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Economic Imperialism and the Political Economy of Sudan: the case of the Sudan Plantations Syndicate, 1899-1956

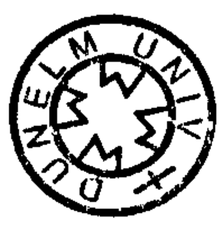
Simon Michael Mollan

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Thesis submitted for the degree of Doctor of Philosophy in the University of Durham, Department of History

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ABSTRACT

There is significant contemporary interest in 'imperialism' and the role of states, markets and firms in transforming international economic relations and reordering domestic economic structures in favour of an imperial power. The history of such economic transformations is important to a deeper understanding of these contemporary processes.

The creation of the Anglo-Egyptian Condominium in 1899 incorporated Sudan into the British Empire, creating a constitutionally unique imperial possession in North-East Africa. This state enjoyed considerable independence as long as its economic and financial basis was secure. This security was dependent on economic development.

The Sudan Government had limited success with the development of general economic infrastructure, but the failure of various mining companies before 1914 indicated the marginal nature of economic and commercial opportunity. After the initial failure of private enterprise, the Sudan Government worked closely with the Sudan Plantations Syndicate over a period of decades to finance, create and then run the Gezira Scheme – a large scale cotton growing plantation. Sudan thus developed a cash-crop economy based on cotton. Cotton became Sudan's principal export and a significant source of income for the Sudan Government. The depression of the 1930s was to negatively affect this industry and the fortunes of the colonial state. During the Second World War the Sudan Government withdrew the Sudan Plantation Syndicate's monopoly, effectively nationalizing the Gezira Scheme in order to better pursue their own conception of Sudan's economic, social and political interests; it did this at the expense of private business. Thus, in the long-run it was the state, and not business, that came to dominate the political economy of the Sudan during the imperial period.

Introduction: The Political Economy of Empire

> Economic history and the history of political economy have lost favour in recent years. They have clearly failed to attract the same interest and enthusiasm as cultural history and the history of discourse in particular.[1]
>
> - P.J. Cain and A.G. Hopkins, 2002

The primary focus of this thesis is to examine the business and economic history of Sudan during the period of the Anglo-Egyptian Condominium (1899-1956) with reference to two central questions. First, was the operation of business and the nature of capital accumulation in Sudan a case of Gentlemanly Capitalist imperialism, as suggested by the work of Cain and Hopkins?[2] Second, was the operation of business and the nature of capital accumulation a case of 'business imperialism' as discussed by D.C.M. Platt and Charles Jones, among others?[3] The third aspect of this thesis is to relate these historiographical investigations to a broader question about the nature and trajectory of Sudan's economy in the imperial period.

The argument presented here is that Sudan was not a prima facie case of Gentlemanly Capitalism, nor was it a straightforward case of 'business imperialism'. Rather, it was the colonial state acting in concert with business and capital that was the primary economic driving-force behind the development of Sudan's colonial economy. In this sense Sudan was unique, but aspects of Sudan's experience were similar or ran in parallel to the economic and business history of other colonies in the same period.

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[1] P.J. Cain and A.G. Hopkins, 'The Peculiarities of British Capitalism: Imperialism and World Development', in S. Akita (ed.), *Gentlemanly Capitalism, Imperialism and World Development* (London, 2002), p.245

[2] P.J. Cain and A.G. Hopkins, *British Imperialism, 1688-2000* (London, 1993; 2002)

[3] C.A. Jones, 'Business Imperialism and Argentina, 1875-1900: a theoretical note', *Journal of Latin American Studies*, 1980, 437-444; D.C.M. Platt, 'The Imperialism of Free Trade: Some Reservations', *Economic History Review*, 1968, 296-306; *Finance, Trade and Politics in British Foreign Polic, 1815-1914*, (Oxford, 1968); (ed.) *Business Imperialism, 1840-1930: An inquiry based on the British experience in Latin America* (Oxford, 1977)

Moreover, the evidence presented here does not refute either the case for Gentlemanly Capitalism or the idea of 'business imperialism'. Instead, it suggests that economic resources were coordinated in a variety of ways within the British Empire. In Sudan there was a marked level of cooperation between business and the state but crucially the influence of the state over business intensified its dominance throughout the period. Whether this is a case of 'business imperialism' to a certain extent depends on what is understood by the term, as will be discussed.

The analytical approach used to answer these questions is expressly concerned with the relationship between business and the state, between business and capital, and between capital and the state. Though it necessarily touches on the political and constitutional development of the colonial state in Sudan, it is not a political history; the primary unit of analysis is not the colonial state. Similarly, this is not an economic history in its purest (or broadest) sense. There has been the necessary omission of details of indigenous economic activity that are undoubtedly important to any complete economic history. Nor is this purely a business history, especially because the historiographical focus is founded in the central questions connected to British imperialism rather than the development of modern business organizations and, in any event, the organizational structure of business in Sudan was not especially remarkable, nor were the corporations found there comparatively large. Instead, this is a history of the political-economy of Sudan as a colony; alternatively, it is a business-centred analysis of the political economy of Sudan during the imperial part of its history. Whichever terminology is used, however, the function of this thesis is to ask fundamental questions of Sudan's economic experience of British imperialism and to do this it draws on some of the methods and techniques of business and economic history, as well as those of political history and, even, international relations. Judged solely against the disciplinary demands of any one of these areas of historical enquiry the thesis would be incomplete and no doubt coverage

could have been usefully expanded. However, the questions central to the thesis could not have been addressed from just one perspective. Bearing this is mind it is now possible to lay out the context, the historiography and the argument that will be made here.

I. THE CONTEXT

In the Nineteenth Century Sudan was a distant province of Egypt, itself a peripheral part of the Ottoman Empire. Increasing British influence in Egypt from the century's mid point culminated in direct intervention in 1882. At the same time a religiously inspired separatist movement sought to wrench Sudan from Egypt and thence to govern the country according to Islamic principles. The effort to retain Sudan for Egypt led the British to become militarily involved. This campaign ended in a rare and humiliating reverse for British military power when General Gordon was defeated in Sudan's capital, Khartoum, in 1884.[4] In this way from circa 1884 Sudan was autonomous and independent of both British and Egyptian influence, the Islamic state that was created being referred to as the Mahdiya. The invasion of Sudan in 1898 reversed the defeat of Gordon and ended the Mahdist period. Sudan was thus incorporated within the British imperial system in the region, substantially expanding British influence in sub-Saharan North-East Africa. The subsequent creation of the Anglo-Egyptian Condominium established a legal entity for colonial governance that mapped to a vast territory, Sudan being the largest country in Africa by area. This territory was administered by the British until independence in 1956.

The recurrent theme developed at length here is that the colonial state dominated the economic life of Sudan. Known as the Gezira Scheme, the development of cotton-

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[4] H. MacMichael, 'A summary of events in the Sudan from 1819-1899', in J.A. de C. Hamilton (ed.), *The Anglo-Egyptian Sudan from Within* (London, 1935), 61-72

growing in the Gezira area of Sudan on a plantation basis by the Sudan Government in cooperation with the Sudan Plantations Syndicate was the backbone of the colonial economy and the centre-piece of a novel form of corporate economic development. Not only was the cotton produced the principal export during the colonial period and the main earner of foreign exchange, but the revenue it generated was vital to the finances of the Sudan Government itself.

The triangular importance and interdependence of business, government and economy has required a diverse historiographical context. This thesis is therefore rooted in four approximately separate though not unrelated fields of enquiry; namely, Sudan studies; imperial studies; business history and business imperialism; and international political economy and international economic history. The contribution of each to the frame of reference of this thesis is outlined below.

II. SUDAN STUDIES

Sudan has not enjoyed the same level of interest as other countries in Africa or elsewhere with a similar experience of British colonialism. The existent literature has a tendency to focus on administrative history and to discuss Sudan without placing the colony in a broader comparative context. Nevertheless, useful among these are the contributions of Martin Daly, in particular *Empire on the Nile* (1986) and *Imperial Sudan* (1991).[5] From these works the following trends are identified that have shaped the history of Sudan and the challenges faced and sometimes met by colonial government. Chief among these are the tensions between the Arab Muslim North and the predominantly black Christian and indigenous faith South; the problems of governing such a large and environmentally harsh and varied land with limited resources and men; and the uneasy relationships

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[5] M.W. Daly, *Empire on the Nile* (Cambridge, 1986) and *Imperial Sudan* (Cambridge, 1991); see also P.M. Holt and M.W. Daly, *A history of the Sudan from the coming of Islam to the present day* (London, 1988)

between Sudan and the countries on her borders, in particular, Egypt. Distance, communications and scarcity are themes that recur, and will do so here too. Daly further provides a useful overview of the economic history of Sudan during the Condominium period, though as might be expected this account is mainly descriptive.[6]

Sudan's political and to a certain extent economic and financial relationships with Egypt are tackled by Gaby Warburg whose book *Egypt and the Sudan – studies in history and politics* (1985) is a useful companion to the works of Daly.[7] These themes are also explored by Mekki in *The Sudan Question* (1953).[8] For these authors the history of Sudan is the story of developing statehood, but the account is typically without reference to the economic dynamics of British imperialism. Heather Sharkey's *Living with colonialism* (2003) is also useful, particularly with regard to the developing political culture of the country.[9] Externally, developing statehood created tensions with countries for whom Sudan held an actual or notional 'border', legal or otherwise. An ongoing point of friction for Sudan and Egypt, and a factor for development and economic growth, was access to and the use of the Nile waters. The works of Robert Collins and Terfe Tvedt provide an introduction to these issues.[10]

In addition, there are also texts written during and shortly after the Condominium period by authors with a personal knowledge of Sudan. These constitute primary sources in their own right. Chief among them are the works of Richard Hill and Arthur Gaitskell, who – as former employees of the Sudan Government – wrote,

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[6] Daly, *Empire*, Chapter 5, 192-239; Chapter 11, 420-450; and *Imperial*, Chapter 5, 84-126; Chapter 7, 172-205; Chapter 10 302-351

[7] G.R. Warburg, *Egypt and the Sudan – studies in history and politics* (London, 1985); also noteworthy on this topic is material contained within M.W. Daly, 'The Development of the Governor General of the Sudan, 1899-1934', *Journal of African History*, 1983, 77-96

[8] A. Mekki, *The Sudan Question* (London, 1953)

[9] H.J. Sharkey, *Living with Colonialism: Nationalism and Culture in the Anglo-Egyptian Sudan*, (London, 2003). See also H.J. Sharkey, 'Colonialism and the culture of nationalism in the northern Sudan, 1898-1956' (unpublished PhD thesis, Princeton University, 1998); H. Bell, *Frontiers of medicine in the Anglo-Egyptian Sudan, 1899-1940* (Oxford, 1999)

[10] R.O. Collins, *The Waters of the Nile* (Oxford, 1990); see also T. Tvedt, T*he River Nile in the Age of the British* (London, 2004)

respectively, *Sudan Transport* (1965) and *Gezira – a story of development in the Sudan* (1959).[11] From an earlier period still, Harold MacMichael's *The Anglo-Egyptian Sudan* (1934) is a unique study written from an insider position during a period of considerable economic flux during the colonial period.[12] For all their strengths, insights, and insider knowledge these sources are not systematic and inevitably suffer from authorial subjectivity.

Part of the contribution made by this thesis is to focus on areas that are under-explored in the existing literature, in particular to explain the importance of Sudan's economy and international economic relationships to the formation of the state.

III. IMPERIAL STUDIES

Imperial historians have wondered about the future of the discipline for some time. In 1984 David Fieldhouse argued that there was no longer a unified field, while only a decade later David Cannadine observed that Cain and Hopkins' gentlemanly capitalist thesis of British imperialism (developed in *British Imperialism*, 1993; 2002) with its novel synthesis of both economic and sociological interpretations and its applicability to the periphery and the metropole had brought a divergent literature partly together again.[13] However, as Martin Daunton notes in a review, the relatively recent five volume *Oxford History of the British Empire* (OHBE) omits any direct reference to Cain and Hopkins' Gentlemanly Capitalism thesis (it does not appear as a topic for discussion or even in the index). Daunton goes on to criticise somewhat the OHBE treatment of the metropole as

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[11] R. Hill, *Sudan Transport* (Oxford, 1965); A. Gaitskell, *Gezira – a story of development in the Sudan* (London, 1959)
[12] H.H. MacMichael, *The Anglo-Egyptian Sudan* (London, 1934)
[13] D.K. Fieldhouse, "'Can Humpty Dumpty Be Put Together Again?": Imperial History in the 1980s', *Journal of Imperial and Commonwealth History*, 1984, 9-23; D. Cannadine, 'The Empire Strikes Back', *Past and Present*, 1995, 180-194; A.G. Hopkins, *The Future of the Imperial Past* (London, 1997); L. Colley, 'What is Imperial History Now?', in D. Cannadine (ed.), *What is History Now?* (London, 2002),132-147; Cain and Hopkins, *British Imperialism*

a factor in British imperialism (a topic handled, incidentally enough, by Peter Cain).[14] In some ways the omission of Gentlemanly Capitalism from the OHBE is curious because despite its consciously revisionist and somewhat controversial stance, it has been a dominant perspective for some time, even though many historians that have tackled the subject have been sceptical of its empire-wide applicability.[15] Nevertheless, the breadth, scope and originality of Cain and Hopkins' work is still significant.

The Gentlemanly Capitalist interpretation of British imperialism links the growth, governance, maintenance and exploitation of the British Empire to a gentlemanly elite centred in the metropole (particularly in the City of London) that through networks and contacts extended across the entire globe. Cain and Hopkins argue that the gentlemen capitalists used their financial might, social connection, and economic and political influence to give themselves an advantageous position within the burgeoning British Empire and, moreover, that this expansion was driven by the economic needs of this group.[16] In order to apply this interpretation to the whole British Empire they developed variations of Gentlemanly Capitalism to fit specific contexts. In one such variation Cain and Hopkins argue that in Africa the North and the South of the continent followed their orthodox interpretation, which resembles Hobson's 'economic taproot of imperialism'; that is, where imperial expansion is closely connected with the needs of finance capital. This contrasts with East and West Africa where, Cain and Hopkins argue,

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[14] M. Daunton, 'Britain's Imperial Economy', *Journal of Economic History*, 2001, 476-485; T*he Oxford History of the British Empire*, editor in chief: Wm. Roger Louis; Volume I: N. Canny (ed.), *The Origins of Empire: British Overseas Enterprise to the close of the Seventeenth Century* (1998); Volume II: P.J. Marshall (ed.), *The Eighteenth Century* (1998); Volume III: A. Porter (ed.), *The Nineteenth Century* (1999); Volume IV: J.M. Brown & W.R. Louis (eds.), *The Twentieth Century* (1999); Volume V: R. Winks (ed.), *Historiography* (1999). All volumes published by Oxford University Press, Oxford and New York; P.J. Cain, 'Economics and Empire: The Metropolitan Context', A. Porter (ed.), *Nineteenth* 31-52

[15] See M. Daunton, '"Gentlemanly Capitalism" and British Industry', *Past and Present*, 1989, 119-158; A. Porter, 'Gentlemanly Capitalism and Empire: The British Experience since 1750?', *Journal of Imperial and Commonwealth History*, 1990, 266-295; N.J. White, 'The business and the politics of decolonisation: the British experience in the twentieth century', *Economic History Review*, 2000, 544-564. These rebuttals are often contested vigorously by Cain and, especially, Hopkins: recently, for example, in the *Australian Economic History Review*, 2003, A.G. Hopkins, 'Gentlemanly Capitalism in New Zealand', 287-297; J. McAloon, 'Gentleman, Capitalists and Settlers: a brief response', 298-304

the interests of British manufacturing, not finance, led the imperialist process.[17] They link this (in the metropolitan context) to the perception of financial and industrial division in the British economy (which while favoured by some economic historians has been attacked by others[18]) and, secondly (in the peripheral context), to the cash-crop economies of the countries in the tropical East-West band of Africa. However, Cain and Hopkins subsume their analysis of Sudan into that of Egypt.[19]

This is a common feature of imperial history where Sudan is regarded, by and large, as an 'outwork for the strategic defence of Egypt'.[20] Egypt is placed firmly into the North-South category of possession by Cain and Hopkins, which leaves Sudan, with a cash-crop economy, between the two interpretations. However, the development of Sudan's cash-crop economy (based on cotton) was financed by large amounts of publicly financed debt. Just as the role of bondholders is often cited in the interpretation of British and French interests in Egypt prior to 1882, it is possible that finance and not cotton production was the underlying factor at play in configuring Sudan's imperial relationship with Britain.[21] There is therefore scope for examining Sudanese and Egyptian relations in light of the different needs of the two states, and the different forms of capital that entwined each with the international economy and the British Empire.

Secondly, then, the Gentlemanly Capitalist interpretation of British imperialism raises issues connected to the social fabric and financial architecture of the imperial

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16 For more detail see Cain and Hopkins, *British*; R.E. Dumett (ed.), *Gentlemanly Capitalism and British Imperialism – The New Debate on Empire* (London, 1999); S. Akita (ed.), *Gentlemanly Capitalism, Imperialism and Global History* (London, 2002)

17 J.A. Hobson, *Imperialism* (Ann Arbor, 1902; 1965); Cain and Hopkins, *British*, Ch. 11, 303-339

18 See respectively: M.H. Best and J.Humphries, 'The City-Industry Divide' in B. Elbaum and W. Lazonick (eds.), *The decline of the British economy* (Oxford, 1986), 223-239; G. Ingham, *Capitalism Divided?: The City and Industry in British Development* (London, 1984), and M. Daunton, ' "Gentlemanly Capitalism" and British Industry',*Past and Present*,1989, 119-158

19 Cain and Hopkins, *British Imperialism*, p.317

20 J. Darwin, 'Imperialism and the Victorians: the dynamics of expansion', *English Historical Review*, June 1997, p.635; see also J. Gallagher, and R. Robinson, with A. Denny, *Africa and the Victorians – the Official Mind of Imperialism* (London, 1967), esp. 351-378

21 See, for example, D. K. Fieldhouse, *Economics and Empire, 1830-1914* (London, 1976), p. 120

world. Raymond Dumett considers that the Gentlemanly Capitalist thesis rests on three axioms. The first is the existence of a 'Gentlemanly Order' of interrelated hegemonic (or near hegemonic) interests, created via a fusion of the landed gentry and the financial elites of the south-east of England in the Nineteenth Century. The second is the dynamism of the City of London and the power of capital markets to drive the process of imperialism, and the third leg of the tripod is what Dumett describes as 'the periphery of the imperial and quasi-imperial structures - the outer regions of political control and commercial penetration which Cain and Hopkins dub "the wider world".'[22] Cain and Hopkins largely reject excentric causes of British imperialism in favour of metropolitan impulses. This helps frame some of the questions relating to the interface of business, finance and government in Sudan. Simply put: how and from where did business in Sudan obtain capital, who obtained the capital, how were businessmen in Sudan socially integrated with the imperial elites, both in Sudan and in the metropole, and how did this configure the business-government relationship? Gentlemanly Capitalism implies a large degree of co-operation and complicity; business history tends to suggest that friction, tension and compromise play a larger role in shaping the bargains made between government and business. How, then, does business in Sudan fit the Gentlemanly Capitalist interpretation of British imperialism?

From the early twentieth century the significance export capital to the phenomenon of empire has been well known, highlighted by both J.A. Hobson in *Imperialism - A Study* (1902) and C.K. Hobson in *The Export of Capital* (1914).[23] In 1912 Edgar Crammond, Secretary to the Manchester Stock Exchange, estimated that the overall amount of British capital invested in the crown colonies (excluding the colonies of European settlement) was approximately 100 million pounds. He also estimated that

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[22] R.E. Dumett, 'Introduction' in Dumett (ed), *Gentlemanly*, 4-5
[23] J.A. Hobson, *Imperialism - A Study* (1902; University of Michigan Press, Ann Arbor, 1965); C.K. Hobson, *The Export of Capital*, (Constable and Company, London, 1914)

the overall capital value of British overseas investments was 3,800 million pounds.[24] Thus, according to Crammond investment in these colonies was only 2.6% of total British foreign investment. C.K. Hobson estimated that in 1912 alone, capital issues for foreign investment were 144 million pounds, which in just one year dwarfed the figure for cumulative colonial investment up to the same year.[25] Though these figures indicate that while there was clearly a great deal of money available for investment in the metropole, colonial governments were faced with a stiff challenge to attract investment from private enterprise. In *Mammon and the Pursuit of Empire* (1987) Lance Davis and Robert Huttenback estimate that in 1900 seventy-five per cent of international capital movement had its origin in Britain, and between 1904 and 1914 annual capital flows emanating from Britain were in the region of £173 million every year.[26] Michael Edelstein has noted that by 1913 circa thirty-two per cent of net national wealth was represented by overseas assets and that 'never before or since has one nation committed so much of its national income and savings to capital formation abroad', which echoes through Sidney Pollard who observes that 'whether ... these were higher proportions that any country before is less important than the sheer weight of British investment in the world economy'.[27] That this vast flow of capital had a relationship with the growth of the British Empire is to be expected, but as Davis and Huttenback demonstrate and Cain and Hopkins acknowledge[28] it is not a straightforward link:

> The result of a survey of 79,944 shareholders of 260 British, foreign and empire firms chartered between 1883 and 1903 ... suggests that businessmen turned first

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[24] E. Crammond, 'Imperial Defence and Finance' in *The Nineteenth Century and After*, 1912, p. 237 [GreyPam 1144 (11)]
[25] Hobson, *Export*, p.226
[26] L. E. Davis and R. A. Huttenback, *Mammon and the Pursuit of Empire – The political economy of British imperialism, 1860-1912* (Cambridge, 1987), p. 38
[27] M. Edelstein, 'Foreign investment and accumulation, 1860-1914' in R. Floud and D.N. McCloskey (eds.), *The Economic History of Britain since 1700, Volume Two: 1860-1939* (Cambridge, 1994), p. 173; S. Pollard, 'Capital Exports, 1870-1914: Harmful or Beneficial?', *Economic History Review*, 1985, p. 491

to the domestic economy, then, with somewhat less enthusiasm, to those parts of the world *not* painted red, and only then, and with a marked lack of enthusiasm, to the formal Empire.[29]

What Cain and Hopkins argue using evidence from Davis and Huttenback is that 'gentlemanly capitalists' were more likely to invest in imperial business projects than less elite business men in the City or in the provinces.[30] In his reflection on Gentlemanly Capitalism Lance Davis confirms this position and, in addition, argues that these investments were often demand led, rather than supply led.[31] At the beginning of the twentieth century, Britain was the chief source of international capital, and the City of London the World's chief financial centre. The ability of the periphery of the Empire to absorb capital has been considered vital to the expansion process and the maintenance of imperial links. However, the role played by capital in the process of imperial expansion is very complex and still only partly understood.

There were two main methods in which a company could attract capital to support a venture overseas. The first was to issue shares to subscribers and the second was to obtain debt, either in the form of loans or bonds.[32] A useful guide to the public issue of quotable securities in the City of London can be found in Ranald Michie's *The London Stock Exchange - a history* (1999) and *The City of London - Continuity and Change since 1850* (1992).[33] The flotation of public debt by foreign governments in the City of London's capital markets is discussed by Toshio Suzuki in *Japanese Government Loan Issues*

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[28] see Davis and Huttenback, *Mammon*, Chapter 7 'The shareholders in imperial enterprises', 195-220; Cain and Hopkins, *British,* 182-183
[29] L.E. Davis, 'The late nineteenth-century British imperialist: speculation, quantification and controlled conjectures' in Dumett (ed), *Gentlemanly*, p. 82
[30] Cain and Hopkins, *British,* 182-187
[31] Davis, 'The late', p. 106
[32] see B. Tew and R.F. Henderson, *Studies in Company Finance – a symposium on the analysis and interpretation of British company accounts* (Cambridge, 1959), p. 66
[33] R.C. Michie, *The London Stock Exchange - a history* (Oxford, 1999); *The City of London - Continuity and Change since 1850* (London, 1992)

on the London Capital Market (1994).[34] In the period under discussion here William Kennedy argues that these capital markets performed poorly:

> Investors were unable to identify and evaluate investment opportunities; at best, they appear to have been aware of the subsets of the possibilities, and the subsets known varied from group to group. It is a reasonable inference then that much of the information available in British capital markets was expensive to obtain and of low quality, creating sharp informational differential among groups of wealth holders, differential that led to sub-optimal choices relative to the choices that would have been made with more complete information of uniform costliness.[35]

Kennedy maintains that a capital market has essentially three functions. The first is to identify and evaluate all investment opportunities; the second is to make this information widespread at a low cost; and the third is to provide channels through which the success or failure of a venture can be assessed so as to provide a means to increase or remove resources depending on the performance of the venture.[36] How the capital market was constructed in regard to these three facets is relevant to our understanding of how capital was formed in Sudan. The social context of capital subscription clearly has direct relevance to the Gentlemanly Capitalist interpretation of British imperialism, and in point of fact has relevance to the initial development of business in Sudan. How important was the capital market to the development of cotton-growing in Sudan? Was access to the capital market dependent on Gentlemanly links? Who came to control the capital invested in Sudan, and who invested in it in the first place?

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[34] T. Suzuki, *Japanese Government Loan Issues on the London Capital Market, 1870-1913* (London, 1994), especially Ch. 1, 'Foreign Government Loan Issue in London 1870-1913', 7-22 and Ch. 2 'Loan Issue Mechanism of the London Capital Market', 23-48

[35] W.P. Kennedy, 'Capital markets and industrial structure in the Victorian economy', in Y. Cassis and J.J. van Helten (eds.) *Capitalism in a Mature Economy: Financial Institutions, Capital Exports and British Industry, 1870-1939* (Aldershot, 1990), p.42

It is often assumed that investors in securities are generally rational, albeit that the environments within which they exercise their decisions may not allow for a perfect expression of rationality (so called bounded rationality).[37] Ranald Michie has argued that a distinct difference exists between an institutional investor and an individual investor. His view is that an individual investor has to be understood in their unique social context. This difference is important to the understanding of the Sudan Plantations Syndicate in particular, which began as an entrepreneurial enterprise financed by a small number of people. If, as Michie argues, 'individual shareholders tend to be much more interested than institutions in the managerial personnel of a company, and the changing environment within which it operates' it might lead to variations in investor behaviour. Imperfections in information for the investor might be overlooked in favour of a personal connection and contact, faith in the business originators or the very nature of the business itself. This process 'distorted investment' but also increased the availability of risk capital that could be used for funding more speculative investments. As Michie concludes, 'the social web of investment was an important adjunct to the impersonal capital market as it facilitated the finance of innovation.'[38] Therefore, an aspect of this study will be to examine what social webs (social networks) underpinned the origins and development of business in Sudan. These ideas are developed further by Michie in subsequent articles and a developing literature relating to the importance of networks of individuals to the organisation of business in this period.[39]

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[36] Kennedy, 'Capital', p.26
[37] Kennedy, 'Capital', p.26 and O.E. Williamson, *The Economic Institutions of Capitalism*, (The Free Press, New York, 1987) 44-46
[38] R.C.Michie, 'The social web of investment in the nineteenth century' in *Revue Internationale d'Histoire de la Banque* (1979), 158, 175
[39] In particular R.C. Michie, 'Options, Concessions, Syndicates, and the Provision of Venture Capital, 1880-1913', in *Business History*, 23, 1981, 147-164

IV. BUSINESS STUDIES

The description and analysis of the structure and operation of business in this thesis will use the relatively orthodox contracting paradigm associated with Alfred Chandler and Oliver Williamson.[40] Here economies of scale and economies of scope are exploited by firms to deal with changes to the economic environment that they find themselves in, either by integrating forward into distribution and marketing or backward into production and supply, or horizontally by expanding capacity (economies of scale), or by diversifying the products and services offered (economies of scope). The firm is understood as a series of contracts between units that are internalised within a firm to create a cost saving. This process - which involves integration of functions as described above - is undertaken because in contrast to classical economics and the idea of the perfect market, market transactions are not costless. This internalisation of functions encourages the trajectory of the firm in a particular way, leading to the development of large scale modern business and provides a descriptive language for the scale, scope, strategy and structure of the firm.[41]

Network analysis will also play an important part in the exploration ofthe economic structure of business in imperial Sudan. Though the term network is used widely, it is often misapplied and requires some theoretical specification. The principal scholarship in this field has been undertaken by sociologists and, to a lesser extent, institutional economists.[42] There is no consensus within the literature as to whether networks are 'a metaphor, a method, or a theory'.[43] In fact they can be all these things,

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[40] See G. Boyce and S. Ville, *The Development of Modern* Business (Basingstoke, 2002), 1-28, 227-288; A.D. Chandler, *Scale and Scope - The Dynamics of Industrial Capitalism* (London, 1990); Williamson, *The Economic Institutions of Capitalism* (New York, 1987).

[41] See J.F. Wilson and A. Thomson, *The Making of Modern Management: British Management in Historical Perspective* (Oxford, 2006), 26-36

[42] N.J. Smelser and R. Swedberg, 'The Sociological Perspective on the Economy', in N.J. Smelser and R. Swedberg (eds.), *The Handbook of Economic Sociology* (Princeton University Press, Princeton NJ), 18-19

[43] W.W. Powell and L. Smith-Doerr, 'Networks and Economic Life', in Smelser and Swedberg (eds.), *Handbook*, p.360

depending on what is being investigated. The great strength of a network approach is that it allows individual actors or agencies to be seen as part of an overarching structure. However, there are different types of network. There are social networks of the kind discussed by Scott, and Wetherell; there are also inter-organisational networks as implied by the work of Chapman and as discussed by Fruin.[44] Fruin makes a useful distinction between loosely and tightly coupled inter-organisational networks, and the different levels at which networking can occur.[45] Loose networks operate where governance is minimal – the sinews are formed by a common institutional heritage or name. Tight networks are formed by vertically integrated companies that are co-reliant. Intermediate coupling between tight and loose occurs when there is evidence of inter-firm shareholding, for example. In addition interlocking directorates indicate intermediate tightness of network coupling that operate both as social *and* inter-organisational networks.

The work of Scott and Hughes, Wilson and Popp, and Ville, has indicated the continuing importance and potential utility of network analysis to business history.[46] Networks are an important alternative mode of business to a classical 'market' understanding of economic transactions.[47] Networks operate as channels for information and capital; they are often bound by economic, social and/or kinship ties that circumvent the open market. For example, Ville makes a strong case that networks formed by Stock and Station agents in Australia and New Zealand led to better economic information for all parties - the farmers, the agents, the buyers, shippers and eventual commercial sellers. Networks provided better access to capital and specialist expertise than each individual

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44 J. Scott, *Social Network Analysis: a handbook* (London, 1992); C. Wetherell, 'Historical Social Network Analysis' in L.J. Griffen and M. van der Linden (eds.), *New Methods for Social History* (Cambridge, 1999) Chapman, 'British-based'; W.M. Fruin, *The Japanese Enterprise System* (Clarendon Press, Oxford, 1994), Ch.7 'Interfirm Networks', 256-300

45 Fruin, *Japanese*, p. 257-8

46 J. Scott and M. Hughes, *The Anatomy of Scottish Capital* (London, 1980); S. Ville, *The Rural Entrepreneurs* (Cambridge, 2000); J.F. Wilson and A. Popp (ed.), *Industrial Clusters and Regional Business Networks in England, 1750-1970* (Aldershot, 2003)

business would have commanded in the open market. In addition, networks allowed businesses to develop specialisms to provide services within the network. Mutual interest thus developed and in this way engendered stability. Trust borne of mutually-reliant necessity, reinforced by the need of maintaining individual reputation, regulated the networks.[48] Furthermore, it is suggested that networks can help explain economic decisions are not necessarily purely rational – something that might go some way to explaining why investors were undertaking a relatively poor investment when they put their money into colonial business.[49] With specific reference to Gentlemanly Capitalism in particular, the social context of the capital market and the development of small businesses, network analysis provides a useful evaluative framework to explore the social context of the capital market and the development of business.

The literature relating to the metropolitan dimension of British business overseas is extensive, necessitating selectivity here. The work of Stillson and Munro provides examples of where commercial enterprise enjoyed moderate success in Malaya failed in tropical Africa.[50] The central, if basic, question to arise from these pieces is whether commercial failure (and this study is, in part, the study of failure) was as a result of managerial error or of insurmountable structural features connected to the general viability of business in Sudan. The differing strategies of British business when raising capital and developing entrepreneurial opportunities for such overseas ventures is developed by the work of Michie, Chapman and Wilkins, who respectively give amplification to the importance of concession holders and syndicates, investment

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[47] Ville, *Rural*, p.56; M.C. Casson, 'An economic approach to regional business networks', in Wilson and Popp (eds.), *Industrial*, 19-43
[48] Ville, *Rural*, 56-58
[49] Michie, 'The social'; Davis, 'The late'
[50] R.T. Stillson, 'The Financing of Malayan Rubber, 1905-1923', *Economic History Review*, 1971, 589-598; J. Forbes Munro, 'Monopolists and Speculators: British Investment in West African Rubber, 1905-1914', *Journal of African History*, 1981, 263-278

groups, and free-standing companies.[51] In addition to the significance of Cain and Hopkins, further work by Michie, and also the work of Daunton, Cassis and Rubinstein, gives a picture of the multiplicity of functions provided by the City of London, and the wealthy and not so wealthy people connected with it through ties of family, class, wealth and institutional association.[52] This study will address the issues of provision of specialist services, and social and business interconnection with regard to the companies in Sudan.

Finally, there is a considerable literature relating to British owned mining overseas and the City of London. Of particular note is the work of Harvey and Press, and Phimister.[53] These authors stress the dynamic nature of the overseas mining companies that were based in the City of London and highlight the following: the presence of established networks of companies and individuals with a mining specialism; the (sometimes deplorable) actions of company mongers/promoters who floated companies on the basis of often egregious information; and the practice of obtaining and developing concessions from overseas governments, and then selling on the concession for a profit, or floating a company to further develop the concession.

'Informal imperialism' is used in imperial history and development studies as an analytical tool to explain the exertion of extra-territorial power.[54] It is a crucial building block in some of the main historiographical interpretations within imperial studies, in particular the 'Imperialism of Free Trade' and Gentlemanly Capitalism, though it has recently fallen out of favour among many historians, especially in the recent *Oxford*

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[51] R.C. Michie, 'Options'; S.D. Chapman, 'British-based Investment Groups before 1914', *Economic History Review*, 1985, 230-251; M. Wilkins, 'The free-standing company, 1870-1914: an important type of British foreign direct investment', *Economic History Review*, 1988, 259-282

[52] Michie, *The City of London*; M. Daunton, 'Firm and Family in the City of London in the Nineteenth Century: the case of F.G. Dalgety', *Historical Research*, 1989, 155-177; Y. Cassis, *City Bankers, 1890-1914* (Cambridge, 1994); W.D. Rubinstein, *Men of Property* (London, 1981)

[53] C. Harvey and J. Press, 'The City and International Mining, 1870-1914', *Business History*, 1990, 98-119; I. Phimister, 'Corners and Company-Mongering: Nigerian Tin and the City of London, 1909-1912', *Journal of Imperial and Commonwealth History*, 2000, 23-41

[54] For the use of informal imperialism in development studies see C. Newbury, 'The Semantics of International Influence: Informal empires reconsidered' in M. Twaddle (ed.), *Imperialism, the State and the Third World* (London, 1992), 46-52

History of the British Empire.[55] It is closely associated with economic interpretations of imperialism, and also with the idea of 'economic imperialism' itself because it helps bridge the gap between politics and economics in contexts where the origin of influence is unclear.[56] A significant strand of investigation in this thesis will be to examine the relationship between business and imperialism in Sudan. Given the centrality of one business to the colonial project in Sudan (the Sudan Plantations Syndicate), the mechanisms of informal subjugation of sovereignty by business are therefore of interest.

Studies in informal imperialism highlight that the institutions of territorial empire do not have to be present as a necessary or sufficient condition to create an imperial relationship. From the perspective of informal imperialism, businesses can be sovereignty subjugating agencies and imperialistic in their own right. The bargains struck between business and the state are important regardless of whether that state was not - or in this case was – a colonial state. It should not be assumed that business was supportive of the imperial project. This is an fundamental question of the fabric of the imperial system - how do business and capital imperialise a territory; how do they subvert sovereignty separate from - though perhaps complimentary to - the colonial state? Or, alternatively do they act as an agency of imperialism? Is business responsible for imperialism in 'formal' settings?

The innovation in the concept of informal imperialism identified as business imperialism can be seen most clearly reflected in the work of D.C.M. Platt.[57] Platt's 'business imperialism', as a variant of informal imperialism, did not involve 'antagonism between native and foreigner'. Indeed, 'in most cases ... business would have been controlled and conducted irrespective of nationality.' Platt concludes that 'it might fairly

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[55] A viewpoint expressed in D.M. Peers, 'Is Humpty Dumpty Back Together Again?: The Revival of Imperial History and the Oxford History of the British Empire', *Journal of World History*, 2002, p. 452

[56] A distinction made by D. Landes in 'Some thoughts on the Nature of Economic Imperialism' (1961) reprinted in P.J. Cain and M. Harrison (eds.), *Imperialism – critical concepts in historical studies*, (Routledge, London, 2001), p. 260

[57] Platt, 'The Imperialism of Free Trade'; Platt, *Finance, Trade and Politics*; Platt, *Business*

be said that although returns derived from a political relationship may be grossly unequal, any *economic* relationship, unless enforced politically, must offer at least some appearance of mutual benefit.' This is backed up by a considerable amount of evidence that British business in Latin America did not rely on preferential consular intervention, which in any case was not a common occurrence.[58] Platt did not deny that the British had influence in Latin America; instead, he proposed that the influence manifested itself through the businesses that were active in that region. This also suggested that the power relationship did not have to be one of simple one-way domination or subordination as under the territorial model of formal imperialism. Platt's contribution was, therefore, to recast of the nature of agency. A succinct expression of this is given, not by Platt, but by one of his contributors, W.M. Mathew. Mathew argues that there are three ways in which business/capital could influence the overseas state: directly though contact with officials; indirectly by officials finding policies of mutual self interest with business; and, thirdly, where control or influence 'manifests itself in mercantile authority and initiative in the fields of activity vital to the government's well being, the government itself lacking the power to restrain merchant and exercise a jurisdiction of its own."[59] This could, for example, manifest itself through the terms under which credit was offered between City financiers and a foreign government, or that control over public utilities in Latin America in some cases was in foreign hands. None of these forms of influence relied or needed to be closely associated with British state institutions, but the reality was effective British influence. These types of relationships will be explored here.

In a related vein there is a considerable amount of research that relates to the relationship between business and government in the British Empire.[60] The key issues that come out of this extensive literature are (eclectically) as follows. Tolliday highlights

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[58] Platt, *Business*, 6-11; Platt, *Finance*, passim..
[59] W.M. Mathew, 'Antony Gibbs & Son, the Guano Trade and the Peruvian Government, 1842-1861', in Platt, *Business*, p.337

that though notions of British authorities defending the interests of British capital have to be questioned, it was also the case that British business was capable of aligning itself with broader imperial strategy to commercial advantage.[61] In an article on Egypt, E.R.J. Owen observes that there was notable business failure in cotton-related start-up companies in Egypt before the First World War despite British rule. Moreover, Owen notes that the state in Egypt had an important role to play in the economy, something that was distinctly different to the role of the state in the UK at that time. This inexperience more than specific malign intent retarded the development of business.[62] The fact that the officials in Egypt later figure in the story of the early economic development of Sudan (notably Lord Cromer and Eldon Gorst) is interesting in itself. In an essay on oil in India, 1890-1947, Geoffrey Jones argues that there was an important transition in attitude of the colonial officials relating to economic development. 'The economic imperialists became, first, benevolent nightwatchmen, and then 'development-orientated' officials formulating an embryonic unbalanced growth model for Indian development.' Such a transformation applied in Sudan as well. Jones' article is notable also for highlighting the role that government must play in supporting infant industry in a developing context – a notion that resonates also in the article mentioned previously by Owen. As Jones points out, there was always a 'tension between international firms and 'host' governments, regardless of those governments' political complexion.'[63] This notion of 'host' government is important in identifying the nature of foreign direct investment, but also in establishing the different interests of state and business in any commercial endeavour undertaken in a colony. The extent to which these interests were different is important in determining whether the capital or business can be thought of as having

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60 See S.W. Tolliday (ed.), *The International Library of Critical Writings in Business History, Volume 2: Business and Government*, (Edward Elgar Publishing, Aldershot, 1991)
61 S.W. Tolliday, 'Introduction', in Tolliday (ed.), *The International*, p.xi
62 E.R.J. Owen, 'Lord Cromer and the Development of Egyptian Industry', *Middle Eastern Studies*, 1966, 282-301

'captured' the state, or whether the state in some sense captured capital/business. One recent contribution to this debate observes that degrees of cooperation between business and the state is normal, that neither government nor the state is unitary. 'Policy making usually occurs across the divide between public and private spheres and often involves intermediate institutions', argues M. Kipping.[64] This creation of policy and of transactional arrangements between the business and state spheres will form a central raft of analysis in several chapters of this thesis.

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[63] G. Jones, 'The State and Economic Development in India, 1890-1947: The Case of Oil', *Modern Asian Studies*, 1979, 353-375

[64] M. Kipping, 'Business-Government Relations Beyond Performance Issues', in F. Amatori and G. Jones, (eds.), *Business History Around the World* (Cambridge, 2003), p.391

V. DEVELOPMENT STUDIES

As Cain and Hopkins point out in the quotation at the beginning of this Introduction, studies in the historical political economy of empire have become increasingly rare with the notable exception of their own *British Imperialism*. In truth, this kind of research has never dominated the landscape, though the implication is that older contributions still hold currency. Alongside Cain and Hopkins and D.C.M. Platt then, the work of E.R.J. Owen is important. In *Cotton and the Egyptian Economy* (1969) Owen analysed the importance of cotton to the political economy of Egypt in a similar way to that which will be conducted here. Of special note is his observation that as a cash crop cotton was both inedible and not consumed locally in any great volume, making it an ideal monopoly concession based product.[65] His analysis of cotton's importance to the Egyptian state as an export, as an earner of foreign exchange, and as a link between the developing and the industrialised world is also relevant to this study of Sudan. More recently, Owen has turned his attention to the political history of the Middle East, including Sudan, by examining the economic, cultural and political factors that have shaped the region.[66] He analyses the development of Middle-Eastern states thematically, exploring the ways in which pan-Arab nationalism, colonialism, authoritarianism, religion and economics have affected the transition from colonised to decolonised region. These relate to questions that will be posed here with regard to the economic effects and effect on business of decolonisation.

In *The International Economy and the Undeveloped World 1865-1914* (1978), A.J.H. Latham points to the importance of understanding, and at the very least being aware of, the mutuality of economic relations between the undeveloped and the developed world, a point underscored by A.G. Hopkins in *An Economic History of West Africa* (1973), who

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[65] E.R.J. Owen, *Cotton and the Egyptian Economy - a study in trade and development* (Oxford, 1969), p.29
[66] E.R.J. Owen, *State, Power and Politics in the Making of the Modern Middle East* (London, 2000)

wrote that 'exchange and subsistence activities were (and still are) integrated.'[67] Though this study will have reference to the traditional and indigenous modes of economic activity in Sudan, the prime focus of this study is the imperial and international aspects of the political economy of Sudan between 1899 and 1956. Both authors above identify the following as the most salient analytical units of the experience of African economies in relation to their interaction with the World economy: communications (including transport); money and capital; the effects of international trade; population and migration; economic growth and/or underdevelopment; social change and political responses to the changing economic landscape.[68] Clearly this study touches on these issues, particularly on the question of economic growth and export trade. However, the principal focus will be to examine capital, business and government with the emphasis on the question of metropolitan causes and 'imperial' historiography.[69]

The questions of colonial development policy relevant to this thesis are tackled by E.A. Brett in *Colonialism and Underdevelopment in East Africa* (1973), by R.M Kesner in *Economic Control and Colonial Development* (1981), and by Michael Havinden and David Meredith in *Colonialism and Development: Britain and its tropical colonies, 1850-1960* (1993).[70] Kesner's work is particularly relevant in describing the mechanics of the Colonial Office and the development policies at its disposal, in particular the facility to raise Treasury guaranteed debt to finance a variety of staple/cash crop schemes designed to pay for the cost of colonial administration.[71] The impact of colonial development on tropical

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[67] A.J.H. Latham, *The International Economy and the Undeveloped World 1865-1914* (London, 1978), p.13; A.G. Hopkins, *An Economic History of West Africa* (London, 1973), p.5

[68] See also J. Forbes Munro, *Africa and the International Economy* (London, 1976); P. L. Wickins, *Africa 1850-1980: an economic history* (Cape Town, 1986)

[69] The focus here is on capital, business and government; the focus on the factors of production (land, labour and capital) has not been adopted.

[70] E.A. Brett, *Colonialism and Underdevelopment in East Africa* (London, 1973); R.M. Kesner, *Economic Control and Colonial Development: Crown Colony Management in the Age of Joseph Chamberlain* (Oxford, 1981); M. Havinden and D. Meredith, *Colonialism and Development: Britain and its tropical colonies, 1850-1960* (London, 1993)

[71] Kesner, *Economic*, p.5; See also Meredith and Havinden, *Colonialism and Development*, p.45; C. Ehrlich, 'The Uganda Economy, 1903-1945', in V. Harlow & E.M. Chilver (eds.), *History of East Africa*, Vol.. III (Oxford, 1965), p.400

colonies in that period is best taken up by Brett, and in a comparative context by Havinden and Meredith. The history of colonial development in Sudan suffers in a similar way to its imperial history - as mentioned earlier Sudan is by and large omitted. Sudan does not fit within Kesner's analytical framework, for example, because it was a condominium and because it was administered from the Foreign Office rather than the Colonial Office. Havinden and Meredith make a similar distinction: they 'decided that more than enough material was available for [their] purposes from the large number of colonies that were under the control of the Colonial Office'.[72] The broad outline traced by Havinden and Meredith, Brett, and Hopkins and to a certain extent by Kenwood and Loughheed is that states that adopted the cash-crop development model suffered both long-term economic difficulties and accompanying political problems related to the lack of development and the difficulty of escaping the confines of a narrow economic base, a problem compounded by significant debt.[73]

Finally then, the impact of decolonisation on business and the economy of Sudan will be discussed in the last chapter of the thesis. After the trauma of colonialism itself, there is little doubt that the process of decolonisation has dramatically shaped the political economic landscape of the ex-colonies. The manner in which both economic and political power were redistributed in the run up to and then during decolonisation is a central question. In *Black Africa* (1986) David Fieldhouse stresses that economic decolonisation was not simply a process that ended when the British left a territory, or when a significant period of time had elapsed from the end of formal control, but rather should be seen as a process which sculpted African economies and polities, and defined the architecture of various governments, agencies, institutions and frameworks within which African states and politicians continue to operate.[74] In *Capitalism and Nationalism at the end of Empire* R.L. Tignor argues that foreign business operating in Egypt, Nigeria and

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72 Havinden and Meredith, *Colonialism and Development*, p.3
73 A.G. Kenwood and A.L. Lougheed, *The Growth of the International Economy, 1820-2000* (New York, 1999)

Kenya did not thrive during decolonisation.[75] In Egypt, for example, the systematic sequestration of overseas assets is attributed to the antagonism of Egyptian nationalists toward foreign influence within the country. A feature of this study will be to examine the key bargains struck between business and government in the years immediately before decolonisation, to determine who held the whip hand during the final years of the British Empire in Sudan. Decolonisation will be examined as a process in terms of how it shaped the short and medium term political economy of Sudan, especially, of course, with regard to business; and how the process of decolonisation was shaped itself by the bargains struck and the relationship between government, business and economy. The contrast with Egypt and Nigeria was that in Sudan, the state managed (or was able to manage) economic decolonization in a somewhat different way because the most significant business interests had been effectively nationalized prior to the final phase of decolonization.

VI. CONCLUSION

This thesis will contribute to the debates outlined above first and foremost by relating Sudan to central questions presented by imperial historiography. One of the weaknesses of the existing research on Sudan's economic history is that it does not explore questions relating to that literature. This is also somewhat the case in reverse: the imperial historiography tends to discuss Sudan in overly simplified terms. One of the aims, then, is to draw these strands of enquiry together. Questions of political economy and the texture of the relationship between business and government are explored in detail; the Gentlemanly Capitalist account of British imperialism as it applies in Sudan will be examined as will the debate around business imperialism. A corollary of this will be a

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[74] D.K. Fieldhouse, *Black Africa: 1945-80 – Economic Decolonization and Arrested Development*, (London, 1986)
[75] R.L. Tignor, *Capitalism and Nationalism at the end of Empire* (Princeton NJ, 1998)

more functional analysis of the operation of business in Sudan up to and including an analysis of the process of decolonization. A natural accompaniment to this is an account of Sudan's economy – its structure and trajectory, and how it changed over time. Ultimately, though, these areas of focus are drawn in contrast to the central importance of state power to the economic history of Sudan, which is also the narrative of a burgeoning economic actor in its own right. These themes are developed in the thesis through the following chapters.

Chapter 1 ('Public Enterprise: Infrastructure and Economy, 1899-1914') first of all establishes the context of economic activity in Sudan by examining the economic geography of the territory. From there economic growth, the development of transport and services, and the expansion of international trade are discussed. The conclusion drawn is that Sudan's mainly agricultural economy enjoyed modest success in this period. The transport infrastructure of the country was built up and the extent of a monetised economy engaged in trade was expanded.

Chapter 2 ('Private Enterprise: British Business in Sudan, 1899-1919') is divided into two sections. The first explores the attempt to develop a mining industry, while the second introduces the cotton-growing Sudan Plantations Syndicate. The first set of British businesses in Sudan did not enjoy success and this helped shape the view of the Sudan Government, already of critical importance to Sudan's economy itself, that future economic development of the country was going to require governmental partnership with business. The Sudan Plantations Syndicate thus came to be central to the plans to develop Sudan's economy via a large scale cotton-plantation in the Gezira area. The links between the Sudan Plantations Syndicate and other British business overseas are also explored.

Chapter 3 ('Business and Government, 1907-1914') analyses the development of the relationship between the Syndicate and the Sudan Government during the critical

period before the First World War when both parties were trying to organize the finance for the Gezira Scheme. It was during this period that the essential structures of the political economy of the imperial period with regard to business and government were formed, establishing the basic pattern for partnership in cotton-growing founded on a highly indebted plantation scheme.

Chapter 4 ('Economy, Government and Business, and War, 1914-1919') deals with the economic and political effects of the First World War. First of all, the disruption to the economy and the plans for the Gezira Scheme are charted. From there attention turns to the emerging tension connected to the development of cotton-growing in Sudan, in particular with reference to Egypt. British 'interests' in the region were diffuse and included three distinct loci of power: Khartoum, Cairo and London. Friction in the region during the Condominium period was therefore largely between different British parties, but often defined and rhetorically pursued with recourse to national interests ('Sudanese'; 'Egyptian'; 'British'). The politics as well as they economics of irrigation in the Nile valley are analysed as well as changes to the Syndicate – government relationship. This theme is further developed in Chapter 5.

Chapter 5 ('Government and the limits of economic growth, 1919-1939') is the first of three chapters that analyses the critical inter-war years. During this period the Gezira Scheme became operational and the economy suffered the devastating effects of the depression. The argument advanced in these chapters is that the needs of the Sudanese state begin to predominate in this period at the expense of the position of business. Chapter 5 first explores the trajectory of the Sudan economy between 1919-1939 and the effect of the depression on the finances of the Sudan Government. This is then used as a platform to continue the analysis begun in Chapter 4 that examines the tension between Sudan and Egypt in relation to the distribution and nature of imperial power in the North African region of the British Empire.

Chapter 6 ('The Sudan Plantations Syndicate, 1919-1939') traces and analyses the fortunes, internal organization, and business strategy of the Sudan Plantations Syndicate as it reached maturity as a business alongside the Gezira Scheme, and how it dealt with the challenges of the depression era.

Chapter 7 ('Business, Government and the Political Economy of Sudan, 1919-1939') continues the analysis begun in Chapters 3 and 4 relating to the texture of the relationship between business and government. Specifically, it examines changes to arrangement of the agreements that governed the relationship between the Syndicate and the government, especially with regard to taxation.

Chapter 8 ('The Economy, Business, War and Decolonization, 1939-1955') draws to a close the substantive evidence presented in the thesis. It examines the trajectory of the economy to 1956, in particular the economic effects of the Second World. The critical event of this period is the decision of the Sudan Government to effectively nationalize the Gezira Scheme. This brought to an end the Syndicate's involvement in the economy of Sudan. The changes that this wrought on the political economy of Sudan are also explored.

Chapter 1

Public Enterprise: Infrastructure and Economy, 1899-1914

> Stocktaking on January 19, 1899, when the Condominium Agreement was signed, would have listed few assets of any certain worth. The frontiers of the Condominium were not then drawn but there were certainly more than 800,000 square miles of territory supporting, at bare subsistence level, a population thought to be less than two millions. ... Disease and warfare and the disturbance to traditional ways of life during the Mahdia (1881 - 1898) had reduced numbers but the Sudan could never have supported a large and prosperous population.[1]

> Development in the Sudan will be handicapped for some years by the scarcity of and inefficiency of the labour procurable. The population is said to have dwindled down by disease and warfare from over 8,000,000 people before the Mahdi's revolt, to under 2,000,000 at the present time.[2]

I. ECONOMIC GEOGRAPHY

The invasion of Sudan in 1898 acquired a vast territory for Great Britain and, nominally, Egypt. With it came the need for government and administration and though the acquisition of a colony was prestigious, paying for it was unwelcome. This drove the colonial state toward economic management and taxation. The problem was that the initial economic prospects for Sudan were not good. In 1906, the Sudan Government estimated that of the 950,000 square

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[1] Stone, *Sudan Economic Development, 1899-1913* (Khartoum, 1955), p.1
[2] BUL CGA 2/2/2 'Cotton Cultivation in Egypt and the Sudan' (1906)

miles the country was then thought to inhabit, only 1576 square miles were cultivated.[3] Disease, famine, civil conflict, and invasion had also all wrought their toll on an already harsh country.

The land of Sudan is broadly divided into three bands as categorised by rainfall. The first can be thought to inhabit all the lands north of a notional line drawn from Kassala in the East, via Khartoum, to El Obeid in the West. This area is very arid with annual rainfall in the region of 25 centimetres per year. South of the notional line is a band that can be thought to progress approximately five hundred kilometres south, characterised by rainfall in the range of 25 to 50 centimetres per year. Stone notes that this second band enjoys rainfall 'normally adequate for fairly safe raincrop production', and consists of scrub and grassland capable of bearing grazing animals in the south of this band, with more arid land toward the north. The third band in the south of Sudan has a heavy rainfall, described by Stone as a 'region of much forest and swamp, limiting the areas suitable for cultivation.' Across most of Sudan, cultivation was of a subsistence nature in 1899.[4]

Nevertheless, Sudan produced a diverse range of products including cotton, cattle, gum arabic, grains, hides and oil seeds, though irrigation methods played little role in agricultural production, nor did the production methods bear much resemblance to organised commercial agriculture.[5] Sudan's major export in the period before the Condominium was Gum Arabic, which had been harvested commercially for hundreds of years, with some suggestion that Arab merchants were trading Sudanese gum two thousand years ago.[6] The gum is tapped from the gum trees (Acacia Verde, sometimes known as Acacia Senegal) in gum gardens.[7] The nature of the gardens should not be mistaken. The term garden implies deliberate and organised cultivation whereas the gum gardens of Sudan were in fact areas of land in which individuals enjoyed various rights to tap. The principal area where gum was

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[3] CGR 1906, p.7
[4] Stone, *Sudan Economic*, 121-122
[5] SAD 201/8/22, 'Report by H.P. Hewins, Director of the Commercial Intelligence Department on the trade of the Sudan with special reference to the fostering of trade between Britain and the Sudan', 20th September 1916
[6] Stone, *Sudan Economic*, p.208
[7] *Sudan Trade and Investment Guide 1960-61*, p.56

harvested was Kordofan, and Sudan came to dominate the World production of gum. In 1916, for example, it was believed that Sudan 'was the world's principal source of gum arabic' and this was certainly still the case at the end of the Condominium when Sudan held as much as eighty per cent of the World's market share.[8] Gum arabic is important in the manufacture of adhesives, pharmaceuticals, confectionery, textiles, inks and dyes, and explosives. In addition to gum arabic, wild rubber could be found in the Bahr el Ghazal province, though its collection was limited and cultivation non-existent.[9]

In terms of edible foodstuffs, the staple of the Sudanese is dura, a type of wheat produced across the country. In addition to this dates were cultivated particularly in the riverain areas of the northern provinces (Halfa, Dongola and Berber). Many of the inhabitants of the regions in the north of the country came to be economically reliant on the date crop, and the Sudan Government made efforts to encourage the commercialisation of production in the early years of the Condominium.[10]

The presence of elephants in Sudan led to hunting for ivory, again something that had occurred for centuries. During the Mahadiya the trade in ivory was thought to have diminished so that in the early years of the Condominium the Sudan Government encouraged the ivory trade in the belief that 'accumulated stocks might be released to give an immediate growth in the export and for the longer term there were understood to be plenty of elephants in the southern provinces to maintain and expanding trade.' The Sudan Government declared a monopoly over the trade in ivory, taking a royalty of twenty per cent and introducing a permit system; in 1900 the hunting of young elephants was prohibited as was the sale of tusks weighing less than 10 lb.[11] Likewise, the fishing for Mother of Pearl shell in the Red Sea was regulated to attempt to conserve such natural resources as existed, the trade in Mother of Pearl

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[8] SAD 201/8/28, 'Report by H.P. Hewins', 20th September 1916; Stone, *Sudan Economic*, p.210; *Sudan Trade and Investment Guide 1960-61*, p.56
[9] Stone, *Sudan Economic*, 241-244
[10] Stone, *Sudan Economic*, 180-184; *Sudan Trade and Investment Guide 1960-61*, p.57
[11] Stone, *Sudan Economic*, 235-236

and pearls themselves having been known in Sudan since before the Mahdia.[12] A trade in ostrich feathers similarly took place.

Because Sudan had no coal deposits, tree vegetation was important to provide fuel. In the South of the country the dense mass of papyrus and reeds known as suddite provided fuel, but elsewhere the wood resources were scarce. The Sudan Government was to find this problematic, eventually resorting to importing timber for construction from elsewhere in the British Empire.[13]

In Egypt high grade long staple cotton had been grown since at least the early Nineteenth century.[14] In Sudan cotton was grown only sporadically but it was of the same type as that in Egypt (mainly 'Domains Sakel'), and though cotton was believed to have been grown near the Nile for hundreds of years, the Egyptian varieties were only introduced by Egyptians in Suakin in the preceding century, possibly at the time of the governorship of Mumtaz in the 1850s.[15] Rain cultivation was for the most part the norm, the cotton produced used to make rough damur cloth. Only in the Tokar region was flood irrigation used to supply water to cotton plantations.[16] As a consequence the Sudanese had little familiarity with the farming requirements of cotton cultivation.

Aside from the variety of harsh climatic conditions, the physically huge size of the country and the basic nature of production of agricultural produce, Sudan did boast some infrastructural advantages. Sudan's Red Sea coastline had one significant port in Suakin, a longstanding trading centre located on the crucial imperial trade route to India, vitalised by the opening of the Suez Canal and development of the Eastern Mediterranean / Red Sea shipping route in the 1870s. Similarly, the Nile is one of Sudan's most influential natural assets. The White and the Blue Niles meet just south of where the cities of Khartoum and Omdurman were settled. All of the Niles are somewhat navigable, providing a natural internal transport

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12 Stone, *Sudan Economic*, 245-247
13 Stone, *Sudan Economic*, passim.
14 Owen, *Cotton*, Ch.2 'The Introduction of long-staple cotton', 28-57
15 *Sudan Trade and Investment Guide 1960-61*, (London, 1960), p.56; SAD 201/8/27, 'Report by H.P. Hewins', 20th September 1916; Stone, *Sudan Economic*, p.141
16 Stone, *Sudan Economic*, p.142

system and corridor to Egypt. The area between the two Niles south of Khartoum is known as the Gezira plain, is characterised by fertile soil and ready access to the important Nile irrigation waters, and was where the cotton plantation scheme in Sudan was developed.

This set of economic circumstances, defined the base from which the economy of Sudan was to grow during the colonial period. How, then, did the economy fare to 1914?

II. ECONOMIC GROWTH

Between 1899 and 1914, Sudan experienced a highly predictable spurt of economic growth, in part driven by peace and security, and the development of basic economic infrastructures. Increased marketisation, the approximate rule of law, enforceability of commercial contracts, a reduction in the dislocation of the populace which existed during the Mahdiya period, along with better containment of the problems caused by war, famine, disease and so on, all contributed to more fertile conditions for trade and commerce. As Daly notes, 'the greatest achievement of the Condominium – security – itself ensured relatively rapid economic growth.'[17]

National Income accounting data was not available for Sudan until 1956.[18] As a result export data is used as a proxy for economic performance throughout this thesis. Between 1901 and 1905 annual Sudan exports grew by an average of 6.5% per year as compared to the annual average growth of 'crown colonies' trade of 1.2% per year. Between 1906 and 1910, Sudan exports grew by an annual average of 29.2% compared to an annual average growth in trade of 7.0% amongst the crown colonies, though between 1911 and 1913 Sudan export growth stalled at 3.2% annually, compared to 9.3% increase in overall annual colonial trade.[19] Sudan out performed the crown colonies in terms of average annual growth for the period

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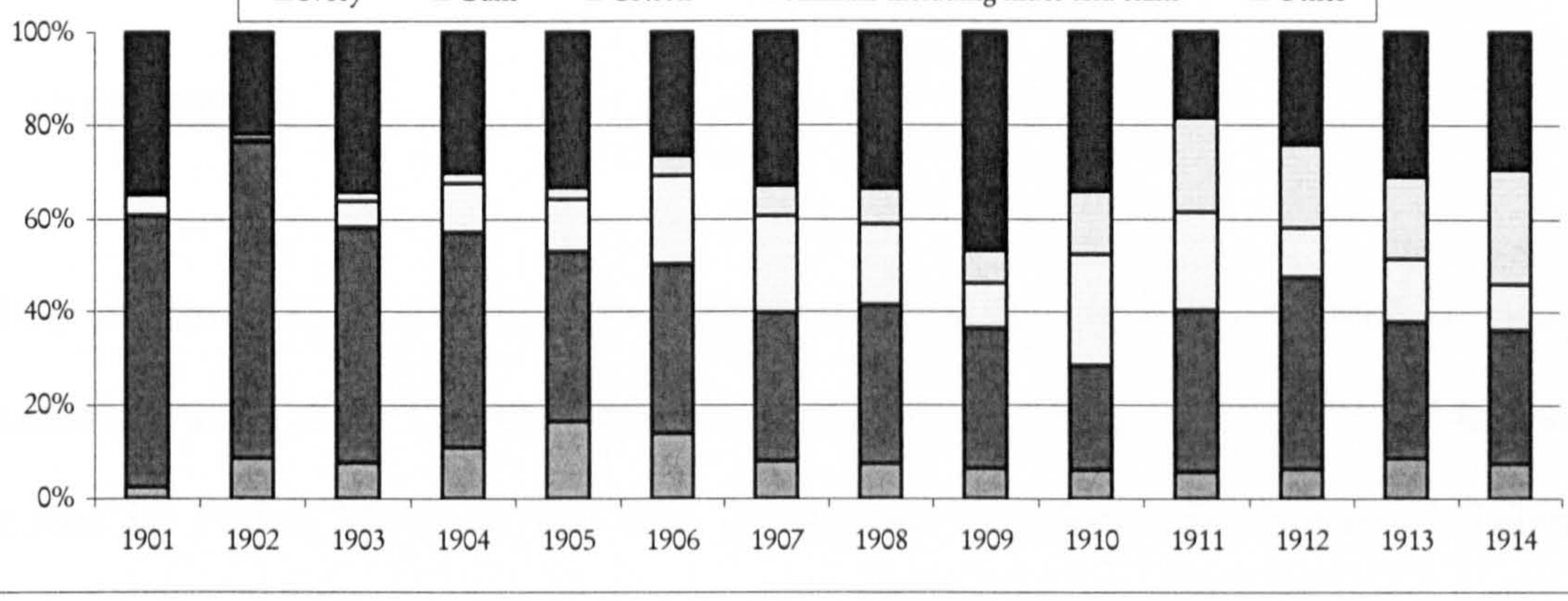
[17] Daly, *Empire*, p. 194

[18] O. Osman and A.A. Sulieman, 'The Economy of Sudan', in P. Robson and D.A. Lury, (eds.), *The Economies of Africa* (London, 1969), p.439.

[19] Sudan data from Daly, *Empire*, p. 488; Crown Colonies data: Havinden & Meredith, *Colonialism and Development*, p. 116

1901 to 1910. The subsequent dip in annual average growth can be attributed to the economy reaching a fuller capacity, and suffering short-term market shocks. However, this dip should not alter the view that during this period the economy of Sudan was both an absolute and relative success. Between 1901 and 1914 exports increased 282% and imports increased 246%; the area under cultivation in Sudan went from 1,000,000 feddans in 1904 to 2,100,000 feddans in 1913, an increase of 110%.[20] The growth in the economy was accompanied by increasing export diversity, as can be seen in the chart below.[21] This is a relatively unusual feature of a tropical colony: Nigeria, Sierra Leone, Kenya, Ghana and the other tropical colonies had already largely developed monocultural agrarian economies by this time.[22]

Chart 1.1. Exports by product (%), 1901-1914
Source: GGR, various years; CIB, Annual Reports, various years

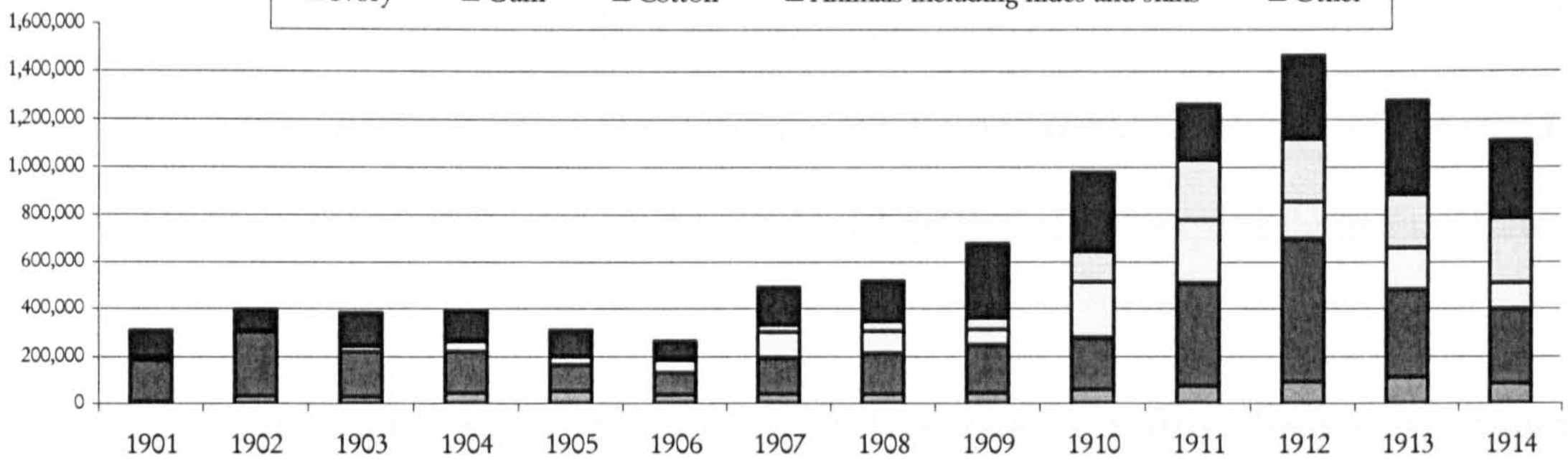


Although gum, cotton products and dura made up the biggest elements of the export economy for Sudan in this period, the instability in the relative share of different exports and their numerousness caused a number of difficulties. Not only were the products subject to fluctuations in world market prices, but internal production levels could vary very widely, a particular problem for dura production. This can be see in the chart below, which also shows the general increase in export levels over time including a slight decrease in 1914.

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[20] data from Daly, *Empire*, p. 216
[21] See Appendices for sources of data used in all graphs, charts and tables.
[22] See W. A. Lewis (ed.), *Tropical Development, 1880-1913* (London, 1970)

Chart 1.2. Exports by product (£ E), 1901-1914
Source: GGR, various years; CIB, Annual Reports, various years



The question now turns to why the economy developed as it did. To this end transport, the development of commercial and communication services, and the patterns of Sudan's international trade will be examined.

III. TRANSPORT

Railway construction by colonial governments was a policy notably advocated by Joseph Chamberlain when at the Colonial Office at the end of the nineteenth century, and has been described by Forbes Munro as the 'deus ex machina' of colonial development.[23] Railways facilitate trade and economic activity in several ways. Firstly, through the movement of goods to and from market. Secondly, through the movement of labour - though in Sudan this is was not specially crucial, other than in allowing officials, businessmen, engineers and technicians to move around the country more swiftly. Thirdly, railways open up districts, not just as in reason one outlined above, but also by fostering the growth of railways service towns and settlements.[24] Fourthly, the growth of a railway network is also closely associated with the growth of telegraph communications, often seen as essential to the co-ordination of movement of goods and services in a market environment. Fifthly, they also facilitate the

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23 Kesner, *Economic,* p.91; J. Forbes Munro, *Africa*, p.91
24 A.A. Sikainga, *City of Steel and Fire: a Social History of Atbara, Sudan's railway town, 1906-1984* (Portsmouth NH, 2002)

development of engineering and technical knowledge, with itinerant specialist service departments; as a long-term infrastructural feature requiring constant maintenance, they employ and train labour leading to the long-term replication of expertise able to carry out this work. [25] Within the history of colonial development railways are viewed as one of the standard economic development policies pursued by colonial governments, especially in the inter-war period.[26]

Though alternative forms of transport did operate in Sudan, these were to prove inadequate to provide the necessary services. Though the network of roads was expanded rapidly from 1,500 miles of relatively serviceable road in 1904 to 4,000 miles by 1905, the quality was, on the whole, poor and the capacity for heavy haulage almost non existent.[27] Steamers operating on the Nile had the capacity for heavy haulage, but they were confined to the Nile and were subject to problems associated with seasonal variation and navigational difficulties.[28] Railways, however, offered relative flexibility and the capacity for heavy haulage. John Stone, the early writer on the political economy of Sudan, observed that government policy in this period did not 'go far beyond the provision of channels to market'.[29] Sudan's railways became the major form of transport linking the interior of Sudan to markets within the country as well as internationally.

The Sudan Government undertook railway construction for ideological reasons already alluded to; as Forbes Munro put it to 'launch a dramatic transformation in Africa's productive capacity', and because, as Lord Cromer observed in 1905, 'the prospects of an immediate return are not sufficiently attractive to induce private capitalists to embark in railway undertaking save on terms which are so onerous as to render it cheaper for the government to

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[25] See also: G.R. Hawke & J.P.P. Higgins, 'Transport and social overhead capital', in R.C. Floud and D.N. McCloskey (eds), *The Economic History of Britain since 1700, Volume 1* (Cambridge, 1981), 227-252; S. Strange, *States and Markets* (London and Washington, 1988; 1994), Ch. 7, 'Transport Systems', 141-164

[26] Brett, *Colonialism and Underdevelopment*, 128-132; S.H. Frankel, 'Some aspects of investment and economic development in the continent of Africa', in Z.A. Konczacki & J.M. Konzacki (eds.), *An Economic history of tropical Africa* (London, 1977), p.233

[27] Daly, *Empire*, p.207; Daly notes that a road was 'a track about 30 feet wide, more or less straight, cleared of trees and stumps'

[28] Daly, *Empire*, p.206

[29] Stone, *Sudan Economic*, p.6

construct railways themselves."[30] However, initially the Sudan Government hoped that private enterprise would provide adequate transport services.

Early in the Condominium period the link between improved transport and expanded trade was understood to be clear. Cromer observed in his report of 1902 that 'even with the very imperfect means of railway communication which at present exist, external trade is growing."[31] Nevertheless, it was also clear that without expansion of the country's transport facilities in terms of both quantity and cost, development in Sudan was unlikely to occur at the rate that was desired. As Richard Hill noted, the 'economic development of the Sudan was hindered at every turn by the tortuous routing of its imports and exports', pointing out that imports into Sudan via Egypt made their way via four transhipments: 'at the port of entry, at Luxor and el-Shella and again at Wadi Halfa."[32] Similarly, in 1903 J.H. Neville, the Inspector of Agriculture criticised the cost of internal shipments stating that 'wheat can be sent from Chicago to Liverpool at practically the same rate as freights from Khartoum to Halfa."[33]

The idea to develop the railways was simple enough, as Cromer explained in his report for 1902: 'As I have said in my Egyptian Report, the Suakin-Berber railway is absolutely essential to the well-being of the Sudan... This line will place Sudan in easy communication with the sea [and] it will bridge over the waste of desert that now separates the Eastern Sudan from the outer world.' Cromer also correctly identified that the development of transport ties to El Obeid would 'give greater stimulus to the gum trade' and, if the Gezira were to be opened up, would prove the territory were capable of economic development.[34] By 1910, Khartoum had been lined to Suakin, at that time the principal Red Sea port.[35] The subsequent construction of Port Sudan and its incorporation into the rail network further increased the ability of Sudan to export goods without having to pay tariffs to Egypt. As a result the

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30 Forbes Munro, *Africa*, p.91; CGR, 1905, p.26
31 CGR, 1902, p.6
32 Hill, *Sudan*, p.67
33 GGR, 1903, p.172
34 CGR, 1902, p.7
35 Hill, *Sudan*, p.56

destinations for exports became increasingly international, facilitating the integration of Sudan into the World economy.

Railway building in Sudan took place first in 1884 when Khedive Ismail's civil administration in Egypt laid track from Wadi Halfa to Sarras. During the early sequence of the re-conquest in 1895 a section was quickly laid following the Nile south to Akasha, approximately 60 miles south of Wadi Halfa. Though this second section was subsequently destroyed by the Khalifa's army, it was rebuilt in 1896 to facilitate the second expedition to re-conquer Dongola; it was added to by a line to Kerma, some two hundred miles from Wadi Halfa, in May 1897.[36] This military railway network was extended so that Wadi Halfa was linked to Khartoum by 1899.

However, the existing railway between Wadi Halfa and Kerma had been hastily constructed during the Reconquest was neither physically robust nor financially solvent, nor was it ideal for fostering trade. In 1902, the line cost £E23,500 to run but only earned £E8,916, of which some sixty per cent was on the government's account. It was, Cromer opined, 'impossible to go on working any railway at this ruinous loss'.[37] This continued to be the case in 1903, when Cromer distilled the difficulty for the government in the following way, describing the problem as a 'dilemma':

> [the government] must either work the railway at paying rates, which would result in killing the trade, or they must practically subsidise the trade by working the railway at rates which do not cover the cost of transport.[38]

Thus, not for the first time as it would turn out, the government of Sudan adopted a policy of intervention. The justification that was used in 1903 was that because the government wished to attract imports and stimulate exports the policy of 'subsidy' could

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[36] Stone, *Sudan Economic*, p.61
[37] CGR, 1902, p.11
[38] CGR, 1903, p.12

continue, at least as long as the Suakin-Berber railway remained unfinished. More worryingly, however, was the diagnosis of the trouble for the railways deemed to be structural and therefore problematic. 'It is obvious,' the Report for 1903 maintained, 'that neither a Government nor a company can continue to work the railway on a system that renders the loss heavier in direct proportion to the increase of traffic.' By 1904 the situation had worsened, as the Halfa-Kerma was no longer thought to be safe. Nevertheless, the opening of the Nile-Red Sea Railway in 1905 was a turning point, and began a sustained period of network development.[39]

This line was planned from as early as 1901 but was hampered by the difficulty of finding a route through the Red Sea Hills. Instead, a route was followed 'north from Suakin along the foot of the Red Sea Hills for nearly 50 kilometres before advantage could be taken of a series of knors (river valleys) to proceed south again through the hills' before turning west to Atbara where it joined the Nile Valley line. Despite difficulties with labour, water supply for both men and engines, and occasional storms the line was finished six months ahead of schedule in October 1905.[40]

The hopes for railway transport got to the core of the idea for development prevalent in the Sudan Government at this time. In his annual report for 1905 Cromer stated that improved transport was creating positive conditions for the first time. 'A short time ago,' he wrote, 'the price of dura at Khartoum went from PT25 to PT30 an ardeb. The market price at the ports of the Red Sea varies from PT30 to PT110 an ardeb. The cost of Transport from Khartoum to the coast will not amount to more than 15PT per ardeb. It follows from these figures that the Khartoum merchants will have to offer a price of over PT70 an ardeb, or all the dura will go down to the Red Sea.'[41] This process of creating a market would, it was hoped, show the advantage of production capitalism to native cultivators resulting directly from the construction of the railway:

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[39] CGR, 1903, p.13; CGR, 1904, p.30; CGR, 1905, p.33
[40] See Stone, *Sudan Economic*, 64-65
[41] CGR, 1905, p.33

> It was ... necessary to prove to the native by example that if he would sell his live stock for export he could make a profit, and that so far from diminishing his capital and his consequence by parting with his cattle he was adding to both.[42]

This view is supported by John Stone who has argued that while 'Sudan would not have developed so fast without the railway network and a port on the Red Sea it is also to be emphasised that without the market opportunities provided by the Egyptian middlemen there would have been little incentive to the cultivator or gum picker to find more than subsistence.'[43] This additional idea, of the importance of Egyptian merchant traders for trade is an unexplored topic. Alongside Indian, Levantine and Greek merchants, Egyptian traders were present in Sudan in large numbers, indicating the existence of links between the Indian Ocean and Red Sea trading routes and the North African/Eastern Mediterranean commercial world.

By 1907 it was planned to connect the Gezira to the railway network, as the line was gradually to be extended to Kordofan.[44] Eldon Gorst, by then Consul General in Cairo, reported that 'the bridging of the Blue Nile at Khartoum will facilitate the extension of the railway into the fertile district of the Gezira.' A plan was drawn up, and an engineering firm from Darlington in County Durham were commissioned to construct the bridge, which, it was hoped, would open in 1909. Indeed, it was noted that the extension of the railway to the Gezira was a pre-requisite for the development of commercial agriculture in the district. This accompanied encouraging figures for the railways more generally: the number of passengers in 1908 was recorded at 320,222, compared to 259,674 in 1907, and the volume of goods carried on railways also increased during this period.[45] By 1909, the extension of the railway to the South continued apace, the cost of which was advanced by the Egyptian Treasury.[46] At the

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[42] *The Sudan To-day* (Khartoum, 1913), p.18
[43] Stone, *Sudan Economic*, p.7; *Sudan Chamber of Commerce Monthly Journal*, passim/various.
[44] Stone, *Sudan Economic*, p. 67
[45] CGR, 1907, p.5, 16, 19; CGR, 1908, p.19
[46] CGR, 1909, p.5

same time the original line between Wadi Halfa and Kerma was re-laid, with improvement made to the quality of the track.[47] This work was finished in 1910, the Annual Report commenting that 'the commercial and strategic importance of this improvement in the communication is already apparent... the revenue earned by the Sudan Railways in 1910 amounts to over £E 391,000 as against £E331,000 in 1909 and shows a profit of £E123,000.'[48] The Annual Report explicitly indicated the links between the development of transport and the specific hopes for the wider economic development of Sudan along specific agricultural lines:

> The immediate stimulus given by the southern railway to agricultural development became obvious when the government was approached by a British Syndicate with a view to the construction of a barrage across the Blue Nile in neighbourhood of Sennar, and the undertaking of a canalisation scheme providing water for the irrigation of some half-million acres suitable for cotton growing and cereals, out of the area of several million cultivable acres which the Gezira is calculated to possess.[49]

Nevertheless, a significant problem existed in ensuring that the transport rates were set at economically viable levels. An official report in 1910 observed that different rates in different parts of the country were 'hampering' economic development. 'It is the general opinion of both the provincial authorities and merchants', the report concluded, 'that the rates prevailing, and particularly those of the Sudan Government Steamers require revision and should be reduced considerably.'[50] Similarly, Bernard, the Financial Secretary, reported to Wingate the position held by the Governor of the Dongola Province that a reduction on rates on railways and steamers was necessary 'in order to provide markets for this year's produce' [1910] and that 'facilities granted in this direction will encourage natives to cultivate more land

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[47] CGR, 1909, p.17
[48] CGR, 1910, p.5
[49] CGR, 1910, p.5
[50] SAD 112/1/6-11 'Report to Secretary of General Economic Board from Inspector General Sudan Irrigation Service', 2nd March 1910

next flood."[51] The future direction of railway policy was discussed around this time. Among those thought to be economically advantageous were opening track to connect Kassala on the Upper Atbara with the Red Sea, on a line to include Gedaref and Sennar. Another was to link the fertile Tokar Delta with Suakin. The success of the line to Wad Medani left the government with 'little doubt that the project would be financially sound.' The reason for this was the improvement to export trade that the building of the railways had achieved, and a faith in the native cultivator to respond positively to the opportunities that improved access to market provided.[52]

By December 1911 the railway line to El Obeid in Kordofan had been completed thus bringing, 'the gum gardens of Kordofan within easy reach of Port Sudan."[53] Again, it was observed that the increased access to markets was stimulating increased trade and was increasingly the extent to which the native producers responded to market signals, the international dimension of which was not lost on the government:

> the construction of new railways and the creation of Port Sudan has brought the Sudan within easy reach of international commerce. Our interests are no longer parochial, and it has become evident that this country occupies what is potentially an extremely strong strategic position in relation to European and Eastern Markets.

The introduction of integrated pricing systems of through charges for traffic on both rail and steamers helped this along.[54] Thus, by 1911, the system had been effectively developed over the previous six years or so. The bridging of the Blue Nile at Khartoum and the White Nile at Kosti, and the opening of 430 miles of track to El Obeid via Wad Medani were the significant

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[51] SAD 112/1/3 Bernard to Wingate, 21st March 1910
[52] CGR, 1910, 21-22; GGR, 1911, p.35
[53] Stone, *Sudan Economic*, p.67; GGR, 1911, p.5
[54] GGR, 1911, p.36

steps that were taken. The whole system comprised some 1,500 miles of track along which were to be found one hundred and eight stations.[55]

The success of the railways was such that by 1911, they were threatening to destroy the carrying trade of independent mercantile traffickers on the lower reaches of the Blue and White Niles. Indeed, such was the impact of the railways on this traffic that the Sudan Government actually took over the transport assets of the Sudan Development Company, which mainly consisted of Nile steamers.[56] This process continued into 1912. The future of river-borne transport was to be 'looked upon as a feeder or contributory system to the Sudan railways.' This development had advantages for the Sudan Government, not least control over the chief means of distribution of Sudan export produce to the outside world, at this time, still dominated by goods to Egypt. 'There is no doubt whatever,' it was reported in 1912, 'that the development of closer commercial relations with Egypt is a sound policy, and every possible assistance will be afforded to the railways to enable them adequately to maintain the steamers and offer increased facilities for the through transport of goods.'[57] A second factor at play was that despite the recommendations of the Commission on the Egyptian State Railways, presided over by Lord Farrer, which advised linking the Egyptian Luxor-Aswan line to Wadi Halfa, 'no line to connect the two systems was built.'[58]

However, there were signs that the future development of Sudan's economy was going to be held back by problems further developing the transport infrastructure of the of the country. The first was financial and resources based, connected to the need to expand the railways and improve their condition so as to accommodate the agricultural development in the Gezira. As Wingate bemoaned to Lee Stack in 1913 as the Gezira Scheme was being planned, 'I am afraid that Lord Kitchener does not quite understand that the railway has long since used up every scrap of spare material and we cannot make even a third class line on our

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[55] GGR, 1911, p.59
[56] GGR, 1911, p.63
[57] GGR, 1912, p.68
[58] Hill, *Sudan*, 52-53

own as might have been the case ten or fifteen years ago.' Wingate later suggested that Kitchener was 'startled' by the possible expense of establishing new railway lines to meet economic need, and was not fully aware of the improvements that had already been made, commenting that 'Lord Kitchener does not appreciate the fact that since he was Governor General many lines have been made in the Sudan and every spare scrap of material has been utilised. Personally, I think that the railways have done well and economically there cannot be a shadow of doubt that they are now in an infinitely better state then they were in the old days.'[59]

In addition to the railways, of course, the vast navigable stretches of the Nile were a natural transport facility that historically had been very important and, moreover, had tied Sudan's trade to Egypt. In 1902 E.E. Bond Pasha, formerly of the Royal Navy, was placed in charge of the government's Nile steamer service. At the same time the Sudan Government somewhat optimistically guaranteed a three per cent return on the capital outlay of the Sudan Development and Exploration Company who were commercially operating steamers and steam-barges on both the White and Blue Niles.[60] In the opening years of the condominium, there was moderately successful widespread use of Nile transport facilities, though it was always the government's intention to push railways above all else as Cromer indicated in the Annual Report for 1904:

> I trust that a railway will eventually run up the Blue Nile, but as some time will probably elapse before the constructing of the line can be undertaken, it is desirable, as a temporary measure to do all that is possible to develop the river navigation.[61]

This mirrored what happened over the following few years. By 1910 though trade with Abyssinia via the Blue Nile had increased, overall traffic on the Blue Nile was reported to have

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[59] SAD 108/15/39-40, Wingate to Stack, 29th April 1913; SAD 108/15/44-45, Wingate to Stack, 4th May 1913
[60] CGR, 1902, p.11
[61] CGR, 1904, p.31

decreased because of the increased use of railways.[62] Despite the fact that it was hoped that the Nile route would eventually regain its position, especially with regard to grain and cattle exports it was the case that by 1912, river transport - and the revenue that went with it - was at an all time low because of 'the diversion of gum traffic to railways, to private charterings (sic) being below the average of recent years, to an over-estimate of Army transport, and to the abolition of the Blue Nile Ferry at Halfa owing to the cattle trade not fulfilling expectations.' The steamer traffic on the Halfa-Shellal reach was taken over by the Railways Department in November 1911 because of the impetus towards forming an integrated through transport system; as a result of the change it was able to 'recover its prosperity after a considerable falling off at the first opening of the Red Sea Railway'.[63]

The development of railway transport in Sudan was both seen to be an important step in the development of the economy and actually helped develop trade, especially in two regards: firstly, the creation of a better integrated national market in dura facilitated both labour movement and urbanisation, and secondly, through gum Sudan developed an export trade. The state provision of railway transport services was a natural function of the inability of private enterprise to supply the necessary capital; returns on railways in Sudan were always somewhat variable. In 1913, for example, the government noted that receipts were down some twenty-five per cent because gum exports were reduced.[64] Similarly, by taking the decision at a governmental level, it was possible to develop a line to the Gezira where, before the development of commercial agriculture, there was no significant market or producers to service. The early hopes for the development of the Gezira all turned on the need to establish adequate transport links prior to any significant commercial projects. By doing this, the Sudan Government had taken an important step towards what would become the Gezira Scheme.

