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### **The Military and National Income Accounting in Sudan: The Search for Legitimacy, 1959-1964**

As finance officials planned and budgeted, they played a crucial role in Sudan's transition from an imperial territory with two masters, ruled as a patchwork of administratively autonomous regions, into a unitary state. This transition took place between 1946 and 1954. The contribution of finance officials to the creation of a Sudanese state was the exposition of a single and autonomous Sudanese economy.

By 1954, after several years of debate, finance officials sitting at their desks in Khartoum could confidently argue that they were the sole managers and planners of the Sudanese economy. In practice, their control or even influence over economic activities throughout the Anglo-Egyptian Sudan varied widely. However, the image of economic control rested on two interlocking processes. The first shift was in finance officials' increased ability to assert the autonomy of Sudanese economic policy and institutions from Britain and Egypt, the former imperial sovereigns. The second victory won by finance officials was that economic policy should be evaluated primarily in financial terms and that the site of this evaluation would be the central government's budget. One consequence of measuring the efficacy of economic policies at the level of the central budget, rather than at local or regional levels, was that the impact of economic policy on national measures of performance began to far outweigh the importance of policy decisions on the often more parochial indicators of social welfare and regional self-sufficiency. In addition, finance official's decision to think of Sudan as a single economic unit, a unit whose progress could be measured in purely financial terms, increased the bias of finance officials towards large-

scale and capital intensive projects. Because of their scale, finance officials believed that the implementation of one or two large projects could meaningfully increase the nation's wealth. Prior to 1959, the lack of direct measures of wealth forced Sudanese officials to focus on the revenue earned from form exports such as cotton as a proxy for overall economic performance.<sup>1</sup>

Over the ten years from 1954 to 1964, finance officials, and gradually other members of the government, became dissatisfied with using indirect proxies for economic performance, such as revenues earned from sales of cotton or the extent of foreign currency reserves accumulated, in order to evaluate the effectiveness of policy decisions. In their place finance officials began to gather the information necessary to directly measure the wealth of the country and to plan appropriately, evaluating the plan's success or failure in relation to changes in the estimated wealth of the nation. Indeed after 1959, finance officials increasingly came to view abstract indicators, such as the Gross Domestic Product or the national income calculated according to the United Nation's System of National Accounts, as a more legitimate and accurate means of interpreting economic performance.<sup>2</sup> The use of estimates of national income to set targets for planning became possible in the years after 1959, because of the publication of a national census and the country's first national income survey earlier that year. A commitment to producing

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<sup>1</sup> The theory that in Africa colonial states and the early postcolonial states had more ability to survey and to tax the trade between their colonies than economic activity within their colonies has been developed by Frederick Cooper, *Africa Since 1940: The Past of the Present* (New York, NY: Cambridge University Press, 2002) 157, and by A. G. Hopkins *An Economic History of West Africa* (London, UK: Longman, 1973) 237-288.

<sup>2</sup> For a discussion of national income accounting, its origins and its relationship to metrics such as GDP and GNI, see: Morten Jerven, *Poor Numbers: How We Are Misled By African Development Statistics and What to Do About It* (Ithaca, NY: Cornell University Press, 2013): 9-11.

annual national income estimates over the following years, allowed the *Ten Year Plan for Economic and Social Development, 1961/62-1970/71*, published in 1962, to be formulated using changes in national income as its own internal referent for economic success.<sup>3</sup>

Officially, no longer would increasing the amount of revenue earned from sales of cotton or even the profitability of individual schemes be an adequate measure of success. Instead, the success of economic policy, specifically the large-scale investment in cotton cultivation, would be measured by the extent to which this investment raised the living standards of the Sudanese people, or more directly increased the wealth of the nation.

Reframing the aim of government policy away from particularistic measures such as the revenue generated by the exports of particular commodities, and towards a commitment to count the total economic activity within the country, in theory allowed finance officials to directly reflect a broader spectrum of the potential drivers of growth. In The System of National Accounts internationally standardized the collection of data about all of the value added activities in a single economy over a given year. If this figure were then divided by the population it provided the real GDP per capita figure, which when compared with previous years, which resulted in the growth rate.<sup>4</sup> Aggregate indicators, such as the Gross Domestic Product, created a uniform image of economic progress despite the presence of stark inequality within Sudan. In particular, using national indicators to frame the discussion of economic growth obscured the disparities in wealth between

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<sup>3</sup> C. H. Harvie and J. G. Kleve, *The National Income of Sudan 1955/56* (Department of Statistics, Khartoum: March 1959); and The Economic Planning Secretariat, Ministry of Finance and Economics, "The Ten Year Plan of Economic and Social Development, 1961/62-1970/71," (Khartoum, Sudan: Government Printing Press, 1962).

<sup>4</sup> Jerven, *Poor Numbers* 10.

different regions, disparities which were historically compounded by government investment decisions.<sup>5</sup>

Two impulses lay behind finance officials' decision to use national income to judge the economic performance of the government in the years after 1958. The first impetuous for a shift in the representation of the economy came about as a result of an international evolution in the practice of economic data gathering and reporting, an evolution marked by the widespread adoption of practices like national income accounting and the calculating of per capita GDP.<sup>6</sup> However, international norms alone do not explain the adoption in 1958 of national income accounting in Sudan; instead, the circumstances within Sudan made a shift in the calculation of the state's economic performance imperative. The second spur for an adoption of new methods of economic measurement and evaluation was the increased fluctuation in the price of cotton. From 1954 until 1958, fluctuations in the price of cotton created doubt in Sudanese officials' financial projections, and therefore reopened the debate about the rationale for the state's investment decisions. Finance officials believed that moving away from a focus on the annual contribution of the cotton crop to the country's budget, and particularly its reserves of foreign currency, would strengthen the argument for continued investment in cotton.<sup>7</sup> Because national income accounts

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<sup>5</sup> For a discussion of how the rhetorical reframing of ideas about how to define the economic wellbeing of the nation and how that wellbeing should be measured in Brazil allowed a particular region to define its economic success as synonymous with the economic success of the nation, see Barbara Weinstein, "Developing Inequality," *The American Historical Review* 113.1 (February 2008).

<sup>6</sup> Daniel Speich, "The Use of Global Abstractions: National Income Accounting in the Period of Imperial Decline," *Journal of Global History* 6 (2011): 7-28. Jerven *Poor Numbers* and for the case of Nigeria, see: Pius C. Okigbo, *National Development Planning in Nigeria, 1900-92* (Oxford, UK: James Currey, 1989).

<sup>7</sup> Until 1958, finance officials used the simple formula of  $F=D-A$  to estimate shifts in the country's ability to retain capital savings. They thought of  $F$  as the total amount of foreign

attempted to tabulate the totality of economic activity within a particular economy, finance officials could use them to model the impact of investing in cotton cultivation on the economy as a whole, demonstrating where and how much growth might occur in the future as result of immediate spending. For example, the impact of high levels of capital expenditure on irrigation for Sudan's national income could be demonstrated clearly by the country's economic planners. Finance officials believed that if it was shown that high capital spending in the short term could lead to higher living standards in the medium to long-term then political support for their plans could be maintained. Senior officers in the military, as well as finance officials, believed that if economic growth could be demonstrated, especially growth in the most developed region of the country spanning from Omdurman to Kosti and Sennar, that there would inevitably be increased political and social stability in the core regions of the country if not the periphery. Yet, the size of the cotton sector meant that even with the application of new techniques of economic measurement, the fortune of the cotton producers continued to stand in for the fortunes of the Sudanese economy in the eyes of government officials in Khartoum.

The publication of national income accounts in 1959, together with the census of Sudan, allowed the *Ten Year Plan for Social and Economic Development* to set measurable targets for the economy.<sup>8</sup> The conventions of national income accounting and the addition of a statistical office to the central government made it easier to visualize the inequality in wealth between

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reserves within the country. D equaled the amount of foreign reserves that were present in government or private banking accounts and A equaled the amount of money advanced from those accounts.

Memo. "Movements in the Sudan's Foreign Exchange Reserves in the Period 1952-1955 Leading to a General Review and Suggestions as to Future Policy," May 22, 1956 *The Sudan Archive at Durham University, UK* (SAD) G//S 1166/3/1/J. Carmichael/

<sup>8</sup> C. H. Harvie and J. G. Kleve, *The National Income of Sudan 1955/56* (Department of Statistics, Khartoum: March 1959).

Sudan and Britain or Sudan and Turkey than it was to recognize the inequality between the Omdurman, Sennar and Kosti triangle and the rest of the country.<sup>9</sup> Because in the Sudanese case, national income accounting decreased the visibility of regional inequality, it reinforced a tendency of the governments in Khartoum, since the establishment of Gezira in the 1920s, to invest capital in a manner that exacerbated regional inequality rather than alleviating it.<sup>10</sup>

At the same time, that the government began to adapt new techniques of economic measurement, the political elite turned away from elections and towards the military. By the fall of 1958, economic uncertainty, concerns about the state's development strategy, and political fragility had undermined the civilian government, opening the door to the military. The military argued that a technocratic government could direct capital investment in such a way that it would spur economic growth. The Sudanese political elite turned away from competitive elections in part because the elections of 1953 and 1958 had placed different elements of the northern political elite into a stalemated competition with one another. Sudanese politics remained divided between the *'Ansar* with their base in western Sudan and along the southern reaches of the White and Blue Nile and *Khatmiyya* with its base in northern and eastern Sudan. Despite their political competition, the leaderships of both groups were committed to investing state resources in irrigated cotton, because large segments of their constituencies worked as laborers, landowners or tenant-holders involved in the production of cotton. Still, neither sect was able to consolidate power during the years immediately following independence. Therefore

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<sup>9</sup> Daniel Speich, "The Use of Global Abstractions: National Income Accounting in the Period of Imperial Decline," *Journal of Global History* 6 (2011): 9. To think about the problem of writing historically about "spatial inequalities," see: Barbara Weinstein, "Developing Inequality," *The American Historical Review* 113.1 (February 2008): 3.

<sup>10</sup> For an examination of the evolution of the Gezira Scheme and its evolving role in relation to the Anglo-Egyptian Sudan's government, see: Simon Mollan, "Business, State and Economy: Cotton and the Anglo-Egyptian Sudan, 1919-1939," *African Economic History* 36 (2008): 95-123.

other political forces were able to enter the contest for power: southern politicians, trade unions, professional associations, the Communist party, the Islamists and decisively the military.<sup>11</sup> By the end of 1958, government officials feared that the introduction of new groups into the political sphere would make the state's economic strategy a subject of debate once again.<sup>12</sup>

Sudanese politicians supported the military's rise to power in order to forestall political debates about the economic structure of the economy. At the head of the military junta was Major-General Ibrahim Abboud. In his inaugural broadcast, he claimed that the military was simply assuming power until "the mess could be straightened out, stable economic and political conditions restored, and the army returned to its barracks."<sup>13</sup> Abboud was the senior ranking officer in the Sudan Defense Forces, and a number of historians have speculated that there was a high degree of collusion between the senior officers within the SDF and the political leadership in the transfer of power. The man who Ibrahim Abboud eventually replaced was after all none other than Prime Minister Abdullah Khalil, who had himself once been the senior Sudanese officer in the SDF. This close connection, as well as alleged conversations between Abdullah Khalil and Abboud which emerged during the commission of inquiry into the October 1964 revolution, created the impression that the coup happened with the active support of the Prime Minister.<sup>14</sup>

The military like previous civilian governments continued to invest heavily in the Managil Scheme. The shared interest in the cultivation of cotton was a legacy of the economic

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<sup>11</sup> Woodward, *Sudan, 1898-1989*.

<sup>12</sup> Muhammad Abu al-Qasim Hajj Hamad, *Al-Sudan: al-Ma' ziq al-Tarikhi wa Afaq al-Mustaqbal* (Beirut, Lebanon: Dar al-Kalimat lil Nashr, 1980).

<sup>13</sup> Statement broadcast by Ibrahim Abboud, November 17, 1958.

