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ASPECTS  
OF  
DEVELOPMENT

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REGIONAL DISPARITIES AND REGIONAL DEVELOPMENT PLANNING  
IN DEVELOPING COUNTRIES: THE CASE OF SOMALIA

Theoretical Considerations on the Problems of Regional  
Development in Developing Countries

Introduction

The reason we use the cautious headings 'theoretical reflections' and 'an attempt at an empirical assessment' in this paper is that there is an almost complete lack of regionally differentiated statistics concerning Somalia. As a consequence, all statements about individual subregions must be made with great reservation. Although large differences between various parts of the country are known from personal observations, it is impossible to quantify these observed disparities for the purpose of making direct comparisons between one region and another. In the following we shall therefore confine ourselves to describing the regional disparities, their possible causes, and the political and economic strategies for achieving a better balance between rich and poor regions (part I). Wherever possible, we shall consider examples from Somalia (part II). Our paper is thus an attempt to draw attention to the regional problems of Somalia and to give impetus to further scientific study.

The Problem

Although the problem of regional disparities may also be observed in the industrial nations and in the centrally planned economies, it is of particular significance in



developing countries. Here the disparities are frequently very acute, and since the boundaries drawn during the colonial period were arbitrary, national cohesion is weak while centrifugal forces are strong. As a result, there is pressure to pursue an intensified regional policy in order to create the conditions necessary for economic development. In other words, to achieve a regional economic balance in these countries, it is necessary for the state to intervene in support of the less developed regions. This brings up the problem of how to promote a balance between the regions without sacrificing overall economic growth - and here there is a considerable division of opinion as to possible solutions.

The simplest method to eliminate regional disparities would be to leave the underdevelopment regions entirely on their own and to depend upon the 'self-healing forces' of the market economy. This strategy, which can be called 'passive development', consists essentially in letting the unemployed and underemployed work forces migrate from the underdevelopment regions, which automatically results in an increase of the average labor productivity and average per capita income in the region. Experience in industrial countries has shown, however, that such a strategy increases regional disparity because the regional economic structure is adversely affected by the departure especially of trained and more mobile workers, and because the population structure shows an overproportionally high share of the aged and women. The attractiveness of the backward regions further declines so that it cannot be said that the regional disparity has been diminished.

Also, no satisfactory results can be expected for the developing countries from the pursue of such a strategy. Here extensive migration to the larger cities, coupled with an already high rate of population growth, has led to a popu-

lation agglomeration for which these cities were in no way prepared and which exceeded every acceptable degree. If such an extensive migration is to be prevented in the future, then the living standards in the backward regions, which usually have agrarian structures, will have to be improved. It has been shown in the industrial countries that regional economic development by means of tax, monetary and credit policies has only limited impact. In the developing countries, there is usually a lack of investors with sufficient capital, and those who are able - as the foreign investors - prefer to invest in the already developed regions.

A necessary - but not sufficient - condition is, therefore, to improve the attractiveness of the permanent sites in the underdeveloped regions in order to make production possible on the same or even better terms as compared to the already more developed regions and thereby to create incentives for investment.

In any case, this means the expansion of the infrastructure in the underdevelopment regions which is always completely insufficient.

#### The Causes of Regional Disparities

It has been shown that the developing countries, particularly the larger ones, are characterized by considerable regional differences in the level of development. As a rule, the industrialized population centres on the coast, develop more quickly than does the predominantly agrarian hinterland.

Of all the explanations for regional development disparities, the natural differences between areas appear to be the most convincing. Their significance does not only lie in the natural endowment of the region with (natural) factors of production, but as well in the costs caused by long distances,



and by this is meant not only the transportation costs, but as well, the loss of communication and so forth, for example, transfer of information. Important for agriculture are a suitable topography, the quality of the soil and the accessibility to water. Of importance for industry are above all the deposits of natural mineral resources and the availability of primary sources of energy (waterpower) or fuel, while the topography of a region is decisive for the transport costs of all sectors, particularly when the individual sectors are dependent upon purchasing raw materials or pre-products from other regions or, respectively, upon exporting their products to other regions or abroad. Of importance here is the access to waterways (sea or inland water navigation) because these offer the most economical transport possibilities.

Nature, in addition, determines to a certain degree the population and settlement structure because in order to be habitable for man demands are placed on the environment which are independent of the conditions of production such as security from floods, availability of drinking water, and accessibility to transport facilities.

