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From Dictatorship to “Democracy”: Neoliberal Continuity and Its Crisis in Tunisia

Mehmet Erman Erol*

Abstract

A decade after Tunisia’s Jasmine Revolution in 2011, this article assesses Tunisia’s neoliberal political economy from a critical and historical perspective; from Ben Ali to its current political and economic impasse. It argues that despite the country being shown as the only democratic example to have emerged from the “Arab Spring”, the continuity of neoliberalism puts significant limits on its democratisation. Domestic and international ruling classes insisted on the implementation of further neoliberal reforms since the 2010s which curbed democratic processes, interventions and demands. Hence, despite limited democratic reform in the political sphere initially, it is not plausible to argue that the post-2010 era delivered the demands of the masses that led to the ousting of Ben Ali. In recent years, the country has experienced significant economic and political crises accompanied by deep societal unrest and labour resistance. Indeed, high unemployment persists, inflation and the cost of living have worsened, foreign debt has soared, wages have remained stagnant and state austerity is prescribed by the country’s creditors. This leaves the future of Tunisia’s political economy uncertain and crisis-prone, and makes the case for a break away from neoliberalism an urgent necessity.

Keywords: Tunisia; Arab Spring; Democratisation; Developmentalism; Neoliberalism; Authoritarianism; Economic Development; IMF; Washington Consensus

1. Introduction

“I had hope in the Revolution, but nothing has changed”
(A Tunisian citizen in an interview with Financial Times, 2018).

In December 2010, the social uprisings known as the “Arab Spring” started in Tunisia against the dictatorship of Zine El Abidine Ben Ali. For many commentators, Tunisia “is the lone success story from that period of unrest” and “remains a beacon of hope” for the Middle East and North Africa (*The Economist* 2019). The relatively peaceful and democratic transition, political liberalisation, and the desire for economic reforms backed by International Financial Institutions (IFIs) were praised by many observers of the country. However, in recent years, the country has experienced significant economic and political problems accompanied by deep societal unrest and labour resistance. Indeed, high unemployment persists (especially among the youth), inflation and the cost of living have worsened, economic growth remains

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weak, foreign debt has soared (*The Arab Weekly* 2020), wages are stagnant and state austerity is prescribed by the country's creditors. Political tensions are on the rise again as a result.

This article argues that this outcome is directly related to the continuation of neoliberal policies post-2010, which has failed to meet the desires of the people who took to the streets during the uprising. The Tunisian people did not only oppose the political authoritarianism of the Ben Ali regime, but also the neoliberal policies under his rule which created massive inequality, unemployment and widespread misery. Despite paying lip service to these demands, the ruling classes (domestic & international) imposed further neoliberalism in the aftermath of the revolution (Hanieh 2013; 2015). For instance, the IMF was involved in two loan agreements in 2013 and 2016 whose conditionality imposed severe austerity; i.e. wage freezes, tax increases and spending cuts. Domestically, both Islamist (manifested in the *Ennahda Movement*) and secularist political forces which dominated the political arena post-2011 embraced this orientation and failed to meet the progressive mass democratic demands and in fact reproduced authoritarianism in a different form.

Against this background, and after a decade of political and economic transition, this article assesses the continuity and change in Tunisia's neoliberal political economy from Ben Ali era to the end of 2010s. I argue that despite changes in the political regime and the "democratic transition", the biggest threat to Tunisian democracy is the continuity of neoliberalism and the attempts to impose "market discipline" – as mass democratic demands are often in contradiction with these policies. Furthermore, neoliberal policy orientation insulates economic policies from democratic oversight and meets popular demands generally with repression.

Against this backdrop, the article is structured as follows: First, the process of Tunisia's transition to neoliberalism is discussed. Then Tunisia's neoliberal authoritarianism under the Ben Ali dictatorship is dealt with. This is followed by the immediate aftermath of the "Jasmine Revolution" and an assessment of the political economy of Ennahda-led "troika" government. Next the political economy of the "grand coalition" of Ennahda and Nida Tounes is discussed. The conclusion summarises the argument and draws attention to the crisis of Tunisia's neoliberal political economy.

2. Political Economy of the Transition to Neoliberalism in Tunisia

Like most of the countries in the Middle East and North Africa (henceforth MENA), Tunisia implemented state-led developmentalist policies following the decolonisation process and gaining its independence from France in 1956. These policies are also conceptualised as "peripheral Keynesianism" (Beinin 2016) or more generally and somewhat controversially as "Arab socialism" (Ayubi 1992; Kadri 2016). It is characterised by heavy state involvement in the economy, protectionism, and mostly secularist and nationalist/anti-imperialist ideology under a strong/charismatic authoritarian populist leader (such as Nasser in Egypt, Gaddafi in Libya, and other Ba'athist leaders in the MENA region).