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[62] CGR, 1910, p.22
[63] GGR, 1912, 69-70
[64] GGR, 1913, p.39

The final infrastructural features that will be briefly touched on are the Red Sea Ports of Suakin and Port Sudan. From here goods were shipped to the outside world.[65] The development of modern shipping and loading facilities enhanced port capacity, and helped build on merchant trade that was already provided by the established indigenous merchants.[66]

IV. SERVICES

A neglected though nonetheless crucial feature of the overall infrastructural development of Sudan in the period before 1914 was the provision of banking and to a certain extent postal services. These acted as important market integrators, allowing an increasingly money based economy. The history of banking in Sudan is only slightly mentioned in the sources. The Annual Report for 1902 commented that 'British banks are established at Khartoum and appear to be thriving' while not mentioning which banks were present.[67] The National Bank of Egypt, however, certainly operated in Sudan. Fred Roland, writing on behalf of the bank, stated that the role of their branches was to give 'every encouragement to legitimate trade'.[68] Local managers were able to give credit to merchants; for example in the form of advances on merchandise and bill discounting up to a value of £500. Most of their activity was, however, confined to the major northern towns, though they did open a branch in El Obeid in 1912.[69] Similarly, the Sudan Plantations Syndicate introduced a non-money bank in co-operation with the National Bank of Egypt in 1909 when they opened a Merchandise Branch Bank at Zeidab. During the Ordinary General Meeting of the Syndicate in September of that year, Frederick Eckstein commented that he was 'glad to be able to say that he experiment has proved a great success. Tenants may store direct to the Syndicate or, if they prefer, may store with the Bank

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[65] See K.J. Perkins, *Port Sudan: the Evolution of a Colonial City* (Boulder, 1993)
[66] SAD 281/5/50-51 Fred Roland, National Bank of Egypt, to Wingate 17th November 1907
[67] CGR 1902, p.6
[68] SAD 281/5/50-51 Fred Roland, National Bank of Egypt, to Wingate 17th November 1907
[69] Stone, *Sudan Economic*, 118-119

and then draw against such deposits. This is the usual system in Egypt."[70] The importance of this facility to the operation of the cotton-growing scheme was not lost on the Directors of the Syndicate:

> As you may be aware, it is essential to the Syndicate's business to perform the functions of bankers to tenants, and we must be prepared to give financial assistance to the cultivators for the purchase of seeds, for labour, for animals etc, seeing that no other banking facilities for this class of work [is] available in the Sudan.[71]

By 1913 it was reported that the circulation of silver 'constituting the greater part of the currency among the natives' had to be increased in both 1911 (by £E 190,000) and 1912 (by a further £E 170,000) to 'meet demands when crops are being moved'. At the same time a savings bank for private banking needs was authorised to open on 28th May 1913, and branches were subsequently opened in Khartoum, Khartoum North, Omdurman, Atbara, Merowe and Dongola on the 27th October. By the following year the six branches had opened eight hundred accounts; £E 7,000 was deposited and £E 4,000 withdrawn. In the main those opening accounts were 'Government employees, soldiers, school children and minors, servants and artisans', but the report also lamented that native Sudanese were not using the bank as few 'had learnt the value of banking their money."[72]

The development of commercial services was enhanced by the development of the post and telegraphic network. In 1902 the Telegraphic service in Sudan was minimal, though was in the process of being expanded. Receipts from public usage totalled £E 5,000 while receipts from government use totalled £E 11,000.[73] By 1913 receipts from public use were £E 25,054; receipts from government remained around the same level, however, at £E 9,474.[74]

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[70] SAD 415/5/50, Ordinary General Meeting of the Sudan Plantations Syndicate, 8th September 1909
[71] SAD 416/1/24, Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913
[72] GGR 1913, p.27, 45; GGR 1914, p.32
[73] CGR 1902, p.12
[74] Stone, *Sudan Economic*, p.116

Across the same period the number of private telegrams sent went from 75,865 to 360,315; government telegrams varied from 65,957 (1903) to 114,797 (1907), but from 1908-1913 were around the 80,000 mark, enjoying no significant decline or increase in volume.[75] 4,237 miles of telegraph lines were open in Sudan by 1906; this had expanded to nearly 5000 miles by the end of the decade.[76] By 1914, three wireless telegraph stations were being constructed to connect areas in the south-west of the country with the north for the first time; this was also the first time that this technology was introduced to Sudan. The effect of the First World War, however, while increasing government telegraphic traffic, was to decrease private communications 'due no doubt to bad trade and the restrictions enforced by the censorship."[77]

The Consul General's report for 1906 noted that 'a sign of increased commercial activity is to be found in the fact that the total amount of cash that has passed through the Money Order Office has grown from £E 550,000 in 1904 to £E in 808,000 in 1905, and again to £E 1,200,000 in 1906.' By 1907 there were fifty-six post and telegraph office operating in Sudan, and a travelling post office commenced service in November 1907. Within Sudan a daily postal service operated from 1907, with an international service operating three times per week. Post Offices were also used to integrate other services vital to the colonial state, for example, as a result of an arrangement with the Sudan Medical Service, post offices were used as depots for the distribution of quinine.[78]

V. INTERNATIONAL TRADE

The two principal questions that need to be asked are: with whom did Sudan trade during the period 1899 to 1919 and, secondly, what products were traded? The first of these can be answered simply by examining the table below. The period between 1908 and 1913 is the most

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[75] Stone, *Sudan Economic*, p.116
[76] OGR 1906, p.23; OGR 1909, p.18
[77] GGR 1914, p.31
[78] OGR 1907, p.17; OGR 1906, p.23

appropriate to gauge Sudan's trading position before the development of plantation agriculture in the inter-war period. This is because it was only by 1908 that the Sudan Government decided to concentrate on the promotion of agricultural business and the First World War in 1914 distorted the nature of Sudan's international trade so that only the period in between gives us any sense of what the trend in trading relationships was.

Table 1.1 Sudan's international trading partners: imports and exports (%) 1908-1913
Source: Stone, *Sudan Economic Development*, (1955)[79]

	Imports	1908	1909	1910	1911	1912	1913
Egypt		47.9%	45.5%	45.3%	39.7%	52.8%	45.0%
UK		32.4%	33.8%	31.1%	34.9%	29.2%	29.2%
India and Aden		5.4%	5.2%	5.6%	6.8%	1.3%	11.0%
Australia		2.5%	2.9%	7.0%	5.0%	0.0%	0.0%
Abyssinia		1.4%	1.8%	1.9%	2.6%	3.6%	3.1%
Austria		1.4%	1.2%	1.2%	2.2%	1.5%	1.7%
Germany		1.5%	2.1%	0.9%	1.1%	1.1%	0.9%
Eritrea		1.2%	1.1%	1.2%	0.7%	1.2%	0.6%
France		0.6%	0.7%	0.6%	0.8%	0.6%	0.5%
Italy		0.6%	0.8%	1.0%	2.5%	2.5%	2.9%
Belgium		0.8%	0.6%	0.8%	0.4%	0.7%	0.6%
Turkey		0.5%	0.6%	0.4%	0.4%	0.3%	0.2%
USA		1.5%	0.8%	0.2%	0.1%	0.4%	0.4%
Parcel Post (not distributed by countries)		1.4%	1.6%	1.7%	1.5%	2.4%	1.9%
Other		0.8%	1.4%	1.0%	1.4%	2.5%	1.9%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Exports	**1908**	**1909**	**1910**	**1911**	**1912**	**1913**
Egypt		61.8%	59.8%	65.5%	55.0%	45.7%	43.0%
UK		10.7%	12.3%	10.2%	16.4%	19.5%	22.6%
India and Aden		0.4%	0.9%	2.1%	0.4%	0.1%	0.4%
Turkey		1.2%	0.9%	0.9%	0.4%	0.7%	1.0%
USA		2.9%	4.0%	3.3%	3.6%	8.7%	7.4%
Germany		3.1%	5.2%	4.4%	6.8%	9.0%	6.8%
Belgium		2.5%	1.9%	1.7%	2.0%	2.7%	2.7%
France		8.9%	8.0%	5.8%	9.9%	8.1%	9.0%
Austria		3.1%	2.8%	1.7%	1.5%	1.8%	1.9%
Italy		0.8%	1.2%	0.6%	1.4%	1.4%	1.4%
Eritrea		2.1%	1.2%	1.3%	0.5%	0.7%	1.4%
Abyssinia		1.0%	0.4%	0.3%	0.1%	0.1%	0.1%
Other markets		1.6%	1.3%	1.9%	2.2%	1.5%	2.4%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Between 1908 and 1913 Egypt and the UK were Sudan's most significant trading partners for both imports and exports, a not unsurprising fact given the Condominium relationship, Egypt's proximity, and British ubiquity in World trade. This period is marked by a stability in both the absolute levels and relative share of imports from both of these countries. Egypt's share of imports hovered around circa forty-five per cent; the UK share varied around circa thirty per cent. However, it is clear from the data that this stability in imports was matched by changing relationships in export destination of good produced in Sudan. Across this period Egypt's share of exports dropped from 61.8% to 43%, while Britain's share of exports rose from 10.7% to 22.6% with the USA's share

[79] See 'Appendix 1: Sudan's international trading partners: imports and exports,1908-1913' for complete data

rising marginally from 2.9% in 1908 to 7.4% in 1913, peaking at 8.7% in 1912. It is also noteworthy that France's share of exports remained consistent at around nine per cent throughout this period; interestingly Sudan received virtually no imports from France. These trends have to be set against the context of an overall increase in exports; even the absolute levels of exports to Egypt rose in this period. This is suggestive, but not conclusive, of the increased importance to Sudan of export markets in the industrialised world, particularly the increasing importance of Britain. These trends are also important in configuring the imperial relationships between Sudan and both Britain and Egypt.

Table 1.2. Imports, 1908-1913 (£E)
Source: Stone, *Sudan Economic Development* (1955)

	1908	1909	1910	1911	1912	1913	Total	% of total
Cotton goods	391,000	372,400	420,900	580,700	412,700	503,600	2,681,300	32.9%
Machinery	162,900	132,800	114,200	165,800	81,100	53,000	709,800	8.7%
Iron, steel & hardware	190,600	190,100	198,000	166,200	83,300	101,200	929,400	11.4%
Sugar	133,600	151,600	185,500	199,000	257,800	231,800	1,159,300	14.2%
Timber	97,200	110,600	158,400	152,100	23,100	29,100	570,500	7.0%
Wheat	65,300	69,600	59,400	81,400	110,700	101,800	488,200	6.0%
Millet/Dura	0	200	0	700	50,700	58,300	109,900	1.3%
Coal	74,300	74,200	73,900	74,300	99,900	108,000	504,600	6.2%
Coffee	37,800	45,200	39,800	55,400	64,500	67,500	310,200	3.8%
Tea	27,700	16,600	24,500	32,900	35,700	39,100	176,500	2.2%
Soap	18,600	18,100	21,800	27,400	27,000	28,500	141,400	1.7%
Perfumery	20,600	20,700	18,900	22,900	13,200	10,700	107,000	1.3%
Tobacco	66,300	33,500	33,600	35,400	42,600	47,300	258,700	3.2%

The table above shows that between 1908 and 1913, the most important import into Sudan was finished cotton goods, followed by sugar. Iron and steel products, machinery and timber are the next most significant. Collectively representing 27.1% of total imports across the period, these goods are indicative of those used in general industrial construction, though it is noteworthy that in all three categories the amount imported was decreasing year on year.

A breakdown of the imports by international origin gives us a further insight into the emerging trade relationships.[80] Firstly we see that with regard to finished cotton goods Egypt's share is roughly constant between 1908-1913, whereas the

[80] See Appendix 2: Imports by international origin and type, 1908-1913

increase in imports is attributable to goods from Great Britain, rising by 259% from £E 55,300 to £E 143,500. The majority of Sudan's sugar imports came from Egypt whereas Britain dominated the steel, iron and hardware, and machinery imports. Timber was obtained from both Egypt and another imperial possession, Australia. Egypt dominated the imports of consumables such as tea, soap, perfumery and tobacco, though coffee was mainly from Abyssinia. Coal was predominantly from Great Britain. Wheat was mainly imported from Egypt, India and Aden. During a shortage of dura caused by the poor harvests of 1912 and 1913, supplies of this product were brought in from India and Aden and sold by the government at the lowest prices or, when needed to alleviate acute food shortages, sometimes distributed free.[81] In conclusion, most of the goods imported into Sudan were driven by the needs of the expanding economy: items such as iron, steel and machinery that came from Britain. Equally, demand for goods created as a result of the expanding economy tended to come from countries with a proximity close to Sudan - for example Egypt with consumables, though an exception is Britain with cotton goods.

In terms of exports, those to the industrialised world - Britain, the United States, France, Germany and some other European countries - increased between 1908-1913.[82] Sudan was becoming increasingly integrated into the World economy. Secondly, connected to this, in terms of the principal export products of Sudan - gum and cotton - Great Britain in particular was becoming increasingly important.

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[81] GGR 1914, p.12
[82] See Appendix 3: Exports by product and destination, 1908-1913

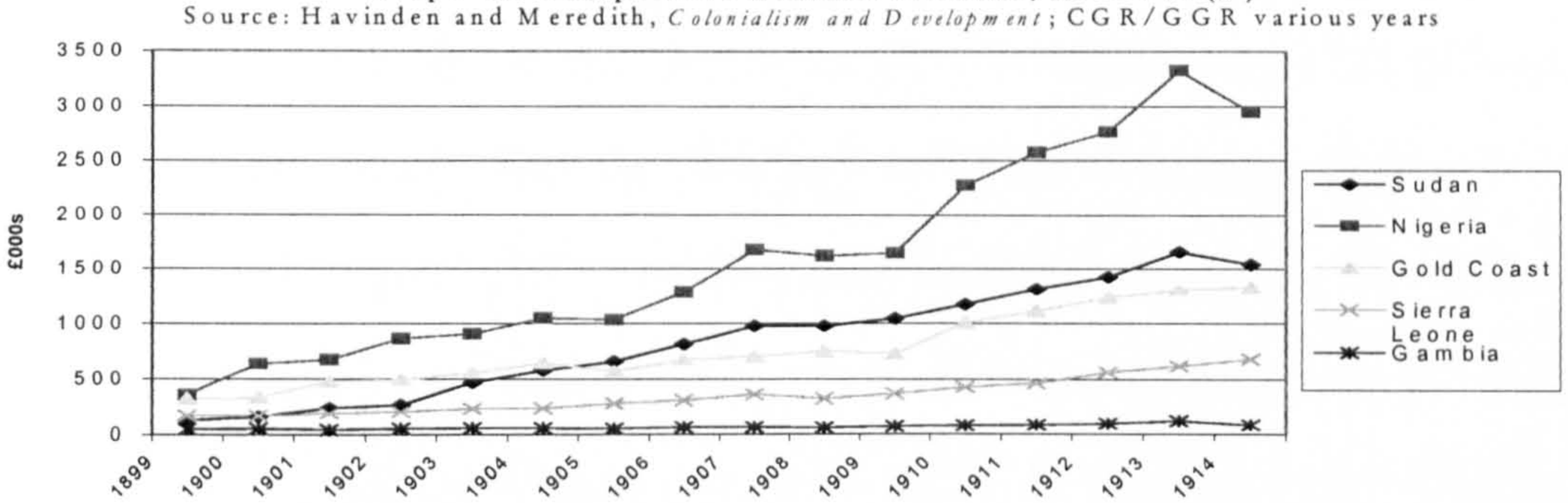
VI. CONCLUSION

In the long run Sudan developed a cash-crop economy along the typical tropical colony model. The conundrum that is presented here is that before the development of cotton in the 1920s Sudan had a diverse economic base, albeit agricultural. The economic geography of Sudan reveals that there was a degree of potential in the varied and huge landscape. After the invasion of 1898 the effect of peace and stability, coupled with the integrative and stimulative effects of railway building, the advent of a money economy with accompanying commercial and communication services, created the conditions for local and regional marketisation, and export production – the 'growth spurt' of the Sudan economy. It would be surprising if this was not accompanied by greater specialisation within the economy, centred on the production of prestige crops for which there was an export market, based on geographical, agricultural and economic constraints. The converse increase in the importation of other products is likely to have made local production of those products gradually redundant - a process that would naturally reduce the economic diversity of the economy, such is the economic logic of comparative advantage.

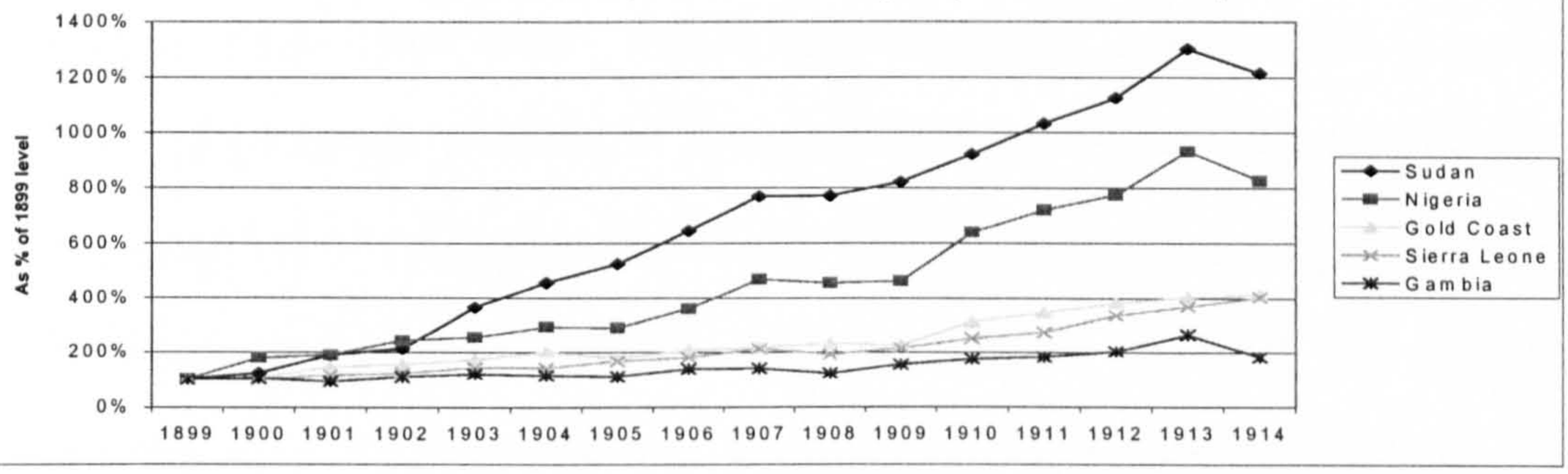
By 1912 the economy had reached the full extent of its latent capacity as the spurt in growth came to an end. Faced also with the failure of mineral extracting private enterprise from 1907/8 (which will be dealt with later) the Sudan Government chose to give preferential concessions to agricultural businesses where previously they had been cautious: economic capacity and business activity had to be increased. Nevertheless, the Sudan Government had proved itself to be a powerful vehicle and facilitator for economic growth, and most of the economic and infrastructural development seen in this period was as a result of the public enterprise provided by the state (excluding, of course, the developments in commercial and communication services described above).

The economic role of the state had implications for the Sudan Government in terms of revenue and expenditure. Taking comparative data from Meredith and Havinden, it is possible to examine the position the financial constraints that the Sudan Government faced as a result of the performance of the economy.

Graph 1.1. Comparative Colonial Revenue, 1899-1914 (£)
Source: Havinden and Meredith, *Colonialism and Development*; CGR/GGR various years



Graph 1.2. Comparative Colonial Revenue, 1899-1914 (% of 1899 total)
Source: Havinden and Meredith, *Colonialism and Development*; CGR/GGR various years



Bettered only by Nigeria, in absolute terms Sudan had the second highest revenue throughout the period. In relative terms Sudan records unparalleled increases in revenue from 1902 onwards. The Sudan Government was therefore well placed in comparison with administrations in other tropical colonies and in all cases except Nigeria held a superior position.

Notwithstanding the high level of military expenditure in Sudan, a straightforward assumption that the Sudan Government had little revenue at its disposal - such as that made by Sir John Carmichael, who argued that 'the Sudan Government was in no position

to plan major capital works from its own resources' – is questionable.[83] This issue of the annual subvention paid by Egypt muddies this question because it gives the impression of a government unable to meet its own costs, subsidised by a third party. However, there are four reasons why this picture is not as straightforward as first it might seem. Firstly, revenue is revenue regardless of the source, be it taxes or subvention, and secondly, from 1902 the Sudan Government was able to transfer any budget surplus to the General Reserve, including revenue from the subvention. As Carmichael himself observes, 'to 1913 these transfers amounted to £E 1,592,000', most of which was used for capital works.[84] Thirdly, the budget was balanced from 1913 and immediately recorded a surplus, something that continued into the war years.[85] Fourthly, the figures on Sudan Government revenue included in the graph above do not include the amount given in development loans from Egypt (which were not included in the annual subvention). These amounted to c.£5.4 million between 1899-1914.[86] Seventy-two per cent of this was spent on railways, representing c.£3.9 million. Between 1899-1906, £E 2,548,000 was spent on railway construction, and between 1907-1914, £E 1,373,000 was expended. The only other country to receive loan based financial assistance to construct railways at this time within the colonial system was Uganda. Between 1896-1905 Uganda received £5,503,000 from the British Government; between 1910-1913 she received only £295,000.[87] As Havinden and Meredith point out, 'British government funds for any kind of colonial development up to the early 1920s were meagre', so, in many ways, Sudan enjoyed a significant financial advantage when compared with other colonies. Indeed, the evidence presented here suggests that at this early stage of Sudan's colonial history, the Sudan Government had

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[83] J. Carmichael, 'Economic developments in the Sudan 1899-1956', in D. Lavin (ed.), *The Condominium Remembered; Vol. 2: The transformation of the old order in the Sudan* (Durham, 1993), p.4
[84] Carmichael, 'Economic', p.4
[85] Daly, *Empire*, p.457; *The Times*, Friday August 4th 1916, p.12, article title: 'Sudan Finances: substantial surplus achieved in 1915 Budget'
[86] Carmichael, 'Economic', p.4
[87] Havinden and Meredith, *Colonialism and Development*, p.141

already become structurally central to the economy in a way that was to define the colonial experience.

Chapter 2

Private Enterprise: British Business in Sudan, 1899-1919

> In all pioneer work there must be a considerable percentage of failure and disappointment, but the Sudan has already lived down its evil reputation, and there can be no doubt as to its future prosperity.
>
> - *The Sudan Today* (1913)[1]

The extent to which Sudan attracted or, more precisely, did not attract capital was one of the limiting and shaping factors in the economic history of the country and had the effect of defining the developmental constraints faced by the Sudan Government. The simple fact is that Sudan did not attract commercial activity. The long-run economic history of Sudan became, of course, dominated by the corporatist state-supported cotton growing schemes and as with many other colonial countries, reliance on one cash-crop led to problems of dependence. The economic histories of Sudan have concentrated on infrastructural development and the co-operation between government and private enterprise, as indeed does this thesis.[2] The agricultural sector in Sudan was given significant assistance by the Sudan Government during the colonial period through the provision of extensive capital in the form of Treasury guaranteed loans.[3] The expectation expressed by Lord Cromer in 1903 that 'it is quite hopeless to expect that unaided private enterprise will supply this want [for capital investment]' seems, then, to have been

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[1] *The Sudan Today* (Khartoum, 1913), p.28. The articles within the pamphlet first appeared in the *Manchester Guardian*, 6th November, 1913

[2] Gaitskell, *Gezira*; Daly, *Empire*; Hill, *Sudan Transport*

[3] Parliamentary Bill; (220) 1913 ii. 911 to authorise the Treasury to guarantee the Payment of Interest on a Loan to be raised by the Government of the Sudan; Parliamentary Bill; (271) iii. 97 to amend the Schedule to the Government of the Soudan Loan Act, 1913.

entirely correct.[4] This interpretation of the development of the Sudanese economy, with a highly interventionist government offering protective succour to favoured businesses is, however, only one part of the story.

This chapter will explore the business history of Sudan by looking, firstly, in some detail at the failure of mining enterprise in Sudan before 1914. Between June 1900 and March 1905, the Sudan Government issued fifteen mining concessions to companies and private individuals.[5] These businesses, with one exception, proved to be unremarkable failures and they were not by any stretch of the imagination important to the Sudan economy. However, they are interesting *because* they failed and because of what this says about the overall process of imperialism in Sudan. They are also interesting as examples of businesses operating on the margins of the British Empire. For the last hundred years there has been an association of investment with imperialism and business with empire, but little is known about the smaller businesses that tried to eke out an existence where commercial opportunity was slender.[6]

The second section of this chapter will focus on the Sudan Plantations Syndicate. No one business during the Condominium period had more impact on the economy, on the government, and on the nature and experience of imperialism in Sudan than the Sudan Plantations Syndicate, not least because no product was more important to the economy than the cotton that the Syndicate produced and the government revenue it generated. The focus of this chapter is to chart the business history of the Syndicate itself – its origins, its organisational structure, its links with international business and the City of London, the social linkage of its directors and its performance. The emergence of the Syndicate's managerial form was shaped by the way in which entrepreneurs and investors

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[4] CGR, 1902, p.6 Lord Cromer to the Marquis of Lansdowne, Cairo, February 26th, 1903
[5] GGR, 1903, Appendix "A", p.lviii; GGR, 1904, Schedule "K", 78-80; GGR, p.113; *Sudan Gazette*, 1st February 1904; *Sudan Gazette*, 1st June, 1905
[6] Amongst many others, Hobson, *Imperialism*; Cain and Hopkins, *British Imperialism*; a partial corrective to this is G. Jones, *Merchants to Multinationals* (Oxford, 2000), esp. 17-44

interacted in the creation and development of the company. By examining in more depth the institutional links with other businesses and with the services provided from the City of London the Syndicate can be categorised in relation to the business history literature that charts the development of international business in the 19th and 20th centuries. Relating to and building on this theme, a network diagram will be used to place the directors of the Syndicate in their business context. This analysis will be interpreted in the context of the Gentlemanly Capitalist explanation of British imperialism as it relates to the people and the process described. Finally, the performance of the Syndicate will be described, charting the business as it transformed itself from speculative entrepreneurial start-up into a corporate partner of government between 1907 and 1919.[7]

The chief locus of metropolitan economic activity in the British imperial era was the City of London. Cain and Hopkins have stressed the importance of the financial aspects of the City to British imperialism, but though thought of chiefly as a financial centre (which, of course, it was), the City was also home to a host of other businesses which were intimately connected to non-financial commercial activities. Merchants, agents, shippers, brokers, dealers, jobbers, wholesalers, importers/exporters, warehousemen, bankers, solicitors, accountants, manufacturers, company promoters and a host of other more nebulous 'City types' all could be found within the City, many of whom were connected to international trade.[8] Some of this international trade was, naturally, conducted by businesses operating within British imperial possessions.[9] As Margery Perham observed over fifty years ago, there has been a tendency to look at the larger companies at the expense of smaller economic players because, as she puts it, 'since their dissolution [they] have been much harder to distinguish, interwoven as they

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[7] See the Introduction to this thesis for a discussion of the relevant literature to these areas.
[8] R.C. Michie, 'The City of London and International Trade, 1850-1915', in D.C.M. Platt (ed.) with A.J.H. Latham and R.C. Michie, *Decline and Recovery in Britain's Overseas Trade* (London, 1993), 21-63
[9] K.M. Stahl, *The Metropolitan Organisation of British Colonial Trade* (London, 1951)

are with the entire body of metropolitan commerce.'[10] The chief aim will be to develop some quantitative specification with regard to the companies that are known to have operated in Sudan, who also had a metropolitan business connection. What is revealed is a picture of entrepreneurs, financiers and investors and the networks and markets that they formed, and the story that unfolds is one of the marginality of economic opportunity in Sudan.

[10] M. Perham, 'Preface' in Stahl, *Metropolitan*, p.ix

Part 1: Colonial Opportunity? The failure of mining in Sudan

> "I am still in the dark," she said. "Finance, as I have heard of it, means floating companies, and companies are floated to earn money for those who invest in them. Now this afternoon, as I was dull, I got hold of a book called 'The Directory of Directors', and looked up all your names in it, except those of the gentlemen from Paris, and the companies that you direct – I found those in another book. Well I could not make out that any of these companies have ever earned any money, a dividend, don't you call it? Therefore how do you all grow so rich, and why do people invest in them?"
>
> Barbara Champers in *Yellow God* by H. Rider Haggard, 44-45[11]

I. MINING

In 1896 Reginald Wingate, then an assistant to Lord Kitchener in Cairo, wrote to H. Rider Haggard, the novelist and sometime African adventurer, to respond to a request made by Haggard about obtaining a mining concession in Sudan. Wingate informed the novelist that Kitchener 'did not view the matter favourably', adding that 'the country being still unsafe for the development of commercial enterprise being the principal reason for his objection'.[12] Nonetheless, Sudan continued to be a source of interest for concession hunters, including Haggard's own brother, Andrew.

The attitude of the Sudan Government to concessionaire entrepreneurs was mixed. On the one hand they wanted to aid private enterprise; on the other they disliked the style of the concessionaires. In 1903, for example, Edgar Bernard the Financial

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[11] H. Rider Haggard, *The Yellow God: An Idol of Africa* (London, 1926), 44-45
[12] SAD 263/1/172-173, Wingate to H. Rider Haggard, 16th November 1896

Secretary in the Sudan Government wrote to Wingate complaining that 'these concession hunters are all the same – they all seek to obtain the promise of a monopoly before even troubling to find out what they are talking about.'[13] The reason for this was a combination of misguided hopes and misinformation with regard to the fabled Sudan gold fields.

From ancient times to modern, there existed a mythology relating to Sudan's supposed mineral wealth and this impetus drove a good deal of the exploratory mining activity in the period up to 1914. As the Sudan Government Geologist G.W. Grabham observed in 1929, 'during the early years of the last century gold was one of the things that attracted attention to the Sudan. ... The country was closed during the Dervish rebellion but after the reconquest, during the early years of the present century, the more settled parts were covered in prospecting expeditions.'[14] However, the businessmen that speculated on Sudanese mineral wealth were mistaken, and in the long-run only one prospecting license was ever fully transformed into a working mine.

Writing at the end of the mining mini-boom in Sudan (around 1914), the government mining engineer Stanley Dunn included a series of extracts from sources relating to mining in Sudan. The lack of explicit commentary within this book concerning the extracts should not disguise that Dunn was highly critical of the pioneer prospectors who used older sources as a guide. In an extract from Bergrath Russegger's *Travels in the Sudan* which was originally published in the mid-nineteenth century (which Dunn notes was translated by Charles Tuchmann, a director of the London and Sudan Development Syndicate), Dunn uses the selective translation to amplify the folly of the speculators who bungled in, seeing what they wanted to see in the sources, hoping to strike it rich. In one passage Russegger was quoted to illustrate the supposed potential of the gold bearing

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[13] SAD 272/5/76, Bernard to Wingate, 16 July 1902,
[14] G.W. Grabham, 'Gold in the Anglo-Egyptian Sudan' reprinted from *The Gold Resources of the World: XV International Geological Congress* (South Africa, 1929)

land, coming to the conclusion that the total 'may certainly be reckoned as at least 24,000 English geographical miles' and he believed that 'with few exceptions the gold was of extremely high quality' and would be available in abundance, writing that 'there is enormous wealth of gold in the interior of Africa (i.e. the Sudan) within the matrix of the primitive rock and in the alluvia of the streams and rivers.'[15] The evidence presented on behalf of Russegger is highly suggestive, containing Tuchmann's own interpretation of the content of the text:

> West of Sennar are two groups of mountains known as Seguin and Moya ... [there] are some remarkable mineral bodies consisting of microscopic black crystals (which Russegger does not presume to identify, but which the translator suggests may be diamonds!).[16]

The implication was that Sudan held untold riches, waiting to be developed by commercial enterprises such as the one for which Tuchmann was a director. The London and Sudan Development Syndicate itself held a concession in the south of Sudan, along the Abyssinian border. Within the concession was a region called Jebel Dul which Russegger had described as 'eldorado'[17]. A series of surveys carried out between 1901 and 1905 by various mining engineers 'proved that ore was not sufficient or rich enough to work' in the Jebel Kukuli and Jebel Mogoga areas, and no ore was found in the Khar Adi and Ghezan regions. The license of the company expired without success in August 1911.[18]

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[15] S.C. Dunn, *Notes on the mineral deposits of the Anglo-Egyptian Sudan* (Khartoum, 1911), 27-28
[16] Dunn, *Notes*, 30-31
[17] Dunn, *Notes*, p.29
[18] Dunn, *Notes*, 52-55

Tuchmann was the kind of concessionaire or businessman of which the Sudan Government were suspicious. The Legal Secretary of the Sudan Government, Edgar Bonham-Carter, had official responsibility for administering mining concessions. In the process he came into direct contact with many of the businessmen with which the Sudan Government had dealings, most of which occurred in London during the long vacation. In August 1903 he had cause to meet with Tuchmann:

> I saw Mr Tuchmann of the London and Sudan Development in town. He said to me I know it is against Government Regulations for you to hold shares in our company but if you would wish to obtain some for any of your family, send them round to me and I will see to it.

This offer led Bonham-Carter to express his distaste, writing that 'Mr Tuchmann's bribe is the first one that has been offered me in or out of the Sudan', going on to comment unpleasantly that 'it says something that the offer comes from an Austrian Jew and not an Englishman or an Egyptian.'[19] These themes, of the businessmen seeking advantage, of the tension between probity of the government on the one hand and the way the City worked on the other, will be discussed again later in this study.

The confusion connected to the presence of gold in Sudan directly relates to the interpretation of historical texts of questionable validity. Even Dunn was wrong in one instance. In 'Native Gold Washings' Dunn wrote that 'when Browne wrote his 'Travels in Darfur' in 1788, he mentions Sheibun and Lukka as being sources of gold well known to the Arabs of Darfur.[20] In fact, a close reading of Browne does not corroborate this at all, as the only mention of gold in Browne's travelogue shows, reproduced below:

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[19]SAD 273/8/75 E. Bonham-Carter to Wingate, 31 August 1903
[20] S.C. Dunn, 'Native Gold Washings in the Nuba Mountains Province', *Sudan Notes and Records*, October 1921, p.139

Of gold, in the countries to the east and west, the supply is abundant. Little comes to Darfur, except by accident. What is produced in the west reaches the northern markets by means of other caravans. The monarch occasionally obtains a small quantity for his own use from the east.[21]

As Dunn later points out, 'in spite of universal opinion and belief, there are no old workings at Sheibun and there is no gold in the district – it would be a geographical miracle if there were.'[22] And this in a sense, was the whole problem for mineral extraction in Sudan. Despite the historical mythology and widespread presence of ancient gold workings, there was little gold in Sudan. As both Dunn and Grabham realised, this was because the gold had been either fully extracted or could only be extracted under conditions of forced and unbearably harsh slave labour unavailable to modern business.[23] The problem for modern business, however, was that Dunn and Grabham only reached this conclusion as a result of early concessionaires and the surveys they carried out.

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[21] Mr Browne, 'A Journey to Dar-fur – A kingdom in the Interior of Africa' in J. Pinkerton (ed.), *A general collection of the best and most interesting voyages and travels in all parts of the world vol. XV: Africa* (London, 1814), p.144

[22] Dunn, *Native*, p.143

[23] Grabham, 'Gold', p.33; Dunn, 'Native Gold', p.145

II. MINING CONCESSIONS, BUSINESSES AND NETWORKS

Between 1900 and 1905 the Sudan Government issued fifteen mining concessions. After March 1905 the Sudan Government chose to concentrate on agricultural economic activities. [24] This was because most of the companies were not viable commercial concerns.

Table 2.1. Mining Concessionaires/Prospecting Licensees, 1900-1914
Source: GGR, various years; Sudan Gazette[25]

11.06.1900	Egypt and Sudan Mining Syndicate (formerly held by Archibald Knox Brown)
14.01.1901	London and Sudan Development Syndicate
20.09.1901	George Haig
22.06.1901	The Victorian Investment Corporation
01.08.1903	The Nubia Sudan Prospect Syndicate
22.08.1903	Andrew Charles Parker Haggard
14.10.1903	William T. Preston
21.12.1903	The Sudan Exploration Limited
14.11.1903	The Suakin Mining Syndicate Limited
28.12.1903	Egypt and Sudan Mining Syndicate Ltd
14.09.1904	Peregrine Wilson/Tokar Prospecting Syndicate
05.12.1904	The Sudan Gold Field Company
30.12.1904	The Sudan Mines Ltd
21.03.1905	The Victorian Investment Corporation
21.03.1905	The Deraheib and African Syndicate Ltd

The history of the London and Sudan Development Syndicate has been briefly mentioned previously, and the license held by the Egypt and Sudan Mining Syndicate was sold on to Sudan Gold Field Ltd and is dealt with below at some length, as is the account of what happened to the Sudan Mines Ltd. The remaining companies fared as follows.

George Haig's concession was prospected in 1902 and 1903. Though mining operations began in November 1905, they ceased in the summer of 1906 and the mine

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[24] GGR 1907, p.17, the report of E.M. Bonus, Director of the Department of Agriculture and Lands
[25] Sources: GGR 1903, Appendix "A", p.lviii; GGR 1904, Schedule "K", 78-80; GGR 1905, 111-113; *Sudan Gazette*, 1st February 1904; *Sudan Gazette*, 1st June, 1905

was eventually abandoned in May 1907.[26] The second license held by the Victorian Investment Corporation was prospected by Stanley Dunn himself in 1905 and 1906 and he reported that not only were no discoveries of gold made, there was no sign of ancient gold-workings either.[27] This survey was carried out on the second concession that the Victorian Investment Corporation obtained (in 1905) after it had sold on the first concession that it obtained (in 1901) to the Gabait (Sudan) Mining Syndicate.[28]

Two mining engineers – one called Peregrine Wilson - prospected the license held by the Nubia (Sudan) Development Company in the spring and early summer of 1903, and again in the winter of 1904. Although they discovered some evidence of ancient iron smelting, no mining work was attempted, the concession was given up in August 1907 and the company went into liquidation. Peregrine Wilson's second bite at prospecting in Sudan fared no better than the first, and his concession in the Tokar region expired in 1905 because though the prospecting engineers found 'black graphite material' it turned out be a type of coal with no value as a fuel.[29]

The concession held by W.T. Preston (the Dongola concession) expired in 1906 after the prospecting work carried out in the winter of 1903-4 showed that such deposits of gold as there were present were of 'no value'. The Sudan Exploration Company's concession was '[p]rospected by Mr Arthur Thomas for Messrs John Taylor and Sons, Mining Engineers' to no avail and the concession was surrendered in April 1906. The Suakin Mining Syndicate's concession was prospected in 1904 and 1905 and because 'no discoveries of importance were made' was abandoned in 1906, and the Deraheib and African Syndicate Ltd surrendered their licence in 1908 after 'stating that they [did] not

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[26] Dunn, *Notes*, 49-51
[27] Dunn, *Notes*, 69-70
[28] GHL MS 18,000/98B/290 London Stock Exchange Listing File – Sudan Mines Ltd: 'Agreement between the Victorian Investment Corporation Ltd and Hubert Edward Madden Bourke [Licensees] and Gabait (Sudan) Mining Syndicate, 26th February 1903'
[29] Dunn, *Notes*, 55-57, 67-68

consider that it would pay to work the concession, in view of the cost and difficulties of transport."[30]

Andrew Haggard, the brother of H. Rider Haggard, had served in Sudan with the Egyptian army and consequently knew Reginald Wingate.[31] His concession was obtained in August 1903 and it is evident from correspondence with Wingate that Haggard was determined to exploit his relationship with the Governor-General. Haggard asked Wingate to 'instruct the legal secretary to the Sudan Government not to be in a hurry to close up matters with any existing applicants for concessions' until he had sent his confirmation letter relating to his concession, once he had secured 'the names of good commercial backers who I have behind me in this matter.' Haggard was a tragically gauche self-publicist, writing that he was able to send Wingate a copy of his new book entitled 'Sporting Yarns', with the hope that Wingate 'have a good laugh over some of the 164 comic pictures with which it is illustrated.' He was also unafraid of pandering to Wingate's sense of vanity and/or also of wanting to obtain some free copies of Wingate's books:

> Should you, by the bye, have nearby you a copy of your own books that you could send me with your autograph in it I should be most delighted to receive it as also any recent photograph of yourself. I have still got the old one that you gave me in the old days in Egypt in which you look a mere slip of a lad."[32]

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[30] Dunn, *Notes*, 38-41, 57-58, 66-67; *GGR* ,1908, 'Mineral Concessions', p.83
[31] H. Keown-Boyd, *Soldiers of the Nile: a Biographical History of the British Officers of the Egyptian Army, 1882-1925* (Hertfordshire, 1996), 89-90; SAD 273/5/24, Letter from A. Haggard to F.R. Wingate, 14th May, 1903
[32] SAD 273/5/24 Haggard to Wingate, 14th May, 1903

Bonham-Carter wrote to Wingate in August 1903 to say that Haggard had 'good financial backing' and that his concession should go ahead.[33] Haggard sent two expeditions to his concession which, predictably, failed.[34] In March 1906 the Sudan Gazette reported that the concession had been withdrawn on the grounds that 'His Excellency the Governor General having refused to renew the same [on] account of breach of the conditions of the license.'[35] Evidence, if anything, that if personal acquaintance gave someone a foot in the door, it did not protect them from being shown the door equally swiftly.

As mentioned in the table above, the Sudan Mines Ltd obtained a concession in December 1904. However, rather than having bought the concession direct from the Sudan Government, Sudan Mines bought the concession/license from an existing company called Gabait (Sudan) Mining Syndicate.[36] This licence was itself bought by Gabait (Sudan) Mining Syndicate from the Victorian Investment Corporation Ltd in February 1903.[37] The Sudan Mines Ltd had actually been established solely for that purpose – to purchase the license from the Gabait Syndicate.[38] A clue to the managerial structure of these companies can be found in the fact that Hubert Edward Madden Bourke who was a director of Sudan Mines Ltd in 1910, was a director of the Victorian Investment Corporation Ltd in 1905.[39] The pattern of concessions being sold from one company to another where the companies had directors in common is a pattern that is seen later with regard to the Sudan Gold Field Company Ltd. While it is difficult to

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[33] SAD 273/8/37-38, E. Bonham-Carter to Wingate, 20th August 1903
[34] SAD 280/3/82 E. Bonham-Carter to William Fraser, 23rd March 1907
[35] *Sudan Gazette*, 1st March 1905, p.457; SAD 280/3/82, Bonham-Carter to Fraser; neither source, however, reveals how Haggard broke the terms of his concession.
[36] GHL MS 18,000/98B/290 London Stock Exchange Listing File – Sudan Mines Ltd: 'Agreement between the Gabait (Sudan) Mining Syndicate Limited and The Sudan Mines Ltd, 1st December 1904'
[37] GHL MS 18,000/98B/290 London Stock Exchange Listing File – Sudan Mines Ltd: 'Agreement between the Victorian Investment Corporation Ltd and Hubert Edward Madden Bourke [Licensees] and Gabait (Sudan) Mining Syndicate, 26th February 1903'.
[38] GHL MS 18,000/99B/363- London Stock Exchange Listing File, March 1st 1905: 'Advertisement' for Sudan Mines Ltd

generalise from only a few cases, it seems to be that small amounts of capital were invested in the first company which carried out preliminary work on a mining concession; once the concession had been developed to a point where profit might be anticipated the company was dissolved and the licence sold on to a new company, or a new company would buy the licence from the original company, sometimes in return for shares as well as for cash.

The Gabait concession was surveyed by Noel Griffin in 1903, and because of evidence both from Dunn and from the London Stock Exchange Listing file, there is a fairly comprehensive picture of how the Gabait mine fared. Noel Griffin hired some Egyptian miners in Cairo and proceeded by steamer to Mohamed Ghul, situated on the eastern boundary of the area of the concession. There he was met by two men called Caulfield and Burr who had travelled directly to Suakin by boat from London with the required survey equipment. In addition, a civil engineer called Broadbridge accompanied them. His function was to investigate ancient gold-washings in the area and report his findings to 'some influential City people, who are desirous of increasing their interest, provided Mr Broadbridge is able to confirm the opinion of Mr Griffin regarding the potential value of [the concession] area.'[40] Griffin's opinion was that the concession area was a decent prospect, commenting that 'last season's work proved that there was very rich ore at Gabait, and in spite of being unable to complete the work laid out, the results obtained were more than satisfactory.'[41] This inability to finish planned work might explain what happened to the mine in the long run. However, at that time, Griffin was confident. 'I see no great difficulties at all', he wrote, going on to say that:

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[39] *The Stock Exchange Official Intelligence, 1910* (London, 1910), p.1139; *The Stock Exchange Official Intelligence, 1905* (London, 1905), p.1297

[40] GHL MS 18,000/99B/363 – London Stock Exchange Listing File, March 1905, Sudan Mines Ltd: Letter dated 5th January 1905.

> From the experience already gained, development costs have come out most reasonably and compare favourably with other new countries, benefiting no small degree from being reasonable distance from a fine harbour at which large ships can land all necessary materials and supplies.[42]

Notwithstanding this, the mine failed. Unlike the case of Peregrine Wilson's second mining concession in Tokar, transport difficulties were not the problem in Gabait. Nor was it the absence of deposits of gold that caused the business to fail. Dunn comments that:

> samples of quartz picked from the waste heaps of ancient miners showed that [at Gabait] particularly rich ore existed ... Mining operations at Gabait started at the end of 1904 and ceased in 1907-1908. A very rich vein of gold bearing quartz was struck during the prospecting in depth, but mining operations upon it were not started. The company's prospecting license expired on 31st August 1908.[43]

The failure at Gabait was in fact caused by the information on which the original business decision was based. Although various mining engineers had surveyed the concession favourably, they placed their confidence on the presence of ancient mine workings. Griffin wrote enthusiastically that 'the size and area of the old working are in my experience unparalleled, and that they must have taken years to accomplish with many thousands of workers ... in going over the ground one is impressed with the idea

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[41] GHL MS 18,000/99B/363 – London Stock Exchange Listing File, March 1905, Sudan Mines Ltd: Copy of letter from Noel Griffin to Gabait (Sudan) Mining Syndicate Ltd, dated 1st November 1904.
[42] GHL MS 18,000/99B/363: Copy of letter from Noel Griffin to Gabait (Sudan) Mining Syndicate Ltd, dated 1st November 1904.
[43] Dunn, *Notes*, p.49

of the vast amount of labour which has been expended and quantity of gold extracted.'[44] As mentioned previously, both Dunn and Grabham believed that a misconception of the labour needed to extract gold from the relatively rich seams in Sudan lay behind the failure of a great many companies.[45] So it was unfortunate when Griffin speculated that:

> I feel confident that by careful and judicious management, and an expenditure of considerably less than the amount to be set aside for working capital of the new company, you will prove yourselves to be in possession of a very valuable property.[46]

The letter from which this extract is taken comprised part of the prospectus for the share issue for the new company of Sudan Mines Ltd; the Sudan Government reported in 1908 that the 'Sudan Mines (Limited) have been compelled to close down temporarily owing to lack of funds.'[47] In many ways the evidence speaks for itself.

The Sudan Gold Field Company was the only one of the mining businesses in Sudan that succeeded. Its mine at Om Nabardi began producing gold from 1908. In 1911 the £28,268 worth of gold was exported by Sudan Gold Field Limited, while in the first eight months of 1912, £22,705 was exported. In the fourteen months to October 1913, £45,516 of gold was exported, while for the twelve months of 1914 this figure rose to £49,898. The figure was valued at £65,553 in 1915; at £63,889 in 1916; at £E 50,186 for 1917 and at £E 67,533 for 1918. The company paid a dividend of ten per cent in 1916, but from 1918 onwards the amounts of gold produced at Om Nabardi declined,

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[44] GHL MS 18,000/99B/363 – London Stock Exchange Listing File, March 1905, Sudan Mines Ltd: Copy of letter from Noel Griffin to Gabait (Sudan) Mining Syndicate Ltd, dated 1st November 1904.
[45] Grabham, 'Gold', p.33; Dunn, 'Native Gold', p.145
[46] Griffin was referring to Sudan Mines Ltd. See GHL MS 18,000/99B/363 – London Stock Exchange Listing File, March 1905, Sudan Mines Ltd: Copy of letter from Noel Griffin to Gabait (Sudan) Mining Syndicate Ltd, dated 1st November 1904.
[47] CGR, 1908, 'Mineral Concessions', p.14

eventually petering out in the 1920s. Nevertheless, the sums recorded are not inconsiderable.[48]

The Sudan Gold Field Company, Limited was itself was a reconstruction of the Sudan Gold Field, Limited[49] and the relationship between Sudan Gold Field Company and Taylor and Sons was enshrined in the Articles of Association which established that the mining engineers were to be the sole managers and consulting agents of the new company.[50]

Sudan Gold Field Limited was listed on the London Stock Exchange in September 1905.[51] The history of this company is somewhat complex, but reveals a pattern that gives an indication of what the overall investment strategy of the Taylor and Sons group might have been. On the 19th July 1901, the Egypt and Sudan Mining Syndicate bought a mining concession that had been acquired from the Sudan Government by Archibald Knox Brown in June 1900. This concession included the rights to the site on which the Om Nabardi mine eventually was to sit. This concession, along with another prospecting license issued to the company in 1902, in Egypt, was sold to the Sudan Gold Field for £175,000 in June 1904. This sum was split between £30,000 in cash and £145,000 'by the allotment and issue of one hundred and forty five thousand shares of one pound each, fully paid' in Sudan Gold Field.[52] The directors of the Egypt and Sudan Mining Syndicate in 1905 were Lord Vaux of Harrowden, the Hon. M.F.

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[48] CGR, 1908, p.14; *GGR*, 1912, p.36; *GGR*, 1913, p.21; *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1914* (Cairo, 1915), p.38; *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1915* (Cairo, 1916), p.28; *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1916*, (Cairo, 1917), p.30; *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1918* (Cairo, 1919), p.24; *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1919* (Cairo, 1920), p.34; *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1920* (Cairo, 1921), p.33; Note – this source as 'CIB, year' from here on.

[49] GHL MS 18000/134/184B from 'Notice dated 20th April 1915'

[50] GHL MS 18000/134/184B: 'Articles of Association of the Sudan Gold Field Company, Limited (2nd December, 1908)'

[51] GHL MS 18000/97b/100, London Stock Exchange Listing File, 17th September, 1905

[52] GHL MS 18000/97b/100: 'Agreement made 10th June 1904 between the Egypt and Sudan Mining Syndicate and the Sudan Gold Field Limited', p.3

Napier, Frederich Cuthbert, Robert Taylor and Edgar Taylor.[53] The 145,000 shares in Sudan Gold Field were allocated in the following way. 91,046 shares went to the Egypt and Sudan Mining Syndicate; 10,000 shares went to The Gold Fields of Mysore and General Exploration Company; and 43,954 shares were allocated to Ernest Theodore Smith of Gresham House Old Broad Street.[54] The Gold Fields of Mysore and General Exploration Company was, of course, one of the two share-holding companies identified in chapter one.

In the Prospectus for the 1904 share subscription, the share buying public were informed that:

> The Gold Fields of Mysore and General Exploration Company, Ltd and the Egypt and Sudan Mining Syndicate Ltd invite subscriptions for 153,250 shares at par. ... The Syndicate recently applied for and the Sudan Government have agreed to grant a mining lease for 21 years over the Om Narbardi section of the land.[55]

The old company passed special resolutions at two extraordinary general meetings on 16th November and 2nd December 1908 that reconstructed the company. The reconstruction was carried out 'with a view to providing further working capital'[56] and the terms of the reconstruction entitled every shareholder in the old company to 'claim as a right of an allotment of one of the said ten shilling shares with six shillings paid up in respect of every share held by him or her in the old company.'[57] The directors were, in addition, allowed to apply for more shares.

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[53] *Stock Exchange Official Intelligence, 1905*, p.1171
[54] GHL MS 18000/97b/100: 'Agreement', p.4
[55] GHL MS 18,000/100B/547: London Stock Exchange Listing File – Sudan Gold Field Limited, January 24th, 1905: 'Copy of Prospectus for Subscription, June, 1904'
[56] GHL MS 18000/134/184B: 'An Agreement between The Sudan Gold Field Limited and W.F. Garland, 4th December 1908', p.1; *GGR*, 1909, p.163
[57] GHL MS 18000/134/184B: 'An Agreement', p.3

The original shareholders of Sudan Gold Field Company, Limited were all directors of the original company. They were: the Rt Hon. Lord Vaux of Harrowden of the famous recusant noble family who owned 1,925 shares; John Taylor and Robert Taylor of Taylor and Sons owned 2,000 and 1,245 shares respectively; Sir Edward Tennant owned 7,260 shares; Captain W.B. McTaggart owned 250 shares, and the Hon. Mark Napier owned 606 shares.[58]

The group of people were part of an inter-organisational network fairly tightly coupled through managerial control and interlocking directorates. However, the possibility that they might have their origins in pre-existing social networks is intriguing. The 7th Baron Lord Vaux of Harrowden (Hubert George Charles Mostyn) was born in June 1860 and attended Trinity College Cambridge. Edward Priaulx Tennant, the 1st Baron Glenconner, was the brother of Margot Asquith and a member of the rich Glasgow based Tennant family who made their money from chemicals in the nineteenth century. He was born in May 1859 and after attending Eton College he took an M.A. from Trinity College Cambridge in 1885. This would seem to verify that Vaux and Tennant had a significant prior association in the form of being contemporaries at university before they both served as directors as part of the Taylor and Sons group of companies. After travelling in 'Africa, India and America' Tennant was called to the Bar (Inner Temple) and between 1892-95 he served as Assistant Private Secretary to George Trevelyan at the Scottish Office. Mark Francis Napier, son of the 10th Baron of Napier and Ethrick, was born in 1852 and though he also attended Cambridge it is unlikely that he was a contemporary of Vaux and Tennant. However, between 1892-95 he served as

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58 GHL MS 18000/134/184B from 'The Sudan Gold Field Company Limited: Report and Abstract of the Receipts and Payments of the company to 27th February 1909'; G. Anstruther O.P., *Vaux of Harrowden: A Recusant Family*, (R.H. Johns, Newport, 1953); R. Burt, *John Taylor, Mining Entrepreneur and Engineer, 1779-1863* (Moorland Publishing Company, 1977), passim.; C. Welch, *London and the opening of the Twentieth Century*, (Brighton, 1905), p.427; GHL MS 18000/134/184B from 'The Sudan Gold Field Company Limited'

M.P. for Roxburgh in Scotland, making it possible that he knew Tennant from as early as the 1890s.[59]

The other directors of the Sudan Gold Field Company were connected together and to the Taylor and Sons group in other ways. By 1910 the Suakin Mining Syndicate had been liquidated.[60] However, in 1905 its directors were Lord Vaux of Harrrowden and Captain W.B. McTaggart (both directors of Sudan Gold Field) alongside T.B. Edwardes (about whom nothing is known), H.C. Taylor, Edgar Taylor and General Sir Charles Holled-Smith.[61] After joining the army in 1865 Holled-Smith served with distinction in South Africa, Egypt and in Sudan during the campaigns of 1885-86. He was then posted to Suakin and in 1892 was made Commandant of the port city, a post held two years afterwards by Reginald Wingate. Holled-Smith's connection seems not to have been social but connected to his military service. His military service roughly overlapped with that of Captain W.B. McTaggart who also joined the Army in the 1860s, and they were both members of the same club in London – the Naval and Military. This is, however, to be suggestive. A more balanced conclusion it to suggest that the Taylor and Sons group might have utilised the insider knowledge of colonial contexts that military men such as Holled-Smith and McTaggart would have possessed.[62]

Notwithstanding that the networks of business that are portrayed here are self-defining, the presence in Sudan of companies connected to Taylor and Sons (The Sudan Gold Field Company and Barramia Mining and Exploration Company), establishes that these businesses were part of a pre-existing and extensive business network.[63] This network needs considerable further research to establish more fully the managerial and investment strategies of Taylor and Sons, and more importantly, the nature and

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[59] *Who was Who, 1929-1940*, p.1386; Rubinstein, *Men*, p.79; *Who was Who, 1916-28*, p.412, 798
[60] *Stock Exchange Official Intelligence, 1910*, p.1496
[61] *Stock Exchange Official Intelligence, 1905*, p.1147
[62] *Summary Guide to the Sudan Archive* (Durham, n.d.), p.72; *Who was Who, 1916-28*, p.690, 970

importance of the ties. However the presence in Sudan of these (and prior to 1910 some additional) Taylor associated businesses suggests that Sudan was a country within which they expected to be able to develop business. However, by utilising the addresses listed for the companies known to be associated with Taylor and Sons, and from inference based on the presence of Taylor and Sons directors there were 31 businesses connected to the group.[64] Of these the biggest in terms of capitalisation was the Cape Copper Company which owned copper mines in Namaqualand in the Cape as well as mines in India and North America, but from the available source material there is no evidence of wider linkage. This is not true, however, of the next largest, the Tasmania Gold Mining Company.[65]

The Chairman of Tasmania Gold was Abraham Hoffnung who was also the chairman of at least five other Taylor and Sons companies, the Anglo-Australian Assets Company, the Gibraltar Consolidated Gold Mines (which despite its name owned a gold mine in New South Wales), the North Mount Boppy Limited, the Mount Boppy Gold Mining Company and the South Mount Boppy Gold Mining Company.[66] The latter two of these companies were also based in New South Wales, and they enjoyed a fairly high degree of inter-organisational coupling. Not only did they share a partially interlocking directorate, but the Mount Boppy Gold Mining Company owned 55,000 shares, fully paid up in the South Mount Boppy Company. S.F. Hoffnung-Goldsmid was a director of Barramia Mining and Explorations Company (which was one of the companies that

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[63] Barramia had taken on the mining interests of the Egypt and Sudan Mining Syndicate Limited, another Taylor and Sons business.

[64] Harvey and Press indicate that in 1907 Taylor and Sons were connected with 45 companies around the world, see C. Harvey and J. Press, 'Mineral wealth and economic development: foreign direct investment in Spain, 1851-1913', *Economic History Review*, 1987, p.189, fn. 22; the *Post Office London Directory, 1911* (London, 1910), p.522 indicates that forty-one companies were listed at Taylor and Sons addresses in Queen Street Place in the City of London. My own research indicates that in 1910 there were thirty-seven companies with a direct managerial and directorial link to John Taylor and Sons. See. S.M. Mollan, 'The business network of John Taylor and Sons: 1890, 1900 and 1910', *Economic History Society Conference Proceedings* (April 2004), 64-75

[65] *Stock Exchange Official Intelligence, 1910*, p.1387

owned a mining concession in Sudan) and also a director of the Mount Boppy Mining Company. Hoffnung-Goldsmid was related to Abraham Hoffnung. Abraham Hoffnung was a director of the multinational merchant firm S. Hoffnung and Co., the records of which can be found in the State Library of New South Wales in Sydney, Australia. This kind of connection hints at the nature of the inter-organisational networks that were present in the City of London. The Hoffnungs were themselves at the centre of an inter-organisational network that took in part of the Taylor and Sons network. The hub of the Hoffnung network was the firm S. Hoffnung and Co, their interests stretching from London to New York, Sydney and Brisbane.[67]

Taylor and Sons provided technical and managerial services to the companies within the network because they were consulting mining engineers. However, Taylor and Sons was a family partnership and was not the fulcrum of the finances of the group. The largest concentrations of capital within the group were held by mining companies in India. Two companies within this network had a role as share-holding companies that themselves did not carry out mining. The first was the Anglo-Australian Exploration Company which held shares in the Mount Boppy Gold Mining Company, the Tasmania Gold Mining Company, the Mysore Gold Mining Company, Barramia Mining and Exploration Limited, the Dareheib and Africa Syndicate, the South Mount Boppy Gold Mining Company, and North Mount Boppy Limited.[68] Anglo-Australian was also part of the Hoffnung network. The second share-holding company was the Gold Fields of Mysore and General Exploration Company. Despite owning land in Mysore, this company did not carry out any mining, instead holding shares in several other mining

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[66] This company's shares were interchangeable on the both the London and Sydney Stock Exchanges. See *Stock Exchange Official Intelligence, 1910*, p.1463; *Stock Exchange Official Intelligence, 1910*, p.1028, 1412, 1447, 1494

[67] *Stock Exchange Official Intelligence, 1910*, p.744; Mitchell Library, State Library of New South Wales, Sydney, New South Wales, Australia; http://www.archivists.org.au/busrec/archives/ABE0091a.htm ; Anon., *The House of Hoffnung: 100 years of Wholesale Trading in Australia* (Sydney, 1952)

[68] See Burt, *John Taylor*, passim.; Stock *Exchange Official Intelligence, 1910*, p.1028

companies.[69] For both the Anglo-Australian group and the Gold Fields of Mysore group the tightness of inter-organisational coupling was intermediate to high. This is because the network relationship operated in three interrelated ways. Firstly, the managerial function of Taylor and Sons indicates a high degree of specialised operational control. Secondly, the presence of inter-locking directorates indicates that the networks operated at both an institutional and a social level; thirdly, inter-firm share-holding, and the use of specific 'holding' companies indicates that this network was financially interlinked in a consciously structured way. This in turn poses a number of questions relating to the managerial strategies of Taylor and Sons, not just as mining engineers managing mines, but also as the centre of a complex web of companies that operated a kind of investment portfolio.[70]

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[69] *Stock Exchange Official Intelligence, 1910*, p.1416
[70] Mollan, 'The Business Network', passim.

III. CONCLUSION: BUSINESS FAILURE AND GENTLEMANLY CAPITALISM

Though most of the mining companies in Sudan failed this shows the strength of metropolitan capital, not weakness. The networks allowed marginal commercial opportunities (such as mining in Sudan) to be fully explored without committing large amounts of capital. The pattern described of companies restructuring and issuing new shares reflects not only the relative ease with which new companies could be formed under the 1855 Joint Stock Act, but also how high risk business could be developed without committing more capital than was necessary. If companies failed, only small amounts of capital were lost; if they succeeded, increasing amounts of capital could be ploughed in and the original investors could be rewarded by gifting them shares and/or cash. At first sight such mining companies might appear to be free standing companies. In fact, because they were linked into an extensive business network they can be seen as part of a multinational conglomerate, probing for profit in every corner of the globe.

It is clear that the mythology relating to the mineral wealth of Sudan attracted companies immediately after the Reconquest. For example, the likelihood is that Taylor and Sons were attracted to Sudan because their success in India was based on the re-working of ancient mines; indeed the success of Taylor and Sons outside of Britain seems to have been initially built on this method of developing commercial opportunity.[71] From the 1870s onwards, the acquisition of African territory represented a series of new opportunities. Perhaps most importantly, formal empire held the promise of preference and governmental support. However, in Sudan before 1914 it is not clear that the mining companies were offered much succour; it is also unclear whether the

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[71] Welch, *London at the Opening*, p.427; Mollan, 'The business network'

networks of personal contact were as much of an advantage as the Gentlemanly Capitalism thesis might suggest – Andrew Haggard and Tuchmann are cases in point.

Indeed, there is evidence of a high degree of probity amongst members of the Sudan Government.[72] An example with direct reference to this study is that of the legal secretary Bonham Carter. Not only did he rebuff the offer of a bribe from Tuchmann, but he also thought it necessary to declare to Wingate his personal connection to the Taylor family:

> One of the young Taylors of the firm John Taylor and Sons married a second cousin mine of the name of Tillard. I hardly know the girl and I have no personal acquaintance with any of the firm but as we are doing a good deal of business with them it is as well that you should be informed of the fact.[73]

As mentioned at the very beginning of this dissertation, the attitude of the government was downright hostile to some of the concession hunters. The chief interest of colonial governments in commercial enterprise was always as a source of revenue. Companies built on flimsy finances and promoted by unscrupulous company mongers would not satisfy this want. As a result, the Sudan Government attached a number of conditions to the concessions it issued, including time limits and required capital expenditure. In 1902 this was set £6,000 per year, enough to dissuade Cecil Rhodes' Consolidated Goldfields from becoming interested in Sudan.[74] The Annual Report for 1906 expressed a worry that the regulations might be considered by concessionaires to be 'a narrow officialism which is reluctant to encourage private enterprise', while the Report for 1911 conceded that the 'Government's insistence on concessionaires having at their

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[72] Sharkey, *Living with Colonialism*, p.137
[73] SAD 273/8/74-75, E. Bonham-Carter to Wingate, 31st August 1903
[74] SAD 275/5/95, L.B Friend to F.R. Wingate, 21st July 1902,

command adequate capital has resulted in a considerable number of negotiations coming to nothing."[75] The Sudan Government were, however, sometimes flexible. In 1903 W.F. Garland, the company secretary of many of the Taylor and Sons associated companies, including Sudan Gold Field, wrote on behalf of the Egypt and Sudan Mining Syndicate to ask that the directors of the company retain the right to set the capital requirements of the concession at Om Narbardi; the Sudan Government agreed to a compromise.[76]

Finally, to turn to the Gentlemanly Capitalist interpretation of British imperialism with regard to Sudan before 1914. Firstly, the evidence of finance capitalism in Sudan is greater than initially suggested by Cain and Hopkins' East-West interpretation of Africa to which Sudan would probably be fitted. Mining companies can be classified as primary sector extractive businesses, but they also had a financial dimension in the form of metropolitan shareholders, dividend pay-outs, and a Stock Exchange listing. The directors of the companies in this study, especially those connected to the Taylor and Sons group were certainly gentlemanly – though whether this reflects anything more profound than the fact that such men were socially mobile and relatively rich, and therefore in a position to be directors of the company, remains to be established. Bonham-Carter referred to such men as 'titled guinea pig directors', perhaps indicating that control really lay with the managers, in this case the professional middle class Taylor family.[77]

There is no doubt that the social/business networks formed by interlocking directorates (such as that associated with Taylor and Sons, and Hoffnung and Co.) represent a powerful and under-researched group with connections in both the centre and the periphery. Though these networks certainly can be characterised as both gentlemanly and capitalist, and though the businesses that they were associated with

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[75] CGR 1906, p.17; GGR 1911, p.136
[76] SAD 273/8/31, W.F. Garland to E. Bonham-Carter, 18th August, 1903; CGR 1904, Lord Cromer to the Marquis of Lansdowne, p.24

operated in the Empire, it is inconclusive as to whether they operated as the agents of imperialism in the Sudanese context, especially given the relative lack of governmental assistance. Of course, the one company that did receive some assistance from the Sudan Government was the one business that succeeded; but one tree does not a forest make. One possible explanation, of course, is that they never had the chance to be agents of imperialism because, by and large, they failed before they could act as such. The presence of entrepreneurial speculation so soon after the Reconquest in 1898 is indicative of the dynamism of the City in this period and the constant and insatiable search for new markets and opportunities.

[77] SAD 273/6/71, E. Bonham-Carter to F.R. Wingate, 30th June, 1903

Part 2: Imperial Business - the Sudan Plantations Syndicate, 1904-1919

I. COTTON-GROWING

Though the Sudan Government quickly became aware of cotton growing possibilities soon after the foundation of the Condominium, it also was aware of problems associated with limited infrastructure and the difficulty of attracting capital and business: 'cotton cultivation on a large scale cannot be attempted, but once the cost of carriage is reduced the capitalist from Egypt or elsewhere can purchase land on the Berber or Dongola reaches of the Nile.'[78] The 'capitalist from Egypt or elsewhere' eventually came in the form of Leigh Hunt, an American businessman who toured the Sudan in 1900 and became enthusiastic about the commercial possibilities for cotton.[79] Hunt became interested in Sudan because:

> ... the wonderfully rich soil on the Blue Nile, and in the immediate vicinity of Khartoum on the Lower Nile, together with climatic conditions suitable for cotton culture, intrigued me to such an extent that I finally approached General Wingate, the head of the Sudan Government, whom I found to be alive to the situation and deeply interested in the possibility of testing out the possibility of cotton growing. Later on I sought conference with Lord Cromer who was really the father of the cotton industry in the Sudan, and the later Sir William Mather, member of the British Cotton Growing Association who was godfather of my part in the enterprise.[80]

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[78] Extract from report found in 'Appendix "A"' of GG Report, 1902, p. 49
[79] Gaitskell, *Gezira*, p. 51; Daly, *Empire*, p. 94
[80] SAD 802/1/41-45, Statement concerning Leigh Hunt's role in the establishment of the Sudan Plantations Syndicate made by Leigh Hunt on 19th January, 1931. Mather did not become involved until

In his letter to Cromer, Hunt devotes half to a discussion of what he describes as the 'most embarrassing domestic [i.e., USA] problem, the "negro problem"' and how cotton growing in the Sudan might be a solution, commenting that 'the climate will suit him, they are expert in the growing of cotton... [and] they would assimilate with the natives without causing friction.'[81] Louis Bluen, secretary to the Sudan Plantations Syndicate was later to write that Hunt's intention to '[relieve] the United States of their surplus negro population by returning the American negroes to Africa, their country of origin...', was motivated by – of all things - Hunt's 'patriotic mind'.[82] Hunt did indeed import some Black American labour, an experiment which subsequently failed when Malaria and widespread desertion took their toll.[83] Apparently unsure whether Cromer would be impressed by this idea or not, he added that he would 'not insist upon the acceptance of the negro as an indispensable feature of our proposal.'[84] This kind of erratic thinking was entirely consistent with a man who was an unusual imperial pioneer. The biography of Hunt depicts an unpleasant charlatan, who threatened his striking employees in Korea with death by burning unless they returned to work, had diced with bankruptcy many times, made and lost several fortunes, had moved through careers in education and agriculture in Iowa, property development and publishing in Seattle, and, later in his life, was instrumental in the foundation and development of Las Vegas and the world of hotels and casinos.[85] An alternative description might be as a dynamic entrepreneur. Either way, Hunt was by no means a 'gentleman', British or otherwise. But it was not

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1910. Hunt made an account of the foundation of the Syndicate because a different account had apparently been made which expunged Leigh Hunt and Alexander MacIntyre, (Managing Director of the Sudan Plantations Syndicate, 1919-1946) from the history. Such appeals to posterity are a little problematic, but its narrative seems to be at least factually accurate, corroborated by Gaitskell and consistent with other evidence.

[81] SAD 802/1/4, Leigh Hunt to Cromer c.1904

[82] SAD 418/5/1-6 L. Bluen, 'Cotton Growing under irrigation in the Sudan', *The Empire Cotton Growing Review*, January 1931 (offprint)

[83] SAD 802/1/42, Leigh Hunt 1931 Account

[84] SAD 802/1/5, Leigh Hunt to Cromer c.1904

Hunt's social credentials, his dubious reputation, nor his experience (of which, in terms of cotton he had precious little) that attracted the Sudan Government - it was the structure of the commercial opportunity that Hunt proposed:

> I am not a concession hunter. All I ask is the privilege to purchase lands along such lines, as in your honourable judgement a pioneer deserves, who undertakes to make these lands productive for the state and to commerce. I shall ask no assistance and no guarantees from the state, but the privilege to purchase land in quantities large enough to justify a company working along broad and liberal lines, sparing no effort to overcome the difficulties, which must necessarily beset such an undertaking.[86]

The self-sufficient and self-starting nature of Hunt's plan was attractive to the cash-strapped Sudan Government, although Hunt was in fact exactly what he purported not to be: a concession hunter. In 1904, Hunt was granted by the government the only land concession in Sudan for cotton growing, some 10,000 feddans of land at Zeidab.[87]

The next stage of the development of the Sudan Plantation Syndicate, was the search for capital and investors. After seeking official approval for the project, Leigh Hunt approached Alfred Beit of Wernher Beit and Company, the mining finance house to provide start-up capital.[88] The connection between Wernher Beit and the Syndicate is given only light treatment in the literature on South African Mining. Kubicek mentions it, briefly stating that 'by 1913 the [Central Mining and Investment] corporation's

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[85] See L. B. Rand, *High Stakes: The Life and Times of Leigh S.J. Hunt* (New York, 1989) p. 99
[86] SAD 802/1/3, Leigh Hunt to Cromer c.1904,
[87] Gaitskell, *Gezira,* p.51. A feddan is an area of land 'equal to 4200 square metres' as reported by the *Sudan Government Gazette No. 574* (25th February 1929), SAD 602/3/29. Zeidab is on the Atabara River, just south of the intersection of the Nile and the Atabara, which in turn is further upstream of the intersection of the White and Blue Niles at Khartoum.
[88] SAD 802/1/42, Leigh Hunt 1931 Account

investment also included farms and real estate in the Transvaal, gold mines in West Africa and Alaska, cotton plantations in the Sudan, metallurgical companies in western Europe, British and German government bonds, and railway and bond leases in central America.'[89] Aside from the foray into farming in Transvaal, the Sudan Plantations Syndicate seems to be the only agricultural investment made by Wernher Beit, Central Mining or the whole Corner House group. The link between Leigh Hunt and Wernher Beit stemmed from Hunt's business dealings in Korea where he had developed Oriental Consolidated Mines in which Wernher Beit had become involved, Hunt describing them as 'a company with which I had extensive Far East dealings.'[90] Despite many setbacks in a chequered career, Hunt's biggest success had been mines in Korea that eventually turned a profit after many years of not doing so; it was Wernher Beit's investment of $250,000 in 1900 that finally turned the tide for Hunt, though they could not have been oblivious to how mixed Hunt's business career had been up to that point.[91]

Leigh Hunt's initial vision was much more ambitious than Wernher Beit were willing to underwrite. In April 1904 Wernher Beit wrote to Hunt to tell him that the £600,000 that he had requested was too high a figure for them to agree to join the venture:

> As we could not agree to join the undertaking (which we regard as being entirely in experimental stage) with such a large capital, we mutually agreed to the formation of the Experimental Syndicate referred to; the intention being, however, that if (as you believe) within the first five years the work should prove so successful as, in

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[89] See R. V. Kubicek, *Economic Imperialism in Theory and Practice: The Case of South African Gold Mining Finance 1886-1914* (Durham N.C., 1979), p.55
[90] Taken from footnote, Gaitskell, *Gezira*, p.51; SAD 802/1/42, Leigh Hunt 1931 Account
[91] For detail of Leigh Hunt's business career in the Far East see Rand, *High Stakes*, 113-192

> our opinion, to justify the enlargement of the undertaking to such an extent, we shall join you in the formation of a company with a capital of £600,000.[92]

Wernher Beit and Co offered to help set up an experimental company with a total capital of £80,000, of which they would provide half, with Leigh Hunt obliged to obtain the other half. This he duly did.[93]

The first Directors Board Meeting of the Syndicate was held on 2nd September, 1904. Present were Lionel Phillips, Leigh Hunt and Luiggi de Chastillion in their capacity as directors. At this meeting eighty thousand shares were allocated. There were seventeen initial investors. Eight were based in London, two in Ireland, six in New York, and one - Luiggi de Chastillion – in Paris.[94]

The two most significant London-based investors in 1904 were Julius Wernher and Alfred Beit of Wernher Beit, the South African Mining Finance House: both were allocated 10,500 shares. The next biggest shareholder was Lionel Phillips, also of Wernher Beit who held 5,000 shares. Frederick Eckstein and Ludwig Breitmeyer were both allocated 4,000 shares; Charles Rube 3,499 and Louis Bluen one single share. This group consisted of men with considerable experience of mining in South Africa. It is likely that Lionel Phillips was involved in the decision to invest in Hunt's scheme because not only was he was an active board member of the Syndicate, but he was a partner in Oriental Consolidated and had accompanied Leigh Hunt on his initial visit to Sudan in 1900.[95]

Leigh Hunt was the most important investor holding 19,000 shares. In addition, William L. Bull, a New York businessman who had been associated with Hunt through

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[92] SAD 802/1/7-9, Wernher Beit and Co to Leigh Hunt 29th April, 1904
[93] SAD 802/1/41-42, Leigh Hunt 1931 Account
[94] SAD 415/9/1-3, 1st Meeting of the Board of Directors of the Sudan Experimental Plantations Syndicate, 2nd September 1904
[95] See Rand, *High Stakes,* 183-184

Consolidated in the 1890s, and Henry C. Perkins – another Consolidated associate - held 2,000 shares each. Darius Ogden Mills of New York held 1,000 shares as did James Morse who was the sometime head of the American Trading Company, a syndicate backed by the merchant bank JP Morgan. Hunt had been associated with Morse since his time in China in the early 1890s. The final American investor was Jacob Sloat Fassett of Elmira, New York who held 2,000 shares. He was, again, another long-standing business partner, who had initially become involved with Hunt during his Seattle days in the 1880s. Hunt raised capital by approaching men with whom he had business dealings with in the past. The exception to this was Luiggi de Chastillion. The Paris based shipping magnate held 10,000 shares and had accompanied Hunt on the 1900 trip to the Sudan.[96]

The two Irish investors were Sir John Nutting from St Helens, County Dublin and F.C. Pilkington who was from Westbury, Stillorgan. Both held 1,000 shares each. What their links were to either Wernher Beit or to Leigh Hunt remain obscure, but they are assumed to be Hunt's men, rather than those connected with Wernher Beit, because of Hunt's obligation to raise £40,000 of the £80,000 initial capital. The first comment to make, therefore, about the investors was that there was a significant international dimension, an observation made stronger considering that only Lionel Phillips of the London based investors was actually British.[97]

This particular structure of ownership and investment changed slightly in 1907 when Leigh Hunt lessened his personal involvement with the syndicate and resigned as Managing Director (though he remained as a director until 1909), and was replaced by Donald McGillivray.[98] McGillivray, a Scotsman and a Cairo banker, was a crucial figure in the development of the syndicate over the coming decade.[99] A British Cotton Growing

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[96] Rand, *High Stakes,* p.44, 74, 151, 191
[97] Kubicek, *Economic Imperialism*, p.63
[98] SAD 415/9/21, Minutes of the 19th Board of Directors Meeting of the Sudan Plantations Syndicate, 2nd May 1907
[99] Gaitskell, *Gezira*, p. 52

Association report was later to praise the business and administrative qualities of McGillivray, describing him as one of the most 'valuable commercial assets in the Sudan.'[100] At the same board meeting, de Chastillion resigned his directorship, and Lord Lovat was made a director as a direct replacement. Lovat, a Scottish landowner and Major-General in the British Army who later went on to be Under-Secretary at the Dominions Office (1927-28), also became a key figure in the development of the syndicate. These changes accompanied an unusual transaction. Leigh Hunt increased the amount of money at the syndicate's immediate disposal by personally buying a piece of land from the syndicate, something he had been lobbying the government and the directors of the Syndicate to allow him to do from as early as October 1905.[101]

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[100] BUL CGA 2/2/15 'Report to the Council on the Possibilities of Cotton-Growing in the Anglo-Egyptian Sudan' (1912), p.29

[101] SAD 415/9/21, de Chastillion resigned in a letter to the board dated 22nd April 1907; Seymour Fort's letter was dated 23rd April 1907; Gaitskell, *Gezira*, p.52; SAD 415/9/14 Minutes of the 9th Board of Directors Meeting of the Sudan Plantations Syndicate, 19th October, 1905.. At this time Hunt suggested that the land that they might sell would be ideal for real estate development.

II. THE BUSINESS NETWORK OF WERNHER, BEIT AND CO

The renaming of the Sudan Experimental Plantations Syndicate in May 1907 whereby it ceased to be 'Experimental' effected more than a superficial change.[102] Though the men principally associated with Hunt remained financially interested in the company (most took up debentures that were issued at this time, for example) the board of directors became dominated by men connected to the Corner House / Wernher Beit and Co group of South African mining companies. The resignation of Leigh Hunt as Managing Director along with Luigi de Chastillion and Seymour Fort from the board of directors and their replacement by Lovat and McGillivray reinforced the influence that Corner House had over the Syndicate.[103] Collectively, Corner House directors held significant numbers of shares and debentures: at least £26,996 of the £50,000 debenture capital issued in May 1907, for example, with the strong implication that they held more.[104] However, unravelling the links between the Syndicate and Corner House is not easy, complicated enormously because the organisation of the Corner House group itself was far from straightforward.

The origins of Corner House were not in gold but in diamond mining. Wernher Beit was formed in 1890, but was in fact a reformation of Jules Porges and Company. The second South African gold-mining share boom of 1894-1895 caused the Corner House group some difficulty when it ended and it was around this time that Wernher

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[102] SAD 415/9/25, 20th Meeting of the Sudan Plantations Syndicate Board of Directors, 7th May 1907
[103] SAD 415/9/21-22, 19th Meeting of the Sudan Plantations Syndicate Board of Directors, 2nd May 1907; SAD 415/9/40, Ordinary General Meeting of the Sudan Plantations Syndicate, 8th October 1908
[104] This is, however, easier to state than it is to quantify. The SAD folio 419/9 which are the Directors Minutes for the period are damaged. The pages in question that deal with transfer of share ownership and the allocation of debentures are badly damaged. As a result the figure quoted should serve as minimum only, since the number of debentures taken by Friedrich Eckstein is obliterated, though he nonetheless had a holding. As the Sudan Plantations Syndicate was not listed on the London Stock Exchange until 1920 no other source that has yet come to light gives any indication of the personal holding of Eckstein before 1923 when it is known that he held 1500 shares. See SAD 419/9/21-22 Sudan Plantations Syndicate 19th Directors Meeting, 2nd May 1907; GHL MS 18000/228B 1111 Sudan Plantations Syndicate London Stock Exchange Listing File, 24th December 1923: 'List of Shareholders as at 31st October 1923'

Beit began to pursue a policy of diversification of interests away from South African mining.[105] The creation in May 1905 of the London domiciled Central Mining and Investment Corporation to take over the assets of the African Ventures Syndicate was in line with this trend.[106] The initial capital of Central Mining was a colossal £6 million, though it was reduced in 1908 to £3.6 million caused by a depreciation of assets.[107] In 1911, Eckstein and Company sold to Central Mining a portfolio of 120 businesses (including 5,000 shares in the Sudan Plantations Syndicate), for £1,154,109.[108] It was in this way that Central Mining became directly involved with the Sudan Plantations Syndicate, assuming the role of company secretary, a task undertaken by Louis Bluen.[109]

The relationship between Central Mining and Investment Corporation and the Rand Mines was similar to that between Wernher Beit and Company and Eckstein and Company, and was described by Frederick Eckstein in 1911 in the following way:

> The character of the two companies though similar in some respects, differs materially in others. The Rand Mines company is purely a South African Company with its directorate and management in South Africa; the Central Mining and

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105 Kubicek, *Economic Imperialism*, p.56, 69

106 *Stock Exchange Official Intelligence 1914*, (London, 1914), p.1004; GHL MS 18000/350B 988, Central Mining and Investment Corporation Ltd London Stock Exchange Listing File, 15th June, 1935, Memo: 'The Central Mining and Investment Corporation', 21st June 1935

107 GHL MS 18000/123B 613, Central Mining and Investment Corporation Ltd London Stock Exchange Listing File, 25th January 1909 'The High Court of Justice Chancery Division: Mr Justice Neville. The Central Mining and Investment Corporation Confirming Reduction of Company's Capital, 15th December 1908'; 'Central Mining and Investment Corporation: Report of the Proceedings at the Extraordinary General Meeting, 10th August 1908'

108 GHL MS 18000/350B 988, Central Mining and Investment Corporation Ltd London Stock Exchange Listing File, 15th June, 1935, 'Memorandum and Agreement made between the 2nd May 1911 between Messrs Wernher Beit and Co and Messrs Eckstein and Co and the Central Mining and Investment Corporation Ltd'

109 *Stock Exchange Official Intelligence 1914*, p.1083; SAD 416/1/82 157th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 5th July 1917; Bluen went on to legally become the Secretary in January 1918, formally replacing Central Mining. See SAD 416/1/91 159th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 30th January 1918

> Investment Corporation is a London Company and, as its name indicates, has a larger and more general scope.[110]

The Rand Mines and Central Mining portfolios seem not to have had much in the way of cross share ownership, but they effectively were the South African and London ends of a networked and managerially linked multinational group of businesses.[111] Indeed, though Kubicek gives the impression that the Corner House group was a slightly chaotic combine of businesses he also describes the attempts made by Corner House to influence and control the market, especially in mining shares, the significant impact the group had on mining in South Africa, and their regular forays into the politics of the region in defence of their interests.[112]

The inclusion of the Sudan Plantations Syndicate within this framework is crucial to understanding its relationship with international business. Firstly, though technically a free-standing company, it is clear that the Syndicate was in fact part of a multinational network of businesses, where the financial and management was provided by representatives of the international network (in this case Eckstein and the other Corner House directors), while in the locality it was provided, firstly, by an entrepreneur (Hunt) and then latterly by Donald McGillivray a businessman with considerable experience of commercial activity in North Africa.

