



## Review

# Tunisian Revolution and Regional Imbalance

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**Tunisia has been a classical example of what Clifford Geertz calls authoritarian liberalism. The disconnection between economic growth and political reform always ends up producing its toxic effects: development of a patronage and predatory capitalism, lack of transparency, lack of judicial security, and eventually disintegration of the effectiveness of the system and its attractiveness to foreign investors. What lies beneath the so-called “jasmine revolution” is the growing intolerance towards inequality between regions, social classes and generations. The paper focuses particularly on the questions raised by regional disparities: the geographic distribution of budget resources, the provision of targeted programs, the importance of such dimensions as deconcentration and decentralization; the challenges for policy makers are, at least in the short and medium terms, almost insurmountable.**

**Keywords:** revolution, decentralization, education

## Economic approach to the revolution

The origins of Tunisia's revolution date paradoxically back to “the famous Tunisian economic miracle.” This does not mean that the revolution was not genuine, at least between the years 1970 and 2000, with quite respectable growth rates, significant foreign investments, and a real modernization of the country in terms of infrastructure as well as education and health. In fact, nobody can deny the fact that during those decades Tunisia had developed subcontracting in the textile industry, encouraged the implementation of offshore industries, and promoted tourism activity. Certainly, Tunisia has benefited from favorable circumstances, from transfers of its immigrants, and from Arab and non-Arab investments. But it has mainly benefited from European Aid - an average of 100 million Euros a year - since the launch of the Euro-Mediterranean Partnership in 1995, the signature of the Association Agreement in 1995, followed later, from 2004 to 2005, by the Neighborhood Agreement. All these issues have led people to believe that Tunisia is firmly committed to the path of economic takeoff. But, Tunisia's growth model suffers serious

handicaps: excessive low-added value and low-tech sector specialization based on low-skilled labor, especially women, in the textile and clothing industries. There is too much dependence on one market, the EU comprises 80% of trade in Tunisia, and there is a mismatch between increased levels of education and demand for skilled labor. Adding to these handicaps, the country has witnessed an unprecedented level of corruption, particularly in the 2000s, with the development of capitalism in favor of the deposed president's family as well as profiteers who gravitated into the orbit of the system. It is this system of organized and pervasive corruption which began to seize up the entire machine, scaring investors and discarding partners, especially Europeans. Despite the growth (4-5% growth per year), there was no development. According to Beatrice Hibou, author of *La Force de L'obéissance*, the issue of qualifying the Tunisian revolt is less important than analyzing the mechanisms of a political economy of domination as she calls it “security pact.” The latter, by its “mechanisms of inclusion” of

social demand (employment, integration, citizenship), has allowed Ben Ali's regime to take time, but for Beatrice Hibou, it is mainly through its opposite effects and simultaneous marginalization, combined with the failure of his economic model, that the Tunisian regime will end. In 2010, while Tunisian economy showed clear signs of faltering, the World Bank praised the country's "macroeconomic stability." Ben Ali played on the image of a "good student" to perpetuate its repressive practices. However, all development theorists know that an authoritarian modernization can work for some time but rarely stays for long. The disconnection between economic growth and political reform always ends up producing its toxic effects: development of a patronage and predatory capitalism, lack of transparency, lack of judicial security, and eventually disintegration of the effectiveness of the system and its attractiveness to foreign investors. The growth that was achieved in Tunisia especially in the 2000s was based on income instead of merit. Income can be a blessing when it is accumulated by a democratic country: it is then distributed in the form of social services. But income in the hands of authoritarian regimes produces many negative effects: it discourages productive activities (since one can buy everything), it serves to create a bloated and inefficient public service, and it transforms the population into a "client", "docile" and "undemanding" population. Income can actually allow countries to buy if not consent at least people's silence. Tunisian economy that was in crisis long before the December-January 2011 uprising was analyzed in terms of income as well as state privatization. Given that incomes have their origin in state intervention, they are at least in developing countries, one of the major challenges of political conflict. Thus, according to Buchanan, "there are three types of behavioral responses to the artificial creation of incomes: market response, the quest for political favors being obtained, and finally the search for power itself ... the income-seeking activities are potentially destabilizing." Occurring in an economy marked by a great dualism between socio-professional categories and sectors and regions, privatization policy that has been promoted by the World Bank and the International Monetary Fund (IMF) could conceivably correct the perverse effects of the growth model which has been followed up to this moment. But these hopes were bound to disappoint. State disengagement was not followed by an increase in job-creating investments or revitalization of the financial market by carrying out public offerings. Foreign investment is often content to acquire productive units without committing itself to invest and create jobs. Privatization will eventually be perceived by most citizens as a threat to employment. The situation might get worse with the arrival of graduates in the job market. In fact something exceptional happened in Tunisia as in many Arab countries; the regimes have decided to be the primary beneficiaries of liberalization. They developed

