"The Collapsing Sudanese Economy: Political and Military Implications, International Obligations," *Yale Journal of International Relations*, May 22, 2013

http://yalejournal.org/2013/05/22/the-collapsing-sudanese-economy-political-and-military-implications-international-obligations/

Eric Reeves, Smith College

[This essay was written in early January 2013; little has changed in the macroeconomic picture for either Sudan or South Sudan. Recent mutual threats of an oil stoppage would of course dramatically increase the economic crisis depicted here, and which is already threatening of peace in a range of ways. Inflation continues its relentless rise in Sudan, despite "official figures" suggesting otherwise. The connection between fighting in Jebel Amer (North Darfur) and the Khartoum regime's desperate need of foreign exchange currency has become steadily clearer--May 28, 2013]

December 2012 commentary on the purported "coup attempt" in Khartoum provided little in the way of consensus about how serious the "coup" was or precisely who was truly involved or how far planning had moved to an actual attempt.[1] The timing may have been governed by President al-Bashir's health and an inevitable diminishing of power (he has throat cancer, according to multiple sources); what the stance of the military is or will be on the occasion of a transition is unclear. Official comments from officials in Khartoum were contradictory and showed no commitment to provide an honest account. What can't be doubted is that the events, insofar as we can discern them, reveal growing domestic unhappiness with the current regime, which after 23 years in power has still failed to bring peace or broadening prosperity to Sudan. The public discontent of last June and July may now be coming to fruition.

But to date political commentary has generally failed to provide a comprehensive account of how current struggles in Khartoum take place in the context of an economy that is in free-fall. There is some acknowledgement of distress over high prices, shortages, and lack of employment; but there has been relatively little in the way of fuller and more probing assessment of how far advanced the economic collapse is—or what the consequences of such a collapse will be in shaping Sudan's political future. But any analysis of current political machinations and maneuvering will be meaningless without an understanding of how a series of critical choices—military and economic—have been forced on the regime as a whole. These choices are inevitably interrelated, and how they are made will define the future of greater Sudan.

Discussion of Khartoum's political elite often relies on a traditional division of the National Islamic Front/ National Congress Party into "moderates and "hardliners"; this is better cast, in my view, as a distinction between variously pragmatic elements within the regime who cohere in their views to a greater or lesser degree, depending on international pressures. The analytic task at hand is to capture how current economic circumstances will govern the survivalist political instincts that are common to all these ruthless men. The advantage of a focus on "pragmatism" is that it highlights how "unpragmatic" so many recent actions and decisions have been in the economic sphere, and how these decisions actually increase the threat to regime survival. These brutal men may control the press, the news media, the security forces and the army—at present. But the impending maelstrom of economic disarray will bring to bear pressures that many in the regime and the military clearly have not anticipated or do not fully understand.

An overview of factors precipitating the collapse of the Sudanese economy would include the following.[2]

[1] A recent assessment found that Sudan is the ***fourth most corrupt country in the world*** (only Afghanistan, North Korea, and Somalia rank lower)[3]; corruption eats at the heart of economic growth, derails rational capital expenditures, and breeds resentment. It has long been endemic in Sudan, and its current ranking reflects that fact.

[2] The IMF's most recent assessment has found that ***Sudan's is the worst-performing economy in the world.***[4] This in itself is simply extraordinary for a country with so many natural resources, including vast tracts of arable land.

[3] The best barometer of the extent of economic collapse is the revised figure for ***negative growth (contraction) of the economy****: the* ***April 2012 prediction from the IMF was -7.3 percent for 2012;*** *most* ***recently the figure stands at -11.2 percent***, a depression by some measures, strongly suggesting a continuing downward spiral.

[4] The most current (October) estimate of Sudan's rate of inflation is ***45.3 percent, up from 41.6 percent in September, 22.5 percent in March, and 15 percent in June 2011****.* In fact, this figure is already dated by the weeks intervening between data collection and present prices—and certainly understates the rate of inflation for essential commodities such as food and fuel. The official year-on-year inflation rate for food is 48.6 percent; *The Economist* notes (December 1, 2012) that "the price of *fool*, Sudan's traditional bean breakfast, has risen from $0.33 to $1.16.," over 300 percent.[5] The inflation rate for fuel is just as high as that for food generally, with ripple effects throughout the economy.

