

The organized struggle over institutions in Tunisia: the role of organized capital and labor unions

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Abstract

This article examines the prospects for Tunisia with regard to the formation of a more inclusive economic- and political system. Special focus is on employees' associations and labor unions as two decisive social groups that have historically played an important role in Tunisian politics. Eva Bellin's (2000) model of organized capital and –labor's (material) interests is used, as well as a broader historical analysis of the Tunisian institutional context before and after Ben Ali stepped down from power. It is concluded that prospects for further inclusive institutionalization looks reasonably positive, although much is uncertain. While the business community has suffered substantial costs as a result of the fall of the Ben Ali-regime, it is much less collectively organized and is unlikely to openly act against further inclusiveness. Labor unions, in contrast, have gained from the move to some more inclusive institutions by securing an important role in Tunisian politics.

Keywords: Political Economy, Institutions, Arab Spring, Tunisia, Democratization, Capital-Labor relations.

Introduction

Mohammed Bouazizi's tragic self-immolation on December 17th 2010 caused a wave of large political protests in Tunisia and not much later in six other Arab countries including Egypt, Libya, Yemen, Syria and Bahrain (Aarts, et al. 2012). It also resulted in smaller protests in such diverse Arab countries as Jordan, Kuwait, Lebanon, Oman, Algeria and Morocco. After the initial optimism for positive political change, severe pessimism kicked in. Syria drifted into a civil war, Libya turned into chaos after the killing of Qadhafi and, in general, there arose a (Western) fear of growing radical Islamist influence in Middle Eastern politics. In sum, according to some the "Arab Spring" has actually turned into an "Arab Winter".

This article examines possible changes in institutional dynamics in Arab politics, since 2011. More specifically it will focus on the case of Tunisia, since this country is generally seen as the most promising case for substantive political reform in the near future. In other words, this research will employ a so-called most-likely case study design. If in Tunisia nothing has changed fundamentally, this will most probably be so in the rest of the Arab countries where demonstrations have been going on.

Numerous explanations have been given for autocratic rule in general and, more specifically, the significant absence of *the Third Wave of Democratization* in the Arab world (Brynen, et al. 2012). Most common (aggregated) explanations, for example, the Islamic culture and religion are not, however, able to withstand systematic scrutiny. Central to this analysis will be the role of (domestic) institutions in the governing of the political- and economic game. It will be argued that besides other important domestic and international factors institutions have a determining influence on the prospects of democratization and responsive governance in all countries.

Institutions create the incentives that structure the behavior of political elites, civilians, employees, employers, civil society groups, the military and all other relevant actors that can influence political- and economic development in a country. Do rulers have an incentive to create policies for the greater good or is it more beneficial for them to create policies that benefit a few? How is the societal status of an individual best increased? By hard work and merit, or by knowing the right people? Do businesses see an impersonal and impartial bureaucracy as an advantage or a danger for their interests? These are the questions that matter in a society. The considerations and answers to these questions of various individuals and collectivized stakeholders in a country determine if there is a real support and push for inclusive and fair rule, or that patrimonialism, clientelism and authoritarianism will continue to flourish. Because of this reason, this research will not only examine the institutional context itself, but will also specifically focus on the role of two important social groups – employers and employees – within the Tunisian institutional context.

The standard explanations

Many of the past studies within the literature of political development in the Middle East and North Africa (MENA) have focused on explaining the (past) survival of authoritarian regimes in the region, some of which lasted more than seventy years (Bellin 2012). Although undoubtedly still useful in a lot of instances (particularly when considering the authoritarian backlash after the

“Arab Spring” in a lot of Arab countries), these perspectives are naturally quite *structural* in nature and therefore have trouble explaining *change* in general. More specifically, they have problems explaining different forms and magnitudes of change between Arab countries. Here, I will discuss three of such perspectives that I regard as central to the literature.

