Briefing paper n°3
Summary and recommendations

المرصـــد التـــونسي للإقتصـــاد
Observatoire Tunisien de l'Économie

Economic Transition, Deregulation and Resistance in Tunisia
Analyzing the Content and Aims of the ICG report "Corruption and Regionalism"

On 10 May 2017, in the midst of the rise and consolidation of social movements across the country, Tunisian President, Béji Caid Essebsi, made a speech in which he called for militarizing the state's response to a sit-in organized in the Tataouine region claiming for redistribution of wealth and control over natural resources. Despite threats and increased repression, the protest, organized by the "El rakhla" movement and demanding national sovereignty over oil resources in Tataouine expanded to other interior regions with natural resources, including Kebili and Gabes. This mobilization was subsequently joined by "Manich Msameh," a movement more heavily concentrated in the country's capital and whose aim is to block the passage of the economic reconciliation bill, which would provide amnesty for corrupt businessmen and officials under Ben Ali's dictatorship. On the same day as Essebsi's speech, the International Crisis Group (ICG) published its report: "Blocked transition: corruption and regionalism in Tunisia".

Coming at such a sensitive moment in the national debate on the proposed law and struggles over socio-economic justice issues, the timing of the report was suspect. In addition, though the report addresses themes of corruption and regionalism, in reality its main aim is the promotion of a structural reform defended by the World Bank since 2011: the deregulation of the Tunisian Economy.

In our study entitled "Economic Transition, Deregulation and Resistance in Tunisia: Understanding the Challenges of the ICG Report," the Observatory for the Tunisian Economy [OTE] provides a new analytical framework through which to understand the content and aims of the ICG report, and the reports of other international organizations seeking to influence Tunisia's public policies more generally. As part of our study, we offer a practical guide to the insidious methods that these organizations use to promote their agenda. The first part of this study explains the structural changes advocated by the World Bank as well as the methods and theories the bank uses to promote these reforms. The second part presents the regionalist framework and the methods used by the ICG to promote the same reforms.

Often referred to as the "simplification of investment procedures," economic deregulation is central to the structural reform package promoted by international organizations. It is not only a question of removing or simplifying the "bureaucratic" aspects of Tunisian administrative practices, which many experts consider to be a required reform. Most importantly, in the sense employed by these organizations, it also entails institutional and legal transformations including the reform of the investment code and the removal of a maximum number of regulatory measures that restrict market access to foreign companies. This includes authorizations to invest in sectors where foreign capital exceeds 50% and in sensitive sectors where prior authorizations were previously required, including fishing, water wells, childhood development, etc.. The deregulation project was launched in Tunisia in 2011 by the firm Scott H. Jacobs, as part of the broader reforms promoted by the World Bank. Referred to as the "Guillotine Strategy," its aim is to remove a maximum number of regulatory measures (including authorizations) in record time, justified through reference to the concept of "regulatory capture". The concept characterizes corruption as the "capture," or shaping and promulgation of regulation by and on behalf of private interests. In this context, the legislator / regulatory authority becomes an agent entirely at the service of these private interests. In order to prevent pressure groups from serving private interests over public interests, the defenders of this theory advocate a radical solution that consists of removing the right of the state to regulate altogether.

Given their ideological orientation, these strategies intentionally obscure alternative corruption-blocking mechanisms, including regulations that would limit the activities of interest based pressure groups or sanction administrative officials engaged in bribery and other forms of corrupt behavior. The World Bank's report "All in the Family" is emblematic of the kinds of arguments used to to convince the Tunisian public and decision-makers that deregulation is the only solution to state capture. Using unethical methods and falsified information [1], the report claimed to demonstrate how the Ben Ali clan used regulation capture before the revolution to accumulate vast amounts of wealth. Following the failure of the guillotine strategy in the aftermath of the revolution, the ICG uses the same theory to recommend deregulation, but this time by applying it to the marginalized regions and opposition actors. In their report, "Blocked transition: corruption and regionalism in Tunisia," the ICG's analytical framework opposes the strategies of state capture of an elite from the privileged Sahel/coastal regions, to those of an emerging class, from disadvantaged regions, confined to use informal methods or smuggling. This approach is ineffective in view of the facts and omits several structural elements. Furthermore, the ICG report makes no mention of the corruption of foreign or transnational firms, and fails to address the outrageous privileges granted to the mostly foreign-owned companies, which are called non-resident under the law 72. Foreign multinational companies often capitalize on weak institutional mechanisms to bribe state officials and obtain unjustified privileges or annuity positions.

The OTE study highlights the orientalist methods and tropes employed by the ICG report to convey a particular image of the country and its political and economic actors as all essentially lazy, ineffective and/or corrupt in order to anticipate and delegitimize any resistance to their agenda. These two organizations employ very sophisticated propaganda tactics (bias, generalization, suspicion, falsification, rumors, etc.) to undermine the country's vital forces that resist this agenda. Administrative agents who resist the guillotine reform are depicted as corrupt and operating in the shadows. Social movements, since the 1984 Tunisian bread riots, are delegitimized and presented as corrupt puppets, serving to leverage negotiations on behalf of equally corrupt businessmen and smugglers. Finally, Tunisian entrepreneurs, from North to South, are portrayed as lazy profiteers seeking unwarranted earnings by taking control of a corrupt administration. In short, the message conveyed by these institutions is that there are no objective reasons for any national force to resist their agenda. By extension, anyone that does resist must be directly, or indirectly, corrupt.

Tunisian public decision-makers and stakeholders must question the credibility of institutions such as the World Bank or the ICG and their ability to provide reliable and evidence-based analyses. It has been demonstrated that they have falsified or manipulated sources, and/or shown bias in their studies by using unethical methods. Finally, although the recommendations of these two institutions appear to be neutral, the OTE report shows how they in fact represent a serious interference in Tunisian political affairs by taking the side of the political forces most likely to adhere to their economic deregulation agenda.

It is in light of the above analysis that the current deal suggested by the ICG should be viewed. It would allow the corrupt businessmen to clear their names through the National Reconciliation Act in exchange for their support in the operation of a massive national project of economic deregulation in favor of mainly foreign multinationals. It would also de facto pave the way for the establishment of a money laundering system through public-private investment funds.

If this agreement is concluded, Tunisia will have suffered two major defeats simultaneously: the first, through the deregulation of its economy, which will give foreign companies privileged access to its domestic market at the expense of local companies, the second, through the economic reconciliation act, which will have the effect of legally whitewashing and therefore legitimizing corruption.

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[1] Ben Rouine, C (2016). "'All in World Bank" Manipulation in the Name of Deregulation'. Observatoire Tunisien de l'Economie. http://www.economie-tunisie.org/fr/observatoire/analysiseconomics/all-world-bank-manipulation-deregulation-tunisia

On the basis of this analysis, the Tunisian Observatory of Economy makes the following general recommendations:

· Strengthen Tunisia's public policy-making through evidenced based analysis specific to Tunisia's unique context and development needs and drawing from and building upon already existing national expertise found in Tunisian research centers, universities and national institutes and therefore reconnecting the decision-making sphere with the sphere of research.

· Limit international cooperation to technical subjects, not political ones; the input of international actors should build upon and support national research and should not be at the center of the public policy-making.

· Question the reliability and credibility of the work of the World Bank and ICG, whose impartiality is not ensured.

· Reject the economic reconciliation bill which encourages fraud through consistent and regular amnesties and creates a climate of impunity conducive to the development of corruption.

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