Impact of debt restructuring on economic growth in Sudan

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Abstract

The present paper presents a review of the state of external in-debtness levels of Sudan and their impact on economic growth as it stands following the Sudanese revolution (December 2018) that has led to a great political change in the country and paved the way for hopes of economic development that would bring stability and an end to wars within the country and therefore the surrounding region. Sudan has become one of the most highly indebted countries in Africa ranking 46th in the world since the mid 2000s (World Bank 2004). According to the IMF the present value of Sudan's total external debt are far beyond the threshold of debt sustainability for Less Developing Countries (**Zia et. al**. 2014). The unsustainability of Sudanese indebtness has been documented by academic empirical findings (**Elbeely 2015)** among others. External in-debtness, corruption[1], mis-managment of the economy, political turmoil and country cession[2] led to macroeconomic complications that has deterred economic growth, **Abdelmawla & M. (2005).** As of 2012, the increasing **fiscal deficits** and the massive drop of **government revenues** as result of sharp reduction in oil revenues with higher level of **external debt servicing** have become major threat to economic **growth** of the country, and continue to be up to date, with **debt being unsustainable** by all measures and indictors of sustainability, (IMF, 2014, 2016). The resultant effect of large accumulation of debt with major portion of it being arrears has been exposing the nation to high debt burden …

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[1] Corruption in sudan

[2] 2011 following years of turmoil has seen the birth of South Sudan as the newest independent country to join the league of nations

What difference does it make, and for whom, whether the non-performing debts of emerging market borrowers are restructured?
Benjamin ***M. Friedman***

"Sudan's debt is illegitimate, coming from Cold War loans to dictator Nimeiry or more recent loans to the regime of Omar al-Bashir. The debt has served the interest of foreign powers, not the people of Sudan."
Tim Jones[3]

"We believe the best option is for the two parties to convince the international partners to cancel these debts."
John Gai Yoh[4]**,**

Sudan's external debt crisis:

The IMF and World Bank, have rated Sudan as a country of unsustainable debt. Sudan's build-up of external debt can be traced back to the late 1970s when the country embarked on large- scale industrialization, financed in part by foreign borrowing on non-concessional terms, and accompanied by government heavy regulation of the economy[5]. This resulted in a rapid build-up of external debt service arrears of which the majority of the debt in the 1970s & 1980s came from official sources, namely multilateral lenders including International Monetary Fund (IMF) and World Bank (WB); (Paris Club Countries), which amounted to 78.5% of the country's total debts, whereas the private lenders (e.g., private commercial banks) accounted for 21.5% of the total debts **(Ahmed, 2008)**. The same trend continued during two successive decades i.e. 1990-1999, 2000-2010; whereas external debt continued to rise from $15.834 billion in 1990 to $ 37.5 billions by 2010, of which arrears on debt amounted to $21.5 billion (**Central Bank of Sudan** {**CBOS**}, 2010. By the end of 2013, the country's external debt rose rapidly to a staggering figure of $43.8 billions, of which arrears on debt constituted 86%, including 59% of penalties on delayed payments. Again, bilateral and multilateral debt dominated the portfolio accounting for an average of 69% and 13% respectively (CBOS, 2013). A tragic truth about Sudan's external debt crisis is that the country's external indebtedness was not known until after it began to default on its external payments obligations and to build up sizable external debt payments arrears in the

