anywhere the land question and the fate of agriculture in general has never been decided solely in agriculture or by the farmers. Strong social forces, internal and external, have been and still are the ones which determine who should own land and the uses of this vital resource. In this case, what is decisive is the interplay between the various forces, such as the most powerful international financial institutions representing the interests of multinational corporations (MNCs), particularly, food MNCs, and the Western states, that work hand in glove with those corporations and, relatively weaker institutions, the local state, domestic capital and the rural population. Increasingly African Governments are under pressure to privatize resources of production particularly land. Despite the reluctance to privatize land of some African states, the World Bank/IMF and the international community ‘advise’ that it is in the best interests of these economies as privatization will lead to increases in efficiency. What is unsaid but is also clear is that failure to comply with the wishes of the international community could result in a restriction of aid flows which so many of these governments depend on for basic budgetary purposes. This is the quandary in which the present government of Ethiopia finds itself. On one side are the international community and parts of the local elite advocating the privatization of land while on the other are a significant proportion of the rural population, different sections of the elite and regionally based parties. The regime is challenged to find a middle ground between a policy that could result in political instability and inaction which could result in a severe diminution of government revenues, and slow growth of the economy.

In this essay we will examine the question of land in Ethiopia, taking into account both the political reality on the ground and the economic necessity for agrarian transformation. We shall do this by first laying out the history of the Ethiopian state and the relationship between politics, economic interest and land over the last century. We shall follow this with an examination of the present land distribution patterns in Ethiopia and their relationship to income generation and poverty, and we shall conclude by exploring the possibility of an agrarian transition in Ethiopia and the nature of land reform in the context of our prior findings.

The Socio-historical Context of the Politics of the Land Question in Ethiopia

Ethiopia, as a multinational state, came into existence towards the end of the 19th century. It was constructed by the Shoa¹ expansion and occupation in the second half of that century, of the southern, southeastern, and southwestern² parts of the present-day Ethiopia.³ At the same time, the various states and regional dynastic rulers in Abyssinia⁴ came under the direct political control of Shoa. By the end of the century, it had established its hegemony both in the rest of Abyssinia and the conquered territories. Consequently, there evolved a multinational empire-state set firmly in a composite type of social formation (see Markakis, 1974; Hiwot, 1975; Zewede, 2002; Crummy, 1980; and Mersha, 1985)⁵.

The major impact of Shoa conquest other than the political subjugation was the alienation of land from peasant producers especially in the south of the country and the creation of a feudal order of agrarian relations. From the 1870's under Menelik to the 1970's under Haile Selassie, the crown alienated land which was then distributed to members of the Imperial family, the clergy, members of the nobility, Menelik's generals, soldiers, his royal retinues, and the local agents of the state (for more details see, for example, Hiwot, *ibid.* and Markakis, *ibid.*). After the Ethiopian-Italian war Haile Selassie continued this process of land grants to those who mattered to him socially and politically. The actual process was done under a pretext of tenure reform, ostensibly designed to provide land to the poor and landless. The emperor, like his predecessor, emperor Menelik, made extensive land grants to members of the royal family, the loyal members of the nobility, members of the armed forces and the police, top government officials and civil servants, and notable businessmen. The land grant in the south, in the period between the early 1940s and early 1970s, was about 5 million hectares; just a tiny fraction of that was distributed to poor and landless peasants. In the earlier period, grant of land mainly referred to temporary rights but after the war the emperor started giving freehold status to the grants. Even those who had held land under various guises were now permitted to convert their holdings into freehold private property (Ståhl, *ibid.* Zewede, 2002:191). This privatization of land in the south, continued at renewed great speed and force in the period of three-and-half decades leading to the 1974 revolution.

The immediate three most important consequences of land privatization were the eviction of a large number of peasants, the spread of tenancy, emergence of absentee landlordism (Markakis, 1974:125-127), and the displacement of pastoralists (Markakis and Ayele, 1976: 56-59). The rate of tenancy was very high in the southern parts of the country where intensive land privatization was carried out. Although tenancy existed in

¹ Shoa or Shewa was the southernmost fringe of Abyssinia. In 18th, 19th and 20th centuries, it changed its territorial and political configurations and since the late 19th century, it became the centre of the Ethiopian empire.

² For convenience, we shall use the term 'south' or 'southern' to refer to all conquered territories and peoples.

³ This expansion and occupation of those territories was, for Emperor Menelik, the architect of the modern Ethiopia, regaining the lost territories of his forefathers whereas for the Oromo Liberation Front (OLF), it was colonialism.

⁴ The name Abyssinia is used here to refer to the highland Ethiopia. Before the Second World War, it was used interchangeably with Ethiopia but since then the name Ethiopia has been officially adopted (see Crummy, 1980, p.119).

⁵ Although Ethiopians and for that matter many other African groups do not conform to a western naming structure of family names, for the sake of consistency we have used it in our references. The full names of the cited authors are found in the bibliography

the northern parts of the country, it was not as widespread as in the central and southern parts of the country because land was not privatized in the former. Similarly the rate of absentee landlordism, a phenomenon characteristic to the members of the nobility, high government (civilian and military officials), and civil servants was also high. A large amount of the operated holdings in the south were rented, that is, the uprooted peasants had to rent their former land from the feudal lord who owned it (Markakis, 1974:126-27). This made the social and economic conditions of the peasantry extremely miserable and led to the people in those areas to rising up in revolt against the government and, in most cases, the social system that reduced them to the status of tenancy. In most instances because of the overwhelming military superiority of the conquering forces it took the withdrawal of the Imperial forces and state during the Italian occupation (1936-41) for the beginning of organized resistance to appear.

As we stated earlier the land question everywhere is both political and economic. In an agrarian country, this is especially the case. Various social groups whether directly involved in agriculture or not are often connected to the land question because of the overwhelming importance of agriculture in the country. In Ethiopia in addition to peasants other prominent social groups that participated in the politics of land, were members of the new national elite who themselves were often landowners though based in urban areas; urban residents who were often only one generation removed from the land or who had family still living and working in rural areas; and the Student movement which though urban based as this is where the universities were located, was made up of students whose families were still lived in rural areas. The fact that agriculture was the major source of production in of itself made the land question a national question.

A number of movements challenged the alienation of land that took place. Because the nature of land alienation had created both a land question and a national question, these movements took both these forms. Three exemplar movements were the Weyane movement of 1943, the peasant movement in Gedeo district in 1960 and the Bale peasant rebellion of 1963-70. In all these movements the alienation of land and the high taxation imposed by feudal overlords were central issues of concern these often overlapped with issues of national and or religious identity and sovereignty. Because of the overlapping concerns these movements while dominated by peasants were also composed of other elements of society such as local elites.

Resistance to the land policies of the Central government was not only waged in the countryside by peasant dominated movements but also in the cities by the university student movement. The introduction of modern education, in Ethiopia was intended primarily to train young Ethiopians to serve the monarchy and to prolong its existence. It produced, however, two contradictory social forces. On the one hand, it gave rise to the emergence of the bureaucratic bourgeoisie which formed a class alliance with the aristocracy; on the other, it created a social force (students, young intellectuals, etc.) that gradually eroded and finally destroyed the basis of feudal system. The students were organically connected to the land question in a number of ways. One, many of the students were not from urban areas but from rural areas. The land question was therefore not an abstract issue of justice but an issue that directly affected them and their immediate families. Two, national universities like in most Third world countries are one of the few places where individuals from different regions and nationalities were brought together. In this space a realization was built that some of the issues that previously were thought of as being local or regional were actually common across the country. In many ways the student movement helped transform the land question into a national question. Lastly the

students played important roles in the overthrow of the feudal order and the agitation for land reform.

The university became the melting pot of students, who came from different social, nationality and religious backgrounds, new ideas and beliefs, social interactions of a diverse nature. This process led to students questioning the status quo as they become more aware of the situation countrywide (Markakis, 1974:357-361). The radicalization process emerged publicly in February 1965 when the university students staged a demonstration in the street of Addis Ababa, raising the slogan 'Land to the Tiller' (for this and more information on the subject see Balsvik, *ibid*: 150-52). The impetus for this was a series of land and tax 'reforms' that had taken place from 1942 to 1964. This had culminated in the formation in the Ministry of Land Tenure and the presentation to parliament of a bill on tenancy. This bill was rejected by a landlord dominated parliament and it was this rejection that led to the student's taking to the streets (Zewede 2003, 195). The slogan remained to reverberate for a decade promising hope for the oppressed and causing an ominous nightmare for the regime. *However, the profound significance of the slogan and its serious implications were neither realized at the time nor were they discussed and understood by the Ethiopia 'left' and/or the political organizations that evolved in the subsequent years.*

In the Ethiopian context, the slogan 'Land to the Tiller' encapsulated two equally explosive yet complementary elements - class and nationality - combined in one. In the southern provinces, the alienation of the land from the peasantry and oppression based on their nationality were symbiotically related. In other words, in the south, the 'peasant question' involved also the question of nationality, In the northern provinces, where landholding was communal, the intended import of the slogan was less significant as it would not have any meaning to mobilize the northern peasantry either on a class or a nationality basis as there was no land alienation and hence no national oppression based on that.

