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State-Capital Relations in Kais Saied’s Tunisia

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Colin Powers

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State-Capital Relations in Kais Saied's Tunisia

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Contents

Key findings

1. Kais Saied commenced a selective crackdown on members of the Tunisian oligarchy starting in 2023. Though not separable from Carthage's contemporaneous repression of the country's political opposition, the authorities' moves against the businessmen were in many instances motivated by the intensification of fiscal and economic troubles.

2. The regime's crackdown on members of the oligarchy is, broadly speaking, devoid of ideological rationality. Notwithstanding rhetorical broadsides or the peril that certain prominent businessmen face, Carthage's policies toward capital—and toward Tunisia's grand families in particular—are far from antagonistic: Through bond issuance, tax code welfarism, and wage restraint policies, in fact, Saied's rule has helped boost the fortunes of many capitals while more generally redistributing income and wealth upward.

3. The regime's crackdown on members of the oligarchy is also disembedded from a coherent developmental strategy. Though the profit rates of financial houses and large family-owned industrial groups have been elevated by policy choice and inertia, Saied has not incorporated these parties or any others into a growth coalition. Lines of communication between Carthage and principals relevant to the economy are non-existent. Coordination between other state institutions and the business community is also limited and typically siloed within the fiefdoms of individual ministries. The absence of a developmental partnership between state and capital shows up most clearly in investment figures, which have been markedly weak over the past three years.

4. If principles could be ascribed to economic governance under Kais Saied, they would be indifference and fear.

5. On indifference, excepting when prompted into action by crisis, the President has generally taken only passing interest in the economy. At the time of writing, Carthage does not employ a single economic advisor. To date, the President has also foregone attempts at rethinking how the economy ought to function, and he has made no effort to shift the personnel entrusted with developing and administering policy.

6. Fear was inserted into the heart of Saied's economic governance once desperation set in, triggered by budgetary shortfalls, debt repayments, and the stalling out of growth. Fear's utility to Carthage appears to be extortionary: it is seen as a means of forcing either capital transfers or behavioral change from prominent businessmen.

7. In a macro sense, Saied's governing through indifference and fear begets paralysis within the business community. Uncertain about where policy is headed and uneasy with the manner with which the law is being interpreted and applied, the majority response is to limit investment and reduce the amount of one's personal wealth that is exposed to the authorities.

8. The consequences of Saied's economic governance and non-intentional approach to state-capital relations are significant and likely to grow with time. The incoherence of Carthage's line translates first to insufficient investment and by way of this, to weak job creation and productivity. More than lowering Tunisia's development trajectory, these outcomes threaten social peace and political stability.

Executive Summary

Kais Saied's approach in engaging major business interests in Tunisia is laden with contradictions. On the one hand, facing a growing debt burden and another year of weak growth in 2023, the authorities would commence a crackdown on members of the country's oligarchy, Marouane Mabrouk prominently included. At the same time as the regime was extorting and/or bringing legal charges against the principals in question, however, it was also quietly delivering a bonanza for other prominent capitals. Major multisector conglomerates enjoyed banner years in terms of revenues last year. Resident banks, cashing in on the state's debts, took home massive profits as well (as they have since 2021). Foreign investors fared well, too, benefiting indirectly from the state's wage restraint policies.

Taking the incoherence of the regime's dealings with the business community as its prompt, this report attempts to make sense of contemporary economic governance and contemporary state-capital relations in Kais Saied's Tunisia.

Regarding governance, findings suggest that Carthage engages questions of economic development with indifference, allowing inertia and path dependence to set the policy agenda. Consequence of this, the ruling regime has retained the legal and regulatory structures which have long since privileged Tunisia's elite while acquiescing to the grand families' consolidation of their banking cartel. When economic conditions worsened across 2022 and 2023, indifference did need partially give way. In substance, the crisis management-related actions taken by the President thereafter consisted of a squeeze on select oligarchs and the selling treasuries to domestic financial institutions. In effect, these actions helped paralyze investment while granting many of Tunisia's richest persons claims on the future income streams of formal workers and low and middle-income households.

Regarding state-capital relations, our report argues that while Saied has boosted profit rates for many of Tunisia's largest corporate actors, he has failed to establish a developmental partnership with the business community. Indeed, uncertain about the policy direction and the possible spread of his crackdown, business is, despite its profits, holding back on new capital deployments. The knock-on effects of the business community's withholding investment are pronounced. Critically, they underlay Tunisia's ongoing crises of joblessness, informality, and productivity. Looking forward, State-Capital Relations in Kais Saied's Tunisia contends that the absence of a viable developmental partnership may threaten social peace and the political stability of Saied's rule.

1. Introduction

On the seventh of November 2023, around the time that early drafts of the Loi de Finances for 2024 were revealing billion dinar spending gaps, Marouane Mabrouk was placed under arrest. A son-in-law of Ben Ali prior to his divorce from the former Tunisian dictator's daughter Cyrine, at the time of his detention Mabrouk was co-director, alongside his brothers Ismail and Mohamed Ali, of Tunisia's second largest holding company, the eponymous Groupe Mabrouk.

Marouane's jailing followed a breakdown in negotiations with the Commission Nationale de Conciliation Pénale (CNCP). Though details are still forthcoming, the crux of the matter looks to have been money. According to Africa Intelligence, the CNCP, established to administer Kais Saied's amnesty initiative—which aimed to restore Tunisia's economic vitality by offering indemnity for business crimes past in exchange for cash and/or "social" investment—was looking for three billion Tunisian Dinar (TD) from Mabrouk ($969 million at the prevailing exchange rate). By the count of Saied's lieutenants, this was the penance that the mogul, sanctioned by the European Court of Justice for nearly a decade running after the 2011 uprisings, needed make for sins like an allegedly ill-begotten acquisition of Orange Telecom's local affiliate in 2010 to be forgiven[1]. Alas, after proving unwilling and almost certainly unable to come up with the cash requested, magistrates wound up charging Mabrouk with a range of crimes: money laundering, financial improprieties, and bribery of a public official[2]. Nor was he the only businessman arrested on November 7th. Brought in as well was Abderrahim Zouari. A many-time minister under the pre-revolutionary regime and senior party apparatchik within the Rassemblement Constitutionnel Démocratique (RCD), Zouari was Vice President of Stafim Peugeot—holder of monopoly concessions for Peugeot, Opal, and, since 2021, Citroen—when the authorities came for him[3].

The state's moves against Mabrouk and Zouari—executed on the 36th anniversary of Ben Ali's medical coup against Habib Bourguiba—represented less a policy pivot than Carthage's turn to big game hunting. Indeed, the two men were only the most recent oligarchs to come into a spot of trouble with Saied's regime.

In February 2023, Kamel el-Taief, co-founder of the construction giant Somaco—and since Ben Ali, one of Tunisia's most influential behind-the-scenes players in Tunisian politics—was picked up for alleged involvement in conspiracy. Noureddine Boutar, owner of Mosaïque FM, Tunisia's leading independent radio station, was as well: Charged with money laundering in addition to conspiracy, Boutar was only released on bail in May[4] 2023. This past September, meanwhile, Hassine Doughri,

[1] That Mabrouk's assets had already been frozen and subjected to a number of domestic inquiries over the previous ten years—judicial probes which, spuriously or not, thrice cleared his name—was, it seems, immaterial.
[2] Leaks from his lawyer suggest the government's case relates to dealings with Saida Food Groups, a cakes and chocolate company Mabrouk has directed in which the state retains an equity stake. For more details on the affair, see: Marwane ben Yahmed, "Ce que l'affaire Marwane Mabrouk dit de la Tunisie de Kais Saied", Jeune Afrique (November 22, 2023). Africa Intelligence, "Les grandes fortunes plus que jamais dans le viseur de Kais Saied", L'événement: Africa Intelligence (October 12, 2023).
[3] Staff Writer, "Tunis court of first instance grants bail to Abderrahim Zouari", Tunisie Numerique (December 22, 2023). Statements from the spokesman for the Tunis Court of First Instance specify that Zouari is to face charges of graft related to the Office of the Merchant Navy's purchase of seven vehicles.
[4] Staff Writer, "En Tunisie, le journaliste Noureddine Boutar libéré sous caution," Agence France-Presse (May 25, 2023).

one of the grand figures of Tunisian finance, was arrested by agents from the El Aouina National Guard's Financial Crimes Brigade and brought before an examining magistrate at the Tunis Court of First Instance. He faces charges of money laundering and financial corruption[5]. Jailed the same day as Doghri, moreover, was Mohamed Frikha, a former parliamentarian, Ennahda party member, and current owner of Telnet and Sypahx Airlines. Rumor suggests Frikha, a one-time confidant of Moncef Marzouki, will be charged with fraud and skipping out on his debts[6]. Late 2023 also saw Ahmed Rjiba, former Chairman of the partially state-owned Banque de l'Habitat, Director General of Arab Tunisian Bank between 2019 and 2022 (and a man once known as a "friend of governments"), hauled in over allegations of financial mismanagement[7]. Around the same time, Ridha Charfeddine—founder and CEO of UniMed, one of Tunisia's largest pharmaceutical companies—was charged with a number of corruption-related crimes, too. And while as yet spared of criminal charges, increasing pressure from regulators has undoubtedly spelled a reversal of fortunes for the Loukil brothers, heirs to one of Tunisia's grand business empires. In July 2023, the Conseil du Marché Financier launched Article 175 procedures against four of the brothers' publicly traded firms. At this process' conclusion, the firms in question will either be kicked off the stock exchange or subjected to a public buy-out[8]. Adding insult to injury, since summer 2023, Bassem Loukil has been banned from leaving the country.[9]

Looking forward, there are signals to suggest that the judicial authorities' dragnet, having already swept up many an oligarch, could widen further. January 2024 amendments to Décrét-Loi no.13—the legislation governing penal reconciliation—granted the President de facto discretion over appointments to and dismissals from the aforementioned CNCP. They also got rid of the appeal process previously afforded the accused and lifted the Conseil National de Sécurité (CNS), which the President chairs, to the catbird seat within reconciliation procedures, vesting the body with the final sign-off over arrangements reached through CNCP negotiations.[10] Insofar as the President is himself unencumbered by meaningful check or balance, in effect, these reforms have rendered the CNCP Saied's personal juridical weapon. If the state's fiscal position degrades further over the course of 2024, as looks likely, it is not difficult to imagine him making use of it. Notably as well, the amendments in question installed mechanisms for collective punishment: For those deemed guilty by the CNCP, not only are the assets of principals who have fled the country subject to state seizure, but the assets of their spouses, siblings, and children.[11] With the burden of recompense falling so widely, the regime undoubtedly has the capacity to go after the narrow clique of blue bloods who have long since controlled Tunisia's private sector.

