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Edited by
Tony Barnett and Abbas Abdelkarim

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Preface

Many people have helped in the production of this book. The families and households of all the contributors have played some part. We would like to thank them. The School of Development Studies at the University of East Anglia provided finance and accommodation for the seminar at which these papers were first presented, as well as for the typing and editing of the manuscript. Two members of the School, John Cameron and John Harriss, acted as discussants for some of the sessions, and, as always, made valuable contributions.

Tony Barnett would like to thank two of the contributors, Abbas Abdelkarim and Abdalla Mohammed Elhassan, who spent four and five years respectively at the School of Development Studies exploring the problem of agrarian and rural transition in the Sudan, and in the process probably taught their thesis supervisor more than he taught them.

Very sincere thanks also to Samia Mahjoub and to Sarah Knights.

Readers should note that we have used the standard forms of Arabic words for common words, and the form provided by contributors where unusual words are concerned. The commonly used Sudanese unit of area, the feddan, is equal to 0.42 hectares or 1.038 acres.

Tony Barnett, Norwich, England.
Abbas Abdelkarim, Hawalli, Kuwait.

1

Introduction: the Sudanese Crisis and the Future

Tony Barnett

The analysis of long-term scenarios should not divert our attention from the harsh reality of the moment. In 1984, for a number of reasons the rehabilitation programme came off-track. The new financial crisis is so severe that it cannot be solved with the traditional economic packages and debt reschedulings. The country has no creditworthiness except for the most concessional forms of aid and, in fact, cannot even afford the new terms of the IMF facilities. The time is pressing to find new solutions and establish an orderly process to address this crisis. In the absence of both strong economic measures and very generous aid, the true alternative scenario is one whereby Sudan's balance of payments and debt problems would result in a sharp and chaotic downward movement of the economy at great cost to the Sudanese people.

(World Bank 1985: xix)

Sudan's debt crisis is apparently insoluble. It cannot and will not totally default on its debt repayments since this would end all foreign aid and alienate its most important allies. At the same time continual rescheduling cannot and will not resolve the long term crisis. All it does is to drain the country of foreign currency and thereby prevent any sustained economic recovery. Unlike industrialised countries such as the US or UK, Sudan is in no position to 'tighten its belt' – it requires an economic emergency feeding programme rather than a diet. The only long term solution to the economic crisis is for part of the debt burden to be lifted.

(Gurdon 1986: 32)

INTRODUCTION

In July 1984, a group of predominantly Sudanese scholars met at the School of Development Studies, University of East Anglia, Norwich, England. The title of the seminar was 'State, Capital and Transformation in the Sudan'.

At that time it was apparent that the Numeiry regime could not last much longer. With the introduction of a particularly oppressive form of shari'a law, the brutal execution of eighty year-old Ahmed Mohammed Taha for 'heresy' in February 1985, a mounting debt crisis, and widespread but at that time under-reported famine, the focus of the seminar was an attempt to make sense of the enormous changes which had taken place in Sudan since independence in 1956, and particularly since 1969, and to consider the possibilities for the future.

Many of the participants in the seminar were completing or had recently completed their doctoral theses. Coming from a range of social science disciplines, it was at times difficult to tell in which particular discipline they had been trained. They shared a common language in which the insights from social anthropology, sociology, economics and geography could easily be combined, and were combined in their common concern over the future of their country.

For many years the Sudan had been one of the two expatriate social anthropologists' playgrounds (the other to my mind being Papua New Guinea), but now Sudanese scholars were taking control of their research and trying to use it to make sense of the historic processes at work in their society. This was the substance of the seminar and is the substance of this book.

Sudan is a predominantly agricultural country. Thus much of what was discussed had to do directly or indirectly with agrarian policy and the changes occurring in rural society. In common with many other countries of the Third World, Sudan was facing a crisis, but in this case, with mounting debts, civil war and famine, combined with a government trying ever more desperate strategies to remain in power, the crisis was fast turning into a tragedy of massive proportions, which at the time of writing seems to have little prospect of resolution as the very sombre quotations above suggest. While the famine in Ethiopia received widespread publicity, the authorities in Sudan were attempting to hide its first clear manifestations in the west of the country. The first famine refugees from the western provinces were beginning to arrive in Khartoum and the Gezira, and were shipped back to their home areas so as to remove visual evidence of the problem from the national capital.