The land question being one of the burning political issues of the period, the slogan underscored a number of gains. First, it was a direct challenge aimed at eroding the foundation of the feudal social order, and second, it set in motion a process that brought together students and other progressive forces in society to challenge the imperial regime.

The Land Question And The Question Of Nationalities Under The Military Regime (1974-91)

In 1974, after a series of military mutinies, strikes by teachers, taxi drivers and eventually the Confederation of Ethiopian Trade Unions, followed by demonstration by both Muslim and Christian religious orders the military took power in a creeping coup that culminated in their full control of the state at the beginning of September 1974 (Zewede, 195). They remained in the saddle as the Provisional Military Administrative Council (PMAC) alternatively called *Derg*⁶ for 17 years, starting from June 1974. The Derg laid out a plan to immediately solve three intimately linked structural problems, which

⁶ The term 'Derg' or 'Darg' in Amharic means 'committee,' in reference to the fact that the members came from different branches and units of the armed forces, police and the Territorial Army. Here it thus refers to that small contingent of the armed forces that seized state power after deposing Emperor Haile Selassie in 1975.

underlay the 1974 revolution. These were the question of nationalities, the land question and the social and economic backwardness, of Ethiopian society.

As noted earlier, the question of radical land reform was raised by students a decade before the revolution. As mentioned earlier, in 1965, university students demonstrated in the streets of Addis Ababa under the slogan 'Land to the Tiller'. It remained, until March 1975, one of the burning political issues. Besides this historical factor, there was a set of historical circumstances and conjunctures which put the land question at the top of the political agendas of the day. Firstly, the two opposition democratic left groups saw the necessity for a radical land reform for the future development of the country. Secondly, the reform was believed to be essential for resolving the nationality question. These groups and students exerted great pressure on the junta to come up with a radical land reform (Zewede, 2002:239-243). Thirdly, the junta realized the need for a radical policy measure regarding land in order to uproot the landed aristocracy from the rural areas, to appease the left opposition, and to win over the support of peasants, thereby consolidating its power. Fourthly, within the Derg, there were some forward-looking elements, who then had significant influence. Fifthly, in the early days of the popular uprising, peasants in the central and southern parts of the country - in areas where earlier package programmes and large-scale mechanized farming were introduced - directly seized land 'belonging' to the landlords, using violent measures such as the killing or expelling landlords. There were also other forms of resistance such as withholding rent or the burning of landlord's property. This gave great urgency to the land question and was a constant reminder to the military that it was on the agenda of the day.

Except for the land reform, the other two parts of the regime's plans were a total failure. The regime's policy to solve the question of nationality was to use brute force to make the multinational/multi/ethnic organizations and nationalist/peasant movements bend to its will.⁷ The faulty policy of the regime drove the country into internecine civil war and hastened the end of the Derg. On the land question, the regime's policy was quite radical: with a single stroke in 1975, all land was nationalized, eliminating the politico-economic basis of the *ancien régime*. The land reform bill abolished all private ownership of land by individuals or organizations and declared that 'all rural lands shall be the collective property of the Ethiopian people.' More specifically, it stated that 'without differentiation of the sexes, any person who is willing to personally cultivate land shall be allotted rural land sufficient for his/her maintenance and that of their family.' The use of hired labor was prohibited (PMAC, 1975). Large-scale mechanized farms were expropriated without compensation except for movable property and permanent works on such farms. These farms were to be converted into state farms or co-operatives, or broken into smaller plots and distributed to peasants (ibid.).

The 1975 land reform transformed Ethiopian agriculture in a number of major ways. First and foremost it gave land to the tiller as had been demanded by the students and other sections of Ethiopian society since the 1960's; in so doing it also destroyed the basis of the feudal regime. Second it provided the peasants some sense of security over their land and reduced the need for devotion of resources to protecting individual access

⁷ Incidentally, the Tigrain Peoples Liberation Front (TPLF), the dominant nationalist organization in the current government, EPRDF (Ethiopian Peoples Revolutionary Democratic Front), was established after the Derg seized power. It was under the military hegemony of TPLF that EPRDF defeated the Derg and came to power. The same was true for other nationalist movements that were formed in the central, southern and eastern parts of the country. The Oromo Liberation Front (OLF), the most important one, socially and politically, was established in 1974.

to land (Pausewang, 1990). Third and probably most importantly for rural consumption, it released the peasants from the obligations to the landlords. This meant that the peasants now had more to consume and invest. Fourth it introduced new institutions into the countryside, such as peasant associations, state farms and producer and service cooperatives.

Some of the changes particularly the first three mentioned, positively impacted the lives of the rural population. In the initial period and up to 1982 there was a small increase in total agricultural output as peasants took advantage of their new freedoms to plan and control their farming activities and an expansion of the area cultivated. (Griffin, 1992:24) This initial increase was however soon lost due to a number of factors that can be directly tied to state policy on agriculture. Initially the Derg undertook the land reform due to popular pressure. Given this it was unenthusiastic about placing any demands on the peasantry. However it soon realized that as the peasantry accounted for the majority of the population and production, and it would have to tax the peasantry in order to raise government revenues. Within a short period of time the former obligations that the peasantry had to landlords was replaced by obligations to the central government, which were collected via pricing and tax schemes that were biased against peasant agriculture.

We have noted that new forms of institutions were introduced into the countryside. The 1975 land reform reorganized Ethiopian agriculture into three forms (modes) of production. The vast majority of households and farms became individual run peasant farms. A number of formerly large estates became state farms, and a few cooperative farms also came into existence. Throughout the period of the Derg, peasant farms dominated agriculture. In 1982 for example only 3 per cent of the land was in producer cooperatives land only 0.7 per cent of the households participated in this form of production. The rest were organized as peasant farmers: The state sector at this time accounted for no more than 5 per cent of all land holdings (Griffin, 1992:57). By 1987 despite the government's efforts the situation had not changed much. At this time producer cooperatives accounted for 2 per cent of the land while state farms accounted for 4 per cent of land use. While these two sectors, were small government policy was consistently biased toward them. They received priority for inputs such as fertilizers, subsidies for the purchase of animal draught power or mechanized power and favorable prices in comparison to the peasant sector. Lastly they were established on more fertile land (Brune, 1990).

These biases against peasant agriculture mean that the 1975 land reform while important in giving peasants control over resources on their land did not necessarily lead to greater support in material inputs, nor did it necessary reduce the level of surplus extraction from this sector. As one might expect the net result was that there was little improvement in agricultural production. This is not to suggest that the land reform was not positive but rather its impact on productivity improvement was limited by other measures carried out by the government as Kebret (1998) points out agricultural production would not have been necessarily higher without the land reform.

It was however not only the anti-peasantry policy that denied resources to the agricultural sector. During the late part of the Derg's regime it used a fair amount of its resources to retain its power via military means. Not only was it engaged in war against Eritrean nationalists, at home it had to engage nationalists in Oromo and Tigray.

Compared to surrounding East African countries⁸ during the period of the Derg's rule for which data is available (1985-91), only Uganda's military expenditures were as large a part of central government expenditure as Ethiopia's. However even in this case they were a much smaller part of Gross National Income. Compared to Kenya and Tanzania, Ethiopia was spending approximately three times as much. This drops off in the post Derg period (1992-97) where Ethiopia's average expenditures are comparable to both Kenya and Tanzania. The same kind of trend is visible in the amount of military personnel employed as a percentage of the labor force. Here again Ethiopia in the early period has a military at least three times the size of Tanzania and close to six times the size of Kenya. Even if we were to correct for land size and population the size of the military is still substantially larger than its neighbors. While obviously diversion of government revenues to military expenditures do not only deny the agricultural sector alone given this sectors size in Ethiopia compared to the other countries in its neighborhood it is likely that the negative impact on agriculture would actually be larger in Ethiopia.

From the beginning the Derg was confronted with the problem of how to deal with popular demands without losing control. Unable to balance the demands against individual members desire to remain in power it turned early on to assassination – including of its own members – and repression of all forms of opposition. The effect of this was the creation of new, and the revitalization of old ethno-nationalist organizations such as the Tigrayan Peoples Liberation Front (TPLF), *Ich'at* (Ethiopian Oppressed Peoples' Revolutionary Struggle), the Oromo Liberation Front (OLF), Eritrean Liberation Front (ELF) and Eritrean People's Liberation Forces (EPLF). Forced to fight on many fronts the Derg finally collapsed and was replaced by the Ethiopian Peoples Revolutionary Democratic Party (EPRDF) in 1991.

The Land Policy of EPRDF

EPRDF, realizing the political sensitivity of the land question and also as a matter of practical political purposes, decided to retain the public ownership of rural land. The ethno-nationalist groups that made up EPRDF when it seized power in 1991, particularly OLF, were and still are totally against land privatization and the same was true for the other member organizations of the Transitional Government. The apprehension comes from the fear that privatization of land would give rise to the possibility of land accumulation in a few hands inevitably leading, once again, to a massive eviction of peasants, and also from the reminiscences of the pre-1974 revolution period, when the eviction of peasants and the displacement of pastoralists were a common phenomenon in areas where privatization of land was followed by the formation of large-scale commercial farms and plantations (see, for instance, Ståhl, 1974).

