



# What Democracy for Tunisian Workers?

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Since Tunisia's 2011 uprising, a series of democratic reforms have occurred in the formal political sphere. However, ongoing democratization processes have not extended to the economy, despite the fact that economic grievances propelled the uprising. On the contrary, the dominant economic reform strategy adopted by successive Tunisian governments and promoted and articulated by IFIs and development institutions has deepened a decades-long neoliberal project of liberalization, deregulation, and privatization. While the new arguments for extending this neoliberal trajectory employ the language of democracy, they nevertheless identify workers' rights as a hurdle to economic growth. To this day, Tunisian workers are still struggling for their rights, seeing in the 2011 uprising one that has failed to translate their demands into greater economic and social justice.

This paper attempts to highlight how the post-2011 top-down neoliberal, macroeconomic reform program is at odds with the popular demands expressed in a bottom-up mobilization of Tunisian workers struggling not only for jobs but for better conditions and more rights.

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# Introduction

One of the biggest challenges Tunisian democracy faces is a continuing economic crisis<sup>1</sup>. That crisis is felt most directly by average Tunisians in the form of rising prices<sup>2</sup> and unemployment. Ordinary people asking for jobs, particularly among young people and university graduates in marginalized regions, have often expressed this demand through sit-ins, demonstrations, and roadblocks. A prominent slogan during the 2011 uprising and in subsequent protest movements was “Work, Freedom, National Dignity”. But the popular political mobilization that reached a crescendo in 2011 wasn’t only about “work” as a demand for more jobs; it was also about better working conditions and more power within the workplace as workers across Tunisia went on strike and began demonstrating and later filing lawsuits against employers.

In May 2011, international governments and institutions pledged up to \$40 billion<sup>3</sup> in macroeconomic aid to several

Arab countries “in transition” under the so-called Deauville Partnership within the framework of a G8 summit to “to provide political and financial support to Arab countries.”<sup>4</sup> In September 2011, the IMF, World Bank and several other International Financial Institutions released a statement pledging support for the Deauville Partnership “based on (i) a political process to support the democratic transition; and (ii) an economic framework for transparent, accountable government as well as sustainable and inclusive growth.” That statement, signed by the heads of IFIs which placed priority on supporting “governance, transparency and accountability of economic activities” and “social and economic inclusion” asserted that “the aspirations of the people of the region deserve the international community’s wholehearted support.”<sup>5</sup>

In practice, the palliative for labor mobilization prescribed by Tunisia’s creditors has been a narrow focus on creating more jobs by attempting to make the private sector more “attractive” to capital investment and

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1 See Borzou Daragahi, “Belt-tightening demands put Tunisia’s democracy at risk,” *New York Times*, May 3, 2018, <https://www.nytimes.com/2018/05/03/world/middleeast/tunisia-democracy-economy-reform.html>.

2 See Fadil Aliriza, “Two classes left – rich and poor’: Sinking Tunisia’s currency,” *Middle East Eye*, May 4, 2018, <http://www.middleeasteye.net/news/sinking-tunisia-s-currency-63299104>.

3 Sebastian Moffett, Nathalie Boschat and William Horobin, “G-8 Pledges \$40 Billion for ‘Arab Spring’,” *Wall Street Journal*, May 28, 2011 <https://www.wsj.com/articles/SB10001424052702304520804576348792147454956>.

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4 “Encouraging transformation in North Africa and the Middle East: the Deauville Partnership,” a summary available on a special website created to mark the German presidency of the G7 presidency in 2014 and 2015, created by the German Federal Ministry for Economic Cooperation and Development and last updated December 2015. [https://www.bmz.de/g7/en/Entwicklungspolitische\\_Schwerpunkte/Deauville-Partnerschaft/index.html](https://www.bmz.de/g7/en/Entwicklungspolitische_Schwerpunkte/Deauville-Partnerschaft/index.html).

5 Deauville Partnership, International Financial Institutions (IFIs) statement, September 10, 2011, <https://www.imf.org/en/News/Articles/2015/09/29/18/04/dm091011>.

specifically foreign investment. This approach is in line with a few basic assumptions of orthodox economic theory and popular development theories. The first assumption is that poor working conditions are merely an effect of an oversupply of labor and/or an undersupply of demand. In plain language, that means that if there are more jobs than workers, then employers will naturally improve working conditions to attract workers. That logic means that the only way policy makers have been able to respond to the economic demands of the Tunisian revolution has been to ask the question: “How can we create more jobs?” — assuming that solving this riddle will naturally solve or at least alleviate all the other grievances related to work, working conditions, and other social and political issues related to work.

The second assumption is that reducing the direct role of the state is good for markets. In line with this logic and a neoliberal aversion to using the state to directly create more jobs, Tunisia’s international creditors have pushed successive governments to adopt a strategy that focuses on fostering more “attractive” conditions for private sector growth while reducing public-sector hiring. Accordingly, the policy prescriptions recommended by these creditors, and to some degree adopted by successive Tunisian governments, have largely focused on measures addressing what a market-fundamentalist analysis views as barriers to private-sector job creation such as regulations, tariffs, subsidies, labor laws, welfare programs, and tax policies.

The third assumption at work is that promoting high-skill tech and service sector jobs can address unemployment. In the case of Tunisia, many analyses imagine that jobs will come from tech-sector startups or service sector franchises,<sup>6</sup> hence the arguments to reduce barriers for these sectors. However, those are not the sectors where enough jobs could be created to make even a small difference in unemployment. They are boutique sectors that do not employ a lot of people. Rather, the majority of Tunisia’s private sector jobs currently are in small manufacturing — an issue that will be discussed in more detail below — and this is also the sector that the World Bank identifies as having the potential to grow and which might substantively impact unemployment.<sup>7</sup> But aside from the macroeconomic failing of a service-sector heavy macroeconomic strategy, the broader development approach undergirding it of attracting foreign investment also totally ignores Tunisia’s workers, especially the small manufacturers it assumes can drive growth, and their urgent demands for better conditions immediately. This paper will thus first show how the market-fundamentalist, macroeconomic argument fails on its own logic, and second highlight the exploitative conditions of actual

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<sup>6</sup> The US Department of Commerce’s “Commercial Law Development Program”, for example, states that it has provided “assistance in developing Tunisia’s franchising sector, including through facilitating the establishment of new U.S. franchises in the country,” a project that is presented as a part of a policy promoting private-sector job creation. See “Joint Statement of the United States-Tunisia Trade and Investment Council”, April 2017, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/april/joint-statement-united-states-tunisia>.

<sup>7</sup> The scope of this paper does not include agricultural policy; however, it is important to note that a well-crafted agricultural policy could be even more effective at creating jobs than a well-crafted industrial policy.

private-sector workers and how they themselves have undertaken to improve their conditions on their own logic in a bottom-up approach.

The following paper aims to deconstruct the myths perpetuated by these theoretical assumptions in the case of Tunisia after 2011 and will show the social consequences of policies based upon them. The macroeconomic policies and strategies adopted by Tunisian governments in line with the conditions and recommendations of creditors to the Tunisian state neither created more jobs nor empowered workers. More importantly, they have created conditions that have further undermined workers' rights and facilitated the entry of more workers into informal labor. The persistence of social unrest that has accompanied such economic results are eroding the credibility of the democratic transition in the formal political sphere.<sup>8</sup>

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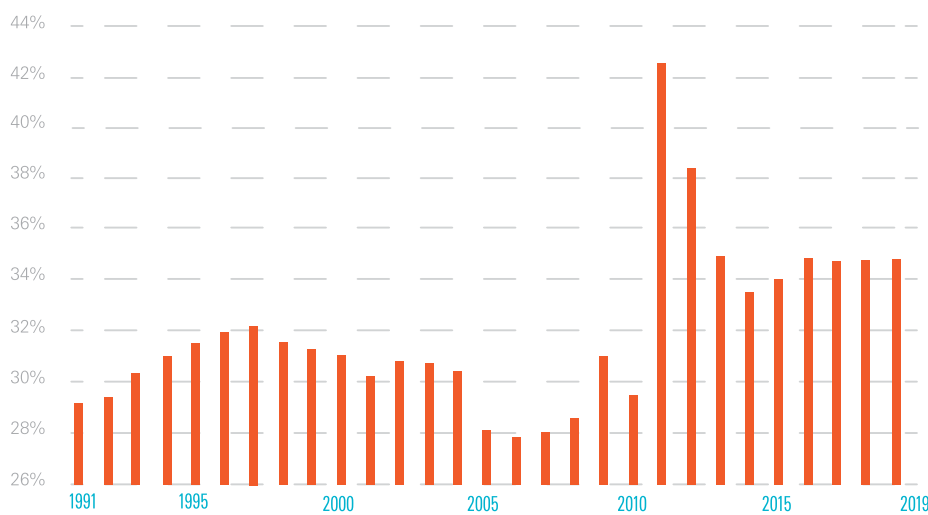
<sup>8</sup> While this paper gives a lot of attention to manufacturing work and manufacturing workers, it is important not to fall into the misconception of assuming that the industrial sector is the only or even the most effective sector in which policy can be crafted to address unemployment. Agricultural policy, land use, and land distribution are potentially more effective areas for policy interventions to address high unemployment. For a discussion of the potential of an indigenous "ecological agronomic" approach to development as opposed to an "industrial-developmental" one in Tunisia, see Max Ajl, "Auto-centered development and indigenous technics: Slaheddine el-Amami and Tunisian delinking," *The Journal of Peasant Studies*, 2018

