GEG Working Paper 145
May 2022

# Economic Development and Political Violence in Ethiopia

Ermias Woldesenbet, Goitom Gebreluel and Biniam Bedasso

The Global Economic Governance Programme was established in 2003 to foster research and debate into how global markets and institutions can better serve the needs of people in developing countries. The program is co-hosted by University College and the Blavatnik School of Government.

The three core objectives of the Programme are:

- to conduct and foster research into international organizations and markets as well as new public-private governance regimes
- to create and develop a network of scholars and policy-makers working on these issues
- to influence debate and policy in both the public and the private sector in developed and developing countries

To find out more:
www.geg.ox.ac.uk
geg@bsg.ox.ac.uk
GlobalEconomicGovernanceProgrammeOxford
@GlobalEconGovce

# Economic Development and Political Violence in Ethiopia

Ermias Woldesenbet, Goitom Gebreluel and Biniam Bedasso

## Introduction

The Ethiopian state has long been struggling with development failures, political violence and ethno-national rivalry. And of course, poverty, ethnic rivalry and political violence have mutually reinforcing dynamics. As opposed to most African states, intercommunal conflicts in Ethiopia took on a distinctly nationalist rather than ethnic characteristic. In addition to competition over resources and power, many ethno-national groups challenged the very notion of Ethiopia as a nation-state, further complicating the link between economic underdevelopment and political instability. The political challenge of managing ethno-national diversity has thus been substantially more complicated than that faced by most African states.

Ethiopia adopted a new constitution in 1995 that established the state as both a multinational federation and a democracy. The federal arrangement explicitly redesigned Ethiopia's administrative boundaries along ethnolinguistic lines. The constitution established the nations, nationalities and peoples of Ethiopia as the ultimate bearers of sovereignty to the extent of vesting on them the legal right to opt for secession. While it was radical in institutionally allowing linguistic and cultural autonomy – notably the right to have one's own language as administrative policy – de facto political and economic devolution was, however, very limited. The constitution of 1995 heralded a new era that was de jure democratic but de facto autocratic. Of the six general elections thus far held in Ethiopia, none can be described as enjoying widespread or meaningful legitimacy. The first three elections were relatively competitive, which led to opposition parties assuming varying numbers of parliamentary seats. The subsequent three elections in 2010, 2015 and 2021 resulted in the ruling party controlling 99%, 100% and 96% of seats in parliament. This control was maintained through repressive measures, and human rights abuses were consequently rampant throughout.

Over the past few decades, the long-standing problem of ethno-national rivalry became intertwined with economic disenchantment generated by the unequal distribution of the fruits of growth. At the turn of the Millennium, the then ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) adopted the governance and economic model known as the developmental state, which drew inspiration from the East Asian development experiences. The developmental state reserved a central co-ordinating role for the state in the allocation of resources and the incentivisation of productive economic activity. For the EPRDF, the developmental state was also a political project intended to help deal with the perennial problem of ethno-national rivalry and political violence. The expectation was first that improved material conditions would translate into a level of political contentedness wherein rebellion and violence would be unlikely; and second, that industrialisation would create a

new class structure where new individual socio-economic interests would defuse or compete with ethno-national interests and mobilisation.

Ethiopia experienced fast-paced economic growth and relative autocratic stability for most of the 18 years in which a state-led development strategy was implemented. However, in the period 2014–2018, there was a wave of political protests across different parts of the country that nearly crippled the state. Protesters' pressure managed to force the government to admit to failure and initiate a reform process. A leadership change led the government to embark on what was supposed to be a broader political reform process. While political change led to a brief moment of euphoria, protests and violent opposition to the government gradually resumed and eventually morphed into a full-blown civil war in 2020. The new ruling party, the Prosperity Party, distanced itself from the developmental state and adopted a more liberal economic orientation.

Although Ethiopia's history, political discourse and mobilisation patterns indicate that economic development, ethno-national politics and political violence are central to these political trajectories, these relationships remain under-studied. The purpose of this study is twofold: first, broadly we explore why Ethiopia yet again succumbed to political violence and instability; and second we want to examine the many ways that ethnic behaviour, economic development and political violence have interacted with each other in Ethiopia in the period 1997–2020. By employing original survey data, economic and conflict-event data, and by examining overlooked aspects of these relationships, we hope to shed new light on political violence and the nature of political discontent in Ethiopia.

The working paper is composed of three parts. Part I provides context on the economic background for the period covered in this study. In this chapter we explore trends in growth, horizontal and vertical inequality, as well as social mobility in this period. Our data and analysis indicate that Ethiopia displayed high and fast-paced growth during this period. The data also indicates that horizontal inequality – measured as inter-regional inequality – remained relatively low on numerous poverty and development indicators throughout this period. However, we find that vertical inequality was poorly managed in this period, which manifested itself through – among other things – low intergenerational mobility.

Part II explores the patterns and correlates of political violence by conducting a statistical study of violence in 1997–2019 using the ACLED data set. We find a surge in political violence and unrest during the period in which the cohesion of the ruling party began fragmenting, which indicates that intra-party politics played an important role. Our study illustrates that grievances and opportunity structures for mobilisation – through increased socio-economic development – appear to have played a role in fuelling political violence. A youth bulge, urbanisation, repressive measures by the state and economic vulnerability are positively correlated with increased probability of violence. The ethno-national composition of districts increases their chances of being prone to violent events.

Part III examines the microfoundations of political discontent through data from a phone survey on political preferences in Amhara, Tigray, Oromia, Southern Nations, Nationalities and Peoples (SNNP) regional states and Addis Ababa city administration. Our survey data explores perceptions of individual and group-level relative deprivation, aspiration gaps, future expectations and social mobility. With this data we sought to examine the

relationships between personal income and degrees and types of political discontent. Contrary to the economic data, our micro-level data indicates that inter-group economic grievances trump perceptions of vertical or individual relative deprivation. This discrepancy is of immense political significance. And while we do not have any data that explains this discrepancy, plausible explanations include lack of government transparency, lack of a robust evidence-based public debate, absence of readily available data, and the unwillingness of political parties to make growing vertical inequality a political agenda item. We also test the extent to which discontent is a function of increased aspirations that are stimulated by improved material well-being and thereby high aspiration gaps – or what is known as the 'Tocqueville paradox'. We find no support for this counter-intuitive relationship in Ethiopia, as various indicators of frustration were negatively correlated with income.

The thematic and temporal scope of this study is broad, and our findings have significant limitations. Among other things, our data cannot speak to elite politics, institutional practices or historical legacies, which are all central for a complete understanding of the conflict dynamics. In general, we are aware that political violence events are likely to be shaped by multiple factors that interact in complex ways. For example, a particular protest event in Oromia in 2015 can be driven by a combination of discursive nationalist agitation, repression by particular local law enforcement officers, historically informed sense of injustice, as well as economic factors. Due to a lack of data, our study does not control for a number of potential causes, and so our findings are not conclusive. The data we use and questions we focus on are, however, consciously chosen because we believe they have been neglected in the study of Ethiopian politics. We thus hope that they will complement other more detailed qualitative studies of institutions and politics.

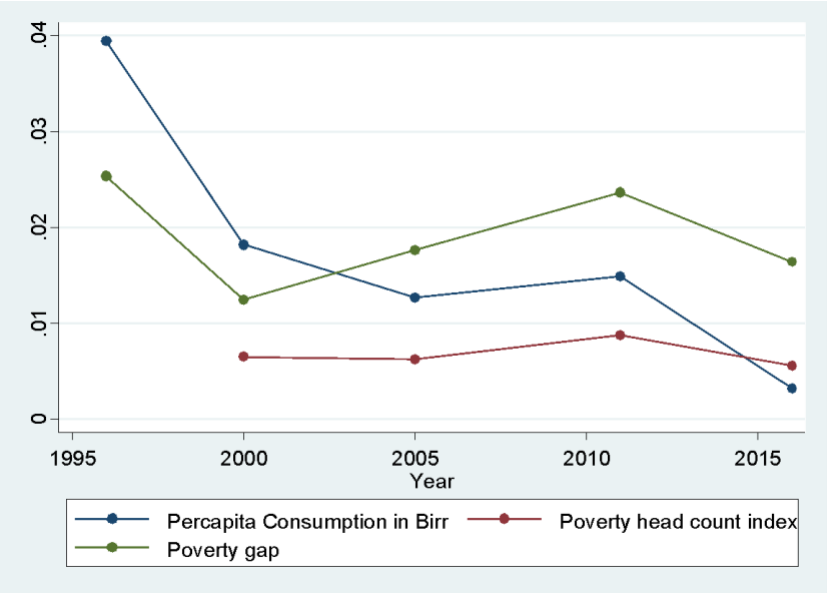
# Part I: Economic development, inequality and social mobility trends

Ethiopia has experienced significant economic changes since the turn of the Millennium. The Ethiopian People's Revolutionary Democratic Front (EPRDF) government engaged in massive public investment in infrastructure and productive capacity as part of its state-led development programme. In particular, investments in transportation infrastructure, energy and human capital were prioritised.[1] These investments resulted in an almost fivefold increase in the road network, electricity production increased from 37 million to 759 million kWh in 2011– 2015, and access to electricity increased from 12% to 44% in 2000–2018. In the education sector, 37 universities were constructed or created through the transformation of existing smaller institutions in 2000–2019. In the period 2000–2015, the number of undergraduates surged from a little over 30,000 to 729,028. Ethiopia's developmental state has been described as pro-poor due to its extensive investments in health, education and rural infrastructure. In addition to investment in social service delivery, Ethiopia also boasts one of the largest safety-net programmes in the world, providing social protection to millions of food-insecure people in rural areas.

Under the EPRDF, horizontal inequality – that is, inequality between regional states – also remained at very low levels in Ethiopia. The inequality in per capita consumption, as well as the poverty gap, significantly decreased in 1995–2016, while that of the poverty headcount index remained low in 2000–2016. The historical trajectory in health indicators displays a slightly different pattern. While all the indicators display a relatively low level of inequality overall, inequality in under-five mortality rate increased substantially in 2005–2010. Inequality in postnatal care coverage, which was initially substantially higher than that of antenatal care coverage and the under-five mortality rate, was reduced to almost half in 2000–2016. The data we have on access to education is limited in years (2010–2019), but it also shows trends similar to the other indicators. Inequality in gross and net enrolment display a decrease in the period 2014–2019. Inequality in pupil-to-teacher ratio, however, increased in 2010–2016.

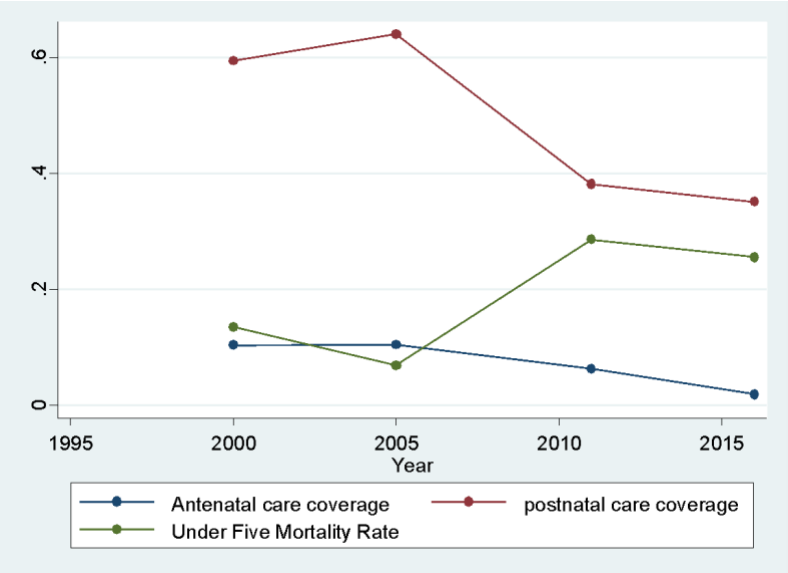
[1] Clapham, C. (2017). The Ethiopian developmental state, *Third World Quarterly*, 39:6, 1151–1165; Hauge, J. and Ha-Joon C. (2019). The concept of a 'developmental state' in Ethiopia, in Cheru, F., Cramer, C. and Oqubay, A. (Eds) *The Oxford Handbook of the Ethiopian Economy*. Oxford: Oxford University Press.

**Figure 1.1.1: Region-based relative inequality in Ethiopia, in selected poverty indicators represented using the Theil Index 1996–2016**



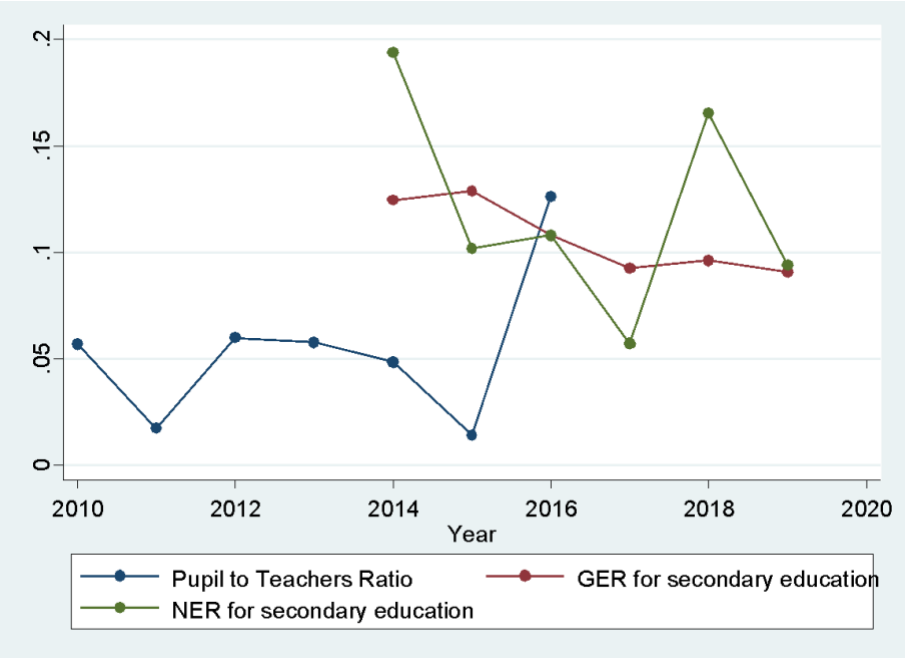

Theil Index (minimum: 0; maximum: 2.4 (lnN))
Source: Own computation using regional data from Household Income, Consumption and Expenditure Survey (HICES)

**Figure 1.1.2: Region-based relative inequality in health in Ethiopia, represented using the Theil Index 1996–2016**




Theil Index (minimum: 0; maximum:2.4 (lnN)).
Source: Own computation using regional data provided by Ministry of Health

**Figure 1.1.3: Region-based relative inequality in education in Ethiopia, represented using the Theil Index 2010–2019**




Theil Index (minimum: 0; maximum: 2.4 (lnN))
Source: Own computation using regional data provided by Ministry of Education

Despite the fact that inequality for some of these indicators were worsening, this data illustrates that horizontal economic inequality has been low in Ethiopia in absolute terms and in comparison to other countries. The low levels of horizontal inequality have been a function of political prioritisation by the Ethiopian government. The economic base and ability of each regional state to generate revenue are very diverse in Ethiopia, and the unconditional federal subsidies have played a central role in reducing horizontal fiscal disparities. The formula for federal subsidies has changed regularly, but it takes into account various demographic, state capacity and needs variables, to act as an equaliser.

The following table summarises time trends in horizontal inequality of the indicators discussed above. The table simultaneously presents trends in relative horizontal inequality (vertically) and overall national averages (horizontally). The table is divided into four quadrants, each representing whether the national average of a given indicator improved or worsened, and whether the inequality in that indicator increased or reduced over time. The top-left quadrant designates improving national average and decreasing inequality, and the top-right quadrant indicates improving national average and increasing relative inequality.

The two bottom quadrants are represented in the same way: the top-left quadrant represents the best scenario, while the bottom-right quadrant represents the worst scenario. As can be seen in the table, the national average is improving, and inequality is decreasing for most of the indicators. For the remaining three indicators (poverty headcount ratio, under-five mortality rate, and pupil-to-teacher ratio), both the national and regional averages improved, but relative inequality increased.