Because the level of technology is continually changing, the importance of the prerequisites of nature for individual economic areas as well as for human habitation also changes. Differences in health care, birth patterns and migration decisively determine the size and the structure of the population and, therefore, the level of development of the individual regions. At the regional level, especially in developing countries, extreme shifts in demographic structures can take place because more extensive population movements can occur within a nation than between nations. Because of various reasons (material need in the emigration areas, the pull effects of the immigration centers, absorption of refugees) migration takes place. Especially men of employ-

able age migrate to the city centers and they are often followed by members of their families. Therefore in the emigration areas from which migration takes place, the share of aged and of women is larger than in the immigration areas, which explains why the activity rate is lower in these areas.

Often regional development differences can be explained by historical contingencies which have little or at least no direct economic reasons. Such a contingency which is especially characteristic for developing countries is the total complex of colonialization by the European colonial powers. One trace of this is the state borders which today mostly still exist and which often separate areas which originally constituted a unit and, without these borders, could develop considerably better economically.

Because international borders signify drastic limits for trade as well as for population migration, the migration and trading area of the peripheral area thusly created end at the border, while at the same time the border itself is not essentially economically attractive. In addition, the population in the border areas is often ethnically and linguistically different from the majority of the population and this, in addition to the spatial distance from the administrative centers, makes it difficult to push through the interests of the border areas. In general, this leads to a more limited economic attractiveness of the border areas.

Coastal regions are an exception to this because, although they represent border areas, they have the advantage of participating in national and international maritime traffic. The easy accessibility of the coastal regions was also the reason why the conquest of most of the colonies began from the coast and why the colonial powers, whenever possible, maintained their centers of administration at the coast. This



may well be the reason why the coastal regions in most of the former colonies are still today the most developed regions, while this only partially holds true for the industrial countries.

From the coast, the colonial powers opened up the hinterland, usually along the railroad lines which they advanced into the interior of the country. Because of this, these countries have no integrated railway networks, but rather more or less interrelated terminal lines into the interior. The railroad lines were usually not connected internationally because of the rivalries between the colonial powers. Instead, we find railway networks which, in part, are relatively worthless for the countries today, which were laid for the defense of the colonial empire and did not correspond with the direct economic interests of the regions.

Also, the administrative division of the developing countries is often a left-over of the colonial period when they served to facilitate the administration of the area through a tightly and centrally organized administration. Mostly this was carried over after independence without basic changes.

One can present many other examples of decisions which decisively influence the regional structure which are based neither on the given conditions of nature nor on other factors of location and which here are treated under the heading of political reasons. Included are all the decisions of the former colonial rulers and those of the political leadership after the attainment of independence, which serve only the personal gain, personal increase in power or result from personal obligations with respect to specific groups or with respect to specific regions. Precisely with regard to decisions with regional policy implications - and this includes practically all governmental decisions - one often suspects that they are made in favor of individual

groups of people who are often identical with the family of origin, the class of origin or the population of the region of origin of the political leader.

The effects generally characterized as advantages of agglomeration for industries result in external utilization and improvement in their competitiveness and their profitability. As long as they are not offset by specific agglomeration problems (pollution of the environment) which are greater than the advantages of agglomeration, regional concentration improves simultaneously the total economic welfare. The combined effect of the advantages and disadvantages of agglomeration - here called the net agglomeration effect - can be positive or negative. The consequence for regional policy making is that for industries only a limited number of permanent sites come into consideration while extensive areas have to remain practically without industry. It is therefore understandable and reasonable that the permanent sites are concentrated even when the limits of the capacity of these areas because of the limits of the external effects are quickly reached. For extensive areas this means, however, that they had to remain practically without any industry while the local crafts continued to lose importance in face of the competition of the cheaper industrial products.

It is an important question if regional development is alone determined by the conditions of nature, by historical contingencies and economic laws, or if other factors, which together with the historical-political reasons often are characterized as non-economic factors, are as important. Here one would have to think above all of the basic attitude of the population toward economic activities in the broadest sense and toward the more or less institutionalized parameters which influence their lives.