First, there is the category of *cultural* explanations.⁷⁰ Although many variants are evident, the basic idea is that Arab culture is in a certain sense undemocratic and therefore forms a structural obstacle for political reform (be it because there is no separation of Mosque and state, because Arabs are presumed to give the primate to God instead of human sovereignty or because of some other causal mechanism).⁷¹

Important questions can be raised about this perspective, however. First, by seeing the Arab world as one homogeneous unit with one culture that is causally driving particular political outcomes, it becomes impossible to assess and understand differences between Arab countries. Especially today, with such stark differences between countries as Egypt, Syria and Tunisia, this seems problematic. Second, many empirical studies have found no significant effect of civic culture on democratization, or claim that interpersonal trust is, rather, a result than a cause of democratization (Muller & Seligson 1994). Third, results from the World Value Survey (Brynen, et. al. 2012; Tessler 2012) and the Arab Barometer (Tessler, Jamal & Robbins 2012) have consistently indicated that support for democracy is equal or even higher within Arab countries compared to all other countries in the world (including democratic societies). Fourth, significant attitudinal variation towards democracy exists across state, generation, and social-class lines in the Arab world, which further substantiates the claim that it is difficult to speak of one determining culture (the differences between and within the Arab countries are simply too large) (Brynen, et. al., 2012).

Second, there is *modernization theory*. The basic causal mechanism here is that a country needs particular social requisites before it can develop democratically. These social requisites, in turn, are caused by particular economic development processes. Industrialization and the creation of modern economies leads to all sorts of processes, like urbanization and increases in education levels, which in turn create a new relatively autonomous and powerful social group in society: a middle class. This group will in the process become more self-conscious and will develop values and demands for a political system which recognizes the right of each individual human being to have at least some agency over the conditions of life. In other words, it is the middle class that is created by economic development and is relatively unattached to the current state of affairs that will push towards more inclusive political processes.⁷²

⁷⁰ Political culture is defined by Pye and Verba (1965) as: “A people’s predominant beliefs, attitudes, values, ideals, sentiments, and evaluations about the political system of its country, and the role of itself in that system.”

⁷¹ See for the classic study into the link between culture and political development: Inglehart (1988). In terms of the Arab region see for “older” variants of this argument: Wittfogel (1957) and Edward Said’s response in *Orientalism* (1978). For more modern studies into the role of culture in democratization, see: Diamond (1994; 1997), Hudson (1995) and Kedourie (1994).

⁷² See for the classic article in this tradition: Lipset (1959). See Rostow’s stages of growth model (1960) for one of the basic conceptual building blocks where modernization theory is built upon. See for a more recent version of this argument: Rueschemeyer et. al. (1992). A classic study which follows the same logic but does not necessarily put

Although economic development might be a *necessary* condition for political liberalization, there are at least two problems with seeing economic modernization as a *sufficient* condition for political liberalization in the case of Tunisia. First, Tunisia has already had a reasonable large middle class for decades. Its population is relatively well educated and rich (with a GNI per capita of \$4,150 in 2012) (Bellin 2013). In addition, its economy is quite modern and far more diversified than most other Arab countries (and even democratic South-American countries) (African Economic Outlook 2013). Therefore, Tunisia was in fact already seen as a candidate for democratization when Ben Ali unseated Habib Bourguiba in 1987 (Langorh 2004). Second, the suggestion that “civil society” (i.e. the groups that are relatively autonomous of the state) is always pro-democratic might be misleading as well. Hawthorne (2004: 3) argues, for example:

“Like elsewhere, the zone of civil society in Arab Countries *can* be a source of democratic change, but it is not *inherently* one. The bulk of Arab Civil society is made up of organizations, associations, and movements that support the status quo, advocate conservative reforms, or are simply apolitical.”⁷³

Third, there is the *resource-curse* argument. For two reasons the authors in this stream of literature argue that natural resource wealth is negatively affecting the chances of democratization.⁷⁴ Rentier states are, on the one hand, because of the revenue of selling oil (or other natural resources) much less dependent upon the taxation of their citizens. This, so the argument goes, leads to a situation where the population is much less likely to demand political rights of their governments. The extra money earned from selling the natural resources, on the other hand, can help state elites to selectively buy of political support and, therefore, to unleash some of the political pressures for reform that arise in society. In addition, the revenue can be used to suppress the population through high(er) expenditure on military and security forces.⁷⁵