Moreover, Yousif el-Mahdi, a Khartoum-based economist, estimated in September (2012) that the ***real overall inflation rate was closer to 65 percent***—this when the official rate was still 42 percent. He is far from alone in believing that in the past, the actual inflation rate has been consistently understated; but when the bad news comes fully home, it will inevitably make those holding Sudanese pounds even less trusting of the currency. [Based on a number of reports and assessments, my own current estimate (May 2013) is ***roughly 75 percent annually***--ER]

In fact, Sudan is rapidly approaching the point at which hyper-inflation will govern economic calculations and transactions, sending the pound into free-fall as desperate bank depositors and others with cash holdings in pounds convert to a hard currency or valuable commodities (gold, silver, even food) at almost any exchange rate. Once hyper-inflation sets in, it is almost impossible to reverse expectations of yet more hyper-inflation, particularly if there are no resources with which to back the currency under assault. The cash economy in Sudan will grind to a halt. Here it seems appropriate to recall that former President Jaafer Nimieri was brought down rapidly in 1985 amidst protests generated largely by hyper-inflation.

It should also be borne in mind that Khartoum has leveraged its oil resources as much as possible, and owns only a very small percentage of the two oil development consortia operating in Sudan and South Sudan (in the form of Sudapet's 5 percent stake, which has been challenged by Juba). Sales of additional concession blocks have generated little income, and nothing has been held in reserve.

Gold exports have been much in Sudan news, but the quantities being talked about by the regime—and thus the hard currency purportedly to be received—have been greeted with considerable skepticism.[6] Reports seem to come exclusively from the regime-controlled news media in Khartoum, and have an air of desperation about them. In any event, increased gold production alone cannot begin to reverse current trends in the near- or medium-term.

[5] The cutting of fuel subsidies from the budget—demanded by the IMF as a condition for debt relief—has been largely abandoned in the wake of Arab Spring-like demonstrations last summer; these expensive subsidies will again represent an enormous part of the non-military/security budget, even as the expense receives no honest reckoning in public comments by the regime. Yet budgetary realities have become ever more grim, as the *Sudan Tribune* notes (December 7, 2012):

"The Sudanese government tabled its draft 2013 budget before parliament this week which projects ***25.2 billion Sudanese pounds (SDG) in revenues and 35.0 billion SDG in expenses*** *leaving a* ***deficit of 10 billion SDG ($1.5 billion) which equals 3.4% of the country's Gross Domestic Product. The deficit will be financed up to 87% (7.6 billion SDG) from domestic sources including 2 billion SDG from the central bank.***[7]

But the central bank has no real money, only what it prints in the way of Sudanese pounds that are rapidly declining in value. As of December 2, 2012, $1.00 bought 6.5 pounds—a record low, and a further 3 percent decline from the previous week (the black market rate was about 5 pounds to the dollar early in the year, suggesting a decline of approximately 30 percent). The official exchange rate is approximately 4.4 pounds to the dollar.

And while the IMF continues to insist that Sudan should cut fuel subsidies further—beyond what was cut in June—the Fund acknowledges that to do so will incur public anger and more instability of the sort seen last June, July, and August.

[6] The reason for the continuing decline in the value of the pound is a lack of foreign exchange reserves, the direct consequence of having no oil export income. As a result, imports purchased with Sudanese pounds are not simply more expensive—in some case prohibitively so—but harder to obtain at all, given the lack of available foreign exchange currency. Food imports are hit particularly hard, as are businesses that depend on imported parts or services. Sudan imports some 400,000 tons of sugar annually (it is a key source of calories for many in the north); these imports will only grow more expensive, pushing the inflation rate for this particular commodity well above 50 percent.[8]

Efforts to secure US$4 billion in foreign exchange deposits from rich Arab countries have largely failed, with the exception of Qatar, despite various claims by regime officials that large hard currency deposits have been made into the Central Bank of Sudan. While providing temporary relief from "black market" speculation against the Sudanese pound, the long-term effect of such dishonest claims about foreign currency infusions is to diminish further the regime's credibility about all matters financial and economic.[9]

