

The Great Hargeisa Goat Bubble

By Julian Gough

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The snow had stopped. The world lay paralysed beneath it. We would be here for some time. "Ibrahim Bihi," he said, extending his right hand. "Dr. Ibrahim Bihi. I am Somali. Oh, it is a long story."

"Jude O'Reilly," I said, extending mine. We shook. "Please, tell the story. I like stories."

"Very well, if you are sure... "

He cleared his throat, and began.

"I eked a meagre living, exploiting a fundamental structural discrepancy in the price of Goats." He looked me in the eye.

I nodded. "You've lost me," I said.

"I must apologise," he said. "My degree is in economics, and it has had an unfortunate effect on my conversational English. Allow me to begin again..." He composed himself. "My story is a sorry tale, of the Dismal Science, in the heart of the Dark Continent..."

"Lost me," I said, nodding.

"A story. Of Economics. In Africa."

"Ah, grand. I have you now," I said, entirely gratified by this excellent clarification. I'd known he had it in him, if he simply made the effort. "Now we're sucking diesel! Sound man. On you go."

He recomposed himself and, after a pause, continued.

"After the final collapse of the Somali state, the confiscation of my property, the destruction of my possessions and my repeated relocation due to the toing and froing of multiple overlapping civil wars, I eventually found myself in Hargeisa, owning only a goat."

"What was she called?"

"Who?"

"The Goat."

"She was a goat. She didn't have a name."

"I find it hard to follow a story without a name," I said. "It is a weakness in me."

"Call her anything you like."

"Can I call her Ethel?" I said, for I had a fondness for the name, it being the name of the unmarried sister of the Orphanage Cook. Ethel gave us all a bag of Emerald sweets to share every Christmas. Thus, every third

year I got one and, by rationing my consumption of it to a judicious lick at bedtime, could usually make it last till the taking down of the decorations on January 6th, or a little later. The sweet wrapper itself, stored under my pillow, often maintained a trace of coconuty, chocolatey fragrance till March.

"Feel free to think of the goat as Ethel."

"Thank you." I closed my eyes. Ethel the Goat shimmered and came into hard focus, replacing the faint, nebulous, nameless goat Ibrahim Bihi had originally introduced. Ethel chewed meditatively, and tilted her head to one side, looking at me unblinking.

Opening my eyes again, I urged him to continue.

He continued. "The forced sale of a goat in wartime is unlikely to realise the full value of the goat."

I mentally substituted the word "Ethel" for the terms "a goat" and "the goat", and the meaning became entirely clear. I closed my eyes and smiled fondly at Ethel, as he continued.

"Alternatively, the slaughter and personal consumption of the goat, while keeping one alive in the short term, would lead in the medium term to having no goat, and no money. In the long term, with neither assets nor capital nor cashflow, death would inevitably ensue. Luckily, my PhD had been devoted to aspects of arbitrage; the exploitation of price discrepancies in imperfect markets. I thus resolved to apply my knowledge of temporary market inefficiencies to my Goat."

He thus resolved to apply his knowledge of temporary market inefficiencies to Ethel, I said under my breath.

"This final, or ultimate, goat, on which all my hopes rested, had only three legs, due to shrapnel from a mine stepped on some weeks previously by my second-last, or penultimate, goat, on the trek to Hargeisa."

Hastily naming the penultimate goat Charles, I exploded it immediately before I could bond with it, and removed Ethel's rear left leg.

"Thus the surviving goat's movements were slow, and my search for arbitrage opportunities was limited to the immediate vicinity of Hargeisa airport, where I was sleeping at the side of the runway, for the UN presence at the airport made it a safer place for the homeless, friendless wanderer than in the lawless town proper."

I remembered seeing a postcard of Knock airport sent to Brother Patrocles by Monsignor James Horan to congratulate the orphanage on winning the Harty Cup. I imagined Knock airport, removed the drizzle, clouds and fog, drained the bog, covered it in sand, and increased the temperature by 20 degrees. As an afterthought, I mentally located, just over the horizon, all the stories I had heard the older orphans tell of Limerick City, including the one about the lad getting stabbed in the head with a screwdriver, the one about the 10-year-old in the bus station toilets, and how Aengus McMahon smuggled the bar stool out of Driscoll's after the Microdisney gig.

"I thought long," he continued. "I thought hard. I ate the final remnants of my penultimate goat, which I had cured in salt and carried on the frail back of my ultimate goat to Hargeisa. I came up with a plan. The next day, I ate the mutilated fourth leg of my ultimate goat, as I refined the plan. I wiped my mouth as I finished, and drew a deep breath. It was now, or never. I had neither friend, nor relative, nor roof, nor occupation: I had, in all this world, one solitary three-legged goat. This poor goat, which I had come to love: its hazel eyes: its trim beard: its dry dugs: this poor beast comprised all the Surplus Value I possessed. It was the Rock of Capital on which I stood, raised above the perilous sea in which so many of my countrymen around me desperately swam or, ceasing their struggles, drowned."

