



WILL TUNISIA'S SHIP OF STATE SINK OR SAIL?

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President Kais Saied's decision to sack his prime minister, Hichem Mechichi, and suspend the activities of parliament did not come as a surprise. Financial indicators have been flashing red for years, and Tunisia will go bankrupt this summer if it fails to negotiate a bailout with the International Monetary Fund (IMF). Playing cat and mouse with Tunisia's foreign creditors was the hallmark of Mr Mechichi, a modern version of fiddling while Rome – in this case Carthage – burns. Democracy has deteriorated while different economic and political lobbies interplay, not to say criminal networks whose behaviour was increasingly divorced from reality. The escalating Covid-19 pandemic has claimed the lives of over 20,000 Tunisians, while an offer by Pfizer to manufacture vaccines has gone unanswered for months. The competence of the government of Mr Mechichi has been questioned by many Tunisians, including the business sector, fearing the "ship of state is sinking".

Ever since the Jasmin revolution of 2011, successive Tunisian prime ministers have fallen prey to what a respected former head of the phosphate company, Kais Daly, describes as "magical economic thinking". The payroll of the civil service and state companies has increased by more than 150,000 to over 600,000 people. This massive recruitment over such a short time raises questions regarding the process as well as the qualifications of candidates. Tunisia's civil service

wage bill, one of the highest in the world, has grown from 10.7% of Gross Domestic Product (GDP) in 2010 to 14.6% in 2019 which amounts to 17.6% of GDP in 2020. The wage bill consumed about 75% of tax revenues in 2020, up from 53% in 2010 according to the latest IMF Article IV Assessment of Tunisia last February. It is worth bearing in mind that public sector salaries are on average about twice as high as those in the private sector. The inevitable consequence is that investment in infrastructure, education and health has been slashed. As many doctors leave the country, the hospitals are buckling under the strain of the pandemic.

The governor of the Central Bank of Tunisia (BCT), Marouane el Abassi, had his hand forced when parliament voted to allow the BCT, on an exceptional basis to lend Tunisian Dinars 2.81 billion directly to the Treasury which is not allowed by the Central Bank's law.

Saied's Next Moves Will Make or Break Tunisia

The president's next moves are critical in defining the future of Tunisia's democracy. Saied cannot become the prosecutor in chief of deputies or businessmen suspected of corruption. That is the responsibility of the ministry of justice and the courts. While the support of the army would help him, that of the far more numerous police, of the powerful Tunisian General Labour Union (UGTT) trade union, not to mention political parties and broader civil society is essential to negotiate a way out of the crisis. Constitutional and electoral reform are both essential but cannot be willed by fiat.

For the Tunisian people, resentment at the increase in the poverty rate from 14 to 20% between 2019 and 2020, fewer jobs, declining living standards and the loss of hope since 2011, the actions of political parties and of corrupt networks operating in the informal economy has turned to fury. But their strong support for the president is tinged with apprehension. Saied is not an expert of economic matters, and a dislike of money is no substitute for a sound economic policy and the encouragement of genuine entrepreneurs, particularly younger ones, of whom there are many in Tunisia.

Cutting the Gordian knot of an inextricably contradictory institutional situation was the easy part. It needed to be done, but the rule of law must be restored by the end of the summer. What is required is a strong cabinet led by a political figure who enjoys good relations with the country's economic partners and the IMF, responsible for the economic and finance portfolios. Key ministers must be professionals in their field and untainted with corruption. There is no shortage of such leaders in Tunisia. Their presence in government would buttress Saied's unquestioned moral authority, which will be forfeited if he abuses his power.

After the general election of 2019, the lack of a clear majority in parliament handed its speaker, the Islamist leader Rachid Ghannouchi, greater power than he would have enjoyed otherwise, but it was a power to block, rather than propose. Allegations of vote rigging in the election by a number of deputies have been in the hands of the Electoral Commission for more than a year but have not yet been investigated. The second largest party, Qalb Tunes, is led by a media mogul Nabil Karoui, who has been accused of laundering money and tax evasion. This hardly commended these parties, neither of which offered a road map out of the economic

crisis. Ennahda leaders in particular appear to have gambled that Tunisian people would turn to them as their economic hardship increases. New elections alone will tell whether such a gambit pays off, but reforming the electoral code, which prevents a clear majority from emerging, must come first.

How the EU and the US Play Their Cards Matters

The reaction of foreign powers could influence the outcome. No doubt Egypt, which welcomed Saied's move, would like him to remove the Islamists from the scene as president al-Sissi did after 2013. This does not correspond to what a majority of Tunisians desire, many of whom would like to see Ennahda's wings clipped and Ghannouchi leave the stage. The Tunisian army, which is small and thoroughly professional United States (US) trained, is unlike its Egyptian counterpart. Its officers have no economic interests and senior officers like retired admiral Kamel Akrouf, who was security adviser to the late president Beji Caid Essebsi, see themselves as guarantors of the stability of the state. In 2011 the chief of staff avoided a bloodbath which Ben Ali was planning to unleash through his militias by visiting the commander of the VI US Fleet anchored off the northern coast of Tunisia at Cap Serrat. This signalled to Ben Ali the game was up, and he fled the country the following day, 15 January.

The American and European leaders are treading a thin line between Scylla and Charybdis. They avoid condemning Saied but do not give him carte blanche. Facing Tunisia's incapacity to enact reform, they are insisting he produce a road map. Public criticism proves all the more difficult as the head of state was elected in a democratic poll. This does not detract from the fact that Kais Saied needs to learn to listen and dialogue. The army can execute, for a while, but cannot formulate a government programme to get the country out of the impasse. Exploiting the sharp cultural and political divides in Tunisian society, as Ennahda did in 2012-2013, will encourage Ennahda's main rival, the firebrand Abir Moussi who leads the Free Destourian Party. Kais Saied is going to have to build bridges with some of its members, and the country's vibrant Non-Governmental Organisations (NGO) and give strong backing to the government as it re-establishes the rule of law, negotiates with the IMF and starts the arduous process of reform.

Tunisia Deserves Generous Financial Support from the West

Meanwhile, the US and the EU need to offer Tunisia, through bilateral aid and the IMF, a generous package. Algeria, who stepped up to aid Tunisia in 2011 following the refugee crisis, has already deposited \$1 billion at the BCT and has a vital interest in the stability of its eastern neighbour. So does Libya. Democracy is all too often associated with prosperity. Is democracy sustainable if poverty and disarray capture a society? The answer might not be the one we like. Hence, the hope of most Tunisians, that Kais Saied can find a way out of the current impasse, may be misguided. Rome was not built in a day, nor will democracy on the shores of Carthage.