<sup>14</sup> Tim Niblock, *Class and Power in Sudan: The Dynamics of Sudanese Politics, 1898-1985* (Albany, NY: State University of New York, 1987) 218. Hajj Hamad, *Al-Sudan: al-Ma' ziq*;

transformations begun under the Condominium government.<sup>15</sup> In the short term, the military promised to increase the country's growth rate by accepting foreign aid and increasing the amount of cotton it sold on the international market.<sup>16</sup> During the early years of the 1960s, economic aid appeared to be a more secure form of short term capital than the fluctuating revenues from sales of cotton. The military's willingness to carry out both of these policies created an immediate contrast with the indecisiveness of the civilian government, which had preceded it. The military proclaimed that a strengthened economy would lead to a stronger state.

The military regime marginalized prominent political leaders, replacing them with soldiers and technocrats who implemented policies designed to please the maximum number of audiences.<sup>17</sup> In the international sphere this meant a reaffirmation of neutrality, but not the sort of neutrality which prevented the Sudanese from accepting aid from all parties. The military maintained an "impeccable third world orthodoxy" standing for "world peace, African unity, Arab unity, non-alignment," etc.<sup>18</sup> All the while, the military managed to remain uncommitted to regional groupings such as the Casablanca Charter or the Monrovia Conference, and to improve its relations with Egypt, the United States, and China while in search of aid, even though the country remained in political and economic terms primarily aligned with the West.<sup>19</sup> In 1959,

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<sup>15</sup> Timothy Niblock, *Class and Power in Sudan: The Dynamics of Sudanese Politics, 1898-1985* (London, UK: Macmillan, 1987); Peter Woodward, *Sudan, 1898-1989: The Unstable State* (Boulder, CO: Lynne Rienner, 1989).

<sup>16</sup> J. Carmichael, "Sudan: Items of Topical Interest," November 8, 1959, The Sudan Archive at Durham University (SAD) G//S 1166/2/5/.

<sup>17</sup> Bechtold *Politics in the Sudan* 201.

<sup>18</sup> John Howell and M. Beshir Hamid, "Sudan and the outside World, 1964-1968," in *African Affairs* 68:273 (October, 1969): 299-300.

<sup>19</sup> Ibid.



Sudan began to receive capital inflows from the International Bank of Reconstruction and Development, the United States, Great Britain, the Federal Republic of Germany, Egypt.<sup>20</sup>

The mantra of Sudanese officials, such as Mamoun Beheiry, the deputy permanent under-secretary in the Ministry of Finance and Economics, was that political stability and a regime willing to listen to technocratic advice were all that was needed for a return to economic growth.<sup>21</sup> The military appealed to members of the Sudanese elite because it was a hierarchical institution, which was dominated by the same regional interest that controlled the main political parties. The regional makeup of the senior officers made them loath to take economic decisions that disrupted the social order.<sup>22</sup> Abdel Rahim al-Mirghani, the author of the “Ten Year Plan for Economic and Social Development” and the head of the planning apparatus during the military regime, reflected later that he and his peers did not hope to “bring about radical change in the social order.” Instead their emphasis was on “economic development and consequentially improved social services.” There was a clear hierarchy. Economic development would occur first and it would then be followed by spending on social services. More explicitly growth in the already developed parts of the Sudanese economy would be encouraged first, and it would then be followed once profits were earned with regional redistribution. The emphasis on preserving the country’s social order persisted despite the fact that al-Mirghani believed that Sudan was “a country whose social order [was] based on various age old traditions, beliefs, practices, etc. some of which were inimical to growth and progress.”<sup>23</sup> The senior ranks of the military and the

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<sup>20</sup> Memo. J.C. to H.M., M.B. and A.R.M., “Financial Position—General Considerations,” March 24, 1959. SAD G//S 1166/2/5/.

<sup>21</sup> Mamoun Beheiry *Glimpses* 109; and Bechtold *Politics in the Sudan* 200.

<sup>22</sup> Will Berridge, “Sudan’s Security Agencies: Fragmentation, Visibility and Mimicry, 1908-89,” *Intelligence and National Security* (2012): 2.

<sup>23</sup> Abdel Rahim Mirghani, *Development Planning in the Sudan in the Sixties* (Khartoum, Sudan: University of Khartoum Press, 1983): 23.

finance officials they employed, many of whom had previously been in the civilian government even if their exact positions changed, were hardly revolutionaries; instead, they were socially and politically conservative. Both the military and Sudan's financial technocrats supported economic growth primarily in order to preserve the social order, which rested on regional inequality in order to create an economy strong enough to support a state that placed the country on an equal footing with its idealized peers, such as Egypt and Algeria.

### **The Military's Approach to Selling Cotton**

The military regime favored the rapid expansion of cotton cultivation and increased export production. With the military in power, loans began to flow in, allowing Sudan to speed up the implementation of its development projects. Two weeks after coming to power, the high council of the military decided to accept American economic aid and then immediately began work on an agreement on how the use of dividing Nile water rights with Egypt, signed on the 25<sup>th</sup> of November 1960, clearing the way for the resumption of massive irrigation and hydrological works along the Nile Valley.<sup>24</sup> In addition, the 'Abboud regime was able to maintain cordial relations with Nasser, despite ongoing trade tensions and continuing difficulties negotiating the economic relationship between Egypt and Sudan.<sup>25</sup> On January 6, 1959, the

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<sup>24</sup> Al-Amin Fariq 'Abbud 70-71.

<sup>25</sup> One of the items of contention was the whether or not Egyptian goods would continue to have duty free access to the Sudanese market, and to what extent Egypt should be allowed to subsidize its exports to Sudan in order to counteract the effects of tariffs. By 1960, the Foreign Office estimated that upwards of 68% of Egypt's cotton was being sold to the Soviet Union, and there was some talk that the UAR and Sudan could coordinate cotton sales allowing Egypt to increase its sales to Sterling Area countries in exchange for increased Sudanese sales to the Soviet Union. Letter. From Sir E. Chapman Andrews to FO, Nov. 17, 1960, TNA FO 371/150919; Dispatch. From Commercial Secretary to Department, June 29, 1960, TNA FO 371/150919; Letter. From Commercial Secretary to Commercial Relations and Export Department, January 27, 1960, TNA FO 371/150965; *The Economist*, "Foreign Report: Mr. K's Note to Abboud," December 15, 1960, TNA FO 371/150919.

IBRD agreed to begin distributing its loans for the expansion of Sudan's railroad network.<sup>26</sup> The Sudanese Cabinet ratified the IBRD loans for the Managil agricultural scheme on July 1<sup>st</sup>, 1960.<sup>27</sup> The receipt of IBRD loans also obligated the Sudanese to resolve their disputes with Egypt over exceeding the amount of water that could be withdrawn from the Sennar Dam. Failure to work out a resolution to Sudan's difficulties with Egypt would mean that Sudan would face an arbitration hearing administered by the IBRD, and consequently in the near term, Sudan would have a difficult time receiving international loans.<sup>28</sup> As finance officials began to prepare the 1959/60 budget in late March, the largest sources of foreign loans and aid were the British Export Credit Guarantee Department, which promised credits of LS 5 million, the IBRD and the German Government, each of which was offering around LS 2 million. The IMF made a credit facility of roughly LS 1.7 million available, and the United States' International Cooperation Administration offered loans of LS 2.6 million. However, Sudan's financial position was reduced by the need to repay LS 3 million in loans to Barclays DCO. Sudanese policymakers were also hoping to favorably resolve their claim that Egypt owed them LS 9 million. Yet, finance officials remained nervous about their ability to secure the resources necessary to allow for "real forward development planning."<sup>29</sup>

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<sup>26</sup> By March 1959 the western railroad extension to Nyala was almost completed, and work was beginning on the extension towards Wau in southern Sudan. Work was also beginning on the relaying of the Kassala—Gedara line, and a refurbishing of the Port Sudan quay. See: Back to Office Report: J. A. McCunniff to J. F. Main, April 14, 1959, WBG Administration 01, 1741653, Box # 172006B.

<sup>27</sup> Memo. M. A. Burney to Richard G. Bateson, "Sudan," July 19, 1960, WBG "Sudan—Expansion of Railways and Water Transport Facilities Project, Administration 03," No. 1741655, Box # 172007B.

<sup>28</sup> Letter. From J. Carmichael to Hamza Mirghani and Mamoun Beheiry, "Nile Waters," January 24, 1959, SAD G//S 1166/2/4/.

<sup>29</sup> Memo. J.C. to H.M., M.B. and A.R.M., "Financial Position—General Considerations," March 24, 1959. SAD G//S 1166/2/5/. An additional complication was the pressure on institutions such as the railways by international lenders to sequester funds lent to the railways preventing the

While finance officials officially acknowledged that efforts should be made to develop agricultural estates away from the Nile, there was recognition that the development schemes located along the river that would make the biggest difference. Officials rationalized that profits generated in the major riverain irrigation schemes could later be redistributed to other areas of the country.<sup>30</sup> The allure of this theory survived despite the fact that the price of cotton continued to fall.<sup>31</sup> John Carmichael wrote to the new Minister of Finance, Sayyid ‘Abd al-Magid Ahmed, in early January, less than two months after the coup, to say that “the new regime was determined to put things right,” and that the country’s cotton should be sold “at what the world decides it is worth.” Carmichael’s argument was that even selling cotton cheaply would allow Sudan to continue to earn foreign exchange and to rapidly resume its development plans. Carmichael’s logic was encapsulated in the following advice for the new Finance Minister Ahmed:

If you get the third phase of the Managil in a year earlier because of this you would recoup far more than the 10% [discount offered on your cotton] and at the same time you will have been capturing new buyers, as you must with increased production.<sup>32</sup>

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central government from using its funds flexibly to balance the government’s overall current account positions. Note. From H.J. Van Helden to Sayyid Mamoun Beheiry, “Loan No.: 202-SU,” April 29, 1959, WBG “Sudan—Expansion of Railways and Water Transport Facilities Project—Administration 01,” No. 1741653, Box # 172006B.

<sup>30</sup> J. Carmichael, “The Sudan Budget: A Talk to the Anglo-Sudanese Association,” November 25, 1961, SAD G//S 1166/2/5/.

<sup>31</sup> In addition, the United States and the United Arab Republic pushed for an international moratorium on expanding the amount of land devoted to the cultivation of cotton. At the same time, the United States increased its subsidies for cotton exports. Note. From Muhamed Abdel Maged Ahmed to The Permanent Under Secretary. “Eighteenth Plenary Meeting of the International Cotton Advisory Committee,” March 18, 1959 NRO Finance 3-A/28/8/33; The USA has been offering direct export subsidies of about 25%, while in Egypt discounts of upwards of 37.5% were being allowed on cotton exports. These subsidies were then paid for by taxes on imports. Note. J. Carmichael, “Devaluation,” March 26, 1959, SAD G//S 1166/2/4/.

<sup>32</sup> From J. Carmichael to Abdel Magid. January 2, 1959, SAD G//S 1166/2/4/.

Increasing the amount of land under cultivation also reduced the chance of a below-average crop.<sup>33</sup>

Returning to his old debate with Mirghani Hamza, Permanent Under-Secretary of Finance, Carmichael argued that “it is not a question of following world prices: you must find out at what price you can sell cotton at the required rate [i.e. speed].” Yet, in a reversal of his position from a few years earlier, Carmichael now acknowledged that long-staple cotton would not bring a significant premium over other varieties, arguing that in order to dispose of Sudan’s increasing production that “you will have to persuade your old customers as well as your new customers to accept your cotton for new purposes, i.e. it must push out other growths and it is beyond the wit of man to know at what price level you will achieve this.”<sup>34</sup> Ironically, even as US sales of cotton put pressure on the economic sustainability of keeping cotton as Sudan’s principal export crop, promises that the US would supply Sudan with PL 480 wheat diminished the potential benefits of diversification.<sup>35</sup> After all, the United States agreed to provide Sudan with wheat at prices below the levels at which Sudanese agricultural producers could market equivalent food crops.<sup>36</sup>

The top policy minds within the Ministry of Finance and Economics discussed harsh austerity measures in order to put development back on track in 1959 and 1960. Carmichael

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<sup>33</sup> Memo. J. Carmichael, “Summary of Financial Movements in 1959,” May 2, 1959, SAD G//S 1166/2/4/.