**Table 1.1.1**: **Four-quadrant view of the time trend in income, health and educational indicators**

| | | Region-based inequality | |
|---|---|---|---|
| | | **Decreasing** | **Increasing or status quo** |
| **National average** | **Improving** | **Best situation**<br>▪ Total per capita consumption<br>▪ Poverty gap<br>▪ Antenatal care<br>▪ Postnatal care<br>▪ Gross enrolment ratio<br>▪ Net enrolment ratio | ▪ Poverty headcount ratio<br>▪ Under-five mortality rate<br>▪ Pupil-to-teacher ratio |
| | **Worsening or status quo** | | **Worst situation** |

While government policy has successfully managed equitable horizontal development, its approach to vertical inequality – that is, inequality between individuals – has arguably been negligible. The Gini Coefficient Index grew from 30 in 1999 to 35 in 2015 as a result. While Ethiopia's Gini Coefficient remains relatively low, viewed in comparison to other countries – such as Kenya's, which stood at 40 and South Africa's at 63 – its trajectory was one of increasing vertical inequality.

The pursuit of economic structural transformation through industrialisation may have led the government to adopt policies that contributed to exacerbating vertical inequality. Anecdotal evidence sheds some more light on the nature of this inequality. Ethiopia's push for industrialisation notably made its industrial workers the lowest paid in the world. One report finds that the average wage at the Hawassa Industrial Park was US$26 in 2019, compared to US$340 in China and US$207 in Kenya. Ensuring low wages was a government priority, as stated in Ethiopia's Second Growth and Transformation Plan (GTPII): 'Although, owing to data limitations, it is not possible to set wage rate targets, close monitoring will be made to ensure that real wage rate does not exceed labour productivity.' To some extent, this (and other factors) is the reason why Ethiopia does not have a minimum wage to date.

Another important dimension of vertical inequality is intergenerational social mobility. We used our survey data to examine if Ethiopia's growth trajectory had allowed a large section of society to move up the socio-economic ladder, as this can be a significant source of contentment or frustration.[2] Our results reveal that intergenerational mobility has been low in Ethiopia.

Due to a range of factors – including family-level skills transfer and industry-specific social networks – children may follow in their parents' footsteps to pursue a career in a certain sector. Generally, in a country like Ethiopia, leaving agriculture to join the modern sectors of the economy is considered a sign of social mobility for children of smallholder farmers. Table

[2] See Part III for a description of methodology.

1.1.2 presents the transition probabilities of children out of the sector of their father's occupation.

**Table 1.1.2**: **Occupational mobility transition matrices**

| Father's main industry of occupation | Children's main industry of occupation | | |
|---|---|---|---|
| | Primary sector | Secondary sector | Tertiary sector |
| Primary sector | 51.62 | 8.56 | 39.81 |
| Secondary sector | 12.00 | 12.00 | 76.00 |
| Tertiary sector | 7.04 | 12.68 | 80.28 |

A child originating from an agricultural or mining family has a more than 51% probability of remaining in the same sector as his father. In contrast, someone with a father working in the secondary sector (manufacturing, construction or utilities) faces only a 12% chance of pursuing a career in the same sector. These results show the relative difficulty of attaining occupational mobility for the majority of young people in Ethiopia.

Individuals are often trapped in intergenerational and spatial social immobility due to their inability to break out of the vicious cycle of low opportunity environments. Differences in access to education finance, labour market information and recommendation, business startup capital and market opportunities can be decisive for young people's prospects for social mobility. The results of the survey data analysis show that there are generational divides in the realms of tuition finance, labour market opportunities and access to startup capital. Table A1.1 in Appendix A1 shows that people under the age of 35 have to rely more on parents and local relatives than the older generation did to pay for the last completed education. Individuals older than 35 years are almost twice more likely to use part-time work to pay for tuition than the younger cohort. In cases where individuals are going to school after the age of 35, this difference could be because older people are likely to have better paying part-time jobs due to their experience. However, part of this is probably because there is an overall declining trend in the availability of part-time jobs, and there are fewer part-time job opportunities for the younger generation to help pay for tuition.

It is also shown that members of the younger generation relied on family and relatives for job market information more than the older generation. Conversely, most individuals older than 35 years received information about their current jobs from public announcements. This is probably because the types of jobs requiring more experience are often publicly announced. These results are further reinforced by findings showing that over a third more younger people landed their current job based on a recommendation by personal contact. When it comes to starting one's own business, there is a generational cleavage in terms of utilising formal financial institutions to secure startup capital.

Individuals older than 35 years have better access to microfinance and banks than the younger cohort. Moreover, the older cohort draws significantly more on their own savings than individuals younger than 35 years, probably because they have worked longer, which may have enabled them to save more. The younger cohort relies on local family and relatives to generate startup capital. This set of results show that the stronger role of family and social networks for the opportunities faced by young people is indicative of a path-

dependent feature of social mobility. Young people with less affluent families and relatives will have a more difficult time moving up the social hierarchy ladder because they would need to depend on their social networks for opportunities.

# Part II: The patterns and drivers of political unrest in Ethiopia

In the following sections, we examine the changing patterns of political unrest in Ethiopia over the past 15 years, followed by statistical analysis to uncover the determinants of popular protests and riots. The overall objective is to shed some light on the local-level correlates of political unrest by teasing out the patterns and determinants of subnational variation in protest and riots. The point of departure for this analysis is that the pattern of political unrest has been shifting over time and across geographic space during the last 30 years in a way that can be explained by a combination of macro- and meso-level predictors.

Theoretically, political unrest can be attributed to a set of underlying causes falling in two main categories. The first set of potential factors driving political unrest relates to grievances. Political repression and economic deprivation fall into this category.[3] The second category pertains to opportunity structures such as demographic composition and urbanisation that make it easier for people to mobilise.[4] Even though the primary determinants of unrest in this study are measured at the subnational level, they often interact with macro-level institutional factors varying over time in producing political instability.

The analyses in the next sections show that the pattern of political unrest has shifted towards intensive popular protests as the hegemonic control of the ruling party weakened during the past five years. Regardless of the macro-level shift in grievances narratives, localised political repression also may have played a significant role in the increase in political unrest. Districts with ethnically diverse populations are prone to rioting. Moreover, economic vulnerability as measured by low rainfall, urbanisation and the 'youth bulge' are found to be positively correlated with the number of protests at the local level.

We begin this chapter by providing a brief overview of the research methodology. We then proceed to examine the patterns of political unrest and its different correlates.

## 2.1 Methodology

The dependent variable for the analysis in this section is political unrest, occurring in the form of peaceful protests or violent riots, measured at the subnational level and over a number of years. Therefore, we employ regression analysis to estimate the correlation between the outcome variable – that is, political unrest, and an array of potential predictors drawn from the literature. As far the scope of the analysis is concerned, we attempt to go beyond documenting regional differences in protest by basing our analysis on the smallest possible subnational administrative unit for which most data are available. As such, the primary unit of analysis is by district – or *woreda*.

The main source of data on political unrest is the Armed Conflict Location and Events Data (ACLED) Project. The ACLED data set has captured a total of 5,315 events falling in six

[3] Parvin, M. (1973). Economic Determinants of Political Unrest: An Econometric Approach. *Journal of Conflict Resolution*. 17(2):271–296.
[4] Urdal, H. (2006) A Clash of Generations? Youth Bulges and Political Violence, *International Studies Quarterly*, Vol. 50, no. 3.

categories between 1997 and 2020.[5] The categories are: battles; explosions/remote violence; protests; riots; strategic developments; and violence against civilians. One of the advantages of the ACLED data set is that it contains detailed georeferenced information, facilitating subnational analysis of political violence and protest. In the case of Ethiopia, more than 65% of events are recorded with the highest level of spatial precision. That means "the report notes a particular town, and co-ordinates are available for that town"(p. 28).[6] Another 30.7% of events are assigned a second-rate level of spatial precision. This means that, if the source material includes that activity took place in a small part of a region, and notes a general area, a town with georeferenced co-ordinates to represent that area is chosen. Even after dropping all other events with a spatial precision rating lower than 2, we are able to use 96% observations for a spatial analysis of political violence and protests. In addition, we have assembled data on potential predictors of political unrest from the census, population projections, geospatial databases on precipitation and night-light intensity as well as administrative data from the Ministry of Education.

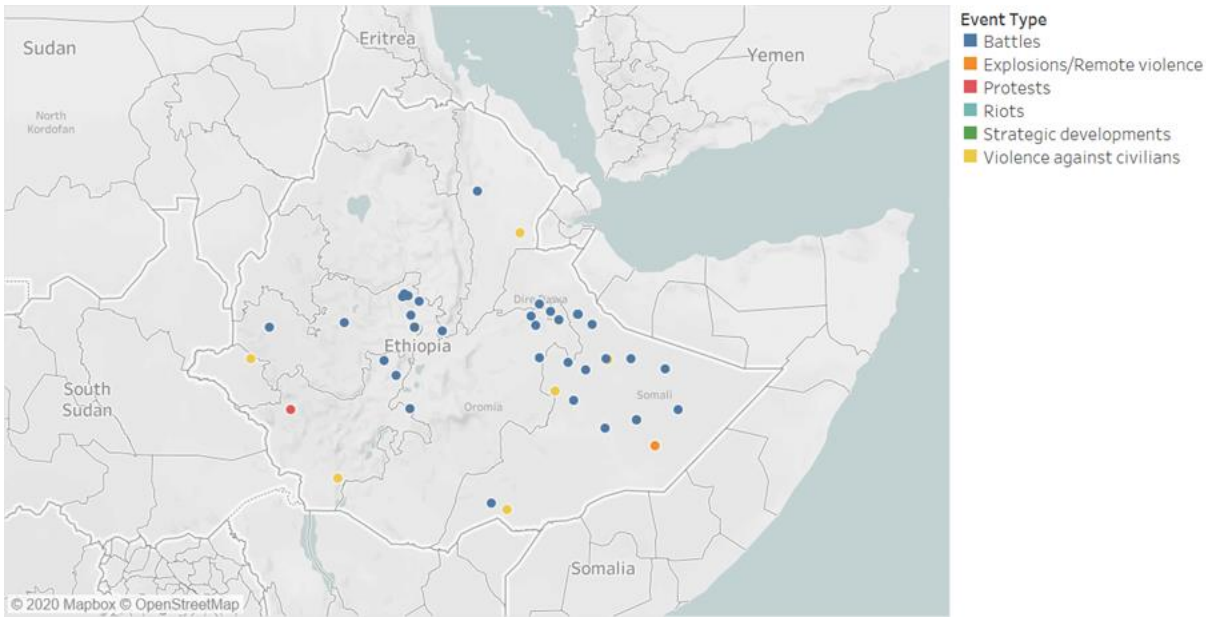
To the extent that longitudinal data is available, we have conducted panel data analysis exploiting variations across space and over time. Ordinary least squares regression is used for cross-sectional data. Since it is often difficult to make causal inference using observational data, much of the analytical exercise in this section is limited to shedding light on the correlations between political unrest and key predictor variables. In addition to quantitative analysis, we have made some effort to contextualise the results with the help of qualitative data, and by linking the key insights to relevant policy domains.

## 2.2 The changing face of political unrest in Ethiopia

The last decade was characterised by a dramatic shift of political dynamics in Ethiopia. Starting with the change of two heads of government in a space of five years, the political landscape has transformed significantly. At the centre of this transformation was the realignment in the power balance between the various constituent parts of the ruling party, EPRDF. This has been accompanied by continuation of the state-led effort to transform the economy, which has given rise to higher growth and macroeconomic imbalances and social disaffection. The nature, frequency and geographic scope of political unrest also changed with the political dynamics. Figure 2.2.1 shows the distribution of various types of political events in 2011, a year that can be considered the height of EPRDF's consolidation of political power with Prime Minister Meles Zenawi in full control of the party and state. As of 2011, the main source of political unrest consisted of sporadic battles between various rebel groups and the defence forces, most of which occurred in the Somali region and the western parts of the Oromia region.

[5] The database is updated regularly throughout the year. This figure is current as of 26 January 2020. The cut-off date was chosen to align the timeframe of the conflict analysis with the microdata analysis to be presented in the next section.
[6] ACLED (2020), Armed Conflict Location & Event Data Project (ACLED) Codebook.

**Figure 2.2.1: Types and distribution of political unrest – 2011**




The death of former Prime Minister Meles Zenawi started the silent erosion of the hegemonic control of EPRDF over the Ethiopian state.[7] As such, long-standing political and economic grievances resurfaced, leading to sustained protests around the country, led by youth groups, sometimes with support from factions of the ruling party. Figure 2.2.2 shows that, at the height of the 'Oromo protests' period, most of western, central and eastern Oromia were engulfed with protests. Although battles involving insurgent groups continued to occur, their relative frequency was diminished by the rise of protests in small towns and rural areas. Often associated with protests, violence against civilians also increased sharply between the relatively peaceful start of the decade and the mid-2010s.

Figure 2.2.3 represents the state of political unrest two years after Prime Minister Abiy Ahmed came to power. As of 2019, political unrest is more evenly distributed across the country (except for Somali region) than either in 2011 or 2016. Unlike in previous years, there appears to be a fairly balanced mix of events consisting of protest, battles and violence against civilians.

[7] Recent media interviews with senior leaders of the current ruling Prosperity Party reveal that the cohesiveness of the former ruling party started fraying at the edges in the years following Meles Zenawi's death which, in turn, eroded its control over society in some parts of the country.

**Figure 2.2.2: Types and distribution of political unrest – 2016**

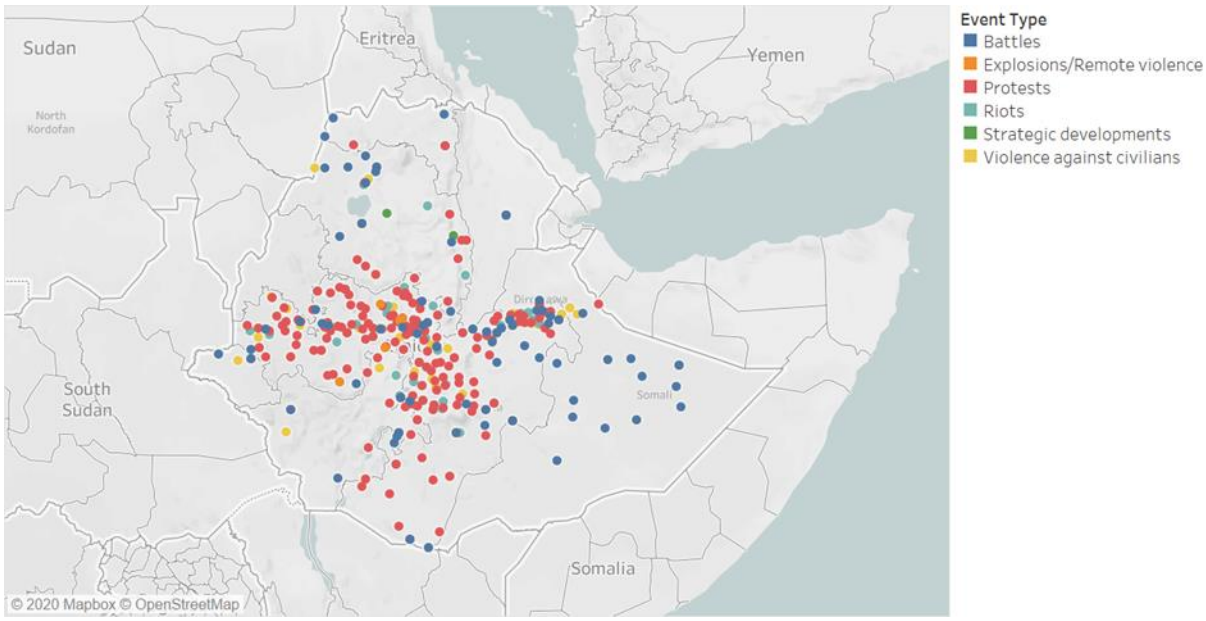
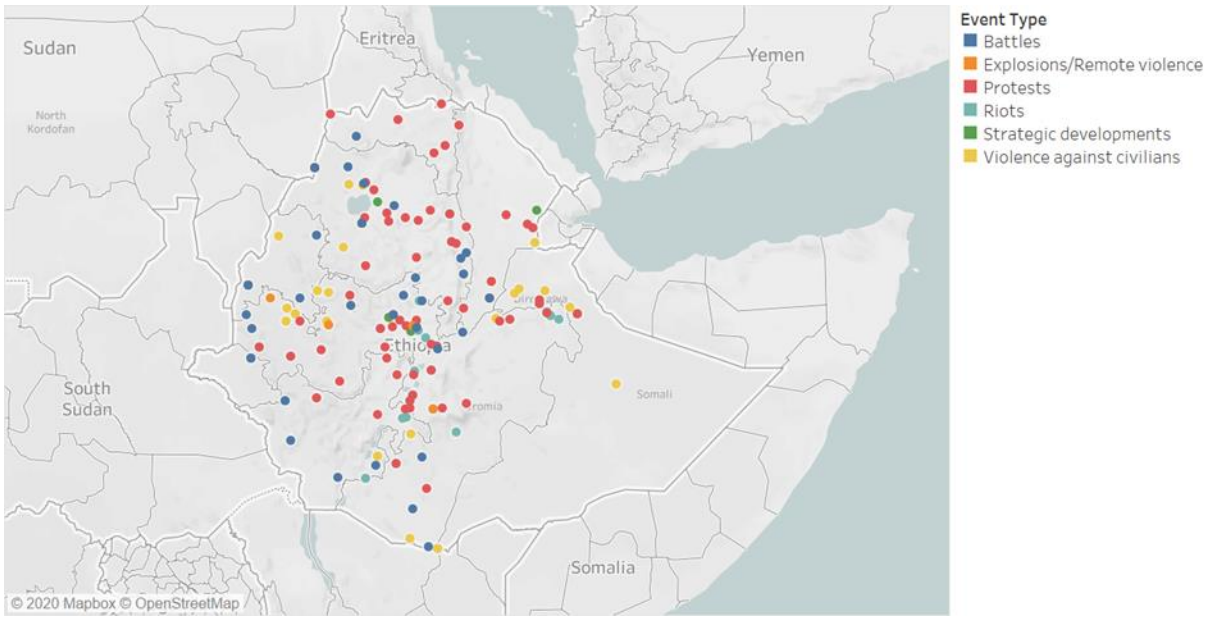