Also this argument is problematic for two reasons. First, it seems doubtful that it is actually the existence of natural resources that is *causing* these adverse political effects. In the end, there are many countries in this world that do possess and exploit natural resources and do not have these political effects and actually seem to be able to use these extra sources of wealth to their advantage by distributing it through investment in education or other sectors that benefit all layers of society (see for example Norway or the Netherlands). What really seems to matter, after all, is how the political system itself deals with the discovery and exploitation of such a big source of relatively “easy” money. Put this way, resource wealth might be an important interaction variable but it is actually the *institutional* framework that is doing the causal work here.⁷⁶ Second, there are even examples of authoritarian states that seem to deal quite well with natural resource wealth. Yom (2011) argues, for example, that Kuwait, also an Arab country, provides a clear case of an oil-rich autocracy that is not governed by exploitive rentierism but instead by some form of popular rentierism. Not surprisingly this is caused by institutions that ensure a somewhat more

“the middle class” central in explaining democratization, but the “bourgeoisie” (i.e. the new economic elite originated by economic modernization), is Moore (1969).

⁷³ See for empirical illustrations of this argument: Jamal (2007) and Langorh (2004).

⁷⁴ See most prominently the work of Ross (2001; 2009; 2011; 2012) in this context. For a time-series analysis of the relationship see: Smith (2004).

⁷⁵ See: Ross 2001; Mansfield & Snyder 2002; Collier 2000; Collier & Hoeffler, 1998/2002.

⁷⁶ See Okruhlik (1999) for a nuanced assessment of the importance of the timing of resource wealth discovery, and the political reactions and interactions it provokes.

inclusive political process that guarantees loyalty from below but protection from abuse from above (*ibid.*).

This all taken together leads me to actually focus on the politics *within* Tunisia as my primary causal focus point. More specifically, I focus on the Tunisian institutional context.

The politics around institutions

The institutions of a society – the rules influencing how the economic-, political- and social interactions in a country work – are of extreme importance for the nature of any society (Acemoglu and Robinson 2012). Institutions could be formal rules, organizational bodies but also more implicit but durable social conventions (Fukuyama 2011). There is politics – conflict over distribution issues – surrounding institutions for the simple reason that every institution or system of institutions is (more) beneficial to one or certain groups in society, at the expense of others (Fukuyama 2011; Acemoglu & Robinson 2012). The elites of a present time have an interest in defending the *status quo*, even if this is harmful for the vast majority of citizens (Fukuyama 2011). The important question is how the political system deals with this vested interest.

In this paper I will refer to inclusive institutions, instead of, for example, democratic institutions, since, at least in my view, we should be interested in more than the narrow political system.⁷⁷ This is especially so, since economic grievances were so central in the 2011 uprisings and because economic and political power in authoritarian regimes tends to reinforce each other (Acemoglu & Robinson 2012). Extractive political institutions enable the elites controlling political power to choose economic institutions with few constraints or opposing forces. Extractive economic institutions enrich the same elites, and their economic wealth and power help consolidate their political dominance (*ibid.*).

Inclusive economic institutions, in turn, are forged on foundations laid by inclusive political institutions, which make power (more) broadly distributed in society and constrain its arbitrary use. In such a society, those controlling political power cannot easily use it to set up extractive economic institutions for their own benefit (*ibid.*). To make power broadly distributed in society it is essential that there are more power centres counterbalancing the centralized power of the state. This is where organized social groups become relevant (Bellin 2000).

Institutional change has to come from a struggle between new and old interest coalitions or new configurations between already existing actors with political power. Political change depends on the extent to which political coalitions that try to preserve the *status quo* can be neutralized (Fukuyama 2011).

It follows that if one is interested in prospects for institutional change one should focus on the interests of important groups next to the state that can influence state-elite behavior.

⁷⁷ Inclusive institutions are here defined as: institutions where all coalitions of interests have approximately equal importance, there is an equal access and influence on government policy and –decisions. In the decision making itself there is a continuous quest for democratic balance and the government avoids collaboration with specific stakeholders (Kickert and Hakvoort 2000).

Research design

In the following text, I will first give an outline of the social-economic and political-institutional situation in Tunisia, before and after the revolution in 2011. I will then focus on two very important social groups in Tunisia, especially given the synergetic relationship between the economic- and political sphere in most authoritarian regimes, as described earlier. The first will be that of organized capital: mostly private sector industrialist and financial institutions that are collectively organized. The second will be organized labor: mostly national labor unions. Both social groups, but especially the central labor union *Union Générale Tunisienne du Travail* (UGTT), have been very prominent in Tunisian socio-economic and political history over the last half-century.