More troubles for the oligarchs: Saied's turn on the state-owned banks

Complicating matters further for Tunisia's oligarchy is Carthage's inquiries into Tunisia's three largest public banks. These institutions have served as longtime creditors not only to trouble state-owned enterprises, but to the firms of politically connected luminaries. They came under scrutiny beginning in 2021, when a Court of Auditors investigation determined that Banque de l'Habitat (BH), Banque Nationale Agricole (BNA), and Société Tunisienne de Banque (STB) had behaved recklessly in granting loans, setting interest rates, and monitoring debtors.[12] In the fall of 2023, Kais Saied paid the executives of BNA two very public (and unannounced) visits, where he intimated of plans to investigate financial improprieties in full.[13] Should this all lead to a turning off of the credit spigot, it is plausible that Tunis and Sfax's bluebloods might soon be facing problems of liquidity, amongst many other things.

[5] Staff Writer, "En Tunisie, Kais Saied met la pression sur les entrepreneurs", Jeune Afrique (October 5, 2023).
[6] Raouf Ben Hedi, "Mohamed Frikha, quand finit l'opportunisme et commence l'injustice", Business News (September 14, 2023).
[7] Kawthar Zantour, "A political 'earthquake' has shaken the foundation of Tunisia's banking dictatorship", Al Majalla (October 3, 2023).
[8] Mathieu Galtier, "Le groupe tunisien Loukil est-il à l'agonie?", Jeune Afrique (July 11, 2023).
[9] Nor should one forget the fate of Imed Trabelsi. Though the Court of Cassation validated his reconciliation agreement with the (now disbanded) Truth and Dignity Commission (IVD) in August, Trabelsi, the famously favorite nephew of Ben Ali's wife Leila Trabelsi, remains in prison, the CNCP apparently still reviewing the terms of the 400 million TD penalty that had been agreed with the IVD. Frida Dahmani, "En Tunisie, les espoirs déçus d'Imed Trabelsi", Jeune Afrique (August 21, 2023).
[10] Asmaa Slaimia, "Penal reconciliation in Tunisia: The ends justify the means", Legal Agenda (February 1, 2024). Staff Writer, "Kais Saied tightens grip on commission for criminal conciliation", Africa Intelligence (February 2, 2024).
[11] Frida Dahmani, "En Tunisie, Kais Saied va-t-il vraiment durcir le mécanisme de conciliation pénale?", Jeune Afrique (January 5, 2024).

Surveying, as we just have, the pulpy stories filling the business press in recent months, one could be forgiven for thinking Saied's self-coup on July 25th 2021 darkened the picture considerably for the Tunisian elite. There are other data points, however, which suggest the opposite.

Consider life for those in the banking sector—Marouane Mabrouk, through his holdings in the country's largest commercial bank BIAT, very much included. While the specter of a crash has haunted the past three years, Saied's rule did usher in a near historic boom for Tunisian financiers. Revenues from securities investments jumped massively due to the banks' unprecedented acquisitions of government debt, the purchase of which has been eased through the Banque Centrale de Tunisie's (BCT) refinancing operations. Where contributing a mere 4% to bank profits as recently as 2012, securities investments, the vast majority of which are allocated to government treasuries, are now generating more than 20%. Interest income—though subject to a higher tax rate starting in 2023—is up, too.[14] In this line of business, creditors are cashing in on the interest rate hikes administered by the BCT and the 2.76 TD billion in syndicated loans that locally operating banks have provided to the Ministry of Finance since 2021.[15] Through what looks a whole lot like collusion to observers from the OECD, bank revenues from fees charged to account holders are also skyrocketing, to the degree that they now cover 70% of banks' fixed costs.[16] Fees collected from commissions charged on financial transactions have climbed considerably as well, largely as a result of the BCT's aforementioned refinancing operations.[17] Add it all up and the profitability of Tunisia's banks in the past three years, while increasingly derived from their exposure to a risky sovereign borrower, exceeds the profitability of Europe's by a sizable margin.[18] Of note, Saied's rule has also been contemporaneous with, if not conducive to, Tunisian captains of industry building up larger positions within the banking sector.[19] Inasmuch as the dividends paid out of banking profits amount to more than 40% most years[20], this has meant that most the country's wealthiest persons directly benefited from the ongoing bull run.

Central Bank Reform Threatens an End to the Boom Times for Tunisian Financiers

Without diminishing the 2021-2023 boom, one should acknowledge that reforms to Tunisia's central bank law, adopted by parliament in February, will likely bring the good times to an end soon. Marking a sharp pivot from the post-2016 era of central bank independence, these reforms allow the Banque Centrale de Tunisie (BCT) to directly purchase seven TD billion worth of (interest-free) debt from the Ministry of Finance this year. By the letter of the law, BCT financing of the state budget is not to be a regular occurrence but an emergency, one-time measure. Regardless, a rubicon has been crossed. This crossing pertains to the commercial banks in that the BCT's looming entrance into the bond market squeezes out a primary revenue stream. Furthermore, while risks of an inflationary spiral are somewhat limited by the BCT's financing being primarily earmarked for capital expenditures, the BCT's entrance also threatens a major expansion to the money supply, and, in degrading the balance sheets of the commercial banks, a proper financial crisis.

[12] Zantour (2023),
[13] Staff writer, "Panama Papers: les personnalités concernées dans le collimateur de Kais Saied", Réalités Online (September 19, 2023).
[14] Tommaso Majer, Saied Kechida et al, Competition market Study of Tunisia's Retail Banking Sector, Report: OECD Publishing (Paris, 2024).
[15] Two different syndicated loans were arranged in 2023, worth a total of 1.15 billion TD. In 2022, the figure was 341 million TD. In 2021, the relevant total was 1.27 billion TD, though it should be acknowledged that a portion of that was borrowed prior to Saied's coup in July. See: Tunisie Valeurs, "Buoyant bond market and the crowding out effect", Comment: Tunisie Valeurs (April 24, 2023). Staff Writer, "Tunisia has borrowed around TND 1,150 million from local banks in 2023", African Manager (October 12, 2023). Fitchwire, "Tunisian banks' increasing profits mask growing liquidity, solvency risks", Fitch Wire (November 6, 2023).
[16] Majer, Kechida et al (2024): 71
[17] Staff writer, "Face à une conjoncture degradée, les banques tunisiennes prises entre le marteau et l'enclume", Jeune Afrique (October 5, 2023).
[18] Majer, Kechida et al (2024): 23
[19] Ibid.
[20] Dividends are taxed at a rate of only 10% in Tunisia.

Outside finance, many of Tunisia's prominent multisector conglomerates have also fared fine. The country's largest holding company, Poulina Group Holding (PGH), controlled since its foundation by the families Bouzguenda, Bouricha, and Ben Ayed, printed record revenues in 2022. [23] If earnings reported for the first three quarters of 2023 (3.02 TD billion) are anything to go by, the group likely eclipsed that mark again last year.[24] Moncef Sellami's One Tech Holding, another exporter of cables and mechanical and electric parts to the auto industry, enjoyed major increases in export income in 2022 (+13.7%) and 2023 as well.[25] The new day dawning has been a relatively pleasant one for Tunisia's largest industrial group and exporter—Groupe Elloumi—too. Taking advantage of eastern Europe's Russo-Ukraine-derived troubles[26], business for Cofat and Coficab, the Elloumi's autopart manufacturing companies, remains healthy: The 2023 opening of a new factory for electric harnesses in Kairouan—meant to further leverage Cofat's monopoly position as the sole manufacturer of electric harnesses within the Middle East and Africa—attests well to this fact. [27] Though presently at odds with the state at the time of writing over non-delivered capital, the family was also able to acquire a 60% share in (the highly indebted) Banque Tuniso-Kuwaitienne (BTK) for a pittance under Kais Saied's watch.[28]

If undoubtedly strained by the pandemic's impact on tourism, the Groupe TTS, directed by Karim Miled, has nonetheless survived the times well enough to continue its own march toward financial hegemony, pushing its ownership stake in BIAT to 14.55% last spring.[29] Reveues from across Groupe Bayahi's diversified empire, meanwhile, including its aluminum smelter TPR, have tracked up enough to fund a stock buy-back from the already majority and now 82.25%-owned La Société Magasin Général. The latter's retail business brought in just short of a billion TD in 2023.[30] All likewise appears strong within the Chaibi family's multisector empire. Revenue streams into the family's holding company, Groupe UTIC, evince consistent growth, with its retail and distribution wing—especially the subsidiary Ulysse Hyper Distribution, which holds a 75% share in Carrefour Tunisie—witnessing Euro-denominated income and profit jumps in excess of 10% in both 2022 and 2023.[31] The Bouchammaoui and Chabchoub families, lastly—majority owners of City Cars, Tunisia's monopoly Kia dealer—have been earning enough to grow their stake in UIB, another of Tunisia's banks, to over 10%[32].