[7] The oil sector as a percentage of GDP has declined precipitously following Southern secession. Oil now provides only 20 – 25 percent of revenues going to the regime; and beyond this massive loss in revenues, the ***oil sector now accounts for only 3 – 5 percent of gross domestic product*** **(GDP), down from about 15 percent**, according to the IMF.[10]

Oil production is also being consistently overstated by Khartoum in order to suggest that more foreign exchange will be received than is the case. The "Medium-Term Oil Market Report 2012" by the International Energy Agency (IEA) puts current production in Sudan at 70,000 barrels per day, rising to 90,000 bpd in 2014 and dropping back to 60,000 in 2017.[11] And yet long-time Sudanese oil minister and NIF/NCP stalwart Awad al-Jaz claims that Sudan is currently producing 120,000 bpd, which may rise to 150,000 bpd by the end of 2012. Gross misrepresentation of data is nothing new for the regime, but such transparently motivated manipulation of key figures is a sign of just how desperate the economic crisis is, and how urgently Khartoum feels the need to be perceived as having or receiving more hard currency than is credible.

Notably, in its April 2012 semi-annual World Economic Outlook, the IMF changed the classification of Sudan: from an oil exporter to an oil importer, making nonsense of al-Jaz's claim.[12]

[8] The agricultural sector, long neglected by the regime, cannot provide enough food to avoid substantial imports; disabled by cronyism and a lack of commitment over many years, the agricultural sector is collapsing along with the rest of the economy. Much of the arable land between the White and Blue Niles has silted and become unusable, even as a once enviable irrigation infrastructure has badly deteriorated.[13] Large tracts of valuable farm land have been sold or leased to Arab and Asian concerns to provide food for their own domestic consumption.[14] There is simply no strategic emphasis on self-sufficiency in food, even as Khartoum counts on the UN to provide Sudan with huge quantities of food every year. As Agence France-Presse reported earlier this year (February 27):

"'The economic situation is deteriorating further and further,' and the economy is in crisis, says University of Khartoum economist Mohamed Eljack Ahmed. [Of Khartoum's 'rescue plan'] economists say the plan seems unworkable in the short term. ***Ahmed says agricultural infrastructure, once the country's economic mainstay, has collapsed and neither farmers nor industrialists have an incentive to operate."***

[9] The NIF/NCP for years has survived in large measure because it controls the security services (often overlapping) and the Sudan Armed Forces (SAF); estimates of what percentage of the national budget is devoted to the security services and the army vary, but ***range as high as 70 percent, with "over 50 percent" the closest to a consensus figure***; this makes finding spending cuts in non-military sectors of the budget extraordinarily difficult. Moreover, these military and security personnel are now being paid in

Sudanese pounds that are rapidly loosing their purchasing power, and this will breed intense resentment, defections, and possibly participation in civilian insurrection.

[10] Resentment is also felt by those in the vast—and very expensive—patronage system that has provided the regime with political support. The patronage system has been key to regime survival. It was built-up during the early take-over of banks and the most lucrative parts of the Sudanese economy following the NIF coup of 1989, and then extended further by the rapid increase of oil revenues that began in 1999. Now the patronage system is simply unaffordable, and the disgruntled within it can no longer be counted on to provide political support when it is most needed.

[11] The demographics of the "Arab Spring" are the same in Sudan as they are in the rest of the Arab world, especially in the regions in and around Khartoum: there are a disproportionately large numbers of people under 30 years of age, many educated but with little prospect of employment commensurate with their education, or indeed any form of employment at all. They are especially vulnerable to economic hardship.

[12] Massive external debt—***estimated by the IMF at US$43.7 billion in 2012—is on track to reach US$45.6 billion in 2013***, again according to the IMF. This represents 83 percent of Sudan's 2011 GDP. Such debt—largely in the form of arrears accrued under the present regime—cannot be serviced by the present Sudanese economy, let alone repaid.[15] It is a crushing burden on the economy, and yet Khartoum shows no sign of adhering to IMF recommendations for obtaining debt relief, Moreover, the regime's military actions throughout Sudan should work powerfully against debt relief among the Paris Club creditors who own most of this debt. Certainly it would be unconscionable to negotiate debt reduction with a regime that devotes so much of its budget to acquiring the means of civilian destruction—in Darfur, in South Kordofan and Blue Nile, and elsewhere.

