



Poverty Trap in a Tributary Mode of Production:
The Peasant Economy of Ethiopia

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Abstract

The paradox of Ethiopia's agrarian economy is that, despite underwriting a world civilization, the transition to an industrial economy has eluded it. Using a model of AfroAsiatic tributarism, we attribute this outcome to endemic extractive contests between a predominantly landed peasantry and a titled, prebendary overlord class. The latter's strategy of political accumulation inevitably engendered immiserization of overlord and peasant alike by privileging diversion over production. The surplus was then dissipated on unproductive consumption, national defence, and internecine strife. Lacking a strong state to mitigate predation and political instability, the Ethiopian peasant rationally 'chose' to be efficiently, albeit self-sufficiently, poor.

JEL Codes: N57, O55, P52

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INTRODUCTION

An edict of Emperor ZeDingil (1603-05) of Ethiopia boldly states:¹ 'Man is free; land is tributary.' This fanciful edict neatly captures the paradox of Ethiopian underdevelopment—the uneasy conflation of landed peasantry, prebendary overlordship, and lacklustre economic performance. One cannot help but wonder how it is that a once innovative agrarian system that produced enough surplus to support relatively sophisticated institutions such as the Church and the State failed so miserably to develop in the age of industry.

While the country shares with other non-industrial societies the centrality of land as a source of wealth and power, its peasantry has historically enjoyed greater access to land, its polity more de facto autonomy from the state, and its diverse communities more inter-communal peace than nearly all of its peers at a similar stage of development. And yet, Ethiopia's agrarian system failed to ensure subsistence for all, much less complete the transition to capitalism; its cellular political system has not produced self-governing localities; and its social peace has become increasingly fragile.²

During the critical period under consideration, 1855-1974³, Ethiopian agriculture experienced little change in productivity per acre or per person despite the numerous momentous changes that the country underwent. The political system, for example, alternated among a centralized monarchy, a brief colonial occupation, and a unitary socialist state. Agrarian relations experienced such momentous changes as the replacement of tribute by taxes, intensive demographic pressure that produced growing landlessness, introduction of freehold tenure in some regions, and

¹ Cited and discussed in Crummey [2000, chapter 2]. The gap between idealism and reality was dramatized by the young emperor's failed attempt to free the peasantry and the crown itself from the grips of the powerful soldier-class (*cheva*). His plight was also complicated by the unavoidable entanglements of the Crown with Catholicism following the devastating jihad wars in Ethiopia and the near demise of the Coptic Church of Egypt.

² The Ethiopian underdevelopment paradox is complicated by the fact that the country was land abundant, relatively free of the stark inequalities of wealth and power in comparable regions, and had in place many, but not all, factors that are today considered conducive to rapid development [Hoff, 2003]. These include private property rights for a broad cross-section of society, nucleated families, world religions (Orthodox Tewahido Christianity and Sunni Islam), literate and ambitious elites, good natural endowments (in terms of land, proximity to seaports, and climate), arguably the oldest State in the world, a very brief encounter with European colonialism (except in Eritrea), a relatively egalitarian distribution of landed property in most regions, and a hardworking peasantry largely free of feudal bondage.

³ This paper focuses on agrarian relations in the central highlands of 'modern' Ethiopia in a period between the restoration of the authority of monarchy in 1855 and its demise in the 1974 revolution. The period saw the establishment of a more secure fiscal basis for national military and administrative structures [Tegenu, 1994]. The lack of internal economic and political dynamism is evidenced by the short-lived efforts at modernization that followed external shocks occasioned by Italy's two attempts to colonize the country (one in the 1890s and the other in the 1930s). Parenthetically, the historical evidence shows that more than 90 percent of today's incomes of the rich countries have been created since about 1820—a period of rapid industrialization during which international trade played a prominent role in the flow of goods, services, investment and technology. See Easterly [2001, p. 62], Maddison [2001] and Landes [1999] for interesting explorations.

finally socialist nationalization of land with usufruct rights. The territorial and ethnic configurations of the country also changed as a result of a southward territorial expansion, and intermittent control of the Red Sea coast.

The question addressed here is, therefore, a basic one: What features of Ethiopia's peasant economy explain why it failed to support a viable industrialization drive? This inquiry into Africa's least studied, and arguably most intriguing non-colonial and Afro-Asiatic agrarian system entails a two-fold challenge. The first task is to explain the factors that gave rise to the predominance of a landed peasantry which today accounts for over two-thirds of the population. We pay only a passing attention to this important historical question by treating landedness parametrically. The second task, our main concern here, is to explain the politico-economic institutions that accommodated the evolution of this peasant economy out of its communal cocoon [Boserup, 1965] but failed miserably to facilitate its transformation into a vibrant commercial, much less industrial, economy.

What is sorely lacking, besides good data, is a coherent analytical framework for explaining such an interesting case study of reversal of fortune. In this regard, we shall draw on recent thinking in development economics has sought to identify the deeper causes of underdevelopment in institutions that lock in high inequality of wealth, imperfect and asymmetric information, and skewed incentives thereby precluding tradeoffs between efficiency and distribution [Rodrik, 2003; Acemoglu, Johnson and Robinson, 2004]. The direction of causality is generally thought to go from the givens (geography, history and culture) to institutions (political and economic) and, finally, to economic outcomes (growth and distribution).

This paper aims to demonstrate the pivotal role played by an unusual conflation of political and land institutions which, by decoupling security of income from security of land access, stifled agrarian development in Ethiopia. More specifically, we hope to make two contributions to the meagre literature on the subject. First, we offer a fresh reading of recent agrarian history concerning the oft-misunderstood institutions of the rural economy. By so doing, we uncover an unusually rare coexistence of a dispersed distribution of resources and a concentrated distribution political power in the country. Second, and more importantly, we subject this history to a nuanced application of the theory of the *tributary mode of production* to trace the roots of institutional ossification to the disjuncture between the economic and the political spheres.

The tributary mode embodies a dialectical relationship between a strategy of political accumulation by appropriators and a corresponding bias towards limiting appropriable surplus by the autonomous peasantry. Political accumulation will be understood here as a strategy of extra-economic coercion that is endogenous to the institution of tribute. The conceptual entry points of tributarism, political accumulation, and subsistence bias move us a lot closer to a satisfactory explanation.

The paper shows that the dichotomy between ownership and control of land is less fruitful than the distinction between income security from access to land—both of which are important facets of ownership rights. In other words, the self-limiting nature of Ethiopian tributarism was a reflection of an inefficient property right regime that rewards economic for actions that deplete social wealth. That is, peasant control over the production process was not coupled with an equally strong peasant control over the distribution of output.

The combination of contestable political power and high expropriation risk, we argue, provide a compelling explanation for the enduring poverty trap in which Ethiopia found itself. This is because the Ethiopian peasantry had long evolved out of its communal past [see, *Polanyi*, 1944; *Chayanov*, 1966, on the importance for European industrial capitalism of freeing land and labour from feudal and mercantilist bondage] into the world of individualized farming and extensive participation in product markets. Certainly by the beginning of the nineteenth century, Ethiopia had a predominantly landed peasantry. A regionally differentiated class of overlords had also managed to establish a multitude of fiefdoms under the nominal control of the Emperor. It is also useful to note that the alignment of social forces was such that class position was reproducible while the class status of individuals was fungible.

The agrarian system ensured its reproduction through a precarious balancing of two competing sources of wealth and power—that is, peasant control over land, and overlord control of the means of coercion. Under these conditions, incessant intra-lord and inter-class contests over the division of the agricultural surplus had the effect of favouring investment in instruments of extra-economic coercion over investment in improved technology and efficiency-enhancing organizational change that are essential for boosting productivity. Peasants rationally responded to demands for tribute in excess of established norms by ‘going on strike,’ i.e., foregoing the production of appropriable surplus. Incapable of devising an institutional fix to this distributional conflict, the agrarian economy steadily succumbed to a monumental poverty trap—a critical wealth threshold that is difficult to traverse from below.⁴

⁴ Poverty traps are low-income steady states that reflect a persistent, often path-dependent, divergence between actual outcomes and socially rational outcomes. They may involve several traps including thresholds of capital, savings and labour force growth. Traps, whatever their origins (geography, history, etc.) are ultimately products of failures of the market or the state to efficiently handle externalities involving learning and scale economies. Since most traps are equilibrium outcomes selected from among equally likely but unequally desirable possibilities, the actual selection may depend on such factors as unfavourable initial (geographic or historical) conditions, self-fulfilling expectations, or even pure luck. Once locked in, the market is often unable to deliver the economy to a more desirable equilibrium in the absence of a large enough positive shock such as a significant institutional and policy reform or external assistance [see, for example, North (1990), Hoff and Stiglitz, (2001), Easterly [2001], and Sachs, et al [2004]. This ‘multiple equilibrium’ perspective stands in sharp contrast with the conventional ‘convergence’ perspective on economic development. The latter

The discussion proceeds as follows. The next section presents the general theoretical framework that informs our structuralist explanation for agrarian stagnation, and also critically surveys familiar accounts of Ethiopian underdevelopment. The most salient features of tributary relations in the Ethiopian highlands--the generalized *gebbar* system--are subsequently sketched out. We then go on to examine whether and how the mutually constitutive imperatives of political accumulation and surplus decumulation created apparently insurmountable coordination failures. The concluding section recaps the argument and flags the more notable implications for escape.

THEORETICAL CONSIDERATIONS

Economic development, broadly construed, combines economic growth with structural transformation to ensure freedom from material want and tyranny. A central concern of students of underdevelopment, then, must be the origins and persistence of institutions and behaviour that impede economic progress.

The performance of agricultural economies is obviously a joint product of factor accumulation and growth of productivity, both of which are mediated by appropriate institutions [Acemoglu, Johnson and Robinson, 2004; Weil, 2005]. Though the direction of causality is not well understood, such factors as geography, culture, and historical accidents are generally thought to give rise to political institutions that favour either a small elite or a broad cross-section of society. The distributions of political power and initial resources then jointly determine the nature of economic institutions—social devices that shape incentives and constraints on economic actors. Initial concentration of resources and political power, for example, give rise to extractive economic institutions while the opposite condition favours economic institutions that ensure security of property and broad access to resources. Economic performance is, in this conceptualization, ultimately shaped by the balance of political forces.