The famine which by late 1985 and early 1986 engulfed half the population, was not a natural event. Although the precise conditions which transform any particular drought into a famine are still only partially understood (Sen 1981; Babiker 1985; Hulme and Trilsbach 1986; Barnett 1986), it has become increasingly apparent that to understand famine it is necessary to look at it in a very broad perspective and to understand the various ways in which human agency creates the conditions in which a drought becomes a famine. In short, to perceive famines as a problem of distribution which reflect the relative power of different social groups in the struggle over available resources. In this collection, we are provided with a range of detailed studies of many aspects of this struggle as it is taking place while Sudan undergoes its transformation to capitalism.

To state the case broadly, and thus to do violence to the disagreements and subtleties within this book, the Sudan has undergone two broad processes. During the colonial period, its agricultural development was designed to serve the requirements of the United Kingdom. Cotton monocropping took precedence over most other forms of agricultural change. In the post independence period, and particularly in the fifteen years of Numeiry's rule, a class of merchants, traders and commission men took almost exclusive control of social and political power, and thus of the state, for its own ends. This class, focusing on its own needs for accumulation and conspicuous consumption, and amply encouraged by the United States, and to a lesser extent the United Kingdom, for their strategic and commercial purposes, moved development policy in a direction which led to the neglect of the subsistence needs of the rural areas and rural populations. The impact of these policies was not uniform – some areas and some populations were needed to provide labour for profitable investment projects. Others, particularly in the south and west, experienced both exploitation and neglect, in this case overlaid by a patina of racism. It is noteworthy that the two regional investment projects on which central government spent most time, energy and money in the later years of the Numeiry period were oil exploration and the Jonglei Canal Project in the south — both of which can be perceived as ways of transferring natural resources, oil and water, from the south to the north (Johnson 1986: 47)

It became apparent as the discussions proceeded, that if anything was to be achieved after the departure of Numeiry, a clear analysis had to be made of how the Sudanese tragedy had been brought about. The papers in this book provide an outline for such an understanding.

THE SHAPE OF THE CRISIS

The focus of any understanding of the present crisis must be on rural and agricultural policy, its roots and its effects. In some earlier research (Barnett 1975 and 1977), I emphasised the external causation of socio-economic transformation in the Sudan. This was in the main an adequate account, given that the Gezira Scheme, central to the country's economic performance, was a colonial construct. However, it is now apparent that the main focus of research today and for some time to come must be on the details of internal processes and their relationship to external changes and conditions. Of particular importance, is an attempt to understand the relationship between different sources of investment capital, policy assumptions current in government, and the forms of agricultural production which are planned and implemented. At a theoretical level, such research engages directly with classical debates about the role and development of agriculture (Lenin 1967; Banaji 1976; Chayanov 1966), as well as with broader discussions of social differentiation and the nature of the peasantry in the Third World (Bernstein 1977). These issues are discussed explicitly in the contributions by Elhassan and Abdelkarim.

However, this is not the whole story. The collection is entitled Sudan: State, Capital and Transformation, a recognition that the state is a major actor, that its policies express the interests of different factions of capital, both national and international, and that the form of society and economy which will determine the lives of most Sudanese in the last decade of the twentieth century and into the twenty-first century is now being struggled over in many arenas, which range through forms of labour contract, changes in land tenure, the organisation of the labour process, interpretations of popular Islam, to the introduction of Islamic law and banking and the shape of agricultural policy. In this struggle, the form and legitimacy of the Sudanese state and of Sudanese identity itself are in question. A recent observer of the situation in the south has described one outcome of such a struggle, a de facto breakdown of the state and of civil society, saying that "There is no longer a liberation struggle in south Sudan. It has now become a series of uncontrollable and catastrophic inter-tribal food wars" (Cater 1986).