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[110] GHL MS 18000/350B 988, Central Mining and Investment Corporation Ltd London Stock Exchange Listing File, 15th June, 1935, 'Central Mining and Investment Corporation : Report of the Proceedings at the Extraordinary General Meeting held at London Buildings on 19th May 1911', p.4

[111] This seems curious, but is the only conclusion to draw from the available evidence which by no means is conclusive on this point. See GHL MS 18000/177B 6 London Stock Exchange Listing File for Rand Mines, 12th January 1914, 'Agreement between Rand Mines Limited and Messrs Wernher Beit and Co', 9th March 1911, which lists the sale of shares in nine companies to Rand Mines. None of these companies appear on the list of 120 companies sold to Central Mining by Wernher Beit and Co and Eckstein and Co in May 1911. See GHL MS 18000/350B 988, Central Mining and Investment Corporation Ltd London Stock Exchange Listing File, 15th June, 1935, 'Memorandum and Agreement made between the 2nd May 1911 between Messrs Wernher Beit and Co and Messrs Eckstein and Co and the Central Mining and Investment Corporation Ltd'

[112] See Kubicek, *Economic Imperialism*, Ch. 4 'The Rise and Decline of the Corner House Group', 53-85

The Syndicate's institutional relationship with the Corner House group was at its most basic level defined by the domicile of the company being at 1, London Wall Buildings, the location of the brass plate of the company, and the offices of the Central Mining and Investment Corporation and Wernher Beit in London. From here the commercial services of the City of London required by the Syndicate were co-ordinated. In February 1904 the National Bank of Egypt were appointed as bankers and Ingle, Holmes, Son and Pott were made solicitors.[113] The following autumn Cooper Brothers were appointed as auditors, and shortly afterwards a telegraphic address was established with the Eastern Telegraph Company.[114] The cost of these services was paid for by Wernher, Beit who in the early days of the Syndicate held money on account for the Syndicate, in effect providing both banking and financial services. In April 1905, for example, the Syndicate had £2,853 deposited with Wernher Beit, while only £634 with the National Bank of Egypt. By July these figures stood at £5,613 and £490 respectively.[115] Similarly, in December 1914 the Syndicate's assets included some £40,000 in UK Treasury Bills held by the Central Mining and Investment Corporation.[116]

The directors of the Syndicate also provided links to other business, and in doing so introduced expertise from a variety of different areas of colonial business. This can be most clearly seen in the network diagram below. The 1914 directorate is used for convenience.

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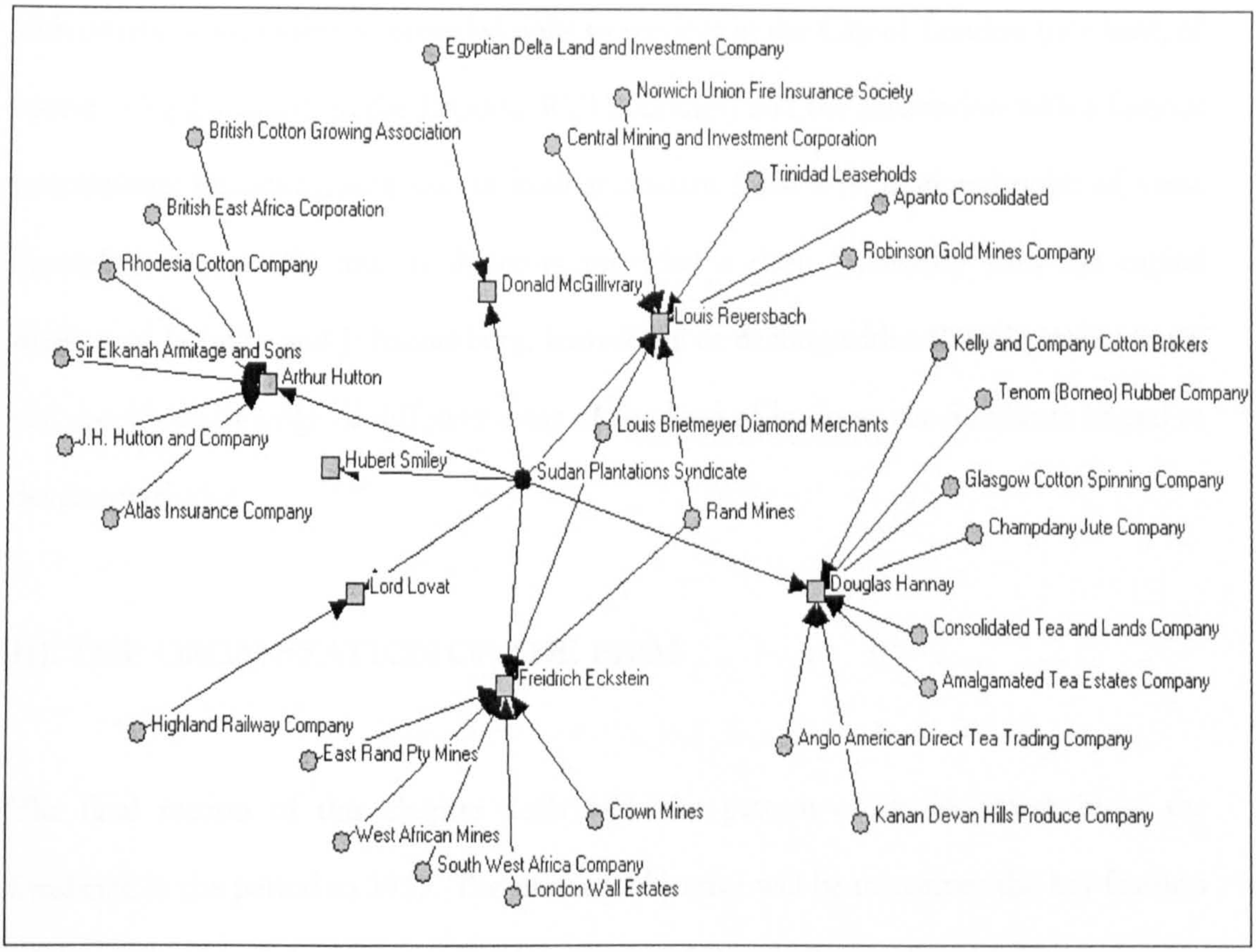
[113] SAD 415/9/1 1st Meeting of the Board of Directors of the Sudan Plantations Syndicate, 2nd February 1904

[114] SAD 415/9/3 2nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 8th October 1904; SAD 415/9/6 5th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th November 1910

[115] SAD 415/9/9 5th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 5th January 1905; SAD 419/9/10 6th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 18th April 1905; 7th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 11th July 1905

[116] SAD 416/1/40 125th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 15th December 1914

Network diagram: Sudan Plantations Syndicate directors and links to other companies, 1914.[117]



As can be seen above, Louis Reyersbach and Friedrich Eckstein provide the substantial directorial links between the Syndicate and other companies in the Corner House group; in particular, of course, both are directors of Rand Mines. Douglas Hannay is linked to a series of British Empire and overseas commodity producing companies and he himself worked for Kelly and Company, a firm of cotton brokers. Arthur Hutton was heavily linked to Manchester cotton interests, including the British Cotton Growing Association, and cotton producing companies around the British Empire. As has already been pointed out, McGillivray's expertise was in banking in North Africa. Neither Smiley not Lovat provided the Syndicate with any significant linkage.

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[117] Source: *Stock Exchange Official Intelligence, 1914* (Thomas Skinner, London, 1914), p.1083; *Directory of Directors 1914*, (Thomas Skinner, London, 1914), p. 325, 463, 550, 554, 675, 888, 980; arrows point from companies to their directors.

This directorate and the links to the Corner House group gave the Syndicate two benefits. Firstly, the links with Corner House provided investment and institutional links with international business, provided links to services in the City of London (not least, of course, a legal domicile in the London Wall Buildings) and the association with a famous international financial house was in itself important from a reputational point of view. Secondly, the specific mix of directors provided a deep familiarity with the capital markets of London and Johannesburg, knowledge of dealing with colonial governments, and specific knowledge of different areas of the kind of business the Syndicate hoped to develop in Sudan.

III. THE ORGANIZATION OF THE FIRM

The final section of this chapter deals with the pattern of development *within* the Syndicate in the period to 1919. The primary objective will be to convey the key features of the evolution of the company in the context of the challenges faced by the company in the areas of production, marketing and finance. The development of plans and facilities to grow cotton in Sudan were interrupted by the First World War, which in turn affected the market for the cotton that was produced. The financial performance of the Syndicate can then be set in context against, on the one hand, the difficulty of establishing a cotton growing business in Sudan given the limited historical association with the crop, limited infrastructural development but seeming opportunity provided by buoyant conditions in the pre-war international market for cotton; and on the other hand, to weather a war that retarded the international economy and circumscribed the ability of government to offer support for capital intensive development schemes.

In the early period of the company's existence it was necessary for the Syndicate to undertake a series of experiments to establish whether cotton could successfully be

grown in Sudan under commercial conditions. Plans for a pumping plant were approved in early October 1904.[118] In April 1905 plans were drawn up to irrigate the land the Syndicate held near Khartoum, and by October the Board of Directors had accepted the general policy that the 10,000 acres at Zeidab would have to be profitable before they considered expanding the Scheme.[119] Initially, only a few feddans were successfully irrigated and labour problems encouraged the Syndicate to change to a system of tenancy rather than direct employment.[120] This system was used in the second cotton-growing scheme at Tayiba, and was judged to be a success in September 1909; it subsequently provided the model for the whole of the Gezira.[121] By October 1908 the Syndicate were ready to engage in preliminary canalisation at Zeidab, and though these pilot schemes were not a roaring success, a yield of three to four kantars of cotton in 1908/1909 confirmed that commercial cotton growing was possible in the Sudan.[122] This was then reconfirmed in mid 1913 when the Syndicate's Board's reported to the shareholders that in 'the month of May this year the Sudan Government and your Syndicate agreed that the results of the Test Station in the Gezira were sufficiently successful to warrant the undertaking of the Gezira Scheme.'[123]

Pending approval of the Sudan Loan in 1913, the Syndicate again took control of the Tayiba farm in August having left it the previous June. The agreement made with the Sudan Government in September 1913 gave the Sudan Plantations the entire management of the Gezira Scheme for ten years from the date of full operation of the

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118 SAD 415/9/3 2nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 8th October 1904

119 SAD 419/9/13 9th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th October 1905

120 V. Bernal, 'Cotton and Colonial Order in Sudan: A Social History with Emphasis on the Gezira Scheme', in A. Isaacman & R. Roberts (eds.) *Cotton Colonialism and Social History in Sub-Saharan Africa* (London, 1995), p. 100. This would seem to support the idea that the 'vent for surplus' model was used in the Sudan. See M. Johnson, 'Cotton Imperialism in West Africa', in *African Affairs*, 1974, p. 182

121 SAD 415/9/50 Ordinary General Meeting of the Sudan Plantations Syndicate, 8th September 1909

122 SAD 415/9/40 Ordinary General Meeting of the Sudan Plantations Syndicate, 8th October 1908; BUL OGA 2/1/3 'The Sudan Plantations Syndicate Ltd and the Kassala Cotton Company Ltd and their work in

scheme with a five year optional extension.[124] Towards the end of 1913 the Syndicate began to invest further in the buildings, canals, agricultural implements and ginning factories needed for cotton growing.[125] While the Board reported to the shareholders that climatic problems meant the results from Zeidab were rather poor, they noted that government tests at the Gezira tests station had been successful.[126] In conjunction with the government, the Syndicate worked for the next six months on developing the Gezira, providing irrigation for 2,500 feddans at the southern end of the Gezira.[127]

During the war the Syndicate continued to manage the Tayiba research station on behalf of the government. The government itself was not inactive in these years. By January 1915 they had opened a new farm at Barakat – which was to become the headquarters of the Syndicate in the Gezira. By early 1915 some 7,500 feddans were cultivated, with 2,181 four hundred pound bales of cotton shipped to Liverpool. Eckstein informed the shareholders that:

> As regards our prospects for the coming year, I can see no reason why the present war should interfere with the cultivation of cotton. What the price of cotton will be, nobody can tell, but it must necessarily depend to a greater extent on the areas put under cotton in other parts of the World. Both America and Egypt plant early in the spring, whereas in the Sudan planting starts in mid-summer.[128]

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the Anglo-Egyptian Sudan' (Reprinted from the 45th Annual Report of the British Cotton Growing Association, 1950), 3-4

[123] SAD 416/1/24 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913

[124] SAD 416/1/16-17 98th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th September 1913

[125] SAD 416/1/21 105th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 4th December 1913

[126] SAD 416/1/23 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913

[127] SAD 416/1/28 109th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 30th January 1914

[128] SAD 416/1/45-46 Minutes of an adjourned Ordinary General Meeting of the Sudan Plantations Syndicate, 13th January 1915

By the beginning of 1917 the Syndicate had begun to plan to extend the cultivated land at Tayiba and Zeidab, but this was planning only.[129] The effect of war breaking out was to halt the development of the Gezira Scheme until 1919. Though the Syndicate managed to consolidate the irrigation systems and cotton-growing farms that were established before the war, in reality they were engaged in little more than a holding operation. This conclusion helps periodise the Syndicate's business history. To 1913/14 it proceeded on the basis of a close and (ultimately) supportive relationship with the Sudan Government with the likely prospect of the Gezira being developed quite quickly after the passing of the Loan Acts in 1912/13. From 1914 these plans went into abeyance, the prospects of success increasingly poor albeit tempered by some consolidation of what had already been achieved. How then did this affect the internal governance of the firm?

From an operational point of view the years to 1919 were marked by gradual progress. The Syndicate began to produce enough cotton to sell on the World market by the end of 1913.[130] In April 1915 the Syndicate agreed to sell all its cotton through the British Cotton Growing Association on the basis of the price for September delivery futures.[131] The process of moving cotton from Sudan to London was co-ordinated via the London offices of the Syndicate. They issued bills of lading whereby samples of the cotton were sent to the London office, while the consignments of cotton were sent directly to Liverpool. The cotton was sold there on behalf of the Syndicate by the British Cotton Growing Association, who used the firm of Kelly and Co as their brokers. The British Cotton Growing Association was also used to insure the cotton. Sudan cotton was typically sold in the market for Egyptian cotton (it being of a similar grade for the most part), but the Syndicate certainly examined whether it should be marketed as part of

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[129] SAD 416/1/80 155th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 24th January 1917
[130] SAD 416/1/23 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913
[131] SAD 416/1/47 129th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 15th April 1915

the American futures market.[132] In August 1916 it was estimated that the total forthcoming crop would be 3,800 kantars 'American' and 24,200 kantars 'Egyptian'; as a result the Syndicate decided to hedge their position by taking futures on one half of the crop, or 14,000 kantars.[133] The marketing arrangements seem to change, however, in 1916 when the British Cotton Growing Association became solely responsible for the Gezira Crop, while Kelly and Co were solely responsible for the Zeidab crop.[134]

However, the war badly affected the market for the Syndicate's cotton as the world price dramatically fell, so much so that by the end of 1914 the 'market was practically closed.'[135] As Eckstein commented in December 1915: 'I regret to say that the bulk of our cotton was sold at the lowest prices ever realised by this Syndicate since we started growing cotton. This, as you will understand is entirely due to the war.' The decision taken at around the same time to take responsibility for Tokar cotton produced by the native Sudanese using traditional methods was, however, seen to be a useful and risk free opportunity. The cotton was reportedly sold at 'satisfactory rates', with the Syndicate taking a 1% commission on sales, with the government responsible for any loss. In 1917, this rose to 2%, with the Syndicate to receive a minimum amount of £500.[136]

In July 1917 McGillivray commented that over the previous six seasons Sudan cotton had been sold in Liverpool on average ¾d per pound above the price of '"Fully Good Fair" Brown Egyptian'. This was an enduring trend in the performance of Sudan

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[132] SAD 416/1/55-57 137th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 21st December 1915
[133] SAD 416/1/64 146th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 23rd August 1916
[134] SAD 416/1/66-67 150th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th October 1916
[135] SAD 112/9/4 'Confidential Memorandum No. 60 of the British Cotton Growing Association by J. Arthur Hutton to Under Secretary of State Colonial Office', 15th December 1915
[136] SAD 416/1/57 8th Ordinary General Meeting of the Sudan Plantations Syndicate, 21st December 1915; SAD 416/1/66-67 150th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th October 1916

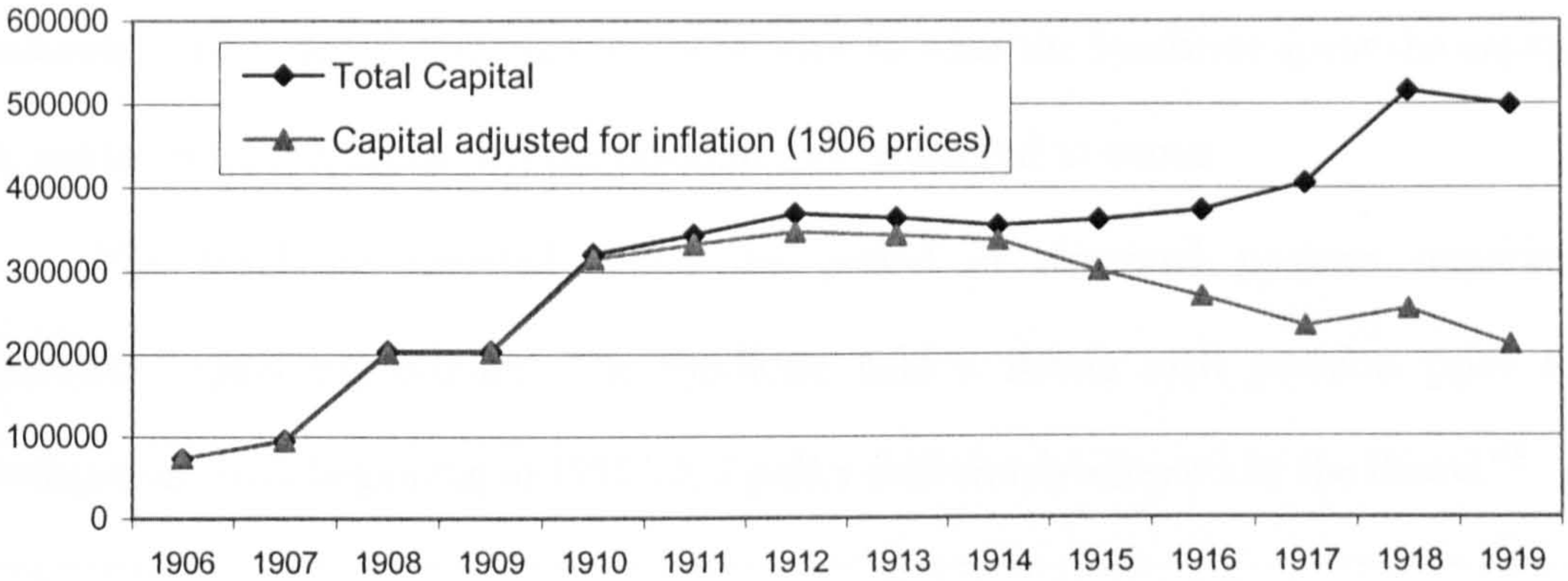
cotton in comparison with cotton from elsewhere. By early 1918 as the prices of cotton began to rise, the Syndicate benefiting accordingly.[137]

The financial history of the Syndicate was shaped, firstly, by the pressing need before 1907 to expand the capital of the company. Leigh Hunt wanted to do this either by selling land from the concession area or by issuing debentures. Both happened. In May 1906 it was agreed by the Board to issue 800 debentures at £800 each, issued in May 1907.[138] The sale of land to Leigh Hunt further increased the capital of the company by £40,000. The issued share capital of the Syndicate was increased by £25,000 between 1906 and 1907, and with McGillivray as Managing Director a further £80,000 issued in 1908. As a consequence, the balance sheet value of the company stood at over £200,000 by 1908. In 1910 50,000 shares of £1 were issued with a premium of £2, helping to increase the balance sheet capital of the company to £321,365, which rose to a peak of £369,322 in 1912 as a result of increased profits and small scale capital issues. A minor reduction in profits reduced the balance sheet value of the Syndicate to £363,647 and £355,116 in 1913 and 1914 respectively.[139] Thus on the eve of the First World War the Syndicate was capitalised £27,782,000 at 2002 prices (for comparison), and yet had produced precious little in the way of either cotton or profit.

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[137] SAD 416/1/96 Ordinary General Meeting of the Sudan Plantations Syndicate, 20th February 1918
[138] SAD 415/9/14 Minutes of the 9th Board of Directors Meeting of the Sudan Plantations Syndicate, 19th October, 1905; SAD 415/9/17, 15th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 11th May 1906; SAD 415/9/21, 19th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 2nd May 1907
[139] SAD 415/8/1-152, The Sudan Plantations Syndicate Ltd, Report and Accounts, 1906-1924

Graph 2.1. Sudan Plantations Syndicate Balance Sheet Total Capital and Adjusted for Inflation (£), 1906-1919
Source: SAD 415/8/1-152



Increases in the total capital of the Syndicate during the war have to be set against the inflation that affected sterling. As the graph above shows, though the capital of the Syndicate increased quite markedly, its real value declined. In 1919 the capital value of the Syndicate reported on the balance sheet had increased to £498,687, but this would only be worth £210,361 at 1906 prices.[140] This gloomy picture of real-terms capital depreciation is made worse when the increase in short term debt owed in London and Sudan is taken into consideration. In 1910, only £2,432 appears as debt on the credit side of the balance sheet. It stood at £11,409 in 1914 and increased quite dramatically during the war to £110,212 by 1919, including a war loan of £5,000 at five per cent applied for in 1917.[141]

In total, this represented over 20% of the total capital of the company. The Syndicate did undergo some debt restructuring during this period, however, when the Central Mining and Investment Corporation were used to purchase debenture stock in 1915, prior to the first redemption date in June 1916 in order to extent the period of the

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140 All data here is deflated to 1906 prices. All conversions undertaken using EH-NET GDP-deflator: http://eh.net/hmit/ukcompare/

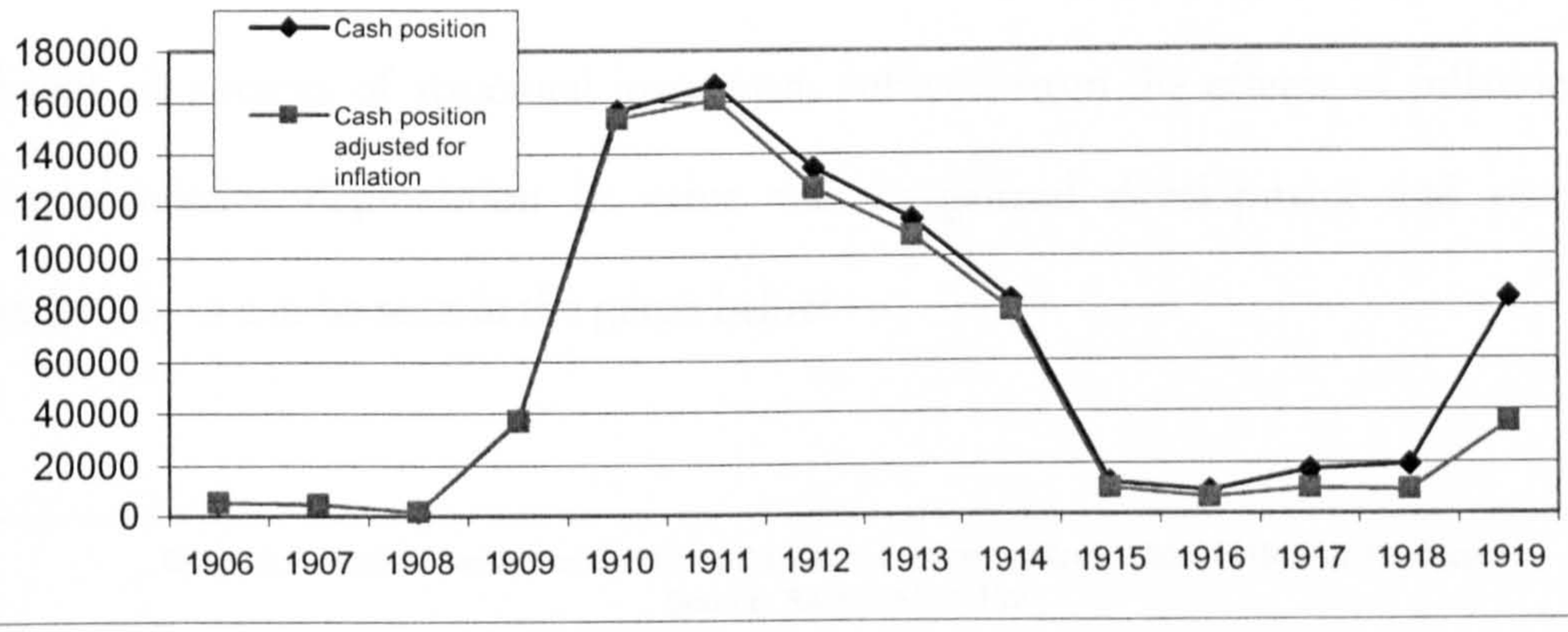
141 SAD 415/8/1-152, The Sudan Plantations Syndicate Ltd, Report and Accounts, 1906-1924; SAD 416/1/81 155th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 24th January 1917

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debenture.[142] This policy was successful and in May 1916 the debenture repayment date was extended to July 1923.[143] In October 1918 they decided to pay off the entirety of the remaining debentures.[144] The question now turns to what the Syndicate spent the capital on, and to look for reasons why the position went from bad to worse.

The Syndicate invested across the period in structural projects requiring significant capital expenditure. The Syndicate held a strong cash position prior to development work beginning in 1911-12, a policy deliberately adopted by the Board.[145]

Graph 2.2. Sudan Plantations Syndicate cash position, 1906-1919 (£)
SAD 415/8/1-152

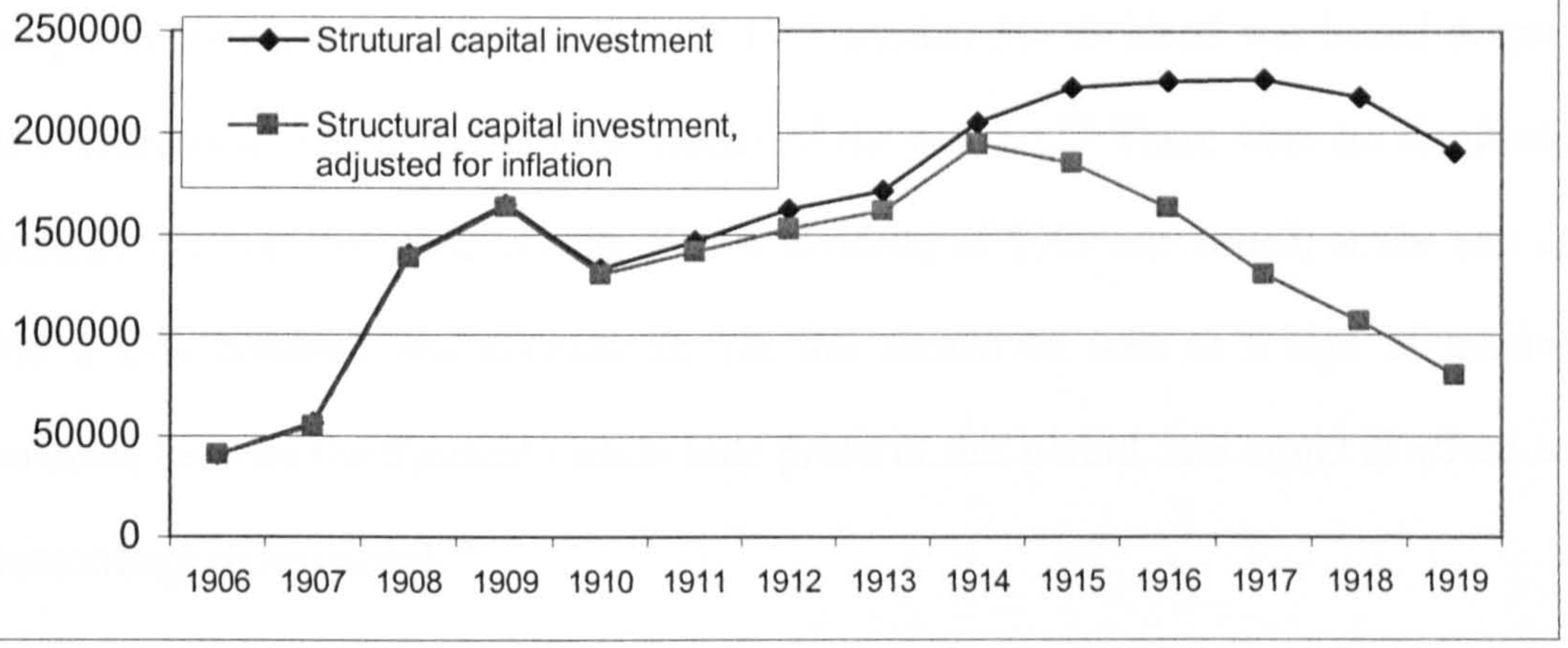


This was then run down, but before the inflationary effects of the war. This was largely spent on structural capital investment items consisting of concession and land, general development, buildings and furniture, canalisation, pumping installation, agricultural implements and ginning factories. As the graph below shows, there was increased investment in structural capital investment; but again, allowing for the inflation, the real terms value of investment was falling. The graph below also shows some nominal value reduction in the capital value of the company – possibly as a result of accountants revaluation following the financial and monetary impact of war being felt.

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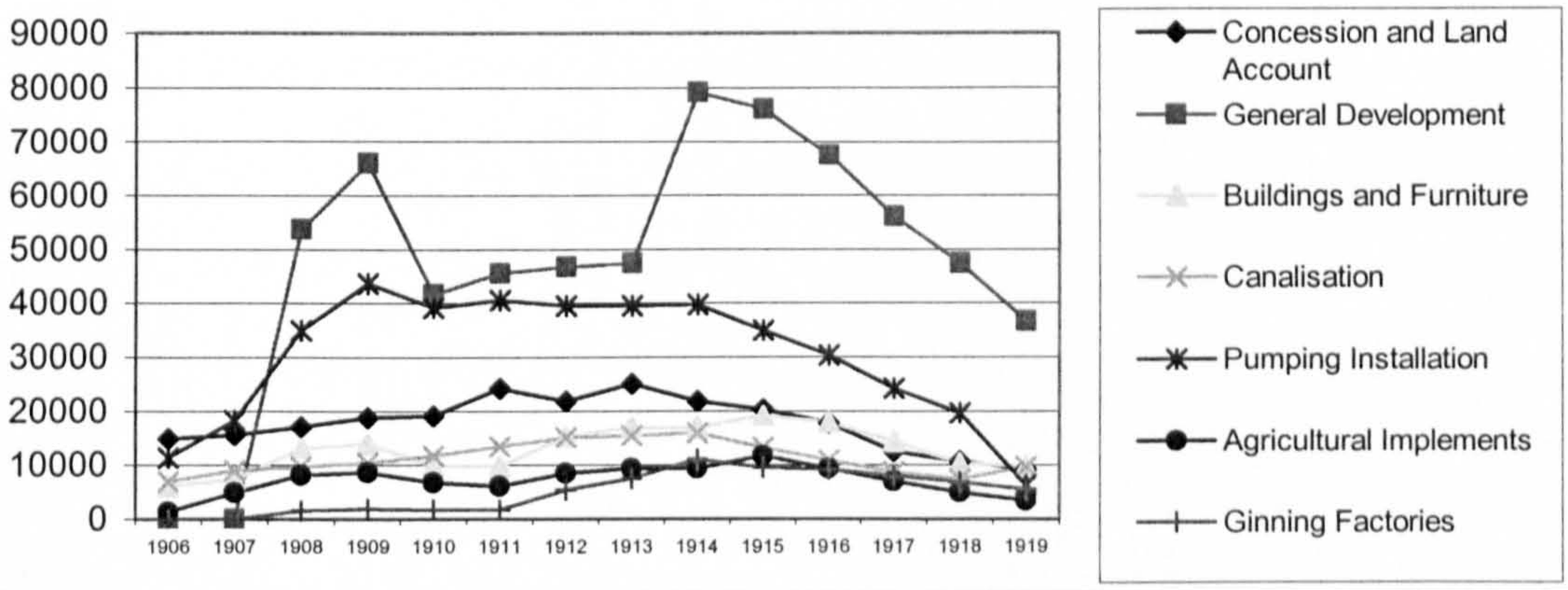
142 SAD 416/1/56 137th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 21st December 1915
143 SAD 416/1/60 141st Meeting of the Board of Directors of the Sudan Plantations Syndicate, 4th May 1916

Graph 2.3. Sudan Plantations Syndicate Capital Investment, 1906-1919 (£)
Source: SAD 415/8/1-152



Though all sources of structural investment suffered from the effects of inflation, the greatest relative depreciation in value was in general development and pumping installation, as can be seen in the graph below.

Graph 2.3. Sudan Plantations Syndicate Capital Investment by Area, 1906-1919 (£ at 1906 levels)
Source: SAD 415/8/1-152



Against the backdrop of a difficult international climate and depreciating asset values then, the Syndicate sought to retain investor confidence by issuing dividends. Prior to the

[144] SAD 416/1/100 162nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 9th

war Syndicate issued a dividend in December 1913 of 12½%, and managed to issue a dividend of 5% in 1914 at the end of 1914 before the full disruption of the war and the collapse in market confidence was felt. In 1915 another 5% dividend was issued despite the continuation and increased intractability of the conflict.[146] There were no dividends issued in 1916 or 1917, but in early 1918 a dividend of 10% was issued; at the end of 1918 a 25% dividend was announced. Yet this should be seen as a sign of relative weakness, because the Syndicate made little profit in this period, and could ill afford to haemorrhage more capital.[147]

October 1918
[145] SAD 416/1/24 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913
[146] SAD 416/1/22 105th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 4th December 1913; SAD 416/1/46 Minutes of an adjourned Ordinary General Meeting of the Sudan Plantations Syndicate, 13th January 1915; SAD 416/1/54 136th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 2nd December 1915
[147] SAD 416/1/94 159th Meeting of the Board of Directors of the Sudan Plantations Syndicate. 30th January 1918; SAD 416/1/105 163rd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th December 1918

CONCLUSION: THE TRANSFORMATION OF MANAGEMENT AND STRATEGY

> To my mind it is an extremely interesting experiment and I cannot recall any similar case in any other part of the World ... for a Government and a Syndicate to combine on co-operative principles, and for a Syndicate to become, in some respects, a Government Department, is an entirely new departure.
>
> - Reginald Wingate, June 1913[148]

Between 1904 and 1919 the Sudan Plantations Syndicate was transformed from a entrepreneurial speculation in the periphery of the British Empire, into an established business occupying a potentially central position in the nascent economy of a colonial state, with a special and preferential relationship to government. Analytically, this process can be broken down into three spheres within which the transformation occurred: ownership and control, function and operation, and the political-economic compact.

The analysis of ownership and control has three aspects. Firstly, the early history of the Sudan Plantations Syndicate can be thought to reflect the complex picture of investment in imperial business, incorporating both gentlemanly and non-gentlemanly interests. This should not be taken to be a rejection of the gentlemanly capitalism thesis; rather it points to a nuanced understanding of the interplay of gentleman and non-gentlemen in the imperial arena. Leigh Hunt was an international entrepreneur, who by chance and opportunism became involved in Sudan. He provided the link to Wernher Beit, the City based finance house and to investors in New York. Neither of these interests could be described as very gentlemanly, nor were they very British. Once the Syndicate began to develop as a business, the substitution of Lord Lovat for Leigh Hunt

gave the Syndicate a greater gentlemanly profile, and the close association with the Sudan Government and its two early luminaries, Wingate and Kitchener (who certainly could be described as gentlemen), gave the Syndicate access to the British Government at the highest level.

Secondly, the management structure of the Syndicate changed significantly across the period. The first transformation relates to a critical reflection of the work of Alfred Chandler who has outlined a thesis for the perception of industrial decline in the United Kingdom based on a failure to transform business management structures from personal (or family) to professional managerial systems where ownership and control were separated.[149] It is clear from the evidence presented here that in contrast the Sudan Plantations Syndicate *did* undergo some kind of transformation along these lines, which is supportive of newer research in this area.[150] From an entrepreneurial perspective Leigh Hunt did well out of the Syndicate. For arranging the initial concession with the Sudan Government he was paid £14,000 which he took as fully paid shares in the company. However, his involvement was short-lived in comparison with the involvement of Corner House/Wernher Beit/Central Mining. Once the South African investors became more influential after 1907 Leigh Hunt's involvement waned and professional management was introduced. Donald McGillivray who succeeded Hunt as Managing Director performed a far more important management role than Hunt did during the critical pre-war years when planning and early development was being carried out, and also by guiding the Syndicate through the war. For this McGillivray was paid £1,500 per annum which rose to £2,000 per annum in 1918, and though he was given bonuses in addition to his salary from time to time, this contrasts rather sharply with the financial

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148 SAD 186/3/9 Wingate to Phipps, 6th June, 1913
149 Chandler, *Scale and Scope*; Wilson and Thomson, *The Making of Modern Management*, 32-33
150 L. Hannah, 'The "Divorce" of ownership and control from 1900 onwards: Re-calibrating imagined global trends', *Business History*, 2007, 404-438

rewards that Hunt derived.[151] The transition from Hunt to McGillivray illustrates the transformation of the Syndicate from a vehicle for personal capital and management to something approaching a professional managerial system. Though McGillivray was on the Board of Directors and owned shares in the company, the strategy used was to employ professional businessman as a salaried managing director. This almost certainly stemmed from the South African experience and expertise in mining where the use of mining engineers as managers was an established practice.

Thirdly, the change in the composition of the Board of Directors, with the greater involvement of men who were involved with the Corner House group from circa 1907 can be seen as reinforcing an international business link that was present from the formation of the company, but became stronger over time, in this period. Related to this is that the initial directorial composition in 1904 reflected the needs of Leigh Hunt and Wernher Beit to raise the £80,000 required to start the business. By 1914, however, as the network diagram shows, the Syndicate's Board was composed of men who provided strong links to British based companies connected to international commodity production and trade throughout the British Empire – ideal for the kind of oversight and strategic guidance needed for a business of the nature of the Syndicate.

The transformation of function can be seen through, firstly, the concentration of the company on cotton-growing. The Plantations Syndicate was, as its title suggests, interested in any form of agricultural plantation that conceivably might have been successfully developed in Sudan. Thus, in 1913 the Syndicate briefly toyed with diversifying into rubber by forming the Sudan Rubber Syndicate.[152] This idea was

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[151] SAD 415/9/3 2nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 8th October 1904, though at a later meeting it was stated that of the £14,000 paid only £1,000 was for the cost to the Syndicate of the concession. SAD 415/9/19 17th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 3rd January 1907; SAD 416/1/21 105th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 4th December 1913; SAD 416/1/92 159th Meeting of the Board of Directors of the Sudan Plantations Syndicate. 30th January 1918

[152] SAD 416/1/23 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913

dropped by early 1915, though it is unclear whether this was because of a lack of viability, an issue of it being beyond the scope of the Syndicate at this time, or being a direct result of the shortage of capital caused by the war. In any event by 1918 the shares in the company were valueless.[153] Either way, the development established prior to the war coupled with the disabling effects of the conflict locked the Syndicate into cotton-growing, something that was nevertheless consolidated during a difficult financial period where the real value of the capital invested in the company declined.

The Syndicate's primary achievement between 1904 and 1919 was to establish that cotton-growing in Sudan under pre-war world economic conditions was commercially viable. The successful development of experimental farms, the successful production and marketing of a limited quantity of cotton, and the attendant commercial relationships that were formed by doing this provided a framework on which the Syndicate could reasonably hope to build on as war ended and world cotton prices began to recover. The Syndicate also established the tenancy system by which the Gezira Scheme went on to be run until decolonisation. They established and shaped their relationship with the tenants and the services that the Syndicate was to supply, in particular (in addition to marketing and distribution) to function as bankers to the tenants. Without the Syndicate to do this, the tenants would not have had enough liquidity from year to year to pay for seed, animals, and short-term labour.[154]

Finally, the political-economic compact - touched on at length elsewhere in this thesis - nevertheless needs to be mentioned in terms of the structural and to a certain extent cultural bonds that tied the Syndicate to the government. Firstly, very practically, the salaries of the Syndicate's British staff were paid by the Sudan Government with the Syndicate paying the government in return. This gives some indication of the closeness

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153 SAD 416/1/46 Minutes of an adjourned Ordinary General Meeting of the Sudan Plantations Syndicate, 13th January 1915; SAD 416/1/103 163rd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th December 1918

of the operational relationship that existed between business and government, certainly by 1915.[155] Secondly, and perhaps with more suggestion, during the First World War half of the Syndicate's staff volunteered for active service at the front.[156] These included Lord Lovat who rose to the rank of Brigadier General by the end of the war and was invalided through injury in late 1915.[157] McGillivray was mentioned in despatches for his help to the Sudan Government and received from the Sultan of Egypt the Order of the Nile.[158] The tenor of the Sudan Government was military at this time; the extent to which participation in the violence associated with empire was an integrative factor in the imperial project should not be underestimated.[159] Certainly, the martial connection in the non-martial sphere is one that is not properly understood in an Empire not often conceived of as being primarily military, but having nonetheless a significant number of soldier administrators, engineers, entrepreneurs and financiers.

As the Sudan Government's chosen vehicle for the development of cotton-growing in Sudan, the Syndicate held a unique position and a unique function. The Sudan Government gave the Syndicate the protection of a monopolistic land concession and access to an imperial stamp of approval; the Syndicate gave the Sudan Government access to a complex web of international finance and individuals whose sense of entrepreneurial adventurism, willingness to take risks, and business expertise was greater than that of the Sudan Government itself. The Syndicate's long-term attractiveness to investors, despite the fact that it paid no dividend at all until 1912 and made no substantial profit until 1920 was largely a facet of the advantageous position it occupied

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[154] SAD 416/1/24 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913
[155] SAD 416/1/55 137th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 21st December 1915
[156] SAD 416/1/47 129th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 15th April 1915
[157] SAD 416/1/57 8th Ordinary General Meeting of the Sudan Plantations Syndicate, 21st December 1915; SAD 416/1/96 Ordinary General Meeting of the Sudan Plantations Syndicate, 20th February 1918
[158] SAD 416/1/79 Ordinary General Meeting of the Sudan Plantations Syndicate, 24th January 1917
[159] J. Willis, 'Violence, Authority and the State in the Nuba Mountains of Condominium Sudan', *The Historical Journal*, 2003, 89-114

in relation to the government and the leverage it had in a number of spheres, both in Sudan and in the City of London.[160]

In 1913, just prior to the period when Wingate and Kitchener for the Sudan Government were locked in an endless round of meetings with the Foreign Office, the Treasury, the Syndicate and City financiers to thrash out mutually agreeable terms of the Sudan Loan Act, Wingate observed to Lee Stack that a careful approach to business ought to be taken because the Sudan Government 'has not much experience in such matters.'[161] Though the government and the Syndicate operated closely together and the relationship was relatively cosy, it was also dynamic, constantly evolving and sometimes tense. The relationship was one of mutual self-interest, and often guardedly so. Equally, however, the relationship was symbiotic. By the time that McGillivray died in March 1919, the Syndicate and the Sudan Government were bound together, optimistic for the future, and ready to develop the Gezira Scheme after fifteen years of frustration.[162]

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[160] See SAD 415/8/1-152, The Sudan Plantations Syndicate Ltd, Report and Accounts, 1906-1924; Gaitskell, *Gezira,* p.94

[161] SAD 186/1/161 Wingate to Lee Stack, 10th April 1913

[162] SAD 416/1/108 164th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 5th March 1919

Chapter 3

Business and Government, 1907-1914

To develop cotton growing in Sudan, the Sudan Government formed a relationship with the Sudan Plantations Syndicate that defined the nature of the primary economic activity, the boundaries of state control over the economy, the trajectory of economic development, and the role of commerce and business to the vitality of the colonial state. The focus for this chapter, therefore, is the evolving relationship between the Syndicate and the government. The basis for this is the analysis of the negotiations between the Syndicate and the government, and the structural roles formed and played by the two parties with regard to the management of the Gezira Scheme, the raising of capital, and the nature of control. These themes are examined to explore the distance, tension and flexibility of the relationship as the two created the political economic compact that provided the basis for future interaction. In a sense, this defined an important imperial relationship, between business and government, the nature of which was hugely important to the execution of power over Sudanese territory.

The central argument presented in this chapter is that at this stage in the development of the Gezira Scheme, the Sudan Plantations Syndicate inhabited a proximity to the Sudan Government that was close, and a position that if not superior certainly enjoyed advantages and benefits. Nevertheless, the Sudan Government was interested in maintaining its interests and what emerged was neither the state being wholly captured by business capital, nor business being captured by the state, but a mutually reinforcing framework for economic development which incorporated the state and business, but where business was ascendant, albeit with evidence of the beginnings of decline.

I. THE DEVELOPMENT CONTEXT

In providing for the cost of administration, colonial governments had a clear reason for developing the economies of the countries over which they ruled.[1] This often placed colonies in a paradoxical or circular situation. In order to raise a loan for a crucial project to develop the economy the colony needed to be able to re-pay the loan. As governmental revenue was based on increased levels of trade, which might be contingent on the development project, economic development could be painfully slow, or even non-existent.[2] A further problem for tropical colonies issuing public debt was that they were a comparatively poor risk, based on their variable and limited revenue generating capacity (hence the need to develop the economy in the first place) and were therefore at a disadvantage when competing with debt issued by dominion or foreign governments. Thus, if a loan were to be offered it would be made on the basis of a higher rate of interest which, problematically, made repayment even more difficult. In some ways this problem was solved by the Colonial Loans Act of 1899 and the Colonial Stock Act of 1900 which allowed colonial governments to raise money on the basis of a Treasury guarantee. This effectively gilt-edged colonial borrowing, though in reality the use of this facility was limited by a sceptical Treasury until the 1920s.[3] The various Sudan Loan Acts that were passed between 1913 and 1919 are therefore interesting early examples of Treasury guaranteed loans. Although not administered via the Colonial Office, the Sudan Government took early advantage of the mechanisms created to raise credit for the Crown Colonies.

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[1] Kesner, *Economic*, p.5; Meredith and Havinden, *Colonialism and Development*, p.45; C. Ehrlich, 'The Uganda Economy, 1903-1945', in V. Harlow and E.M. Chilver (eds.), *History of East Africa, vol. III* (Oxford, 1965), p.400

[2] See Kesner, *Economic*, p.14

[3] Kesner, *Economic*, p.73; Meredith and Havinden, *Colonialism and Development*, p. 140

The Government of Sudan Loan Act was passed in 1913 and amended in 1914.[4] The Act allowed three million pounds to be raised in a loan to be guaranteed by the Treasury. Initially, £1,300,000 was allocated for irrigation while£1,600,000 was for railway building. This was later amended to £2,000,000 for irrigation and £800,000 for railway building.[5] This money was to be raised in the City of London by the Sudan Plantations Syndicate at three and a half per cent; in return the Sudan Plantations Syndicate was to be given control of the management of the Gezira Scheme.[6] As will be discussed later at more length, this did not happen at this time because the outbreak of the First World War brought the financial machinery of Britain to a halt before the loan could be issued. Sir Murdoch MacDonald, the under secretary of state for public works in Egypt, along with the Sudan Government, decided to put the plans to irrigate the Gezira into temporary stasis, but not before a considerable part of the £500,000 advanced to the Sudan Government by the National Debt Commissioners had been expended.[7] This was to be but the first of a series of unforeseen problems that increased the cost of the project and the amount of debt that eventually was undertaken. Between 1914 and 1919 there was then a gradual change in the relationship between Syndicate and government. Initially, the war stymied the development of the Scheme, but from 1916 the Sudan Government and the Syndicate began to plan for the eventual recommencement of development work once war had ended. However, controversy over the specific plans for development, and changes to the capital market in London and how the Sudan loans were to be raised (and by which party) reshaped both the importance of the Gezira Scheme to the strategic interests of Britain in the North African imperial region and the relative importance of the Syndicate and the government

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[4] Parliamentary Bill; (220) 1913 ii. 911 to authorise the Treasury to guarantee the Payment of Interest on a Loan to be raised by the Government of the Sudan; Parliamentary Bill; (271) iii. 97 to amend the Schedule to the Government of the Soudan Loan Act, 1913.
[5] Parliamentary Bill; (271) iii. 97 to amend the Schedule to the Government of the Soudan Loan Act, 1913.
[6] SAD 201/5/72 'Note as to the effect of war on the raising of the capital required for the Gezira Irrigation Scheme', 14th August, 1916; SAD 416/1/17 Director's Minutes, Sudan Plantations Syndicate, 10th September, 1913

to the process of capital investment and economic development. An increasingly dirigiste, state-centred model of development emerges from this period – a legacy that was to significantly alter the economic history of Sudan during the inter-war period.

The scope of this chapter is curtailed by the limitations of the sources. Firstly, most of the available correspondence comes from archives containing mainly government material. Secondly, there are chronological gaps in the sources and the narrative of the business-government relationship is frequently interrupted and sometimes discontinued. This problem is compounded because, thirdly, the correspondence often relates to conflict where the issue at stake is known to both parties and as a consequence noted by neither. Both the latter two problems are partly overcome by the intention to analyse rather than merely narrate the process. The central questions therefore relate to the ability of each party to shape the relationship to their own interests and ultimately how the eventual settlement suited each.

[7] SAD 201/5/72 'Note as to the effect of war'

II. BACKGROUND TO THE LOAN NEGOTIATIONS

The initial concession given to the Sudan Plantations Syndicate to develop an area in the Gezira led eventually to the opening of the Zeidab farm in 1906. In the context of the failure of most other business in Sudan, the success of the Zeidab farm brought pressure to bear on the Sudan Government from two directions towards the end of the decade. Firstly, the very fact of modern capitalist enterprise failing to thrive in Sudan led to an economic development problem of which the government were increasingly aware. Secondly, the apparent success of the farm at Zeidab interested the cotton lobby in Manchester who began to push for further development of the crop in Sudan. Sir William Mather of the Lancashire engineering firm Mather and Platt and a member of the British Cotton Growing Association, gave an address to the cotton lobby in Manchester in 1910 in which he 'urged that Britain should acknowledge a special responsibility to develop irrigation works in the Sudan.' In 1910 the Plantations Syndicate was invited by the Sudan Government to manage the new development at Tayiba, and it was from here that the famous tripartite partnership structure for the Gezira scheme evolved.[8] However, it became a source of considerable difficulty for business-government relations as Gaitskell reflected:

> The decision made, in 1910, to use the Syndicate rather than the Department of Agriculture concerned only the management of the Tayiba experiment, and had been taken before Lord Kitchener returned to the scene. No decision had yet been made for the future management of the Gezira Scheme itself. The Tayiba agreement provided that the experiment, to prove conclusively that cotton could

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[8] Gaitskell, *Gezira*, 51-54; Detail of subsequent somewhat technical development of the tenant-government-syndicate division of profits (etc) can be found in the Wingate papers: SAD 109/11/58-60 Wingate to Clayton, 26th August, 1913; SAD 109/11/61-62 J. Asser to Wingate, 11th August, 1913; SAD 109/11/63-65 Dickinson to Director of Agriculture , 9th August 1913; SAD 109/11/66 Telegram, Wingate to Governor-General Khartoum, 26th August 1913

be grown on a commercial scale, should be carried out over a period of at least four years and should cease if the object had been attained before this period.[9]

Once the Tayiba farm proved itself a success, which it more or less did, the Syndicate were given an option to buy land in the Gezira - either 10,000 feddans on government irrigated land or 30,000 feddans on rain-land.[10] Compounded by the technical knowledge that the Syndicate had amassed, this left the Sudan Government in a comparatively weak position and as Gaitskell cites, suffering from a 'fear of being outwitted.'[11] In comparison to the government, the Syndicate had better access to the City of London and the British capital market, their personnel had developed crucial expertise and as a result the government knew its position was beholden.

Kitchener's re-emergence in Sudan in 1911 when appointed Consul-General in Cairo marked a renewed interest - or interference - in the governance of Sudan. By this point Kitchener was a successful man in his sixties, a veteran of long imperial experience which had been cut in the military surveys of the 1860s and 1870s and the campaigns in Sudan and Southern Africa in the 1880s, 1890s and early 1900s. It is clear that he regarded Sudan as his personal territory. Not forgetting that his aristocratic title was styled 'of Khartoum', his view of empire building was military rather than commercial and his manner authoritarian. The effect this had on the tenor of negotiations was clear: Kitchener regarded business and commercial interests with suspicion; so did the Sudan Government. Thus it was that the Sudan Government's latitude in policy became circumscribed, even constrained - defined by Kitchener's stringency and rigidity on the one side, and by the relatively powerful position occupied by the Syndicate on the other.

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[9] Gaitskell, *Gezira*, p.63

[10] Sources on this point disagree. One brief history of the Sudan Plantations Syndicate maintains that in 1910 the Syndicate had control of some 80,000 feddans of land. See BUL CGA 2/1/3 'The Sudan Plantations Syndicate Ltd and the Kassala Cotton Company Ltd and their work in the Anglo-Egyptian Sudan' (Reprinted from the 45th Annual Report of the British Cotton Growing Association, 1950) p.4

III. LOAN NEGOTIATIONS

The limitations of the sources force us to concentrate on two features of the business-government relationship. Firstly, material dating mostly from April 1912 gives an insight into the attitude of the Sudan Government with regard to the Sudan Plantations Syndicate and the negotiation process, in particular the influence of Kitchener. Problematically, there is then a break in the chronological coverage, and it is only from January 1913 that the tensions and conflicts that affected the negotiation process itself can be explored.

In April 1912 the Plantations Syndicate began to make demands and requests of the Sudan Government with regard to the future direction of the Gezira scheme with which, of course, they intended to participate. In respect of the issue and allocation of funds, the fractious tension that Kitchener helped create was obvious and noted.[12] Wingate wrote: 'I of course realise that McGillivray is a man determined to get all he can out of us and that he is holding out the threat of the Syndicate going elsewhere if not satisfied with our treatment but ... no one knows better than he does that the Syndicate has got a good thing in hand in the Sudan and I think that his action is to a large extent brought about by a feeling that he must convince Wernher, Beit, Eckstein and Co of this fact.'[13]

When Lee Stack put the Syndicate's requests to Kitchener, the Consul General responded in a typically irritable way, describing the Syndicate demands as 'preposterous', while also stating that he could not make head nor tail of them. Stack made a more circumspect and realistic judgement, revealing a more informed view of business negotiation and the dynamics of opening gambits. 'I told him [Kitchener] that they were probably put forward with the idea of asking a good deal in order to get a little', Stack

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[11] Gaitskell, *Gezira*, p.64
[12] SAD 108/15/1-6 Stack to Wingate, 11th April 1912

wrote, going on to state that 'this did not appease him and as he was intractable I suggested that I should make an abstract of their requests and put opposite each one how the council were prepared to consider them or not as the case may be', a proposal to which Kitchener agreed. Nevertheless, Kitchener's hostility was obvious when he also asked Stack to prepare a statement of how much the Syndicate 'ought' to have paid the government for the concession that they held in Tayiba. Stack was worried that Kitchener's hostile attitude might lead to deadlock with the Syndicate and they 'in a huff [might] go out of the Sudan altogether.'[14] Wingate reluctantly appreciated Stack's suggestion that the Syndicate's Managing Director Donald McGillivray should be prevented from seeing Kitchener at that time, though he himself 'was rather hopeful that he would have seen him, for it is clear that he [Kitchener] is taking a considerably sterner view than the council does as regards the Syndicate's claim for the remission of taxation and other concessions.' Though Wingate had his misgivings about the initial agreement, expressing the view that 'we had to be prepared to dance on either leg as the case might be', he also recognised both the desirability of encouraging business and the impetus coming from Lancashire and the cotton lobby.[15]

The indications are that metropolitan pressure for the loan continued to be pressed in the latter half of 1912 and on the 23rd January 1913 in London the British Cotton Growing Association lobbied the Prime Minister, H.H. Asquith, the Chancellor of the Exchequor Lloyd George and Sir Edward Grey from the Foreign Office about the £3,000,000 loan guarantee for cotton-growing in Sudan, and laid claim to a decisive influence in the decision to issue a guarantee. However, by March 1913 the Syndicate-government negotiations were at an impasse, mainly over how the Gezira Scheme was to be managed. The Sudan Government were aware that the Sudan Plantations Syndicate

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[13] SAD 108/15/7-10 Wingate to Stack, 18th April 1912
[14] SAD 108/15/1-6 Stack to Wingate, 11th April 1912; it is unfortunately unclear what the Syndicate's demands were
[15] SAD 108/15/7-10 Wingate to Stack, 18th April 1912; SAD 108/15/49-52 Wingate to Stack, 6th May 1913

were able to use their connections with the Sudan Government in the City to procure advantage, while at the same time using the unresolved issue of the loan to leave their financial commitments to the Gezira project somewhat vague; this was certainly the view held by Lord Kitchener. However, as both Wingate and Kitchener were aware, the three million loan guarantee was a necessary precursor to any subsequent financial contribution by the Syndicate.[16]

Wingate was convinced that the negotiations with McGillivray were proving difficult because they couldn't determine what form the irrigation scheme was going to take, the plans being at that time in the hands of 'the Cairo experts'. Held in Khartoum, the negotiations were in 'full swing' by the beginning of May 1913, though delays were caused by McGillivray's need to telegraph the Syndicate's board of directors in London. The sources are vague on the twists and turns of the negotiations at this stage, but the future of the Tayiba farm was, however, settled. The Tayiba station was vacated at the beginning of June 1913 at the end of the previous agreement, but 'preliminary to negotiations' the Syndicate made a favourable arrangement with the government that it be placed under Syndicate control.[17]

By the beginning of June this had resulted in tentative optimism that the Syndicate were likely to accept the deal on the table, but the final decision rested with the board in London who were unable to consider the matter until July.[18] Once they had done so and settled in principle to advance to the next stage, a meeting between the Syndicate and the Sudan Government was set up for the 21st July to discuss the

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16 BUL CGA 2/1/3 'The Sudan Plantations Limited and the Kassala Cotton Company Ltd and their work in the Anglo-Egyptian Sudan' (Reprinted from the forty-fifth Annual Report of the British Cotton Growing Association, 1950), p.7; Gaitskell, *Gezira*, p.62; SAD 108/15/13 Stack to Wingate, March 31st 1913; SAD 108/15/17 Wingate to Slatin, 5th April 1913

17 SAD 108/15/37-40 Wingate to Stack, 29th April 1913; SAD 108/15/44-48 Wingate to Stack, 4th May 1913; SAD 108/15/55-56 Wingate to Stack, 13th May 1913; SAD 108/15/68 Wingate's copy of letter from Stack to Acting Governor General in Khartoum, undated; SAD 109/11/7 Wingate to Lovat, 22nd July 1913; SAD 416/1/24 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913

18 SAD 108/15/65 Wingate to Bernard, 6th June 1913

Scheme.[19] The Syndicate's Lord Lovat was keen for Wingate to attend this meeting and for the terms agreed to be placed on the record as soon as was possible. Wingate was unable to attend but he invited Lovat and McGillivray to write to him with their impressions of the meeting. 'As we are now partners, will you let me know how you view this proposal', he wrote. He also suggested the formation of a sub-committee consisting of Wilkinson, Bonham-Carter and Bernard to 'work out the various details with ... the Syndicate representatives.' Lovat agreed with Wingate on the idea for a joint committee to thrash out details, noting that meetings were far less likely to suffer misunderstandings as written correspondence. In turn, Wingate agreed with Lovat that 'the main heads of the new arrangement' were what was needed rather than a detailed agreed text. The new agreement was conditional on the loan being issued, but that once it had been issued the agreement was due to run for ten years with the condition that:

> at the end of ten years - provided the Sudan Government is entirely satisfied with the manner in which the Syndicate has done its work and that no political or other considerations have in the meantime arisen to influence the government or cause it to consider a change necessary then the arrangement would be continued for another five years. ... In other words the Syndicate can rely on the good will of the Government to renew the arrangements under the above stipulations.[20]

The Sudan Government were prepared only to hand over the Tayiba farm to the Syndicate on the condition that the Syndicate provide £500,000 at par as the first instalment of the loan so that 'works may be taken in hand without further delay.' This interest rate was to prove problematic as the Syndicate's best estimate in July 1913 was

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[19] SAD 109/11/6 Lovat to Wingate, 21st July, 1913; Correspondence between Wingate and Eckstein, SAD 109/11/1-2, 5, 13, various dates July 1913

[20] SAD 109/11/6 Lovat to Wingate, 21st July, 1913; SAD 109/11/7 Wingate to Lovat, 22nd July 1913; SAD 109/11/8 Lovat to Wingate, 23rd July 1913; SAD 109/11/9-11 Wingate to Lovat, 24th July 1913

that given the terms of the Loan Act, the Loan would only be acceptable to the market when issued at 93, that is, with 7% of the face value discounted. In addition to this problem, Lovat signalled that the 'fate of the loan appears to depend mainly on the renewal clause', though he also reassured Wingate that the difference between their positions was 'not great.' The Syndicate, with malign intent or not, used the issue of getting the loan raised on the market as a lever on the renewal clause issue. 'If we can frame a good working renewal clause', Lovat wrote, 'I believe we ought to be able to persuade our City friends to come to a deal.'[21]

The chief problem surrounding the clause turned on the phrase in Wingate's letter to Lovat of the 24th July over the somewhat vague justification that 'other considerations' might legitimately be used not to renew the concession at the end of the concession period. The Syndicate thought this was 'too wide a term to make the renewal clause of any real value.'[22] The government were all too aware that under a concession with a limited time period, the Syndicate would naturally be concerned whether or not they would make enough money to justify their investment and, secondly, would be concerned at the possibility of renewing the concession and on what basis they might be able to do this. However, it was also the general opinion that this problem was not a great one to the successful negotiation of the agreement.[23] Wingate's line on the renewal clause and the Syndicate's objection was that 'I never intended what I said in my letter to be the actual wording of the Renewal Clause ... I merely used these words to save categorical details.'[24] The view of the Sudan Government side was that this was therefore not a significant barrier to progress and in effect the government backed down.

However, despite Wingate being aware of the difficulties of raising capital in the London money markets from as early as May of 1913, he was unhappy at the issue at 93

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[21] SAD 109/11/9-11 Wingate to Lovat, 24th July 1913; SAD 109/11/21-22 Lovat to Wingate, 29th July 1913
[22] SAD 109/11/21-22 Lovat to Wingate, 29th July 1913
[23] SAD 109/11/34-35 Clayton to Wingate, 3rd August 1913
[24] SAD 109/11/28-29 Wingate to Kitchener, 30th July 1913

stating critically that 'this works out at really over four and a half per cent."[25] Kitchener thought that the 93 issue was 'absurd' stating that 'we better hold out for par and say we would rather put off operations on the Blue Nile than pay too dearly for the money. This ought to make them play up and produce the cash to go on with."[26] Wingate subsequently wrote to Lovat to voice his concerns over this issue, threatening the Syndicate as Kitchener suggested.[27] Similarly, both Wingate and Kitchener were initially mystified as to why the Syndicate wanted £35,000 in cash immediately, only later becoming aware that this was the additional cost of raising the £500,000 on the money market.[28] By taking subscriptions ('scrip') on the promise of the loan, the Syndicate would have to find a way to finance the difference between the discounted rate (93) and the face value of the actual bonds the scrip were to be replaced by (Treasury Bond Certificates). Once this issue was clarified, the basic position became agreed between both sides. There seems to have been a dawning realisation on the part of the Sudan Government that their position was at the very least dependent on the Syndicate who, in turn, had no obvious reason for badly financing a loan issue.

In mid August 1913 Lloyd George, the Chancellor of the Exchequer contacted Kitchener to tell him that the Treasury was prepared to instruct the National Debt Commissioners to issue the Sudan Government with £500,000 for six years, effectively being an advance on future public issue of the debt.[29] By September the final negotiations were drawing to a close. Lovat wrote to Wingate asking that he be in London for the final stages in case of any problems:

> "Capital" may require gentle and tactful handling and no-one could do this better than yourself. Eckstein is a man who takes broad views. I think I can promise you

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[25] SAD 108/15/44-48 Wingate to Stack, 4th May 1913; SAD 109/11/28-29 Wingate to Kitchener, 30th July 1913
[26] SAD 109/11/33 Kitchener to Wingate, 3rd August 1913
[27] SAD 109/11/36 Wingate to Lovat, 5th August 1913
[28] SAD 109/11/42-43 Wingate to Kitchener, 10th August 1913

that there will be no petty peddling over minor conditions. I believe that 9/10ths of the head of agreement will go through by consent and that with you to give the lead over the vexed issue of the "extension clause" and "half a million loan" there is no reason that we should not move the whole of the business through up to the legal drafting stage. The business will go quickly or not at all.[30]

Though Wingate responded to Lovat that after conversation with Kitchener the Syndicate would find the Sudan Government's position 'entirely satisfactory', the inside position was far more fractious.[31] On the 2nd September 1913, Wingate met with Kitchener in Edinburgh to read the draft of the agreement. Kitchener was not happy. In a letter to Clayton, Wingate stated that Kitchener was 'anxious that there should be some paragraph to the effect that the Syndicate should act in accordance with the view of the Government', going to add that 'he wishes to establish some form of control over loans issued by the Syndicate and considers that the Government should have a sort of veto; in other words, he thinks that loans should only be given under regulations to be issued from time to time by the Government, and that it may be necessary to stop them altogether.' It is not clear from this whether it was loans taken out by the Syndicate or (as seems more likely) loans issued by the Syndicate to tenants operating on their concession that was at issue, though in a sense this distinction is irrelevant to the argument. Under either scenario, Kitchener wanted the Sudan Government to retain a high degree of control over the operations of the business. Kitchener also wanted to prevent the Syndicate from 'making too much profit out of the sale of seed, agricultural implements, ginning etc'; in fact Kitchener went as far as to indicate he did not want the Syndicate to make more than 5% profit. Wingate was more laissez-faire in his attitude. 'I do not think that we should interfere too closely in such questions, except to safeguard the tenants

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[29] SAD 109/11/54-57 Wingate to Clayton, 17th August 1913
[30] SAD 109/11/86 Lovat to Wingate, 2nd September 1913

from undue extortion and I hardly think it will be in the interests of the Syndicate to attempt anything of the sort', he wrote.[32]

Kitchener was also keen to push the terms of the agreement in other respects, including trying to frame in the agreement that the £500,000 from the Syndicate was not part of the £3,000,000 Treasury Guaranteed Loan, as this would put £3,500,000 at the disposal of the government. In these restrictions on practice, Kitchener was showing himself to be naïve and unreasonable. While wanting detailed strictures on Syndicate behaviour, he also wanted the agreement to be brief, with the detail agreed outside of the legal document, if possible only verbally agreed. While wanting to introduce such strictures he also wanted to show that the Sudan Government intended to deal with them 'fairly and sincerely' and that 'all idea of suspicion and sharp practice on either side should be avoided.' Though much of this rhetoric was driven by problems he associated with previous dealings with the Syndicate, two things are clear. Though Kitchener was not fully aware of the needs and modes of business, and wanted to retain a large degree of control, both he and Wingate were aware that they were engaged in establishing an innovative, corporate form of economic activity with the Gezira Scheme. 'He [Kitchener] also considers that we have not made nearly a sufficient point of the fact that the Syndicate are partners of the Government and not Agents, as was the case in the Tayiba Agreement', Wingate observed.[33] This move and the conscious understanding that underpinned it were in the long run to have significant implications for the development of Sudan. Secondly, the Sudan Government were suspicious of business and suspected that they were being outmanoeuvred. Their desire to leave certain terms within the agreement rather vague probably reflected this, but it also reflected a certain naivety with regard to the implications of not defining and codifying fundamental features of the agreement they were entering into.

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[31] SAD 109/11/88-89 Wingate to Lovat, 3rd September 1913
[32] SAD 109/11/92-98 Wingate to Clayton, 3rd September 1913

At a meeting attended by Bernard for the Sudan Government and Lovat, Eckstein, McGillivray, J.A. Hutton and lawyers on behalf of the Sudan Plantations Syndicate in early September, the final details of the Agreement were thrashed out. Eckstein pointedly refused to agree to raise the half a million separate to the loan. Though Bernard held it out as a deal breaker, he was forced to capitulate when Eckstein explained that the £500,000 was to be raised in the form of scrip to be exchanged for £500,000 of actual bonds once the loan was issued, and that without the Treasury guarantee the capital market was likely to remain unresponsive.[34] At a Syndicate Directors' meeting, MacGillivray told his fellow directors that 'it was to be made a sine qua non that £500,000 – which the Syndicate would have to find in the event of a mutually satisfactory agreement being entered into must be considered part of the £3,000,000 loan authorised by Parliament and not as a separate advance.'[35] Haggling also turned to the phrasing of the Agreement. Firstly, the Syndicate prevailed in ensuring that it was 'not less than 100,000 feddans to be irrigated' rather than the government's preferred phrasing of 'about 100,000 feddans', though the government were happy with a statement of intention only.[36] In this matter, it appears that the Syndicate achieved the upper hand because Kitchener had promised them something similar in the previous July, and Eckstein made it clear to the Syndicate's directors that in meetings with the government the need for a definite minimum commitment had been expressed strongly to the Sudan Government.[37] Secondly, the government agreed to 'the omission of the reference to competition in the renewal clause', something that would significantly improve the Syndicate in the long-run, making them both more attractive to investors

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[33] SAD 109/11/92-98 Wingate to Clayton, 3rd September 1913
[34] SAD 109/11/112-113 Bernard to Wingate, 10th September 1913
[35] SAD 416/1/17 98th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th September 1913
[36] SAD 109/11/112-113 Bernard to Wingate, 10th September 1913
[37] SAD 109/11/119-121 Davidson to Wingate, 11th September 1913; SAD 416/1/18 101st Meeting of the Board of Directors of the Sudan Plantations Syndicate, 9th October 1913

and the City at large, and more important to the Sudan Government.[38] In fact, both of these concessions put the Syndicate in a strong position for the future and constrained the latitude of government policy. The government's willingness to accept the conditions was driven by a need to get the Gezira Scheme in some form or fashion up and running, on the basis that they badly needed a success to help obtain further credit in the future.[39]

[38] SAD 109/11/112-113 Bernard to Wingate, 10th September 1913
[39] SAD 109/11/123 Wingate to Kitchener, 13th September 1913

IV. THE SUDAN LOAN ACTS

The House of Commons confirmed that the Loan Act was to be passed on the 24th July 1913, though in point of fact it was eventually passed on August 15th 1913.[40] In this, the Sudan Government used its connections to achieve a smooth delivery of its objectives. In a letter to Kitchener, Reginald Wingate mentioned that he had talked to 'Johnny' Baird about the loan and he had assured Wingate that 'they would see that nothing happened to make the final passing of the Bill through Parliament in any way difficult for the Government.'[41] Similarly, on the 9th May 1913 Wingate wrote to Lloyd-George at the Treasury to thank him for his support of the Sudan Loan Bill through Parliament. Optimistically, he made the assessment that 'time will show that the future you predict for the Sudan has not been overstated'.[42] On the 2nd September 1913 Basil Blackett, a Treasury official wrote to Bernard, the Sudan Financial Secretary that the 'Chancellor of the Exchequer has now given his approval on the points submitted to him in regard to the Sudan Loan.'[43]

On behalf of the Sudan Government Davidson visited the City of London in late September 1913 to resolve, unusually, some doubt relating to where the Sudan Loan was going to be raised.[44] The reason for this was the way in which the ordinance had been set up:

> The ordinance has been drawn so as to permit another bank than the Bank of England undertaking the issue and management of the loan. But the Treasury would very strongly urge that if possible the Bank of England should be allowed to undertake it. They think that the Sudan would certainly get better terms from

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[40] SAD 109/11/12 J.W. Baird to Wingate, 24th July 1913
[41] SAD 109/11/14 Wingate to Kitchener, 26th July 1913
[42] T172/82 Wingate to Lloyd-George, 9th May 1913
[43] SAD 101/11/135 Blackett to Bernard, 22nd September 1913
[44] SAD 109/11/143 Davidson to Wingate, 24h September 1913

the Bank of England than elsewhere, and this is of course in the interest of the Treasury as guarantors, but also of the Sudan itself. The Bank of England will naturally regard this as a slight, if the very unusual course is taken of giving the issue of a loan guaranteed by the British government to any one but themselves and the issue may be prejudiced by such action.[45]

Davidson counselled that domiciling the loan at the Bank of England was preferable because 'such bonds and inscribed certificates are treated as "floaters", and are therefore distinctly more marketable in times of stress and stringency.'[46] The Sudan Government did eventually raise the loan via the Bank of England, and it is not clear why the loan Ordinance granted the Sudan Government the latitude that it did.

In addition, the Treasury insisted that they be allowed to appoint the Trustees for the sinking fund for the loan, with the Permanent Secretary to the Treasury being one of the Trustees. A Treasury official suggested that the Governor of the Bank of England 'might do very well'.[47] The Ordinance itself laid out that any sinking fund payments in respect of the loan were to be payable out of 'the assets and of the Government of the Sudan.' Any payment made by the Treasury if the loan defaulted was to be repaid by the Sudan Government, and the Governor General of the Sudan was required to remit monies every half-year to the Sinking Account or on account of repayment of the principal capital of the loan. These measures were subject to approval by both the Secretary of State for Foreign Affairs and by the Treasury. The loan was to be repaid after thirty years, with repayment to begin not more than five years after the loan was issued.[48]

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[45] SAD 109/11/135 Blackett to Bernard, 22nd September 1913
[46] SAD 109/11/143 Davidson to Wingate, 24h September 1913
[47] SAD 101/11/135 Blackett to Bernard, 22nd September 1913
[48] SAD 109/11/136-139 'Ordinance for the raising of 3 million pounds by the Government of the Sudan'; Government of the Soudan Loan Acts, 1913 and 1914; Parliamentary Bill (220) 1913 ii. 911; Parliamentary Bill. (271) iii. 97

On the 23rd September 1913 the National Debt Commissioners agreed to advance to the Sudan Government money drawn against the loan if requested to do so by Kitchener and Wingate. The date proposed to make the transaction was the 17th November.[49] The Syndicate wanted to have the right to issue a loan of £500,000 at par at any period of time within a period of eighteen months of the Agreement, presumably to repay the money advanced by the National Debt Commissioners, but as events transpired they never had the chance.[50]

The initial planned schedule of expenditure of the loan capital was amended in 1914, hence the two bills and their referral as the 'Government of the Soudan Loan Acts, 1913 and 1914'. The revised schedule established that the following amounts were to be allocated for the following purposes:

I. Works for the purpose of irrigating the Gezirah Plain		£2,000,000
II. Extension of the Soudan Railway System		£800,000
III. Other Irrigation works and contingencies		£200,000
	Total	£3,000,000

In January 1914 £500,000 was advanced to the Sudan Government by the National Debt Commissioners against the future issue of the bonds of the Sudan Loan. This sum was to be repaid on the 3rd January 1919.[51] Work on the initial canalisation in the Gezira began in April 1914 when Kitchener and Wingate instructed Sir Murdoch MacDonald to contract the first construction works of the Gezira Scheme. 'It was a simple matter to go on with the canal', MacDonald stated.

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[49] SAD 109/11/141-142 W.G. Turpin, National Debt Office to Wingate, 23rd September 1913
[50] SAD 416/1/18 101st Meeting of the Board of Directors of the Sudan Plantations Syndicate, 9th October 1913

I got a suitable contractor and he agreed to put on four great land excavators and two smaller ones. The contract would already have amounted to £300,000 in all for the first part of the work. The war broke out not a month afterwards, and I said to the contractor: "None of us can see where the rest of the money is coming from at the moment; what you had better do is to go slowly".[52]

Work on the canal continued but work on the Nile barrage ceased. It was at this point that the development of the Gezira Scheme stalled. The work that continued was designed to prevent wasting the money already expended.[53]

V. CONCLUSION

Prior to the First World War the Sudan Government, made up as it was of soldier-administrators with little or no experience of business or commerce, were feeling their way to a settlement with the Sudan Plantations Syndicate. Usually the Syndicate's view prevailed where conflict existed. The Syndicate exploited the significance of the Sudan Government imprimatur in the City, while the government itself provided access to the holders of high office in the British Government; for example, Wingate pressed the case for a loan at a meeting with Lloyd-George at Balmoral in May 1913.[54] Such informal meetings made a difference in the relatively small world of imperial London; in July 1914 a Treasury official wrote to Wingate expressing Lloyd George's support for the development of cotton in Sudan.[55] Similarly, both parties enjoyed support from the

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[51] SAD 115/5/2-7 'Note as to the effect of war on the raising of capital required for the Gezira Irrigation Scheme'; FO 141/633/6 'Note on the Capital Required by the Sudan Government for the Gezira Irrigation Scheme and for other projects' (14th May, 1917), p.2

[52] SAD 112/10/18 Sir Murdoch MacDonald quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917

[53] FO 141/633/6 'Note on the Capital Required by the Sudan Government for the Gezira Irrigation Scheme and for other projects' (14th May, 1917), p.3

[54] T172/82 Wingate to Lloyd-George, 9th May 1913

[55] SAD 112/3/53 J.I. Davies to Wingate, 27th July 1914

British Cotton Growing Association which had also been active in lobbying Lloyd George to support Sudan's application, describing the proposed Gezira Scheme as an 'exceptional opportunity ... for the extension of cotton growing on a large scale in the immediate future and to the vital importance to Lancashire of the work being pushed on with all possible speed."[56] J. Arthur Hutton who wrote the letter on behalf of the BCGA was, of course, also a director of the Sudan Plantations Syndicate. In December 1913 he informed the shareholders of the Syndicate that the British Cotton Growing Association was 'taking the deepest interest in the work being carried on. We have every confidence regarding your prospects, and think the Syndicate has a great future before it."[57]

In terms of the negotiations themselves, they reveal a number of interesting feature of the imperial landscape at this time. Firstly, the vast majority of actual meetings took place in London where both the Sudan Government and the Sudan Plantations Syndicate had offices. A not unimportant feature of colonial government in Sudan was that for three months every year, the senior officials of the government were in London (or at any rate in the United Kingdom and able to attend meetings), as it allowed them to be on hand to engage with business and the imperial government in a way simply not possible from the periphery. Negotiations conducted in Khartoum were slowed down by the need on the part of the Syndicate to refer back to London for instruction and guidance. In the broad context of imperial historiography, this reinforces the impression that London as the imperial centre was vitally important for the spread of capital and commerce to the colonies, and helps us to refine the view that the periphery was distant; for three months every year it was proximate.

Over the extent to which the loan negotiations and the eventual agreement framed the imperial relationship between business, government and the colony itself, there is little question that it was mutually reinforcing at this time. The Syndicate certainly

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[56] T172/82 J.A. Hutton (British Cotton Growing Association) to Lloyd George, 22nd May 1913
[57] SAD 416/1/24 6th Ordinary General Meeting of the Sudan Plantations Syndicate, 18th December 1913

gained advantages and through the Syndicate the government gained expertise and were granted access to financial circles that otherwise they would not have had. It was certainly the view of Lee Stack that this was important in shaping the reputation of the Sudan Government in the City of London.[58] However, the Sudan Government also thought that the loan itself was a guarantee and lever for imperial power and the influence of British officialdom in Sudan. 'It is quite true', Wingate wrote, 'that had the [British Imperial] Government refused to come to our aid it would have been better to have resorted to the help of a Company than not develop the Gezira at all, but in that case the Sudan would eventually become something like Rhodesia is today, namely the company would have acquired such power as would probably have resulted in its eventually being given a charter.'[59] This is a significant and revealing comment. The status of Rhodesia, under a company charter, was a mercantilist model of imperial/colonial development that had its roots in the chartered companies of the first wave of British Imperialism in India and Canada. No matter how unlikely this may or may not have been, it reveals a great deal about the way in which the Sudan Government viewed business, and its role in supporting commercial enterprises. Without a tangible input, they worried they would lose control. By adopting a corporate partnership, they intended to retain control. This became the main theme running through government-business relations throughout the Condominium period.

Secondly, in an undated memo by an unknown author, several points are made which show that the Sudan Government were conscious of the complex nature of business-government relations with regard to land concessions. 'If the Company accepts the obligation to hand over its system of canalisation without compensation, it presumably is satisfied that the cost will not be too heavy', going on to say that because canalisation was a gradual process 'the result will be that for two or three years before the

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[58] SAD 108/15/1-6 Stack to Wingate, 11th April 1912
[59] SAD 108/15/24-27, Wingate to Stack, 10th April 1913

end of the concession all additional land [canalised] will mean a loss for the company.' This, the memo deduced, was not in the interests of the government, leading to the conclusion in the memo that a compensation clause in the Gezira Agreement was generally advantageous, the implication being that it encouraged responsible practices by the Syndicate. Secondly, the memo struck a note of caution regarding non-renewal at the end of the term of the lease. It noted that if the Scheme was a success a renewal would be more lucrative than the initial ten year term and concluded that if there was no renewal there would likely be a compensation claim. The memo also considered the implications if the Scheme was not a success:

> I have seen so many concessions granted in Egypt with an express stipulation that the Government accepts no responsibility for the financial success, and the terms subsequently modified to help the concessionaires when in difficulties that I ought to draw attention to the possibility of the same thing happening in the present case. The importance of the point is all the greater, as the agreement is so drawn as to secure that only through the company can foreign capital become interested in the development of the Gezira Scheme.[60]

The agreement defined the business-government compact in such a way as to establish the framework through which much of the economic history of Sudan over the next forty years has to be viewed. By granting an exclusive concession to the Syndicate and linking the development to capital intensive development based upon public debt, this government-business partnership came to be crucially important.

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[60] SAD 109/11/146-148 Memo relating to the Gezira Scheme, undated (probably 1913)

Chapter 4

Economy, Government and Business, and War, 1914-1919

> I remember when lunching with Mr Asquith a day or two after the declaration of war, when I said goodbye, he said 'I want you to go ahead with the Gezira cotton growing scheme in spite of the war.' I was only too ready to do so but Kitchener thought it necessary on financial grounds to close down the work of building the dam, though we have made some progress in excavating parts of the main canal.
>
> - Reginald Wingate to David Lloyd George, August 1916.[1]

This chapter traces the changes to the Sudan economy and the impact of the First World War, in particular with regard to the emerging political-economic arrangements between business and the colonial state. The war was to significantly alter the setting of politics and economics in Sudan, though there was no substantial structural change in the economy itself. The delay to the development of the Gezira scheme had significant implications for the Sudan Plantations Syndicate as a business, but also to the nature of the plans and the development itself, as well as the structure of the financial arrangements to raise the capital for the project – all of which were shaped by the evolution of the relationship between the Sudan Government and the Syndicate. This also has to be set against the background of ongoing and intensifying friction between Egypt and Sudan. This chapter will begin with an analysis of the economy in war before going on to examine the political-economic situation, in particular why there was friction between Egypt and Sudan relating to development plans for Sudan and the increasingly

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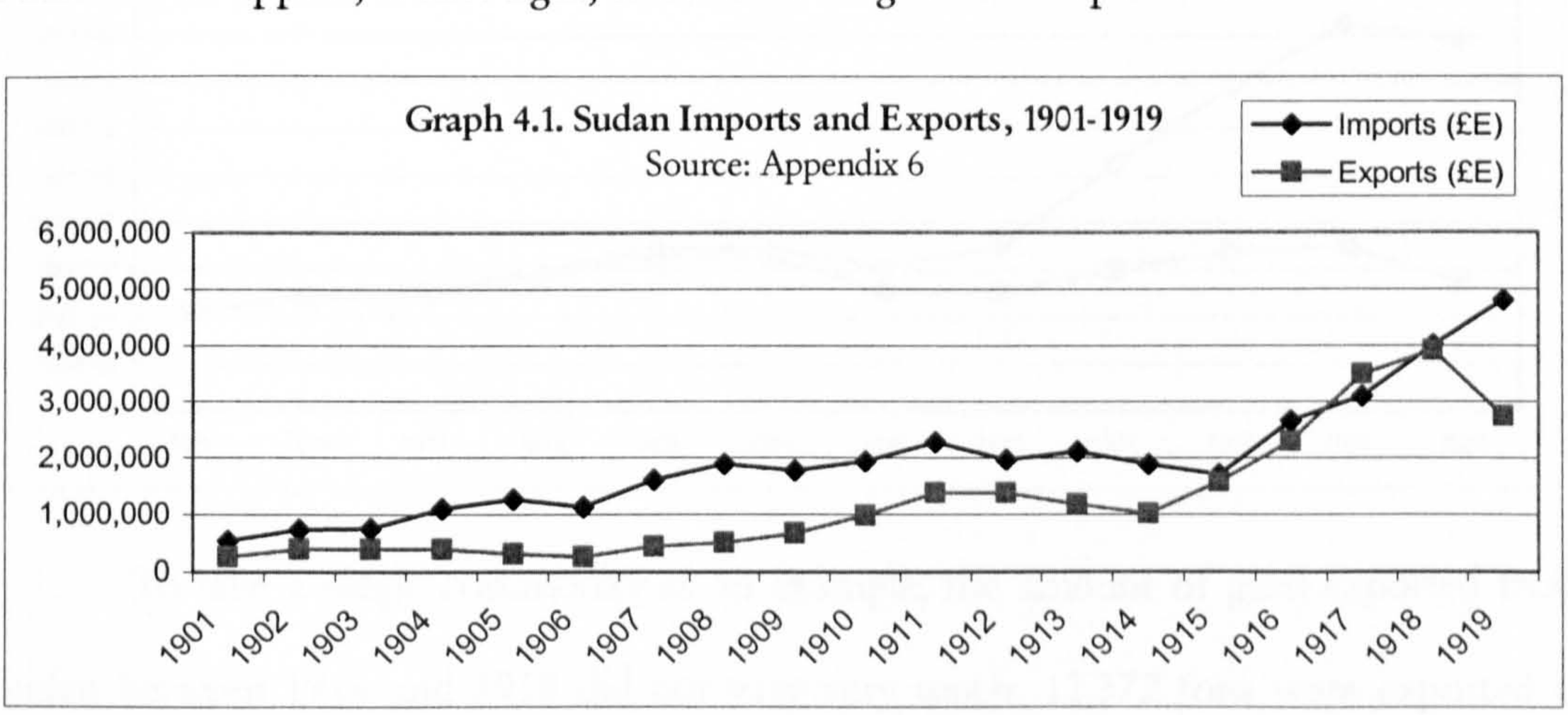
[1] SAD 112/5/8-10 Wingate to Lloyd George (Secretary of State for War), 14th August 1916

independent perspective of the Sudan Government with regard to Sudanese national (or at any rate 'territorial') interest. From there two interrelated narrative threads are analysed: the nature of the relationship between the Sudan Plantations Syndicate and the Sudan Government in terms of both operation and structure; and the financial arrangements relating to raising capital.

