



## An examination of Ethiopia's political and economic trajectory: A comparative analysis of the Derg, EPRDF, and prosperity party regimes

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### Abstract

This article examines the political and economic trajectory of Ethiopia over the past fifty years, offering a comparative analysis of its three distinct ruling regimes: the military junta known as the Derg (1974–1991), the Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition (1991–2018), and the current Prosperity Party government under Prime Minister Abiy Ahmed (2018–present). The study evaluates each regime's impact on political stability, economic growth, and diplomacy, incorporating macroeconomic data from the World Bank and International Monetary Fund (IMF). The analysis reveals a cyclical pattern of authoritarian consolidation followed by violent fragmentation. The Derg presided over state collapse, characterized by extreme political instability and economic ruin. The EPRDF engineered a period of high, state-led economic growth but did so within a repressive political framework that ultimately proved unsustainable. The current Abiy regime, which began with liberalizing reforms, has overseen a descent into widespread internal conflict, a severe economic crisis, and a volatile foreign policy. The article concludes that despite different ideological underpinnings, all three regimes have struggled to resolve Ethiopia's fundamental questions of ethnic federalism, political inclusion, and equitable development, leading to a precarious future for the nation-state.

**Keywords:** Ethiopia, political economy, abiy ahmed, eprdf, derg, economic growth, political stability, horn of africa, ethnic federalism

### Introduction

Ethiopia, the second-most populous nation in Africa and a state of immense geostrategic importance in the Horn of Africa, has undergone profound transformations over the past half-century. Since the fall of the ancient imperial monarchy in 1974, the country has been a crucible for competing models of governance, from Marxist-Leninist military rule to authoritarian developmentalism and, most recently, a tumultuous experiment with liberal democracy. Each transition has been marked by both hope and violence, promising a definitive break from the past while often perpetuating its underlying conflicts.

This article provides a comparative analysis of Ethiopia's three modern regimes: the Derg military junta (1974–1991), the Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition (1991–2018), and the current administration of the Prosperity Party, led by Prime Minister Abiy Ahmed since 2018. The central research question addresses how these regimes have differed in their management of, and outcomes in, three critical domains: political stability, economic growth, and foreign policy.

The analysis synthesizes existing academic literature with macroeconomic and development data from the World Bank and the International Monetary Fund (IMF) to provide an empirical basis for comparison. It argues that while each regime has operated under a different ideological banner, they share a common thread of centralized power and a failure to construct a sustainable and inclusive political settlement. This has resulted in a cycle where periods of state-led growth and repressive stability inevitably give way to violent fragmentation. The current regime, despite its reformist origins, now embodies this paradox, overseeing multiple civil conflicts and a severe economic crisis that threaten the very integrity of the Ethiopian state.

### The Command Economy and State Terror: The Derg (1974–1991)

The overthrow of Emperor Haile Selassie in 1974 by a committee of low-ranking military officers, known as the Derg, plunged Ethiopia into 17 years of brutal totalitarian rule. Under the leadership of Colonel Mengistu Haile Mariam, the regime aligned itself with the Soviet Union and embarked on a radical socialist transformation.

**Political Stability:** The Derg's rule was defined by a complete absence of political stability. Power was consolidated through the "Red Terror," a state-sanctioned campaign of mass murder, torture, and imprisonment that physically eliminated a generation of political opponents (Clapham, 2019). The regime faced constant armed insurgency from a host of ethno-nationalist liberation fronts, most notably in Eritrea and Tigray. This period was not one of governance but of perpetual, state-wide civil war.

**Economic Growth:** The Derg's economic policies were ruinous. Following a Marxist-Leninist model, the regime nationalized all rural and urban land, financial institutions, and major industries, eradicating the private sector (Tiruneh, 2020). The command economy, focused on militarization and state control, led to a catastrophic decline in productivity. Data from this period is sparse, but available indicators show negligible or negative GDP growth for much of the 1970s and 1980s. Inflation was rampant, peaking at 35.7% in 1991, the year the regime fell (Macrotrends, 2024). These policies, combined with severe drought, culminated in the devastating 1983–1985 famine, which resulted in the deaths of up to one million people and exposed the complete failure of the regime's economic model.

**Diplomacy:** The Derg's foreign policy was dictated by the Cold War. It became a key client state of the Soviet Union, receiving substantial military aid but little meaningful economic assistance. This alignment isolated Ethiopia from the West and many of its African neighbors, leaving it with few diplomatic or economic partners outside the Eastern Bloc.

**The Developmental State: The EPRDF (1991–2018)**

In 1991, the EPRDF, a coalition of ethnic-based rebel groups led by the Tigray People's Liberation Front (TPLF), overthrew the Derg. This ushered in a new era defined by a model of "developmental statism."

**Political Stability:** The EPRDF established a more stable political order than its predecessor. It ended the civil war and implemented a new constitution based on ethnic federalism, granting nominal autonomy to the country's major ethnic groups. However, this stability was achieved through authoritarian means. The EPRDF maintained hegemonic control over all levers of power, systematically suppressing dissent, controlling the media, and winning elections with near-100% margins (Vaughan, 2011). While this prevented large-scale warfare for over two decades, the underlying ethnic tensions and grievances over TPLF dominance festered, ultimately erupting in the popular protests (2015–2018) that led to the regime's demise.