Despite some differences, Habib Bourguiba (who was the leading figure in the independence movement and ruled Tunisia from 1956 to 1987) was one of these figures. His policies and ideology are commonly known as "Bourguibism" (Brown 2001) and included

some elements of the above-mentioned “Arab socialism”, especially during his earlier years in power. Indeed, in the 1960s, under Bourguiba, Tunisia implemented development planning and the state was heavily involved in the economy in order to achieve a “socialist transformation”, to the extent that Bourguiba changed the name of his party to the *Socialist Destour Party* (Cammett et al. 2015). This did not last very long, however. In a sudden move in 1969, Tunisia’s “socialist experiment” was concluded and “Bourguiba devised a new strategy which relied on both public and private sector activity and was reoriented towards market forces” (Murphy 1999: 84).

The reasons for this move were manifold. First of all, even though Bourguiba presented himself as a socialist, he was never completely against or hostile to the private sector. Second, the Arab defeat against Israel in 1967 made *Nasserism* (hence Arab socialism) less prestigious in the eyes of Arab nations. Finally, the “socialist experiment” did not provide the desired outcomes fully in terms of economic development, despite some progress and relative success (Beinin 2016: 23-4). Perhaps more importantly, and considering Bourguiba’s general stance towards the private sector, policies such as land redistribution and heavy public investment alienated and created discontent among Tunisia’s bourgeoisie, petty capitalist and small landowning constituency which Bourguiba did not actually want to alienate. Hence Bourguiba decided to align more with capital from the late 1960s (Kaboub 2013; Cammett et al. 2015).

Despite this economic opening (called *al-infatah*) and retreat from the socialist experience, the Tunisian economy remained state-led during the 1970s. The rise in oil prices after the 1973 crisis, favourable agricultural conditions and migrant workers’ remittances helped the Tunisian state to achieve an average of 7 per cent growth during the 1970s and enabled it to postpone the implementation of unpopular policies (Beinin 2016: 36). While *al-infatah* enabled the private sector to grow (through new regulations and laws such as new investment codes in early 1970s), the state remained the biggest employer and producer until the 1980s (White 2001). It is also important to note that the Tunisian labour movement (mostly the powerful labour confederation UGTT – Tunisian General Labour Union) was very militant in the 1970s which was another impediment to marketisation and neoliberal reforms.

The conditions in the early 1980s, however, were not very favourable for the Tunisian economy and there were more serious restructuring attempts. Tunisia suffered from the “international recession of the early 1980s, drought, rising European protectionism, and falling oil prices” (Cammett et al. 2015: 249). Debt levels skyrocketed from 38 per cent of GDP in 1980 to 65 per cent in 1986; and the economy suffered from rising so-called “twin” deficits – budget and current account (ibid.). The Prime Minister Mohammed Mzali’s government (1980-1986) introduced austerity measures (i.e. cutting subsidies, increasing prices, freezing wages) to control the deficits, especially from 1983 onwards (Murphy 1999: 93). However, this process led to the infamous 1984 food/bread riots and Habib Bourguiba intervened; announcing that price increases would be cancelled (Beinin 2016: 42). The government then moved to a more gradualist approach. The economic woes did not improve, however. As shortages of food continued and the balance of payment crisis could not be overcome, in 1986 the Tunisian state turned to the IMF for a stand-by agreement in order to

implement structural adjustment policies (SAP), like most of the IMF client countries in the Global South in the 1980s.

3. Tunisia's Authoritarian Neoliberal Experience under Ben Ali (1987-2010)

Zine el Abidin Ben Ali was a key figure in the Bourguiba regime (particularly in the state security apparatus) and most infamously served as the Director General of National Security¹, amongst other posts (Kaboub 2014). During the late Bourguiba era, he was first appointed as Minister of Interior in 1986 and then as Prime Minister in October 1987. Soon after his appointment, disagreements between Ben Ali and Bourguiba came to the fore and Ben Ali organised a “bloodless” coup against Bourguiba in November 1987; relying on the Constitution that suggests ill health is a reason for removing the president from power (Murphy 1999). Despite earlier attempts at neoliberal reform, and signing a stand-by agreement with the IMF in 1986 under Bourguiba, “the coming to power of Ben Ali in a 1987 coup marked the real commencement of neoliberalism, and foreign governments across Europe and the United States backed his long rule in large part for this reason” (Hanieh 2013: 64).

