Africa (2022), **92**, 602–624
doi:10.1017/S0001972022000341

RESEARCH ARTICLE

The meaning and uses of privatization: the case of the Ethiopian developmental state

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Abstract

Not long after his election as prime minister of Ethiopia, Dr Abiy Ahmed declared that the country would privatize state-owned enterprises (SOEs) such as Ethiopian Airlines and Ethio Telcom, opening up sectors once considered off limits to foreign capital as part of his *medemer* reforms. On the surface, it might appear as if the Ethiopian leader was signalling a greater embrace of neoliberal (or market liberalizing) policies through his advocacy of privatization. However, this article interprets the call not as an 'opening up' to the demands of global capitalism, but as a calculated policy decision existing within the logics of the state's developmentalist ideology. Through an analysis of the intellectual foundations and institutional evolution of the country's privatization programme, I argue that the Ethiopian government privatizes SOEs as a revenue-generating strategy that augments state economic power by capitalizing on incomes gained through development investments – using the case of the domestic beer industry as my ethnographic example. By doing this, I unsettle assumptions about the meaning and uses of privatization within a developmentalist framework, demonstrating how Ethiopian leaders contend with global ideas, producing innovative strategies of resource mobilization to promote economic growth while protecting local sovereignty – a distinct form of African state capitalism.

Résumé

Peu après avoir été élu Premier ministre de l'Éthiopie, Dr Abiy Ahmed a déclaré que son pays allait privatiser des entreprises d'État comme Ethiopian Airlines et Ethio Telcom, et ainsi ouvrir des secteurs autrefois interdits d'accès aux capitaux étrangers, dans le cadre de ses réformes *medemer*. En apparence, on pourrait y voir de la part du dirigeant éthiopien un signe de rapprochement avec les politiques néolibérales (ou la libéralisation du marché) en prônant la privatisation. Or, cet article interprète cet appel non pas comme une « ouverture » aux exigences du capitalisme mondial, mais comme une décision politique calculée s'inscrivant dans la logique de l'idéologie développementaliste de l'État. À travers une analyse des fondements intellectuels et de l'évolution institutionnelle du programme de privatisation du pays, l'auteur soutient que le gouvernement éthiopien privatise des entreprises d'État en tant que stratégie de production de recettes visant à augmenter le pouvoir économique de l'État en capitalisant sur les revenus tirés des investissements de développement, en prenant

comme exemple ethnographique le cas de l'industrie brassicole éthiopienne. Ce faisant, l'auteur bouscule les hypothèses sur la signification et l'utilité de la privatisation dans un cadre développementaliste, en démontrant comment les dirigeants éthiopiens affrontent les idées mondiales en produisant des stratégies innovantes de mobilisation des ressources pour promouvoir la croissance économique tout en protégeant la souveraineté locale, soit une forme distincte de capitalisme d'État africain.

Introduction

During the World Economic Forum's 2019 annual meeting in Davos, Switzerland, recently elected[1] Ethiopian Prime Minister (PM) Abiy Ahmed announced several major political, economic and social reforms to be undertaken by his newly formed government.[2] Fundamental to his reform principles is a philosophical approach PM Abiy[3] calls *medemer*, an Amharic word which he contextually translates as 'coming together' or 'synergy', but whose literal translation is the infinitive 'to add' or 'addition'.[4] Although conceptually ambiguous,[5] in his speech, PM Abiy clearly outlines the practical principles of *medemer*, which are to build on Ethiopia's two decades of rapid economic growth, while also addressing structural issues that hinder equitability by promoting greater democratic inclusion, economic vitality and regional integration and openness. The first principle refers to reforms such as the releasing of political prisoners, restoration of media licences, and the inclusion of parties previously sidelined[6] by the country's leadership. The second principle includes a host of objectives, from promoting the participation of women, youth and other marginalized groups in the development process to making capital more readily available to small- and medium-sized businesses, and to privatizing state-owned enterprises (SOEs) such as Ethiopian Airlines and Ethio Telecom, which were previously off limits to local

[1] Following the resignation of former prime minister Hailemariam Desalegn, Abiy Ahmed was elected as the new prime minister by the Ethiopian People's Democratic Front (EPRDF) coalition members in a non-election year.

[2] Note that the philosophy and principles underlying *medemer* were not first announced during the World Economic Forum's annual meeting; they were conceived by Abiy several months earlier with the inauguration of his tenure as prime minister of Ethiopia. However, his speech did quickly spur a national discussion concerning the meaning and significance of *medemer* into an international conversation about the Ethiopian government's evolving relationship with foreign capital – the latter being the topic of this article.

[3] As is the custom in Ethiopia, I will refer to individuals henceforth by title and first name.

[4] See 'Abiy Ahmed: a conversation with the prime minister of Ethiopia', YouTube, 10 February 2019 <https://www.youtube.com/watch?v=x2l7KscqRro>, accessed 24 June 2020.

[5] Published in both Amharic and Oromo languages, Abiy Ahmed's *Medemer* (2019) provides a full treatise on his philosophy of *medemer*, which is best described as a doctrine of compromise, calling on national unity in the face of ethnic differences, balancing the demands of the self-interested individual with one's civic duty to the collective, and recognizing the atrocities of the past while calling for future reconciliation. In my interpretation, the primary goal of *medemer* is a 'coming together' of Ethiopian peoples not only to participate more fully in but 'to add' to the country's developmental project – with an open invitation to neighbouring African countries and the international community to also join in this national endeavour.

[6] Ethiopia's 'Anti-terrorism proclamation no. 652/2009' was (and continues to be) utilized by the Ethiopian ruling party to crush political dissent. See <https://www.refworld.org/docid/4ba799d32.html>, accessed 10 December 2020.

and foreign investors. And finally, the third principle calls for the strengthening of trade relations between Ethiopia and its neighbouring African countries.

The conceptual, economic, political and social significance of *medemer* has been extensively debated among Ethiopian journalists, academic scholars and public intellectuals. PM Abiy's ascension to power was initially met with a cautious optimism by those hopeful that his tenure might repair the already tenuous relationship between state and civil society in Ethiopia. Specifically, many prominent Ethiopian thinkers deliberated on how *medemer* might address the problem of ethnic grievance and reconciliation in Ethiopia after decades of political conflict between federalists supporting the country's 1995 constitution and unionists calling for its reform, or even dissolution (Gashaw 2018). Some have raised other longstanding issues not addressed in Abiy's *medemer* reforms such as the problem of land rights (Behailu 2020).[7] However, despite the hopefulness surrounding PM Abiy's *medemer* agenda, the first few years of his tenure have seen the further political and social destabilization of the country. For example, there was a failed June 2019 coup d'état in the Amhara region by General Asaminew Tsige, a political prisoner who was released a little over a year earlier.[8] In June 2020, the death of a prominent Oromo singer, Hachalu Hundessa, and the arrest of both Jawar Mohammed, activist and media mogul, and Bekele Gerba, scholar-activist, incited even more widespread protests.[9] And finally, as I am writing, there is the ongoing civil war between the Tigray People's Liberation Front (TPLF) and PM Abiy's federal government – a power struggle over ideological differences (Allo 2020). Today, the initial enthusiasm surrounding the announcement of *medemer* reforms is replaced with a scepticism and even deep distrust of PM Abiy's core motivations.[10]

However, this article diverges from the predominant conversation on the significance of *medemer* as it relates to national unity to dwell on a less emphasized topic – the economic implications of *medemer* as it pertains to the Ethiopian state's evolving attitude towards foreign capital investment.[11] In his speech, PM Abiy's declaration that the Ethiopian government was now committed to privatizing its 'commanding heights' – SOEs such as Ethiopian Telecom and Ethiopian Airlines – sparked an international frenzy as foreign investors could now invest in industries historically designated as off limits to them.[12] It is important to note that PM Abiy's call to privatize generated ample debate both domestically and internationally; however, these

[7] Along with the problem of ethnicity, the question of indigenous and individual land rights remains one of the biggest sources of conflict in Ethiopia (Abbink 2011; Makki 2014; Gebreamanuel 2015). Under Article 40 (3) of the Ethiopian Federal Constitution, all land, urban and rural, is the property of the Ethiopian state.