I hereby do not claim that these are the only important social groups that are relevant for the struggle for inclusive institutions in Tunisia. Other powers, as for example human rights organizations, could also be of sever importance. I also do not assume an inherent antagonistic relationship between labor and capital (as classic Marxists would claim). Both groups could actually have the same interest with regard to the form of government (inclusive- or extractive institutions). In fact, this seems to be the case in most consolidated democracies since the cost of breaking with the existing inclusive institutions is seen as to high for both groups (Bellin 2004).

I do claim, however, that if organized capital and -labor would both not have a substantial interest in pushing for more inclusive institutions, the chances for democratization would significantly decrease in Tunisia, and prospects for further inclusiveness are not looking bright.

Empirical research suggests that social forces are most likely to champion (further) inclusiveness when their economic interests put them at odds with the (past) authoritarian regime (Bellin 2000). For both employers- and employees groups, Bellin distinguishes two variables to examine their interest in inclusive change. For capital, these are state dependency and fear of social unrest (*ibid.*). For labor, state dependence and aristocratic position (*ibid.*).

When it comes to capital, state dependence refers to the degree to which private profitability is subject to the discretionary support of the state. This support usually comes in the form of subsidized inputs, protected market positions, close collaboration in forming economic policy, and state containment of labor and the capital poor (*ibid.*). When state dependence is high, it is unlikely that organized capital will oppose state policy and power, and thus chances on a sufficient push to inclusiveness and state accountability will be lower.

The fear of social unrest is the second variable that hinders private sector enthusiasm for inclusiveness. As everywhere, private sector capital organizations are first and foremost concerned with the protection of property rights and securing the long-term profitability of its past investment through the guarantee of order.⁷⁸ Social stability is threatened when poverty is widespread and the poor are potentially well mobilized. In such a context, the mass inclusion and

⁷⁸ This focus on order is definitely not unjustified. *Geopolicity*, for example, estimated 'the cost' of the Arab Spring in 2011 for Tunisia to be 2.03 billion U.S. dollars (Middlebrook, et al. 2011). Recently the cost of the Arab Spring as a whole to Arab economies was estimated by HSBC on 800 billion dollars between 2011 and 2013 (Website Reuters, October 9th 2013).

empowerment associated with democratization and the forming of more inclusive institutions undermines capital's basic interests (*ibid.*).

Organized labor is always – because of its dependence on collective action – more dependent upon the state (*ibid.*). However, this dependency can be increased by states following a corporatist's strategy that provides unions with financial and organizational support in exchange for political loyalty and self-constraint. As we have seen in the past, this has been a very common strategy for authoritarian regimes in the Arab world (Heydemann 2007).

The second important factor – aristocratic position – is more focused on actors within the labor movement itself. It covers the degree to which organized labor is economically privileged in comparison to the rest of the general population. When organized labor is strongly privileged, it is likely to exhibit less solidarity towards unorganized masses in the informal sector and/or agriculture (*ibid.*). In such circumstances, labor will perceive its interests to be better served by maintaining a cozy relationship with a government that provides them disproportional power, rather than championing inclusive institutions that make the state accountable to mass interests (*ibid.*).

To examine these factors Bellin has distinguished three indicators per variable (see figure 1). I will use these indicators to examine to what extent organized labor and -capital in Tunisia have an interest in more inclusive institutions.

Figure 1 Indicators for modeling organized capital and organized labor

Capital unions	Labor unions
<p>Indicator I: State dependence</p> <ul style="list-style-type: none"> - Subsidized inputs - Protected markets - Cronyistic relations with state elites 	<p>Indicator I: State dependence</p> <ul style="list-style-type: none"> - Union dependence on state subsidies - Union members' access to state-subsidized benefits (for example credit and housing) - Politically manipulated (inflated) setting of wage levels
<p>Indicator II: Fear of social unrest</p> <ul style="list-style-type: none"> - The pervasiveness of poverty - The organizational strength of the capital poor - Past incidences of popular violence 	<p>Indicator II: Aristocratic position</p> <ul style="list-style-type: none"> - Differences found between the organized and unorganized in matters of wage levels - Access to stable employment - Social security, and other nonwage benefits such as legally mandated job security

Source: Bellin, 2000

The Tunisian institutional framework and economy

Between 1956 and the beginning of 2011, Tunisia operated as a *de facto* single party state, dominated by the *Constitutional Democratic Rally* (RCD) under former presidents Habib Bourgiba and Zine el Abidine Ben Ali. The regime under Ben Ali could be regarded as an absolute dictatorship with a modernist face. It was essentially based on three pillars: i) a strongly

organized economic elite; ii) a very effective and modern police system, which was continuously used for repression and intimidation; and, finally, iii) a systematic clientelistic policy of extraction and selective redistribution of natural resources – especially phosphate – with a particular preference for the middle class that could see, at the expense of citizens living in poor but resource-rich parts of the country, its level of consumption rise quickly over the past 20 years (Ayeb 2011).