The Charter of the Transitional Government (TG) (1991-94) declared that public ownership of land of the former regime would be retained and that was an important aspect of government's over all socio-economic development policy and its political agenda in addressing the question of nationalities. After a long and intense deliberation in the constituent assembly the existing public ownership of land was upheld narrowly. The votes were 495 in favor of privatization whereas 499 for the retention of public ownership. It is now Article 40 (3) of the Constitution of the Federal Democratic

⁸ Namely Kenya, Sudan, Uganda and Tanzania. Data is from the World Bank's World Development Indicators 2001.

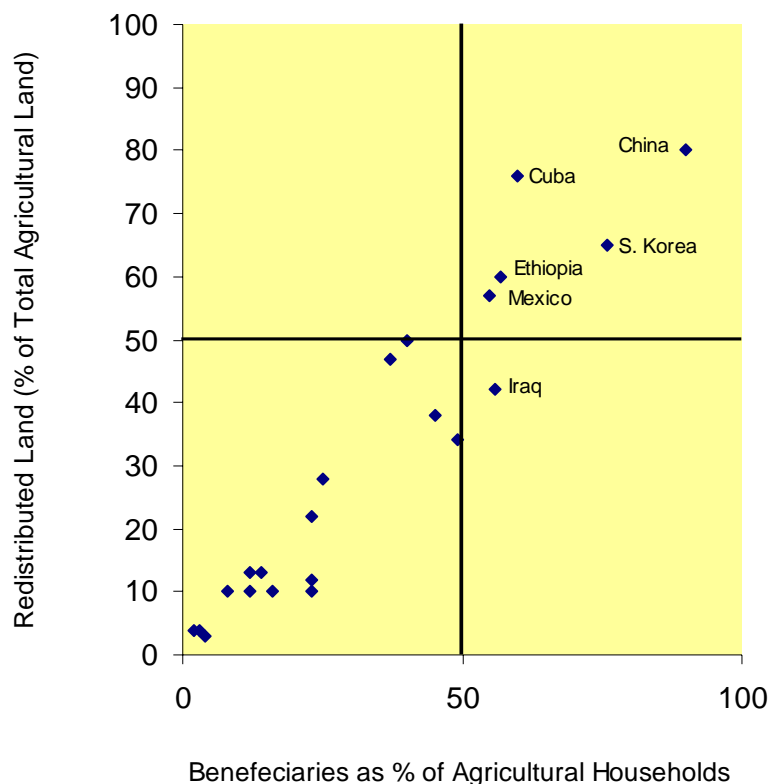
Republic of Ethiopia (FDRE). It reads ‘The right to ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the State and in the peoples of Ethiopia. *Land is a common property of the Nations, Nationalities and Peoples of Ethiopia and shall not be subjected to sale or to other means of exchange.*’ A concession or qualification however was made to accommodate the interests of private investors. Article 40 (6) states: ‘*Without prejudice to the right of Ethiopian Nations, Nationalities, and Peoples to the ownership of land, the government shall ensure the right of private investors to the use of land on the basis of payment arrangements established by law.*’

The government therefore finds itself in a position where politically its hands are tied on the land question, but where the failed economics of agricultural production in Ethiopia demand a transformation of agrarian production. We turn in the next section to analyzing the present status of land distribution in Ethiopia before taking up the question of what kind of reform needs to take place.

Relating Poverty to Land distribution in Ethiopia post 1975 reforms.

Compared to most developing countries and particularly to other Sub-Saharan African countries, the land question in Ethiopia is rather unique. The 1975 land redistribution was particularly extensive both in terms of its impact across a broad swath of the rural population, and the amount of land redistributed. Of 22 developing countries identified by El-Ghonemy (1999) as having accomplished redistributive land reform between 1915 and 1990, Ethiopia ranks in the top group along with China, South Korea and Cuba for the extensiveness of the reform. This is clearly illustrated by plotting these countries on a chart that maps the beneficiary households from the land reform as a percentage of agricultural population onto the X-axis against the percentage of land redistributed as a proportion of total Agricultural land (See Chart 1).

Chart 1: Extent of Redistributive Land Reform in 22 Developing Countries (1915-1990)



Source: M. Reid El-Ghonemy (1999: 8). For Full list of countries please see Appendix I.

As is clear from the figure only 5 countries during this period have had a land reform that covered more than 50 per cent of agricultural households and holdings and only 3 of these were more extensive than the Ethiopian case. In two of these cases, namely China and Cuba, the redistribution took place over a fairly long time period. In the Chinese case the distribution took place from 1949 to 1956, while in the Cuban case it took place over six years from 1959 to 1965. Compared to these two cases the distribution in Ethiopia was fairly cataclysmic, taking place in one large instance in 1975 under the Derg. Only the distribution in South Korea (1945 and 1950) is comparable. Given how extensive both in terms of percentage of land area covered and proportion of rural population affected the reforms in Ethiopia were, most economic discussion of the land question in Ethiopia has begun from the supposition that land is relatively equally distributed. It is then natural to turn to issues of how to transform Ethiopian agriculture from small scale subsistence farming to a more productive form of agricultural system.

We would like to begin our discussion by revisiting the issue of actual distribution of land in Ethiopia and examining the relationship between present distribution and both income and poverty. Using a fairly new national land tenure data set collected in 2001 by the Ethiopian Economic Association and the Ethiopian Economic and Policy Research Institute (EEA/EEPRI (2001), Deininger *et al* (2003)) we analyze the distribution of land at the national level in Ethiopia and its relationship to both income generation and poverty. The data collected in 2001 were national in coverage and included 8540 rural households and covered all states of the Federal republic as well as the different agro-ecological zones. The data are representative at both the national and regional levels.

The purpose of collection of this data was threefold: One, to provide good national level data on land to inform the growing debate on the question; two, to gather new information on output, income and activities of farming households; and three, to solicit the opinions of rural households on the land tenure arrangements that exist.

As noted earlier much of the discussion on land distribution has assumed a fairly equal distribution. . Based on the information available from four major agricultural regions Khan (1998) showed that the top two quintiles had only twice as much land as the bottom two quintiles. Teklu (2003) reports a Gini coefficient of 0.399 for a sample of households in Southern Ethiopia that rent in land. To examine what the present distribution of land is in Ethiopia we used the data to calculate gini coefficients and Lorenz curves of land farmed by households. Our results at the national level are presented in Table 1.

Table 1: Gini Coefficients for Land Distribution in Ethiopia 2001

	Household	Per Capita	Adult Equivalent
GINI Coefficient	0.499	0.541	0.538

Source: Calculated from EEA / EEPRI Land Tenure Survey of 2001. Unless otherwise stated all tables and charts that follow have been calculated from this database.

Contrary to what is generally reported there is a fair amount of inequality in land distribution. We caution here that this does not necessarily mean there is a need for additional redistribution in of itself. The gini coefficient at the household level we calculate to be 0.499. While probably not very high by African standards it does suggest that while land distribution was extensive it did not equalize holdings as much as has been presupposed. Take for example two other cases reported on by El-Ghonemy, (1999). In South Korea the redistribution covered 76 per cent of rural households and 65 per cent of agricultural land and resulted in a change of the gini coefficient from 0.729 to 0.303 at the time of measurement in 1980. In a less extensive land reform in Egypt the gini coefficient dropped from 0.740 to 0.384. In this case only 14 per cent of the population was involved and 13 per cent of the agricultural land. Additionally the land ceiling was set at a high level of 42 hectares while in the Ethiopian case it was set at 10 hectares. Both of these redistributions resulted in much lower inequality probably because the distribution resulted in the break up of the largest holdings and the distribution to people with the least or no land at all.

A more useful measure of the actual access to land is a per capita or per adult equivalent measure of land size (See Table 1). As is the case with most measures of distribution the distribution is more unequal at the individual level than the household level. Both measures of the gini coefficient get larger. The per capita measure is 0.541 while the adult equivalent measure is 0.538. The fact that both these measures go up substantially suggests that even less attention has been paid to family size in the allocation of land than to equalizing holdings between families. Given that a drastic redistribution took place it is also surprising that this measure of inequality is not substantially lower than that of neighboring Kenya, which with a land gini of around 0.615 is considered to have a fairly unequal distribution of land (Githinji, 2000). For the sake of comparability with other work that has used this data set we will use the adult equivalent measures in the rest of the text.

Why is it the case that such an extensive redistribution did not lead to a much lower measures of inequality? While part of the answer has to do with the total amount of land actually available for redistribution part of the answer also has to do with who got left out. In Table 2 we present the Lorenz distributions for land distribution by Household, per capita, and adult equivalent measures. What is immediately noticeable is that the lowest deciles (most land poor) have no land. That is to say that either at the time of redistribution or subsequently land redistribution in parts of Ethiopia has not addressed the problems of the actual landless but rather has tended to redistribute between those that already have land. We should also note that a fair amount of the redistribution that look place in 1975 was from landlord to the tenant. So rather than a change in the actual amount of land that tenants had, what changed were their rights and obligations.