Foreign capitals, export-minded ones in particular, have also waded through the political turbulence of the Saied era without suffering grave injury. For these parties, Tunisia has long been one of the cheapest purveyors of skilled industrial labor around. The current President's governors only enhanced the country's cost competitiveness by freezing public sector hiring and getting the UGTT to accept pay hikes well below the inflation rate (3.5%) in September 2022. [33] Even if many foreign exporters demonstrate a recent investment preference for Morocco—its port infrastructure and political climate being far superior—Carthage's wage compression has undoubtedly steadied profit rates for existing operations. Profits for those in the textile industry are high enough that the textile employers' organization agreed in January 2024 to increase wages by 20% over the next three years.[34] The bottom line of Leoni Tunisie, local affiliate of the German auto-part manufacturing multinational and one of the largest employers in Tunisia, was healthy enough for the firm to announce salary increases of 6.75-8.5% in January 2024. [3(Likewise, business for Sweden's Autoliv,

[21] Staff writer, "La Banque centrale de Tunisie autorisée à financer le budget", Jeune Afrique (February 7, 2024).
[22] Mathieu Galtier, "La Tunisie prête à compromettre sa Banque centrale pour régler son déficit", Jeune Afrique (January 31, 2024).
[23] Mathieu Galtier, "En Tunisie, jeu de chaises musicales dans les conseils d'administration", Jeune Afrique (June 20, 2023).
[24] Mohsen Tiss, "Poulina Group Holding: Un chiffre d'affaires de plus de 3 milliards de dinars à fin septembre", Tunisie Numérique (October 23, 2023).
[25] Staff writer, "One Tech Holding: Chiffre d'affaires 2022 boosté par les exportations", Kapitalis (January 21, 2023).
[26] Claire Nuttall, "EBRD 2022: Auto components manufacturing starts shift from war-afflicted Emerging Europe to North Africa", BNE Intellinews (May 12, 2022).
[27] Staff Writer, "Elloumi Group: Cofat's plan to multiply Stellantis and Volkswagen contracts", Africa Business+ (April 11, 2023).
[28] Khaled Boumiza, "Le pari à 250 MDT du groupe Elloumi pour sauver sa banque sous risque de liquidation", African Manager (October 9, 2023).
[29] Omar el Oudi, "Groupe TTS racheté au Groupe HACHICHA pour 50 millins de dinars d'actions BIAT", IlBoursa.com (March 24, 2023).
[30] See: Staff writer, "Les chiffres de TPR des Bayahi, toujours à la hausse", African Manager (April 18, 2023). Staff writer, "Près d'un milliard de dinars de chiffre d'affaires pour Magasin Général en 2023", Ilboursa.com (January 22, 2024).
[31] Omar el Oudi, "Carrefour Tunisie enregistre un chiffre d'affaires record en 2022", Ilboursa.com (February 16, 2023).
[32] Staff Writer, "Bouchammaoui and Chabchoub take a stake in UIB", African Manager (February 19, 2024).
[33] Tarek el-Tablawy, "Tunisia agrees wage hikes with powerful union key to IMF talks", Bloomberg (September 14, 2022).
[34] Staff writer, "20 per cent wage increase for textile workers in Tunisia", Report: Industri-all Union (January 17, 2024).
[35] Talel Bahroury, "Heureux les employés et cadres de LEONI Tunisie !", L'Économiste Maghrebin (January 22, 2024).

another autoparts supplier, was of a strength to allow the recent inauguration of a 2200-employee factory in Zaghouan.[36] Earnings for Kromberg & Schubert, meanwhile, the German autocables specialist, are such as to fund a workforce expansion of 2500.[37] And the Netherlands' Unilever clearly finds the policy mix on offer in Tunisia suitable enough: In deciding where to cut back as part of a business consolidation operation, the multinational opted to shutter its Morocco factory and retain its Tunisian one.[38]

As a general note, moreover, corporate and actual persons of wealth have, throughout the tenure of Kais Saied, continued to benefit from a tax code expressly biased in their favor. [39] For those with major positions servicing the domestic market—like the Bayahi (via Magasin Général) and Chaibi families (via UTIC's control of Carrefour, Fnac, and Darty)—the squeeze on wages touched on above has also made extracting hyper profits from the inflationary conditions which set in beginning in 2022. The same can be said for France's Groupe Castel, which owns roughly 65% of the fifth largest company on the Tunisian stock exchange, the beer and soda producer Société de Fabrication des Boissons de Tunisie.

And so, while undoubtedly eating into business confidence and provoking investment restraint[40], the confused policy mix of the Saied regime has hardly been unfavorable for certain fractions of capital. If the President is the architect of a low-growth economy loaded with risk—hardly a businessman's first choice—that is not to say that he's left everyone high and dry.

What, then, are we to make of state-capital relations in Kais Saied's Tunisia? Are the varied fates of the country's scions the result of market whimsy and earnest law enforcement, or can a political economy be discerned? How do profit seeking and power reproduction intersect at our present juncture? What role does Saied envisage for the state at this juncture—whether the Banque Centrale de Tunisie, or the (primarily) state-owned banks? What social consequences are implied in the contemporary financing of the state's debts? Where does the leverage currently lie in bargaining between Carthage and the souk? Most importantly, perhaps, what are the consequence of Kais Saied's approach to capital—socially, politically, and developmentally?

While mindful of our closeness to events, this report posits tentative answers to each of these questions. Organizationally, it proceeds as follows:

Immediately following this introduction, salient changes to policy and governance introduced since July 25th, 2021 will be appraised. As the issuance and management of sovereign debt is at the heart of these matters, particular attention is devoted to public finances. From there, an attempt will be made at abstracting the relation which currently prevails between the regime and both domestic and foreign capitals. Situated thusly, the report will then conclude by analyzing the developmental, social, and political consequences of contemporary state-capital relations.

[36] Staff writer, "Le suédois 'Autoliv' crée 2200 emplois en Tunisie", Managers (March 16, 2023).
[37] Leila ben Mansour, "Kromberg & Schubert Tunisie annonce la création de 2500 emplois à Beja", Magazine Enterprises (July 24, 2023).
[38] Staff writer, "Alerte investissement: Unilever quitte définitivement le Maroc", Maroc Hebdo (January 9, 2024).
[39] For an excellent overview, see: Alexander Kentikelensis, Amine Bouzaiene, Sahar Mechmech, Rowaida Moshrif, and Nabil Abdo, "The Middle East and North Africa Gap: Prosperity for the rich, austerity for the rest", Briefing Paper: Oxfam (October 2023).
[40] On business confidence, investor surveys conducted by the Institut National de la Statistique (INS) have consistently documented declining sentiment amongst the managers of industrial firms and directors of private enterprises. On investment, the INS recorded a decline of more than 3% in investment for the first ten months of 2023 (the latest date for which data was available), a decline one should note that is measured against 2022's already depressed figures. See: Staff writer, "Tunisia: volume of reported investment decreases by 3.2% at end of October 2023", African Manager (November 29, 2023).

2. Economic (mis) management since July 25th

From the earliest days of his self-coup, Kais Saied has taken but passing interest in the economy. Where and when economic matters have caught his attention, moreover, they have provoked inconsistent (if not incoherent) responses.

Examples of the President's capriciousness are at this stage legion. To date, subsidies have been retained on essential goods, proof of the President's refusal to bend the knee to the IMF. As mentioned, however, wages and public sector job creation have been harshly restricted, just as the Fund requests. The cause of the disinherited and of communitarian enterprises are championed in speech after speech. Alas, Saied has acquiesced to the non-enforcement of a decree law on excessive interest rates which he himself signed in October 2022, a law which would undoubtedly benefit those very parties. [41] He has also made no effort to change regulations for the microfinance institutions which are the primary creditors of Tunisia's most vulnerable: Still exempt from interest rate limits, microfinanciers impose usurious lending rates averaging north of 31%. [42] Pronouncements on the importance of self-reliance ring the halls of Carthage incessantly. And yet, as they echo, Tunisia has been made a pilot for Giorgia Meloni's neocolonial "Mattei Plan." Payment for critical cereal imports required the interventions of the European Bank for Reconstruction and Development. The upgrading of critical infrastructure—like the Office des Céréales' grain storage facilities and the power grid overseen by the Société Tunisienne de l'électricite et du gaz (STEG)—is still dependent on external capital, principally, funding from the European Investment Bank. [43] Grand development strategies like the Note d'Orientation Tunisie 2035 remain anchored to the World Bank Group's Country Partnership Framework. And Saied's Minister of Finance acknowledges that a more general outsourcing of planning to consultants is the norm [44].

[41] Mohamed ben Abderrazek, "Set by presidential decree: thresholds for excessive interest rates have not been issued since January", Tunisie Numérique (September 30, 2023).
[42] Tommaso Majer, Saied Kechida et al., "Competition Market Study of Tunisia's Retail Banking Sector", Report: OECD (December 2023).
[43] On the infrastructure upgrades, see: Press Statement, "EIB Global mobilises substantial resources in Tunisie with €215 million in new financing in 2022", European Investment Bank (February 17, 2023). On cereal imports, see: European Bank for Reconstruction and Development, "Country Assessments Tunisia: Business Unusual", Transitions Report 2022-2023 (2023).
[44] Frida Dahmani, "Ce projet que Giorgia Meloni veut vendre à l'Afrique", Jeune Afrique (January 29, 2024). Staff Writer, "Rehabilitation of planning, pending economic role of the state", Africa Manager (December 1, 2023).