In the early 1970s, the Sudanese government and also many of the governments of the Gulf states, notably those of Saudi Arabia and Kuwait, saw the country as the potential grain basket of the Arab world – a path out of the dependence by the Gulf states on imported food supplies, notably from the United States. Such a strategy would have been of some geopolitical importance, enabling in particular Saudi Arabia to play a more independent role in regional and world affairs. Within the Sudan, this policy would have entailed a change in agricultural strategy, away from a long-term emphasis on the production and export of cotton, gum arabic and groundnuts, towards greatly increased food production, geographically more widely distributed, but even so, still predominantly for export. This expansion and change of direction was envisaged as taking the form of large projects, under the management either of government corporations or of various types of agribusiness entity. An important internal political pressure for increased geographical dispersion of these projects was a quest for a solution to the political problem of the south, and ultimately over the legitimacy of the state itself and the nature of "Sudanese" identity (see Doornbos in this collection). With the ending of the civil war in the South, in 1972, and the suppression of some other regional movements, the government in Khartoum made attempts to ensure that development investment was seen to be more evenly spread throughout the country. There were some very real achievements, in particular in the development of Sudan's infrastructure and in food production, the country becoming self-sufficient in basic foods such as sorghum during the mid-1970s.

These policies required a massive boom in public investment, funded by western and Arab money. Between 1972/73 and 1973/74, public investment rose by fifty percent in real terms (World Bank 1985: 2), and doubled in real terms by the end of the next year. This programme took place within the framework of the Five Year Plan, 1970/71-1974/75, which was later extended to 1976/77. This inflow of funds pushed economic growth up to around nine percent per year (World Bank 1985: 2; Gurdon 1986: 23). But much of it fed into private consumption, and, inevitably inflation also began to rise. The increase in world oil prices in 1973 added to the inflationary pressure. By 1976, the first problems began to appear. There was a sharp fall in foreign aid, but despite this, the government continued with its expansionary policies, attempting to finance the shortfall from domestic borrowing. With a low level of domestic savings, another twist was added to the inflationary spiral, and resulted in a depletion of foreign reserves. These developments, combined with management problems in the parastatals, as well as an artificially high exchange rate, quickly led to a falling-off of the growth rate. The exchange rate policy, which under-priced imported consumer goods, benefited those social groups which were already benefiting from the generous commissions and contracts spilling over from the high level of public sector investment.

Thus the period from 1969-83 was different from the preceding post-independence years. In particular, it marked a break in the relative balance of civilian and military rule in the Sudan. There was a disjunction in the political and socio-economic spheres, with a complete change of emphasis and orientation, away from some kind of, albeit uneasy, social consensus in which big-landowners, tribal leaders, religious leaders, major merchants and urban notables ensured the stability of the state (Niblock 1986: 35).

It is possible to divide this period into three distinct blocks. The first, from 1969 to 1971, covering the early years of the Numeiry regime, with its widespread nationalisations and flirtations with socialist rhetoric, stands out as a very distinct phase because a new coalition of social forces came to play a decisive role in the economy and the society. The polarisation and intensification of the struggle within the new coalition — including "workers, tenants and national capitalists" — over future paths of development was very pronounced. This coalition did not hold together for very long. Early in 1971, the conservative Mahdist forces rose against the apparently socialist government. This rising was put down with some brutality, and the Mahdists were seriously weakened. The continuing struggle for state power came to a dramatic conclusion following the defeat of the 19 July 1972 military movement led by left-wing members of the Free Officers' Organisation which had initiated the May 1969 coup d'etat. The subsequent execution of the leaders of the 19 July movement, completed the destruction of opposition forces, and opened the way for the state to be effectively taken over by the class of merchant capitalists, in alliance with the army and sections of the civil service, which had up to that time played an important, but never uncontested, role in Sudanese society.

The period from 1972-1976 witnessed sharp departures from the declared "socialist oriented" policies of the preceding period. This was a time of transition. On the one hand, it coincided with a process of consolidation of the political hegemony of the bureaucratic bourgeoisie, reorientation of the regime's policies and the adoption of its new socio-economic programme, the Interim Programme of Action, promulgated in 1972. This process of reorientation, reformulation and preparation of a "more conducive atmosphere" for foreign investment involved denationalisation and deconfiscation, suppression of trades unions, new investment acts, and was a preparation for the next period. This was characterised by an "open door policy", in which merchant capital was to take clear control of the state (see Gadkarim in this collection).

