Diaspora Return, Economic Growth and Inequality in Eastern Ethiopia and Somaliland: Redistribution or Reinscription?

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Abstract: Recent academic discussion as well as political and popular debates have increasingly centered on the growth of economic inequality both within and between national economies. Credit Suisse now reports that 50% of the world's wealth is in the hands of 1% of its population, a group of ultra-wealthy mostly concentrated in the US, China and the UK. More generally, while there were for a time hopeful reports based on a "convergence" thesis of global economic development, the share of wealth in already-wealthy countries has increased since the 2008 financial crisis. Over these same years, international development discourses have begun to focus on the role and effectiveness of diaspora groups in redistributing wealth and driving economic development in their countries of origin, advocating for remittances and diaspora investment as an alternative to government aid or other types of foreign aid. This paper offers a preliminary assessment of the dynamics of diaspora economic involvement in Ethiopia and Somaliland and the potential avenues through which diaspora investment may work to redistribute wealth or to bring new dynamics of inequality to local settings—or whether diaspora return may be to some extent more a side effect of global inequality than a potential avenue to combat it. It draws on data from an ongoing study of the economic impact of diaspora return to Jigjiga, Ethiopia, and compares some preliminary results with secondary data from Hargeisa and other locations to develop a better understanding of the promises and pitfalls of diaspora finance.

Introduction

The increasing inequality of the global distribution of wealth in the 21st century's opening years has given rise to intense debate in popular and political arenas, among financial institutions, and in academic forums. From Occupy Wall Street chants of "We are the 99 percent," to controversy over tax reforms in the United States, to government and popular concerns over the European "migration crisis," wealth inequality and its social effects—including migration to wealthy countries—appear to be increasingly central popular concerns on a global scale. At the core of these concerns and the debates that they generate are the same two intertwined questions that have long dominated the field of political economy: a moral question—"What is a just distribution of resources?"—and a political-economic question—"How can a just distribution of resources be achieved?" Answers to these questions have varied widely, and the questions must be addressed in the context of the particular historical moment in which they are asked. It must be noted at the outset that various political movements, policy reforms, and academic theories related to inequality tend to define inequality with reference to a particular population among which wealth and opportunity are distributed. Occupy Wall Street, the current proposal before the US Congress, and a number of current academic debates over the structure of finance capital are focused on a particular national population—this might be described as a *population-centered* approach to inequality. On the other hand, a whole field of development economics and a corresponding apparatus of governmental aid agencies and non-governmental organizations have all focused on redistributing wealth across the nation-state system—what I would characterize as a *place-centered* approach to inequality.

The essence of this paper is a preliminary attempt to relate these two frames by employing a transnational approach to distributions of wealth and opportunity. Following Piketty's approach in his detailed work on the structure of global inequality (Piketty 2014), I am concerned less with the level of inequality in itself than with the processes and mechanisms through which inequalities in wealth (and, relatedly, opportunity) arise in particular contexts. The specific process on which this paper focuses is diaspora return migration from the global North to parts of the Horn of Africa. The paper seeks to offer some preliminary insights into how diaspora remittances and investment in their "homelands" may affect the distribution of wealth between nation-states as well as within the particular contexts in which return migrants live. Two hypotheses guide the study and connect it to a large corpus of literature that has addressed this topic in a variety of ways. The first hypothesis, partly grounded in world systems theory, is that diaspora remittances and return migration (coupled with investment) work to redistribute resources from the cores of the global economy to the semi-peripheries and peripheries, equalizing wealth among distinct geopolitically-defined populations. Numerous studies and ongoing government initiatives have been guided by this idea, and government aid branches as well as international development organizations such as the World Bank continue to tout diaspora channels as a more effective way to engage in development initiatives in the developing world (Burgess 2012; Orozco and Yansura 2013; Orrenius et al. 2012; Plaza and Ratha 2011a). The second hypothesis is that diaspora remittances and return migration (coupled with investment) reinscribe broader-scale patterns of inequality, such as national-level differences in wealth and opportunity, in diaspora places of origin (Garip 2012; Hammond 2015). By reinscribe, I mean to re-establish a social dynamic in a different context—in this case, specifically to recreate international differences in wealth and opportunity as localized socio-economic divisions in diaspora returnees' places of origin. This paper does not offer a conclusive analysis since data collection and interpretation on this topic are ongoing; rather, it seeks simply to lay out some considerations and promote discussion on the topic.

For the purposes of this study, a diaspora is defined not simply as a group of emigrants with a particular national origin, but rather as a group of emigrants who have continued to interact persistently with their place of origin and among which return migration is a present concern (though I do not limit the definition to only include those who actually return to their places of origin). The two polities on which I focus here—Ethiopia and Somalia—have large diaspora populations. Looking at the US, for example, the Ethiopian-born population in the United States was the second largest among African-born populations in 2010;[1] the Somalia-born population was fifth and Kenya sixth. Furthermore, Ethiopia and the self-declared Republic of Somaliland (as well as Somalia) have attempted to mobilize their diasporas to achieve development goals and to develop connections with populations and institutions located closer to the core of the global economy. Somaliland's diaspora interactions have contributed significantly to livelihoods and economic development in the self-declared republic for the past twenty years (cf. Ismail I. Ahmed 2000; Lindley 2010); in Ethiopia's Somali Regional State, diaspora return and investment has increased dramatically over the past decade. The socio-economic impacts of this transformation in the eastern Ethiopian context have yet to be adequately studied.

The first section below outlines the trends and prospects of international and intra-national inequalities in wealth, drawing largely on Piketty's recent work on the subject. It concludes by offering a theoretical critique of such approaches and outlining the alternatives offered by a transnational framework. The second section lays out a transnational perspective on the ethnic Somali diaspora. It first constructs an overview of distributions of wealth within what I term "extended regional space"—the localities in which the majority of returnees to Somaliland and Ethiopia's Somali Region live and which are tied more or less closely to the regional political economy in the Horn of Africa. Second, it reflects on how dynamics within this extended regional space are connected to the economies of Somaliland and eastern Ethiopia. The third section offers a preliminary analysis of data from several sources to assess how diaspora return may be shaping social relations in locations of diaspora return. It mixes quantitative data gleaned from various sources with some qualitative interpretation in light of an ongoing study of the economic impacts of diaspora return in Somali Region. The paper concludes by briefly reflecting on how diaspora return relates to the global structure of wealth and the way that it shapes lives and livelihoods in particular contexts.

Economic Inequality and Human Migration: Trends and Prospects

"Modern economic growth and the diffusion of knowledge have made it possible to avoid the Marxist apocalypse," Piketty writes in his recent opus, "but have not modified the deep structures of capital and inequality—or in any case not as much as one might have imagined in the optimistic decades following World War II" (Piketty 2014, 1). From the Great Depression until the 1970s, capitalism appeared to be

[1] There are no measures of the number of Ethiopians and Somalians who have continued to interact persistently with their homeland as specified in my definition of diaspora; estimates of populations born in these countries are used as a proxy measure, but it should be noted that some first-generation immigrants may not see themselves as diaspora.

generating widespread benefits, at least to inhabitants of Europe and North America; employment was high and intra-national wealth inequality was much lower than it had been before 1930. As these trends stagnated in the 1980s, other economies adopting market reforms—or at least modified market reforms—began to take off. Singapore, Taiwan, Malaysia and South Korea boomed. By the late 1990s and early 2000s, Brazil, China, India, China and South Africa (BRICS countries) were making headlines for their growth trajectories. Increasing (largely academic) pessimism about free-market capitalism surrounding the growth of inequality in the "neoliberal" post-Reagan US and post-Thatcher UK was in some forums eclipsed by celebration of declining international inequality. Convergence theories about national economies utilized national economic measures to suggest that world poverty was on the decline and that nation-states were in general moving together towards economic growth and development. Such narratives continue: "the world is generally getting better," argues one recent news article. "In 1990, about 37 percent of the world lived in extreme poverty, meaning they made less than $1.90 a day (in inflation-adjusted terms). In 2015, less than 10 percent did."[2]