I. WAR AND THE ECONOMY

In addition to import and export data for this period there is also, somewhat unusually, data described as the 'total value of external trade exclusive of specie'.[2] This will allow two separate analyses of the impact of the war on the economy of Sudan, where elsewhere this thesis must rely solely on import/export data as a proxy for economic performance. In nominal terms export levels grew year on year, from £E 1,020,260 in 1914 to £E 3,923,771 in 1918 - a rise of 385%. Imports also grew from £E 1,891,494 in 1914 to £E 4,024,582 by 1918, a rise of 112%.[3] In seemingly doing well the economy of Sudan would appear, at first sight, to be something of an exception in Africa.[4]

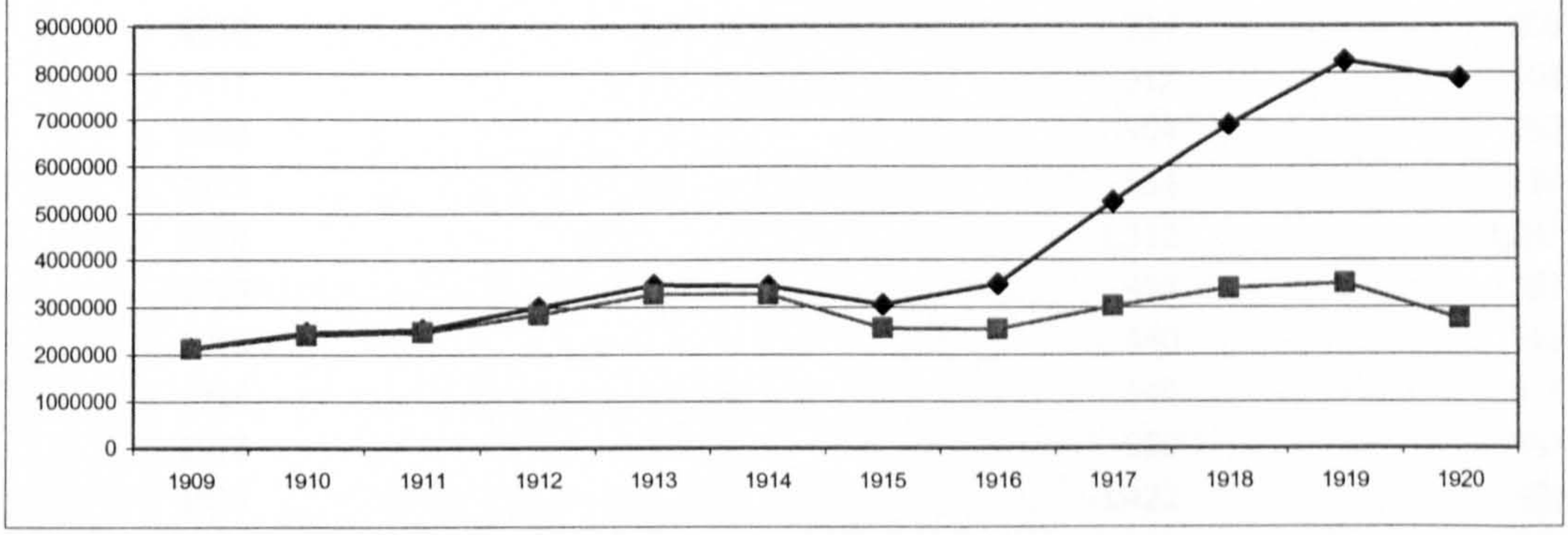
Graph 4.1. Sudan Imports and Exports, 1901-1919
Source: Appendix 6



[2] *Commerce and Intelligence Branch Central Economic Board, Sudan Government: The Director's Annual Report for 1919* (Cairo, 1920), p.3
[3] Data from Daly, *Empire*, 207-208
[4] See R. Rathbone, 'World War I and Africa: Introduction', *Journal of African History*, 1978, 1-9

Martin Daly reinforces this view pointing to continued success in measures to increase domestic production, such as improved veterinary care positively impacting on livestock exports. Certainly, the continued progress by the Sudan Government on matters of agricultural and civil health, and overall improvements to infrastructure continued to have a positive influence on the economy. However, this is not the whole story. Though Daly notes inflation internal to Sudan, especially impacting on prices and wages by the end of the war, he takes no account of the general phenomena of inflation in Sterling-based currencies such as the Egyptian pound.[5] This is a significant problem as the graph below indicates. In contrast to the indication of the graph above, the war-time performance of the Sudan economy, the graph below shows static to negative growth in the economy in the period between 1914 and 1920. In 1913 total external trade was £E3,285,511; in 1918 total external trade was at a similar level, £E3,395,299 (both figures adjusted for inflation).[6]

Graph 4.2. Total Value of External Trade and nominal and real prices, 1909-1920 (£ E)



To take a single commodity as an example, the amount of gum exported from Sudan between 1914 and 1918 did not vary very much. 12,372 tons were exported in

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[5] Daly, *Empire*, 228-231

[6] CIB, 1919, p.3; Lawrence H. Officer, "Five Ways to Compute the Relative Value of a UK Pound Amount, 1830 – 2005" MeasuringWorth.Com, 2006. In all cases the GDP deflator was used. The index created was based on 1901 prices.

1914; 15,490 tons exported in 1918.[7] However, the price did vary. In 1914 the value of gum exported was £E 314,919 at the price of £E 34.45 per ton, while in 1918 the value of gum exported was £E 638,837 at the price of £E 41.24 per ton, representing a 103% increase. Gum Arabic is an ingredient used in making explosives, the production of which increased as a result of the war, though whether the increase in price was demand led or simply tracking the general inflation in prices is not known.[8] The table below shows the impact of war on the international distribution of gum exports from Sudan.

Table 4.1. Gum Exports, 1912-1918 (tons)
Source: CIB, 1918[9]

	1912	1913	1914	1915	1916	1917	1918
Great Britain	4,328	2,821	2,636	4,923	7,388	8,407	8,034
Germany	4,211	2,983	2,078	-	-	-	-
USA	3,503	2,175	2,338	2,031	1,025	703	2,613
France	3,301	3,641	3,100	3,494	3,845	5,617	1,495
Italy	475	511	406	369	132	879	746
Other	3,797	2,998	1,814	843	893	1,007	3,461

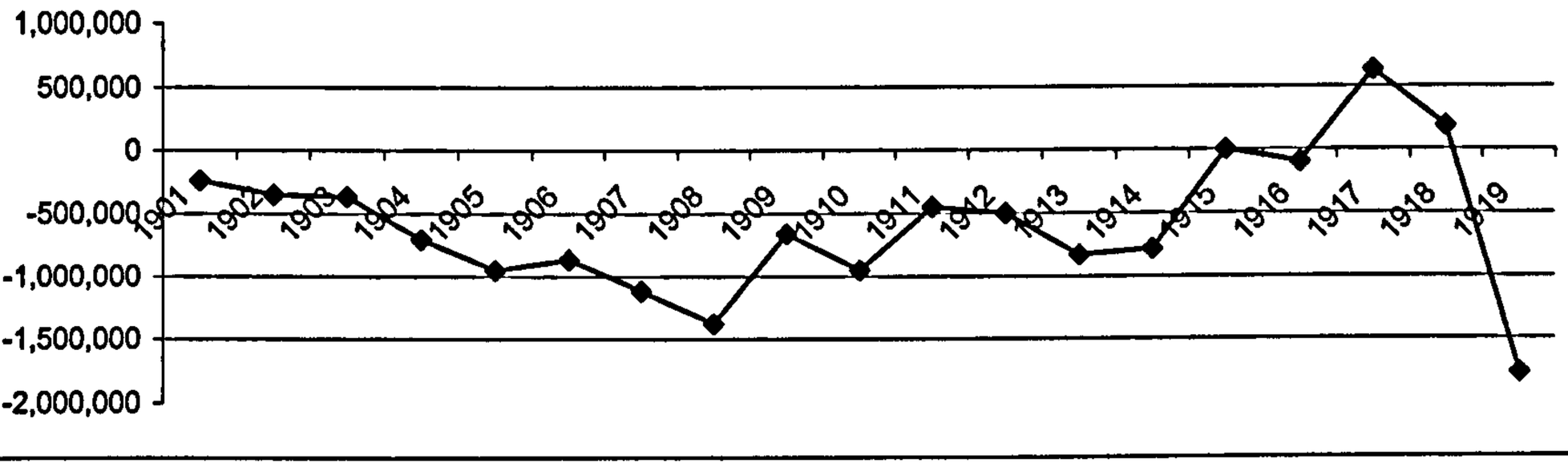
Table 4.2. Average Price of Millet at Omdurman, 1909-1920 (Per 100 Kilos in m/ms)
Source: CIB, 1919[10]

	Mean Average price for April and May	Deflated
1909	351	349
1910	214	209
1911	317	308
1912	904	852
1913	834	787
1914	1,312	1,247
1915	458	382
1916	540	391
1917	649	375
1918	950	468
1919	1,422	601
1920	2,016	706

[7] Data from Daly, *Empire*, p.459
[8] *Sudan Trade and Investment Guide 1960-61* (London, 1960), p.57
[9] CIB, 1918, p.15
[10] CIB, 1919, p.11; Lawrence H. Officer, "Five Ways to Compute the Relative Value of a UK Pound Amount, 1830 – 2005" MeasuringWorth.Com, 2006. In all cases the GDP deflator was used. The index created was based on 1901 prices.

The table above shows that this inflationary increase in prices was felt in food staples of Sudan, the prices above indicating the state of the millet (dura) market. In fact Sudan had experienced a real increase in millet prices between 1909 and 1914. Daly is right to point to the bumper harvest of 1914 having an effect on the price going into 1915, as can be seen in the table. In real terms the price of millet stayed lower than the average price for 1911-1914 throughout the war. However, it is not clear that this was appreciated contemporaneously, and it is difficult to control for local market effects such as the reported slump in domestic demand as a result of declining foreign demand or the effects of hoarding.[11]

Graph 4.3. Balance of Visible Trade, 1901-1919 (£E)
Source: Appendix 6



The balance of visible trade indicates something of the balance of payments in this period. The downward trade in the balance of visible trade to 1908 can be attributed to the inflow of specialist goods connected to the development of business and the government to government transfers between Egypt and Sudan that helped to pay for the provision of the early Condominium government. The gradual improvement to the balance of trade seen between 1909 and 1917 can be attributed to the economic growth associated with agriculture and export trade as explained in Chapter 1. During the war the supply of animals, hides and skins, as well as dura, to Egypt in aid of the war effort

[11] CIB, 1916, p.6; CIB, 1918, p.7

supported the export economy somewhat. The sudden decline thereafter is largely attributable to the effects of the increased development activity associated with the Gezira Scheme after the First World War. This points to the inflow of capital in this later period.

In conclusion, the First World War was of marginal significance to the long-term economic development of Sudan as there was no fundamental structural change in this period. Certainly, the external economic conditions were difficult and inflation was a problem, but the war was not a turning point in the economic development of the country; rather it was, if anything, merely a hiatus. However, any casual assumption that the increase in the nominal figures represents a continuation or, even, an improvement in the economic conditions in Sudan has to be refuted. When adjusted for inflation, the Sudan economy grew not at all.

II. THE POLITICS OF IRRGATION IN THE NILE VALLEY

From early in the Condominium there existed tension between Egypt and the Sudan as to the nature and direction of economic development in Sudan. In a report written by the British Cotton Growing Association in 1906 they described the problem:

> Until some arrangement can be come to with regard to the Egyptian government, by means of which some of the water of the Nile is permitted to be used by the Sudan, no forward movement will be made in cotton cultivation. ... Anything that is brought into competition with the Egypt is regarded by the Egyptians with suspicion, so that the development of the former is for a large part dependent on the favours of the latter. Water is insufficient in Lower Egypt during the months when it is most required, and the carrying out of some scheme such as suggested

> by Sir W[illiam] Garstin would rectify this, but the fact that Sudan would be made capable of cultivating cotton on a large scale at the same time is looked on as dangerous to Egyptian interests.[12]

Essentially, the question was whether the development of Sudan was better considered as a legitimate end in itself even if at the expense of Egypt, whether plans should be integrated to provide for the best interests of both countries, or whether plans to develop Sudan should be suborned either partly or totally, being mainly inimical to the interests of Egypt. This perspective amplified a political concern raised in 1910 by the British Cotton Growing Association who observed that though Egypt had been keen to provide capital 'as has been required' in Sudan, up to that point 'any proposal for providing capital for developing cotton growing in the Sudan would certainly meet with opposition in Egypt'.[13] A report by Dudgeon, a Consulting Agriculturalist, pointed out that in addition to both Egypt and Sudan relying on the Nile for water supply, it was 'probable that the development of the Gezira Scheme is of more importance than the canalization of new areas in Egypt.'[14]

This problem was to provide the backdrop for considerable wrangling, especially between 1914 and 1919; i.e., after the initial plans for the Gezira Scheme had been accepted but before the delay caused by war had ended and construction could actually begin. This can only be understood in the context of Egyptian economic development, specifically the development of its cotton industry.

The development of cotton cultivation in Egypt was driven in part by the construction of three major works of engineering after British involvement in 1882: the

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[12] BUL CGA 2/2/2, 'Cotton Cultivation in Egypt and the Sudan' (1906) p.7
[13] SudA PK 1569 2 BRI, British Cotton Growing Association, 'Memo on the Development of Cotton Growing in the Sudan', Novembver, 1910, p.3
[14] SAD 119/9/18 Report by G. Dudgeon, Consulting Agriculturalist, 'The Extension of cotton growing in British dominions, colonies and protectorates, with special reference to Egypt' (c.1917)

restoration of the Delta Barrages in 1890, the construction of the Aswan Dam and Asyut Barrage in 1902, and the construction of the Isna Barrage and the heightening of the Aswan Dam in 1912. By 1917 it was considered that the future development of agriculture in Egypt rested on the construction of four new engineering works - a dam on the White Nile at Gebel El Aulia 'for increasing the summer supply of Egypt'; a dam on the Blue Nile at Sennar to irrigate the Gezira; a barrage on the main Nile at Nag Hamadi for irrigation of the 'Girga and South Asyut Provinces in low floods and for increasing the storage of summer supply in the Gebel El Aulia reservior'; and 'the construction of the irrigation and Drainage works in the Delta for the reclamation of uncultivated areas' and improvement in land already cultivated. The report concluded that 'all of the works form the links of one continuous chain and are so interwoven that they must be considered as one problem; the construction of one of them will inevitably be followed by that of the others.'[15] All of these required the increased use of Nile waters. The increased tension after 1914 was created by the increased scope of the Gezira scheme envisaged by 1917 'as compared with that in contemplation when the negotiations were suspended by the war in 1914.'[16]

Plans to irrigate the Gezira stretched back to the beginning of the Condominium and became a principal component of the government's development strategy.[17] When the Sudan Loan Act was passed through Parliament in 1913 it was planned to delay the dam work for 'at least two or three years'.[18] No concrete plans for the irrigation of the Gezira existed though the outcome had been agreed, including a dam at Makwar, a few

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[15] SAD 112/6/23-25, Anon, 'Egypt and Sudan: Proposed Works of Irrigation, Drainage and Flood Protection' (July 1917)
[16] SAD 112/9/23 'Minutes of a Meeting held at the offices of the Sudan Plantations Syndicate Ltd on 11th September, 1917, between the Sudan Government Delegates and the Board of Directors of the Syndicate'
[17] CGR 1902, p.7; CGR 1907, p.19, 5-6; SAD 112/10/6 Bonham-Carter quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917
[18] SAD 108/14/44-48 Wingate to Stack, 4th May 1913

miles south of Sennar and a canal taking off from above the dam for the irrigation of 100,000 feddans in the Gezira.[19]

There were, however, two sets of designs. The first was by Tottenham, Inspector General of Irrigation while the second was by Captain Ralston Kennedy of the Royal Engineers, more relevantly the Sudan Government's Director of Works at that time. In July 1913 both of the detailed plans by Tottenham and Kennedy were rejected on engineering grounds by a Commission chaired by Sir Murdoch MacDonald, consisting additionally of Sir William Garstein, McClure and Sir Arthur Webb because 'they failed to deal with the closure of the deep eastern channel of the river in a practical or satisfactory manner.'[20] In early 1914 Macdonald, McClure and Webb conducted a visit to Sudan and this was followed by the adoption of new plans to irrigate the Gezira which were approved by Lord Kitchener.[21] These plans were described by MacDonald in evidence given to the Board of Trade in 1917:

> The dam itself across the valley, the trough of the Blue Nile, will be 3 kilometres or about 2 miles long. There will be 100 sluices through the heart of the structure, practically in the same way as in the dam, which is across the main Nile at the dam of Assuan. These sluices will be short 26 ft. high by about 6 ft wide. In addition provision has been made for the very greatest quantity of water which it has been estimated will ever come down in flood time. I have provided for 15,000 tons a second.[22]

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[19] SAD 112/6/28 Memo: 'Blue Nile Irrigation Scheme' (undated but likely 1914)
[20] SAD 112/6/28 Memo: 'Blue Nile'
[21] SAD 112/10/6 Bonham-Carter quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917
[22] SAD 112/10/13-14 Sir Murdoch MacDonald quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917

MacDonald believed that the construction work could be completed in four years, and could be completed in three years with much greater expense.[23] There was, however, significant criticism of the scheme stemming from Colonel Ralston Kennedy and William Willcocks (the designer of the Aswan Dam), both of whom were engineers with considerable experience of working in Egypt. Kennedy's principal claim was that MacDonald had falsified or 'tampered' with the data on the Nile flow during 1913/14, the lowest year on record.[24]

Kennedy then began a systematic programme of trying to run down MacDonald's plan. He questioned when the irrigation in Gezira would end and whether this date would interfere with Egyptian irrigation needs. His argument was that irrigation from the Nile would continue until too late in the year to suit Egyptian interests. 'At the present moment', he wrote, 'the Sudan Government is being treated to the grotesque spectacle of the Sudan Plantations Syndicate trying to get away from these very late dates or irrigation by frenzied pumping. It is to be remembered that if cotton is to be watered even as late as 15th April perennial irrigation in the Gezira on a large scale has removed its death blow till ample storage becomes definitely available which is not the case at present.'[25] MacDonald was himself aware of the importance of the Nile waters (it was, of course, of inescapable importance to engineers and politicians alike), but claimed that the water supply was 'ample for all the requirements both of Egypt and the Sudan. It is quite true.'[26] Though MacDonald conceded that Egypt had had difficulties in the production of flour as a result of the First World War and this in turn had limited the water supply, he also thought that the Aswan storage facilities were adequate. Instead, MacDonald saw a political factor at play. In evidence to the Board of Trade he said:

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[23] SAD 112/10/17 Sir Murdoch MacDonald quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917
[24] Tvedt, *River Nile*, 95-96
[25] SAD 108/14/1-5 Kennedy to Symes, 6th April 1917
[26] SAD 112/10/8 MacDonald quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917

Egypt has been thinking of expansion, and to provide for that expansion Egypt is also considering where to find additional storage. The storage proposed will very amply meet all that she requires for many a long day in the future - 50, 60 pr 70 years at least.[27]

MacDonald's view was that a barrage on the White Nile would provide all the water needed for Egypt, thus leaving the Blue Nile waters exclusively for the irrigation of Sudan and the Gezira.

Though by April 1917 Kennedy had 'severed his connection with the Governor General's Council', he continued to be a thorn in the side of the Khartoum and Cairo administrations for several years despite repeated affirmations of MacDonald's position by both the Sudan Government and the High Commission in Cairo. Kennedy's antagonism took on an obsessional quality in the early 1920s, and at the very least his eccentricity is obvious, and should be used to question the extent to which he can be thought of as credible.[28]

In a recent book on the politics of the Nile waters, Terfe Tvedt makes an attempt to rehabilitate Kennedy stating that his criticisms of MacDonald's plans would have been lent greater credence had Kennedy known that MacDonald 'in addition to his position in the Egyptian government drew £1000 as salary from the Sudan Government.'[29] This seemingly innocuous fact is given greater importance because of a court action that

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[27] SAD 112/10/9 MacDonald quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917

[28] SAD 108/14/4-5 Wingate to MacDonald, 18th April 1917; SAD 108/14/6-7, MacDonald to Wingate, 25th July 1917; SAD 108/14/8-10, Bonham-Carter to Wingate, 26th July 1917; SAD 108/14/15-16, MacDonald to Wingate 14th July 1920; SAD 108/14/13-14, Wingate to MacDonald, 30th August 1917; FO 141/451/8 Stack to Allenby, 18th May 1920; FO 141/451/8 Asser to Stack 15th April 1920; FO 141/451/8 Egyptian Mail, 30th September, 1921, Letter to the Editor from Col. Kennedy; the presence of this cutting in the archives indicates that the Residency in Cairo, perhaps not unreasonably on the basis of the evidence, thought that Kennedy was slightly mad.

[29] Tvedt, *River Nile*, p.96

Kennedy sought to bring against MacDonald that was denied because MacDonald was not a Sudan official.[30] Yet this is to stretch the argument that can be founded on the facts. Tvedt's assertion rests on two considerable logical leaps – that MacDonald was able to use his connection to Wingate in a venal manner, and second, that it would have been wrong of Wingate to deny the legal action because MacDonald was paid a £1000 retainer; whether this establishes that MacDonald was or was not a Sudan Government official is moot.

William Willcocks made similar criticisms to Kennedy, and was more widely respected by contemporaries. Tvedt again:

> Willcocks also criticised the close involvement of the Sudan Plantations Syndicate in the Gezira Scheme. He said that the Sudan Syndicate official is 'out to make money; the Sudan Government official is out to do God's work. There is between them the difference of a whole Heaven.' He certainly overlooked the very close relationship between the British officers and the Syndicate![31]

Tvedt's conclusion that Willcocks was idealising the Sudan Government is by and large correct. However, MacDonald was cleared by two commissions formed to examine whether there was any substance to the allegations, one of which took evidence under oath. Subsequent to this MacDonald sued both Kennedy and Willcocks for criminal libel as a result of feeling that his reputation had been impugned.[32] Nevertheless, a problem arises for Tvedt (and also in this study) because a lack of technical scientific understanding of irrigation schemes and river flows render a judgement impossible as to who was correct.

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30 Tvedt, *River Nile*, p.96
31 Tvedt, *River Nile*, p.96
32 SAD 108/14/15-16 MacDonald to Wingate, 14th July 1920; Tvedt, *River Nile*, 97-99

Instead, our principal task is to set this tension in its political-economic context. Tvedt argues that Kennedy and Willcocks were 'unable to understand the strategic change of policy in London towards the Sudan and that the British government backed MacDonald's plan.' In this Tvedt is essentially correct. By c.1919, as is developed elsewhere in this thesis, Sudan had become a good deal more separate in its relationship with Egypt than it had been previously – in the imagination of the Sudan Political Service officials, in terms of Sudan's entity within the imperial system, and the North African sub-system of imperial relationships. And not least of all of this was that London concurred in seeing that that the architecture of the empire in the region had changed. Nile water supply and control was important to Egyptian territorial sovereignty and claims over Sudan, just as the Nile waters and the developmental plans for the Gezira became central to Sudan's territorial independence, the vitality of the colonial state and the sustainability of the separation from Egypt, and singular corporate identity within the imperial system. Control over these relationships was important to London. As Tvedt comments:

> In London the government worked to weaken Egypt's position in the Sudan and strengthen its own. A formally independent Egypt, London calculated, would for geopolitical reasons be a weak downstream state since its economic lifeline was transnational in character.[33]

Regardless, then, of whether MacDonald preferred Sudan over Egypt, and falsified his data to support for the Gezira Scheme, the principal conclusion to draw is that in the tension between Egypt and Sudan over water rights, access to the Nile and control over development plans, by 1919/1920 Sudan held primacy. This context therefore embeds

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[33] Tvedt, *River Nile*, p.96, 101

evolving relationships between finance, the Sudan Government, and the Sudan Plantations Syndicate within the increasing and intensifying friction between Sudan and Egypt in this period.

III. FINANCE AND THE GEZIRA SCHEME

At the last meeting held in the Sudan Plantation Syndicate's buildings in the City of London before the outbreak of war it was clear to the Syndicate that they and the government 'appeared to be mutually agreed on practically all points' and in January 1915 a meeting between senior government and Syndicate officials concluded by looking forward to resuming negotiations 'at the point where they were broken off' once 'normal conditions' returned.[34] Expectations, of course, were that the war would be short. Perhaps as a result of this assumption, during the early years of the war the sources reveal only a slow gestation of the relationship between the Sudan Government and the Syndicate.

The 'Sudan Government Loan Ordinance 1915' was passed by the Sudan Government's Governor General's Council in May 1915.[35] The effect of this legislation was to adapt the envisaged pattern of expenditure for the Gezira Scheme whereby the amount allocated for irrigation was £2,000,000, while that for railways and other irrigation/contingencies was £800,000 and £200,000 respectively.[36] In July McGillivray had a meeting with Sir Murdoch MacDonald that advanced the forward planning for the Gezira Scheme, and it seems clear from this that MacDonald was the principal state actor

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[34] SAD 416/1/46 Minutes of an adjourned Ordinary General Meeting of the Sudan Plantations Syndicate, 13th January 1915

[35] FO 141/633/6 Wingate to Colonel Sir Henry McMahon, High Commission, Cairo, 8th June 1915; E.E. Bernard, 'The Sudan Government Loan Ordinance 1915: Explanatory Note'

[36] FO 141/633/6 E.E. Bernard, 'The Sudan Government Loan Ordinance 1915: Explanatory Note'

acting to coordinate development plans at this time.[37] Towards the end of the same year Wingate requested that Lancashire buyers be present in Sudan during the season, a sign that the government were keen to keep the cotton growing project alive, if nothing else.[38] However, the first two years of war reflected an essentially static relationship between Syndicate and government and it was 1916 before the nature of the relationship began to change more significantly.

In May 1916 Bonham-Carter reported to Wingate regarding proposals to update and possibly change the terms of the Gezira Agreement in consultation with McGillivray.[39] Meetings in the early summer ensured that by the 23rd August the questions relating to the area and irrigation had been settled to the satisfaction of both parties and the Syndicate thought that it was 'practically certain that the Government would not insist on the Syndicate's obligation under the draft agreement of finding the original £500,000 at par.' McGillivray added that 'there was also every reason to expect that a full twelve years run, instead of eight years with a qualified option for a further four years would be granted.'[40]

At the same meeting it was reported that the Sudan Government had referred to London over the issue of the Loan Acts that authorised the loans that were not taken up before the First World War. In October 1916 McGillivray was authorised by the Board of the Syndicate to offer the Sudan Government £500,000 via two-year Sudan Government Treasury Bonds at seven and half percent on the understanding that the Gezira Agreement was soon to be completed to the 'mutual satisfaction' of both

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[37] SAD 416/1/49 132nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 8th July 1915
[38] SAD 416/1/55 137th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 21st December 1915
[39] SAD 112/5/1 Bonham-Carter to Wingate 17th May 1916
[40] SAD 416/1/63 146th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 23rd August 1916

parties.[41] While subscribers for this sum had for the most part already been found, the Syndicate noted that their function in the Loan raising process might change and the imperial government might issue the money direct to the Syndicate themselves, and in January 1917 the government rejected the offer from the Syndicate. The reason was that the position had changed, the Directors noting that although 'the Syndicate might be invited to give their assistance towards finding the funds if required, it was understood that no financial responsibility of any kind would attach to them in connection therewith.' The Board of the Syndicate left McGillivray to agree the details of the agreement. The outstanding issues were broadly agreed at a meeting of the Syndicate and the Sudan Government on 29th November 1916.[42]

In a meeting to discuss the provision of funds under the Government of the Sudan Loan Acts held in the Foreign Office in late June 1917, Edgar Bernard the Financial Secretary of the Sudan Government, pointed out that the effect of war time borrowing by the imperial government in London had raised the interest rate for government securities with a Treasury guarantee. This, Bernard explained, necessitated an early decision as to how the Scheme was to be financed upon the cessation of war, though the Sudan Government were also aware that the British Government were unlikely to act until war was over. The Sudan Government used this meeting as an opportunity to point out that the other widespread financial effect of the First World War – inflation – had increased the projected cost of the Gezira Scheme, the scale of which they argued should be increased in any case.[43] Thus, though originally the Sudan Plantations Syndicate planned to raise the funds, after the outbreak of war the Syndicate

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[41] SAD 416/1/66-67 150th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th October 1916

[42] SAD 416/1/66-67 150th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th October 1916; SAD 416/1/80 155th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 24th January 1917; SAD 112/9/2-8 'Note of Meeting held on 2nd August 1917 at Sir A. L. Webb's office between the Sudan Government delegates and the representatives of the Sudan Plantations Syndicate'

[43] FO 141/633/6 Memo: 'Sudan Cotton Producing Scheme' (14th August 1917), p.2; FO 141/633/6 'Note on the Capital Required by the Sudan Government for the Gezira Irrigation Scheme and for certain other projects' (14th May 1917), 1-4

had made it clear that 'the rate of interest at which a private company could raise the necessary funds would be high and it would possibly be in the interest of the government, the Syndicate, and the cultivators alike that the necessary capital should be raised as part of the general Government Loan.'[44]

The Syndicate's obligation to raise £500,000 at par was cancelled in the summer of 1917 with the understanding that the Syndicate would help the Sudan Government raise money in the City.[45] Subsequent discussions of finance were postponed on the advice of Lovat who insisted that the renegotiation of the Gezira Agreement needed to be completed before they proceeded.[46] The Syndicate evidently still assumed that they would be vital to the raising of capital at this time, offering to raise £500,000 in the City in light of the reluctance of the Treasury to make guaranteed capital available in wartime.[47] However, this offer was not taken up. In December 1918 another offer to raise capital on behalf of the Sudan Government was made by the Syndicate, the government again declined.[48]

Throughout 1917 there were many meetings between the government and the Syndicate to agree the terms of the relationship, with an apparent intensification towards the Summer and Autumn.[49] In late June a meeting was held at the Foreign Office to discuss what was to be done about the Loan Acts that had been passed before the war, with representatives present from both the Treasury and the Board of Trade. The Treasury was relieved that the Sudan Government did not require the money

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[44] FO 141/633/6 'Note on the Capital', p.6
[45] SAD 112/9/43 'Note of Meeting held on 2nd August 1917 at Sir A. L. Webb's office'
[46] SAD 112/9/24-25 'Minutes of a Meeting held at the offices of the Sudan Plantations Syndicate Ltd on 11th September, 1917, between the Sudan Government Delegates and the Board of Directors of the Syndicate'
[47] SAD 112/8/21 Eckstein to Bernard, 12th September 1917; SAD 112/8/22 Eckstein to McGillivray, 12th September 1917; SAD 112/8/26-29 Bernard to Wingate, 14th September 1917
[48] FO 141/633/6 Telegram: Murdoch MacDonald to Keown-Boyd, High Commission, Cairo, 24th December 1918
[49] SAD 416/1/80 155th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 24th January 1917; SAD 112/9/23-38 'Minutes of a Meeting held at the Offices of the Sudan Plantations Syndicate Ltd on 11th September 1917 between the Sudan Government Delegates and the Board of Directors of the Syndicate'

immediately since all financial resources were reserved for the war effort.[50] Nevertheless, Bonham-Carter remained convinced that Sir Malcolm Ramsey, the Treasury's representative was supportive and 'sympathetic' to Sudan's needs. The Treasury seem to have been genuinely keen on the plans to develop Sudan. Additionally, at a subsequent meeting, Sir Albert Stanley promised the Board of Trade's support to the Sudan Government in any application to the Treasury to update the terms of the pre-war Loan Acts.[51]

In early October 1917 the Foreign Office contacted Wingate to inform him that Bernard would be required to attend a meeting with the President of the Board of Trade prior to plans for the Gezira Scheme being submitted to the Chancellor of the Exchequer.[52] Eckstein commented that:

> During the past summer, as indicated in the Directors' Report, the Sudan Government sent to the country eminent delegates for the purpose of bringing our Agreement with them up to date and also for the continuation of the Gezira district. I am happy to say that all our negotiations – and there were a great many meetings – were conducted in a mutually satisfactory and cordial manner, and that both objects were achieved, so that the Sudan Government is in the position of continuing irrigation works.[53]

Central to these negotiations was the issue of cost. In July 1917 McGillivray estimated the cost of the capital requirements of the Gezira Scheme to be £840,000.[54] This figure

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[50] SAD 112/8/1-2 Bonham-Carter to Wingate, 9th July 1917
[51] SAD 112/8/5 H.P. Hamilton, H.M. Treasury, to Bonham-Carter, 18th July 1917; SAD 112/8/1-2 Bonham-Carter to Wingate, 9th July 1917; the meeting was on 4th July 1917
[52] SAD 112/9/39 Foreign Office to Wingate, 3rd October 1917
[53] SAD 416/1/96 Ordinary General Meeting of the Sudan Plantations Syndicate, 20th February 1918
[54] SAD 416/1/83-84 McGillivray to Bonham-Carter, 4th July 1917

was supported by MacDonald who concurred. In the passage below MacDonald lays out the significant items of cost:

> All the calculations have been based on the assumption that there will be 100,000 acres of cotton in the first minimum scheme, 100,000 acres of green crop and 100,000 acres of fallow land. The necessary works were, as Mr Bonham-Carter has told you, to cost £2,000,000. As a matter of fact that was the original estimate which Lord Kitchener and myself agreed that the works should cost. The site of the dam had already been settled, and he asked me to examine the various proposals that had been put forward. I had to prepare an estimate for them, and the estimate was, as Mr Bonham-Carter said, £2,000,000. But at the time Lord Kitchener intended that the canal should be for only 120,000 feddans altogether. His lordship intended, as the schemes went on, gradually to widen the canal, whereas in my estimates now before you the intention is to provide in the original figures for what Lord Kitchener intended to do as the works went along. That has rather increased them, and the total now, as compared with the original figure of £2,000,000 is £2,300,000. But we have spent some money already in starting and stopping the works and, as you gentlemen will appreciate, that is not a very remunerative sort of undertaking; if you are bound to lose something of the money dealt with in that way; so that I have allowed in all £2,550,000 thus the total cost of the dam will be £1,750,000 and the canal £800,000, or £2,550,000 for both. There are some smaller works which others will undertake . Those smaller works are field works including probably the provision of ginning factories and farm implements. £540,000 has been allowed for those, making a total altogether of just under £3,100,000. But interest has to be added during construction and until what is considered the paying stage is reached. In the figures that have already been given

to you in the note that Mr Bonham-Carter referred to, you will find that the total has been put at £4,000,000. Practically £1,000,000 has been added for interest. £785,000 has been added for interest on the first item of page 2 in the note at the top, and lower down there is another item of £164,000 for interest. The £840,000 item is reduced by £300,000 as per the note below, so that really the cost will be about £4,000,000, or, if you add the amount of money which banking people would handle in a banking fashion to tenants, £300,000 the total would come to practically £4,400,000.[55]

However, estimates varied widely. One source estimated the cost of the irrigation of the Gezira plain to be £2,550,000, minor canalisation at £840,000, interest on both of the above before production stage was reached to be £950,395 with 'repayment to the National Bank of Egypt of the balance of the El Obeid Railway' at £740,000, bringing the total to £5,080,395. The Sudan Government wished to buy back the loan owed to the National Bank of Egypt because as a commercial loan, albeit to a government, it could be called in with only six months notice. The Sudan Government also used this opportunity to lobby for the repayment on the Sudan Loan Act debt to be extended beyond the thirty years originally agreed.[56]

It was argued that what was needed in Sudan was not the immediate provision of large amounts of capital, but a 'steady flow' to 'enable well considered schemes, which promise to be profitable, to be taken in hand, and carried through without unnecessary delays."[57] In contrast to the Memo on 'Sudan Cotton Producing Schemes' (August 1917), the 'Note on Capital Required' (May 1917) advised that the total capital required for the

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[55] SAD 112/10/12-13 Sir Murdoch MacDonald quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917
[56] FO 141/633/6 Memo: 'Sudan Cotton Producing Scheme' (14th August 1917), p.3; FO 141/633/6 'Note on the Capital', p.7
[57] FO 141/633/6 'Note on the Capital', p.7

development of cotton growing in Sudan to be £6,600,000, comprising of £3,700,000 for irrigation of Gezira, Tokar and Kassala, £2,160,000 for railway development and £740,000 for the repayment of the debt owed to the National Bank of Egypt.[58]

However, by late 1918 the Sudan Government believed that the overall cost of development was in fact much higher. Lee Stack, as acting Governor General of the Sudan Government wrote to Reginald Wingate to ask that the Sudan Government should renew their negotiations with the Treasury for the amendment of the government of the Sudan Loan Acts 1913 and 1914. Stack wanted to change the agreement so that the Treasury guaranteed the loans for 5½ per cent interest, that the repayment period was doubled from thirty to sixty years with the overall cost of development to be some £9,000,000.[59]

Stack argued that though it was not the intention of the Sudan Government to begin the process of development in all of the schemes it was 'thought desirable to include them now in the schedule to obviate the necessity for a further application to the Treasury and the passing of a new act.'[60] Wingate wrote to Arthur Balfour, the Foreign Secretary, to state that he was in full agreement that the loan arrangements be changed in line with Stack's wishes.[61] The following month MacDonald cabled the Sudan Government to inform them that the estimates for the labour costs of the cotton producing development works were significant underestimates, possibly increasing the required amount by over one and a half million.[62] Indeed, the pressure from government at this time seems to have been to ensure that the finance for the Scheme was fully costed and provided in full by any loan that was to be issued. The decision to reject the

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58 FO 141/633/6 'Note on the Capital', p.9
59 FO 141/633/6 Stack to Wingate, 24th November 1918; £3,780,000 for irrigation in Gezira, Tokar, and Kassala; £2,160,000 for railway expansion, £2,310,000 for interest and £740,000 for the buyback on the National Bank of Egypt Loan
60 FO 141/633/6 Stack to Wingate, 24th November 1918
61 FO 141/633/6 Wingate to Balfour, 29th November 1918
62 FO 141/633/6 Telegrams: Bernard to Stack, 5th December 1918; Telegram, Stack to Bernard, 6th December 1918; Telegram High Commission, Cairo, Egypt, to Foreign Office, London, 10th December 1918; Sudan Government to High Commission, Cairo, 31st December 1918

offer made by the Syndicate to raise £6,670,000 using the Treasury guarantee in December 1918 was taken in part because the amount was inadequate to fully fund the Scheme; it was also thought that to accept the offer would require new Acts of Parliament and an additional worry expressed was that in order to meet the difference money might have to be raised on the open market without a guarantee.[63]

In October 1918 the Board of Directors of the Sudan Plantations Syndicate considered three points relating to the negotiations that refined some of the parameters of the business-government relationship that had been left unresolved by the negotiations before 1914, or had changed in the intervening period. Both sides broadly agreed, but the recurrent theme of these, relatively minor differences in emphases, was the preservation of government influence over the growing and marketing of cotton. In future, the government's share of profits was to be paid as soon as the season's account has been closed; the Tayiba and Barakat crops were to be sold separately unless otherwise agreed with the government in each case; and the government was to be consulted regarding policy of selling Tayiba crop prior to any sales.[64] The government was therefore to be included in any significant decision making relating to the marketing of cotton. By December of 1918, it was the very end of the war in Europe that prevented final ratification of the Gezira Agreement, though it was reported at the Ordinary General Meeting that 'the draft agreement, as far as we have been able to complete it, has this year been approved by the Sudan Government.'[65] In January 1919 the National Debt Commissioners agreed to new bonds being issued to cover the £500,000 advanced before the First World War, which relieved the pressure to repay the amount, due as it

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[63] FO 141/633/6 Telegrams: Murdoch MacDonald to Keown-Boyd, High Commision, Cairo, 24th December 1918
[64] SAD 416/1/101-102 162nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 9th October 1918
[65] SAD 416/1/106 Ordinary General Meeting of the Sudan Plantations Syndicate, 20th December 1918

was in that month.[66] At the same time, the Treasury dealt a slight blow to the Sudan Government's hopes of developing cotton growing widely in Sudan with a fully financed capital issue. Though the Treasury agreed to amend the Sudan Loan Acts from before the war, they only would do so by expanding the guarantee from £3,000,000 to £5,000,000. Additionally, they did not think that the City would find acceptable the proposed sixty year period for the repayment of capital. The Treasury's justification was that 'in view of the pressure on the United Kingdom for capital expenditure on urgent reconstruction matters [the] Treasury note that it is not proposed to start works other than the Gezira Scheme now and consider that that the above provision should meet requirements.'[67] Stack responded saying that 'the Sudan Government regret that H.M. Treasury are unable to see its way to making any application to Parliament at the present moment for authority to guarantee a loan amounting to £9,000,000 and that the Act now in question must be strictly limited to such a sum'.[68]

On the 11th October 1919 the 'Sudan Guaranteed Loan Ordinance 1919' was passed, which approved that £6,000,000 was made available for the 'works of the Gezira Scheme including repayment of temporary loans raised under Government of Soudan Acts 1913 and 1915' (sic) which totalled £4,900,000, with £700,000 additionally allocated for development of the railway system in Sudan and £400,000 allocated for the irrigation of the Tokar region. Reuter's reported that this loan was floated on 20th October 1919.[69]

IV. CONCLUSION

Before 1914 the Sudan economy had enjoyed a growth spurt followed by levelling off of growth. Between 1914 and 1918, the economy of Sudan did not grow in any significant

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[66] FO 141/633/6 Telegram: Foreign Office to High Commission, Cairo, 15th January 1919
[67] FO 141/633/6 Telegram: Foreign Office to High Commission, Cairo, 19th January 1919
[68] FO 141/633/6 Stack to His Excellency, High Commissioner in Cairo, 27th March 1919
[69] FO 141/633/6 'The Sudan Guaranteed Loan Ordinance 1919'; FO 141/633/6 Letter from Ministry of Justice, Cairo, to 'The Residency', High Commission, Cairo, 20th October 1919

way, compounding the need to develop the productive capacity of the economy. After the outbreak of the war the political-economic relationships began to be shaped by different circumstances to those that prevailed before 1914. First was the changing role of Sudan in overall imperial strategy and security. Whereas Sudan had originally been a bulwark connected to the defence and security of Egypt, the war changed this relationship. Sudan increasingly took on a dynamic of its own rather than being merely subsidiary to the needs of Egypt, seen here in the dual need to use the Nile waters for economic purposes. This led to tension between Egypt and Sudan, a topic touched on briefly in this chapter, but actually requiring considerable further analysis taken up in Chapter 5. Nonetheless, the conclusion drawn here is that the necessity of developing the Sudan economy via cotton growing took on a geo-political significance in this period in addition to a developmental context related to the viability of the colonial state in Sudan itself. As Terfe Tevdt comments:

> This system [irrigation of the Nile for cotton growing] also meant that the interests of the Sudanese were directly tied to a British project that was born in conflict with Egypt and which, it was expected, would continue to be conflict with Egyptian Nationalist Propaganda.[70]

To an extent it was to both London and Khartoum's advantage to have a conflictual relationship between Egypt and Sudan, not only as a means of more effectively developing and running Sudan from the Sudan Government's perspective, but also as a way in which the British Government could maintain its leverage in the region, specifically to have influence over Egypt.

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[70] Tvedt, *River Nile*, p.109

The second significant shift in the political-economic compact in the period between 1914 and 1919 was the declining significance of the Sudan Plantations Syndicate to the raising of capital for development, and the concomitant increase in the role of the Sudan Government. The initial raison d'être for the involvement of business in the form of the Syndicate was to attract capital. Indeed, as mentioned previously, before 1914 the Sudan Government wondered if they failed to attract business they might have to hand over Sudan to a chartered company to run. Even though there is some doubt as to how realistic this worry was, what is certain is that by the end of the war the government needed the Syndicate far less than before, and the Syndicate was increasingly dependent on the finance and capital put in place by the government. This inversion of the previous relationship was to shape the economic history of Sudan quite significantly in the inter-war period, and was to alter the government's strategy towards the Syndicate. While the Syndicate was to remain dependent on the government for capital, the original terms of the arrangement in terms of the allocation of the profits remained the same, based on the tripartite agreement from 1912. Though this might seem to establish the Syndicate as a free-rider in the agreement (and thus to their benefit) it made the Syndicate vulnerable to the government's increased influence. Put simply, the Syndicate was far less useful to the government once inflation and increased interest rates had put paid to the Syndicate's role of raising money for the Gezira Scheme in the open market.

The third theme to draw upon is the pressure that was brought to bear from Lancashire for more cotton, and the continuity of vision offered by the Sudan Government to sate this need. In 1917 Arthur Hutton of the British Cotton Growing Association and the Syndicate asked Murdoch MacDonald about the future viability of the project and the need to support the cotton industry in Great Britain, stating that 'Lancashire is likely to be hard pressed for cotton and one does not want to see any promising scheme delayed, if one can bring sufficient pressure to bear on the

government to enable them to find the money."[71] This view echoed that given by the British Cotton Growing Association as communicated to the Board of Trade in February of the same year.[72] Bernard argued that the Gezira Scheme had already been approved and begun; that the interlude of the War had been highly inconvenient, but was not in itself enough to consider that the Scheme ought or needed to be approved and legitimated again. He submitted that 'we have been delegated to come here from the Sudan and lay these schemes before the government, not as new schemes but with reference to their increased cost and the altered conditions for obtaining the necessary funds to finance them brought about by war."[73]

As was the case before the First World War the British Cotton Growing Association and other interest groups put pressure on the British Government to develop cotton growing in Sudan. In February 1917 the *Financial News* reported that representatives of the BCGA, the Federation of Master Cotton Spinners' Associations, the Cotton Spinners and Manufacturers Association, the Wigan and District Cotton Employees Association, the Amalgamated Association of Operative Cotton Spinners, the Amalgamated Association of Cord and Blowing Room Operatives, the Amalgamated Weavers Association, the Operative Cotton Spinners Provincial Association (Bolton) and the Chambers of Commerce of Bradford, Glasgow, Liverpool, Manchester and Oldham resolved that 'irrigation works for the development of the Gezira Plain should be pushed on with the least possible delay."[74] This trend was compounded because as *The Times* and *The Economist* reported in September 1917 Egypt had reduced the area under cotton

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[71] SAD 112/10/21 J. Arthur Hutton quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917
[72] SAD 112/6/21 Cutting from *The Financial News*, 15th February 1917, 'Board of Trade's Encouraging Answer to Influential Deputation'
[73] SAD 112/10/28 E.E. Bernard quoted in 'Minutes of evidence taken before the Board of Trade Committee on the Growth of Cotton in the British Empire', 1st August 1917
[74] SAD 112/6/21 Cutting from *The Financial News*, 15th February 1917

cultivation by circa one third so as to devote more agricultural land to growing foodstuffs.[75]

The position of the Sudan Government when representing their case to the British Government was that capital intensive development, backed by the state was the best way to ensure general imperial development and trade. As Bonham-Carter wrote of a meeting with Lord Balfour of Burleigh: 'I suggested to him that the best way to encourage inter-imperial trade as far as the colonies and protectorates are concerned was for the Imperial Government to facilitate the provision of capital for schemes of development.'[76] This reliance on large scale debt was to be the modus operandi for imperial development as a whole in the inter-war period. In Sudan the singular and unique relationship between government and the Sudan Plantations Syndicate had tied the two together in an economic project which required vast and increasing sums of money, committed Sudan to development via one cash crop, and embedded and reaffirmed an increasingly symbiotic and interdependent relationship between business and government.

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[75] SAD 112/68/30-31 Cuttings from *The Times*, 14th September 1917 and *The Economist*, 15th September 1917

[76] SAD 112/8/1-2 Bonham-Carter to Wingate, 9th July 1917

Chapter 5

Government and the limits of economic growth, 1919-1939

> The native press is right in emphasising how disappointing the Gezira Scheme has turned out. No great wealth and no great change in the material condition of the people has yet resulted, although this is of course due to the world prices and influences beyond our control.
>
> - Arthur Gaitskell, then a manager of the Sudan Plantations Syndicate, August 1938[1]

Ultimately economic development in Sudan during the Condominium was not widespread.[2] The developmental effort was narrowly concentrated on cotton-growing in the Gezira region, and even there the wider benefits for Sudanese society have been questioned.[3] The government's contribution to economic development is important and any assessment has to take into account both the long-run structural changes brought about (such as the Gezira Scheme itself) and the record of policymaking over time. Martin Daly concludes that the officials of the Sudan Political Service showed '[d]isdain for development' – a withering criticism.[4] Yet at the time of the opening of the Gezira Scheme in the mid 1920s there was a positive optimism among officials and luminaries in Sudan, and they tended to be of one voice in praise of the cooperative/corporative nature of the partnership between tenant

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[1] SAD 418/6/4 A. Gaitskell, 'A Consideration of the General Trend of the Gezira Scheme and its effect on our future interests here', 25th August 1938

[2] see J. Tosh, 'The Economy of the Southern Sudan under the British, 1898-1955', in *Journal of Imperial and Commonwealth History*, 1981, 275-288; and P.E. Lovejoy & S. Baier, 'The desert-side economy of the central Sudan', *The International Journal of African Historical Studies*, 1975, 551 - 581

[3] see V. Bernal, 'Cotton and Colonial Order in Sudan: A Social History with Emphasis on the Gezira Scheme', in A. Isaacman & R. Roberts (eds.) *Cotton Colonialism and Social History in Sub-Saharan Africa* (London, 1995), 96-118

[4] Daly, *Imperial*, p.91

farmers, government and business.[5] Friedrich Eckstein, for example, informed the shareholders of the Sudan Plantations Syndicate that the company (and by implication the government too) were 'working on the right lines in a country whose future is bound up with steady progress in agricultural development. No one, in my opinion, is more convinced of this than the very efficient Government in Khartoum.'[6] There were some dissenting voices, notably the Financial Secretary George Schuster, but in general the tone was positive and rooted in the developmental language of the British Empire.[7] What, then, went wrong? How was it that both Daly and G.N. Sanderson, both significant historians of Sudan, reached the conclusion that developmental policy in Sudan had been a failure?[8] And – is this conclusion robust?

In part the problem was cotton-growing itself, which resulted in - or more precisely *formed* - a developmental cul-de-sac, a colonial bind from which the Sudan Government found it impossible to escape and from which the Sudan economy continued to be determined for decades after. Even the best laid plans often succumb to unknown problems. The depression of the late 1920s and early 1930s, which will be explored in the first section of this chapter, was precisely such an unforeseen calamity and was to have long-reaching effects. It is widely known that a severe downturn in the world cotton market compounded by the coincidental failure of the cotton crop in 1930/1931 was an economic disaster for Sudan.[9] This was followed by a realization within the Sudan Government of the limitations

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[5] See, for example, Sir Geoffrey Archer, Governor General of Sudan, 'Peace, Irrigation and trade expansion', *The Sudan Chamber of Commerce Monthly Journal* (SSCMJ), October, 1925, 8-10 – a reprint of an article that originally appeared in the Manchester Guardian; SAD 707/8/13-14, I.W. Douglas to his Mother, 1st June 1923; Editorial, SCCMJ, January 1926, p. 1; 'Cotton prospects in the Sudan', SCCMJ, March 1926, p. 9

[6] SAD 416/2/29-32 16th Ordinary General Meeting of the Sudan Plantations Syndicate, November 8th 1923

[7] SAD 494/7/3 G. Schuster to S. Shuquir, 25th January 1924

[8] G.N. Sanderson, 'The Ghost of Adam Smith: Ideology, Bureaucracy, and the Frustration of Economic Development in the Sudan, 1934-1940', in M.W. Daly (ed.), *Modernization in the Sudan* (New York, 1985), 101-120

[9] see Bernal, 'Cotton and Colonial Order', p. 113; P. Wickins, *Africa:1880-1980: An economic history* (Cape Town, 1986), p. 155; Gaitskell, Gezira, p. 138; P. Woodward, *Sudan 1898-1989: Unstable State* (London, 1990), p. 55; Daly, *Imperial*, p. 84; MacMichael, *The Anglo-Egyptian Sudan*, p. 224

of the development policies that had been pursued (and an acknowledgement that the economic base was too narrow), but was accompanied by a kind of paralysis in innovation and action to solve the problems. Economically the future trajectory of the country became increasingly locked. The second section of this chapter covers how these events deleteriously affected the finances of the Sudan Government and brought into question the whole nature of the colonial state. Finally Daly and Sanderson's argument relating to the role of government and the limits of economic growth in Sudan is examined.

I. SUDAN COTTON AND THE WORLD DEPRESSION

Cotton became the main export of Sudan quickly after the Gezira Scheme opened in 1925. When cotton exports were at their highest in 1929, total exports were £E6,526,000 of which £E4,981,732 were represented by cotton; in 1919 total exports had been just £E2,740,759.[10]

[10] GGR 1929, p.41; Daly, *Empire*, p. 458

Table 5.1. Sudan Cotton Exports, 1920-1938
Source: GGR, various years[11]

Year	Value of all exports (£E)	Value of cotton exports (£E)	Percentage of total exports represented by cotton (%)
1920	4,712,652	1,693,006	36
1921	2,057,230	444,892	22
1922	N/A	405,233	N/A
1923	2,562,000	529,423	21
1924	3,562,000	1,617,660	45
1925	2,801,000	1,756,053	63
1926	4,876,000	3,091,359	63
1927	4,965,000	3,549,704	71
1928	5,635,000	3,987,964	71
1929	6,526,000	4,981,732	76
1930	4,953,000	3,252,076	66
1931	1,734,000	641,718	37
1932	3,798,000	2,341,314	62
1933	2,605,000	1,576,716	61
1934	3,849,000	2,173,557	56
1935	4,567,000	2,736,579	60
1936	5,581,000	3,665,630	66
1937	8,130,000	5,906,675	73
1938	5,490,000	3,659,614	67

There was a 255% increase in the value of exports between 1923 and their peak in 1929. In that year cotton exports were 941% of their 1924 value, accounting for 76% of all exports. Cotton never accounted for less than 45% of total exports except in 1931 – the worst year of the depression. Cotton's mean average percentage share of exports between 1924 and 38 was 63. Cotton was important, but it was also vulnerable to adverse changes to the world market. The value of cotton exports fell by 80% between 1930 and 1931 from £E3,252,076 to only £E641,718. Total exports fell by £E3,219,000 across the same two years of which 81% was explained by the collapse in the value of cotton exports.

[11] Data sources: 1920-21 from GGR, 1921, p. 19; 1922 from 'Egypt and the Soudan' [SAD G//S 1220], p.18; 1923 from GGR, 1926, p. 47; 1924-1929 from GGR, 1929, p.41; 1930-1931 from GGR, 1931, p. 36; 1932-1934 from GGR, 1936, p. 38; 1935-1938 from GGR, 1938, p. 33.

This collapse was caused by problems on both the supply and demand sides of the market. Agricultural problems in production were caused by heavy rains. These triggered a bacterial blight and contributed to unusually abundant swarms of locusts.[12] The effect on output was far-reaching and disastrous. The yield dropped to only 1.3 kantars per feddan, the lowest ever level.

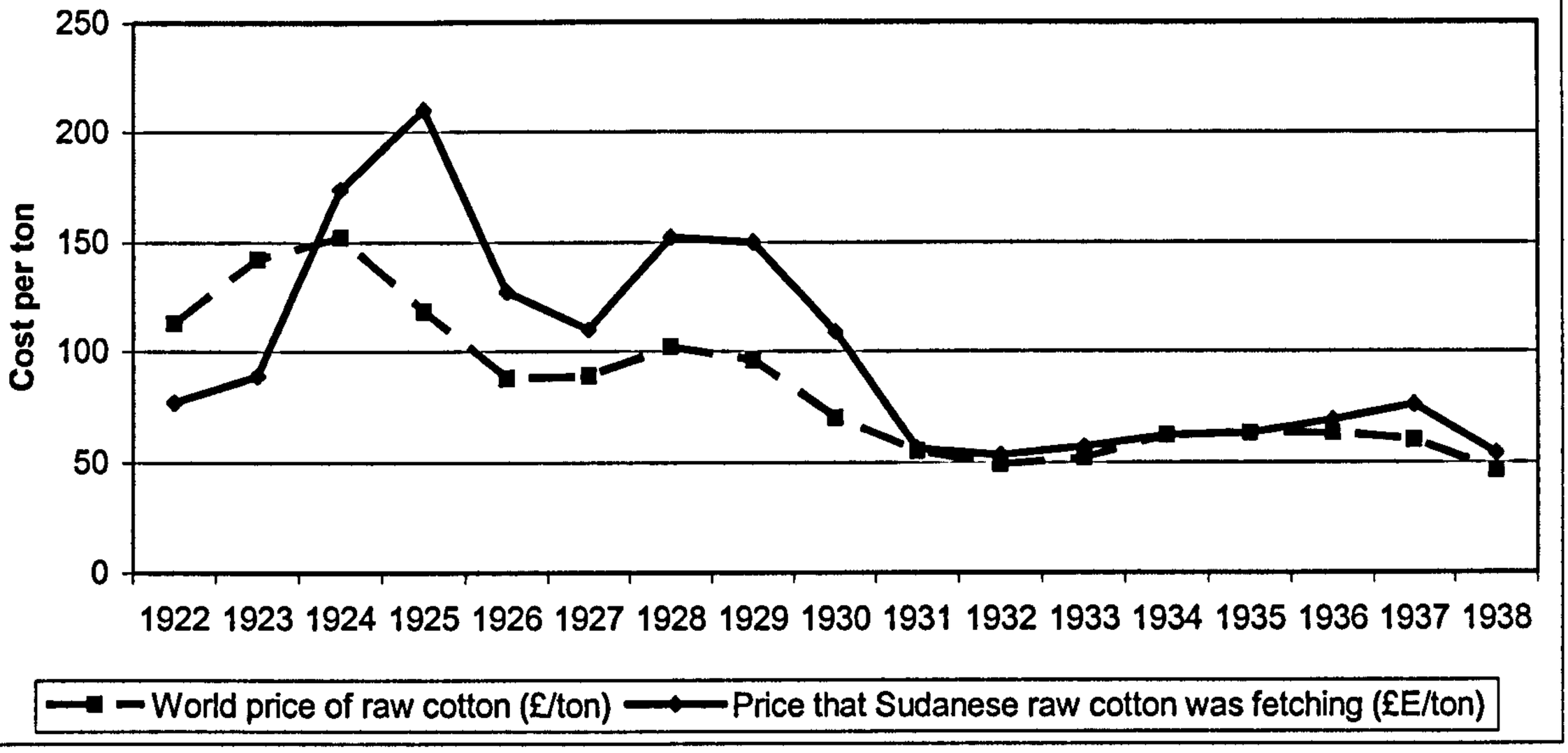
Table 5.2. Average yield and average sale price for Sudan cotton, 1925/26 – 1936/7
Source: SAD 418/3/31-55[13]

Year	Average Yield (feddans per kantar)	Average Sale Price per lb.
1925/26	4.8	1/4 ¼ d
1926/27	4.74	1/6 ¼ d
1927/28	3.29	1/8 d
1928/29	3.55	1/6 ¼ d
1929/30	2.12	8 d
1930/31	1.3	8 ½ d
1931/32	4.04	8 ¾ d
1932/33	1.91	8 d
1933/34	2.31	8 ¾ d
1934/35	4.33	estimated at 8 ½ d
1935/36	3.72	crops not fully realized
1936/37	4.46	crops not fully realized

[12] MacMichael, *The Anglo-Egyptian Sudan*, 224-225, 227; Gaitskell, *Gezira*, p. 142
[13] Source: SAD 418/3/31-55, A. Gaitskell, draft of article 'Sudan Plantations Syndicate: distribution of profits and expenses on the Gezira Scheme' [marked as 'Not approved by London Office, November 1937]

Graph 5.1. World price for raw cotton and the price of Sudanese cotton on the world market, 1922-38

Source: GGR, various years; L. Sandberg, *Lancashire*; *Finance and Trade Statistics, 1926-38*



The graph above indicates the prices of Sudan cotton in the inter-war period.[14] When conditions were good, Sudan cotton did rather better than average world price. The relatively high quality of Sudan cotton fetched a premium and led J. Arthur Hutton of the British Cotton Growing Association and the Sudan Plantations Syndicate to declare: 'I have no hesitation in saying that there is an unlimited demand for the cases of cotton we are growing. There is plenty of room at the top, and as long as we continue to grow a good type of cotton we shall have no difficulty whatever in marketing our products.'[15] The problems started when the demand for cotton contracted as a result in the slackening demand for textiles in

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[14] World cotton prices taken from B.R. Mitchell and P. Deane, *Absract of British Historical Statistics* (Cambridge, 1971), p.491; price of Sudanese raw cotton calculated from the value of Sudanese raw cotton exports and the volume exported. Data sources: 1920-21 from GGR, 1921, p. 19; 1922 from SAD G//S 1220 'Egypt and the Soudan', p.18; 1923 from GGR, 1926, p. 47; 1924-1929 from GGR, 1929, p.41; 1930-1931 from GGR, 1931, p. 36; 1932-1934 from GGR, 1936, p. 38; 1935-1938 from GGR, 1938, p. 33. British consumption of raw cotton is taken from L.G. Sandberg, *Lancashire in Decline* (Ohio, 1974), p. 176

[15] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924

the world economy from 1929. Supply outran demand and the price fell.[16] When it did so, the price of Sudan cotton fell until it converged with the world price. Manchester's consumption of cotton was at its lowest in 1931 in the whole of the period 1924-1938 – just when Sudan's crop failed.[17]

Exports in general recovered somewhat in 1932 to £E 2,341,314, but this was caused by an increase in production rather than a recovery in the world market. Again, this was provided by cotton. The tonnage of cotton exported increased from 24,395 tons in 1933 to a peak of 70,413 tons in 1937. World cotton prices rose from £52 per ton in 1933 to c.£60 per ton between 1934-37. The value of Sudan's cotton exports rose from £E 1,576,716 in 1933 to a peak of £E 5,906,675 in 1937, an increase of 275%. In Sudan, at least, cotton was still king. However, the world cotton price fell once again as a result of a world recession from £60 per ton in 1937 to £46 per ton in 1938 and Sudan's cotton exports tumbled by 38% to £E 3,659,614.[18] Cotton was vulnerable to world market changes and this, more than anything, was to prove to be a significant problem because of the effect on the finances of the Sudan Government.

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[16] Indeed, it has been suggested that the origins of the agricultural depression can be found in overproduction of products such as cotton. See C.P. Kindleberger, *The World in Depression, 1929-1939* (Harmondsworth, 1986), 70-71

[17] see Sandberg, *Lancashire in Decline*, p. 176

[18] 1932-1934 data from GGR, 1936, p. 38; 1925-1938 data from GGR, 1938, p. 33; see J. Forbes Munro, *Africa and the International*, p. 152

Table 5.3. Sudan Government Revenue, 1926-1934
Source: *Budget Note, 1935*; *Finance and Trade Statistics, 1926-1938*[19]

	Total government share of receipts from the Gezira Scheme (£E)	Total government receipts (revenue) (£E)	Percentage of total government receipts obtained from the Gezira Scheme (%)
1926	736,233	4,143,940	17.8
1927	1,199,352	4,177,809	28.7
1928	956,913	4,680,188	20.4
1929	1,251,172	4,835,003	25.9
1930	330,210	4,693,623	7.0
1931	144,467	4,398,618	3.2
1932	848,827	3,853,798	22.0
1933	303,908	3,631,552	8.4
1934	399,409	3,774,911	10.6

Between 1926-1929 roughly one quarter of the entire government revenue came directly from cotton receipts, notwithstanding any tariffs or transport charges the government was able to levy. The effect of the depression on the Gezira Scheme's contribution to government income is clear, receipts utterly collapsing to just 3.2% of the total in 1931. Overall government receipts were maintained by draughts on the reserve funds. The General Reserve Account and the Cotton Equalization Account were liquidated between 1930 and 1932 in order to make up the deficit caused by the collapse of cotton receipts (see table below).

[19] Total Government share of receipts are taken from 'Gezira Scheme: comparative table of results', which is Appendix 8 found in *Budget Note, 1935* (Khartoum, 1935), p. 74; total Government receipts taken from *Finance and Trade Statistics, 1926-1938* (Khartoum, 1939), Table I (p.1)

Table 5.4. Financial Reserves and Assets of the government of the Sudan, 1926-38
Source: *Finance and Trade Statistics, 1926-38*[20]

	Total of General Reserve Account (£E)	Total of Cotton Equalization Account	Liquid Assets (cash, investments, sundry debtors, stores, miscellaneous)
1926	1,660,844	Nil	4,028,396
1927	1,547,130	470,703	4,939,701
1928	1,272,444	479,196	5,155,376
1929	1,011,503	486,555	5,276,738
1930	319,672	384,120	4,090,170
1931	144,817	Nil	2,794,170
1932	69,920	Nil	2,998,766
1933	179,754	145,107	3,378,228
1934	364,954	514,244	4,063,997
1935	434,118	1,045,091	5,406,072
1936	578,227	1,750,000	7,034,322
1937	1,009,711	3,034,974	9,448,561
1938	1,515,514	3,034,974	9,940,155

After the depression reserves were built up to staggering levels in a country in need of further economic development. The Financial Secretary in 1933 H.E. Fass argued that 'balancing the budget is only the first step to be taken before we can feel we are on the road to recovery. The next step is the replenishment of our impoverished reserves.'[21] Certainly, there was difficulty in predicting budget equilibrium in a volatile environment, but as Martin Daly has forcefully argued the 'relentless accumulation of reserves created as many problems as it solved', in particular that it fostered resentment on the part of the tenant farmers who suffered debt and hardship all through the 1930s as a result of the depression.[22] The central question is why the Sudan Government behaved in this way.

The first part of this puzzle is that officials were clearly panicked by the events of the early 1930s. Evidence can be found in the public words of Sir John Maffey, reflecting on the

[20]Data is taken from *Finance and Trade Statistics, 1926-38*, Table VI, 'Comparative statement of the General Account of the Sudan Government, 1926-38'
[21] *Budget Note, 1933* (Khartoum, 1933), p. 36

financial impact of the depression: 'loss of income, loss of leisure, loss of piece of mind - these have been the common lot.'[23] The Budget Note for 1931 similarly articulated the deep pessimism that underpinned the belief that golden goose had more or less overnight become an albatross:

> [W]e shall have to regard the Gezira scheme as on the whole a liability to be liquidated by annual subsidies, not only from indirect receipts attributable to the scheme, but also from the normal revenues of government. Time alone will show whether this possibility is realised; but in the meantime our finances must be regulated on this pessimistic hypothesis, which means that revenue derived directly or indirectly from the cotton enterprise, must be treated as highly speculative.[24]

The effect was to drastically curtail expenditure. In 1931 a 'Special Retrenchment Committee' was created to deal with the depression finances.[25] The main conclusions reached were that the capital 'poured into the Sudan' had been wasteful and that the Sudan Government faced a long period where central funds might have to be used to subsidise the Gezira Scheme. The Retrenchment Committee were not entirely pessimistic about the future of Sudan, but they placed a lot of faith in the chance that the fortunes of cotton would revive. Moreover, drastic cuts in government spending had to be made even though, as the main economic actor, it would have implications for the whole economy. 'There is', the report concluded, 'no precedent for the almost total cessation of expenditure that is now

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[22] Daly, *Imperial*, p.176
[23] SAD 634/6/3-4 Open letter from Sir John Maffey, Governor General of the Sudan to 'all government servants, sheikhs, notables and members of the commercial community', 1st December, 1932
[24] *Budget Note, 1931*, (Sudan Government Finance Department, Khartoum, January 1931), p.1
[25] MacMichael, *The Anglo-Egyptian Sudan*, p. 229

inevitable.'[26] An indicator of this can be seen in the contraction of government imports across the depression period in the table below.

Table 5.5. Government Imports and Total Imports, 1920-28
Source: GGR, various years[27]

	Government Imports	Total Imports	Value of total imports at 1920 level (%)
1920	-	7,006,865	100
1921	-	5,806,070	83
1922	-	-	-
1923	1,695,000	4,669,000	67
1924	1,820,000	5,475,000	78
1925	1,611,000	5,438,000	78
1926	1,796,000	5,575,000	80
1927	2,320,000	6,155,000	88
1928	2,046,000	6,463,000	92
1929	2,086,000	6,856,000	98
1930	1,796,000	6,177,000	88
1931	1,210,000	3,761,000	54
1932	550,000	3,055,000	44
1933	648,000	3,161,000	45
1934	874,000	3,945,000	56
1935	1,619,000	5,370,000	77
1936	1,471,000	5,375,000	77
1937	1,512,000	6,283,000	90
1938	2,125,000	6,283,000[28]	90

Another factor in the decision for radical financial retrenchment was powerlessness based on the observation that the adverse factors that had caused the disaster of the early 1930s was 'beyond the control of any government.'[29] This view was also expressed in the Budget Note for 1933, in which Financial Secretary Fass noted that there was little 'justification for hopes of an improved demand at remunerative prices for our main

[26] *Report of the Special Retrenchment Committee* (Sudan Government, Khartoum, 1931), 4-5, 9, 183
[27] 1920-21 data from GGR, 1921, p. 18; 1923-25 data from GGR, 1925, p. 20; 1926-29 data from GGR, 1929, p. 37; 1930-33 data from GGR, 1933, p. 30; 1934-38 data from GGR, 1938, p. 27.
[28] This is not a typo; the cumulative values of public and government imports for 1937 and 1938 which make up the total imports figure coincidently add up to the same value although in each case the values of the public and government imports are different.
[29] SAD 634/6/5: Open letter from Sir John Maffey, Governor General of the Sudan to 'all government servants, sheikhs, notables and members of the commercial community.' 1st December, 1932

products. They remain subject to influences beyond our control. In these circumstances I have been obliged to budget for further reductions of revenue from provinces and departments and also from Railways and Customs.' In the early-mid 1930s successive Budget Notes reflected this sense of emasculated ability to influence economic or, even, agricultural outcomes. Cuts to spending and building up the reserves were essentially defensive measures, but in a time of uncertainty they were steps that, if nothing else, the government could take. Fass noted in his Annual Report for 1933 that 'we can barely afford essential services. There is nothing to give away, however desirable it may be to the purpose to be served we must save every possible penny and every department and province must be ready to surrender, for the common purpose, the whole of its savings to the exchequer."[30]

By the time Francis Rugman was in office in 1935, reserves were looking more than healthy. Yet Rugman did not indulge in largesse. 'The cash position had advanced to a stage where limited funds can, in proper cases, be made available for genuinely remunerative investment', he wrote, 'but the vulnerability of [the] government's principal sources of revenue is still evident."[31] He went further:

> In my considered opinion, the reserves of the Sudan Government are, under present conditions, some £E 1,500,000 short of the figure required for reasonable security. To restore this position it will be necessary to combine economy in administration with an active policy directed towards broadening the economic basis by encouraging native producers and traders to increase the volume and variety of the country's commodities. The Government itself is already burdened with commercial commitments of which it cannot divest itself, but more can, I think, be done to assist development of private enterprise by careful co-ordination of the Government's

[30] *Budget Note, 1933*, p. 4, 27; *Budget Note, 1935*, p.36; GGR, 1933, p.40

> research activities, its economic intelligence ... and by increasing, in collaboration with commercial interests concerned, facilities for marketing, classification and upgrading of export produce.[32]

Other than by increasing the reserves, no other remedial action was undertaken. The share of cotton as a percentage of the Sudan's total exports did not fall below 56% in the 1930s and rose to another peak of 73% in 1937. The Sudan Government did not achieve economic diversification. The base was not broadened. This corroborates the argument made by G.N. Sanderson that Rugman held a view of the role of the state in assisting economic development (he believed that the state should not in any way directly assist private enterprise) that held back the development of the Sudanese economy; or, at the very least, it did not *assist* the development of the economy. Sanderson notes that under Rugman, the Sudan Government 'rejected or at least emasculated, every [new business/economic] project that came before it'.[33] This perspective is reinforced by Daly who has argued that the Sudan's 'financial (and political) officials paradoxically disliked the very idea of public investment yet were jealous of their control over the commanding heights of the economy. Private foreign investment was therefore encouraged in theory, discouraged in fact; local entrepreneurship was awaited as 'natural' and hampered when it appeared."[34]

However, there is another reason for the fiscal conservatism that was embraced in the late 1930s that can only be explored by putting the Sudan Government's finances in their political-economic context.

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[31] *Budget Note, 1935*, p. 36
[32] *Budget Note, 1935*, 37-38
[33] G.N. Sanderson, 'The Ghost of Adam Smith', p. 104
[34] Daly, *Imperial*, p.397

III. GOVERNMENT FINANCE AND THE POLITICS OF THE BRITISH EMPIRE IN NORTH AFRICA

The emergence of the colonial state of Sudan, carved as it was out of the Egyptian sphere of influence within the wider Ottoman Empire, created new tensions as a result of overlapping sources of power and contested fealties. During the period of General Gordon in the 1880s, the Khedive of Egypt had a role in approving taxes, but other than that Gordon was essentially autonomous and was reliant on tax revenue generated in Sudan.[35] So while Sudan continued to use the Austrian Maria Theresa dollar and some other European currencies also used in Egypt (with specie based on silver), between 1877-1879 the fiscal systems of the Egypt and Sudan were gradually separated to a point of almost total fiscal independence.[36] The Mahdist period, of course, was disjunctive in extremis and inevitably led to the disintegration of Sudan and the Egyptian state as any kind of unitary state. Partial re-integration was achieved through the establishment of the Condominium agreement inasmuch as Sudan was once more incorporated into a notional monetary union with Egypt (this time using the Egyptian pound), but otherwise the Condominium Agreement of 1899 left the issue of financial control vague.[37] This was an artifact of diplomatic and legal subterfuge connected to duality of British interests in Sudan – as co-domini and the occupying power of Egypt, the other co-domini. There was in effect only the influence of different British political units. As was noted by *The Economist* in 1945: 'In fact, the direction of policy and all the higher executive powers were in the hands of the British – since the

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[35] A. Moore-Harell, *Gordon and the Sudan, 1877-1880* (London, 2001), p.89

[36] Moore-Harell, *Gordon*, 90-93; K. Baedeker, *Egypt and Sudan*, (Allen and Unwin, London, 1929), p.442. The Maria Theresa dollar continued to be important for Red Sea trade well into the twentieth century. See: A. Kuroda, 'The Maria Theresa dollar in the early twentieth-century Red Sea region: a complimentary interface between multiple markets', *Financial History Review*, 2007, 89-110; Cain and Hopkins, *British Imperialism*, p.317

[37] SAD 700/10/1-2 'Agreement between Her Britannic Majesty's Government and the Government of his Highness the Khedive of Egypt, 19th January, 1899'; J. W. Cummins, 'Money in War and Peace', a lecture delivered at the Sudan Cultural Centre, Khartoum, 6 August, 1941, p.41

British were in control of Egypt herself."[38] But this did not mean that the British in Cairo were uninterested in what went on in Khartoum. As Lord Cromer indicated at the outset of the Condominium, although the 'important question' of financial control was 'outside the [Condominium] Agreement. As it is probable that for some years the Sudan will constitute a charge on the Egyptian Treasury it is manifest that some degree of control must be exercised by the Egyptian Financial Department."[39] This meant at the outset Egypt was involved in the financial management of Sudan.[40]

Inevitably, this led to tension between Cairo and Khartoum. An early example can be seen in a petulant letter sent by Kitchener to Wingate during Kitchener's brief tenure as Governor-General of Sudan. The issue was over the transfer of budget surpluses from one year to the next. 'That little creature Gorst offered O'Leary to give us the excess . . . out of last year's Soudan [budget] and then told Cromer that the accounts were closed and refused to give it', Kitchener whinged. He went on to say that Gorst, at that time financial adviser to the Consul-General in Cairo, was

> a little liar. I know that the accounts were not closed. . . . Gorst is the meanest little brute I have ever met, proposes all sorts of help and then leaves you in the lurch. We will have as little as we can to do with him. [I] am very sorry Cromer backs him up as he is not and never has been straight."[41]

Straight or not, Kitchener was later to see the relationship between Cairo and Khartoum somewhat differently, and so was Eldon Gorst. In 1910 Gorst, by then the Financial Secretary of the Sudan Government argued that financial decisions should be taken

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[38] 'The World Overseas: Egypt and Sudan', *The Economist*, 11th August 1945, 192-193
[39] SAD G//S1220 'Note on the Financial Control by Egypt over the Sudan Finances, 1924', p.1
[40] Warburg, *Egypt*, p.50

in Sudan by the Financial Secretary (i.e., himself) with Egypt limited to oversight and approval, despite that others in the Sudan Government - notably Wingate - were well aware of the limitations of financial autonomy as long as Egypt continued to extensively fund Sudan through the subventions.[42] At the same time Egypt wanted the prior subventions to Sudan to be treated as a debt to be repaid and was eager to cease the payments altogether (though, in fact, this did not happen until 1941 having been run down over the previous years[43]). In 1912 Kitchener, by that time Consul-General in Cairo, made clear the lines of power:

> The Governor General should remember and note that a Sudan development debt to Egypt exists, both as a principal and interest ... [u]ntil these liabilities are discharged the supervision and control of the Sudan budget by the Finance Adviser, and his concurrence in its provisions, will be just as necessary and binding heretofore.[44]

Reginald Wingate was quite clear that Kitchener's desire to preserve the Egyptian influence was to prevent the loss of some power.[45] Though most of the issues of dispute were technocratic and of little strategic importance, the issue of control itself was a source of considerable frustration for the Sudan Government. '[W]hat I really want to arrive at is to, so to speak, grease the wheels and prevent these unconscionable delays, and at the same time devise some system which will reduce the present friction between Heads of Department

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[41] SAD 269/2/1-2 Kitchener to Wingate, 1st February 1899
[42] SAD 635/10/14-28 'Note on Financial Control in the Sudan' (1927); SAD G//S1220 'Financial Regulations, 1910'; SAD 469/1/9-10 Wingate to Major P.R. Phipps, 11th September 1909
[43] Daly, *Imperial*, p.175; GGR, 1938, p.18
[44] SAD G//S1220 'Kitchener Memorandum, 1912 (October)' quoted in 'Note on the payments made by Egypt to the Sudan since 1899: Financial Memorandum, No. 2, 1924', p.29
[45] SAD 469/1/4-5 Wingate to Clayton, 1st September 1908

and Administrations', Wingate wrote.[46] Nevertheless, this situation endured until the 1920s when there began to be discussions linking geo-strategic security and the issue of Sudan's debt to Egypt.[47]

In 1922 Egypt obtained a degree of independence from Britain. The Egyptians desired to style the Khedive the 'King of Egypt and the Sudan'.[48] This was problematical, not least because it implied that Egypt had legal claim to Sudan. Of course Egypt *did* have a legal claim to Sudan, but the British were not about to surrender Sudan to Egyptian dominance. The issue of financial control became part of the discourse related to Egyptian claims to Sudan and British ambitions in the North-Africa / Red Sea zone. The Egyptian claim was strong. The right to repayment of capital used to develop Sudan was viewed as 'legitimate and indisputable'. It was, however, also noted that financial advisers in Cairo had 'left the Financial Secretary to the Sudan Government ... as the only British finance officer with experience and knowledge of this situation.'[49] In reality much of the actual control was exercised in Sudan by the Sudan Political Service even though, de jure, Egypt was meant to have a decisive influence. For example, there is some evidence that the Egyptians resisted the new Treasury guarantee of loans to Sudan in 1923, but ultimately it would seem that all they were able to do was to express their reservations through the Council of Ministers.[50] However, these funds and the development of the Gezira Scheme allowed London to press a claim also:

> The British Government is also now a potential creditor of the Sudan Government for over £E 14,000,000 so that it is no longer appropriate that the sole right of outside

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[46] SAD 469/1/9-10 Wingate to Major P.R. Phipps, 11th September 1909
[47] SAD G//S1220 Letter from E.E. Bernard to Sir Paul Harvey, 29th June 1920, in 'Note on the payments made by Egypt to the Sudan since 1899: Financial Memorandum, No. 2, 1924', 30-33,
[48] A. Mekki, *The Sudan Question* (London, 1953), p.61
[49] FO 141/633/6 Sudan Loan Ordinance, June 15th 1922

control should be rested, as it is at present, in the Egyptian Government ... it should suffice for the Sudan Government to be subjected to the obligation merely of supplying full reports on its accounts and finances ... [unless the government] defaults in respect of its obligations to either Great Britain or Egypt.[51]

This argument was a canard. The fourteen million referred to was the debt issued to finance the Gezira Scheme by the Sudan Government (guaranteed by the British Treasury). Issued as bonds the debt was, of course, held by investors - not the Treasury – while the Sudan's debt to Egypt was owed directly to the Egyptian government.[52] Nevertheless, in 1924 Lee Stack wrote that 'HMG is committed to a policy of giving substantial support to economic development in Sudan and proceeding with the execution of this policy without being in any way affected by recent disturbances or the Egyptian demands."[53] The disturbances to which Stack referred were those by Egyptian nationalists that ultimately led to his own death. The assassination of Stack in 1924 and the ensuing crisis compounded the change in the political and financial position of the Sudan within the British Empire: Egyptian troops and officials were withdrawn from Sudan.[54] The sunk costs in developing the Gezira Scheme and the massive debts incurred trapped the British, as the extract of a 1924 report makes clear:

> [I]t is inconceivable that under any circumstances the works should now be abandoned. The Scheme has proceeded so far and its importance – direct and indirect

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[50] FO 141/633/6 Letter from the Egyptian Financial Adviser to the Chancery, Cairo, January 10th 1923
[51] SAD G//S1220 Extract from 'Note on the Financial Control by Egypt over the Sudan Finances' (1924); SAD 635/10/14 'Note on the Financial Control in the Sudan' (1927)
[52] In the assertion of political interest as a result of private bond-holding there is an echo of British intervention in Egypt in 1882. See Cain and Hopkins, *British Imperialism*, 312-317; Robinson and Gallagher, *Africa and the Victorians*, 122-159
[53] FO 141/633/6 Lee Stack to the Secretary of State, Foreign Office, 22nd October 1924
[54] Mekki, *Sudan*, 63-64

– to the future of the Sudan are so manifestly important that nothing but the certainty of great financial failure would justify abandonment now.[55]

It is also clear, however, that the British wished to retain control.

By 1924 Egypt's financial role had been diluted, largely as a result of inertia, local practicality, and the effect of the fateful events of that year. Though the Foreign Office position was to include Egypt in decisions about Sudan, albeit mediated by the British Authorities, it is clear that Sudan was increasingly independent of Egypt.[56] The debt Sudan owed Egypt was eventually fixed at £E 5,200,000 to be repaid at a suitably vague 'later date.'[57] 1924 was then the critical moment after which the claim of Egyptian influence over Sudan was significantly diminished. From this date onwards Sudan enjoyed autonomy and some independent sovereignty as long as she did not default on debt repayment and require funds direct from the British Government in London, or from Cairo. Secondly, the point was made that if Sudan did default, the British Government was a larger debtor than Egypt and consequently the British claim to Sudan was the greater. The argument here is that at some point in the first two decades of the Condominium the locus of financial decision-making had gradually shifted to Sudan from Egypt, but that the Sudan Political Service license to utilize that autonomy was predicated on solvency and avoiding debt default.

