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SUDAN

STUDY EXAMINES SUDANESE ECONOMY

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[Article by Aminah al-Sharif: "A Dissertation Which Complains"]

[Text] The Arabs Are Howling About Lack of Food, and the Lands of the Sudan Are Howling About Neglect!

The Arab countries and the rest of the world have become increasingly aware of the food supply problem and are seriously feeling an urgent need to provide for a secure food supply. This has brought the attention of the world to the Sudan. Studies have shown that the Sudan enjoys enormous untouched resources in terms of arable land, which could be used for agriculture, and also has great animal wealth. We are talking here about between 120 and 200 million feddans of land, and several million head of sheep, camels, and cattle.

Dr 'Iraqi 'Abd al-'Aziz al-Sharbini, in the introduction to his doctoral dissertation which he submitted to the Institute of African Studies and Research in the University of Cairo, tells us further that if the resources of the Sudan were utilized well they could effectively contribute toward achieving the secure food supply which is being sought. This was the beginning of a broader discussion about the Sudan as the breadbasket of the Arab world.

Broad Outlines

Dr al-Sharbini's doctoral dissertation, after being submitted, earned Dr al-Sharbini a degree with honors after the dissertation was extensively discussed by the doctoral committee, which was composed of Drs 'Abd al-Malik 'Awdah, Sa'd Mahir, and Muhammad Yusuf al-Suki.

The dissertation consists of four chapters and a final chapter. The first chapter of the dissertation deals with the background of the Sudan's economic activity and the problems of mobilizing the Sudan's resources. The second chapter concerns the role which the tax system played in the mobilization of public resources during the sixties and seventies. The third chapter discusses the problem of assessing the economic and financial performance of public projects in the Sudan. The fourth chapter deals with the problem of deficit financing as one of the important means of mobilizing resources in the Sudan. The final chapter takes up the future of development in the Sudan and presents the most

important conclusions and suggestions which Dr al-Sharbini arrived at during his residence in the Sudan.

In the introduction to his dissertation, Dr al-Sharbini says: "The Sudan, which is the largest nation in Africa (with a total area of 2.5 million square kilometers), embraces many types of terrain, climates, and vegetation. This is why people have begun to talk about the Sudan as a 'world food bank.' This is also why both international gatherings and gatherings of Arab nations have repeatedly stated that it is necessary to set up a program for the utilization of this potential and to channel all sorts of sources of investment to the Sudan for this purpose, especially the enormous Arab capital surpluses which have been earned after 1973."

The Less-Developed Countries

Dr al-Sharbini adds: "In spite of this, and in spite of the fact that the Sudan, already about two decades ago, began the process of planned development, it is still considered by the UN to be in the category of nations considered to be underdeveloped. This classification by the UN is based on phenomena such as economic and social backwardness, low individual income, the predominance of an economic and social dichotomy in all aspects of the nation's life, backwardness in production methods, and weakness of the nation's infrastructure."

Dr al-Sharbini goes on to say: "The Sudan began its process of development two decades ago, relying on the method of comprehensive national planning, according to which the public sector was supposed to play the main role in the development. However, there have always been unforeseen circumstances which have affected the development projects in these plans and have thus delayed the process of development in the country. For example, the first development plan which the country had was the 10-year economic and social development plan which started in 1961 (the 1961/62-1970/71 development plan) and was halted in the year 1964. After that there was the 1970/71-1974/75 5-year development plan which was accompanied by basic organizational changes in the national economy. The result was an expansion of the scope of the public sector and increasing dominance of the public sector in the country's economic activity."

"This plan then faltered, and there began the implementation of some temporary programs and policies until 1977--a year which saw the beginning of the implementation of a new development plan (the 1977/78-1982/83 development plan). This plan was also obstructed by a number of circumstances." Dr al-Sharbini labels these successive plans "investment programs for the restoration of the public sector."

Domestic and Foreign Economic Activity

In the first chapter Dr al-Sharbini talks about the features of the Sudan's domestic and foreign economic activity and leads the discussion to the role of the public sector in the country's economic activity. He says: "The most important thing which distinguishes the Sudan's economic and social structure is the phenomenon of economic and social dichotomy. This, in general, refers to the situation in which the national [economic] sector is divided into two sectors

which coexist side by side. One of these two sectors is a traditional economic sector, and the other one is a modern economic sector. The former is distinguished by its production which aims at self-sufficiency, whereas the latter is characterized by its market-oriented production, utilization of monetary exchange, and reliance on real fixed capital."

"The Sudan offers a perfect example of an economy which is a dual economy in all respects. First you have the huge traditional economic sector. This sector accounts for about half of the national production and occupies more than two-thirds of the country's inhabitants. The modern economic sector, though, consists of large agricultural projects and industrial projects which rely on modern technical means of production, and the larger part of the production is exported."

Dr al-Sharbini also says: "The Sudan basically depends on agriculture. The agricultural half of the economic sector, including animal, plant, and forest production, constituted 60 percent of the GDP at the beginning of the sixties. This figure went down to 40 percent by the beginning of the seventies, and then went down to 38 percent by the middle of the seventies--as the percentage of the sector of industry and services went up. The long-staple cotton crop is considered to be the most important agricultural crop in the Sudan. During the years 1962-64 long-staple cotton accounted for an average of 57 percent of the total in large commodity exports, and during the years 1975-77 it accounted for an average of about 47 percent of these exports. The production of cotton is considered to be one of the country's decisive factors in economic performance, although the government has tried to expand the planting of other types of crops such as peanuts and sesame, for export, in addition to sugar cane, sorghum, and rice."

