

Sudan's Grain Divide

A revolution of bread and sorghum

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Civilians queue to buy bread from a bakery in Khartoum © Reuters / Mohamed Nureldin Abdallah

In December 2018, a financial crisis brought people out on to the streets of Sudan's cities in and around the northern Nile valley—the cultural heartland of the state. One symptom of the crisis was the government's decision to remove a long-standing subsidy on wheat, which had caused the price of bread—a favoured food of urban Sudanese—to suddenly and significantly increase. The protests soon shifted from a focus on the ill-performing economy into a more general howl of rage at President Omar al-Bashir's three decades in power. Several months later, in April 2019, they played an important role in bringing Bashir's thirty-year rule to an abrupt end.

Important as they were, the 2018/19 protests were one dramatic act in the much longer and deeper tragedy of Sudan's modern political economy. It was urban bread-eaters, both the better-off and poorer beneficiaries of National Congress Party (NCP) rule, who took to the streets. Their grievances were also shared by the wider urban-based elite, but were distant and distinct from those of the rural peripheries, who mostly eat sorghum, and had arguably suffered and resisted the Bashir regime for much longer.

The transitional government, formed in August 2019, is now faced with the dilemmas of all Sudan's modern rulers: whether to underwrite the costly diet of urban bread-eaters, or risk further unrest and radically restructure the economy to benefit wheat and sorghum eaters in equal measure. The current political debate in Khartoum is focused on balancing the demands of the urban street, serving the wider Sudanese and Gulf elite's commercial interests in Sudan, and keeping the confidence of the international financial institutions, often to the detriment of the poorer and marginalised rural periphery.

This briefing unpacks the connected political and economic crisis that reached a climax in early 2019 through the contrasting but connected worlds of Sudan's bread and sorghum eaters. Its conclusion presents the limited options available to the as yet unelected technocratic government.

The taste of Sudan's rural-urban divide

Most people in Sudan live off sorghum. In 2018/19—considered a bumper harvest year—Sudanese farmers produced about 7 million tonnes of it. It is Sudan's biggest crop, well-adapted to cope with the heat and unpredictable aridity of the country's vast rain-fed savannahs, and most of its diverse ecological zones. 2018/19 was a bumper year for wheat too, with almost 600,000 tonnes produced. The wheat harvest is smaller because it only grows on Sudan's narrow strips of irrigated land, and only in northern areas, where the weather cools down in the winter (December and January).

But although Sudan grows more sorghum than wheat, the country's cities mostly eat wheat bread. Despite the good wheat harvest in 2019, domestic production only provided about a quarter of the consumption needs of Sudan's cities. The rest was imported. In 2017, wheat made up 9.9 percent of Sudan's imports by dollar value. When Sudan can't finance its imports, it has bread crises and bread uprisings, which start in the wheaten cities. In 1985 wheat made up a tenth of imports, and a different financial/bread crisis toppled a different dictator in a different Khartoum *intifada*.

Wheat has been a subsidized commodity in Sudan since 1969 (sorghum, in contrast, is taxed). The subsidy was introduced by the government as a way to manage hunger and discontent among the soldiers, civil servants and traders of Khartoum, which was then a relatively small city. However, because it is subsidized, wheat imposes other big costs on Sudan's economy.

By the 1980s, one fifth of Sudan's population had moved to the cities (today about one third live in cities, and one sixth lives in Greater Khartoum). The 1980s financial crises and 1985 *intifada* helped Sudan's rulers understand better the secret to maintaining their grip on power—they could withstand enormous famines in the countryside as long as they managed urban food security.

The famines of the 1980s were enormous. The global financial crises of the 1980s led to a debt crisis across Africa and a couple of decades of total austerity and economic contraction. In Sudan, the costs of the crisis were passed to peripheral areas like Darfur or present-day South Sudan (then Southern Sudan). Over the next few decades, social services collapsed, food deficits deepened, wars spread, and more and more people were pushed towards towns.

In Sudan, when people are pushed towards towns, they are pushed towards wheat. In 2015, USAID's Famine Early Warning Network (FEWSNET) found evidence that up to 90 percent of newly displaced people shift from sorghum and millet to wheat bread within a few years of displacement. Evidence for this was found in Nyala, the capital of South Darfur, where displaced people were seen to be trading humanitarian rations of sorghum for commercial bread. Bread is fast food for people working outside the home and a time-saver for the kitchen workforce. Also, for many people, the pale and flavourless wheat rolls of the commercial bakeries taste more sophisticated, more aspirational than darker, sourer sorghum pancakes and porridges.