The emphasis of the period from 1976-1983 was on a development strategy in which foreign capital played a major role. In examining the Sudanese version of the Egyptian *infitah* policy, we have to take account of the complex interaction of both internal and external forces which contributed to the policy in the first place. In general terms, we are here concerned with the impact of the 1973 oil price rise and the need for recycling of OPEC surpluses both regionally and internationally, and in particular in relation to the Sudan, within an ideology of Afro-Arab Cooperation and a pan-Arab strategy. The latter was, as noted previously, directly related to the food strategy of the major Arab oil exporters, in which the Sudan figured as the most important partner. From 1978, however, a new phase was discernible within the open door policy. Direct and indirect reshaping and reorientation of the policies, programmes and plans were a result of pressures from multinational donors and investors through the combined effort of the IMF and the IBRD (Hussein in this collection).

Internally there was a continuing need at the political level for an accommodation between merchant capital, productive capital and foreign capital. This took various forms: privatisation, dismantling of state monopolies over certain areas of foreign trade and the financial sector, streamlining of the incentive structure in all sectors of the economy.

Such a brief attempt to periodise events has its limitations. Development plans and strategies are overlapping, discontinuous and even contradictory. This reflects the state's responses to the formation and reformation of political alliances, the internal structure of these alliances, the intensity of social contradictions, and, of course, international pressures. Despite these limitations, the method is useful for demonstrating clearly the general form of state policy over the whole period, and there is substantial agreement on this view of what happened (Gurdon 1986; Niblock 1986; Gadkarim in this collection). As demonstrated in a number of contributions to this collection, the outstanding feature at every level, from remote parts of Darfur (Doornbos) to large rainfed schemes in Kordofan (Elhassan), is the control of state policy by merchant capital, a process which has been documented in some detail elsewhere by Elhassan (1985) and Abdelkarim (1985). Although by 1983, this influence had weakened and Numeiry and his personal allies stood very much alone (Niblock 1986), it is the combination of this control with external factors, such as the effects of the oil price rise, the politics of oil supplies from Saudi Arabia, and above all the indebtedness resulting from the earlier massive investment policy, which is the major explanation of the current Sudanese tragedy. Suggestions for a way out of such a pit cannot be provided by a book like this. It can only come about as a result of the struggle of the Sudanese people against their exploitation and poverty, a struggle which takes many forms - the wage bargain of the labourers in Gedaref market place, the civil war in the south, and even the struggle by the Sudanese contributors to this book independently to understand the origins of the present situation.

THEMES

In the first paper in this collection, Taisier Mohammed Mahmoud Ali, analyses agricultural policy as the key to understanding the nature of the Sudanese state. He argues that state intervention in agricultural production extends beyond the mere allocation of resources, to a direct involvement in, and regulation of economic development and production. The state is analysed as an arena of class struggle in which the fundamental divisions, conflicts, compromises and forms of domination in society are worked out. It has generally functioned so as to perpetuate the reproduction of capitalist relations, and has taken on the form of a bourgeois state in which the fundamental contradiction is between labour and capital. He suggests that three broad periods can be identified in the development of agricultural policy. They are:

> 1956-1964: when there was horizontal expansion in government and private irrigation schemes combined with efforts to sustain and expand mechanised agriculture in the rainfed areas.
> 1964-1972: which saw extensive nationalisation of private schemes, encouragement of cooperatives and state farms and, in the final phase, an emphasis on rural development and self-help programmes.
> 1972 onwards: characterised by the development of joint ventures with foreign capital, management contracts with foreign firms and investors, intensive mechanisation, feverish attempts to involve international agribusiness and Arab capital.

Each of these stages in the development of agrarian policy signalled a rearrangement of political power within the ruling class and shifts in the balance of power among class fractions. However, there was also a high degree of continuity, involving a rearrangement of the relations between fractions of the dominant class. Apparently "new" policies are seen as having been expressions of the balance of political power between these fractions.