These factors can be usefully framed as a function of clusters of ultimate causes, U, and proximate causes, P:

$$\text{PERF} = f[\text{U (ENV, SYS), P (POL, ACCUM, TFP)}]$$

where:

Performance (PERF) = economic stability, growth, structural change, and equity;

Environment (ENV) = initial conditions such as geography, culture and historical legacies;

System (SYS) = the set of interlocking economic (and relevant political) institutions

suggests that real per capita incomes will converge across countries so long as the same technologies and institutions are available to all countries, and misguided policies are not in the way.

that defines and enforces ownership of key economic assets, and enforces the rules for transfer and exchange, and assigns control over rule making or governance;

Policy (POL) = strategies and policies that shape the functioning of institutions;

Accumulation (ACCUM) = investment in physical and human capital; and

Total Factor Productivity (TFP) = the joint effects of technology, and the degree allocative and distributive efficiency with which it is utilized.

Analytical work is complicated by the fact that the feedback effect from outcomes influences the evolution of endowments, institutions and policies. It is, therefore, safe to conclude that mutual endogeneity defines the relationships among institutions, class strategies, and state policies. [North, 1990; Hoff and Stiglitz, 2001; Hoff, 2003; Rodrik, 2003; Acemoglu, Johnson and Robinson, 2004].

With respect to Africa south of the Sahara, Sachs, et al. [2004] attribute the region's high vulnerability to a persistent poverty trap to the following factors: very high transport costs and small market size, low productivity in agriculture, a very high disease burden, adverse geopolitics, and a very slow diffusion of technology from abroad. We take up each of these as they apply to Ethiopia.

Geography, Demography, History, and Culture

An all too common explanation for Ethiopia's poverty trap takes geography, or at least geopolitics, as destiny. Geography, of course, affects prosperity through a number of channels, including location, climate, and resource endowments [Diamond, 1997; Easterly and Levine, 2003; Sachs, et al, 2004].

In terms of climate and topography, Ethiopia has three semi-tropical, agro-climatic zones: the cold and rugged *dega* highlands, the temperate savannah *woynadega* plateaus, and the arid *bereba* and the river-dissected *qolla* lowlands. The country's farming system consists of the sedentary farm economy in the woynadega zone (with favourable climate, soils, and disease ecology) and the transhumant economy of the qolla zone. Its extensive and gorge-laden river basins are largely non-navigable, prone to a high disease burden (especially malaria), and perhaps bereft of commercially valuable mineral deposits.

In the highlands, the bimodal distribution of rainfall consists of a long wet summer (*keremt*) and a short wet season (*belg*). True enough, the combination of high rainfall variability, high elevation and demographic pressure has facilitated land degradation (which currently stands in excess of 60 percent) and risk-averse farming strategies. The combination of high altitude and low latitude also resulted in the coexistence of heterogeneous production systems, widely scattered rural homesteads, and one of the world's highest transportation costs per ton mile [Wolde Mariam, 1970; McCann, 1990].

Ethiopia's location, as a littoral of the Red Sea and its temperate highland plateaus separated from the sea by largely inhospitable lowlands, has proved to be a mixed blessing. Location certainly facilitated agricultural diversity by enabling an east-west orientation in the flow of flora, fauna and other forms of economic exchange between West Asia and the Horn of Africa [see *Diamond*, 1997, for this line of thinking]. It also facilitated the north-south migration, diffusion of animal breeds and agricultural practices thereby creating a more unified national agrarian system [*McCann*, 1990; 1995].

Location posed obstacles, too. Ottoman and European control of the Red Sea coast constrained the opportunities for international trade. It also exacerbated age-old, and perhaps civilizational, conflicts between the lowlands (predominantly pastoral and Muslim) and the highlands (predominantly settled and Christian). As a result, scarce resources had to be devoted to national defence, and such conditions favoured a martial culture and political entrepreneurship over economic entrepreneurship [*Caulk*, 1978; *Abir*, 1980].

Another significant effect of location is technologies suitable for small family farms enjoyed comparative advantage by facilitating the integration of the plough-based, dry-land crop farming with livestock breeding. Highland farms typically consisted of several and variously endowed plots which today rarely exceed one hectare. Evolutionary innovations favoured agricultural intensification through the introduction of improved seeds and ox-plough or hoe-culture technologies rather than the application of capital-intensive tools, or chemical and biological inputs that are appropriate for a land-rich country. *McCann* [1990; 1995], however, attributes smallholder aversion to non-marginal innovations in farm equipment or crop variety to demographic pressure (surplus labour) and scarcity of credit.

A less appreciated, economic effect of ecology is the creation of a dense web of market exchange (livestock for grain) among communities occupying the multiplicity of niches—a strategy that helped to stem conflict and to enhance resiliency to endemic hunger and periodic famines [*Sen*, 1981; *Wolde Mariam*, 1984; 1991]. This is to be balanced by the defining conflicts in Ethiopian history between highlanders and lowlanders as people compete for increasingly scarce land resources.

Peasant differentiation in Ethiopia is a result of not just ecology, but also ethnicity, religion and market connectedness. The cultural endowment explanation for agrarian underdevelopment invokes the economic effects of the country's enormous ethno-linguistic diversity.⁵ Ethnic or religious fractionalization has been implicated in the retardation of economic growth in Africa and

⁵ The 70 million Ethiopians today belong to Christian and Muslim communities in the ratio of 62%:33% in favour of the former [*CSA*, 1998: 129]. The number of ethnic groups, which have a long tradition of interaction through trade and migration, is large (over eighty), depending on how one defines the term [see *Levine*, 2000, for a good account]. However, other considerations advise against simple-minded inferences from diversity to economic performance. According to the latest census, just two linguistic groups of equal size account for some two-thirds of the population, and the national language, Amharic, is widely spoken.

elsewhere for reasons ranging from the difficulty of reaching consensus on adequate provision of key public goods to manipulation of primordial differences to advance rent-seeking interests. Furthermore, to the extent ethnic or religious groups specialize in particular economic activities and vertical inequality is high, social learning tended to be filtered by, or even confined to, insular and high-trust groups [Cohen and Weintraub, 1975; Mantel-Niecko, 1980; Donham, 1986].

Concerns pertaining to the direction of causality aside, vulnerability to high risk may foster fatalistic as well as collectivist attitudes—hallmarks of the ethic of the moral economy of peasantries. By the same token, over-reliance on communal and household self-insurance (via income diversification, preference for low-risk but low-return activities, and mutual aid) may have contributed to the emergence of poverty traps by compelling households to sacrifice higher future income for fleeting security [Collier and Gunning, 1999; Bates, 2001].

Religion, ethnicity, geography-ecology and history speak more to the issue of the emergence of landed peasantry and the associated extractive political institutions than to the functioning and persistence of agrarian institutions long after they ceased to be socially efficient. Demographic pressure and social conflict are endogenous responses to economic crises rather than ultimate causes. Important though they are, these factors fall far short of explaining why a militarily superior ruling class, potentially capable of accumulating enormous landed property, could not provide positive incentives for tribute-payers to engage in mutually beneficial improvement of farm productivity or to unify ownership and direct control under feudal estates.

If geography, demography and cultural diversity are not destiny, then what is? The answer, we submit, may lie in the interplay of political and economic institutions that governed agrarian relations in Ethiopia, and the associated problems of credibility of commitment and collective action.

Institutions define the incentives for reconciling the imperatives of allocational and technical efficiency with distributional fairness. Two of them--feudalism and tributarism--offer contrasting explanations for the evolution of Ethiopia's agrarian formation.

Institutions: Ethiopian Feudalism

Conventional wisdom has it that the State and the feudal class enforced a socio-political system of surplus extraction and redistribution in pre-revolutionary Ethiopia. Though not tied to a contextualized analytical framework, this view is echoed in the writings of Merid Wolde Aregay [1986], Mesfin Wolde Mariam [1991], John Cohen and Dov Weintraub [1975], James McCann [1990], Eshetu Chole [1990], and Donald Crummey [1980; 2000].

A good case in point is Donald Crummey [2000] who, in his *tour de force* on history of land and tribute grants in the Ethiopian highlands in the past seven centuries, makes the following insightful observations. The Ethiopian state shaped the productive base of its peasant economy through an institution of land tenure that reflected greater preoccupation with distribution (i.e., in the form of taxes, levies and corvee) than with production. Farm households generally retained control over production. The most important form of surplus extraction, *gult*—a state-mandated income right (fief) over land that is held by local and regional elites—made it hard for large, and presumably innovative, landlord estates to emerge.

Classical feudalism, it must be noted, is characterized as much by its relations *of* production as by its relations *in* production. The canonical European model is essentially a system of delegated sovereignty whereby the landlord class has the right to have its estate (demesne) cultivated by servile labour in exchange for rights to subsistence plots, to collect dues (seigneur) from the politically dependent peasantry, and to enforce tithe payments to the Church. The feudal relations of extraction, especially military relations between vassal and overlord and decentralized and private political rule, are portrayed (especially in the Marxian tradition) as being subsumed in ownership relations with respect to landed property [Brenner, 1976; 1987; Landes, 1999].

Although the Ethiopian agrarian system is considered by some as an African model of feudalism [Gamst, 1970; Crummey, 1980; Hoben, 1975], the feudal construct is unpersuasive as an account of the most crucial features of agrarian relations in Ethiopia [Ellis, 1976]. The Ethiopian agrarian system surely shared some features with European or Japanese feudalism. It did, for example, boast a longstanding monarchy that traditionally granted autonomy to regional governors with their own armies and a socially-embedded system of surplus extraction.

However, the country lacked other aspects, most notably monopoly over access to land by a landlord class, and extensive land suitable for commercial crops with economies of scale. Nor did it have a rich endowment of minerals or plantation crops whose resource rent might have created a kleptocracy or an unholy alliance with expatriate capital as was the case in many African colonies.

Since the putative feudal class did not (or could not) organize or supervise the production process, one would have to invoke the now discredited behavioural assumption of peasant irrationality and false consciousness to explain why autonomous peasants would go on for centuries producing large surpluses only to have them siphoned off by parasitic rent seekers. The intriguing alternative thesis is that the Ethiopian peasantry, being landed and optimizing, could not be 'exploited enough' by political accumulators nor was it able to overcome coordination failures to muster sufficient countervailing power to come to its own as a free farmer class.