In life, in front of me, Dr. Ibrahim Bihi closed his eyes and drew a deep breath, perhaps in unconscious echo, or memory. His voice began again, filled with a strengthening passion.

"That poor goat was my stepping-stone to a safer world, a better world, some greater island raised higher above the perilous waves of Life. My first stepping-stone to the Capitals of Capital: to London, Tokyo, New York, thrusting so far above the sea of subsistence that the people there think the world dry land, so that their inhabitants till recently flew from great Island to great Island far above the sea of suffering, never looking down. Some glanced perhaps out the windows of their planes: but if they saw us they must have thought us waving, not drowning, for they did not come to save us. They did not come. I believe some troops arrived in Mogadishu. Eighteen died: they went home. A million of us not worth 18 of them. A million, not worth 18. America, who built her wealth upon the surplus labour of 20m African slaves. There was no Marshall Plan for Africa."

"What happened to Ethel the goat?" I said, somewhat appalled that he appeared to have forgotten her plight. In my mind's eye, she teetered bravely on her three legs, yet still stood proudly erect, the hint of a tear in her hazel eye.

"Hmm? Oh." Dr. Bihi opened his eyes. "I waited until the daily UN food plane was committed to its final approach: as its wheels touched down at the far end of the dusty runway and I saw the puffs of dust, I drove my goat out of the long grass and into the middle of the runway and, leaving her standing bewildered and blindfold where the tyre-tracks were thickest, I ran back into the long grass. The plane was laden, the suspension heavy, the engines slung low: the propeller took her head off and the headless corpse went under the wheels."

"Oh no," I said, wishing now that I had not visualised Ethel quite so intensely.

"Oh yes," he said. "I went straight to the control tower and demanded to see the airport manager. In Somalia, it is the custom to pay a man double the market price if you accidentally kill his beast. I had the price of two goats in my hand before the plane had finished taxiing back to the terminal."

"What luck!" I cried. "What did you do with the money?"

"I went to the market, of course, and bought two goats."

"They could be friends to each other," I said, pleased.

"The next day I drove the two goats into the path of a Gulfstream jet from Riadah."

"Ah!" First upon my fingers and then in the quiet caverns of my mind I extrapolated from one to two: from two to four: from four to eight: and so on for some time. "And thus," I said after a while, "You quickly became infinitely wealthy."

"Sadly, no," he sighed. "It is the tragedy of arbitrage opportunities: they are killed by those who love them. The Market abhors a price discrepancy... But oh, it is beautiful to watch the market corrected by the invisible hand! The success of my scheme was noted by others: by the third day, rivals were driving goats on to the runway ahead of me. Our competition in the market that afternoon drove up the price of goats. Thus, the market price of two goats, paid to us that morning at the airport for each one of our slaughtered goats, was by that afternoon unable to buy us two goats in the market. Goat hyperinflation had set in, for at the airport the next morning we demanded double the new market price for the goats we drove into the path of an old Aeroflot Tu-144. The airport manager agreed the new rate of compensation. Thus, the compensation now being indexed to the market price of the goat, where the price of the goat is n and the compensation is $2n$, capital was in effect free: no matter how high the goat price soared, the fresh capital

for the next round of goat finance soared along with it. The tap was held artificially open, and a speculative bubble made inevitable.

"However, soon the doubled and redoubled prices paid out by the airport manager had reached such giddy heights that the merchant class grew greedy and joined in. No other asset could offer so high a rate of return as the goat, so capital was now diverted into goats and out of every other asset class, and all but the goat traders were starved of investment. Men sold their very houses to raise the price of a single goat.

"Word had spread, and men drove goats in any condition to Hargeisa from all over Somaliland, and even the other statelets of the fragmented Somalia: from Puntland, from Middle Shabelle and Lower Jubba in the chaotic southern rump state, even from Ethiopia. The market was soon flooded with goats, many of them sick or lame. However, this did not matter, for the demand for goats had become infinite. The runway, being entirely unprotected around its perimeter on either side, was the Platonic ideal of a free market: there were no barriers to entry.

"However, planes were by now reluctant to land in Hargeisa."

Wishing to pull my weight in the conversation, I ventured, "Too many goats on the runway?"

Ibrahim Bihi shook his head. "The goats were not the problem. Certain economic firebrands, frozen out of the goat market, had attempted to introduce the cow as an element of trade at the airport's morning meetings."

"Ah," I said.

