Variegated forms of embeddedness: home-grown neoliberal authoritarianism in Tunisia under Ben Ali

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Abstract

This article aims to analyse the impact of structural adjustment programmes, widely known as the 'neoliberal model', on the resilience of authoritarianism during Ben Ali's regime in Tunisia, to uncover the possible outcomes of the embedded neoliberal and the authoritarian blending. To do this, it engages with two sets of broad questions. How did the Ben Ali regime continue to maintain the regime's tight grip on power in Tunisia during a 'neoliberal' transformation which in theory aims at reducing state influence? What does the Tunisian example tell us about the nature of embedded neoliberalism and its links with authoritarianism in general? The article answers these questions through the analysis of the novel social policy institutions of economic restructuring that took place during the Ben Ali era, namely the National Solidarity Fund, the Tunisian Solidarity Bank and the National Employment Fund. It concludes that these new tools under 'neoliberal' transformation increased state intervention in both politics and the economy, and reproduced the societal dependence on the state. Such form of neoliberalism has helped to sustain authoritarianism, but at the same time led to its demise when the social contract in which selective social benefits were provided in exchange for political loyalty failed.

Keywords: authoritarianism; Ben Ali; embeddedness; neoliberalism; structural adjustment programmemes; Tunisia.

Introduction

On 17 December, 2010, 26-year-old Tunisian street vendor Mohammed Bouazizi set himself on fire in front of a government building after being stopped by a police officer who seized his goods on the pretext that he was working without the necessary legal permit. The self-immolation of Bouazizi marked the symbolic start in spurring the uprisings with demands for greater political and economic participation in Tunisia and then in Egypt and across the region.

While the root causes of the Tunisian and Egyptian social uprisings are certainly not to be found in a single factor such as poverty, unemployment, precarity and food prices, they were not completely multicausal either (Hanieh 2013:173). The socio-economic and political conditions that led to these revolts have therefore not occurred because the Arab lands were merely '"lagging behind" and need to "catch up" in order to reach a "Western" level of development', but due to severe socio-economic inequalities that prevailed in the Middle East and North Africa (MENA) region (Bogaert 2013:19). Interestingly, for both Hanieh (2013) and Bogaert (2013), these inequalities were due to the shortcomings in the capitalistic developments of the MENA countries. In the case of Tunisia, advanced market-oriented policies were introduced in the 1990s by Ben Ali, President of the Tunisian Republic, under the auspices of the International Monetary Fund (IMF) and the World Bank. With its remarkable levels of annual GDP growth at over 6 per cent, Tunisia soon became a poster child for the successful Structural Adjustment Programs (SAP) (Tagma et al. 2013; King 2003). The adoption of SAP also resulted in the transformation of the Tunisian economic model into a neoliberal one, pointing to the role of market forces in the allocation of resources. This new economic model was also accompanied by novel social protection mechanisms which could alleviate the negative effects of SAP on the lower and middle classes who suffered from relative deprivation (El-Mahdi 2005). Against this apparently successful story, the main issue of the new 'neoliberal' model supported by the IMF and the World Bank was that it did not take into account the dynamics of authoritarianism in developing countries. As a matter of fact, some of the most intriguing complexities of neoliberalism are today considered to be its variegated character (Brenner et al. 2009; Macartney 2009; Akçalı et al. 2015; Lim 2017), embedded variety (Ban 2016), and potential link with authoritarianism (Tansel 2017; Bruff and Tansel 2019). Neoliberalism has proven itself to be in good company with authoritarianism in several countries such as Islamic Malaysia (Elder 2015), authoritarian Singapore (Slater 2018), Erdogan's Turkey (Di Giovanni 2017; Özden et al. 2017; Tansel 2019), Putin's Russia (Dutkiewic and Trenin 2011a, 2011b; Muller 2011), and socialist China (Zhuoyi 2015). In the Tunisian case, authoritarianism was additionally strengthened during the Ben Ali era by the help of a welfare system operating alongside the neoliberal reforms. This helped the Ben Ali regime subjugate both politics and the economy, perpetuating his power.

Drawing upon the Tunisian case study, the present article addresses therefore precisely this seemingly contradictory nature of neoliberalism and state authoritarianism by asking two main questions. What were the ways in which the Ben Ali regime continued to maintain its grip on Tunisia during the socio-economic transformation which aimed at reducing state influence? And what does the Tunisian example reveal about the nature of neoliberalism and its ambivalence with authoritarianism in general? The article addresses these two questions through the analysis of the social policies of three institutions, the National Solidarity Fund, the Tunisian Solidarity Bank and the National Employment Fund, which were introduced by Ben Ali as part of his economic restructuring model. Authoritarian regimes such as Tunisia are known to have constructed 'institutions incorporating sufficient social forces to enable them to manage their societies, thus raising the threshold of modernization beyond which authoritarian governance becomes unviable' (Hinnebusch 2006: 391). They have as such started being characterised as hybrid and/or semi or pseudo-democratic regimes (Diamond 2002). A focus on these institutions will illuminate the ways in which neoliberalism and political authoritarianism are usually intertwined, such as in the case of Tunisia.

Ben Ali's Tunisia stands out among the countries where neoliberalism has been introduced and functioned hand in hand with authoritarianism. It is where the social tools in times of neoliberalisation have been used in the most subtle and successful way to eventually serve to sustain authoritarianism.

It is also where the failure of such strategy has eventually brought the end of the authoritarian system. The demise of the Ben Ali regime was closely related to the failure of the previous social contract in which selective social benefits were provided in exchange for political loyalty (Hibou 2011; Bayat 2013; Burnell 2011). As such, we argue that Ben Ali's Tunisia is a noteworthy case study in order to be able to uncover not only the subtle links between neoliberalism, even in its social form, and authoritarianism, but also possible paths towards democratisation.