3 **Tim Jones**

4 **Head of the Southern Sudan mission in South Africa**

5 sudan government heavy regulation of the economy

early 1980s[6]. This deficiency has led different government agencies to borrow abroad to finance current expenditures, despite the fact that external borrowing was permitted only for capital or development expenditures[7]. Sudan had to adopt a **World Bank/International Monetary Fund (IMF) sponsored Structural Adjustment Programme (SAP)[8]** in 1978, with a view of rehabilitating the economy in order for the country to be able to service its external debt. In the first half of the 1970s, the Sudan entered into three stand-by arrangements with the IMF, which provided support for three stabilization programmes covering fiscal years 1972/73, 1973/74, and 1974/75[9]. During the 2000s the signing of the peace agreements (CPA)[10] in 2005 followed by (APA) in 2006, should have paved the way for benefits from the **HIPC** initiative. The implementation of the economic reform and SAP was supposed to qualify the Sudan to benefit from HIPC. The ready availability of external finance, coupled with domestic political constraints, damaged ongoing economic adjustment programmes and precluded the introduction of new ones. Subsequently, statistics by International Monetary Fund (IMF) showed that the present value of Sudan's total external debt, as of December 2012, stood at $ 79 billion, which was equivalent to 150% of GDP, 1,697% of exports and 1,646% of revenues. These ratios are far beyond the threshold of debt sustainability for Less Developing Countries. The result of accumulated debt principal and debt services made of Sudan one of the most highly indebted countries in Africa and ranked 46th in the world by the mid 2000s according to the World Bank (2004). This resulted in a rapid build-up of external debt service arrears that grew from 10% of GDP ratio in November 1979 – to 125% of GDP by the end of 2017 (see below figure 1 source **IMF**) almost half of the debt amount is owed to the IMF, World Bank and Western governments, and debt payments are not being made on it.

Figure 1: Sudan's external debt in $US expanding from 1970 – 2018

Source the World Bank

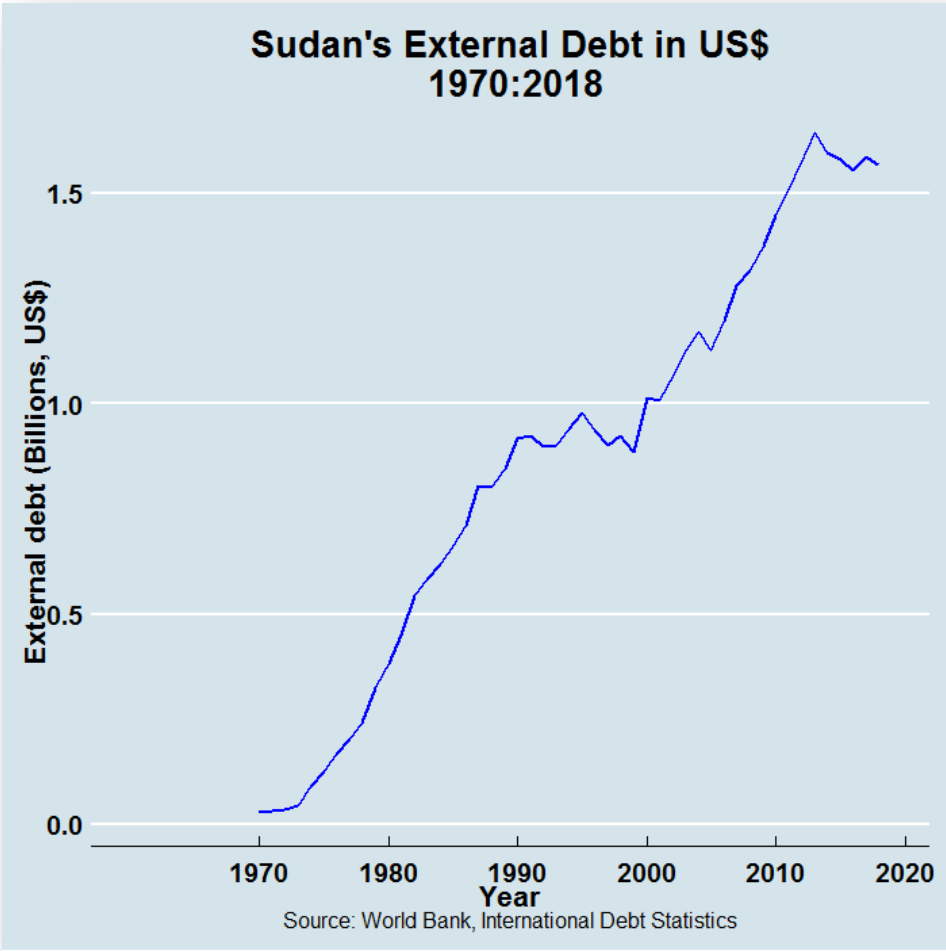
[6] using the expertise of a London based international accounting firm to find out the size of the country's external indebtedness and to whom the debts were owed