Vows "never to give up on state-owned companies" are frequently heard from Carthage as well: Nebulous actors are accused of compromising these firms from within so as to facilitate their privatization, and a Minister of Economy and Planning (Samir Saied) was even sacked in part as result of pro-privatization positions. [45] At the same time, the financing mobilized to support SOEs does not allow for these representatives of the national patrimony to actually invest. What is more, official statements from the Ministry of Industry, Mines and Energy make clear that public sector performance is declining and viewed as a major problem by senior bureaucrats, and the Minister hired to replace Samir Saied, Feryel Ourghi, went on the radio immediately after her appointment to defend the legacy of Tunisia's great liberal reformer, Hedi Nouira. [46] Comings and goings at the aforementioned Banque Nationale Agricole (BNA) speak to the Saied era's unintelligibility, too. The institution has been censored by Carthage for profligacy, exploitative lending practices, and abandoning its social mission. A director general at the bank (Mondher Lakhal) was even dismissed for complicity in such alleged sins. [47] A look at the books, however, shows, that the BNA's credit is typically extended at submarket rates and that its troubles stem from thirty percent of outstanding loans being allocated, by what amounts to orders from the state, to the Office des Céréales, the entity entrusted with securing and pricing Tunisia's grain supply. [48]

If there is rhyme or reason in any of this, or in Saied's setting of the magistrates loose on selective businessmen, it not easy to see.

While the contradictions which are constitutive of Kais Saied's economic governance should chasten against attributing intention where whimsy and contingency lie, it is still possible to determine the functional consequence of the President's vacillations. By design or not, his decisions have, after all, crafted a modality of business-state relations bearing sizable distributive and growth-related effects for Tunisia. A political economy of Tunisia's new autocracy, though tenuous in nature, can be sketched.

Indifference begets uncertainty

Two principles can be attributed to the economic governance of Kais Saied. The first and most lasting is indifference. This is most easily observed in the domains of personnel, planning, and policy implementation.

On the first score, there is no Saiedist cadre of economic specialists to speak of. Since Hassan Badhief's departure in January 2022 after eighteen months of service, the office of the Presidency has not even employed an economic advisor. [49] Nor, for that matter, has Carthage taken meaningful advantage of the affiliated think tank (the Institut Tunisien des Études Strategiques) it has at its beck and call when it comes to questions of economic development. Appointments of ministers and other senior officials, meanwhile, appear devoid of any ideological rationale. Evidence suggests that those recruited to manage significant economic portfolios are selected primarily with an eye on docility and (in)ability for building an alternative power center to Carthage. In background, they have tended to hail from either the socially isolated spaces of academia or the networks of the École Nationale d'Administration, the latter of which shows itself broadly sympathetic to Saied's autocratic putsch. [50]

[45] Kawthar Zantour, "Tunisia breaks with four decades of privatisation policy", Al Majalla (November 27, 2023).
[46] See: Minstère de l'Industrie, des Mines et de l'Énergie et Groupe de la Banque Africaine de Développement, "Stratégie Industrielle et d'Innovation Horizon 2035", Final Report (Tunis, June 2022).
[47] Staff writer, "Tunisie: Kais Saied s'attaque à la corruption au sein de la BNA Bank", Kapitalis (September 15, 2023).
[48] See: Banque Centrale de Tunisie, "Statistiques Financières: Juillet 2023", Report no.223 (2023). On the BNA's exposure to the Office des Céréales, see: World Bank Group, "Tunisia Economic Monitor: Migration amid a Challenging Context", Report (Fall 2023): 8-9
[49] Author correspondence (Paris, December 2023).
[50] For a full discussion of this sympathy, see Hatem Nafti "Kais Saied and Tunisia's High Functionaries", Noria Research (April 2024). As a general point, the high functionaries support for Saied's project can be attributed to the dislocation experienced during the democratic transition. Not only did the transition bring political volatility: it also allowed upstarts from civil society to jump the ranks of the bureaucracy in acquiring posts at the cabinet level. See: Andrea Carboni, "Non-party ministers and technocrats in post-revolutionary Tunisia", The Journal of North African Studies 1 (February 2022).

All the President's Academics?

Consequence of the logic chosen in making appointments, contemporary senior government officials—whether in the Cabinet or posted to lead institutions like the Banque Centrale, Investment Promotion Agency, state-owned commercial banks or the Conseil de la Concurrence—evince little in the way of ideological consistency.

If events showed him willing to discard principals for political survival, the governor of the Banque Centrale for the first two-and-a-half years of Saied's tenure, Marouane Abassi, was hardly a fellow traveler in sovereigntist resistance. A Paris-trained technocrat of the Ben Ali regime turned World Bank economist and office director, Abassi was long a public defender of limited, price stability-anchored monetary policy—a defender, in other words, of the policy approach that Kais Saied threw into the dustbin of history this winter. His replacement as BCT governor, Fethi Zouhair Nouri, comes to his post after a lengthy career in academia and a brief time on the board of the central bank. While past criticisms of the IMF on social media hint at a more Saiedist personality, classifying Nouri is complicated: Other statements acknowledge the necessity of both bringing food prices into closer alignment with market rates and continuing negotiations with the Fund. [51]

Minister of Finance Sihem Boughdiri Nemsia is an ENA graduate and high functionary par excellence. Overcoming the dissonance between the President's anti-corruption convictions and having spent her life's work as a specialist of a tax code so loose it led to Tunisia's being listed as a tax haven by the European Union in 2018—an ignominious designation that Boughdiri Nemsia was actually charged to see removed through leading negotiations with Brussels—she is one of Saied's longest serving cabinet members.

At the Ministry of Industry, Mines, and Renewable Energy, Neila Gonji—another high functionary and ENA graduate—was the first selected for the top job. Technocrat in outlook, she played, as requested of her, a key role in negotiations with the IMF and in preparing potential reforms to petrol subsidies only to be fired for doing so. [52] Alas, if one might expect her replacement to be cut of an ilk more aligned with Saied's self-styled third-worldism, that is hardly the case: The person in question, Fatma Thabet Chiboub, while not currently pursuing the subsidy reform mandate, cuts even more the figure of a liberalizer than the jettissoned Gonji, entering government following recent posts at Bizerte's free economic zone and at the Banque de Tunisie et des Émirats.

Atthe Ministry of Economy and Planning, the previously discussed Samir Saied's discordance from the President's vision was obvious from the very start: A commercial and investment banker by trade, the one-time Minister's very conception of economic development—never mind his outlook on the necessity of an IMF lending arrangement—could be no more incongruous to the self-reliance mantras uttered by the President. His successor, Feryel Ouerghi, may be less likely to either speak out of turn or mettle with the moneymen who can sway Tunisia's fate, arriving at her new gig after a long, somewhat anonymous tenure at the École Supérieure des Science Économiques et Commerciales de Tunis. Nevertheless, and though some of her writings intimate an affinity with aspects of Saied's scattershot economic "program" [53] —particularly publications on exchange rate, macro prudential, and financial development—Ouerghi can hardly be classified as a Saiedist acolyte.

[51] See: Mathieu Galtier, "Kais Saied choisit Fethi Zouhair Nouri comme nouveau gouverneur de la BCT", Jeune Afrique (February 15, 2024).
[52] Ghaya ben Mbarek, "Tunisian President Kais Saied fires energy minister after petrol-price comment", The National News (May 5, 2023).
[53] Ouerghi has written in favor of fixed exchange rates and macroprudential rather than monetary-led approaches to financial system management in the case of emerging economies. She has also written critically on financial development, questioning its impact on economic growth. These positions could be said to line up with Saied's under-articulated preferences. See: Feryel Ouerghi and Oussemma Hammami, "Impact of monetary and macro prudential policies on financial stability", SAARJ Journal on Banking & Insurance Research 10:5 (2021). Feryel Ouerghi, "Banking crises and exchange rate politics", Journal of Applied Finance and Banking 2:6 (2012). Feryel Ouerghi and Tayssir Ouesleti, "Développement financier et croissance économique: Une étude de l'impact indirect via l'instabilité financière", Finance & Finance Internationale 1:23 (2022).
[54] This strategy, entitled the 2015 Note d'Orientation Stratégique, informed the (hardly implemented) Plan Quinquennal 2016-2020).

Selections to run the Ministry of Trade and Export Development, initially Fadhila Ben Rebhi before she was axed in favor of Kalthoum Ben Rejeb, present no link to a developmental worldview, either. Having been a director of research and economic competition for the Ministry of Trade during the late Ben Ali era—a time of famously little economic competition—Ben Rebhi was a somewhat odd choice to start off with. Swapping her for Ben Rejeb, a jurist by training and fiscal officer by profession, alas, clarified little about the policy agenda of Team Saied.

Finally, despite leveling considerable criticisms at Tunisia's (partially) state-owned banks—the Banque Nationale Agricole, Société Tunisienne de Banque, and Banque de l'Habitat and two far smaller development banks—Saied has displayed little energy for maneuvering trusted lieutenants into the roles of CEO. As mentioned in the introduction, Mondher Lakhal was dropped from his perch at BNA due, in no small part, to Saied's interventions, but he has not been swapped for a loyalist of the President: the bank's deputy CEO, Ahmed ben Moulehom, continues to run the institution at the time of writing. At STB Bank, Carthage's aloofness is such that an interim CEO, Znati Jouini Lassaad, has called the shots for nearly eighteen months. And at Banque de l'Habitat, the director general, Wajdi Koubaa, hardly fits the profile of a Saiedist. Koubaa's career up to this point was pursued with BNP Paribas, Groupe BPCE, and as CEO of the Banque Tuniso-Koweitienne: not exactly the training grounds for learning how to tether credit to a larger political or social project. To the contrary, Koubaa looks a man more likely to be Rached Horchani's. Arguably Tunisia's most influential financier, Horchani not only holds a major equity position in Tunisia's largest bank, BIAT, but shares sufficient to make him the second biggest owner of Banque de l'Habitat.

One of the effects of the President's listlessness when it comes to personnel is to deprive policy development of purposefulness. With no one actively steering the ship in Carthage, no coordination mechanisms put in place, and no ideological cohesion amongst senior apparatchiks, the strategic documents meant to guide Tunisia are that only in name. Shaped by path dependence more than anything else, they are largely indistinguishable from the boilerplate proposals which led the democratic transition down a cul-de-sac.