The possibility has to be mentioned, however, that the basic attitudes of the population in the individual regions vary



considerably from one another and that the different population groups are not interested in material success to the same degree. In older literature, for example, one finds repeatedly the reference to the necessity of entrepreneurial personalities, in the sense meant by Schumpeter, who are prepared to accept responsibility and to take risks. Doubt has been raised if there is an achievement motivation at all in the developing countries which is comparable to that in the industrial countries. Other considerations which are more important with respect to the theme of this study focus on the group specific differences and, more precisely, those of an ethnographic type.

The developments in Japan and China have shown, however, that economic development problems cannot be simply traced back to specific ethnographic peculiarities. A better explanatory attempt appears to be that most of the developing countries, especially the largest and most populous among them, are ethnographically very heterogenous in contrast to the European nation states (which by and large are ethnically and linguistically homogenous).

Also, the institutional parameters differ in the regional state, which refers less to the generally uniform constitutional parameters and the validity of the individual laws and other legal regulations than to the customs and usage which are handed down, the religious rites or tribal law which regulate individual and collective actions. In addition, there are those parameters which are determined by property, possession and utilization patterns, by fragmentation of farm holdings and the places of work and which can be spoken of as economic order in the broadest sense.

The explanatory approaches for the emergency of regional development differences which are cursorily presented here, in addition to their incompleteness, suffer above all from the fact that the individual factors are interdependent and

neither clearly of equal importance nor clearly hierarchial. It is, therefore, not possible to examine all factors in detail and to establish the responsibility of each individual factor for the establishment of the regional development differences.

#### The Goals of a Governmental Policy designed to Establish Regional Balance

The basic question in development policy and development planning is the definition of goals that should be followed. Various groups of goals can be discerned which can be differentiated in that they, as seen from the perspective of economic policy, are operational to various degrees, whereas the less operational basic goals of societal policy such as peace, freedom, justice, security and prosperity reflect a specific religious or political attitude. From the moral perspective, the elimination of the regional imbalances is the concern of regional policy, especially with respect to raising the living standards of the poorest segments of the population in these regions.

The elimination of regional inequalities is not only, however, a question of ethics or morals, but as well one of economic efficiency. First, this is because individual areas have limited capacities. That is, with increasing population density, respectively with increasing concentration of production in individual permanent sites, the agglomeration advantages are being contrasted by the disadvantages of agglomeration, which could actually outstrip them so that there is a negative net agglomeration effect.

The often ethnically and linguistically heterogenous structure of the developing countries leads to special requirements. As compared to European-type nation states, the feeling of unity is only limited. In many cases, the unifying factors can be traced back to the former colonial



power rather than to a common precolonial history. The borders, the official language, the educational system, the administrative structure and the economic and transportation structures are often the legacy of the colonial period. The maintenance of the unity of the state in the developing countries, therefore, leads to special demands necessarily and above all for development policy and development planning.

In many states the question of regional development contains strong political implications to such a degree that the extreme sensitivity on this subject makes any public discussion impossible. Therefore, the treatment of this question often stands in reversed relationship to the need for integrative policies.

Partially, the individual regions jealously guard 'their' share of the state expenditures, the foreign exchange or the development programs. In this case, from the perspective of integration policy, it is no longer of utmost importance to develop the backward regions, but rather to consider the regions in terms of specific allotments of quotas, for example based on the size of population, which, although they are no longer designed to diminish regional inequality, guarantee (for the moment) the unity of the state.

#### Regional Policy Instruments of Government Development Policy

In order to realize the regional policy goals, it is necessary to select and shape the corresponding economic policy instruments. As long as the individual instruments are not explicitly regionally differentiated, it can be assumed that they have 'area-neutral effects', that is, that they have the same impact in all regions. Correspondingly, one could assume that instruments which are explicitly differentiated by area show different regional effects. This distinction

is, nevertheless, strictly hypothetical, because in the final analysis, all instruments of economic policy, if not all governmental activity, have varied spatial effects.

In contrast to the 'area neutral' instruments, which do not explicitly differ between regions, but nevertheless have different regional impacts, are all those measures which are from the very beginning directed to regulating the economies of individual regions.

First, there are legal policy measures because they are directly effective and do not necessitate payment by the government. To be considered here would be, for example, a settlement or investment stop especially in very developed, or overburdened regions, the requirement that large enterprises establish branches in the underdevelopment regions, the introduction of domestic restrictions for trade between regions, and the creation of compulsory cartels or syndicates for the buying and selling of individual products, and so forth.

