Executive Summary

CIPE created the Knowledge Hubs for Democratic and Market Transition project, with the financial support of National Endowment for Democracy (NED), to build a broader consensus around reform priorities in Ukraine, Tunisia, and Bolivia — three countries undergoing democratic transitions that have experienced serious political and economic challenges over the last decade. To help coordinate business and civil society efforts on reform and improve understanding among stakeholders, the initiative has supported surveys in each country on popular perceptions of the economy and economic reform.

In Tunisia, CIPE is engaging civil society to inject fresh thinking into a repetitive and stagnant public debate over economic reform. CIPE adapted the questionnaire it used in Bolivia and Ukraine to the Tunisian context and hired Elka Consulting, a leading Tunisian research firm, to conduct a survey of 1,009 men and women across urban and rural areas in Tunisia from November 3 to 11, 2021. As in Bolivia and Ukraine, the questionnaire covered themes such as economic growth, government's role in the economy, inequality, COVID-19's impact on society, and the private sector's contribution to the recovery.

The results of the survey bring to light the complex and challenging dynamics of reform in Tunisia. The Tunisians surveyed were generally pessimistic about the economy and felt that the government needed to make a drastic change to policy to right the ship, but there was no consensus on what direction Tunisians felt the economy should go. While a large majority of respondents said they supported a stronger role for the government in managing the economy, majorities also saw the private sector, and in particular foreign investment, as vital to restoring growth. Consistent with previous surveys, respondents largely held negative views of the effects of democracy on the economy. Perhaps encouragingly, though, many Tunisians felt that self-education on economic and political issues was very important to democracy, signaling a potential way forward for the country.
Tunisia Context

Tunisia is a lower-middle-income country whose economy has been characterized by a high level of state involvement since the country's independence. After a partial liberalization in the 1990s opened some sectors to foreign investment, Tunisia outperformed its peers (see Figure 1). Nevertheless, by 2010 many of Tunisia's increasingly educated youth were unemployed, growth was concentrated in coastal regions, and the autocratic regime of Zine El-Abidine Ben Ali was widely viewed as corrupt. These grievances fueled the uprising that ushered in the era of democracy. Since then, Tunisia’s economy has consistently lagged comparable countries. The problems that drove the uprising remain: unemployment has consistently been above 15% since 2010 and poverty rates for interior regions are between two and five times higher than in coastal regions. Though the initial years after the uprising saw some reductions in poverty, it came through unsustainable increases in the public wage bill and public debt, which exceeded 100% of GDP in 2020.

Figure 1. The growth of the Tunisian economy exceeded its peers in the 1990s, but has since lagged

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The coronavirus crisis hit Tunisia’s economy especially hard, which contributed to growing public dissatisfaction with government performance. On July 25th, 2021, after widespread protests calling for improved living conditions and reduced corruption, Tunisian President Kais Saied suspended Tunisia’s parliament and dismissed the prime minister. Saied’s moves have led international creditors to hesitate in disbursing new funds, which has pushed the government to the brink of bankruptcy. This survey was designed before the July events but carried out afterward.

Lesson #1: Tunisians are pessimistic about the country’s economy

This survey indicates that Tunisians have a bleak outlook towards the future of their country’s economic recovery. A majority (65%) of respondents believe that the Tunisian economy is heading in the wrong direction. The findings also reflect the concerns and grievances protesters aired during July 2021 protests, which President Kais Saied used as justification to consolidate power. In terms of top economic worries in the minds of Tunisians, the survey respondents name the high cost of living, corruption, and unemployment as their leading concerns.

![Figure 2](chart.png)

Figure 2. The majority of Tunisians are pessimistic about the current state of the economy

Source: Elka Consulting
In addition to seeing the economy heading in the wrong direction, 60% of respondents don’t expect a recovery for at least two years. This perception reflects the country’s difficult prospects since the economy nosedived in 2020 when the pandemic dealt a serious blow to the tourism sector, among other negative effects. Looking ahead, the IMF expects Tunisia’s economy to grow by 3.3% in 2022, though ongoing political uncertainty and unrest may dampen hopes for a steady recovery and the Fund estimates it may take “years” to return to pre-COVID levels.3

Lesson # 2: A majority of Tunisians want a more active role for the government in the economy

The survey also reveals that Tunisians strongly believe in an active government. An overwhelming 90% of respondents agree that government’s role in the economy must be strengthened and private enterprise should be more regulated. These attitudes about stronger government align with another survey finding: 58% of respondents think that the state should lead job creation, while less than a third believe that government should play only an indirect role in by supporting the private sector to expand employment.

Figure 3. Most Tunisians want a more active government role in creating jobs and firms

Source: Ibid

Lesson #3: Tunisians Still Believe the Private Sector, Foreign Investment Key to Economic Recovery

Combined with a stronger government, Tunisians also think that the private sector has an important part to play in economic growth. 70% of respondents think that the private sector’s role in the recovery is either essential or very important. In addition, about 72% say that big business will have a positive impact on the recovery, while close to 80% say the same about entrepreneurs. Consistent with this faith in private sector-led recovery, 78% of Tunisians think that foreign investment would be beneficial for the economy. Despite a desire for more government involvement in the economy, the majority of Tunisians seems to feel that a dynamic private sector remains essential to turn the economy around.