The issue of the continuing debt owed by Sudan to Egypt does not clearly resolve itself in the sources because the issue itself appears to have been perpetually deferred. In March 1930 the British Financial Adviser to the Egyptian government reported that no

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[55] FO 141/633/6 Memo: 'Guarantee of the Government of Soudan Loan: Clause 4' (likely January 1924), p. 8
[56] An example is agricultural economic policy: it was suggested by Foreign Office official that no decision to increase the land under cultivation in Sudan could be made without a 'commission' on which representatives of both the Sudan Government and the Egyptian Government should be represented: See FO 141/633/6 Confidential Letter from Lancelot Oliphant to the Secretary to the Treasury, 24th January 1924
[57] SAD G//S1220 'Memorandum on the Future Financial Position of the Sudan Government as it may develop in consequence of a Resettlement of Political Status of the County and its financial relations with Egypt' (1924)

settlement was likely to be made regarding the debt prerequisite to a broader constitutional agreement, reporting later in the year that the issue was to deal among other issues with such matters as stores handed over to Sudan in 1924 as they were abandoned by the Egyptian Army.[58] Though at first sight trivial, these issues were so complex that one Foreign Office correspondent commented that 'when the question was last considered in 1926 it was agreed that the matter was so complicated and difficult to solve that it was desirable to postpone a settlement for as long as possible: see Residency dispatch of 31st July 1926.' There was a danger that the longer this went on the more difficult the competing claims would be to resolve, but there was 'no question' that Sudan would immediately be able to pay the sums of money involved, rather this would have to be added to existing debts.[59] Estimates of the overall value of this debt at this time varied ludicrously from between five million to forty-five million pounds. Sidky Pasha, the Egyptian Minister of Finance, was reported to have commented that he would be very glad to settle for five million, indicating that at the time of the depression Egypt had no great hope over recovering larger sums of money.[60]

In 1934, refinancing of the Gezira debt was undertaken using legislation introduced to allow the conversion of loans 'raised by certain foreign governments, by companies and by pubic utility undertakings' in order to diminish the risk of default on loans underwritten by Treasury guarantee.[61] This reinforces the notion that Sudan was treated as a separate and independent state for the purposes of financial diplomacy and this marks the enduring situation from the mid 1930s onwards. Thereafter there was no further significant re-

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[58] FO 141/501/2 Letter by T. Watson, Financial Adviser to the Egyptian Government to the Chancery Residency, recipient not listed, 5th March 1930; the stores were not inconsiderable in value. The Egyptian Government estimated their value at £E1,600,000, while the British estimate was at c£E1,00,000 – see FO 141/501/2 Letter by T. Watson, 2nd August 1930;

[59] FO 141/501/2 Minute, 7th August 1930, unknown author

[60] FO 141/501/2 T. Watson, Financial Adviser to the Chancery, Cairo, 3rd August 1930; FO 141/501/2 Note by A.J.C. Huddleston, Sudan Government, 17th September 1930

[61] FO 141/482/7 Extract of Neville Chamberlain's speech at the House of Commons, Tuesday 17th April 1934; FO 141/482/7 Minute to Mr Hopkinson, 28th May 1934; FO 141/482/7 Dispatch re Finances Sudan, 28th May 1934

definition of the status of Sudan, up to and including the 1936 negotiations with Egypt which eventually decided to pass on the issue of Sudan's status, and notwithstanding that in 1937 Francis Rugman – reportedly as the delegate of the British Government – successfully negotiated that Egypt's advances to the Sudan should continue to be considered as loans, there was no substantive alteration.[62] Writing in 1942, J.W. Cummins noted that 'Constitutionally and basically, the control of the budget and the finances of the Sudan are in the hands of the Governor General's Council.'[63]

The problem for the Sudan Government during the drastic retrenchment of the early 1930s was the risk of default on the loans: 'there is a serious danger that the Sudan Government may have to call upon His Majesty's Treasury to implement the British guarantee of our loans within the next few years. It is conceivable that this may not be enough but that we might have to ask for further help.'[64] This reflects an earlier worry that 'the interest of the Treasury in the finances of the Sudan is very large and the potential claim for more direct and complete control is possible.'[65] During the depression this risk was acute. In 1933 the Financial Secretary of the Sudan, H.E. Fass, wrote that if the events of 1930-31 were repeated Sudan would 'have to face another retrenchment campaign which would involve not only the standard of every service but the whole basis of our civil and military administration.' He went on to comment that there was a risk of an 'inevitable default on our obligations' that might lead to a 'drastic alteration of the whole basis of administration.'[66] Given the previously noted importance of *not* defaulting and meeting the obligations of debt, the very real risk for the Sudan Government in the 1930s was that financial failure would be followed by a rapid constitutional change in favour of Egypt. The

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[62] Mekki, *The Sudan Question*; H. Ibrahim, *The 1936 Anglo-Egyptian Treaty*, (Khartoum, 1976); SAD 636/8/18 Clipping: 'Obituary: Francis Rugman', *Sudan Star*, 4th April 1946
[63] SAD 638/1-3 'Talk by Mr J.W. Cummins at the Khartoum Rotary Club, Friday 13th February, 1942'
[64] *Report of the Special Retrenchment Committee*, p. 12
[65] SAD 635/10/14 'Note on the Financial Control in the Sudan' (1927)

Sudan Political Service pursued their own conception of Sudan's national interest, as Travis Hanes puts it, 'with stubborn determination against the instructions (and interests) of both Egypt and Great Britain.'[67] Pace Daly and Sanderson, the pursuit of independence stymied innovation, action and ambition with regard to economic development policy in the late 1930s.

[66] *Budget Note, 1933*, p. 37, 40
[67] W. Travis Hanes III, 'Sir Hubert Huddleston and the Independence of the Sudan', *Journal of Imperial and Commonwealth History*, 1992, p.248

CONCLUSION

Although there were aspects of the economic and financial crisis of the 1930s that might be said to have benefited Sudan, such as the increased access for Sudanese to hold official posts – a change precipitated by the need to cut governmental labour costs and credited with beginning the 'Sudanization' process within the Sudan Government - the reality was that by 1939, some forty years after the British had entered the Sudan, the economic position was far from robust.[68] After investing a great deal of time and money the Gezira Scheme was not quite the success that had been hoped for and as Arthur Gaitskell (himself a former General Manager of the Sudan Plantations Syndicate and the Gezira Board) points out, it 'was not a very showy investment, even by 1946.'[69] When MacMichael wrote that Sudan 'stood or fell by the result of its cotton sales' in 1934, he probably did not realise that he was describing a significant and problematic structural weakness that tied the Sudan into a cash-crop economy with an ailing product and delivered an administration that, in the absence of anticipated economic success, chose to pursue a financial and economic policy that was defensive and without ambition enough for the successful economic development of the country.[70]

The economic depression and the financial crisis of the early 1930s certainly reveal the fragility of the economic basis of the colonial state. Sudan Government officials were aware of the problems of over-reliance on one cash crop but by the end of the decade they had not broadened the Sudanese economic base or encouraged private enterprise. Does this reveal the intellectual and development policy limitations of the officials responsible for

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[68] H.J. Sharkey, 'Colonialism and the culture of Nationalism in the Northern Sudan, 1898-1956', (unpublished PhD thesis, Princeton University, 1998), p.149
[69] Gaitskell, Gezira, p.163
[70] MacMichael, *The Anglo-Egyptian Sudan*, p. 224; Daly, *Imperial*, 87-91

financial and economic policy as Daly and especially Sanderson suggest, or was government not the decisive factor?

First of all, the effects of the depression were widely felt around the world and the economic impact on Sudan was not unique; indeed the development problems in Sudan were similar to those that Egypt faced in exactly the same period.[71] Second, criticism for *inaction* presupposes some obvious course of action. Yet no easy path for economic growth was open to Sudan. The Gezira Scheme itself had taken three decades of imperial rule in Sudan to establish and had soon after been beset by serious economic problems. Prior to that, as explained in Chapter 2, unaided private enterprise potentially capable of contributing to wider economic growth had mostly failed. Certainly, the Sudan Government did not rush headlong into further economic development or sponsorship of business in any way, but it is quite possible that the developmental constraints discussed previously genuinely mitigated against the success of further schemes rather than their being solely scuppered by Rugman's reticence to support business. The third factor, discussed in the previous section of this chapter, is that the Sudan Government was an economic institution just as much as any business and was primarily concerned with shoring up its own financial position above and beyond pursuing a more ambitious economic policy. In this context, the policy pursued by the Sudan Government was rational albeit without ambition. Thus ended the inter-war years reliant on cotton and this too had an impact on the nature of imperialism in Sudan, because the British cotton textile industry after the depression was in decline.[72]

The decline occurred at the same time as the importance of cotton to the Sudan economy intensified and the wealth generated for the Sudan Government became vital. This

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[71] See R.L. Tignor, 'Dependency Theory and Egyptian Capitalism, 1920-1950', *African Economic History*, 1980, 101-118

[72] See C. Wurm, *Business, politics and international relations : steel, cotton and international cartels in British politics, 1924-1939* (Cambridge, 1993), especially Chapter 7, 'Britain and the rise of Japanese Competition', 193-230, and W.

had two overarching long-term effects. Firstly, it slackened the imperial economic ties between Britain and Sudan in terms of the markets of demand for production and sale. Though the commercial transactions connected to the sale of cotton continued to be rooted via Britain, and while the financial arm of the cotton producing business, the Sudan Plantations Syndicate retained its metropolitan links, Sudan increasingly sold her cotton to India and Japan from 1930 onwards and 'king cotton' was no longer indicative of industrial Britain's need for overseas primary products.

The second effect was to encourage the Sudan Government toward an economic nationalist perspective. With no grand 'imperial' reason to produce cotton the purpose of economic management and development became increasingly colonial in focus. The events of this chapter are the beginnings of the decolonisation process, reflecting a movement away from constructive imperial projects, sweeping in scope and large in ambition, leaning heavily in favour of British interests, towards a more limited, technocratic style, characterised by defensiveness towards the maintenance of the status quo, not so obviously designed to suit British industry or business, and perhaps also lacking a certain ambition. The gradual incorporation of Sudanese into the technical and managerial occupations of the state, the erosion of the faith in grand development policy, and an increased governmental awareness of the fragility of the economic basis of the constitutional settlement of the colonial state prepared the ground for the inexorable slide towards decolonisation after 1940.

Lazonick, 'The Cotton Industry', in B. Elbaum and W. Lazonick (eds.), *The Decline of the British Economy* (Oxford, 1987), 18-50

Chapter 6

The Sudan Plantations Syndicate, 1919-1939

Ambitious plans for the economic development of the Gezira plain first formulated in the early years of the Condominium took until after the First World War to come to fruition. Yet slowly from 1918 the Gezira Scheme was completed and the stream of capital investment was eventually translated into tangible development. By the early-mid 1920s the area under cultivation began to increase, nearly doubling from 14,703 feddans in 1922-23 to 27,982 feddans in 1923-24; at the same time the Syndicate continued the process of recruiting more British members of staff to work in Sudan.[1] In the latter part of 1923 Friedrich Eckstein informed the shareholders at the Syndicate's Annual Meeting that buildings for staff had been erected, ginning machines added to the factory, that pumping stations were being completed and the land prepared for cotton planting. The Sudan Government had reported that significant irrigation works at Makwar would likely be finished by the middle of 1925, prompting Eckstein to tell the meeting:

> We therefore have to get ready and speed up work more than ever... We have to develop and to arrange for the minor canalisation of the greater part of the 300,000 acres area before July 1924 in order to be able to start ploughing in October 1924 an area commensurate with the anticipated water supply from the Dam in the first year.[2]

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[1] SAD 416/2/23-24 189th Board Meeting of the Sudan Plantations Syndicate, 9th May 1923
[2] SAD 416/2/29-32 16th Ordinary General Meeting of the Sudan Plantations Syndicate, November 8th 1923

By the end of 1924 imminent completion of irrigation works indicated that the Scheme would be operational for the 1925-26 crop, which in turn meant that the Gezira Agreement between the Syndicate and Sudan Government was to run from July 1925. The Syndicate made appropriate plans for four new ginning factories and the employment of thirty-six new inspectors.[3] Thereafter expenditure on the Gezira Scheme was limited, amounting to only £135,000 between 1926 and 1930.[4] It was therefore during the inter-war period that the Sudan Plantations Syndicate achieved operational maturity; it was also during this period that the developmental and economic limitations of cash-crop economies became clear. The chronology of events during this period is therefore important to the trajectory of the Syndicate as a business. There were two key markers: the opening of the Gezira Scheme in 1925 and the depression 1929-1931, which was explored as an economic crisis in the previous chapter, but had a clear effect on the Syndicate as well. After the depression, Sudan's slow and sometimes faltering economic recovery provided a poor business environment for the Syndicate to operate in. This, in turn, affected the strategies pursued by the Syndicate, as optimism turned sour in a few short years.

This chapter explores the following themes to explain these critical years in the Syndicate's history. The first section examines the operation of the Gezira Scheme itself. Though the main questions posed in this thesis relate mainly to economic and imperial historiography (rather than the specific genres of colonial or African history), it is also the case that the management of the Scheme was also, in part, the operational arm of the Syndicate as a business. The nature of management within the scheme is important in establishing the genuinely corporate nature of cotton production in Sudan. Governance of economic production in the Gezira region was highly complex, involving social and

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[3] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924; SAD 416/2/42-43 Minutes of the 193rd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 1st October 1924

[4] SAD 415/6/70 'Estimate of Expenditure on Gezira Extensions 1926-1930'

legal institutions among the tenants, labourers and their families. These issues are covered in detail by others, but nevertheless need to explain how these unique institutions related to and articulated with the Syndicate itself, from both a structural and managerial perspective.[5] The second part of this chapter deals with capital ownership, structure and control as well as the leadership of the Syndicate and the business networks to which the Syndicate was connected. This completes the analysis begun in Chapter 2. The main issues, here as there, relate to the size of the company and the sources and direction of funding, as well as the international and institutional context of the Syndicate as a business. The third part of this chapter explores the financial performance of the firm before turning to the issue of the impact of the economic crisis caused by the depression. The fourth and final section analyses the growth strategies of the Syndicate, in particular to explore initiatives beyond the business centred on the Gezira Scheme.

I. THE MANAGMENT OF THE GEZIRA SCHEME

Civil authority over the Gezira was invested in two special commissioners for the Gezira. They were part of the Blue Nile provincial administration. Their role was to

> [a]ct as a connecting link between the administrative staffs of the Syndicate and the Government, and are responsible for seeing that the interests of the natives are safeguarded.[6]

This indicates the dual function of the officials of the Syndicate in the Gezira region – as both managers and quasi-governmental officials. Indeed, the number of Syndicate

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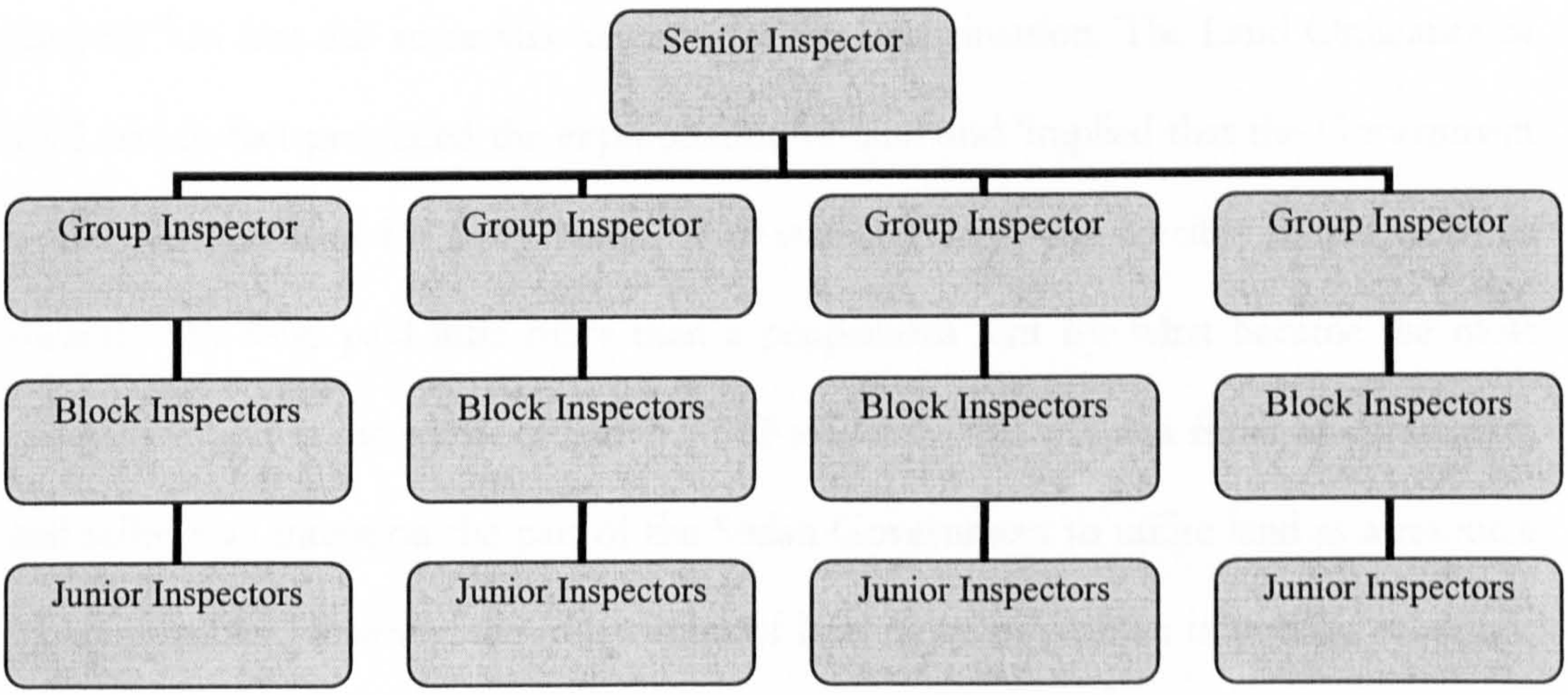
[5] See A.I. Clarkson, 'Courts, Councils and Citizenship: Political Culture in the Gezira Scheme in Condominium Sudan' (Unpublished PhD thesis, University of Durham, 2005); Gaitskell, *Gezira*

[6] *The Sudan Directory* (Khartoum, 1927), p.220

officials in the Scheme (there were usually over one hundred) outnumbered the governmental officials (in 1924 there were only twelve). The Syndicate's officials were responsible for the management of the 24,000 tenant farmers on the Scheme and so naturally were part of the governance of the region.[7]

The tenants themselves were charged with the actual cultivation of the cotton, which they undertook as sharecroppers. Tenancy areas were approximately thirty acres on average. This acreage was then divided into three whereby one third was for cotton cultivation, one third was for growing grain and other food-stuffs, and one third remained fallow. Preparation of land was started in October whereby it was broken up using oil-driven engines operated by the Syndicate. Channels and rivulets were then prepared for water; first irrigation then began by July. Cotton seed was then planted, with the plants flowering the following November. The cotton itself was picked between December and May with help of seasonal labour imported for the purpose.[8]

The managerial structure of the Gezira Scheme was as below[9]:



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[7] Clarkson, 'Courts', p.4
[8] SAD 418/5/1-6 L. Bluen, 'Cotton Growing under irrigation in the Sudan', The Empire Cotton Growing Review, January 1931 (offprint)
[9] SAD 418/5/7-8 Manager of Sudan Plantations Syndicate (likely A.G. Gaitksell) to A. MacIntyre, 3rd September 1932; *The Sudan Directory*, p.220

The inspectors supervised the tenants and were an important means of social and political control: 'the British Inspector is now more or less regarded as a feudal father.'[10] They were responsible for oversight of the work of the tenants of various stages of cultivation as well as for the provision of irrigation including the maintenance of the minor canals, and they were required to supervise the extra labour required during cotton picking and to pay the tenants.[11] During the inter-war period, at the height of the Syndicate's involvement, they enjoyed a large degree of control over the productive process; as one source put it, the Syndicate was responsible for 'the whole management of the Scheme from field to buyers'.[12] This, of course, meant that Syndicate employees were important agents of colonial power among the tenant farmers and other Sudanese labouring in the Gezira.

According to Gaitskell the land on which the Scheme was constructed was 'nationalized'; 'that is to say no individual owner of land has been allowed to refuse the use of his land for the country's needs, nor to hold the community to ransom terms thereof.'[13] In fact this somewhat understates the legal situation. The Land Ordinance of 1921 had in fact precluded the expropriation of land and 'implied that the Government would rent the land for forty years.'[14] However, the land was forcibly rented from its owners who were paid little more than a peppercorn rent for what became the most productive land in the whole of Sudan.[15] Self-evidently, this was as a result of colonialism and reflects an intent on the part of the Sudan Government to utilise land as a resource where possible. However, the (re)creation of land rights in such an important economic

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[10] SAD 418/7/31 Minutes of the 32nd Meeting of the Gezira Advisory Board, 25th April 1948, Minute 260: A. Gaitskell
[11] SAD 418/5/5 L. Bluen, 'Cotton Growing under irrigation in the Sudan', *The Empire Cotton Growing Review*, January 1931 (offprint)
[12] SAD 418/5/29 'Gezira Irrigation Scheme' (likely 1938)
[13] 418/5/46-58 'The Gezira Scheme: a talk given at the Sudan Cultural Centre on February 17th 1943 by A. Gaitskell'
[14] SAD 418/7/33-34 Minutes of the 32nd Meeting of the Gezira Advisory Board, 25th April 1948
[15] Clarkson, 'Courts', p.3

area had other repercussions that affected the political development of the country as a whole.

Anna Clarkson has made an important contribution to the understanding of the political and social dynamics that underpinned the joint governance in the Scheme by the Syndicate and the government that stresses the role of indirect rule, local courts and indigenous authority to maintain, manage and govern what was an increasingly complex agrarian society. The emergence of elites from within the tenants and the use of employed labour helped to transform aspects of Sudanese society connected with the Scheme. This created hierarchies of prestige whereby some tenants themselves became, effectively, landlords presiding over economic activity that operated with its own management and employees.[16] Analysis of the rise of tenant-entrepreneurs is not undertaken here, but nevertheless points to the increasingly decentralised nature of actual cotton cultivation and the increasing social and political complexity of the Scheme throughout the inter-war period. Clarkson also indicates tensions within the Sudan Government between a vision of modernity on the one hand and the pursuit of an arcadian vision of African society on the other.[17] There is little doubt that visions of modernity gradually won out of Arcadian notions in the Gezira, something that encouraged the Sudan Government toward the pursuit of a developmental vision at the expense of the commercial interests of the Sudan Plantations Syndicate, especially during the Second World War and thereafter.

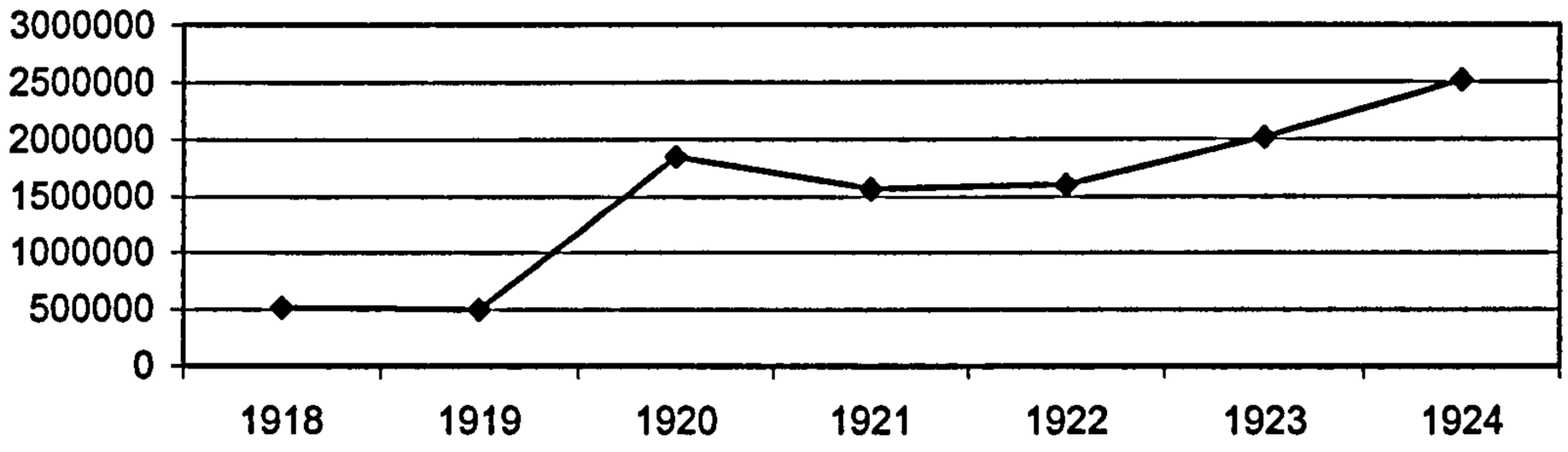
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[16] Clarkson, 'Courts', 188-205
[17] Clarkson, 'Courts', 89, 123, 135, 136-142, 254

II. NETWORKS, OWNERSHIP, STRUCTURE, LEADERSHIP AND CONTROL

Immediately after First World War the Sudan Plantations Syndicate began to expand in preparation for the final development of the Gezira Scheme.

Graph 6.1. Sudan Plantations Syndicate Total Capital on the Balance Sheet, 1918-1924
Source: SAD 415/8/1-152



The capital size of the company increased from £516,482 in 1918 to £2,512,836 in 1924, nearly a five-fold expansion of the size of the company.[18] This expansion began from 1919 with the final assurance given to the Syndicate from the Sudan Government in the form of the agreement signed in October 1919.[19] Friedrich Eckstein, Chairman of the Syndicate, stated at a meeting of the Syndicate in December 1919 that 'we have naturally to find a considerable amount of working capital, and to achieve this it is the intention of your Board to increase our capital to offer in the first instance say 150,000 share, i.e., one new share for each old share to the shareholders at a moderate premium.'[20]

On the 24th March 1920 the Syndicate held an Extraordinary General Meeting to approve the expansion of the nominal capital of the company from £250,000 to

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[18] SAD 415/8/1-152 The Sudan Plantations Syndicate Ltd, Reports and Accounts, 1906-1924
[19] SAD 417/4/476-480 Agreement: Sudan Government and the Sudan Plantations Syndicate, 17th October 1919
[20] SAD 418/8/99 From the Minutes of the 12th Ordinary General Meeting of the Sudan Plantations Syndicate, 17th December 1919

£750,000. At this meeting the Board suggested that, further to the issued capital of £150,000 another 150,000 shares of one pound should be issued to the shareholders at a premium of two pounds per share, making the cost of each three pounds. This was subsequently approved. At the same meeting the Board of Directors of the Company recommended to the shareholders that a new set of Articles of Association be adopted to replace the previous Articles of Association. This is significant because of the justification given:

> The reason for this proposal is that in many respects the Sudan has outgrown its original Articles which were designed at a time of formation, when the Syndicate was purely an experimental company, and when the control was in the hands of Messrs Wernher, Beit and Co. and the original vendor.[21]

The separation of the Sudan Plantations from the Wernher, Beit group is structurally important and deserves a brief explanation. As was explained in Chapter 2, the Syndicate was embedded within the Wernher, Beit group of businesses in the period before the First World War. However, the Wernher, Beit group was at its apogee in the period before 1914; after 1914 it was not able to exert the same kind of influence within and on the capital markets and its business reach was diminished. Though the Sudan Plantations Syndicate continued to share some directorial personnel with companies within the Wernher Beit network of businesses, there are no records relating to the Syndicate in the Wernher Beit Archives in Johannesburg dating from after 1920.[22] This is reflective of two things. First, in relation to the Syndicate itself, the financial and business network out of which the Syndicate emerged – its institutional cradle – became considerably less

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[21] GHL MS 18000/203B/391 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 28th April 1920: Notice dated 26th February 1920 from Louis Bluen to the Shareholders

[22] I was given a remarkable level of access to the Wernher Beit papers in the Barlow Rand Corporation Archive by Annalie Kriel in the Autumn of 2004.

important to the governance of the firm *after* the firm itself had achieved operational maturity. The second more general point relates to the nature and structure of British business and its relationship to the capital market after the First World War. The rich and deep vein of cheap capital that helped to finance speculative businesses (especially mining companies, but also cotton-growing ventures in Sudan) before 1914 was in part coordinated and navigated by a matrix of interlocking directorial networks, agency relationships and cross-shareholding as was explained in Chapter 2. After 1918 the history of the capital market – that it was diminished – is well known. What is much less well known is that the networks that operated within that diminished market-place had begun to fragment and to wither, leaving free-standing companies and some consolidated groups and companies specifically formed as investment vehicles.[23] This contention is beyond the scope of this thesis to explore in anything other than the most general of terms, but it is generally supported by the evidence of the Sudan Plantations Syndicate as it broke away from the Wernher Beit / Rand Mines / Central Mining group, by the process of consolidation and ossification of the Wernher Beit / Central Mining group itself, but also in evidence from the John Taylor and Sons network of mining businesses, touched on earlier and elsewhere.[24] As is demonstrated below, links with Wernher Beit / Central Mining remained, but they do not appear to be operationally crucial in this period.

In April 1920 147,890 shares of one pound each were sold for three pounds (in accordance with the premium) to shareholders at the rate of one new share for each old share held.[25] Of the remaining allocation 1,300 were bought by the staff of the Syndicate and 810 were sold on the open market. Two years later in November 1922, 150,000 more one pound shares were offered to shareholders on the basis of one new share for two

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[23] See Michie, *The London Stock Exchange*, especially 282-283; also Chapter 6, 'The Changing Market Place Between the Wars', 235-286

[24] Mollan, 'The business network'

[25] GHL MS 18000/228B/1111 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 31st October 1923: Directors Reports and Accounts 1922-23 includes a account of the history of the Sudan Plantations Syndicate by Louis Bluen dated 19th December 1923

existing shares held at a premium of £1 10 shillings. Of these 149,825 were taken up by shareholders, with 175 sold on the open market. This brought the share capital of the Syndicate to £450,000 fully paid by November 1923. At this time the Syndicate had 1,827 shareholders, both private and institutional. The fact that the shares were not sold on the open market via a public subscription is significant as it indicates that the Syndicate had access to some alternative pool of capital made up of individuals in some way known to the Syndicate.[26]

The post 1923 capital expansion of the company developed as follows. In May 1924 150,000 one pound shares were offered at a premium of £2 10 shillings.[27] In October 1925 another 150,000 shares were sold at a premium of two pounds, bringing the overall total of nominal share capital to £750,000.[28] It was announced to the Board of Directors in August 1925 that it was the Chairman's intention to increase the capital of the company the following Autumn (i.e., October 1925) from £750,000 to £2,500,000 (nominal) with £2,250,000 issued.[29] Thus by October 1925, on the eve of the full scale of cotton production on the Gezira, the Syndicate had an issued capital of £600,000; the company itself was estimated to be valued at £5,000,000.[30]

In 1926 following the Gezira Scheme becoming operational the Syndicate embarked on a substantial change to the capital structure of the company, doubling the

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[26] GHL MS 18000/228B/1111 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 31st October 1923: Directors Reports and Accounts 1922-23 includes a account of the history of the Sudan Plantations Syndicate by Louis Bluen dated 19th December 1923; SAD 416/2/16 Minutes of the 186th Board of Meeting of the Director s of the Sudan Plantations Syndicate, 19th January 1923; GHL MS 18000/228B/1111, London Stock Exchange Listing File for the Sudan Plantations Syndicate, 'List of Shareholders as at 31st October 1923'

[27] GHL MS 18000/230B/427 London Stock Exchange Listing File for the Sudan Plantations Syndicate, May 1924: Letter from the Sudan Plantations Syndicate to the London Stock Exchange, 16th May 1924; SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924

[28] GHL MS 18000/18000/241B/1030 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 27th October 1925

[29] SAD 416/2/65-58 Minutes of the 198th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th August 1925

[30] SAD 416/2/61-66 Ordinary General Meeting of the Sudan Plantations Syndicate, 28th October 1925

number of shares from 750,000 to 1,500,000.[31] These shares were allocated to existing shareholders on a one new share to one share held basis 'fully paid up ... in capitalisation as part of the company's share premium account'.[32] This represented the spoils of investment, essentially doubling each shareholders holding overnight. Yet the Syndicate itself was circumspect. While noting that the company had paid out 250% in dividends, the Chairman also remarked at the 1925 Annual Meeting that it was 'nothing to boast about, considering that we have been at work for twenty-one years, and have raised all our working capital at considerable premium.'[33]

A further expansion in share capital occurred in April/May of 1927 when the capital was expanded again by another 750,000 shares issued with premium of £1 10 shillings (of which £1 18 shillings in total was paid up in the initial offering, to be fully paid up by November 1927).[34] In November 1934 the Syndicate authorised the issuing of another 225,000 one pound shares, this time to be sold to shareholders for twenty-one shillings – a premium of one shilling. Each share was to be available only for every ten shares already held.[35] This then became the settled share capitalisation of the company enduring for the remainder of the existence of the firm.[36] There is also an indication that the directors of the Syndicate were able to repay £400,000 worth of debentures as well as refinancing some of the company's debt by taking advantage of lower interest rates

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31 GHL MS 18000/245B/249 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 4th March 1926; SAD 416/2/69 200th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 22nd January 1926; SAD 416/2/73 Extraordinary General Meeting of the Sudan Plantations Syndicate, 12th February 1926; SAD 416/2/75 Extraordinary General Meeting of the Sudan Plantations Syndicate, 3rd March 1926

32 GHL MS 18000/245B/249 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 4th March 1926

33 SAD 416/2/61-66 Ordinary General Meeting of the Sudan Plantations Syndicate, 28th October 1925; indeed, a considerable sum of money had also been raised through the issue of debentures - SAD 416/2/17 Minutes of the 187th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th February 1923

34 GHL MS 18000/255B/474 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 20th April 1927

35 GHL MS 18000/338B/1332 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 8th November 1934: Director's Memo, undated (by likely November 1934)

36 *Stock Exchange Official Yearbook, Vol. 2, 1950* (London, 1950), p.3289

available in the City in late 1934 and early 1935. This occurred shortly after the Sudan Government had refinanced the its own debt.[37]

The share-ownership of the Sudan Plantations Syndicate should then be seen in two distinct phases. The first prior to c.1919-1920 was characterised by private share issue, limited to a small number of investors owning shares worth £150,000. The second phase after 1920 was characterised by a massive expansion of the share. What is additionally interesting is that it would seem from the shareholding list of 1923 that ownership and control of the firm were not directly linked at this time, and that there was a diffuse public shareholding of the Syndicate's stock.

In the London Stock Exchange listing files that supply much of the evidence in this chapter reveal for the sole instance of 1923 the shareholding of individuals. This is important because it allows a rare glimpse of the pattern of ownership of a colonially based business. First of all among the directors, there was a preponderance of men with a connection to the Wernher Beit group. However, of all directors only three held over a thousand shares, and then only Lord Lovat held a substantial shareholding. Indeed, as will be demonstrated below, the pattern of shareholding is remarkably diffuse by 1923.

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[37] FO 141/497/4 Despatch re Gezira Irrigation Scheme, 13th December 1934; S.G. Symes, Governor-General of Sudan to Her Majesty's High Commissioner for Egypt and Sudan, The Residency, Cairo, 13th December 1934; GHL MS 18000/338B/1332 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 8th November 1934: Director's Memo, undated (likely November 1934); SAD 416/4/18-20 Minutes of the 247th Board Meeting of the Directors of the Sudan Plantations Syndicate, 1st November 1934; SAD 416/4/21 Special Meeting of the Board of Directors of the Sudan Plantations Syndicate, 7th November 1934; FO 141/482/7 Despatch: Finances Sudan, 28th May 1934

Table 6.1. Directors shareholding in the Sudan Plantations Syndicate, 30th June 1923
Source: GHL MS 18000/228 1111[38]

Director	Number of shares
F. Eckstein*	1,500
Lord Lovat*	6,400
Sir Lionel Phillips*	800
D.M. Hannay	200
J.A. Hutton	1,500
Fredric Wise	750
Arthur M. Asquith	200
Alexander MacIntyre	400

*connection to Wernher Beit / Rand Mines / Central Mining (not including the Sudan Plantations Syndicate)

Of the directors, only Lord Lovat was in the top-ten leading shareholders, as can be seen below. Again, three of the top-ten shareholders had a link to the Wernher Beit / Central Mining group, not including the Central Mining and Investment Corporation itself which was also one of the leading shareholders.

Table 6.2. Top ten shareholdings in the Sudan Plantations Syndicate, 31st Oct. 1923
Source: GHL MS 18000/228 1111[39]

Shareholder	Number of shares
Colonel the Hon. Guy Greville Wilson	10,025
Sir Otto Beit*	10,000
Central Mining and Investment Corporation*	8,375
Joseph James Brown and Frederick Lees	7,525
Lord Lovat*	6,400
Max Michaelis*	6,000
David Augustus Bevan	4,950
Leslie Urquhart	4,300
Christian Hamilton Gray	4,000
Princes Street Nominees Ltd	3,870

*connection to Wernher Beit / Rand Mines / Central Mining (not including the Sudan Plantations Syndicate)

Indeed, the connection to the Central Mining and Investment Corporation (CMIC) would seem to be significant – the company itself being a substantial shareholder. Yet, operationally, Central Mining was not important. However, this all needs to be set in

[38] GHL MS 18000/228 1111 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 24th December 1923: 'Report of the Directors: Statement of Account', 30th June 1923
[39] GHL MS 18000/228 1111 London Stock Exchange Listing File for the Sudan Plantations Syndicate, 24th December 1923: 'List of shareholders as at 31st October 1923'

some kind of context. What is interesting is that by 1923 the Sudan Plantations Syndicate was owned by 1,827 shareholders as reported above, who owned 450,000 shares. The board of directors held only 11,750 shares, or 2.6% of the total issued amount at that time. The single largest shareholder, Colonel the Hon. Guy Greville Wilson, who was not a director, held just 2.2% of the total. A brief survey of the total list of shareholders was undertaken by sampling all those names that held 1000 shares or more. This list amounted to 71 of the 1,827 shareholders, slightly less than four per-cent. This group held 119,280 of the 450,000 shares in 1923. Of these, 20,565 were held by institutions (including the CMIC), representing 17.2% of the sample group's shares. By contrast, ennobled or aristocratically titled shareholding amounted to only 9,800 shares or 8.2% of the sample group. A more detailed prosopographical approach based on presence in *Who was Who* (so itself problematical and limited) focused on straightforward indicators of gentlemanliness (attendance at public school and/or a University; membership of a Gentleman's Club in London, or Parliament; a commission in the Army or Navy; a noble title of some kind; membership of the priesthood of the Church of England), reveals that only 14 of the 59 personal investors (12 of the top shareholdings were institutions), representing 16.4% or 19,565 shares of the sample group, were *certainly* gentlemanly. This is not to say that others were not gentlemanly, but rather that from the readily available sources this is difficult to determine.

This small survey of shareholders is not without its drawbacks. By arbitrarily focusing on the larger shareholders (who notionally have more influence) individuals of actual influence have been excluded, including several of the directors of the company. Indeed, there is no reason to suppose that many of the smaller shareholders might not have been classified as gentlemen or, even, gentlemanly capitalists – albeit with modest amounts of capital in the company. A conclusion to draw from this is that gentlemanliness among capitalists is hard to ascertain. One drawback of the 1923 date is

that it is before the Gezira Scheme opens and – as ever – it is problematical to draw inferences for the whole history of the Syndicate from 1919 onwards on the basis of a sample year so early into the period covered in this chapter. Nevertheless what is interesting is the relative diffusion of share-ownership. There were no large blocks of shares. Though the directors owned fairly substantial share-holdings in comparison with other shareholders, they did not control the firm by dint of ownership.

There was comparatively little flux in the directorate of the Syndicate between 1919-1950. There was some turnover in personnel (for example, in March of 1925 Lionel Phillips resigned from the Board and was replaced by Lieutenant Colonel S. H. Pollen; Harold Wooding joined the board in January 1931), but it was minimal.[40] The most significant change was the death of Friedrich Eckstein in the middle of 1930 having given up the Chairmanship the previous year.[41] Alexander MacIntyre, who was also Managing Director, succeeded Eckstein as Chairman. Indeed, after MacGilivray and then Eckstein, it was MacIntyre who proved to be the decisive and influential figure in the Syndicate's history from 1930.

His Chairmanship began in relative crisis, not least of all caused by the demise of Eckstein whose long stewardship had guided the Syndicate through its formative years. 'It is hard luck on Mr MacIntyre', the minutes of the Annual Meeting for 1930 commented, 'at this early stage of his Chairmanship to have encountered a year in which both crop and prices have been the worst in our experience. The difficulties of the past year have increased the burden which our Chairman has had to bear but happily his shoulders are broad.'[42] Over the next few years the Syndicate lost several directors who

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[40] SAD 416/2/51-53 Minutes of the 196th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 30th March 1925; SAD 416/3/34 Minutes of the 227th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 3rd December 1930

[41] SAD 416/3/20-22 222nd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 8th July 1930; SAD 416/3/30-33 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930

[42] SAD 416/3/30-33 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930

had overseen the development of the company: Lord Lovat died in 1933, Sidney Pollen in 1935.[43] However, the directorate of the Syndicate was remarkably stable between 1920 and 1950, as can be seen in the table below.

Table 6.3. Directors of the Sudan Plantations Syndicate, 1920, 1930, 1939, 1945 and 1950
Source: *Stock Exchange Official Intelligence/Yearbook*, various years[44]

1920	1930	1939	1945	1950
Alexander MacIntyre (Managing Director)	Alexander MacIntyre (Chairman and Managing Director)	Alexander MacIntyre (Chairman and Managing Director)	Alexander MacIntyre (Chairman and Managing Director)	Alexander MacIntyre (Chairman and Managing Director)
J. Arthur Hutton	J. Arthur Hutton	J. Arthur Hutton	J. Arthur Hutton	
Friedrich Eckstein (Chairman)	Friedrich Eckstein	Harold Wooding	Harold Wooding	Harold Wooding
Lord Lovat	Lord Lovat	Hubert Poyntz-Wright	Hubert Poyntz-Wright	Hubert Poyntz-Wright
D.M. Hannay	Arthur M. Asquith	Arthur M. Asquith		
Lionel Phillips	Bernard Eckstein	Bernard Eckstein		
Fredric Wise	Sidney Pollen	Evelyn Baring		
		F.R. Phillips		

These men were heavily linked to the group of businesses around the Sudan Plantation Syndicate. In 1939, for example, Alexander MacIntyre was a director of the Sudan Plantations Syndicate, the Kassala Cotton Company and Parana Plantations Ltd, as was Harold Wooding. Sir Bernard Eckstein was a director of those three companies along

[43] SAD 416/3/71-73 240th Minutes of a Meeting of the Board of Directors of the Sudan Plantations Syndicate, 23rd March 1933; SAD 416/4/35-37 Minutes of a Meeting of the Board of Directors of the Sudan Plantations Syndicate, 18th April 1935

[44] *Stock Exchange Official Intelligence 1920* (London, 1920), p.1109; *Stock Exchange Official Intelligence 1930* (London, 1930), p.1301; *Stock Exchange Official Yearbook 1939* (London, 1939), 2399-2400; *Stock Exchange Official Yearbook 1945* (London, 1945), p.2126; *Stock Exchange Official Yearbook 1950*, (London, 1950), 3288-3289

with Sudan Salt and the Cambuhy Coffee and Cotton Estates. Hubert Poyntz-Wright was a director of the Sudan Plantations Syndicate and Sudan Salt. J. Arthur Hutton was, a director of the British Cotton Growing Association, the Empire Cotton Growing Association, Atlas Insurance, Sir Elkanah Armitage and Sons and, of course, the Syndicate itself. Francis Phillips was a director of numerous companies – many of them part of the Central Mining / Rand Mines Group, while the Honourable Evelyn Baring was a director of the Sudan Plantations Syndicate, the Kassala Cotton Company, the Special Areas Reconstructed Ltd and London Life Association.[45] There is, however, nothing especially significant about these links; rather, they indicate that the directors of the Syndicate were engaged more widely with business some of which had a connection to the Empire.

III. FINANCIAL PERFORMANCE AND THE IMPACT OF THE DEPRESSION

As discussed in Chapter 5, cotton growing in Sudan was affected by both a fall in world prices and in worsening local conditions. In the latter part of 1930 it became increasingly evident to the Syndicate that the effect of the world depression in the price of cotton was not the only problem faced by the Syndicate, as the continuing effects of Black-arm blight became known.[46] Similar reports were made throughout the Autumn of 1930.[47] This compounded the problems of the previous year:

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[45] *Directory of Directors 1939*, (London, 1939), p. 90, 518, 886, 1095, 1361, 1391, 1901; GHL MS 18000 350B/ 988 London Stock Exchange Listing File for the Central Mining and Investment Corporation, 14th June 1935, Memorandum, 'The Central Mining and Investment Corporation, Ltd', 21st June 1935

[46] Cable from Barakat, 10th October 1930: SAD 416/3/24-27 224th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 28th October 1930

[47] SAD 416/3/28-29 225th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 12th November 1930; SAD 416/3/30-33 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930

At our last meeting you were informed that we have had extraordinarily heavy rains which lasted right into October, and that this meant an exceptionally late crop, but that, granted normal winter weather, prospects were still promising. Instead of normal weather we experienced exceedingly cold weather in December and January, and when the effect of this combination became evident in the pickings, we sent you a circular to this effect.

> In all agricultural undertakings one is liable at some time or other to be faced with a bad crop, due to climatic conditions, over which one can have no control...[48]

Although the Syndicate remained optimistic despite the bad crop and the gathering depression, the impact was felt financially.[49] In October 1930 the Syndicate received estimates from Sudan of expenditure and cash requirements for the Gezira and Zeidab stations for the year ending 1931, including the costs of cotton ginning and transport to the United Kingdom. The Board were informed of the need for a loan to meet their expenditure of £400,000 without security, which the Chairman had arranged with the National Bank of Egypt. In fact by February 1931 only £100,000 of the loan had been drawn down, indicating, if nothing else that the Syndicate erred on the side of caution, but this was still a significant liability.[50]

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[48] SAD 416/3/30-33 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930; indeed, blackarm and leaf curl continued to cause problems well into 1931. See: SAD 416/3/48 Minutes of the 132nd Meeting of the Board and Directors of the Sudan Plantations Syndicate, 28th October 1931

[49] SAD 416/3/30-33 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930

[50] SAD 416/3/24-27 224th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 28th October 1930; SAD 416/3/34-37 227th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 26th February 1931; indeed, the Syndicate also took the prudent measure of retaining the £300,000 ready to draw down until April 1931. In the same vein, at the February meeting of the Board of Directors it was resolved that all directors and the London staff should take a pay cut of ten percent. The Sudan staff were also hit with pay cuts ranging from four percent to ten percent depending on how high was the salary.

As the directors explained to the shareholders 'the heavy fall in the price of cotton would not have affected our profits to such an extent if we had had an ordinary average yield, as the increase in our areas has become such a factor that it would have gone far towards compensating for the fall in prices.' In increasing the area under cultivation the Syndicate adopted a policy and a pattern of behaviour that bedevils cash-crop farmers to this day: as prices fall an increase in productive capacity – though rational and sensible as viewed from the producer's level –results in increases overall to supply and therefore continues to damp down prices. As the Syndicate itself noted, if prices were to go up in the 1930s, all well and good. If they didn't, then the Syndicate would simply increase the cultivated land to the North and West of the Gezira.[51] What is curious is that later, in 1932, the Annual Meeting discussed the expectations that lower prices 'should' contribute to 'less cotton being grown and less [sic] supplied of the raw material being available' (i.e., in the world market), though this logic had not impacted on their own planting regime.[52] Nevertheless, in 1931 despite the fact that the Syndicate fully expected the price of cotton to increase, their response was in many ways prudent. Increased capacity by increasing the area under cultivation was one way of maximising revenue; another was to raise productivity levels, something they sought to achieve through a variety of factors including the introduction of diesel powered pumps to replace those driven by steam and the remodelling and enlarging of the ginning factories.[53]

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[51] SAD 416/3/30-33 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930
[52] SAD 416/3/70 25th Ordinary General Meeting of the Sudan Plantations Syndicate, 3rd November 1932
[53] SAD 416/3/32 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930

Table 6.4. Running hours of the main engines of the Sudan Plantations Syndicate Factories (No. 1 – No. 7), 1924/25 to 1934/35
Source: SAD 417/296[54]

Season	Total (hours)
1924/25	1,585
1925/26	11,397
1926/27	12,819
1927/28	9,185
1928/29	11,791
1929/30	10,109
1930/31	6,456
1931/32	19,812
1932/33	8,420
1933/34	9,011
1934/35	18,076

As the Chairman noted at the Annual General Meeting for 1930, 'In our experience we have encountered exceptional rains, occasional cold winters, poor yields and low cotton prices, but we have never previously suffered from all these unfavourable factors occurring in combination.'[55] A further effect of the downturn was to reduce the balance sheet valuation of stocks already held. Louis Bluen informed shareholders that the 'lower prices realised must, of course, be reflected in the results of the present year. Sales have been very slow...' In order to reduce the costs of production, the Syndicate cut the wages of Sudanese labour, as well as reducing the salaries of all staff in Sudan and London by 10% (or 4% for those with lower salaries).[56] Dividends were not paid in 1932.[57] Nevertheless, it is also true that throughout this period the Syndicate remained – at least in public - optimistic about future prospects. At the Annual Meeting in 1931 they announced: 'the profits of our company depend on two things, cotton yields and prices. With good yields and even with present prices, which are extremely low, we should be

[54] SAD 417/2/96 Sudan Plantations Syndicate Ltd and Kassala Cotton Company Ltd: Memorandum on Review of Sinking Funds as at 30th June 1935 (Ginning Factories Machinery and Heavy Implements), 20th December 1935
[55] SAD 416/3/31 23rd Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1930
[56] SAD 416/3/41 L. Bluen, 'Circular to Shareholders', 15th April 1931
[57] SAD 416/3/68-70 25th Ordinary General Meeting of the Sudan Plantations Syndicate, 3rd November 1932

able to make profits. Granted normal yields and better prices, we need have no anxiety for the future.'[58]

The eventual recovery for the Syndicate, when it came in 1933, was shaky and uncertain, not least because of continuing economic and agricultural problems (on this occasion with leaf-curl).[59] As was reported at the annual meeting in 1934, 'owing to the exchange and political uncertainties, manufacturers in the consuming countries have been compelled to adopt a policy of buying their requirements from day to day and are averse to entering into any large commitments.'[60] Even though the Syndicate's cotton itself was selling fairly well, the long-term position of Sudan cotton was damaged, and the situation did not improve. In 1935 the company sought to reassure shareholders that it was doing its utmost to sell cotton 'at home, on the continent, in India, America and other parts of the World' but were unable to secure a good price for high grade Sudan cotton in a market where low quality cotton was so cheap.[61] The Syndicate even took to auctioning some of its cotton at Port Sudan, bypassing the Lancashire market entirely.[62] The futures market in Sudan cotton had collapsed as a result of lack of general confidence, a shortage of demand and a glut of supply in cotton, and a specific problem that resulted in Sudan cotton being classified in such a way as to disadvantage it in comparison with Egyptian cotton of a similar grade. The Syndicate blamed conditions in the market, stating that the 'interests of the *bone fide* producer and consumer have been

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[58] SAD 416/3/51 24th Ordinary General Meeting of the Sudan Plantations Syndicate, 28th October 1931
[59] SAD 416/3/82-84 26th Ordinary General Meeting of the Sudan Plantations Syndicate, 15th November 1933
[60] SAD 416/4/25-26 27th Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1934
[61] SAD 416/4/45-26 28th Ordinary General Meeting of the Sudan Plantations Syndicate, 14th November 1935; incidentally, the Syndicate were conscious at this time to thank the 'very valuable service' performed by the British Cotton Growing Association in helping to market Sudanese cotton in Britain.
[62] SAD 416/4/49-50 255th Board Meeting of the Sudan Plantations Syndicate, 7th May 1936

sacrificed to those of the speculator."[63] This claim was repeated at the annual meeting in November 1937.[64]

Regardless of whether this was true or merely a sop to shareholders, profits suffered as a result of the inability of Sudan cotton to fetch the prices it had before the depression. Though the Syndicate were able to pay a ten per cent dividend in the Autumn of 1936, they had to resist calls from shareholders for a half-yearly interim dividend made at the annual meeting held shortly after.[65]

Table 6.5. Sudan Plantations Syndicate data, 1926-1939 (£ unless stated otherwise)
Source: Gaitskell, *Gezira*, 267-274

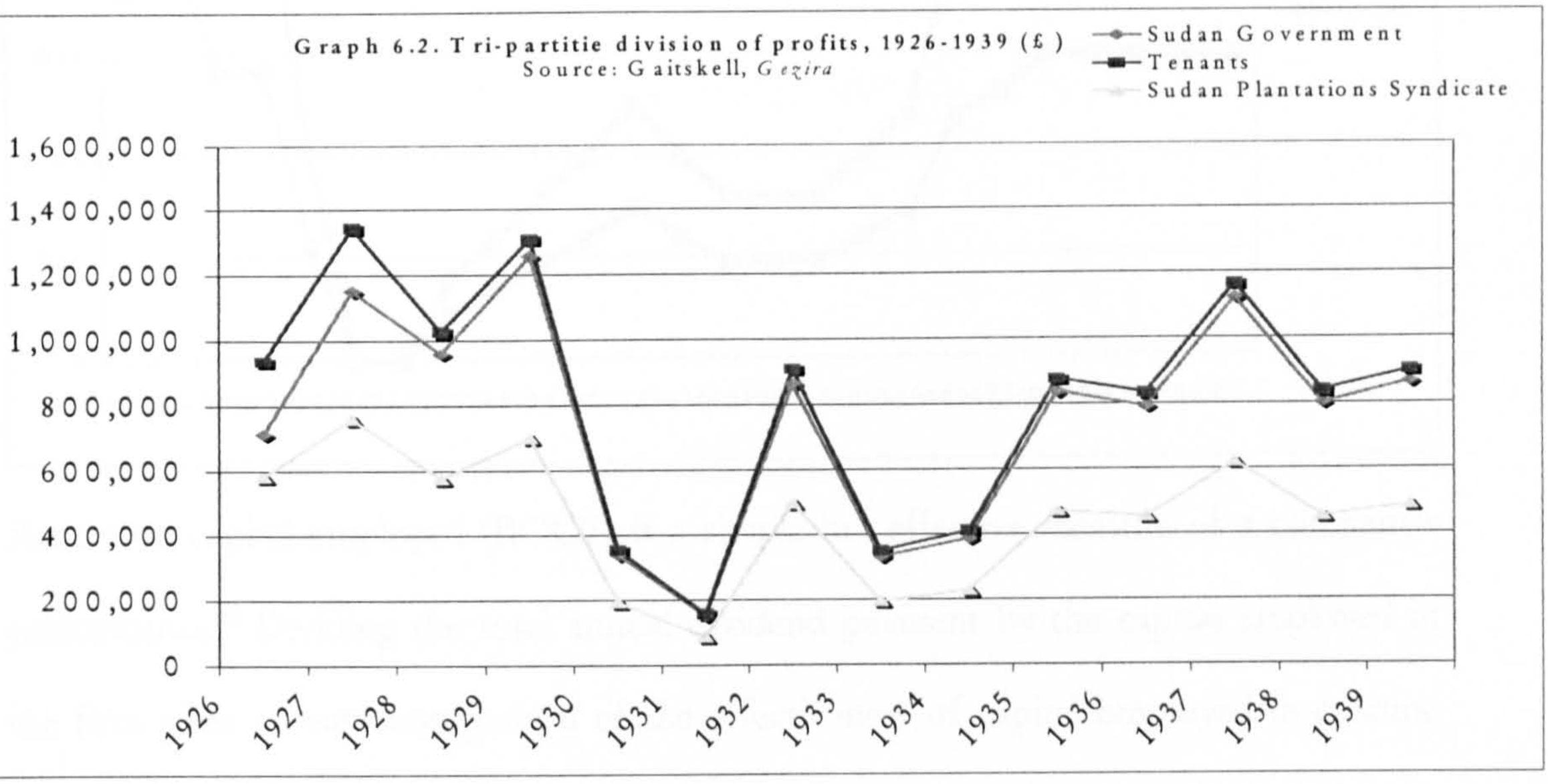
	Cotton area in feddans	Yield in kantars per feddans	Price of Sudan cotton in pence per lb	Net return, after deducting marketing expenses	Direct expenditure on the Scheme	Total profits	Syndicate's share of net return	Syndicate's expenses	Amount of dividend before deduction of Sudan and UK tax
1926	80,031	4.80	18.00	2,340,616	718,925	536,201	582,281	215,763	375,000
1927	100,058	4.70	18.00	3,356,629	721,412	840,504	759,319	278,888	450,000
1928	100,768	3.30	19.70	2,563,402	814,009	584,466	573,954	223,557	562,500
1929	131,292	3.60	18.40	3,269,162	970,504	725,080	699,630	237,226	562,500
1930	174,164	2.30	7.90	885,905	1,027,245	0	192,702	188,060	225,000
1931	196,799	1.40	6.40	393,940	1,023,103	0	85,552	226,237	0
1932	194,935	4.10	8.50	2,270,988	992,539	243,366	495,807	190,348	0
1933	195,941	1.90	8.10	875,347	896,219	0	193,299	214,288	90,000
1934	175,834	2.30	8.60	1,025,324	892,907	84,825	226,841	220,407	135,000
1935	176,150	4.50	8.20	2,187,920	952,483	271,914	470,425	250,355	198,000
1936	185,758	3.70	7.90	2,077,858	930,526	272,764	451,386	280,524	247,000
1937	199,770	4.50	8.60	2,908,401	956,217	500,101	618,832	311,647	309,375
1938	207,242	4.60	5.90	2,091,913	1,027,844	239,044	451,104	290,667	247,500
1939	206,274	4.50	6.20	2,252,945	1,032,313	228,486	485,285	274,878	198,000

Profitability is a useful (if blunt) gauge of success, failure and difficulty in business. Profits from the sale of cotton itself were calculated by the Syndicate and the government in the following way. If the sale price of some cotton were £100 then £20 would be deducted for the cost of ginning and £5 for marketing expenses. This would

[63] SAD 416/4/54-55 29th Ordinary General Meeting of the Sudan Plantations Syndicate, 5th November 1936
[64] SAD 416/5/23 Ordinary General Meeting of the Sudan Plantations Syndicate, 15th November 1937
[65] SAD 416/4/51-53 256th Board Meeting of the Sudan Plantations Syndicate, 22nd October 1936; SAD 416/4/54-55 29th Ordinary General Meeting of the Sudan Plantations Syndicate, 5th November 1936

leave £75, of which the Syndicate would receive thereabouts of £15, approximately a twenty per-cent profit.[66] The remainder went to the tenants and the Sudan Government, forty percent to each.[67] The graph below shows the division of profits between partners and highlights the significant reductions caused by the economic downturn of the inter-war years.

Graph 6.2. Tri-partitie division of profits, 1926-1939 (£)
Source: Gaitskell, *Gezira*



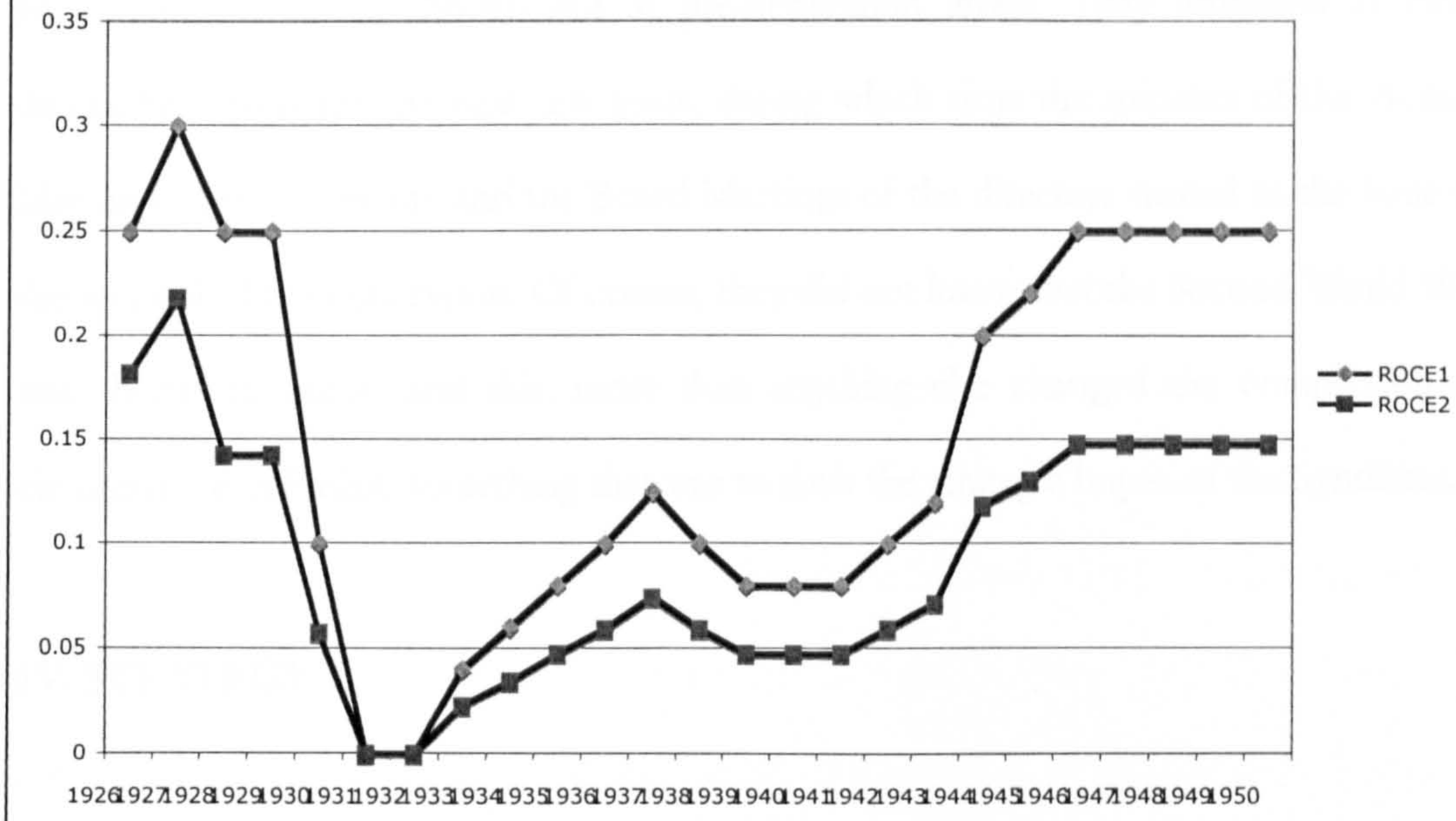
What the graph also shows in addition to the impact of the depression is the false dawn of recovery in 1932. This is explained by a fall in the yield in cotton in 1933 and 1934.

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[66] SAD 417/4/144 Cooper Brothers Accountants, 'Memorandum illustrating the method of ascertaining the price to be paid to the tenants for the cotton seed and ginned cotton purchased from them', 22nd November 1928; SAD 417/4/170-172 Holmes, Son and Pott to the Sudan Plantations Syndicate, 12th December 1928

[67] SAD 417/4/21 Sudan Plantations Syndicate Main Agreement, 31st January 1929: 'Ascertainment and Division of Profits'

Graph 6.3 Sudan Plantations Syndicate, Return On Capital Employed (ROCE), 1926-1950



Return on capital employed (ROCE) is a simple but effective measure of a company's performance.[68] Dividing the total annual dividend payment by the capital employed in the firm gives an easy comparison of the effectiveness of capital employed in creating profits.[69] ROCE 1 is the dividend payment divided by the shareholding, while ROCE 2 is the dividend payment divided by the shareholding *plus* the share-premium. Both series (above) show essentially the same thing – that the depression brought on a significant worsening in the conditions of business for the Syndicate, but that the Syndicate did revive its position gradually from 1932 onwards. This measure does not take into account the effects of wartime inflation, but nevertheless indicates the pattern over the period of this chapter. The depression in Sudan fundamentally shaped and conditioned the economic trajectory of the colonial state. It also altered the shape and health of the Sudan Plantations Syndicate as a business. Significantly, in 1930, 1931 and 1933 no profits were made by the business and in both 1931 and 1932 no dividend was paid, as

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[68] Data from Gaitskell, *Gezira*, 276-274;

[69] A discussion of ROCE, it application and limitations can be found in G. Jones, *Merchants to Multinationals*, 15-16; Jones's ROCE calculations for trading companies indicate that the Sudan Plantations Syndicate's performance was not dissimilar in the inter-war period. See, G. Jones, *Merchants to Multinationals*, 354-357

can be seen in the table above. Profits recovered somewhat and dividend payments began again in 1933, though not at pre-depression levels. They remained at these diminished levels for the next few years, during which time the minutes of the Annual Meetings of the company and the Board Meetings of the directors turned to the issue of the renewal of the concession. Of course, they did not know that the Second World War was shortly to occur, and this, more than anything else changed the complexion of circumstance in Sudan, something that was to dash the strategic hopes of the Syndicate.

IV. STRATEGY

As the Gezira Scheme became gradually became operational from the early 1920s and the Syndicate's core business began to yield results, the Syndicate undertook a strategy intended to expand the scale and then the scope of its business activities. First of all, the Syndicate began to explore the opportunities for expanding the scale of cotton growing within Sudan, for example in the Nuba Mountains where both Eckstein and MacIntyre believed that a crop could be grown.[70] There is no evidence, however, that this potential opportunity was ever pursued with any seriousness. However, in the Kassala region, cotton-growing was developed.

In 1922-23 the Sudan Plantations helped to launch the Kassala Cotton Company and its sister institution, the Kassala Railway Company. The Sudan Government and the Sudan Plantations Syndicate signed Heads of Agreement on the 7th November 1922 that put in place a complex re-financing package.[71] The idea was that on formation the Kassala Cotton Company would purchase and pay in full for 300,000 one pound shares in the Kassala Railway Company which it would then give to the Sudan

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[70] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924
[71] GHL MS 18000/222B 160 London Stock Exchange Listing File, Kassala Cotton Company Ltd, 15th February 1923, 'Heads of Agreement', 7th November 1922; SAD 416/2/12-15 Minutes of the 184th Special Board Meeting of Directors of the Sudan Plantations Syndicate, 16th November 1922

Government Railways on completion of a railway extension connecting the cotton-growing areas in Kassala to the existing Sudan Railways network. In the intervening period the shares of the Kassala Railway Company were to have the names of both the Sudan Government and the Kassala Cotton Company inscribed on them and were to be lodged with the National Bank of Egypt. The Kassala Cotton Company, however, would agree not to use the voting rights unless authorised to do so by the Sudan Government.[72]

The effect of this was to allow the government to develop the railway, with the Sudan Plantations Syndicate financing the scheme via the Kassala Cotton Company, which through having a separate corporate identity to the Sudan Plantations Syndicate would be able to enter the British capital market on its own terms at some later date. Using the money there invested to refill the government's coffers, which, by placing it with the Kassala Railway Company was a way of providing a jointly owned corporate entity through which the two parties could retain influence, and the Kassala Cotton Company (and therefore by proxy the Sudan Plantations Syndicate) would not expend money until the construction was complete. The incentive for the Sudan Plantations Syndicate was straightforward: on completion of the railway extension the Kassala Cotton Company itself would be awarded a forty-year concession over the Kassala cotton-growing areas.[73]

The British Treasury objected to the capitalisation of the company as originally envisaged with £50,000 in shares and £750,000 in debentures, insisting instead that some preference shares be issued.[74] The Trade Facilities Advisory Committee made an alternative suggestion with £300,000 of capital in ordinary and preference shares and

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[72] SAD 416/2/14-15 185th Board Meeting of the Sudan Plantations Syndicate, 21st December 1922; GHL MS 18000/222B 160 London Stock Exchange Listing File, 15th February 1923
[73] GHL MS 18000/222B 160 London Stock Exchange Listing File, Kassala Cotton Company Ltd, 15th February 1923: 'Heads of Agreement', 7th November 1922; 'Memorandum re the Kassala Cotton Company Ltd issued by the Sudan Plantations Syndicate Ltd', 10th January 1923
[74] SAD 416/2/12-15 Minutes of the 184th Special Board Meeting of Directors of the Sudan Plantations Syndicate, 16th November 1922

£500,000 in debentures.[75] This was accepted by the Sudan Plantations Syndicate at a board meeting in the middle of November 1922; the Syndicate were subsequently required to find subscribers for the new company. The £250,000 of preference shares were, however, in accordance with the Agreement of November 1922 to be owned by the Syndicate.[76] The Kassala Railway Company Ltd was formed around the same time with a capital of £300,000 with a debenture stock of £1,250,000 with Treasury guarantees of the principal and interest.[77]

In February 1923 100,000 shares and 100,000 debentures of one pound in the Kassala Cotton Company were offered to the investors of the Sudan Plantations Syndicate. Some shares were specially set aside for the directors who had been involved in negotiating the cotton concession in Kassala: 'it was resolved to give the Chairman the right to take up at par out of the Syndicate's holding 25,000 ordinary shares for distribution in his discretion between himself, the Managing Director, Mr Alexander MacIntyre, and Brigadier General A.M. Asquith in view of their special services in negotiating the cotton concession.' A further 400,000 shares were issued to subscribers.[78]

In May 1923 it was agreed that the Kassala Cotton Company would take over the running of the cotton growing area in Kassala at some point in 1924.[79] Nevertheless, the switch to new management had been announced to the Sudanese living and working in the area – including a reduction in the percentage of the profits they were to receive from

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[75] SAD 416/2/12-15 Minutes of the 184th Special Board Meeting of Directors of the Sudan Plantations Syndicate, 16th November 1922; the Trades Facilities Advisory Committee advised on compliance of guaranteed loans administered under the Trades Facilities and Loans Guarantee Act 1922: GHL MS 18000 /222B 160 London Stock Exchange Listing File, Kassala Cotton Company Ltd, 15th February 1923, 'Trade Facilities and Loans Guarantee Act 1922'

[76] SAD 416/2/12-15 Minutes of the 184th Special Board Meeting of Directors of the Sudan Plantations Syndicate, 16th November 1922

[77] GHL MS 18000/222B 160 London Stock Exchange Listing File, Kassala Cotton Company Ltd, 15th February 1923, 'Memorandum re the Kassala Cotton Company' issued by the Sudan Plantations Syndicate Ltd, 10th January 1923; 'Agreement 7th December 1922 between Edward Colpays Midwinter and the Kassala Railway Company'

[78] SAD 416/2/17-18 187th Board Meeting of the Sudan Plantations Syndicate, 19th February 1923; GHL MS 18000/222B 160 London Stock Exchange Listing File, Kassala Cotton Company Ltd, 15th February 1923

[79] SAD 416/2/19-22 188th Board Meeting of the Sudan Plantations Syndicate, 9th May 1923

cotton sold. The reduction from eighty percent to fifty percent of profits was justified 'owing to the presence of the railway and the advantage of adequate supervision and guidance.'[80]

The capital for the Kassala Cotton Company was amended in 1935 to remove the hierarchical division of shares by converting the preference shares into ordinary shares. The reason for this was to boost the revenues of the ordinary shareholders during times of economic hardship such as those endured between 1930-31.[81] Prior to the conversion the profits had been split in two. As part of an agreement to compensate the Sudan Plantations Syndicate for the loss of c.9,300 feddans worth of irrigation water rights, the Kassala Cotton Company had agreed that half of all the profits should 'be put to reserve throughout the period of the concession and should not be utilised during that period.'[82]

The Syndicate's wider strategy at this time was to diversify internationally. An example of the wider imperial business opportunities open to the Syndicate can be seen when in 1923 a man called Colonel Massie of the East African and Trading Company offered to sell the Sudan Plantations Syndicate 25,000 acres of land purportedly suitable for cotton growing in what had been German East Africa (now Tanganyika, Rwanda and Burundi). Friedrich Eckstein thought that the land was worth surveying to establish its quality, but that in any event if 'it proved unsuitable the estate would no doubt, in his opinion, be re-sold by the Syndicate without much loss.'[83] The Syndicate subsequently bought the concession.[84] In November 1923 the Syndicate received commercial information supplied by the Empire Cotton Growing Corporation relating to the concession. Subsequently, the manager of the East African and Trading Company

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[80] SAD 416/2/19-22 188th Board Meeting of the Sudan Plantations Syndicate, 9th May 1923
[81] GHL MS 18000/357B 1612 London Stock Exchange Listing File, Kassala Cotton Company, 20th November 1935: 'Application for re-organisation of capital'; 'Kassala Cotton Company Ltd Circular to Shareholders', 22nd October 1935 by W.O. Simms
[82] SAD 417/4/385-387 'Note of a meeting held on 9th October 1929 at the Sudan Government's Office, Wellington House, Buckingham Gate'
[83] SAD 416/2/19-22 188th Board Meeting of the Sudan Plantations Syndicate, 9th May 1923
[84] SAD 416/2/24 189th Board Meeting of the Sudan Plantations Syndicate, 27th September 1923; SAD 416/2/29-32 16th Ordinary General Meeting of the Sudan Plantations Syndicate, November 8th 1923

Limited offered to plant three hundred acres at a cost of £8 per acre. This proposal was declined. A counter-proposal to work one hundred acres at £4 per acre was declined by the East African and Trading Company's South African directors. The Syndicate then decided to sell on the concession.[85]

Another possibility for the Syndicate to diversify internationally was raised at the same time as the aborting of plans to develop the concession in East Africa. Lord Lovat had visited Brazil where he had investigated the cotton growing possibilities in the state of Sao Paulo. As Eckstein explained to the shareholders of the Sudan Plantations Syndicate, '[t]he idea was to form a company called the Brazil Plantations Syndicate Ltd with a capital of £200,000 if which £150,000 was to be issued forthwith with 50% paid up.' The remaining shares were to be withheld for distribution among the directors of the Brazil Plantations Syndicate with 15,000 reserved for the Sudan Plantations Syndicate. Lovat was to be the chairman of the new Syndicate, with Eckstein and Asquith to be directors.[86] The Sudan Plantations Syndicate approved of the plan to take 15,000 shares in the new company. The Brazilian Plantations Syndicate purchased two small estates totalling 8,500 acres by late 1924, acquiring a further 60,000 acres of 'virgin land' by June 1925.[87] The Brazil Syndicate subsequently borrowed £50,000 from the Sudan Plantations Syndicate to help develop this land in March 1925.[88] Half of this loan was repaid by August of the same year.[89] Despite having to lend the Brazil Plantations Syndicate a further £35,000 in order to buy cotton to keep its ginning factories running, the Board of

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[85] SAD 416/2/33-37 Extraordinary General Meeting of the Sudan Plantations Syndicate, 27th November 1923

[86] SAD 416/2/33-37 Extraordinary General Meeting of the Sudan Plantations Syndicate, 27th November 1923

[87] 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924; SAD 416/2/54-55 Minutes of the 197th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 4th June 1925

[88] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924; SAD 416/2/51-53 Minutes of the 196th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 30th March 1925

[89] SAD 416/2/56-58 Minutes of the 198th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th August 1925

the Sudan Plantations Syndicate were sufficiently optimistic about the prospects for cotton growing that they advised the formation of a new company to acquire more land in Brazil. This company was called Parana Plantations Ltd and it was to have a relatively large nominal capitalisation of £750,000. £300,000 of the planned initial issue of £700,000 was to be used to purchase a Brazilian land company, Compania de Terras del Norte de Parana.[90] Parana was 'essentially a land company which owns something like three million acres of first class land' and, by the latter part of 1925, had an option on a further one million acres.[91]

The creation of the Brazilian company provides an insight into the long-term strategy of the Syndicate in the early 1920s. In responding to speculations that the presence of the Brazilian company indicated a lack of faith in the business in Sudan, Friedrich Eckstein replied that 'nothing could be further from the truth' but added that the Directors' aim was to 'gradually make our Syndicate into a holding or parent concern.[92] An aspect of this intention was international diversification, borne of a great confidence in the future of cotton growing:

> The prospects for profitable cotton growing in the world are good. You can pick and choose interests in other parts of the globe, and we have for this purpose the best staff in the world, and why should we not make use of this advantage. In this matter, too, please do not be alarmed, as your Board is guided by conservative principles and acts with caution. ... I have made it my business to keep au courant with what is going on in other countries in this respect and for years past I have

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[90] SAD 416/2/56-58 Minutes of the 198th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th August 1925
[91] SAD 416/2/61-66 Ordinary General Meeting of the Sudan Plantations Syndicate, 28th October 1925
[92] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924

been convinced that Brazil will be one of the really big cotton growing countries in the world.[93]

By 1925 then, the Syndicate came to own significant shares in the Kassala Cotton Company, the Brazil Plantations Syndicate (later Parana Plantations) and a third company, the Cambuhy Coffee and Cotton Estates Ltd.[94] The Cambuhy company was later thought to be primarily a coffee growing concern which did not interest the Syndicate except inasmuch as there remained a possibility for cotton growing in the same region.[95] This confirms that the Syndicate planned to expand their business by diversifying within the cotton trade both nationally and internationally as well as seeking to diversify by product. The hope that the Syndicate would become a corporate parent or holding company is also significant, because it reflects a model of growth that is very similar to that employed by the networks of mining financiers from which the Syndicate stemmed and continued to be dominated.

Sudan Salt Ltd was created to exploit the possibility of salt mining and was registered as a company in March 1929. The company was given a concession until 2009 by the Sudan Government to produce salt from a small area of land near Port Sudan. The company had an authorised capital of £250,000 and an issued capital of £227,000.[96] In August 1930 a report was received by the Directors of the Sudan Plantations Syndicate from Imperial Chemical Industries indicating that mining was probably

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[93] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924; indeed, it was the presence of cotton in Brazil that had encouraged one of the more bizarre migrations in the history of colonialism when, in the 1860s, following the abolition of slavery in the United States of America thousands of Confederate families migrated to Brazil in search of sugar and cotton plantations – and slaves. See R. Orizio, *Lost White Tribes* (Sydney, 2001), in particular Chapter 3, 'Confederates in the Deepest South: Brazil', 96-123

[94] SAD 416/2/51-53 Minutes of the 196th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 30th March 1925

[95] SAD 416/2/61-66 Ordinary General Meeting of the Sudan Plantations Syndicate, 28th October 1925

[96] *Stock Exchange Official Yearbook, Vol. 2, 1950*, 2888-2889

possible.[97] By November 1930 early experiments with the salt pans had been a success, though there were evidently problems with labour.[98] The relationship between the Syndicate and Sudan Salt was, in effect, one of parent and subsidiary. For example, in August 1931 the Sudan Plantations Syndicate Board of Directors approved £14,646 expenditure by Sudan Salt, while only two months later they cut back Sudan Salt's funding.[99]

However, as potentially interesting as these strategic plans were they came to nothing. From the maturity of the scheme in 1926 to the depression was only half a decade. Half a decade from the recover in 1932/33 came the Second World War and with it, under the stringencies of war, the end of the Syndicate's concession. Events rather than a failure in strategy overtook the director's ability to grow the Syndicate and its broader interests as they had intended.

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[97] SAD 416/3/22-23 Minutes of the 223rd Meeting of the Board of the Directors of the Sudan Plantations Syndicate, 12th August 1930
[98] SAD 416/3/28-29 Minutes of the 225rd Meeting of the Board of the Directors of the Sudan Plantations Syndicate, 12th November 1930
[99] SAD 416/3/44-5 Minutes of the 130th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 28th August 1931; SAD 416/3/46-7 Minutes of the 131st Meeting of the Board of Directors of the Sudan Plantations Syndicate, 16th October 1931

V. CONCLUSION

The Syndicate was entirely concerned with the commercial importance of the Gezira Scheme; any wider function for the Scheme was subordinated to that imperative by the Syndicate. As Friedrich Eckstein commented in 1926, 'unlike the Government and the Tenant, the Syndicate depends solely on the direct result of cotton crops and does not derive any indirect advantages from the Gezira Scheme.'[100] This is helpful in explaining some of the drift between the Syndicate and the government *after* the scheme became operational in 1925/26. The Syndicate then enjoyed an effective monopoly in Sudan relating to the production and disposal of cotton.[101] Before that moment, both parties had been concerned with developing the scheme to the point of commercial activity. After that point, the government pursued its own increasingly developmental agenda, while the Syndicate pursued its own commercial interest.[102]

This monopoly, however, placed the Syndicate in a precarious position once the depression took its toll. The reliance of the Sudan Government and the Syndicate on *the same* cotton revenue, based on the monopoly holding was structurally weak for the Syndicate. This point needs amplification. During the formative phase of the Gezira Scheme's development, the Syndicate supplied expertise and links to business and the capital market that helped to finance the scheme and provide management. After the developmental stage, during the mature phase, there was no competitive commercial pressure that necessitated the Syndicate's involvement. Moreover, once the Scheme was operational the emergence of a complex and politically important agrarian society among the tenants and the labourers increased the Sudan Government's interest in non-commercial aspects of the management of the Scheme. When in 1944 the Sudan

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[100] SAD 416/6/10-12 F. Eckstein to Sir G. Schuster, Financial Secretary Sudan Government, 8th November 1926
[101] SAD 417/4/65-115 'Details of the Agreement' 21st November 1928
[102] See also SAD 415/6/20 H. Fraser to F. Eckstein, 26th November 1926

Government did not renew the concession this was, in part, because the involvement of the Syndicate was not a necessary condition for the operation of the Scheme. No competitive position was being maintained by the involvement of the Syndicate in Sudan; after 1931 Sudanese cotton only fetched the world market price for high grade cotton. This is significant because after the development of the Scheme the Sudan Government was getting no special advantage from the Syndicate as a result of the monopoly concession that was handed out. Or, put another way, the government was losing out on profits from cotton which were going to the Syndicate and was circumscribed in terms of the developmental policies that could be implemented by or through the Syndicate which was, ultimately, a business rather than a government department.

Operationally, the Sudan Plantations Syndicate most closely maps to the U-form (unitary form) of firms described in the literature.[103] The evidence presented in this chapter and Chapter 2 suggests that the Syndicate emerged initially as an S-form company (normally thought of as a family concern, but in this case stemming from an entrepreneurial origin), before developing a specialised management structure separate from its directorate and ownership structures which, as demonstrated earlier, were not conjoined. Operationally the Sudan Plantations Syndicate and its sister company the Kassala Cotton Company were vertically integrated, though the relationship between the Kassala Cotton Company and the Syndicate was really that of a horizontally integrated business unit – growth was achieved through the expansion of the scale of the firm. However, once this direction of growth was pursued to completion further expansion via cotton growing in Sudan was limited to endogenous growth; i.e., expansion of acreage under cotton as part of the existing schemes or through increases in productivity. As suggested by the abortive strategy pursued in the inter-war period, it seems likely that the

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[103] Wilson and Thomson, *The Making of Modern Management*, p.13

Syndicate was attempting to work towards becoming a holding company (H-form) for a group of companies, including by diversified expansion overseas.

From the entrepreneurial start-up period under Leigh Hunt until the early 1920s the Syndicate was itself part of the Wernher Beit group or network of companies, though the importance of this diminished after the First World War. A further trend can be seen is that the importance of metropolitan management (in the City of London) diminishes after the war while Sudanese based control becomes more and more important. In part this was a consequence of day to day management once the Gezira Scheme became operational. However, the internal policy making within the Syndicate indicates the increased importance of local knowledge and experience. The appointment of Alexander MacIntyre to the position of Chairman of the Syndicate *in addition* to being Managing Director points to this, as does the rise of Arthur Gaitskell later.[104] The Syndicate itself emerges as a kind of free-standing company in its latter years following the failure to become a holding company of a group of businesses in the inter-war period. However, the imperatives of government were increasingly toward a developmental agenda out of step with the commercial interests of the Syndicate and/or beyond the functional capabilities of the Syndicate to deliver. Again, in step with the argument presented at the end of Chapter 5, this points to nationalization as a prelude to the moment of decolonization.

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[104] See Appendix 4: Arthur Gaitskell

Chapter 7

Business, government and the political economy of Sudan, 1919-1939

There are at least three different ways in which one can define the term 'control' in the context of relations between a foreign merchant house and a national government. There is, first, the deliberate control that the foreigner may exercise over officials, using what power he possesses to bring about decisions favourable to his own operations. Second, there is the more subtle and less obvious form of control in which policies are not wilfully forced upon the government, but which results simply from the circumstances confronting the government as a result of the presence and dispositions of the foreigner. Third, there is the control that manifests itself in mercantile authority and initiative in fields of activity vital to the government's well-being, the government itself lacking the will or power to restrain the merchant and exercise a jurisdiction of its own.

- W.M. Mathew in D.C.M Platt, *Business Imperialism* (1977)[1]

It has been said that that the cornerstone of the political edifice that has been built up with so much care in the Sudan – as in Egypt – has been low taxation. ... But with the development of an economic Sudan, taxation became an obligation – a duty.