Piketty, however, suggests that equalizing dynamics may be on the wane (if a dynamic of convergence ever existed in the first place, which is debatable): "When the rate of return on capital exceeds the rate of growth of output and income, as it did in the nineteenth century and seems quite likely to do again in the twenty-first, capitalism automatically generates arbitrary and unsustainable inequalities that radically undermine the meritocratic values on which democratic societies are based" (Piketty 2014, 1). In 2017 Credit Suisse reported that the "super-rich" 1% of the world's population now owns half the world's wealth, an increase of over seven percentage points in the past decade since the 2008 financial crisis (Credit Suisse 2017).[3] Beyond this, the population of ultra-high net worth individuals (UHNWIs) with a net worth of US $50 million or more has risen five-fold over the same period. Meanwhile, 3.5 billion adults who account for 70% of the world's working-age population hold a total of only 2.7% of the world's wealth. Many of these are in Africa and India, where 90% of adults have less than $10,000 (Credit Suisse 2017). Uproar about the dynamics and mechanisms of inequality has been a driving force for political maneuvering, including the continuous leaks of documents (e.g. the Panama Papers and Paradise Papers) in recent years that reveal tax-dodging by wealthy individuals and corporations as a means of accumulating returns while avoiding the responsibility of supporting national governments (and their attendant redistribution of finances to poorer citizens).

Piketty's analysis as well as revelations about the practices of "offshoring" and other forms of tax-dodging by the world's richest people highlight the interconnected legal and geographical structures

[2] German Lopez, "This Thanksgiving, be thankful for these 6 ways the world is getting better." *Vox* online, 22 Nov. 2017. https://www.vox.com/policy-and-politics/2016/11/24/13713974/thanksgiving-poverty-war-hunger
[3] See Rupert Neate, "Richest 1% own half the world's wealth, study finds." *The Guardian* online, 14 Nov. 2017. https://www.theguardian.com/inequality/2017/nov/14/worlds-richest-wealth-credit-suisse

that shape where and how people accumulate wealth. On one hand, different polities institute differing legal structures of property and tax wealth and income in a variety of ways, which shapes the possibilities for accumulation and the patterns of redistribution. On the other hand, these legal structures are connected to the geopolitical units in which they are enacted, and guided (ideally) at least in part by the collective interests and wills of the citizen populations as enacted through governance. Piketty's (2014, 1) cautiously optimistic proposition that there are "ways democracy can regain control over capitalism and ensure that the general interest takes precedence over private interests" reflects the nation-state framework that guides his theorization. For Piketty, as for many economists and other analysts concerned with global distributions of wealth, the nation-state is a primary unit of analysis for considering international economic dynamics, while the national population is a primary unit of analysis for considering "domestic" economic dynamics. In an application of Callon's (1998, 16) terms, Piketty's analysis is neatly "framed" by two geographical constructs—the national economy, as composed of and measured in terms of a bounded group of citizens; and the international economy, as composed of and measured in terms of a defined group of nations.

The framing of economic analysis in these terms excludes as marginal to the analysis a number of moral concerns and practical dynamics that may be of relevance. From a moral standpoint, it makes sense to be concerned with objective economic inequality between individuals—but less sense *a priori* to be concerned with objective economic inequality between nation-states. All humans are for moral purposes the same type of thing, and their lives and happiness depend to some extent on access to resources. A fundamental assumption of basic microeconomics is that people make decisions and interact in ways that construct markets through the exchange of goods and services. All nation-states are clearly not the same type of thing—by definition, as geographical units they have different resource basis and populations, and while a pauper may (however unlikely the odds) win the lottery or inherit a fortune and become a wealthy man in a day, it makes little sense to believe that South Sudan (for example) could suddenly catch up to Norway in terms of GDP per capita, financial reserves, and social services for citizens. Nation-states are collectivities whose economies are more than the sum of their domestic parts—they are heavily shaped by a sedimented history of political relationships and individuals within these states constantly bear consequences of decisions that they did not make. In such circumstances, one of the most basic economic decisions that people make within a global economy riven by international inequality is to migrate (or to send a family member) to a location where there is more opportunity to accumulate wealth.

If people were simply free to move between geopolitical units, then concern with the distribution of wealth among individuals would approximate concern with the distribution of wealth among geopolitical areas. Place-centered and person-centered approaches to inequality align in what population ecologists term an "ideal free distribution," in which populations redistribute themselves such that the average reward (i.e., income, wealth, opportunity) in each area of resources is the same.[4] In such a model, inequality between places essentially disappears, and dynamics of inequality would essentially only concern the distribution of wealth among individuals within each place. However, people are by no means simply free to move where they like across the globe. The distribution of wealth between national economies is upheld by legal and political regimes backed by force; they are very far from the results of a free market. An irony of this is that democracy in one polity may lead to exclusion and reinforce economic division between polities. As David Harvey says,

> The political and economic gap between the most affluent workers, in say Germany and the United States, and the poorest wage workers, in Indonesia and Mali, is far greater than between the so-called aristocracy of European labor and their unskilled counterparts in the nineteenth century. This means that a certain segment of the working class (mostly but not exclusively in the advanced capitalist countries and often possessing by far the most powerful political voice) has a great deal to lose besides its chains. (Harvey 2000, 45)

It seems likely that if people from poorer countries were not limited by the relative ineffectuality of their passports and by the often violent means of exclusion from wealthier core countries, the geographical distribution of the world's population—and the distribution of wealth across this population—could conceivably shift in such a way that would make many international comparisons much less relevant than they currently are.

On the other hand, if people were not at all free to move, then concerns with the distribution of wealth among places would approximate concerns with the distribution of wealth among individuals. Concerns over global inequality would first need to focus on how wealth is distributed among geopolitical units, which would be a prerequisite for distribution among individuals. As it is, neither of these situations hold. There are significant barriers and costs to movement, as well as a common proclivity among people to stay in their home areas—and yet people still move, often while remaining attached and attempting to distribute resources towards their home areas. The very concept of an economically-engaged diaspora lies at the juncture of the two frames of economic measurement that Piketty and others use to measure inequality, and suggests that a more nuanced approach is needed to the relations between national-level and international inequalities and the mechanisms of wealth distribution between people and the places they inhabit.

[4] Ideal free distribution models employ a set of assumptions about information availability, the capacity of individuals to move from place to place, etc. There is not room to consider these here and debate the extent to which such a model might or might not apply to global human populations.

A Transnational Approach

There are historical ethnic, gender, class, and regional divisions within national economies that should be taken into consideration when assessing international dynamics. There are also millions of people who move and send money across national boundaries, blurring the boundaries of national economies as discernible units. Considering diaspora-homeland interactions is one way of thinking beyond the boundaries of the national economy: what economic relationships and patterns of accumulation take shape when a group of people live and work in one national economy largely in order to shift their resources into another national economy when their circumstances change? Scholars and development practitioners have considered such questions in detail, but largely remain wedded to the conceptual framework of the nation-state as the most important unit of analysis. De Lange's (2013, 14) concept of "reciprocal embeddedness" argues that diasporas combat economic inequality between nations by forging "intercultural channels" that work to "economically equalize so that the core and non-core countries are more like economic peers." Publications by the World Bank and other financial institutions highlight how diaspora financing might combat international economic inequality (Plaza and Ratha 2011b; Todoroki et al. 2014; World Bank 2001). Analyses by financial institutions recognize the consistency of transnational remittances and propose to attempt to harness such flows and financialize them for the mutual benefit of sending and receiving countries (Todoroki et al. 2014). In 2008 it was estimated that Somalia received between US$750 million and $1 billion in remittances, constituting between 20% and 50% of the country's GDP (Hassan and Chalmers 2008, 3). What is needed is to consider in more detail not only how diaspora finance shapes distributions of wealth across space, but also how it shapes more localized distributions and their attendant social relations—the spaces in which people live and make decisions. Recent research in the Ethiopian context suggests that receipt of remittances may reduce generalized poverty while having little effect on local patterns of inequality (Berhe Mekonnen Beyene 2014). Such localized dynamics are mutually constitutive with broader patterns of interaction within and across geopolitical structures such as nation-state borders and administrative regimes.

