World Bank: Tunisia Is a 'Success Story'

by Hussein Askary

Jan. 19—A few months before the demonstrations began, by tens of thousands of frustrated Tunisian youth protesting unemployment, high food prices, and general misery, the World Bank issued its stamp of approval for Tunisia's economic performance. Its report, issued in October 2010, stated that, since the late 1990s, Tunisia has become one the leading economies in Africa in terms of competitiveness, and, between 1996 and 2007, saw a doubling in exports of goods and services; the report even stated that Tunisia ranked as Africa's most competitive country in the Davos 2009 Global Competitiveness Report.

Many years of cooperation of the government of Tunisia with the World Bank and IMF resulted in unemployment more than doubling, especially among educated Tunisians. The Bank, in a separate report a couple of years earlier, described this catastrophic result: The number of young unemployed college graduates nearly doubled in ten years—336,000 in 2006-07, compared with 121,800 in 1996-97.

This report on unemployment gives a relatively clear picture of the problem in the country, without saying it: The middle class is murdered, and higher education is made useless.

However, this World Bank report uses these glaring examples of failure to urge the government to swallow more of the same medicine to cure the disease. The report advises that one of the principal recommendations of the study is to better align graduates' skills with the needs of the economy.

(Translation: Students with advanced technical skills do not fit in the newly created cheap-labor market, whose leading job offer is to be chained to a sewing machine 8-10 hours a day, or to pick vegetables or fruit in the fields, for export to Europe.)

Tunisia's economy has been an example of how the British Empire of globalization uses its tools, the World Bank and the IMF, to turn nation-states into slave markets, and then dispose of them as soon as a cheaper slave market is found.

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Soaring unemployment among Tunisian youth, caused by years of World Bank-IMF economic strangulation, has provoked a social upheaval that has led to the overthrow of the corrupt Ben Ali govenrment. Shown: the Tunisian National Guard "restores order," Jan. 15, 2011.

Privatization of Essential Industries

For more than 20 years, the Tunisian government has been working closely with the World Bank and IMF, with support from France and the EU, to implement reform programs such as: privatization of essential infrastructure and industries (including ports, steel factories, and mineral-production corporations); removing tariffs on imports; easing export restrictions; devaluing the currency; and opening the domestic labor market to foreign industries to employ Tunisians as slave labor in the textile and auto spare parts industries.

The Bank report describes some of the recent measures that made this disaster so severe: The regime granted several fiscal and financial incentives to exporting firms, including duty-free imports of raw materials and equipment entering production, a 10-year tax holiday, and free repatriation of profits. It allowed Tunisia to attract foreign direct investments, break into global manufacturing chains, and create huge numbers of jobs in the clothing as well as other manufacturing sectors.

(Translation: Foreign investors—i.e., slave owners—do not have to pay taxes to the Tunisian state; they can import raw materials for their cheap production, tax-free; and then take their profits outside the country without having to reinvest anything in the Tunisian economy.)

With the breakdown of the world economy, the decline of exports to the U.S. and Europe, and the flight by producers from Tunisia and other Mediterranean cheap-labor markets to ever cheaper labor markets in Asia, the Tunisian economy sank deeper into the abyss.

Once again, the government, under recommendation of the World Bank (and definitely, under pressure from the EU) had to resort to crazier and crazier export promotion, and increased competitiveness, which meant exporting and selling everything of value abroad (phosphate mineral and agricultural products in the middle of the worst food crisis in decades—Tunisia imports as much food as it exports), and constant cheapening of its labor force.

In the end, Tunisia is left only with tourism as an "industry," which, in turn, is declining, due to the economic crisis in Europe.

The report bragged about the Bank's role in creating the final phase of the disaster in Tunisia: The Bank supported the government's reform program that encompassed trade and logistics reforms, and administrative and regulatory reforms, to enhance the investment climate; the creation and empowerment of a competition council; reform of the banking and insurance sectors to increase access to finance; and liberalization of key services, such as maritime transport, port and telecommunication sectors, to reduce transaction costs, and the attractiveness of the country to investors.