- P.E. Martin, *The Sudan in Evolution* (1921)[2]

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[1] W.M. Mathew, 'Antony Gibbs & Sons, the Guano Trade and the Peruvian Government, 1842-1861', in D.C.M. Platt, (ed.), *Business Imperialism, 1840-1930: An inquiry based on the British experience in Latin America* (Oxford, 1977), p.337

[2] P.E. Martin, *The Sudan in Evolution* (New York, 1970; 1921), 92-93

I. INTRODUCTION

The central theme of this chapter is to chart a fundamental shift in power towards the Sudan Government and away from private enterprise. The British imperial system as a whole was weakened by the events of the 1930s, but the command and control structures within Sudan strengthened. As argued in Chapter 5, the Sudan Government wrested financial control and responsibility from the matrix of interests (Britain and Egypt in particular) from which the colonial state emerged. This occurred at the same time as the source of Sudan Government finance was found to be fragile. The consequence of governmental autonomy resting on fragile financial independence subtly directed Sudan towards the moment of decolonisation by affirming the merits of economic nationalism.

This chapter builds on this argument by examining two areas of the political economy of Sudan in this period. Firstly, the relationship between the Sudan Government and the Sudan Plantations Syndicate evolved to reflect the gradually weaker position of the Syndicate, the stronger position of government, and government's greater need over this period to control the means of production on which valuable foreign exchange earnings for government rested. Secondly, then, this can be seen clearly in the relationship between government and the Syndicate as regards to tax – a changing factor in the wider British Empire at this time.[3] Once again this provides evidence of reduction in the power of the Syndicate within Sudan, and the trend in the wider empire of the increased power of states and the diminished power of business. Indeed, the very strengthening of the Sudanese state and the tendency towards a form of economic nationalism in the period represents intellectually, culturally and economically the slow ossification of Britain's overseas Empire; or, at any rate, is a good example of such in the sub-Saharan / Middle Eastern region.

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[3] Sir Alfred Soward and W.E. Willan, *The Taxation of Capital* (London, 1912); J. Stamp, *Wealth and Taxable Capacity* (London, 1922); B.E.V Sabine, *A History of Income Tax* (London, 1966), 140-150

The development of the Gezira Scheme, so central to the political economy of Sudan, was undertaken by the Sudan Plantations Syndicate and the Sudan Government cooperating together. As was discussed in Chapter 3 this relationship was crucial and definitive of Sudan's experience of imperialism; it is a crucial area of investigation. What follows here is a continuation of the analysis begun in Chapter 3. As with there, the prime function is to explore the nature, tension and friction of the political-economic compact, in this case between 1919 and 1939. Once again, there are significant limitations of the sources. However, in this case there is a more certain overarching chronology of Gezira Agreements around which the negotiations and shifts in position can be sketched. The Gezira Agreement of 1919 remained in force until it was revised by a series of supplemental agreements in 1930, 1933, 1937 and then, finally, in 1945.[4] These dates reflect the following: 1930 was the time of the Northern Extension of the Scheme; the 1933 Agreement laid out the relationship between the Kassala Cotton Company (the subsidiary of the Sudan Plantations Syndicate) and the Sudan Government.[5] The 1937 Agreement introduced the formation of the Tenants Reserve Fund, while the 1945 supplement came shortly after the decision in 1944 to terminate the Syndicate's concession in 1950. As with Chapter 3, it is not the case that the analysis undertaken leads to a smooth narrative as the parties moved from one agreement to the next. First of all the agreements are legal documents, dry and technical, and do not encapsulate the whole of the issues discussed and negotiation undertaken in intermittent times between agreements. Secondly, the *functional* nature of the agreements does not reflect the issues of interest here. Third, and perhaps most importantly, the sources are not complete enough to allow a smooth narrative. Instead, however, they convey change over

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[4] SAD 417/2/2 'Memorandum of Contents'; SAD 417/2/104-109 'Draft Agreement Sudan Government – Sudan Plantations Syndicate' (c.1940)
[5] SAD 417/2/38-55 'Kassala Cotton Company Main Agreement 21st February 1933'

time and indicate the broader shifts in position and power across the period; that is, the *texture* of the business-government relationship at this time.

II. FINANCE, THE GEZIRA AGREEMENT, THE SYNDICATE AND THE GOVERNMENT

During the First World War little progress was made on the development of the Gezira Scheme, and though £500,000 had been issued by the National Debt Commissioners, no actual loan amounts had been issued. After the war the international and national economic circumstances had changed and as a result new development plans had to be initiated that adapted and built upon the previous plans. The most significant economic change was in the massive inflation that Sterling underwent as a result of the war. This effectively rendered the initial estimates and the amounts guaranteed for loans meaningless.

In the Autumn of 1918 the estimates and loan amounts for the Gezira Scheme were raised from £2,000,000 to £3,500,000 to which was added £1,000,000 for interest provision, and a further £400,000 for the building of adequate storehouses, ginning factories, offices and so on. Expenditure under this latter heading was not covered in the 1914 legislation, the idea at that time being that the Sudan Plantations Syndicate was to finance the expenditure with the government to take over the property on the Scheme at 'valuation on the expiration of the Syndicate's term of management.' This arrangement was deemed to be no longer suitable because of increased costs incurred by the Syndicate, and the changed business environment and considerably constricted capital market. 'Consequently, the Sudan Government found it desirable to assist the Syndicate in this respect and to include the sum

of £400,000 in its estimate of expenditure', it was reported.[6] The Sudan Loan Act of 1919 authorised not just the expenditure of £4,900,000 estimated above, but £6,000,000, with a further £1,100,000 to be used for extension of the railways and the irrigation of Tokar and a railway extension (£700,000 and £400,000 respectively).[7]

However, by 1922 these estimates were redundant. In a Memo about the Sudan Loan Ordinance, the sensitivity of the Egyptian – Sudanese relationship was made clear. 'I said that Egypt was in the position of a creditor whose debtor had embarked all his fortune and pledged all his credit in building a house which has now stood half finished, and on which no return could be expected unless the debtor was assisted to borrow further funds to complete the building.' In short, too much money had been invested to abandon the project; considerably more money was required to ever have any hope of repaying the money to Egypt that Sudan owed. At this early stage, then, the political economy of Sudan was becoming locked into a dependent path. There had been no reason to doubt the initial estimates, however – it was 'believed that the first loan would enable the Gezira Scheme to be brought to production, and thus advance rather than retard the day when Egypt could be repaid by the Sudan.'[8] It simply seems to have been the case that the project costs were increasing for reasons beyond the control of any of the main actors. There was only one way out of the financial hole that the Gezira Scheme finances and the Sudan Government were confronted with – to keep on spending:

> The Minister asked whether I believed that this superstructure of debt could be borne and repaid out of the proceeds of cultivation of 300,000 feddans? I referred him to Mr Baxter's report to me ... which showed incontestably at least that the Sudan would be

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[6] FO 141/633/6 Memo: 'Guarantee of Soudan Loan: Clause 4', likely January 1924, 3-4
[7] FO 141/633/6 The Sudan Guaranteed Loan Ordinance', passed 11th October 1919
[8] FO 141/633/6 Sudan Loan Ordinance, June 15th 1922

much more nearly able to do this if the Scheme was completed than if it was abandoned.'[9]

Egypt was to be involved in the negotiation process relating to the floatation of a new loan, it being 'neither politic nor proper to ignore Egypt in such negotiations'. Details of this process are hazy, but it is evident that the details of the loan were agreed at the very beginning of 1923.[10] The first part of loan itself was issued in February of that year.[11] Hopes that the rest of the money required could be raised by leasing the Sudan railways had to be abandoned as impractical and in October 1923 the Treasury conceded that £7,000,000 was a more realistic figure to develop the Gezira.[12] In the first part of 1924 they agreed that these sums would require a further Treasury guarantee, the Sudan side of the legislation being handled by an amendment to the Loan Ordinance of 1919.[13] This was to considerably increase the overall level of indebtedness, so that by the autumn of 1924 the overall levels of debt were on the verge of reaching £13,000,000.[14] Other sources put this figure at over £14,000,000, but it should be noted that only circa £11,000,000 was raised in the form of loans with a Treasury Guarantee.[15]

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[9] FO 141/633/6 Sudan Loan Ordinance, June 15th 1922

[10] FO 141/633/6 Lee Stack to Viscount Allenby, 4th January 1923; Egyptian Financial Adviser to the Chancery, British High Commission, Cairo, 10th January 1923; Stack to Allenby, 17th January 1923

[11] FO 141/633/6 Memo: 'Guarantee of Soudan Loan: Clause 4', likely January 1924, 9-10; GHL MS 18000/ 221B 22, Sudan Government Loan Stock Listing File, 12th January 1923, 'Prospectus: Sudan Government £4½% Guaranteed Stock, 1939-1973'; GHL MS 18000/ 222B 180, Sudan Government Loan Stock Listing File, 18th February 1923, 'Application for Listing' issued by Mullens and Co, 26th February 1923; 'Trade Facilities and Loans Guarantee Act, 1922', Ch. 4 of which states: 'An Act to amend section of the Trade Facilities Act, 1921, and the Overseas Trade Acts, 1920 and 1921, and to authorize the Treasury to guarantee certain loans to be raised by the Government of the Federal Republic of Austria and the Government of the Soudan respectively.'

[12] Treasury position in October 1923 reported in FO 141/633/6 Lee Stack to Viscount Allenby, Cairo, 14th January 1924; FO 141/633/6 Otto Niemeyer (Treasury) to George Schuster, 3rd October 1923

[13] FO 141/633/6 Lee Stack to Viscount Allenby, January 14th; Lee Stack to Viscount Allenby, January 17th 1923

[14] FO 141/633/6 Lee Stack to the Secretary of State, Foreign Office, 22nd October 1924

[15] SAD G//S1220 Extract from 'Note on the Financial Control by Egypt over the Sudan Finances' (1924); S. Constantine, *The Making of British Colonial Development Policy, 1914-40* (London, 1984), Table 9 ('Loans raised by Colonial Governments in London Markets, 1919-1939'), 296-297

The Gezira Agreement of 17th October 1919 replaced the 1911 Agreement between the Sudan Government and the Sudan Plantations Syndicate. It renewed the relationship between the Syndicate and the government and left in train once more the development of the Gezira Scheme. The new agreement in some ways changed the relationship. Firstly, the £32,500 that was advanced to the Syndicate so that they could issue scrip before the First World War had to be repaid to the government. Secondly, the agreement established that the 'Government will advance to the Syndicate out of the funds to be raised by them under the Government of the Sudan Loan Act 1919 a sum of £400,000 which shall be expended by the Syndicate upon the following items of the works which it is responsible for providing'. This was issued on the terms that upon the termination of the Syndicate's management of the Scheme the amounts advanced should be repaid. As well as providing financial expertise and a link to the City of London the second function of the Sudan Plantations Syndicate was to provide organisation, management and control over the Gezira Scheme and supervision of the tenant farmers.[16] Though the agreement bound the Syndicate and the government tightly together, the government nevertheless warned the Syndicate that even if the Gezira Scheme were to be expanded at some point in the future the government would not be obliged to use the Syndicate as the managers. Even so, they also assured the Syndicate that they would not enter into any similar agreement with any other company in the lifetime of the agreement.[17] The agreement also established that the Syndicate's share of the profits from the Gezira Scheme was to be twenty-five per cent. The Sudan Government was to receive thirty-five per cent while the tenant farmers were to get forty.[18]

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[16] SAD 415/3/6-11 'Agreement made this 17th day of October 1919 between Major-General Lee Stack, Govenor General, Sudan Government and the Sudan Plantations Syndicate'
[17] SAD 415/3/25-28 Letter relating to Agreement of even date between the Sudan Government and the Sudan Plantations Syndicate Ltd, 17th October 1919
[18] SAD 415/3/6-11 'Agreement made this 17th day of October 1919 between Major-General Lee Stack, Govenor General, Sudan Government and the Sudan Plantations Syndicate'

By 1923 the Syndicate were anxious to renew the agreement with the Sudan Government, though they found that the '[g]overnment were not inclined to do anything for the present'. This reluctance revolved round £400,000 advanced to the Syndicate before the war. Eckstein believed that Syndicate should undertake to give up five percent of the profits (that is, five out of twenty-five percent as per the previous agreement) and to repay the £400,000 in return for an extension of the agreement.[19]

The announcement at the end of 1924 that the Makwar Dam would be operation in time for the 1925-26 crop resulted in the date for the beginning of the Sudan Plantations Syndicate's concession over the Gezira area being fixed at July 1925. During this period the Syndicate continued to reassure shareholders that the relationship with the Sudan Government was a good one, even despite the political situation within Egypt. There was no sign that the problems in Egypt resulted in any kind of alteration of the basis for business for the Syndicate, nor disturbed the generally optimistic tenor of the times. Nevertheless, the Syndicate were supportive of the policy adopted by the Sudan Government, specifically to retain independence of action. J. Arthur Hutton observed that 'We all want to see a fair agreement with Egypt, but at the same time we have got to look after ourselves and our own interests in Sudan, and there must be no weak giving way for the sake of a temporary peace.'[20] Nineteen Twenty-five marks the end of the first phase of the relationship between Syndicate and government in the inter-war period. This phase was cordial and constructive, fashioned by mutual dependence and the need to develop the Gezira Scheme. The following years, however, were not as pleasant for the Syndicate or the government.

It was in late 1925 that the Syndicate and the Sudan Government began negotiations relating to 'a considerable further extension of our operations in the Sudan.'[21] This led to a

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[19] SAD 416/2/19-22 188th Meeting of the Board of Directors, Sudan Plantations Syndicate, 9th May 1923
[20] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924
[21] SAD 416/2/61-66 Ordinary General Meeting of the Sudan Plantations Syndicate, 28th October 1925

reduction in the Syndicate's share of the profits from twenty-five to twenty per-cent in order to increase the tenants' share. This change was required to address the perception that 'the Government or its agents [have been] giving to landowners or cultivators elsewhere in the Gezira terms more advantageous than those ruling in the area managed by the Syndicate'.[22] It was also a contested issue as to whether the Syndicate could establish the principle that if there were to be any further increase to the tenants share the government should take on the first two and a half per cent. Schuster argued that though he was prepared to admit that it was fair to ask for some degree of protection against a further increase in the tenants' share it might be the Syndicate itself ('over which the Government had no control') that might make an increase necessary.[23] Eckstein replied, complaining that 'whereas the Government is protected against maladministration by the Syndicate' the Syndicate was not similarly protected if the tenants' costs rose by means beyond their control; for example, with regard to the cost of seed or manure. Eckstein's principal concern was to tighten the clause in the agreement which might allow the government to prematurely end the Syndicate's concession, or reduce their share of the profits still further. Whereas the draft on the table at the end of 1926 stated that the government would have some kind of right of sanction if it 'had become necessary as a result of general conditions [being] economically inadequate', Eckstein suggested that it read: 'Results from or from the effects of negligence, inefficiency or fault in the manner in which the Syndicate carries out its function of management.'[24] The Syndicate made their position clearer still in a memo delivered to the Sudan Government at the beginning of November 1926. In this memo, they outlined the essential difference of

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[22] SAD 415/6/25 'Addendum to Clause 7(ii)', undated but likely 1926/1927
[23] SAD 415/6/3-4 George Schuster to Friedrich Eckstein, 6th November 1926; SAD 417/4/216-218 Sudan Government and Sudan Plantations Syndicate Ltd, Gezira Concession, 19th January 1929; SAD 415/6/3-4 George Schuster to Friedrich Eckstein, 6th November 1926
[24] SAD 416/6/10-12 Friedrich Eckstein to George Schuster, 8th November 1926

positions (clause 12 refers to the government's right to increase the tenants' share or cancel the concession upon certain trigger conditions occurring):

> It will be readily appreciated that with a 25% share and a 10 or 14 year period, the provisions under clause 12 are different from what they are with a 20% share and a 25 year agreement. ... The risks of the clause becoming operative are much greater on a 25 year agreement than they are on an agreement for ten or fourteen years.

The central point made by the Syndicate was that with a considerable portion of their share, as gross profit, was subject to the operating costs of the business, namely 'working expenses and a margin' and funds for reserves and to meet amortization. Though it was noted that exposure to amortization risks were reduced by a considerably longer term, it was bemoaned that this came at the expense of the possible profit margin. The Syndicate argued that an increase in the tenant's share might be required for a variety of possible scenarios including a rise in the cost of living or labour, a fall in the price of cotton, the effects of political or religious discontent, the government's desire to improve living standards, the creation of another scheme in the Gezira to rival that run by the Syndicate, or an increase in the railway rates or taxation.[25] The essence of this critique is to stress the needs of business rather than the needs of government, in particular a government that was increasingly inclined to welfare-driven policies of social intervention. The implicit acclamation by the Syndicate that the government might have broader interests, especially in the long-run, is evidence not only of the competing as well as mutually reinforcing nature of the two partners, but also the structurally weaker position of business over time.

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[25] SAD 415/6/13-15 'Note on Sudan Plantations Syndicate objections to the incorporation in the New Agreement of a provision whereby Sudan Plantations Syndicate must bear a proportion of any increase in the Tenants share' (1926)

Nevertheless in 1926, with the Gezira Scheme in its infancy and with the expectation that better times were close at hand, Schuster sought to reassure the Syndicate. 'You have asked me to put it on the record', he wrote, 'that the intention of the government in insisting on the right to premature termination is not that this right should be exercised merely for its own financial gain provided that your management is working satisfactorily in every way. I am quite ready to confirm that this is so.' Schuster went on to explain that instead of trying to define the terms of when the concession could legitimately be withdrawn by the government it was better for the government to retain total freedom of action, but to put in place a generous compensation scheme in case of cancellation of the concession. 'Government itself must be the sole judge of its own motive', he concluded. The Heads of Agreement were subsequently signed on 11th November 1926.[26]

This situation held for only two years. In March 1928 Alexander MacIntyre, Managing Director of the Sudan Plantations Syndicate began to propose changes to the relationship between the Syndicate and the Sudan Government. At the core of his proposals was a desire to 'retain as much as possible of the partnership conception which had been embodied in the first agreement and in the early drafts.'[27] It was marked by a more aggressive engagement on the part of the Syndicate. For example, MacIntyre suggested that 40% of the marketing expenses incurred by the Syndicate 'on account of their common undertaking' should be borne by the tenants. He also suggested that the Syndicate be given protection from an increase in rates on cotton transport. In both the of these matters it seems that Sir George Schuster was fundamentally unsympathetic.[28]

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[26] SAD 415/6/16 George Schuster to Friedrich Eckstein, 9th November 1926; SAD 415/6/19 Hugh Fraser to Friedrich Eckstein, 22nd November 1926

[27] SAD 415/6/28-46 'New Gezira Agreement: Note of a Discussion held in the Finance Department on 8th and 9th March 1928 to consider various alterations proposed by Mr MacIntyre'

[28] SAD 415/6/28-46 'New Gezira Agreement: Note of a Discussion held in the Finance Department on 8th and 9th March 1928 to consider various alterations proposed by Mr MacIntyre'

MacIntyre fulminated to the Financial Secretary: 'Now that the majority of the cotton grown outside the Gezira is grown by the government, or the fact that the Company's share of the Gezira crop has been reduced by five per cent under the new Agreement, I feel we must have some protection.' Huddleston in the Financial Office replied, commenting that '[w]hile anxious to give all reasonable assurances that we will play the game, I have great difficulty in inserting in the agreement anything like what you are asking.' MacIntyre reiterated the central point again, though extending it to appeal to potential for a change of policy by the government at some unspecified point in the future: 'while I feel perfectly sure that while the present Government personnel – who are conversant with the spirit of the agreement – remain in office we need have no fear, on the other hand, our percentage is now so small and vital to our existence that I feel we should have a safeguard in the future, when others in office may hold different views.'[29]

[29] SAD 415/6/47-48 Alexander MacIntyre to George Schuster, 15th March 1928; SAD 415/6/55 A.J.C. Huddleston to Alexander MacIntyre, 22nd March 1928; SAD 415/6/56 Alexander MacIntyre to A.J.C. Huddleston, 24th March 1928

III. THE TENANTS EQUALISATION FUND

The creation of the Tenants Equalisation Fund dominated the discussion of the relationship between the Syndicate and the government from 1933 until the final creation of the fund in 1937. This stemmed from some early successes:

In the early years of the Gezira Scheme the importance of establishing a Tenants Equalisation Fund appears to have been obscured by the astonishing success of the venture; but when the value of the crop fell from £3,254,000 in 1929 to £884,000 in 1930, and to £393,000 in 1931, the position of the tenants demanded serious consideration.

During the depression over £500,000 was lent to the tenants by the Syndicate and the government.[30] This created two problems. First to avoid the Syndicate and the government from having to make a similar payment in future if there were a deleterious downturn in the fortunes of Sudan cotton; and secondly, to provide a framework of the repayment of the loans made to the tenants. In April 1933 the Sudan Government proposed the creation of the Fund which was intended to allow the Syndicate and the government to deal with the tenants as a collective body (so as to make policy easier to apply); secondly, the fund was to achieve 'security against indebtedness of individual tenants being regarded as extinguished by reason of the fact that their debt to the Syndicate had been paid by the Equalisation Fund.'[31]

In early 1934 a Foreign Office Minute Sheet recorded that negotiations had been ongoing

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30 FO 141/826/1 Civil Secretary of the Sudan Government for the Governor-General to Foreign Office, 15th June 1935; FO 141/616/9 S.G. Symes, Governor General of Sudan, to the British Ambassador to Egypt, 24th May 1937

31 FO 141/497/4 Copy of a Letter from the Financial Secretary's Office, Sudan Government (H.E. Fass) to Secretary of the Governor General's Council, 16th December 1933

since the summer of 1933 but that little progress had been made. In fact, so little progress had been made that H.E. Fass, Financial Secretary of the Sudan Government had even threatened to terminate the concession over the Gezira Scheme 'unless the [Syndicate] were not more amenable.' The Foreign Office official writing the report professed to be little concerned with the negotiation (an interesting fact in itself) but he did observe that the success of the Gezira Scheme was so central to the viability of the Sudan Government that it was necessary for the British government to be kept appraised of the relationship between the Sudan Government and the Plantations Syndicate, 'as indeed with all financial matters affecting the Sudan'.[32] The dispute between the Syndicate and the government continued to be bogged down in technical details mainly concerned with the indebtedness of the Gezira tenants.[33] The implications of this issue relating to tax are discussed more thoroughly in the next section of this chapter, but the Syndicate's main concern was to avoid what they worried would be a material alteration to the terms of the Gezira Agreement.[34] The extensive quotation below indicates both the government's position and the Syndicate's concerns.

> Those proposals were directed to substitute for the machinery of the Main Agreement, which was intended to meet a position in which the financial return to the tenant is inadequate, an arrangement for ensuring, in the first place that in bad years tenants would be freed from debt resulting from the excess of the necessary advances for cultivation over the proceeds of their share (through the taking over of the debt by the Equalisation Fund): and, in the second place, that a Fund would be provided from which such deficiencies can be met in the future. At the same time

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32 FO 141/497/4 'Minute Sheet, January 12th 1934'
33 FO 141/497/4 Copy of a Letter from the Financial Secretary's Office, Sudan Government (H.E. Fass) to Secretary of the Governor General's Council, 16th December 1933
34 FO 141/497/4 'The Gezira: Summary of the Negotiations with the Sudan Plantations Syndicate Ltd (and the Kassala Cotton Company Ltd), Summer 1933, p.8

the Sudan Government protected the Syndicate from liability should the indebtedness of the tenants be increased by the action of the Sudan Government. The Syndicate, however, in their proposals, claimed from the Government a payment into the Tenants Equalisation Fund whenever any action may have been taken by the Government which, it might be argued, had affected the financial and economic position of the tenants, notwithstanding that such action has neither increased the amount of the advances necessarily made to the tenants nor decreased the amount of their share of the proceeds of the crop. This went far beyond the Government's proposals or the Syndicate's rights under existing agreements. There was in the Sudan Government's opinion no justification for a claim by them for further safeguards or any beneficial treatment beyond what is accorded by the Main Agreement and the Ancillary Agreement put forward by the Government.

The Sudan Government made it clear that they did not wish to place the Syndicate at a disadvantage, but that no revision should be made. At a meeting in June 1933 the Sudan Government felt that the Syndicate had shifted their position somewhat and were then asking for protection of the Syndicate's profits, a position that was apparently abandoned only a few days after. The disagreement went on into July, when negotiation broke down.[35]

This was emblematic of a discourse over this period (in fact, up to and including the autumn of 1933) that was in turn both constructive and fractious. The problem in analysing the twists and turns of negotiation is not just one of the limitations of the sources, it is also that the texture of the Syndicate-Government relationship at this time is one of flux with no sense of resolution. The reason was that after the development phase (1919-1925) and the

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[35] FO 141/497/4 'The Gezira: Summary of the Negotiations', 9-12

optimistic phase of operation (1925-1930/1) both parties to the Gezira Agreement sought to shore up their respective positions.

Throughout 1933 the Syndicate relentlessly pushed for the tenants to be levied to pay for debts that were incurred during the depression. This included the suggestion that the tenants' share of profits be raised to 65% for one year without telling the tenant. This would have had the effect of raising the absolute levels of revenue generated by the proposed levy. Since the levy would find its way to the Syndicate to repay tenant debts, this plan would amount to a tax-free payment to the Syndicate out of that year's profits. In response the Sudan Government reiterated a previously made warning that any raise in tenants' share would be financed by calling in the Syndicate's debenture and might result in the termination of the Syndicate's concession in 1939 'because the perpetually re-iterated threat of raising the tenants share made the political and budgetary position of the Sudan Government impossible.' Eventually though, in October 1933, the Sudan Government relented and agreed that a levy should be made on the tenants but even in doing so the government refused to acquiesce to all of the Syndicate's demands and did not allow unlimited access to the money in lieu of debts, limiting payments to 50% of the proceeds of the levy.[36]

Nevertheless, the Syndicate's relationship with the Sudan Government continued to be in flux. In March 1934 S.G. Symes, then Governor General of Sudan, wrote to Sir Miles Lampson and expressed that though he was opposed to an early termination of the Gezira Agreement, he wished for an Ancillary Agreement settling the issues of the tenants' debt. That he raised early termination was indicative of the degree of unease in government circles about the Syndicate; it also indicates that what was negotiated the previous autumn was not a permanent agreement. No agreement was reached in 1934, but when negotiations

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[36] FO 141/497/4 'The Gezira: Summary of the Negotiations', 12-15

recommenced in early 1935 the establishment of a Tenants Equalisation Fund was brought close to practical realisation.[37]

The eventual creation of the Equalisation Fund in 1937 left the fundamental relationship between the Syndicate and the government unchanged. A settled position regarding the tenants' debts to the Syndicate dating from the period 1929-1931 was reached in March 1937, the debts 'deemed to have been repaid and discharged' from the Tenants Reserve Fund.[38]

The evidence presented here is not conclusive, but it is enough to point to the shift that occurred as a result of the events of 1930/31 and the effect of the depression on the economy of Sudan. Before 1931 the relationship between the Syndicate and the government was constructive and broadly in favour of the Syndicate. After 1931 the relationship was in continual flux and the Sudan Plantations Syndicate found itself unable to extract influence as it had before.

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[37] FO 141/497/4 G.S. Symes , Palace, Khartoum to Sir Miles Lampson, 7th March 1934' FO 141/616/9 G.S. Symes to the British Ambassador to Egypt, 24th May 1937; FO 141/826/1 Civil Secretary of the Sudan Government for the Governor-General to Foreign Office, 15th June 1935

[38] FO 141/616/9 Copy of Sudan Plantations Syndicate – Sudan Government Agreement, 16th March 1937

IV. THE SYNDICATE AND TAXATION

As the means of generating revenue to pay for the cost of government, taxation plays an obvious and central part to the vitality of the colonial state. However, extracting taxation from Sudan had been a persistent problem for decades before the Condominium was formed. Reginald Wingate himself had some experience of this himself when Governor of Suakin in the 1880s and 1890s. Not only was he preoccupied with the reassessment of land tax rates within the Suakin district, but he also had significant trouble raising enough money through the dubious form of Rachat Militaire to satisfy the Egyptian Exchequer, something which the Egyptian of Ministry of Finance gave him some trouble over.[39] Rachat Militaire was effectively a voluntary head tax levied in return for exemption from service in the Egyptian Army. It is clear that it was used in a cynical way to extract money from the wealthier sections of Egyptian society by conscripting more men than were necessary for service or the Army ever intended to take.[40] Wingate's experience and that of the early Condominium administration as a whole was one of the difficulty of extracting taxes. This led them to prefer to obtain tax from means they could have control over, and this pushed the administration towards a direct tax on business and for tax to assume prime importance in business-government relations.

Sudan was no different to anywhere else in that tax might be direct or indirect. In terms of indirect taxation – not a central concern here – tariffs, customs and charges on transport accounted for the main sources. Direct taxation on the native Sudanese took

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[39] Duke University Library (DUKE), Wingate Papers Folder 1884 - March 1890, F.R. Wingate, Diary entry, 28th March 1890; Folder 1884 - March 1890, Wingate to Headquarters Egyptian Army, 20th March 1890; Folder April – June 1890, Milner, Egyptian Ministry of Finance to Wingate, 20th May 1890; Folder April - June1890, Wingate to Milner, 1st June 1890; Folder April - June1890, Milner to Wingate, 2nd June 1890; Folder April – June 1890, Milner to Wingate June 10th 1890

[40] DUKE Wingate Papers Folder November – December 1890, 'Memorandum on the Abolition of Rachat Militaire', December 1890.

several forms: the land tax (set at a variety of fixed rates; rain lands were subject to ushur, usually a tithe of ten per cent of the produce from the land), separate taxes on date trees, animals (camels, mules, sheep, horses and cattle), roads, houses and boats, a tax on traders (the Sudan Traders Tax) and tribute from nomad groups. The problem with these forms of taxation was that they were hard to collect. In 1913 a new direct tax was introduced - known as the Sudan Traders Tax - that levied businesses and individual traders earning over £E24 per year. This was subsequently changed in 1919 to remove small scale traders from exemption. The Sudan Government had become concerned that many traders would be more useful as employed labour. By setting a minimum tax of £E1 per annum on assessment and a rate of 4% income tax on the first £100 earned it was hoped that those unable to stay in business as traders would seek 'more useful and profitable employment in manual work on the land or elsewhere.' That is, they were intentionally driven out of business by the Sudan Government. This should be considered as deliberate economic management through the manipulation of fiscal policy.[41]

From 1920 the Imperial government regarded Sudan as a territory under British protection, a status which conferred the usual taxation relationship between the centre and the periphery. As a result if a business paid Sudan Traders Tax it was eligible for relief under the double taxation regime.[42]

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[41] Martin, *The Sudan in Evolution*, 94-95; FO 141/687/8801, 'Explanatory Note Traders Tax Ordinance 1919'; FO 141/687/8801, Telegram from High Commission, Cairo to Sudan Government, Khartoum, 16th March 1919

[42] FO 141/687/8801, Inland Revenue (Claims Branch) to Under Secretary of State, Foreign Office re 'Sudan Trader's Tax', 30th August 1920

V. TAX AND SYNDICATE-GOVERNMENT RELATIONS

The relationship between the Sudan Plantations Syndicate and the Sudan Government was shaped by what was expected from both with regard to the disbursement of certain duties and the rewards that would ensue. In the 1920s the issues that were raised in terms of renegotiation were shaped directly by the needs of the Sudan Plantations Syndicate as a business, in particular to perform their functions while still being able to turn a profit. This then was connected to two issues in particular – firstly, how the Syndicate was to be compensated at the end of the concession period for the capital that it had sunk into the Gezira Scheme in order to maintain the terms of the concession, namely the provision of minor canalization and the management of the scheme and secondly, the extent to which they would be free from or obliged to pay taxation.

The Sudan/Gezira Agreement made on the 17th October 1919 between the Sudan Government and the Sudan Plantations Syndicate established that the gross profit made through the sale of cotton was to be divided by the three parties as agreed before the First World War, namely, forty per cent to the tenants, thirty five per cent to the government and twenty-five per cent to the Syndicate. These sums were to be split from the total from 'the sale price of all produce received by the syndicate after deducting the cost of transport from the Syndicate's stores to the market, insurance, cost of ginning and other expenses incidental to marketing including export tax.' The Agreement went on to be more explicit again: 'The Syndicate's share of the said gross profits shall be exempt from any tax on profits or income tax which may be in force in the Sudan.'[43] This reflected the belief held by the Syndicate in 1916 at the beginning of the negotiations that eventually led to the agreement that no new taxes could be raised on either Syndicate or tenant other than those already existent in 1913.

[43] SAD 415/3/6-11, 'Agreement made this 17th day of October 1919 between Major-General Lee Stack, Govenor-General, Sudan Government, and the Sudan Plantations Syndicate'

Additionally no land tax or water levy was to be raised against the Syndicate or the tenants, though both animal tax and house tax would apply (though the latter was only to be levied in the towns).[44] This original settlement was in many ways obvious. The bargain struck between the three parties was designed to be rewarding in relation to the contribution made by each; if the government were to separately raise taxes on the profits of the Syndicate they would, of course, be in a position to unilaterally alter the reality of the arrangement between the parties without materially altering the agreement. However, as Sudan and Great Britain increasingly had recourse to taxation during the 1920s, it became an issue of tension between the government and the Syndicate. As was pointed out during Syndicate-Government negotiations in 1926, 'unlike the Government and the Tenant the Syndicate depends solely on the direct result of the cotton crops and does not derive any direct advantages from the Gezira Scheme.'[45] The Syndicate was, of course, peculiarly vulnerable to the effects of a reduction in profits as a result of heavy taxation. Though tenants might suffer as a direct result as well, their partly subsistence existence would insulate them and in any event the change to the Gezira Agreement in 1926 resulted in their take of the profits being increased at the expense of the Syndicate; the government too would suffer if profits were lower but, also, they would be the direct recipients and beneficiaries of any tax paid – and, of course, governments don't pay taxes. The Sudan Government was always in an advantageous position with regard to its power in respect of that of the Syndicate in such a brokerage of the disbursement of power. It is known, for example, that the government were unrelenting in the request of the Syndicate in 1926 to negotiate a different basis for the calculation of the railways rates for cotton and cotton seed; any rise in these rates would effectively be a charge

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[44] SAD 416/1/67 150th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 19th October 1916; SAD 415/3/6-11, 'Agreement', 17th October 1919; SAD 415/3/25-28, Letter relating to Agreement of even date between the Sudan Government and the Sudan Plantations Syndicate Ltd', 17th October 1919

[45] SAD 415/6/13-15, 'Note on Sudan Plantations Syndicate objections to the incorporation in the new Agreement of a provision whereby the Sudan Plantations Syndicate must bear a proportion of any increase in the tenants share' (1926)

that disproportionately affected the tenants and the Syndicate – the government, naturally, would be the beneficiary if there were any increase in income from a rise in rates.[46]

The principal claim that the Syndicate had to be free from taxation traced itself to the 1919 Agreement and a letter written by Edgar Bernard, the Financial Secretary of the Sudan Government to Friedrich Eckstein in November 1922 that outlined the basis of the Agreement. 'The guiding principle of our contract', it stated, 'is that it should be a working partnership between your company and the cultivating tenants.' Alongside this general statement of intent it also laid out the following agreement on taxation:

> You have expressed the apprehension that the Government after having agreed that the company shall have a certain share of the proceeds of cotton produced in the conclusion area might in effect take away what it has granted by levying a special tax on the production of cotton. ... This is a matter which was fully discussed in connection with the Gezira Agreement and as a protection to the concessionaire the following passage was inserted: "*No tax will be levied upon cotton grown on the land to which the Agreement applies unless it is a tax applicable to all cotton grown in the Sudan and apparently of a permanent nature.*" This passage has also been inserted in Clause 8 of the Heads of Agreement to be signed in connection with Kassala Concession.

Bernard and the other delegates admitted that even this did not entirely reassure the Syndicate, so going on to reinforce the protection offered by stating that '[o]n behalf of the Sudan Government we are prepared to put it on record that we recognized that you are entitled to protection against the government taking with one hand what it has given with another and we are prepared for the purpose to give you an undertaking that, if the Sudan

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[46] SAD 415/6/21 George Schuster to F. Eckstein, 12th January, 1927

Government introduces in the Sudan any tax on the production of cotton guaranteed to the Kassala Cotton Company under the terms of its concession, the Company shall receive compensation proportionate to the reduction in its share of the proceeds of cotton – from the government's share such proceeds, for so long as the tax in question is in force.' Nevertheless, they fell short of offering the "privileged enclave" that the Syndicate evidently had requested.[47]

The Syndicate wanted later agreements to match the early conception of the partnership which was embodied in the 1919 agreement and the 1922 letter. The draft of the agreement on the table in 1928 was 'designed to meet the income tax difficulty'. The Syndicate, however, wanted to lower its tax burden as much as possible, spoiling for concessions in animals and motor vehicles. Alexander MacIntyre wrote to George Schuster requesting that the government again give the kind of protection that had been assured by the 1922 letter. Huddleston, at this time in the Financial Secretary's Office replied that though they were 'anxious to give all reasonable assurances' they were unable to agree to the Syndicate's requests for a greater degree of protection.[48]

The decision to lower the amount that the Syndicate would take of the overall profits in 1926 caused the Syndicate difficulties. As MacIntyre bemoaned: 'our percentage is now so small and vital to our existence that I feel we should have a safeguard in the future'.[49] Unsurprisingly, the Syndicate wanted their tax liability to be as low as possible. However, two years previously the situation with regard to tax liability had been changed by the amendment of the 1919 Agreement:

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[47] SAD 415/4/49-51 E.E. Bernard, H. Fraser and R. Hewison (Sudan Government) to F. Eckstein (Sudan Plantations Syndicate), 8th November, 1922

[48] SAD 415/6/28-46 'New Gezira Agreement: Note of a Discussion held in the Finance Department on 8th and 9th March 1928 to consider the various alterations proposed by Mr MacIntyre'; SAD 415/6/47-48 A. MacIntyre to G. Schuster, 15th March 1928; SAD 415/6/55 A.J.C Huddleston to A. MacIntyre, 22nd March 1928

[49] SAD 415/6/56 A. MacIntyre to A.J.C. Huddleston, 24th March 1928

As regards the Company's share of the proceeds, so long as the company shall be liable to pay United Kingdom Income Tax on its profits or any parts thereof, any income tax or tax on profits imposed by the Government of the Sudan thereon shall not exceed the rate for the time being allowed by the United Kingdom legislation by way of relief against UK income tax.[50]

This was the standard way of resolving the double tax problem within the empire. Louis Bluen, as Secretary of the Sudan Plantations Syndicate, wrote in a letter from late 1928 that '[r]elief can only be obtained on proof of payment of the Sudan Traders Tax on the same profits as those upon which the United Kingdom Income Tax is levied.' Bluen went to on to explain the position that this would create for the Syndicate.

While the Directors cannot themselves deduct Sudan Tax from the dividends the Directors could at the forthcoming General Meeting recommend shareholders in the resolution declaring the dividend to deduct so much in the £ for United Kingdom Tax and so much for Sudan Tax, and to authorize the Directors to make such deductions in future declarations of interim dividends, which might get over the difficulty of passing on.[51]

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[50] SAD 415/3/6-11 'Agreement made this 17th day of October 1919 between Major-General Lee Stack, Govenor General, Sudan Government and the Sudan Plantations Syndicate'
[51] SAD 417/4/21 Letter by Louis Bluen to unknown recipient, October 1928

Bluen also recommended that the Sudan Government arrive at an Agreement with the Inland Revenue Authorities as to the proportion of profits that should be considered as Sudan profits and United Kingdom profits, and the rate of relief that was to be given.[52]

This then created the context for a source of genuine tension in Syndicate – government relations as a result of liability for taxation. The issue was whether the Syndicate should pay tax on the sinking funds created in order to repay the Sudan Government Loan Debt and the amortization fund created to recoup for the Syndicate for the capital invested in canalization and buildings that would become the property of the Sudan Government on the final expiration of the concession.[53] Alexander MacIntyre wrote to Friedrich Eckstein to explain the problem: 'Huddleston is not prepared to insert the changes in our agreement which Fletcher thought necessary to avoid paying income tax on the sinking funds and amortization and development. He feels it savours too much of robbing of the King's revenue.' As a result MacIntyre considered taking steps to avoid paying tax on the amortization fund (though not the sinking funds) by dissolving it and paying the money as extra dividends to the Syndicate's shareholders.[54] At the same time on the government side Huddleston was corresponding with Hugh Fraser in the London Office of the Sudan Government to explain the balance that needed to be struck with regard to the Syndicate's tax liability. 'I think', he wrote, 'that we have got to be quite clear about what our obligations are to them and what our obligations are to the Inland Revenue.'[55] At the core of this were two competing principles. Firstly, Huddleston thought that the government was obliged to ensure that the Syndicate was no worse off than they had been as a result of the Heads of Agreement reached in 1926 and that the government should show some good will, as long as any arrangement reached would 'not cause loss to us and is acceptable to the Inland

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[52] SAD 417/4/21 Letter by Louis Bluen to unknown recipient, October 1928
[53] SAD 417/4/341-354 A.E. Cutworth (Deloitte) to A.J.C. Huddleston, 23rd July 1929
[54] SAD 417/4/206-207 Alexander MacIntyre to Friedrich Eckstein, 29th December 1928
[55] SAD 417/4/209-210 A.J.C. Huddleston to Hugh Fraser, 29th December 1928

Revenue.' The second impetus behind government policy was therefore the need to avoid improper tax avoidance, and as Huddleston put it, to retain 'cordial relations between us and the British financial departments."[56]

So, for example, a decision had to be made whether the Syndicate should be allowed to 'purchase' ginned or unginned cotton from the tenants. On the surface this distinction seems irrelevant, as all three partners were to split the cost of ginning equally. However, if the cotton were purchased unginned from the tenant (that is, with the cost of ginning still to pay) the Syndicate would, as the owners of the ginning factories, have to make a charge to the tenant that would count as income for the Syndicate and thus be taxable. If, however, the cotton were to be purchased already ginned, the cost could be met without a charge being made by the Syndicate, it effectively having been transferred to the tenants prior to sale. The cost would entail either a payment to be made by the Syndicate and the government or much more likely, to be offset against the rent the tenants paid. The Sudan Government decided that in this case they were bound to protect the rights of the Syndicate under the agreement from 1926 that they not be liable for any new tax on cotton.[57] As Huddleston commented, it would be 'absurd to tax the tenant and that any device to avoid this [would be]... legitimate."[58]

Over the second issue of the sinking funds liability to taxation, the government position was materially changed by its own tax liability which had been resolved in 1927. Sir George Schuster wrote to the Treasury to summarise the position as he understood it to be at that time:

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[56] SAD 417/4/209-210 A.J.C. Huddleston to Hugh Fraser, 29th December 1928

[57] SAD 417/4/144 'Memorandum illustrating the method of ascertaining the price to be paid to the tenants for the cotton seed and ginned cotton purchased from them.', 22nd November 1928; SAD 417/4/170-172 Letter from Holmes Son and Pott to Sudan Plantations Syndicate, 12th December 1928; SAD 417/4/220-231 'Note of a Meeting held at Barakat on 27th December 1928'; SAD 417/4/209-210 A.J.C. Huddleston to Hugh Fraser, 29th December 1928; SAD 417/4/216-218 Sudan Government and Sudan Plantations Syndicate Ltd, Gezira Concession, 19th January 1929

[58] SAD 417/4/209-210 A.J.C. Huddleston to Hugh Fraser, 29th December 1928; See also SAD 417/4/216-218 Sudan Government and Sudan Plantations Syndicate Ltd, Gezira Concession, 19th January 1929

I was discussing with the Governor and Niemeyer at the Bank of England the other day, our policy as regards the investment of Sudan Government balances. The important point for us to consider is liability to British Income Tax. In order to avoid this we hither to confined our investment to War Loan and such of the National War Bond issues as may be held by foreigners free of tax. Niemeyer said that he thought it might be possible that the Sudan Government could get regarded as an independent Government and thus get a general exemption from British Income Tax. I told him I thought there might be difficulties in establishing that it was a sovereign state.[59]

The Foreign Office and the Inland Revenue regarded the Sudan Government as a separate British possession for tax purposes certainly from 1923 onwards (i.e., it was treated as a discrete state).[60] As a result of this it appears that the Sudan Government was exempted from tax liability to the British government on income arising from investments held by the Sudan Government in the United Kingdom.[61] These investments included debenture stock in the Sudan Construction and Light Company, the Kassala Railway Company as well as British government bonds.[62]

Following this, in late 1928 the government offered to take over the Sinking Funds 'if it was any help to the Syndicate to avoid income tax complications.'[63] Huddleston's position was that the cost of ginning, ploughing and the maintenance of the railway was

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59 IR 40/7050 George Schuster to Sir Richard Hopkins, Treasury, 4th November 1927
60 FO 141/687/8801 Foreign Office internal memo, 29th September 1923 mentions an Inland Revenue publication 'Income Taxes in the British Dominions: A digest of the laws imposing income taxes and cognate taxes in the British Dominions, Colonies and Protectorates', of which pp.109-111 relates to Sudan.
61 IR 40/7050 Hugh Fraser, Sudan Government to G. Myrddin Evans, Treasury, 24th November 1927
62 IR 40/7050 L. Charlton for the Controller, Sudan Government to The Inspector of Foreign and Colonial Dividends, 31st January 1931; See also SAD 417/4/216-218 Sudan Government and Sudan Plantations Syndicate Ltd, Gezira Concession, 19th January 1929, which indicates that the there had been a ruling that 'income derived from this country by the Government is exempt from British taxation.'
63 SAD 417/4/209-210 A.J.C. Huddleston to Hugh Fraser, 29th December 1928

something done of equal behalf of all three partners; as a result they should not be taxed in funds designed to reimburse them for capital sunk into the scheme upon the end of the concession.[64] It was suggested in January 1929 that the Syndicate might pay to the Sudan Government an annual rental for the concession which would be equivalent to the sums they would have otherwise put into the Sinking Funds so that 'at the end of the concession that government would have a capital sum equal to the amount at which Development Works stand in the Syndicate's books.'[65] Thus, at the end of the concession the government would be able to pay the Syndicate in lieu of the capital sunk into the scheme, after which the government would take full possession and ownership.

At the Annual General Meeting of the Sudan Plantations Syndicate in November 1928 the Board of Directors asked the shareholders to ratify the deduction from dividends of both Sudan business profits tax at the rate of 4½d in the pound and British Income Tax at the rate of 3s 7½d in the pound. As was commented at the meeting, the 'result to the shareholder is that the deductions of these two taxes is a slightly less deduction in amount than has been accustomed in the past.' This was because the Sudan tax was charged first and then the British tax was calculated on the remaining balance; it was also noted that the Syndicate would have to adhere to this arrangement in future.[66] Or, as Deloitte accountant A.E. Cutworth put it to Huddleston in July 1929:

> The present scheme, therefore, is that the Syndicate shall pay an annual rent to the Government, which will be chargeable against the Syndicate's profits for English Income Tax purposes of the Sudan Business Profits Tax.

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[64] SAD 417/4/209-210 A.J.C. Huddleston to Hugh Fraser, 29th December 1928
[65] SAD 417/4/216-218 Sudan Government and Sudan Plantations Syndicate Ltd, Gezira Concession, 19th January 1929
[66] 'Sudan Plantations Syndicate: Continued Progress and Development', *The Times*, Thursday 15th November 1928, p.25, Col. A

In return the Syndicate was to receive £650,000 at the end of the concession in 1950 to represent the expenditure they had made, the government generously noting that the Syndicate should be in 'no worse position as regards taxation than if it were not subject to the Sudan taxation.' The Syndicate was to follow the 'Trinidad Oilfields Precedent and deduct both Dominion Tax and British Tax from dividends paid.' It remained in doubt, however, that by 1950 whether the government would or would not be obliged to tax the annuity to be paid to the Syndicate. Deloitte's advised that 'it would appear improbable that the British Authorities take cognisance of an arrangement between the Sudan Government and the Syndicate providing for the deduction of Sudan Tax from the annuity, even though embodied in a legal agreement, unless the arrangement was in accordance with the taxation laws of the Sudan, i.e., unless it was embodied in the ordinance and was therefore made to apply to all taxable entities in the Sudan and not to the Syndicate only.' In other words, there was unlikely to be any exception made for the Syndicate.[67]

In September 1929 at a meeting in the Head Offices of the Sudan Plantations Syndicate in the City of London representatives of the Syndicate including MacIntyre, Bluen and Eckstein met to discuss the proposed 'rental' agreement with the Sudan Government. By that time the annual rent for the Gezira Scheme was estimated at costing the Syndicate £21,000 per year. Eckstein argued that the plan was flawed on three grounds. Firstly, that the Syndicate would be better off retaining the money in its own coffers than to pay the money to the government. Certainly, the threat of taxation upon payment of the annuity in 1950 gave this pointed significance. Secondly, that there was no guarantee that the rent would be tax deductible (from profits) as a legitimate expense, and that even if this were so, there was no guarantee that the Inland Revenue would not change their minds between 1929 and 1950.

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[67] SAD 417/4/341-354 A.E. Cutworth to A.J.C. Huddleston, Financial Secretary, Sudan Government, 23rd July 1929

And thirdly, that the interest rate the government offered, at slightly under four per cent was not as high as the Syndicate could reasonably expect if they invested the money themselves. MacIntyre agreed and added a fourth argument: that the estimate of costs in 1929 of £650,000 was unlikely to be substantiated by an actual estimate of the items included in the whole; that the rent was high enough to pay for an estimate of expenditure that was in excess of the anticipated cost of the Syndicate's contribution at that time.[68] There is no evidence in the accounts of the company that the rent was ever paid and it seems likely that the idea was dropped around this time.

In terms of the general liability of the Syndicate to taxation, this issue seemed to be near to resolution in a draft agreement between the Sudan Government and the Syndicate in July 1929. This stated that

> as the Syndicate is a British Company at present liable to the United Kingdom Income Tax and in order to avoid its subjection to a double burden it is agreed that so long as the Syndicate shall be able to pay United Kingdom income tax on the profits earned in respect of its operations in the Sudan or any part thereof any income tax or tax on profits imposed by the Government on such profits or part shall not exceed the rate from time to time allowed by the United Kingdom legislation by the way of relief against the United Kingdom income tax only and that no income tax or traders profit tax in the Sudan shall by payable except to the extent that such relief be obtained and so that the Syndicate shall not suffer by having to pay such Sudan tax from which it was exempt under the Agreement of the 17th October 1919.[69]

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[68] SAD 417/4/364-5 'The Sudan Plantations Syndicate Limited: Agreement with the Sudan Government: Memorandum of Interview at 1, London Wall Buildings on 30th September 1929', 4th October 1929

[69] SAD 417/4/449-474 'Draft Agreement: Sudan Government – Sudan Plantations Syndicate', 11th July 1929

Evidence from the sources is scant from 1929 onwards[70], but by 1933 as the Syndicate and the Sudan Government recovered from the depression, there is evidence that the two parties disagreed over the repayment of the manner of loans issued to the tenants during the period of economic hardship in 1930/31. The dispute revolved around which party would have primary access to a levy to be placed on the 1932/33 crop, with the Syndicate arguing that it was 'unfair' that they 'should not have first charge on any future levies, when they could be made, in respect of indebtedness to them by the Tenants'. The Sudan Government thought that the negotiations turned on the success of the 1932/33 crop, especially if there were individual tenants who had incurred indebtedness as a result of a smaller than average crop.[71] For some time prior to 1933 the tenants had been treated as a corporate whole, not as individuals. If, therefore, the crop yield were not good then the Syndicate could not reclaim the debts from the tenants - and the tenants would struggle financially because of increased railway rates and increased levels of taxation. The disagreement with the Syndicate related not only to this, however, but also to Syndicate's hopes to increase the tenants share of the profits to cope with the increases to tax rates. The Syndicate believed that increases to tenants' taxes compromised the 1929 Agreement whereby the government was not to materially alter the terms by means of legislation or taxation.[72] While the government had no desire to enter into a formal renegotiation of the entire Gezira Agreement it is evident that the Syndicate felt this issue keenly. This translated into a demand by the Syndicate in June 1933 for formal protection of their profits from erosion via taxation. This issue needs to be understood in light of the planned creation of the Tenants Equalisation Fund to even out the bad years with profits from the good. As taxation was taken from total earnings on a

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70 Indeed, a problem is that negotiation between the Syndicate and the Sudan Government simply ceased. For example, after a long meeting in the middle of July 1933 the Government heard nothing from the Syndicate for two whole months after. See: FO 141/497/4 'The Gezira: Summary of the Negotiations', p.13

71 FO 141/497/4 Copy of a Letter from the Financial Secretary's Office, Sudan Government (H.E. Fass) to Secretary of the Governor General's Council, 16th December 1933

72 FO 141/497/4 'The Gezira: Summary of the Negotiations', 7-8

yearly basis, the government was in a position to squeeze more money out of the Syndicate and the tenants by taking more in good years which would require payments from the Equalisation Fund in bad years to offset the effects of higher taxes, higher prices and radically lower incomes:

> if in good years the Government imposed additional burdens, and if some bad years followed a rise in the tenants share would become necessary for either or both of the following reasons:
>
> (I) because of extra taxation imposed
>
> (II) because, as a result of general conditions the share was economically inadequate

The Syndicate's main concern at this time seems to have been that the government might use the Equalisation Fund as a means of extracting more money for itself from the profits of the Gezira Scheme by placing the tenant in a position of hardship as a result of taxation whereby drafts on the Equalisation Fund might have to be made.[73] This would limit the extent to which the Syndicate itself could reclaim debts owed by the tenants from the time of the depression. The Tenants Equalisation Fund itself had been an issue under discussion from 1933 until 1937, as discussed previously. Assurances were given and it was believed by the government at the time that the operation of the Fund left the arrangement between Syndicate and government unchanged.[74]

The significance of this arrangement, however, was to reinforce the risk averse nature of the ever-more complex financial machinery surrounding the government and the Syndicate. The Tenants Equalisation Fund was not an ill-considered device (indeed, it was a

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[73] FO 141/497/4 'The Gezira: Summary of the Negotiations', 9-11

[74] FO 141/826/1 Civil Secretary of the Sudan Government for the Governor-General to Foreign Office, 15th June 1935

rather clever innovation) but it did implicitly acknowledge the risks of cotton-growing in Sudan and prioritised stability ahead of profits. Though the Syndicate received assurances (mostly verbal) that their share of profits was not under threat via taxation they were unable to force the government's hand and the initiative had swung fatefully away from business toward government, mirroring the general Syndicate-Government relationship at this time.

VI. CONCLUSION

From the beginning of the 1920s onwards the Syndicate saw itself as crucial to the British Empire in Sudan, vital to the colonial state and the Sudan economy. In 1923 in a speech to the Syndicate's shareholders Friedrich Eckstein reflected on the imperial ambitions that Lord Cromer had espoused two decades before.

> ... Cromer mentioned that he would like to see in a time to come the construction of Railways from Suakin to Atbara, from Khartoum to El Obeid, from Atbara to Kassala: for there to be a dam or two on the Blue Nile and, lastly, the development of the Gezira Plain. Gentlemen, all of these projects have either been carried out or are in the process of completion in the near future for the great and lasting benefit of Sudan. It is difficult to say what to admire most – the sagacity and foresight of that great Proconsul or the grim determination of the Sudan Government with its restricted means to realise these visions. Your Syndicate, I am proud to say, has played its humble part in the execution of these schemes and it is for this reason that I mention this matter.[75]

It is also clear that good relations with the Sudan Government were vital for the Syndicate from a business point of view – both operationally and in relation to the market.[76] On the market side of the relationship Lord Lovat observed that successful negotiations with the Sudan Government had 'added, at all events on paper, something like a sovereign to the

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[75] SAD 416/2/29-32 16th Ordinary General Meeting of the Sudan Plantations Syndicate, 8th November 1923

[76] In October 1924, for example, the Syndicate sought negotiation for the transformation of the pumping station at Hag Abdulla to supply water to 6,000 feddans of land south of the concession area that was above the gravitation level (i.e., that which would be supplied by water from the Makwar Dam). The Syndicate hoped that the Government would pay half of the £200,000 estimated cost.. SAD 416/2/42-43 Minutes of the 193rd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 1st October 1924

value of our shares'.[77] Indeed, reassuring the investors that their money was well placed in the Syndicate was a concern, certainly before the Gezira Scheme became operational in 1925. In November 1924, for example, in reference to the substantial increase in the capital of the company Friedrich Eckstein encouraged shareholders to ignore press speculation that their investment might be wasted:

> I noticed in the press remarks to the effect that shareholders would be well advised if they would find out why all this money was required, considering that our concession had nearly run out. Well, Ladies and Gentlemen, our concession has not yet begun and for the rest I can assure you that this additional money is not required for a joy-ride...[78]

During the early 1920s the prospects for the Gezira Scheme were good, and the Sudan Government needed the syndicate to provide expertise in business services and management of the scheme. After the depression, however, the government's reliance on income from the Gezira Scheme combined with the diminished usefulness of the Syndicate to the government. Government-Syndicate relations changed as the government began to establish that the commercial considerations of the Syndicate did not run in tandem with their own interests. Gradually through the inter-war period the Syndicate was less and less able to exert influence over the Sudan Government to establish that the parameters of the business-government compact were in the interests of business. By the end of the period business capital had become more than simply dependent on the state, it had become reliant on it and unable to exert influence as in the past. Moreover, as argued in Chapter 6, the Syndicate itself had failed to diversify or significantly expand and, ultimately, it was left producing a

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[77] SAD 416/2/29-32 16th Ordinary General Meeting of the Sudan Plantations Syndicate, 8th November 1923
[78] SAD 416/2/46-49 Ordinary General Meeting of the Sudan Plantations Syndicate, 12th November 1924

cash-crop of diminished value. Thus it was not only the rise of the state and the increase in state power nor the effects of the world-wide economic depression that accounts for the decline of the Sudan Plantations Syndicate from the 1930s, but the combination of the two.

Chapter 8

The Economy, Business, War and Decolonization, 1939-1955

> [S]ome surprise may be felt that a co-partnership which has frequently been quoted as a model for others should be dissolved.
>
> - Sir Alexander MacIntyre, Managing Director and Chairman of the Sudan Plantations Syndicate, April 1945.[1]

This chapter will survey the main changes in the political economy of Sudan, 1939-1956. It will examine the impact of the war on the main productive functions of the economy as well as on prices, the money supply, the labour force and Sudan Government revenue. In addition, this chapter will examine the trends in imports and exports, and will conclude by briefly touching on the creation of the Gezira Board to administer the Gezira Scheme at the end of the concession to grow cotton held by Sudan Plantations Syndicate. The argument presented here is that in Sudan, as elsewhere in the British Empire, including Britain, the Second World War increased the importance of the state to the organization and management of the economy. For example, on the outbreak of war, the first thing that the government did was to restrict the export of certain goods from Sudan, most especially foodstuffs.[2] The second thing was to fix the price of certain goods to prevent profiteering and hoarding.[3] This interventionist and managerial approach to the economy occurred at the

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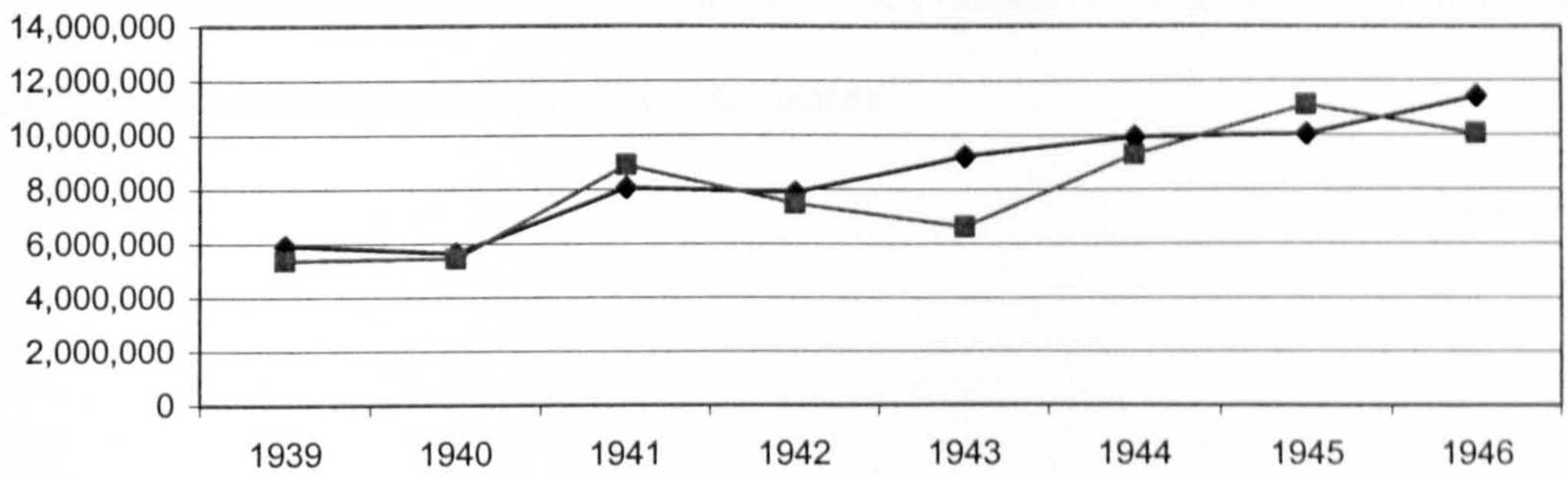
[1] SAD 416/5/72-73 Sir Alex MacIntyre at the 37th Ordinary General Meeting of the Sudan Plantations Syndicate, 19th April 1945
[2] SAD 634/9/1 'Notice of the Third Schedule Part II (4) Prohibited and Restricted Goods Ordinance 1939'
[3] SAD 634/9/6-8 Memo: 'Price Fixing Policy in relation to Imperial Articles' by J.D.R. Chataway, Director, Economics and Trade, Sudan Government, 1939

same time that world trade was curtailed, exchange controls were introduced within the Sterling Area and the British Empire as a whole became concerned with colonial development, in particular with regard to the Colonial Development and Welfare Act in 1940.[4] Political reforms, associated with the call for self-government and democratization were implicit in the Atlantic Charter, another touchstone at that time.[5] In this sense, what happened in Sudan was part of a more general process elsewhere – a process that was to end in decolonization. Yet as argued previously, Sudan's economic position was not healthy by 1939. The onset of war was therefore a significant problem that challenged the Sudan Government both economically and politically, one factor affecting the other.

I. THE ECONOMY

As the graphs below illustrate, using exports as a proxy measure for the economy as a whole, the Sudan economy grew between 1939-1945.

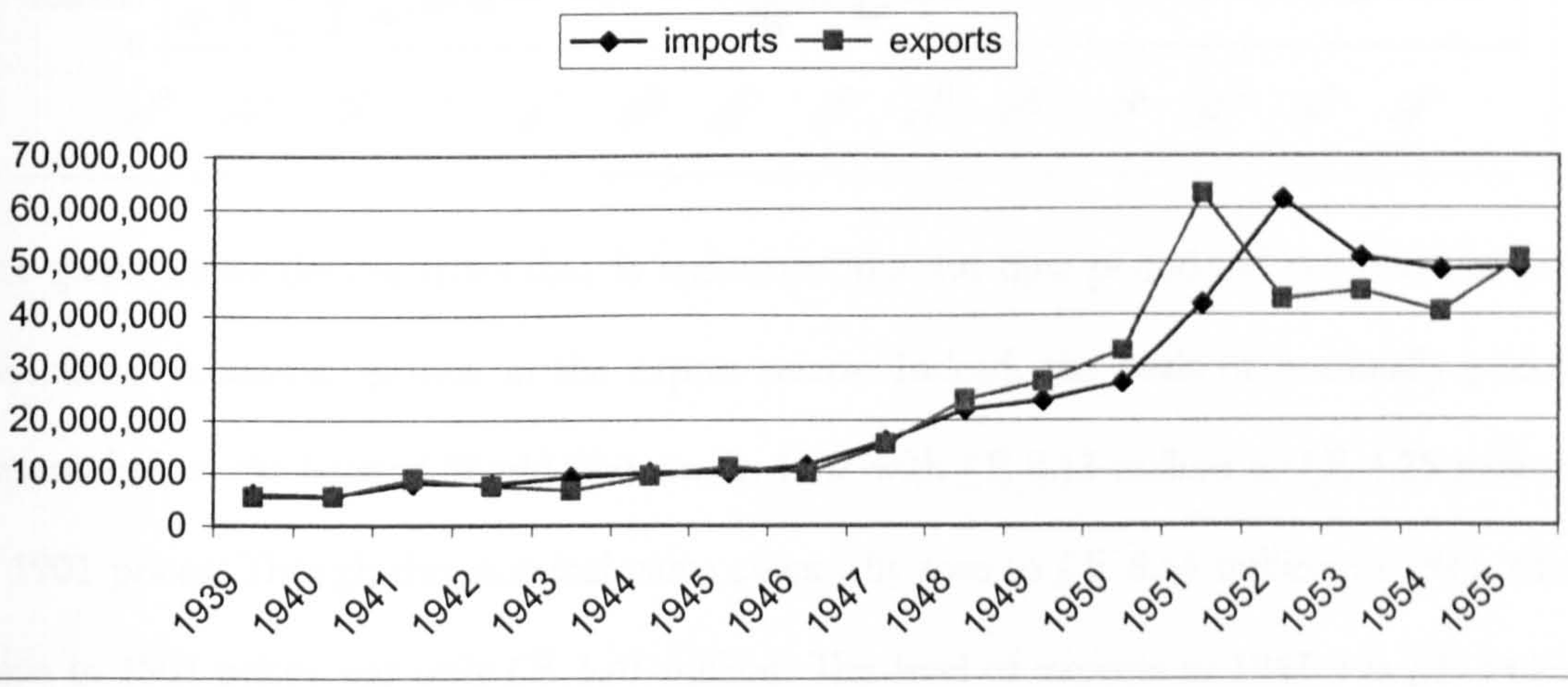
Graph 8.1. Sudan Imports and Exports, 1939-1946 (£ E)
Source: Appendix 6



[4] D.K. Fieldhouse, *The West and the Third World* (Oxford, 1999), p.86; SAD 635/11/31-34 'Sudan's Finances in Wartime and The Sudan's Financial War Effort' (likely 1941)
[5] GGR 1942-44, p.9

The rise in exports between 1939 and 1946 from £E5.3 million to £E10.0 million was substantial. This, however, was nothing compared with the post-war expansion in the economy as can be seen in the graph below.

Graph 8.2. Sudan Imports and Exports, 1939-1955 (£ E)
Source: Appendix 6



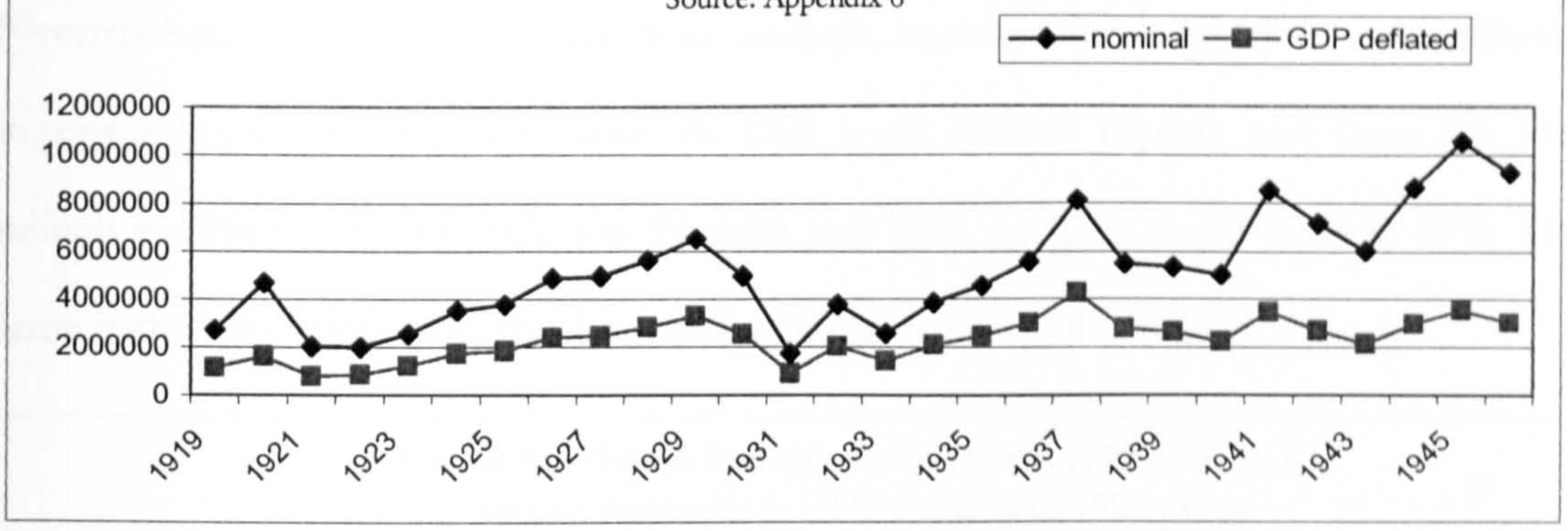
Here the levels of exports increased from £E10.0 million in 1946 to £E50.5 million by 1955; this represents a rise of 403% from 1946, and a massive 841% since 1939. There was as would be expected, an increase to imports across both time-periods selected (see graphs above). What, then, caused this rise? Firstly, it is true that there was inflation during this period, as was experienced and noted by the Sudan Government.[6] The tables below show the export levels nominally and deflated to 1901 prices.[7]

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[6] SAD 635/12/39-41 'War Inflation', Finance Department, 20th June 1943
[7] Lawrence H. Officer, "Five Ways to Compute the Relative Value of a UK Pound Amount, 1830 - 2005" MeasuringWorth.Com, 2006. In all cases the GDP deflator was used. The index created was based on 1901 prices.

Graph 8.3. Sudan Exports, 1919-1946 (nominal and deflated to 1901 prices) (£E)

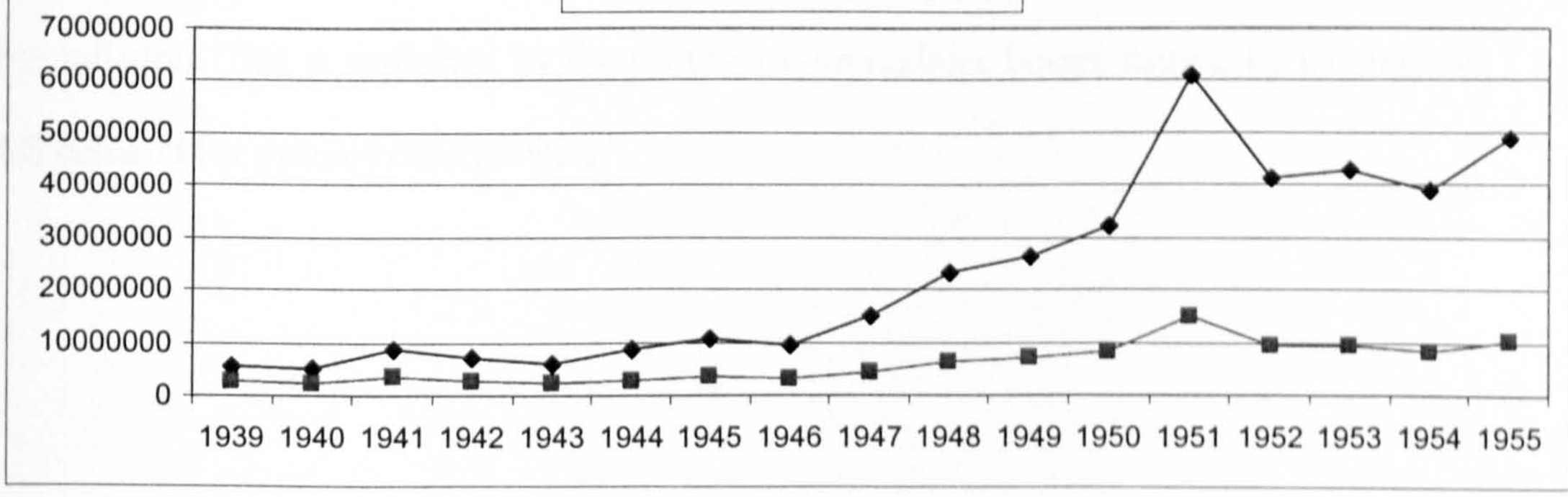
Source: Appendix 6



The graph above demonstrates that in real terms, the war-time period did not result in any substantial economic growth in the export sector. Indeed, the peak of nominally priced exports before the Second World War was in 1937 with £E 8.13 million or £E 4.25 million at 1901 prices. Though this nominal value eventually rose to £E 8.54 million in 1941, this value in 1901 prices was only £E 3.47 million. The level of exports in 1947 was £E 14.86 million, but in real terms £E4.41 million at 1901 prices. There was, therefore, no war-time boom.

Graph 8.4. Sudan Exports, 1939-1955 (nominal and deflated to 1901 prices) (£E)

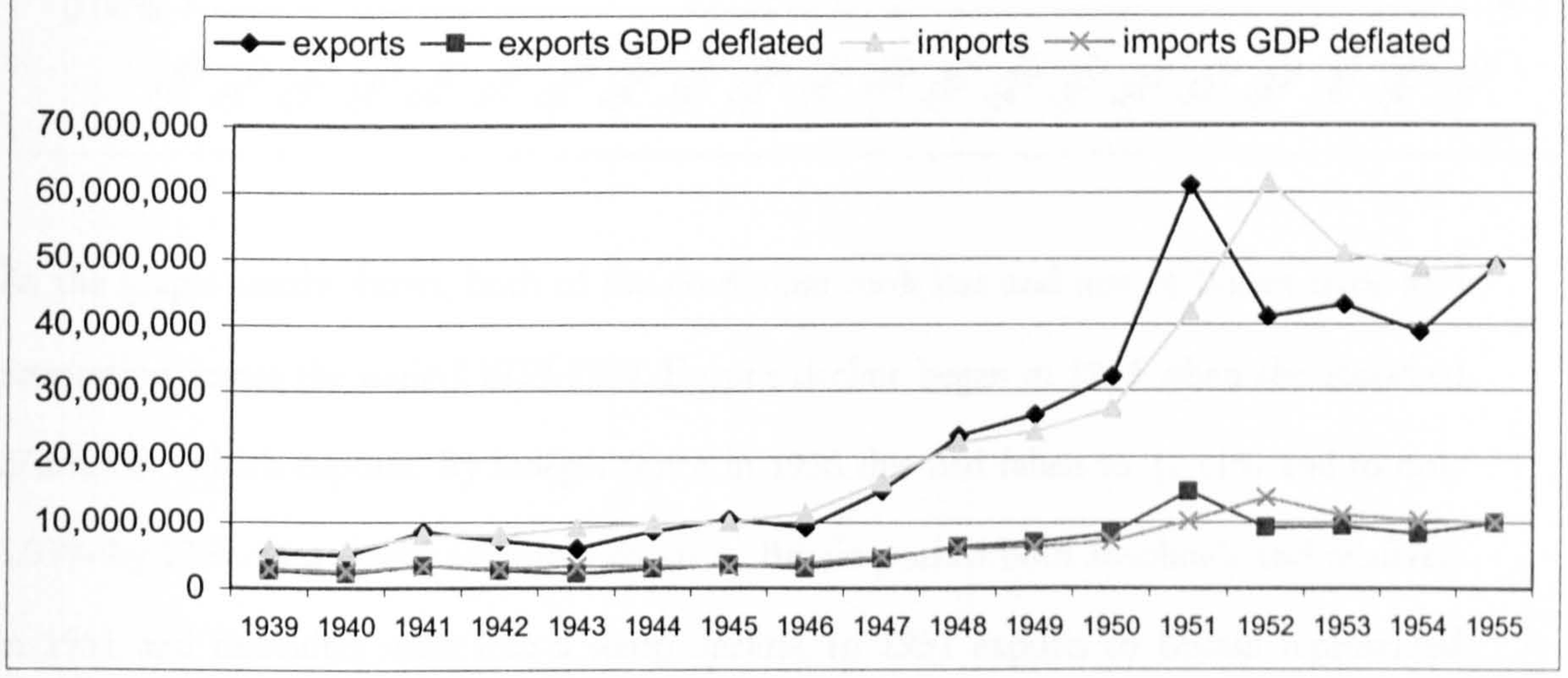
Source: Appendix 6



Again, the graph above shows the dramatic post-war rise in nominal values: from £E 14.86 million in 1947 to a peak of £61.03 million in 1951, but levels at or above £E 40 million

during the early 1950s. However, the deflated line shows a more modest picture. Nevertheless, the deflated values bear analysis because they still show a significant improvement in export performance. At 1901 levels Sudan's exports rose from £E 3.01 million in 1946 to £E 14.8 million in the peak year 1951, and then to £E 10.84 in 1955. The same pattern is evident from the data relating to imports (see table below).

Graph 8.5. Sudan imports and exports, 1939-1955 (£ E)
Source: Appendix 6; GDP deflated to 1901 prices

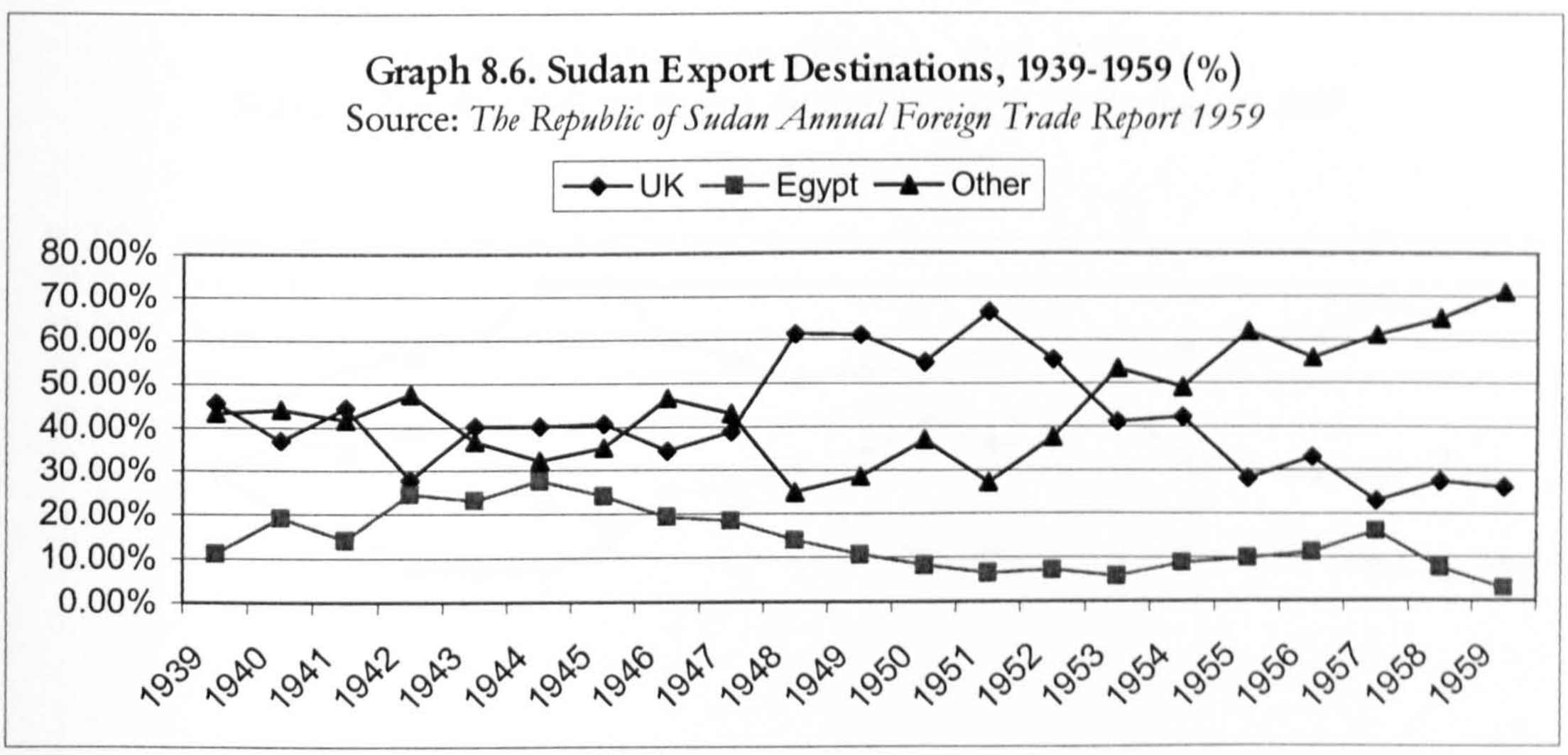


These graphs illustrate that Sudan did experience a post-war boom even when controlling for inflation. This is explained by the post-war commodities boom, caused by increases in US demand for primary commodities.[8]

[8] Havinden and Meredith, *Development and Colonialism*, p.235

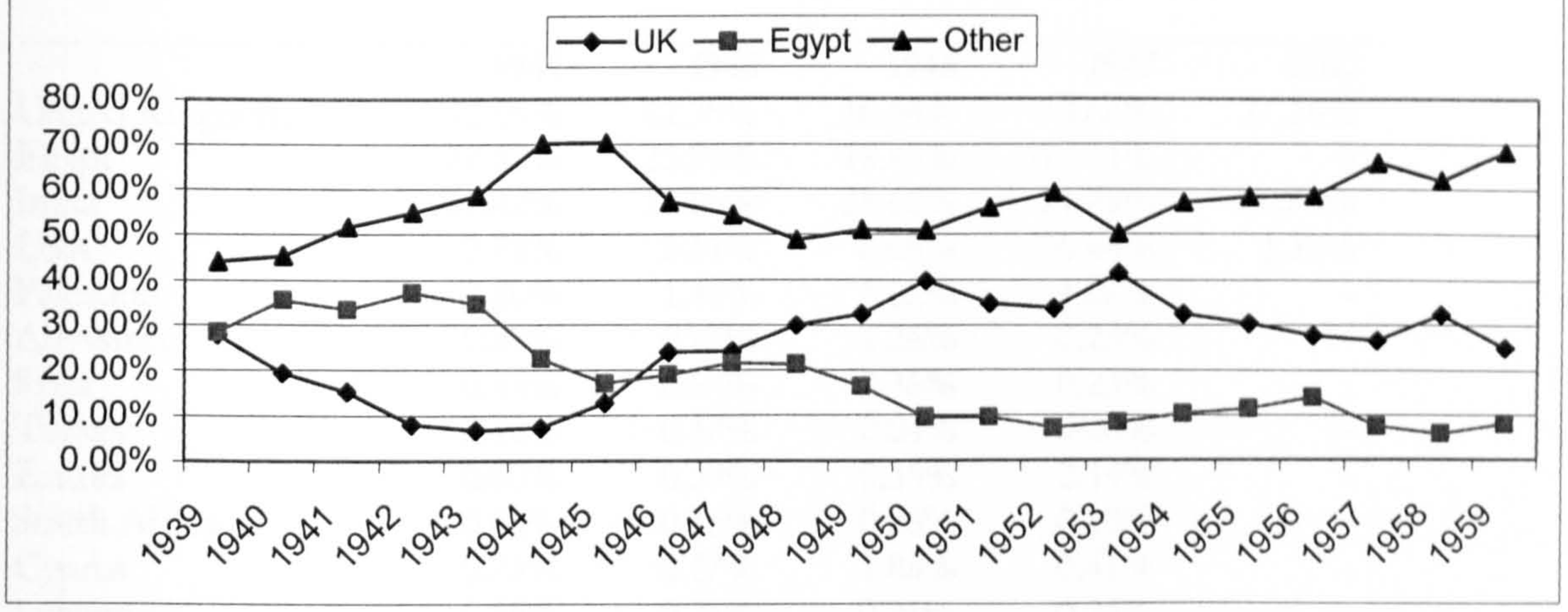
Graph 8.6. Sudan Export Destinations, 1939-1959 (%)

Source: *The Republic of Sudan Annual Foreign Trade Report 1959*



As the graph clearly shows, both of the co-domini took less and less of Sudan trade as a proportion across the period 1939-1959. Egypt's decline began in 1944 when she absorbed 27.6% of Sudan's exports. By independence in 1956 this had fallen to 11.11% and to only 3.03% by 1959. In a similar fashion, exports to Britain peaked both absolutely and relatively in 1951 and thereafter went into a sharp decline. In 1951 exports to Britain represented 66.52% of all exports. By independence in 1956 this had fallen to 32.95%, and by 1959 stood at 26.09% of the total, though in point of fact this percentage figure had been lower in 1957 (immediately after independence) at 22.93%.

Graph 8.7 Sudan Import Origins, 1939-1959 (%)
Source: *The Republic of Sudan Annual Foreign Trade Report 1959*



The graph above indicates that a similar pattern to that of export destinations can be seen also in import origins. The first thing to note from the graph is that the share of imports from Britain shrank dramatically during the Second World War. Despite obtaining only 7.32% of imports from Britain in 1944, this figure had risen to 41.52% in 1953; thereafter it fell to 27.59% in 1956 and then to 24.87% in 1959. Where then, were exports and imports going to and coming from? Unfortunately, the data for the later period is rather scarce (for example, the data collected in the Annual Reports ends in 1947).[9] Nevertheless, the pattern revealed there can be seen in the table below.