In the following sections, we first discuss the structural adjustment programmes within the neoliberal framework. We then focus on Tunisia and introduce how its government has in time switched from a socialist to a neoliberal economic model, highlighting the type of variegation and hybridity that have emerged out of this transition. In the following sections, we examine the social hurdles of Tunisia's neoliberal path and how the Ben Ali regime created and nurtured a clientelistic solidarity network through the analysis of the National Solidarity Fund, the Tunisian Solidarity Bank and the National Employment Fund, as a way to increase the state intervention and control in both politics and the economy. Drawing upon the case of home-grown neoliberalism in Tunisia, we then analyse the ways in which the imagined 'neoliberal' project and the so-called 'non-liberal' one (a police and/or an authoritarian state without any social dimension) have in practice not necessarily been mutually exclusive. This will enable us finally to discuss the outcomes of such paradox for Tunisia and beyond.

The logic of structural adjustment programmes, the so-called (neo)liberal model

Structural adjustment programmes are argued to have weakened universalist and right-based social policies, and conceptualised welfare policy as 'a residual category of safety nets that merely counteract policy failures or development disasters' (Mkandawire 2001: 1). Social safety nets became increasingly common as the calls for adjustment with a 'human face' accelerated after the recognised negative effects of structural adjustment policies on the poor people in developing countries. After the policy failures of its structural adjustment programmes, the World Bank started to shift its focus towards poverty and developmental issues from its previously exclusive focus on stabilisation and efficiency. Not only macroeconomic targets, but also the goals of poverty reduction and social development were integrated into the programmes of the World Bank. Therefore social safety nets were institutionalised in order to promote the twin objectives of reducing poverty and increasing economic growth in developing countries (El-Mahdi 2005: 41).

In the logic of structural adjustment programmes, the state was assigned the role of providing an enabling environment for private provision. The World Bank and the International Monetary Fund pioneered the institutionalisation of such market-led approaches to development throughout the world. The ‘neoliberal orthodoxy’, as it has been called (Hart 2001), maintains that the lack of access to capital is the main obstacle for poverty alleviation and economic growth in developing countries. Providing credit services has been cited as the major instrument to increase income and productivity of the poor people (Morduch 2000; Prahalad 2004). Accordingly, the extensive focus on improving people’s access to markets led to institutional arrangements in developing countries. Small business credit programmes in the service of the poor people became the crucial part of welfare restructuring through social safety nets in these countries (El-Mahdi 2005). World Development Reports have repeatedly observed that improving the poor people’s access to land, credit, infrastructure and productive inputs is essential in poverty reduction efforts. For example, the 2001 World Development Report stated:

> Even when markets function, they do not always serve poor people as well as they could. Physical access to markets can be difficult for poor people living in remote areas. Regulatory barriers often stifle economic activity in sectors where poor people are likely to seek jobs. And access to some markets, especially for financial services, can be difficult for poor people since they often engage in small transactions, which traditional market participants find unprofitable or insignificant. (World Development Report 2000/2001: 64)

Advocates of structural adjustment programmes have conceived development as a set of homogenous outcomes that would be achieved through better planning algorithms, better trade and pricing policies, and better macroeconomic frameworks (Chowdhury 2007; Stiglitz 1998). As Sen (2001) has argued, an outcomes-centred approach to development has led to the neglect of the central value of freedom itself. The increased access to market in terms of outputs (such as the number of new start-ups) has not simply boosted economic participation in repressive regimes, as this participation has proven to be structurally linked to its links to the power regime (El-Mahdi 2005). This means that neoliberal narratives of participation, civil society and decentralisation have mostly produced distorted outcomes in developing countries ruled by authoritarian regimes. While economic participation is narrowly defined in terms of people's ability to access the market or credit, only market-based civil society organisations have been favoured in most cases. For instance, development projects sponsored by the World Bank and the government have generally excluded anti-Western and community-based Islamic NGOs in several parts of the Middle East and North Africa (Pace 2009: 46).

The institutional proponents of structural adjustment programmes have promoted the implementation of economic reforms, assuming that they will create the necessary conditions for the development of a strong and autonomous middle class and civil society, which in turn would increase political participation and push for political opening. This 'one-size-fits-all' approach, whose roots are embedded in modernisation theory, rarely problematises the impact of the economic reforms on enhancing authoritarian practices and subverting tendencies in developing countries (Hinnebusch 2006). Proponents of these restructuring programmes argue 'open, competitive, and unregulated markets, liberated from all forms of state interference, represent the optimal mechanism for economic development' (Brenner and Theodore 2002: 2). However, contrary to the anticipated 'shrinking' of the state, actual policies and practices have involved 'coercive, disciplinary forms of state intervention in order to impose market rule upon all aspects of social life' (ibid.: 5). As a matter of fact, Quinn emphasises that neoliberalism does not really result in a retreat of the state but 'its reconfiguration as a regulatory agent, responsible for guaranteeing the free interplay among market agents – an example of this is the fact that certain traditional functions of the state, particularly its punitive order, have experienced an expansion with neoliberalism' (Quinn 2018: 5).

Such practices indeed indicate the fuzziness of neoliberalism, which has come to mean, also drawing upon examples such as Tunisia, what an ongoing transformation of inherited regulatory formations at all spatial scales might be (Brenner et al. 2009: 183). As these regulatory forms have been embedded in different geographical regions of the world, the notion of neoliberalism has therefore started to acquire a much broader range of analytical and empirical functions and it 'has become a chaotic conception rather than a rationally defined abstraction' (Brenner et al. 2009:183). Neoliberalism hence could not anymore be strictly linked to a particular political apparatus (Larner 2000: 21). In fact, it is through the local hybrid formations, the mobilisation of transnational resources and domestic institutions that neoliberal has ultimately become a contradictory, yet effectively pervasive structural force (Ban 2016: 4).