**Figure 2.2.3: Types and distribution of political unrest – 2019**

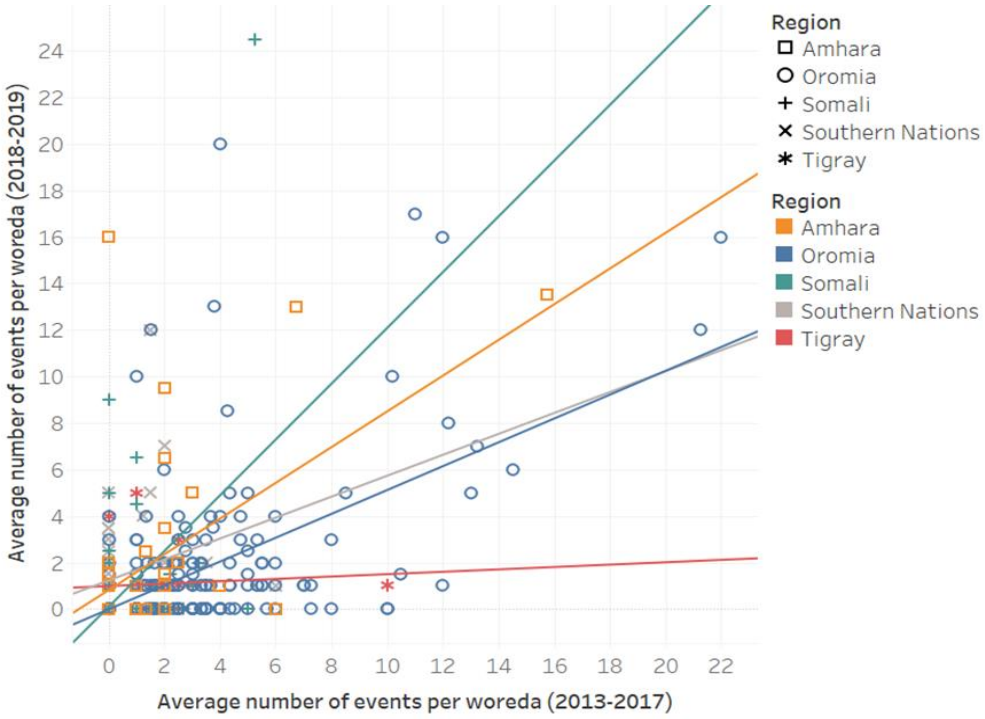



Looking at the post-2012 period when protests became more ubiquitous, Figure 2.2.4 compares the annual average number of protests for each woreda under Prime Minister Hailemariam Desalegn with the same measure under Prime Minister Abiy Ahmed (until 2019). On average, the Oromia region seems to dominate the protest space in both administrations. However, the trend line shows that the intensity of protests in Oromia was higher in the period between 2013 and 2017 than in the post-2017 period. In contrast, the relative intensity of protest seems to have shifted towards Amhara and Somali regions in the post-2017 period.

As a de facto centralised polity, Ethiopian politics continues to revolve around the capital city, while control of the federal government remains one of the most important objectives underpinning political contest. Therefore, the locus of political unrest with respect to Addis

Ababa is important to understand the potential implications of unrest for political dynamics. During the Meles Zenawi era, aggregate events were dominated by battles occurring in periphery areas, leading to a positive correlation between political unrest and distance from Addis Ababa. This is shown in Figure A1.1 in the Appendix. However, when it comes to protests, more events were recorded closer to the capital than further away. Many of those protests were related to the post-election unrest in 2005.

**Figure 2.2.4: Regional trends of events 2013–2019**




## 2.3 The correlates of political unrest

This section documents some empirical regularities concerning the potential correlates of political protest and riots. We look at the role of grievances caused by political repression, inter-communal tensions, economic opportunities, demography, and means of collective mobilisation for political unrest.

**Political repression**

In many cases, popular protests occur due to long-standing political grievances, and in response to short-term political repression. However, repression may also escalate in response to initial popular protests, and it might be difficult to determine the direct cause in the absence of a clear exogenous shock in either of the variables. In this section, we attempt to explore the correlation between popular protests and political repression at the subnational level under various phases of autocratic consolidation and regime transition during the last 20 years. Even though many protests are driven by non-local factors and narratives framed around national issues, the prevalence of political repression at the local level can be responsible for some of the geographic variation in the incidence of protests.

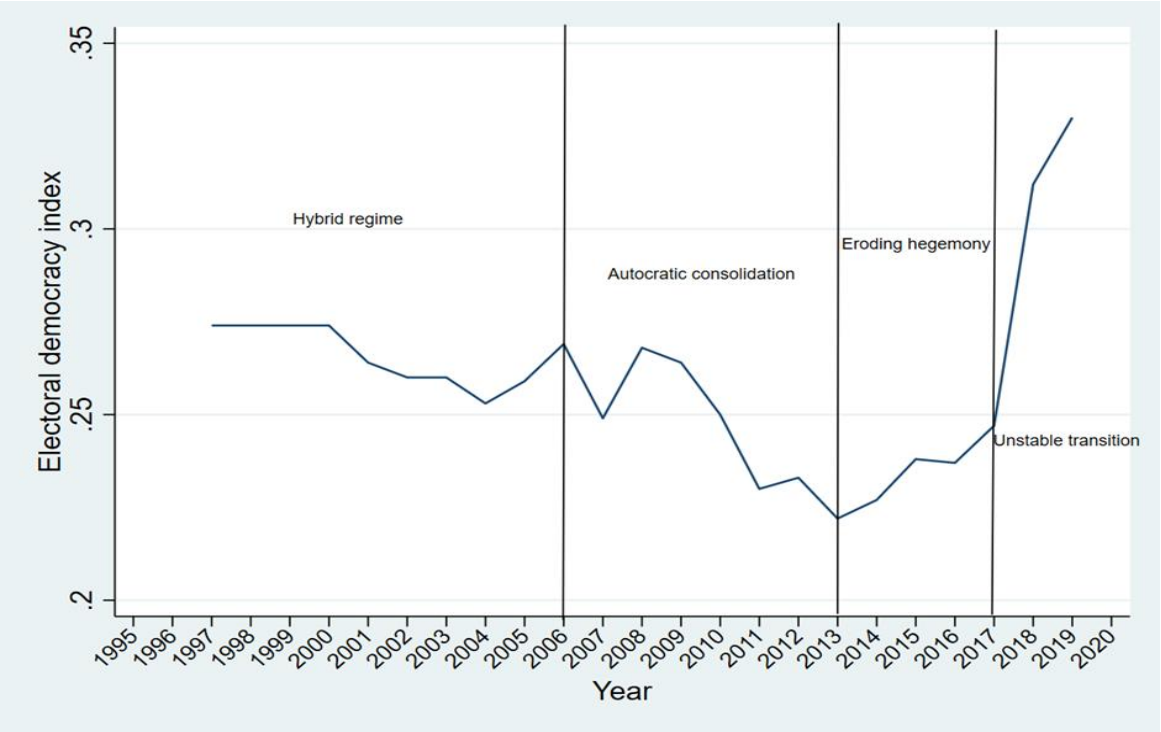
The incidence of political repression at the local level is measured using two variables constructed based on ACLED data. Political repression is highlighted through events

categorised as 'violence against civilians' that are recorded to have been committed by government security forces (that is, national defence force, federal or regional police forces) and events labelled as 'strategic developments' and sub-classified as 'arrests'.

We analyse the relationship between popular protest and political repression with the state of democratisation as a backdrop. This is based on the conjecture that the link between the two variables is moderated by the institutional environment.[8] For instance, the absence of institutional platforms to express political grievances could lead to a more pronounced relationship between protest and repression than in the presence of robust multi-party competition.

Accordingly, we identify four periods of regime transition based on the electoral democracy index of the Varieties of Democracy database as well as qualitative information on the internal dynamics of the dominant political party. Figure 2.3.1 shows that the pre-2006 period can be considered a period of *hybrid regime* with a stop-go process of political liberalisation that eventually came to an end with the 2005 elections. That was followed by a period of *autocratic consolidation* and the emergence of a de-facto single party state between 2006 and 2013.[9] Following the death of Meles Zenawi in 2012, the hegemonic status of EPDRF started weakening with widening internal fault lines.[10] Finally, the fourth period was ushered in by the opening up of the political space that started in 2017, which has been also accompanied by significant instability.

**Figure 2.3.1: The evolution of electoral democracy (1997–2019)**




[8] Regan, P.M. and Henderson, E.A. (2002) Democracy, threats and political repression in developing countries: Are democracies internally less violent?, *Third World Quarterly*, 23:1, 119-136.
[9] De Wall, A. (2012). The theory and practice of Meles. *African Affairs*, 112(446): 148–155.
[10] Østebø.T and Tronvoll. K. (2020). Interpreting contemporary Oromo politics in Ethiopia: an ethnographic approach, *Journal of Eastern African Studies*, Vol. 14, no. 4, pp. 613-632.

Table 2.3.1 displays the results from a fixed-effects regression of protest at the woreda level on contemporaneous indicators of political repressions for the same geographical area in each of the four periods identified above. By removing the effects of time invariant factors such as region, which might make attribution to time-varying policy factors difficult, the fixed-effect estimates are expected to provide a more accurate measurement of the link between political repression and protest.

**Table 2.3.1: Fixed-effects estimates of the link between popular protests and political repression (dependent variable: annual average number of protest events)**

| | Full period (1997–2019) | Reluctant democratisation (1997–2005) | Autocratic consolidation (2006–2012) | Eroding hegemony (2013–2016) | Unstable transition (2017–2019) |
|---|---|---|---|---|---|
| Violence against civilians | 0.401*** (.048) | 0.142 (.164) | 0.075 (.056) | 2.71*** (.208) | 0.137*** (.069) |
| Arrests | 1.53*** (.203) | -2.87** (1.32) | -1.34*** (.511) | 0.298 (.598) | 1.22*** (.232) |
| Woreda fixed effects | Yes | Yes | Yes | Yes | Yes |
| Year effects | Yes | Yes | Yes | Yes | Yes |
| Overall R-squared | 0.27 | 0.05 | 0.05 | 0.47 | 0.22 |
| Observations | 1,608 | 377 | 272 | 510 | 449 |

Note: Standard errors are given in parenthesis.
*/**/*** signify statistical significance at 1%, 5% and 10% level.

Overall, there is a strongly significant positive correlation between political repression and popular protest between 1997 and 2019. In protests across the woredas, 27% of the variation is explained by political repression. However, breaking down the analysis into the different periods of democratisation shows that a great part of this result is driven by what happened in the period when EPRDF's hegemony was weakening. Between 2013 and 2016, 47% of the variation in protest is explained by political repression. In earlier periods, when

EPRDF was consolidating power, the relationship between violence against civilians and protest is statistically insignificant, whereas arrests seem to have dissuaded protest. Therefore, the results suggest that political repression has led to popular uprising when there is a relative opening up of society in the form of a less hegemonic ruling party. As seen in the years when protest activity surged, the regime was repressive enough to have stirred grievances but not cohesive enough to prevent people from protesting.

Looking into the coefficients of the time effects (not reported here), it is revealed that 2015 and 2016 are the only years that had a statistically significant effect on protest independent of the effect of political repression. Those are the years representing the peak of the 'Oromo protests'. This indicates that the reframing of long-standing grievances around the dispute on Addis Ababa might have significantly amplified the correlation between political repression and protest in those years. This is despite declining trends of region-based relative inequality which is normally associated with rising grievances.

**Inter-communal tensions**

In addition to widespread popular protests, political unrest can take the form of riots. There was a significant increase in the prevalence of riots across Ethiopia over the past five years, with a peak of 175 riots recorded in 2016. This is greater than the total number of riots recorded over the preceding decade. Riots could occur in response to political repression as a more violent alternative to protests. However, riots may also be a manifestation of inter-communal tensions, as anecdotal evidence suggests that these tensions have become increasingly more common in Ethiopia. Inter-communal tensions could be caused by ethnic/religious competition for resources or political dominance. There is a rich literature studying the link between politicised ethnicity and ethnic violence.[11] In that regard, the ethnic and religious composition of woredas could indicate the potential for inter-communal strife. Therefore, we calculate the Ethnic Fractionalization Index (EFI), Ethnic Polarization Index (EPI), Religious Fractionalization Index (RFI) and Religious Polarization Index (RPI) for each woreda to estimate the correlation between potential ethnic/religious tensions and riots.[12]

Table 2.3.2 shows the correlation between riots and various measures of ethnic and religious fractionalisation and polarisation. Considering that violence against civilians was found to be an important determinant of popular protest in the previous section, all specifications control for its effect on riots. The most parsimonious specifications in columns 1–4 show that all measures of ethnic/religious fractionalisation and polarisation are positively correlated with the prevalence of riots in woredas. In both cases of stratification (ethnic and religious), measures of fragmentation are quantitatively more salient for the incidence of riots than measures of polarisation. This means the presence of a large degree of group diversity may lead to more intense inter-group competition than the presence of a few groups with comparatively significant shares of the population in a given woreda. In the context of Ethiopia's federal system, this shows that woredas prone to rioting are usually those with numerous ethnic groups other than the group officially identified with the region.

[11] See, for example, Horowitz, D.I. (1986), *Ethnic Groups in Conflict*. Berkeley and Los Angeles: University of California Press.

[12] Drawing on the formula provided in Montalvo and Reynal-Querol (2005), the *fractionalization index* is computed as $\sum_{i=1}^{n} \pi_i(1-\pi_i)$ where $\pi_i$ is an ethnic or religious group in woreda i. The corresponding *polarization index* for ethnic and religious groups is computed as $4(\sum_{i=1}^{n} \pi_{i\ i}^{2}(1-\pi_i))$.

