

Command Economy of Eritrea

ትእዛዝ ወይ አዝዛዛ አኮኖሚያ/ቍጥጠባ ናይ ኦሪትራ

Contents:

1. Tweets related to the topic
2. Eritrea has since then had a command economy?
3. What percentage of Eritrea's GDP is contributed by remittances and agriculture? አየናይ ምእንተጫእቲ ናይ እቲ ረውፍ ናይ ኦሪትራ ኢያ ስርዕቲ ካብ ሪሚትታንስስ/ፈገገታት እውን ኣግሪኮልቲቲ? Quale percentuale del PIL dell'Eritrea è costituita da rimesse e agricoltura?

1. Tweets related to the topic

@EyobGhebreziabhier

Is Eritrea, with its command economy/ትእዛዝ አኮኖሚ, following Ethiopia's free-market path? No, Eritrea's government still controls the means of production, dictates job placements, and sets wages—much like North Korea. However, unlike Eritrea's leader, who can't spell "nation" or "people" or "law" in Tigrinya, North Korea's dictator knows his language thoroughly. Eritrea needs an economic system that fosters unity and development. Along the way, people will learn new financial terms like "Gross Domestic Product (GDP) ረሳኡ ውስጣዊ ፍሬ (ረውፍ) Prodotto Interno Lordo (PIL)."

Tweeted on 08 August 8, 2024

Vocabulary building

Means of production ሞግበሪ (ገበረ) ናይ ፍርረያት means:

"Means of production refers to the assets and resources that enable a society to engage/ አሽልገ/ተሽልገ/ተናጠቕ/ወሰደ in production. These include facilities, tools, infrastructure, resources, and assets used to produce goods and services in an economy. Examples of means of production include factories, machinery, technology, land, raw materials, and transportation. In Marxist theory, means of production refers to the raw materials and means of labor employed in the production process."



My request to the IMF is that Eritrea needs an aid package after the terrible conditions it is in. As we know, since 1993 Eritrea has had a command economy. In this long period, not only are Eritrean citizens prohibited from doing business, their land is nationalized, but they cannot even bury their dead according to their traditions without the consent of the dictatorship. Of this, the prohibition to

enter the corpse of Naizgi Kiflu, a man who was the right-hand man of the dictator I.A., can serve as an example. This testifies that Eritrea must be reconsidered to be for Eritreans. To make this happen, Eritrean society must see a new system and facilities of infrastructure, transportation, education, services, communications, healthcare, energy, public security, ... The population of the Gaza Strip which has 2,1 million of people had 22 hospitals. And it had several universities. But Eritrea which has 3.82 million has yet to see such a life.

But the above text was condensed for tweeting as follows:

My request to the IMF: Eritrea desperately needs an aid package post*-dictator Isaias Afewerki. Since 1993, the command economy has stifled (አልለዎ ሕንቅ) its people— businesses banned, land nationalized, even burial rites controlled. Eritrea, with 3.82M people, lacks basic infrastructure, hospitals, and universities. It's time for change." [*ድሕረ] **Tweeted 09.08.2024**

People also ask why Eritrea is not able to have an airplane just like its neighboring countries: Djibouti, Ethiopia, Somalia, Sudan, etc.? The answer is very simple: it is the effect (ጭዘዝ) of the command economy introduced in Eritrea since 1993 by the dictator Iseias Afewerki. **Tweeted 09.08.2024**

Eritrea has maintained a command economy/ትእዛዝ አኮኖሚያ, contrasting with a market economy*/ዕዳጋ አኮኖሚያ, since 1993. While this system has both pros and cons, Eritrea is one of six countries following this model, alongside nations like North Korea, Cuba, and Iran. Unlike Russia and China, which have their own distinct economic approaches, Eritrea lacks institutions to produce economists, even closing its only university. So, it's no surprise that the Eritrean dictator, I.A., struggles with basic Tigriyna grammar, let alone Tigriyna financial terms. For instance, ሕድረ (masculine noun for 'deposit') is a concept he's unlikely to grasp." (* [* means: supply and demand/ ወከሳ እውን ወረደ/domanda e offerta] **Tweeted on 11.08.2024**

Ethiopia operates under a mixed economy, offering economic freedom, while Eritrea maintains a strict command economy/ትእዛዝ አኮኖሚያ. Consider two bakeries: one in Addis Ababa, the other in Asmara. In Addis, anyone can open a bakery, choose suppliers, and set prices, with the government ensuring safety and fairness. In Asmara, the government controls who can open a bakery, provides all the supplies, sets prices, and dictates production. This highlights the stark difference in economic freedom between the two systems. **Tweeted on 11.08.2024**

Bigger picture

| Command Economy (Eritrea) | Mixed Economy (Ethiopia) |
|---|--|
| Imagine a town where the government controls all the bakeries. | Now, imagine another town where bakeries operate differently: |
| The government: Decides who can open a bakery. Sets the price of bread. Provides all the flour, yeast, and ovens. Tells the bakers how much bread to bake each day. | Anyone can open a bakery if they want to. |
| In this town, the bakers don't have much freedom to make their own decisions. They follow the government's rules and instructions. | The bakers can decide how much to charge for their bread. |
| Summary | They can buy flour, yeast, and ovens from different suppliers. |
| | The government still has some rules to make sure the bread is safe to eat and that the bakeries are fair to customers. |

| | |
|--|--|
| <p>Command Economy: The government controls everything about the bakeries.</p> | <p>In this town, the bakers have more freedom to make their own decisions, but the government still helps to keep things fair and safe.</p> <p>Summary</p> <p>Mixed Economy: The bakers have more freedom, but the government still helps to make sure everything runs smoothly.</p> |
|--|--|

2. Eritrea has since then had a command economy?

Eritrea has had a command economy since it gained independence from Ethiopia in 1993. This means that the government, under the sole political party, the People’s Front for Democracy and Justice, controls most of the economic activities.