Polanyi has already developed a distinction between 'embedded' and 'disembedded' economic orders in his magisterial work, *The Great Transformation*, first published in 1944 (Ruggie 1982). Embeddedness for Polanyi, indicates that the economy is immersed in social relations and that it is inseparable from the society as a whole. In a disembedded economy, on the other hand, economic activity occurs only for economic reasons, completely independent from institutions such as family or friendship. According to Ban (2016), neoliberalism can also be categorised into embedded and disembedded types. While embedded neoliberalism balances market capitalism with more egalitarian redistribution and state-enhanced growth strategies, disembedded shies away from the social. According to Quinn, this distinction is not so much valid for self-described neoliberals because they do not believe in self-regulating markets as autonomous entities in the first place and they seek neither the disappearance of the state nor the disappearance of borders (Quinn 2018: 2) In fact, he maintains that the foundational neoliberal insight is comparable to that of John Maynard Keynes and Karl Polanyi in the sense that the market does not and cannot take care of himself (ibid.), indicating the very hybrid nature of neoliberalism from the beginning.

This point is further illustrated by the case of several post-communist countries in Central and Eastern Europe where the neoliberal project has always been supplemented with 'Third Way' policies (socio-economic policies in favour of entrepreneurship, enterprise and wealth creation but of state interventionism in creating social justice), networks and public-private partnerships, and the extension of neoliberalism to services (Bohle and Greskovits 2012: 263). This applied not only to the above transition countries, but also to advanced capitalist ones, such as the UK, for instance, where the Blair government facilitated non-speculative capital flows and looked for market solutions to climate change so that the market failures did not radically challenge the market economy and threaten the cohesion of market society (Jessop 2013: 72). Neoliberalism, hence, has never really been able to escape 'the social', neither in the past nor in the present (Akçalı 2015: 10). As Zencirci (2015: 125) argues, the expansion of social programmes has indeed become 'the product of neoliberalism-plus conjuncture which takes market inequality as given'. In the next section, we will concentrate on the socio-economic transformations in Tunisia since its independence, focusing on its 'neoliberal' path to explore further the entanglement between neoliberalism, 'the social' and authoritarianism. This will bring new insights into the understanding of 'home-grown' variegated forms of embedded neoliberalism and refine our knowledge about the blurry borders between the neoliberal project and a possible police and/or authoritarian state.

Tunisia's 'neoliberal' path

From its independence until the mid-1990s, Tunisia adopted various economic policies, ranging from 'liberal to collectivization with central planning' (Morrisson and Talbi 1989: 54). Following its independence in 1956, Tunisia practiced a liberal economy until 1961, but as the economic indicators continued to worsen, Habib Bourguiba, the first post-independence president dismissed the liberal prime minister, adopted a 10-year development plan, the Perspectives Decennales (1962–1971), along the lines of planned economies of the socialist Eastern European countries at the time (Morrisson and Talbi 1989: 65).

During this period, under the Socialist Destour Party, Tunisia experienced a state-led, inward-oriented economic growth (King 2003: 25) which means that economic development in the 1950s and 1960s was dominated by a strategy of state-induced industrialisation and import substitution for largely insular markets. At that time, Tunisia's integration into the world market was primarily export of raw materials such as phosphate and small amounts of crude oil and natural gas. The single party state implemented rapid modernisation programmes and became a major investor in the economy. While the number of state-owned enterprises increased from 25 in 1960 to around 185 in 1970, the private sector did not develop much. The private sector stood at 22 per cent of fixed investments (Alexander 2010: 74; Rivlin 2009: 268). In order to sustain its populist coalition, the state's welfare expenditures significantly increased during this period. Social security benefits and social assistance to poor and needy families more than doubled. State social spending as a percentage of GDP increased from 9.8 per cent in 1961 to 14.4 in 1969 (Ben Romdhane 2006: 40).

State-administered agriculture cooperatives aimed to modernise the sector also with the support of small peasantry. However, the cooperative system was not only opposed by large landowners, who were denied access to colonial lands, but also by small peasantry, who were discontented by the restrictive practices of bureaucratic control. Following the big protest led by the largest landlord class in 1969, Bourguiba ousted the minister of planning, Ahmed Ben Salah, and shifted the county's economic policy towards economic liberalism (King 2003: 35; Raḍwān et al. 1991:40).

Tunisia experienced the first wave of economic opening between 1970 and 1986. While there was a new commitment to a private sector, state and cooperative sectors were also maintained. During the first period of gradual economic liberalisation, between 1970 and 1979, the overall economic indicators revealed a fairly healthy picture: the GDP increased 9 per cent a year and the government's share of total new investment in manufacturing significantly dropped compared to the 1960s (King 2003: 4). However, by the end of the 1970s, growth in GDP had dropped by half and unemployment doubled (Anderson 1986: 242). In late 1983, the government lowered consumer subsidies for basic food products and increased the prices of bread, sugar and pasta. This resulted in massive riots throughout Tunisia, from December 1983 to January 1984 (White 2001: 119).

This period also witnessed the increased demand for political liberalisation and democratic reform. Driven by social movements, the national labour union, the UGTT, coalesced into the most organised opposition force against the regime, transforming itself from an organisation with organic links with the Tunisia state to a genuine trade union (Yousfi 2015: 45). Faced with popular discontent, in 1981 Bourguiba allowed multiparty elections. Yet, because of repression and electoral manipulation, the opposition failed to gain any seats in the legislature until 1994 (Jacobs and Morris 2001: 441). The strongest opposition movement, the Mouvement de Tendance Islamique (MTI), was excluded from the electoral participation, and its leaders were arrested (Cavatorta and Merone 2013: 857). The authoritarian practices of the regime carried by the police and the Destour Party's unofficial militia, along with the general discontent fuelled by high unemployment and poverty rates, brought the country to the brink of civil war. It was in these circumstances that Zine al-Abidine Ben Ali, former national head of security and recently appointed Prime Minister, took power in a constitutional coup against Bourguiba in November 1987.

