Know Thy Brothers: Tunisia and the IMF

by Ramtanu Maitra

Aug. 8—At the time of writing, Tunisia's Prime Minister Ali Larayedh, representing the democratically elected Islamist party Ennahda, has managed to stave off the raucous public demand for the government's ouster, but the situation is extremely fluid, and the present teetering-on-the edge government could be swept away at any point. On July 30, Tunisia's largest labor union, the Tunisian General Labor Union (UGTT), called for the dissolution of the Islamist-led government and called for its replacement by a technocrat administration. A day earlier, the secular party Ettakatol, a junior coalition partner in the Larayedh-led government, had threatened to resign if a new unity government were not formed.

On Aug. 7, Tunisia's transitional parliament was suspended. The biggest shock to the ruling Ennahda party, the Tunisian branch of the Muslim Brotherhood (MB), may be that this latest blow came from one of its secular allies—a sign of rising polarization between Islamist and secular forces, which could bring down the government at any time.

The common thread that ties former President Ben Ali's despotic regime with that of the Muslim Brotherhood is their mutual dependence on the IMF to run Tunisia's economy.

Meanwhile, the mainstream media continues to harp on the latest crisis, as being an ideological battle between Islamists and non-Islamists, the latter of whom found their voices following the recent killing of two moderate leaders, Chokri Belaid on Feb. 6, and Mohamed Brahmi on July 25, allegedly by the Islamists. In reality, however, Tunisians are protesting against the economic devastation caused, first, by the deposed leader Zine el-Abidine Ben Ali (1987-2011) and, then, during the post-revolution period by the Ennahda party, since it took over in 2012. Interestingly, the common thread that ties Ben Ali clan's despotic regime with that of the Brotherhood is their mutual dependence on the International Monetary Fund (IMF) to run Tunisia's economy.

In this respect, Tunisia is not unique. The U.S.-educated and Washington-endorsed MB leader, former President Mohamed Morsi of Egypt, had also sought and obtained an IMF deal, loaded with conditions and constraints. In Pakistan, where the jihadis have infiltrated every institution, Prime Minister Nawaz Sharif's finance minister and close confidant, Ishaq Dar, is running from pillar to post to get the IMF bosses to agree to a loan that would do Pakistan no good. In other words, the Muslim Brotherhood and other jihadis, with almost zero understanding of how the international financial institutions use loans to help the West gang up on governments, have exposed their dependence on the predatory IMF-World Bank.

In addition, the Brothers had long ago sidled up to the Western intelligence apparatus to promote their case with the international financial institutions and bankers, who, being the mainstay of the present world

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Darlings of the British Empire: Tunisian President Moncef Marzouki (left) and Ennahda Party leader Rachid Ghannouchi were awarded the 2012 Chatham House Prize by Prince Andrew, for "the successful compromises each achieved during Tunisia's democratic transition."

order, work closely with the major countries' intelligence agencies.

The 500-Pound Gorilla in the Room

Take the case of Rachid Ghannouchi, the intellectual leader of the Ennahda party. Ghannouchi came back to Tunisia to take over the reins of the party after 22 years of self-imposed exile in Britain. During that time, Ghannouchi became a celebrity in the U.K. He was awarded the 2012 Chatham House Prize (along with Tunisian President Moncef Marzouki) by Prince Andrew, Duke of York, for "the successful compromises each achieved during Tunisia's democratic transition." On issuing the award, Chatham House noted that "Sheikh Ghannouchi has been widely praised for the role he has played in promoting compatibility between Islam and democracy and modernity, a contribution which has promoted a culture of tolerance and bridge-building across the political spectrum."

Chatham House, aka the Royal Institute of International Affairs (RIIA), acts as an arm of the U.K. government in target countries through its links with those countries' research and study centers. These centers then become channels for implementing Britain's imperialist policies.

Ghannouchi's connection to British intelligence became public once again when the Muslim Association of Britain (MAB), the Brotherhood's representative in England, announced that the Tunisian MB leader was an invited speaker at the Dec. 17, 2011 MB conference titled "Creating Hope." Also among the speakers listed at that conference was Robert Lambert. As a British intelligence Special Branch officer for 26 years, Lambert ran operations at a covert unit that placed police spies into political campaigns in Britain, including those allegedly run by anti-racism groups.

Lambert wrote, in a Dec. 5, 2011 article in the *New Statesman*, that "Britain can be proud of how it has provided a safe haven for members and associates of the Muslim Brotherhood during the past three decades. Many escaped imprisonment and torture in countries run by corrupt dictators strongly supported by the west until the Arab spring. Now some are returning to their countries of origin to help build new democracies and bulwarks against future dictatorships in the Arab world."