extreme and assumed "patrimonialism" that combines an almost incestuous power and property. Ghassan Salame explains, "Owning a factory, that is one thing; a factory only brings back income. Owning the state is able to rely on incomes as well as prestige and power. (Le Monde 07-02-2011). These high-risk conditions accompany unbridled privatization as whole sections of the economic fabric fall under the control of clans and relatives by means of plundering and fraud. What was hitherto tolerable will soon become intolerable: the casualization of the workplace, unequal distribution of profits, dramatic disparities between regions, and the gaping divide between the coastline regions and the interior ones. The revolution was already underway in the mining basin; it will quickly reach the center of the country, before reaching the capital.

### Regional Imbalance

Since Independence, Tunisia has maintained the main features of its spatial organization, namely the primacy of the capital and coastal development. The construction of Nation-State and the priority given to dynamic cities, industrial competitiveness and trade openness, both explain the centrality of Tunis and the development of coastal areas in the spatial, economic and migratory dynamics. Indeed, after independence, the authorities increased the weight of the capital, for fear of sinking into the new nation inter-tribal conflicts. However, the increasing weight of the capital blocked the natural development of towns, especially those from the interior. New sources of tensions arose causing a risk of opening other conflicts especially between the coastal regions and the interior ones.

The North-South divide, which already existed by the Independence, has given way to another more marked divide between the coastal regions and the interior ones. The spatial inequality has resulted in the concentration of income, wealth and investment and by profound differences in development at the expense of the interior regions. The centralized nature of the sector ministries has made regional coordination difficult and inefficient. In addition, regional administrations have only very limited resources and capacities. Yet the experience of advanced countries shows that four principles should be followed to integrate the management of different sectoral aspects of space policy: geographic distribution of budgetary resources according to needs, developing geographically targeted programs, deconcentration, and decentralization.

The regional development policy has evolved according to the dynamics of national political and economic context as well as to the function of current economic thinking that influenced the decision making process. Since independence, two public policies have followed each other.

The first policy, initiated and led by the State in the

1960s, revolves around the establishment of “industrial clusters” in parts of the country with a view to enhancing the natural resources. The inadequate record registered in terms of results and expected effects of training on regional economies concerned has cost this approach its relevance. The advent of the liberal tendency, during the subsequent decade, has led to the adoption of a new economic policy whose key words were the opening of trade on the outside, the development of private investment and entrepreneurship, and support for international competitiveness.

This model is based upon an exporter of light industrial subcontracting, located near the ports; put away entire regions which, by their geographical distance, could not tackle the process of economic development. Therefore, the interior regions are confined to, either in the agri-rural development plans, or in logic of internal migration for the benefit of coastal towns. These regions were placed, by political choice, in the margin of all modernization dynamic, their main function is to provide the cheap labor market for low-status occupations considered.

In this respect, the difficulties that Tunisia meets these days to create an income scale favoring the purchasing power are the direct product of the social policy of downward adjustment, the wages of unskilled jobs, which makes to our present, more complex any policy revenues that would legitimately adjust upwards the average wage in Tunisia.

Thus, regional development policy that has been pursued in recent decades, led to a failure in terms of economic and social justice and a broken social contract between the state and the citizens. Regional disparities have increased migration flows to the relatively more developed coastal regions, and thus created around these coastal agglomerations belts of poorly integrated neighborhoods inhabited by a poor population coming from the interior governorates. This situation which is the source of tension and conflict has inevitably led to widespread discontent of the people, whether those of interior regions, those in poor neighborhoods or those in more affluent neighborhoods of large cities. The poor development was built from the extreme centralization of economic and political decisions in Tunisia on a strategy of economic domination over the interior regions, with the involvement of interested politicians and business premises who make a selection of the meager surplus produced in these areas for reinvestment outside them (exodus of people from the interior to urban centers, investment policy of rural revenues in the coastal tourist area). This underdevelopment is usually accompanied by a mono-production, and especially proved to be the opposite of sustainable development and preservation of natural resources.

