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Vol No(2) Issue No(3)
Safar 1434H / January 2013
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تصدر عن كلية التجارة - جامعة النيلين
الخليد الثاني - المجلد الثالث - صفحات 142-164 - يناير 1382 هـ
The Impact of Labor Market and Social Policies on the Sudanese Economy

Dr. Mohammed Eljack Ahmed*

المستخلص:

هذه الورقة تتناول موضوعات ذات صلة بسياسات سوق العمل في السودان. تشمل موضوعات عامة كединة سوق العمل، سوق العمل في السودان، وسياسات البطالة والتنظيمات النقابية. فيما يتعلق بسوق العمل في السودان فإن الورقة غطت سوق العمل الحضري والريفى بجانب سوق العمل الخارجي.

إن سياسات الاستخدام في السودان تصنفت إلى سياسات الاستخدام في القطاع العام وسياسات الاستخدام للقطاع الخاص. إن سياسات الاستخدام في القطاع العام يحكمها الدستور الإنتقالي لعام 2005م. ووفقاً لذلك فإن السلطات الخاصة بالعمل تشمل الحكومة المركزية وحكومات الولايات. أما بالنسبة للقطاع الخاص فلا توجد سياسات استخدام موحدة تتحكمها، فشكل منشأة خاصة لها سياساتها الخاصة بالاستخدام والتي تتعدد بحجم طلبها على العمل ونوعيته.

إن البطالة باشكالها المختلفة تتميز الاقتصاد السوداني وقد قدرت بنحو 19.7٪. بين عام 2008م فقد سجلت البطالة حاجة وسط الشباب خاصة خريجي الجامعات. أما من ناحية التوزيع النموذجي للبطالة فإنها يبرز بدرجة أكبر وسط النساء.

إن الحركة النقابية في السودان نمت وتطورت خلال مراحل تاريخية عديدة أهمها مرحلة نمو الحركة الوطنية. إن العمل النقابي المنتظم ظهر وسط القطاعات الحضارية الحديثة ولا توجد تنظيمات للعمل وسط العمال الزراعيين الذين يمثلون الأغلبية. إن العمل النقابي في الوقت الحاضر يستند على وضع واسع قانونية.

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Abstract:

The paper covers a number of issues pertinent to the labour market policy in Sudan. That include a general issue of the government and the labour market, labour market in the Sudan, employment policies in Sudan, unemployment and trade unions. As for the labour market in the Sudan the paper examines the urban labour market, rural labour market and foreign labour market.

The employment policies in the Sudan are categorized into public employment policies and private employment policies. Public employment policies are governed by the Sudan transitional constitution of 2005. The labour authorities are jointly composed of the central government and the states. The private sector has no common employment policy. Each individual private firm has its own employment policy which is influenced by its demand for labour and its preference for a certain type of labour.

Unemployment with its various forms do exist in the Sudan economy and it is estimated as 19.7%. In 2008. Unemployment is severe among youth particularly university graduates. The sex distribution of unemployment reveals that it is higher among females than males.

Trade union movement in the Sudan was developed through a number of historical stages like the national movement. Generally trade unions are developed among workers in urban modern sectors and no labour organizations among agricultural workers who are the majority. Trade unions at present have a legal status.

Introduction:

Since the end of the last century governments have shown an ever-increasing tendency to guide the economic variables of the nation, but the desire to intervene seriously in the labor market is of comparatively recent origin. The importance of labor as a factor of production had been overlooked for it was felt that labor
would automatically respond to other economic stimuli, an assumption which is invalid. By the late 1950s governments had come to realize that a more positive approach to the problems of labor was required if the country was to enjoy economic prosperity.

Theoretically a government will intervene in the labor market to reduce the imperfections in that market. In a perfectly competitively labor market the price of labor, i.e., its wage will allocate the labor force in the most efficient manner according to the skill, industrial and geographical needs of the economy. For many reasons, e.g., the monopolistic bargaining power of trade unions and the immobility of labor the labor market is not perfect thus the government intervenes to improve the allocation of the resource. In fact a government is trying to remove disequilibria from the market by equating the demand and supply of labor.

Macro Policies are policies which view labor from the over-all position of the economy and try to influence the total labor supply and demand positions. For example a government might decide to alleviate a general labor shortage by introducing measures, e.g., tax concessions, which encourage nature, macro policies will be concerned with the general aims of labor policy, e.g., full employment. However, in many cases a specific imperfection can be seen in the labor market and precise policies will be designed to overcome the revealed problem. Such policies are called micro and are usually enshrined within government legislation which be specific to the problem, the danger of a series of micro policies is that they may become self-
centred and contradictory because they ignore the total economic situation surrounding labor problems.