# 1

## Tunisian workers and the myth of the stifled entrepreneur

While workers' rights may not appear prominent in popular analyses of democratic transitions, in the case of Tunisia it is impossible to separate democracy from workers' rights. That Tunisians hold their government responsible for delivering employment was strikingly clear in the prominent 2011 revolutionary chants "Work, Freedom, National Dignity" and "Work is a right, you band of thieves". The biggest national labor union, the UGTT, the "most important and oldest national organization in Tunisia," also played a pivotal role during the uprising.<sup>9</sup> Many observers have noted that the problem of unemployment, particularly high among youth, university graduates, and in marginalized regions, is one of the factors that drove the 2010-2011 uprising and which continues to drive unrest. While unemployment has hovered officially around 15 percent since 2014<sup>10</sup>, that number more than doubles for youth and among university graduates in central and southern provinces.<sup>11</sup>

Unemployment, youth total (% of total labor force ages 15-24) (modeled ILO estimate) - Tunisia



International Labour Organization, ILOSTAT database. Data retrieved in September 2019.

9 Hèla Youfî, *L'UGTT Une Passion Tunisienne: Enquête sur les syndicalistes en révolution 2011-2014*, IRMC 2015, p 11. For the UGTT's role during the 2011 protests, see also Joel Beinin, *Workers and Thieves*, Stanford University Press 2016, especially chapter 4 "Popular uprisings in 2011 and beyond."

10 For an explanation of how official methods of calculating unemployment underestimate the phenomenon, see <http://uk.businessinsider.com/unemployment-in-the-uk-is-now-so-low-its-in-danger-of-exposing-the-lie-used-to-create-the-numbers-2017-7>

11 Youth unemployment for 2017 was over 35% according to the World Bank using ILO numbers. See <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>.



Official unemployment rates do not reflect the real numbers of Tunisians who are out of jobs. The labor force participation rate — the percentage of working-age people who are employed or seeking employment — has hovered between 46 and 48 percent, far lower than in rich northern countries, indicating that large numbers of Tunisians without jobs are not counted in unemployment figures.<sup>12</sup> These numbers tell only part of the story of the relationship between labor and political turmoil.

The popular demand for work was institutionalized in Article 40 of the new constitution, which not only guarantees every citizen the right to work, but goes further, stating: “the state shall take the necessary measures to guarantee work on the basis of competence and fairness. All citizens, male and female, shall have the right to decent working conditions and to a fair wage.”<sup>13</sup> What necessary measures then, has the Tunisian state taken to guarantee work?

In the immediate aftermath of the revolution, public sector recruitment increased, partly to reinstate the jobs of civil servants who had been political victims under the Ben Ali regime, and partly as a measure to quell unrest.<sup>14</sup> Since then, however, multiple reports assessing and advocating policies for the Tunisian economy authored or

coauthored by the Tunisian government, the US government, the IMF, the World Bank, UNDP and other international development organizations have been oriented around a market-fundamentalist approach. That is to say that their approach revolves around the ideological assumption that if unconstrained by the powers of the state, a free-market and the forces of supply and demand will naturally, perhaps inevitably, foster innovation, entrepreneurship, and job creation.

The analyses and recommendations of Tunisia’s creditors and donors are more than just policy suggestions. The conditionality of IMF loans, for example, is “impacting Tunisian sovereignty through increased indebtedness and reduced policy space” according to Chandoul,<sup>15</sup> particularly the policy space for economic policymaking. Moreover, Chandoul also notes that the disbursement of hundreds of millions euros by the European Union in macro-financial assistance to Tunisia occurred shortly before the revival of trade negotiations between Tunisia and the EU, an indication that the aid could potentially serve as leverage for the EU over Tunisia to open up its market and agree to adapt domestic market regulations according to EU terms.<sup>16</sup> Since 2011, on at least three

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12 As of 2008, labor force participation rate was 46.9 percent according to a review by Tunisia’s national statistics body INS, cited in Ilham Souas, Edward Sayre, Mahmoud Yagoubi, “Youth Unemployment in Tunisia: Characteristics and Policy Responses,” *Topics in Middle Eastern and African Economies*, Vol. 14, September 2012, p 398.

13 [https://www.constituteproject.org/constitution/Tunisia\\_2014.pdf](https://www.constituteproject.org/constitution/Tunisia_2014.pdf)

14 See Anne Brockmeyer, Maha Khatrouch, Gaël Raballand, “Public Sector Size and Performance Management: A Case Study of Post-Revolution Tunisia,” World Bank Group, Policy Research Working Paper 7159, January 2015, p 8.

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15 Jihen Chandoul, “The IMF in Tunisia: Transitional Injustices,” *Tunisian Economic Observatory Policy Brief No. 2*, April 2017, p 2, [https://www.economie-tunisie.org/sites/default/files/20180302-imf\\_in\\_tunisia-eng-bap.pdf](https://www.economie-tunisie.org/sites/default/files/20180302-imf_in_tunisia-eng-bap.pdf).

16 Jihen Chandoul, “DCFTA: a key instrument of EU policy,” *Tunisian Economic Observatory Briefing Paper No. 2*, May 2017, p 11, [https://www.economie-tunisie.org/sites/default/files/bp-20180419-dcftalaleca\\_en-edited.pdf](https://www.economie-tunisie.org/sites/default/files/bp-20180419-dcftalaleca_en-edited.pdf); see also Fadil Aliriza and Barr Al Aman Editors, “ALECA/ Tunisie: L’agriculture à l’épreuve de la souveraineté alimentaire,” January 2, 2019, <https://news.barralaman.tn/aleca-tunisie-commerce-agricole-vs-souverainete-alimentaire/>.

occasions in 2012<sup>17</sup>, 2014<sup>18</sup> and 2016<sup>19</sup>, Tunisia has issued sovereign bond issuances guaranteed by the United States of around 500 million USD, all of which the US Treasury Department announced linking them explicitly to economic reforms or economic transition. There is some consensus that the “donor community has taken the leading role in setting the agenda within which African governments have responded to the continent’s economic crisis,”<sup>20</sup> a phenomenon that some have characterized as neocolonialism or imperialism.

## **Mohamed Bouazizi: from revolutionary symbol to liberal totem**

The story of Mohamed Bouazizi, whose protest through self-immolation sparked the 2011 uprising, has figured prominently as a case study supporting the market-fundamentalist approach to Tunisian economic reform pushed by Tunisia’s creditors. A vegetable seller working informally partly as a result of excessive licensing burdens having his wares confiscated and his dignity abused by a police officer made him, as one researcher notes, both “the symbol of the

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17 <https://www.treasury.gov/press-center/press-releases/Pages/tg1638.aspx>

18 <https://www.treasury.gov/press-center/press-releases/Pages/jl2582.aspx>

19 <https://www.treasury.gov/press-center/press-releases/Pages/jl0535.aspx>

20 David F. Gordon, “Conditionality in Policy-Based Lending in Africa: USAID experience,” *Development Finance and Policy Reform*, pp 25-53, Ed. P. Mosley, Palgrave Macmillan, 1992, p 26.

excluded” and simultaneously “an image of a state that is painfully present.”<sup>21</sup> That is to say the state is absent when the poor need the help of the state in facilitating economic empowerment, but at the same time the state is overly present to police and repress when the poor insist on claiming their rights, economic or otherwise. Bouazizi’s story does highlight the political and social context of a key form of employment in Tunisia: informal work. His act of rebellion highlighted the state’s unequal treatment of commercial activity and enforcement of laws relating to enterprise, which forces some workers into precarious informality. Importantly, his story was treated by numerous economic analysts as an example of state barriers to the right to work.