**Economic Growth:** The EPRDF's tenure was characterized by a period of remarkable, state-led economic growth. From 2004 to 2014, Ethiopia's GDP growth averaged over 10% annually (World Bank, n.d.). This was driven by massive public investment in infrastructure, funded by Official Development Assistance (ODA) and loans, particularly from China. Foreign Direct Investment (FDI) also increased significantly, attracted by the country's stability and low labor costs. However, this "growth miracle" had a dark side. The economy was dominated by large, party-affiliated conglomerates, and the private sector remained weak. While poverty declined, inequality grew, and the model was heavily reliant on external debt, which became a significant burden.

**Diplomacy:** The EPRDF skillfully navigated the post-Cold War world. It positioned Ethiopia as a cornerstone of regional security and a key Western ally in counter-terrorism efforts, ensuring a continuous flow of ODA, which consistently amounted to a significant percentage of its Gross National Income (GNI). Concurrently, it cultivated a deep economic partnership with China, which became its primary infrastructure financier. This pragmatic, non-aligned approach maximized international support for its domestic agenda.

**The Unraveling of the State: Abiy Ahmed and the Prosperity Party (2018-Present)**

Dr. Abiy Ahmed became Prime Minister in 2018, promising a radical break with the EPRDF's authoritarian past under the philosophy of "Medemer" (coming together).

**Political Stability:** The initial reforms—releasing political prisoners, inviting back exiled opposition, and making peace with Eritrea—created a brief period of political opening and hope. However, this quickly gave way to severe instability. Abiy's centralization of power under the new Prosperity Party and his handling of deep-seated ethnic grievances alienated key regional actors, most notably the TPLF. This culminated in the catastrophic Tigray War from 2020 to 2022. Rather than resolving conflict, the regime has become embroiled in successive wars in the Amhara and Oromia regions (Council on Foreign Relations, 2025). Human rights abuses, including extrajudicial killings and mass detentions, have returned (Freedom House, 2024). The current state is one of fractured security, with multiple active insurgencies challenging the authority of the central government, representing a level of instability not seen since the Derg.

**Economic Growth:** The Abiy regime inherited the EPRDF's economic model but has been unable to sustain its performance. The "Homegrown Economic Reform" agenda aimed to liberalize the economy and increase private investment (ACE Advisors, 2021). However, the immense costs of war, political instability, the COVID-19 pandemic, and soaring inflation have created a perfect storm. GDP growth has slowed, and in December 2023, Ethiopia defaulted on its external debt (Debt Justice, 2025). Inflation has remained stubbornly high, consistently exceeding 30% (Macrotrends, 2024), eroding purchasing power and deepening poverty. The initial promise of economic takeoff has been replaced by a struggle for macroeconomic survival.

**Diplomacy:** Abiy's diplomatic record is one of stark contrasts. He was lauded internationally for the peace deal with Eritrea, but his government became a pariah during the Tigray War, facing sanctions from the United States and condemnation from the European Union. Recently, his foreign policy has taken a nationalist turn, with an assertive and destabilizing push for sovereign access to a Red Sea port. This has alarmed neighbors and signaled a departure from the EPRDF's more calculated diplomatic engagement, risking further regional isolation (Modern Diplomacy, 2025).

**A Quantitative Comparison of Regimes**

An analysis of key economic and development indicators from the World Bank, IMF, and UNDP databases illustrates the divergent paths of the three regimes.

**Table 1:** Comparative Socio-Economic Indicators by Regime

Indicator	Derg (1974-1991)	EPRDF (1991-2018)	Abiy/PP (2018-Present)
Avg. Annual GDP Growth	Low single digits / Negative	~7-10% (post-2004)	~5-6% (disputed/volatile)
Inflation (Consumer Prices)	Volatile, high (peaked >35%)	High, but managed (peaked >44% in 2008)	Persistently high (>30%)
FDI, net inflows (% of GDP)	Negligible (<0.1%)	Steady increase, peaked at ~5.9%	Declined, volatile (~2-3%)
External Debt Stocks (% GDP)	Moderate, but rising	Significant increase	High, leading to default
Human Development Index	Very Low (Not calculated)	Significant Improvement	Stagnation / Slight Decline
Political Stability	Extreme Instability / Civil War	Repressive Stability	High Instability / Multiple Civil Wars

**Source:** Compiled by the author from World Bank, IMF, and UNDP data. Note: Data for the Derg period is limited and often represents estimates. HDI data became standardized post-1990.

The data clearly shows the economic stagnation of the Derg, the high-growth but debt-fueled model of the EPRDF, and the economic crisis unfolding under the current regime, where initial growth prospects have been undone by conflict and macroeconomic mismanagement.

### Conclusion

The trajectory of Ethiopia over the past fifty years demonstrates a tragic cycle of political and economic turmoil. The Derg regime represents a baseline of state failure, where ideology led to economic collapse and unimaginable human suffering. The EPRDF, in contrast, showcased the potential of a developmental state to deliver impressive economic growth, yet its authoritarian nature and failure to build an inclusive political system rendered that progress unsustainable.

The current regime under Abiy Ahmed, which began with the promise of transcending this history, now appears to be a synthesis of its predecessors' worst attributes. It has combined the EPRDF's unresolved ethnic tensions with the Derg's propensity for large-scale internal warfare. The prospects for the regime are fraught with peril. It faces a trifecta of challenges: restoring peace and political stability in a deeply fractured country, navigating a severe economic crisis without the buffer of high growth or international goodwill, and managing a volatile regional environment.

Without a fundamental shift towards genuine political dialogue, national reconciliation, and an economic model that provides equitable opportunities, the prospects for Ethiopia are grim. The risk is that the country will continue down its current path, not towards prosperity, but towards further fragmentation, solidifying its status as a state caught in a perpetual cycle of conflict and crisis.

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