[7] Describing the management of external borrowing before 1978, a recent external debt advisor to Sudan wrote: *"there was virtually no centralized control over the contracting of foreign debt and individual ministries and public corporations resorted ' to borrowing without the approval or knowledge of the Ministry of Finance and Economic Planning or the central bank".*

[8] World Bank/International Monetary Fund (IMF) sponsored Structural Adjustment Programme (SAP)

[9] the last two programmes were abandoned in mid-course, due to domestic political pressures.

[10] Peace treaty that was supposed to end the longest civil war in Africa signed on 2005 between Sudanese government and rebel group

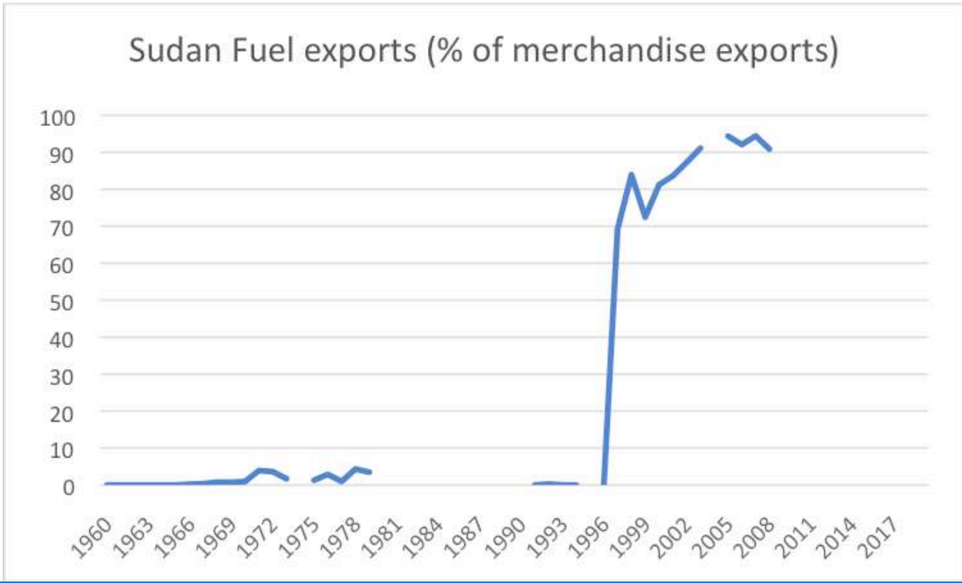


A consequence of the peace agreement of 2005 following a long civil war, led to the birth of South-Sudan as a new nation in 2011 has marked a new phase in the Sudan's indebtness. The government of Sudan offered keeping all the government debt, in return for being allowed into the Heavily Indebted Poor Countries process (**HIPC**), a process that hasn't seen day-light as yet. The immediate impact of the secession was reflected into serious economic instability, which in turn compromised the government ability to reduce poverty, as it lost 3/4th of it's oil production; half of it's fiscal revenue; 2/3rd of it's international payment capacity. Consequently, the budget and balance of payment deficits have escalated and this was reflected in the high inflation rates that escalated to 40% and the devaluation of the Sudanese Pound by almost 66%.

The impact of external debt crisis on the economy has been accounted for by empirical evidence (**Ahmed 2008**) he has shown that **FDI** (foreign direct investment), on economic activity on Sudan was negative and amounted to zero during the period 1990-1995, and grew to only $0.7 million in 1996 before rising sharply to $101.2 millions in 1997 due to some improvement on good GDP growth rates as a result of oil production, **per capita income** as well as **poverty** have been badly affected. During the years 1998-2006 the country also witnessed a remarkable increase in the magnitude of **FDI**, the year 2006 was recorded as the highest reaching a record high of $ 3.5 billion in 2006, which made Sudan Africa's third largest recipient for **FDI**. See below figure 2