[8] The June 2019 coup d'état led to the death of Amhara region president General Ambachew Mekonnen and several members of his cabinet and staff.

[9] Both Jawar and Bekele were released from prison in January 2022.

[10] This article takes no political position. It neither supports nor opposes PM Abiy and the Prosperity Party (PP) leadership, but instead seriously engages with the concept of *medemer* within the context of the state's longstanding developmentalist economic agenda.

[11] This article also does not delve into the politics of *medemer* as it relates to Ethiopia's relationship with its African neighbours as it is outside the scope of my discussion on privatization, foreign capital and development in Ethiopia.

[12] See 'Abiy Ahmed: a conversation with the prime minister of Ethiopia', YouTube, 10 February 2019 <https://www.youtube.com/watch?v=x2l7KscqRro>, accessed 24 June 2020.

conversations recast PM Abiy's shift in privatization policy as a problem of embracing economic liberalism versus a loss of economic sovereignty rather than analysing privatization as a facet of the *medemer* reform philosophy. For example, a delighted international community celebrated PM Abiy's call for greater openness to foreign capital (Pilling and Barber 2019).[13] Meanwhile, many Ethiopian scholars, government officials, local businesspersons and civilians remained unconvinced, wary of the government granting foreign control over key national industries, demanding more transparency in the privatization evaluation process, and warning the leadership against kowtowing to economic prescriptions recommended by the International Monetary Fund (IMF) and World Bank (Aberra 2018, Fikade 2019). Such conversations frame the discussion of privatization as a question of being pro or against economic liberalism, with many Ethiopians suspicious of foreign capital, while leaving unexplored how PM Abiy articulates his shifting attitude towards privatization within his framework of *medemer*. In other words, the problem is framed as a question of whether or not PM Abiy should privatize rather than an exploration of how we might better conceive or interpret what PM Abiy means by privatization in the context of *medemer*.

This article offers a situated analysis of the politics of privatization in Ethiopia with an emphasis on government auctions of SOEs.[14] Specifically, the sale of government breweries serves as an example of how privatization is utilized as a technique of governance that bolsters state power through a revenue-generating strategy that capitalizes on direct (e.g. auction) and indirect (e.g. tax revenues, export earnings and linkage effects) income gained from the sale of SOEs. Such an orientation towards privatization requires that the state balance two desires: to harness income from foreign capital to grow its power over the domestic economy and to maintain control of foreign capital so as not to lose that authority. But this problem is not merely a question of the state evading an 'unbundling of sovereignty' in the face of global capitalism (Sassen 1996; Hansen and Stepputat 2006: 308–9). In order to decipher what PM Abiy even means by privatization, it is essential to recognize the political, institutional and intellectual history from which he communicates his position. More simply, we should consider how privatization policies have been conceived and enacted within the Ethiopian state's grander developmentalist vision since the 1990s. To even broach this topic, the meaning and practice of privatization in Ethiopia must be understood on their own terms rather than within the discourses of pro-privatization versus anti-privatization. Thus, I examine the Ethiopian government's distinct evolving stance on privatization as an ideologically and politically contested technique for fostering national economic growth – drawing from interviews with politicians and bureaucrats,[15] archival sources in ministry libraries, and ethnographic research on the beer industry collected over eighteen months of fieldwork (2016–18).

[13] This is relevant as Ethiopia is not a member of the World Trade Organization (WTO) due to its resistance to the required trade liberalizing reforms such as the reduction of tariffs.

[14] There are several privatization devices utilized by the Ethiopian government, including the contracting of private companies for services (e.g. infrastructure and consulting contracts). This article focuses on privatization as the full or partial sale of SOEs.

[15] Interviews were conducted in both English and Amharic.

Privatization, its meaning and its uses, must be understood as transcending discursive distinctions between public and private within a global capitalist project. Lisa Rofel (2015) points out that, although feminist scholars have extensively deconstructed public/private ideological constructions as they relate to household and reproductive labour, 'the division between public and private as it relates to capitalism remains an uninvestigated *a priori* distinction rather than an object of anthropological inquiry'. This lack of investigation into the public/private as it relates to capitalism is visible in anthropological orientations towards studying the privatization of what was initially a state-controlled enterprise, industry and/or sector. For example, many anthropologists have examined the socio-cultural and economic effects of such privatizations on communities across the world, albeit in different ways (Turshen 1999; Dunn 2004; Whiteford and Whiteford 2005; Shever 2008; 2012; Mulligan 2014). However, these approaches take privatization as embedded within a late twentieth-century neoliberal project that champions liberalized and deregulated markets, free trade, strong property rights, individualism and the diminished role of government in economic activity, not for the purposes of economic growth but to restore the conditions for capital accumulation and the power of a capitalist class (Harvey 2005: 19). Instead, what might it mean for privatization to exist within a political project that is not neoliberal (Zhang 2001; Zhang and Ong 2008), but is embedded within a capitalistic state-building developmentalist project in which the boundaries of public and private are continuously being negotiated? That means conceptualizing privatization not in terms of an '*a priori* distinction', but as an ever evolving concept and process whose meaning and uses are historically situated, highly contested and culturally contingent.

Contributing to this part issue on 'Capitalizing Africa', I also address privatization as a style of capitalization, in which the Ethiopian state utilizes the sale of SOEs to generate future income. Scholars have documented well how the sale of SOEs is a common governing strategy for developing domestic capital markets (Boutchkova and Megginson 2000; Megginson and Netter 2001; Megginson *et al.* 2004). However, in Ethiopia, this has not been entirely the case. With a domestic banking system dominated by state banks[16] and off limits to foreign investors (except for consultant services), Ethiopia remains the largest economy in the world without a stock exchange to trade securities.[17] The state dominates the nation's private securities market with its treasury bills, a sovereign Eurobond and the Ethiopian Renaissance Dam bond, as well as its management of share-holding transfers through the Ministry of Trade. In such a context, one cannot examine how the private sector seeks out 'novel income streams' that are to be 'bundled up and used as collateral' in capital markets (Leyshon and Thrift 2007: 101), as the private sector is excluded from the trading of securities outside the purview of the state. However, the following pages consider how the Ethiopian government – through its own state-led style of capitalization – privatizes SOEs in coordination with a national economic plan that anticipates future revenue through developmental investments.