Figure 4. Recovery depends on a strong private sector

How important is the private sector to recovery from the economic crisis?

Source: Ibid
Lesson #4: Tunisians trust the military and not political parties

The trust Tunisians place in their social and political institutions varies widely. About 96% of respondents have either full trust or some trust in the military, making it the country’s most trusted institution, followed by the police and small business with 71% and 65%, respectively (see Figure 5). The other end of the spectrum is occupied by political parties where 86% of respondents say they fully or partially distrust them, while 60% distrust religious leaders. Opinion on the trustworthiness of large business is more divided: 51% of Tunisians trust large business while 42% say the opposite.

Figure 5: Tunisian trust in institutions varies widely

Source: Ibid
Lesson #5: Many Tunisians blame democracy for their economic woes

The survey results add to findings of other polls showing that many Tunisians have negative views of democracy’s effect on the economy. 63% of respondents either fully or somewhat agree with the view that democracy in Tunisia is to blame for the political instability that led to economic crisis, while only 33% disagree (see Figure 6). Polls have consistently shown eroding support for democracy in Tunisia in the years after the 2010-2011 uprising, with less than half of the population saying they supported democracy as far back as 2014.4

Figure 6. Many Tunisians blame the country’s economic woes on democracy.

<table>
<thead>
<tr>
<th>Fully/somewhat agree</th>
<th>Fully/somewhat disagree</th>
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<td>63%</td>
<td>34%</td>
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Some say that democracy in Tunisia is responsible for the political instability that has led to the economic crisis. Do you fully agree, somewhat agree, somewhat disagree, or fully disagree?

Source: Ibid

However, when asked about their ideal mix of civil liberties and economic growth, Tunisians offer more nuanced views on democracy. A plurality of respondents (44%) say that fixing the economy is vital, but so is preserving the freedom to associate and express oneself, as well as elect leaders in free and competitive elections. Another 21% say they would give up some freedoms in exchange for stability and an economy that delivers for people, while only 35% chose the fully autocratic option, saying they think that democracy is unnecessary if one person can provide stability and fix the economy. Since the poll was conducted, President Saied has continued to undermine the rule of law in Tunisia while basic goods such as flour and sugar have become scarce – autocracy may have consequently lost some of its apparent pro-growth sheen.

Lesson #6: Respondents from Poorer Regions More Likely to Favor Equality, Strong Government Role in Economy

The North West and South of Tunisia have traditionally trailed behind the east coast in investment, access to public services, and overall economic opportunity. The survey respondents from those regions were more likely to favor equality over economic growth, as well as a stronger role for the state in the economy. 60% of respondents from the North West region, one of the poorest in the country, agree that reducing inequality is more important even if it means less economic growth, while 37% think that economic growth is more important even if the benefits of that growth are not shared equally (see Figure 8). This contrasted with the comparatively more affluent North East region, where a majority (52%) preferred growth to equality.

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Impoverished regions were also more likely to prefer the government to lead job creation over private enterprise. 67% of respondents in the Center West region, which has a poverty rate of 30.8% compared to 5.3% for the capital region, think that the government should not rely on the private sector to create jobs, but should instead focus on increasing employment through state-owned enterprises. In the wealthier North East region, however, a slim majority (51%) think that government should provide support to private enterprises so that they can create jobs.

**Lesson #7: Tunisians see self-education on economic and political issues as important to democracy**

Though the survey revealed that the Tunisians have low trust in political parties and hold democracy responsible for their economic woes many still believe in the importance of civic education. Though free elections and political parties are important for participatory government, democracy requires a deeper commitment from its citizens. It relies on the principle that voters understand political and economic tradeoffs and make the best possible choice in electing leaders fit to safeguard democratic values and advance the economic interests of the people. To that end, CIPE included a question on other dimensions of democracy such as civic engagement, issue advocacy, running for office, and paying taxes. When ranking the duties of a citizen in a democracy by order of importance, respondents
attributed the most importance to “educating myself on political, economic, and social issues”.

This belief in civic self-improvement could point to an eventual way out of Tunisia’s democratic stagnation. If Tunisians are given the opportunity to learn more about economic and social policy, then they should be willing to ponder some of the tradeoffs involved in policy choices. The survey shows a number of potential contradictions in the views held by majorities of Tunisians: they want a stronger role for the state, but they also want the state to listen to the private sector. They want the government to lead job creation, but they also think foreign investment is vital to growth. There may be an economic model that reconciles these apparent contradictions while also delivering growth, but to get there Tunisians will have to think deeply about how to balance competing economic forces. If advocates of reform, such as CIPE’s civil society partners in Tunisia, can tap into Tunisians’ desire for self-education on economic issues, they can contribute to leading the country towards finding that model.