Important historical shifts between coastal and interior regions are the result of voluntary actions of the State for certain regions over others. If large parts of the South have received significant aid to fasten the nomadic population to its region and secure the border with Libya,

the effort was much lower in the central interior regions with cumulative delays in education (illiteracy rate), household equipment (bathrooms) and also access to the labor market (unemployment rate). One might add that the regions that face more social difficulties are also those where the condition of women is the least advanced.

Beyond the geographical isolation, the interior regions of Tunisia also appear to be disconnected from modern communication networks. A variant of modern theories of economic take-off would then explain the delay of the interior regions of Tunisia by the absence of large cities open internationally as well as poor education of its people. The statistics bear out this hypothesis in that they show a huge digital divide between the coastal and interior regions in access to Internet and mobile telephony. Tunisia illustrates the global trend towards a metropolization that concentrates growth and creativity in cities, leaving poor regions to their fate of mere reservoir of unskilled labor. [Grasland C. (ISTC)]

According to the census results of 2004, published by the National Institute of Statistics (INS), these deprived regions accounted for about 31% of the Tunisian population, for 50% of its land. They are mainly characterized by a population growth rate relatively low and significant emigration.

Between 1999 and 2004, interior areas recorded 38.9% of departures and arrivals of 14.4% of the whole country. During this period, the Midwest recorded the largest net migration compared to other interior areas, whereas during the earlier period the Northwest ranked first. This is due to the crisis of family farming in the Midwest (Daoud 2002, 2010) following the Agricultural Structural Adjustment Plan (ASAP) and the disengagement of the State

This crisis has resulted in the marked increase in small farmers' marginalization, which benefited during the years 1970 and 1980 the rural development programs of the State, and who suffered after the ASAP effects of competition from farmers-businessmen fully inserted into the market economy. Moreover, if metropolization has not led to the emergence of Sousse, Sfax and even less as true regional cities, it has reinforced the prominence of Tunis and closer ties with the Sahel of Bizerte and the south-east of Cape Bon (Miossec, 2002). It has also strengthened its equipment in various infrastructure and major urban projects, and has contributed to the development of service activities of national or international level (Hyder, 2006). In a reflection on globalization and metropolisation, Dlala (2001) concludes that “instead of playing a regulatory role, the new concept of development is likely to be discriminating, mutilating, causing narrowing of the space” suitable to the great competition, “rather than helping to find the unity of the country and threatened solidarity”

Today the problem of employment has become the main concern in deprived areas. It should be noted here

that, for young people 15 to 29 years, the unemployment rate reached 40% in the governorate of Kef and significantly exceeds this threshold in the governorate of Gafsa, against 30% at the national level.

If we add to those of inactive youth aged 30 to 35, we achieved three quarters of the unemployed. More specifically, according to recent available data (May 2011), the unemployment rate of higher education graduates reached 48% in the governorate of Sidi Bouzid, 46% in the governorate of Gafsa, 44% in the governorate of Jendouba, 44% in the governorate of Tataouine, 41% in the governorate of Kasserine and 40% in the governorate of Kef, while the national unemployment rate is 29%. For girls, it should be noted, for example, that these rates exceed 50% in Gafsa, and well beyond 40% in Kef.

Furthermore, the rate of urbanization in these regions is quite low: 40% for the governorate of Kasserine, 32% for the governorate of Kairouan and 25% for the governorate of Sidi Bouzid. They are therefore predominantly rural regions, and lightly populated.

Youth unemployment certainly increases with education level, but remains fairly high for young people from deprived areas who drop out school, knowing that those among them, who flee the net of unemployment, are often employed in the informal sector, where working conditions are deplorable.

Of the total unemployed of all ages, university graduates are only a small minority. The situation is also worrying for the "poorly educated" unemployed people whose state of unevenness and misery pushes them inexorably towards illegal immigration.

### **Proposal on regional development**

The white paper has put its finger on the heavy burden plaguing Tunisia and thus affirms the lack of efficient information system and a true regional planning, weak basic infrastructure to develop agriculture and attract local and foreign investments, the virtual absence of training which prevents farmers from modernizing their production technology and diversifying their products, the virtual absence of industrial and service activities which slows the hiring of a part of job seekers, particularly higher education graduates; weak banking representation and, especially, the administration's support of private investment, the non-regularization of problems of land ownership of arable land, the lack of appropriate industrial areas and support agencies to private initiative and finally, the lack of incentives offered to attract investors.

In order to overcome these major failures it seems important to go in the direction of the White Paper proposals. It is thus necessary to establish an upgrade of regions lagging behind the reduction of socio-economic inequalities; linking lagging areas to advanced areas in order to exploit the effects of training and

dissemination exercised by the agglomerations and finally to include all regions in the world economy in order to enroll them in a context of dynamic and sustainable development.

