

# Urban elites and economic dependence in the Republic of Sudan

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## Short abstract:

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This article analyzes the role and evolution of the Sudanese urban elites as a significant aspect of the economic dependence of the Republic of Sudan since its political independence.

## Abstract:

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The Republic of Sudan has been an economically dependent country since its political independence. Different metropolises have exploited its resources, conditioned parts of the national economy, and influenced the decision-making processes of the local urban elites. Such dependence has maintained a dual character. In the North, an export economy ruled by urban elites and connected with international markets has coexisted with a traditional sector based on subsistence economies. In the South, the economy, in contrast, has relied solely on pre-capitalist activities and has been subordinated to northern rural elites.

This article studies the evolution and role of the different urban elites that have ruled Sudan as an important aspect in order to explain economic dependence as well as armed conflicts and repression. Dependence is regarded as an important feature of the complexity of the Sudanese conflict scenario and a characteristic of its urban elites. Therefore, dependence has crystallized as an essential face of the exercise of hegemony by the urban elites in order to understand the widespread underdevelopment and food insecurity across most of the Sudanese regions.

Keywords: Dependence, urban elites, hegemony, Sudan, South Sudan

## **1. Introduction**

This paper analyses the economic structure of Sudan and its dependent nature as an extractive economy from 1989-2011. Through this analysis, chronic food insecurity can be understood as a consequence of the evolution of the socio-economic structure and the exercise of hegemony of the local urban elites. Consequently, two main stages have been identified according to the prevailing economic structure, economic indicators, socio-political urban elites in power and historical events. One period regards the Islamist neoliberalization of the National Salvation Government (1989-1999). The second stage takes into account the building of a new neoliberal state based on oil when the Islamist movement split, the South became independent, and war in Darfur broke out (1999-2011).

The theory of dependence and the center-periphery concepts treated by Raúl Prebisch (1976, 2008) and André Gunder Frank (1975) have been taken into consideration to illustrate the economic evolution in Sudan. The Gramscian perspective on hegemonic groups and elites is central in this paper, as well as repression, forms of coercion, and power relationships as a consequence of the exercise of hegemony (Gramsci, 1999a and 1999b).

## **2. Materialization of neoliberal Islamism (1989-1999)**

Takeover by the Revolutionary Command Council for National Salvation (RCC) in June 1989 headed by Omar al Bashir, terminated the brief pseudo-democratic previous period (1985-1989) and marked the beginning of a phase of civil and military Islamist administration. This administration was politically defined by a two-headed government with Hassan al-Turabi as main advisor and leader of the civil Islamists and Omar al-Bashir as president and head of Islamist officers.

The attempts to develop political, social, and economic Islamization and a leading discourse concerning economic self-sufficiency characterize this period. Both, Islamization and self-sufficiency could not crystallize completely. The neoliberal shift that started in the 80's continued during this period, which included controlling public expenditures and reforming the public sector through structural adjustment measures and privatizations<sup>1</sup>. Reforms and adjustment policies were carried out autonomously by the Sudanese government until mid-90s. Although Sudan was considered an outlaw country to the IMF, the prescriptions of the Washington consensus were taken into account. Policies of economic liberalization were carried out in order to boost economic growth, reduce inflation, and decrease the deficit of the balance of payments. This strategy obtained positive results in terms of economic growth and since 1997 was directly supervised by the IMF advisors (Elnur, 2008).

In 1997, the US Secretary of State Madeleine Albright began a policy of economic sanctions on Sudan, with the exception of gum arabic trade. It was reflected in Official Development Assistance (ODA) received (ICG, 2002; Rone, 2003). From an economic point of view, Sudan returned to the fold, although its new relationships with Islamist movements maintain its political isolation. Sudan continued the trend that began in the last period of president Nimeiri and the significance of Arab countries, and of Saudi Arabia in particular, for foreign trade increased. It introduced Saudi forms of Islam into the Sudanese society and urban elites. Despite attempts to reduce its economic dependence,

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<sup>1</sup> The process of state privatization was influenced by two important factors, according to Elnur (2008): corruption in the awarding of state contracts and diversion of public funds. Moreover, tax exemptions to Islamic Banks, as well as businessmen and NGOs around NIF were also relevant.

Sudan remained a peripheral economy. New NIF urban elites could not stop the process of extroversion of Sudanese but rather materialized a geostrategic shift towards dependence.