With this international political backing, Tunisia was the recipient of five years of IMF support (1986-88 standby agreement and 1988-92 Extended Fund Facility)² and six World Bank structural adjustment loans (Pfeifer 1999). Altogether, the combination of IMF and World Bank policies were named as the “Economic Reform and Structural Adjustment Programme” (ERSAP) and were the reflection of the “Washington Consensus” which entailed the devaluation of the currency, export promotion, reduction in import protection, liberalisation of banking and prices, austerity, and privatisation of public enterprises (Cammatt et al. 2015: 299). During this period, overall financial loans and aid from IFIs and foreign countries amounted to \$737 million (Beinin 2015: 50).

Despite initial promises of political liberalisation, Ben Ali quickly began building an authoritarian neoliberal regime (Görmüş and Akçalı 2020). The repression of the powerful labour confederation UGTT in 1985-86 was handy for Ben Ali's regime in terms of weakening the opposition to neoliberal structural adjustment policies. The rise of the Islamists (the *Ennahda Movement*) and their influence among the working class against the background of austerity, unemployment and regional inequalities also encouraged the UGTT leadership to be in line with the authoritarian but “secular” Ben Ali and tame its resistance to ERSAP (Beinin 2015). Against this background, Ben Ali started to implement structural adjustment policies in an authoritarian fashion. Starting from the late 1980s, the ERSAP framework appeared to have produced positive outcomes for the economy. As such, economic growth was 4.3 per cent between 1987-1992, and other macroeconomic indicators, such as debt levels, inflation, exports and balance of payments improved; in addition to the increased FDI and slow but growing privatisation implementations (Cammatt et al. 2015: 299).

From the perspective of IFIs and Western governments, Tunisia's performance and the implementation of neoliberal reforms were impressive and amounted to a “success story” (Pfeifer 1999). In 1993, the IMF defined Tunisia as “a prime example of the successful

transformation of an economy from one heavily regulated by the government to one based on market orientation” (Beinin 2015: 55). From the perspective of labourers in Tunisia, however, this transformation meant increased exploitation and restructuring of class relations, to the detriment of workers. Unemployment, social exclusion and poverty persisted in the 1990s and 2000s (Hanieh 2013); real wages increased but capital benefited more because of the increased productivity; and labour markets were made more flexible through the 1996 Labour Law which made more than 50 per cent of the workers “temporary” by 2010 (Beinin 2015).

Another important area of neoliberal restructuring since 1987 has been privatisation, as a conditionality of the IMF & WB ERSAP programme. Attempts started before Ben Ali and became part of the 7th Development Plan (1987-1991) with the financial and technical backing of the World Bank (Ayubi 1997; World Bank 2004). Ben Ali, who “was eager to encourage and accelerate the restructuring and privatization process” as observed in a WB paper (see Saghir 1993: 10), set out to shape the privatisation policy in a more decisive manner. An important law passed in 1989 (Law 89-9) which set up a framework for institutionalising privatisation. The law, which reflected the character of “authoritarian neoliberalism”³, insulated privatisation policy-making from public scrutiny and “concentrated [it] solely in the hands of the prime minister, following the recommendation of a small committee that he chaired, CAREPP” (Hanieh 2013: 65). This also brought about widespread corruption, concentration and monopolisation of economic power in the hands of a few wealthy clans and the Ben Ali regime’s inner circles (Mosallam 2015: 6; Cammett et al. 2015: 300).

Privatisation remained rather slow until the 2000s, however. During the 7th, 8th and 9th Development Plans (1987-1991, 1992-1996, and 1997-2001 periods, respectively) privatisation proceeds amounted to USD 823,78 Million – 24.4 per cent of the all privatisation proceedings until 2016 (see www.privatisation.gov.tn; Hanieh 2013: 50). Despite the pacification of the UGTT – and partly because of it – the leadership of the labour confederation was successful in lobbying the government to move slowly on privatisation during the 1990s (Cammett et al. 2015: 300; Beinin 2016). The weakness and limited financial capacity of the private sector was another factor causing the rather slow privatisation process until the 2000s (Ayubi 1997). Nevertheless, privatisation gained further momentum with the 10th Development Plan (2002-2006) with regime’s determination to sell off parts of large state companies such as Tunisie Telecom; and privatisation proceeds between 2001-2008 reached USD 3.6 Billion (Hanieh 2013; Cammett et al. 2015).

As the 1990s were the heyday of neoliberal globalisation, Tunisia’s integration to global political economy and opening to the world market were intensified; of course in an uneven manner. With the European Union’s (EU) imperialist interests expanded to the MENA region in the 1990s, the EU signed an association agreement with Tunisia in 1995, making it the first Mediterranean non-community country to achieve this status and engage with the world’s largest economy through free trade (Murphy 1999: 148; Cammett et al. 2015). Tunisia also became a member of the GATT in 1990 and later the World Trade Organization (WTO) in 1995. Needless to say, this would put pressure on workers to become more competitive and productive, and was a pretext for labour market flexibilisation, as the aims of the 1996 Labour Law reflect. As Hanieh emphasises (2013), these processes are

inter-related; i.e. integration to the world market entails a more competitive and “free” economy — hence liberalisation and this would entail privatisation and labour market deregulation.