**Table 2.3.2: Ordinary least squares estimates of the determinants of riots (dependent variable: total riots, 2013–2019)**

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| Ethnic Fractionalization Index | 2.82** (1.23) | | | | 2.66** (1.22) | | 2.49** (1.32) |
| Ethnic Polarization Index | | 1.08** (.512) | | | | | |
| Religious Fractionalization Index | | | 1.17*** (.438) | | | 1.02** (.446) | 0.350 (.486) |
| Religious Polarization Index | | | | 0.804*** (.292) | | | |
| Share of population, age 10–19 | | | | | 0.039* (.021) | 0.044* (.023) | 0.044** (.023) |
| Distance from town with 50,000 population | | | | | -0.007*** (.001) | -0.007*** (.001) | -0.007*** (.001) |
| Violence against civilians (2013–2019) | 0.297*** (.101) | 0.302*** (.103) | 0.306*** (.104) | 0.306*** (.104) | 0.296*** (.104) | 0.305*** (.103) | 0.297*** (.100) |
| R-squared | 0.30 | 0.29 | 0.29 | 0.29 | 0.30 | 0.30 | 0.31 |
| Observations | 731 | 731 | 731 | 731 | 731 | 731 | 731 |

Note: Standard errors are given in parenthesis. ***, ** and * signify statistical significance at 1%, 5% and 10% level.

In columns 5–7, we control for two of the structural factors that may create a conducive environment for rioting: urbanisation and the presence of a large proportion of young people. Urbanisation is represented by a continuous variable measuring the distance of the woreda's

centroid from a town with at least 50,000 population. The potential for youth mobilisation is measured by the proportion of the woreda's population aged between 10 and 19 years as of the 2007 census. This cohort of population became aged between 19 and 28 years as of 2016, which is the mid-point of the period covered by our dependent variable. As such, it is arguably the most relevant cohort as far as riot potential is concerned. Based on the results of the parsimonious specifications in the first four columns (showing the salience of fractionalisation over polarisation), columns 5–7 focus on the fractionalisation indices as variables of interest.

The results show that the statistical significance of the correlation between riots and ethnic/religious fractionalisation is robust to controlling for some of the basic structural factors. The magnitude of the coefficients of both variables also remains fairly stable in columns 5 and 6. Column 7 juxtaposes the effects of ethnic and religious fractionalisation vis-à-vis riots, net of the effects of urbanisation and youth bulge. This is important because recent inter-communal conflicts sometimes have both ethnic and religious dimensions which are often difficult to disentangle because of the overlapping of the two identities in many places. Our results show that ethnic fractionalisation is more important as a determinant of riots than religious fractionalisation.

These results do not necessarily imply that most riots have been motivated by ethnic tensions. The proximate cause for rioting could be a political or economic factor unrelated to inter-communal ethnic tensions. However, the background presence of ethnic competition could be the factor that tips a peaceful protest into a riot. Moreover, the relative decline in the state's monopoly on violence in recent years seems to have allowed militant opposition groups to try to consolidate co-ethnic support by stoking inter-ethnic tension that sometimes leads to riots.

**Economic opportunities**

The previous sections focused on political factors and identity-based cleavages as potential explanations for political unrest. In this section, we consider a second major strand of hypothesis focusing on the role of economic opportunities for political unrest. The grievances theory of conflict indicates that economic deprivation could lead to political instability, particularly if groups or individuals perceive that they are not receiving their fair share from economic growth.[13]

Since we are working with woredas as a primary unit of analysis, we need a measure for the level of economic activity at the woreda level. In the absence of official estimates of subnational GDP, data on night-light intensity has been used extensively as a proxy for local economic activity.[14] Despite some shortcomings with respect to measurement errors, the strongest advantage of the night-light data is that it is available in granular detail for areas as small as 5 square kilometres. In addition to night-light intensity, which is more suited to measure economic activity in urban and peri-urban areas and non-agricultural sectors, we also consider the effect of average rainfall, a key determinant of agricultural productivity and

[13] Hirschman, A.O. (1973). The changing tolerance for income inequality in the course of economic development. *Quarterly Journal of Economics*, 87, 544–566.
[14] See, for example, Henderson, J., Storeygard, A., and Weil, D. (2012). Measuring Economic Growth from Outer Space. *The American Economic Review, 102*(2), 994-1028.

household welfare in many areas around the country. Although agricultural productivity in year t is impacted by rainfall in the same year, the welfare effects and corresponding socio-political implications of the resulting change in productivity are observed with some lag. Therefore, we use a one-year lag of average rainfall for our estimates.

**Table 2.3.3: Fixed-effects estimates of the link between popular protests and indicators of economic opportunities (dependent variable: annual average number of protests)**

| | (1) Full sample | (2) Full sample | (3) Full sample | (4) Full sample | (5) Full sample | (6) Oromia sample | (7) Non-Oromia sample |
|---|---|---|---|---|---|---|---|
| Average night-light intensity | -0.534*** (.152) | 0.093 (.127) | | | 0.093 (.173) | 0.367 (.574) | -0.021 (.089) |
| Average precipitation, ln, t-1 | | | -1.82*** (.200) | -0.454** (.228) | -0.455** (.228) | -1.84*** (.623) | 0.162 (0.125) |
| Violence against civilians | 0.332*** (.019) | 0.318*** (.018) | 0.321*** (.019) | 0.316*** (.018) | 0.316*** (0.019) | 0.310*** (.033) | 0.281*** (0.015) |
| Woreda fixed effects | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year effects | No | Yes | No | Yes | Yes | Yes | Yes |
| Overall R-squared | 0.06 | 0.17 | 0.04 | 0.15 | 0.16 | 0.19 | 0.21 |
| Observations | 5,117 | 5,117 | 5,117 | 5,117 | 5,117 | 1,939 | 3,178 |

Note: Standard errors are given in parenthesis. ***, ** and * signify statistical significance at 1%, 5% and 10% level.

Table 2.3.3 presents the fixed-effect estimates of the relationship between protests and economic opportunities, as measured by night-light intensity and average precipitation. Apart from removing the effects of time-invariant omitted variables, the advantage of the fixed-effects estimator is that it also mitigates the effect of measurement errors such as the ones that might affect night-light data to the extent that they are not time-varying. To isolate the

effects of economic opportunities, all specifications control for violence against civilians. Column 1 shows that average night-light intensity is negatively correlated with protest, suggesting that protests are more prevalent in areas with low economic activity or potentially high economic grievances. However, column 2 shows that the statistical relationship between the two variables vanishes as time effects are included. This means that the relationship in column 1 is largely driven by a correlation between aggregate trends instead of a causal relationship at the woreda level.

In the case of average rainfall, columns 3 and 4 show that there is a significant negative correlation between protests and average annual precipitation which is robust to the inclusion of a time trend. Therefore, low rainfall years in a specific woreda are prone to popular protests regardless of the aggregate trends of protests and the long-term climatic conditions of the area. The effect of average precipitation holds when the other measure of economic opportunity – night-light intensity – is also controlled for. On average, when mean annual rainfall decreases by one standard deviation (that is, 433mm), the number of protests in a woreda in a year increases by 0.06. That is equivalent to 45% of the average incidence of protests in a year. Considering that rainfall is a key indicator of economic and environmental vulnerability in Ethiopia, these results suggest that the effect of political grievances on political unrest is further amplified among vulnerable sections of the country.

In the final two columns, we split the sample into Oromia and non-Oromia woredas. This is relevant because the Oromia region has been at the centre of political unrest in the country since the mid-2010s. It is interesting to note that the effect of political repression on protests holds for both Oromia and non-Oromia woredas, whereas the effect of average rainfall is statistically significant only for the Oromia sample. This is probably because Oromia has the largest variation in rainfall. But it could also be an indication of the complexity of the underlying causes of political unrest in Oromia, including a combination of political grievances and economic vulnerabilities.

**Urbanisation, youth bulge and collective action**

Popular protest requires collective action and mass mobilisation, particularly if it is to be sustained over an extended period of time. Political grievances and economic reasons may provide the underlying motivation for protest. However, the immediate action is often facilitated by the presence of conducive conditions for collective mobilisation. From 19th-century sociologist, Max Weber, to the contemporary literature on protest, urbanisation is considered a key determinant of collective mobilisation for political action. Universally, young people are more ready to take to the streets for a number of reasons, ranging from the ease of mobilisation to being impacted by policy decisions more directly.

In Table 2.3.4, we show the link between indicators of urbanisation and youth bulge and popular protest. In addition to the variables we have controlled for in the preceding section on riots and communal tensions – that is, the proportion of the woreda's population aged between 10 and 19 years, and distance from a town with at least 50,000 population – we use population density and distance from Addis Ababa as alternative proxies for urbanisation. As usual, we include violence against civilians as an independent variable to control for the effect of political repression.

Overall, urbanisation – as measured by proximity to a town with 50,000 population or proximity to Addis Ababa – appears to have a positive correlation with popular protest. On the contrary, there is no statistically significant relationship between population density and protest. If the distance of the centroid of a woreda from the nearest town with at least 50,000 population increases by one standard deviation (that is, 46km), the average annual number of protest events decreases by 0.09, which is equivalent to 16% of the mean. These results agree with the general observation that the growth of small towns with scarce economic opportunities may have contributed to the surge in political unrest over the past decade.

Small towns create a fertile ground for collective mobilisation which can lead to political unrest if the growth of urban areas is not matched with expansion of economic opportunities.

**Table 2.3.4: Ordinary least squares estimates of the demographic and spatial determinants of popular protests (dependent variable: average number of protests, 2013–2019)**

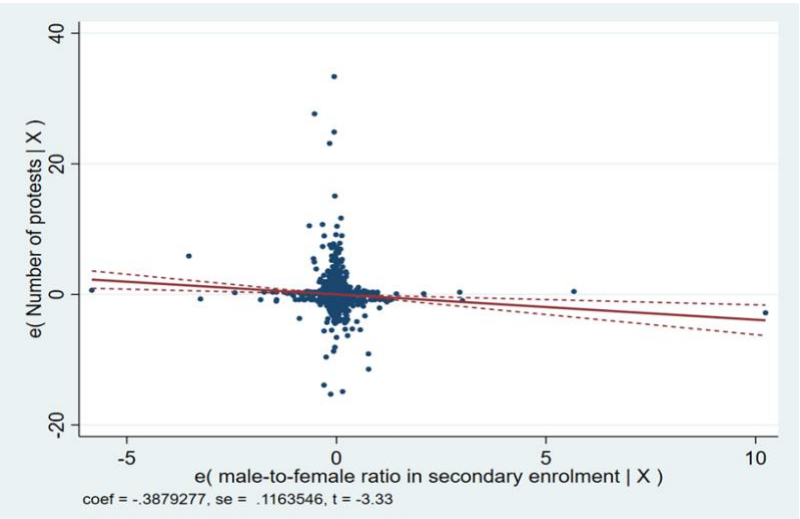
| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|
| Distance from town with 50,000 population | -0.0019*** (0.0004) | | | -0.001*** (.000) | | |
| Distance from the capital | | -.0008*** (.0002) | | | -.0007*** | |
| Average population density (2010–2015) | | | 0.000 (.000) | | | 0.000 (.000) |
| Share of population, age 10–19 (2007) | 0.008* (.004) | 0.009** (.004) | -0.002 (.005) | 0.013*** (.005) | 0.011*** (.004) | 0.003 (.006) |
| Violence against civilians (2013–2019) | 0.089*** (.022) | 0.090*** (.022) | 0.089*** (.022) | 0.088*** (.023) | 0.089*** (.023) | 0.087*** (.022) |
| Oromia 'dummy' | | | | 0.191*** (.067) | 0.112 (.086) | 0.190*** (.068) |
| R-squared | 0.40 | 0.42 | 0.40 | 0.41 | 0.42 | 0.42 |
| Observations | 731 | 731 | 731 | 731 | 731 | 731 |

Note: Standard errors are given in parenthesis. ***, ** and * signify statistical significance at 1%, 5% and 10% level.

The share of population aged 10–19 years (as of 2007) has a positive coefficient across all specifications, although the size and significance of the correlation varies to a great extent. The statistical significance of the coefficient vanishes when we control for population density possibly because there is multicollinearity between the two variables. In the last three specifications, we include a 'dummy' variable for Oromia region to check whether the estimated relationships are driven by the protests that have occurred in the region since the mid-2010s. In columns 4 and 5, the magnitude and significance of the coefficient of the share of young people in the population increase once the Oromia 'dummy' is included. This indicates that the role of the youth bulge in popular protest is even more important for parts of the country beyond the Oromia region, despite the fact that protests attended by young people were widespread in Oromia region. Demographic factors such as youth bulge can be important determinants of political unrest, independent of the type and extent of political grievances.

Finally, as one of the avenues for raising political consciousness and collective mobilisation, we look into the link between secondary education and the prevalence of popular protests in a woreda. We have assembled data on the number of male and female students enrolled in secondary schools between 2016 and 2019 in at least 590 woredas. However, without up-to-date data on the size of the school-age population in each woreda, it is not possible to compute the rate of enrolment across all woredas of various sizes in a manner that can be used to estimate the effect of secondary enrolment on protest. But we could calculate the male-to-female ratio in enrolment which is comparable across woredas regardless of the size of their secondary school-age population. One might expect the male-to-female ratio in enrolment to affect popular protest in two different ways: first, a relatively high number of male students may suggest that more protests occur; and second, a low male-to-female ratio might mean that there is greater access to secondary education since girls are often among the last ones to be sent to school. Figure 2.3.2 shows that the second hypothesis seems to hold more consistently than the first one: a lower male-to-female ratio is associated with higher incidence of popular protests. This suggests that better access to secondary education, which may have contributed to more girls being sent to school, is also creating a more fertile ground for protests.

**Figure 2.3.2: Fixed effects estimate of coefficient of male-to-female ratio in secondary enrolment on protests**



# Part III: The Microfoundations of Political Discontent

Part II examined the structural and historical correlates of violence. However, people's motives for action, political priorities and grievances, (among other things), cannot be inferred from that macro-level evidence. We generate micro-level data to fill some of these gaps. This part of the report looks at a different level of analysis and also has a different scope and thematic focus. It focuses on perceptions and preferences instead of behaviour, and more broadly on political discontent, instead of violence. The primary data source is an original phone survey with respondents from Oromia, Tigray, SNNP, Amhara and Addis Ababa.

The survey items focus on: a) attitudes of political discontent; b) social mobility; and c) demographic data on income (among other issues). We explore attitudes of political discontent and satisfaction by using questionnaire items that focus on relative deprivation, aspiration gaps and future expectations. Together these three concepts cover discontent along ethno-nationalist and socio-economic class lines, economic and political frustrations, and perceptions of future prospects. First, we explore the relationship between horizontal economic inequality and discontent. We then proceed to explore the relationship between vertical economic inequality and discontent.

## 3.1 Methodology

### Concepts and measurements

**Ethno-national and socio-economic class relative deprivation**

Relative deprivation (RD) has been widely employed as an explanatory factor for various social and political outcomes such as civil war and health.[15] The causal strength of exclusively motivation-centred psychological explanations of political violence, such as RD theory, has been criticised for being insufficient.[16] Political discontent is, at best, a necessary but not a sufficient cause for the outbreak of violence and rebellion, as, (among other issues), opportunity structures for actions are equally important enabling factors. Psychological mechanisms such as political grievances should, however, not be overlooked as they constitute a key, initial and primary element in processes that lead to violence. This is particularly relevant for autocratic developmental states, which are likely to generate a dangerous combination of fast-paced growth, various forms of inequalities and a lack of political transparency.

RD theory's point of departure is that the behavioural implications of economic and political marginalisation in relation to relevant comparison groups are more important than absolute

[15] See: Gurr, T.R. (1970). *Why Men Rebel,* Princeton, NJ: Princeton University Press; Caner, A. and Yiğit, Y.C. (2019). Relative deprivation and its association with health indicators: Lower inequality may not improve health, *SSM – Population Health*, 7: 100381.
[16] Hoeffler, A. and Collier, P. (1999). *Greed and Grievance in Civil War*, Policy Research Working Papers, Washington DC: World Bank.

measures of political and economic resources. It also draws attention to the fact that absolute improvements in individual living standards can occur alongside increasing relative deprivation, thus leading to the paradox of dissatisfaction despite personal advancement.