<sup>34</sup> Letter. From J. Carmichael to Mirghani Hamza, January 4, 1959, SAD G//S 1166/2/4/.

<sup>35</sup> In 1954 the United States Congress passed the Agricultural Trade Development and Assistance Act—or Public Law (P.L.) 480. Also often known as the Food for Peace program, which gives agricultural surplus to country that are classified as poor according to national income statistics. There has been a substantial body of work debating the impact of PL 480 and food assistance in general on the economic health of developing nations, one example is Sulekh Chandra Gupta, *Freedom from Foreign Food: Pernicious Effects of PL 480* (New York, NY: Blitz National Forum, 1965).

<sup>36</sup> J.C to H.M., M.B., A.R.M., “Wheat,” SAD G//S 1166/2/5/.

discussed with Hamza Mirghani, Mamoun Beheiry and ‘Abd al-Rahim Mirghani the need to limit private capital investment and to pressure banks to retain as much capital as possible on their own books instead of lending it out. There was also a desire for the government to resist the temptation to embark on any new development projects or additional spending on welfare, health or defense until the Managil Scheme was further along.<sup>37</sup> Measures passed in 1958 had already reduced imports to very low levels, which gradually began to relieve Sudan’s foreign exchange position.<sup>38</sup> For instance, while Sudan’s foreign exchange reserves had fallen to a low of LS 20 million by the end of 1958, which included the more than LS 14 million legally required to cover the Sudanese currency, by the end of 1959 the foreign exchange reserves had recovered to LS 46 million on the basis of strong sales of the 1959 cotton crop.<sup>39</sup>

To make matters worse, 1959 was a year of bureaucratic confusion in Sudan. While the dissolution of parliament was expected to bring political tranquility, officials were left struggling over how to work with one another within a bureaucratic hierarchy that lacked clear lines of authority. There was also deep dissatisfaction with Minister of Finance ‘Abd al-Majid Ahmed’s ability to articulate a broad definition of economic expertise. One site of this debate occurred around the discussion of the Nile Water negotiations with Egypt. Here Carmichael wrote that:

The determination of the amount of water, which can be made available and the best sites for dams is entirely an engineering problem and therefore the sole concern of the Min of Irrigation. But when it comes to considering how the available water is to be shared

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<sup>37</sup> Letter. From John Carmichael to H.M.H., M.B., A.R.M., “Policy Matters Arising in Consideration of the 1959/60 Budget,” March 3, 1959, SAD G//S 1166/2/5/; “no project should be allowed to prejudice Managil,” Memo. J.C. to H.M., M.B. and A.R.M., “Financial Position—General Considerations,” March 24, 1959, SAD G//S 1166/2/5/.

<sup>38</sup> Memo. J. Carmichael, “Summary of Financial Movements in 1959,” WBG May 2, 1959, SAD G//S 1166/2/4/.

<sup>39</sup> LS 46 million equaled roughly 85% of Sudan’s annual imports.

Memo. William Brakel to Joseph Rucinski, “Sudan—Financing of Managil and Roseires,” April 12, 1960, WBG “Sudan—Managil Irrigation Project—Negotiations 01,” Box # 172008B.

between two countries, the problem becomes an economic, political and social problem with little engineering in it.<sup>40</sup>

Ever since planning began in 1946, officials had been attempting to assert that what had once been a colonial Department of Finance, concerned primarily with budgeting and assessing government revenues should now broaden its scope of authority to include policymaking based on tools of economic reasoning. This was a difficult task, which involved not only redefining the expertise of finance officials away from basic accounting towards financial and economic reasoning, but also an attempt by finance officials to assert their primacy in relation to other units of the government. However, despite the fact that this process began in the 1940s, and in many ways succeeded in making economics the language of policymaking, the ascendance of finance officials remained incomplete during the early 1960s, as the above quote shows. Even when financial and economic expertise was acknowledged as legitimate and applicable to the current situation, finance officials often found their voices ignored in practice and on occasion drowned out by other administrative logics or rationales. Once the army came to power, it faced its own internal fractures and difficulties incorporating civilian advice within the military framework. Economic progress was initially realized by acquiring larger sums of foreign aid and allowing open auctions to determine the price of cotton. Despite only partially heeding the advice of finance officials, these changes gradually improved Sudan's foreign exchange reserve position.<sup>41</sup>

### **1959: The Birth of a New Politics**

Calculating the per capita income of the Sudanese gave the military a metric, which it could use to justify itself and its continued marginalization of political leaders. The production of these numbers was used by the military to demonstrate that it had a plan to raise the living

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<sup>40</sup> Memo. From J.C. to the Minister, "Processes of Government," March 16, 1959, SAD G//S 1166/2/5/.

<sup>41</sup> J. Carmichael, "Sudan: Items of Topical Interest," November 8, 1959, SAD G//S 1166/2/5/.

standards of the Sudanese. The military used the national income accounts in order to argue that it was providing a higher good than that provided by the representative democracy, growth calculated at the level of every individual Sudanese citizen. After the military coup, the government abandoned its original ambition to form a national unity government in favor of a declaration that the army itself “was a representative of society.”<sup>42</sup>

When contemplating the political legitimacy of the regime, finance officials fell back on what economist and early pioneer of national income accounting in Nigeria, Phyllis Deane called, “the habit of supporting political argument by statistical data on income or wealth.”<sup>43</sup> If elections were a hallmark of political legitimacy for parliamentary regimes, in the early 1960s, the preferred method of measuring economic progress was growth calculated as the rate of increase in the Gross Domestic Product. This figure emphasized a unified abstraction of society rather than the different constituent groups represented by antagonistic political parties. By focusing on the growth rate, finance officials under the military regime could argue that their policies benefited society as a whole, while the policies carried out by the political parties focused solely on interest groups.<sup>44</sup> Arguing that the Sudanese government could raise the growth rate, and consequently the income of individual members of Sudanese society, and

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<sup>42</sup> Al-Amin *Fariq ‘Abbud* 60.

<sup>43</sup> Phyllis Deane, “The Implications of Early National Income Estimates for the Measurement of Long-Term Economic Growth in the United Kingdom,” *Economic Development and Cultural Change* 4:1, Part 1 (Oct., 1955): 3.

<sup>44</sup> Writing about the conflict between the need to represent individuals as agents capable of free choice and liberty and groups as object possessing particular characteristics in common and obeying collective laws, Alain Desrosieres writes, “What changed, however, was the administrative use of statistical addition, henceforth linked to diagnostics, to standardized procedures and assessments of them. Every kind of macro-social politics developed since the beginning of this century involved mutually dependent modes of management and knowledge. The alternation between measures in the sense of decisions applicable to a large number, and the measurements of the effects of these measures, illustrates this rediscovered equivalence.” Alain Desrosieres, trans. Camille Nash, *The Politics of Large Numbers: A History of Statistical Reasoning* (Cambridge, Mass.: Harvard University Press, 1998) 81.



illustrating this with figures was now possible because of the production of national income accounts and a population census in 1959.<sup>45</sup> The attractiveness and the limitation of economic growth as a legitimating discourse was its very “measurability.”<sup>46</sup>

National income accounts expressed in quantifiable terms the wealth of the economy, which political leaders could then portray as the result of their successful political policies. The publication of economic statistics became an annual referendum on the political leadership of the country. Depending on the calculations undertaken, economists and statisticians claimed that the calculated figures could be used to understand the productivity, equitableness or the economic welfare of a given society, as well as the ways in which the different units of the economy and society fit together.<sup>47</sup> Another feature of the national income accounts, and the plans constructed upon them, was highlighted by professor of economics Paul Studenski, who wrote that, “...the concept of national income is social in nature and differs fundamentally from the private concepts of individual, family, or group incomes.” The implication was that the use of these accounting techniques gave their authors and the policymakers who depended on these accounts a new social object: a nation, to act in the name of, as well as, to act upon.<sup>48</sup> It was the ability of

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<sup>45</sup> Daniel Speich, “The Use of Global Abstractions: National Income Accounting in the Period of Imperial Decline,” *Journal of Global History* 6 (2011): 9. The question of the realism of aggregates and their truth value within a liberal framework focused on individuals and the uniqueness of objects is an old issue with its own long history, see: Alain Desrosieres, “Averages and the Realism of Aggregates,” in *The Politics of Large Numbers*, 67-102.

On the use of elections to create legitimacy by aggregating individuals into collectives, see: Justin Willis and Atta El Battahani, “‘We Changed the Laws’: Electoral Practice and Malpractice in Sudan Since 1953,” *African Affairs* 109/435, (2010): 191-212, and Thomas Young, “Elections and electoral politics in Africa”, *Africa* 63:3 (1993) 299-312.

<sup>46</sup> Cooper, “Modernizing Bureaucrats...” 76.

<sup>47</sup> Paul Studenski, *The Income of Nations, Theory, Measurement, and Analysis: Past and Present: A Study in Applied Economics and Statistics* (New York, NY: New York University Press, 1958) 163.

<sup>48</sup> Studenski, *The Income of Nations* 165; and Timothy Mitchell, *The Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley, CA: University of California Press, 2002).

military leaders to claim that they were acting in the name of national society that justified the abrogation of the electoral system, which was based on individual preferences.

The national income statistics that were calculated by finance officials produced aggregate numbers, numbers capable of describing the norm but not individual experience. The national income account was composed of two separate calculations, and each was required to match the other. The first calculation is often referred to as the ‘output method’ and the second technique was called the ‘expenditure method.’<sup>49</sup> The major innovation of the 1920s, which underlined the type of national income accounting carried out in Sudan, was to imagine that the income of the whole of society could be accounted for using double-entry bookkeeping in a similar fashion to the way in which a single business balanced its books.<sup>50</sup> Even as the general formulas for calculating national income became increasingly standardized, the intrusion of politics was clearest in “the problem of deciding which receipts of money or of goods and services to include in the concept and computation of national income and which to exclude.” The estimator was inevitably forced to rely on arbitrary “escapes from theoretical and practical difficulties,” accounting difficulties which were further compounded by theoretical questions about which activities qualified as economic and which activities should properly be considered non-economic and therefore were non-countable.<sup>51</sup>

For instance, when Sudanese historian Al-Amin ‘Abd-Rahman points to the positive aspects of the ‘Abboud regime he emphasizes ‘Abboud’s success in increasing the growth rate, and he assumes that the lives of ordinary people were consequently easier.<sup>52</sup> The ‘Abboud

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<sup>49</sup> The Department of Statistics (H.Q. Council of Ministers), *National Income of Sudan (In Brief)*. 1955/56, Occasional Statistical Paper No. 2 (Khartoum, Sudan December 1959): 1.

<sup>50</sup> Vanoli, *A History of National Accounting* 16.

<sup>51</sup> Studenski, *The Income of Nations* 166.

<sup>52</sup> Al-Amin *Al-Fariq Ibrahim* 11.

regime promised to address the failure of the civilian government to close the “financing gap.” Eventually, this would be achieved by increasing the quantity of cotton exported, but in the short term the military would increase capital inflows into the country by agreeing to proposals to receive American and British aid.<sup>53</sup> The theory of the “financing gap” rested on the assumption that labor was unlimited and the constraining factor for economic growth was capital. Finance officials, such as Abdel al-Rahim Mirghani assumed that private sector savings were negligible (or at the very least uncountable), and that savings could only be accumulated as capital within the public sector.<sup>54</sup> Thus what was required for economic development was an increase in the accumulated capital base of a particular country. These suppositions allowed economists and other policymakers to focus on “the ratio of ‘required’ investment to desired growth.” The formula was provided as follows:

A country that wanted to develop had to go from an investment rate of 4 percent of GDP to 12-15 percent of GDP. Investment had to keep ahead of population growth. Development was a race between machines and motherhood.<sup>55</sup>

These models made it possible to make hypothetical calculations along the following lines, that if a country got its rate of investment up to twelve percent of GDP, for instance, that it could increase its GDP by perhaps three percent per year, and assuming population growth of two percent per year, achieve per capita growth of roughly one percent per year. Sudanese

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<sup>53</sup> Prior to the surrender of authority to ‘Abboud the leaders of the PDP were indeed threatened with death if they did not agree to the American gifts of aid and British gifts of arms. Then the NUP, Southern Liberation Party and the Front Opposed to Colonialism issued a statement on July, 1<sup>st</sup>, 1958 condemning the American aid and the turn to the West. Following that al-Azhari violently attacked ‘Abdullah Khalil saying that he was little more than another copy of Nuri al-Said. However by 21 October 1958 ‘Abdullah Khalil was facing numerous attacks from student unions at University of Khartoum, Cairo, and the Union of Workers attacking the Government. Al-Amin ‘*Al-Fariq Ibrahim ‘Abbud* 47-74.