Institutions: Ethiopian Tributarism

A better explanatory model, one that takes Ethiopia's peculiarities seriously can be built around the specificities of distributional struggles in tributarism. Our theoretical framework melds three strands of heterodox thinking on the subject: (1) the notion of 'political accumulation' by rent-seeking political elites from Robert Brenner [1976], (2) the role of state religion in sanctioning surplus extraction from Samir Amin [1980], and (3) certain universal characteristics of the peasant household (especially the bias towards simple reproduction, reliance on local solidarity networks, and the self-limiting nature of such networks at the regional or the national levels).⁶ We will also tap into neoclassical economic theory to gain revealing insights into strategic behaviour of interest groups in the face of coordination failures and commitment problems under various incentive environments.

A credible theory of the 'tributary mode of production' must have an explicit accounting of the distinctive features of ownership of the means of production, mode of appropriation, and mechanisms of resolving the endemic conflicts in this duality. Analyses based on tributarism must also account for *both* inter-class conflict between overlord and peasant and intra-class conflict between overlord and vassal. That is why, given the perennial problems of information asymmetry and agency between the two classes, analytical focus in the Ethiopian case must be on the exercise of income rights rather than on access rights per se.

Figure 1 provides a stylized depiction of the Ethiopian model of tributarism. In this conception, ecology, an abundant supply of land, and the availability of small-scale farm technologies gave rise to a predominantly landed and geographically dispersed peasantry clustered around individualized homesteads. It also facilitated the emergence of a landed and differentiated overlord class headed by a weak Crown. Peasant landedness in Ethiopia was, in a large part, a product of the age-old reliance on land grants by the monarchy to the regional elites. The bottom line is that elite wealth depended on the interplay of three factors: land which became increasingly scarce, labour which became increasingly abundant, and income rights over land which increasingly fell out the hands of the autonomous overlord class into the hands of a centralized state (monarchy).

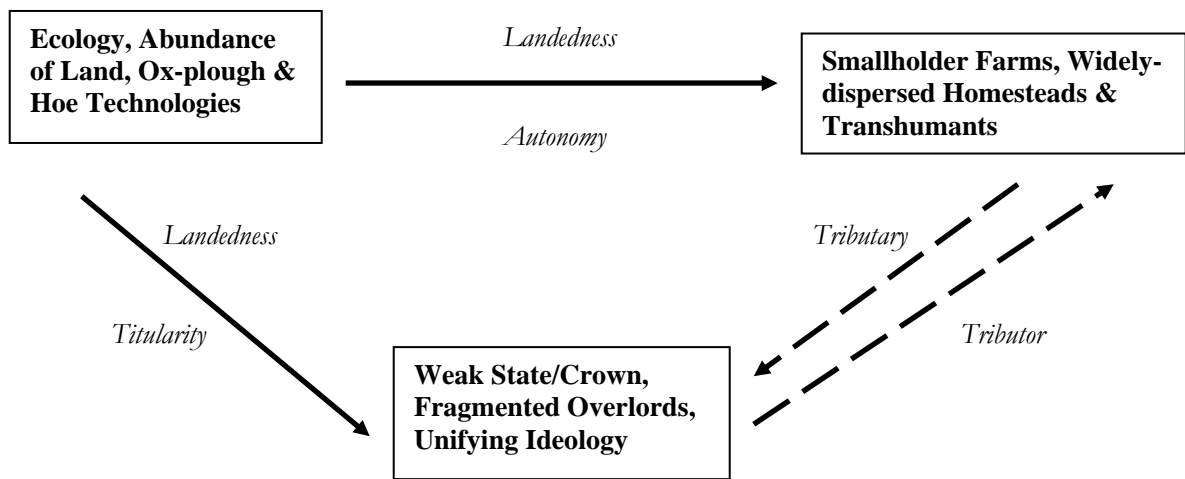
Settlement dispersal and smallholder production, in turn, made rural economic activity hard to tax to support a large enough central army and bureaucracy. Under these conditions, as we will show below, the Court was compelled to transfer its revenue rights to a competitive and scantily

⁶ It should be noted that our use of these concepts differs in important respects from both sources. As Duchesne [2002] suggests, Brenner [1976; 1987] relegates the importance of intra-lord conflicts and overemphasizes the centrality of class in explaining the origins of capitalism in Europe. Samir Amin [1980] generalizes the tributary mode of production as a transitory stage to capitalism. It is characterized by subsistence orientation, political domination by a 'landlord' class, and sanctioning of economic domination by a state religion. We will instead emphasize the role of the overlord class in 'political accumulation,' that is, the use of office-holding (supplemented by landholding) as a pretext for extra-economic coercion of otherwise independent peasant producers.

restrained What we call the Afro-Asiatic tributary economy is, then, one where owner-producers enjoy control over production along with a reciprocal obligation to pay tribute (primarily in lieu of taxes) to a central political authority or its agents. A tributary class that is preoccupied with meeting its overlord class in exchange for public (including military) service.

FIGURE 1

ENDOWMENTS, LANDEDNESS, AND TRIBUTARISM



subsistence requirements coexisted with the tributor class that seeks to maximize the transfer of peasant surplus short of endangering subsistence requirements.

In this model, each class has a preferred strategy to attain its economic objectives. The overlord class uses office-holding (*shumet, aleqnet*), land accumulation, superiority in deploying the instruments of violence, and use of a multiplicity of tribute obligations. This strategy of overlordship is aptly called *political accumulation*, the central attribute of which is the deployment of the power of one's office to engage in customary as well as extra-economic extraction of peasant surplus.

By analogy, the corresponding strategy by the peasant may be called *surplus pre-emption*. Three of the most notable forms of surplus pre-emption are shirking (foregoing above-subsistence production when faced with unbridled predation), retention (diversion appropriable surplus to unproductive consumption, or investment in deterrence), and exit (switching out of the status of tributary by joining the soldiery, the priesthood, or the lower gentry).

In contestable tributary systems where the threat of entry is high, various theories of political economy suggest that elites who are secure by virtue of their monopoly of weapons, a compelling ideology, or a capacity to deliver the goods to their constituencies better than their competitors are generally pro-development. Assuming an inverted-U relationship between extraction rate and size of tribute, economic theory also suggests that a politically united and astute tributor class would maximize long-run revenue by taxing up to the point where peasants would contemplate resorting to armed resistance or pre-emptory subsistence production. Where coordination failure undermines rent enhancement via productivity, however, Mancur Olson's 'stationary bandit' (who extracts optimally) gives way to the 'roving bandit' who loots capriciously [*Olson*, 2000].

The last point brings out one of the key features of Afro-Asiatic tributarism mentioned earlier, i.e., its proclivity for using territorial expansions as an external engine of tribute accumulation [*Amin*, 1980]. This strategy may be thought of as 'extensive accumulation of surplus' by incorporating regions in the periphery. This is precisely because the alternative, 'intensive accumulation of surplus,' is much less feasible. The latter presumes the existence of State capacity for ensuring social peace, tenure and income security and labour mobility--all of which have historically been essential for sustained increases in agricultural productivity [*Morris and Adelman*, 1988].

Ethiopian tributarism exhibited the following key features [*Abegaz*, 1988]. First, a politically dependent class of peasants controlled production decisions by virtue of owning most of the land (via hereditary cultivation and transfer rights). Second, access to land was conditional on payment of tribute (broadly construed to include taxes and levies) to the state bureaucracy or to a state-sanctioned class of autonomous overlords. Third, distributive conflicts were managed by complementing the exercise of punitive expeditions with skilful use of ideology—especially religious precepts that uphold reciprocal obligations between the two great classes.

The agrarian economy of Ethiopia, during the period under consideration was, therefore, quite different from peasant or servile labour production on demesne land as in Western Europe, peasant production on rented manorial land as in Eastern Europe, or even the more liberal English yeomanry. Being decentralized and individualistic, it also differed from the centralized agrarian empires of the Aztec and the Inca, or the hydraulic empires of Asia or even Egypt in terms of farm organization. Nor was it dependent on enclave production involving mineral extraction or estate agriculture as in large parts of colonial Africa. In fact, it resembled most closely to the Islamic tributary economy of Mogul India or the Ottoman Empire [see, for example, *Pamuk*, 1987; *Bertkay*, 1991; *Maddison*, 2001].

These considerations lead us to a hypothesis of vicious circle of tributarism--of surplus squeeze and dissipation that engendered poverty traps. The hypothesis may be stated, perhaps too boldly, as follows:

Ethiopia's agrarian underdevelopment was ultimately rooted in the coexistence of a landed peasantry and a tribute-seeking political class. The overlord class competed fiercely for secular and ecclesiastical titles in a bid to convert authority into wealth. Once this path-dependent relationship between landedness and tribute had been established, an endogenous conflict set in between the imperatives of production and distribution. Lacking effective restraint by the State on competitive predation, the autonomous peasantry had little choice but to invest in prevention, mount sporadic rebellions, or, as a last resort, limit itself to subsistence production. Political entrepreneurialism and demographic pressure, by militating against productive investment, eventually pushed Africa's oldest peasant economy into an enduring poverty trap.

This formulation may be stated differently. Under the conditions that prevailed in the country, the ruling class could not offer a credible commitment against dysfunctional predation, and the equally fragmented peasantry could not collectively defend its income rights. Ethiopian tributarism, in other words, could not develop an internal growth engine of the feudal or the capitalist variety. We now turn to a brief review of Ethiopian landholding and tributary relations before returning to evaluate the hypothesis.

THE GEBBAR SYSTEM: A DESCRIPTIVE ANALYSIS

It bears repeating the unenviable profile of the highland Ethiopian peasantry for context. It subsisted in a multi-crop ox-plough complex, supplemented by the more specialized hoe and *enset* cultures. The transhumant system of the lowlands provided mostly livestock in exchange for grain. Cultivators employed traditional technology and relied on family labour, augmented by traditional labour exchanges. The farm household consumed most of its output, and sold the rest in village and town markets [Wolde Mariam, 1984; 1991; Hoben, 1973; Cohen and Weintraub, 1975; Bauer, 1985; Mantiel-Niecko, 1980; McCann, 1987; 1995].