Table 2: Distribution of Land in Ethiopia 2001 by Land Deciles

Per Cent of Population ranked by Land size	Cumulative Share Household	Decile Share	Cumulative Share per capita	Decile Share	Cumulative Share per Adult Equivalent	Decile Share
10	0.00	0.00	0.00	0.00	0.00	0.00
20	1.83	1.83	1.53	1.53	1.54	1.54
30	5.17	3.34	4.52	2.99	4.52	2.99
40	10.18	5.00	9.04	4.52	8.91	4.39
50	16.78	6.61	14.62	5.57	14.73	5.82
60	24.38	7.59	21.96	7.34	22.02	7.29
70	34.80	10.42	32.11	10.15	32.37	10.36
80	48.01	13.21	43.99	11.89	44.57	12.20
90	65.63	17.62	60.25	16.26	60.93	16.36
100	100.00	34.37	100.00	39.75	100.00	39.07

In comparison to the measure reported in Khan (1998) our measure of the ratio of the top quintile to the bottom gives us a ratio of 36, which is eighteen times what we reported earlier from Khan (1998). Another possibility that we are unable to explore at this time is that inequality may have increased more recently as the government has somewhat loosened the ability for individuals to lease in land. In an examination of the informal land markets in Central Ethiopia, Gabriel (2001) finds that during the 1990s an increase in the amount of land farmed by richer households has occurred. Gabriel finds that in this case richer families with more access to animal draught power were able to cultivate more land by leasing in land from poor families that have less access to animal draught power. The result in this limited case has been an increase in land inequality and the poorer households having to work as wage laborers at very low wages.

Ethiopia is a large country inhabited by a number of differs nationalities, and with varied agro-ecological zones. A fairly unequal distribution may be due to differences in land potential between different regions rather than one between households or individuals across the nation. To examine this possibility we looked at the regional distribution of land using the same measurements. Our findings are reported in Table 3.

Table 3: Gini Coefficients and Decile Shares of Land at the Regional Level 2001

	TIGRAY	AFFAR	AMHAR A	OROMIY A	SOMALI A	BENISHANG UL	SNNPR
GINI	0.45	0.38	0.46	0.51	0.38	0.62	0.65
DECILE	Decile Share	Decile Share	Decile Share	Decile Share	Decile Share	Decile Share	Decile Share
10	1.93	2.43	0.07	0.05	1.97	0.00	0.00
20	3.34	3.58	2.95	1.92	4.61	0.00	0.38
30	3.97	5.87	4.24	3.45	6.10	0.18	2.15
40	4.89	5.55	5.56	4.60	6.70	4.15	3.06
50	6.07	6.33	7.26	6.28	7.29	5.25	4.26
60	7.11	9.03	7.95	8.03	7.87	5.98	5.78
70	8.85	9.41	10.05	10.05	9.22	5.65	7.54
80	12.48	13.24	12.19	12.46	9.33	13.47	10.04
90	15.67	15.42	15.20	16.70	10.77	21.94	16.26
100	35.69	29.13	34.52	36.47	36.15	43.39	50.52

As is clear from the table there is a fair amount of variation in distribution across the country. While land is fairly equally distributed in the regions of Affar and Somalia which have adult equivalent gini coefficients of 0.38, it is highly unequally distributed in the SNNPR region and in Benishangul. Both of the latter regions have coefficients above 0.6. In the SNNPR the most unequal state the ratio between the richest quintile in land and the poorest is a staggering 175. Tigray and Amhara have fairly moderate inequality with gini coefficients of between 0.45 and 0.46, while Oromiya the largest state has a gini slightly higher at 0.51. What is interesting in the regional variation is the potential overlap between distributional issues and political questions on land. In both Oromiya and the SNNPR both of which have a fair amount of inequality the question of land is not only a question of distribution of land between locals, but one of distribution between both locals and more recently settled migrants into the area who came in the last century with the expansion of the feudal Ethiopian State into these areas.

The problem of landlessness is also different between the regions while Benishangul and the SNNPR are characterized by fairly large amounts of landless-around 20 per cent in Benishangul and 10 per cent in SNNPR, this is much less of a problem in the northern states of Tigray and Affar. In Oromiya and Amhara the problem is more moderate. This regional variation in distribution suggests that land redistribution issues have a clearly local context that should be taken into account in any discussion of the possible policy approaches to the problem. We shall return to this in our discussion of policy.

While it is the case that land is more than an economic asset in this part of our discussion we focus on the economic implications of the differences in land holding. To do this we examine at both the national and regional levels the relationship between land holding, land fragmentation and income both total household and farm income per adult

equivalent. Our aim here is to start understanding the relationships between the physical asset land and income in the Ethiopian case. The reason why this is important is that arguments for or against land distribution are closely tied to the impact land distribution itself has on the distribution and generation of income.

Table 4: Average Land Size, Household Size and Number of Parcels farmed by Per Adult Equivalent Land Decile for Ethiopia 2001

Decile	Holding Size	Land Per Capita	Number in Household	Parcels of Land
10	0	0	4.96	2.37
20	0.34	0.06	5.96	1.54
30	0.62	0.11	5.77	1.93
40	0.81	0.15	5.51	2.26
50	1	0.19	5.32	2.27
60	1.25	0.24	5.23	2.47
70	1.46	0.3	4.8	2.61
80	1.96	0.39	5.11	2.83
90	2.52	0.5	5.01	2.67
100	4.25	1.02	4.23	2.78

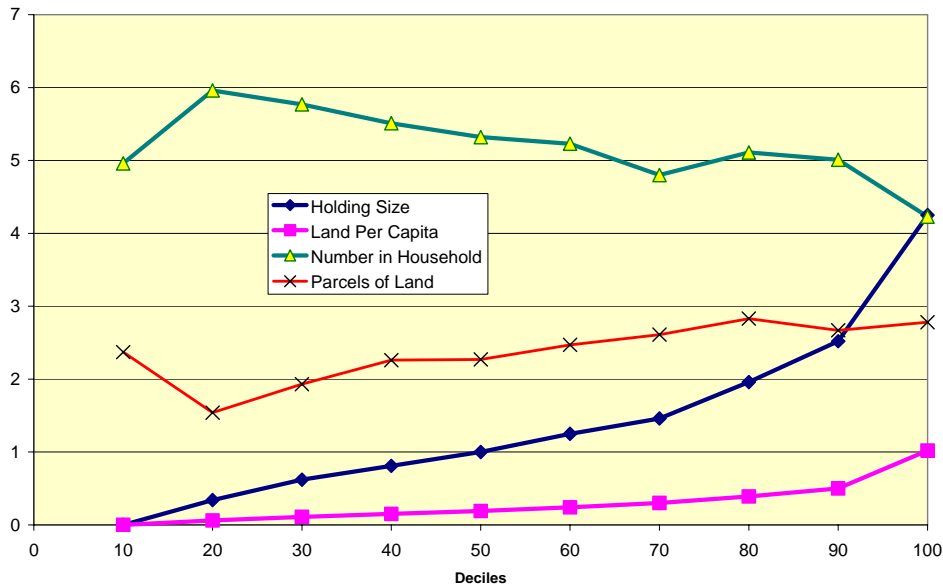
Note: For the first decile the holding sizes are so small that rounded of to two decimals they appear as zero.

In Table 4 we present the averages of different variables for each decile of the population based on the land distribution. For example in Table 4 under the “Number in Household variable” for the Decile 10 is an average of 4.96, this means that the average number of people (in adult equivalents) for the poorest 10 per cent of households in terms of land have 4.96 individuals. The first thing that is clear from the table is that while as we have argued there is still a fair amount of inequality in land holdings the actual size of the land holdings is not very large. For example the ratio of the average land size held by the richest (in land terms) quintile to the poorest quintile is nineteen. While this is still higher than what has been reported from smaller regional studies it still is lower than when you compare quintiles in terms of the overall percentage of land controlled. The key here is the relatively low ceiling of 10 hectares per household that was put on the total amount of land that a household may hold. Since then based on the data we have available it is clear that there are households that have amassed larger tracts of land.

The small size of the holdings is clearly brought out by an examination of the land per capita averages for each decile. The richest households have average land holdings that are only 1.02 hectares large per adult equivalent. Due to the increase in rural population this is a result that we would expect. Jayne *et al* (2003) report that the land to person ratio in hectares dropped from 0.508 in the 1960s to 0.252 in the 1990s. The other salient feature of this distribution is that for the poorest ten per cent the average holding size is zero. We must also treat this figure as an underestimate of the degree of landless because the collectors of the data used the Peasant Associations to assist them in collecting the data. Because these are actually farmer associations, one would expect that would be predisposed to leading enumerators to land holding families rather than landless ones.