With these neoliberal reforms, the Tunisian economy achieved an average of 5 per cent growth from 1996 to 2008 (World Bank Data). However, during the same period, the living conditions of the majority of the Tunisian population deteriorated; reflecting itself in record unemployment levels (around 15 per cent in general and around 30 per cent among the youth), decreased government spending on subsidies and social measures and persisting poverty (Hanieh 2013; Pfeifer 2015). As observed elsewhere, neoliberalism did not mean the *retreat of the state* nor did it lead to political democratisation. The corrupt Ben Ali regime increasingly relied on repression of dissent and workers, as seen in the major Gafsa rebellion in 2008, which was organised by the radical wing of the UGTT and gave the first signs of the revolution to come in 2010 (King 2019).

4. Revolution and the Political Economy of Transition: 2011-2014

4.1. The Interim Government

As is well documented, a young Tunisian street vendor, Mohamed Bouazizi, ignited the revolts in the Arab world in December 2010 by setting himself on fire as a reaction to local police’s harassment. As mentioned above, the discontent of the Tunisian people against the Ben Ali regime started to increase in the late 2000s. The effects of the global financial crisis in 2008 further exacerbated unemployment and the material conditions of the Tunisian people against the backdrop of declining exports to Europe, curtailment of workers’ remittances, decline of FDI, and declining tourism revenues (Hanieh 2013: 146-7). Together with Ben Ali’s increasingly repressive and corrupt practices, this situation paved the way for the revolution and eventually, after his tactics of repression and denouncing the protestors as terrorists proved unsuccessful, in January 2011 Ben Ali fled to Saudi Arabia.

Despite the Tunisian Revolution being presented as a “leaderless revolt” that omits working class agency (see Kaboub 2013), the legacy of the earlier struggles of the radical wing of the labour movement was significant and the powerful union confederation UGTT was forced to change its stance following pressure from workers (Feltrin, 2019; Hanieh, 2013). Also, culturalist and politicist approaches either implicitly or explicitly eschew a critical political economy and class-based account of the Tunisian Revolution. The Tunisian people did not only oppose the political authoritarianism of the Ben Ali regime, but they also opposed the neoliberal policies which created massive inequality, unemployment and widespread misery, as is reflected in their slogan of “Work, Freedom, Social Justice” (Beinin, 2015, p. 101).

In this context, from the perspective of the Tunisian ruling class, and also the IFIs and Western powers, it was important to prevent any radical break from earlier pro-market and neoliberal reforms; whilst pretending to recognise the progressive demands of the Tunisian people for equality and freedom. After a short-lived dispute and protests over the interim successor of Ben Ali, veteran politicians Fouad Mbaaza and Beji Caid Essebsi became

interim president and prime minister, respectively. These politicians took official positions under the previous regime, but were seen as “responsible statesman” for a transition period.

Beji Caid Essebsi played an important role as an interim PM in shaping the economic direction of post-revolution Tunisia. In a secretive and non-transparent fashion (i.e. not consulting the Constitutional Assembly), he negotiated a five-year economic plan known as the “Jasmine Plan” with the “Deauville Partners” (Rousselin 2016: 214; Panadori 2017). The “Deauville Partnership with Arab Countries in Transition” refers to a “partnership” established in May 2011 at the G8 Summit in France, consisting of countries such as G8 members, Gulf monarchies and Turkey. It also included various IFIs such as IMF, World Bank, the African Development Bank, the Arab Monetary Fund, and the European Bank for Reconstruction and Development. It offered up to USD 40 billion in loans to Tunisia, Egypt, Morocco, Jordan and Yemen in exchange for implementation of neoliberal institutional reforms (Chandoul 2018; Hanieh 2015). Western powers and IFIs seemed to show sympathy with the democratic demands of the people and emphasized the importance of “strengthening voice, transparency, and consultation, and improving the living the conditions of marginalised populations” (Hanieh 2015: 121). Despite this rhetoric and ostensible shift in discourse, Tunisia’s Jasmine Plan was not radically different from earlier policy objectives and prescriptions of the IFIs (Powers 2019).

Indeed, within the context of the Jasmine Plan and the Deauville Partnership, Tunisia received an approximately \$1.3 billion loan package from the World Bank, the African Development Bank, the French Development Agency and the European Union. The World Bank contributed \$500 million to this package and encouraged the Tunisian government to “promote competition and improve the business climate”, “liberalise capital account”, “resist pressures for wage increase”, “deregulate labour markets, and embark on privatisation and public-private partnership” (Hanieh 2015; Rousselin 2016). As Hanieh (2013: 168) puts it, “all these financial initiatives were aimed at turning the movements that had erupted in 2011 away from any deep-seated change to the patterns of capitalist development characterized by earlier regimes”.

