



**THINKING POLITICALLY ABOUT MONEY: THE  
CHANGING ROLE OF POLITICAL FINANCE IN THE  
POLITICAL (UN-)SETTLEMENTS IN ETHIOPIA AND  
SUDAN**

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# FRAMING QUESTIONS

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Why did Sudan and Ethiopia take such different developmental paths?

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Why did they develop such different political settlements?

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Does Sudan hold any lessons for Ethiopia's current predicament and future? What are the prospects of a Sudanese 'developmental state'?

# 1: POLITICAL FINANCE AND POLITICAL SETTLEMENTS

Political finance has played a key role in the political settlement in both Ethiopia and Sudan, always mediated by violence or coercion.

- The nature of political finance matters: what form it takes, how concentrated it is in the hands of politicians, how easy it is to divert for political purposes, where/who it comes from.
- Political settlements also shape strategies for extraction of political finance.

# SUDAN AND ETHIOPIA IN THE 1970'S-80S

	<b>Political Economy</b>	<b>Political Finance</b>	<b>Political settlement</b>
<b>Sudan</b>	Agrarian capitalism, debt-fuelled economic boom followed by economic crisis and austerity	Corruption and patronage, Islamic finance, increased role for the military in the economy, license to pillage in peripheral areas. Diffuse sources of political finance.	Increasingly unstable autocracy, punctuated by unstable multi-party rule, ended by military coup
<b>Ethiopia (after 1974)</b>	Centralized economy focused on agriculture with very limited industrial production	External security patronage, especially after 1977-8.	Centralized autocracy based on repression and coercion backed by a large security sector.

# 2: CENTRALIZATION OF POLITICAL FINANCE

Where politicians were able to centralize sources of political finance and operated according to a relatively long-time horizon with a developmental mindset, sustained economic growth has been the result.

- Political settlements create institutional configurations in states which are difficult to alter in the short term. These can sustain growth episodes through domestic and global turbulence.
- Short spurts of economic growth may be unrelated to the changes in the political settlement – for instance, due to a boom in primary commodity exports such as oil.

# SUDAN AND ETHIOPIA IN THE 1990'S-2000S

	<b>Political Economy</b>	<b>Political Finance</b>	<b>Political settlement</b>	<b>Econ. Growth</b>
<b>Sudan</b>	Austerity and extended economic crisis followed by an oil-boom	Use of violence to suppress demands for political finance – followed by big-tent politics funded by oil revenue.	Rivalrous autocratic duopoly, succeeded by autocratic government with multiple power centres.	Moderate episodic growth followed by rapid growth during the oil boom
<b>Ethiopia</b>	Degree of economic liberalization initially focused on agriculture-led growth; transition to debt-led growth	Official development assistance, bilateral donor support, security cooperation assistance	Authoritarian rule marked by increased centralization after a split in the ruling party in 2001	Slow economic growth (partly due to the impact of climate crises) followed by rapid economic growth after 2003.