"The goat cartel fought this fiercely, as it endangered their near monopoly, and threatened an uncontrolled, overnight devaluation of the goat which could badly shake confidence in the market. Also, the pilots were very unhappy. More importantly, the UN, as issuers of fresh capital and guarantors of the liquidity of the market, opposed the introduction of the cow. Any decent sized aircraft could plough through almost unlimited numbers of the lightweight native Somali goat without risking much more than a puncture from a shattered pelvis or horn, but a couple of cows could take the undercarriage off a passenger plane. The replacement cost of an aircraft dwarfed even the inflated cost of the goats, and the UN made an informal deal that if we kept the cows off the runway, they would continue to pay out for the goats.

"That was good?" I ventured.

Dr Ibrahim Bihi nodded. "Of course, some fiscal conservatives within the UN wished unilaterally to halt the goat payments entirely. It was, however, too late to do this, as an enormous re-allocation of capital had already occurred, and the personal wealth of the entire Hargeisa middle class, and indeed that of many enterprising UN employees and most of the pilots and crews flying the route, was by now tied up in goats. To abolish the payments would have led to a collapse in market confidence, the panicked sale of goats, a flooded goat market and subsequent price collapses that would have ruined most.

"As you can see, we had entered a classic momentum market, where the price of the goat had decoupled from the fundamental value of the goat: the cost of a goat now vastly exceeded the capital returns which were possible over its lifetime from sale of milk, cheese, and, ultimately, meat and skin. However, vast fortunes can still be made in strong momentum markets, regardless of fundamental values, as long as you are not the one left holding the goat when the reversion to fundamental value occurs. And so I stayed in the market, fully invested in goats.

"By this time the goat craze had become a mania. A severe shortage of goats, and infinite demand, led to excesses. The price of goats became ludicrous, and many animals were led to the town market which were

loudly proclaimed to be goats but which on closer inspection proved to be dogs, dressed up. They were purchased anyway, the frightful animals, at grotesque prices.

"The sheer length of the boom was now leading to increased confidence. There was a loosening in credit. It seemed madness not to lend to a man who could pay you back handsomely the next day. And as a creditor, once you'd borrowed and repaid with interest a couple of times, the banks began to persuade you to borrow more.

"Soon the shortage of actual goats led to a booming market in goat futures, goat options and increasingly arcane goat derivative products. This trade in young, unborn, and even theoretical goats allowed yet more money into a market whose only bottleneck or brake up to this time had been the physical shortage of actual goats.

"So crucial to the economy were goats now, and so fatal to our people any collapse in the goat market, that the UN appointed a Unicef Official with Special Responsibility For Goats. Around him swiftly sprung up a bureaucracy. A well-meaning man, his attempts to stabilise the goat market were well-intentioned. However, this intervention by the authorities was, as ever, late and ineffectual, indeed, counterproductive. Reassured that the UN wouldn't let the market collapse, prices soared higher. It had become a one-way bet.

"The Airport Manager had by now begun to fly in goats, to sell at market for nearly twice what he was paying out, thus financing further imports. This meant both more goats and more planes arriving to run them over. Now that everybody was benefiting there seemed no need for the boom ever to end. True, the Unicef budget for Somalia was paying out increasingly large compensation fees to the owners of dead goats, but one of the first moves by the Unicef Official with Special Responsibility For Goats was to make the goat compensation fund self-funding by hedging much of it in goat futures. Now, every time Unicef pushed up the price of goats by paying out double the market price, it regained the money fourfold, as its goat futures contracts soared in value.

"The only drawback was that the slaughter on the runways each day was by now so great that it was becoming a hazard to land, and it could take till nightfall to execute the day's quota of goats, with planes forced to slaughter animals all the way down the runway, then often all the way back again, to hit the ones they'd missed and to finish off the wounded, and then again all along the taxi-route back to the terminal. Takeoffs were being delayed while the bodies were removed from the runways, which lowered the number of flights and thus the potential revenues generated for all. This was solved by bringing in an electronic Goat Accident and Compensatory System to replace the cumbersome physical system. Now, instead of herding your one, then two, then four, then eight, then 16 goats on to the runway each afternoon, each of which then needed to go through the labourious process of being hit by a landing aircraft's undercarriage, wingtip or propeller, you simply input your goat numbers into the GACS. The airport manager input all the flights due in that day, each flight was allocated its goats, and the compensation due each trader came up on the Big Screen.

"Some missed the blood-soaked runway of the old system, the shouts of the traders, the roar of the engines and the shriek of the goats, but all acknowledged the increased efficiency of the new system. Often two full trade cycles could be executed in a day, doubling turnover. By the end of the year, Hargeisa contained 14,000 millionaires and Unicef were running a paper profit of over a trillion dollars." He sighed.