The regime embraced neoliberal structural adjustment policies, taking into account recipes of the multilateral financial organizations. Nevertheless, the USA began its campaign of sanctions against Sudan for political and geostrategic reasons. Two seemingly contradictory elements coexisted in Sudan: political Islamism and economic neoliberalism. None of them achieved, unfortunately, prosperity and welfare. This became a catalyst for the genesis of food insecurity. It is the combination of both elements that led to an intense deregulation and dismantling process, which facilitated the gradual replacement of former Nimeiri's SSU organizations and urban elites with Islamist ones.

As a result of roll-back neoliberal strategies, public expenditures decreased significantly while tax levels stayed constant. Deficit reduction was important during the 90s. However, the government also needed resources to fight the southern guerrilla of Sudan People's Liberation Movement/Army (SPLM/A). Remittances, foreign direct investments, international loans, and the new Islamic banking became the main finance sources of the country. In this context, the introduction of a floating exchange rate produced huge inflation from 1990 to 94. The roll-back process reinforced and the foundations of a neoliberal state were established. A transition between the roll-back and roll-out process crystallized, which involved state building on a neoliberal basis, with oil exploitation as its axis (Peck y Tickell, 2002).

Between 1990 and 1999, the Islamists consolidated their power and introduced new northern urban elites. They struggled against the traditionally dominant rural and urban groups that had retaken power in 1985 (Burr y Collins, 2003). However, efforts to transform the Sudanese superstructure through a "comprehensive call" provided the Islamist movement with a moral, ideological, and religious connotation that faded during the exercise of power, especially when the bureaucratic transfer materialized. Exercise of hegemony by the urban Islamists entailed a fight between traditional elites and new Islamist ones, although some members of traditional groups became followers of Islamist strategies. Intellectuals such as Hassan al-Turabi had a key role in feeding Sudanese Islamism and the dominant new Arab-Muslim-Islamist identity.

The Government of National Salvation proclaimed the introduction of new ethics and the fight against traditional elites' and Nimeiri's corruption. Nonetheless, it did not improve the living standards of the poorest population even in the north, despite economic growth. The strategy of dismantling the state brought the elimination of food subsidies. Moreover, social expenditures and infrastructure investments were reigned in to reduce the fiscal deficit. The lack of external financing due to political isolation and the public debt deepened the need for public savings. However, economic growth during this period demonstrates the vitality of the private sector in comparison to the agony of a public sector undermined by neoliberal economic policies (Elnur, 2008).

Necessary support to energize the private sector came from the organizations close to the NIF and Islamic banking, which encouraged and funded the emergence of firms and businessmen in line with principles of Islamists. Nevertheless, the context of civil war prevented a drastic reduction of defense expenditures and hampered oil exploration and exploitation. The government promoted the use of alternative, cheaper forms of war, such as paramilitary forces or generation of famines against opponents in the South and even in the North. The Salvation Government, after 1989, intensified oppression in order

to consolidate a new Islamist power. War in Nuba Mountains, Blue Nile, Darfur, and Red Sea were examples of such repression, not only of southerners but also of northerners (Elnur, 2008; Gallab, 2008).

Forced displacement crystallized as a result of oil exploration and extraction process (Alao, 2007). The oil factor expanded the extractive, dependent, and extroverted character of the Sudanese economy and avoided attempts of structural transformation and import substitution through agribusiness. Only in the military sector was there an incentive to promote a strong national industry in order to impose the Arab-Muslim identity requested by the NIF, as mentioned before. A sort of repressor and hegemonic Dutch disease became visible: "the Sudanese disease".

Severe humanitarian crisis and famine broke up particularly in the border areas between the North and the South, where oil fields had been found. Therefore, humanitarian crisis throughout 1998-99 were consequences of the political, economic, and military strategies implemented by the National Salvation government and not only the result of climatic and environmental factors.

### **3. Genesis of oil in Sudan (1999-2011)**

This stage started with the break-up of the ruling civil and military Islamist regime and culminated in the split of the southern territories and the founding of the Republic of South Sudan. This was, to some extent, an extension of the process of economic neoliberalization, but the government distanced itself from the Islamists that had sought to exercise an integral hegemony. The government focused on controlling the political society and did not hesitate to confront the civilian wing of the Government of National Salvation, represented by Turabi. The Islamist military faction, led by President Bashir, decided to take a pragmatic view and deposed Turabi and his allies. The new Islamist urban elite had failed to articulate a new society and to find the path to economic prosperity (Burr y Collins, 2003; Gallab, 2008).

The government removed one of its leaders and put the Sudanese economy on the hands of the IMF, carrying out a new pragmatic change. The roll-out process was consolidated in the new century (Peck y Tickell, 2002). The Comprehensive Peace Agreement (CPA), signed in 2005, prioritized the achievement of the Millennium Development Goals (MDGs). The CPA was supposed to start a democratic process as well as the improvement of human rights. It moderated the hybrid neoliberal-Islamist character of the regime and attenuated the dismantling of the state, benefiting the health and education sectors (Elnur, 2008).