4.2. Islamist-led Troika and Neoliberal Restructuring 2011-2014

The economic neoliberal direction that Tunisia took in the immediate aftermath of the uprising was not much interrupted by the Tunisian Constituent Assembly Elections of 23 October 2011 which resulted in Islamist Ennahda’s victory, having won 37% of the votes (though voter turnout remained only 52% (Powers 2019)). This result did not provide enough seats to form a majority government, and Ennahda formed a coalition government (known as “troika government”) with the centre left leaning Congress for the Republic (CPR-*El Mottamar*) led by Moncef Marzouki and the Democratic Forum for Labour and Liberties (*Ettakatol*) (Beinin 2015). Reflecting a power-sharing arrangement, the Constituent National Assembly elected CPR leader Moncef Marzouki as the President, and Ennahda politician Hamadi Jebali became the Prime Minister and leader of the government.

As the coalition’s biggest partner, Ennahda party occupied most economy-related ministerial positions (Paciello 2013). Like other Islamist parties and movements such as the AKP in Turkey and the Muslim Brotherhood in Egypt, the Ennahda’s rhetoric emphasized

“social justice”, “solidarity”, “social values and humanity” while promoting capitalist values such as competition, free enterprise and efficiency⁴ (Cimini 2018). Ennahda leader Ghannouchi even emphasized a Scandinavian-style inclusive capitalism and social democracy to tame the markets for a fairer society (Rousselin 2016). Despite this rhetoric, however, in practice the Ennahda-led governments did little to bring change to the neoliberal direction that had been embraced during the Essebsi-led interim government and the authoritarian Ben Ali regime (Paciello 2013). This is not surprising considering the irreconcilability of the above-mentioned competing values in a crisis-ridden capitalist society.

A manifestation of Ennahda’s economic policy was its negotiation with the IMF for a loan which began in 2011, and ended up with a 2-year stand-by arrangement (SBA) of USD 1.74 billion in June 2013 (Hanieh 2015: 125). It is important to emphasise that the negotiations between the IMF and the Ennahda-led government were conducted in a non-transparent and secretive fashion, without any public discussion (Paciello 2013; Rousselin 2016). Despite expectations that the IMF would “take lessons from the past”, and, as the then IMF Managing Director Christine Lagarde suggested in one of her visits to Tunisia in 2012 that “the 2012 version of the IMF differs from the past” (IMF 2012); IMF policies remained unchanged and failed to address the long-standing and deep-seated economic and social issues that led to the revolt in 2010-11 (Mossallam 2015: 7). This continuity of neoliberal logic was reflected in the stand-by arrangement which proposed (further) tightening of monetary and fiscal policies (i.e. austerity) aiming specifically at decreasing the wage bill, restructuring the subsidy system (i.e. cut backs), comprehensive (and regressive) tax policy reform, reduction of state intervention and promotion of private sector development, as well as labour market flexibilisation (Hanieh 2015: 124-5). As it is eloquently put by Powers (2019: 25), “imposing such structural reforms without democratic sanction therefore implied a significant externalization of policy commitments, with the SBA functioning so to strip the democracy’s elected officials of the right to influence many of the most essential domains of economic policy.” Needless to say, however, this depoliticisation via externalisation was the choice of the Ennahda-led Troika government.

Another problematic area which would cast doubt on the direction of Ennahda-led government and the “democratic transition” was its close relationship with authoritarian capitalist and Islamist governments of the Gulf Cooperation Council (GCC), Qatar and Turkey.⁵ Qatar played an important role in providing financial assistance with a \$1 billion loan and major infrastructure and investment projects amounting to \$2 billion (Hanieh 2018: 250). Most of these loans and investments from Qatar were criticised, as it was argued that the Jebali government followed non-transparent procedures in dealing with the Qatari investors (Paciello 2013).

As a result of this political and economic direction, tensions started to rise in the country in late 2012 – early 2013. The 2013 budget reflected an austerity logic with a regressive tax policy, cuts on social spending, and no significant increase in wages which created discontent among the workers (Paciello 2013: 21). In the meantime, tensions between the UGTT and the Ennahda started to grow as the government criticised and assaulted the UGTT and showed that it did not believe in unionism; in the sense that it attempted to keep the authoritarian union policy of the previous regime intact (Paciello 2013). In the meantime

however, the UGTT became stronger following the 2010-11 Revolution, and its membership increased to 750,000 by 2014, from 517,000 in 2011 (Beinin 2015: 126).