Ben Ali's first years in office signalled political pluralism. Ben Ali changed his hegemonic party name to the Rally for Constitutional Democracy (RCD) and signed a National Pact with major political and social organisations, including the Islamists. The National Pact reasserted the promise of pluralism in political life and the end of the single party system. After being allowed to participate in political life, the MTI established a new party, al-Nahda (the Renaissance) and ran for the 1989 elections as independents. They won 14 per cent of national votes and up to 30 per cent in some big cities, including Tunis (Torelli 2016: 35). King argued that Ben Ali envisaged a party system in the form of consensual authoritarianism through which the opposition is permitted to present alternative views without any possibility of meaningfully affecting 'the hegemonic role of the RCD' (2003: 31–32). The electoral success of the al-Nahda, the rise of Islamic Salvation Front (FIS), and the civil war situation in Algeria finally led Ben Ali to suppress al-Nahda and its followers (Wolff 2017). As time passed, Ben Ali's suppression went beyond the Islamist movements to all who were opposed to his regime (Murphy 1999).

The rise to power of Ben Ali was also accompanied by economic reforms. The year before Ali's military coup, the purged government had announced a second round of economic reforms, as the debt service ratio had reached 33 per cent. Once in power, Ben Ali accelerated these market reforms (Murphy 1999: 103). An economic liberalisation programme was implemented under the Seventh (1987–1991) and the Eight (1992–1996) Development Plan, with the assistance of loans from the World Bank and the IMF. The first plan aimed to achieve macro-economic stability by reducing expenditure and lowering inflation and current account deficit. The second plan sought to develop market mechanisms through legislative framework to encourage foreign investment, accelerate privatisation, develop the stock market, and deepen integration with the European market (Ben Jelili and Goaied 2010: 77).

The liberalisation of price, investment and trade regimes were the main pillars of the structural reforms. The government eased price controls at the production and distribution stage.[1] Foreign trade was liberalised and the tariffs on import were lowered. Tunisia joined the General Agreements on Tariffs and Trade (GATT) in 1990 and the World Trade Organization in 1995. In this same year, Tunisia also signed an association agreement with the European Union for the establishment of a free trade zone for manufacturers over a 12-year period (1996–2008) – the first Arab state to sign such an agreement. During the structural adjustment reforms much of the country's state-owned enterprises had also been privatised. Between 1987 and 1997, the government privatised around 60 enterprises (King 2003: 37). By 2009, the Tunisian government announced that 217 enterprises had been privatised or restructured.[2]

Tunisia had been applauded by the IMF and the World Bank for its successful implementation of the structural adjustment programme over the years (Baliamoune 2009). The IMF (1999) acknowledged that the Tunisian authorities' prudent and consistent macroeconomic policy management had been a key factor in achieving good outcomes. It was remarkable to note that just before the Tunisian uprisings, the World Bank in its 2010 Country Brief hailed Tunisia by stating: 'Tunisia has made remarkable progress on equitable growth, fighting poverty and achieving good social indicators' (World Bank 2010). The illusion of the so-called 'Tunisian miracle' – as dubbed by the then French President Jacques Chirac (Zayani 2015) – had not emerged out of the blue. During the process of market transformation, Tunisia's basic economic indicators appeared fundamentally sound. Budget and external account deficits and debt service were reduced.[3] The country enjoyed a low inflation rate (around 3 per cent) and relatively high economic growth rates due to a boom in foreign direct investment (FDI) (UNCTAD 2012: 1).[4] The GDP increased to an annual growth rate of 6.3 per cent in 1996 and 1997. The average annual economic growth rate was 4.5 per cent between 2001 and 2005 (African Development Bank 2007: 3).

The social hurdles on the path

Despite improvement in macroeconomic indicators, the period of accelerated marketisation in Tunisia resulted in high unemployment rates and declining real wages in all sectors. The official unemployment rate increased from 13.1 per cent in 1984 to 16.1 per cent in 1993 (World Bank 1995: ii). In 2005, the official national rate of unemployment was 13.5 per cent, and this rate was much higher in the centre-west and southern regions of the country due to the fact that 80 per cent of Tunisia's GDP was coming from the coast. In the same year, the amount of foreign direct investment in Tunisia was $14.3 billion and 235,000 export-oriented jobs were created between 1995 and 2005 (USDS 2005). However, the majority of these jobs was for low-skilled and low-paid workers in construction, trade and nonfinancial services (World Bank 2015: 16). Therefore, unemployment among university graduates became particularly prevalent in the 2000s, and it had a detrimental effect on society as a whole. According to data published during the Ben Ali era, youth unemployment among graduates increased from 8.6 per cent in 1999 to 19.0 per cent in 2007. However, new data which became available after the Tunisian uprisings revealed that graduate unemployment was as much as 44.3 per cent in 2010 (INS 2011).

Two major reasons could be attributed to the rising unemployment rates among graduates in Tunisia: first, the number of educated people substantially increased due to Ben Ali's free university education policy. Between 1990 and 2010, the share of population with a tertiary population increased from 3.7 per cent to 12.3 per cent (World Bank 2014a: 38). However, the economy did not grow fast enough to absorb the new entrants in the labour market, as the share of private sector investment in gross domestic product remained quite low (World Bank 2014b: xxi). According to the National Statistic Data, in 2009 97 per cent of Tunisian private firms provided fewer than five jobs. Second, the civil service and state-owned enterprises were no longer able to guarantee employment for high-skilled graduates (Achy 2011: 10–11).

The international financial institutions urged the Tunisian government to make the labour market more flexible to combat the unemployment problem as they attributed unemployment to labour market rigidities (Rivlin 2009: 272). In 1996, the Tunisian government reformed the labour law in order to reduce workers' protections by making temporary contracts possible. While 15 per cent of the employees held temporary contracts in 2001, more than half of all employees were on temporary contracts by the end of 2010. Fixed-term workers earned 25 to 40 per cent less than the permanent-contract workers, with minimum job security and compensation in case of firing (Zouari 2014).