An Economic Crisis Ripe for IMF Takeover

Tunisia's unemployment rate stands at 17%, exactly the level it stood at during the last days of Ben Ali. In the country's interior, and among young people with university degrees, unemployment runs over 30%. The income share of the top 10% is approximately 32%; and the top 20% of the population controls 47% of Tunisia's income. Tunisia's inequality is so severe that the bottom 60% of the population earns only 30%, while the top 40% take home 70% of the income.

It was evident in 2011, prior to the removal of President Ben Ali, a friend of the IMF, that the population wanted a change in economic direction. Protesters were on the streets calling for him to leave office. Some held signs in Tunisian Arabic dialect that read "Ben Ali, Yezzi Fock" ("Ben Ali, It Is Enough"), which became the protesters' political slogan. Labor and industry unions, which had played an active role in public life since Tunisia's independence from France, supported the protesters. It was abundantly clear that the people of this economically devastated nation were looking for a solution to the country's economic mess; but there was no indication they were looking to the Islamists to provide that solution.

But that is exactly what happened. And it happened the same way in Egypt, as well. In Egypt, a corrupt and decrepit regime under Hosni Mubarak had been propped up by the West for decades; in Tunisia, Ben Ali and his clan had held onto power since 1987, with the help of former colonial power France. Both regimes made sure no political party of substance could emerge. But the Muslim Brotherhood, a secret underground operation with international intelligence links, remained vibrant underground, and emerged quickly, once the despots were removed by the people. And since the Brotherhood was operating hand-in-glove with the IMF, the West found no difficulty in helping them to come to power.

Some observers were surprised that the Ennahda, an Islamist party linked to the radical Islamist Salafists and Wahhabists, was granted a $1.78 billion loan by the IMF in June. But really, there is no reason for surprise. As Rob Prince ("Tunisia and the IMF: Ennahda's Mana from Washington, Part Two," *Colorado Progressive Jewish News*, April 22, 2013) pointed out, at least six weeks before the IMF officially granted the loan, both Washington and Paris were exerting considerable influence with the Fund, and had decided that, when it comes to Tunisia, the horse they would ride was Ennahda. "This is the central political message of the IMF loan. Washington's support for Ennahda comes in spite of unimpeded storming and partial trashing of the U.S. embassy in Tunis last September, in which the Tunisian Ministry of the Interior was unable to stop the riot, despite prior warning of danger, including a warning from U.S. Ambassador to Tunisia Jacob Welles that went unheeded," Prince noted.

"Although some may wonder why the Obama Administration would support Ennahda, knowing well its working relationship with the country's radical Islamic militants of Salafist and Wahhabist persuasion, it is not as strange as it might seem at first. When it comes to working in tandem with U.S. regional strategic and economic goals, the Ennahda Party has never wavered. As we say, they know well on what side their bread is buttered. On economic policy, Ennahda continues, and with this IMF loan, even intensifies, Tunisia's commitment to neo-liberal economic policies—i.e., keeping the Tunisian economy open to global finance and corporate penetration," Prince wrote.

On June 23, just days before the IMF agreed to the loan, World Bank economist Joseph Stiglitz shared a podium in Tunis with then-Prime Minister Hamadi Jebali, Finance Minister Houcine Dimassi, and Central Bank Governor Mustapha Nabli. Nabli, who had been the chief economist and sector director for the Middle East and North Africa at the World Bank, took the Central Bank post once Ben Ali was ousted in January 2011. At the forum, Nabli took the opportunity to beat his own drum by asserting that it had been his "flexible" monetary policy in those rocky months after the revolution that had saved Tunisia's banking sector and its tiny financial markets from meltdown. Stiglitz, Nabli's former colleague at the World Bank, pushed for privatization and liberalization, warning Tunisian policymakers to resist the temptation to create too many public-sector jobs and, instead, cut subsidies.

Ben Ali and the IMF Loan

Cutting subsidies and holding down public-sector wages has been the Western mantra in developing countries since the 1980s, as part of the IMF's "structural adjustment" programs. At that time, with the Cold War in full swing, the IMF was let loose by the West to kick some of the Third World countries when they were down, and desperately looking for foreign exchange to pay their debts and import the essentials. Lifting subsidies on food, medicine, and education, and freezing public sector wages and benefits was the price for securing World Bank/IMF loans.

Just before Ben Ali, who was the Interior Minister under Tunisia's first President, Habib Bourguiba (1957-87), carried out a bloodless coup against Bourguiba, Tunisia was experiencing bread riots. The IMF was pressing Bourguiba to lift subsidies on food, but he was resisting. He had public support because his policies were based on strong state participation in the economy, free public education, democratization of the role of women, and subsidies for basic foodstuffs and fuel. In 1986, however, Tunisia was scraping the bottom of the barrel for its foreign exchange reserves, due to, among other things, a sharp decline in oil prices. In 1987, Bourguiba agreed to an IMF loan, in exchange for lifting subsidies on bread. In November of that year, he was gone. When Ben Ali took control of Tunisia, the IMF found a soul mate in the former French colony.