Hassan Gadkarim takes up another aspect of this question in his discussion of the state's attitudes to foreign private investment. Through a detailed analysis of legislation and of policy decisions, the divergence between state policy and practice in this area is exposed. He argues that the period from independence until 1969 can be seen as characterised by:

i) efforts to expand investment, mainly from domestic savings and loans from foreign governments and international organisations. At this time little foreign private capital participation was envisaged.
ii) concentration on investments in agriculture, which left the industrial sector (with the exception of some public sector factories established in the early 1960s) for the private sector.
iii) a dual policy of export promotion and import substitution, although in the end the underlying direction was export-oriented agriculture dependent on cotton.

Although the Numeiry regime began with an attitude hostile to private capital (both foreign and local), it soon reversed its position. Indeed, special attempts were made to attract foreign investment. The degree of change is exemplified by the supposed role of Lonrho in helping the Numeiry regime regain power in 1972. From this time onwards, there was increasing involvement of private capital in the Sudanese economy, and in particular of Arab investment. This strategy envisaged large inflows of foreign capital, mainly from Arab countries. The process continues up to the present, and, Hassan suggests, has at the very least, hindered the role of domestic savings and investment.

In the following paper, Hussein examines an important aspect of public foreign investment, taking up the now familiar question of the impact of the "conditionality" attaching to IMF loans in relation to the Sudanese case. By and large, the IMF imposes devaluation supported by anti-inflationary policies and the liberalisation of trade.

In correcting payment deficits, the IMF devaluation model attaches great importance to the mechanisms of relative prices, income distribution and real money balances. Serious doubt is cast in this case study on the appropriateness of the IMF diagnosis of balance of payments disequilibrium and the effectiveness of its policy prescriptions for the Sudan, policy prescriptions largely repeated again in the 1985 World Bank proposals (World Bank 1985). Nur al Din's objection is that the IMF diagnosis does not attempt to distinguish the underlying causes of payments deficits from their effects. Owing to its adverse effects on the terms of trade, and the low price and income elasticities of demand for imports, devaluation cannot contribute to an improvement in the balance of payments situation. He concludes that devaluation led to loss of foreign exchange earnings per unit of domestic input and also to a deterioration in profitability. It certainly did not stimulate increased production for export.

On the basis of this analysis, the paper concludes that "The Fund's role as an instrument to advance and protect the political and economic interests of some rich nations, its partiality and bias, are logical outcomes of the power structures within the fund".

In a note written hurriedly, and literally on the eve of the 1985 coup, Brown provides some background on the final round of economic austerity measures imposed by the Numeiry regime, and suggests that they constituted the end of a long process whereby the USA had attempted to maintain the Numeiry regime in power.

He attempts to shed light on the circumstances in which this particular policy package was formulated and implemented. In doing this, he also tries to illustrate the lengths to which the donor community, led by the government of the United States, was prepared to go in its efforts to avert, or at least forestall, the social and political manifestations of the deepening economic crisis. It is also argued that this last rescue operation differed from those of previous years in one important respect, perhaps signalling what was to have been the start of a new phase in the International Monetary Fund's relations with the authorities of Sudan, and which also brought out into the open the direct involvement of the US government in persuading the international donor community to commit the extraordinary levels of foreign aid that had been necessary to maintain some semblance of stability in an otherwise explosive environment.

The details of the transactions between the Sudanese authorities and the IMF in the twelve months prior to the downfall of Numeiry, raise a number of important questions. These concern both an understanding of the role of the international donor community in ousting the Numeiry government as well as the difficult task of formulating and financing a programme of economic reconstruction.

Brown says that while it is true that the Sudan will remain dependent on substantial external funding for some time to come, it can in fact bargain on the terms of this dependence from a position of relative strength in view of the West's fears of the alternatives to agreement with it.

