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ASPECTS  
OF  
DEVELOPMENT

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ECONOMIC DEPENDENCY, ITS CULTURAL ORIGINS AND ITS  
CONSEQUENCES FOR SOMALIA'S DEVELOPMENT

Thesis

Somalia is reputed to be a chronically dependent economy. From the viewpoint of the country's internal dynamics, this is so in large part because it is a society which is marginally based on labour and production, against a backdrop of slender material resources which can be exploited only with imagination and effort. Accordingly, the country's national income and standard of living are very low, and likely to remain so in perpetuity unless it undergoes profound institutional changes with regard to both cultural outlook and economic organization. The aim of this paper is to investigate the nature of this socio-economic dependency, its cultural roots as well as its negative repercussions on the country's development.

It is common knowledge that people of nomadic origin constitute the bulk of Somalia's population, generally leaving their permanent stamp on national institutions, and significantly influencing the character of social existence as well as the course of developmental change, in a manner consistent with their traditional dominance. Accordingly, it is opportune and necessary to look upon nomadism as the primary source of Somali national culture. At any rate, as shall be demonstrated, the worst excesses of the problem of dependency at least can be attributed in large measure to the peculiarities inherent in a nomadic life style. Nonetheless, it should not be overlooked that strong traces of economic dependency are evident throughout the Somali

countryside, whether pastoral, coastal or agricultural, due to the climate of demoralizing poverty which acts to dampen initiative, hinder material accumulation and thus breed economic determinism.

Perhaps what distinguishes pastoral-originated dependency from other types, and therefore renders it more rampant as well as intractable, is that it is, paradoxically, imbued with a restive ambition in its impatience to break away from the constraints of poverty by any means possible. And this tendency acts to compound, rather than relieve, the problem. For the methods employed to deal with it are often unorthodox and, in the end, counterproductive.

The indicators used in this paper to examine the manifestation of dependency in the Somali culture are simply the prevailing negative attitudes toward such factors as work, production, consumption, time, income, money, etc. An attempt will be made to link these attitudes with the phenomenon of dependency to which, it is argued, they inevitably give rise. Moreover, it will be seen that in the process socio-economic development becomes an obvious casualty of such systematic dependency.

#### The Vicious Circle of Nomadic Life

The nomadic way of life is notoriously harsh and brutal, due to the extreme scarcity of water and grazing resources in desert habitats. The nomad spends most of his time, not on productive activities designed to improve his standard of living, but on purely survival chores as he shuttles with his family and stock from one watering spot and grazing site to another. In other words, he spends a considerable portion of his time, especially in the dry season, practically running for his life. In such an environment demanding the capacity for sheer physical survival, he does not possess

the material wherewithal to accumulate resources or raise the basic physical infrastructure on the desert necessary for a better life in the future. For the delicate structure of the pastoral ecology does not permit of such opportunities. Indeed, the Somali nomad hangs on to existence by a bare thread. His life is both brutal and short. Under these static circumstances, the nomad's spartan migratory efforts are motivated less by a driving ambition to improve his economic lot and quality of life (much as he would wish to), and more by a compulsive instinct to remain alive against overwhelming odds. This is an important distinction, for the nomad's daily activities are not much geared to any process of structured production with its calculated potential for accumulation, but are rather governed by the rules of basic subsistence - with a minimum of value added embodied in his labour. He is, in other words, operating within a recurring cycle of subsistence and survival between the rainy and dry seasons. Thus in short, nomadism, at least in the Somali context, is a life-maintaining rather than a productive system. And this is as much as to say that, by its very nature, it militates against material progress.<sup>I</sup>

Even so, desert dwellers highly esteem their way of life. For all its other shortcomings, what endears nomadism as a full-time pursuit (in contrast to cultivation and fishing) to the Somali nomad is that it affords him personal autonomy, if not economic prosperity. It is freedom of movement and personal liberty from extensive institutional interference that he values above all. And in this he finds positive reinforcement in the romanticism of the desert. Moreover, despite the privations of pastoral existence, the nomad enjoys considerable leisure time once the long treks are concluded, especially during the rainy season. This is particularly true with regard to adult males, since the

bulk of nomad subsistence labour is performed by women and adolescents.<sup>2</sup> Abundant free time, which is an inbuilt feature of the nomad's personal autonomy, permits him to engage in his favourite leisure activities. Foremost among these activities is oral poetry in its various forms and expressions. And it is assumed that creative poetry, particularly the genre most popular in Somalia (the epic 'gabay') requires considerable reverie and reflection (i.e. autistic thinking) to flourish, and is ideally perfectable under conditions of extended disoccupation. Indeed, its wider proliferation in the nomadic setting than in the agricultural communities of Somalia bears the testimony to this assertion. (On the other hand, compare this with the institution of 'poet-in-residence' in American universities whereby the chosen poets' leisure is financed to aid their creative efforts.) Besides poetry composition and recitals in competitive circles, other pastime activities favoured by the nomads include folk-dancing, story telling, riddle solving games, information exchange, clan politics and news of the outside world - all in a ritualistic manner impervious of time.