[16] The state-owned financial institutions include the Commercial Bank of Ethiopia (CBE), the National Bank of Ethiopia and the Development Bank of Ethiopia.

[17] There is currently a proclamation being drafted by the Ethiopian government that will establish the country's first stock exchange.

Privatization in Africa: anthropology, neoliberalism and the varieties of capitalism

According to sociologist Paul Starr (1989), privatization is a 'fuzzy concept' whose theoretical and ideological meanings, and practical processes, are of multiple, overlapping and contested significance. As a technique of governance, privatization is neither singular nor static, but comprised of numerous and evolving processes[18] that blur the public/private divide (*ibid.*: 12). However, for anthropologists, such divisions remain assumed, with recent calls by Lisa Rofel (2015) to investigate better the multiplicity of meanings privatization might take across cultural contexts, complicating disciplinary understandings of such distinctions within capitalist systems. In the case of the Ethiopian privatization programme, I examine how 'public' and 'private' spheres are embedded in and inform each other through a constellation of actors, bureaucratic processes and material practices – a site of policymaking that is discursively, interpretively and applicably[19] fashioned (Shore and Wright 1997; Wedel *et al.* 2005; Shore *et al.* 2011).

One area of relevance, in which privatization remains an uninterrogated concept, is within robust anthropological debates on the uses and usefulness of neoliberalism as an analytical category for capturing the uneven impacts of global capitalism (Ganti 2014: 99). In developing nations, privatization – along with its sisters 'deregulation' and 'liberalization' – is a core policy prescription advocated by the IMF and World Bank for economic development (i.e. structural adjustment reforms) – with devasting results – exacerbating global inequality with the collapse of local markets due to a flood of foreign competition and increased sovereign debt (Goldman 2005). Numerous anthropologists, working across different African contexts, have written about the negative effects of such privatization programmes on the everyday lives of people through their admonishment of neoliberal reforms (Comaroff and Comaroff 2001; Elyachar 2005; Piot 1999; Chalfin 2010). However, in these descriptions, the shift from public to private is not a site of questioning but accepted as a given, in which privatization is assumed as being a tool of a larger neoliberal project. This is what James Ferguson (2010; 2015) critiques as the tendency to view the techniques of neoliberalism, such as privatization, as always being utilized to serve that ideological project when in fact 'devices of government that were invented to serve one purpose have often enough ended up, through history's irony, being harnessed to another' (2010: 174).

Thus, in the Ethiopian case, what does it mean to examine privatization within the distinct intellectual histories, politics and institutions of place rather than through the ideological framework of neoliberalism (Mains 2014: 20; 2019: 13–14)? Drawing from an extensive literature on the *varieties of capitalism* (Nölke and Claar 2013; Nölke *et al.* 2019; Alami and Dixon 2020), I explore how the state, in coordination and in competition with business, promotes economic growth in an emerging economy such as Ethiopia. Specifically, I look at how the country's privatization

[18] Some privatization mechanisms include the public sale of share assets (full or partial), government auctions, non-competitive sales and transfers, capitalization and capital dilution, mass privatization programmes, management–employee buyouts and other forms of non-ownership privatization, such as leases and contracts providing financing, goods and/or services (Berg and Berg 1997).

[19] 'Applicably' refers to the ways in which privatization is enacted by the state.

https://doi.org/10.1017/S0001972022000341 Published online by Cambridge University Press

programme emerges from this interplay between state and business as Ethiopian leaders generate innovative developmental ideologies for capital accumulation while managing threats of economic imperialism (Cheru 2009; Breckenridge 2021). In many developing nations, the privatization process exists within a coordinated market economy, in which the successes and failures of economic growth are shaped by a country's complex mobilization of resources to meet its goals for development (cf. Hall and Soskice 2001; Padayachee 2010; Pitcher 2002). Within this process, one government strategy is to capitalize on revenue garnered from its SOE privatization programme, organizing the country's public and private sectors through a development agenda[20] that balances the state's goals of gaining economic benefits from foreign investment, while still protecting national sovereignty (Alami and Dixon 2020: 74, 79–80). In this way, the logics of Ethiopia's privatization programme must be understood as emerging from such complex processes of state resource management – a system guided by a distinct developmental ideology that addresses the specific political-economic concerns of the country's ruling elite.

The following pages investigate how politicians, bureaucrats and policymakers in Ethiopia have contended with the problem of privatization in the decades, years and months leading up to PM Abiy's election and how it might help us envision the future direction of Ethiopia's privatization programme within his 'new' political project of *medemer*. The first section ('Privatization in theory') establishes the ideological foundations for the governing elite's understanding of privatization, its meaning and uses, within a 'developmental' or 'activist' state framework rather than a neoliberal one. The following section ('Privatization in history') presents an evolving history of Ethiopia's privatization programme (1995–2018) pieced together through archival work and interviews. Using the ideological framework of the 'activist' state established in the previous section, I trace the development of Ethiopia's privatization programme, which frames privatization as a revenue-generating tool for the state, as well as shifts in how the Ethiopian government conceptualizes the role of the state, in concordance with the private sector, in promoting economic growth. In 'Privatization in policy', I explore the country's privatization programme in practice through interviews with policymakers, asking when privatization becomes a possible and desirable action – detailing how the state extracts revenue from privatized breweries to manage and create value through direct (auction price) and indirect (taxes, export earnings and linkage effects) income reinvested into infrastructural and industrialization projects. 'Concluding thoughts' returns to the question of the meaning of

[20] In Ethiopia, development has been the source from which the state garners its legitimacy, taking the following points as its guiding principles: (1) the state, not the private sector, is the driver of economic growth; (2) development is necessary for the Ethiopian nation's survival; (3) a common discourse must unite policies, institutions and other technologies of governance to gain the consent of the governed; and (4) rent/income should be strategically used to create value through investments in development projects (de Waal 2015: 163–4). The developmental state's primary aim is to eliminate poverty for reasons of 'securitization'. For Ethiopian leaders, poverty is an 'existential threat' in an increasingly globalized world that jeopardizes the country's survival and can be overcome only by a state-led development process (Gebresenbet 2014: S67). However, like many scholars, I recognize that the Ethiopian government has fallen far short of achieving its developmental objectives of bringing about an 'African Renaissance' for its citizens (Abbink 2012; 2017; Mains 2012; Abbink and Hagmann 2013; Rahmato and Ayenew 2014; Di Nunzio 2019).

privatization within the framework of *medemer*, calling for a situated analysis that takes seriously African developmental ideologies and institutions as produced through intellectual engagements with global ideas and their rearticulation through local policymaking.

In the anthropological tradition of 'studying up' (Nader 1972), I approach the Ethiopian developmental state from above rather than below, analysing the kinds of 'epistemological frictions' (Schwegler 2008) that emerge from (sometimes tense) miscommunications arising from the interview process. Taking up categories such as 'privatization', 'public/private' and 'neoliberalism' as ethnographic objects, my aim is to demonstrate how government perspectives on the meaning and uses of privatization emerge from circulating ideas and beliefs about the 'inherent' role of state and business in the development process. In other words, I examine how privatization operates as a technique of governance appropriated, rearticulated and repurposed to fit the goals of an Ethiopian developmental ideology – as imagined by the country's political elites – rather than a neoliberal one.