What is of particular interest to us is actually the trend of the averages as you move from land poor households, to in Ethiopian terms, land rich households. To illustrate this we put the figures from Table 4 above in Chart 2.

Chart 2: Trends in Average Land Size, Household Size and Number of Parcels farmed by Per Adult Equivalent Land Decile for Ethiopia 2001

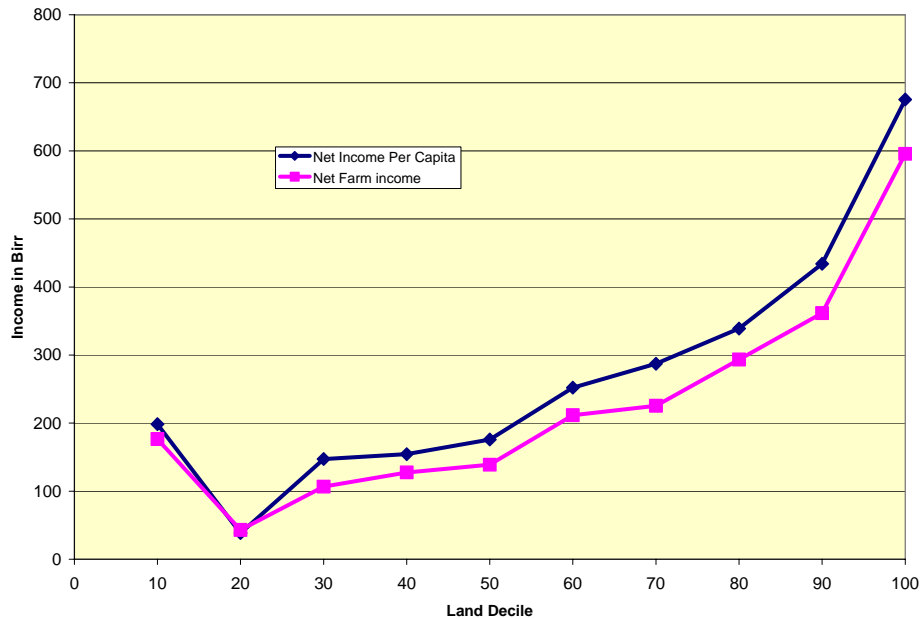


As one expects both average sizes per capita and per household go up. We should note here however that the increase in land size both in per capita and household size terms is relatively steep over the last three deciles as compared to the first seven. In this same chart we present the parcels of land held and the number of people in each household in adult equivalent terms. We present this data for a variety of reasons. First both in Ethiopia and many parts of Africa there has long been a discussion of fragmentation of holdings and its relationship to both total holding size and also to household income. There are two opposing views that are often presented. One is that fragmentation leads to loss of efficiency as returns to scale do not apply and extra resources are used in tending multiple fragments. Those arguing this position often see agrarian reform as an opportunity to consolidate multiple small fragments into larger single farms that are more amenable to the application of machinery. Others argue that in highly variable environments such as much of sub Saharan Africa, fragments which often are in somewhat different local agro-ecological areas are a way of spreading risk.

At this descriptive level of analysis it does seem that the increase in fragments is associated with an increase in farm size. In a situation where individuals might be able to consolidate their holdings through a market easily, this might be prima facie evidence of the desirability of fragments for possible risk spreading strategies. However because we know in this case most consolidation or redistribution occurs through administrative procedures this may not necessary be the case. This trend may simply be an artifact of the administrative procedure. We shall return to this question in our econometric examination that will follow. The next trend that we examine is that of household size. We examine this for two reasons. The first is that household size in a rural society with low levels of

technology is an important indicator of the potential of the household to exploit land holdings. The second is that it is now well established that richer households (in income) tend to have smaller families due to the relatively high opportunity cost of children. Our findings suggest that household size decreases with land size an indication that income may increase with land size. We turn our attention to this facet of the question below.⁹

Chart 3: Net Farm and Household Income in Ethiopia 2001



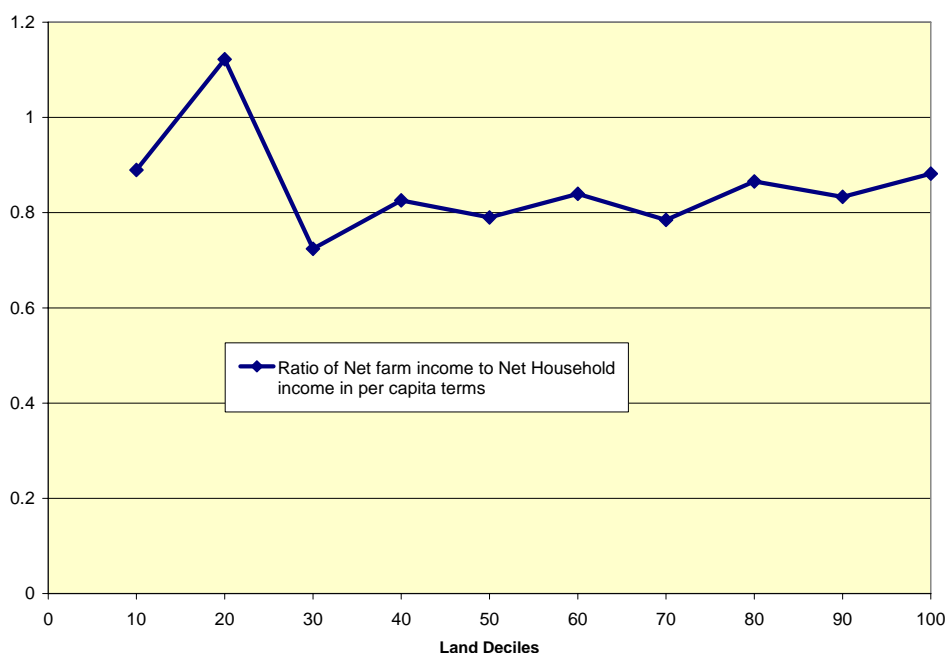
In Chart 3 we present the relationship of two variables to land distribution. The first is the net farm income per capita, while the second is the net household income per capita. In an agricultural economy one would expect these to be fairly highly correlated. However the degree to which they are correlated in the Ethiopian case is extreme. This is due to the fact that not only is agriculture important as a primary means of production, but there is also very little alternative employment opportunities in rural Ethiopia (Khan 1998). With the exception of a drop in income between the most land poor households and the second most land poor decile, the relationship between landholdings and both net incomes is positive¹⁰. In a country in which a rural transformation is occurring one would expect and one finds that higher income households tend to have lower proportions of the income from agriculture, especially when the form of agriculture is fairly low in productivity.

From a visual examination of the chart 3 it is not clear if there is a trend in the ratio of the two incomes. We therefore present in Chart 4 a graph of the ratio of the two incomes by land deciles.

⁹ Please note for any discussion involving income we have dropped the Affar region from our calculations. We have done this because the average incomes reported in the data tend to be ten times the average of any other region. This has not however resulted in any substantive differences in the nature of our findings. The trends we report tend to hold even with the inclusion of this region.

¹⁰ We should also note here the possible error in some calculation of net income that results in a ratio of greater than one for the second decile. This is theoretically possible in cases where a loss making enterprise is actually being subsidized by the farming enterprise.

Chart 4: Ratio of Net Farm Income to Total Household Income Per Capita (Adult Equivalent Terms) in Ethiopia 2001.



While it is not a very strong trend, it is clear that above the third deciles there is somewhat of an upward movement in the ratio of the two incomes. This suggests that our rich households are slightly more dependent on farm income than our poorer households. This tends to confirm our observations about the lack of employment or entrepreneurial alternatives in the Ethiopian countryside. At the regional level we find that there is great variability between states. In the Northern states of Tigray and Amhara the relationship between income and land size does not seem as clear cut as it is at the national level. This is also the case for Somalia and Benishangul. In all the cases however the relationship between land size and number of parcels holds. These regional differences suggest that we need to undertake a more rigorous analytical examination of the relationships before we can make any strong claims.

In the previous section we have descriptively looked at the actual state of land distribution in rural Ethiopia, and explored the relationships between land distribution and income. In general we find the following. One, land is not as equally distributed at the national level as one would expect given the history of land reform in Ethiopia. Two, there is significant variation in land distribution between different states in the federal republic. Three, despite the somewhat unequal distribution the size of land holdings is relatively small. Four, there is a clear positive relationship between size of land holdings and income and finally the dependence on agriculture and farm income tends to increase with the increase in size of holding at the national level. At the regional level the relationship is not as strong and is varied across the different states.

