



# TUNISIA: HOW ECONOMIC MISMANAGEMENT CONTINUES TO UNDERMINE THE DEMOCRATIC PROCESS

By **Yasmine Akrimi**  
North Africa Research Assistant

POLICY BRIEF  
MARCH 2019

DEMOCRATIC  
DEVELOPMENT  
SERIES

## INTRODUCTION

The worsening economic crisis - at the origin of the initial 2010 protests in the South of the country – remains the most crucial challenge Tunisia must face to ensure stability. The 2019 unemployment rate has been registered at 15.5%, with a rate of 33.4% among the youth according to the Tunisian National Institute for Statistics (INS)<sup>1</sup>, fomenting ever growing social unrest.

The inflation rate is continuously increasing, estimated at 7.3% in February 2019<sup>2</sup>, directly linked to the increase in prices of edible goods<sup>3</sup>. The country's trade deficit is leading to a rapidly decreasing national currency, with the dinar losing more than 16% of its value compared to the Euro and more than 24% compared to the Dollar, in 2018 alone.<sup>4</sup>

## AT A GLANCE

- *As an initiator of the Arab spring in December 2010, Tunisia is regarded as the only successful transition process in the MENA region. The country is holding its legislative and presidential elections this year, respectively on the 6th of October and 10th of November 2019. However, election euphoria risks hiding a less optimistic picture.*
- *With the dates of the legislative and presidential elections set, it is crucial to assess the current state of affairs. This article examines the intertwined factors impeding economic restructuring in Tunisia, suggesting that without daring reforms, the elections are going to further exacerbate an already critical situation*

<sup>1</sup> <https://www.webmanager-center.com/2019/02/15/431126/tunisie-un-taux-de-chomage-de-155-4eme-trimestre-2018/>

<sup>2</sup> <http://www.ins.nat.tn/fr/themes/prix#2848>

<sup>3</sup> <https://www.jeuneafrique.com/742023/economie/tribune-laugmentation-du-taux-directeur-en-tunisie-une-solution-in-complete/>

<sup>4</sup> [http://french.xinhuanet.com/2019-02/05/c\\_137800998.htm](http://french.xinhuanet.com/2019-02/05/c_137800998.htm)

# CONTINUOUS POLITICAL INSTABILITY

Tunisia has known seven heads of government since 2011.<sup>5</sup> The political landscape is constantly changing and there is little continuity in the programs implemented, and little time allowed to each minister to initiate long-term reforms.

Nidaa Tounes, the victorious political party of the 2014 legislative elections, is crumbling after successive defections and an open struggle between the head of State, Beji Caid Essebsi, and the head of government, Youssef Chahed. The latter recently announced the formation of a new political party, Tahya Tounes<sup>6</sup>, revolving around the same ideas that constituted Nidaa Tounes a few years before. This resulted in a paralyzing setting, in which the head of State, openly siding by his son Hafedh Caied Essebsi the current executive director of Nidaa Tounes and its *de facto* leader, is the first opposing force to Chahed's government.<sup>7</sup>

Additionally, the government of national alliance, previously composed of a coalition between Nidaa Tounes and Ennahdha based on the Carthage Agreement, is no longer viable.<sup>8</sup> The upcoming electoral campaign is likely to revolve around the same polarizing themes as the last one, limiting the debate to an opposition between seculars and Islamists, thus further enhancing social tensions.

## THE DECLINING FIGHT AGAINST CORRUPTION

The fight against corruption, a major campaign

promise of Youssef Chahed, is going backwards and the general feeling of mistrust ever growing, especially regarding the latest outcry pertaining to the unfreeze of assets of the Tunisian businessman Marouan Mabrouk, the son-in-law of formal president Ben Ali, at the behest of the Tunisian government.<sup>9</sup> According to a recent survey, 86% of Tunisians believe corruption has increased since 2011 and 87% consider that denouncing situations of corruption is pointless.<sup>10</sup> Furthermore, Chawki Tabib, head of the Instance Nationale de Lutte contre la Corruption, estimated in 2018 that corruption's cost was 54% of GDP.<sup>11</sup>

The informal economy is not new to the country. It was previously chaperoned by families close to Ben Ali's regime, prominently the Trabelsi. Since 2011, this economy has been profiting both from the State's complacency and the weakening of public authorities. It is also delicate to intervene when these businesses are the only mean of subsistence of large proportions of Tunisians that lack alternatives in the formal economy. This is especially true as the incident that initiated the 2011 revolution pertained to a public officer's intervention to confiscate an illegal business. Furthermore, growing fiscal pressure and dysfunctional bureaucracy are pushing companies to supply from the parallel economy as well.<sup>12</sup>

## SYNDICATE RESISTANCE

Unionized resistance is also growing with a continuous struggle between the government and the principal workers' union – Union Générale Tunisienne du Travail (UGTT) - resulting in strikes that often paralyze entire vital public sectors, including health and education, the latest being the general strike of the 17<sup>th</sup> of January 2019.<sup>13</sup> The recent increase in the Central

<sup>5</sup> <https://www.webmanager-center.com/2017/09/13/409884/tunisie-post-revolution-7-ans-7-chefs-pour-14-gouvernements/>

<sup>6</sup> <https://www.jeuneafrique.com/716563/politique/tunisie-tahya-tounes-le-nouveau-parti-dans-le-giron-de-youssef-chahed/>