To win the favor of multilateral financial institutions, the pragmatic Islamist military faction did not hesitate to confront Turabi's civilian control. Multilateral financial institutions and foreign investors had a vested interest in Sudan's economic stability; they wanted to protect their investments and loans, particularly regarding oil. The oil industry had an important influence on the split-up among Islamists; from 1999 onwards, the benefits of oil increased. The government ignored the main supporters of the Sudanese political Islamism and promoted a process of pragmatic economic Islamist neoliberalism; the legal system continued to be based on Islamic law. Bashir's pragmatism seemed to be similar to Nimeiri's strategy when he decided to remove his communist partners and create a new bourgeoisie around the president. This time this urban elite had been built up by means of oil (Burr y Collins, 2003; Elnur, 2008).

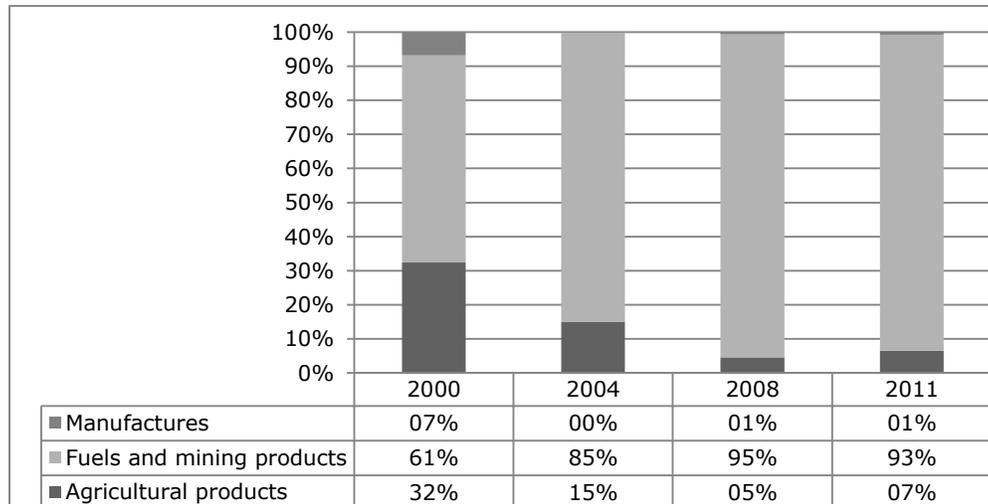
The Sudanese economy, however, did not take advantage of oil exploitation and a process of economic "primarization" took place. Diversification of the productive sectors became a chimera again. Moreover, levels of disarticulation and extroversion of the Sudanese economy boosted at the beginning of the century, with a less diversified economy than in the early years of independence. It involved Sudanese dependence on foreign economies, especially on China and Saudi Arabia, as an extractive periphery, transforming the South into the periphery of the periphery.

Nevertheless, Sudan had access to foreign exchange markets due to its petroleum. This triggered increasing foreign investment in the oil sector, as well as oil revenues, but reduced oil imports. The Sudanese government found a source to finance growing expenditures and to consolidate its power. Nonetheless, as oil allowed access to international capital flows, the conditions of the financial markets influenced the economy of Sudan. As stated by Samir Amin (1997), access was linked to political decision-making, especially after the crisis of the state that was experienced in the process of globalization.

Sudan needed investors and partners for oil extraction and transportation; China became the primary partner. Chinese investments were the engine of the Sudanese oil industry; this relationship was even more important than the Gulf monarchies in the 90s. The Chinese contribution to the Sudanese economy also brought dependence and enabled capital surplus generation and a process of capital accumulation. However, it has been placed in the hands of elites linked to political power. Islamist officers in power and bureaucrats around the ruling party benefited from the oil boom, while the majority of the Sudanese people in both the North South did not. The withdrawal of civil Islamism has not reduced inequality and repression. Moreover, Sino-Sudanese cooperation boosted oppression and war in Darfur, using oil as fuel for war.

The pipeline construction in 1997 facilitated liquid mobility (Watts, 2001; Alao, 2007). The pipeline was designed to stretch from the south to Port Sudan in the north. A result being that the South was denied any benefits of oil extraction and received only pollution. Oil has also shaped a Sudanese oversized state. Despite decentralization initiated after signing the CPA, the North tried to control oil management. China had become a key economic actor for President Bashir's Government and Sudan was no longer on the economic periphery of Western centers but of China and Saudi Arabia (Lujala et alia, 2007). Sudan succumbed to Dutch Disease and oil profits could not transform local industry and connect internal demand and supply. Cotton was replaced by oil, which became the axis of the Sudan's economy.