It is no wonder, therefore, that by modern standards such wide spectrum of leisure activities perforce involve a great deal of loitering, idleness and waste of time. But time within the tradition-bound nomadic frame of reference loses the great value attached to it in the high production-oriented societies, with their hectic pace of life in pursuit of economic ends. Since economic progress cannot be rationally envisaged by nomads who are trapped by the bare survival conditions of the desert, time does not acquire the magic attributed to it by modernized societies. Indeed, the management of free time which offers itself in an endless stretch poses a burdensome dilemma for the average nomad as well as for many people in Somalia's urban centers

who cannot or would not utilize it productively. Thus, the most distressing aspect of the non-productive utilization of time in the nomadic background is, as a deeply ingrained habit, that it has been carried over to the modern sector with an undesirable effect. We shall see later how this poor perception of the value of time conspires with other unorthodox tendencies to broaden the dimension of dependency and thereby weaken the nation's work ethic.<sup>3</sup> Suffice it to conclude this section by pointing out that the Somali nomad's attitude toward life is basically existential rather than developmental, in the sense that he places greater stress on the intrinsic value of leisure over the utility of work. And, obviously, this attitude is in itself environmentally determined.

#### The Nature of Dependency in the Pastoral Sector

Predictably, the principal cause of nomadic dependency is the average nomad's extreme poverty which denies him the opportunity to break away from its vicious circle by means of accumulation and economic diversification, since the carrying capacity of the pasture lands together with periodic droughts place a limit on the size of his otherwise naturally multiplying herds, and as a result repeatedly frustrate his economic ambition by keeping him permanently poor. Indeed, the very onset of hard times themselves serve to dramatise the extent of the nomad's dependence on his livestock, which are his only means of livelihood, and which have historically helped to deliver him from assured starvation during climatic adversity. On the other hand, it is important to point out that the nomad subsists not so much on the product of his labour power, but on the natural increase of his stock (which is freely provided by nature).<sup>4</sup> Unlike peasants and industrial workers who apply their

labour to other factors of production in order to create new value, the nomad tends his stock in a relatively passive manner and lives off their produce. This is another significant dimension, for it underlines further the nomad's extreme reliance on his herds that require a modest expenditure of programmed manual labour on his part. In addition, the process of production involved in animal husbandry is far simpler than in either industry of farming, since it incorporates a simpler division of labour. So is the work discipline less strenuous in the case of nomadism which evolves mostly around trekking with the animals, and besides daily subsistence milking, occasional processing of their by-products such as hides, skins, 'ghee and meat. All this amplifies the nomad's low productivity engaging a fraction of his potential labour power. It is therefore not surprising that because of his acquired disdain for manual work, he is humorously labelled as an 'impoverished aristocrat', even if he tirelessly covers a wide territory in search of grass and water. Yet, such a remarkable effort cannot be included under the category of 'conventional labour' having a finished product as an end result. Nor does the nomad's primitive technology allow him to improve significantly the quality of his animal husbandry.

It should be noted, then, that in the light of these pressing circumstances, the Somali nomad is usually a victim of the deep physical insecurities attending desert life, being constantly at the mercy of unpredictable weather conditions which could wipe out his stock and endanger his own life, producing in him a certain psychosis. Yet, his greatest frustration is centered on the fact of his negligible material progress despite his unending aspiration for it, due to the barren desert conditions which stifles the chances of progress. These twin considerations, always present in his mind, tend to colour his worldview as well as the nature of

his social behaviour, often forcing him to invent ingenious ways to ensure his security and achieve some material gain in the process, so as to escape permanently from the spectre of poverty. Indeed, this consciousness of enveloping poverty constitutes the central issue in the nomad's life. And as a symptom, it is crystallized in the nomad's endless preoccupation with it and his passionate search for avenues to escape it.

Being reduced to a state of continual need, the nomad, despite his personal self-esteem, is ruled by the conditions of his poverty, which often dictates his attitude toward others. For he is frequently placed in a position that impinges upon him to seek ways to improve his lowly standard of living and alleviate his poverty, and he therefore finds it inescapable to solicit aid from relatives and friends who are in a position to provide it. But by so doing the nomad is obliged by necessity to establish, even if subjectively, some kind of dependent relationship with his benefactors based on a protocol of deference, even though he is loathe to it (being jealous of his personal autonomy). (It can be imagined that such jealousy is liable to create a conflict of loyalty in the nomad's mind, which makes his genuine gratitude for aid received sometimes questionable. But this is going beyond the scope of this paper.) Nonetheless, the plain fact is that he is habitually in a state of physical want and is forced by circumstances to seek and accept aid. Consequently, in the course of time this bent for want satisfaction through appeal to external aid has achieved the status of social norm among the population, where close economic interdependence is a common feature.

Yet, in so far as the nomad obtains charity in a peaceful manner, it can be said that he is operating within a legitimate framework to achieve his end. However, on occasions he is liable to use illegitimate means such as force or

fraud, especially if he can do so with impunity or feels that the method of straight-forward appeal does not pay. Traditional looting of stock, which used to underlie most tribal conflicts, can be cited as a resort to this form of extra-legality, just as misappropriation of public funds is another more refined manifestation of the same phenomenon in modern times. They both point to the underlying preoccupation with economic security. Accordingly, the dependency motive reflected in them, whether peacefully or violently expressed, is widespread in the Somali culture, and is undoubtedly inspired by a deep sense of privation coupled with a desire for economic self-improvement on the part of the affected individuals.

