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Commentary

Southern Sudan - Economic Security and Independence - A contradiction of Terms?

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Abstract

This paper will provide an overview of the historical, political and economic situation in Southern Sudan in the run up towards its referendum on independence in January 2011. There is a strong sense that the South will vote for secession without full cognisance of the implications for its longer term peace and prosperity. The paper will review the correlates of war onset identified in contemporary research and assess their applicability to Southern Sudan at this important juncture. It will look for mitigating factors and explore strategies for securing the economy as a prerequisite to longer term peace and economic viability.

Situational Analysis

Even before Sudanese independence from Great Britain in 1956 there was a schism between the mainly Black Christian people of Southern Sudan and the predominantly Arab Islamic North. The aetiology of this rift may be traced back to the Berlin Conference of 1884 or subsequent administrative division of Sudan by the British; but might also be attributed to the cultural, religious and tribal differences that have existed in the region for centuries. A pre-emptive attempt by the North to exert its hegemony over the South with the assassination of the educated elite in Torit (Eastern Equatoria) in 1955 is regarded by the South as the catalyst for post colonial antagonism. This has resulted in successive civil wars, the latest of which lasted for 22 years from 1983 to 2005, during which time it is estimated that upwards of one and a half million people died. An internationally brokered cease fire led to the Comprehensive Peace Agreement (CPA) of 2005 that established a road map for stability that included the opportunity for national elections and a referendum for Southern independence in January 2011. The relatively secure, if not entirely free and fair elections of April 2010, have helped to eclipse the insecurity that still pertains to the South, with 2,500 people killed in 2009 and a further 359,000 displaced during this period (United Nations 2010. p.12).

Sudan as a whole is graded as 150/182 in the Human Development Index (UNDP 2009), but this belies the true situation in the South that is described by Grande (2009) as “The Humanitarian Perfect Storm”. Her research indicates that 90% of the population live on less than a dollar a day; that 1.5 million people are food insecure; 97% of the population have no sanitation and one in seven of pregnant women die through pregnancy complications. That US$6.5 billion of oil receipts have been passed to the Government of Southern Sudan (GoSS) in the first four years of the CPA by the Government of National Unity (GoNU), (Associate Parliamentary Group for Sudan, 2010, p.17) is indicative of the inequalities that are beginning to emerge and will be discussed in subsequent sections of this paper.

Causation of Conflict

This section will explore the causation of conflict and its potential implications for future stability in Southern Sudan. Hoeffler (2010) notes that ‘knowing and addressing the ‘causes’ of war is not synonymous with resolving the conflict [but] our knowledge of the correlates of war onset may be useful in conflict prevention’ (p.2). Contemporary writing on the subject (Collier et al (2003), Collier (2008), Lijn (2009), Hoeffler (2010), UNOCHA (2010)) suggests that the odds are stacked against peace in Sudan and particularly in the South, where they are only likely to be compounded through secession. A review of relevant 'correlates' will help to assess this prognosis and in turn perhaps suggest mitigating factors.

Southern Sudan's legacy of war immediately sets it at a disadvantage with significant evidence suggesting that it has a strong probability of reverting back into conflict and becoming prey to the 'Conflict Trap'(Collier et al 2003. p.53), and that this is most likely within the first decade of peace (Hoeffler 2010. p.12). This is also the period when capital flight is likely to rise 'from 9% to 20% during war to 26%' (Collier et al 2003 p.21) further destabilising the country. It would also be the case that civil war weakens a countries economy, but in the case of the South the war had been going on for so long and there had been so little development, that in truth there has been very little economy to speak of, and from the South's perspective was a primary determinate for war. Although the conflict had a marked impact on opportunities for general development there are individuals who supported the Government of Sudan during the conflict who because of their cultural and religious background are now accepted by and work for the South. This accommodation provides a level of mitigation and facilitates channels of communication with the North, but still leaves the South's institutions vulnerable and their potential for development weak.