Tunisia needs today competitive regions to meet their needs in real time. In the current state, and given the critical situation in some areas, it has become necessary and urgent to find quick and sustainable solutions generating wealth and improving living standards. Ensuring a competitive regional development is only feasible by choosing thoughtful and appropriate adjustments for each region while stopping the specificities and priorities of each region. Any person responsible for regional development should understand that several challenges arise throughout the process of this development hence the need to make strategic corrections. Forgetting this factor means that regional development will surely have a negative impact on the macroeconomic and structural policies. Before any action in favor of a region, we must absolutely eliminate the harmful elements and structural barriers to sustainable growth. An agreement between responsible actors for regional development is required, and this is not to create a kind of opposition, indifference and break.

Tunisia is known to have developed a new regional policy in order to improve economic performance of the country as a whole. A new focus on other bases takes into account the priorities of the country while identifying the paths that lead to the spread of real wealth. Thus, it is strategic to exploit the potential of regions and establish small businesses by developing innovative and creative activities while supporting a new strategy of knowledge and technology that is more effective.

Regional development, whatever the level of the country is depends, first, on the establishment of direct contacts and rapid communication between local authorities, business leaders in their various levels, scientists and academic training institutions. The agreement, cooperation, and understanding of these parts are needed for a future regional development.

For the regional development projects, especially those that are programmed in advance, to be successful palpable and immediate, it is necessary that the wealth and assets of the regions are defined in a scientific manner by establishing, with serious and accuracy of project files. Any approach to wealth creation in any region of the country must be part of the overall operation of the macroeconomy and the regular creation of new jobs.

The new policy must be included as part of seeking to improve living conditions. It should aim, essentially, to provide opportunities for people in the interior regions of the country to hold their own development. They need to find solutions as an appropriate priority including access to employment.

It is necessary to establish an effective system of support and encouragement to the creation of small and micro enterprises. The choice of new employment

generating activities must be done in a real situation analysis and the real possibilities of the future location of the project. In addition, supervision and monitoring of industrialization should not be limited to theoretical studies. It should appeal to specialists who can bring projects forward and be able to bring something new in all regions of the country.

There are a multitude of profitable and innovative small projects. What is important is to define and specify those projects with lower costs but also to detect future growing markets. Business creation must be made according to the mentality and culture of the region. We must empower young entrepreneurs and future interest in advance while framing them in a practical way and supporting them at least during the first five years. According to statistics, about 50% of newly-created businesses fail during their first five years.

We must work to reduce geographic disparities in infrastructure and transport through the creation of new road and rail routes linking areas within the coastline areas. The existence of an efficient transportation system can include the fight against poverty by enabling people to access isolated equitably to both basic social services and markets for their production and travel to work.

Public expenditure on health should be equitably distributed among regions. Similarly, the level of service quality should be the same for all regions and finally, efforts should also focus on the development of education services, nutrition and clean water, decent housing and sanitation in poor areas that are lagging behind.

It is also for Tunisia to set up a design based on the complementarity of the territories which consists of making the coupling between territories of the Interior and coastal areas. This model is based on the effects of training and dissemination exercised by large dynamic urban agglomerations at the expense of disadvantaged governorates.

It is thus necessary to develop the transport infrastructure, including rail network, which is an essential means to achieve the objective of opening up of the poorest regions by facilitating the mobility of people and goods.

In this context, interurban transit systems are vital for the people of backward areas so that they can take advantage of demand for labor in close communities.

It should also review the regional boundaries to further exploit the geographical proximity of large cities. This regional breakdown aims at reducing deficits in poor areas through their efficient anchoring in the main governorates which are capable of containing poor governorates and structuring major regions.

Coastal areas are equipped with port and maritime infrastructure and with favorable geographical location that promotes business location on which foreign companies seek to minimize their transport costs. In this way, as openness influences regional growth, it indirectly

affects the spatial disparities. The question arises how to set remedy this situation?

The idea is to insert regions in the process of internationalization or globalization of the economy to achieve higher growth rates, absorb skilled labor and reduce the waste of resources. This requires work on promoting the competitiveness of the territories.

Regions with multiple levers on which they can act are able to improve the competitiveness of their territories beginning with their natural, cultural and historical resources. It is also to establish a conducive business environment, a system of investment incentives and make firms more competitive. In this way, regions can take full gains, in terms of progress and welfare, provided by the opportunities associated with the opening of the national economy to the outside world.

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