<sup>54</sup> Mirghani, *Development Planning in the Sudan in the Sixties* 26.

<sup>55</sup> William Easterly, “The Ghost of Financing Gap: How the Harrod-Domar Growth Model Still Haunts Development Economics,” Policy Research Working Paper 1807, *The World Bank Development Research Group* (August 1997): 4.

policymakers set a target of growing the capital intensive sections of their economy by three percent, during the first years of the 1960s, which meant that they would have to find adequate inflows of capital.<sup>56</sup> However, there was a widespread belief in the international community that poor countries could not achieve such high rates of investment from their own savings alone, and therefore would need not only to suppress domestic consumption, but also to turn to foreign aid.<sup>57</sup> It was the failure of the parliamentary system to create a political climate in which either of these objectives appeared possible that paved the way for and legitimated the military coup.

The equation of political legitimacy with economic success was made possible in 1959, with the publication in March of that year of the *The National Income of Sudan: 1955/56*, Sudan's first series of national income accounts. C. H. Harvie and J. G. Kleve, the leaders of the Department of Statistics in Sudan, oversaw its publication with the help of eleven Sudanese assistants.<sup>58</sup> Sudanese experts were following in the footsteps of the national income surveys carried out previously in Nigeria and Tanganyika. Many of the assumptions of the studies carried out in those two countries were held to offer numerous lessons for the Sudanese case.<sup>59</sup> Technical advice about how to shape government budgets and accounts so that they could be modeled for national income accounting was borrowed from United Nations publications,

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<sup>56</sup> Mirghani, *Development Planning in the Sudan in the Sixties* 29.

<sup>57</sup> Easterly "The Ghost of Financing Gap," 5.

<sup>58</sup> C. H. Harvie and J. G. Kleve, *The National Income of Sudan 1955/56* (Department of Statistics, Khartoum: March 1959) 1.

<sup>59</sup> Mary S. Morgan, *Seeking parts, looking for wholes*, In Lorraine Daston and Elizabeth Lunbeck, eds., *Histories of Scientific Observation* (Chicago: University of Chicago Press, 2011); and A. R. Prest and I. G. Stewart, *The National Income of Nigeria, 1950-1951* (London, UK: H.M. Stationary Office, 1953).

principally *Budget Management* and *A Manual for the Economic and Functional Classification of Government Transactions*.<sup>60</sup>

Harvie and Kleve compared the national income accounts that they were developing to topographical maps. They wrote that as topographical maps depict the relative importance of various areas of the country subject to different climate factors, types of soil and agricultural capacity, so national-income accounts show the relative importance of different areas of the economy. An initial shortcoming was that even though Sudan was primarily agricultural, agricultural production, if not captured in export statistics or assessed directly on state managed estates, remained largely invisible to the Ministry of Agriculture and therefore to the compilers of the national-income accounts, as well.<sup>61</sup> Besides the considerable debate about the calculations that went into the individual estimates that formed the various accounts, the most important factors shaping the different versions of income accounts were questions about what to count, the foundational number being the population census.<sup>62</sup> The statisticians charged with formulating Sudan's national income accounts were only able to survey limited types of data. Statisticians had better access to data about commodities produced for export, because of the relative ease of acquiring those statistics. By overweighting the importance of cotton production in general economic statistics, this bias further reinforced the assumptions of Sudanese policymakers that the Omdurman, Kosti and Sennar triangle was the productive motor undergirding the Sudanese economy as a whole. The reliance of policymakers on trade statistics, examining imports and exports heavily skewed decision-makers towards cotton. For instance, statisticians made very little effort to collect data about the subsistence sections of the economy,

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<sup>60</sup> United Nations, Department of Economic and Social Affairs, *A Manual for the Economic and Functional Classification of Government Transactions* (New York, NY: United Nations, 1958).

<sup>61</sup> Harvie and Kleve, *The National Income 2*.

<sup>62</sup> Deane, "The Implications of Early National Income Estimates," 4.

which they termed the traditional sectors, and estimated accounted for as much as 36% of the country's GDP. Finance officials also estimated that perhaps upwards of half of the country's national income was tied up in the traditional sectors of the economy. However, the line between the traditional (or domestic) sector of the economy and the modern (export) sector was hopeless blurred, even on the most capital intensive agricultural schemes, such as Gezira and the Managil Extension Scheme, which was then under construction, farmers devoted a significant amount of their labor and capital to producing grains for subsistence. Meanwhile the cultivators of groundnuts or gum arabic in the western regions of Sudan were often not considered part of the modern economy, because they employed traditional methods of production. This categorization persisted, despite the fact that both crops were highly profitable and sold to eager international consumers. However, the planners did not intend to invest state resources in improving the small-scale production even of cash crops such as grains, gum arabic or groundnuts because they believed that capital intensive production would eventually displace these crops. Abdel Rahim Mirghani citing his own and his colleagues' reading of Dudley Seers' ideas about "uneven development," believed that capital, labor and land should be steered towards the modern sectors where their productivity could be raised.<sup>63</sup>

Sudan's embrace of national income accounts was part of an international trend to depict the legitimacy of the state as related to its ability to address inequality of wealth at the level of the nation-state, even as the inequality between sub-national regions and groups increasingly became invisible. This occurred because national income accounts transformed government accounts from tools that were useful for accounting within Sudan into a form that was

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<sup>63</sup> Mirghani, *Development Planning in the Sudan in the Sixties* 28-31.

internationally comparable and could be used in economic planning.<sup>64</sup> The systemic application of national income accounts to policymaking and planning dated to the years after the Second World War. National income accounts played a vital role in British planning and in the empire's war efforts and these techniques were carried over into the reconstruction efforts during the late 1940s. The second reason for the spread of national income accounting was that it became a necessity for membership in the United Nations, as the income of member countries had to be calculated in order for individual member country dues to be calculated.<sup>65</sup>

Another implication of making comparisons of national income increasingly explicit was that those calculations not only made comparisons of wealth and poverty possible, but also increasingly comparisons of national strength and weakness. Perhaps even more revolutionarily, they became measures by which it was possible to evaluate the effectiveness and sustainability of particular governments. For instance, was the Sudanese government powerful enough to preserve its independence from Egypt if it was significantly poorer than Egypt? These comparisons required only simple manipulations and the construction of historical time-series. Once the gross national income was calculated, it was divided by population size. This number could then be compared to earlier estimates in order to construct a growth rate. Then questions could be asked about whether the growth rate was increasing or decreasing, which dealt directly

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<sup>64</sup> Beginning in 1947, the United Nations sought to create a system of national income accounts that could be standardized and deployed by all member states in order to further the project of international comparison. In 1953, these standards were finally enshrined in a manual, which could be followed by the statistical offices of various states. Efforts to estimate the income of a nation were not new in and of themselves, for instance an often-cited example is William Petty's calculations in 1664. The calculations were taken in order to justify a narrow goal, the need to raise an income tax rather than to provide consistent comparisons. For a basic timeline of the development of national income accounts please see the website of the United Nations Bureau of Economic and Social Affairs, "Historic Versions of the System of National Accounts," (2012): <http://unstats.un.org/unsd/nationalaccount/hsna.asp>. accessed: 6/16/2012.

<sup>65</sup> Studenski, *The Income of Nations* 152 and 155.

with the question of whether the government was correctly managing the economy.<sup>66</sup> Yet, Morten Jerven has accurately noted the extent to which both cross-national and temporal accounts are riddled with discrepancies that make comparisons difficult, aside from the broadest discussions that some countries fit into different bands of income. Most African countries faced significant challenges in building up the statistical capacity necessary to accurately collect data, and then in deciding how to classify various types of activities.<sup>67</sup>

In 1959, the first estimate of the wealth of the Sudanese economy using national income accounting was produced for the year 1955/56. This estimate became the baseline against which future estimates were judged. The wealth of the Sudanese economy was calculated to be approximately LS 284 million. Additional calculations revealed that the country's per capita income was roughly LS 28. A sector analysis of the Sudanese economy revealed that nearly 60 percent of the economy, approximately LS 166 million pounds, was derived from farm products, livestock, forestry products, and fishing and marine products. The next largest concentration of capital was found within the transportation and distribution sector, with a total of LS 37 million. Using the expenditure method of calculating the Gross Domestic Product, the vast majority of spending was in consumer expenditure.<sup>68</sup>

Another feature of the national income accounts was the inclusion of Sudan on a list of countries ordered by each country's per capita income. Of the fifteen countries listed the United States ranked at the top and Tanganyika at the bottom. Using numbers for 1956, the United States had a per capita income of LS 717, while using 1954 data Tanganyika had a per capita income of LS 17. Sudan was calculated to have the same income per person as Kenya, LS 27,

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<sup>66</sup> Speich, "The Use of Global Abstractions," 12.

<sup>67</sup> Morten Jerven, "The Relativity of Poverty and Income: How Reliable are African Economic Statistics?" *African Affairs* 109/434 (2011): 86-87.

<sup>68</sup> The Department of Statistics, *National Income of Sudan (In Brief)*, 2-3.



and to have an income that was higher than that of Pakistan, India and Nigeria in addition to Tanganyika. However, the income of the Sudanese was significantly lower than that of the Egyptians, whom had a per capita income of LS 40 calculated in 1956, and significantly below the per capita income of the Union of South Africa and the European countries.<sup>69</sup> In Sudan, subsistence agricultural production was included in the calculation of per capita income. These prices were figured by deriving the sum at which agricultural products were sold directly from the farm without including marketing and transportation costs. Statistics on subsistence farming were biased towards figures that documented the production of tenants on the major exporting estates, who were allowed to use part of the land to produce foodstuffs, which were often also sold in the market.<sup>70</sup> Yet even as statisticians within the Government of Sudan's Department of Statistics produced their estimates, they constantly stated that it was very difficult to define and compare economic welfare. After all, "two countries, A and B may have the same average per-capita income, yet welfare may be very different." The complaints about the per capita metric were legion. For instance, could a comparison of per capita income figures account for income inequality within states, or different needs brought about by environmental factors, or whether or not leisure itself was an economic good.<sup>71</sup>

### **Discussion of the Ten-Year Plan**

After 1960, the novelty of the planning approach in regards to what finance officials in Sudan had carried out before was that the new plan would be based on estimates of future economic growth, rather than on specific revenue targets. Measuring the impact of investment

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<sup>69</sup> The Department of Statistics, *National Income of Sudan (In Brief)*, 9.

<sup>70</sup> The farm gate value is typically lower than the retail price consumers pay, as it does not include costs for shipping, handling, storage, marketing, and profit margins of the involved companies.