But treating Bouazizi’s story as a boiled down version of the economic repression produced by an intrusive state is overly simplistic, and as Ayeb argues, “it would be quite wrong to suggest that the whole [revolutionary] process started with this dramatic episode, and thus deny a build-up of a long series of political actions and workers’ demands for rights, for example in the workplace and to health services.”<sup>22</sup> Indeed, other types of protests over issues relating to labor before and since Bouazizi’s self-immolation have brought to the fore different social issues related to employment that do not fit the narrow narrative of an entrepreneur suppressed by the state. Many other forms of economic protests have revolved also around broad political and social issues related to workers’ rights and not merely the right to work.

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21 Max Gallien, “Seven Years on: Tunisia’s Legacies of Neglect” *Middle East Eye*, December 17, 2017, <http://www.middleeasteye.net/columns/legacies-neglect-reforming-tunisia-s-informal-economy-1467771056>.

22 Habib Ayeb (2011), “Social and political geography of the Tunisian revolution: the alfa grass revolution,” *Review of African Political Economy*, 38:129, 467-479, 473.

The focus on the tragic story of Mohamed Bouazizi obscures the larger context of broad workers mobilization before, during, and after the revolution. In addition to the labor mobilization that occurred within the architecture of the General National Union of Tunisian Workers (UGTT) that played an important role in the popular uprising of December 2010 and January 2011, many other workers held wildcat strikes during this period, shutting down factories, while others managed to fire management and prevent them from facilitating capital flight.<sup>23</sup>

“In the revolution they came to us, [the factory supervisor], they said I don’t care about you. Don’t tell us that there is a march and you don’t come,” told Badia, a textile factory worker living near the city of Monastir recalling the revolution. “Some people came and some didn’t. And some called me by phone and said don’t go there is a march. I went to work, then [the supervisor] made fun of us and said: Go the hell back. Why are you coming?”<sup>24</sup>

After revolution and until the present, workers and those seeking work have continued to claim their rights, both through organized labor but also often in spontaneous eruptions of nationwide shows of resistance to neoliberal logics of development, many of which have forced governments to respond with repression or concessions. When protests in January 2016 erupted in Kasserine—a marginalized province

near the Algerian border—they spread across the country, forcing the state to enact a nationwide curfew. The initial spark was the death of Ridha Yahyaoui, whose name had been stricken from a municipality’s public hiring roll in favor of someone with allegedly better connections.<sup>25</sup> This highlighted not only the strong demand for specifically public sector jobs—in contrast to the story of Bouazizi the self-made entrepreneur—but also the demand that state hiring practices respect the rights and dignity of job-seekers through some mechanism of impartiality regarding privileges such as family and social connections.

Major protests and sit-ins, from Kerkennah<sup>26</sup> to Jemna<sup>27</sup> to Kamour<sup>28</sup> have seen Tunisians demanding a greater say and a greater share not only

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25 See Henda Chennaoui, *Un Stylo m’a tuER [sic]*, *Nawaat*

26 In Kerkennah, workers demanding a greater share of local resources extracted by a private hydrocarbon company held a sit-in, were violently repressed by Tunisian state security forces, and then locals joined together to confront and then eject security forces from the island, pressuring the government to negotiations on terms more amenable to local demands. See Laryssa Chomiak, “The Revolution in Tunisia Continues,” Middle East Institute, September 22, 2016, <http://www.mei.edu/content/map/revolution-in-tunisia-continues>.

27 In Jemna, a local association reclaimed agricultural land that was technically under state control and collectively worked the land and invested the profits into local development, prompting authorities to punish the association through legal and financial mechanisms. See Vanessa Szakal, “In Jemna, a social experiment against State policies,” September 27, 2016, *Nawaat*, <https://nawaat.org/portail/2016/09/27/in-jemna-a-social-experiment-against-state-policies/>.

28 See Henda Chennaoui, Hammadi Lassoued, Callum Francis Hugh, “Réportage a El Kamour: la résistance du Sud se radicalise malgré les intimidations” *Nawaat*, May 12, 2017, <https://nawaat.org/portail/2017/05/12/reportage-a-el-kamour-la-resistance-du-sud-se-radicalise-malgre-les-intimidations/>; see also Lilia Blaise “À Kamour, la résistance continuera pendant le Ramadan,” *Middle East Eye*, May 26, 2017 <http://www.middleeasteye.net/fr/reportages/el-kamour-la-r-sistance-continuera-pendant-le-ramadan-322384578>.

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23 See Matt Swagler, “A Dictator Falls but What Comes Next?,” *International Socialist Review*, Issue 76, March 2011, <https://isreview.org/issue/76/tunisia-dictator-falls-what-comes-next>.

24 Interview with textile worker, August 16, 2017, *Ksibet el Mediuoni*. Name has been changed.

in the jobs linked to extraction of local resources, i.e. the right to work, but also a greater share in the management and ownership of the resources in ways that appear to prioritize community development and sharing the social benefits of economic activity. In the case of Kamour, a pumping station south of the southern Tunisian town of Tataouine, local demonstrators “denied the full functioning of the petroleum industry in the South until they received an adequate share of the proceeds” by occupying the station and shutting off oil production.<sup>29</sup> Ajl notes that “the mobilizing discourse... links ‘development’ to the right to work, and the demand for a fair share of the energy riches, while embedding those demands in the course of struggle. It also makes implicit claims about the class nature of development: that it ought to be based on providing work to those who want it, and that the country ought use its natural riches to that end. It thus seeks to reclaim the discourse of development from elites, (re)turning the contest over development into a class struggle.”<sup>30</sup>

## **Labor unrest: the hidden force behind the revolution**

Although political opposition in the form of political parties, the press, and other spaces traditionally seen as the sites of democratic contestation were heavily suppressed under the Ben Ali regime, political opposition nevertheless sometimes took the form of workers asserting their social and economic

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29 Max Ajl, “Development by popular protection in Tunisia: the case of Tataouine,” *Globalizations*, 2019, p 8.

30 Ajl, p 11.

rights. Many scholars have identified the 2008 Gafsa mining basin protests, which began “against unfair hiring and labor conditions exercised by the state-run Compagnie Phosphate de Gafsa,”<sup>31</sup> as an early indicator of the significance of this form of political opposition and a precursor to the 2010-2011 uprising.<sup>32</sup> Issues around labor rights also played a role in the 2010-2011 uprising itself—not only symbolically in the form of Mohamed Bouazizi’s dashed entrepreneurial potential but also in the role union activists and later the UGTT leadership itself played in supporting anti-regime protests.<sup>33</sup> That is to say that not only is the right to work a major driver of politics in Tunisia, but the rights of workers to better conditions, legal rights, and basic dignity played a role in the uprising and the subsequent democratic opening.

And while workers demanding their rights has been one of the dynamic forces that played a role in propelling Tunisia onto a democratic trajectory, so too has the new democratic environment in return emboldened even more Tunisian workers to organize and mobilize. Some have pointed to this as one of the reasons why many companies left Tunisia. “After the 2011 revolution, many investors left Tunisia,

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31 Laryssa Chomiak, “The Making of a Revolution in Tunisia”, in *Middle East Law and Governance* 3 (2011) 68-83, p72.

32 See Joel Beinin, “Workers and Thieves: Labor Movements and Popular Uprisings in Tunisia and Egypt,” Stanford University Press, Stanford California, 2016, pp 164-183; also Eric Gobe. *The Gafsa Mining Basin between Riots and a Social Movement: meaning and significance of a protest movement in Ben Ali’s Tunisia. Working paper. 2010.* <halshs-00557826>.

33 See Hèla Yousfi, “L’UGTT Une Passion Tunisienne: Enquete sur les syndicalistes en revolution 2011-2014,” particular chapter 2, “Les syndicalistes racontent le soulèvement du 17 décembre 2010, pp 59-101.

citing security as a primary reason, but mainly because the workers demanded their rights. They prefer Morocco and Turkey where working rights are more degraded,” Alaa Talbi, the managing director of the Tunisian Forum for Economic and Social Rights (FTDES) told a journalist in 2016.<sup>34</sup>

As workers began to strike after the revolution, factories began to close, with some of the work being replaced with more informal, in-house arrangements facilitated by whole-sale middlemen traders and some of them moving to other countries with less worker militancy.