A transnational methodological approach attempts to frame economic structures and processes somewhat differently than conventional approaches. Yet a critical problem with methodological transnationalism corresponds exactly to the strength of methodological nationalism. National economic regimes have been constructed over the past century around practices of monitoring and organizing a national economy (Mitchell 2002). Therefore much of the data—especially historical data—that is available on wealth and income is collected, organized, and standardized in national units of analysis. Furthermore, in regard to income and finance, much of the continent of Africa is relatively data-poor.

Data and Methods

In attempting to assess dynamics of wealth accumulation and distribution in a transnational frame, I begin by delineating a socio-geographical space of the extended Horn of Africa region—intending the Horn as well as key areas of settlement and mobility for ethnic Somali and national Ethiopian diaspora, spaces which are closely linked in political and economic terms to the Horn. As might be expected, the national destinations of migrant populations originating in Somalia and Ethiopia correlate significantly across the globe—focused in neighboring countries of eastern and northern Africa and in (refugee-receiving) countries of Western Europe and North America (see Figure 1).[5] Rather than considering the entire global economy, I will focus attention on patterns of wealth distribution within a subset in which large populations from the Horn of Africa reside. For international comparison, I use data on these countries from Credit Suisse's 2017 Global Wealth Databook, which—though the accuracy of its wealth estimates in the developing world is highly questionable—offers a standardized starting point from which to compare differences between countries and regions.

The consideration of international dynamics of wealth distributions across this interconnected "extended region" is rendered complex by an assessment of patterns within particular localities inside these national frames. Here the secondary data become more difficult to analyze transnationally, as such data often come in different formats and with different units of measurement. For now, in lieu of more comprehensive data, I draw on several disparate data sources, including census tract-level data from US Census Bureau surveys (using the US case as a case study that may relate to dynamics in other countries) and data on return migration from government bureaus in Somali Regional State, Ethiopia.

These data sources are complemented by ethnographic primary data accumulated through research among Ethiopian and Somalian populations in South Africa, the United States, and Ethiopia—mainly from an ongoing study involving interviews with diaspora returnees and local businesspeople in Jigjiga, Ethiopia, though this data is informed by previous research in Johannesburg and Atlanta. Analysis of these various types of data—and indeed, my general approach to the issue of inequality—draws heavily, though often implicitly, on the concept of scale as an analytical tool. Scale here refers not simply to the measurement correspondence between a map and the actual distance it depicts. Rather, following Marston (2000), I operationalize scale as a hierarchy of spaces that is constituted and reconstituted around political-economic relations and characterized by uneven patterns of interrelation between these spaces. A notion of scale is helpful in considering, for example, why young in Ethiopia watching American shows featuring ostentatious wealth, large houses, and fancy cars are shocked to hear that every night there are homeless people sleeping on the streets of every major city in the US—or why Somali families who saw a

[5] All figures in this paper were created from data sources listed using the *ggplot2* package in R.

news clip about government aid to families in Norway are suspicious when relatives living there say they can only afford to send $100 per month in remittances. Ideas about the general condition of life in national units—including generalized statistics—and the actual realities on the ground are often significantly different. As one Somali refugee in South Africa told me in 2012, "The idea that I had about the country and what I have actually seen in life here has a major difference." It is crucial not to generalize about diaspora potential to contribute to development based on national or even regional statistical generalizations; rather, local contexts and dynamics are important.

A Transnational Perspective on the Ethnic Somali Diaspora

While the sheer numbers of migration from and return migration to the Horn are much higher since the 1990s than in previous periods, migration and return migration are not new. As early as the 1860s—at the same time when Richard Burton made his famous "exploration" of Harar and its surrounds—Somali communities were established in English ports. British officials carrying out the first surveys of the territory that was to become British Somaliland during the 1890s met return migrants who had been to Europe and returned to invest in livestock. By the mid-20th century, Somali sailors were investing in urban properties in Hargeisa and in trucks to transport goods and livestock between Somaliland and Ethiopia (Geshekter 1985). Yet part of what makes diaspora return such an important subject at the present moment is the level of inequality in the global economy, paired with its structural underpinnings in the form of strict migration controls but also with sharp *awareness* of inequality that is enhanced through electronic media and communications.

Despite the optimism that fewer people are making less than one dollar per day than previously, global wealth is heavily concentrated in a relatively small geographical area and among an extremely small percentage of the world's population. When considering per capita measures, the US, Canada, Australia, and countries of Western Europe fall in a fairly tight group at above US$150,000 per adult, while African countries lag far behind. What is more, the wealth per adult in the global North has increased since 2000, while it has stagnated in eastern African countries, according to Credit Suisse data (Figure 2).

Several factors moderate this assessment, however. First, global data on wealth—especially those estimated through regression by a banking team catering to wealthy clients—are likely inaccurate when it comes to assessing the African context. Yet data on African development indicators from the World Bank also suggest that despite the growth of GDP per capita in eastern Africa (Figure 3), imports have outpaced exports, a deficit which—combined with Africa's relative poverty in the area of financial wealth—suggests that wealth per person may not have kept up with Ethiopia's recent economic growth. Second, such measures tend to exclude from view wealth in the form of land, livestock, and other non-cash resources. With upwards of 60% of Ethiopia's population engaged in agricultural and agriculture-related livelihoods, and with rural land legally removed from economic markets, it is a difficult resource to quantify on a per-capital or per-adult basis.

Despite these moderating considerations, what is clear from both financial data and from everyday experience in the Horn is that there exists a high disparity in wealth at a national level between countries of eastern Africa and those in the global North, and that in connection with constant emigration and return migration flows, a consciousness of this disparity is an everyday experience of the region's inhabitants. Some of the social results of this experience are the common perception of people from North America or Europe—including people born in the Horn of Africa who have spent significant time in these areas and attained citizenship there—as relatively very wealthy people. Yet to shape political policy and social interaction around these national-level differences overlooks the reality of significant disparities within the countries of the global North themselves. In order to more fully understand distributions of wealth across the extended regional space comprising the homeland and diaspora areas, it is important to understand the position of diaspora returnees in the multiple locations that they inhabit. Wealth within much of the global North is highly unevenly distributed. Thus while the United States, for example, has the highest number and one of the highest percentages of people with over $1 million dollars in private wealth, it also has significantly more people who have less than $10,000 to their name than a number of other countries in the extended regional space (Figure 4). A striking measure is that while the United States has the second-highest mean wealth per adult among these selected countries according to the Credit Suisse data, it ranks eighth in terms of median wealth and has the fourth-highest Gini coefficient, showing that wealth is highly skewed (Figure 5). Australia, with a population about one-tenth the size of the US's, has both the highest mean and median wealth and the lowest Gini coefficient of countries in the global north included in this sample.