<sup>71</sup> The Department of Statistics, *National Income of Sudan (In Brief)*, p. 9.

decisions on economic growth was now possible, because of the information that finance officials were able to gather from statisticians using national income accounting to estimate the size of the economy. In theory, one effect of the shift in accounting practice from measuring the profitability of individual schemes to estimating the expansion of the economy should have been to further reduce the tendency of government officials to see the economy as a collection of isolated parts. Immediately after the Second World War, finance officials began to fight against the tendency of other parts of the government, specifically agriculturalists and local administrators to argue that their individual projects or local communities were self-contained economic units. The move towards national income accounting furthered visualized the interconnections between various aspects of the economy. However, instead of making finance officials receptive to small investments spread out across the economy, which though individually insignificant when aggregated might have resulted in substantial economic growth, Sudanese officials were committed to the idea of a “big push.” In practice this meant concentrating their investment strategy on the expansion of a single massive cotton-exporting scheme. Sudan’s economic strategy in practice remained constant even as its justifications continued to shift. National income accounting and the subsequent use of growth rate targeting as a goal around which to structure the country’s economic plan made economic policymakers justify their actions in terms of their benefit to the nation as a whole rather than simply their profitability for the central government.

It was in the context of an improving economy that work on a comprehensive development plan for the Sudanese economy began to bear fruit. Discussion of a new plan

occurred haltingly throughout the late 1950s, but officially began in 1960.<sup>72</sup> These efforts were coordinated by ‘Abd al-Rahim Mirghani. Economic decisions for Sudan were centralized in an economic council headed by the President of the Supreme Council for the Armed Forces, the Prime Minister and key cabinet members. The development committee was composed of the different functional ministries. This committee negotiated the contents of the plan, which was based on policy recommendations formulated by the National Technical Planning Committee. In 1960, a dedicated Economic Planning Secretariat was also created to coordinate the planning process and to exercise financial control.<sup>73</sup> The establishment of a new bureaucratic architecture followed from the division of the Ministry of Finance and Economics into two units, one dedicated to finance, and the other to economics and planning. This division was the organizational representation of the growing divide between the administrative art of accounting for government expenditures and revenue and the science of managing the larger Sudanese economy as an entity, which was distinct from a mere collection of state enterprises.

The writing of a comprehensive development plan represented the culmination of shifts in thinking that had begun during the 1940s. The primary innovation in this iteration of planning was that all of the various proposals developed by government departments and units were

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<sup>72</sup> The Economic Planning Secretariat, Ministry of Finance and Economics, “The Ten Year Plan of Economic and Social Development, 1961/62-1970/71,” (Khartoum, Sudan: Government Printing Press, 1962) 1.

<sup>73</sup> The Economic Council was chaired by the President of the Supreme Council of the Armed Forces and the Prime Minister. It also included the Minister of Information and Labor, the Minister of Cabinet Affairs, the Minister of Commerce, Industry and Supply, the Minister of Foreign Affairs and the Minister of Finance and Economics. The Development Committee was chaired by the Minister of Finance and Economics and it also included the Minister of Works and Mineral Resources, the Minister of Communications, Interior and Local Government, Education, Health and Human Resources and Agriculture, Irrigation and Hydro-Electric Power. At a slightly lower level there was the National Technical Planning Committee composed of under-secretaries, and officials such as the Vice-Chancellor of the University of Khartoum, the General Manager of the Sudan Railways and the Governor of the Bank of Sudan. “The Ten Year Plan of Economic and Social Development, 1961/62-1970/71,” 162-166.

“subsequently embodied in a uniform set of summaries and schedules, showing the aims of each proposal, the required investment amount and its phasing, its contribution to the national income, its effects on the balance of payments [and] administrative requirements.”<sup>74</sup> The macro-economic framework developed by the Economic Planning Unit was then criticized by a special World Bank Mission and Dr. W. H. Singer, the Special Adviser to the Under Secretary for Economic and Social Affairs of the United Nations. These advisers worked to ensure that the plan developed by Sudanese officials conformed to emerging international norms. In particular, the idea popularized by W. W. Rostow that it was possible for an economy such as Sudan’s to “not only expand at an accelerated rate but...at the same time [to] reach the stage of self-sustaining growth.”<sup>75</sup>

These shifts marked a growing recognition that auditing, budgeting and accounting were separate functions from the coordinating and monitoring of economic policy. As in the earlier development programs, one of the first tasks to be completed was a summary of all of the various government departments’ development plans. The earlier efforts at development planning had essentially involved lists of capital projects, based on estimates of the cost of completing the listed projects, which were then compared with projections about the amount of revenue that the government would be capable of raising over a defined time period.<sup>76</sup> However, the new development plan being written during the fall of 1961 would also include three papers working out a macro-economic framework for the plan. There would also be a new iteration of the national income accounts prepared by the Department of Statistics. This account focused

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<sup>74</sup> The Economic Planning Secretariat, Ministry of Finance and Economics, “The Ten Year Plan of Economic and Social Development, 1961/62-1970/71,” (Khartoum, Sudan: Government Printing Press, 1962) 1.

<sup>75</sup> Abdel Rahim Mirghani. “Introduction.” March 15, 1962. The Ten Year Plan of Economic and Social Development,” 2.

<sup>76</sup> Mirghani, *Development Planning in the Sudan in the Sixties* 10.

specifically on producing data about capital formation, the output of manufacturing, and capital—output ratios. There would be a paper investigating the structure of the Sudanese economy, as well as papers focusing on the building and construction potential of the government machinery and the presence of different skills within the overall economy. ‘Abd al-Rahim Mirghani together with Mohammed Khogali worked on a paper examining the import trends by year for the period of the plan, which could last either seven or ten years.<sup>77</sup>

Writing to introduce the ten-year plan, the Minister of Finance and Economics, speaking in the name of the revolutionary council said that, “Amongst the most important targets that the blessed Revolutionary Government pursued and is still pursuing is the improvement of the standard of living of the citizens through the development of the resources of the Country.” The metric of success was to be per capita income growth.<sup>78</sup> Previous plans were characterized as collections of public sector capital investment programs, without a clear estimation of the effects of capital spending on “over-all magnitudes like national income, balance of payments, government revenues, employment, etc.”<sup>79</sup> This plan was to be comprehensive. The Minister of Finance Abdel Magid Ahmed defined comprehensive planning as:

Comprehensive economic planning is basically a scientific study of the circumstances and problems that hinder the progress of society, and assessing the natural and human resources available, and drawing out the right projects which aim at changing those circumstances and dealing with these problems in the light of the available resources. It is therefore a process of defining and knowing the problems and resources of society and

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<sup>77</sup> Letter. Abdel Rahim Mirghani to Arie Kruithof, IBRD, October 16, 1961, “Sudan Railway Project—Negotiation 01,” Box # 172012B.

<sup>78</sup> “Broadcast statement by the Minister of Finance and Economics on the Occasion of the Presentation of the Ten Year Plan of Economic and Social Development 1961/62-1970/71.” The Ten Year Plan of Economic and Social Development,” 3.

<sup>79</sup> Memo. R. N. Poduval. “Sudan’s Ten Year Plan of Economic and Social Development,” *United Arab Republic, The Institute of National Planning, Memo. No. 333*, May 29, 1963, (Cairo, Egypt), 2.

the best use and effective mobilization of these resources to achieve a stage of progress accepted by society as a target to be achieved in a certain period of time.<sup>80</sup>

What the Finance Minister Ahmed meant was that comprehensive planning did not look merely at the direct results of investment such as increased revenue, but rather at second order results such as the effect of investment on society in general. While the initial goal might have been to keep the structure and relative economic relationships between different members of Sudanese society stable, the absolute goal was to make Sudanese society in general wealthier.

The decision to lengthen the period of the plan from seven years to ten was taken in part as a means including an estimate of revenue producing projects such as the ongoing expansion of the Managil Extensions, the Roseires Dam, and the electrification of the Sennar Dam eventual contribution to a rising living standard for the population. Finance officials believed that if the initial capital expenditures began to generate revenue after seven years as expected then new revenue could be allocated to agriculture, communications and social services, in essence balancing the plan.<sup>81</sup> In total the Ten Year Plan was expected to increase the gross domestic product by 65% from LS 357.2 million at the beginning of the plan period to LS 584.5 million at the end of the plan period. Consequently, the per capita gross domestic product would rise from LS 30 to LS 37 taking into account that over the ten year period of the plan the population would rise from 12 million to 15.8 million in 1970/71 the final fiscal year of the plan.<sup>82</sup> In the Minister's estimation the aim of planning was not only to achieve economic targets and to complete capital projects, but also to ensure social and economic stability.<sup>83</sup>

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<sup>80</sup> "Broadcast statement by the Minister of Finance..." 4-5.

<sup>81</sup> Ibid 4-5.

<sup>82</sup> Poduval. "Sudan's Ten Year Plan of Economic..." 1-2.

<sup>83</sup> "Broadcast statement by the Minister of Finance..." 4-5.

The challenge was to achieve an economic transformation. The goal was to transform what was characterized as a poor economy of 10 million people with a low national income, a total dependence on cotton, idle manpower in the South, East and West of the country, little skilled manpower, unknown resources and a rudimentary industrial base into a growing and increasingly wealthy economy. That meant ensuring that the national income increased at a rate that was faster than the natural growth of the population, and that it was possible for individuals to move socially and politically between the modern and traditional sectors of the population. Planners were also increasingly concerned about the need to diversify the economy. One goal was to begin import substitution, which required the additional training of new manpower, the expansion of health and educational services, and an investment in further developing the country's resources. Noticeably missing, especially compared to the Latin American version of import-substitution were plans for heavy industrialization. Industrialization would initially be confined to processes that were complimentary to the agricultural sector, such as the light processing of agricultural goods. A major component of reducing imports was also agricultural diversification, because while largely self-sufficient in the production of foodstuffs, Sudan imported large amounts of tea, coffee, sugar and wheat.<sup>84</sup> Finance officials such as Mamoun Beheiry and John Carmichael assumed that for the foreseeable future Sudan would remain an agricultural exporting economy.<sup>85</sup> During the 1960s, the innovation in planning was not in the types of projects undertaken. Instead, it was in regard to how the aims of plans were assessed.

Unlike many developing countries, Sudan's policy makers recognized the limitations of their domestic market and never intended to shift the basis of the economy from agriculture to manufacturing, or to erect protectionist tariffs around the domestic market. Rather the

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<sup>84</sup> Federation of British Industries, *Assessment of Sudan's Ten Year Plan 2*.

<sup>85</sup> "Broadcast statement by the Minister of Finance..." 6.

government hoped to produce more agricultural products for domestic consumption, while increasing agricultural exports in order to fund greater quantities of imports.<sup>86</sup> The expected magnitude of spending over the ten year period was exceptionally large, coming to roughly LS 512 million, of which perhaps LS 285 million were going to be spent on agricultural schemes, LS 52 million on replacements, renewals and other modifications, and a remaining LS 175 million on investments by the private sector. The end result of this expected expenditure was that the Gross Domestic Product would expand by 63 percent and per capita income would rise by 23 percent. The far-reaching goal was that “if we proceed at this rate in our future plans we would be able to quadruple the national income and double the income per head in a generation.”<sup>87</sup>

Looking at the revised 1963 numbers, planners expected to invest LS 337 million in public works. The most important projects were the Roseires Dam, which would consume LS 36 million, Khashm el Girba Dam, costing LS 14 million, the Managil Extensions, estimated at LS 14 million, the railway system at LS 35 million, aviation at LS 14 million, education at LS 37 million, the Wadi Halfa Resettlement Scheme at LS 22 million, the new sugar factories Guneid and Khashm el Girba at 18 million and other social services and administrative cost at LS 31 million.<sup>88</sup>

Despite the fact that the vast majority of capital expenditure was allocated for a very small number of projects located in the central region of Sudan, finance officials attempted to present the plan to the public as an initiative that would ultimately benefit the country broadly. Yet it was acknowledged that the focus would remain on “a wedge-shaped fertile clay

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<sup>86</sup> Federation of British Industries, *Assessment of Sudan's Ten Year Plan* (London, UK: FBI, 1963) 2-3.

<sup>87</sup> “Broadcast statement by the Minister of Finance...” 6.