The international financial institutions also urged the Tunisian government to reform its social protection system during the 1986–2002 period. However, social spending in education, health and social welfare increased during the adjustment period in Tunisia. Social transfer per habitant increased by 55 per cent, from 386 TD in 1987 (representing four fifths of the minimum wage) to 599.3 TD in 2002 (representing 1.2 times the minimum wage). With the exception of Algeria, the rate of social expenditure to GDP per capita was higher in Tunisia than in the other MENA countries (Ben Romdhane 2006: 40).

Many scholars agree that Tunisia's emphasis on public spending, which constituted 31 per cent of GDP, and social spending, which stood at up to 20 per cent of GDP, was due to Ben Ali's strategy of achieving legitimacy and controlling power over society (Hibou 2006:185). As Ben Romddhane (2006: 34) has argued, 'the attempt to achieve popular legitimacy and to address security needs coincided, shaping a new social policy centring on two vital, related needs: the need for a grassroots base – a population that was contesting, grateful and submissive – and the need for effective control over potentially dangerous areas and population groups'. There seems little question that Ben Ali successfully managed to redefine the social contract, where the ruler provides stability and socio-economic development and the ruled accepts the lack of freedoms as the price to pay for (Hibou 2006: 189).

The reduction of poverty was the regime's instrument of co-optation of the population. Unlike Egypt, the implementation of the structural adjustment programme was not accompanied by an increase in poverty in Tunisia (Iqbal 2006: 14). The official data claimed that poverty was reduced from 22 per cent to 9.6 per cent in the 1975–1985 period, and the poverty rate was 4.1 per cent by 2000 (INS 2011). What is quite important to note that after the 2011 uprisings, the revised data revealed that poverty rates published by Ben Ali regime were manipulated. According to the updated poverty figures, the poverty rate was 32.4 per cent in 2000, 23.3 per cent in 2005 and 15.5 per cent in 2010 (World Bank 2014b: xxvi). However, there seems little question that the regime under Ben Ali sincerely committed to fighting poverty and unemployment. As Hibou (2006: 200) has rightly argued, 'Ben Ali demonstrated his awareness of the political risks stemming from unemployment, youth and social tensions, and general discontent was more acute than the moribund political opposition claimed'.

Ben Ali sought to improve the living conditions in the so-called 'shadow zones' in the big cities through his new social policy initiatives. 'Shadow zones' were deemed not only the areas of underdevelopment, but the urban space where the social base of Islamist activism was strong (Tsourapas 2013: 6). In the 1980s, shanty-towns and spontaneous housing quarters became a locus of Islamic activism (Wolff 2017). Ismail (2006: 151) names these areas 'the oppositional spaces' where Islamism either emerges or is implanted. According to her, 'recognizing the potential challenge represented by these spaces, the Tunisian post-independence state pursued policies aimed at the control of space' (ibid.: 151). The social policy mechanisms designed to eradicate 'the Islamist threat' also enabled the regime to circumvent Islamist social organisations to provide social services to the poor people in the impoverished urban quarters (Perkins 2014). In other words, Ben Ali regime sought to undermine the appeal of Islamists through its social policies. Therefore, the objective of his regime was twofold: to ensure the political control of the poor strata of the population and to eliminate the Islamists.

Ben Ali's 'social' strategy: the National Solidarity Fund, the Tunisian Solidarity Bank, and the National Employment Fund

The National Solidarity Fund (NSF), also known as 'Caisse 26-26' or '26-26', which refers to the fund's postal number, was created in 1992 as a special treasury fund to eradicate poverty in the 'shadow zones' by the year 2000 (Tsourapas 2013: 6). The Chamber of Deputies passed Law 92-122 of December 1992 and the NSF entered into effect thereafter. Article 30 spelled out that the NSF would be partially funded by the government budget and partially by the donations from citizens and businesses. 'Donations' were collected in the forms of regular 'gifts' of 2 dinars per worker per month by employers; regular 'gifts' by farmers and fishermen in the amount of 1 per cent of wholesale price of their products; gifts sent by postal order to account 26-26; and gifts made on Solidarity Day, 8 December of each year (Hibou 2006: 199).

The so-called 'gifts' functioned as compulsory payments to the Ben Ali's party, Rassemblement Constitutionnel Democratique (RCD), and reinforced the system of control and repression in the society. The state surveilled businesses, the entrepreneurs applied pressure on their employees; the school principles on teachers, parents, and students; the administrative directors on their teams of civil servants, and so on. Anecdotal evidences from the field revealed the fact that all Tunisians felt obliged to contribute regularly in order to avoid tax investigation (as in the case of businesses) or other forms of harassment when ordinary citizens sought administrative services such as issuing passport or driving license (Hibou 2006: 201). As Erdle (2011: 31) has argued, 'the NSF actually resembles a new social levy (or informal capital tax), and exemplifies the shadow fiscality as it has developed during the past two decades'.

As a result of this subtle tactic, the private sector contributed a big portion of social spending during the structural adjustment period, and the government kept its budget deficit under control as the IMF and the World Bank required in the framework of austerity measures (El-Said and Harrigan 2014: 115). Ben Ali's solidarity network also reinforced the illusion that neoliberal development ideas of community participation and grassroots movement existed in Tunisia. Even though the neoliberal development narrative supported bypassing the state for poverty reduction efforts, the solidarity network under Ben Ali actually became strongly connected to the ruling party-state.