It can be concluded from the foregoing that what actually continues to institutionalize the dependency norm is that most individuals, whether nomadic or otherwise, have extremely low incomes.<sup>5</sup> This means that their consumption requirements constantly run ahead of their personal resources by a wide margin, particularly in view of the low level of overall domestic production as well as of productivity (per person).<sup>6</sup> And it is this continuing wide gulf between production and consumption which tends to feed the dependency syndrome, both at individual and national levels. As modernization spreads and consumer demand associated with monetization of the economy grow amid stagnant production, so does this gulf widen and the thrust of dependency acquires problematic proportions. On the other hand, the demonstration effect implicit in modern consumer habits worldwide obviously acts to throw the contemporary Somali individual's own sense of comparative privation into bolder relief, making him a greater prey to the pull of dependency.

### The Benefit Principle

Perhaps the most concrete representation in daily life of the dependency syndrome is what may conveniently be called 'the benefit principle'. This describes the cast of mind shaping the attitudes of many people in this environment as they go about the business of earning their living. For the benefit principle urges the individuals persuaded by it to habitually seek easy economic windfalls, including outright donations, and be constantly on the look-out for similarly lucrative sources affording handsome pay-offs. However, the economic benefits received in this manner usually involve no conventional labour in exchange. Obviously, since the division of labour in the Somali economy remains relatively simple, part of the problem is due to the general lack of occupational skills and business opportunities on the part of these benefit-seekers which can conceivably bar their way to legitimate employment. At any rate, a whole stratum of individuals have gradually evolved who show a marked preference for this labour-free route to subsistence and who display a remarkable virtuosity at its practice.

It should be noted that in the traditional Somali nomadic culture, the institution of wage employment (on the basis of payment either in cash or in kind) related to measurable (set piece) production is virtually unknown, due to the absence of mature division of labour under communal subsistence conditions. Thus historically no cultural link was established between work and income generation in the Somali mind; and this institutional dislocation was carried over to the modern period as well. Today, inspired by the benefit principle, there are far too many people who receive incomes or quasi-incomes without necessarily contributing any labour in exchange, or feeling the obligation that they ought to. Typically, they obtain their daily remunerations

from derivative side activities which constitute an additional surcharge on the actual output taking place in the economy, which itself regularly lies below its production possibility curve. Thus, the economy finances numerous shadowy activities which touch on national production only marginally, or have no relation to it, and in this way produce a peggy-back effect on national resources. This large army of non-producers somehow manage to receive a fair share of national consumption, even though they live off their wits and survival instincts rather than their labour power. They tend constantly to improvise ingenious but relatively effortless ways to earn their living and even prosper, including soliciting aid as in the traditional manner. In other words, they carry on, in one form or another, the time-honoured norm of dependency in the Somali culture. In this sense, there is not only evident contempt for the dignity of work, but also a parochial disregard for its value in bringing about social progress. Indeed, this overly casual treatment of work brings into serious question whether the spirit of development as an objective philosophy has yet been fully internalized by the mass of people.

The benefit principle, so defined, is clearly a social problem in its parasitical aspects as well as its compulsive character. And being brought about by need in the first place, it has also snobbish over-tones. For the inveterate benefit seekers are lured as to a magnet by the economically powerful around whom they cluster in dependent relationship, with expectation of benefits trickling down to them in proportion to their attachment to the symbols of economic power. This explains in part the large informal following usually enjoyed by the wealthy. Similarly, institutional authority seems to derive much of its marked influence from the effects of this mechanism.<sup>7</sup>

At present, this phenomenon of regularly extracting easy

benefits at least cost is so widespread as a cultural norm that it has become an informal welfare system supported, as a necessary evil, by private individuals and public institutions alike. Moreover, it is popularly viewed as a kind of social arrangement for income distribution on a casual basis, whereby the flow of these benefits represent an unwritten social tax chargeable on wealth differentials. As such, it is kept alive by the twin factors of economic insecurity and the traditional customs of communal socialism that, under pervasive scarcity, obliges community members to share what they have at the risk of social ostracism.

An objective examination of the benefit principle reveals its wasteful ramifications for the national economy, and by implication the wider task of nation-building which it tends to undermine. For there are far too many claims on national resources which are not offset by commensurate inputs of labour and social services. In other words, a social climate is bound to materialize wherein almost everyone has some economic axe to grind, but only a few are willing to contribute the necessary sacrifices. As a result, there is bound to be a serious discrepancy between the sum total of the rights claimed and the duties actually performed within the body politic.

#### Easy Money and Negative Savings

Having stipulated the divorce which had traditionally taken place in Somali culture between work and income generation, subsequently giving rise to the so-called benefit principle, it is necessary to treat a corollary to this phenomenon, namely the concept of easy money.