Privatization in theory: the 'developmental' or 'activist' state in Ethiopia

> We don't reject any prescriptions outright, but we design our own programme and when we go to negotiate [with the IMF and World Bank] and they present their prescriptions, we analyse their policy with ours. If they go together, we take it; if not we reject it. They have an ideological approach, but we want to try a specific Ethiopian type of capitalism.[21]

Several weeks before Abiy Ahmed assumed his role as Ethiopia's prime minister, I was wrapping up my ethnographic fieldwork with one final interview – a long-anticipated conversation with a member of the Ethiopia People's Revolutionary Democratic Front (EPRDF). Unlike many of my other semi-structured interviews with bureaucrats and other party members, which took place in formal office settings, this meeting was a relaxed back and forth over a modest lunch of *shiro* (ground chickpea stew) on a number of things relating to EPRDF's decades-long rule, including how my informant understood the distinct roles of the state and private sector in fostering Ethiopia's development project. Sitting outside on patio furniture, I gazed past a grassy lawn at a row of unkept flower beds and shrubbery, listening as the Politician recounted the now well-documented conflicts between the Ethiopian government, IMF and World Bank in the late 1990s and early 2000s over the country's refusal to accept several structural adjustment programmes (SAPs) – specifically the government's unwillingness to both privatize and liberalize key sectors such as telecommunications and banking.[22]

[21] Interview with the Politician. Because of the unpredictable political situation in Ethiopia, I have anonymized all interviews and refer to interviewees by role. This includes using gender neutral pronouns such as their/they/them.

[22] For example, Joseph Stiglitz describes his first-hand experience of one particularly contentious dispute between the late Prime Minister Meles Zenawi and the IMF over the prime minister's unwillingness to break up and privatize the state-owned National Bank of Ethiopia as well as to liberalize the nation's financial industry by opening it up to Western competition, leading to the IMF temporarily

In the remarks quoted above, the Politician describes EPRDF's opposition to SAPs as an ideological one. First, they clearly state that the Ethiopian government is not engaged in a politics of 'anti'. They never outright reject any prescription presented to them by the international community as the party has no problem with policies such as 'privatization' or 'liberalization' in themselves, but rather with the underlying 'ideological approach' driving those recommendations. Specifically, in the case of SAPs, they are rejecting the neoliberal ideals of the Washington Consensus as the standard for driving economic development – thus distinguishing the 'ideological approach' and 'policy prescriptions' of SAPs as two components of its reform programme. With this rejection of neoliberal ideology, my interviewee instead advocates for a type of 'Ethiopian capitalism'. At one level, this 'Ethiopian capitalism' is akin to what anthropologists would call a 'vernacular capitalism' of a Polanyian tradition, in which economic processes are always embedded in cultural and social worlds (Yanagisako 2002; Tsing 2004; 2015; Ho 2009; Rofel and Yanagisako 2019). Thus, although capitalism is a global phenomenon, the ways in which it plays out in Ethiopia are always culturally, socially and historically situated within the politics of a place. However, more critically, they are making a vague yet implicit reference to an ideological approach to capitalism, in which their party, EPRDF, conceives of the state rather than the private sector as responsible for facilitating the process of capital accumulation needed for economic growth.

In *States and Markets: neoliberal limitations and the case for a developmental state*, the late PM Meles engages more substantially with these ideas, proclaiming that neoliberalism as a developmental paradigm is dead and unable to bring about an 'African Renaissance' (Zenawi 2001: 141).[23] One of his primary critiques of neoliberal theory is its valorization of the 'nightwatchman state', which plays a secondary role to the private sector in developing local markets. For PM Meles, it is what he calls the 'developmental' or 'activist' state, not the private sector, that must assume the lead role in a country's economic development. He defines this state as being, first and foremost, a 'hegemonic project in the Gramscian sense'; and, second, a structural set of institutions, policies and technologies that allows for that ideological project to be executed (*ibid.*: 167). In other words, the activist state is responsible for designing and enacting a development agenda through a process of capital accumulation that is unified discursively (e.g. the idea of an 'Ethiopian Renaissance') and technocratically (e.g. five-year plans). In such a developmental paradigm, privatization exists within a political project, in which privatization is not done for its own sake, but to reaffirm the state's control over the processes of capital accumulation.

Both the Politician and late PM Meles critique the idea of neoliberalism and call for an economic ideology that addresses the unique concerns of the Ethiopian situation. They are not alone, as many African intellectuals have criticized 'Western' strategies for development – whether the structural adjustment policies of the 1980s and 1990s

suspending its loan programme in Ethiopia. According to Stiglitz, PM Meles withstood the IMF's attempt to place the future of Ethiopia's banking sector in the hands of what he saw as 'megafinance institutions' – a move that would have crushed Ethiopia's nascent financial industry and compromised the state's ability to influence bank lending practices (Stiglitz 2002: 31).

[23] The late PM Meles' thinking is deeply indebted to scholarly critiques of neoliberalism as he engaged intellectually with the ideas of classical development theory.

(Mkandawire and Olukoshi 1995; Mkandawire and Soludo 1999; Mkandawire 2014) or more recent neoliberal reforms such as New Partnership for Africa's Development (Nabudere 2002; Edozie 2004; Adésiná 2004; Adésiná *et al.* 2006; Raji 2015). Scholars also call for greater economic sovereignty, advocating for a style of developmental policymaking that addresses the distinct experiences of Africans (Mkandawire 2001). In this manner, Ethiopian elites, such as the late PM Meles, have spent the last thirty years challenging neoliberal models of economic growth, while grappling with developmental theory in ways that have shaped the country's political and economic institutions as well as policymaking processes (de Waal 2013; Clapham 2017; Cheru *et al.* 2019). My approach seriously considers how such transnational ideas are taken up, debated and reworked by Ethiopian leaders (Zeleke 2019). Specifically, I examine how Ethiopia's privatization programme emerges from a local history of knowledge production and state building, in which the country's leaders actively engage with foreign ideas (such as neoliberalism and the 'developmental' state) – all for the purposes of creating a distinctly 'Ethiopian capitalism'.

Privatization in history: from the Ethiopian Privatization Agency to the Ministry of Public Enterprises (1995–2018)[24]

Following the demise of the Provisional Military Government of Socialist Ethiopia (Derg), the Ethiopian Privatization Agency, or EPA (1996–2003), was founded under 'Proclamation no. 87/1994' to facilitate the country's transition from a communist to a capitalist economy. Operating under the former Ministry of Trade and Industry,[25] the EPA was responsible for privatizing a portfolio of state enterprises that the new transitional government of Ethiopia (TGE) inherited from the previous regime. However, in the years to follow, Ethiopia's privatization process would be a drawn-out and sporadic affair (Berthélemy *et al.* 2004: 24–5). According to the EPA's public relations department, between 1995 and 2000 only 200 SOEs were converted from public to private ownership, with 80 per cent of those sales being smaller assets such as restaurants and grocery and retail shops, while many larger manufacturing and industrial enterprises remained in state hands.[26] This is dissimilar to the common experience of the former USSR, its Eastern Bloc and allies, whose citizens experienced the 'shock therapy' of rapid privatization of SOEs and its unexpected social, cultural, political and economic consequences (Burawoy and Verdery 1999). Initially, Ethiopia's stalled privatizations were partially due to several structural issues ranging from institutional limitations (e.g. a lack of technical expertise needed to execute the process) to the general condition of the national economy (e.g. a lack of

[24] This section on the history of the privatization programme in Ethiopia was constructed using interviews and publicly available library source materials from the Ministry of Public Enterprises (MoPE). A version of this history can also be found in my PhD dissertation (Tekie 2019: 311–17).