Localized Inequality in the Global North

Looking at specific US metropolitan areas with large populations born in the Horn of Africa provides some indication of where these populations might fit into the broader picture of wealth distributions. While individual data are not available from public sources, census tract data from the American Communities Surveys (2009-2015) indicate that populations reporting their ethnicity as Somali and Ethiopian tend to live in census tracts with relatively low median incomes. In this case, mean and median incomes across entire metropolitan areas were measured against tracts with populations of at least 50 people who reported Ethiopian or Somali ethnicity. In most major metropolitan areas with large populations reporting Somali or Ethiopian ethnicity, ethnic Somalis tended to live in areas with low median incomes and individuals reporting Ethiopian ethnicity tended to live in tracts with slightly higher median incomes, but both for the most part lived in areas that fell significantly below the mean and median income for the metropolitan area as a whole (Fig. 6). There are interesting variations between cities, such as the indication that in Minneapolis, Minnesota—which over the past 20 years has become the main center of ethnic Somali settlement in the US—people reporting Somali ethnicity do not tend to live in areas with significantly lower median or mean incomes than people reporting Ethiopian ethnicity.

Within these distributions, there tends to be significant skew in income, with the census tracts containing the largest populations of Ethiopians or Somalis falling towards the low end of income (Fig. 7). This distribution is likely shaped by a number of factors, including the relatively recent arrival (within the past 25 years) of the majority of Somalis and Ethiopians, the relatively low average wealth among these populations when they arrived, and their ambiguous place in the racialized economic landscape of the US (Kusow 2006).

In sum, while there may be reasons to be cautiously optimistic about the potential for Somali and Ethiopian diaspora populations to redistribute wealth from the global North to the Horn of Africa, the reality is that within contexts such as the United States, the majority of such populations appear to fall close to poverty levels and must themselves be seen within the structures of inequality in these wealthy countries. There are also sharp inequalities within populations tracing their origins to the Horn of Africa that must be considered. Increasing awareness of such dynamics are highlighted by stories about return migration by a number of people who did not succeed in the wealthy economies of the global North, and yet returned to their locations of origin posing as wealthy investors in order to obtain benefits such as free land or development assistance for their schemes. "I used to think the diaspora were all wealthy," one local businessperson in Jigjiga told me in August 2017, "but then I came to know that some of them have nothing" (field notes, August 2017). He later specified this comment further: "I know the diaspora are not all rich people. I know a guy in Canada who doesn't even have money for transportation" (field notes, November 2017).

Diaspora Remittances and Investments: Redistribution or Reinscription?

Besides the spatial element in the alternative hypotheses of redistribution or reinscription, the element of time must be carefully considered. The very concepts of savings and capital imply refraining from using wealth in certain ways in the interest of gaining more wealth in the future. Immediate demands by family members left "back home" often prove a drain on migrant finances in destination countries (Cawo M. Abdi 2015, 7). Research in South Africa shows that Somali employees in retail businesses were sending upwards of 40% of their monthly income—essentially everything that was not required for daily survival—back to families in the Horn (Thompson 2016). Research in the US and the UK also shows the social requirement of remittances to be a frequent financial burden on Somalis in diaspora (Hassan and

Chalmers 2008; Lindley 2010). "If a Somali guy makes $2,000 per month," one diaspora returnee told me, "he will look for the cheapest area for an apartment, where he can spend like $500.00 per month on rent, so that he can send the rest to his relatives" (field notes, November 2017). Indications from other contexts that sustained remittance flows do indeed boost home-region wealth without necessarily creating dependence (Solano de Almeida 2012) should be seen in connection with the ways that such flows reproduce inequality in destination countries. The result is that, to some extent, while resources are redistributed across space, inequalities between populations (such as White Americans, Asian Americans, and Ethiopian Americans) may be further entrenched.

While it is not shown that remittance-sending is a cause of income inequality between populations, consider that if a family in the US were to send $200 per month abroad, this accounts for a loss of $24,000 in potential savings over a 10-year period—not an insignificant amount in relation to a median income of around $25,000 per year (which is probably just enough for a family of four to survive in most metropolitan areas). On the other end of the transnational connection, it is also difficult without time-series data the impact of remittances on individual families in the Horn of Africa. Household surveys from Hargeisa suggest that as a percentage of the population, the wealthiest group declined while middle classes and poorer classes grew between 1998 and 2003 (King 2003). Middle classes were the most likely to receive remittances from relatives living abroad, and in some cases middle-income families relied entirely on remittances (King 2003, 20)—but it is not clear whether remittances are effective in raising very poor families towards middle-income status, since there is evidence in other contexts that the poorest households are less likely to have the capital necessary to send family members abroad, and thus are less likely to benefit from remittance economies (Garip 2012, 1337).

Numerous studies have examined what remittance-receiving households spend the money on, with an eye to discerning whether remittances fund productive investments or simply household consumption. Analysts employing general models have suggested that remittance investments do not correlate with GDP growth at home, and therefore are not intended as development capital (Chami, Fullenkamp, and Jahjah 2005). Other studies suggest that it is difficult to make generalizations, but that remittances remittances—while primarily used for household consumption and productive of household well-being—may also drive development (Cohen 2011). Significant differences exist across cultural and political-economic contexts. In particular, while much of the empirical debate about remittances over the past three decades has been created in the Latin American context, the social and geopolitical structures there are quite different than in the Horn. For example, the increasing focus in recent years on household migration strategies is appropriate, but may need modification in contexts of extended family responsibilities that predominate in Somali society. "I don't just send money to my brothers and sisters," one woman told me while putting a money transfer from Atlanta to Kenya through a Somali money transfer operator (MTO). "People call me when they have difficulty over there—cousins, aunties, friends, and even sometimes somebody who I don't even know. I'll just send them what I can, even like $20. What else can I do? It's a must!" (field notes, June 2017).

Diaspora investment

In Hargeisa, studies over the past two decades indicate that while most remittances are used in household consumption, there is also a concentration of remittance investments in construction and related business activities (King 2003, 26; Lindley 2010). A similar pattern holds for diaspora investment in Jigjiga and in Ethiopian Somali Regional State more generally. According to 2016 data from the Ethiopian Somali Regional State Ministry of Diaspora, the predominant sector for diaspora projects in terms of the number of projects is Hotels, the third most popular sector is construction, and the sixth is real estate. Most of these investments are concentrated in Jigjiga town (Fig. 8). Hotels, construction, and real estate are largely non-productive areas of investment. While their construction will provide a short-term boon to construction contractors and workers (most of whom are from other regions of Ethiopia), there is not a long-term direct productive gain in the region brought about by such investments. However, according to investors, such investments may be potential stepping-stones to more long-term capital plays. Investors in hotels, restaurants, and real estate in Jigjiga sometimes see these as ways to make a quick turnover while testing the waters for larger-scale investment. It is notable that in Somali Region farming and industry have also become major sites of investment over the past five years, and explicitly recognized by the regional administration as areas in which diaspora investors are creating gains in employment and transferring skills to the local population. Such investments are theoretically more likely to facilitate economic redistribution by enhancing the productive potential of the region and the value that is added to products within regional borders.

One notable pattern of diaspora investment in Somali Region is that while the total amount of investment capital estimated to be pouring into the region from diaspora investors largely reflects the general distribution of wealth among nation-states, the average capital per investment project does not. In fact, in regional government records, projects funded by individuals with Djiboutian and Kenyan citizenship, though few in number, are larger than the average investment project funded by people from the UK or USA. The average estimated capital outlay among investors from the USA was over $250,000 US. Two projects funded by diaspora returnees with Djiboutian citizenship were each estimated at over $2 million, while three projects funded by returnees from Kenya all had estimated outlays of over $1 million. This is not to say that diaspora returnees from Djibouti and Kenya are necessarily wealthier than their counterparts in the US and UK, but may rather reflect a distribution of investments among returnees from the global North such that they maintain investments abroad while also pouring some of their money earned abroad into Somali Region. It is also important to note that despite popular conceptions of the American and UK diaspora as the group that has made it to the pinnacle of migrant locations in the global North (cf. Cawo M. Abdi 2015) is not necessarily the group that is likely to bring the most wealth "back" into their homelands for investment. Many appear to be stepping cautiously into investment while keeping one foot solidly in their country of citizenship.