Indeed, planning inertia is observable across every policy domain. Officially anchoring current developmental strategy is the previously touched on Note d'Orientation Tunisie 2035. Published in July 2022—well after Tunisia's long-running economic malaise commenced a coronavirus-powered turn toward crisis— its contents stray little from the aspirations and nominal principles delineated in the 2016 national development plan that was released by the government of Beji Caid Essebsi [54] : Both texts are relatively light on substance but heavy on World Bank-borrowed watchwords like good governance, anti-corruption, private sector- (and export)-led growth, financial development, diversification, business climate enhancement, social and regional inclusion, and transition to a green and knowledge-based economy. Subsequent attempts at refining and lending sectoral specificity to the Note d'Orientation bear the marks of self-plagiarism, too. The Social and Economic Development Plan 2023-2025, meant to go into effect starting in the summer of 2023, again places emphasis on non-descript signifiers like private sector investment and business climate improvements. It also motions toward intentions to juice phosphate and manufacturing exports, ignoring, it seems, that the Tunisian phosphate industry is presently compromised by the exhaustion of easy access reserves, capital depletion, ecological fallout, and atrophying transportation networks. [55] The one area where the three-year development plan breaks novel (and positive) ground is its pledges of significant public resources ($12.3 billion) for capital investment. In light of existing fiscal problems, however, these pledges strain credulity.

The tourism strategy put out by team Saied (Tunisia Tourism 2035: National Sustainable Tourism Strategy), meanwhile, is neglectful of the spread of insolvent zombie firms across the sector, a spread which is powering the non-performing loan ratios of Tunisia's banks. The strategy is also

[55] Mathieu Galtier, "En Tunisie, le retour en demi-teinte des exportations de phosphates", Jeune Afrique (October 30, 2023).

uninspired: As with plans past, Tunisia Tourism 2035 hitches a plot to more than triple tourism revenues (and jump the sector's share of GDP from the 2.2% of 2021 to a staggering 15% by 2035) through simplifying regulations, inviting entrepreneurship, and public-private partnerships.[56] Magical thinking if there ever was such a thing. How the Loi de Finances 2024's hiking of taxes on the wider tourism industry, inclusive of restaurants and cafes, is to spur this rejuvenation is not easy to see, either.

On paper, the Stratégie Industrielle et d'Innovation Horizon 2035 certainly contains little that is objectionable. The document presents solid analysis and thoughtful objectives for taking advantage of a historical moment animated by supply chain restructuring and an energy transition. Like past strategies, however, the Stratégie Industrielle struggles to convince how putting in place measures to make Tunisia more "attractive" for European investment will also facilitate the country's jump into higher returning segments of the value chain. The same critique can be leveled at the Stratégie Énergétique de la Tunisie à l'Horizon 2035 of the Ministry of Industry, Mines and Energy. The principles and targets laid out are all sensible. Contrarily, the tactics put forth for changing Tunisia's material condition—a condition exemplified by the fact of renewable energy receiving investment intentions of just TD 144,5 million in 2023, a more than 50% drop from the year prior [57] —strike as hopelessly inadequate.

Problematic in and of themselves, the deficiencies of policy planning that are engendered by Carthage's indifference are compounded in impact by deficiencies of implementation. The latter can be attributed to any number of variables. The non-cultivation of ideologically committed loyalists within the middle and upper ranks of the bureaucracy (itself a function of the failure to articulate a Saiedist economic ideology in the first instance) clearly plays a part, likewise the discordance between President and cabinet. The fact of Carthage's attentions being predominantly devoted to constitutional questions and reckoning with political enemies is undoubtedly relevant, too. So, of course, are the harsh realities of the state's fiscal standing. With nearly the entirety of annual budgets needing to be devoted to current expenditures—wages, transfer and subsidies, and interest expenses—, resources for putting any serious development plans into motion simply haven't been available. And then there are the effects of the shadow military junta which Saied has established to account for [58] : Final decisions over all matters of public policy, economic policy included, are taken by the President in consultation with a narrow clique of military officers, many of whom sit on the aforementioned Conseil National de Sécurité (CNS). Reporting suggests the most influential military officers are Mohamed el Ghoul (Chief of the Army), Adel Jhen (Chief of the Navy), Abderraouf Atallah (Senior Security Advisor and Admiral), Mohamed Hajem (Air Force Chief), and Mohamed Habib Dhif (Director of the National Intelligence, Security, and Defense Agency). [59] Though none presents competence in economics, it is with them and the President that the buck stops.

Whatever the cause, one winds up in a situation where national development strategies are not worth the paper on which they are written, and where the policies put into motion are dissonant to the state's notional objectives. Take the autoparts manufacturing industry as an example: While the Stratégie Industrielle et d'Innovation Horizon 2035 champions the industry's cause and seeks to promote its growth, in December 2023, the Hachani government made the abrupt decision to lift a 2016 ministerial decree dictating that any new car brand aspiring for a commercial presence in Tunisia agree to assemble its cars locally. Though the decision will undoubtedly redound to the favor of car dealers—and though it could bring prices down by easing market access for Chinese firms—this move will afflict significant damage on domestic assemblers. [60] In other words, the government is enacting a measure likely to directly undermine the realization of a development objective.

[56] Ministère du Tourisme et de l'Artisanat, Tunisia Tourism 2035: National Sustainable Tourism Strategy—Working Together to Build a 21st Century Travel Destination, Report (2023): 58
[57] See: Statements of Tunisia Investment Authority
[58] For more on this, see: Olivier Vallée, "L'armée tunisienne (volet 3): l'alliance entre Kaïs Saïed et les militaires", MondAfrique (September 17, 2023).
[59] Staff Writer, "The four influential officers that have Kais Saied's ear", Africa Intelligence (February 20, 2024).
[60] See: Staff Writer, "Car dealers in turmoil, both happy and worried", African Manager (December 15, 2023).

For the business classes, the pass-through effect of all this is to create a sense of profound uncertainty. Divining what the state's intentions actually are amidst all the to-ing and fro-in is near impossible. Predicting when Carthage is to reject or co-sign ministerial decisions is a fool's enterprise. Perhaps most importantly of all, it made forecasting and business planning the most futile of pursuits. And with regulatory procedures and the like subject to swift transformation, discerning what, fundamentally, business conditions are to be in the months ahead is ultimately a guessing game. With even the highest status oligarchs forced to react to volatile events in real time—a partial function of the marginalization of the Association Profesionnelle Tunisienne des Banques et Établissements Financiers (APTBEF) and Union Tunisienne de l'Industrie, du Commerce et de l'Artisant (UTICA) within the policy space [61] —everyone is feeling their way through the dark.

Understandably, the majority response from capital holders encountering such uncertainty is paralysis. At the macro level, this translates to disinvestment. Between the third quarter of 2021 and third quarter of 2022—a time roughly corresponding to Saied's first year as supreme executive—firms opted to shutter 121 factories, and thirteen industrial firms chose to exit Tunisia altogether. [62] Little improved the following year, either. The first ten months of 2023 witnessed a 3.2% nominal decline in investment as measured in Tunisian Dinars; year-on-year, investment in industry fell by even more (5.2%) [63]. Accounting for inflation, more than 7% for the year, the real decline in investment is even larger. In view of how weak investment already was in 2021 and 2022—gross fixed capital formation as a percentage of GDP in these years ran around 16%, or about 50% below pre-2011 rates and 25% below 2016's [64] —the consequence of this decline cannot be overstated. And note that the paralysis in question is affecting domestic and foreign capitals alike. Yes, the Foreign Investment Promotion Agency reported a 7.7% increase in foreign direct investment (FDI) for 2023, with manufacturing encouragingly attracting the lion's share (62.1%). Nevertheless, the less than $800 million in FDI that was received amounts to roughly half of what the average annual FDI take was in the 2000s. When one looks at the contribution of greenfield investment –investments where a parent company starts a new venture by constructing new facilities from the ground up—to FDI inflows over recent years, the tentativeness of foreign parties becomes only more pronounced: Data for 2023 is not available at the time of writing, but 2021 saw a grand total of eight greenfield investments (worth $276 million) and 2022 fourteen (worth $409 million). [65] These are genuinely paltry sums.

Are there other factors affecting the unease of capital (and the associated decline in investment)? Certainly. Geopolitical risks are today heightened. Effects from the pandemic linger on. Access to credit has been limited by the state's increased borrowing. And profit rates in industrial lines are, as ever, strained by issues of global oversupply. Nevertheless, the specific effects of the Saied regime's incoherence in governing the economy are unambiguous. Polls conducted by the Institut National de la Statistique document a visible lack of confidence amongst private enterprise chiefs.[66] Evidently, even with the tax code continuing to furnish anyone with skilled accountants on the payroll with sizable gains—offshore firms most especially—the inability to forecast government policy dictates that one holds their powder dry.

Fomenting Uncertainty: Carthage and the IMF

Nowhere has the Saied regime's tempestuous approach to the economy been more clearly observed than in the (still unfolding) saga of IMF negotiations. Across the first fifteen months of Saied's rule, negotiations with the IMF, supported by the head of government Prime Minister Najla Bouden and the entirety of the senior economic policy team, central bank governor Marouane Abassi included, were carried out and very much in the light of day. Implicitly part of these negotiations, Saied's lieutenants imposed what amounted to

[61] On UTICA's downturn, see: Marwane Ben Yahmed, "Ce que l'affaire Marwane Mabrouk dit de la Tunisie de Kais Saied", Jeune Afrique (November 22, 2023).
[62] Staff writer, "Tunisie: La Désindustrialisation continue…121 usines ont fermé en une année", Tustex (November 8, 2022).
[63] Agence de Promotion de l'Inudstrie et de l'Innovation, "Tableau de bord de l'industrie tunisienne", Report (2024).
[64] See: Banque Centrale de Tunisie: Macroeconomic data
[65] See: UNCTAD, World Investment Report 2023, Report (June 2023).
[66] Institut Nationale de la Statistique, "Al-masah al-sadaasee hawl al-istithmar", Second Quarter 2023

> a real wage cut on public sector employees in September 2022. Shortly after a tentative agreement was finally reached with the Fund in October 2022, however, an agreement greased by the harsh line taken with the unions, Carthage pushed the brakes on the whole thing and gradually went about dismissing all the Tunisian parties involved in the negotiations process. For all effects and purposes, this pivot elongated the exclusion of most local firms from international capital markets. In prompting Moody's, Fitch and the gang to downgrade relevant credit ratings throughout 2023, it also pushed up the borrowing costs of Tunisia's commercial banks.