The growing discontent of the workers and youth against austerity measures, the rising cost of living, regional inequalities, unemployment and taxes then combined with an escalation of political violence, as on 6 February 2013 the Tunisian branch of the Salafist Islamist terrorist organisation *Ansar al-Sharia*⁶ assassinated the dissident leftist politician Chokri Belaid, leader of the Popular Front (Beinin 2015: 130). This sparked a new wave of demonstrations against the ruling Ennahda party, as it was believed that there were close relations between Ennahda and Ansar al-Sharia (Hanieh 2015: 126; Merone 2020). The UGTT organised a general strike as a response, and demanded the resignation of the Ennahda-led troika government (Stevenson 2013). After a short time, on 19 February, Ennahda Prime Minister Hamadi Jebali resigned following his failure to form a cabinet of technocrats.

The formation of the new Ennahda-led government under the premiership of Ali Larayedh did not bring stability to crisis-ridden Tunisia. Another dissident leftist politician, Muhammad Brahmi was assassinated, again by *Ansar al-Sharia* on 25 July 2013. The Ennahda-led government subsequently came under further pressure as its offices in Brahmi's hometown of Sidi Bouzid were attacked and protests continued throughout the "summer of discontent", with the formation of "National Salvation Front" which demanded the troika government's resignation (Merone 2020; Beinin 2015). As the political crisis escalated, Ennahda was forced to negotiate and join the "Tunisian National Dialogue Quartet"⁷ (comprised of various civil society organisations including the UGTT). As a result of this process, the Ali Larayedh government agreed to hand over power to a caretaker government of technocrats, led by Mehdi Jomaa, in late 2013 – early 2014. Concomitantly, a new and relatively progressive and secular constitution was introduced on January 26, 2014, which eliminated the references to Islamic law whilst recognising Islam as the religion of Tunisia (Beinin 2015; Powers 2019).

These developments were welcomed by the donors and IFIs. As Hanieh (2014: 126-7) argues, the formation of a technocratic government, in particular, was welcomed and strongly supported by the IMF as an important step in overcoming the deadlock and paving the way for further structural reforms. The constitution-making process also scheduled the elections to 26 October 2014. In the meantime, in line with the IMF Stand-by Arrangement, and despite ongoing protests, the interim government increased household electricity and gas prices, as well as fuel prices and taxes that would affect taxi drivers and farmers (Mosallam 2015: 7).

5. The Secular-Islamist "Grand Coalition", 2014-2019

The interim Prime Minister after the 2010-11 uprising, Beji Caid Essebsi, was concerned about the Islamist influence and the relative weakness of secular forces in the National Constituent Assembly and established a "big tent" centrist-secularist political party in 2012, named *Nidaa Tounes* (Beinin 2015: 125). This political party got the support of the elites of old establishment, as well as other left-leaning secular segments of the society, who were concerned about the Islamism represented mainly by Ennahda and the political crisis of 2013-14. As a result, Nidaa Tounes came first in the 2014 elections, winning 86 seats in the 217-

member Parliament; followed by Ennahda which won 69 seats. Beji Caid Essebsi also won the presidential election in 2014; where Ennahda did not offer any candidate as a consequence of the Ghannouchi-Essebsi consensus that was reached before the elections (McCarthy 2019).

The Ennahda leader Ghannouchi and Nidaa Tounes leader Essebsi (known as the “two sheikhs”) agreement also paved the way for a “grand coalition” of these two parties in the aftermath of the 2014 general elections, supported by two other small parties (Powers 2019) and led by Prime Minister Habib Essid. This Islamist-Secular coalition was considered an opportunity to overcome the crisis Tunisia had in the first few years following the “Jasmine Revolution”. However, from the early days onwards, the coalition proved to be crisis-prone – challenged by Islamist terrorist attacks in the summer of 2015, persistent economic problems such as unemployment (15% in general and over 30% among young people) crisis in the tourism industry, regional inequalities and stagnant living standards. The discontent over unemployment especially in the interior and deprived regions such as Kasserine was manifested by widespread social protests in early 2016 (Saleh 2016).

Rather than democratisation and progressive economic policies, the Nidaa Tounes-Ennahda coalition’s response was clearly the continuation of neoliberal authoritarianism as manifested in “securitisation” (Han 2020) and re-implementation of “police state” practices (Adly and Meddeb 2019: 62), as well as the introduction of a state of emergency. Concomitantly, in order to secure another loan agreement with the IMF, the coalition introduced various new neoliberal policy reforms. The most important reform in this context was related to Central Bank of Tunisia. The aim of the new Central Banking Law which was passed by the parliament in April 2016 was the “depoliticisation of monetary policy” and its “insulation from popular oversight” via central bank independence with the aim of price stability (Powers 2019: 29). Hence, in line with other country examples since the late 1980s, the aim was conducting monetary policy in a neoliberal fashion for credibility vis-à-vis the (global) financial markets.