In the first place, the practice of thrift and saving seems to be totally at variance with traditional Somali attitudes. The reason is apparently simple and resides in the fact

that the nomadic environment, operating as it does on a low level of subsistence, furnishes the Somali nomad with a minimum of worldly possessions which leave him with practically no surplus for saving and accumulation. Similarly, opportunities for investment and technical innovation under these dismal conditions are all but negligible, and are submerged in the struggle for life. Under these circumstances, a life of material plenty is considered a remote possibility that occurs only in the nomad's day-dreams. Thus, wealth came to be endowed with dramatic fairy-tale qualities in its elusiveness as a desired object. When, therefore, a sudden windfall of wealth is obtained by whatever means, the bounty is quickly spent with festivity and fanfare, being viewed as a rare gift that should be fully enjoyed while it lasts. And it is from such fleeting tastes of the pleasures afforded by brief experiences of wealth which, in the nomad's mind, came to equate wealth over time with the ticket to the enjoyment of life, and not with the possibility of conserving it for future use. A developmental interpretation of wealth, being such an abnormal occurrence, must have been considered impracticable and self-defeating in the barren desert conditions. Thus, an economic ideology of maximizing satisfactions came gradually into currency.

In the burgeoning cash economy, such interpretation of the essential significance of money (which is a symbol of wealth), remains popular among the economically less sophisticated Somalis who are in the majority. For money appears to be still perceived, besides the initial satisfaction of basic needs, mainly as the key to the enjoyment of life's amenities, and not as the path to economic progress through the medium of saving and investment. In other words, instant consumption is given by far greater priority over capital formation, which necessarily requires foregoing some current consumption in favour of productive expansion.

This traditional concept of money finds greater confirmation in the fact that, according to the Somali worldview, attainment of wealth is believed to be not so much the result of thrift and hardwork, but more or less as a game of chance, a matter of good fortune. And this gives added emphasis to the existing psychological wedge between work and income generation already discussed. As an economic worldview, the Somali attitude may invite comparison with Max Weber's comments on the alleged Protestant ethic, which happens to be diametrically opposed to our model.

It should now be apparent that in the Somali context, money and wealth are desired for their own sake, but are divested by default of their time value by investing them with little developmental significance. As such, this attitude begs an obvious link with the above mentioned benefit principle. For as we have seen, the benefit principle cultivates the propensity for easy access to resources without worthwhile effort in the process qualifying their use - testifying to the presence of a fundamental split between labour and income acquisition. Furthermore, this problem was compounded with the other problem posed by the doctrine of easy money with its open disregard for the time value of money and its bias for instant consumption at the expense of thrift and capital formation. Eventually, the two phenomena came to reinforce one another to produce a climate inimical on the one hand to productive wage labour and to saving and investment on the other. Obviously, for a poor country presumably striving for economic growth, such retrogressive forces unconsciously operating within its economic structure is detrimental to its development. As a footnote, it is safe to assume that the high velocity of money circulation evident in the national economy is probably fueled in large part by the spending sprees so common among the majority of the population. And it is instructive to note



that the most popular rationalisation put forward to justify such spendthrift habits is the presumed existence of a mysterious recycling mechanism, whereby any amount of money lavishly spent has a way of somehow coming back as an income. Obviously, this is an illusory if self-serving notion to mask a bad habit. On the other hand, mere evidence of rapid cash flows is often erroneously interpreted as a sure sign of brisk economic developmental activity. Both the benefit principle and the doctrine of easy money have, among other factors, contributed to the corruption prevailing in the public sector as well as to certain mal-practices in the private sector.

#### Corruption in the Public Sector

The state is not only the largest employer in the Somali modern sector, but is also, for obvious reasons, the most powerful organization in the country. Besides, it is the acknowledged national agent of developmental change, and therefore the center of a great many activities of direct consequences for all members of the public. For these reasons and others, it has since its inception attracted considerable popular attention and interest. In particular, its economic power was found to be both impressive and attractive, with a certain touch of charisma. At one time, employment with the government carried with it the mark of high prestige, and was therefore quite fashionable. In short, the power and prestige of the state and its bureaucracy had the effect of capturing public imagination, particularly since 1960, in part due to the well-noted phenomenon of rising expectations associated with independent statehood.

Favourably impressed with the economic power of the state,

and in addition being driven by the possessive appetites of the benefit principle, many people both inside and outside the public sector could not refrain from coveting its overflowing financial resources, and actually planning to secure ways of usurping them whenever they were in a position to do so. Moreover, the peculiarly uncompetitive salary scales in the public service against a backdrop of rising prices paved the way to the gradual erosion of public accountability. Meanwhile, the tendency for high spending, growing out of the depreciation of the time value of money as a potential source of productive capital, further fueled the desire for misappropriating public funds in most cases.<sup>8</sup> In sum, it was a combination of such pressures which had precipitated the current high incidence of corruption in the public sector, and led to the incidental weakening of administrative control machinery in order to serve that end.

Eventually, the public sector has, by common acknowledgement, become a vast welfare system that wittingly or unwittingly caters to the dependency drives of a large army of privilege seekers. In some ways, it is also a virtual relief camp where numerous households receive unofficial economic support in one form or another, and at times irrespective of administrative regularity.