“We started sitting in the streets and doing a strike, and doing everything. Because we want to work and fight. Then they said it’s done. Meaning there are no jobs. They closed the factory and left us in the street...We started in the street and [started a] legal process [against the employer] after. And then afterwards we went to the authorities,” said another textile worker.<sup>35</sup>

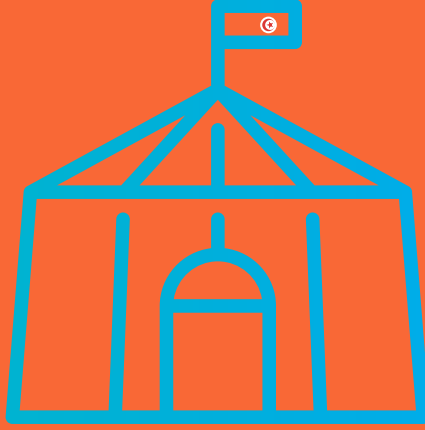
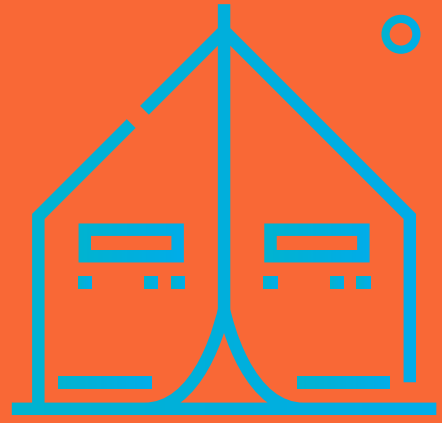
Many economic analyses, prescriptions, and policy reports on the Tunisian economy to date either neglect the social and political aspects of employment policy or else they subordinate the social and political aspects of employment policy as secondary challenges that will ameliorate on their own as a result of market-fundamentalist fixes that promote employment. In other words, they approach dismantling state barriers to the right to work as a primary goal, with the rights of workers either

a barrier to the former, a contingent effect of the former, or merely a secondary policy goal. However, fixing Tunisia’s unemployment challenge will not be solved by a free-market analysis of barriers to entrepreneurship and the right to work. Such a limited focus is detrimental to the long-term sustainability of the Tunisian economy as one that can provide the work and dignity Tunisians demanded in the uprising.

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34 Jenny Tsirapoulou, “Made in Tunisia: Women textile workers resist poor working conditions,” *Middle East Eye*, May 24, 2016, <http://www.middleeasteye.net/in-depth/features/made-tunisia-women-textile-workers-resist-poor-working-conditions-1680717702>.

35 Interview August 16, 2017, Ksibet el Mediouni.



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# 2

## Why the current market-fundamentalist, macroeconomic prescriptions don't work

The Neoclassical Economic Theory upon which IFI prescriptions for Tunisia have been crafted views labor relations as market relations where labor is a commodity. According to its premises, the rate of employment should have an effect on wages.<sup>36</sup> Higher employment rates are expected to drive wages higher as employers compete for increasingly scarce talent in the labor market. It would be reasonable to assume, using this logic, that employers competing for a scarce supply of workers might not only try to attract workers by raising wages but might use other tools to attract workers as well, such as improving working conditions and offering more benefits. That is to say that employment rates may be considered to correlate with working conditions and not merely with wages—a market-fundamentalist way of approaching labor rights that appears to minimize the need for state intervention in the form of legislation and regulation to protect workers.

In other words, if you create enough jobs through economic policies, the conditions of workers won't need to be addressed through state measures

but will be solved by the market itself through the principle of supply and demand. The solution that follows this market-fundamentalist logic is that boosting job creation will improve all other labor-related issues. This is precisely the market-fundamentalist logic that has characterized Tunisia's "economic reform" and "economic transition" processes explicitly linked to aid and loans from IFIs and US and European development institutions.

The uprising in 2010-2011 shifted the way these institutions have analyzed the Tunisian economy, or at least shifted the language used to analyze the Tunisian economy.<sup>37</sup> Prior to the uprising Tunisia's employment problems lay hidden under the surface of macroeconomic indicators and their face-value assessments by domestic and international observers. In particular, the World Bank after the uprising offered a sort of mea culpa in its over 300-page post-uprising development policy review<sup>38</sup> "The Unfinished Revolution," noting that despite Tunisia's strong per capita GDP growth, "nevertheless, there were

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36 Classical economics treats labor as a discrete commodity undetermined by any historical processes, subject to the law of supply and demand. Other "heterodox" political economy schools, in contrast, place more focus on other factors or "externalities" that determine labor markets, including historical factors, social reproduction, environmental and ecological costs etc.

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37 See Hanieh, Adam. (2015). Shifting Priorities or Business as Usual? Continuity and Change in the Post-2011 IMF and World Bank Engagement with Tunisia, Morocco and Egypt. *British Journal of Middle Eastern Studies*. 42. 10.1080/13530194.2015.973199.

38 These types of reviews are often carried out in 5-year intervals

fundamental problems with the Tunisian economic development model, which set the stage for the January 2011 revolution...Tunisia has been plagued by persistently high unemployment, as the rate of jobs creation was insufficient and the quality of the jobs created remained low. Most of the jobs created by the economy were in low-value added activities and mostly in the informal sector, offering low wages and no job security, which did not meet the aspirations of the increasingly large number of university graduates.”<sup>39</sup>

## **Millennium Challenge Corporation: Labor protections, unions, social welfare are “constraints”**

In this new environment, the Millennium Challenge Corporation (MCC), a US government foreign aid agency, worked with the Tunisian government and the African Development Bank in 2013 to coauthor a “constraints analysis” to “identify the most binding constraints to growth”<sup>40</sup>—an approach that once again, like so many pre-revolutionary analyses, reaffirms the primacy of growth as an indicator of economic success and defines “broad-based growth” as limited to

providing “access to employment and investment opportunities”.<sup>41</sup> The contrast between economic “freedom” and economic “constraint” appears to be a key ideological framework for how the MCC approaches its stated mission of “helping lead the fight against global poverty.”<sup>42</sup> This “constraints” analysis represents a different disciplinary focus than “development” per se, giving less attention to sectoral development—whether through comparative advantage, state-led policies, or other alternative approaches—and instead sees state-enforced labor protections as yet one more constraint, i.e. a market-fundamentalist approach.

In its 2013 report, entitled “Towards a New Economic Model for Tunisia”, the MCC argues that “social security programs and labor protections... reduce investment and the demand for labor across skill levels...they result in reduced investment, greater informality, lower worker pay, higher unemployment, and increased economic insecurity.”<sup>43</sup> The MCC goes on to list certain labor rights, such as open ended contracts, i.e. stable jobs with relatively good worker protections, and “centrally negotiated wages”, i.e. collective bargaining rights, that it sees as constraining business. A US official confirmed that this assessment was still relevant as of late 2018, while an MCC director confirmed that the MCC identifies “Employment Protection Legislations (EPL)”, “high labor and social charges” and “labor market

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39 “The Unfinished Revolution,” The World Bank, Development Policy Review 86179, p 26.

40 See MCC website’s Tunisia page, “Milestones in Compact Development” under “Description” box for the 2012 “Constraints Analysis”, <https://www.mcc.gov/where-we-work/program/tunisia-proposed-compact>.

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41 The MCC’s Tunisia Constraints analysis defines “broad-based growth” as “growth that benefits a substantial share of the population through increased *access* to employment and investment opportunities, rather than through pure redistributive effects.” Page 10, footnote 4. Emphasis added.

42 MCC Website, About section

43 MCC p15



regulations” as continuing economic “constraints” in Tunisia in a forthcoming MCC analysis.

One key US official argued that economic analyses that begin with an analysis of sectoral development are misguided and that the MCC’s constraints analysis approach opens the possibility for the invention of sectors “currently unimagined” by policy-makers.<sup>44</sup> This has been complemented by USAID’s Business Reform and Competitiveness Project (BRCP), which ran from 2014 to 2017 and whose work continued in a new program scheduled to run from 2018 to 2023 under the name Jobs, Opportunities and Business Success (JOBS).<sup>45</sup> BRCP emphasized “workforce development” such as curricula reform and job search training, in other words molding Tunisian workers to better serve the demands of employers.<sup>46</sup>

One of USAID’s objectives has also been to focus on boosting entrepreneurship or “enterprises” as part of both its BRCP and JOBS programs. However, with this approach, which is popular across the region, “it is unlikely that the number of emerging young entrepreneurs can be of any significance when compared to the one million new entrants into the Arab labor markets. After all, entrepreneurship is not synonymous to labor intensive production. In most cases, it leads to capital and IT intensive enterprises requiring a few but highly

skilled workers.”<sup>47</sup> Entrepreneurship eventually comes up against not only the political challenge of existing monopolies and “barriers” but also the problems of scale, markets, and demand.

