

Abstract

Influence of foreign debts on the Economy of Developing countries

This thesis tackles the issue of debts of developing countries and their impact on the national economy (Sudan as a case study)

Foreign debts of developing countries is of great significance not only the local level but also at international and United Nations levels as aggravation of debts and transformation of this into a serious crisis affecting the economic negative consequences.

Since the economic crisis of 1982 and its serious negative economic and political effects, the foreign debts crisis appeared as one of the most serious economic issues of our time threatening with further risks to the emerging economies of the developing countries. For the existing gap between the local modest saving rates and the rate of investment, the developing countries resorted to foreign borrowing to bridge this gap.

Debts of the third developing countries is considered as a dilemma facing these countries since the beginning of 1980s as a result of adopting the policy of foreign funding. Though most indebted countries seem to be unable to repay their financial fulfillments, the industrial countries continue the policy of leniency and giving continued loans to make the developing countries suffer the burden of heavy debts which may give the industrialized states the justification for intervening in the internal affairs of the developing countries.

The thesis employs the analytical approach in studying the issue of foreign debts and sheds light on the various aspects focusing on the case of Sudan.

The study composed of introduction and four chapters. and an introduction in addition to introduction chapter. A brief outline to the reality of foreign debts of the developing countries and the huge leaps of foreign debts to reach sky rocketing figures along with debt services which began to absorb huge amounts as installments and interests. It also contained the research problem, objectives and hypotheses and previous studies.

Chapter I focuses on the theoretical framework of foreign debt problem and its impact on the borrowing states. This chapter comprises three sections: the first one concentrated on the classical analyses of foreign debts. The second

generally highlights the crisis of foreign debts of developing countries and the causes that led to growth and severity of foreign debts.

Chapter II handles and analyses the background of the Sudanese Economy in the Colonial period: 1955- up to the independence of the country in 1956.

section one includes the British policy in governing Sudan and the general features of the Sudan economy in the Colonial period, the economic and social structure of the Sudanese economy and the economic and social policies of the Colonial rule. Finally, funding and construction in the colonial period is displayed.

Chapter III traces the Sudan foreign foreign debts and its social and economic effects. To better approach this issue in all its aspects. The chapter is divided into five sections: the first discusses the infiltration of foreign capital into the Sudanese Economy after independence and the impact thereof upon the increase of Sudanese foreign debts. The second section the accumulation of foreign debts and the factors that have caused its aggravation. The international initiatives to ease the burden of foreign debts and the extent to which Sudan makes use of them are included in section IV.

Section IV discusses the ramifications and negative consequences that foreign debts have on the Sudan economy.

The proposed solutions for Sudan's foreign categories are discussed in this section which includes a proposed strategy, domestically and internationally, to tackle the debts problem.

Finally, chapter IV is composed of two sections; the first is devoted to the findings of the study whereas the second one is devoted to the recommendations to face the problem of foreign debts.