Nonetheless, Minister of Finance Ali Mahmud Rasul declared in October that there is growing "international acceptance to write off Khartoum's … external debt." The efforts of Western, African, and Arab civil society should be to make debt relief under present circumstances thoroughly unacceptable for politicians in Washington, London, Berlin, and Paris.

Current Minister of Finance Ali Mahmud Rasul also declares, despite these grim realities, that "the 2013 budget shows that we have overcome the secession of South Sudan."[16] But former Minister of Finance Abdel Rahim Hamdi—whatever his own role within the regime during the 1990s—felt compelled to speak out about the current extraordinary mismanagement of the economy. *Sudan Tribune* reports his broadest assessment: the current regime "is no longer able to manage the economy and lacks solutions to handle the crisis."[17] Hamdi noted that "conflicting economic policies [have] led to soaring inflation levels and astronomical increases in prices. Speaking at the Islamic Fiqh Council, Hamdi pointed out that 77 percent of revenues goes to cover salaries and wages as well as federal aid to states." He was also scathing in his assessment of projected revenues, which the regime has consistently oversold in a ploy to keep the psychology of inflation from taking hold (e.g., in celebrating artificially high estimates of gold production, boasting of hard currency transfers from Arab countries that never materialize). Current Minister of Finance Rasul speaks to none of this.

For those not living in the world of self-serving mendacity from which regime pronouncements about economic development emerge, the truth is conspicuous: the economy is in a complete shambles, and hyper-inflation is relentlessly approaching. The brute economic realities outlined above cannot be talked away or cajoled into more palatable form. Indeed, if the current budget needs—including a substantial continuation of subsidies for fuel—are not met with real revenues, the regime will be compelled to turn on the printing presses and create an even more precipitous decline toward hyper-inflation.

Why Does Khartoum Pursue Policies so Destructive of the Economy?

Despite the already acute and growing danger of complete economic implosion, the regime persists with immensely expensive and unproductive policies, including war in Darfur, South Kordofan, and Blue Nile, as well as hostile actions along the North/South border, and the supplying of renegade militia groups inside South Sudan. For a regime that is ruthlessly survivalist, this makes no rational sense: current economic realities are *diminishing* the chances that the regime will survive. So why is it persisting in policies and actions that work against a resumption of transit fees for oil originating in South Sudan and passing through the northern pipeline to Port Sudan? Why is the regime creating a situation in which the generous transit fees that Juba is willing to pay have been forgone? This seems even more peculiar, given the grasping nature of Khartoum's greed, revealed earlier this year when Southern engineers discovered a covert tie-in line to main oil pipeline, capable of diverting some 120,000 bpd of Southern crude.[18] This subterfuge has not been forgotten by the South, and only makes more exigent the question: why has Khartoum put oil transit revenues in jeopardy?

At full capacity—350,000 bpd—these pipeline revenues could do a great deal to close the yawning budget gap that Khartoum faces; and this is on top of Juba's agreement to assist Khartoum financially during a difficult transition and also to allow the regime to keep the more than $800 million sequestered during the stand-off over transit fees (the amount of oil was peremptorily calculated by Khartoum on the basis of its outrageous $36/barrel fee proposal).[19] What keeps Khartoum from finalizing the deal on oil transport, thereby creating further doubts in the minds of Southerners that this pipeline will remain a viable means of export? Why does Khartoum continue to wage a brutal economic war of attrition against South Sudan, which should be its largest and most important trading partner? The reality of lost oil income is inescapable:

Prior to [the secession of South Sudan], about three-quarters of crude production came from the south and ***accounted for more than 85 percent of Khartoum's export earnings, which reached $7.5 billion in the first half of 2011****,* according to the World Bank. 'They've lost that (oil) income. It's gone for good,' an international economist said, declining to be identified."[20]

Here again the common distinction between "moderates" and "hardliners" is better understood as referring to differences within a regime that is at various times more and less pragmatic, or at least has very different views of what is "pragmatic." Ali Osman Taha, for example, is often cited as a "moderate" because of his central role in the Naivasha peace talks; it is rarely remarked that in February 2004, a year before those talks would culminate in the signing of the Comprehensive Peace Talks, Taha left Naivasha to "address the Darfur crisis." As anyone who followed the course of events through 2004 and into 2005 knows, this was the period marked by the very height of genocidal violence and destruction. An October 24, 2004 report from the U.S. Congressional Research Service notes:

"In February 2004, First Vice President Ali Osman Taha, the government [of Sudan's] chief negotiator [in Naivasha], told the mediators that he had to leave the talks to deal with the Darfur problem. In February 2004, the government of Sudan initiated a major military campaign against the Sudan Liberation Army and Justice and Equality Movement and declared victory by the end of the month. Attacks by government forces and the Janjaweed militia against civilians intensified between February and June 2004, forcing tens of thousands of civilians to flee to neighboring Chad."[21]

As we know now, many tens of thousands of people were also killed by the violence of this period, and the killing continued long after Taha's intervention, with total mortality now in the range of 500,000.[22] The number of internally displaced persons would, according to the UN's Office for the Coordination of Humanitarian Affairs, grow to 2.7 million. The UN High Commission for Refugees estimates that more than 280,000 Darfuris remain in eastern Chad as refugees. That Taha the "moderate" played such a central role in the Darfur genocide is far too infrequently acknowledged, suggesting again that within the NIF/NCP "pragmatism" may take many forms.

After much shifting in language and positions, Khartoum would now have the world believe that it will uphold the agreement on oil transport only if Juba agrees to various "security arrangements." But of course just what these arrangements are keeps changing, even as Khartoum ignores the most fundamental requirement for security in both Sudan and South Sudan: a fully delineated and authoritatively demarcated border. This of course should have been achieved in the "interim period" of the Comprehensive Peace Agreement (January 9, 2005 to July 9, 2011). That it was not is almost entirely the fault of Khartoum, which evidently thought—and still thinks—it can extort borderlands from the South and incorporate them into Sudan. The military seizure of Abyei (May 2011) was simply the opening salvo. Military ambitions may in fact extend to seizing more Southern oil fields and arable land.

More recently, Khartoum's demanded "security arrangements" have come to include Juba's disarming of the Sudan People's Liberation Army-North, an utterly preposterous notion—indeed, so preposterous that it must be viewed as a means of stalling negotiations. In this respect it is very similar to Khartoum's initial proposal of a US$36/barrel transit fee proposal during negotiations on that issue: this was not an opening gambit, not a serious proposal from which compromise could be reached. It was meant to halt negotiations and indeed resulted in Juba's decision to shut down oil production altogether.

So, too, the current "security arrangements" proposal is meant to put a hold on negotiations by demanding what the South cannot possibly offer or provide, even as senior officials in Khartoum continue to insist that they will not negotiate with the Sudan People's Liberation Movement-North, insisting that the "alliance" between Juba and the SPLM/A-N must first be ended.[23] And yet no evidence of substance is offered to suggest any military alliance. We may understand why the NIF/NCP wishes the army of South Sudan to disarm northern rebels, primarily in the Nuba: Abdel Aziz al-Hilu's forces are manhandling SAF troops and militias, chewing up entire battalions and parts of some brigades and in the process acquiring a great deal of ammunition, weaponry, fuel, and other supplies (despite this, Ahmed Haroun—indicted war criminal and governor of South Kordofan—insists that the SAF will achieve victory soon).[24] But does anyone living in the real world think that Juba will help to disarm the SPLA-North? These are former comrades in arms, deeply connected by the years of suffering and fighting together, and by a deep mutual suspicion of Khartoum. In the absence of any substantial evidence that Juba is aiding the rebels in the Nuba in a significant way, we must conclude that something else is going on here.

It is important to remember that while the regime has been in power for 24 years, individual members and factions of this regime have relentlessly jockeyed for power, often ruthlessly pursuing their own interests, and have found themselves on occasion in significant ascendancy or decline. The most recent example appears to be Salah Abdallah "Gosh," once head of the extremely powerful National Intelligence and Security Services; further back, we have the sharp split between al-Bashir's cabal and Islamic ideological leader Hassan al-Turabi in the late 1990s. But ambition within the regime's central cabal has never, in any quarter, been "moderated" by a desire to do what is best for the people of Sudan.