Collier et al (2003) identify that 'if a country is in economic decline, is dependent on primary commodity exports, and has a low per capita income and that income is unequally distributed, it is at a high risk of civil war' (p.4). It would be inaccurate to suggest that Southern Sudan is in economic decline; it is recovering from a long civil war and enjoying substantial dividends from the terms of the CPA. As a consequence its per capita income has risen significantly in the last five years. Such economic 'growth' however, does not as Nafziger (1990) articulate, equate to economic 'development' (p.10). Using Seers (1969) challenges relating to 'poverty', 'unemployment' and 'inequality'; measured against current statistics, indicate economic 'development' is extremely limited and that inequality is likely to widen. Increasingly rapid urbanisation will further alienate the masses as they begin to see the benefits of peace but are excluded from them. Unplanned urbanisation will also lead to a rise in crime that will undermine the concept of individual and human security further detracting from 'development achievements' (Stewart 2004, p. 4).

Collier et al's (2003) recognition on the dependency on primary commodity exports is perhaps a greater cause for concern and represents the crux for the future determination of the South. 'Oil forms 98% of the income of Southern Sudan' (Associate Parliamentary Group for Sudan, 2010, p.17) and has been described as the 'glue that holds the CPA together' (ibid). This is a worrying statistic especially as the CPA is hostage to the vagaries of the political process, which at best in Sudan can be described as uncertain, emphasizing if it where necessary that 'conflict and fragility are inherently political' (Knight, 2009. p.70). The main oil reserves lie along the disputed border of North and South Sudan, with the only pipe line, funded by the Chinese, stretching to the Red Sea and away from the South. Mounting research would tend to reinforce the proposition that countries with a disproportionate dependency on 'primary commodity exporters are more likely to experience war' (Hoeffler 2010 p.10). South Sudan's oil revenue is an extreme example and accentuates its vulnerability.

Relationships with the North should not be the only concern for GoSS; they also need to consider the internal tribal interactions and balance of power that exist in the South. These have been and continue to be a source of significant conflict. That GoSS and the security forces it controls are already heavily populated by the dominant Dinka tribe may from their narrow tribal perspective make this less of a priority for them. As a correlate of conflict the diversity of tribal representation that some research suggests will mitigate 'collective action' (Collier et al 2003 p.57) is reversed 'if the largest group in a multi ethnic society forms an absolute majority [when] the risk of rebellion is increased by approximately 50% (ibid). It is doubtful that the Dinka form an absolute majority in what is a tribally diverse society, but their dominance of the political and security force architecture is already an open sore that opposition parties will candidly discuss and does not auger well for the future. This situation is likely to be a critical factor should the South secede with research indicating that 'newly independent countries [are] five times more war prone in their first year of independence than comparable but older countries (Collier et al 2003 p.98). It can only be hoped that the transition period engineered within the CPA can reduce these odds.

The secession of Southern Sudan as a potentially resource rich country also has the potential to undermine the democratic process that is in its infancy, or at least the checks and balances synonymous with democratic values. Collier and Hoeffler's work on the rents from resources 'the excess of revenue over all costs' (Collier 2008. p.43) suggests that there is an association with resource riches and the erosion of checks and balances that will deter diversification, taxation and investment, and in turn undermine growth rates and potentially lead to autocracy. And Hegre et al's work suggests that countries in transition to democracy are more prone to conflict than those that 'are undemocratic or fully democratic' (2001). Most of all secession will leave the South as a landlocked country, dependent not only on its own inadequate transport network, but also on that of its neighbours, their high tariffs and restricted markets. Unlike Botswana, another landlocked African country with mineral wealth – diamonds, that carry low transport costs, Southern Sudan's primary commodity – oil, is dependent on a costly infrastructure for export that it does not have.

This section has identified the very real correlates of conflict onset facing Southern Sudan as it approaches its referendum on independence that in itself has the potential to aggravate its already precarious position. That 'the key root cause of conflict is the failure of economic development' (Collier et al 2003. p. 53) will be the premise of the next section that will explore options that might redeem the South and enable it to capitalise on its peace dividend.

Securing the Economy

The critical challenge for Southern Sudan to secure its economy is to ensure an uninterrupted flow of oil that represents a massive 98% of its income. Irrespective of the outcome of the referendum this must be the vital goal if the South has any chance of survival as a going entity. This will invariably require political accommodation with the North, but may also require substantial negotiation and brinkmanship with the Southern electorate, and particularly the political elite, if continued unification with the North, even as an interim measure, is a prerequisite to oil flow. Fortunately, the North is also dependent on oil to a critical level, although perhaps not to the extent of the South. Additionally international pressure, not least from its primary stakeholder, China, who has invested up to US$20billion in Sudan, is likely to be persuasive in seeking a political compromise and a peaceful resolution.