Fear

Contributing to capital's paralysis as well is the second, somewhat adventitious principle of Saied's economic governance: fear.

Adventitious is attached as a qualifier in this instance because Saied's activation of fear commenced in proper only after Tunisia's fiscal troubles intensified in late 2022. Certainly, a degree of menace was observed from the dawning of the self-coup. Saied's summoning of UTICA President Samir Majoul to Carthage on July 28th 2021—where he presented the now infamous report of the National Fact-Finding Committee on Corruption and Bribery and intimated he would soon set about collecting TD 13.5 billion worth of ill-acquired wealth from members of the business classes—was expressly threatening. His reinstatement of travel bans, a tool, it should be said, that all the transitional governments used in attempting to pressure and/or extort business owners, also hinted at repression. From his first campaign for President in 2019 onward, moreover, Saied has leaned into a nebulous anti-corruption discourse which alludes to an unnamed rot within state and market alike. [67] At the same time, the early days of post-July 25th Tunisia saw a number of instances where Saied signaled deference toward the business community. Indeed, despite his capacity to issue legislation by fiat, the President restricted himself in this period to edification as he haphazardly strove to make the economy work for everyone: Saied appealed to merchants' faith—"a true Muslim does not sleep while his neighbor goes hungry and without dinner"—in asking them to control prices [68] ; he requested banks "do their best" to decrease interest rates" [69] ; he celebrated the APTBEF for its members paying taxes and making a one-time donation of $53 million to the state treasury; and he pronounced to the nation his full trust in national capital and its commitments to Tunisian development. [70] For every example of browbeating, then, there was one of complaisance.

As mentioned, the ambiguity of Carthage's early approach gave way to a more confrontational one once the state's debt and balance-of-payment strains became more pressing. It was at this stage that Saied showed up at the offices of the Penal Reconciliation Commission to scold and then fire committee president Makram Ben Mna along with a second committee member whom had led Saied to believe that imminent yields from reconciliation negotiations could replace IMF funding.[71] It was at this stage that he set about rewriting his own Penal Reconciliation decree to remove appeals' processes and subjugate the CNCP to the Conseil National de Sécurité. It was at this stage as well that the Ministry of Justice, fully brought to heel by Saied over the course of eighteen months, scaled up criminal investigations into commercial actors. [72] And it was at this stage that military tribunals began hearings against those charged with "conspiracy against state security" and that Mornaguia prison on the periphery of the capital began filling with a diversity of enemies of the state.

[67] For more on this discourse, see: Colin Powers, "Kais Saied Today, What Tomorrow? Tunisia in the Age of Hyperpolitics", Report: Noria Research (November 2023).
[68] Yassine Nabli, "The economic universe of Kais Saied: a critical analysis", The Legal Agenda (November 17, 2021).
[69] Staff Writer, "President Saied asks banks to cut interest rates", Tunisie Numérique (July 31, 2021).
[70] Nabli (2021).
[71] Asmaa Slaimia, "Al-Sulh al-jaza'i: 'andama tastadim al-'isa al-sihriyya li-l-ra'is bi-ikrahat al-waqi'" Legal Agenda (March 30, 2023).
[72] On this process, see: La Rédaction, "Kais Saied: mainmise autoritaire sur l'indépendance de la justice", Inkyfada (July 26, 2023).

An overview of the businessmen currently imperiled as a result of the state's (debt-triggered) turn to strong-arm tactics was furnished in the introduction. Some are attempting to navigate the minefield of quasi-administrative settlement procedures (overseen by the CNCP). Others face investigations by judicial magistrates and the prospects of criminal conviction. An unlucky few, finally, are subject to the purveyors of military law. Nor do the effects of Saied's pivot toward governing the economy at least partially through the administration of fear pertain only to those dragged into court. They are also felt as a chill across the many fractions of domestic capital, less so, of course, by foreign firms and investors against whom Saied wouldn't think of setting his magistrates loose.

A number of Tunisian businessmen verify the materiality of this chill. While many acknowledge the legitimacy of some of the cases being brought forth, as a general note, they see randomness, score settling, and desperation in the regime's campaign. That the dragnet widened upon the deepening of the state's fiscal troubles has not gone unmissed either, leading some to interpret the crackdown as a backdoor extortion racket. With the co-opted Ministry of Justice now in a state of disarray—evidenced by an aging core of magistrates, an abundance of vacant posts, and nepotistic appointments at the most senior levels [74] —the prevailing sentiment is that interpretation and enforcement of the law is now subject to erratic and politicized impulses.

Predictably, the illegibility of the judicial authority's strategy has prompted relevant parties to take measures for reducing the amount of their personal wealth that is subject to seizure. As conveyed by a handful of interlocutors, squirreling away shares of family wealth in foreign jurisdictions, typically through one sibling taking residency in the Gulf or Europe, is becoming an increasingly common practice. [75] On the business front, some have expressed steering their significant investments into fixed assets outside Tunisian borders as well, lest their companies one day draw the ire of Carthage. Like with withholding investment altogether, the pass-through effects of allocating capital resources to the outside for Tunisia's developmental prospects are pronounced.

[73] For an overview of the legal status of the more than fifty individuals arrested by the state at this time, see: La Rédaction, "Affaire du complot contre la sûreté de l'État: un an après, quel bilan?" Inkyfada (February 11, 2024).
[74] Rihab Boukhayatia, "Tunisie: La justice vit 'le pire moment de son histoire'", Nawaat (January 18, 2024).
[75] Author correspondences (European capitals, December 2023, March 2024).

3. Stumbling into an upward redistribution of Wealth Through Debt

Just as the Saied regime's embrace of fear can be understood as an expedient though short-termist response to fiscal crisis, so too can the regime's sovereign debt strategy. Whereas the former has imperiled the interests of many Tunisian capitals, however, the latter had the opposite effect: For those with equity in the country's banks or access to the bond market via designated brokers, Saied's sovereign debt strategy has facilitated the acquisition of a growing share of national wealth.

The orchestration of this distributive change should not be vested with undue intentionality. Evidence suggests that the rationality informing the state's debt issuance since 2021 was a kind of misguided pragmatism: Excluded from international capital markets while facing budget shortfalls and sizable external payment requirements, Saied's governors, short of a better idea, took the most obvious option available to them in opting to borrow locally. Insofar as their primary motivation looks to have been the funding of deficits by any means, their actions are best characterized reactive and improvisational in nature. And yet, whether intended or not, the materiality of the distributive changes wrought by the regime's debt strategy are what they are.

Syndicated loans

The state's borrowing under Kais Saied has come through two primary credit arrangements. The first is the syndicated loan. Denominated in foreign currencies and used primarily to fund Tunisia's external payments, since 2021, the Tunisian state has borrowed more than TD 2.5 billion through these instruments.

In February 2021, a few months before Saied's self-coup but while he was in his post of President, the Ministry of Finance agreed to borrowing terms on a syndicated loan with a consortium of fourteen local banks. The terms specified a hard currency denominated loan worth TD 1.26 billion. In currency breakdown, the banks provided the Ministry of Finance with 260 million in Euros and 150 million in USD. By a long shot, the largest participant amongst the banks was BIAT, where Groupe Mabrouk is the largest shareholder. The interest rates attached to the different tranches of the loan ranged between 2-3.5%, hardly a pittance given that repayment, to be made over the course of five years, is in foreign currency. [76]

In May 2022, a second syndicated loan of Euros 81.5 million and USD 25 million was agreed upon with similar interest rate terms and creditor participation. Then in 2023, Saied's governors upped the state's syndicated loan-based leverage considerably. That May, twelve local banks agreed to extend the Ministry of Finance a hard currency-denominated debt instrument worth TD 400 million. Five months later, the Ministry of Finance took out another hard currency loan worth TD 750 million. The creditors in the second instance were eighteen locally operating banks. Though not disclosed, banks' individual contributions to both 2023 syndicated loans are known to correspond relatively closely to the 2021 iteration, with BIAT again leading the way.

Treasuries Issuance

The second credit arrangement through which the state has borrowed from local parties is the sale of TD-denominated government treasuries. The sale of these securities spiked first in 2021 after Tunisia's access to international capital markets was closed down and the economy's response to coronavirus-informed lockdowns proved sluggish. In maturity, the treasuries sold from that point on shifted toward shorter term maturities. In 2021, in fact, 75% of treasury bonds sold classify as short-term, i.e. with maturities of less than one year.[77] The interest on these securities ranged between 6.732 and 6.785%. Alongside smaller acquisitions of medium and long-term government treasuries[78], resident commercial banks' purchases of short-term government treasuries in 2021 powered a staggering 34.7% year-on-year jump in their bond holdings.[79] Correspondingly, these institutions also witnessed a stark increase in revenues generated through their portfolio investments (i.e. short-term debt and equity trades) for the year: While much of the economy was sputtering if not grounded to a halt, resident banks secured a bump of TD 226 million in portfolio investment-derived income, almost all of which came from the interest being collected on government treasuries. [80] This was a 28.8% increase over 2020. And alongside fees extracted through commissions, it was responsible for the vast majority of the banks' income growth in 2021.