Relief and welfare of this nature may take a variety of shapes, the most notable of which include the following:

- featherbedding: this came about basically as a result of declared government policy of mass employment of educated manpower as well as progressive elements in force since the early 1970s. Predictably, this non-selective policy resulted in flooding the gates of the public service by growing streams of fresh recruits each year. Even allowing for the fact of currently high turnover from the service, this policy is untenable in the

long run, for already at this stage the government's wage bill accounts for about half of its ordinary budget. Nor can it be defended on the grounds of its positive impact on the public economy and social services, since productivity and performance on the job in the public sector are notoriously low due, inter alia, to the serious under-employment of its human resources. In other words, the state, by adhering to its present employment policy, is thereby committed to subsidize a large contingent of excess labour as a matter of principle even when their services cannot be usefully absorbed into an already over-blown public service. As a consequence, this practically redundant manpower on the government's payroll constitutes a burden on the economy, and provides a convenient outlet for the dependency complexes of many nominal employees who are in search of senicures and padded expense accounts rather than productive public careers;

- graft: this issue goes beyond the mere fact of padded expense accounts and minor financial mismanagement inside the national bureaucracy, and points towards the systematic misappropriation of public funds under variety of administrative exigencies. As a phenomenon, it can be traced originally to the breakdown of the motivational system within the public administration, which suffered badly as a result of persistently poor pay conditions in the civil service. The wage freeze effective from 1970, with minor cosmetic upward revisions since, has worked to alienate many public employees from their careers, and began to erode their commitment to their official duties - particularly in view of the absence of an effective evaluation machinery for promotion within the service. In time, self-interest displaced public interest, and cynical self-improvement became the chief motive of many public employees who felt that they were over-worked and underpaid

(in dissonance with the socialist work ethic in vogue). This was particularly disturbing, since employment with the government was traditionally considered a privilege open to a selected few (before it was democratized by the Revolution). Typically, however, a public employee supported a large number of dependents, and jobs in the civil service were jealously guarded by the majority of their holders who faced probable unemployment in a small and crowded labour market should they leave their position. Thus the need arose for those employees who dismissed the emigration option to bypass this dilemma by open resort to corruption in order to supplement their declining incomes.

- To be sure, graft in government, before becoming widespread as a result of worker demoralization, was well-known to the minority of seasoned officials who had pioneered and refined its practice. For it was a commonly accepted dictum among many high officials that such graft was the road to easy money and comfortable life. And for the more ambitious in that category outright misappropriation of public funds constituted the shortest way to raise commercial capital on retirement. Indeed, many successful businessmen are known to be graduates from top ranks of the civil service, where they had acquired both administrative skills and generous working capital. Thus, graft, to the extent that it operates as a source of illegally gained easy money either for immediate consumption or business purposes, is tantamount to a form of usurpation emanating from the spirit of dependency already defined. For such wealth is amassed at public expense, with no exceptional compensatory effort justifying its acquisition;
- the intrusion of private interests: there is, notoriously, an unwritten symbiotic relationship between numerous

private businessmen and public officials engaged in corruption, mostly running their smooth rackets on the basis of mutual benefits for all concerned. For a long time, many people outside the public sector felt deeply impressed by the relatively great wealth of the state (in an ocean of poverty), and have ever since contrived to receive a good share of it by any means, in order to bolster their economic positions. Unscrupulous traders, who were habitually after easy money, saw abundant extra-legal opportunities in the public sector, and skillfully went about exploring avenues to exploit them. In time, they succeeded in making inroads into the nerve centers of the national bureaucracy, mostly by forging clandestine and mutually advantageous ties with willing and sympathetic officials who displayed a similar taste for easy gain. Thus, over the course of years, there has developed a number of elaborate networks designed to usurp within the fragile administrative process, the sprawling resources of the state. Here, too, we have a case of a large category of unearned income and therefore an evidence of the dependency syndrome.

#### Speculation in the Private Sector

Traditionally, commerce held a special lure and promise for most sophisticated Somalis who deemed it as the worthiest of all professions in the cash economy. This was partly as a result of the influence of their Arabian neighbours across the Red Sea, with whom the Somali coast had historically maintained extensive trading contacts. On the other hand, trade was found to be doubly attractive on account of its being a flexible free-wheeling activity with no overly concrete specifications, rigorous physical schedules or time consciousness, as in agriculture or industry; and this

perfectly suited the Somali nomadic temperament which accorded time low value and abhorred manual work. From these attitudes and influences, trade as a profession acquired magical qualities in the Somali mind, which came to regard it as the royal road to wealth and social prestige in the modern sector.