## **The World Bank’s approach: industrial policy without labor rights, trade without power**

In contrast, the World Bank studies development from a slightly more comprehensive approach and has not limited its analysis of job creation to the barriers the labor market and the regulatory regime may present to the power of the market. Rather it has also examined broader economic structures, forces, and policies that determine the labor market, looking to the particular economic sectors where growth is possible using the conceptual tool of comparative advantage and what they call a Growth Identification and Facilitation Framework (GIFF). The World Bank’s “The Unfinished Revolution”, which was co-written by dozens of authors, covers a broad range of issues relating to Tunisian economic performance, corruption, market openness, the finance sector and more.

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44 Interview with author, Tunis, April 2018.

45 <https://www.usaid.gov/tunisia/fact-sheets/jobs>

46 See <http://www.brcp.tn/what-we-do/workforce-development/>. The USAID

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47 Mary Kavar, Zafiris Tzannatos, “Young People Need Jobs and So Do Their Parents,” *Venture Magazine*, September 11, 2017, <http://www.venturemagazine.me/2017/09/young-people-need-jobs-and-so-do-their-parents/>.

Given the World Bank's role in development work, it is not surprising that "The Unfinished Revolution" also looks briefly at labor conditions, although not labor "rights" specifically. The over-300 page document does not mention "labor rights" or "workers' rights" once. However, it does mention "investors' rights" twice, "creditor rights" twice, and "property rights" once.

The report finds that "jobs have increasingly been informal or in fixed-term contracts, which entail no workers' protection, and have translated into an overly high level of turnover—in its worst manifestations, notably those linked to the infamous working arrangements often associated with outsourcing to Tunisia of assembly activities, this economic system has allowed the exploitation of workers—which Tunisians refer to as the phenomenon of the *sous-traitance*."<sup>48</sup>

The report looks at this phenomenon not primarily from the perspective of labor conditions, but rather stresses what it means in terms of the overall health of the economy, emphasizing that Foreign Direct Investment "to Tunisia has been focused mainly on...low value added manufacturing (notably in textiles and electrical cabling). As a result, Tunisia's economy continues to perform weakly, exports have low value added content, and what jobs have been created are mainly of low quality."<sup>49</sup>

Paradoxically, however, the report later goes on to identify precisely which sectors Tunisia has a comparative advantage in and ought to be developed: the very same "low value added" and "low quality" exploitative jobs that it

earlier presented as problematic from both a labor conditions perspective and an overall economic health perspective. In this later section, the report seems to contradict its earlier assessment and reclassifies these sectors as "medium-skill" and "high-skill":

*...the sector with the largest number of products with high revealed comparative advantage is the textile sector, followed by the mechanical and electrical industry...analysis reveals potential in a number of sectors likely to move out of benchmark countries, notably: (a) textile and garment, (b) leather and footwear, (c) electrical and mechanical industry and transport equipment...Tunisia appears to hold potential in these sectors to a different degree, and the various individual products hold more or less promise depending on the evolution of global demand. It is also worth noting that several of these sectors are classified (according to United Nations Industrial Development Organization, UNIDO) as medium-skill and high-skill sectors, and as such they include segments that could provide jobs for graduates.*

*Based on these results, the GIFF proposes a policy approach to nurture the development of this potential...*<sup>50</sup>

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48 Unfinished revolution 170

49 Unfinished revolution 140.

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50 Unfinished revolution 223, 224. World Bank leadership

I don't care about you. Don't tell us that there is a march and you don't come!!!

Don't go! There is a march!

You missed the productivity target. Get up and go home!



# 3

## Workers' (lack of) rights in the private sector

As of 2018, World Bank leadership in the Tunisia office say the Bank has partly shifted development priorities since the 2014 report, focusing less on promoting the development of Tunisia's textile industry specifically and more on promoting agricultural development and agricultural branding.<sup>51</sup> However, textiles, footwear, and electrical equipment manufacturing are still sectors that already make up a massive share of Tunisia's private sector jobs. These jobs are the result of Tunisia's first policy turn towards neoliberalism and creating a private sector in industry amidst broader market liberalization policies in the early 1970s.<sup>52</sup> According to recent official statistics, the "textiles, apparel and shoes" sector employs 235,200 Tunisians, while the "mechanical and electrical industries" employ 154,300 Tunisians. If you add three other official sector classifications where industrial jobs are overwhelmingly in the private sector—"manufacturing industries," "other manufacturing industries," and "food industries"—the total number of Tunisians employed in these sectors is 1,201,100 Tunisians, or 35 percent of

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51 Author interview with World Bank leadership in Tunis, June 4, 2018. According to World Bank officials in the Tunisia office, the textile sector, as part of the "offshore" sector, is problematic for its perpetuation of the "offshore/onshore" dichotomy. See "Unfinished Revolution" p 24 on the dichotomy.

52 Many scholars describe this shift as one that occurred on a global scale as Global South countries shifted from a development model of import substitution industrialization to export-oriented industrialization.

all employed Tunisians.<sup>53</sup> Nearly all of these are private sector jobs, as public sector industry is limited to a handful of state companies producing paper, tobacco, and chemicals that employ only a few thousand Tunisians.<sup>54</sup>

If workers employed in textile and manufacturing account for 35 percent of all employed Tunisians, and if according to the latest figures, 48 percent of Tunisia's workers were employed in the private sector,<sup>55</sup> then taken together these two figures suggest that roughly 70 percent of existing private sector jobs are in these sectors.<sup>56</sup> Much of the rest of Tunisia's private sector jobs are in service sectors, commerce, construction, and agriculture. Given that textiles and electrical and mechanical manufacturing industries represent the result of Tunisia's first major move towards promoting private-sector job growth, and given that World Bank analyses stress these sectors as having the most potential for future

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53 National Institute of Statistics, "Employed population: Employed by Industry," Q3 2017 numbers, updated January 12, 2018, <http://www.ins.tn/en/themes/emploi>.

54 For a list of public sector companies and links to their websites that enumerate their employees, see Tunisia Prime Ministry's website, under Entreprises Publiques. [http://www.pm.gov.tn/pm/entreprise/listetablisement.php?lang=fr&URLref\\_gouvernorat=&URLref\\_domaine=&Keyword=&FormlistKeyword\\_Page=&URL\\_ref\\_etab\\_parent=&URL\\_ref\\_sous\\_type\\_etablisement=&FormlistKeyword\\_Page=17#list](http://www.pm.gov.tn/pm/entreprise/listetablisement.php?lang=fr&URLref_gouvernorat=&URLref_domaine=&Keyword=&FormlistKeyword_Page=&URL_ref_etab_parent=&URL_ref_sous_type_etablisement=&FormlistKeyword_Page=17#list).

55 Unfinished Revolution, page 172 figure 5.2

56 Author's calculation assuming that between 95 and 100 percent of textile and manufacturing jobs are private sector jobs, as demonstrated in the preceding paragraph.

growth, it is worth focusing on textile and manufacturing to understand the social, political, and legal problems that accompany a renewed private-sector job creation strategy.

## Female Workers in Tunisia's Textile Industry

While the worst forms exploitative work conditions, including forced labor, are often associated with informal farm work,<sup>57</sup> Tunisia's largely privatized light industry sector is also ripe with exploitation. The textiles workforce is almost entirely female and a sector particularly plagued by abusive and exploitative conditions, including child labor. Two textile workers interviewed in the research of this report reported they started at the age of 14, a phenomenon that researchers who focus on textile work say is widespread.<sup>58</sup> A 1996 amendment to Tunisia's labor code—article 53-2—allows children as young as 14 to work so long as it is part of a “study” or “training” program.<sup>59</sup> Given the hazardous conditions in the textile sector that will be described below, the practical application of 53-2 may contravene article 32 of the UN Convention on the Rights of the Child (UNCRC), which commits to protect

children “from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.”<sup>60</sup> Tunisia signed the UNCRC February 26, 1990 and ratified it January 30, 1992.<sup>61</sup>

More commonly documented forms of abuse of workers in this sector include physical abuse by supervisors, unsanitary and unhealthy working conditions, mass arbitrary firings, non-payment of salaries, discriminatory hiring practices, and forced unpaid overtime among others. Statistics and reports documenting work conditions in the sectors where the World Bank identifies Tunisia's comparative advantage are unable to fully capture the subjective experiences of workers. It is valuable to hear their voices to appreciate not merely the value and importance but also the urgency of policies that can effectively improve their conditions. “Asma,”<sup>62</sup> one of several textile worker interviewed in the course of researching this report, for example claims her infant daughter didn't survive past a year due to workplace abuse, including physical violence, suffered while pregnant.