The most notable recent ascendancy is that of key senior military officials in decision-making about war and peace; this too has gone insufficiently remarked, despite very considerable evidence that on a range of issues, military views have prevailed. The nature of this ascendancy, and the motives behind it, were first emphasized by Sudan researcher Julie Flint in an important account from in August 2011, based on an extraordinary interview with an official in Khartoum. The official, whose account has been corroborated by other sources, warned that a silent military coup was already well under way in Khartoum before the seizure of Abyei (May 2011). There seems little doubt that if this official's account is accurate, and there has in fact been a successful military coup from within, then there will be very little room for civilians in the new configuration of power when it comes to issues of war and peace:

"[A] well-informed source close to the National Congress Party reports that Sudan's two most powerful generals went to [Sudanese President Omar al-] Bashir on May 5, five days after 11 soldiers were killed in an SPLA ambush in Abyei, on South Kordofan's southwestern border, and demanded powers to act as they sought fit, without reference to the political leadership."[25]

"They got it," the source says. "It is the hour of the soldiers—a vengeful, bitter attitude of defending one's interests no matter what; a punitive and emotional approach that goes beyond calculation of self-interest. The army was the first to accept that Sudan would be partitioned. But they also felt it as a humiliation, primarily because they were withdrawing from territory in which they had not been defeated. They were ready to go along with the politicians as long as the politicians were delivering—but they had come to the conclusion they weren't. Ambushes in Abyei…interminable talks in Doha keeping Darfur as an open wound…. Lack of agreement on oil revenue…." "It has gone beyond politics," says one of Bashir's closest aides. "It is about dignity."

How well borne out by subsequent developments is this assessment?

When the senior and quite powerful presidential advisor Nafie Ali Nafie signed on June 28, 2011 a "Framework Agreement" with the Sudan People's Liberation Movement-North, it seemed for a moment in which war in the Nuba and Blue Nile might be averted. Three days later President al-Bashir emphatically renounced the breakthrough agreement, declaring after Friday prayers (July 1, 2011) that the "cleansing" of the Nuba Mountains would continue. This was clearly a declaration made at the behest of the generals, specifically Major General Mahjoub Abdallah Sharfi—head of Military Intelligence—and Lt. Gen. Ismat Abdel Rahman al-Zain— implicated in Darfur atrocity crimes because of his role as SAF director of military operations, he is identified in the "Confidential Annex" to the report by the UN panel of Experts on Darfur (Annex leaked in February 2006).

These men and their military colleagues are the ones whose actions have ensured that Abyei will remain a deeply contentious issue in growing tensions between Sudan and South Sudan; certainly they knew full well the implications of taking military action in Abyei—military action that directly contravened the Abyei Protocol of the Comprehensive Peace Agreement. This action ensures that Abyei will continue to fester and may yet lead to confrontation if—as is likely—both the African Union and the UN Secretariat and Security Council continue to temporize over the AU proposal on the permanent status of Abyei, a proposal subsequently endorsed by the AU Peace and Security Council but rejected by Khartoum. And as long as Abyei festers, negotiations over other issues are made gratuitously more difficult, and it becomes ever less likely that sustained oil transit revenues from use of the northern pipeline will resume. After losing almost a year's worth of oil revenue, the South will certainly proceed with plans for an alternative export route. Khartoum's sequestration of almost a billion dollars of oil revenues due to the South since independence (July 9, 2011) left Juba feeling deeply uneasy about any viable long-term arrangement with the current regime, despite the decision to allow Khartoum to keep the oil revenues it had illegally sequestered.

From the standpoint of a rational management of the economy, the military decisions made have been consistently disastrous. This is true whether we are speaking of genocidal destruction (and economic collapse) in Darfur; renewed genocide in the Nuba Mountains, which has prompted a ferociously successful rebel military response; massive civilian destruction and displacement in Blue Nile; the military seizure of Abyei; the extremely ill-considered assaults on forces of the SPLA-South in the Tishwin area of Unity State in March/April of this year; support for renegade militia groups in South Sudan; the growing assertion of unreasonable claims about the North/South border; and the repeated bombings along the border over the past year and a half, including the "Mile 14″ area of Northern Bahr el-Ghazal. This is an extraordinary catalog of offensive military actions. And none of them reflects a concern for economic problems that may well bring down the regime. On the contrary, these decisions represent a bitter, vengeful desire to "get even" with South Sudan for exercising its right to self-determination. But vengeance will not rescue the failing northern economy, and absent the resumption of oil transport income, the economy will continue in free-fall, with hyper-inflation daily more likely. Normal corrective measures in economic policy are impossible in the context of current military commitments; corrections that would in any event have been highly challenging in light of the precipitous cut-off of oil revenue are now unavailable.