Figure 2: Sudan's fuel exports as a percent of all merchandise exported

Source: World Bank Data Data collection is sporadic



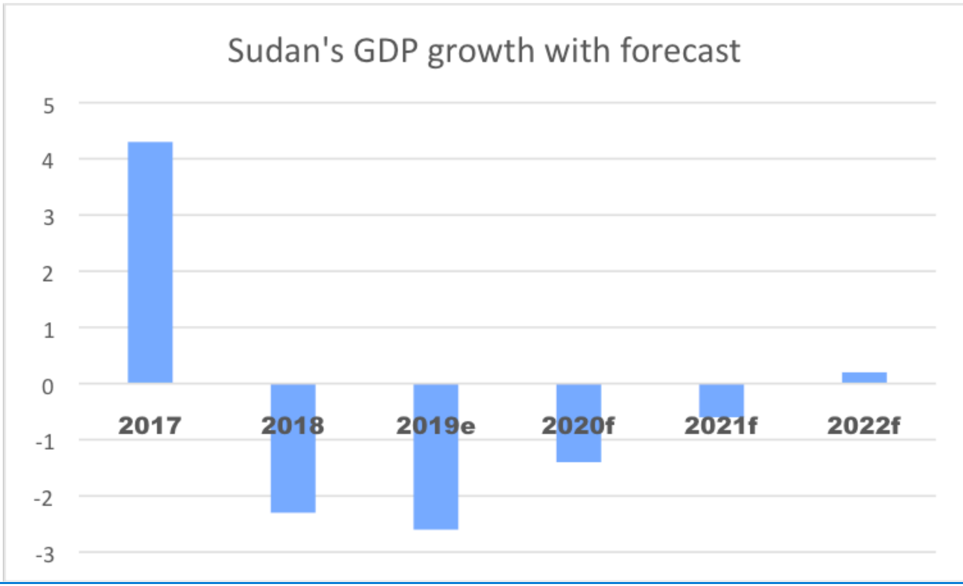
On the other hand, external debt has had a negative impact **on per capita income**, (Ahmed, 2008) in the Sudan during the study period of 1980-2006. External debt on poverty levels of the Sudanese population is shown to hinder economic growth (with Sudanese population 46.5% of the population under the poverty line) as debt service repayments drain sizable resources, thus hindering the country's ability to attract FDI and concessional financial resources. Also, lack of access to concessional financing has important negative implications on the economy and the country's efforts to reduce poverty, finance infrastructure and social programs, and on programs designed to bring about innovation and job creation, which are all critical for revitalizing the economy (Sudan Debt Relief and Arrears Clearance Strategy "SEDRACS", 2013). In terms of financial development and intermediation in Sudan, the full adoption of Islamic banking principles[11] in 1990 in the country accompanied by repressive monetary and credit policies have led to further decline, in all key indicators of banking performance coupled with an unstable macro-economic environment **Elhiraika** (1998).

However, Sudan was not able to meet all conditions set in the various agreements including those with non-Paris Club Creditors. In August 1999, the IMF Executive Board lifted its declaration of non-cooperation regarding Sudan; the country regained its full membership of the Fund, as well as it's complete voting rights, but the Fund's assistance to the country was limited to technical aid only. The Sudan government continued efforts trying to solve or reduce it's huge external debt by establishing an external debt unit at the Central Bank of Sudan in 2000. The unit designated as the sole institution to deal with Sudan's external debt, its magnitude, the burden indicators, debt sustainability, documentation of various debt owners, contractual agreements, principal of the debts, and interests (**Nagem Eldin**, 2006; cited by **Ahmed**, 2008). During the past 3 decades Sudan has been suffering internally from bad governance,

[11] Islamic Banking Principles ..