“If you miss the productivity target by one piece, something like this happened to me – they turned off my machine and said “get up and go home”, violently throwing a notebook at me, shoving me in my chair...I was pregnant and my

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57 See IOM and Republic of Tunisia “Baseline study on trafficking in persons in Tunisia: assessing the scope and manifestations, June 2013

58 Interview with Mounir Hassine, President of the Monastir chapter of the Tunisian Forum for Economic and Social Rights (FTDES) and other FTDES staff, July 31, 2017, Ksibet El Mediouni, Tunisia.

59 Article 53-2 of Tunisia's Labor Code, amended by 96-62, July 15, 1996.

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60 UN Convention on the Rights of the Child, <http://www.ohchr.org/en/professionalinterest/pages/crc.aspx>.

61 [https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg\\_no=IV-11&chapter=4&lang=en](https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg_no=IV-11&chapter=4&lang=en).

62 Asma did not want her real name to be used as she continues to live in the same neighborhood of one of her former abusive supervisors. Interview conducted August 16, 2017, Ksibet el Mediouni.



daughter died. Not in that moment, but it was the extreme exhaustion in work, the conditions where you have no rest and no time off,” Asma recounts.

Mounir Hassine, the president of the Monastir chapter of the Tunisian Forum for Economic and Social Rights (FTDES), has spent his life documenting work conditions in the textile sector, which is concentrated around the Monastir region. In one report which surveyed hundreds of textile workers and their workplaces, he details some of the poor working conditions including restricted and inadequate toilet access, unsanitary work conditions, insufficient break times, off-the-books methods of salary payment that circumvent social security contributions, late salary payments, and many other exploitative practices. He describes work tools and work stations that are not designed to protect workers from musculo-skeletal damage, which means that by the time textile workers reach middle-age they can no longer work fast enough to meet production quotas and are fired. Related to this is that 80 percent of workers in the sector are under 35 years of age, which Hassine believes confirms the existence of discriminatory recruitment practices against older workers. Laid-off middle-aged textile workers regularly seek FTDES’ assistance in claiming coverage in state healthcare programs to treat their work-related musculo-skeletal issues.<sup>63</sup>

“I wanted to work but they told me we prefer a young girl,” said Badia, the textile worker living near Monastir who used to work in a textile factory. “When I was looking, as I’m 44 [years old], if you faint or something happens to you

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63 Mounir Hassine, “Violations des droits économiques et sociaux des femmes travailleuses dans le secteur du Textile,” FTDES <http://www.ftdes.net/rapports/textile.fr.pdf>.

they prefer [a young girl].”<sup>64</sup>

Other researchers have also identified the poor conditions that drove many to strike in the first place, conditions that have not improved since. Fair Wear Foundation (FWF), an international non-profit organization that presents itself as working with clothing brands to improve labor conditions notes in a 2015 report on Tunisia’s textile sector that “recent audit reports show a large number of health and safety violations. In fact, the most common findings in audit reports are related to this labour standard.”<sup>65</sup> The report also points to several individual worker complaints lodged to FWF about various issues including health and safety conditions, contract violations and abuse by supervisors among other issues.

## **Work conditions in manufacturing and food industry**

Some of these same issues are found in other manufacturing industries such as food processing industries. One worker in a date-pitting factory in a town outside of the touristic town of Hammamet described facing similar issues as textile workers, including restricted toilet access, unsanitary toilets and the prevalence of diseases relating to those conditions, cramped workplace spaces, risky work tools and frequent injuries amongst colleagues,

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64 Interview with textile worker, August 16, 2017, Ksibet el Mediouni. Name has been changed.

65 Fair Wear Foundation Tunisia Country Study, 2015, p. 21, <https://www.fairwear.org/wp-content/uploads/2016/06/TunisiaCountryStudy2015.pdf>.

and strict repercussions for missing production quotas. In addition, the date-pitting worker described a system of blacklisting between similar factories in the region so that the names of problematic workers could be shared and blocked from employment within the entire sector.<sup>66</sup>

“How much did we sacrifice in Mnara? Believe me, it’s a terrifying place, scary. We sacrificed and worked for [the supervisor]” said Badia of the textile factory she worked in at a place called Mnara.

Jobs in cable and electrical manufacturing appear to have less severe exploitative conditions, partly as the workforce has more specialized training and are harder to replace. This would seem to confirm the introductory outlook of the World Bank’s development assessment, echoed by many others,<sup>67</sup> that there are benefits to “higher-skill” jobs and a policy that aims to help Tunisia “climb up the value added ladder.”<sup>68</sup> However it is not only the perceived skill level of the labor that determines conditions. Other factors are at work, including issues relating to access to justice. Even for highly skilled workers in this sector, there are instances of illegal exploitative practices.

One worker at the highest end of this sector who has years of training in specialized mechanical design tools from European educators and who works for a small, bespoke mechanical parts manufacturer on the outskirts

of Tunis explained that he and his colleagues were being paid less than they deserved for overtime. This was only rectified when he did his own legal research online and presented it to his employer’s legal team.<sup>69</sup> His ability to enforce the minimum standard of a fair working condition according to existing law in that case was dependent not on his skills in the workplace but his own initiative, his higher education, and access to the internet, the latter two material factors partly dependent on his class and cultural capital and which are not accessible or made accessible to all workers. Moreover, the worker notes that even in this more skilled sector, women are regularly paid less for the same work, a gender discrimination that cannot be justified with higher skills and trainings of male workers.

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66 Interview with worker, outside Hammamet, Tunisia, August 16, 2017.

67 See for example OECD Economic Surveys, Tunisia, March 2018, <http://www.oecd.org/eco/surveys/economic-survey-tunisia.htm>.

68 Unfinished Revolution 222

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69 Interview with worker in El Mghira Industrial Zone, July 21, 2017.





# 4

## Why are legal protections for workers not effective?

Tunisia's limited transition to a liberal democratic framework following the 2011 uprising appears broadly not to have democratized economic policymaking, nor has the liberal framework—with its focus on rights—seen an extension or improvement of state protections for the rights for workers. On the contrary, it seems that the state is failing to maintain existing social and labor standards. Such shortcomings are undermining the popular credibility of the current governing model, partly evident in the declining numbers of voters turning out in successive elections since the 2011 uprising.

Many protections do exist in Tunisia, particularly for formal labor with formal work contracts. These are mostly included in the labor code, a more than 200-page document that was passed in 1966 and has been revised over the years. The code covers contracts, salaries, social security, vacation, issues related to taxation, and dispute resolution through the judiciary, among other subjects although there are still shortcomings as even the World Bank notes, such as annual and maternity

leave.<sup>70</sup> The World Bank also notes that “workers who lose their jobs do not have sufficient income protection... Severance pay for those who are dismissed is low by international standards (a maximum of three years regardless of time of employment). Moreover, enforcing the payment of severance pay is difficult and payments are often delayed.”<sup>71</sup>

### Deficient Law Enforcement

The continuing phenomenon of unhealthy, abusive, and generally poor working conditions does not appear to depend so much on deficiencies regarding the letter of the law but rather enforcement. According to a nationwide survey of over 7000 Tunisians conducted in late 2016 by, the Hague Institute for the Innovation of Law (HIIL), which measured justice needs, employment issues are “the most widespread type of dispute in

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<sup>70</sup> Angel-Urdinola, Diego F. [editor]; Nucifora, Antonio [editor]; Robalino, David [editor]. 2014. Labor policy to promote good jobs in Tunisia : revisiting labor regulation, social security, and active labor market programs (English). Directions in development ; human development. Washington, DC : World Bank Group. <http://documents.worldbank.org/curated/en/161311468119089264/Labor-policy-to-promote-good-jobs-in-Tunisia-revisiting-labor-regulation-social-security-and-active-labor-market-programs>, p6.