[9] *GGR*, 1947, p.47

Table 8.1. Sudan Export Destinations, 1944-47, 1960 (%)
Source: GGR, various years; Osman and Suleiman, 'The Economy of Sudan"[10]

	1944	1945	1946	1947	1960
United Kingdom	42.66%	42.39%	36.54%	39.66%	27.16%
Egypt	27.52%	23.98%	18.45%	17.91%	-
India	19.42%	22.86%	25.60%	21.79%	10.78%
USA	2.78%	3.61%	6.68%	6.44%	3.30%
Palestine	2.80%	1.48%	1.62%	4.07%	-
Abyssinia	0.89%	0.77%	1.26%	0.23%	-
Syria	0.44%	0.64%	0.36%	0.23%	-
Turkey	0.10%	0.47%	0.04%	0.06%	-
Eritrea	0.60%	0.39%	0.35%	0.14%	-
South Africa	0.04%	0.36%	0.26%	0.05%	-
Cyprus	0.73%	0.27%	1.88%	0.41%	-
Lebanon	0.15%	0.21%	0.21%	0.24%	-
Arabia	0.25%	0.20%	0.10%	0.08%	-
Australia	0.28%	0.15%	0.48%	0.40%	-
Belgian Congo	0.25%	0.15%	0.33%	0.15%	-
Argentine	0.19%	0.02%	0.01%	0.09%	-
Uganda	0.24%	0.00%	0.03%	0.01%	-
Canada	0.04%	0.09%	0.12%	0.04%	-
Other	0.61%	1.97%	5.68%	8.00%	57.76%

What the table shows beyond doubt is the importance of India as a trading partner and, to a lesser extent, both to the USA and the mandate territories in Palestine. Thus by 1947 circa ninety per cent of Sudan's exports went to the UK, Egypt, India, Palestine and the USA. By 1960 the United Kingdom continued its relative decline as an export destination for Sudanese manufactures. India's share of exports also dropped, apparently a longer term trend. What the table does not express, but is revealed in the source from which the data is drawn, is that by 1960 exports to the European Economic Community accounted for some twenty-three per cent of the total exports.[11]

[10] Sources: GGR, 1945; GGR, 1947; the data from 1960 is from Osman and Suleiman, 'The Economy of Sudan', p.466
[11] Osman and Suleiman, 'The Economy of Sudan', p.466; the EEC at this time was France, West Germany, Belgium, Luxembourg, the Netherlands and Italy.

II. GOVERNMENT POLICY AND THE SECOND WORLD WAR

The war changed the role of the Sudan Government in the Sudan economy. A War Trade Information Bureau was established by the Sudan Government in 1939 and an 'Emergency Supplies Committee' was created in June 1940. The Emergency Supplies Committee was replaced by the Resources Board and then by the War Supply Department.[12] The machinery of government was put on a war footing.[13] The role of the Sudan Government expanded considerably and by 1943 Sudan Government departments such as the Finance Department were being 'substantially affected by the acceleration of the administrative and devolutionary policy' that had been adopted, as well as expanded responsibilities brought about by the war:

> Exchange control, war savings campaign, and counter-inflationary problems; the financial aspects of war supply, e.g. wheat pool, cotton sales policy, dura reserves and distribution policy, the production of industrial and agricultural commodities for war-time needs, war-time taxation, financial relations of the Central Government and of the railways with the military.[14]

Anti-inflationary policy took three forms. Military expenditure was not to cause a budget deficit; trade was to be kept in balance and, most of all, 'the incomes received by producers were very much less than the figures of export values ... the Government did not allow the benefit of high prices in the other Middle East countries to be reaped by producers, but

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[12] SAD 635/11/31-34 'Sudan's Finances in Wartime and The Sudan's Financial War Effort' (likely 1941)
[13] SAD 635/12/1-44 'Sudan Cotton in Wartime' (1941); SAD 635/12/3-6 J.W. Cummins, 'Organization of the Finance Department', 8th March 1943
[14] SAD 635/12/3-6 J.W. Cummins, 'Organization of the Finance Department', 8th March 1943

appropriated the difference between the prices at which goods were sold externally and the internal price."[15] These policies were not entirely successful, as can be seen in the table below.

Table 8.2. Inflation indicators, December 1939 – June 1945
Source: Prest, *War Economics*[16]

	Currency and notes issued (£ million)	Wholesale and retail price index (1938=100)	Labourers cost of living index (1938=100)
December 1939	2.7	113	100
December 1940	2.8	139	110
December 1941	4.1	168	130
December 1942	4.6	206	151
January 1943	-	220	175
June 1943	5.6	-	-
December 1943	5.1	220	177
June 1944	5.0	217	167
December 1944	4.2	228	160
June 1945	4.8	217	166

The inflation in retail and wholesale goods that can be seen above is attributable to the higher cost of imports.

The effects of war on the labour force of Sudan were minimal in comparison with the British controlled countries in the Middle East. Though the Sudan Defence force grew from 4,500 men in 1939 to 26,000 in 1944, and some 10,000 extra workers were employed by the British War Department, the Sudan Government Departments and the Defence Force itself, the total man-power requirement amounted to 'about 30,000' out of a total population of 6.5 million in 1943 (up from 5.7 million in 1939).[17] Another effect was Sudanization in the labour market, especially in the government service.

[15] A.R. Prest, *War Economics of Primary Producing Countries* (Cambridge, 1948), 168-9
[16] Prest, *War Economics*, p.166
[17] Prest, *War Economics*, p.162, 392

Table 8.3. Sudanization and the Second World War: the effect on the Sudan Civil Service Composition, 1936-1945
Source: SAD 635/14/19[18]

	31st December 1936			30th November 1945		
	Division 1	Division 2	Total	Division 1	Division 2	Total
British	462	358	820	505	266	771
Sudanese	4	3,074	3,078	71	4,063	4,134
Egyptian	5	527	532	10	344	354
Other	4	81	85	7	35	42
Total	475	4,040	4,515	593	4,708	5,301

The other economic policies of war were mostly predictable. General prices were fixed. Petrol and oil reserves were built up. By 1942 the Sudan Government were increasingly concerned with the provision of adequate food, the cultivation of which they wanted to increase in order to become as self-sufficient as possible, and there was a tendency towards import substitution in certain products (for example, soap, butter and charcoal).[19]

Cotton, as ever Sudan's most important product, was tightly controlled in terms of destination and function via inter-governmental agreement, with a large proportion of it going to India.[20] The trade in cotton was controlled by the British Ministry of Supply, while the trade in cotton seed was controlled by the Ministry of Food.[21] The Ministry of Supply fixed the price, but as a result of higher prices in India, surpluses were generated that were diverted back toward the cotton reserve funds.[22] Sudanese Cotton was important to Britain during the war for making barrage balloons, fabrics used in the fuselage of aeroplanes, while

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[18] SAD 635/14/19 'The numbers of officials on the strength of the first two divisions of the Civil Service on December 31st 1936 and November 30th 1945'
[19] Prest, *War Economics*, p.169; SAD 635/11/18-30 'The Sudan Government's Financial Contribution to the Prosecution of the War' (Khartoum, 24th July 1941); SAD 635/11/31-34 'Sudan's Finances in Wartime an The Sudan's Financial War Effort' (companion piece to SAD 635/11/18-30; likely 1941); SAD 634/9/9 Clipping: 'His Excellency the Governor General's Message', *Sudan Herald*, 24th August 1942; SAD 417/8/1 A.G. Gaitskell, 'Gezira Scheme: Memorandum on some Limitations at Present Affecting Development' (1948); SAD 634/10/8 Fragment of report relating to war measures; GGR, 1942-1944, p.10
[20] FO 371/41353 Cipher: From Cairo to Foreign Office, 7th March 1944
[21] SAD 416/5/60-61 274th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 25th March 1942
[22] Prest, *War Economics*, 169-70

excess cotton seed was being used as a source of fuel by the Sudan Railways, and two years into the war one report noted that Sudan's success in selling and shipping cotton had enabled the Sudan Government to maintain its financial position.[23] Nevertheless, in order to free land for food production it was necessary to cut the acreage under cotton towards the beginning of the war, and prices were fixed to attempt to ensure that inflationary pressure was limited.[24] One effect of the control in the trade of cotton was, of course, to limit the importance of the Sudan Plantations Syndicate in the marketing of their product.

In summary, the Sudan Government's policy during the war was to limit the negative economic impact of the war: price fixing, subsidies, income limitation and changes to taxation, restriction on the import of luxury goods, increased Sudanization in the Labour market, control of importation and exportation and so on were all ways in which the Sudan Government became more heavily engaged with a process of economic management.[25] This dirigisme during wartime was to utterly alter the approach to economic policy and the nature of government in Sudan. For example, the marketing arrangement in Sudan continued in the post-war period as it had during the war whereby it was sold via the Sudan Government's own selling agency direct to the Raw Cotton Commission.[26] The profits were then credited in the first instance to a joint cotton account against which expenses were paid. The net profits were then divided in accordance with the agreement between the Sudan Government, the Sudan Plantations Syndicate, and the Tenants which in the 1940s was forty percent, twenty percent, and forty percent respectively.[27] The Tenants share was paid into the Tenants Collective Account from which payments to the Gezira tenants were made

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[23] SAD 634/9/9 Clipping: 'His Excellency the Governor General's Message', *Sudan Herald*, 24th August 1942; SAD 635/12/1-44 'Sudan Cotton in Wartime' (1941)
[24] Prest, *War Economics*, p.163
[25] See Prest, *War Economics*, passim.
[26] 'Controversy over cotton', *The Economist*, 3rd April 1948, p.551; SAD 408/1/6-14, Memo: 'The Gezira Scheme', 21st June 1950
[27] SAD 408/1/6-14, Memo: 'The Gezira Scheme', 21st June 1950

'when the tenants need of cash is greatest and when the distribution of large quantities of money *will have the least inflationary effect.*'[28] This and other similar policies gave confidence to a view of state intervention, and state power, in which the government was central to all economic activity, even those which had previously been the purview of free markets or private commercial transactions.[29]

III. GOVERNMENT AND THE END OF THE SYNDICATE'S CONCESSION

In several of the statements made on termination of the Syndicate's concession in June 1950, Sudan Government officials were effusive in their praise for the work done by the company. L.C. Chick, the Financial Secretary of Sudan, publicly stated that the Syndicate had displayed enterprise, hard work and courage without which 'the hard work of the tenants alone would not have availed to convert an area of limited agricultural resources into a Scheme of great productivity.[30] Generally officials were aware that the involvement of the Syndicate had helped bring much needed capital into Sudan.[31] Arthur Gaitskell, despite himself favouring a different role for the Syndicate and the Gezira Scheme observed that for a business '[t]he financial responsibility and the need for efficiency demand a minimum of risk. Moreover, there is a great deal to be said for it.'[32]

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[28] SAD 408/1/6-14, Memo: 'The Gezira Scheme', 21st June 1950; the emphasis is mine.
[29] See, for example, Mohamed Hamid El Lacey, 'Some views of the Development of the Northern Sudan', in D. Hawley (ed.), *Khartoum Perspectives: A collection of lectures given at the Sudan Cultural Centre, Khatoum, in the 1940s and 1950s* (Lymington, 2001), 194, 197
[30] Chick made these comments when moving the 3rd Reading of the Gezria Bill in the Sudan Legislative Assembly. See FO 957/98 Sudan Cotton Growing 1950, Memorandum: 'Nationalization of the Gezira Scheme Completed'
[31] FO 957/98 Sudan Cotton Growing 1950, Memorandum: 'Nationalization of the Gezira Scheme Completed'
[32] SAD 418/6/3 A..G. Gaitskell, 'A Consideration of the General Trend of the Gezira Scheme and its effect on our future interests here', 25th August 1938

Writing in 1948 Gaitskell made the claim that the negotiations between Syndicate and government that were discontinued before the Second World War were being conducted on the basis on 'new aspects' in addition to the previous primary objective which was 'to produce money by the cash crop cotton.' These new aspects were to 'teach the tenants farming as a whole as opposed to just cotton-farming' and 'to train the tenants to run their own affairs'.[33] These two functions – of agricultural diversity and devolution - certainly affected government thinking on the issue in the 1940s. The general view seems to have been that the Syndicate was not an appropriate vehicle to deliver the economic and social development policies that the Sudan Government envisaged. Indeed, in the late 1940s the Financial Secretary of the Sudan Government was forceful in arguing that the terms of the concession to run until 1950 were not altered 'by the Government pressing the Companies to do ahead of 1950 those things which were in fact the reason for not renewing the concessions.'[34] These policies, in general terms, can be seen in the passage below:

> Nationalization of capitalistic industry has three aims; firstly, increase of efficiency; secondly, the fairest possible treatment of, and help to, workers of the industry; thirdly, profits to the nation who own the industry. In essence more teamwork.[35]

Specifically, the Sudan Government planned to implement a series of policies referred to collectively in several sources as 'Schedule X'. Broadly speaking this was to improve the

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[33] SAD 417/8/1 A.G. Gaitskell, 'Gezira Scheme: Memorandum on some Limitations at Present Affecting Development' (1948)
[34] SAD 418/7/42-45 'Appendix: Comments by the Financial Secretary at the 31st Meeting of the Gezira Advisory Board on the Taking over the of concession of the Gezira in 1950', April 1948
[35] SAD 418/7/22-24 Anonymous Letter (likely to or from Gaitskell), 22nd March 1948

farming skills of the tenants, increase tenants' access to education and health, and to provide social amenities and social activities.[36]

The decision not to renew the concession for the Sudan Plantations Syndicate introduced the need to create a replacement managerial structure. The Sudan Government recognised the need to be able to run the Gezira Scheme as well as the Sudan Plantations Syndicate. 'If we do not make certain of this', a report commented, 'we shall cause grave harm to country as well as to the tenants of the scheme.' Not only this, but the new authority was also charged with actively pursuing social welfare in the Gezira area. To do so, it was reinforced that the new authority must be free to exercise its power, albeit 'subject to the overriding control of the Executive Council.'[37] Though it was planned that the wishes of the Sudanese in the form of the Legislative Assembly should be accommodated in the new plans for the governance of the Gezira Scheme, the Legal Secretary of the Sudan Government clarified by the middle of 1950 that the new Gezira Board was to have 'full powers to discharge its duties', 'must, as far as possible, be kept free from political conflict', and it was to be 'a separate legal entity with contractual powers and its own staff.'[38] It was also to have access to adequate capital and was to have a statutory right to revenue from certain sources – i.e., the profits from the sale of cotton.

The Sudan Government identified the six core functions of the Sudan Plantations Syndicate that the new Gezira Board would have to undertake: the general management of the Gezira Scheme, the collection and storage of cotton crops including the provision of transport in the Gezira in the form of the Light Railway, the maintenance of the ginning factories and the ginning of cotton, the maintenance and provision of machinery used on the

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[36] SAD 418/7/3 'Gezira Scheme: Memorandum on some limitations'; Clarkson, *Courts*, 137-142
[37] SAD 408/1/2 Memo from A.F. Chick, Financial Secretary, Sudan Government to the Legislative Assembly, Khartoum, 'The Future Administration of the Gezira Scheme', 16th July 1949
[38] SAD 408/1/6-14, Memo: 'The Gezira Scheme', 21st June 1950

plantations, the marketing of cotton and cotton seed, issuing of loans to tenant farmers and the maintenance of houses and stores in the Gezira. In addition to this the new Board was also to be charged the social development of the Gezira Scheme. The Gezira Board was to be responsible to the Executive Council; the Legislative Assembly's 'control' over the Gezira Board was to 'be exercised by question and debate' on matters of major policy; it would have no day to day role. Assembly control was, then, nebulous at best. The key to understanding the way in which the Gezira Board was established was that it was to assuage the nationalists and accommodate the devolved co-governmental model of quasi-democratic governmental structures that had been established, but was in fact to remain very much within the control of the executive arm of the Sudan Government. The reason was clear:

> The Financial Secretary [of the Sudan Government] explained that the Executive Council's authority over the Gezira Board, which was greater than that exercised by the UK Government over state corporations such as the Coal Board and the British Transport Commission was essentially owing to the very large proportion of the Central Government revenue which is derived from the Gezira Scheme.

The new plans also called for the creation of a Gezira Advisory Council and a Gezira Local Council. The Gezira Board itself would be responsible via the Financial Secretary to the Executive Council of the new Legislative Assembly, which had been created 'under a new constitution promulgated on June 19th 1948.' As half the Executive Council were Sudanese it was hoped that they would 'share in the ultimate responsibility for the direction of the Scheme', though the scope for shaping policy by the Sudanese in this area was very limited. Though it was hoped that the wishes of the people would be filtered though the Legislative

Assembly via the Executive Council, it was clarified by the Legal Secretary of the Sudan Government that the Gezira Board was to have full power to carry out its duties and 'not to be encumbered by the formalities necessary to the central government machine', that it was to be kept free of political conflict and that it was to be a separate corporate entity for contractual and staffing purposes.[39] The problem was that it was *not* free from political interference: 'Plans for orderly development are liable to be upset by lobbying in Khartoum and there is hardly an activity of government that is not tarnished by "political considerations"', reported *The Economist*.[40] The same article recorded that the morale in the Sudan Political Service was at a 'low ebb'. There is little doubt also that the process of Sudanization brought its own tensions: 'Everywhere there is the politically fostered hatred of a generation that knew not the Khalifa', *The Economist* commented, going on to say that:

> There is however a more serious aspect of Sudanization – it is being treated as an end in itself, not a means. In an official statement, for public consumption, the nationalisation of the Gezira was primarily justified by the opportunities it would offer for Sudanization; its possible repercussions on crop yields, government revenue and foreign trade were apparently matters of secondary importance.

Some of these concerns were articulated within the Sudan Government at the time. In 1948 the Financial Secretary to the Sudan Government commented that a 'fundamental error' in the Sudanization programme with reference to the Gezira Scheme was 'the mixing up of the

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[39] SAD 408/1/3-4 'Note on the Future Administration of the Gezria Scheme', 14th July 1949; SAD 408/1/6-14, Memo: 'The Gezira Scheme', 21st June 1950

[40] 'Nationalisation in the Sudan', *The Economist*, April 8th, 1950, 777-778

scope of local Government with the management of an agricultural enterprise."[41] Nevertheless, the direction of policy was clear – that the business imperatives were to be suborned to the social need, and that the economy was to be structured in such a way to support economic, social and political development; or, at any rate, this was the intention.

IV. THE END OF THE SUDAN PLANTATIONS SYNDICATE

At around the time of the outbreak of the Second World War, the Syndicate and the Sudan Government were engaged in negotiations that the Syndicate believed would be successful, that would lead to the continuation of the partnership that had run the Gezira Scheme for the previous fifteen years.[42] It was not to be. War interrupted the negotiations and in March of 1940 the Sudan Government informed the Syndicate that no new agreement would be forthcoming while the war was ongoing.[43] While this was true it disguised that the Sudan Government did not preclude unilaterally deciding the future of the Gezira Scheme. The Syndicate did not know this, however, and proceeded to pursue a course of action with renewal in mind. During the abortive negotiations of the late 1930s, the Syndicate had understood that the Sudan Government would require a merger of the Sudan Plantations Syndicate and the Kassala Cotton Company as a prerequisite to a new agreement. Consequently from January 1941 onward, the Syndicate began systematically purchasing Kassala Cotton Company shares on the London Stock Exchange, to allow them to acquire that company. By March 1942 they had acquired a 71% stake in Kassala Cotton. Then,

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[41] SAD 418/7/42-45 'Appendix: Comments by the Financial Secretary at the 31st Meeting of the Gezira Advisory Board on the Taking over the of concession of the Gezira in 1950', April 1948
[42] SAD 416/5/39-41 Minutes of the 266th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th October, 1939
[43] SAD 416/5/43-44 32nd Ordinary General Meeting of the Sudan Plantations Syndicate, 13th December 1939; Minutes of the 260th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 26th March 1940

without explanation, the Syndicate began to sell shares in March 1944. Between 1941 and mid 1942 the Syndicate acquired 64,318 Kassala shares on the open market at prices ranging from one shilling one and a quarter pence, to one shilling and five pence. By March 1944 the Syndicate had sold off 119,428 shares at over two shillings a share.[44] The date of the Syndicate becoming aware of the Sudan Government's decision not to renew is not known.

On the 24th August 1944 Alexander MacIntyre announced to the shareholders that the Sudan Government had notified the Syndicate that the Gezira concession was not to be renewed. In general terms, it was a surprise. Though the Syndicate was, of course, aware that the concession was to expire in 1950 they had previously assumed that negotiations would result in a renewal; 'in view of the measure of agreement which had been reached in negotiating for an extension of the concession, negotiations which we only thought had been postponed by the outbreak of war, the present announcement was not expected'.[45] As mentioned, this is borne out by the relevant records from the late 1930s that indicate a constructive and broadly positive engagement between government and Syndicate regarding renewal of the concession.[46] The government's official justification in 1944 was, however, if nothing else, emphatic:

> The Sudan Government has now notified the Sudan Plantations Syndicate Ltd and the Kassala Cotton Company Limited that in view of certain developments now taking place and under contemplation due to conditions resulting from the war, and because

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[44] SAD 416/5/58-59 Minutes of the 273rd Meeting of the Board of Directors of the Sudan Plantations Syndicate, 17th March 1942

[45] SAD 408/1/1 A. MacIntyre to the shareholders of the Sudan Plantations Syndicate, 24th August 1944

[46] See, for example, SAD 416/5/28-29 262nd Board Meeting of the Sudan Plantations Syndicate, 28th July 1938, which reported that negotiations with the Government had been 'sympathetic'. Even by the outbreak of war the Syndicate believed that the two parties were 'not very far apart'. See SAD 416/4/39-41 266th Meeting of the Board of Directors of the Sudan Plantations Syndicate, 10th October 1939

> of political and social changes which these will involve, the Government will not be in a position to extend the existing concession beyond June 30th 1950.

While expressing their regret at the decision MacIntyre and the directors of the Syndicate pointedly observed the direction of the government's policy:

> They recognise, however, that certain tendencies towards devolution and native administration to which the war has given impetus are the declared policies of the Government, and that such a policy must render difficult the conclusion of any new agreement on lines similar to those which have been appropriate in the past.[47]

The decision not to renew the concession was intimately connected to the winding down of Empire in Sudan and of a model of economic governance which was even more dirigiste than the corporate model that underpinned the Gezira Scheme itself. Non-renewal of the concession led directly to an effective nationalisation of the Gezira scheme which was brought directly under the control of the state. Or, put another way, the colonial state had become positively hostile to business.

Part of this hostility was related to the importance of cotton to the Sudan economy and the revenue to the Sudan Government.[48] Equally, however, it has to be put with the context and tenor of the time – where wartime planning was giving impetus and confidence to corporatist models of economic organisation. Some of the press reaction was damning in

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[47] SAD 408/1/1 A. MacIntyre to the shareholders of the Sudan Plantations Syndicate, 24th August 1944

[48] Indeed, this point was made more emphatically after the concession had not been renewed. See SAD 408/1/2 Memo from A.F. Chick, Financial Secretary, Sudan Government to the Legislative Assembly, Khartoum, 'The Future Administration of the Gezira Scheme', 16th July 1949; SAD 408/1/6-14, Memo: 'The Gezira Scheme', 21st June 1950

this regard. *The Financial News* was quoted in the *Sudan Star* that the news was 'sad', 'not because there is anything in anyway improper in the development , but because it is just one more instance of enlightened private enterprise being engulfed in the impersonal maw of Government control.'[49] *The Economist* (also quoted in the *Sudan Star*) noted that the measure was a 'further indication of the probable post-war attitude to the investor ... the Sudan Government makes it clear that the considerations they have in mind are political.'[50] The *Sudan Star* itself gave the headline 'Sudanese Welcomes Ending of Cotton Concessions' noting, among the generally 'delighted' reception that the news had in Sudan that it was a 'happy coincidence ... that the Scheme goes back to the Sudan Government at a time when the Sudan debt is diminishing.'[51]

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[49] SAD 408/2/75 Clipping: 'Gezira News in London: Market Shocked: Cotton Shares Fall', *Sudan Star*, 4th September 1944
[50] SAD 408/2/76 Clipping: 'The Economist of September 2nd Says', *Sudan Star*, no date; 'Sudan Plantations Disappointed', *The Economist*, September 2nd, 1944, p.327
[51] SAD 408/2/74 Clipping: 'Sudanese Welcome Ending of the Cotton Concessions', *Sudan Star*, 31st August 1944

Table 8.4. Sudan Plantations Syndicate data, 1940-1950 (£E unless stated otherwise)
Source: Gaitskell, *The Gezira Scheme*, 267-274

	Yield in Cotton area in feddans	Price of Sudan cotton kantars per feddan	Net return, after in pence per lb	Direct deducting marketing expenses	expenditure on the Scheme	Total profits	Syndicate's share of net return	Syndicate's expenses	Amount of dividend before deduction of Sudan and UK tax
1940	206,880	3.80	9.60	2,722,407	714,654	358,585	581,958	240,528	198,000
1941	207,594	4.00	8.90	2,952,244	696,740	440,388	621,993	217,809	198,000
1942	207,121	4.00	9.10	2,922,591	698,365	488,707	616,261	214,870	247,500
1943	206,486	4.80	9.30	3,697,480	716,792	693,224	776,878	221,545	297,000
1944	206,571	3.10	10.60	2,614,936	737,323	578,700	533,584	237,131	495,000
1945	206,578	4.90	10.60	4,280,156	752,519	1,111,991	837,611	260,047	544,500
1946	196,541	3.40	10.30	2,605,760	773,543	963,682	516,938	270,189	618,750
1947	206,176	4.00	19.20	6,789,924	855,843	1,984,013	1,372,042	301,716	618,750
1948	206,346	3.40	38.50	11,753,038	918,832	4,213,545	2,339,120	336,423	618,750
1949	206,778	4.30	38.50	13,819,832	966,628	4,576,516	2,741,206	401,243	618,750
1950	206,737	4.60	41.30	16,118,155	1,134,693	5,820,630	3,189,374	541,108	618,750

The market reaction to the news that the Syndicate's concession had been withdrawn resulted in the share price of the company dipping steeply from 50 shillings and 6 pence per share to 38 shillings and 6 pence, though it rallied to 44 shillings and 4½ pence by the close of trading. The *Sudan Star* reported that the market was active, with one jobber dealing in 15,000 shares in one day. The market rallied because of news of an estimated break-up value of about 45 shillings per share as well as the reserves accumulated in the intervening period, 1944-1950, the *Sudan Star* observing that for the previous three years the Syndicate had put £80,000 in cash on reserve each year. In fact the reality was somewhat better than this. By April 1945 the Syndicate was in a position to distribute generous dividend payment, at which time the shares of the company were changing hands at forty six shillings. By the end of the concession in 1950 the share price of the Syndicate had risen to circa 69 shillings per share. The advance notice that the Syndicate was not to have its concession renewed in 1944 had the effect of damaging the standing of the Syndicate in 1944 only. In fact – though it almost

certainly was not deliberate – by 1950, having had time for the market and the business to adjust to impending liquidation, the Syndicate was not subjected to furious off-loading of shares on the London Stock Exchange which was reported to have shown 'no distress' at the de facto nationalisation of the Gezira Scheme. So, in a sense, the early announcement of non-renewal allowed the Syndicate to cope with its own impeding demise surprisingly well.[52]

On the 30th June 1950 the Sudan Government effectively nationalised the Gezira Scheme and a little less than a year later, on 4th April 1951, the Syndicate was placed into voluntary liquidation, though it continued to pay dividends on shares until the final meeting of the company in 21st April 1953.[53] The concession on the Gezira itself ran out on 30th June 1950, at which time the balance sheet capital of the company was carried forward as £2,487,782, with Capital Reserves at £1,530,389 and General Reserve at £2,046,851.[54] Thus, despite the end of the concession and the impending transfer of the general reserves to the Sudan Government, the Syndicate's 20 shilling shares continued to trade at between 52 shillings and 68 shillings per share in 1949.[55] The 1929 Gezira Agreement – the last made between the Syndicate and the government - seems to indicate that the Syndicate was to pay the government any expended fund balances, but with the initial capital costs to be repaid to the Syndicate.[56] According to the Agreement of 31st January 1929 on termination of the concession on 30th June 1950 the 'Government [was] to pay the Syndicate 29.6% of the capital expended upon Development of the Northern Extension area' according to the terms of the supplemental agreement of February 1930. The Syndicate was required to hand over

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52 SAD 408/2/75 Clipping: 'Gezira News in London: Market Shocked: Cotton Shares Fall', *Sudan Star*, 4th September 1944; 'Sudan Plantations', *The Economist*, April 14th, 1945, p.486 ; 'Nationalisation in the Sudan', *The Economist*, April 8th, 1950, 777-778

53 FO 957/98 Sudan Cotton Growing 1950: 'Nationalisation of the Gezira Scheme'; *Stock Exchange Official Yearbook, Vol. 1, 1954* (London, 1954), p.796

54 *Stock Exchange Official Yearbook, Vol. 2, 1951* (London, 1951), p.3338; *Stock Exchange Official Yearbook, Vol. 1, 1952* (London, 1952), p.862

55 *Stock Exchange Official Yearbook, Vol. 2, 1950* (London, 1950), p.3289

56 SAD 417/2/12 'Sudan Plantations Syndicate Main Agreement, 31st January 1929'

'the land and all canals, drains, roads and bridges constructed on Sudan land by the Syndicate in a good state of repair without any payment therefore... '[57] The reserves of the company were large, having been steadily built up over the preceding twenty years. The effect was to render the withdrawal of the Concession to be relatively painless. Though the withdrawal itself was a statement of anti-business sentiment (albeit high-minded), the process itself was a good deal more gentle than occurred elsewhere in the British Empire.

[57] SAD 417/2/5-32 'Sudan Plantations Syndicate Main Agreement, 31st January 1929'

V. CONCLUSION

The period 1939-1950/1956 was one of significant managerial and political change within the economy. The state increased its importance; business was diminished. Though the state had always been important to the development of cotton growing in Sudan, the period of the Second World War and its aftermath transformed its role from importance to outright dominance. The primary reason for the full incorporation of cotton growing within the ambit of the state was the reliance of the Sudan Government on cotton revenue. Yet the role of ideology should not be underestimated. The Sudan Government began to incorporate the notion, and certainly the rhetoric, of welfare into the justification for the nationalisation of the Gezira Scheme in addition to dirigiste economic management more generally.[58] As the British Empire as a whole began the painful process of decolonization, the new missions of development and national self-determination became powerful engines for altered political-economic arrangements in Sudan as elsewhere.

The decision to effectively nationalize the Gezira scheme was, then, the logical conclusion of both financial need on the part of the Sudan Government, an increasingly nationalist agenda within Sudan, and stemmed, indirectly, from central imperial policy that reflected a changed attitude to the colonies (partly in response to war) as the century headed towards its mid-point. The template that roughly guided the creation of the Gezira Board established to run cotton-growing was the creation in Britain of commissions to run nationalized industries as well as being guided, inevitably, by the close relationship enjoyed

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[58] SAD 408/1/2 Memo from A.F. Chick, Financial Secretary, Sudan Government to the Legislative Assembly, Khartoum, 'The Future Administration of the Gezira Scheme', 16th July 1949

between the Syndicate as managers of the Gezira Scheme and the Sudan Government.[59] Corporatism, not the free-market or private enterprise, was the guiding mechanism of the 1930s. This segued into statism and economic nationalism as the inspiration in the 1940s.

The decision not to renew the Syndicate concession over the Gezira Scheme did not appear at first sight to be in the Syndicate's interests. Nevertheless, in many ways it was a boon. First of all, though generally a surprise, it provided the Syndicate with stability and expectation. The end of the concession six years after was something that the Syndicate could plan for. This was reflected in the Syndicate's financial and organizational strategy which was to disburse profits to the shareholders and build up the Gezira Sinking and Depreciation Fund. Second, the decision for an orderly nationalisation of the Gezira Scheme was in contrast to some of the more sudden and disruptive sequestrations of British business as a result of decolonization elsewhere in the British Empire. Indeed, it is questionable whether the withdrawal of the Syndicate's concession should be identified as a *conscious* part of the process of decolonization for the simple reason that it was made in 1944 as Britain was still dominated by the course of the Second World War and came a full twelve years before British withdrawal from Sudan. However, this event should be interpreted as a significant step on the way to decolonization that gave increasing form to the intensifying process of economic nationalism and Sudanization.

The final comment is to evaluate the extent to which the Sudan Plantations Syndicate – without question Sudan's most successful company in the Condominium era - was itself a success in absolute terms. The evidence tends towards the conclusion that is was a decent and moderately profitable investment. However, the problem for the Syndicate was the same as for the economy of Sudan as a whole – disease, depression, and war wrought a

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[59] SAD 418/7/22-24 Anonymous Letter (likely to or from Gaitskell), 22nd March 1948; SAD 408/1/6-14 Memo: 'The Gezira Scheme', Reference Division, Central Office of Information, 21st June 1950

terrible consequence and the Syndicate did not enjoy a prolonged period of uninterrupted cotton-growing to reap the rewards as once was hoped. Under these circumstances the relative success of the Syndicate is actually quite impressive.

The legacy of the imperial phase of Sudan's economic history is now clear. Sudan's was unequivocally an agricultural economy. Dominated by cotton, by independence in 1956 a full eighty-five per cent of the *industrial* labour force were employed in agriculture, livestock production, forestry work or fishing. Of the entire population the industrial labour force was thought only to account for forty-seven per cent of the total population.[60] Despite a full half-century of efforts to develop the economy of Sudan, the effect was limited – a pattern not unique to Sudan it ought to be noted. Dependence on cotton was as much of a limitation as it had been in the depression of the 1930s where the monocultural nature of agrarian production made Sudan's economic position extremely vulnerable to deleterious conditions in the world economy. The evidence from the end of the colonial period points to an economy without a diverse economic base. Indeed, in the fifteen years after independence cotton remained dominant as an export, other products remained variable and the overall of levels of foreign trade volatile (see table below).

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[60] Osman and Suleiman, 'The Economy of Sudan', p.461; the 'industrial' labour force refers to the labour employed in the sectors of the Sudan economy associated with market transactions: manufacturing, construction, commerce, transport, and services – as defined by Osman and Suleiman.

Table 8.5. Sudan's Export Trade, 1950-1965 (£ m)
Source: O. Osman and A.A. Suleiman, 'The Economy of Sudan', p.465

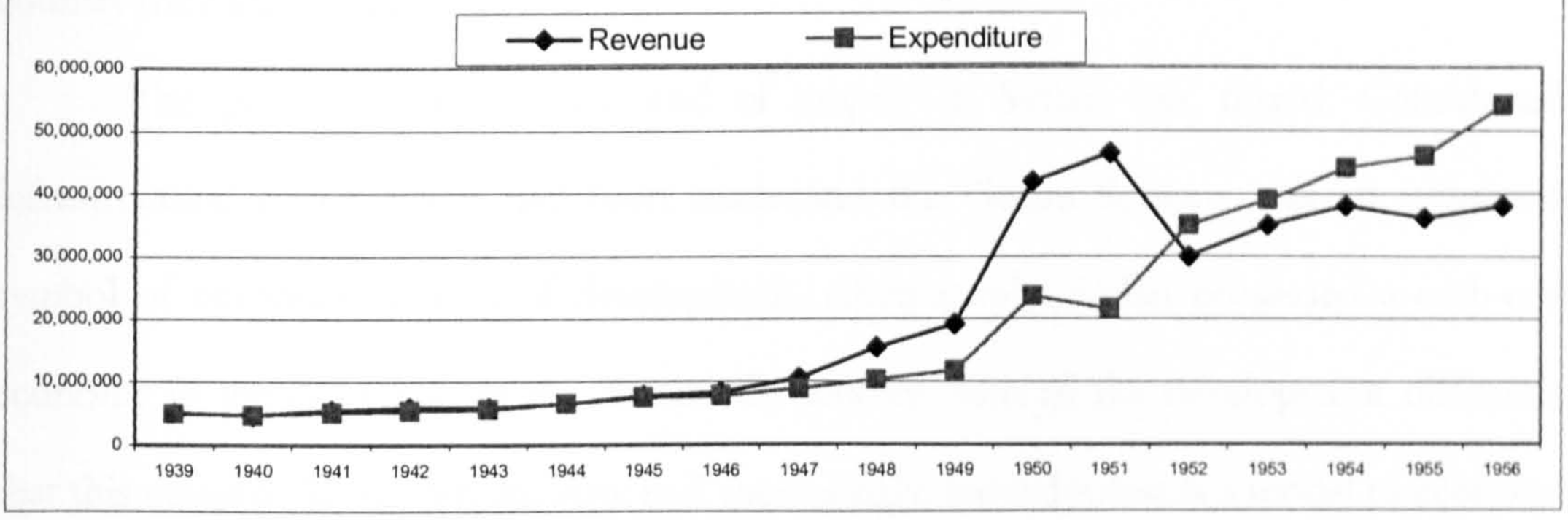
	Cotton and Cotton Seed	Gum Arabic	Ground nuts	Sesame	Cattle and Hides	Others and re-exports	Total Exports
1950	24.8	2.7	0.2		1.8	3.6	33.1
1951	49.3	3.5	0.8	0.4	2.0	6.8	62.8
1952	31.5	2.5	1.1	1.3	1.3	5.1	42.8
1953	30.0	3.0	2.0	1.5	1.6	6.3	44.4
1954	24.9	3.8	1.1	1.6	2.4	6.6	40.4
1955	33.8	4.7	2.4	1.8	1.9	5.9	50.5
1956	46.9	5.4	3.8	2.1	2.6	6.1	66.9
1957	28.8	4.7	4.7	3.0	3.1	7.1	51.4
1958	23.8	5.2	3.4	2.2	2.4	6.4	43.4
1959	45.0	5.1	3.6	2.8	2.2	8.1	66.8
1960	36.3	7.0	4.4	4.6	2.5	8.9	63.7
1961	34.7	6.1	5.4	4.2	2.5	9.3	62.2
1962	48.5	4.6	6.7	5.6	1.8	11.7	78.9
1963	49.4	5.5	5.9	4.8	2.3	10.7	78.6
1964	33.6	6.5	9.2	6.5	1.7	11.1	68.6
1965	33.1	7.2	8.6	4.8	3.2	11.1	68.0

Yet this period was not without its successes. As the graph shows, notwithstanding inflation, exports in general grew in this period as, in fact, did imports.[61] Cotton and agricultural products might be vulnerable, but they were also marketable. Not only this, but across that same period Sudan's considerable colonial debt was not just paid down, but paid off.[62] Additionally, in the final years of the Condominium the boom in world commodity prices helped push government revenue substantially into surplus.

[61] Osman and Suleiman, 'The Economy of Sudan', p.465
[62] See Appendix 3: Sudan Debt

Graph 8.8. Sudan Government Revenue and Expenditure, 1939-1956 (£ E)

Source: GGR, various years



As the graph above indicates, government coffers were generously filled as a result of surpluses especially from 1947 onwards. By the time of the end of the concession in 1950 the Sudan Government was in confident position. For *The Economist* this was damning. Identifying that the Sudan Government surpluses were an artificial product of wartime, *The Economist* wondered what would happen when the reserves were exhausted: 'less developed countries will again require outside finance unless they are to adopt the heroic methods of Soviet Russia. The indications are at present that, when the time comes, foreign capital will only be welcome if it is used to set up companies operating under the local law and controlled in no small measure by local nationals. Past experiences suggests that, under such conditions, money will only be forthcoming if the gross return to be expected is much higher than is obtainable in the country which produces the capital.'[63] They were, of course, broadly correct. Furthermore, the increased revenue from cotton after 1950 was enhanced because the Syndicate was no longer claiming a share; yet this had come at the cost of the withdrawal of capital from the Sudan. As Sir Alex MacIntyre commented in 1945, '[t]here cannot be many Ministers of Finance who would willingly contemplate the withdrawal of

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63 'Sudan Plantations Disappointed', *The Economist*, September 2nd, 1944, p.327

between five and six million pounds of public money from fruitful employment in the country they administer'.[64]

The position, then, at the end of empire in Sudan was mixed. Considerable infrastructural development had been made and the Gezira Scheme was an impressive symbol of corporate models of development. Alternatively, Sudan possessed a cash-crop economy in the latter half of the Twentieth Century, with all the development difficulties that this entailed. Moreover, the state had, increasingly, moved towards a model of economic management that was hostile to business, a further limitation on the potential sources of developmental capital available.

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[64] SAD 416/5/72-73 Sir Alex MacIntyre at the 37th Ordinary General Meeting of the Sudan Plantations Syndicate, 19th April 1945

Conclusion

Economic Imperialism in the Anglo-Egyptian Sudan

'How then, did the colonial state stand as a substitute for an independent state? The argument [here] is that it was not so much bad as was alleged by both colonial nationalists and western liberals and some later historians, as inadequate."[1]

- D.K. Fieldhouse, *The West and the Third World* (1999)

There were neither old foundations on which they could rebuild nor materials for new constructions; there was no law, no cohesion, no money, no industries, no organised agriculture, no roads ... Not even a Bolshevik could say that by taking over the Sudan in 1898 England made an enviable haul.[2]

- Odette Keun, travel writer, *A Foreigner Looks at the British Sudan* (1930)

He has evidently not understood the desirability of separating Egypt and Sudan from a military and political point of view.

- Governor-General Reginald Wingate reflecting on Lord Kitchener's views of the constitutional status of Sudan in 1908.[3]

Sudan has previously escaped the full attention of imperial historians. Gallagher and Robinson in *Africa and the Victorians* deal with Sudan briefly, limited to the invasion of 1898/9. In *British Imperialism* Cain and Hopkins subsume Sudan into their analysis of Egypt, while others points to the strategic imperatives for the acquisition of the territory,

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[1] Fieldhouse, *The West*, p.89
[2] O. Keun, *A Foreigner Looks at The British Sudan* (London, 1930), p.8
[3] SAD 469/1/4 Wingate to Clayton, 1st September 1908

but generally go no further.[4] So the first contribution made by this thesis has been to deepen understanding of Sudan as part of the British empire from the perspective of economic and business history, and historical political economy. What makes Sudan a challenging example of an imperial possession is, first of all, its constitutional ambiguity. As *The Economist* reflected in 1945, 'Egypt supplied the title deed ... that gave the expedition according to those days, its legal justification. Britain's contribution was the organisation and leadership of the whole venture'.[5] Somewhat paradoxically this led the British Cotton Growing Association to describe the Anglo-Egyptian Sudan in 1910 as 'not entirely British'.[6] It also facilitated autonomy and over the duration of the Condominium period the Sudan Government was gradually able to consolidate and centralise power especially in response to the risk of losing economic control. This eventually contributed to the process of decolonization – in terms of Sudanization, economic nationalization and a kind of political nationalism among the British officials who placed considerable significance on the independence and separation of Sudan from Egypt regardless of the position of the Foreign Office.[7] The sense of comparative difference is reinforced by the omission of Sudan from various comparative histories on the one hand, and promulgated by various 'Sudanists' on the other, who tend to emphasise difference. Sudan has been considered 'an awkward child, historiographically as well as historically.'[8] However, Sudan was locked into an economic path dominated by a cash-crop. This experience was a common one in the tropical colonies of the British Empire. Therefore the first section of this concluding chapter will examine the ways in which Sudan was economically different within the British Empire and the ways in which

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[4]Gallagher, and Robinson, *Africa and the Victorians*, 351-378; Cain and Hopkins, *British Imperialism*, p.317; J. Darwin, 'Imperialism and the Victorians: the dynamics of territorial expansion', *English Historical Review*, 1997, p.635

[5] 'The World Overseas: Egypt and Sudan', *The Economist*, 11th August 1945, 192-193

[6] SudA PK 1569 2 BRI, British Cotton Growing Association, 'Memo on the Development of Cotton Growing in the Sudan', November, 1910, p.2

[7] Wm. Roger Louis, 'The Dissolution of the British Empire', in J.M. Brown & W.R. Louis (eds.), *OHBE* Volume IV: *The Twentieth Century* (Oxford, 1999), 340-341

[8] J. Willis, 'Violence, Authority and the State in the Nuba Mountains of Condominium Sudan', *The Historical Journal*, 2003, p.90

it was the same. Following this, there have been two principal areas of historiographical inquiry developed in the main body of the thesis: business imperialism and Gentlemanly Capitalism. In examining questions relating to these areas the evidence presented and the argument developed support that the state's financial and economic interests are crucial to a convincing explanation of economic imperialism in Sudan. The remaining three sections of this chapter develop this argument by examining firstly the case for business imperialism and then, secondly, Gentlemanly Capitalism as explanations of economic imperialism in Sudan; and then lastly to summarise and restate once more the central argument of this thesis that British imperialism in Sudan created and institutionalised a modern state where the various sources of military, economic, and political power were increasingly gathered together, and that this institution was the crucial determinant of the political economy of imperial Sudan.[9] These institutions and concentrations of power were to survive decolonization and form the basis of the post-colonial state.[10] This is why these questions remain important. The issues discussed here echo in modern debates about the impact of imperialism in the international system, which itself indicates the continuing need to understand the role that states, firms and markets play in creating the opportunity, means and processes of imperialism, if not the motives as well.[11]

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[9] Sharkey, *Living with Colonialism*, in particular Chapter 4: 'The Mechanics of Colonial Rule', 67-94;
[10]Again, a good guide is Sharkey, *Living with Colonialism*. See Chapter 6: 'The Nation after the Colony', 120-136
[11] See, for example, N. Ferguson, *Colossus: the rise and fall of the American Empire* (London, 2004); M. Mann, *Incoherent Empire* (London, 2003); *African Review of Political Economy*, June/September 2005. No. 104/5, Vol. 32, special edition on 'Oiling the wheels of Imperialism'. A summary of this emerging field and an interesting contribution in its own right is A.G. Hopkins, 'Capitalism, Nationalism and the New American Empire', *Journal of Imperial and Commonwealth History*, 2007, 95-117

I. WAS SUDAN ECONOMICALLY DIFFERENT?

Sudan was different in the sense that all colonies are different to each other. Yet Sudan should be regarded as a fairly typical African tropical colony in the British Empire despite its Condominium status. This can be seen by briefly examining the following areas.

The Economy. Sudan developed a cash-crop economy based around cotton. In this, Sudan was similar to other African colonies that also developed cash crops. What is less well known, but is established in 'Appendix 8: Sudan – an international comparison' is that in terms of the size and general trajectory of both imports and exports (used as a proxy for the economy as a whole) Sudan's economy was not untypical among other tropical colonies (Sierra Leone, Nigeria, Gambia, Gold Coast (Ghana) and Kenya and Uganda). Moreover, in terms of government revenue and expenditure, Sudan compared favourably with the other tropical colonies included in the data. Where Sudan was somewhat different was in the growth of the economy between 1909 and 1947. During this period Sudan's economy grew more strongly in comparison with the other tropical colonies. Whether this is wholly to do with the earlier date of conquest and therefore more advanced economic development in other colonies (i.e., a lead in economic development over Sudan) or has to do with other structural factors is beyond the scope of this thesis to answer. However, growing more strongly should not be mistaken for enjoying strong growth. Sudan's economy suffered in a similar way to all colonial economies producing primary commodities for export markets; that is, declining terms of trade and limited development without diversity of commodities or markets.[12]

Development policy and the ideology of development. There is a substantial literature relating to development and underdevelopment in Africa which is, quite consciously,

[12] Havinden and Meredith, *Development and Colonialism*, p.275

only indirectly addressed here.[13] However, notwithstanding this there are a number of observations to make. First of all, as mentioned in the Introduction to the thesis, Geoffrey Jones identifies two phases for development among colonial officials in India, that of the 'benevolent night-watchmen' who gave way to a conscious but retarded developmentalism among colonial officials that led to unbalanced growth.[14] Fieldhouse reaches a similar conclusion, citing among others Havinden and Meredith to support the point that while there was economic growth, colonial economies were much too dependent on a narrow economic base of cash crops which suffered from worsening conditions in the world markets for primary commodities.[15] In this experience of colonial development, Sudan was entirely typical. Jones' depiction of the benevolent night-watchmen might have been written about the colonial officials in the early years of the Condominium as the Sudan Government did relatively little to foster economic growth beyond the provision of infrastructure and were inclined to idealise Sudan as a pastoral arcadia in need of preservation rather than development.[16]

Only once a putative mining industry had all but failed did the Sudan Government offer protection to cotton-growing (to the Sudan Plantations Syndicate) in the form of a monopoly concession. What was different about the plans for the development of cotton-growing in the Gezira area is that that the Sudan Government cooperated closely with business in a way that prefigured state sponsored development schemes elsewhere in the Empire and the metropolitan imperial legislation to facilitate

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13 See Fieldhouse, *The West*, Ch.6, 'The Concept of a Colonial Economy', 164-186 for a survey of this area circa 1999. A more econometrically minded approach is that of P. Collier and J.W. Gunning, 'Explaining African Economic Performance', *Journal of Economic Literature*, 1999, 64-111. Gunning and Collier outline an agenda for research to establish more completely why Africa has grown so slowly. The issues they identify range from a lack of social capital, to government mismanagement of development policy and finance, to geography, demography and the incidence of disease.

14 G. Jones, 'The State and Economic Development', p.353

15 Fieldhouse, *The West*, p.168; Havinden and Meredith, *Colonialism and Development*, 160-183

16 Cain and Hopkins, *British Imperialism*, p.579; idealising the indigenous population in terms of custom, political authority, tribal structure and so on continued through much of the Condominium. See Leonardi, 'Knowing Authority', 'Chapter One: Knowing the Native', 45-76

them.[17] Such innovation is interesting precisely because Sudan was not supervised by the Colonial Office but by the Foreign Office, described by Martin Daly as 'a benign and distant master'.[18] Though this meant that Sudan was frequently a 'pawn' in the Foreign Office's strategic and diplomatic policy, the distant relationship granted latitude to the Sudan Government.[19] Economic policy innovation, such as it was, therefore came from within the Sudan Political Service and there is no sense in the Foreign Office sources on Sudan that development policy was handed down during the inter-war period or before. Does this make Sudan different? There is reason to doubt the extent to which it does. With reference to British colonies as a whole, Stephen Constantine argues that it was colonial governments who demanded funds for development, commenting that these initiatives were 'not inspired by metropolitan needs.'[20]

Nevertheless, it is also the case that there was a transition in development thinking among the officials in Sudan that ran in tandem with the developmental agenda adopted more widely in the Empire. A good example of this can be found in Arthur Gaitskell, last managing director of the Sudan Plantations Syndicate and first Chairman of the Gezira Board after nationalization (see Appendix 4). Gaitskell used the phrase 'co-operative socialism' to describe how he envisaged the Gezira Scheme developing from the 1940s onwards, a markedly different view of how the economy of Sudan should be managed in comparison with the corporatist but nevertheless market based model that underpinned the development of the Gezira Scheme earlier in the century.[21] The transition in the rhetoric of economic matters including development and changes to

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17 Cain and Hopkins, *British Imperialism*, 575-577; Constantine, *The Making of Colonial Development Policy*, passim.

18 M.W. Daly, 'The Development of the Governor General of the Sudan, 1899-1934', *Journal of African History*, 1983, p.89

19 Wm. Roger Louis quotes Margery Perham who described Sudan as 'the pawn in our Egyptian policy' in 1953. See Wm. Roger Louis 'The Dissolution of the British Empire',in J.M. Brown & W.R. Louis (eds.), *OHBE* Volume IV: *The Twentieth Century*, (Oxford University Press, Oxford, 1999), p.340

20 Constantine, *The Making of British Colonial Development Policy*, p.294

21 SAD 418/5/46-58 'The Gezira Scheme: a talk given at the Sudan Cultural Centre on February 17th 1943 by A. Gaitskell'; SAD 408/2/11-13 'A Broadcast on the Gezira Scheme from Omdurman Station, 18th January 1943'. For interest, Gaitskell's brother was Hugh Gaitskell, Labour Minister in the United Kingdom in the 1950s and 1960s.

economic management during the Second World War contributed to the decision to nationalize the Gezira Scheme and create a Gezira Board, similar in many ways to the marketing boards used to coordinate commodity production elsewhere in the tropical colonies.[22]

Indebtedness. Sudan incurred substantial levels of debt as a result of capital intensive development, specifically the Gezira Scheme (see Appendix 5). This was a structural economic/financial weakness and a determinant of the political economy of the country, especially in the critical period during and immediately after the depression (as argued in Chapter 5) when Sudan, like other tropical colonies, suffered financial distress connected to indebtedness. Total debt incurred by 1930 was £11,643400. This places Sudan in the mid range of debtors by comparison. In 1930, Nigeria's public debt was £28.4 million, Kenya's was £16.9 million, Gold Coast's (Ghana) was £13.0 million, Tanganyika's was £5.2 million, Uganda's was £1.1 million, while Nyasaland's (Malawi) was only £0.9 million. However, while Sudan Government debt fell somewhat to 1940, elsewhere in the British Empire the debt levels typically rose.[23] For example, Kenya's debt levels reached £17.6 million by 1936, while Nigeria's debt topped £28 million in 1934. Sudan's avoidance of increased debt between 1928-1938 was similar to the experience of the Gold Coast.[24] The sense of general similarity to other African colonies is reinforced by examining the ratio of debt to export levels.

Table C.1. Ratio of Average Debt Outstanding to Average Annual Exports, 1928-1938
Source: Havinden and Meredith, *Colonialism and Development*, p.174; Appendix 5: Sudan Government Debt; Appendix 6: Import and Export Data

	Kenya / Uganda	Gold Coast	Nigeria	Sudan
Average debt outstanding (£m)	18.34	12.10	26.36	11.13
Average annual exports (£m)	6.39	8.33	12.57	5.21
Ratio	**2.87**	**1.45**	**2.10**	**2.14**

[22] Fieldhouse, *The West*, p.213
[23] Havinden and Meredith, *Colonialism and Development*, 174, 176-177; these data are used to calculate the table below and can be found reproduced in 'Appendix 5: Sudan Government Debt'.
[24] See Appendix 5 for data relating to comparative colonial indebtedness.

Overall, the economic circumstances of Sudan were in general terms similar to those elsewhere in tropical colonies of the British Empire. Nevertheless, as explained earlier in some detail the political-economic compact that developed in Sudan was corporatist and in that sense unique. The principal partners in this arrangement were the Sudan Government and the Sudan Plantations Syndicate. So, what drove the accrual of imperial economic power? What was the engine of imperialism in Sudan?

II. BUSINESS IMPERIALISM

Much of the original scholarship in the area of business imperialism concentrated on trying to establish whether areas of the globe not part of the British Empire in the formal sense should be considered within the *informal* sphere of the British Empire.[25] This has tended to result in the assumption (or at any rate not the immediate repudiation) that where the British Empire was existent formally, the interests of business were served. Certainly, the idea that Empire was hostile to business is rarely observed, while hostility to business *was* a distinct feature of decolonisation. The process of deconstruction is not, however, simply the reversal of the process of construction. Nevertheless, there is a wealth of literature on the imperialism of free trade, the imperialisms of capital and finance, capitalists and financiers, as well as the literature related to colonial development, some of which has focused on capital accumulation – which, whether by private enterprise of via government contracts for large scale capital projects involved British business. Why then bother to examine or question sometimes taken as a given? The answer, simply, is that the evidence from Sudan reflects a more complex picture. The notion that the colonial state in Sudan was supportive of business and vice versa is at best contested.

Charles Jones, writing in 1980, observed that one reason for rejecting the case for British imperialism *in Latin America* was that 'there were not ambitious militarists and aristocrats with their sights set on the South American republics. This element was quite adequately catered for in the Empire.'[26] He concluded that 'capitalists' operating in Latin America did not want British state intervention, nor did the British state wish to pursue a territorial vision of empire in that area. He further argued that such 'conspiracy theories are generally unsatisfactory in analysing British imperialism because the level of social

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[25] Robinson and Gallagher, 'Imperialism'; Platt, (ed.), *Business Imperialism*
[26] Jones, *Business*, p.437

integration between business and governing elites in Britain was lower than in any other of her competitors at least until 1914."[27] Jones went on to make a somewhat overlooked observation:

> This has led many to feel that the debate about imperialism must ultimately be reducible to debate about asymmetries of power between territorial States. Business firms, by contrast, are primarily functional not territorial entities, and ultimately depend on States for legitimization and for any territorial monopolies they try to establish.

Jones' statement that firms are 'primarily functional' is important. He goes on to make a further critical distinction:

> Therefore, observations about the growth of business monopoly, the division of world markets, and the growing concentration of control of capital which stress the *analogy* from the world of business to contemporary developments in international relations and the causes common to both sets of phenomena are, by themselves, insufficient to justify the term 'business imperialism' or to license the use of 'imperialism' and 'monopoly capitalism' as synonyms. What is required is a solid connection between the changing character of capitalism and the advent of a more aggressive phase in international relations after 1900.[28]

Jones identified this as being the new forms of business that began to emerge in the period up to 1914, that were, he argued, subject to one common factor: at that time '[m]erchant or commercial capital, accumulated through the operation of small firms

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[27] Jones, *Business*, p.437; the conspiracy barb was directed at Schumpeter and J.A. Hobson, but this prefigures a considerable and lengthy debate the influence of elites over imperial policy
[28] Jones, *Business*, p.438

with cost-cutting competition strategies, was being forced to seek shelter from the middle years of [the 19th] century onwards as trade was revolutionized by innovations in communications (and to a lesser extent the transport of goods).'[29] Though emerging at the end of the epoch discussed by Jones, the early commercial enterprises in Sudan fit the categorisation almost perfectly. The Sudan Plantations Syndicate was initially a small entrepreneurial firm established to exploit the commercial shelter provided by a protected monopolistic concession, the purpose of which was to produce cotton using relatively technologically sophisticated techniques of irrigation and agronomy married to cheap labour, while the cotton itself was to be sold on the World market in the manner typical of a cash-crop - but in particular that there was no local market for the cotton produced requiring considerable transhipment. In fact, without the competitive advantages realised by cost minimisation through technology and cheap labour and the innovations in transport and cotton marketing, developing the Gezira Scheme would have been impossible, just as indeed the hoped for development of a mining sector proved unviable.

It is therefore necessary to place commercial enterprise in Sudan in the frame of reference of business imperialism for two reasons. First, because there is a need to examine the role of business as an engine and driver of empire. The field of business history offers considerable scope for enquiry at this level of analysis, as (it is hoped) this thesis demonstrates. Secondly, as 'business imperialism' was piloted in the arena of 'informal empire' where independent sovereign States were supposedly subverted and imperialised (if not colonised) by the overweening might of the British Empire (i.e., in Latin America, and to a lesser extent China) the unusual political history of Sudan has to be considered. Relatively independent of London, and entirely independent of the Colonial Office from its inception in 1899, Condominium Sudan may well compare rather better from a governmental perspective with the independent states of Latin

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[29] Jones, *Business*, 438-439

America or with the dominions, than with Colonial Office administered areas of Africa, the dominions or with India. Similarly, it begs the observation that if Latin America was in reality not ultimately acquired by policy makers in London despite its economic riches, so Sudan has to be viewed as acquired despite its obvious economic problems.

In short then, was Sudan and the Sudan Plantations Syndicate especially a case of 'business imperialism' or not?

1899-1919

The first observation to state was that during this period business found it hard to gain a commercially viable foothold. Even if the Sudan Government had been unequivocally supportive – and this was not the case – the marginality of commercial opportunity in Sudan was a persistent problem. Following the failure of mining business in the early years of the first two decades of the Condominium, the Government became more interventionist through the building of infrastructure necessary to business (in particular Port Sudan and the development of a railway network) as well as by issuing a monopolistic concession to the Sudan Plantations Syndicate. Yet even with regard to cotton, surprisingly little progress was made across a twenty year period. As outlined earlier in the thesis, there were good reasons for this, but it cannot be maintained conclusively that the colonial state was acting in the interests of capital or business; equally, it cannot be conclusively argued that capital or business were entirely supportive of the colonial state. This needs to be understood in two distinct ways: firstly investors and business were self interested and sought to extract maximal advantage out of their involvement in Sudan (this was not always forthcoming, of course) and secondly, the impact of the sparse sprinkling of business has to be questioned. It is true that in the embryonic Gezira Scheme a significant determinant of imperialism in Sudan was brought into being, but by 1919 this had not either provided a source of income for the Sudan Government, nor had it begun the social transformation which is the less perceptible but

nonetheless important economic and cultural impact of Western business operating in developing countries. The simple fact is that no large scale British business was a success in Sudan before 1919. It is therefore difficult to attribute business as an engine of imperialism in this period.

1919-1950

The inter-war period marked the high water mark of imperialism in Sudan and, in the impact of the depression, the beginnings of the undoing of that same process. This is also true for the influence and role of business. Immediately after the First World War the development of the Gezira Scheme with the influx of capital that it brought began transforming the economy of Sudan. The Sudan Plantations Syndicate, by then the significant British business in Sudan without peer, briefly enjoyed both economic and governmental centrality – and the picture that is revealed from Syndicate - Government relations at the time of the first loan negotiations in 1912 is that the Syndicate has the whip hand; that its role in the Gezira Scheme was sufficiently crucial to make the Government more supine than it later became. However, wartime was to change this complexion and was to make business much less important to the Government to develop the Gezira Scheme. Then, from 1924 onwards the process of greater political autonomy enjoyed by the Sudan Government and the increasing importance of cotton revenue rebalanced this relationship once again. The dramatic events of the depression not only caused the Syndicate problems, but its repercussions for the Sudan Government were significant, sparking a realisation that the economic base of Sudan was too narrow (something that was not addressed) and that the government's own revenue sources were dependent on that narrow base. This weakened the Sudan Plantation Syndicate's position in the longer run. It also invigorated the 'Sudanization' process in Sudan that followed from the expulsion of Egyptian troops from Sudan in 1924.

The Second World War and the growth in importance of the state put paid to large scale commercial enterprise in Sudan when in 1944 the Sudan Government decided not to renew the Syndicate's concession in Gezira. This action was the culmination of a process whereby the state went from being important to dominant within the economy. There was an economic imperialism in Sudan, but it was not a business imperialism. Rather, it was the economic needs of the colonial state, not business, which increasingly drove policy. Moreover, the Sudan Government moved from economic corporatism (already a statist economic model) to outright economic nationalism in the form of nationalization in order to shore-up its own position. Though this nationalization was relatively benign (to business) in comparison to nationalization elsewhere in the British Empire during decolonization, business in Sudan was not able to influence policy to its own ends and, as judged by the Financial Secretary of the Sudan Government in 1950, was not itself imperialist in the classic conception of anti-imperialists:

> The opponents of concession to foreign companies sometimes drew a picture of rapacious foreign shareholders bleeding the country and giving it little in return. If that picture is ever true it is certainly not true of the two Gezira Companies [the Sudan Plantations Syndicate and the Kassala Cotton Company]. They brought to this country a large sum of badly needed capital in which they have through the years received no more than a fair return.[30]

Indeed, John Stone – a former Assistant Commissioner for Development in Sudan prior to independence - observed that a greater problem was not rapacious business, but the difficulty of attracting business in the first place: 'African territories are *not* popular places in which to invest money: the value of their output of export crops varies far too widely

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[30] FO 957/98 Sudan Cotton Growing 1950, Memorandum: 'Nationalization of the Gezira Scheme Completed'

from year to year, capital investment is not profitable, and security is often questionable."[31] This was certainly the case in Sudan. Business in the form of the Sudan Plantations Syndicate was a key component of the economy of Sudan during the Condominium, but it was not the primary driving force of imperialism, nor in the long-run was it able to exert pervasive influence over the colonial state. The operation of the Sudan Plantations Syndicate as a business was first and foremost functional, to use Jones' terminology. Where the business was structurally important to the Sudan Government and the colonial state this was in fact a weakness for business because in the longer-term, the state treated business not as an ally but as an inconvenience and, eventually, as an economic agency to be nationalized.

[31] J. Stone, 'Colonial Economic Policies in Africa' (no date), in D. Hawley (ed.), *Khartoum Perspectives*, p.390

IV. GENTLEMANLY CAPITALISM

Cain and Hopkins *British Imperialism* traces the impact of what they describe as Gentlemanly Capitalism, the influence of the gentlemen and the capitalists of empire, through four centuries. Yet by its own volition and the opinion of others it is primarily a view of imperial influence exerted financially and socially – and the fusion of the two, somewhat to the exclusion of business as a unit of analysis.[32] Already it has been partly discounted that Sudan was a case where business imperialism drove the colonial project. This obviously negates the extent to which the gentlemanly aspects of business might be described as imperialist. Instead Cain and Hopkins point to flows of 'gentlemanly' capital and a nexus of gentlemanly interests in politics, finance and business, reinforced by social ties which acted as drivers of imperialism. How then does this apply to Sudan?

First of all, there is a case to be made for gentlemanly finance – or at the very least a form of finance imperialism. As discussed in Chapter 3 and Appendix 5, the debt incurred to finance the Gezira Scheme was raised by virtue of a Treasury guarantee which indicated a close social connection between the officials of the Sudan Government and the British Government in London, as well as indicating connections between the Syndicate and the Sudan Government. Later, this debt was to be crucial in establishing the independence of the Sudan Government; failure to service the debt might have led to the British Treasury stepping in which would have put at risk the emergent independent constitutional settlement with regard to Sudan, as discussed in Chapter 4 and the first part of Chapter 5. The debt itself, of course, was maintained and then paid off. It is not possible to disaggregate whether the Sudan Government was protecting its own interests or those of the bond-holders – though in a sense it does not matter. It was protecting both. The finance provided helped to develop Sudan's economy and provided a source of revenue for the Sudan Government, and in this way finance supported and was to a

[32] Cain and Hopkins, *British*, 62-103, 107-134, 135-150, and passim; Dumett, 'Introduction'

certain extent the impetus behind imperialism in Sudan. It is worth observing also that prior to the First World War the Sudan Plantations Syndicate was especially useful to the Sudan Government because it was expected – at that time – that to enter the capital markets to finance the Gezira Scheme the Syndicate would be necessary. In fact after the First World War the Syndicate was not as necessary or as useful as the Treasury guarantee. This reinforces the notion that the state writ large (that is, the Sudan Government *and* the British Government in London) was more important than business to raise capital and develop the economy of Sudan. But was this *gentlemanly* capitalism and, secondly, was it imperialist?

There were networks of 'gentlemen' involved in business and government in Sudan, as is presented here in various chapters. However, there is little sense that there was any special economic significance to their gentlemanliness. For example, in Chapter 2 social links between some mining finance entrepreneurs and Sudan Government officials conferred no special or preferential advantage. Indeed, there was a positive hostility to business capital in the early years of the Condominium. In the totality of the relationship traced over several chapters between the Sudan Plantations Syndicate and the Sudan Government, both of which had gentlemen within their ranks, cordiality in personal relationships often went hand in hand with tension and divergent interests between business and government (though there was plenty of cooperation and amity as well, of course). Whether the arrangement of the Treasury guaranteed loans constituted a gentlemanly transaction is arguable either way. On one hand those involved in the negotiations could be described as gentlemen arranging finance to develop a colonial economy to support a colonial state and, by the by, creating an investment opportunity for 'capitalists', gentlemanly or otherwise. On the other hand this was simply what many states have done whether within the British Empire or outside of it – to borrow to develop infrastructure.

Though the development of cotton as a cash-crop served the needs of Manchester (and was facilitated by the British Cotton Growing Association) and therefore seems to support the delineation made by Cain and Hopkins between the City and manufacturing industry, the institutional origins of the Sudan Plantations Syndicate were in fact to be found with the mining financiers of the Wernher Beit group. This indicates, if nothing else, that the sharp divisions made between City finance and provincial manufacturing industry were not as sharply drawn in terms of company formation, governance and management as might be supposed from the argument made by Cain and Hopkins. Moreover, it indicates the significance of the City of London as a deep pool of capital, management and technical expertise necessary for the metropolitan aspects of imperial business, regardless of the markets that the business was ultimately to serve. The second aspect of the delineation made by Cain and Hopkins is with regard to the North-South (finance), East-West (cash-crop) explanation of British economic interests in Africa. Again, when it comes to Sudan, these sharp definitions are much less clear. As argued above, the presence of large amounts of publicly issued British Treasury guaranteed debt to finance the Gezira Scheme indicates a financial interest which – though used to facilitate a cash-crop – was in itself simply money lent to a government to develop the economic infrastructure of the state. Yet it certainly gave the bond-holders and the Sudan Government a *financial* interest in Sudan and the Gezira Scheme respectively. Indeed, eventually it was the financial interests of the Sudan Government in the Gezira Scheme, both as debt liability and source of revenue, that mitigated against the Sudan Plantations Syndicate's continued management of cotton-growing in Sudan. Nevertheless, Sudan was, of course, based round a cash-crop economy which, as discussed below in more detail, had a significant impact on the developmental trajectory of the colony, country and state.

IV. CONCLUSION

Sudan was not wholly a case of 'business imperialism'; Gentlemanly Capitalism does not provide an overwhelmingly convincing explanation of the relationships that developed between business and government; and the scale of capital investment and its nature does not indicate that imperialism in Sudan was driven by the needs of financial capital. Yet Sudan was not untypical as an example of a tropical colony in the British Empire. So what was the driver of imperialism in Sudan if not business or gentlemanly capital?

There are two possible explanations. The first is that imperialism in Sudan should be seen in the light of more traditional political theories of empire – strategy, security, prestige, diplomacy and accident; that, in a sense, there was no *economic* imperialism at work. In terms of the invasion of 1898 there is something in this, but the causes of the invasion have to be disaggregated from the process of imperialism – much of it economic - that Sudan experienced for the next fifty years or so. Political dynamics are important, but Sudan's relationship with the Empire was characterised by disinterest on the part of the Foreign Office (which in itself indicates the remoteness of Sudan within the British imperial system) and by increasing separation from Britain's other co-domini in Sudan – Egypt – as argued in Chapters 5 and 7. So, the notion that economic development and the structure of the political economy was driven directly by metropolitan policy has to be discounted. Yet the British in Sudan were not unaware of the need to promote economic growth nor were they inactive in the economic sphere. As such, therefore, there must be a robust reason why the political economy of Sudan emerged as it did, apparently without metropolitan direction on the one hand, or particular relevance to the theories of imperialism discussed previously on the other.

The second explanation rests with a colonial/imperial economic unit that is somewhat neglected; that is, the corporate state. The colonial state as both state *and* economic coordinator is widely known inasmuch as the state was the instrument

whereby the colonial development policy was pursued. In Sudan, however, the state was not only the provider of infrastructure and the facilitator of economic development schemes, but was *the* major economic actor. A similar but more limited point has been made by G.N. Sanderson. Sanderson was only concerned with six years of the Condominium, 1934-1940, but his argument similarly identifies the following about the economic policy, the economy and position of the Sudan Government: 'the Sudan Government was not only a quasi monopolistic producer of cotton. It enjoyed a virtual monopoly of large scale commercial activity, notably but by no means exclusively in the provision of rail and steamer transport, of which its monopoly was complete.'[33] In fact, this central economic role stretched from the outset of the Condominium until independence and, in effect, beyond. It intensified over time. The institutions of the state and the institutional context of the economy, in particular the Gezira Scheme, locked Sudan into a developmental path described in Chapter 5 as a colonial bind.

The corporatist nature of government-business relations connected to cotton-growing configured the political economy of the colonial state. The state itself was shackled to this narrow based cash-crop economy. In turn, capital was both captive and dependent on the state. Over time the effects of the failure for a broad-based market economy to emerge pushed the state to ever more closely control the economic environment in order to promote economic and financial security. The difficulty that business had in finding sufficient commercial opportunity, as well as dealing with an increasingly hostile government, negated the likelihood of wider economic development beyond the Gezira Scheme and cotton-growing. Indeed, the parlous nature of the World cotton markets from the depression onwards suggests that it is questionable whether the corporate model adopted could sustain economic development at all. The tenuous nature of market-based economic activity created a fundamental structural weakness for Sudan both economically and politically because it engendered almost total reliance on the state

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[33] Sanderson, 'The Ghost of Adam Smith' p.101

to coordinate activity for economic growth. The lack of competition in the economy was therefore a problem for both business and the economy; a problem solved by the state through nationalization of the Gezira Scheme in the 1940s. The position of business was therefore eroded over time; further investment by existing business became less likely, and new investment became unlikely – indeed, no substantial new ventures were undertaken in Sudan after the 1930s.

By the time of the end of the British Empire in the mid 20th Century it was inherent within commonplace views of international politics – for example, in the role of the United Nations, in many varieties of African nationalism, or in the Atlantic Charter – to invalidate the idea of empire alongside vaunting the legitimacy and the instruments of independent states.[34] Structurally, functionally and intellectually these factors gave succour to the legitimacy of the state in the name of trusteeship, economic development, and nationalism, and conferred a degree of acceptance for the political future of the soon to be post-colonial state. The colonial state in Sudan was, as many states around the world now are, the most important and largest coordinator of economic activity. However, the state was 'inadequate', to use Fieldhouse's description, when it came to widening or substantially deepening economic activity. Nevertheless, it was able to ensure its own survival as an institution – and an economic institution at that – through ever closer economic control. This state built up its own sovereignty from within, jealously guarding against outside influence that threatened its own interests, be this business, finance, metropolitan policy, or the interests of Egypt.[35] In Sudan the colonial

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[34] R. Hyam, *Britain's Declining Empire: The Road to Decolonisation, 1918-1968* (Cambridge, 2006), 304-305, 343-344; F. Cooper, *Africa since 1940* (Cambridge, 2002), passim; K. Jeffrey, 'The Second World War', J.M. Brown & W.R. Louis (eds.), *OHBE* Volume IV: *The Twentieth Century* (Oxford, 1999), p.314; in the case of Sudan the Atlantic Charter was linked to an emerging 'nationalistic spirit' in many part of the country. See GGR, 1942-44, p.9

[35] For a discussion of sovereignty in colonial/imperial states see: M.W. Doyle, *Empires* (Ithaca and London, 1986), 30-47; S.D. Krasner, 'Rethinking the sovereign state model', *Review of International Studies*, 2001, 17-42, 17; C.M. Warner, 'The rise of the state system in Africa', *Review of International Studies*, 2001, 65-89. It is not clear that the breached sovereignty of colonial states is fundamentally different from other breaches of state sovereignty that have punctuated the history of international relations. As Krasner comments: '[b]reaches of the sovereign state model have been an enduring characteristic of the international

state as an economic coordinator pursued policies and developed structurally in such a way as to indicate that its own survival was a primary imperative.[36]

For Sudan the legacy of the political economy established between 1899 and 1956 was a cash-crop economy located in the North of the country, offering few wider benefits and without offering much hope for economic innovation or diversification beyond the narrow sector that was created - and a state that was inadequate and financially reliant on cash-crops and state monopolies for income. As this settlement was fragile, the post-colonial state began from a position of structural weakness.

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environment. ... Mutual recognition has not always gone to juridically independent territorial entities. There has never been a golden age for sovereignty.'

[36] The nature of imperial economic institutions including states might therefore be a fruitful avenue for further inquiry. See: J. Foster, 'The Institutionalist (Evolutionary) School' in D. Mair and A.G. Miller (eds.), *A Modern Guide to Economic Thought* (Aldershot, 1991), 207-232; G.M. Hodgson, *How Economics Forgot History* (London, 2001), especially Part IV, 'The millennium: the second coming of history', 271-355

Appendix 1: Sudan's International Trading Partners,1908-1913

Sudan's international trading partners: imports and exports (£E / %) 1908-1913 [Source: Stone, *Sudan Economic Development*, (1955)]

Imports	1908	1909	1910	1911	1912	1913	1908	1909	1910	1911	1912	1913
Egypt	906	808	875	903	944	949	47.9%	45.5%	45.3%	39.7%	52.8%	45.0%
UK	613	601	600	793	521	616	32.4%	33.8%	31.1%	34.9%	29.2%	29.2%
India and Aden	102	92	109	155	23	232	5.4%	5.2%	5.6%	6.8%	1.3%	11.0%
Australia	47	51	136	113	0	0	2.5%	2.9%	7.0%	5.0%	0.0%	0.0%
Abyssinia	27	32	37	58	65	66	1.4%	1.8%	1.9%	2.6%	3.6%	3.1%
Austria	27	21	23	49	26	35	1.4%	1.2%	1.2%	2.2%	1.5%	1.7%
Germany	28	37	18	25	20	20	1.5%	2.1%	0.9%	1.1%	1.1%	0.9%
Eritrea	23	19	24	16	21	12	1.2%	1.1%	1.2%	0.7%	1.2%	0.6%
France	12	13	12	18	11	11	0.6%	0.7%	0.6%	0.8%	0.6%	0.5%
Italy	12	15	19	56	44	62	0.6%	0.8%	1.0%	2.5%	2.5%	2.9%
Belgium	15	10	15	10	12	12	0.8%	0.6%	0.8%	0.4%	0.7%	0.6%
Turkey	10	10	8	9	6	5	0.5%	0.6%	0.4%	0.4%	0.3%	0.2%
USA	29	14	4	2	8	9	1.5%	0.8%	0.2%	0.1%	0.4%	0.4%
Parcel Post (not distributed by countries)	27	28	32	35	42	40	1.4%	1.6%	1.7%	1.5%	2.4%	1.9%
Other	15	25	19	32	44	41	0.8%	1.4%	1.0%	1.4%	2.5%	1.9%
Total	1893	1776	1931	2274	1787	2110	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exports	1908	1909	1910	1911	1912	1913	1908	1909	1910	1911	1912	1913
Egypt	319	403	641	757	627	509	61.8%	59.8%	65.5%	55.0%	45.7%	43.0%
UK	55	83	100	226	268	268	10.7%	12.3%	10.2%	16.4%	19.5%	22.6%
India and Aden	2	6	21	6	1	5	0.4%	0.9%	2.1%	0.4%	0.1%	0.4%
Turkey	6	6	9	6	10	12	1.2%	0.9%	0.9%	0.4%	0.7%	1.0%
USA	15	27	32	49	119	88	2.9%	4.0%	3.3%	3.6%	8.7%	7.4%
Germany	16	35	43	93	124	80	3.1%	5.2%	4.4%	6.8%	9.0%	6.8%
Belgium	13	13	17	27	37	32	2.5%	1.9%	1.7%	2.0%	2.7%	2.7%
France	46	54	57	136	111	107	8.9%	8.0%	5.8%	9.9%	8.1%	9.0%
Austria	16	19	17	20	25	23	3.1%	2.8%	1.7%	1.5%	1.8%	1.9%
Italy	4	8	6	19	19	16	0.8%	1.2%	0.6%	1.4%	1.4%	1.4%
Eritrea	11	8	13	7	10	16	2.1%	1.2%	1.3%	0.5%	0.7%	1.4%
Abyssinia	5	3	3	1	2	1	1.0%	0.4%	0.3%	0.1%	0.1%	0.1%
Other markets	8	9	19	30	20	28	1.6%	1.3%	1.9%	2.2%	1.5%	2.4%
Total	516	674	978	1377	1373	1185	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Appendix 2: Sudan's Imports by International Origin and Type, 1908-1913

Imports by international origin and type, 1908-1913 (£E) [Source: Stone, *Sudan Economic Development*, (1955)]

		1908	1909	1910	1911	1912	1913	1908	1909	1910	1911	1912	191
Cotton goods	Egypt	284,100	252,800	284,800	282,100	225,900	257,700	72.7%	67.9%	67.7%	48.6%	54.7%	51.2%
	Great Britain	55,300	73,400	79,400	191,400	117,700	143,500	14.1%	19.7%	18.9%	33.0%	28.5%	28.5%
	India and Aden	48,400	36,900	43,300	60,200	27,600	41,800	12.4%	9.9%	10.3%	10.4%	6.7%	8.3%
	Italy	100	5,700	9,500	44,500	30,500	48,800	0.0%	1.5%	2.3%	7.7%	7.4%	9.7%
	Other countries	3,100	3,600	3,900	2,500	11,000	11,800	0.8%	1.0%	0.9%	0.4%	2.7%	2.3%
	Total	391,000	372,400	420,900	580,700	412,700	503,600	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Machinery	Great Britain	112,000	113,200	102,400	152,100	66,600	40,200	68.8%	85.2%	89.7%	91.7%	82.1%	75.8%
	USA	27,000	12,600	800	100	1,200	1,100	16.6%	9.5%	0.7%	0.1%	1.5%	2.1%
	Egypt	6,300	5,000	9,100	7,200	11,800	4,500	3.9%	3.8%	8.0%	4.3%	14.5%	8.5%
	Germany	11,500	1,500	1,200	5,600	800	5,500	7.1%	1.1%	1.1%	3.4%	1.0%	10.4%
	Other countries	6,100	500	700	800	700	1,700	3.7%	0.4%	0.6%	0.5%	0.9%	3.2%
	Total	162,900	132,800	114,200	165,800	81,100	53,000	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Iron, steel & hardware	Great Britain	163,300	175,900	183,200	143,100	56,500	76,900	85.7%	92.5%	92.5%	86.1%	67.8%	76.0%
	Egypt	11,300	7,600	8,200	11,500	13,200	16,200	5.9%	4.0%	4.1%	6.9%	15.8%	16.0%
	Belgium	2,600	1,600	2,500	2,000	4,500	4,800	1.4%	0.8%	1.3%	1.2%	5.4%	4.7%
	Germany	4,200	3,800	2,800	4,400	3,100	1,000	2.2%	2.0%	1.4%	2.6%	3.7%	1.0%
	Australia	8,200	0	0	0	0	0	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other countries	1,000	1,200	1,300	5,200	6,000	2,300	0.5%	0.6%	0.7%	3.1%	7.2%	2.3%
	Total	190,600	190,100	198,000	166,200	83,300	101,200	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sugar	Egypt	114,600	136,000	166,000	186,100	255,900	214,300	85.8%	89.7%	89.5%	93.5%	99.3%	92.5%
	Austria	11,400	11,500	8,900	12,100	1,200	15,800	8.5%	7.6%	4.8%	6.1%	0.5%	6.8%
	Belgium	6,900	2,700	7,600	0	0	900	5.2%	1.8%	4.1%	0.0%	0.0%	0.4%
	Other countries	700	1,400	3,000	800	700	800	0.5%	0.9%	1.6%	0.4%	0.3%	0.3%
	Total	133,600	151,600	185,500	199,000	257,800	231,800	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Timber	Australia	39,200	51,400	135,900	111,400	0	0	40.3%	46.5%	85.8%	73.2%	0.0%	0.0%
	Egypt	18,800	13,600	11,500	14,300	12,800	13,700	19.3%	12.3%	7.3%	9.4%	55.4%	47.1%
	Great Britain	31,000	15,400	9,000	22,400	6,600	7,700	31.9%	13.9%	5.7%	14.7%	28.6%	26.5%
	Germany	0	20,000	0	0	0	0	0.0%	18.1%	0.0%	0.0%	0.0%	0.0%
	Sweden	3,000	7,300	0	0	0	3,900	3.1%	6.6%	0.0%	0.0%	0.0%	13.4%
	Other countries	5,200	2,900	2,000	4,000	3,700	3,800	5.3%	2.6%	1.3%	2.6%	16.0%	13.1%
	Total	97,200	110,600	158,400	152,100	23,100	29,100	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Wheat	Egypt	40,800	47,000	32,500	34,600	42,500	38,600	62.5%	67.5%	54.7%	42.5%	38.4%	37.9%
	India and Aden	18,600	16,800	18,800	30,500	54,200	51,500	28.5%	24.1%	31.6%	37.5%	49.0%	50.6%
	Other countries	5,900	5,800	8,100	16,300	14,000	11,700	9.0%	8.3%	13.6%	20.0%	12.6%	11.5%
	Total	65,300	69,600	59,400	81,400	110,700	101,800	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Millet/Dura	India and Aden	0	100	0	100	35,200	55,500		50.0%		14.3%	69.4%	95.2%
	Egypt	0	100	0	500	14,700	2,600		50.0%		71.4%	29.0%	4.5%
	Other countries	0	0	0	100	800	200		0.0%		14.3%	1.6%	0.3%
	Total	0	200	0	700	50,700	58,300		100.0%		100.0%	100.0%	100.0%
Coal	Great Britain	73,600	72,200	71,800	72,800	80,800	107,800	99.1%	97.3%	97.2%	98.0%	80.9%	99.8%
	Egypt	700	1,700	2,100	1,500	1,500	200	0.9%	2.3%	2.8%	2.0%	1.5%	0.2%
	British South Africa	0	0	0	0	9,200	0	0.0%	0.0%	0.0%	0.0%	9.2%	0.0%
	India and Aden	0	0	0	0	8,400	0	0.0%	0.0%	0.0%	0.0%	8.4%	0.0%
	Other countries	0	300	0	0	0	0	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%
	Total	74,300	74,200	73,900	74,300	99,900	108,000	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Coffee	Abyssinia	11,900	15,500	25,900	45,500	53,500	57,500	31.5%	34.3%	65.1%	82.1%	82.9%	85.2%
	Egypt	23,700	20,500	8,400	4,000	4,500	4,800	62.7%	45.4%	21.1%	7.2%	7.0%	7.1%
	Brazil	300	6,500	4,700	4,100	200	1,600	0.8%	14.4%	11.8%	7.4%	0.3%	2.4%
	Other countries	1,900	2,700	800	1,800	6,300	3,600	5.0%	6.0%	2.0%	3.2%	9.8%	5.3%
	Total	37,800	45,200	39,800	55,400	64,500	67,500	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tea	Egypt	14,700	11,000	14,400	17,600	12,800	9,700	53.1%	66.3%	58.8%	53.5%	35.9%	24.8%
	India and Aden	11,900	4,000	7,700	13,000	20,400	26,500	43.0%	24.1%	31.4%	39.5%	57.1%	67.8%
	Other countries	1,100	1,600	2,400	2,300	2,500	2,900	4.0%	9.6%	9.8%	7.0%	7.0%	7.4%
	Total	27,700	16,600	24,500	32,900	35,700	39,100	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Soap	Egypt	13,600	14,400	16,400	21,100	20,600	20,900	73.1%	79.6%	75.2%	77.0%	76.3%	73.3%
	France	2,000	1,600	2,200	3,100	2,400	3,800	10.8%	8.8%	10.1%	11.3%	8.9%	13.3%
	Great Britain	2,000	1,500	1,700	1,900	3,400	3,000	10.8%	8.3%	7.8%	6.9%	12.6%	10.5%
	Other countries	1,000	600	1,500	1,300	600	800	5.4%	3.3%	6.9%	4.7%	2.2%	2.8%
	Total	18,600	18,100	21,800	27,400	27,000	28,500	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Perfumery	Egypt	12,100	13,200	13,100	15,900	9,400	6,900	58.7%	63.8%	69.3%	69.4%	71.2%	64.5%
	India and Aden	5,400	5,700	3,100	4,500	2,600	3,200	26.2%	27.5%	16.4%	19.7%	19.7%	29.9%
	Germany	1,600	1,000	2,200	1,700	500	100	7.8%	4.8%	11.6%	7.4%	3.8%	0.9%
	Other countries	1,500	800	500	800	700	500						
	Total	20,600	20,700	18,900	22,900	13,200	10,700	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tobacco	Egypt	64,500	31,500	32,100	33,500	41,200	45,800	97.3%	94.0%	95.5%	94.6%	96.7%	96.8%
	Other countries	1,800	2,000	1,500	1,900	1,400	1,500	2.7%	6.0%	4.5%	5.4%	3.3%	3.2%
	Total	66,300	33,500	33,600	35,400	42,600	47,300	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix 3: Sudan's Exports

Exports by product and destination, 1908-1913
Source: Stone, Sudan Economic Development (1955)

	£E	1908	1909	1910	1911	1912	1913	1908	1909	1910	1911	1912	1913
Gum	Egypt	44,000	27,300	53,500	76,100	101,500	21,800	25.1%	13.6%	24.6%	17.5%	16.8%	5.9%
	France	45,100	47,000	41,900	115,500	91,000	88,300	25.8%	23.4%	19.2%	26.5%	15.1%	23.8%
	Great Britain	20,000	34,000	26,400	69,300	125,200	68,300	11.4%	16.9%	12.1%	15.9%	20.7%	18.4%
	Germany	15,900	33,600	35,900	80,600	109,700	67,100	9.1%	16.7%	16.5%	18.5%	18.2%	18.1%
	USA	15,100	24,500	25,700	35,100	85,000	50,800	8.6%	12.2%	11.8%	8.1%	14.1%	13.7%
	Belgium	11,300	12,500	13,100	23,000	35,300	26,800	6.5%	6.2%	6.0%	5.3%	5.8%	7.2%
	Austria	14,100	9,500	7,800	13,200	19,800	13,700	8.1%	4.7%	3.6%	3.0%	3.3%	3.7%
	Italy	4,300	4,300	4,300	7,400	13,600	10,400	2.5%	2.1%	2.0%	1.7%	2.3%	2.8%
	Others	5,200	8,500	9,300	15,400	22,400	24,300	3.0%	4.2%	4.3%	3.5%	3.7%	6.5%
	Total	175,000	201,200	217,900	435,600	603,500	371,500	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cotton	Egypt	78,100	55,000	223,800	187,800	97,100	100,000	96.9%	97.7%	99.6%	79.6%	69.8%	65.6%
	Great Britain	0	200	100	40,900	39,600	50,900	0.0%	0.4%	0.0%	17.3%	28.4%	33.4%
	Others	2,500	1,100	800	7,100	2,500	1,600	3.1%	2.0%	0.4%	3.0%	1.8%	1.0%
	Total	80,600	56,300	224,700	235,800	139,200	152,500	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Dura	Egypt	49,600	128,200	72,600	72,800	5,300	10,900	85.2%	93.9%	61.5%	84.0%	85.5%	50.2%
	Eritrea	7,500	3,300	10,500	2,300	800	10,800	12.9%	2.4%	8.9%	2.7%	12.9%	49.8%
	India Aden	600	2,700	15,200	800	0	0	1.0%	2.0%	12.9%	0.9%	0.0%	0.0%
	Great Britain	0	0	7,400	1,700	0	0	0.0%	0.0%	6.3%	2.0%	0.0%	0.0%
	Others	500	2,400	12,400	9,100	100	0	0.9%	1.8%	10.5%	10.5%	1.6%	0.0%
	Total	58,200	136,600	118,100	86,700	6,200	21,700	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cattle	Egypt	1,600	1,400	47,400	129,400	107,500	73,300	100.0%	100.0%	99.8%	100.0%	99.9%	98.1%
	Others	0	0	100	0	100	1,400	0.0%	0.0%	0.2%	0.0%	0.1%	1.9%
	Total	1,600	1,400	47,500	129,400	107,600	74,700	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sheep and Goats	Egypt	32,000	39,000	61,900	86,200	110,200	95,700	99.7%	99.0%	98.4%	99.5%	99.5%	98.6%
	Others	100	400	1,000	400	600	1,400	0.3%	1.0%	1.6%	0.5%	0.5%	1.4%
	Total	32,100	39,400	62,900	86,600	110,800	97,100	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ivory	Great Britain	29,000	40,200	54,300	66,200	75,700	85,100	73.0%	89.1%	89.0%	89.6%	80.1%	75.2%
	USA	0	0	0	0	16,300	24,700	0.0%	0.0%	0.0%	0.0%	17.2%	21.8%
	Egypt	8,200	4,300	2,300	800	200	400	20.7%	9.5%	3.8%	1.1%	0.2%	0.4%
	Others	2,500	600	4,400	6,900	2,300	3,000	6.3%	1.3%	7.2%	9.3%	2.4%	2.7%
	Total	39,700	45,100	61,000	73,900	94,500	113,200	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Hides and Skins	Great Britain	3,100	3,000	5,200	9,600	10,500	14,200	48.4%	38.5%	24.1%	24.4%	23.8%	25.9%
	France	1,000	200	2,100	3,600	3,600	10,700	15.6%	2.6%	9.7%	9.1%	8.2%	19.5%
	USA	0	2,300	6,300	12,900	15,400	9,600	0.0%	29.5%	29.2%	32.7%	34.9%	17.5%
	Austria	600	800	1,200	3,400	900	8,100	9.4%	10.3%	5.6%	8.6%	2.0%	14.8%
	Germany	0	0	900	3,700	6,800	2,100	0.0%	0.0%	4.2%	9.4%	15.4%	3.8%
	Egypt	1,100	1,100	4,200	2,900	4,800	6,100	17.2%	14.1%	19.4%	7.4%	10.9%	11.1%
	Others	600	400	1,700	3,300	2,100	4,000	9.4%	5.1%	7.9%	8.4%	4.8%	7.3%
	Total	6,400	7,800	21,600	39,400	44,100	54,800	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sesame	Egypt	24,000	45,900	46,900	55,900	68,100	85,500	95.6%	72.7%	71.1%	78.1%	76.4%	81.5%
	France	0	6,500	11,100	10,400	14,900	7,300	0.0%	10.3%	16.8%	14.5%	16.7%	7.0%
	Austria	200	8,200	5,500	2,300	1,000	200	0.8%	13.0%	8.3%	3.2%	1.1%	0.2%
	Others	900	2,500	2,500	3,000	5,100	11,900	3.6%	4.0%	3.8%	4.2%	5.7%	11.3%
	Total	25,100	63,100	66,000	71,600	89,100	104,900	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Dates	Egypt	33,100	35,300	34,400	42,600	35,600	31,000	99.7%	100.0%	99.7%	99.5%	100.0%	99.4%
	Others	100	0	100	200	0	200	0.3%	0.0%	0.3%	0.5%	0.0%	0.6%
	Total	33,200	35,300	34,500	42,800	35,600	31,200	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ostrich Feathers	Egypt	4,800	3,800	22,900	14,200	6,300	5,500	82.8%	88.4%	90.5%	97.3%	98.4%	100.0%
	Others	1,000	500	2,400	400	100	0	17.2%	11.6%	9.5%	2.7%	1.6%	0.0%
	Total	5,800	4,300	25,300	14,600	6,400	5,500	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exports by product, 1901-1918 (£E)
Source: see note

	Ivory	Gum	Cotton	Animals (including hides and skins)	Other	Total Exports
1901	7,925	178,531	13,000	2,364	104,279	306,099
1902	34,701	268,878	1,400	4,615	85,727	395,321
1903	29,826	192,920	21,000	7,801	130,309	381,856
1904	43,195	179,481	41,000	7,927	117,202	388,805
1905	51,326	113,131	34,000	7,888	102,655	309,000
1906	37,017	96,000	50,000	11,208	69,871	264,096
1907	40,304	154,592	103,000	31,680	160,295	489,871
1908	39,673	175,271	89,000	39,794	172,200	515,938
1909	45,056	201,238	65,000	48,170	314,438	673,902
1910	60,999	217,932	235,000	131,947	331,743	977,621
1911	73,932	435,622	267,000	254,958	230,626	1,262,138
1912	94,465	603,511	155,000	262,006	350,794	1,465,776
1913	113,236	371,528	173,591	226,450	394,036	1,278,841
1914	84,605	314,919	111,123	273,350	324,249	1,108,246
1915	48,132	313,919	270,372	382,541	693,342	1,708,306
1916	70,234	586,102	308,452	289,386	1,311,341	2,565,515
1917	57,251	744,345	611,111	676,567	1,639,907	3,729,181
1918	35,624	638,837	299,077	1,378,556	1,858,290	4,210,384

Note on sources:
Commercial Intelligence Branch, Annual Report for 1916, (Central Economic Board, Sudan Government, Al-Mokattam Printing Office, Cairo, 1916), p.73; *Commercial Intelligence Branch, Annual Report for 1928-1929*, (Central Economic Board, Sudan Government, McCorquodale and Co (Sudan) Ltd, Khartoum, 1929), p.112; *GGR, 1904*, 226-235; *GGR, 1907*, 542-545. The value given for 'Animals' in 1905 is an estimate based on the mean average for the previous three years (1902-4) and the year after (1906). The value for 'Other' is calculated by subtracting the values for the export products listed from the value for total exports. Total exports are taken from this Appendix. The 'Other' value is therefore indicative only.