[25] 'Ethiopian Privatization Agency establishment proclamation no. 87/1994', <https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=52400>, accessed 10 December 2020. The Ministry of Trade and Industry was split under 'Definitions of powers and duties of the executive organs of the Federal Democratic Republic of Ethiopia proclamation no. 691/2010', <http://www.fao.org/faolex/results/details/en/c/LEX-FAOC135762/>, accessed 10 December 2020.

[26] 'EPA's progress over the past five years', *Privatization Review*, 2001, published by the Ethiopian Privatization Agency's Public Relations Department.

interest from foreign investors as the country was still reeling from years of war and famine).[27] However, following the dissolution of TGE and the formalization of the Federal Democratic Republic of Ethiopia (FDRE), the country's privatization programme became more and more defined as a source of financing for the nation's developmental agenda.

During the mid- to late 1990s, the Ethiopian government began to more clearly define the institutions, processes and objectives guiding the country's privatization programme.[28] Through several public proclamations,[29] the government began fine-tuning its governing infrastructure to better manage privatization and post-privatization processes. In particular, under the 'Privatization of public enterprises proclamation no. 146/1998', the country's 'objectives of privatization' become more clearly articulated within its larger developmental agenda. Part One, Article III, states:

> (1) to generate revenue required for financing development activities undertaken by the Government; (2) to change the role and participation of the Government in the economy to enable it to exert more effort on activities requiring its attention; (3) to promote the Country's economic development through encouraging the expansion of the private sector.[30]

Of these three objectives, the first is the clearest: the primary purpose of Ethiopia's privatization programme is to serve as financing for the state's developmental agenda. For example, during the 1990s, money received from the sale of SOEs would be deposited in the National Bank of Ethiopia for 'developing infrastructure'

[27] It is important to note that, historically, Ethiopia is a non-oil-producing country with limited extractive industries (e.g. the opal trade). Unlike many African countries mined for the wealth of their resources during colonial and postcolonial periods, Ethiopia has not been a site of extractive capitalism – a process in which multinational companies govern and exploit the 'usable' parts of Africa while leaving the 'unusable' parts to govern themselves, thus with foreign capital often operating side by side with civil strife and violence (Ferguson 2005).

[28] According to public relations representatives at the MoPE, the privatization of SOEs in Ethiopia is characterized by the following process: (1) the ministry determines which SOEs are eligible for privatization; (2) if required, the SOEs are converted into share companies; (3) the SOEs undergo a valuation process by federal and private agencies; (4) a public '*c̣hereta*' (auction) is announced and publicized via government, domestic and foreign media outlets; (5) after several weeks, a winner is announced and a screening process begins (I was told that the ministry is trying to identify red flags such as a lack of knowledge or capacity for managing the business or speculators who seek to hold, liquify and/or resell assets); (6) if interest is limited or there is no winner, the government goes into '*diridir*' (negotiations) with a few select investors to discuss price and terms (if there is no agreement, the auction is cancelled); (7) once the sale is authorized, payment currency is determined (e.g. birr, dollar, etc.); and (8) the ministry follows up post-privatization to make sure the transition is going smoothly.

[29] For example, 'Establishment of the board of trustees for privatized public enterprises proclamation no. 17/1996', <https://chilot.me/wp-content/uploads/2011/01/proc-no-17-1996-establishment-of-the-board-of-trustee-for.pdf>; 'Ethiopian Privatization Agency establishment (amendment) proclamation no. 52/1996', <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/52401/95217/F748920711/ETH52401.pdf>, both accessed 10 December 2020. The former creates a governing body that follows up on the activities of recently privatized SOEs, including unpaid debts and the failure to meet other legal obligations, while the amendment makes the privatization activities of the EPA subject to federal civil service laws.

[30] 'Privatization of public enterprises proclamation no. 146/1998', <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/53194/95201/F1840994560/ETH53194.pdf>, accessed 10 December 2020.

projects.[31] At first glance, this declaration may seem unremarkable as many governments use privatization as a device for generating income for the state – an alternative to raising taxes and cutting social programmes (Megginson and Netter 2001: 324). But in emerging nations, privatization is also utilized as a strategy for economic growth through the development of local capital markets (Boutchkova and Megginson 2000: 31). This is notable because, in Ethiopia, the lack of capital markets requires that the process of capitalization be relegated to the state instead of the private sector – a point that will be discussed at length in the following section. The second and third objectives also signal a similar division of labour, as it relates to economic development, between the state, which plays a leading role, and the private sector, the main supporting actor. Upon initial reading, it might be tempting to interpret the proclamation objectives as the state ceding economic power as it 'exert[s] more effort on activities requiring its attention' by 'encouraging the expansion of the private sector'. However, this is the danger of assuming that a neoliberal framework, rather than a developmental one, is guiding such objectives, especially when trying to infer the meaning of 'activities' and 'attention' in the second objective. In fact, what is meant by 'activities' and 'attention' is not clearly defined.

However, one way to indirectly approach the problem of what is meant by 'activities' and 'attention' is to analyse the instances in which the Ethiopian government has been reluctant or outright refused to privatize its SOEs. During my interviews, it became clear that there was a class of SOEs categorized as belonging to 'commanding heights' or 'common gates' sectors such as banking, airlines, telecommunications and logistics in which foreign and domestic investments were limited or outright banned.[32] These sectors have been jealously guarded by the Ethiopian government due to their strategic importance for economic development and national security. Take, for example, Ethio Telecom, an SOE responsible for managing and regulating the country's telephone, internet and communication services. I was told multiple times that the government's refusal to privatize the SOE was a matter of preventing the formation of a private sector monopoly (especially a foreign one!) that would undermine its development agenda. Also, there was a sentiment that no business would invest or build telephone lines in rural regions if it were not foreseeably profitable. For the state, the monopolization of communication networks by the private sector would compromise its position as chief economic actor and put the developmental future of Ethiopia in the hands of the private sector. Thus, on one level, what is meant by 'activities requiring its attention' most likely refers to sectors that if privatized might threaten the state's economic supremacy.[33]

[31] 'Briefing given to diplomats assigned to the foreign service', *Privatization Review*, 2001, published by the Ethiopian Privatization Agency's Public Relations Department.

[32] See 'Investment proclamation no. 769/2012', <https://chilot.me/wp-content/uploads/2013/04/proclamation-no-769-2012-investment-proclamation.pdf>; 'Investment incentives and investment in areas reserved for domestic investors Council of Ministers (amendment) regulation no. 312/2014', <https://chilot.files.wordpress.com/2017/04/regulation-no-312-2014-investment-incentives-amendment.pdf>, both accessed 10 December 2020.

[33] There is also the issue of security. What went unsaid was that it is commonplace for the Ethiopian government to shut down communications during periods of unrest. Control of the telecommunications sector is central to its dissemination (or suppression) of information within the territory.

