What Tunisia tells us about Western conceptions of “corruption”

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Prior to the fall of President Zine al-Abidine Ben Ali, Tunisian economic management received gushing reviews. IMF and World Bank praised Ben Ali’s liberalising policies since 1987. The economy, manufacturing production, and living standards all grew faster than in other non-oil producing Arab states. Tunisia’s “competent leadership” and its low level of corruption were seen as major causes of success. Transparency International’s “corruption perception index” listed Tunisia as the least corrupt Arab country until 2003, when it was “overtaken” by the Gulf states. The “Ibrahim index of African governance” ranked Tunisia 8th in Africa in 2010, ahead of all other North African Arab states. Political scientists also regarded Tunisia’s leadership as non-corrupt. One political scientist found that a “developmentalist ethos” prevented corruption among the country’s leadership.¹ She considered Tunisia akin to “developmental states” such as South Korea and Taiwan, in which a small and competent bureaucracy, “insulated” from societal forces, could push developmentalism. Another political scientist found that “change teams” of “apolitical technocrats” were in charge of privatisation in Tunisia.² The “Jasmin Revolution” has shattered Ben Ali’s clean image. The president and the Trabelsi clan of his wife Leila had enriched themselves on the back of the country’s business success. Pictures of the looted villas of Ben Ali and the Trabelsis went around the world. How could the reality of corruption – as revealed by the Jasmin Revolution – and the perception of corruption – as measured by Transparency International – diverge so drastically? Please note that this paper is based on hypotheses derived from the secondary literature. It is a starting point for future research and I present no findings from original empirical research.

Corruption in Tunisia and elsewhere requires a political explanation which goes beyond technical considerations of “institutional design” and “insulation”. Ben Ali’s corruption was an integral part of the “autocratic upgrading” which had been sanctioned by Europe and the United States. Some historical context is in order. In the 1950s and 1960s the new nationalist and military regimes of Egypt, Syria, Iraq, Algeria, and Tunisia embraced state-led development. They built populist coalitions based on workers, an agricultural middle class, and an expanding civil service.³ However, Tunisia was

³ N. Ayubi, Over-Stating the Arab State: Politics and Society in the Middle East (IB Tauris: London, 2001)
the first Arab republic to tone down the role of the state and embrace “infitah” (opening) in 1969. Market reforms picked up speed after Ben Ali took power in 1987. In 1995, Tunisia was the first Arab state to sign an association agreement with the European Union. Tunisia was integrated into the circuits of European capitalism and almost three quarters of Tunisian exports now go to the EU. European and Tunisian investors found opportunities in light manufacturing and services, especially tourism. By the standards of Arab states, Tunisia was a successful export-oriented manufacturer: In 2009, manufacturing accounted for 71.6% of total exports, compared to just 36.7% in Egypt. Only Jordan (75.4%) achieves a higher rate among Arab countries.

Ben Ali’s export orientated growth and its increasing neoliberalism put a strain on “populist authoritarianism”. The restructuring of state-society relations became part of the “autocratic upgrading” of Arab regimes – the efforts to reconcile outside pressures for market liberalisation with regime maintenance. Social coalitions had to be reconstituted: workers, civil servants, and peasants were hit by the reduction in state employment, privatisation, and the marketisation of land. The Tunisian state variously suppressed and co-opted the popular sector, for instance in a brutal crackdown of trade union protests in 1978. Meanwhile, “new entrepreneurs” seized the opportunities opened up by market liberalisation. But this new bourgeoisie did not emerge out of nowhere. They arose out of “networks of privilege” close to the state elite, which used neoliberal reforms to branch out into business.⁴ Jean-Pierre Cassarino has described the way Ben Ali used the EU-funded programmes meant to support industrial upgrading to concentrate business among a few “captains of industry”.⁵ This new business elite was to play a highly visible role in the regime. Connections either to the President, to the Trabelsi clan, or to other members of the core elite were indispensable for success in the rapidly developing export-oriented sector of the economy. By closely linking the new business elite to the regime, any inclination for dissent by the “captains of industry” was nipped in the bud.

Meanwhile, small and medium-sized businesses remained cut off from the European market and faced increasing foreign competition. SMEs found it harder to borrow from the public-sector dominated banking system.⁶ Personal contacts were very important in receiving loans, giving ‘networked’ entrepreneurs an advantage.⁷ The Association Agreement with the EU provided for the complete opening of the Tunisian market to imports of European manufactured goods, which hit the import-competing SMEs hard. The EU provided funds for the ‘upgrading’ of Tunisian industry to prepare it for international competition. However, 95 per cent of these funds were channelled through state agencies and the bulk of the money did not flow to the SMEs who are in need of