Appendix 4

Arthur Gaitskell, the Sudan Plantations Syndicate and the end of the Gezira Concession

The treatment of evidence from Arthur Gaitskell is problematical. No only was he the Manager of the Sudan Plantations Syndicate's operation in Sudan and the first Chairman of the Gezira Board, but he also authored the only systematic study of the Gezira Scheme to explore the role of the Syndicate alongside the development of the Scheme.[1] His papers in the Sudan Archive at Durham University are a major source for this thesis. However, they also include a series of memos, talks, discussions and reports authored by Gaitskell himself and reflect his interpretation of the future direction of the Syndicate, the Gezira Scheme and Sudan as a whole in the period to 1950. For example, in April 1943, before the government decided not to renew the Syndicate's concession in 1944, Gaitskell argued in a letter to Harold Wooding that 'it would not be in the interest of our company to extend its contract beyond 1950.' The main thrust of his argument was the risk of political attack as a result of doing *too well* in business terms.[2] This view was consistent with ideas that Gaitskell held for some time previously, and it is not at all clear that Gaitskell was entirely the Syndicate's man, despite being a prominent employee. As early as 1928 Gaitskell criticised the terms of tenancy for creating 'a rich idle class, largely uneducated and lacking in responsibility and self control upon whom a veneer of western civilisation will annually increase, an ideal centre for future political trouble.'[3] Such ideas were not uncommon at the time and though it is clear that over time Gaitskell become less hostile to the tenants, the ramifications increased political rights for Sudanese is a

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[1] Gaitskell, *Gezira*
[2] SAD 418/8/1 Arthur Gaitskell to Harold Wooding, 23rd April 1943
[3] SAD 418/3/3-9 Memorandum by A. Gaitskell, 14th March 1928

theme to which Gaitskell returned again and again. In 1938 he commented that 'a small intelligentsia is beginning to voice the germ of public opinion', a reaction to 'Sudan for the Sudanese' and associated with Arab Nationalism. For Gaitskell nationalist politics of the late 1930s demanded 'a more awakened interest in the future evolution of the Scheme than has been required so far.'[4] These writings indicate a man who was not entirely happy with the organisation of the Gezira Scheme and the role of the Syndicate within it. Specifically, Gaitskell seems to have spent a considerable amount of time in late 1930s arguing for a form of political and organizational devolution within the Gezira, even going so far in one letter to apologize to Alexander MacIntyre for being 'so verbose and apparently obstinate in again bringing up this subject'.[5]

Though there is a danger of evaluating Gaitskell from a retrospective position to have been largely correct (and therefore influential), his opinions were, in point of fact, prescient. Despite riding some hobbyhorses in terms of specific policy Gaitskell was correct in his judgement, made in 1938, that the 'Syndicate's present concession may be terminated in 1944 and at any rate ceases in 1950'; his argument with that in mind was that 'long before that date some plan of devolution must be stated and the sooner and more gradual the process the better the prospect of success.'[6] This view informed Gaitskell's later advice to the Syndicate's director's in London, though it is impossible to say how influential it was. Referring to one of the many reports written by himself relating to the future of the whole of Sudan, Gaitskell explained that the Syndicate would either be excluded or coerced to the new regimen:

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[4] SAD 418/6/1 A. Gaitskell, 'A Consideration of the General Trend of the Gezira Scheme and its effect on our future interests here', 25th August 1938
[5] SAD 418/6/11 Arthur Gaitskell to Alexander MacIntyre, 25th August 1938; SAD 418/6/13-35 A.G. Gaitskell, 'Sudan Plantations Syndicate: a proposal for the future development of the Gezira Scheme', (likely September 1938)
[6] SAD 418/6/13-35 A.Gaitskell, 'Sudan Plantations Syndicate: a proposal for the future development of the Gezira Scheme', (likely September 1938)

> If the Company's contract is to be renewed beyond 1950, it is extremely important for our own reputation in this country that these matters should be discussed and decided without delay. If the Company's contract is not to be renewed beyond [1950], the question is only of indirect concern to the country and the staff here. It is clear that some changes along the lines written down in this note will be introduced before long. There is no dispute about that. What we are uncertain about is what part we are supposed to play... '.[7]

Gaitskell's argument here constitutes one possible explanation for the Sudan Government's decision not to renew the Syndicate's concession, namely that the needs of development were deemed incompatible with those of private capital and enterprise. The Gezira Scheme was, for Gaitskell, 'a rare opportunity of carrying into practical effect those necessary changes in Imperial policy which are bound to be demanded by world opinion foreshadowed in the Atlantic Charter.'[8] His desire to see the Gezria Scheme pass from private hands to some form of public control was clear, often using the phrase 'co-operative socialism' to describe the re-ordering of the Scheme, and if nothing else, these observations indicate that in the latter years of the Syndicate's tenure of the Gezira Scheme it (the Scheme) was managed by a man whose instincts were for a model of imperial governance rooted very much in the notions of trusteeship popular at the time.[9] In this, Gaitskell shared many fundamental values with the Sudan Government officials of the same period; in short, that the needs of business were to be suborned to the needs of the Sudan Government acting, as they saw it, in the best and progressive interests of

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[7] SAD 418/8/1 Arthur Gaitskell to Harold Wooding, 23rd April 1943
[8] SA D 418/8/2 'Future of the Gezira Scheme' by A. Gaitskell (April 1943). Gaitskell made reference to the Atlantic Charter both before and after the decision not to renew the Syndicate's concession. See also SAD 418/5/109-126 A. Gaitskell, 'The Future of the Gezira Scheme' (1948) and SAD 417/8/1-20 A.G. Gaitskell, 'Gezira Scheme: Memorandum on some Limitations at Present Affecting Development' (1948)
[9] SAD 418/5/46-58 'The Gezira Scheme: a talk given at the Sudan Cultural Centre on February 17th 1943 by A. Gaitskell'; the phrase is also used in SAD 408/2/11-13 'A Broadcast on the Gezira Scheme from Omdurman Station, 18th January 1943'

the Sudanese. In this context it is little surprise that Gaitskell became Chairman of the Gezira Board as it took over from the Syndicate in 1950.

Gaitskell's beliefs can be summarised by looking at both what he believed should be the policy in Sudan, and what should not be the policy in Sudan. In his 'A consideration of the general Political Trend of the Gezira Scheme and its Effect on our future interests here' from 1938 Gaitskell identified three possible future directions for the Gezira Scheme. The first was direct control by the British. The second was direct 'native' control, of a 'tribal or pseudo-tribal character' where the British adopted a purely advisory role. The third was the gradual reduction of British influence alongside the introduction of western democratic and educational 'influences'. It is clear that Gaitskell personally favoured the latter policy direction – he was critical of the first 'conservative' direction claiming also that 'it represents the Syndicate's real attitude', a surprisingly critical observation for an employee to make in a circular for the Board of Directors. Interestingly, Gaitskell also claimed that the Sudan Political Service favoured 'native' control and that this was at odds with both the Governor-General and the general direction of the British Government in London.[10]

[10] SAD 418/6/2-3 A.G Gaitskell, 'A Consideration of the General Trend of the Gezira Scheme and its effect on our future interests here', 25th August 1938

Appendix 5

The Sudan Government Debt

> '[T]he magnitude of any borrowings from abroad will depend on the lender's assessment of the Sudan's capacity to eventually repay the loans ... [it is] the repayment of loans strictly in accordance with the loan agreements which has encouraged the International Bank and other foreign lenders to lend such considerable sums of money for the Managil Extension, the Roseires Dam, the expansion of Railways, etc.'
>
> - Sir John Carmichael, November 1961[1]

The first debt to be issued was £3,500,000 5½% guaranteed bonds issued at £95 10/- by the Bank of England in October 1919.[2] This stock formed part of the six million guaranteed by the Sudan Loan Act 1919. The Prospectus for the issue stated that the bonds would be redeemable at 105% as a result of the establishment of a special sinking fund 'to provide for the redemption of the whole of the bonds not later than 1st November 1959.'[3] Repayments were to begin in 1929. The number of people allotted bonds in the subscription was 2,055, the largest single applicant having asked for £350,000, to which only £150,200 was allotted. The total amount applied for was £6,667,500, indicating that the appetite for Sudan Government stock in the market was significant, auguring well for the potential popularity of

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[1] SAD 448/12/2-4 '"The Sudan Budget" – A talk given by Sir John Carmichael to the Anglo-Sudanese Association on Saturday 25th November 1961'
[2] GHL MS 18000/198B 1083, Sudan Government Loan Stock Listing File, 4th October 1919, 'Application for Listing' placed by Mullens Marshall and Co, 14th October 1919
[3] GHL MS 18000/198B 1083, Sudan Government Loan Stock Listing File, 4th October 1919, 'Prospectus for Sudan Government £5½% Guaranteed Bonds'

any future issue.[4] An application to undertake a subscription of the remaining £3,500,000 Sudan Government guaranteed loan stock under the 1919 Loan Act was made at the end of 1920.[5] A prospectus offering £2,880,000 at 5½% interest guaranteed to be issued at £92 with £5 paid was published by Mullens and Co, the Bank of England's brokers, on 26th February 1921, the bonds to rank equally with the previously issued stock.[6]

A further £3,250,000 of 4½% interest stock was issued in February 1923 at £93% under the 'Sudan Government Loan Ordinance 1922', which was used by the Sudan Government to proclaim the stock after the 'Trade Facilities and Loans Guarantee Act 1922' had given a Treasury guarantee for principal and interest to any bonds issued.[7] The Sudan Loan Ordinance itself invested the Governor General with the ability to borrow up to seven million pounds, though it was also established by supplement that if the Treasury had to pay for the loan on default, the Sudan Government would be liable for the principal and interest. As a safeguard against this the trustees of the sinking funds established to repay the loan were to include the Permanent Secretary to the Treasury alongside a nominee of the High Commission in Cairo and a nominee of the British Foreign Secretary.[8] A further £513,000

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4 GHL MS 18000 18000/199b 1308, Sudan Government Loan Stock Listing File, 28th November 1919, 'Application for Listing'; 'Legal Oath sworn by Ernest Musgrave Harvey, Chief Cashier of the Bank of England', 10th November 1919

5 GHL MS 18000/211B 1828 Sudan Government Loan Stock Listing File, 30th December 1920

6 GHL MS 18000/212B 140 Sudan Government Loan Stock Listing File, 1st March 1921

7 GHL MS 18000/ 221B 22, Sudan Government Loan Stock Listing File, 12th January 1923, 'Prospectus: Sudan Government £4½% Guaranteed Stock, 1939-1973'; GHL MS 18000/ 222B 180, Sudan Government Loan Stock Listing File, 18th February 1923, 'Application for Listing' issued by Mullens and Co, 26th February 1923; 'Trade Facilities and Loans Guarantee Act, 1922', Ch. 4 of which states: 'An Act to amend section of the Trade Facilities Act, 1921, and the Overseas Trade Acts, 1920 and 1921, and to authorize the Treasury to guarantee certain loans to be raised by the Government of the Federal Republic of Austria and the Government of the Soudan respectively.'

8 GHL MS 18000/ 222B 180, 'The Sudan Government Loan Ordinance 1922'; 'The Sudan Government Loan (Supplemental) Ordinance 1922'

under this ordinance was issued between October 1923 and May 1924 at £95½%.[9] This debt was known as the Sudan Government 4½% Guaranteed Stock, 1939/73.

The third and final loan raised by the Sudan Government occurred in late 1924, when £1,500,000 was issued at £86 with a four per cent guarantee. This was authorized by the Sudan Loan Ordinance of 1922 and the Trade Facilities and Loan Guarantee Act 1922, and a new piece of legislation, the Trade Facilities Act 1924.[10] This debt was known as the 'Sudan Government 4% Guaranteed Stock, 1974.[11] The amount cumulatively applied for by applicants was £13,583,100, again indicating that the market for Sudan Government debt (albeit as a proxy for British Government debt) remained buoyant.

Thus by 1924, the total amount of Treasury guaranteed debt issued on behalf of the Sudan Government was £11,393,000, though additional borrowing for interest payments in the early years of the Gezira Scheme before cotton production began caused this figure to rise to £11,643,400, which is the level it stood at in 1930, the first year when repayment of the principal began to reduce the overall burden of debt. The first repayments began in 1929 for the 1939-59 stock; the 1939-73 stock began to be repaid in 1939, while the 1974 stock began to be repaid only in 1951 (see Table for details). By 1939 the outstanding debt of the 1939-59 stock stood at £5,220,900. In June of that year a £2,000,000 loan at 3½% was issued 'guaranteed as to interest, though not as to principal' by the Treasury to be used along with the sinking funds to repay the entire outstanding principal of the 1939-59 stock.[12] This reduced both the outstanding principal to just £2,000,000 and considerably reduced the

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[9] GHL MS 18000/ 230B 390, Sudan Government Loan Stock Listing File, 16th May 1924, Letter from Mullens and Co to the London Stock Exchange, 16th May 1924

[10] GHL MS 18000/ 235B 1103, Sudan Government Loan Stock Listing File, 11th December 1924, 'Application for Listing'

[11] GHL MS 18000/233B 907, Sudan Government Loan Stock Listing File, 10th November 1924, 'Prospectus: Sudan Government £4% Guaranteed Stock, 1974'

[12] *The Statist*, 22nd June 1939, p.112; *Stock Exchange Yearbook, 1945*, (Thomas Skinner, London, 1945), p.11

interest payments on the debt. In the mid 1930s the Sudan Government took advantage of the low interest rates of the to refinance the loans at lower rates.[13]

Though no data has been forthcoming with regard to repayment during the Second World War period, it is evident from both the graph and table below that there was no interference in the repayment of the Sudan Government debt caused by the war. By the end of the war in 1945 the levels of debt stood at £6,490,700.[14] As Sudan prepared for decolonization, these outstanding amounts were gradually paid down: the 3¼% 1954-59 stock was finally repaid on the 1st May 1959, the 4½% 1939-73 stock on the 1st January 1973, while the 1974 stock on was eventually fully repaid on the 10th November 1973.[15] By the time the Sudan Plantations Syndicate's concession came to an end in 1950, the level of overall debt stood at slightly under half the 1930 level on forty-nine per cent or £5,750,300; by independence in 1956 this had fallen further to only thirty-seven per cent of the 1930 level or £4,326,400.[16] It is clear that neither wartime, decolonization nor the civil conflicts in Sudan during the 1960s and 1970s interfered with the successful repayment of the outstanding debts. This is evidence that the financing for the Gezira scheme - for which the Sudan Government debt provided the vast bulk - was basically sound. The fact that such a large debt was successfully repaid should be considered a considerable achievement.

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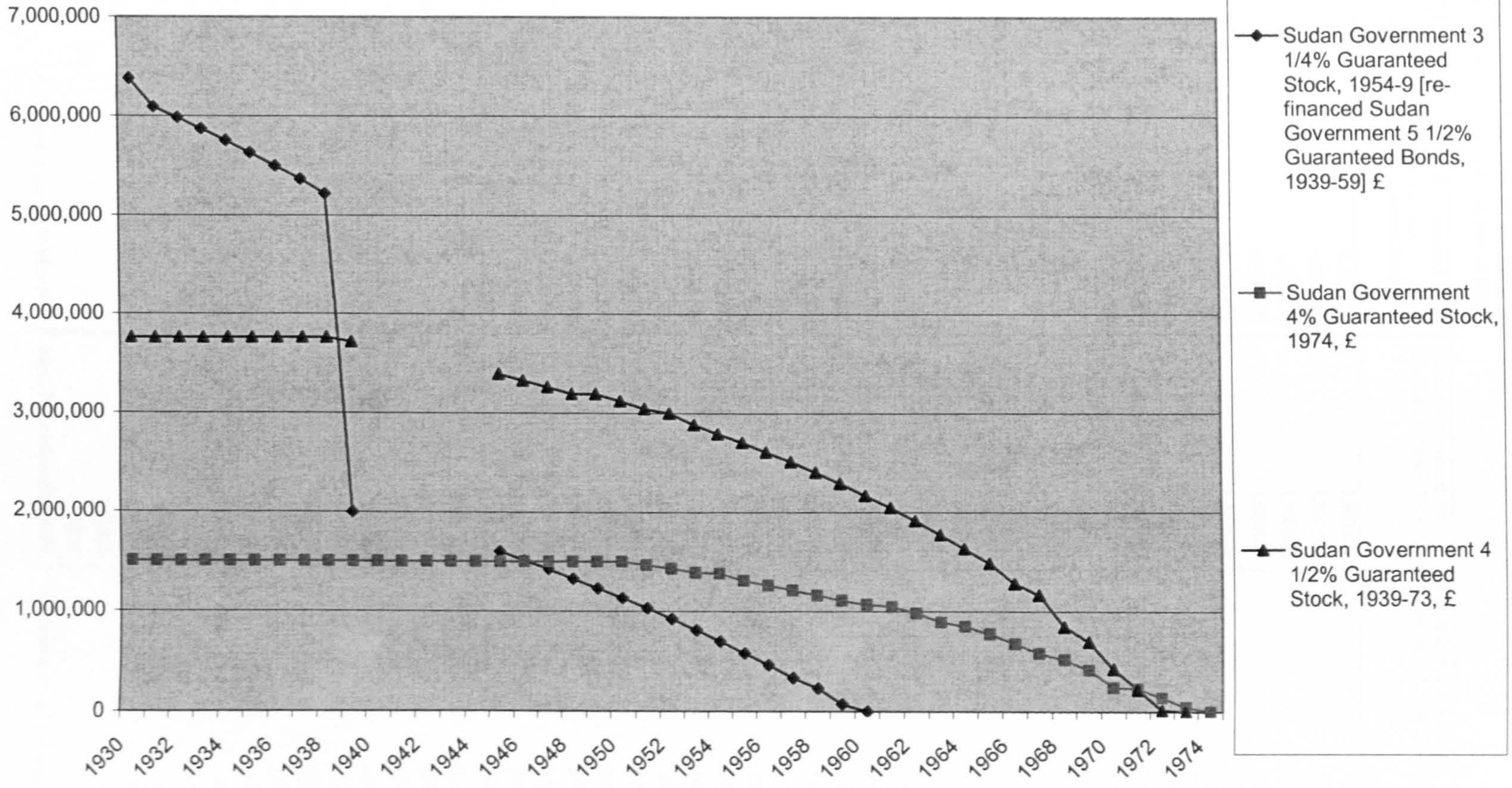
[13] FO 141/497/4 Dispatch re Gezira Irrigation Scheme, 13th December 1934; FO 141/482/7 Dispatch re Finances Sudan, 28th May 1934

[14] *Stock Exchange Yearbook, 1945* (London, 1945), p.11

[15] *London Stock Exchange Official Yearbook, 1960* (London, 1960), 7-8; *London Stock Exchange Official Yearbook, 1973* (London, 1973), p.9; *London Stock Exchange Official Yearbook, 1974* (London, 1974), p.9

[16] *Stock Exchange Official Yearbook, 1956* (London, 1956), p.9

Sudan Government Guaranteed Loan Debt
[Source: *London Stock Exchange Official Yearbook*, various years]



Sudan Government Treasury Guaranteed Loan Debt, 1930-1973
Source: *London Stock Exchange Official Yearbook*, various years

	Sudan Government 3¼% Guaranteed Stock, 1954-9 [re-financed Sudan Government 5 1/2% Guaranteed Bonds, 1939-59] £	Sudan Government 4% Guaranteed Stock, 1974, £	Sudan Government 4½% Guaranteed Stock, 1939-73, £
1930	6,380,000	1,500,000	3,763,400
1931	6,092,100	1,500,000	3,763,400
1932	5,985,800	1,500,000	3,763,400
1933	5,874,000	1,500,000	3,763,400
1934	5,756,400	1,500,000	3,763,400
1935	5,632,600	1,500,000	3,763,400
1936	5,502,300	1,500,000	3,763,400
1937	5,365,200	1,500,000	3,763,400
1938	5,220,900	1,500,000	3,763,400
1939	5,220,900	1,500,000	3,717,100
1940	No publication during WW2	1,500,000	
1941		1,500,000	
1942		1,500,000	
1943		1,500,000	
1944		1,500,000	
1945	1,599,900	1,500,000	3,390,800
1946	1,511,900	1,500,000	3,327,500
1947	1,421,000	1,500,000	3,261,300
1948	1,327,200	1,500,000	3,192,300
1949	1,230,300	1,500,000	3,192,300
1950	1,130,300	1,500,000	3,120,000
1951	1,027,000	1,464,000	3,044,800
1952	920,400	1,426,600	2,996,000
1953	810,300	1,385,700	2,883,700
1954	696,700	1,378,500	2,796,400
1955	579,300	1,302,300	2,705,900
1956	458,100	1,256,400	2,611,900
1957	333,000	1,207,300	2,512,000
1958	230,900	1,157,200	2,404,700
1959	70,500	1,105,712	2,290,631
1960	0	1,066,412	2,169,600
1961		1,045,200	2,045,600
1962		979,200	1,911,700
1963		892,500	1,770,400
1964		848,000	1,627,500
1965		773,700	1,478,900
1966		675,800	1,272,900
1967		579,100	1,159,100
1968		515,600	845,100
1969		416,000	695,000
1970		238,000	424,100
1971		231,800	221,900
1972		140,600	13,200
1973		46,200	0
	Redeemed at par on 1st May 1959	Repaid 10th November 1973	Redeemed at par 1st January 1973

Public Debt, various African colonies, 1928-1938 (£ m)
Source: Havinden and Meredith, *Colonialism and Development*, p.174; *London Stock Exchange Official Yearbook*, various years (see above)

	Sudan	Kenya	Uganda	Tanganyika	Nyasaland	Gold Coast	Nigeria
1928	11.6	13.5	1.1	5.2	0.8	11.8	23.6
1929	11.6	13.5	1.1	5.2	0.8	11.8	23.6
1930	11.6	16.9	1.1	5.2	0.9	13.0	28.4
1931	11.4	16.9	1.1	8.2	1.1	13.0	28.4
1932	11.2	16.9	2.0	8.2	3.2	13.0	27.8
1933	11.1	17.2	2.2	8.2	3.3	13.0	27.8
1934	11.0	17.2	2.2	8.2	5.0	11.9	28.0
1935	10.9	17.2	2.2	8.2	5.1	11.4	28.0
1936	10.8	17.6	2.2	8.2	5.2	11.4	24.8
1937	10.6	17.6	2.2	8.2	5.3	11.4	24.8
1938	10.5	17.6	2.2	8.2	5.4	11.4	24.8

Appendix 6

Import and Export Data, 1901-1956

Sudan Imports, 1901-1955 (£ E)
Source: see note on import and export data

	Imports (public)	Imports (Govt.)	Total Imports
1901	-	-	547,211
1902	-	-	744,677
1903	-	-	747,995
1904	-	-	1,091,406
1905	-	-	1,263,000
1906	-	-	1,132,000
1907	-	-	1,604,137
1908	-	-	1,892,798
1909	843,796	489,453	1,333,249
1910	-	-	1,931,426
1911	-	-	1,709,193
1912	1,471,039	496,390	1,967,429
1913	1,605,300	504,176	2,109,476
1914	1,400,333	491,161	1,891,494
1915	1,359,364	344,886	1,704,250
1916	1,905,561	755,907	2,661,468
1917	2,195,777	906,340	3,102,117
1918	3,036,403	988,179	4,024,582
1919	3,000,947	1,804,798	4,805,745
1920	3,988,210	3,018,655	7,006,865
1921	3,119,799	2,686,271	5,806,070
1922	2,556,355	1,696,535	4,252,890
1923	2,974,225	1,694,779	4,669,004
1924	3,654,700	1,820,210	5,474,910
1925	3,827,358	1,610,369	5,437,727
1926	3,778,884	1,795,517	5,574,401
1927	3,835,126	2,320,188	6,155,314
1928	4,416,946	2,046,260	6,463,206
1929	4,769,614	2,086,500	6,856,114
1930	4,381,271	1,796,139	6,177,410
1931	2,550,523	1,210,490	3,761,013
1932	2,505,318	549,326	3,054,644
1933	2,512,452	648,167	3,160,619
1934	3,071,523	873,626	3,945,149
1935	3,751,211	1,618,658	5,369,869
1936	3,904,103	1,470,956	5,375,059
1937	4,771,452	1,511,624	6,283,076
1938	4,158,098	2,125,299	6,283,397
1939	3,776,529	2,158,960	5,935,489
1940	3,697,233	1,936,656	5,663,889
1941	5,468,915	2,591,934	8,060,849
1942	6,161,049	1,718,646	7,879,695
1943	7,311,463	1,889,749	9,201,212
1944	7,250,297	2,697,635	9,947,932
1945	7,885,953	2,132,660	10,018,613
1946	9,664,762	1,764,781	11,429,543
1947	13,500,290	2,706,839	16,207,129
1948	14,607,109	7,546,148	22,153,257
1949	17,847,143	6,022,426	23,869,569
1950	19,858,333	7,408,532	27,266,865
1951	32,719,793	9,246,298	41,966,091
1952	46,263,866	15,431,850	61,695,716
1953	36,159,016	14,616,854	50,775,870
1954	37,957,157	10,532,403	48,489,560
1955	38,594,368	10,208,266	48,802,634

Sudan Exports, 1901-1955 (£ E)
Source: see note on import and export data

	Exports	Re-exports	Total Exports
1901	306,099	-	306,099
1902	395,321	-	395,321
1903	381,856	-	381,856
1904	388,805	-	388,805
1905	-	-	309,000
1906	264,096	-	264,096
1907	449,329	40,542	489,871
1908	488,677	27,261	515,938
1909	-	-	673,902
1910	-	-	977,621
1911	1,202,840	59,298	1,262,138
1912	1,373,119	92,657	1,465,776
1913	1,185,186	93,655	1,278,841
1914	1,020,260	87,986	1,108,246
1915	1,577,991	130,315	1,708,306
1916	2,288,403	277,112	2,565,515
1917	3,490,565	238,616	3,729,181
1918	3,923,771	286,613	4,210,384
1919	2,740,759	288,810	3,029,569
1920	4,712,652	363,319	5,075,971
1921	2,057,230	261,303	2,318,533
1922	1,993,436	305,334	2,298,770
1923	2,562,091	196,334	2,758,425
1924	3,541,866	288,305	3,830,171
1925	3,801,348	367,016	4,168,364
1926	4,876,236	314,269	5,190,505
1927	4,956,090	273,329	5,229,419
1928	5,634,769	312,257	5,947,026
1929	6,526,112	283,010	6,809,122
1930	4,953,282	292,731	5,246,013
1931	1,733,795	281,802	2,015,597
1932	3,797,528	363,423	4,160,951
1933	2,605,725	280,786	2,886,511
1934	3,848,679	267,977	4,116,656
1935	4,567,279	435,217	5,002,496
1936	5,581,023	834,369	6,415,392
1937	8,130,453	585,043	8,715,496
1938	5,490,362	479,372	5,969,734
1939	5,367,835	304,636	5,367,835
1940	5,022,978	421,819	5,444,797
1941	8,547,327	347,830	8,895,157
1942	7,150,779	321,410	7,472,189
1943	6,016,920	590,718	6,607,638
1944	8,638,695	630,301	9,268,996
1945	10,555,878	538,702	11,094,580
1946	9,267,144	773,267	10,040,411
1947	14,865,848	529,833	15,395,681
1948	23,250,039	628,502	23,878,541
1949	26,435,396	1,001,081	27,436,477
1950	32,081,533	1,031,320	33,112,853
1951	61,037,707	1,739,822	62,777,529
1952	41,164,872	1,606,230	42,771,102
1953	43,037,785	1,380,969	44,418,754
1954	38,901,743	1,493,417	40,395,160
1955	48,836,083	1,672,949	50,509,032

Note on import and export data

Consistent runs of data have been preferred to piecemeal data collection where possible. The indication of "no value" means that no data was available. 'Public imports' is the Sudan Government's own definition of non-governmental imports. Public and Government imports have been added together to form 'Total Imports' where possible, representing the greatest import value available from the data for that year. Government Export and Re-export figures have been added together to form 'Total exports', representing the greatest export value for that year. The sources for the data were as follows.

1901-1904 taken from *GGR 1904*, 226-236.
1912-1931 taken from *CIB Annual Report*, 1931-32, p.116
1932-1955 taken from *Annual Foreign Trade Report, 1955*, p. 2

The remaining data were taken from:
GGR 1908, p.83
GGR 1909, p.259
GGR 1912, p.40
M.W, Daly, *Empire on the Nile*, p.548

Exports by product, 1901-1918 (£E)
Source: see note

	Ivory	Gum	Cotton	Animals (including hides and skins)	Other	Total Exports
1901	7,925	178,531	13,000	2,364	104,279	306,099
1902	34,701	268,878	1,400	4,615	85,727	395,321
1903	29,826	192,920	21,000	7,801	130,309	381,856
1904	43,195	179,481	41,000	7,927	117,202	388,805
1905	51,326	113,131	34,000	7,888	102,655	309,000
1906	37,017	96,000	50,000	11,208	69,871	264,096
1907	40,304	154,592	103,000	31,680	160,295	489,871
1908	39,673	175,271	89,000	39,794	172,200	515,938
1909	45,056	201,238	65,000	48,170	314,438	673,902
1910	60,999	217,932	235,000	131,947	331,743	977,621
1911	73,932	435,622	267,000	254,958	230,626	1,262,138
1912	94,465	603,511	155,000	262,006	350,794	1,465,776
1913	113,236	371,528	173,591	226,450	394,036	1,278,841
1914	84,605	314,919	111,123	273,350	324,249	1,108,246
1915	48,132	313,919	270,372	382,541	693,342	1,708,306
1916	70,234	586,102	308,452	289,386	1,311,341	2,565,515
1917	57,251	744,345	611,111	676,567	1,639,907	3,729,181
1918	35,624	638,837	299,077	1,378,556	1,858,290	4,210,384

Note on sources:
Commercial Intelligence Branch, Annual Report for 1916, (Central Economic Board, Sudan Government, Al-Mokattam Printing Office, Cairo, 1916), p.73; *Commercial Intelligence Branch, Annual Report for 1928-1929*, (Central Economic Board, Sudan Government, McCorquodale and Co (Sudan) Ltd, Khartoum, 1929), p.112; *GGR, 1904*, 226-235; *GGR, 1907*, 542-545. The value given for 'Animals' in 1905 is an estimate based on the mean average for the previous three years (1902-4) and the year after (1906). The value for 'Other' is calculated by subtracting the values for the export products listed from the value for total exports. Total exports are taken from this Appendix. The 'Other' value is therefore indicative only.

Appendix 7: Sudan Plantations Syndicate Data, 1926-1950 (£E unless stated otherwise)

Source: Gaitskell, *The Gezira Scheme*, 267-274

	Cotton area in feddans	Yield in kantars per feddan	Price of Sudan cotton in pence per lb	Net return, after deducting marketing expenses	Net divisible return per feddan of cotton area	Govt. share of net return	Direct expenditure on the Scheme	Surplus (deficiency)	Tenants share of net return	Tenants cultivation loans, cost of ploughing, seed and interest; collective expenses	Transfers to the tenants Reserve Fund	Profits and Appreciations	Transfers *from* the Tenants Reserve Fund	Total profits	Syndicate's share of net return	Syndicate's share including interest charged to joint-account and tenants	Syndicate's expenses	Balance (Syndicate's share including interest less expenses)	Nominal share capital (ranking for dividends)	Share premiums paid	Total paid up capital (nominal capital plus share premiums)	Rate of dividends paid on share capital (%)	Rate of dividends calculated in share capital and premiums (%)	Amount of dividend before deduction of Sudan and UK tax
1926	80,031	4.80	18.00	2,340,616	29	713,347	718,925	-5,578	936,246	400,045	0	536,201	0	536,201	582,281	622,008	215,763	406,245	1,500,000	565,047	2,065,047	25.00	18.00	375,000
1927	100,058	4.70	18.00	3,356,629	34	1,150,347	721,412	428,935	1,342,652	502,148	0	840,504	0	840,504	759,319	821,487	278,888	542,599	1,500,000	565,047	2,065,047	30.00	22.00	450,000
1928	100,768	3.30	19.70	2,563,402	25	958,835	814,009	144,826	1,025,361	440,895	0	584,466	0	584,466	573,954	632,979	223,557	409,422	2,250,000	1,690,262	3,940,262	25.00	14.00	562,500
1929	131,292	3.60	18.40	3,269,162	25	1,256,076	970,504	285,572	1,307,665	582,485	0	725,080	0	725,080	699,630	771,666	237,226	534,440	2,250,000	1,690,262	3,940,262	25.00	14.00	562,500
1930	174,164	2.30	7.90	885,905	5	337,785	1,027,245	-689,460	354,362	592,144	0	0	0	0	192,702	293,779	188,060	105,719	2,250,000	1,690,262	3,940,262	10.00	6.00	225,000
1931	196,799	1.40	6.40	393,940	2	150,016	1,023,103	-873,087	157,575	531,360	0	0	0	0	85,552	211,653	226,237	-14,584	2,250,000	1,690,262	3,940,262	0.00	0.00	0
1932	194,935	4.10	8.50	2,270,988	12	863,066	992,539	-129,473	908,395	604,283	8,064	243,366	0	243,366	495,807	647,178	190,348	456,830	2,250,000	1,690,262	3,940,262	0.00	0.00	0
1933	195,941	1.90	8.10	875,347	4	330,267	896,219	-565,952	350,139	431,068	0	0	0	0	193,299	309,876	214,288	95,588	2,250,000	1,690,262	3,940,262	4.00	2.00	90,000
1934	175,834	2.30	8.60	1,025,324	6	385,850	892,907	-507,057	410,130	404,409	5,689	84,825	0	84,825	226,841	329,317	220,407	108,910	2,250,000	1,690,262	3,940,262	6.00	3.00	135,000
1935	176,150	4.50	8.20	2,187,920	12	836,444	952,483	-116,039	875,167	506,995	96,258	271,914	0	271,914	470,425	574,742	250,355	324,387	2,475,000	1,703,968	4,178,968	8.00	5.00	198,000
1936	185,758	3.70	7.90	2,077,858	11	790,104	930,526	-140,422	831,143	441,782	116,597	272,764	0	272,764	451,386	556,506	280,524	275,982	2,475,000	1,703,968	4,178,968	10.00	6.00	247,000
1937	199,770	4.50	8.60	2,908,401	15	1,120,093	956,217	163,876	1,163,364	529,098	134,165	500,101	0	500,101	618,832	715,201	311,647	403,554	2,475,000	1,703,968	4,178,968	12.50	7.00	309,375
1938	207,242	4.60	5.90	2,091,913	10	800,350	1,027,844	-227,494	836,765	558,784	38,937	239,044	0	239,044	451,104	527,148	290,667	236,481	2,475,000	1,703,968	4,178,968	10.00	6.00	247,500
1939	206,274	4.50	6.20	2,252,945	11	862,314	1,032,313	-169,999	901,178	534,053	138,637	228,486	0	228,486	485,285	568,195	274,878	293,317	2,475,000	1,703,968	4,178,968	8.00	5.00	198,000
1940	206,880	3.80	9.60	2,722,407	13	1,045,236	714,654	330,582	1,088,963	487,161	243,117	358,585	0	358,585	581,958	659,806	240,528	419,278	2,475,000	1,703,968	4,178,968	8.00	5.00	198,000
1941	207,594	4.00	8.90	2,952,244	14	1,147,076	696,740	450,336	1,180,897	509,374	231,135	440,388	0	440,388	621,993	709,871	217,809	492,062	2,475,000	1,703,968	4,178,968	8.00	5.00	198,000
1942	207,121	4.00	9.10	2,922,591	14	1,133,933	698,365	435,568	1,169,037	506,495	173,835	488,707	0	488,707	616,261	693,687	214,870	478,817	2,475,000	1,703,968	4,178,968	10.00	6.00	247,500
1943	206,486	4.80	9.30	3,697,480	18	1,434,824	716,792	718,032	1,478,992	651,305	134,463	693,224	0	693,224	776,878	847,266	221,545	625,721	2,475,000	1,703,968	4,178,968	12.00	7.00	297,000
1944	206,571	3.10	10.60	2,614,936	13	965,002	737,323	227,679	1,114,915	525,144	43,497	546,274	32,426	578,700	533,584	608,303	237,131	371,172	2,475,000	1,703,968	4,178,968	20.00	12.00	495,000
1945	206,578	4.90	10.60	4,280,156	21	1,599,636	752,519	807,117	1,876,536	721,593	43,252	1,111,691	0	1,111,991	837,611	912,602	260,047	652,555	2,475,000	1,703,968	4,178,968	22.00	13.00	544,500
1946	196,541	3.40	10.30	2,605,760	13	939,481	773,543	165,938	1,148,658	529,293	55,946	563,419	400,263	963,682	516,938	584,692	270,189	314,503	2,475,000	1,703,968	4,178,968	25.00	15.00	618,750
1947	206,176	4.00	19.20	6,789,924	33	2,696,510	855,843	1,840,667	2,715,870	717,005	23,813	1,975,052	8,961	1,984,013	1,372,042	1,465,512	301,716	1,163,796	2,475,000	1,703,968	4,178,968	25.00	15.00	618,750
1948	206,346	3.40	38.50	11,753,038	57	4,703,510	918,832	3,784,678	4,700,999	717,204	79,813	3,904,026	309,519	4,213,545	2,339,120	2,447,716	336,423	2,111,293	2,475,000	1,703,968	4,178,968	25.00	15.00	618,750
1949	206,778	4.30	38.50	13,819,832	67	5,523,844	966,628	4,557,216	5,527,933	932,470	18,947	4,576,516	0	4,576,516	2,741,206	2,861,206	401,243	2,459,963	2,475,000	1,703,968	4,178,968	25.00	15.00	618,750
1950	206,737	4.60	41.30	16,118,155	78	6,455,609	1,134,693	5,320,916	6,447,262	626,632	0	5,820,630	0	5,820,630	3,189,374	3,319,374	541,108	2,778,266	2,475,000	1,703,968	4,178,968	25.00	15.00	618,750

Appendix 8

Sudan: An International Comparison

There is little question that post-colonial Sudan suffered from a similar experience of economic underdevelopment to much of the rest of Africa.[1] But what of Sudan as a colony in comparison with other like colonies? Was Sudan's economic history comparably similar? To answer this relatively straightforward question two areas germane to wider debates relating to development and economic growth will be examined. Firstly, Sudan will be compared with other tropical colonies from the perspective of imports and exports as proxy measures of economic growth.[2] Second, the levels of government revenue and expenditure in comparative terms will be examined.

The tables below indicate that the levels of Sudan's imports and exports were similar to those of other colonies during the colonial period. Exports, as commented previously, are especially useful as a proxy for gauging economic performance. Sudan's export performance was at times very similar to both that of Kenya and Uganda (recorded together) and also the Gold Coast (Ghana). All of the tropical colonies economies moved together in response to changing circumstances in the global economy. This reveals that Sudan's experience of the depression, for example, was no more severe that that of some of the other tropical colonies. For example, the value of Nigeria's exports fell from c. £9 million in 1929 to just c. £4.5 million in 1931. Similarly,

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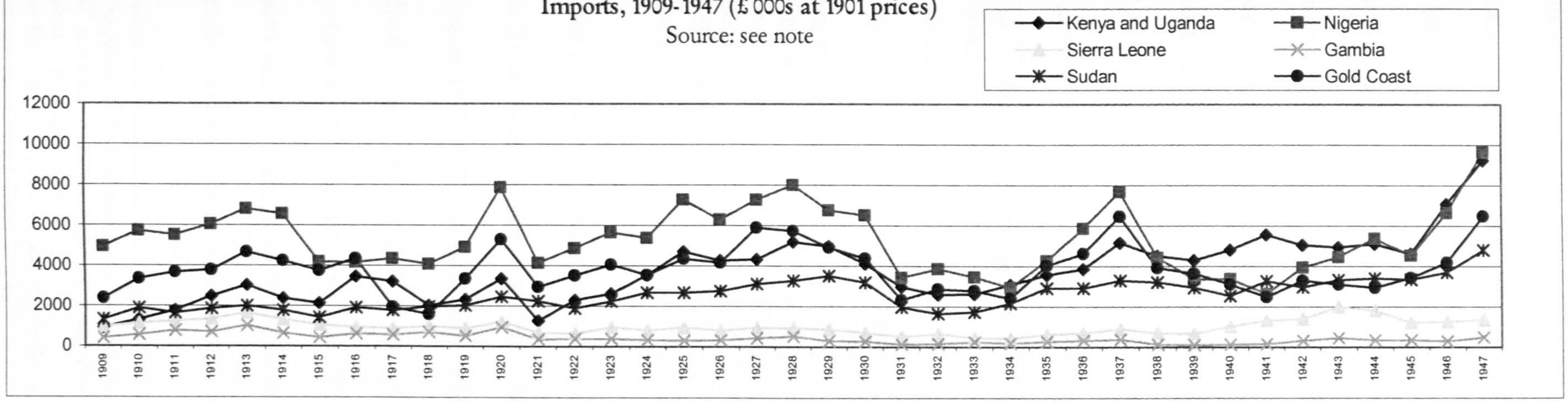
1 F. Cooper, *Africa Since 1940 – The past of the present*, (Cambridge University Press, Cambridge, 2002), Chapter 5, 'Development and Disappointment: social and economic change in an unequal world, 1945-2000', 91-133

2 To a certain extent the data to answer this question has been available for some time, albeit that Sudan has not been specifically commented on. See J. Forbes Munro, *Africa and the International Economy 1800-1960*, (J.M. Dent and Son, London, 1976), 'Appendix I: Total Foreign Trade of Sub-Saharan Africa – Selected Years (£million)', 217-219. Though the data given by Forbes Munro is extensive, the figures included appear not to be adjusted for inflation which means that the estimates for growth given in 'Appendix II: Percentage Change in Foreign Trade by Value Between Selected Years' may be unreliable. See: 220-222

between 1928 and 1934 the Gold Coast's exports either remained static or fell every year (that is, for seven years), whereas Sudan's never declined for more than two years in succession (in 1930 and 1931).

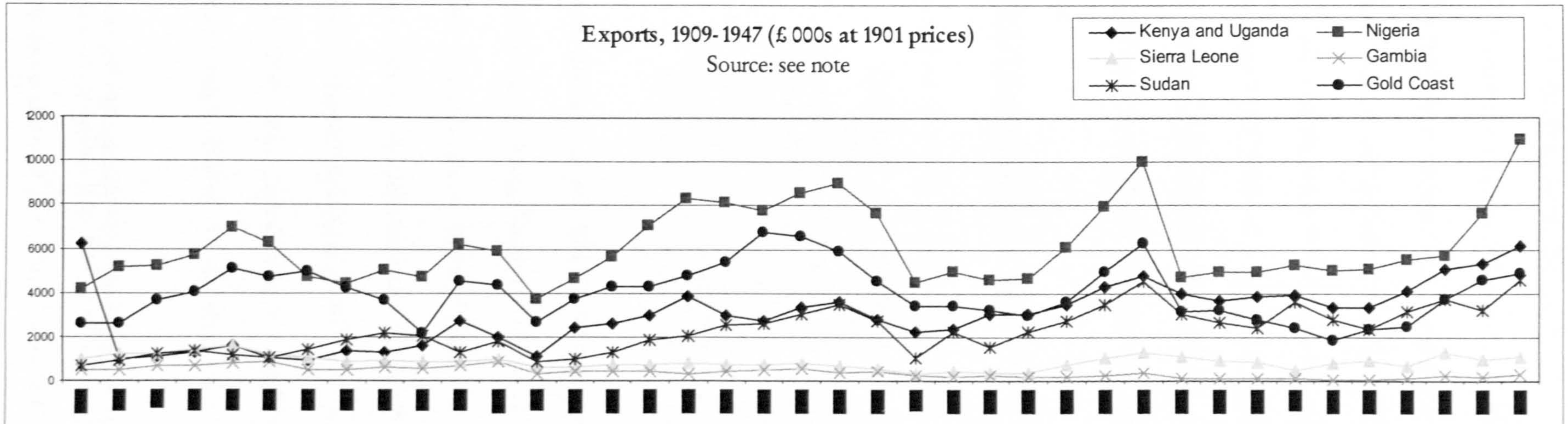
Imports, 1909-1947 (£ 000s at 1901 prices)

Source: see note



Exports, 1909-1947 (£ 000s at 1901 prices)

Source: see note



This is not to say that Sudan's experience of the depression was anything other than brutal; rather it is to say that in terms of export performance, Sudan experienced a common lot. This is explained further by looking at estimates of comparative growth rates. [3] First of all, the figures for the later part of the period for the Gold Coast are skewed by the explosive growth in Gold Coast exports from 1948 caused by a boom in cocoa prices.[4] However, by looking at the period 1910-1947 as a whole we note that the change in Sudan's export levels were on average approximately twice that of all of the other colonies listed; this holds true even when an average of the previous three years is used to calculate growth for any given year.

Total and Mean Average Annual Exports (1901 prices), 1909-1947
Source: see note

	Mean annual exports	Exports, 1909	Exports, 1947	Total exports, 1909-1947
Kenya and Uganda	£2,995,205	£6,196,596	£6,167,799	£116,813,010
Nigeria	£6,100,314	£4,143,986	£11,004,444	£237,912,240
Sierra Leone	£880,310	£975,114	£1,108,404	£34,332,110
Gambia	£390,762	£475,132	£328,482	£15,239,730
Gold Coast	£3,983,984	£2,640,064	£4,926,042	£155,375,380
Sudan	£2,262,951	£669,859	£4,572,517	£88,255,070

A clue as to why this might be can be seen in the table above. While reinforcing the sense that Sudan was a smaller economy than the Gold Coast, Nigeria and Kenya/Uganda between 1909-1947, the table also indicates that in terms of exports Sudan started well behind those states but by 1947 had drawn almost level with Gold Coast and closed the gap with the other larger economies. Moreover, despite starting from well behind in 1909 Sudan had leapt ahead of Sierra Leone by 1947 and, unsurprisingly, stayed ahead of Gambia. In fact close inspection of the export graph (above) reveals that Sudan's exports

[3] The period 1910-1947 is adopted because the data for Kenya and Uganda as reported jointly ceases after 1947 and these dates avoid the rapid expansion Gold Coast exports also after 1947. This is more clearly evident in the export data.
[4] See R.L. Tignor, *W. Arthur Lewis and the Birth of Development Economics*, (Princeton University Press, Princeton and Oxford, 2006), 115-119

were comparatively robust despite the problems of the inter-war years. What we can also comment is that in such an unstable market environment a proportion of the increases should be attributed to volatility and probably do not indicate substantial economic growth (this goes for all data, not just that for Sudan). Indeed, the three year average provides a more general indication of the export levels from which to calibrate an increase in exports levels and this suggests that while Nigeria might have enjoyed an enhanced growth rate in comparative terms, Gambia went backwards finishing 1947 with lower real terms exports than in 1909. While both Kenya/Uganda and Sierra Leone start and finish the period 1909-1947 with similar real-terms export levels, the real story for them is with the annual average. For Kenya/Uganda the period ended as it began with circa £6.1 million in exports, but the annual average through the period was just circa £3 million: Kenya-Uganda recovered somewhat. However, for Sierra Leone exports in 1909 were only marginally higher than the yearly average for the whole period which was only marginally less than exports in 1947, all observations in real terms being circa £1 million per annum. By this measure the economy of Sierra Leone did not grow very much at all in this period. In comparison Sudan appears a relative success story with real terms exports rising from less than £1 million in 1909 to circa £4.5 million by 1947. This is reinforced by looking at average export levels for decades.

Average annual export levels for decades, 1909-1918, 1938-1947 and 1946-1955 (£ 000s at 1901 prices) with estimates of annual growth rates
Source: see note

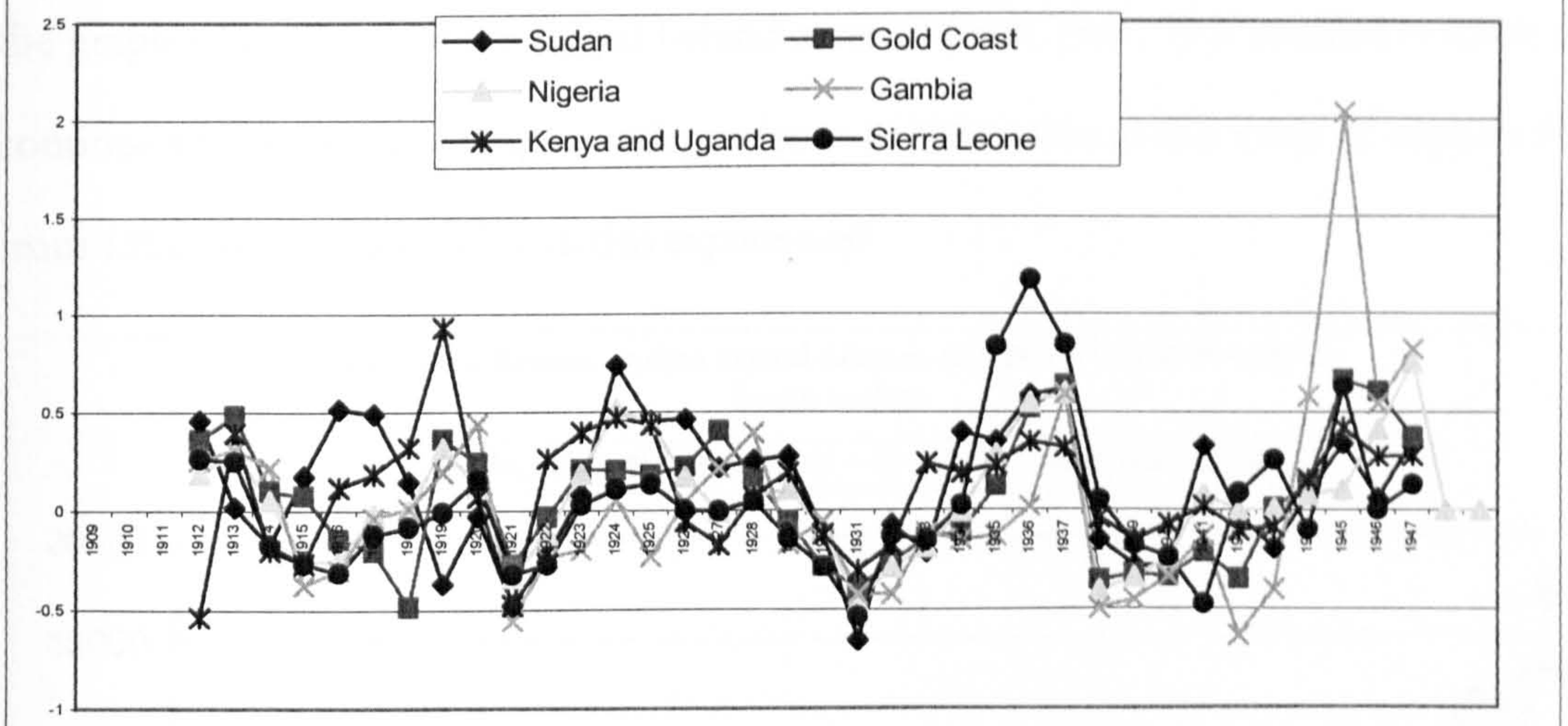
	Kenya and Uganda	Nigeria	Sierra Leone	Gambia	Sudan	Gold Coast
1909-1918	1,745	5,240	1,144	620	1,400	3,788
1938-1947	4,283	5,995	923	149	3,170	3,162
1909-1947	3.73%	0.37%	-0.49%	-1.95%	3.24%	-0.42%
1946-1955		22,657	1,927	596	8,428	15,5873
1909-1955		7.07%	1.46%	-0.08%	10.68%	85.43%

Again, with the exception of the explosive growth in the Gold Coast's exports after 1947, Sudan's export growth compares favourably with that of all the other states for all dates. The period from 1945 onwards was marked by a rapid increase in the value of exports connected to rising commodities prices, so the period 1938-1947 is a better comparator to estimate general export growth during the colonial period. This leads to the conclusion that economic growth in the first half of the 20th Century was modest throughout the tropical colonies, with Sudan achieving a comparatively respectable growth rate of 3.24%; only Kenya/Uganda also enjoyed positive growth in real terms between 1909-1947. For Sudan to have the export performance enjoyed on average in the decade 1946-1955 the annual average export level for Sudan in the decade 1909-1918 would have had to increase by 10.68% in each and every year between 1909 and 1955, when in fact much of the growth occurred after 1945. Thus 3.24% is a more reliable estimate of the basic rate of export growth during the colonial period. Overall, these observations reinforce that in comparison Sudan was decidedly average in terms of the absolute levels of export performance - Sudan was a mid-sized exporter in comparison with other topical colonies - but exports grew comparatively strongly between 1909 and 1947/1955.

However, it is also clear from the data that Sudan was affected by the conditions in the global economy in much the same way as the other topical colonies with cash-crop economies. Below is a graph which depicts the percentage change in export levels on the mean average of the previous three years of exports. What it shows is that there is a fundamental relationship connecting the movement of export levels among the tropical colonies; self-evidently the graph shows a high degree of co-variation, especially from circa 1920 onwards.

Exports percentage change on previous three years, 1912-1947

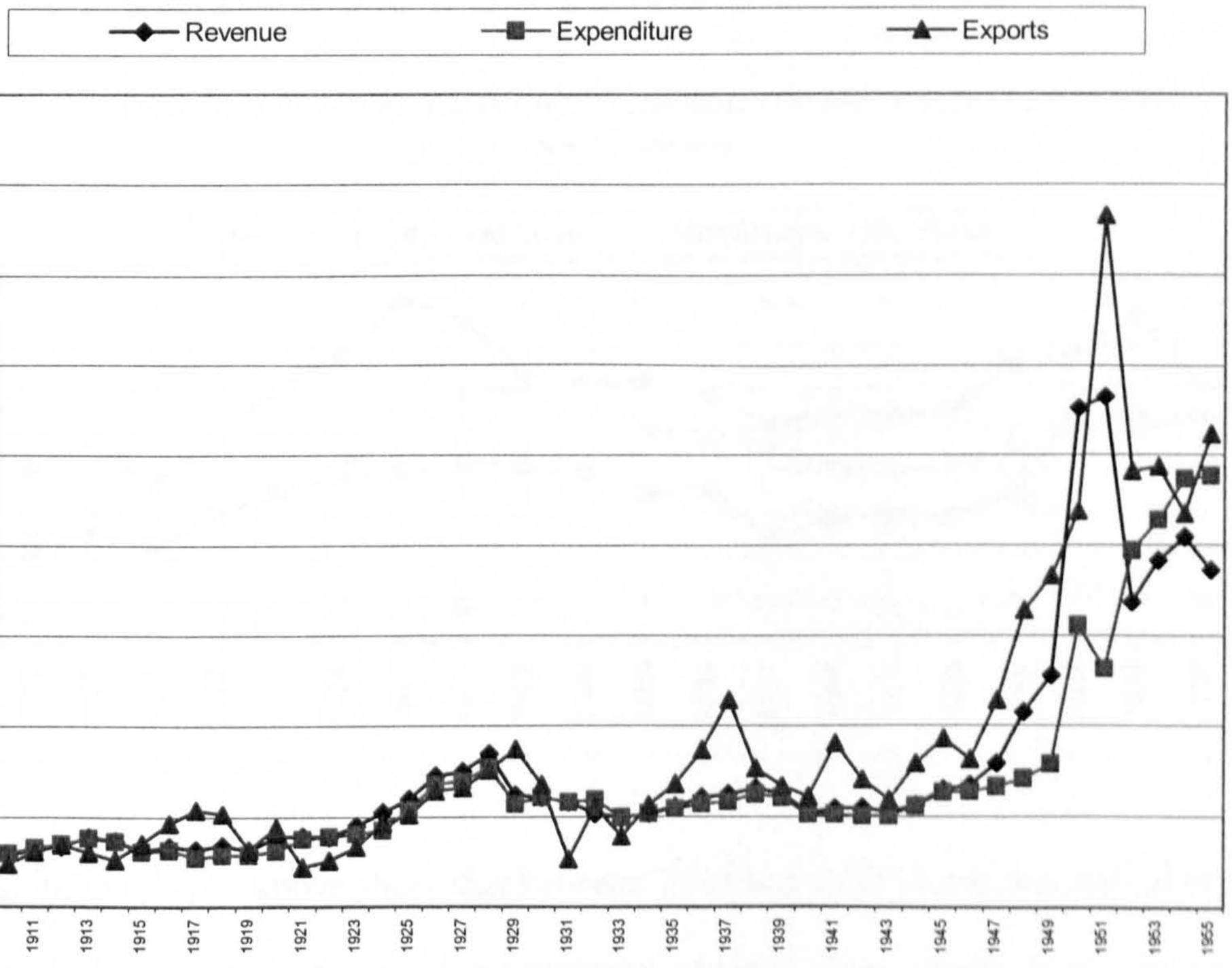
Source:see note



Sudan Government Revenue and Expenditure; Sudan Exports, 1909-1955

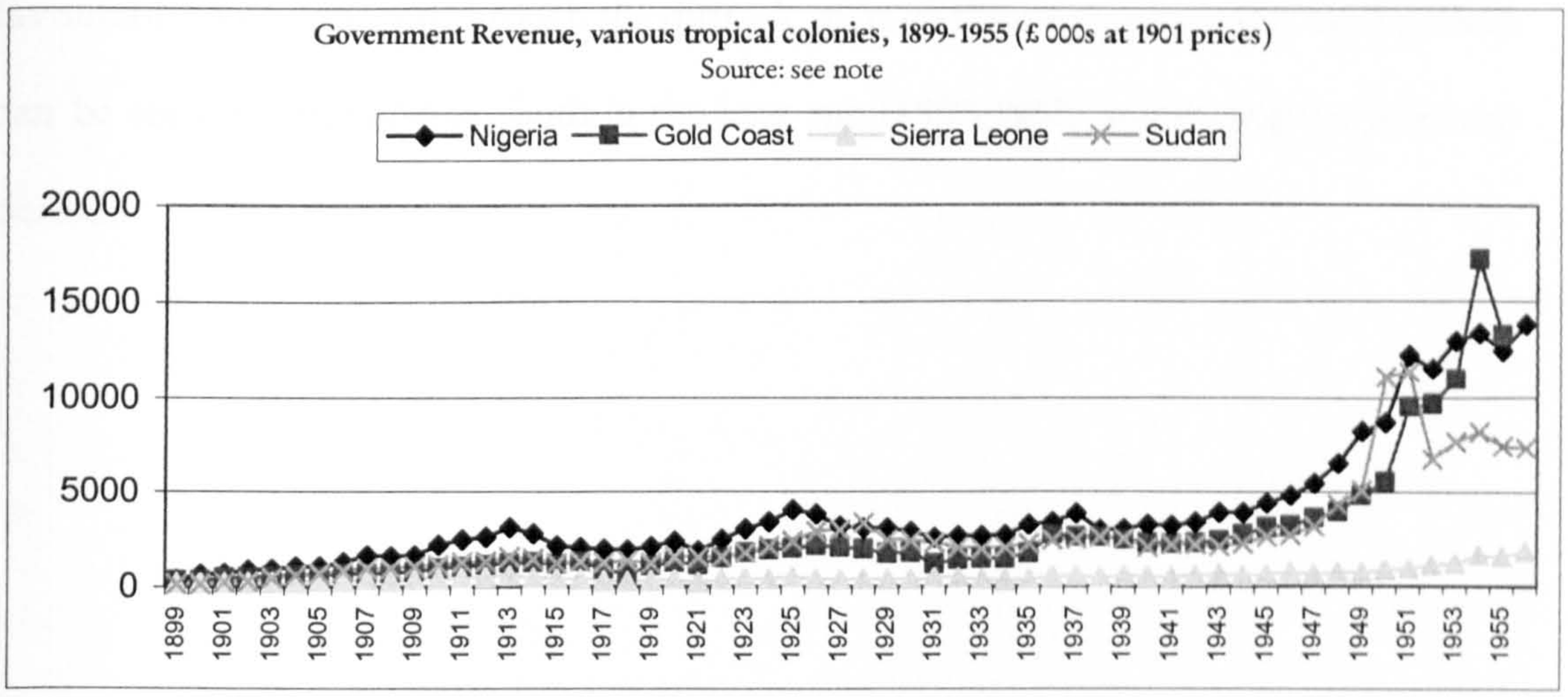
(£ 000s at 1901 levels)

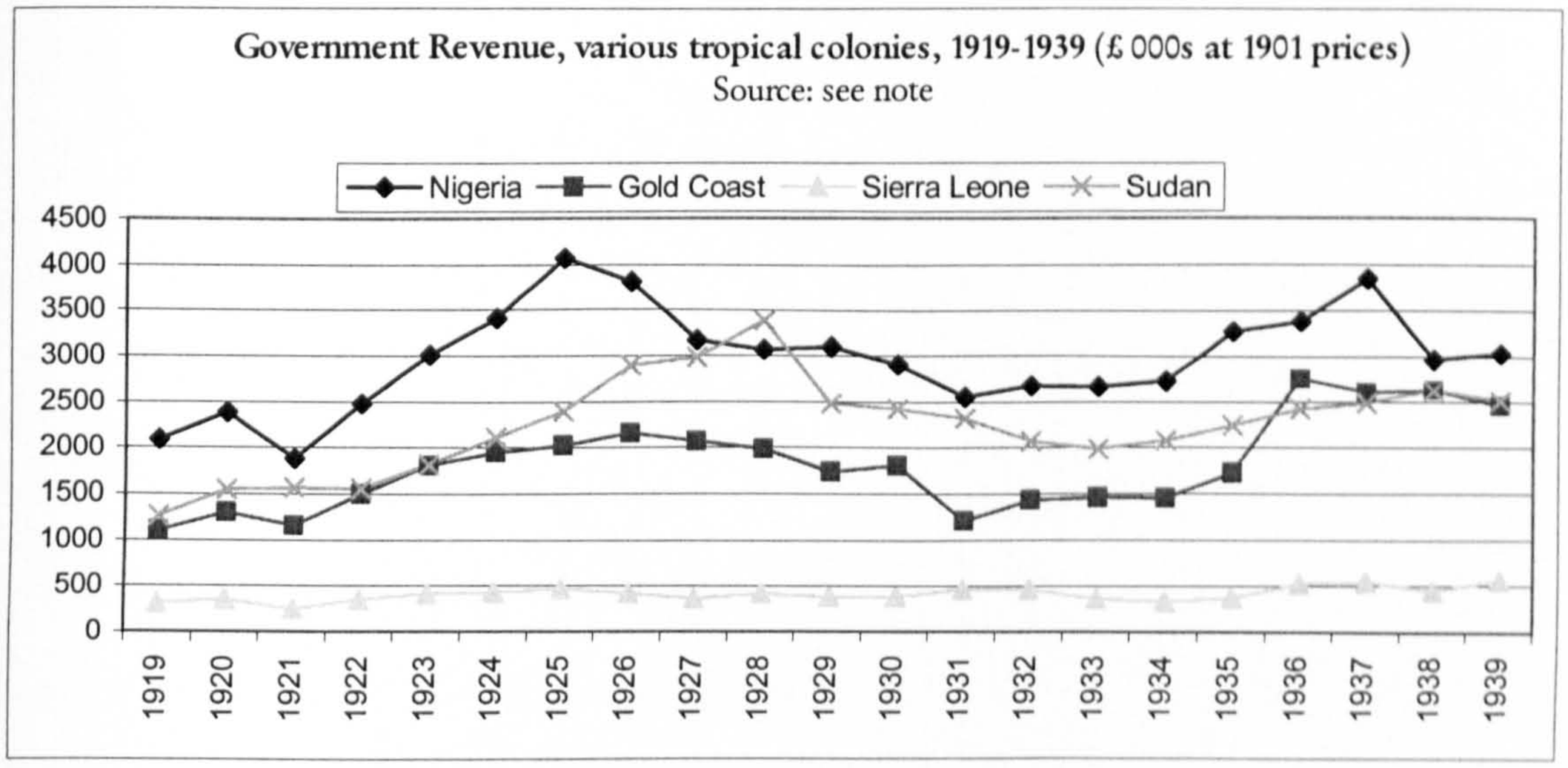
Source: see note



What the table above demonstrates is the close relationship between export levels and Government revenue and expenditure. This is expected in a colony whose economy was dominated by one cash-crop. The huge increase in exports, revenue and expenditure

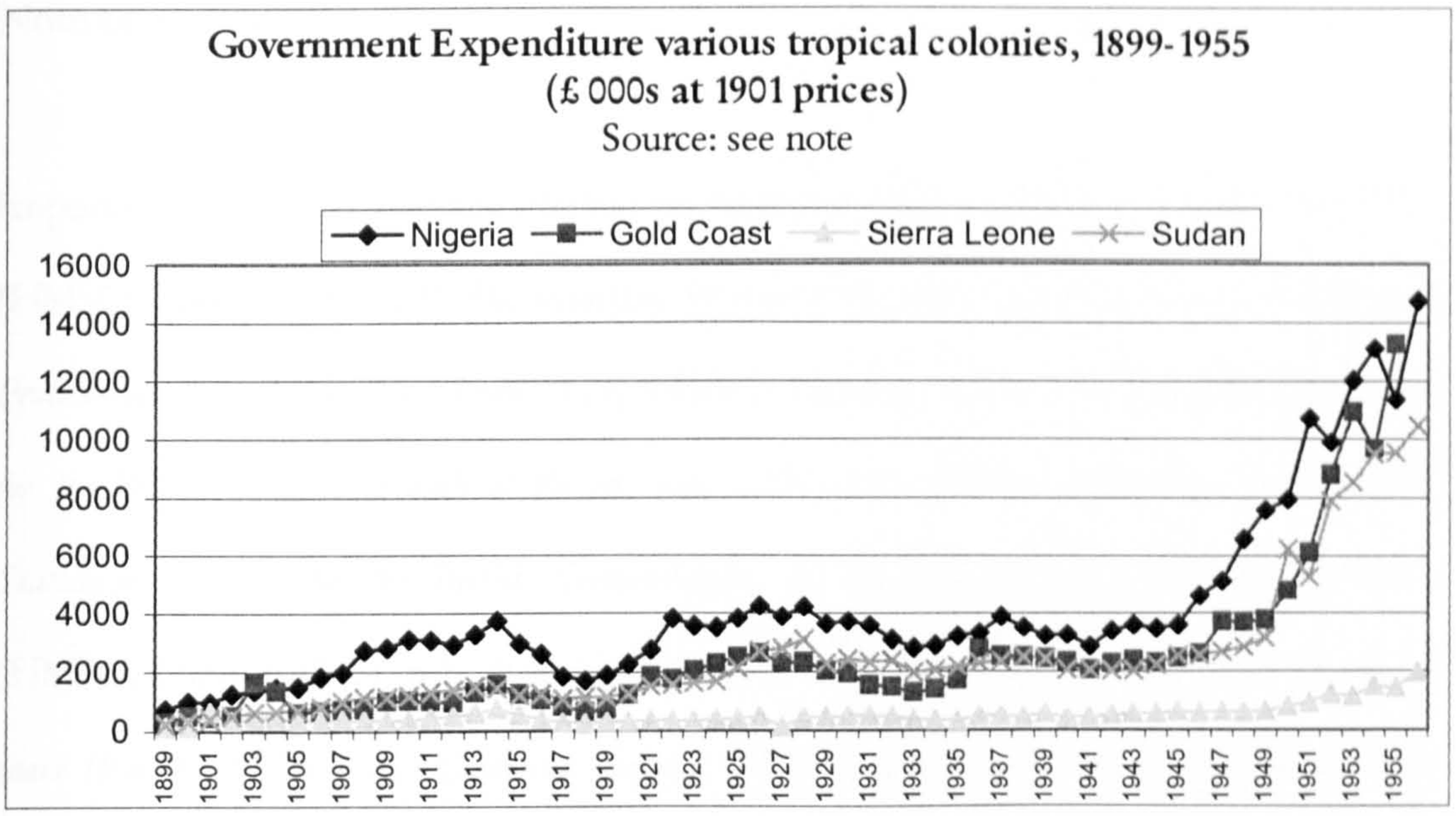
after 1945 was generated by the huge increases in the prices of commodities after the war. This generated substantial surpluses for the Sudan Government, as can be seen in the graph where expenditure lagged behind revenue from 1947. This enabled revenue to continue to rise in the run-up to independence in 1956 even as the value of exports fell from 1952. Was Sudan typical in this experience?

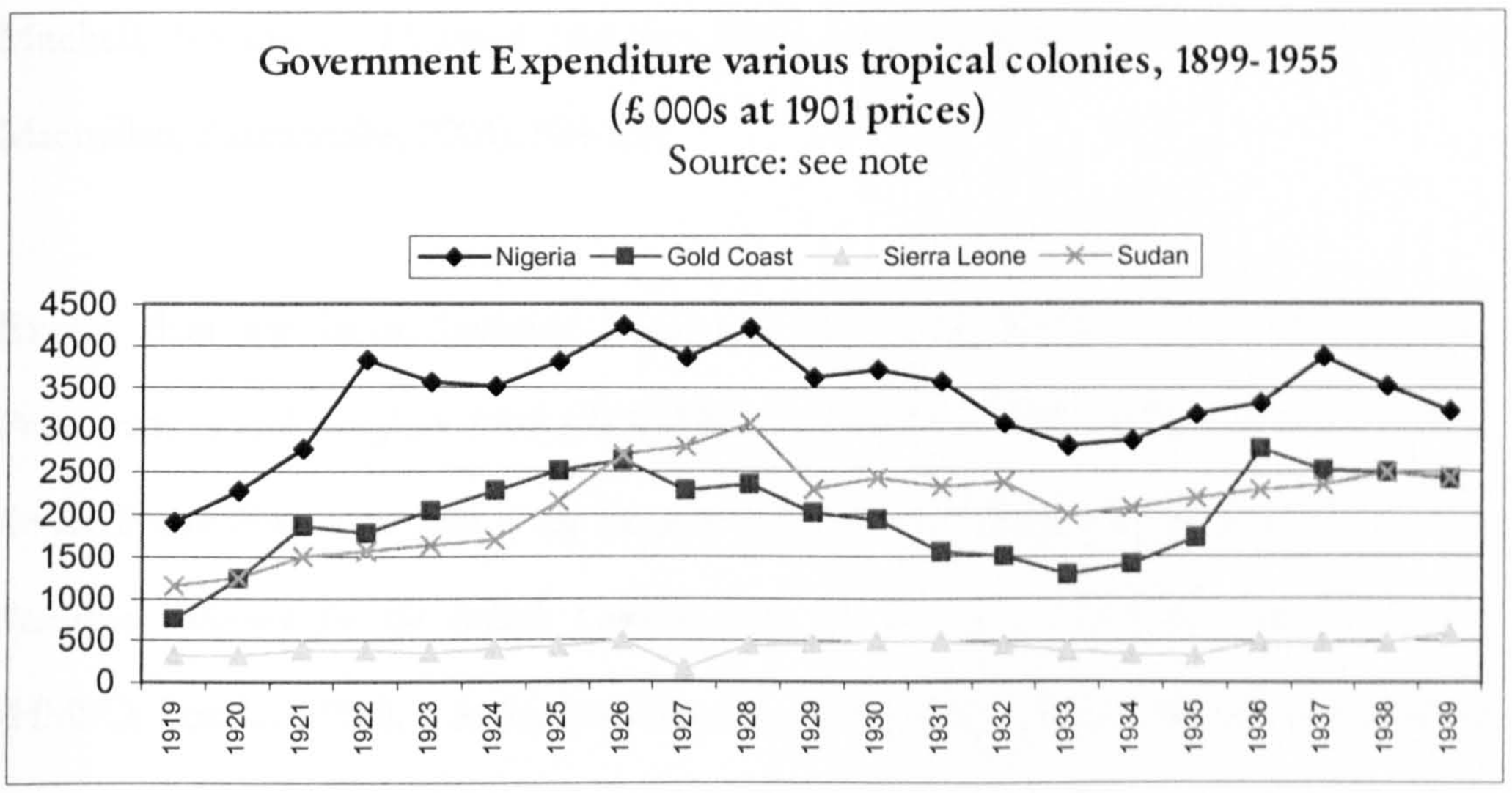




Once again, the graphs above show that between 1909 and 1955 Sudan was typical of the other tropical colonies in terms of government revenue. First of all, from the graph covering 1909-1955, we can see that the other colonies experienced a similar burst in revenue after 1945, alike to Sudan, linked to the increase in commodity prices. Moreover the graph also reveals that Sudan's revenue was remarkably similar to the other tropical

colonies (bar Sierra Leone which fared poorly) both in trajectory over the whole period, but also in absolute levels which were generally similar. Turning specifically to the important and economically fateful inter-war years the graph reveals the similarity of Sudan's experience to the other tropical colonies. Sudan's governmental income was in excess of the Gold Coast and Sierra Leone's for much of the period and held up favourably in comparison through the difficult years of the depression. The same pattern can be seen for expenditure, both in the long run (1899-1955) and during the inter-war period.





In conclusion Sudan was both typical in terms of the absolute levels of exports, imports, government revenue and expenditure and the effects of the changes in the global economy in each of these. Where Sudan was different was in enjoying higher levels of export growth, both in the longer period 1909-1955, but also in the shorter period before the commodities boom, 1909-1947.

Note on sources:

Import data are from *Statistical Abstract for the British Empire in Each Year from 1899-1913*, (HMSO, London, 1915), 35-36; *Statistical Abstract of the Several British Oversea Dominions and Protectorates in each year from 1909-1923*, (HMSO, London, 1926), 35-36; *Statistical Abstract for the British Empire for each of the ten years 1924-1933*, (HMSO, London, 1935), p.35; *Statistical Abstract for the British Commonwealth for the years 1933-1939 and 1945-1947*, (HMSO, London,1950), p.3; *Statistical Abstract of the British Commonwealth for each of the ten years 1936-1945 (Trade and Commerce Section)*, (HMSO, London, 1947), p.5; and from B.R. Mitchell, *International Historical Statistics: Africa, Asia and Oceania, 1750-2000*, (Palgrave Macmillan, Basingstoke, 2003), 524-534

Export data are from *Statistical Abstract of the Several British Oversea Dominions and Protectorates in each year from 1909-1923*, (HMSO, London, 1926), 49-50; *Statistical Abstract for the British Empire for each of the ten years 1924-1933*, (HMSO, London, 1935), p.134; *Statistical Abstract for the British Commonwealth for the years 1933-1939 and 1945-1947*, (HMSO, London,1950), p.8; *Statistical Abstract of the British Commonwealth for each of the ten years 1936-1945 (Trade and Commerce Section)*, (HMSO, London, 1947), p.5; and from B.R. Mitchell, *International Historical Statistics: Africa, Asia and Oceania, 1750-2000*, (Palgrave Macmillan, Basingstoke, 2003), 524-534

Government revenue and expenditure data for the tropical colonies is from B.R. Mitchell, *International Historical Statistics: Africa, Asia and Oceania, 1750-2000*, (Palgrave Macmillan, Basingstoke, 2003), 887-888, 890, 892, 895, 897, 910-911, 914-915, 918-920

All data in the tables above were adjusted to 1901 prices using the GDP deflator provided by L.H. Officer, 'Five Ways to Compute the Relative Value of a UK Pound Amount, 1830-2006', Measuringworth.com.

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[1] The annual *Report of the Finances Administration and Condition of Sudan* are in some years divided internally between the Consul General's Report (CGR) and the Governor General's Report (GGR). These abbreviations have been used which in conjunction with the year refer to the correction volume of the annual reports. The annual *Commerce and Intelligence Branch Central Economic Board Director's Reports* listed below are abbreviated in text as 'CIB, [year]'.

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