https://internationalviewpoint.org/spip.php?article5473

Tunisia

Behind the social protests of January 2018

- IV Online magazine - 2018 - IV519 - April 2018 -

Publication date: Wednesday 25 April 2018

During the week of January 8, Tunisia experienced a new outbreak of protests in response to the antisocial measures contained in the finance law of 2018. After a week of protests, and sometimes very violent clashes with the police, an uneasy calm has again descended across the country. [1] The social crisis, which continues to worsen, feeds frustration and discontent among broad layers of the population. At any time, the anger could resurge.

An unending economic crisis

Tunisia continues to experience the longest economic crisis of its contemporary history. The poor results accumulated year after year are the consequence of an economic system distorted by thirty years of neoliberal capitalist politics in the context of a redeployment of an aggressive neo-colonial character.

Meanwhile, the popular classes are forced to pay a high price for the maintenance of an economy whose essential objective is to procure maximum profits to foreign capital operating in Tunisia. Foreign capital controls a third of enterprises in the industrial and services sectors: in total 1.538 enterprises, while 950 others are held in partnership with local capital. Around 62% of these 2,488 enterprises enjoy offshore status, which offers them benefits and favours comparable to those offered in tax havens.

Foreign capital is responsible for half of Tunisia's exports. Of course, the country only receives crumbs from the very profitable activities of foreign capital, while paying the social, economic and environmental cost of these activities.

To allow this capitalist system of domination and exploitation to reproduce itself, from the end of the 1980s the local economy was subjected to policies of restructuring and free trade. The then regime appealed to the services of the IMF on three occasions: in 1986 then after the revolution, in 2013 and then in 2016. Meanwhile, the European Union (EU), with the support of the dictator Ben Ali, included Tunisia in the Mediterranean free trade area. Currently, the EU is attempting to "enlarge and deepen" free trade. [3]

The reproduction of this neo-colonial capitalist relationship requires the Tunisian state to continue to mobilise the necessary funds in foreign currency to allow foreign capital to operate and make big profits in the country. This state has become obsessed with obtaining more euros and dollars and everything is permissible to achieve this: exporting still more primary products, selling off public enterprises to the benefit of foreign interests, subcontracting cheap tourism to European operators, encouraging Tunisians, notably those best professionally qualified, to emigrate.

Nothing currently indicates in the slightest reversal of this trend. On the contrary, the main economic indicators continue to slide. The crisis of public finances is currently one of the most serious aspects of the crisis. The government finds it increasingly difficult, despite a significant fall in social expenditure, to mobilise the funds necessary to finance its budget. A massive recourse to indebtedness has kept the state coffers afloat until now and hidden the gravity of the crisis. In 2010, borrowing was at 17% of the state budget, while by 2017 it was 30%. [4]

The crisis of public finances is in turn fed by the debt crisis, but recourse to foreign borrowing also has its limits. The state is finding it increasingly difficult to mobilise the funds necessary to meet the growing budget deficit from its own resources. It is paying the price for its erroneous choices in the area of tax policy, foreign debt, the repayment of the debt contracted by the dictatorship, public investment, the fight against corruption and so on.

Given the gravity of the crisis and the recent developments such as the fact that the EU has confirmed Tunisia's classification on the black list for laundering of money and financing of terrorism and, since last January, the blockade by the jobless of nearly all production of phosphate, an important source of foreign currency for the state, the some 10 billion dinars of new borrowing envisaged in the 2018 finance law, or 30% of the budget, becomes fairly hypothetical. It isn't enough to control a rather chaotic situation. It is expected that, under the pressure of the crisis of public finance, the current government or any future one will be tempted, especially under IMF pressure, to try to take more antisocial measures which will aggravate the situation further.

