

The shocking truth of “Double Digit Growth”

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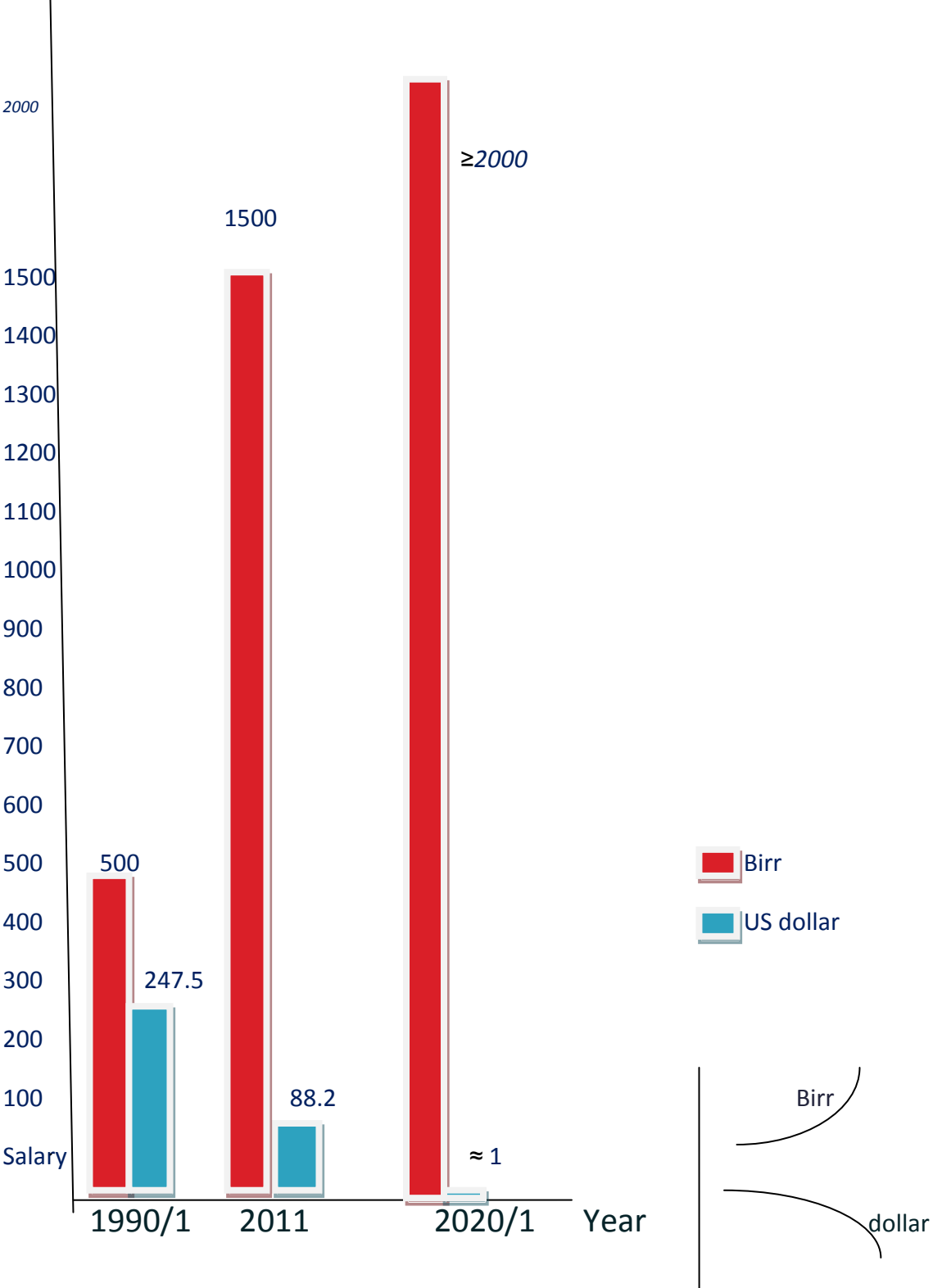
Development is knowingly understood as a positive and desirable change. Whenever this kind of progress takes place in a given country it has a positive impact on the day to day lives of fellow citizens. Farmers, civil servants, businessmen and citizens as a whole will benefit from the much needed rain of development.