**Objectives of Employment Policy:**

Full employment is a major goal of the social and economic policy which intends to raise standard of living. Such full employment should be directed towards productive employment by development of human resource. In addition employment policy objectives include sectoral redistribution of employment and creation of new employment opportunities to meet the expected increase in the demand for labor.

The instrument used to realize full employments are the use market forces, planning of investment and direct government intervention in the labor market. The economic policies influence the employment state in a country. These policies cover monetary and fiscal policies.

In the light of the above introductory remarks the ensuing parts address the labor market policies in Sudan. Here distinction is made between urban labor market, rural labor market and foreign labor market each of them has its own characteristics which have a bearing on its operation.

**Urban Labor Markets (ULM):**

These are generally described as regulated markets where wages are largely institutionally determined as so these markets are considered as non-competitive markets. The distortions in ULM are attributed to the public sector employment practices particularly with regard to educated individuals employment and minimum wage legislations and the economic impact of trade
unions. The distortions in the operation of the ULM because of the mentioned factors might be the case in the past, but at present the circumstances are different. The government public sector is no longer a major employer because of the liberalization and privatization policies which are clearly exhibited by the rising rates of unemployment particularly among graduates. As for the minimum wage rates as a source of distortion, they are far below the subsistence level or minimum living standard in urban areas. As for the impact of trade unions this is generally so in countries with democratic systems as the industrialized developed countries. Sudan employment, however, includes government employment which covers civil and military services and public corporations, organized private sector and informal sector. Out of the total labor force, urban labor markets absorb almost 23%. Government employment accounts for 35% of the total urban employment while the informal sector absorbs 40%.

**Rural Labor Markets (RLM):**

Rural labor markets in contrast to ULM are competitive. All factors responsible for the distortion of the labor market are not existing in rural labor market. That is, no trade unions are existing to affect the operation of RLM. The organization of seasonal farm works by trade unions is not existing. The wage rate is determined by the interaction of supply and demand especially in the market for casual/seasonal agricultural workers.

**Features of RLM**

Such markets are characterized by:-
1. That the wage rate varies over time depending on seasonal activities, the weather conditions the crops to be harvested and over geographical space. This is empirically a consequence of the supply and demand operation.

2. These markets are characterized by a surplus of labor supply which in turn results in low rates of labor employment and low labor productivity.

3. RLM are also said to be dominated by family labor producing to secure subsistence and seasonal causal labor employed during the peak period.

Three categories of rural employment can be distinguished: self-employed, family labor and hired labor and non-agricultural workers. Statistics available suggests that agricultural labor represents 75% of the total rural labor force and the remaining workers are employed in off-farm activities likes services, commerce, construction, manufacturing handicrafts... etc. Its worth mentioning that because of the rural employment nature workers can easily enter or exist from either of the market segments.

In 1990, total rural labor force is estimated as 6.3 million workers, out of which 4.6 million persons are agricultural workers. Of these 69% are farm owners and unpaid family labor. Unpaid family labor represents 35% of total farm labor.

In 1990 estimated non-farm labor was 1.7 million workers 40% of there are unpaid family herdsman and self-employed persons and the remaining 60% are paid non-farm labor. The conclusion to be drawn is that unpaid family labor whether
employed in farm or non-farm activities represents a high percentage of the total rural labor force.

**Foreign Labor Markets:**

Sudan witnessed a growing tendency of Sudanese labor emigration to the oil producing states of the Middle East. In the last two decades these emigration movements take place through personal initiatives with little involvement of official channels (ministry of labor) ILO/ UNHCR [1984] estimated the number of the Sudanese working abroad in 1981 at 330, 260. In 1986 the study conducted by M. A. Ibnoof Ali, gave the number of nationals working abroad at 762 thousand persons, about 65% of these were in Saudi Arabia. Since that year the number of expatriate workers is believed to have increased considerably both to Arabic Gulf countries and Yemen and Libya. Thus it is estimated that the number of Sudanese National Working abroad in mid 1990 was between 850 and 950 thousands persons. A good number of these are university graduates and high school leavers who are entering the labor market for the first time and the largest number is composed of semi-and un-skilled labor who represent about 70% of total Sudanese National Working abroad.