Whatever diaspora strategies may be, $250,000 is by no means an insignificant sum to invest in Somali Region, especially by local standards. Preliminary results from ongoing ethnographic research among businesspeople suggests that this is a fairly accurate estimate of total capital outlay for investment projects in Jigjiga and its surrounds, and also that it is difficult for most—though certainly not all—local businesspeople to match such a sum. For example, a mid-sized local wholesale business in Jigjiga in 2014 required about $35,000 of start-up capital—an order of magnitude smaller than the average investment project funded by US and UK investors, according to the data. The scale of investment is also connected to the geographical focus of the investor's life. Some diaspora investors are merely looking for a sustainable business that will allow them to return and live permanently in Jigjiga; others are counting on large profits that will fund their lives and children's education in the global North.

Impacts and social perceptions of redistribution and reinscription

The dramatic increase in diaspora return migration and investment in Ethiopia over the past decade has brought about complex and conflicting perspectives on wealth distribution and inequality. Diaspora returnees commonly contrast the work ethic that they learned abroad with the expectations of hand-outs that they see among their relatives in the region. "If you refuse to just give people money—mostly, by that I mean buy the men *chat*—your relatives will accuse you of being tight-fisted," said one returnee in Jigjiga in October 2017, expressing a widespread sentiment (field notes). Indeed, local relations of diaspora returnees in Jigjiga do often express their frustration with the refusal of diaspora returnees to hand out money, and some regard diaspora returnees as closing themselves off in certain sections of town along with the "royal people"—local notables and high-level officials—who are building houses in particular areas of the rapidly expanding city (field notes, June 2016).

Diaspora investors are often conscious of their relative wealth in Jigjiga—200 birr is very little in US terms, but can go a long way in rural areas outside of Jigjiga City—but also aware of the precarity of their position in balancing between two worlds with vastly different supplies of and demands on personal finance. Maintaining families in Europe and North America, particularly in a context in which these families may be a long way below the highest income groups, requires careful financial management and constant attention to the requirements of paying bills and taxes in one's country of citizenship. These demands encourage diaspora investors to return to the Horn, where a small investment will go much farther than in the global North. A number of permanent returnees in Jigjiga are retirees who can make even a small pension or investment account last much longer than it would in the global North. For younger investors, considerations of children remaining abroad and continuing costs of life there often limit diaspora returnees to investing carefully managed sums of money, saved over long periods of time working in relatively low-wage jobs abroad. There is a sense in which smaller-scale diaspora investment might be seen as more a side effect of global inequality in which productive investment in the global North requires substantially more capital outlay for a similar rate of return as can be obtained in the Horn of Africa with a fraction of the start-up cost.

More quantitatively measurable localized economic impacts of diaspora return are at this point difficult to discern until a more comprehensive analysis of costs of living is made. One area about which some comments can be made is the realm of prices in the broader region. The drop of the birr-to-dollar exchange rate by nearly 15% in late 2017 hit some local businesses in Ethiopia hard, while one benefit that diaspora returnees (and also businesspeople from Somaliland) have is access to foreign currency that protects them from such shocks. Commodity prices in eastern Ethiopia and Somalia/Somaliland are constantly shifting under circumstances of recurrent drought, uneven supply, and changes in government policy about the import or export of particular goods. In general, the prices of many food goods in current US dollar terms have tended to rise over the period of recent diaspora return (Fig. 9).

Some residents of Jigjiga complain of rising housing and transportation prices and the inability of local salaries to compete with diaspora or remittance-financed consumption. However, the relative impact of diaspora return and investment in comparison with fiscal decentralization and the growing regional government budget requires more study. Much of the business in Jigjiga appears to rise and fall in relation to regional government spending more than diaspora finance. While the prices of labor in Jigjiga are not available in local datasets, across the border in Waqooyi Galbeed, Somaliland, the cost of labor has risen such that it appears to keep up with the relative increase in prices of foodstuffs. A major difference in Jigjiga's case is that much of the labor requirements of the city are met by migrant workers from rural regions of Ethiopia who are to some extent subsidized by family farm labor and production. Monitoring of the shift in prices of labor and its impact on the returns on capital will be important in the current context, as since September 2017 business owners report about a 30-40% increase in labor costs, from around 120 birr per day for the most basic labor to 170. Since diaspora investment in productive sectors is driven at least in part by the low cost of labor in the region, this may shape diaspora investment strategies—though again this remains to be seen.

Transnational perspectives on the local economy

The goal of this paper has been to outline considerations that ought to be taken into account when considering the economic impacts of diaspora finances, whether these are sent as monthly remittances or brought as large-scale investments in the homeland. A key consideration in the Ethiopian case is that diaspora investment has in large part coincided temporally with increasing fiscal decentralization and the stabilization of the federal system, which is particularly visible in the increasing security in Ethiopian Somali Regional State over the past decade. Fiscal decentralization and diaspora investment have combined to drive a dramatic upscaling of the economy of Jigjiga and the surrounding region, much as diaspora investment played a large role in Hargeisa's economic growth over the past two decades. Studies from other contexts and some preliminary indications of dynamics in Jigjiga suggest that diaspora-homeland connections are working to redistribute significant amounts of finance across international borders; yet there appears little reason to be so optimistic as some, like de Lange (2013), who see diasporas as a pathway to equalization between countries. The preliminary indications suggest that diaspora-homeland relations between the Horn of Africa and countries abroad may contribute to ongoing inequality between migrants and better-established locals in the global North. Furthermore, diaspora investment in Jigjiga is concentrated largely in non-productive enterprises, and thus may not contribute as significantly to local capital formation as it could if directed towards more productive enterprise.

More broadly, I am suggesting that analyses of inequality should seek to move beyond measurements that are primarily place-centered or population-centered, and seek to understand the ways that mobility across space is shaped by and in turn shapes relations of inequality and wealth distribution. Inequality is a significant driver of migration in today's world—a fact that is recognized by new foreign aid investments that are specifically designed to keep people in their own countries rather than migrating to Europe or North America. Yet while migration may alleviate patterns of inequality across national contexts, this does not necessarily equate to alleviating inequality between people: whether or not such wealth circulates beyond migrants and their families and impacts the broader economy is an empirical question, and one that in the case of eastern Ethiopia might require some time to ascertain with certainty.

Acknowledgements

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Statistical Data Sources

American Communities Survey (ACS) 2009-2015, table B04006, "People Reporting Ancestry."
(Downloaded through the acs.r package for R)

ACS 2009-2015, table B19326, "Median Income." (Downloaded through the acs.r package for R)