Since our interest here is to identify the broad contours of Ethiopian agrarian relations, we provide, through a critical distillation of the literature,⁷ a rather stylized but faithful sketch. Three facets of the rural political economy will be highlighted in this section: decision-making over land, relations among the overlord-cum-landlord class including the Court, and relations between the

⁷ The literature on the Ethiopian peasantry is spotty in its coverage, strong on information gathering and organization, weak in the area of economic aspects of society, and of variable quality in its analytical rigor. Even at the level of description, the literature is full of fuzzy definitions and inconsistent usage of such basic concepts as *gibir* and *gebbar*, *rist* and *gult*, or feudal and peasant.

tributor class and the tributary class. The key attributes of land institutions that frame our account are security of ownership of landed property, transferability of that property, and security of *net* earned income for the producer.

The Gebbar System: Ristegna, Chisegna, and Neftegna

The *gebbar system*,⁸ the label we attach to Ethiopia's highly differentiated tributary economy, has two fundamental features. Its first attribute is *lineage-based* land ownership with individual control over specific plots (*ristegna* variant). Where full ownership rights are lost as the state grants tribal lands to its functionaries, de facto customary rights of control over the operational unit are generally honoured (*chisegna* variant).

Its second attribute is *variable* levels of tribute obligations for both variants which exposes the tension between income rights and land access rights. To circumvent built-in disincentives against productivity improvements, economic theory suggests that a predictable and non-confiscatory tax is by far superior—a requirement that could not be fulfilled by a weak State.

Rist, the classical variant of the gebbar system, refers to a kin-based right to individually cultivable land that evolved over many centuries out of communal or customary tenure systems. In the case of Ethiopian highland society, it stood for the hereditary claim by the freeborn to a share of cultivable land—patrimonial land that typically was granted or homesteaded in the distant past. These ordinarily inalienable claims were based on descent from a progenitor (kinship rist), long-term residence in a village (village rist), membership in a cohesive primordial group (communal rist), or institutional status (such as the Church or the Mosque).

It would be useful to note here that highland Ethiopian society upheld an incongruently modern ideal of gender equality in matters of marriage and inheritance, and values individualism and competitiveness. Peasant values also reflected deep attachments to religion and region, which figure much more prominently than class or ethnicity [Levine, 2000; 2001].

In the case of kinship rist (the canonical model), the set of kinsmen related to the original grantee or founder (*aqgni abbat*) collectively 'own' the land. Kinship rist is thus a quasi-freehold

⁸ The word 'gebbar' is all too frequently used narrowly to refer to a servile tenant of different ethnicity from that of the landlord. While this is an important aspect of the recent history of some regions of the country, we eschew this politically-tinged usage since an ethnocentric approach obfuscates the widely-shared economic foundations of Ethiopia's national agrarian system. It is also more commonly used to refer to tax-obligated landowners in freehold areas in the centre of the country (confusingly called private tenure as if rist was not private). For our purposes here, it refers generically to all tribute-paying cultivators, servile owner as well as tenant, in a society lacking a universalized rule of law. For decrees that created land tax, regulated tributary gifts and church lands, and introduced education and income taxes, consult *Negarit Gazeta* especially for 1942-49. Accordingly, the label colonist is more appropriate than colonizer in referring to sponsored settlers in the frontier provinces in the context of an organically expansive tributary empire.

tenure system with full rights of income and use, but a restricted right of alienation.⁹ The right to rist land was in essence a right to a share of the land rather than to a particular plot (except perhaps in the case of the residential compound or garden plots around the homestead). Market-based transfer of rist land, though limited in scope, was customarily confined to members of the extended family or to the community. This was effected through such vehicles as land pledges of varying duration, sharecropping, or fixed rentals.

Ambilineal descent, partible inheritance and high rates of divorce and re-marriage together allowed for overlapping and near perpetual claims (up to six generations deep) to such land in the older provinces of the empire. Furthermore, the possession of one's full entitlements to rist land depended crucially on one's ability to mount effective defence against a multitude of legitimate and illegitimate claimants, especially the titled overlord class. Investment in tenure claims, therefore, had handsome payoffs [*Hoben*, 1973; *Joireman*, 2001].

While this patriarchal family may start out looking dynastic, it is in reality inter-generationally fragile. The death of the household head often leads to the dissolution of the farm household. The fragility of the farm household, while facilitating widespread access to land, thus discouraged land and capital accumulation by fostering feuds among members. Parenthetically, this socially costly succession problem was handled much better in Europe by devising institutional innovations such as primogeniture or laws of corporation [see *North*, 1990].

Gult refers to a non-transferable over-right to tribute rather than to land per se. Until its abolishment in 1966, gult denoted a fief granted by the Crown to secular vassals in lieu of salaries and expenses or as benefice to ecclesiastical institutions (such as *rim*). In the rare circumstances when the State permits *gult* to become inheritable by family members (along with the implied public service obligation), then this income right assumes the characteristic of permanence of the ownership right that is *rist*—hence the label *riste-gult*. As we will see below, *gult* was converted into fixed taxes and fees toward the end of the period under review.

Tribute obligations are then broadly construed here to include payments to the agents of the State that are not statutorily fixed (*qurt gibir*) and centrally enforced. The customary rates for grains,

⁹ The right of alienation, including non-permanent forms of transfer of landed property is often presumed to be non-existent in the regions of kinship rist. There appears to be confusion regarding customary prohibition and economic necessity. Firstly, markets for rist land and gult rights have a long history of existence in many districts [see *Sishagne*, 1993; *Crummey*, 2000]. That this practice was not the norm had less to do with enforceable prohibition than with the scarcity of off-farm opportunities to earn a living. Secondly, freehold land was often inherited along the same principles as rist land with the exception perhaps of residence-based village rist. The conversion of kin-based rist to residence-based rist may betray a desire by villagers to pre-empt the kin-based claims of those who had left in search of non-farm occupations. Thirdly, possessory collateralization (through pledges) of land and active rental markets were familiar, if not well established. The expectation of perpetual claim to rist land is a norm that is captured in saying: *be-shi ametu, meret lebale-betu* even (the elapsing of even a thousand years cannot nullify restoration of land to its rightful owner).

akin to risk-spreading sharecropping, ranged from one-fifth (*amisbo*) to half (*ikul*) of the harvest—one-third (*siso*) being the norm. In addition to corvée on crown land (*madbet*), the overlord's family farm or state lands temporarily ceded to the overlord (such as *budad*), the non-grain portion of the tribute included some or all of the following: cattle tax, tithe, fees, levies, and an assortment of involuntary gifts. Refusals to pay tribute and to honour war-time conscription were the only legitimate pretexts for losing one's hereditary rights to the land.

The ultimate claim to tribute from the ristegna was based on the foundational myth of original ownership by the monarch. It was sanctioned by the state Church and backed by a credible threat of dispossession for non-compliance.

In the fundamental sense, the social category of *gebbar* refers to an occupant of the lower rungs of overlordship who is subject to payment of tribute to those located higher in the hierarchy of privilege. A *gebbar* is, for all practical purposes, a tribute payer—whether an aristocrat to a monarch, an appointee to a superior, a *chisegna* (tenant) to a 'landlord', or a *ristegna* to an 'overlord'. It is, therefore, fitting that the word *gibir* (tribute, tax) is used to refer to the wastefully lavish public feasts and banquets the powerful prepare for their followers as an expression of *noblese oblige*¹⁰ [Caulk, 1978; Wolde Aregay, 1986].

The comparative features of Ethiopia's two pre-world war II agrarian systems and the post-war mongrel are summarized in Table 1. The classical *gebbar* system was the norm in the northern principalities of Tigray, Gondar and Gojam, and much of Wollo and northern Shewa prior to the Italian Occupation (1936-41). It was characterized by a landed peasantry, small-scale mixed farming, parish-based community life, a system of tribute payments to the Crown and the Church, weak market relations, and regional governance delegated to hereditary notables commanding their own militia. The vehicle of land grants, going from the upper rungs to the lower rungs of the political hierarchy, governed access to land and tribute obligations [Crummey, 2000].

The small but growing literature on the southern highlands suggests that the region boasted a diversity of ethnic groups and land tenure regimes. Many, perhaps most, had clan or lineage ownership of land with the right of use granted to individual families. Customary tenures in these areas typically discriminated against women. Some highland economies (such as Jimma, Kefa,

¹⁰ An apt Ethiopian folk saying has it that those who eat alone die alone. Messay Kebede [1999: 155] even goes so far as to characterize Ethiopian patrimonialism, and the ostentatious public feasts of big men, as displays of communal egalitarianism: 'The purpose of wealth accumulation was its dispersion.' Underlying all this, he argues, is the Ethiopian notion of equality: even the lowliest peasant dreams of upward social mobility (while the loftiest dreads the converse) since his God-given destiny (*idil*) can be fulfilled only with assiduous cultivation of the right connections and perhaps hard work. Failure can, of course, be rationalized away as pre-destination.

TABLE 1

THE POLITICAL ECONOMY OF THREE VARIANTS OF THE GEBBAR SYSTEM OF ETHIOPIA

Attributes	Northern Variant	Southern Variant	Post-war Model
Ruling Class	<ul style="list-style-type: none"> Royal Family Mekwanint Ecclesiastical elite 	<ul style="list-style-type: none"> Royal Family Mekwanint Ecclesiastical elite 	<ul style="list-style-type: none"> Freeholder landlords State bureaucracy Ecclesiastical elite
The Rest	<ul style="list-style-type: none"> Ristegna Gentry Free chisegna Servants & slaves 	<ul style="list-style-type: none"> Ristegna Servile chisegna Pastoralists Gentry 	<ul style="list-style-type: none"> Free chisegna Freeholder Ristegna Usufruct cultivator
Monopoly over Violence	<ul style="list-style-type: none"> Imperial army Private militia of the aristocracy 	<ul style="list-style-type: none"> Garrisoned imperial army National army & police 	<ul style="list-style-type: none"> Army and police Peasant Association militia
Farm-level Decision-making	<ul style="list-style-type: none"> Ristegna Chisegna Land scarcity: North 	<ul style="list-style-type: none"> Chisegna Ristegna & freeholder Labour scarcity: South 	<ul style="list-style-type: none"> Usufruct cultivator Party cadres (coops) Land scarcity: Both
Incentives	<ul style="list-style-type: none"> Tribute Extraction Mainly <i>gult</i> Subsistence Cultivator possesses land 	<ul style="list-style-type: none"> Tribute extraction Taxes, rent, and gult Commercialization Subsistence 	<ul style="list-style-type: none"> Tribute extraction Taxes and levies Commercialization Subsistence
Farming System	<ul style="list-style-type: none"> Ox-plough complex Annuals: cereals Integrated livestock Autonomous peasant 	<ul style="list-style-type: none"> Ox-plough: annuals Hoe: perennials Transhumant—pastoral Autonomous peasant 	<ul style="list-style-type: none"> Ox-plough complex Hoe complex Transhumant Regimented peasant
International Trade	<ul style="list-style-type: none"> Episodic Gifts of Nature and plunder 	<ul style="list-style-type: none"> Growing importance Market-directed 	<ul style="list-style-type: none"> Small but important State-directed
Contending Classes	<ul style="list-style-type: none"> Overlordship Aristocracy Church elites Landed (free) peasantry 	<ul style="list-style-type: none"> Over- & landlordship Aristocracy Bureaucrats Tenant cultivators 	<ul style="list-style-type: none"> Overlordship Bureaucracy Aristocracy Usufruct cultivators
Politics	<ul style="list-style-type: none"> Big-man spoils system Traditionally free peasantry <i>Precept: Man is free; land is tributary</i> 	<ul style="list-style-type: none"> Local authoritarianism <i>Precept: Man and land are both tributary</i> 	<ul style="list-style-type: none"> National uniformity Regimentation of rural life <i>Precept: Man is free; land is tributary</i>
Economics	<ul style="list-style-type: none"> Insecurity of net income Low investment rates Low productivity Fragmented and thin markets 	<ul style="list-style-type: none"> Tenure insecurity Low investment rates Low productivity Rent extraction Growing markets 	<ul style="list-style-type: none"> Tenure insecurity Surplus extraction with guile by the State Livelihood crises Managed markets

Sources: various.