The Determinants of Poverty and their Relationship to Land distribution in Rural Ethiopia

While there is general agreement that poverty is pervasive in rural Ethiopia its exact measurement and trend over time are difficult to establish due to the incomparability of surveys over time. The World Bank reports head count ratios of 83, 76 and 77 in 1981, 1995 and 2000 based on the moderate poverty line of \$2 per day purchasing power parity and 46 per cent in 2000 based on a national poverty line (World Bank, 2005). In our sample and that of Deininger *et al.* 53% of the households are poor based on the national poverty line. In order to more carefully analyze the relationship between land and specifically poverty in the following pages we present the results of a logistic model of poverty. Our model is a fairly basic and standard one. Our dependent variable is dummy variable that represents whether the household is poor or non-poor based on the national poverty line. We regress this on a number of household and head of household characteristics that represent the resources the households have for production. We can divide the variables that we use into five distinct categories. The first represents the human capital of the head of the household plus a measure of the amount of labor available to the household for farming. The second category is one that captures the land characteristics such as size and number of parcels. The third is the type of farming in terms of the major crop, plus the land management practices of the farmer. The fourth category is a series of regional and geographic categories, such as state, agro-ecological zones¹¹, population density. The penultimate category includes variables that proxy for the impact of prior redistributions. These include the change in the number of parcels and size of the farm over time. The final category is the external resources that the farmer has access to, including the quality of access to markets, non-farm employment and extension services. A full description of the variables and the results are found in table 5.

Our logistic model is robust. The proportion of observations that are concordant is 80 per cent and Mcfadden's r-square for logit analysis is 0.21. Our results from the regression confirm many of our earlier suppositions. First there is a statistically significant relationship between both overall land size (at 10% level of significance) and land per capita (at 1% level of significance) with poverty. However in the case of farm size an increase, in overall land size in of itself does not reduce the likelihood of poverty. That is to say, it is likely large farms are correlated with larger families which tend to be poorer. It is also likely of be the case that areas which have poor farming conditions will also have large farms. Increases in the land per capita however have the opposite effect which is to decrease the likeliness of poverty. In fact an increase of 1 hectare of land per capita is likely, to reduce the probability of poverty by 43%.

¹¹ For ease of reporting we have not presented the thirteen agro-ecological zones in the table, that are simple described as agro-ecological zone 1 and so on to thirteen.

Table 5: Determinants of Poverty – Logistic Model

Type	Parameter	Estimate	Standard Error	Chi-Square	Pr ChiSq	>Marginal Effects
Household	Intercept	0.729	0.327	4.98	0.0256	
	Education	-0.053	0.015	12.22	0.0005	-0.0131
	Household size	0.107	0.021	27.05	<.0001	0.0264
	Years farmed	0.000	0.000	0.49	0.484	-0.0001
	Age	-0.002	0.002	0.82	0.3649	-0.0004
Land	Sex of Head	0.023	0.113	0.04	0.8419	0.0056
	Farm Size	0.075	0.053	2.01	0.1561	0.0187
	Parcels	-0.065	0.018	13.29	0.0003	-0.0162
Main Crop	Land per Capita	-1.734	0.267	42.06	<.0001	-0.4302
	Coffee	-0.623	0.099	39.71	<.0001	-0.1546
	Teff	-1.510	0.172	77.18	<.0001	-0.3748
	Enset	2.392	0.723	10.96	0.0009	0.5936
	Maize	0.535	0.220	5.94	0.0148	0.1328
Farming Practises	Wheat	-1.634	0.184	78.67	<.0001	-0.4055
	Soil maintenance	-0.098	0.158	0.38	0.5374	-0.0242
	Crop Rotation	0.292	0.073	15.91	<.0001	0.0723
	Terracing	-0.111	0.063	3.11	0.0778	-0.0276
	Fallow	0.126	0.067	3.53	0.0602	0.0313
	Intercropping	0.052	0.068	0.60	0.4404	0.0130
Geography	Tree Planting	-0.026	0.054	0.23	0.6321	-0.0065
	Tigray	-0.324	0.282	1.33	0.2494	-0.0804
	Amhara	0.361	0.264	1.88	0.1703	0.0897
	Oromiya	0.705	0.254	7.73	0.0054	0.1749
	Somalia	-0.970	0.357	7.38	0.0066	-0.2408
	SNNPR	1.457	0.268	29.49	<.0001	0.3616
	Population Density	-0.143	0.053	7.32	0.0068	-0.0355
Land Changes	Change in parcels	-0.010	0.018	0.29	0.5902	-0.0024
	Change in Farm Size	0.000	0.001	0.44	0.5088	-0.0001
Access to External Resources	Extension	-0.189	0.138	1.87	0.1719	-0.0469
	Infrastructure	-0.770	0.155	24.72	<.0001	-0.1911
	Ratio of incomes	-1.340	0.075	322.31	<.0001	-0.3325

Interestingly the number of parcels a household farms positively affects income or to put it in terms of poverty reduces the likelihood of poverty. This is interesting because we have controlled for size, so we are not capturing here an increase in size. The benefits and costs of extra separate parcels of land may be considered in the following ways in the African context. Extra parcels are more costly because they require additional time to go to and to set up as farms. They however may have the benefit of being in slightly different local agro-ecological zones and therefore may be risk reducing especially in a shock prone system such as is most Sub-Saharan subsistence farming and particularly Ethiopia. Our results suggest that the benefits of extra parcels outweigh the costs.

With respect to the household characteristics only two of them were statistically significant namely the degree of education (at the 1% level) and the size of the household in adult equivalents (at the 1% level). In the case of education increases in education lead to a fall in the probability that the household would be poor. In our sample over 53% of the individual heads of household are illiterate and less than 75% have up to 4 years of

primary education. This suggests that there might be fairly high rates of return to productivity from a basic education campaign. As one would expect large households tend to be poorer. It is well established that larger households are also associated with low levels of education and opportunity for women. Thus an education campaign in this context would not only affect production directly but would also lead to smaller households. Our two other household characteristics, namely sex of the head of the household and length of period that the head of the household has formed do not show up as statistically significant. While it is a little surprising those female headed households are not statistically significantly poorer than male headed households, it may be the case that administrative redistributions have not been strongly biased against women. We should also note that the number of female headed households is also substantially lower than is generally found in Sub-Saharan Africa. These results on female headed households are similar to what Bigsten *et al* (2003) find for per capita expenditure. That is there is not a significant difference between the expenditures of female headed households and those of male headed households. These findings on female headed households should not be treated as conclusive, but should lead to caution in the generalization on the nature of difference between female headed and male headed households in Africa.

One would expect that the type of crops that a farmer plants and their management of farm resources would have an effect on income and therefore poverty. We have created dummy variables for all households where farming is dominated by a single crop, such as Coffee, Wheat, Teff¹², Maize or Enset¹³. The comparative category in this case are farmers whose farms are not dominated by a single crop type. Households that concentrate on coffee, wheat and teff are all less likely to be poor (statistically significant at the 1% level). These crops tend to be commercial crops with coffee being an important export crop and teff being an important commercial crop locally. Bigsten *et al* (2003) also find the same thing in their examination of poverty in Ethiopia. Their study which includes a new export crop Chat which is now produced in a few parts of Somalia and Oromiya finds that Chat farmers are less likely to be poor. On the other hand farmers that concentrate on enset and maize are more likely to be poor. Our findings here suggest that maize and enset farmers tend to be low productivity farmers and some attention should be paid towards improving their productivity. In the case of enset particularly there should be an exploration of whether it has been ignored by extension services as is often the case with indigenous crops.

Beyond the type of crop that farmer's plant, we also looked at their actual farm practices including terracing, planting of trees, crop rotation, land fallowing and use of manure for maintenance of soil fertility. We find that crop rotation (at 1% level) and terracing and fallowing (at 10% level) are all statistically significant. Increases in terracing are associated with reductions in poverty. The practice of terracing decreases the probability of poverty by 11%. Surprisingly the other two practices are associated with increases in poverty. It may be the case that these practices are more common where land has already been substantially degraded and therefore rather than being associated with improvements in productivity they are associated with maintaining rather lower level production equilibriums.

As we have noted in our earlier discussions there is a fair amount of regional variation in the relationship between income and land. To explore the impacts of

¹² Teff is a traditional grain that is native to Ethiopia and is a staple.

¹³ Enset is a traditional cultivar related to the banana which is a traditional staple in Southern Ethiopia.

regional variations we included each state as a dummy variable and also included the agro ecological zones. Our omitted state which also serves as the comparison state is Benishangul. In this case the probability of being poor is statistically significantly different in three states (at 1% level). Households in Oromiya and SNNPR are 17% and 36% more likely to be poor than residents of Benishangul. On the other hand residents in Somalia are 24% less likely to be poor. We also find that increases in population density are associated with decreases in the probability of poverty. This conforms with what we might call a Boserupian view of agrarian change after Esther Boserup's (1965) work. Boserup postulated that as population density increases and land becomes scarce, its value increases. Because of the increase in value farmers practice more intensive and efficient techniques leading to higher productivity and output and thus lower levels of poverty

Some of the regional variation is going to be explained by differences in climate and basic land endowment. To explore this we used dummy variables for different agro-ecological zones. As one would expect in an agricultural economy that is completely dominated by rain fed agriculture, it is the moist and humid areas which are associated with the probability of decreases in the likelihood to be poor. Three of the four areas are in the highlands while one is in the lowlands. All these areas are classified as either moist or humid. For example households in the hot to warm moist lowlands are 2.8 times less likely to be poor than the other households. On the other hand agro-ecological zones where people are more like to be poor are more varied including both humid and dry areas.