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Appendix: Figures

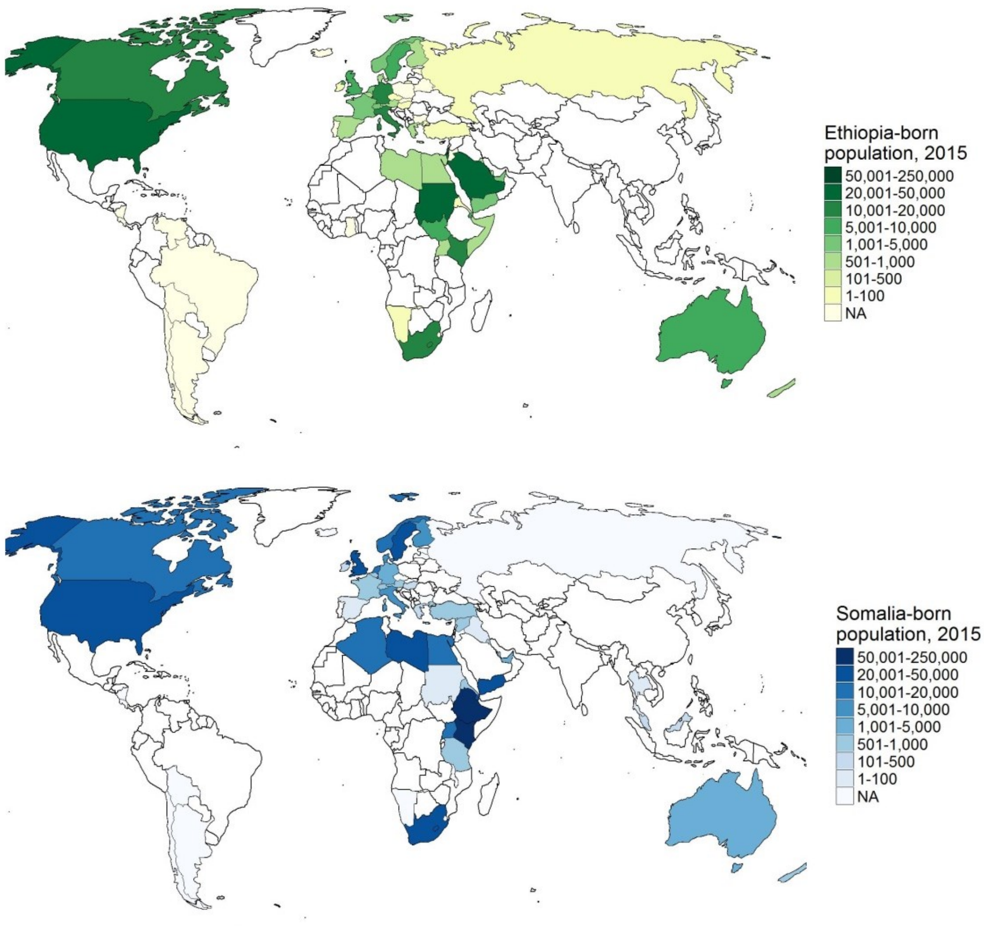

Figure 1: Ethiopia-born (top) and Somalia-born (bottom) populations living abroad, 2015. Map by author, using data from UNDESA (2015). The focus throughout this paper is on the "extended regional space" comprised by the financial connections between the Horn of Africa and primary diaspora destinations.

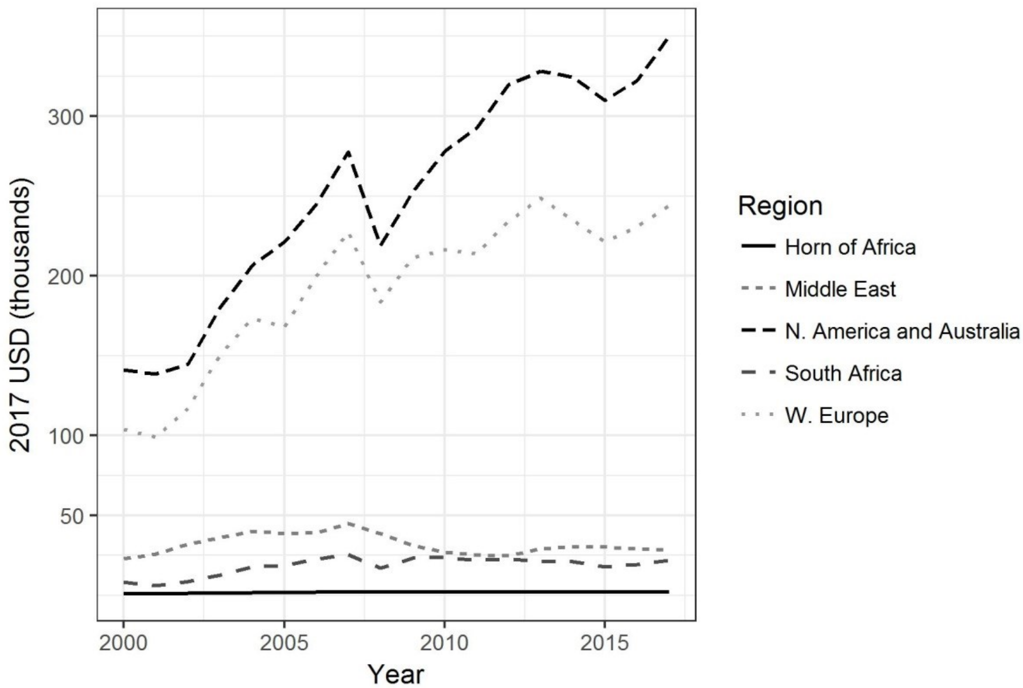

Figure 2: Mean wealth per adult by region, from Credit Suisse Global Wealth Databook 2017.

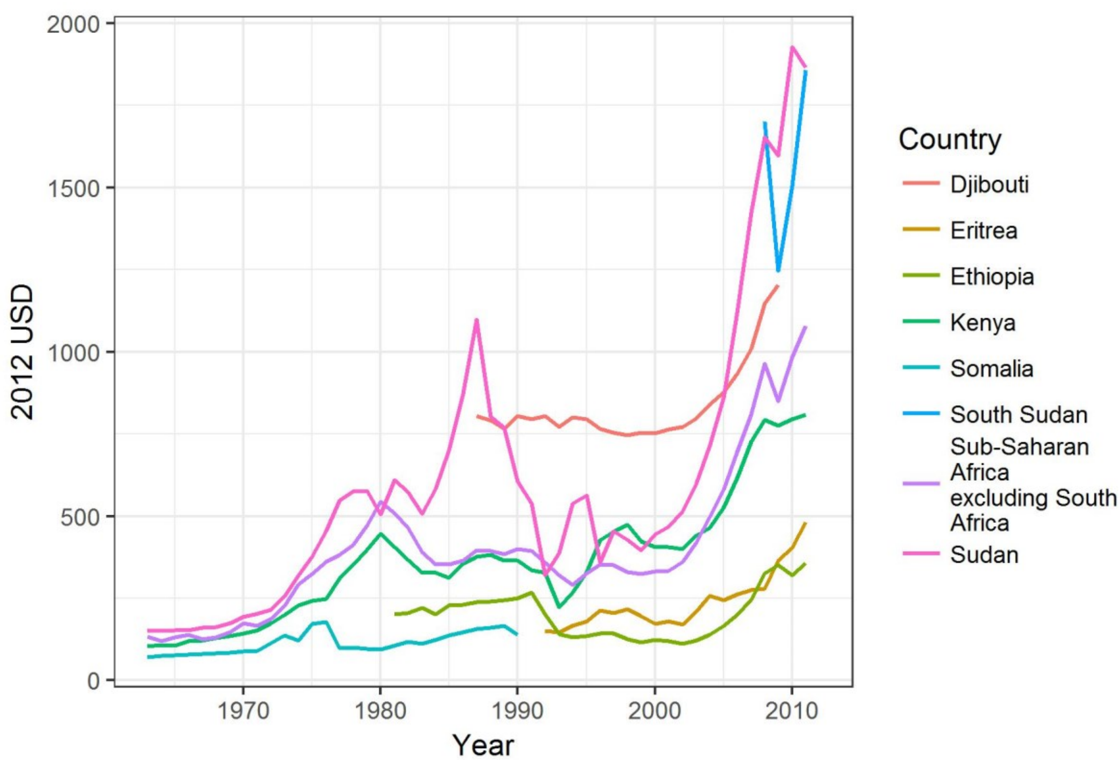

Figure 3: GDP per capita in 2012 USD. Data from World Bank Development Indicators.