Arguably, since the late 1990s, the Ethiopian state has enacted its privatization programme in a way that continues to augment state power as signalled through the multiple reorganizations of its institutional bodies responsible for privatization. This first began with the establishment of the Privatization and Public Enterprises Supervising Agency (PPESA) under 'Proclamation no. 412/2004'.[34] A merger of two former governing bodies (the EPA and the Public Enterprises Supervising Authority[35]), the PPESA was tasked with both (1) managing, growing and creating new SOEs and share companies and (2) administrating the nation's privatization programme, aligning both public and privatizing activities for the purposes of furthering the state's developmental agenda.[36] The second shift arose with the disbanding of the PPESA and the formation of the Ministry of Public Enterprises (MoPE) under 'Proclamation no. 916/2015',[37] a charter that redefines the powers and duties of Ethiopia's executive bodies. Unlike the PPESA, which was overseen by the Ministry of Trade and Industry, the MoPE is governed by the Council of Ministers, affording it greater institutional power to execute its programmes. Under Article 31, the MoPE is given authority not only to manage, but to create, merge, dissolve, restructure and privatize the state's public enterprises. However, as evident in the disappearance of 'privatization' in the governing body's name, a shift in the new ministry's priorities places its emphasis on growing the operations of SOEs rather than privatizing them – further subjugating the role of the private sector to the state.

Still, what do we make of the third objective of 'privatization', which encourages the 'expansion of the private sector'? In other words, under what circumstances does the Ethiopian state agree to privatize its SOEs and why? Further, how do such privatizations fit into what I have generally referred to thus far as the country's 'developmental agenda'? These are questions explored in the next section, which examines the case of the brewing industry in Ethiopia.

Privatization in policy: beer as an 'engine' of growth?

'The private sector is the engine of growth,' declared one loquacious Policymaker. I listened as they repeated this cliché talking point that I had heard many times before (within and outside the Ethiopian context), wondering to myself: why so much insistence on using the metaphor of the 'engine'? Our conversation was one of several in which I spoke with politicians, policymakers and bureaucrats about the relationship between the state and the private sector in an attempt to better contextualize my own ethnographic research on breweries. During the mid-1990s, the majority of Ethiopia's domestic breweries were state-owned: St George Brewery, Meta Abo Brewery, Harar Brewery and Bedele Brewery.[38] By the early 2010s, the Ethiopian government had auctioned off the last of its state-owned breweries in a global bidding

[34] 'Proclamation no. 412/2004', <https://chilot.me/wp-content/uploads/2012/10/proc-no-413-2004-quality-and-standards-authority-of-ethiop.pdf>, accessed 10 December 2020.

[35] Public enterprises were originally managed under 'Proclamation no 25/1992', <https://www.resourcedata.org/dataset/rgi-public-enterprises-law-proclamation-no-25-1992>.

[36] See pamphlets for PPESA.

[37] 'Proclamation no. 916/2015', <https://chilot.me/wp-content/uploads/2017/04/proclamation-no-916-2015-definition-of-powers-and-duties-of-the-executive-organs.pdf>, accessed 10 December 2020.

[38] There was also Dashen Brewery, owned by the Amhara Endowment Corporation (Tiret).

war that effectively transformed the country's formal alcohol sector from being predominately government-controlled to fully privatized. This action was lauded by an international community, which interpreted the government's decision to privatize as a signal that the country was finally warming up to free-market economic policies (Maasho and Blair 2015).[39] Today, these breweries are mostly foreign-owned: subsidiaries of multinational corporations (e.g. Heineken and Diageo), partnered up with foreign investment firms (e.g. Duet Group), or a mix of foreign–local investments in newly created share companies (e.g. Habesha).

During my fieldwork, I followed how such changes in ownership impacted the everyday lives of those living under the shadow of the beer industry, observing developments such as the downsizing of the labour force in local breweries; the emergence of multimillion-birr distribution agencies; a new politics of patronage between multinational alcohol companies and local bars, restaurants, grocery shops and hotels; and the shifting symbolic and affective meanings associated with specific beer brands as they relate to the promise of modernity, among other concerns. However, rather than an isolated or chance event, or even a shift towards embracing the free market, the state's choice to privatize its breweries was an act of developmental policymaking. In such a framing, the 'private sector' is not quite an 'engine of growth', but a source of income for development, while the state continues to determine the country's economic agenda by controlling, coordinating and capitalizing on the private sector activities through policy. It is through such policymaking that privatization is wielded as a means of revenue generation, enacted for the purposes of accumulating capital, in accordance with the developmental objectives of the activist state.

In Ethiopia, the state sets the conditions on which industries are available for private investment. Arguably, one of the reasons why the breweries were privatized was that the country's leaders believed that the private sector was 'mature' enough to assume responsibility for such economic activities. When I say 'mature', I mean that the governing elites perceived no possibility of an unwanted monopoly emerging,[40] but also that a sector that was previously considered underdeveloped by the state was now seen as developed enough for the private sector to take over. During our interview, the Policymaker was quick to emphasize that the private sector's role as an 'engine of growth' is 'unreplaceable' and that the goal of the state was not to 'push away', 'replace' or even 'crowd out' the private sector, but to 'lead' it. This was partly due to what they called the country's many 'market gaps' and 'market failures':

[39] The government did put its breweries up for auction in the past, but the bidding process was cancelled several times due to disagreements over price ('Bid for breweries cancelled for the third time', *Privatization Review*, 2001, published by the Ethiopian Privatization Agency's Public Relations Department).

[40] In most African countries, the formal alcohol sector is monopolized by a single multinational company (Hesse 2015). Ethiopia is an exception to this rule as no one multinational has been able to fully dominate the formal alcohol sector. This is partly due to the Ethiopian government auctioning off its breweries to several companies (e.g. BGI, Heineken and Diageo) in different years (e.g. 1998, 2011, 2012), rather than offering all its possessions at once. This move, seen in light of a developmental state framework, was arguably done to avoid the formation of a monopoly that might challenge the state's economic position.

https://doi.org/10.1017/S0001972022000341 Published online by Cambridge University Press

> Policymaker: Wherever there is a market gap, we are going to have an enterprise, but wherever the private sector is mature, we withdraw and the private sector will take over. This is our role.
>
> CTC: So, the goal of the MoPE is to build these enterprises then give them up to the private sector?
>
> Policymaker: Exactly.
>
> CTC: You don't want a balance of private–public …
>
> Policymaker: Never, never, never; it is not in the policy. The government will have a diminishing role as we head forward. All of the private sector is going to increase, but in the developmental endeavour we are facing all these gaps, so we are trying to address those gaps in a selective, organized, calculative manner. Not to push out the private sector; we just intervene and fill the gaps.

The Policymaker was adamant that the ultimate goal of the state was not to replace the private sector, but eventually to see the state's role diminish. Here emerges what appears to be a contradiction to my argument thus far. However, this call for the diminished role of the state exists in an alternative temporality, a fantasy, an anticipated and imagined future, in which Ethiopia finally reaches the status of 'developed' nation (whatever that might look like).[41] As for the present, the Policymaker admitted that the state is engaged in a 'developmental endeavour' in which it must readily identify and address these market gaps, developing sectors before yielding control to private actors. As another informant noted – and as I paraphrase – the state will first build a light-rail train then hand it over to the private sector when it is ready to build a high-speed rail line. Thus, the government's role is to map out the direction of the country's economic growth for the foreseeable future by giving attention to industries it seeks to kickstart, while the private sector takes up activities the state bequeaths as appropriate (such as the alcohol industry) given the country's developmental needs.