<sup>71</sup> Ibid.

which the people of Tunisia need the protection of the law.”<sup>72</sup> Scaled out to over a four-year period, HILL found that Tunisia experiences over a million legal disputes relating to employment.<sup>73</sup>

Much of the data as well as the in-depth interviews included in HILL’s report point to disputes in the private sector and issues around fixed-term contracts widely used in the private sector. “Unfair dismissal, non-payment of wages and benefits, workplace discrimination are very frequent among the young Tunisians,” the HILL report notes.<sup>74</sup> In one of its deeper digs into the numbers through qualitative interviews, HILL found one worker explicitly rejecting the private sector after coming up against legal barriers, stating “I do not want to work in the private sector anymore. The laws in force protect companies instead of employees.”<sup>75</sup>

The perception that the law protects companies instead of employees is worth exploring. In the legal framework—the labor code and its interpretation by the courts system—exploitative or precarious labor practices that violate contractual obligations are typically found in favor of the employee, according to lawyers who work on these issues. “I dealt with many cases of [violated] labor contracts and it’s easy to win these cases,” on behalf of workers, says Azaiz Samoud, a lawyer and former project manager at the Tunisian branch of Lawyers Without Borders (Avocats Sans Frontieres, ASF). “For me these

cases were handled well by the justice [system] and [the employees] won. If there is no problem, if [the employee] has not been arrested in flagrante delicto, we would say he would win his trial.”<sup>76</sup>

However, many employees don’t have contracts, or have only short-term contracts — significant barriers preventing the fair resolution of exploitative labor practices through the justice system. There are numerous other factors at work that mean that in most cases, the simple resolution of violated contracts doesn’t work out as Samoud describes in court cases. First is that many workers lack knowledge about their own legal rights that might prompt them to bring a case before a court—for example those who have been fired in an unfair or arbitrary dismissal often are unaware that there is a one year statute of limitation to file a lawsuit.<sup>77</sup> Some civil society organizations — including the UGTT, ASF, and FTDES in particular — and the social affairs ministry have programs and/or activists that help workers find legal information. Yet access to information is still a problem; according to HILL’s survey, only 4 percent of Tunisians who have a legal problem use online resources for information, 13 percent seek out a lawyer, while 37 percent seek out advice from informal social networks such as family, friends, and neighbors.<sup>78</sup> Word of mouth information about legal rights can be less accurate and harder to translate into a legal argument. And while the UGTT is a powerful force in defending worker rights, collective bargaining, and providing legal assistance, its resources

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72 “Justice needs in Tunisia – 2017: Legal Problems in daily life,” HILL, p 26.

73 Ibid.

74 Ibid, 37.

75 Ibid, 105.

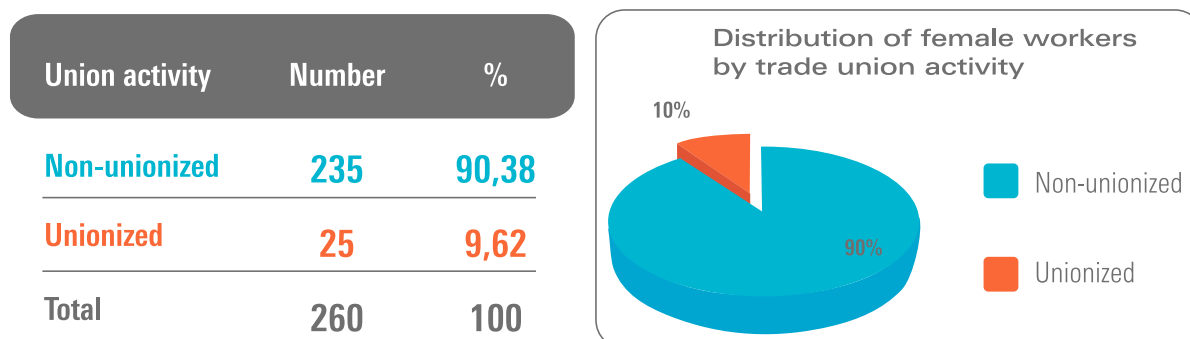
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76 Interview with Azaiz Samoud, conducted on July 10, 2017, Tunis

77 Article 23, Code de Travail

78 HILL pp 50, 51

in this field are often directed more towards public sector workers. Most private sector workers are non-unionized, with only 10 percent of textile workers for example belonging to unions.<sup>79</sup>



Source : FTDES

Many cases that are referred to courts are done so by the state’s labor inspectorate. However, this bureau of the government’s executive branch has limited resources, with 332 inspectors for the entire country as of summer 2018.<sup>80</sup> That amounts to one inspector for more than seven thousand workers. Moreover, inspectors can merely draw up citations which they refer to state prosecutors, and even minor cases can take several years to process. The labor code sets some fines for infractions as low as 12 dinars (less than \$4 USD as of April 2019), which makes it a waste of time and resources to refer many violations to court. The labor inspectorate does not have much power to settle even minor infractions on an administrative level with employers, unlike in some countries.<sup>81</sup> The inspectorate directs more of its limited resources to mediation and informal solutions to labor issues so severe that they threaten to boil over into unrest.<sup>82</sup>

The problem of access to legal information and legal assistance for workers is exacerbated by the fact that lawyers are concentrated in big cities,<sup>83</sup> which means city-dwelling workers have better access than their rural counterparts, and pro-bono legal work is not a major phenomenon.

<sup>79</sup> Mounir Hassine, citing UGTT statistics, “Violations des droits économiques et sociaux des femmes travailleuses dans le secteur du Textile,” FTDES p38 <http://www.ftdes.net/rapports/textile.fr.pdf>

<sup>80</sup> Author interview with Labor Inspectorate authorities, Tunis, Tunisia July 3, 2018.

<sup>81</sup> For example the United States Department of Labor, an executive body, as part of its Wage and Hour Division has the power to reach settlements with employers for infractions. See Wage and Hour Division, Fact Sheet #44: Visits to Employers <https://www.dol.gov/whd/regs/compliance/whdfs44.htm>.

<sup>82</sup> Author interview with Labor Inspectorate authorities, Tunis, Tunisia July 3, 2018.

<sup>83</sup> Samoud interview

## Investment Strategy and the growing rate of precarious work relations

Even in cases in which an employee has access to legal assistance and information about her legal rights, any claims of unfair treatment, exploitation or abuse by employees requires her to produce evidence of having been an employee. However, the labor code does not explicitly state that contracts are required, and neither written nor oral contracts are required for employment. According to the World Bank, in Tunisia “about half of all wage earners (45 percent) work without an employment contract. Not surprisingly, informality rates are higher among younger and less educated individuals.”<sup>84</sup> In practice this problem of workers’ lacking evidence of their employment occurs regularly for those who claim they were fired unfairly.<sup>85</sup>

Apart from lacking contracts, there is also the way the contracting system is used that exacerbates labor conditions. CDI is a Contrat À Durée Indéterminée, i.e an open-ended contract or long-term contract, while CDD refers to Contrat à Durée Déterminée, i.e. a fixed-term or short-term contract. The World Bank notes that “the dichotomy between the rigid hiring rules for open-ended contracts and the ‘savage flexibility’ of fixed-term contracts indirectly promotes informality and job insecurity

because firms avoid giving workers open-ended contracts to maintain flexibility-which has been abused giving rise to exploitative labor practices, which in Tunisia are referred to as the phenomenon of sous-traitance, or subcontracting of jobs to outside firms, which generally offer low wages, few opportunities for advancement, and no job security.”<sup>86</sup>

Fixed-term contracts, the Bank report notes, “have translated into an overly high level of turnover” with the phenomenon of worker exploitation found “in its worst manifestations, notably those linked to the infamous working arrangements often associated with outsourcing to Tunisia of assembly activities.”<sup>87</sup> Citing a UGTT study, the Bank report notes also that the fixed-term CDD contract “was intended to provide a four-year window of flexibility to the employer following which good workers would be converted into open-ended contracts (or would have to be dismissed). In actual fact, however, some firms have used legally opaque arrangements to circumvent the four-year limit and keep the workforce in permanent job insecurity(UGTT 2009).”<sup>88</sup>

The World Bank’s proposed solutions to the problem of poor labor conditions include a long-term one of improving education,<sup>89</sup> a short-term one of reforming state welfare programs,<sup>90</sup> and blurring the line between fixed and open-termed contracts ensuring more protections for the former and more flexibility for the latter.<sup>91</sup> These

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84 World Bank Unfinished revolution p 171

85 Samoud interview

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86 WB Unfinished p 18

87 WB Unfinished p 170

88 WB Unfinished p173

89 See WB Unfinished sections 5.2 and 5.3, pp 173-182

90 See WB Unfinished sections 5.4 pp 187-190

91 WB Unfinished 189

solutions appear to consider as the root of the problem the regulatory framework that distinguishes starkly between open-ended and fixed-term contracts. However, the phenomenon of businesses not offering contracts or informal or short-term contracts fits into a larger macroeconomic policy of attracting foreign investors.