corruption, wars on periphery regions plus the negative impact of economic sanctions and pressures imposed by the US and European countries, have deprived the country from the opportunity to benefit from multilateral debt relief initiatives and concessional aid programmes (despite the fact that Sudan meets debt burden indicator requirements). The page has now turned .. the regime was brought down by an amazing peaceful youth led revolution[12], settlement of the Darfur conflict is now strongly possible. Unless sanctions are lifted and debt repayments rescheduled the Sudanese economy will be unable to live up to it's growth potential & the country will continue to suffer under the severe pain of continued economic pressures and will find it difficult to ease it's devastating external debt problems (see GDP forecast figure 3) What gov. has done so far ..otherwise people will suffer from declining incomes, fewer jobs and deteriorating welfare levels, and the economic and social conditions of the most vulnerable sections of the population (women, children and disadvantaged groups) and the poor will further deteriorate, fuelling conflicts, insecurity and wars in deprived areas of the count

Figure 3: Sudan's GDP growth with 2021 and 2020 forecasts



Source: World Bank Data

Literature review

In economic theory there exists various interpretations for the relationship between debt and economic growth. The Neo-classicals mainly find a negative relationship as it increases budget deficit and hinders economic growth, while the Keynesians find mainly a positive impact of external debt on economic growth explained by the government's tendency to finance it's budget by external debt in private investment, that impacts so it increases economic growth. The Ricardian Equivalence explains that there is no effect of external debt on economic growth as people pays the debt in the future, so it hasn't any impact on interest rates, private investment and economic growth. Like economic theory predicts external debt has an

[12] quoted by the UN under secretary for human rights as it will go down in history as one of the greatest non-violent mass movements of our generation" – @GilmourUN

ambiguous impact on economic growth; it may be either optimistic or pessimistic. It is useful when it is used for investment purposes in infrastructure such as railway stations. It is detrimental when it is used in consumption purposes that do not benefit the government and increase country debt.

External debt is one of financing instruments in any economy, for developing countries due to low savings and low income they depend on external borrowing to finance their projects. The decade of the 1990s has been an alarming era for policy makers from around the world due to high debt levels as they have been recognised as a main cause for limiting the development of many low- income countries in Africa, Asia and Latin America. There exists abundant literature of empirical evidence on the relationship between debt and growth focused on the role of external debt in developing countries, while evidence on developed countries is still scarce. Policy makers have been working hard to understand why Africa and Latin America performed poorly regarding debt rescheduling programs.

Evidence from Sudan, **Abdelmawla & M. (2005)** concluded that external debt and inflation deter economic growth, while external borrowing boosts export earnings. The study recommends the adoption of export-led growth strategy besides improving infrastructure. Furthermore, encouraging domestic savings and achieving peace in the periphery regions will help restore debt sustainability. **Medani M. (2008)** examined the impact of the external debt problem and its sustainability on the government's efforts to reduce poverty and sustain growth and peace in the Sudan. He argued as well that the problem of external indebtedness has been working as a barrier to foreign investment. External debt has as well negative effects on the growth of **per capita income** in real terms in the Sudan during the study period as well they have shown that the external debt to exports ratio has contributed positively to the Sudan economy (1969-2015). **Elbeely 2015**, has indicated that Sudan's debt is unsustainable and the country is highly indebted. **Elwasila S.E.M (2018)**, found that exchange rate to debt measure, and foreign direct investment to debt had negative effects on GDP growth that is consistent with other findings of most empirical studies at the macroeconomic level. **Pattillo et al.** (2002) use a large panel dataset of 93 developing countries over 1969-1998 and finds the impact of external debt on per-capita GDP growth to be negative for net present value of debt levels above 35-40% of GDP. **Clements et al.** (2003) investigate the same relationship for a panel of 55 low-income countries over the period 1970-1999 and finds the turning point in the net present value of external debt to be at around 20-25% of GDP.