Wollamo, Hadiya, Wollega, and Harrar) had managed to build despotic kingdoms where big landlordism, including slave-cultivated estates, was highly developed. The economies of the pastoral lowlands, about which we know even less, revolved around clan-managed grazing lands and communal watering holes [Lewis, 1965; Donham, 1986; McClellan, 1988; Levine, 2000].

The joint effects of surplus squeeze, ecological stress, and the Scramble for Africa provided a huge impetus for a southward expansion. Led by the rival kings of Shewa and Gojam, territorial expansion brought in rich sources of tribute as well as a new coalition of ruling elites based in the geographic centre of the country.

The incorporation into the Ethiopian empire of these far-flung regions, during 1880-1906, had progressive as well as regressive consequences. On the positive side, it accelerated the diffusion of relatively advanced technology and farm organization from the northern provinces of the empire [Bulatovich, 2000; McCann, 1995]. On the other hand, it introduced a more exploitative form of tributarism. More specifically, the imperial expansion favoured the widespread implementation of the *chisegna* variant of the gebbar system—one where many peasants lost ownership rights, but not customary access rights, to become what we may awkwardly call tenant-cum-tributor class of peasants.

Where resistance was stiff or local communities too weak, expansion was highly dispossessing. Imperial troops, the militia of powerful and loyalist governors (primarily from Shewa), and armed-settlers (*neftegna*) were given extensive land grants [see Bulatovich, 2000, for an early eyewitness account]. Given the high land-to-man ratio, peasants were tied to the land since the agents of the State had to be provisioned by a captive labour force at least for the short term. Soldiers and administrators were assigned local cultivators whose number varied according to the rank of the functionary. Those assigned to the *neftegna* who managed to escape from requisitioned districts had to be replaced by the local notables (*balabat*) from among the remaining members of the local community.

In centralized polities where a willingness to cooperate was evident, however, the time-honoured victor's justice involving expropriation of rebel land (also a preferred technique of Oromo warlords in the late eighteenth and early nineteenth centuries) was foregone in favour of a slower rate of integration through indirect rule. Since rulers were prudent enough to cooperate with the victorious imperial army, the local gentry was granted a third of the land or the tribute (so-called *siso* system) for own use, and was charged with collecting the tribute earmarked for state functionaries or the central treasury [Marcus, 1975; Donham, 1990; McClellan, 1990; Pankhurst, 1966b; Lewis, 1965].

Contrary to the appellation of serfdom to these relations with insinuations about the role of ethnic differences between tributor and tributary [Donham, 1986; Joireman, 2001], there is a perfectly sensible economic explanation for it. Tribute and service obligations of the southern gebbar was

initially 'collective' rather than individual precisely because the imperial state lacked the administrative capacity to centralize the assessment and collection of tax obligations--especially in an empire whose size doubled in a matter of two decades. Interestingly, and for the same reason, collective tribute obligations were imposed on parishes in most of the northern rist areas until a more modern fiscal system was tried in the middle of the nineteenth century by Emperor Theodros [*Pankhurst*, 1966; *Tegenu*, 1994].

The gebbar system that was instituted in the newly incorporated (in some cases, reincorporated) provinces to the south was, therefore, a variant of the classical northern model, albeit with notable innovations. One difference is that land grants were bigger and absentee landlordism more common. Another is that, although southern tenants enjoyed production autonomy (feudal estates being rare) and inheritable tenure on the land they sharecropped, they nonetheless lacked customary or legal protection in the form enforceable tenancy contracts. In other words, the overlord-cum-landlord class resorted to extensive accumulation of tributarism by grafting residual tributary obligations onto the sharecropping obligations of the chisegna peasantry.

Grantees of substantial tracts of land (which toward the end of the period was converted into virtual freehold) resisted tenancy legislation that was intended to limit egregious abuse. The harshest forms of servitude, an object of much indignation by the pre-war intelligentsia [see *Zewde*, 2002, ch. 5], were largely phased out by the end of the Second World War. Equally important was the incorporation of the regional elites into the state bureaucracy.

The trend got a big boost by Italian land policies which favoured expropriation of the extensive landholdings of the royal family and members of the resistance movement. The motivations for this action as well as for the substantial investment in the modernization were the desire to settle Italian colonists and to appease disaffected populations whose support the occupiers solicited [*Larebo*, 1994]. In the end, the northern elites became politically and economically marginalized under the hegemony of the Addis-Ababa-based monarchy; the regional nobility became urban-bound thereby eroding their political base; and investment in physical and human capital became concentrated in the new south [Cohen and Weintraub, 1975; Ellis, 1980; McCann, 1990].

Illustrative survey data on landholding, tenancy and land-use patterns by province for the mid-1960s is provided in Table 2. The national agrarian system that emerged after the remarkable legislative reforms of the 1940s had an interesting profile. First, over half of the farms had less than one hectare of tilled land, and the large inter-provincial variations in land quality were positively correlated with differences in the average size holdings. Second, while 90 percent of small farms in the northern provinces (Tigray, Begemdir, Gojam and Wollo) were owner operated, this was true only for about half of the farmers in the southern provinces. Third, a little less than half of the land in the southern provinces was under rist and freehold tenure while over three-fourths of the land in

the northern provinces was rife with land of various colorations. Moreover, slightly above one-third of both the cultivators and the cultivated land were under tenancy arrangements (mainly share tenancy).¹¹

A reinvigorated state finally undertook much-needed institutional reforms. Beginning in 1942, the newly restored imperial government issued a series of decrees and proclamations with the intention of eliminating overlordship and rationalizing landlordship in a bid to build a unified and modern system of taxation. However, differences persisted across the regions especially the presence of large holdings by Church, Crown and state lands (especially in Arsi, Gemu-Gofa and Sidamo) and significant absenteeism (especially in the larger provinces of Shewa, Kefa and Sidamo)¹².

In the ensuing three decades, Emperor Haile Sellassie managed to incorporate the overlord class into the centralized state bureaucracy. As a result, the upper echelon of the regional nobility (now uprooted and predominantly urban-based) became politically marginalized along with the smallholder peasantry. The state's fiscal base has now become more secure due to the shift towards import-export taxes (especially coffee) and foreign economic assistance. Toward the end of the period, agricultural income taxes may have accounted for no more than a sixth of government revenue [Cohen and Weintraub, 1975; Chole, 1990].

An illuminating comparison, in terms of sources and levels of income and expenditure, of the subsistence peasant farm and the commercial farm is provided in Table 3. It contains data on cash income from marketed surplus for the average farm in a very low-income economy with

¹¹ Share tenancy has two key economic attributes: it allows for risk sharing which is important in a highly uncertain environment; and it discourages tenant investment if productivity sharing is not matched equitably with cost sharing [Bardhan, 2003; Deininger, 2003]. The combination of incipient commercialization and absentee landlordism triggered tenant evictions in a handful of districts that were being integrated with the urban economy. A half-hearted tenancy reform legislation, introduced under donor pressure, languished in Parliament only to be overtaken by the revolution [Ellis, 1980]. It is curious, however, that commercialization was long condemned in the political activist literature on equity grounds. Due appreciation was lacking for the income diversifying benefits accruing to the poor to enable it to escape the tyranny of subsistence farming.

¹² One often encounters arguments to the effect that the thesis of the northernization of southern tenure systems is inapt since landlessness was much higher, and the ethnicity of the ruler often differed from the ruled [Donham, 1986; Tareke, 1991]. While this helps to explain the regional variations in the extent of “decentralized big-man despotism,” there is little evidence that the monarchy based in Shewa introduced an alien system (including the *balabat* stratum which supplied much of the *neftegna*)—one that had not existed in the older districts of the Empire and Shewa itself. The history of the ethnically diverse North clearly shows that territorial annexation, punitive military expeditions, establishment of military colonies, and cultural assimilation were the most widely shared strategies among tribute-seeking peoples (Tigre, Agew, Amara, and Oromo) for imposing overlordship over their subjects. Having an outer ring of tribute-paying dependencies in the periphery was indeed an important mechanism for relieving the intense pressure on an already overburdened economic base at the centre. Ethiopian history is full of accounts of autonomous principalities paying or refusing to pay tribute in gold, grain or slaves to overlords depending on the ability of the latter to credibly enforce these claims.