With regard to the business community, the Ben Ali-regime consistently followed a policy of binding, repression and anticipation of needs (Melani 2007). As a result, the Tunisian business community as a collective has never been an influential and active actor in policy making (*ibid.*). The regime anticipated the preferences of industrialists, evident in the extension of credit and technical support programs, sponsorship of vocational training centers, the institutionalization of triennial wage bargaining negotiations, and repression of labor mobilization, to prevent the business sector from actively organizing (*ibid.*). It made business organizations – including the largest business association *the Tunisian Union of Industry, Commerce and Artisanry* (UTICA) – virtually meaningless. Support was given on an individual level to firms, making them effective vehicles for conveying state policy to the private sector (*ibid.*). Repression was mostly done with little force, but rather through arbitrary law enforcement by the so-called *Brigades Economiques*, the tax-auditing wing of the Ministry of Finance (*ibid.*).

Labor unions and especially the UGTT have had a much more turbulent relationship with the RCD governments (Bellin 2000).⁷⁹ The UGTT has a long history of challenging the government and was targeted by periods of repression and relative release from the 1960s onwards (Deane 2013). Generally, the UGTT was violently repressed when posing a serious threat to political- and/or economic power but was helped by the state in situations where this was in line with current political logic (often to counterbalance other social groups or to legitimize the pursued policy) (Bellin 2002).

Contrary to expectations, the state under Ben Ali took the initiative to restore the previously highly repressed UGTT (*ibid.*). Ben Ali was, however, as so often in Tunisian history, interested in a relatively strong position of the UGTT for political reasons: to secure his own position towards the strong threat of Islamist forces and to give credibility to his “democratic” reforms (*ibid.*). To make no illusions, however, the regime did not reinstate many syndicate rights, abolished in the 1970s and mid-1980s, essential to trade union independence and combativeness, and used violent repression if that was considered necessary (*ibid.*).

The UGTT has always had two currents: one, represents what is commonly called the “union bureaucracy”, which tends to be submissive to the government. The other stream, in contrast, advocates resistance to (the illegitimate use of) state power. This second group of labor representatives has historically got the upper hand in times of crisis (Website le Monde, November 2012). But during periods where the “union bureaucracy” was dominant, many social

⁷⁹ Special focus will be here on the UGTT, since this is by far the most prominent and biggest political heavyweight when it comes to organized labor in Tunisia. It claims one third of the work force as members, although hard numbers are unclear and highly deviating between sources (Website Global Security).

movements have found support from the UGTT. It is remarkable, especially in comparison to the UTICA, how combative and well-organized labor has been in Tunisia even while the UGTT-leadership was in jail during the 1980s. In addition, the UGTT has always been influential, and important for governments, especially for creating the bonds between different sectors of society (Bellin 2013).

Since the revolution the UGTT has got a very prominent role in Tunisian politics. It was a crucial actor in the writing of the new Tunisian constitution and is generally seen by the population as a positive force towards democratization. For many actors in the whole process (demonstration groups, citizens and (bureaucratic) elites) it is now seen to play the broker role between different political-economic groups and as the assembler of oppositional forces. In that sense, the union can be seen as having some political stake and interest in propagating more inclusive institutions (Bellin 2013). It is unlikely, however, that this will be enough if its organizational interest or the material interest of main actors within the organization will put it at odds with further institutionalization of inclusiveness.

Organized capital in Tunisia

The successive Tunisian governments after the 14th of January 2011 – the day that former president Ben Ali fled the country – have implemented an expansionary fiscal policy largely as a reaction to pressing socio-economic demands (African Economic Outlook 2014). This led to the abolishment of the tax ceiling, implemented by Ben Ali, on industry, commercial- and professional firms in 2012 (*ibid.*). This, obviously, was a big blow to large firms that used to be strongly supported by limited tax rates in order to be competitive on the world market (Melani 2007).