The literature on growth had for a long time been trying to understand the reasons why Africa and Latin America were performing so poorly in debt rescheduling programs. Contributions by **Easterly and Levine and Sachs,** among several prominent academic papers concluded that **destructive governments** explain the poverty of their nations. Acemoglu, Johnson, and Robinson (2006), Easterly and Levine (2003), and Rodrik, Subramanian, and Trebbi (2004). As mentioned earlier abundant literature has examined the impact of external debt on economic growth in Africa and other low income countries the results indicate the negative impact of external indebtness on economic growth, in Nigeria and South Africa (1994-2007) **Uchenna, Nwanneka, Adedayo**, and **Grace** (2017) study on **Nigeria** from 1981 to 2015, found external debt had a significant and positive effect on economic growth as it was used for investment projects. **S. Ayadi** and **O. Ayadi** (2008). **Ejigayehu** (2013) found the same results while examining 8 heavily indebted poor African countries during the period (1991 to 2010) growth by the debt crowding out[13] effect rather than debt overhang[14]. **Ibrahim** (2013) study concentrates on studying the impact of external debt on economic growth in four East African countries (**Kenya, Tanzania, Uganda, and Rwanda** 1981-2014), he found a negative and significant impact of external debt on economic growth. In **Kenya** (2013) tested the impact of indebtness on economic growth during between (1970-1995), found a debt overhang effect and external debt has a significantly negative impact on economic growth. **Mahmoud** (2015), study on Maritania showed that external debt has a significant and negative impact on economic growth during the period (1989-2012). Most of the studies found a negative and significant impact of external debt on economic growth. This may indicate that all **these countries use external debt for consumption not investment purposes**.

Evidence from Oman in the Gulf region shows that external debt does not promote economc growth during the study period between 1990 – 2015 (Kharusi and Ada 2018). Another evidence from Jordan in the MENA (2010-2017) have shown the impact of external debt on economic growth could be explained through the debt overhang effect which means that debt creates debt service obligations that lowers the benefits from external debt in investment projects. This debt overhang[15] effect means increasing debt service in a country that the government couldn’t pay and uses its output to pay external debt service so it hinders investment and economic growth (**Ejigayehu**, 2013). Relatively few studies have focused on low-income countries as per se. Because most low-income countries do not have access to international capital markets, the impact of external debt on growth can be different in low-income countries than in emerging market countries. Furthermore, the channels through which debt affects growth may differ, given differences in the structure of the economy and the public sector across these two country groups. Previous studies **Smyth and Hsing** (1995) find a non-linear effect of external debt on growth as well as **Cohen** (1997). On the other hand, **Schclarek** (2004) finds a linear negative impact of external debt on per-capita growth (and no evidence of an inverted U-shape relationship) in a panel of 59 developing countries over the period 1970- In contrast, a recent study by **Reinhart and Rogoff** (2010), which analyses the developments of public (gross central government) debt and the long-term real GDP growth rate in a sample of 20 developed countries over a period spanning about two centuries (1790 - 2009), finds that: the relationship between government debt and long-term growth is weak for debt/GDP ratios below a threshold of 90% of GDP; above 90%, the median growth rate falls by one percent and the average by considerably more. A similar change in the behaviour of GDP growth in relation to the debt ratio is also found by **Kumar and Woo** (2010).

The financial crises of the 1980s & 1990s were quite of different natures, the world experienced a debt crisis during the 1980s in which highly indebted Latin America and other developing regions were unable to repay the debt, asking for help. The problem spread from Mexico to the rest of the world when it declared it’s inability to service its international debt. To counter this, macroeconomic tightening and "structural adjustment" (liberalization and privatization) were administered, often through the conditionality of the IMF and the World Bank. The governments of developing countries were unable to repay the debt, so financial rescue operations became necessary. As a result wrong government policies and measures followed that also lead to insolvency and illiquidity, the situation could see further deteriorated as international

[13] debt crowding out effect

[15] debt overhang

organizations imposed wrong policy conditionality's. The 1990s have witnessed different type of crises, short-term commercial bank debt and/or securities market investment and were more staggered and sequential (not happening at the same time). The Mexican crisis in 1994, the Asian crisis in 1997, the Russian crisis in 1998, the Brazilian crisis in 1999, the Argentine crisis in 2002, in addition the European EMS and the big EMS currency crises in 1992 and 1993 but their characteristics were different. These crises were followed by huge capital outflows and severe currency speculations that are usually common features that accompany them. In Sudan the financial crisis of 2008 had further compromised external debt sustainability the same situation in many developing countries, as growth rates and export earnings fell. The repayment ability of foreign debt has been seriously affected due to shifts in exchange rates. While at the time when market economy has been tested to the limit in western countries and governments have been nationalizing banks and taking control of key economic sectors, the opposite was happening in Sudan. Thirty years ago, Sudan led the world in selling off its state assets to well-connected private individuals, even before it became fashionable to do so in the UK and US. The fallen regime continued the privatization drive, which extended as far as the education and health services.