So long as decisions about war and peace are being made in Khartoum by the generals, without regard for the effects of continuing and renewed fighting on the broader economy, Sudan will remain both brutally violent and ultimately untenable under present governance.

International Response

There is one decision the international community, and Paris Club members in particular, can take, which is *not* to engage in any discussions of or planning for debt relief for Khartoum until the regime disengages from all military campaigns that target civilians, and ceases military actions so indiscriminate as to ensure widespread civilian destruction such as we have seen most recently in South Kordofan and Blue Nile, previously in Abyei, and for very nearly ten years in Darfur. The international banking system as well as international financing resources should do nothing that will convince Khartoum it may escape paying a heavy price for its continuing atrocities in these regions. For its part, the regime continues to speak confidently about its prospects for international debt relief. It's hard to know whether this proceeds from expediency—even the artificial prospect of partial debt relief would help the northern economy immensely—or cynicism: the international community has capitulated before Khartoum's demands, has accepted the validity of its commitment to signed agreements, on so many occasions that the regime may calculate it will prevail yet again.

This must not happen. The international community has failed greater Sudan for too many years now, has accommodated a murderous, finally genocidal regime in Khartoum since June 1989, and now is a moment for moral clarity and principled decision: will the world fund this regime? Will it accept massive atrocity crimes in Sudan in the interest of something other than the well-being of the Sudanese people themselves?

Civil society in those countries most significantly represented in the Paris Club are obligated by these circumstances to lobby their governments to state publicly that the unqualified priority in Sudan policy is ending civilian destruction throughout greater Sudan. Unequivocal evidence that this "priority" obtains in national policies must be demanded; despite the excessive caution that typically governs the imposition of multilateral sanctions, such are what vast numbers of people from greater Sudan wish, as do many well-informed friends of the region.

It is a simple "ask": ***no debt relief for a regime that continues to commit atrocity crimes against civilians on a wide scale.*** This debt was accrued in large measure by profligate military expenditures on weapons that are even now being deployed against hundreds of thousands of noncombatant civilians. Yet as simple and apparently reasonable as such an "ask" is, there are very good historical reasons to believe that it will be refused; rather, some factitious "occasion" will be found to provide Khartoum with a financial life-line—a decision defined by its expediency, not its moral intelligibility. There could be no more irresponsible use of international economic and financial resources.

– Scott Ross served as lead editor for this article

*Eric Reeves is a professor at Smith College in Northampton, Massachusetts. His most recent book on Sudan is *Compromising with Evil: An archival history of greater Sudan, 2007 – 2012.*

[1] "Sudan's 1st VP weighs in on alleged coup attempt, slams 'treachery' and 'betrayal." *Sudan Tribune*, December 2, 2012. http://www.sudantribune.com/spip.php?article44703

[2] See also a fine review of the situation by Armin Rosen, "It's basically over," *The Atlantic*, September 27, 2012. http://www.theatlantic.com/international/archive/2012/11/its-basically-over-the-sudanese-dictatorships-dwindling-options/264406/

[3] Kevin Voigt, "Best, worst nations for corruption," CNN (on-line), December 6, 2012. http://www.cnn.com/2012/12/06/business/best-worst-corrupt-countries/?hpt=hp_c2

[4] Sandile Lukhele, "Swaziland poverty is set to deepen – IMF December," *Business Report* (South Africa), December 9, 2012. http://www.iol.co.za/business/business-news/swaziland-poverty-is-set-to-deepen-imf-1.1437879#.UMSi6xihAbk

[5] "Sudan: Losing the plot: An attempted coup suggests a regime at war with itself," *The Economist*, December 1, 2012. http://www.economist.com/news/middle-east-and-africa/21567372-attempted-coup-suggests-regime-war-itself-losing-plot

[6] "Sudan central bank ups dollar supply after gold sale," Reuters, February 12, 2012. http://www.reuters.com/article/2012/02/12/sudan-pound-gold-idAFL5E8DC3H720120212