<sup>88</sup> Federation of British Industries, *Assessment of Sudan's Ten Year Plan* 6.



plain...situated in the center of the country and...widening towards the East.”<sup>89</sup> To this end, the plan included more than 260 individual projects, and special mention was made of developing coffee schemes in Equatoria and furthering the cultivation of rice in Bahr el-Ghazal in order to foster self-sufficiency. In addition, there was an emphasis on growing the American variety of cotton in the Nuba Mountains and in Gederaf.<sup>90</sup> Yet aside from generic statements about how the plan “paid attention to the development of backward areas in all parts of the country especially the South,” the plan denied funding to major projects in the western, eastern and southern regions of Sudan.<sup>91</sup> Although coffee and rice cultivation could play vital roles in import-substitution, as late as the 1964/65 budget, money had only been allocated for surveying potential coffee estates in Equatoria and establishing a pilot scheme for rice production in Bahr el-Ghazal.<sup>92</sup>

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<sup>89</sup> “The Ten Year Plan of Economic and Social Development,” 10. “Although the arable land in Sudan is estimated at about 100 million acres, only slightly over 7 million acres are cropped. The most developed land agriculturally is the fertile, central clay plains growing practically all cotton. To the west of this, is the ‘quoz’ area in Kordofan and Darfur provinces where gum arabic and oilseed crops are grown; to the east, are flooded silt plains of Gash and Tokar Deltas, irrigated by seasonal streams, sowing principally cotton and dura (sorghum). The southwest region, chiefly the Equatoria Province, in the tropical rainfall belt, has laterite soil, viable for various tropical crops. In the arid and semi-arid areas in the north, cultivation is confined to the Nile Basin with a uniform cropping pattern consisting of a mixture of food and cash crops.” “The Ten Year Plan of Economic and Social Development,” 27.

<sup>90</sup> Ibid.

<sup>91</sup> Work would not proceed on the Khartoum—Port Sudan Road, the Regeneration of Suakin, the extension of Railway Line from Wau to Juba, the exploitation of the Jebel Marra Lands, and the extension of a railway from Nyala to Geneina. Several smaller industrial projects were also not funded.

“Broadcast statement by the Minister of Finance...” 8-9.

<sup>92</sup> Similarly, very little work outside of surveying and visits by experts proceeded in Jebel Marra despite the discovery of water in good quantities.

Department of Economic Planning, Ministry of Finance and Economics, Republic of Sudan, “The Ten Year Plan of Economic and Social Development 1961/62-1970/71: Explanatory Memorandum on 1964/65 Development Budgets,” (July 1, 1964-June 30, 1965) 5-31.

The extent to which national planning allowed a relatively confined region of the country to represent itself as the national economy, can be seen in the long-standing dilemma of whether or not to shift scarce capital from the expansion of agricultural schemes towards expanding the transportation network. Sudanese policymakers continued to debate either attempting to integrate additional regions of Sudan into an export economy or rapidly increasing the export potential of the major irrigated schemes, and delaying investment in the economic periphery until a later unspecified time. From a purely accounting perspective the decision to interpret increased investment in transportation as financially unsound made sense. But the dilemma remained that in a sparsely populated country, an adequate transportation network often appeared to be an unaffordable luxury, yet without affordable transportation the expansion of agricultural production into new regions was often unprofitable, and therefore economic development could not proceed without initially loss making investments.<sup>93</sup> In fact, IBRD officials often spoke of the inadequacy of the Sudanese transportation network as “a bottleneck in the development of Sudan.”<sup>94</sup> At the same time, the IBRD’s traffic analysts were skeptical about the financial feasibility of extending the transportation network to new regions of Sudan.<sup>95</sup>

In part the justification for ignoring the development of the economic peripheries within Sudan came from planners’ acceptance of the division of the economy into a modern and a traditional sector. This framework assumed teleologically that eventually the traditional sectors of the economy would wither to be replaced by the modern sectors of the economy. The facts appeared to bear out the inevitability of this proposition during the period from 1956 until 1961,

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<sup>93</sup> “The Ten Year Plan of Economic and Social Development,” 99.

<sup>94</sup> Memo. Mr. Burney to Files. “Sudan—General Negotiations,” January 29, 1963, WBG “Sudan Railway Project—Negotiations 01,” Box # 172012B.

<sup>95</sup> Letter. Cecil Hutson to J. A. McCunniffe, October 3, 1960, WBG “Sudan—Expansion of Railways and Water Transport Facilities Project—Administration 03,” No. 1741655, Box # 172007B.

when statistics reported that the modern sector grew twice as fast as the traditional sector.<sup>96</sup> In fact, gross domestic product continued to increase slowly during the first years after independence, but increased dramatically between 1959 and 1960. The recession of 1957 to 1959 resulted in a nearly 15 % reduction in fixed investments. However, investment figures began to rebound in 1959 and 1960.

Success was quantified. Per capita income would rise from LS 28-30 to LS 65 by the end of the plan period. The idea was that this would allow Sudan to surpass the per capita income of Morocco and Tunisia and bring it into the range of countries such as Turkey. However, the wealth divide within the country was quite large, with some regions, particularly the western and southern Sudan, considerably below LS 28-30 estimates. Other areas of the country, particularly the area within the triangle formed by Omdurman—Kosti—Sennar (including the three towns of Omdurman, Khartoum and Khartoum North) as well as the Gezira district, the area of maximum state investment due to schemes such as the Gezira and Managil, already enjoying incomes above that of Turkey, in the range of LS 65-75.<sup>97</sup> It was expected that by the end of the planned period, while the per capita GDP of Sudan as a whole might rise to LS 37, the per capita of this triangle could reach levels as high as LS 110. This would be “very high by African standards and probably sufficiently high to sustain self-generating growth.”<sup>98</sup> Rapid growth was justified by the assumption that if one continued to invest in the most capital-intensive parts of the economy, that growth there could be leveraged into other portions of the economy. For example:

For although at first sight the “imbalance” in the economy between the modern part and the traditional part might be criticized, particularly in respect of the difference in *per*

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<sup>96</sup> “The Ten Year Plan of Economic and Social Development,” 13.

<sup>97</sup> “The Ten Year Plan of Economic and Social Development,” 40.

<sup>98</sup> Federation of British Industries, *Assessment of Sudan's Ten Year Plan* 4.

*capita* incomes, the Plan in fact turns this imbalance to advantage by using the resulting higher rate of domestic savings in the modern sector to develop both parts of the economy...<sup>99</sup>

It was estimated that during the life of the plan, the proportion of the population of Sudan involved in the modern sector of the economy would rise from one quarter to possibly one third. In part imbalances within the economy could be leveraged in order to achieve a new balance at a higher overall level of national income.<sup>100</sup> For the planners, the aim of the development strategy was essentially the realization of a “big push” to propel the most economically advanced sectors and regions of the economy forward.<sup>101</sup> The “big push” did not aim for economic stability, but rather for growth.

### **The Implementation of the Ten-Year Plan**

Between 1945 and 1960, the majority of the capital for investment was generated internally, but this pattern could not continue, because cotton prices would not sustain it. While the majority of economic activity occurred within Sudan’s borders, 70 percent of the government’s revenues were generated from imports and exports. The government’s finances were vulnerable to declining terms of trade related to the structural problem that Sudan was exporting primary commodities such as long staple cotton, at the same time that it required imports of manufactured goods. The planners recognized this as a trend that emerged in 1954, but saw little chance of solving the problem within the ten years of the plan.<sup>102</sup> Planners thought

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<sup>99</sup> “The Ten Year Plan of Economic and Social Development,” 43.

<sup>100</sup> “The Ten Year Plan of Economic and Social Development,” 43-44.

<sup>101</sup> Poduval, “Sudan’s Ten Year Plan of Economic...” 2. For more on the history of the “big push” idea, see: H. W. Arndt, *Economic Development* 58.

<sup>102</sup> Cotton provided 70 percent of government exports and more than 40 percent of government revenue. Though it another belt of potential agricultural expansion was opened up south of a line that might be extended from El Geneina to El Obeid to Sennar and Kassala, which had previously been primarily devoted to subsistence agriculture, but which were increasingly opening up to mechanical agriculture.

the most promising path towards import substitution was agricultural diversification, allowing the development of domestic sources of coffee, rice and sugar and therefore decreasing the need to rely on imports.<sup>103</sup> The other potential source of additional income was from manufactures such as cotton yarn and basic textile products that could be processed from the raw cotton produced within Sudan. Some progress was made during the year 1956 until 1960 in producing simple manufactured consumer goods for domestic consumption in Sudan, but only edible oils were of a quality that could readily be exported.<sup>104</sup>

The vulnerability of the Sudanese economy was acute. The development expenditures programmed within the Ten Year Plan required an additional LS 95 million in loans from abroad, and the LS 56 million already received required interest payments of 5 percent over the next fifteen years. The plan's chief architect, 'Abd al-Rahim Mirghani, expected the burden on the Sudanese economy to be massive. He was already expressing the hope to the IBRD that the industrialized countries would be tolerant and understanding in the terms of their loans.<sup>105</sup> The questions to be answered were whether the capital spending the Government had embarked upon would produce self-sustaining growth, and whether the austerity measures necessary to concentrate investments on a few projects would produce rewards that could be distributed in such a manner as to make the economic programs of the central government sustainable. This was particularly important because projections of government revenue during the plan period did

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"The Ten Year Plan of Economic and Social Development," 17-29.

<sup>103</sup> The Ten Year Plan of Economic and Social Development," 29.

<sup>104</sup> "The Ten Year Plan of Economic and Social Development," 34.

<sup>105</sup> "As you know it is now generally recognized and accepted by the industrialized countries that the needs of the underdeveloped countries for capital to finance their development plan should be met by a major part by soft loans otherwise the success of their developmental effects will be endangered."

Letter. Abdel Rahim Mirghani to Sayyid Mohammed Hamad el Nil, "Second Sugar Factory at Kashm el Girba," November 15, 1962, WBG "Sudan—Expansion of Railways and Water Transport Facilities Project, Administration 04," Box # 172007B.

not call for taxation to play a major role in raising revenue.<sup>106</sup> By the 1964/65 fiscal year, the primary work on the first four phases of the Managil Extension Schemes had been successfully completed. This provided substantially increased export capacity. One of the primary outstanding projects was the construction and electrification of the Roseires Dam. The foreign currency component of the Dam project totaled LS 17,722,841. The principal loans were secured from the IBRD, the International Development Association and the Federal Republic of Germany. The cost of actually constructing the Roseires Dam was continuing to rise as of 1964/65, as was the cost of completing the Khashm el-Girba Dam.<sup>107</sup> Despite questions, even after the final plan was evaluated by the IBRD in July of 1963, the Mission to Sudan concluded, “the Development plan was realistic...and that the proposed scale of investment would be within the capacity of the country, provided it could obtain suitable aid from abroad.”<sup>108</sup>

The execution of the ten-year plan was not expected to resolve Sudan’s foreign exchange vulnerability in the short term. This was despite the fact that it was this vulnerability, which marked the economic crisis of 1957-1958 that brought the military to power in the first place. Instead, like all development programs, which relied on the importation of capital-intensive goods, experts expected that this program would magnify existing problems. The formulators of the plan understood that Sudan would incur a deficit in the current account of its balance of payments, requiring new capital inflows of upwards of LS 150 million.<sup>109</sup> This was especially the case because the Sudanese strategy was to concentrate capital investments during the first four years of the plan in order to support social services later on. One attempt to address this

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<sup>106</sup> Poduval, “Sudan’s Ten Year Plan of Economic...” 3.

<sup>107</sup> “The Ten Year Plan of Economic and Social Development 1961/62-1970/71: Explanatory Memorandum on 1964/65 Development Budgets,” 33-35.

<sup>108</sup> Note. From Sir D. Ormsby Gore, “Inward Saving Telegram from Washington to FO: IBRD—Sudan,” July 27, 1963, TNA FO 371/172364.