Bread in the post-oil economy

The story of bread in Sudan illustrates the mixture of aspiration and coercion that the Bashir regime foisted on the country for thirty long years. In the end, it was bread that helped to bring him down. The cost of the

wheat subsidy increased as more-and-more people moved to the cities. Well-connected commercial interests clustered around the subsidy, which operates in several ways. First, the central bank gives private wheat exporters access to foreign currency at a preferential exchange rate, which in 2017 was about a third of the parallel (or black-) market rate.¹ Second, the government purchases privately procured and milled grain and sells it at discounted prices. Finally, the wheat magnates pay over the odds for their wheat: between 2010 and 2014, importers paid between USD 372 and 445 per tonne, while the cost of all US grades of wheat stayed below USD 300.²

A recent [report from FEWSNET](#) delicately explained that the wheat market has ‘the potential to be heavily impacted by other opaque and unpredictable policies and expenditure patterns.’³ This was another way of saying that two wheat companies were run by two of the biggest commercial families in Sudan and the third was run by an entrepreneur reportedly linked to the government’s security and intelligence service.

At the start of 2018, the government began cutting wheat subsidies. This was part of its response to the long financial crisis which began after the 2011 secession of South Sudan ended the country’s oil boom and led to a long-term shortage of hard currency. The government tried various schemes to make up for lost oil revenues. It leased [millions of hectares of agricultural land](#) and Nile water access to Gulf investors, including a patch of land the size of Bahrain to Bahrain.⁴ It turned thousands, perhaps millions, of farmers into artisanal miners who rushed to the gold-rich regions in the country’s dusty, violent peripheries. It sold its intelligence secrets to the Americans, sent its counter-insurgency forces as mercenaries in Saudi wars, or sent them to stop refugees and migrants heading to the Mediterranean—a means of cosyng-up to European states.

None of these schemes resolved the foreign currency crisis, and the gold boom (which accounted for a third of all exports by 2016) paradoxically made it worse. Nearly all the gold comes from producers motivated by desperation: mostly farmers who left their homes to try their luck in the Darfur goldfields where Sudan’s privatized, ethnicized militias fight for control. They are hard to tax. The finance ministry and the central bank had grown used to the revenue stream from the unified oil infrastructure Sudan set up after 1999: a single pipeline under the control of a dedicated security force. Now it had to persuade thousands of impoverished informal workers to part with the gold that they had, at much personal risk, dug out of the ground.

The central bank tried to monopolize the gold sector and outbid all other buyers, using another manipulation of the exchange rate. The bank paid for gold in Sudanese pounds, at a price reflecting parallel (or black-) market foreign currency rates. Deeply indebted since the 1980s, the bank could not borrow foreign exchange from international markets to pay for gold, so it printed money, sending inflation upwards. It sold the gold on international markets, and then sold the foreign currency it earned back to importers at the official exchange rate, far lower than the rate used when purchasing gold.

In 2017, [the IMF estimated](#) that this loss-making strategy for controlling the gold supply cost the government 1.8 percent of gross domestic product and the central bank decided to reduce its share of the gold market.⁵ But Sudan still ran short of foreign exchange. When the US lifted some of its economic sanctions in 2017, demand for imports and foreign currency rose, pushing up inflation and forcing the government to print more Sudanese pounds.

The IMF encouraged the government to open up the economy, including an attempt to accede to the World Trade Organization. However, Osama Daoud, Sudan’s biggest wheat supplier and one of its richest men, [told the Financial Times](#) a few weeks before the December 2018 protests began that this made things worse.⁶ As part of WTO accession, the government lowered tariffs, making imports cheaper before it could increase its exports. The trade deficit exacerbated the currency crunch and a domestic cash shortage. The central bank was forced to set withdrawal limits on foreign currency and even on Sudanese pounds: businesses could not pay for wages or inputs, eventually consumers could not even get hold of enough money for a weekly shop. The government became desperate and signed away USD 100 million of oil rights and 3,000 square miles of agricultural land to Turkey. It even flirted with the idea that Russia could build a naval base in Port Sudan.

Austerity and reform

In addition to its (mostly ineffective) attempts to generate foreign currency, the government adopted deep austerity measures. The IMF had long encouraged it to cut subsidies on fuel and wheat, and the government began to reduce its fuel subsidies soon after South Sudan's secession. In early 2018 it cut the wheat subsidy. It also trialled even bigger price increases in the cities of the northern Nile valley, where it mistakenly believed it enjoyed more popular loyalty. However, it was these places that were the first to take to the streets in December 2018.