[7] "Sudan Government Unable to Manage Economy says ex-finance minister," *Sudan Tribune,* December 7, 2012. http://www.sudantribune.com/spip.php?article44768

[8] "Sudan government allows sugar prices to go up further as labor union warns on cutting subsidies," *Sudan Tribune*, November 20, 2012. http://www.sudantribune.com/spip.php?article44585

[9] "Sudan receives 'large amount' of hard currency: Cash from unnamed 'friendly' countries will stabilise the local currency, says central bank official in Khartoum," Reuters, 19 May 2012. http://

english.ahram.org.eg/NewsContent/3/12/42078/Business/Economy/Sudan-receives-large amount-of-hard-currency-.aspx

[10] "Sudan government allows sugar prices to go up further as labor union warns on cutting subsidies," *Sudan Tribune*, November 20, 2012. http://www.sudantribune.com/spip.php?article44585

[11] "IEA forecasts drop in Sudan's oil production through 2017," *Sudan Tribune*, October 19, 2012. http://www.sudantribune.com/spip.php?article44263

[12] "Mideast Oil Importers Under Strain, Oil Exporters Faring Well," *IMF: Survey Magazine: Countries & Regions*, April 2012. [website undergoing maintenance; page numbers unavailable] http://www.imf.org/external/pubs/ft/survey/so/2012/car042012d.htm

[13] Armin Rosen, "'It's Basically Over': The Sudanese Dictatorship's Dwindling Options," *The Atlantic*, November 1, 2012. http://www.theatlantic.com/international/archive/2012/11/its-basically-over-the-sudanese-dictatorships-dwindling-options/264406/

[14] Jeffrey Gettleman, "The Food Chain: Darfur Withers as Sudan Sells Food," *The New York Times*, August 9, 2008. http://www.nytimes.com/2008/08/10/world/africa/10sudan.html?_r=2&sq=gettleman%20darfur&st=cse&adxnnl=1&scp=1&adxnnlx=1354979378-uFrCMUbmTpS18S3KOyUATg&

[15] "Sudan at UN urges debt forgiveness to aid peace," Reuters, September 28, 2010. http://www.reuters.com/article/2010/09/28/ozatp-un-assembly-sudan-idAFJOE68R03120100928

[16] "Sudan Speaks of Growth as Inflation Bites: New Budget Presented," *Middle East On-Line*, December 12, 2012. http://www.middle-east-online.com/english/?id=55932

[17] "Sudan government unable to manage economy says ex-finance minister," *Sudan Tribune*, December 7, 2012. http://www.sudantribune.com/spip.php?article44768

[18] "Sudan says to release ships seized from South Sudan," Reuters, January 28, 2012.

http://www.reuters.com/article/2012/01/28/us-sudan-oil-idUSTRE80R0B820120128

[19] "Sudan Lowers Oil Fee Demand," Reuters, March 13, 2012. http://www.reuters.com/article/2012/03/13/us-sudan-oil-idUSBRE82C0NN20120313

[20] Agence France-Presse, February 26, 2012.

[21] "Sudan: The Darfur Crisis and the Status of North-South Negotiations," United States Congressional Research Service, October 22, 2004, page 3. http://www.readbag.com/fas-man-crs-rl32643

[22] Eric Reeves "QUANTIFYING GENOCIDE: Darfur Mortality Update, August 6, 2010," Genocide Prevention Advisory Network, August 7, 2010. http://www.gpanet.org/content/quantifying-genocide-darfur-mortality-update-august-6-2010

[23] "Sudan Tells South Sudan to Expel Rebels," Reuters, December 5, 2012. http://www.iol.co.za/news/africa/sudan-tells-s-sudan-to-expel-rebels-1.1436221#.UMNl-hihAbk

[24] "Final Victory Over Rebels Soon, Haroun," *Sudan Vision* July 12, 2012. http://news.sudanvisiondaily.com/details.html?rsnpid=216922

[25] Julie Flint, "The Nuba Mountains War Isn't Going Away," *The Daily Star* (Lebanon), August 2, 2011. http://www.dailystar.com.lb/Opinion/Commentary/2011/Aug-02/The-Nuba-Mountains-war-isnt-going-away.ashx#axzz2EOLd3KWT