The effect of the Sudanese national working abroad on national labor markets is that the foreign labor market competes directly with urban labor markets for professionals and skilled manpower, the exodus of these in recent years had a negative impact on the efficiency and performance of many key ministries and public corporations, but with no impact on the market for unskilled and semi-skilled labor.
The impact the Sudanese national working abroad with respect national economy, it is a positive impact where cash flows supporting the national economy. In addition, the skills gained by the emigrants is a positive impact.

Foreign labor force in Sudan is governed by the conditions and rules issued by the ministry of labor which gives work permission for one year during which Sudanese workers should be trained to takeover. The available statistics of the official records of registration reveal that in 2008, the number of foreign labor force was about 108 thousand individuals. Most of the workers were employed in petroleum, mining, roads and construction sectors. Few number of foreign labor force were employed in hotels and houses services.

The influx of labor from neighboring countries might create labor market segmentation.

**Employment Policies**:

Here two categories of employment policies would be examined: public employment policies and private sector employment policies as well.

**Public Employment Policies**:

The public employment policies are governed by Sudan transitional constitution of 2005 accordingly the labor affairs authorities are jointly composed of the central government and the states. Thus the public national employment policies are issued by the Ministry of Labor, Public Service and Human Resources Development. This is in coordination with the Ministry of Finance and National Economy according to what
was approved in the national annual budget as regards the number of jobs. As for the employment policies in the states, it is the responsibility of the Ministry of finance and Human Resource in each state.

The attempts made to design employment policies in the Sudan can be traced historically and summarized in the following:

**Employment, Equity and Growth:**

This is a comprehensive strategy for growth, employment and equity of distribution. It is prepared by the ILO. The report is an integrated strategy addressing all the economic sectors taking into account the issues of employment and equity. The report intends to increase opportunities for employment with emphasis on basic education and realization of balanced development. The strategy was not implemented as the country witnessed economic crisis and natural disasters. A totally different strategy was implemented, the so-called world bread basket strategy which emphasized mechanized farming and finally culminated in hunger, desertification and population displacement. As a result the Ministry of labor and administrative reform asked for assistance from the ILO which submitted a report known as “After Famine Report”.

**After Famine Report:**

That was prepared by ILO in 1985. The report involve a practical program to support a strategy for the existence of the drought- and desertification-affected population. The report include a number of projects in fields of infrastructures
development, rural development, income-generating activities for women and human development through vocational training and capacity building in the area of local development administration. **Strategy for Development and Economic Reform 1986:**

This is another strategy prepared in cooperation with the ILO in 1986. The strategy was designed in a way to meet the basic needs of the population by increasing earnings and employment opportunities in various economic sectors, and improving the production and productivity in the traditional sector which would generate additional employment opportunities in non-agricultural activities.

The most important results of the strategy is that it directs the national economy towards the market economy and the adoption of the social contract as a mechanism to determine duties, tasks, and costs for the three partners: the government, workers, and business firms. As a consequence of the strategy and the implementation of the "After Famine Report" a number of schemes were executed, e.g., labor-intensive schemes, development schemes and the execution of the vocational training centre.

**National Comprehensive Strategy (NCS):**

The strategy covers all economic sectors. It encourages productive work, free competition and building of fair labo relation. In the context of the (NCP), the labor market was reasonably diagnosed. That covers the determination of the labor market policies and the intervention programs which includ
vocational training schemes, enhancing productive employment opportunities, measuring of the labor market trends. This is in addition to the capacity building for public service through iterative training.

**Quarter Century Strategy:**

In the absence of an integrated employment strategy, the ministry confined its employment activity in organizing employment services through labor offices where information pertinent to labor markets are collected by monthly regular reports. Later on, the ministry resort a new stage where regular surveys for employment and labor force are conducted. In that respect, two surveys were made in 1990 and 1996 and they represent the main source of information for employment, unemployment and conditions of the labor force.

In the mid of the eighties of the twentieth century 1990, the ministry in cooperation which the ILO, UNDP, WEP and other agencies, started to implement an experimental scheme of labor-intensive employment in White Nile area. The activities of this were successful and they provide employment opportunities and basic necessary services.

We notice that the wage policy represents an essential aspect of the macro employment policies. Thus the authorities issued in 1976 the law of minimum wage level and the law of wage courts.