The Ethiopian government has trumpeted rapid development since it has been in power. It claims to have achieved “double digit” growth over the last seven years even in the face of a worldwide recession. The inundation of double digit growth however happens in rare cases over the globe.

The failure of Ethiopian development is uncovered when we follow the path of “double digit” growth onto the dinner table of civil servants. Civil servants as citizens must reap the benefits of economic growth to say that growth is real. Development is not something that can be defined as existing apart from the day to day lives of citizens, rather, they should be able to grab it, use it, taste and enjoy it.

The true experience of nowadays Ethiopian civil servants is revealed by observing their relative income. Given a more successful economy it would have been fair to compare the current Ethiopian development with that of South Korea, Indonesia, Taiwan or Singapore. ጽድቁ ቀርቶብኝ በቅጡ በኮነኝ However, as a result of the failure of the Ethiopian economy to compete with the growth of the world’s economies, we can only instead compare the relative income of today’s civil servants to the relative income of civil servants during the years of the former *Derg* dictatorial military regime.

Starting salary of civil servant degree holders



As we can see from the above graph, Birr income shows an upward growth of 300 per cent when we compare the starting salary of today's Ethiopian civil servants to that of civil servants in the years of 1990/1. When we compare the same salary in the hard dollar value, however, the income shows a continual decrease over the last 20 years. In 1990/1 a recent graduate was hired with a starting salary of 500 birr which equaled 247.5 US dollars. After 20 years "rapid growth" the same degree holder was hired with a starting salary of 88.2 US dollars. This means that 159.3 dollars of civil servant salary was steadily lost over 20 years at an average salary reduction rate of 14 per cent per year and at a total reduction rate of 280.6 per cent from 20 years ago.

We can predict from this continuing decrease that in 2020/1 one degree holder might get paid one dollar per month as an average starting salary, or that civil servants themselves will entirely lose their grasp of the economic ladder even sooner than 2020. We are examining the Ethiopian civil servants incomes in terms of dollars because the Ethiopian trade deficit (importing more than exporting) is very high and the value of the decrease of Ethiopian Birr against the dollar affects citizens negatively.

In addition to lose of value in comparison to the dollar when we take into account the increase in the price of goods in Ethiopia, which has risen alarmingly over the last 20 years, we can see the depth of the downward spiral of the Ethiopian Birr.

In the years of 1990/1 one small loaf of bread could be purchased for 10 cents Ethiopian Birr, now after 20 years, the cost has risen to an alarming one Ethiopian Birr. This means that the price for a loaf of bread has risen

1000 per cent in 2011. When we look at the price of other food items we see increases greater than one thousand percent increments. For instance, one egg could be purchased for 10 cents Birr in 1990 but now after 20 years the price hits 1.50 Birr. This disparity shows that the price of one egg has risen 1500 per cent. Looking back to the salary of a civil servant degree holder, which was 500 Birr in 1990/1 and increased to 1,500 Birr in 2011 and wherein the salary increased approximately 300 percent and the price of food items shows an minimum of a 1000% increase, we can see that there is a gap of more than 700% between the relative increase of Ethiopian civil servants salary in Birr and the relative increase of the price of goods.

Problem by definition is a deviation or a gap between what should happen and what actually is happening. The place where Ethiopian civil servants economic problems are found is within this huge gap. The shocking truth is that a degree holder who is hired as an Ethiopian civil servant today cannot experience the same quality of life as that which was enjoyed 20 years ago.

This huge money loss has exposed many civil servants to desperate problems of survival. For instance, the number one problem for civil servants is that they have to work additional jobs for their mere survival. This makes them over worked and exhausted. Because of this they cannot be productive in their regular jobs. To invest their full skill and knowledge they obviously need barely enough calories and adequate living environments.