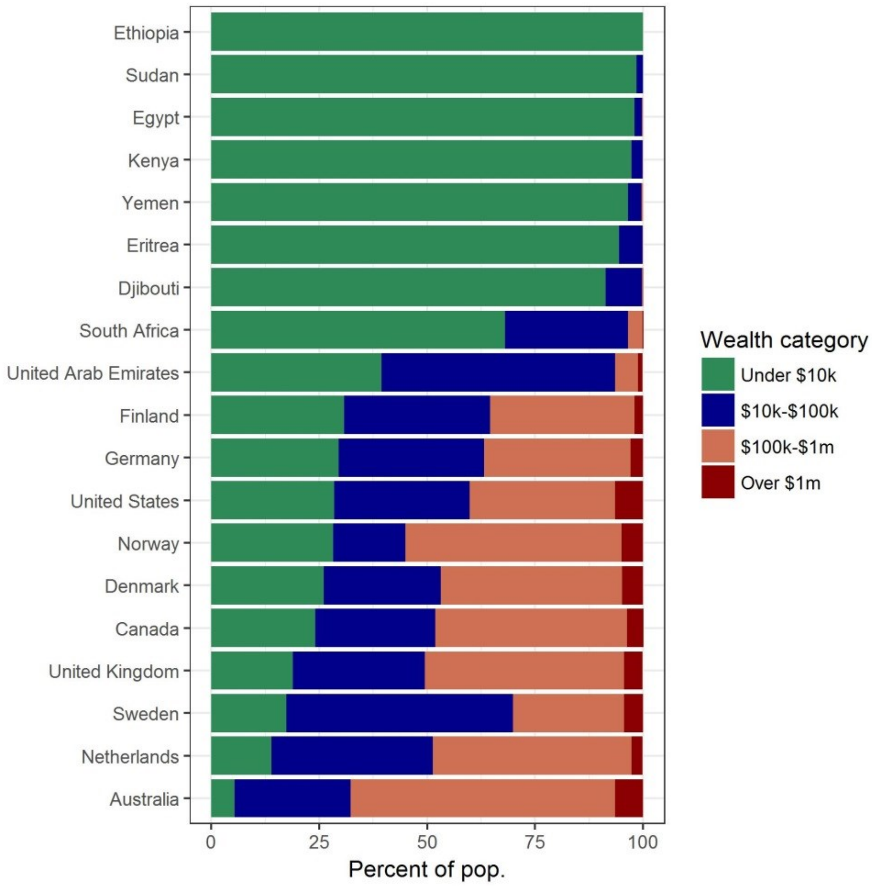

Figure 4: Percent of national population falling within various wealth categories (in 2017 USD), selected countries. Data from Credit Suisse, Global Wealth Databook 2017.

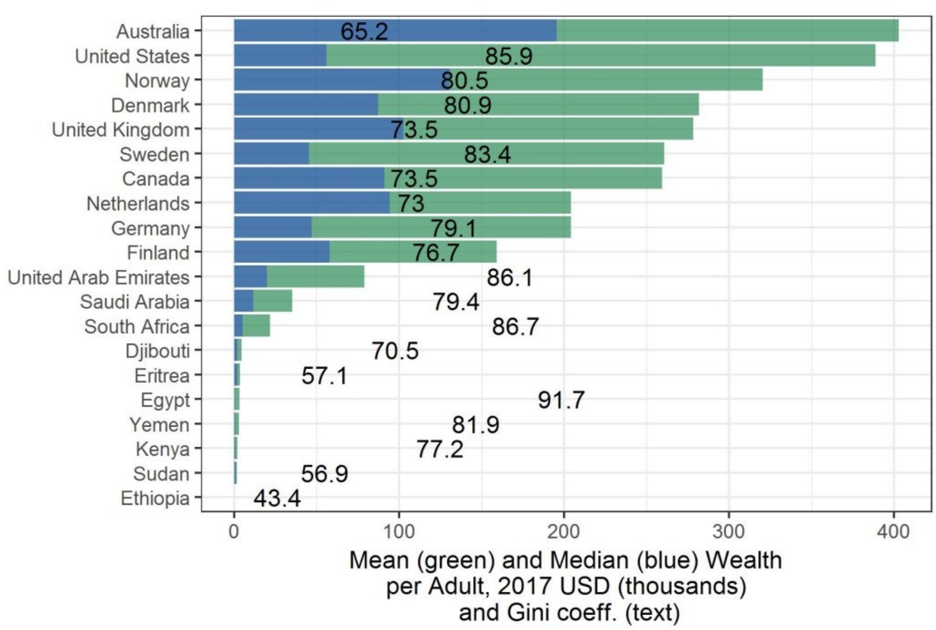

Figure 5: Mean and median wealth per adult in selected countries, and Gini coefficient estimate for national populations. Data from Credit Suisse, Global Wealth Databook 2017.

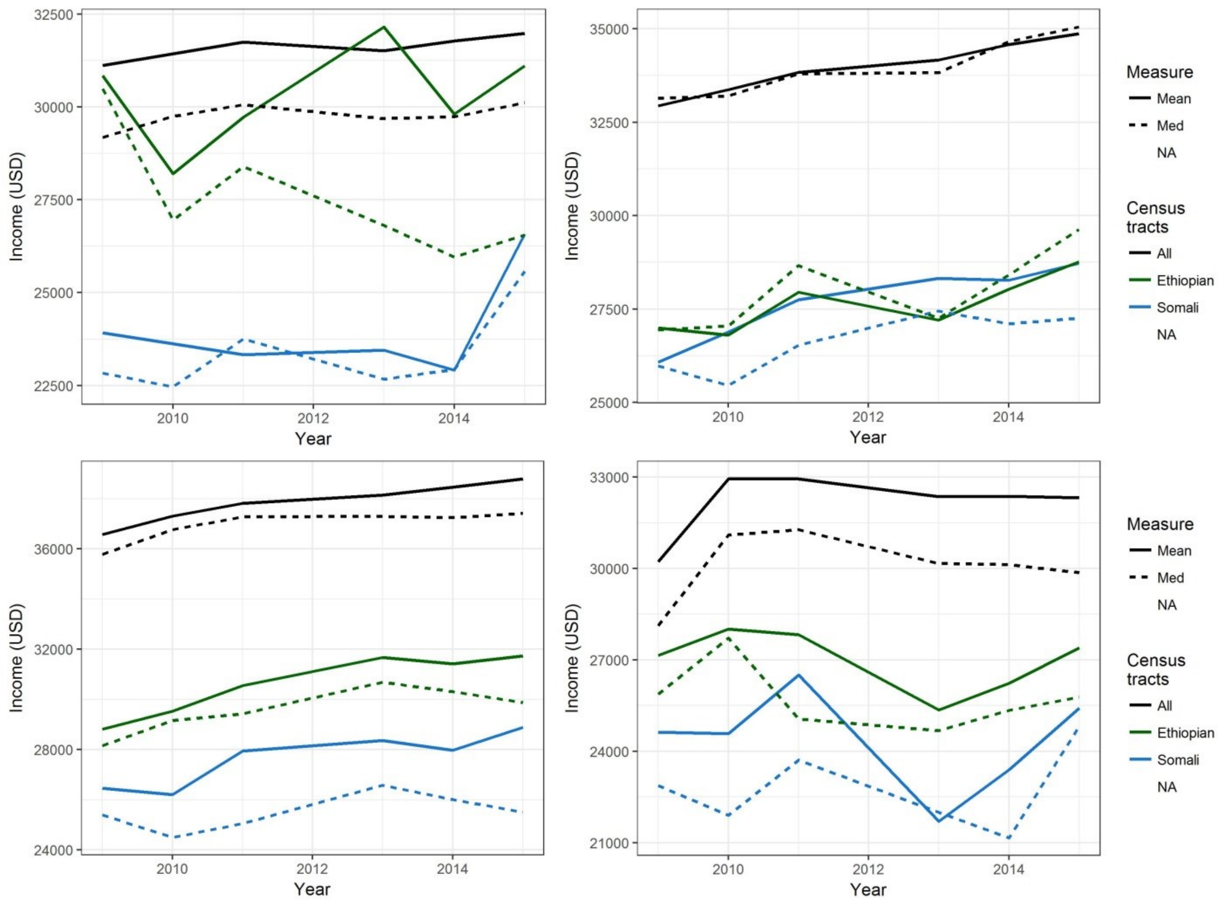

Figure 6. Mean and median incomes for census tracts across metropolitan areas: all census tracts (black), and census tracts with estimated populations of at least 50 ethnic Ethiopians (green) or Somalis (blue). Clockwise from top right: Chicago, Minneapolis, Atlanta, and Seattle. Data source: ACS, 2009-2015.