That is to say that the stark difference between long-term and short-term contracts is not a fluke or a legal oversight created by legislators *ex nihilo* but a discrepancy that serves employers who can in effect keep workers indefinitely on short-term contracts while dangling the hope of a long-term contract or of hiring workers without offering contracts at all. And, moreover, this legal path is particularly suited to attracting investors so that Tunisia can continue to pursue the export-led growth model prescribed by the World Bank.

Hassine, the FTDES head in Monastir who has researched labor conditions in textiles for years, explains that the phenomenon fits into a policy of attracting foreign investors through improving worker flexibility. That is to say the source of the problem is not the dual contract system itself but that the state has created a labor contracting system that serves its policy priority of attracting foreign investment—a goal more important than the enforcement of labor protections, according to Hassine:

“The labor code came in the framework of changing the development strategy which began in the middle of the 80s with the start of globalization. The investment code gave many advantages to the investors so that they attract and bring investors...When the foreign capital arrives, it takes advantage of the special benefits and brings its own

conditions. Among these perks, there is no responsibility. When the company is going through economic difficulties, we don't hold you accountable. So it can close and reopen with another name. In the framework of work flexibility, we started to get rid of the CDI – when you get tenured, now they all work on CDD. In addition, there are a lot of violations in the work place.”<sup>92</sup>

These specific manifestations of how the contract system in Tunisia is used to exploit workers is part of a broader trend of flexibilization that has occurred in line with neoliberal globalization. The ILO found that “more and more firms, instead of using a full-time, regular workforce based in a single, large registered factory or workplace, are decentralizing production and reorganizing work by forming more flexible and specialized production units, some of which remain unregistered and informal.”<sup>93</sup> Smith comments that “informalization of labor is key to achieving the goal of flexible production...it has been achieved through forms of employment that are temporary, part-time, casual or contract-based.”<sup>94</sup>

The World Bank's proposed policy solution to the problem of poor-labor conditions associated with short-term contracts is to move towards ending the two-tiered contracting system, essentially to make hiring and firing even more flexible while at the same time supposedly strengthening the safety net for workers who are fired. The first potential problem with this

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92 Hassine interview

93 ILO, *Decent Work and the Informal Economy, Report VI*, 2002, 2.

94 John Smith, “Imperialism in the Twenty-First Century,” *Dev Publishers & Distributors, New Delhi, India, 2016*, pp 121-122..

policy solution is that improving hiring and firing flexibility is likely easier to accomplish politically than improving social services and access to them. The latter would require hiring more public sector workers to manage social security programs and more public spending allocated to these administrative capacities, which the same World Bank report warns as suffering from: “inappropriate financing arrangements and weak management and administration [that] threaten the ability of the system, particularly pensions, to deliver benefits over the long term.”<sup>95</sup> Increasing the funding and improving the management capacity of public social security programs will be particularly difficult politically especially as Tunisia’s creditors, including the IMF, are demanding that public hiring be frozen as part of austerity policies to reduce the budget deficit. It would appear that the IFIs are contradicting themselves. On the one hand, they condition loans on cutting state spending while on the other hand they propose the state could provide social services for those losing jobs due to precarious labor conditions linked to the export-oriented growth strategy promoted by IFIs for decades.

The second potential problem is that increasing flexibility of the workforce while boosting state welfare to those who lose their jobs appears to go against the revolutionary demands which tied work and dignity together. Increasing state welfare instead while increasing precarity and flexibility in the labor market risks making citizens more dependent on the state in a way that diminishes the value of their labor. It would seem a step towards decreasing the autonomy of citizens in their professional lives. More importantly, the

proposal of targeting public spending on social welfare programs for the victims of increased labor flexibility would nationalize and socialize the cost of creating a more flexible workforce, a labor market environment that would further benefit investors, i.e. privatizing the profits of labor market deregulation. A third potential problem is that increasing flexibility of firing for open-ended contract workers may put them at risk of the same exploitative work conditions experienced currently by fixed-term contract employees, signaling another race to the bottom rather than raising the conditions of all workers.

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95 Angel et al. p 78



## Conclusions

Why do these forms of exploitation exist? Current market-fundamentalist approaches appear to answer that the “low valued-added” quality of the jobs inherently produces poor working conditions. However, that raises the question of international production and global value chains within the neoliberal order: which workforce in the world should do these kinds of exploitative jobs and for which consumers. That is to say that even if Tunisia successfully moves up the global production chain, some other country must move down it, and hence exploitative jobs will be passed along to another poor country.

Tunisia is not alone in seeing the terms for workers deteriorate. Rather, the race to the bottom among global South countries to attract foreign capital offshoring jobs from developed countries and to hold on to even exploitative jobs has lowered wages globally—a phenomenon known as global wage arbitrage. While many have pointed to the phasing out of the international microfiber agreement in 2005 as exposing Tunisia’s textile manufacturing to more competition from Asian producers, all major textile-producing countries have seen their workers bear the brunt of market forces. One study of “15 of the world’s leading apparel-exporting countries found that between 2001 and 2011, wages for garment workers in the majority of these countries fell in real terms.”<sup>96</sup>

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96 Worker Rights Consortium, *Global Wage Trends for Apparel Workers, 2001-2011, 2013*, <https://cdn.americanprogress.org/wp-content/uploads/2013/07/RealWageStudy-3.pdf>, 2.

The industrial production of trade goods in South countries largely for export to Northern markets shapes the kind of worker exploitation that defines the neoliberal era. Smith argues that this “South-North (S-N) export of manufactured goods as a whole must be thought of not so much as trade but as an expression of the globalization of production, and this in turn must be seen not as a technical rearrangement of machinery and other inputs, but as an evolution of a social relation, namely the relation of exploitation between capital and labor.”<sup>97</sup> Acknowledging this division of labor along global value chains is a key precursor to imagining alternative economic models, developing worker solidarity across these chains, and organizing new structures and arrangements for workers that will empower them.

Parallel to a larger discussion of global dimensions of labor relations, some policy reforms may be worth considering within Tunisia’s current political framework. Most importantly and immediately—according to textile workers themselves and their advocates—would be for the state to ensure good quality healthcare coverage for those workers who have already suffered from years of unhealthy working conditions. Another would be to update the Labor Code, which has not been updated since 1996. Inflation since then has made the fines prescribed within it even more trivial. Alongside this, the labor inspectorate could be made more effective if the state

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97 Smith p 51.

provided it with adequate resources; similarly, the state could provide the judiciary with the adequate resources it needs to hear cases against employers more quickly. These improvements cannot overcome the pressure of the macroeconomic strategy of attracting capital investment through low-wages and exploitative labor markets and the neoliberal global division of labor that structures this export-oriented strategy for Southern states. However, they might give workers some tools to use as they continue fighting for their rights.

Even such modest reforms would likely prompt counterarguments. One is that stronger labor protections and higher quality jobs will make current industries less attractive to foreign investors. Another is that good wages and benefits won't stop sit-ins by those without jobs at all. A third possible problem is that the continuation of some industries at all, particularly textiles which employs nearly a quarter million Tunisians, may be unsustainable anyways when looking at other factors like ecological impact or impacts on other industries like fishing or impacts on limited water resources. Furthermore, bridging the gap between the informal sector and a formal private sector operating within a formal, enforceable labor protection legal framework is a much larger challenge for which the policy reforms suggested in this paper are insufficient.

All of these problems are important and raise urgent questions that need to be deliberated through in-depth debates about both Tunisia's development, trade, agricultural, financial and monetary policies and strategies as well as Tunisia's place within a global economic order. However, the challenges of forming a sustainable, sovereign and democratic economic structure in Tunisia cannot include any

policy prescriptions that do not also empower Tunisia's workers. Rather, solutions to these issues should be found in parallel with —if not begin with— strengthening protections for workers. A more egalitarian and fairer economic system that responds to the revolutionary demands Tunisians made in 2011 requires an empowerment of workers and the redirection of surplus labor towards prioritizing production to meet domestic needs.



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The **Rosa Luxemburg Stiftung** is an independent institute for political education, affiliated with the German Left. Our office in Tunis works with organisations and individuals in North Africa with regards to socio-economic development without oppression and foreign domination. In this respect, analyzing the effects of European politics with regards to North Africa is a focus. Another one is dialogue between societal groups working on social justice in North Africa and Germany/Europe for fostering sovereign, democratic development for all. In this respect, we irregularly publish short analyses and opinions about relevant issues. These don't necessarily represent positions of the Rosa Luxemburg Stiftung, but should be viewed as input into local, regional or international debates.

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