According to Lester R. Brown in his article "The New Geopolitics of Food", Americans spend one tenth of their income on food whereas the planet's 2 billion poor people spend 50 to 70 percent of their income on food.

Ethiopian civil servants in contrast would need to spend their entire income to get barely enough calories and this still would not be sufficient. If this is the case, then without the active participation of these citizens, how could “double digit” growth be said to prevail?

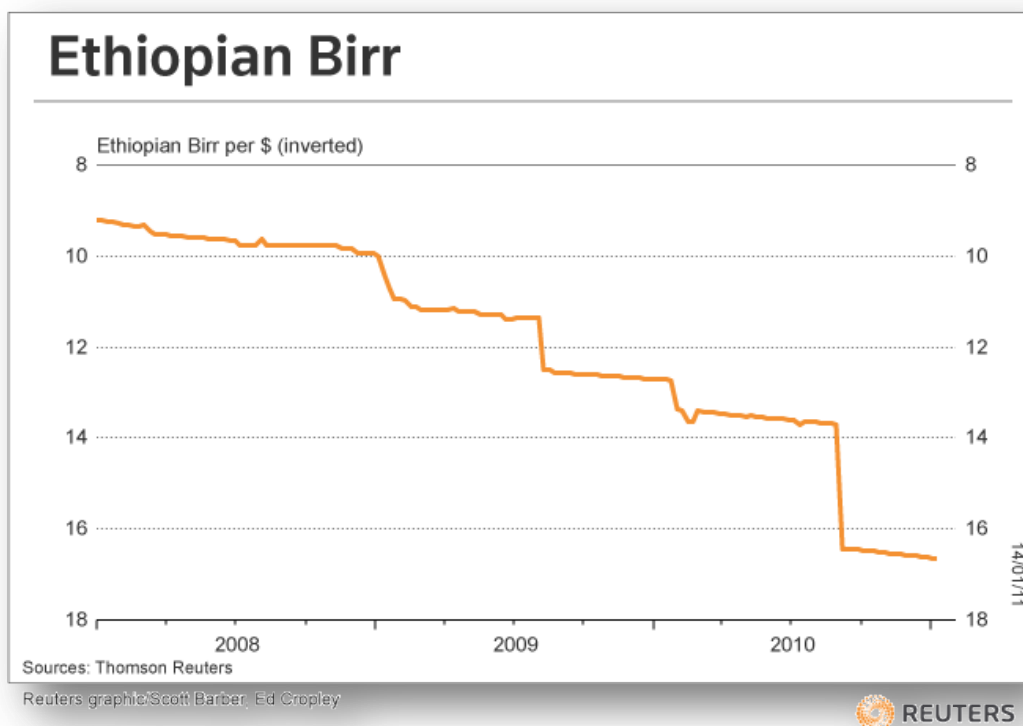
The second largest problem for Ethiopian civil servants nowadays is that they are not able to be self-sufficient. As we can see from their income, civil servants cannot afford housing so they are subject to dependence on family members or fellow citizens for survival. Not being able to establish households at the expected age brings about a problem of dysfunction for generations to come.

The third worst problem facing Ethiopian civil servants today is psychological deterioration and emotional distress. While on the outside the world’s citizens are moving ahead competitively the Ethiopian civil servant is falling increasingly behind. This disparity creates feelings of uncertainty about the future. Continued stress and feelings of hopelessness lead to health problems.

Hopeful Ethiopian young men support their poor parents who sent them to school with bare feet hoping they would be able to support them in the future cannot lead separate lives. It is very difficult for families to afford the bare necessities like health care or other basic necessities. Young beautiful Ethiopian women are unable to buy shoes, clothing, necessities or other products to complement their appearance. For youths it is not easy to invite their friends out during their teen years. These gaps can impact the spirit and resilience of individuals. Seeing the future as gloomy is a reason for Ethiopians to emigrate.

