



Concluding Remarks

Abstract This chapter sums up the main conclusions based on the book's three main parts: the theoretical discussion on the role of agriculture in economic growth; the historical account of key aspects of the Ethiopian case study; and the empirical investigation of the relationship between agricultural and aggregate economic growth in Ethiopia during the rapid growth period in 2002–2010. The chapter also outlines some relevant areas of future research, based on the book's research.

Keywords Agricultural growth • Agriculture-centered structural transformation • Role of the state

This book set out to explore whether agricultural-led growth is happening in a country in sub-Saharan Africa (SSA) today, using Ethiopia's recent experience of rapid growth as a case study. Guided by this aim, the main topics of interest discussed in the book are the role of the agricultural sector for economic growth in today's low-income countries, as well as the role that the state can play in agricultural-led economic growth. These topics have been explored in three parts: a theoretical discussion on the role of agricultural growth in economic growth and the role of the state in generating agricultural growth; a historical account of key aspects of the Ethiopian case study; and through an empirical investigation of the relationship between agricultural and aggregate economic growth in Ethiopia during the rapid growth period in 2002–2010.

The book's empirical investigation (Part III) explored the role that the agricultural sector played in Ethiopia's growth in 2002–2010 by estimating the agricultural growth linkages and contrasting them to those of the manufacturing sector. Two main empirical results emerged: (1) the agricultural sector has high growth linkages in Ethiopia, and (2) these linkages did not diminish during the growth process in 2002–2010. These results indicate that the agricultural sector was the best growth engine in Ethiopia in this period. Moreover, they show that the importance of agriculture for growth was not outpaced by manufacturing, as one would predict if an industrialization process were occurring in the country. These findings imply that the agricultural sector has been important for economic growth in Ethiopia, but that going forward, support both inside and outside agriculture is needed for a successful transformation away from (low-productivity) agriculture. This begs the conclusion that the rapid agricultural growth in 2002–2010 was able to stimulate aggregate growth at the early stage of development that characterized Ethiopia during the period. However, as discussed in Chap. 7, it remains to be seen whether agricultural growth will continue to be the main engine of growth in the long run.

While it is not the job of an economic historian to predict the future, the findings on the prospects for Ethiopian growth are generally positive. The agricultural sector is growing rapidly, extreme poverty is decreasing, and economic growth remains high. However, while the overall tone of the book is optimistic, any celebration of the country's achievements must be tempered by the ample challenges that the country faces. Importantly, Ethiopia's pressing security concerns in light of the ongoing civil war and the lack of political inclusion pose real threats both to continued growth and to the safety and wellbeing of the Ethiopian peoples; efforts to stabilize the situation are crucial. Moreover, the heavy-handed governance that the Ethiopian government has engaged in during the growth period risks excluding some segments of the society, which can cause growth to stagnate and risk civil unrest. Outside the security concerns, many areas also require further improvement: the structural transformation is lagging, poverty is widespread, urbanization levels are some of the lowest in the world, and the manufacturing sector is still in its infancy. Going forward, these challenges will need to be addressed, especially those concerning political and economic inclusion.

A second prediction, or perhaps recommendation, for the future growth path of Ethiopia is that this research does not support an overly rapid abandonment of the agriculture-led development strategy. Using the terminology of Timmer's (1988) four phases of agricultural transformation, it may be favorable to exhaust the benefits of the second phase, "agriculture as a contributor to growth," before moving on to the integration, and reduced role, of the agricultural sector in the economy (phases three and four). Since the Growth and Transformation Plan II in 2015 (MOFED, 2015), the role of the agricultural sector as the center of development has been downplayed in Ethiopian policy in favor of manufacturing. Given the importance of agriculture uncovered in this book and Ethiopia's very early stage of economic development, such a shift may be premature. Instead of focusing on the manufacturing industry and industrial zones—which, even if successful, are only likely to account for a small share of total output and employment (Schmidt et al., 2018)—it may be more effective to focus on achieving structural transformation through high-productivity agriculture. If so, the under-performance of the coffee sector (Mellor, 2014; Cheru et al., 2019) could be the next step to address. By focusing on such an agriculture-centered structural transformation, the country may overcome the challenges posed by its small and slow-growing manufacturing sector, huge rural population, and current discord between the output and employment aspects of the structural transformation.

In terms of future research, much work is still needed to understand the role of agriculture and the state in economic development. Three aspects of this issue seem particularly important. First, the micro-level dynamics of Ethiopia's macro-level agricultural change represent fertile ground for future research and have not been addressed. Further and more detailed consideration of the micro-elements of agricultural and economic change is needed to further grasp the complex nature of how individuals are acting and faring in the agricultural and rural sectors. Research on the local-level dynamics of the observed increase in agricultural production and productivity would add to our previous knowledge on the drivers of micro-level agricultural change and the related processes of smallholder intensification, diversification, and commercialization (Andersson Djurfeldt & Djurfeldt, 2013; Wiggins, 2018). As part of this work, regional studies within Ethiopia's agricultural development would also increase our understanding of the specific dynamics of the ongoing

agricultural transformation. Such regional research could help us understand why some regions of Ethiopia have thrived while others have not, shedding more light on the key aspects of the transformation dynamics. Second, more research on the costs—and not only the benefits—of investing in agriculture versus other sectors is needed. This book’s empirical investigation has shown that stimulating agricultural growth has a larger effect on aggregate growth than stimulating manufacturing growth. However, it cannot speak to the cost of stimulating these different types of growth. Hypothetically, the cost of generating agricultural growth could be so high that it offsets the benefit of generating more aggregate growth. Such research might advance our understanding beyond whether it is “good” to invest in agriculture, to whether it is “better” than alternative investments. Third, more research could be done on how other contemporary low-income countries could learn from Ethiopia’s experience of an agriculture-led development strategy. However, extracting any such lessons from history is a complex undertaking that should be done with proper care for each individual context (as discussed by, e.g., Harwood, 2018). The book suggests that the Ethiopian experience could be relevant for countries that share some similarities in terms of economic structure, agro-ecological conditions, and political environment. In light of Ethiopia’s early stage of economic development, limited access to natural resources, large and rural population, land scarcity, some favorable agro-ecological areas, and the prominent role of agriculture in policy and government commitments, countries that could draw from the Ethiopian experience may include Uganda and Kenya. However, every country has its own conditions and history, and proper analysis would be needed to substantiate such a suggestion.

In addition to these three areas of future research, the aspect of climate change has not been part of the current research, which is a limitation. Climate change has had and will continue to have a large impact on African agriculture, which may be particularly vulnerable to climate change given its rain-fed nature and often low capital intensity (Hassan, 2010). While there is no inherent tension between continued agricultural expansion and environmental sustainability (Wiggins, 2000; Reij & Smaling, 2008), adaptation to climate change will be an important, complex, and potentially costly dimension of continued agricultural development in SSA.

Despite ample room for future research, this research contributes to our current knowledge given its investigation of the role of agriculture in economic growth, its case study of one of SSA's fastest-growing economies, and its rich empirical data examined through both historical and economic methods. The book concludes that the agricultural sector continues to be an important engine of growth in today's low-income countries and that there is scope for governments in such countries to take a leading role in the transformation of the agricultural sector on the path toward long-term economic growth.

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