With the state's fiscal standing and reputation in the eyes of foreign creditors scarcely improving in 2022, the Ministry of Finance's sales of treasuries to local financial institutions increased only further. Between December 2021 and December 2022, the value of the state's outstanding treasuries' bill leaped by roughly 20%, or nearly TD 4 billion.[81] The issuance of one-year bonds drove the lion's share of this increase. The interest on the short-term bonds issued in 2022 averaged near 7.25%, with a range extending between 6.48% and 7.719%. Mindful of easing liquidity troubles, note that their acquisition of these bonds by resident banks were greatly eased by the Banque Centrale: In scaling up refinancing operations significantly, the Banque Centrale ensured Tunisia's banks had the cash on hand needed to purchase the state's (well-compensated) debts.[82] By year's end, the value of treasury bond holdings still on the books of resident banks' was up by TD 1.32 billion, and total credits to the state were up by TD 2 billion. [83] Income earned through the Ministry of Finance's interest payments on government treasuries once again constituted the banks' main source of new revenues.

[76] Staff writer, "Signature d'une convention de prêt syndiqué de 465 millions de dollars pour financer le budget de l'État", Tustex (February 19, 2021).
[77] Banque Centrale de Tunisie, "Rapport annuel sur la Supervision Bancaire: Exercice 2021", Report (December 2022):
[78] These securities are classified as Bons du Trésor Assimilables and have maturities ranging from two to twelve years.
[79] Banque Centrale de Tunisie (December 2022): 66
[80] Ibid: 73
[81] Banque Centrale de Tunisie, "Statistiques Financières: juillet 2023-no.223), Report (July 2023): 36
[82] Ibid: 35
[83] Ibid: 6

The same pattern repeated in 2023. Though full year data is not yet available, reporting from the first six months of the year documented a 51% bump in the Ministry of Finance's issuance of short-term treasuries. On this occasion, the increase was driven by the sale of six and twelve-month bonds in equal part. The interest rates attached to these short maturity debts ran from 7.75% on the low end to 8.87% on the high end, the latter being the coupon rate attached on the issuance of a twenty-six-week security in May.[84] While the real yield on these investments was reduced by inflation, it was still sizable enough to buoy the resident banks' profit rates to no small degree.

Saied and the Emprunt Obligataire National

Across Saied's tenure, it is important to flag that domestic financial institutions also enjoyed state-derived passive income through holdings of the Emprunt Obligataire National (EON). Only marginally used by Tunisian governors prior to Saied's tenure, EON works like a government treasury, compensating the purchaser through interest payments. The vast majority of EON is sold to brokers on the stock market and to the banks themselves. And these debt instruments have been sold at high volumes in recent times. The amount of outstanding debt for the state that is derived from EON issues skyrocketed from TD 1.878 billion in December 2021 to TD 6.365 billion by June 2023. While impossible to know precisely what share of this sum pays interest to Tunisia's preeminent financiers, it can be assumed to be non-insignificant.

As intimated, the distributive consequences of the Saied regime's reliance on debt for funding its deficits—be those debts in the form of syndicated loans, treasuries, or EON—are relatively pronounced. They can be most appreciated through connecting the answers of three questions: (i) Who has acquired the regime's debts?; (ii) What have these debts funded?; and (iii) How are these debts repaid?

The answer to the first is fairly clear: The largest buyer of Tunisian sovereign debt during the tenure of Kais Saied is, by a long, long shot, the country's resident banks. Between December 2019, two months after Saied was first sworn in as President, and September 2023, resident banks' total claims on the state [85] effectively doubled, growing from TD 17.7 billion to TD 33.4 billion. If one hones in only on the period following Saied's self-coup, the picture is just as stark. Between December 2021, four months after July 25th, and September 2023, bank claims on the state grew by TD 6 billion. From the perspective of the banking sectors' collective balance sheet, this expansion pushed state and state-guaranteed debts [86] to represent a mammoth 20.9% of total assets. [87] (For perspective, claims on the state represented just 12.2% of the banking sectors' assets as recently as December 2018.)

The persons accruing the largest gains from the interest payments the state makes on its debts are, therefore, those who hold the largest accounts with Tunisia's resident banks, and those who hold the most equity in those institutions, respectively. Identifying those in the first category is, of course, not possible. Contrarily, it is possible to pinpoint those in the second through surveying the leading shareholders for Tunisia's publicly-traded commercial banks and financial institutions and reviewing open source data on private bank ownership. In a nutshell, such analyses reveal that the equity holders in question correspond closely to the scions of Tunisia's oligarchy: It is the families Ben Yedder, Tamaraziste, Horchani, Mzabi, Driss, Ben Ayed, Miled, Mabrouk and Doghri that have disproportionately cashed in on the debts issued by the Tunisian state in recent times. What is more, it is important to acknowledge that though some of these families have long retained prized positions within Tunisia's financial sector, it was during Saied's tenure as President that the country's dominant family-owned industrial groups commenced a wider colonization of the banking industry.

[84] Ibid: 36
[85] A metric not yet considered in this paper, total claims aggregates syndicated loans to the Ministry of Finance and treasuries holdings with loans to state-owned enterprises. Insofar as loans to state-owned enterprises are guaranteed by the Ministry of Finance, they can be treated as state debt.
[86] State-guaranteed debts refer to bank loans to state-owned enterprises which, as mentioned, are backstopped by the Ministry of Finance.
[87] Moez Hadidane, "Les engagements des banques envers le secteur public dépassent les 33 milliards de dinars", Ilboursa.com (November 10, 2023).

As such, the gains that Tunisian oligarchs have accumulated as a class via sovereign debt in the past few years are larger than they would have been at any other time in history.

TABLE: The Families Dominating Tunisian Finance—A Brief Sketch

Institution Name Stake	Tunisian Family with Major Equity
Amen Bank	Ben Yedder, Tamarziste, Horchani
Attijari	Mzabi, Driss
BTK	Elloumi
ATB	Abbes, Zerzeri
BH	Horchani
BIAT	Mabrouk, Horchani, Miled
Wifak Bank	Ben Ayed, Horchani, Hamrouni
UBCI	Doghri, Sellami, Tamarziste
UIB	Mouchammaoui, Mzabi, Bouaziz
BT	Fekih, Kamoun

Concerning what the state's debt issuance has funded, budgets over the past three years show the vast, vast majority of government expenditures allocated to current spending. This line item of course includes the wages and benefits of public sector workers, and prominently so. Under Saied, however, it has been increasingly devoted to funding energy and food subsidies [88] , the former of which disproportionately benefit upper income deciles.

Lastly as pertains to debt repayment, the Saied regime has opted to retain the fundamentals of the tax code they inherited, adjusting it only by way of introducing a notional tax on wealth in 2023. [89] Corporations (off-shore ones in particular), wealthy individuals who derive income from interest and capital gains, those who work in liberal professions therefore continue to possess de facto if not always de jure tax exempt statuses. As such, the vast majority of tax revenues—which, alongside new debt issues, ultimately funds the repayment of existing debt obligations—is still generated through two primary mechanisms. The first is payroll taxes levied on the wages of formal sector workers, a category that broadly corresponds to the membership of the UGTT. The second is assorted taxes on consumption—the Value-Added Tax (VAT) especially—which disproportionately affect the wallets of low- and middle- income households.

Zooming out now to take the full circuit of debt issuance, debt-financed expenditures, and debt repayment into view, the distributive effects of Saied's borrowing strategy reveal themselves. Functionally, his approach between 2021 and early 2024 granted Tunisia's wealthy—members of the financial fraction of capital especially—long-term claims on the income streams of workers and the less well-off, respectively. It did so, moreover, partially for the sake of funding subsidies whose benefits disproportionately accrue to these same wealthy families. Together, these moves have shifted the national distribution of income and wealth toward the country's richest persons. What is more, note as well that the aggressiveness of the state's borrowing (and the corresponding explosion in repayment obligations) is likely to require the administration of austerity in the years ahead. If history is any guide, the losses that will be suffered through fiscal retreat are to concentrate amongst the middle and lower classes. As is such, the final distributive ledger of the regime's debt strategy for the first two-and-a-half years of Saied's rule are even more pronounced than looks at first glance. It is possible, of course, that the class biases presented by contemporary sovereign debt may shift as a result of recent changes to central bank policy. Nevertheless, to date, one of the abiding if perhaps unplanned features of Saied's political economy is the transference of income and wealth from formalized workers and the less well-off to the financial elite.

[88] Between 2016 and 2022, government expenditures on subsidies quadrupled. In 2022, this spending was equivalent to 8% GDP. See: World Bank, "Tunisia Economic Monitor: Migration amid a challenging economic context", Report (Fall 2023): 12
[89] For a full examination of the tax code, see: Colin Powers, "The Political Economy of Social and Health (In)security: Missing Growth, Policy Failure, and Old Bargains Come Home to Roost in Egypt, Morocco, and Tunisia", Report: Friedrich Ebert Stiftung (January 2024).

4. State-capital relations under Kais Saied

Defining Properties

At this stage, it is possible to abstract a handful of the properties of contemporary state-capital relations in Tunisia.

One, perhaps obvious in light of the sovereign debt analysis just furnished, is the state's unthinking bias toward domestic financial capital. This bias is apparent not only in the public finance strategy Saied has brought to bear, it should be said: It is also evident in his regime's validation of the grand families' recent banking institution acquisitions and in his regime's acquiescence to the banks' collusive practices. As documented by an OECD investigation, the latter include price fixing in the domain of customer commissions and fees and arrangements which allow multisector conglomerates to get around restrictions placed on the amount of credit that a conglomerate-owned bank can extend to other conglomerate-owned entities.[90] These collusive practices are implicated in the banks' gouging of customers and, more salient from a development perspective, in the starving of small and medium enterprises for credit. Certainly, and as has been mentioned a number of times now, the major changes currently afoot at the Banque Centrale de Tunisie point to a possible (and partial) unwinding of the bias which has been observed on the part of the state vis-a-vis finance capital. So too does the temporary (delimited to fiscal years 2024 and 2025) tax hike imposed on banks, financial institutions, and insurance/reinsurance companies in the Loi de Finances 2024.[91] Only time can tell how all this ultimately plays out. Regardless of any forthcoming pivot, however, the consequence of the bias hitherto exhibited will not change, nor will its effect on the social and developmental character of the Saied regime.