We treat relative deprivation in this study as a psychological phenomenon, defined as 'subjective feelings of anger, resentment, and frustration in response to negative social comparisons with relevant others', which crucially could correspond to material inequality.[17] The relevant reference group is determined by the political cleavages of the particular society, and is thus contextual. A standard approach in the literature is, however, to focus on reference groups along horizontal and vertical lines. Whereas, the point of comparison for horizontal relative deprivation (HRD) is another social group differentiated by ascriptive boundary markers (that is, the comparison of one's own group's level of income with that of other similar groups, ethnic, religious, and so on). Vertical relative deprivation (VRD) is defined by an individual's comparison of their economic condition with the income levels of other individuals. VRD can therefore be used as a proxy for socio-economic class grievances. The outcomes associated with each of these conditions are very different. Whereas HRD is associated with political consequences and actions such as protests and rebellions, VRD is associated with depression and other health conditions.[18]

The identity categories of relevance for HRD in Ethiopia are ethno-national boundaries. In Ethiopia, these identity markers are institutionalised through the constitutional arrangement and thus provide easily identifiable and established categories and identity boundaries to work with. However, measuring ethno-nationalist discontent is not an uncontroversial task. There are many dimensions to grievances, such as the more tangible issues such as economic, territory, political power, representation, human rights abuses, and intangibles such as historical narratives and group status.

We explored these attitudes by utilising two Likert-scale questionnaires on perceptions of horizontal and vertical relative deprivation. The HRD items focused on the respondents' perceptions about how much their co-ethnics earned in relation to the rest of their country, whether their co-ethnics were disadvantaged compared to others, and the extent to which this led to feelings of frustrations.[19] We measured perceptions of VRD through five items that asked the respondent to compare their personal economic circumstances with that of the society in their regional state, and the extent to which they saw their rank and condition as being fair/unfair.[20]

[17] Xiang-Yu Chen et al. (2017). Effects of Relative Deprivation on Intention to Rebel: A Multiple Mediation Model. J*ournal of Pacific Rim Psychology*, Vol. 12; See also: Bernstein, M. and Crosby, F. (1980). An empirical examination of relative deprivation theory, *Journal of Experimental Social Psychology*, Volume 16, Issue 5; Smith, H.J. et al. (2012). Relative deprivation: A theoretical and meta-analytic review. *Personality and Social Psychology Review* 16, no. 3.
[18] Gurr, T.R. (1970). *Why Men Rebel,* Princeton, NJ: Princeton University Press.
[19] The instruments are modified to fit the Ethiopian context but are drawn from: Abrams, D. and Grant, P.R. (2012). Testing the social identity relative deprivation (SIRD) model of social change: The political rise of Scottish nationalism, *British Journal of Social Psychology*, Vol. 51, 674–689.
[20] Ibid.

## Aspiration gaps

Economic theories of aspirations centre on the claim that preferences are relative, contextual and socially determined.[21] The behavioural implications of aspirations have mostly been studied in relation to an economic decision. However, while they are rarely studied explicitly, aspirations also have significant implications for political stability. Huntington, for example, sums up the destabilising role of unfulfilled aspirations as: 'Urbanisation, increases in literacy, education, and media exposure all give rise to enhanced aspirations and expectations which, if unsatisfied, galvanise individuals and groups into politics. In the absence of strong and adaptable political institutions, such increases in participation mean instability and violence.'[22]

The theory of aspiration gaps has the potential to explain paradoxical situations, such as the persistence of political discontent in conditions where public services and personal incomes have risen. Conversely, aspiration failure has also been associated with poverty traps and inequality.[23] Without the right balance, both apathy and excessive frustration are possible conditions that can emanate from high or low aspirations.

The concept of aspirations has, according to Bernard and Taffesse, three core elements: they are future-orientated, 'that is, they are goals that can only be satisfied at some future time', they are motivators, and they revolve around particular or numerous dimensions of well-being such as income or status.[24] Following Bernard and Taffesse, we measure respondents' aspirations along the four dimensions: assets, income, status, and education. The instruments we used measured the existing level of the individual's resources in these four areas, and also what they aspired to. Based on this, we calculated the aspiration gap in each dimension, as well as made a composite index of all four dimensions.[25]

### Future expectations

The behavioural consequences of economic and political frustrations depend to a great extent on the prospects for change. People's perceptions about the opportunities for economic and political advancements, particularly the openness of state and society for change, are an important mental image that will dictate the course of action an individual will follow in response to political and economic discontent. Future-orientated behaviour can be seen as an intervening variable between a grievance (such as relative deprivation) and willingness to engage in violent behaviour (such as rebellions). Both are measures of an important feature of discontent and provides cues to likely reactions to discontent. We explored future expectations through a five-item Likert scale that measured the degrees of optimism/pessimism in regards to the economic and political prospects of Ethiopian society.[26]

---

[21] Genicot, G. and Ray, D. (2020). Aspirations and Economic Behavior, *Annual Review of Economics,* Vol 12.
[22] Huntington, S. (1968). *Political Order in Changing Societies*, New Haven, CT: Yale University Press, 46.
[23] Genicot, G. and Ray, D. (2020). Aspirations and Economic Behavior, *Annual Review of Economics,* Vol. 12.
[24] Bernard, T. and Taffesse, A.S. (2014). Aspirations: An approach to measurement with validation using Ethiopian data, *Journal of African Economies*, Vol. 23, no. 2: 198.
[25] Ibid.
[26] Drawing on Ma (2012) and Chen et al. (2014) we developed six items to examine negative and positive expectations in the social/political and economic spheres. See: Chen et al. (2017). Effects of relative deprivation on intention to rebel: A multiple mediation model. *Journal of Pacific Rim Psychology*. 12. 10.1017/prp.2017.25.

**Survey design**

To tap into the wealth of background data accumulating over a long period, the survey built on the samples already selected for the Ethiopia Socioeconomic Survey (ESS) in the four major regions (Amhara, Oromia, SNNP, and Tigray) and Addis Ababa city, which covers approximately 90% of the population. The ESS collected panel data on a range of demographic, social and economic characteristics of household members in four waves between 2011 and 2018. We based our sample on ESS wave three (ESS3) conducted in 2016.

ESS3 covered a nationally representative sample of 5,469 households in 433 enumeration areas (EAs) in rural and urban areas. The ESS comprised samples from all regions, with a large sample size (about 80%) coming from the four major regions. The sampling frame for the survey was constructed from households that provided contact information in ESS3. Out of 3,362 households interviewed in ESS3 in the four populous regions and Addis Ababa, 2,292 had at least one phone number. We sought to interview a sample of 2,000 individuals. We used the proportion of ESS samples in each region to determine the required number of households from each area. Within each region, the survey broadly gave an equal representation of rural and urban areas to ensure an adequate sample size needed for disaggregated analysis. Table 3.1.1 shows the number of EAs covered in each region and the distribution of our sample between rural and urban areas.

In light of the study objective, we sought to oversample young individuals between the ages of 18 and 35, while giving an equal representation of males and females in the sample. To achieve this, households with telephone numbers in each region were stratified into four categories based on the demographic characteristics of household members (gender and age category).

**Table 3.1.1: Allocation of sample enumeration areas (EAs) by region in rural and urban areas**

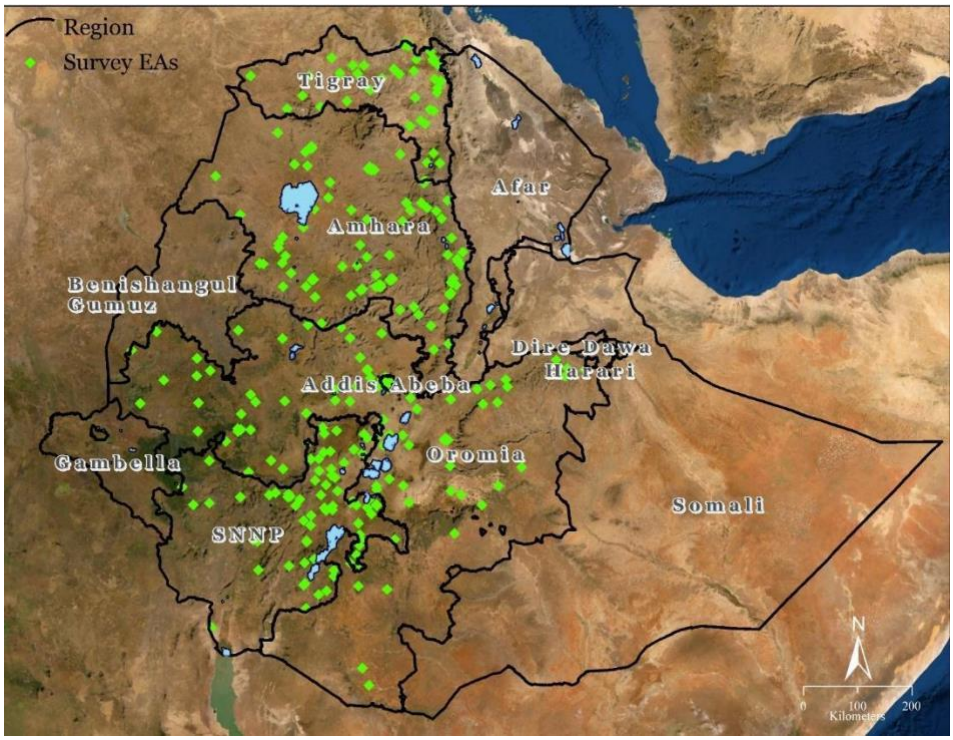
| | | | | Urban | |
|---|---|---|---|---|---|
| Regions | | Total EAs | Rural EAs | Small Town EAs | Medium and Large Town EAs |
| Tigary | Number of EAs | 43 | 25 | 4 | 14 |
| | % of total | 14.93 | 8.68 | 1.39 | 4.86 |
| | % in region | | 42.62 | 11.48 | 45.90 |
| Amhara | Number of EAs | 72 | 44 | 13 | 15 |
| | % of total | 25.00 | 15.28 | 4.51 | 5.21 |
| | % in region | | 43.57 | 17.86 | 38.57 |
| Oromia | Number of EAs | 77 | 46 | 11 | 20 |
| | % of total | 26.74 | 15.97 | 3.82 | 6.94 |
| | % in region | | 42.06 | 16.95 | 40.99 |
| SNNP | Number of EAs | 77 | 51 | 11 | 15 |
| | % of total | 26.74 | 17.71 | 3.82 | 5.21 |
| | % in region | | 53.94 | 15.78 | 30.28 |
| Addis Ababa | Number of EAs | 19 | NA | NA | 19 |
| | % of total | 6.60 | | | 6.60 |

| | | | | | |
|---|---|---|---|---|---|
| | % in region | | | | 100 |
| Total | | 288 | 166 | 39 | 83 |
| | | (100%) | (57.64%) | (13.54%) | (28.82%) |

Household members were randomly selected for interview from each category of households to form a sample composition in which a) individuals between the ages of 18 and 35 comprise 70% of the sample, with individuals aged above 35 in the remaining 30% and b) with both females and males equally represented. In regions where there were fewer households with valid phone numbers than the needed sample, two members from the same household were included in the final sample. In case of non-response, we allowed the replacement of non-responding households (individuals) with households that have the same characteristics as the non-responding households to maintain the target sample size.

Figure 3.1.1 shows the geographic location of the EAs covered by the telephone survey. The EAs covered by the survey are evenly distributed across the four regions. The telephone survey helped us to cover more EAs and a wider geographical area than would have been covered using a face-to-face survey.

**Figure 3.1.1: Geographic distribution of surveyed enumeration areas**




**Survey organisation**

The Central Statistical Agency (CSA), with 18 branch offices involved in the data collection, managed the telephone survey. The survey team included 38 interviewers, 18 supervisors and four regional co-ordinators. The data collection took place during July and August 2020. The survey applied a standard telephone survey protocol outlining the data collection procedure and what to do for different possible scenarios. The survey was conducted using computer-assisted personal interviews (CAPIs) with customised data entry programmes and built-in consistency checks. This helped interviewers to identify errors and missing fields

during the interview. The survey implemented additional quality controls at supervisor, data manager and researcher levels. At the end of the survey, the data was further cleaned and then coded before being ready for analysis.

**Survey sample**

The survey successfully interviewed 1,625 individuals, giving a survey response rate of 81%. Table 3.1.2 shows the gender and age distribution of the sample by area of residence. The sampling distribution between age category, between rural and urban divides, and among regions is broadly in line with the planned strategy. Individuals aged between 18 and 35 years made up 70% of the sample. Female respondents accounted for 51% of the final sample. Approximately 43% of the interviewed respondents were located in rural areas, 42% in large towns, and the remaining 15% in small towns.

There is very little difference between rural and urban areas in terms of gender and age group of the respondents. The proportion of female respondents in rural areas is only three percentage points less than the proportion of female respondents in small towns, and one percentage point less than the proportion in medium and large towns. The difference in the proportion of respondents aged 18–35 in rural and urban areas was less than three percentage points.

**Table 3.1.2: Gender and age distribution of the sample by area of residence**

| | Percent of sample by gender | | Percent of sample by age group | |
|---|---|---|---|---|
| **Regions** | Male | Female | 18–35 | Above 35 |
| Tigary | 47.54 | 52.46 | 45.90 | 54.10 |
| Amhara | 47.14 | 52.86 | 77.38 | 22.62 |
| Oromia | 49.36 | 50.64 | 73.39 | 26.61 |
| SNNP | 49.36 | 50.64 | 71.50 | 28.50 |
| Addis Ababa | 54.46 | 45.54 | 81.19 | 18.81 |
| **Place of residence** | | | | |
| Rural EAs | 49.64 | 50.36 | 68.78 | 31.22 |
| Small town EAs | 46.31 | 53.69 | 71.31 | 28.69 |
| Medium and large town EAs | 48.91 | 51.09 | 71.53 | 28.47 |
| Total | 48.83 | 51.17 | 70.32 | 29.68 |

Table 3.1.3 shows education, marital status and occupation of respondents interviewed. About 18% of the respondents had no education, 29% attained primary school, 39% attained secondary school and 14% had education above secondary school. Looking at respondents' education by area of residence, the rural sample had a greater proportion of respondents with no education and primary education, and a smaller proportion of respondents with secondary and above secondary education than the urban sample. The average year of schooling for the urban sample was approximately two times higher than the rural sample.

The majority of the respondents (93%) were either never married or married. There were more married respondents in rural areas (48%) and small towns (52%) than in medium and

large towns (42%). Never-married respondents accounted for 47% of the sample in rural areas, 42% in small towns and 50% in medium and large towns. About 30% of the sample were engaged in the primary sector, 8% in the secondary sector and 45% were involved in the tertiary sector, while 6% were still students, and the remaining 11% were not working at the time of the survey. The proportion of respondents engaged in the primary sector was greater, and the proportion of respondents involved in the secondary and tertiary sectors was smaller in rural and small towns than in urban areas.

**Table 3.1.3: Respondent's education, marital status and main occupation by area of residence**

| | | | Urban | |
|---|---|---|---|---|
| | Total | Rural | Small town | Medium and large town |
| **Education** | | | | |
| No education | 18.28 | 27.63 | 14.34 | 10.20 |
| Primary | 28.92 | 38.42 | 28.28 | 19.53 |
| Secondary | 38.77 | 28.06 | 38.52 | 49.71 |
| Above secondary | 14.03 | 5.90 | 18.85 | 20.55 |
| **Marital status** | | | | |
| Never married | 47.57 | 46.91 | 42.21 | 50.15 |
| Married (monogamous) | 45.60 | 47.19 | 52.05 | 41.69 |
| Married (polygamous) | 0.62 | 0.86 | 0.41 | 0.44 |
| Divorced | 2.95 | 2.59 | 2.46 | 3.50 |
| Separated | 0.86 | 0.29 | 0.82 | 1.46 |
| Widowed | 2.40 | 2.16 | 2.05 | 2.77 |
| **Main occupation** | | | | |
| Engaged in primary sector | 29.47 | 56.82 | 19.37 | 4.08 |
| Engaged in secondary sector | 7.76 | 1.48 | 6.76 | 14.73 |
| Engaged in tertiary sector | 45.44 | 29.82 | 55.41 | 58.46 |
| Still a student | 6.06 | 4.15 | 9.01 | 7.05 |
| Currently not working | 11.28 | 7.72 | 9.46 | 15.67 |

**Representativeness of the study sample**

Our sample frame consists of households that provided phone numbers during the ESS3 survey. Sampling from the list of households with a phone number may raise a concern that our sample may not be representative of families that did not offer a phone number. In this section, we explore whether households with phone access have socio-economic characteristics significantly different from those without such access using detailed information collected in the ESS3. We do this by first comparing the socio-economic profile of ESS3 households by phone ownership status. We then conduct a regression analysis to investigate whether some household characteristics might be correlated with owning a phone.