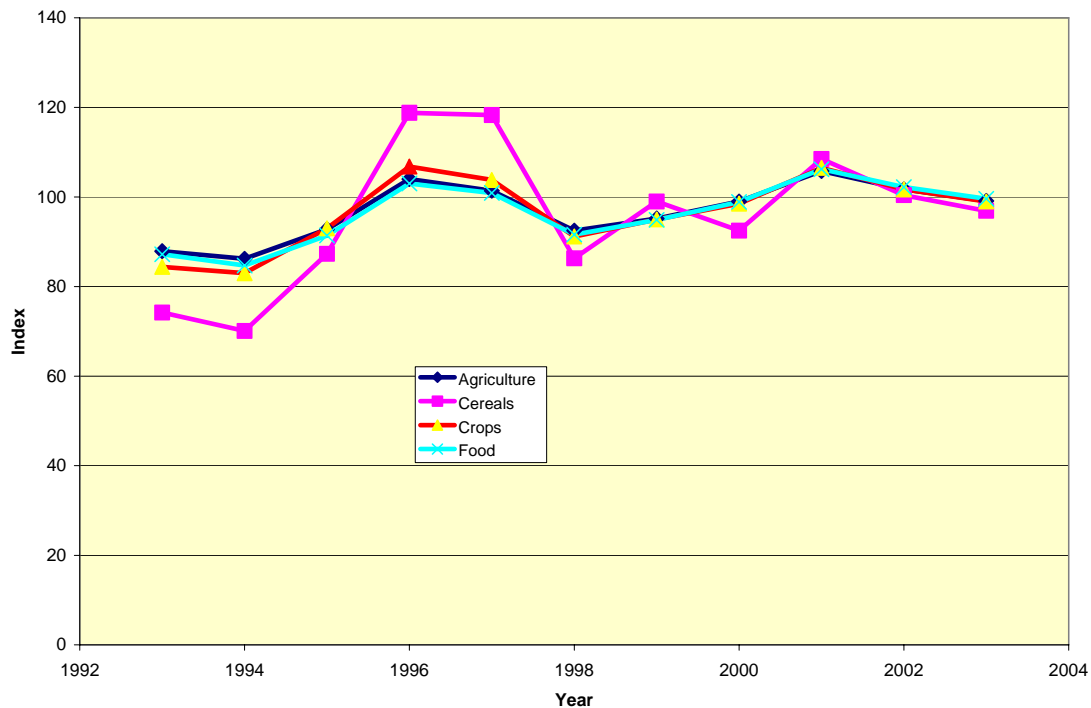
Elsewhere (Kebret (1998)) there has been discussions of the productivity effects of previous land reform. We were interested in whether the administrative process of reallocating land had had either positive or negative effects on the households in our sample. We were able to examine this through two variables. One was the change in land size since the head of household started farming and the second was the increase or decrease in the number of parcels during the same period. Both increases in size and number of parcels over the life of the farm are associated with a decreased probability of poverty though neither variable is statistically significant

The last set of variables we examined were those that represented the access to external resources. These included access to infrastructure such as roads which improved access to markets, access to extension services and lastly access to non-farm jobs as measured by the ratio of total net farm income to total net household income. While both access to extension and access to infrastructure decreased the probability of poverty only access to infrastructure was significant (1% level). A surprising finding was the result for access to non-farm jobs. In this case as the ratio increased, that is to say as household income became more dependent on farm income the probability of poverty decreased. This would suggest that farm jobs actually have a higher productivity than the available non-farm employment. Normally it is the case that as a country develops the non subsistence agricultural sector and the non-agricultural sector have higher productivity and thus higher income. One would then expect individuals to leave the labor rich subsistence sector and enter the other sectors forcing the subsistence sector to adapt by improvements in productivity. Since this is not the case in rural Ethiopia one can only assume that the agrarian sector is extremely rudimentary. This has important implications for how we view land reform and agrarian transformation taking place. In the next section we turn our attention to the debate on land reform in Ethiopia in the context of what we have established in the last few pages.

Twists of the Gordian Knot

Ethiopia or more correctly the Ethiopian government finds itself at a crossroads. Increases in income and development will only take place if there are huge improvements in the agricultural sector which employs over 85 per cent of the population and produces over 50 per cent of GDP and practically all its' exports (Khan 1998). While the agricultural sector has recovered since the fall of the Derg and grown, the amount of growth has not been enough to sustain a transformation of the rural areas, *let alone* become the engine of development as a whole as envisaged by the government's development policy which calls for Agricultural demand lead industrialization.

Chart 5: Agricultural Per Capita Indices of Production in Ethiopia (1993-2003)



Source: FAO (2005) FAOSTATS-Agriculture

The chart above presents a number of agricultural indices in per capita terms. As is plainly evident production has recovered from 1993 when the index for total production was just under 90 and since 1998 has average around 100. The total growth per capita for the period 1993-2003 has therefore been only slightly over 11 per cent. Most estimates for substantially reducing poverty and allowing growth of income call for growth rates of GDP of at least 7 per cent per annum. Clearly given its heavy dependence on agriculture Ethiopia falls drastically short of this. The question is how one achieves a rapid transformation of this sector while still ensuring that the vast majority of people who are dependent on it have a secure livelihood and do not fall deeper into poverty. This is complicated by the question of nationality which is intimately tied to the land question in Ethiopia. To put this differently the question in Ethiopia cannot and should not be treated simply as one of land reform but rather as a question of political and agrarian transformation and transition.

This question partially has resulted in the beginnings of a discussion in Ethiopia on how to transform the agricultural sector. While the government has approached this by attempts to improve productivity through improvements in extension services increasingly there has been a discussion of the nature of land tenure and its impact on the efficiency of the rural sector. Within Ethiopian research journals a number of studies on tenure and investment have begun to appear and the data we have used were collected specifically for the purpose of providing good data for this discussion. Prior to this collection of data, many of the studies were limited to Amhara and Tigray .

In the initial discussions immediately after the EPRDF took power the debate was one between proponents of standard privatization of land and those who advocated the continued public ownership. In the short term that question has been settled as we have noted by the constitutional act that entrenches the continued public ownership of all land. This has not however stopped the proponents of privatization from a continued assault on the present tenure system. Over time the discussion has become a little more nuanced. We can group the arguments into three categories. The first are the arguments for the full privatization of land. The second are the more subtle arguments for security of tenure, which can mean a number of different things including the ability to sell land or simply the promise that there will be no more redistributive actions taken by the government. The third are those who argue for the continued public ownership of land

Those who argue for privatization of rural land, argue that the consolidation of land into in the hands of what, one of them, Rahmato (1997:10), refers to as the 'efficient and enterprising farmers' will lead to an increase in output. The ability to buy and sell land will therefore lead to the allocation of land to the most efficient and able farmers. Those who argue for the security of tenure argue that investment on land in the form of terraces, trees, or irrigation systems depends on the tenure status of individuals. Gebremedhin (2003) and Deininger *et al* (2004) show this using Tigraian data and national data respectively. Those who argue for the continued public ownership are most concerned about the possibility of distress sales that may occur with privatization and the possible removal of tenants from farms. They also argue that privatization as shown in other African countries (Migot-Adholla *et al*, 1991) and in Ethiopia (Gebeyehu , 2000. Holden and Yohannes 2002, Shiferaw and Holden 2001) does not necessarily lead to an increase in credit or investment. Gebeyehu finds that there is not a statistically significant difference between owner occupied land and tenants. In both cases what he finds to be more important is the fact that both groups of farmers hugely underutilize their resources and huge gains could be made in production by efficient utilization of existing resources. He also notes that the larger farmers over 2 hectares are in general less efficient than the smaller farmers probably due to the lack of complimentary capital as the farm size gets larger. The work by Shiferaw and Holden and Holden and Yohannes, point to resource poverty rather than tenure regime as the main determinant of investments in terracing and the use of manufactured inputs. This work also identifies the low returns to investment for farmers, as being a determinant of the low rates of investment.

In addition to the arguments marshaled against privatization above one may also note that privatization in the absence of the development of fairly sophisticated financial markets that provide other savings instrument, may lead to the use of land as an instrument for saving. Since in an agrarian country land is likely to hold its value against inflation individuals may choose to hold land not to farm but as a hedge against inflation. In countries like Kenya this has led to fairly large land holdings with low productivity existing side by side with large numbers of landless individuals.

The arguments for and against privatization are not however only simple objective scientific discussions but are clearly influenced by class and Regional interests. For example the EEA/EEPRI survey included both a survey of professionals in addition to the survey of farmers. In the survey of mostly urban professionals, the investigators found that a majority of them favored the privatization of land (EEA/ EEPRI, 2002, pg 92). On the other hand 61 per cent of the rural population favored the continuance of the public ownership of land. This varied regionally from a low of 37.7% in Benishangul to a high of 77.5% in SNNPR. With the exception of Benishangul all regions reported a majority (slim in Amhara 52%, Oromiya 56%) that favored the public ownership of land (EEA/ EEPRI, 2002, pg 40). In a smaller survey we carried out that included members of parliament, academics and NGO professionals, all the members of parliament from southern areas namely Oromiya and SNNPR were clear that from their perspective privatization was not a viable option.