According to the minimum wage law an annual revision of wages was made to fix the minimum wage rate. This system of regular revision was changed after the adoption of economic liberalization policies which give rise to a wide increasing gap
between wages and living expenses and wage differential among various jobs. Because of this, the high national council for wages was established to perform regular revision of wages.

However, there are variations of wage rates among graduates having similar qualifications e.g., engineers employed in the petroleum sector compared with those employed in the ministry of irrigation.

Within the Sudan labor market and the growth economy, the informal sector is continuously growing and expanding. The informal sector provided 50,000 to 60,000 jobs in Khartoum urban area. This is equivalent to 50% the modern urban sector employment. The rate of increase of employment in the informal sector is estimated in a range of 5 to 7%. The informal sector is expected to grow by 75% during the coming ten years and this generates an additional 40,000 to 50,000 jobs.

With the growth of the informal sector, and its importance for employment, the ministry of labor set up a committee to study its importance and market conditions. The committee membership comprised the government, businessmen and the federal association of workers. The committee submitted a comprehensive report stressing the importance of the informal sector in the provision of employment opportunities. In addition, the report referred to problems negatively affecting the informal sector such as the need of the workers for organization, protection, training finance and vocational safety. That is beside the formal and informal sectors, it is strikingly observed what we can refer to as the underground economy, that is like money
laundering. The extension of high education witnessed in the country beside the high percentage of youth in the population was reflected in the youth unemployment. To deal with such problem, the ministry of labor implemented a program for employment of universities graduates and that was accomplished by two means: direct employment and the support of private initiative. The ministry of labor gives a concern as regard women employment and prohibition of child employment. In connection with that the government signed and approved the various international agreement of work levels which address women employment and fighting children employment. Moreover, the government established the administration of women and child affairs.

Sudan take an essential steps towards the adoption of the principle of tripartite dialogue. This was reflected in a number of activities e.g. the participation of Sudan in the international and Arabic labor conference is performed on the basis of tripartite delegation and also the participation of Sudan in African labor committee. Similarly for local activities reference could be made to preparation of all labor legislations, and their amendments which are preformed by committees comprising the three parties. Moreover, the tripartite dialogue proved its effeteness in the determination of wages by the high national council for wage and in the collective agreement and the study committees of labor issues.

The effort made so far with regard to employment, needs to be done with a comprehensive vision which deals with the
employment issues within a clear policy taking into account the various aspects of employment and its link with the macroeconomic policies and the sectoral policies as well. This comprehensive employment policy is also required to cater for external factors such as the expected membership of the Sudan to WTD and as the Sudan a member in the COMESA and regional economic integration among neighboring countries.

Private Sector Employment Policies:

There is no common employment policy being issued by the Sudan general business firms association. Each firm has its own employment policy which is oftenly, depends on its demand for labor and its experience with a particular type of labor force. There is an individual trend in most of the private firms belonging a variety of economic sectors, which favour foreign labor to national labor. This is mainly attributed to the increase of production and the decrease of cost associated with the employment of foreign labor as it is punctual.

This individual trend might be aggregated to constitute a start to construct private sector employment policy favouring imported labor.

Unemployment:

Unemployment is a complex phenomena because the individual is not employed or unemployed. Other forms of unemployment do exist e.g. underemployment, disguised unemployment and structural unemployment arising from skill or geographical mismatching.
The size of the labor force in 2008 is estimated as 16.6% million person and the rate of unemployment is 19.7% (see table 4.1 below). The sectoral distribution of employees reveals that most of them are agricultural workers (53%) in the second rank comes the services sector (20%). The industrial employees and transport amounts to 7% and construction sector employees represent (3%).


<table>
<thead>
<tr>
<th>Year</th>
<th>1996 (actual)</th>
<th>2007 (actual)</th>
<th>2008 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor force</td>
<td>8.2</td>
<td>11.2</td>
<td>11.6</td>
</tr>
<tr>
<td>Employees</td>
<td>6.9</td>
<td>8.9</td>
<td>9.3</td>
</tr>
<tr>
<td>Unemployed</td>
<td>1.3</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Rate of unemployment (%)</td>
<td>16.6</td>
<td>19.4</td>
<td>19.7</td>
</tr>
</tbody>
</table>


According to the available statistics, the rate of unemployment increased from (16.6%) in 1996 to 19.7 in 2008, that is an increase of (3.1%). The trend of unemployment tends to rise. However, it can be said that the labor force continued to increase by (3.3%) when the demand for employment opportunities increased by (2.6%). Moreover, if the effect of discouraged worker is taken in to account the rate of unemployment would be relatively higher.