For the last 20 years the Ethiopian government has taken a huge amount of money from civil servants monthly income. Where does this money go? No one except TPLF officials actually know its whereabouts. We can speculate that the money is either tied up in non-developmental things like strengthening the military, or it is put away in outside banks. Since the EPRDF came to power an estimate of nearly 40 billion dollars has been received from the International community. In addition to this money sent to Ethiopians from family members living abroad hits 3 billion dollars each year. According to sources taxes hit 35 billion Birr and as we see from the salary decrees the government has taken multi-billions of dollars from civil servants monthly income. But, life altering development is still unfound in Ethiopia. Recently, the UNDP (United Nation Development Program) exposed that for the last 18 years, between 1990-2008, some 8.4 billion dollars left Ethiopia illegally. According to reliable sources Ethiopia is one of the frontiers in corruption since the EPRDF came to power.

The other irony of the EPRDF is that since they have come to power they have continued to claim that they are growing the Ethiopian economy, but the reality is that the Ethiopian Birr has devalued several times.



Source

The main question is not why the Ethiopian Birr has devaluated, even the strongest of monies have devaluated in history, but instead it is a question of economic policy. If there are not enough products to export then devaluating money has no advantage for the Ethiopian people long suffering from the effects of harsh economic austerity programs.

When we look at our situation there are not enough domestic products to induce competitive devaluation. Devaluation instead aggravates the inflation rate. But the true question remains, if there is so called double digit growth, then why hasn't the civil servants' relative monthly income increased following the devaluation of the currency and the price of goods increase?

An EPRDF member once said that the inflation rate is caused by rapid economic growth but, this argument can be seen from another perspective, that if growth caused inflation it means regression of growth can reduce inflation. This argument is not acceptable. Growth cannot cause inflation. When we talk about growth it is not a question of printing too much money, rather it is a question of an increase in products and lugubrious production.

Competitive devaluation of currency can sometimes have a positive impact by discouraging spending on imported goods and encourage spending on in land products. However, when we look at the Ethiopian situation we see that inflation has reached 30% and that inflation in the price of food has reached 92 percent by July 2008. This increase in inflation itself shows that there are not enough in land products. This translates to the fact that there is a lot of money looking for goods which do not exist due to the limitation of supply. As a result of this those who have still more money will buy these limited products for their own consumption while the remainder of the limited supply of these products will be exported at the higher price. This trend is bringing about endless price increases not to mention starvation and likened social problems.

The problem now is that the fixed pay civil servants cannot afford the continuous increment in the price of goods. The government is continuing to print a lot of money which is unbalanced with GDP (Gross Domestic Product) and this trend does not have a positive impact but in fact brings about a huge crisis.

In conclusion double digit growth and its positive effects and development in the lives of Ethiopian civil servants' is proven to be a myth. Those who

were supposed to be the motors of development are instead thwarting the Ethiopian economy into huge and continuous regression. In The Fund for Peace 2011 Failed State Index Ethiopia ranks number 20 and receives a rating of 7.7 out of ten in the sharp or severe economic decline classification.

Inflation and the huge decrease of the salary in dollars value shows that Ethiopia is not experiencing life changing development for citizens or competitive economic growth. Of course responsible governments collect money from their citizen's in the form of regressive taxation for example the V.A.T. (value additional tax) for speedy development, but this is not the same as embezzling citizens like we see in the case of Ethiopian civil servants who are losing a lot of money as a result of the constant reduction in their income. By any measurement the case of the disappearance of salary of Ethiopian civil servants is not a result of taxation rather it is robbery. Showing a high number of salary increase when that same money has an extremely low purchasing power is a misrepresentation and even a crime when those responsible misrepresent it.

To restore Ethiopian civil servants rights to development there should be a fundamental change in Ethiopia. Unless these citizens say enough is enough then life will continue to deteriorate. Therefore all Ethiopian citizens have to work unyieldingly to bring about justice and democracy.

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