TABLE 2

A PROFILE OF THE LAND TENURE SYSTEMS OF IMPERIAL ETHIOPIA

Land Use and Tenancy				Land Ownership by Holder			Yield/Size
	% Cultivated: Rented (partly)	% Cultivated: < 1 hectare	% Tenant: Total (partly)	Freehold (% absentee)	Church: Various	Govt and Other	Rank: Y/H
A. North							
Begemdir (Gondar)	na	70	15 (6)	rist	na	na	4/12
Gojam	na	54	20 (7)	rist	na	na	9/11
Tigray	na	78	25 (18)	rist	na	na	na
B. Central							
Shewa	55 (17)	47	67 (16)	54 (67)	14	32	5/8
Wollo	14 (25)	80	55 (9)	82 (40)	14	4	3/5
C. South							
Arsi	51 (11)	31	52 (7)	41 (27)	17	42	2/10
Bale	na	na	na	48 (12)	2	50	1/7
Gemu Gofa	46 (6)	94	47 (4)	17 (50)	5	78	12/1
Hararge	46 (15)	76	54 (5)	45 (48)	17	38	10/3
Illubabor	67 (17)	69	75 (2)	49 (42)	5	46	8/6
Keffa	67 (4)	58	62 (3)	44 (50)	3	53	6/4
Sidamo	35 (1)	91	39 (2)	43 (47)	3	54	7/2
Wellega	49 (5)	65	59 (5)	44 (28)	5	51	11/9

Sources: Ministry of Land Reform Administration, *Reports of Land Tenure Survey, 1967-70*; Central Statistical Office, *National Sample Survey, 1963-67*; Central Statistics Office, *Agricultural Sample Survey, 1979-80* (for the Y/H data).

1. The proportion of full owner-operators ranged from 85% in Begemdir to 28% in Shewa. na = not available. (partly) = part tenant.
2. Ranking (Eritrea and Tigre are excluded): Y = crop yields (kg/ha—1 being the highest), and H = size of holdings (1 being the smallest).

moderate land scarcity (Ethiopia), a middle-income economy with high land scarcity (Taiwan), and a high-income economy with land abundance (USA).

The table highlights several interesting differences among the three agrarian systems. First, average farm size means little for income level which suggests that climate, soil quality, irrigation, and application of chemicals matter greatly. Second, high farm productivity goes hand in hand with specialization, i.e., greater reliance on wage labour and purchased inputs. Third, consumption expenditure out of cash income declines markedly as farm income rises. Ethiopian farmers, in fact, spent some two-thirds of their income on food.

Contestability: Inter-class and Intra-class

A high degree of contestability (i. e., social mobility across class positions and status lines) pervaded the low-trust chain of extraction. The multi-layered network of highly personalized distributive reciprocity throughout the hierarchy, down from the Emperor to the lowliest soldier, may be analogized as *tribute farming*. The tribute farmer, unlike the tax farmer, engages in the collection and sharing of tribute having been empowered by superiors with some political authority. Given its extractive bent, tribute farming inevitably engendered a conflict trap.

To appreciate this outcome, it would be useful to take a brief look at the three perpetual corporations of the empire: state, church and household. In terms of division of labour, the first actor concentrated on defence and justice. The second provided spiritual guidance that cemented social solidarity. The third, the *ristegna* and *chisegna*, produced food and fibre, and supplied the recruits to the regional governors' private militia and the imperial army.

For our purposes, the three sets of class positions were: (1) the *Balager* (peasantry), (2) the *Balabat* (gentry), the *Negade* (merchants), the *Wotader* (provisioned soldiery), the *Neftegna* (settler militia) and the *Kabnat* (clergy), and (3) the *Mesafint* (royalty) and the *Mekwanint* (nobility). The lumping together of the heterogeneous classes is intended to underscore the primacy of the producer-appropriator relationship.

While class positions were rigid, social mobility for individuals was significant and even meritocratic. An ambitious and capable individual often occupied more than one class position at the same time or moved up class status within the structure of overlordship [Caulk, 1978; Crumme, 1980; Wolde Aregay, 1986]. Furthermore, the resource extractable through arms-length tributaryism imposed sharp limits on the size of the ruling class or the emergence of a distinct class culture—the overlord was little more than a glorified peasant in both worldview and life style.

An overriding motivation of the balager was securing the subsistence needs of the family—a goal that was constantly undermined by predatory wars, pestilence, and weather-related crises. In land scarce regions, agricultural intensification in the form of biological and

TABLE 3

AVERAGE CASH EXPENDITURES OF FARMS IN THREE AGRICULTURAL SYSTEMS:

ETHIOPIA, TAIWAN AND USA

Item/Country	Ethiopia	Taiwan	USA
Year	1967	1967	1961
Mean Farm Size	11 acres*	2.5 acres	302 acres
Taxes	2.7	4.7	6.5
Financial Assets	2.6	6.1	4.3
Factor Payments	7.6 (rent)	11.1 (wages)	11.5 (wages)
Production Expenses	25.2 (animal purchases)	30.5 (fertilizer)	45.5 (feed & livestock)
Consumption Expenses	61.6 (cereals)	48.4 (food)	32.2 (food & shelter)
Total Cash Expenditure per Farm (US\$)	\$130	\$1,320	\$11,940

Source: compiled from Johnston and Kilby (1975): 72-73.

Data excludes all consumption in-kind and family-supplied labour. All numbers are percentages, unless otherwise indicated. The largest category of cash expenditure is shown in parenthesis.

* This is actually the mid-point of the given range of 3.7-18.3 acres. Land holdings today rarely exceed one hectare.

labour investment, multiple cropping, and reducing fallow periods were used to enhance output per acre. In labour scarce zones, expanding the use of animal traction and attracting wage labour or tenants were important. The economics of a subsistence tributary system, however, militated against significant intensification of capital in the form of new technology or cropping system

The multi-ethnic nobility was a politically and socially self-conscious aristocracy headed by the monarch. Clientelism, with strong *quid pro quo* relations between principal and agent, pervaded intra-elite relations. Governors of the large provinces and hereditary principalities enjoyed significant autonomy from the crown to be able to enforce whimsical modes of governance. Membership in the ruling class was based on a combination of pedigree of birth, merit (martial and administrative), loyalty to overlord, and hereditary rights. Big-manism, deeply steeped in martial ethos, shaped the patron-client relationship throughout the chain of hierarchy, and each player in this choreography ritualistically ‘cringed to superiors and condescended to inferiors.’ Pervasive shirking and low trust among the elite, of course, had the effect of magnifying myopia which discouraged public investment in infrastructure, extension services, and education.

Low-level administrators and the ecclesiastical elite served as intermediaries between the producer and the non-productive class by enforcing tribute payments and militia obligations. Being a member of the yeomanry and yet advantaged by better financial and human capital, this stratum might have served as an agent of economic innovation. The gentry could have used its limited but not inconsiderable political skills to organize peasant movements for reform [see *Tareke*, 1991, for an overly heroic rendering of sporadic peasant insurgencies], or to invest its own resources in the production of wealth. It was, however, too politically dependent and heterogeneous to come to its own.

The soldiery, along with the priesthood, was an important outlet for young peasants who understandably loathed the life the lowly tributary. Soldiers historically attached themselves to regional governors or the imperial army and, being mostly non-salaried for a good half of the period under review, lived off herdsmen and cultivators. When social order broke down, unscrupulous governors resorted to looting with impunity even their own home districts, let alone more distant and prosperous borderlands¹³.

¹³ An Ethiopian saying aptly captures the injustice of it with biting irony: ‘*mebedel mebedelun wotader bedilal; gin balager yikas.*’ Translation: ‘The soldier (the powerful) might have committed the wrongdoing, but the onus is on the peasant to do the recompensing. In this regard, Pankhurst [1966a: ch. 26] quotes Plowden on the plight of the mid-nineteenth century northern peasants who ‘bear directly or indirectly the whole burden of taxation and the large standing armies ... Soldiers are constantly quartered on them, except in some districts that always turn out en masse to resist, and where the troops dare not venture.’ The quartering of soldiers,

The institution of a specialized soldier-gentry class (*chewa*), Emperor ZeDingil's nemesis, was gradually supplanted by the imperial army and regional *neftegna* and other militia. Fiefdom building thereby created a highly personalized system of leadership and followership. It is, therefore, understandable that when the fortune of their overlord changed for the worse, his retinue displayed their rational opportunism by unceremoniously switching sides in favour of the victor [Caulk, 1978; Tegenu, 1994].

The Ethiopian Orthodox Tewahido Church, as the fountainhead of education and the symbol of national unity, provided ideological justification for the existing order. In return, it benefited handsomely from royal patronage in the form of large endowments of *gult* land. The priesthood, needless to say, was predominantly of peasant stock. The upper echelon of the ecclesiastical elite, which comprised the leaderships of the autonomous monasteries and the highly decentralized parishes, showed little inclination for reformist activism when it came to economic life, including limiting the unusually numerous religious holidays that might have facilitated peasant shirking. As the reformist Emperor Theodros discovered in the 1860s, the Church was a bastion of conservatism when it comes to tinkering with the tributary system [Tegenu, 1994].

The merchant class, consisting mostly of politically marginalized Ethiopian Muslims and small colonies of expatriates (mainly Yemeni, Indian, Armenian and Greek), was engaged in domestic long-distance trade or external trade. Long distance trade was highly valued and protected by fiscally constrained rulers since it enabled agricultural surpluses and alluvial gold or forest products to be sold in distant markets or exported abroad to finance imports of arms and luxury goods. The low-productivity economy could not support sizable towns, much less cities. As a result, most of the domestically produced handicrafts and tools, quite inferior when compared with those of Egypt, China or India, were supplied mostly by endogamous artisanal minorities [Gamst, 1970; Pankhurst, 1966b].

known as the *sirit* system, was terminated by WWI. This level of peasant exploitation, interestingly, could not come close to matching the highly regimented life of the Inca peasantry (the roads were paved so that women would not stumble as they walked while weaving) or the highly skilled but overworked Russian and Japanese peasantries [see Landes, 1999, for an account]. For an interesting perspective on the civilizational forms of Japan and Ethiopia, see Levine [2001]. He examines the common features, along with nuanced differences, of the two countries thusly: receptive insularity, idealization of alien culture, sacralization of an imperial homeland, parochialization, religious pluralism, political decentralization, a hegemonic warrior ethos, and hierarchical particularism. Mid-nineteenth century Japan had a literacy rate comparable to Europe, well-developed transport and tax systems, commercialized agriculture, and agro-processing workshops that supplied manufactures to the urban economy.

POLITICAL ACCUMULATION AND POVERTY TRAPS

To illuminate the argument that the gebbar system profiled above was highly susceptible to falling into a poverty trap, we now proceed to draw on the insights of two models of political economy. The first may be dubbed the impossibility hypothesis of Domar which is classical in spirit. The second consists of neoclassical models of rent-seeking and zero-sum games under standard assumptions concerning rationality and self-interest.