Due to its exaggerated reputation, trade attracted hordes of practitioners, big and small, who had little regard for other occupations, least of all farming and fishing. Thus, trade was engaged in at all levels, ranging from large wholesale establishments (now mostly in the public sector) to the numerous informal sector retail outlets. As a result, trading activities began to weigh down heavily on the narrow Somali market, slowly upstaging other more productive sectors, particularly agriculture and infant industry, both of which show potential promise of growth. In the end, this massive drift toward trade, as the golden profession, was bound to instigate inevitable abuses as uncontrolled competition was unleashed on a limited market. And in turn, these commercial abuses invariably gave way to speculation and monopolistic hoarding. The decline of the commercial ethic was further aided by institutionally-induced commodity shortages and supply bottlenecks as a result of bureaucratic inaptitude - thus providing greater impetus to speculative activities, and finally giving birth to a full-fledged black market. This black market spawned a second underground economy so pervasive in the commodities market that it led to the virtual breakdown of the pricing system, leaving the state powerless to check its growth.<sup>9</sup> Today, the black market has become a way of life for a whole stratum of the population and provides illicit employment to a growing army of petty traders and small time street corner operators who are conspicuous in the main cities (and in defiance of municipal authorities). For the black market

emerged as an alternative source of large-scale employment in an economy of rapidly growing population in the cities, due to migrations from rural areas. And the elimination of the black market will introduce the problem of having to substitute the income of those who live off it with other means of livelihood.

With its artificially high prices, the black market is a heavy burden on the national economy, and plays havoc on the average consumer who, being exorbitantly charged, sees his purchasing power decline on a daily basis. Moreover, the economic gains obtained from speculative activities are not the fruits of either entrepreneurship or productive effort. On the contrary, by the skillful manipulation of commodity shortages, these gains are derived from selective hoarding and the disruption of normal distribution channels, both of which are harmful activities which contribute nothing to total output or capital asset creation, but are rather obvious drains on existing limited resources. Indeed, the dependency syndrome lurks beneath this deflection of the trade purpose, in the quest for easy money with a minimum of effort.

#### The Explosive Growth of the Tertiary Sector

The phenomenal expansion of trading activities over the past several years was part of a broader trend in the Somali economy: the brisk growth of the tertiary sector as a whole, including besides trade, government and services. All these activities within the tertiary sector share the common feature of lower overall productivity, on account of their being markedly labour-intensive, that is their inherent capacity to harbour marginal or incidental labour in their operations. In other words, they employ directly or indirectly, large inputs of manpower for relatively modest outputs.

Moreover, because of their being generally less demanding of enterprise and risk, the sector in its broadest definition tends to attract a great inflow of sinecure and easy-money seekers.

Between 1972 and 1978, according to official GDP estimates, average productive output in the primary and secondary sectors of the economy grew by only 1% annually (industrial and cropping output having actually both declined by 0.5% a year), while the service sector in private and public grew by 6.5%. In addition, the tertiary sector having expanded at a faster rate over the period than either of the two other sectors, finally accounted for nearly 30% of the GDP by 1978. Indeed, if things persist on their current trend, the likelihood is that in the long term, trade, government and services will eventually dominate the Somali economy. And such predominance will obviously be at the expense of the other more productive sectors with their greater potential for value added and real income creation. Already, manufacturing industry accounts for no more than 10% of GDP, and this share of the economy is very likely to decline in relative terms in the future.

In perspective, it is government and trade that account for the bulk of tertiary sector expansion. The problem of big government within the confines of simple economy and with command of a string of auxiliary agencies and offices are known and frequently deplored in developing countries, particularly those which favour a system of state capitalism for political reasons. From experience, such big governments often give rise to lumbering bureaucracies, inefficient services and underemployment or disguised unemployment within the ranks of their personnel. Moreover, these bureaucracies have a tendency toward ever growing expansion and correspondingly declining efficiency over time.

With regard to trade, we have already noted its remarkable

popularity within the Somali masses, nowadays attracting even elderly housewives and very young people. The mania for commercial activities and related services (e.g. real estate speculation) is best illustrated by the following table elaborating the breakdown of domestic credits advanced to each sector of the economy in two consecutive years. As can be seen, the volume of credits allotted to the trade sector averages about 50% of the total loans and advances made by the Somali commercial banking system in 1980 and 1981 (private sector).

Table I. Loans and Advances by Branches of Economic Activity  
(in millions of SoSh)

Sector	1980	%	1981	%
Industry	469.1	23.7	566.4	24.7
Agriculture	166.2	8.4	274.5	12.0
Livestock	141.2	7.2	227.5	9.9
Fisheries	28.0	1.4	21.0	0.9
Trade	1047.7	53.0	1098.6	47.8
Others	125.0	6.3	108.0	4.7
Total	1977.2	100.0	2296.0	100.0

Source: Central Bank of Somalia, Annual Report and Statement of Accounts, Mogadishu 1982

It can be argued that the drift toward trade and services and away from other more productive undertakings bodes ill for Somalia's development prospects. For one thing, the relative predominance of the tertiary sector in an economy is now a well-noted phenomenon in post-industrial societies

since it requires a vast productive base to support this labour intensive but relatively low value added sector. Its unnatural projection on a developing economy is therefore a sure sign of the presence of a fundamental dysfunction in its operations. Secondly, for that very reason, the phenomenon could reveal the preponderance in the economy of speculative and other parasitical activities over and above the physical production of capital and consumer goods. And this, in turn, deepens further the country's dependence on the outside world in the form of escalating imports (vis-a-vis exports) on the one hand, and the need for ever more external aid to cover chronic balance of payments disequilibrium on the other.