<sup>109</sup> Poduval “Sudan’s Ten Year Plan,” 2.

problem was to devote domestic foreign exchange reserves exclusively to the problem of managing short-term fluctuations in the international commodity markets.<sup>110</sup>

However, austerity was never popular, and as early as March of 1959, there were complaints that the Ministry of Finance and Economics was beginning to lose authority within the military government, because it advocated policy choices that were deeply unpopular.<sup>111</sup> Austerity included raising taxes and greater attempts to control government expenditures.<sup>112</sup> High duties on imports or cuts to government salaries faced resistance because they punished the politically powerful urban constituencies.<sup>113</sup> There were limits to the extent to which increased revenue could be extracted from the semi-governmental cotton exporting schemes, which provided the backbone of the state's financial position. For instance, despite the partial recovery under way in the cotton markets, during the 1958/59 season, the Gash Board was unable to meet its obligation of a 10% interest payment of LS 50,000, which it owed the Government of Sudan. Any increased revenue earned from the sale of cotton was lost because of the failure of the Gash Scheme to expand its production as much as was initially expected. Ever rising administrative expenses were also a problem, despite a reduction in the number of field account and storeroom employees.<sup>114</sup> The Ministry of Finance and Economics also had difficulties finding sufficient numbers of inspectors to monitor and administer its financial commitments to tenants on estates

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<sup>110</sup> "The Ten Year Plan of Economic and Social Development," 46.

<sup>111</sup> Letter. J. Carmichael to My Dear Ambassador, March 11, 1959, SAD G//S 1166/2/4/.

<sup>112</sup> The policy of fiscal restraint included raising the taxation level on import and excise duties during the middle of 1959. Development spending for 1959 fiscal year was cut by more than 45%. The goal was to hold it down to less than LS 8.2 million for the 1960 fiscal year.

Memo. William Brakel to Joseph Rucinski, "Sudan—Financing of Managil and Roseires," April 12, 1960, WBG "Sudan—Managil Irrigation Project—Negotiations 01," Box # 172008B.

<sup>113</sup> Note. J. Carmichael, "Devaluation," March 26, 1959, SAD G//S 1166/2/4/.

<sup>114</sup> Letter. 'Abd al-Majed Ahmad to Secretary General of the Council of Ministers, "Evaluations of the Budget for the Gash Council for the Year 1959/1960," June 15, 1959, NRO Finance 3-A/28/4/16/.

such as the Nuba Mountain cotton schemes.<sup>115</sup> Yet, the Gezira Scheme Board and the White Nile Scheme Board were returning to profitability and providing optimistic reports in regards to the government's future ability to earn a profit on its cotton exports.<sup>116</sup> At the lower levels of the government, there were concerns about the inability of the state to staff itself adequately with trained officials, as Sudanese graduates moved into the private sector and were increasingly sought for higher positions in government.<sup>117</sup>

However through 1962, as the plan was entering its initial implementation stage, Sudan was able to attract increasing amounts of foreign investment in order to make up for problems raising adequate revenue from exports of cotton. Discussions about increasing the amount of international funding that Sudan received were underway with West Germany, and Kuwait

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<sup>115</sup> 'Abbas Musa to Permanent Under Secretary for the Ministry of Finance and Economics. "Nuba Mountain's Farmers Welfare Fund," August 2, 1959, NRO Finance 3-A/28/16/63/; and additional complication was the lack of a unified law governing how the various welfare funds and saving schemes for different tenant farmers could be accessed and mobilized to fund capital expenditures or other purposes. The lack of a unified law meant that Ministry of Finance staff had to be devoted to each scheme. In particular since 1950 the opinion of the Gezira Tenants Association had to be taken into account in decisions to access the Gezira Farmer's Welfare Fund.

Letter. From 'Abbas Musa to al-Rashid Mirghani, September 9, 1959, NRO Finance 3-A/28/16/63/; and Note. 'Abbas Musa, "Minutes of the Special Meeting on the Farmers' Welfare Fund: Gezira, Gash, White Nile, Tokar Delta and the Nuba Mountains," September 12, 1959, NRO Finance 3-A/28/16/63/; The ability of the government to regulate the operations of agricultural schemes such as the White Nile Schemes Extensions were constrained by the fact that it was not a government agency, but rather a semi-government establishment. See: Letter. From 'Awad 'Abd al-Ajid to The Honorable Sayyid Governor of Khartoum, "Cotton: White Nile Schemes Extensions," NRO Finance 3-A/28/13/47/.

<sup>116</sup> Letter. From 'Abd al-Majid Ahmed to Secretary General of the Council of Ministers, "Budget Estimates of the White Nile Scheme for the Year 1959/1960," August 9, 1959, NRO Finance 3-A/28/12/44/.

<sup>117</sup> Consequentially, there was a decision in 1960 to direct university graduates to fulfill their three-year requirement for public service before they were able to move into the private sphere. This ensured for instance that the railways would receive two or three graduates each year. Memo. "Africanization as it affects the railways in the Sudan, Nigeria and Rhodesia," April 11, 1960, "Sudan—Expansion of Railways and Water Transport Facilities Project—Administration 03," WBG No. 1741655, Box # 172007B.



emerged as one of the earliest Gulf States interested in exporting its surplus capital in the form of development loans.<sup>118</sup> The first loan that the Kuwaiti government approved for Sudan was seven million Kuwaiti dinars for the Sudanese railways.<sup>119</sup> Because the price of cotton was steadily declining, and international donors often pledged support for large-scale projects without fully committing themselves there was a constant need to expand the donor base. The need to broaden the base of donors was tied to the problem of donor fatigue and uncertainty within the donor community about how much foreign capital the Sudanese economy could absorb, and what the government felt confident it could repay. These questions emerged even as the Sudanese commitment to increase its capital spending accelerated. Sudanese frustration about the lack of clarity about whether or not the country qualified for additional funding can be seen in the following discussion between Mohammed El Fadl, the General Manager of the Sudan Railways, and H. J. Van Helden, the chief of the Transportation Division within the IBRD:

[The Sudanese Railways] find ourselves slightly perplexed to learn positively for the first time that a mission would be set in motion if the Sudan Government were to request the Bank to assist in financing the railway program. We had been hoping for developments along these lines ever since we presented our traffic survey in October 1960. Since then every visitor to this country from the Bank has stated that the maximum possible loans have been made to this country and the railway would have to seek financial assistance elsewhere.

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<sup>118</sup> This posed an interesting question for the IBRD about how to coordinate its efforts with emerging lenders such as the Kuwait Development Fund.

Notes. Arie Kruithof to Mr. G. Wilson through Mr. Stevenson, "Sudan—Railway Financing by Kuwait," March 21, 1962, WBG "Sudan Railways Project—Negotiations 01," Box # 172012B.; Letter. From Abdel Rahim Mirghani to Arie, March 15, 1962, WBG "Sudan Railways Project—Negotiations 01," Box # 172012B.

<sup>119</sup> Handwritten Letter. From A. R. Mirghani to Arie, "Kuwait," March 21, 1962. WBG "Sudan Railways Project—Negotiations 01," Box # 172012B; see also: Memo. Geoffrey Wilson to Mr. Knapp, "Kuwait—Arab Development Fund," March 27, 1962, WBG "Sudan Railway Project—Negotiations 01," Box # 172012B; Yugoslavia was also a source of development loans, having granted Sudan 5.5 million pounds in 1959.

Letter from Ian Scott to "The Earl of Home," "Dispatch 40," July 6, 1962, TNA FO 371/163921.

The search for alternative sources of capital has been conducted tirelessly throughout the past eighteen months, and the lack of response on acceptable terms, and all the implications of tied loans which we have taken into account, have had retarding and frustrating effects on all our plans and the execution of these plans.<sup>120</sup>

The danger that the Government of Sudan might eventually exhaust its access to easily available foreign capital foreshadowed the potential danger to ‘Abboud’s regime. However, Sudan experienced a larger harvest and good sales of cotton in 1962, and therefore there was increased interest in granting loans secured essentially by the country’s cotton income. After all, cotton production in 1962 was 1,137,221 bales; a little less than double the previous year’s production of 616,502 bales.<sup>121</sup> However, the sustainability of increased production was constantly being called into question by poor yields on individual schemes.<sup>122</sup> Austerity also allowed for the central budget to show year on year increases in its budgetary surpluses.<sup>123</sup>

By November 1963, the Sudan IBRD Consultative Group, composed of the principal Western creditors to the country, began to express concerns about Sudan’s ability to carry out its development plan.<sup>124</sup> Sudan had a relatively modest deficit in its balance of payments in 1963,

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<sup>120</sup> Letter. Mohamed El Fadl to H. J. Van Helden, “Loan 202 SU,” March 28, 1962, WBG “Sudan—Expansion of Railways and Water Transport Facilities Project Administration. 04,” Box # 172007B.

<sup>121</sup> “Statement by His Excellency the Minister of Finance and Economics on the Occasion of Presenting the 1962/63 Central Budget,” June 12, 1962, SAD G//S 1166/2/4/.

<sup>122</sup> “Indeed the total amount of irrigated land in the Tokar Delta was estimated at approximately 12,500 feddans, when it is known that the acreage which can be irrigated is estimated to be around 200,000 feddans,” and the average yield per feddan declined from six kantar to only approximately three kantars. Not only was the Tokar Scheme unable to contribute to the central budget, but the cultivators of the Tokar Delta also required increasing demands from the financing fund.

From ‘Abd al-Magid Ahmed to Sayyid Secretary General of the Council of Ministers, “Tokar Cultivators’ Fund, Including Payment Form,” NRO Finance 3-A/28/6/22.

<sup>123</sup> “Statement by His Excellency the Minister of Finance and Economics on the Occasion of Presenting the 1962/63 Central Budget,” June 12, 1962, SAD G//S 1166/2/4/.

<sup>124</sup> The Consultative Group was chaired by the IBRD and composed of representatives from the Washington embassies of Belgium, France, Germany, Italy, Japan, Netherlands, Switzerland, the United Kingdom, the State Department of the United States and USAID. Letter. From

after a poor cotton harvest in 1962.<sup>125</sup> Another fear was that the Republic of Sudan would be unable to control its expenditures. A second problem was the concentration of development programs in the central region of the country. However, there was praise for the Bank for Sudan's willingness to emphasize commodity-producing projects over social investments to an extent unseen in many other developing countries.<sup>126</sup>

Predictably the optimistic forecast of cotton harvest on which the plan was initially based did not last, and by January 1964 the Government of Sudan was returning to international lenders to seek additional loans in order to meet the foreign exchange requirements necessary to continue funding its development programs.<sup>127</sup> In the beginning of February, 1964, 'Abd al-Rahim Mirghani traveled to Washington to explain the difficulties that the Republic of Sudan was having carrying out the Ten Year Plan.<sup>128</sup> By April, 1964, the Abboud regime, which in November 1963 had formed a Central Council to augment the Supreme Council of the Armed Forces as a means of increasing its legitimacy and beginning to manage a political opening, faced increased complaints about its economic stewardship, often from members of its new council.<sup>129</sup> In particular there were complaints that the Khashim el-Girba scheme was significantly over cost at the same time that Egypt was delaying its reimbursement of Sudan for

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Washington, Sir D. Ormsby Gore to FO, "Addressed to FO Telegram No. Eager 232 Saving of November 29: Sudan IBRD Consultative Group," TNA FO 371/172364.

<sup>125</sup> "The Sudan's total imports in 1962 were LS 89 million and total exports LS 79 million, of which LS 48.5 million were cotton and cotton seed. This deficit on the visible balance of payments is modest, bearing in mind the development of the Plan and the amounts of foreign aid available."

Federation of British Industries. *Assessment of Sudan's Ten Year Plan 3.*

<sup>126</sup> From Washington, Sir D. Ormsby Gore to FO, "Addressed to FO Telegram No. Eager 232 Saving of November 29: Sudan IBRD Consultative Group," TNA FO 371/172364.

<sup>127</sup> Memo. M. A. Burney to Hendrik Van Helden, "Sudan Loan Application for the SR." January 27, 1964. WBG. "Sudan—Railway Project—Negotiations 01," Box # 172012B.

<sup>128</sup> Letter. Pierre L. Moussa to Mamoun Beheiry, February 27, 1964, WBG "Sudan—Expansion of Railways and Water Transport Facilities Project—Administration 04," Box # 172007B.