Factor Endowments and Agrarian Institutions

Evsey Domar [1970] has put forward an interesting hypothesis concerning the relationship between economic freedom and agrarian organization. It was intended to identify the conditions that gave rise to the institution of serfdom in Russia and Eastern Europe. His hypothesis is based on a simple economic model with the following assumptions: land is of uniform quality, land and labour are the only factors of production (no fixed capital or management is needed), and there are no diminishing returns in the application of labour to land.

Under these assumptions, the average and marginal productivities of labour become constant and equal to each other thus leaving no room for agricultural surplus to be appropriated by non-producers. In the absence of *political* conditions that give rise to a class of landlords, agriculture will consist only of family farms since hired labour will be either unavailable or unprofitable for the simple reason that land is free. The same conditions would apply if capital is admitted as a factor of production so long as the capital needs of the farm are modest. This model implies that [Domar, 1970: 21] ‘the three elements of an agricultural structure relevant here—free land, free peasants, and non-working landowners—any two elements *but never all three can exist simultaneously*. The combination to be found in reality will depend on the behaviour of political factors.’

Domar's approach holds important clues regarding the curious absence of large landlord estates in the Ethiopian highlands where his assumptions more or less hold. It also underscores the now conventional wisdom that extraction of surplus in regions with weak central authority involves varying degrees of coercion. We now take a brief look at the four possible agrarian systems that theoretically could have existed in Ethiopia, two specific variants of which in fact did (see Table 4).

(1) *Free labour with free land*: This combination gives rise to two variants. The first is a free farmer economy without overlordship that prevailed in the northern part of the United States [Temin, 1991]. The other is a tributary economy with overlordship that prevailed in the northern provinces of Ethiopia. The latter also existed in the non-centralized polities (excluding the kingdoms) of southern Ethiopia prior to reintegration with the Ethiopian empire. Land was abundant, individually cultivated, and communally allocated. The tributary variant confirms Domar's

TABLE 4

FACTOR SUPPLY, AGRARIAN ORGANIZATION, AND MODE OF GOVERNANCE

Status/ Availability	Free Labour	Unfree Labour
Free Land	<p>I</p> <p>Variant 1: Free Farmer <i>Politics: free</i></p> <p>Variant 2: Tributary <i>Politics: overlordship</i></p>	<p>III</p> <p>Empty Set: Domar's Impossibility Theorem</p>
Unfree Land*	<p>II</p> <p>Variant 1: Feudalism (mild form)</p> <p>Variant 2: Tenancy <i>Politics: landlordship</i></p>	<p>IV</p> <p>Variant 1: Serfdom</p> <p>Variant 2: Slavery <i>Politics: landlordship</i></p>
ETHIOPIA	<p>I: Variant 2</p> <p>II: Variant 2</p>	None

(*) Unfree land refers to monopolized land access, regardless of abundance.

insight that an aristocracy and free land can coexist only when the former enjoys political (military) dominance over the latter.

(2) *Free labour with unfree land*: This combination gives rise mild forms of feudalism (as in England) or widespread tenancy. This system, initially dominant in large parts of southern Ethiopia, increasingly became a national norm. While land was accessible to most on the basis of customary rights, it became progressively scarce due to demographic pressure and the closure of (the less healthy) frontier. For a significant minority of peasants, land scarcity was exacerbated by rising land prices and a newly-found landlord interest in lucrative cash crop (grain, pulses and tree crop) production. This post-war agrarian system encompassed a variety of ownership forms (freehold, customary, and state) and tenure arrangements (owner, tenant, and labourer).

(3) *Unfree labour with free land*: This is an empty set a la the Domar impossibility theorem.

(4) *Unfree labour with unfree land*: This mix is generally associated with serfdom (as in Eastern Europe) and slavery (as in southern United States). In Ethiopia, this variant prevailed in the more centralized kingdoms of the south (such as Jimma, Wollamo, and Keffa) where a mix of land tenure systems existed: freehold, customary, and communal. Large landowners, to the extent unknown in the northern provinces, had their land cultivated by tenants or by slaves captured from the borders with Kenya and the Sudan. The large palace estates of Abba Jiffar of Jimma or Sahle Sellassie of Shewa made use of slave, indentured and conscripted labour but these were the exceptions that proved the rule. This again confirms Domar's point that abundant land and servile labour can exist *only* under political compulsion by an organized ruling class.

Security of access to land and transferability of land (ranging from full ownership with alienability to conditional right of use) typically assume the communal form in land-surplus regions, the individualized form in land-scarce or more commercialized regions, and state or crown ownership where central political authority is strong [de Janvry, 2001; Deininger, 2003]. In this respect, the diversity of the Ethiopian experience encompasses the wide-ranging patterns of agrarian formation that are observed in other parts of the world.

Rent Seeking and Rent Dissipation

Economic history teaches us that the classical agrarian question, i.e., the modalities of transformation of a peasant economy into a post-peasant one, involves a two-stage transition. The first is the transition from a subsistence-oriented economy, with or without servitude, to a farmer economy where independent and above-subsistence cultivators opt for extensive engagement in commodity production. The second encompasses full commercialization of agriculture, including the emergence of a vibrant rental and sales market for land. In all cases, the character of land institutions, the size

distribution of farmland, and political power structures profoundly shaped the prospects for agricultural development and industrialization [Morris and Adelman, 1988].

One fruitful approach to making sense of inferior equilibrium traps would be the application of game theory to the strategic behaviour of producer and appropriator alike. Mutual immiserization of the two great classes can be explained, on the assumption that the capability exists for united class action, as an outcome of an infinitely repeated non-cooperative game.

Consider a distributional game where each economic actor chooses its strategy so as to minimize the maximum loss it could suffer. Intra-class contests between incumbent overlords and ambitious underlings face two stark choices: acceptance of the status quo, or challenging it. The optimal strategy (Nash equilibrium) is for subordinates to opportunistically challenge super-ordinates, and for the latter to defend the status quo (see Table 5).

Contests between peasant and overlord also entail clear-cut choices: to resist or submit on the part of the peasant, and to press hard or softly on the part of the overlord. Equilibrium then is unstable as the balance of forces swings between sporadic peasant resistance and docility depending on the changing balance of social forces. Since each party minimizes the potentially maximum loss of tribute, its preferred strategy is to opportunistically contest the terms of the implicit contract (see table 6)¹⁴.

In a similar vein, the anti-growth effects of anachronistic agrarian institutions can be illuminated by models of rent seeking—activities that divert valuable resources to less productive uses. Murphy, Shleifer and Vishny [1993] provide a simple model where poverty traps arise from the interaction of rent-seeking activities and productive activities. Rent seeking is assumed here to exhibit increasing returns to scale in the sense that an increase in rent seeking lowers the cost of further rent seeking for the predator.

This time, consider an agrarian economy in which each person can engage in one of three activities: as an entrepreneurial farmer producing cash crops for the market with an output level of c , or as a subsistence farmer with an output level of s ($s < c$), or as a rent-seeker who expropriates a portion of the marketable output of the cash-crop producer with a maximum amount of r . Letting n denote the ratio of appropriators to producers, the aggregate returns curve to producers is a declining function of n . The curve pertaining to rent-seekers has a flat segment (denoting that the aggregate

¹⁴ McMillan and Masters [2003], for example, use a similar approach to explain why African governments impose high tax rates and make little investment when alternative policies could yield a win-win outcome for all. The authors find empirical support for poverty traps being generated by myopic policies. These policies reflect political and technical constraints: sunk costs are proportionately higher in Africa than elsewhere; high uncertainty about future profitability discourages private investment; and insecure governments rationally engage in socially harmful over-taxation.

TABLE 5

STRATEGIC BEHAVIOUR IN A STYLIZED OVERLORD-VASSAL GAME

Incumbent/Upstart Strategy	U: Challenge	U: Submit
I: Defend	<i>Lose?</i> ; <i>Lose?</i> ^{1,2}	Win; Lose
I: Submit	Lose; Win	Win; Win (cooperation)

Payoff: higher title and bigger following

Strategy: minimize loss

Equilibrium: incessant intra-class competition

TABLE 6

STRATEGIC BEHAVIOUR IN A STYLIZED PEASANT-OVERLORD GAME

Overlord/Peasant Strategy	P: Resist	P: Submit
O: Strong Pressure	<i>Lose?</i> ; <i>Lose?</i> ²	Win; Lose
O: Weak Pressure	Lose; Win	Win; Win (cooperation)

Payoff: higher net income

Strategy: minimize loss

Equilibrium: unstable equilibrium resulting from a see-saw

1. One of the two parties in this prisoners' dilemma game is the winner, but its identity is not known a priori. Note that, for the purposes of this illustrative exercise, we make the simplifying assumption that class 'interests' are articulated by organized 'interest groups.'
2. The question mark (?) indicates an ambiguity of outcome inherent in this general formulation. The reason is that both the extraction rate and the base of potentially appropriable surplus are choice variables. The actual amount extracted, the seignorage, may be higher or lower depending on the relative effects of a rising tax *rate* and falling tax *base*.

amount redistributed surplus depends only on the number of rent-seekers since they can take all they are physically able to take) followed by a declining segment (as rent-seekers crowd out each other).

An equilibrium point in this economy is defined as an allocation of the population among the three class positions and their respective per capita incomes (y). Under the assumption that property rights are incompletely protected, the multiple equilibria that arise as well as the possible payoffs to production relative to predation are shown in Figure 2.

The first equilibrium A ($n = n_0, y = c$) is the superior one where everyone ends up as cash-crop producer. The second equilibrium B ($n = n_1, y = s$) is the inferior one where expropriation has driven down everyone (including the rent-seekers) to the subsistence income level. In the intermediate range, people are split between market production and rent seeking with no one opting for a life of subsistence production. The equilibrium C ($n = n_2, y = r$) is, however, unstable since a slight decrease in n makes cash production more attractive than rent seeking while a slight increase in n raises the relative returns of predation thereby driving everyone to the stable poverty trap at B.

Even under fanciful assumptions about property rights, escape from point B to the region that lies to the left of point C thus requires non-market intervention. This external shock must also be large enough to decisively empower producers (in the form of secure property rights, the rule of law, and a level playing field in markets).