#### The Catalytic Role of Public Finance and Foreign Aid

Institutionally, public finance and foreign aid together comprise the twin pillars upon which the Somali economy stands, serving it as the primary engines of growth. At the same time, they also constitute, paradoxically, two complementary tiers which sustain the structure of dependency in the same economy and tend therefore to perpetuate it in the culture.

In the first tier lies the public finance apparatus. We have already seen how the state sector supports the numerous claims of the public on its generous economic handouts and services, be they in the form of nominal employment opportunities or in the form of derived privilege and graft. Indeed, the public sector has evolved into not only a welfare pool at the disposal of a sophisticated few who show a predilection for corruption, but also into a relief center where countless peripheral claimants receive by default many social benefits and economic breaks of various kinds.

Thus, the spirit of dependency which had been carried over from its nomadic setting has thrown its full shadow on the state sector, as the wealthiest supra-national organization in the country - finally reducing it into a clearing house for these competing economic demands, many of which are divorced from the purposes of development.

But yet another economic tier is represented by the agency of foreign aid which has been flowing into the country in generous amounts and on soft term conditions since independence. For a long time, foreign aid discharged the utilitarian function of boosting government income by supplementing its deficit-ridden budget.<sup>10</sup> And such boost was always needed and welcomed by the government, not only to finance its mandatory development programmes, but also to carry out painlessly its inbuilt welfare functions. For the persistent drain on government finance occasioned by heavy public demand for growing relief operations and social services could not be sustained indefinitely without generous injections of external financial assistance.

Thus, foreign aid was transmuted over time into an indispensable arm of domestic public finance itself. Today, the country takes foreign aid so much for granted, and solicits it so actively that it cannot possibly envisage a condition under which it has to forego it one day, since it presently underwrites much of government business and ensures its continued operation at a normal level. Being classed at the near bottom of the least developed countries in the world, it is doubtful that Somalia can function properly without the instrumentality of foreign aid, which today operates much like an economic oxygen tent shielding it from the fallouts of possible bankruptcy. And so the cherished goal of eventual economic independence becomes as ephemeral as ever.

Apparently, the resources of public finance and foreign aid,

far from contributing effectively to development efforts, become wide open to the pressing humanitarian demands of the population. This, together with the havoc played by corruption and misappropriation of public funds, constitutes serious leakages in the financial resources periodically earmarked for capital formation and development. Here again, we have a situation where instant consumption pre-empted almost at source the opportunities for investment at the macro level, with its precondition for domestic austerity for the sake of economic growth. Further, this problem should be seen against the background of declining domestic production and worsening foreign trade position, where the country's export earnings continue to slide down relative to the value of imports, which are more than twice as large as the former.

#### Toward a Development Paradigm and Innovative Institutions

In view of the foregoing observations, it would appear reasonable and necessary that institutional steps be taken to effect change from the grass roots with regard to the socio-economic dysfunctions sketched here - steps that go beyond mere advocacy based on wishful thinking, as is so often the case.

In the first instance, institutional methods should be devised with the objective of forging a firm link between work and income generation, by putting emphasis on the dignity of labour as a rewarding social obligation. In Somalia, poor as it is, a growing leisure class has come into being which thrives on usurpation of one kind or another, and which contributes little to national income. However, this cannot continue unchecked without ultimately wrecking the domestic economy, which is already often de-

risively referred to as a 'basket case'.

A corollary to the linkage between work and income capacity is that the concepts of incremental development and growth (implying hard work) as the road to collective survival and prosperity should also be popularized. Currently, this perception seems to be conspicuously lacking among the mass of people. For more attention seems to be given to preemptive consumption than providing for the future - reflecting perhaps a fanciful flight from the spectre of poverty in a thoughtless manner. Apparently, it is not well appreciated that economic growth (which is assumed to be a desirable goal) calls for thrift and accumulation of capital and consequently for moderate current consumption. Elsewhere, this is universally accepted as a true and tested common sense, which should repress the sole pursuit of consumption and its creature comforts as an end in themselves.

It is here that innovative institutions can play a pivotal role in fostering a positive attitude toward labor and production, which underlie all material progress, especially in conditions of modest resource endowments as in Somalia. However, institution-building is not an easy task, particularly under Somalia's challenging circumstances, where modern institutional infrastructure is notably weak.<sup>II</sup> In any case, the initiation of reform-oriented institutions of this nature need to be engineered by competent and pioneering master-builders who are themselves fully imbued with its ideals, and who are also capable of placing themselves above petty interests (which require an uncommon degree of statesmanship). Above all, such institutions presuppose the existence of well-integrated legal superstructure which must be upheld at any cost, that is not subject to exception, negotiation and bargaining in an effort to weaken its impact. In this way, this steadfast legal framework could act as an antidote against the epi-

demics of corruption and speculation which tend to paralyze all institutional initiative.