When it comes to the economy and the markets itself slight changes have occurred, but in general the strongly centralized and monopolized (domestic) economic institutions have prevailed. As Guazzone (2013: 34) states: “[...] the Jebali and Larayedh governments basically continued the previous government’s plan without making significant progress in their implementation.” Especially the domestic market continues to be strongly protected and largely closed for foreign direct investments (*ibid.*). The natural resource production by *Groupe Chimique Tunisien* – the second largest exporter in phosphate in the world – remains fully in hands of the state elite. In the financial sector 39% of total assets is still held by state banks (*ibid.*). When it comes to more export-oriented sectors the Tunisian economy has always been relatively open and has become increasingly so since 2011.

With respect to the relationship between industrial- and state elites, not much has changed as well. In fact, they are still overlapping to a great extent (Haugbølle 2012). Companies previously privatized for political reasons by Ben Ali, are still owned by the same people that Ben Ali rewarded. Although there have been reforms and laws to bring back corruption on paper, these are mostly not accompanied by serious measures for successful implementation (African Economic Outlook 2014). In fact, corruption has actually increased since 2011 and legislation on powerful sectors is still often not enforced (*ibid.*).

With regard to the second variable – fair of social unrest – things have actually got a lot less favorable for business interests. Unemployment rose from 14,9% to 18,9% nationally since the

revolution. It has reached 30% for graduates and 50% in most deprived regions (Guazzone 2013). While the poverty rate declined under Ben Ali – from 34,4% in 2000 to 15,5% in 2010 – it has most probably risen again (no data available after 2010) (African Economic Outlook 2014). Just as during Ben Ali's regime, there is still an enormous geographic disparity between groups within the country. Nothing has structurally changed about the large disparity and unequal exchange between the wealthy and powerful northern and eastern parts of the country on the one hand, and the marginalized southern, centre and western regions, on the other hand (Ayeb 2011).

This second part of the country sees its resources being transferred to other regions of the country without any real compensation in return (*ibid.*). This explosive mix of extreme poverty and extraction of natural resources is still there, and certainly poses a severe threat to long-term stability and investment interests (*ibid.*). In addition, in absence of Ben Ali's repression and with the adoption of a new media law, it has become all the more visible and prominent (Bellin 2013).

Also, the organizational strength of the capital poor has obviously increased. Not only was the 2011 protest at least to some extent a product of the capital poor in deprived regions of Tunisia that came into rebellion, there is also a clear rise in strikes and blockades in general (African Economic Outlook 2014). It is highly likely that Tunisia lost some of its export markets by the repeated breaks in production due to strikes (*ibid.*). In the summer of 2012, 170 foreign companies have closed, and European foreign direct investments have dried up (Deane 2013). More fundamental, collective action (i.e. demonstrations and riots) by capital poor has now been done. This potential will definitely raise the bar when it comes to fear of social unrest.

Last, and maybe most important, there have been multiple cases of (quite extreme) political- and popular violence in Tunisia in the past years. First, there was the violent Salafis protest at the U.S. embassy in September 2012, resulting in multiple casualties (Guazzone 2013). Second, in 2013 two liberal opposition leaders – Chokri Belaïd and Mohamed Brahmi – were killed (Website New York Times¹, July 25th 2013). Besides these relatively well-reported incidents, there are continuous incidents, often with casualties, going on from a day-to-day basis. Take for example the riots that spread from poor parts of the country to Tunis on January 12th of 2014 which clearly indicates that popular violence can spread very fast and widely over the country (Website New York Times², January 13th 2014). As a result, tourist activity in 2011 alone dropped by 33% (African Economic Outlook 2014).

From this analysis I conclude that the prospect of organized capital being in favor of forming more inclusive institutions is low (see figure 2). Or, at least, the results of the revolution for business interest have been (very) negative.

Figure 2 Organized capital score on indicators.

State dependence	
Subsidized inputs	–
Protected markets	=
Cronyistic relations with state elites	=
Fear for social unrest	
The pervasiveness of poverty	–
The organizational strength of the capital poor	–
Past incidence of popular violence	–

Note: + means more in favor of inclusiveness.

Source: Author.