Satisfied with these preparations, the IMF approved a USD 2.9 billion Extended Fund Facility arrangement in May 2016, for the period 2016-2020 (Adly and Meddeb 2019: 48); effectively anchoring Tunisian economic policy to the IMF for another four years. Unsurprisingly, this loan came with further conditionality; i.e. reducing budget deficit and implementing austerity measures, such as “containing the wage bill”, and also imposing currency depreciation (Chandoul 2018). Despite – yet another – emphasis on “inclusive growth” and “creating jobs”, this programme would further deteriorate the conditions of labour in Tunisia.

In the meantime, for the effective implementation of the programme, and also because of the growing tensions within Nidaa Tounes, President Essebsi tightened his grip on the government and led the sacking of PM Essid in August 2016; who was replaced by a young technocrat, Yousef Chahed. Essebsi also made every effort to re-integrate the old ruling political class within the state. Cabinet reshuffles in 2016 and 2017 put politicians who were tied to the “old regime” in important posts within the government, such as the finance and education ministries (Legrand 2018). In a desperate attempt to raise revenues, the government also passed the Economic Reconciliation Bill in September 2017, which granted immunity to

the corrupt elites of Ben Ali's rule "in exchange for such individuals' pledging to repatriate the capital they were hiding in offshore accounts across the world" (Powers 2019: 20).

This situation combined with a new finance bill that was drafted in November 2017 and envisaged harsh austerity in line with the requirements of the IMF loan. Specifically, the bill proposed increasing prices on basic goods, reducing public sector employment, and increasing value-added tax by an additional 1% (Mahmoud 2018; Powers 2019). The UGTT's objections and threatening of a general strike led President Essebsi to make some concessions and promise wage increases; and the UGTT then called off the strike. However, in January 2018, a more spontaneous and mostly youth-triggered protest movement (known as "The Fech Nstnew – What Are We Waiting For?") erupted against the above-mentioned finance (budget) bill (Mahmoud 2018). There were 207 separate riots or protests between 1 January – 22 March, demonstrating the level of discontent (Powers 2019: 2). The response of the Nidaa Tounes-Ennahda government was repression; leading to arrest of hundreds of protestors and police brutality (Mahmoud: 2018).

The discontent and disaffection manifested itself also in the local elections of Spring 2018, where only 33.7% of the registered voters took part (Galien and Werenfels 2019: 7). The political legitimization crisis was also reflected both within Nidaa Tounes and also between the Nidaa Tounes-Ennahda coalition. Disagreements and conflicts between PM Yousef Chahed and President Essebsi (over the control of Nidaa Tounes) came to the fore in 2018. Essebsi also ended the pact between Ennahda and Nidaa Tounes in September 2018, as Ennahda sided with PM Yousef Chahed. This ended up with Chahed forming his own centrist political party, Tahya Tounes, in January 2019 (Gallien and Werenfels 2019).

The Chahed government was also under pressure as the IMF was urging the government to reduce the budget deficit and the wage bill; but these unpopular policies also led this time to stronger resistance from the UGTT. The union confederation held two general strikes in November 2018 and January 2019, with protests taking place in major cities across the country. Fearing further disruption and scheduled general strikes, and against the advice of the IMF, in February PM Chahed accepted the UGTT's demands to a great extent, and the wage cuts were overturned (Taboubi 2019). This alarmed the IMF and led to the delay of a tranche of the IMF loan, as the Fund urged for an "unwavering discipline" to meet its fiscal deficit target (Gunn and Laghmari, 2019). Against this background, it appears that the insistence on a neoliberal framework and a reliance on the overall IMF logic leave Tunisia's political economy crisis-ridden and uncertain; with significant implications for its democracy and legitimacy.

6. Conclusion: Tunisia's Uncertain Path and Neoliberalism's Legitimacy Crisis

With 92-year old President Essebsi's death in July 2019, Tunisia's political and economic trajectory entered a new phase of uncertainty. The early presidential elections in September and October demonstrated the discontent in Tunisian society, as two "outsiders" – a conservative independent law professor Kais Saied and the jailed media mogul Nabil Karoui (who established the political party Qalb Tounes – "Heart of Tunisia" in 2019) – reached the second round. Kais Saied won the election in the second round, with a turnout of only 55%.

The results were shocking for incumbent politicians, as Ennahda candidate Abdelfattah Morou got only 12.9% of the vote, PM Chahed got only 7.4% and Nida Tounes-backed Abdelkrim Zbidi got 10.7% (Wolf 2019).

