

# Chronicles of a Death Foretold

## Democracy and Dedevelopment in Tunisia

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### Executive Summary

After struggling to generate popular legitimacy and failing to consolidate key institutions for a decade running, Tunisia's parliamentary democracy gave way in the summer of 2021. The deathblow was dealt by President Qais Saied, whose invocation of Article 80 of the 2014 constitution on July 25th led to the dismissal of the Assembly of Representatives and the creeping reestablishment of supreme executive power.

In the most immediate sense, it is Qais Saied and Qais Saied alone who is responsible for the tragic end that Tunisia's grand experiment in self-government came to meet. That fact alone, however, does nothing to explain how a man of Saied's character had the opportunity to intervene so decisively in the first place, nor why he was able to sweep away the gains of the 2010-2011 uprisings with what amounted to relative ease.

Hardly thunderbolts from a clear sky, these events can only be understood in view of the political and socioeconomic conditions which crystallized over the past decade. This report explores the social and economic dimensions of said conditions in granular detail. Based on three months of fieldwork and nine months of desk research, it unearths the external and internal drivers of economic dedevelopment during the post-2011 period and traces the causal chains through which the economy's struggles affected Tunisia's political trajectory

Regarding the external drivers of dedevelopment, our analysis accounts for a series of exogenous shocks—namely: state collapse in Libya, terrorist attacks and the outbreak of SARS-CoV-2—though primarily concentrates on effects born of Tunisia's peripheral positioning within the global financial and monetary systems, respectively. On the endogenous side of things, it focuses on the economic consequence of the country's post-2011 politics. Therein, particular attention is paid to the transition's leading partisan actors and how they both restored a corrosive modality of business-state relations and steered policy back and forth between two different dead ends: boilerplate liberal reforms and developmentally-blind, debt-financed public sector expansion.

In leaving the economy in shambles and ensuring that a significant majority of the country remained languishing between unemployment, informal employment and economic disengagement, the external and internal variables detailed above allowed for the emergence of a phenomenon called anti-politics. Chronicles contends that anti-politics in Tunisia has been expressed through a number of different forms, all of which were emanated from the same impulse: a distrust of—and disengagement from—representative systems and vertical organizations. Once reaching critical mass, anti-politics weakened the popular bulwarks against autocratic backsliding significantly, thereby leaving Tunisia's democracy significantly more vulnerable to the kind of putsch ultimately executed by Qais Saied.

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### Major Findings

- Exogenous shocks of different types cost the Tunisian economy billions in foregone growth and deprived it of critical foreign currency receipts. Pushing the current account into deeper deficits, exogenous shocks made the country's leadership increasingly beholden to foreign creditors.
- Tunisia's dependence on external sources of debt and equity financing combined with its subordinate position within the global financial system to limit policy choice considerably during the transition. Access to non-market sources of finance offered a brief reprieve from these restraints, though ultimately introduced conditionalities and systems of surveillance sufficient to ensure a significant degree of compliance with creditor wishes.
- Tunisia's subordinate position within the international monetary system led to the Banque Centrale de Tunisie's hoarding of FX reserves and eventual hiking of interest rates. The former contributed to the deterioration of the country's international investment position, the latter to wage compression, low labor demand, and low investment levels.
- Tunisia's dominant partisan actors not only afforded the country's wealthiest persons direct access to the political domain and the policymaking process; they also facilitated these persons' acquisition of assets seized from the Trabelsi clan.
- As a result of the modality of business-state relations consolidated post-2011, Tunisia's markets remain exceedingly concentrated and non-competitive. A small number of family-owned holding companies dominate nearly every sector of the economy.
- Policy decisions in the domains of industrial, investment and trade proved suboptimal, doing little to open up new external markets or move export-oriented industries into higher value activities.
- Fiscal policy decisions have been alternatively regressive or inefficient. The public revenues system evinces clear social biases while expenditure strategies have been largely devoid of a developmental rationality.
- Economic underperformance became politically salient through its labor market and income effects. Enduring deficiencies on the demand side of the labor market meant the volume and quality of job creation remained woefully inadequate throughout the duration of the past decade, condemning a significant majority to the indignities and precarity of unemployment, informal employment and economic disengagement. Compensation being at least loosely tied to productivity, the private sector's malaise simultaneously kept wages outside the orbit of the state low, while inflation erased much of the gains yielded by minimum wage hikes and collective bargaining.