A further investigation of the EEA/ EEPRI data suggests that not only are there regional differences but there also exist differences based on income. It is clear that higher income households tend to favour the present system as compared to the poor. At the regional level this same trend is obvious in Amhara, Tigray and Benishangul. In Benishangul, for example, which overall had the lowest proportion of its population support the present land tenure, only approximately 23 per cent of the poorest three deciles support the system while approximately 50 per cent of the richest third of the population support it. In the other regions there is no discernible relationship between income and the desirability of the present tenure system. Surprisingly both at the national level and the regional there seems to be very little relationship between landholdings by deciles and desirability of the present tenure system. Our last two points on attitudes to land reform reinforce the connection between issues of nationality and issues of land ownership. This should caution us not to treat land reform simply as an economic question but also as a political question.

Untying the Gordian Knot: A path for Agrarian Transformation

Where does this leave the question of land reform in Ethiopia. The first thing to acknowledge is that one cannot separate land reform from the entire process of agrarian change and continued political evolution. The continuation of the present tenure regime or a change to privatization must be considered in the context of what happens broadly in the rural sector. Because of the experience under the imperial state there is a great deal of fear of changes in the tenure system that may lead to the loss of livelihoods by a section of the population. We also have evidence that allowing markets to allocate land leads to increased inequality of land and the impoverishment of landless peasants who are forced to work as wage labor for extremely low remuneration (Gabriel, 2001). It is also clear from other countries that market led attempts to transform agriculture while decreasing poverty, have not had the desired results (See for example Borras, 2003)). At the same time the existing system in Ethiopia is clearly reaching its limit and must be transformed. As population continues to grow plot size will continue to decrease making it more difficult for rural households to support themselves on their own agricultural production.

To transform agriculture without increases in poverty the rural population must have alternatives to farming. We would suggest that the government needs to rethink its approach to rural development, rather than expecting surplus produced in the rural sector to drive the demand for industrial products it must first start by transforming the rural

sector and providing alternative employment and increasing productivity of agricultural holdings. In some ways what we propose is similar to Abegaz (2004) and focuses on the sequencing of agrarian reform. Our basic position and that of Abegaz is that for land reform to be successful there are a group of complimentary reforms that should take place. In our estimation these reforms need to take place before there is a tenure regime change if part of the reason for land reform is the eradication or at least alleviation of poverty. Where we part with Abegaz is his advocating for a freehold tenure system. We are agnostic on the final form that land tenure systems should take and rather would like to allow for a “natural” evolution through local experimentation.

We suggest that the government engage in four things to do this namely: (I) labor intensive public investment (II) a national campaign for literacy and education (III) Intensify and extensify the use of animal draught power and other inputs in farming (IV) where possible consider the introduction of new commercial crops.

First the government should engage in substantial labor intensive public investment (See for example two essays in Griffin (2000) on investment led adjustment). This would be geared towards the provision of rural infrastructure that increases the productivity of agriculture. As shown in our logistic model earlier access to infrastructure and markets is key in decreasing the probability of poverty. The infrastructure would include but not be limited to roads, irrigation facilities, rural electrification and environmental reclamation such as the building of terraces, gabions and reforestation projects. In fact as these improvements lowered the cost of farming and increased returns one might expect a fair amount of private on-farm investment to take place. Not only would these projects by themselves increase productivity but they would also in the short run provide alternative jobs plus training for rural individuals, thus relieving some of the population pressure on land. These projects would also lower the cost of locating small industry in the rural areas thus beginning to make the permanent provision of off-farm employment sustainable. Further while off-farm employment is often disequalizing, public works tend to attract the poorest of farmers and thus are also poverty reducing directly (Woldehanna and Oskam (2000)). In organizing local public investment projects the role that local peasants associations may play in choosing and organizing the projects should be critically examined. Lastly we should note that improvement of rural infrastructure will improve the value of land and thus the asset wealth of rural populations. If at any time in the future these populations had to sell or lease out their land they would be able to do it at higher prices.

Second one of the key variables in improving productivity is education. Both in our study and numerous others low levels of education were highly correlated with poverty and low productivity. The low level of literacy in the rural areas of Ethiopia provides another opportunity for employment in a productivity improving venture. The government should engage in a national literacy campaign that specifically seeks to use rural individuals to bring literacy to their local community. Again like the creation of infrastructure this would be both productivity improving and jobs creating.

Third the government should continue improving agricultural productivity by intensifying and making more widely available extension services and inputs such as fertilizer. While not conclusive the EEA / EEPRI (2002, pg.60) rural survey found that farmers that had access to extension services and modern inputs had 26% higher income than those that did not. Those who received extension services however were only 35 per cent of the sample. In addition a key determinant in ensuring that poorer household, can cultivate all their land in some areas is the availability of animal draught power in the

form of oxen (Gabriel (2001)). Wherever possible the government should improve the availability of animal draught power to poor farmers. In providing extension services and inputs the government should make sure that it does not have a bias against traditional food crops such as enset.

Fourth, the government should consider assisting wherever possible in the introduction of new commercial agricultural products. Our evidence and that of other studies suggests that farmers that grow commercial crops do better than those who are dependent on subsistence food production. These crops could include the traditional commercial crops such as coffee, wheat or teff or new commercial crops such as flowers for export and chat. We should note here that consideration of the backward and forward linkages that may be created with the project of rural industrialization should be an important component in deciding what crops should be chosen. In this regard though we have unfortunately no data to seriously look at the possible impact the government should carefully study the impact of the livestock and leather industry in the country. A casual walk around in the urban areas of Ethiopia quickly exposes one to what seems a fairly large and vibrant leather industry for local production. The role this industry may play in the transformation of rural Ethiopia should be carefully considered.

In implementing all of the above policies the government should involve the Peasants Associations in identification, planning and carrying out of projects. This will give the efforts local ownership and increase the probability of them being successful. Only after substantial progress has been made in both increasing farming productivity and providing, sufficient off farm employment can there then be an honest discussion of tenure reform that takes seriously the question of poverty alleviation.

Assuming that the government was successful in implementing the program outlined above, where does this leave us on land reform as part of the Agrarian transition? Two questions need to be addressed in an Ethiopian context. One is the question of nationality, ownership and culture and the second is allowing for flexibility in the use of land so that the most productive institutional arrangements are allowed to evolve. The first thing that the government and proponents of the various position vis-à-vis privatization must accept is that a “one size fits all” policy is not practical nor desirable. In formulating agrarian policy the government must allow for regional variation which takes into account local concerns and culture.

The second issue is that of allowing for the most productive pattern of agriculture to emerge. In the absence of complete markets there is no compelling reason to believe that privatization in of itself will increase investment and thus production as well as ameliorate poverty. However an increase in the options of what individuals can do with the land they control would allow for the emergence of new and potentially more productive institutional arrangements. One way of realizing some of the perceived benefits of privatization, while ensuring that individuals are not cast landless on the market without an alternative source of income, is to legally allow for the leasing in and out of land. While this will allow for the more efficient farmer, to increase the acreage under their control and thus increase production, it will also ensure an income stream for the farmer who has given up their land. Such a system would also allow for the gradual evolution of the tenure system. We cannot overemphasise the importance of local experimentation and the evolution of land tenure systems that are locally acceptable and also improve productivity. Too often it has been the case in African “development” discussions and planning that grand plans for whole scale change are imposed from either outside the country or by the central government only to fail because of local

disaffection. To guard against this an approach that takes seriously local conditions is the best and would allow the rural population to consider a flexible and gradual land reform as described without being haunted by the feudal past and being worried by the very real possibility of landlessness and the attendant poverty in the globalized present.

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Country and Years of Land Reform	Beneficiary Households (% of Total Agricultural Households)	Redistributed Land (% of Total Agricultural Land)
China (1949-56)	90	80
South Korea (1945,'50)	76	65
Cuba (1959-65)	60	76
Ethiopia (1975)	57	60
Iraq (1958, '71)	56	42
Mexico (1915,'34, '49, '71)	55	57
Tunisia (1956,'57, '58,'64)	49	34
Iran (1962, '67, '89)	45	38
Peru (1969, '70)	40	50
Algeria (1962, '71)	37	47
Yemen, South (1969, '70)	25	28
Nicaragua (1979, '84, '86)	23	12
Sri Lanka (1972, '73)	23	22
El Salvador (1980)	23	10
Syria (1958, '63, '80)	16	10
Egypt (1952, '61)	14	13
Libya (1970-75)	12	13
Chile (1967-73)	12	10
Phillipines (1972, '88, '94)	8	10
India (1953-79)	4	3
Pakistan (1959, '72)	3	4
Morocco (1956, '63, '73)	2	4

Source: El-Ghonemy, M. Reid, (1999) "The Political economy of market Based Land Reform" *UNRISD Discussion Paper No. 104*, Geneva.

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