A general review of the economic situation and the macroeconomic indicators only confirms the gravity of the situation. In addition to the state budget running at a record deficit of 7%, the trade deficit was at a historic high of 15,592 million dinars in 2017, against 8,297 million in 2010. [5] It should also be noted that this deficit is equal to all the state's external short-term commitments. These short-term credits have themselves doubled in volume since 2010.

The current balance of external payments was 10% of GDP in 2017.The level of foreign currency reserves is currently equivalent to 84 days importation. Inflation is at 6.9%, but this rate is deemed well below the reality by the UGTT trade union federation. Finally, the rate of growth realised in 2017 was 2.1%, a seemingly positive result which should be tempered by the fact that 2017 saw a spectacular leap in short, medium and long term external indebtedness.

A deep social crisis

The social consequences in Tunisia of this neo-colonial capitalist redeployment have been dramatic. The official overall unemployment rate is currently at 15.3%. [6] In the front line of the social crisis are university graduates seeking their first job. Only a third of them have found stable work, the rest condemned to a perpetual round of unemployment and precarious work. Women are worst off with respect to this, with the rate of unemployment being 19% for men and 41% for women.

At the regional level there is a significant imbalance between the coastal areas and the interior of the country, with the latter experiencing insupportable levels of unemployment and under-employment. The "middle class" is increasingly drawn into the maelstrom of the crisis.

As for those with jobs, working conditions continue to worsen and their purchasing power is melting away in the face of rampant inflation. Those with a stable job, whether in the public or private sector, have been able to limit in part the negative effects of inflation. Thanks to a high rate of unionisation and above all the solidness and combativity of a series of union structures, they have generally succeeded in imposing wage rises. This is not true for precarious workers and the unemployed who have seen their living conditions worsen considerably.

The worsening of the social and economic situation increasingly pushes workers and enterprises towards informal, indeed subterranean activities, the significance of which varies according to the sources. But all locate its weight as being well above 50% of total economic activity. This is one of the fundamental manifestations of the impasse the country has been in since the late 1980s.

We should distinguish between the "informal sector" and the "parallel sector":

- The "informal sector" has undergone a considerable growth during the economic crisis which began in 2009. It is above all a sector of refuge for workers excluded from the so called formal, or modern, sector. A large part of the economic activities involved are "survival strategies" adopted by the most deprived who are left with no other possibilities by the capitalist system. [7]

- The "parallel sector" has a more pejorative connotation, meaning the sphere where all forms of illegal or criminal activities are pursued. This sector is increasingly taking on the form of a social scourge. It is an entire layer of local economic activities outside the law which avoid the tax system and are damaging to the public finances. They also damage the so called structured sector, notably by competing with it through selling products most of which are imported illegally.

The corruption generated by this parallel economy has spread to all interstices of the state apparatus, the economic sphere and society in general. Corruption, which has always existed in Tunisia, has increasingly taken on phenomenal proportions. The regime of Ben Ali and associated families had certainly profited from corruption, not only to fill their pockets, but above all as a political means to assure domination. This cancer has in recent years reached the phase of metastases! This poses economic and political problems which weigh heavily on any attempt at social change of a progressive character.

A political crisis}}]

The decay and then the fall of Bourgouiba's regime in 1987 proved the inability of the local bourgeoisie to fulfil the historic tasks of a national social and economic programme. Worse still, this same bourgeoisie had capitulated to the imperialist powers under the regime of Ben Ali, content to play the role of relay to neo-colonial economic interests.

The revolutionary insurrection of late 2010 and early 2011 put an end to the anti-democratic regime of Ben Ali. It was the expression of a profound national and social sentiment, a rejection of this political and economic submission to foreign powers.

The political parties and successive governments over the past seven years have been generally content to take up where the last government of the "ancien regime" left off. This orientation, contrary to the popular aspirations expressed by the revolution, is the main cause of the aggravation of the crisis and the general worsening of the situation of the country.