Government offers of subsidies or tax exemptions for investments in underdeveloped areas and/or offers of further financial incentives for industry which have the character of subsidization of current production also promise success. Here one is dealing with an almost classic instrument of regional economic promotion.

Often the government in developing countries takes over the entrepreneurial function itself, either by participating in private companies, by founding semi-autonomous corporations or by investing directly. In most of the countries of the world, therefore, the government is the most important client. It is therefore repeatedly demanded that enterprises from the underdevelopment areas should be given preference with public orders because in this way the economy of this region could be both easily and effectively promoted.

In general, the variety and not always obvious interaction



of the various economic policy instruments makes it difficult to shape a development strategy which also meets the goals of regional policy. This holds true especially for developing countries where scarcity of financial means and institutional and personnel limits do not allow much room for an engaged regional policy.

By infrastructure measures is meant the necessary basic structures which are indispensable for economic development of an area. This includes the total of all facilities of the so-called public service administration which are provided by the state or other public territorial authorities (energy supply, transportation and traffic systems, school system and housing).

The expansion of the infrastructure is a necessary, but in no way sufficient, condition not only for economic development in general, but as well, provides decisive points of departure for regional economic development, that is, for the more uniform distribution of economic forces in the area. If additional economic incentives cannot be offered, the infrastructure can lead to a drainage effect. It is understandable that a new transportation link in a not very accessible and backward region only favors the migration of the labor force or respectively of the population there if the area continues to remain unattractive because of, for example, lacking supply of electricity or supplemental industries, in spite of the building of a road, railway line or airport. A similar effect takes place when the educational system is promoted one-sided. The raised expectations with respect to professional chances and income cannot be met in the home region, so that the qualified work force migrates or is not available for the development of the region.

Attempt at an Empirical Assessment of the Regional Disparities in Somalia

Genesis of Regional Disparities in Somalia

In precolonial times (before 1890) Somalia had a tribal community form, the clan-federation system. The various clan federations were connected by complex treaty systems. Each clan federation had its own territory in which its laws were in force. The interactions between the clan federations were based on a subsistence economy. The differences in prosperity within these individual clan territories were not as great as the differences existing today.

At the beginning of the colonial period the country was divided up arbitrarily into four parts. The colonial invaders (England, Italy, France, Ethiopia) who in some cases secured their rights through treaty, broke up each of these parts into regions and districts without regard to the ethnic affiliations of the inhabitants or to the traditions of the clan federations. Each of the colonial territories established an urban centre in which administrative power was concentrated (Hargeysa in the British territory in the north, Mogadishu in the Italian territory in the south, and Djibouti in the French territory far to the north). Besides the integration problems which arose as a result of the development of different constitutional systems, official languages and institutions (police, armed forces), there emerged pronounced socio-economic disparities between the northern and southern territories. Whereas in Italian Somaliland economic interests were strong and a plantation economy (bananas, cotton, sugar-cane) was developed by the Italian company SAIS and by trade organizations, in English Somaliland strategic interests apparently had precedence. There was correspondingly little interest in economic invest-



ments, and public spending for administration, infrastructure, education and health was minimal. No communication system was built between the two territories, and economic activities in the territories were concentrated in a few disconnected regions. This contrasted with a large, non-monetary economic region occupied by the nomadic and semi-nomadic population living at a subsistence level. During this historical phase commercial activities became concentrated in the vicinity of the capital Mogadishu, the banana-export port of Kismayu and the triangle Hargeysa - Berbera - Burao in the north.

After independence in 1960 the first Somali government took over the outmoded colonial economic structure without making any major changes. Thus an economic model was continued which consisted of a few economically viable integrated areas, whereas in the rest of the country subsistence production remained dominant.

The market mechanism in Somalia after independence proved to be inefficient in allocating the naturally available resources. Although the government made efforts to remedy this situation by means of an active regional policy, it had only limited success.

In the 1960s there was a phase of strong economic growth, but the various parts of the country continued to develop divergently. Economic stagnation in some regions caused the most vigorous and healthy inhabitants to emigrate to the slums and ghettos of the cities.

After the socialist revolution in 1969 the new government quickly realized that the previous colonial division of the country into large regions and districts was a hindrance to national development. In 1971 the local government reform law was passed, which introduced a new model of local administration. The previous regions and districts were abolished, and in their place 14 smaller regions and 78 new

districts were created. The purpose was to increase the participation of the population in political decision-making and to make the administrative system more transparent.