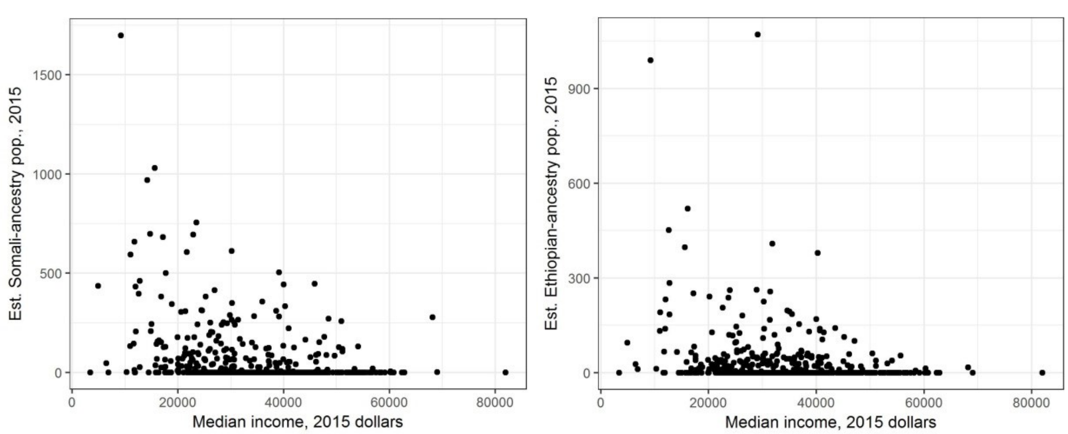

Figure 7. Census tract median income in 2015 plotted against tract populations reporting Somali (left) and Ethiopian (right) ancestry, Minneapolis metropolitan area. Data source: 2015 ACS.

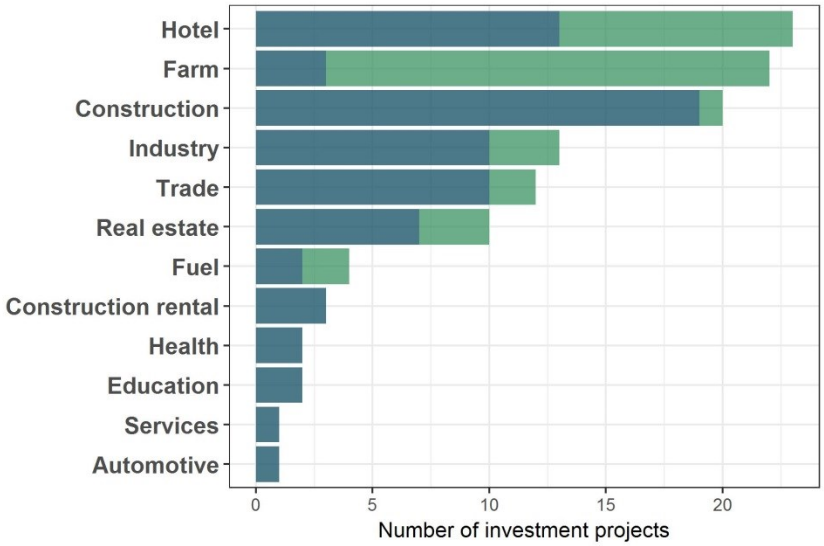

Figure 8: Number of investment projects per sector, Jigjiga (blue) and total in Somali Regional State (green).

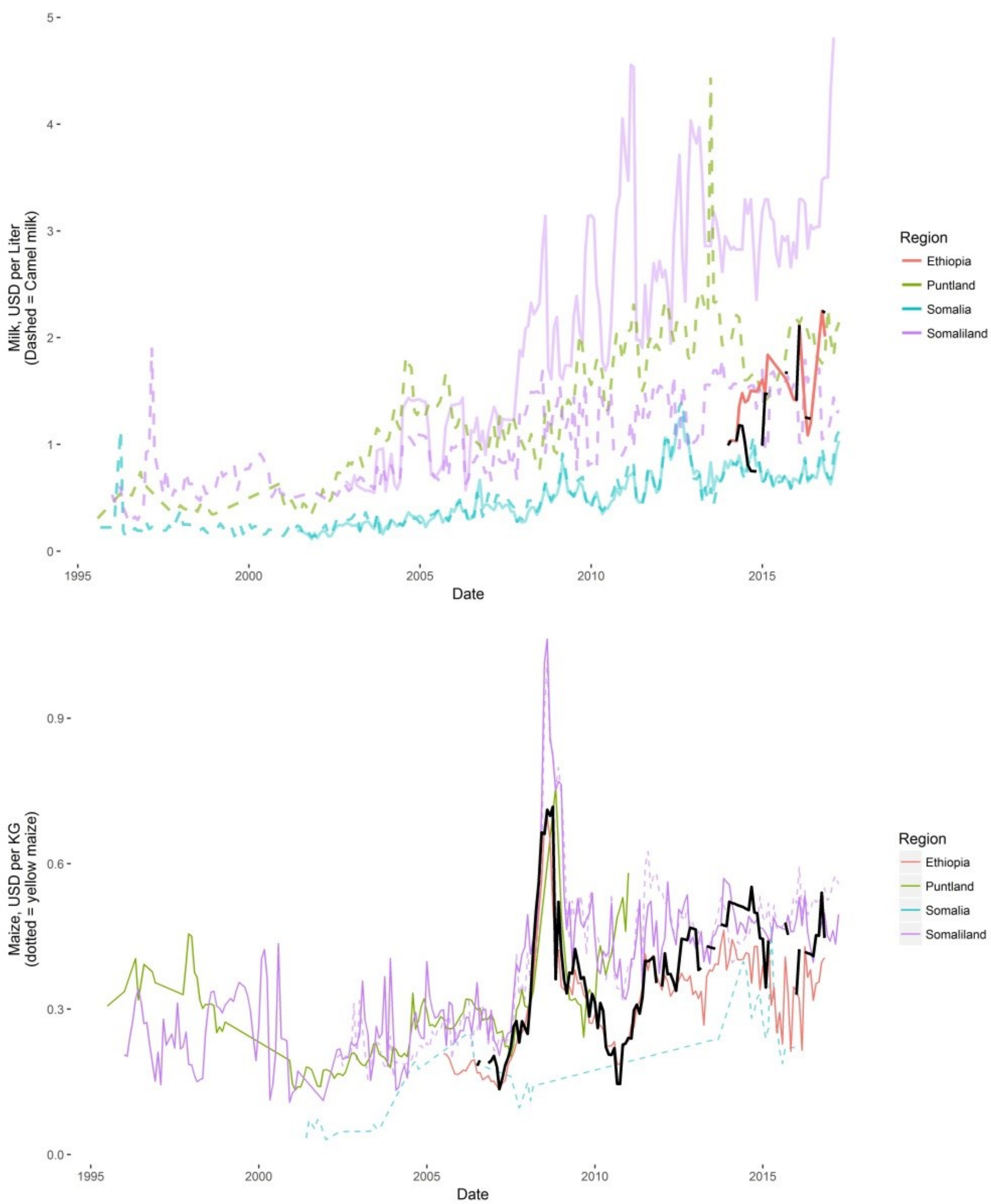

Figure 10. Prices of milk (top) and maize (bottom) in USD for selected locations. Dark line indicates the price in Jigjiga. Data from FSNAU.