A second property of contemporary state-capital relations is the state's default support for large, export-oriented firms, be they national or foreign owned. This support is evinced in an unreformed tax code which continues to furnish relevant firms with a range of tax holidays and abatements. It is also apparent in the wage restraint agenda enacted by the state during 2022 salary negotiations with the UGTT. Without diminishing the meaningfulness of these supports, the caveat of "default" is attached to it in order to qualify that the state's backing of export-oriented industry under the

[90] Per the OECD, the conglomerates in question appear to have come to an understanding where the bank of a "rival" conglomerate agrees to provide the corporate entities of its rival with the credit it needs.
[91] These industries are subject to an additional 4% tax on taxable profits for the next two years. See: Staff writer, "Tunisian parliament approves finance law for 2024", News Report: Orbitax (December 12, 2023).

present regime is less a strategic choice than a legacy which has unreflexively been held on to. In its fundamentals, the policies constituting the state supports referenced trace back either to Hedi Nouira or the neoliberal reforms of the 1990s and 2000s. As such, they are compromised by the same problems—the absence of substantive conditionalities; inadequate measures for incentivizing private investment into higher value-added lines; a passive approach to global value chains—that have held back the upgrading of industry for a number of decades running. New measures put into place through the Loi de Finances 2024, principally the introduction of a four-year corporate and personal income tax exemption for new enterprises, are wisely structured to channel benefits toward productive activities. Nevertheless, insofar as these measures operate on the back rather than front-end of things—providing new firms temporary relief from tax obligations where what they need is capital, whether by way of grants, subsidies or credit—they do not alter conditions for aspiring entrepreneurs significantly, and they do not alter the state's existing relation with export-oriented industry.

The third and fourth properties of contemporary state-capital relations which can be abstracted are the state's decoupling from capital in policy planning and the state's adoption of a selectively antagonistic posture toward capital, respectively. Concerning the third, as sketched earlier, policy planning looks to be running on what can be described as autopilot, the only difference from the past being that UTICA and more sectorially-focused business associations are now excluded from deliberations. As for the fourth property, per earlier analysis, the squeeze put on members of the Tunisian oligarchy by the state in recent times can be understood as deriving from the state's intensifying fiscal strains, Carthage's superficial understanding of the drivers behind present-day economic underperformance, and Saied's attempt to live up to promises about rooting out corruption.

The discontents of state-capital relation in Kais Saied's Tunisia

Animated by the four properties delineated above, the modality of state-capital relations which have come into being in Kais Saied's Tunisia is one riven with contradictions. These are not difficult to identify. Saied's regime has carried out a redistribution of income and wealth towards financial capital while simultaneously setting his magistrates against some of the most prominent figures in the financial industries. Saied has ushered in a boom for the banks, on the one hand, and on the other, threatened to implode the industry through increasing its exposure to the volatile sovereign that is his person and through pushing the bond market into uncharted waters marked by the Banque Centrale's entry as a buyer. He and his governors grow angry by the banks' unwillingness to lend to productive enterprises at reasonable rates while increasing the state's borrowing from them, thereby worsening their credit-stinginess. Saied is notionally committed to Tunisia's economic sovereignty while remaining deferential and non-interventionist when it comes to foreign industrial capitals (and most domestic ones). He is visibly angry with the economy's performance, finally while exhibiting total disinterest in ideological debates, personnel and policy planning.

These contradictions have ushered in a modality of state-capital relations that is pro-business in many of its outputs yet wholly devoid of a societate pactum between state and capital. The fruits born of this do little in feeding the Tunisian economy's restoration to good health. And such fruits prominently include the non-existence of a growth coalition.

Where the Saied regime has overseen decent profit rates for particular fractions of capital or not, it has indubitably failed to recruit allies or forge a wider developmental partnership with the business community. The non-existence of a growth coalition means the Tunisian state has but a marginal effect in mediating the mobilization and allocation of private capital throughout the economy. This means that the state's capacity to impact things like the building of factories and activation of new industrial lines hinges solely on the direct mobilization of public capital. Now, and though due to path dependency more than choice, the state under Kais Saied has not fully foregone setting public

[92] Hadidane (2023).

moneys to work: Since July 25th, public banks have continued to lend to state-owned enterprises (SoEs) at scale—loans to SoEs from the public banks have grown at an annual rate of 15% since 2015[92] ; they jumped considerably in 2021 when loans to SoEs came to represent 21.2% of the public banks' total assets [93] —and the Ministry of Finance has continued backstop to subsidize (to the tune of $2.6 per annum [94]) and backstop the SoEs' debts. Importantly, though, the debt burden (estimated to range between 20-40% Tunisia's GDP [95]) and catastrophic mismanagement of most SoEs over the last decade determines that the highly discounted credit they receive ends up funding debt repayment, operating expenditures, and little else: These firms do not, and cannot, undertake new investment to any meaningful degree. Nor, for that matter, can the state substantially juice investment beyond what these firms do. The state's own debt burden and peripheral position within the global economy dictates that it continue to execute the harsh cuts to items classified as public investment which the budgets of the past three years have each enacted. This all being the case, improving Tunisia's productive capacity—the building of those factories and the like mentioned above—does hinge on the private sector and as such, on the state's ability to manage a growth coalition. Ergo, it is the Saied regime's inability to cohere such a coalition which has ensured that enhancements to productive capacity over the past three year stalled out entirely.

Are there mitigating factors to explain the poor performance? Surely. Conditions in the global economy, discussed earlier, undoubtedly factor in, as does the rentierist character of the national bourgeoisie. Even if one controls for the effects of these variables to the greatest extent possible, however, the analysis will inevitably come back to the lethargy and directionlessness which have characterized Saied's governance of the economy.

More than compromise the economy's growth prospects, inadequate levels of fixed capital formation also bode ill for social peace and, in the long-term, political stability. It is deficiencies in investment—and the particular sectors into which investment is and is not flowing—that underlie Tunisia's dreadful job creation numbers. By extension, it is deficiencies in investment which are at the root of crises of joblessness and informality. To wit, it is these deficiencies which are structurally implicated in unemployment figures still running over 16%, youth unemployment rates exceeding 40%, informal employment topping 44% of all employment [96], and in nearly half of the working age population not engaging in income earning activity of any sort [97].

In the medium term, it is difficult to imagine that the regime can maintain calm and retain buy-in from a wide-range of social constituencies amidst such conditions. It is even more difficult should matters of inequality—powered by the regime's management of public finances—come to the fore. And of course, any such rise in social contentiousness would only but redound onto Carthage's political prospects negatively.

[93]Banque Centrale de Tunisie (2022): 44
[94]Kawthar Zantour, "Tunisia breaks with four decades of privatisation policy", Al Majalla (November 27, 2023).
[95]Ishac Diwan, Hacehmi Alaya, Hamza Meddeb, "The buildup to a crisis: current tensions and future scenarios for Tunisia", Paper: Malcolm H. Kerr Carnegie Middle East Center (January 23, 2024).
[96] Manel Dridi, "Tunisia's informal employment crisis", Analysis: Sada Middle East Analysis, Carnegie Endowment for International Peace (February 14, 2023).
[97]Youth unemployment and labor force participation rates are ILO estimates. The unemployment rate referenced is the fourth quarter 2023 figure provided by the Institut National Statistiques.

5. Conclusions

The struggles of the Tunisian economy played a central role in undermining the country's democratic transition. Unmet expectations, inadequate welfare gains, and frustrations over new forms of corruption begat widespread alienation and disaffection. These conditions, in turn, proved wind in the sails to Kais Saied's outsider campaign for the Presidency in 2019, and helped make possible his self-coup on July 25th, 2021. [98]

Despite the economy having propelled his own rise to power, upon taking his seat in Carthage, Kais Saied opted to relegate such matters to peripheral importance. His initial indifference ultimately gave way to a panicked scramble once problems of debt, scarcity, and woeful growth intensified in 2023, it should be said. As detailed in this report, however, Saied's self-canceling search for resolution at this time—which consisted of selling mountains of bonds to the domestic financial sector, selectively cracking down on members of the oligarchy, and retaining the contents of a failed development model—did little to improve things. And in all of the improvisations through which Saied endeavored to turn the economy around, he exhibited a fundamental ignorance of how economies operate at our currency juncture in history. Investment, be it private or public, is the lifeblood of economic performance: Without the building up of productive lines in particular, there is no chance for growth, job creation, or sustainable redistribution. Saied's interventions, alas, neglect these realities entirely.

With the Tunisian state's investment horizon hemmed in by fiscal restraints and the country's subordinate position within the global economy, meaningful investment can only come about by way of Carthage establishing a developmental partnership with fractions of capital. Coming to such an arrangement is no easy feat, of course. The Tunisian bourgeoisie's rentierist inclinations are well-established and foreign business' interests in cheap labor and limiting transfers of intellectual property are unambiguous. The realization of an effective developmental partnership would therefore require that Carthage either find a formula of discipline and incentivization that can alter the tendencies of existing capitals, or that it use the tools at its disposal—regulatory, monetary, fiscal, and financial—to midwife a business class more fit for purpose. Hardly a walk in the park. Nevertheless, that is the task for Saied and anyone who might follow. Clearly, the current President's approach to state-capital relations comes nowhere near meeting the mark. And if already pronounced, the economic, social and political costs of Saied's failures in this domain will only become greater in the months and years ahead.

[98] See: Colin Powers, "Chronicles of a Death Foretold: Democracy and Dedevelopment in Tunisia", Report: Noria Research (November 2022).

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