The regional re-organization in Somalia also took account of areas which belonged together for ethnic and geographical reasons, thus creating the basis for an active regional policy.

The phase of administrative and industrial concentration in Mogadishu lasted from 1960 to 1969. Industrial efficiency was the sole criterion for allocation of resources.

The years 1969 to 1974 were characterized by a revolutionary upturn in politics and in economy. The aim of regional policy during this period was to settle new industries in different regions of the country. However, this was largely unsuccessful.

The period from 1974 to 1983 is one in which the goals of economic and regulatory policy in Somalia were in constant change.

#### The Causes and the Socio-Economic Consequences of Regional Disparities in Somalia

Now it is necessary to identify the forces which increase the tendency towards regional inequality in low-income countries such as Somalia. The process is a cumulative one in which there is an aggravation of the regional inequalities that result from exogenous factors (such as the supply of resources).

The amount of capital invested by the state is a central determinant of overall economic development, and public expenditures are the main instruments for promoting development in selected regions. The private sectors and private investment can be controlled indirectly through measures in financial and credit policy (tax incentives, etc.).



Since independence the Somali government has tried to maintain continual economic growth. Its goals have been broader control over growth, national economic integration, and reduction of regional disparities. At the time when these goals were set, however, there was an inadequate awareness of the need for regional income redistribution, along with a lack of political will. This can be seen from the published plans and official documents of the period. The main weakness of former economic plans has been their lack of specificity, i.e. their excessive generality.

The tendency to promote the growth of Mogadishu and a few other urban areas at the expense of the rural areas is inevitably leading to greater disparities between the regions and between the various social groups in the population. The consequences of regional disparities in Somalia are particularly glaring. Tribalism and the influence of the clan federations further intensify the regional and ethnic disparities and give them political dimensions.

Since independence industrialization and state activities in Somalia have been concentrated in Mogadishu. This short-sighted policy has had a great influence on all other activities of the state. Statements about decentralization of industry in public documents have turned out to be mere lip service. These declarations of intent have never been transformed into practice.

The forces of economic agglomeration which have led to increased regional disparities in Somalia are very strong and are steadily expanding. They tend to be self-perpetuating, and they magnify differences in prosperity which already exist.

In the phase of global economic recession the consequences of regional disparities are being intensified by rapid population growth. This is made particularly true by the

fact that the modern sector is still very small and is unable to absorb workers who lose their job in other sectors. Rising unemployment and criminality increase the regional disparities even more.

#### Regional Political Measures to reduce existing Disparities

To achieve even a relatively balanced regional structure it will be necessary to make fundamental corrections in economic and financial policy. The state and the economy must make greater efforts in the future to create productive employment and higher incomes for the population, especially in rural areas.

This could be accomplished in our opinion through the following measures:

- development of small industries and trades in rural villages oriented to local resources (agriculture, cattle husbandry, fisheries, mining, etc.);
- expansion of the construction industry and of tertiary activities in selected small district towns;
- development and promotion of tourism in areas with a suitable landscape (e.g. Kismayu) in order to earn foreign exchange.

A further factor that could help to correct regional disparities would be a change in relative prices. An increase in prices for the most important agricultural products can lead to an improvement of the income situation in marginal rural areas.

This however, means that food prices for the urban population will rise, something which no government in a developing country can accept without putting its political power in jeopardy. Subsidization of the food supply to the urban population and to the urban centres at the expense of the rural population is essential to government political



survival.

The type of demand also has a regional effect. An example is the redistribution of income from rich groups of society to poorer groups, whereby different income elasticities are to be expected. In this particular case there will be a rise especially in food demand in the poorer regions.

#### Prospects

Somalia's political goal must be to develop a strategy which gives priority to satisfying the basic needs of the population. The regional policy of the country must be seen as a part of this strategy. One objective must be to make public services (health, education, training) more available to the population. In addition, attention must be given to the vital needs of poor families with regard to private goods (food, clothing, shelter, etc.). A policy which aims to achieve a regional balance of prosperity must provide for a fairer distribution of income, taxes and state expenditures.

The Somali government's present planning and distribution of state investments is not sufficient by itself to implement such a policy. Private investments and foreign capital investments are necessary in order to accelerate the development process.

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