The amount of money the NSF collected significantly increased every year. While it was 182,000 dinars in 1995, it reached 2 million dinars in 2002 (Ben Romdhane 2006: 40). Kallander (2011) has noted that, according to the estimates of some economists, the business sector alone contributed between $24 and $38 million on an annual basis. The money was collected and distributed through Ben Ali's political party, RCD, with little transparency. The President was the only owner of the account and 'donations' were made in the name of the President. Other than the official information provided by the NSF, there was no data available on the NSF's budget and the fund's allocation pattern. The money was allocated in a highly discretionary and inefficient way (Hibou 2006: 200). Not surprisingly, Tunisia scored 4.3 out of 10 on the 2010 Corruption Perceptions Index (Transparency International 2010) in which the NSF became the constitutive part of the Ben Ali's clientelist networks.

The NSF was hailed internationally as a pioneering model in poverty alleviation programmes. For example, during the launch of the UN's World Solidarity Fund, Mark Malloch Brown, administrator of the UNDP, said: 'In a few short years, the Tunisian NSF has helped to reduce poverty to around 4 per cent. I am delighted that the UN has decided to scale up this innovative mechanism to world level' (Free Library 2003). The World Solidarity Fund, based on Tunisia's initiative, was adopted unanimously on 20 December, 2002, by the UN General Assembly through resolution

57/265, and established as trust fund of the UNDP in February 2003 (UN National Report on Millennium Goals 2004: 35). However, these celebratory gestures neither questioned the accuracy of the data obtained from the regime nor unpacked the complexities of poverty which were closely linked to the power and class based relations in the Tunisian society.

The Tunisian Solidarity Bank (TSB) was the other instrument devised by the Ben Ali's regime to alleviate poverty and improve living conditions in Tunisia. The TSB was established in 1997 as a joint company owned by 225,000 small companies (62 per cent), seven public companies and the state with the capital of TD 40 million (Hanley 1999). According to one of its directors, the TSB was established shortly after the NSF in order to shift focus on Tunisian citizens rather than on infrastructure projects, as the public authorities realised that those people living in the 'shadow zones' needed financial help (Tsourapas 2013: 7). The mission entrusted to the TSB was to contribute to the development of micro enterprises by financing small projects. The TSB aimed to provide small credits to university graduates and other applicants lacking capital or the sufficient collateral to access credit from the conventional banks to establish their own new business. It was promoted as community development banking with the neoliberal assumption that the involvement of the poor people in the growth process would be achieved through the acquisition of credit (Paciello et al. 2016).

The TSB was incorporated into a national policy and became dependent on the ruling party in its operation through more than 280 local associations (Zekri 2013: 162). Since the inception of the TSB, the approved loans increased drastically. Tunisian prime minister claimed that, in the 1998–1999 period, the TSB approved 17,000 new projects and created 25,000 jobs. By 2007, it was officially announced that TSB approved 220,000 micro loans, totalling DT 176 million (Tsourapas 2013: 7). According to the OECD (2014: 140) figures, TSB approved 15,000 loans between 1998 and 2011. Projects financed by the TSB were mostly concentrated in the service sector (44.3 per cent), followed by small trade (38 per cent), agriculture (14.1 per cent), and crafting (3.6 per cent) (Bahoury 2007).

The TSB's mission to cultivate the entrepreneurial spirit among the young people was further deepened through the creation of the National Employment Fund (NEF). The NEF, also known as Fonds 21-21, was established in 1999 to deal with the growing problem of unemployment. The NEF became responsible for financing active labour market programmes (ALMPs),[5] funding micro credits through the Tunisian Solidarity Bank and financing regional employment programmes in governorates (World Bank 2013: 33).

Like the NSF, the NEF was a presidential project and mainly funded by privatisation projects, tax revenues and individual contributions. In 2000, the NEF's budget was $42 million and increased to $66.5 million by 2004 (Overseas Development Institute 2006: 2). In 2011, the budget of the NEF stood at $285 million (0.8 per cent of GDP) (World Bank 2013: 135).

The NEF mainly sought to promote the labour market integration of the young unemployed people with higher education qualifications. It put a specific emphasis on business development, micro enterprise and self-employment development schemes. Business development programme targeted the new graduates to establish their own business by making credit access easier. Micro enterprise programme provided financial support for unemployed people to set up their own business and to become self-employed. The NEF provided the TSB a credit line to be allocated to the new graduates or the other unemployed in the amount of $25 million each year. The maximum amount of loans given to qualified graduates was $41,000 and to unqualified applications $13,000 per approved projects (Overseas Development Institute 2006: 3). In 2010, a total of 82,598 projects were financed by the TSB through the NEF (World Bank 2013: 135).

The youth employment programmes of the Ben Ali regime which were mainly based on the promotion of the new market model that he has promoted via various methods, failed to produce long-term and sustainable solutions to the structural problems faced by the youth entering the labour market. The regime's employment schemes were indeed shaped by the assumption that providing employment skills to youth through micro credit programmes would be enough for young people to realise their own potentials. Even though the number of the young people who started their own businesses increased thanks to the employment programmes implemented since the second half of the 1990s, these businesses often operated in the informal economy and generated low income (Zouari 2014).