Policy implications: The way ahead for Sudan

The historical revolutionary outcome of the December 2018 Sudanese Revolution, has provided a great opportunity for Sudan to find ways to solve it's alarming external indebtedness, given the favourable internal and external political environment. Despite the 3 decades of instability the country is known to have experienced peaceful transitions from dictatorship rules episodes to democratic civil rule during 3 episodes in it's modern history during the 1950s, late 60s and mid 1980s that achieved some stability and economic growth at the time. The opportunity provided by the December 2018 revolution is even more promising after years of civil wars that led to the split of the country into 2 as the revolution is still heavily guarded by the ambitious generations of youth who constitute 65% of the Sudanese population. Regime change has opened a huge window of hope and opportunity for fundamental reforms to address such as major macro imbalances and lay the groundwork for inclusive growth. However, the challenges facing the new government are daunting such as COVID19 crisis, a shrinking economy, large macroeconomic imbalances, weak competitiveness rather a monopolistic market as well as a dire humanitarian situation as well as great concerns over governance that needs to addressed. Sudan's listing as a state sponsor of terrorism by the United States also blocks progress towards **HIPC** debt relief program and the clearance of large arrears to the IMF. Sudan is a promising land for development, investment and great potential for growth, given it's history of economic achievements as well as it's economic resources Sudan is well endowed with diverse natural and mineral resources, but has been one of the poorest countries with numerous macroeconomic problems, such as persistent inflation, high unemployment rates, sole dependency on crude oil as a major source of revenue over the period 1999-2011, and more recently an **increasing** mining and role of gold. Projects of industrialisation .. how to deal with global business condition .. export and import prices rise or fall.. whether regional crisis, war, terrorism, etc. occurs

In a recent conference on external debt management systems sponsored by the World Bank, participants agreed that "sound debt management is, first and foremost, a sensible and flexible way to help governments in taking informed decisions to minimize the costs of borrowing, refinancing or reducing the country's debt burden. Although experts note that there is no "one best" model for organizing an external debt office, they agree that some basic functions must be performed by such an office.

The **COVID19** pandemic has as well inflamed a slow-burning debt crisis worldwide. The countries that are the most at risk of default are, the least able to borrow with limited domestic savings and large external debts, such as Angola, Ethiopia, Ghana and Zambia among others and Sudan with it's unsustainable debt levels and limited access to borrowing. It has been suggested that heavily indebted countries be allowed debt repayment relief so as to retain resources in order to fight the pandemic.

The previous big round of debt relief for the continent came via the Heavily Indebted Poor Countries Initiative, which reduced foreign public debt of recipient countries from about 100% of GDP in 2005 to 40% by 2012. At the time Western governments and multilateral organisations, such as the IMF and World Bank, were the biggest lenders to Africa. Now, though, China is the continent's biggest bilateral creditor. Having signed loans worth more than $146bn to African governments since 2000, it may not be as forgiving.