President Habib Bourguiba (1957-87), who promoted economic development and agricultural subsidies, was overthrown in a coup led by Ben Ali, in league with the Brotherhood and the IMF.

In a matter of weeks, the new government's attitude toward the World Bank and IMF shifted from one of hostility and suspicion, to a warm embrace. At the beginning of his rule, Ben Ali promised democracy and transparency to the IMF. He gave Tunisia a quarter-century of IMF "structural adjustment." He deconstructed much of the social edifice that Bourguiba had succeeded in building. When finally chased out of power in 2011, Ben Ali left a country economically and socially polarized—half of the economy in the hands of the two ruling families (the Ben Alis and the Trabelsis), a repressive apparatus of more than 200,000 police in a country of 10 million, with an enormous debt burden. As is virtually universally acknowledged, much of Tunisia's economic and social decay of the Ben Ali years can be laid at the doorstep of the IMF (Prince: "Tunisia and the International Monetary Fund—the Rip-Off Continues," *Colorado Progressive Jewish News*, April 13, 2013).

An IMF Loan for the Brothers

Ben Ali's ouster was sought by the Tunisians to change the country's economic direction. However, the Muslim Brotherhood saw in it an opportunity to grab and consolidate power. Economic issues were not on its radar screen and, anyway, it had already made itself dependent on the IMF. As a result, the post-Ben Ali period failed to bring economic relief to the Tunisians. While it was evident that Tunisia's economic condition could not be quickly turned around, it was expected that the Brothers, who were brought to power by the people protesting their rip-off at the hands of the Ben Ali clan/IMF, would make an effort to carry out economic reforms over time.

But what happened instead? The same old, same old love-fest of the Tunisian authorities with the IMF-World Bank. This time, the Tunisian partner is no longer the Ben Ali clan but the Brotherhood, proclaiming religious morality.

Last November, the World Bank approved a $500 million loan to Tunisia. It was the bank's second loan to the country since the uprising that toppled Ben Ali. The $1.78 billion loan from the IMF came through in June. Justifying the loan, Tunisia's Minister of Finance Elyess Fakhfakh said Cabinet members have embarked on an ambitious government spending strategy, with one-third of its total 2013 budget dedicated to infrastructure projects. He said that such a "Keynesian economic model" is aimed at helping create short-term job opportunities for Tunisians—one of the country's main economic and social problems—as well as to help private businesses stay afloat.

The Finance Minister did not, however, want to elaborate what the IMF loan would do to the country. To begin with, it is a stand-by loan, which means that the Tunisian government will not necessarily be utilizing all the funds. The amount will be available if needed, but the government could technically access little to none of the funds if it is deemed unnecessary to do so.

Although the Ennahda government asserted in April that it does not anticipate using the stand-by funds, it is a certainty that it will do so; that was the real reason that they ran to the IMF.

A member of the opposition centrist-liberal Republican Maghreb Party, Karim Bouabdili, who serves on the National Constituent Assembly (NCA)'s finance committee, told Tunisia Live on June 11 that the loan could lead the country into "crisis and a revolution of hunger as happened in France."

"This loan will just be used to pay the wages of employees or increase their wages," he said, calling it "a waste of money." Bouabdili continued, echoing a common criticism from the loan's opponents: "The government has not been transparent. The government did not try to communicate to us the purpose for which the loan was taken and how it will be used."

A memo released in April by a think tank tied to President Marzouki criticized the loan agreement, and called into question the transparency of the Tunisian government. The memo was issued by the Tunisian Institute for Strategic Studies (ITES), a publicly funded research institute affiliated with the office of the Tunisian President. The head of ITES is a member of Marzouki's Congress for the Republic party. Information provided to the IMF by the government painted a much grimmer picture of the Tunisian economy than had been presented publicly, illustrating a "catastrophic" economic situation, the memo asserted. ITES criticized this as representing a broader lack of government transparency regarding financial and budgetary matters.

Much of the criticism centered on the assertion of critics that the IMF loan required Tunisia to undertake certain policy reforms, and that the country was thus sacrificing some of its sovereignty. Moez Belhaj Rhouma, an NCA member with the ruling Ennahda party and a member of the finance committee, refuted this in May. "The IMF did not set any conditions; they are simply recommendations to reform the banking sector and to provide guarantees about the stability of the national economy," he told Tunisia Live. "It is the Finance Committee that sets these recommendations; it is us who called for them" (Tristan Dreisbach, "IMF Loan Finalized after Months of Delays and Debate," Tunisi Live, June 11, 2013).