For example, The Red Sea General Mills, often referred to as the Biscuit Red Sea factory, is located in Dekemhare and is owned by the Eritrean government. Since the Red Sea General Mills is government-owned, it operates under the directives and **regulations set** by the government, which aligns with the principles of a **command economy**.

Here in the market of Dekemhare town, the price of the biscuits produced by the Red Sea General Mills is set by the government, while the price of a goat brought to market by a peasant from a nearby village is determined by market forces (supply and demand).

In addition, the villages near the factory have yet to experience the factory's product. That is to say the biscuit from the factory does not make part of the village dish just like a fish. It is possible that the Red Sea General Mills focuses on producing biscuits primarily for export to generate foreign exchange.

Despite its importance, the sector faces significant challenges such as low and erratic rainfall, land degradation, and limited use of modern agricultural inputs. However, there have been efforts to improve productivity through soil and water conservation, expanding irrigation, and introducing better farming techniques.

3. What percentage of Eritrea's GDP is contributed by remittances and agriculture? አዋጅ ምእንተጫኝ ላይ እት ረውፍ ናይ አራትራ ኢያ ስርዕቲ ካብ ሪሚትታንስስ/ፈንዋታት እውን ኣግሪኮልቲራ? Quale percentuale del PIL dell'Eritrea è costituita da rimesse e agricoltura?

Remittance/ፈንዋ: Worker remittances from abroad are estimated to account for **32%** of gross domestic product [Reference: Eritrea country profile. Library of Congress Federal Research Division (September 2005). This article incorporates text from this source, which is in the public domain.]

Agriculture/ኣግሪኮልታራ: Agriculture encompasses/**crop** and **livestock/ኣግሪኮልታራ** ይሐቀዮ/ይራቕቕ ቀውዒ እውን እንስሳ.

Crop: The Eritrea has approximately 565,000 hectares of arable land, with major crops including sorghum, millet, barley, wheat, legumes, vegetables, and fruits.

Livestock: Livestock in Eritrea includes cattle, sheep, goats, camels, and poultry employed nearly 80 percent of the population but accounted for only **12.4** percent of gross domestic product (GDP) in Eritrea

Eritrea's agriculture sector is a crucial part of its economy, employing about 70% of the workforce and contributing around **20%** to the GDP¹. The country has approximately 565,000 hectares of arable land, with major crops including sorghum, millet, barley, wheat, legumes, vegetables, and fruits.

Eritrean Notable Industries

1. **Agriculture**: Around 80% of Eritreans work in agriculture, primarily for subsistence¹/ ምእንቲ ቀልለብ/ሀለዎ/ቁመና.
2. **Mining**/ማይኒንግ: Eritrea has substantial mineral deposits, including gold, zinc, and copper¹.
3. **Services**/አገልግሎት: This sector includes banking, finance, and other service-oriented businesses²/ስንዱዎት (አስሰናደው) ጉድዳያት/ውራያት/ዋኒናት.
4. **Manufacturing**: This includes light manufacturing, textiles, and cement production².
5. **Tourism**: Eritrea's rich cultural heritage and natural beauty attract tourists, contributing to the economy².

"It is estimated that 5,000 Eritreans flee the country (ይሁድሙ ካብ እቲ ዓድዲ fuggire dal paese) each month and are thought to be the second largest refugee community in Europe behind Syrians." (Wikipedia). This means that Eritreans flee their homeland $5000 \times 12 = 60,000$ per year.

Vocabulary building

Encompasses = ይሐቀሩ/ይራቕቕ

Eyob Ghebreziabhier Bein
Mühlematt 6
6020 Emmenbrücke Tel. +41 41 534 00 39
eyebright@bluewin.ch
Sewwit.org
13.08.2024

References

Here are some resources that provide insights into Eritrea's economy:

World Bank Reports:

The World Bank has published several reports on Eritrea's economic conditions, challenges, and outlook. These reports provide detailed analyses of the country's economic policies, growth projections, and key challenges¹².

Atlantic Council Report:

The Atlantic Council's report titled "Eritrea's Economy: Ideology and Opportunity" explores the ideological underpinnings and opportunities within Eritrea's economic landscape. It discusses the impact of state control and the potential for economic reforms³.

Books on Eritrea's Economy:

While specific books focusing solely on Eritrea's economy might be limited, broader works on African economies often include sections on Eritrea. Look for titles that cover economic development in the Horn of Africa or post-colonial African economies.

These resources should provide a more comprehensive understanding of the economic challenges and policies in Eritrea. If you need more specific information or further recommendations, feel free to ask!