Table 3.1.4 presents the demographic and socio-economic characteristics of households by phone ownership in rural and urban areas. About 72% of phone-owning households were male-headed, with 72% of the heads being married and having, on average, 5.5 years of

schooling. In rural areas, 40% of the head of households with phone access had no education, and 36% had some primary education, 5% attended secondary school, 3% had attended above secondary education. In contrast, 17% of the head of urban households with phone access had no education, and 25% had some primary education, 13% had attended secondary school, 16% had above secondary education. The average age of the head among households with a phone was 44, and the average household size was 4.8 persons, with a small difference between rural and urban areas.

About 71% of heads of household among rural families with phone access were engaged in the primary sector, less than 1%in the secondary sector, and 7% in the tertiary sector, compared with 9.3% in the primary sector, 9% in secondary and 37% in the tertiary sector in urban areas. Households with phone access had average annual consumption of Birr 9,602 per adult with 8% of households having consumption in the lowest quantile and 42% in the wealthiest quantile. The proportion of households in the lower consumption quantiles was smaller, and the proportion of families in the upper quantiles was larger in urban areas compared to those in rural areas. Regarding ownership of durable goods, Table 3.1.4 shows that about 37% of rural households with access to a phone had a radio, compared with 53% of urban households. Also, six times as many urban households as rural households with phone access owned televisions.

**Table 3.1.4: Socio-economic profile of households by phone ownership**

| **Characteristics** | ESS3 sample without phone | | ESS3 sample with phone | | Total ESS3 sample | |
|---|---|---|---|---|---|---|
| | Rural | Urban | Rural | Urban | Rural | Urban |
| **Head characteristics** | | | | | | |
| Age of head of household | 48.8 | 44.9 | 45.7 | 42.4 | 48.2 | 43.5 |
| Male-headed household (%) | 72.4 | 50.5 | 83.1 | 64.9 | 74.6 | 58.5 |
| Married head of household (%) | 69.6 | 44.8 | 81.2 | 65.5 | 72 | 56.3 |
| Average year of schooling | 1.54 | 6.19 | 3.21 | 7.36 | 1.92 | 6.89 |
| Head has no education (%) | 49.2 | 19.4 | 39.9 | 17.2 | 47.3 | 18.2 |
| Head has primary education (%) | 23.2 | 19.1 | 35.9 | 25.3 | 25.9 | 22.5 |
| Head has secondary education (%) | 1.5 | 11.8 | 5.5 | 13.4 | 2.3 | 12.7 |
| Head has above secondary education (%) | 0.3 | 9.7 | 3.0 | 16.5 | 0.8 | 13.5 |
| Head engaged in primary sector (%) | 65 | 7 | 71.1 | 9.3 | 66.3 | 8.3 |
| Head engaged in secondary sector (%) | 0.7 | 6.2 | 0.7 | 8.9 | 0.7 | 7.7 |
| Head engaged in tertiary sector (%) | 1.5 | 28.4 | 7 | 38.7 | 2.6 | 34.1 |
| **Household characteristics** | | | | | | |
| Average household size | 4.8 | 3.5 | 5.7 | 4.1 | 5.1 | 3.9 |
| Annual consumption per adult equivalent | 5,015 | 11,272 | 6,445 | 11,660 | 5,323 | 11,489 |
| Household owns radio (%) | 19.7 | 44.8 | 37.5 | 52.9 | 23.4 | 49.3 |
| Household owns TV (%) | 2.1 | 56 | 9.3 | 68.6 | 3.6 | 63 |
| Household owning their dwelling (%) | 93.4 | 44.2 | 91.4 | 47.7 | 93 | 46.2 |
| Household with modern roof (%) | 46.6 | 94.4 | 67.9 | 95.9 | 51.1 | 95.2 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Household with modern floor (%) | 1.3 | 49.4 | 6.8 | 51.8 | 2.5 | 50.7 |
| Household with access to improved water (%) | 63 | 89.2 | 70.7 | 90.5 | 64.6 | 89.9 |
| Household with access to electricity (%) | 8.2 | 90.6 | 23.2 | 94.2 | 11.4 | 92.6 |
| **Consumption quintiles** | | | | | | |
| Households in quintile Q.10 (%) | 23.7 | 5.8 | 16.2 | 3.1 | 22.1 | 4.3 |
| Households in quintile Q.25 (%) | 22.2 | 8.4 | 20.2 | 6.7 | 21.8 | 7.5 |
| Households in quintile Q.50 (%) | 19 | 11.4 | 17.5 | 11.8 | 18.6 | 11.6 |
| Households in quintile Q.75 (%) | 16.7 | 18 | 23 | 19.1 | 18 | 18.6 |
| Households in quintile Q.90 (%) | 11.3 | 52.4 | 19.2 | 56.5 | 12.9 | 54.7 |

Another factor important in assessing the general socio-economic status of households is housing characteristics. About 91% of rural households and 48% of urban households with access to phones own their current dwelling, with 68% of rural houses and 96% of urban houses having a modern roof. About 52% of urban households have houses with floors made of modern materials, compared with only 7% of rural households. Nearly 71% of rural households and 90% of urban households in our sample had access to improved water sources. As expected, access to electricity is much higher among the urban (94% ) than among the rural households (23%) with phone access.

Households with phone numbers differ systematically on various socio-economic dimensions from those without such access. Families with phone numbers are more likely than those without to be male-headed, have a younger, married and better-educated head, have a larger household size and annual consumption per adult, have houses with modern roofs and floor, and access to improved sources of water and electricity. The proportion of households in the lower consumption quantiles is smaller, and the proportion of households in the upper quantiles is larger for households with phones compared to those without a phone. The degree to which families with and without phone access are different varies by rural and urban divides. In urban areas, the high phone penetration rate significantly reduces the extent of the difference among households, resulting in a distribution of household characteristics for those owning a phone more or less similar to those without a phone.

We estimated a probit equation for the probability of owning a phone to determine which household characteristics are more associated with owning a phone. The dependent variable in the probit equals 1 if a household provided a phone number during ESS3, 0 otherwise. We included various household and head of household characteristics as regressors. We also introduced EA-specific fixed effect to account for any differences by enumeration areas that may affect phone ownership. The results are reported in Table 3.1.5.

We find that most characteristics of the head of household have little or no correlation with owning a telephone. Only the education of the household head and family size are significantly positively associated with owning a phone. None of the housing characteristics bears a significant correlation with phone ownership. As can be expected, the household's access to electricity has a strong positive association with phone ownership. Therefore, unlike the comparison of means, the regression result indicates that only households with an educated head of household, large family size and access to electricity are more likely to own a phone.

Based on this analysis, we conclude that the study sample is representative of households who own phones in the four major regions and Addis Ababa. In urban areas, due to the high mobile penetration rate, the distribution of household characteristics for those with a phone is consistent with that of the ESS3 sample for urban areas. In contrast, low mobile phone penetration, coupled with insignificant access to personal landlines in rural areas makes our rural sample less representative of ESS3. Specifically, households in the lower consumption quantile (the poor) are somewhat under-represented, and those in the upper quantile (the rich) are over-represented compared to ESS3 rural samples. Therefore, this needs to be taken into account in interpreting the findings of the study.

**Table 3.1.5: Household characteristics and phone ownership**

| | Without enumeration area (EA) fixed effect | With EA fixed effect |
|---|---|---|
| Age of head of household | 0.001 | 0.002 |
| | (0.002) | (0.003) |
| Male headed household | 0.129 | 0.127 |
| | (0.089) | (0.118) |
| Married head of household | 0.112 | 0.138 |
| | (0.087) | (0.116) |
| Average year of schooling of head of household | 0.036 | 0.049 |
| | (0.007)*** | (0.010)*** |
| Head of household engaged in primary sector | -0.116 | -0.013 |
| | (0.084) | (0.125) |
| Household size | 0.046 | 0.060 |
| | (0.015)*** | (0.021)*** |
| Annual consumption per adult equivalent | 0.000 | 0.000 |
| | (0.000) | (0.000) |
| Household owns their dwelling | -0.016 | -0.050 |
| | (0.075) | (0.105) |
| Household has modern roof | 0.264 | 0.134 |
| | (0.066)*** | (0.116) |
| Household has modern floor | -0.106 | 0.086 |
| | (0.082) | (0.133) |
| Household has access to improved water | 0.014 | -0.035 |
| | (0.065) | (0.105) |
| Household has access to electricity | 0.762 | 0.546 |
| | (0.081)*** | (0.155)*** |
| *N* | 2,733 | 2,163 |

## 3.2 Horizontal economic inequality and political discontent

Ethno-nationalism has been the dominant mobilising principle in Ethiopian politics for more than three decades. Economic marginalisation has been a central rallying call for ethno-nationalist politicians and activists across the country,[27] and was notably a central grievance in the protest movement that began in 2015.[28] The claim to a marginalised status is not coming from one group, but is echoed across the country. The former EPRDF government, for its part, has mostly dismissed such discourses as the 'narrow- nationalism' of manipulative elites and often rigidly insisted that the 'national question' had been answered, rendering the agenda redundant.[29] However, we also observe that the marginalisation discourse has often been taken for granted and is rarely scrutinised in journalistic and political analysis.[30] The extent to which these are elite agendas or shared by the wider population has also been difficult to establish due to the absence of credible elections as well as survey data on political attitudes and perceptions in Ethiopia. Instead of dismissing these discourses as elite-centred or taking them for granted, it is important to empirically establish if: a) the perception of horizontal relative deprivation (HRD) is indeed shared by the wider population or just confined to the political elite; and b) the extent to which this is consistent with the data on economic inequality.

We explored these questions in our survey and through official economic data. We compared survey data on perceptions of socio-economic class – vertical relative deprivation (VRD) – and ethno-national deprivation – HRD. By comparing the data from the two Likert-scale questionnaires, we can get a sense of the relative weight given to a particular attitude by the population – or, the respondents' preference ordering. Our findings illustrate that feelings of ethno-national group-based relative deprivation/HRD are more prevalent in the overall Ethiopian population than feelings of socio-economic class-based relative deprivation/VRD. The results show that approximately 60% of the sample have an average HRD score above VRD mean score. The difference between the HRD and VRD mean scores is statistically significant. There is evidence that the mean HRD score in the population is higher than the mean VRD score. We further test the practical significance of the difference by computing Cohen's d and find that the mean HRD is 0.3 standard deviations greater than the mean VRD score.

[27] See: Pauswang, S. (Ed.) (2009) *Exploring New Political Alternatives for the Oromo in Ethiopia*, Norway: Chr. Michelsen Institute (CMI). Available at: https://www.cmi.no/publications/file/3360exploring-new-political-alternatives-for-the-oromo.pdf; Ogaden National Liberation Front (1984). Political Program. [Online]. Available at: http://onlf.org/?page_id=16.
[28] Allo, A.K. (2020). Oromo protests: Why US must stop enabling Ethiopia. CNN, 16 August 2020. [Online]. Available at: https:// edition.cnn.com/2016/08/09/africa/ethiopia-oromo-protest/index.html
[29] Bach, J-N. (2014). EPRDF's Nation-Building: Tinkering with convictions and pragmatism, *Cadernos de Estudos Africanos*, Vol. 27 (2014).
[30] Dahir, A.L. (2016). Ethiopia's previously divided ethnic groups are unifying to protest against the government, *Quartz Africa*, 9 August, 2016. [Online]. Available at: https://qz.com/africa/753252/ethiopias-previously- divided-ethnic-groups-are-unifying-to-protest-against-the-government/

**Figure 3.2.1: Perception of vertical and horizontal relative deprivation (VRD and HRD) by gender**

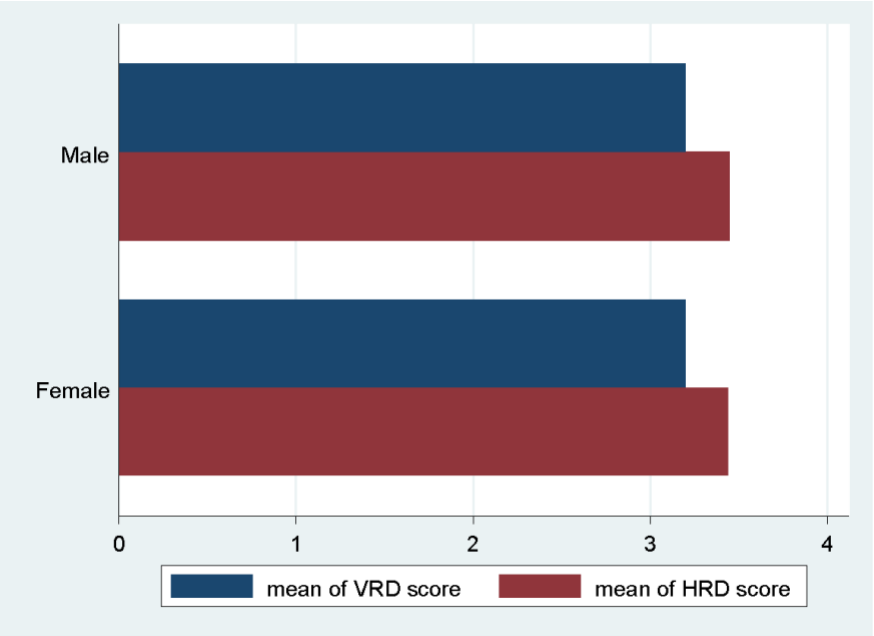
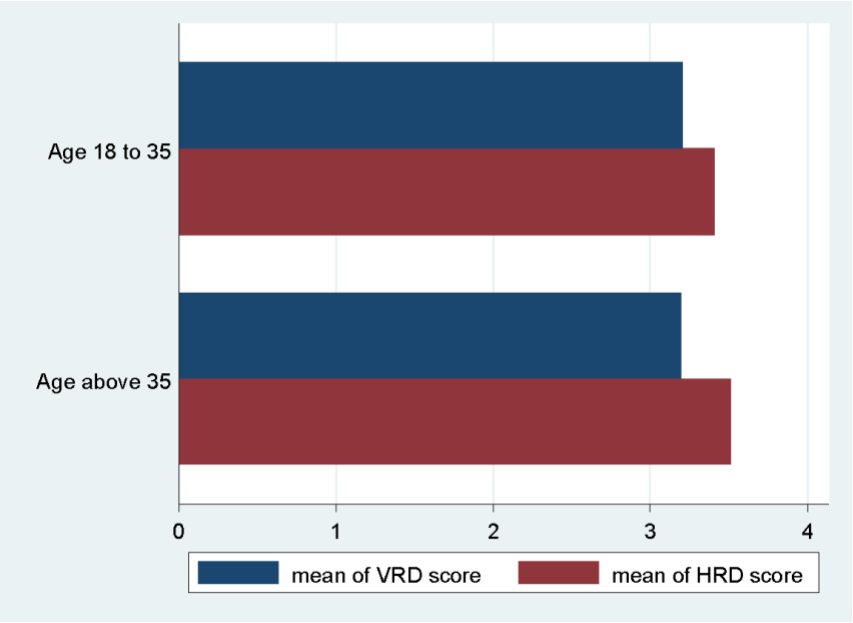



**Figure 3.2.2: Perception of vertical and horizontal relative deprivation (VRD and HRD) by age group**




We also explored if the difference between HRD and VRD mean scores in the general sample also holds across various demographic groups. We find that the mean HRD score is higher than the mean VRD score for both male and females, for young and mature age groups, for those living in rural areas, small towns and large towns, and for those with different levels of education. The proportion of respondents who reported an average HRD score above the VRD mean score is higher among the mature age group (64%), those living in rural areas (69%) and small towns (60%) compared to those in the young group (59%) and those living in large towns (52%). While feelings of ethno-national based relative

deprivation are more prevalent than socio-economic class-based relative deprivation across all groups, those in the mature age group and in the rural areas display a stronger degree of this attitude than their counterparts.

This finding may not be surprising, given the central role played by ethno-nationalist ideology in Ethiopian politics. However, it is important to establish this empirically rather than rely on assumptions. These results also contradict claims that ethno-national politics is largely an elite phenomenon.