Dr al-Sharbini mentions that although the Sudan has large areas of land available for agriculture, the country's agricultural sector suffers from a lack of available sources of investment, a small labor force, poor distribution of this labor force, poor transportation and communications services, lack of irrigation, and lack of agricultural research.

"Industry in the Sudan," according to Dr al-Sharbini, "is extremely weak. It still consists of processing industries even though the government has tried to encourage industrial investment. The barriers to a better industry in the Sudan are basically the country's lack of transportation, communications, electrical power, education, and training. Also, the various mineral deposits are not being exploited, there is a lack of skilled labor and technical personnel, and there is a lack of planning."

"The Sudan's foreign economic activity relies on exports and imports. Earnings from exports are unstable due to the fact that they depend on a single crop whose prices go up and down on the world market and the foreign demand for which is unstable because it is subject to the policies of the importing industrial nations and is affected by the fact that synthetic materials are taking the place of cotton textiles. The Sudan's imports are continually increasing, and a large part of these imports consists of machinery, equipment, and means of transportation."

The Public Sector Represents Half of the GDP

Dr al-Sharbini goes on to say: "The public sector did not demonstrate its importance as a large and effective force in the country's economic activity until the beginning of the seventies, after large-scale nationalization had taken place at the beginning of that decade. Since that time the public sector has come to dominate all of the country's nontraditional economic activities. The public sector is now involved in modern agricultural projects, sources of electrical power and water, the field of communications and transport, manufacturing industries, domestic and foreign trade, and banks. By the early seventies the public sector accounted for about half of the country's GDP."

Dr al-Sharbini adds: "Only 2 years had gone by since those enormous changes which had been brought about by measures of nationalization and confiscation when people began to think about modifying those measures when the government became aware of the failure of some of the units and installations which had been confiscated within the framework of public administration."

"Thus thought was given to formulating a new government policy concerning the private sector! The government announced that it was providing many easy terms to the private sector and it passed a number of laws to encourage both domestic and foreign private investment in the Sudan's industry and agricultural services."

"The Sudan's tax system," according to Dr al-Sharbini, "has most of the characteristics common to the tax systems in developing African countries in terms of relying on indirect taxes, especially taxes on foreign trade."

Dr al-Sharbini says: "Up till very recently (1964) the Sudan had no system of personal income taxes. [The introduction of personal income taxes] was a great event in the country's economic and financial development because it created justice in the tax system due to the tax revenues' flexibility with regard to changes in income and since it is an important tool for achieving economic stability and dealing with the pressures of inflation." Dr al-Sharbini adds: "The most important problem confronting the tax system is tax evasion on the part of the Sudan's citizens. This is attributable to old colonial political vestiges. Some people go so far as to say that taxes during the colonial period, in the eyes of the Sudanese, were a symbol of colonial domination and that evading payment of taxes was considered to be both a national duty and a heroic deed."

Dr al-Sharbini, in the final chapter of his dissertation, discusses the future of development in the Sudan. He says: "The principal source [of finances] for development in the Sudan consists of the surpluses of capital resulting from the collection of taxes. This capital is making a real contribution toward the economic development of the Arab world, particularly in the Sudan. These capital surpluses benefit not only the Sudan. They also benefit the Arab nations themselves which possess these capital surpluses, especially since these surpluses are invested in capital assets in tax banks, and this causes them to take an interest in furthering Arab development."

"However, it seems that bad relations are preventing the implementation of such cooperative projects."

At the end of his dissertation, Dr al-Sharbini offers a number of suggestions for guidance for the Sudan's development. They are a result of the scholar's residence in the Sudan and his contacts with specialized agencies there: "As far as the tax system is concerned, I recommend combating the evasion of taxes on profits and taxes on income from real estate, in order to achieve social justice and in order to correct the path taken by the tax system in the realm of controlling expenditures."

Dr al-Sharbini mentions a number of ways of doing this. They include the improvement and consolidation of the monitoring of expenditures and revision of the charter of current expenditures in light of new priorities and principles by means of providing systems of accounting, auditing, and strengthening the central auditing apparatus, the possibility of redeployment and restructuring of the military establishment so that it can contribute to social development in the realm of improvement of the efficiency of public projects by means of the creation of qualified administrative personnel, who are capable and experienced, to take over the responsibilities of administering the projects, and giving them the authority to administer the projects, use their flexibility, and take decisions.

In the realm of mobilizing resources, Dr al-Sharbini suggests that the authorities give up the policy of deficit financing as a means of public financing. Deficit financing means printing more money and consequently the necessity of resorting to policies and steps which are more difficult when it comes to mobilizing the country's own resources. Deficit financing is financing which covers excess government expenditures over and above the government's normal income. This also means that the government resorts to borrowing and withdrawing from its accumulated savings in order to finance a portion of its expenditures.

Proposed Solutions

Dr al-Sharbini touched upon the subject of Egyptian-Sudanese integration and its possibilities as a clear indication of economic relations between the two countries. He says: "This integration has resulted in some organizational and political structures in various fields, joint technical committees in different specializations and activities, and in the offering of recommendations concerning these matters to other parties concerned. It has also resulted in agreements which include the establishment of joint agencies and corporations, the exchange of preferences granted in the field of commerce, and the establishment of some projects based on economic integration. Some of these projects have been in the field of irrigation. The total amount spent on joint projects during the years 1978-82 was approximately 996 million pounds. A total of 60 percent of these funds was for irrigation projects, and 32 percent went to transportation projects. All of the other sectors taken together received less than 20 percent of the proposed investments."

Dr al-Sharbini also mentions the fact that both countries are suffering from a financing problem. He says that this is the principal obstacle to achieving success in the case of many of the projects involving integration between the two countries because they are projects which require huge amounts of funds. In his opinion, the solution to this problem is to be found in large-scale cooperation between the Arab countries.