Tunisia's 'embedded neoliberalism' as a form of variegated neoliberalisation

The socio-economic transformations Tunisia experienced under Ben Ali can be studied as a good example of 'variegated neoliberalisation' (Brenner et al. 2009) as well as 'embedded neoliberalism' (Ban 2016), which essentially means that neoliberalism is not 'implemented on a tabula rasa or social blank slate, in a fashion that is entirely unobstructed or unmediated' (Peck 2013: 144). In the case of Tunisia, the top-down way in which structural adjustment programmes were implemented did not result in the decentralisation of state power to individuals. On the contrary, such practices enabled the strengthening of state domination. This situation is compatible with research that suggests that in relatively democratic settings, neoliberalism plus welfare create a simulacrum of a social state, whereas in semi-democratic or authoritarian settings they enable state-building or state consolidation (Akçalı et al. 2015). Thus, neoliberalism does not yield one form only, but comes in different, variegated shapes. Vrasti (2011) suggests furthermore that liberalism has always been closely related to capitalism and capitalism has always used illiberal means (slavery, colonialism, land-grabs and other more contemporary forms of accumulation by dispossession) to justify liberal ends of civilising, modernising and the bettering of its others (Akçalı et al. 2015: 16). Hasso (2011: 30) also highlights that, even in liberal governmentality, authoritarian forms of rule can be found in 'practicalities and rationalities'. Consequently, the real conundrum is perhaps not really whether the state or society are becoming neoliberal, but it is more about the ways in which the truth claims are shifting (Akçalı et al. 2015: 17). After all, as Ferguson (2010: 183) argues, if we see neoliberalism as a set of specific governmental techniques rather than an evil project only, we may be surprised to find out that some of them have been formulated 'in the service of political projects very different from those usually associated with that word'. If indeed we scrutinise neoliberalism as a set of specific governmental techniques, we can then also expose how understandings of neoliberalism are shifting or have been shifted. Additionally, we can also find out what kind of a lasting political effect such shift creates on the state and society and how such effect shapes the relationship between the governed and those who govern (Koch 2013: 390–95).This in return can help seek advanced ways of democratisation that include all segments of the society since scrutinising authoritarian and hybrid cases of actually existing neoliberal practices helps uncover how inequalities of power are produced and reproduced in capitalist societies, and stimulate the search for ways in which progressive worlds can be possible (Bruff and Tansel 2019).

Concerning the Tunisian case, we have identified the transformative socio-economic developments during the Ben Ali era as variegated forms of embeddedness where neoliberalism has coalesced with increased state intervention, especially in the form of state selecting and dictating the flourishing of certain sectors over the others, and social benefits. Some scholars have also described this situation as 'neo-developmentalism' regarding countries like Brazil and Argentina in Latin America, or have pointed out to the emergence of the neo-developmental state (with the potential of a more democratic governance) in South Africa (Fine 2010; Evans 2010) and less in Russia (Dutkiewicz and Trenin 2011a, 2011b). Within both frameworks, Ben Ali's Tunisia does not seem to be an exception, as it was claimed by Ben Romdhane (2007). By incorporating the novel social protection institutions (NSF, TSB, NEF), which led to increased penetration and intervention of the state onto the entire Tunisian population, Ben Ali's regime was able to develop mechanisms for the political control of the poor strata and for maintaining the regime's tight grip on power. The Tunisian case study reinforces Heydeman's (2007) 'upgrade authoritarianism' theory, which posits that, paradoxically, authoritarian ruling elites strengthen their grip through the adoption of political and economic liberal reforms that are subsequently deprived of any substance and meaning and hijacked for the elites' own benefit (Cavatorta and Haugbølle 2012: 192). Cavatorta and Haugbølle argue rightly that Ben Ali was one of the masters of such authoritarian upgrading. They suggest however that, while 'upgrade authoritarianism' is a valid framework through which we can analyse countries such as Ben Ali’s Tunisia, we need to bear in mind that such ‘upgrading’ can also stimulate ‘new forms of dissent and resistance that in the case of Tunisia went almost undetected’ (ibid). Carothers (2002: 18) suggests therefore, in his seminal article criticising the transitional paradigm, that when analysing the democratisation process in a country, instead of asking, ‘How is its democratic transition going?’, researchers should ask ‘What is happening politically?’. This should also apply to studies regarding the so-called ‘neoliberal’ transformative processes of countries.

Such scrutiny is necessary especially for the case of Tunisia which has gone through a genuine democratisation process since 2011 through a popular uprising. A new definition of social contract which would bring material improvement and social justice for all, has been one of the most major demands of such popular revolt. The young revolutionaries’ hopes were soon doomed to frustration and disappointment, however, since the social revolution was not given priority in Tunisia’s state and societal transformation process. From 2011 to 2015, the average economic growth rate was only 1.5 per cent, and unemployment jumped from 13.0 per cent in 2010 to 18.4 per cent in 2011. By 2015, unemployment stabilised at around 15 per cent, however, the rate of unemployed graduates reached its peak, and increased to 30 per cent (Aldana and El Fassi 2016: 2). Unemployment rate has been geographically quite diversified, with an alarming situation in the Central-West and Southern region (Aldana and El Farsi 2016: 3–4; World Bank 2014). Subsequently, the number of socio-economically motivated protests, asking for jobs and better working conditions rather than demanding a regime change, has drastically grown since 2015, and the majority of them are located in marginalised regions of Tunisia’s hinterland (Vatthauer and Weipert-Fenner 2017: 3, 9). The four major political parties, who have been actively involved in the transition process – the Islamist Ennahda, Nida Tounes, Afek Tounes, and the Free Patriotic Union – predominantly agreed with the continuance of the economic liberalisation approach to addressing the socio-economic challenges (Yahya 2016: 10–11). After having finalised a $1.75 billion Stand-By Arrangement with the IMF in 2013, post-revolutionary Tunisia committed to implement, and even push forward, the same neoliberal agenda and macro economic stabilisation programme as in Ben Ali’s regime (Paciello et al. 2016: 13). Constrained by an interplay of factors including the imperatives of the international financial institutions and of the electoral politics, post-uprising governments have proved difficult to address the root causes of socio-economic grievances that prompted the 2011 uprising against the Ben Ali regime.

Within such political economy framework, one can easily observe therefore that the Ben Ali regime has left a profound legacy in shaping social policy formation and implementation in the post-revolutionary period. Post-uprising governments have adopted piecemeal and selective social safety measures, and seem to be in full continuity with the previous regime to reinforce the neoliberal model of development. As Yahya (2016:11) puts it, ‘rather than implementing an integrated approach to social policies that considers social security – including access to pension funds, health insurance, and unemployment benefits – collectively, actions undertaken in the areas of social policy have focused on select policies that support the needs of vulnerable populations but do not empower them economically’. The interim government of Tunisia have used deficit spending to appease social discontent in the aftermath of the revolution: The number of families who benefited from national need-based programmes increased from 135,000 to 235,000, and the monthly allowance given to needy families rose from 70 to 120 TND (Weipert-Fenner and Wolff 2015: 4; Yahya 2016: 11). Public recruitment has also continued as a political response to popular discontent and grievances. Since the 2011 revolution, 90,000 new public sectors workers were hired, and employment in state-owned enterprises has doubled to 180,000 (Vatthauer and Weipert-Fenner 2017: 6).