The parliamentary elections that took place on 6 October 2019 were another manifestation of the crisis of legitimacy and widespread discontent. With only a 41% voter turnout – in 2014 it was more than 60% – the elections brought about a fragmented parliament. Ennahda came first but with a significantly reduced vote share (around 18%), and Nabil Karoui's Qalb Tounes came second. As none of the parties had a majority or could form a coalition government, the Tunisian political class attempted to resolve this political deadlock through “technocratic” means – implementing further neoliberal reforms that the IMF demanded. Ennahda proposed Habib Jemli as prime minister-designate to form a government. After the president's approval, Jemli tried for months to form a government without success. This led to another delay in the payments of IMF tranches (The Arab Weekly 2020). Habib Jemli finally formed a cabinet of technocrats in January 2020; however his cabinet was rejected by lawmakers.

Following this, President Saied appointed former Finance Minister and social democratic Ettakatol affiliated Elyes Fakhfakh to form a government. A “unity” government consisting of various political parties (excluding Qalb Tounes) was finally approved by the parliament in late February 2020, under PM Fakhfakh. However, this government proved to be “weak” from the very beginning, and it was further undermined by ongoing economic woes, the impact of the Covid-19 pandemic, and Ennahda's (provided 6 ministers) controversial Islamist policy in the Libyan conflict (Al-Monitor 2020). Tensions between Fakhfakh and the Ennahda movement meant the government did not last very long; and in July Fakhfakh resigned amid corruption allegations. Following this, in early September, a technocratic government under the independent politician and former Minister of the Interior, Hichem Mechichi, was formed and approved by the parliament. The new Prime Minister (eighth in ten years) emphasised the need to focus on the country's economic problems, merging the ministries of finance, investment and economy which were to be led by Ali Kooli; a liberal economist and the chief executive of Arab Banking Cooperation (Al Jazeera 2020). However, the stability of this government is also questioned, as President Kais Saied reportedly withdrew his support from Mechichi.

This article argued that Tunisia's political crisis is deeply rooted in its neoliberal trajectory. Despite widespread discontent with the authoritarian neoliberalism of dictator Ben Ali, as manifested in the “Jasmine Revolution” a decade ago; Tunisian ruling classes post-2011 insisted on continuing the implementation of further neoliberal reforms backed by the IMF and other international creditors. This has been a constant obstacle in terms of democratisation and meeting the demands of the Tunisian people, especially the youth. Currently, youth unemployment stands around 35% (Mansouri, 2020) while poverty has increased even more, compared to the Ben Ali era (Wolf 2019). As a result, class conflict and mass protests are becoming more prevalent, and are met by increased authoritarianism, as neoliberal governance loses its legitimacy and leans on repression. It has also resulted in disenfranchisement and political apathy or support for right wing “populists” or political Islamists, as seen in the last elections. Furthermore, this situation has also increased the “nostalgia for the dictatorship” of Ben Ali era (The Economist 2020).

This leaves Tunisia's political economy crisis-ridden and its future unstable. This situation was made worse by the impact of the Covid-19 pandemic in terms of declining tourism revenues, and the economy is expected to decline by 6,5% in 2020 (The Economist 2020). The decade after Ben Ali's removal from power was marked by the continuation of neoliberalism which has deepened the country's problems and worsened the condition of the masses. The new era will likely continue in this direction under the new technocratic neoliberal government, as the country is already in negotiations with the IMF for a new loan agreement, and it has also used an emergency IMF loan of USD 745 million because of the pandemic. However, this article argued that Tunisia's political economy needs a real change; one that breaks from the neoliberal status quo and the institutions that reproduce it.

Notes

1. In the late 1970s, during a conflict between the UGTT and the government, Ben Ali was the Director of National Security. Hundreds of people died during clashes between the workers and security forces and it is believed that Ben Ali "was responsible for the bloodbath" (Beinin 2015: 35).
2. For a detailed account of the history of IMF-Tunisia lending arrangements, see <https://www.imf.org/external/np/fin/tad/extarr2.aspx?memberKey1=970&date1key=2018-08-31>.
3. For the concept of authoritarian neoliberalism, see Bruff (2014).
4. The Ennahda movement was banned during the Ben Ali regime. For a very thorough examination of Ennahda's history and ideology, see Wolf (2017).
5. On the relationship between Tunisian political Islamists and Turkish political Islamists (represented in the AKP rule), see Somer (2016); Marks (2017) and Göksel (2014).
6. Ansar Al-Sharia operates in different countries of the region. In the Tunisian context, it emerged mainly as a result of the disappointment caused by the lack of change in the material conditions after the revolution, and represented the marginalised urban social classes. For an interesting Gramscian analysis of the organisation in Tunisian context, see Merone (2020).
7. This initiative was awarded the 2015 Nobel Peace Prize.

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