On the other hand, education and culture which are essential ingredients in all efforts at reform and development are at present in relatively short supply in Somalia, and for reasons that go beyond simple school enrolment figures. However, conditions hospitable for their healthy growth can be created. It is obvious that an effective educated class is needed to manage progressive change, and reverse the current trend of growing expatriate staff performing elementary tasks, in the wake of the mass exodus of local skilled manpower. And nowhere is enlightened knowledge more important than in those holding key positions which affect Somalia's future.

All this brings us to one important concluding remark; and that is that institution-building presupposes the adoption of a new philosophy and paradigm in concert with the practical requirements of the times. For Somalia has, since World War II, witnessed a historic transition from a simple community of scattered nomadic households held together by the ethos of cultural nationalism to a nation-state based on modern political and societal concepts. By its very nature, this transition had required the adoption of new approaches and radical departure from the traditional ways of doing things. In other words, a fresh perspective was called for that drew inspiration from the dynamics of aggregative nation-building and far removed from the segmentations and sectionalisms of the past. And this was contingent on nothing short of the empirical development of new home-made ideology to conduct progressive change. Unfortunately, so far Somalia has not come upon that paradigmatic formula. And until it stumbles upon it, through the efforts of its leaders and intellectuals, its problems will remain intractable.

## FOOTNOTES

- <sup>1</sup> Ibn Khaldoun, the north African Arab sociologist, is said to have considered nomadism as "anti-thesis of civilization", and that it is also "essentially anarchistic". See Mohamoud Abdi Ali: Social and Administrative Constraints to Development, in: Somali Development Administration, vol. I, no. I
- <sup>2</sup> For a detailed description of the division of labour typical in a Somali nomadic setting, see I. M. Lewis: A Pastoral Democracy (London 1961), in particular chapter 3, p. 56-89.
- Another author, Abdi Arte, writes: "Male chauvenism in Somali nomads is intricately woven into custom and tradition. Since the Somalis are patrilineal the nomadic life style is suited to man's conveniences. The woman makes the mobile guri (hut), mounts and dismounts it, carries water and firewood, cooks food, churns milk and makes ghee. The man sits under the shade and makes decisions on where to graze, where to settle, if and when to move from one camp to another." See his: Socio-economic Background of the Somali nomad, in: Basic Education for Nomads (Report of a seminar held in Mogadishu 1 - 9 April, 1978 by UNESCO and UNICEF; published by UNICEF in Nairobi), p. 16
- Further on the same author notes that "To the nomad poetry is the most important art and much time is spent composing new poems and reciting age-old ones that have been passed on."
- <sup>3</sup> In my: Parochial Cultural Traits and the Work Ethic in Somalia, in: Maamule, SIDAM Journal of Administration, no. 2, 1981, I have attempted to study this issue within the context of Somali Public Administration.

- <sup>4</sup> Gerald Hanley puts it in this interesting way: "...Nomads who had been forced into being parasites of the camel for centuries ...", in: Warriors and Strangers (London 1971), p. 5.
- In another vein, the impression of Douglas Collin was that "the Somali is inclined to be lazy for his dignity does not allow him to do manual work. He usually employs himself in watching his flocks, and he will lie for hours under a shady thorn acacia tree ...", in: A Tear for Somalia (London), p. 15 - 16.
- <sup>5</sup> A recent study of Somalia's rural population found that, on the basis of a calorie supply of 2200 per head, poverty conditions to be tolerable. "However, non-food items have been excluded in the calculation of the poverty line." See Vali Jamal: Nomads and Farmers: Income and Poverty in Rural Somalia, in: Dharam Ghai / Sami Radwan (eds.), Agrarian Policies and Rural Poverty in Africa (Geneva 1983), p. 296
- <sup>6</sup> "According to an internationally accepted 'Productivity Indices' scale, many Somali state enterprises are currently operating at 25 - 30% in manpower utilization, whereas 70 - 75% is the accepted standard in the developed world." From a statement by Ibrahim M. Abyan (Dean of SIDAM) presented to the Seminar on Industrial Development and Management held in Mogadishu, 4 - 6 October 1982.
- <sup>7</sup> This aspect of the nomad's personality has attracted the attention of many observers. See, for example, I. M. Lewis: A Pastoral Democracy (London 1961), p. 1 and 30.
- <sup>8</sup> 'Graft' includes not only outright plunder of public money, but also bribery, kickbacks, illegal commissions, etc., all arising from poor government accounting and accountability. In February 1983 the khat drug was officially



banned. And it is generally acknowledged that the consumption of khat, an expensive habit, was a chief predisposing cause of corruption in the public sector.

<sup>9</sup> "Generally, the prices fixed by the Ministry are not fully upheld by the wholesalers and retailers. The reason is the existing gap between supply and demand for the consumer goods." A statement by the Ministry of Commerce to the Seminar on Industrial Development and Management held in Mogadishu, 4 - 6 October 1982.

<sup>10</sup> 1971 is considered a watershed year with regard to Somali fiscal autonomy, when a budget surplus was recorded for the first time as a result of a number of institutional measures including nationalizations, confiscation of private assets, wage reductions and freeze in the public sector, etc. Since 1979, however, a relapse into budgetary deficit was evident.

<sup>11</sup> For a broader view of this issue, see my: Institution-building in Somalia, in: Maamule Special Issue, 1982.