Organized labor in Tunisia

The UGTT has always been more or less independent of the state apparatus (Yousfi 2013). Although it is difficult to find reliable data, it seems that not much has changed in practice and law concerning this aspect. The last change in the statute of the UGTT dates from February 2002. When it comes to the Tunisian law the last significant change reported by the *International Labor Organization* was in June 2010 (Website ILO, July 25th 2010). Traditional mechanisms to suppress civil society organizations – bans on the receipt of foreign funds, attacks on the press and inhibiting forms of permit and licenses – have largely been eliminated (Deane 2013). Although it turns out to be fairly difficult to identify the exact funding of the UGTT, and the role of the state apparatus in this, the actual stance and behavior of the UGTT seems to be extremely independent of the state apparatus and ruling government.

It lent vigorous support for the occupations of Kasbah Square just after Ben Ali's flight, which in January and February 2011 led to the fall of the first two transition governments, and mostly consisted of ministers that served under Ben Ali's prior government (Website le Monde, November 2012). It has also strongly criticized (pro-revolutionary) governments since, such as in the political battle over municipal employees, and led to a big conflict with secretaries-general Hamadi Jebali (*Ennahda*), who was himself imprisoned for 15 years under the Ben Ali regime (*ibid.*).

There are also no reports in academic and/or news articles of union members being systematically privileged when it comes to access to state-subsidized benefits. To be sure, this does definitely not mean that there have been no cases of (possible) corruption. See, for example, the charges against Abdesslem Jrad, the Secretary General of the UGTT (Website Tunisia-live, November 21st 2011). Especially interesting was the UGTT reaction in this case: general strikes, instead of accepting an independent investigation (*ibid.*). This, at least to me, indicates for most a stance of union representatives to secure the political position of the UGTT leadership, instead of fostering transparent and inclusive institutions with regard to their own organization.

When it comes to the setting of wage levels, there is definitely some evidence of manipulation for political reasons. As a result of the demand-driven fiscal policy, there have been substantial rises in salaries and subsidies (although subsidies on fuel have been cut lately) (African Economic

Outlook 2014). The UGTT secured 350.000 (extra) permanent contracts for workers. The deal also included pay rises for several sectors, without any substantial increase in productivity (*ibid.*). This seems to be, however, more a result of the pressing socio-economic demands of the protesters and deprived regions than political ransom of the state in an attempt to bind the union. It could probably even better be seen as dependency and fair of the power of the union instead of the other way around.

With regard to the aristocratic position of union members, there is definitely a difference between organized and unorganized occupational groups in terms of wage levels. Huge gaps still exist between women's and unorganized sectors (or maybe more regions) in the Tunisian economy (African Economic Outlook 2014). The UGTT interest and focus (still) seems to be biased towards well-organized sectors, as for example educational or other civil occupations, and regions located near Tunis or the coast (Website Open Democracy). On the other hand, not much significant seems to have changed since 2011. So a more negative view on inclusiveness cannot be expected.

Union members in general do not have standard access to stable employment, although some sectors, especially the civil service, definitely have disproportional job stability in comparison to others. As for UGTT leadership, the salaries are very high but there is no mention of guaranteed employment and/or change since 2011 (*ibid.*).

There is also no mention of specific social security benefits for union members and/or -leaders. In general, the social protection programs in Tunisia are not well-targeted, and, also, social class and region matters instead of socio-economic position (African Economic Outlook 2014). The lack of social safety nets has become increasingly clear since the ongoing riots coming from the deprived parts of Tunisia. Because of this reason, social transfers have multiplied since the revolution, from 135.000 to 235.000 families receiving social programs (*ibid.*). However, as with a lot of Tunisian policy, not much have changed in the actual execution of laws.

From this analysis, I conclude that not much have changed in the mere (material) interests of the UGTT (see figure 3). It is important to notice, however, that although the material interests of the UGTT have not seemed to have changed, two things in the institutional surrounding has. First, the power of the state government to constrain the behaviour of the UGTT has significantly decreased with the fall of Ben Ali and the large popular quest for more representative and transparent government. Second, in this whole process the UGTT has played an important role and could therefore to a certain extent be seen as bounded to the "democratic promise" of the constitution that they themselves helped write. This pressure will be felt especially in the light of a much more free media environment (Bellin 2013).