Like other SOEs, breweries were also privatized in order to generate much-needed revenue for the country's development projects. But this is not a straightforward process, as revealed in a slightly tense exchange between the Policymaker and myself about the 'rents' the government receives from its industrial parks projects:

> CTC: So, let's say, Awash Industrial Park, you will contract and sublease sheds to whoever wants to work there? Turkish, Chinese, Ethiopian …
>
> Policymaker: Yes, it's all competition-based.

[41] In my interviews, there was a bit of ambiguity about the future roles of the state and private sector in the economy. Although leaders share a short-term vision – an understanding of the distinct roles of the state versus the private sector in spurring economic growth – their long-term vision for the country was much more divided, with some envisioning the state as always being central to coordinating economic activity, while others imagined that the private sector would eventually overtake it as the country's central economic actor (albeit in a far-off, undetermined future).

CTC: Does the rent from [the sheds] get put back into the . . .[42] and then reinvested into other projects or does it go to the Development Bank of Ethiopia?

Policymaker: [Incredulous] Pardon?

CTC: The rent? Does it go back to development projects? Is it used to fund other projects?

Policymaker: [Scoffs then laughs] You see, this is a kind of subsidy. First of all, whatever we are investing, we are not getting a return or profit through renting. If I spent 300 million and you calculate there is a huge difference especially with the infrastructure within the park. Hundreds of millions on infrastructure, park roads, power, water, telecom, the ground, and even the shed. When we calculate this at market rate, like when you build a house and rent it, it is impossible. The belief is that the benefit that we are getting is job creation, especially through linkages with the local economy, getting raw materials from the local economy . . . through export earnings of foreign exchange and through import substitution to save on foreign exchange. This is also tax, so here the thinking is not to get profit immediately, but to get the developmental benefit. It is not a one-to-one return, [in which] we invest here and we get a profit here. No, we have a wider perspective.

The Policymaker became visibly irritated with my questions regarding revenue for a number of reasons. To begin with, I was being a bit brazen by asking someone in their position about the institution's finances. But, more notably, their reaction was triggered to some degree by the use of the word 'rent' in my question. I was referring to 'rent' in a narrow sense – as the actual income received from payments made by businesses leasing out a shed space in an industrial park. However, the Policymaker heard my question about 'rent' as a veiled accusation of neopatrimonialism. A common charge levelled at the EPRDF government when describing the activities of its developmental state, Ethiopian leaders have rejected this categorization (de Waal 2015: 164, note 30). To some extent, my question may have been taken as an attack on the integrity of the sitting party and its development agenda (or even a propagandist reply deflecting my original question). But I understood their annoyance to be a reaction to my failure to appreciate (or even recognize) the particularity of the state's policymaking approach, or what Arkebe Oqubay describes as a 'policy independence' – an economic agenda that takes a uniquely Ethiopian approach (the 'activist' state) to development despite international pressures to do otherwise (2015: 286–7; Cheru *et al.* 2019).[43]

Specifically, the Policymaker was vexed about what they understood to be my preposterous and somewhat myopic view that the state would seek 'rent' from industrial sheds as a source of income. That is, I was ignoring the particularity of the state's policymaking approach, which places its emphasis on incalculable long-term benefits of public investment by the state rather than short-term revenue garnered from

[42] Omitted to conceal the interviewee's identity.
[43] See also Khan and Jomo (2000) and Khan and Blankenburg (2009).

private companies.[44] Instead, they pointed out a more complicated process by which the state captures revenue from privatization and the private sector through taxation, export earnings and linkage effects – all of which is achieved through policymaking. For example, over the last decade, the activities of the Ethiopian government have been guided by two national plans: the Growth and Transformation Plan I (GTP I) and the Growth and Transformation Plan II (GTP II). Written by the National Planning Commission and administrated through the Ministry of Finance and Economic Cooperation, the GTP I (2010/11–14/15) and GTP II (2015/16–19/20) are national poverty-reduction programmes that coordinate the activities of the public and private sectors for the purposes of promoting economic growth. Under these plans, Ethiopia's fiscal policy has focused on growing sources of domestic revenue by mobilizing external financial resources for the purposes of financing government-led investment projects (GTP I 2010: 32). These include infrastructural (roads, railways, airports, shipping lines, telephone lines, internet, hydroelectric dams) and industrial (agro-processing facilities, leather, sugar, cement, textiles and garments) development projects selected for their revenue-generating potential (GTP I 2010: 40–4). Under these frameworks, investment in infrastructural and industrial sectors is characterized not only as a means to economic growth and poverty reduction but also as necessary for 'accelerat[ing] capital accumulation' (GTP II 2016: 111).

Today, the alcohol industry has become a major source of tax revenue for the Ethiopian government. Under the GTP I and GTP II, the state has grown its tax revenue by better coordinating the activities of public and private industries through its privatization programme. Along with reforming the country's tax codes and regulatory bodies, Ethiopian leaders placed a special emphasis on creating more private enterprises that they could tax (GTP II 2016: 107–8). In a country in which the majority of the national budget is comprised of foreign assistance (e.g. grants, aid, loans, foreign direct investment), the generation of new tax revenue streams is important for securing the country's developmental goals (Goodfellow 2017). According to the World Bank, over the last several years, Ethiopia has seen a steady decline in its tax revenue as a percentage of nominal GDP from 9.38 per cent in 2013 to 7.51 per cent in 2018. However, the country's overall tax revenue has increased substantially over the same period from Br75.98 billion to Br165.44 billion; further, a substantial portion of that revenue growth comes from increased gains on taxes on goods and services, which more than tripled from Br19.24 billion to Br68.12 billion. Thus, despite issues arising from tax evasion and other corporate tax incentives, the privatization of state-owned companies plays an important part in generating such revenue (GTP I 2010: 33). With regard to alcohol, the 'Excise tax proclamation no. 307/2002' taxes non-alcoholic soft drinks at 40 per cent, beer and stouts, wine and whiskies at 50 per cent, and other liquors at 100 per cent.[45] With an increase in production capacities and alcohol consumption following the auctioning off of state assets to multinational companies, the government saw an increase of revenue from alcohol production and

[44] As our conversation continued, they described the rent from leasing as revenue to cover industrial park operational costs.

[45] 'Excise tax proclamation no. 307/2002', <http://www.fsc.gov.et/content/Negarit%20Gazeta/Gazeta-1995/Proc%20No.%20307-2002%20Excise%20Tax.pdf>, accessed 10 December 2020. Under PM Abiy, excise taxes have increased by nearly 50 per cent (Mulugeta 2020).

https://doi.org/10.1017/S0001972022000341 Published online by Cambridge University Press

sales. As a representative at the Food, Beverage and Pharmaceutical Industry Development Institute declared, the Ethiopian government has an 'untold share in the beer industry' through taxation, but this also creates room for the government to expand its own activities in other areas needing more attention while optimizing revenue gained from beer through the private sector.