The current government led by Youssef Chahed, in place since August 2016, is a "national unity" coalition led by the two biggest parties emerging from the last elections in 2014, Nidaa Tounes and the Islamist party, Ennahdha, and is the umpteenth attempt to halt Tunisia's descent into the inferno. Chahed inaugurated his term of office recognising the

gravity of the crisis, while affirming that the only remedy was to continue the same policies, accelerating the cadences of structural reforms. After a first chaotic year, Chahed decided to take the bull by the horns and programmed a battery of anti-social measures through the 2018 finance law which increased the rate of VAT as well as taxes and customs duties on various products and services. A new spike in prices followed, affecting fuels among other categories. The inflation rate rose from 3.8% in August 2016 to 6.9% currently!

Among the new measures was the introduction of a new tax of 1% on income, the so-called "social participation of solidarity". Meanwhile, new measures reduced state subsidies to certain basic food products. With these measures, Chahed knew he was taking a big risk! Not only because of their unpopularity, but also because of the breadth of the criticisms from all quarters of his government and its very disappointing record. These critiques came not only from the opposition, but also from inside the ruling coalition, indeed from Nidaa Tounes, Chahed's own party.

That is why the government has been careful to space out the application of its measures throughout the year underway, to reduce the risks of a new social explosion. It has also made many efforts at communication to attempt to justify them. Chahed and his ministers often refer to the negative balance sheet they have inherited from previous governments, they also invoke the sacrifices needed to exit from the crisis and revive the economy. Tunisians are told in the face of the spectacular degradation of their living conditions that their sacrifices will soon be at an end and that 2018 will be the last year of the crisis, with growth resuming in 2019.

But it is all in vain! The gravity and persistence of the economic crisis, the breadth of the social disaster and above all the long list of broken promises have tried the patience of Tunisians and led to feelings of bitterness and anger. The social protests of the week of January 8 are strong proof of a government which has lost direction, increasing abandoned by its political allies, and unable to deal with the country's dramatic situation.

The government's days are undoubtedly numbered.

Among the few remaining loyal to Chahed are the Islamist party Ennahdha and, unlikely as it may sound, the leadership of the very powerful trade union federation the UGTT, whose general secretary has simply said that Tunisia has had too many changes of government.

The social and economic situation in Tunisia is serious. To confront the multiple and continued social aggressions from a decadent capitalist regime, the Tunisian popular classes have experienced everything, or almost: from resignation to political oppression to revolutionary insurrection, from democratic elections to manipulation by retrograde and counter-revolutionary forces.

But far from weakening the determination and combativity of the popular classes, these experiences have been beneficial at the level of political education and awareness of their interests as dominated and exploited classes. Nothing indicates today that they will stop half way, and the coming weeks and months are rich with positive promise.

PS:

If you like this article or have found it useful, please consider donating towards the work of ***International Viewpoint***. Simply follow this link: Donate then enter an amount of your choice. One-off donations are very welcome. But regular donations by standing order are also vital to our continuing functioning. See the last paragraph of this article for our bank account details and take out a standing order. Thanks

---

[1] There was one death among the demonstrators, a thousand arrests and more than a hundred wounded on both sides (demonstrators and police).

[2] There was one death among the demonstrators, a thousand arrests and more than a hundred wounded on both sides (demonstrators and police).

[3] A deep and comprehensive free trade agreement (DCFTA) is still under discussion.

[4] The rate of indebtedness went from 40.5% in 2010 to 71.4% currently. At the same time, the outstanding balance of the public debt grew from 25.6 to 76.2 billion dinars (8.66 to 25.77 billion euros).

[5] Or 5,290,121,000 euros in 2017 against 2,814,134,000 euros in 2010.

[6] According to the definition of the BIT. This rate does not consider the active population in a situation of under-employment. According to the most serious calculations, this proportion would be more than 50% of the actively occupied population.

[7] There is no unemployment benefit in Tunisia, but the state provides a monthly aid of 150 dinars (around 50 euros) to 250,000 families living below the poverty threshold.