Fuel subsidies can be criticized in this era of climate change, and bread subsidies can be criticized for favouring wheaten cities over sorghum villages and nomad camps. But these are not the main reasons why the IMF has run a campaign against subsidies for energy and food across the Middle East and Africa. Its objection to subsidies is that they are regressive—that they benefit the rich more than the poor. An IMF report on Sudan's economy in 2017 provided some evidence for the regressive character of energy subsidies, but no evidence of the regressive character of food subsidies. (In a 2014 report, the World Bank was more respectful about the lack of evidence, recognizing that universal food subsidies can stabilize food prices and act as social safety nets for poor people.)⁷

Instead, the IMF claimed that universal food subsidies can be replaced by time-bound, targeted (or means-tested) cash transfers, which has become their universal prescription for poverty. However, targeted cash transfers expose the poor more deeply to Africa's volatile markets for basic necessities, whereas universal services and subsidies reduce that exposure.⁸ During previous subsidy-cutting initiatives in 1992 and 2013, the government had sent its snipers out on to the streets to quieten intense public opposition to the measures. In 2018, Bashir seemed to have imagined that he could do the same again. But this time, he created an unexpectedly invincible coalition of people who benefit from fuel subsidies—the precarious urban middle classes who had acquired televisions and air conditioners during the oil boom—and the beneficiaries of bread subsidies—the poor of the wheaten cities.

The sorghum economy in crisis

Sudan's wheaten bread crisis explains a lot about the way that money, migration and urban politics work in Sudan. But Sudan's sorghum crisis is deeper. Sorghum is the food of Sudan's antiquity: archaeologists trace the boundary between ancient Sahelian porridge and pot cultures and Near Eastern bread and oven cultures in Nubia, just south of the Egyptian border. But today, urban Sudan has moved away from the sour, partly fermented sorghum porridges, the sorghum beers and paper-thin sorghum flatbreads of the countryside. Cities need fast food. When the summer sit-ins disrupted bread supplies in the capital, some of the city's cosmopolitans bemoaned the fact that they had to eat sorghum porridge during Ramadan.

The bumper sorghum harvest in 2018/19 meant that in Darfur, agrarian families were eating better than the year previous. But a WFP survey of 13 mostly agrarian states found that about one third were food insecure and that hunger was worsening, even in Sudan's breadbasket, Gedaref. In West Darfur and West Kordofan, more than half of households were food insecure. The survey found that women are hardest hit. Women are very involved in agricultural production in Darfur, but the nature of that production has changed, to their disadvantage. Fifty years ago, production was oriented towards household consumption, but now it is oriented towards market sale.⁹ When food gets turned into money, women food producers typically have less control over it. Women still play a big role in production, but much less of a role in marketing, and so they do not have the same level of control over the fruits of their labour. Households headed by women had particularly low purchasing power and were more likely to be hungry. The worst off were people engaging in non-agricultural wage labour or charcoal collection, two desperation strategies.¹⁰

Hunger amidst plenty is a sign that the market is reorganizing social priorities. In 2018, in Sudan's agrarian states, 60 per cent of households relied on markets for the basics: cereals and dairy products. More than half of households spent at least 75 percent of their income on food, and most could not afford a basket of basic local foods as a result. Across the country, the cost of these locally calculated food baskets more than

doubled in the course of a year. Fifty-seven percent of households sold off their crops in the post-harvest glut, rather than holding off for better prices—a sign of debt or urgent cash needs. Debt was the main reason for sales in places like Gedaref, Blue Nile and Kassala, where commercial agriculture is most dominant and waged agricultural workers are responsible for most production. Food consumption became monotonous and nearly all infants didn't get a balanced diet. Families skipped meals, took children out of school, sold their last ewe or cow, got into debt or dipped into their savings. One quarter of households cut back on health spending, and thousands of hungry young men, particularly from Darfur, joined the government-backed militias, some of whom were sent to Yemen as part of the Sudanese contribution to the Saudi-led war against the Houthis. The experts call these irreversible coping strategies.¹¹

It's difficult to explain how hunger and plenty coexist in a place like Sudan. Although Sudanese cereal production is expanding, yields are low and declining. A hectare of land in the rainfed savannahs produces under a tonne of sorghum—less than a quarter of US yields. Production has steadily increased, however, because new land is put to the plough each year. For about 50 years, anyone with enough money and a tractor could lease land and set up a sorghum farm in the rain-fed savannahs. Leases go to people with capital, mostly urban merchants and security men. Over the past five years, about two-thirds of Sudanese sorghum has been produced on semi-mechanized farms—so-called because ploughing is mechanized, but weeding and harvesting is not. About a quarter has come from Gedaref.

The leaseholders have displaced pastoralists and farmers across the savannah belt, setting the stage for wars over land that began in the 1980s and have not yet finished. Sudan's wars caused massive displacement. Some displaced went to the wheaten cities. Others supplied the semi-mechanized farms with cheap labour. The landlords do not invest their profits in more cost-effective production. Combine harvesters, fertilizers and pesticides are more expensive than labour, so the landlords use impoverished workers to subsidize their profits.