However, brewery privatizations have also created revenue challenges due to the industry's demand for foreign currency. The Ethiopian government organizes private–public enterprises to increase state revenue through export earnings. The foreign currency gained from export economies is essential for purchasing the raw materials, technology, equipment and expertise needed to fund infrastructure projects (GTP I 2010: 61). Over the past several years, the Ethiopian government has focused its energies on investing in industries such as cut flowers, textiles, sugar and other export industries that generate this necessary income (Oqubay 2015). This is especially critical as the country has been experiencing foreign currency shortages with a widening trade imbalance between export earnings and import expenditures (GTP II 2016: ix). A 'heavy consumer' of foreign currency, the alcohol industry requires a great deal of raw materials (e.g. malt barley, hops, sugar, labels, bottles, caps) and other technical support and equipment necessary for brewery operations to continue – creating a headache for government officials despite revenues gained from excise taxes. One way in which the state seeks to alleviate this problem is by privatizing industries that would create not only export earnings but local substitutions for foreign imports. For example, in November 2017, the Ethiopian government announced that it would be privatizing Assela Malt – a state-owned malt barley processing facility meeting only 40 per cent of the country's domestic malt barley demand, resulting in breweries importing a significant amount from overseas (Ahmed 2019). I first heard about the impending privatization while attending a municipal-organized field day event for barley farmers in the West Arsi zone. I listened as state agricultural extension workers prepared local smallholder farmers for the eventual auction, alerting the citizens of the possible entry of a multinational such as Soufflet into the region, while passing around loaves of bread and crates of the soft drinks Mirinda and Pepsi.[46] The hope, as I was told by policymakers, was that a privatized Assela Malt might not only generate enough malt barley to meet the domestic demand but produce enough surplus to be exported to other breweries across the continent – a strategy for increasing national export earnings.

Finally, the privatization of breweries generates revenue through its 'linkage effects'. This refers to the way in which economic activity related to brewing can catalyse the growth of other market activities within and adjacent to the beer supply chain. With linkage effects, it is the role of the state to foster structural change or 'catch-up' by coordinating private sector activities through industrial policy (Oqubay 2015: 18). The state has paid particular attention to development backward linkages (production inputs) under the federal government's Agricultural Development Led-Industrialization (ADLI) directive – a policy framework that emphasizes development through investment in agriculture-centred, labour-intensive manufacturing industries (Ferede and File 2020). If we return to the case of malt barley production, the Ethiopian government, in collaboration with multinationals and other non-governmental agencies, has been engaged in a project to develop the country's malt barley supply chain from crop yield

[46] Assela Malt was sold to the Oromia Agricultural Cooperative Federation in 2018.

https://doi.org/10.1017/S0001972022000341 Published online by Cambridge University Press

to the malting process to storage and delivery. This is not a case of twentieth-century high modernist engineering of a domestic economy (Scott 1998). Instead, it is a somewhat experimental process in which the government directs the activities of the public and private sector around one economic activity (e.g. cut flower exports) to stimulate economic growth in related activities (e.g. packing and shipping industries needed for exports to occur). In this way, the privatization of breweries becomes a jumping off point for other kinds of economic activity the government is seeking to stimulate through public–private coordination – a style of capitalization in which the state makes gains (or even losses)[47] for its development agenda by opening up one part of the economy with the goal of fostering the growth of another.

Concluding thoughts: *medemer* and privatization in perspective

In late 2019, PM Abiy Ahmed, in line with his *medemer* reforms, brought an end to Ethiopia's longstanding 'revolutionary democracy' by inviting ethnic coalition members of EPRDF to join a single Prosperity Party (PP) – a move that led to a break with the once dominant TPLF and the escalation of an armed conflict nearly a year later. However, does this seemingly sharp break from the past with regard to politics translate into PM Abiy's attitudes towards the economy – specifically privatization policy?

One way to address this question is to look at a 2019 pre-circulated draft from the president's office entitled 'A proclamation to provide for the privatization of public enterprises', which has reframed the country's 'objectives of privatization' as follows:

> (a) to improve the efficiency of Public Enterprises, enhance their competitiveness, attract technical expertise and skill sets, and improve access to capital; (b) to generate revenue and enhance the provision of development finance in order to promote financing activities undertaken by the Government; (c) to promote the Country's economic development by enhancing the policy environment for private investment and encouraging the expansion of the private sector.[48]

There are two noticeable changes from the earlier objectives outlined in the 'Privatization of public enterprises proclamation no. 146/1998'. First, the central aim for privatization has shifted from revenue generation to being a means for improving the 'efficiency' of SOEs through capital investments and technical expertise. Second, the role of the state in economic development is further reinforced by outlining a privatization plan focused on strengthening the state's position through private–public partnerships. These principles can be observed in the recent calls for Ethio Telecom bids with the government offering a 40 per cent share in the company with no rights to offer mobile finance services or the ability to build telecommunication infrastructure outside the state (Pilling 2020). Thus, the Ethiopian government has invited foreign investors to participate in bids, but the privatization process is

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[47] Industries that have fallen short of capitalizing on linkage effects include sugar, textiles and, to an extent, construction (Oqubay 2015).

[48] 'Proclamation no. . . . /2019: a proclamation to provide for the privatization of public enterprises', <https://www.lawethiopia.com/images/draft%20laws/state%20enterprises/Draft%20state%20enterprises%20proclamation%20Ethiopia%20(english).pdf>, accessed 12 December 2020.

https://doi.org/10.1017/S0001972022000341 Published online by Cambridge University Press

enacted to the extent to which it is useful for the state's purposes.[49] In this way, it appears that *medemer* is by no means a rupture from the policies of EPRDF in its articulation of the role that the state and private sector play in development. If anything, it is a continuation of the 'developmental state' framework albeit with a greater emphasis on finding more ways to capitalize on the private sector through private–public partnerships.

Thus, when conceptualizing the meaning and uses of privatization, one must do so within a situated analysis, paying attention to the distinct intellectual tradition and institutional history of place in practice. In the Ethiopian case, the government's decision to privatize SOEs does not necessarily signal the embrace of a neoliberal ideology, and a decision not to privatize is not a rejection of privatization as a policy tool altogether. Instead, privatization must be understood as a process in which local developmental policies are being made and remade through the state's engagement with global ideas – thus taking seriously the ideological underpinnings of this African state capitalist system.

Acknowledgements. Originally presented as a paper at the 2018 American Anthropological Association meeting, aspects of this article can be found in Chapter 7 of my dissertation. I am grateful for Carla Hung and Joella Bitter's clarifying thoughts on earlier versions, issue editors Kevin Donovan and James Christopher Mizes' patience and generous feedback, and the insightful comments of two anonymous reviewers.

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[49] The Ethiopian government decided to postpone the partial privatization of Ethio Telecom in March 2022. However, this is not the first time the state has failed to partially privatize the telecommunications sector due to disagreements regarding price and terms (Berthélemy *et al.* 2004: 143; Plummer 2012: 340).

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Cite this article: Collins, C. T. (2022). 'The meaning and uses of privatization: the case of the Ethiopian developmental state'. *Africa* **92**, 602–624. https://doi.org/10.1017/S0001972022000341