<sup>7</sup> <https://www.mosaiquefm.net/fr/actualite-politique-tunisie/404704/chouket-nidaa-tounes-fera-partie-de-l-opposition>

<sup>8</sup> <http://kapitalis.com/tunisie/2018/05/28/les-consequences-de-la-suspension-de-laccord-de-carthage/>

<sup>9</sup> [http://nawaat.org/portail/2019/01/27/affaire-marouen-](http://nawaat.org/portail/2019/01/27/affaire-marouen-mabrouk-clemence-europeenne-au-gout-orange-francais/)

[mabrouk-clemence-europeenne-au-gout-orange-francais/](http://www.webdo.tn/2018/04/12/87-tunisiens-denoncer-corruption-ne-changera-choses/)  
<sup>10</sup> <http://www.webdo.tn/2018/04/12/87-tunisiens-denoncer-corruption-ne-changera-choses/>

<sup>11</sup> <https://www.jeuneafrique.com/633160/politique/chawki-tabib-le-cout-de-la-corruption-en-tunisie-est-estime-a-54-du-pib/>

<sup>12</sup> <https://www.jeuneafrique.com/mag/538651/economie/economie-informelle-en-tunisie-la-republique-de-la-debrouille/>

<sup>13</sup> [https://www.lemonde.fr/afrique/article/2019/01/17/en-tunisie-greve-generale-de-24-heures-dans-le-secteur-public\\_5410424\\_3212.html](https://www.lemonde.fr/afrique/article/2019/01/17/en-tunisie-greve-generale-de-24-heures-dans-le-secteur-public_5410424_3212.html)

Bank's interest rate by 7.75% two weeks after the fragile accord between the government and the UGTT to raise salaries in the public sector<sup>14</sup> further weakens the scarce agreements. This increase in the interest rate is inscribed in one of the latest methods used by the Central Bank to attempt to stabilize both inflation and purchasing power.

Tunisia has historically been relying on its public sector for employment, and this tendency has dramatically increased since 2011. This led some to call it 'buying social peace', considering the State's inability to offer economic solutions in the aftermath of the revolution.<sup>15</sup> The latest report on civil service estimates there are 690,091 total number of civil servants in a country of around 11.5 million people.<sup>16</sup> Civil servants' wage bill mobilizes around 70% of total state resources and increased by 10.89% between 2010 and 2017.<sup>17</sup> A report of the International Monetary Fund (IMF) estimated that the increase in the wage bill since 2011 constitutes the principal cause of the public finance crisis in the country:<sup>18</sup>

*"The wage bill of civil service as a percentage of GDP is among the highest in the world".<sup>19</sup>*

A draft law pertaining to investment mobilization and improvement of the business environment is announced to be examined by the parliament before the end of this week.<sup>20</sup> It contains four main axes: the simplification of companies' creation, easier access to funding, a framework for a public-private partnership, and strengthening the governance of trading companies.<sup>21</sup> Symptomatic of liberal reforms it is already being contested by syndicates, prominently, the Union of University Teacher-Researchers<sup>22</sup> for encouraging investment in the private teaching sector while public universities severely lack funding and are undergoing a crisis.<sup>23</sup>

Tunisia's democratic transition remains an ongoing process facing several challenges, this article suggests that the economic crisis is perhaps the most considerable one. Elections can be part of the solution but should not be considered as a panacea to the country's various, and complex, problems.

<sup>14</sup> <https://www.tunisienumerique.com/tunisie-hausse-du-taux-dinflation-au-mois-de-fevrier-2019/>

<sup>15</sup> <http://www.timesmagazine.info/index.php/economie/item/369-tunisie-quitte-a-se-mettre-le-fmi-a-dos-le-premier-ministre-chahed-s-achete-la-paix-sociale>

<sup>16</sup> [https://www.huffpostmaghreb.com/entry/fonction-publique-en-tunisie-les-7-chiffres-a-retenir\\_mg\\_5b51ba82e4b0fd5c73c4564d](https://www.huffpostmaghreb.com/entry/fonction-publique-en-tunisie-les-7-chiffres-a-retenir_mg_5b51ba82e4b0fd5c73c4564d)

<sup>17</sup> *Ibid.*

<sup>18</sup> [https://www.huffpostmaghreb.com/2018/01/12/fmi-tunisie-recrutement-\\_n\\_18983500.html](https://www.huffpostmaghreb.com/2018/01/12/fmi-tunisie-recrutement-_n_18983500.html)

<sup>19</sup> « La masse salariale de la fonction publique en pourcentage du PIB est parmi les plus élevées au monde »

<sup>20</sup> <https://www.tunisienumerique.com/tunisie-le-projet-de-loi-sur-la-mobilisation-de-linvestissement-et-lamelioration-du-climat-des-affaires-sera-examine-cette-semaine/>

<sup>21</sup> <https://www.leaders.com.tn/article/26636-decouvrez-les-grandes-mesures-effectives-avant-ce-15-avril-pour-mobiliser-l-investissement-et-ameliorer-le-climat-des-affaires-en-tunisie>

<sup>22</sup> L'Union des enseignants universitaires chercheurs (IJABA)

<sup>23</sup> <https://www.mosaiquefm.net/fr/actualite-national-tunisie/510696/ijaba-contre-le-projet-de-loi-sur-l-investissement-etranger>

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## **AUTHOR**

**Yasmine Akrimi**  
North Africa Research Assistant