The second part of the book presents a number of case studies. These deal with various aspects of the changes and shifts in policy discussed in the first part. Lako's contribution looks at the effects of one of the major proposed projects, the Jonglei Canal, on the people of the area, and in particular on the Dinka. It is the first paper in which we hear the voice of rural Sudanese expressing their views as to the effects of government policy on their lives. It is fitting that the first paper in this section should express the views of an important Southern group in view of the state of war between north and south, and the history of suspicion and distrust between the two. However, the aim of this paper is to present the views of the Government as well as those of the Dinka people. To this end, an analysis of government thinking about the Dinka subsistence, semi-nomadic economy is presented. This is followed by a consideration of the attitudes of the Dinka towards the scheme. Finally, some comments are made on the form and substance of the debate between Government and Dinka in the light of recent developments.

In particular, this paper looks at the differences in attitude among the Dinka in relation to the development of social differentiation, a subject which has received some consideration in studies of Northern communities, but which is under-researched as far as the south of the country is concerned.

The paper concludes that government views, attitudes and intentions have completely ignored the fact that Dinka society is now characterised by differences in wealth and capital endowments. Not only is Dinka society non-egalitarian, but it is likely to become more pronouncedly so with the development of the Jonglei project. The majority of the Dinka people are likely to gain little from the project.

Paul Doornbos's paper, dealing with developments in the west of the country, examines a question which is quite central to our concerns, the nature and construction of "Sudanese" identity. In a country as large, diverse and replete with social contradictions as the Sudan, state legitimacy is problematic. In this careful analysis, Doornbos shows the clear links between Sudanese identity, popular Islam, and the ideological hegemony of the merchant class, a link of some importance when we remember the rise to dominance of the merchant class during the Numeiry period and the introduction of shari'a law by that regime, as well as the strong showing made by Islamic forces in the 1986 election and the refusal of the new government of Saddiq al Mahdi to repeal shari'a.

Doornbos says that the introduction of shari'a law and its application to everyone present on Sudanese soil regardless of region or religion, cast doubt on the country's claim to act as a bridge between the Arab and the Black African world and to seek unity in diversity. In fact, he suggests, trends towards furthering a more Islamic lifestyle and national identity have been going on for a long time, both formally and informally. Formal measures have included prohibition of alcohol in many provinces, as well as a ban on forms of gambling. There has also been government support for Islamic banking, insurance and missionary activities.

This paper looks at the informal spread of a more Arab-Islamic lifestyle in Western Darfur. Over a period of five years, the author has witnessed the virtual disappearance of traditional dancing, and a growing polarisation within the local community. The source of the polarisation has been disagreement over the proper way to live as a Muslim. The different ethnic groups of the area have lost much of their specific ethnic identity. This process represents the conversion from what is considered an increasingly irrelevant, narrow ethnic ethos and worldview to a new, prestigious and powerful ideology and practice. This trend, while splitting local communities, strengthens certain types of class and national identifications, and forms an important part of the process whereby the Islamic/merchant ideology becomes identified with the very legitimacy of the state.

Richard Brown and Elfatih Shaaeldin take up another important aspect of this Islamisation — the spread of Islamic banking. Since the formation of OPEC and the first rise in oil prices, Middle Eastern finance capital, and in particular the banks, has played an increasingly important economic and political role. This has not been restricted to the Middle East, but has affected the international financial system. Associated with this development there has been a revival, indeed a considerable upsurge, of Islamic banking practices in the region. Islamic banks are spreading throughout the Middle East, and some are being established in the non-Muslim west.

In Sudan the first bank of this type, the Faisal Islamic Bank (FIB) began operations in May 1978. This chapter has two purposes. It traces the origins, principles, performance and practices of the bank. It then goes on to analyse and interpret the significance of the FIB in the broader context of the role of banking capital in relation to its two counterparts – merchant and industrial capital. The main point of departure for the discussion is that the past and future activities and performance of the bank cannot be analysed or assessed purely in terms of Islamic principles and ideology. The underlying thrust of bank policy is to check foreign cultural domination of Muslim countries, with the longer term intention of eradicating Muslim feelings of inferiority vis-a-vis the West. In addition, the authors suggest that the Islamic banking system operates in the interests of particular fractions of capital.