Echoing the social policy initiatives created during the Ben Ali’s regime, post-uprising governments have introduced various job creation programmes through the support and collaboration of the international and regional actors as well as the national NGOs who have continued to see self-employment and entrepreneurship as the effective panacea for unemployment problem in Tunisia. One of the most noticeable youth employment programmes in the post-Ben Ali era, called AMAL (hope in Arabic), was launched by the first Ghannouchi government, and renewed during the Jebali government. AMAL has provided career coaching and training, as well as a monthly subsidy (TND 200 – around EUR 80) only to fresh unemployed university graduates for one year, while they kept actively seeking a job (Paciello 2016: 22–23). As the number of the jobseekers who enrolled in the programme suppressed the government's capacity to deliver, the new eligibility rules went into effect in 2012, in which at least three years of unemployment, and a minimum of 28 years of age have been required to be able to benefit from the programme (Ayadi et al. 2018). However, actual evidences suggest that the AMAL programme, in most cases, has failed to deliver on its promises, and swelled the budget deficit without producing results. Additionally, the programme has not urged the beneficiaries to actively seek a job in the market, as many of the participants have used the stipend while they have waited for public jobs in the government sector (Angel-Urdinola et al .2013:11; Prince et al. 2018: 5).

All in all, the case of Tunisia highlights the situation where the post-uprising governments have only succeeded in providing the short-term and *ad hoc* responses to deeply ingrained challenges, and failed to address the structural causes of the socio-economic problems in the Middle East and North Africa. As Weipert-Fenner and Wolff (2015: 2) aptly put it, 'as for the academic debate, strong focus has been put on politico-institutional reforms in the respective countries and therefore on formal institutions and their procedural norms (and to violations therefore). The informal dimension of (re)distribution, as well as its power relations from the local to the national level, has been relatively disregarded in the literature produced after 2011.' The continuing socio-economic contention in Tunisia hence calls for a greater scrutiny of neoliberalism, even in its embedded form, in order to understand better the resilience of vested interest and the disillusionment of the population in post-revolutionary developing context.

Conclusions

By analysing how the new transformative socio-political policies created new dynamics of authoritarianism in Tunisia during the Ben Ali regime, this article has contributed to the debate on the variegated forms of embedded neoliberalism, and their possible outcomes in the developing world. The Tunisian experience characterises the resilience of the authoritarian regimes during the structural adjustment programmes, so-called neoliberalisation period and suggests that economic opening did not lead to any substantial reconfiguration in power relations, in which the authoritarian nature of the system was kept intact in the repressive regimes of the Middle East and North Africa. During the period of neoliberal economic development model under Ben Ali, the Tunisian regime changed the methods of interventions and the directions in which it would exert influence. To this end, the authoritarian state of Tunisia incorporated marked mechanism into its welfare regime in order to maintain its power by building new alliances and restructuring the social contract. Incorporating novel social protection institutions increased, furthermore, penetration and intervention of the state into the entire Tunisian population. As such, the Ben Ali regime developed mechanisms for the socio-political control of the poor and continued maintaining the regime's tight grip on power.

While the Tunisian state strengthened its political control over the activities of the private sector, it established clientelistic ties with vulnerable groups of the society through mainly social transfers. The new social policy institutions increased state intervention and control in both politics and the economy, and reproduced the societal dependence on the state. The liberal project and the non-liberal one, a police and/or an authoritarian state, have hence been observed not to be necessarily mutually exclusive (Hindess 2001). Such scrutiny facilitates understandings about the ways in which neoliberalism has thus far been practiced in different geographical settings (Akçalı et al. 2015) and the possible outcomes of the hybrid, variegated and embedded character of neoliberalism. Rather than finding easy definitions and/or taking the already existing ones as granted, it is important to scrutinise context-specific 'neoliberal' regulatory experiments and compare them with some others. As articulated by Brenner et al. (2009), only in so doing, we would not constrain 'our imagination for what a global alternative to neoliberalisation [and a genuine democratisation] would look like'. A close scrutiny of Ben Ali's Tunisia is crucial in order to observe clearly that an embedded form of neoliberalism has for instance helped to sustain authoritarianism, but at the same time led to its demise, leading towards the Tunisian Dignity Revolution. The Tunisian case helps, therefore, to uncover the possible outcomes of the embedded neoliberal and the authoritarian blending and imagine more genuine ways towards democratisation.

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Notes

[1] In 1990, the share of agricultural and manufactured goods subject to price controls was 30 per cent; this had decreased to 13 per cent in 1994 (Rivlin 2009: 128).

[2] The privatisation was done in three phases: during the first phase (1987–1994), small enterprises in tourism, trading, fishing and agro-food sectors had been sold. The second phase (1994–1998) involved large enterprises in transportation sector. During the third period, after 1998, large and employment intensive companies in strategic sectors were sold (Alexander 2010: 81).

[3] The budget deficit, including grants from abroad, fell from an annual average of 5.4 per cent of GDP in 1982–1986 to 4.1 per cent in 1987–1989 (Rivlin 2009: 270).

[4] FDI recorded 3.7 per cent of GDP on average between 2000–2010 (World Bank 2014a: 37).

[5] Active labour market programmes (ALMPs) were first launched in 1981 to address employment challenges of graduates of vocational training institutes by offering wage subsidies and exemptions from social security to employers (World Bank 2013: 129).

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