Figure 3 Organized labor score on indicators

State dependence	
Union dependence on state subsidies	No data available. But behavior UGTT is independent of the government.
Union members' access to state-subsidized benefits	=
Politically manipulated (inflated) setting of wage levels	+
Aristocratic position	
Differences found between the organized and unorganized in matters of wage levels	=
Access to stable employment	=
Social security, and other nonwage benefits such as legally mandated job security	=

Note: + means more in favor of inclusiveness.

Source: Author.

Prospects for Tunisia

Now I can put all the parts together and answer the central question: ‘what are the prospects of (further) inclusive institutionalization in Tunisia?’ It is clear that the effects of the revolution have affected organized capital negatively. On all conceptualized indicators, their interests have been negatively influenced or the situation has stayed the same. This could indicate that capital organizations in Tunisia have a strong incentive to get back to the old situation of state repression and substantial economic support from the state. There are two important reservations to this, however. First, there will most probably be a very high cost associated with openly counterbalancing processes towards further inclusiveness. The media is freer than ever, resulting in a high chance of exposing and condemning behavior that seems to be opposing the further diffusion of political- and economic power. Besides that the so-called “genie in the bottle” – mass interest in especially the poorer regions – is freed and is unlikely to get back in order now that collective action has been done and has, at least to some extent, led to change. Second, as described above, the business community has traditionally – as result of conscious policy of Ben Ali – been much less organized than the labor unions in Tunisia.

In the case of organized labor, not much has changed when it comes to the relationship with the state. What has changed, however, is the political power the UGTT has received since the revolution, especially with regard to its role of bringing different groups together, but also in opposing and pressuring incumbent cabinets (Website VK). This will definitely give the UGTT more interest in maintaining and possibly further institutionalizing a more inclusive political-economic system. In sum, when controlling for the difference in political importance and degree of organization between the capital union and the labor union, things are looking reasonable positive for Tunisia. It could at least be argued that both capital- and labor groups in the Tunisian society are unlikely to be willing and/or able to systematically act against further inclusiveness in the near future.

Conclusion

Contrary to many common proposed explanations for political development in the MENA region, this paper argues that we should actually pay much more close attention to domestic political-institutional developments within Arab countries. The transition to a more inclusive political- and economic system is made by a struggle of social groups in society. The difference between extractive rule – whereby a few benefit over the many – and inclusive rule – whereby institutions are pluralistic – is strongly determined by the stance and behavior of important organized social groups towards the state and the ruling elite. There are always people benefiting, economically and politically, from the *status quo* as it is.

This research has specifically focused on two important social groups – organized capital and - labor – that can play an important role in counterbalancing against the power of the state and push for more inclusive institutions in Tunisia. Since political and economic power in an authoritarian regime tends to reproduce and strengthen each other over time, it is of essential importance to understand how the interests of these groups has altered since the large changes in the political context catalyst by the 2011 revolt.

Labor turns out to have benefitted from the revolution in 2011. Although its relation to the state has remained stable over time, it has obtained a central role as broker and coalition builder of progressive forces in Tunisian politics. Organized capital, in contrast, has seen its material interests deteriorated: tax benefit has been cut-back and the fear for social unrest has had significant negative effects on investment and profitability in the future.

It is argued in this paper, however, that prospects for at least consolidating the ‘new’ institutions since 2011 and possibly progressing to further inclusiveness are looking reasonably hopeful for Tunisia. This is the case because labor unions, and especially the UGTT, have acquired a much more central role in Tunisian politics, are far better organized than employees’ associations and are bounded to the “democratic promise” of the new constitutions which they helped write.

To be sure, there are still many factors that can influence the road to inclusive institutions negatively, and material interests are not all decisive when it comes to political preferences. In addition, one important factor that questions the categorization in organized capital- and labor is the enormous disparity between different regions within the Tunisian economy, especially within the labor force. This fact casts doubts on the idea of seeing “labor interests” as a somewhat homogenous enough entity to analyse as a relevant political actor in Tunisia. Another important factor is the widespread corruption that has actually increased since 2011.

Besides these, there are also other factors that have been left out of this research, for example the role of geopolitics and the role of the global economy. The influence of global powers could have a determining influence on the political process in Tunisia although Tunisia is of much less geopolitical importance than, for example, Egypt. Furthermore, the global economy, and especially the European crisis, could throw Tunisia into a negative spiral towards more extractive behavior of economic actors instead of more inclusive behavior focused on merit and innovation.

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