**Figure 1.** Exports in 2000, 2004, 2008 y 2011. Source. World Bank (2003)



Oil and globalization brought a deeper disarticulation process, structural duality, extroversion, and dependence. The most dramatic consequence of which were the food security crises during the first decade of XXI century. Such scenarios occurred in conflict areas of Darfur as well as throughout large border areas between North and South, despite the 2005 signing of a peace agreement. Areas with extreme incidences of hunger did match areas where there were the main oilfields. Important ethnic diversity in such territories and the confluence of several splinter SPLM/A guerrilla movements completed the complex picture that maintain instability and war (Elnur, 2008; Gallab, 2008).

Use of direct and indirect oppression was activated as a result of the exercise of political hegemony and the exploration and exploitation of the abundant resources in a context of armed conflicts. During the first decade of the new century, the government in Khartoum accomplished a kind of soft power in the South, due to the CPA. In Darfur, by contrast, the regime perpetrated hard power, trying to impose its logic and identity within the exercise of hegemony, maybe because of expectations of finding oil. War in Darfur would confirm that the Sudanese Government was pushed to sign peace with the South but continued imposing dominant identity in the North. Oil exploration had already started in Darfur, so oil was not the source of conflicts, but an element to trigger violence (Human Rights Watch, 2003).

## 6. Conclusions

Sudanese scenario of conflicts and the sources of violence from 1989-2011 emerged as a consequence of the interactions of Islamist urban elites and the situation of permanent economic dependence. Sudan emerged from the decolonization process as a dependent territory in the Commonwealth sphere with a dual economy, where traditional nationalist elites dominated economic resources in rural areas and modern elites ran the administration. In any case, both groups controlled exports and imports. Consequently, independence supposed a merging of economic and political power. However, Sudan has maintained a dual character. On the one hand, in the North, an export economy connected with international markets and ruled by elites coexisted with a traditional sector based on subsistence economies. On the other hand, South Sudan had an economy comprised solely of pre-capitalist activities.

The Islamist movement distorted the classical dominant Sudanese identity based on the traditional brotherhoods and political parties. In Gramscian (1999a and 1999b) terms,

Islamist urban elites have tried to control political and civil society. As they ruled the new State and its politics, they have extended a concept of Sudanese identity along an Arabic-Muslim basis.

When NIF's Islamists came into power in 1989, they could combine two seemingly contradictory elements: political Islamism and economic neoliberalism. In a crisis, the Islamist Government adopted neoliberal economic policies and reduced public expenditure and the public role in national economy, with the exception of the military industry. Such industry was reinforced in order to exercise integral hegemony through Islamist power and a new Sudanese identity based on Arabic-Muslim foundation and NIF's ideology. Therefore, a new economic Islamist sector was strengthened; Islamic banks and NGOs appeared as very important actors. That means that a process of state destruction and deregulation intensified the roll-back neoliberalization begun in Nimeiri's stage (Peck y Tickell, 2002). Northerners also suffered strong repression, either because of political or religious reasons. Southerners had little chance to be recognized as full Sudanese citizens and their heterogeneity and divisions did not help to confront northern power.

Islamist urban elites tried to accomplish an integral state, but international political and financial pressure led to a split between president Bashir and Islamist leader Turabi. The main outcome of this was the CPA signed in 2005 between the Sudanese government and the SPLM/A. President Bashir's Islamists stayed away from exercise of integral hegemony and reduced violence and repression in the South. Nevertheless, oppression began and intensified in Darfur, where the international community initially ignored the situation. Consequently, the existence of resistance movements and armed struggle in the North showed that war and repression exerted by power groups established in Khartoum had reached almost every corner of the country. Sudanese identity has been built as the image and likeness of the dominant urban Islamist elites and has contained mutable aspects that have not only included ethnic, cultural, or religious elements, but also political and economic ones.

Finally, Sudan continues to be a dependent country with a dual economy. Gulf countries, especially Saudi Arabia, and China overtook Western countries, although the IMF had begun to supervise Sudanese economic policy by the end of the '90s. The process of neoliberalization has evolved from roll-back to roll-out neoliberalization and a new neoliberal State was built based on oil profits (Peck y Tickell, 2002). In the 21st century, Sudan continues to have a double dualistic, extroverted, dependent, and disarticulated economy subjugated by Islamist urban elites.

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