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⁷ Bellin, 2002, p. 76.
"upgrading" but to the large exporters who were already competing internationally.8 Regarding the sale of SOEs, commentators stress the secrecy surrounding privatisation on the one hand and the great role that networks play in identifying investment opportunities in such an environment.9 Entrepreneurs networked to the state elite were probably more likely to benefit from the sale of state-owned enterprises. Finally, Tunisian markets tend to be highly concentrated, benefiting a few large firms.10 This suggests the creation of 'rent' through higher consumer prices, which can be shared with the networked state elite. The picture of the 'insulated' Tunisian technocrat making decisions solely aimed at maximising economic efficiency is thus misleading. Meanwhile, the agricultural sector was privatised and liberalised in such a way as to benefit large landowners who also had easier access to credit and distribution networks.11

The neglect of the majority of the economy created the unemployment crisis, which drove Mohamed Bouazizi to commit the dramatic act of self-immolation, which started off the wave of protests in December. Prior to these protests, other Arab dictators regarded Ben Ali’s “autocratic upgrading” as a model. As one unnamed Syrian political analyst told Steven Heydemann in 2006: “Tunisia is our model. Just look at them! They are much more repressive than we are, yet the West loves them. We need to figure out how they do it.”12 Tunisia’s crackdown on Islamists and its ideological and geographic distance from the thorny Arab-Israeli issue also helped gain Western approval for the Ben Ali regime.

Economic policy in Tunisia was thus marked by collusive state-business relations usually described as “cronyism”. This is not necessarily detrimental to economic development. Similar relationships were the basis of success in the “developmental states” South Korea and Taiwan and the Asian tigers such as Malaysia and Indonesia. The question that concerns us here is why such forms of “corruption” are not captured by Transparency International’s “corruption perception index”. Critics of the index have pointed to several methodological flaws which help explain the omission:13 Firstly, Transparency International defines corruption as “the abuse of public office for private gain” and focuses on bribe-paying. However, this tells us little about a country’s actual economic performance or how easy businesses find it to deal with the government. The classic example is South Korea: Under its military ruler Park Chung Hee from 1961 to 1979, corruption was rampant and businesses were forced to

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10 World Bank, 14 Dec. 2000, p. 3.
11 S.J. King, Liberalisation against Democracy: The Local Politics of Economic Reform in Tunisia, (Bloomington: Indiana University Press, 2001)
finance Park’s ruling party. However, this corruption and bribe-paying did not unduly disturb capitalist accumulation and the country became the primary success story of export-oriented industrialisation and economic development. The leadership of the South Korean “developmental state” was therefore often presented as selfless and non-corrupt, focused on economic growth rather than self-enrichment. This image only changed with the Asian crisis in 1997, which was blamed on “crony capitalism” in South Korea and other Asian states. I would argue that something similar was going on in Tunisia: From 1987 until the early 2000s, Ben Ali’s abuse of public office did not unduly disturb capitalist accumulation. Businesses were content to let the regime take a cut of their profits as long as they could do their business. If corruption did not disturb business, then business elites would rank Tunisia as not very corrupt.

This brings us to another methodological flaw. The ranking that Transparency International produce is largely impressionistic. They compile the ranking using existing surveys of corruption. Respondents are mostly businesspeople described by the various surveys used as: “executives in top and middle management” or “expatriate business executives”. My hypothesis is that this flawed methodology explains the divergence between perceptions of corruption in the index and the reality of corruption: Business elites can tolerate corruption as long as capital accumulation is not unduly disturbed. Hence, they report a relatively low corruption score to the surveys that form the basis of the Transparency International index. In order to test this hypothesis, I would have to talk to business elites in order to gauge what corruption really meant for them. This is something I intend to do in future research.

The CPI data are still interesting in that they reveal the attitudes of domestic and international business elites towards the Ben Ali regime. What is interesting is that Tunisia’s score in the corruption perception index had been declining: Tunisia’s ranking in the Transparency International index fell from 31th position in 2001 to 59th in 2010. The cause of this decline seems to have been growing disenchantment among business elites with the increasingly predatory behaviour of Ben Ali and his wife Leila Trabelsi. US embassy cables from 2006 to 2009 published by Wikileaks reach a similar conclusion. It would be an interesting question for further research to see how this disenchantment among Tunisian business elites shaped their attitudes during the uprising and the role that business elites played – or did not play – in bringing down Ben Ali.

The divergence between perception and reality of corruption in Tunisia tells us a lot about the uses and the limits of the Transparency International “corruption perception index”. It reflects the attitudes of domestic and international business elites towards corruption. Business elites tolerate corruption in the form of collusive state-business relations if this does not unduly disturb the

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accumulation of capital. The fundamental problem of the CPI is the loose definition of corruption – the abuse of public office for private gain. This catch-all definition tells us little about the actual developmental outcomes of corruption. Corrupt relationships can coexist with a developmental outlook of the state elite. This was the case in Tunisia and also in South Korea. However, corruption is more often associated with state predation. The CPI is by no means useless, however. Tunisia’s decline in the score and the ranking reflected the disenchantment with the increasingly predatory practices of the Ben Ali and Trabelsi clans.