<sup>129</sup> Bechtold *Politics in the Sudan* 205.

the flooding of Wadi Halfa.<sup>130</sup> At the same time, the Sudanese Council of Ministers raised taxes on tenant farmers such as those in the Tokar Delta.<sup>131</sup> There were also concerns that the Ministries of Defense, the Interior and Information, which were favored by the army officers, were overspending. These concerns were further aggravated by the escalating situation in southern Sudan, where the decision to cease investing in economic and social projects exacerbated political tensions. Open warfare broke out during the first years of the 1960s and what had been unrest in the 1950s was now becoming civil war.<sup>132</sup> However, the immediate concern was not simply the generation of budget surpluses, but to find more foreign exchange that the Republic of Sudan could devote to accelerating its development plans.<sup>133</sup> Still, the military regime often won praise from foreign investors for ensuring political stability and its ability to produce consistent budget surpluses.<sup>134</sup>

### **Reasons for the Failure of the Plan and the Fall of the ‘Abboud Regime**

An analysis of aggregate economic measures such as the GDP makes the ‘Abboud regime’s economic stewardship appeared modestly successful and economically stable. During the first five years of the Ten Year Plan Sudan’s GDP increased twenty percent. However,

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<sup>130</sup> The Sudanese market had become a dumping ground for Egyptian manufactured goods, which were having a difficult time finding alternative markets. Egypt was in need of IMF stabilization funds in 1964 to meet some of its external debts.

Memo. From Commercial Department, British Embassy in Khartoum, July 4, 1964, TNA FO 371/178613; Letter. From A. D. Parsons to P. H. Laurence, April 14, 1964, TNA FO 371/178613; Letter. From M. P. V. Hannam to R. W. Munro, July 24, 1964, TNA FO 371/178613.

<sup>131</sup> The rate of withdrawal was raised from 5% to 10% for tenants in the Tokar Delta. Memo. Department of Finance and Economics, “Decision of the Council of Ministers, the 456 Meeting,” June 21, 1964, NRO Finance 3-A/28/6/22/.

<sup>132</sup> Hasan, “The Sudanese Revolution of October 1964,” 504.

<sup>133</sup> Note. Maurice Bart to Mr. G. Stewart Mason, August 25, 1964, WBG “Sudan—Second Railway Project—Negotiations 02,” Box # 172012B.

<sup>134</sup> Federation of British Industries. *Assessment of Sudan’s Ten Year Plan* 23.

excusing the steep economic decline associated with the collapse in the Sudanese economy in 1957-1958, the economy scarcely grew faster during the first years of the plan than it had during the previous five years of civilian rule. The military's real claims to success were based on the increase in the GDP growth rate that occurred during the second part of the plan period. During the years 1965-1971 the GDP expanded by thirty percent.<sup>135</sup> A transitional government came to power briefly following the revolution of October 1964. This government was dominated by the National Front for Professionals and made up of members willing to pursue more radical social and economic policies. However by April of the following year, the traditional parties such as the Umma and NUP had resumed control of the government, and continued to carry out economic policies in general alignment with the Ten Year Plan.<sup>136</sup> Therefore the acceleration in growth can in part be attributed to the framework developed by the planners.<sup>137</sup>

Yet this raises the question of why the regime fell. This is particularly curious since the civilian regime of 'Abdullah Khalil fell in part because of the economic chaos that was perceived to have surrounded the disastrous cotton harvest of 1957/58 and the subsequent fatigue with expensive coalition building and electoral contestation that filtered throughout the political elite during the fall of 1958. Describing the revolution of 1964, Bechtold writes that it occurred, "surely not because of economic pressures, for the slight drop in foreign exchange reserves affected very few people at the time, and whatever inconvenience resulted was definitely outweighed by the considerable rise in the standard of living since 1958."<sup>138</sup>

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<sup>135</sup> Tim Niblock, "Table A.10: Composition of GDP by Economic Sectors, 1955/56-1973/74," in *Class and Power in Sudan: The Dynamics of Sudanese Politics, 1898-1985* (Albany, NY: SUNY Press, 1987) 356.

<sup>136</sup> Niblock, *Class and Power* 226-229; M. W. Daly, *Darfur's Sorrow: A History of Destruction and Genocide* (Cambridge, UK: Cambridge University Press, 2007) 189.

<sup>137</sup> Daly *Darfur's Sorrow* 185-189.

<sup>138</sup> Bechtold *Politics in the Sudan* 213.

Yet despite rises in the standard of living, rises felt particularly by those living within the triangle formed by Omdurman-Kosti and Sennar, it was the outbreak of violence on October 21, 1964 at the University of Khartoum, after a meeting to discuss the government's failed strategy in the south, that marked the end of the 'Abboud regime's support. The outbreak showed that despite the military's decision to concentrate its resources on satisfying the center, chaos in the peripheral regions of the country could not be contained. General 'Abboud and the other members of the Supreme Council of the Armed Forces would be ousted a few weeks later.<sup>139</sup> Bechtold wrote that "economically, [the Supreme Council of the Armed Forces] performed with considerable efficiency; politically, increasing ineffectiveness marked its tenure."<sup>140</sup> In part, the drive for increased economic growth favored the concentration of development in a few territorially defined areas, but such concentration did very little to address questions of equity. Therefore, even as economic growth resumed, political unrest continued to fester.

In many respects Sudan confronted an intensified version of the problems facing the smaller West African nations that Arthur Lewis described.<sup>141</sup> It was large, nearly one-third the size of India, and contained only 12 million people at the beginning of the 1960s. The central triangle from Omdurman to Kosti and Sennar not only dominated the nation's politics, but was significantly richer than the rest of the country, with a per capita income of over LS 100 compared with an income of significantly less than the national average of LS 30 in many parts of southern and western Sudan. As fighting escalated between the central government and an increasingly complex group of separatist movements in southern Sudan in 1963, the signs of

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<sup>139</sup> Mahgoub, *Democracy on Trial* 188-192.

<sup>140</sup> Bechtold *Politics in the Sudan* 202; for a detailed account of the resistance to the 'Abboud regime and the events of October 1964, see Yusuf Fadl Hasan, "The Sudanese Revolution of October 1964," 491-509.

<sup>141</sup> W. Arthur Lewis, *Politics in West Africa* (Oxford, UK: Oxford University Press, 1965).

distrust and the lack of shared national image between the Arabized elite in Khartoum and the largely mission-educated and African elites of southern Sudan began to be stridently articulated.

At the 1965 Khartoum Conference on the Southern Sudan, Aggrey Jaden, the president of the Sudan African National Union, proclaimed that:

The Sudan falls sharply into two distinct areas, both in geographical areas, ethnic groups, and cultural systems. The Northern Sudan is occupied by a hybrid Arab race who are united by their common language, common culture, and common religion; and they look to the Arab world for their cultural and political inspiration. The people of the Southern Sudan, on the other hand, belong to the African ethnic group of East Africa... There is nothing in common between the various sections of the community; no body of shared beliefs, no identity of interests, no local signs of unity and above all, the Sudan has failed to compose a single community.<sup>142</sup>

When Aggrey spoke in the mid 1960s it was clear to large segments of northern and southern Sudanese that the attempt to suppress the questions of identity that were dividing the different parts of Sudan in the name of economic development had hopelessly failed. The sentiment expressed by noted Muslim Brother and lecturer in the Faculty of Law at the University of Khartoum, Dr. Hasan al-Turabi, at a forum on September 9<sup>th</sup>, 1964 that southern question could never be solved without resolving the questions of democracy and centralization in Sudan. Speaking in such a public forum, Turabi challenged the legitimacy of the military regime, and after a series of public meetings at the University of Khartoum, the military attempted to reassert its authority, but the conflagration that ensued on October 21<sup>st</sup> eventually led to the overthrow of the military regime.<sup>143</sup>

By April of 1965, when an alliance of Sudanese political parties assumed power in Khartoum, the United Front, principally formed by the Umma and the NUP, came to power. The

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<sup>142</sup> Khartoum Conference on the South, March 1965 documents; speech by Aggrey Jaden (mimeo.), p. 4, cited in George W. Shepherd Jr., "National Integration and the Southern Sudan," *The Journal of Modern African Studies* 4:2 (October 1966): 195.

<sup>143</sup> Hasan "The Sudanese Revolution of October 1964," 505.

parties then continued many of the economic policies of the ‘Abboud regime as well as their commitment to the use of military force in order to suppress uprisings in the three southern provinces of Sudan.<sup>144</sup> In part the status quo was preserved by the continuing absence of a political coalition with a mandate for change. Martin Daly has written that the “flirtation with radical economic ideas in 1965 ended in reconciliation of the political system with conservative interests.”<sup>145</sup>

In part, these dilemmas related to the fact that the party system was captured by elites from the most economically advanced regions of the country. These elites were able to muster the votes of vast underprivileged regions of the country cheaply by appealing to identity-based affinities. Still they were also able to intellectually justify their decisions, because the economic theories that Sudan’s planners embraced reaffirmed their political preferences. Embracing the theory that raising the rate of capital investment would bring about growth and that the quickest way to spur growth was through furthering inequality as a result of unequal development, Sudanese planners, whether supported by military or civilian regimes were able to justify the concentration of economic resources in the country’s most privileged regions. These regions were then expected to serve as a vanguard to spur the development of the rest of the country in some perhaps distant future after “take-off” had been achieved. The construction of aggregate measures, which focused on the state as the unit of analysis, such as the growth rate of GDP, even as it made inequality between nations increasingly visible, served to make inequality within the state less visible.

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<sup>144</sup> Thomas E. Nyquist, “The Sudan: Prelude to Elections,” *Middle East Journal* 19:3 (Summer, 1965): 263-272.

<sup>145</sup> Daly, *Darfur’s Sorrow* 185.



The visualization of poverty turned the ability to raise living standards into a test of the legitimacy during the colonial and postcolonial period in Africa and Asia, as the ability to improve the living standards of a the national population became a critical test for both colonial and post-colonial regimes. The gradual adoption of national income accounting as a systematic method for a particular regime to measure its progress in alleviating income inequality intensified a process that begun much earlier. Much has been written about the ways in which this statistical revolution made poverty visible, and the various ways in which a contest emerged concerning the interpretation of the statistical record as a means of either legitimating the colonial project or condemning it as having led to underdevelopment.<sup>146</sup> The visualization of inequality and poverty has often been dated to Colin Clark's 1940 publication of *The Conditions of Economic Progress*, which worked from the tabulation of national income accounts to show that at least half of the world's population lived on less than one-sixth of the average income within the United States.<sup>147</sup> Writing of French West Africa, Vincent Bonnacase has written that:

Rather than seeing in the first African national incomes a tool of public policy as happened in Europe at the same time—the national income statistics elaborated in FWA in the 1950s did not guide economic policies in a logic of forecasting and allocation of resources—it may be more relevant to see in this governmental request an attempt of “representing the progress”: while the French Empire was affected by a crisis of legitimacy, the point was to measure and prove the ability of the colonial economic policy to improve production and living conditions in Africa.<sup>148</sup>

The politicization of statistics and national income accounts was nothing new: Since the 18<sup>th</sup> century, the collectors of statistical data and calculators of wealth had sometimes found their

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<sup>146</sup> Morten Jerven, “Users and Producers of African Income: Measuring the Progress of African Economies,” *African Affairs* 110/439 (2011): 169-190.

<sup>147</sup> Daniel Speich, “The Use of Global Abstractions,” 7.

<sup>148</sup> Vincent Bonnacase, “National Incomes for Africa? Measuring the Development of French West Africa in the 1950s,” *CAS@50: Cutting Edges and Retrospective*, 5-8<sup>th</sup> June 2012, University of Edinburgh, John McIntyre Center, Edinburgh, Scotland. p. 5.

positions at court jeopardized as a consequence of compiling inconvenient data points and conclusions.<sup>149</sup>

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<sup>149</sup> For instance during the French Restoration of 19th Century, under the Louis XVIII and Charles X, statistics had a flavor of heresy.  
Vanoli, *A History of National Accounting* 5.