However, the prevalence of feelings of ethno-national relative deprivation contradict the data on horizontal economic inequality presented in Part I of this report, which found that inter-regional inequality in Ethiopia has been relatively low. The discrepancy between perceptual HRD and material horizontal inequality patterns indicates that the HRD sentiments are not driven by actual horizontal economic inequality but by something else. There are many reasons to expect a discrepancy between objective and subjective perceptions of inequality. The first is that it is simply very difficult to attain and analyse reliable data on inter-group inequality. Individuals are likely to attain their information from informal sources and political actors, which of course may have inaccurate information and also an incentive to distort information for political purposes. Another reason is motivated reasoning and confirmation bias – that is, people selectively process information that fits existing prejudices. Of course, this problem is not unique to Ethiopia. Notably, in the case of racial economic inequality in the USA, the prevalent mismatch between perception and reality is attributed by some scholars to psychological mechanisms such as motivated reasoning.[31]

Despite its discrepancy with economic data, perceptions should obviously not be neglected. On the role of perceptions of inequality, a recent World Bank and United Nations study of violence concluded that 'the correlation between objective and perceived horizontal inequality is not as high as might be expected' but nevertheless cautioned that 'perceptions play a powerful role in creating feelings of exclusion and injustice that may be mobilised toward violence. Indeed, evidence suggests that perceptions of exclusion and inequality often matter more for their potential for mobilisation than do measured inequality and exclusion'.[32] This has significant policy implications for Ethiopia, one of which is that, rather than only focusing on horizontal redistributive policies, it is important to examine policy intervention avenues that can rectify misperceptions of inequality to counter these grievances – such as government transparency, data-driven public debate, professional media and other trust-generating mechanisms.

## 3.3 Vertical economic inequality, poverty and political discontent

We saw in the preceding section that there is a discrepancy between the data on horizontal economic inequality and perceptions of group-level relative deprivation. We now examine the relationship between vertical economic inequality and political discontent by employing

[31] Kraus M.W. et al. (2019). The Misperception of Racial Economic Inequality, *Perspectives on Psychological Science*, Vol. 14.
[32] UN-World Bank. (2019). *Pathways for Peace: Inclusive approaches to preventing violent conflict*. [Online]. Available at: https://www.pathwaysforpeace.org/.

data on economic demographics, intergenerational social mobility and labour movements. While perceptually most Ethiopians in our sample identified more with horizontal relative deprivation (HRD) rather than vertical relative deprivation (VRD), other evidence indicates that vertical economic inequality is, arguably, politically a more consequential form of inequality.

There are two contrasting accounts of the relationship between income levels and discontent in the literature. The first is the intuitive view that political discontent is a function of economic deprivation – or, alternatively, that people's satisfaction with the political status quo increases with their income levels. This is the premise of both Marxian as well as liberal economic voting theory of democracy.[33] The counter-intuitive perspective on personal income and political discontent states that increased wealth may, under certain circumstances, lead to political discontent and instability. This proposition was first articulated by the French social scientist Alexis de Tocqueville, who, in his analysis of the French revolution, noted that it was the most wealthy parts of France that rebelled – precisely those areas that had the least reason to.[34]

The mechanisms of what has been dubbed 'the Tocqueville paradox' consist of a situation in which increased income leads to increased aspiration gaps, culminating in frustration and instability. The fast-paced nature of Ethiopia's economic development and inequality makes the Tocqueville effect a plausible explanation for the surge in political upheaval in 2015. It has indeed been invoked as an explanation by some government officials, who have argued that the unrest was a function of fast-paced development that had stimulated new economic aspirations that the state was not able to accommodate.[35] We tested both propositions using our survey data. To test the Tocqueville paradox, we examined the relationship between the individual annual income levels and aspiration gaps of our respondents.

To test the explanatory power of the classical economic voting theory – which holds that political discontent is a function of economic deprivation – we examined the relationship between annual incomes and: a) perceptions of horizontal inequality; b) perceptions of vertical inequality; and c) positive future expectations. Our results display a consistent pattern across all tests. This consists of a weak correlation between income and aspiration gaps, and a negative relationship between perceptions of both horizontal and vertical relative deprivation, as well as a positive relationship between personal income and positive future expectations.

[33] Healy, A., Kosec, K., and Mo, C. (2017). Economic development, mobility, and political discontent: An experimental test of Tocqueville's thesis in Pakistan. *American Political Science Review*, 111(3).
[34] Elster, J. (Ed.) (2011) *Tocqueville: The Ancien Régime and the French Revolution*. Translated by Arthur Goldhammer. Cambridge: Cambridge University Press.
[35] ENN Television. (2016). Interview with Mr. Bereket Simon. 28 November 2016. [Online]. Available at: https://www.youtube. com/watch?v=TGwcDp0N20Y.

**Figure 3.3.1: Aspiration gap and current annual income**

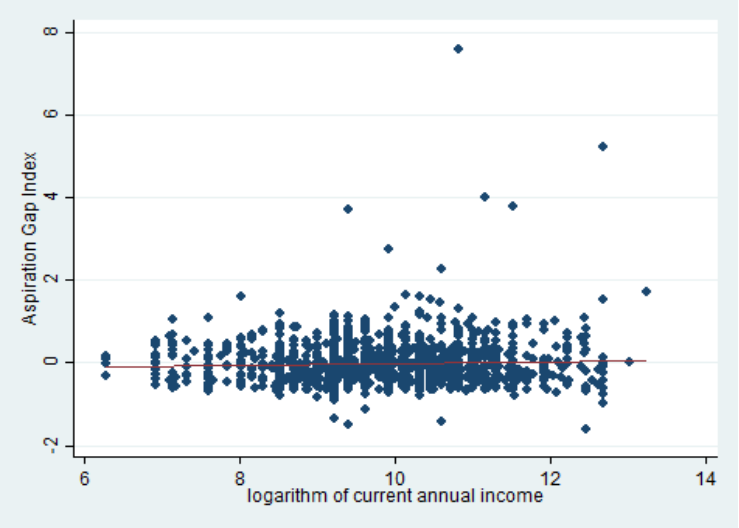



**Figure 3.3.2: Horizontal relative deprivation and current annual income**

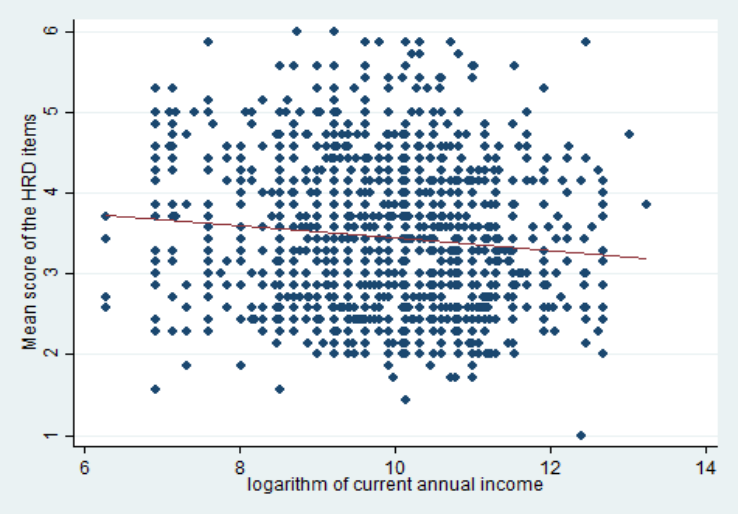
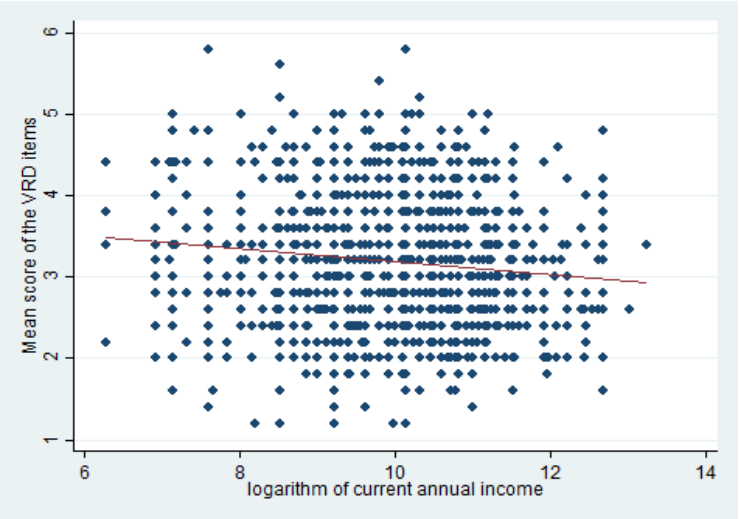



**Figure 3.3.3: Vertical relative deprivation and current annual income**



We further tested the two propositions by quantitatively measuring the relationships across different sample categories. For the youth group, both the aspiration gap and perception of deprivation and future expectation have relationships with income already identified in the general sample. In contrast, we find in the senior-age group a relationship that does not conform to the general pattern. Most notably, there is a strong positive correlation between income and aspiration gap, unlike the weak association found in the general sample.

There is no significant difference by gender compared to the general pattern, except that there is a weak correlation between income and future expectations for the female group. While the relationship found for large towns and rural areas largely supports the general pattern, none of the relationships is statistically significant for small towns. The results from both tests indicate that, while a higher share of the overall population displays feelings of group or ethno-national grievance, feelings of political discontent are substantially more prevalent among the poor.

**Table 3.3.1: Correlations between political discontent variables and level of annual income**

| | Aspiration gap | VRD score | HRD score | Positive future expectation |
|---|---|---|---|---|
| All sample | 0.0444* | -0.1191*** | -0.1023*** | 0.0501** |
| Males | 0.0493 | -0.1010*** | -0.0985*** | 0.0760** |
| Females | 0.0313 | -0.1370*** | -0.1075*** | 0.0205 |
| ***Age group*** | | | | |
| Young (18–35) | 0.0027 | -0.0736** | -0.1253*** | 0.0684** |
| Old (above 35) | 0.2036*** | -0.2150 *** | -0.0848** | 0.0611 |
| ***Place of residence*** | | | | |
| Rural | 0.0316 | -0.1835*** | -0.1555*** | 0.0596 |
| Medium and large town (urban) | 0.0299 | -0.1066 *** | -0.0790** | 0.0760** |
| Small town (urban) | 0.0813 | -0.0488 | 0.0011 | -0.0340 |
| ***Education level*** | | | | |
| No education | 0.2292*** | -0.3183*** | -0.1896*** | 0.0756 |
| Primary | -0.0638 | -0.1046** | -0.0503 | -0.0247 |
| Secondary | 0.0493 | -0.0412 | -0.099** | 0.1145*** |
| Above secondary | 0.0311 | -0.0576 | -0.1110 | -0.1231* |

*indicates $p<0.1$; ** indicates $p<0.05$; *** indicates $p<0.01$

Feelings of political discontent correlate with low income, and they are also consistent with data on the historical trends of vertical inequality. As opposed to the claims by some former EPRDF officials that fast-paced growth had stimulated growing aspirations and thus discontent, this data shows that the problem is the exact opposite.

While the previous section illustrated that there was a prevalence of perceptions of ethno-national relative deprivation, this data suggests it is among the poor that feelings of political discontent are most prevalent. An important implication of this is that socio-economic class marginalisation and poverty may be better indicators to understand political discontent than

horizontal economic inequality. It also suggests that there is a need to approach the group marginalisation discourse in a critical way. This, however, does not suggest that ethno-national grievances, in general, are irrelevant or imagined; far from it – political inequalities, personal experiences of harassment, business access inequalities, and other factors that we haven't examined in this study, can shape the perception of their group's relative deprivation.

Instead, what this data and analysis suggest is that ethno-national grievances and class inequality interact in important ways. The data displays a paradoxical pattern in which low levels of horizontal economic inequality and increasing vertical inequality have predominantly manifested themselves through horizontal group grievances. Assuming that these perceptions are long-term trends, the first thing to note is that this isn't a uniquely Ethiopian phenomenon but can also be observed in other parts of the world where rising vertical inequality is leading to rising ethno-national political mobilisation. A study of 19 African countries by Langer and Smedts found a similar discrepancy between objective and subjective group inequality.[36] Piketty also illustrates how rising income inequality globally has, instead of rejuvenating class mobilisation, led to increased ethno-nationalist politics.[37]

Our data cannot explain the contradictory patterns between perceptions, grievances and actual economic inequality. Based on insights from comparative studies, we suggest that this might reflect the fact that people interpret and see their own personal deprivation through a group lens.[38] That is, what is a matter of vertical inequality is seen and acted on as horizontal inequality. Another more fundamental factor that might explain this paradoxical pattern may be the unwillingness of political elites to prioritise and put vertical inequality on the agenda. The political change that began in 2018 led to the formation of a number of new political parties. However, none of the major parties – if any – have made vertical inequality a core agenda. Despite the low horizontal and high vertical inequality, most have chosen to emphasise the former and questions of ethno-national identity and nationalism in general. Given that reliable data on horizontal inequality is not readily available to the public, political elites will have a uniquely significant impact on shaping popular perceptions on this topic. The inevitable lack of transparency that accompanies an autocratic political system further reinforces this dynamic.

[36] Langer, A. and Smedts, K. (2013). *Seeing is not believing: perceptions of horizontal inequalities in Africa.* Working Paper 16. Belgium: Centre for Research on Peace and Development (CRPD), KU Leuven.
[37] Piketty, T. (2018). *Brahmin Left vs Merchant Right: Rising Inequality & the Changing Structure of Political Conflict (Evidence from France, Britain and the US, 1948-2017).* World Inequality Database. Working Paper Series No. 2018/7 [Online]. Available at: http://piketty.pse.ens.fr/files/Piketty2018.pdf.
[38] Langer and Smedts (2013) find evidence for this in their study.

# Conclusion

The Ethiopian state achieved significant outcomes in economic development in the period covered in this study. Public investments fuelled double-digit GDP growth for over a decade. The extensive investments in transportation infrastructure, education and other sectors yielded significant dividends. Through various policy instruments, the Ethiopian government managed to keep horizontal inequality – measured through indicators such as poverty gap, poverty headcount, access to education and health – relatively low. Measures such as the Gini coefficient, as well as educational and occupational intergenerational mobility, indicate that vertical inequality remains a problem. However, the developmental state economic model pursued by Ethiopia – whose chief priority was industrialisation and structural transformation of the economy – was abandoned following political changes that saw the dismantling of the long-standing ruling party.

Contrary to the government's expectations, economic growth and expansion of public services did not translate to widespread legitimacy or political support. Political discontent remained a major problem throughout this period and eventually became an existential threat to the political system. The feeling of relative economic deprivation was one of the manifestations of discontent. However, in contradiction with the data on economic inequality patterns, the prevalent form of relative deprivation was that of horizontal or inter-group marginalisation, rather than individual relative deprivation. As opposed to the assertion of some observers, this discontent was not a function of improved living conditions leading to higher aspiration gaps and frustrations. Instead, our data shows that it is the poor – those that benefitted the least from the development – that have been the most frustrated.

These patterns lead us to believe that a plausible explanation for the mismatch in perception and economic data is due to people interpreting vertical relative deprivation as horizontal deprivation. This may be a function of a lack of an interest in making vertical inequality a political agenda by the political elite, a lack of government transparency and lack of evidence-based public discourse on inequality. It may also be that other factors not examined in this study – such as personal experiences of repression, or political marginalisation – are contaminating the perceptions of economic inequality. Regardless of the sources of the discrepancy, it remains politically significant: ultimately, people act on the basis of their beliefs, not data. We also see indicators of this in the conflict data, where there is a correlation between districts that are ethnically heterogeneous and economically vulnerable and levels of political violence. This indicates that ethno-national rivalry, poverty and violence interact to shape behaviour as well as perception.

Some of the dividends of Ethiopia's developmental trajectory were the rapid growth of infrastructures such as educational institutions, urbanisation and communications technology. These factors have, in comparative studies, been associated with various forms of political violence. In Ethiopia, some of these factors are also associated with violence. There are still many aspects of the Ethiopian economy that could benefit from well-designed government interventions to improve efficiency and equity. However, the ability of the state to manage the rent allocation process in a manner that enhances economic growth, as well as generates a perception of fairness and transparency, is critical for political stability. Ethiopia's development model in the coming years and decades is likely to be different from

the type of model adopted by the EPRDF. However, it is inevitable that the state will continue to fill important gaps that cannot be catered to by the private sector in the short run.