This sorghum system of peripheral exploitation pre-dated the Islamist government. And the victims of the sorghum system did not play a significant part in the 2018-2019 bread protests. For decades, their protests have turned into peripheral insurgencies, which have been thwarted by government counterinsurgency (usually involving locally recruited mercenary forces). These insurgencies were not able to challenge the economic changes which the Bashir government made in the peripheries.

The main economic achievement of Bashir's government was to supercharge the system of peripheral exploitation, using militias to clear populations away from oilfields and goldfields, and then setting up opaque currency mechanisms that allowed private elements within the state to siphon off profits. At the same time, Bashir cut back hard on education and health, pouring the state's money into the security services. He used racism, religious prejudice and tribalism to divide the periphery. His oil booms and gold rushes created great wealth, and he spent that wealth on managing the system. His mix of an authoritarian version of Islam and the market shaped Sudan's most durable post-independence government and offered a template for authoritarian market management which may outlast him.

Can a wheat-eating coalition transform Sudan?

Formed in August 2019, Sudan's transitional government is a coalition of Bashir's former powerbase, the security forces, and his former political opponents, drawn from the Forces for Freedom and Change (FFC), which emerged out of the protest movement in 2019. The security forces have half the seats in the Sovereignty Council (the collective head of state), and control two security ministries—the rest of the cabinet is nominated by the FFC. The Central Bank, which sets the different foreign exchange rates, still falls under the Sovereign Council, who may well include beneficiaries of those exchange rates.

The government is warily backed by the young revolutionaries on the urban street and is bidding for support from the commanders of the peripheral insurgencies. The FFC needs to work with its coalition partners in the security forces. But, somewhat incompatibly, it also needs to come up with an agenda to end Sudan's

wars and its hunger crisis, and the extractive, economic system which underpins them (and finances its coalition partners).

In the 2020 budget, wheat subsidies were maintained alongside big increases in health and education spending and a new universal basic income covering 60 to 80 percent of the population. Despite some improvement, Sudan's health and education spending rates are rising from a very low base. The 2020 budget proposals were to be financed, in part, by removing fuel subsidies, which took up a more significant proportion of the budget.¹² But at the last minute, the FFC demanded that the government maintain all subsidies until an economic conference scheduled for March 2020. The FFC is a movement largely led by established politicians who are nonetheless answerable to the street, and it might find it difficult to renege on the bread slogans for which dozens of brave youngsters gave their lives.

Instead, the subsidies are to be financed by a significant budget deficit, partially bridged by donations—from the Gulf countries, and from Sudan's military corporations (profit-making companies under military control). While the big decisions on subsidies have been postponed, increases in spending on education and health, and ambitious proposals for universal basic income, will go ahead.

Both the government and the FFC agree that the wheat subsidy should be maintained. The government's commitment to both food accessibility and social spending may offer a way forward for a deeply fragmented country organized around the spatial injustices of its agricultural and extractive economy. The principle of universality—that all people in Sudan should enjoy food, health care, education and income support—which the new government is promoting by investing in healthcare, education or basic income across the country, helps foster the belief that a life lived in Darfur is worth the same as one lived in Khartoum.

But it is not possible for the government to spend its way out of its inherited crises, which are reproduced on a daily basis by Sudan's systems of wealth generation. Sudan's wealth is produced in a way that serves the interests of a relatively small group of politically well-connected people, extracting economic benefits from the country's vast spatial inequalities. Replacing peripheral exploitation with peripheral investment in less gruelling, less violent production systems needs a radical reconsideration of the whole economy. But there is a risk that politics will trump this, as so often in Sudan's past. After all, Sudan's politics is urban: it's a fair guess that the children of the FFC ministers and the children of the security men are all bread-eaters.

Without a radical reconsideration of Sudan's economic direction, the new government will need to woo its donors—the military corporations, the Gulf palaces, the international financial institutions—and allow their priorities to dislodge those of the revolutionaries. Donor priorities are likely to be reducing inflation, stabilizing the balance of payments, maintaining profit rates in the periphery, and maintaining urban stability. The government is likely to continue the commercialization of the peripheries through, for example, cash transfers, even though several decades of commercialization does not appear to have improved productivity or reduced poverty. If they do not rework Sudan's bread and sorghum systems, the government may end up maintaining the market authoritarianism which Bashir had almost perfected.

Notes

- 1 International Monetary Fund, 'Sudan: Article IV Consultation' IMF Country Report No. 17/364, Washington DC: International Monetary Fund, December 2017, 5.
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