Beyond oil and the referendum, the South needs to maximise alternative opportunities to diversify its economic base and reform its economy. With 40% of its budget committed to military expenditure and 50% overall committed to wages there needs to be some radical adjustments. Regrettably the military heritage of the polity and their perceived need to invest in 'unproductive armaments' (Kennedy 1988 p.539) as a deterrent to Northern posturing, is distracting them from 'concentrating a greater share of their income upon productive investment for long term growth' (ibid).

Transport infrastructure must be a primary consideration if alternative resources, uranium, gold and other mineral deposits are to be harnessed and contribute to a process of diversification. Given the state of the infrastructure this is likely to be a slow process that will, at least in the medium term exclude the South from any competitive advantage in a global market; reinforcing Bauman's (1998) claim that 'there is neither logical nor pragmatic contradiction between the new exterritorialy of capital and the new proliferation of feeble and impotent sovereign states' (p.67). Notwithstanding the difficulties it faces and its dependency on aid, not least to feed 1.5 million of its inhabitants, the South needs to move beyond an aid culture, albeit slowly, and at least open itself to a market economy. (Moyo (2009), Chauvet & Collier (2005)) 'The cornerstone of [such] development is an economically responsible and accountable government' (Moyo, 2009. p.57). Such a government needs to be serious about addressing corruption, attend to its security shortfalls, recognise the limitations of its competitiveness, reduce its tariffs and enter into partnerships with its regional neighbours, not least the East African Economic Community. By adopting such measures it will encourage foreign direct investment that will in turn contribute to a range of micro economic strategies to stimulate the flow of capital such as a Grameen banking system.

Southern Sudan also needs to enhance its educational system and its technological skill base if it is going to develop the levels of self sufficiency that it will need in the long term. Chinese and other international investment is welcome, but the South must guard against exploitation and inevitably there will be a trade off in the process. The establishment of a basic offsets policy that provides opportunity for technological transfer and capitalises on a potentially rich mineral resource base and an abundance of cheap labour should be an early priority. The design will in the first instance require considerable international support that might in itself represent an element of the offset, but if the lessons identified elsewhere are to be actualised, will also require an independent advisory component. Whilst relatively small investments may not be particularly attractive to international industry as a first step and therefore reduce the potential multiplier value, they do provide the best opportunity to develop capacity in this field and reduce 'attendant uncertainties previously faced by offsets stakeholders' (Balakrishnan & Matthews 2009 p.356). Over time the development of mutual confidence will support both further partnership opportunities and realise the wider goals of the policy.

Conclusion

This paper has provided a summary of the historical, political and economic situation in Southern Sudan as it embraces the 2005 CPA and moves towards a referendum on independence in January 2011. It has sought to assess the potential correlates of conflict onset identified through contemporary research and test their applicability to the situational context of Southern Sudan. Regrettably, virtually all significant correlates have the potential to impinge on the future stability of Southern Sudan in a negative way. Principle amongst these is its absolute dependence on oil revenue that is hostage to political instability; and its history of civil war rendering it captive to the 'conflict trap'. Tribal dominance, inequality, corruption and democratic immaturity all have the potential to undermine a hard fought for peace. Secession is only likely to compound the situation as Southern Sudan joins the league of other African landlocked countries that represent for the most part the World's 'losing globalizers' (Moyo 2009. p.114) and in this sense compromises its economic security.

The research found precious few mitigating factors. The CPA has to date provided a supportive framework for peace and development, and critically Northern Sudan's mutual reliance on oil revenue, China's stakeholder investment and the personal interests of the political elite, from both North and South, may be sufficient to give the breathing space necessary for alternative and less vulnerable economic strategies to take hold. For the South, this will require an economically responsible and accountable government that will move away from aid dependency, embrace a market economy, encourage regional trade, foreign investment and capital flow, and support technological development as a first step towards stability, self sufficiency and longer term peace.

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