As research results suggest that the substantial reduction in the stock of external debt projected for highly indebted poor countries (**HIPC**s) would directly increase per capita income growth by about 1 percentage point per annum. Reductions in external debt service could also provide an indirect boost to growth through their effects on public investment. If half of all debt-service relief were channelled for such purposes without increasing the budget deficit, then growth could accelerate in some **HIPCs** by an additional 0.5 percentage point per annum. recommends that the government should ensure macroeconomic and price stability and maintaining access to foreign loans so that to supplement low the levels of domestic savings in order to enable long term economic growth. Exchange rate needs to be stabilized and perceived effect of foreign direct investments on economic growth needs be reinvestigated with enhancement of human capital and institutions. Sudan is now eligible and seeking for debt relief under the HIPC initiative but has yet to meet all the qualifications. In particular, it needs to obtain assurances from bilateral official and commercial creditors that they are willing to consider providing debt relief. Sudan currently meets some conditions for the **HIPC** initiative: recommendations were made. Firstly, the government should ensure economic and political stability in order to enjoy the benefits of sustained foreign capital flows namely foreign loans and foreign direct investments but debt burden should be made minimal particularly the debt/exports of goods and services ratio. Secondly, government should acquire external debt largely for stabilisation of the major economic indicators such as the general price level, exchange rate and the balance of payments, as they proved to interact together as determinants of economic growth. Thirdly, the government should diversify the nation's export base so as to increase export earnings and promote industrialization in order to reduce import dependency which if well managed together and in a consistent manner should lead to reduce the ratio of external debt to exports and stimulate further economic growth. Furthermore, stability in the exchange rate should be pursued and the depreciation of the Sudanese pound should be avoided by the government as the continuous depreciation of the national currency has been found to negatively impacts economic growth. This could be due to low response of both exports and imports of Sudan in the international market, or inability of the economy to produce large volume of import substitute goods. Lastly, the government should press with multilateral creditors and donors for permanent debt relief so as to avert potential negative effects of both the debt overhang and crowding out effects associated with unsustainable external debt. Importantly, foreign direct investment policy of the country needs to revisited and revised seriously in order to redirect inflows FDI for more productive, more efficient, more labour-intensive and the most economic growth enhancing sectors, together with human capital and financial deepening indictors an issue call for urgent and sound further investigation.

The Sudan has some positive points that would allow it to benefit from the HIPCP, primarily the political change that has taken place such as Sudan has experience with implementing a self-imposed Structural Adjustment Programs (SAP) almost similar to if not tougher than the IMF led Staff Monitored Programs (SMP) which is considered a prerequisite to implementing debt relief agreement with the IMF and creditors. The implementation of the economic reform and SAP also qualifies the Sudan to benefit from HIPC. The implemented self-imposed SAPs later on were under the supervision of the IMF, and have a good track report. Sudan normalized relations with the International Monetary Fund, made regular payments as committed and also normalized the relation with some multilateral institutions such as the Arab Fund for Economic and Social Development and the OPEC Fund who have both given rescheduling and new loans. Sudan reached rescheduling agreement with a number of Arab funds, namely the Kuwait Fund for Economic Development, Abu Dhabi Fund for Development, and Saudi Fund for Development.

SUMMARY AND CONCLUSIONS

The unsustainability of Sudanese external debt has been documented many times in the literature, (IMF, Elbeely 2015 among others). Empirical evidence on Sudan presented views on the ways to restructure debt and how to channel it. Abdelmawla & M. 2005, have shown that borrowing for investment increases exports' earnings by adopting an export-led growth strategy such as investing on improving infrastructure, production lines etc. As evident from a long study period between (1969 – 2015), directing borrowed funds towards exports contributed positively to the Sudan economy Elwasila S.E.M (2018). Opportunity for an adequate macroeconomic policy reform .. Furthermore, encouraging domestic saving and realizing peace in will help restore debt sustainability. A sound debt management policy that would help restore confidence between Sudan and it's lending partners as well as a sensible and flexible way to help the government taking informed decisions to minimize the costs of borrowing, refinancing and therefore reducing the country's debt burden. The **COVID19** pandemic has stagnated economies and inflamed the slow-burning debt crisis worldwide. As Sudan is already in default and unable to borrow with limited domestic savings or reserves and large external debts, among other issues and Sudan with it's unsustainable debt levels and limited access to borrowing with the hope of restructuring debt should as well should be allowed access … so as repayments do not drain resources and therefore increase poverty. As the previous big round of debt relief for the continent came via the Heavily Indebted Poor Countries Initiative, which reduced foreign public debt of recipient countries from about 100% of GDP in 2005 to 40% by 2012. Political stability is key to success with economic policies

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