The experiences of the past few years have shown that the centralising tendency of the developmental state model can create significant tensions in a multinational federation such as Ethiopia. As such, future policies that involve substantial state intervention might need to be backed by political buy-in at the level of states and local governments where devolved power rests. Also, the political salience of ethnicity means that economic outcomes will often be interpreted using an ethnic lens. Since vertical inequality is likely to increase with growth in the immediate future, effective media, research and political transparency are needed to ensure that people have an accurate understanding of the nature and state of both vertical and horizontal inequality.

State-led development models can help address Africa's development problems. Three valuable lessons can be learnt from the deficiencies of Ethiopia's attempt. First, African countries, especially those that are ethnically diverse, need to give sufficient attention to the potentially destabilising impact of vertical inequality resulting from the implementation of the state-led development model. They need to design measures to address horizontal and vertical inequality. If not addressed, vertical inequality can translate into group discontent that contributes to violence. As the Ethiopian experience shows, it is challenging to implement a successful state-led development model without political stability.

Second, African countries need to have a long-term development vision based on consensus among a critical mass of stakeholders, including opposition political parties. Consensus ensures that economic regimes persist over a long period. Lack of consensus constituted a significant weakness of Ethiopia's attempt. If development programmes change with leadership or political regime, it would be difficult to continue the initial gains. Understandably, countries may constantly need to modify economic programmes to accommodate national and international changes in a dynamic globalised world. However, a complete shift of economic policies every time leadership changes can disrupt the growth trajectory and make it difficult to achieve the objective of economic and social transformation.

Third, authoritarian political regimes facilitated strong political leadership and played a significant role in the success of developmental states in East Asian countries. However, as the Ethiopian case illustrates, the East Asian authoritarian developmental state model cannot be readily replicated everywhere. In Africa, authoritarian political regimes have become increasingly unstable due to increased urbanisation, expansion of education, and ICT development that facilitated political mobilisation against repression. Therefore, more democratic development alternatives appear to be a more viable option for many African states.

# Appendix

**Table A1.1: Tuition fees financing sources by age group**

| Financing source | Aged 18 to 35 | Aged above 35 | Total |
|---|---|---|---|
| Parents | 66.86 | 48.28 | 62.17 |
| Local relatives | 8.14 | 3.45 | 6.96 |
| Remittances | 1.74 | 3.45 | 2.17 |
| Loan | 1.16 | 3.45 | 1.74 |
| Part-time work | 22.09 | 41.38 | 26.96 |
| Total | 100.00 | 100.00 | 100.00 |

**Figure A1.1: Political unrest and distance from the capital (1997–2012)**

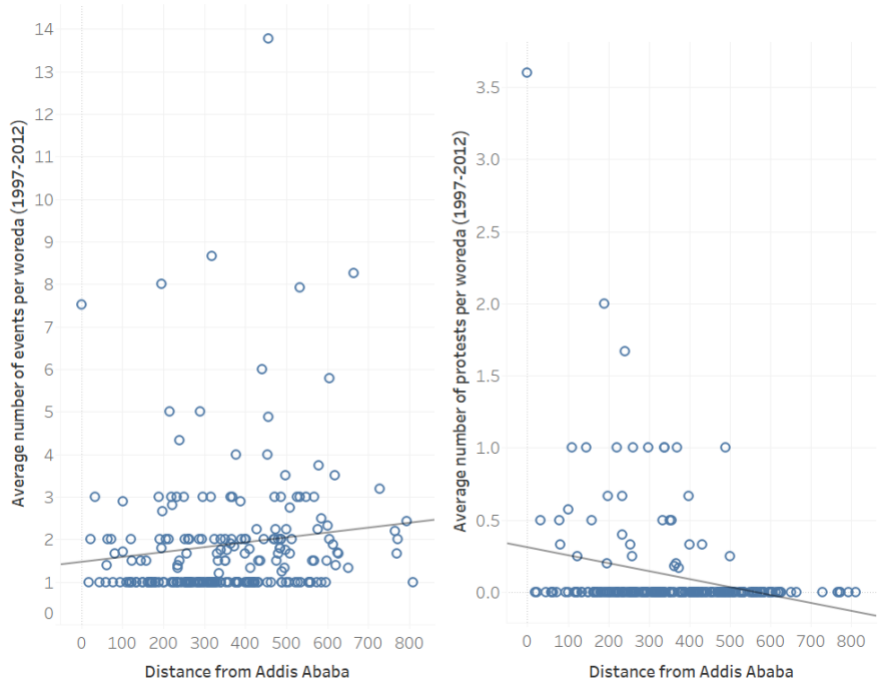
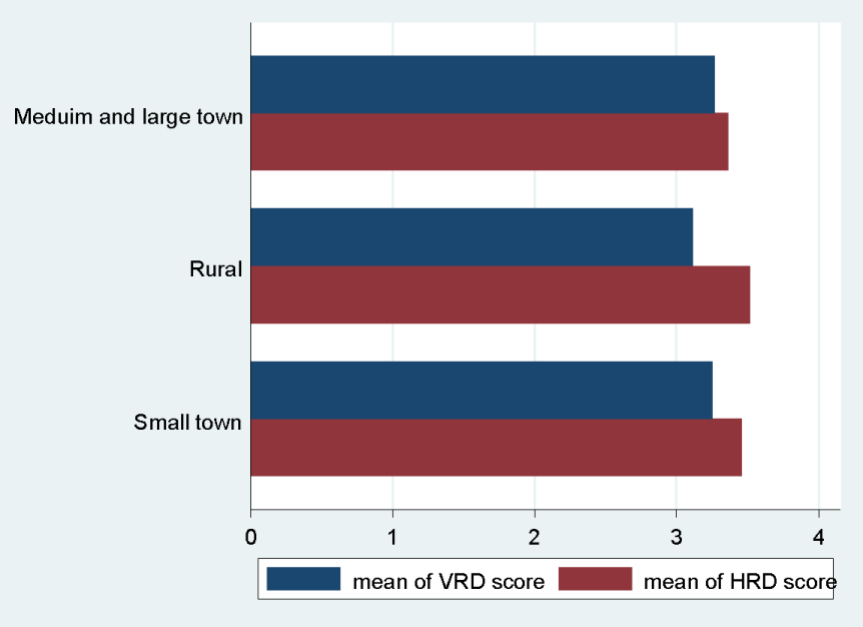


**Table A1.2: Summary statistics of variables used for regression analysis of protests and riots**

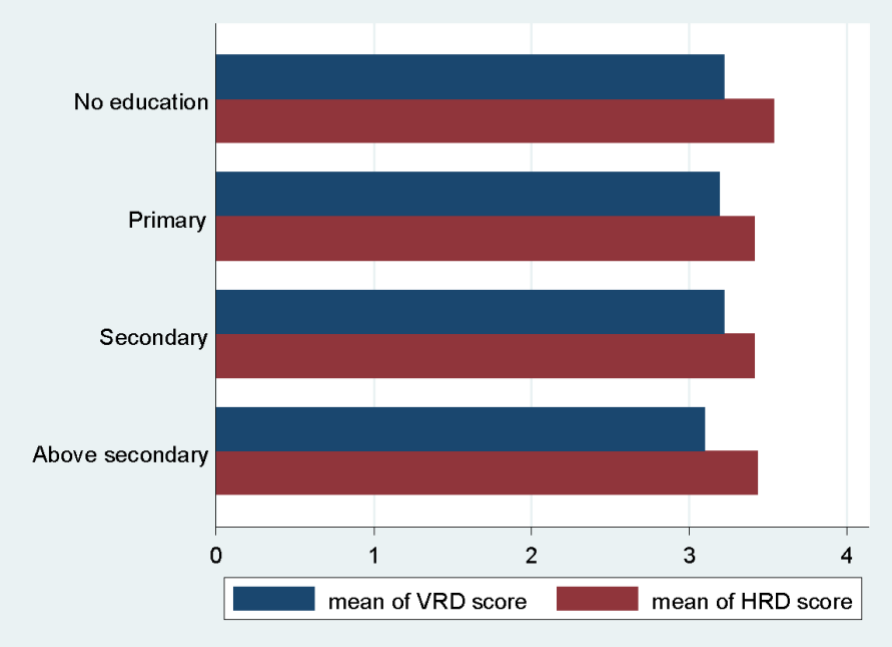
| Variables | Mean | Standard deviation | Observations |
|---|---|---|---|
| Average number of protests | .1450663 | 1.299609 | 16,813 |
| Average number of violent incidents against civilians | .1033724 | 1.055681 | 16,813 |
| Average number of arrests | .003926 | .3226476 | 16,813 |
| Average annual precipitation | 1102.649 | 433.4666 | 16,813 |
| Average night-light intensity | .2460855 | .7066151 | 5,117 |
| Ethnic Fractionalisation Index | .1362615 | .1658663 | 731 |
| Ethnic Polarisation Index | .2445131 | .2756649 | 731 |
| Religious Fractionalisation Index | .2755451 | .2278677 | 731 |
| Religious Polarisation Index | .450222 | .3428716 | 731 |
| Share of population, aged 10–19 | 26.45371 | 3.301986 | 731 |
| Distance from town with 50,000 population | 56.02775 | 48.64348 | 731 |
| Average distance from Addis Ababa | 311.3577 | 153.806 | 731 |
| Male-to-female ratio in secondary enrolment | 1.424899 | .7217811 | 2,548 |

**Figure A1.2: Perception of vertical and horizontal relative deprivation by place of residence**




Mean score of the vertical relative deprivation (VRD) and horizontal relative deprivation (HRD) items (minimum: 1; maximum:6)

**Figure A1.3: Perception of vertical and horizontal relative deprivation by education**




Mean score of the vertical relative deprivation (VRD) and horizontal relative deprivation (HRD) items (minimum: 1; maximum:6)

# References

Abrams, D. and Grant, P.R. (2012). Testing the social identity relative deprivation (SIRD) model of social change: The political rise of Scottish nationalism, *British Journal of Social Psychology*, Vol. 51, 674–689.

ACLED (2020), Armed Conflict Location and Event Data Project (ACLED) Codebook.

Allo, A.K. (2020). Oromo protests: Why US must stop enabling Ethiopia. CNN, 16 August 2020. [Online]. Available at: https:// edition.cnn.com/2016/08/09/africa/ethiopia-oromo-protest/index.html

Bach, J-N. (2014). EPRDF's Nation-Building: Tinkering with convictions and pragmatism, *Cadernos de Estudos Africanos*, Vol. 27 (2014).

Bernard, T. and Taffesse, A.S. (2014). Aspirations: An approach to measurement with validation using Ethiopian data, *Journal of African Economies*, Vol. 23, no. 2: 198.

Bernstein, M. and Crosby, F. (1980). An empirical examination of relative deprivation theory, *Journal of Experimental Social Psychology*, Volume 16, Issue 5.

Caner, A. and Yiğit, Y.C. (2019). Relative deprivation and its association with health indicators: Lower inequality may not improve health, *SSM – Population Health*, 7: 100381.

Chen et al. (2017). Effects of relative deprivation on intention to rebel: A multiple mediation model. *Journal of Pacific Rim Psychology*. 12. 10.1017/prp.2017.25.

Clapham, C. (2017). The Ethiopian developmental state, *Third World Quarterly*, 39:6, 1151–1165.

Dahir, A.L. (2016). Ethiopia's previously divided ethnic groups are unifying to protest against the government, *Quartz Africa*, 9 August, 2016. [Online]. Available at: https://qz.com/africa/753252/ethiopias-previously-divided-ethnic-groups-are-unifying-to-protest-against-the-government

De Wall, A. (2012). The theory and practice of Meles. *African Affairs*, 112(446): 148–155.

Elster, J. (Ed.) (2011) *Tocqueville: The Ancien Régime and the French Revolution*. Translated by Arthur Goldhammer. Cambridge: Cambridge University Press.

ENN Television. (2016). Interview with Mr. Bereket Simon. 28 November 2016. [Online]. Available at: https://www.youtube. com/watch?v=TGwcDp0N20Y

Genicot, G. and Ray, D. (2020). Aspirations and Economic Behavior, *Annual Review of Economics*, Vol 12.

Gurr, T.R. (1970). *Why Men Rebel*, Princeton, NJ: Princeton University Press.

Hauge, J. and Ha-Joon C. (2019). The concept of a 'developmental state' in Ethiopia, in Cheru, F., Cramer, C. and Oqubay, A. (Eds) *The Oxford Handbook of the Ethiopian Economy*. Oxford: Oxford University Press.

Healy, A., Kosec, K., and Mo, C. (2017). Economic development, mobility, and political discontent: An experimental test of Tocqueville's thesis in Pakistan. *American Political Science Review*, 111(3).

Henderson, J., Storeygard, A., and Weil, D. (2012). Measuring Economic Growth from Outer Space. *The American Economic Review, 102*(2), 994-1028.

Hirschman, A.O. (1973). The changing tolerance for income inequality in the course of economic development. *Quarterly Journal of Economics*, 87, 544–566.

Hoeffler, A. and Collier, P. (1999). *Greed and Grievance in Civil War*, Policy Research Working Papers, Washington DC: World Bank.

Horowitz, D.I. (1986), *Ethnic Groups in Conflict*. Berkeley and Los Angeles: University of California Press.

Huntington, S. (1968). *Political Order in Changing Societies*, New Haven, CT: Yale University Press, 46.

Kraus M.W. et al. (2019). The Misperception of Racial Economic Inequality, *Perspectives on Psychological Science*, Vol. 14.

Langer, A. and Smedts, K. (2013). *Seeing is not believing: perceptions of horizontal inequalities in Africa*. Working Paper 16. Belgium: Centre for Research on Peace and Development (CRPD), KU Leuven.

Montalvo, J, G., and Reynal-Querol, M. (2005). Ethnic Polarization, Potential Conflict, and Civil Wars, *American Economic Review*, Vol. 95, no. 3, pp. 796-816.

Ogaden National Liberation Front (1984). Political Program. [Online]. Available at: http://onlf.org/?page_id=16

Østebø.T and Tronvoll. K. (2020). Interpreting contemporary Oromo politics in Ethiopia: an ethnographic approach, *Journal of Eastern African Studies*, Vol. 14, no. 4, pp. 613-632.

Parvin, M. (1973). Economic Determinants of Political Unrest: An Econometric Approach. *Journal of Conflict Resolution*. 17(2):271–296.

Pauswang, S. (Ed.) (2009) *Exploring New Political Alternatives for the Oromo in Ethiopia*, Norway: Chr. Michelsen Institute (CMI). Available at: https://www.cmi.no/publications/file/3360exploring-new-political- alternatives-for-the-oromo.pdf

Piketty, T. (2018). *Brahmin Left vs Merchant Right: Rising Inequality & the Changing Structure of Political Conflict (Evidence from France, Britain and the US, 1948-2017).* World Inequality Database. Working Paper Series No. 2018/7 [Online]. Available at: http://piketty.pse.ens.fr/files/Piketty2018.pdf

Regan, P.M. and Henderson, E.A. (2002) Democracy, threats and political repression in developing countries: Are democracies internally less violent?, *Third World Quarterly*, 23:1, 119-136.

Smith, H.J. et al. (2012). Relative deprivation: A theoretical and meta-analytic review. *Personality and Social Psychology Review* 16, no. 3

UN-World Bank. (2019). *Pathways for Peace: Inclusive approaches to preventing violent conflict*. [Online]. Available at: https://www.pathwaysforpeace.org

Urdal, H. (2006) A Clash of Generations? Youth Bulges and Political Violence, *International Studies Quarterly*, Vol. 50, no. 3.

Xiang-Yu Chen et al. (2017). Effects of Relative Deprivation on Intention to Rebel: A Multiple Mediation Model. *Journal of Pacific Rim Psychology*, Vol. 12

*The Global Economic Governance Programme is directed by Emily Jones and has been made possible through the generous support of Old Members of University College. Its research projects have been principally funded by the Ford Foundation (New York), the International Development Research Centre (Ottawa), and the MacArthur Foundation (Chicago).*