Implications for Peasant and Overlord Behaviour

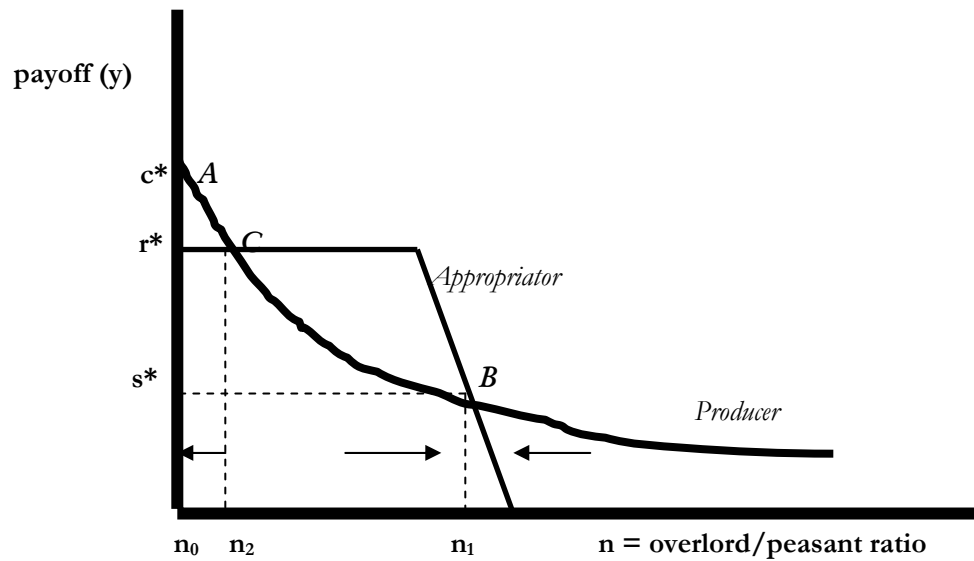
Tributarism throws much needed light on some puzzling features of Ethiopian agrarian relations. It draws our attention to the malignant synergy between the logic of political accumulation (competitive dissipation of peasant surplus) and the logic of collective action when the actors are fragmented (coordination failure). The fear of losing rent as a result of more widely-shared political power and the insignificant presence of urban classes to lead the peasantry thus limited the prospects for rapid depeasantization, i. e., market connectedness and economic entrepreneurship.

The historical pattern in tributary economies shows that, if the political system is centralized, extraction rates are likely to be reasonable and uniform across regions or groups. In this case, the relationship between the sovereign and tributaries tends to be impersonal. If the political system is highly decentralized, as is the case here, the 'common pool' problem of uncoordinated (and highly competitive) confiscatory extraction rates are likely to prevail. That is, competing claimants are likely to exact more tribute than in the centralized case, and the level of extraction is likely to differ from locality to locality depending on the capability of the tributary communities for effective deterrence [Amin, 1980; Landes, 1999; Easterly, 2001].

A striking feature of Ethiopian political economy, the incessant contentions for fiefdom among the members of the ruling class, can now be better understood as an integral feature of the

FIGURE 2

EQUILIBRIUM TRAPS IN A TRIBUTARY ECONOMY



Nash Equilibria:

- A = farmer economy *without* rent seekers ($c > r = 0$)
(stable)
- B = subsistence peasant economy *with* rent seekers ($r = s > c = 0$)
(overlord and peasant coexist in blissful poverty)
- C = above-subsistence peasant economy *with* rent seekers ($r = c > s$)
(unstable)

where:

- r = rent extraction
- c = cash crop production
- s = subsistence production

Source: adapted from Murphy, Schleifer and Vishny [1993].

tributary mode of production. As noted earlier, authority, including that of the emperor, was rarely hereditary. Resourceful upstarts with good martial and leadership skills had the incentive to form coalitions among disgruntled members of the nobility and the gentry as well as to buy the allegiance of ambitious members of the peasantry. The notion of a highly contestable political market also helps to explain why young princes were banished for life to royal penal colonies, or why the maverick brigand (*shifta*) purportedly out to redress injustice visited on the weak is the stuff of legend in rural Ethiopia. One-upmanship contests, though tempered with the establishment of a modern bureaucracy, have nurtured a political culture of autocracy and political patronage that persists even today.

As predicted by the models of strategic economic games, distributive conflicts in this high-risk and low-trust environment between peasant and overlord-cum-landlord swung between resignation and active resistance. Powerful chiefs periodically conducted punitive campaigns in the event of a wholesale refusal to meet onerous tributary obligations. It was the norm in earlier centuries for emperors, unable to establish a firm fiscal base, to move the court from region to region setting up armed encampments involving tens of thousands of soldiers and retainers. Hedonistic Ethiopian political entrepreneurialism, unable to nurture an internal agrarian growth engine, had to put a high premium on the external engine of conquest for wealth accumulation.

Peasants, for their part, actively colluded with pretenders to higher rungs of overlordship in the hope of getting a break from the winner. Just as often, they sought to serve in the militia of big men who led perennial raids on less-defended communities or on rebellious tributary principalities in search of quick loot, land or tribute payers. Lesser overlords sought to build up their 'reputational capital' by displaying impressive martial skills, patrimonial skills in sharing the booty with loyal followers, and astuteness in cultivating foreign sources to import weapons for the low-intensity arms race. This propensity of expanding tributary hegemony by the imperial state and its regional gents to the frontiers is often dubbed as "an expansionist political culture" [McCann, 1990, p. 404].

Unwilling to be passive pawns, peasants also responded by limiting output to subsistence levels, or decapitalizing their livestock wealth which was the most prone to be looted. In other words, insecure smallholders under-invested in productive assets and over-invested in defensive assets relative to the optimal level because of high insecurity regarding both the *rate* of taxation (tribute) and its capricious *variability* [Pankhurst, 1965; 1966b; 1968; Wolde Mariam, 1984; 1991; Bates, 2001].

To mitigate the destabilizing effects of warlordism, farsighted members of the aristocracy pragmatically resorted to clientelist stratagems such as marriages and title grants to co-opt ambitious upstarts, upholding peasant right to petition if not to negotiate, and invoking the fear of God (*feriha*

igziabher). Despite heroic attempts by the royal court, investment in extractive capacity trumped investment in administrative and technical capability.

The uncertainty inherent in political accumulation thus had the unfortunate effect of magnifying the high risk emanating from the erratic agro-climatic environment. To this may be added the impact of pervasive market failures which are known to constrain peasant ability to respond to price incentives [*de Janvry, et al., 1991*]. It is no wonder then that the Ethiopian peasant, despite being landed, remained woefully and wilfully poor responding largely to demographic pressure to restore subsistence requirements.¹⁵ Unable to mount credible deterrence against ever-present predation, the peasantry resigned itself to discounting the future heavily in favour of an untenably conservative strategy of ‘getting by.’

CONCLUDING THOUGHTS

Bereft of large feudal estates, autonomous urban centres of consequence, specialized moneylenders, extensive rural cottage industry, and codified property laws, historic Ethiopia entered the industrial era with grossly unfavourable initial conditions. Why the agricultural system of the central highlands, whose high productivity supported for two millennia one of the world's greatest civilizations, suffered such a reversal of fortune has so far defied a good explanation.

This paper advances the thesis that the self-limited nature of Ethiopia's agrarian system is best understood as a gigantic institutional failure. That is, generalized kleptocracy permeated the uneasy coexistence of a landed but incompletely free peasantry and a powerful but fractured overlord class. Unable to turn its access to land into adequate protection from surplus expropriation, the landed and defiant peasantry primarily resorted to a strategy of self-sufficiency to limit the production of appropriable surplus on the knowledge that what is not produced could not be taken away. Unable to consolidate power in this contested terrain, the fractured overlord class had little choice but to fight over the meagre scraps even at the risk of endangering the reproduction of the farm household.

What lessons do history and development theory provide for an escape from this self-perpetuating subsistence trap? Three possibilities come to mind for a successful transition to a superior economic equilibrium and eventually to a dynamic economic system.

¹⁵ Tributaryism is, of course, not the only source of poverty trap in Ethiopia. In the periphery along the Sudanese and Kenya borders where the presence of the state is the weakest, several tribal peoples continue to engage in the age-old practice of raiding each other. Poignant examples also abound from various parts of Africa where, law and order being precarious and deterrence based on retaliatory private violence being costly or fragile, people ‘choose’ to remain poor [see *Bates, 2001*].

The first escape route is for the peasantry to have extricated itself from the political fetters of overlordism by building a coalition to decisively defeat the titled class. In order to generate sufficient exportable surplus and a bigger home market, this route calls for adequate incentives and secure land rights to small cultivators, functioning factor and product markets, and effective political institutions. Unlike the case of European or Japanese feudalism which evolved into industrial capitalism as a result of a mutually beneficial alliance between specialists of violence and specialists of surplus generation [Bates, 2001], the spatially and culturally heterogeneous Ethiopian peasantry somehow failed to forge a united front.

This paper advances the social conflict perspective on institutional persistence by arguing that the self-limited nature of Ethiopia's agrarian system is best understood as a gigantic institutional failure rooted in the uneasy coexistence of a landed but politically unfree peasantry and a politically powerful but fractured overlord class. Unable to turn its access to land into adequate constraint on the surplus expropriators, the peasantry primarily resorted to a strategy of self-sufficiency—to limiting the production of appropriable surplus on the knowledge that what is not produced could not be taken away. Unable to consolidate power in this contested terrain, the overlord class had little choice but to fight over the meagre scraps even at the risk of endangering the reproduction of the farm household.

The third route is for a coalition of disgruntled urban interests and the amorphous peasantry to mount a social revolution against weakly anchored ruling elite. This path was adopted in 1974-75 when an egalitarian land redistribution program extended use-rights to the peasantry. The movement was predictably spearheaded by a section of the state-dependent intelligentsia under the galvanizing banner of 'land to the tiller.' While the chisegna and the landless did benefit from the reform, the ristegna peasantry lost its cherished ownership rights to land. The largely urban-based ruling class predictably failed to put up meaningful resistance against expropriation.

The supplanting of private tributarism by an equally parasitic state tributarism, this time by a stronger state with uncontested title to land, produced the same dismal economic stagnation. In fact, the land nationalization program tragically compounded the disincentive of income insecurity by adding tenure insecurity. This natural experiment of sorts does confirm the main thesis advanced in this paper concerning the link between security of property rights and farm productivity. As we suggest in a companion paper [Abegaz, 2004], a thoroughgoing agrarian reform—one that couples secure freehold with substantial public investment—is indispensable for transforming the subject peasantry into a truly free farmer class.

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