"Then what happened?" I said.

A curious sorrow seemed to fill him. "Now that we were trading virtual goats, a peculiar lassitude began to sweep through the trading classes. Oh, certainly, paupers were becoming millionaires, and millionaires were soon billionaires by merely getting out of bed and showing their faces at the beautiful new Goat Exchange, but the heady joy of the early days had gone. Of course, by now, the volume of theoretical goats being traded was so vast that they outstripped the world's population of actual goats. Should too many

traders simultaneously seek to see their actual goats, there would not be enough: and a run on goats at the Central Goat Market could cause panic, and disaster.

It was reluctantly decided to take our currency off the Goat Standard, so that however rich we grew, we had no automatic right to exchange our wealth at the Central Goat Market for a physical Goat. The Goat was made mere Flesh, as Gold had been reduced to mere metal after the fall of Bretton Woods."

"Ah," I said non-committally. The name Bretton Woods rang a vague bell. American name. A golfer? I nodded my understanding. Dr. Ibrahim Bihi continued.

"A physical goat was now a mere historical curiosity: the vast new electronic Goat Exchange had replaced the old, dung-stinking Central Goat Market, from which the few surviving obsolete goats were released to wander where they would. Trade grew lethargic. It was no longer necessary to get out of bed. Billionaires became trillionaires by merely phoning in their figures to GACS. Yet the millionaires envied the Billionaires: While the Trillionaires feared the millionaires. Trade became vicious yet meaningless. Everyone was growing richer, yet somehow more anxious. Without a solid goat to give value to the figure, one's wealth only had meaning in relation to another's wealth, and was thus never enough. Someone, somewhere, always had another zero. On the day I became a billionaire, I felt poorer than when I had owned but a single goat. What could you do but trade more, trade harder? The social anxiety and sense of failure felt by the millionaires and billionaires in a city of trillionaires caused despair, self-harm, even suicide.

"Trade went on all night now: men hardly slept, or saw their wives or families. They spoke of nothing but goats, yet had soon forgotten what the word goat had once referred to: many younger traders had never seen a goat.

"Yet the new wealth was meritocratic: old money, in property or cocoa, or oil, was easily overtaken by that of young, brash goat traders who better understood these new rules.

"Confused by all I had wrought, and by now so rich that there was no word in common use that could describe my wealth, I returned one day to the old Hargeisa airport runway, the site of my glorious notion. It was disused now, of course, for our wealthy nation had outgrown the source of its wealth. The transport of goats was no longer necessary, and we no longer needed aid. Our luxury goods arrived through the new, modern airport and electronic Goat Exchange on the far side of Hargeisa.

"The long grass had spread from both edges to reclaim the old runway. And there I found, munching quietly, disregarded in the long grass of the abandoned airfield, two goats."

Nell and Mick, I thought to myself, and saw them clear as day before me. Though grumpy (I thought), they love each other. Mick nuzzled Nell. Nell kicked him.

"And what happened then?" I asked, as Mick mounted Nell in my mind.

Dr. Ibrahim Bihi sighed. "While I stared at the two goats I received a frantic call from my office: the bottom had fallen out of it, and we had all lost everything. But who could have predicted that?"

"Who, indeed?" I said.

"The dream had ended, and it all went away. The luxuries, the money, the gleaming towers of steel and glass. The people lost faith in the system: good companies followed bad into ruin, for it turned out that those not trading goats had yet been corrupted by them. Envious of our billions, they had fiddled the figures and diddled the books. Now all that had seemed sane behaviour in the long dream of the bubble looked criminal madness in the cold light of day. Heroes of the goat market were fired, divorced, jailed for the

very ambition and creativity that had made them heroes. All fell apart. The delicate fabric of society unravelled. Somaliland lay again in ruins. I again had nothing. It was as though it had never been... I cut a stout stick from the bushes, and slept at the edge of the runway to escape my hostile creditors, investigators, prosecutors."

"What did you do then?" I asked. "Poor, alone, and friendless, again, in poor Somaliland?"

"I had learned my lesson. I had heard that the US were conducting tank exercises, across the border in Djibouti. In Djibouti," said Dr. Ibrahim Bihi, "it is the custom to pay a man triple the market price if you accidentally kill his beast. I raised my stout stick, and drove my two goats North, before me, through the minefields. But that is another story."

Unregarded, it had begun to snow.

"Please," I said. "Tell me the story. I like stories."

In my mind, Mick got off Nell. Yes, in spring, there would be a little kid goat.

"Very well," said Dr. Ibrahim Bihi, and cleared his throat.

I closed my eyes, as the first flakes fell. Yes. I would call her Ethel.

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"The Great Hargeisa Goat Bubble" is taken from his second novel