The impact of unemployment is severe among youth who enter the labor market for the first time particularly educated youth and women. The information available reveal that unemployment among graduates is about (49%). The sex distribution is showing
that unemployment is higher among females (38%) than males (22%).

Sudan as other developing countries adopted a number of policies to cope with the international changes. Among these policies is the extension of high education which grows by (400%) during the last two decades. The number of graduates has increased to 50 thousands annually. The extension of high education is not in balance with the economic growth and the demand of the labor market.

Trade unions:

The development of the workers movement in Sudan witnessed four stages: the first stage was in 1946 when the workers affairs organization of railways was emerged and was managed to get approval of the authorities as a representative of workers. The second stage was a period of instability during which workers organizations appeared and performed their activities without legal support as there was no law to organize trade unions and to deal with labor conflicts. The third stage began in 1948 when labor legislations were issued. The workers conference conducted in 1949 and the appearance of the workers federal association in 1950 represented the fourth stage.

Such periodization of the workers movement reveals a number of trends and features which would play a significant role in the future development of trade union movement. That can be illustrated as:

- The workers movement had succeeded during the period 1946 – 1955 to organize all industrial workers and that
extended to professional fields and even civil service and manual and clerical workers.

☐ The movement suffered from a number of weaknesses e.g. insufficient management of trade unions, weak leadership experience, limited financial resources... etc.

☐ The agricultural workers who are a majority are not organized in trade unions.

☐ The trade union movement is a pressurized group struggling continuously to improve the working conditions of workers. They go on strike and cease to work to resolve conflicts with government and private employers.

☐ Trade unions had succeeded in changing labor legislations and to have a legal status. They are able to fix minimum wage level and to enjoy equal pay for equal work and no wage discrimination. They manage to introduce social security system for workers.

☐ At present trade union is a partner with the government and business firms in a number of institutions which are concerned with revision of wages, labor legislations and social security. Equally important, the federal trade union association has a membership in international and regional associations of workers.

Conclusions and Recommendation:

Conclusions:

In the light of the presentation made so far in the previous sections, the following are conclusions to be drawn:
1. In the year immediately following national independence in 1956, employment policy was not a priority because of the economic conditions prevailed in the Sudan.

2. The concern about employment policy started in earlier seventies and renewed in the mid of the eighties of the twentieth century. That is when the Sudan in cooperation with the ILO managed to prepare studies which could have been a good base to design employment policies in a context of a national development plan. However, the Sudan witnessed economic crisis since the seventies and that has drawn the attention of the economic authorities away from strategic long-term planning. In stead, problems of employment policies were dealt with in short-and medium-term.

3. The lack of labor market information is one of the important factor which could explain the weak concern about designing employment policy and in the absence of such policy the Ministry of labor resorted to intervention in the labor market through programs and projects.

4. The concept of employment witnessed a development during the past years, since employment denotes productive employment freely chosen and employment which generates adequate income, social security and basic rights of work.

5. The external developments such as the establishment of World Trade Organization to which the Sudan is expected to join. This would be associated with internal economic
5. Promotion of the functions and structure of the labor department as regard employment in a manner which assists in drawing economic policies so as to accommodate employment and the labor provision policies within the macroeconomic model.

4. Enabling the labor department to contribute effectively in the development and modernization of the system of labor market information and the improvement of the methods of data collection and means of data analysis. This in turn needs the promotion and building capacities of the department responsible for policy preparation and follow-up.

3. The preparation of the national employment policy requires priority, politically, economically and socially. Such policy should be of clear dimensions and with clearly defined objectives, projects, activities and time dimension.

2. The need to design and prepare a national policy for employment. Such policy should be of clear dimensions and with clearly defined objectives, projects, activities and time dimension.

Recommendations:

1. Introducing the employment problem to be as a national priority, politically, economically and socially.

6. The international technical cooperation has played a prominent role in the provision of financial and technical support for the studies and projects implemented by the department of labor.

Changes which in turn increased the need for employment department.
effectively in alleviation of unemployment and fighting of poverty.

6. Steps should be taken to deal with deficit in human resources, quantitatively and qualitatively.

7. Signing and approving the international and Arabic agreement concerning labor management and decent work. Labor legislation should reflect the contents of the approved agreements.

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